



**REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION
PASHTANY BANK
FOR THE PERIOD FROM DECEMBER 22, 2022
TO JUNE 21, 2023**



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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 June 21, 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 six 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 six months ended June 21, 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: 09 AUG 2023

CHARTERED ACCOUNTANTS
Engagement Partner: Muhammad Kamran



PASHTANY BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 JAWZA 1402 (JUNE 21, 2023)

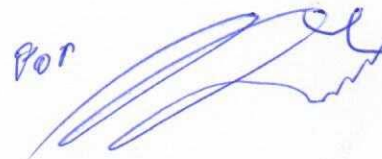
		31 Jawza 1402 (June 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
	Note AFN	
Assets			
Cash and cash equivalents	4	12,657,264,865	11,903,581,012
Loans and Advances	5	19,103,137	23,016,839
Investment and placements	6	4,277,793,207	4,301,118,959
Investment in governmental entities	7	105,752,502	105,752,502
Property and equipment	8	1,294,878,588	1,312,840,730
Intangible assets	9	41,235,684	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	2,259,758,494	1,515,946,928
Total assets		22,772,633,903	21,323,400,781
Equity and liabilities			
Equity			
Share capital		3,820,257,000	3,820,257,000
Accumulated losses		(701,306,881)	(588,615,756)
Surplus on revaluation of assets- net of tax		861,540,826	861,540,826
Total equity		3,980,490,945	4,093,182,070
Liabilities			
Deposits from banks and other financial institutions	11	43,580,672	43,661,567
Deposits from customers	12	18,508,025,539	16,943,349,995
Deferred grant		34,365,363	40,975,522
Other liabilities	13	206,171,384	202,231,627
Total liabilities		18,792,142,958	17,230,218,711
Total equity and liabilities		22,772,633,903	21,323,400,781
Contingencies and commitments	21		

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 31 JAWZA 1402 (JUNE 21, 2023)

	Notes	Six months ended		Three months ended	
		Un-audited	Un-audited	Un-audited	Un-audited
		31 Jawza 1402 (June 21, 2023)	31 Jawza 1401 (June 21, 2022)	31 Jawza 1402 (June 21, 2023)	31 Jawza 1401 (June 21, 2022)
		AFN	AFN	AFN	AFN
Interest income		36,792,176	5,868,212	24,916,651	3,849,714
Interest expense		(18,925)	-	(14,292)	-
Net interest income	15	36,773,251	5,868,212	24,902,359	3,849,714
Fee and commission income		70,246,912	50,759,875	39,000,375	31,008,544
Fee and commission expense		(766,030)	(929,121)	(471,435)	(435,418)
Net fee and commission income	16	69,480,882	49,830,754	38,528,940	30,573,126
		106,254,133	55,698,966	63,431,299	34,422,840
Other income	17	34,516,384	30,019,671	20,899,908	17,752,202
Amortization of deferred grant		6,610,159	7,562,843	3,608,774	3,823,438
Employee compensation	18	(79,821,406)	(83,589,619)	(39,073,164)	(45,593,360)
Depreciation on property and equipment		(18,246,949)	(15,508,795)	(8,792,390)	(8,819,987)
Depreciation on right of use asset		(5,241,094)	(5,397,941)	(2,461,164)	-
Amortization on intangible assets		(3,060,705)	(3,150,709)	(1,502,854)	(1,592,859)
Finance cost on lease liabilities		(367,885)	(258,744)	(170,074)	-
Other operating expenses	19	(51,680,259)	(61,825,421)	(25,082,910)	(34,787,980)
Exchange (loss)/gain		(101,653,505)	(225,007,178)	(37,309,097)	46,926,594
(Loss)/ Profit before tax		(112,691,125)	(301,456,927)	(26,451,673)	12,130,889
Income tax		-	-	-	-
(Loss)/ Profit for the period		(112,691,125)	(301,456,927)	(26,451,673)	12,130,889
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/ income		(112,691,125)	(301,456,927)	(26,451,673)	12,130,889

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
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JAWZA 1402 (JUNE 21, 2023)

