

THE FIRST MICROFINANCE BANK

Condensed Interim Financial Statements

For the period ended September 30, 2022

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of The First Microfinance Bank ("the Bank") as at September 30, 2022 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and the notes to the condensed interim financial statements for the nine months then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), the requirements of the Law of Banking in Afghanistan and directives issued by Da Afghanistan Bank. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the financial position of the Bank as at September 30, 2022, and of its financial performance and its cash flows for the nine months period then ended in accordance International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and the requirements of the Law of Banking in Afghanistan and directives issued by the Da Afghanistan Bank.

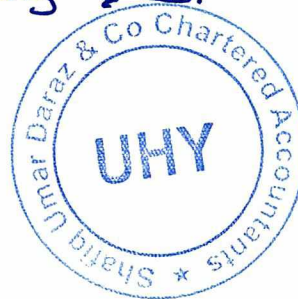
Emphasis of Matter

Without qualifying our opinion, we draw attention to note 5.2.1 to the financial statements which states that due to the economic crisis in the country, the repayment capacity of customers of the Bank has reduced during the period. As the result, the quality of loans of the Bank has deteriorated which required further impairment loss to be recognised against these loans under the "Asset Classification and Provisioning Regulation" by DAB. However, DAB vide letter no 11068/9588 dated 21 December 2021, instructed the Bank not to change the assets classification of loans and advances of the Bank from their status as of 30 June 2021.

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This relaxation has further extended up to 28 February 2023 through a circular Ref. No. 3101/3391 dated 29 September 2022. Hence, impairment loss on loans and advances of the Bank has been calculated on the basis of their status as of 30 June 2021, and no further provision has been made against those loans which subsequently did not perform well due to the current situation in the country. If DAB had not granted this relaxation to the Bank, the impairment allowance against loans and advances of the Bank would have been increased by AFN 1,633,821 thousands for the period ended September 30, 2022, resulting in increase in the loss before tax by the said amount.

UHY Shafiq Umar Daraz & Co.
Chartered Accountants
Engagement Partner: Umar Daraz
Location: Kabul, Afghanistan
Date: 09 November 2022



THE FIRST MICROFINANCE BANK - AFGHANISTAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 September 2022

		30 September 2022 (Un-audited)	31 December 2021 (Audited)
	Note	----- (Afn in '000) -----	
Assets			
Cash and cash equivalents	4	8,348,747	6,207,123
Loans and advances to customers - net	5	2,274,713	3,817,089
Operating fixed assets	6	323,219	318,840
Intangible asset	7	57,081	83,210
Deferred tax asset - net		129,186	6,177
Other assets	8	737,566	723,397
Total Assets		<u>11,870,512</u>	<u>11,155,836</u>
Liabilities			
Deposits from customers	9	8,115,184	6,842,937
Loans and borrowings	10	1,855,263	1,950,752
Other liabilities	11	433,311	403,756
Total Liabilities		<u>10,403,758</u>	<u>9,197,445</u>
Equity			
Share capital	12	796,008	796,008
Share premium		206,038	206,038
Retained earnings		464,708	956,345
Total equity		<u>1,466,754</u>	<u>1,958,391</u>
Total equity and liabilities		<u>11,870,512</u>	<u>11,155,836</u>
Contingencies and commitments	13		

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


 Chief Financial Officer


 Chief Executive Officer

THE FIRST MICROFINANCE BANK - AFGHANISTAN


CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For nine months ended 30 September 2022

	Nine months ended 30 September 2022	Nine months ended 30 September 2021	Three months ended 30 September 2022	Three months ended 30 September 2021
	(Un-Audited)		(Un-Audited)	
Note	AFN '000'	AFN '000'	AFN '000'	AFN '000'
Interest income	29,878	864,359	13,104	273,041
Less: Reversal of accrued interest	(4,541)	-	-	-
	25,337	864,359	13,104	273,041
Interest expense	(74,592)	(101,505)	(19,162)	(36,557)
Net interest income	(49,255)	762,854	(3,016)	236,484
Fee and commission income	14,251	50,971	5,294	7,659
Fee and commission expense	(1,268)	(2,532)	(758)	4,667
Net fee and commission income	12,983	48,439	4,536	12,326
Income from dealing in foreign currencies	83,283	103,951	24,029	36,353
Revenue	47,011	915,244	25,549	285,163
Other (expense) / income	(31,293)	96,731	16,215	23,733
Impairment gain/ (loss) on loans and advances to customers 5.2	82,526	(155,868)	21,880	(99,199)
Impairment loss on placements	(12,410)	6,307	(128)	(1,185)
Reversal/ (charge) of general provision on other assets	3,650	(11,126)	568	(11,264)
Personnel expenses	(407,907)	(504,677)	(127,031)	(163,976)
Depreciation and amortisation	(102,172)	(124,588)	(28,633)	(42,114)
Finance cost on lease liabilities	(7,469)	(6,137)	(2,414)	(1,892)
Communication	(37,643)	(37,052)	(9,400)	(14,616)
System maintenance	(18,903)	(33,654)	(7,217)	(21,989)
Insurance	(26,457)	(43,881)	(6,663)	(15,757)
Travel and transportation	(21,036)	(27,492)	(7,741)	(7,929)
Other expenses	(82,543)	(117,123)	(34,682)	(23,445)
Net operating (loss) / income	(614,646)	(43,315)	(159,696)	(94,471)
Non-operating revenue and expenses:				
Grants income recognized against deferred grant	399	652	55	460
Grants income recognized against expenditures in incurred	-	30,562	-	(77)
Expenditure against grants	(399)	(31,214)	(55)	(383)
	-	-	-	-
(Loss) / profit before tax	(614,646)	(43,315)	(159,696)	(94,471)
Taxation	123,009	(11,480)	31,950	18,933
Net (loss) / profit	(491,637)	(54,795)	(127,746)	(75,538)
Other comprehensive income	-	-	-	-
Total comprehensive income	(491,637)	(54,795)	(127,746)	(75,538)

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


 Chief Financial Officer


 Chief Executive Officer

THE FIRST MICROFINANCE BANK - AFGHANISTAN
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For nine months ended 30 September 2022

	Share capital	Share premium	Retained earnings	Total
	----- (Afn in '000) -----			
Balance at 01 January 2021 (Audited)	796,008	206,038	1,109,287	2,111,333
Total comprehensive income for Nine months ended 30 September 2021				
Loss for the period	-	-	(54,795)	(54,795)
Other comprehensive income	-	-	-	-
	-	-	(54,795)	(54,795)
Balance at 30 September 2021 (Un-Audited)	<u>796,008</u>	<u>206,038</u>	<u>1,054,492</u>	<u>2,056,538</u>
Balance as at 01 January 2022 (Audited)	796,008	206,038	956,345	1,958,391
Total comprehensive income for Nine months ended 30 September 2022				
Loss for the period	-	-	(491,637)	(491,637)
Other comprehensive income	-	-	-	-
	-	-	(491,637)	(491,637)
Balance at 30 September 2022 (Un-Audited)	<u>796,008</u>	<u>206,038</u>	<u>464,708</u>	<u>1,466,754</u>

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 Chief Financial Officer


 Chief Executive Officer

THE FIRST MICROFINANCE BANK - AFGHANISTAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS
For nine months ended 30 September 2022

		Nine months ended 30 September 2022 (Un-Audited) ----- (Afn in '000) -----	Nine months ended 30 September 2021 (Un-Audited) ----- (Afn in '000) -----
	Note		
Cash flows from operating activities			
Loss before tax		(614,646)	(43,315)
Adjustments for:			
Depreciation and amortisation	6 & 7	102,571	125,240
Finance cost on lease		7,469	6,137
Impairment (gain)/ loss on loans and advances to customers	5.2	(82,526)	155,868
Impairment loss on placements		12,410	(6,307)
Provision on other assets		(3,650)	11,126
Gain on sale of property and equipment		(264)	(186)
Grant income		(399)	(31,214)
		<u>(579,035)</u>	<u>217,349</u>
Changes in:			
Decrease/ (Increase) in loans and advances to customers		1,624,902	(444,773)
Decrease/ (Increase) in other assets		(3,822)	40,131
(Decrease)/ increase in deposits from customers		1,272,247	(174,392)
Increase in other liabilities		5,884	9,749
		<u>2,320,176</u>	<u>(351,936)</u>
Income tax paid		(6,697)	(34,579)
Grant received		8,588	116,894
Net cash from / (used in) operating activities		<u>2,322,067</u>	<u>(269,621)</u>
Cash flows from investing activities			
Purchase of property and equipment		(80,838)	(78,338)
Proceeds from sale of property and equipment		280	215
Investment in placements		(12,410)	1,340,973
Net cash (used in) / from investing activities		<u>(92,968)</u>	<u>1,262,850</u>
Cash flows from financing activities			
Lease liabilities		8,013	(48,159)
Repayment of loans and borrowings		(95,489)	(287,862)
Net cash used in financing activities		<u>(87,476)</u>	<u>(336,021)</u>
Net increase / (decrease) in cash and cash equivalents		2,141,624	657,208
Cash and cash equivalents at beginning of the period		6,207,123	5,175,723
Cash and cash equivalents at end of the period		<u>8,348,747</u>	<u>5,832,931</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.


Chief Financial Officer


Chief Executive Officer

THE FIRST MICROFINANCE BANK - AFGHANISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For nine months ended 30 September 2022

1. STATUS AND NATURE OF BUSINESS

The First MicroFinance Bank (the 'Bank') was registered as a limited liability company with Afghanistan Investment Support Agency (AISA) in December 2003 and received formal banking license from Da Afghanistan Bank (DAB), the central bank of Afghanistan, on 18 March 2004 to operate nationwide. The Bank is a limited liability company and is incorporated and domiciled in Afghanistan. Since commencement of operations on 01 May 2004, the Bank has been operating as the leading financial services provider in Afghanistan contributing to poverty alleviation and economic development, through provision of sustainable financial services primarily targeted at the micro and small businesses and households.

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

2. BASIS OF PREPARATION

This condensed interim financial information of the Bank for the Nine months period ended 30 September 2022 has been prepared in accordance with the requirements of the International Accounting Standard 34 - *Interim Financial Reporting* and the Law of Banking in Afghanistan. In cases, where requirements differ, the requirement of Law of Banking in Afghanistan takes precedence.

The disclosures made in this condensed financial information have been based on the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and do not include all the information required by 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 2021.

Comparative statement of financial position is extracted from the annual financial statements as at December 31, 2021 whereas comparative statement of comprehensive income, statement of changes in equity and statement of cash flows have been taken from un-audited condensed interim financial statements for the Nine months period ended September 30, 2021.

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 2022 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in this condensed interim financial information.

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 2021.

The estimates/judgments 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 2021.

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 2021.

