

# **THE FIRST MICROFINANCE BANK**

## **Condensed Interim Financial Statements**

**For the period ended March 31, 2024**

## **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 March 31, 2024 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 three 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 March 31, 2024, and of its financial performance and its cash flows for the three 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 6.2.1 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. As a result, the quality of loans and advances of the Bank has deteriorated which required further impairment loss to be recognized against these loans under the "Asset Classification and Provisioning Regulation" by DAB. However, DAB vide letter no 11068/9588 dated December 21, 2021 instructed the Bank not to change the assets classification of loans and advances of the Bank from their status as of June 30, 2021.

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This relaxation has further extended initially up to February 28, 2023 through a circular Ref. No. 3101/3391 dated September 29, 2022 and then up to April 02, 2024 through a circular Ref. No. 12398/12922 dated April 12, 2023. 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 and advances 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 971,681 thousands, resulting in increase in the loss before tax by the said amount.

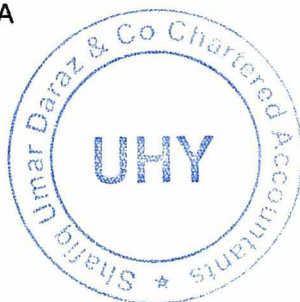
*UHY Shafiq Umar Daraz & Co.*

**Chartered Accountants**

Engagement Partner: Umar Daraz, FCA

Location: Kabul, Afghanistan

Date: May 11, 2024





**THE FIRST MICROFINANCE BANK AFGHANISTAN**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 March 2024**

		31 March 2024 (Un-audited)	31 December 2023 (Audited)
	Note	----- (Afn in '000) -----	
<b>Assets</b>			
Cash and cash equivalents	4	4,829,110	5,238,368
Short term placements with banks	5	2,061,007	1,780,727
Loans and advances to customers - net	6	2,240,469	2,068,171
Operating fixed assets	7	196,880	209,005
Intangible asset	8	71,026	77,814
Deferred tax asset - net		232,995	219,356
Other assets	9	646,076	726,424
<b>Total Assets</b>		<u><u>10,277,563</u></u>	<u><u>10,319,865</u></u>
<b>Liabilities</b>			
Deposits from customers	10	7,771,347	8,000,462
Loans and borrowings	11	744,019	820,722
Other liabilities	12	428,380	409,598
<b>Total Liabilities</b>		<u><u>8,943,746</u></u>	<u><u>9,230,782</u></u>
<b>Equity</b>			
Share capital	13	796,008	796,008
Share premium		206,038	206,038
Share capital pending allotment	13.2	298,155	-
Retained earnings		33,616	87,037
<b>Total equity</b>		<u><u>1,333,817</u></u>	<u><u>1,089,083</u></u>
<b>Total equity and liabilities</b>		<u><u>10,277,563</u></u>	<u><u>10,319,865</u></u>
<b>Contingencies and commitments</b>	14		

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

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**Chief Financial Officer**

  
**Chief Executive Officer**

**THE FIRST MICROFINANCE BANK AFGHANISTAN**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME**  
**FOR THREE MONTHS ENDED 31 March 2024**

	Three months ended 31 March 2024 Un-Audited	Three months ended 31 March 2023 Un-Audited
Note	----- (Afn in '000) -----	
Profit/Return on loans and advances, placements and other assets	69,338	26,138
Finance cost of deposits/borrowings	14,433	(5,701)
<b>Net Profit/Return</b>	<b>83,771</b>	<b>20,437</b>
Fee and commission income	12,774	7,075
Fee and commission expense	(144)	(201)
<b>Net fee and commission income</b>	<b>12,630</b>	<b>6,874</b>
Income from dealing in foreign currencies	21,440	24,204
<b>Revenue</b>	<b>117,841</b>	<b>51,515</b>
Other income	10,138	12,604
Impairment (loss)/gain on loans and advances to customers 6.2	(3,642)	8,189
Impairment gain on placements	2,972	282
Charge of general provision on other assets	(5)	(80)
Personnel expenses	(100,564)	(120,177)
Depreciation and amortisation	(22,128)	(26,569)
Finance cost on lease liabilities	(1,244)	(1,989)
Other expenses	(70,428)	(76,380)
<b>Net operating (loss)</b>	<b>(67,060)</b>	<b>(152,605)</b>
Non-operating revenue and expenses:		
Grants income recognized against deferred grant	1,133	-
Expenditure against grants	(1,133)	-
	-	-
<b>Loss before tax</b>	<b>(67,060)</b>	<b>(152,605)</b>
Taxation	13,639	30,521
<b>Net loss</b>	<b>(53,421)</b>	<b>(122,084)</b>
Other comprehensive income	-	-
<b>Total comprehensive loss</b>	<b>(53,421)</b>	<b>(122,084)</b>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

