



**INDEPENDENT AUDITOR'S REPORT
ON REVIEW OF CONDENSED INTERIM
FINANCIAL INFORMATION OF AIB BANK
FOR THE PERIOD ENDED 30 JUNE 2023**

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF AFGHANISTAN INTERNATIONAL BANK**Introduction**


We have reviewed the accompanying condensed interim statement of financial position of **Afghanistan International Bank** (the Bank) as at **30 June 2023**, and the related condensed interim statement of comprehensive income, changes in equity and cash flows for the six months then ended, and notes to the condensed interim financial information ('here-in-after referred to as the condensed interim financial information'). Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the 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".



Mazars Afghanistan Limited
Chartered Accountants
Engagement Partner: Muhammad Saqlain Siddiqui
Date: 10 August, 2023
Place: Kabul, Afghanistan

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 providers in Afghanistan. The Bank has 15 branches and 1 cash outlet (2022: 15 branches and 1 cash outlets) in operation.

2. Basis of preparation and measurement

- 2.1 This condensed interim financial information of the Bank for the six months ended 30 June 2023 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 2021.
- 2.3 Comparative statement of financial position is extracted from the annual financial statements as at 31 December 2022 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 six months period ended 30 June 2022.

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

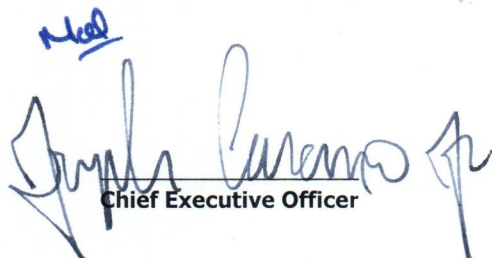
- 3.1 The accounting policies adopted in preparation of this condensed interim financial information are consistent with those followed in the preparation of the annual financial statements of the Bank for the year ended 31 December 2022.
- 3.2 The estimates / judgments assumptions used in the preparation 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 2022.
- 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 2022.

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AFGHANISTAN INTERNATIONAL BANK
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE, 2023

| | | 2023 | 2022 |
|---|------|-------------------------|-------------------|
| | Note | ----- AFN in '000 ----- | |
| ASSETS | | | |
| Cash and balances with Da Afghanistan Bank | 4 | 37,004,811 | 36,754,123 |
| Balances with other banks | 5 | 3,768,204 | 4,935,205 |
| Placements - net | 6 | 12,195,673 | 11,326,593 |
| Investments - net | 7 | 4,915,579 | 6,805,988 |
| Loan and advances to customers - net | 8 | 503,424 | 872,752 |
| Operating fixed assets | 9 | 2,754,422 | 2,880,139 |
| Intangible assets | | 403,941 | 457,329 |
| Deferred tax assets | 10 | 33,993 | 13,802 |
| Other assets | 11 | 945,863 | 970,597 |
| Total assets | | 62,525,910 | 65,016,527 |
| LIABILITIES | | | |
| Customers' deposits | 12 | 58,327,959 | 59,950,045 |
| Deferred income | | 11,925 | 24,883 |
| Lease liabilities | 13 | 230,375 | 247,634 |
| Other liabilities | 14 | 355,217 | 1,022,664 |
| Total liabilities | | 58,925,475 | 61,245,226 |
| EQUITY | | | |
| Share capital | 15 | 1,465,071 | 1,465,071 |
| Capital reserves | 16 | 369,069 | 369,069 |
| Retained earnings | | 1,872,602 | 2,051,465 |
| Revaluation loss on debt instruments at FVOCI | | (106,307) | (114,303) |
| Total equity | | 3,600,435 | 3,771,302 |
| Total liabilities and equity | | 62,525,910 | 65,016,527 |
| Contingencies and commitments | 17 | | |

The annexed notes 1 to 26 form an integral part of these condensed interim financial information.


