

**THE FIRST MICROFINANCE BANK**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2018**

		31 March 2018 (Un-audited)	31 December 2017 (Audited)
	Note	----- (Afn in '000) -----	-----
<b>Assets</b>			
Cash and cash equivalents	4	5,286,174	5,798,185
Placements	5	226,436	399,867
Loans and advances to customers - net	6	5,277,426	5,191,284
Operating fixed assets	7	76,612	77,156
Intangible asset	8	112,962	118,021
Other assets	9	985,563	963,907
<b>Total Assets</b>		<u>11,965,173</u>	<u>12,548,420</u>
<b>Liabilities</b>			
Deposits from customers	10	7,077,094	7,577,081
Loans and borrowings	11	2,707,250	2,791,586
Income tax payable		2,440	33,086
Deferred tax liability - net		16,157	16,157
Other liabilities	12	158,446	139,941
<b>Total Liabilities</b>		<u>9,961,387</u>	<u>10,557,851</u>
<b>Equity</b>			
Share capital	13	796,008	796,008
Share premium		206,038	206,038
Retained earnings		1,001,740	988,523
<b>Total equity</b>		<u>2,003,786</u>	<u>1,990,569</u>
<b>Total equity and liabilities</b>		<u>11,965,173</u>	<u>12,548,420</u>
<b>Contingencies and commitments</b>	14		

The annexed notes 1 to 19 form an integral part of these financial statements.

*bn*



Chief Financial Officer



Chief Executive Officer



**THE FIRST MICROFINANCE BANK**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THREE MONTHS ENDED 31 MARCH 2018**

	Note	Three months ended 31 March 2018 (Un-Audited) ----- (Afn in '000) -----	Three months ended 31 March 2017 (Un-Audited) -----
Interest income		333,161	339,997
Interest expense		(48,441)	(36,456)
<b>Net interest income</b>		<b>284,720</b>	<b>303,541</b>
Fee and commission income		22,340	26,109
Fee and commission expense		(11,759)	(11,118)
<b>Net fee and commission income</b>		<b>10,581</b>	<b>14,991</b>
Other revenue		25,900	29,878
<b>Revenue</b>		<b>321,201</b>	<b>348,410</b>
Other income		5,571	4,005
Impairment loss on loans and advances to customers	6.2	(24,610)	(48,885)
Impairment (loss) / reversal on placements		(4,745)	482
General (provision) / reversal of provision on			
Other assets		(484)	-
Off-balance sheet items		777	(221)
Personnel expenses		(154,669)	(149,289)
Depreciation and amortisation		(14,417)	(6,209)
Penalty		(212)	-
Other expenses		(111,654)	(105,005)
<b>Net operating income</b>		<b>16,758</b>	<b>43,288</b>
Non-operating revenue and expenses:			
Grants income recognized against deferred grant		428	152
Expenditure against grants		(428)	(152)
<b>Profit before tax</b>		<b>16,758</b>	<b>43,288</b>
Income tax expense		(3,541)	(8,627)
<b>Net profit</b>		<b>13,217</b>	<b>34,661</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>13,217</b>	<b>34,661</b>
<b>Earnings per share</b>		<b>0.15</b>	<b>0.39</b>

The annexed notes 1 to 19 form an integral part of these financial statements.



  
**Chief Financial Officer**

  
**Chief Executive Officer**

**THE FIRST MICROFINANCE BANK**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THREE MONTHS ENDED 31 MARCH 2018**

	Share capital	Share premium	Retained earnings	Total
	(Afn in '000)			
Balance at 01 January 2017 (Audited)	796,008	206,038	757,386	1,759,432
Total comprehensive income for three months ended 31 March 2017	-	-	34,661	34,661
Balance at 31 March 2017 (Un-Audited)	<u>796,008</u>	<u>206,038</u>	<u>792,047</u>	<u>1,794,093</u>
Balance as at 01 January 2018 (Audited)	796,008	206,038	988,523	1,990,569
Total comprehensive income for three months ended 31 March 2018	-	-	13,217	13,217
Balance at 31 March 2018 (Un-Audited)	<u>796,008</u>	<u>206,038</u>	<u>1,001,740</u>	<u>2,003,786</u>