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 Chief Executive Officer

**THE FIRST MICROFINANCE BANK AFGHANISTAN**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THREE MONTHS ENDED 31 March 2024**

	Share capital	Share premium	Retained earnings	Share capital pending allotment	Total
	(Afn in '000)				
<b>Balance at 01 January 2023 (Audited)</b>	796,008	206,038	420,336	-	1,422,382
Total comprehensive income for three months ended 31 March 2023					
Loss for the period	-	-	(122,084)	-	(122,084)
Other comprehensive income	-	-	-	-	-
	-	-	(122,084)	-	(122,084)
<b>Balance at 31 March 2023 (Un-Audited)</b>	<u>796,008</u>	<u>206,038</u>	<u>298,252</u>	<u>-</u>	<u>1,300,298</u>
<b>Balance as at 01 January 2024 (Audited)</b>	796,008	206,038	87,037	-	1,089,083
Total comprehensive income for Three months ended 31 March 2024					
Loss for the period	-	-	(53,421)	-	(53,421)
Amount received for capital issue	-	-	-	298,155	298,155
Other comprehensive income	-	-	-	-	-
	-	-	(53,421)	298,155	244,734
<b>Balance at 31 March 2024 (Un-Audited)</b>	<u>796,008</u>	<u>206,038</u>	<u>33,616</u>	<u>298,155</u>	<u>1,333,817</u>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

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 Chief Executive Officer



**THE FIRST MICROFINANCE BANK AFGHANISTAN**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THREE MONTHS ENDED 31 March 2024**

		Three months ended 31 March 2024	Three months ended 31 March 2023
		Un-Audited	Un-Audited
Note		----- (Afn in '000) -----	-----
<b>Cash flows from operating activities</b>			
<b>Loss before tax</b>		<b>(67,060)</b>	<b>(152,605)</b>
Adjustments for:			
Depreciation and amortisation	6 & 7	22,128	26,569
Finance cost on lease		1,244	1,989
Impairment (gain)/ loss on loans and advances to customers	5.2	3,642	(8,189)
Impairment loss on placements		(2,972)	(282)
Provision on other assets		5	80
Gain on sale of property and equipment		-	-
Grant income		-	-
		<u>(43,013)</u>	<u>(132,438)</u>
Changes in:			
Decrease/ (Increase) in loans and advances to customers		(175,940)	133,943
Decrease/ (Increase) in other assets		80,343	8,840
(Decrease)/ increase in deposits from customers		(229,115)	426,395
Increase in other liabilities		21,986	23,973
		<u>(345,739)</u>	<u>460,713</u>
Grant received		(796)	2,888
<b>Net cash (used in)/ flow from operating activities</b>		<u><b>(346,535)</b></u>	<u><b>463,601</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(4,347)	(6,539)
Proceeds from sale of property and equipment		-	-
Investment in placements		(277,308)	30,031
<b>Net cash flow from investing activities</b>		<u><b>(281,655)</b></u>	<u><b>23,492</b></u>
<b>Cash flows from financing activities</b>			
Lease liabilities		(2,520)	(8,832)
Repayment of loans and borrowings		(76,703)	(856,928)
Equity raised		298,155	-
<b>Net cash used in financing activities</b>		<u><b>218,932</b></u>	<u><b>(865,760)</b></u>
Net increase in cash and cash equivalents		(409,258)	(378,667)
Cash and cash equivalents at beginning of the period		5,238,368	7,311,724
<b>Cash and cash equivalents at end of the period</b>		<u><b>4,829,110</b></u>	<u><b>6,933,057</b></u>

The annexed notes 1 to 19 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 THREE MONTHS ENDED 31 March 2024**

**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 providers 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 three months period ended 31 March 2024 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 2023.

Comparative statement of financial position is extracted from the annual financial statements as at December 31, 2023 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 three months ended March 31, 2023.

**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 2024 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. MATERIAL ACCOUNTING POLICIES INFORMATION**

The material accounting policies information 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 2023.

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 2023.

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 2023.

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		31 March 2024 (Un-audited)	31 December 2023 (Audited)
	Note	----- (Afn in '000) -----	
<b>4. CASH AND CASH EQUIVALENTS</b>			
Cash on hand		1,192,304	1,457,892
Unrestricted balances with Da Afghanistan Bank		3,476,541	3,659,753
Balances with other banks	4.1	160,265	120,723
		<u>4,829,110</u>	<u>5,238,368</u>

#### 4.1 Balances with other banks

Balances with:

Transkapital - Russia		4,227	4,143
BMCE Bank International, Spain		112,139	73,124
AKTIF Bank, Turkey		2,933	1,831
CSCBank SAL		31,972	28,364
Zhejiang Chouzhou-China		8,993	3,005
Ghazanfar Bank- Afghanistan		1	10,256
	4.1.1	<u>160,265</u>	<u>120,723</u>

4.1.1 These balances are interest free (2023: Interest free).

#### 5. SHORT TERM PLACEMENTS WITH BANKS

		31 March 2024 (Un-audited)	31 December 2023 (Audited)
	Note	----- (Afn in '000) -----	
Time deposits with other banks	5.1	2,061,007	1,780,727
		<u>2,061,007</u>	<u>1,780,727</u>

5.1 These represent Deposit placed by FMFB-A having maturity of 28 to 91 days (2023: 28 to 92 days) and interest rates from 4.5% to 4.75% (2023: 1% to 4%) per annum.

		31 March 2024 (Un-audited)	31 December 2023 (Audited)
	Note	----- (Afn in '000) -----	
<b>5.2 Time deposits with other banks</b>			
Habib Bank Limited, Brussels	5.2.1	-	1,286,546
AKTIF Bank, Turkey	5.2.2	93,353	91,208
BMCE BANK SPAIN		646,290	420,960
Habib Bank Limited, Bahrain	5.2.3	1,336,379	-
Less: General provision held	5.2.4	(15,015)	(17,987)
		<u>2,061,007</u>	<u>1,780,727</u>

5.2.1 The deposits in this account have been moved into a new account in HBL Bahrain.

5.2.2 This include deposit having maturity of 91 days (2023: 28 days) and carrying interest rate of 4.5% (2023: 4.5%) per annum.

5.2.3 These deposits are made during the period to a related party in a newly opened account, having maturity of 91 days and carrying interest at rates ranging from 4.6% to 4.75% per annum.

5.2.4 The bank has maintained a provision of AFN 15,015 thousand (2023: 17,987) based on Bank's provisioning policy and Assets Classification and Provisioning Regulation (ACPR) issued by DAB.

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	31 March 2024 (Un-audited)	31 December 2023 (Audited)
Note	----- (Afn in '000) -----	----- (Afn in '000) -----

## 6. LOANS AND ADVANCES TO CUSTOMERS - NET

Loans and advances to customers	6.1	2,344,915	2,202,866
Less: Impairment loss on loans and advances	6.2	(104,446)	(134,695)
		<u>2,240,469</u>	<u>2,068,171</u>

### 6.1 Loans and advances to customers

		31 March 2024 (Un-audited)			31 December 2023 (Audited)		
	Note	Gross amount -----	Impairment allowance (Afn in '000)	Carrying amount -----	Gross amount -----	Impairment allowance (Afn in '000)	Carrying amount -----
Microfinance loans	6.1.1	1,707,411	(50,312)	1,657,099	1,543,193	(109,949)	1,433,244
Loans to small and medium size enterprises	6.1.1	560,382	(41,608)	518,774	583,180	(21,078)	562,102
Overdraft financing	6.1.1	77,122	(12,526)	64,596	76,493	(3,668)	72,825
		<u>2,344,915</u>	<u>(104,446)</u>	<u>2,240,469</u>	<u>2,202,866</u>	<u>(134,695)</u>	<u>2,068,171</u>

