



Da Afghanistan Bank

Monetary Policy Department

Monthly Report

July 2019

Executive Summary

The report provides a brief analysis, evaluation and progress of the current macroeconomic indicators, and updates on the financial stability in Afghanistan during the month under review. This report is prepared based on the compilation of the monetary and financial data collected from major departments of the Da Afghanistan Bank (DAB). The report incorporates macro-data from Monetary Sector, External Sector, Real Sector, Fiscal sector, and financial data from Payments and Financial Supervision Departments.

At the beginning of FY1398 (2019), amount of Reserve Money (RM) has been recorded at Af 271,804.93 million and growth of RM is below the ceiling. The target ceiling for end of Saratan month was Af 308,436.51 million, while the actual amount on the mentioned date stood at Af 258,700.66 million. This figure represents Af 49,735.84 million declines from the target ceiling in the same day and showing negative growth of 4.82 percent from the beginning of FY year.

From the beginning of fiscal year of 1398 (2019) up to end of Saratan, DAB has auctioned a total amount of USD 1,458.07 million through open market operations, and has collected Af 113.09 billion from the market. These operations have fulfilled 42.48 percent of the total demand for currency (especially the US dollar) in the market.

Headline inflation decreased in the month of June 2019. Observing the data, headline inflation decreased to 4.03 percent from 4.88 percent (year over year). This decrease is caused by lower prices of both food and non-food items. Core measure of inflation when measured based on 30% trimmed mean decreased to 3.54 percent, while it was calculated 4.45 percent in the previous month

Current account deficit, narrowed sharply by 0.2 percent to USD 1226.41 million in the first quarter of the FY 1398 from USD 1228.87 million recorded in the first quarter of the FY 1397.

This outcome was primarily on account of a contraction in the trade deficit by both a rise in merchandize exports (6 percent), and a decline in merchandize imports (7 percent). As well as, a rise in the earnings of service account and a rise in the receipts on respect of primary income account in the first quarter of the FY 1398.

Total revenue (domestic revenue plus external aids) for the month of June2019is AFN27.40 billion, while in May, it was AFN43.85 billion which shows 37.52% or AFN 16.45 billion decrease in June.Total revenue from the start of FY-2019 till end of June reached to AFN 160.77 billion, which consist of AFN 94.80 billion and AFN 65.97 billion domestic revenue and donor contributions respectively.

The total assets of the banking sector posted a 0.62 percent YOY increase, reaching Af 309.55 billion at end of June, 2019 as compared to Af 307.65 billion in June, 2018.Total assets increased by 0.93 percent over the previous month. The increase in the total assets mostly came from increase in USD rate against the Af currency.

The gross loans portfolio of the banking sector registered YOY increase of 4.48 percent and currently stands at Af 44.01 billion. The increase is mainly as a result of issuance of new loans, OD utilization and increase in USD rate. Total gross loans showed an increase of 0.40 points compared to previous month mainly on account of increase in USD rate.

Total Deposits comprising of customer and interbank deposits, the main source of funding in the banking sector presented 0.95 percent YOY increase, currently standing at Af 265.81 billion. The increase in total deposits came from the increase in USD rate against the AF currency. Deposits posted an increase of 0.46 points over the previous month mainly coming from increase in USD rate against Af as well.

Table of content

1. Monetary Sector	4
1. Monetary Sector	Error! Bookmark not defined.
1.1 Reserve Money (RM) and Currency in Circulation (CiC) growth Report	Error! Bookmark not defined.
1.2 Net International Reserve	Error! Bookmark not defined.
1.3 Foreign Exchange and Capital Notes Auction	Error! Bookmark not defined.
1.5 Exchange Rate	Error! Bookmark not defined.
2. Real Sector	Error! Bookmark not defined.
2.1.1 Food Inflation	Error! Bookmark not defined.
2.1.2 Non-Food Inflation	Error! Bookmark not defined.
2.2 Core Inflation	Error! Bookmark not defined.
3. EXTERNAL SECTOR REPORT	12
3.1 CURRENT ACCOUNT BALANCE	15
3.1.1 GOODS ACCOUNT	15
3.1.2 SERVICES ACCOUNT	16
3.1.3 PRIMARY INCOM ACCOUNT:	16
3.1.4 SECONDARY INCOME ACCOUNT:	17
3.2 CAPITAL ACCOUNT BALANCE:	17
3.3 FINANCIAL ACCOUNT BALANCE:	17
4. Fiscal Sector	19
5. Swift and Payments	21
6. Banking sector	21
Graph No.1	24
6.1 Total Asset	24
6.1.1 Assets growth	26
6.2 Loan portfolio	27
6.2.1 Loans growth	27
6.3 Total Deposits	34
6.3.1 Deposits growth	35
6.4 Total Capital	36
6.5 Profitability	37
6.5.1 Month – to – Month:	37
6.5.2 Banking sector Profitability on Cumulative basis: (Jan- June, 2019 – Jaddi- Jawza 1398)	37
6.6 Liquidity	38
6.7 Open FX Position	38

