

THE FIRST MICROFINANCE BANK

Condensed Interim Financial Statements

For the period ended June 30, 2024

THE FIRST MICROFINANCE BANK AFGHANISTAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2024

		Un-Audited 30 June 2024	Audited 31 December 2023
	Note	----- (AFN in '000) -----	
Assets			
Cash and cash equivalents	4	4,439,940	5,238,368
Short term placements with banks	5	2,049,436	1,780,727
Loans and advances to customers - net	6	2,044,395	2,068,171
Operating fixed assets	7	181,924	209,005
Intangible asset	8	64,516	77,814
Deferred tax asset - net		247,369	219,356
Other assets	9	693,337	726,424
Total Assets		9,720,917	10,319,865
Liabilities			
Deposits from customers	10	8,099,566	8,000,462
Loans and borrowings	11	-	820,722
Other liabilities	12	343,898	409,598
Total Liabilities		8,443,464	9,230,782
Equity			
Share capital	13	796,008	796,008
Share premium		206,038	206,038
Share capital pending allotment	13.2	298,155	
Retained earnings		(22,748)	87,037
Total equity		1,277,453	1,089,083
Total equity and liabilities		9,720,917	10,319,865
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 SIX MONTHS ENDED 30 JUNE 2024

	Note	Un-Audited	Un-Audited	Un-Audited	Un-Audited
		Six	Six	Three	Three months
		months ended	months ended	months ended	ended
		30 June 2024	30 June 2023	30 June 2024	30 June 2023
		AFN'000	AFN'000	AFN'000	AFN'000
Profit/ Return on loans and advances, placements and other assets		156,890	65,658	87,552	39,520
Reversal of finance cost/ (finance cost) of deposits/borrowings		28,004	(10,609)	13,571	(4,908)
Net Profit/Return		184,894	55,049	101,123	34,612
Fee and commission income		25,617	17,347	12,843	10,272
Fee and commission expense		(765)	(378)	(621)	(177)
Net fee and commission income		24,852	16,969	12,222	10,095
Income from dealing in foreign currencies		29,368	36,447	7,928	12,243
Revenue		239,114	108,465	121,273	56,950
Other income		22,887	47,327	12,749	34,723
Impairment gain on loans and advances to customers	6.2	(16,663)	9,188	(13,021)	999
Impairment gain/ (loss) on placements		(1,280)	281	(4,252)	(1)
Charge of general provision on other assets		-	(89)	5	(9)
Personnel expenses		(200,704)	(231,927)	(100,140)	(111,750)
Depreciation and amortisation		(43,854)	(52,475)	(21,726)	(25,906)
Finance cost on lease liabilities		(2,234)	(3,783)	(990)	(1,794)
Other expenses		(135,064)	(149,222)	(64,636)	(72,842)
Net operating (loss)		(137,798)	(272,235)	(70,738)	(119,630)
Non-operating revenue and expenses:					
Grants income recognized against deferred grant		2,266	379	1,133	379
Expenditure against grants		(2,266)	(379)	(1,133)	(379)
		-	-	-	-
Loss before tax		(137,798)	(272,235)	(70,738)	(119,630)
Taxation		28,013	54,524	14,374	24,003
Net loss		(109,785)	(217,711)	(56,364)	(95,627)
Other comprehensive income		-	-	-	-
Total comprehensive income		(109,785)	(217,711)	(56,364)	(95,627)

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

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THE FIRST MICROFINANCE BANK AFGHANISTAN
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR SIX MONTHS ENDED 30 JUNE 2024

	Share capital	Share premium	Retained earnings	Share capital pending allotment	Total
	----- (AFN in '000) -----				
Balance at 01 January 2023 (Audited)	796,008	206,038	956,345	-	1,958,391
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>738,634</u>	<u>-</u>	<u>1,740,680</u>
Balance as at 01 January 2024 (Audited)	796,008	206,038	87,037	-	1,089,083
Total comprehensive income for Six months ended 30 June 2024					
Loss for the period	-	-	(109,785)	-	(109,785)
Amount received for new capital issue	-	-	-	298,155	298,155
Other comprehensive income	-	-	-	-	-
	-	-	(109,785)	298,155	188,370
Balance at 30 June 2024 (Un-Audited)	<u>796,008</u>	<u>206,038</u>	<u>(22,748)</u>	<u>298,155</u>	<u>1,277,453</u>