	Un-audited 31 Jawza 1402 (June 21, 2023)	Un-audited 31 Jawza 1401 (June 21, 2022)
	AFN	AFN
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(112,691,125)	(301,456,927)
Adjustments for:		
Depreciation on property and equipment	18,246,949	15,508,795
Amortization on intangible assets	3,060,705	3,150,709
Depreciation on right of use asset	5,241,094	5,397,941
Finance cost on lease liabilities	367,885	258,744
Amortization of deferred grants	(6,610,159)	(7,562,843)
	(92,384,652)	(284,703,581)
Deposits from banks	(80,895)	(1,000,507,837)
Deposits from customers	1,564,675,544	(2,360,488,267)
Receivable from financial institutions	-	1,301,000,000
Loan and Advances	3,913,702	4,210,741
Other assets	(739,549,351)	29,142,933
Investments and placements	-	6,157,040,165
Other liabilities	3,939,757	(13,633,284)
Net cash generated from operating activities	740,514,106	3,832,060,870
Tax paid	-	-
Net cash generated from operating activities	740,514,106	3,832,060,870
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase/disposal of property and equipment	(6,251,207)	15,903,995
Acquisition/disposal of intangible assets	-	3,150,709
Placements and investments	23,325,752	-
Net cash generated from investing activities	17,074,545	19,054,704
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid	(3,904,798)	-
Net cash used in financing activities	(3,904,798)	-
Net increase in cash and cash equivalents	753,683,853	3,851,115,574
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	12,657,264,865	10,191,310,060

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
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JAWZA 1402 (JUNE 21, 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)	-	(301,456,927)	-	(301,456,927)
Balance as at June 21, 2022 - un-audited	3,820,257,000	(541,061,488)	875,934,706	4,155,130,218
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)	-	(112,691,125)	-	(112,691,125)
Balance as at June 21, 2023 - un-audited	3,820,257,000	(701,306,881)	861,540,826	3,980,490,945

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 31 JAWZA 1402 (JUNE 21, 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 June 21, 2023 have been approved and authorized for issue by the Board of Supervisors on ... 9 / Aug / 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 withdrawals.

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 six months period ended June 21, 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 six months period ended June 21, 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.

		31 Jawza 1402 (June 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
	Note	AFN	AFN
4. CASH AND CASH EQUIVALENTS			
Cash in hand	4.1	2,717,162,244	1,798,336,350
Cash at ATM	4.2	10,768,241	12,667,635
Balances with Da Afghanistan Bank	4.3	9,616,064,255	9,838,980,216
Balances with other banks	4.4	313,270,125	253,596,811
		<u>12,657,264,865</u>	<u>11,903,581,012</u>
4.1 Cash in hand			
Local currency		669,316,907	506,529,481
Foreign currency		2,047,845,337	1,291,806,869
		<u>2,717,162,244</u>	<u>1,798,336,350</u>
4.2 Cash at ATM			
Local currency		10,599,000	12,493,500
Foreign currency		169,241	174,135
		<u>10,768,241</u>	<u>12,667,635</u>
4.3 Balances with Da Afghanistan Bank			
Current accounts:			
Local currency		4,291,300,992	4,009,212,164
Foreign currency		5,324,748,767	5,829,753,556
		9,616,049,759	9,838,965,720
Overnight deposit	4.3.1	14,496	14,496
		<u>9,616,064,255</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.			
4.4 Balances with other banks			
In Afghanistan			
Current accounts:			
Azizi Bank		1,901,727	1,956,725
Bank Millie Afghan		46,739,539	47,383,013
New Kabul Bank		-	3,638,424
Ghazanfar Bank		251,681,455	67,847,798
Maiwand Bank		2,468,115	-
		<u>302,790,836</u>	<u>120,825,960</u>

	31 Jawza 1402 (June 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
Note	AFN	AFN
Outside Afghanistan		
Current accounts:		
Aktif Bank, Turkey	979,707	41,657,926
BMCE, Spain	-	44,644,612
Nurol Bank, Turkey	9,499,582	46,468,313
	10,479,289	132,770,851
4.4.1	313,270,125	253,596,811

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

5. LOANS AND ADVANCES

Consumer Loan		
Gross Loan	19,103,137	23,016,839
Carrying Value	5.1 19,103,137	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 4,277,793,207	4,301,118,959
	4,277,793,207	4,301,118,959

6.1 Placements

Outside Afghanistan		
Aktif Bank, Turkey	216,975,000	178,600,000
Citi Bank, UAE	3,059,671,931	3,138,278,552
First Abu Dhabi Bank	877,192,276	894,940,407
Nurol Bank, Turkey	123,954,000	89,300,000
	4,277,793,207	4,301,118,959
6.1.1	4,277,793,207	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.

