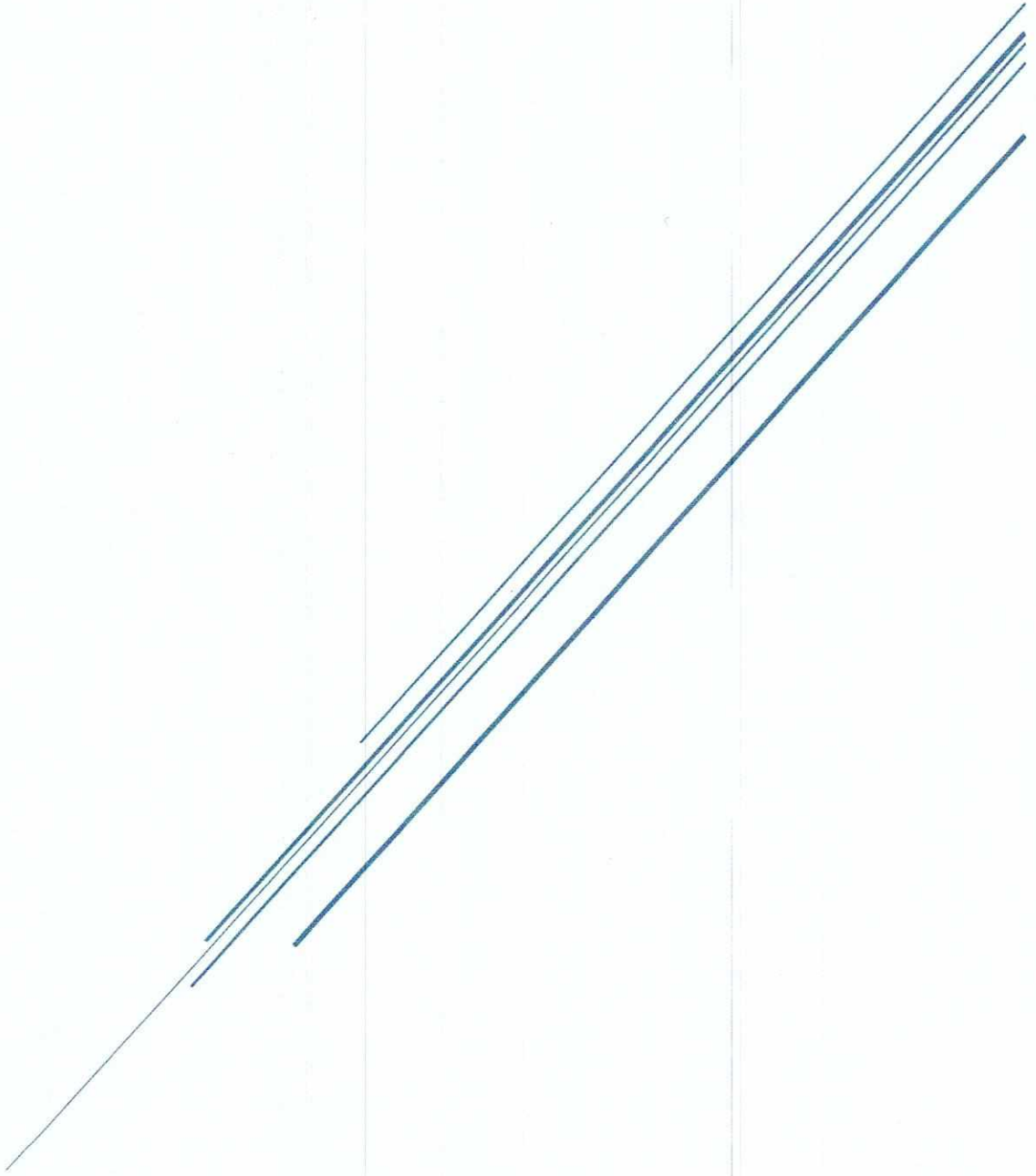


THE FIRST MICROFINANCE BANK

Condensed Interim Financial Statements

For the period ended March 31, 2023



**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, 2023 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, 2023, 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 6.2.1 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 period. As a result, the quality of loans and advances of the Bank has deteriorated which required further impairment loss to be recognized 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.

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This relaxation has further extended initially up to 28 February 2023 through a circular Ref. No. 3101/3391 dated 29 September 2022 and then up to April 02, 2024 through a circular Ref. No. 12398/12922 dated April 12, 2023. 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 and advances 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 1,292,576 thousands for the period ended March 31, 2023, resulting in increase in the loss before tax by the said amount.

UHY Shafiq Umar Daraz & Co.

Chartered Accountants

Engagement Partner: Umar Daraz, FCA

Location: Kabul, Afghanistan

Date: 10 May 2023



THE FIRST MICROFINANCE BANK AFGHANISTAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 March 2023

		31 March 2023 (Un-audited)	31 December 2022 (Audited)
	Note	----- (Afn in '000) -----	
Assets			
Cash and cash equivalents	4	6,933,057	7,311,724
Short term placements with banks	5	1,594,917	1,624,666
Loans and advances to customers - net	6	2,009,526	2,135,280
Operating fixed assets	7	315,678	330,900
Intangible asset	8	47,375	52,184
Deferred tax asset - net		171,787	141,265
Other assets	9	918,540	927,460
Total Assets		<u>11,990,880</u>	<u>12,523,479</u>
Liabilities			
Deposits from customers	10	9,374,505	8,948,110
Loans and borrowings	11	898,336	1,755,264
Other liabilities	12	417,741	397,723
Total Liabilities		<u>10,690,582</u>	<u>11,101,097</u>
Equity			
Share capital	13	796,008	796,008
Share premium		206,038	206,038
Retained earnings		298,252	420,336
Total equity		<u>1,300,298</u>	<u>1,422,382</u>
Total equity and liabilities		<u>11,990,880</u>	<u>12,523,479</u>
Contingencies and commitments	14		

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 AFGHANISTAN
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THREE MONTHS ENDED 31 March 2023

	Note	Three months ended 31 March 2023	Three months ended 31 March 2022
		(Un-Audited)	
		AFN '000'	AFN '000'
Profit/Return on loans and advances, placements and other assets		26,138	9,272
Less: Reversal of accrued interest		-	(11,143)
		26,138	(1,871)
Finance cost of deposits		(5,701)	(31,138)
Net Profit/Return		20,437	(33,009)
Fee and commission income		7,075	3,874
Fee and commission expense		(201)	(319)
Net fee and commission income		6,874	3,555
Income from dealing in foreign currencies		24,204	25,435
Revenue		51,515	(4,019)
Other income		12,604	(50,860)
Impairment gain on loans and advances to customers	6.2	8,189	35,210
Impairment gain/ (loss) on placements		282	(2,666)
Charge of general provision on other assets		(80)	555
Personnel expenses		(120,177)	(141,365)
Depreciation and amortisation		(26,569)	(38,492)
Finance cost on lease liabilities		(1,989)	(2,632)
Other expenses		(76,380)	(59,452)
Net operating (loss) / income		(152,605)	(263,721)
Non-operating revenue and expenses:			
Grants income recognized against deferred grant		-	179
Expenditure against grants		-	(179)
		-	-
(Loss)/ Profit before tax		(152,605)	(263,721)
Taxation		30,521	47,339
Net (loss)/ profit		(122,084)	(216,382)
Other comprehensive income		-	-
Total comprehensive income		(122,084)	(216,382)

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 AFGHANISTAN
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THREE MONTHS ENDED 31 March 2023


	Share capital	Share premium	Retained earnings	Total
	----- (Afn in '000) -----			
Balance at 01 January 2022 (Audited)	796,008	206,038	956,345	1,958,391
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)
Balance at 31 March 2022 (Un-Audited)	<u>796,008</u>	<u>206,038</u>	<u>739,963</u>	<u>1,742,009</u>
Balance as at 01 January 2023 (Audited)	796,008	206,038	420,336	1,422,382
Total comprehensive income for Three months ended 31 March 2023				
Loss for the period	-	-	(122,084)	(122,084)
Other comprehensive income	-	-	-	-
	-	-	(122,084)	(122,084)
Balance at 31 March 2023 (Un-Audited)	<u>796,008</u>	<u>206,038</u>	<u>298,252</u>	<u>1,300,298</u>

