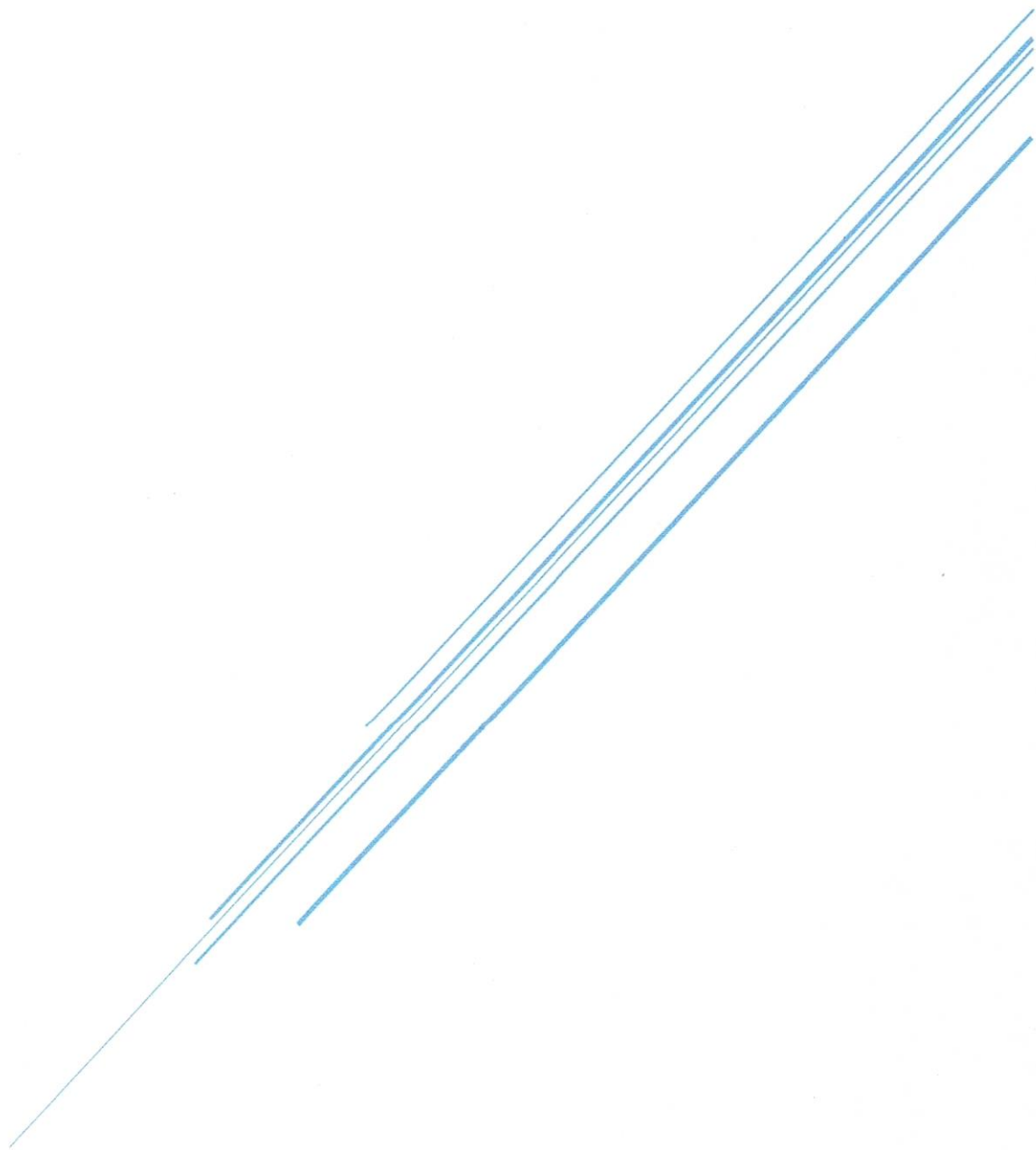


THE FIRST MICROFINANCE BANK

Condensed Interim Financial Statements

For the period ended September 30, 2023



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

		30 September 2023 (Un-audited)	31 December 2022 (Audited)
	Note	----- (Afn in '000) -----	
Assets			
Cash and cash equivalents	4	5,769,308	7,311,724
Short term placements with banks	5	1,695,195	1,624,666
Loans and advances to customers - net	6	2,022,598	2,135,280
Operating fixed assets	7	227,863	330,900
Intangible asset	8	84,602	52,184
Deferred tax asset - net		181,484	141,265
Other assets	9	921,518	927,460
Total Assets		10,902,568	12,523,479
Liabilities			
Deposits from customers	10	8,303,320	8,948,110
Loans and borrowings	11	895,107	1,755,264
Other liabilities	12	441,119	397,723
Total Liabilities		9,639,546	11,101,097
Equity			
Share capital	13	796,008	796,008
Share premium		206,038	206,038
Retained earnings		260,976	420,336
Total equity		1,263,022	1,422,382
Total equity and liabilities		10,902,568	12,523,479
Contingencies and commitments	14		

The annexed notes 1 to 19 form an integral part of this condensed interim financial information. 044.