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

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THE FIRST MICROFINANCE BANK AFGHANISTAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR SIX MONTHS ENDED 30 JUNE 2024

	Un-Audited Six months ended 30 June 2024 AFN'000	Un-Audited Six months ended 30 June 2023 AFN'000
Cash flows from operating activities		
(Loss)/ Profit before tax	(137,798)	(272,235)
Adjustments for:		
Depreciation and amortisation	43,854	52,475
Finance cost on lease	2,234	3,783
Impairment (gain)/ loss on loans and advances to customers	16,663	(9,188)
Impairment loss on placements	1,280	(281)
Provision on other assets	-	89
Gain on sale of property and equipment	(49)	(117)
Grant income	(2,266)	(379)
	<u>(76,082)</u>	<u>(225,853)</u>
Changes in:		
Decrease/ (Increase) in loans and advances to customers	7,113	132,895
Decrease/ (Increase) in other assets	33,087	(391,072)
(Decrease)/ increase in deposits from customers	99,104	18,236
Increase in other liabilities	(55,963)	47,035
	<u>7,259</u>	<u>(418,759)</u>
Grant received	(1,258)	7,318
Net cash (used in)/ flow from operating activities	<u>6,001</u>	<u>(411,441)</u>
Cash flows from investing activities		
Purchase of property and equipment	(5,428)	(11,158)
Proceeds from sale of property and equipment	1,472	1,473
Investment in placements	(269,989)	13,400
Net cash flow from investing activities	<u>(273,945)</u>	<u>3,715</u>
Cash flows from financing activities		
Lease liabilities	(7,917)	(16,860)
Repayment of loans and borrowings	(820,722)	(806,928)
Equity raised	298,155	-
Net cash used in financing activities	<u>(530,484)</u>	<u>(823,788)</u>
Net increase in cash and cash equivalents	(798,428)	(1,231,514)
Cash and cash equivalents at beginning of the period	5,238,368	7,311,724
Cash and cash equivalents at end of the period	<u><u>4,439,940</u></u>	<u><u>6,080,210</u></u>

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


 Chief Financial Officer


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THE FIRST MICROFINANCE BANK AFGHANISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR SIX MONTHS ENDED 30 JUNE 2024

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 2024 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 2023.

Comparative statement of financial position is extracted from the annual financial statements as at December 31, 2023 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, 2023.

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 2024 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. MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies information 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 2023.

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 2023.

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 2023.

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	Note	Un-audited 30 June 2024 AFN' 000	Audited 31 December 2023 AFN' 000
4. CASH AND CASH EQUIVALENTS			
Cash on hand		1,174,442	1,457,892
Unrestricted balances with Da Afghanistan Bank		3,073,661	3,659,753
Balances with other banks	4.1	191,837	120,723
		<u>4,439,940</u>	<u>5,238,368</u>

4.1 Balances with other banks

Balances with:

Transkapital - Russia		4,174	4,143
BMCE Bank International, Spain		91,671	73,124
AKTIF Bank, Turkey		3,950	1,831
CSCBank SAL		27,309	28,364
Zhejiang Chouzhou-China		48,259	3,005
Ghazanfar Bank- Afghanistan		1	10,256
HBL Bahrain		1,386	-
Al Ramz Capital-UAE		15,087	-
	4.1.1	<u>191,837</u>	<u>120,723</u>

4.1.1 These balances are interest free (2023: Interest free).

	Note	Un-audited 30 June 2024 AFN' 000	Audited 31 December 2023 AFN' 000
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5. SHORT TERM PLACEMENTS WITH BANKS

Time deposits with other banks	5.1	2,049,436	1,780,727
		<u>2,049,436</u>	<u>1,780,727</u>

5.1 These represent Deposits placed by FMFB-A having maturity of 29 to 91 days (2023: 29 to 92 days) and interest rates from 4.50% to 4.70% (2023: 1% to 4%) per annum.

