



**AFGHANISTAN INTERNATIONAL BANK**

**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

## 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 31 March 2021, and the related condensed interim statement of comprehensive income, changes in equity and cash flows for the three 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 requirement of the Law of Banking in Afghanistan and International Accounting Standards 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 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.

### Conclusion

Based on our review, 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 Standards 34 "Interim Financial Reporting".

### Other Matters

The condensed interim financial information for the three months ended 31 March 2020 and the financial statements for the year ended 31 December 2020 were reviewed and audited, respectively, by another auditor who expressed an unmodified review conclusion on condensed interim financial information for the three months ended 31 March 2020 on 17 May 2020 and unmodified audit opinion on the financial statements for the year ended 31 December 2020 on 25 March 2021.

*Mazars Afghanistan*



**Chartered Accountants**

**Engagement Partner:** Muhammad Saqlain Siddiqui

**Date:** 14 May 2021


**Place:** Kabul, Afghanistan

**AFGHANISTAN INTERNATIONAL BANK**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 March, 2021**

		31 March, 2021 (Un-audited)	31 December, 2020 (Audited)
	Note	AFN '000'	AFN '000'
<b>ASSETS</b>			
Cash and balances with Da Afghanistan Bank	4	19,214,234	12,508,824
Balances with other banks	5	6,692,961	11,958,105
Placements - net	6	19,637,651	17,463,070
Investments - net	7	13,694,249	17,066,969
Loan and advances to customers - net	8	2,552,898	2,670,139
Receivables from financial institutions		299,650	266,316
Operating fixed assets	9	3,599,244	3,583,391
Intangible assets		343,215	364,323
Deferred tax assets	13	101,449	87,543
Other assets	10	607,010	636,036
<b>Total assets</b>		<b>66,742,561</b>	<b>66,604,716</b>
<b>LIABILITIES</b>			
Customers' deposits	11	62,347,805	62,211,331
Deferred income		22,808	26,192
Lease liabilities	12	448,537	469,641
Other liabilities	14	172,295	155,857
<b>Total liabilities</b>		<b>62,991,445</b>	<b>62,863,021</b>
<b>EQUITY</b>			
Share capital	15	1,465,071	1,465,071
Capital reserves		306,319	306,319
Retained earnings		1,854,962	1,827,914
Revaluation surplus/ (loss) on debt instruments at FVOCI		124,764	142,391
<b>Total equity</b>		<b>3,751,116</b>	<b>3,741,695</b>
<b>Total liabilities and equity</b>		<b>66,742,561</b>	<b>66,604,716</b>
<b>Contingencies and commitments</b>	16		

The annexed notes 1 to 26 form an integral part of these financial statements.

  
 Chief Financial Officer

  
 Chief Executive Officer

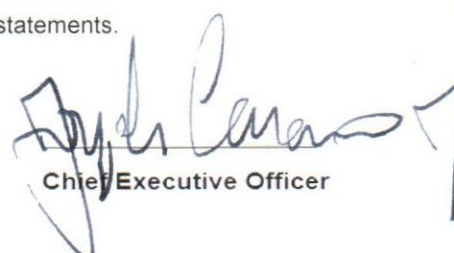


**AFGHANISTAN INTERNATIONAL BANK**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED 31 March, 2021**

		31 March, 2021	31 March, 2020
	Note	Un-audited AFN '000'	Un-audited AFN '000'
Interest income	17	184,266	298,802
Interest expense		(2,184)	(6,304)
Net interest income		<b>182,082</b>	<b>292,498</b>
Fee and commission income		219,932	256,022
Fee and commission expense		(98)	(2,062)
Net fee and commission income		<b>219,834</b>	<b>253,960</b>
Income from dealing in foreign currencies		67,671	93,909
		<b>469,587</b>	<b>640,367</b>
Other income	18	6,777	1,861
Gain on sale of securities		130,241	-
Credit losses reversal / (expense)	19	(126,036)	(38,265)
Finance cost on lease liability		(1,140)	(1,735)
General and administrative expenses	20	(464,912)	(497,894)
<b>PROFIT BEFORE INCOME TAX</b>		<b>14,517</b>	<b>104,334</b>
Taxation	21	12,531	9,622
<b>PROFIT FOR THE PERIOD</b>		<b>27,048</b>	<b>113,956</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may be classified to profit or loss subsequently</i>			
Surplus/ (Deficit) on debt instruments at FVOCI		(19,002)	(200,590)
Related deferred tax		1,375	57,228
Other comprehensive loss, net of tax		<b>(17,627)</b>	<b>(143,362)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>9,421</b>	<b>(29,406)</b>
Earnings per share (in AFN)		0.90	3.80

The annexed notes 1 to 26 form an integral part of these financial statements.

  
**Chief Financial Officer**

  
**Chief Executive Officer**

**AFGHANISTAN INTERNATIONAL BANK**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THREE MONTHS PERIOD ENDED 31 March, 2021**

	31 March, 2021	31 March, 2020
Note	Un-audited AFN '000'	Un-audited AFN '000'
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before Income Tax	14,517	104,334
Adjustments for:		
Depreciation	84,668	68,539
Amortization	21,425	21,768
Finance cost on lease liability	1,140	1,735
Adjustments for the movement in lease liability	1,336	(3,403)
Credit losses (reversal) / expense	126,036	38,265
Property and equipment written-off	3,194	
	<b>252,315</b>	<b>231,238</b>
Changes in operating assets and liabilities		
Receivable from financial institutions	(33,334)	(529,781)
Required reserve maintained with DAB	617,850	227,013
Cash margin held with other banks	26,572	(86,045)
Loans and advances to customers - net	(21,819)	62,112
Other assets	38,798	181,531
Deferred income on commercial letter of credit and guarantees	(341)	(9,613)
Customers' deposits	136,474	262,233
Other liabilities	16,439	(111,921)
	<b>1,032,953</b>	<b>226,767</b>
Income tax paid	-	(333)
<b>Net cash flow (used in)/ from operating activities</b>	<b>1,032,953</b>	<b>226,434</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital work-in-progress	(103,089)	(22,927)
Acquisition of operating fixed assets	(626)	(4,840)
Acquisition of intangible assets	(1,291)	-
Placements (with maturity more than three months)	(109,730)	(7,122,943)
Investments	3,365,972	1,970,100
<b>Net cash flow from/ (used in) investing activities</b>	<b>3,151,236</b>	<b>(5,180,610)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease liability repaid	(22,440)	(28,526)
Finance cost paid	(1,140)	-
<b>Net cash used in financing activities</b>	<b>(23,579)</b>	<b>(28,526)</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,160,610</b>	<b>(4,982,702)</b>
Cash and cash equivalents at 1 January	28,965,120	28,374,457
<b>Cash and cash equivalents at 31 March</b>	<b>33,125,730</b>	<b>23,391,755</b>

The annexed notes 1 to 26 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

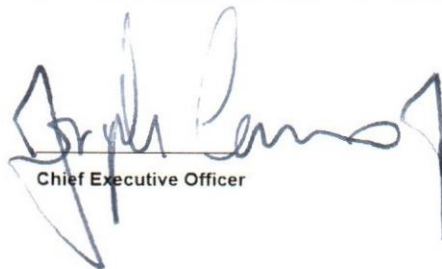
**AFGHANISTAN INTERNATIONAL BANK**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THREE MONTHS PERIOD ENDED 31 March, 2021**

	Share capital	Revaluation surplus/ (loss) on debt instruments at FVOCI	Capital reserve	Retained earnings	Total
----- AFN '000' -----					
Balance as at 01 January 2020 - Audited	1,465,071	63,989	290,813	1,859,291	3,679,164
<b>Total comprehensive income</b>					
Profit for the period				113,956	113,956
Other comprehensive income, net of tax:					
Fair value reserve (debt instruments at FVOCI)					
Net change in fair value		(200,590)			(200,590)
Related tax		57,228			57,228
<b>Total comprehensive income</b>		(143,362)		113,956	(29,406)
Transferred to capital reserve					
<b>Transactions with owners of the bank</b>					
Dividend paid					
<b>Total</b>	<b>1,465,071</b>	<b>(79,373)</b>	<b>290,813</b>	<b>1,973,247</b>	<b>3,649,758</b>
Balance as at 01 January 2021 - Audited	1,465,071	142,391	306,319	1,827,914	3,741,695
<b>Total comprehensive income</b>					
Profit for the period				27,048	27,048
Other comprehensive income, net of tax:					
Fair value reserve (debt instruments at FVOCI)					
Net change in fair value		(19,002)			(19,002)
Related tax		1,375			1,375
<b>Total comprehensive income</b>		(17,627)		27,048	9,421
Transferred to capital reserve					
<b>Transactions with owners of the bank</b>					
Dividend paid					
<b>Total</b>	<b>1,465,071</b>	<b>124,764</b>	<b>306,319</b>	<b>1,854,962</b>	<b>3,751,116</b>

The annexed notes 1 to 26 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer

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**AFGHANISTAN INTERNATIONAL BANK**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THREE MONTHS PERIOD ENDED 31 March, 2021**

**1 STATUS AND NATURE OF BUSINESS**

Afghanistan International Bank (the Bank) was registered with Afghan Investment Support Agency (AISA) on 27 December 2003 and received formal commercial banking license on 22 March 2004 from Da  
The Bank initially was incorporated as a limited liability company and domiciled in Afghanistan, however, on the basis that the bank capital is divided into shares the status of the bank is changed from limited  
The Bank has been operating as one of the leading commercial banking service provider in Afghanistan. The Bank has 34 branches and 1 cash outlets (2020: 35 branches and 2 cash outlets) in operation.