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Chief Financial Officer



Chief Executive Officer



**THE FIRST MICROFINANCE BANK**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THREE MONTHS ENDED 31 MARCH 2018**

		Three months ended 31 March 2018 (Un-Audited) ----- (Afn in '000) -----	Three months ended 31 March 2017 (Un-Audited) -----
	Note		
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		16,758	43,288
Adjustments for:			
Depreciation and amortisation		14,845	6,362
Impairment loss on loans and advances to customers	6.2	24,610	48,885
Impairment (loss) / reversal on placements		4,745	(482)
General provision on			
Other assets		484	-
Off-balance sheet items		(777)	221
Gain on sale of property and equipment		(57)	(7)
Grant income		(428)	(152)
		<u>60,180</u>	<u>98,115</u>
Changes in:			
Increase in loans and advances to customers		(110,752)	(486,432)
Increase in other assets		(22,140)	(28,912)
Decrease in deposits from customers		(499,987)	(324,104)
Increase in other liabilities		19,282	13,601
		<u>(553,417)</u>	<u>(727,732)</u>
Income tax paid		(34,187)	(3,686)
Grant received		428	-
<b>Net cash flows used in operating activities</b>		<u>(587,177)</u>	<u>(731,418)</u>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(9,624)	(8,848)
Proceeds from sale of property and equipment		439	12
Maturity of / (investment in) placements		168,686	(450,699)
<b>Net cash flows from / (used in) investing activities</b>		<u>159,502</u>	<u>(459,535)</u>
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings		(84,336)	(71,836)
<b>Net cash flows used in financing activities</b>		<u>(84,336)</u>	<u>(71,836)</u>
Net decrease in cash and cash equivalents		(512,011)	(1,262,789)
Cash and cash equivalents at beginning of the period		5,798,185	3,737,201
<b>Cash and cash equivalents at end of the period</b>		<u>5,286,174</u>	<u>2,474,412</u>

The annexed notes 1 to 19 form an integral part of these financial statements.

  
**Chief Financial Officer**

  
**Chief Executive Officer**



**THE FIRST MICROFINANCE BANK**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THREE MONTHS ENDED 31 MARCH 2018**

**1. STATUS AND NATURE OF BUSINESS**

The First MicroFinance Bank (the 'Bank') was registered 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. The Bank has 38 branches (2017: 38) in operation including 17 (2017: 17) urban branches and 21 (2017: 21) rural/peri urban branches in operation as at 31 March 2018 and employed 1,122 (2017: 1,062) staff.

**2. BASIS OF PREPARATION**

This condensed interim financial information of the Bank for the three months period ended 31 March 2018 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 interim 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 2017.

**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 2018 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. IFRS 9 "Financial Instruments" became effective from 01 January 2018, however, the management is currently in the process of assessing the impact of IFRS 9 on the Bank's financial information. Therefore, this condensed interim financial information does not incorporate the impact of IFRS 9.

**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 2017.

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 2017.

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 2017.

**4. CASH AND CASH EQUIVALENTS**

		31 March 2018 (Un-audited)	31 December 2017 (Audited)
	Note	----- (Afn in '000) -----	-----
Cash on hand		354,316	326,292
Unrestricted balances with Da Afghanistan Bank		1,237,453	1,851,463
Balances with other banks	4.1	1,408,731	1,559,050
Short term placements with banks	4.2	2,285,674	2,061,380
		<u>5,286,174</u>	<u>5,798,185</u>



	31 March 2018 (Un-audited)	31 December 2017 (Audited)
Note	----- (Afn in '000) -----	
<b>4.1 Balances with other banks</b>		
Balances with:		
Habib Bank Limited, Brussels	-	462,926
Bank Alfalah Limited, Kabul	6,962	22,808
Banque Marocaine du Commerce Extérieur, Spain	1,152,117	318,076
AKTIF Bank, Turkey	249,652	755,240
4.1.1	<u>1,408,731</u>	<u>1,559,050</u>

4.1.1 These balances are interest free (2017: Interest free).

#### 4.2 Short term placements with banks

Capital notes (maturity less than three months)	4.2.1	499,990	399,989
Time deposits with other banks	4.2.2	1,785,684	1,661,391
		<u>2,285,674</u>	<u>2,061,380</u>

4.2.1 These represent capital notes issued by DAB for maturity period of 07 days (2017: 07 days). These capital notes carry interest rate ranging from 0.107% to 0.108% (2017: 0.14%) per annum.

