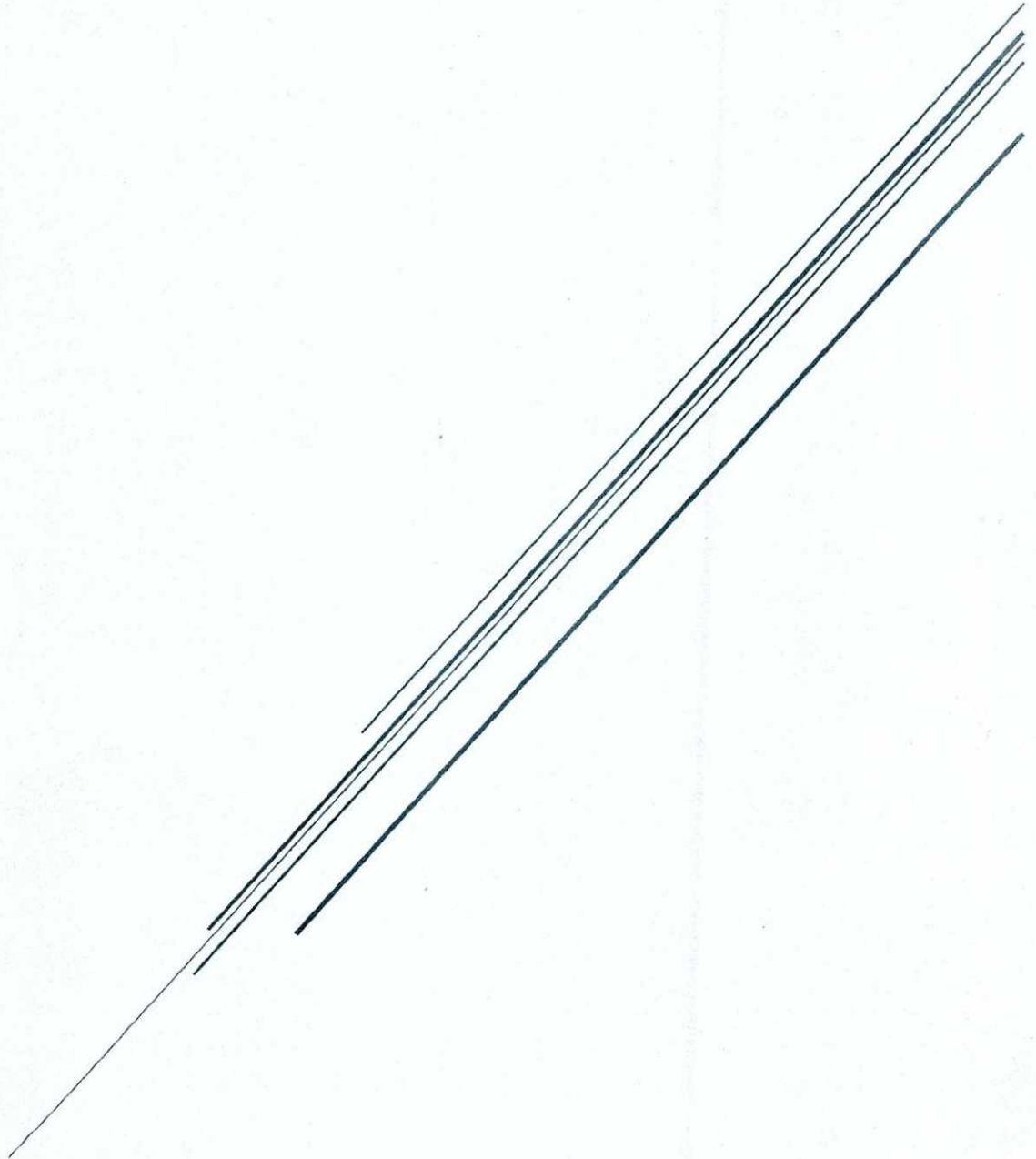


THE FIRST MICROFINANCE BANK
Condensed Interim Financial Statements

For the period ended September 30, 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 September 30, 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 nine 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 September 30, 2021, and of its financial performance and its cash flows for the nine months period then ended in accordance with 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.

