

# **THE FIRST MICROFINANCE BANK**

## **Condensed Interim Financial Statements**

**For the period ended March 31, 2022**

## **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, 2022 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, 2022, and of its financial performance and its cash flows for the three months period then ended in accordance International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and the requirements of the Law of Banking in Afghanistan and directives issued by the Da Afghanistan Bank.

### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to note 5.2.1 to the financial statements which states that due to the economic crisis in the country, the repayment capacity of customers of the Bank has reduced during the year. As the result, the quality of loans of the Bank has deteriorated which required further impairment loss to be recognised against these loans under the "Asset Classification and Provisioning Regulation" by DAB. However, DAB vide letter no 11068/9588 dated 21 December 2021, instructed the Bank not to change the assets classification of loans and advances of the Bank from their status as of 30 June 2021. Hence,

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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 1,408,363 thousands for the period ended March 31, 2022, resulting in increase in the loss before tax by the said amount.

UHY Shafiq Umar Daraz & Co.

**UHY Shafiq Umar Daraz & Co.**  
**Chartered Accountants**  
Engagement Partner: Umar Daraz  
Location: Kabul, Afghanistan  
Date: 28 May 2022



**THE FIRST MICROFINANCE BANK AFGHANISTAN**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 March 2022**

		31 March 2022 (Un-audited)	31 December 2021 (Audited)
	Note	----- (Afn in '000) -----	
<b>Assets</b>			
Cash and cash equivalents	4	6,090,794	6,207,123
Loans and advances to customers - net	5	3,211,846	3,817,089
Operating fixed assets	6	334,788	318,840
Intangible asset	7	71,709	83,210
Deferred tax asset - net		53,516	6,177
Other assets	8	621,898	723,397
<b>Total Assets</b>		<u><u>10,384,551</u></u>	<u><u>11,155,836</u></u>
<b>Liabilities</b>			
Deposits from customers	9	6,287,746	6,842,937
Loans and borrowings	10	1,950,752	1,950,752
Other liabilities	11	404,044	403,756
<b>Total Liabilities</b>		<u><u>8,642,542</u></u>	<u><u>9,197,445</u></u>
<b>Equity</b>			
Share capital	12	796,008	796,008
Share premium		206,038	206,038
Retained earnings		739,963	956,345
<b>Total equity</b>		<u><u>1,742,009</u></u>	<u><u>1,958,391</u></u>
<b>Total equity and liabilities</b>		<u><u>10,384,551</u></u>	<u><u>11,155,836</u></u>
<b>Contingencies and commitments</b>	13		0.00

The annexed notes 1 to 18 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 THREE MONTHS ENDED 31 MARCH 2022**

Three months ended  
31 March 2022      Three months ended  
31 March 2021

(Un-Audited)

	Note	AFN '000'	AFN '000'
Interest income		9,272	282,747
Less: Reversal of accrued interest		(11,143)	-
		(1,871)	282,747
Interest expense		(31,138)	(31,936)
<b>Net interest income</b>		<b>(33,009)</b>	<b>250,811</b>
Fee and commission income		3,874	23,591
Fee and commission expense		(319)	(2,884)
<b>Net fee and commission income</b>		<b>3,555</b>	<b>20,707</b>
Income from dealing in foreign currencies		25,435	31,523
<b>Revenue</b>		<b>(4,019)</b>	<b>303,041</b>
Other income		(50,860)	33,483
Impairment gain/ (loss) on loans and advances to customers	5.2	35,210	(34,844)
Impairment loss on placements		(2,666)	(16)
Charge of general provision on other assets		555	106
Personnel expenses		(141,365)	(168,740)
Depreciation and amortisation		(38,492)	(23,621)
Finance cost on lease liabilities		(2,632)	(2,110)
Other expenses		(59,452)	(103,835)
Net operating (loss) / income		<b>(263,721)</b>	<b>3,465</b>
Non-operating revenue and expenses:			
Grants income recognized against deferred grant		179	270
Grants income recognized against expenditures in incurred		-	7,273
Expenditure against grants		(179)	(7,543)
		-	-
<b>(Loss)/ Profit before tax</b>		<b>(263,721)</b>	<b>3,465</b>
Taxation		47,339	(13,029)
<b>Net (loss)/ profit</b>		<b>(216,382)</b>	<b>(9,564)</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>(216,382)</b>	<b>(9,564)</b>

