

THE FIRST MICROFINANCE BANK

Condensed Interim Financial Statements

For the period ended September 30, 2024

THE FIRST MICROFINANCE BANK AFGHANISTAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 September 2024

		30 September 2024 (Un-audited) ----- (Afn in '000) -----	31 December 2023 (Audited) -----
	Note		
Assets			
Cash and cash equivalents	4	3,959,190	5,238,368
Investments/Placements	5	2,068,219	1,780,727
Loans and advances to customers - net	6	1,951,282	2,068,171
Operating fixed assets	7	170,298	209,005
Intangible asset	8	58,115	77,814
Deferred tax asset - net		259,109	219,356
Other assets	9	711,119	726,424
Total Assets		<u>9,177,332</u>	<u>10,319,865</u>
Liabilities			
Deposits from customers	10	7,546,237	8,000,462
Loans and borrowings	11	-	820,722
Other liabilities	12	397,761	409,598
Total Liabilities		<u>7,943,998</u>	<u>9,230,782</u>
Equity			
Share capital	13	796,008	796,008
Share premium		206,038	206,038
Share capital pending allotment	13.2	298,155	-
Retained earnings		(66,976)	87,037
Revaluation of Financial Instruments FVOCI		109	-
Total equity		<u>1,233,334</u>	<u>1,089,083</u>
Total equity and liabilities		<u>9,177,332</u>	<u>10,319,865</u>
Contingencies and commitments	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 NINE MONTHS ENDED 30 SEPTEMBER 2024

Note	Nine months ended 30 September 2024	Nine months ended 30 September 2023	Three months ended 30 September 2024	Three months ended 30 September 2023
	(Un-Audited)		(Un-Audited)	
	AFN '000'	AFN '000'	AFN '000'	AFN '000'
Profit/ Return on loans and advances, placements and other assets	248,464	114,264	91,574	48,606
Finance cost of deposits/borrowings	24,977	(14,891)	(3,027)	(4,282)
Net Profit/Return	273,441	99,373	88,547	44,324
Fee and commission income	38,081	37,914	12,464	20,567
Fee and commission expense	(982)	(508)	(217)	(130)
Net fee and commission income	37,099	37,406	12,247	20,437
Income from dealing in foreign currencies	39,487	54,654	10,119	18,207
Revenue	350,027	191,433	110,913	82,968
Other income	38,299	242,682	15,412	195,355
Impairment gain on loans and advances to customers	(10,920)	6,719	5,743	(2,469)
Impairment gain/ (loss) on investments/placements	(135)	(1,434)	1,145	(1,715)
Charge of general provision on other assets	-	(5)	-	84
Personnel expenses	(300,083)	(341,414)	(99,379)	(109,487)
Depreciation and amortisation	(58,934)	(77,822)	(15,080)	(25,347)
Finance cost on lease liabilities	(2,775)	(5,383)	(541)	(1,600)
Other expenses	(209,272)	(214,354)	(74,208)	(65,132)
Net operating (loss) / income	(193,793)	(199,578)	(55,995)	72,657
Non-operating revenue and expenses:				
Grants income recognized against deferred grant	(5,106)	1,511	(7,372)	1,132
Expenditure against grants	5,106	(1,511)	7,372	(1,132)
	-	-	-	-
(Loss)/ Profit before tax	(193,793)	(199,578)	(55,995)	72,657
Taxation	39,780	40,218	11,767	(14,306)
Net (loss)/ profit	(154,013)	(159,360)	(44,228)	58,351
Other Comprehensive (loss)/income	109	-	109	-
Total comprehensive income	(153,904)	(159,360)	(44,119)	58,351

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
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

	Share capital	Share premium	Retained earnings	Revaluation of Financial Instruments FVOCI	Share capital pending allotment	Total
	----- (Afn in '000) -----					
Balance at 01 January 2023 (Audited)	796,008	206,038	956,345	-	-	1,958,391
Total comprehensive income for nine months ended 30 September 2023						
Loss for the period	-	-	(159,360)	-	-	(159,360)
Other comprehensive income	-	-	-	-	-	-
	-	-	(159,360)	-	-	(159,360)
Balance at 30 September 2023 (Un-Audited)	<u>796,008</u>	<u>206,038</u>	<u>796,985</u>	<u>-</u>	<u>-</u>	<u>1,799,031</u>
Balance as at 01 January 2024 (Audited)	796,008	206,038	87,037	-	-	1,089,083
Total comprehensive income for nine months ended 30 September 2024						
Loss for the period	-	-	(154,013)	-	-	(154,013)
Other comprehensive income	-	-	-	109	-	109
	-	-	(154,013)	109	-	(153,904)
Transactions with shareholders						
Amount received for new capital issue	-	-	-	-	298,155	298,155
Balance at 30 September 2024 (Un-Audited)	<u>796,008</u>	<u>206,038</u>	<u>(66,976)</u>	<u>109</u>	<u>298,155</u>	<u>1,233,334</u>

