

Afghan United Bank

Kabul, Afghanistan

**Condensed Interim Financial Statements
along with Accompanying Information**

For the Quarter ended 31 March 2024

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of Afghan United Bank

Introduction

We have reviewed the accompanying statement of condensed interim financial position of **Afghan United bank** ("the bank") as of **March 31, 2024**, and the related statement of condensed interim comprehensive income, statement of condensed interim changes in equity and statement of condensed interim cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standards (IAS) 34 "Interim Financial Reporting", the requirements of the Law of Banking in Afghanistan and directives issued by the Da Afghanistan Bank (DAB). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information 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 condensed interim financial information does not give a true and fair view of the financial position of the bank as at March 31, 2024, and of its financial performance and its cash flows for the three-month period then ended in accordance with International Accounting Standards (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 (DAB) rules and regulations.

Lynx Eyed Chartered Accountants

Lynx Eyed Chartered Accountants

An independent member firm of Morison Global

Kabul Afghanistan

Date: 16-Jul-2024



AFGHAN UNITED BANK

Condensed Interim Statement of Financial Position (Un-audited)

As at 31 March 2024

	<i>Note</i>	31-Mar-24	31-Dec-23
		Un-audited	Audited
		AFN '000'	
ASSETS			
Cash and balances with the Central Bank	4	4,742,107	6,688,103
Balances with other banks	5	4,716,290	5,399,929
Investments	6	1,534,991	1,514,828
Loans and advances to customers - net	7	4,362,466	4,333,110
Property and equipment	8	1,094,496	1,129,513
Intangible assets	9	3,365	4,315
Deferred tax asset - net		80,682	103,725
Other assets	10	2,967,069	2,750,413
Total assets		19,501,466	21,923,936
EQUITY AND LIABILITIES			
EQUITY			
Issued and paid up capital	11	1,925,210	1,925,210
Retained earnings		(497,580)	(611,778)
Revaluation reserve on property and equipment	12	499,474	522,056
Revaluation reserve on Available for Sale Investments		15,097	(20,104)
Total equity		1,942,201	1,815,384
LIABILITIES			
Deposits from customers	13	17,005,393	19,599,242
Other liabilities	14	553,873	509,310
Total liabilities		17,559,265	20,108,552
Total equity and liabilities		19,501,466	21,923,936
CONTINGENCIES AND COMMITMENTS	15		

The annexed notes 1 to 25 form an integral part of these financial statements.

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CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER

AFGHAN UNITED BANK

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the three months ended 31 March 2024

	Note	Three months ended	
		31-Mar-24	31-Mar-23
		AFN '000'	
Mark-up/ return/ interest earned		24,772	5,812
Mark-up/ return/ interest expense		(2,885)	(5,074)
Net mark-up/ return/ interest income	16	21,887	738
Fee and commission income		230,130	163,342
Fee and commission expense		(22,385)	(1,020)
Net fee and commission income	17	207,745	162,322
Loss on sale of foreign currency bonds - net		(30,919)	-
Foreign exchange gain/ (loss) - net	18	62,788	(71,989)
Other income	19	9,433	12,293
Net operating income		270,934	103,364
Provision against non-performing loans and advances to customers	7	1,437	343
Depreciation	8	(39,323)	(42,300)
Amortization of intangible	9	(1,158)	(2,700)
Employee compensation	20	(68,502)	(65,651)
Finance cost		(2,074)	(1,963)
Short term and low value leases		(550)	(560)
Other expenses	21	(45,300)	(61,659)
Profit/ (Loss) before tax		115,463	(71,126)
Income tax expense		(23,093)	14,225
Profit/ (Loss) for the period		92,370	(56,901)
Other comprehensive income			
Items that will be reclassified to profit and loss account in subsequent periods:			
Net Gain/(Loss) on remeasurement of available for sale investments		35,201	32,205
Total comprehensive income/ (loss)for the period		127,571	(24,696)

The annexed notes 1 to 25 form an integral part of these financial statements.

