



**REVIEW OF CONDENSED INTERIM FINANCIAL  
INFORMATION OF PASHTANY BANK  
FOR THE PERIOD FROM DECEMBER 22, 2022  
TO MARCH 20, 2023**

**BDO Ebrahim & Co. Chartered Accountants**

BDO Ebrahim & Co., Afghanistan is a branch office of BDO Ebrahim & Co., with offices in Kabul, Afghanistan. BDO Ebrahim & Co., a Pakistan registered partnership firm is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



Tel: +93 20 221 2428  
Fax: +92 21 3568 4239  
www.bdo.com.af

2nd Floor,  
Muslim Business Plaza,  
Haji Yaqoob Square,  
Shahr-e-Naw,  
Kabul,  
Afghanistan.

## REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF PASHTANY BANK

### Introduction

We have reviewed the accompanying condensed interim statement of the financial position of Pashtany Bank (the Bank) as at March 20, 2023, and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for three months period then ended, and notes to the condensed interim financial information (here-in-after referred to the condensed interim financial information). Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the basis of preparation as stated in note 2 to the condensed interim financial information. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information 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 the accompanying condensed interim financial information as of and for the three months ended March 20, 2023, is not prepared, in all material respects, in accordance with the basis of preparation as stated in note 2 to the condensed interim financial information.

### Emphasis of Matter

Without modifying our conclusion, we draw attention to note 1.2 of the condensed interim financial information, which describes the effects of the regime change and suspension of "Assets Classification and Provisioning Regulations" by the Da Afghanistan Bank.

KABUL

DATED: JUNE 13, 2023



CHARTERED ACCOUNTANTS  
Engagement Partner: Muhammad Kamran





**PASHTANY BANK**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 29 HOOT 1401 (MARCH 20, 2023)**

	Note	29 Hoot 1401 (Mar 20, 2023)	30 Qaws 1401 (Dec 21, 2022)
		..... AFN .....	
<b>Assets</b>			
Cash and cash equivalents	4	11,773,016,388	11,903,581,012
Loans and Advances	5	20,647,676	23,016,839
Investment and placements	6	4,230,819,178	4,301,118,959
Investment in governmental entities	7	105,752,502	105,752,502
Property and equipment	8	1,301,833,362	1,312,840,730
Intangible assets	9	42,738,538	44,296,389
Investment properties		2,063,513,777	2,063,513,777
Deferred tax assets - net		53,333,649	53,333,645
Other assets	10	2,365,901,563	1,515,946,928
<b>Total assets</b>		<u>21,957,556,634</u>	<u>21,323,400,781</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		3,820,257,000	3,820,257,000
Accumulated losses		(674,855,207)	(588,615,756)
Surplus on revaluation of assets- net of tax		861,540,826	861,540,826
<b>Total equity</b>		<u>4,006,942,619</u>	<u>4,093,182,070</u>
<b>Liabilities</b>			
Deposits from banks and other financial institutions	11	43,598,607	43,661,567
Deposits from customers	12	17,666,123,634	16,943,349,995
Deferred grant		37,974,137	40,975,522
Other liabilities	13	202,917,636	202,231,627
<b>Total liabilities</b>		<u>17,950,614,015</u>	<u>17,230,218,711</u>
<b>Total equity and liabilities</b>		<u>21,957,556,634</u>	<u>21,323,400,781</u>
<b>Contingencies and commitments</b>	21		<i>Bolo</i>

The annexed notes from 1 to 23 form an integral part of the condensed interim financial information.

Chief Executive Officer

Chief Finance Officer

**PASHTANY BANK**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 29 HOOT 1401 (MARCH 20, 2023)**

		Un-audited 29 Hoot 1401 (Mar 20, 2023) AFN	Un-audited 29 Hoot 1400 (March 20, 2022) AFN
Interest income		11,875,525	2,018,498
Interest expense		(4,633)	-
Net interest income	15	11,870,892	2,018,498
Fee and commission income		31,246,538	19,751,331
Fee and commission expense		(294,596)	(493,703)
Net fee and commission income	16	30,951,942	19,257,628
		42,822,834	21,276,126
Other income	17	13,616,476	12,267,469
Amortization of deferred grant		3,001,385	3,739,405
Employee compensation	18	(40,748,241)	(37,996,259)
Depreciation on property and equipment		(9,454,559)	(6,688,808)
Depreciation on right of use asset		(2,779,929)	(2,723,038)
Amortization on intangible assets		(1,557,851)	(1,557,850)
Finance cost on lease liabilities		(197,811)	(142,621)
Other operating expenses	19	(26,597,349)	(29,743,471)
Exchange loss		(64,344,407)	(271,933,772)
(Loss)/ Profit before tax		(86,239,451)	(313,502,819)
Income tax		-	-
(Loss)/ Profit for the period		(86,239,451)	(313,502,819)
Other comprehensive income		-	-
Total comprehensive (loss)/ income for the period		(86,239,451)	(313,502,819)