Chief Executive Officer


Chief Financial Officer

AFGHANISTAN INTERNATIONAL BANK
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE, 2023

| | Note | Six months ended | | Three months ended | |
|--|------|------------------------------|------------------------------|------------------------------|------------------------------|
| | | 30 June 2023 (Un-audited) | 30 June 2022 (Un-audited) | 30 June 2023 (Un-audited) | 30 June 2022 (Un-audited) |
| | | AFN in '000 | | AFN in '000 | |
| Interest income (using the effective interest method) | 18 | 347,900 | 218,354 | 176,242 | 81,529 |
| Profit on Islamic deposits / Interest expense | | (5,272) | (789) | (2,647) | (357) |
| Net interest income | | 342,628 | 217,565 | 173,595 | 81,172 |
| Fee and commission income | 19 | 1,299,465 | 1,582,193 | 570,758 | 884,885 |
| Fee and commission expense | | (8,013) | (2,309) | (4,310) | (1,961) |
| Net fee and commission income | | 1,291,452 | 1,579,884 | 566,448 | 882,924 |
| Income from dealing in foreign currencies | | 159,469 | 126,819 | 76,822 | 44,911 |
| | | 1,793,549 | 1,924,268 | 816,865 | 1,009,007 |
| Other income | | 48 | - | 34 | |
| Losses on sale of securities | | (131,832) | (206,669) | (40,005) | (206,044) |
| Credit losses - net | 20 | (3,817) | (209,041) | (37,343) | (86,408) |
| Finance cost on lease liability | 13 | (1,208) | (1,503) | - | (690) |
| General and administrative expenses | 21 | (1,037,209) | (857,860) | (499,007) | (400,676) |
| Profit before taxation | | 619,530 | 649,195 | 240,544 | 315,189 |
| Taxation | 22 | 22,190 | (337,509) | (67,251) | (182,458) |
| Profit for the period | | 641,721 | 311,686 | 173,293 | 132,731 |
| Other comprehensive income | | | | | |
| <i>Items that may be classified to profit or loss subsequently</i> | | | | | |
| Surplus (deficit) on debt instruments at FVOCI | | 9,995 | (158,567) | (15,614) | (72,309) |
| Related deferred tax | | (1,999) | 31,713 | 10,585 | 14,462 |
| Other comprehensive income / (loss), net of tax | | 7,996 | (126,854) | (31,757) | (57,847) |
| Total comprehensive income for the period | | 649,717 | 184,832 | 141,536 | 74,884 |
| Earnings per share - Basic and diluted (AFN) | | 21.39 | 10.39 | 5.78 | 4.42 |

The annexed notes 1 to 26 form an integral part of these condensed interim financial information.

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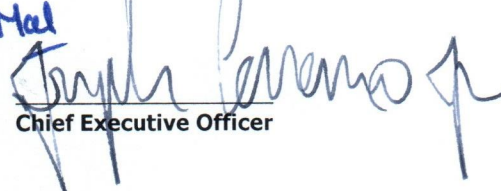

Chief Executive Officer


Chief Financial Officer

AFGHANISTAN INTERNATIONAL BANK
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE, 2023

