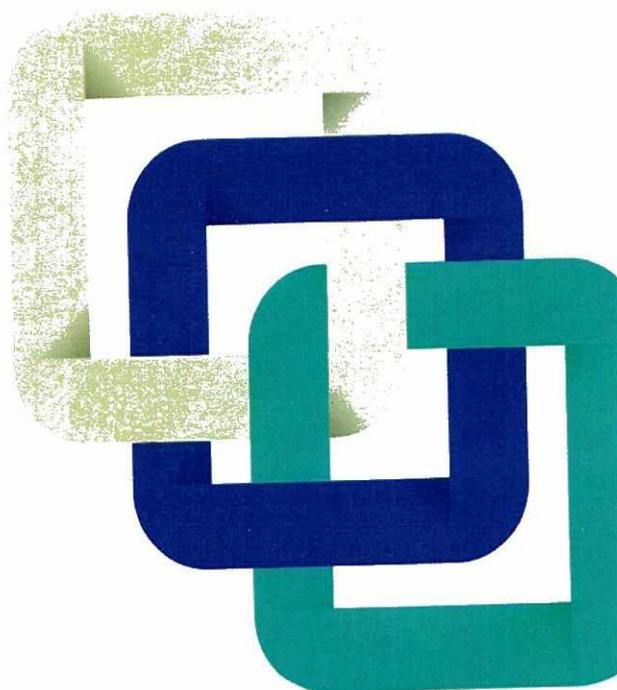


The First Microfinance Bank
– condensed interim financial
statements and auditors’
review report

For the 1st quarter ended 31 March 2020



Contents

- 1. Auditors’ Review Report**
- 2. Condensed Interim Financial Statements**



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Report on Review of Condensed Interim Financial Statements

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To the Shareholders of The First Microfinance Bank

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **The First Microfinance Bank** ("the Bank") as at 31 March 2020 and the related condensed interim statement of 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 the Central Bank of Afghanistan. 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 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.



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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 31 March 2020, 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), the requirements of the Law of Banking in Afghanistan and directives issued by the Central Bank of Afghanistan.

Grant Thornton Afgh

Grant Thornton Afghanistan

Chartered Accountants

Engagement Partner: Saqib Rehman Qureshi

Location: Kabul, Afghanistan

Date:

17th May 2020



The First Microfinance Bank
Condensed Interim Financial
Statements

For the 1st quarter ended 31 March 2020

THE FIRST MICROFINANCE BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	31 March 2020 (Un-audited)	31 December 2019 (Audited)
Note	----- (Afn in '000) -----	-----
Assets		
Cash and cash equivalents	4 5,104,518	4,709,883
Placements - net	5 198,660	603,353
Loans and advances to customers - net	6 5,069,929	4,931,284
Operating fixed assets	7 586,154	595,797
Intangible asset	7 71,236	78,830
Other assets	8 888,740	853,576
Total Assets	<u>11,919,237</u>	<u>11,772,723</u>
Liabilities		
Deposits from customers	9 6,770,424	6,602,025
Loans and borrowings	10 2,572,017	2,588,977
Income tax payable	3,907	11,432
Deferred tax liability - net	27,269	27,270
Other liabilities	11 468,863	481,189
Total Liabilities	<u>9,842,480</u>	<u>9,710,893</u>
Equity		
Share capital	12 796,008	796,008
Share premium	206,038	206,038
Retained earnings	1,074,711	1,059,784
Total equity	<u>2,076,757</u>	<u>2,061,830</u>
Total equity and liabilities	<u>11,919,237</u>	<u>11,772,723</u>
Contingencies and commitments	13	

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
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THREE MONTHS ENDED 31 MARCH 2020