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		30 September 2022 (Un-audited)	31 December 2021 (Audited)
	Note	----- (Afn in '000) -----	
4. CASH AND CASH EQUIVALENTS			
Cash on hand		1,702,053	411,221
Unrestricted balances with Da Afghanistan Bank		4,606,635	2,849,348
Balances with other banks	4.1	616,710	999,256
Short term placements with banks	4.2	1,423,349	1,947,298
		<u>8,348,747</u>	<u>6,207,123</u>
4.1 Balances with other banks			
Balances with:			
Transkapital - Russia		5,117	38,098
BMCE Bank International, Spain		557,935	897,807
AKTIF Bank, Turkey		41,729	52,921
CSCBank SAL		11,929	10,430
	4.1.1	<u>616,710</u>	<u>999,256</u>
4.1.1	These balances are interest free (2021: Interest free).		
4.2 Short term placements with banks			
Habib Bank Limited, Brussels	4.2.1	1,365,199	1,864,562
AKTIF Bank, Turkey	4.2.2	70,560	82,736
Less: General provision held	4.2.3	(12,410)	-
		<u>1,423,349</u>	<u>1,947,298</u>
4.2.1	These include deposits having maturity from 28 to 91 days (2021: 28 days) and carrying interest at rates ranging from 1% to 2.25% (2021: 0.60% to 0.65%) per annum.		
4.2.2	This include deposit having maturity of 28 days (2021: 28 days) and carrying interest rate of 0.50% (2021: 0.10%) per annum.		
4.2.3	The bank has maintained 1% provision on placements >30 days maturity that totals to AFN 12,410 thousands (2021: Nil) based on Bank's provisioning policy and Assets Classification and Provisioning Regulation (ACPR) issued by DAB.		

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	Note	30 September 2022 (Un-audited) ----- (Afn in '000) -----	31 December 2021 (Audited) ----- (Afn in '000) -----
5. LOANS AND ADVANCES TO CUSTOMERS - NET			
Loans and advances to customers	5.1	2,430,377	4,055,279
Less: Impairment loss on loans and advances	5.2	(155,664)	(238,190)
		<u>2,274,713</u>	<u>3,817,089</u>

5.1 Loans and advances to customers

		30 September 2022 (Un-audited)			31 December 2021 (Audited)		
	Note	Gross amount ----- (Afn in '000) -----	Impairment allowance ----- (Afn in '000) -----	Carrying amount ----- (Afn in '000) -----	Gross amount ----- (Afn in '000) -----	Impairment allowance ----- (Afn in '000) -----	Carrying amount ----- (Afn in '000) -----
Microfinance loans	5.1.1	1,588,600	(127,437)	1,461,164	2,950,925	(205,251)	2,745,674
Loans to small and medium size enterprises	5.1.1	810,645	(25,267)	785,378	568,660	(30,217)	538,443
Overdraft financing	5.1.1	31,131	(2,960)	28,172	535,694	(2,722)	532,972
		<u>2,430,377</u>	<u>(155,664)</u>	<u>2,274,713</u>	<u>4,055,279</u>	<u>(238,190)</u>	<u>3,817,089</u>

5.1.1 Microfinance loans carry interest at rates ranging from 9% to 27% (2021: 9% to 27%) per annum, whereas interest on loans to small and medium size enterprises (SMEs) is charged at the rates ranging from 8% to 23% (2021: 10% to 23%) per annum. Overdraft carries interest rate ranging from 10% to 15% (2021: 10% to 15%) per annum. However, due to regime change in the country, recovery of interest income from these loans and advances has been postponed unless requirements of Islamic Banking are met. All these loans are secured by various kind of properties and personal guarantees. Overdrafts includes a facility issued to Telecom Development Company Afghanistan Limited (TDCA), a related party.

5.2 Impairment loss on loans and advances to customers

		30 September 2022 (Un-audited)			31 December 2021 (Audited)		
	Note	Specific ----- (Afn in '000) -----	General ----- (Afn in '000) -----	Total ----- (Afn in '000) -----	Specific ----- (Afn in '000) -----	General ----- (Afn in '000) -----	Total ----- (Afn in '000) -----
Balance at 1st January		87,829	150,361	238,190	156,693	181,811	338,504
Charge for the period / year:							
Microfinance loans		(11,386)	(66,429)	(77,814)	12,284	(28,466)	(16,182)
Loans to small and medium size enterprises		(1,888)	(2,824)	(4,712)	13,107	(2,984)	10,123
		<u>(13,274)</u>	<u>(69,252)</u>	<u>(82,526)</u>	<u>25,391</u>	<u>(31,450)</u>	<u>(6,059)</u>

