

**Afghan United Bank**  
**Kabul, Afghanistan**  
**Condensed Interim Financial Statements**  
**Along with Accompanying Information**  
**For the quarter ended 30 June 2024**

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## 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 **June 30, 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 Six-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 June 30, 2024, and of its financial performance and its cash flows for the Six-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: *14-SEP-2024*



**AFGHAN UNITED BANK**

Condensed Interim Statement of Financial Position (Un-audited)

As at 30 June 2024

		<u>30-Jun-24</u>	<u>31-Dec-23</u>
		<u>Un-audited</u>	<u>Audited</u>
	<i>Note</i>	<u>AFN '000'</u>	
<b>ASSETS</b>			
Cash and balances with the Central Bank	4	6,381,157	6,688,103
Balances with other banks	5	6,570,134	5,399,929
Investments	6	1,390,157	1,514,828
Loans and advances to customers - net	7	4,308,674	4,333,110
Property and equipment	8	1,073,819	1,129,513
Intangible assets	9	2,616	4,315
Deferred tax asset - net		73,048	103,725
Other assets	10	3,093,629	2,750,413
<b>Total assets</b>		<b><u>22,893,235</u></b>	<b><u>21,923,936</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Issued and paid up capital	11	1,925,210	1,925,210
Retained earnings		(448,904)	(611,778)
Revaluation reserve on property and equipment	12	477,645	522,056
Revaluation reserve on Available for Sale Investments		38,068	(20,104)
<b>Total equity</b>		<b><u>1,992,020</u></b>	<b><u>1,815,384</u></b>
<b>LIABILITIES</b>			
Deposits from customers	13	20,205,227	19,599,242
Provision for tax		-	-
Other liabilities	14	695,988	509,310
<b>Total liabilities</b>		<b><u>20,901,215</u></b>	<b><u>20,108,552</u></b>
<b>Total equity and liabilities</b>		<b><u>22,893,235</u></b>	<b><u>21,923,936</u></b>
<b>CONTINGENCIES AND COMMITMENTS</b>	15		

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

**AFGHAN UNITED BANK**

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Six months ended 30 June 2024

Note	Six months ended		Three months ended	
	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
	AFN '000'			
Mark-up/ return/ interest earned	50,856	9,943	26,084	4,131
Mark-up/ return/ interest expense	(2,863)	(10,521)	22	(5,447)
<b>Net mark-up/ return/ interest income</b>	<b>47,993</b>	<b>(578)</b>	<b>26,105</b>	<b>(1,316)</b>
Fee and commission income	428,454	401,534	198,324	238,192
Fee and commission expense	(43,529)	(26,330)	(21,144)	(25,310)
<b>Net fee and commission income</b>	<b>384,925</b>	<b>375,204</b>	<b>177,180</b>	<b>212,882</b>
Loss on sale of foreign currency bonds - net	(30,919)	-	0	-
Foreign exchange gain/ (loss) - net	47,341	(111,693)	(15,447)	(39,704)
Other income	25,839	22,728	16,406	10,435
	<b>42,261</b>	<b>(88,965)</b>	<b>959</b>	<b>(29,269)</b>
<b>Net operating (loss)/income</b>	<b>475,179</b>	<b>285,661</b>	<b>204,245</b>	<b>182,297</b>
Provision against non-performing loans and advances to customers	6,778	454	5,341	111
Net provision against investment, off balance sheet items and other assets	1,425	1,738	1,425	1,738
Depreciation	(75,452)	(81,735)	(36,129)	(39,435)
Amortization of intangible	(1,907)	(4,850)	(749)	(2,150)
Employee compensation	(138,862)	(137,387)	(70,360)	(71,736)
Finance cost	(4,070)	(4,469)	(1,996)	(2,506)
Short term and low value leases	(4,522)	(2,216)	(3,972)	(1,656)
Other expenses	(104,936)	(126,046)	(59,636)	(64,387)
	<b>(321,546)</b>	<b>(354,511)</b>	<b>(166,075)</b>	<b>(180,021)</b>
<b>(Loss)/ Profit before tax</b>	<b>153,633</b>	<b>(68,850)</b>	<b>38,170</b>	<b>2,276</b>
Income tax expense	(34,414)	13,770	(11,321)	(455)
<b>(Loss)/ Profit for the period</b>	<b>119,219</b>	<b>(55,080)</b>	<b>26,848</b>	<b>1,821</b>
<b>Other comprehensive income</b>				
Items that will be reclassified to profit and loss account in subsequent periods:				
Net Gain/(Loss) on remeasurement of available for sale investments	58,172	33,284	22,971	1,079
<b>Total comprehensive (loss)/ income for the period</b>	<b>177,391</b>	<b>(21,796)</b>	<b>49,820</b>	<b>2,900</b>

