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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 September 2021, and the related condensed interim statement of comprehensive income, changes in equity and cash flows for the nine 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 nine months ended 30 September 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 nine months ended 30 September 2020 on 08 November 2020 and unmodified audit opinion on the annual financial statements for the year ended 31 December 2020 on 25 March 2021.

Chartered Accountants

Engagement Partner: Muhammad Saqlain Siddiqui

Date: 12 November 2021

Place: Kabul, Afghanistan

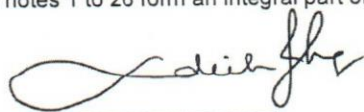


AFGHANISTAN INTERNATIONAL BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 September, 2021

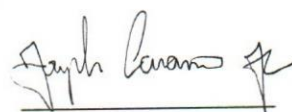
		30 September, 2021 (Un-audited) AFN '000'	31 December, 2020 (Audited) AFN '000'
ASSETS			
Cash and balances with Da Afghanistan Bank	4	22,188,883	12,508,824
Balances with other banks	5	13,761,452	11,958,105
Placements - net	6	9,164,790	17,463,070
Investments - net	7	15,836,064	17,066,969
Loan and advances to customers - net	8	2,107,440	2,670,139
Receivables from financial institutions		-	266,316
Operating fixed assets	9	3,331,439	3,583,391
Intangible assets		314,264	364,323
Deferred tax assets	13	229,145	87,543
Other assets	10	1,143,885	636,036
Total assets		<u>68,077,362</u>	<u>66,604,716</u>
LIABILITIES			
Customers' deposits	11	63,919,174	62,211,331
Deferred income		17,867	26,192
Lease liabilities	12	241,916	469,641
Other liabilities		254,024	155,857
Total liabilities		<u>64,432,981</u>	<u>62,863,021</u>
EQUITY			
Share capital	14	1,465,071	1,465,071
Capital reserves	15	306,319	306,319
Retained earnings		1,824,751	1,827,914
Revaluation surplus on debt instruments at FVOCI		48,241	142,391
Total equity		<u>3,644,381</u>	<u>3,741,695</u>
Total liabilities and equity		<u>68,077,362</u>	<u>66,604,716</u>
Contingencies and commitments	16		

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



Chief Financial Officer

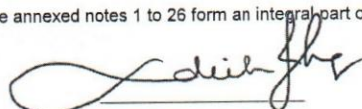


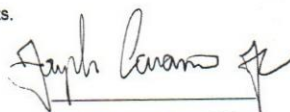
Chief Executive Officer

AFGHANISTAN INTERNATIONAL BANK
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 September, 2021

	Note	Nine months ended		Three months ended	
		30 September, 2021	30 September, 2020	30 September, 2021	30 September, 2020
		Un-audited AFN '000'	Un-audited AFN '000'	Un-audited AFN '000'	Un-audited AFN '000'
Interest income	17	525,325	816,182	155,150	249,119
Interest expense		(7,033)	(15,873)	(1,912)	(3,944)
Net interest income		518,292	800,310	153,238	245,175
Fee and commission income		627,046	746,295	161,901	244,690
Fee and commission expense		(1,348)	(7,344)	(575)	(1,566)
Net fee and commission income		625,698	738,951	161,326	243,124
Income from dealing in foreign currencies		200,442	239,552	42,130	78,278
		1,344,433	1,778,813	356,694	566,577
Other income	18	19,162	324,633	7,317	747
(Loss) / gain on sale of securities		232,276	30,736	96,362	29,221
Provision for credit losses	19	(124,320)	(80,793)	33,304	18,890
Finance cost on lease liability		(2,254)	(5,146)	23	(1,806)
General and administrative expenses	20	(1,350,524)	(1,477,860)	(418,960)	(488,009)
PROFIT BEFORE INCOME TAX		118,773	570,382	74,740	125,620
Taxation	21	118,064	(38,505)	115,618	(27,771)
PROFIT FOR THE PERIOD		236,837	531,877	190,358	97,849
OTHER COMPREHENSIVE INCOME					
<i>Items that may be classified to profit or loss subsequently</i>					
Surplus/ (Deficit) on debt instruments at FVOCI		(117,688)	189,777	(97,438)	119,137
Related deferred tax		23,538	(37,955)	19,488	(23,827)
Other comprehensive loss, net of tax		(94,150)	151,822	-77,951	95,310
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		142,687	683,699	112,407	193,159
Earnings per share (in AFN)		<u>7.89</u>	<u>17.73</u>	<u>6.35</u>	<u>3.26</u>

