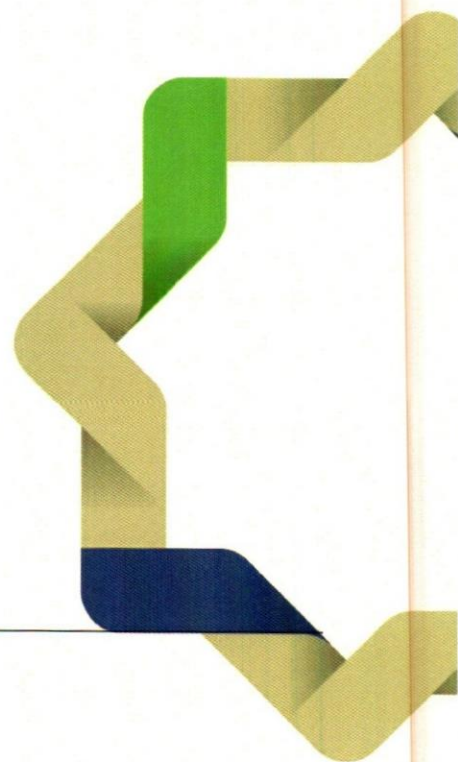


Interim review of condensed interim financial statements of Pashtany Bank

For the half year ended 20 June 2020

Contents

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2. Auditors' Review Report
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The Board of Supervisors

Pashtany Bank
Kabul, Afghanistan

August 4, 2020

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Gentlemen,

CONDENSED INTERIM FINANCIAL STATEMENTS - FOR SIX MONTHS ENDED June 20, 2020

We are pleased to enclose four copies of the draft condensed interim financial statements of Pashtany Bank ("the Bank"), for the three months ended June 20, 2020, prepared by the management, together with our review report thereon. The condensed interim financial statements have been initialed by us for the purpose of identification only. We shall be pleased to sign our report in its present or amended form after:

- these condensed interim financial statements have been approved by the Board, with or without modification, and signed by the Chief Financial Officer, the Chief Executive Officer, and Chairman, authorized in this behalf by the Board, of the Bank;
- we have received minutes of the meeting of the Board to evidence approval of the condensed interim financial statements; and
- we have received the management representation letter duly signed by the Chief Executive Officer and Chief Financial Officer of the Bank.

2 RESPONSIBILITIES OF THE AUDITORS AND THE MANAGEMENT IN RELATION TO THE FINANCIAL STATEMENTS

We have conducted the review of the interim financial statements of the Bank in accordance with the International Standard on Review Engagements (ISRE) 2410. 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 the 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. Our responsibility is to express a conclusion on the accompanying condensed interim financial information based on our review.

The responsibility for preparation and presentation of the condensed interim financial statements in accordance with the accounting standards as applicable to interim financial information is primarily that of the Bank's management. This includes maintenance of adequate accounting records and internal controls, the selection and application of accounting policies,



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safeguarding of the assets of the Bank and prevention and detection of fraud and irregularities. The review of interim financial statements does not relieve the management of its responsibilities.

3 MATTERS FOR THE ATTENTION OF BOARD

Fraud and errors

We have been informed by management that to the best of their knowledge, there have been no instance of fraud or irregularity during the period.

Contingencies and commitments

We have been informed by management that there are no contingencies and commitments other than those disclosed in note 14 to the condensed interim financial statements.

Related party transactions

We have been informed by management that related party transactions have been properly disclosed in note 19 to the condensed interim financial statements and there are no other related party transactions which have not been recorded in the financial statements.

We also take this opportunity to place on record our appreciation for the co-operation extended to us by the management of the Bank during the course of our review.

Yours truly,

Grant Thornton Afghanistan
Chartered Accountants



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Independent auditors' review report on condensed interim financial statements to the shareholders of Pashtany Bank

Grant Thornton Afghanistan

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Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Pashtany Bank** ("the Bank") as at June 20, 2020 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 requirements of the Law of Banking in 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 for Qualified Conclusion

- 1) The Bank has property and equipment with written down value of AFN 826.53 million which includes land and buildings having value of AFN 352.591 million and AFN 360.807 million respectively. Further, the Bank holds investment properties carried at a value of AFN 962.183 million. As per the accounting policy of Bank, land and buildings are carried at revalued amounts and investment properties at fair value, however, we noted that revaluation of these assets has not been carried out since

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2009. During the current period, Da Afghanistan Bank has provided its principal approval to the Bank to engage independent third party(ies) to revalue its property and equipment and investment properties. We understand that the fair values of land and buildings and investment properties can significantly change over a period time. 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.

