



**Grant Thornton**

An instinct for growth™

# Pashtany Bank

Financial statements and audit report for the year 2020

**Grant Thornton Afghanistan**

Chartered Accountants and management consultants



---

## Contents

---

1. Board letter
2. Independent Auditors' Report
3. Financial statements
4. Management letter



**Grant Thornton**

An instinct for growth™

## Independent auditors' report

Grant Thornton Afghanistan  
House # 116, Street # 12  
Quall e Fatehullah, Kabul,  
Afghanistan  
T: +93 202 202 475  
M: +93 789 314 616,  
[www.grantthornton.af](http://www.grantthornton.af)

### To the Shareholders of Pashtany Bank

#### Qualified Opinion

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material aspects, of the financial position of Pashtany Bank (the Bank) as at December 20, 2020, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), the Law of Banking in Afghanistan and other laws and regulations issued by Da Afghanistan Bank

We have audited the financial statements of the Bank, which comprise the statement of financial position as at December 20, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

#### Basis for Qualified Opinion

1. As included in note 9 of the financial statements, the Bank has property and equipment with written down value of AFN 749.16 million that includes land with a carrying value of AFN 352.59 million and buildings having a written down value of AFN 356.29 million. Bank also owns investment properties with a carrying value of AFN 962.18 million, as shown in note 11 of the financial statements. The bank has a policy to carry land and buildings at revalued amounts and investment properties at fair value; however, we noted that revaluation of these assets has not been carried out since 2009. Though, the revaluation has been completed for all assets but the same has not been approved by DAB and therefore has not been incorporated in these financial statements. We understand that the fair values of land and buildings and investment properties can significantly change over a period time; and in absence of the related information, we are unable to ascertain the quantum of surplus on revaluation required to be incorporated in these financial statements. Further, Article 67 (1) of the Law of Banking Law of Afghanistan prohibits banks from investment in properties.
2. As disclosed in note 8 of the financial statements, Bank holds investments in associates amounting to AFN 266.32 million. Bank has kept investments; in six entities, with a carrying amount of AFN 97.06 million, at cost; and in two entities, with a carrying amount of AFN 169.26 million, using equity method. We could not find substantial grounds on which these investments were classified as associates. In addition, for

578





investments carried at cost, no impairment test was performed in accordance with IAS 36, "Impairment of Assets". Due to these facts, we are unable to quantify the amount of adjustment or impairment required in these financial statements. Further, Article 83 (8) of Banking Law of Afghanistan prohibits banks from having qualifying holding in non-financial institution entities, however bank owns qualify holdings in three entities.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank within the meaning of International Ethics Standards Board of Accountants' *Code of Ethics of Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Afghanistan and have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs issued by the International Accounting Standards Board (IASB), the requirements of the Law of Banking in Afghanistan and other laws and regulations issued by Da Afghanistan Bank, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

57A



**Grant Thornton**

An instinct for growth™

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Grant Thornton Afgh*

**Grant Thornton Afghanistan**

**Chartered Accountants**

Engagement Partner: Saqib Rehman Qureshi - FCA

Location: Kabul, Afghanistan

Date: *30th March 2021.*





**PASHTANY BANK**

## Statement of Financial Position

As at 30 Qaws 1399 (20 December 2020)

		30 Qaws 1399 (20 Dec 2020)	Restated 30 Qaws 1398 (21 Dec 2019)
	Note	AFN	AFN
<b>Assets</b>			
Cash and cash equivalents	5	9,555,570,114	7,062,704,144
Loans and Advances	6	25,431,463	-
Investment and placements	7	10,074,581,554	11,103,527,049
Investment in associates	8	266,321,520	274,229,459
Property and equipment and Right of use asset	9	842,437,780	835,281,873
Intangible assets	10	50,938,226	56,739,884
Investment properties	11	962,183,000	962,183,000
Deferred tax assets - net	12	133,889,814	145,251,231
Other assets	13	2,439,553,374	2,231,759,282
<b>Total assets</b>		<b>24,350,906,845</b>	<b>22,671,675,922</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	14	3,820,257,000	3,820,257,000
Accumulated losses		(1,466,690,613)	(1,577,252,521)
Surplus on revaluation of property and equipment- net	15	439,812,600	442,363,000
<b>Total equity</b>		<b>2,793,378,987</b>	<b>2,685,367,479</b>
<b>Liabilities</b>			
Deposits from banks and other financial institutions	16	45,306,821	1,013,618,861
Deposits from customers	17	21,130,089,098	18,695,527,131
Deferred grant	18	71,069,445	79,382,268
Other liabilities	19	311,062,494	197,780,182
<b>Total liabilities</b>		<b>21,557,527,858</b>	<b>19,986,308,442</b>
<b>Total equity and liabilities</b>		<b>24,350,906,845</b>	<b>22,671,675,922</b>
<b>Contingencies and commitments</b>	20		

The annexed notes from 1 to 32 form an integral part of the financial statements.


  
Chairman


  
Chief Executive Officer


  
Chief Financial Officer

# PASHTANY BANK

## Statement of Comprehensive Income

For the year ended 30 Qaws 1399 (20 December 2020)

		30 Qaws 1399 (20 Dec 2020)	Restated 30 Qaws 1398 (21 Dec 2019)
	Note	AFN	AFN
Interest income calculated using effective interest method		248,559,926	222,599,183
Interest expense		(18,147,424)	(26,245,831)
<b>Net interest income</b>	21	<b>230,412,502</b>	<b>196,353,352</b>
Fee and commission income		84,339,875	87,475,177
Fee and commission expense		(1,971,721)	(1,526,941)
<b>Net fee and commission income</b>	22	<b>82,368,154</b>	<b>85,948,236</b>
<b>Total operating income</b>		<b>312,780,656</b>	<b>282,301,588</b>
Other income	23	164,874,023	524,852,203
Amortization of deferred grant	18	13,246,261	1,590,753
Impairment loss/(reversal) on investments and other assets		(2,650,419)	(30,902,030)
Employee compensation	24	(179,056,986)	(194,091,581)
Depreciation on property and equipment	9.1	(34,411,456)	(27,677,511)
Depreciation on right of use asset	9.3	(11,956,471)	-
Amortization on intangible assets	10	(5,801,658)	(1,438,294)
Finance cost on lease liabilities	19.3	(940,943)	-
Other operating expenses	25	(160,090,061)	(187,264,205)
Exchange gain		22,194,874	20,785,671
<b>Operating income</b>		<b>118,187,821</b>	<b>388,156,594</b>
Share in profit of associates	8.1	1,390,279	7,633,845
<b>Profit before income tax</b>		<b>119,578,100</b>	<b>395,790,440</b>
Income tax expense	26	(11,999,017)	(9,548,277)
<b>Profit for the year</b>		<b>107,579,083</b>	<b>386,242,163</b>
<b>Other comprehensive income</b>			
<i>To be reclassified to profit or loss in subsequent periods</i>		-	-
<i>Not to be reclassified to profit or loss in subsequent periods:</i>			
Share in OCI of associates - restated		-	3,094,557
Actuarial gain/ (loss) on defined benefit pension plan	19	432,425	393,347
		<b>432,425</b>	<b>3,487,904</b>
<b>Total comprehensive income for the year</b>		<b>108,011,508</b>	<b>389,730,067</b>

The annexed notes from 1 to 32 form an integral part of the financial statements.

Chairman

Chief Executive Officer

Chief Financial Officer



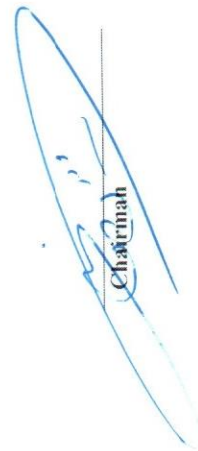
# **PASHTANY BANK**

## Statement of Changes in Equity

For the year ended 30 Qaws 1399 (20 December 2020)

	Share capital	Accumulated losses	Surplus on revaluation - net	Total
	AFN			
<b>Balance as at 21 December 2018</b>	3,820,257,000	(2,000,090,720)	444,913,400	2,265,079,680
Incremental depreciation - net of deferred tax	-	2,550,400	(2,550,400)	-
Profit for the year	-	428,258,177	-	428,258,177
Other comprehensive income/ (loss)	-	(393,347)	-	(393,347)
	-	427,864,830	-	427,864,830
<b>Balance as at 21 December 2019</b>	3,820,257,000	(1,569,675,490)	442,363,000	2,692,944,510
Correction of error - note 5.3.1		(29,847,367)		(29,847,367)
Correction of error - note 8.1.5.1		33,692,048		33,692,048
Correction of error - note 19.2		(11,421,712)		(11,421,712)
<b>Balance as at 21 December 2019 (restated)</b>	3,820,257,000	(1,577,252,521)	442,363,000	2,685,367,479
Incremental depreciation - net of deferred tax	-	2,550,400	(2,550,400)	-
Profit for the year	-	107,579,083	-	107,579,083
Other comprehensive income	-	432,425	-	432,425
	-	108,011,508	-	108,011,508
<b>Balance as at 20 December 2020</b>	3,820,257,000	(1,466,690,613)	439,812,600	2,793,378,987

The annexed notes from 1 to 32 form an integral part of the financial statements.