	Note	Un-audited 30 June 2024 AFN' 000	Audited 31 December 2023 AFN' 000
5.2 Time deposits with other banks			
Habib Bank Limited, Brussels	5.2.1	-	1,286,546
AKTIF Bank, Turkey	5.2.2	92,313	91,208
BMCE BANK SPAIN		639,090	420,960
Habib Bank Limited, Bahrain	5.2.3	1,337,300	-
Less: General provision held	5.2.4	(19,267)	(17,987)
		<u>2,049,436</u>	<u>1,780,727</u>

5.2.1 The deposits in this account have been moved into a new account in HBL Bahrain.

5.2.2 This include deposit having maturity of 91 days (2023: 28 days) and carrying interest rate of 4.5% (2023: 1%) per annum.

5.2.3 These deposits are made during the period to a related party in a newly opened account, having maturity of 91 days (2023: 0) and carrying interest at rates of 4.7% per annum.

5.2.4 The bank has maintained a provision of AFN 19,267 thousand (2023: 17,987) based on Bank's provisioning policy and Assets Classification and Provisioning Regulation (ACPR) issued by DAB.

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	Note	Un-audited 30 June 2024 AFN' 000	Audited 31 December 2023 AFN' 000
6. LOANS AND ADVANCES TO CUSTOMERS - NET			
Loans and advances to customers	6.1	2,161,862	2,202,866
Less: Impairment loss on loans and advances	6.2	(117,467)	(134,695)
		<u>2,044,395</u>	<u>2,068,171</u>

6.1 Loans and advances to customers

	Note	30 June 2024 (Un-audited)			31 December 2023 (Audited)		
		Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
		AFN '000			AFN '000		
Microfinance loans	6.1.1	1,574,197	(46,498)	1,527,699	1,543,193	(109,949)	1,433,244
Loans to small and medium size enterprises	6.1.1	510,485	(58,441)	452,044	583,180	(21,078)	562,102
Overdraft financing	6.1.1	77,181	(12,528)	64,653	76,493	(3,668)	72,825
		<u>2,161,863</u>	<u>(117,467)</u>	<u>2,044,396</u>	<u>2,202,866</u>	<u>(134,695)</u>	<u>2,068,171</u>

6.1.1 Microfinance loans carry interest at rates ranging from 9% to 27% (2023: 9% to 27%) per annum, whereas interest on loans to small and medium size enterprises (SMEs) is charged at the rates ranging from 6.6% to 23% (2023: 8% 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 19 to 21 million monthly.

Overdraft carries interest rate ranging from 10% (2023: 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 2024 (Un-audited)			31 December 2023 (Audited)		
		Specific	General	Total	Specific	General	Total
		AFN '000			AFN '000		
Balance at 1st January		54,965	79,730	134,695	70,413	74,057	144,470
Charge for the period / year:							
Microfinance loans		28,818	(58,378)	(29,560)	(10,286)	6,766	(3,520)
Loans to small and medium size enterprises		47,118	(895)	46,223	(2,160)	(1,093)	(3,253)
		<u>75,936</u>	<u>(59,273)</u>	<u>16,663</u>	<u>(12,446)</u>	<u>5,673</u>	<u>(6,773)</u>
Written off against impairment allowance:							
Microfinance loans		(33,891)	-	(33,891)	(3,002)	-	(3,002)
Loans to small and medium size enterprises		-	-	-	-	-	-
		<u>(33,891)</u>	<u>-</u>	<u>(33,891)</u>	<u>(3,002)</u>	<u>-</u>	<u>(3,002)</u>
Closing Balance		<u>97,010</u>	<u>20,457</u>	<u>117,467</u>	<u>54,965</u>	<u>79,730</u>	<u>134,695</u>

6.2.1 Due to the economic crisis in the country, the repayment capacity of customers of the Bank has reduced. As the result, the quality of loans 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 11227 dated 06 April 2024, instructed the Bank not to change the assets classification of loans and advances of the Bank from their status as of 30 June 2021 till 02 October 2024. 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 914,357 thousand for the period ended June 30, 2024, 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 942,491 thousand (31 December 2023: AFN 1,128,892 thousands) which is higher than the amount held by the bank as per its provisioning policy.