		31 March 2018 (Un-audited)	31 December 2017 (Audited)
	Note	----- (Afn in '000) -----	-----
4.2.2	Time deposits with other banks		
Habib Bank Limited, Brussels	4.2.2.1	138,620	-
Diamond Trust Bank, Kenya (DTB - Kenya)	4.2.2.2	372,085	1,044,900
AKTIF Bank, Turkey	4.2.2.3	665,376	208,980
Habibsons Bank Limited, UK	4.2.2.4	625,540	417,960
Less: General provision held	4.2.2.5	(15,937)	(10,449)
		<u>1,785,684</u>	<u>1,661,391</u>

4.2.2.1 These deposits are held with a related party having maturity of 89 days and carry interest rate of 1.5% (2017: Nil) per annum.

4.2.2.2 These deposits are held with a related party having maturity up to 86 days and carry interest rate ranging from 2.4% to 2.45% (2017: 2.45%) per annum.

4.2.2.3 These deposits have maturity up to three months and carry interest rate ranging from 2.4% to 2.65% (2017: 2.1%) per annum.

4.2.2.4 These deposits are held with a related party having maturity up to 63 days and carry interest rate of 1.38% (2017: 1.28% to 1.38%) per annum.

4.2.2.5 General provision of 1% (31 December 2017: 1%) on placements having maturity of one month or above is maintained as required by revised regulation of Da Afghanistan Bank " Asset Classification and Provisioning Regulation".

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		31 March 2018 (Un-audited) ----- (Afn in '000) -----	31 December 2017 (Audited) ----- (Afn in '000) -----
<b>5. PLACEMENTS</b>	<b>Note</b>		
Capital notes issued by DAB		-	99,876
Placement with AKTIF Bank, Turkey	5.1	228,723	-
Placement with Habib Bank Limited, Brussels		-	303,021
Less: General provision held	5.2	(2,287)	(3,030)
		<u>226,436</u>	<u>399,867</u>

5.1 These deposits are having maturity period of 181 days (2017: Nil) and carry interest rate of 3.4% per annum (2017: Nil).

5.2 General provision of 1% (31 December 2017: 1%) is held on placements with AKTIF Bank, Turkey having maturity period of 181 days, in accordance with revised regulation of Da Afghanistan Bank "Asset Classification and Provisioning Regulation".

		31 March 2018 (Un-audited) ----- (Afn in '000) -----	31 December 2017 (Audited) ----- (Afn in '000) -----
<b>6. LOANS AND ADVANCES TO CUSTOMERS - NET</b>	<b>Note</b>		
Loans and advances to customers	6.1	5,603,804	5,493,052
Less: Impairment loss on loan and advances	6.2	(326,378)	(301,768)
		<u>5,277,426</u>	<u>5,191,284</u>

#### 6.1 Loans and advances to customers

		31 March 2018 (Un-audited)			31 December 2017 (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	6.1.1	4,582,786	(249,230)	4,333,556	4,539,924	(235,595)	4,304,329
Loans to small and medium size enterprises (SME)	6.1.1	905,297	(72,646)	832,651	826,252	(62,088)	764,164
Overdraft financing	6.1.1	115,721	(4,502)	111,219	126,876	(4,085)	122,791
		<u>5,603,804</u>	<u>(326,378)</u>	<u>5,277,426</u>	<u>5,493,052</u>	<u>(301,768)</u>	<u>5,191,284</u>

6.1.1 Microfinance loans carry interest at rates ranging from 9% to 27% (2017: 12% to 27%) per annum, whereas interest on loans to small and medium size enterprises (SMEs) is charged at the rates ranging from 7% to 23% (2017: 16.2% to 23%) per annum. Overdraft carries interest at rates ranging from 9% to 20% (2017: 9.25% to 20%) per annum. All loans are secured by various kind of properties and personal guarantees. Overdraft is issued to Telecom Development Company Afghanistan Limited (TDCA), a related party and nine other customers.