**2 BASIS OF PREPARATION AND MEASUREMENT**

- 2.1 This condensed interim financial information of the Bank for the three months ended 31 March, 2021 has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and the Law of Banking in Afghanistan and other laws and regulations issued by Da Afghanistan Bank. Whenever the requirement of the Law of Banking in Afghanistan differs with the requirements of the IAS 34 the requirement of the Law of Banking in Afghanistan and other laws and regulations issued by Da Afghanistan Bank takes precedence.

Comparative statement of financial position is extracted from the annual financial statements as at 31 December, 2020 whereas comparative statement of comprehensive income, statement of changes in equity and statement of cash flows have been taken from un audited condensed interim financial statements for the three months period ended 31 March, 2020.

**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 1 January 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations.

At the date of adoption of IFRS 16 i.e. 1 January 2019, the bank has 'grand fathered' its assessment of the property leases which were carried out previously under IAS 17 or IFRIC 4. There were no finance leases previously and all property leases were treated as operating leases. the bank has adopted modified retrorespective approach for adoption of IFRS 16 whereby right of use asset is recognized equivalent to the amount of lease liability recognized as of 1 January 2019. Lease liability has been further adjusted for the amount of prepaid lease as of 31 December 2018.

**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, 2020.
- 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, 2020.
- 3.3 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, 2020.

**Afghanistan International Bank**

**Notes to the condensed interim financial statements (Un-audited)**

**For the three months period ended 31 March, 2021**

	Note	31 March, 2021 (Un-audited) AFN '000	31 December, 2020 (Audited) AFN '000
<b>4</b>			
<b>Cash and balances with Da Afghanistan Bank</b>			
Cash in hand		2,982,061	2,690,150
Cash in hand - Islamic banking division		271,839	271,234
Cash at Automated Teller Machines (ATMs)		749,383	633,057
		<b>4,003,283</b>	<b>3,594,441</b>
Balances with Da Afghanistan Bank:			
Local currency:			
- Deposit facility accounts		906,731	374,657
- Required reserve accounts	4.1	499,823	637,031
- Current accounts		891,291	922,316
		<b>2,297,845</b>	<b>1,934,004</b>
Foreign currency:			
- Required reserve accounts	4.1	4,950,314	5,430,956
- Current accounts		7,962,792	1,549,423
		<b>19,214,234</b>	<b>12,508,824</b>

4.1 Required reserves are maintained with DAB, denominated in respective currencies, to meet minimum reserve requirement in accordance with Article 3 "Required Reserves Regulation" of the Banking Regulations issued by DAB. These balances are interest free.

	Note	31 March, 2021 (Un-audited) AFN '000	31 December, 2020 (Audited) AFN '000
<b>5</b>			
<b>Balances with other banks</b>			
Outside Afghanistan:			
With Crown Agents Bank:			
- in nostro accounts	5.1	3,476,098	7,422,009
- as cash margins held		-	-
		<b>3,476,098</b>	<b>7,422,009</b>
With other banks	5.2	3,216,863	4,536,096
		<b>6,692,961</b>	<b>11,958,105</b>

5.1 These represent interesting bearing balances which carry interest at the rate of 0.05% p.a. (31 December, 2020: 0.05%) p.a.

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**Afghanistan International Bank**

**Notes to the condensed interim financial statements (Un-audited)**

**For the three months period ended 31 March, 2021**

5.2 This includes balances maintained with investment managers (Julius Baer, Emirates NBD, Credit Suisse) and other banks. These are non-interest bearing and available on demand.

		31 March, 2021 (Un-audited)	31 December, 2020 (Audited)
	Note	AFN '000	AFN '000
<b>6 Placements - net</b>			
Placements with banks	6.1	19,646,931	17,470,395
Long term placements with banks			
Allowance for ECL / impairment losses	6.2	(9,280)	(7,325)
		<u>19,637,651</u>	<u>17,463,070</u>

6.1 These represent USD denominated fixed term placements with financial institutions outside Afghanistan with remaining maturity upto one year (2020: one year) and carry interest at rates ranging from 0.10% to 0.75% (31 December, 2020: 0.15% to 1.80%) per annum.