| | Note | 30 June 2023 (Un-audited) ----- AFN in '000 ----- | 30 June 2022 (Un-audited) |
|---|------|---|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before Income Tax | | 619,530 | 649,195 |
| Adjustments for: | | | |
| Depreciation | | 149,956 | 147,629 |
| Amortization | | 75,967 | 45,173 |
| Finance cost on lease liability | | 1,208 | 1,503 |
| Adjustments for the movement in lease liability | | - | (49,921) |
| Credit losses - net | | 3,817 | 209,041 |
| Property and equipment written-off | | - | 14,723 |
| | | 850,479 | 1,017,343 |
| Changes in operating assets and liabilities: | | | |
| Required reserve maintained with DAB | | 860,217 | (290) |
| Cash margin held with other banks | | 522 | 3,857 |
| Loans and advances to customers - net | | 380,598 | 572,319 |
| Other assets | | 25,411 | 819,486 |
| Deferred income on commercial letter of credit and guarantees | | (13,738) | (11,990) |
| Customers' deposits | | (1,622,086) | (8,426,988) |
| Other liabilities | | (667,447) | 18,603 |
| | | (186,045) | (6,007,660) |
| Income tax paid | | (677) | (1,429) |
| Net cash flow used in operating activities | | (186,722) | (6,009,089) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital work-in-progress | | (5,439) | (66,830) |
| Acquisition of operating fixed assets | | (25,492) | (17,233) |
| Acquisition of intangible assets | | (22,579) | - |
| Placements (with maturity more than three months) | | (7,788,678) | (588,859) |
| Investments | | 1,906,056 | 7,891,436 |
| Net cash flow (used in) / from investing activities | | (5,936,133) | 7,218,514 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Lease liability repaid | | (10,326) | (311) |
| Finance cost paid | | (1,208) | (1,503) |
| Dividend paid | | (820,584) | - |
| Net cash used in financing activities | | (832,118) | (1,814) |
| Net decrease in cash and cash equivalents | | (6,954,972) | 1,207,610 |
| Cash and cash equivalents at 1 January | | 44,490,201 | 46,827,238 |
| Cash and cash equivalents at 31 December | 24 | 37,535,229 | 48,034,850 |

The annexed notes 1 to 26 form an integral part of these condensed interim financial information.

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Chief Executive Officer


Chief Financial Officer

AFGHANISTAN INTERNATIONAL BANK
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE, 2023

| | Share capital | Revaluation loss on debt instruments at FVOCI | Capital reserves | Retained earnings | Total |
|---|-----------------------|--|------------------|----------------------|------------------|
| | ----- AFN '000' ----- | | | | |
| Balance at 01 January 2022 | 1,465,071 | (26,871) | 318,624 | 1,821,712 | 3,578,536 |
| Total comprehensive income | | | | | |
| Profit for the year | | | | 311,686 | 311,686 |
| Other comprehensive income, net of tax: | | | | | |
| Debt instruments at FVOCI | | | | | |
| Net change in fair value | | (158,567) | | | (158,567) |
| Related tax | | 31,713 | | | 31,713 |
| Total comprehensive income | - | (126,854) | - | 311,686 | 184,832 |
| Transferred to capital reserve | | | - | - | - |
| Transactions with owners of the bank | | | | | |
| Dividend paid | | | | - | - |
| Balance at 30 June 2022 | <u>1,465,071</u> | <u>(153,726)</u> | <u>318,624</u> | <u>2,133,398</u> | <u>3,763,368</u> |

| | Share capital | Revaluation loss on debt instruments at FVOCI | Capital reserve | Retained earnings | Total |
|--|-----------------------|--|-----------------|----------------------|------------------|
| | ----- AFN '000' ----- | | | | |
| Balance at 01 January 2023 | 1,465,071 | (114,303) | 369,069 | 2,051,465 | 3,771,302 |
| Total comprehensive income | | | | | |
| Profit for the period | | | | 641,721 | 641,721 |
| Other comprehensive loss, net of tax: | | | | | |
| Fair value reserve (debt instruments at FVOCI) | | | | | |
| Net change in fair value | | 9,995 | | | 9,995 |
| Related tax | | (1,999) | | | (1,999) |
| Total comprehensive income | - | 7,996 | - | 641,721 | 649,717 |
| Transferred to capital reserve | | | - | - | - |
| Transactions with owners of the bank | | | | | |
| Dividend paid | | | | (820,584) | (820,584) |
| Balance at 30 June 2023 | <u>1,465,071</u> | <u>(106,307)</u> | <u>369,069</u> | <u>1,872,601</u> | <u>3,600,435</u> |

The annexed notes 1 to 26 form an integral part of these condensed interim financial information.