1. Monetary Sector

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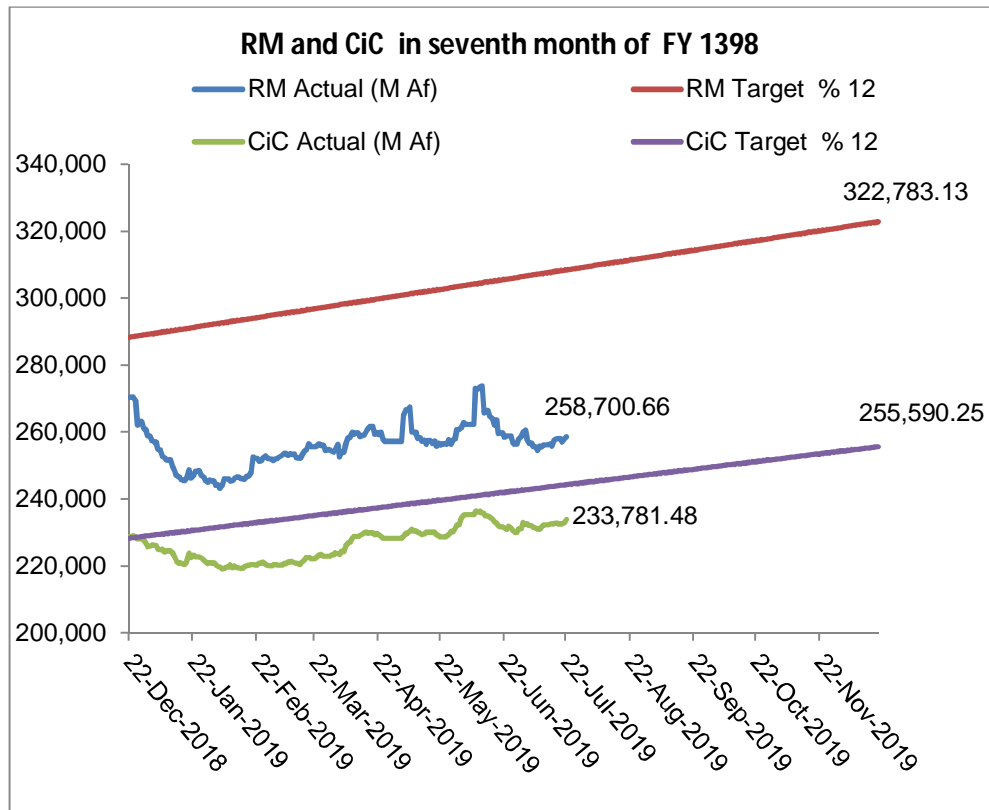
1.1 Reserve Money (RM) and Currency in Circulation (CiC) growth Report

Monetary Policy department develops monetary policies of Da Afghanistan Bank in consideration to the country's economic situation, through the main and effective channels of money demand, government's fiscal program (Revenue and expense), economic growth outlook, and general price level in the country. Therefore, Monetary Policy Department of DAB, in official agreements with the IMF, has respectively set the Reserve Money (RM) and Currency in Circulation (CiC) as its operational and indicative targets for 2019, and growth for these indicators is set 12 percent for this year.

At the beginning of FY1398 (2019), amount of Reserve Money (RM) has been recorded at Af 271,804.93 million and growth of RM is below the ceiling. The target ceiling for end of Saratan month was Af 308,436.51 million, while the actual amount on the mentioned date stood at Af 258,700.66 million. This figure represents Af 49,735.84 million declines from the target ceiling in the same day and showing negative growth of 4.82 percent from the beginning of FY year.

In addition, Da Afghanistan Bank could successfully manage the currency in circulation (CiC). The amount of currency in circulation (CiC) which was stood at Af 228,205.59 million at the beginning of FY1398 (2019), The actual amount of currency in circulation (CiC) stood at Af 233,781.48 million at the end of Saratan month, while the target for CiC is set at Af 244,230.13 million AF. Thus, real amount of CiC is Af 10,448.64 million less than ceiling in the same day and showing growth of 2.44 percent from the beginning of FY year.

The following chart shows the RM and CIC during FY 1398 (2019).