Written off against impairment allowance:

Microfinance loans	-	-	-	(80,391)	-	(80,391)
Loans to small and medium size enterprises	-	-	-	(13,864)	-	(13,864)
	-	-	-	<u>(94,255)</u>	-	<u>(94,255)</u>
Closing Balance	<u>74,555</u>	<u>81,109</u>	<u>155,664</u>	<u>87,829</u>	<u>150,361</u>	<u>238,190</u>

5.2.1 Due to the economic crisis in the country, the repayment capacity of customers of the Bank has reduced during the year. As a result, the quality of loans of the Bank has deteriorated which required further impairment loss to be recognised against these loans under the "Asset Classification and Provisioning Regulation" by DAB. However, DAB vide letter no 11068/9588 dated 21 December 2021, instructed the Bank not to change the assets classification of loans and advances of the Bank from their status as of 30 June 2021. This relaxation has further extended up to 28 February 2023 through a circular Ref. No. 3101/3391 dated 29 September 2022. Hence, impairment loss on loans and advances of the Bank has been calculated on the basis of their status as of 30 June 2021, and no further provision has been made against those loans which subsequently did not perform well due to the current situation in the country. If DAB had not granted this relaxation to the Bank, the impairment allowance against loans and advances of the Bank would have been increased by AFN 1,633,821 thousands for the period ended September 30, 2022, resulting in increase in the loss before tax by the said amount.

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- 5.3 Provision for expected credit loss computed in accordance with IFRS 9 amounts to AFN 2,473,958 thousands which is higher than the amount held by the bank as per its provisioning policy.

	Amount outstanding Afn in '000	Impairment allowance required as per ACPR Rate	Impairment allowance held Afn in '000	Rate	Impairment allowance held Afn in '000	Number of customers
30 September 2022 (Un-Audited)						
Classification - Microfinance Loans						
Standard	1,486,406	1%	14,864	4.98%	74,354	30,377
Overdue:						
Watch-List	36,391	5%	1,820	5%	1,820	902
Substandard	8,662	25%	2,166	25%	2,166	174
Doubtful	16,087	50%	8,044	50%	8,044	330
Loss	41,054	100%	41,054	100%	41,054	879
	<u>1,588,600</u>		<u>67,948</u>		<u>127,437</u>	<u>32,662</u>
Classification-Overdraft and SME Loans						
Standard - SME Loans	682,352	1%	6,824	4.98%	19,121	215
Standard - Overdraft financing	21,275	1%	213	1%	213	2
Overdue:						
Watch-List	11,268	5%	563	5%	563	6
Substandard	9,187	25%	2,297	25%	2,297	7
Doubtful	85,974	50%	42,987	50%	42,987	15
Loss	21,863	100%	21,863	100%	21,863	15
Loss - Overdraft financing	9,857	100%	9,857	100%	9,857	1
	<u>841,776</u>		<u>84,604</u>		<u>96,900</u>	<u>261</u>
Less:						
Reversal of provisioning on loans secured with ACGF	-		(59,298)		(68,674)	
Total	<u>2,430,377</u>		<u>93,254</u>		<u>155,664</u>	<u>32,923</u>
31 December 2021 (Audited)						
Classification-Microfinance Loans						
Standard	2,820,641	1%	28,206	4.98%	141,111	43,620
Overdue:						
Watch-List	50,965	5%	2,548	5%	2,586	1,078
Substandard	10,667	25%	2,667	25%	2,667	205
Doubtful	19,531	50%	9,766	50%	9,766	375
Loss	49,121	100%	49,121	100%	49,121	1,008
	<u>2,950,925</u>		<u>92,308</u>		<u>205,251</u>	<u>46,286</u>
Classification-Overdraft and SME Loans						
Standard - SME Loans	494,362	1%	4,944	4.98%	24,718	277
Standard - Overdraft financing	452,562	1%	4,526	1%	4,526	14
Overdue:						
Watch-List - SME loans	17,933	5%	897	5%	897	7
Substandard - SME loans	7,658	25%	1,915	25%	1,915	6
Substandard - Overdraft financing	2,615	25%	654	25%	654	1
Doubtful - SME loans	34,409	50%	17,205	50%	17,205	12
Doubtful - Overdraft financing	62,234	50%	31,117	50%	31,117	4
Loss - SME loans	14,298	100%	14,298	100%	14,298	13
Loss - Overdraft financing	18,283	100%	18,283	100%	18,283	3
Reversal of provisioning on loans secured with ACGF	-		(66,015)		(80,672)	-
	<u>1,104,354</u>		<u>27,824</u>		<u>32,939</u>	<u>337</u>
Total	<u>4,055,279</u>		<u>120,132</u>		<u>238,190</u>	<u>46,623</u>