The annexed notes from 1 to 23 form an integral part of the condensed interim financial information. *Bolo*

  
**Chief Executive Officer**

  
**Chief Financial Officer**





**PASHTANY BANK**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 29 HOOT 1401 (MARCH 20, 2023)**

	Un-audited 29 Hoot 1401 (March 20, 2023) AFN	Un-audited 30 Hoot 1399 (March 20, 2022) AFN
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	(86,239,451)	(313,502,819)
Adjustments for:		
Depreciation on property and equipment	9,454,559	6,688,808
Amortization on intangible assets	1,557,851	1,557,850
Depreciation on right of use asset	2,779,929	2,723,038
Finance cost on lease liabilities	197,811	142,621
Amortization of deferred grants	(3,001,385)	(3,739,405)
	<u>(75,250,687)</u>	<u>(306,129,907)</u>
Deposits from banks	(62,960)	(1,000,564,740)
Deposits from customers	722,773,640	(2,023,752,365)
Receivable from financial institutions	-	1,301,000,000
Loan and Advances	2,369,163	1,488,713
Other assets	(849,954,635)	(175,291,733)
Other liabilities	2,790,683	1,520,406
Net cash used in operating activities	<u>(197,334,796)</u>	<u>(2,201,729,626)</u>
Tax paid	-	-
Net cash used in operating activities	<u>(197,334,796)</u>	<u>(2,201,729,626)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,104,562)	(1,992,330)
Placements and investments	70,299,781	2,982,849,560
Net cash used in investing activities	<u>69,195,219</u>	<u>2,980,857,230</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Lease rentals paid	(2,425,047)	(2,816,893)
Net cash used in financing activities	<u>(2,425,047)</u>	<u>(2,816,893)</u>
Net decrease in cash and cash equivalents	(130,564,624)	776,310,711
Cash and cash equivalents at beginning of the year	11,903,581,012	6,340,194,486
Cash and cash equivalents at the end of the period	<u>11,773,016,388</u>	<u>7,116,505,197</u>

The annexed notes from 1 to 23 form an integral part of the condensed interim financial information.

*Bolo*

  
**Chief Executive Officer**

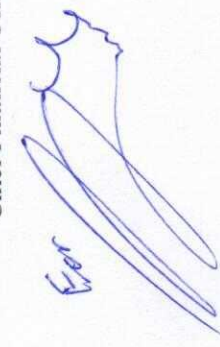
  
**Chief Financial Officer**

**PASHTANY BANK**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 29 HOOT 1401 (MARCH 20, 2023)**

	Share capital	Retained earnings	Surplus on revaluation of property and equipment	Total
			-----AFN-----	
Balance as at December 21, 2021 - audited	3,820,257,000	(239,604,561)	875,934,706	4,456,587,145
Other comprehensive income/(loss)	-	(313,502,819)	-	(313,502,819)
Balance as at March 20, 2022 - un-audited	3,820,257,000	(553,107,380)	875,934,706	4,143,084,326
Balance as at December 21, 2022 - audited	3,820,257,000	(588,615,756)	861,540,826	4,093,182,070
Other comprehensive income/(loss)	-	(86,239,451)	-	(86,239,451)
Balance as at March 20, 2023 - un-audited	3,820,257,000	(674,855,207)	861,540,826	4,006,942,619

The annexed notes from 1 to 23 form an integral part of the condensed interim financial information.

  
**Chief Executive Officer**

  
**Chief Financial Officer**



## PASHTANY BANK

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED '29 HOOT 1401 (MARCH 20, 2023)

#### 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 branches and one counter (2022: 22 branches) nationwide.

The condensed financial information for the three months ended March 20, 2023 have been approved and authorized for issue by the Board of Supervisors on 23/08/2023

- 1.2 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 Emirate of Afghanistan on August 15, 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.

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 12% on local currency deposits to 8% and from 14% to 8% 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. Management is closely monitoring the situation and has implemented the plans to mitigate the risks emanating from current situation. These include:

- 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.