 Chief Financial Officer



 Chief Executive Officer

THE FIRST MICROFINANCE BANK AFGHANISTAN
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR NINE MONTHS ENDED 30 SEPTEMBER 2023

	Note	Nine months ended	Nine months ended	Three months ended	Three months ended
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
		(Un-Audited)		(Un-Audited)	
		AFN '000'	AFN '000'	AFN '000'	AFN '000'
Profit/ Return on loans and advances, placements and other assets		114,264	29,878	48,606	13,104
Less: Reversal of accrued interest		-	(4,541)	-	3,042
		114,264	25,337	48,606	16,146
Finance cost of deposits		(14,891)	(74,592)	(4,282)	(19,162)
Net Profit/Return		99,373	(49,255)	44,324	(3,016)
Fee and commission income		37,914	14,251	20,567	5,294
Fee and commission expense		(508)	(1,268)	(130)	(758)
Net fee and commission income		37,406	12,983	20,437	4,536
Income from dealing in foreign currencies		54,654	83,283	18,207	24,029
Revenue		191,433	47,011	82,968	25,549
Other income		242,682	(31,293)	195,355	16,215
Impairment gain on loans and advances to customers	6.2	6,719	82,526	(2,469)	21,880
Impairment gain/ (loss) on placements		(1,434)	(12,410)	(1,715)	(128)
Charge of general provision on other assets		(5)	3,650	84	568
Personnel expenses		(341,414)	(407,907)	(109,487)	(127,031)
Depreciation and amortisation		(77,822)	(102,172)	(25,347)	(28,633)
Finance cost on lease liabilities		(5,383)	(7,469)	(1,600)	(2,414)
Communication		(41,161)	(37,643)	(11,280)	(9,400)
System maintenance		(20,922)	(18,903)	(6,327)	(7,217)
Insurance		(19,586)	(26,457)	(7,109)	(6,663)
Travel and transportation		(22,679)	(21,036)	(7,598)	(7,741)
Other expenses		(110,006)	(82,543)	(32,818)	(34,682)
Net operating (loss) / income		(199,578)	(614,646)	72,657	(159,697)
Non-operating revenue and expenses:					
Grants income recognized against deferred grant		1,511	399	1,132	55
Expenditure against grants		(1,511)	(399)	(1,132)	(55)
		-	-	-	-
(Loss)/ Profit before tax		(199,578)	(614,646)	72,657	(159,697)
Taxation		40,218	123,009	(14,306)	31,950
Net (loss)/ profit		(159,360)	(491,637)	58,351	(127,747)
Other comprehensive income		-	-	-	-
Total comprehensive income		(159,360)	(491,637)	58,351	(127,747)

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 NINE MONTHS ENDED 30 SEPTEMBER 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 Nine months ended 30 September 2022				
Loss for the period	-	-	(491,637)	(491,637)
Other comprehensive income	-	-	-	-
	-	-	(491,637)	(491,637)
Balance at 30 September 2022 (Un-Audited)	<u>796,008</u>	<u>206,038</u>	<u>464,708</u>	<u>1,466,754</u>
Balance as at 01 January 2023 (Audited)	796,008	206,038	420,336	1,422,382
Total comprehensive income for Nine months ended 30 September 2023				
Loss for the period	-	-	(159,360)	(159,360)
Other comprehensive income	-	-	-	-
	-	-	(159,360)	(159,360)
Balance at 30 September 2023 (Un-Audited)	<u>796,008</u>	<u>206,038</u>	<u>260,976</u>	<u>1,263,022</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 NINE MONTHS ENDED 30 SEPTEMBER 2023