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Condensed Interim Statement of Changes in Equity (Un-audited)

For the three months ended 31 March 2024

	Share capital	Retained earnings	Revaluation reserve on property and equipment	Revaluation reserve on Available for Sale Investments	Total
	AFN '000'				
Balance as at 1 January 2023 - Audited	1,925,210	(97,907)	660,319	(75,903)	2,411,719
Incremental depreciation on revaluation surplus on property and equipment - net of tax	-	21,828	(21,828)	-	-
Total comprehensive income for the period					
Loss for the period	-	(56,900)	-	-	(56,900)
Other comprehensive income	-	-	-	32,205	32,205
	-	(56,900)	-	32,205	(24,695)
Balance as at 31 March 2023 - Unaudited	1,925,210	(132,979)	638,491	(43,698)	2,387,024
Balance as at 1 January 2024 - Audited	1,925,210	(611,777)	522,056	(20,104)	1,815,385
Adjustment for revaluation surplus	-	-	-	-	-
Incremental depreciation on revaluation surplus on property and equipment - net of tax	-	21,827	(21,827)	-	-
Total comprehensive income for the period					
Profit for the period	-	92,370	-	-	92,370
Other comprehensive income	-	-	(755)	35,201	34,446
	-	92,370	(755)	35,201	126,816
Balance as at 31 March 2024 - Unaudited	1,925,210	(497,580)	499,474	15,097	1,942,201

The annexed notes 1 to 25 form an integral part of these financial statements.

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Condensed Interim Statement of Cash Flows (Un-audited)

For the three months ended 31 March 2024

	Note	Three months ended	
		31-Mar-24	31-Mar-23
		AFN '000'	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/ (Loss) before tax		115,463	(71,126)
Adjustments for:			
Net provision against investments, off balance		(1,437)	(343)
Net provision against investments, off balance			
Depreciation	8	39,323	42,300
Amortization	9	1,158	2,700
Finance cost		2,074	1,963
		156,581	(24,506)
(Increase)/ Decrease in assets			
Loans and advances to customers	7	(27,919)	73,063
Other assets	10	(216,656)	(293,233)
Deferred tax asset - net		22,932	-
Increase/ (Decrease) in liabilities			
Deposits from customers	13	(2,593,849)	2,606,255
Other liabilities	14	55,653	(47,780)
Deferred tax		-	(5,820)
		(2,603,258)	2,307,979
Income tax paid		(22,198)	14,225
Net cash used in operating activities		(2,625,456)	2,322,204
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	8	(1,041)	(2,685)
Modification/Adjustment in right-of-use assets	8	1,339	323
Purchase of intangible assets		(208)	-
Investments	6	15,038	11,750
Net cash generated from investing activities		15,128	9,388
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(19,307)	82,430
Borrowing from financial institution		0	(4,908)
Net cash generated from financing activities		(19,307)	77,522
Net decrease in cash and cash equivalents		(2,629,635)	2,409,114
Cash and cash equivalents at beginning of the year		12,088,032	8,710,481
Cash and cash equivalents at end of the period		9,458,397	11,119,595
Cash and cash equivalents comprise of:			
Cash and balances with the Central Bank	4	4,742,107	4,464,686
Balances with other banks	5	4,716,290	6,654,909
		9,458,397	11,119,595

The annexed notes 1 to 25 form an integral part of these financial statements.



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AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements - (Un-audited)

For the three months ended 31 March 2024

1 LEGAL STATUS AND OPERATIONS

- 1.1 The Bank commenced its operations on 4 October 2007 under the license of commercial banking issued by Da Afghanistan bank (DAB) under the Law of Banking in Afghanistan. It is a full fledge bank principally engaged in the business of commercial banking with a network of 25 branches including two full fledge Islamic banking branches in different provinces of Afghanistan. The bank also holds license from Afghanistan Investment Support Agency (AISA) bearing license no: D-27284. The registered office of the Bank is located at Shahr-e-Naw, Kabul, Afghanistan.

2 BASIS OF PREPARATION

- 2.1 The condensed interim financial statements of the Bank for the three months period ended 31 March, 2024 have been prepared in accordance with the requirements of the International Accounting Standard 34 -" Interim Financial Reporting", the Law of Banking in Afghanistan, and other laws and regulations issued by Da Afghanistan Bank (DAB). In case where requirements differ, the requirement of the Law of Banking in Afghanistan, and other laws and regulations issued by DAB take precedence.
- 2.2 The disclosures made in this condensed interim financial statements have been limited based on the format prescribed by the International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, the condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2023.

3 ACCOUNTING POLICIES

- 3.1 The accounting policies adopted in preparation of the condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements of the Bank for the year ended 31 December 2023.
- 3.2 The estimates / judgments assumptions used in the preparation of this condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2023.
- 3.3 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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AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements - (Un-audited)

For the three months ended 31 March 2024

	31-Mar-24	31-Dec-23
	Un-audited	Audited
	AFN '000'	
4 CASH AND BALANCES WITH THE CENTRAL BANK		
In hand:		
Local currency	1,362,305	1,121,247
Foreign currencies	643,090	1,986,698
	2,005,395	3,107,945
With Da Afghanistan Bank in:		
Local currency current accounts	1,666,557	1,537,541
Foreign currency current accounts	1,070,147	2,042,609
Overnight deposit with Central Bank	8	8
	2,736,712	3,580,158
	4,742,107	6,688,103
5 BALANCES WITH OTHER BANKS		
In Afghanistan-current accounts		
National Bank of Pakistan	541	528
Pashtany Bank	1,841	1,812
New Kabul Bank	28	29
Maiwand Bank	41,205	40,260
	43,614	42,629
Outside Afghanistan		
CSC Bank, Lebanon	23,043	133,016
Aktif Bank, Turkey	52,269	52,281
BMCE Bank, Spain	21,600	229,919
Nurol Bank, Turkey	560,586	583,477
Transkapital Bank, Russia	10,024	9,735
Ziraat Bank Uzbekistan	742,722	725,677
SBM Bank India	20,206	27,576
Al Salam Bank Bahrain	1,574,679	1,500,338
Orien Bank, Tajikistan	478,248	529,013
Yes Bank India	46,265	47,704
Turkmenbashi Bank, Turkmanistan	911,479	1,143,485
Siraj Finance PJSC, UAE	25,989	265,415
Zhejiang Chouzhou Commercial Bank, China	205,563	109,664
	4,672,676	5,357,300
	4,716,290	5,399,929

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AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements - (Un-audited)

For the three months ended 31 March 2024

		<u>31-Mar-24</u>	<u>31-Dec-23</u>
	<i>Note</i>	<u>Un-audited</u>	<u>Audited</u>
		<u>AFN '000'</u>	
6 INVESTMENTS			
Placements - held to maturity			
Aktif Bank, Turkey		162,400	173,600
AL Salam Bank Bahrain		431,400	421,500
Siraj Finance PJSC Dubai		358,290	349,664
Yes Bank India		143,800	140,500
	<i>6.1</i>	<u>1,095,890</u>	<u>1,085,264</u>
General provision on investments	<i>6.5</i>	<u>(10,959)</u>	<u>(10,853)</u>
Total placements-net of provision		<u>1,084,931</u>	<u>1,074,411</u>
Sovereign Sukuks			
Available For Sale	<i>6.2</i>	195,887	192,453
Investment in equity securities			
Available for sale	<i>6.3</i>	-	13,511
Investment in gold bullion			
Available for sale	<i>6.4</i>	254,173	234,452
Investment-net		<u>1,534,991</u>	<u>1,514,827</u>

6.1 This represents foreign currency fixed term placements under Islamic Wakala agreements carrying profit rates ranging from 3.00% to 32.00% (2023: 3.00% to 32.00%) per annum and having maturities up to Nov 12, 2024 (2023: Nov 12, 2023)

6.2 This represents investment in sukuks with Kindom of Saudi Arabia, UAE, and Dubai Islamic Bank having maturity ranging 2026 to 2030 (2023: 2026 to 2030) and carry profit rates ranging from 1.96% to 2.97% (2023: 1.96% to 2.97%) per annum.

6.3 This represents securities investment in autocallable notes with Barclays and Leonteq amounting to AFN Zero (2023: 35.125 million) with maturities during 2023 and was carry interest range 19.5% per annum. These were kept under recovery method by the bank till Janaury 10, 2024 to recover the loss by investing in BNP PARIBAS Product through Daman Investment Company, however, subsequently bank has matured actual loss amounting to Afn 30.919 million on January 18, 2024.

6.4 This represents investment in gold, delivered under the custody of an specialized agent in UAE. The Bank can dispose the investment with ease and without incurring any other costs.

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AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements - (Un-audited)

For the three months ended 31 March 2024

	Note	31-Mar-24	31-Dec-23
		Un-audited	Audited
		AFN '000'	
6.5 Particulars of provision against investments			
Opening balance		10,853	4,461
(Reversal) / Charge for the year		106	6,392
Closing balance	6.6	<u>10,959</u>	<u>10,853</u>

6.6 General provision is maintained against held to maturity placements as per DAB's *Asset Classification and Provisioning Regulation @ 1%* of the gross amount of those investments.

	Note	31-Mar-24	31-Dec-23
		Un-audited	Audited
		AFN '000'	
7 LOANS AND ADVANCES TO CUSTOMERS			
Conventional financing			
Running finance	7.2	3,544,967	3,517,622
Term finance	7.3	1,418,018	1,413,237
		<u>4,962,985</u>	<u>4,930,859</u>
Islamic financing			
Murabaha	7.4	129,420	126,450
Total loans and advances to customers - gross	7.5	<u>5,092,405</u>	<u>5,057,309</u>
Provision against non-performing loans and advances	7.6	(729,940)	(724,199)
Loans and advances to customers - net of provision		<u>4,362,466</u>	<u>4,333,110</u>

7.1 Particulars of loans and advances to customers - gross

In local currency	3,223,722	3,138,021
In foreign currency	1,868,684	1,919,288
	<u>5,092,405</u>	<u>5,057,309</u>

7.2 These carry interest rate ranging between 10% to 15% (2023: 10% to 15%). These are secured against personal guarantees, mortgage of immovable properties and hypothecation over stock in trade.

7.3 These carry interest rate at 10% to 15% (2023: 10% to 15%) per annum. These loans are secured against personal guarantees, mortgage of immovable commercial and residential properties and assignment of receivables.

7.4 These represent sale and purchase agreements under which the Bank had paid finance for the purchase of goods and then sold the requisite goods to the customer on profit margin which is ranging from 12% to 15% (2023: 12% to 15%) per annum. These facilities are extended for the period of two months to five years (2023: two months to five years) and secured against personal guarantees, mortgage of immovable properties and goods supplied under the sale and purchase agreement.

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AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements - (Un-audited)

For the three months ended 31 March 2024

	Note	31-Mar-24	31-Dec-23
		Un-audited	Audited
		AFN '000'	
7.6 Particulars of provision against non-performing loans and advances to customers			
Opening balance		724,199	1,252,159
Charge for the period/ year	7.5.1	(1,437)	259
Impact of translation		7,178	(528,219)
		5,741	(527,960)
Closing balance		729,940	724,199

- 7.5.1 Circular reference number RSR No: 11068 dated December 22, 2021, issued by the Da Afghanistan Bank provides relief to the banks to maintain the asset classification as of June 30, 2021 and loan loss provision made as of that date. Consequently, the Bank has maintained the asset classification and provisioning as of June 30, 2021. Subsequent deterioration in the assets classification and any resulting increase has not been incorporated.

During the year, with regard to waiving off the implications of 'Asset Classification and Provisioning Regulations 2017' issued by Da Afghanistan Bank (DAB) was granted through letter no. 12398/12923 dated 22 Ramzan 1444-Islamic Hijri Date, 24 Hamal 1402 Hijri Shamsi Date (April 13, 2023) till April 02, 2024.

Subsequently the Banks have approached the Da Afghanistan Bank (DAB) through the forum of the Afghanistan Banking Association vide letter reference ABA-2404 dated 24 Dalwa 1402 for further waiver of the ACPR implications till the end of 2024. In response to this vide letter no. 11227/11096 dated 27-09-1445 Islamic Hijri Date (April 04, 2024) Da Afghanistan bank has extended another waiver of Asset Classification and Provisioning regulations (ACPR) implementation date till October 02, 2024.

This regulation deals with provisioning against loans and advances, suspension of interest on non-performing loans, re-possessed assets, classification of off-balance sheet items, classification of investments and other assets, credit risk management, etc. The objective was to protect the banking sector from immense risk of default and financial impact of current economic turmoil.

