



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



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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 September 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 nine 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 nine months ended September 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 NOV 2023

BDO EBRAHIM & CO
CHARTERED ACCOUNTANTS

Engagement Partner: Muhammad Kamran

BDO Ebrahim & Co. Chartered Accountants

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PASHTANY BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SUNBULA 1402 (SEPTEMBER 21, 2023)

		30 Sunbula 1402 (Sep 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
	Note AFN	
Assets			
Cash and cash equivalents	4	13,850,559,450	11,903,581,012
Loans and Advances	5	17,197,188	23,016,839
Investment and placements	6	3,881,712,013	4,301,118,959
Investment in governmental entities	7	105,752,502	105,752,502
Property and equipment	8	1,284,619,094	1,312,840,730
Intangible assets	9	39,635,785	44,296,389
Investment properties		2,063,795,817	2,063,513,777
Deferred tax assets - net		53,333,649	53,333,645
Other assets	10	2,281,831,291	1,515,946,928
Total assets		<u>23,578,436,789</u>	<u>21,323,400,781</u>
Equity and liabilities			
Equity			
Share capital		3,820,257,000	3,820,257,000
Accumulated losses		(1,079,464,506)	(588,615,756)
Surplus on revaluation of assets- net of tax		861,540,826	861,540,826
Total equity		<u>3,602,333,320</u>	<u>4,093,182,070</u>
Liabilities			
Deposits from banks and other financial institutions	11	43,326,078	43,661,567
Deposits from customers	12	19,610,025,261	16,943,349,995
Deferred grant		30,587,625	40,975,522
Other liabilities	13	292,164,505	202,231,627
Total liabilities		<u>19,976,103,469</u>	<u>17,230,218,711</u>
Total equity and liabilities		<u>23,578,436,789</u>	<u>21,323,400,781</u>
Contingencies and commitments	21		

The annexed notes from 1 to 24 form an integral part of the condensed interim financial information.

Chief Executive Officer

Chief Financial Officer

PASHTANY BANK
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SUNBULA 1402 (SEPTEMBER 21, 2023)

Notes	Nine months ended		Three months ended	
	Un-audited	Un-audited	Un-audited	Un-audited
	30 Sunbula 1402 (Sep 21, 2023)	31 Sunbula 1401 (Sep 22, 2022)	30 Sunbula 1402 (Sep 21, 2023)	31 Sunbula 1401 (Sep 22, 2022)
	AFN	AFN	AFN	AFN
Interest income	71,878,419	14,979,412	35,086,243	9,111,200
Interest expense	(49,021)	-	(30,096)	-
Net interest income	71,829,398	14,979,412	35,056,147	9,111,200
Fee and commission income	110,205,706	95,174,672	39,958,794	44,414,797
Fee and commission expense	(1,056,337)	(1,529,931)	(290,307)	(600,810)
Net fee and commission income	109,149,369	93,644,741	39,668,487	43,813,987
Other income	180,978,767	108,624,153	74,724,634	52,925,187
Amortization of deferred grant	49,858,935	45,690,237	15,342,551	15,670,566
Employee compensation	10,387,897	11,386,280	3,777,738	3,823,437
Depreciation on property and equipment	(114,901,105)	(123,784,591)	(35,079,700)	(40,194,972)
Depreciation on right of use asset	(27,557,545)	(24,773,146)	(9,310,596)	(9,264,351)
Amortization on intangible assets	(7,739,267)	(7,622,781)	(2,498,173)	(2,224,840)
Finance cost on lease liabilities	(4,660,604)	(4,743,567)	(1,599,900)	(1,592,858)
Other operating expenses	(525,717)	(352,165)	(157,832)	(93,421)
Exchange (loss)/gain	(80,855,534)	(86,506,076)	(29,175,275)	(24,680,655)
(Loss)/ Profit before tax	(495,834,577)	(336,453,682)	(394,181,072)	(111,446,504)
Income tax	(490,848,750)	(418,535,337)	(378,157,625)	(117,078,410)
(Loss)/ Profit for the period	-	-	-	-
Other comprehensive income	(490,848,750)	(418,535,337)	(378,157,625)	(117,078,410)
Total comprehensive (loss)/ income	(490,848,750)	(418,535,337)	(378,157,625)	(117,078,410)

