

Afghan United bank

Condensed interim financial statements and auditors' review report
for the half-year ended June 30, 2023

Auditors:

Grant Thornton Afghanistan

Chartered Accountants and Management Consultants

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Independent Auditor's Review Report on Condensed Interim Financial Statements

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To the Shareholders of Afghan United Bank

Introduction

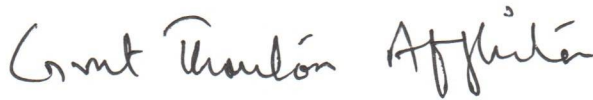
We have reviewed the accompanying condensed interim statement of financial position of Afghan United Bank ("the Bank") as at June 30, 2023 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and the notes to the condensed interim financial statements for the six months then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and the Law of Banking in Afghanistan and other laws and regulations issued by Da Afghanistan Bank. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not give a true and fair view of the financial position of the Bank as at June 30, 2023, and of its financial performance and its cash flows for the three months period then ended in accordance International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) and the requirements of the Law of Banking in Afghanistan and other laws and regulations issued by Da Afghanistan Bank.

**Grant Thornton Afghanistan**

Engagement Partner: Saqib Rehman Qureshi

Kabul, Afghanistan

Date: 13 - Aug - 2023



AFGHAN UNITED BANK

Condensed Interim Statement of Financial Position (Un-audited)

As at 30 June 2023

		30-Jun-23	31-Dec-22
		Un-audited	Audited
		AFN '000'	
	Note		
ASSETS			
Cash and balances with the Central Bank	4	5,171,011	1,941,982
Balances with other banks	5	5,785,122	6,768,499
Investments	6	1,261,215	1,057,162
Loans and advances to customers - net	7	4,710,916	4,807,993
Property and equipment	8	1,165,965	1,173,152
Intangible assets	9	7,266	13,602
Deferred tax asset - net		21,397	16,062
Other assets	10	3,510,394	2,369,155
Total assets		21,633,286	18,147,607
EQUITY AND LIABILITIES			
EQUITY			
Issued and paid up capital	11	1,925,210	1,925,210
Retained earnings		(109,331)	(97,907)
Revaluation reserve on property and equipment	12	616,663	660,319
Revaluation reserve on Available for Sale Investments		(42,619)	(75,903)
Total equity		2,389,923	2,411,719
LIABILITIES			
Deposits from customers	13	18,539,242	15,073,245
Borrowing from financial institution	14	121,003	192,881
Other liabilities	15	583,118	469,762
Total liabilities		19,243,363	15,735,888
Total equity and liabilities		21,633,286	18,147,607
CONTINGENCIES AND COMMITMENTS	16		ATA

The annexed notes 1 to 26 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 2023

		Six months ended		Three months ended	
		30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
Note		AFN '000'			
Mark-up/ return/ interest earned		9,943	45,540	4,131	19,029
Mark-up/ return/ interest expense		(10,521)	(23,620)	(5,447)	(7,545)
Net mark-up/ return/ interest income	17	(578)	21,920	(1,316)	11,484
Fee and commission income		401,534	283,290	238,192	149,513
Fee and commission expense		(26,330)	(4,270)	(25,310)	(1,836)
Net fee and commission income	18	375,204	279,020	212,882	147,677
Foreign exchange gain/ (loss) - net	19	(111,693)	(358,115)	(39,704)	(102,706)
Other income	20	22,728	19,444	10,435	9,371
Net operating (loss)/income		285,661	(37,731)	182,297	65,826
Provision against non-performing loans and advances to customers	7	454	(462,121)	111	6,829
Net provision against investment, off balance sheet items and other assets		1,738	3,437	1,738	(1,719)
Depreciation	8	(81,735)	(95,189)	(39,435)	(43,147)
Amortization of intangible	9	(4,850)	(5,486)	(2,150)	(2,699)
Employee compensation	21	(137,387)	(114,630)	(71,736)	(58,271)
Finance cost		(4,469)	(5,366)	(2,506)	(1,913)
Short term and low value leases		(2,216)	(2,509)	(1,656)	(1,371)
Other expenses	22	(126,046)	(122,773)	(64,387)	(55,921)
		(354,511)	(804,637)	(180,021)	(158,212)
(Loss)/ Profit before tax		(68,850)	(842,368)	2,276	(92,386)
Income tax expense		13,770	168,474	(455)	18,477
(Loss)/ Profit for the period		(55,080)	(673,894)	1,821	(73,909)
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		33,284	1,676	1,079	7,005
Total comprehensive (loss)/ income for the period		(21,796)	(672,218)	2,900	(66,904)

The annexed notes 1 to 26 form an integral part of these financial statements.

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AFGHAN UNITED BANK

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

For the six months ended 30 June 2023

	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 2022 - Audited	2,022,030	524,718	671,151	2,546	3,220,445
Adjustment for revaluation surplus	(96,820)	20,622	76,198	-	-
Incremental depreciation on revaluation surplus on property and equipment - net of tax	-	43,373	(43,373)	-	-
Total comprehensive income for the period					
Loss for the period	-	(673,895)	-	-	(673,895)
Other comprehensive income	-	-	-	1,676	1,676
	-	(673,895)	-	1,676	(672,219)
Balance as at 30 June 2022 - Unaudited	1,925,210	(85,182)	703,976	4,222	2,548,226
Balance as at 1 January 2023 - Audited	1,925,210	(97,907)	660,319	(75,903)	2,411,719
Adjustment for revaluation surplus	-	-	-	-	-
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)
Balance as at 30 June 2023 - Unaudited	1,925,210	(109,331)	616,663	(42,619)	2,389,923

The annexed notes 1 to 26 form an integral part of these financial statements.

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AFGHAN UNITED BANK

Condensed Interim Statement of Cash Flows (Un-audited)

For the six months ended 30 June 2023

		Six months ended	
		30-Jun-23	30-Jun-22
	Note	AFN '000'	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(68,850)	(842,368)
Adjustments for:			
Net provision against investments, off balance		(454)	462,121
Net provision against investments, off balance sheet items and other assets		1,738	(3,437)
Depreciation	8	81,735	95,189
Amortization	9	4,850	5,486
Finance cost		4,469	5,366
		23,488	(277,643)
(Increase)/ Decrease in assets			
Loans and advances to customers	7	97,531	469,869
Other assets	10	(1,141,240)	2,168,975
Increase/ (Decrease) in liabilities			
Deposits from customers	13	3,465,997	(1,379,569)
Other liabilities	15	(28,763)	(27,835)
Deferred tax		(5,335)	-
		2,411,679	953,797
Income tax paid		13,770	(78,332)
Net cash used in operating activities		2,425,449	875,465
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	8	(11,254)	(6,505)
Modification/Adjustment in right-of-use assets	8	289	-
Purchase of intangible assets		(1,122)	-
Reclassification Adjustment		2,608	-
Investments	6	(172,507)	458,180
Net cash generated from investing activities		(181,986)	451,675
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		74,068	(31,908)
Borrowing from financial institution		(71,878)	(29,162)
Net cash generated from financing activities		2,190	(61,070)
Net decrease in cash and cash equivalents		2,245,652	1,266,070
Cash and cash equivalents at beginning of the year		8,710,481	8,224,763
Cash and cash equivalents at end of the period		10,956,133	9,490,833

The annexed notes 1 to 26 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 six months ended 30 June 2023

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 fledged bank principally engaged in the business of commercial banking with a network of 25 branches including two full fledged 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 Six months period ended 30 June, 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 2022.

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 2022.
- 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 2022.
- 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 2022.

Notes to the Condensed Interim Financial Statements - (Un-audited)
For the six months ended 30 June 2023

4 CASH AND BALANCES WITH THE CENTRAL BANK

AFGHAN UNITED BANK

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

For the six months ended 30 June 2023

		30-Jun-23	31-Dec-22
		Un-audited	Audited
	Note	AFN '000'	
6 INVESTMENTS			
Placements - held to maturity			
Ziraat Bank Uzbekistan	6.1	-	178,420
AL Salam Bank Bahrain	6.1	258,150	267,630
Siraj Finance PJSC, UAE	6.2	428,406	-
		686,556	446,050
General provision on investments	6.5	(2,582)	(4,461)
Total placements-net of provision		683,974	441,590
Sovereign Sukuks			
Available For Sale	6.3	234,557	240,608
Investment in gold bullion			
Available for sale	6.4	272,465	259,437
Investment in equity securities			
Available for sale		70,219	115,527
Investment-net		1,261,215	1,057,162

6.1 These represent foreign currency fixed term placements with both foreign banks carrying interest rate ranging from 3% to 3.20% (2022: 1.85% to 2.0%) per annum and having maturity up to 10 June 2024.

6.2 This represents Wakala placements with Siraj Finance PJSC, UAE, having maturity in February 2024 and carrying a profit rate ranging from 4% to 4.5% per annum. Under the Wakala agreement, the bank allows Siraj Finance to act as its agent and invest the deposited amount in sharia-compliant products.

6.3 This represents investment in Sukuks with Kingdom of Saudi Arabia, UAE, and Dubai Islamic Bank having maturity ranging 2026 to 2030 (2022: 2026 to 2030) and carry profit rates ranging from 1.96% to 2.76% (2022: 1.92% to 2.67%) per annum.

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.

AFGHAN UNITED BANK

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

For the six months ended 30 June 2023

		30-Jun-23	31-Dec-22
		Un-audited	Audited
	Note	AFN '000'	
6.5 Particulars of provision against investments			
Opening balance		4,460	8,298
(Reversal) / Charge for the year		(1,879)	(3,838)
Closing balance	6.5.1	2,582	4,460

6.5.1 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.

		30-Jun-23	31-Dec-22
		Un-audited	Audited
	Note	AFN '000'	

7 LOANS AND ADVANCES TO CUSTOMERS**Conventional financing**

Running finance	7.2	3,846,324	4,363,250
Term finance	7.3	1,501,970	1,536,324
		5,348,295	5,899,574

Islamic financing

Murabaha	7.4	154,890	160,578
Total loans and advances to customers - gross	7.5	5,503,185	6,060,152
Provision against non-performing loans and advances	7.6	(792,269)	(1,252,159)
Loans and advances to customers - net of provision		4,710,916	4,807,993

7.1 Particulars of loans and advances to customers - gross

In local currency	3,227,498	3,602,395
In foreign currency	2,275,687	2,457,757
	5,503,185	6,060,152

7.2 These carry interest rate ranging between 10% to 15% (2022: 10% to 15%) per annum. All facilities are extended for maximum period of 12 months and are expected to be recovered within 12 months of the reporting date. These loans are secured against personal guarantees, mortgage of immoveable properties and hypothecation over stock in trade.

7.3 These carry interest rate ranging between 10% to 15% (2022: 10% to 15%) per annum. These loans have been extended for periods ranging from one and a half year to five years (2022: one and a half year to five years) and 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 advance for the purchase of goods and then sold the purchased goods to the customers on profit margin which is ranging from 12% to 15% (2022: 12% to 15%) per annum. These facilities are extended for the period of two months to five years and are 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 2023

		30-Jun-23 Un-audited	31-Dec-22 Audited
	Note	AFN '000'	
7.5 Particulars of provision against non-performing loans and advances to customers			
Opening balance		1,252,159	1,263,655
Charge for the period/ year	7.5.1	(454)	462,971
Write-off during the period/ year		(445,042)	(363,581)
Impact of translation		(14,394)	(110,886)
		(459,890)	(11,496)
Closing balance		792,269	1,252,159

7.5.1 On December 22, 2021, Da Afghanistan Bank provided exemption to all banks from implementation of "Asset Classification and Provisioning Regulations" (ACPR) from July 2021 till the end of June 2022 and since then the exemption has been extended multiple times till April, 2, 2024.

This regulation deals with provisioning against the 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 imminent risk of default and financial impact of current economic turmoil.

		30-Jun-23 Un-audited	31-Dec-22 Audited
	Note	AFN '000'	
8 PROPERTY AND EQUIPMENT			
Fixed assets - owned	8.1	995,145	1,044,360
Right of use assets - buildings	8.2	170,820	128,794
		1,165,965	1,173,154

8.1 Fixed assets - owned

Cost

Opening balance	2,256,207	2,238,951
Additions during the period/ year	8,646	14,860
Reclassification Adjustment	2,608	-
Revaluation adjustment during the period/year	-	2,396
Closing balance	2,267,461	2,256,207

Less: Accumulated depreciation

Opening balance	1,211,847	1,078,664
Charge during the period/ year	60,467	129,746
Adjustment/Disposals during the period/ year	-	3,436
Closing balance	1,272,314	1,211,847

Written down value

995,145	1,044,360
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AFGHAN UNITED BANK

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

For the six months ended 30 June 2023

8.2 Right of use assets - building**Cost**

Opening balance	242,861	173,268
Additions during the period /year	63,582	35,258
Deletion during the period/year	-	(8,907)
Modification	-	8,906
Adjustment	(403)	34,336
Closing balance	306,040	242,861

Less: Accumulated depreciation

Opening balance	114,067	128,749
Depreciation expense for the period/year	21,267	40,748
Deletion during the period/year	-	(8,907)
Adjustment	(114)	(46,523)
Closing balance	135,220	114,067

Written down value as of

170,820	128,794
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8.3 Depreciation operating fixed assets

Fixed assets - owned	60,467	129,746
Right of use assets - buildings	21,267	40,748
	81,734	170,494

9 INTANGIBLE ASSETS**Cost**

Opening balance	277,016	271,619
Additions during the period/ year	1,122	5,397
Reclassification Adjustment	(2,608)	-
Closing balance	275,530	277,016

Less: Accumulated amortization

Opening balance	263,414	252,719
Charge for the period/ year	4,850	10,695
Closing balance	268,264	263,414

Written down value as of

7,266	13,602
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- 9.1 Intangible assets include computer software and licenses. The amortization rate of intangible assets is 33.33% (2022: 33.33%). The book value of fully amortized intangible assets still in use is AFN 275,631 thousand (2022: AFN 277,016 thousand).

AFGHAN UNITED BANK

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

For the six months ended 30 June 2023

		30-Jun-23	31-Dec-22	
		Un-audited	Audited	
		AFN '000'		
10	OTHER ASSETS	Note		
	Advances to suppliers and employees		66,050	17,054
	Security deposits	10.1	608,059	628,887
	Prepayments		25,068	19,124
	Balances with Daman Investments		6,935	14,778
	Receivable from Money Gram		998,196	202,879
	Receivable from UN		26,430	-
	Restricted deposits with Da Afghanistan Bank	10.2	1,540,107	1,233,086
	Interest / mark-up accrued	10.3	204,929	219,008
	Advance tax - net		23,490	23,317
	Others		11,130	11,022
			3,510,394	2,369,155

10.1 This includes payment for property under Sarqolfi contracts amounting to AFN 127 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 430 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. The minimum reserve rates on deposits for AFN 8% and for foreign currency 10%.

10.3 This includes AFN 196 million net 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

2023	2022		30-Jun-23	31-Dec-22
Number of shares			Un-audited	Audited
			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

		Ordinary shares of AFN 250 each		
7,700,840	7,700,840	fully paid in cash	1,925,210	1,925,210

AFGHAN UNITED BANK

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

For the six months ended 30 June 2023

	Note	30-Jun-23	31-Dec-22
		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		(626,625)	(582,969)
Related deferred tax liability		(209,664)	(209,664)
		(836,289)	(792,633)
Net revaluation reserve		616,663	660,319
13 DEPOSITS FROM CUSTOMERS			
Conventional			
Current deposits		11,594,475	8,202,092
Saving deposits	13.1	417,516	373,512
Term deposits	13.2	478,287	496,440
Margin deposits		3,022,315	3,041,346
		15,512,593	12,113,390
Islamic			
Current deposits		1,503,220	1,356,037
Saving deposits	13.3	607,541	622,667
Term deposits	13.4	389,744	449,006
Margin deposits		526,144	532,145
		3,026,649	2,959,855
		18,539,242	15,073,245

13.1 Saving deposits carry zero interest rate (2022: 1% for USD and 3% for AFN)

13.2 Term deposits carry zero interest rate (2022: 1.6% to 4%) per annum, based on the term, with maturity ranging from three to twelve months (2022: three to twelve months).

13.3 The profit disbursed during the period on the Islamic saving deposits is zero (2022: 0.17% to 0.26%) per annum.

13.4 Profit distribution rates on Islamic term deposits during the period is zero (2022: 1.25% to 2.43%) per annum.

14 BORROWING FROM FINANCIAL INSTITUTION

The Bank obtained renewable Islamic financing from Daman Investments, UAE with marked on Sukuk bonds.

AFGHAN UNITED BANK

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

For the six months ended 30 June 2023

	Note	30-Jun-23	31-Dec-22
		Un-audited	Audited
		AFN '000'	
15 OTHER LIABILITIES			
Creditors and accruals		37,637	38,254
Withholding tax payable		4,509	4,702
Lease liability		146,821	114,415
Murabaha risk and equalization reserve		87,282	87,397
Mark-up/ return/ interest payable		24,519	27,358
Deferred income on bank guarantees and letter of credits		14,019	19,694
Profit in suspense		152,712	155,865
Others		115,619	22,077
		583,118	469,762
16 CONTINGENCIES AND COMMITMENTS			
LCs and BGs issued on behalf of the customers	16.1	3,028,613	4,377,797
Un-used commitments		271,471	303,909
16.1	This include outstanding BGs amounting to AFN 131 million (2022: AFN 518 million) issued under Islamic mode of finance.		

	Note	Six months ended	
		30-Jun-23	30-Jun-22
		AFN '000'	
17 NET MARK-UP/ RETURN/ INTEREST INCOME			
Mark-up/ return/ interest earned			
- On loans and advances to customers		2,258	26,163
- On held to maturity investments		3,645	3,496
- On available for sale investments		3,587	5,748
- On overnight nostro deposits		453	10,133
		9,943	45,540
Mark-up/ return/ interest expense			
-Borrowing from financial institution		(5,687)	-
-Deposits from customers		(4,834)	(23,620)
		(10,521)	(23,620)
		(578)	21,920

AFGHAN UNITED BANK

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

For the six months ended 30 June 2023

		Six months ended	
		30-Jun-23	30-Jun-22
		AFN '000'	
	Note		
18 NET FEE AND COMMISSION INCOME			
Fee and commission income			
- Commission and processing fee on guarantees issued		18,078	40,208
- Commission and processing fee on letters of credit issued and other service charges		-	183
		383,456	242,899
		401,534	283,290
Fee and commission expense			
- Inter bank transaction fee		(26,330)	(4,271)
		375,204	279,019
19 FOREIGN EXCHANGE (LOSS)/ GAIN - NET	19.1	(111,693)	(358,118)
19.1 Foreign exchange (loss)/ gain - net			
- On dealing in foreign currencies		207,759	490,763
- On translation of monetary assets and liabilities		(319,452)	(848,881)
		(111,693)	(358,118)
20 OTHER INCOME			
Recovery against loans written off		97	2,427
Others		22,631	17,017
		22,728	19,444
21 EMPLOYEE COMPENSATION			
Salaries and wages		113,619	95,256
BOS remuneration and meeting expenses		4,830	5,367
Other allowances and benefits		18,938	14,017
		137,387	114,640
22 OTHER EXPENSES			
Communication		8,924	9,160
Travelling and conveyance		1,990	1,543
Insurance	22.1	11,591	23,254
Advertisement		2,805	3,118
Fuel expenses		9,104	6,712
Food expenses		4,034	3,658
Audit fee		4,203	4,998
Repairs and maintenance		31,790	23,730
Legal and professional charges		358	1,943
Stationery and printing		6,014	5,471
Staff training		481	66
Utilities		7,954	8,158
Security services		15,803	11,363
Miscellaneous		20,995	19,598
		126,046	122,773

AFGHAN UNITED BANK

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

For the six months ended 30 June 2023

- 22.1 These represents charges against deposit insurance as required by the Central Bank and is payable to Afghan Deposit Insurance Corporation (ADIC) @ 0.15% (2022: at 0.15%) per annum of the total deposits.

23 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	Audited Year ended	Un-audited six months ended	Un-audited six months ended
	30-Jun-23	31-Dec-22	30-Jun-23	30-Jun-22
	AFN '000'			
Shareholders				
Deposits	3,255	3,256		
Bank charges			2	-
Transactions with key management personnel				
Salary and other benefits	-	-	24,438	20,382
Advance salary	1,972	137	-	-
Board of Supervisors fee	-	-	4,759	5,357

AFGHAN UNITED BANK

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

For the six months ended 30 June 2023

24 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-23	31-Dec-22
Un-audited	Audited
AFN '000'	

The Bank's regulatory capital position at 31 March 2023 was as follows:

Tier 1 capital

Total Equity

2,389,923

2,411,719

Less:

Intangible assets

7,266

13,602

Net Deferred Tax Assets

21,397

16,062

Profit for the year

-

-

Revaluation reserve on property and equipment

616,663

660,319

Revaluation reserve on Available for Sale Investments

(42,619)

(75,903)

602,707

614,080

Total tier 1 (core) capital

1,787,216

1,797,639

Tier 2 capital

Revaluation reserve on property and equipment

616,663

660,319

Revaluation reserve on Available for Sale Investments

(19,179)

(34,156)

Total tier 2 (supplementary) capital

597,484

626,163

Total regulatory capital

2,384,699

2,423,802

Risk-Weight Categories**0% risk weight:**

Cash in Afghani and fully-convertible foreign currencies

2,540,780

1,165,002

Direct claims on DAB

4,170,338

2,010,066

Total

6,711,118

3,175,068

0% Risk-Weight Total (Above Total x 0%)

-

-

AFGHAN UNITED BANK

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

For the six months ended 30 June 2023

	30-Jun-23 Un-audited	31-Dec-22 Audited
	AFN '000'	
20% risk weight		
Direct Claims on banks licensed in Category A countries	108,480	156,543
Short-term Claims on Banks Licensed In Non-Category A Countries guaranteed by Multilateral Lending Institutions	6,363,199	7,058,006
Total	6,471,679	7,214,549
20% Risk-Weight Total (Above Total x 20%)	1,294,336	1,442,910
100% risk weight		
All Other Assets	9,269,806	9,038,997
Minus: Intangible Assets	7,266	13,602
Net Deferred Tax Assets	21,397	16,062
	28,663	29,664
Total	9,241,143	9,068,661
100% Risk-Weight Total (Above Total x 100%)	9,241,143	9,068,661
Off-balance-sheet items with 0% Credit Conversion Factor		
Unused Portions of Commitments with Original Maturity of 1 Year or Less	271,471	303,909
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	1,080,791	1,206,704
100% Risk Weight	1,947,823	3,171,094
Total	3,028,614	4,377,797
100% Credit Conversion Factor Total (Risk-Weighted Totals x 100%)	1,947,823	3,171,094
Total Risk-Weighted Assets	12,483,301	13,682,665
Tier 1 Capital Ratio	14.32%	13.14%
Regulatory Capital Ratio	19.10%	17.71%

AFGHAN UNITED BANK

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

For the six months ended 30 June 2023

25 GENERAL

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

26 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 10-Aug-2023

C.A.A



CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER