

## General Instructions

Banks must prepare this schedule on a monthly basis. This schedule includes all assets held in the investment account, including those designated as either *held to maturity* or *available for sale*. Securities designated as trading assets are reported in the Trading Account Composition Schedule.

### **1. Held to Maturity Investments**

#### **Definition of Held to Maturity Investments**

Held to maturity investments include securities with fixed or determinable payments and fixed maturity, other than loans and receivables originated by the financial institution, that it has the positive intent and ability to hold to maturity. Held to maturity investments are carried at amortized cost. An institution does not have the positive intent to hold to maturity an investment in a security with a fixed maturity if any one of the following conditions is met:

- (a) the institution has the intent to hold the security for only an undefined period;
- (b) the institution stands ready to sell the security in response to changes in market interest rates or risks, liquidity needs, changes in the availability of and the yield on alternative investments, changes in financing sources and terms, or changes in foreign currency risk;  
or
- (c) the issuer has a right to settle the security at an amount significantly below its amortized cost.

#### Exclude from held to maturity investments:

- (1) All securities that meet the conditions specified above. These must be designated as and accounted for as either available for sale or trading assets, depending on the purpose for holding the security and whether or not it meets the readily determinable fair value criteria for domestic and foreign securities (see the Glossary, *Fair Value*, for a description of the criteria). Report all investments designated as available for sale in item 2 of the Investment Account Composition Schedule. Report all trading assets in item 1 of the Trading Account Composition Schedule.
- (2) All equity securities. Report equity securities with readily determinable fair values as either available for sale investments in item 2c(1) of the Investment Account Composition Schedule, *Equity Securities with Readily Determinable Fair Value*, or as trading assets, under item 1a(5) or 1b(5) of the Trading Account Composition Schedule, depending upon the purpose for holding such securities. If equity securities do not meet

the readily determinable fair value criteria, they should be reported as available for sale in item 2c(2) of the Investment Account Composition Schedule, *All Other Equity Securities*, and carried at cost or a lower value based on management's estimates of market conditions.

Do not report equity holdings as available for sale or as trading assets if such holdings relate to investments in unconsolidated subsidiaries and associated companies. Holdings of both affiliated equity and debt are reported in item 8 of the Balance Sheet, *Investment in Unconsolidated Subsidiaries and Associated Companies*.

The reporting institution must have a continuous intent and ability to hold the investment to maturity for this designation to apply. The only exceptions where such investments can be sold before maturity and still not potentially compromise this intent and ability to hold to maturity are in cases where there is:

- (a) a significant deterioration in the issuer's creditworthiness;
- (b) a major business combination or disposition (such as sale of a business segment) that necessitates sale or transfer of held to maturity investments to maintain the institution's existing interest rate risk position or credit risk policy;
- (c) a change in statutory or regulatory requirements significantly modifying either what constitutes a permissible investment or maximum level of certain kinds of investments, causing an institution to dispose of a held to maturity investment;
- (d) a significant increase by the regulator in the industry's capital requirements that causes the institution to downsize by selling held to maturity investments; or
- (e) a significant increase in the risk weights of held to maturity investments used for regulatory risk-based capital purposes.

### **Impairment**

A held to maturity security is impaired if its carrying amount is greater than its estimated recoverable amount. An institution should assess at each reporting date whether there is any objective evidence that a held to maturity investment or group of such investments may be impaired. If an impairment has occurred, the carrying amount of the asset should be reduced to its estimated recoverable amount directly, and reported in the Balance Sheet at item 5a, *Held to Maturity Investments*, and in the appropriate subcategories of the Investment Account Composition Schedule (item 1, columns A, B, and all reafghanint sub-columns, *Held to Maturity Investments*). The amount of the loss should also be reported in the Income Statement item 7, *Gains and Losses on Held to Maturity Investments*. Refer to the Glossary, *Impairment* for further information.

## Reporting

Report the amortized cost of held to maturity investments under item 1, column A. Amortized cost is the acquisition cost, adjusted for amortization of premium or accretion of discount if the item was purchased at other than par or face value, less any principal repayments, and less any writedowns for impairment.

