

Da Afghanistan Bank
Instructions for Financial Reports: Income Statement Memoranda Items Schedule
Frequency: Quarterly

General Instructions

This form should be prepared on a quarterly basis. Report specific information on certain income and expense categories of the bank for the reporting quarter (the three month period ending in the reporting month) for the items discussed below.

Since this schedule is to be filed on a quarterly basis, the amounts that are reported should cover the reporting quarter, not merely the month that ends the quarter. Throughout the following instructions, references are made to specific income or expense items from the Income Statement, and the bank/branch is asked to provide more detail on those amounts reported. Those Income Statement items that are referenced should also be calculated for the reporting quarter, not merely for the month that ends the quarter.

For example, line 4 “Other Non-interest Expense (item should be part of item 9e of the Income Statement),” that asks banks to “Report amounts that exceed 20% of item 9e of the Income Statement, All Other Non-interest Expense” should include those expense items that for the reporting quarter exceeded 20 percent of “All Other Non-interest Expense, calculated over the reporting quarter. If, for example, “All Other Non-interest Expense” for the months of June, July, and August totaled AFN 36 million, and included in that amount were AFN 13 million in marketing expense for the three-month period, then that marketing expense would be listed separately on line 4 in the amount of AFN 13 million, because it exceeded 20 percent of “All Other Non-interest Expense.”

<u>Item No.</u>	<u>Caption and Instructions</u>
1	<u>Breakdown of Trading Account Gains/Losses:</u> Report in the appropriate item below a breakdown of the realized and unrealized gain or loss from trading account securities and derivative instruments that has been included in items 5a and 5b of the Income Statement. For purposes of this item, the reporting bank should determine the underlying risk exposure category in which to report trading gains or losses from securities and derivative instruments. The sum of Memoranda items 1a, 1b, and 1c must equal Income Statement item 5c, <i>Total Trading Account Gains/Losses</i> for the same reporting date.
1a	<u>Interest Rate Exposures:</u> Report net gains or losses (realized and unrealized) from trading account debt securities and derivative contracts that are managed as interest rate exposures. Include all afghani and U.S. dollar denominated debt securities, and all interest rate derivative contracts. Interest rate contracts are contracts related to an interest-bearing financial instrument, or whose cash flows are determined by referencing interest rates or another interest rate

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Item No. **Caption and Instructions**

contract, and include interest rate futures, single currency interest rate swaps, forward rate agreements, and interest rate options such as caps, floors and collars.

- 1b** **Foreign Exchange Exposures:** Report in this item net gains or losses (realized and unrealized) from trading account debt securities and derivative contracts that are managed as foreign exchange exposures. Include all FX revaluation gains on non-afghani, non-dollar denominated debt securities and all foreign exchange contracts. Foreign exchange rate contracts are those contracts to purchase foreign (non-afghani) currencies in the forward market. Foreign exchange rate contracts include cross-currency interest rate swaps where there is an exchange of principal, forward and spot foreign exchange contracts, and foreign currency futures and options.

Do not include FX revaluation gains/losses on equity securities denominated in foreign currency. These should be included in item 1c, *Equity, Commodity, and Other Exposures*.

- 1c** **Equity, Commodity, and Other Exposures:** Report net gains or losses (realized and unrealized) from trading account equity securities and derivative contracts that are managed as equity and commodity exposures. Equity security or equity index exposures may arise from equity securities or equity derivative contracts. Report gains or losses (including FX revaluation adjustments), on all equity securities held in the trading account.

Equity derivative contracts are contracts that have a return, or a portion of the return, linked to the price of a particular equity, or to an index of equity prices. Commodity or other exposures may arise from commodities and/or commodity and other contracts not reported as either interest rate, foreign exchange, or equity derivatives. Commodity derivatives have a return, or a portion of their return, linked to the price or to a price index of precious metals, petroleum, lumber, agricultural products, etc. Also include here any other contracts that are not reportable elsewhere as interest rate, foreign exchange rate, or equity derivative contracts.

- 2** **Impact on Income of Derivatives Held for Hedging Purposes:** Report in the sub-items below the impact on income from changes in fair value (gain or loss) on qualified hedging derivatives.