6.1.1 Microfinance loans carry interest at rates ranging from 9% to 27% (2023: 14% 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% (2023: 8% to 23%) per annum. However, as a result of regime changes in the country, the interest is not received on conventional loans and the Bank generates income from newly introduced islamic financing products which ranges from AFN 1.5 to 2.0 millions monthly.

Overdraft carries interest rate of 10% (2023: 10%) per annum. All 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.

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

		31 Mar 2024 (Un-audited)			31 December 2023 (Audited)		
	Note	Specific -----	General (Afn in '000)	Total -----	Specific -----	General (Afn in '000)	Total -----
Balance at 1st January		54,965	79,730	134,695	70,413	74,057	144,470
Charge for the period / year:							
Microfinance loans		31,452	(57,198)	(25,746)	(10,286)	6,766	(3,520)
Loans to small and medium size enterprises		29,732	(344)	29,388	(2,160)	(1,093)	(3,253)
		<u>61,184</u>	<u>(57,542)</u>	<u>3,642</u>	<u>(12,446)</u>	<u>5,673</u>	<u>(6,773)</u>

Written off against impairment allowance:

Microfinance loans	(33,891)	-	(33,891)	(3,002)	-	(3,002)
Loans to small and medium size enterprises	-	-	-	-	-	-
	<u>(33,891)</u>	<u>-</u>	<u>(33,891)</u>	<u>(3,002)</u>	<u>-</u>	<u>(3,002)</u>
Closing Balance	<u>82,258</u>	<u>22,188</u>	<u>104,446</u>	<u>54,965</u>	<u>79,730</u>	<u>134,695</u>

6.2.1 Due to the economic crisis in the country, the repayment capacity of customers of the Bank has reduced. 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. 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 971,681 thousands, resulting in increase in the loss before tax by the said amount.

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- 6.3 Provision for expected credit loss computed in accordance with IFRS 9 amounts to Afn 1,091,020 thousands (31 December 2023: Afn 1,128,892 thousands) which is higher than the amount held by the bank as per its provisioning policy.

	Amount outstanding Afn in '000	Impairment allowance required Rate	Afn in '000	Impairment allowance held Rate	Afn in '000	Number of customers
<b>31 March 2024 (Un-Audited)</b>						
<b>Classification - Microfinance Loans</b>						
Standard	1,649,380	1%	16,494	1%	16,712	24,176
Overdue:						
Watch-List	16,931	5%	847	5%	847	488
Substandard	4,908	25%	1,227	25%	1,227	108
Doubtful	9,331	50%	4,666	50%	4,665	215
Loss	26,861	100%	26,861	100%	26,861	592
	<u>1,707,411</u>		<u>50,095</u>		<u>50,312</u>	<u>25,579</u>
<b>Classification-Overdraft and SME Loans</b>						
Standard - SME Loans	455,999	1%	4,368	1%	4,368	177
Standard - Overdraft financing	65,248	1%	652	1%	652	2
Overdue:						
Watch-List	7,543	5%	377	5%	377	5
Substandard	6,980	25%	1,745	25%	1,745	7
Doubtful	71,745	50%	35,873	50%	35,873	15
Loss	18,115	100%	18,115	100%	18,115	15
Loss - Overdraft financing	11,874	100%	11,874	100%	11,874	1
Reversal of provisioning on loans secured with ACGF	-		(18,870)		(18,870)	
	<u>637,504</u>		<u>54,134</u>		<u>54,134</u>	<u>222</u>
<b>Total</b>	<u><u>2,344,915</u></u>		<u><u>104,229</u></u>		<u><u>104,446</u></u>	<u><u>25,801</u></u>
<b>31 December 2023 (Audited)</b>						
<b>Classification-Microfinance Loans</b>						
Standard	1,479,955	1%	14,800	4.98%	73,934	23,129
Overdue:						
Watch-List	19,005	5%	950	5%	950	557
Substandard	5,310	25%	1,328	25%	1,327	122
Doubtful	10,371	50%	5,186	50%	5,186	238
Loss	28,552	100%	28,552	100%	28,552	636
	<u>1,543,193</u>		<u>50,816</u>		<u>109,949</u>	<u>24,682</u>
<b>Classification-Overdraft and SME Loans</b>						
Standard - SME Loans	477,177	1%	2,639	4.98%	12,294	152
Standard - Overdraft financing	64,618	1%	646	1%	646	2
Overdue:						
Watch-List - SME loans	7,678	5%	384	5%	384	5
Substandard - SME loans	7,431	25%	1,858	25%	1,858	7
Substandard - Overdraft financing	-	25%	-	25%	-	
Doubtful - SME loans	72,161	50%	36,081	50%	36,080	15
Doubtful - Overdraft financing	-	50%	-	50%	-	
Loss - SME loans	18,734	100%	18,734	100%	18,734	15
Loss - Overdraft financing	11,874	100%	11,874	100%	11,874	1
Reversal of provisioning on loans secured with ACGF			(49,548)		(57,124)	
	<u>659,673</u>		<u>22,668</u>		<u>24,746</u>	<u>197</u>
<b>Total</b>	<u><u>2,202,866</u></u>		<u><u>73,484</u></u>		<u><u>134,695</u></u>	<u><u>24,879</u></u>

