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**Afghanistan International Bank - AIB
Condensed interim financial information (Un-audited)
For the period ended 30 June 2018**

Independent auditor's review report

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KB/09/18
7 August 2018

The Board of Supervisors
Afghanistan International Bank (the Bank)
AIB Head Office, Shahr-e-Naw
Haji Yaqoob Square, Shahabuddin Watt
Kabul - Afghanistan

Dear Sirs

CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2018

We are pleased to enclose five copies of the **draft condensed interim financial information** of the Bank for the above period, together with the **draft review report** thereon, duly initialed by us for identification purposes. We shall be pleased to sign and issue our report in its present or amended form after:

- a) this condensed interim financial information has been approved by the Board, with or without modification, and signed by the Chief Executive Officer and Chief Financial Officer, authorized in this behalf by the Board, of the Bank; and
- b) we have received representation letter duly signed by the Chief Executive Officer and the Chief Financial Officer of the Bank.

1. RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS IN RELATION TO THE CONDENSED INTERIM FINANCIAL INFORMATION

We have conducted the review of the interim financial information of the Bank in accordance with the International Standard on Review Engagements 2410. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Our responsibility is to express a conclusion on the accompanying condensed interim financial information based on our review.

The responsibility for preparation and presentation of the condensed interim financial information in accordance with the approved accounting standards applicable to interim financial information is primarily that of the Bank's management. This includes maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Bank and prevention and detection of frauds and irregularities. The review of interim financial information does not relieve the management of its responsibilities.

2. During the course of our review, certain matters came to our notice which are reproduced hereunder for your kind attention:

2.1 New pronouncements issued by International Accounting Standards Board (IASB)

The International Financial Reporting Standard (IFRS) 9 "Financial Instruments" became applicable from 01 January 2018. The management is currently in the process of assessing the impact of IFRS 9 on the Bank's financial information. Therefore, this condensed interim financial information does not incorporate the impact of IFRS 9 which constitutes a departure from applicable financial reporting framework as disclosed in note 2 to the condensed interim financial information.

Accordingly, we have modified our review report in this regard.

3. TRANSACTIONS WITH RELATED PARTIES

We have been informed by the management that there were no transactions with related parties during the period other than those disclosed in the condensed interim financial information.

4. FRAUD AND ERROR

We have been informed by the management that to the best of their knowledge, there have been no instances of fraud or irregularity during the period.

5. CONTINGENCIES AND COMMITMENTS

We have been informed by the management that there were no contingencies and / or commitments other than those disclosed in the condensed interim financial information.

We wish to place on record our appreciation for the courtesies and co-operation extended to us by the officials of the Bank during the course of our review.

Yours faithfully



SYK:MS.

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF AFGHANISTAN INTERNATIONAL BANK

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Afghanistan International Bank** (the Bank) as at **30 June 2018** and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the six months then ended, and notes to the condensed interim financial information ('here-in-after referred to as the 'condensed interim financial information'). Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the requirements of the Law of Banking in Afghanistan and International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

The International Financial Reporting Standard (IFRS) 9 "Financial Instruments" became applicable from 01 January 2018. The management is currently in the process of assessing the impact of IFRS 9 on the Bank's financial information. Therefore, this condensed interim financial information does not incorporate the impact of IFRS 9 which constitutes a departure from applicable financial reporting framework as disclosed in note 2 to the condensed interim financial information.

Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with the requirements of Law of Banking in Afghanistan and International Accounting Standard 34 "Interim Financial Reporting".



Chartered Accountants
Engagement Partner: Shabbir Yunus
Date: 08 August 2018
Kabul, Afghanistan

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AFGHANISTAN INTERNATIONAL BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT 30 JUNE 2018

	30 June 2018 (Un-audited)	31 December 2017 (Audited)
Note	AFN '000'	AFN '000'
ASSETS		
Cash and balances with Da Afghanistan Bank	4 13,457,803	13,765,061
Balances with other banks	5 7,306,724	10,174,148
Placements - net	6 20,611,346	13,439,256
Investments - net	7 18,196,079	15,966,565
Loan and advances to customers - net	8 3,653,205	3,369,970
Receivables from financial institutions	519,422	587,534
Operating fixed assets	9 2,875,302	2,546,205
Intangible assets	418,982	445,918
Deferred tax assets	89,096	73,603
Other assets	10 764,953	568,956
Total assets	67,892,912	60,937,216
LIABILITIES		
Customers' deposits	11 63,753,521	56,261,420
Deposits from bank	-	500,000
Deferred income	49,042	18,989
Other liabilities	464,040	311,873
Total liabilities	64,266,603	57,092,282
EQUITY		
Share capital	12 1,465,071	1,465,071
Capital reserves	250,768	236,497
Retained earnings	1,996,536	2,139,818
(Deficit) / surplus on revaluation of available for sale investments - net	(86,066)	3,548
Total equity	3,626,309	3,844,934
Total liabilities and equity	67,892,912	60,937,216
Contingencies and commitments	13	

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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 Chief Executive Officer


 Chief Financial Officer

AFGHANISTAN INTERNATIONAL BANK
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2018

	Six months ended		Three months ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Note	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	AFN '000'		AFN '000'	
Interest income	591,685	574,167	316,197	289,224
Interest expense	(19,081)	(25,447)	(5,537)	(16,984)
Net interest income	572,604	548,720	310,660	272,240
Fee and commission income	396,867	440,306	204,167	228,230
Fee and commission expense	(17,698)	(20,121)	(6,197)	(13,603)
Net fee and commission income	379,169	420,185	197,970	214,627
Income from dealing in foreign currencies	93,143	82,009	59,452	40,293
	1,044,916	1,050,914	568,082	527,160
Other income	9,881	14,384	6,726	4,052
(Loss) / gain on sale of securities	(475)	3,856	(475)	3,006
Reversal / (provision) on placements	84,433	(5,822)	(8,319)	12,641
Reversal / (provision) on investments	106,303	487	(13,095)	606
Provision against loans and advances	(140,085)	(28,058)	(17,054)	(1,307)
Reversal / (general provision) on:				
Guarantees	18,613	-	22,772	-
Other assets	5,747	-	-	-
Commercial letters of credit	2,339	-	176	-
General and administrative expenses	(839,338)	(729,348)	(432,118)	(361,807)
PROFIT BEFORE INCOME TAX	292,334	306,414	126,695	184,351
Taxation - net	(6,910)	(17,950)	(59,212)	15,965
PROFIT FOR THE PERIOD	285,424	288,464	67,483	200,316
OTHER COMPREHENSIVE INCOME				
Items that may be classified to profit or loss subsequently				
Net change in fair value of available for sale investments	(112,018)	51,137	44,259	(8,740)
Related tax	22,404	(10,227)	(8,851)	1,748
Other comprehensive (loss) / income, net of tax	(89,614)	40,910	35,408	(6,992)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	195,810	329,374	102,891	193,324
Earnings per share	6.53	10.98	3.43	6.44

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


Chief Executive Officer


Chief Financial Officer

AFGHANISTAN INTERNATIONAL BANK
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2018

	Share capital	Surplus / (deficit) on revaluation of available for sale investments	Capital reserve	Retained earnings	Total
	----- AFN '000' -----				
Balance as at 01 January 2017 - (Audited)	1,465,071	5,564	218,600	2,211,835	3,901,070
Profit for the period - restated	-	-	-	288,464	288,464
Transferred to capital reserve	-	-	14,423	(14,423)	-
Total comprehensive income:					
Other comprehensive income for six months	-	51,137	-	-	51,137
Related tax	-	(10,227)	-	-	(10,227)
Total comprehensive income net of tax	-	40,910	14,423	274,041	329,374
Dividend paid				(201,000)	(201,000)
Balance as at 30 June 2017 - (Un-audited)	<u>1,465,071</u>	<u>46,474</u>	<u>233,023</u>	<u>2,284,876</u>	<u>4,029,444</u>
Balance as at 01 January 2018 - (Audited)	1,465,071	3,548	236,497	2,145,383	3,850,499
Profit for the period - restated	-	-	-	285,424	285,424
Transferred to capital reserve	-	-	14,271	(14,271)	-
Total comprehensive income:					
Other comprehensive income for six months	-	(112,018)	-	-	(112,018)
Related tax	-	22,404	-	-	22,404
Total comprehensive income net of tax	-	(89,614)	14,271	271,153	195,810
Dividend paid				(420,000)	(420,000)
Balance as at 30 June 2018 - (Un-audited)	<u>1,465,071</u>	<u>(86,066)</u>	<u>250,768</u>	<u>1,996,536</u>	<u>3,626,309</u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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 Chief Executive Officer


 Chief Financial Officer

AFGHANISTAN INTERNATIONAL BANK
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2018

	Note	Six months ended 30 June 2018	Six months ended 30 June 2017
		(Un-audited) AFN '000'	(Un-audited) AFN '000'
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		285,424	288,464
Adjustments for:			
Provision against loans and advances	8.1	140,085	28,058
Depreciation	9.2	25,877	32,288
Amortization		39,511	48,982
Reversal of provision on placements	6.2	(84,433)	(487)
(Reversal) / (provision) on investments	7	(106,303)	5,822
(Reversal) / general provision on:			
Guarantees		(18,613)	-
Other assets	10	(5,747)	-
Commercial letters of credit		(2,339)	-
Net interest income		(572,603)	(548,721)
Income tax expense	15	6,910	17,950
		<u>(292,231)</u>	<u>(127,644)</u>
Changes in operating assets and liabilities			
Receivable from financial institutions		68,111	(280,156)
Required reserve maintained with DAB		(407,250)	(216,209)
Cash margin held with other banks		21,152	(115,353)
Loans and advances to customers - net		(423,320)	228,306
Other assets		(153,417)	218,674
Deferred income		30,053	(970)
Customers' deposits		7,492,101	(950,887)
Deposits from bank		(500,000)	500,000
Other liabilities		178,685	(80,904)
		<u>6,013,884</u>	<u>(825,143)</u>
Interest received		619,886	534,554
Interest paid		(19,081)	(25,447)
Income tax paid		(20,931)	(83,573)
Net cash from (used in) operating activities		<u>6,593,758</u>	<u>(399,609)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital work in progress	9.1.1	(287,395)	(485,160)
Acquisition of operating fixed assets	9.2	(67,580)	(23,872)
Acquisition of intangible assets		(12,575)	(26,195)
Placements (with maturity more than three months)		(8,031,404)	3,485,817
Investments		(2,235,230)	1,067,625
Net cash (used in) / from investing activities		<u>(10,634,184)</u>	<u>4,018,216</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(420,000)	(201,000)
Net cash used in financing activities		<u>(420,000)</u>	<u>(201,000)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(4,460,426)</u>	<u>3,417,607</u>
Cash and cash equivalents at the beginning of the period		25,567,848	18,458,976
Cash and cash equivalents at the end of the period	17	<u>21,107,422</u>	<u>21,876,583</u>


 Chief Executive Officer


 Chief Financial Officer

AFGHANISTAN INTERNATIONAL BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2018

1. STATUS AND NATURE OF BUSINESS

Afghanistan International Bank (the Bank) was registered with Afghan Investment Support Agency (AISA) on 27 December 2003 and on 22 March 2004 received formal commercial banking license from Da Afghanistan Bank (DAB), the central bank in Afghanistan, to operate nationwide. The Bank obtained Islamic banking license from DAB via letter no. 1863/1890 dated 21 July 2014 (31/04/1393).

The Bank initially was incorporated as a limited liability company and domiciled in Afghanistan, however on the basis that the Bank's capital is divided into shares the status of the Bank is changed from limited liability to Corporation under the Corporations and Limited Liability Companies Law, this status is effective from 04 May 2016. The principal business place of the Bank is at AIB Head Office, Shahr-e-Now, Haji Yaqoob Square, Shahabuddin Watt, Kabul, Afghanistan.

The Bank has been operating as one of the leading commercial banking service providers in Afghanistan. The Bank has 37 branches and 2 cash outlets (2017: 37 branches and 2 cash outlets).

2. BASIS OF PREPARATION AND MEASUREMENT

2.1 This condensed interim financial information of the Bank for the six months period ended 30 June 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34 -" Interim Financial Reporting" and the Law of Banking in Afghanistan. In case where requirements differ, the requirement of the Law of Banking in Afghanistan takes precedence.

2.2 The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2017.

Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 01 January 2018 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in this condensed interim financial information. IFRS 9 "Financial Instruments" became effective from 01 January 2018, however, the management is currently in the process of assessing the impact of IFRS 9 on the Bank's financial information. Therefore, this condensed interim financial information does not incorporate the impact of IFRS 9.

3. ACCOUNTING POLICIES

3.1 The accounting policies adopted in preparation of this condensed interim financial information are consistent with those followed in the preparation of the annual financial statements of the Bank for the year ended 31 December 2017.

3.2 The estimates / judgments assumptions used in the preparation of this condensed interim financial information is consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2017.

The financial risk management policies and procedures are the same as those disclosed in annual financial statements of the Bank for the year ended 31 December 2017.

	30 June 2018 (Un-audited) AFN '000'	31 December 2017 (Audited) AFN '000'
4. CASH AND BALANCES WITH DA AFGHANISTAN BANK		
Cash in hand	1,625,941	1,759,928
Cash in hand - Islamic banking division	93,421	118,804
Cash at Automated Teller Machines (ATMs)	779,982	605,922
	2,499,344	2,484,654
Balances with Da Afghanistan Bank:		
Local currency:		
- Deposit facility account	4.1 1,045,229	2,490,242
- Required reserve account	4.2 631,978	649,217
- Current accounts	1,067,790	687,403
	2,744,997	3,826,862
Foreign currency:		
- Required reserve account	4.2 5,340,056	4,915,567
- Current accounts	2,873,406	2,537,978
	8,213,462	7,453,545
	13,457,803	13,765,061

4.1 This represents interest bearing account carrying interest @ 0.10% (31 December 2017: 0.10%) per annum.

		30 June 2018 (Un-audited) AFN '000'	31 December 2017 (Audited) AFN '000'
5. BALANCES WITH OTHER BANKS	Note		
Outside Afghanistan:			
With Standard Chartered Bank	5.1	4,516,366	6,589,343
With Commerzbank, Germany:			
- in nostro accounts	5.2	23,204	66,916
- as cash margins held	5.3	24,107	45,260
With other banks	5.4	2,743,047	3,472,629
		<u>7,306,724</u>	<u>10,174,148</u>

5.1 These represent balances with Standard Chartered Bank, Singapore which carrying interest rates ranging from 0.2% to 0.3% (31 December 2017: 0.2% to 0.3%) per annum and are available on demand.

5.2 This represents interest bearing nostro accounts and carries interest @ LIBOR – 0.25% (31 December 2017: LIBOR – 0.25%) per annum.

5.3 This represents balance held with Commerzbank, Germany against letters of credit issued on behalf of the Bank carrying interest @ LIBOR – 0.25% (31 December 2017: LIBOR – 0.25%) per annum.

5.4 This includes balances maintained with investment managers Julius Baer and Emirates NBD and other banks. These are non-interest bearing and available on demand.

		30 June 2018 (Un-audited) AFN '000'	31 December 2017 (Audited) AFN '000'
6. PLACEMENTS - NET	Note		
Short-term placements with banks	6.1	20,639,178	13,551,521
General provision held	6.2	(27,832)	(112,265)
		<u>20,611,346</u>	<u>13,439,256</u>

6.1 These represent overnight and fixed term placements with financial institutions outside Afghanistan up to a maximum period of one year in USD carrying interest at rates ranging from 0.75% to 3% (31 December 2017: 0.75% to 2.10%) per annum.

6.2 General provision is calculated based on credit ratings. Placements falling in category A (0%), B (0.50%) and C (1%) (31 December 2017: 1% are maintained on placements with maturity of 1 month or more) are maintained at given rates in the brackets.

7. INVESTMENTS - NET	Note	30 June 2018	31 December 2017
		(Un-audited)	(Audited)
		AFN '000'	AFN '000'
Available for sale investments:			
- Investment bonds		3,529,748	4,586,137
Held-to-maturity investments:			
- Capital notes with DAB		3,293,944	3,533,535
- Investment bonds		11,391,670	7,972,479
		14,685,614	11,506,014
General provision held	7.1	(19,283)	(125,586)
		<u>18,196,079</u>	<u>15,966,565</u>

7.1 General provision is calculated based on the credit rating. Investment bonds classified as held to maturity, falling in category A (0%), B (0.50%) and C (1%) (31 December 2017:1% on collective investments (excluding capital notes with DAB) are maintained at given rates in the brackets.

8. LOANS AND ADVANCES TO CUSTOMERS - NET

Overdrafts		3,198,172	2,751,975
Term loans		612,218	654,135
Consumer loans		54,785	49,489
		3,865,175	3,455,599
Provision against loans and advances	8.1	(211,970)	(85,629)
		<u>3,653,205</u>	<u>3,369,970</u>

Particulars of advances (gross)

Short term (for up to one year)		3,447,962	2,760,106
Non-current (for over one year)		417,212	695,493
		<u>3,865,174</u>	<u>3,455,599</u>

8.1 Provision against loans and advances

	30 June 2018			31 December 2017		
	Specific	General (Un-audited) AFN '000'	Total	Specific	General (Audited) AFN '000'	Total
Opening balance	52,521	33,108	85,629	37,304	109,756	147,060
Charge for the period (note 8.1.1)	20,511	146,460	166,971	34,650	-	34,650
Reversal of provision	(20,700)	(6,186)	(26,886)	(1,331)	(81,410)	(82,741)
	(189)	140,274	140,085	33,319	(81,410)	(48,091)
Written off against provision (note 8.1.2)	(25,514)	-	(25,514)	(17,656)	-	(17,656)
Exchange rate difference	2,674	9,096	11,770	(446)	4,762	4,316
Closing balance (note 8.1.3)	<u>29,492</u>	<u>182,478</u>	<u>211,970</u>	<u>52,521</u>	<u>33,108</u>	<u>85,629</u>

8.1.1 This also includes general provision of AFN 138.540 million against financing, made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Assets Classification and Provisioning Regulation issued by DAB.

8.1.2 These represent 'loss' category loan balances overdue by more than 480 days which have been written off in accordance with the policy of the Bank. In terms of paragraph 3.3.1(g) of part C of the DAB Regulations, the write-off does not affect the Bank's right to recover the debt due from customers and does not eliminate the borrowers' responsibility to repay the loan.

8.1.3 This includes general provision of AFN 35.938 million being 1% of loans in standard category. This provision was mandatory under Assets Classification and Provisioning Regulation issued by DAB until 31 December 2017, however, during the period, the DAB has revised the said regulations wherein the maintenance of this provision is made optional. The Bank, on prudent basis, has continued to maintain this provision in the condensed interim financial information.

8.2 Classification of loans and advances

Classification	*Provisioning rates	30 June 2018		
		Amount outstanding	Provision required	Provision held
		-----'AFN '000'-----		
Standard	1%	3,593,762	35,938	182,477
Watch-list	5%	208,634	10,432	10,432
Substandard	25%	49,312	12,328	12,328
Doubtful	50%	13,465	6,733	6,733
Loss	100%	11	11	11
Write offs		(11)	(11)	(11)
		-	-	-
Loans and advances and provision held - 30 June 2018		<u>3,865,174</u>	<u>65,430</u>	<u>211,970</u>

Classification	31 December 2017			
	-----'(Audited)'-----			
	*Provisioning rates	Amount outstanding	Provision required	Provision held
	-----'AFN '000'-----			
Standard	1.00%	3,310,708	33,107	33,107
Watch-list	5%	16,770	839	254
Substandard	25%	41,724	10,431	10,431
Doubtful	50%	86,397	43,198	41,837
Loss	100%	8	8	8
Write offs		(8)	(8)	(8)
Loans and advances and provision held - 31 December 2017		<u>3,455,599</u>	<u>87,575</u>	<u>85,629</u>

* Provisioning rates are as per DAB Regulations except for in case of standard loans and advances which are provided by the Bank as per Bank's policy.

9. OPERATING FIXED ASSETS	Note	30 June 2018	31 December 2017
		(Un-audited) AFN '000'	(Audited) AFN '000'
Capital work-in-progress	9.1	<u>2,551,419</u>	2,264,025
Operating fixed assets	9.2	<u>323,883</u>	282,180
9.1 Capital work-in-progress		<u>2,875,302</u>	<u>2,546,205</u>
Advances to suppliers and contractors	9.1.1	<u>2,551,419</u>	2,264,025
9.1.1 Movement in capital work-in-progress			
Opening		2,264,024	1,362,167
Additions during the year		287,395	941,867
Transferred to property and equipment		-	(40,010)
Closing		<u>2,551,419</u>	<u>2,264,024</u>
9.2 Operating fixed assets - movement			
Opening balance (Audited):			
Cost		804,019	727,695
Accumulated depreciation		(521,839)	(464,520)
Net book amount		<u>282,180</u>	<u>263,175</u>
Movement during the period / year:			
Transfers from CWIP		-	40,010
Additions		67,580	36,314
Depreciation charge		(25,877)	(57,319)
		<u>41,703</u>	<u>19,005</u>
Cost		871,599	804,019
Accumulated depreciation		(547,716)	(521,839)
Net book amount		<u>323,883</u>	<u>282,180</u>

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		30 June 2018	31 December 2017
	Note	(Un-audited) AFN '000'	(Audited) AFN '000'
10. OTHER ASSETS			
Advances to employees		56,630	60,756
Security deposits		10,273	10,029
Prepayments		113,972	59,144
Interest receivable		323,715	295,513
Advance income tax - net		84,122	63,191
Other receivable and advances		176,241	86,070
Receivable from DoJ		250,605	250,605
Less: Balance written off		(250,605)	(250,605)
		<u>764,953</u>	<u>574,703</u>
General provision held		-	(5,747)
		<u>764,953</u>	<u>568,956</u>

11. DEPOSITS FROM CUSTOMERS

Current deposits		58,601,188	53,505,342
Saving deposits	11.1	224,666	203,752
Term deposits	11.2	3,004,070	697,200
Islamic deposits	11.3	762,226	640,199
Cash margin held against bank guarantees and letters of credit		1,161,371	1,214,927
		<u>63,753,521</u>	<u>56,261,420</u>

11.1 Saving deposits carry interest rate at 3% (31 December 2017: 3%) per annum.

11.2 Term deposits carry interest rates ranging from 0.25% to 0.75% (31 December 2017: 0.25% to 0.75%) per annum.

11.3 Current, saving and term deposits stand at AFN 85,295,942 AFN 641,301,588 and AFN 35,629,123 respectively.

12. SHARE CAPITAL

30,000,000 (2017: 30,000,000) authorized ordinary shares of USD 1 each

USD	<u>30,000</u>	<u>30,000</u>
AFN	<u>1,465,071</u>	<u>1,465,071</u>

Issued, subscribed and paid-up
30,000,000 (2017: 30,000,000) ordinary shares of
USD 1 each fully paid in cash

AFN	<u>1,465,071</u>	<u>1,465,071</u>
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Issued, subscribed and paid up capital comprises 46.25% holding by Horizon Associates LLC and 46.25% holding by Wilton Holding Limited and 7.5% by International Finance Corporation. (31 December 2017: 46.25% holding by Horizon Associates LLC 46.25% holdings by Wilton Holding Limited and 7.5% by International Finance Corporation).

		30 June 2018	31 December 2017
		(Un-audited) AFN '000'	(Audited) AFN '000'
13. CONTINGENCIES AND COMMITMENTS			
13.1 Contingencies			
13.1.1 Guarantees		<u>5,166,974</u>	<u>4,498,319</u>
		These represent bid bonds and performance based guarantees issued by the Bank.	
13.2 Commitments			
(a) Undrawn loan and overdraft facilities		983,612	1,265,872
(b) Commercial letters of credit		65,461	134,575
		<u>1,049,073</u>	<u>1,400,447</u>

	Six months ended		Three months ended	
	30 June 2018 (Un-audited) AFN '000'	30 June 2017 (Un-audited) AFN '000'	30 June 2018 (Un-audited) AFN '000'	30 June 2017 (Un-audited) AFN '000'
14. INTEREST INCOME				
Interest income on:				
Balances with DAB and other banks	10,224	2,740	6,069	1,953
Placements	160,514	147,778	97,243	77,467
Investments:				
Investments classified as 'available for sale'	92,717	58,166	46,516	66,747
Investments classified as 'held to maturity'	108,451	138,964	54,579	30,023
Loans and advances to customers	219,779	226,519	111,790	113,034
	<u>591,685</u>	<u>574,167</u>	<u>316,197</u>	<u>289,224</u>
15. TAXATION - NET				
Current	-	30,067	(19,111)	(3,010)
Deferred	6,910	(12,117)	(40,101)	(12,955)
	<u>6,910</u>	<u>17,950</u>	<u>(59,212)</u>	<u>(15,965)</u>

16. RELATED PARTY TRANSACTIONS

The Bank has a related party relationship with its shareholders, their related entities, directors and key management personnel. The Bank had transactions with following related parties at mutually agreed terms during the period / year:

Nature of transactions	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	30 June 2018 (Un-audited) AFN '000	31 December 2017 (Audited) AFN '000	30 June 2018 (Un-audited) AFN '000	31 December 2017 (Audited) AFN '000
(a) Loans and advances to related parties				
Loans outstanding at the beginning of the period / year	-	-	155,515	177,559
Loans issued during the period / year	-	-	151,513	232,266
Loans repayments during the period / year	-	-	(148,129)	(255,031)
Exchange rate difference	-	-	2,515	721
Loans outstanding at the end of the period / year	<u>-</u>	<u>-</u>	<u>169,174</u>	<u>155,515</u>
Interest income earned	-	-	7,483	24,759

During the period, an amount of AFN 217,315 thousands (31 December 2017: 417,497 thousands) was paid to MADCC (related party) on account for the construction of head office building.

Provision on outstanding balances of loans and advances to related parties amounts to AFN 1,691 thousands (31 December 2017: AFN 3,174 thousands).

The facilities provided to related parties carry mark-up at interest rates from 10% (31 December 2017: 10%) per annum payable on monthly basis and are secured against mortgage of residential property.