	31 Jawza 1402 (June 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
Note	AFN	AFN
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
	<u>105,752,502</u>	<u>105,752,502</u>

- 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	1,280,340,519	1,292,359,137
Capital work-in-progress		-	-
		1,280,340,519	1,292,359,137
Right of use assets - buildings		14,538,069	20,481,593
		<u>1,294,878,588</u>	<u>1,312,840,730</u>

8.1 Property and equipment

Gross Carrying Amount			
At beginning of the period/ year		1,623,189,730	1,624,175,267
Additions during the period/ year		6,251,207	6,688,254
Reclassification during the period/ year		-	-
Surplus on revaluation of the period/ year		-	-
Disposals of the period/ year		(3,739,017)	(7,673,791)
Closing balance		<u>1,625,701,920</u>	<u>1,623,189,730</u>
Accumulated Depreciation			
At beginning of the period/ year		330,830,593	293,650,756
Charge for the period/ year		18,246,949	45,031,344
Accumulated deprecation on disposal		(3,716,141)	(7,851,507)
Closing balance		<u>345,361,401</u>	<u>330,830,593</u>
Carrying Value		<u>1,280,340,519</u>	<u>1,292,359,137</u>

		31 Jawza 1402 (June 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
	Note	AFN	AFN
8.2 Right for use assets			
Cost			
Opening Balance		30,798,782	40,295,406
Additions during the period/year		1,906,589	2,616,742
Deletions during the period/year		(3,707,654)	-
Lease modifications	9.2.1	-	(12,113,366)
Closing balance		28,997,717	30,798,782
Accumulated depreciation			
Opening balance		10,317,189	25,956,432
Adjustment		(1,098,634)	(23,235,076)
Charge for the period/year		5,241,094	7,595,833
Closing balance		14,459,649	10,317,189
Carrying amount as of the year end		14,538,069	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		-	-
Closing balance		64,003,541	64,003,541
Less: Accumulated amortization			
Opening balance		19,707,152	13,405,734
Charge for the period/ year		3,060,705	6,301,418
Closing balance		22,767,857	19,707,152
Written down value		41,235,684	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.

		31 Jawza 1402 (June 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
	Note	AFN	AFN
10. OTHER ASSETS			
Required reserves with Da Afghanistan Bank	10.1	1,594,731,537	926,163,663
Advance tax		510,648,625	510,648,625
Advances to employees		13,860,008	10,026,077
Advances to suppliers		11,776,805	4,846,734
Interest accrued on capital notes and time deposits		28,346,800	16,042,670
Security deposit		5,627,400	5,778,000
Receivable from financial institution		16,598,337	20,860,553
Others		94,767,319	42,441,159
		<u>2,276,356,831</u>	<u>1,536,807,481</u>
Provision against receivable from financial institution	10.2	(16,598,337)	(20,860,553)
Net carrying amount		<u>2,259,758,494</u>	<u>1,515,946,928</u>

10.1 Currency profile of required reserve with DAB

Local currency	804,694,085	298,707,324
Foreign currencies	790,037,452	627,456,339
	<u>1,594,731,537</u>	<u>926,163,663</u>

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).

10.2 Receivable from financial institutions

Opening for the year	20,860,553	31,856,951
Additions for the year	-	-
Exchange (loss) / gain on translation	(4,262,216)	(10,996,398)
Closing for the year	<u>16,598,337</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.

		31 Jawza 1402 (June 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
Note		AFN	AFN
11. DEPOSITS FROM BANKS			
Current deposit			
Bank-e-Millie Afghan		40,364,589	40,351,612
Maiwand Bank		927,757	957,004
Afghan United Bank		2,127,381	2,179,314
Azizi Bank		105,494	27,415
New Kabul Bank		24,041	111,224
Ghazanfar Bank		31,410	34,998
		<u>43,580,672</u>	<u>43,661,567</u>
12. DEPOSITS FROM CUSTOMERS			
Fixed deposits	12.1	4,899,443	5,037,315
Saving deposits	12.2	5,589,402,339	5,984,646,670
Current deposits		12,913,723,757	10,953,666,010
		<u>18,508,025,539</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.		
13. OTHER LIABILITIES			
Employees pension fund		(1,384,068)	118,772,338
Accrued expenses		(294,449)	6,648,535
Other payables		(242,575)	55,581,515
Withholding tax payable		(538,764)	1,422,901
Lease liability		14,711,243	19,806,338
Inter-branch unreconciled balance		(2,014,291)	-
		<u>10,237,096</u>	<u>202,231,627</u>
14. CONTINGENCIES AND COMMITMENTS			
Bank guarantees issued	14.1	<u>1,596,880,728</u>	<u>1,643,367,962</u>
14.1	Bank guarantees issued by the Bank are backed up by 100% cash margin.		

	Un-Audited 31 Jawza 1402 (June 21, 2023)	Un-Audited 31 Jawza 1401 (June 21, 2022)
Note	AFN	AFN
15. NET INTEREST INCOME		
Interest income calculated using the effective interest method		
Cash and cash equivalents	35,724,701	4,370,496
Loan and advances	1,067,475	1,497,716
	36,792,176	5,868,212
Interest expense		
Term deposits	-	-
Saving deposits	18,925	-
	18,925	-
Net interest income	36,773,251	5,868,212
16. NET FEE AND COMMISSION		
Fee and commission income		
Fee	13,030,272	7,751,186
Commission	57,216,640	43,008,689
	70,246,912	50,759,875
Fee and commission expense		
Fund transfer charges	189,944	162,055
Account maintenance charges	576,086	767,066
	766,030	929,121
Net fee and commission income	69,480,882	49,830,754
17. OTHER INCOME		
Recovery of loans written-off		
Loan principal	4,856,103	1,106,093
Loan interest	518,977	124,853
Rental income	27,702,579	28,193,161
Other	1,438,725	595,564
	34,516,384	30,019,671

		Un-Audited 31 Jawza 1402 (June 21, 2023)	Un-Audited 31 Jawza 1401 (June 21, 2022)
	Note	AFN	AFN
18. EMPLOYEE COMPENSATION			
Salaries, wages and benefits		77,254,232	77,468,886
Bonus		-	6,115,733
Staff welfare		2,567,174	5,000
		<u>79,821,406</u>	<u>83,589,619</u>
19. OTHER OPERATING EXPENSES			
Repair and maintenance		3,953,709	3,269,247
Travel and conveyance		538,764	793,937
Advertisement and publicity		2,014,291	366,194
Software's support services		5,239,214	4,914,302
Building rent and tax		58,543	37,456
Deposit insurance		7,001,322	14,604,491
Internet expense		3,774,296	4,446,381
Security expense		242,575	471,486
Printing and stationery		2,975,473	2,680,354
Communication		294,449	291,805
Electricity		6,130,200	8,633,600
Fuel expenses		2,343,883	2,373,983
Auditor's remuneration		2,698,270	1,421,522
Cleaning and water		123,865	187,404
Kindergarten expense		87,961	67,615
Employees training expenses		7,000	12,480
Others		14,196,444	17,253,164
		<u>51,680,259</u>	<u>61,825,421</u>

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	6,268,628,989	335,942,318	1,040,810,883
Receivable from Financial Institution	-	-	-
Investment and placements	4,240,629,207	37,164,000	-
Other assets	807,373,080	25,808,508	16,598,337
	<u>11,316,631,276</u>	<u>398,914,826</u>	<u>1,057,409,220</u>
Deposits from banks and other financial institutions	-	-	-
Deposits from customers	6,599,955,442	255,935,829	1,118,039,525
Other liabilities	24,289,581	-	-
	<u>6,624,245,024</u>	<u>255,935,829</u>	<u>1,118,039,525</u>
Net foreign currency exposure	<u>4,692,386,252</u>	<u>142,978,996</u>	<u>(60,630,304)</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 institut	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 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			
	June 21, 2023	June 21, 2022	June 21, 2023	Dec 21, 2022
	AFN		AFN	
Transactions with key management	-	-	-	-
Salaries and other benefits	7,257,450	8,579,667	-	-

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 June 21, 2023 is as follows:

	31 Jawza 1402 (June 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
	AFN	AFN
Core (Tier 1) Capital:		
Total shareholder's equity	3,980,490,945	4,093,182,070
Less:		
Profit for the year	-	-
Deferred tax assets - Net	(53,333,649)	(53,333,645)
Intangible assets	(41,235,684)	(44,296,389)
Surplus on revaluation of fixed assets	(861,540,826)	(861,540,826)
	<u>3,024,380,786</u>	<u>3,134,011,210</u>
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)
	<u>755,788,324</u>	<u>755,788,324</u>
Total regulatory capital	<u><u>3,780,169,110</u></u>	<u><u>3,889,799,534</u></u>

	31 Jawza 1402 (June 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
	AFN	AFN
Risk-weight categories		
0% risk weight:		
Cash in Afghani and fully-convertible foreign currencies	2,727,930,485	1,811,003,985
Direct claims on DAB	11,210,795,792	10,765,143,879
Total	13,938,726,277	12,576,147,864
0% risk-weight total (above total x 0%)	-	-
20% risk weight:		
Balances with other banks	4,591,063,332	4,554,715,770
20% risk-weight total (above total x 20%)	918,212,666	910,943,154
100% risk weight:		
All other assets	4,259,442,632	4,213,397,699
Allowable deduction-equity investment	(105,752,502)	(105,752,502)
Intangible assets	(41,235,684)	(44,296,389)
Net deferred tax asset	(53,333,649)	(53,333,645)
100% risk-weight total (above total x 100%)	4,059,120,796	4,010,015,163
0% risk weight:		
Guarantees	1,596,880,728	1,643,367,962
0% credit conversion factor total (risk-weighted total x 0%)	-	-
Total risk-weighted assets	4,977,333,462	4,920,958,317
Tier 1 Capital Ratio (Tier 1 capital as % of total risk-weighted assets)	61%	64%
Regulatory Capital Ratio (Regulatory capital as % of total risk-weighted assets)	76%	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

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Chief Financial Officer