- 5.3.1 The bank maintains an impairment allowance of 4.98% on "standard" loans both for (MF and SME) loans except MF re-structured loans and SME large exposures on which the impairment allowance is maintained @ 100% and 2.8% respectively.

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	Note	30 September 2022 (Un-audited) ----- (Afn in '000) -----	31 December 2021 (Audited)
6. OPERATING FIXED ASSETS			
Capital work-in-progress	6.1	39,538	5,022
Property and equipment	6.2	79,173	115,394
Right-of-use assets - Bank's branches	6.3	204,508	198,424
		<u>323,219</u>	<u>318,840</u>

6.1 Capital work-in-progress

Balance at 01 January		5,022	24,614
Additions		34,516	8,692
Transfer to assets		-	(28,284)
Closing balance	6.1.1	<u>39,538</u>	<u>5,022</u>

6.1.1 This mainly includes the Islamic banking window set up and module costs which is not yet completed.

6.2 Property and equipment

	Leasehold improvements	Furniture and fittings	Vehicles	Office equipment	Computer equipment	Total
	(Afn in '000)					
Cost						
Balance at 01 January 2021	109,693	43,270	24,192	161,282	116,353	454,790
Additions	4,079	1,884	-	17,381	2,636	25,980
Disposals	(164)	(223)	-	(798)	(689)	(1,874)
Balance at 31 December 2021	<u>113,608</u>	<u>44,931</u>	<u>24,192</u>	<u>177,865</u>	<u>118,300</u>	<u>478,896</u>
Balance at 1 January 2022 - Audited	113,608	44,931	24,192	177,865	118,300	478,896
Additions	-	26	-	754	247	1,028
Disposals	(204)	(1,304)	-	(1,505)	(549)	(3,562)
Balance at 30 September 2022 - Un-audited	113,404	43,654	24,192	177,114	117,998	476,362
Depreciation						
Balance at 1 January 2021	55,259	35,027	23,459	99,092	96,688	309,525
Charge for the year	13,949	3,369	438	24,330	13,731	55,817
Disposals	(164)	(215)	-	(791)	(670)	(1,840)
Balance at 31 December 2021	<u>69,044</u>	<u>38,181</u>	<u>23,897</u>	<u>122,631</u>	<u>109,749</u>	<u>363,502</u>
Balance at 1 January 2022 - Audited	69,044	38,181	23,897	122,631	109,749	363,502
Charge for the period	10,313	2,311	292	18,089	6,226	37,232
Disposals	(199)	(1,301)	-	(1,495)	(549)	(3,545)
Balance at 30 September 2022 - Un-audited	79,158	39,191	24,189	139,225	115,425	397,189
Carrying amounts						
Balance at 31 December 2021 - Audited	<u>44,564</u>	<u>6,750</u>	<u>295</u>	<u>55,234</u>	<u>8,551</u>	<u>115,394</u>
Balance at 30 September 2022 - Un-audited	34,246	4,463	2	37,889	2,573	79,173
Depreciation rate	20%	20%	20%	25%	33.33%	

