



Grant Thornton

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Independent Auditor's Review Report on Condensed Interim Financial Statements

To the Shareholders of Pashtany Bank

Grant Thornton Afghanistan
House # 611, Street # 12
Qualle Fatehullah, Kabul
Afghanistan
T +93 202 202 475
M+93 789 314 616
www.grantthornton.af

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Pashtany Bank** ("the Bank") as at 22 September 2019 (31 Sunbola 1398) 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 nine 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), the Law of Banking in Afghanistan and directives issued by the Central Bank of Afghanistan. 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.

Basis of Qualified Conclusion

- 1) As referred in Note 6.2, the Bank has investments in equity instruments of various entities of which investment in Shirkat Nasaji Afghan has a carrying value of AFN 83.518 million. The most recent financial information on the entity is not available with the Bank and financial condition of the entity is also not known to the Bank, therefore, we are unable to determine whether the carrying value of the investment is appropriate or not.

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- 2) The Bank has property and equipment with written down value of AFN 816.557 million and this includes land having value of AFN 352.591 million and buildings having written down value of AFN 366.387 million. As per the accounting policy of the Bank, land and building are carried at revalued amounts, however, we noted that revaluation of these assets has not been carried out since 2009. We understand that the fair values of land and buildings can significantly change over a period of more than five years. Paragraph 34 of IAS 16, "Property, Plant and Equipment", states that *frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Some items of property, plant and equipment experience significant and volatile changes in fair value, thus necessitating annual revaluation. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.* In absence of the related information, we are unable to conclude whether these values are fairly stated or not.
- 3) Article 66 of the Banking Law of Afghanistan provides the list of allowed activities for the banks which includes banking operations only. Activities outside Article 66 are further specified in Article 67 of the Banking Law of Afghanistan as prohibited activities and the banks cannot be engaged in such activities with maximum period allowed to disengage from such activities was originally set out at five years with two extensions of one year each from the date of promulgation of the Banking Law of Afghanistan i.e. December 14, 2003. However, the Bank continue to hold investment properties and interest in those properties has not been disposed-off till date. Any effect of such non-compliance is currently not determinable.

Qualified Conclusion

Based on our review, with the exception of the matters described in preceding paragraphs, 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 22 September 2019 (31 Sunbola 1398), and of its financial performance and its cash flows for the nine months period then ended in accordance International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), the Law of Banking in Afghanistan and directives issued by the Central Bank of Afghanistan.

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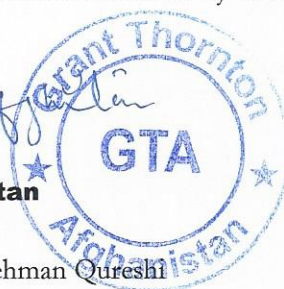
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Chartered Accountants

Engagement Partner: Saqib Rehman Qureshi

Location: Kabul, Afghanistan

Date: Nov 5, 2019



PASHTANY BANK

Condensed Interim Statement of Financial Position

As of 31 Sunbola 1398 (22 September 2019)

		Un-audited	Audited
		31 Sunbola 1398	30 Qaws 1397
		(22 Sep 2019)	(21 Dec 2018)
	Notes		AFN
ASSETS			
Cash and bank balances	5	14,125,802,049	16,673,499,096
Investments	6	3,664,815,011	122,952,511
Property and equipment	7	816,557,415	824,813,888
Intangible assets	8	58,178,178	-
Investment properties		962,183,000	962,183,000
Deferred tax asset - net		150,267,378	162,056,157
Other assets	9	2,356,047,913	1,800,728,994
Total assets		22,133,850,944	20,546,233,647
EQUITY AND LIABILITIES			
Equity			
Share capital		3,820,257,000	3,820,257,000
Accumulated losses		(1,763,736,753)	(2,134,875,746)
Surplus on revaluation - net		444,913,400	444,913,400
Total equity		2,501,433,647	2,130,294,654
Liabilities			
Deposits from banks	10	991,778,195	756,598,119
Deposits from customers	11	18,283,571,303	17,441,007,603
Deferred grant		58,178,178	-
Other liabilities	12	298,889,621	218,333,271
Total liabilities		19,632,417,297	18,415,938,993
Total equity and liabilities		22,133,850,944	20,546,233,647
CONTINGENCIES AND COMMITMENTS			
	13	1,034,964,000	953,838,708

The annexed notes from 1 to 19 form an integral part of the financial statements.