	Note	Nine months ended 30 September 2023 (Un-Audited) ----- (Afn in '000) -----	Nine months ended 30 September 2022
Cash flows from operating activities			
(Loss)/ Profit before tax		(199,578)	(614,646)
Adjustments for:			
Depreciation and amortisation	6 & 7	77,822	102,571
Finance cost on lease		5,383	7,469
Impairment (gain)/ loss on loans and advances to customers	5.2	(6,719)	(82,526)
Impairment loss on placements		1,434	12,410
Provision on other assets		5	(3,650)
Gain on sale of property and equipment		(89)	(264)
Grant income		(1,511)	(399)
		<u>(123,253)</u>	<u>(579,035)</u>
Changes in:			
Decrease/ (Increase) in loans and advances to customers		119,401	1,624,902
Decrease/ (Increase) in other assets		5,937	(3,822)
(Decrease)/ increase in deposits from customers		(644,790)	1,272,247
Increase in other liabilities		67,054	5,884
		<u>(575,651)</u>	<u>2,320,176</u>
Income tax paid		-	(6,697)
Grant received		5,647	8,588
Net cash (used in)/ flow from operating activities		<u>(570,004)</u>	<u>2,322,067</u>
Cash flows from investing activities			
Purchase of property and equipment		(11,352)	(80,838)
Proceeds from sale of property and equipment		4,237	281
Investment in placements		(71,963)	(12,410)
Net cash flow from investing activities		<u>(79,078)</u>	<u>(92,967)</u>
Cash flows from financing activities			
Lease liabilities		(33,177)	8,013
Repayment of loans and borrowings		(860,157)	(95,489)
Net cash used in financing activities		<u>(893,334)</u>	<u>(87,476)</u>
Net increase in cash and cash equivalents		(1,542,416)	2,141,624
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>5,769,308</u>	<u>8,348,747</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
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR NINE MONTHS ENDED 30 SEPTEMBER 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 nine months period ended 30 September 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 nine months period ended September 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.

	Note	30 September 2023 (Un-audited) ----- (Afn in '000) -----	31 December 2022 (Audited)
4. CASH AND CASH EQUIVALENTS			
Cash on hand		1,867,878	1,903,134
Unrestricted balances with Da Afghanistan Bank		3,671,964	4,653,012
Balances with other banks	4.1	<u>229,466</u>	<u>755,578</u>
		<u>5,769,308</u>	<u>7,311,724</u>

4.1 Balances with other banks

Balances with:

Transkapital - Russia		4,549	5,245
BMCE Bank International, Spain		138,286	687,794
AKTIF Bank, Turkey		24,368	44,507
CSCBank SAL		28,554	18,032
Zhejiang Chouzhou-China		286	-
Ghazanfar Bank, Afghanistan		33,423	-
	4.1.1	<u>229,466</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	<u>1,695,195</u>	<u>1,624,666</u>
		<u>1,695,195</u>	<u>1,624,666</u>

5.1 These represent Deposit placed by FMFB-A having maturity of 32 to 95 days (2022: 28 to 95 days) and interest rates from 4.50% to 4.65% (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	1,402,678	1,569,044
AKTIF Bank, Turkey	5.2.2	77,410	71,312
BMCE Bank International, Spain	5.2.3	232,230	-
Less: General provision held	5.2.4	<u>(17,123)</u>	<u>(15,690)</u>
		<u>1,695,195</u>	<u>1,624,666</u>

5.2.1 These deposits, held with a related party, having maturity of 90 to 95 days (2022: 92 to 95 days) and carrying interest at rates ranging from 4.60% to 4.65% (2022: 2.8% to 3.10%) per annum.

5.2.2 This include deposit having maturity of 90 days (2022: 28 days) and carrying interest rate of 4.50% (2022: 1%) per annum.

5.2.3 This include deposit having maturity of 32 days (2022: NA) and carrying interest rate of 4.60% (2022: NA) per annum.

5.2.4 The bank has maintained a provision of AFN 17,123 thousand (2022: 15,690) based on Bank's provisioning policy and Assets Classification and Provisioning Regulation (ACPR) issued by DAB.

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

6. LOANS AND ADVANCES TO CUSTOMERS - NET

Loans and advances to customers	6.1	2,157,347	2,279,750
Less: Impairment loss on loans and advances	6.2	(134,749)	(144,470)
		<u>2,022,598</u>	<u>2,135,280</u>

6.1 Loans and advances to customers

		30 September 2023 (Un-audited)			31 December 2022 (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	1,454,349	(108,219)	1,346,130	1,437,034	(116,470)	1,320,564
Loans to small and medium size enterprises	6.1.1	625,919	(14,433)	611,486	750,797	(24,332)	726,465
Overdraft financing	6.1.1	77,079	(12,097)	64,982	91,919	(3,668)	88,251
		<u>2,157,347</u>	<u>(134,749)</u>	<u>2,022,598</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 8.5 to 9.0 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