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


Chief Financial Officer

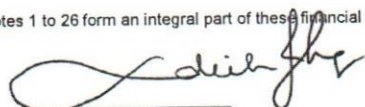

Chief Executive Officer

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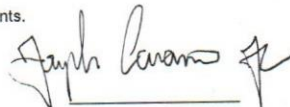
AFGHANISTAN INTERNATIONAL BANK
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR NINE MONTHS PERIOD ENDED 30 September, 2021

	Share capital	Revaluation surplus 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
Total comprehensive income				531,877	531,877
Profit for the period					-
Other comprehensive income, net of tax:					-
Fair value reserve (debt instruments at FVOCI)		189,777			189,777
Net change in fair value		(37,955)			(37,955)
Related tax					
Total comprehensive income	-	151,822	-	531,877	683,699
Transferred to capital reserve			-	-	-
Transactions with owners of the bank				(326,000)	(326,000)
Dividend paid					
Balance as at 30 September 2020 - Unaudited	1,465,071	215,811	290,813	2,065,168	4,036,863
Balance as at 01 January 2021 - Audited	1,465,071	142,391	306,319	1,827,914	3,741,695
Total comprehensive income				236,837	236,837
Profit for the period					-
Other comprehensive income, net of tax:					-
Fair value reserve (debt instruments at FVOCI)		(117,688)			(117,688)
Net change in fair value		23,538			23,538
Related tax					
Total comprehensive income	-	(94,150)	-	236,837	142,687
Transferred to capital reserve			-	-	-
Transactions with owners of the bank				(240,000)	(240,000)
Dividend paid					
Balance as at 30 September 2021 - Unaudited	1,465,071	48,241	306,319	1,824,751	3,644,382

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



Chief Financial Officer



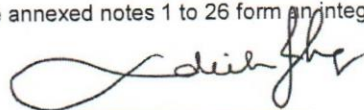
Chief Executive Officer

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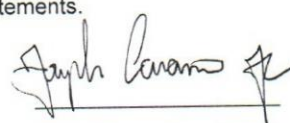
AFGHANISTAN INTERNATIONAL BANK
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR NINE MONTHS PERIOD ENDED 30 September, 2021

	Note	30 September, 2021	30 September, 2020
		Un-audited AFN '000'	Un-audited AFN '000'
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Income Tax		118,773	570,382
Adjustments for:			
Depreciation		197,856	217,353
Amortization		66,177	65,347
Finance cost on lease liability		2,254	5,146
Adjustments for the movement in lease liability		32,733	(2,832)
Credit losses (reversal) / expense		124,320	80,793
Property and equipment written-off		-	-
		542,113	936,189
Changes in operating assets and liabilities			
Receivable from financial institutions		266,316	(3,900)
Required reserve maintained with DAB		1,627,321	(305,904)
Cash margin held with other banks		23,772	139
Loans and advances to customers - net		432,863	561,377
Other assets		(490,752)	207,801
Deferred income on commercial LCs and guarantees		(12,057)	(50,617)
Customers' deposits		1,707,842	6,052,804
Deposits from banks		-	(500,000)
Other liabilities		98,167	(102,630)
		4,195,586	6,795,259
Income tax paid		(18,136)	(1,165)
Net cash flow (used in)/ from operating activities		4,177,449	6,794,094
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital work-in-progress		(138,448)	(50,299)
Acquisition of operating fixed assets		(13,003)	(15,220)
Acquisition of intangible assets		(16,117)	(1,021)
Placements (with maturity more than three months)		1,038,668	(11,529,823)
Investments		1,117,129	2,527,904
Net cash flow from/ (used in) investing activities		1,988,228	(9,068,459)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability repaid		(57,165)	(75,722)
Finance cost paid		-	-
Dividend paid		(240,000)	(326,000)
Net cash used in financing activities		(297,165)	(401,722)
Net increase in cash and cash equivalents		5,868,511	(2,676,087)
Cash and cash equivalents at 1 January		28,965,121	28,374,418
Effect of exchange rate fluctuation on cash held		-	-
Cash and cash equivalents at 30 September 2021	23	34,833,632	25,698,331

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 NINE MONTHS PERIOD ENDED 30 September, 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 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 31 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 nine months ended 30 September 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.
- 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 2020.
- 2.3 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 nine months period ended 30 September, 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.