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Chief Executive Officer

Chief Financial Officer

Afghanistan International Bank

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

For the six months period ended 30 June, 2023

| | | 30 June 2023 (Un-audited) | 31 December 2022 (Audited) |
|----------|---|--------------------------------|-------------------------------|
| 4 | Cash and balances with Da Afghanistan Bank | ----- AFN in '000 ----- | |
| | Cash in hand | 28,013,190 | 29,327,890 |
| | Cash in hand - Islamic banking division | 2,680,523 | 167,777 |
| | Cash at Automated Teller Machines (ATMs) | 50,422 | 46,392 |
| | | 30,744,135 | 29,542,059 |
| | Balances with Da Afghanistan Bank: | | |
| | Local currency: | | |
| | - Deposit facility accounts | - | 597 |
| | - Required reserve accounts | 572,900 | 648,980 |
| | - Current accounts | 150,568 | 244,841 |
| | | 723,468 | 894,418 |
| | Foreign currency: | | |
| | - Required reserve accounts | 4,687,060 | 5,471,197 |
| | - Current accounts | 850,147 | 846,449 |
| | | 5,537,207 | 6,317,646 |
| | | 37,004,810 | 36,754,123 |

- 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.

| | | 30 June 2023 (Un-audited) | 31 December 2022 (Audited) |
|----------|----------------------------------|--------------------------------|-------------------------------|
| 5 | Balances with other banks | ----- AFN in '000 ----- | |
| | Crown Agents Bank | 1,138,853 | 2,930,375 |
| | With other banks | 2,629,351 | 2,004,830 |
| | | 3,768,204 | 4,935,205 |

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

| | | 30 June 2023 (Un-audited) | 31 December 2022 (Audited) |
|----------|----------------------------------|--------------------------------|-------------------------------|
| 6 | Placements - net | ----- AFN in '000 ----- | |
| | Placements with banks | 12,212,897 | 11,344,435 |
| | Impairment allowances for losses | (17,224) | (17,842) |
| | | 12,195,673 | 11,326,593 |

- 6.1** These represent USD denominated fixed term placements with financial institutions outside Afghanistan up to a maximum period of one year (2022: 180) and carry interest at rates ranging from 2.50% to 5.00% (31 December 2022: 2.50% to 4.70%) per annum.

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Afghanistan International Bank
Notes to the condensed interim financial statements (Un-audited)
For the six months period ended 30 June, 2023

| | | 30 June 2023 (Un-audited) | 31 December 2022 (Audited) |
|--|------|------------------------------|-------------------------------|
| | | ----- AFN in '000 ----- | |
| 7 Investments - net | Note | | |
| Debt instruments at fair value through OCI: | | | |
| - Investment bonds | 7.1 | 1,568,624 | 2,107,340 |
| Debt instruments at amortised cost: | | | |
| - Investment bonds | 7.2 | 3,354,314 | 4,711,659 |
| | | 4,922,938 | 6,818,999 |
| Allowance for ECL / impairment losses | | (7,359) | (13,011) |
| | | 4,915,579 | 6,805,988 |

7.1 These represent investments in sovereign bonds having maturity ranging from January 2024 to October 2029 (31 December 2022: April 2023 to October 2029) and carrying interest rates ranging from 1.63% to 6% (31 December 2022: 1.65% to 6.00%) per annum. These investments are managed by Julius Baer, Credit Suisse and Emirates NBD on behalf of the Bank.

7.2 These represent investments in sovereign bonds carrying interest rates ranging from 1.00% to 4.75% (31 December 2022: 1.00% to 4.88%) per annum. These investments have maturity ranging from April 2025 to October 2030 (31 December 2022: January 2023 to October 2030). These investments are managed by Julius Baer, Credit Suisse and Emirates NBD on behalf of the Bank.

