

Pashtany Bank

**Condensed Interim financial statements
For the Nine months period ended
31 Sunbola 1401 (22 September 2022)**

Review report issued by

Crowe Horwath - Afghanistan

Address: 6th floor, Kabul Business
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Kabul-Afghanistan

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 Sunbola 1401 (22 September 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 nine months then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), 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.

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 Sunbola 1401 (22 September 2022), and of its condensed interim financial performance and its condensed interim statement of cash flows for the nine months period then ended in accordance International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), Law of Banking in Afghanistan and the directives issued by the Da Afghanistan Bank.

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 Sunbola 1401 (22 Sep 2022)

		Un-Audited	Audited
		31 Sunbola 1401	30 Qaws 1400
		(22 Sep 2022)	(21 Dec 2021)
	Note	AFN	AFN
Assets			
Cash and cash equivalents	4	13,350,991,731	6,340,194,486
Receivable from Financial Institution	5	-	1,301,000,000
Loans and Advances	6	25,616,025	31,771,422
Investments and placements	7	3,987,360,123	12,083,230,237
Investment in governmental entities	8	105,752,502	105,752,501
Property and equipment	9	1,317,221,597	1,344,863,485
Intangible assets	10	45,854,240	50,597,807
Investment properties		2,063,513,777	2,063,513,776
Deferred tax assets - net		49,735,180	49,735,175
Other assets	11	1,298,108,433	2,293,343,705
Total assets		22,244,153,608	25,664,002,594
Equity and liabilities			
Equity			
Share capital		3,820,257,000	3,820,257,000
Accumulated losses		(658,139,898)	(239,604,561)
Surplus on revaluation of property and equipment- net		875,934,706	875,934,706
Total equity		4,038,051,808	4,456,587,145
Liabilities			
Deposits from banks	12	43,636,487	1,044,220,574
Deposits from customers	13	17,882,208,807	19,860,755,903
Deferred grant		44,681,265	56,067,547
Other liabilities	14	235,575,241	246,371,425
Total liabilities		18,206,101,800	21,207,415,449
Total equity and liabilities		22,244,153,608	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 Sunbola 1401 (22 Sep 2022)

		Nine months ended	Nine months ended	Three months ended	Three months ended
	Notes	22-Sep-22	22-Sep-21	22-Sep-22	22-Sep-21
		AFN			
Interest income		14,979,412	258,737,622	9,111,200	87,574,809
Interest expense		-	(2,259,789)	-	(310,230)
Net interest income	16	14,979,412	256,477,833	9,111,200	87,264,579
Fee and commission income		95,174,672	65,882,393	44,414,797	15,288,881
Fee and commission expense		(1,529,931)	(1,321,867)	(600,810)	(293,152)
Net fee and commission income	17	93,644,741	64,560,526	43,813,987	14,995,729
		108,624,153	321,038,359	52,925,187	102,260,308
Other income	18	45,690,237	61,820,144	15,670,566	10,301,482
Amortization of deferred grant		11,386,280	11,262,493	3,823,437	3,445,295
Employee compensation	19	(123,784,591)	(133,672,808)	(40,194,972)	(47,044,615)
Depreciation on property and equipment		(24,773,146)	(24,153,705)	(9,264,351)	(7,812,558)
Depreciation on right of use asset		(7,622,781)	(9,040,223)	(2,224,840)	(2,877,474)
Amortization on intangible assets		(4,743,567)	(4,607,931)	(1,592,858)	(1,435,323)
Finance cost on lease liabilities		(352,165)	(626,121)	(93,421)	(179,495)
Other operating expenses	20	(86,506,076)	(112,934,465)	(24,680,655)	(30,831,094)
Exchange gain/(loss)		(336,453,682)	99,679,232	(111,446,504)	92,577,928
(Loss)/ Profit before tax		(418,535,337)	208,764,975	(117,078,410)	118,404,454
Income tax		-	(17,393,899)	-	(5,169,664)
(Loss)/ Profit for the period		(418,535,337)	191,371,076	(117,078,410)	113,234,790
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/ income for the period		(418,535,337)	191,371,076	(117,078,410)	113,234,790