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 CASH FLOWS
FOR NINE MONTHS ENDED 30 SEPTEMBER 2024

		Nine months ended 30 September <u>2024 Un-Audited</u> ----- (Afn in '000) -----	Nine months ended 30 September <u>2023 Un-Audited</u> -----
	Note		
Cash flows from operating activities			
(Loss)/ Profit before tax		(193,793)	(199,578)
Adjustments for:			
Depreciation and amortisation	6 & 7	58,934	77,822
Finance cost on lease		2,775	5,383
Impairment (gain)/ loss on loans and advances to customers	5.2	10,920	(6,719)
Impairment loss on placements		135	1,434
Provision on other assets		-	5
Gain on sale of property and equipment		(60)	(89)
Grant income		5,106	(1,511)
		<u>(115,983)</u>	<u>(123,253)</u>
Changes in:			
Decrease/ (Increase) in loans and advances to customers		105,969	119,401
Decrease/ (Increase) in other assets		15,305	5,937
(Decrease)/ increase in deposits from customers		(454,225)	(644,790)
Increase in other liabilities		21,157	67,054
		<u>(427,777)</u>	<u>(575,651)</u>
Grant received		(21,353)	5,647
Net cash (used in)/ flow from operating activities		<u>(449,130)</u>	<u>(570,004)</u>
Cash flows from investing activities			
Purchase of property and equipment		(5,845)	(11,352)
Proceeds from sale of property and equipment		118	4,237
Investment in placements		(287,627)	(71,963)
Net cash flow from investing activities		<u>(293,354)</u>	<u>(79,078)</u>
Cash flows from financing activities			
Lease liabilities		(14,127)	(33,177)
Repayment of loans and borrowings		(820,722)	(860,157)
Equity raised		298,155	-
Net cash used in financing activities		<u>(536,694)</u>	<u>(893,334)</u>
Net increase in cash and cash equivalents		(1,279,178)	(1,542,416)
Cash and cash equivalents at beginning of the period		5,238,368	7,311,724
Cash and cash equivalents at end of the period		<u><u>3,959,190</u></u>	<u><u>5,769,308</u></u>

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
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR NINE MONTHS ENDED 30 SEPTEMBER 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 nine months period ended 30 September 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 nine months period ended September 30, 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.

4. CASH AND CASH EQUIVALENTS

	Note	30 September 2024 (Un-audited)	31 December 2023 (Audited)
		----- (Afn in '000) -----	
Cash on hand		833,908	1,457,892
Unrestricted balances with Da Afghanistan Bank		2,773,380	3,659,753
Balances with other banks	4.1	351,902	120,723
		<u>3,959,190</u>	<u>5,238,368</u>

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4.1 Balances with other banks

		30 September 2024 (Un-audited) ----- (Afn in '000) -----	31 December 2023 (Audited) -----
	Note		
Balances with:			
Transkapital - Russia		4,053	4,143
BMCE Bank International, Spain		128,217	73,124
AKTIF Bank, Turkey		4,830	1,831
CSCBank SAL		26,273	28,364
Zhejiang Chouzhou-China		143,092	3,005
Ghazanfar Bank- Afghanistan		1	10,256
HBL Bahrain		1,338	-
Al Ramz Capital-UAE		44,098	-
	4.1.1	<u>351,902</u>	<u>120,723</u>
4.1.1	These balances are interest free (2023: Interest free).		

5. INVESTMENTS/PLACEMENTS

5.1 Short term placements with banks

Time deposits with other banks	5.1.1	<u>1,994,992</u>	<u>1,780,727</u>
		<u>1,994,992</u>	<u>1,780,727</u>

5.1.1 These represent Deposits placed by FMFB-A having maturity of 28 to 91 days (2023: 29 to 92 days) and interest rates from 4% to 4.65% (2023: 1% to 4%) per annum.