| | | 30 June 2023 (Un-audited) | 31 December 2022 (Audited) |
|--|------|------------------------------|-------------------------------|
| | | ----- AFN in '000 ----- | |
| 8 Loan and advances to customers - net | Note | | |
| Overdrafts | | 789,874 | 972,027 |
| Term loans | | 83,209 | 266,887 |
| Consumer loans | | 12,885 | 17,653 |
| | | 885,968 | 1,256,567 |
| General provision | 8.1 | (321,357) | (333,148) |
| Allowance for ECL / impairment losses | | (61,187) | (50,667) |
| | | 503,424 | 872,752 |
| Particulars of loans and advances - (gross) | | | |
| Short term (for up to one year) | | 873,083 | 1,243,336 |
| Non-current (for over one year) | | 8,550 | 13,231 |
| | | 881,633 | 1,256,567 |

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

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Afghanistan International Bank
Notes to the condensed interim financial statements (Un-audited)
For the six months period ended 30 June, 2023

| | | 30 June 2023 (Un-audited) | 31 December 2022 (Audited) |
|--|------|------------------------------|-------------------------------|
| | Note | ----- AFN in '000 ----- | |
| 9 Operating fixed assets | | | |
| Property and equipment | 9.1 | 2,747,698 | 2,872,935 |
| Capital work-in-progress | 9.2 | 6,724 | 7,204 |
| | | <u>2,754,422</u> | <u>2,880,139</u> |
| 9.1 Operating fixed assets - movement | | | |
| <i>Opening balance</i> | | | |
| Cost | | 3,688,276 | 4,317,599 |
| Accumulated depreciation | | (815,341) | (1,093,679) |
| Net book value | | 2,872,935 | 3,223,920 |
| <i>Movement in cost:</i> | | | |
| Transfers from capital work-in-progress | | 5,919 | 5,628 |
| Additions | | 25,492 | 18,241 |
| Adjustments/ write-off | | - | (653,192) |
| | | <u>31,412</u> | <u>(629,323)</u> |
| <i>Movement in depreciation:</i> | | | |
| Depreciation charge | | 156,649 | 281,337 |
| Adjustments/ write-off | | (6,693) | (559,675) |
| | | <u>149,956</u> | <u>(278,338)</u> |
| <i>Closing balance</i> | | | |
| Cost | | 3,719,688 | 3,688,276 |
| Accumulated depreciation | | (971,990) | (815,341) |
| Net book value | | <u>2,747,698</u> | <u>2,872,935</u> |
| 9.2 Capital work-in-progress - movement | | | |
| Opening | | 7,204 | 169,043 |
| Additions during the year | | 5,439 | 89,757 |
| Transferred to operating fixed assets | | (5,919) | (5,668) |
| Transferred to intangible assets | | - | (245,928) |
| Closing | | <u>6,724</u> | <u>7,204</u> |

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| | | 30 June 2023 (Un-Audited) | 31 December 2022 (Audited) |
|--|---|---------------------------------|----------------------------------|
| | | AFN in '000 | |
| 10 | Deferred tax | Note | |
| Deferred tax assets / (liabilities) arising in respect of: | | | |
| | Provision on investments, placements, loans and advances and other assets | | 4,9166,334 |
| | Provision on guarantees and commercial letter of credits | | 36,00736,442 |
| | Surplus on revaluation of investments | | 26,57718,999 |
| | Carry forward taxable losses | | 413,245401,778 |
| | Accelerated tax depreciation and amortization | | (446,753)(449,752) |
| | | 10.1 | 33,99213,802 |