Report the fair value of held to maturity investments under item 1, column B, if the underlying items meet the criteria for readily determinable fair value. See the Glossary, *Fair Value* for a description of these criteria and when they apply. If held to maturity investments do not meet the criteria, report the amortized cost (subject to a test for impairment) under item 1, column B. See the Glossary entry, *Amortized Cost* for further information.

In item 1, column C, report the fair value for each item denominated in afghani. In item 1, column D, report the afghani equivalent fair value amount for each item denominated in US Dollar. In item 1, column E, report the total afghani equivalent amount for each item denominated in all other currencies. Item 1, column B, must equal the sum of item 1, columns C, D and E. For held to maturity investments where fair value is not readily determinable, report amortized cost (subject to a test for impairment) in item 1, columns C, D and E.

## 2. Available for Sale Investments

### Definition of Available for Sale Investments

Available for sale investments (AFS) include securities that are not (a) held to maturity, (b) held for trading, or (c) loans and receivables originated by the enterprise. In general, a security should be classified as a trading asset rather than AFS if it is part of a portfolio of similar securities for which there is a pattern of trading to generate a profit from short term fluctuations in price or dealer's margin, and if it meets readily determinable fair value criteria. All securities acquired for trading purposes that do not meet the readily determinable fair value criteria, must be reported as AFS and accounted for at acquisition or amortized cost, or a lower value based on management's estimate of market conditions.

Available for sale investments are generally carried at fair value, with changes in fair value (unrealized gain or loss) reported net of tax effects in item 23e(2) of the Balance Sheet, *Revaluation – Available for Sale Investments*. However, two exceptions to this rule apply:

- (1) When an AFS investment does not meet readily determinable fair value criteria, it must be reported at acquisition or amortized cost, or a lower value based on management's estimate of market conditions; and

- (2) When changes in fair value of AFS securities have been effectively hedged, they must be immediately recognized in net income in the Income Statement, line 6a, *Gains/Losses on Available for Sale Investments*.

### **Monetary and Non-monetary Available for Sale Investments**

Monetary items are defined as money held and assets and liabilities to be received or paid in fixed or determinable amounts of money. Contractual rights or obligations to receive/pay cash where the amount of money is not fixed or determinable are non-monetary items. Equity securities are thus considered a non-monetary item because the holder has no right to a determinable amount of money, while debt securities are considered a monetary item because the holder is entitled to receive a fixed or determinable amount of money.

Treatment of unrealized gains or losses on AFS investments depends on the type of instrument and whether or not it is a hedged item:

- (1) Unrealized FX revaluation gains and losses on non-monetary available for sale assets are reported in the Balance Sheet at item 23e(2), *Revaluation – Available for Sale Investments*.
- (2) Unrealized FX revaluation gains and losses on available for monetary sale assets must be reported in the Income Statement at item 11, *FX Revaluation Gains/Losses*.
- (3) Unrealized gains and losses for any AFS investment that is the hedged item in a fair value hedge must be reported in the Income Statement at item 6a, *Gains/Losses on Available for Sale Investments*.

### **Impairment**

Available for sale investments not carried at fair value because this cannot be reliably measured should still be reviewed for impairment at least monthly. Any identified impairment must be reflected in the Balance Sheet at item 5b, *Available for Sale Investments*, and in the relevant subcategories of the Investment Account Composition Schedule (columns A and B and sub-columns) at item 2, *Available for Sale Investments*. The amount of the loss should also be reported in the Income Statement, item 6a, *Gains/Losses on Available for Sale Investments*.

If an impairment has occurred for available for sale investments that are carried at fair value, the cumulative net loss on the investment should be removed from the Balance Sheet, item 23e(2), *Revaluation – Available for Sale Investments*, and reflected in the Income Statement, item 6a, *Gains/Losses on Available for Sale Investments*. The write down should also be reflected in the relevant subcategory of the Investment Account Composition Schedule in both columns A and B, item 2, *Available for Sale Investments*. Refer to the Glossary, *Impairment* for further information.