UHY Shafiq Umar Daraz & Co.

Chartered Accountants

Engagement Partner: Umar Daraz

Location: Kabul, Afghanistan

Date: November 13, 2021



THE FIRST MICROFINANCE BANK - AFGHANISTAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

		30 September 2021 (Un-audited)	31 December 2020 (Audited)
	Note	----- (Afn in '000) -----	
Assets			
Cash and cash equivalents	4	5,832,931	5,175,723
Placements - net	5	207,621	1,542,287
Loans and advances to customers - net	6	4,551,794	4,246,383
Operating fixed assets	7	337,838	410,131
Intangible asset	8	94,711	97,632
Other assets	9	857,051	967,823
Total Assets		<u>11,881,946</u>	<u>12,439,979</u>
Liabilities			
Deposits from customers	10	7,508,049	7,682,441
Loans and borrowings	11	1,950,752	2,238,614
Income tax payable		-	8,060
Deferred tax liability - net		29,711	29,711
Other liabilities	12	336,896	369,820
Total Liabilities		<u>9,825,408</u>	<u>10,328,646</u>
Equity			
Share capital	13	796,008	796,008
Share premium		206,038	206,038
Retained earnings		1,054,492	1,109,287
Total equity		<u>2,056,538</u>	<u>2,111,333</u>
Total equity and liabilities		<u>11,881,946</u>	<u>12,439,979</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 - AFGHANISTAN

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR NINE MONTHS ENDED 30 SEPTEMBER 2021

	Note	Nine months ended	Nine months ended	Three months ended	Three months ended
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		(Un-Audited)		(Un-Audited)	
		AFN '000'	AFN '000'	AFN '000'	AFN '000'
Interest income		864,359	946,177	273,041	276,657
Interest expense		(101,505)	(118,087)	(36,557)	(37,542)
Net interest income		762,854	828,090	236,484	239,115
Fee and commission income		50,971	46,884	7,659	16,952
Fee and commission expense		(2,532)	(7,080)	4,667	(2,554)
Net fee and commission income		48,439	39,804	12,326	14,398
Income from dealing in foreign currencies		103,951	108,381	36,353	27,573
Revenue		915,244	976,275	285,163	281,086
Other income		96,731	34,200	23,733	37,945
Impairment loss on loans and advances to customers	6.2	(155,868)	(33,742)	(99,199)	5,166
Impairment loss on placements		6,307	(2,668)	(1,185)	(6,459)
Charge of general provision on other assets		(11,126)	(899)	(11,264)	(158)
Personnel expenses		(504,677)	(507,255)	(163,976)	(170,824)
Depreciation and amortisation		(124,588)	(105,857)	(42,114)	(36,288)
Finance cost on lease liabilities		(6,137)	(6,270)	(1,892)	(2,075)
Other expenses		(259,201)	(317,046)	(83,737)	(100,493)
Net operating income		(43,315)	36,738	(94,471)	7,900
Non-operating revenue and expenses:					
Grants income recognized against deferred grant		652	877	460	272
Grants income recognized against expenditures in incurred		30,562	3,010	(77)	-
Expenditure against grants		(31,214)	(3,887)	(383)	(272)
(Loss)/ Profit before tax		(43,315)	36,738	(94,471)	7,900
Taxation		(11,480)	(6,570)	18,933	(1,525)
Net (loss)/ profit		(54,795)	30,168	(75,538)	6,375
Other comprehensive income		-	-	-	-
Total comprehensive income		(54,795)	30,168	(75,538)	6,375

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 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 six months ended 30 September 2020				
Profit for the period	-	-	30,168	30,168
Other comprehensive income	-	-	-	-
	-	-	30,168	30,168
Balance at 30 September 2020 (Un-Audited)	<u>796,008</u>	<u>206,038</u>	<u>1,089,952</u>	<u>2,091,998</u>
Balance as at 01 January 2021 (Audited)	796,008	206,038	1,109,287	2,111,333
Total comprehensive income for Nine months ended 30 September 2021				
Loss for the period	-	-	(54,795)	(54,795)
Other comprehensive income	-	-	-	-
	-	-	(54,795)	(54,795)
Balance at 30 September 2021 (Un-Audited)	<u>796,008</u>	<u>206,038</u>	<u>1,054,492</u>	<u>2,056,538</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
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR NINE MONTHS ENDED 30 SEPTEMBER 2021

	Note	Nine months ended 30 September 2021 (Un-Audited) ----- (Afn in '000) -----	Nine months ended 30 September 2020
Cash flows from operating activities			
(Loss)/ Profit before tax		(43,315)	36,738
Adjustments for:			
Depreciation and amortisation	6 & 7	125,240	105,857
Finance cost on lease		6,137	6,270
Impairment loss on loans and advances to customers	5.2	155,868	33,742
Impairment (gain) / loss on placements		(6,307)	2,668
Adjustment due to modification in lease agreement		-	66,830
Provision on other assets		11,126	899
Gain on sale of property and equipment		(186)	(36)
Grant income		(31,214)	(3,887)
		<u>217,349</u>	<u>249,081</u>
Changes in:			
(Increase)/ decrease in loans and advances to customers		(444,773)	532,538
Decrease/ (Increase) in other assets		40,131	(89,491)
(Decrease)/ increase in deposits from customers		(174,392)	382,313
Increase in other liabilities		9,749	2,389
		<u>(351,936)</u>	<u>1,076,830</u>
Income tax paid		(34,579)	(12,675)
Grant received		116,894	3,887
Net cash (used in)/ flow from operating activities		<u>(269,621)</u>	<u>1,068,042</u>
Cash flows from investing activities			
Purchase of property and equipment		(78,338)	(25,221)
Proceeds from sale of property and equipment		215	52
Investment in placements		1,340,973	(428,352)
Net cash flow from investing activities		<u>1,262,850</u>	<u>(453,521)</u>
Cash flows from financing activities			
Lease liabilities		(48,159)	(97,017)
Repayment of loans and borrowings		(287,862)	(274,929)
Net cash used in financing activities		<u>(336,021)</u>	<u>(371,946)</u>
Net increase in cash and cash equivalents		657,208	242,575
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><u>5,832,931</u></u>	<u><u>4,952,458</u></u>

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

THE FIRST MICROFINANCE BANK - AFGHANISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR NINE MONTHS ENDED 30 SEPTEMBER 2021

1. STATUS AND NATURE OF BUSINESS

The First MicroFinance Bank - Afghanistan (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.

2. BASIS OF PREPARATION

This condensed interim financial information of the Bank for the nine months period ended 30 September 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 nine months period ended September 30, 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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		30 September 2021 (Un-audited) ----- (Afn in '000) -----	31 December 2020 (Audited) -----
4. CASH AND CASH EQUIVALENTS			
Cash on hand		363,821	339,385
Unrestricted balances with Da Afghanistan Bank		1,768,770	807,207
Balances with other banks	4.1	1,652,538	654,999
Short term placements with banks	4.2	2,047,802	3,374,132
		<u>5,832,931</u>	<u>5,175,723</u>

4.1 Balances with other banks

Balances with:

Transkapital - Russia		95,448	113,633
Islamic Bank of Afghanistan		267,570	231,150
BMCE Bank International, Spain		1,165,648	261,186
AKTIF Bank, Turkey		117,547	41,119
CSCBank SAL		6,325	7,911
	4.1.1	<u>1,652,538</u>	<u>654,999</u>

4.1.1 These balances are interest free (2020: Interest free).

4.2 Short term placements with banks

Capital notes	4.2.1	-	872,857
Time deposits with other banks	4.2.2	2,047,802	2,501,275
		<u>2,047,802</u>	<u>3,374,132</u>

4.2.1 These represent capital notes issued by Da Afghanistan Bank having maturity up to 91 days and interest rates from 0.085% to 1.51% (2021: Nil) per annum.