#### 6.2 Impairment loss on loans and advances to customers

		31 March 2018 (Un-audited)			31 December 2017 (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		36,819	264,949	301,768	57,711	236,549	294,260
Charge for the period / year:							
Microfinance loans		12,670	850	13,520	41,205	32,502	73,707
Loans to small and medium size enterprises		7,260	3,830	11,090	(4,386)	(497)	(4,883)
		<u>19,930</u>	<u>4,680</u>	<u>24,610</u>	<u>36,819</u>	<u>32,005</u>	<u>68,824</u>
Written off against impairment allowance:							
Microfinance loans		-	-	-	(38,786)	(3,605)	(42,391)
Loans to small and medium size enterprises		-	-	-	(18,925)	-	(18,925)
		-	-	-	(57,711)	(3,605)	(61,316)
Closing Balance		<u>56,749</u>	<u>269,629</u>	<u>326,378</u>	<u>36,819</u>	<u>264,949</u>	<u>301,768</u>



- 6.3 Classification of loans and advances for the purpose of allowance for impairment in accordance with the Bank's accounting policy and the DAB Asset Classification and Provisioning Regulation is as follows:

	Amount outstanding	Impairment allowance required as per ACPR		Impairment allowance held		Number of customers
31 March 2018 (Un-audited)	Afn in '000	Rate	Afn in '000	Rate	Afn in '000	
<b>Classification - Microfinance Loans</b>						
Standard	4,524,858	1%	45,249	4.98%	225,337	61,850
Overdue:						
Watch-List	20,441	5%	1,022	5%	1,022	270
Substandard	7,994	25%	1,999	25%	1,999	99
Doubtful	17,243	50%	8,622	50%	8,622	207
Loss	11,121	100%	11,121	100%	11,121	134
Rescheduled	1,129	100%	1,129	100%	1,129	17
	<u>4,582,786</u>		<u>69,142</u>		<u>249,230</u>	<u>62,577</u>

**Classification - Overdraft and SME Loans**

Standard - SME Loans	868,000	1%	8,680	4.98%	43,226	548
Standard - Overdraft financing	106,427	1%	1,064	1.00%	1,064	7
Overdue:						
Watch-List - SME loans	4,016	5%	201	5%	201	3
Watch-List - Overdraft financing	490	5%	25	5%	25	1
Substandard - SME loans	-	25%	-	25%	-	-
Substandard - Overdraft financing	3,958	25%	990	25%	990	1
Doubtful - SME loans	8,125	50%	4,063	50%	4,063	6
Doubtful - Overdraft financing	4,846	50%	2,423	50%	2,423	1
Loss - SME loans	6,676	100%	6,676	100%	6,676	17
Rescheduled - SME loans	18,480	100%	18,480	100%	18,480	19
	<u>1,021,018</u>		<u>42,602</u>		<u>77,148</u>	<u>603</u>

**31 December 2017 (Audited)**

**Classification-Microfinance Loans**

Standard	4,505,480	1%	45,055	4.98%	224,372	60,856
Overdue:						
Watch-List	10,814	5%	541	5%	541	170
Substandard	6,912	25%	1,728	25%	1,728	94
Doubtful	15,529	50%	7,765	50%	7,765	198
Rescheduled	1,189	100%	1,189	100%	1,189	20
	<u>4,539,924</u>		<u>56,278</u>		<u>235,595</u>	<u>61,338</u>

