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**The First MicroFinance Bank**  
**Condensed Interim Financial Information**  
**(Un-audited)**  
**For nine months ended 30 September 2018**

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

		30 September 2018 (Un-audited)	31 December 2017 (Audited)
	Note	----- (Afn in '000) -----	-----
<b>Assets</b>			
Cash and cash equivalents	4	5,393,247	6,035,988
Placements - net		-	162,064
Loans and advances to customers - net	5	5,816,409	5,191,284
Operating fixed assets	6	83,978	77,156
Intangible asset	7	107,883	118,021
Other assets	8	1,015,870	963,907
<b>Total Assets</b>		<u><u>12,417,387</u></u>	<u><u>12,548,420</u></u>
<b>Liabilities</b>			
Deposits from customers	9	7,684,961	7,577,081
Loans and borrowings	10	2,447,558	2,791,586
Income tax payable		21,535	33,086
Deferred tax liability - net		16,157	16,157
Other liabilities	11	155,073	139,941
<b>Total Liabilities</b>		<u><u>10,325,284</u></u>	<u><u>10,557,851</u></u>
<b>Equity</b>			
Share capital	12	796,008	796,008
Share premium		206,038	206,038
Retained earnings		1,090,057	988,523
<b>Total equity</b>		<u><u>2,092,103</u></u>	<u><u>1,990,569</u></u>
<b>Total equity and liabilities</b>		<u><u>12,417,387</u></u>	<u><u>12,548,420</u></u>
<b>Contingencies and commitments</b>	13		

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

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Chief Financial Officer



Chief Executive Officer

**THE FIRST MICROFINANCE BANK**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR NINE MONTHS ENDED 30 SEPTEMBER 2018**

		Nine months ended 30 September 2018 (Un-Audited)	Nine months ended 30 September 2017 (Un-Audited)	Three months ended 30 September 2018 (Un-Audited)	Three months ended 30 September 2017 (Un-Audited)
	Note	AFN '000'	AFN '000'	AFN '000'	AFN '000'
Interest income		1,043,402	1,072,310	356,544	366,839
Interest expense		(145,465)	(118,771)	(52,090)	(44,159)
<b>Net interest income</b>		<b>897,937</b>	<b>953,539</b>	<b>304,454</b>	<b>322,680</b>
Fee and commission income		71,272	70,758	24,837	19,983
Fee and commission expense		(40,153)	(28,395)	(16,814)	(6,753)
<b>Net fee and commission income</b>		<b>31,119</b>	<b>42,363</b>	<b>8,023</b>	<b>13,230</b>
Income from dealing in foreign currencies		94,022	87,642	35,031	32,633
<b>Revenue</b>		<b>1,023,078</b>	<b>1,083,544</b>	<b>347,508</b>	<b>368,543</b>
Other income		37,165	10,901	3,107	4,152
Impairment loss on loans and advances to customers	5.2	(94,599)	(90,224)	(34,180)	(22,230)
Impairment loss on placements		(5,435)	(1,230)	2,259	5,220
Reversal/ (charge) of general provision on:					
Other assets		3,157	(3,508)	163	(100)
Off-balance sheet items		777	(573)	-	(120)
Personnel expenses		(453,432)	(446,371)	(147,743)	(145,525)
Depreciation and amortisation		(44,311)	(28,160)	(15,052)	(16,133)
Penalty		(2,344)	-	(2,020)	-
Other expenses		(339,742)	(328,358)	(125,370)	(105,634)
<b>Net operating income</b>		<b>124,314</b>	<b>196,021</b>	<b>28,672</b>	<b>88,173</b>
Non-operating revenue and expenses:					
Grants income recognized against deferred grant		10,419	8,804	9,576	7,654
Expenditure against grants		(10,419)	(8,804)	(9,576)	(7,654)
<b>Profit before tax</b>		<b>124,314</b>	<b>196,021</b>	<b>28,672</b>	<b>88,173</b>
Income tax expense		(22,780)	(37,443)	(3,820)	(16,103)
<b>Net profit</b>		<b>101,534</b>	<b>158,578</b>	<b>24,852</b>	<b>72,070</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>101,534</b>	<b>158,578</b>	<b>24,852</b>	<b>72,070</b>

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

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Chief Financial Officer

  
Chief Executive Officer

**THE FIRST MICROFINANCE BANK**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR NINE MONTHS ENDED 30 SEPTEMBER 2018**