		30 September 2023 (Un-audited)			31 December 2022 (Audited)		
	Note	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		(7,247)	1,998	(5,249)	(15,270)	(73,511)	(88,781)
Loans to small and medium size enterprises		(1,494)	24	(1,470)	(2,146)	(2,793)	(4,939)
		<u>(8,741)</u>	<u>2,022</u>	<u>(6,719)</u>	<u>(17,416)</u>	<u>(76,304)</u>	<u>(93,720)</u>
Written off against impairment allowance:							
Microfinance loans		(3,002)	-	(3,002)	-	-	-
Loans to small and medium size enterprises		-	-	-	-	-	-
		<u>(3,002)</u>	<u>-</u>	<u>(3,002)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing Balance		<u>58,670</u>	<u>76,079</u>	<u>134,749</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 a result, the Bank's quality of loans has deteriorated, requiring 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. 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 1,083,514 thousand (2022: AFN 1,308,453 thousands) for the period ended September 30, 2023, resulting in an 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 1,525,064 thousand (2022: AFN 1,881,560 thousand) which is higher than the amount held by the bank as per its provisioning policy. Impairment allowance as per bank policy is provided as below:

	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 September 2023 (Un-Audited)						
Classification - Microfinance Loans						
Standard	1,384,222	1%	13,842	4.98%	69,185	22,973
Overdue:						
Watch-List	22,032	5%	1,102	5%	1,101	628
Substandard	5,835	25%	1,459	25%	1,459	131
Doubtful	11,572	50%	5,786	50%	5,786	256
Loss	30,688	100%	30,688	100%	30,688	683
	<u>1,454,349</u>		<u>52,877</u>		<u>108,219</u>	<u>24,671</u>
Classification-Overdraft and SME Loans						
Standard - SME Loans	514,747	1%	2,941	4.98%	13,391	157
Standard - Overdraft financing	65,638	1%	656	1%	656	2
Overdue:						
Watch-List	7,743	5%	387	5%	387	5
Substandard	7,762	25%	1,941	25%	1,941	7
Doubtful	76,306	50%	38,153	50%	38,153	15
Loss	19,361	100%	19,361	100%	19,361	15
Loss - Overdraft financing	11,441	100%	11,441	100%	11,441	1
	<u>702,998</u>		<u>74,880</u>		<u>85,330</u>	<u>202</u>
Less:						
Reversal of provisioning on loans secured with ACGF	-		(51,235)		(58,800)	
Total	<u>2,157,347</u>		<u>76,522</u>		<u>134,749</u>	<u>24,873</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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		30 September 2023 (Un-audited)	31 December 2022 (Audited)				
	Note	----- (Afn in '000) -----	-----				
7. OPERATING FIXED ASSETS							
Capital work-in-progress	7.1	5,021	48,068				
Property and equipment	7.2	45,080	70,219				
Right-of-use assets - Bank's branches	7.3	177,762	212,613				
		<u>227,863</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	494	408	255	135	2,676
Disposals		(2,322)	(964)	(620)	-	-	(3,906)
Balance at 30 September 2023 - Un-audited		<u>113,280</u>	<u>43,264</u>	<u>23,171</u>	<u>177,259</u>	<u>112,447</u>	<u>469,421</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		9,920	1,709	40	14,813	1,305	27,787
Disposals		(2,322)	(936)	(620)	-	-	(3,878)
Balance at 30 September 2023 - Un-audited		<u>90,052</u>	<u>40,555</u>	<u>22,803</u>	<u>159,318</u>	<u>111,613</u>	<u>424,341</u>
Carrying amounts							
Balance at 31 December 2021 - Audited		31,764	3,952	-	32,499	2,004	70,219
Balance at 30 September 2023 - Un-audited		<u>23,228</u>	<u>2,709</u>	<u>368</u>	<u>17,941</u>	<u>834</u>	<u>45,080</u>
Depreciation rate							
		<u>20%</u>	<u>20%</u>	<u>20%</u>	<u>25%</u>	<u>33.33%</u>	
						30 September 2023 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		(1,795)	-				
Closing Balance		<u>415,477</u>	<u>415,718</u>				
Accumulated depreciation:							
Opening balance		203,105	151,553				
Depreciation expense		34,610	51,552				
Adjustment of Lease Modification		-	-				
Closing Balance		<u>237,715</u>	<u>203,105</u>				
Carrying amount		<u>177,762</u>	<u>212,613</u>				
7.3.1 Allocation of depreciation and amortisation							
Depreciation charge on property and equipment		27,787	47,244				
Depreciation charge on right-of-use assets		34,610	51,552				
Less: Amount classified under grant expense		(1,511)	(402)				
		<u>60,886</u>	<u>98,394</u>				