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

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Chief Executive Officer

Chief Financial Officer

PASHTANY BANK
Statement of Changes in Equity
For the period ended 31 Sunbola 1401 (22 Sep 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	(1,616,955,340)	439,812,600	2,643,114,260
Total comprehensive income for the period	-	191,371,076	-	191,371,076
Balance as at 22 September 2021 - un-audited	3,820,257,000	(1,425,584,264)	439,812,600	2,834,485,336
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	-	(418,535,337)	-	(418,535,337)
Balance as at 22 September 2022 - un-audited	3,820,257,000	(658,139,898)	875,934,706	4,038,051,808

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

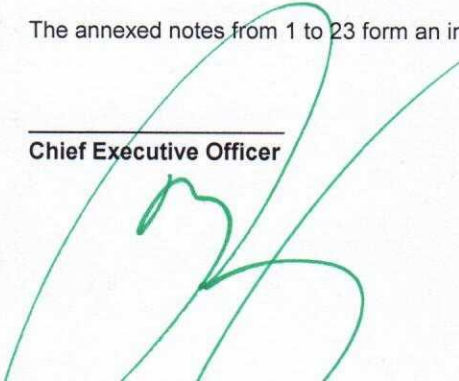
Chief Executive Officer

Chief Financial Officer


PASHTANY BANK**Statement of Cash Flows***For the period ended 31 Sunbola 1401 (22 Sep 2022)*

	Un-audited 31 Sunbola 1401 (22 Sep 2022)	Un-audited 31 Sunbola 1400 (22 Sep 2021)
	AFN	AFN
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	(418,535,337)	208,764,977
Adjustments for:		
Depreciation on property and equipment	24,773,146	24,153,705
Amortization of intangible asset	4,743,567	4,607,931
Amortization of deferred grants	(11,386,280)	(11,262,493)
Finance cost on lease liabilities	352,165	626,121
Depreciation on right of use asset	7,622,781	9,040,223
Loss on disposal of fixed assets	-	298,918
Profit before tax -adjusted	<u>(392,429,958)</u>	<u>236,229,382</u>
(Increase) decrease in operating assets and liabilities:		
Deposits from banks and financial institutions	(1,000,584,087)	998,375,333
Deposits from customers	(1,978,547,096)	(899,185,121)
Receivable from financial institutions	1,301,000,000	(1,100,750,000)
Loan and Advances	6,155,397	(8,206,769)
Investments and Placements	8,095,870,114	(1,867,242,986)
Other assets	995,235,272	(203,008,992)
Investment in associates	-	(1,463,261)
Other liabilities	(2,855,912)	60,737,845
Net cash (used) in/ generated from operations	<u>7,023,843,730</u>	<u>(2,784,514,569)</u>
Tax paid/withheld	(396,414)	(54,099,327)
Net cash (used) in/ generated from operating activities	<u>7,023,447,316</u>	<u>(2,838,613,896)</u>
Cash flows from investing activities		
Purchase of property and equipment	(4,754,039)	(5,466,360)
Acquisition of intangible	-	(967,200)
Net cash used in investing activities	<u>(4,754,039)</u>	<u>(6,433,560)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liability	(7,543,867)	(8,931,156)
Finance cost paid	(352,165)	(626,121)
Net cash used in financing activities	<u>(7,896,032)</u>	<u>(9,557,277)</u>
Net decrease in cash and cash equivalents	<u>7,010,797,245</u>	<u>(2,854,604,733)</u>
Cash and cash equivalents at beginning of the year	<u>6,340,194,486</u>	<u>9,555,570,113</u>
Cash and cash equivalents at the end of the period	<u>13,350,991,731</u>	<u>6,700,965,380</u>

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 Sunbola 1401 (22 Sep 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 22 (2021: 21) branches nationwide.

