

Report on Review of Condensed Interim Financial Statements to the Shareholders of Pashtany Bank

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Pashtany Bank** ("the Bank") as at 31 Jawza 1401 (21 June 2022) and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and the notes to the condensed interim financial statements for the six months then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), Law of Banking in Afghanistan and the directives issued by Da Afghanistan Bank. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Emphasis of Matter – Material uncertainty related to Going Concern

We draw attention to note 1.2 to the financial statements, which indicates that prevailing economic situation of Afghanistan has resulted in significant reduction in income of the Bank. As stated in note 1.2, these events or conditions, along with other matters as set forth in note 1.2, indicate that material uncertainty exist relating to going concern for which management has implemented mitigating plans. Significant steps taken by the Central Bank of Afghanistan which include strict limits on cash withdrawals, reduction in mandatory reserve requirements provide essential support for sustainability of the Bank. cha

Our conclusion is not modified in respect to this matter.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these accompanying interim financial statements do not give a true and fair view of the condensed interim statement of financial position of the Bank as at 31 Jawza 1401 (21 June 2022), and of its condensed interim financial performance and its condensed interim statement of cash flows for the six months period then ended in accordance International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), Law of Banking in Afghanistan and the directives issued by the Da Afghanistan Bank.

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Crowe Horwath Afghanistan

Crowe Horwath Afghanistan

Engagement Partner: Muhammad Najmussaib Shah - FCA

Location: Kabul, Afghanistan


Date:



PASHTANY BANK
Statement of Financial Position
As at 31 Jawza 1401 (21 June 2022)

		Un-Audited	Audited
		31 Jawza 1400	30 Qaws 1400
		(21 June 2022)	(21 Dec 2021)
	Note	AFN	AFN
Assets			
Cash and cash equivalents	4	10,166,993,870	6,340,194,486
Receivable from Financial Institution	5	-	1,301,000,000
Loans and Advances	6	27,560,681	31,771,422
Investments and placements	7	5,926,190,072	12,083,230,237
Investment in governmental entities	8	105,752,501	105,752,501
Property and equipment	9	1,328,959,490	1,344,863,485
Intangible assets	10	47,447,098	50,597,807
Investment properties		2,063,513,776	2,063,513,776
Deferred tax assets - net		49,735,175	49,735,175
Other assets	11	2,264,200,772	2,293,343,705
Total assets		21,980,353,435	25,664,002,594
Equity and liabilities			
Equity			
Share capital		3,820,257,000	3,820,257,000
Accumulated losses		(541,061,488)	(239,604,561)
Surplus on revaluation of property and equipment- net		875,934,706	875,934,706
Total equity		4,155,130,218	4,456,587,145
Liabilities			
Deposits from banks	12	43,712,737	1,044,220,574
Deposits from customers	13	17,500,267,636	19,860,755,903
Deferred grant		48,504,703	56,067,547
Other liabilities	14	232,738,141	246,371,425
Total liabilities		17,825,223,217	21,207,415,449
Total equity and liabilities		21,980,353,435	25,664,002,594
Contingencies and commitments	15	-	-

The annexed notes from 1 to 23 form an integral part of the financial statements.


 Chief Executive Officer


 Chief Finance Officer

PASHTANY BANK
Statement of Comprehensive Income
For the period ended 31 Jawza 1401 (21 June 2022)

		'Six months ended	'Six months ended	Three months ended	Three months ended
	Notes	21-Jun-22	21-Jun-21	21-Jun-22	21-Jun-21
		AFN			
Interest income		5,868,212	171,162,813	3,849,714	100,768,006
Interest expense		-	(1,949,559)	-	(980,157)
Net interest income	16	5,868,212	169,213,254	3,849,714	99,787,849
Fee and commission income		50,759,875	50,593,512	31,008,544	25,055,114
Fee and commission expense		(929,121)	(1,028,715)	(435,418)	(468,506)
Net fee and commission income	17	49,830,754	49,564,797	30,573,126	24,586,608
		55,698,966	218,778,051	34,422,840	124,374,457
Other income	18	30,019,671	51,518,662	17,752,202	16,750,827
Amortization of deferred grant		7,562,843	7,817,198	3,823,438	4,075,160
Employee compensation	19	(83,589,619)	(86,628,193)	(45,593,360)	(44,228,371)
Depreciation on property and equipment		(15,508,795)	(16,341,147)	(8,819,987)	(7,981,800)
Depreciation on right of use asset		(5,397,941)	(6,162,749)	-	(2,877,474)
Amortization on intangible assets		(3,150,709)	(3,172,608)	(1,592,859)	(1,718,154)
Finance cost on lease liabilities		(258,744)	(446,626)	-	(207,977)
Other operating expenses	20	(61,825,421)	(82,103,371)	(34,787,980)	(38,209,444)
Exchange gain/(loss)		(225,007,178)	7,101,304	46,926,594	9,261,213
(Loss)/ Profit before tax		(301,456,927)	90,360,521	12,130,889	59,238,437
Income tax		-	(12,224,235)	-	(11,075,084)
(Loss)/ Profit for the period		(301,456,927)	78,136,286	12,130,889	48,163,353
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/ income for the period		(301,456,927)	78,136,286	12,130,889	48,163,353