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

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 Chief Financial Officer



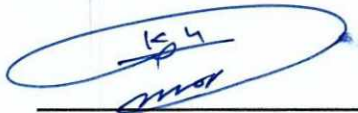
 Chief Executive Officer

THE FIRST MICROFINANCE BANK AFGHANISTAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THREE MONTHS ENDED 31 March 2023

	Note	Three months ended 31 March 2023	Three months ended 31 March 2022
		(Un-Audited) ----- (Afn in '000) -----	
Cash flows from operating activities			
(Loss)/ Profit before tax		(152,605)	(263,721)
Adjustments for:			
Depreciation and amortisation	6 & 7	26,569	38,671
Finance cost on lease		1,989	2,632
Impairment (gain)/ loss on loans and advances to customers	5.2	(8,189)	(35,210)
Impairment loss on placements		(282)	2,666
Provision on other assets		80	(555)
Gain on sale of property and equipment		-	(122)
Grant income		-	(179)
		<u>(132,438)</u>	<u>(255,818)</u>
Changes in:			
Decrease/ (Increase) in loans and advances to customers		133,943	640,453
Decrease/ (Increase) in other assets		8,840	102,054
(Decrease)/ increase in deposits from customers		426,395	(555,191)
Increase in other liabilities		23,973	3,865
		<u>460,713</u>	<u>(64,637)</u>
Income tax paid		-	-
Grant received		2,888	-
Net cash (used in)/ flow from operating activities		<u>463,601</u>	<u>(64,637)</u>
Cash flows from investing activities			
Purchase of property and equipment		(6,539)	(43,126)
Proceeds from sale of property and equipment		-	131
Investment in placements		30,031	(2,666)
Net cash flow from investing activities		<u>23,492</u>	<u>(45,661)</u>
Cash flows from financing activities			
Lease liabilities		(8,832)	(6,031)
Repayment of loans and borrowings		(856,928)	-
Net cash used in financing activities		<u>(865,760)</u>	<u>(6,031)</u>
Net increase in cash and cash equivalents		(378,667)	(116,329)
Cash and cash equivalents at beginning of the period		7,311,724	7,428,053
Cash and cash equivalents at end of the period		<u>6,933,057</u>	<u>7,311,724</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
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THREE MONTHS ENDED 31 March 2023

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 providers 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 2023 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 2022.

Comparative statement of financial position is extracted from the annual financial statements as at December 31, 2022 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, 2022.

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 2023 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 2022.

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 2022.

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 2022.

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		31 March 2023 (Un-audited) ----- (Afn in '000) -----	31 December 2022 (Audited) ----- (Afn in '000) -----
4. CASH AND CASH EQUIVALENTS			
Cash on hand		1,916,315	1,903,134
Unrestricted balances with Da Afghanistan Bank		4,394,744	4,653,012
Balances with other banks	4.1	<u>621,998</u>	<u>755,578</u>
		<u>6,933,057</u>	<u>7,311,724</u>

4.1 Balances with other banks

Balances with:

Transkapital - Russia

5,120

5,245

BMCE Bank International, Spain

552,281

687,794

AKTIF Bank, Turkey

43,792

44,507

CSCBank SAL

20,805

18,032

4.1.1

621,998

755,578

4.1.1 These balances are interest free (2022: Interest free).

5. SHORT TERM PLACEMENTS WITH BANKS

Time deposits with other banks	5.1	<u>1,594,917</u>	<u>1,624,666</u>
		<u>1,594,917</u>	<u>1,624,666</u>

5.1 These represent Deposit placed by FMFB-A having maturity of 28 to 92 days (2022: 28 to 92 days) and interest rates from 1% to 4% (2022: 1% to 3.10%) per annum.

Note

----- (Afn in '000) -----

5.2 Time deposits with other banks

Habib Bank Limited, Brussels

5.2.1

1,540,829

1,569,044

AKTIF Bank, Turkey

5.2.2

69,496

71,312

Less: General provision held

5.2.3

(15,408)

(15,690)

1,594,917

1,624,666

5.2.1 These deposits, held with a related party, having maturity of 90 to 92 days (2022: 92 to 95 days) and carrying interest at rates ranging from 3.7% to 4% (2022: 2.8% to 3.10%) per annum.

5.2.2 This include deposit having maturity of 28 days (2022: 28 days) and carrying interest rate of 1% (2022: 1%) per annum.

5.2.3 The bank has maintained a provision of AFN 15,408 thousand (2022: 15,690) based on Bank's provisioning policy and Assets Classification and Provisioning Regulation (ACPR) issued by DAB.

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	Note	31 March 2023 (Un-audited) ----- (Afn in '000) -----	31 December 2022 (Audited) ----- (Afn in '000) -----
6. LOANS AND ADVANCES TO CUSTOMERS - NET			
Loans and advances to customers	6.1	2,145,809	2,279,750
Less: Impairment loss on loans and advances	6.2	(136,283)	(144,470)
		<u>2,009,526</u>	<u>2,135,280</u>

6.1 Loans and advances to customers

	Note	31 March 2023 (Un-audited)			31 December 2022 (Audited)		
		Gross amount ----- (Afn in '000) -----	Impairment allowance ----- (Afn in '000) -----	Carrying amount	Gross amount	Impairment allowance ----- (Afn in '000) -----	Carrying amount
Microfinance loans	6.1.1	1,349,649	(108,665)	1,240,984	1,437,034	(116,470)	1,320,564
Loans to small and medium size enterprises	6.1.1	707,786	(16,225)	691,561	750,797	(24,332)	726,465
Overdraft financing	6.1.1	88,373	(11,391)	76,982	91,919	(3,668)	88,251
		<u>2,145,808</u>	<u>(136,281)</u>	<u>2,009,527</u>	<u>2,279,750</u>	<u>(144,470)</u>	<u>2,135,280</u>

6.1.1 Microfinance loans carry interest at rates ranging from 14% to 27% (2022: 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% (2022: 10% to 23%) per annum. However, as a result of regime changes in the country, the interest is not received on conventional loans and the Bank generates income from newly introduced islamic financing products which ranges from AFN 1.5 to 2.0 millions monthly.

Overdraft carries interest rate ranging from 10% (2022: 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.

6.2 Impairment loss on loans and advances to customers

Note	31 Mar 2023 (Un-audited)			31 December 2022 (Audited)		
	Specific ----- (Afn in '000) -----	General ----- (Afn in '000) -----	Total	Specific ----- (Afn in '000) -----	General ----- (Afn in '000) -----	Total
Balance at 1st January	70,413	74,057	144,470	87,829	150,361	238,190
Charge for the period / year:						
Microfinance loans	(3,877)	(3,928)	(7,805)	(15,270)	(73,511)	(88,781)
Loans to small and medium size enterprises	(378)	(6)	(384)	(2,146)	(2,793)	(4,939)
	<u>(4,255)</u>	<u>(3,934)</u>	<u>(8,189)</u>	<u>(17,416)</u>	<u>(76,304)</u>	<u>(93,720)</u>
Written off against impairment allowance:						
Microfinance loans	-	-	-	-	-	-
Loans to small and medium size enterprises	-	-	-	-	-	-
Closing Balance	<u>66,158</u>	<u>70,123</u>	<u>136,281</u>	<u>70,413</u>	<u>74,057</u>	<u>144,470</u>

6.2.1 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 1,292,576 thousands for the period ended March 31, 2023, resulting in increase in the loss before tax by the said amount.

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6.3 Provision for expected credit loss computed in accordance with IFRS 9 amounts to AFN 1,684,050 thousands which is higher than the amount held by the bank as per its provisioning policy.

	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	
31 March 2023 (Un-Audited)						
Classification - Microfinance Loans						
Standard	1,265,272	1%	12,653	4.98%	63,291	24,306
Overdue:						
Watch-List	28,110	5%	1,406	5%	1,405	744
Substandard	7,204	25%	1,801	25%	1,801	154
Doubtful	13,791	50%	6,896	50%	6,896	295
Loss	35,272	100%	35,272	100%	35,272	788
	<u>1,349,649</u>		<u>58,028</u>		<u>108,665</u>	<u>26,287</u>
Classification-Overdraft and SME Loans						
Standard - SME Loans	587,543	1%	3,073	4.98%	15,496	177
Standard - Overdraft financing	77,760	1%	778	1%	778	2
Overdue:						
Watch-List	8,066	5%	403	5%	403	5
Substandard	8,527	25%	2,132	25%	2,132	7
Doubtful	83,117	50%	41,559	50%	41,559	15
Loss	20,533	100%	20,533	100%	20,533	15
Loss - Overdraft financing	10,613	100%	10,613	100%	10,613	1
	<u>796,159</u>		<u>79,091</u>		<u>91,514</u>	<u>222</u>
Less:						
Reversal of provisioning on loans secured with ACGF	-		(54,075)		(63,898)	
Total	<u>2,145,808</u>		<u>83,044</u>		<u>136,281</u>	<u>26,509</u>
31 December 2022 (Audited)						
Classification-Microfinance Loans						
Standard	1,344,167	1%	13,442	4.98%	67,244	26,860
Overdue:						
Watch-List	31,849	5%	1,592	5%	1,592	827
Substandard	7,892	25%	1,973	25%	1,973	163
Doubtful	14,929	50%	7,465	50%	7,464	310
Loss	38,197	100%	38,197	100%	38,197	833
	<u>1,437,034</u>		<u>62,669</u>		<u>116,470</u>	<u>28,993</u>
Classification-Overdraft and SME Loans						
Standard - SME Loans	626,479	1%	3,118	4.98%	16,847	185
Standard - Overdraft financing	81,689	1%	817	1%	817	2
Overdue:						
Watch-List - SME loans	9,251	5%	463	5%	463	6
Substandard - SME loans	8,789	25%	2,197	25%	2,197	7
Substandard - Overdraft financing	-	25%	-	25%	-	
Doubtful - SME loans	85,116	50%	42,558	50%	42,558	15
Doubtful - Overdraft financing	-	50%	-	50%	-	
Loss - SME loans	21,162	100%	21,162	100%	21,162	15
Loss - Overdraft financing	10,230	100%	10,230	100%	10,230	1
Reversal of provisioning on loans secured with ACGF			(55,067)		(66,274)	
	<u>842,716</u>		<u>25,478</u>		<u>28,000</u>	<u>231</u>
Total	<u>2,279,750</u>		<u>88,147</u>		<u>144,470</u>	<u>29,224</u>