6.2 This represents provision calculated under Asset Classification and Provisioning Regulation (ACPR) which is higher than provision of AFN 991 thousand (31 December, 2020: AFN 982 thousand) calculated under IFRS 9. Accordingly, the Bank has maintained higher provision as required under ACPR.

		31 March, 2021 (Un-audited)	31 December, 2020 (Audited)
	Note	AFN '000	AFN '000
<b>7 Investments - net</b>			
<b>Debt instruments at fair value through OCI:</b>			
- Investment bonds	7.1	7,765,791	9,331,990
<b>Debt instruments at amortised cost:</b>			
- Capital notes with DAB	7.2	1,529,438	1,784,443
- Investment bonds	7.3	4,404,993	5,968,763
		<u>5,934,432</u>	<u>7,753,206</u>
		<u>13,700,222</u>	<u>17,085,196</u>
Allowance for ECL / impairment losses	7.4	(5,973)	(18,228)
		<u>13,694,249</u>	<u>17,066,969</u>

7.1 These represent investments in sovereign bonds having maturity ranging from April 2021 to July 2030 (31 December, 2020: January 2021 to July 2030) and carrying interest rates ranging from 0.13% to 8.75% (31 December, 2020: 0.13% to 8.75%) per annum. These investments are managed by Julius Baer and Emirates NBD on behalf of the Bank.

7.2 These represent investments in Capital notes issued by DAB having maturity upto October 2021 (31 December, 2020: October 2021) carrying yield ranging from 0.75% to 3.00% (31 December, 2020: 0.85% to 3.00%) per annum receivable on maturity of respective notes.

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**Afghanistan International Bank**

**Notes to the condensed interim financial statements (Un-audited)**

**For the three months period ended 31 March, 2021**

- 7.3 These represent investments in sovereign bonds carrying interest rates ranging from 0.13% to 8.75% (31 December, 2020: 1.25% to 6.88%) per annum. These investments have maturity ranging from April 2021 to April 2025 (31 December, 2020: January 2021 to April 2025). These investments are managed by Julius Baer, Credit Suisse and Emirates NBD on behalf of the Bank.
- 7.4 This represents provision calculated as per ACPR which is higher than IFRS 9 ECL of AFN 100 thousand (31 December, 2020: AFN 18,228 thousand calculated as per ACPR). Accordingly, the Bank has maintained higher provision calculated under ACPR.

8	Loan and advances to customers - net	Note	31 March, 2021	31 December, 2020
			(Un-audited)	(Audited)
			AFN '000	AFN '000
	Overdrafts	8.1	2,411,602	2,283,417
	Term loans	8.2	1,080,491	1,189,781
	Consumer loans	8.3	43,512	40,588
			<b>3,535,605</b>	<b>3,513,786</b>
	General provision	8.4	(38,665)	(154,200)
	Allowance for ECL / impairment losses	8.5	(944,042)	(689,447)
			<b>2,552,898</b>	<b>2,670,139</b>

**Particulars of loans and advances - (gross)**

Short term (for up to one year)	2,461,357	1,190,499
Non-current (for over one year)	1,074,248	2,323,287
	<b>3,535,605</b>	<b>3,513,786</b>

- 8.1 These represent balances due from customers at various interest rates ranging from 7.00% to 14.50% p.a. (31 December, 2020: 7.00% to 14.50%) per annum and are secured against mortgage of properties, personal guarantees and pledge of stocks. These include loans and advances to Small Medium Size Enterprises (SMEs) amounting to 3,646 thousand (31 December, 2020: AFN 2,283,414 thousand) which are also partially backed by Afghanistan Credit Guarantee Foundation (ACGF) guarantees to the extent defined in agreement with ACGF.
- 8.2 Term loans carry interest at various rates ranging from 5.50% to 18.00% p.a. (31 December, 2020: 5.50% to 18.00% p.a.) and are secured against mortgage of properties, personal guarantees, lien on equipment, pledge of stocks and/or assignment of receivables of the borrowers. These include loans and advances to SMEs amounting to 27,608 (31 December, 2020: AFN 210,862 thousand) which are also partially backed by Afghanistan Credit Guarantee Foundation (ACGF) guarantees to the extent defined in agreement with ACGF.
- 8.3 These include payroll loans provided to individual payroll account holders and employees of corporate customers having payroll account with the Bank carrying interest rate of 13% to 18% (31 December, 2020: 13% to 18%) p.a., loans provided to university and school teachers carrying interest rate of 13% to 15% (31 December, 2020: 13% to 15%) and credit card loans carrying interest of 36% (31 December, 2020: 36%) on annual basis on outstanding balances.