- The Bank is providing cash withdrawal facility, through its ATMs based on interoperability of AfPay, to customers of other banks.
- Western Union continue to provide services in Afghanistan, and international money transfer services are also provided by the Bank through Western Union.
- The Bank currently holds sufficient liquid assets to make payments against deposit

Measures taken by the Central Bank including strict limits on cash withdrawals, reducing reserve requirements provide essential support for sustainability. Based on above, the condensed interim financial information have been prepared on a going concern basis.

On December 31, 2021, DAB provided an exemption to all banks from the implementation of "Asset Classification and Provisioning Regulations" (ACPR) up till the end of June 2022 which was extended to August 31, 2023. This regulation deals with provisioning against loans and advances, suspension of interest on non-performing loans, re-possessed assets, classification of off-balance sheet items, classification of investments and other assets, credit risk management, etc. The objective was to protect the banking sector from the imminent risk of default and the financial impact of the current economic turmoil.

Therefore, these relaxations have significant impact on the Bank's financial results. These measures from DAB, has helped the bank in avoiding excessive provisioning and protected its capital base in a very unusual situation.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 Basis of preparation**

The condensed interim financial information of the Bank for the three months period ended March 20, 2023 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 information 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 information. Accordingly, the condensed interim financial information should be read in conjunction with the annual financial information of the Bank for the year ended December 21, 2022.

Comparative statement of financial position is extracted from the annual financial statements as at December 21, 2022 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 information for the three months period ended March 20, 2022.



### 3. ACCOUNTING POLICIES

- 3.1 The accounting policies adopted in preparation of the condensed interim financial information are consistent with those followed in the preparation of the annual financial statements of the Bank for the year ended December 21, 2022.
- 3.2 The estimates / judgments assumptions used in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended December 21, 2022.
- 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 December 21, 2022.

	Note	29 Hoot 1401 (March 20, 2023)	30 Qaws 1401 (Dec 21, 2022)
		AFN	AFN
<b>4. CASH AND CASH EQUIVALENTS</b>			
Cash in hand	4.1	2,012,331,979	1,798,336,350
Cash at ATM	4.2	10,453,730	12,667,635
Balances with Da Afghanistan Bank	4.3	9,349,767,750	9,838,980,216
Balances with other banks	4.4	400,462,930	253,596,811
		<u>11,773,016,388</u>	<u>11,903,581,012</u>
<b>4.1 Cash in hand</b>			
Local currency		474,222,798	506,529,481
Foreign currency		1,538,109,181	1,291,806,869
		<u>2,012,331,979</u>	<u>1,798,336,350</u>
<b>4.2 Cash at ATM</b>			
Local currency		10,282,500	12,493,500
Foreign currency		171,230	174,135
		<u>10,453,730</u>	<u>12,667,635</u>
<b>4.3 Balances with Da Afghanistan Bank</b>			
Current accounts:			
Local currency		3,989,205,514	4,009,212,164
Foreign currency		5,360,547,740	5,829,753,556
		9,349,753,254	9,838,965,720
Overnight deposit	4.3.1	14,496	14,496
		<u>9,349,767,750</u>	<u>9,838,980,216</u>

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

		29 Hoot 1401 (March 20, 2023)	30 Qaws 1401 (Dec 21, 2022)
	Note	AFN	AFN
<b>4.4 Balances with other banks</b>			
In Afghanistan			
Current accounts:			
Azizi Bank		1,924,077	1,956,725
Bank Millie Afghan		47,479,411	47,383,013
New Kabul Bank		3,575,960	3,638,424
Ghazanfar Bank		217,561,271	67,847,798
Outside Afghanistan		270,540,718	120,825,960
Current accounts:			
Aktif Bank, Turkey		40,962,873	41,657,926
BMCE, Spain		43,901,119	44,644,612
Nurol Bank, Turkey		45,058,219	46,468,313
		129,922,211	132,770,851
4.4.1		400,462,930	253,596,811

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

## 5. LOANS AND ADVANCES

### Consumer Loan

Gross Loan		20,647,676	23,016,839
Carrying Value	5.1	20,647,676	23,016,839

- 5.1 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.

