



Reviewed Financial Statements

for Islamic Bank of Afghanistan

(For the period ended March 31, 2020)

Confidential

MGI ILYAS SAEED CHARTERED ACCOUNTANTS

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Date: May 03, 2020

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED INTERIM FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ISLAMIC BANK OF AFGHANISTAN

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Islamic Bank of Afghanistan ("the bank") as at March 31, 2020, and the related condensed interim statement of profit and loss account, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the three months period 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 Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Bank and in conformity with the Law of Islamic Banking in Afghanistan and directives issued by Da Afghanistan Bank (DAB). 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 Auditing Standard for Islamic Financial Institution's issued by AAOIFI 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.

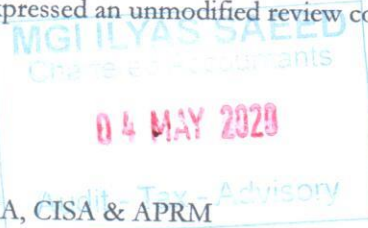
Conclusion

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 profit and loss account its cash flows for the three months period then ended in accordance with Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the requirements of the law of Islamic Banking in Afghanistan.

Other Matter

The condensed interim financial statements for the three months period ended March 31, 2019 were reviewed by another auditor who expressed an unmodified review conclusion on May 14, 2019.

mg. Iseca



Muhammad Abdul Basit – ACA, CIA, CISA & APRM
Engagement Partner
Ilyas Saeed Chartered Accountants
Kabul, Afghanistan
Date:

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

		Un-Audited 31-Mar-20	Audited 31-Dec-19
	Note	-----	Afn -----
ASSETS			
Cash and cash equivalents	5	11,532,369	14,018,217
Islamic Financings and Related Assets	6	743,668	793,399
Investments:			
Investments in Securities	7	4,493,530	3,895,957
Other investments		100,441	119,175
Property and equipment		462,870	473,692
Intangible assets		286,290	296,395
Investment in Real Estate	8	95,415	96,283
Deferred tax asset		72,355	73,521
Other assets	9	1,853,086	1,846,230
Total assets		19,640,024	21,612,869
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY			
Liabilities			
Current Account from customers	11	7,414,121	9,595,984
Short-term Placement from Financial Institutions	12	1,390,320	1,418,040
Other liabilities	13	390,380	488,161
Total liabilities		9,194,821	11,502,185
Equity of Unrestricted Investment Account Holders	11	9,059,084	8,729,230
Owner's Equity			
Share capital	10	1,775,000	1,775,000
Retained Earnings		(388,881)	(393,546)
Total Owner's equity		1,386,119	1,381,454
Total Liabilities, Equity of Investment Accountholders and Owners' Equity		19,640,024	21,612,869

CONTINGENCIES AND COMMITMENTS

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The annexed notes form an integral part of these condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer

ISLAMIC BANK OF AFGHANISTAN
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

		31-Mar-20	31-Mar-19
	Note	----- AFN 000 -----	
Deferred Sales and Diminishing Musharaka rentals	15	36,405	37,397
Profit on investment	16	48,685	36,786
Return on unrestricted investment accounts	17	(34,619)	(37,663)
Bank share as Mudarib		50,471	36,520
Revenue from banking services / Fee and commission income	18	25,030	40,397
Expense on banking services / Fee and commission expense	19	(2,645)	(2,583)
Net fee and commission income		22,385	37,814
Foreign exchange gain / (loss)		92,039	141,209
Other non-operating Income		101,400	25,537
Total Bank Revenue / Operating income		266,295	241,080
Administrative and general expenses	20	(245,261)	(193,345)
Depreciation		(16,337)	(14,083)
Amortization		(13,415)	(9,927)
Total Operating Expenses		(275,013)	(217,355)
Provision for impairment - net	6	(14,549)	(10,346)
Profit before taxation		5,831	13,379
Provision for taxation			
Deferred		(1,166)	(2,676)
Profit for the period		4,665	10,703
Other comprehensive income		-	-
Total comprehensive income for the period		4,665	10,703

The annexed notes form an integral part of these condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer

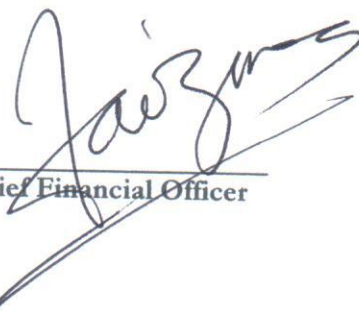
ISLAMIC BANK OF AFGHANISTAN
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

