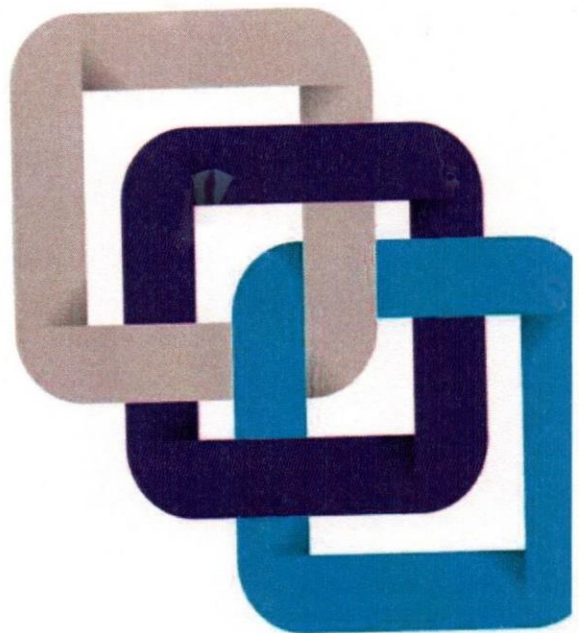


Afghanistan International Bank – condensed interim financial statements and auditors’ review report

For the 1st quarter ended 31 March 2020



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Afghanistan International Bank
Condensed Interim Financial
Statements

For the 1st quarter ended 31 March 2020

Independent Auditor's Review Report on Condensed Interim Financial Statements

To the Shareholders of Afghanistan International Bank

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Introduction

We have reviewed the accompanying condensed interim statement of financial position of Afghanistan International Bank ("the Bank") as at March 31, 2020 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and the notes to the condensed interim financial statements for the three months then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and the Law of Banking in Afghanistan and other laws and regulations issued by Da Afghanistan Bank. Our responsibility is to express a conclusion on these interim financial statements 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 interim financial statements 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 interim financial statements do not give a true and fair view of the financial position of the Bank as at March 31, 2020, and of its financial performance and its cash flows for the three months period then ended in accordance International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the



International Accounting Standards Board (IASB) and the requirements of the Law of Banking in Afghanistan and other laws and regulations issued by Da Afghanistan Bank.

Grant Thornton Afgh

Grant Thornton Afghanistan

Chartered Accountants

Engagement Partner: Saqib Rehman Qureshi, FCA

Location: Kabul, Afghanistan

Date *17th MAY, 2020*



AFGHANISTAN INTERNATIONAL BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

		31 March 2020 (Un-audited) AFN '000'	31 December 2019 (Audited) AFN '000'
ASSETS			
Cash and balances with Da Afghanistan Bank	4	14,242,927	13,859,056
Balances with other banks	5	9,554,864	7,237,771
Placements - net	6	14,379,025	15,085,047
Investments - net	7	16,748,478	18,915,749
Loan and advances to customers - net	8	3,322,860	3,417,810
Receivables from financial institutions		1,032,399	502,818
Operating fixed assets	9	3,534,413	3,450,342
Intangible assets		404,559	426,328
Deferred tax assets	10	18,899	-
Other assets	11	656,302	837,780
Total assets		63,894,616	63,732,501
LIABILITIES			
Customers' deposits	12	56,105,338	58,843,105
Deposits from bank		500,000	500,000
Deferred income		67,699	77,312
Lease liabilities	13	359,689	265,040
Deferred tax liabilities		-	34,299
Other liabilities	14	212,132	333,581
Total liabilities		60,244,858	60,053,337
EQUITY			
Share capital	15	1,465,071	1,465,071
Capital reserves		290,813	290,813
Retained earnings		1,973,247	1,859,291
Revaluation surplus/ (loss) on debt instruments at FVOCI		(79,373)	63,989
Total equity		3,649,758	3,679,164
Total liabilities and equity		63,894,616	63,732,501
Contingencies and commitments	16		

The annexed notes 1 to 25 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 2020

	31 March 2020		31 March 2019	
	Un-audited AFN '000'	Un-audited AFN '000'	Un-audited AFN '000'	Un-audited AFN '000'
Interest income	296,802	347,511		
Interest expense	(6,304)	(13,979)		
Net interest income	<u>292,498</u>	<u>333,533</u>		
Fee and commission income	296,022	229,046		
Fee and commission expense	(2,062)	(238)		
Net fee and commission income	<u>253,960</u>	<u>228,808</u>		
Income from dealing in foreign currencies	93,909	42,773		
	<u>640,367</u>	<u>605,114</u>		
Other income	1,861	8,567		
(Loss) / gain on sale of securities	-	(4,644)		
Credit losses reversal / (expense)	-	-		
Finance cost on lease liability	(38,285)	(83,828)		
General and administrative expenses	(1,735)	-		
PROFIT BEFORE INCOME TAX	<u>104,334</u>	<u>83,812</u>		
Taxation	9,622	(70,408)		
PROFIT FOR THE PERIOD	<u>112,956</u>	<u>13,406</u>		
OTHER COMPREHENSIVE INCOME				
<i>Items that may be classified to profit or loss subsequently</i>				
Surplus/ (Deficit) on debt instruments at FVOCI	(200,590)	68,260		
Related deferred tax	57,228	(13,682)		
Other comprehensive loss, net of tax	<u>(143,362)</u>	<u>54,608</u>		
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(29,406)</u>	<u>68,014</u>		
Earnings per share (in AFN)	<u>3.80</u>	<u>15.94</u>		

The annexed notes 1 to 25 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 2020

	Share capital	Revaluation surplus/ (loss) on debt instruments at FVOCI	Capital reserve	Retained earnings	Total
AFN '000					
Balance as at 01 January 2019 - Audited	1,465,071	(66,849)	260,405	1,946,535	3,585,157
Total comprehensive income					
Profit for the period				13,406	13,406
Other comprehensive income, net of tax:					
Fair value reserve (debt instruments at FVOCI)					
Net change in fair value		68,260			68,260
Related tax		(13,652)			(13,652)
Total comprehensive income		54,608		13,406	68,014
Transferred to capital reserve					
Transactions with owners of the bank					
Dividend paid					
Balance as at 31 March 2019 - Unaudited	<u>1,465,071</u>	<u>(32,241)</u>	<u>260,405</u>	<u>1,959,936</u>	<u>3,683,171</u>
Balance as at 01 January 2020 - Audited	1,465,071	53,989	290,513	1,809,291	3,619,154
Total comprehensive income					
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
Total comprehensive income		(143,362)		113,956	(29,406)
Transferred to capital reserve					
Transactions with owners of the bank					
Dividend paid					
Balance as at 31 March 2020 - Unaudited	<u>1,465,071</u>	<u>(79,373)</u>	<u>290,513</u>	<u>1,973,247</u>	<u>3,648,758</u>

The annexed notes 1 to 25 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 2020