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		31 March 2024 (Un-audited)	31 December 2023 (Audited)
	Note	----- (Afn in '000) -----	
<b>7. OPERATING FIXED ASSETS</b>			
Capital work-in-progress	7.1	5,021	5,021
Property and equipment	7.2	34,097	37,404
Right-of-use assets - Bank's branches	7.3	157,762	166,580
		<u>196,880</u>	<u>209,005</u>

#### 7.1 Capital work-in-progress

Balance at 01 January		5,021	48,068
Additions		-	7,122
Transfer to assets		-	(50,169)
Closing balance	7.1.1	<u>5,021</u>	<u>5,021</u>

7.1.1 This mainly includes the HRIS software costs which is not yet completed.

#### 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 2023	114,218	43,734	23,383	177,004	112,312	470,651
Additions	1,439	661	408	434	183	3,124
Disposals	(2,322)	(964)	(620)	(46)	(2,214)	(6,166)
Balance at 31 December 2023	<u>113,335</u>	<u>43,431</u>	<u>23,171</u>	<u>177,392</u>	<u>110,281</u>	<u>467,609</u>
<b>Balance at 1 January 2024 - Audited</b>	<b>113,335</b>	<b>43,431</b>	<b>23,171</b>	<b>177,392</b>	<b>110,281</b>	<b>467,610</b>
<b>Additions</b>	<b>873</b>	<b>239</b>	<b>-</b>	<b>2,556</b>	<b>366</b>	<b>4,034</b>
<b>Disposals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 Mar 2024 - Un-audited</b>	<b><u>114,208</u></b>	<b><u>43,670</u></b>	<b><u>23,171</u></b>	<b><u>179,948</u></b>	<b><u>110,647</u></b>	<b><u>471,644</u></b>
<b>Depreciation</b>						
Balance at 1 January 2023	82,454	39,782	23,383	144,505	110,308	400,432
Charge for the year	13,123	2,174	61	18,943	1,610	35,911
Disposals	(2,322)	(936)	(620)	(46)	(2,214)	(6,138)
Balance at 31 December 2023	<u>93,255</u>	<u>41,020</u>	<u>22,824</u>	<u>163,402</u>	<u>109,704</u>	<u>430,205</u>
<b>Balance at 1 January 2024 - Audited</b>	<b>93,255</b>	<b>41,020</b>	<b>22,824</b>	<b>163,402</b>	<b>109,704</b>	<b>430,205</b>
<b>Charge for the period</b>	<b>3,071</b>	<b>308</b>	<b>20</b>	<b>3,708</b>	<b>235</b>	<b>7,342</b>
<b>Disposals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 Mar 2024 - Un-audited</b>	<b><u>96,326</u></b>	<b><u>41,328</u></b>	<b><u>22,844</u></b>	<b><u>167,110</u></b>	<b><u>109,939</u></b>	<b><u>437,547</u></b>
<b>Carrying amounts</b>						
Balance at 31 December 2023 - Audited	<u>20,080</u>	<u>2,411</u>	<u>347</u>	<u>13,990</u>	<u>577</u>	<u>37,404</u>
<b>Balance at 31 Mar 2024 - Un-audited</b>	<b><u>17,882</u></b>	<b><u>2,342</u></b>	<b><u>327</u></b>	<b><u>12,838</u></b>	<b><u>708</u></b>	<b><u>34,097</u></b>
<b>Depreciation rate</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>25%</b>	<b>33.33%</b>	