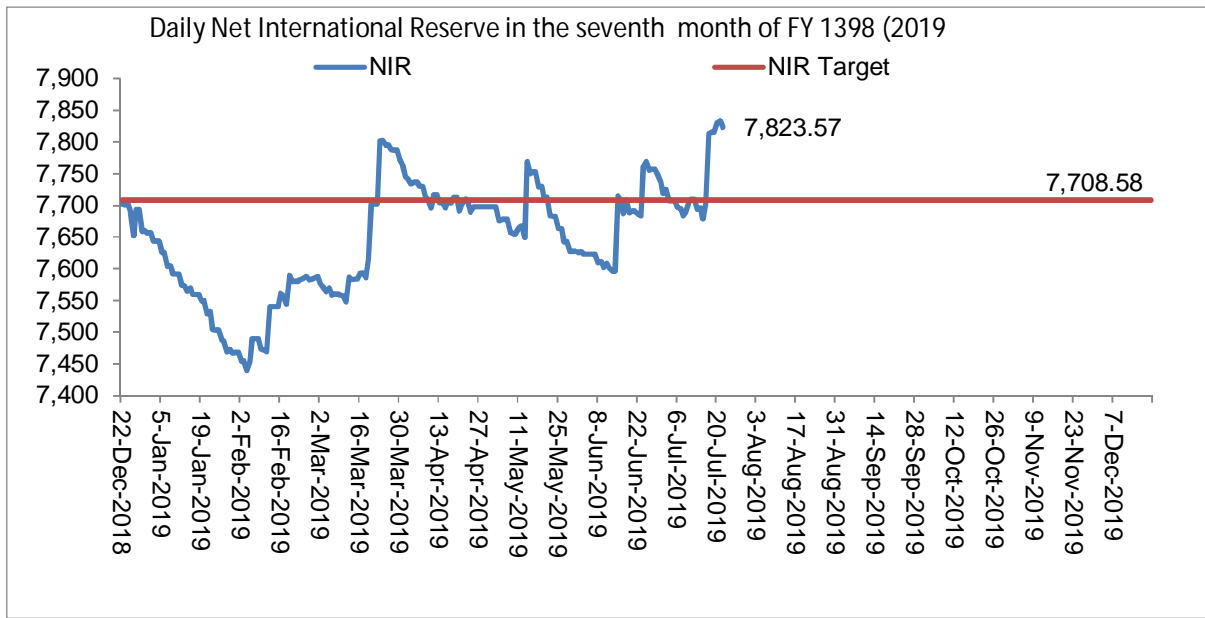
Source: Open Market Operations/Monetary Policy Departments

1.2 Net International Reserve

Accumulation of Net International Reserves (NIR), which is known as a main macroeconomic indicator of the national economy, is one of the biggest achievements in the country's financial system. NIR accumulation, without doubt, has significant direct impacts on better implementation of monetary policies as well as on managing macroeconomic indicators such as exchange rate, inflation and balance of payment stability.

At the beginning of FY1398 (2019), Afghanistan's NIR actual amount was set USD 7,708.58 million, but NIR actual amount reached to USD 7,823.57 million at the end of Saratan month, which shows USD 114.99 million aggregated from the beginning of the fiscal year 1398 to end of Saratan month.

NIR growth is presented in the following chart.



Source: Open Market Operations/Monetary Policy Departments

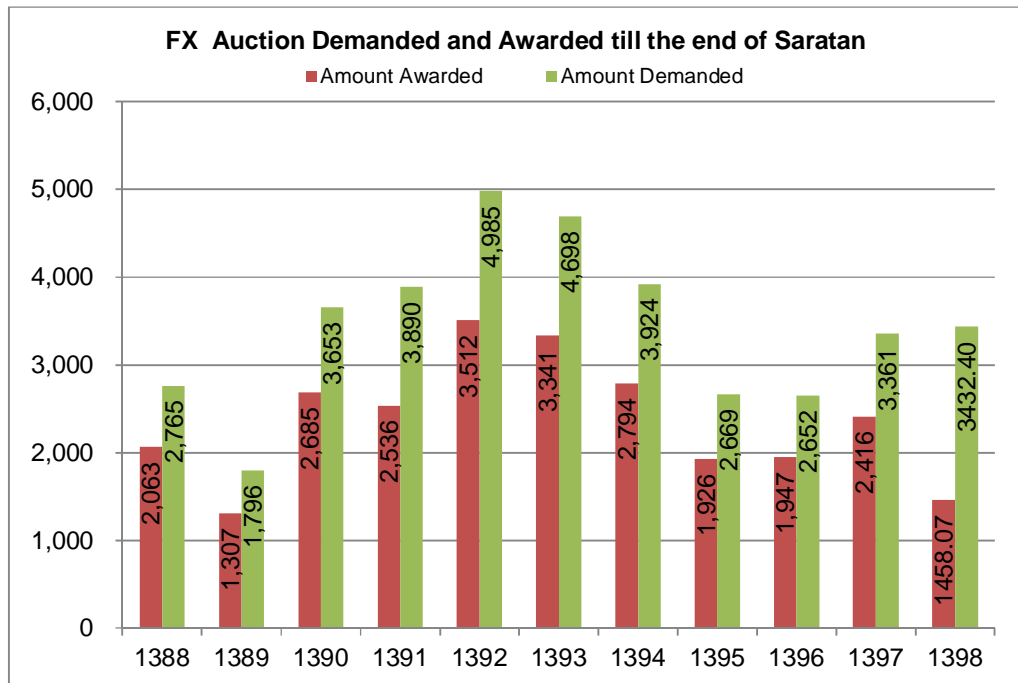
1.3 Foreign Exchange and Capital Notes Auction