	Note	Three months ended 31 March 2020	Three months ended 31 March 2019
		(Un-Audited)	
		AFN '000'	AFN '000'
Interest income		353,468	363,813
Interest expense		(39,259)	(44,597)
Net interest income		<u>314,209</u>	<u>319,216</u>
Fee and commission income		21,443	22,707
Fee and commission expense		(14,151)	(13,225)
Net fee and commission income		<u>7,292</u>	<u>9,482</u>
Income from dealing in foreign currencies		55,013	24,531
Revenue		<u>376,514</u>	<u>353,229</u>
Other income		(14,153)	5,264
Impairment loss on loans and advances to customers	6.2	(38,783)	(44,194)
Impairment loss on placements		3,791	1,319
Reversal/ (charge) of general provision on:			
Other assets		(741)	125
Off-balance sheet items		-	-
Personnel expenses		(168,270)	(180,537)
Depreciation and amortisation		(19,345)	(16,261)
Penalty		-	(3,200)
Other expenses		(121,188)	(135,924)
Net operating income		<u>17,825</u>	<u>(20,179)</u>
Non-operating revenue and expenses:			
Grants income received		3,334	110
Expenditure against grants		(3,334)	(110)
Profit before tax		<u>17,825</u>	<u>(20,179)</u>
Income tax expense		(2,898)	4,058
Net profit		<u>14,927</u>	<u>(16,121)</u>
Other comprehensive income		-	-
Total comprehensive income		<u>14,927</u>	<u>(16,121)</u>

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


 Chief Executive Officer


 Chief Financial Officer

THE FIRST MICROFINANCE BANK
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THREE MONTHS ENDED 31 MARCH 2020

	Share capital	Share premium	Retained earnings	Total
	----- (Afn in '000) -----			
Balance at 01 January 2019 (Audited)	796,008	206,038	1,020,140	2,022,186
Total comprehensive income for three months ended 31 March 2019				
Profit for the period	-	-	(16,121)	(16,121)
Other comprehensive income	-	-	(16,121)	(16,121)
Balance at 31 March 2019 (Un-Audited)	<u>796,008</u>	<u>206,038</u>	<u>1,004,019</u>	<u>2,006,065</u>
Balance as at 01 January 2020 (Audited)	796,008	206,038	1,059,784	2,061,830
Total comprehensive income for three months ended 31 March 2020				-
Profit for the period	-	-	14,927	14,927
Other comprehensive income	-	-	-	-
	-	-	14,927	14,927
Balance at 31 March 2020 (Un-Audited)	<u>796,008</u>	<u>206,038</u>	<u>1,074,711</u>	<u>2,076,757</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
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THREE MONTHS ENDED 31 MARCH 2020

	Three months ended 31 March 2020	Three months ended 31 March 2019
Note	(Un-Audited) ----- (Afn in '000) -----	
Cash flows from operating activities		
Profit before tax	17,825	16,758
Adjustments for:		
Depreciation and amortisation	6 & 7 19,675	14,845
Impairment loss on loans and advances to customers	5.2 38,783	24,610
Impairment loss on placements	(3,791)	4,745
Recognition of previously written off vehicles (Reversal)/ provision on	-	-
Other assets	8 741	484
Off-balance sheet items	-	(777)
Gain on sale of property and equipment	(22)	(57)
Grant income	(3,334)	(428)
	<u>69,877</u>	<u>60,180</u>
Changes in:		
Increase in loans and advances to customers	(177,428)	(110,752)
Increase in other assets	(28,516)	(22,140)
Increase in deposits from customers	168,399	(499,987)
Increase in other liabilities	(9,267)	19,282
	<u>23,065</u>	<u>(553,417)</u>
Income tax paid	(10,423)	(34,187)
Grant Received	3,329	428
Net cash (used in)/ flow from operating activities	<u>15,971</u>	<u>(587,176)</u>
Cash flows from investing activities		
Purchase of property and equipment	(12,934)	(9,624)
Proceeds from sale of property and equipment	74	439
Investment in placements	408,484	168,686
Net cash (used in)/ flow from investing activities	<u>395,624</u>	<u>159,501</u>
Cash flows from financing activities		
Repayment of loans and borrowings	(16,960)	(84,336)
Net cash used in financing activities	<u>(16,960)</u>	<u>(84,336)</u>
Net (decrease)/ increase in cash and cash equivalents	394,635	(512,011)
Cash and cash equivalents at beginning of the period	4,709,883	5,798,185
Cash and cash equivalents at end of the period	<u>5,104,518</u>	<u>5,286,174</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
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR MARCH MONTHS ENDED 31 MARCH 2020

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. The Bank has 38 branches (2019: 38) in operation including 17 (2019: 17) urban branches and 21 (2019:21) rural/peri urban branches in operation as at 31 March 2020 and employed 1,469 (2019: 1,196) staff.