		31 March 2024 (Un-audited)	31 December 2023 (Audited)
	Note	----- (Afn in '000) -----	
<b>7.3 Right-of-use assets - Bank's branches</b>			
<b>Cost:</b>			
Opening balance as of 1 January - Audited		414,101	415,718
Additions		313	178
Adjustment of lease modification		-	(1,795)
Closing balance		<u>414,414</u>	<u>414,101</u>
<b>Accumulated depreciation:</b>			
Opening balance		247,521	203,105
Depreciation expense		9,131	44,416
Adjustment of lease modification		-	-
Closing balance		<u>256,652</u>	<u>247,521</u>
<b>Carrying amount</b>		<b><u>157,762</u></b>	<b><u>166,580</u></b>
<b>7.3.1 Allocation of depreciation and amortisation</b>			
Depreciation charge on property and equipment		7,342	35,911
Depreciation charge on right-of-use assets		9,131	44,416
Less: Amount classified under grant expense		<u>(1,133)</u>	<u>(2,645)</u>
		<b><u>15,340</u></b>	<b><u>77,682</u></b>

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8. INTANGIBLE ASSET	Note	31 March 2024 (Un-audited)	31 December 2023 (Audited)
		----- (Afn in '000) -----	
<b>Computer software:</b>			
<b>Cost</b>			
Balance at 01 January		300,384	251,030
Transfer from CWIP		-	49,354
Closing balance		300,384	300,384
<b>Amortisation</b>			
Balance at 01 January		(222,570)	(198,846)
Charge for the period		(6,788)	(23,724)
Closing balance		(229,358)	(222,570)
<b>Carrying amounts</b>		<b>71,026</b>	<b>77,814</b>

## 9. OTHER ASSETS

Restricted deposits with DAB	9.1	568,760	601,784
Interest receivable		33,867	76,905
Prepayments		12,603	11,646
Receivable from Roshan against M-Paisa payments		4,338	5,252
Advances to staff and Supplier		8,253	17,898
Other receivables		18,840	13,519
		646,661	727,004
Less: General provision held	9.2	(585)	(580)
		<b>646,076</b>	<b>726,424</b>

**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** Provision is held on portion of other assets (2023: portion of other assets) as per Asset Classification and Provisioning Regulation issued by DAB.

## 10. DEPOSITS FROM CUSTOMERS

10. DEPOSITS FROM CUSTOMERS		31 March 2024 (Un-audited)	31 December 2023 (Audited)
		----- (Afn in '000) -----	
<b>Retail customers:</b>			
Term deposits		-	29,356
Current deposits		1,192,982	1,112,909
Saving deposits	10.1	1,842,182	1,769,645
		3,035,164	2,911,910
<b>Corporate customers:</b>			
Current deposits		3,561,134	3,803,236
Saving deposits	10.1	1,071,393	1,177,690
		4,632,527	4,980,926
Cash Margin		39,853	40,284
Dormant deposits		63,803	67,342
	10.2	<b>7,771,347</b>	<b>8,000,462</b>

**10.1** The saving deposits are interest free (2023: 0.5% rate on all saving deposits except euro saving deposit. The euro saving deposits were interest free).

**10.2** Deposits include AFN 2,011,161 thousands (2023: AFN.2,708,127 thousands) due to related parties.

UHY.

31 March 2024 (Un-audited)	31 December 2023 (Audited)
----- (Afn in '000) -----	

**11. LOANS AND BORROWINGS**

Microfinance Investment Support Facility for Afghanistan Limited	50,000	50,000
Nederlandse Fiancierings-Masstschappij Voor Ontwikkelingslanden N.V	-	76,703
International Fund for Agricultural Development	694,019	694,019
	<u>744,019</u>	<u>820,722</u>

**12. OTHER LIABILITIES**

Accrued expenses	113,282	114,506
Interest payable	29,000	44,621
Payble to APS for integrated banking	9,126	3,720
Deferred grants	17,655	18,451
Withholding taxes payable	3,563	3,782
Lease liability	168,087	169,363
Inter branch balance	40,562	21,439
Others	47,105	33,716
	<u>428,380</u>	<u>409,598</u>

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31 March 2024 (Un-audited)	31 December 2023 (Audited)
----- (Afn in '000) -----	

**13. SHARE CAPITAL****Authorized**

88,800 ordinary shares of AFN 9,016 each (2023: 88,800 of AFN 9,016)

800,624800,624**Paid up**

88,288 ordinary shares of AFN 9,016 each (2023: 88,288 of AFN 9,016)

796,008796,008**13.1** The capital is contributed by the shareholders as follows:

	31 March 2024 (Un-audited)	31 December 2023 (Audited)	31 March 2024 (Un-audited)	31 December 2023 (Audited)
	---- Number of shares ----		----- (Afn in '000) -----	
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>

- 13.2** The Bank is experiencing a decline in total equity due to ongoing operating losses and increased provisioning requirements. While the Central Bank's temporary relaxation on provisioning regulations provided some relief, its expiration in April 2024 has impacted the bank's capital position. It is estimated that the bank requires capital injection of Afn 765,087,000 to keep capital above the minimum regulatory requirement of Afn 1 billion. The approval from Board of Supervisors for increase in authorized and paid capital has been received and the process for the approval from Da Afghanistan Bank has been initiated. The bank has received Afn 298.155 million as share capital against which allotment of share is pending and the remaining increase in authorized and paid up share capital will also be subscribed by AKAM.

31 March 2024 (Un-audited)	31 December 2023 (Audited)
----- (Afn in '000) -----	

**14. CONTINGENCIES AND COMMITMENTS****14.1 Contingencies**

Outstanding bank guarantees

8,3969,038**14.2 Commitments**

Undrawn loan and overdraft facilities

17,33416,066**15. 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.

**15.1 Parent and ultimate controlling entity**

Pattern of shareholding in the Bank is disclosed in note 13.1. Aga Khan Development Network entities collectively owns 51% (2023: 51%) of the Bank's capital.

Three months ended 31 March 2024 (Un-audited)	Three months ended 31 March 2023 (Un-audited)
----- (Afn in '000) -----	

**15.2 Transactions with key management personnel****Key management personnel compensation**

Salaries and benefits

8,03810,876**Key management personnel outstanding balances**

Advances to staff

2,5371,333

Bank deposits

37,06932,344

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31 March 2024 (Un-audited)	31 December 2023 (Audited)
----- (Afn in '000) -----	

### 15.3 Other related party outstanding balances and transactions

#### Balances with related parties

Time deposits with banks	1,336,379	1,286,546
Loan to Telecom Development Company Afghanistan Limited (TDCA)	63,622	63,031
Receivable from Roshan against M-Paisa payments	4,338	5,252
Deposits from customers	2,011	2,708

Three months ended 31 March 2024 (Un-audited)	Three months ended 31 March 2023 (Un-audited)
----- (Afn in '000) -----	

### 15.4 Transactions with related parties

Interest income	2,233	13,460
Fee and commission income	584	669
Fee and commission expense	-	400
Directors' fee and other expenses	3,565	2,417

2,233	13,460
584	669
-	400
3,565	2,417

### 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 comparisons.

### 18. GENERAL

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

### 19. DATE OF AUTHORIZATION FOR ISSUE

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

15/10/24 UH4.

  
Chief Financial Officer

  
Chief Executive Officer