10.1 Movement in temporary differences during the year

| | Balance at 01 January 2022 | Recognized in profit or loss | Recognized in equity | Balance at 31 December 2022 | Recognized in profit or loss | Recognized in equity | Balance at 30 June 2023 |
|----------------------------------|----------------------------------|------------------------------------|-------------------------|-----------------------------------|------------------------------------|-------------------------|----------------------------|
| | 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 | 5,659 | 675 | - | 6,334 | (1,418) | - | 4,916 |
| Provision on guarantees | | | | | | | |
| and commercial letter of credits | 7,794 | 28,648 | - | 36,442 | (435) | - | 36,007 |
| Carry forward taxable losses | 501,461 | (99,683) | - | 401,778 | 11,467 | - | 413,245 |
| Revaluation reserve | | | | | | | |
| on investments | (2,859) | - | 21,858 | 18,999 | 9,577 | (1,999) | 26,577 |
| | 514,914 | (70,360) | - | 463,553 | 19,191 | (1,999) | 480,745 |
| Deferred tax liabilities | | | | | | | |
| arising in respect of: | | | | | | | |
| Accelerated tax depreciation | | | | | | | |
| and amortization | (244,722) | (205,030) | - | (449,752) | 2,999 | - | (446,753) |
| | (244,722) | (205,030) | - | (449,752) | 2,999 | - | (446,753) |
| | 270,192 | (275,390) | - | 13,802 | 22,190 | (1,999) | 33,993 |

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Afghanistan International Bank
Notes to the condensed interim financial statements (Un-audited)
For the six months period ended 30 June, 2023

| | | 30 June 2023 (Un-audited) | 31 December 2022 (Audited) |
|--|-------------|---------------------------------|----------------------------------|
| | | ----- AFN in '000 ----- | |
| 11 Other assets | Note | | |
| Advances to employees | | 35,045 | 43,978 |
| Security deposits | | 463 | 9,386 |
| Prepayments | | 269,750 | 285,322 |
| Interest receivable | | 166,451 | 115,771 |
| Advance income tax - net | | 43,889 | 43,212 |
| Receivable from credit card service company - CSC | | 384,216 | 251,378 |
| Other receivable and advances | | 47,888 | 222,367 |
| | | 947,702 | 971,415 |
| Allowance for ECL / impairment losses | | (1,839) | (818) |
| | | <u>945,863</u> | <u>970,597</u> |
| | | | |
| | Note | 30 June 2023 (Un-audited) | 31 December 2022 (Audited) |
| | | ----- AFN in '000 ----- | |
| 12 Customers' deposits | | | |
| Current deposits | | 52,995,004 | 57,393,332 |
| Saving deposits | | 88,043 | 99,222 |
| Islamic deposits | 12.1 | 4,198,594 | 1,433,864 |
| Cash margin held against bank guarantees and letters of credit | | 1,046,318 | 1,023,627 |
| | | <u>58,327,959</u> | <u>59,950,045</u> |
| 12.1 Islamic deposits can be further analyzed as follows: | | | |
| Current deposits | | 3,218,152 | 415,227 |
| Saving deposits | | 958,459 | 1,018,637 |
| Term deposits | | 21,983 | - |
| | | <u>4,198,594</u> | <u>1,433,864</u> |
| | | | |
| | Note | 30 June 2023 (Un-audited) | 31 December 2022 (Audited) |
| | | ----- AFN in '000 ----- | |
| 13 Lease liabilities | | | |
| Opening balance | | 247,634 | 323,255 |
| Lease rentals paid | | (11,534) | (30,879) |
| Finance cost | | 1,208 | 2,872 |
| Exchange loss | | (6,934) | (47,614) |
| | | <u>230,375</u> | <u>247,634</u> |

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Afghanistan International Bank
Notes to the condensed interim financial statements (Un-audited)
For the six months period ended 30 June, 2023

| | | 30 June 2023 (Un-audited) | 31 December 2022 (Audited) |
|--|------|---------------------------------|----------------------------------|
| | Note | ----- AFN in '000 ----- | |
| 14 Other liabilities | | | |
| Accruals and other payables | | 67,205 | 24,230 |
| Provision for salaries and allowances | | 48,361 | 122,772 |
| Amounts pending transfers to customers' accounts | 14.1 | 11,088 | 498,376 |
| Others | | 48,527 | 195,074 |
| Provision on financial guarantees | 14.2 | 180,036 | 182,212 |
| | | <u>355,217</u> | <u>1,022,664</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 provision ranging from 1% to 50% on unsecured portion of bank guarantees, not backed by cash margin. (31 December 2022: 1% to 50%).

| | | 30 June 2023 (Un-audited) | 31 December 2022 (Audited) |
|--|--|---------------------------------|----------------------------------|
| | | ----- AFN in '000 ----- | |
| 15 Share capital | | | |
| Authorized 30,000,000 (2022: 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 2022: 30,000,000) | | <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.