For: 

CHIEF EXECUTIVE OFFICER

For: 

CHIEF FINANCIAL OFFICER

PASHTANY BANK

Condensed Interim Statement of Comprehensive Income [unaudited]

As of 31 Sunbola 1398 (22 September 2019)

		Nine months ended		Three months ended	
		22 Sep 2019	22 Sep 2018	22 Sep 2019	22 Sep 2018
	Notes	AFN			
Interest income		163,134,506	35,996,965	65,905,684	25,466,707
Interest expense		(20,586,911)	(1,057,879)	(5,701,761)	1,262,475
Net interest income	14	142,547,595	34,939,086	60,203,923	26,729,182
Fee and commission income		56,211,707	35,424,489	21,826,704	13,436,754
Fee and commission expense		(1,030,366)	(2,569,946)	(385,623)	(287,784)
Net fee and commission income		55,181,341	32,854,543	21,441,081	13,148,970
Other income	15	480,211,952	304,578,448	81,875,188	55,043,415
		480,211,952	304,578,448	81,875,188	55,043,415
Operating income		677,940,888	372,372,077	163,520,191	94,921,567
Impairment reversal / (loss) and other asset		(508,747.14)	4,114,425	118,635.94	904,966
Employee compensation	16	(153,243,431)	(126,099,205)	(47,872,046)	(43,585,263)
Depreciation		(20,745,648)	(17,585,551)	(6,910,850)	(10,604,098)
Other operating expenses	17	(133,535,939)	(124,422,825)	(44,198,330)	(41,219,299)
Exchange gain / (loss)		14,642,575	56,886,031	(30,802,318)	45,881,435
Profit before taxation		384,549,698	165,264,952	33,855,283	46,299,307
Income tax		(13,410,705)	-	(1,621,927)	-
Profit for the period		371,138,993	165,264,952	32,233,356	46,299,307
Other comprehensive income		-	-	-	-
Total comprehensive income for the period ended		371,138,993	165,264,952	32,233,356	46,299,307

The annexed notes from 1 to 19 form an integral part of the financial statements.

For: 
CHIEF EXECUTIVE OFFICERFor: 
CHIEF FINANCIAL OFFICER

PASHTANY BANK

Condensed interim Statement of Cash Flows [unaudited]

As of 31 Sunbola 1398 (22 September 2019)

	Nine months ended	
	22 Sep 2019	22 Sep 2018
	AFN	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	384,549,698	165,264,952
Adjustments for:		
Depreciation	20,745,648	17,585,551
Fixed assets written off	14,500	-
Net impairment loss / (reversal)	508,747	(4,114,425)
	405,818,594	178,736,078
(Increase) decrease in operating assets and liabilities:		
Other assets	(544,794,347)	128,879,319
Deposits from customers and banks	1,077,743,776	(2,663,294,457)
Other liabilities	80,556,350	(42,376,907)
activities before interest	1,019,324,373	(2,398,055,967)
Tax paid	(12,655,244)	-
Net cash from operating activities	1,006,669,129	(2,398,055,967)
CASH FLOWS FROM INVESTING ACTIVITIES		
Placements with maturities more than 3 months	(3,541,862,500)	(1,522,500)
Purchase of property and equipment	(12,503,676)	(6,321,501)
Net cash used in investing activities	(2,547,697,048)	(2,405,899,968)
CASH FLOWS FROM FINANCING ACTIVITIES		
Impairment reversal on loans and other assets	-	-
Net cash used in financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	(2,547,697,048)	(2,405,899,968)
Cash and cash equivalents at beginning of the period	16,673,499,096	16,869,697,708
Cash and cash equivalents at the end of the period	14,125,802,049	14,463,797,740

The annexed notes from 1 to 19 form an integral part of the financial statements.

For: 
CHIEF EXECUTIVE OFFICER

For: 
CHIEF FINANCIAL OFFICER

PASHTANY BANK

Condensed Interim Statement of Changes in Equity [unaudited]

As of 31 Sunbola 1398 (22 September 2019)

	Share capital	Retained earnings	Surplus on revaluation of property and equipment	Total
	AFN			
Balance as at 21 December 2017	3,820,257,000	(2,329,239,265)	447,463,800	1,938,481,535
Comprehensive income for the period ended	-	165,264,952	-	165,264,952
Other comprehensive income	-	-	-	-
	-	165,264,952	-	165,264,952
Balance as at 22 September 2018	3,820,257,000	(2,163,974,313)	447,463,800	2,103,746,487
Balance as at 21 December 2018	3,820,257,000	(2,134,875,746)	444,913,400	2,130,294,654
Comprehensive income for the period ended	-	371,138,993	-	371,138,993
Other comprehensive income	-	-	-	-
	-	371,138,993	-	371,138,993
Balance as at 22 September 2019	3,820,257,000	(1,763,736,753)	444,913,400	2,501,433,647

The annexed notes from 1 to 19 form an integral part of the financial statements.