	Share capital	Share premium	Retained earnings	Total
	----- (Afn in '000) -----			
<b>Balance at 01 January 2017 (Audited)</b>	796,008	206,038	757,386	1,759,432
Total comprehensive income for nine months ended 30 September 2017				
Profit for the period	-	-	158,578	158,578
Other comprehensive income	-	-	158,578	158,578
<b>Balance at 30 September 2017 (Un-Audited)</b>	<u>796,008</u>	<u>206,038</u>	<u>915,964</u>	<u>1,918,010</u>
<b>Balance as at 01 January 2018 (Audited)</b>	<b>796,008</b>	<b>206,038</b>	<b>988,523</b>	<b>1,990,569</b>
Total comprehensive income for nine months ended 30 September 2018				-
Profit for the period	-	-	101,534	101,534
Other comprehensive income	-	-	-	-
	-	-	101,534	101,534
<b>Balance at 30 September 2018 (Un-Audited)</b>	<u><u>796,008</u></u>	<u><u>206,038</u></u>	<u><u>1,090,057</u></u>	<u><u>2,092,103</u></u>

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 Chief Financial Officer

  
 Chief Executive Officer

**THE FIRST MICROFINANCE BANK**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR NINE MONTHS ENDED 30 SEPTEMBER 2018**

		Nine months ended 30 September 2018	Nine months ended 30 September 2017
		(Un-Audited)	
	Note	----- (Afn in '000) -----	
<b>Cash flows from operating activities</b>			
<b>Profit before tax</b>		<b>124,314</b>	<b>196,021</b>
Adjustments for:			
Depreciation and amortisation	6 & 7	45,375	28,968
Impairment loss on loans and advances to customers	5.2	94,599	90,224
Impairment loss on placements		5,435	1,230
(Reversal)/ provision on			
Other assets	8	(3,157)	3,508
Off-balance sheet items		(777)	573
Gain on sale of property and equipment		(192)	(54)
Grant income		(10,419)	(8,804)
		<u>255,178</u>	<u>311,666</u>
Changes in:			
Increase in loans and advances to customers		(719,724)	(859,524)
Increase in other assets		(48,806)	(210,313)
Increase in deposits from customers		107,880	433,176
Increase in other liabilities		26,328	387,997
		<u>(379,144)</u>	<u>63,002</u>
Income tax paid		(34,331)	(9,506)
<b>Net cash (used in)/ flow from operating activities</b>		<u><b>(413,475)</b></u>	<u><b>53,496</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(42,450)	(62,915)
Proceeds from sale of property and equipment		583	72
Investment in placements		156,629	797,796
<b>Net cash (used in)/ flow from investing activities</b>		<u><b>114,762</b></u>	<u><b>734,953</b></u>
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings		(344,028)	(219,411)
<b>Net cash used in financing activities</b>		<u><b>(344,028)</b></u>	<u><b>(219,411)</b></u>
Net (decrease)/ increase in cash and cash equivalents		(642,741)	569,038
Cash and cash equivalents at beginning of the period		6,035,988	3,737,201
<b>Cash and cash equivalents at end of the period</b>		<u><b>5,393,247</b></u>	<u><b>4,306,239</b></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 NINE MONTHS ENDED 30 SEPTEMBER 2018**

**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 (2017: 38) in operation including 17 (2017: 17) urban branches and 21 (2017:21) rural/peri urban branches in operation as at 30 September 2018 and employed 1,130 (2017: 1,087) staff.

**2. BASIS OF PREPARATION**

This condensed interim financial information of the Bank for the nine months period ended 30 September 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.

**4. CASH AND CASH EQUIVALENTS**

		30 September 2018 (Un-audited)	31 December 2017 (Audited)
	Note	----- (Afn in '000) -----	-----
Cash in hand		301,054	326,292
Balances with Da Afghanistan Bank		1,555,984	1,851,463
Balances with other banks	4.1	433,893	1,559,050
Short term placements with banks	4.2	3,102,316	2,299,183
		<u>5,393,247</u>	<u>6,035,988</u>

		30 September 2018 (Un-audited)	31 December 2017 (Audited)
	Note	----- (Afn in '000) -----	
<b>4.1 Balances with other banks</b>			
Balances with:			
Habib Bank Limited, Brussels		-	462,926
Bank Alfalah Limited, Kabul		26	22,808
Banque Marcocaine du Commerce Exterieur, Spain		422,626	318,076
AKTIF - Turkey		11,241	755,240
	4.1.1	<u>433,893</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	4.2.1	699,623	499,865
Time deposits with other banks	4.2.2	<u>2,402,693</u>	<u>1,799,318</u>
		<u>3,102,316</u>	<u>2,299,183</u>

4.2.1 These represent capital notes issued by DAB for maturity period of 07 to 91 days (2017: 07 to 91 days). These capital notes carry interest rate ranging from 0.149% to 0.47% (2017: 0.14% to 0.49%) per annum.