The annexed notes from 1 to 23 form an integral part of the financial statements.

Chief Executive Officer

Chief Financial Officer

PASHTANY BANK
Statement of Changes in Equity
For the period ended 31 Jawza 1401 (21 June 2022)

	Share capital	Retained earnings	Surplus on revaluation of property and equipment	Total
	-----AFN-----			
Balance as at 20 December 2020 - audited	3,820,257,000	(1,466,690,615)	439,812,600	2,793,378,985
Total comprehensive income for the period	-	78,136,286	-	78,136,286
Balance as at 21 June 2021 - un-audited	3,820,257,000	(1,388,554,329)	439,812,600	2,871,515,271
Balance as at 21 December 2021 - audited	3,820,257,000	(239,604,561)	875,934,706	4,456,587,145
Total comprehensive loss for the period	-	(301,456,927)	-	(301,456,927)
Balance as at 21 June 2022 - un-audited	3,820,257,000	(541,061,488)	875,934,706	4,155,130,218

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The annexed notes from 1 to 23 form an integral part of the financial statements.

Chief Executive Officer

Chief Financial Officer

PASHTANY BANK

Statement of Cash Flows

For the period ended 31 Jawza 1401 (21 June 2022)

	Un-audited 31 Jawza 1401 (21 June 2022)	Un-audited 31 Jawza 1400 (21 June 2021)
	AFN	AFN
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	(301,456,927)	90,360,521
Adjustments for:		
Depreciation on property and equipment	15,508,795	16,341,147
Amortization of intangible asset	3,150,709	3,172,608
Amortization of deferred grants	(7,562,843)	(7,817,198)
Finance cost on lease liabilities	258,744	446,626
Depreciation on right of use asset	5,397,941	6,162,749
Investment in associates - exchange gain	-	(221,827)
	(284,703,581)	108,444,626
(Increase) decrease in operating assets and liabilities:		
Deposits from banks and financial institutions	(1,000,507,837)	998,062,944
Deposits from customers	(2,360,488,267)	(739,108,156)
Receivable from financial institutions	1,301,000,000	(984,625,000)
Loan and Advances	4,210,741	(5,786,916)
Investments and Placements	6,157,040,165	(2,635,407,501)
Other assets	29,142,933	(445,713,451)
Other liabilities	(13,633,284)	75,139,642
Net cash (used) in/ generated from operations	3,832,060,870	(3,628,993,812)
Tax paid/withheld	-	(30,796,277)
Net cash (used) in/ generated from operating activities	3,832,060,870	(3,659,790,089)
Cash flows from investing activities		
Purchase of property and equipment	15,903,995	(4,912,409)
Acquisition of intangible	3,150,709	(967,200)
Disposal of property and equipment	-	298,920
Net cash used in investing activities	19,054,704	(5,580,689)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid	-	(6,510,544)
Net cash used in financing activities	-	(6,510,544)
Net decrease in cash and cash equivalents	3,851,115,574	(3,671,881,322)
Cash and cash equivalents at beginning of the year	6,340,194,486	9,555,570,113
Cash and cash equivalents at the end of the period	10,191,310,060	5,883,688,791

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The annexed notes from 1 to 23 form an integral part of the financial statements.

Chief Executive Officer

Chief Financial Officer

PASHTANY BANK

Notes To The Condensed Interim Financial Statements For the period ended 31 Jawza 1401 (21 June 2022)

1. STATUS AND NATURE OF OPERATIONS

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 21 (2021: 21) branches nationwide.

The financial statements for the six months ended 21 June 2022 have been approved and authorized for issue by the Board of Supervisors on 02 August 2022.

- 1.1 Financial sector of Afghanistan has been deeply impacted by the economic fallout resulting from actions taken by the United States, International Monetary Fund (IMF), the World Bank and western countries post takeover of Afghanistan by the Islamic Emarat of Afghanistan on 15 August 2021. These actions included freezing of the foreign reserves of USD 9 billion by the US Treasury's Office of Foreign Assets Control (OFAC), suspending access to Special Drawing Rights (SDRS) and additional funding of USD 370 million by IMF, and halting of aid by the World Bank and Germany – the biggest donor. Economy of Afghanistan has been heavily reliant on foreign aid whereby foreign aid constituted around 42% of GDP and three-quarter of the budget. Lack of access to foreign exchange can lead to balance of payment crisis since Afghanistan also runs a large trade deficit constituting around 28% of GDP or economy might significantly contract in response to severe lack of foreign exchange.

Political situation emanating from withdrawal of United States and NATO forces, collapse of previous government and take over by the Islamic Emarat of Afghanistan, caused extreme panic and fear amongst masses.

All these factors together brought run on the banks. However, in a move to control the crisis and ease pressure on banks, the Central Bank of Afghanistan (DAB) imposed strict limits on the cash withdrawals. DAB further moved to reduce the cash reserve requirements for the banks by bringing down cash reserve requirements from 10% on local currency deposits to 7% and from 12% to 9% on foreign currency deposits. DAB also imposed restrictions on international transactions to stem the capital outflows.

Interest income on capital notes and overnight deposits constituted major sources of income for the Bank and currently, DAB has suspended interest on capital notes and overnight deposits pending further decision by the Cabinet. Offshore correspondent banks have been de-risking in the past and now would be further reluctant to engage with the banks in Afghanistan with concerns associated with sanctions. Therefore, the Bank might lose source of income on placements with foreign banks. Situation can further aggravate if sanctions are formally imposed by the United States on Afghanistan. These events or conditions indicate material uncertainties exist that may cast significant doubt on the Bank's ability to continue as a going concern.

Management is closely monitoring the situation and has implemented the plans to mitigate the risks emanating from current situation. These include:

- ▶ The Bank has reduced interest/mark-up on saving and fixed deposits to zero.
 - ▶ Cost cutting measures have been taken including all major contracts with vendors have been renegotiated for significant reduction which include leases.
 - ▶ The Bank continues to enhance its commission income on custom duties collection and electricity bills collection.
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- ▶ Western union continue to provide services in Afghanistan, and international money transfer services are made through this.
 - ▶ The Bank currently holds sufficient liquid assets and net turnover in the local deposits has remained positive since regime change.
 - ▶ Measures taken by the Central Bank including strict limits on cash withdrawals, reducing reserve requirements provide essential support for sustainability.
 - ▶ New depositors from corporate clients have been increased which contributes in additional liquidity for bank.
- As a result, these interim financial statements have been prepared on a going concern basis.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed interim financial statements of the Bank for the six months period ended 21 June 2022 have been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting", the Law of Banking in Afghanistan, and other laws and regulations issued by Da Afghanistan Bank (DAB). In case where requirements differ, the requirement of the Law of Banking in Afghanistan, and other laws and regulations issued by DAB take precedence.

The disclosures made in this condensed interim financial statements have been limited based on the format prescribed by the International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, the condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended 21 December 2021.

Comparative statement of financial position is extracted from the annual financial statements as at 21 December 2021 whereas comparative statement of comprehensive income, statement of changes in equity and statement of cash flows have been taken from un-audited condensed interim financial statements for the six months period ended 21 June 2021.

3. ACCOUNTING POLICIES

- 3.1 The accounting policies adopted in preparation of the condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements of the Bank for the year ended 21 December 2021.
- 3.2 The estimates / judgments assumptions used in the preparation of this condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 21 December 2021.
- 3.3 The financial risk management policies and procedures are the same as those disclosed in annual financial statements of the Bank for the year ended 21 December 2021.

