


BANK ALFALAH LIMITED AFGHANISTAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT 31 MARCH 2019

		31 March 2019	31 December 2018
		(Un-audited)	(Audited)
	Notes	----- (AFS '000') -----	-----
ASSETS			
Cash and cash equivalents		9,094,383	10,651,486
Investments - net	4	801,370	792,828
Loans and advances to banks - net		151,246	117,664
Loans and advances to customers - net	5	1,175	1,508
Property and equipment	6	24,319	5,081
Deferred tax asset		41,682	-
Advance tax - net		585	-
Other assets	7	991,347	1,196,113
Total assets		<u>11,106,107</u>	<u>12,764,680</u>
LIABILITIES			
Deposits from banks	8	339,181	690
Deposits from customers	9	9,187,983	11,001,887
Deferred tax liability		-	120
Current tax liabilities - net		-	13,500
Other liabilities	10	33,713	16,830
Total liabilities		<u>9,560,877</u>	<u>11,033,027</u>
EQUITY			
Capital contributed by Head Office		1,000,000	1,000,000
Capital reserve		53,524	50,791
Surplus on revaluation of FVOCI / AFS		1,080	131
Retained earnings		490,626	680,731
Total equity		<u>1,545,230</u>	<u>1,731,653</u>
Total liabilities and equity		<u>11,106,107</u>	<u>12,764,680</u>
Contingencies and commitments	11		

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



 Acting Country Finance Manager

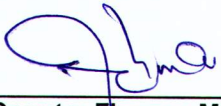


 Officiating Country Manager

BANK ALFALAH LIMITED AFGHANISTAN
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THREE MONTHS ENDED 31 MARCH 2019

	Three months ended 31 March 2019 (Un-audited) ----- (AFS '000') -----	Three months ended 31 March 2018 (Un-audited) ----- (AFS '000') -----
Interest income	52,266	72,020
Interest expense	(761)	(9,032)
Net interest income	51,505	62,988
Fee and commission income	22,449	23,682
Fee and commission expense	(2,453)	(4,199)
Net fee and commission income	19,996	19,483
Income from dealing in foreign currencies	1,107	2,903
Total operating income	72,608	85,374
Other income	6,111	283,788
Reversal of credit losses on:		
Cash and cash equivalents	-	16,942
Investments	303	50,619
Loans and advances to banks	2,082	4,698
Loans and advances to customers	22	29
Other assets	-	725
Bank guarantees	955	2,437
Net operating income	82,081	444,612
Personnel expenses	(24,220)	(40,273)
Depreciation	(4,116)	(771)
Other operating expenses	(22,311)	(16,443)
Total operating expenses	(50,647)	(57,487)
Profit before taxation	31,434	387,125
Taxation	23,229	(40,454)
Net profit	54,663	346,671
Other comprehensive income		
Items that are or may be reclassified to profit or loss		
Surplus / (Deficit) on revaluation of FVOCI / AFS	1,186	(95,751)
Related deferred tax	(237)	19,150
Other comprehensive income, net of tax	949	(76,601)
Total comprehensive income, net of tax	55,612	270,070

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



 Acting Country Finance Manager



 Officiating Country Manager

BANK ALFALAH LIMITED AFGHANISTAN
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THREE MONTHS ENDED 31 MARCH 2019

	Capital contributed by Head Office	(Deficit) / surplus on revaluation of FVOCI / AFS	Capital reserve	Retained earnings	Total
----- AFS '000' -----					
Balance as at 1 January 2018 - (Audited)	1,000,000	69,051	30,813	302,116	1,401,980
Effect due to adoption of IFRS 9 - net of tax	-	-	-	(964)	(964)
Restated opening balance under IFRS 9	1,000,000	69,051	30,813	301,152	1,401,016
Profit for the period	-	-	-	346,671	346,671
Transferred to capital reserve	-	-	17,333	(17,333)	-
Total comprehensive income:					
Net change in fair value	-	(5,850)	-	-	(5,850)
Related tax	-	1,170	-	-	1,170
Reclassification adjustments relating to available for sale investments disposed off during the period - net	-	(89,901)	-	-	(89,901)
Related tax on disposal of available for sale investments during the year	-	17,980	-	-	17,980
	-	(76,601)	17,333	329,338	270,070
As at 31 March 2018 (Un-audited)	1,000,000	(7,550)	48,146	630,490	1,671,086
Balance as at 1 January 2019 - (Audited)	1,000,000	131	50,791	680,731	1,731,653
Profit for the period	-	-	-	54,663	54,663
Transferred to capital reserve	-	-	2,733	(2,733)	-
Total comprehensive income:					
Net change in fair value	-	1,186	-	-	1,186
Related tax	-	(237)	-	-	(237)
Reclassification adjustments relating to FVOCI / AFS investments disposed off during the period - net	-	-	-	-	-
Related tax on disposal of FVOCI / AFS investments during the year	-	-	-	-	-
	-	949	2,733	51,930	55,612
Transactions with with owners of the Bank					
Profits remitted to Head Office	-	-	-	(242,035)	(242,035)
As at 31 March 2019 (Un-audited)	1,000,000	1,080	53,524	490,626	1,545,230