## 6. INVESTMENTS AND PLACEMENTS

Placements	6.1	4,230,819,178	4,301,118,959
		4,230,819,178	4,301,118,959



		29 Hoot 1401 (March 20, 2023)	30 Qaws 1401 (Dec 21, 2022)
	Note	AFN	AFN
<b>6.1 Placements</b>			
Outside Afghanistan			
Aktif Bank, Turkey		175,620,000	178,600,000
Citi Bank, UAE		3,087,381,148	3,138,278,552
First Abu Dhabi Bank		880,008,031	894,940,407
Nurol Bank, Turkey		87,810,000	89,300,000
		4,230,819,178	4,301,118,959
6.1.1		4,230,819,178	4,301,118,959

6.1.1 These placements are having original maturity up to 365 days and carry interest rate of ranging from 0.18% to 4.5% (December 21, 2022: 0.13% to 0.18% ) p.a.

## 7. INVESTMENT IN GOVERNMENTAL ENTITIES

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

7.1 These are designated as investments which qualify as financial instruments under IAS 39, "Financial Instruments" and held at cost in the absence of related fair value.

## 8. PROPERTY AND EQUIPMENT

Operating fixed assets	8.1	1,284,104,699	1,292,359,137
Capital work-in-progress		-	-
		1,284,104,699	1,292,359,137
Right of use assets - buildings		17,728,663	20,481,593
		1,301,833,362	1,312,840,730

		29 Hoot 1401 (March 20, 2023)	30 Qaws 1401 (Dec 21, 2022)
	Note	AFN	AFN
<b>8.1 PROPERTY AND EQUIPMENT</b>			
Gross Carrying Amount			
At beginning of the period/ year		1,623,189,730	1,624,175,267
Additions during the period/ year		1,104,562	6,688,254
Reclassification during the period/ year		-	-
Surplus on revaluation of the period/ year		-	-
Disposals of the period/ year		(2,432,453)	(7,673,791)
Closing balance		1,621,861,840	1,623,189,730
Accumulated Depreciation			
At beginning of the period/ year		330,830,593	293,650,756
Charge for the period/ year		9,454,559	45,031,344
Accumulated deprecation on disposal		(2,528,011)	(7,851,507)
Closing balance		337,757,141	330,830,593
Carrying Value		1,284,104,699	1,292,359,137

## 8.2 RIGHT OF USE ASSET

Cost			
Opening Balance		30,798,782	40,295,406
Additions during the period/year		-	2,616,742
Lease modifications	9.2.1	-	(12,113,366)
Closing balance		30,798,782	30,798,782
Accumulated depreciation			
Opening balance		10,317,189	25,956,432
Adjustment		-	(23,235,076)
Charge for the period/year		2,752,930	7,595,833
Closing balance		13,070,119	10,317,189
Carrying amount as of the year end		17,728,663	20,481,593

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

## 9. Intangible assets

Cost			
Opening balance	9.1	64,003,541	64,003,541
Additions during the year - Core Banking		-	-
Closing balance		64,003,541	64,003,541



	29 Hoot 1401 (March 20, 2023)	30 Qaws 1401 (Dec 21, 2022)
Note	AFN	AFN
Less: Accumulated amortization		
Opening balance	19,707,152	13,405,734
Charge for the period/ year	1,557,851	6,301,418
Closing balance	21,265,003	19,707,152
Written down value	42,738,538	44,296,389

- 9.1 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.

#### 10. OTHER ASSETS

Required reserves with Da Afghanistan Bank	10.1	1,483,455,025	926,163,663
Advance tax		510,648,625	510,648,625
Advances to employees		12,396,625	10,026,077
Advances to suppliers		13,483,514	4,846,734
Interest accrued on capital notes and time deposits		25,475,709	16,042,670
Security deposit		5,688,600	5,778,000
Receivable from financial institution		17,855,068	20,860,553
Others		314,753,465	42,441,159
		2,383,756,631	1,536,807,481
Provision against receivable from financial institution	10.2	(17,855,068)	(20,860,553)
Net carrying amount		2,365,901,563	1,515,946,928

#### 10.1 Currency profile of required reserve with DAB

Local currency	714,275,407	298,707,324
Foreign currencies	769,179,618	627,456,339
	1,483,455,025	926,163,663

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 (2022: nil).

	29 Hoot 1401 (March 20, 2023)	30 Qaws 1401 (Dec 21, 2022)
Note	AFN	AFN
<b>10.2 Receivable from financial institutions</b>		
Opening for the year	20,860,553	31,856,951
Additions for the year	-	-
Exchange (loss) / gain on translation	(3,005,485)	(10,996,398)
Closing for the year	<u>17,855,068</u>	<u>20,860,553</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. Inspection team of DAB, in their review report of 2019, concluded that this amount should be written-off. Full provision has been maintained against this balance as disclosed in note 14.5 to the financial statements.

