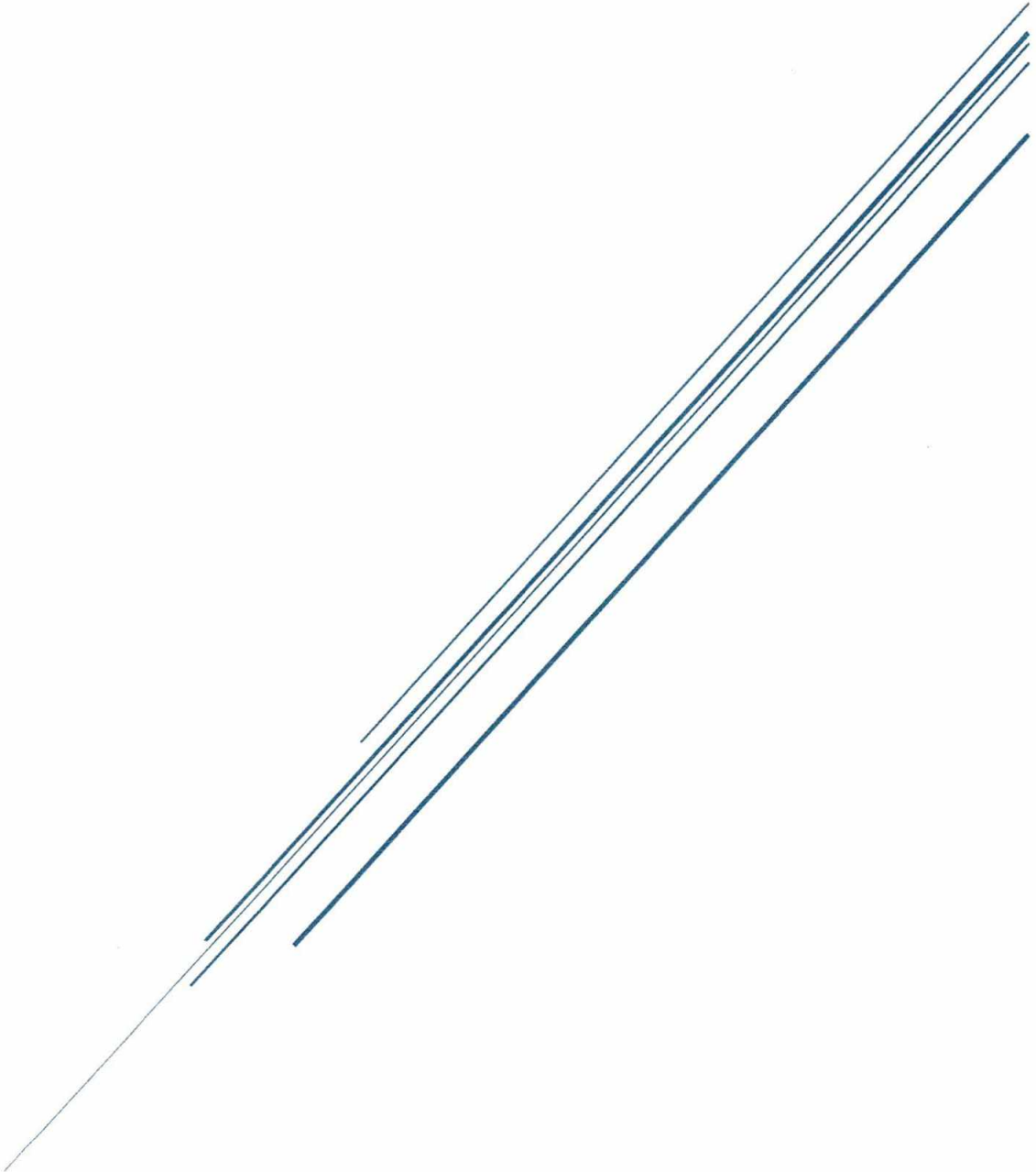


THE FIRST MICROFINANCE BANK

Condensed Interim Financial Statements

For the period ended June 30, 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 June 30, 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 six 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 June 30, 2023, and of its financial performance and its cash flows for the six 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.