	Share Capital	Retained Earnings	Total
 Afn '000'		
Balance as at January 01, 2019	1,775,000	(510,505)	1,264,495
Net profit for the three months period ended	-	10,703	10,703
Ordinary shares Issued	-	-	-
Balance as at March 31, 2019	1,775,000	(499,802)	1,275,198
Balance as at March 31, 2019	1,775,000	(499,802)	1,275,198
Net profit for the nine months period ended	-	106,256	106,256
Ordinary shares Issued	-	-	-
Balance as at December 31, 2019	1,775,000	(393,546)	1,381,454
Balance as at January 01, 2020	1,775,000	(393,546)	1,381,454
Net profit for the three months period ended	-	4,665	4,665
Ordinary shares Issued	-	-	-
Balance as at March 31, 2019 - (Unaudited)	1,775,000	(388,881)	1,386,119

The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer

ISLAMIC BANK OF AFGHANISTAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

	Note	31-Mar-20 Afn '000'	31-Mar-19
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		5,831	13,379
Adjustments for:			
Depreciation		16,337	14,083
Amortization		13,415	9,927
Accrued profit on cash and cash equivalents		(17,350)	(11,972)
Impairment (gain)/ loss on Financings / loans and advances		14,549	10,346
		<u>32,782</u>	<u>35,763</u>
Increase / decrease in operating assets and liabilities:			
Murabaha receivables / loan and advances		49,731	(62,716)
Other assets		(6,856)	(251,523)
Current Accounts from customers and unrestricted funds		(1,852,009)	(2,779,352)
Short term financing - Shuaa Capital		(27,720)	380,200
Required Reserve		(90,549)	-
Other liabilities		(97,781)	(39,210)
		<u>(1,992,402)</u>	<u>(2,716,838)</u>
Net cash generated from operating activities			
Tax adjustment		-	-
Net cash generated from operating activities		<u>(1,992,402)</u>	<u>(2,716,838)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments - Net of Profits	7	(597,573)	(446,909)
Investment in Real Estate / Non-current assets exchange fluctuation		18,734	14,827
Acquisition of property and equipment - net of adjustment		(5,155)	(7,205)
Net cash used in investing activities		<u>(583,994)</u>	<u>(439,287)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of share capital	13	-	-
Net cash used in / generated from financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		<u>(2,576,396)</u>	<u>(3,156,125)</u>
Cash and cash equivalents at beginning of the period		12,653,192	11,415,490
Cash and cash equivalents at the end of the period	5	<u>10,076,796</u>	<u>8,259,365</u>

The annexed notes form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

ISLAMIC BANK OF AFGHANISTAN
CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

1. STATUS AND NATURE OF OPERATIONS

Islamic Bank of Afghanistan (formerly Bakhtar Bank) ("the Bank") is wholly owned subsidiary of Azizi Bank, Kabul Afghanistan. The Bank has been licensed for Islamic Banking activities by Da Afghanistan Bank (DAB) ("the Central Bank of Afghanistan"). The Bank obtained a business license from Afghanistan Investment Support Agency and is a limited liability company. The principal activities of the Bank are taking demand, saving and investment accounts, providing Murabaha, Ijara and other Shari'a compliant forms of financing as well as managing investors' money on the basis of Mudaraba or agency for a fee, providing commercial banking services and other investment activities. The registered office of the Bank is located at Malalai Zezhantoon Square Square, Quway – E – Markaz, Shahr – E – Naw, District 10, Kabul, Afghanistan.

Da Afghanistan Bank (DAB) had granted in principle approval for Islamic Banking business to the bank in January 2016. After in principle approval the bank initiated the process of procurement of Core banking system for Islamic banking, appointment of experienced Islamic banking management and development of Islamic banking policies and procedures to comply with DAB's requirements. From April 1, 2018 till April 8, 2018 the Bank was in conversion process and upon completion of conversion process, the DAB had granted full fledge Islamic Banking License to the Bank on April 9, 2018. Currently bank is operating 59 Branches and 02 cash counters.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Bank has adopted the Financial Accounting Framework of AAOIFI after conversion in to Islamic Banking. The financial statements are prepared in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Bank and in conformity with the Law of Banking in Afghanistan and directives issued by Da Afghanistan Bank (DAB) takes precedence. In accordance with the requirements of AAOIFI, for matters, which are not covered by the AAOIFI standards, the Bank uses the relevant International Financial Reporting Standards ('the IFRS') issued by International Accounting Standards Board.