	Amount	Impairment		Impairment allowance		Number of
	outstanding	allowance	required as	held	customers	
	AFN'000	Rate	AFN'000	Rate	AFN'000	
30 June 2024 (Un-Audited)						
Classification - Microfinance Loans						
Standard	1,520,998	1%	15,210	1%	15,404	23,492
Overdue:						
Watch-List	15,289	5%	764	5%	764	438
Substandard	4,627	25%	1,157	25%	1,157	96
Doubtful	8,220	50%	4,110	50%	4,110	191
Loss	25,063	100%	25,063	100%	25,063	535
	<u>1,574,197</u>		<u>46,304</u>		<u>46,498</u>	<u>24,752</u>
Classification-Overdraft and SME Loans						
Standard - SME Loans	408,698	1%	4,086	1%	4,086	135
Standard - Overdraft financing	65,306	1%	653	1%	653	2
Overdue:						
Watch-List	7,378	5%	369	5%	369	5
Substandard	6,502	25%	1,626	25%	1,626	6
Doubtful	70,552	50%	35,276	50%	35,276	15
Loss	17,355	100%	17,355	100%	17,355	14
Loss - Overdraft financing	11,875	100%	11,875	100%	11,875	1
	<u>587,666</u>		<u>71,240</u>		<u>71,240</u>	<u>178</u>
Less:						
Reversal of provisioning on loans secured with ACGF	-		(271)		(271)	
Total	<u>2,161,863</u>		<u>117,273</u>		<u>117,467</u>	<u>24,930</u>
31 December 2023 (Audited)						
Classification-Microfinance Loans						
Standard	1,479,955	1%	14,800	4.98%	73,934	23,129
Overdue:						
Watch-List	19,005	5%	950	5%	950	557
Substandard	5,310	25%	1,328	25%	1,327	122
Doubtful	10,371	50%	5,186	50%	5,186	238
Loss	28,552	100%	28,552	100%	28,552	636
	<u>1,543,193</u>		<u>50,816</u>		<u>109,949</u>	<u>24,682</u>
Classification-Overdraft and SME Loans						
Standard - SME Loans	477,177	1%	2,639	4.98%	12,294	152
Standard - Overdraft financing	64,618	1%	646	1%	646	2
Overdue:						
Watch-List - SME loans	7,678	5%	384	5%	384	5
Substandard - SME loans	7,431	25%	1,858	25%	1,858	7
Substandard - Overdraft financing	-	25%	-	25%	-	
Doubtful - SME loans	72,161	50%	36,081	50%	36,080	15
Doubtful - Overdraft financing	-	50%	-	50%	-	
Loss - SME loans	18,734	100%	18,734	100%	18,734	15
Loss - Overdraft financing	11,874	100%	11,874	100%	11,874	1
Reversal of provisioning on loans secured with ACGF			(49,548)		(57,124)	
	<u>659,673</u>		<u>22,668</u>		<u>24,746</u>	<u>197</u>
Total	<u>2,202,866</u>		<u>73,484</u>		<u>134,695</u>	<u>24,879</u>