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


 Acting Country Finance Manager


 Officiating Country Manager

BANK ALFALAH LIMITED AFGHANISTAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THREE MONTHS ENDED 31 MARCH 2019

	Three months ended 31 March 2019	Three months ended 31 March 2018
	(Un-audited)	(Un-audited)
Notes	----- (AFS '000) -----	-----
Cash flows from operating activities		
Profit before taxation	31,434	387,125
Adjustments for:		
Depreciation	6	4,116
Credit losses reversal on:		771
Cash and cash equivalents	-	(16,942)
Investments	(303)	(50,619)
Loans and advances to banks	(2,082)	(4,698)
Loans and advances to the customers	(22)	(29)
Other assets	-	(725)
Bank guarantees	(955)	(2,437)
	<u>32,188</u>	<u>312,446</u>
Changes in:		
Loans and advances to banks - net	(31,500)	340,428
Loans and advances to customers - net	355	(934)
Advance tax - net	(32,658)	21,023
Other assets	204,766	(206,320)
Deposits from banks	338,491	(1,945,949)
Deposits from customers	(1,813,904)	81,760
Other liabilities	18,788	5,780
	<u>(1,315,662)</u>	<u>(1,704,212)</u>
Net cash used in operating activities	<u>(1,283,474)</u>	<u>(1,391,766)</u>
Cash flows from investing activities		
(Increase) / Decrease in investments - net	(8,239)	4,191,966
Acquisition of property and equipment	6	(23,354)
Net cash (used in) / generated from investing activities	<u>(31,594)</u>	<u>4,191,966</u>
Cash flows from financing activities		
Remittances to the Head Office	(242,035)	-
Net cash used in financing activities	<u>(242,035)</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents	<u>(1,557,103)</u>	<u>2,800,200</u>
Cash and cash equivalent at beginning of the period	10,651,486	9,935,867
Cash and cash equivalents at end of the period	<u>9,094,383</u>	<u>12,736,067</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Acting Country Finance Manager



Officiating Country Manager

BANK ALFALAH LIMITED AFGHANISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THREE MONTHS ENDED 31 MARCH 2019

1. STATUS AND NATURE OF BUSINESS

Bank Alfalah Limited Afghanistan ("the Bank") is a foreign branch of Bank Alfalah Limited, Pakistan and is registered and operating in Afghanistan as a commercial bank. The Bank obtained business license from Afghanistan Investment Support Agency which has been renewed by Ministry of Commerce and Industries (MoCI) on 23 July 2017. The Bank commenced its operations on 05 September 2005 under the license for commercial banking issued by Da Afghanistan Bank (DAB) under the Law of Banking in Afghanistan. Currently, the Bank has two conventional banking branches at Kabul and Herat.

The registered office of the Bank is located in Kabul, Afghanistan.

2. BASIS OF PREPARATION

- 2.1** This condensed interim financial information of the Bank for the three months period ended 31 March 2019 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and the Banking Law of Afghanistan. In case, where requirements differ, the requirement of Law of Banking of Afghanistan takes precedence.

The disclosures made in this condensed financial information have been limited based on the requirements 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 2018.

- 2.2** During the year 2018, Bank Alfalah Limited, Pakistan signed a Business Transfer Agreement with the potential buyer for the sale of the Afghanistan operations and subsequently an application for approval of the transaction was made to the Da Afghanistan Bank (DAB).

The application for the approval of the transaction was declined by DAB on 27 February 2019 and as a result the Bank will continue its operations as normal.

- 2.3 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 01 January 2019 but are considered not to be relevant or do not have any significant effect on the Bank's operations except for IFRS 16 'Leases' and therefore not detailed in this condensed interim financial information. IFRS 16 "Leases" became effective from 01 January 2019, its impact has been incorporated in these condensed interim financial statements.

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

3. ACCOUNTING POLICIES

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 2018, except change in accounting policy resulting from opting of IFRS 16.

The estimates / judgments and assumptions used in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2018.

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 2018.