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AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements - (Un-audited)

For the three months ended 31 March 2024

	Note	31-Mar-24	31-Dec-23
		Un-audited	Audited
		AFN '000'	
8	PROPERTY AND EQUIPMENT		
Fixed assets - owned	8.1	943,978	969,402
Right of use assets - buildings	8.2	150,518	160,111
		1,094,496	1,129,513
8.1	Fixed assets - owned		
Cost			
Opening balance		2,294,696	2,256,202
Additions during the period/ year		1,041	41,307
Adjustment/ Write-off during the year		-	(2,813)
Closing balance		2,295,737	2,294,696
Less: Accumulated depreciation			
Opening balance		1,325,294	1,211,844
Charge during the period/ year	8.3	26,465	116,263
Adjustment/ Write-off during the year		-	(2,813)
Closing balance		1,351,759	1,325,294
Written down value		943,978	969,402
8.2	Right of use assets - building		
Cost			
Opening balance		318,834	242,861
Additions during the period /year		5,076	78,272
Deletion during the period/year		(2,823)	-
Modification		-	(1,896)
Adjustment	8.2.1	(1,339)	(403)
Closing balance		319,747	318,834
Less: Accumulated depreciation			
Opening balance		158,723	114,067
Depreciation expense for the period/year	8.3	11,771	45,452
Adjustment	8.2.1	(1,265)	(796)
Closing balance		169,229	158,723
Written down value as of		150,518	160,111

8.2.1 The adjustment made during the year by the management was to re-adjust the cost and accumulated depreciation on ROU to comply with IFRS 16 requirements.

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AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements - (Un-audited)

For the three months ended 31 March 2024

	<u>31-Mar-24</u>	<u>31-Dec-23</u>
	<u>Un-audited</u>	<u>Audited</u>
	<u>AFN '000'</u>	
8.3 Depreciation operating fixed assets		
Fixed assets - owned	27,553	116,263
Right of use assets - buildings	11,771	45,452
	<u>39,323</u>	<u>161,715</u>
9 INTANGIBLE ASSETS		
Cost		
Opening balance	275,530	277,016
Additions during the period/ year	208	1,122
Adjustment	-	(2,608)
Closing balance	<u>275,738</u>	<u>275,530</u>
Less: Accumulated amortization		
Opening balance	271,215	263,414
Charge for the period/ year	1,158	7,801
Adjustment	-	-
Closing balance	<u>272,373</u>	<u>271,215</u>
Written down value as of	<u>3,365</u>	<u>4,315</u>

9.1 Intangible assets include computer software and licenses. The amortization rate of intangible assets is 33.33% (2023: 33.33%). The gross carrying amount of fully amortized intangible assets still in use is AFN 260.621 thousand (2023: AFN 260.621 thousand).

		<u>31-Mar-24</u>	<u>31-Dec-23</u>
		<u>Un-audited</u>	<u>Audited</u>
		<u>AFN '000'</u>	
10 OTHER ASSETS			
Advances to suppliers and employees		34,441	23,959
Security deposits	10.1	515,011	503,920
Prepayments		16,029	10,084
Balances with Daman Investments		12,256	3,129
Receivable from Money Gram		419,625	151,785
Restricted deposits with Da Afghanistan Bank	10.2	1,688,295	1,683,488
Income/ mark-up accrued	10.3	211,447	198,400
Advance tax - net		23,553	23,544
Balance Receivable of UN Disbursement		29,317	135,460
Others		17,095	16,644
		<u>2,967,069</u>	<u>2,750,413</u>

10.1 This includes payment for property under Sarqolfi contracts amounting to AFN 106.41 million for the use of property for an indefinite period. The contracts allow the Bank to sell the Sarqolfi rights to a third party. However, under the terms of the Sarqolfi contracts, the title (i.e., Sharia Qabala) is not transferred to the Bank. DAB guidelines require appropriate legal document (like Sharia Qabala) for an asset to be recorded as a fixed asset.

This also includes margin money of AFN 35.95 million deposited with Pashtany Bank for a guarantee in favour of Da Afghanistan Breshna Sherkat (DABS) for the collection of electricity bills by the Bank on behalf of DABS.