- 2) As IFRS 16 "Leases" became effective for the annual periods beginning on or after January 1, 2019, however, the same has not been adopted by the Bank. Adoption of the standard would have resulted in on-balance sheet recognition of majority of operating leases relating to branches of the Bank for which lease rentals were charged to profit or loss previously. Right-of-use asset (*an amount equivalent to future rentals of the property over lease term discounted to present value*) with related lease liability were to be recognized on the date of adoption and instead of property lease rentals, now expenditure would have comprised of depreciation on right-of-use asset and finance cost on lease liability. In the absence of detailed working by management, impact of this non-compliance on interim financial statements cannot be quantified.
- 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 to 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 June 20, 2020 (31 Jawza 1399), and of its financial performance and its cash flows for the six 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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Emphasis of Matter

We draw attention to note 7.2.2 to the financial statements which states that investments in associates are accounted for at cost as a result of non-availability of latest audited financial statements. The value of these investments amount to AFN 104.148 million. Our opinion is not modified in respect of this matter.

Grant Thornton Afghanistan

Grant Thornton Afghanistan

Chartered Accountants

Location: Kabul, Afghanistan

Date: 05 Aug - 2020




PASHTANY BANK

Condensed Interim Statement of Financial Position [unaudited]

As of 31 Jawza 1399 (20 June 2020)

		Un-audited	Audited
		31 Jawza 1399	30 Qaws 1398
		(20 June 2020)	(21 Dec 2019)
	Notes	AFN	AFN
Assets			
Cash and cash equivalents	5	9,049,718,846	7,092,551,511
Loan and Advances	6	3,721,634	-
Placements and investments	7	9,828,551,443	11,344,064,460
Property and equipment	8	826,534,038	835,281,873
Intangible assets	9	53,847,135	56,739,884
Investment properties		962,183,000	962,183,000
Deferred tax asset - net		145,251,231	145,251,231
Other assets	10	2,398,692,122	2,231,759,281
Total assets		23,268,499,449	22,667,831,240
Equity and Liabilities			
Equity			
Share capital		3,820,257,000	3,820,257,000
Accumulated losses		(1,529,851,238)	(1,569,675,490)
Surplus on revaluation - net		442,363,000	442,363,000
Total equity		2,732,768,762	2,692,944,510
Liabilities			
Deposits from banks and financial institutions	11	819,540,040	1,013,618,861
Deposits from customers	12	19,318,591,967	18,695,527,131
Deferred grant		73,047,049	79,382,268
Other liabilities	13	324,551,632	186,358,470
Total liabilities		20,535,730,687	19,974,886,730
Total equity and liabilities		23,268,499,449	22,667,831,240
Contingencies and Commitments			
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The annexed notes from 1 to 21 form an integral part of the financial statements.



Chief Executive Officer



Chief Finance Officer

PASHTANY BANK

Condensed Interim Statement of Comprehensive Income [unaudited]
For the six months ended 31 Jawza 1399 (20 June 2020)

	Notes	Six months ended		Three months ended	
		20-Jun-20	20 June 2019	20-Jun-20	20 June 2019
		AFN			
Interest income		129,059,475	97,228,822	63,635,092	59,880,078
Interest expense		(9,854,911)	(14,885,149)	(4,937,708)	(7,735,357)
Net interest income	15	119,204,564	82,343,672	58,697,384	52,144,721
Fee and commission income		39,270,129	34,385,004	13,873,003	20,361,081
Fee and commission expense		(675,346)	(644,743)	(140,498)	(553,230)
Net fee and commission income		38,594,783	33,740,260	13,732,505	19,807,851
		157,799,346	116,083,933	72,429,888	71,952,571
Other income	16	65,917,929	398,336,764	44,055,587	341,332,092
Impairment reversal/(loss) on investments and other assets		4,709,789	(627,383)	1,746,654	(504,287)
Amortization of deferred grant		6,335,220		1,625,431	
Employee costs	17	(93,181,925)	(105,371,385)	(54,833,362)	(68,312,501)
Depreciation		(17,356,081)	(13,834,798)	(8,940,293)	(6,727,386)
Amortization		(2,892,749)		(1,470,615)	
Other operating expenses	18	(70,083,319)	(89,337,608)	(38,305,969)	(48,208,215)
Exchange gain		(10,208,915)	45,444,893	21,477,603	41,568,651
Income Before Tax		41,039,296	350,694,415	37,784,923	331,100,926
Income tax		(1,215,044)	(10,873,331)	(564,169)	(1,000,214)
Profit for the year		39,824,252	339,821,084	37,220,754	330,100,712
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		39,824,252	339,821,084	37,220,754	330,100,712

The annexed notes from 1 to 21 form an integral part of the financial statements.

Chief Executive Officer

Chief Financial Officer

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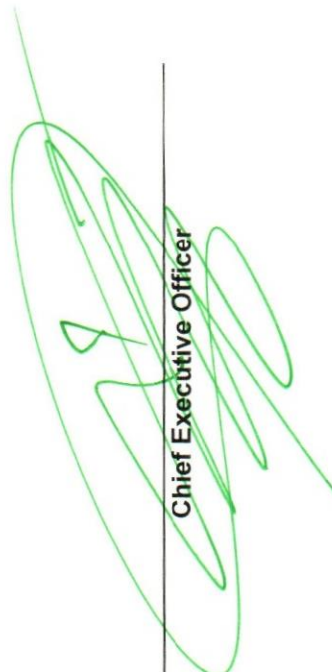
PASHTANY BANK


Condensed Interim Statement of Changes in Equity [unaudited]
For the six months ended 31 Jawza 1399 (20 June 2020)

	Share capital	Retained earnings	Surplus on revaluation of property and equipment	Total
			AFN	
Balance as at December 20, 2018	3,820,257,000	(2,134,875,746)	444,913,400	2,130,294,654
Comprehensive income for the period ended	-	339,821,084	-	339,821,084
Other comprehensive income	-	-	-	-
Balance as at June 21, 2019	3,820,257,000	(1,795,054,662)	444,913,400	2,470,115,738
Balance as at 21 December 2019	3,820,257,000	(1,569,675,490)	442,363,000	2,692,944,509
Comprehensive income for the period	-	39,824,252	-	39,824,252
Balance as at June 20, 2020	3,820,257,000	(1,529,851,238)	442,363,000	2,732,768,762

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The annexed notes from 1 to 21 form an integral part of the financial statements.


Chief Executive Officer



Chief Financial Officer

PASHTANY BANK

Condensed Interim Statement of Cash Flows [unaudited]
For the six months ended 31 Jawza 1399 (20 June 2020)

	Un-audited 31 Jawza 1399 (20 June 2020)	Un-audited 30 Jawza 1398 (20 June 2019)
	..... (AFN)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	41,039,296	350,694,415
Adjustments for:		
Depreciation	16,184,117	13,834,798
Amortization	2,892,749	-
Amortization of deferred grants	(6,335,220)	-
Rental income credit	-	(76,221,070)
	53,780,942	288,308,144
(Increase) decrease in operating assets and liabilities:		
Deposits from banks and financial institutions	(194,078,821)	1,651,984,322
Deposits from customers and banks	623,064,836	-
Loan and Advances	(3,721,634)	-
Placements and investments	1,515,513,017	-
Other assets	(157,625,254)	(323,232,054)
Other liabilities	138,193,162	77,975,433
Net cash from operating activities before interest and tax	1,975,126,248	1,695,035,846
Tax paid	(10,522,631)	(11,033,319)
Net cash from operating activities	1,964,603,617	1,684,002,527
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(19,524,818)	(4,563,407)
Placements with maturities more than 3 months	-	(1,454,999)
Disposal of Property and equipments	1,173,593	-
Capital work in progress	10,914,942	-
Net cash used in investing activities	(7,436,283)	(6,018,407)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of share capital	-	-
Net cash used in financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	1,957,167,335	1,677,984,121
Cash and cash equivalents at beginning of the period	7,092,551,511	16,673,499,096
Cash and cash equivalents at the end of the period	9,049,718,846	18,351,483,217

The annexed notes from 1 to 21 form an integral part of the financial statements.



Chief Executive Officer



Chief Financial Officer

PASHTANY BANK

Notes to the Condensed Interim Financial Statements
For the six months ended 31 Jawza 1399 (20 June 2020)

1. STATUS AND NATURE OF OPERATIONS

Pashtany Bank ("the Bank") was registered with Afghanistan Investment Support Agency (AISA) on 26 June 2004 and on 26 June 2004 received formal commercial bank license from Da Afghanistan Bank (DAB), the Central Bank in Afghanistan, to operate nationwide. The Bank is a 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 (2019: twenty one 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) and 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

These financial statements have been prepared on the historical cost basis except as otherwise disclosed in accounting policies.

These financial statements have been authorized to be issue at 05-Aug-2020 with approval of Board of Supervisors.

3.2 Functional and presentation currency

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

3.3 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 1 January 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these interim financial statements and financial risk management policies are the same as those applied in preparation of annual audited financial statements for the year ended 21 December 2019.

SM

PASHTANY BANK

Notes to the Condensed Interim Financial Statements
For the six months ended 31 Jawza 1399 (20 June 2020)

		31 Jawza 1399 (20 June 2020)	30 Qaws 1398 (21 Dec 2019)
	Note	..... (AFN)	.....
5. CASH AND CASH EQUIVALENTS			
Cash in hand	5.1	955,137,799	759,688,887
Balances with Da Afghanistan Bank	5.2	4,471,813,543	6,054,483,854
Balances with other banks	5.3	144,267,504	278,378,770
Placement - short term	5.4	3,478,500,000	-
		9,049,718,846	7,092,551,511
5.1 Cash in hand			
Local currency		442,722,916	376,052,735
Foreign currency		512,414,882	383,636,152
		955,137,799	759,688,887
5.2 Balances with Da Afghanistan Bank			
Current accounts:			
Local currency		356,251,916	397,039,695
Foreign currency		2,083,783,562	134,644,479
		2,440,035,478	531,684,174
Capital notes	5.2.1	1,998,857,940	4,490,351,526
Overnight deposit	5.2.2	32,920,126	1,032,448,154
		4,471,813,543	6,054,483,854
5.2.1	These represent 7 to 91 days (up to 91 days) capital notes and carry interest of 0.63% to 0.93% (2019: 0.63% to 1.35%) per annum.		
5.2.2	This represent overnight deposit with Da Afghanistan Bank in local currency and carry interest rate of 0.01% (2019: 0.01%) per annum.		
		31 Jawza 1399 (20 June 2020)	30 Qaws 1398 (21 Dec 2019)
	Note	..... (AFN)	.....
5.3 Balances with other banks			
In Afghanistan			
Azizi Bank		1,693,784	1,718,106
Bank Millie Afghan		5,795,105	1,109,523
New Kabul Bank		3,177,326	3,222,951
		10,666,215	6,050,580
Outside Afghanistan			
Aktif Bank, Turkey		10,704,935	3,393,556
BMCE, Spain		95,052,644	239,087,267
United Bank Limited, Pakistan		27,843,711	29,847,367
		133,601,289	272,328,190
		144,267,504	278,378,770
5.4 Placement - short term			
Aktif Bank, Turkey		386,500,000	-
Citi Bank, UAE		3,092,000,000	-
	5.4.1	3,478,500,000	-

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PASHTANY BANK

Notes to the Condensed Interim Financial Statements
For the six months ended 31 Jawza 1399 (20 June 2020)

- 5.4.1 These placements are having maturity up to 95 days and carry interest rate of ranging from 0.08% to 1.45% p.a.

		31 Jawza 1399 (20 June 2020)	30 Qaws 1398 (21 Dec 2019)
	Note	..... (AFN)	.....
6. LOAN AND ADVANCES			
Consumer Loan			
Gross Loan	6.1	3,721,634	-
Impairment		-	-
Carrying Value		3,721,634	-

- 6.1 This loan facility is designed for permanent government employee with service period of more than 5 years and less than 33 years. Limit of the loan facilities is 45% of net annual salary of the employee. Interest rate on these micro loans is 10% p.a.

		31 Jawza 1399 (20 June 2020)	30 Qaws 1398 (21 Dec 2019)
	Note	..... (AFN)	.....
7. PLACEMENTS AND INVESTMENTS			
Capital notes issued by Da Afghanistan Bank		6,344,950,582	1,978,827,049
Placements	7.1	3,245,270,000	9,124,700,000
Investment in associated entities	7.2	238,330,861	240,537,411.00
		9,828,551,443	11,344,064,460

7.1 **Placements**

Inside Afghanistan

Afghanistan International Bank

- 500,000,000

Outside Afghanistan

Aktif Bank, Turkey

386,500,000 784,100,000

BMCE, Spain

153,270,000 391,650,000

Citi Bank, UAE

386,500,000 3,136,400,000

Citi Bank, USA

- 2,744,350,000

First Abu Dhabi Bank

1,546,000,000 1,568,200,000

Norul Bank

773,000,000 -

3,245,270,000 8,624,700,000

7.1.2 **3,245,270,000 9,124,700,000**

- 7.1.2 These placements are having maturity up to 372 days and carry interest rate ranging from 0.35% to 4% p.a.

PASHTANY BANK

Notes to the Condensed Interim Financial Statements
For the six months ended 31 Jawza 1399 (20 June 2020)

		31 Jawza 1399 (20 June 2020)	30 Qaws 1398 (21 Dec 2019)
7.2 Investment in associated entities	Note	..... (AFN)	.....
<i>At cost:</i>			
Afghanistan payment systems (APS)		17,395,953	19,602,500
Shirkat-e-Ariyana		281,241	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
	7.2.2	104,148,455	106,355,012
<i>At equity method:</i>			
Bank-e-Millie Afghan		60,672,590	60,672,584
Afghan National Insurance Company		73,509,816	73,509,815
		134,182,406	134,182,399
		238,330,861	240,537,411

7.2.2 These investments are recorded at cost due to non-availability of latest audited financial

		31 Jawza 1399 (20 June 2020)	30 Qaws 1398 (21 Dec 2019)
8. PROPERTY AND EQUIPMENT	Note	..... (AFN)	.....
Operating fixed assets	8.1	757,902,286	755,735,179
Capital work-in-progress	8.2	68,631,752	79,546,694
		826,534,038	835,281,873

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PASHTANY BANK

Notes to the Condensed Interim Financial Statements

For the six months ended 31 Jawza 1399 (20 June 2020)

8.1 PROPERTY AND EQUIPMENT

	Note	31 Jawza 1399 (20 June 2020)	30 Qaws 1398 (21 Dec 2019)
		..... (AFN)	
Gross Carrying Amount			
At beginning of the period/ year		1,060,200,926	1,056,681,775
Addition during the period/ year		19,524,818	26,837,857
Disposal during the period/ year		(1,173,593)	(23,318,706)
Closing balance		1,078,552,151	1,060,200,926
Accumulated Depreciation			
At beginning of the period/ year		304,465,747	300,499,639
Charge for the period/ year		17,356,081	27,677,511
Accumulated depreciation on disposal		(1,171,963)	(23,711,403)
Closing balance		320,649,864	304,465,747
Carrying Value		757,902,286	755,735,179

9 INTANGIBLE ASSETS

Cost			
Opening balance	9.1	58,178,178	-
Additions		-	58,178,178
Closing balance		58,178,178	58,178,178
Less: Accumulated amortization			
Opening balance		1,438,294	-
Charge for the year/ period		2,892,749	1,438,294
Closing balance		4,331,043	1,438,294
Written down value		53,847,135	56,739,884

- 9.1 Intangible assets include licenses acquired for Core Banking System (Oracle) as a part of the IT infrastructure development financed by the World Bank project to modernize Afghan State-Owned Banks. The amortization rate of intangible assets determined is 10% p.a.

	Note	31 Jawza 1399 (20 June 2020)	30 Qaws 1398 (21 Dec 2019)
		..... (AFN)	
10. OTHER ASSETS			
Required reserve account	10.1	1,617,779,324	1,656,688,233
Advance tax		466,198,861	456,891,274
Advances to employees		11,568,175	11,372,194
Advances to suppliers		14,065,299	13,790,269
Interest accrued on capital notes and time deposits		56,699,485	48,352,370
Security deposit		45,369,680	45,436,280
Others		187,011,298	3,938,450
		2,398,692,122	2,236,469,070
Provision against advances and receivables	10.2	-	(4,709,789)
Net carrying amount		2,398,692,122	2,231,759,281

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PASHTANY BANK

Notes to the Condensed Interim Financial Statements

For the six months ended 31 Jawza 1399 (20 June 2020)

- 10.1 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 (2019: nil).

		31 Jawza 1399 (20 June 2020)	30 Qaws 1398 (21 Dec 2019)
Currency profile of required reserve	Note	..... (AFN)	
Local currency		774,038,488	787,815,073
Foreign currencies		843,740,836	868,873,160
		<u>1,617,779,324</u>	<u>1,656,688,233</u>

10.2 Provision against advances and receivables

Opening balance	(4,709,789)	(3,655,127)
(Charged) / Reversed for the year/ period	4,709,789	(1,054,662)
Closing balance	<u>-</u>	<u>(4,709,789)</u>

11. DEPOSITS FROM BANKS AND FINANCIAL INSTITUTIONS

Current deposit

Agricultural Bank Kabul	232,721	233,321
Construction Bank	2,968,951	25,321,506
Bank-e-Millie Afghan	40,339,777	40,348,767
Maiwand Bank	854,860	867,336
Afghan United Bank	1,966,991	3,949,927
Azizi Bank	105,090	107,540
New Kabul Bank	32,543	33,952
Ghazanfar Bank	39,107	40,609
	<u>46,540,040</u>	<u>70,902,958</u>

Time Deposit

New Kabul Bank	773,000,000	784,100,000
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Time Deposit of financial institutions

Afghan National Insurance Company	-	158,615,903
	<u>819,540,040</u>	<u>1,013,618,861</u>

12. DEPOSITS FROM CUSTOMERS

Fixed deposit		36,868,072	36,911,938
Saving deposits	12.1	8,117,705,702	8,342,570,612
Current deposits		11,164,018,193	10,316,044,581
		<u>19,318,591,967</u>	<u>18,695,527,131</u>

- 12.1 These carry interest rate of 0.05% (2019: 0.05%) p.a. for AFN currency and 0.2% (2019: 0.5%) p.a. for deposits in US\$. There is no interest on other foreign currency deposits.

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Notes to the Condensed Interim Financial Statements

For the six months ended 31 Jawza 1399 (20 June 2020)

		31 Jawza 1399 (20 June 2020)	30 Qaws 1398 (21 Dec 2019)
		..... (AFN)	
13. OTHER LIABILITIES	Note		
Employees pension fund		128,957,470	131,030,424
Creditors		3,714,967	3,071,771
Accrued expenses		18,226,098	16,377,892
Other payables		161,919,897	29,055,434
Withholding tax payable		6,962,206	2,622,798
Inter-branch unreconciled balance		4,770,994	4,200,151
		324,551,631.9	186,358,470.0
14. CONTINGENCIES AND COMMITMENTS			
Bank guarantees issued	14.1	1,156,967,724	1,093,102,000
14.1	All the bank guarantees issued are secured by 100% cash margin.		
		Un-Audited 31 Jawza 1399 (20 June 2020)	Un-Audited 30 Jawza 1398 (20 June 2019)
		..... (AFN)	
15. NET INTEREST INCOME			
Interest income			
Cash and cash equivalents		129,059,475	97,228,822
Interest expense			
Term deposits		5,425,543	8,113,438
Saving deposits		4,429,368	6,771,711
		9,854,911	14,885,149
Net interest income		119,204,564	82,343,672
16. OTHER INCOME			
Recovery of loans written-off			
Loan principal		46,951,757	251,676,398
Loan interest		258,739	3,732,624
Rental income		18,330,585	96,605,654
Other		376,846	46,322,088
		65,917,926	398,336,764
17. EMPLOYEE COSTS			
Salaries, wages and benefits		75,124,664.85	76,444,854
Bonus		17,907,260	28,766,531
Staff welfare		150,000	160,000
		93,181,925	105,371,385