  
Chairman

  
Chief Executive Officer

  
Chief Financial Officer

**PASHTANY BANK**

## Statement of Cash Flows

For the year ended 30 Qaws 1399 (20 December 2020)

		30 Qaws 1399 (20 Dec 2020)	Restated 30 Qaws 1398 (21 Dec 2019)
	Note	AFN	AFN
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before income tax</b>		<b>119,578,100</b>	<b>395,790,440</b>
Adjustments for:			
Depreciation on property and equipment	9.1	34,411,456	27,677,511
Depreciation on right of use asset	9.3	11,956,471	-
Amortization on intangible assets	10	5,801,658	1,438,294
Accounting loss on disposal of property and equipment		1,630	146,549
Finance cost on lease liability		940,943	
Amortization of deferred grant	18	(13,246,261)	(1,590,753)
Pension liability expense	19.1	17,544,696	14,712,210
Impairment loss/(reversal)-on investments and other assets		2,650,419	30,902,030
Exchange (loss)/ gain on translation	8.1.1	-	(862,500)
Share in profit of associates	8.1	(1,390,279)	(7,633,845)
		<b>178,248,832</b>	<b>460,579,936</b>
Charge in operating assets and liabilities:			
Other assets		(207,794,092)	(283,300,645)
Loans and advances		(25,431,463)	-
Deposits from banks and other financial institutions		(968,312,040)	257,020,742
Deposits from customers		2,434,561,967	1,254,519,528
Other liabilities		80,147,054	(47,875,865)
<b>Net cash generated from operations</b>		<b>1,491,420,257</b>	<b>1,640,943,695</b>
Pension paid		(8,944,036)	(10,935,932)
Tax paid		(637,600)	(91,931,097)
<b>Net cash from/ (used in) operating activities</b>		<b>1,481,838,621</b>	<b>1,538,076,666</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(11,987,505)	(14,957,956)
Proceeds against disposal of property and equipment		-	(539,246)
Investments - net		1,035,593,294	(5,781,367,049)
<b>Net cash generated from/(used in) investing activities</b>		<b>2,505,444,410</b>	<b>(4,258,787,585)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Paid finance lease liability		(12,578,440)	
<b>Net cash (used in) financing activities</b>		<b>(12,578,440)</b>	<b>-</b>
Net decrease in cash and cash equivalents		2,492,865,970	(4,288,634,952)
Cash and cash equivalents at beginning of the year		7,062,704,144	11,351,339,096
<b>Cash and cash equivalents at the end of the year</b>	5	<b>9,555,570,114</b>	<b>7,062,704,144</b>

The annexed notes from 1 to 32 form an integral part of the financial statements.

Chairman

Chief Executive Officer

Chief Financial Officer



# PASHTANY BANK

Notes to the Financial Statements

For the year ended 30 Qaws 1398 (20 December 2020)

## 1 STATUS AND NATURE OF BUSINESS

Pashtany Bank ("the Bank") got registered with Afghanistan Investment Support Agency (AISA) on 26 June 2004 as a limited liability company and received formal commercial bank license from Da Afghanistan Bank (DAB) to operate nationwide at the same date. The principal business place of the Bank is at Muhammad Jan Khan Watt, Kabul, Afghanistan with 20 (2019: 20) branches nationwide.

The financial statements for the year ended 20 December 2020 have been approved and authorized for issue by the Board of Supervisors on 30 / March 2021.

## 2 STATEMENT OF COMPLIANCE

- 2.1 These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board, the Law of Banking in Afghanistan and other laws and regulations issued by Da Afghanistan Bank. Whenever the requirement of the Law of Banking in Afghanistan differs with the requirements of the IFRS, the requirement of the Law of Banking in Afghanistan and other laws and regulations issued by Da Afghanistan Bank take precedence.

These financial statements comprise statement of financial position, statement of comprehensive income as a single statement, statement of changes in equity, statement of cash flows and the accompanying notes.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.2.

### 2.2 Standards, amendments and interpretations to published accounting standards that became effective in the current year

Following accounting standard and amendments became applicable in the current year;

- IFRS 16, "Leases"
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
- Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures (amendments to IAS 28)
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

Annual Improvements to IFRS Standards 2015-2017 Cycle

- IFRS 3 Business combination - previously held interest in a joint operation
- IFRS 11 Joint Agreements- previously held interest in a joint operation
- IAS 12 Income Taxes- Income tax consequences on payments on financial instruments classified as equity
- IAS 23 Borrowing cost - Borrowing cost eligible for capitalization

The above standards and interpretations did not have a material impact on the financial statements.

sm

# PASHTANY BANK

Notes to the Financial Statements

For the year ended 30 Qaws 1398 (20 December 2020)

## 2.3 Standards, amendments and interpretations to published accounting standards that are not yet effective

The following are the standards, interpretations and amendments which have been issued but are not yet effective:

<i>Description</i>	<i>Effective date for annual accounting period beginning on or after</i>
• IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	1 January 2022
• IFRS 17 – Insurance Contracts	1 January 2020
• IAS 1/ IAS 8 - Definition of Material (Amendments)	1 January 2020
• Definition of business - Amendment to IFRS 3	1 January 2022
• The Conceptual Framework of Financial Reporting	1 January 2021
• IFRS 9 "Financial Instruments"	

\*Central Bank of Afghanistan has deferred the applicability of IFRS 9 for indefinite time duration from original applicable date of 1 January 2018.

Management does not intend to adopt any of the above standards, interpretations and amendments earlier than the applicable date. The above standards, amendments and interpretations are not expected to have any material impact on the Bank's financial statements in the period of initial application.

## 3 BASIS OF PREPARATION

### 3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except that property and equipment which are stated at revaluated amounts and pension liability which is stated at present value.

### 3.2 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in the following:

- a) Note 11 Provision against advances and receivables
- b) Note 24 Income taxes

5/27



# PASHTANY BANK

Notes to the Financial Statements

For the year ended 30 Qaws 1398 (20 December 2020)

## 3.3 Functional and presentation currency

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

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise state.

### 4.1 Adoption of IFRS 16 Leases

In these financial statements, the Bank has applied IFRS 9, effective for annual periods beginning on or after 1 January 2019, for the first time.

#### IFRS 16 Leases

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The adoption of this new Standard has resulted in recognition of a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach. There has been no impact on the opening equity upon adoption of IFRS 16. The comparative information for 2018 is reported under IAS 17 and is not comparable to the information presented for 2019. Right-of-use asset amounting to AFN 36,604,521 has been recognized along with lease liability of AFN 36,604,521 with remaining impact recognized in reversal of prepaid rent expense as of the date of adoption.

For contracts in place at the date of initial application, the Bank has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4. The Bank has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Bank has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for prepaid/ accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Bank has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Bank has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. The Bank did not had any finance lease. On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 4% per annum. The Bank has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

The effect of adoption of IFRS 16 as at December 21, 2019 (increase/ (decrease) is as follows:

574

## PASHTANY BANK

Notes to the Financial Statements

For the year ended 30 Qaws 1398 (20 December 2020)

	December 21, 2019 (AFN)
<b>Assets</b>	
Right-of-use (RoU) asset	36,604,521
<b>Total assets</b>	36,604,521
<b>Liability</b>	
<b>Lease liability</b>	36,604,521

The carrying amount of right-of-use assets, lease liabilities and movement during the year is as below:

	December 20, 2020	
	RoU asset	Lease liability
	AFN	
As at January 1, 2019	36,604,521	36,604,521
Additions/ renewals		
Depreciation	(11,956,471)	
Borrowing cost		940,943
Payments		(12,578,440)
As at December 31, 2019	<b>24,648,051</b>	<b>24,967,024</b>

Had this standard not been applied, assets and liabilities would have been lower by AFN 24,648,051, AFN 24,967,024 respectively. Rent expense would have been higher by AFN 12,578,440 and depreciation charge and mark-up expense would have been lower by AFN 11,956,471 and AFN 940,943 respectively.

Following accounting policy change has been adopted by the Bank pursuant to IFRS 16:

### Leased assets

#### *The Bank as a Lessee*

For any new contracts entered into on or after 1 January 2019, the Bank considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Bank assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Bank;
- The Bank has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- The Bank has the right to direct the use of the identified asset throughout the period of use. The Bank assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

#### *Measurement and recognition of leases as a lessee*

At lease commencement date, the Bank recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial

574



## PASHTANY BANK

Notes to the Financial Statements

For the year ended 30 Qaws 1398 (20 December 2020)

measurement of the lease liability, any initial direct costs incurred by the Bank, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Bank depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Bank also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Bank measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Bank's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Bank has elected to account for short-term leases and leases of low value assets, using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property and equipment within operating fixed assets and lease liabilities have been included in other liabilities and disclosed in notes to the financial statement.

### *Extension options for leases*

- 4.2 When the Bank has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

### 4.3 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise of cash and balances with central bank (unrestricted), balances with other banks and investments having maturity of less than 3 months.

### 4.4 Financial instruments

#### **Recognition, initial measurement and de-recognition**

Financial assets and financial liabilities are recognized when the Bank becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value with expensing out transaction cost. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are de-recognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are

524

## PASHTANY BANK

Notes to the Financial Statements

For the year ended 30 Qaws 1398 (20 December 2020)

transferred. A financial liability is de-recognized when it is extinguished, discharged, cancelled or expires.

### **Classification and subsequent measurement of financial assets and financial liabilities**

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

1. Designated at Fair Value Through Profit or Loss (FVTPL)
2. Held for trading
3. Loans and receivables
4. Held to maturity
5. Available for sale

All financial assets are subject to review for impairment at least at each reporting date except for held for trading and designated at FVTPL to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

#### **a) Classification, recognition and subsequent measurement of financial assets**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. The Bank's cash and cash equivalents, investments (other than held for trading) and other assets fall into this category of financial instruments.

The Bank determines allowance for impairment in accordance with regulation issued by DAB "Asset Classifications and Provisioning Regulation" issued December 2017.

At each reporting date, the Bank assesses whether there is objective evidence that financial assets which are not carried at fair value through profit or loss are impaired or not. Financial assets or a group of financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets, and that the loss event has an impact on the future cash flows on the assets that can be estimated reliably.

The Bank considers evidence of impairment for impairment for financial assets at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets (carried at amortized cost) with similar risk characteristics.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the assets' original effective interest rate (if any). Losses are recognized in profit or loss and reflected in an allowance account against financial assets. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through statement of comprehensive income.

574



## **PASHTANY BANK**

Notes to the Financial Statements

For the year ended 30 Qaws 1398 (20 December 2020)

### **b) Classification and subsequent measurement of financial liabilities**

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in profit or loss.

### **4.5 Investment in equity instruments**

Investment in equity instruments is carried at cost less impairment, if any.