**Classification-Overdraft and SME Loans**

Standard - SME Loans	793,876	1%	7,939	4.98%	39,537	584
Standard - Overdraft financing	103,959	1%	1,040	1.00%	1,040	6
Overdue:						
Watch-List - SME loans	30	5%	2	5%	2	1
Watch-List - Overdraft financing	13,417	5%	671	5%	671	1
Substandard - SME loans	8,972	25%	2,243	25%	2,243	6
Substandard - Overdraft financing	9,500	25%	2,375	25%	2,375	2
Doubtful - SME loans	6,132	50%	3,066	50%	3,063	17
Rescheduled - SME loans	17,242	100%	17,242	100%	17,242	20
	<u>953,128</u>		<u>34,578</u>		<u>66,173</u>	<u>637</u>



	Note	31 March 2018 (Un-audited) ----- (Afn in '000) -----	31 December 2017 (Audited) -----
<b>7. OPERATING FIXED ASSETS</b>			
Capital work-in-progress	7.1	6,083	3,913
Property and equipment	7.2	<u>70,529</u>	<u>73,243</u>
		<u><b>76,612</b></u>	<u><b>77,156</b></u>

#### 7.1 Capital work-in-progress

Balance at 01 January		3,913	102,599
Additions		2,170	24,914
Transfer to Core Banking Software		-	(123,600)
Closing Balance	7.1.1	<u><b>6,083</b></u>	<u><b>3,913</b></u>

7.1.1 Capital work-in-progress represents cost of Human Resource Management Software & Compliance system which are being implemented.

#### 7.2 Property and equipment

	Leasehold improvements	Furniture and fittings	Vehicles	Office equipment	Computer equipment	Total
	----- (Afn in '000) -----					
<b>Cost</b>						
Balance at 01 January 2017 - Audited	44,416	31,787	22,002	80,287	59,361	237,853
Additions	4,500	3,608	2,166	7,281	25,230	42,785
Disposals	(37)	(877)	-	(936)	(1,640)	(3,490)
Balance at 31 December 2017 - Audited	<u>48,879</u>	<u>34,518</u>	<u>24,168</u>	<u>86,632</u>	<u>82,951</u>	<u>277,148</u>
<b>Balance at 1 January 2018 - Audited</b>	<b>48,879</b>	<b>34,518</b>	<b>24,168</b>	<b>86,632</b>	<b>82,951</b>	<b>277,148</b>
Additions	1,535	2,524	-	1,405	326	5,790
Disposals	(199)	(428)	-	(3,132)	(60)	(3,819)
Balance at 31 March 2018 - Un-audited	<u><b>50,215</b></u>	<u><b>36,614</b></u>	<u><b>24,168</b></u>	<u><b>84,905</b></u>	<u><b>83,217</b></u>	<u><b>279,119</b></u>
<b>Depreciation</b>						
Balance at 01 January 2017 - Audited	36,211	25,913	13,287	51,918	51,268	178,597
Charge for the year	3,464	2,707	2,623	11,737	8,244	28,775
Disposals	(36)	(863)	-	(928)	(1,640)	(3,467)
Balance at 31 December 2017 - Audited	<u>39,639</u>	<u>27,757</u>	<u>15,910</u>	<u>62,727</u>	<u>57,872</u>	<u>203,905</u>
<b>Balance at 1 January 2018 - Audited</b>	<b>39,639</b>	<b>27,757</b>	<b>15,910</b>	<b>62,727</b>	<b>57,872</b>	<b>203,905</b>
Charge for the period	965	779	728	2,722	2,928	8,122
Disposals	(198)	(420)	-	(2,759)	(60)	(3,437)
Balance at 31 March 2018 - Un-audited	<u><b>40,406</b></u>	<u><b>28,116</b></u>	<u><b>16,638</b></u>	<u><b>62,690</b></u>	<u><b>60,740</b></u>	<u><b>208,590</b></u>
<b>Carrying amounts</b>						
Balance at 31 December 2017 - Audited	<u>9,240</u>	<u>6,761</u>	<u>8,258</u>	<u>23,905</u>	<u>25,079</u>	<u>73,243</u>
Balance at 31 March 2018 - Un-audited	<u><b>9,809</b></u>	<u><b>8,498</b></u>	<u><b>7,530</b></u>	<u><b>22,215</b></u>	<u><b>22,477</b></u>	<u><b>70,529</b></u>
<b>Depreciation rate</b>	<u><b>20%</b></u>	<u><b>20%</b></u>	<u><b>20%</b></u>	<u><b>25%</b></u>	<u><b>33.33%</b></u>	

#### 7.2.1 Allocation of depreciation

Depreciation charged for the period  
Less: Amount classified under grant expense

	31 March 2018 (Un-audited) ----- (Afn in '000) -----	31 March 2017 (Un-audited) -----
Depreciation charged for the period	8,122	6,327
Less: Amount classified under grant expense	<u>(428)</u>	<u>(152)</u>
	<u><b>7,694</b></u>	<u><b>6,175</b></u>



		31 March 2018 (Un-audited) ----- (Afn in '000) -----	31 December 2017 (Audited)
<b>8. INTANGIBLE ASSET</b>	<b>Note</b>		
<b>Computer software:</b>			
<b>Cost</b>			
Balance at 01 January		153,753	20,999
Acquisitions software		1,664	343
Transfer from CWIP		-	123,600
Additions CBS		-	8,811
Closing Balance		155,417	153,753
<b>Amortisation</b>			
Balance at 01 January		(35,732)	(20,617)
Charge for the period / year - software		(47)	(186)
Charge for the period / year - CBS		(6,676)	(14,929)
Closing Balance		(42,455)	(35,732)
<b>Carrying amounts</b>		<u>112,962</u>	<u>118,021</u>

**9. OTHER ASSETS**

Restricted deposits with DAB	9.1	607,529	635,459
Interest receivable		267,703	263,382
Prepayments		47,003	24,962
Receivable from Roshan against M-Paisa payments		48,106	33,070
Other receivables		1,981	2,692
Office supplies and stationery in inventory		3,483	2,704
Advances to staff		6,907	3,902
Inter branch balance		6,653	1,054
		<u>989,365</u>	<u>967,225</u>
Less: General provision held	9.2	<u>(3,802)</u>	<u>(3,318)</u>
		<u>985,563</u>	<u>963,907</u>

9.1 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.

9.2 General provision of 1% (2017: 1%) on other assets is maintained as per Asset Classification and Provisioning Regulation issued by DAB.

**10. DEPOSITS FROM CUSTOMERS**

		31 March 2018 (Un-audited) ----- (Afn in '000) -----	31 December 2017 (Audited)
<b>Retail customers:</b>			
Term deposits	10.1	22,833	16,031
Current deposits		663,560	675,675
Saving deposits	10.2	2,226,123	2,211,172
<b>Corporate customers:</b>			
Term deposits		544,245	545,691
Current deposits		3,360,379	3,689,426
Saving deposits		161,216	337,023
		92,301	94,232
Cash Margin	10.3	6,437	7,831
Dormant deposits	10.4	<u>7,077,094</u>	<u>7,577,081</u>

10.1 The rate of interest on term deposits ranges from 0.50 % to 5% (2017: 0.50% to 4.5%) per annum.

10.2 The rate of interest on saving deposits ranges from 0% to 0.5% (2017: upto 0.5%) per annum.

10.3 These represent dormant deposits which were identified during the period / year as a result of data migration to the new core banking software.

10.4 Deposits include Afn.1,242,457 thousands (2017: Afn.1,831,402 thousands) due to various related parties.





		31 March 2018 (Un-audited) ----- (Afn in '000) -----	31 December 2017 (Audited) -----
<b>11. LOANS AND BORROWINGS</b>			
Loans and borrowings from:			
Ministry of Finance, Government of Afghanistan	11.1	267,141	291,477
Microfinance Investment Support Facility for Afghanistan Ltd	11.2	1,903,401	1,963,401
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	11.3	341,708	341,708
Agricultural Development Fund	11.4	195,000	195,000
		<u>2,707,250</u>	<u>2,791,586</u>
<b>12. OTHER LIABILITIES</b>			
Accrued expenses		51,000	44,271
Interest payable on long term loans		40,252	41,256
Performance bonus payable		35,875	22,369
Deferred grants		9,062	9,490
Withholding taxes payable		5,442	5,433
Interest payable on customer deposit		4,111	11,648
Other		12,704	4,697
General provision held against off-balance sheet items		-	777
		<u>158,446</u>	<u>139,941</u>





		31 March 2018 (Un-audited) ----- USD -----	31 December 2017 (Audited)	31 March 2018 (Un-audited) ----- (Afn in '000) -----	31 December 2017 (Audited)
<b>13. SHARE CAPITAL</b>					
<b>Authorized</b>					
88,800 ordinary shares of US \$ 177 each (2017: 88,800 of US \$ 177)		<u>15,717,600</u>	<u>15,717,600</u>	<u>800,624</u>	<u>800,624</u>
<b>Paid up</b>					
88,288 ordinary shares of US \$ 177 each (2017: 88,288 of US \$ 177)		<u>15,626,976</u>	<u>15,626,976</u>	<u>796,008</u>	<u>796,008</u>
<b>13.1</b>	The capital is contributed by the shareholders as follows:				
		31 March 2018 (Un-audited) ---- Number of shares ----	31 December 2017 (Audited)	31 March 2018 (Un-audited) ----- (Afn in '000) -----	31 December 2017 (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>
				31 March 2018 (Un-audited) ----- (Afn in '000) -----	31 December 2017 (Audited)
<b>14. CONTINGENCIES AND COMMITMENTS</b>					
<b>14.1 Contingencies</b>					
	Outstanding bank guarantees			<u>76,750</u>	<u>66,757</u>
<b>14.2 Commitments</b>					
	Undrawn loan and overdraft facilities			<u>30,127</u>	<u>10,903</u>
<b>15. RELATED PARTY TRANSACTIONS</b>					
	Related parties of the Bank comprise of associates (including entities having directors in common with the Bank), major share holders, directors and key management personnel.				
<b>15.1 Parent and ultimate controlling entity</b>					
	Pattern of shareholding in the Bank is disclosed in note 13.1. Aga Khan Development Network entities collectively own 51% (2017: 51%) of the Bank's capital.				
				Three months ended 31 March 2018 (Un-audited) ----- (Afn in '000) -----	Three months ended 31 March 2017 (Un-audited)
<b>15.2 Transactions with key management personnel</b>					
	<b>Key management personnel compensation</b>				
	Short term employee benefits			<u>16,052</u>	<u>18,676</u>
				31 March 2018 (Un-audited) ----- (Afn in '000) -----	31 December 2017 (Audited)
	<b>Key management personnel outstanding balances</b>				
	Advances to staff			<u>173</u>	<u>209</u>
	Bank deposits			<u>1,099</u>	<u>1,316</u>



31 March 2018 (Un-audited)	31 December 2017 (Audited)
----- (Afn in '000) -----	

**15.3 Other related party outstanding balances and transactions****Balances with related parties**

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

-	462,926
<u>1,136,245</u>	<u>1,765,881</u>
<u>80,946</u>	<u>83,138</u>
<u>48,106</u>	<u>33,070</u>
<u>1,209,107</u>	<u>1,790,981</u>
<u>33,350</u>	<u>40,421</u>

Transaction values for the period  
ended  
31 March 2018    31 March 2017  
(Un-audited)    (Un-audited)  
----- (Afn in '000) -----

**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

<u>6,344</u>	<u>7,098</u>
<u>265</u>	<u>2,362</u>
<u>1,769</u>	<u>2,129</u>
<u>6,212</u>	<u>723</u>
<u>1,036</u>	<u>1,146</u>

**16. 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.

**17. CORRESPONDING FIGURES**

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparison. No significant reclassifications were made during the period.

**18. GENERAL**

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

**19. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information has been authorized for issue by Chief Financial Officer and Chief Executive Officer on 13 May 2018

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Chief Executive Officer