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 1,040,524 thousand for the period ended June 30, 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: 09 August 2023



THE FIRST MICROFINANCE BANK AFGHANISTAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2023

		30 June 2023 (Un-audited)	31 December 2022 (Audited)
	Note	----- (Afn in '000) -----	
Assets			
Cash and cash equivalents	4	6,080,210	7,311,724
Short term placements with banks	5	1,611,547	1,624,666
Loans and advances to customers - net	6	2,011,573	2,135,280
Operating fixed assets	7	249,021	330,900
Intangible asset	8	91,390	52,184
Deferred tax asset - net		195,789	141,265
Other assets	9	1,318,443	927,460
Total Assets		<u><u>11,557,973</u></u>	<u><u>12,523,479</u></u>
Liabilities			
Deposits from customers	10	8,966,346	8,948,110
Loans and borrowings	11	948,336	1,755,264
Other liabilities	12	438,620	397,723
Total Liabilities		<u><u>10,353,302</u></u>	<u><u>11,101,097</u></u>
Equity			
Share capital	13	796,008	796,008
Share premium		206,038	206,038
Retained earnings		202,625	420,336
Total equity		<u><u>1,204,671</u></u>	<u><u>1,422,382</u></u>
Total equity and liabilities		<u><u>11,557,973</u></u>	<u><u>12,523,479</u></u>
Contingencies and commitments	14		

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


 Chief Financial Officer


 Chief Executive Officer

THE FIRST MICROFINANCE BANK AFGHANISTAN

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR SIX MONTHS ENDED 30 JUNE 2023**

	Note	Six months	Six months	Three	Three months
		ended	ended	months	ended
		30 June 2023	30 June 2022	ended	30 June 2022
		(Un-Audited)		(Un-Audited)	
		AFN '000'	AFN '000'	AFN '000'	AFN '000'
Profit/ Return on loans and advances, placements and other assets		65,658	16,774	39,520	11,062
Less: Reversal of accrued interest		-	(7,583)	-	-
		65,658	9,191	39,520	11,062
Finance cost of deposits		(10,609)	(55,430)	(4,908)	(24,292)
Net Profit/Return		55,049	(46,239)	34,612	(13,230)
Fee and commission income		17,347	8,957	10,272	5,083
Fee and commission expense		(378)	(510)	(177)	(191)
Net fee and commission income		16,969	8,447	10,095	4,892
Income from dealing in foreign currencies		36,447	59,254	12,243	33,818
Revenue		108,465	21,462	56,950	25,480
Other income		47,327	(47,508)	34,723	3,352
Impairment gain on loans and advances to customers	6.2	9,188	60,646	999	25,437
Impairment gain/ (loss) on placements		281	(12,282)	(1)	(9,617)
Charge of general provision on other assets		(89)	3,082	(9)	2,527
Personnel expenses		(231,927)	(280,876)	(111,750)	(139,511)
Depreciation and amortisation		(52,475)	(73,539)	(25,906)	(35,047)
Finance cost on lease liabilities		(3,783)	(5,055)	(1,794)	(2,423)
Communication		(29,881)	(28,243)	(15,661)	(12,544)
System maintenance		(14,595)	(11,686)	(7,313)	(5,623)
Insurance		(12,477)	(19,794)	(6,720)	(9,389)
Travel and transportation		(15,081)	(13,295)	(7,837)	(6,361)
Other expenses		(77,188)	(47,862)	(35,311)	(27,510)
Net operating (loss) / income		(272,235)	(454,950)	(119,630)	(191,229)
Non-operating revenue and expenses:					
Grants income recognized against deferred grant		379	344	379	166
Expenditure against grants		(379)	(344)	(379)	(166)
		-	-	-	-
(Loss)/ Profit before tax		(272,235)	(454,950)	(119,630)	(191,229)
Taxation		54,524	91,059	24,003	43,720
Net (loss)/ profit		(217,711)	(363,891)	(95,627)	(147,509)
Other comprehensive income		-	-	-	-
Total comprehensive income		(217,711)	(363,891)	(95,627)	(147,509)

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 SIX MONTHS ENDED 30 JUNE 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 six months ended 30 June 2022				
Loss for the period	-	-	(363,891)	(363,891)
Other comprehensive income	-	-	-	-
	-	-	(363,891)	(363,891)
Balance at 30 June 2022 (Un-Audited)	<u>796,008</u>	<u>206,038</u>	<u>592,454</u>	<u>1,594,500</u>
Balance as at 01 January 2023 (Audited)	796,008	206,038	420,336	1,422,382
Total comprehensive income for Six months ended 30 June 2023				
Loss for the period	-	-	(217,711)	(217,711)
Other comprehensive income	-	-	-	-
	-	-	(217,711)	(217,711)
Balance at 30 June 2023 (Un-Audited)	<u>796,008</u>	<u>206,038</u>	<u>202,625</u>	<u>1,204,671</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 SIX MONTHS ENDED 30 JUNE 2023