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

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**AFGHAN UNITED BANK**

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

For the Six months ended 30 June 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	-	43,656	(43,656)	-	-
Total comprehensive income for the period					
Loss for the period	-	(55,080)	-	-	(55,080)
Other comprehensive income	-	-	-	33,284	33,284
	-	(55,080)	-	33,284	(21,796)
<b>Balance as at 30 June 2023 - Unaudited</b>	<b>1,925,210</b>	<b>(109,331)</b>	<b>616,664</b>	<b>(42,619)</b>	<b>2,389,923</b>
Balance as at 1 January 2024 - Audited	1,925,210	(611,778)	522,056	(20,104)	1,815,384
Incremental depreciation on revaluation surplus on property and equipment - net of tax	-	43,656	(43,656)	-	-
Total comprehensive income for the period					
Profit/(Loss) for the period	-	119,219	-	-	119,219
Other comprehensive income	-	-	(755)	58,172	57,418
	-	119,219	(755)	58,172	176,636
<b>Balance as at 30 June 2024 - Unaudited</b>	<b>1,925,210</b>	<b>(448,904)</b>	<b>477,645</b>	<b>38,068</b>	<b>1,992,020</b>

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

**AFGHAN UNITED BANK**

Condensed Interim Statement of Cash Flows (Un-audited)  
For the Six months ended 30 June 2024

	Note	Six months ended	
		30-Jun-24	30-Jun-23
		AFN '000'	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		153,633	(68,850)
<b>Adjustments for:</b>			
Net provision against investments, off balance		(6,778)	(454)
Net provision against investments, off balance sheet items and other assets		(1,425)	1,738
Depreciation	8	75,452	81,735
Amortization	9	1,907	4,850
Loss on de-recognition of ROU asset		-	-
Finance cost		4,070	4,469
		<b>226,859</b>	<b>23,488</b>
<b>(Increase)/ Decrease in assets</b>			
Loans and advances to customers	7	31,214	97,531
Other assets	10	(343,216)	(1,141,240)
<b>Increase/ (Decrease) in liabilities</b>			
Deposits from customers	13	605,985	3,465,997
Other liabilities	14	76,020	(28,763)
Deferred tax		30,677	(5,335)
		<b>627,539</b>	<b>2,411,679</b>
Income tax paid		(34,006)	13,770
<b>Net cash used in operating activities</b>		<b>593,533</b>	<b>2,425,449</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment	8	(9,251)	(11,254)
Modification/Adjustment in right-of-use assets			289
Purchase of intangible assets		(1,122)	(1,122)
Reclassification Adjustment		-	2,608
Investments	6	184,268	(172,507)
<b>Net cash generated from investing activities</b>		<b>173,895</b>	<b>(181,986)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		95,831	74,068
Borrowing from financial institution		-	(71,878)
<b>Net cash generated from financing activities</b>		<b>95,831</b>	<b>2,190</b>
<b>Net decrease in cash and cash equivalents</b>		<b>863,259</b>	<b>2,245,653</b>
Cash and cash equivalents at beginning of the year		12,088,032	8,710,481
<b>Cash and cash equivalents at end of the period</b>		<b>12,951,291</b>	<b>10,956,134</b>