	Note	30 September 2022 Jan - Sep ----- (Afn in '000) -----	31 December 2021 (Audited) Jan - Dec
6.3 Right-of-use assets - Bank's branches			

Cost:			
Opening Balance as of 1 January - Audited		349,977	322,040
Additions		45,294	27,937
Closing Balance		<u>395,271</u>	<u>349,977</u>
Accumulated depreciation:			
Opening balance		151,553	81,788
Depreciation expense		39,210	68,456
Adjustment of Lease Modification		-	1,309
Closing Balance		<u>190,763</u>	<u>151,553</u>
Carrying amount		<u>204,508</u>	<u>198,424</u>

6.3.1 Allocation of depreciation and amortisation

Depreciation charge on property and equipment	37,232	55,817
Depreciation charge on right-of-use assets	39,210	68,456
Less: Amount classified under grant expense	(399)	(840)
	<u>76,043</u>	<u>123,433</u>

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		30 September 2022 (Un-audited) ----- (Afn in '000) -----	31 December 2021 (Audited)
7. INTANGIBLE ASSET	Note		
Computer software:			
Cost			
Balance at 01 January		251,030	222,746
Transfer from CWIP		-	28,284
Closing balance		251,030	251,030
Amortisation			
Balance at 01 January		(167,820)	(125,114)
Charge for the period		(26,129)	(42,706)
Closing balance		(193,949)	(167,820)
Carrying amounts		<u>57,081</u>	<u>83,210</u>
8. OTHER ASSETS			
Restricted deposits with DAB	8.1	508,934	477,407
Interest receivable		164,669	186,420
Prepayments		24,512	12,004
Receivable from Roshan against M-Paisa payments		22,756	34,731
Advance tax		6,697	-
Advances to staff and Supplier		6,045	5,333
Other receivables		4,549	11,748
Inter branch balance		-	-
		<u>738,162</u>	<u>727,643</u>
Less: General provision held	8.2	(597)	(4,246)
		<u>737,566</u>	<u>723,397</u>
<p>8.1 Required reserve account is being maintained with DAB which is denominated in respective currencies to meet minimum reserve requirement in accordance with Article 3 "Required Reserves Regulation" of the Banking Regulations issued by DAB. These balances are interest free.</p> <p>8.2 1% Provision is held on portion of other assets (2021: 1% on all other assets) as per Asset Classification and Provisioning Regulation issued by DAB.</p>			
9. DEPOSITS FROM CUSTOMERS		30 September 2022 (Un-audited) ----- (Afn in '000) -----	31 December 2021 (Audited)
Retail customers:			
Term deposits	9.1	59,014	76,823
Current deposits		873,563	901,074
Saving deposits	9.2	1,857,977	2,212,820
		<u>2,790,554</u>	<u>3,190,717</u>
Corporate customers:			
Term deposits	9.1	-	750,000
Current deposits		4,218,311	2,779,951
Saving deposits	9.2	1,025,109	44,290
		<u>5,243,420</u>	<u>3,574,241</u>
Cash Margin		40,085	33,371
Dormant deposits		41,124	44,608
	9.3	<u>8,115,184</u>	<u>6,842,937</u>

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- 9.1 The rate of interest on term deposits ranges from 0.65% to 5.5% (2021: 1.0% to 4.0%) per annum.
- 9.2 The rate of interest on saving deposits other than those in Euro from retail customers is up to 0.5% (2021: 0.5%) per annum. Saving Deposits in Euro are interest free.
- 9.3 Deposits include AFN 1,569,482 thousands (2021: AFN.779,189 thousands) from related parties.

