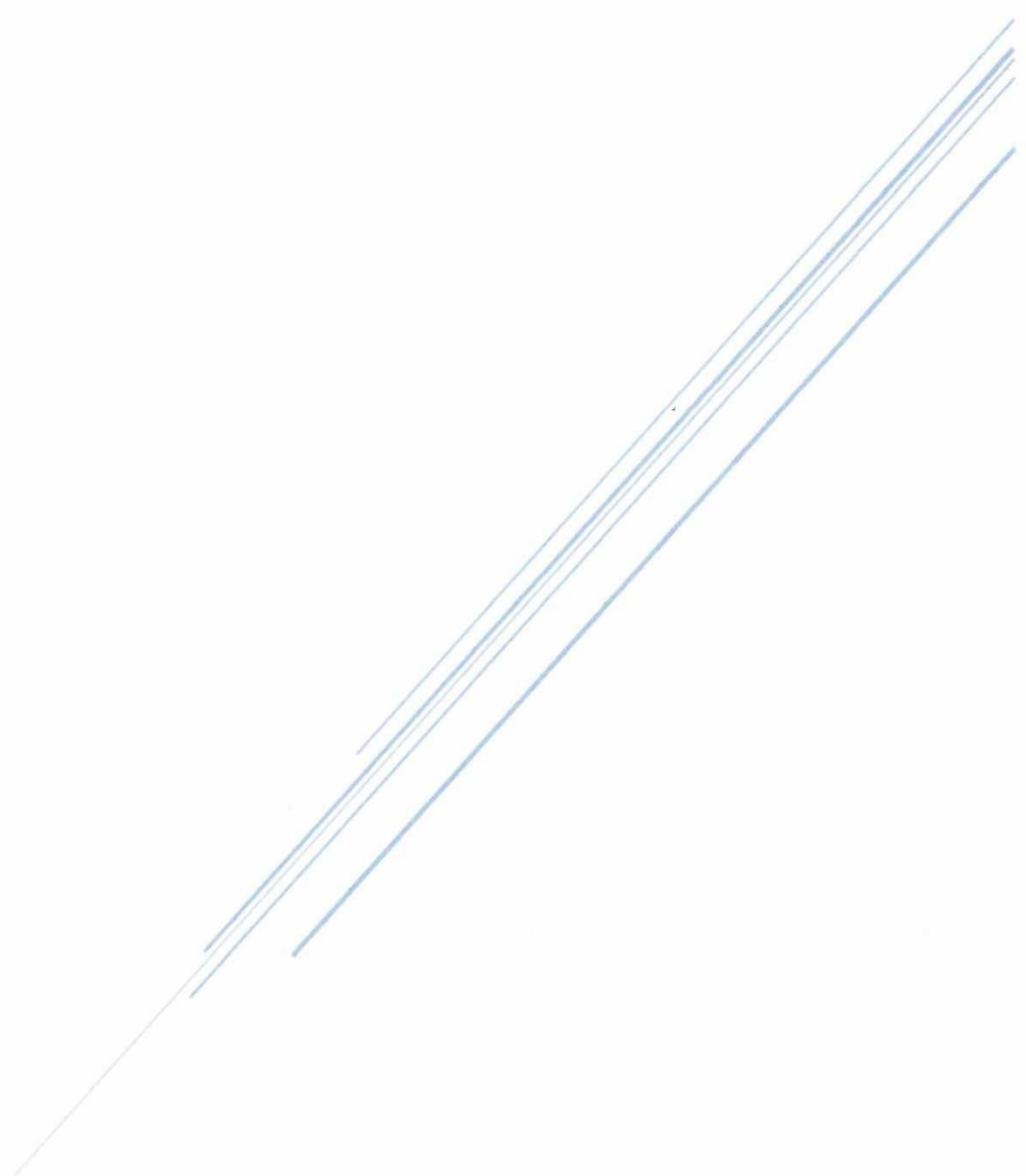


PASHTANY BANK
Condensed Interim Financial Statements

For the period ended June 20, 2024



INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pashtany Bank ("the Bank") as at 31 Jawza 1403 (June 20, 2024) and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and the notes to the condensed interim financial statements for the six months then ended (here-in-after referred to as the "Condensed interim financial statements"). Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), the requirements of the Law of Banking in Afghanistan and directives issued by Da Afghanistan Bank. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements do not give a true and fair view of the financial position of the Bank as at 31 Jawza 1403 (June 20, 2024), and of its financial performance and its cash flows for the six months period then ended in accordance International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and the requirements of the Law of Banking in Afghanistan and directives issued by the Da Afghanistan Bank.

Emphasis of Matter

We draw attention to note 1.2 to these condensed interim financial statements, which describes the suspension of "Asset classification and Provisioning regulations" by the Da Afghanistan Bank up to October 02, 2024 through a letter No.11227 dated May 22, 2024. Our opinion is not modified in respect of this matter.

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Other Matters

The financial statements for the period ended 31 December 2023 has been audited by another auditor who has expressed unmodified audit opinion dated on April 02, 2024.

UHY Shafiq Umar Daraz & Co.
Chartered Accountants

Engagement Partner: Umar Daraz, FCA

Location: Kabul, Afghanistan

Date: August 03, 2024



PASHTANY BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 JAWZA 1403 (JUNE 20, 2024)

	Note	Un-Audited 31 Jawza 1403 (June 20, 2024) AFN	Audited 30 Qaws 1402 (Dec 21, 2023) AFN
Assets			
Cash and cash equivalents	4	16,572,285,555	14,035,140,531
Loans and Advances	5	11,203,200	14,677,993
Investment and placements	6	3,645,508,883	3,435,595,746
Investment in governmental entities	7	105,752,502	105,752,502
Property and equipment	8	1,290,126,550	1,294,161,126
Intangible assets	9	37,936,527	38,326,775
Investment properties		1,995,162,855	1,995,162,855
Deferred tax assets - net		50,830,306	56,932,115
Other assets	10	2,560,207,232	2,349,875,118
Total assets		26,269,013,610	23,325,624,761
Equity and liabilities			
Equity			
Share capital		3,820,257,000	3,820,257,000
Accumulated losses		(1,332,077,730)	(1,448,060,627)
Surplus on revaluation of assets- net of tax		847,146,946	847,146,946
Total equity		3,335,326,216	3,219,343,319
Liabilities			
Deposits from banks and other financial institutions	11	42,335,122	42,332,825
Deposits from customers	12	22,580,365,992	19,781,838,022
Deferred grant		30,098,489	32,991,237
Other liabilities	13	280,887,792	249,119,358
Total liabilities		22,933,687,394	20,106,281,442
Total equity and liabilities		26,269,013,610	23,325,624,761
Contingencies and commitments	14		

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

For: 
Chief Executive Officer

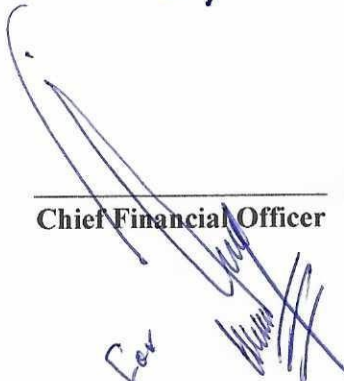


Chief Finance Officer

PASHTANY BANK
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 JAWZA 1403 (JUNE 20, 2024)

	Notes	Six months ended		Three months ended	
		Un-audited	Un-audited	Un-audited	Un-audited
		31 Jawza 1403 (June 20, 2024)	31 Jawza 1402 (June 21, 2023)	31 Jawza 1403 (June 20, 2024)	31 Jawza 1402 (June 21, 2023)
		AFN	AFN	AFN	AFN
Interest income		64,466,826	36,792,176	35,327,093	24,916,651
Interest expense		(60,782)	(18,925)	(22,848)	(14,292)
Net interest income	15	64,406,044	36,773,251	35,304,245	24,902,359
Fee and commission income		83,424,831	70,246,912	41,425,051	39,000,375
Fee and commission expense		(790,283)	(766,030)	(262,352)	(471,435)
Net fee and commission income	16	82,634,548	69,480,882	41,162,698	38,528,940
		147,040,593	106,254,133	76,466,943	63,431,299
Other income	17	39,135,264	34,516,384	21,023,463	20,899,908
Amortization of deferred grant		2,892,748	6,610,159	1,470,615	3,608,774
Employee compensation	18	(79,289,105)	(79,821,406)	(40,463,026)	(39,073,164)
Depreciation on property and equipment		(13,468,896)	(18,246,949)	(4,725,698)	(8,792,390)
Depreciation on right of use asset		(2,662,855)	(5,241,094)	-	(2,461,164)
Amortization on intangible assets		(2,964,249)	(3,060,705)	(1,542,115)	(1,502,854)
Finance cost on lease liabilities		(128,911)	(367,885)	-	(170,074)
Other operating expenses	19	(51,855,187)	(51,680,259)	(27,986,620)	(25,082,910)
Exchange Gain / (Loss)		83,385,308	(101,653,505)	(876,354)	(37,309,097)
Profit / (Loss) before tax		122,084,710	(112,691,125)	23,367,208	(26,451,673)
Income tax		(6,101,814)	-	(3,777,743)	-
Profit / (Loss) for the period		115,982,897	(112,691,125)	19,589,465	(26,451,673)
Other comprehensive income		-	-	-	-
Total comprehensive income / (loss) for the period		115,982,897	(112,691,125)	19,589,465	(26,451,673)

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

For: 
Chief Executive Officer

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Chief Financial Officer
 For: 

PASHTANY BANK
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JAWZA 1403 (JUNE 20, 2024)

	Share capital	Retained earnings	Surplus on revaluation of property and equipment	Total
	-----AFN-----			
Balance as at December 21, 2022 - audited	3,820,257,000	(588,615,756)	861,540,826	4,093,182,070
Other comprehensive (loss)	-	(112,691,125)	-	(112,691,125)
Balance as at June 21, 2023 - un-audited	<u>3,820,257,000</u>	<u>(701,306,881)</u>	<u>861,540,826</u>	<u>3,980,490,945</u>
Balance as at December 21, 2023 - audited	3,820,257,000	(1,448,060,627)	847,146,946	3,219,343,319
Other comprehensive income	-	115,982,897	-	115,982,897
Balance as at (June 20, 2024) - un-audited	<u>3,820,257,000</u>	<u>(1,332,077,730)</u>	<u>847,146,946</u>	<u>3,335,326,216</u>

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

For: 
 Chief Executive Officer

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 Chief Financial Officer
 For 

PASHTANY BANK
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JAWZA 1403 (JUNE 20, 2024)

	Un-audited 31 Jawza 1403 (June 20, 2024) AFN	Un-audited 31 Jawza 1402 (June 20, 2023) AFN
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	122,084,710	(112,691,125)
Adjustments for:		
Depreciation on property and equipment	13,468,896	18,246,949
Amortization on intangible assets	2,964,249	3,060,705
Depreciation on right of use asset	2,662,855	5,241,094
Finance cost on lease liabilities	128,911	367,885
Amortization of deferred grants	(2,892,748)	(6,610,159)
	<u>138,416,873</u>	<u>(92,384,652)</u>
Deposits from banks	2,297	(80,895)
Deposits from customers	2,798,527,970	1,564,675,544
Loan and Advances	3,474,793	3,913,702
Other assets	(210,332,114)	(739,549,351)
Other liabilities	31,554,128	3,939,718
Net cash used in operating activities	<u>2,761,643,947</u>	<u>740,514,066</u>
Tax paid	-	-
Net cash used in operating activities	<u>2,761,643,947</u>	<u>740,514,066</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(11,841,935)	(6,251,207)
Placements and investments	(209,913,137)	23,325,752
Net cash used in investing activities	<u>(221,755,072)</u>	<u>17,074,545</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid	(2,743,852)	(3,904,758)
Net cash used in financing activities	<u>(2,743,852)</u>	<u>(3,904,758)</u>
Net decrease in cash and cash equivalents	2,537,145,023	753,683,853
Cash and cash equivalents at beginning of the year	<u>14,035,140,531</u>	<u>11,903,581,012</u>
Cash and cash equivalents at the end of the period	<u>16,572,285,555</u>	<u>12,657,264,865</u>

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

For: 
Chief Executive Officer

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Chief Financial Officer

PASHTANY BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 JAWZA 1403 (JUNE 20, 2024)

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 23 branches and 5 counters (2023: 22 branches and 2 counters) nationwide.

The condensed financial information for the six months ended June 20, 2024 have been approved and authorized for issue by the Board of Supervisors on *31d, Aug* 2024.

- 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.

PASHTANY BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 JAWZA 1403 (JUNE 20, 2024)

1.2 Contd...

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), this relaxation was initially exempted until February 28, 2023 (circular ref. No.3101/3391), this was further extended to April 2, 2024 (circular ref. No. 12398/12922) and subsequently to October 2, 2024 (letter no. 11227). Hence, impairment loss on loans and advances of the Bank has been calculated on the basis of their status as of 30 June 2021 and no further provision has been made againsts those loans and advances which subsequently did not perform well due to the current situation of the country.

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. ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed interim financial information of the Bank for the six months period ended June 20, 2024 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 material accounting policies information (priorly: Significant accounting policies) 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, 2023.

Comparative statement of financial position is extracted from the annual financial statements as at December 21, 2023 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 20, 2024.

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PASHTANY BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 JAWZA 1403 (JUNE 20, 2024)

3. MATERIAL ACCOUNTING POLICIES INFORMATION

- 3.1 The material accounting policies informations 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, 2023.
- 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, 2023.
- 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, 2023.

4. CASH AND CASH EQUIVALENTS	Note	Un-Audited	Audited
		31 Jawza 1403 (June 20, 2024)	30 Qaws 1402 (Dec 21, 2023)
		AFN	AFN
Cash in hand	4.1	2,723,123,789	2,682,245,129
Cash at ATM	4.2	13,490,500	7,209,000
Balances with Da Afghanistan Bank	4.3	13,551,234,813	11,187,305,904
Balances with other banks	4.4	284,436,453	158,380,498
		<u>16,572,285,555</u>	<u>14,035,140,531</u>
4.1 Cash in hand			
Local currency		1,263,530,845	519,260,309
Foreign currency		1,459,592,944	2,162,984,820
		<u>2,723,123,789</u>	<u>2,682,245,129</u>
4.2 Cash at ATM			
Local currency		12,775,000	7,209,000
Foreign currency		715,500	-
		<u>13,490,500</u>	<u>7,209,000</u>
4.3 Balances with Da Afghanistan Bank			
Current accounts:			
Local currency		12,752,334,064	6,764,940,454
Foreign currency		798,886,254	4,422,350,954
		13,551,220,317	11,187,291,408
Overnight deposit	4.3.1	14,496	14,496
		<u>13,551,234,813</u>	<u>11,187,305,904</u>

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

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PASHTANY BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 JAWZA 1403 (JUNE 20, 2024)

	Note	Un-Audited	Audited
		31 Jawza 1403 (June 20, 2024)	30 Qaws 1402 (Dec 21, 2023)
		AFN	AFN
4.4 Balances with other banks			
In Afghanistan			
Current accounts:			
Azizi Bank		19,344,603	26,760
Bank Millie Afghan		45,624,016	45,563,852
Maiwand Bank		2,095,584	2,074,416
Ghazanfar Bank		5,446,549	402,583
		72,510,752	48,067,610
Outside Afghanistan			
Current accounts:			
Aktif Bank, Turkey		10,991,600	797,419
Nurol Bank, Turkey		3,983,419	109,515,469
Zhejiang Chouzhou Commercial Bank, China		196,950,682	-
		211,925,701	110,312,888
	4.4.1	284,436,453	158,380,498

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

	Note	31 Jawza 1403	30 Qaws 1402
		(June 20, 2024)	(Dec 21, 2023)
		AFN	AFN
5. LOANS AND ADVANCES			
Consumer Loan			
Gross Loan		11,203,200	14,677,993
Carrying Value	5.1	11,203,200	14,677,993

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.

	Note	31 Jawza 1403	30 Qaws 1402
		(June 20, 2024)	(Dec 21, 2023)
		AFN	AFN
6. INVESTMENTS AND PLACEMENTS			
Placements	6.1	3,645,508,883	3,435,595,746
		3,645,508,883	3,435,595,746

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PASHTANY BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 JAWZA 1403 (JUNE 20, 2024)

6.1 Placements	Note	Un-Audited	Audited
		31 Jawza 1403 (June 20, 2024)	30 Qaws 1402 (Dec 21, 2023)
		AFN	AFN
Outside Afghanistan			
Aktif Bank, Turkey		178,875,000	176,600,000
Citi Bank, UAE		2,594,410,063	2,527,948,474
First Abu Dhabi Bank		766,559,320	731,047,272
Nurol Bank, Turkey		105,664,500	-
	6.1.1	<u>3,645,508,883</u>	<u>3,435,595,746</u>

6.1.1 These placements are having maturity up to 364 days and carry interest rate ranging from 2.50% to 5.4% (2023:0.18 to 4.5%) per annum.

7. INVESTMENT IN GOVERNMENTAL ENTITIES	Note	31 Jawza 1403	30 Qaws 1402
		(June 20, 2024)	(Dec 21, 2023)
		AFN	AFN
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
	7.1	<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	Note	31 Jawza 1403	30 Qaws 1402
		(June 20, 2024)	(Dec 21, 2023)
		AFN	AFN
Operating fixed assets	8.1	1,280,334,286	1,281,706,007
Right of use assets - buildings	8.2	9,792,264	12,455,119
		<u>1,290,126,550</u>	<u>1,294,161,126</u>

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PASHTANY BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 JAWZA 1403 (JUNE 20, 2024)

8.1	PROPERTY AND EQUIPMENT	Note	Un-Audited	Audited
			31 Jawza 1403 (June 20, 2024)	30 Qaws 1402 (Dec 21, 2023)
			AFN	AFN
	Gross Carrying Amount			
	At beginning of the period/ year		1,630,601,229	1,623,189,730
	Additions during the period/ year		11,841,935	10,776,429
	Disposals of the period/ year		-	(3,364,931)
	Closing balance		1,642,443,164	1,630,601,229
	Accumulated Depreciation			
	At beginning of the period/ year		348,895,222	330,830,593
	Charge for the period/ year		13,213,656	21,780,770
	Accumulated depreciation on disposal		-	(3,716,141)
	Closing balance		362,108,878	348,895,222
	Carrying Value		1,280,334,286	1,281,706,007
8.2	RIGHT OF USE ASSET			
	Cost			
	Opening Balance		32,571,096	30,798,782
	Additions during the period/year		-	6,265,537
	Lease modifications	8.2.1	-	(4,493,223)
	Closing balance		32,571,096	32,571,096
	Accumulated depreciation			
	Opening balance		20,115,977	10,317,189
	Adjustment		-	(1,103,759)
	Charge for the period/year		2,662,855	10,902,547
	Closing balance		22,778,832	20,115,977
	Carrying amount as of the year end		9,792,264	12,455,119

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	31 Jawza 1403	30 Qaws 1402
			(June 20, 2024)	(Dec 21, 2023)
			AFN	AFN
	Cost			
	Opening balance	9.1	64,003,541	64,003,541
	Additions during the year		2,574,000	-
	Closing balance		66,577,541	64,003,541
	Less: Accumulated amortization			
	Opening balance		25,676,766	19,707,152
	Charge for the period/ year		2,964,249	5,969,614
	Closing balance		28,641,014	25,676,766

PASHTANY BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 JAWZA 1403 (JUNE 20, 2024)

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	Note	31 Jawza 1403	30 Qaws 1402
		(June 20, 2024)	(Dec 21, 2023)
		AFN	AFN
Required reserves with Da Afghanistan Bank	10.1	1,879,627,342	1,736,754,629
Advance tax		510,648,625	510,648,625
Advances to employees		14,834,091	12,675,189
Advances to suppliers		5,825,161	2,151,565
Interest accrued on loan and time deposits		16,599,268	23,567,184
Security deposit		4,713,000	4,658,400
Receivable from financial institution		14,914,791	14,351,634
Receivable from Sale of Collateral		-	26,136,800
Others		127,959,744.87	33,282,725
		2,575,122,024	2,364,226,752
Provision against receivable from financial institution	10.2	(14,914,791)	(14,351,634)
Net carrying amount		2,560,207,232	2,349,875,118

10.1 Currency profile of required reserve with DAB

Local currency	10.1.1	1,199,072,460	1,049,209,399
Foreign currencies		680,554,882	687,545,230
		1,879,627,342	1,736,754,629

10.1.1 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 rate

10.2 Receivable from financial institutions	Note	Un-Audited	Audited
		31 Jawza 1403	30 Qaws 1402
		(June 20, 2024)	(Dec 21, 2023)
		AFN	AFN
Opening for the year		14,351,634	20,860,553
Additions for the year		-	-
Exchange (loss) / gain on translation		563,158	(6,508,919)
Closing for the year	10.2.1	14,914,791	14,351,634

10.2.1 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.

PASHTANY BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 JAWZA 1403 (JUNE 20, 2024)

	Note	31 Jawza 1403	30 Qaws 1402
		(June 20, 2024)	(Dec 21, 2023)
		AFN	AFN
11. DEPOSITS FROM BANKS			
Current deposit			
Bank-e-Millie Afghan		40,302,062	40,306,362
Maiwand Bank		81,600	83,400
Afghan United Bank		1,831,655	1,818,424
Azizi Bank		82,677	83,744
New Kabul Bank		15,526	17,448
Ghazanfar Bank		21,602	23,446
		<u>42,335,122</u>	<u>42,332,825</u>
12. DEPOSITS FROM CUSTOMERS			
Fixed deposits	12.1	3,931,779	3,881,794
Saving deposits	12.2	4,695,624,037	4,831,700,116
Current deposits		17,880,810,176	14,946,256,112
		<u>22,580,365,992</u>	<u>19,781,838,022</u>

12.1 This includes fixed deposit of USD 54,715 (equivalent AFN 3.9 million) from the Ministry of Commerce which carry no interest .

12.2 These carry no interest rate (2023: 0) p.a. for AFN currency and no interest for deposits in USD and other currencies.

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PASHTANY BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 JAWZA 1403 (JUNE 20, 2024)

		Un-Audited	Audited
		31 Jawza 1403	30 Qaws 1402
		(June 20, 2024)	(Dec 21, 2023)
13. OTHER LIABILITIES	Note	AFN	AFN
Employees pension fund		108,128,970	122,073,422
Accrued expenses		9,218,605	7,134,686
Other payables		151,893,053	106,002,202
Withholding tax payable		1,082,503	1,197,679
Lease liability		10,048,514	12,711,369
Inter-branch balance		516,146	-
		<u>280,887,792</u>	<u>249,119,358</u>
14. CONTINGENCIES AND COMMITMENTS			
Bank guarantees issued	14.1	<u>1,444,045,434</u>	<u>1,430,142,899</u>
14.1 Bank guarantees issued by the Bank are backed up by 100% cash margin.			
		Un-Audited	Un-Audited
		31 Jawza 1403	31 Jawza 1402
		(June 20, 2024)	(June 21, 2023)
15. NET INTEREST INCOME	Note	AFN	AFN
Interest income calculated using the effective interest method			
Cash and cash equivalents		64,131,935	35,724,701
Loan and advances		334,891	1,067,475
		64,466,826	36,792,176
Interest expense			
Saving deposits		60,782	18,925
		60,782	18,925
Net interest income		<u>64,406,044</u>	<u>36,773,251</u>
16. NET FEE AND COMMISSION INCOME			
Fee and commission income			
Fee		19,036,379	13,030,272
Commission		64,388,452	57,216,640
		83,424,831	70,246,912
Fee and commission expense			
Fund transfer charges		(107,640)	(189,944)
Account maintenance charges		(682,643)	(576,086)
		(790,283)	(766,030)
Net fee and commission income		<u>82,634,548</u>	<u>69,480,882</u>

PASHTANY BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 JAWZA 1403 (JUNE 20, 2024)

	Note	Un-Audited 31 Jawza 1403 (June 20, 2024) AFN	Un-Audited 31 Jawza 1402 (June 21, 2023) AFN
17. OTHER INCOME			
Recovery of loans written-off			
Loan principal		8,190,334	4,856,103
Loan interest		84,691	518,977
Rental income		29,418,305	27,702,579
Other		1,441,935	1,438,725
		<u>39,135,264</u>	<u>34,516,384</u>
18. EMPLOYEE COMPENSATION			
Salaries, wages and benefits		74,955,275	77,254,232
Bonus		3,488,000	-
Staff welfare		845,830	2,567,174
		<u>79,289,105</u>	<u>79,821,406</u>
19. OTHER OPERATING EXPENSES			
Repair and maintenance		3,436,701	3,953,709
Travel and conveyance		280,700	538,764
Advertisement and publicity		1,094,907	2,014,291
Software's support services		1,534,022	5,239,214
Building rent and tax		76,582	58,543
Deposit insurance		6,831,934	7,001,322
Internet expense		3,176,596	3,774,296
Security expense		12,363,308	242,575
Printing and stationery		2,399,522	2,975,473
Communication		253,439	294,449
Electricity		6,151,282	6,130,200
Fuel expenses		1,367,232	2,343,883
Auditor's remuneration		1,410,900	2,698,270
Cleaning and water		160,768	123,865
Kindergarten expense		82,856	87,961
Employees training expenses		14,180	7,000
Others		11,220,257	14,196,444
		<u>51,855,187</u>	<u>51,680,259</u>

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PASHTANY BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 JAWZA 1403 (JUNE 20, 2024)

20 Exposure to currency risk

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

	USD	Euro	Others
2024			
Cash and cash equivalents	1,814,758,526	285,962,671	402,239,609
Investment and placements	3,611,394,383	34,114,500	-
Other assets	720,313,089	22,385,480	14,914,791
	<u>6,146,465,998</u>	<u>342,462,651</u>	<u>417,154,400</u>
Deposits from banks and other financial institutions	1,649,684	88,402	-
Deposits from customers	6,056,178,524	224,263,218	396,995,430
Other liabilities	74,197,570	2,053,746	4,499,779
	<u>6,132,025,778</u>	<u>226,405,366</u>	<u>401,495,208</u>
Net foreign currency exposure	<u><u>14,440,220</u></u>	<u><u>116,057,286</u></u>	<u><u>15,659,192</u></u>
2023			
Cash and cash equivalents	5,440,711,269	307,558,084	954,772,890
Investment and placements	3,435,595,746	-	-
Other assets	727,046,194	21,648,299	14,351,634
	<u>9,603,353,209</u>	<u>329,206,383</u>	<u>969,124,524</u>
Deposits from banks and other financial institutions	1,639,299	90,890	-
Deposits from customers	6,211,574,203	210,478,870	949,563,397
Other liabilities	61,523,832	2,059,084	4,340,566
	<u>6,274,737,334</u>	<u>212,628,844</u>	<u>953,903,963</u>
Net foreign currency exposure	<u><u>3,328,615,876</u></u>	<u><u>116,577,539</u></u>	<u><u>15,220,561</u></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			
(June 20, 2024)	June 21, 2023	(June 20, 2024)	June 21, 2023
AFN		AFN	

Transactions with key

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PASHTANY BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 JAWZA 1403 (JUNE 20, 2024)

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 20, 2024 is as follows:

	31 Jawza 1403 (June 20, 2024)	30 Qaws 1402 (Dec 21, 2023)
	AFN	AFN
Core (Tier 1) Capital:		
Total shareholder's equity	3,335,326,216	3,219,343,319
Less:		
Profit for the year	(115,982,897)	-
Deferred tax assets - Net	(50,830,306)	(56,932,115)
Intangible assets	(37,936,527)	(38,326,775)
Surplus on revaluation of fixed assets	(847,146,946)	(847,146,946)
	<u>2,283,429,541</u>	<u>2,276,937,483</u>
Supplementary (Tier 2) Capital:		
Profit for the year	115,982,897	-
Surplus on revaluation of fixed assets	847,146,946	847,146,946
	<u>963,129,843</u>	<u>847,146,946</u>
Total regulatory capital	<u>3,246,559,384</u>	<u>3,124,084,429</u>
Risk-weight categories		
0% risk weight:		
Cash in Afghani and fully-convertible foreign currencies	2,736,614,289	2,689,454,129
Direct claims on DAB	15,430,862,156	12,924,060,533
Total	<u>18,167,476,444</u>	<u>15,613,514,662</u>
0% risk-weight total (above total x 0%)	-	-
20% risk weight:		
Balances with other banks	3,929,945,337	3,593,976,245
20% risk-weight total (above total x 20%)	<u>785,989,067</u>	<u>718,795,249</u>
100% risk weight:		
All other assets	4,186,506,621	4,132,485,488
Intangible assets	(37,936,527)	(38,326,775)
Net deferred tax asset	(50,830,306)	(56,932,115)
100% risk-weight total (above total x 100%)	<u>4,097,739,788</u>	<u>4,037,226,598</u>
0% risk weight:		
Guarantees	1,444,045,434	1,430,142,899
0% credit conversion factor total (risk-weighted total x 0%)	-	-
Total risk-weighted assets	<u>4,883,728,856</u>	<u>4,756,021,847</u>

PASHTANY BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 JAWZA 1403 (JUNE 20, 2024)

22 Capital management (Contd...)


Tier 1 Capital Ratio (Tier 1 capital as % of total risk-weighted assets)	46.76%	48%
Regulatory Capital Ratio (Regulatory capital as % of total risk-weighted assets)	66.48%	66%

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.

For: 
Chief Executive Officer

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Chief Financial Officer
For