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	Note	Un-audited 30 June 2024 AFN'000	Audited 31 December 2023 AFN'000				
7. OPERATING FIXED ASSETS							
Capital work-in-progress	7.1	5,021	5,021				
Property and equipment	7.2	28,137	37,404				
Right-of-use assets - Bank's branches	7.3	148,766	166,580				
		181,924	209,005				
7.1 Capital work-in-progress							
Balance at 01 January		5,021	48,068				
Additions		-	7,122				
Transfer to assets		-	(50,169)				
Closing balance	7.1.1	5,021	5,021				
7.1.1 This mainly includes the HRIS software costs which is not yet completed.							
7.2 Property and equipment							
		Leasehold improvements	Furniture and fittings	Vehicles	Office equipment	Computer equipment	Total
		(AFN '000)					
Cost							
Balance at 01 January 2023		114,218	43,734	23,383	177,004	112,312	470,651
Additions		1,439	661	408	434	183	3,124
Disposals		(2,322)	(964)	(620)	(46)	(2,214)	(6,166)
Balance at 31 December 2023		113,335	43,431	23,171	177,392	110,281	467,609
Balance at 1 January 2023 - Audited		113,335	43,431	23,171	177,392	110,281	467,610
Additions		873	359	45	3,719	432	5,428
Disposals		(45)	-	-	-	(3,813)	(3,858)
Balance at 30 June 2023 - Un-audited		114,163	43,790	23,216	181,111	106,900	469,180
Depreciation							
Balance at 1 January 2023		82,454	39,782	23,383	144,505	110,308	400,432
Charge for the year		13,123	2,174	61	18,943	1,610	35,911
Disposals		(2,322)	(936)	(620)	(46)	(2,214)	(6,138)
Balance at 31 December 2023		93,255	41,020	22,824	163,402	109,704	430,205
Balance at 1 January 2023 - Audited		93,255	41,020	22,824	163,402	109,704	430,205
Charge for the period		6,134	624	43	7,516	379	14,696
Disposals		(45)	-	-	-	(3,813)	(3,858)
Balance at 30 June 2023 - Un-audited		99,344	41,644	22,867	170,918	106,270	441,043
Carrying amounts							
Balance at 31 December 2023 - Audited		20,080	2,411	347	13,990	577	37,404
Balance at 30 June 2023 - Un-audited		14,819	2,146	349	10,193	630	28,137
Depreciation rate		20%	20%	20%	25%	33.33%	
	Note	Un-audited 30 June 2024 AFN'000	Audited 31 December 2023 AFN'000				
7.3 Right-of-use assets - Bank's branches							
Cost:							
Opening Balance as of 1 January - Audited		414,101	415,718				
Additions		-	178				
Adjustment of Lease Modification		161	(1,795)				
Closing Balance		414,262	414,101				
Accumulated depreciation:							
Opening balance		247,521	203,105				
Depreciation expense		17,975	44,416				
Adjustment of Lease Modification		-	-				
Closing Balance		265,496	247,521				
Carrying amount		148,766	166,580				
7.3.1 Allocation of depreciation and amortisation							
Depreciation charge on property and equipment		14,696	35,911				
Depreciation charge on right-of-use assets		17,975	44,416				
Less: Amount classified under grant expense		(2,266)	(2,645)				
		30,405	77,682				

8. INTANGIBLE ASSET	Note	Un-audited	Audited
		30 June 2024	31 December 2023
		AFN'000	AFN'000
Computer software:			
Cost			
Balance at 01 January		300,384	251,030
Transfer from CWIP		-	49,354
Additions		151	-
Closing balance		300,535	300,384
Amortisation			
Balance at 01 January		(222,570)	(198,846)
Charge for the period		(13,449)	(23,724)
Closing balance		(236,019)	(222,570)
Carrying amounts		64,516	77,814
9. OTHER ASSETS			
Restricted deposits with DAB	9.1	599,277	601,784
Interest receivable		38,829	76,905
Prepayments		9,857	11,646
Receivable from Roshan against M-Paisa payments		5,342	5,252
Advances to staff and Supplier		7,543	17,898
Receivable from Afghanistan Payment System		-	-
Other receivables		33,069	13,519
		693,917	727,004
Less: General provision held	9.2	(581)	(580)
		693,336	726,424

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 (2023: portion of other assets) as per Asset Classification and Provisioning Regulation issued by DAB.

10. DEPOSITS FROM CUSTOMERS		Un-audited	Audited
		30 June 2024	31 December 2023
		AFN'000	AFN'000
Retail customers:			
Term deposits		-	29,356
Current deposits		1,311,230	1,112,909
Saving deposits	10.2	1,830,156	1,769,645
		3,141,386	2,911,910
Corporate customers:			
Term deposits	10.1	636,184	-
Current deposits		3,435,298	3,803,236
Saving deposits	10.2	823,687	1,177,690
		4,895,169	4,980,926
Cash Margin		40,936	40,284
Dormant deposits		22,075	67,342
	10.3	8,099,566	8,000,462