For: 
 CHIEF EXECUTIVE OFFICER

For: 
 CHIEF FINANCIAL OFFICER

PASHTANY BANK

Selected Notes to and forming part of the Condensed Interim Financial Statements [unaudited]

As of 31 Sunbola 1398 (22 September 2019)

1. LEGAL STATUS AND OPERATIONS

Pashtany Bank ("the Bank") was registered with Afghanistan Investment Support Agency (AISA) on 26 June 2004 and received formal commercial bank license from Da Afghanistan Bank (DAB), the central bank of Afghanistan, to operate nationwide. The bank is limited liability company and is incorporated and domiciled in Afghanistan. The principal business place of the Bank is at Muhammad Jan Khan Watt, Kabul, Afghanistan.

- 1.1 The bank has been operating as one of the leading commercial banking service provider in Afghanistan. The bank has twenty one branches (2018: twenty branches) in operation.

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the requirements of the Law of Banking in Afghanistan. In case requirements differ, the provisions of the Law of Banking in Afghanistan shall prevail.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statement have been prepared on the historical basis except as otherwise disclosed in accounting policies.

The financial statements have been authorized to be issued at 1-Nov-2019 with the approval of Board of Supervisors.

3.2 Functional and presentation currency

The financial statements are presented in Afghani (AFN), which is the Bank's functional currency.

3.3 Use of critical accounting estimates and judgements

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial years. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates and judgements will, by definition, rarely equals the related actual results. The material estimates, assumptions and judgements used to measure and classify the carrying amount of pertinent assets and liabilities have been taken into consideration.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Summary of accounting policies will be read with the last year audited financial statements.

PASHTANY BANK

Notes to the Condensed Interim Financial Statements [unaudited]

As of 31 Sunbola 1398 (22 September 2019)

		31 Sunbola 1398 (22 Sep 2019)	30 Qaws 1397 (21 Dec 2018)
	Note	AFN	
5. CASH AND BANK BALANCES			
Cash in hand	5.1	516,709,266	394,134,335
Balances with Da Afghanistan Bank	5.2	7,931,792,730	10,835,099,537
Balances with other banks	5.3	5,677,300,053	5,444,265,224
		14,125,802,049	16,673,499,096
5.1 Cash in hand			
Local currency		195,944,989	168,732,548
Foreign currency		320,764,277	225,401,787
		516,709,266	394,134,335
5.2 Balances with Da Afghanistan Bank			
Local currency current accounts		435,438,995	570,040,526
Foreign currency current accounts		420,439,870	2,805,597,743
Capital notes	5.2.1	5,197,170,429	6,999,088,658
Over night	5.2.2	1,878,743,436	460,372,610
		7,931,792,730	10,835,099,537
5.3 Balances with other banks			
In Afghanistan			
Azizi Bank		1,713,723	1,642,960
Bank Millie Afghan		1,072,869	660,613
New Kabul Bank		3,217,077	2,813,536
Afghanistan International Bank		500,000,000	-
		506,003,669	5,117,109
Outside Afghanistan			
Aktif Bank, Turkey		411,703,353	389,268,738
BMCE, Spain		838,712,423	520,576,553
Citi Bank, UAE		782,100,000	749,600,000
Citi Bank, USA		2,331,900,000	3,748,000,000
United Bank Limited, Pakistan		29,580,608	31,702,824
First Abu Dhabi Bank		777,300,000	-
		5,171,296,384	5,439,148,115
		5,677,300,053	5,444,265,224

5.2.1 This represent capital notes issued by Da Afghanistan Bank carrying interest rate 0.7% per 28 days (21 Dec 2018: 0.16% to 0.36%) p.a. and maturity on 15 October 2019.

PASHTANY BANK

Notes to the Condensed Interim Financial Statements [unaudited]

As of 31 Sunbola 1398 (22 September 2019)

5.2.2 This represents over night deposit with Da Afghanistan Bank carrying interest rate of 0.01% (21 Dec 2018: 0.01%) p.a.