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**Afghanistan International Bank**

**Notes to the condensed interim financial statements (Un-audited)**

**For the three months period ended 31 March, 2021**

8.4 This represent additional general provision maintained by the bank which is duly approved by DAB.

8.5 The movement in the allowance for ECL/ impairment losses is as follows:

	31 March, 2021 (Un-audited)	31 December, 2020 (Audited)
Note	AFN '000	AFN '000
Opening balance	689,447	218,602
Allowance for impairment made during the period/ yea	253,635	722,814
Amounts written-off during the period/ year	-	(236,892)
Exchange rate differences and other adjustments	960	(15,077)
Closing balance	<u>944,042</u>	<u>689,447</u>

8.5.1 IFRS 9 expected credit loss amounts to AFN 762 thousands as at 31 March, 2021. The provision of AFN 944,042 thousand (General provision: AFN 16,792 and Specific provision: AFN 927,250 thousands) (31 December, 2020: provision of AFN 689,447 comprising of General provision of AFN 24,859 and Specific provision of AFN 664,588 thousands) made under Assets Classification and Provisioning Regulation (ACPR) is higher than IFRS 9 ECL, therefore, the Bank has maintained the higher provision under the requirements of ACPR.

	31 March, 2021 (Un-audited)	31 December, 2020 (Audited)
Note	AFN '000	AFN '000
<b>9 Operating fixed assets</b>		
Property and equipment	9.1 3,452,402	3,535,313
Capital work-in-progress	9.2 146,842	48,078
	<u>3,599,244</u>	<u>3,583,391</u>

**9.1 Operating fixed assets - movement**

<i>Opening balance</i>		
Cost	4,486,681	3,966,699
Accumulated depreciation	(951,368)	(855,980)
Net book value	<u>3,535,313</u>	<u>3,110,719</u>
<i>Movement in cost:</i>		
Adjustment on transition to IFRS 16	-	-
Transfers from capital work-in-progress	1,131	372,523
Additions	626	312,367
Derecognized	-	(10,972)
Adjustments/ write-off	-	(153,936)
	<u>1,757</u>	<u>519,982</u>

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**Afghanistan International Bank****Notes to the condensed interim financial statements (Un-audited)****For the three months period ended 31 March, 2021***Movement in depreciation:*

Depreciation charge	84,668	246,586
Adjustments/ write-off	-	(151,198)
	<u>84,668</u>	<u>95,388</u>

*Closing balance*

<b>Cost</b>	4,488,438	<b>4,486,681</b>
<b>Accumulated depreciation</b>	(1,036,036)	<b>(951,368)</b>
<b>Net book value</b>	<u><b>3,452,402</b></u>	<u><b>3,535,313</b></u>

**9.2 Capital work-in-progress - movement**

Opening balance	48,078	339,623
Additions during the period/ year	103,089	123,997
Transferred to operating fixed assets	(1,131)	(372,523)
Transferred to intangible assets	0	(25,195)
Adjustments/write-offs	(3,194)	(17,824)
Closing balance	<u><b>146,842</b></u>	<u><b>48,078</b></u>

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**Afghanistan International Bank**

**Notes to the condensed interim financial statements (Un-audited)**

**For the three months period ended 31 March, 2021**

		<b>31 March, 2021</b>	<b>31 December,</b>
		<b>(Un-audited)</b>	<b>2020</b>
	Note	<b>AFN '000</b>	<b>(Audited)</b>
		<b>AFN '000</b>	<b>AFN '000</b>
<b>10 Other assets</b>			
Advances to employees		73,765	62,380
Security deposits		9,222	9,494
Prepayments		233,003	262,115
Interest receivable		229,502	208,024
Advance income tax - net		32,064	21,014
Other receivable and advances		31,064	73,342
		<b>608,620</b>	<b>636,369</b>
Allowance for ECL / impairment losses	10.1	(1,610)	(332)
		<b>607,010</b>	<b>636,036</b>

10.1 This represents provision maintained as per Asset Classification and Provisioning Regulation (ACPR) issued by DAB.

		<b>31 March, 2021</b>	<b>31 December,</b>
		<b>(Un-audited)</b>	<b>2020</b>
	Note	<b>AFN '000</b>	<b>(Audited)</b>
		<b>AFN '000</b>	<b>AFN '000</b>
<b>11 Customers' deposits</b>			
Current deposits		59,428,470	59,380,041
Saving deposits	11.1	245,585	249,460
Islamic deposits	11.2	1,855,088	1,771,814
Cash margin held against bank guarantees and letters of credit		818,662	810,016
		<b>62,347,805</b>	<b>62,211,331</b>