10.1 The term deposits carry interest ranging from 1.5% to 5%. (2023: nil)

10.2 The saving deposits are interest free (2023:0.5% rate on all saving deposits except euro saving)

10.3 Deposits include AFN 1,997,783 thousands (2023: AFN.2,708,127 thousands) due to related parties.

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Note	Un-audited	Audited
	30 June 2024	31 December 2023
	AFN' 000	AFN' 000
11. LOANS AND BORROWINGS		
Ministry of Finance, Government of Afghanistan	-	-
Microfinance Investment Support Facility for Afghanistan Ltd	-	50,000
Nederlandse Financierings-Maatschappij Voor Agricultural Development Fund	-	76,703
International Fund for Agricultural Development	-	694,019
	<u>-</u>	<u>820,722</u>

12. OTHER LIABILITIES

Accrued expenses	120,169	114,506
Interest payable	13,083	44,621
Payable to APS for integrated banking	8,730	3,720
Deferred grants	14,927	18,451
Withholding taxes payable	3,698	3,782
Lease liability	163,680	169,363
Inter branch balance	3,264	21,439
Others	16,347	33,716
General provision held against off-balance items	-	-
	<u>343,898</u>	<u>409,598</u>

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>
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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>
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13.1 The capital is contributed by the shareholders as follows:

	Un-audited	Audited	Un-audited	Audited
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	--- Number of shares ---		AFN' 000	AFN' 000
Aga Khan Agency for Microfinance (AKAM)	34,784	34,784	310,646	310,646
Kreditanstalt fur Wiederaufbau (KfW)	28,200	28,200	254,811	254,811
International Finance Corporation (IFC)	14,800	14,800	133,974	133,974
Aga Khan Foundation USA (AKF USA)	10,504	10,504	96,577	96,577
	<u>88,288</u>	<u>88,288</u>	<u>796,008</u>	<u>796,008</u>

13.2 The Bank is experiencing a decline in total equity due to ongoing operating losses and increased provisioning requirements. While the Central Bank's temporary relaxation on provisioning regulations provided some relief, its expiration in October 2024 has impacted the bank's capital position. It estimated that the bank requires capital injection of AFN 765,087,000 to keep capital above the minimum regulatory requirement of AFN 1 billion. The approval from Board of Supervisors for increase in authorized and paid capital has been received and also the approval from Da Afghanistan Bank has been received. The bank has received AFN 298.155 million as share capital against which allotment of share is pending and the remaining increase in authorized and paid up share capital will also be subscribed by AKAM.

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	Note	Un-audited 30 June 2024 AFN' 000	Audited 31 December 2023 AFN' 000
14. CONTINGENCIES AND COMMITMENTS			
14.1 Contingencies			
Outstanding bank guarantees		8,275	9,038
14.2 Commitments			
Undrawn loan and overdraft facilities		16,356	16,066

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% (2023: 51%) of the Bank's capital.

	(Un-audited) Six months ended 30 June 2024 AFN' 000	(Un-audited) Six months ended 30 June 2023 AFN' 000
15.2 Transactions with key management personnel		
Key management personnel compensation		
Salaries and benefits	8,918	10,876
Key management personnel outstanding balances		
Advances to staff	1,200	1,333
Bank deposits	39,474	32,344
	Un-audited 30 June 2024 AFN' 000	Audited 31 December 2023 AFN' 000
15.3 Other related party outstanding balances and transactions		
Balances with related parties		
Time deposits with banks	1,337,300	1,540,936
Loan to Telecom Development Company Afghanistan Limited (TDCA)	63,699	72,472
Receivable from Roshan against M-Paisa payments	5,342	6,545
Deposits from customers	1,997,783	2,332,442

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	(Un-audited) Six months ended 30 June 2024 AFN' 000	(Un-audited) Six months ended 30 June 2023 AFN' 000
15.4 Transactions with related parties		
Interest income	47,353	35,254
Fee and commission income	833	891
Fee and commission expense	-	400
Interest expense on deposits from customers	-	-
Directors' fee and other expenses	7,557	5,001

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.

18. GENERAL

Figures have been rounded off to the nearest thousand unless otherwise stated.

19. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue by the Board of Supervisors of the Bank on 12/Aug/24.



Chief Financial Officer



Chief Executive Officer