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AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements - (Un-audited)

For the three months ended 31 March 2024

10.2 This represents statutory reserve maintained with DAB as minimum reserve in accordance with Banking Regulations issued by Da Afghanistan Bank. These minimum reserves carry no interest. During the year minimum reserve rates on deposits for AFN 8% and for foreign currency 10%.

10.3 This includes the AFN 190.737 million (2023: 189.607 million) interest receivables on loan and advances which is outstanding from August 2021. The interest receivable is not reversed due to suspension of ACPR as disclosed fully in note 8.5.1.

11 SHARE CAPITAL

11.1 Authorized capital

2024	2023		2024	2023
Number of shares			AFN '000'	
40,000,000	40,000,000	Ordinary shares of AFN 250 each	10,000,000	10,000,000

11.2 Issued and paid up capital

7,700,840	7,700,840	Ordinary shares of AFN 250 each fully paid in cash	1,925,210	1,925,210
			31-Mar-24	31-Dec-23
			Un-audited	Audited
			AFN '000'	

12 REVALUATION RESERVE ON PROPERTY AND EQUIPMENT

Vehicles	32,442	32,442
Furniture and fixtures	30,377	30,377
Computer equipment	70,724	70,724
Office equipment	44,588	44,588
Land	294,916	294,916
Building	979,904	979,904
	1,452,952	1,452,952
Accumulated incremental depreciation	(692,108)	(670,281)
Related deferred tax liability	(260,615)	(260,615)
	(952,723)	(930,896)
Net revaluation reserve	500,229	522,056

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Notes to the Condensed Interim Financial Statements - (Un-audited)

For the three months ended 31 March 2024

		<u>31-Mar-24</u>	<u>31-Dec-23</u>
		<u>Un-audited</u>	<u>Audited</u>
		<u>AFN '000'</u>	
13	DEPOSITS FROM CUSTOMERS		
	Conventional		
	Current deposits	10,337,408	12,746,150
	Saving deposits	13.1 442,031	389,811
	Term deposits	13.2 399,638	390,467
	Margin deposits	2,508,180	2,573,134
		<u>13,687,256</u>	<u>16,099,562</u>
	Islamic		
	Current deposits	2,020,462	2,218,976
	Saving deposits	13.3 702,049	731,163
	Term deposits	13.4 93,987	37,300
	Margin deposits	501,638	512,241
		<u>3,318,137</u>	<u>3,499,680</u>
		<u>17,005,393</u>	<u>19,599,242</u>

13.1 Saving deposits carries zero interest rate (January 2023: 1% to 3%). However, from the month of February 2023 it was resolved through Board approval to charged zero percent interest rate on saving deposits.

13.2 Term Deposits carry zero accounts interest rate (January 2023: 1.6% to 4%) per annum with maturity date ranging from three to twelve months. However, from the month of February 2023 it was resolved through Board approval to charged zero percent interest rate on term deposits.

13.3 The profit disbursed during the period on the Islamic saving deposits ranged from 0.25% to 0.38%(2023: 0.25% to 0.38%) per annum.

13.4 Profit distribution rates on Islamic term deposits during the period ranged from 1.73% to 3.456% (2023: 1.73% to 3.456%) per annum.

		<u>31-Mar-24</u>	<u>31-Dec-23</u>
		<u>Un-audited</u>	<u>Audited</u>
		<u>AFN '000'</u>	
14	OTHER LIABILITIES		
	Creditors and accruals	54,639	45,726
	Withholding tax payable	5,044	2,476
	Lease Liability on buildings	111,872	126,103
	Murabaha risk and equalization reserve	85,816	85,645
	Mark-up/ return/ interest payable	25,789	23,337
	Deferred income on bank guarantees and letter of credits	17,048	18,097
	Profit in suspense	138,407	137,197
	Others	115,258	70,729
		<u>553,873</u>	<u>509,310</u>
15	CONTINGENCIES AND COMMITMENTS		
	LCs and BGs issued on behalf of the customers	15.1 3,816,596	3,229,014
	Un-used commitments	229,883	221,753

15.1 This include outstanding BGs amounting to AFN 265 million (2023: AFN 518 million) issued under Islamic mode of finance.