The financial statements for the nine months ended 31 Sunbola (22 September 2022) have been approved and authorized for issue by the Board of Supervisors on 5th / Nov / 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed interim financial statements of the Bank for the nine months period ended 22 September 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 nine months period ended 22 September 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 Sunbola 1401 (22 Sep 2022)

		Un-Audited 31 Sunbola 1401 Nine Months ended (22 Sep 2022)	Audited 30 Qaws 1400 Year ended (21 Dec 2021)
	Note	AFN	AFN
4. CASH AND CASH EQUIVALENTS			
Cash in hand	4.1	1,699,472,037	393,185,191
Cash at ATM	4.2	15,031,763	1,495,160
Balances with Da Afghanistan Bank	4.3	10,470,537,816	4,367,971,561
Balances with other banks	4.4	1,165,950,115	1,577,542,574
		13,350,991,731	6,340,194,486
4.1 Cash in hand			
Local currency		700,714,161	257,496,266
Foreign currency		998,757,876	135,688,925
		1,699,472,037	393,185,191
4.2 Cash at ATM			
Local currency		14,859,500	1,287,000
Foreign currency		172,263	208,160
		15,031,763	1,495,160
4.3 Balances with Da Afghanistan Bank			
Current accounts:			
Local currency		5,593,705,039	1,036,735,836
Foreign currency		4,874,818,282	3,329,221,229
		10,468,523,321	4,365,957,065
Overnight deposit	4.3.1	2,014,496	2,014,496
		10,470,537,817	4,367,971,561
4.3.1 This represent overnight deposit with Da Afghanistan Bank in local currency which are interest free.			

		31 Sunbola 1401 Nine Months ended (22 Sep 2022)	30 Qaws 1400 Year ended (21 Dec 2021)
	Note	AFN	AFN
4.4 Balances with other banks			
In Afghanistan			
<i>Current accounts:</i>			
Azizi Bank		1,935,690	2,280,582
Bank Millie Afghan		47,204,413	48,162,234
New Kabul Bank		3,602,844	4,253,107
Ghazanfar Bank		718,227,255	-
		770,970,202	54,695,923
Outside Afghanistan			
<i>Current accounts:</i>			
Aktif Bank, Turkey		217,889,974	256,734,576
BMCE, Spain		44,048,551	52,042,643
Nurol Bank, Turkey		133,041,388	632,652,644
Trans Kapital Bank, Russia		-	581,416,788
		394,979,914	1,522,846,651
4.4.1		1,165,950,115	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 Sunbola 1401 (22 Sep 2022)

		Un-Audited 31 Sunbola 1401 Nine Months ended (22 Sep 2022)	Audited 30 Qaws 1400 Year ended (21 Dec 2021)
	Note	AFN	AFN
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 Sunbola 1401 Nine Months ended (22 Sep 2022)	Audited 30 Qaws 1400 Year ended (21 Dec 2021)
	Note	AFN	AFN
6. LOANS AND ADVANCES			
Consumer Loan	6.1	25,616,025	31,771,422
Impairment		-	-
		25,616,025	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.

The Bank received a letter no. 1397/1758 dated 27 August 2022 from DAB, whereby the Bank was required to record impairment on loans and advances which was later withdrawn through letter no. 3151/3384 dated 29 September 2022. DAB provided the relief from recording such provision to the Bank till 30 August 2023. Had no extension or relief provided by DAB, provision amounting to AFN 3,679,530 was required to be recorded in the financial statements.