In order to control the liquidity, money supply and mitigate excessive Af exchange rate fluctuations in the economy, DAB manages reserve money growth close to its sited ceiling by conducting USD auctions three times in a week, and weekly capital notes auctions, which are the two instruments used through open market operations. For detail every one of instruments illustrates in the below.

Foreign Exchange Auction

From the beginning of fiscal year of 1398 (2019) up to end of Saratan, DAB has auctioned a total amount of USD 1,458.07 million through open market operations, and has collected Af 113.09 billion from the market. These operations have fulfilled 42.48 percent of the total demand for currency (especially the US dollar) in the market.

The Figure 1.3 illustrates the foreign exchange demand and supply during the last 11th years.



Source: Market Operations/Monetary Policy Departments

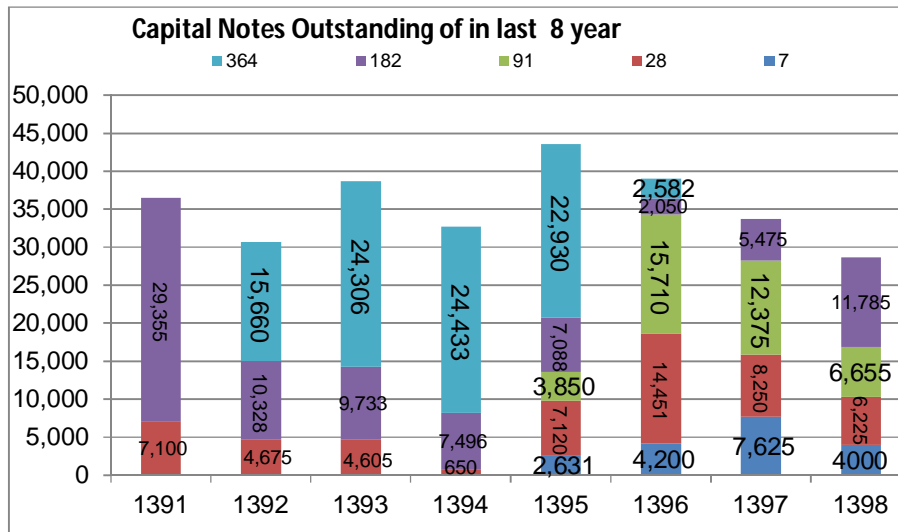
Capital Notes Auction (Interest rate bidding)

DAB uses capital notes auction as its secondary tool to manage liquidity in the market and mop up the excess liquidity from the banking sector, establish and vindicate secondary markets for securities, maintain price stability, diversify monetary policy instruments, and motivate commercial banks to attract Afghani denominated deposits.

Considering to the current economic situation in the country, Da Afghanistan Bank has gradually reducing auctions of 364 days capital notes as well as their interest rates in order to encourage investment and increase peoples' access to finance. Lower interest rates on these notes will facilitate the issuance of banking credits to the public with simple requirements and low interest.

From the beginning of fiscal year of 1398 (2019) up to end of Saratan , The total outstanding of capital notes reached Af 28.665 billion and meanwhile the total interest paid for the mentioned notes reached Af 59.83 million at the end of this month.