Nature of transactions	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	30 June 2018 (Un-audited)	31 December 2017 (Audited)	30 June 2018 (Un-audited)	31 December 2017 (Audited)
	AFN '000	AFN '000	AFN '000	AFN '000
(b) Deposits from related parties				
Deposits at the beginning of the period / year	57,402	87,051	104,110	107,434
Deposits received during the period / year	217,219	411,590	895,532	1,499,544
Deposits repaid during the period / year	(208,001)	(439,765)	(737,390)	(1,509,173)
Exchange rate difference	584	(1,474)	938	6,305
Deposits at the end of the period / year	<u>67,204</u>	<u>57,402</u>	<u>263,190</u>	<u>104,110</u>

Nature of transactions	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	30 June 2018 (Un-audited)	30 June 2017 (Un-audited)	30 June 2018 (Un-audited)	30 June 2017 (Un-audited)
	AFN '000	AFN '000	AFN '000	AFN '000
(c) Other related party transactions				
Fee and commission income	-	-	16,688	5,454
Directors fee	7,711	11,858	-	-
Rental expenses	-	-	7,055	5,754
Commercial letter of credits	-	-	58,939	295,111
			Six months ended 30 June 2018	Six months ended 30 June 2017
			(Un-audited)	(Un-audited)
			AFN '000'	AFN '000'
(d) Key management compensation				
Salaries and other short-term benefits			<u>53,659</u>	<u>47,144</u>
			<u>53,659</u>	<u>47,144</u>

Key management personnel of the Bank include the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Head of Banking and Chief Risk Officer.

17. CASH AND CASH EQUIVALENTS

	Six months ended 30 June 2018 (Un-audited) AFN '000'	Six months ended 30 June 2017 (Un-audited) AFN '000'
Cash in hand and at ATM	2,499,344	1,985,234
Balances with DAB (other than minimum reserve requirement)	4,986,424	1,957,330
Balances with other banks (other than held as a cash margin)	7,282,617	8,639,901
Placements (with maturity less than three months)	6,339,037	9,294,118
	<u>21,107,422</u>	<u>21,876,583</u>

18. Fair value of financial assets and financial liabilities

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(a) Financial instruments measured at fair value using a valuation technique

The table below analyses financial instruments carried at fair value, by valuation method. The various fair value levels have been defined as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 AFN '000	Level 2 AFN '000	Level 3 AFN '000
Investments in bonds - available for sale investments	-	3,529,748	-
As at 30 June 2018 - Un-audited	-	3,529,748	-
As at 31 December 2017- Audited	-	4,586,137	-

Valuation technique and key inputs used for investments in bonds were quoted market bid price in active market.

There were no transfers made among various levels of fair value hierarchy during the period.

(b) Financial instruments not measured at fair value

The carrying values of all other financial assets and liabilities approximate their fair values as at the date of statement of financial position.

(i) Investments:

These include investment bonds classified as held-to-maturity which are measured at amortised cost. The fair value of these investments is equal to the carrying amount.

(ii) Loans and advances, other assets and other financial liabilities

Fair value of loans and advances, security deposits and other receivables and all the financial liabilities cannot be calculated with sufficient reliability due to absence of current and active market for such assets and reliable data regarding market rates for similar instruments, so its carrying amount is its fair value. The provision for loans and advances has been calculated in accordance with the Bank's policy and regulations issued by DAB.

(iii) Off-balance sheet financial instruments

The fair value of the off-balance sheet financial instruments is equal to the carrying amounts.



19. GENERAL

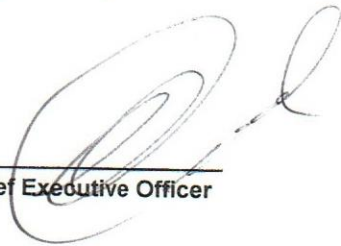
19.1 The figures in this condensed interim financial information have been rounded off to the nearest thousands.

20. DATE OF AUTHORIZATION FOR ISSUE

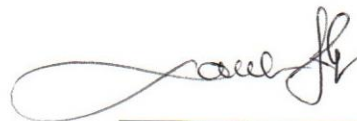
This condensed interim financial information was authorized for issue by the Board of Supervisors of the Bank on

07th August, 2018





Chief Executive Officer



Chief Financial Officer