11.1 Saving deposits carry interest @ 3% p.a. (31 December, 2020: 3% p.a.)

11.2 Term deposits carried interest rates ranging from 0.75% to 1.40% per annum.

		<b>31 March, 2021</b>	<b>31 December,</b>
		<b>(Un-audited)</b>	<b>2020</b>
	Note	<b>AFN '000</b>	<b>(Audited)</b>
		<b>AFN '000</b>	<b>AFN '000</b>
<b>11.2 Islamic deposits can be further analyzed as follows:</b>			
Current deposits		239,146	223,103
Saving deposits		1,597,459	1,523,138
Term deposits		18,483	25,572
		<b>1,855,088</b>	<b>1,771,813</b>

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**Afghanistan International Bank****Notes to the condensed interim financial statements (Un-audited)****For the three months period ended 31 March, 2021**

	31 March, 2021 (Un-audited) AFN '000	31 December, 2020 (Audited) AFN '000
<b>12 Lease liabilities</b>		
Opening balance	469,641	265,040
Additions during the year	-	306,076
Derecognized during the year	-	(10,972)
Lease rentals paid	(23,579)	(95,549)
Finance cost accrued	1,140	9,479
Adjustments for the movement in lease liability	1,335	(4,434)
	<u>448,537</u>	<u>469,641</u>
<b>13 Deferred tax</b>		
<b>Deferred tax assets / (liabilities) arising in respect of:</b>		
Provision on investments, placements, loans and advances and other assets	31,185	5,177
Provision on guarantees and commercial letter of credit	5,280	5,888
Lease liabilities	-	-
Carry forward taxable losses	432,666	414,339
Surplus on revaluation of investments	(35,336)	(36,711)
Accelerated tax depreciation and amortization	(332,346)	(301,150)
	<u>101,449</u>	<u>87,543</u>

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**Afghanistan International Bank**  
**Notes to the condensed interim financial statements (Un-audited)**  
**For the three months period ended 31 March, 2021**

13.1 Movement in temporary differences during the period

	Balance as at 1 January 2020	Recognized in profit or loss	Recognized in equity	Balance as at 31 December 2020	Recognized in profit or loss	Recognized in equity	Balance as at 31 March, 2021
	AFN '000	AFN '000	AFN '000	AFN '000	AFN '000	AFN '000	AFN '000
<b>Deferred tax assets arising in respect of:</b>							
Provision on investments, placements and other assets	7,096	(1,919)	-	5,177	26,008	-	31,185
Provision on guarantees and commercial letter of credits	14,376	(8,488)	-	5,888	(608)	-	5,280
Lease liabilities	-	-	-	-	-	-	-
Carry forward taxable losses	189,383	224,956	-	414,339	18,327	-	432,666
	<b>210,855</b>	<b>214,549</b>	-	<b>425,404</b>	<b>43,727</b>	-	<b>469,131</b>
<b>Deferred tax liabilities arising in respect of:</b>							
Revaluation reserve on investments	(17,110)	-	(19,601)	(36,711)	-	1,375	(35,336)
Accelerated tax depreciation and amortization	(228,044)	(73,106)	-	(301,150)	(31,196)	-	(332,346)
	<b>(245,154)</b>	<b>(73,106)</b>	<b>(19,601)</b>	<b>(337,861)</b>	<b>(31,196)</b>	<b>1,375</b>	<b>(367,682)</b>
	<b>(34,299)</b>	<b>141,443</b>	<b>(19,601)</b>	<b>87,543</b>	<b>12,531</b>	<b>1,375</b>	<b>101,449</b>

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**Afghanistan International Bank**  
**Notes to the condensed interim financial statements (Un-audited)**  
**For the three months period ended 31 March, 2021**

	Note	31 March, 2021 (Un-audited) AFN '000	31 December, 2020 (Audited) AFN '000
<b>14 Other liabilities</b>			
Accruals and other payables		10,318	12,671
Amounts pending transfers to customers' accounts	14.1	23,958	50,324
Retention money payable		982	979
Payable from sale of collateral against loans and advances written off		792	4,028
Others		109,848	58,415
Provision on			
Financial guarantees	14.2	26,397	28,753
Commercial letter of credits		-	687
		<u>26,397</u>	<u>29,440</u>
		<u>172,295</u>	<u>155,857</u>

		31 March, 2021 (Un-audited)	31 December, 2020 (Audited)
<b>15 Share capital</b>			
Authorized 30,000,000 (2020: 30,000,000) ordinary shares of USD 1	AFN '000'	<u>1,465,071</u>	<u>1,465,071</u>
Issued, subscribed and paid-up - 30,000,000 (2020: 30,000,000) ordinary shares of USD 1 each fully paid in cash	AFN '000'	<u>1,465,071</u>	<u>1,465,071</u>

**15.1** Pursuant to letter no.918/703 dated 17 May 2010 issued by Da Afghanistan Bank (DAB), the Bank complies with the minimum paid-up capital requirement for commercial banks in Afghanistan amounting to AFN 1 billion or US \$ 20 million.