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PASHTANY BANK

Notes to the Condensed Interim Financial Statements
For the six months ended 31 Jawza 1399 (20 June 2020)

18. OTHER OPERATING EXPENSES

	Un-Audited	Un-Audited
	31 Jawza 1399	30 Jawza 1398
	(20 June 2020)	(20 June 2019)
	..... (AFN)	
Repair and maintenance	1,842,097	3,555,560
Travel and conveyance	484,356	1,206,615
Advertisement and publicity	2,042,849	1,901,478
Rent expense	5,840,432	6,639,861
Building tax	160,433	6,500
Deposit insurance	27,462,739	26,234,591
Internet expense	4,198,335	7,771,594
Security expense	12,877,893	19,560,748
Printing and stationery	1,176,872	2,794,983
Communication	478,091	499,423
Electricity	3,740,825	4,724,493
Fuel expenses	1,151,935	1,312,212
Auditor's remuneration	1,032,284	928,885
Cleaning and water	298,996	277,302
Kindergarten expenses	90,027	172,358
Employees training expenses	466,280	1,102,783
Others	6,738,876	10,648,223
	70,083,319	89,337,608

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PASHTANY BANK

Notes to the Condensed Interim Financial Statements
For the six months ended 31 Jawza 1399 (20 June 2020)

19 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 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	Audited
20-Jun-20	20-Jun-19	20-Jun-20	21-Dec-19
..... AFN			

Transactions with key management

Salaries and other benefits	9,383,596	10,790,433	-	-
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In addition to salaries and remuneration, Bank also provides non-cash benefits to executives which include furnished accommodation, meal and travel cost.

20 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 20 June 2020 is as follows:

	31 Jawza 1399 (20 June 2020)	30 Qaws 1398 (21 Dec 2019)
	..... (AFN)	
Core (Tier 1) Capital:		
Total shareholder's equity	2,732,768,762	2,692,944,510
Less:		
Profit for the year	(39,824,252)	(428,258,177)
Deferred tax assets - Net	(145,251,231)	(145,251,231)
Intangible assets	(53,847,135)	(56,739,884)
Surplus on revaluation of fixed assets	(442,363,000)	(442,363,000)
	2,051,483,144	1,620,332,218

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Notes to the Condensed Interim Financial Statements

For the six months ended 31 Jawza 1399 (20 June 2020)

	31 Jawza 1399 (20 June 2020)	30 Qaws 1398 (21 Dec 2019)
	..... (AFN)	
Supplementary (Tier 2) Capital:		
Profit for the year	39,824,252	428,258,177
Surplus on revaluation of fixed assets	442,363,000	442,363,000
Allowable deduction - equity investment	(238,330,861)	(240,537,411)
	243,856,391	630,083,766
Total regulatory capital	2,295,339,535	2,250,415,984
Risk-weight categories		
0% risk weight:		
Cash in Afghani and fully-convertible foreign currencies	955,137,799	759,688,887
Direct claims on DAB	12,434,543,449	9,689,999,136
Total	13,389,681,248	10,449,688,023
0% risk-weight total (above total x 0%)	-	-
20% risk weight:		
Balances with other banks	6,868,037,504	9,403,078,770
20% risk-weight total (above total x 20%)	1,373,607,501	1,880,615,754
100% risk weight:		
All other assets	3,010,780,698	2,815,064,447
Allowable deduction-equity investment	(238,330,861)	(240,537,411)
Intangible assets	(53,847,135)	(56,739,884)
Net deferred tax asset	(145,251,231)	(145,251,231)
100% risk-weight total (above total x 100%)	2,573,351,470	2,372,535,921
0% risk weight:		
Guarantees	1,156,967,724	1,093,102,000
0% credit conversion factor total (risk-weighted total x 0%)	-	-
Total risk-weighted assets	3,946,958,971	4,253,151,675
Tier 1 Capital Ratio		
(Tier 1 capital as % of total risk-weighted assets)	51.98%	38.10%
Regulatory Capital Ratio		
(Regulatory capital as % of total risk-weighted assets)	58.15%	52.91%

21 CORRESPONDING FIGURES

No significant reclassification/ rearrangement has been made in these financial statements.
The figures in these financial statements have been rounded off to the AFN.



Chief Executive Officer



Chief Financial Officer

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