

THE FIRST MICROFINANCE BANK

Condensed Interim Financial Statements

For the period ended March 31, 2021

**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, 2021 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, 2021, 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.

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UHY Shafiq Umar Daraz & Co

UHY Shafiq Umar Daraz & Co
Chartered Accountants

Engagement Partner: Umar Daraz
Location: Kabul, Afghanistan
Date: May 12 2021



THE FIRST MICROFINANCE BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

		31 March 2021 (Un-audited)	31 December 2020 (Audited)
	Note	----- (Afn in '000) -----	
Assets			
Cash and cash equivalents	4	5,051,622	5,175,723
Placements - net	5	747,591	1,542,287
Loans and advances to customers - net	6	4,906,557	4,246,383
Operating fixed assets	7	411,509	410,131
Intangible asset	8	87,543	97,632
Other assets	9	1,068,235	967,823
Total Assets		<u><u>12,273,057</u></u>	<u><u>12,439,979</u></u>
Liabilities			
Deposits from customers	10	7,700,191	7,682,441
Loans and borrowings	11	2,052,626	2,238,614
Income tax payable		-	8,060
Deferred tax liability - net		29,711	29,711
Other liabilities	12	388,760	369,820
Total Liabilities		<u><u>10,171,288</u></u>	<u><u>10,328,646</u></u>
Equity			
Share capital	13	796,008	796,008
Share premium		206,038	206,038
Retained earnings		1,099,723	1,109,287
Total equity		<u><u>2,101,769</u></u>	<u><u>2,111,333</u></u>
Total equity and liabilities		<u><u>12,273,057</u></u>	<u><u>12,439,979</u></u>
Contingencies and commitments	14		

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THREE MONTHS ENDED 31 MARCH 2021

	Three months ended 31 March 2021	Three months ended 31 March 2020
	(Un-Audited)	
Note	AFN '000'	AFN '000'
Interest income	282,747	353,468
Interest expense	(31,936)	(39,259)
Net interest income	250,811	314,209
Fee and commission income	23,591	21,443
Fee and commission expense	(2,884)	(2,310)
Net fee and commission income	20,707	19,133
Income from dealing in foreign currencies	31,523	55,013
Revenue	303,041	388,355
Other income	33,483	(14,153)
Impairment loss on loans and advances to customers 6.2	(34,844)	(38,783)
Impairment loss on placements	(16)	3,791
Reversal/ (charge) of general provision on other assets	106	(741)
Personnel expenses	(168,740)	(168,270)
Depreciation and amortisation	(23,621)	(19,345)
Finance cost on lease liabilities	(2,110)	-
Other expenses	(103,835)	(133,029)
Net operating income	3,465	17,825
Non-operating revenue and expenses:		
Grants income recognized against deferred grant	270	324
Grants income recognized against expenditures in incurred	7,273	3,010
Expenditure against grants	(7,543)	(3,334)
Profit before tax	3,465	17,825
Taxation	(13,029)	(2,898)
Net loss	(9,564)	14,927
Other comprehensive income	-	-
Total comprehensive income	(9,564)	14,927

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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 CHANGES IN EQUITY
FOR THREE MONTHS ENDED 31 MARCH 2021

	Share capital	Share premium	Retained earnings	Total
	(Afn in '000)			
Balance 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>
Balance as at 01 January 2021 (Audited)	796,008	206,038	1,109,287	2,111,333
Total comprehensive income for three months ended 31 March 2021				
Loss for the period	-	-	(9,564)	(9,564)
Other comprehensive income	-	-	-	-
	-	-	(9,564)	(9,564)
Balance at 31 March 2021 (Un-Audited)	<u>796,008</u>	<u>206,038</u>	<u>1,099,723</u>	<u>2,101,769</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 2021

