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The First MicroFinance Bank
Condensed Interim Financial Information
(Un-audited)
For six months ended 30 June 2018

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THE FIRST MICROFINANCE BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

		30 June 2018 (Un-audited)	31 December 2017 (Audited)
	Note	----- (Afn in '000) -----	
Assets			
Cash and cash equivalents	4	4,057,166	5,798,185
Placements - net	5	841,662	399,867
Loans and advances to customers - net	6	5,463,732	5,191,284
Operating fixed assets	7	87,146	77,156
Intangible asset	8	115,094	118,021
Other assets	9	1,058,719	963,907
Total Assets		<u>11,623,520</u>	<u>12,548,420</u>
Liabilities			
Deposits from customers	10	6,781,958	7,577,081
Loans and borrowings	11	2,569,393	2,791,586
Income tax payable		17,826	33,086
Deferred tax liability - net		16,157	16,157
Other liabilities	12	170,934	139,941
Total Liabilities		<u>9,556,268</u>	<u>10,557,851</u>
Equity			
Share capital	13	796,008	796,008
Share premium		206,038	206,038
Retained earnings		1,065,206	988,523
Total equity		<u>2,067,252</u>	<u>1,990,569</u>
Total equity and liabilities		<u>11,623,520</u>	<u>12,548,420</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 COMPREHENSIVE INCOME
FOR SIX MONTHS ENDED 30 JUNE 2018

		Six months ended 30 June 2018	Six months ended 30 June 2017	Three months ended 30 June 2018	Three months ended 30 June 2017
		(Un-audited) ----- (Afn in '000) -----	(Un-audited) ----- (Afn in '000) -----	(Un-audited) ----- (Afn in '000) -----	(Un-audited) ----- (Afn in '000) -----
Interest income		686,858	705,471	353,697	365,474
Interest expense		(93,375)	(74,612)	(44,934)	(38,156)
Net interest income		593,483	630,859	308,763	327,318
Fee and commission income		46,435	50,775	24,095	24,666
Fee and commission expense		(23,339)	(21,642)	(11,580)	(10,524)
Net fee and commission income		23,096	29,133	12,514	14,142
Income from dealing in foreign currencies		58,991	55,009	54,429	25,131
Revenue		675,570	715,001	375,706	366,591
Other income		34,058	6,749	7,148	2,744
Impairment loss on loans and advances to customers	6.2	(60,418)	(67,994)	(35,809)	(22,517)
Impairment loss on placements	4 & 5	(7,694)	(6,450)	(2,949)	(6,932)
Reversal/ (charge) of general provision on:					
Other assets		2,994	(3,408)	3,478	(3,408)
Off-balance sheet items		777	(453)	-	(232)
Personnel expenses		(305,689)	(300,846)	(151,020)	(151,557)
Depreciation and amortisation		(29,259)	(12,027)	(14,841)	(5,819)
Penalty		(324)	-	(112)	-
Other expenses		(214,372)	(222,724)	(102,718)	(117,718)
Net operating income		95,643	107,848	78,884	61,152
Non-operating revenue and expenses:					
Grants income recognized against deferred grant		843	1,150	416	998
Expenditure against grants		(843)	(1,150)	(416)	(998)
Profit before tax		95,643	107,848	78,884	61,152
Income tax expense		(18,960)	(21,340)	(15,419)	(12,713)
Net profit		76,683	86,508	63,466	48,439
Other comprehensive income		-	-	-	-
Total comprehensive income		76,683	86,508	63,466	48,439

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 SIX MONTHS ENDED 30 JUNE 2018

	Share capital	Share premium	Retained earnings	Total
	----- (Afn in '000) -----			
Balance at 01 January 2017 (Audited)	796,008	206,038	757,385	1,759,431
Total comprehensive income for six months ended 30 June 2017				
Profit for the period	-	-	86,508	86,508
Other comprehensive income	-	-	-	-
	-	-	86,508	86,508
Balance at 30 June 2017 (Un-audited)	796,008	206,038	843,893	1,845,939
Balance as at 01 January 2018 (Audited)	796,008	206,038	988,523	1,990,569
Total comprehensive income for six months ended 30 June 2018				
Profit for the period	-	-	76,683	76,683
Other comprehensive income	-	-	-	-
	-	-	76,683	76,683
Balance at 30 June 2018 (Un-audited)	796,008	206,038	1,065,206	2,067,252