	30 September 2022 (Un-audited)	31 December 2021 (Audited)
	----- (Afn in '000) -----	
10. LOANS AND BORROWINGS		
Ministry of Finance, Government of Afghanistan	104,129	119,016
Microfinance Investment Support Facility for Afghanistan Limited	722,643	722,643
Nederlandse Fiancierings-Masstschappij Voor Ontwikkelingslanden N.V	234,472	315,074
Agricultural Development Fund	100,000	100,000
International Fund for Agricultural Development	694,019	694,019
	<u>1,855,263</u>	<u>1,950,752</u>
11. OTHER LIABILITIES		
Accrued expenses	111,845	136,536
Interest payable	91,493	67,387
Payable to APS for integrated banking	1,698	3,451
Deferred grants	8,591	402
Withholding taxes payable	4,224	4,672
Lease liability	196,722	181,240
Inter branch balance	13,635	7,682
Others	5,103	2,386
	<u>433,311</u>	<u>403,756</u>

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30 September 31 December
2022 2021
(Un-audited) (Audited)
----- (Afn in '000) -----

12. SHARE CAPITAL

Authorized

88,800 ordinary shares of AFN 9,016 each (2021: 88,800 of AFN 9,016)

800,624 800,624

Paid up

88,288 ordinary shares of AFN 9,016 each (2021: 88,288 of AFN 9,016)

796,008 796,008

12.1 The capital is contributed by the shareholders as follows:

	30 September 2022 (Un-audited) ---- Number of shares ----	31 December 2021 (Audited)	30 September 2022 (Un-audited) ----- (Afn in '000) -----	31 December 2021 (Audited)
Aga Khan Agency for Microfinance (AKAM)	34,784	34,784	310,646	310,646
Kreditanstalt für Wiederaufbau (KfW)	28,200	28,200	254,811	254,811
International Finance Corporation (IFC)	14,800	14,800	133,974	133,974
Aga Khan Foundation USA (AKF USA)	10,504	10,504	96,577	96,577
	<u>88,288</u>	<u>88,288</u>	<u>796,008</u>	<u>796,008</u>

30 September 31 December
2022 2021
(Un-audited) (Audited)
----- (Afn in '000) -----

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

Outstanding bank guarantees

10,579 7,401

13.2 Commitments

Undrawn loan and overdraft facilities

80,155 30,763

14. RELATED PARTIES

Related parties of the Bank comprise of associates (including entities having directors in common with the Bank), major shareholders, directors and key management personnel.

14.1 Parent and ultimate controlling entity

Pattern of shareholding in the Bank is disclosed in note 12.1. Aga Khan Development Network entities collectively owns 51% (2021: 51%) of the Bank's capital.

Nine months ended Nine months ended
30 September 30 September
2022 2021
(Un-audited) (Un-audited)
----- (Afn in '000) -----

14.2 Transactions with key management personnel

Key management personnel compensation

Salaries and benefits

11,073 31,575

Key management personnel outstanding balances

Advances to staff

251 758

Bank deposits

31,531 10,676

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30 September 31 December
2022 2021
(Un-audited) (Audited)
----- (Afn in '000) -----

14.3 Other related party outstanding balances and transactions

Balances with related parties

Time deposits with banks
Loan to Telecom Development Company Afghanistan Limited (TDCA)
Receivable from Roshan against M-Paisa payments
Deposits from customers

1,365,199	1,864,562
19,512	-
22,756	34,731
1,569,482	779,189

Nine months ended
30 September 2022
(Un-audited)
----- (Afn in '000) -----

14.4 Transactions with related parties

Interest income
Fee and commission income
Fee and commission expense
Interest expense on deposits from customers
Directors' fee and other expenses

6,031	20,181
613	1,910
1,984	4,709
-	735
9,748	5,215

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of financial assets and liabilities approximate their fair values as at the date of statement of financial position.

16. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons. Following significant reclassifications were made during the period.

17. GENERAL

Figures have been rounded off to the nearest thousand unless otherwise stated.

18. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue by the Board of Supervisors of the Bank on

9 / Nov / 2022


Chief Financial Officer


Chief Executive Officer