		Three months ended 31 March 2021	Three months ended 31 March 2020
		(Un-Audited)	
	Note	----- (Afn in '000) -----	
Cash flows from operating activities			
Profit before tax		3,465	17,825
Adjustments for:			
Depreciation and amortisation	6 & 7	23,891	19,675
Impairment loss on loans and advances to customers	5.2	34,844	38,783
Impairment loss on placements		16	(3,791)
(Reversal)/ provision on other assets		(106)	741
Gain on sale of property and equipment		(195)	(22)
Finance cost on lease liabilities		2,110	-
Grant income		(7,543)	(3,334)
		<u>56,481</u>	<u>69,877</u>
Changes in:			
Increase in loans and advances to customers		(695,018)	(177,428)
Increase in other assets		(100,306)	(28,516)
Increase in deposits from customers		17,750	168,399
Increase/ (decrease) in other liabilities		8,204	(9,267)
		<u>(712,889)</u>	<u>23,065</u>
Income tax paid		(21,089)	(10,423)
Grant received		7,541	3,329
Net cash (used in)/ flow from operating activities		<u>(726,436)</u>	<u>15,971</u>
Cash flows from investing activities			
Purchase of property and equipment		(17,385)	(12,934)
Proceeds from sale of property and equipment		25	74
Investment in placements		794,680	408,484
Net cash flow from investing activities		<u>777,320</u>	<u>395,624</u>
Cash flows from financing activities			
Lease liabilities		11,004	-
Repayment of loans and borrowings		(185,988)	(16,960)
Net cash used in financing activities		<u>(174,984)</u>	<u>(16,960)</u>
Net (decrease)/ increase in cash and cash equivalents		(124,101)	394,635
Cash and cash equivalents at beginning of the period		5,175,723	4,709,883
Cash and cash equivalents at end of the period		<u>5,051,622</u>	<u>5,104,518</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 2021

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 (2020: 38) in operation including 17 (2020: 17) urban branches and 21 (2020: 21) rural/peri urban branches in operation as at 31 March 2021 and employed 1,460 (2020: 1,470) staff.

2. BASIS OF PREPARATION

This condensed interim financial information of the Bank for the three months period ended 31 March 2021 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 2020.

Comparative statement of financial position is extracted from the annual financial statements as at December 31, 2020 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 period ended March 31, 2020.

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 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in this condensed interim financial information.

3. ACCOUNTING POLICIES

The accounting policies adopted in preparation of this condensed interim financial information are consistent with those followed in the preparation of the annual financial statements of the Bank for the year ended 31 December 2020.

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 2020.

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 2020.

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		31 March 2021 (Un-audited)	31 December 2020 (Audited)
	Note	----- (Afn in '000) -----	
4. CASH AND CASH EQUIVALENTS			
Cash on hand		304,343	339,385
Unrestricted balances with Da Afghanistan Bank		1,018,645	807,207
Balances with other banks	4.1	1,032,093	654,999
Short term placements with banks	4.2	2,696,541	3,374,132
		<u>5,051,622</u>	<u>5,175,723</u>

4.1 Balances with other banks

Balances with:

Transkapital - Russia

Islamic Bank of Afghanistan

BMCE Bank International, Spain

AKTIF - Turkey

CSCBank SAL

	118,867	113,633
	231,690	231,150
	633,184	261,186
	40,568	41,119
	7,784	7,911
4.1.1	<u>1,032,093</u>	<u>654,999</u>

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

4.2 Short term placements with banks

Capital notes

Time deposits with other banks

4.2.1	-	872,857
4.2.2	2,696,541	2,501,275
	<u>2,696,541</u>	<u>3,374,132</u>

4.2.1 These represent capital notes issued by DAB having maturity up to 91 days and interest rates from 0.085% to 1.51%.

		31 March 2021 (Un-audited)	31 December 2020 (Audited)
	Note	----- (Afn in '000) -----	
4.2.2 Time deposits with other banks			
Habib Bank Limited, Brussels	4.2.2.1	849,530	308,200
Diamond Trust Bank Kenya	4.2.2.2	1,795,117	1,867,011
AKTIF Bank, Turkey	4.2.2.3	61,784	61,640
BMCE Bank International, Spain	4.2.2.4	-	269,675
Less: General provision held	4.2.2.5	(9,890)	(5,251)
		<u>2,696,541</u>	<u>2,501,275</u>

4.2.2.1 These include deposits having maturity up to three months and carrying interest at rates ranging from 1.30% to 1.50% (2020: 0.9%) per annum.

4.2.2.2 These include deposits having maturities from 24 days upto 28 days and carrying interest rate of 1.3% (2020: 1.5%) per annum.

4.2.2.3 These include deposits having maturity up to three months and carrying interest at rates of 1.15% (2020: 1.2%) per annum.

4.2.2.4 These include deposits having maturities of 6 to 14 days and carrying interest ranging from 0.05% to 1% per annum.

4.2.2.5 This is the 1% provision on placements with maturities of above 30 days calculated based on DAB's ACPR.

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	Note	31 March 2021 (Un-audited) ----- (Afn in '000) -----	31 December 2020 (Audited) ----- (Afn in '000) -----
5. PLACEMENTS - NET			
Capital notes issued by DAB	5.1	747,591	1,084,610
Habib Bank Limited, Brussels	5.2	-	462,300
Less: General provision held	5.3	-	(4,623)
		<u>747,591</u>	<u>1,542,287</u>

5.1 These represent capital notes with DAB having maturity of 364 days and carry interest rate ranging from 1.74% to 3.8% (2020: 1.75% to 3.8%) per annum.

5.2 This deposit has a maturity of 182 days and carries interest rate of 2.10% per annum.

5.3 General provision of 1% (31 December 2020: 1%) is held on placements above 30 days (2020: above 30 days), in accordance with revised "Asset Classification and Provisioning Regulation (ACPR)" issue by DAB.

	Note	31 March 2021 (Un-audited) ----- (Afn in '000) -----	31 December 2020 (Audited) ----- (Afn in '000) -----
6. LOANS AND ADVANCES TO CUSTOMERS - NET			
Loans and advances to customers	6.1	5,257,229	4,584,887
Less: Impairment loss on loans and advances	6.2	<u>(350,671)</u>	<u>(338,504)</u>
		<u>4,906,557</u>	<u>4,246,383</u>

6.1 Loans and advances to customers

		31 March 2021 (Un-audited)			31 December 2020 (Audited)		
	Note	Gross amount ----- (Afn in '000) -----	Impairment allowance ----- (Afn in '000) -----	Carrying amount	Gross amount ----- (Afn in '000) -----	Impairment allowance ----- (Afn in '000) -----	Carrying amount
Microfinance loans	6.1.1	4,084,138	(315,591)	3,768,547	3,568,735	(301,824)	3,266,911
Loans to small and medium size enterprises	6.1.1	985,730	(31,288)	954,443	871,788	(35,531)	836,257
Overdraft financing	6.1.1	187,360	(3,792)	183,568	144,364	(1,149)	143,215
		<u>5,257,229</u>	<u>(350,671)</u>	<u>4,906,557</u>	<u>4,584,887</u>	<u>(338,504)</u>	<u>4,246,383</u>

6.1.1 Microfinance loans carry interest at rates ranging from 9% to 27% (2020: 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% (2020: 6.6% to 23%) per annum. Overdraft carries interest rate ranging from 10% to 17% (2020: 10% to 17%) 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 March 2021 (Un-audited)			31 December 2020 (Audited)		
	Note	Specific ----- (Afn in '000) -----	General ----- (Afn in '000) -----	Total	Specific ----- (Afn in '000) -----	General ----- (Afn in '000) -----	Total
Balance at 1st January		156,692	181,812	338,504	207,551	249,068	456,619
Charge for the period / year:							
Microfinance loans		5,130	26,951	32,081	106,709	(30,152)	76,557
Loans to small and medium size enterprises		3,973	(1,210)	2,763	8,918	(37,103)	(28,185)
		<u>9,103</u>	<u>25,741</u>	<u>34,844</u>	<u>115,627</u>	<u>(67,255)</u>	<u>48,372</u>

Written off against impairment allowance:

Microfinance loans	(18,313)	-	(18,313)	(109,489)	-	(109,489)
Loans to small and medium size enterprises	(4,363)	-	(4,363)	(56,998)	-	(56,998)
	<u>(22,677)</u>	<u>-</u>	<u>(22,677)</u>	<u>(166,487)</u>	<u>-</u>	<u>(166,487)</u>
Closing Balance	<u>143,118</u>	<u>207,553</u>	<u>350,671</u>	<u>156,692</u>	<u>181,812</u>	<u>338,504</u>

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6.3 Provision of Loans and Advances for the purpose of allowance for impairment in accordance with the bank's provisioning policy and the DAB's ACPR are as follows:

	Amount outstanding Afn in '000	Impairment allowance required as per ACPR Rate	Impairment allowance held Afn in '000	Rate	Number of customers
31 March 2021 (Un-Audited)					
Classification - Microfinance Loans					
Standard	3,933,292	1%	39,333	4.98%	56,478
Overdue:					
Watch-List	14,806	5%	740	5%	323
Substandard	8,263	25%	2,066	25%	184
Doubtful	22,767	50%	11,383	50%	345
Loss	105,011	100%	105,011	100%	1,508
	<u>4,084,138</u>		<u>158,533</u>		<u>58,838</u>
Classification-Overdraft and SME Loans					
Standard - SME Loans	851,198	1%	8,512	4.98%	431
Standard - Overdraft financing	179,483	1%	1,795	1%	7
Overdue:					
Watch-List	6,971	5%	349	5%	1
Substandard	1,033	25%	258	25%	2
Doubtful	103,928	50%	51,964	50%	3
Loss	22,600	100%	22,600	100%	28
Loss - Overdraft financing	7,877	100%	7,877	100%	4
	<u>1,173,090</u>		<u>93,355</u>		<u>476</u>
Total	<u>5,257,229</u>		<u>251,888</u>		<u>59,314</u>
31 December 2020 (Audited)					
Classification-Microfinance Loans					
Standard	3,391,570	1%	33,916	4.98%	46,723
Overdue:					
Watch-List	17,750	5%	887	5%	338
Substandard	11,290	25%	2,823	25%	196
Doubtful	37,822	50%	18,911	50%	771
Loss	109,325	100%	109,325	100%	1,728
Rescheduled	978	100%	978	100%	7
	<u>3,568,735</u>		<u>166,840</u>		<u>49,763</u>
Classification-Overdraft and SME Loans					
Standard - SME Loans	727,234	1%	7,272	4.98%	329
Standard - Overdraft financing	139,958	1%	1,049	1%	5
Overdue:					
Watch-List - SME loans	5,357	5%	75	5%	5
Watch-List - Overdraft financing	-	5%	-	5%	-
Substandard - SME loans	25,116	25%	1,794	25%	8
Substandard - Overdraft financing	-	25%	-	25%	-
Doubtful - SME loans	81,823	50%	11,474	50%	12
Doubtful - Overdraft financing	-	50%	-	50%	-
Loss - SME loans	29,071	100%	7,716	100%	22
Loss - Overdraft financing	7,593	1	2,126	1	1
	<u>1,016,152</u>		<u>31,506</u>		<u>382</u>
Total	<u>4,584,887</u>		<u>198,346</u>		<u>50,145</u>

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	Note	31 March 2021 (Un-audited)	31 December 2020 (Audited)
		----- (Afn in '000) -----	
7. OPERATING FIXED ASSETS			
Capital work-in-progress	7.1	30,467	24,614
Property and equipment	7.2	142,966	145,265
Right-of-use assets - Bank's branches	7.3	238,076	240,252
		<u>411,509</u>	<u>410,131</u>

7.1 Capital work-in-progress

Balance at 01 January		24,614	145,052
Additions		5,853	24,510
Transfer to Core Banking Software		-	(144,948)
Closing balance	7.1.1	<u>30,467</u>	<u>24,614</u>

7.1.1 This mainly includes ATM machines and other equipments which will be transferred to operating fixed assets 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 2020	57,282	41,882	24,192	117,233	114,275	354,864
Additions	52,548	2,035	-	45,135	3,180	102,898
Disposals	(137)	(647)	-	(1,086)	(1,102)	(2,972)
Balance at 31 December 2020	<u>109,693</u>	<u>43,270</u>	<u>24,192</u>	<u>161,282</u>	<u>116,353</u>	<u>454,790</u>
Balance at 1 January 2021 - Audited	109,693	43,270	24,192	161,282	116,353	454,790
Additions	-	359	-	9,728	1,446	11,532
Disposals	(164)	(44)	-	(287)	(664)	(1,159)
Balance at 31 March 2021 - Un-audited	<u>109,529</u>	<u>43,585</u>	<u>24,192</u>	<u>170,723</u>	<u>117,134</u>	<u>465,164</u>
Depreciation						
Balance at 1 January 2020	46,582	32,294	21,705	82,618	80,064	263,263
Charge for the year	8,814	3,374	1,754	17,529	17,716	49,187
Disposals	(137)	(641)	-	(1,056)	(1,092)	(2,925)
Balance at 31 December 2020	<u>55,259</u>	<u>35,027</u>	<u>23,459</u>	<u>99,091</u>	<u>96,688</u>	<u>309,525</u>
Balance at 1 January 2021 - Audited	55,259	35,027	23,459	99,091	96,688	309,525
Charge for the period	3,416	840	110	5,992	3,445	13,802
Disposals	(164)	(39)	-	(280)	(646)	(1,129)
Balance at 31 March 2021 - Un-audited	<u>58,511</u>	<u>35,828</u>	<u>23,568</u>	<u>104,803</u>	<u>99,487</u>	<u>322,198</u>
Carrying amounts						
Balance at 31 December 2020 - Audited	<u>54,434</u>	<u>8,243</u>	<u>733</u>	<u>62,191</u>	<u>19,665</u>	<u>145,265</u>
Balance at 31 March 2021 - Un-audited	<u>51,019</u>	<u>7,757</u>	<u>623</u>	<u>65,920</u>	<u>17,647</u>	<u>142,966</u>
Depreciation rate	<u>20%</u>	<u>20%</u>	<u>20%</u>	<u>25%</u>	<u>33.33%</u>	

	Note	31 March 2021 (Un-audited)	31 December 2020 (Audited)
		----- (Afn in '000) -----	
7.3 Right-of-use assets - Bank's branches			

Cost:			
Balance as of 31 December 2020 - Audited		322,040	418,485
Additions during the quarter		15,714	-
Adjustment of Lease Modification		-	(96,445)
Balance as at 31 March 2021		<u>337,754</u>	<u>322,040</u>
Accumulated depreciation:			
Opening balance		81,788	59,342
Depreciation expense		17,890	59,631
Adjustment of Lease Modification		-	(37,185)
Balance as at March 31, 2021		<u>99,678</u>	<u>81,788</u>
Carrying amount		<u>238,076</u>	<u>240,252</u>

7.3.1 Allocation of depreciation and amortisation

Depreciation charge on property and equipment	13,802	49,187
Depreciation charge on right-of-use assets	-	59,631
Less: Amount classified under grant expense	(270)	(1,147)
	<u>13,532</u>	<u>107,671</u>

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		31 March 2021 (Un-audited)	31 December 2020 (Audited)
	Note	----- (Afn in '000) -----	
8. INTANGIBLE ASSET			
Computer software:			
Cost			
Balance at 01 January		222,746	172,504
Additions during the period		-	50,242
Transfer from CWIP		-	-
Closing balance		222,746	222,746
Amortisation			
Balance at 01 January		(125,114)	(93,674)
Charge for the period		(10,089)	(31,440)
Closing balance		(135,203)	(125,114)
Carrying amounts		87,543	97,632
9. OTHER ASSETS			
Restricted deposits with DAB	9.1	631,336	574,586
Interest receivable		218,812	220,892
Prepayments		67,824	58,063
Receivable from Roshan against M-Paisa payments		31,075	13,981
Other receivables		41,276	-
Office supplies and stationery in inventory		1,562	-
Advances to staff		20,966	12,326
MISFA Grant receivable		55,577	85,991
Inter branch balance		-	2,283
		1,068,428	968,122
Less: General provision held	9.2	(193)	(299)
		1,068,235	967,823

- 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 (2020: 1% on all other assets) as per Asset Classification and Provisioning Regulation issued by DAB.