The annexed notes from 1 to 24 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 30 SUNBULA 1402 (SEPTEMBER 21, 2023)

	Un-audited 30 Sunbula 1402 (Sep 21, 2023)	Un-audited 31 Sunbula 1401 (Sep 22, 2022)
	AFN	AFN
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(490,848,750)	(418,535,337)
Adjustments for:		
Depreciation on property and equipment	27,557,545	24,773,146
Amortization on intangible assets	4,660,604	4,743,567
Depreciation on right of use asset	7,739,267	7,622,781
Finance cost on lease liabilities	525,717	352,165
Amortization of deferred grants	(10,387,897)	(11,386,280)
	(460,753,514)	(392,429,958)
Deposits from banks	(335,489)	(1,000,584,087)
Deposits from customers	2,666,675,266	(1,978,547,096)
Receivable from financial institutions	-	1,301,000,000
Loan and Advances	5,819,650	6,155,397
Other assets	(759,968,241)	995,235,272
Investments and placements	-	8,095,870,114
Other liabilities	89,932,878	(2,855,912)
Net cash generated from operating activities	1,541,370,551	7,023,843,730
Tax paid	-	(396,414)
Net cash generated from operating activities	1,541,370,551	7,023,447,316
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase/disposal of property and equipment	(7,821,834)	(4,754,039)
Acquisition/disposal of intangible assets	-	-
Placements and investments	419,406,946	-
Net cash generated from investing activities	411,585,112	(4,754,039)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid	(5,977,225)	(7,896,032)
Net cash used in financing activities	(5,977,225)	(7,896,032)
Net increase in cash and cash equivalents	1,946,978,438	7,010,797,245
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	13,850,559,450	13,350,991,731

The annexed notes from 1 to 24 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 30 SUNBULA 1402 (SEPTEMBER 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)	-	(418,535,337)	-	(418,535,337)
Balance as at September 22, 2022 - un-audited	3,820,257,000	(658,139,898)	875,934,706	4,038,051,808
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)	-	(490,848,750)	-	(490,848,750)
Balance as at September 21, 2023 - un-audited	3,820,257,000	(1,079,464,506)	861,540,826	3,602,333,320

The annexed notes from 1 to 24 form an integral part of the condensed interim financial information.

Chief Executive Officer

Chief Financial Officer

Eor

PASHTANY BANK

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 SUNBULA 1402 (SEPTEMBER 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 nine months ended September 21, 2023 have been approved and authorized for issue by the Board of Supervisors on *9, Nov* 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 June 30, 2024. 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 nine months period ended September 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 nine months period ended September 22, 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.

		30 Sunbula 1402 (Sep 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
		AFN	AFN
4.	CASH AND CASH EQUIVALENTS		
	Cash in hand	4.1 3,175,646,228	1,798,336,350
	Cash at ATM	4.2 13,813,740	12,667,635
	Balances with Da Afghanistan Bank	4.3 10,462,295,090	9,838,980,216
	Balances with other banks	4.4 198,804,393	253,596,811
		<u>13,850,559,450</u>	<u>11,903,581,012</u>
4.1	Cash in hand		
	Local currency	539,603,650	506,529,481
	Foreign currency	<u>2,636,042,578</u>	<u>1,291,806,869</u>
		<u>3,175,646,228</u>	<u>1,798,336,350</u>
4.2	Cash at ATM		
	Local currency	13,658,500	12,493,500
	Foreign currency	<u>155,240</u>	<u>174,135</u>
		<u>13,813,740</u>	<u>12,667,635</u>
4.3	Balances with Da Afghanistan Bank		
	Current accounts:		
	Local currency	5,717,945,487	4,009,212,164
	Foreign currency	<u>4,744,335,107</u>	<u>5,829,753,556</u>
	Overnight deposit	10,462,280,594	9,838,965,720
		4.3.1 14,496	14,496
		<u>10,462,295,090</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.		

