**Afghanistan – update 12th October (following call with Afghanistan International Bank CEO)**

The general feeling remains that things are moving in the right direction. Comments today from the CEO included:

* The Taliban / US meetings had gone well – the Taliban’s ‘shopping list’ was not fully agreed, unsurprisingly, but there does seem to be some conditional acceptance of the new regime.
* Positive news also that licenses were given to allow the Taliban to travel to formal talks.
* AIB’s relationships with the Central Bank (DAB) are better now than before the regime change – a new Governor has been appointed, also two Deputies and in 5-6 meetings, the new Regulatory team has shown a willingness to listen to the banks and, as a result, things are more efficient than before.
* An example is the gradual release of international payments by DAB, for the private sector to support humanitarian aid with key importation of goods and services in line with OFAC general licenses 14 and 15.

Still awaiting formal positions of the EU and OFSI (UK) as regards any conditional acceptance of the new regime and the regulatory stances as regards sanctions and support for humanitarian and / or life saving activities. There remains a reluctance of many international banks to take on any Afghanistan risk, partly as a result of the limited regulatory guidance currently in place. This applies not just to EU or UK banks, but also to many banks in the US.

Payments can be made from AIB to other Afghan banks, apart from those which are government owned i.e. Bank Millie Afghan, Pashtany Bank and New Kabul Bank.

AIB remains solid and its balance sheet has not diminished in any way. A reminder that DAB changed the withdrawal limits on 15th September and customers are allowed to withdraw 5% of their total balance per month, or up to USD25k, whichever is lower.

Full withdrawals are allowed for fresh or funds deposited after 15th September.

Liquidity, however, is still tight and DAB has only a very limited access to USD notes. The support being provided is not enough to meet demand. As a result, the formal FX markets are still not open but this is not a regulatory issue. AIB cannot take open positions due to the volatility and, until demand for USD picks up (which requires liquidity in USD notes), then the market will be very restricted. AIB have been able to transact USD 0.5 million today but demand is slow and they are certainly encouraging smaller trades (if any are to get done).

**OFAC update**

A reminder of what OFAC issued on 24th September: U.S Treasury confirmed the issuance of 2 General licences (GL14 & GL15) in order to facilitate Humanitarian assistance in Afghanistan.

**General Licences**

* <https://home.treasury.gov/system/files/126/ct_gl14.pdf>
* <https://home.treasury.gov/system/files/126/ct_gl15.pdf>

**FAQs**

* <https://home.treasury.gov/policy-issues/financial-sanctions/faqs/928>
* <https://home.treasury.gov/policy-issues/financial-sanctions/faqs/929>
* <https://home.treasury.gov/policy-issues/financial-sanctions/faqs/930>
* <https://home.treasury.gov/policy-issues/financial-sanctions/faqs/931>

*Note : - As previously mentioned, this is the latest of a series of informal updates based on our best interpretations of what we are being told at the time by trusted local professionals but, in a fast changing environment, we cannot be fully certain on the accuracy of any these statements.*