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The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

  
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**THE FIRST MICROFINANCE BANK AFGHANISTAN**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THREE MONTHS ENDED 31 MARCH 2022**

	Share capital	Share premium	Retained earnings	Total
	----- (Afn in '000) -----			
<b>Balance at 01 January 2021 (Audited)</b>	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)
<b>Balance at 31 March 2021 (Un-Audited)</b>	<u>796,008</u>	<u>206,038</u>	<u>1,099,723</u>	<u>2,101,769</u>
<b>Balance as at 01 January 2022 (Audited)</b>	<b>796,008</b>	<b>206,038</b>	<b>956,345</b>	<b>1,958,391</b>
Total comprehensive income for Three months ended 31 March 2022				
Loss for the period	-	-	(216,382)	(216,382)
Other comprehensive income	-	-	-	-
	-	-	(216,382)	(216,382)
<b>Balance at 31 March 2022 (Un-Audited)</b>	<u>796,008</u>	<u>206,038</u>	<u>739,963</u>	<u>1,742,009</u>

The annexed notes 1 to 18 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 THREE MONTHS ENDED 31 MARCH 2022**

	Three months ended 31 March 2022	Three months ended 31 March 2021
	(Un-Audited)	
	----- (Afn in '000) -----	
Note		
<b>Cash flows from operating activities</b>		
<b>(Loss)/ Profit before tax</b>	<b>(263,721)</b>	3,465
Adjustments for:		
Depreciation and amortisation	6 & 7 <b>38,671</b>	23,891
Finance cost on lease	<b>2,632</b>	2,110
Impairment (gain)/ loss on loans and advances to customers	5.2 <b>(35,210)</b>	34,844
Impairment loss on placements	<b>2,666</b>	16
Provision on other assets	<b>(555)</b>	(106)
Gain on sale of property and equipment	<b>(122)</b>	(195)
Grant income	<b>(179)</b>	(7,543)
	<b>(255,818)</b>	56,481
Changes in:		
Decrease/ (Increase) in loans and advances to customers	<b>640,453</b>	(695,018)
Decrease/ (Increase) in other assets	<b>102,054</b>	(100,306)
(Decrease)/ increase in deposits from customers	<b>(555,191)</b>	17,750
Increase in other liabilities	<b>3,865</b>	8,204
	<b>(64,637)</b>	(712,889)
Income tax paid	-	(21,089)
Grant received	-	7,541
<b>Net cash (used in)/ flow from operating activities</b>	<b>(64,637)</b>	(726,436)
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	<b>(43,126)</b>	(17,385)
Proceeds from sale of property and equipment	<b>131</b>	25
Investment in placements	<b>(2,666)</b>	794,680
<b>Net cash flow from investing activities</b>	<b>(45,661)</b>	777,320
<b>Cash flows from financing activities</b>		
Lease liabilities	<b>(6,031)</b>	11,004
Repayment of loans and borrowings	-	(185,988)
<b>Net cash used in financing activities</b>	<b>(6,031)</b>	(174,984)
Net increase in cash and cash equivalents	<b>(116,329)</b>	(124,101)
Cash and cash equivalents at beginning of the period	<b>6,207,123</b>	5,175,723
<b>Cash and cash equivalents at end of the period</b>	<b>6,090,794</b>	5,051,622

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

  
 Chief Financial Officer

  
 Chief Executive Officer

**THE FIRST MICROFINANCE BANK AFGHANISTAN**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THREE MONTHS ENDED 31 March 2022**

### 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.

### 2. BASIS OF PREPARATION

This condensed interim financial information of the Bank for the three months period ended 31 March 2022 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 2021.

Comparative statement of financial position is extracted from the annual financial statements as at December 31, 2021 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, 2021.

#### **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 2022 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 2021.

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 2021.

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 2021.

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		31 March 2022 (Un-audited)	31 December 2021 (Audited)
	Note	----- (Afn in '000) -----	
<b>4. CASH AND CASH EQUIVALENTS</b>			
Cash on hand		751,451	411,221
Unrestricted balances with Da Afghanistan Bank		2,931,725	2,849,348
Balances with other banks	4.1	742,329	999,256
Short term placements with banks	4.2	1,665,289	1,947,298
		<u>6,090,794</u>	<u>6,207,123</u>
<b>4.1 Balances with other banks</b>			
Balances with:			
Transkapital - Russia		5,541	38,098
BMCE Bank International, Spain		680,737	897,807
AKTIF Bank, Turkey		44,943	52,921
CSCBank SAL		11,108	10,430
	4.1.1	<u>742,329</u>	<u>999,256</u>
4.1.1	These balances are interest free (2021: Interest free).		
<b>4.2 Short term placements with banks</b>			
Time deposits with other banks	4.2.1	1,665,289	1,947,298
		<u>1,665,289</u>	<u>1,947,298</u>
4.2.1	These represent Deposit placed by FMFB-A having maturity up to 32 days and interest rates from 0.10% to 0.58% (2021: 0.85% to 1.51%) per annum.		

		31 March 2022 (Un-audited)	31 December 2021 (Audited)
	Note	----- (Afn in '000) -----	
<b>4.2.2 Time deposits with other banks</b>			
Habib Bank Limited, Brussels	4.2.2.1	1,597,186	1,864,562
AKTIF Bank, Turkey	4.2.2.2	70,768	82,736
Less: General provision held	4.2.2.3	(2,665)	-
		<u>1,665,289</u>	<u>1,947,298</u>
4.2.2.1	These include deposits having maturity up to 32 days (2021: 28 days) and carrying interest at rates ranging from 0.53% to 0.58% (2021: 0.60% to 0.65%) per annum.		
4.2.2.2	This include deposit having maturity of 28 days (2021: 28 days) and carrying interest rate of 0.10% (2021: 0.10%) per annum.		
4.2.2.3	The bank has maintained a provision of AFN 2,665 thousand (2021: 0) based on Bank's provisioning policy and Assets Classification and Provisioning Regulation (ACPR) issued by DAB.		

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	Note	31 March 2022 (Un-audited) ----- (Afn in '000) -----	31 December 2021 (Audited) -----
<b>5. LOANS AND ADVANCES TO CUSTOMERS - NET</b>			
Loans and advances to customers	5.1	3,414,827	4,055,279
Less: Impairment loss on loans and advances	5.2	(202,981)	(238,190)
		<u>3,211,846</u>	<u>3,817,089</u>

#### 5.1 Loans and advances to customers

	Note	31 March 2022 (Un-audited)			31 December 2021 (Audited)		
		Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
		----- (Afn in '000) -----			----- (Afn in '000) -----		
Microfinance loans	5.1.1	2,365,208	(172,021)	2,193,187	2,950,925	(205,251)	2,745,674
Loans to small and medium size enterprises	5.1.1	800,763	(19,419)	781,344	568,660	(30,217)	538,443
Overdraft financing	5.1.1	248,856	(11,541)	237,315	535,694	(2,722)	532,972
		<u>3,414,827</u>	<u>(202,981)</u>	<u>3,211,846</u>	<u>4,055,279</u>	<u>(238,190)</u>	<u>3,817,089</u>

5.1.1 Microfinance loans carry interest at rates ranging from 9% to 27% (2021: 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% (2021: 8% to 23%) per annum. Overdraft carries interest rate ranging from 10% to 15% (2021: 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.

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

	Note	31 Mar 2022 (Un-audited)			31 December 2021 (Audited)		
		Specific	General	Total	Specific	General	Total
		----- (Afn in '000) -----			----- (Afn in '000) -----		
Balance at 1st January		87,829	150,361	238,190	156,693	181,811	338,504
Charge for the period / year:							
Microfinance loans		(4,648)	(28,583)	(33,231)	12,284	(28,466)	(16,182)
Loans to small and medium size enterprises		(1,440)	(539)	(1,979)	13,107	(2,984)	10,123
		<u>(6,088)</u>	<u>(29,122)</u>	<u>(35,210)</u>	<u>25,391</u>	<u>(31,450)</u>	<u>(6,059)</u>
Written off against impairment allowance:							
Microfinance loans		-	-	-	(80,391)	-	(80,391)
Loans to small and medium size enterprises		-	-	-	(13,864)	-	(13,864)
		-	-	-	<u>(94,255)</u>	-	<u>(94,255)</u>
Closing Balance		<u>81,741</u>	<u>121,239</u>	<u>202,980</u>	<u>87,829</u>	<u>150,361</u>	<u>238,190</u>

5.2.1 Due to the economic crisis in the country, the repayment capacity of customers of the Bank has reduced during the year. As the result, the quality of loans of the Bank has deteriorated which required further impairment loss to be recognised against these loans under the "Asset Classification and Provisioning Regulation" by DAB. However, DAB vide letter no 11068/9588 dated 21 December 2021, instructed the Bank not to change the assets classification of loans and advances of the Bank from their status as of 30 June 2021. Hence, impairment loss on loans and advances of the Bank has been calculated on the basis of their status as of 30 June 2021, and no further provision has been made against those loans which subsequently did not perform well due to the current situation in the country. If DAB had not granted this relaxation to the Bank, the impairment allowance against loans and advances of the Bank would have been increased by AFN 1,408,363 thousands for the period ended March 31, 2022, resulting in increase in the loss before tax by the said amount.

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5.3 Provision for expected credit loss computed in accordance with IFRS 9 amounts to AFN 3,172,390 thousands 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	
<b>31 March 2022 (Un-Audited)</b>						
<b>Classification - Microfinance Loans</b>						
Standard	2,246,661	1%	22,467	4.98%	112,496	38,437
Overdue:						
Watch-List	44,980	5%	2,249	5%	2,287	1,022
Substandard	9,806	25%	2,452	25%	2,452	190
Doubtful	17,949	50%	8,974	50%	8,974	358
Loss	45,812	100%	45,812	100%	45,812	959
	<u>2,365,208</u>		<u>81,954</u>		<u>172,021</u>	<u>40,966</u>
<b>Classification-Overdraft and SME Loans</b>						
Standard - SME Loans	664,499	1%	6,645	4.98%	23,074	260
Standard - Overdraft financing	239,712	1%	2,397	1%	2,397	3
Overdue:						
Watch-List	15,453	5%	773	5%	773	6
Substandard	9,823	25%	2,456	25%	2,456	7
Doubtful	88,220	50%	44,110	50%	44,110	16
Loss	22,768	100%	22,768	100%	22,768	15
Loss - Overdraft financing	9,144	100%	9,144	100%	9,143	1
	<u>1,049,619</u>		<u>88,293</u>		<u>104,721</u>	<u>308</u>
<b>Less:</b>						
Reversal of provisioning on loans secured with ACGF	-		(66,043)		(73,761)	
<b>Total</b>	<u>3,414,827</u>		<u>104,204</u>		<u>202,981</u>	<u>41,274</u>
<b>31 December 2021 (Audited)</b>						
<b>Classification-Microfinance Loans</b>						
Standard	2,820,641	1%	28,206	4.98%	141,111	43,620
Overdue:						
Watch-List	50,965	5%	2,548	5%	2,586	1,078
Substandard	10,667	25%	2,667	25%	2,667	205
Doubtful	19,531	50%	9,766	50%	9,766	375
Loss	49,121	100%	49,121	100%	49,121	1,008
	<u>2,950,925</u>		<u>92,308</u>		<u>205,251</u>	<u>46,286</u>
<b>Classification-Overdraft and SME Loans</b>						
Standard - SME Loans	494,362	1%	4,944	4.98%	24,718	277
Standard - Overdraft financing	452,562	1%	4,526	1%	4,526	14
Overdue:						
Watch-List - SME loans	17,933	5%	897	5%	897	7
Substandard - SME loans	7,658	25%	1,915	25%	1,915	6
Substandard - Overdraft financing	2,615	25%	654	25%	654	1
Doubtful - SME loans	34,409	50%	17,205	50%	17,205	12
Doubtful - Overdraft financing	62,234	50%	31,117	50%	31,117	4
Loss - SME loans	14,298	100%	14,298	100%	14,298	13
Loss - Overdraft financing	18,283	100%	18,283	100%	18,283	3
Reversal of provisioning on loans secured with ACGF			(66,015)		(80,672)	
	<u>1,104,354</u>		<u>27,824</u>		<u>32,939</u>	<u>337</u>
<b>Total</b>	<u>4,055,279</u>		<u>120,132</u>		<u>238,190</u>	<u>46,623</u>