	Note	31 March 2023 (Un-audited)	31 December 2022 (Audited)				
		----- (Afn in '000) -----					
7. OPERATING FIXED ASSETS							
Capital work-in-progress	7.1	52,022	48,068				
Property and equipment	7.2	61,682	70,219				
Right-of-use assets - Bank's branches	7.3	201,974	212,613				
		<u>315,678</u>	<u>330,900</u>				
7.1 Capital work-in-progress							
Balance at 01 January		48,068	5,022				
Additions		3,954	43,046				
Transfer to assets		-	-				
Closing balance	7.1.1	<u>52,022</u>	<u>48,068</u>				
7.1.1 This mainly includes the HRIS software 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 2022		113,608	44,931	24,192	177,865	118,300	478,896
Additions		814	174	-	829	312	2,129
Disposals		(204)	(1,371)	(809)	(1,690)	(6,300)	(10,374)
Balance at 31 December 2022		<u>114,218</u>	<u>43,734</u>	<u>23,383</u>	<u>177,004</u>	<u>112,312</u>	<u>470,651</u>
Balance at 1 January 2023 - Audited		114,218	43,734	23,383	177,004	112,312	470,651
Additions		571	244	-	98	118	1,031
Disposals		(875)	(56)	-	-	-	(931)
Balance at 31 Mar 2023 - Un-audited		<u>113,914</u>	<u>43,922</u>	<u>23,383</u>	<u>177,102</u>	<u>112,430</u>	<u>470,751</u>
Depreciation							
Balance at 1 January 2022		69,044	38,181	23,897	122,631	109,749	363,502
Charge for the year		13,609	2,970	294	23,554	6,817	47,244
Disposals		(199)	(1,369)	(808)	(1,680)	(6,258)	(10,314)
Balance at 31 December 2022		<u>82,454</u>	<u>39,782</u>	<u>23,383</u>	<u>144,505</u>	<u>110,308</u>	<u>400,432</u>
Balance at 1 January 2023 - Audited		82,454	39,782	23,383	144,505	110,308	400,432
Charge for the period		3,322	620	-	5,163	462	9,567
Disposals		(875)	(55)	-	-	-	(930)
Balance at 31 Mar 2023 - Un-audited		<u>84,901</u>	<u>40,347</u>	<u>23,383</u>	<u>149,668</u>	<u>110,770</u>	<u>409,069</u>
Carrying amounts							
Balance at 31 December 2021 - Audited		31,764	3,952	-	32,499	2,004	70,219
Balance at 31 Mar 2023 - Un-audited		<u>29,013</u>	<u>3,575</u>	<u>-</u>	<u>27,434</u>	<u>1,660</u>	<u>61,682</u>
Depreciation rate		<u>20%</u>	<u>20%</u>	<u>20%</u>	<u>25%</u>	<u>33.33%</u>	
	Note	31 March 2023 (Un-audited)	31 December 2022 (Audited)				
		----- (Afn in '000) -----					
7.3 Right-of-use assets - Bank's branches							
Cost:							
Opening Balance as of 1 January - Audited		415,718	349,977				
Additions		1,554	65,741				
Adjustment of Lease Modification		-	-				
Closing Balance		<u>417,272</u>	<u>415,718</u>				
Accumulated depreciation:							
Opening balance		203,105	151,553				
Depreciation expense		12,193	51,552				
Adjustment of Lease Modification		-	-				
Closing Balance		<u>215,298</u>	<u>203,105</u>				
Carrying amount		<u>201,974</u>	<u>212,613</u>				
7.3.1 Allocation of depreciation and amortisation							
Depreciation charge on property and equipment		9,567	47,244				
Depreciation charge on right-of-use assets		12,193	51,552				
Less: Amount classified under grant expense		-	(402)				
		<u>21,760</u>	<u>98,394</u>				

		31 March 2023 (Un-audited)	31 December 2022 (Audited)
	Note	----- (Afn in '000) -----	
8. INTANGIBLE ASSET			
Computer software:			
Cost			
Balance at 01 January		251,030	251,030
Transfer from CWIP		-	-
Closing balance		251,030	251,030
Amortisation			
Balance at 01 January		(198,846)	(167,820)
Charge for the period		(4,809)	(31,026)
Closing balance		(203,655)	(198,846)
Carrying amounts		<u>47,375</u>	<u>52,184</u>
9. OTHER ASSETS			
Restricted deposits with DAB	9.1	638,377	715,881
Interest receivable		176,463	169,737
Prepayments		29,498	13,035
Receivable from Roshan against M-Paisa payments		13,291	11,907
Advances to staff and Supplier		9,570	7,964
Receivable from Afghanistan Payment System		-	15
Other receivables		51,921	9,427
		<u>919,120</u>	<u>927,966</u>
Less: General provision held	9.2	(580)	(506)
		<u>918,540</u>	<u>927,460</u>

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 (2022: portion of other assets) as per Asset Classification and Provisioning Regulation issued by DAB.