2. BASIS OF PREPARATION

This condensed interim financial information of the Bank for the three months period ended 31 March 2020 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 2018.

Standards, interpretations and amendments to published approved accounting standards that are effective in the

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 bank has implemented IFRS 9 standard in December 2018 Audited Accounts. The Bank is now fully compliant with the 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 2019.

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 2019.

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 2019.

4. CASH AND CASH EQUIVALENTS

		31 March 2020 (Un-audited)	31 December 2019 (Audited)
	Note	----- (Afn in '000) -----	
Cash on hand		331,725	325,431
Unrestricted balances with Da Afghanistan Bank		1,224,563	504,368
Balances with other banks	4.1	1,086,318	499,311
Short term placements with banks	4.2	2,461,912	3,380,773
		5,104,518	4,709,883

		31 March 2020 (Un-audited)	31 December 2019 (Audited)
	Note	----- (Afn in '000) -----	
4.1 Balances with other banks			
Balances with:			
Transkapital - Russia		112,994	24,925
Bank Alfalah Limited, Kabul		-	-
Islamic Bank of Afghanistan		229,050	-
BMCE Bank International, Spain		713,528	446,506
AKTIF - Turkey		26,928	24,022
CSCBank SAL		3,818	3,858
	4.1.1	<u>1,086,318</u>	<u>499,311</u>

4.1.1 These balances are interest free (2019: Interest free).

4.2 Short term placements with banks

Capital notes	4.2.1	573,642	799,571
Time deposits with other banks	4.2.2	1,888,270	2,581,202
		<u>2,461,912</u>	<u>3,380,773</u>

		31 March 2020 (Un-audited)	31 December 2019 (Audited)
	Note	----- (Afn in '000) -----	
4.2.2 Time deposits with other banks			
Habib Bank Limited, Brussels	4.2.2.1	534,450	462,900
Diamond Trust Bank Kenya	4.2.2.2	1,069,045	1,122,336
AKTIF Bank, Turkey	4.2.2.3	61,080	61,720
Habibsons Bank Limited, UK		231,720	-
BMCE Bank International, Spain	4.2.2.4	-	944,500
Less: General provision held	4.2.2.5	<u>(8,025)</u>	<u>(10,255)</u>
		<u>1,888,270</u>	<u>2,581,202</u>

4.2.2.1 These include deposits having maturity up to three months and carrying interest at rates ranging from 2.05% to 2.12% (2019: 1.7% to 2.15%) per annum.

4.2.2.2 These include deposits having maturities from 28 days upto 33 days and carrying interest at rates ranging from 2.00% to 2.45% (2019: 2.3% to 2.42%) per annum.

4.2.2.3 These include deposits having maturity up to three months and carrying interest at rates of 2.15% (2019: 1.65%) per annum.

4.2.2.4 These include deposits having maturities of 8 to 39 days (2020: Nil) and carrying interest ranging from 0.05% to 1.5% (2019: Nil) per annum.

4.2.2.5 The provision for expected credit loss computed in accordance with IFRS 9 on above placements amounts to 391,863 which is lower than the one resulting from the requirements of Asset Classification and Provisioning Regulation (ACPR) issue by DAB and bank's provisioning policy. Accordingly, the bank has maintained a higher provision.

	Note	31 March 2020 (Un-audited) ----- (Afn in '000) -----	31 December 2019 (Audited) ----- (Afn in '000) -----
5. PLACEMENTS - NET			
Capital notes issued by DAB	5.1	198,660	448,718
Habibsons Bank Limited, UK	5.2	-	156,197
Less: General provision held	5.3	-	(1,562)
		<u>198,660</u>	<u>603,353</u>

5.1 These represent capital notes with DAB having maturity of 182 days and carry interest rate ranging from 0.97% to 1.7% (2019: 0.799% to 1.06%) per annum.

5.2 This deposit has a maturity of 92 days (2020: Nil) and carries interest rate of 1.8% (2020: Nil) per annum.

5.3 General provision of 1% (31 December 2019: 1%) is held on placements above 30 days (2019: above 30 days), in accordance with revised "Asset Classification and Provisioning Regulation (ACPR)" issue by DAB.

	Note	31 March 2020 (Un-audited) ----- (Afn in '000) -----	31 December 2019 (Audited) ----- (Afn in '000) -----
6. LOANS AND ADVANCES TO CUSTOMERS - NET			
Loans and advances to customers	6.1	5,525,844	5,387,903
Less: Impairment loss on loans and advances	6.2	(455,915)	(456,619)
		<u>5,069,929</u>	<u>4,931,284</u>

6.1 Loans and advances to customers

Note	31 March 2020 (Un-audited)			31 December 2019 (Audited)			
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount	
	----- (Afn in '000) -----			----- (Afn in '000) -----			
Microfinance loans	6.1.1	4,238,836	(323,701)	3,915,135	4,166,256	(334,756)	3,831,500
Loans to small and medium size enterprises (SME)	6.1.1	1,062,339	(120,492)	941,847	1,045,120	(106,393)	938,727
Overdraft financing	6.1.1	224,669	(11,723)	212,946	176,527	(15,470)	161,057
		<u>5,525,844</u>	<u>(455,915)</u>	<u>5,069,929</u>	<u>5,387,903</u>	<u>(456,619)</u>	<u>4,931,284</u>

6.1.1 Microfinance loans carry interest at rates ranging from 9% to 27% (2019: 9% to 27%) per annum, whereas interest on loans to small and medium size enterprises (SMEs) is charged at the rates ranging from 6.6% to 23% (2019: 6.6% to 23%) per annum. Overdraft carries interest rate ranging from 8.5% to 17% (2019: 8.5% to 17%) per annum. All loans are secured by various kind of properties and personal guarantees. These 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 8 other customers.

6.2 Impairment loss on loans and advances to customers

Note	31 March 2020 (Un-audited)			31 December 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Afn in '000) -----			----- (Afn in '000) -----		
Balance at 1st January	207,551	249,068	456,619	133,546	294,150	427,696
Charge for the period / year:						
Microfinance loans	11,991	924	12,914	101,915	(39,221)	62,694
Loans to small and medium size enterprises	23,630	2,363	25,994	49,128	(5,861)	43,267
	<u>35,621</u>	<u>3,287</u>	<u>38,908</u>	<u>151,043</u>	<u>(45,082)</u>	<u>105,961</u>
Written off against impairment allowance:						
Microfinance loans	(23,970)	-	(23,970)	(67,674)	-	(67,674)
Loans to small and medium size enterprises	(15,642)	-	(15,642)	(9,364)	-	(9,364)
	<u>(39,612)</u>	<u>-</u>	<u>(39,612)</u>	<u>(77,038)</u>	<u>-</u>	<u>(77,038)</u>
Closing Balance	<u>203,561</u>	<u>252,355</u>	<u>455,916</u>	<u>207,551</u>	<u>249,068</u>	<u>456,619</u>

- 6.3 The provision for expected credit loss computed in accordance with IFRS 9 amounts to AFN 515,167,017 which is higher than the one resulting from the requirements of Assets Classification and Provisioning Regulation (ACPR) issued by DAB and Bank's 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	
31 March 2020 (Un-Audited)						
Classification - Microfinance Loans						
Standard	4,067,689	1%	40,677	4.98%	199,976	56,478
Overdue:						
Watch-List	20,955	5%	1,048	5%	830	323
Substandard	11,310	25%	2,827	25%	2,737	184
Doubtful	23,827	50%	11,914	50%	12,804	345
Loss	114,316	100%	114,316	100%	106,614	1,508
Rescheduled	738	100%	738	100%	739	6
	<u>4,238,836</u>		<u>171,520</u>		<u>323,701</u>	<u>58,844</u>
Classification-Overdraft and SME Loans						
Standard - SME Loans	975,869	1%	9,759	4.98%	49,617	431
Standard - Overdraft financing	205,825	1%	2,058	1%	2,762	7
Overdue:						
Watch-List	4,802	5%	240	5%	401	1
Substandard	5,875	25%	1,469	25%	239	2
Doubtful	6,526	50%	3,263	50%	4,618	3
Doubtful - Overdraft financing	18,844	50%	9,422	50%	8,961	2
Loss	40,794	100%	40,794	100%	37,116	28
Rescheduled	28,474	100%	28,474	100%	28,500	4
	<u>1,287,009</u>		<u>95,479</u>		<u>132,215</u>	<u>478</u>
31 December 2019 (Audited)						
Classification-Microfinance Loans						
Standard	3,997,038	1%	39,970	4.98%	199,052	56,692
Overdue:						
Watch-List	13,105	5%	655	5%	655	190
Substandard	9,984	25%	2,496	25%	2,497	156
Doubtful	27,154	50%	13,577	50%	13,577	372
Loss	118,808	100%	118,808	100%	118,808	1,479
Rescheduled	167	100%	167	100%	167	1
	<u>4,166,256</u>		<u>175,673</u>		<u>334,756</u>	<u>58,890</u>
Classification-Overdraft and SME Loans						
Standard - SME Loans	973,786	1%	9,738	4.98%	48,495	441
Standard - Overdraft financing	152,139	1%	1,521	1%	1,521	8
Overdue:						
Watch-List - SME loans	7,056	5%	353	5%	353	1
Watch-List - Overdraft financing	-	5%	-	5%	-	-
Substandard - SME loans	1,965	25%	491	25%	491	3
Substandard - Overdraft financing	-	25%	-	25%	-	-
Doubtful - SME loans	10,519	50%	5,259	50%	5,259	8
Doubtful - Overdraft financing	20,878	50%	10,439	50%	10,439	2
Loss - SME loans	47,563	100%	47,563	100%	47,563	26
Loss - Overdraft financing	3,510	1	3,510	1	3,510	1
Rescheduled - SME loans	4,232	1	4,232	1	4,232	3
	<u>1,221,647</u>		<u>83,106</u>		<u>121,863</u>	<u>493</u>

	Note	31 March 2020 (Un-audited)	31 December 2019 (Audited)
----- (Afn in '000) -----			
7. OPERATING FIXED ASSETS			
Capital work-in-progress	7.1	150,985	145,052
Property and equipment	7.2	86,521	91,602
Right-of-use assets - Bank's branches	7.3	348,647	359,143
		<u>586,154</u>	<u>595,797</u>

7.1 Capital work-in-progress

Balance at 01 January		145,052	21,503
Additions		5,933	131,424
Transfer to Core Banking Software		-	(7,875)
Closing balance	7.1.1	<u>150,985</u>	<u>145,052</u>

7.1.1 These include advances amounting to AFN 35,637 thousand for the implementation of OBDX (reporting module), FCCM module of FCUBS and document management software which will be transferred to intangibles upon completion.

7.2 Property and equipment

	Leasehold improvements	Furniture and fittings	Vehicles	Office equipment	Computer equipment	Total
----- (Afn in '000) -----						
Cost						
Balance at 01 January 2019	55,767	41,358	24,192	95,834	82,934	300,085
Additions	1,815	1,259	-	21,984	31,867	56,925
Disposals	(300)	(735)	-	(585)	(526)	(2,146)
Balance at 31 December 2019	<u>57,282</u>	<u>41,882</u>	<u>24,192</u>	<u>117,234</u>	<u>114,274</u>	<u>354,865</u>
Balance at 1 January 2020 - Audited	57,282	41,882	24,192	117,234	114,274	354,865
Additions	365	219	-	5,643	773	7,001
Disposals	(108)	-	-	-	-	(108)
Balance at 31 March 2020 - Un-audited	<u>57,539</u>	<u>42,102</u>	<u>24,192</u>	<u>122,877</u>	<u>115,047</u>	<u>361,757</u>
Depreciation						
Balance at 1 January 2019	42,899	29,775	18,825	68,425	63,039	222,963
Charge for the year	3,961	3,244	2,880	14,726	17,363	42,175
Disposals	(278)	(725)	-	(533)	(338)	(1,875)
Balance at 31 December 2019	<u>46,582</u>	<u>32,294</u>	<u>21,705</u>	<u>82,618</u>	<u>80,064</u>	<u>263,263</u>
Balance at 1 January 2020 - Audited	46,582	32,294	21,705	82,618	80,064	263,263
Charge for the period	1,045	833	551	4,474	5,178	12,081
Disposals	(108)	-	-	-	-	(108)
Balance at 31 March 2020 - Un-audited	<u>47,518</u>	<u>33,127</u>	<u>22,256</u>	<u>87,092</u>	<u>85,242</u>	<u>275,235</u>
Carrying amounts						
Balance at 31 December 2018 - Audited	10,701	9,588	2,487	34,616	34,210	91,602
Balance at 31 March 2019 - Un-audited	<u>10,021</u>	<u>8,975</u>	<u>1,936</u>	<u>35,785</u>	<u>29,805</u>	<u>86,521</u>
Depreciation rate	<u>20%</u>	<u>20%</u>	<u>20%</u>	<u>25%</u>	<u>33.33%</u>	

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

	Note	31 March 2020 (Un-Audited)	31 March 2019 (Un-Audited)
----- (Afn in '000) -----			
Cost:			
Balance as of 1 January 2020 upon adoption of IFRS 16		359,143	-
Additions during the quarter		-	-
Balance as at 31 March 2020		<u>359,143</u>	<u>-</u>
Accumulated depreciation:			
Depreciation expense for quarter		10,496	-
Balance as at March 31, 2020		<u>10,496</u>	<u>-</u>
Carry amount as of March 31, 2020		<u>348,647</u>	<u>-</u>

7.3.1 Allocation of depreciation and amortisation

Depreciation charge on property and equipment	12,081	9,171
Depreciation charge on right-of-use assets	-	-
Less: Amount classified under grant expense	(330)	(110)
	<u>11,751</u>	<u>9,061</u>

		31 March 2020 (Un-audited)	31 December 2019 (Audited)
	Note	----- (Afn in '000) -----	
7. INTANGIBLE ASSET			
Computer software:			
Cost			
Balance at 01 January		172,504	164,629
Additions during the period		-	7,875
Transfer from CWIP		-	-
Closing balance		172,504	172,504
Amortisation			
Balance at 01 January		(93,674)	(63,957)
Charge for the period		(7,594)	(29,717)
Closing balance		(101,268)	(93,674)
Carrying amounts		71,236	78,830
8. OTHER ASSETS			
Restricted deposits with DAB	8.1	555,230	535,100
Interest receivable		260,420	256,512
Prepayments		34,884	19,250
Receivable from Roshan against M-Paisa payments		22,572	26,668
Other receivables		3,538	-
Advances to staff		9,168	6,114
Inter branch balance		3,916	10,179
		889,728	853,823
Less: General provision held	8.2	(988)	(247)
		888,740	853,576

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.

8.2 Provision is held on portion of other assets (2019: 1% on all other assets) as per Asset Classification and Provisioning Regulation issued by DAB.