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

## **AFGHAN UNITED BANK**

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

*For the Six months ended 30 June 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 Nine months period ended 30 September 2023 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 Six months ended 30 June 2024

	30-Jun-24	31-Dec-23
	Un-audited	Audited
	AFN '000'	
<b>4 CASH AND BALANCES WITH THE CENTRAL BANK</b>		
<b>In hand:</b>		
Local currency	1,734,161	1,121,247
Foreign currencies	1,532,630	1,986,698
	<b>3,266,791</b>	<b>3,107,945</b>
<b>With Da Afghanistan Bank in:</b>		
Local currency current accounts	2,339,681	1,537,541
Foreign currency current accounts	774,677	2,042,609
Overnight deposit with Central Bank	8	8
	<b>3,114,366</b>	<b>3,580,158</b>
	<b>6,381,157</b>	<b>6,688,103</b>
<b>5 BALANCES WITH OTHER BANKS</b>		
<b>Current account - Afghanistan</b>		
National Bank of Pakistan	534	528
Pashtany Bank	1,822	1,812
New Kabul Bank	26	29
Maiwand Bank	40,699	40,260
	<b>43,081</b>	<b>42,629</b>
<b>Outside Afghanistan</b>		
CSC Bank, Lebanon	83,231	133,016
Aktif Bank, Turkey	77,063	52,281
BMCE Bank, Spain	51,716	229,919
Nurol Bank, Turkey	553,311	583,477
Transkapital Bank, Russia	9,721	9,735
Ziraat Bank Uzbekistan	733,632	725,677
SBM Bank India	16,023	27,576
Al Salam Bank Bahrain	2,578,874	1,500,338
Orien Bank, Tajikistan	543,334	529,013
Yes Bank India	69,926	47,704
Turkmenbashi Bank, Turkmanistan	1,441,459	1,143,485
Siraj Finance PJSC, UAE	113,225	265,415
Zhejiang Chouzhou Commercial Bank, China	240,625	109,664
EURO EXIM BANK, Africa	-	-
Eurosian Saving Bank	14,914	-
	<b>6,527,053</b>	<b>5,357,300</b>
	<b>6,570,134</b>	<b>5,400,199</b>

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## AFGHAN UNITED BANK

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

For the Six months ended 30 June 2024

	Note	30-Jun-24	31-Dec-23
		Un-audited	Audited
		AFN '000'	
<b>6 INVESTMENTS</b>			
<b>Placements - held to maturity</b>			
Ziraat Bank Uzbekistan		-	-
AL Salam Bank Bahrain		426,120	421,500
Aktif Bank "Turkey"		158,900	173,600
Siraj Finance P JSC		355,100	349,664
Yes Bank India		-	140,500
	6.1	<b>940,120</b>	<b>1,085,264</b>
General provision on investments	6.4	(9,401)	(10,853)
<b>Total placements-net of provision</b>		<b>930,719</b>	<b>1,074,412</b>
<b>Sovereign Sukuks</b>			
Available For Sale	6.2	193,802	192,453
<b>Investment in gold bullion</b>			
Available for sale	6.3	265,637	234,452
<b>Investment in equity securities</b>			
Available for sale		-	13,511
<b>Investment-net</b>		<b>1,390,157</b>	<b>1,514,828</b>

- 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 Kingdom 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 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.

## AFGHAN UNITED BANK

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

For the Six months ended 30 June 2024

	Note	30-June-24	31-Dec-23
		Un-audited	Audited
		AFN '000'	
<b>6.4 Particulars of provision against investments</b>			
Opening balance		10,853	4,461
(Reversal) / Charge for the year		3,790	6,392
Closing balance	6.4.1	<u>14,642</u>	<u>10,853</u>