		Six months ended 30 June 2023	Six months ended 30 June 2022
Note		(Un-Audited) ----- (Afn in '000) -----	
Cash flows from operating activities			
(Loss)/ Profit before tax		(272,235)	(454,950)
Adjustments for:			
Depreciation and amortisation	6 & 7	52,475	73,883
Finance cost on lease		3,783	5,055
Impairment (gain)/ loss on loans and advances to customers	5.2	(9,188)	(60,646)
Impairment loss on placements		(281)	12,282
Provision on other assets		89	(3,082)
Gain on sale of property and equipment		(117)	(154)
Grant income		(379)	(344)
		<u>(225,853)</u>	<u>(427,956)</u>
Changes in:			
Decrease/ (Increase) in loans and advances to customers		132,895	1,148,986
Decrease/ (Increase) in other assets		(391,072)	104,652
(Decrease)/ increase in deposits from customers		18,236	(369,961)
Increase in other liabilities		47,035	(14,215)
		<u>(418,759)</u>	<u>441,506</u>
Income tax paid		-	(6,695)
Grant received		7,318	-
Net cash (used in)/ flow from operating activities		<u>(411,441)</u>	<u>434,811</u>
Cash flows from investing activities			
Purchase of property and equipment		(11,158)	(61,459)
Proceeds from sale of property and equipment		1,473	170
Investment in placements		13,400	(12,282)
Net cash flow from investing activities		<u>3,715</u>	<u>(73,571)</u>
Cash flows from financing activities			
Lease liabilities		(16,860)	4,106
Repayment of loans and borrowings		(806,928)	-
Net cash used in financing activities		<u>(823,788)</u>	<u>4,106</u>
Net increase in cash and cash equivalents		(1,231,514)	365,346
Cash and cash equivalents at beginning of the period		7,311,724	6,207,123
Cash and cash equivalents at end of the period		<u>6,080,210</u>	<u>6,572,469</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 SIX MONTHS ENDED 30 JUNE 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 six months period ended 30 June 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 six months period ended June 30, 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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	Note	30 June 2023 (Un-audited) ----- (Afn in '000) -----	31 December 2022 (Audited)
4. CASH AND CASH EQUIVALENTS			
Cash on hand		1,222,700	1,903,134
Unrestricted balances with Da Afghanistan Bank		4,247,852	4,653,012
Balances with other banks	4.1	609,658	755,578
		<u>6,080,210</u>	<u>7,311,724</u>

4.1 Balances with other banks

Balances with:

Transkapital - Russia		5,075	5,245
BMCE Bank International, Spain		544,424	687,794
AKTIF Bank, Turkey		26,834	44,507
CSCBank SAL		24,593	18,032
Zhejiang Chouzhou-China	4.1.1	8,732	-
		<u>609,658</u>	<u>755,578</u>

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

5. SHORT TERM PLACEMENTS WITH BANKS

Time deposits with other banks	5.1	1,611,547	1,624,666
		<u>1,611,547</u>	<u>1,624,666</u>

5.1 These represent Deposit placed by FMFB-A having maturity of 28 to 94 days (2022: 28 to 95 days) and interest rates from 3.50% to 4.50% (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	1,540,936	1,569,044
AKTIF Bank, Turkey	5.2.2	86,020	71,312
Less: General provision held	5.2.3	(15,409)	(15,690)
		<u>1,611,547</u>	<u>1,624,666</u>

5.2.1 These deposits, held with a related party, having maturity of 92 to 94 days (2022: 92 to 95 days) and carrying interest at rates ranging from 4% to 4.50% (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 3.50% (2022: 1%) per annum.

5.2.3 The bank has maintained a provision of AFN 15,409 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	30 June 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	2,146,855	2,279,750
Less: Impairment loss on loans and advances	6.2	(135,282)	(144,470)
		<u>2,011,573</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	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
		----- (Afn in '000) -----			----- (Afn in '000) -----		
Microfinance loans	6.1.1	1,391,701	(108,012)	1,283,689	1,437,034	(116,470)	1,320,564
Loans to small and medium size enterprises	6.1.1	669,811	(15,508)	654,303	750,797	(24,332)	726,465
Overdraft financing	6.1.1	85,343	(11,762)	73,581	91,919	(3,668)	88,251
		<u>2,146,855</u>	<u>(135,282)</u>	<u>2,011,573</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	30 June 2023 (Un-audited)			31 December 2022 (Audited)		
		Specific	General	Total	Specific	General	Total
		----- (Afn in '000) -----			----- (Afn in '000) -----		
Balance at 1st January		70,413	74,057	144,470	87,829	150,361	238,190
Charge for the period / year:							
Microfinance loans		(6,967)	(1,492)	(8,459)	(15,270)	(73,511)	(88,781)
Loans to small and medium size enterprises		(686)	(43)	(729)	(2,146)	(2,793)	(4,939)
		<u>(7,653)</u>	<u>(1,535)</u>	<u>(9,188)</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		-	-	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing Balance		<u>62,760</u>	<u>72,522</u>	<u>135,282</u>	70,413	74,057	144,470