		30 September 2024 (Un-audited) ----- (Afn in '000) -----	31 December 2023 (Audited) -----
	Note		
5.1.2 Time deposits with other banks			
Habib Bank Limited, Brussels	5.1.2.1	-	1,286,546
AKTIF Bank, Turkey	5.1.2.2	89,115	91,208
BMCE BANK SPAIN		616,950	420,960
Habib Bank Limited, Bahrain	5.1.2.3	1,306,309	-
Less: General provision held	5.1.2.4	(17,382)	(17,987)
		<u>1,994,992</u>	<u>1,780,727</u>

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

5.1.2.2 This include deposit having maturity of 91 days (2023: 28 days) and carrying interest rate of 4.5% (2023: 1%) per annum.

5.1.2.3 These deposits are made during the period to a related party in a newly opened account, having maturity of 91 days (2023: 0) and carrying interest at rates of 4.55% per annum.

5.1.2.4 The bank has maintained a provision of AFN 17,382 thousand (2023: 17,987) based on Bank's provisioning policy and Assets Classification and Provisioning Regulation (ACPR) issued by DAB.

5.2 Investments

		30 September 2024 (Un-audited) ----- (Afn in '000) -----	31 December 2023 (Audited) -----
	Note		
5.2.1 Available for Sale Sukuk Investments		60,962	-
5.2.2 Held to Maturity Sukuk Investments		13,004	-
Less: General provision held		(740)	-
		<u>73,226</u>	<u>-</u>

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	Note	30 September 2024 (Un-audited)	31 December 2023 (Audited)
		----- (Afn in '000) -----	
6. LOANS AND ADVANCES TO CUSTOMERS - NET	6.1		
Conventional Loans and advances to customers		807,839	1,237,372
Islamic Loans and advances to customers		1,254,895	965,494
		<u>2,062,734</u>	<u>2,202,866</u>
Less: Impairment loss on loans and advances	6.2		
Conventional Loans		(99,336)	(89,970)
Islamic Financings		(12,116)	(44,725)
		<u>(111,452)</u>	<u>(134,695)</u>
		<u>1,951,282</u>	<u>2,068,171</u>

6.1 Conventional Loans and advances to customers

		30 September 2024 (Un-audited)			31 December 2023 (Audited)		
	Note	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
		-----	(Afn in '000)	-----	-----	(Afn in '000)	-----
Microfinance loans	6.1.1	1,494,222	(43,383)	1,450,839	1,543,193	(109,949)	1,433,244
Loans to small and medium size enterprises	6.1.1	494,490	(55,573)	438,917	583,180	(21,078)	562,102
Overdraft financing	6.1.1	74,022	(12,496)	61,526	76,493	(3,668)	72,825
		<u>2,062,734</u>	<u>(111,452)</u>	<u>1,951,282</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 8% to 27% (2023: 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% (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 20 to 23 million monthly.

Overdraft carries interest rate ranging from 10% to 15% (2023: 10% to 15%) 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

		30 September 2024 (Un-audited)			31 December 2023 (Audited)		
	Note	Specific	General	Total	Specific	General	Total
		-----	(Afn in '000)	-----	-----	(Afn in '000)	-----
Balance at 1st January		54,965	79,730	134,695	70,413	74,057	144,470
Charge for the period / year:							
Microfinance loans		(7,505)	(59,086)	(66,591)	(10,286)	6,766	(3,520)
Loans to small and medium size enterprises		78,703	(1,192)	77,511	(2,160)	(1,093)	(3,253)
		<u>71,198</u>	<u>(60,278)</u>	<u>10,920</u>	<u>(12,446)</u>	<u>5,673</u>	<u>(6,773)</u>
Written off against impairment allowance:							
Microfinance loans		(34,163)	-	(34,163)	(3,002)	-	(3,002)
Loans to small and medium size enterprises		-	-	-	-	-	-
		<u>(34,163)</u>	<u>-</u>	<u>(34,163)</u>	<u>(3,002)</u>	<u>-</u>	<u>(3,002)</u>
Closing Balance		<u>92,000</u>	<u>19,452</u>	<u>111,452</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 recognized 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 815,060 thousand for the period ended September 30, 2024, resulting in an 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 829,194 thousand (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		Impairment allowance required as per ACPR		Impairment allowance held	Number of customers
	Afn in '000	Rate	Afn in '000	Rate	Afn in '000	
30 September 2024 (Un-Audited)						
Classification - Microfinance Loans						
Standard	1,445,927	1%	14,459	1%	14,629	23,060
Overdue:						
Watch-List	13,218	5%	661	5%	661	384
Substandard	4,273	25%	1,068	25%	1,068	85
Doubtful	7,559	50%	3,780	50%	3,780	170
Loss	23,245	100%	23,245	100%	23,245	497
	<u>1,494,222</u>		<u>43,213</u>		<u>43,383</u>	<u>24,196</u>
Classification-Overdraft and SME Loans						
Standard - SME Loans	397,408	1%	3,974	1%	3,974	144
Standard - Overdraft financing	62,147	1%	621	1%	621	2
Overdue:						
Watch-List	7,258	5%	363	5%	363	5
Substandard	6,028	25%	1,507	25%	1,507	6
Doubtful	67,236	50%	33,618	50%	33,618	15
Loss	16,560	100%	16,560	100%	16,560	13
Loss - Overdraft financing	11,875	100%	11,875	100%	11,875	1
	<u>568,512</u>		<u>68,518</u>		<u>68,518</u>	<u>186</u>
Less:						
Reversal of provisioning on loans secured with ACGF	-		(449)		(449)	
Total	<u>2,062,734</u>		<u>111,282</u>		<u>111,452</u>	<u>24,382</u>
31 December 2023 (Audited)						
Classification-Microfinance Loans						
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>
Classification-Overdraft and SME Loans						
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>
Total	<u>2,202,866</u>		<u>73,484</u>		<u>134,695</u>	<u>24,879</u>