8. INTANGIBLE ASSET	Note	30 September	31 December
		2023	2022
		(Un-audited)	(Audited)
		----- (Afn in '000) -----	
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		(16,936)	(31,026)
Closing balance		(215,782)	(198,846)
Carrying amounts		84,602	52,184

9. OTHER ASSETS

Restricted deposits with DAB	9.1	588,106	715,881
Interest receivable		198,922	169,737
Prepayments		18,221	13,035
Receivable from Roshan against M-Paisa payments		5,977	11,907
Advances to staff and Supplier		15,813	7,964
Receivable from Afghanistan Payment System		-	15
Other receivables		94,991	9,427
		922,030	927,966
Less: General provision held	9.2	(512)	(506)
		921,518	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.

10. DEPOSITS FROM CUSTOMERS

10. DEPOSITS FROM CUSTOMERS		30 September	31 December
		2023	2022
		(Un-audited)	(Audited)
		----- (Afn in '000) -----	
Retail customers:			
Term deposits	10.1	31,894	57,749
Current deposits		1,018,202	960,177
Saving deposits	10.2	1,817,630	1,873,975
		2,867,726	2,891,901
Corporate customers:			
Term deposits	10.1	-	-
Current deposits		4,073,553	4,938,133
Saving deposits	10.2	1,256,039	1,038,750
		5,329,592	5,976,883
Cash Margin		35,349	39,913
Dormant deposits		70,653	39,413
	10.3	8,303,320	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 2,521,556 thousands (2022: AFN.1,554,515 thousands) due to related parties.

30 September 2023 (Un-audited)	31 December 2022 (Audited)
--------------------------------------	----------------------------------

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

11. LOANS AND BORROWINGS

Ministry of Finance, Government of Afghanistan	74,385	104,129
Microfinance Investment Support Facility for Afghanistan Ltd	50,000	722,643
Nederlandse Fiancierings-Masstschappij Voor Ontwikkelingslanden N.V	76,703	234,473
International Fund for Agricultural Development	<u>694,019</u>	<u>694,019</u>
	<u>895,107</u>	<u>1,755,264</u>

12. OTHER LIABILITIES

Accrued expenses	115,093	108,371
Interest payable	40,615	26,206
Payable to APS for integrated banking	3,997	2,839
Deferred grants	21,254	17,118
Withholding taxes payable	3,609	4,236
Lease liability	184,861	212,655
Inter branch balance	49,334	15,182
Others	<u>22,356</u>	<u>11,116</u>
	<u>441,119</u>	<u>397,723</u>

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30 September 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)

800,624 800,624

Paid up

88,288 ordinary shares of AFN 9,016 each (2022: 88,288 of AFN 9,016)

796,008 796,008

13.1 The capital is contributed by the shareholders as follows:

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

30 September 2023
(Un-audited)
----- (Afn in '000) -----

31 December 2022
(Audited)
----- (Afn in '000) -----

14. CONTINGENCIES AND COMMITMENTS**14.1 Contingencies**

Outstanding bank guarantees

1,511 10,334

14.2 Commitments

Undrawn loan and overdraft facilities

23,384 20,822

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.

Nine months ended
30 September 2023
(Un-audited)
----- (Afn in '000) -----

Nine months ended
30 September 2022
(Un-audited)
----- (Afn in '000) -----

15.2 Transactions with key management personnel**Key management personnel compensation**

Salaries and benefits

11,533 11,073

Key management personnel outstanding balances

Advances to staff

1,953 251

Bank deposits

30,957 31,531

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

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

Time deposits with banks	1,402,678	1,569,044
Loan to Telecom Development Company Afghanistan Limited (TDCA)	63,928	79,862
Receivable from Roshan against M-Paisa payments	5,977	11,907
Deposits from customers	2,521,556	1,554,515

Nine months ended 30 September 2023 (Un-audited)	Nine months ended 30 September 2022 (Un-audited)
----- (Afn in '000) -----	

15.4 Transactions with related parties

Interest income	50,730	6,031
Fee and commission income	1,337	613
Fee and commission expense	400	1,984
Interest expense on deposits from customers	-	-
Directors' fee and other expenses	8,058	9,748

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

11/Nov/2023

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Chief Financial Officer


Chief Executive Officer