Financial Statements are in conformity with Shari'ah rules and regulations after obtaining License from DAB.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except as otherwise disclosed in accounting policies.

2.3 Functional and presentation currency

These financial statements are presented in Afghani ("AFN") which is the bank's functional & National currency. Except or otherwise indicated, the financial information presented in AFN has been rounded to nearest thousand.

ISLAMIC BANK OF AFGHANISTAN
CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

- 2.4 Da Afghanistan Bank had granted in principle approval for Islamic Banking business to the bank in January 2016. After in principle the bank initiated the process of procurement of Core banking system for Islamic banking, appointment of experienced Islamic banking management and development of Islamic banking policies and procedures to comply with DAB's requirements. In addition to the above to strengthen the equity due to accumulated losses in conversion process, shareholders confirmed their support to the bank due to conversion process.

3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial years. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates and judgment will, by definition, rarely equal the related actual results. The material estimates, assumptions and judgments used to measure and classify the carrying amounts of following assets and liabilities have been taken into consideration:

- a) Provision for Financing losses
- b) Provision for income taxes
- c) Useful life of property and equipment and intangible assets
- d) Held to maturity investments

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are to be read with latest annual audited financial statements.

ISLAMIC BANK OF AFGHANISTAN
CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

	Note	31-Mar-20 Afn '000'	31-Dec-19
5. CASH AND CASH EQUIVALENTS			
Cash in hand			
Local currency		943,613	1,364,732
Foreign currency		1,394,885	1,686,376
		<u>2,338,498</u>	<u>3,051,108</u>
Balances with banks:			
Balances with Da Afghanistan Bank	5.1	5,632,239	7,331,911
Balances with other banks	5.2	3,561,632	3,635,198
		<u>9,193,871</u>	<u>10,967,109</u>
		<u>11,532,369</u>	<u>14,018,217</u>
5.1 Balances with Da Afghanistan Bank			
Required reserve with Da Afghanistan Bank		1,455,574	1,365,025
Current account			
Local currency		3,361,545	4,866,140
Foreign currency		815,120	1,100,746
		<u>4,176,665</u>	<u>5,966,886</u>
		<u>5,632,239</u>	<u>7,331,911</u>
5.2 Balances with other banks			
Al Salam Bank Bahrain B.S.C		440,267	393,300
CSC BANK		7,728	4
Reyl Finance		31,474	265,612
Aktif Bank		162,825	408,031
Yinzhou Bank		1	1
Development Credit Bank Ltd		9,600	9,776
BMCE Bank		966,768	856,800
Yes Bank		10,012	2,222
Pashtany Bank		350,001	350,001
Nurol Bank		428,380	421,855
Transkapital Bank		414,998	317,500
Daman Investments		12,860	12,548
Shuaa Capital		455,377	597,548
Vakif Katilim Bankasi		16,341	-
First Microfinance Bank - Afghanistan		255,000	-
		<u>3,561,633</u>	<u>3,635,198</u>
5.3 Reconciliation of Cash And Cash Equivalent			
Cash and bank balances		11,532,369	14,018,217
Required reserve with Da Afghanistan Bank		(1,455,574)	(1,365,025)
		<u>10,076,795</u>	<u>12,653,192</u>
5.3.1 Deposits with DAB under required reserve are not available to finance the Bank's day to day operations and are therefore not part of cash and cash equivalents.			

ISLAMIC BANK OF AFGHANISTAN

		Note		31-Mar-2020	31-Dec-2019
			 Afn '000'
6. ISLAMIC FINANCINGS AND RELATED ASSETS					
Financing - at amortized cost					
6.1					
	Gross amount	Jointly Financed	Self Financed	Impairment allowance	Carrying amount
	31 March 2020				
 Afn '000'				
Islamic Financing					
Murahaba receivables	691,639	691,639	-	11,904	679,735
Diminishing musharaka	63,933	63,933	-	-	63,933
	<u>755,572</u>	<u>755,572</u>	<u>-</u>	<u>11,904</u>	<u>743,668</u>
31 December 2019					
 Afn '000'				
Islamic Financing					
Murahaba receivables	675,795	675,795	-	26,345	649,450
Diminishing musharaka	143,949	143,949	-	-	143,949
	<u>819,744</u>	<u>819,744</u>	<u>-</u>	<u>26,345</u>	<u>793,399</u>
Movement in Impaired Islamic Financing and Related Assets					
Opening balance Afn '000'				
Charged for the period/year	26,345				
Reversal during the period/year	(14,441)				
Impairment of loans acquired by parent bank - at par	-				
Closing balance	<u>11,904</u>				
					26,345