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PASHTANY BANK

Notes To The Condensed Interim Financial Statements
For the period ended 31 Sunbola 1401 (22 Sep 2022)

		Un-Audited 31 Sunbola 1401 Nine Months ended (22 Sep 2022)	Audited 30 Qaws 1400 Year ended (21 Dec 2021)
	Note	AFN	AFN
7. INVESTMENTS AND PLACEMENTS			
Capital notes issued by Da Afghanistan Ban	7.1	-	7,391,759,707
Placements	7.2	3,987,360,123	4,691,470,530
		3,987,360,123	12,083,230,237

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

		Un-Audited 31 Sunbola 1401 Nine Months ended (22 Sep 2022)	Audited 30 Qaws 1400 Year ended (21 Dec 2021)
	Note	AFN	AFN
7.2 Placements			
Outside Afghanistan			
Citi Bank, UAE		3,102,040,576	3,649,544,301
First Abu Dhabi Bank		885,319,547	1,041,926,229
	7.2.1	3,987,360,123	4,691,470,530

7.2.1 These placements are having original maturity up to 365 days and carry interest rate of ranging from 0.18% to 3.40% (21 December 2021: 0.06% to 0.18%) p.a.

		Un-Audited 31 Sunbola 1401 Nine Months ended (22 Sep 2022)	Audited 30 Qaws 1400 Year ended (21 Dec 2021)
	Note	AFN	AFN
8. INVESTMENT IN GOVERNMENTAL ENTITIES			
	8.1	105,752,502	105,752,501
		105,752,502	105,752,501

8.1 At cost:

Shirkat-e-Ariyana	281,241	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
	105,752,502	105,752,501

9. PROPERTY AND EQUIPMENT
RIGHT OF USE ASSETS

Operating fixed assets	9.1	1,310,505,404	1,330,524,511
Right of use assets - buildings	9.2	6,716,193	14,338,974
		1,317,221,597	1,344,863,485

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PASHTANY BANK

Notes To The Condensed Interim Financial Statements
For the period ended 31 Sunbola 1401 (22 Sep 2022)

		Un-Audited	Audited
		31 Sunbola 1401 Nine Months ended (22 Sep 2022)	30 Qaws 1400 Year ended (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		4,754,039	6,869,790
Reclassification during the period/ year		-	120,430,912
Surplus on revaluation of the period/ year		-	486,989,762
Disposals during the period/ year		-	(76,986,474)
Closing balance		1,628,929,306	1,624,175,267
Accumulated Depreciation			
At beginning of the period/ year		293,650,756	337,713,300
Charge for the period/ year		24,773,146	31,905,594
Disposal during the period/year		-	(75,968,138)
Closing balance		318,423,902	293,650,756
Carrying Value		1,310,505,404	1,330,524,511
		Un-Audited	Audited
		31 Sunbola 1401 Nine Months ended (22 Sep 2022)	30 Qaws 1400 Year ended (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		7,622,781	13,999,962
Closing balance		33,579,213	25,956,432
Carrying amount at year end		6,716,193	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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PASHTANY BANK

Notes To The Condensed Interim Financial Statements
For the period ended 31 Sunbola 1401 (22 Sep 2022)

		Un-Audited	Audited
		31 Sunbola 1401 Nine Months ended (22 Sep 2022)	30 Qaws 1400 Year ended (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		0	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		4,743,567	6,165,782
Closing balance		18,149,301	13,405,734
Written down value		45,854,240	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	Audited
		31 Sunbola 1401 Nine Months ended (22 Sep 2022)	30 Qaws 1400 Year ended (21 Dec 2021)
	Note	AFN	AFN
11. OTHER ASSETS			
Required reserves with Da Afghanistan Bank	11.1	708,084,307	1,734,177,116
Advance tax		510,648,624	510,648,625
Advances to employees		10,019,313	8,427,816
Advances to suppliers		7,195,277	5,158,677
Interest accrued on time deposits		8,619,738	1,565,706
Security deposit		5,901,400	7,107,160
Receivable from Western Union		37,183,227	23,805,332
Receivable from financial institution		21,803,101	31,856,951
Others		10,456,547	2,453,273
		1,319,911,535	2,325,200,656
Provision against receivable from financial institution	11.2	(21,803,101)	(31,856,951)
Net carrying amount		1,298,108,433	2,293,343,705