Changes in fair value of derivatives that do not qualify as hedges,

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| | <p><u>including</u> those resulting from the ineffective portion of designated hedges, should be reported in the Income Statement item 5b, <i>Gains/Losses on Derivatives Held for Trading</i>. For further information, refer to the Glossary, <i>Derivatives</i>.</p> |
| 2a | <p><u>Net Increase/Decrease to Net Interest Income Due to Cash Flow Hedges:</u> Report the net amount previously reported in equity from any cash flow hedges in which a firm commitment or forecasted transaction has resulted in recognition of an asset or liability during the reporting period. These amounts should enter into the initial measurement of acquisition cost or other carrying amount. If the net sum is a net decrease to net interest income, enclose this amount in parentheses.</p> |
| 2b | <p><u>Net Increase/Decrease to FX Revaluations Due to Fair Value Hedges:</u> Report the net gain or loss of all amounts reported in the Income Statement item 11, <i>FX Revaluation Gains/Losses</i>, which were recognized from derivatives used to hedge FX revaluation risk on assets and liabilities denominated in foreign currency. If the net sum is a net expense, enclose the amount in parentheses.</p> |
| 2c | <p><u>Net Increase/Decrease to Other Items Due to Fair Value Hedges:</u> Report the net gain or loss of all amounts reported in the Income Statement, but not reported in Memoranda items 2a or 2b above, which were recognized from the effective portion of derivative transactions for hedging purposes. Include gains/losses on derivatives which effectively hedge AFS securities reported in the Income Statement in line 6b, <i>Gains/Losses on Instruments Effectively Hedging AFS Investments</i>, and gains/losses on derivatives hedging non-trading liabilities reported in the Income Statement in line 8h, <i>All Other Non-Interest Income</i>. If the sum is a net expense, enclose the amount in parentheses.</p> |
| 3 | <p><u>Other Non-interest Income:</u> List and briefly describe in Memoranda items 3a, 3b and 3c, each component account total whose absolute value exceeds 20% of the amount reported in item 8g of the Income Statement for the calendar year-to-date period (absolute value refers to the magnitude of the afghani amount without regard to whether it is a net gain or loss).</p> |
| 4 | <p><u>Other Non-interest Expense:</u> List and briefly describe in Memoranda items 4a, 4b and 4c, each component account total whose absolute value exceed 20% of the amount reported in item 9d of the Income Statement for the calendar year-to-date period (absolute value refers to the magnitude of the afghani amount without regard to whether it is a</p> |

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	net gain or loss).
5	<u>Cash Dividends:</u> Include the total amount of <u>all</u> cash dividends <u>declared</u> during the calendar year, including dividends not payable until after the reporting period. Do not report dividends declared in the previous calendar year and payable during the current reporting period. Dividends are reported on the date declared, i.e., when the board of directors votes on the dividend.
6	<u>Number of Full-time Afghan Employees at End of Period:</u> Report the number of full-time equivalent employees of the bank as of the report date. To convert the number of part-time employees to full-time equivalent employees, add the number of hours all part-time and temporary employees worked during the quarter ending on the report date and divide this amount by the number of hours a full-time employee would have been expected to work during the quarter. Round the result to the nearest whole number and add it to the number of full-time employees (e.g., a full-time employee may be expected to work 40 hours each week).
7	<u>Number of Full time Foreign Employees:</u> Report the equivalent number of permanent expatriates within the bank as of the reporting date. To report part-time and temporary personnel as permanent, add the total number of working hours carried out by the latter and divide them by the number of expected work hours (40) served by permanent staff as of the reporting period. Then round off the quotient to a possible actual number and add it to the number of permanent staff.
8	<u>Number of Present Borrowers:</u> Report the total number of existing borrowers of the bank whether (male, female, corporate) here. Borrowers with their loan accounts settled should be excluded.
9	<u>Number of Loan files where borrower, President or Vice president is a woman :</u> Report female borrowers here. Loan file where individual, corporate president and / or vice-president is a female borrower should be reported in this section.
10	<u>Number of Present Depositors:</u> Report all deposits (current, term, savings) of both financial and non-financial institutions with the bank here.

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11	<u>Number of other Clients other than Borrowers and Depositors:</u> Report all other customers of the bank who have been issued bank guarantees, letters of credit, or any other types of guarantees and commitments here.