### **4.6 Investment in associates**

Associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost. The carrying amount is subsequently increased / decreased to recognize the investor's share of the profit and loss / reserves of the investee subsequent to the date of acquisition. The investor's share of the profit and loss of the investee is recognised through the profit and loss account while the share of reserves is recognised through Other Comprehensive Income.

### **4.7 Property and equipment**

#### **Owned**

Property and equipment are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses thereon. Cost includes expenditure that is directly attributable to the acquisition of fixed assets.

Repairs and maintenance expenditures are charged to profit or loss during the period in which they are incurred.

Surplus arising on revaluation is credited to the 'revaluation reserve' account (net of deferred tax) whereas deficit (if any) is adjusted against the balance in the above-mentioned surplus account. The revaluation is carried out with sufficient regularity to ensure that the carrying amount does not differ materially from that which would have been determined using fair value at the balance sheet date.

Surplus on revaluation of fixed assets (net of deferred tax) is transferred to retained earnings to the extent of incremental depreciation, net of deferred tax, charged on related assets.

Land is not depreciated. Depreciation on all other fixed assets is calculated using the straight-line method to allocate their depreciable cost or revalued amount to their residual values over their estimated useful lives. The depreciation method, residual values and useful lives of fixed assets are reviewed and adjusted (if appropriate) at each balance sheet date.

Net gains and losses on disposal or derecognition of fixed assets are included in profit or loss currently.

#### **Depreciation**

Depreciation is recognized in profit or loss on straight-line basis from the month of use over the estimated useful lives of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

572

## PASHTANY BANK

Notes to the Financial Statements

For the year ended 30 Qaws 1398 (20 December 2020)

The estimated useful lives for the current and comparative periods are as follows:

-	Building	50 years
-	Furniture and fixture	10 years
-	Computer equipment	10 years
-	Vehicles	5 years
-	Electric equipment	6-7 years

### 4.8 Investment property

Investment properties are those properties which are held to earn rental income or for capital appreciation or for both. Investment properties are stated at fair values. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Any gain or loss arising from a change in fair value is recognized in profit or loss. Rental income from investment property is accounted for on straight line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

### 4.9 Intangible assets

Intangible assets are capitalized only to the extent that the future economic benefits can be derived by the Bank having useful life of more than one year. Intangible assets are stated at cost less accumulated amortization. Amortization is charged to income applying the straight-line method.

#### a) Core Banking System (CBS)

The Core Banking System is amortized over the useful life of 10 years.

#### b) Computer software

Acquired computer software is capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful life of 3 years.

574



# **PASHTANY BANK**

Notes to the Financial Statements

For the year ended 30 Qaws 1398 (20 December 2020)

The useful lives of intangibles are reviewed and adjusted, if appropriate, at each statement of financial position date.

## **4.10 Repossessed assets**

Collateral repossessed by the Bank upon loan default is included in the repossessed assets at the date when the title is transferred to the Bank through court process. Repossessed assets are recognized at an amount established by the court (final Mazhar value) together with costs for acquiring the title including legal fees and transfer costs etc. and equivalent amount is recorded as deferred income in the statement of financial position. The Bank is required to sell these assets within a period of four years failing which the Bank derecognizes these assets from its books and the related deferred income. Gain or loss on disposal of repossessed assets is recognized in profit or loss.

## **4.11 Impairment of non-financial assets**

The carrying amounts of the Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

## **4.12 Deposits from customers and banks**

These are recorded at the amount of proceeds received.

## **4.13 Taxation**

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

### **Current tax**

Current tax is the expected tax payable or receivable on the taxable income for the year (using tax rates enacted or substantively enacted at the balance sheet date), and any adjustment to tax payable in respect of previous years.

### **Deferred tax**

Deferred tax is provided for using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on temporary differences relating to: (i) the initial recognition of goodwill; (ii) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and (iii) differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

25

## **PASHTANY BANK**

Notes to the Financial Statements

For the year ended 30 Qaws 1398 (20 December 2020)

Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **4.14 Defined benefits pension plan**

The Bank operates an approved defined benefit pension plan for all of its permanent employees. Annual provision is made on the basis of actuarial valuation, determined using the Project Unit Credit Method, to cover obligation under the scheme for all eligible employees. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest), if any, are recognized immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are not reclassified. Past service cost is recognized in profit or loss when the plan amendment or curtailment occurs, or when the Bank recognizes related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognized when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- a) service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- b) net interest expense or income; and
- c) remeasurements

Services costs and net interest expense are recognized in the employee costs. The retirement benefit obligation recognized in the statement of financial position represents the deficit or surplus in the Bank's defined benefit plan pension plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

### **4.15 Employee compensation**

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided.

### **4.16 Foreign currency transactions**

Transactions in foreign currencies are translated to Afghani at exchange rates prevailing at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Afghani at the exchange rate prevailing at that reporting date. Foreign currency differences arising on retranslation are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

5/27



## **PASHTANY BANK**

Notes to the Financial Statements

For the year ended 30 Qaws 1398 (20 December 2020)

### **4.17 Interest income and expense**

Interest/ profit on investments is recognized in profit or loss using effective interest rate method. Gain or loss on sale of investments is recognized in profit or loss in the year in which these arise.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

### **4.18 Fee and commission**

Fees and commission income include account servicing fees and commissions on transactions and are recognized as the related services are performed.

Fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

### **4.19 Lease payments**

Payments under operating leases are recognized in profit or loss on straight line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

### **4.20 Provisions**

Provisions for restructuring costs and legal claims are recognized when:

- a) the Bank has a present legal or constructive obligation as a result of past events;
- b) it is more likely than not that an outflow of resources will be required to settle the obligation; and
- c) The amount has been reliably estimated.

Provision for guarantee claims and other off-balance sheet obligations is recognized when intimated and reasonable certainty exists to settle the obligations.

### **4.21 Off-setting**

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

572

## PASHTANY BANK

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

		30 Qaws 1399 (20 Dec 2020)	Restated 30 Qaws 1398 (21 Dec 2019)
	Note	AFN	AFN
<b>5. CASH AND CASH EQUIVALENTS</b>			
Cash in hand	5.1	1,366,798,271	759,688,887
Balances with Da Afghanistan Bank	5.2	7,469,584,241	6,054,483,854
Balances with other banks	5.3	719,187,602	248,531,403
		<b>9,555,570,114</b>	<b>7,062,704,144</b>

<b>5.1 Cash in hand</b>			
Local currency		975,071,967	376,052,735
Foreign currency		391,726,304	383,636,152
		<b>1,366,798,271</b>	<b>759,688,887</b>

<b>5.2 Balances with Da Afghanistan Bank</b>			
<b>Current accounts:</b>			
Local currency		2,643,806,291	397,039,695
Foreign currency		3,808,341,377	134,644,479
		<b>6,452,147,668</b>	<b>531,684,174</b>
Capital notes	5.2.1	-	4,490,351,526
Overnight deposit	5.2.2	1,017,436,573	1,032,448,154
		<b>7,469,584,241</b>	<b>6,054,483,854</b>

5.2.1 These represent 7 to 91 days (up to 91 days) capital notes and carry interest of 0.5% (2019: 0.15% to 0.34%) 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.

		30 Qaws 1399 (20 Dec 2020)	Restated 30 Qaws 1398 (21 Dec 2019)
	Note	AFN	AFN
<b>5.3 Balances with other banks</b>			
<b>In Afghanistan</b>			
<i>Current accounts:</i>			
Azizi Bank		1,689,620	1,718,106
Bank Millie Afghan		4,608,613	1,109,523
New Kabul Bank		3,169,516	3,222,951
		<b>9,467,750</b>	<b>6,050,580</b>

### Outside Afghanistan

*Current accounts:*

Aktif Bank, Turkey		11,945,022	3,393,556
BMCE, Spain		160,610,239	239,087,267
United Bank Limited, Pakistan	5.3.2	-	-
Nurul Bank, Turkey		92,860,419	-
Trans Kapital Bank, Russia		444,304,172	-
		<b>709,719,852</b>	<b>242,480,823</b>
		<b>719,187,602</b>	<b>248,531,403</b>

5.3.1 These represent non-interest bearing balances available on demand basis.

57A



## PASHTANY BANK

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

- 5.3.2 This comprise a deposit with United Bank Limited - Pakistan which has matured several years ago and not received by the Bank despite several reminders and attempts. During the year 2020 it has been assessed that it is an error and has applied retrospective restatement in the prior year by management.

Management had supportable information in the current year that the amount with United Bank limited - Pakistan was not recoverable. There has not been any changes in the circumstances of this balance. Management, therefore, considers this as an error in estimate as a reasonable and supportable information was available in the current year that the amount was not recoverable.

	Note	30 Qaws 1399 (20 Dec 2020) AFN	30 Qaws 1398 (21 Dec 2019) AFN
<b>6. LOANS AND ADVANCES</b>			
<b>Consumer Loan</b>			
Gross Loan		25,431,463	-
Carrying Value		<u>25,431,463</u>	<u>-</u>

Consumer loans are funded facilities designed for permanent government employees with a service period of 5 to 33 years. The limit of the loan facilities is 45% of the net annual income of the employee secured by two governmental employee personal guarantee and these loans carry an interest rate of 10% p.a.

	Note	30 Qaws 1399 (20 Dec 2020) AFN	30 Qaws 1398 (21 Dec 2019) AFN
<b>7. INVESTMENT AND PLACEMENTS</b>			
Capital notes issued by Da Afghanistan Bank	7.1	6,219,033,039	1,978,827,049
Placements	7.2	3,855,548,515	9,124,700,000
		<u>10,074,581,554</u>	<u>11,103,527,049</u>

- 7.1 These represent capital notes having maturity to 364 days and carry interest rate of 2.4% to 3.02% p.a.