6.4.1 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	30-Jun-24	31-Dec-23
		Un-audited	Audited
		AFN '000'	
<b>7 LOANS AND ADVANCES TO CUSTOMERS</b>			
<b>Conventional financing</b>			
Running finance	7.2	3,509,625	3,517,622
Term finance	7.3	1,391,800	1,413,237
		<u>4,901,425</u>	<u>4,930,859</u>
<b>Islamic financing</b>			
Murabaha	7.4	127,836	126,450
<b>Total loans and advances to customers - gross</b>	7.5	<u>5,029,261</u>	<u>5,057,309</u>
Provision against non-performing loans and advances	7.6	(720,587)	(724,199)
<b>Loans and advances to customers - net of provision</b>		<u>4,308,674</u>	<u>4,333,110</u>
<b>7.1 Particulars of loans and advances to customers - gross</b>			
In local currency		3,137,621	3,138,021
In foreign currency		1,891,640	1,919,288
		<u>5,029,261</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 immoveable 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 immoveable 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.

## AFGHAN UNITED BANK

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

For the Six months ended 30 June 2024

		30-Jun-24	31-Dec-23
		Un-audited	Audited
	Note	AFN '000'	
7.5 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	(6,778)	259
Write-off during the period/ year		-	-
Impact of translation		3,166	(528,219)
		<b>(3,612)</b>	<b>(527,960)</b>
Closing balance		<b>720,587</b>	<b>724,199</b>
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.			
<b>8 PROPERTY AND EQUIPMENT</b>			
Fixed assets - owned	8.1	926,005	969,402
Right of use assets - buildings	8.2	147,814	160,111
		<b>1,073,819</b>	<b>1,129,513</b>
8.1 <b>Fixed assets - owned</b>			
<b>Cost</b>			
Opening balance		2,294,696	2,256,202
Additions during the period/ year		8,343	41,307
Reclassification Adjustment		-	-
Revaluation adjustment during the period/year		(1,338)	(2,813)
Closing balance		<b>2,301,704</b>	<b>2,294,696</b>
<b>Less: Accumulated depreciation</b>			
Opening balance		1,325,294	1,211,844
Charge during the period/ year	8.3	51,491	116,263
Adjustment/Disposals during the period/ year		(1,088)	(2,812)
Closing balance		<b>1,375,698</b>	<b>1,325,294</b>
<b>Written down value</b>		<b>926,005</b>	<b>969,402</b>

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**AFGHAN UNITED BANK**

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

For the Six months ended 30 June 2024

	30-Jun-24	31-Dec-23
	Un-audited	Audited
	AFN '000'	
<b>8.2 Right of use assets - building</b>		
<b>Cost</b>		
Opening balance	318,834	242,861
Additions during the period /year	10,756	78,272
Deletion during the period/year	-	-
Modification	-	(1,896)
Adjustment	(403)	(403)
Closing balance	<b>329,187</b>	<b>318,834</b>
<b>Less: Accumulated depreciation</b>		
Opening balance	158,723	114,067
Depreciation expense for the period/year	23,961	45,452
Deletion during the period/year	-	-
Adjustment	(1,311)	(796)
Closing balance	<b>181,373</b>	<b>158,723</b>
<b>Written down value as of</b>	<b>147,814</b>	<b>160,111</b>
<b>8.3 Depreciation operating fixed assets</b>		
Fixed assets - owned	51,491	116,263
Right of use assets - buildings	23,961	45,452
	<b>75,453</b>	<b>161,715</b>
<b>9 INTANGIBLE ASSETS</b>		
<b>Cost</b>		
Opening balance	275,530	277,016
Additions during the period/ year	1,122	1,122
Reclassification Adjustment	-	(2,608)
Closing balance	<b>275,738</b>	<b>275,530</b>
<b>Less: Accumulated amortization</b>		
Opening balance	271,215	263,414
Charge for the period/ year	1,907	7,801
Reclassification Adjustment	0	-
Closing balance	<b>273,122</b>	<b>271,215</b>
<b>Written down value as of</b>	<b>2,616</b>	<b>4,315</b>

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 267.908 thousand (2023: AFN 260.621 thousand).