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PASHTANY BANK

Notes To The Condensed Interim Financial Statements
For the period ended 31 Sunbola 1401 (22 Sep 2022)

	Un-Audited	Audited
	31 Sunbola 1401 Nine Months ended (22 Sep 2022)	30 Qaws 1400 Year ended (21 Dec 2021)
11.1 Currency profile of required reserve with DAB	AFN	AFN
Local currency	230,887,685	839,189,923
Foreign currencies	477,196,622	894,987,193
	708,084,307	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	Audited
	31 Sunbola 1401 Nine Months ended (22 Sep 2022)	30 Qaws 1400 Year ended (21 Dec 2021)
12. DEPOSITS FROM BANKS	AFN	AFN
Current deposit		
Bank-e-Millie Afghan	40,347,701	40,426,375
Maiwand Bank	949,780	1,109,451
Afghan United Bank	2,163,260	2,467,913
Azizi Bank	111,353	135,253
New Kabul Bank	28,445	37,572
Ghazanfar Bank	35,946	46,410
Islamic Bank of Afghanistan	-	999,997,600
	43,636,487	1,044,220,574

13. DEPOSITS FROM CUSTOMERS

Fixed deposits	13.1	37,491,030	38,355,612
Saving deposits		6,047,641,733	7,619,864,299
Current deposits		11,797,076,044	12,202,535,992
		17,882,208,807	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 Sunbola 1401 (22 Sep 2022)

		Un-Audited	Audited
		31 Sunbola 1401 Nine Months ended (22 Sep 2022)	30 Qaws 1400 Year ended (21 Dec 2021)
	Note	AFN	AFN
14. OTHER LIABILITIES			
Employees pension fund		96,672,496	106,315,420
Accrued expenses		19,214,653	4,580,410
Other payables		106,135,696	119,008,189
Withholding tax payable		826,074	1,222,480
Lease liability		7,624,371	15,168,238
Inter-branch unreconciled balance		5,101,950	76,688
		235,575,241	246,371,425
15. CONTINGENCIES AND COMMITMENTS			
Bank guarantees issued	15.1	1,641,340,151	1,862,382,452
15.1	Bank guarantees issued by the Bank are backed up by 100% cash margin.		

		Un-Audited	Un-Audited
		31 Sunbola 1401 Nine Months ended (22 Sep 2022)	31 Sunbola 1401 Nine Months ended (22 Sep 2021)
	Note	AFN	AFN
16. INTEREST INCOME			
Interest income calculated using the effective interest method			
Cash and cash equivalents		12,797,900	256,426,077
Loan and advances		2,181,512	2,311,545
		14,979,412	258,737,622
Interest expense			
Term deposits		0.17	(37,086)
Saving deposits		-	(2,222,703)
		0	(2,259,789)
Net interest income		14,979,412	256,477,833

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PASHTANY BANK

Notes To The Condensed Interim Financial Statements

For the period ended 31 Sunbola 1401 (22 Sep 2022)