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10. DEPOSITS FROM CUSTOMERS

		31 March 2021 (Un-audited)	31 December 2020 (Audited)
		----- (Afn in '000) -----	
Retail customers:			
Term deposits	10.1	67,751	44,191
Current deposits		742,530	724,486
Saving deposits	10.2	2,769,775	2,742,575
		3,580,055	3,511,251
Corporate customers:			
Term deposits	10.1	250,000	692,625
Current deposits		3,069,391	2,832,997
Saving deposits	10.2	638,353	480,713
		3,957,745	4,006,335
Cash Margin		32,752	32,193
Dormant deposits		129,640	132,662
	10.3	7,700,191	7,682,441

10.1 The rate of interest on term deposits ranges from 0.50% to 5% (2020: 0.50% to 5%) per annum.

10.2 The rate of interest on saving deposits other than those in Euro from retail customers is upto 0.5% (2020: 0.5%) per annum. Saving Deposits in Euro are interest free.

10.3 Deposits include AFN 1,381,897 thousand (2020: AFN.1,232,389 thousands) due to related parties.

11. LOANS AND BORROWINGS

	31 March 2021 (Un-audited)	31 December 2020 (Audited)
	----- (Afn in '000) -----	
Ministry of Finance, Government of Afghanistan	132,240	132,240
Microfinance Investment Support Facility for Afghanistan Ltd	802,352	864,562
Nederlandse Fiancierings-Masstschappij Voor Ontwikkelingslanden N.V	396,157	519,936
Agricultural Development Fund	27,857	27,857
International Fund for Agricultural Development	694,019	694,019
	2,052,626	2,238,614

12. OTHER LIABILITIES

Accrued expenses	89,447	103,668
Interest payable	32,338	50,857
Performance bonus payable	15,100	-
Deferred grants	974	1,242
Withholding taxes payable	9,576	12,066
Lease liability	209,748	198,744
Inter branch balance	16,615	-
Other	14,961	3,243
	388,760	369,820

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31 March 2021 (Un-audited) ----- (Afn in '000) -----

31 December 2020 (Audited) -----

13. SHARE CAPITAL**Authorized**

88,800 ordinary shares of AFN 9,016 each
(2020: 88,800 of AFN 9,016)

800,624 800,624

Paid up

88,288 ordinary shares of AFN 9,016 each
(2020: 88,288 of AFN 9,016)

796,008 796,008

13.1 The capital is contributed by the shareholders as follows:

	31 March 2021 (Un-audited) ---- Number of shares ----	31 December 2020 (Audited)	31 March 2021 (Un-audited) ----- (Afn in '000) -----	31 December 2020 (Audited)
Aga Khan Agency for Microfinance (AKAM)	34,784	34,784	310,646	310,646
Kreditanstalt für Wiederaufbau (KfW)	28,200	28,200	254,811	254,811
International Finance Corporation (IFC)	14,800	14,800	133,974	133,974
Aga Khan Foundation USA (AKF USA)	10,504	10,504	96,577	96,577
	<u>88,288</u>	<u>88,288</u>	<u>796,008</u>	<u>796,008</u>

14. CONTINGENCIES AND COMMITMENTS**14.1 Contingencies**

Outstanding bank guarantees

9,035 7,485

14.2 Commitments

Undrawn loan and overdraft facilities

119,574 151,404

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% (2020: 51%) of the Bank's capital.

Three months ended 31 March 2021 (Un-audited) ----- (Afn in '000) -----

Three months ended 31 March 2020 (Un-audited) -----

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

Salaries and benefits

8,738 8,766

Key management personnel outstanding balances

Advances to staff

6,000 -

Bank deposits

8,591 10,217

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31 March 2021 (Un-audited) ----- (Afn in '000) -----
 31 December 2020 (Audited) ----- (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

2,644,647	2,175,211
-	11,655
31,075	13,981
1,381,897	1,232,389

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

Three months ended 31 March 2021 (Un-audited) ----- (Afn in '000) -----	Three months ended 31 March 2020 (Un-audited) ----- (Afn in '000) -----
7,671	8,087
676	542
1,122	1,833
370	81
1,672	3,132

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. Following significant reclassifications were made during the period.

Fee and commission expense

Fee and commission expense as previously stated
 Less: Amount reclassified as other expenses
 Fee and commission expense as restated

Three months ended
31 March 2020

14,151
 (11,841)
 2,310

Other expenses

Other expenses as previously stated
 Add: Fee and commission expense reclassified as other expenses
 Other expenses as restated

121,188
 11,841
 133,029

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 12 May 2021.


 Chief Financial Officer


 Chief Executive Officer