**15.2** Horizon Associates LLC and Wilton Holding Limited each holds 46.25% of issued, subscribed and paid up capital while remaining 7.5% is held by International Finance Corporation which is same as per previous year.

	Note	31 March, 2021 (Un-audited) AFN '000	31 December, 2020 (Audited) AFN '000
<b>16 Contingencies and commitments</b>			
<b>16.1 Contingencies</b>			
Financial guarantees	16.1.1	<u>6,883,015</u>	<u>7,158,183</u>
<b>16.1.1</b> These represent bid bonds and performance based guarantees issued by the Bank. These are 100% secured against the cash margin and counter guarantees.			
<b>16.2 Commitments</b>			
(a) Undrawn loan and overdraft facilities		710,854	1,071,813
(b) Commercial letters of credit		321,398	662,409
		<u>1,032,252</u>	<u>1,734,222</u>

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**Afghanistan International Bank**

**Notes to the condensed interim financial statements (Un-audited)**

**For the three months period ended 31 March, 2021**

		Three months ended	
		31 March, 2021 (Un-audited)	31 March, 2020 (Un-audited)
		AFN '000	AFN '000
<b>17</b>	<b>Interest income</b>		
		Note	
	Balances with DAB and other banks	1,908	10,574
	Placements	34,778	80,849
	Debt instruments at FVOCI	50,688	52,115
	Debt instruments at amortized cost	40,060	64,490
	Loans and advances to customers	56,832	90,774
		<u>184,266</u>	<u>298,802</u>
<b>18</b>	<b>Other income</b>		
	Loans and advances recovered previously written off	6,777	1,671
	Others	-	190
		<u>6,777</u>	<u>1,861</u>

**19 Credit losses (reversal) / expense**

The table below shows the impairment charges on financial instruments for the period recorded in the income statement:

Placements	6.2	1,955	4,531
Investments	7.4	(12,254)	(3,419)
Loans and advances	8.5	138,100	32,838
Other assets	10.1	1,278	191
Financial guarantees	14.2	(2,356)	3,744
Letter of credit	14.2	(687)	380
<b>Total credit loss/ (reversal) for the period - net</b>		<u>126,036</u>	<u>38,265</u>

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**Afghanistan International Bank**

**Notes to the condensed interim financial statements (Un-audited)**

**For the three months period ended 31 March, 2021**

**20 General and administrative expenses**

Salaries and benefits	129,235	146,308
Rental, rates and taxes	9,548	964
Electricity, generator and fuel	22,615	15,450
Repairs and maintenance	3,299	5,223
Information technology cost	30,387	27,442
Security cost	19,570	31,739
Depreciation	84,668	68,539
Amortization	21,425	21,768
Directors fee and their meeting expenses	519	3,704
Travelling and accommodation	4,963	15,854
Communication, swift and internet	3,930	13,708
Stationery and printing	8,421	9,283
Legal and professional charges	28,317	28,503
Asset management fee to investment advisors	12,531	9,138
Auditors' remuneration	2,659	2,426
Marketing and promotion	2,124	4,388
Money service providers charges	504	630
Insurance	59,050	41,293
Subscriptions and memberships	228	1,586
Other charges	15,797	40,205
Taxes and penalties	982	540
Corporate social responsibility	525	3,958
Corona virus costs	283	1,949
Others	3,332	3,296
	<u>464,912</u>	<u>497,894</u>

		31 March, 2021 (Un-audited) AFN '000	31 March, 2020 (Un-audited) AFN '000
<b>21 Taxation</b>	Note		
<b>Current:</b>			
For the period	21.1	-	-
Prior periods		-	(13,652)
<b>Deferred:</b>			
For the period		(12,531)	4,030
		<u>(12,531)</u>	<u>(9,622)</u>

21.1 Owing to carry forward tax losses, no provision for taxation has been made during the period.

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**Afghanistan International Bank**  
**Notes to the condensed interim financial statements (Un-audited)**  
**For the three months period ended 31 March, 2021**

**22 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	
	31 March, 2021 (Un-audited)	31 December, 2020 (Audited)	31 March, 2021 (Un-audited)	31 December, 2020 (Audited)
	AFN '000	AFN '000	AFN '000	AFN '000
<b>(a) Loans and advances to related parties</b>				
Loans outstanding at the beginning of the period / year	2,678	1,908	172,935	174,781
Exchange gain	-	-	-	-
Loans outstanding at the end of the period / year	<b>2,678</b>	<b>2,678</b>	<b>174,001</b>	<b>172,935</b>
Interest income earned	<b>482</b>	<b>964</b>	<b>175,954</b>	<b>11,918</b>

During the period, an amount of AFN 14,719 thousand (31 December, 2020: AFN 112,825 thousand) was paid to MADCC (related party) against certain construction and other works remaining after completion of head office and renovation work at Herat branch.