## Reporting

For available for sale investments, report either the amortized cost (debt security) and/or acquisition cost (non-debt security) under item 2, Column A. For all available for sale debt securities, report the amortized cost in item 2, Column A. Amortized cost is the acquisition cost of a security or other asset, adjusted for amortization of premium or accretion of discount if the security or other asset was purchased at other than par or face value, less any principal repayments, and less any write downs for impairment. For all available for sale non-debt securities such as equity holdings and compensation certificates, report acquisition cost under item 2, Column A. Acquisition cost of non-debt instruments includes the list price at the time of purchase, plus transaction costs paid to acquire the underlying asset(s), less any write downs for impairment.

Report the current fair value of available for sale investments under item 2, Column B if the underlying securities meet the readily determinable fair value criteria. For available for sale securities that do not meet the criteria, report in item 2, Column B, the amortized or acquisition cost, or lower value based on management's estimate of market conditions.

In item 2, column C, report the fair value for each item that is denominated in afghani. In item 2, column D, report the fair value afghani equivalent amount for each item denominated in U.S. Dollars. In item 2, column E, report the total afghani equivalent amount for each item denominated in all other foreign currencies. Item 2, column B, must equal the sum of item 2, columns C, D and E. For those available for sale investments where fair market value are not readily determinable, report the amortized or acquisition cost, or a lower value, in item 2, columns C, D and E.

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#### 1              HELD TO MATURITY INVESTMENTS

1a              **Domestic Debt Securities:** Report the amortized cost of all domestic debt securities designated as held to maturity under column A, items 1a(1) through 1a(4). Report the fair value of all held to maturity domestic debt securities in column B, items 1a(1) through 1a(4). For those domestic debt securities that do not meet the readily determinable fair value criteria, report the amortized cost (subject to a test for impairment) under columns B, as well as the sub-columns C, D, and E.

1a(1)          **Afghanistan Government Securities:** Report the amortized cost and fair value of all held to maturity debt securities that are obligations of the Afghanistann government. This includes other securities issued by the central bank or a government ministry guaranteed by the Afghanistan government

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(do not report interest on capital notes here).

- 1a(2) Municipal Securities:** Report the amortized cost and fair value of all held to maturity debt securities that are obligations of Afghanistan municipalities.
- 1a(3) Corporate Securities:** Report the amortized cost and fair value of all held to maturity debt securities that are obligations of Afghanistan chartered corporations.
- 1a(4) All Other Domestic Debt Securities:** Report the amortized cost and fair value of all other domestic debt securities designated as held to maturity that are not reportable in item 1a(1) through 1a(3) above.
- 1b Foreign Debt Securities:** Report the amortized cost of all held to maturity foreign debt securities under column A, item 1b(1) through 1b(4). Report the fair value of all held to maturity foreign debt securities under column B, items 1b(1) through 1b(4). For those foreign debt securities that do not meet the readily determinable fair value criteria, report the amortized cost (subject to a test for impairment) under columns B, as well as sub-columns C, D and E.
- 1b(1) Securities Issued by Category A Counterparties:** Report the amortized cost and fair value of held to maturity sovereign debt obligations of all countries and organizations with 0% risk weight (Category A counterparties), and which carry an investment grade rating assigned by a recognized international rating agency such as Standard & Poor's or Moody's.
- 1b(2) All Other Foreign Government Securities:** Report the amortized cost and fair value of all other sovereign debt obligations not reported under 1b(1) and designated as held to maturity.
- 1b(3) Corporate Securities:** Report the amortized cost and fair value of all held to maturity corporate securities issued by foreign chartered corporations.
- 1b(4) Other Debt Securities:** Report the amortized cost and fair value of all other held to maturity bonds, notes, debentures, and commercial paper issued by all other non-Afghanistann issuers and not reportable under items 1b(1) through 1b(3) above.
- 1c Total Held to Maturity Investments:** Report the sum of items 1a and 1b, columns A through E. The sum of items 1a and 1b column A must equal the Balance Sheet, item 5a, *Held to Maturity Investments*.