	Un-Audited 31 Sunbola 1401 Nine Months ended (22 Sep 2022)	Un-Audited 31 Sunbola 1401 Nine Months ended (22 Sep 2021)
	AFN	AFN
17. NET FEE AND COMMISSION INCOME		
Fee and commission income		
Fee	14,225,023	10,871,559
Commission	80,949,650	55,010,834
	95,174,672	65,882,393
Fee and commission expense		
Fund transfer charges	214,566	1,094,289
Account maintenance charges	1,315,365	227,578
	1,529,931	1,321,867
Net fee and commission income	93,644,741	64,560,526
18. OTHER INCOME		
Recovery of loans written-off		
Loan principal	1,596,146	23,203,398
Loan interest	180,180	1,574,080
Rental income	42,211,991	34,404,732
Other	1,701,920	2,637,934
	45,690,237	61,820,144
19. EMPLOYEE COMPENSATION		
Salaries, wages and benefits	117,663,858	115,108,921
Bonus	6,115,733	18,308,887
Staff welfare	5,000	255,000
	123,784,591	133,672,808
20. OTHER OPERATING EXPENSES		
Repair and maintenance	4,377,188	4,619,795
Travel and conveyance	1,690,395	1,043,718
Advertisement and publicity	579,955	5,051,570
Building rent and tax	1,747,407	84,850
Softwares support services	7,335,279	5,275,109
Deposit insurance	19,593,157	31,275,996
Internet expense	5,837,384	6,294,777
Security expense	635,860	25,926,733
Printing and stationery	3,615,587	3,378,921
Communication	452,913	669,198
Electricity	11,259,127	8,487,405
Fuel expenses	3,968,559	2,179,449
Auditor's remuneration	1,687,352	1,108,981
Cleaning and water	346,470	498,540
Kindergarten expenses	108,982	132,304
Employees training expenses	14,130	1,099,440
Others	23,256,339	15,807,679
	86,506,085	112,934,463

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PASHTANY BANK**Notes To The Condensed Interim Financial Statements**
For the period ended 31 Sunbola 1401 (22 Sep 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		Audited	
22 Sep 2022 (Nine months ended)	22 Sep 2021 (Nine months ended)	22 Sep 2022 (Nine months ended)	21 Dec 2021 (Year ended)
AFN		AFN	

Transactions with key management

Salaries and other benefits	12,431,517	13,951,214	-	-
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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 22 September 2022 is as follows:

	Un-Audited 31 Sunbola 1401 Nine Months ended (22 Sep 2022)	Audited 30 Qaws 1400 Year ended (21 Dec 2021)
	AFN	AFN
Core (Tier 1) Capital:		
Total shareholder's equity	4,038,051,808	4,456,587,145
Less:		
Profit for the year	-	(1,351,598,116)
Deferred tax assets - Net	(49,735,180)	(49,735,175)
Intangible assets	(45,854,240)	(50,597,807)
Surplus on revaluation of fixed assets	(875,934,706)	(875,934,706)
	3,066,527,683	2,128,721,341

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PASHTANY BANK
Notes To The Condensed Interim Financial Statements
For the period ended 31 Sunbola 1401 (22 Sep 2022)

	Un-Audited 31 Sunbola 1401 Nine Months ended (22 Sep 2022) AFN	Audited 30 Qaws 1400 Year ended (21 Dec 2021) 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	(105,752,502)	(105,752,501)
	770,182,204	2,121,780,321
Total regulatory capital	3,836,709,887	4,250,501,662
Risk-weight categories		
0% risk weight:		
Cash in Afghani and fully-convertible foreign currencies	1,714,503,800	394,680,351
Direct claims on DAB	11,178,622,123	13,493,908,384
Total	12,893,125,923	13,888,588,735
0% risk-weight total (above total x 0%)	-	-
20% risk weight:		
Balances with other banks	5,153,310,238	7,570,013,104
20% risk-weight total (above total x 20%)	1,030,662,048	1,514,002,621
100% risk weight:		
All other assets	4,219,520,548	4,237,257,706
Allowable deduction-equity investment	(105,752,502)	(105,752,501)
Intangible assets	(45,854,240)	(50,597,807)
Net deferred tax asset	(49,735,180)	(49,735,175)
100% risk-weight total (above total x 100%)	4,018,178,626	4,031,172,223
100% risk weight:	4,018,178,626	4,031,172,223
Guarantees		
0% credit conversion factor total (risk-weighted total x 0%)	1,671,906,778	1,862,382,452
Total risk-weighted assets	5,048,840,674	5,545,174,844

Tier 1 Capital Ratio

(Tier 1 capital as % of total risk-weighted assets) 60.74% 38.39%

Regulatory Capital Ratio

(Regulatory capital as % of total risk-weighted assets) 75.99% 76.65%

23 CORRESPONDING FIGURES

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

Chief Executive Officer

Chief Financial Officer