	Note	30 Qaws 1399 (20 Dec 2020) AFN	30 Qaws 1398 (21 Dec 2019) AFN
<b>7.2 Placements</b>			
<b>Inside Afghanistan</b>			
Afghanistan International Bank		-	500,000,000
<b>Outside Afghanistan</b>			
Aktif Bank, Turkey		771,100,000	784,100,000
BMCE, Spain		-	391,650,000
Citi Bank, UAE		2,698,898,515	3,136,400,000
Citi Bank, USA		-	2,744,350,000
First Abu Dhabi Bank		-	1,568,200,000
Nurol Bank, Turkey		385,550,000	-
		<u>3,855,548,515</u>	<u>8,624,700,000</u>
	7.2.1	<u>3,855,548,515</u>	<u>9,124,700,000</u>

- 7.2.1 These placements are having maturity up to 366 days and carry interest rate of ranging from 0.35% to 4% p.a.

572

# **PASHTANY BANK**

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

		30 Qaws 1399 (20 Dec 2020) AFN	Restated 30 Qaws 1398 (21 Dec 2019) AFN
<b>8. INVESTMENT IN ASSOCIATES</b>			
Investment in associated entities	8.1	266,321,520	274,229,459
		<b>266,321,520</b>	<b>274,229,459</b>
<b>8.1 Investment in associated entities</b>			
<i>At cost:</i>			
Afghanistan payment systems (APS)	8.1.1	10,304,292	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
	8.1.2	<b>97,056,794</b>	<b>106,355,012</b>
<i>At equity method:</i>			
Bank-e-Millie Afghan	8.1.3	93,406,898	92,016,619
Afghan National Insurance Company	8.1.4	75,857,828	75,857,828
		<b>169,264,726</b>	<b>167,874,447</b>
		<b>266,321,520</b>	<b>274,229,459</b>
<b>8.1.1 Afghanistan payment systems (APS)</b>			
Balance at beginning of year		19,602,500	18,740,000
Shareholding distribution		(1,938,000)	-
Write off		(7,360,208)	-
Exchange (loss)/ gain on translation		-	862,500
Balance at the end of year		<b>10,304,292</b>	<b>19,602,500</b>

The Bank had an investment of USD 250,000 in APS. During 2019, Da Afghanistan Bank (DAB) acquired the entire shareholding in APS and paid AFN 1,938,000 against the bank's shareholding in APS. DAB instructed to write-off the remaining investment amount in a period of three years. As per IFRS, bank is required to write off the entire amount at the time of divestment, however, on the DAB instruction bank is writing off the balance in 3 years.

		30 Qaws 1399 (20 Dec 2020) AFN	Restated 30 Qaws 1398 (21 Dec 2019) AFN
<b>8.1.3 Bank-e-Millie Afghan</b>			
Cost of investment		9,800,000	9,800,000
Post-acquisition share of net assets		82,216,619	73,836,230
		<b>92,016,619</b>	<b>83,636,230</b>
Share of profit in associate	8.1.5.1	1,390,279	8,381,215
Share of OCI in associate		-	-
Share of dividend		-	-
Return of investment		-	-
Other adjustments		-	(826)
Closing balance		<b>93,406,898</b>	<b>92,016,619</b>

574



## PASHTANY BANK

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

- 8.1.3.1 During 2018, Bank-e-Millie Afghan (BMA) transferred a land to the Ministry of Finance Afghanistan (MoFA) and treated it as dividend to MoFA. This transaction, as per BMA, changed the shareholding percentage of Bank in BMA from 1.086 to 2.066% in 2019. BMA re-computed and revised the percentage of bank's shareholding in BMA in the latest audited financial statements of 2020, i.e. 1.134%. The change in shareholding percentages and availability of audited financial information are the basis of re-statements in the investment in associates balances.

BMA is treated as an associate as a result of significant judgements as mentioned in IAS 28 which includes that; representation on the board of directors or equivalent governing body of the investee; participation in the policy-making process, including participation in decisions about dividends or other distributions; material transactions between the entity and the investee.

		30 Qaws 1399 (20 Dec 2020)	Restated 30 Qaws 1398 (21 Dec 2019)
	Note	AFN	AFN
8.1.4 <b>Afghan National Insurance Company</b>			
Opening balance			
Cost of investment		7,660,000	7,660,000
Post-acquisition share of net assets		68,197,828	65,849,815
		<b>75,857,828</b>	<b>73,509,815</b>
Share of profit in associate	8.1.4.1	-	(746,544)
Share of OCI in associate		-	3,094,557
Closing balance		<b>75,857,828</b>	<b>75,857,828</b>

- 8.1.4.1 Afghan National Insurance Company (ANIC) was incorporated in the year 1343 i.e. 1964. The Company is engaged in providing General Insurance Services comprising of fire, marine cargo, aviation, motor, health, accident etc. The Bank holds 7.66% (2019: 7.66%) holding in ANIC. However the company is treated as an associate as a result of significant judgements as mentioned in IAS 28 which includes that; representation on the board of directors or equivalent governing body of the investee; participation in the policy-making process, including participation in decisions about dividends or other distributions; material transactions between the entity and the investee.

- 8.1.5 The summarized financial information of Bank-e-Millie Afghan (BMA) and Afghan National Insurance Company (ANIC) are as follows:

		30 Qaws 1399 (20 Dec 2020)	Restated 30 Qaws 1398 (21 Dec 2019)
	Note	AFN	AFN
<b>BMA (audited financial statements)</b>			
Total assets		41,964,983,054	41,761,269,674
Total liabilities		33,730,825,712	33,649,670,465
Net equity		8,234,157,342	8,111,599,209
Revenue		944,622,974	1,085,178,560
Profit for the year		233,558,133	855,226,041
Ownership interest		1.134%	1.134%
<b>ANIC</b>			
Total assets		Not available	1,071,600,681
Total liabilities		Not available	81,289,591
Net equity		Not available	990,331,090
Revenue		Not available	236,403,525
Profit for the year		Not available	(9,746,003)
Other comprehensive income (OCI)		Not available	40,398,920
Ownership interest		7.66%	7.66%

524

## PASHTANY BANK

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

- 8.1.5.1 During the previous year, financial statements of BMA and ANIC were not available and the share in profit of BMA and ANIC was determined to be AFN 8,381,607 and NIL respectively. However, during the current year it is assessed that the share in profits/(loss) of BMA has changed and it should have been AFN 8,381,215 and AFN (746,544) for BMA and ANIC respectively. Moreover, the share in OCI should have been AFN 3,094,557 in ANIC. Therefore, this is considered as an error resulting in material understatement of share in profit from associates recognised in 2019 and corresponding understatement of investments in associate.

The error has been corrected restating each of the affected financial statements line items for the prior period as follows:

### Statement of financial position (extract)

	30 Qaws 1398 (21 Dec 2019) AFN	Increase/ (decrease) AFN	Restated 30 Qaws 1398 (21 Dec 2019) AFN
Investment in associate	240,537,411	33,692,048	274,229,459
<b>Net assets</b>	<b>240,537,411</b>	<b>33,692,048</b>	<b>274,229,459</b>
Accumulated losses	(1,569,675,490)	(7,577,030)	(1,577,252,521)
<b>Total equity</b>	<b>(1,569,675,490)</b>	<b>(7,577,030)</b>	<b>(1,577,252,521)</b>

### Statement of comprehensive income (extract)

Share in profit of associates	8,380,781	(746,936)	7,633,845
Share in OCI of associates - restated	-	3,094,557	3,094,557
<b>Total comprehensive income for the year</b>	<b>8,380,781</b>	<b>2,347,622</b>	<b>10,728,403</b>

## 9. PROPERTY AND EQUIPMENT AND RIGHT OF USE ASSETS

	Note	30 Qaws 1399 (20 Dec 2020) AFN	30 Qaws 1398 (21 Dec 2019) AFN
Operating fixed assets	9.1	749,157,977	755,735,179
Capital work-in-progress	9.2	68,631,752	79,546,694
		817,789,729	835,281,873
Right of use asset	9.3	24,648,051	-
		<b>842,437,780</b>	<b>835,281,873</b>

573



# **PASHTANY BANK**

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

## 9.1 Operating fixed assets

	Land	Building	Electric equipment	IT equipment	Furniture and fittings	Computers	Motor vehicles	Total
	AFN							
<b>Cost/ Revalued amounts</b>								
Balance at 21 December 2018	352,591,506	496,722,869	66,309,056	40,820,230	24,037,100	57,882,411	18,318,603	1,056,681,775
Additions	-	6,853,881	1,462,639	15,583,215	1,946,349	786,801	204,972	26,837,857
Disposals	-	-	(1,454,274)	(4,777,156)	(1,430,734)	(9,360,660)	(6,295,882)	(23,318,706)
Balance at 21 December 2019	<b>352,591,506</b>	<b>503,576,750</b>	<b>66,317,421</b>	<b>51,626,289</b>	<b>24,552,715</b>	<b>49,308,552</b>	<b>12,227,693</b>	<b>1,060,200,926</b>
Balance at 21 December 2019	352,591,506	503,576,750	66,317,421	51,626,289	24,552,715	49,308,552	12,227,693	1,060,200,926
Additions	-	1,809,220	12,485,337	12,520,182	746,955	274,190	-	27,835,884
Disposals	-	-	(768,953)	(200,580)	(196,000)	-	-	(1,165,533)
Balance at 20 December 2020	<b>352,591,506</b>	<b>505,385,970</b>	<b>78,033,805</b>	<b>63,945,891</b>	<b>25,103,670</b>	<b>49,582,742</b>	<b>12,227,693</b>	<b>1,086,871,277</b>
<b>Depreciation</b>								
Balance at 21 December 2018	-	129,027,042	57,785,694	21,757,198	20,190,065	54,476,013	17,263,627	300,499,639
Charge for the year	-	9,982,504	4,959,285	8,523,089	1,718,149	1,773,402	721,082	27,677,511
Disposals	-	-	(1,435,165)	(4,716,855)	(1,384,522)	(9,625,981)	(6,548,880)	(23,711,403)
Balance at 21 December 2019	-	<b>139,009,546</b>	<b>61,309,814</b>	<b>25,563,432</b>	<b>20,523,692</b>	<b>46,623,434</b>	<b>11,435,829</b>	<b>304,465,747</b>
Balance at 21 December 2019	-	139,009,546	61,309,814	25,563,432	20,523,692	46,623,434	11,435,829	304,465,747
Charge for the year	-	10,090,727	5,457,370	15,068,111	1,564,147	1,558,941	672,160	34,411,456
Disposals	-	-	(779,592)	(200,566)	(183,744)	-	-	(1,163,903)
Balance at 20 December 2020	-	149,100,273	65,987,593	40,430,976	21,904,094	48,182,375	12,107,989	337,713,300
<b>Carrying amounts</b>								
At 21 December 2019	<b>352,591,506</b>	<b>364,567,204</b>	<b>5,007,607</b>	<b>26,062,857</b>	<b>4,029,023</b>	<b>2,685,118</b>	<b>791,864</b>	<b>755,735,179</b>
At 21 December 2020	<b>352,591,506</b>	<b>356,285,697</b>	<b>12,046,212</b>	<b>23,514,915</b>	<b>3,199,576</b>	<b>1,400,367</b>	<b>119,704</b>	<b>749,157,977</b>