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		30 September 2024 (Un-audited)	31 December 2023 (Audited)
	Note	----- (Afn in '000) -----	
7. OPERATING FIXED ASSETS			
Capital work-in-progress	7.1	5,021	5,021
Property and equipment	7.2	21,940	37,404
Right-of-use assets - Bank's branches	7.3	143,337	166,580
		<u>170,298</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	Furnitur e and fittings	Vehicles	Office equipment	Computer equipment	Total
	(Afn in '000)					
Cost						
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>
Balance at 1 January 2024 - Audited	113,335	43,431	23,171	177,392	110,281	467,610
Additions	873	414	45	3,764	749	5,845
Disposals	(45)	-	-	-	(3,882)	(3,927)
Balance at 30 September 2024 - Un-audited	<u>114,163</u>	<u>43,845</u>	<u>23,216</u>	<u>181,156</u>	<u>107,148</u>	<u>469,528</u>
Depreciation						
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>
Balance at 1 January 2024 - Audited	93,255	41,020	22,824	163,402	109,704	430,205
Charge for the period	9,187	925	66	10,581	493	21,252
Disposals	(45)	-	-	-	(3,824)	(3,869)
Balance at 30 September 2024 - Un-audited	<u>102,397</u>	<u>41,945</u>	<u>22,890</u>	<u>173,983</u>	<u>106,373</u>	<u>447,588</u>
Carrying amounts						
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>
Balance at 30 September 2024 - Un-audited	<u>11,766</u>	<u>1,900</u>	<u>326</u>	<u>7,173</u>	<u>775</u>	<u>21,940</u>
Depreciation rate	<u>20%</u>	<u>20%</u>	<u>20%</u>	<u>25%</u>	<u>33.33%</u>	

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

7.3 Right-of-use assets - Bank's branches

Cost:		
Opening Balance as of 1 January - Audited	414,101	415,718
Additions	-	178
Adjustment of Lease Modification	(306)	(1,795)
Closing Balance	<u>413,795</u>	<u>414,101</u>
Accumulated depreciation:		
Opening balance	247,521	203,105
Depreciation expense	22,937	44,416
Adjustment of Lease Modification	-	-
Closing Balance	<u>270,458</u>	<u>247,521</u>
Carrying amount	<u>143,337</u>	<u>166,580</u>

7.3.1 Allocation of depreciation and amortisation

Depreciation charge on property and equipment	21,252	35,911
Depreciation charge on right-of-use assets	22,937	44,416
Less: Amount classified under grant expense	<u>(5,106)</u>	<u>(2,645)</u>
	<u>39,083</u>	<u>77,682</u>