16 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 30 June 2023 stood at AFN 369,069 thousands (30 June 2022: AFN 318,624 thousands).

| | | 30 June 2023 (Un-audited) | 31 December 2022 (Audited) |
|---|------|---------------------------------|----------------------------------|
| | Note | ----- AFN in '000 ----- | |
| 17 Contingencies and commitments | | | |
| Contingencies | | | |
| Financial guarantees | 17.1 | <u>2,965,485</u> | <u>2,666,853</u> |

17.1 These represent bid bonds and performance guarantees issued by the Bank in the normal course of business. These are 100% secured against the cash margin and counter guarantees.

Commitments

| | | |
|---|----------------|----------------|
| (a) Undrawn loan and overdraft facilities | 267,284 | 338,335 |
| (b) Commercial letters of credit | - | 44,605 |
| | <u>267,284</u> | <u>382,940</u> |

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Afghanistan International Bank
Notes to the condensed interim financial statements (Un-audited)
For the six months period ended 30 June, 2023

| | | Six months ended | |
|----|---|------------------|---------------------------------|
| | | 30 June 2023 | 30 June 2022 |
| | | (Un-audited) | (Un-audited) |
| 21 | General and administrative expenses | Note | ----- AFN in '000 ----- |
| | Salaries and benefits | | 283,597 235,143 |
| | Rental, rates and taxes | | 29,879 24,448 |
| | Electricity, generator and fuel | | 50,054 45,073 |
| | Repairs and maintenance | | 24,458 6,550 |
| | Information technology cost | | 73,084 58,003 |
| | Head office building support services | | 17,709 24,614 |
| | Security cost | | 23,446 15,946 |
| | Depreciation | 9.1 | 149,956 147,629 |
| | Amortization | | 75,967 45,173 |
| | Directors fee and their meeting expenses | | 6,271 11,185 |
| | Travelling and accommodation | | 13,891 5,920 |
| | Communication, swift and internet | | 12,387 18,127 |
| | Stationery and printing | | 8,662 9,304 |
| | Legal and professional charges | 21.1 | 117,127 40,932 |
| | Asset management fee to investment advisors | | 13,141 21,202 |
| | Auditors' remuneration | | 6,560 7,371 |
| | Marketing and promotion | | 2,465 1,427 |
| | Money service providers charges | | 21,073 16,322 |
| | Insurance | | 62,022 108,451 |
| | Other expenses | | 45,460 14,925 |
| | | | <u>1,037,209</u> <u>857,860</u> |

21.1 This includes legal charges amounting to AFN 63,948 thousands and professional fee amounting to AFN 53,179 thousands.

| | | Six months ended | |
|----|------------------|------------------|------------------------------|
| | | 30 June 2023 | 30 June 2022 |
| | | (Un-audited) | (Un-audited) |
| 22 | Taxation | Note | ----- AFN in '000 ----- |
| | Current: | | |
| | For the period | 22.1 | - - |
| | Prior periods | | - - |
| | Deferred: | | |
| | For the period | | 22,190 337,509 |
| | | | <u>22,190</u> <u>337,509</u> |

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

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23 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:

| | Directors and other key management personnel (and close family members) | | Shareholders and its associated companies | |
|--|---|-------------------------------|---|-------------------------------|
| | 30 June 2023 (Un-audited) | 31 December 2022 (Audited) | 30 June 2023 (Un-audited) | 31 December 2022 (Audited) |
| ----- AFN '000 ----- | | | | |
| Nature of transactions | | | | |
| (a) Loans and advances to related parties | | | | |
| Loans outstanding at the beginning of the year | - | 7,040 | 176,878 | 159,997 |
| Loans issued during the period | - | - | 172,582 | 176,878 |
| Loans repayments during the period | - | (7,040) | (176,878) | (159,997) |
| Exchange gain | - | - | - | - |
| Loans outstanding at the end of the period | - | - | 172,582 | 176,878 |
| Interest income earned | - | - | 3,131 | 8,674 |

Provision for expected credit losses on outstanding balances of loans and advances to related parties amounts to AFN 1,726 thousand (31 December 2022: AFN 176,878 thousand).

The facilities provided to related parties carry mark-up of 7% p.a. (31 December 2022: 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.

| | Directors and other key management personnel (and close family members) | | Shareholders and its associated companies | |
|--|---|-------------------------------|---|-------------------------------|
| | 30 June 2023 (Un-audited) | 31 December 2022 (Audited) | 30 June 2023 (Un-audited) | 31 December 2022 (Audited) |
| ----- AFN '000 ----- | | | | |
| Nature of transactions | | | | |
| (b) Deposits from related parties | | | | |
| Deposits at the beginning of the year | 49,635 | 158,172 | 21,295 | 4,839 |
| Deposits received during the period | 10,817 | 3,325 | 159,084 | 219,324 |
| Deposits repaid during the period | (935) | (134,606) | (159,247) | (213,142) |
| Exchange rate difference | 42 | 22,744 | 233 | 10,274 |
| Deposits at the end of the period | 59,559 | 49,635 | 21,365 | 21,295 |
| Interest expense on deposits | - | - | - | - |

These represent current account of related parties, which do not carry interest (31 December 2022: Nil).

| Nature of transactions | Directors and other key management personnel (and close family members) | | Shareholders and its associated companies | |
|---|---|------------------------------|---|------------------------------|
| | 30 June 2023 (Un-audited) | 30 June 2022 (Un-audited) | 30 June 2023 (Un-audited) | 30 June 2022 (Un-audited) |
| ----- AFN '000 ----- | | | | |
| (c) Other related party transactions | | | | |
| Directors' fee | 5,901 | 5,668 | - | - |
| Rental expenses | - | - | 22,986 | 15,936 |

(d) Key Management compensation

| | 30 June 2023 (Un-audited) | 30 June 2022 (Un-audited) |
|--|------------------------------|------------------------------|
| Salaries and other short-term benefits | 35,624 | 32,708 |
| | 35,624 | 32,708 |

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

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Afghanistan International Bank

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

For the six months period ended 30 June, 2023

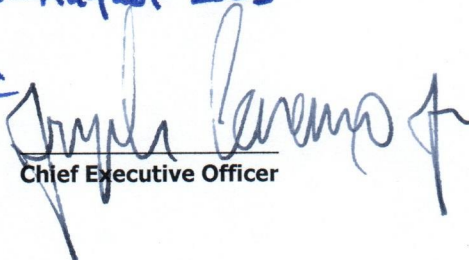
| | 30 June 2023 (Un-audited) | 30 June 2023 (Un-audited) |
|--|---------------------------------|---------------------------------|
| | ----- AFN in '000 ----- | |
| 24 Cash and cash equivalents | | |
| Cash in hand and at ATM | 30,744,135 | 30,657,251 |
| Balances with DAB (other than minimum reserve requirement) | 1,000,715 | 2,326,144 |
| Balances with other banks (other than held as a cash margin) | 3,768,204 | 8,388,104 |
| Placements (with maturity less than three months) | 2,022,175 | 6,663,351 |
| | <u>37,535,229</u> | <u>48,034,850</u> |

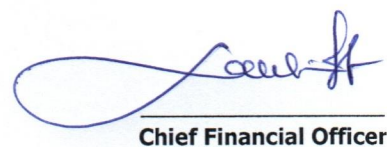
25 General

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 information were authorized for issue by the Board of Supervisors of the Bank on 30-August-2023

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Chief Executive Officer


Chief Financial Officer