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PASHTANY BANK

Notes To The Condensed Interim Financial Statements

For the period ended 31 Jawza 1401 (21 June 2022)

		Un-Audited 31 Jawza 1401 (21 June 2022)	Audited 30 Qaws 1400 (21 Dec 2021)
	Note	AFN	AFN
4. CASH AND CASH EQUIVALENTS			
Cash in hand	4.1	1,135,945,879	393,185,191
Cash at ATM	4.2	6,120,500	1,495,160
Balances with Da Afghanistan Bank	4.3	8,566,240,955	4,367,971,561
Balances with other banks	4.4	458,686,536	1,577,542,574
		10,166,993,870	6,340,194,486
4.1 Cash in hand			
Local currency		530,966,340	257,496,266
Foreign currency		604,979,539	135,688,925
		1,135,945,879	393,185,191
4.2 Cash at ATM			
Local currency		5,945,000	1,287,000
Foreign currency		175,500	208,160
		6,120,500	1,495,160
4.3 Balances with Da Afghanistan Bank			
Current accounts:			
Local currency		4,131,022,393	1,036,735,836
Foreign currency		4,433,204,066	3,329,221,229
		8,564,226,459	4,365,957,065
Overnight deposit	4.3.1	2,014,496	2,014,496
		8,566,240,955	4,367,971,561

4.3.1 This represent overnight deposit with Da Afghanistan Bank in local currency which are interest free.

		31 Jawza 1401 (21 June 2022)	30 Qaws 1400 (21 Dec 2021)
	Note	AFN	AFN
4.4 Balances with other banks			
In Afghanistan			
<i>Current accounts:</i>			
Azizi Bank		1,972,063	2,280,582
Bank Millie Afghan		47,230,106	48,162,234
New Kabul Bank		3,674,144	4,253,107
		52,876,313	54,695,923
Outside Afghanistan			
<i>Current accounts:</i>			
Aktif Bank, Turkey		221,984,528	256,734,576
BMCE, Spain		44,997,958	52,042,643
Nurol Bank, Turkey		138,827,737	632,652,644
Trans Kapital Bank, Russia		-	581,416,788
		405,810,223	1,522,846,651
	4.4.1	458,686,536	1,577,542,574

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

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PASHTANY BANK

Notes To The Condensed Interim Financial Statements

For the period ended 31 Jawza 1401 (21 June 2022)

		Un-Audited 31 Jawza 1401 (21 June 2022) AFN	Audited 30 Qaws 1400 (21 Dec 2021) AFN
	Note		
5. RECEIVABLE FROM FINANCIAL INSTITUTIONS	5.1	-	1,301,000,000

- 5.1 The Bank entered into Memorandum of Understanding effective 07 January 2021 with Islamic Bank of Afghanistan (IBA), for back-to-back interest free deposit exchange arrangement with IBA whereby an amount of AFN 1,000,000,000 was received from IBA against a deposit of USD 12,500,000 made by the Bank with IBA (repo transaction). These deposit maintained over a period of one year matured during the current period.

		Un-Audited 31 Jawza 1401 (21 June 2022) AFN	Audited 30 Qaws 1400 (21 Dec 2021) AFN
	Note		
6. LOANS AND ADVANCES	6.1	27,560,681	31,771,422

- 6.1 These represent small consumer loans with a maximum term of 3 to 5 years and carry interest rate of 10% p.a. These loans are provided to Government employees having minimum service period of 5 years and these loans are secured against the personal guarantees of two governmental employees.

		Un-Audited 31 Jawza 1401 (21 June 2022) AFN	Audited 30 Qaws 1400 (21 Dec 2021) AFN
	Note		
7. INVESTMENTS AND PLACEMENTS			
Capital notes issued by Da Afghanistan Banl	7.1	1,865,666,751	7,391,759,707
Placements	7.2	4,060,523,321	4,691,470,530
		<u>5,926,190,072</u>	<u>12,083,230,237</u>

- 7.1 These represent capital notes having original maturity to 364 days and carry interest rate of 6.5% to 9% (21 December 2021: 3.8% to 9%) per annum.

		Un-Audited 31 Jawza 1401 (21 June 2022) AFN	Audited 30 Qaws 1400 (21 Dec 2021) AFN
	Note		
7.2 Placements Outside Afghanistan			
Citi Bank, UAE		3,158,830,683	3,649,544,301
First Abu Dhabi Bank		901,692,638	1,041,926,229
	7.2.1	<u>4,060,523,321</u>	<u>4,691,470,530</u>

- 7.2.1 These placements are having original maturity up to 95 days and carry interest rate of ranging from 0.18% to 2.8% (21 December 2021: 0.06% to 0.18%) p.a.

