

Da Afghanistan Bank
Instructions for Financial Reports: Balance Sheet (Consolidated)
Frequency: Monthly

General Instructions

This form should be completed on a monthly basis. This schedule is segregated into four columns: A, B, C and D. In column B, report the total afghani amount for each item that is denominated in afghani. In column C, report the afghani equivalent amount for each item denominated in U. S. dollar. In column D, report the total afghani equivalent amount for each item denominated in all other foreign currencies. In column A, report the sum of columns B, C and D for each item.

Assets

<u>Item No.</u>	<u>Caption and Instructions</u>
1	<u>Cash in Vault and Claims on DAB:</u> Report cash in vault and any claims on DAB in the appropriate categories below:
1a	<u>Cash in Vault:</u> Report currency and coin owned and held in the bank and in transit and cash items in process of collection that are immediately convertible into cash. Currency and coin includes both Afghan and foreign currency that is owned and held at the bank, is in transit to DAB or to another depository institutions for which the reporting institution has not yet received credit, and is in transit from DAB or other financial institution for which the reporting institution has already been charged. Cash in process of collection are checks, drafts, and other similar items in process of collection. These items are payable immediately in cash when presented, such as (a) checks or drafts drawn on other banks (including DAB) that have already been forwarded for collection but for which the reporting bank has not yet been given credit; (b) checks or drafts on hand that will be presented for payment or forwarded for collection on the following business day; and (c) other similar items which are payable immediately in cash when presented. <u>Exclude</u> from this item: (1) All precious metals (2) Precious stones (3) Other valuables Precious metals, precious stones, and other valuables should be reported in item 9g, <i>All Other Assets</i> .

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1b	<u>Correspondent Accounts with DAB:</u> Report on this line item the commercial bank's accounts with DAB used for interbank transactions and for transaction with DAB.
1c	<u>Required Reserve Account with DAB:</u> Report on this line item the amount held in the afghani- denominated block account with DAB, that is used to fulfill or satisfying the reserve requirement for monetary policy purposes.
1d	<u>Overnight Deposit Account with DAB:</u> Report on this line item the amount held in any account with DAB that is designated an "overnight deposit account," bearing interest or interest bearing account maintained with DAB.
1e	<u>DAB Capital Notes:</u> Report on this line item the outstanding principal amount of DAB capital notes held by the reporting bank or net of purchase discount.
1 f	<u>Other Claims on DAB:</u> Report on this line item all other claims on DAB, including the fixed amount of collateral in USD in the account used as collateral for auction, and all those items which are not mentioned from line item number (1.a to 1.e).
2	<u>Interbank Claims:</u> Report deposits with banks, loans to banks, and loans to other financial institutions in the appropriate category below.
2a	<u>Demand Deposits with Banks:</u> Report deposit balances due from banks with no stated maturity, including correspondent accounts. Overdrafts should be reported as borrowings in item 17b, <i>Short-term Borrowings from Banks</i> , not as negative deposits.
2b	<u>Time Deposits with Banks:</u> Report deposit balances due from banks with a stated maturity, including overnight placements.

Exclude from this item:

- (1) Claims on banks that the reporting bank holds for trading purposes. Report such balances in item 4, *Trading Account Assets*.
- (2) Claims on non-bank financial institutions. Such claims should be reported in the appropriate line item elsewhere in the schedule. For example, claims on non-bank financial institutions held for trading

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purposes should be reported in the Trading Account Composition Schedule, item 1c(1), *Other on Balance Sheet Trading Assets* and reflected in Balance Sheet line item 4, *Trading Account Assets*. Loans to non-bank financial institutions should be reported on the Balance Sheet in line item 2e, *Loans to OFIs*.

- 2c** **Loans to Banks:** Report all loans and overdrafts to banks, domestic or foreign, including branches of foreign banks. Exclude from this item securities purchased under agreement to resell. Securities purchased under agreement to resell should be reported in item 3, *Claims under Securities Repurchase Agreements*.
- 2d** **Other Receivables from Banks:** Report all amounts receivable from banks in settlement of securities transactions, including margin accounts and other brokerage accounts. Do not include cash items in process of collection; report these instead on item 1a, *Cash in Vault*.
- 2e** **Loans to OFIs:** Report all loans and overdrafts to investment intermediaries and other financial institutions. See the Glossary, *Other Financial Institutions* for further details. Exclude from this item securities purchased under agreement to resell. Securities purchased under agreement to resell should be reported in item 3, *Claims under Securities Repurchase Agreements*.
- 2f** **Total Interbank Claims:** Report the sum of items 2a through 2e.
- 2g** **Less: Loss reserves:** Report the balance of the loss reserves established to absorb losses in the portfolio of interbank claims included in items 2a through 2e above.