Land and buildings are recognised at fair value based on periodic valuations by external independent valuer less subsequent depreciation for buildings. A revaluation surplus is credited to *surplus on revaluation of property and equipment* in equity. All other property and equipment is recognised at historical cost less depreciation. Land and buildings had been initially revalued in the year 2008. The bank as on Nov 18, 2020 again revalued its land and building, however, the impact of revaluation has not been incorporated in the accounts as it requires approval from the central bank. Total fair value of Land and buildings as per valuer's report is as follows:

<b>Amount in AFN</b>	
Land	1,078,708,802
Building	667,748,026
<b>Total</b>	<b>1,746,456,828</b>

# **PASHTANY BANK**

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

		30 Qaws 1399 (20 Dec 2020)	30 Qaws 1398 (21 Dec 2019)
	Note	AFN	AFN
<b>9.2 Capital work-in-progress</b>			
Opening		79,546,694	68,631,752
Additions during the year		-	80,973,021
Transferred to property and equipment		10,914,942	11,879,901
Transferred to intangible assets		-	58,178,178
		<b>10,914,942</b>	<b>70,058,079</b>
		<b>68,631,752</b>	<b>79,546,694</b>
<b>9.3 Right of use asset</b>			
<b>Cost</b>			
Balance as at 20 Dec 2019		-	-
IFRS 16 adjustment		36,604,521	-
Balance as at 21 Dec 2019		36,604,521	-
Additions during the year		-	-
Closing balance		<b>36,604,521</b>	-
<b>Accumulated depreciation</b>			
Opening balance		-	-
Charge for the period		11,956,471	-
Closing balance		<b>11,956,471</b>	-
		<b>24,648,051</b>	-
The right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial application.			
<b>10 INTANGIBLE ASSETS</b>			
<b>Cost</b>			
Opening balance		58,178,178	-
Additions during the year - Core Banking System	10.1	-	58,178,178
Closing balance		<b>58,178,178</b>	<b>58,178,178</b>
<b>Less: Accumulated amortization</b>			
Opening balance		1,438,294	-
Charge for the year		5,801,658	1,438,294
Closing balance		<b>7,239,952</b>	<b>1,438,294</b>
<b>Written down value</b>		<b>50,938,226</b>	<b>56,739,884</b>

- 10.1 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.

524



**PASHTANY BANK**

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

	Note	30 Qaws 1399 (20 Dec 2020)	30 Qaws 1398 (21 Dec 2019)
		AFN	AFN
<b>11. INVESTMENT PROPERTIES</b>			
Land		5,786,500	5,786,500
Buildings		956,396,500	956,396,500
	11.1	<b>962,183,000</b>	<b>962,183,000</b>
11.1 Province-wise details of investment properties:			
<b>Kabul</b>			
Andarabi market 1		33,209,379	33,209,379
Andarabi market 2		33,721,601	33,721,601
Saraji Building		200,443,652	200,443,652
Baghban Koja Building 1		96,818,941	96,818,941
Baghban Koja Building 2		22,004,461	22,004,461
Abida Maiwand		75,000,000	75,000,000
Timorshahi Building		68,200,000	68,200,000
Gul Bahar Center		395,997,256	395,997,256
Qala-Qazi		1,210	1,210
		<b>925,396,500</b>	<b>925,396,500</b>
<b>Herat</b>			
Torghondi land		2,186,500	2,186,500
Karwan Sarai land		3,600,000	3,600,000
		<b>5,786,500</b>	<b>5,786,500</b>
<b>Mazar Sharif</b>			
Bagha hozori		31,000,000	31,000,000
		<b>31,000,000</b>	<b>31,000,000</b>
		<b>962,183,000</b>	<b>962,183,000</b>

11.1 As per Initial Decree No. 39 dated 21 Jaddi 1388 (11 January 2010) issued from Presidential Office and correspondence through Directorate General of Properties with the Ministry of Finance (MoF) and Da Afghanistan Bank vide letter no. 4002 dated 7 Dalwa 1394 (27 January 2016), all the rental income of the investment properties were to be collected and vested with the MoF. Based on request letter no 228 dated 21 Qaws 1397 (12 December 2018) by MoF and in consequence special Decree issued by His Excellency the President of Afghanistan No. 2344 dated 1 Jaddi 1397 (22 December 2018), investment properties of Pashtany Bank have been exempted from the Initial Decree No. 39 dated 21 Jaddi 1388 (11 January 2010) and all collected rental income through the Director General Properties to be reverted back to Pashtany Bank. Receivable against the rent collected by the MoF has been accounted for as an advance tax as per understanding reached with the MoF.

11.2 The fair value of investment property is determined by external independent valuers. Investment properties had been initially revalued in the year 2008. The bank as on Nov 18, 2020 again revalued its investment properties, however, the impact of revaluation has not been incorporated in the accounts as it requires approval from the central bank. Total fair value of investment properties as per valuer's report is 1,847,068,496

5/28

# **PASHTANY BANK**

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

		30 Qaws 1399 (20 Dec 2020)	30 Qaws 1398 (21 Dec 2019)
	Note	AFN	AFN
<b>12 DEFERRED TAX ASSETS - NET</b>			
<i>Deferred tax asset</i>			
Carried forward tax losses	12.1	243,106,814	255,105,831
<i>Deferred tax liability</i>			
Surplus on revaluation	12.2	(109,217,000)	(109,854,600)
		<u>133,889,814</u>	<u>145,251,231</u>
12.1	The movement in carried forward tax losses is as follows:		
Opening balance		255,105,831	277,178,986
Charge/ (reversal) to profit or loss		(11,999,017)	(22,073,155)
Closing balance		<u>243,106,814</u>	<u>255,105,831</u>
12.2	The movement in surplus on revaluation is as follows:		
Opening balance		109,854,600	110,492,200
Deferred tax on incremental depreciation		(637,600)	(637,600)
Closing balance		<u>109,217,000</u>	<u>109,854,600</u>
<b>13. OTHER ASSETS</b>			
Required reserve account	13.1	1,731,447,674	1,656,688,233
Advance tax		485,959,144	456,891,274
Advances to employees		10,729,554	11,372,194
Advances to suppliers		13,639,389	13,790,269
Interest accrued on capital notes, time deposits and Loan		123,583,702	48,352,370
Security deposit	13.2	45,488,960	45,436,280
Receivable from financial institution	13.3	29,847,367	29,847,367
Others		28,704,950	3,938,450
		<u>2,469,400,740</u>	<u>2,266,316,437</u>
Provision against advances and other receivables	13.4	-	(4,709,789)
Provision against misappropriation		-	-
Provision against receivable from FI	13.5	(29,847,367)	(29,847,367)
Net carrying amount		<u>2,439,553,374</u>	<u>2,231,759,282</u>
13.1	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		
		30 Qaws 1399 (20 Dec 2020)	Restated 30 Qaws 1398 (21 Dec 2019)
	Note	AFN	AFN
<b>13.1.1 Currency profile of required reserve with DAB</b>			
Local currency		878,974,569	787,815,073
Foreign currencies		852,473,105	868,873,160
		<u>1,731,447,674</u>	<u>1,656,688,233</u>

572



## PASHTANY BANK

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

### 13.2 Security deposit

This amount mainly represents amount AFN 40 million performance guarantee in favor of the Ministry of Finance of Afghanistan (MoFA) for executing government institutions payroll services and cash security deposit of USD 60,000 equivalent to AFN 4.626 million with Western Union against delivering inward/outward payment to their customer

		30 Qaws 1399 (20 Dec 2020)	30 Qaws 1398 (21 Dec 2019)
	Note	AFN	AFN
13.3	<b>RECEIVABLE FROM FINANCIAL INSTITUTIONS</b>		
	Opening for the year	29,847,367	-
	Additions for the year		29,847,367
	Closing for the year	<u>29,847,367</u>	<u>29,847,367</u>
13.4	<b>PROVISION AGAINST ADVANCES AND RECEIVABLES</b>		
	Opening for the year	(4,709,789)	(3,655,127)
	(Charged) / Reversed for the year	4,709,789	(1,054,662)
	Closing for the year	<u>-</u>	<u>(4,709,789)</u>

13.4.1 This represents provision against other asset in accordance with the DAB's Asset Classification and Provisioning Regulation (December 2017).

### 13.5 PROVISION AGAINST RECEIVABLE FROM FINANCIAL INSTITUTIONS

Opening for the year	(29,847,367)	-
Charged for the year	-	(29,847,367)
Closing for the year	<u>(29,847,367)</u>	<u>(29,847,367)</u>

This amount relates to a time deposit maintained with UBL Peshawar branch matured several years ago however could not be received by the Bank despite several reminders and attempts. Central bank inspection team, in their review report of 2019, concluded that this amount should be written-off. However, due to delay in getting full information, the action couldnot be taken in 2019. During the current year, bank assessed that there was an estimation error in 2019 which should be incorporated through re-statement in the financial statements.