Provision for expected credit losses on outstanding balances of loans and advances to related parties amounts to AFN 8,700 thousand (31 December, 2020: AFN 8,647 thousand).

The facilities provided to related parties carry mark-up of 7% p.a. (31 December, 2020: 7% p.a.) payable on monthly basis and are secured against mortgage of residential property and personal guarantees of directors and representative of shareholders of the Bank.

Nature of transactions	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	31 March, 2021 (Un-audited)	31 December, 2020 (Audited)	31 March, 2021 (Un-audited)	31 December, 2020 (Audited)
	AFN '000	AFN '000	AFN '000	AFN '000
<b>(b) Deposits from related parties</b>				
Deposits at the beginning of the period / year	56,741	57,309	64,474	67,414
Deposits received during the period / year	115,851	338,400	500,744	2,764,480
Deposits repaid during the period / year	(89,358)	(338,694)	(530,213)	(2,767,738)
Exchange rate difference	130	(274)	189	319
Deposits at the end of the period / year	<b>83,364</b>	<b>56,741</b>	<b>35,195</b>	<b>64,474</b>
Interest expense on deposits	-	-	-	-

Nature of transactions	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	31 March, 2021 (Un-audited)	31 March, 2020 (Un-audited)	31 March, 2021 (Un-audited)	31 March, 2020 (Un-audited)
	AFN '000	AFN '000	AFN '000	AFN '000
<b>(c) Other related party transactions</b>				
Fee and commission income	-	-	1,675	1,815
Directors' fee	-	-	-	-
Fee and commission expense	-	-	-	-
Rental expenses	-	-	28,444	5,622
Travelling expense	519	3,704	-	-
Capital work-in-progress	-	-	14,719	30,712

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**Afghanistan International Bank**

**Notes to the condensed interim financial statements (Un-audited)**

**For the three months period ended 31 March, 2021**

	31 March, 2021 (Un-audited) AFN '000	31 March, 2020 (Un-audited) AFN '000
<b>(d) Key Management compensation</b>		
Salaries and other short-term benefits	14,209	18,376
	<u>14,209</u>	<u>18,376</u>

Key Management personnel of the Bank include the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.

	31 March, 2021 (Un-audited) AFN '000	31 March, 2020 (Un-audited) AFN '000
<b>23 Cash and cash equivalents</b>		
Cash in hand and at ATM	4,003,283	3,453,912
Balances with DAB (other than minimum reserve requirement)	9,760,814	5,089,737
Balances with other banks (other than held as a cash margin)	6,674,402	9,450,029
Placements (with maturity less than three months)	12,687,231	5,398,077
	<u>33,125,730</u>	<u>23,391,755</u>

**24 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**

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 - debt instruments at FVOCI			
<b>'As at 31 March, 2021 - Un-audited</b>	-	8,925,741	-
Investments in bonds - debt instruments at FVOCI			
'As at 31 December, 2020- Audited	-	9,331,990	-

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 debt instruments measured at amortised cost.

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**Afghanistan International Bank**  
**Notes to the condensed interim financial statements (Un-audited)**  
**For the three months period ended 31 March, 2021**

**(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.

**25 GENERAL**

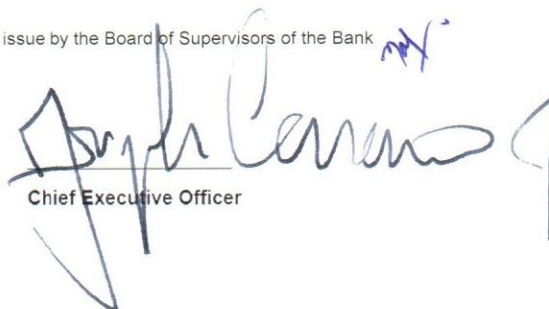
25.1 The figures in this condensed interim financial statements have been rounded off to the nearest thousands.

**26 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial statements were authorized for issue by the Board of Supervisors of the Bank  
on 14-05-2021



Chief Financial Officer



Chief Executive Officer