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PASHTANY BANK

Notes To The Condensed Interim Financial Statements

For the period ended 31 Jawza 1401 (21 June 2022)

		Un-Audited 31 Jawza 1401 (21 June 2022)	Audited 30 Qaws 1400 (21 Dec 2021)
	Note	AFN	AFN
8. INVESTMENT IN GOVERNMENTAL ENTITIES	8.1	105,752,501	105,752,501
		105,752,501	105,752,501
8.1 At cost:			
Shirkat-e-Ariyana		281,240	281,240
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
Bank-e-Millie Afghan		11,340,000	11,340,000
Afghan National Insurance Company		7,660,000	7,660,000
		105,752,501	105,752,501
		Un-Audited 31 Jawza 1401 (21 June 2022)	Audited 30 Qaws 1400 (21 Dec 2021)
	Note	AFN	AFN
9. PROPERTY AND EQUIPMENT AND RIGHT OF USE ASSETS			
Operating fixed assets	9.1	1,320,018,457	1,330,524,511
Right of use assets - buildings	9.2	8,941,033	14,338,974
		1,328,959,490	1,344,863,485

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PASHTANY BANK
Notes To The Condensed Interim Financial Statements
For the period ended 31 Jawza 1401 (21 June 2022)

		Un-Audited 31 Jawza 1401 (21 June 2022)	Audited 30 Qaws 1400 (21 Dec 2021)
	Note	AFN	AFN
9.1 PROPERTY AND EQUIPMENT			
Gross Carrying Amount			
At beginning of the period/ year		1,624,175,267	1,086,871,277
Additions during the period/ year		5,002,741	6,869,790
Reclassification during the period/ year		-	120,430,912
Surplus on revaluation of the period/ year		-	486,989,762
Disposals of the period/ year		-	(76,986,474)
Closing balance		1,629,178,008	1,624,175,267
Accumulated Depreciation			
At beginning of the period/ year		293,650,756	337,713,300
Charge for the period/ year		15,508,795	31,905,594
Accumulated depreciation on disposal		-	(75,968,138)
Closing balance		309,159,551	293,650,756
Carrying Value		1,320,018,457	1,330,524,511
		Un-Audited 31 Jawza 1401 (21 June 2022)	Audited 30 Qaws 1400 (21 Dec 2021)
	Note	AFN	AFN
9.2 RIGHT OF USE ASSET			
Cost			
Opening Balance		40,295,406	36,604,521
Additions during the period/year		-	7,280,321
Lease modifications	9.2.1	-	(3,589,436)
Closing balance		40,295,406	40,295,406
Accumulated depreciation			
Opening balance		25,956,432	11,956,470
Charge for the period/year		5,397,941	13,999,962
Closing balance		31,354,373	25,956,432
Carrying amount as of the year end		8,941,033	14,338,974

9.2.1 As a result of leases of branches renegotiated by the Bank after 15 August 2021, lease rentals have been reduced. Reduction in rent has been treated as lease modification in accordance with para 44 of IFRS 16.

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		Un-Audited 31 Jawza 1401 (21 June 2022)	Audited 30 Qaws 1400 (21 Dec 2021)
	Note	AFN	AFN
10. Intangible assets			
Cost			
Opening balance	10.1	64,003,541	58,178,178
Additions during the year - Core Banking System		-	5,825,363
Closing balance		64,003,541	64,003,541
Less: Accumulated amortization			
Opening balance		13,405,734	7,239,952
Charge for the period/ year		3,150,709	6,165,782
Closing balance		16,556,443	13,405,734
Written down value		47,447,098	50,597,807

- 10.1 Intangible assets include cost amounting to AFN 58,178,178 for 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.

		Un-Audited 31 Jawza 1401 (21 June 2022)	Audited 30 Qaws 1400 (21 Dec 2021)
	Note	AFN	AFN
11. OTHER ASSETS			
Required reserves with Da Afghanistan Bank	11.1	731,348,292	1,734,177,116
Advance tax		510,648,624	510,648,625
Advances to employees		9,874,761	8,427,816
Advances to suppliers		9,811,302	5,158,677
Interest accrued on capital notes and time deposits		2,056,833	1,565,706
Security deposit		6,001,000	7,107,160
Receivable from Western Union		987,759,184	23,805,332
Receivable from financial institution		25,010,137	31,856,951
Others		6,700,776	2,453,273
		2,289,210,909	2,325,200,656
Provision against receivable from financial institution	11.2	(25,010,137)	(31,856,951)
Net carrying amount		2,264,200,772	2,293,343,705

	Un-Audited 31 Jawza 1401 (21 June 2022)	Audited 30 Qaws 1400 (21 Dec 2021)
	AFN	AFN
11.1 Currency profile of required reserve with DAB		
Local currency	226,935,980	839,189,923
Foreign currencies	504,412,312	894,987,193
	731,348,292	1,734,177,116

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 (2021: nil).

- 11.2 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. Inspection team of DAB, in their review report of 2019, concluded that this amount should be written-off. Accordingly full provision has been maintained against this balance.

	Un-Audited 31 Jawza 1401 (21 June 2022)	Audited 30 Qaws 1400 (21 Dec 2021)
Note	AFN	AFN
12. DEPOSITS FROM BANKS		
Current deposit		
Bank-e-Millie Afghan	40,364,249	40,426,375
Maiwand Bank	968,220	1,109,451
Afghan United Bank	2,197,169	2,467,913
Azizi Bank	114,795	135,253
New Kabul Bank	30,330	37,572
Ghazanfar Bank	37,974	46,410
Islamic Bank of Afghanistan	-	999,997,600
5.1	43,712,737	1,044,220,574

13. DEPOSITS FROM CUSTOMERS

Fixed deposits	13.1	37,582,212	38,355,612
Saving deposits		6,269,593,075	7,619,864,299
Current deposits		11,193,092,349	12,202,535,992
		17,500,267,636	19,860,755,903

- 13.1 This includes fixed deposit of USD 54,925 (equivalent AFN 4.94 million) from the Ministry of Commerce which carry no interest rate (31 December 2021: 0.5% p.a.). The remaining amount of AFN 32.64 million from Seloo Markazi which is interest free with indefinite maturity.

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PASHTANY BANK**Notes To The Condensed Interim Financial Statements***For the period ended 31 Jawza 1401 (21 June 2022)*

14. OTHER LIABILITIES	Note	Un-Audited 31 Jawza 1401 (21 June 2022)	Audited 30 Qaws 1400 (21 Dec 2021)
		AFN	AFN
Employees pension fund		95,655,796	106,315,420
Accrued expenses		21,346,558	4,580,410
Other payables		103,072,759	119,008,189
Withholding tax payable		494,433	1,222,480
Lease liability		9,843,280	15,168,238
Inter-branch unreconciled balance		2,325,315	76,688
		<u>232,738,141</u>	<u>246,371,425</u>

15. CONTINGENCIES AND COMMITMENTS

Bank guarantees issued	15.1	<u>1,671,906,778</u>	<u>1,862,382,452</u>
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15.1 Bank guarantees issued by the Bank are backed up by 100% cash margin.

		Un-Audited	Un-Audited
		31 Jawza 1401	31 Jawza 1400
		(21 June 2022)	(21 June 2021)
	Note	AFN	AFN
16.	NET INTEREST INCOME		
Interest income calculated using the effective interest method			
Cash and cash equivalents		4,370,496	169,701,339
Loan and advances		1,497,716	1,461,474
		5,868,212	171,162,813
Interest expense			
Term deposits		-	36,589
Saving deposits		-	1,912,970
		-	1,949,559
Net interest income		5,868,212	169,213,254

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PASHTANY BANK**Notes To The Condensed Interim Financial Statements***For the period ended 31 Jawza 1401 (21 June 2022)*