Exclude from this item:

- (1) loss reserves established for asset categories other than deposits with banks, loans to banks, other receivables from banks, and loans to other financial institutions.
- (2) Loss reserves established for off-balance sheet items. Report all off-balance sheet credit loss reserves in item 20d, *Specific Loss reserves for Off-balance Sheet Commitments*.

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2h **Net Interbank Claims:** Report the net of item 2f, *Total Claims on Financial Institutions* and item 2g, *Loss reserves*.

3 **Claims under Securities Repurchase Agreements:** Report the amount outstanding of funds lent under securities repurchase agreements. Report only those agreements:

(1) that are secured by Afghanistan government securities and other securities issued by governments, central banks, and international organizations as specified in DAB's Regulations, and

(2) with underlying securities which carry an investment grade rating assigned by a recognized international rating agency such as Standard & Poor's or Moody's.

Repurchase agreements are transactions involving the purchase of securities by one party from another, subject to an agreement by the purchaser to sell the securities back to the original seller on a specified date or under specific circumstances.

Do not net the amount reported in this item against the amount reported in item 16, *Borrowings under Securities Repurchase Agreements*. Exclude agreements involving securities other than those specified above and all assets other than securities. All such claims should be reported as loans under the appropriate category.

For additional information, see the Glossary, *Repurchase Agreements*.

4 **Trading Account Assets:** Under this item the bank should report the fair value of contracts as of the reporting date in cases where it (a) underwrites or "deals" in securities, contracts involving interest rates, foreign exchange, commodities and equities, or other financial instruments; (b) acquires or takes positions in such instruments principally for the purpose of reselling them with the intent to profit from short-term price movements; or (c) acquires or takes positions in such instruments as an accommodation to customers or for other trading purposes.

Trading assets include securities issued by the Afghanistan government, local government authorities, foreign governments, and other local or

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foreign entities. Include the reporting bank's own acceptances held for trading. Trading assets also include the positive fair value of derivative contracts held for trading purposes. Do not net the negative fair value of interest rate, foreign exchange and other derivative contracts held for trading purposes against this item. Report negative fair value of derivative instruments held for trading purposes as trading account liabilities in item 20a, *Trading Liabilities*.

For a derivative contract that has been designated as a hedge, include in this item the ineffective portion (any positive fair value that is not used to offset the change in value of a hedged item), if any. Report the associated revaluation gain in the Income Statement, line item 5b, *Gains/Losses on Derivatives Held for Trading*. For more information on derivatives and hedge accounting, see the Glossary, *Derivatives*.

This line item should equal the amount reported in the Trading Account Composition Schedule item 1d, *Total Trading Assets*. For more information, refer to the instructions for the Trading Account Composition Schedule.

Exclude from this item:

- (1) Non-liquid repossessed assets. These are reported under item 7, *Repossessed assets*.
- (2) Negative fair value of derivatives held for trading purposes, which should be included in item 20a, *Trading Liabilities*.
- (3) Fair value of derivatives held for hedging. Positive fair value of hedging derivatives should be reported in item 9a, *Hedging Derivatives*. Negative fair value of such derivatives should be reported in item 20b, *Hedging Derivatives*.
- (4) Investment Account Securities. Report all securities held for investment in item 5, *Investment Account*.

5 **Investment Account:** Report under the appropriate subgroup the total amount of the reporting bank's investment account assets.

Securities repurchase and resale agreements as reported under items 3, *Claims under Securities Repurchase Agreements*, and item 16, *Borrowings under Securities Repurchase Agreements*, respectively,

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should not affect the amounts reported in this item because these are treated as collateralized lending or borrowing transactions rather than purchases and sales of securities.