Item No.	Caption and Instructions
2	<b>AVAILABLE FOR SALE INVESTMENTS</b>
2a	<b>Domestic Debt Securities:</b> Report the amortized cost of all available for sale domestic debt securities under column A, items 2a(1) through 2a(4). Report the fair value of all held to maturity domestic debt securities in column B, items 2a(1) through 2a(4) if they meet the readily determinable fair value criteria. For those domestic debt securities that do not meet these criteria, report the amortized cost or lower value under columns B, as well as the sub-columns C, D and E.
2a(1)	<b>Afghanistan Government Securities:</b> Report the amortized cost and fair value of all debt available for sale securities that are obligations of the Afghanistan government, including other securities issued by the central bank or a government ministry guaranteed by the Afghanistan government.
2a(2)	<b>Municipal Securities:</b> Report the amortized cost and fair value of all available for sale debt securities that are obligations of Afghanistan municipalities.
2a(3)	<b>Corporate Securities:</b> Report the amortized cost and fair value of all available for sale corporate securities issued by Afghanistan chartered corporations.
2a(4)	<b>Other Debt Securities:</b> Report the amortized cost and fair value of all other domestic debt securities designated as available for sale that are not reportable in items 2a(1) thru 2a(3) above.
2b	<b>Foreign Debt Securities:</b> Report the amortized cost of all available for sale foreign debt securities under column A, item 2b(1) through 2b(4). Report the fair value of all available for sale foreign debt securities in column B, items 2b(1) through 2b(4) if they meet the readily determinable fair value criteria. For foreign debt securities that do not meet the criteria, report the amortized cost or lower value under columns B, as well as the sub-columns C, D and E.
2b(1)	<b>Securities Issued by Category A counterparties:</b> Report the amortized cost and fair value of all available for sale sovereign debt obligations of all countries and organizations with 0% risk weight (Category A counterparties), <u>and</u> which carry an investment grade rating assigned by a recognized international rating agency such as Standard & Poor's or Moody's.

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2b(2)	<b><u>All Other Foreign Government Securities:</u></b> Report the amortized cost and fair value of all other sovereign debt obligations designated as available for sale and that are not reportable under item 2b(1).
2b(3)	<b><u>Corporate Securities:</u></b> Report the amortized cost and fair value of all foreign chartered corporations and that are designated as available for sale.
2b(4)	<b><u>Other Debt Securities:</u></b> Report the amortized cost and fair value of all other bonds, notes and debentures issued by all non-Afghanistan issuers that are designated as available for sale and not reportable under item 2b(1) through 2b(3) above.
2c	<b><u>Other Financial Instruments:</u></b>
2c(1)	<b><u>Equity Securities with Readily Determinable Fair Values:</u></b> Report the acquisition cost and fair value of all equity securities, domestic and foreign, that are designated as available for sale <u>and</u> that have readily determinable fair values.  <u>Exclude</u> from item all equity holdings of investments in unconsolidated subsidiaries and associated companies. These are reported in the Balance Sheet item 8, <i>Investments in Unconsolidated Subsidiaries and Associated Companies</i> .
2c(2)	<b><u>All Other Equity Securities:</u></b> Report <u>all</u> other equity securities, domestic and foreign, that do not have readily determinable fair values. For purposes of this item, report these equity holdings at acquisition cost in columns A <u>and</u> B, or at a lower value, based upon management's assessment of existing market conditions.  <u>Exclude</u> from this item all equity holdings of investments in unconsolidated subsidiaries and associated companies. These are reported the the Balance Sheet, item 8, <i>Investments in Unconsolidated Subsidiaries and Associated Companies</i> .
2c(3)	<b><u>All Other Available for Sale Securities:</u></b> Report all other securities, domestic and foreign, that do not have readily determinable fair values which are not reported in items 2c(1) through 2c(2) above.
2d	<b><u>Total Available for Sale Investments:</u></b> Report the sum of items 2a, 2b and 2c, columns A through E. The sum of items 2a, 2b and 2c, column B must



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equal the Balance sheet, item 5b, *Available for Sale Investments*.