4.2.2 These represent Deposit placed by FMFB-A having maturity up to 91 days and interest rates from 0.07% to 0.90% (2020: 0.05% to 0.90%) per annum.

		30 September 2021 (Un-audited) ----- (Afn in '000) -----	31 December 2020 (Audited) -----
4.2.3 Time deposits with other banks			
Habib Bank Limited, Brussels	4.2.3.1	1,605,420	308,200
Diamond Trust Bank Kenya		-	1,867,011
AKTIF Bank, Turkey		-	61,640
BMCE Bank International, Spain	4.2.3.2	445,950	269,675
Less: General provision held	4.2.3.3	(3,568)	(5,251)
		<u>2,047,802</u>	<u>2,501,275</u>

4.2.3.1 These include deposits having maturity up to three months (2020: 28 days) and carrying interest at rates ranging from 0.70% to 0.90% (2020: 0.9%) per annum.

4.2.3.2 This include deposit having maturity of 4 days (2020: 6 to 14 days) and carrying interest rate of 0.07% (2020: 0.05% to 1%) per annum.

4.2.3.3 The provision for expected credit loss computed in accordance with IFRS 9 on above placements amounts AFN 593,803,498 which is higher than the one resulting from the requirement of Assets Classification and Provisioning Regulation (ACPR) issued by DAB and bank's provisioning policy.

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	Note	30 September 2021 (Un-audited)	31 December 2020 (Audited)
----- (Afn in '000) -----			
5. PLACEMENTS - NET			
Capital notes issued by DAB Habib Bank Limited, Brussels	5.1	207,621	1,084,610
Less: General provision held		-	462,300
		-	(4,623)
		207,621	1,542,287

5.1 These represent capital notes with DAB having maturity of 364 days (2020: 182 to 364 days) and carry interest rate ranging from 3.00% to 3.8% (2020: 1.75% to 3.8%) per annum.

	Note	30 September 2021 (Un-audited)	31 December 2020 (Audited)
----- (Afn in '000) -----			
6. LOANS AND ADVANCES TO CUSTOMERS - NET			
Loans and advances to customers	6.1	4,977,210	4,584,887
Less: Impairment loss on loans and advances	6.2	(425,416)	(338,504)
		4,551,794	4,246,383

6.1 Loans and advances to customers

	Note	30 September 2021 (Un-audited)			31 December 2020 (Audited)		
		Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
		----- (Afn in '000) -----			----- (Afn in '000) -----		
Microfinance loans	6.1.1	3,717,046	(370,063)	3,346,984	3,568,735	(301,824)	3,266,911
Loans to small and medium size enterprises	6.1.1	1,008,920	(44,646)	964,274	871,788	(35,531)	836,257
Overdraft financing	6.1.1	251,244	(10,707)	240,537	144,364	(1,149)	143,215
		4,977,210	(425,416)	4,551,795	4,584,887	(338,504)	4,246,383

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

	Note	30 September 2021 (Un-audited)			31 December 2020 (Audited)		
		Specific	General	Total	Specific	General	Total
		----- (Afn in '000) -----			----- (Afn in '000) -----		
Balance at 1st January		156,691	181,813	338,504	207,551	249,068	456,619
Charge for the period / year:							
Microfinance loans		195,242	(63,929)	131,313	106,709	(30,152)	76,557
Loans to small and medium size enterprises		31,542	(6,987)	24,555	8,918	(37,103)	(28,185)
		226,784	(70,916)	155,868	115,627	(67,255)	48,372

Written off against impairment allowance:

Microfinance loans	(63,074)	-	(63,074)	(109,489)	-	(109,489)
Loans to small and medium size enterprises	(5,882)	-	(5,882)	(56,998)	-	(56,998)
	(68,956)	-	(68,956)	(166,487)	-	(166,487)
Closing Balance	314,519	110,896	425,416	156,691	181,813	338,504

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6.3 Provision for expected credit loss computed in accordance with IFRS 9 amounts to AFN 2,147,068,031 which is higher than the amount held by the bank as per its provisioning policy.