		31 Sunbola 1398 (22 Sep 2019)	30 Qaws 1397 (21 Dec 2018)
	Note	AFN	
6. INVESTMENTS			
Investment in associate	6.1	19,552,500	18,740,000
Investment in equity instruments	6.2	104,212,511	104,212,511
Investment held to maturity	6.3	3,541,050,000	-
		3,664,815,011	122,952,511

6.1 Investment in associate

Investment in associated company:

Balance at beginning of period/ year

18,740,000 17,372,500

Exchange gain recognized in income
statement during the period/ year

812,500 1,367,500

6.1.1 **19,552,500 18,740,000**

6.1.1 The Bank has made an investment of USD 250,000 in Afghanistan Payment Systems (the Company) during the year ended 1389. The Bank currently holds 16.66% (2018: 16.66%) shares in the Company. As per the Articles of Association of the investee company, its shares cannot be sold or transferred or offered to the public.

	31 Sunbola 1398 (22 Sep 2019)	30 Qaws 1397 (21 Dec 2018)
	AFN	
6.2 Investment in equity instruments		
Bank-e-Mille Afghan	9,800,000	9,800,000
Afghan National Insurance Company	7,660,000	7,660,000
Shirkat-e-Ariyana	281,250	281,250
Hotel Intercontinental	64,435	64,435
Afghan Card Corporation	2,822,884	2,822,884
Pakht-e-Herat	65,542	65,542
Shirkat Nasaji Afghan	83,518,400	83,518,400
	104,212,511	104,212,511

PASHTANY BANK

Notes to the Condensed Interim Financial Statements [unaudited]

As of 31 Sunbola 1398 (22 September 2019)

		31 Sunbola 1398	30 Qaws 1397
		(22 Sep 2019)	(21 Dec 2018)
	<i>Note</i>	AFN	
6.3 Investment held to maturity			
Aktif Bank, Turkey		393,450,000	-
Citi Bank, USA		2,360,700,000	-
First Abu Dhabi Bank		786,900,000	-
		3,541,050,000	-
7 PROPERTY AND EQUIPMENT			
Operating fixed assets	7.1	747,925,663	756,182,136
Capital work-in-progress		68,631,752	68,631,752
		816,557,415	824,813,888
7.1 Gross carrying amount of operating fixed assets			
At beginning of the period/ year		1,056,681,775	1,035,462,327
Addition during the period/ year		12,503,676	21,827,223
Disposal during the period/ year		(6,548,880)	(607,775)
Closing balance		1,062,636,571	1,056,681,775
Accumulated depreciation			
At beginning of the period/ year		300,499,640	277,472,393
Charge for the period/ year		20,745,648	23,456,657
Adjustment/Accumulated depreciation on disposal		(6,534,380)	(429,411)
Closing balance		314,710,908	300,499,639
Closing book value		747,925,663	756,182,136

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PASHTANY BANK

Selected Notes to and forming part of the Condensed Interim Financial Statements [unaudited]

As of 31 Sunbola 1398 (22 September 2019)

	31 Sunbola 1398 (22 Sep 2019)	30 Qaws 1397 (21 Dec 2018)
Note	AFN	
8. Intangible asset		
Cost		
Opening balance	-	-
Additions during the period/year	58,178,178	-
Closing balance	58,178,178	-
Less: Accumulated amortization		
Opening balance	-	-
Charge for the period/year	-	-
Closing balance	-	-
Written down value	58,178,178	-

- 8.1 Intangible assets include licenses for the IT infrastructure development financed by the world bank project on Modernization Afghan State-Owned Banks. The amortization rate of intangible assets determined is 10% p.a.

	123,765,011	30 Qaws 1397 (21 Dec 2018)
Note	AFN	
9. OTHER ASSETS		
Required reserve account	9.1 1,719,566,902	1,377,754,769
Advance tax	440,327,287	353,072,899
Receivable from Western Union	61,256,041	59,968
Advances to suppliers	56,207,682	60,862,858
Interest accrued on capital notes	53,286,345	25,613,215
Security deposit	40,601,000	601,000
Advances to employees	16,192,600	14,868,690
Others	4,448,204	3,224,995
	2,391,886,060	1,836,058,394
Provision against advances and receivables	(4,163,874)	(3,655,127)
Provision against misappropriation	(31,674,273)	(31,674,273)
Net carrying amount	2,356,047,913	1,800,728,994

- 9.1 This represents statutory reserve maintained with DAB as minimum reserve in accordance with Banking Regulations issued by Da Afghanistan Bank and carry no interest (2018: nil).