Exclude from this item:

- (1) All securities held for trading purposes. Securities held for trading purposes should be reported under item 4, *Trading Account Assets*.
- (2) All debt and equity investments in unconsolidated subsidiaries and associated companies. These investments should be reported under item 8, *Investments in Unconsolidated Subsidiaries and Associated Companies*.

5a **Held to Maturity Investments:** Report the total amount of Held to Maturity (HTM) investments. HTM investments should be reported at amortized cost. The total amount reported in this item should equal the amount reported in the Investment Account Composition Schedule, item 1c, column A, *Total Held to Maturity Investments*.

For more information, refer to the instructions for the Investment Account Composition Schedule.

5b **Available for Sale Investments:** Report the total amount of Available for Sale (AFS) investments. The total amount reported in this item should equal the amount reported in Investment Account Composition Schedule, item 2d, column B, *Total Available for Sale Investments*.

For further information, refer to the instructions for the Investment Account Composition Schedule.

6 **Customer Loans:** Loans are extensions of credit resulting from either direct negotiation between the bank and its customers, or the purchase of such assets from others. Report all loans that remain on the Balance Sheet of the bank as of the reporting date, regardless of payment status, and own acceptances held for purposes other than trading, in the appropriate sub-group. Exclude any loans which the bank has sold or charged-off prior to the reporting date.

For this item, loans are reported initially before deducting any specific loss reserves, but including unamortized premium/discount and loan fees

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or costs. Exclude interest receivable, which is reported in item 9b, *Interest Receivable*.

The loan sub-categories below are designed to capture the general risk characteristic of each loan type. Loans are reported based on their original purpose.

6a **Loans to Government or instrumentalities:** Report total loans extended to the Afghanistan government and to regional government authorities, regardless of purpose or whether or not the loan is secured by any form of collateral. Exclude obligations reported as securities issued by such entities.

6b **Commercial Loans:** Report loans for commercial and industrial purposes extended to merchants (traders) and co-operations. Also, include loans to individuals for commercial, industrial or professional purposes. Include loans for financing capital expenditures and current operations.

Exclude from this item:

(1) Loans to banks or other financial institutions. Report loans to banks in item 2c, *Loans to Banks*. Report loans to other financial institutions in item 2e, *Loans to OFIs*.

(2) Loans for financing agricultural production. Such loans are reported in item 6c, *Agricultural Loans*.

(3) Loans extended to individuals for household, family, or other personal expenses. Such loans are reported in item 6d, *Consumer Loans*.

(4) Loans granted to finance purchase of residential real estate by individuals. Such loans should be reported in item 6e, *Residential Mortgage Loans to Individuals*.

6b(1) **Commercial Real Estate and Construction Loans:** Report commercial loans extended to finance real estate construction and development activities. This line item includes the following:

(1) Loans made to finance land development (such as preparing and

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laying water and sewage lines) in preparation for erecting new structures or construction of industrial, commercial, or residential buildings. For this item, the term construction includes construction of new structures, additions and alterations to existing structures, and demolition of existing structures.

(2) Loans made for the express purpose of financing real estate ventures, or loans made to organizations or individuals whose revenues or assets are primarily derived from or consist of real estate ventures or holdings.

(3) Loans extended for purchase of commercial real estate.

Exclude from this item loans secured by real estate but which are extended for other business purposes, such as working capital loans. Report such loans in item 6b (2), *Other Commercial Loans*.

6b(2) Other Commercial Loans: Report loans for commercial and industrial purposes to sole proprietorships, partnerships, and corporations. Include loans to individuals for commercial, industrial or professional purposes, and loans for financing capital expenditures and current operations.

Exclude from this item:

(1) Loans to banks or other financial institutions. Report loans to banks in item 2c, *Loans to Banks*. Report loans to other financial institutions in item 2e, *Loans to OFIs*.

(2) Loans to finance agricultural production. Such loans are reported in item 6c, *Agricultural Loans*.

(3) Loans granted to finance real estate development or purchase of commercial real estate. Such loans should be reported in item 6b(1), *Commercial Real Estate and Construction Loans*.

6c Agricultural Loans: Report loans extended to finance agricultural production, including growing and storing crops, marketing or carrying agricultural products by the grower, and breeding, raising, fattening, and marketing livestock. Include loans and advances for financing fisheries and forestry. Also include loans and advances to the agricultural sector for purchasing machinery and equipment. Agricultural loans, whether

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unsecured or secured by land, homesteads, machinery, equipment, or production, should be reported in this line item.

6d **Consumer Loans:** Report all loans to individuals for household, family and other personal expenditures.

Exclude from this item:

(1) Loans to individuals for commercial, industrial, or professional purposes. These are reported in the appropriate subitem of item 6b, *Commercial Loans*.

(2) Loans to individuals for the purpose of funding agricultural production. These are reported in item 6c, *Agricultural Loans*.

(3) Loans to individuals to finance purchase of residential real estate and secured by same. These should be reported in item 6e, *Residential Mortgage Loans to Individuals*.

6e **Residential Mortgage Loans to Individuals:** Report loans extended to individuals for the purchase of residential real estate and secured by mortgages.

Exclude from this item:

(1) Loans to the state budget that are secured by residential real estate. Report such loans in item 6a, *Loans to Government and instrumentalities*.

(2) Loans secured by residential real estate but made for the purpose of construction and development, or for purchase of commercial real estate. Report such loans in item 6b(1), *Commercial Real Estate and Construction Loans*.

(3) Loans secured by residential real estate but extended for financing agricultural production. Report such loans in item 6c, *Agricultural Loans*.

6f **All Other Loans:** Report all other loans to non-financial institutions and other clients which cannot be properly reported elsewhere in this schedule. For example, leasing and loans to foreign governments would be reported in this line item.

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6g **Total Customer Loans:** Report the sum of items 6a through 6f.

6h **Less: Loss reserves:** Report the balance of loss reserves for all loan types included in items 6a through 6f. Include both general and specific reserves.

Exclude from this item:

(1) Loss reserves established for asset categories other than loans to NFIs and other clients.

(2) Loss reserves established for off-balance sheet items. Report these in item 20d, *Loss reserves for Off-balance Sheet Commitments*.

6i **Net Customer Loans:** Report the net of items 6g and 6h.

6j **Memo: Loans Purchased Included Above:** Report the total amount of loans included in line items 6a through 6f the bank has purchased, acquired or been assigned from third parties. Report the afghani equivalent for all loans denominated in foreign currency.

7 **Repossessed assets:** Report here real estate and all other non-liquid assets received by the bank from debts previously contracted and held for resale. Repossessed assets should be held at the lower of their cost or fair value. Liquid assets which the bank has acquired should be reported above in line 4, *Trading Account Assets*, or line 5b, *Available for Sale Investments*, as appropriate.

Three possible cases apply to these assets at the time of acquisition:

(1) If the fair value of the assets covers the recorded amount of the loan, the assets are recorded at this value. The recorded amount of the loan is defined as the loan balance adjusted for any unamortized premium, discount or fees, less any amount previously charged-off, plus recorded accrued interest.

(2) If the fair value of the assets does not fully cover the recorded amount of the loan (ie, when the recorded amount is higher), the shortfall should be written off against part of loss reserves. The remaining loss reserves should be reintegrated. The assets for resale should be

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recorded at fair value.

- (3) If the fair value of the assets exceeds the recorded amount of the loan, report the assets as in (1) above and reintegrate credit loss reserves.

After foreclosure, each repossessed asset must be carried at the lower of its fair value or acquisition cost, and should be revalued at each reporting date. Any subsequent declines in the value of repossessed assets should not be charged to specific provision accounts. If during subsequent periods the fair value (less estimated sale fees) falls below the asset's cost, the deficiency should be recognized by a charge to *Gains/Losses on Repossessed assets*, item 8e on the Income Statement.

When assets for resale are sold any gains or losses should be recognized in the Income Statement, item 8e, *Gains/Losses on Assets for Resale*, at the time of the sale. For further information, refer to reporting instructions for the Income Statement.

For purposes of this report, repossessed and non-liquid repossessed assets should continue to be reported in this account without regard for the length of time they are held.

- 8** **Investments in Unconsolidated Subsidiaries and Associated Companies:** Report the total amount of the bank's investments in unconsolidated subsidiaries and associated companies. Refer to the Glossary, *Subsidiaries* and *Associated Companies*, for additional information.

Include in this item:

- (1) All equity investments in unconsolidated subsidiaries and associated companies. Such equity investments should be reported using the net capital value method. However, if the equity interest is acquired and held exclusively with a view to its subsequent disposal in the near term or operates under long term restrictions that significantly impair its ability to transfer funds to the reporting bank, the reporting bank should carry such investments at fair value or the lower of cost or market where fair value is unavailable.
- (2) Loans and advances, as well as holdings of debt instruments such as notes and bonds of unconsolidated subsidiaries and associated

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companies.

9 **Other Assets**

9a **Hedging Derivatives:** Report derivative instruments with a positive fair value that are designated and qualify as hedges. Report only the positive fair value associated with the effective portion of the hedge in this item. Do not net negative fair value on hedging derivatives against this item. This should be reported in item 20b, *Hedging Derivatives*. For further information on reporting this item, see the Glossary, *Derivatives*.

9b **Accrued Interest Receivable:** Report the total amount of accrued interest receivable. This amount is equal to interest accrued but unpaid.

9c **Prepaid Expenses:** Report the unamortized amount of any expense that was prepaid in a lump sum in advance, to be recognized as an expense either all at once in a future period or gradually over a future time period.

9d **Accounts Receivable:** Report all receivables other than deposits, investment securities, loans, and accrued interest receivable. Do not report any loans on this line, such as past-due or charged-off loans.

9e **Suspense Accounts:** **A suspense account is the general ledger account which records transactions of a temporary nature pending a determination as to how they shall finally be recorded. An amount may be initially recorded in a suspense account only where it is:**

- in need of identification prior to being transferred to an appropriate account;
- in need of dissection prior to being transferred to two or more accounts;
- awaiting correction for the use of an invalid account; or
- awaiting the opening of a new account.

9f **Deferred Tax Assets:** Report the net amount after offsetting deferred tax assets and deferred tax liabilities measured as of the reporting date for a particular tax authority if the net amount is a debit balance. If the net amount for a particular taxing authority is a net credit balance, enter that amount as a net deferred tax liability in line item 20e, *Deferred Tax Liabilities* on the Balance Sheet. If the result for each tax authority is a net credit balance, this item should contain a zero balance. Deferred tax assets and liabilities should be measured at the tax rates that are expected to apply to the period when the assets or liabilities are realized, based on tax rates (and tax laws) that have been enacted by the reporting date. (A bank may report a net deferred tax asset for one taxing authority and at the same time report a net deferred tax liability for another.)

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9g **All Other Assets:** Report the total amount of other assets not reportable elsewhere in this schedule.

Include in this item:

- (1) Real estate held for investment. Report the net amount of any land or buildings which are held to earn rentals or for capital appreciation rather than for use either in the regular course of banking activities or for sale in the ordinary course of business. Bank premises are reported at line 11, *Premises and Other Fixed Assets*. Report real estate held for resale at line 7, *Repossessed assets*.
- (2) Claims on customers' acceptances outstanding. Report the full amount of customers' liability to the reporting bank on outstanding drafts and bills of exchange that have been accepted by the reporting bank or by others for its account. Refer to the Glossary entry, *Banker's Acceptances* for additional information.
- (3) Precious metals, stones, and other valuables.
- (4) Other assets not reportable elsewhere.

Do not report "assets" arising from transactions between bank branches, or between any branch and the home office. Such transactions should be netted and the accounts presented on a consolidated basis.

If the total sum of any individual account reported under this item is greater than 2.5 million afghani and also exceeds 20% of the total amount of this item, the reporting bank must complete Balance Sheet Memoranda Items Schedule, item 3, providing amounts and a clear and concise description of each reported item that exceeds the threshold.

9h **Total Other Assets:** Report the sum of 9a through 9g.

9i. **Less: Loss reserves on accounts receivable:** Report the balance of loss reserves established to absorb losses associated with accounts receivable. Exclude from this item:

- (1) Loss reserves established for asset categories other than accounts receivable.

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	(2) Loss reserves established for off-balance sheet items. Report these in item 20d, <i>Specific Loss reserves for Off-balance Sheet Commitments</i> .
9j	<u>Net Other Assets:</u> Report the net of items 9h and 9i.
10	<u>Intangible Assets:</u> Report the book value, net of accumulated amortization, of all intangible assets such as goodwill, proprietary software, licenses, etc. Do not include goodwill if it has a negative value. Negative goodwill should be reported in item 20e, <i>Other Liabilities</i> .
11	<u>Premises and Other Fixed Assets:</u> Report the book value net of accumulated depreciation and amortization of all premises, equipment, automobiles and other vehicles, furniture and fixtures. Do not deduct mortgages or other liens on such property. Report such mortgages and other liens as borrowings in item 17 or 18 below as appropriate. Also report the net value of such financed assets in the Balance Sheet Memoranda schedule in item 2c, <i>Other Pledged Assets</i> .
12	<u>Total Assets:</u> Report the net sum of items 1 through 11.

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13	<u>Interbank Deposits:</u> Report all deposits (including current accounts) by financial institutions in the appropriate category below.
13a	<u>Demand Deposits of Banks:</u> Report deposit balances due to banks with no stated maturity, including correspondent accounts. Overdrafts due from other banks should be reported as loans in item 2c, <i>Loans to Banks</i> , not as negative deposits.
13b	<u>Time Deposits of Banks:</u> Report deposit balances due to banks with a stated maturity, including overnight placements.
13c	<u>Deposits of OFIs:</u> Report all deposit balances due to all other financial entities.
14	<u>Customer Deposits:</u> Report all deposits (including current accounts) from non-financial institutions and other clients. Overdrafts should be reported as loans under the appropriate sub-group in item 6, <i>Loans to NFIs and Other Clients</i> , not as negative deposits.
14a	<u>Demand Deposits:</u> Report all demand accounts from NFIs and other clients, including both interest bearing and non-interest bearing. A demand deposit is a deposit that has no fixed term nor withdrawal notification requirements. Funds in demand deposits are payable immediately upon demand. Do not include savings or time deposits under this item.
14b	<u>Time Deposits:</u> Report all time deposits from NFIs and other clients. A time deposit is a deposit for which the deposit contract has a fixed period of time during which the depositor may not withdraw the funds without penalty.
14c	<u>Savings Deposits:</u> Report all savings deposits from NFIs and other clients. Also report in this item all other non-demand, non-time deposits. These are deposits which do not have a fixed term, but are not payable immediately upon demand because the deposit contract includes a withdrawal notification requirement, regardless of whether or not the bank enforces the notification requirement.
15	<u>Total Deposits:</u> Report the sum of deposits (including current accounts) included in items 13 and 14.

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16 **Borrowings under Securities Repurchase Agreements:** Report the amount outstanding of funds borrowed under securities repurchase agreements. Report only those agreements:

- (1) that are secured by Afghanistan government securities and other securities issued by governments, central banks, and international organizations as specified in DAB's Regulations, and
- (2) with underlying securities which carry an investment grade rating assigned by a recognized international rating agency such as Standard & Poor's or Moody's.

Repurchase agreements are transactions involving the sale of assets by one party to another, subject to an agreement by the seller to repurchase the securities on a specified date or under specific circumstances. Do not net the amount reported in this item against the amount reported in item 3, *Claims under Securities Repurchase Agreements*.

Exclude agreements involving securities other than those that meet the criteria above. All such transactions should be reported as borrowings under the appropriate category.

17 **Short-term Borrowings:** Report borrowings with a remaining maturity of one year or less in the appropriate sub-group.

17a **From DAB:** Report all borrowed funds received from DAB. Refer to Glossary, *DAB Borrowings*, for further details.

17b **From Banks:** Report all borrowed funds received from banks other than DAB.

17c **Other Short-term Borrowings:** Report all other short-term borrowings.

18 **Long-term Borrowings:** Report borrowings with remaining maturities of more than one year. This item includes, but is not limited to borrowings in the form of loans and bonds. Exclude amounts reportable under line item 19, *Subordinated Debt and Debt/Equity (Hybrid Instruments)*.

18a **Memo: Borrowings from Banks:** Report here all borrowings from other banks with a remaining maturity greater than one year included

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above in item 18, *Long-Term Borrowings*.

19 **Subordinated Debt and Debt/Equity (Hybrid) Instruments:** In the appropriate sub-group, report the total amount of subordinated notes, bonds, and debt/equity hybrids which meet the criteria outlined in DAB’s regulations specifying minimum capital requirements. In this item, the total amount of such instruments issued by the reporting bank should be reported, without regard for the limitations on the amount includable as supplemental capital established under DAB’s Regulations.

19a **Subordinated Debt:** Report the total amount of subordinated debt issued by the reporting bank. Subordinated debt reported in this line item should meet the definition established in DAB’s regulations specifying minimum capital requirements. Report the total amount of subordinated debt issued by the reporting institution without regard for the limitation on the amount includable as supplemental capital established in DAB’s Regulations.

19b **Debt/Equity (Hybrid) Instruments:** Report the total amount of debt/equity (hybrid) instruments issued by the reporting bank. Such instruments reported in this line item should meet the definition established in DAB’s regulations specifying minimum capital requirements. Report the total amount of such instruments issued by the reporting institution without regard for the limitation on the amount includable as supplemental capital established in DAB’s Regulations.

20 **Other Liabilities**

20a **Trading Liabilities:** Report the amount of liabilities from the reporting bank’s trading activities. Include liabilities resulting from the sale of assets that the bank does not own (“short sales”) and negative fair value from the marking to market of interest rate, foreign exchange and all other derivative contracts which have been entered for trading, dealer, customer accommodation, and similar purposes. For a derivative contract which has been designated as a hedge, include any negative fair value that is not used to offset the change in value of a hedged item.

Do not net positive fair value from the marking to market of interest rate, foreign exchange and other derivative contracts held for trading purposes against this item. It is reported as trading account assets in item 4, *Trading Account Assets*. For more information on derivatives and hedge

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accounting, see the Glossary, *Derivatives*.

The amount reported in this item should be equal to the amount reported in the Trading Account Composition Schedule, item 2c, *Total Trading Liabilities*. For additional information, refer to the reporting instructions for the Trading Account Composition Schedule.

- 20b** **Hedging Derivatives:** Report derivative instruments with a negative fair value that are designated and qualify as hedges. Report only the negative fair value associated with the effective portion of the hedge in this item. Do not net positive fair value of hedging derivatives against this item. Report it in item 9a, *Hedging Derivatives*.
- 20c** **Accrued Interest Payable:** Report the total amount of interest accrued through charges to expense but not yet paid.
- 20d** **Suspense Accounts:** **A suspense account is the general ledger account which records transactions of a temporary nature pending a determination as to how they shall finally be recorded. An amount may be initially recorded in a suspense account only where it is:**
- in need of identification prior to being transferred to an appropriate account;
 - in need of dissection prior to being transferred to two or more accounts;
 - awaiting correction for the use of an invalid account; or
 - awaiting the opening of a new account.
- 20e** **Deferred Income:** Report any income, the recognition of which in the income statement has been deferred until a future date.
- 20f** **Deferred Tax Liabilities:** Report the net amount after offsetting deferred tax assets and deferred tax liabilities measured as of the reporting date for a particular tax authority if the net amount is a credit balance. If the net amount for a particular taxing authority is a debit balance, enter that amount as a *net deferred tax asset* in item 9c of the Balance Sheet. If the result for each tax authority is a net debit balance, this item should contain a zero balance. (A bank may report a net deferred tax asset for one taxing authority and at the same time report a net deferred tax liability for another.)

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20g **Loss reserves for Off-balance Sheet Commitments:** Report the total amount of loss reserves established against off-balance sheet commitments, as provided in the Regulation on Asset Classification.

20h **All Other Liabilities:** Report the total amount of all other liabilities not reportable elsewhere.

Include in this item:

(1) Cash dividends declared on or before the reporting date but not payable until after the reporting date.

(2) Other expenses accrued but not yet paid.

(3) Bank's liability on acceptances executed and outstanding. Report the full amount of the bank's outstanding liabilities represented by drafts and bills of exchange that have been accepted by the reporting bank or by others for its own account. See the Glossary entry, *Banker's Acceptances* for further information.

(4) Negative goodwill.

(5) All other liabilities not reportable elsewhere.

Do not report "liabilities" arising from transactions between bank branches, or between any branch and the home office. Such transactions should be netted and the accounts presented on a consolidated basis.

If the total sum of any individual account reported under this item is greater than 2.5 million afghani and also exceeds 20% of the total amount of this item, the reporting bank must complete the Balance Sheet Memoranda Items Schedule, item 8, providing amounts and a clear and concise description of each reported item that exceeds the threshold.

21 **Total Liabilities:** Report the sum of items 15 through 20.