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## AFGHAN UNITED BANK

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

For the Six months ended 30 June 2024

	Note	30-Jun-24	31-Dec-23
		Un-audited	Audited
		AFN '000'	
<b>10 OTHER ASSETS</b>			
Advances to suppliers and employees		28,966	23,959
Security deposits	10.1	509,208	503,920
Prepayments		16,479	10,084
Balances with Daman Investments		17,404	3,129
Receivable from Money Gram		448,858	151,785
Restricted deposits with Da Afghanistan Bank	10.2	1,821,373	1,683,488
Income/ mark-up accrued	10.3	196,726	198,400
Advance tax - net		23,579	23,544
Receivable from UN		13,042	135,460
Others		17,995	16,644
		<b>3,093,629</b>	<b>2,750,413</b>

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.

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 7.5.1.

## 11 SHARE CAPITAL

### 11.1 Authorized capital

2024	2023		30-Jun-24	31-Dec-23
Number of shares			Un-audited	Audited
			AFN '000'	
<u>40,000,000</u>	<u>40,000,000</u>	Ordinary shares of AFN 250 each	<u>10,000,000</u>	<u>10,000,000</u>

### 11.2 Issued and paid up capital

<u>7,700,840</u>	<u>7,700,840</u>	Ordinary shares of AFN 250 each fully paid in cash	<u>1,925,210</u>	<u>1,925,210</u>
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## AFGHAN UNITED BANK

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

For the Six months ended 30 June 2024

	Note	30-Jun-24	31-Dec-23
		Un-audited	Audited
AFN '000'			
<b>12 REVALUATION RESERVE ON PROPERTY AND EQUIPMENT</b>			
Vehicles		32,191	32,442
Furniture and fixtures		30,377	30,377
Computer equipment		70,724	70,724
Office equipment		44,034	44,588
Land		294,916	294,916
Building		979,904	979,904
		<b>1,452,147</b>	<b>1,452,952</b>
Accumulated incremental depreciation		(713,936)	(670,281)
Related deferred tax liability		(260,565)	(260,615)
		<b>(974,501)</b>	<b>(930,896)</b>
		<b>477,646</b>	<b>522,056</b>
<b>13 DEPOSITS FROM CUSTOMERS</b>			
<b>Conventional</b>			
Current deposits		13,459,157	12,746,150
Saving deposits	13.1	522,073	389,811
Term deposits	13.2	394,747	390,467
Margin deposits		2,710,942	2,573,134
		<b>17,086,919</b>	<b>16,099,562</b>
<b>Islamic</b>			
Current deposits		1,823,457	2,218,976
Saving deposits	13.3	688,604	731,163
Term deposits	13.4	91,795	37,300
Margin deposits		514,451	512,241
		<b>3,118,308</b>	<b>3,499,680</b>
		<b>20,205,227</b>	<b>19,599,242</b>

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.

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**AFGHAN UNITED BANK**

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

For the Six months ended 30 June 2024

		<u>30-Jun-24</u>	<u>31-Dec-23</u>
		<u>Un-audited</u>	<u>Audited</u>
	<i>Note</i>	<u>AFN '000'</u>	
<b>14 OTHER LIABILITIES</b>			
Creditors and accruals		46,744	45,726
Withholding tax payable		3,359	2,476
Lease liability		113,133	126,103
Murabaha risk and equalization reserve		85,724	85,645
Mark-up/ return/ interest payable		22,314	23,337
Deferred income on bank guarantees and letter of credits		17,500	18,097
Profit in suspense		137,762	137,197
Others		269,452	70,729
		<u>695,988</u>	<u>509,310</u>
<b>15 CONTINGENCIES AND COMMITMENTS</b>			
LCs and BGs issued on behalf of the customers	15.1	<u>4,179,889</u>	<u>3,229,014</u>
Un-used commitments		<u>210,795</u>	<u>221,753</u>
15.1	This include outstanding BGs amounting to AFN 634 million (2023: AFN 518 million) issued under Islamic mode of finance.		
<b>16 NET MARK-UP/ RETURN/ INTEREST INCOME</b>			
<b>Mark-up/ return/ interest earned</b>			
- On loans and advances to customers		1	2,258
- On held to maturity investments		47,228	3,645
- On available for sale investments		2,979	3,587
- On overnight nostro deposits		647	453
		<u>50,856</u>	<u>9,943</u>
<b>Mark-up/ return/ interest expense</b>			
-Borrowing from financial institution		-	(5,687)
-Deposits from customers		(2,863)	(4,834)
		<u>(2,863)</u>	<u>(10,521)</u>
		<u>47,993</u>	<u>(578)</u>

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**AFGHAN UNITED BANK**

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

For the Six months ended 30 June 2024

	Note	Six months ended	
		30-Jun-24	30-Jun-23
		AFN '000'	
<b>17 NET FEE AND COMMISSION INCOME</b>			
<b>Fee and commission income</b>			
- Commission and processing fee on guarantees issued		60,678	18,078
- Commission and processing fee on letters of credit issued		5,569	-
- Funds transfer, cheque books issuance fee and other service charges		362,207	383,456
		<b>428,454</b>	<b>401,534</b>
<b>Fee and commission expense</b>			
- Inter bank transaction fee		(43,529)	(26,330)
		<b>384,925</b>	<b>375,204</b>
<b>18 FOREIGN EXCHANGE (LOSS)/ GAIN - NET</b>	18.1	<b>47,341</b>	<b>(111,693)</b>
18.1 <b>Foreign exchange (loss)/ gain - net</b>			
- On dealing in foreign currencies		144,541	207,759
- On translation of monetary assets and liabilities		(97,200)	(319,452)
		<b>47,341</b>	<b>(111,693)</b>
<b>19 OTHER INCOME</b>			
Recovery against loans written off		-	97
Others		25,838	22,631
		<b>25,839</b>	<b>22,727</b>
<b>20 EMPLOYEE COMPENSATION</b>			
Salaries and wages		115,486	113,619
BOS remuneration and meeting expenses		3,666	4,830
Other allowances and benefits		19,710	18,938
		<b>138,862</b>	<b>137,387</b>
<b>21 OTHER EXPENSES</b>			
Communication		8,085	8,924
Travelling and conveyance		768	1,990
Insurance	22.1	12,689	11,591
Advertisement		5,997	2,805
Fuel expenses		6,891	9,104
Food expenses		2,860	4,034
Audit fee		651	4,203
Repairs and maintenance		9,851	31,790
Legal and professional charges		-	358
Stationery and printing		4,602	6,014
Staff training		(527)	481
Utilities		9,643	7,954
Security services		25,820	15,803
Miscellaneous		17,606	20,995
		<b>104,936</b>	<b>126,046</b>

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.

**AFGHAN UNITED BANK**

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

For the Six months ended 30 June 2024

**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 Six months ended 30-Jun-24	Audited Year ended 31-Dec-23	Un-audited Six months ended 30-Jun-24	Un-audited Six months ended 30-Sep-23
			AFN '000'	
<b>Shareholders</b>				
Deposits	3,256	1,720	-	-
Bank charges	-	-	-	-
<b>Transactions with key management personnel</b>				
Salary and other benefits	-	-	15,393	24,438
Advance salary	1,161	1,042	-	-
Board of Supervisors fee	-	-	3,666	4,759

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## AFGHAN UNITED BANK

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

For the Six months ended 30 June 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.