	Amount outstanding Afn in '000	Impairment allowance required as per ACPR		Impairment allowance held		Number of customers
		Rate	Afn in '000	Rate	Afn in '000	
30 September 2021 (Un-Audited)						
Classification - Microfinance Loans						
Standard	2,107,849	1%	21,078	4.98%	104,971	26,129
Overdue:						
Watch-List	1,153,442	5%	57,672	5%	57,919	17,640
Substandard	251,675	25%	62,919	25%	62,919	4,324
Doubtful	120,143	50%	60,072	50%	60,317	2,296
Loss	83,937	100%	83,937	100%	83,937	1,636
	<u>3,717,046</u>		<u>285,678</u>		<u>370,063</u>	<u>52,025</u>

Classification-Overdraft and SME Loans

Standard - SME Loans	346,883	1%	3,469	4.98%	3,711	158
Standard - Overdraft financing	242,752	1%	2,428	1%	2,215	5
Overdue:						
Watch-List	469,505	5%	23,475	5%	23,475	140
Substandard	39,608	25%	9,902	25%	9,902	12
Doubtful	51,566	50%	25,783	50%	25,783	22
Loss	101,358	100%	101,358	100%	101,358	29
Loss - Overdraft financing	8,492	100%	8,492	100%	8,492	1
	<u>1,260,164</u>		<u>174,907</u>		<u>174,935</u>	<u>367</u>
Less:						
Reversal of provisioning on loans secured with ACGF	-		(119,582)		(119,582)	
Total	<u>4,977,210</u>		<u>341,003</u>		<u>425,416</u>	<u>52,392</u>

31 December 2020 (Audited)

Classification-Microfinance Loans

Standard	3,391,570	1%	33,916	4.98%	168,900	46,723
Overdue:						
Watch-List	17,750	5%	887	5%	887	338
Substandard	11,290	25%	2,823	25%	2,823	196
Doubtful	37,822	50%	18,911	50%	18,911	771
Loss	109,325	100%	109,325	100%	109,325	1,728
Rescheduled	978	100%	978	100%	978	7
	<u>3,568,735</u>		<u>166,840</u>		<u>301,824</u>	<u>49,763</u>

Classification-Overdraft and SME Loans

Standard - SME Loans	727,234	1%	7,272	4.98%	12,446	329
Standard - Overdraft financing	139,958	1%	1,049	1%	1,049	5
Overdue:						
Watch-List - SME loans	5,357	5%	75	5%	75	5
Substandard - SME loans	25,116	25%	1,794	25%	1,794	8
Doubtful - SME loans	81,823	50%	11,474	50%	11,474	12
Loss - SME loans	29,071	100%	7,716	100%	7,716	22
Loss - Overdraft financing	7,593	100%	2,126	100%	2,126	1
	<u>1,016,152</u>		<u>31,506</u>		<u>36,680</u>	<u>382</u>

	Note	30 September 2021 (Un-audited) ----- (Afn in '000) -----	31 December 2020 (Audited) -----
7. OPERATING FIXED ASSETS			
Capital work-in-progress	7.1	5,021	24,614
Property and equipment	7.2	122,727	145,265
Right-of-use assets - Bank's branches	7.3	210,089	240,252
		<u>337,838</u>	<u>410,131</u>
7.1 Capital work-in-progress			
Balance at 01 January		24,614	145,052
Additions		8,691	24,510
Transfer to assets		(28,284)	(144,948)
Closing balance	7.1.1	<u>5,021</u>	<u>24,614</u>