## 11. DEPOSITS FROM BANKS

Current deposit		
Bank-e-Millie Afghan	40,342,661	40,351,612
Maiwand Bank	940,277	957,004
Afghan United Bank	2,148,882	2,179,314
Azizi Bank	108,051	27,415
New Kabul Bank	25,641	111,224
Ghazanfar Bank	33,096	34,998
	<u>43,598,607</u>	<u>43,661,567</u>

## 12. DEPOSITS FROM CUSTOMERS

Fixed deposits	12.1	4,955,470	5,037,315
Saving deposits	12.2	5,720,539,211	5,984,646,670
Current deposits		<u>11,940,628,953</u>	<u>10,953,666,010</u>
		<u>17,666,123,634</u>	<u>16,943,349,995</u>

12.1 This includes fixed deposit of USD 54,715 (equivalent AFN 4.8 million) from the Ministry of Commerce which carry no interest .

12.2 These carry no interest rate (2022: 0) p.a. for AFN currency and no interest for deposits in USD and other currencies.



		29 Hoot 1401 (March 20, 2023)	30 Qaws 1401 (Dec 21, 2022)
	Note	AFN	AFN
<b>13. OTHER LIABILITIES</b>			
Employees pension fund		116,741,630	118,772,338
Accrued expenses		19,719,505	6,648,535
Other payables		43,003,029	55,581,515
Withholding tax payable		497,169	1,422,901
Lease liability		17,701,664	19,806,338
Inter-branch unreconciled balance		5,254,639	-
		<u>202,917,636</u>	<u>202,231,627</u>

**14. CONTINGENCIES AND COMMITMENTS**

Bank guarantees issued	14.1	<u>1,613,365,710</u>	<u>1,643,367,962</u>
------------------------	------	----------------------	----------------------

14.1 Bank guarantees issued by the Bank are backed up by 100% cash margin.

		Un-Audited 29 Hoot 1401 (March 20, 2023)	Un-Audited 29 Hoot 1400 (March 20, 2022)
	Note	AFN	AFN
<b>15. NET INTEREST INCOME</b>			
Interest income calculated using the effective interest method			
Cash and cash equivalents		11,310,896	1,259,606
Loan and advances		564,629	758,892
		11,875,525	2,018,498
Interest expense			
Term deposits		-	-
Saving deposits		4,633	-
		4,633	-
Net interest income		<u>11,870,892</u>	<u>2,018,498</u>

**16. NET FEE AND COMMISSION INCOME**

Fee and commission income			
Fee		6,414,790	3,856,069
Commission		24,831,748	15,895,262
		31,246,538	19,751,331

	Un-Audited 29 Hoot 1401 (March 20, 2023) AFN	Un-Audited 29 Hoot 1400 (March 20, 2022) AFN
Fee and commission expense		
Fund transfer charges	94,314	(92,021)
Account maintenance charges	200,282	(401,682)
	294,596	(493,703)
Net fee and commission income	30,951,942	19,257,628
<b>17. OTHER INCOME</b>		
Recovery of loans written-off		
Loan principal	1,287,474	552,101
Loan interest	145,916	62,236
Rental income	11,589,760	11,557,748
Other	593,326	95,384
	13,616,476	12,267,469
<b>18. EMPLOYEE COMPENSATION</b>		
Salaries, wages and benefits	39,270,605	37,996,259
Bonus	-	-
Staff welfare	1,477,636	-
	40,748,241	37,996,259
<b>19. OTHER OPERATING EXPENSES</b>		
Repair and maintenance	2,539,753	1,576,757
Travel and conveyance	21,000	188,945
Advertisement and publicity	1,170,305	80,340
Software's support services	-	-
Building rent and tax	58,543	95,046
Deposit insurance	3,693,965	8,677,909
Internet expense	2,432,327	2,000,728
Security expense	133,425	200,587
Printing and stationery	2,421,902	1,157,842
Communication	140,922	129,203
Electricity	3,406,147	2,059,896
Fuel expenses	1,513,047	1,433,379
Auditor's remuneration	990,000	-
Cleaning and water	67,370	102,411
Employees training expenses	7,000	12,000
Others	8,001,642	12,028,428
	26,597,349	29,743,471