		30 Qaws 1399 (20 Dec 2020)	30 Qaws 1398 (21 Dec 2019)
	Note	AFN	AFN
14.	<b>SHARE CAPITAL</b>		
14.1	<b>Authorized</b>		
	3,820,257 (2019: 3,820,257) ordinary shares of AFN 1,000 each	<u>3,820,257,000</u>	<u>3,820,257,000</u>
14.2	<b>Issued, subscribed and paid-up</b>		
	3,820,257 (2019: 3,820,257) ordinary shares of AFN 1,000 each	<u>3,820,257,000</u>	<u>3,820,257,000</u>

572

# **PASHTANY BANK**

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

		30 Qaws 1399 (20 Dec 2020) AFN	30 Qaws 1398 (21 Dec 2019) AFN
14.3	The issued shares are subscribed by the following parties:		
	Ministry of Finance	2,584,800,000	2,584,800,000
	Bank-e- Millie Afghan	1,098,982,000	1,098,982,000
	Afghan Red Crescent Society	20,050,000	20,050,000
	Health Insurance	1,200,000	1,200,000
	Spinzar Corporation	725,000	725,000
	Ministry of Labor and Social Affairs	91,600,000	91,600,000
	Chamber of Commerce	11,450,000	11,450,000
	Saderaat Kashmesh	3,900,000	3,900,000
	Institute of Qaraqol	3,775,000	3,775,000
	Carpet corporation	3,775,000	3,775,000
		<b>3,820,257,000</b>	<b>3,820,257,000</b>
15.	<b>SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT- NET</b>		
15.1		<b>439,812,600</b>	<b>444,913,400</b>
15.1	Opening balance	442,363,000	444,913,400
	Recognized in retained earnings		
	Incremental depreciation	(3,188,000)	(3,188,000)
	Related deferred tax liability	637,600	637,600
		<b>(2,550,400)</b>	<b>(2,550,400)</b>
	<b>Closing balance</b>	<b>439,812,600</b>	<b>442,363,000</b>
16.	<b>DEPOSITS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS</b>		
	<b>Current deposit</b>		
	Agricultural Bank Kabul	232,121	233,321
	Construction Bank	1,742,153	25,321,506
	Bank-e-Millie Afghan	40,345,709	40,348,767
	Maiwand Bank	851,462	867,336
	Afghan United Bank	1,961,846	3,949,927
	Azizi Bank	103,906	107,540
	New Kabul Bank	31,538	33,952
	Ghazanfar Bank	38,085	40,609
		<b>45,306,821</b>	<b>70,902,958</b>
	<b>Time Deposit</b>		
	New Kabul Bank	-	784,100,000
	<b>Time Deposit of financial institutions</b>		
	Afghan National Insurance Company	-	158,615,903
		<b>45,306,821</b>	<b>1,013,618,861</b>
16.1	These deposits are from the banks which became defunct in 2008.		

527



## PASHTANY BANK

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

		30 Qaws 1399 (20 Dec 2020)	30 Qaws 1398 (21 Dec 2019)
	Note	AFN	AFN
<b>17. DEPOSITS FROM CUSTOMERS</b>			
Fixed deposit	17.1	36,857,676	36,911,938
Saving deposits	17.2	8,181,653,772	8,342,570,612
Current deposits		12,911,577,650	10,316,044,581
		<b>21,130,089,098</b>	<b>18,695,527,131</b>

17.1 This includes fixed deposit of USD 54,715 (equivalent AFN 4.21 million) from the Ministry of Commerce which carry interest rate of 0.5% and maturing on 13 January 2021. The remaining amount of AFN 32.64 million from Seloo Markazi which is interest free with indefinite maturity.

17.2 These carry interest rate of 0.05% (2019: 1.5%) p.a. for AFN currency and 0.5% (2019: 0.5%) p.a. for deposits in USD currency. Other foreign currencies are interest free.

		30 Qaws 1399 (20 Dec 2020)	30 Qaws 1398 (21 Dec 2019)
	Note	AFN	AFN
<b>18 DEFERRED GRANT</b>			
Opening balance		79,382,268	-
Additions during the year	18.1	4,933,437	80,973,021
Amortization			
Property and equipment		7,444,603	152,459
Intangible assets		5,801,658	1,438,294
		<b>13,246,261</b>	<b>1,590,753</b>
		<b>71,069,445</b>	<b>79,382,268</b>

18.1 This represents the non-monetary grant received from the World Bank during the year for IT infrastructure development to modernize Afghan State-Owned Banks.

		30 Qaws 1399 (20 Dec 2020)	30 Qaws 1398 (21 Dec 2019)
		AFN	AFN
<b>19. OTHER LIABILITIES</b>			
Employees pension fund	19.1	138,576,494	131,030,424
Creditors		-	3,071,771
Accrued expenses	19.2	12,225,965	27,799,604
Other payables		115,007,761	29,055,434
Withholding tax payable		19,402,285	2,622,798
Lease liability	19.3	24,967,024	-
Inter-branch unreconciled balance		882,965	4,200,151
		<b>311,062,494</b>	<b>197,780,182</b>

19.1 **Employees pension fund**

19.1.1 **General description**

The Bank operates an approved defined benefit pension plan for all of its permanent employees. An annual provision has been made on the basis of an actuarial valuation to cover obligation under the scheme for all eligible employees.

577

## PASHTANY BANK

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

### 19.1.2 No. of employees under the scheme

A total of 399 employees existed in the data for the valuation process. The total Monthly Eligible Salaries payable to these employees amounts to AFN 6,599,588.

### 19.1.3 Principal actuarial assumptions

The latest actuarial valuation of the bank's defined benefit plan based on the Projected Unit Credit Method was carried out as at 20 December 2020 (30 Qaws 1399). Actuarial gains or losses arising during the year are recognized in Other Comprehensive Income (OCI) in accordance with IAS-19 (Revised 2011). The significant assumptions used in the valuation are as follows:

	2020	2019
Discount rate	4.00% p.a	2.20% p.a
Short term salary increase rate	4.00% p.a	1.067% p.a
Long term salary increase rate	4.00% p.a	2.20% p.a
Mortality rate	SLIC -2005-06	SLIC -2005-06
Withdrawal rate	3.30%	4.76%
Duration (years)	7.37	7.39

### 19.1.4 Fair value of plan assets and present value of obligation under the scheme at the balance sheet date are as follows:

	30 Qaws 1399	30 Qaws 1398
	AFN	AFN
Present value of defined benefit obligation	138,576,494	131,030,424
Payable	-	-
Fair value of plan assets	-	-
	<b>138,576,494</b>	<b>131,030,424</b>

### 19.1.5 Movement in the present value of defined benefit obligation:

Opening net liability	131,030,424	130,042,326
Expense for the year	17,544,696	14,712,210
Contributions made to the scheme by employees	5,382,049	2,828,921
Actuarial (gain)/ loss - recognized in OCI	(432,425)	393,347
Transfer out	(470,014)	(874,783)
Benefit payable	-	(5,135,665)
Benefits paid during the year	(8,944,036)	(10,935,932)
Benefit Paid-Annuity Payment Old Employees	(5,534,200)	-
Liability at end of the year	<b>138,576,494</b>	<b>131,030,424</b>

### Charge for defined benefit plan

Current service cost	14,738,030	9,106,364
Net interest	2,806,666	5,605,846
Expense for the year	<b>17,544,696</b>	<b>14,712,210</b>

574



# **PASHTANY BANK**

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

	30 Qaws 1399 (20 Dec 2020)	30 Qaws 1398 (21 Dec 2019)
	AFN	AFN
<b>Re-measurements recognized in OCI during the year</b>		
Re-measurement (gain)/loss on obligation		
- Financial assumptions	387,878	(1,824,012)
- Demographic assumptions	(87,364)	
- Experience adjustments	(732,939)	2,217,359
<b>Total re-measurement recognized in OCI</b>	<b>(432,425)</b>	<b>393,347</b>

## **19.1.6 Experience adjustment**

Defined benefit obligation	137,521,594	131,030,424
Payable	1,050,900	-
Fair value of plan assets	-	-
<b>Net defined benefit liability</b>	<b>138,572,494</b>	<b>131,030,424</b>

Re-measurement (gain) / loss on obligation	(432,425)	393,347
Re-measurement gain / (loss) on plan asset	-	-

## **19.1.7 Sensitivity analysis**

The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption should be summarised as below:

Particulars	PVDBO (AFN)	% change
Current liability	137,521,594	
+1% discount rate	128,094,880	-6.9%
-1% discount rate	148,252,182	7.8%
+1% salary increase rate	148,413,121	7.9%
-1% salary increase rate	127,785,815	-7.1%
+10% withdrawal rate	137,631,381	0.1%
-10% withdrawal rate	137,411,026	-0.1%
1 year age mortality age set back	137,521,594	0.0%
1 year age mortality age set forward	137,521,594	0.0%

## **19.1.8 Maturity profile**

Particulars	Undiscounted payments (AFN)
Year 1	15,213,058
Year 2	10,547,202
Year 3	9,767,532
Year 4	14,311,950
Year 5	15,586,552
Year 6 to Year 10	55,188,598
Year 11 and above	79,710,005

## **19.1.9 Expected expense for FY 2021**

Current service cost - next year	9,484,868
Net interest - next year	5,171,804
<b>Expected pension scheme expense for the FY 2021</b>	<b>14,656,672</b>

572

## PASHTANY BANK

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

### 19.1.10 Risks associated with defined benefit plans

#### Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

#### Withdrawal risk

The risk of actual withdrawals varying with the valuation assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

### 19.2 Accrual expenses

During the year, it has been identified by the management that bonus for the year 2019, amounting to AFN 11,421,712 was not recorded in the financial statements of financial year 2019. This is an error that has resulted in material misstatement of other liabilities of the Bank with corresponding impact of understatement of employee compensation expense for the year. The error has been corrected by adjusting each of the affected financial statement line items.