	31 March 2020	31 March 2019
	Un-audited	Un-audited
Note	AFN '000'	AFN '000'
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Income Tax	104,334	83,812
Adjustments for:		
Depreciation	68,539	53,755
Amortization	21,768	16,542
Finance cost on lease liability	1,735	-
Adjustments for the movement in lease liability	(3,403)	-
Credit losses (reversal) / expense	38,265	83,828
	<u>231,238</u>	<u>237,937</u>
Changes in operating assets and liabilities		
Receivable from financial institutions	(529,781)	99,760
Required reserve maintained with DAB	227,013	118,584
Cash margin held with other banks	(86,045)	(2,539)
Loans and advances to customers - net	62,112	(1,155,791)
Other assets	181,531	42,832
Deferred income on commercial letter of credit and guarantees	(9,613)	2,052
Customers' deposits	262,233	(3,724,578)
Other liabilities	(111,921)	(211,296)
	<u>226,787</u>	<u>(4,593,039)</u>
Income tax paid	(333)	-
Net cash flow (used in) from operating activities	<u>226,434</u>	<u>(4,593,039)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital work-in-progress	(22,927)	(148,388)
Acquisition of operating fixed assets	(4,840)	(8,360)
Acquisition of intangible assets	-	(12,209)
Placements (with maturity more than three months)	(7,122,943)	(2,205,675)
Investments	1,970,100	21,796
Net cash flow from/ (used in) investing activities	<u>(5,180,610)</u>	<u>(2,352,836)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liability repaid	(28,526)	-
Dividend paid	-	-
Net cash used in financing activities	<u>(28,526)</u>	<u>-</u>
Net increase in cash and cash equivalents	(4,982,702)	(6,945,875)
Cash and cash equivalents at 1 January	28,374,457	34,537,652
Cash and cash equivalents at 31 March	22 <u>23,391,755</u>	<u>27,591,777</u>

The annexed notes 1 to 25 form an integral part of these financial statements.


 Chief Financial Officer


 Chief Executive Officer

AFGHANISTAN INTERNATIONAL BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THREE MONTHS PERIOD ENDED 31 MARCH 2020

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 Afghanistan Bank (DAB), the central bank of Afghanistan, to operate nationwide. The Bank obtained Islamic banking license from DAB via letter no. 1863/1890 dated 21 July 2014.

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 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, Airport Road, Kabul, Afghanistan.

The Bank has been operating as one of the leading commercial banking service provider in Afghanistan. The Bank has 35 branches and 2 cash outlets (2018: 37 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 period ended 31 March 2020 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.
- 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 2019.
- 2.3** Comparative statement of financial position is extracted from the annual financial statements as at 31 December 2019 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 2019.

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.

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 2019.
- 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 2019.
- 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 2019.

		31 March 2020 (Un-audited)	31 December 2019 (Audited)
	Note	AFN '000	AFN '000
4 Cash and balances with Da Afghanistan Bank			
Cash in hand		2,548,718	2,432,604
Cash in hand - Islamic banking division		192,244	180,747
Cash at Automated Teller Machines (ATMs)		712,950	648,592
		3,453,912	3,261,943
Balances with Da Afghanistan Bank:			
Local currency:			
- Deposit facility accounts	4.1	1,757,189	1,107,189
- Required reserve accounts	4.2	598,544	588,501
- Current accounts		939,623	496,894
		3,295,356	2,192,584
Foreign currency:			
- Required reserve accounts	4.2	5,100,734	5,337,790
- Current accounts		2,392,925	3,066,739
		14,242,927	13,859,056

4.1 This represents interest bearing account carrying interest @ 0.10% (31 December 2019: 0.10%) per annum.

4.2 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.

		31 March 2020 (Un-audited)	31 December 2019 (Audited)
	Note	AFN '000	AFN '000
5 Balances with other banks			
Outside Afghanistan:			
With Commerzbank, Germany:			
- in nostro accounts	5.1	338,143	77,070
- as cash margins held	5.2	104,635	18,590
		442,778	95,660
With Crown Agents Bank:			
- in nostro accounts	5.3	3,329,638	2,893,292
- as cash margins held		-	-
		3,329,638	2,893,292
With other banks	5.4	5,782,248	4,248,819
		9,554,664	7,237,771

5.1 These represent non-interest bearing balances available on demand basis.

5.2 This represents the amounts held against the counter guarantees issued by Commerzbank, Germany.

5.3 These represent interest bearing balances which carry interest at the rate of 0.10% (31 December 2019: 1.50%) p.a.

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5.4 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.