CSW

4. INVESTMENTS - NET

		31 March 2019 (Un-audited) AFS '000'	31 December 2018 (Audited) AFS '000'
At FVOCI / AFS Investments:			
Foreign bonds	4.1	43,931	43,039
At Amortizes cost:			
Foreign bonds	4.2	757,452	750,105
		801,383	793,144
Less: Provision for expected credit losses		(13)	(316)
		<u>801,370</u>	<u>792,828</u>

4.1 The breakup of foreign bonds is as follows:

	Rating	Rating Agency		31 March 2019 (Un-audited) AFS '000'	31 December 2018 (Audited) AFS '000'
United Mexican States	AAA	Moody's	4.1.1	<u>43,931</u>	<u>43,039</u>

4.1.1 These bonds are listed at various stock exchanges including London Stock Exchange. The yield on the bond is 1.687% (31 December 2018: 1.687%) per annum, having maturity at 6 March 2024.

4.2 This represents investment in the Islamic Republic of Pakistan and State of Qatar bonds amounting to USD 5 million equivalent to Afs 380,200 thousands each (31 December 2018: USD 5 million equivalent to Afs 376,550 thousands each) carrying interest rate of 7.25% and 3.25% (31 December 2018: 7.25% and 3.25%) per annum respectively.

5. LOANS AND ADVANCES TO CUSTOMERS - NET

		31 March 2019 (Un-audited) AFS '000'	31 December 2018 (Audited) AFS '000'
Loans and advances to customers at amortized cost		1,175	1,530
Less: Provision for expected credit losses	5.1	-	(22)
Net loans and advances to customers		<u>1,175</u>	<u>1,508</u>

5.1 Allowance for ECL / Impairment allowance for loans and advances to customers

	31 March 2019				31 December 2018			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Total
	----- AFS '000'-----							
Internal Rating Grade								
Performing	-	-	-	-	-	-	-	-
Investment Grade	-	-	-	-	-	-	-	-
Non-investment Grade	1,175	-	-	1,175	1,530	-	-	1,530
Non-Performing	1,175	-	-	1,175	1,530	-	-	1,530
Provision for expected credit losses	-	-	-	-	22	-	-	22
Provision for impairment losses as per ACPR	-	-	-	-	-	-	-	-
Total	-	-	-	-	22	-	-	22
Net Balance	1,175	-	-	1,175	1,508	-	-	1,508

5.1.1 These balances carry interest at the rate of 20% (31 December 2018: 20%) per annum. These are fully secured against cash margin.

82

6 PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture & fixtures	Electrical, office and computer equipment	Vehicles	Right-to-use Assets (Leased assets)	Total
----- (AFS '000') -----						
Cost						
Balance at 1 January 2018	22,099	11,123	38,664	9,722	-	81,608
Additions	-	-	260	-	-	260
Balance at 31 December 2018	<u>22,099</u>	<u>11,123</u>	<u>38,924</u>	<u>9,722</u>	<u>-</u>	<u>81,868</u>
Balance at 1 January 2019	22,099	11,123	38,924	9,722	-	81,868
Additions	-	-	83	-	23,271	23,354
Disposals	-	-	-	-	-	-
Prior year adjustments	-	-	(3,316)	-	-	(3,316)
Balance at 31 March 2019	<u>22,099</u>	<u>11,123</u>	<u>35,691</u>	<u>9,722</u>	<u>23,271</u>	<u>101,906</u>
Depreciation						
Balance at 1 January 2018	21,508	8,662	34,190	9,722	-	74,082
Charge for the year	317	425	1,963	-	-	2,705
Depreciation on disposals	-	-	-	-	-	-
Balance at 31 December 2018	<u>21,825</u>	<u>9,087</u>	<u>36,153</u>	<u>9,722</u>	<u>-</u>	<u>76,787</u>
Balance at 1 January 2019	21,825	9,087	36,153	9,722	-	76,787
Charge for the year	72	93	343	-	3,608	4,116
Prior year adjustments	-	-	(3,316)	-	-	(3,316)
Balance at 31 March 2019	<u>21,897</u>	<u>9,180</u>	<u>33,180</u>	<u>9,722</u>	<u>3,608</u>	<u>77,587</u>
Carrying amounts						
Balance at 31 December 2018	<u>274</u>	<u>2,036</u>	<u>2,771</u>	<u>-</u>	<u>-</u>	<u>5,081</u>
Balance at 31 March 2019	<u>202</u>	<u>1,943</u>	<u>2,511</u>	<u>-</u>	<u>19,663</u>	<u>24,319</u>
Depreciation rate	20%	10% - 25%	20% - 25%	25%		

- 6.1 Included in cost of property and equipment are fully depreciated assets still in use having cost of Afs 67,691 thousands (31 December 2018: Afs 62,418 thousands).

7. OTHER ASSETS	Note	31 March 2019	31 December 2018
		(Un-audited) AFS '000'	(Audited) AFS '000'
Accrued interest		22,579	14,378
Advances, deposits and prepayments		1,015	2,274
Restricted deposits with DAB	7.1	960,214	1,172,107
Receivable against credit card transactions		763	5,052
Branch adjustment account		5,179	-
Commission receivable		1,597	2,302
		<u>991,347</u>	<u>1,196,113</u>
Less: Provision against other asset		-	-
		<u>991,347</u>	<u>1,196,113</u>

stu

- 7.1 Required reserve account is being maintained with DAB which is denominated in respective currencies to meet minimum reserve requirement in accordance with Article3 "Required Reserve Regulation" of the Banking Regulation issued by DAB. These balances are interest free.