30-Jun-24	31-Dec-23
Un-audited	Audited
AFN '000'	

The Bank's regulatory capital position at 30 September 2023 was as follows:

#### Tier 1 capital

Total Equity	1,992,020	1,815,384
Less:		
Intangible assets	2,616	4,315
Net Deferred Tax Assets	73,048	103,725
Profit for the year	119,219	-
Revaluation reserve on property and equipment	477,645	522,056
Revaluation reserve on Available for Sale Investments	38,068	(20,104)
	<b>710,598</b>	<b>609,992</b>
<b>Total tier 1 (core) capital</b>	<b>1,281,423</b>	<b>1,205,392</b>
<b>Tier 2 capital</b>		
Profit for the period/ year	119,219	-
Revaluation reserve on property and equipment	477,645	522,056
Revaluation reserve on Available for Sale Investments	17,131	(9,047)
<b>Total tier 2 (supplementary) capital</b>	<b>613,995</b>	<b>513,009</b>
<b>Total regulatory capital</b>	<b>1,895,418</b>	<b>1,718,401</b>
<b>Risk-Weight Categories</b>		
0% risk weight:		
Cash in Afghani and fully-convertible foreign currencies	3,266,791	3,107,945
Direct claims on DAB	4,935,738	5,263,646
<b>Total</b>	<b>8,202,529</b>	<b>8,371,591</b>
0% Risk-Weight Total (Above Total x 0%)	-	-

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**AFGHAN UNITED BANK**

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

For the Six months ended 30 June 2024

	<u>30-Jun-24</u>	<u>31-Dec-23</u>
	<u>Un-audited</u>	<u>Audited</u>
	<u>AFN '000'</u>	
<b>20% risk weight</b>		
Direct Claims on banks licensed in Category A countries	51,716	229,919
Short-term Claims on Banks Licensed In Non-Category A Countries guaranteed by Multilateral Lending Institutions	7,458,538	6,255,274
<b>Total</b>	<u><u>7,510,255</u></u>	<u><u>6,485,193</u></u>
<b>20% Risk-Weight Total (Above Total x 20%)</b>	<u><u>1,502,051</u></u>	<u><u>1,297,039</u></u>
<b>100% risk weight</b>		
All Other Assets	8,135,240	8,078,198
Minus: Intangible Assets	2,616	4,315
Net Deferred Tax Assets	73,048	103,725
	<u>75,664</u>	<u>108,040</u>
<b>Total</b>	<u><u>8,059,575</u></u>	<u><u>7,970,158</u></u>
<b>100% Risk-Weight Total (Above Total x 100%)</b>	<u><u>8,059,575</u></u>	<u><u>7,970,158</u></u>
<b>Off-balance-sheet items with 0% Credit Conversion Factor</b>		
Unused Portions of Commitments with Original Maturity of 1 Year or Less	210,795	221,753
<b>0% Credit Conversion Factor Total (Above Total x 0%)</b>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Off-balance-sheet items with 20% Credit Conversion Factor</b>		
Commercial Letter of Credits		
0 % Risk Weight	-	-
100% Risk Weight	-	-
<b>Total</b>	<u><u>-</u></u>	<u><u>-</u></u>
Risk-Weighted Total	<u><u>-</u></u>	<u><u>-</u></u>
<b>20% Credit Conversion Factor Total (Risk-Weighted Total x 20%)</b>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Off-balance sheet items with 100% Credit Conversion Factor</b>		
Guarantees and Standby Letter of Credits		
0 % Risk Weight	1,294,399	1,018,815
100% Risk Weight	2,885,490	2,210,199
<b>Total</b>	<u><u>4,179,890</u></u>	<u><u>3,229,014</u></u>
<b>100% Credit Conversion Factor Total (Risk-Weighted Totals x 100%)</b>	<u><u>2,885,490</u></u>	<u><u>2,210,199</u></u>
<b>Total Risk-Weighted Assets</b>	<u><u>12,447,116</u></u>	<u><u>11,477,396</u></u>
<b>Tier 1 Capital Ratio</b>	<u><u>10.29%</u></u>	<u><u>10.50%</u></u>
<b>Regulatory Capital Ratio</b>	<u><u>15.23%</u></u>	<u><u>14.97%</u></u>

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**AFGHAN UNITED BANK**

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

For the Six months ended 30 June 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 14-SEP-2024. USA



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**CHIEF FINANCIAL OFFICER**



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**CHIEF EXECUTIVE OFFICER**