	Note	31 March 2020	31 December 2019
		(Un-audited)	(Audited)
6 Placements - net		AFN '000	AFN '000
Placements with banks	6.1	14,404,567	15,106,058
Allowance for ECL / impairment losses	6.2	(25,542)	(21,011)
		<u>14,379,025</u>	<u>15,085,047</u>

6.1 These represent USD denominated fixed term placements with financial institutions outside Afghanistan with remaining maturity upto one year (2019: one year) and carry interest at rates ranging from 0.64% to 3% (31 December 2019: 1.40% to 3.50%) per annum.

6.2 This represents provision calculated under Asset Classification and Provisioning Regulation (ACPR) which is higher than provision of AFN 1,207 thousand (31 December 2019: AFN 1,055 thousand) calculated under IFRS 9. Accordingly, the Bank has maintained higher provision as required under ACPR.

	Note	31 March 2020	31 December 2019
		(Un-audited)	(Audited)
7 Investments - net		AFN '000	AFN '000
Debt instruments at fair value through OCI:			
- Investment bonds	7.1	8,250,330	7,837,520
Debt instruments at amortised cost:			
- Capital notes with DAB	7.2	492,985	742,372
- Treasury bills	7.3	-	934,684
- Investment bonds	7.4	8,016,209	9,415,638
		<u>8,509,194</u>	<u>11,092,694</u>
		<u>16,759,524</u>	<u>18,930,214</u>
Allowance for ECL / impairment losses	7.5	(11,046)	(14,465)
		<u>16,748,478</u>	<u>18,915,749</u>

7.1 These represent investments in sovereign bonds having maturity ranging from January 2020 to April 2026 (31 December 2019: January 2020 to April 2026) and carrying interest rates ranging from 1.91% to 7.5% (31 December 2019: 2.38% 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 ranging from May to November 2020 (31 December 2019: February to November 2020) carrying yield ranging from 1.26% to 2.20% (31 December 2019: 0.93% to 2.20%) per annum receivable on maturity of respective notes.

7.3 This represents investment in United States of America - Treasury bills which matured in January 2020 (31 December 2019: January 2020), carried yield of 1.53% (31 December 2019: 1.53%) per annum receivable on maturity.

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- 7.4 These represent investments in sovereign bonds carrying interest rates ranging from 1.72% to 5.10% (31 December 2019: 1.25% to 7.75%) per annum. These investments have maturity ranging from October 2020 to August 2025 (31 December 2019: January 2020 to August 2025). These investments are managed by Julius Baer, Credit Suisse and Emirates NBD on behalf of the Bank.
- 7.5 This represents provision calculated under Asset Classification and Provisioning Regulation (ACPR) which is higher than provision of AFN 10,680 thousand (31 December 2019: AFN 9,813 thousand) calculated under IFRS 9. Accordingly, the Bank has maintained higher provision as required under ACPR.

8	Loan and advances to customers - net	Note	31 March	31 December
			2020 (Un-audited)	2019 (Audited)
			AFN '000	AFN '000
	Overdrafts	8.1	3,012,972	3,208,365
	Term loans	8.2	563,376	531,421
	Consumer loans	8.3	48,676	51,546
			3,625,024	3,791,332
	General provision	8.4	(153,360)	(154,920)
	Allowance for ECL / impairment losses	8.5	(148,804)	(218,602)
			3,322,860	3,417,810
Particulars of loans and advances - (gross)				
	Short term (for up to one year)		3,158,630	3,318,947
	Non-current (for over one year)		466,394	472,500
			3,625,024	3,791,447

- 8.1 These represent balances due from customers at various interest rates ranging from 7% to 14.5% (31 December 2019: 7% to 15%) 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 AFN 39,741 thousands (31 December 2019: AFN 71,884 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 5.5% to 14% p.a. (31 December 2019: 5.5% to 21% 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 AFN 255,394 thousand (31 December 2019: AFN 228,333 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 18% (31 December 2019: 18%) p.a., loans provided to university and school teachers carrying interest rate of 15% (31 December 2019: 15%) and credit card loans carrying interest of 36% (31 December 2019: 36%) on annual basis on outstanding balances.

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:

Opening balance	218,602	68,908
Allowance for impairment made during the period/ year	34,398	146,424
Amounts written-off during the period/ year	(99,881)	(12,374)
Exchange rate differences and other adjustments	(4,315)	15,644
Closing balance	<u>148,804</u>	<u>218,602</u>

8.5.1 IFRS 9 expected credit loss amounts to AFN 147,185 thousands as at 31 March 2020. The provision of AFN 148,804 thousand (General provision: AFN 21,507 and Specific provision: AFN 127,297 thousands) (31 December 2019: provision of AFN 212,927 comprising of General provision of AFN 21,061 and Specific provision of AFN 191,866 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 2020 (Un-audited) AFN '000	31 December 2019 (Audited) AFN '000
9 Operating fixed assets	Note		
Property and equipment	9.1	3,464,124	3,110,719
Capital work-in-progress	9.2	70,289	339,623
		<u>3,534,413</u>	<u>3,450,342</u>
9.1 Operating fixed assets - movement			
<i>Opening balance</i>			
Cost		3,966,699	3,578,233
Accumulated depreciation		(855,980)	(598,611)
Net book value		<u>3,110,719</u>	<u>2,979,622</u>
<i>Movement in cost:</i>			
Adjustment on transition to IFRS 16		-	329,926
Transfers from capital work-in-progress		292,261	69,042
Additions		129,683	715
Adjustments/ write-off		-	(11,217)
		<u>421,944</u>	<u>388,466</u>
<i>Movement in depreciation:</i>			
Depreciation charge		(68,539)	(265,633)
Adjustments/ write-off		-	8,264
		<u>(68,539)</u>	<u>(257,369)</u>
<i>Closing balance</i>			
Cost		4,388,643	3,966,699
Accumulated depreciation		(924,519)	(855,980)
Net book value	9.1.1	<u>3,464,124</u>	<u>3,110,719</u>

8/11

9.1.1 Leased buildings - right of use assets

<i>Opening balance</i>		
Cost	328,681	-
Accumulated depreciation	(63,916)	-
Net book value	264,765	-
<i>Movement in cost:</i>		
Adjustment on transition to IFRS 16	-	329,926
Additions	124,843	-
Adjustments/ write-off	-	(1,245)
	124,843	328,681
<i>Movement in depreciation:</i>		
Depreciation charge	(19,506)	(63,916)
	(19,506)	(63,916)
<i>Closing balance</i>		
Cost	453,524	328,681
Accumulated depreciation	(83,422)	(63,916)
Net book value	370,102	264,765

9.2 Capital work-in-progress - movement

Opening balance	339,623	79,949
Additions during the period/ year	22,927	429,370
Transferred to operating fixed assets	(292,261)	(69,042)
Transferred to intangible assets	-	(100,654)
Closing balance	70,289	339,623

31 March
2020

(Un-audited)

AFN '000

31 December
2019

(Audited)

AFN '000

Note

10 Deferred tax**Deferred tax assets / (liabilities) arising in respect of:**

Provision on investments, placements, loans and advances and other assets	7,356	7,096
Provision on guarantees and commercial letter of credits	15,201	14,376
Surplus on revaluation of investments	40,118	(17,110)
Lease liabilities	71,938	-
Carry forward taxable losses	181,903	189,383
Accelerated tax depreciation and amortization	(297,617)	(228,044)
	18,899	(34,299)

10.1

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10.1 Movement in temporary differences during the year

	Balance as at 1 January 2019	Recognized in profit or loss	Recognized in equity	Balance as at 31 December 2019	Recognized in profit or loss	Recognized in equity	Balance as at 31 March 2020
	AFN '000	AFN '000	AFN '000	AFN '000	AFN '000	AFN '000	AFN '000
Deferred tax assets arising in respect of:							
Revaluation reserve on investments	20,599		(37,709)	(17,110)		57,228	40,118
Provision on investments, placements and other assets	40,757	(33,661)	-	7,096	260	-	7,356
Provision on guarantees and commercial letter of credits	15,047	(671)	-	14,376	825	-	15,201
Lease liabilities	-	-	-	-	71,938	-	71,938
Carry forward taxable losses	139,597	49,786	-	189,383	(7,480)	-	181,903
	216,000	15,454	(37,709)	193,745	65,543	57,228	316,516
Deferred tax liabilities arising in respect of:							
Accelerated tax depreciation and amortization	(120,896)	(107,148)	-	(228,044)	(69,573)	-	(297,617)
	(120,896)	(107,148)	-	(228,044)	(69,573)	-	(297,617)
	95,104	(91,694)	(37,709)	(34,299)	(4,030)	57,228	18,899

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	Note	31 March 2020	31 December 2019
		(Un-audited) AFN '000	(Audited) AFN '000
11 Other assets			
Advances to employees		43,373	49,561
Security deposits		8,620	8,821
Prepayments		230,982	206,222
Interest receivable		302,264	346,562
Advance income tax - net		30,384	30,050
Other receivable and advances		40,966	196,570
Receivable from DoJ	11.1	250,605	250,605
Less: Balance written off		(250,605)	(250,605)
		656,589	837,786
Allowance for ECL / impairment losses	11.2	(197)	(6)
		656,392	837,780

11.1 Receivable from DoJ

This represents receivables from the United States Government department, Department of Justice (the "DoJ"). Pursuant to Title 18, U.S. Code Section 981(k), the United States sought to reach the customer's Afghan-based accounts by seizing funds amounting to AFN 565.701 million (equivalent to USD 10.1 million) from the Bank's correspondent account in the United States, however, the United States has not alleged any wrongdoing against the Bank. In September 2013, the United States returned to the Bank approximately USD 5.770 million, plus accrued interest, of the seized funds. In September 2015, the court ruled that AIB lacked standing to claim the funds amounting to USD 147,938.59 of the remaining USD 4.330 million. Subsequent to the period end in April 2020, upon notice of the voluntary dismissal by the United States, the remaining seized funds amounting to USD 4.182 million plus accrued interest shall be returned to the Bank.

11.2 This represents provision maintained as per Asset Classification and Provisioning Regulation issued by DAB.

	Note	31 March 2020	31 December 2019
		(Un-audited) AFN '000	(Audited) AFN '000
12 Customers' deposits			
Current deposits		56,729,915	56,415,963
Saving deposits	12.1	238,338	244,037
Term deposits	12.2	-	-
Islamic deposits	12.3	1,281,426	1,335,000
Cash margin held against bank guarantees and letters of credit		855,659	848,105
		59,105,338	58,843,105

12.1 Saving deposits carry interest @ 3% p.a. (31 December 2019: 3% p.a.)

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

	Note	31 March 2020	31 December 2019
		(Un-audited) AFN '000	(Audited) AFN '000
12.3 Islamic deposits can be further analyzed as follows:			
Current deposits		147,568	144,910
Saving deposits		1,091,302	1,146,235
Term deposits		42,556	43,855
		1,281,426	1,335,000

13 Lease liabilities

		31 March 2020	31 December 2019
	Note	(Un-audited) AFN '000	(Audited) AFN '000
Opening balance		265,040	317,856
Additions during the year		124,843	-
Derecognized during the year		-	(1,113)
Lease rentals paid		(28,526)	(68,992)
Finance cost accrued		1,735	5,351
Adjustments for the movement in lease liability		(3,403)	11,938
		359,689	265,040

	Note	31 March	31 December
		2020	2019
		(Un-audited)	(Audited)
		AFN '000	AFN '000
14 Other liabilities			
Accruals and other payables		18,707	12,148
Amounts pending transfers to customers' accounts	14.1	19,928	46,222
Retention money payable		14,777	14,927
Payable from sale of collateral against loans and advances written off		35,865	64,924
Others		46,850	123,479
Provision on			
Financial guarantees	14.2	75,326	71,582
Commercial letter of credits	14.2	679	299
		<u>76,005</u>	<u>71,881</u>
		<u>212,132</u>	<u>333,581</u>

14.1 This represents amounts received on behalf of the customers, however, not credited in the respective customer accounts due to incomplete identification data.

14.2 This represents 1% provision on unsecured portion of bank guarantees, not backed by cash margin, as required in Asset Classification and Provisioning Regulation issued by DAB, however, IFRS 9 provision for expected credit loss computed on unfunded financing facilities amounts to AFN 59,729 thousand (31 December 2019: AFN 47,074 thousand). The provision under regulations issued by DAB is higher than IFRS 9 ECL therefore, the Bank has maintained the regulatory provision.

	AFN '000'	31 March	31 December
		2020	2019
		(Un-audited)	(Audited)
15 Share capital			
Authorized 30,000,000 (2019: 30,000,000) ordinary shares of USD 1 each		<u>1,465,071</u>	<u>1,465,071</u>
Issued, subscribed and paid-up - 30,000,000 (31 December 2019: 30,000,000) ordinary shares of USD 1 each fully paid in cash		<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	31 December
		2020	2019
		(Un-audited)	(Audited)
		AFN '000	AFN '000
16 Contingencies and commitments			
16.1 Contingencies			
Financial guarantees	16.1.1	<u>8,061,277</u>	<u>7,946,230</u>
16.1.1 These represent bid bonds and performance based guarantees issued by the Bank. These are 100% secured against the cash margin and counter guarantees.			
16.2 Commitments			
(a) Undrawn loan and overdraft facilities		809,530	524,394
(b) Commercial letters of credit		86,285	48,537
		<u>895,815</u>	<u>572,931</u>

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		31 March 2020 (Un-audited) AFN '000	31 March 2019 (Un-audited) AFN '000
17 Interest income	Note		
Interest income on:			
Balances with DAB and other banks		10,574	2,987
Placements		80,849	132,063
Debt instruments at FVOCI		52,115	32,470
Debt instruments at amortized cost		64,490	81,520
Loans and advances to customers		90,774	98,471
		<u>298,802</u>	<u>347,511</u>
18 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	4,531	2,513
Investments	7.5	(3,419)	(4,803)
Loans and advances	8.5	32,838	94,582
Other assets	11.2	191	(2,787)
Financial guarantees	14.2	3,744	(5,677)
Letter of credit	14.2	380	-
Total (reversal) on impairment / loss for the period		<u>38,265</u>	<u>83,828</u>
19 General and administrative expenses			
Salaries and benefits		146,308	110,085
Rental, rates and taxes		964	19,285
Electricity, generator and fuel		15,450	34,890
Repairs and maintenance		5,223	3,931
Information technology cost		27,442	24,116
Security cost		31,739	25,699
Depreciation		68,539	48,930
Amortization		21,768	16,541
Directors fee and their meeting expenses		3,704	8,608
Travelling and accommodation		15,854	15,053
Communication, swift and internet		13,708	14,220
Stationery and printing		9,283	16,980
Legal and professional charges		28,503	17,385
Asset management fee to investment advisors		9,138	12,259
Auditors' remuneration		2,426	3,269
Marketing and promotion		4,388	3,853
Money service providers charges		630	1,427
Insurance		41,293	34,469
Subscriptions and memberships		1,586	1,698
Other charges		40,205	22,255
Taxes and penalties		540	256
Corporate social responsibility		3,958	1,138
Corona virus costs		1,949	-
Others		3,296	3,050
		<u>497,894</u>	<u>439,397</u>
20 Taxation			
Current:			
For the period	20.1	-	-
Prior periods		(13,652)	-
Deferred:			
For the period		4,030	70,406
		<u>(9,622)</u>	<u>70,406</u>

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

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21 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 year:

Nature of transactions	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	31 March 2020 (Un-audited) AFN '000	31 December 2019 (Audited) AFN '000	31 March 2020 (Un-audited) AFN '000	31 December 2019 (Audited) AFN '000
(a) Loans and advances to related parties				
Loans outstanding at the beginning of the year	1,908	-	174,781	174,011
Loans issued during the period/ year	-	1,908	158,371	169,316
Loans repayments during the period/ year	(663)	-	(157,267)	(168,354)
Exchange gain	-	-	1	(193)
Loans outstanding at the end of the year	<u>1,245</u>	<u>1,908</u>	<u>175,886</u>	<u>174,781</u>
Interest income earned	<u>112</u>	<u>57</u>	<u>2,814</u>	<u>11,544</u>

During the period, an amount of AFN 30,712 thousand (31 December 2019: AFN 254,053 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 1,759 thousand (31 December 2019: AFN 1,748 thousand).

The facilities provided to related parties carry mark-up of 7% p.a. (31 December 2019: 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 2020 (Un-audited) AFN '000	31 December 2019 (Audited) AFN '000	31 March 2020 (Un-audited) AFN '000	31 December 2019 (Audited) AFN '000
(b) Deposits from related parties				
Deposits at the beginning of the year	57,309	19,061	67,414	53,472
Deposits received during the year	221,326	440,748	801,044	4,203,122
Deposits repaid during the year	(197,599)	(402,726)	(806,165)	(4,190,581)
Exchange rate difference	(337)	226	(706)	1,401
Deposits at the end of the year	<u>80,699</u>	<u>57,309</u>	<u>61,587</u>	<u>67,414</u>
Interest expense on deposits	-	-	-	-

These represent current account of related parties, which do not carry interest (31 December 2019: Nil).

Nature of transactions	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	31 March 2020 (Un-audited) AFN '000	31 December 2019 (Audited) AFN '000	31 March 2020 (Un-audited) AFN '000	31 December 2019 (Audited) AFN '000
(c) Other related party transactions				
Fee and commission income	-	-	1,815	6,017
Directors' fee	-	30,038	-	-
Fee and commission expense	-	-	-	-
Rental expenses	-	-	5,622	54,301
Travelling expense	3,704	9,550	-	-
Capital work-in-progress	-	-	30,712	254,053

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	31 March 2020 (Un-audited) AFN '000	31 December 2019 (Audited) AFN '000
(d) Key Management compensation		
Salaries and other short-term benefits	18,376	56,412
	<u>18,376</u>	<u>56,412</u>

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

	31 March 2020 (Un-audited) AFN '000	31 March 2019 (Un-audited) AFN '000
22 Cash and cash equivalents		
Cash in hand and at ATM	3,453,912	2,482,691
Balances with DAB (other than minimum reserve requirement)	5,089,737	3,704,374
Balances with other banks (other than held as a cash margin)	9,450,029	9,421,416
Placements (with maturity less than three months)	5,398,077	11,983,296
	<u>23,391,755</u>	<u>27,591,777</u>

23 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			
As at 31 March 2020 - Un-audited	-	8,250,330	-
Investments in bonds - debt instruments at FVOCI			
As at 31 December 2019- Audited	-	7,837,520	-

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.

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(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.

(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

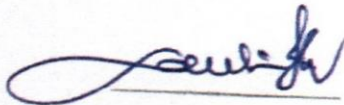
The fair value of the off-balance sheet financial instruments is equal to the carrying amounts.

24 GENERAL

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

25 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements were authorized for issue by the Board of Supervisors of the Bank on 12/05/2020



Chief Financial Officer



Chief Executive Officer