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AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements - (Un-audited)

For the three months ended 31 March 2024

		Three months ended	
		31-Mar-24	31-Mar-23
		Un-audited	Audited
Note		AFN '000'	
16	NET MARK-UP/ RETURN/ INTEREST INCOME		
	Mark-up/ return/ interest earned		
	- On loans and advances to customers	1	1,559
	- On held to maturity investments	22,971	2,106
	- On available for sale investments	1,501	1,801
	- On overnight nostro deposits	300	347
		<u>24,772</u>	<u>5,813</u>
	Mark-up/ return/ interest expense		
	Deposits from customers	(2,885)	(5,074)
		<u>21,887</u>	<u>739</u>
17	NET FEE AND COMMISSION INCOME		
	Fee and commission income		
	- Commission and processing fee on guarantees issued	37,495	9,126
	- Commission and processing fee on letters of credit issued	2,075	-
	- Funds transfer, cheque books issuance fee and other service charges	190,560	154,216
		<u>230,130</u>	<u>163,342</u>
	Fee and commission expense		
	- Inter bank transaction fee	(22,385)	(1,020)
		<u>207,745</u>	<u>162,322</u>
18	FOREIGN EXCHANGE (LOSS)/ GAIN - NET	<u>62,788</u>	<u>(71,992)</u>
	18.1 Foreign exchange (loss)/ gain - net		
	- On dealing in foreign currencies	79,369	51,023
	- On translation of monetary assets and liabilities	(16,581)	(123,015)
		<u>62,788</u>	<u>(71,992)</u>
19	OTHER INCOME		
	Recovery against loans written off	-	53
	Profit on Sale of Fixed Assets	554	-
	Others	8,879	12,240
		<u>9,433</u>	<u>12,293</u>
20	EMPLOYEE COMPENSATION		
	Salaries and wages	57,776	54,862
	BOS remuneration and meeting expenses	1,966	2,454
	Other allowances and benefits	8,760	8,335
		<u>68,502</u>	<u>65,651</u>

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Notes to the Condensed Interim Financial Statements - (Un-audited)

For the three months ended 31 March 2024

21 OTHER EXPENSES

Communication		3,683	4,094
Travelling and conveyance		517	849
Insurance	21.1	6,373	5,485
Advertisement		509	594
Fuel expenses		4,223	7,290
Food expenses		1,586	2,327
Audit fee		(330)	2,092
Repairs and maintenance		10,164	15,419
Legal and professional charges		-	180
Stationery and printing		2,272	2,880
Staff training		122	197
Utilities		4,133	3,357
Security services		8,398	7,694
Miscellaneous		3,653	9,201
		45,300	61,660

21.1 These represents charges against deposit insurance as required by the Central Bank and is payable to Afghan Deposit Insurance Corporation (ADIC) @ 0.15% (2023: at 0.15%) per annum of the total deposits.

22 RELATED PARTY TRANSACTIONS
Parent and ultimate controlling party

The Bank is owned by individual shareholders who owns Bank's shares in different proportions.

Key management personnel

Key management personnel includes Board of Supervisors, Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Credit Officer, Chief Risk Officer and Chief Compliance Officer.

Transactions with related parties

Transactions and balances with related parties, including remuneration and benefits paid to key management personnel under the terms of their employment are as follows:

	Balances		Transactions	
	Un-audited three months ended	Audited Year ended	Un-audited three months ended	Un-audited three months ended
	31-Mar-24	31-Dec-23	31-Mar-24	31-Mar-23
	AFN '000'			
Shareholders				
Deposits	2,039	2,050	2	2
Transactions with key management personnel				
Salary and other benefits	-	-	5,972	11,954
Advance salary	218	1,530	-	-
Board of Supervisors meeting expenses	-	-	1,950	2,454

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Notes to the Condensed Interim Financial Statements - (Un-audited)

For the three months ended 31 March 2024

23 CAPITAL MANAGEMENT

Regulatory capital

The Banks' regulator Da Afghanistan Bank sets and monitors capital requirements for the Bank. The capital adequacy of the Bank is assessed in two tiers as per regulations of the Da Afghanistan Bank.