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 1,040,524 thousands for the period ended June 30, 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 1,518,903 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		
30 June 2023 (Un-Audited)							
Classification - Microfinance Loans							
Standard	1,314,171	1%	13,142	4.98%	65,713	23,232	
Overdue:							
Watch-List	25,216	5%	1,261	5%	1,261	688	
Substandard	6,592	25%	1,648	25%	1,648	140	
Doubtful	12,663	50%	6,332	50%	6,331	277	
Loss	33,059	100%	33,059	100%	33,059	739	
	<u>1,391,701</u>		<u>55,442</u>		<u>108,012</u>	<u>25,076</u>	
Classification-Overdraft and SME Loans							
Standard - SME Loans	552,337	1%	2,921	4.98%	14,386	165	
Standard - Overdraft financing	74,324	1%	743	1%	743	2	
Overdue:							
Watch-List	7,904	5%	395	5%	395	5	
Substandard	8,172	25%	2,043	25%	2,043	7	
Doubtful	81,426	50%	40,713	50%	40,713	15	
Loss	19,972	100%	19,972	100%	19,972	15	
Loss - Overdraft financing	11,019	100%	11,019	100%	11,019	1	
	<u>755,154</u>		<u>77,806</u>		<u>89,271</u>	<u>210</u>	
Less:							
Reversal of provisioning on loans secured with ACGF	-		(53,602)		(62,001)		
Total	<u>2,146,855</u>		<u>79,646</u>		<u>135,282</u>	<u>25,286</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>	

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	Note	30 June 2023 (Un-audited) ----- (Afn in '000) -----	31 December 2022 (Audited) -----				
7. OPERATING FIXED ASSETS							
Capital work-in-progress	7.1	5,021	48,068				
Property and equipment	7.2	53,906	70,219				
Right-of-use assets - Bank's branches	7.3	190,094	212,613				
		<u>249,021</u>	<u>330,900</u>				
7.1 Capital work-in-progress							
Balance at 01 January		48,068	5,022				
Additions		7,122	43,046				
Transfer to assets		(50,169)	-				
Closing balance	7.1.1	<u>5,021</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		1,384	443	408	112	135	2,482
Disposals		(875)	(56)	(620)	-	-	(1,551)
Balance at 30 June 2023 - Un-audited		<u>114,727</u>	<u>44,121</u>	<u>23,171</u>	<u>177,116</u>	<u>112,447</u>	<u>471,582</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		6,623	1,162	20	10,089	900	18,794
Disposals		(875)	(55)	(620)	-	-	(1,550)
Balance at 30 June 2023 - Un-audited		<u>88,202</u>	<u>40,889</u>	<u>22,783</u>	<u>154,594</u>	<u>111,208</u>	<u>417,676</u>
Carrying amounts							
Balance at 31 December 2021 - Audited		31,764	3,952	-	32,499	2,004	70,219
Balance at 30 June 2023 - Un-audited		<u>26,525</u>	<u>3,232</u>	<u>388</u>	<u>22,522</u>	<u>1,239</u>	<u>53,906</u>
Depreciation rate							
		<u>20%</u>	<u>20%</u>	<u>20%</u>	<u>25%</u>	<u>33.33%</u>	
	Note	30 June 2023 (Un-audited) Jan - Mar	31 December 2022 (Audited) Jan - Dec				
		----- (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		(161)	-				
Closing Balance		<u>417,111</u>	<u>415,718</u>				
Accumulated depreciation:							
Opening balance		203,105	151,553				
Depreciation expense		23,912	51,552				
Adjustment of Lease Modification		-	-				
Closing Balance		<u>227,017</u>	<u>203,105</u>				
Carrying amount		<u>190,094</u>	<u>212,613</u>				
7.3.1 Allocation of depreciation and amortisation							
Depreciation charge on property and equipment		18,794	47,244				
Depreciation charge on right-of-use assets		23,912	51,552				
Less: Amount classified under grant expense		(379)	(402)				
		<u>42,327</u>	<u>98,394</u>				