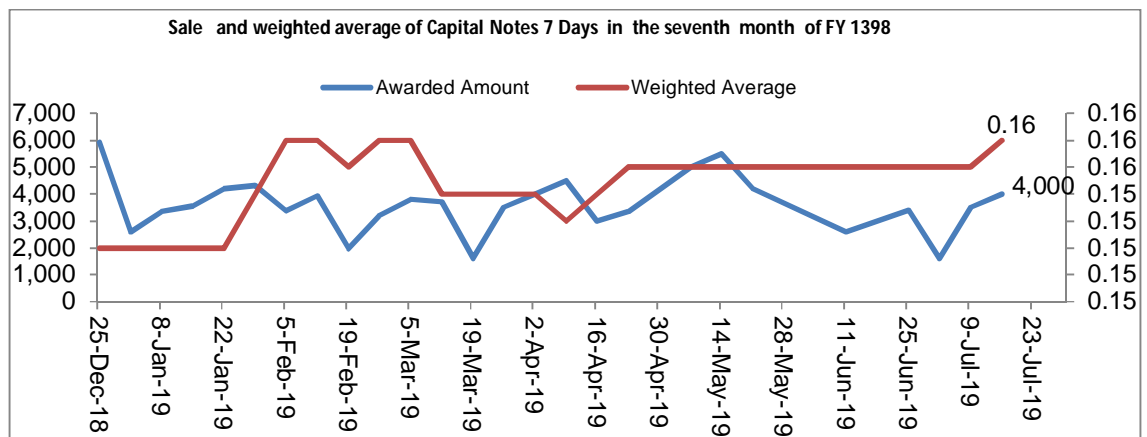
The Figure 1.4 illustrates the Capital Notes Outstanding at end of mention month of FY 1398.



Source: Market Operations/Monetary Policy Departments

7 days Capital Notes

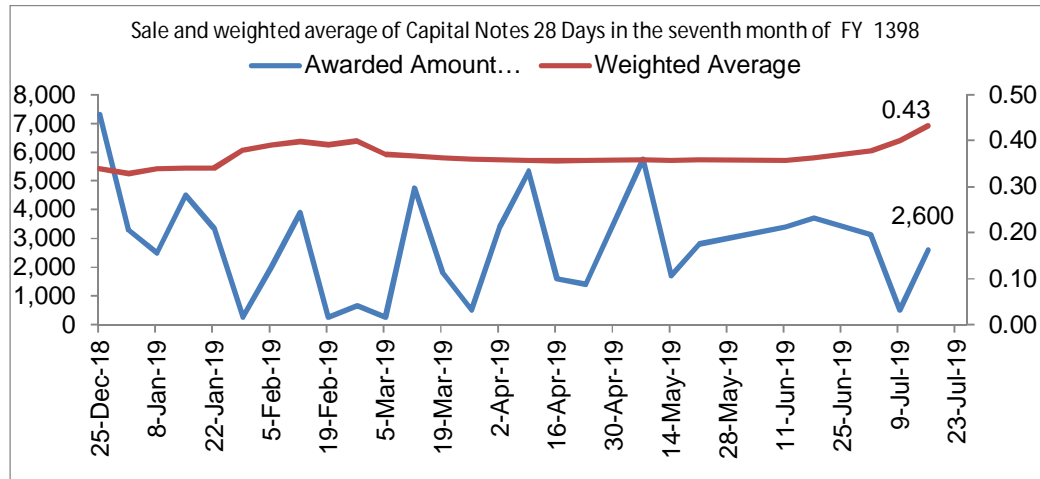
The awarded amount of 7 days capital notes auction at the end of Saratan reached Af 4 billion with average interest rate of 0.16 percent. The outstanding of these notes is stood Af 4 billion for the mentioned period.