	Note	31 March 2022 (Un-audited) ----- (Afn in '000) -----	31 December 2021 (Audited)
<b>6. OPERATING FIXED ASSETS</b>			
Capital work-in-progress	6.1	26,376	5,022
Property and equipment	6.2	102,421	115,394
Right-of-use assets - Bank's branches	6.3	205,991	198,424
		<u>334,788</u>	<u>318,840</u>

**6.1 Capital work-in-progress**

Balance at 01 January		5,022	24,614
Additions		21,354	8,692
Transfer to assets		-	(28,284)
Closing balance	6.1.1	<u>26,376</u>	<u>5,022</u>

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

**6.2 Property and equipment**

	Leasehold improvements	Furniture and fittinas	Vehicles	Office equipment	Computer equipment	Total
	----- (Afn in '000) -----					
<b>Cost</b>						
Balance at 01 January 2021	109,693	43,270	24,192	161,282	116,353	454,790
Additions	4,079	1,884	-	17,381	2,636	25,980
Disposals	(164)	(223)	-	(798)	(689)	(1,874)
Balance at 31 December 2021	<u>113,608</u>	<u>44,931</u>	<u>24,192</u>	<u>177,865</u>	<u>118,300</u>	<u>478,896</u>
Balance at 1 January 2022 - Audited	113,608	44,931	24,192	177,865	118,300	478,896
Additions	-	-	-	588	-	588
Disposals	(38)	(439)	-	(250)	(59)	(786)
Balance at 31 Mar 2022 - Un-audited	<u>113,570</u>	<u>44,492</u>	<u>24,192</u>	<u>178,203</u>	<u>118,241</u>	<u>478,698</u>
<b>Depreciation</b>						
Balance at 1 January 2021	55,259	35,027	23,459	99,092	96,688	309,526
Charge for the year	13,949	3,369	438	24,330	13,731	55,817
Disposals	(164)	(215)	-	(791)	(670)	(1,840)
Balance at 31 December 2021	<u>69,044</u>	<u>38,181</u>	<u>23,897</u>	<u>122,631</u>	<u>109,749</u>	<u>363,502</u>
Balance at 1 January 2022 - Audited	69,044	38,181	23,897	122,631	109,749	363,502
Charge for the period	3,487	807	110	6,213	2,935	13,552
Disposals	(34)	(436)	-	(248)	(59)	(777)
Balance at 31 Mar 2022 - Un-audited	<u>72,497</u>	<u>38,552</u>	<u>24,007</u>	<u>128,596</u>	<u>112,625</u>	<u>376,277</u>
<b>Carrying amounts</b>						
Balance at 31 December 2021 - Audited	<u>44,564</u>	<u>6,750</u>	<u>295</u>	<u>55,234</u>	<u>8,551</u>	<u>115,394</u>
Balance at 31 Mar 2022 - Un-audited	<u>41,073</u>	<u>5,940</u>	<u>185</u>	<u>49,607</u>	<u>5,616</u>	<u>102,421</u>
Depreciation rate	<u>20%</u>	<u>20%</u>	<u>20%</u>	<u>25%</u>	<u>33.33%</u>	

**6.3 Right-of-use assets - Bank's branches**

	Note	31 March 2022 (Un-audited) Jan - Sep ----- (Afn in '000) -----	31 December 2021 (Audited) Jan - Dec
<b>Cost:</b>			
Opening Balance as of 1 January - Audited		349,977	322,040
Additions		21,185	27,937
Adjustment of Lease Modification		-	-
Closing Balance		<u>371,162</u>	<u>349,977</u>
<b>Accumulated depreciation:</b>			
Opening balance		151,553	81,788
Depreciation expense		13,618	68,456
Adjustment of Lease Modification		-	1,309
Closing Balance		<u>165,171</u>	<u>151,553</u>
Carrying amount		<u>205,991</u>	<u>198,424</u>

**6.3.1 Allocation of depreciation and amortisation**

Depreciation charge on property and equipment	13,552	55,817
Depreciation charge on right-of-use assets	13,618	68,456
Less: Amount classified under grant expense	(179)	(840)
	<u>26,991</u>	<u>123,433</u>

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		31 March 2022 (Un-audited)	31 December 2021 (Audited)
	Note	----- (Afn in '000) -----	
<b>7. INTANGIBLE ASSET</b>			
<b>Computer software:</b>			
<b>Cost</b>			
Balance at 01 January		251,030	222,746
Transfer from CWIP		-	28,284
Closing balance		251,030	251,030
<b>Amortisation</b>			
Balance at 01 January		(167,820)	(125,114)
Charge for the period		(11,501)	(42,706)
Closing balance		(179,321)	(167,820)
<b>Carrying amounts</b>		<b>71,709</b>	<b>83,210</b>
<b>8. OTHER ASSETS</b>			
Restricted deposits with DAB	8.1	360,113	477,407
Interest receivable		160,153	186,420
Prepayments		29,655	12,004
Receivable from Roshan against M-Paisa payments		29,501	34,731
Advance tax		6,696	-
Advances to staff and Supplier		6,901	5,333
Other receivables		4,327	11,748
Inter branch balance		28,244	-
		625,590	727,643
Less: General provision held	8.2	(3,692)	(4,246)
		<b>621,898</b>	<b>723,397</b>

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 (2021: 1% on all other assets) as per Asset Classification and Provisioning Regulation issued by DAB.

		31 March 2022 (Un-audited)	31 December 2021 (Audited)
		----- (Afn in '000) -----	
<b>9. DEPOSITS FROM CUSTOMERS</b>			
<b>Retail customers:</b>			
Term deposits	9.1	60,061	76,823
Current deposits		820,970	901,074
Saving deposits	9.2	1,932,070	2,212,820
		2,813,101	3,190,717
<b>Corporate customers:</b>			
Term deposits	9.1	750,000	750,000
Current deposits		2,496,252	2,779,951
Saving deposits	9.2	168,185	44,290
		3,414,437	3,574,241
Cash Margin		32,434	33,371
Dormant deposits		27,774	44,608
	9.3	<b>6,287,746</b>	<b>6,842,937</b>

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- 9.1 The rate of interest on term deposits ranges from 0.75% to 6% (2021: 0.5% 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% (2021: 0.5%) per annum. Saving Deposits in Euro are interest free.
- 9.3 Deposits include AFN 1,597,186 thousands (2021: AFN.1,864,562 thousands) due to related parties.

31 March 2022 (Un-audited)	31 December 2021 (Audited)
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----- (Afn in '000) -----

#### 10. LOANS AND BORROWINGS

Ministry of Finance, Government of Afghanistan	119,016	119,016
Microfinance Investment Support Facility for Afghanistan Ltd	722,643	722,643
Nederlandse Fiancierings-Masstschappij Voor Ontwikkelingslanden N.V	315,074	315,074
Agricultural Development Fund	100,000	100,000
International Fund for Agricultural Development	694,019	694,019
	<u>1,950,752</u>	<u>1,950,752</u>

#### 11. OTHER LIABILITIES

Accrued expenses	116,626	136,536
Interest payable	95,907	67,387
Payble to APS for integrated banking	2,887	3,451
Deferred grants	224	402
Withholding taxes payable	6,586	4,672
Lease liability	177,841	181,240
Inter branch balance	-	7,682
Others	3,973	2,386
	<u>404,044</u>	<u>403,756</u>

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	31 March 2022 (Un-audited) ----- (Afn in '000) -----	31 December 2021 (Audited) ----- (Afn in '000) -----
<b>12. SHARE CAPITAL</b>		
<b>Authorized</b>		
88,800 ordinary shares of AFN 9,016 each (2021: 88,800 of AFN 9,016)	<u>800,624</u>	<u>800,624</u>
<b>Paid up</b>		
88,288 ordinary shares of AFN 9,016 each (2021: 88,288 of AFN 9,016)	<u>796,008</u>	<u>796,008</u>

12.1 The capital is contributed by the shareholders as follows:

	31 March 2022 (Un-audited) ---- Number of shares ----	31 December 2021 (Audited)	31 March 2022 (Un-audited) ----- (Afn in '000) -----	31 December 2021 (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>

### 13. CONTINGENCIES AND COMMITMENTS

#### 13.1 Contingencies

Outstanding bank guarantees

31 March 2022 (Un-audited) ----- (Afn in '000) -----	31 December 2021 (Audited) ----- (Afn in '000) -----
<u>6,380</u>	<u>7,401</u>

#### 13.2 Commitments

Undrawn loan and overdraft facilities

<u>19,417</u>	<u>30,763</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 12.1. Aga Khan Development Network entities collectively owns 51% (2021: 51%) of the Bank's capital.

#### 14.2 Transactions with key management personnel

##### Key management personnel compensation

Salaries and benefits

Three months ended 31 March 2022 (Un-audited) ----- (Afn in '000) -----	Three months ended 31 March 2021 (Un-audited) ----- (Afn in '000) -----
<u>31,575</u>	<u>8,738</u>

##### Key management personnel outstanding balances

Advances to staff

Bank deposits

<u>758</u>	<u>6,000</u>
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<u>10,676</u>	<u>8,591</u>
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31 March 2022 (Un-audited)	31 December 2021 (Audited)
----- (Afn in '000) -----	

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

Time deposits with banks	1,597,186	1,864,562
Loan to Telecom Development Company Afghanistan Limited (TDCA)	74,550	-
Receivable from Roshan against M-Paisa payments	29,501	34,731
Deposits from customers	579,003	779,189

	1,597,186	1,864,562
	74,550	-
	29,501	34,731
	579,003	779,189

Three months ended 31 March 2022 (Un-audited)	Three months ended 31 March 2021 (Un-audited)
----- (Afn in '000) -----	

**14.4 Transactions with related parties**

Interest income	2,367	7,671
Fee and commission income	2,896	676
Fee and commission expense	1,230	1,122
Interest expense on deposits from customers	5	370
Directors' fee and other expenses	2,123	1,672

	2,367	7,671
	2,896	676
	1,230	1,122
	5	370
	2,123	1,672

**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. Following 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

28/May/2022

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Chief Financial Officer

  
Chief Executive Officer