ISLAMIC BANK OF AFGHANISTAN
CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

7. INVESTMENTS

	Jointly Financed		Self Financed		Gross Amount	
	31-Mar-2020	31-Dec-2019	31-Mar-2020	31-Dec-2019	31-Mar-2020	31-Dec-2019
Investment in securities - Held to Maturity						
Quoted Securities:						
Corporate Sukuk	1,607,405	1,708,234	-	-	1,607,405	1,708,234
Government Sukuk	2,886,125	2,187,723	-	-	2,886,125	2,187,723
	4,493,530	3,895,957	-	-	4,493,530	3,895,957
Other investments						
Investment is equity instrument -						
Afghanistan Payment System	-	-	-	16,888	-	16,888
Money Market Fund	100,441	102,287	-	-	100,441	102,287
	100,441	102,287	-	16,888	100,441	119,175
	4,593,971	3,998,244	-	16,888	4,593,971	4,015,132

ISLAMIC BANK OF AFGHANISTAN
CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

8 INVESTMENT IN REAL ESTATE

During the year management has re-classified the Non-current Asset Held for Sale to Investment in Real Estate on the basis of approval letter for full-fledge conversion to Islamic Bank of Da Afghanistan Bank vide Letter No. 6786/6808 Dated 26-10-1396, whereby the bank is allowed to invest in real estate upto 20% of its regulatory capital.

9 OTHER ASSETS

	31-Mar-20	31-Dec-19
 Afn '000'	
Prepayments	88,058	99,060
Security deposit	904	904
Advance income tax	149,731	149,732
Western union - In bound balance	177,784	128,720
Murabaha profit receivable / Accrued Profit	123,247	113,736
Others	1,313,362	1,354,078
	<u>1,853,086</u>	<u>1,846,230</u>

10 SHARE CAPITAL

Authorized

250,000 ordinary shares of Afn 10,000 each

2,500,000	2,500,000
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Issued and paid up

1,775,000 ordinary shares (2019: 1,775,000) of Afn 10,000 each

1,775,000	1,775,000
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Number of shares

10.1 Following is the reconciliation of number of shares:

	31-Mar-20	31-Dec-19
Number of shares at beginning of the period/year	1,775,000	1,775,000
Shares issued during the period/year	-	-
Number of shares at end of the period/year	<u>1,775,000</u>	<u>1,775,000</u>

31-Mar-20	31-Dec-19
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..... Afn '000'

10.2 Following is the reconciliation of amount of share capital:

Share capital at beginning of the period / year	1,775,000	1,775,000
Shares issued during the period / year	-	-
Share capital at end of the period / year	<u>1,775,000</u>	<u>1,775,000</u>

ISLAMIC BANK OF AFGHANISTAN
CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

11 CURRENT ACCOUNTS AND EQUITY OF UN-RESTRICTED INVESTMENT ACCOUNT HOLDERS

	31-Mar-20	31-Dec-19
 Afn '000'	
CURRENT AND SAVING ACCOUNTS FROM CUSTOMERS		
Demand / Current account	5,845,666	7,793,412
Deposits against financial commitments	1,568,455	1,802,572
	7,414,121	9,595,984
EQUITY OF UN-RESTRICTED INVESTMENT ACCOUNT HOLDERS		
Mudarabah saving deposits	9,059,084	8,729,230
	9,059,084	8,729,230
TOTAL DEPOSITS FROM CUSTOMERS AND EQUITY OF UN-RESTRICTED INVESTMENT ACCOUNT HOLDERS	16,473,205	18,325,214

12 SHORT TERM FINANCING - SHUAA CAPITAL

The Bank obtained placement from Shuaa capital for short term basis at the rate of one month LIBOR + 0.90% p.a. This placement is based on commodity Murabaha (2019: one year @ 4.5% p.a).