Source: Market Operations/Monetary Policy Departments

28 days Capital Notes

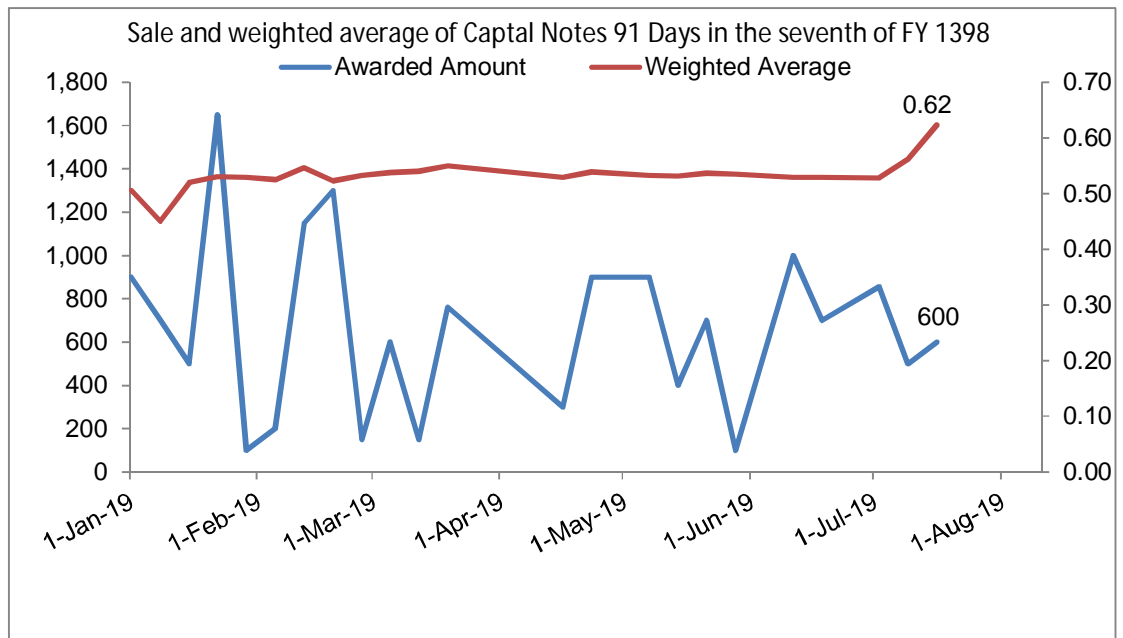
During the reviewed period, awarded amount of 28 days capital notes auction at the end of Saratan is recorded Af 2.6 billion with average interest rate of 0.43 percent and outstanding amount of Af 6.225 billion.



Source: Market Operations/Monetary Policy Departments

91 days Capital Notes

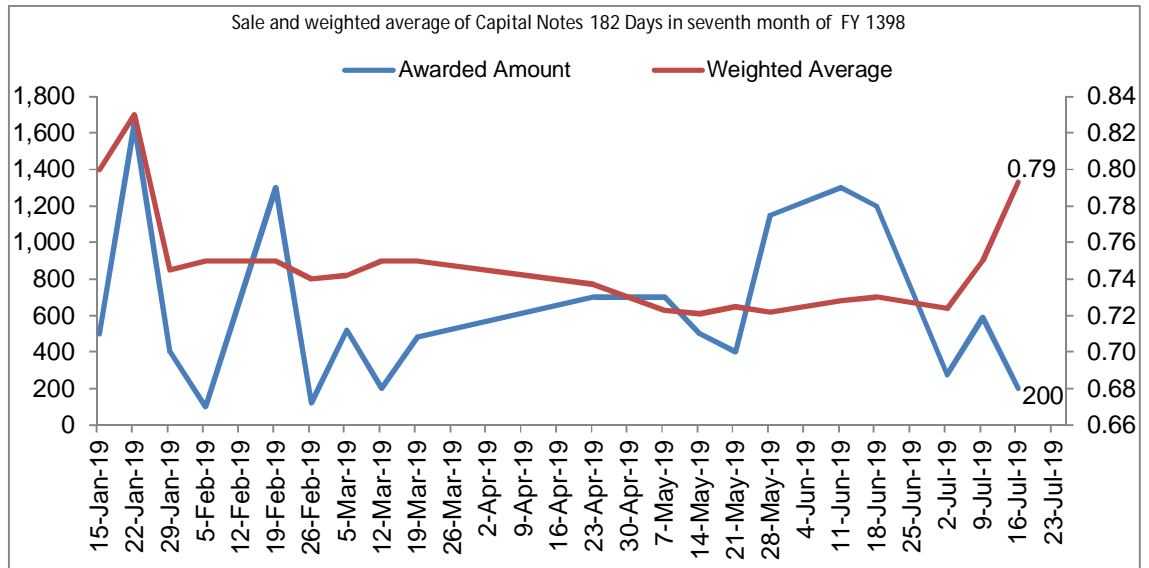
DAB's 91 days capital notes auction during this reporting period stood at Af 0.6 billion at the end of Saratan with average interest rate of 0.69 percent and total outstanding of Af 6.6 billion.



Source: Market Operations/Monetary Policy Departments

182 days Capital Notes

DAB's 182 days capital notes auction during this reporting period stood at Af 0.2 billion at the end of Saratan with average interest rate of 0.79 percent and total outstanding of Af 11.78billion.

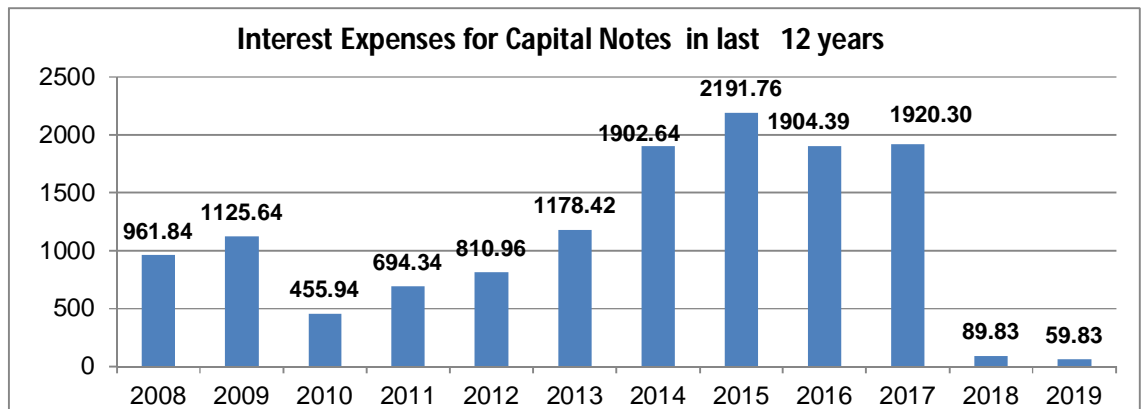


Source: Market Operations/Monetary Policy Departments

Note: Capital Notes 364 days have not been auctioned during the reporting period.

Interest Expenses

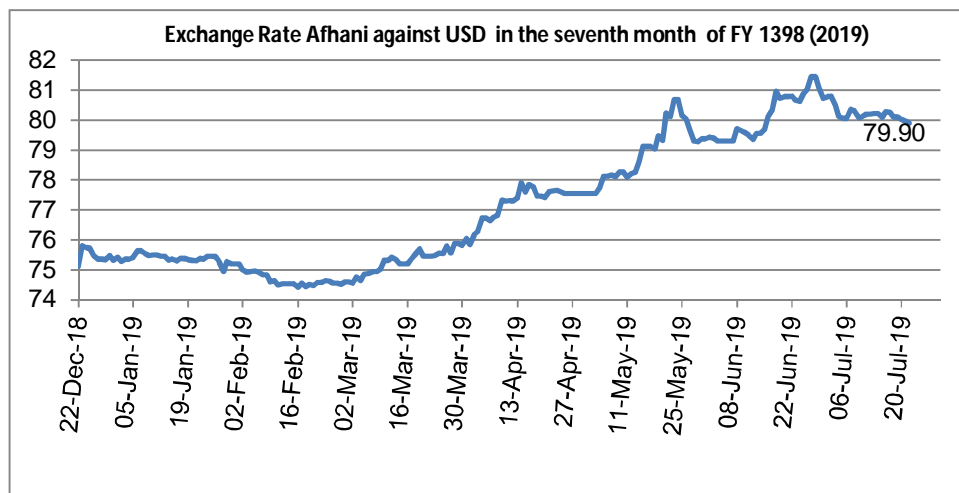
DAB interest paid for Capital Notes during of 12 years till the end of Saratan month FY 1398 (2019) the figure of below illustrated.



1.5 Exchange Rate

Central bank does not target the exchange rate in the market. However, considering its significant effects on other macroeconomic indicators, DAB closely monitors exchange rate behavior to prevent its severe fluctuations. Observing the data, the Afghani exchange rate has recorded some fluctuations against major currencies of the world.

From the beginning of FY1398 (2019) Afghani has depreciated by 6.18 percent, and has been exchanged at Af 80.43 per USD on average and recorded at 79.90 Af exchanged at the end of Saratan month .



The table of Monetary Indicators

	FY 1397					FY 1398		
	Sawr	Jawza	Saratan	Sunbula	Qaws	Sawr	Jawza	Saratan
Reserve Money Target (%)	3		4		6	12		
Actual Reserve Money (%)	-7.00	-8.00	-7.9	-10.00	-10.00	-5.60	-4.5	4.82
RM Actual	257,098.45	253,771.80	254,441.02	293,168.93	293,168.93	256,580.40	259,654.32	258,700.66
RM Target	276,318.05	276,318.10	280,998.85	290,360.45	290,360.45	302,545.84	305,491.17	308,436.51
CiC Actual	219,159.97	226,589.30	221,281.90	225,276.63	225,276.63	229,031.43	231,598.67	233,781.48
CiC Target	228,685.19	228,685.20	232,559.09	242,631.24	242,631.24	239,565.70	241,897.91	244,230.13
Actual NIR	7,285.74	7,499.33	7,413.45	7,549.36	7,549.36	7,713.28	7,691.22	7,823.57
NIR Target	7,267.37	7,250.34	7,301.16	7,402.80	7,402.80	7,708.58	7,708.58	7,708.58
Outstanding Amount	27,640.00	37,960.00	31,480.00	39,515.00	39,515.00	28,580.00	27,020.00	28,665.00
Required Reserve (Afs)	5,959.69	6,140.47	6,261.36	6,136.46	6,136.46	5,907.08	10,923.40	5,672.74