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

7.2 Property and equipment

	Leasehold improvements	Furniture and fittinas	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	2,668	1,506	-	12,771	2,505	19,450
Disposals	(164)	(128)	-	(556)	(684)	(1,532)
Balance at 30 Sep 2021 - Un-audited	<u>112,198</u>	<u>44,647</u>	<u>24,192</u>	<u>173,497</u>	<u>118,175</u>	<u>472,708</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	10,455	2,547	329	18,171	10,459	41,960
Disposals	(164)	(124)	-	(550)	(665)	(1,503)
Balance at 30 Sep 2021 - Un-audited	<u>65,550</u>	<u>37,451</u>	<u>23,787</u>	<u>116,712</u>	<u>106,482</u>	<u>349,982</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 30 Sep 2021 - Un-audited	<u>46,648</u>	<u>7,197</u>	<u>404</u>	<u>56,785</u>	<u>11,693</u>	<u>122,727</u>
Depreciation rate	<u>20%</u>	<u>20%</u>	<u>20%</u>	<u>25%</u>	<u>33.33%</u>	

	Note	30 September 2021 Jan - Sep ----- (Afn in '000) -----	31 December 2020 (Audited) Jan - Dec -----
7.3 Right-of-use assets - Bank's branches			
Cost:			
Opening Balance as of 1 January - Audited		322,040	418,485
Additions		21,912	-
Adjustment of Lease Modification		-	(96,445)
Closing Balance		<u>343,952</u>	<u>322,040</u>
Accumulated depreciation:			
Opening balance		81,788	59,342
Depreciation expense		52,075	59,631
Adjustment of Lease Modification		-	(37,185)
Closing Balance		<u>133,863</u>	<u>81,788</u>
Carrying amount		<u>210,089</u>	<u>240,252</u>
7.3.1 Allocation of depreciation and amortisation			
Depreciation charge on property and equipment		41,960	49,187
Depreciation charge on right-of-use assets		52,075	59,631
Less: Amount classified under grant expense		(652)	(1,147)
		<u>93,383</u>	<u>107,671</u>

		30 September 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
Transfer from CWIP		28,284	50,242
Closing balance		251,030	222,746
Amortisation			
Balance at 01 January		(125,114)	(93,674)
Charge for the period		(31,205)	(31,440)
Closing balance		(156,319)	(125,114)
Carrying amounts		94,711	97,632
9. OTHER ASSETS			
Restricted deposits with DAB	9.1	481,307	574,586
Interest receivable		296,643	220,892
Prepayments		29,188	58,063
Receivable from Roshan against M-Paisa payments		23,204	13,981
Advance tax		15,039	-
MISFA Grant receivable		310	85,991
Office supplies and stationery in inventory		1,562	-
Advances to staff and Supplier		11,379	12,326
Other receivables		7,853	-
Inter branch balance		1,990	2,283
		868,475	968,122
Less: General provision held	9.2	(11,424)	(299)
		857,051	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.

		30 September 2021 (Un-audited)	31 December 2020 (Audited)
		----- (Afn in '000) -----	
10. DEPOSITS FROM CUSTOMERS			
Retail customers:			
Term deposits	10.1	68,513	44,191
Current deposits		829,814	724,486
Saving deposits	10.2	2,379,476	2,742,575
		3,277,803	3,511,251
Corporate customers:			
Term deposits	10.1	750,000	692,625
Current deposits		3,142,731	2,832,997
Saving deposits	10.2	242,284	480,713
		4,135,015	4,006,335
Cash Margin		32,176	32,193
Dormant deposits	10.3	63,055	132,662
		7,508,049	7,682,441

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- 10.1 The rate of interest on term deposits ranges from 0.75% to 6% (2020: 0.65% 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 1,313,102 thousands (2020: AFN.1,232,389 thousands) due to related parties.

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

11. LOANS AND BORROWINGS

Ministry of Finance, Government of Afghanistan	119,016	132,240
Microfinance Investment Support Facility for Afghanistan Ltd	722,643	864,562
Nederlandse Fiancierings-Masstschappij Voor Ontwikkelingslanden N.V	315,074	519,936
Agricultural Development Fund	100,000	27,857
International Fund for Agricultural Development	694,019	694,019
	<u>1,950,752</u>	<u>2,238,614</u>

12. OTHER LIABILITIES

Accrued expenses	97,911	103,668
Interest payable	37,812	50,857
Performance bonus payable	23,100	-
Payable to APS for integrated banking	9,610	378
Deferred grants	590	1,242
Withholding taxes payable	4,876	12,066
Lease liability	156,723	198,744
Others	6,274	2,865
	<u>336,896</u>	<u>369,820</u>

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	30 September 2021 (Un-audited) ----- (Afn in '000) -----	31 December 2020 (Audited) ----- (Afn in '000) -----
13. SHARE CAPITAL		
Authorized		
88,800 ordinary shares of AFN 9,016 each (2020: 88,800 of AFN 9,016)	<u>800,624</u>	<u>800,624</u>
Paid up		
88,288 ordinary shares of AFN 9,016 each (2020: 88,288 of AFN 9,016)	<u>796,008</u>	<u>796,008</u>

13.1 The capital is contributed by the shareholders as follows:

	30 September 2021 (Un-audited) ---- Number of shares ----	31 December 2020 (Audited)	30 September 2021 (Un-audited) ----- (Afn in '000) -----	31 December 2020 (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>

	30 September 2021 (Un-audited) ----- (Afn in '000) -----	31 December 2020 (Audited) ----- (Afn in '000) -----
14. CONTINGENCIES AND COMMITMENTS		
14.1 Contingencies		
Outstanding bank guarantees	<u>6,454</u>	<u>7,485</u>
14.2 Commitments		
Undrawn loan and overdraft facilities	<u>61,069</u>	<u>151,404</u>

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.

	Nine months ended 30 September 2021 (Un-audited) ----- (Afn in '000) -----	Nine months ended 30 September 2020 (Un-audited) ----- (Afn in '000) -----
15.2 Transactions with key management personnel		
Key management personnel compensation		
Salaries and benefits	<u>31,575</u>	<u>31,699</u>
Key management personnel outstanding balances		
Advances to staff	<u>758</u>	<u>1,758</u>
Bank deposits	<u>10,676</u>	<u>14,587</u>

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

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

Time deposits with banks	1,605,420	2,175,211
Loan to Telecom Development Company Afghanistan Limited (TDCA)	64,756	11,655
Receivable from Roshan against M-Paisa payments	23,204	13,981
Deposits from customers	1,313,102	1,232,389

Nine months ended 30 September 2021 (Un-audited)	Nine months ended 30 September 2020 (Un-audited)
----- (Afn in '000) -----	

15.4 Transactions with related parties

Interest income	20,181	19,266
Fee and commission income	1,910	1,082
Fee and commission expense	4,709	4,819
Interest expense on deposits from customers	735	1,076
Directors' fee and other expenses	5,215	6,608

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.

Nine months ended 30 September 2021	Nine months ended 30 September 2020
----- (Afn in '000) -----	

Fee and commission expense

Fee and commission expense as previously stated	45,687	16,420
Less: Amount reclassified as other expenses	(38,607)	(13,866)
Fee and commission expense as restated	7,080	2,554

Other expenses

Other expenses as previously stated	278,439	86,627
Add: Fee and commission expense reclassified as other expenses	38,607	13,866
Other expenses as restated	317,046	100,493

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

11 / Nov / 21

U.S.M.

Chief Financial Officer

Chief Executive Officer