## 20 Exposure to currency risk

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

	USD	Euro	Others
Cash and cash equivalents	5,973,208,258	373,404,549	911,726,847
Receivable from Financial Institution	-	-	-
Investment and placements	4,230,819,178	-	-
Other assets	787,490,096	24,964,227	17,855,068
	<u>10,991,517,533</u>	<u>398,368,776</u>	<u>929,581,915</u>
Deposits from banks and other financial institutions	2,898,993	101,179	-
Deposits from customers	6,728,925,516	256,621,866	989,771,965
Other liabilities	24,768,051	-	17,855,068
	<u>6,756,592,560</u>	<u>256,723,045</u>	<u>1,007,627,033</u>
Net foreign currency exposure	<u>4,234,924,973</u>	<u>141,645,731</u>	<u>(78,045,118)</u>

2022	USD	Euro	Others
Cash and cash equivalents	6,339,757,202	384,536,673	610,299,303
Receivable from Financial Institution	-	-	-
Investment and placements	4,301,118,959	-	-
Other assets	650,338,506	2,712,200	-
	<u>11,291,214,667</u>	<u>387,248,872</u>	<u>610,299,303</u>
Deposits from banks and other financial institutions	2,956,221	103,810	-
Deposits from customers	7,002,168,912	243,411,074	610,688,681
Other liabilities	27,320,543	818,694	-
	<u>7,032,445,676</u>	<u>244,333,578</u>	<u>610,688,681</u>
Net foreign currency exposure	<u>4,258,768,991</u>	<u>142,915,295</u>	<u>(389,378)</u>

## 21 RELATED PARTY TRANSACTIONS

### Parent and ultimate controlling party

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

### Key management personnel

Chief Executive Officer

Deputy Chief Executive Officer

Chief Financial Officer

Chief Operating Officer

Chief Credit 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			
	March 20, 2023	March 20, 2022	March 20, 2023	Dec 21, 2022
	AFN		AFN	
Transactions with key management	-	-	-	-
Salaries and other benefits	1,383,950	3,971,850	-	-

## 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 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 March 20, 2023 is as follows:

	29 Hoot 1401 (March 20, 2023)	30 Qaws 1401 (Dec 21, 2022)
	AFN	AFN
Core (Tier 1) Capital:		
Total shareholder's equity	4,006,942,619	4,093,182,070
Less:		
Profit for the year	-	-
Deferred tax assets - Net	(53,333,649)	(53,333,645)
Intangible assets	(42,738,538)	(44,296,389)
Surplus on revaluation of fixed assets	(861,540,826)	(861,540,826)
	<u>3,049,329,605</u>	<u>3,134,011,210</u>



	29 Hoot 1401 (March 20, 2023)	30 Qaws 1401 (Dec 21, 2022)
	AFN	AFN
Supplementary (Tier 2) Capital:		
Profit for the year		-
Surplus on revaluation of fixed assets	861,540,826	861,540,826
Allowable deduction - equity investment	(105,752,502)	(105,752,502)
	755,788,324	755,788,324
Total regulatory capital	3,805,117,929	3,889,799,534
Risk-weight categories		
0% risk weight:		
Cash in Afghani and fully-convertible foreign currencies	2,022,785,709	1,811,003,985
Direct claims on DAB	10,833,222,774	10,765,143,879
Total	12,856,008,483	12,576,147,864
0% risk-weight total (above total x 0%)	-	-
20% risk weight:		
Balances with other banks	4,631,282,108	4,554,715,770
20% risk-weight total (above total x 20%)	926,256,422	910,943,154
100% risk weight:		
All other assets	4,470,266,043	4,213,397,699
Allowable deduction-equity investment	(105,752,502)	(105,752,502)
Intangible assets	(42,738,538)	(44,296,389)
Net deferred tax asset	(53,333,649)	(53,333,645)
100% risk-weight total (above total x 100%)	4,268,441,353	4,010,015,163
0% risk weight:		
Guarantees	1,613,365,710	1,643,367,962
0% credit conversion factor total (risk-weighted total x 0%)	-	-
Total risk-weighted assets	5,194,697,775	4,920,958,317
Tier 1 Capital Ratio (Tier 1 capital as % of total risk-weighted assets)	59%	64%
Regulatory Capital Ratio (Regulatory capital as % of total risk-weighted assets)	73%	79%

## 23 CORRESPONDING FIGURES

- 23.1 Corresponding figures have been reclassified / re-arranged wherever necessary to facilitate comparison in the presentation in the current year.
- 23.2 The figures in these condensed interim financial information have been rounded off to the nearest in AFN.

Chief Executive Officer



Chief Financial Officer