PASHTANY BANK

Selected Notes to and forming part of the Condensed Interim Financial Statements [unaudited]

As of 31 Sunbola 1398 (22 September 2019)

	31 Sunbola 1398 (22 Sep 2019)	30 Qaws 1397 (21 Dec 2018)
Note	AFN	
9.1.1 Currency profile of required reserve with DAB		
Local currency	845,682,505	574,866,194
Foreign currencies	873,884,397	802,888,575
	1,719,566,902	1,377,754,769

10. DEPOSITS FROM BANKS**Current deposit**

Agricultural Bank Kabul	10.1	234,321	234,321
Construction Bank	10.1	1,618,839	1,603,240
Bank-e-Millie Afghan		40,353,333	345,756
Maiwand Bank		867,928	835,805
Afghan United Bank		3,943,679	3,800,411
Azizi Bank		108,830	104,308
New Kabul Bank		35,429	33,957
Ghazanfar Bank		42,070	40,322
		47,204,429	6,998,119

Time Deposit

New Kabul Bank	10.2	944,573,767	749,600,000
		991,778,196	756,598,119

10.1 These deposits are from the banks which became defunct in 2008. DAB has yet to determine the status of these deposits.

10.2 This represents deposit of USD 10 million carrying interest rate of 1.45% p.a. with maturity on November 15, 2019. The deposit has been received under a memorandum of understanding signed with New Kabul Bank.

		31 Sunbola 1398 (22 Sep 2019)	30 Qaws 1397 (21 Dec 2018)
	Note	AFN	
11. DEPOSITS FROM CUSTOMERS			
Fixed deposit	11.1	32,638,602	32,638,602
Saving deposits	11.2	8,269,066,294	8,125,548,155
Current deposits		9,981,866,407	9,282,820,846
		18,283,571,303	17,441,007,603

11.1 This deposit has already matured and not rolled over for other terms and carries no interest.

11.2 These carry interest rate of 0.05% (2018: 0.05%) p.a. for deposits in local currency and 0.5% (2018: 0.5%) p.a. for deposits in USD.

PASHTANY BANK

Selected Notes to and forming part of the Condensed Interim Financial Statements [unaudited]

As of 31 Sunbola 1398 (22 September 2019)

	Note	31 Sunbola 1398 (22 Sep 2019)	30 Qaws 1397 (21 Dec 2018)
		AFN	
12. OTHER LIABILITIES			
Employees pension fund		128,894,671	130,042,326
Creditors		31,138,981	30,433,100
Accrued expenses		24,448,802	28,169,026
Other payables		32,996,662	9,641,171
Interest payable on deposits		15,250,484	968,425
Withholding tax payable		1,485,445	1,895,797
Inter-branch unreconciled balance		64,674,576	17,183,426
		298,889,621	218,333,271
13. CONTINGENCIES AND COMMITMENTS			
Bank guarantees issued	13.1	1,034,964,000	953,838,708
13.1	Bank guarantees issued by the Bank are backed up by 100% cash margin.		
		31 Sunbola 1398 (22 Sep 2019)	31 Sunbola 1397 (22 Sep 2018)
		AFN	
14. NET INTEREST INCOME			
Interest income			
Cash and cash equivalents		163,134,506	35,996,965
Interest expense			
Term deposits		11,530,819	163,836
Saving deposits		9,056,092	894,043
		(20,586,911)	(1,057,879)
Net interest income		142,547,595	34,939,086
15. OTHER INCOME			
Recovery of loans written-off			
Loan principal		314,227,233	266,047,756
Loan interest		6,533,819	37,175,456
Rental income		108,695,019	1,014,150
Other		50,755,881	341,086
		480,211,952	304,578,448

PASHTANY BANK

Notes To The Condensed Interim Financial Statements

As of 31 Sunbola 1398 (22 September 2019)

	31 Sunbola 1398	31 Sunbola 1397
	(22 Sep 2019)	(22 Sep 2018)
	AFN	
16. EMPLOYEE COMPENSATION		
Salaries, wages and benefits	116,309,785	99,522,990
Bonus	36,703,646	26,576,215
Staff welfare	230,000	-
	153,243,431	126,099,205