		30 September 2018 (Un-audited)	31 December 2017 (Audited)
	Note	----- (Afn in '000) -----	
<b>4.2.2 Time deposits with other banks</b>			
Habib Bank Limited, Brussels		453,600	139,320
Diamond Trust Bank Kenya		989,860	1,044,900
AKTIF Bank, Turkey		748,440	208,980
Habibsons Bank Limited, UK		229,707	417,960
Less: General provision held	4.2.2.1	<u>(18,914)</u>	<u>(11,842)</u>
	4.2.2.2	<u>2,402,693</u>	<u>1,799,318</u>

4.2.2.1 General provision of 1% (31 Dec 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 DAB has revised the said regulations wherein the maintenance of this provision is made optional. The Bank, on a prudent basis, has continued to maintain this provision in the condensed interim financial information.

4.2.2.2 These include deposits having maturity up to three months and carrying interest at rates ranging from 1.60% to 2.85% (2017: 1.28% to 2.45%) per annum.

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		30 September 2018 (Un-audited) ----- (Afn in '000) -----	31 December 2017 (Audited) -----
<b>5. LOANS AND ADVANCES TO CUSTOMERS - NET</b>	<b>Note</b>		
Loans and advances to customers	5.1	6,212,776	5,493,052
Less: Impairment loss on loans and advances	5.2	(396,367)	(301,768)
		<u>5,816,409</u>	<u>5,191,284</u>

#### 5.1 Loans and advances to customers

		30 September 2018 (Un-audited)			31 December 2017 (Audited)		
	Note	Gross amount -----	Impairment allowance (Afn in '000) -----	Carrying amount -----	Gross amount -----	Impairment allowance (Afn in '000) -----	Carrying amount -----
Microfinance loans	5.1.1	4,918,275	(313,448)	4,604,827	4,539,924	(235,595)	4,304,329
Loans to small and medium size enterprises (SME)	5.1.1	1,129,063	(78,674)	1,050,389	826,252	(62,088)	764,164
Overdraft financing	5.1.1	165,438	(4,245)	161,193	126,876	(4,085)	122,791
		<u>6,212,776</u>	<u>(396,367)</u>	<u>5,816,409</u>	<u>5,493,052</u>	<u>(301,768)</u>	<u>5,191,284</u>

5.1.1 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 6.6% to 23% (2017: 16.2% to 23%) per annum. Overdraft carries interest rate ranging from 13% 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 twenty two SME customers (2017: nine SME customers).

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

		30 September 2018 (Un-audited)			31 December 2017 (Audited)		
	Note	Specific -----	General (Afn in '000) -----	Total -----	Specific -----	General (Afn in '000) -----	Total -----
Balance at 1st January		36,819	264,949	301,768	57,711	236,549	294,260
Charge for the period / year:							
Microfinance loans		63,290	14,562	77,852	41,205	32,502	73,707
Loans to small and medium size enterprises		1,951	14,796	16,747	(4,386)	(497)	(4,883)
		<u>65,241</u>	<u>29,358</u>	<u>94,599</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)
	-	-	-	(57,711)	(3,605)	(61,316)
Closing Balance	<u>102,060</u>	<u>294,307</u>	<u>396,367</u>	<u>36,819</u>	<u>264,949</u>	<u>301,768</u>





- 5.3 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
	Afn in '000	Rate	Afn in '000	Rate	Afn in '000	
<b>30 September 2018 (Un-Audited)</b>						
<b>Classification - Microfinance Loans</b>						
Standard	4,797,884	1%	47,979	4.98%	238,935	64,162
Overdue:						
Watch-List	17,488	5%	874	5%	874	219
Substandard	15,082	25%	3,771	25%	3,771	175
Doubtful	35,907	50%	17,954	50%	17,954	466
Loss	50,963	100%	50,963	100%	50,963	612
Rescheduled	951	100%	951	100%	951	14
	<u>4,918,275</u>		<u>122,492</u>		<u>313,448</u>	<u>65,648</u>
<b>Classification-Overdraft and SME Loans</b>						
Standard - SME Loans	1,079,712	1%	10,797	4.98%	53,770	550
Standard - Overdraft financing	160,152	1%	1,602	1%	1,602	21
Overdue:						
Watch-List	12,584	5%	629	5%	628	7
Substandard	6,762	25%	1,691	25%	1,691	6
Doubtful	14,840	50%	7,420	50%	7,420	6
Doubtful - Overdraft financing	5,286	50%	2,643	50%	2,643	1
Loss	5,138	100%	5,138	100%	5,138	13
Rescheduled	10,027	100%	10,027	100%	10,027	8
	<u>1,294,501</u>		<u>39,947</u>		<u>82,919</u>	<u>612</u>
<b>31 December 2017 (Audited)</b>						
<b>Classification-Microfinance Loans</b>						
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>
<b>Classification-Overdraft and SME Loans</b>						
Standard - SME Loans	793,876	1%	7,939	4.98%	39,536	584
Standard - Overdraft financing	103,959	1%	1,040	1%	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>

		30 September 2018 (Un-audited)	31 December 2017 (Audited)
	Note	----- (Afn in '000) -----	
<b>6. OPERATING FIXED ASSETS</b>			
Capital work-in-progress	6.1	20,847	3,913
Property and equipment	6.2	63,131	73,243
		<u>83,978</u>	<u>77,156</u>

#### 6.1 Capital work-in-progress

Balance at 01 January		3,913	102,599
Additions		16,934	24,914
Transfer to Core Banking Software		-	(123,600)
Closing balance	6.1.1	<u>20,847</u>	<u>3,913</u>

6.1.1 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.

#### 6.2 Property and equipment

	Leasehold improvements	Furniture and fittings	Vehicles	Office equipment	Computer equipment	Total
	----- (Afn in '000) -----					
<b>Cost</b>						
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	2,121	2,627	24	8,104	1,764	14,640
Disposals	(204)	(675)	-	(5,470)	(3,400)	(9,749)
Balance at 30 September 2018 - Un-audited	<u>50,796</u>	<u>36,470</u>	<u>24,192</u>	<u>89,266</u>	<u>81,315</u>	<u>282,039</u>
<b>Depreciation</b>						
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	2,751	2,216	2,186	8,558	8,650	24,361
Disposals	(204)	(665)	-	(5,091)	(3,398)	(9,358)
Balance at 30 September 2018 - Un-audited	<u>42,186</u>	<u>29,308</u>	<u>18,096</u>	<u>66,194</u>	<u>63,124</u>	<u>218,908</u>
<b>Carrying amounts</b>						
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 September 2018 - Un-audited	<u>8,610</u>	<u>7,162</u>	<u>6,096</u>	<u>23,072</u>	<u>18,191</u>	<u>63,131</u>
<b>Depreciation rate</b>	<u>20%</u>	<u>20%</u>	<u>20%</u>	<u>25%</u>	<u>33.33%</u>	

		30 September 2018 (Un-Audited)	30 September 2017 (Un-Audited)
	Note	----- (Afn in '000) -----	
<b>6.2.1 Allocation of depreciation and amortisation</b>			
Depreciation charged for the period		24,361	17,412
Less: Amount classified under grant expense		<u>(1,064)</u>	<u>(1,325)</u>
		<u>23,297</u>	<u>16,087</u>

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		30 September 2018 (Un-audited)	31 December 2017 (Audited)
	Note	----- (Afn in '000) -----	
<b>7. INTANGIBLE ASSET</b>			
<b>Computer software:</b>			
<b>Cost</b>			
Balance at 01 January		153,753	20,999
Additions during the period		10,876	9,154
Transfer from CWIP		-	123,600
Closing balance		164,629	153,753
<b>Amortisation</b>			
Balance at 01 January		(35,732)	(20,617)
Charge for the period		(21,014)	(15,115)
Closing balance		(56,746)	(35,732)
<b>Carrying amounts</b>		<b>107,883</b>	<b>118,021</b>

## 8. OTHER ASSETS

Restricted deposits with DAB	8.1	597,591	635,459
Interest receivable		278,542	263,382
Prepayments		68,805	24,962
Receivable from Roshan against M-Paisa payments		44,716	33,070
Grant receivable		8,419	-
Other receivables		2,853	1,192
Office supplies and stationery in inventory		2,064	2,704
Advances to staff		13,041	3,902
Other claims on DAB		-	1,500
Inter branch balance		-	1,054
		<b>1,016,031</b>	<b>967,225</b>
Less: General provision held	8.2	(161)	(3,318)
		<b>1,015,870</b>	<b>963,907</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 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 September 2018 (Un-audited)	31 December 2017 (Audited)
		----- (Afn in '000) -----	
<b>9. DEPOSITS FROM CUSTOMERS</b>			
<b>Retail customers:</b>			
Term deposits	9.1	36,468	16,031
Current deposits		651,815	675,675
Saving deposits	9.2	2,318,534	2,211,172
<b>Corporate customers:</b>			
Term deposits		1,240,000	545,691
Current deposits		3,219,467	3,689,426
Saving deposits		156,356	337,023
Cash Margin		47,111	94,232
Dormant deposits		15,210	7,831
	9.3	<b>7,684,961</b>	<b>7,577,081</b>

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

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

9.3 Deposits include AFN 1,568,792 thousand (2017: Afn.1,831,402 thousands) due to related parties.



30 September 31 December  
2018 2017  
(Un-audited) (Audited)  
----- (Afn in '000) -----

#### 10. LOANS AND BORROWINGS

Loans and borrowings from:

Ministry of Finance, Government of Afghanistan	242,806	291,477
Microfinance Investment Support Facility for Afghanistan Ltd	1,695,901	1,963,401
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	341,708	341,708
Agricultural Development Fund	167,143	195,000
	<u>2,447,558</u>	<u>2,791,586</u>

#### 11. OTHER LIABILITIES

Accrued expenses	52,444	44,271
Interest payable on long term loans	36,774	41,256
Performance bonus payable	22,195	22,369
Deferred grants	8,426	9,490
Withholding taxes payable	7,367	5,433
Interest payable on customer deposits	23,254	11,648
Other	1,297	4,697
Inter branch balance	3,316	-
General provision held against off-balance items	-	777
	<u>155,073</u>	<u>139,941</u>





30 September 31 December  
2018 2017  
(Un-audited) (Audited)  
----- (Afn in '000) -----

## 12. SHARE CAPITAL

### Authorized

88,800 ordinary shares of US \$ 177 each  
(2017: 88,800 of US \$ 177)

800,624 800,624

### Paid up

88,288 ordinary shares of US \$ 177 each  
(2017: 88,288 of US \$ 177)

796,008 796,008

12.1 The capital is contributed by the shareholders as follows:

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

18,750 66,757

### 13.2 Commitments

Undrawn loan and overdraft facilities

27,942 10,903

## 14. RELATED PARTIES

Related parties of the Bank comprise of associates (including entities having directors in common with the Bank), major shareholders, directors and key management personnel.

### 14.1 Parent and ultimate controlling entity

Pattern of shareholding in the Bank is disclosed in note 13.1. Aga Khan Development Network entities collectively owns 51% (2017: 51%) of the Bank's capital.

Nine months ended  
30 September 2018  
(Un-audited)  
----- (Afn in '000) -----

Nine months ended  
30 September 2017  
(Un-audited)

### 14.2 Transactions with key management personnel

#### Key management personnel compensation

Salaries and benefits

47,798 52,111

#### Key management personnel outstanding balances

Advances to staff

- 209

Bank deposits

2,783 1,316



30 September 2018 (Un-audited) ----- (Afn in '000) ----- 31 December 2017 (Audited) -----

#### 14.3 Other related party outstanding balances and transactions

##### Balances with related parties

Balances with banks	-	462,926
Time deposits with banks	1,673,167	1,462,860
Placements	-	303,021
Loan to Telecom Development Company Afghanistan Limited (TDCA)	-	83,138
Receivable from Roshan against M-Paisa payments	44,716	33,070
Deposits from customers	1,567,276	1,790,981
Cash Margin against guarantees issued	1,516	40,421

Nine months ended 30 September 2018 (Un-audited) ----- (Afn in '000) ----- Nine months ended 30 September 2017 (Un-audited) -----

##### Transactions with related parties

Interest income	18,564	32,990
Fee and commission income	728	2,546
Fee and commission expense	2,813	2,332
Interest expense on deposits from customers	2,427	1,587
Directors' fee and other expenses	3,270	3,057

#### 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. EVENT AFTER THE REPORTING PERIOD

Subsequent to the period end, the Audit department of the Ministry of Finance (MoF) concluded the tax audit of the Bank for the years 2011, 2012 and 2013 and imposed an additional demand amounting to Afn 62.7 million. The Bank has paid the amount in full in October 2018 as demanded under the assessment order no. 992173 dated 17 October 2018. The Bank, together with its tax advisors, are reviewing the claims and may possibly file an appeal with MoF Review Department.

#### 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 the Board of Supervisors of the Bank on 13 Nov 2018

bn



Chief Financial Officer



Chief Executive Officer