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 nine months period ended 30 September, 2021

	Note	30 September, 2021	31 December, 2020
		(Un-audited) AFN '000	(Audited) AFN '000
4 Cash and balances with Da Afghanistan Bank			
Cash in hand		746,890	2,690,150
Cash in hand - Islamic banking division		55,527	271,234
Cash at Automated Teller Machines (ATMs)		73,056	633,057
		875,472	3,594,441
Balances with Da Afghanistan Bank:			
Local currency:			
- Deposit facility accounts	4.1	597	374,657
- Required reserve accounts	4.2	289,893	637,031
- Current accounts		1,003,938	922,316
		1,294,429	1,934,004
Foreign currency:			
- Required reserve accounts	4.2	4,150,772	5,430,956
- Current accounts		15,868,210	1,549,423
		22,188,883	12,508,824

4.1 This represents interest bearing account carrying interest @ 0.10% (31 December, 2020: 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.

	Note	30 September, 2021	31 December, 2020
		(Un-audited) AFN '000	(Audited) AFN '000
5 Balances with other banks			
Outside Afghanistan:			
With Crown Agents Bank:			
- in nostro accounts	5.1	8,953,172	7,422,009
- as cash margins held		-	-
		8,953,172	7,422,009
With other banks	5.2	4,808,279	4,536,096
		13,761,452	11,958,105

5.1 These represent interesting bearing balances which carry interest at the rate of 0.05% p.a. (31 December, 2020: 0.10%) p.a.

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.

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Afghanistan International Bank
Notes to the condensed interim financial statements (Un-audited)
For the nine months period ended 30 September, 2021

		30 September, 2021 (Un-audited)	31 December, 2020 (Audited)
		AFN '000	AFN '000
6 Placements - net	Note		
Placements with banks	6.1	9,165,740	17,470,395
Allowance for ECL / impairment losses	6.2	(950)	(7,325)
		<u>9,164,790</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 which is higher than provision of AFN 950 thousand (31 December, 2020: AFN 982 thousand) calculated under Asset Classification and Provisioning Regulation (ACPR) IFRS 9. Accordingly, the Bank has maintained higher provision as required under ACPR.

		30 September, 2021 (Un-audited)	31 December, 2020 (Audited)
		AFN '000	AFN '000
7 Investments - net	Note		
Debt instruments at fair value through OCI:			
- Investment bonds	7.1	6,181,517	9,331,990
Debt instruments at amortised cost:			
- Capital notes with DAB	7.2	956,232	1,784,443
- Investment bonds	7.3	8,712,630	5,968,763
		<u>9,668,863</u>	<u>7,753,206</u>
		<u>15,850,380</u>	<u>17,085,196</u>
Allowance for ECL / impairment losses	7.4	(14,316)	(18,228)
		<u>15,836,064</u>	<u>17,066,969</u>

7.1 These represent investments in sovereign bonds having maturity ranging from September 2021 to July 2040 (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 ranging from May 2021 to May 2022 (31 December, 2020: October 2019 to 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 nine months period ended 30 September, 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 October 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 13,359 thousand (31 December, 2020: AFN 18,228 thousand calculated as per ACPR). Accordingly, the Bank has maintained higher provision calculated under ACPR.

	Note	30 September, 2021	31 December, 2020
		(Un-audited)	(Audited)
8 Loan and advances to customers - net		AFN '000	AFN '000
Overdrafts	8.1	2,150,228	2,283,417
Term loans	8.2	918,232	1,189,781
Consumer loans	8.3	35,777	40,588
		3,104,237	3,513,786
General provision	8.4	(44,500)	(154,200)
Allowance for ECL / impairment losses	8.5	(952,297)	(689,447)
		2,107,440	2,670,139

Particulars of loans and advances - (gross)

Short term (for up to one year)	2,726,736	1,190,499
Non-current (for over one year)	377,501	2,323,287
	3,104,237	3,513,786

- 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 0 (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 0 (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%) p.a., loans provided to university and school teachers carrying interest rate of 13% to 15% (31 December, 2020: 13%) 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 nine months period ended 30 September, 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:

	30 September, 2021 (Un-audited) AFN '000	31 December, 2020 (Audited) AFN '000
Note		
Opening balance	689,447	218,602
Allowance for impairment made during the period/ year	239,536	722,814
Amounts written-off during the period/ year	-	(236,892)
Exchange rate differences and other adjustments	23,314	(15,077)
Closing balance	952,297	689,447

8.5.1 IFRS 9 expected credit loss amounts to AFN 884,000 thousands as at 30 September, 2021. The provision of AFN 952,297 thousand (General provision: AFN 15,474 and Specific provision: AFN 936,822 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.