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		30 September 2024 (Un-audited)	31 December 2023 (Audited)
		----- (Afn in '000) -----	
8. INTANGIBLE ASSET	Note		
Computer software:			
Cost			
Balance at 01 January		300,384	251,030
Transfer from CWIP		-	49,354
Additions		152	-
Closing balance		300,536	300,384
Amortisation			
Balance at 01 January		(222,570)	(198,846)
Charge for the period		(19,851)	(23,724)
Closing balance		(242,421)	(222,570)
Carrying amounts		<u>58,115</u>	<u>77,814</u>
9. OTHER ASSETS			
Restricted deposits with DAB	9.1	578,048	601,784
Interest receivable		43,820	76,905
Prepayments		7,086	11,646
Receivable from Roshan against M-Paisa payments		7,043	5,252
Advances to staff and Supplier		8,176	17,898
Other receivables		67,526	13,519
		<u>711,699</u>	<u>727,004</u>
Less: General provision held	9.2	(580)	(580)
		<u>711,119</u>	<u>726,424</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	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			
		30 September 2024 (Un-audited)	31 December 2023 (Audited)
		----- (Afn in '000) -----	
Conventional Retail customers:			
Term deposits		-	29,356
Current deposits		721,817	675,865
Saving deposits	10.1	1,623,377	1,628,759
		<u>2,345,194</u>	<u>2,333,980</u>
Islamic Retail customers:			
Term deposits		-	-
Current deposits		744,300	437,044
Saving deposits		208,701	140,886
		<u>953,001</u>	<u>577,930</u>
Conventional Corporate customers:			
Term deposits	10.2	-	-
Current deposits		2,118,646	3,032,780
Saving deposits	10.1	729,432	1,177,690
		<u>2,848,078</u>	<u>4,210,470</u>
Islamic Corporate customers:			
Term deposits		686,184	-
Current deposits		672,426	770,456
Saving deposits		-	-
		<u>1,358,610</u>	<u>770,456</u>
Cash Margin		31,831	32,031
Kafala Margin		9,523	8,253
Dormant deposits		-	67,342
	10.3	<u>7,546,237</u>	<u>8,000,462</u>

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10.1 The saving deposits are interest free.

10.2 The time deposits consist of two time deposits by MISFA, having interest rate of 1.5% to 5%.

	30 September 2024 (Un-audited)	31 December 2023 (Audited)
10.2.1		
	----- (Afn in '000) -----	
MISFA Mudarabah Term Deposit (profit rate = 1.5%)	636,184	-
MISFA Mudarabah Term Deposit (profit rate = 5%)	50,000	-
	686,184	-

10.3 Deposits include AFN 1,585,394 thousands (2023: AFN.2,708,127 thousands) due to related parties.

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

11. LOANS AND BORROWINGS

Ministry of Finance, Government of Afghanistan	-	-
Microfinance Investment Support Facility for Afghanistan Ltd	-	50,000
Nederlandse Fiancierings-Masstschappij Voor Ontwikkelingslanden N.V	-	76,703
International Fund for Agricultural Development	-	694,019
	-	820,722

12. OTHER LIABILITIES

Accrued expenses	132,202	114,506
Interest payable	16,079	44,621
Payable to APS for integrated banking	19,430	3,720
Deferred grants	2,204	18,451
Withholding taxes payable	3,067	3,782
Lease liability	158,011	169,363
Inter branch balance	38,594	21,439
Others	28,174	33,716
General provision held against off-balance items	-	-
	397,761	409,598

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

13. SHARE CAPITAL**Authorized**

88,800 ordinary shares of AFN 9,016 each (2022: 88,800 of AFN 9,016)

800,624 800,624

Paid up

88,288 ordinary shares of AFN 9,016 each (2022: 88,288 of AFN 9,016)

796,008 796,008

13.1 The capital is contributed by the shareholders as follows:

	30 September 2024 (Un-audited)	31 December 2023 (Audited)	30 September 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 October 2024 has impacted the bank's capital position. It 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 also the approval from Da Afghanistan Bank has been received. 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.

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

14. CONTINGENCIES AND COMMITMENTS**14.1 Contingencies**

Outstanding bank guarantees

8,798 9,038

14.2 Commitments

Undrawn loan and overdraft facilities

16,686 16,066

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.

Nine months ended 30 September 2024 (Un-audited)	Nine months ended 30 September 2023 (Un-audited)
----- (Afn in '000) -----	

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

Salaries and benefits

26,482 11,533

Key management personnel outstanding balances

Advances to staff

2,373 1,953

Bank deposits

39,727 30,957

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

15.3 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

1,306,309	1,402,678
60,596	63,928
7,043	5,977
1,585,394	2,521,556

Nine months ended 30 September 2024 (Un-audited)	Nine months ended 30 September 2023 (Un-audited)
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----- (Afn in '000) -----

15.4 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

54,143	50,730
1,250	1,337
-	400
-	-
11,437	8,058

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 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

26/Nov/24 UH7.

Chief Financial Officer

Chief Executive Officer