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		30 June 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		49,354	-
Closing balance		300,384	251,030
Amortisation			
Balance at 01 January		(198,846)	(167,820)
Charge for the period		(10,148)	(31,026)
Closing balance		(208,994)	(198,846)
Carrying amounts		91,390	52,184
9. OTHER ASSETS			
Restricted deposits with DAB	9.1	660,093	715,881
Interest receivable		176,238	169,737
Prepayments		23,062	13,035
Receivable from Roshan against M-Paisa payments		6,545	11,907
Advances to staff and Supplier		8,210	7,964
Receivable from Afghanistan Payment System		-	15
Other receivables		444,890	9,427
		1,319,038	927,966
Less: General provision held	9.2	(595)	(506)
		1,318,443	927,460

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.

		30 June 2023 (Un-audited)	31 December 2022 (Audited)
		----- (Afn in '000) -----	
10. DEPOSITS FROM CUSTOMERS			
Retail customers:			
Term deposits	10.1	34,907	57,749
Current deposits		1,069,525	960,177
Saving deposits	10.2	1,918,634	1,873,975
		3,023,066	2,891,901
Corporate customers:			
Term deposits	10.1	-	-
Current deposits		4,357,651	4,938,133
Saving deposits	10.2	1,477,265	1,038,750
		5,834,916	5,976,883
Cash Margin		34,996	39,913
Dormant deposits		73,368	39,413
	10.3	8,966,346	8,948,110

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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 2,332,442 thousands (2022: AFN.1,554,515 thousands) due to related parties.

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

11. LOANS AND BORROWINGS

Ministry of Finance, Government of Afghanistan	89,262	104,129
Microfinance Investment Support Facility for Afghanistan Ltd	50,000	722,643
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	115,055	234,473
International Fund for Agricultural Development	694,019	694,019
	<u>948,336</u>	<u>1,755,264</u>

12. OTHER LIABILITIES

Accrued expenses	120,053	108,371
Interest payable	36,508	26,206
Payable to APS for integrated banking	3,038	2,839
Deferred grants	24,057	17,118
Withholding taxes payable	4,321	4,236
Lease liability	199,578	212,655
Inter branch balance	20,808	15,182
Others	30,257	11,116
	<u>438,620</u>	<u>397,723</u>

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	30 June 2023 (Un-audited) ----- (Afn in '000) -----	31 December 2022 (Audited) ----- (Afn in '000) -----
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:

	30 June 2023 (Un-audited) ---- Number of shares ----	31 December 2022 (Audited)	30 June 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>

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

Outstanding bank guarantees

	30 June 2023 (Un-audited) ----- (Afn in '000) -----	31 December 2022 (Audited)
Outstanding bank guarantees	<u>245</u>	<u>10,334</u>

14.2 Commitments

Undrawn loan and overdraft facilities

Undrawn loan and overdraft facilities	<u>24,599</u>	<u>20,822</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% (2022: 51%) of the Bank's capital.

15.2 Transactions with key management personnel

Key management personnel compensation

Salaries and benefits

	Six months ended 30 June 2023 (Un-audited) ----- (Afn in '000) -----	Six months ended 30 June 2022 (Un-audited)
Salaries and benefits	<u>10,876</u>	<u>11,390</u>

Key management personnel outstanding balances

Advances to staff

Bank deposits

Advances to staff	<u>1,333</u>	<u>651</u>
Bank deposits	<u>32,344</u>	<u>25,552</u>

30 June 2023 (Un-audited) ----- (Afn in '000) -----	31 December 2022 (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	1,540,936	1,569,044
Loan to Telecom Development Company Afghanistan Limited (TDCA)	<u>72,472</u>	<u>79,862</u>
Receivable from Roshan against M-Paisa payments	<u>6,545</u>	<u>11,907</u>
Deposits from customers	<u>2,332,442</u>	<u>1,554,515</u>

Six months ended 30 June 2023 (Un-audited) ----- (Afn in '000) -----	Six months ended 30 June 2022 (Un-audited) ----- (Afn in '000) -----
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15.4 Transactions with related parties

Interest income	35,254	4,729
Fee and commission income	<u>891</u>	<u>815</u>
Fee and commission expense	<u>400</u>	<u>1,230</u>
Interest expense on deposits from customers	<u>-</u>	<u>104</u>
Directors' fee and other expenses	<u>5,001</u>	<u>6,235</u>

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

9/AUG/23

UHM


Chief Financial Officer


Chief Executive Officer