	31-Mar-20	31-Dec-19
 Afn '000'	
13 OTHER LIABILITIES		
Withholding tax payable	40,152	34,885
Creditors and accruals	261,589	308,607
Profit payable	10	9,420
Deferred income	-	28,071
Others	88,629	107,178
	390,380	488,161

14 CONTINGENCIES AND COMMITMENTS

Guarantees and Letter of credit issued on behalf of customers	5,613,533	6,309,450
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- 14.1** On March 25, 2017 Da Afghanistan Bank had lined the amount of \$5 Million from account of the bank on the basis of letter dated March 15, 2017 having reference no. 0628 as lien against the bank guarantee issued to Haji Khalil and Investment for the Ministry of Power and Energy. Claim was launched at April 19, 2016 vide letter no 1164/82, against the bank guarantee whereas, the expiry date of the bank guarantee was 30 April 2015. Management had taken written representation from the shareholders that incase of lodgment of the claim through court of law they will be liable to settle the liability, as Da Afghanistan Bank had marked the lien on the balance. However, management is showing the said amount as reconciling amount in the related US Dollar Bank Account 3000205027306 with DAB. Management had also communicated the matter to Presidential office and had informed them about the whole scenario of the matter vide letter no. 14/10/17/01075. However at conversion stage parent bank has given representation as counter guarantee incase of any unwarranted event.

ISLAMIC BANK OF AFGHANISTAN
CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

	31-Mar-20	31-Mar-19
 Afn '000'	
15 DEFERRED SALES AND DIMINISHING MUSHARAKA RENTALS		
Unearned murabaha income	32,960	28,224
Diminishing musharaka rentals	3,445	9,173
	<u>36,405</u>	<u>37,397</u>
16 PROFIT ON INVESTMENT		
Return on Sukuk - Sovereign Guaranteed	28,588	5,319
Return on Sukuk - Corporate	20,097	13,284
Return on Placements and ICD Money Market fund	-	18,183
	<u>48,685</u>	<u>36,786</u>
17 RETURN ON UNRESTRICTED INVESTMENT ACCOUNT		
Profit payment on saving accounts	25,659	33,492
Return on Shuaa Capital borrowing	8,960	4,171
	<u>34,619</u>	<u>37,663</u>
18 REVENUE FROM BANKING SERVICES / FEE AND COMMISSION INCOME		
Commission income	24,726	40,371
Account servicing fee	304	26
	<u>25,030</u>	<u>40,397</u>
19 EXPENSE ON BANKING SERVICES / FEE AND COMMISSION EXPENSE		
Inter-bank transaction fees	2,645	2,583
	<u>2,645</u>	<u>2,583</u>

ISLAMIC BANK OF AFGHANISTAN
CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

	31-Mar-20	31-Mar-19
 Afn '000'
20 ADMINISTRATIVE AND GENERAL EXPENSE		
Salaries and wages	92,614	58,647
Staff welfare	9,308	6,887
Repair and maintenance	8,907	8,100
Travelling expense	3,038	1,100
Advertising and publicity	16,542	16,101
Operating Lease	25,240	22,059
Printing and stationery	4,344	6,657
Communication	1,060	960
Internet and connectivity	7,505	3,306
Electricity and power	11,350	10,853
Office supplies	1,040	1,016
Security expenses	37,877	32,842
Audit fee	518	563
Legal and professional charges	3,410	2,452
Postage and courier	8	8
Software maintenance fee	2,482	614
Deposit insurance premium	12,000	4,200
Others	8,018	16,980
	<u>245,261</u>	<u>193,345</u>

ISLAMIC BANK OF AFGHANISTAN
CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

21 Capital management

Regulatory capital

The Bank's regulator Da Afghanistan Bank sets and monitors capital requirements for the Bank. The capital adequacy of the Bank is assessed in two tiers as per regulations of the Da Afghanistan Bank.

- Tier 1 or core capital, consisting of the highest quality capital elements that fully meet all the essential characteristics of capital; to be minimum 6% of risk weighted assets.
- Tier 2 or supplementary capital, which includes other instruments which, to a varying degree, fall short of the quality of Tier 1 capital, but nonetheless contribute to the overall strength of a bank as a going concern.

The Bank's regulatory capital position at 31 March 2020 was as follows:

	31 March 2020	31 December 2019
Afn '000'.....	
Tier 1 capital		
Total equity capital	1,386,119	1,381,454
Less: Intangible assets	(286,290)	(296,395)
Less: Deferred tax assets	(72,355)	(73,521)
Less: Profit during the period/year	(4,665)	(116,959)
Total tier 1 (core) capital	1,022,809	894,580
Tier 2 capital		
Add: Profit for the period/year	4,665	116,959
	4,665	116,959
Less: Equity Investment	-	16,888
Total regulatory capital (Tier 1 and Tier 2)	1,027,474	994,651

22. AUTHORIZATION

These condensed interim financial statements were authorized for issue by the Board of Supervisors on April 29, 2020.


Chief Executive Officer


Chief Financial Officer