	Un-Audited 31 Jawza 1401 (21 June 2022) AFN	Un-Audited 31 Jawza 1400 (21 June 2021) AFN
17. NET FEE AND COMMISSION INCOME		
Fee and commission income		
Fee	7,751,186	7,869,044
Commission	43,008,689	42,724,467
	50,759,875	50,593,512
Fee and commission expense		
Fund transfer charges	162,055	847,238
Account maintenance charges	767,066	181,477
	929,121	1,028,715
Net fee and commission income	49,830,754	49,564,797
18. OTHER INCOME		
Recovery of loans written-off		
Loan principal	1,106,093	22,701,470
Loan interest	124,853	1,516,818
Rental income	28,193,161	24,833,007
Other	595,564	2,467,367
	30,019,671	51,518,662
19. EMPLOYEE COMPENSATION		
Salaries, wages and benefits	77,468,886	74,073,682
Bonus	6,115,733	12,369,511
Staff welfare	5,000	185,000
	83,589,619	86,628,193
20. OTHER OPERATING EXPENSES		
Repair and maintenance	3,269,247	3,350,767
Travel and conveyance	793,937	952,485
Advertisement and publicity	366,194	3,266,235
Building rent and tax	37,456	7,450
Softwares support services	4,914,302	-
Deposit insurance	14,604,491	21,960,466
Internet expense	4,446,381	3,551,087
Security expense	471,486	18,481,041
Printing and stationery	2,680,354	2,422,623
Communication	291,805	468,585
Electricity	8,633,600	6,664,237
Fuel expenses	2,373,983	1,118,088
Auditor's remuneration	1,421,522	755,813
Cleaning and water	187,404	418,435
Kindergarten expenses	67,615	132,024
Employees training expenses	12,480	1,170,600
Others	17,253,164	17,383,435
	61,825,421	82,103,371

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PASHTANY BANK**Notes To The Condensed Interim Financial Statements***For the period ended 31 Jawza 1401 (21 June 2022)***21 RELATED PARTY TRANSACTIONS****Parent and ultimate controlling party**

The Bank is owned by individual shareholders who own Bank's shares in different proportions.

Key management personnel

Chief Executive Officer

Deputy Chief Executive Officer

Chief Financial Officer

Chief Operating Officer

Transactions with related parties

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

	Transactions		Balances	
	Un-audited			
	21-Jun-22	21-Jun-21	21-Jun-22	21-Dec-21
	AFN		AFN	
Transactions with key management				
Salaries and other benefits	8,579,667	9,612,229	-	-

22 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
- (iii) To maintain strong capital base to support the development of its business.

The Bank regulatory capital position as at 21 June 2022 is as follows:

	Un-Audited 31 Jawza 1401 (21 June 2022)	Audited 30 Qaws 1400 (21 Dec 2021)
	AFN	AFN
Core (Tier 1) Capital:		
Total shareholder's equity	4,155,130,218	4,456,587,145
Less:		
Profit for the year	-	(1,351,598,116)
Deferred tax assets - Net	(49,735,175)	(49,735,175)
Intangible assets	(47,447,098)	(50,597,807)
Surplus on revaluation of fixed assets	(875,934,706)	(875,934,706)
	3,182,013,239	2,128,721,341

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	Un-Audited	Audited
	31 Jawza 1401 (21 June 2022)	30 Qaws 1400 (21 Dec 2021)
	AFN	AFN
Supplementary (Tier 2) Capital:		
Profit for the year	-	1,351,598,116
Surplus on revaluation of fixed assets	875,934,706	875,934,706
Allowable deduction - equity investment	(105,752,501)	(105,752,501)
	770,182,205	2,121,780,321
Total regulatory capital	3,952,195,444	4,250,501,662

Risk-weight categories

0% risk weight:

Cash in Afghani and fully-convertible foreign currencies	1,142,066,379	393,185,191
Direct claims on DAB	11,163,255,998	13,493,908,384
Total	12,305,322,377	13,887,093,575

0% risk-weight total (above total x 0%)

20% risk weight:

Balances with other banks	4,519,209,857	7,570,013,104
20% risk-weight total (above total x 20%)	903,841,971	1,514,002,621

100% risk weight:

All other assets	5,180,831,338	4,237,257,706
Allowable deduction-equity investment	-	(105,752,501)
Intangible assets	(47,447,098)	(50,597,807)
Net deferred tax asset	(49,735,175)	(49,735,175)
100% risk-weight total (above total x 100%)	5,083,649,065	4,031,172,223

0% risk weight:

Guarantees

0% credit conversion factor total (risk-weighted total x 0%)	1,671,906,778	1,862,382,452
		-

Total risk-weighted assets

5,987,491,036	5,545,174,844
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Tier 1 Capital Ratio

(Tier 1 capital as % of total risk-weighted assets)	53.14%	38.39%
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Regulatory Capital Ratio

(Regulatory capital as % of total risk-weighted assets)	66.01%	76.65%
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23 CORRESPONDING FIGURES

No significant reclassification/ rearrangement has been made in these financial statements.

Chief Executive Officer

Chief Financial Officer