8. DEPOSITS FROM BANKS

	31 March 2019 (Un-Audited) AFS '000'	31 December 2018 (Audited) AFS '000'
Citi Bank, New York	339,162	666
The First MicroFinance Bank - Afghanistan	19	24
8.1	<u>339,181</u>	<u>690</u>

- 8.1 These represent current accounts maintained by other banks for their operational activities. These balances are interest free (31 December 2018: interest free).

9. DEPOSITS FROM CUSTOMERS

	31 March 2019 (Un-audited) AFS '000'	31 December 2018 (Audited) AFS '000'
Current deposits	8,771,117	10,612,582
Saving deposits	9.1 317,760	306,141
Term deposits	9.2 22,812	22,593
Margin deposits	76,294	60,571
	<u>9,187,983</u>	<u>11,001,887</u>

- 9.1 Saving deposits carry interest rate ranging from 0% to 0.10% for AFN and 0.25% on USD balances (31 December 2018: from 0% to 0.25% for AFN and 0.25% per annum).
- 9.2 Term deposits carry interest rate of 0.75% (31 December 2018: 0.75% to 1.25%) per annum and have maturity period of 12 months (31 December 2018: 06 to 12 months).

10. OTHER LIABILITIES

	31 March 2019 (Un-audited) AFS '000'	31 December 2018 (Audited) AFS '000'
Unearned commission on letters of guarantee	1,113	2,776
Accrued expenses	3,680	4,739
Interest payable	236	34
DAB assessment fee payable	3,975	3,060
Professional charges	1,818	1,131
Bills payable	227	226
Branch adjustment account	-	721
Lease liability	19,251	-
Provision for expected credit loss provision on off balance sheet items	671	1,626
Others	2,742	2,517
	<u>33,713</u>	<u>16,830</u>

11. CONTINGENCIES AND COMMITMENTS

	Note	31 March 2019 (Un-audited) AFS '000'	31 December 2018 (Audited) AFS '000'	
11.1	Guarantees	11.1.1	<u>243,616</u>	<u>221,174</u>

11.1.1 These represent bid bonds and performance based guarantees issued by the Bank.

12. RELATED PARTY TRANSACTIONS

The Bank is a fully owned branch of Bank Alfalah Limited Pakistan. Related parties comprise associated undertakings, majority shareholders, retirement benefit plans, directors of the Head Office of the Bank and the key management personnel of the Bank and its Head Office. Transactions with key management personnel have been carried out as per terms of their employment. Details of transactions and balances with related parties are as follows:

12.1 Transactions with related parties

Name of group companies	Nature of transactions	Three months ended 31 March 2019 (Un-audited) AFS '000'	Three months ended 31 March 2018 (Un-audited) AFS '000'
Bank Alfalah Limited Bahrain	Interest expense on Borrowing	-	-
	Interest income on Interest Rate Swap	-	3,622
	Interest receivable on Interest Rate Swap	-	-
	Interest expense on Interest Rate Swap	-	4,902
	Interest payable on Interest Rate Swap	-	-
Bank Alfalah Limited - Pakistan	Profit remitted to Head Office	242,035	-
	Insurance premium paid to Alfalah Insurance Company Limited	-	1,289
		-	-

sta

12.2 Key management compensation

	Three months ended 31 March 2019 (Un-audited) AFS '000'	Three months ended 31 March 2018 (Un-audited) AFS '000'
Salaries and benefits	-	10,611

In addition to their salaries, the Bank also provides non-cash benefits to executives which include furnished accommodation.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 requires the Bank to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

- 13.1** The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3 based on the degree to which the fair value is observable.

	Level 1	Level 2	Level 3	Total
	----- AFS '000' -----			
Investments in bonds - available for sale investments				
As at 30 March 2019 (Un-audited)	-	43,931	-	43,931
As at 31 December 2018 (Audited)	-	43,039	-	43,039

Valuation techniques and key inputs used for investment in bonds were quoted market bid price in active market.

14. CORRESPONDING FIGURES

- 14.1** Corresponding figures have been re-arranged / reclassified, wherever necessary, to facilitate comparisons. However, there were no significant re-arrangements / reclassifications made during the period.

- 14.2** The figures in this condensed interim financial information have been rounded off to the nearest thousands.

15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorized for issue by the Acting Country Finance Manager and Officiating Country Manger of the Bank on _____



Acting Country Finance Manager



Acting Country Manager