		31 March 2020 (Un-audited)	31 December 2019 (Audited)
		----- (Afn in '000) -----	
9. DEPOSITS FROM CUSTOMERS			
Retail customers:			
Term deposits	9.1	39,394	39,592
Current deposits		733,019	779,512
Saving deposits	9.2	2,541,982	2,611,815
Corporate customers:			
Term deposits		790,875	542,875
Current deposits		2,488,722	2,447,265
Saving deposits		143,863	140,464
Cash Margin		32,328	40,367
Dormant deposits		241	135
	9.3	6,770,424	6,602,025

9.1 The rate of interest on term deposits ranges from 0.50% to 5% (2019: 0.50% to 5%) per annum.

9.2 The rate of interest on saving deposits other than those in Euro from retail customers is upto 0.5% (2019: 0.5%) per annum. Saving Deposits in Euro are interest free

9.3 Deposits include AFN 1,013,732 thousand (2019: Afn.1,141,364 thousands) due to related parties.

	31 March 2020 (Un-audited) ----- (Afn in '000) -----	31 December 2019 (Audited)
10. LOANS AND BORROWINGS		
Loans and borrowings from:		
Ministry of Finance, Government of Afghanistan	169,799	194,135
Microfinance Investment Support Facility for Afghanistan Ltd	1,104,691	1,208,401
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	519,936	562,649
Agricultural Development Fund	83,571	83,571
International Fund for Agricultural Development	694,019	540,221
	<u>2,572,017</u>	<u>2,588,977</u>
11. OTHER LIABILITIES		
Accrued expenses	90,314	94,407
Interest payable	43,703	49,155
Performance bonus payable	-	-
Deferred grants	2,066	2,390
Withholding taxes payable	7,076	8,519
Lease Liability	322,325	325,059
Other	3,380	1,659
Inter branch balance	-	-
General provision held against off-balance items	-	-
	<u>468,863</u>	<u>481,189</u>

	31 March 2020 (Un-audited) ----- (Afn in '000) -----	31 December 2019 (Audited) ----- (Afn in '000) -----
12. SHARE CAPITAL		
Authorized		
88,800 ordinary shares of US \$ 177 each (2017: 88,800 of US \$ 177)	<u>800,624</u>	<u>800,624</u>
Paid up		
88,288 ordinary shares of US \$ 177 each (2017: 88,288 of US \$ 177)	<u>796,008</u>	<u>796,008</u>

12.1 The capital is contributed by the shareholders as follows:

	31 March 2020 (Un-audited) ---- Number of shares ----	31 December 2019 (Audited) ----- (Afn in '000) -----	31 March 2020 (Un-audited) ----- (Afn in '000) -----	31 December 2019 (Audited) ----- (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. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

Outstanding bank guarantees	<u>8,731</u>	<u>12,564</u>
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13.2 Commitments

Undrawn loan and overdraft facilities	<u>118,691</u>	<u>28,659</u>
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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 13.1. Aga Khan Development Network entities collectively owns 51% (2019: 51%) of the Bank's capital.

	Three months ended 31 March 2020 (Un-audited) ----- (Afn in '000) -----	Three months ended 31 March 2019 (Un-audited) ----- (Afn in '000) -----
14.2 Transactions with key management personnel		
Key management personnel compensation		
Salaries and benefits	<u>19,560</u>	<u>30,452</u>
Key management personnel outstanding balances		
Advances to staff	<u>-</u>	<u>-</u>
Bank deposits	<u>10,217</u>	<u>4,986</u>

31 March 2020 (Un-audited)	31 December 2019 (Audited)
----- (Afn in '000) -----	

14.3 Other related party outstanding balances and transactions

Balances with related parties

Balances with banks	-	-
Time deposits with banks	1,835,215	1,730,382
Loan to Telecom Development Company Afghanistan Limited (TDCA)	11,655	85,987
Receivable from Roshan against M-Paisa payments	22,572	14,832
Deposits from customers	1,013,732	1,418,813
Cash Margin against guarantees issued	-	2,696

Three months ended 31 March 2020	Three months ended 31 March 2019
(Un-audited) (Un-audited)	
----- (Afn in '000) -----	

Transactions with related parties

Interest income	8,087	5,287
Fee and commission income	542	885
Fee and commission expense	1,833	2,020
Interest expense on deposits from customers	81	3,252
Directors' fee and other expenses	3,132	3,999

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. No 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 16 May 2020.


Chief Financial Officer


Chief Executive Officer