- Tier 1 or core capital, consisting of the highest quality capital elements that fully meet all the essential characteristics of capital; to be 6% of risk weighted assets.
- Tier 2 or supplementary capital, which includes other instruments which, to a varying degree, fall short of the quality of Tier 1 capital, but nonetheless contribute to the overall strength of a bank as a going concern.
- Regulatory capital is the sum of Tier 1 and Tier 2 capital. Besides, Tier 2 capital cannot exceed from total amount of Tier 1 capital. The Bank complies with these regulations.

The Bank's regulatory capital position at 31 March 2024 was as follows:

	<u>31-Mar-24</u>	<u>31-Dec-23</u>
	<u>Un-audited</u>	<u>Audited</u>
	<u>AFN '000'</u>	
The Bank's regulatory capital position at 31 March 2024 was as follows:		
Tier 1 capital		
Total Equity	1,942,201	1,815,384
Less:		
Intangible assets	3,365	4,315
Net Deferred Tax Assets	80,682	103,725
Profit for the year	92,370	-
Revaluation reserve on property and equipment	499,474	522,056
Revaluation reserve on Available for Sale Investments	15,097	(20,104)
	<u>690,988</u>	<u>609,992</u>
Total tier 1 (core) capital	<u>1,251,212</u>	<u>1,205,392</u>
Tier 2 capital		
Revaluation reserve on property and equipment	499,474	522,056
Profit/Loss of Current Year (if positive)	92,370	-
Revaluation reserve on Available for Sale Investments	6,794	(9,047)
Total tier 2 (supplementary) capital	<u>598,638</u>	<u>513,009</u>
Total regulatory capital	<u>1,849,849</u>	<u>1,718,401</u>
Risk-Weight Categories		
0% risk weight:		
Cash in Afghani and fully-convertible foreign currencies	2,005,395	3,107,945
Direct claims on DAB	4,425,007	5,263,646
Total	<u>6,430,402</u>	<u>8,371,591</u>

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Notes to the Condensed Interim Financial Statements - (Un-audited)

For the three months ended 31 March 2024

	31-Mar-24	31-Dec-23
	Un-audited	Audited
	AFN	'000'
0% Risk-Weight Total (Above Total x 0%)		
20% risk weight		
Direct Claims on banks licensed in Category A countries	21,600	229,919
Short-term Claims on Banks Licensed In Non-Category A Countries guaranteed by Multilateral Lending Institutions	5,790,580	6,255,274
Total	5,812,180	6,485,193
20% Risk-Weight Total (Above Total x 20%)	1,162,436	1,297,039
100% risk weight		
All Other Assets	8,227,259	8,024,666
Minus: Intangible Assets	3,365	4,315
Net Deferred Tax Assets	80,682	103,725
	84,047	108,040
Total	8,143,212	7,916,626
100% Risk-Weight Total (Above Total x 100%)	8,143,212	7,916,626
Off-balance-sheet items with 0% Credit Conversion Factor		
Unused Portions of Commitments with Original Maturity of 1 Year or Less	229,883	221,753
0% Credit Conversion Factor Total (Above Total x 0%)	-	-
Off-balance-sheet items with 20% Credit Conversion Factor		
Commercial Letter of Credits		
0 % Risk Weight	-	-
100% Risk Weight	-	-
Total	-	-
Risk-Weighted Total	-	-
20% Credit Conversion Factor Total (Risk-Weighted Total x 20%)	-	-
Off-balance sheet items with 100% Credit Conversion Factor		
Guarantees and Standby Letter of Credits		
0 % Risk Weight	1,045,419	1,018,815
100% Risk Weight	2,771,177	2,210,199
Total	3,816,596	3,229,014
100% Credit Conversion Factor Total (Risk-Weighted Totals x 100%)	2,771,177	2,210,199
Total Risk-Weighted Assets	12,076,824	11,423,864
Tier 1 Capital Ratio	10.36%	10.55%
Regulatory Capital Ratio	15.32%	15.04%

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AFGHAN UNITED BANK

Notes to the Condensed Interim Financial Statements - (Un-audited)

For the three months ended 31 March 2024

24 GENERAL

Figures have been rounded-off to the nearest thousand of AFN, unless otherwise stated.

25 APPROVAL OF THE FINANCIAL STATEMENTS

These condensed interim financial statements for the period have been approved and authorized for issue by the Board of Supervisors on 16-Jul-2024.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER