



Afghanistan's State Banks

Monthly Financial Performance



Office of the Economic Advisor
May 2017

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Executive Summary

This is the monthly presentation on the financial status of the three state owned banks. In this presentation, we will provide financial highlights of the state owned banks in terms of equity, loans, deposits and profitability. These three banks, Bank-e-Millie, Pashtany and New Kabul bank have performed well during this month. The total equity capital of these banks have increased by 2% from AFN11.7B to AFN11.9B from April to May 2017.

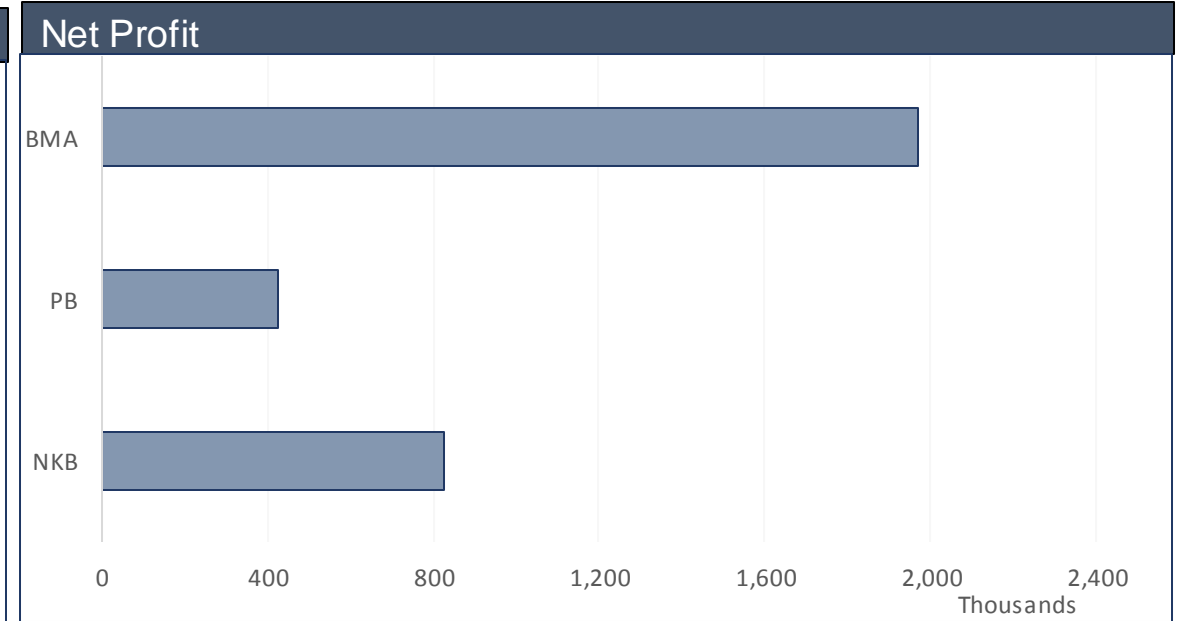
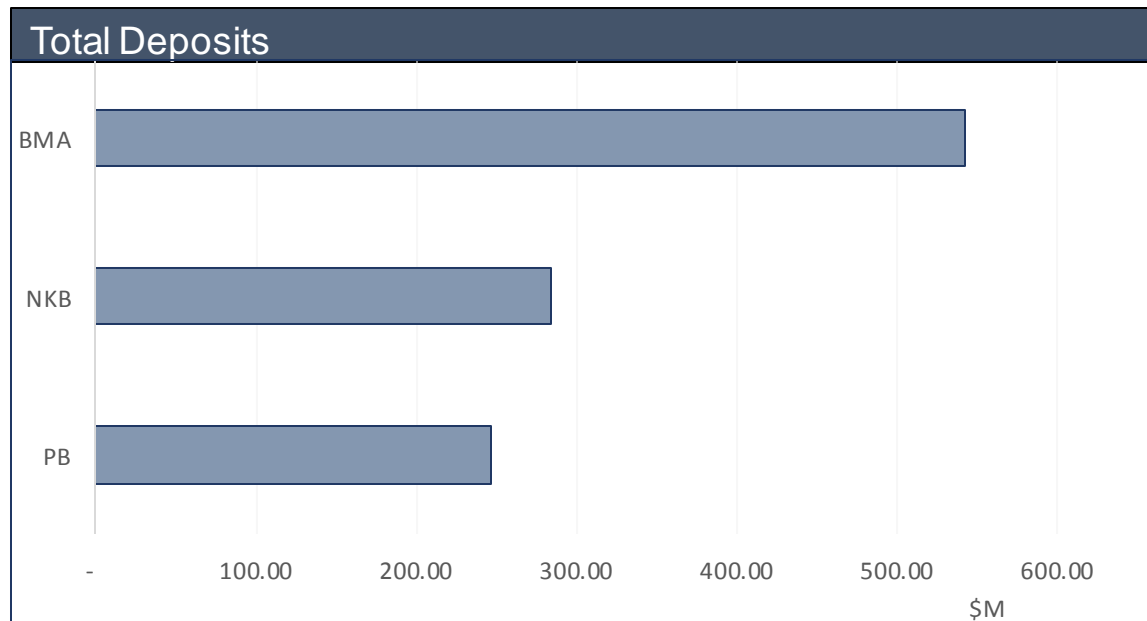
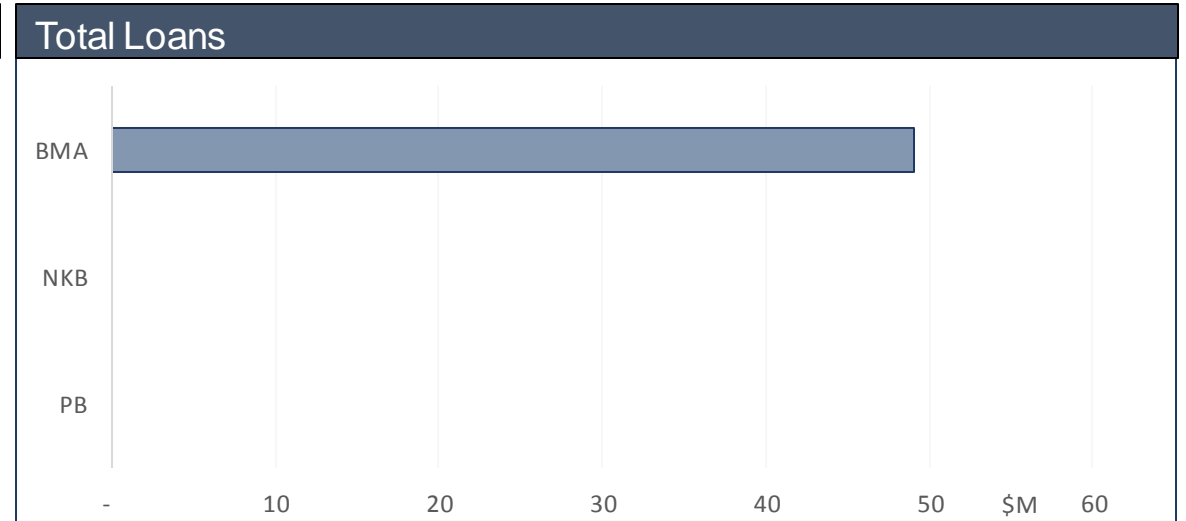
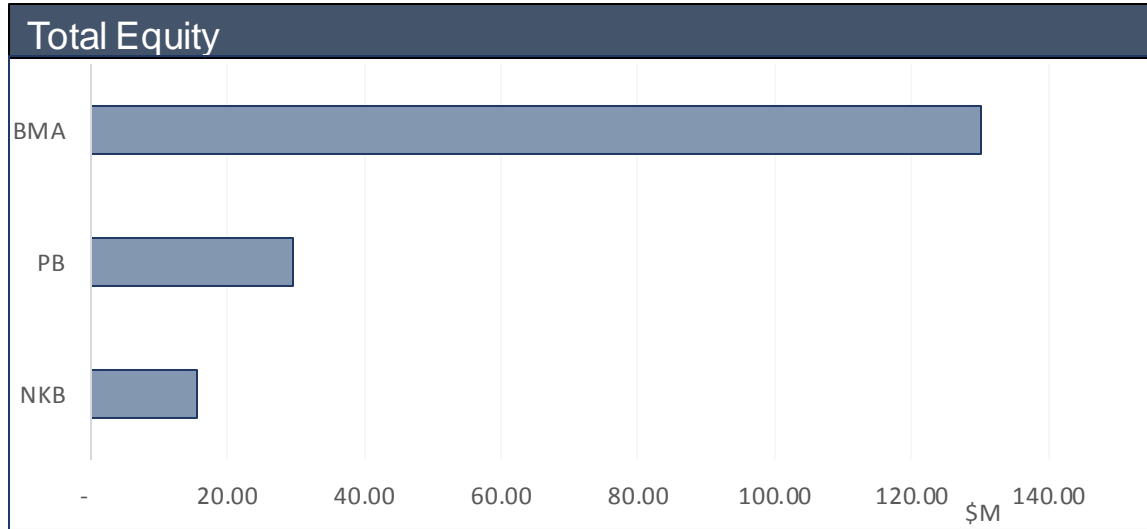
These three banks are engaged in normal commercial banking activities. (1)BMA is still the well performing bank. This bank has extended more than AFN3.3B loans in this month, however, there is a -0.03% reduction in the loans, (2)Pashtany bank is in a better financial position and improved its equity position as per central bank ranking by 1.5% from AFN1.9B in April to AFN2.0B in May, but still did not start lending. The bank is in the process of approving its various drafted policies, (3) New Kabul bank's equity has improved recently and there is a 5.6% increase in its equity for the month of May. (from AFN995M in April to AFN1000M in May 2017)

As per the review of the financial statements of the three banks. we conclude that these banks are improving in terms of financial strength. But in the mean time, we recommend the following; (1) Pashtany bank should intensify the approval of their drafted policies for various departments of the bank, and intensify recruitments of the board members, (2) BMA should increase its lending activities as the bank is liquid, (3) New Kabul bank should establish clear policies for various departments as the banks improving in terms of equity position.

Note: If the bank is in a better financial position, then a green light (●) will be shown on the top of the slide. If the bank is in a bad financial position, a red light (●) will be shown at the top of the slide

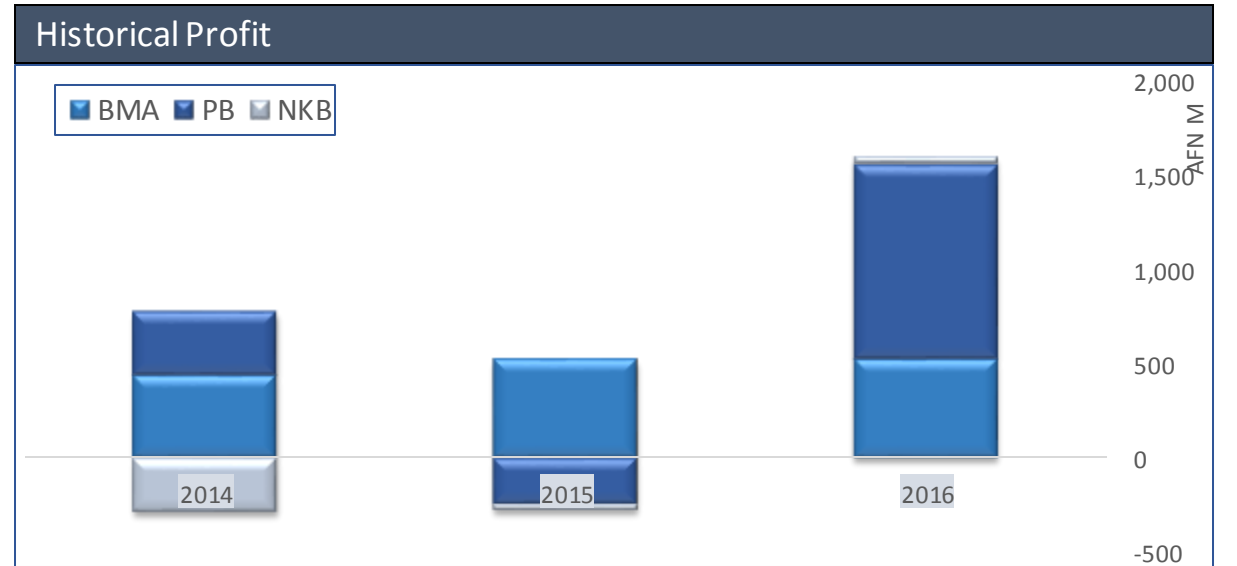
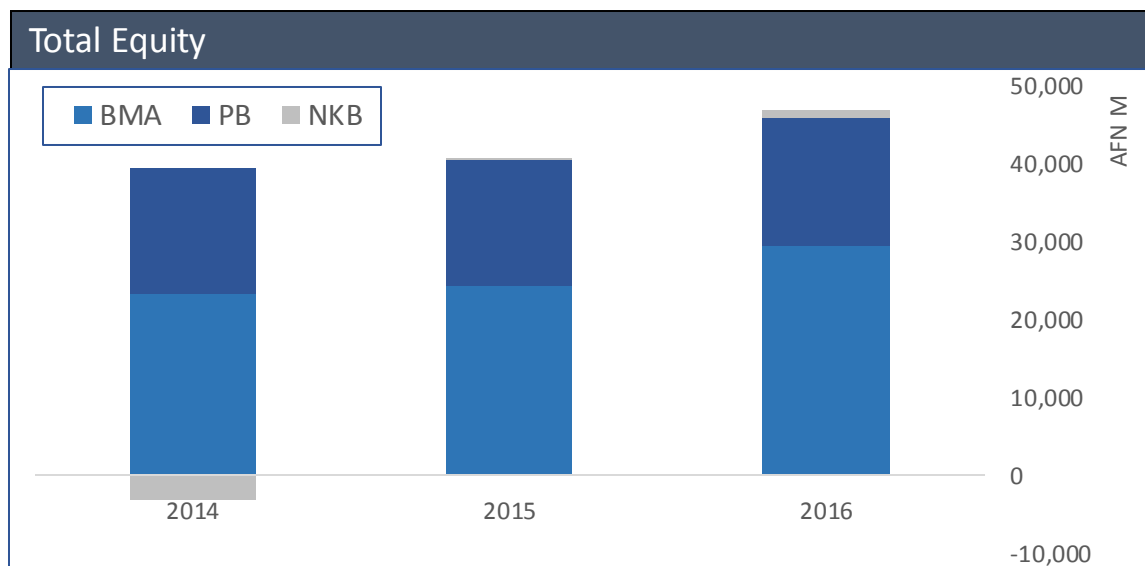
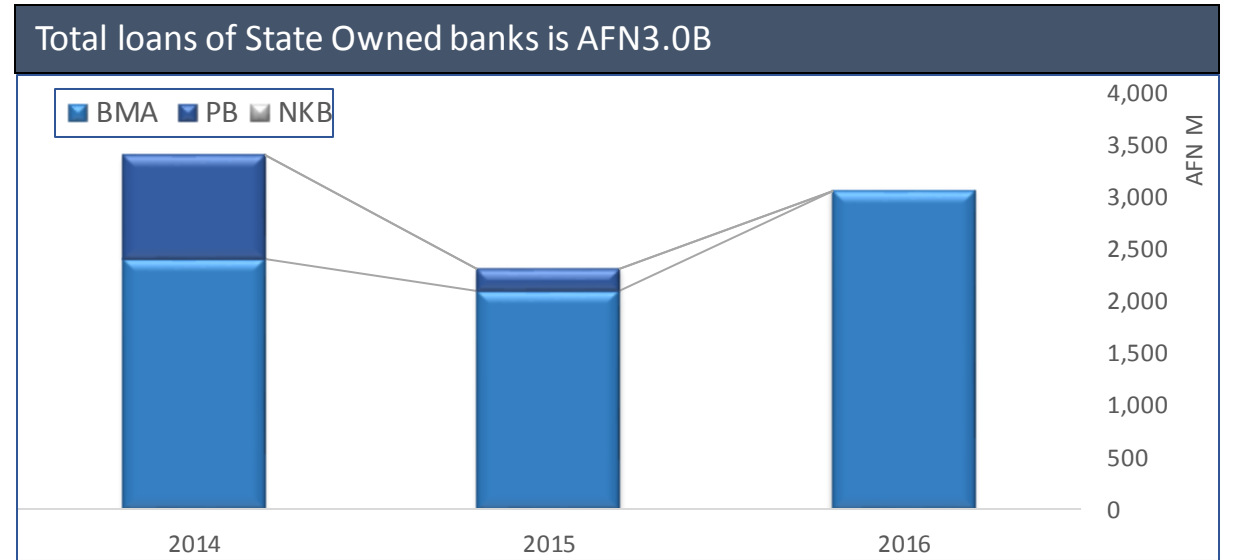
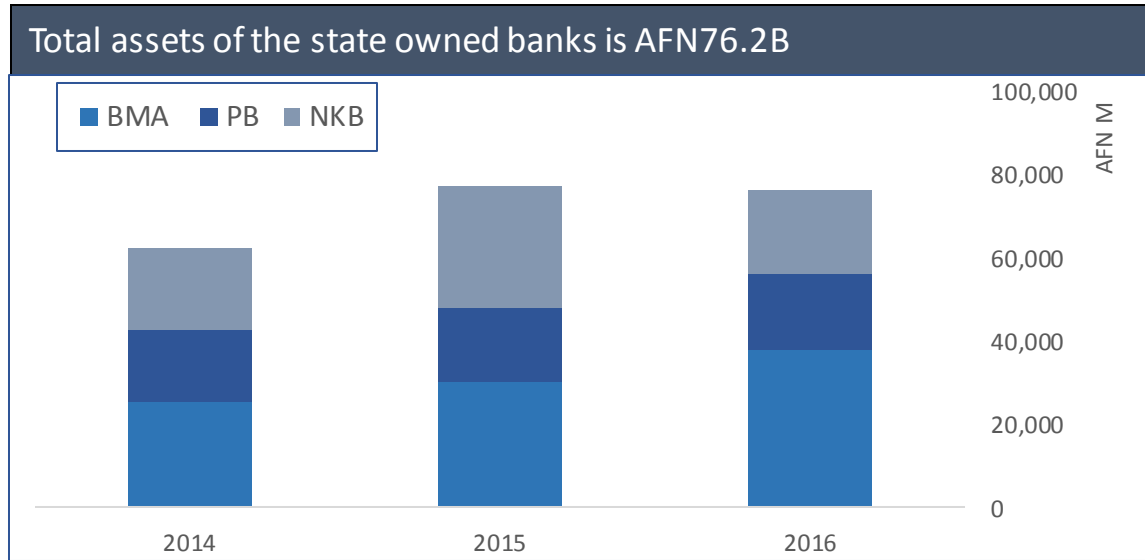
State Bank Sector Summary

This slide will give highlights on the key financial values of the three state owned banks as of the month. In terms of equity, loans, deposits and profit, we can see from the below graphs that, BMA is in a better position than other two banks.



State Bank Sector Overview

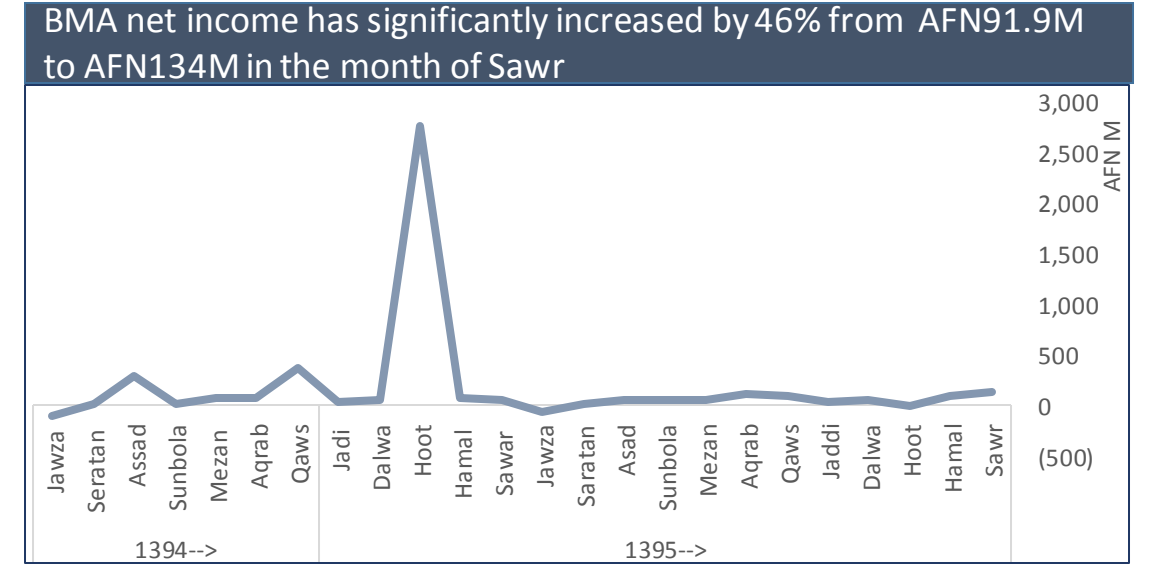
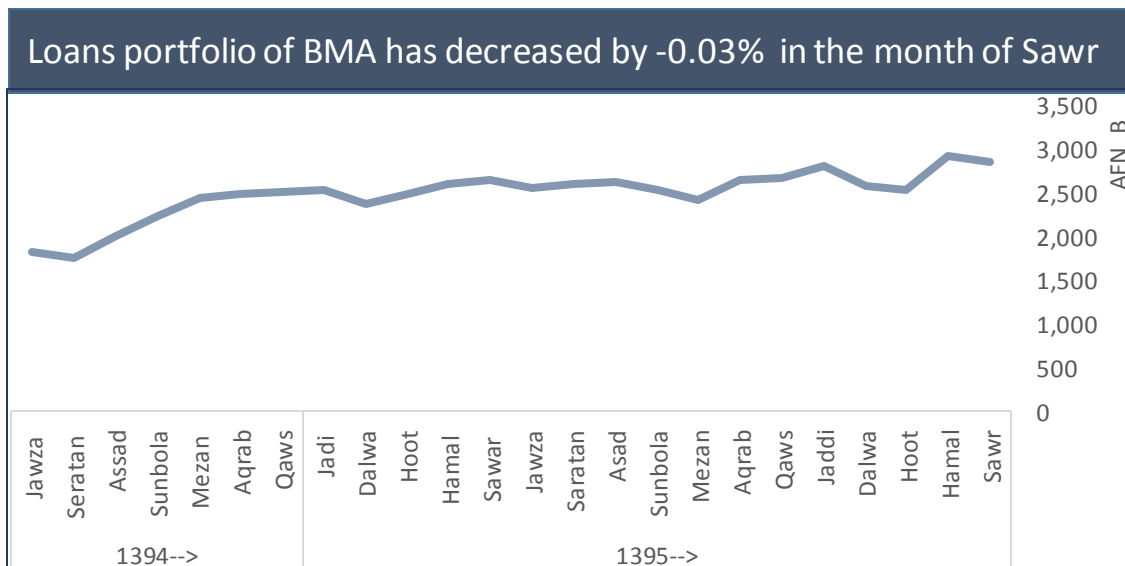
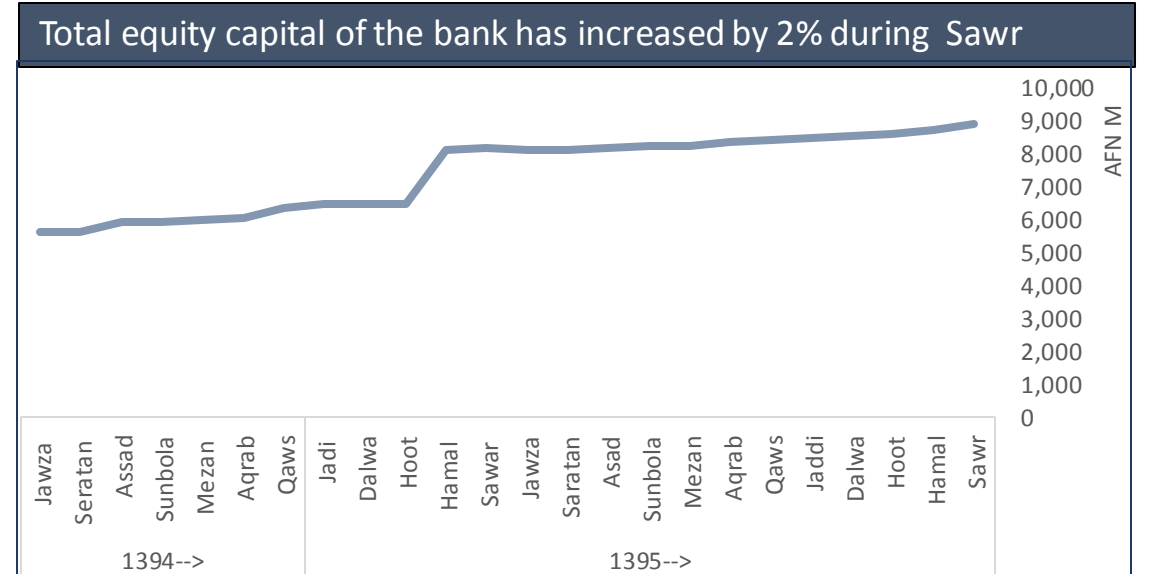
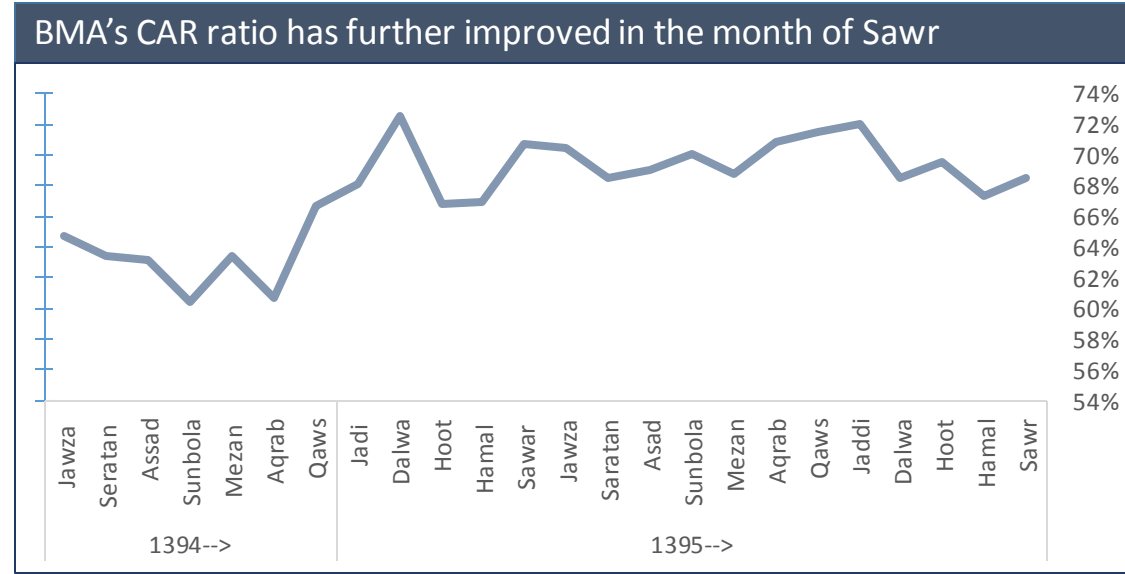
This slide gives a historical comparison of the three state owned banks based on the key values. The three state banks have assets of AFN76.2 billion as of 2016. The loan was extended only by BMA in the amount of AFN3.0 billion. Equity capital is AFN6.7B, and profitability has declined.



Banke Millie Afghan

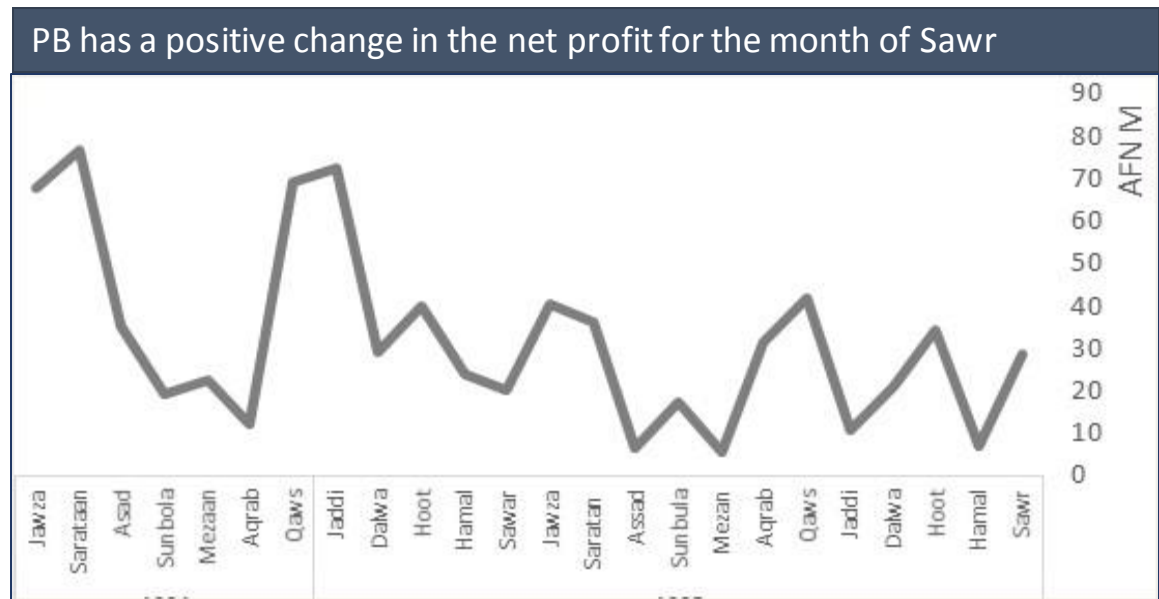
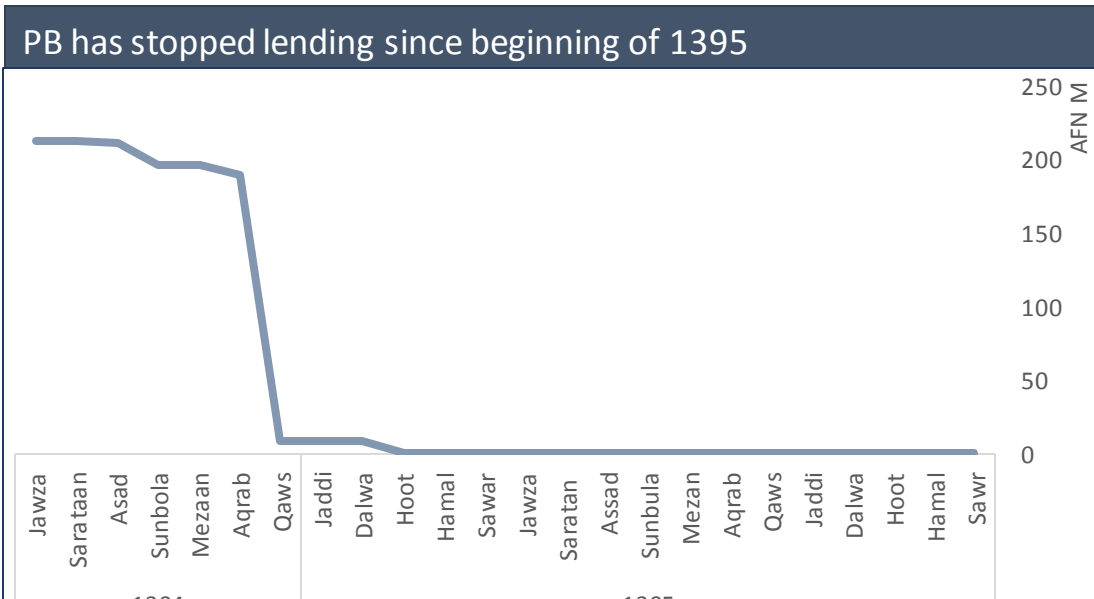
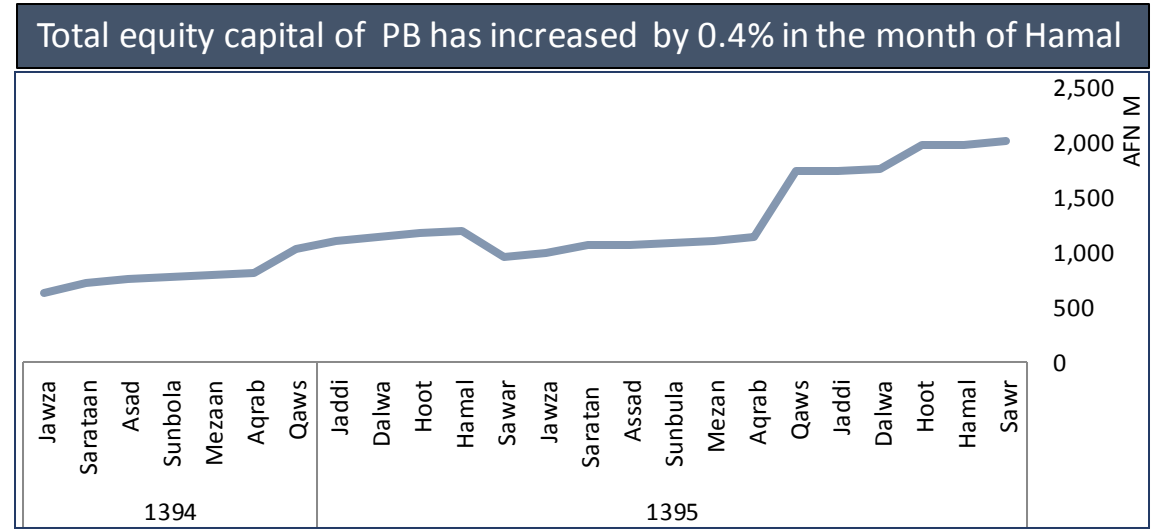
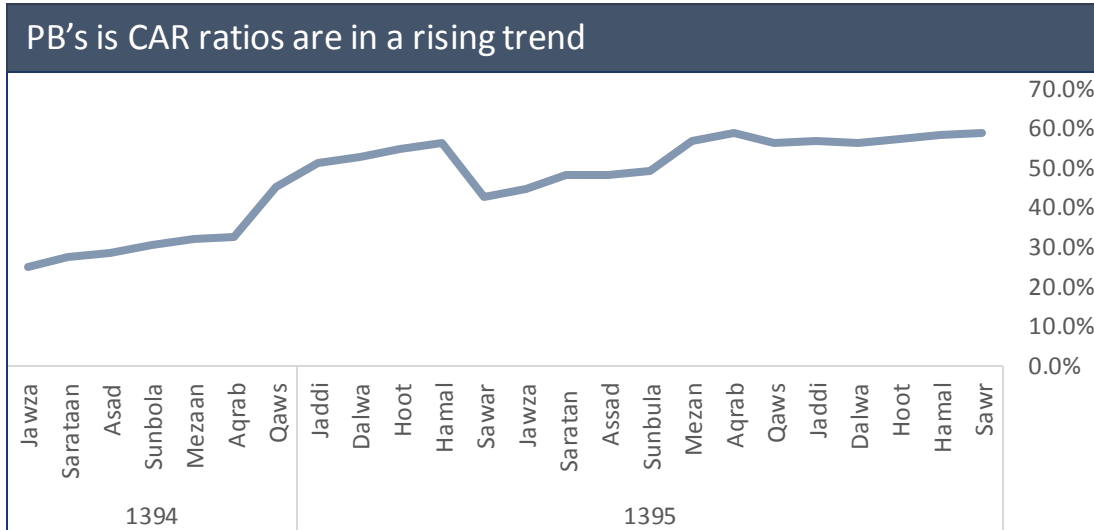


For each bank, we show the four key ratios on a historical trend. BMA's total equity has increased by 2% for this month, this is due to the profit earned by the bank. Meanwhile, the CAR of the bank has been on average around 68%, and increased in May from 67% to 68%.





Pashtany bank has recovered a huge amount of its defaulted loans. The recovery affected positively the equity and CAR ratio of the bank. However, the bank has not started lending yet. PB's net profit for the month has increased by in the month of Sawr.

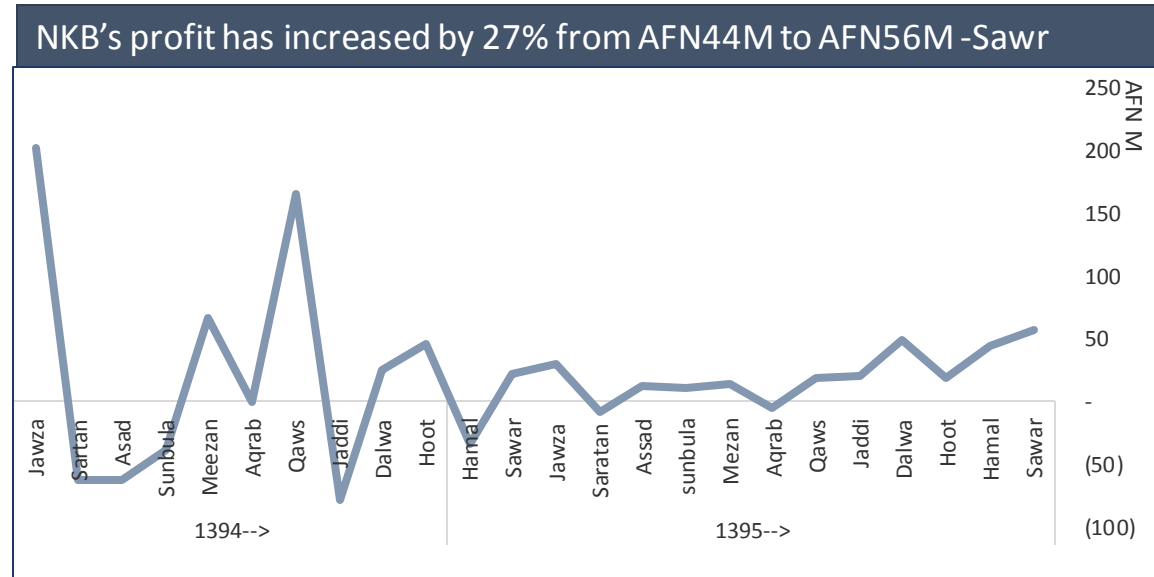
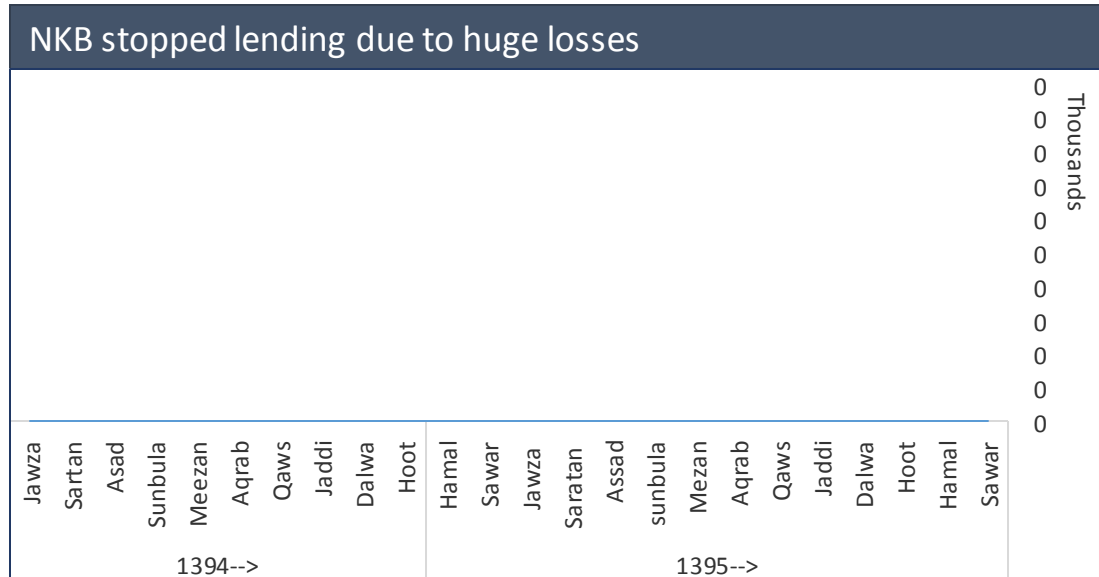
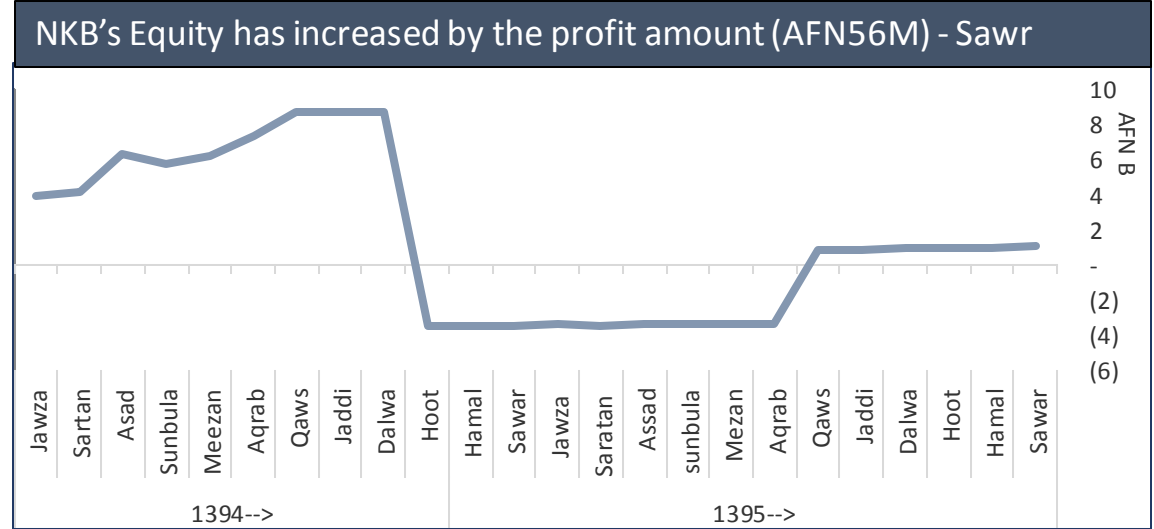
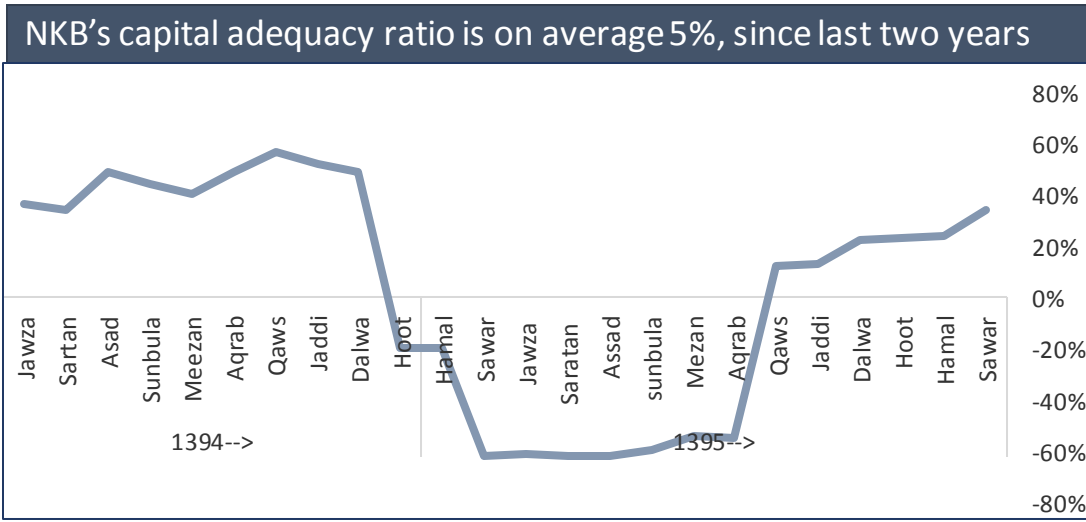


Note: We have consider net income (excluding miscellaneous income) for PB.



New Kabul Bank

NKB's CAR ratio is at its lowest since last six years, however, it has been improving since some months. The bank's equity is increased by 5.6% in the month of Sawr from AFN995M to AFN1000M.



Note: NKB's scandal affected its capital position and lending capability