		30 Sunbula 1402 (Sep 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
	Note	AFN	AFN
4.4 Balances with other banks			
In Afghanistan			
Current accounts:			
Azizi Bank		60,534,076	1,956,725
Bank Millie Afghan		46,052,880	47,383,013
New Kabul Bank		-	3,638,424
Ghazanfar Bank		789,380	67,847,798
Maiwand Bank		2,291,527	-
		109,667,863	120,825,960
Outside Afghanistan			
Current accounts:			
Aktif Bank, Turkey		898,623	41,657,926
BMCE, Spain		-	44,644,612
Nurol Bank, Turkey		88,237,906	46,468,313
		89,136,530	132,770,851
4.4.1		198,804,393	253,596,811

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

5. LOANS AND ADVANCES

Consumer Loan			
Gross Loan		17,197,188	23,016,839
Carrying Value	5.1	17,197,188	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	3,881,712,013	4,301,118,959
		3,881,712,013	4,301,118,959

	30 Sunbula 1402 (Sep 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
Note	AFN	AFN

6.1 Placements

Outside Afghanistan

Aktif Bank, Turkey

Citi Bank, UAE

First Abu Dhabi Bank

Nurol Bank, Turkey

	199,025,000	178,600,000
	2,825,165,984	3,138,278,552
	823,877,029	894,940,407
	33,644,000	89,300,000
	3,881,712,013	4,301,118,959
6.1.1	3,881,712,013	4,301,118,959

- 6.1.1 These placements are having original maturity up to 366 days and carry interest rate of ranging from 2.5% to 5.6% (December 21, 2022: 0.13% to 0.18%) p.a.

7. INVESTMENT IN GOVERNMENTAL ENTITIES

Shirkat-e-Ariyana

Hotel Intercontinental

Afghan Card Corporation

Pakht-e-Herat

Shirkat Nasaji Afghan

Bank-e-Millie Afghan

Afghan National Insurance Company

	281,241	281,241
	64,435	64,435
	2,822,884	2,822,884
	65,542	65,542
	83,518,400	83,518,400
	11,340,000	11,340,000
	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

Capital work-in-progress

Right of use assets - buildings

8.1	1,272,579,199	1,292,359,137
	-	-
	1,272,579,199	1,292,359,137
	12,039,895	20,481,593
	1,284,619,094	1,312,840,730

	30 Sunbula 1402 (Sep 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
Note	AFN	AFN
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	7,821,834	6,688,254
Reclassification during the period/ year	-	-
Surplus on revaluation of the period/ year	-	-
Disposals of the period/ year	(3,760,368)	(7,673,791)
Closing balance	1,627,251,196	1,623,189,730
Accumulated Depreciation		
At beginning of the period/ year	330,830,593	293,650,756
Charge for the period/ year	27,557,545	45,031,344
Accumulated deprecation on disposal	(3,716,141)	(7,851,507)
Closing balance	354,671,997	330,830,593
Carrying Value	1,272,579,199	1,292,359,137
8.2 Right of 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	7,739,267	7,595,833
Closing balance	16,957,822	10,317,189
Carrying amount as of the year end	12,039,895	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	Note	30 Sunbula 1402 (Sep 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
		AFN	AFN
Cost			
Opening balance	9.1	64,003,541	64,003,541
Additions during the year - Core Banking System		-	-
Closing balance		64,003,541	64,003,541
Less: Accumulated amortization			
Opening balance		19,707,152	13,405,734
Charge for the period/ year		4,660,604	6,301,418
Closing balance		24,367,756	19,707,152
Written down value		39,635,785	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	1,627,544,343	926,163,663
Advance tax		510,648,625	510,648,625
Advances to employees		14,133,004	10,026,077
Advances to suppliers		7,019,432	4,846,734
Interest accrued on capital notes and time deposits		20,253,402	16,042,670
Security deposit		5,196,600	5,778,000
Receivable from financial institution		14,944,431	20,860,553
Others		97,035,885	42,441,159
		2,296,775,722	1,536,807,481
Provision against receivable from financial institution	10.2	(14,944,431)	(20,860,553)
Net carrying amount		2,281,831,291	1,515,946,928

10.1 Currency profile of required reserve with DAB

Local currency	891,913,112	298,707,324
Foreign currencies	735,631,231	627,456,339
	1,627,544,343	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).

	30 Sunbula 1402 (Sep 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
Note	AFN	AFN
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	(5,916,122)	(10,996,398)
Closing for the year	<u>14,944,431</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	40,336,232.00	40,351,612
Maiwand Bank	855,960.00	957,004
Afghan United Bank	1,989,838.00	2,179,314
Azizi Bank	95,573.00	27,415
New Kabul Bank	20,858.00	111,224
Ghazanfar Bank	27,617.00	34,998
	<u>43,326,078</u>	<u>43,661,567</u>

12. DEPOSITS FROM CUSTOMERS

Fixed deposits	12.1	4,374,507	5,037,315
Saving deposits	12.2	5,211,329,628	5,984,646,670
Current deposits		14,394,321,126	10,953,666,010
		<u>19,610,025,261</u>	<u>16,943,349,995</u>

12.1 This includes fixed deposit of USD 54,928 (equivalent AFN 4.4 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	Note	30 Sunbula 1402 (Sep 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
		AFN	AFN
Employees pension fund		115,485,368	118,772,338
Accrued expenses		16,779,946	6,648,535
Other payables		146,980,823	55,581,515
Withholding tax payable		499,326	1,422,901
Lease liability		12,419,042	19,806,338
Inter-branch unreconciled balance		-	-
		<u>292,164,505</u>	<u>202,231,627</u>

14. CONTINGENCIES AND COMMITMENTS

Bank guarantees issued	14.1	<u>1,526,852,073</u>	<u>1,643,367,962</u>
14.1 Bank guarantees issued by the Bank are backed up by 100% cash margin.			

15. NET INTEREST INCOME		Un-Audited 30 Sunbula 1402 (Sep 21, 2023)	Un-Audited 31 Sunbula 1401 (Sep 22, 2022)
		AFN	AFN
Interest income calculated using the effective interest method			
Cash and cash equivalents		70,354,280	12,797,900
Loan and advances		1,524,138	2,181,512
		71,878,419	14,979,412
Interest expense			
Term deposits		-	-
Saving deposits		49,021	-
		49,021	-
Net interest income		<u>71,829,398</u>	<u>14,979,412</u>

16. NET FEE AND COMMISSION

Fee and commission income			
Fee		22,942,123	14,225,023
Commission		87,263,583	80,949,650
		110,205,706	95,174,672
Fee and commission expense			
Fund transfer charges		302,743	214,566
Account maintenance charges		753,594	1,315,365
		1,056,337	1,529,931
Net fee and commission income		<u>109,149,369</u>	<u>93,644,741</u>

	Un-Audited 30 Sunbula 1402 (Sep 21, 2023) AFN	Un-Audited 31 Sunbula 1401 (Sep 22, 2022) AFN
17. OTHER INCOME		
Recovery of loans written-off		
Loan principal	5,389,400	1,596,146
Loan interest	579,203	180,180
Rental income	41,690,075	42,211,991
Other	2,200,257	1,701,920
	<u>49,858,935</u>	<u>45,690,237</u>
18. EMPLOYEE COMPENSATION		
Salaries, wages and benefits	110,397,432	117,663,858
Bonus	-	6,115,733
Staff welfare	4,503,673	5,000
	<u>114,901,105</u>	<u>123,784,591</u>
19. OTHER OPERATING EXPENSES		
Repair and maintenance	5,155,877	4,377,188
Travel and conveyance	560,716	1,690,395
Advertisement and publicity	2,473,340	579,955
Software's support services	7,841,381	7,335,279
Building rent and tax	1,063,160	1,747,407
Deposit insurance	10,335,493	19,593,157
Internet expense	5,537,788	5,837,384
Security expense	7,986,507	635,860
Printing and stationery	5,263,370	3,615,587
Communication	451,241	452,913
Electricity	8,606,862	11,259,127
Fuel expenses	3,259,399	3,968,559
Auditor's remuneration	2,655,434	1,687,352
Cleaning and water	239,148	346,470
Kindergarten expense	144,584	108,982
Employees training expenses	9,580	14,130
Others	19,271,654	23,256,339
	<u>80,855,534</u>	<u>86,506,076</u>
20. Exchange (loss)/gain		
Exchange (loss)/gain	(495,834,576.75)	(336,453,682.00)
20.1	On translation of monetary assets and liabilities bank had excess position in USD currency; the USD currency rate experienced a sharp decline from 89.3 per USD at the end of FY 2022 to 79.61 by the end of the third quarter on September 21, 2023. As a consequence, this decline inflicted a loss on the bank.	

21 Exposure to currency risk

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

	USD	Euro	Others
2023			
Cash and cash equivalents	6,153,240,168	310,509,719	1,075,088,157
Receivable from Financial Institution	-	-	-
Investment and placements	3,848,068,013	33,644,000	-
Other assets	742,316,890	23,896,631	14,944,431
	<u>10,743,625,071</u>	<u>368,050,350</u>	<u>1,090,032,589</u>
Deposits from banks and other financial institutions	2,623,100	99,342	-
Deposits from customers	6,670,851,473	238,941,289	1,073,834,376
Other liabilities	129,135,153	-	-
	<u>6,802,609,725</u>	<u>239,040,631</u>	<u>1,073,834,376</u>
Net foreign currency exposure	<u>3,941,015,345</u>	<u>129,009,719</u>	<u>16,198,212</u>
2022			
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>

22 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			
	Sep 21, 2023	Sep 22, 2022	Sep 21, 2023	Dec 21, 2022
	AFN		AFN	
Transactions with key management	-	-	-	-
Salaries and other benefits	9,671,925	12,431,517	-	-

23 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 September 21, 2023 is as follows:

	30 Sunbula 1402 (Sep 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
	AFN	AFN
Core (Tier 1) Capital:		
Total shareholder's equity	3,602,333,320	4,093,182,070
Less:		
Profit for the year	-	-
Deferred tax assets - Net	(53,333,649)	(53,333,645)
Intangible assets	(39,635,785)	(44,296,389)
Surplus on revaluation of fixed assets	(861,540,826)	(861,540,826)
	<u>2,647,823,060</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
	<u>861,540,826</u>	<u>861,540,826</u>
Total regulatory capital	<u>3,509,363,886</u>	<u>3,995,552,036</u>

	30 Sunbula 1402 (Sep 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
	AFN	AFN
Risk-weight categories		
0% risk weight:		
Cash in Afghani and fully-convertible foreign currencies	3,189,459,968	1,811,003,985
Direct claims on DAB	12,089,839,433	10,765,143,879
Total	15,279,299,400	12,576,147,864
0% risk-weight total (above total x 0%)	-	-
20% risk weight:		
Balances with other banks	4,080,516,405	4,554,715,770
20% risk-weight total (above total x 20%)	816,103,281	910,943,154
	31 Jawza 1402 (June 21, 2023)	30 Qaws 1401 (Dec 21, 2022)
	AFN	AFN
100% risk weight:		
All other assets	4,233,565,415	4,213,397,699
Intangible assets	(39,635,785)	(44,296,389)
Net deferred tax asset	(53,333,649)	(53,333,645)
100% risk-weight total (above total x 100%)	4,140,595,981	4,115,767,665
0% risk weight:		
Guarantees	1,526,852,073	1,643,367,962
0% credit conversion factor total (risk-weighted total x 0%)	-	-
Total risk-weighted assets	4,956,699,262	5,026,710,819
Tier 1 Capital Ratio (Tier 1 capital as % of total risk-weighted assets)	53%	62%
Regulatory Capital Ratio (Regulatory capital as % of total risk-weighted assets)	71%	79%

24 CORRESPONDING FIGURES

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

Chief Executive Officer

Chief Financial Officer