17. OTHER OPERATING EXPENSES

Repair and maintenance	5,677,684	3,691,335
Travel and conveyance	1,907,252	1,402,770
Advertisement and publicity	3,174,891	4,609,824
Rent expense	9,350,571	9,940,736
Building tax	192,771	71,660
Deposit insurance	39,808,337	38,617,974
Internet expense	9,449,451	7,502,697
Security expense	28,130,222	27,615,204
Printing and stationery	3,597,187	2,385,016
Communication	764,935	713,325
Electricity	7,366,063	7,334,344
Fuel expenses	1,907,978	2,006,377
Auditor's remuneration	1,163,322	673,820
Cleaning and water	391,711	273,796
Kindergarten expenses	254,904	203,578
Employees training expenses	1,799,795	1,372,430
Others	18,598,865	16,007,935
	133,535,939	124,422,822

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PASHTANY BANK

Selected Notes to and forming part of the Condensed Interim Financial Statements [unaudited]
As of 31 Sunbola 1398 (22 September 2019)

18. RELATED PARTY TRANSACTIONS

Parent and ultimate controlling party

The related parties of the Bank comprises entities with equity holding, common directors, major shareholders, directors and key management personnel and close family members of such individuals. Following are the related parties of Bank:

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 HR and Administration 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:

Transactions		Balances	
Un-audited	Un-audited	Un-audited	Audited
22-Sep-19	22-Sep-18	22-Sep-19	31-Dec-18
AFN			

Transactions with key management

Salary and short terms	13,035,700	9,540,000	-	-
other benefits				
Deposits from banks				
Bank-e-Mille Afghan	40,007,577	20,699	40,353,333	345,756

In addition to salaries and remuneration, the Bank provides non-cash benefits to executives which include furnished accommodation, meals and travel cost.

19. Capital management

The Bank's objective when managing capital, which is broader concept than the equity on the face of balance sheets are:

- (i) To comply with the capital requirement set by the DAB
- (ii) To safeguard the Bank's ability to continue as going concern so that it can continue to be self sustainable ; and
- (iii) To maintain strong capital base to support the development of its business.

The Bank regulatory capital position as at 22 September 2019 is as follows:

PASHTANY BANK

Selected Notes to and forming part of the Condensed Interim Financial Statements [unaudited]

As of 31 Sunbola 1398 (22 September 2019)

	31 Sunbola 1398(22 Sep 2019)	30 Qaws 1397 (21 Dec 2018)
	AFN	
Regulatory capital:		
Core (Tier 1) Capital:		
Total shareholder's equity	2,501,433,647	2,130,294,654
Less:		
Profit for the period/ year	(371,138,993)	(221,207,264)
Deferred tax assets - Net	(150,267,378)	(162,056,156)
Intangible assets	(58,178,178)	
Surplus on revaluation	(444,913,400)	(444,913,400)
	1,476,935,697	1,302,117,834
Supplementary (Tier 2) Capital:		
Profit for the year	371,138,993	221,207,264
Surplus on revaluation	444,913,400	444,913,400
Allowable deduction-equity investment	(123,765,011)	(122,952,512)
	692,287,382	543,168,152
Total regulatory capital	2,169,223,079	1,845,285,985

19 Risk-weight categories**0% risk weight:**

Cash in Afghani and fully-convertible foreign currencies	516,709,266	394,134,335
Direct claims on DAB	9,651,359,632	12,212,854,306
Total	10,168,068,898	12,606,988,641
0% risk-weight total (above total x 0%)	-	-

20% risk weight:

Balances with other banks	9,218,350,053	5,444,265,224
20% risk-weight total (above total x 20%)	1,843,670,011	1,088,853,045

100% risk weight:

All other assets	2,747,431,993	2,498,634,909
Allowable deduction-equity investment	(123,765,011)	(122,952,512)
Net deferred tax asset	(150,267,378)	(162,056,156)
Intangible assets	(58,178,178)	-
100% risk-weight total (above total x 100%)	2,415,221,426	2,213,626,241

0% risk weight:

Guarantees	1,034,964,000	958,708,847
0% credit conversion factor total (risk-weighted total x 0%)	1,034,964,000	958,708,847

Total risk-weighted assets

4,258,891,436	3,302,479,285
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PASHTANY BANK

Selected Notes to and forming part of the Condensed Interim Financial Statements [unaudited]
As of 31 Sunbola 1398 (22 September 2019)

Tier 1 Capital Ratio

(Tier 1 capital as % of total risk-weighted assets)	34.68%	39.4%
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Regulatory Capital Ratio

(Regulatory capital as % of total risk-weighted assets)	50.93%	55.9%
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For: 

 CHIEF EXECUTIVE OFFICER
For: 

 CHIEF FINANCIAL OFFICER