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 SIX MONTHS ENDED 30 JUNE 2018

		Six months ended 30 June 2018 (Un-audited) ----- (Afn in '000) -----	Six months ended 30 June 2017 (Un-audited) ----- (Afn in '000) -----
	Note		
Cash flows from operating activities			
Profit before tax		95,643	107,848
Adjustments for:			
Depreciation and amortisation	7 & 8	30,102	13,177
Impairment loss on loans and advances to customers	6.2	60,418	67,994
Impairment loss on placements		7,694	6,450
(Reversal)/ provision on			
Other assets	9	(2,994)	3,408
Off-balance sheet items		(777)	453
Gain on sale of property and equipment		(144)	(20)
Grant income		(843)	(1,150)
		189,099	198,160
Changes in:			
Increase in loans and advances to customers		(332,866)	(956,283)
Increase in other assets		(91,818)	(86,460)
Decrease in deposits from customers		(795,123)	(131,956)
Increase in other liabilities		32,614	285,492
		(998,095)	(691,047)
Income tax paid		(34,220)	(7,616)
Net cash used in operating activities		(1,032,315)	(698,663)
Cash flows from investing activities			
Purchase of property and equipment		(26,679)	(27,388)
Proceeds from sale of property and equipment		534	29
Acquisition of intangible assets		(10,876)	(343)
Investment in placements		(449,490)	(431,940)
Net cash used in investing activities		(486,511)	(459,642)
Cash flows from financing activities			
Repayment of loans and borrowings		(222,193)	(130,048)
Net cash used in financing activities		(222,193)	(130,048)
Net decrease in cash and cash equivalents		(1,741,019)	(1,288,353)
Cash and cash equivalents at beginning of the period		5,798,185	3,737,201
Cash and cash equivalents at end of the period		4,057,166	2,448,848

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 SIX MONTHS ENDED 30 JUNE 2018

1. STATUS AND NATURE OF BUSINESS

The First MicroFinance Bank (the 'Bank') was registered 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 (2017: 38) in operation including 17 (2017: 17) urban branches and 21 (2017:21) rural/peri urban branches in operation as at 30 June 2018 and employed 1,126 (2017: 1,087) staff.

2. BASIS OF PREPARATION

This condensed interim financial information of the Bank for the six months period ended 30 June 2018 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 2017.

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 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 management is currently in the process of assessing the impact of IFRS 9 on the Bank's financial information. Therefore, this condensed interim financial information does not incorporate the impact of 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 2017.

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 2017.

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 2017.

		30 June 2018 (Un-audited)	31 December 2017 (Audited)
	Note	----- (Afn in '000) -----	
4. CASH AND CASH EQUIVALENTS			
Cash in hand		340,597	326,292
Balances with Da Afghanistan Bank		894,868	1,851,463
Balances with other banks	4.1	967,295	1,559,050
Short term placements with banks	4.2	1,854,406	2,061,380
		<u>4,057,166</u>	<u>5,798,185</u>

		30 June 2018 (Un-audited)	31 December 2017 (Audited)
	Note	----- (Afn in '000) -----	
4.1 Balances with other banks			
Balances with:			
Habib Bank Limited, Brussels		-	462,926
Bank Alfalah Limited, Kabul		30	22,808
Banque Marocaine du Commerce Extérieur, Spain		910,863	318,076
AKTIF - Turkey		56,402	755,240
	4.1.1	<u>967,295</u>	<u>1,559,050</u>

4.1.1 These balances are interest free (2017: Interest free).

4.2 Short term placements with banks

Capital notes (maturity less than three months)	4.2.1	599,899	399,989
Time deposits with other banks	4.2.2	1,254,507	1,661,391
		<u>1,854,406</u>	<u>2,061,380</u>

4.2.1 These represents capital notes issued by DAB having maturity period of 07 to 28 days (2017: 07 days). These capital notes carry interest rate ranging from 0.129% to 0.320% (2017: 0.14%) per annum.