		31 March 2023 (Un-audited)	31 December 2022 (Audited)
		----- (Afn in '000) -----	
10. DEPOSITS FROM CUSTOMERS			
Retail customers:			
Term deposits	10.1	56,401	57,749
Current deposits		950,594	960,177
Saving deposits	10.2	1,904,037	1,873,975
		<u>2,911,032</u>	<u>2,891,901</u>
Corporate customers:			
Term deposits	10.1	-	-
Current deposits		4,988,440	4,938,133
Saving deposits	10.2	1,393,122	1,038,750
		<u>6,381,562</u>	<u>5,976,883</u>
Cash Margin		38,403	39,913
Dormant deposits	10.3	43,508	39,413
		<u>9,374,505</u>	<u>8,948,110</u>

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- 10.1 The rate of interest on term deposits ranges from 0.65% to 5.5% (2022: 0.65% to 5.5%) per annum.
- 10.2 The rate of interest on saving deposits other than those in Euro from retail customers is upto 0.5% (2022: 0.5%) per annum. Saving Deposits in Euro are interest free.
- 10.3 Deposits include AFN 2,708,127 thousands (2022: AFN.1,554,515 thousands) due to related parties.

31 March 2023 (Un-audited)	31 December 2022 (Audited)
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----- (Afn in '000) -----

11. LOANS AND BORROWINGS

Ministry of Finance, Government of Afghanistan	89,262	104,129
Microfinance Investment Support Facility for Afghanistan Ltd	-	722,643
Nederlandse Fiancierings-Masstschappij Voor Ontwikkelingslanden N.V	115,055	234,473
International Fund for Agricultural Development	<u>694,019</u>	<u>694,019</u>
	<u>898,336</u>	<u>1,755,264</u>

12. OTHER LIABILITIES

Accrued expenses	113,240	108,371
Interest payable	31,823	26,206
Payable to APS for integrated banking	2,686	2,839
Deferred grants	20,006	17,118
Withholding taxes payable	4,257	4,236
Lease liability	205,812	212,655
Inter branch balance	21,366	15,182
Others	18,551	11,116
	<u>417,741</u>	<u>397,723</u>

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		31 March 2023 (Un-audited) ----- (Afn in '000) -----	31 December 2022 (Audited)	
13. SHARE CAPITAL				
Authorized				
88,800 ordinary shares of AFN 9,016 each (2022: 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 (2022: 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:				
	31 March 2023 (Un-audited) ---- Number of shares ----	31 December 2022 (Audited)	31 March 2023 (Un-audited) ----- (Afn in '000) -----	31 December 2022 (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>
			31 March 2023 (Un-audited) ----- (Afn in '000) -----	31 December 2022 (Audited)
14. CONTINGENCIES AND COMMITMENTS				
14.1 Contingencies				
Outstanding bank guarantees			<u>6,380</u>	<u>10,334</u>
14.2 Commitments				
Undrawn loan and overdraft facilities			<u>19,417</u>	<u>20,822</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 12.1. Aga Khan Development Network entities collectively owns 51% (2022: 51%) of the Bank's capital.				
		Three months ended 31 March 2023 (Un-audited) ----- (Afn in '000) -----	Three months ended 31 March 2022 (Un-audited)	
15.2 Transactions with key management personnel				
Key management personnel compensation				
Salaries and benefits		<u>10,876</u>	<u>31,575</u>	
Key management personnel outstanding balances				
Advances to staff		<u>1,333</u>	<u>758</u>	
Bank deposits		<u>32,344</u>	<u>10,676</u>	

31 March 2023 (Un-audited) ----- (Afn in '000) -----	31 December 2021 (Audited) ----- (Afn in '000) -----
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15.3 Other related party outstanding balances and transactions**Balances with related parties**

Time deposits with banks	1,540,829	1,569,044
Loan to Telecom Development Company Afghanistan Limited (TDCA)	75,936	79,862
Receivable from Roshan against M-Paisa payments	13,291	11,907
Deposits from customers	2,708	1,554,515

Three months ended 31 March 2023 (Un-audited) ----- (Afn in '000) -----	Three months ended 31 March 2022 (Un-audited) ----- (Afn in '000) -----
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15.4 Transactions with related parties

Interest income	13,460	2,367
Fee and commission income	669	2,896
Fee and commission expense	400	1,230
Interest expense on deposits from customers	-	5
Directors' fee and other expenses	2,417	2,123

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.

18. GENERAL

- Figures have been rounded off to the nearest thousand unless otherwise stated.
- Note have been rearranged for better presentation wherever necessary.


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

10 - May - 2023.

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Chief Financial Officer


Chief Executive Officer