22 **Minority Interest in Consolidated Subsidiaries:** Report the portion of equity capital accounts of all consolidated subsidiaries of the reporting bank which must be allocated to the minority shareholders of such subsidiaries.

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23 Equity Capital

23a Common Stock: Report the aggregate par value of the common stock issued by the reporting institution.

23b Share Premium on Common Stock: Report the total of amounts formally transferred to the share premium account, including capital contributions, and the positive difference between the amounts received from issued common stock and its par value.

23c Preferred Stock and Related Premium: Report the amount of preferred stock issued, including any amounts received in excess of its par or stated value.

23d Reserves

23d(1) Retained Profit/Loss, Prior Years: Report the amount of undistributed profit/loss retained from prior years.

23d(2) Legal Reserves: Report the total amount of the required legal reserve accumulated to date from after tax profits in accordance with the terms of the Law on Banks, Article 24.

23d(3) Other Reserves: Report the total amount of other reserves set aside from undistributed after-tax profits.

23d(4) Cumulative FX Translation Adjustment: Report the cumulative FX translation adjustment related to the bank's investments in foreign entities. For additional information, refer to the Glossary, *Effects of Changes in Foreign Exchange Rates*.

This line item is to be used only in the case of investments in subsidiaries located abroad. Do not use this line for reporting unrealized profits or losses arising from the revaluation of assets and liabilities, denominated in foreign exchange, in the event of changes in exchange rates.

23e Other Equity Components: Report in the appropriate subgroup the net cumulative adjustments to capital from revaluation of fixed assets, available for sale investments, and derivatives which have been designated and qualify as cash flow hedges.

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23e(1) Revaluation – Fixed Assets: Report the reserve formed from the revaluation of fixed assets.

Note: Banks may not revalue their fixed assets except in extraordinary circumstances and, then, only with DAB's prior approval.

23e(2) Revaluation – Available for Sale Investments: Report the unrealized gains and losses on available-for-sale investments net of tax effects as of the reporting date. The difference between the unrealized gain on available for sale investments and the amount reported in this line item is a deferred tax asset or liability which will enter into the determination of the net deferred tax assets or net deferred tax liabilities to report in the Balance Sheet in line item 9c, *Other Assets* or line item 20e, *Other Liabilities*.

In the unusual event that a debt security is transferred from available for sale to held to maturity, the unrealized gain or loss at the date of transfer continues to be reported in this item, but must be amortized over the remaining life of the security as an adjustment to the yield in a manner consistent with the amortization of any premium or discount.

If the cumulative net loss on an available for sale security is due to impairment, the loss should be removed from this account and recognized in the Income Statement line item 6a, *Gains/Losses on Available for Sale Investments* even though the security has not been sold. The write-down will be reflected in the Balance Sheet item 5b, *Available for Sale Investments* and in the relevant subgroups of the Investment Account Composition Schedule in both columns A and B. (See the Glossary, *Impairment*, for a definition of the term.)

Do not report results of revaluation of AFS securities if the revaluation has been effectively hedged. Report these results on line 6a of the Income Statement, *Gains/Losses on Available for Sale Investments*.

23e(3) Revaluation – Cash Flow Hedges: Report the effective portion of the accumulated change in the fair value (gain or loss) on derivatives designated and qualifying as cash flow hedges. The ineffective portion (gain or loss) should be reported in the Income Statement, line 5b, *Gains/Losses on Derivatives Held for Trading*. See the Glossary, *Derivatives*; subsection *Summary of Derivatives Accounting*, for more information.

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- 23f** **Profit/Loss, Current Year:** Report the amount of profit/loss for the current year-to-date period. This amount must equal the sum of Income Statement item 15, *Net Profit/Loss* over all of the months of the bank's current year. If the amount is a net loss, enclose it in parentheses.
- 23g** **Total Equity Capital:** Report the sum of items 23a through 23g.
- 24** **Total Liabilities, Minority Interest, and Capital:** Report the sum of items 21, 22, and 23h.
- 25** **Memo: Credit Substitutes and Other Off-Balance Sheet Commitments:** Report the aggregate total amount of all credit substitutes and other off-balance sheet commitments, as described in the Derivatives and Off-Balance Sheet Items Schedule, Section III, items 1 through 6.