### 19.3 Movement Finance Lease Liability under IFRS 16

	30 Qaws 1399 (20 Dec 2020)	30 Qaws 1398 (21 Dec 2019)
	AFN	AFN
Balance as at 20 Dec 2019	-	-
IFRS 16 adjustment	36,604,521	-
Balance as at 21 Dec 2019	36,604,521	-
Additions during the year		
Finance charge	940,943	
Payable/Paid Finance Lease Liability	(12,578,440)	
Balance as at 20 Dec 2020	<u>24,967,024</u>	<u>-</u>
<b>Maturity</b>		
Less than 1 year	12,604,012	-
1-5 years	13,478,543	-
	<u>26,082,555</u>	<u>-</u>

57x



**PASHTANY BANK**

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

	Note	30 Qaws 1399 (20 Dec 2020) AFN	30 Qaws 1398 (21 Dec 2019) AFN
<b>20. CONTINGENCIES AND COMMITMENTS</b>			
Bank guarantees issued	20.1	<u>1,191,211,200</u>	<u>1,093,102,000</u>
20.1 Bank guarantees issued by the Bank are backed up by 100% cash margin.			
There are no contingencies at the year end (2019: Nil)			
<b>21. NET INTEREST INCOME</b>			
<b>Interest income calculated using the effective interest method</b>			
Cash and cash equivalents		247,618,310	222,599,183
Loan and Advances		941,616	-
		<u>248,559,926</u>	<u>222,599,183</u>
<b>Interest expense</b>			
Term deposits		(9,442,414)	(14,962,090)
Saving deposits		(8,705,010)	(11,283,741)
		<u>(18,147,424)</u>	<u>(26,245,831)</u>
<b>Net interest income</b>		<u>230,412,502</u>	<u>196,353,352</u>
<b>22. NET FEE AND COMMISSION INCOME</b>			
<b>Fee and commission income</b>			
Fee		15,648,625	10,573,723
Commission		68,691,249	76,901,454
		<u>84,339,875</u>	<u>87,475,177</u>
<b>Fee and commission expense</b>			
Fund transfer charges		(1,738,623)	(1,318,481)
Account maintenance charges		(233,097)	(208,460)
		<u>(1,971,721)</u>	<u>(1,526,941)</u>
		<u>82,368,154</u>	<u>85,948,236</u>
<b>23. OTHER INCOME</b>			
<b>Recovery of loans written-off</b>			
Loan principal		54,513,701	329,328,624
Loan interest		15,877,378	30,042,237
		<u>70,391,079</u>	<u>359,370,861</u>
Rental income		46,290,827	119,881,425
Income from investments		39,325	39,325
Liabilities return back		48,152,792	45,560,592
		<u>164,874,023</u>	<u>524,852,203</u>
<b>24. EMPLOYEE COMPENSATION</b>			
Salaries, wages and benefits		164,391,868	154,258,614
Bonus	19.2	12,572,513	37,191,916
Staff welfare		2,092,605	2,641,051
		<u>179,056,986</u>	<u>194,091,581</u>

572

**PASHTANY BANK**

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

		30 Qaws 1399 (20 Dec 2020)	30 Qaws 1398 (21 Dec 2019)
	Note	AFN	AFN
<b>25. OTHER OPERATING EXPENSES</b>			
Repair and maintenance		5,379,480	8,451,691
Travel and conveyance		1,485,241	2,684,570
Advertisement and publicity		6,816,486	7,176,742
Rent expense		3,654,805	15,922,176
Building tax		274,071	309,659
Deposit insurance		56,647,529	54,075,667
Internet expense		9,016,379	8,568,089
Security expense		37,032,721	36,609,056
Printing and stationery		3,112,801	6,747,585
Communication		978,016	1,028,441
Electricity		9,995,462	9,451,188
Fuel expenses		2,808,802	3,211,847
Auditor's remuneration		2,187,535	1,397,879
Cleaning and water		587,396	580,692
Kindergarten expenses		191,155	337,075
Employees training expenses		2,013,462	2,128,170
Others		17,908,721	28,583,678
		<b>160,090,061</b>	<b>187,264,205</b>
<b>26. TAXATION</b>			
Current	26.1	-	-
Prior		-	11,887,278
Deferred		(11,999,017)	(21,435,555)
		<b>(11,999,017)</b>	<b>(9,548,277)</b>

- 26.1 Owing to the carried forward tax losses of the Bank, no provision for current taxation has been recognized.

5/23



**PASHTANY BANK**

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

**27. RELATED PARTIES**

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

**Key management personnel**

Chief Executive Officer

Chief Financial Officer

Chief Operating Officer

Chief Credit Officer

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

	30 Qaws 1399 (20 Dec 2020)	Restated 30 Qaws 1398 (21 Dec 2019)	30 Qaws 1399 (20 Dec 2020)	Restated 30 Qaws 1398 (21 Dec 2019)
	AFN		AFN	
	Balances		Transactions	
<b>Investment in equity instruments</b>				
Bank-e-Mille Afghan	93,406,898	60,672,584	-	-
Afghan National Insurance Company (ANIC)	75,857,828	73,509,815	-	-
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	-	39,325
Shirkat Nasaji Afghan	83,518,400	83,518,400	-	-
Afghanistan Payment Systems	10,304,292	19,602,500	-	-
<b>Deposits from banks</b>				
Bank-e-Mille Afghan	40,345,709	40,348,767	-	40,003,011
<b>Transactions with key management personnel</b>				
Short-term employee benefits			21,602,642	23,180,500

In addition to their salaries and allowances, the Bank also provides non-cash benefits to directors and executive officers, and contribute to a post employment defined plan on their behalf. The terms of the plan are same as for all employees.

527

# **PASHTANY BANK**

Notes to the financial statements  
For the year ended 30 Qaws 1399 (20 December 2020)

## **28 FINANCIAL ASSETS AND LIABILITIES**

### **Accounting classifications and fair values**

The table below sets out the carrying amounts and fair values of the Bank's financial assets and financial liabilities:

	Note	Held to maturity	Loans and receivables	Available for sale	Other amortized cost	Total carrying value
				AFN		
<b>2020</b>						
Cash and cash equivalents		-	-	-	9,555,570,114	9,555,570,114
Placements and investments		10,074,581,554	-	266,321,520	-	10,340,903,074
Loans and advances		-	25,431,463	-	-	25,431,463
Other assets		-	-	-	1,929,225,287	1,929,225,287
		<b>10,074,581,554</b>	<b>25,431,463</b>	<b>266,321,520</b>	<b>11,484,795,401</b>	<b>21,851,129,938</b>
<b>Deposits from banks and financial institutions</b>						
Deposits from customers		-	-	-	45,306,821	45,306,821
Other liabilities		-	-	-	21,130,089,098	21,130,089,098
		-	-	-	311,062,494	311,062,494
		<b>-</b>	<b>-</b>	<b>-</b>	<b>21,486,458,414</b>	<b>21,486,458,414</b>
<b>2019</b>						
Cash and cash equivalents		4,490,351,526	-	-	2,602,199,985	7,092,551,511
Placements and investments		11,103,527,049	-	240,537,411	-	11,344,064,460
Loans and advances to customers		-	-	-	-	-
Other assets		-	-	-	1,749,705,544	1,749,705,544
		<b>15,593,878,575</b>	<b>-</b>	<b>240,537,411</b>	<b>4,351,905,529</b>	<b>20,186,321,515</b>
<b>Deposits from banks and financial institutions</b>						
Deposits from customers		-	-	-	1,013,618,861	1,013,618,861
Other liabilities		-	-	-	18,695,527,131	18,695,527,131
		-	-	-	48,505,097	48,505,097
		<b>-</b>	<b>-</b>	<b>-</b>	<b>19,757,651,089</b>	<b>19,757,651,089</b>

28.1 The fair values of financial assets and financial liabilities approximates their carrying amounts at the reporting date.

52



## **PASHTANY BANK**

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

### **29 FINANCIAL RISK MANAGEMENT**

#### **29.1 Introduction and overview**

The Bank has exposure to the following risks from its use of financial instruments:

- a) Credit risk
- b) Liquidity risk
- c) Market risk

This note presents information about Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

#### ***Risk management framework***

The Board of Supervisor has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Asset and Liability Committee (ALCO) and Credit Committee which are responsible for developing and monitoring Bank's risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Supervisors on their activities.

#### **29.2 Credit risk**

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's placements with other banks and guaranties issued by the Bank. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

#### **29.3 Liquidity risk**

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities that are settled by delivering cash or another financial asset.

#### ***Management of liquidity risk***

The Board ensures that the Bank has necessary tools and framework to cater the requirements of liquidity risk management and the Bank is capable to confronting uneven liquidity scenarios. The Bank's management is responsible for the implementation of sound policies and procedures keeping in view the strategic direction and risk appetite specified by the Board. Asset & Liability Committee (ALCO) is entrusted with the responsibility of managing the mismatch in maturities to ensure sufficient available cash flow to meet possible withdrawal of deposits, other commitment or challenges associated with sudden changes in market conditions, whilst enabling the Bank to pursue valued business opportunities.

The Bank relies on deposits from customers as its primary source of funding. Deposits from customers generally has shorter maturities and large proportion of them are repayable on demand. For day to day liquidity risk management integration of liquidity scenario will ensure that the Bank is best prepared to respond

572

## PASHTANY BANK

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

### Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquidity assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalent less any deposits from banks. A similar, but not identical, calculation is used to measure the Bank's compliance with the liquidity limit established by the Bank's Regulator (Da Afghanistan Bank). Detail of the reported Bank ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period was as follows:

	30 Qaws 1399 (20 Dec 2020)	30 Qaws 1398 (21 Dec 2019)
At year end	95.63	95.44
Average for the year	95.92	95.48
Maximum for the year	105.80	102.60
Minimum for the year	78.70	80.34

### Maturity analysis for financial liabilities

	Note	Carrying amount	Gross inflow/ (outflow)	Less than 1 month	1-3 months	3 months to 1 year
				AFN		
<b>2020</b>						
Deposits from banks and financial institutions	14	45,306,821	(45,306,821)	(45,306,821)	-	-
Deposits from customers	15	21,130,089,098	(21,130,089,098)	(21,130,089,098)	-	-
Other liabilities	17	311,062,494	(311,062,494)	(311,062,494)	-	-
		<b>21,486,458,414</b>	<b>(21,486,458,414)</b>	<b>(21,486,458,414)</b>	<b>-</b>	<b>-</b>
<b>2019</b>						
Deposits from banks and financial institutions	14	1,013,618,861	(1,013,618,861)	(70,902,958)	-	(942,715,903)
Deposits from customers	15	18,695,527,131	(18,695,527,131)	(18,695,527,131)	-	-
Other liabilities	17	48,505,097	(48,505,097)	(48,505,097)	-	-
		<b>19,757,651,089</b>	<b>(19,757,651,089)</b>	<b>(18,814,935,186)</b>	<b>-</b>	<b>(942,715,903)</b>

The above table shows the undiscounted cash flows on the Bank's financial liabilities on the basis of their earliest possible contractual maturity. The gross nominal inflow/ (out flow) disclosed in the above table is the contractual, undiscounted cash flow on the financial liability.