		30 June 2018 (Un-audited)	31 December 2017 (Audited)
	Note	----- (Afn in '000) -----	
4.2.2 Time deposits with other banks			
Habib Bank Limited, Brussels	4.2.2.1	146,580	-
Diamond Trust Bank Kenya (DTB - Kenya)	4.2.2.2	221,131	1,044,900
AKTIF Bank, Turkey	4.2.2.3	677,820	208,980
Habibsons Bank Limited, UK	4.2.2.4	221,648	417,960
Less: General provision held	4.2.2.5	(12,672)	(10,449)
		<u>1,254,507</u>	<u>1,661,391</u>

4.2.2.1 This deposit is held with related party having maturity of 86 days and carries interest rate of 1.95% (2017: Nil) per annum.

4.2.2.2 This deposit is held with related party having maturity of 61 days and carries interest rate of 2.45% (2017: 2.45%) per annum.

4.2.2.3 These deposits are having maturity of 30 to 34 days and carry interest rate ranging from 0.5% to 2.55% (2017: 2.1%) per annum.

4.2.2.4 This deposit is held with related party having maturity of 30 days and carries interest rate of 1.6% (2017: 1.28% to 1.38%) per annum.

4.2.2.5 General provision of 1% (31 December 2017: 1%) on placements having maturity of one month or above is maintained. This provision was mandatory under Assets Classification and Provisioning Regulation issued by DAB until 31 December 2017, however, during the period, the DAB has revised, the said regulations wherein the maintenance of this provision is made optional. The Bank, on prudent basis, has continued to maintain this provision in the condensed interim financial information.

		30 June 2018 (Un-audited)	31 December 2017 (Audited)
	Note	----- (Afn in '000) -----	
5. PLACEMENTS - NET			
Capital notes issued by DAB		-	99,876
AKTIF Bank, Turkey	5.1	483,714	-
Habib Bank Limited, Brussels		-	303,021
Diamond Trust Bank Kenya (DTB - Kenya)	5.2	366,450	
Less: General provision held	5.3	(8,502)	(3,030)
		<u>841,662</u>	<u>399,867</u>

5.1 These deposits have a maturity period of 91 to 181 days (2017: Nil) and carry interest rate ranging from 2.65% to 3.4% per annum (2017: Nil).

5.2 This deposit has a maturity of 95 days and carries interest rate of 2.45% (2017: Nil) per annum.

5.3 General provision of 1% (31 December 2017: 1%) is held on placements with AKTIF Bank, Turkey and Diamond Trust Bank of Kenya. This provision was mandatory under Assets Classification and Provisioning Regulation issued by DAB until 31 December 2017, however, during the period, the DAB has revised, the said regulations wherein the maintenance of this provision is made optional. The Bank, on prudent basis has continued to maintain this provision in the condensed interim financial information.

		30 June 2018 (Un-audited)	31 December 2017 (Audited)
	Note	----- (Afn in '000) -----	
6. LOANS AND ADVANCES TO CUSTOMERS - NET			
Loans and advances to customers	6.1	5,825,918	5,493,052
Less: Impairment loss on loans and advances	6.2	(362,186)	(301,768)
		<u>5,463,732</u>	<u>5,191,284</u>

6.1 Loans and advances to customers

		30 June 2018 (Un-audited)			31 December 2017 (Audited)		
	Note	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
		----- (Afn in '000) -----			----- (Afn in '000) -----		
Microfinance loans	6.1.1	4,754,221	(279,086)	4,475,134	4,539,924	(235,595)	4,304,329
Loans to small and medium size enterprises (SME)	6.1.1	992,993	(79,802)	913,191	826,252	(62,088)	764,164
Overdraft financing	6.1.1	78,705	(3,298)	75,407	126,876	(4,085)	122,791
		<u>5,825,918</u>	<u>(362,186)</u>	<u>5,463,732</u>	<u>5,493,052</u>	<u>(301,768)</u>	<u>5,191,284</u>

6.1.1 Microfinance loans carry interest at rates ranging from 9% to 27% (2017: 12% to 27%) per annum, whereas interest on loans to small and medium size enterprises (SMEs) is charged at the rates ranging from 7% to 23% (2017: 16.2% to 23%) per annum. Overdraft carries interest rate ranging from 14.5% to 18% (2017: 9.25% to 20%) per annum. All loans are secured by various kind of properties and personal guarantees. Overdraft is issued to fourteen SME customers.