	30 September, 2021 (Un-audited) AFN '000	31 December, 2020 (Audited) AFN '000
Note		
9 Operating fixed assets		
Property and equipment	3,146,490	3,535,313
Capital work-in-progress	184,949	48,078
	3,331,439	3,583,391

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	3,535,313	3,110,719
<i>Movement in cost:</i>		
Adjustment on transition to IFRS 16	-	-
Transfers from capital work-in-progress	1,577	372,523
Additions	13,003	312,367
Derecognized	(205,546)	(10,972)
Adjustments/ write-off	-	(153,936)
	(190,966)	519,982

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Afghanistan International Bank
Notes to the condensed interim financial statements (Un-audited)
For the nine months period ended 30 September, 2021

Movement in depreciation:

Depreciation charge	197,857	246,586
Adjustments/ write-off	-	(151,198)
	<u>197,857</u>	<u>95,388</u>

Closing balance

Cost	4,295,715	4,486,681
Accumulated depreciation	(1,149,225)	(951,368)
Net book value	<u>9.1.1 3,146,490</u>	<u>3,535,313</u>

9.2 Capital work-in-progress - movement

Opening balance	48,078	339,623
Additions during the period/ year	138,448	123,997
Transferred to operating fixed assets	(1,577)	(372,523)
Transferred to intangible assets	-	(25,195)
Adjustments/write-offs	-	(17,824)
Closing balance	<u>184,949</u>	<u>48,078</u>

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Afghanistan International Bank

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

For the nine months period ended 30 September, 2021

		30 September, 2021 (Un-audited) AFN '000	31 December, 2020 (Audited) AFN '000
10 Other assets	Note		
Advances to employees		76,527	62,380
Security deposits		10,230	9,494
Prepayments		247,417	262,115
Interest receivable		204,405	208,024
Advance income tax - net		39,149	21,014
Other receivable and advances		567,528	73,342
		<u>-</u>	<u>-</u>
		1,145,256	636,369
Allowance for ECL / impairment losses	10.1	(1,371)	(332)
		<u>1,143,885</u>	<u>636,036</u>

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

		30 September, 2021 (Un-audited) AFN '000	31 December, 2020 (Audited) AFN '000
11 Customers' deposits	Note		
Current deposits		61,021,113	59,380,041
Saving deposits	11.1	174,880	249,460
Islamic deposits	11.2	1,683,813	1,771,814
Cash margin held against bank guarantees and letters of credit		1,039,367	810,016
		<u>63,919,174</u>	<u>62,211,331</u>

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

		30 September, 2021 (Un-audited) AFN '000	31 December, 2020 (Audited) AFN '000
11.2 Islamic deposits can be further analyzed as follows:	Note		
Current deposits		187,929	223,103
Saving deposits		1,480,585	1,523,138
Term deposits		15,299	25,572
		<u>1,683,813</u>	<u>1,771,813</u>

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	30 September, 2021 (Un-audited)	31 December, 2020 (Audited)
	AFN '000	AFN '000
12 Lease liabilities		
Opening balance	469,641	265,040
Additions during the year	-	306,076
Derecognized during the year	(205,546)	(10,972)
Lease rentals paid	(57,165)	(95,549)
Finance cost accrued	2,254	9,479
Adjustments for the movement in lease liability	32,733	(4,434)
	<u>241,916</u>	<u>469,641</u>
13 Deferred tax		
Deferred tax assets / (liabilities) arising in respect of:		
Provision on investments, placements, loans and advances and other assets	29,295	5,177
Provision on guarantees and commercial letter of credit	6,634	5,888
Carry forward taxable losses	524,363	414,339
Surplus on revaluation of investments	(13,173)	(36,711)
Accelerated tax depreciation and amortization	(317,974)	(301,150)
13.1	<u>229,145</u>	<u>87,543</u>

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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 30 June 2021
	AFN '000	AFN '000	AFN '000	AFN '000	AFN '000	AFN '000	AFN '000
Deferred tax assets arising in respect of:							
Provision on investments, placements and other assets	7,096	(1,919)	-	5,177	24,118	-	29,295
Provision on guarantees and commercial letter of credits	14,376	(8,488)	-	5,888	746	-	6,634
Lease liabilities	-	-	-	-	-	-	-
Carry forward taxable losses	189,383	224,956	-	414,339	110,024	-	524,363
	<u>210,855</u>	<u>214,549</u>	<u>-</u>	<u>425,404</u>	<u>134,888</u>	<u>-</u>	<u>560,292</u>
Deferred tax liabilities arising in respect of:							
Revaluation reserve on investments	(17,110)	-	(19,601)	(36,711)	-	23,538	(13,173)
Accelerated tax depreciation and amortization	(228,044)	(73,106)	-	(301,150)	(16,824)	-	(317,974)
	<u>(245,154)</u>	<u>(73,106)</u>	<u>(19,601)</u>	<u>(337,861)</u>	<u>(16,824)</u>	<u>23,538</u>	<u>(331,147)</u>
	<u>(34,299)</u>	<u>141,443</u>	<u>(19,601)</u>	<u>87,543</u>	<u>118,064</u>	<u>23,538</u>	<u>229,145</u>

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For the nine months period ended 30 September, 2021

	Note	30 September, 2021 (Un-audited) AFN '000	31 December, 2020 (Audited) AFN '000
14 Share capital			
Authorized 30,000,000 (2019: 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>
17.1 Dividend			

14.1 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.

14.2 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.

15 Capital reserves

Article 93 "Reserve Capital" of Corporations and Limited Liability Companies Law of Afghanistan, requires that Bank should transfer 5% of its profit to Capital Reserve to compensate for future possible losses to the extent such capital reserves reach up to 25% of the Bank's capital. The Bank's capital reserves as at 31 December 2020 stood at AFN 306,319 thousands (31 December 2019: AFN 290,813 thousands).

	Note	30 September, 2021 (Un-audited) AFN '000	31 December, 2020 (Audited) AFN '000
16 Contingencies and commitments			
16.1 Contingencies			
Financial guarantees	16.1.1	<u>7,670,287</u>	<u>7,158,183</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		823,284	1,071,813
(b) Commercial letters of credit		475,260	662,409
		<u>1,298,544</u>	<u>1,734,222</u>

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Afghanistan International Bank

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

For the nine months period ended 30 September, 2021

		30 September, 2021 (Un-audited) AFN '000	30 September, 2020 (Un-audited) AFN '000
17 Interest income	Note		
Balances with DAB and other banks		17,504	13,889
Placements		83,523	188,469
Debt instruments at FVOCI		138,586	177,553
Debt instruments at amortized cost		136,651	193,898
Loans and advances to customers		149,062	242,374
		<u>525,325</u>	<u>816,182</u>
		<u>1,348</u>	<u>7,344</u>
18 Other income			
Loans and advances recovered previously written off		19,162	2,121
Amounts received from DoJ		-	322,166
Others		-	346
		<u>19,162</u>	<u>324,633</u>
19 Provision for credit losses			
The table below shows the impairment charges on financial instruments for the period recorded in the income statement:			
Placements	6.2	(6,375)	900
Investments	7.3	(3,912)	(1,552)
Loans and advances	8.5	129,836	99,994
Other assets	10.1	1,039	305
Financial guarantees	14.2	4,419	(18,895)
Letter of credit	14.2	(687)	41
Total credit loss/ (reversal) for the period - net		<u>124,320</u>	<u>80,793</u>

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20 General and administrative expenses

Salaries and benefits	388,218	466,883
Rental, rates and taxes	35,010	11,736
Electricity, generator and fuel	73,518	76,834
Repairs and maintenance	17,118	14,369
Information technology cost	73,354	75,898
Security cost	65,436	97,252
Depreciation	197,856	217,353
Amortization	66,177	65,347
Directors fee and their meeting expenses	9,685	20,317
Travelling and accommodation	18,900	26,424
Communication, swift and internet	20,218	39,190
Stationery and printing	23,390	25,540
Legal and professional charges	90,283	75,790
Asset management fee to investment advisors	30,183	29,886
Auditors' remuneration	9,923	10,370
Marketing and promotion	8,132	13,805
Money service providers charges	1,228	1,900
Insurance	150,349	118,384
Subscriptions and memberships	746	6,942
Other charges	55,235	57,319
Taxes and penalties	1,059	620
Corporate social responsibility	2,775	8,209
Corona virus costs	1,526	11,967
Others	10,206	5,525
	<u>1,350,524</u>	<u>1,477,860</u>

	30 September, 2021 (Un-audited)	30 September, 2020 (Un-audited)
	AFN '000	AFN '000

Note

21 Taxation

Current:

For the period	21.1	-	-
Prior periods		-	(2,918)

Deferred:

For the period		<u>118,064</u>	<u>41,423</u>
		<u>118,064</u>	<u>38,505</u>

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

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Notes to the condensed interim financial statements (Un-audited)
For the nine months period ended 30 September, 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 year:

Nature of transactions	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	30 September, 2021	31 December, 2020	30 September, 2021	31 December, 2020
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	AFN '000	AFN '000	AFN '000	AFN '000
(a) Loans and advances to related parties				
Loans outstanding at the beginning of the year	2,678	1,908	172,935	174,781
Loans issued during the period/ year	-	1,540	163,891	167,338
Loans repayments during the period/ year	-	(770)	(172,936)	(169,184)
Exchange gain	-	-	-	-
Loans outstanding at the end of the year	<u>2,678</u>	<u>2,678</u>	<u>163,890</u>	<u>172,935</u>
Interest income earned	<u>482</u>	<u>964</u>	<u>2,921</u>	<u>11,918</u>

Nature of transactions	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	30 September, 2021	31 December, 2020	30 September, 2021	31 December, 2020
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	AFN '000	AFN '000	AFN '000	AFN '000
(b) Deposits from related parties				
Deposits at the beginning of the year	56,741	57,309	64,474	67,414
Deposits received during the year	338,652	338,400	1,460,168	2,764,480
Deposits repaid during the year	-244,017	(338,694)	(1,513,372)	(2,767,738)
Exchange rate difference	16,580	(274)	4,389	319
Deposits at the end of the year	<u>167,956</u>	<u>56,741</u>	<u>15,659</u>	<u>64,474</u>
Interest expense on deposits	-	-	-	-

Nature of transactions	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	30 September, 2021	30 September, 2020	30 September, 2021	30 September, 2020
	(Un-audited)	(Un-Audited)	(Un-audited)	(Un-Audited)
	AFN '000	AFN '000	AFN '000	AFN '000
(c) Other related party transactions				
Fee and commission income	-	2,143	3,403	4,697
Directors' fee	9,685	13,844	-	-
Fee and commission expense	-	-	-	-
Rental expenses	32,513	28,688	58,523	20,198
Travelling expense	-	-	-	-
Capital work-in-progress	-	-	47,637	-

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	30 September, 2021 (Un-audited) AFN '000	30 September, 2020 (Audited) AFN '000
(d) Key Management compensation		
Salaries and other short-term benefits	27,697	46,590
	<u>27,697</u>	<u>46,590</u>

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

	30 September, 2021 (Un-audited) AFN '000	30 September, 2020 (Audited) AFN '000
23 Cash and cash equivalents		
Cash in hand and at ATM	875,472	4,180,778
Balances with DAB (other than minimum reserve requirement)	16,872,745	5,714,017
Balances with other banks (other than held as a cash margin)	13,740,092	10,072,471
Placements (with maturity less than three months)	3,345,323	5,731,065
	<u>34,833,632</u>	<u>25,698,331</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	-	6,181,517	-
As at 30 June 2021 - Un-audited	<u>-</u>	<u>6,181,517</u>	<u>-</u>
Investments in bonds - debt instruments at FVOCI	-	9,331,990	-
As at 31 December 2020- Audited	<u>-</u>	<u>9,331,990</u>	<u>-</u>

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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(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

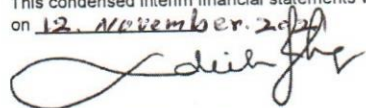
The fair value of the off-balance sheet financial instruments is equal to the carrying amounts.

25 GENERAL

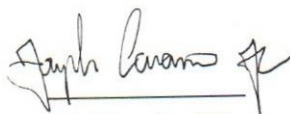
25.1 The figures in this condensed interim financial statements have been rounded off to the nearest thousands.

26 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements were authorized for issue by the Board of Supervisors of the Bank on 12 November 2021



Chief Financial Officer



Chief Executive Officer

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