### 29.4 Market risks

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/ issuer's credit standing) will affect the Bank's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures with in acceptable parameters, while optimizing the return on risk.

972



## PASHTANY BANK

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

### Management of market risks

To manage and control market risk a well defined limits structure is in place. These limits are reviewed, adjusted and approved periodically. Overall authority for market risk is vested in ALCO. The Bank's Assets and Liability Committee (ALCO) is responsible for the development of detailed risk management policies and day to day review of their implementation.

### Exposure to interest rate risk

The Bank risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future flows or fair values of financial instrument because of change in market interest rates. Interest rate risk managed principally through monitoring interest rate gaps and by having pre-approved limits for reprising bands. ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management in its day to day monitoring activities. A summary of the Bank's interest rate gap position on non-trading portfolio is as follows:

	Note	Carrying amount	Less than one month	Less than 3 months	6-12 months	1-5 years
				AFN		
<b>2020</b>						
Cash and cash equivalents	5	1,017,436,573	1,017,436,573	-	-	-
Placements and investments	6	266,321,520	-	2,698,898,515	(2,432,576,995)	-
		<b>1,283,758,093</b>	<b>1,017,436,573</b>	<b>2,698,898,515</b>	<b>(2,432,576,995)</b>	-
Deposits from banks and financial institutions	14	-	-	-	-	-
Deposits from customers	15	8,218,511,448	8,218,511,448	-	-	-
		<b>8,218,511,448</b>	<b>8,218,511,448</b>	-	-	-
<b>Gap</b>		<b>(6,934,753,355)</b>	<b>(7,201,074,875)</b>	<b>2,698,898,515</b>	<b>(2,432,576,995)</b>	-
<b>2019</b>						
Cash and cash equivalents	5	5,522,799,680	1,532,399,548	3,990,400,132	-	-
Placements and investments	6	11,344,064,460	-	-	11,103,527,049	-
		<b>16,866,864,140</b>	<b>1,532,399,548</b>	<b>3,990,400,132</b>	<b>11,103,527,049</b>	-
Deposits from banks and financial institutions	14	942,715,903	-	-	942,715,903	-
Deposits from customers	15	8,379,482,550	8,379,482,550	-	-	-
		<b>9,322,198,453</b>	<b>8,379,482,550</b>	-	<b>942,715,903</b>	-
<b>Gap</b>		<b>7,544,665,687</b>	<b>(6,847,083,002)</b>	<b>3,990,400,132</b>	<b>10,160,811,146</b>	-

574

# **PASHTANY BANK**

Notes to the financial statements  
For the year ended 30 Qaws 1399 (20 December 2020)

## **Exposure to currency risk**

The Bank's exposure to foreign currency risk was as follows based on notional amounts.

### **2020**

	US\$	Euro	Others
Cash and cash equivalents	4,058,662,529	732,950,726	154,259,813
Placements and investments	3,872,901,710	-	-
Other assets	855,486,701	27,867,710	-
	<b>8,787,050,940</b>	<b>760,818,436</b>	<b>154,259,813</b>
Deposits from banks and financial institutions	2,599,870	114,641	-
Deposits from customers	8,221,337,687	435,797,899	62,764,601
Other liabilities	43,576,447	-	-
	<b>8,267,514,004</b>	<b>435,912,540</b>	<b>62,764,601</b>
Net foreign currency exposure	<b>519,536,936</b>	<b>324,905,895</b>	<b>91,495,212</b>

### **2019**

Cash and cash equivalents	465,008,153	196,889,619	134,761,629
Placements and investments	8,468,280,000	156,420,000	-
Other assets	907,410,431	10,708,861	-
	<b>9,840,698,585</b>	<b>364,018,479</b>	<b>134,761,629</b>
Deposits from banks and financial institutions	951,604,490	108,199	3,054
Deposits from customers	8,413,908,270	122,348,427	42,007,662
Other liabilities	15,939,821	-	-
	<b>9,381,452,581</b>	<b>122,456,626</b>	<b>42,010,716</b>
Net foreign currency exposure	<b>459,246,004</b>	<b>241,561,853</b>	<b>92,750,913</b>

The following significant exchange rates were applied during the periods.

	2020	2019
	Average rate	Reporting date spot rate
US\$	76.83	77.11
Euro	86.61	93.73
GBP	97.16	102.89
		78.41
		86.90
		101.80



# PASHTANY BANK

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

## Sensitivity analysis

A 10% strengthening of the Afghani, as indicated below, against the USD, and 10% strengthening euro at 21 December 2019 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Bank considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2020		2019	
	Equity	Profit or loss	Equity	Profit or loss
	..... AFN .....			
US\$	41,562,955	51,953,694	36,739,680	45,924,600
Euro	25,992,472	32,490,590	19,324,948	24,156,185

A 10 % weakening of the Afghani against the above currencies at 20 December 2020 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

**PASHTANY BANK**

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

**30 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 December 2020 is as follows:

	30 Qaws 1399 (20 Dec 2020)	30 Qaws 1398 (21 Dec 2019)
	AFN	
<b>Core (Tier 1) Capital:</b>		
Total shareholder's equity	2,793,378,987	2,692,944,510
Less:		
Profit for the year	(107,579,083)	(386,242,163)
Deferred tax assets - Net	(133,889,814)	(145,251,231)
Intangible assets	(50,938,226)	(56,739,884)
Surplus on revaluation of fixed assets	(439,812,600)	(442,363,000)
	<u>2,061,159,264</u>	<u>1,662,348,232</u>
<b>Supplementary (Tier 2) Capital:</b>		
Profit for the year	107,579,083	386,242,163
Surplus on revaluation of fixed assets	439,812,600	442,363,000
Allowable deduction - equity investment	(266,321,520)	(274,229,459)
	<u>281,070,162</u>	<u>554,375,704</u>
<b>Total regulatory capital</b>	<u>2,342,229,426</u>	<u>2,216,723,936</u>
<b>Risk-weight categories</b>		
<b>0% risk weight:</b>		
Cash in Afghani and fully-convertible foreign currencies	1,366,798,271	759,688,887
Direct claims on DAB	15,420,064,954	9,689,999,136
<b>Total</b>	<u>16,786,863,225</u>	<u>10,449,688,023</u>
0% risk-weight total (above total x 0%)		
<b>20% risk weight:</b>		
Balances with other banks	4,574,736,117	9,373,231,403
20% risk-weight total (above total x 20%)	<u>914,947,223</u>	<u>1,874,646,281</u>
<b>100% risk weight:</b>		
All other assets	2,989,307,503	2,848,756,496
Allowable deduction-equity investment	(266,321,520)	(274,229,459)
Intangible assets	(50,938,226)	(56,739,884)
Net deferred tax asset	(133,889,814)	(145,251,231)
100% risk-weight total (above total x 100%)	<u>2,538,157,942</u>	<u>2,372,535,922</u>
<b>0% risk weight:</b>		
Guarantees	1,191,211,200	1,093,102,000
0% credit conversion factor total (risk-weighted total x 0%)	<u>-</u>	<u>-</u>
<b>Total risk-weighted assets</b>	<u>3,453,105,166</u>	<u>4,247,182,202</u>

523



**PASHTANY BANK**

Notes to the financial statements

For the year ended 30 Qaws 1399 (20 December 2020)

	30 Qaws 1399 (20 Dec 2020)	30 Qaws 1398 (21 Dec 2019)
	AFN	
<b>Tier 1 Capital Ratio</b> (Tier 1 capital as % of total risk-weighted assets)	59.69%	39.14%
<b>Regulatory Capital Ratio</b> (Regulatory capital as % of total risk-weighted assets)	67.83%	52.19%

**31 RESTATEMENT OF FINANCIAL STATEMENTS**

	As previously stated	Restated amount	Restatement
<b>Statement of financial position</b>			
Cash and cash equivalent (note 5.3.1)	7,092,551,511	7,062,704,144	(29,847,367)
Other liabilities (note 19.2)	186,358,470	197,780,182	(11,421,712)
Investment in associates (note 8.1.5.1)	240,537,411	274,229,459	33,692,048
			<u>(7,577,031)</u>
<b>Statement of comprehensive income</b>			
Employee costs (note 19.2)	(182,669,869)	(194,091,581)	(11,421,712)
Impairment (loss)/reversal on other assets	(1,054,663)	(30,902,030)	(29,847,367)
Share in profit of associates	8,380,781	7,633,845	(746,936)
Share in OCI of associates - restated	-	3,094,557	3,094,557
Accumulated losses	(1,608,596,947)	(1,577,252,521)	31,344,426
			<u>(7,577,031)</u>

**32 POST REPORTING DATE EVENTS**

No adjusting or significant non-adjusting events have occurred between the reporting date, December 20, 2020 and the date of authorization of these financial statements.

**33 CORRESPONDING FIGURES**

33.1 Corresponding figures have been reclassified / re-arranged wherever necessary to facilitate comparison in the presentation in the current year. Refer to note 5.3.1, 19.2 and 8.1.5.1 for prior year errors and misstatements of corresponding amounts.

Investment in associates are presented on the statement of financial position separately from investment in securities. Corresponding periods are also restated for this classification. This has no impact on net assets, equity or profits of the Bank in any of the periods presented.

33.2 The figures in these financial statements have been rounded off to the nearest in AFN.


  
Chairman


  
Chief Executive Officer


  
Chief Financial Officer

SMA