6.2 Impairment loss on loans and advances to customers

		30 June 2018 (Un-audited)			31 December 2017 (Audited)		
	Note	Specific	General	Total	Specific	General	Total
		----- (Afn in '000) -----			----- (Afn in '000) -----		
Balance at 1st January		36,819	264,949	301,768	57,711	236,549	294,260
Charge for the period / year:							
Microfinance loans		35,865	7,625	43,490	41,205	32,502	73,707
Loans to small and medium size enterprises		9,751	7,177	16,928	(4,386)	(497)	(4,883)
		<u>45,616</u>	<u>14,802</u>	<u>60,418</u>	<u>36,819</u>	<u>32,005</u>	<u>68,824</u>
Written off against impairment allowance:							
Microfinance loans		-	-	-	(38,786)	(3,605)	(42,391)
Loans to small and medium size enterprises		-	-	-	(18,925)	-	(18,925)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,711)</u>	<u>(3,605)</u>	<u>(61,316)</u>
Closing Balance		<u>82,435</u>	<u>279,751</u>	<u>362,186</u>	<u>36,819</u>	<u>264,949</u>	<u>301,768</u>

- 6.3 Classification of loans and advances for the purpose of allowance for impairment in accordance with the Bank's provisioning policy and the DAB Asset Classification and Provisioning Regulation is as follows:

	Amount outstanding	Impairment allowance required as per ACPR		Impairment allowance held		Number of customers
30 June 2018 (Un-Audited)	Afn in '000	Rate	Afn in '000	Rate	Afn in '000	
Classification - Microfinance Loans						
Standard	4,658,601	1%	46,586	4.98%	231,998	62,585
Overdue:						
Watch-List	22,454	5%	1,123	5%	1,123	312
Substandard	16,500	25%	4,125	25%	4,125	228
Doubtful	29,651	50%	14,826	50%	14,826	383
Loss	25,967	100%	25,967	100%	25,967	294
Rescheduled	1,048	100%	1,048	100%	1,048	15
	4,754,221		93,675		279,086	63,817

Classification - Overdraft and SME Loans

Standard - SME Loans	944,116	1%	9,441	4.98%	47,017	541
Standard - Overdraft financing	73,580	1%	736	1.00%	736	13
Overdue:						
Watch-List - SME Loans	11,610	5%	581	5%	581	4
Substandard - SME Loans	1,628	25%	407	25%	407	2
Doubtful - SME Loans	7,682	50%	3,841	50%	3,841	4
Doubtful - Overdraft financing	5,125	50%	2,562	50%	2,562	1
Loss - SME Loans	8,409	100%	8,409	100%	8,409	17
Rescheduled - SME Loans	19,548	100%	19,548	100%	19,548	19
	<u>1,071,698</u>		<u>45,525</u>		<u>83,100</u>	<u>601</u>

31 December 2017 (Audited)

Classification - Microfinance Loans

Standard	4,505,480	1%	45,055	4.98%	224,373	60,856
Overdue:						
Watch-List	10,814	5%	541	5%	541	170
Substandard	6,912	25%	1,728	25%	1,728	94
Doubtful	15,529	50%	7,765	50%	7,765	198
Rescheduled	1,189	100%	1,189	100%	1,189	20
	<u>4,539,924</u>		<u>56,278</u>		<u>235,596</u>	<u>61,338</u>

Classification - Overdraft and SME Loans

Standard - SME Loans	793,876	1%	7,939	4.98%	39,536	584
Standard - Overdraft financing	103,959	1%	1,040	1.00%	1,040	6
Overdue:						
Watch-List - SME loans	30	5%	2	5%	2	1
Watch-List - Overdraft financing	13,417	5%	671	5%	671	1
Substandard - SME loans	8,972	25%	2,243	25%	2,243	6
Substandard - Overdraft financing	9,500	25%	2,375	25%	2,375	2
Doubtful - SME loans	6,132	50%	3,066	50%	3,063	17
Rescheduled - SME loans	17,242	100%	17,242	100%	17,242	20
	<u>953,128</u>		<u>34,578</u>		<u>66,172</u>	<u>637</u>

	Note	30 June 2018 (Un-audited) ----- (Afn in '000) -----	31 December 2017 (Audited) -----
7. OPERATING FIXED ASSETS			
Capital work-in-progress	7.1	20,846	3,913
Property and equipment	7.2	66,300	73,243
		<u>87,146</u>	<u>77,156</u>

7.1 Capital work-in-progress

Balance at 01 January		3,913	102,599
Additions		16,933	24,914
Transfer to Core Banking Software		-	(123,600)
Closing balance	7.1.1	<u>20,846</u>	<u>3,913</u>

7.1.1 Capital work-in-progress represents cost of Human Resource Management System, Compliance system and Oracle's digital banking platform which are in progress of being implemented.

7.2 Property and equipment

	Leasehold improvements	Furniture and fittinas	Vehicles	Office equipment	Computer equipment	Total
	----- (Afn in '000) -----					
Cost						
Balance at 01 January 2017 - Audited	44,416	31,787	22,002	80,287	59,361	237,853
Additions	4,500	3,608	2,166	7,281	25,230	42,785
Disposals	(37)	(877)	-	(936)	(1,640)	(3,490)
Balance at 31 December 2017 - Audited	<u>48,879</u>	<u>34,518</u>	<u>24,168</u>	<u>86,632</u>	<u>82,951</u>	<u>277,148</u>
Balance at 1 January 2018 - Audited	48,879	34,518	24,168	86,632	82,951	277,148
Additions	1,535	2,554	24	5,123	510	9,746
Disposals	(199)	(432)	-	(5,256)	(3,377)	(9,265)
Balance at 30 June 2018 - Un-audited	<u>50,216</u>	<u>36,639</u>	<u>24,192</u>	<u>86,498</u>	<u>80,084</u>	<u>277,629</u>
Depreciation						
Balance at 01 January 2017 - Audited	36,211	25,913	13,287	51,918	51,268	178,597
Charge for the year	3,464	2,707	2,623	11,737	8,244	28,775
Disposals	(36)	(863)	-	(928)	(1,640)	(3,467)
Balance at 31 December 2017 - Audited	<u>39,639</u>	<u>27,757</u>	<u>15,910</u>	<u>62,727</u>	<u>57,872</u>	<u>203,905</u>
Balance at 1 January 2018 - Audited	39,639	27,757	15,910	62,727	57,872	203,905
Charge for the period	1,903	1,582	1,457	5,564	5,794	16,299
Disposals	(198)	(424)	-	(4,877)	(3,375)	(8,875)
Balance at 30 June 2018 - Un-audited	<u>41,344</u>	<u>28,915</u>	<u>17,367</u>	<u>63,414</u>	<u>60,291</u>	<u>211,329</u>
Carrying amounts						
Balance at 31 December 2017 - Audited	<u>9,240</u>	<u>6,761</u>	<u>8,258</u>	<u>23,905</u>	<u>25,079</u>	<u>73,243</u>
Balance at 30 June 2018 - Un-audited	<u>8,872</u>	<u>7,724</u>	<u>6,825</u>	<u>23,085</u>	<u>19,793</u>	<u>66,300</u>
Depreciation rate	20%	20%	20%	25%	33.33%	

7.2.1 Allocation of depreciation and amortisation

	30 June 2018 (Un-audited) ----- (Afn in '000) -----	30 June 2017 (Un-audited) -----
Depreciation charged for the period	16,299	13,089
Less: Amount classified under grant expense	(843)	(1,150)
	<u>15,456</u>	<u>11,939</u>

		30 June 2018 (Un-audited) ----- (Afn in '000) -----	31 December 2017 (Audited) ----- (Afn in '000) -----
8. INTANGIBLE ASSET	Note		
Computer software:			
Cost			
Balance at 01 January		153,753	20,999
Acquisitions of software		-	343
Transfer from CWIP		-	123,600
Additions CBS		10,876	8,811
Closing balance		164,629	153,753
Amortisation			
Balance at 01 January		(35,732)	(20,617)
Charge for the period / year for software		(94)	(186)
Charge for the period / year CBS		(13,709)	(14,929)
Closing balance		(49,535)	(35,732)
Carrying amounts		115,094	118,021

9. OTHER ASSETS

Restricted deposits with DAB	9.1	582,886	635,459
Interest receivable		280,749	263,382
Prepayments		77,308	24,962
Receivable from Roshan against M-Paisa payments		87,443	33,070
Other receivables		20,915	1,192
Office supplies and stationery in inventory		1,782	2,704
Advances to staff		6,459	3,902
Other claims on DAB		1,500	1,500
Inter branch balance		-	1,054
		1,059,043	967,225
Less: General provision held	9.2	(323)	(3,318)
		1,058,719	963,907

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 General provision is held on portion of other asset (2017: 1% on all other asset) as per Asset Classification and Provisioning Regulation issued by DAB.

		30 June 2018 (Un-audited) ----- (Afn in '000) -----	31 December 2017 (Audited) ----- (Afn in '000) -----
10. DEPOSITS FROM CUSTOMERS			
Retail customers:			
Term deposits	10.1	30,998	16,031
Current deposits		627,604	675,675
Saving deposits	10.2	2,329,440	2,211,172
Corporate customers:			
Term deposits		540,000	545,691
Current deposits		3,002,475	3,689,426
Saving deposits		193,220	337,023
Cash Margin		43,244	94,232
Dormant deposits	10.3	14,978	7,831
	10.4	6,781,958	7,577,081

10.1 The rate of interest on term deposits ranges from 0.60% to 5% (2017: 0.50% to 4.5%) per annum.

10.2 The rate of interest on saving deposits ranges from 0% to 0.5% (2017: 0% to 0.5%) per annum.

10.3 These represent dormant deposits which were identified during the period/ year as a result of data migration to the new core banking software.

10.4 Deposits include Afn 908,573 thousands (2017: Afn.1,831,402 thousands) due to various related parties.

30 June 2018 (Un-audited) ----- (Afn in '000) -----	31 December 2017 (Audited)
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11. LOANS AND BORROWINGS

Loans and borrowings from:

Ministry of Finance, Government of Afghanistan	267,141	291,477
Microfinance Investment Support Facility for Afghanistan Ltd	1,793,401	1,963,401
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	341,708	341,708
Agricultural Development Fund	167,143	195,000
	<u>2,569,393</u>	<u>2,791,586</u>

12. OTHER LIABILITIES

Accrued expenses	43,554	44,271
Interest payable on long term loans	45,728	41,256
Performance bonus payable	29,141	22,369
Deferred grants	8,646	9,490
Withholding taxes payable	5,814	5,433
Interest payable on customer deposits	9,871	11,648
Other	8,386	4,697
Inter branch balance	19,793	-
General provision held against Off-balance items	-	777
	<u>170,934</u>	<u>139,941</u>

	30 June 2018 (Un-audited) ----- (Afn in '000) -----	31 December 2017 (Audited) ----- (Afn in '000) -----
13. 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>

13.1 The capital is contributed by the shareholders as follows:

	30 June 2018 (Un-audited) ---- Number of shares ----	31 December 2017 (Audited) ----- (Afn in '000) -----	30 June 2018 (Un-audited) ----- (Afn in '000) -----	31 December 2017 (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>

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

Outstanding bank guarantees	<u>18,993</u>	<u>66,757</u>
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14.2 Commitments

Undrawn loan and overdraft facilities	<u>28,177</u>	<u>10,903</u>
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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% (2017: 51%) of the Bank's capital.

15.2 Transactions with key management personnel

Key management personnel compensation

Short term salaries and benefits	<u>34,287</u>	<u>38,154</u>
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	30 June 2018 (Un-audited) ----- (Afn in '000) -----	31 December 2017 (Audited) ----- (Afn in '000) -----
Key management personnel outstanding balances		

Advances to staff	-	209
Bank deposits	<u>3,131</u>	<u>1,316</u>

15.3 Other related party outstanding balances and transactions

Balances with related parties

Balances with banks	
Time deposits with banks	
Loan to Telecom Development Company Afghanistan Limited (TDCA)	
Receivable from Roshan against M-Paisa payments	
Deposits from customers	
Cash Margin against guarantees issued	

30 June 2018 (Un-audited) ----- (Afn in '000) -----	31 December 2017 (Audited) ----- (Afn in '000) -----
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-	462,926
589,359	1,765,881
-	83,138
87,443	33,070
908,573	1,790,981
5,126	40,421

Transaction values for the period ended

Six months ended 30 June 2018 (un-audited) ----- (Afn in '000) -----	Six months ended 30 June 2017 (un-audited) ----- (Afn in '000) -----
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Transactions with related parties

Interest income	
Fee and commission income	
Fee and commission expense	
Interest expense on deposits from customers	
Director's fee and other expenses	

11,719	12,627
686	2,546
1,778	2,332
1,179	1,426
1,074	1,020

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. No significant reclassifications were made during the period.

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 Chief Financial Officer and Chief Executive Officer on 13 August 2018



Chief Financial Officer



Chief Executive Officer