2. Real Sector

Consumer Price Index (CPI) in Afghanistan is divided into two main groups: Food Items, accounting for 47.8 percent of total CPI and Non-Food Item making up the remaining 52.2 percent. The most important components in food item, which may put significant impacts on the overall inflation, are: bread and cereals (14.6 percent), meat (7.5 percent), milk, cheese and eggs (4.7percent) and oil and fats (4.6 percent). The non-food item is mainly composed of: housing (19.1 percent), clothing (4.6 percent), household goods (11.9 percent), transportation (4.3 percent), and health (6.2 percent).

Headline inflation decreased in the month of June 2019. Observing the data, headline inflation decreased to 4.03 percent from 4.88 percent (year over year). This decrease is caused by lower prices of both food and non-food items. Core measure of inflation when measured based on 30% trimmed mean decreased to 3.54 percent, while it was calculated 4.45 percent in the previous month.

Table 1.1. Headline Inflation (May 19-June 19)

	Y-on-Y		M-to-M	
	May	June	May	June
National CPI				
Headline	4.88	4.03	1.09	-0.91
<i>Food</i>	7.04	5.86	1.43	-1.83
<i>Non-Food</i>	2.85	-0.25	0.77	-0.02
<i>CPI ex. B&C, O&F, and T</i>	4.48	3.39	1.04	-1.26
<i>Trimmed Mean</i>	4.45	3.54		
Kabul CPI				
Headline	5.14	3.99	1.61	-1.45
<i>Food</i>	8.31	6.80	1.94	-3.10
<i>Non-Food</i>	3.13	2.25	1.40	-0.34

2.1.1 Food Inflation

The flow of inflation in food items turned downward in June 2019. Food and beverages items are weighted for 47.8 percent of the overall index. Food inflation In June 2019, when measured on year over year basis, decreased to 5.86 percent compared to 7.04 percent calculated in previous month. This decrease is in line with lower prices of milk cheese and butter, fresh and dried fruits, vegetables, non alcoholic beverages and spices. Price of the remaining items increased from the previous month's values.

Table 2.2. Food Inflation (May 19-June 19)

Items	Weight	Y-on-Y		M-to-M	
		May	June	May	June
Food and Beverages	47.8	7.04	5.86	1.43	-1.83
<i>Bread and Cereals</i>	14.6	9.94	10.16	1.59	0.28
<i>Meat</i>	7.5	4.92	5.53	3.44	0.05
<i>Milk, cheese and eggs</i>	4.7	2.61	2.28	-0.87	-0.42
<i>Oils and fats</i>	4.6	-3.28	-2.87	0.77	0.22
<i>Fresh and dried fruits</i>	5.0	11.91	9.01	4.69	-4.22
<i>Vegetables</i>	6.0	6.67	-0.73	-4.33	-10.00
<i>Sugar and sweets</i>	2.7	7.35	7.36	4.27	1.23
<i>Spices</i>	1.3	22.64	19.93	7.17	-6.49

Sourced: Da Afghanistan Bank /NSIA

2.1.2 Non-Food Inflation

Inflation in non-food item exhibited downward trend in the month of June 2019. On the year over year basis, non-food inflation declined to 2.35 percent from 2.85 percent observed in the previous month. The deflationary pressure on this index came from lower price of tobacco, clothing, housing, furnishing and household goods, communication, information and technology and miscellaneous. In the meantime, health, education, and restaurants and hotels increased during the review period.

Table 2.3. Non-Food Inflation (May 19-June 19)

	Weight	Y-on-Y		M-to-M	
		May	May	May	May
Non-Food	52.2	2.85	2.35	0.77	-0.02
<i>Tobacco</i>	0.3	4.42	3.68	0.38	0.01
<i>Clothing</i>	4.6	5.93	5.17	0.89	0.73
<i>Housing,</i>	19.1	0.00	-0.37	0.21	-0.22
<i>Furnishing and household goods</i>	11.9	4.89	4.62	0.63	0.00
<i>Health</i>	6.2	5.24	5.30	2.54	0.27
<i>Transportation</i>	4.3	4.30	2.91	0.62	0.21
<i>Communication</i>	1.7	-2.73	-4.58	0.66	-2.06
<i>Information and Culture</i>	1.1	2.11	1.18	0.01	-0.65
<i>Education</i>	0.4	0.21	0.29	5.24	0.47
<i>Restaurants and Hotels</i>	1.1	4.04	4.56	0.56	0.88
<i>Miscellaneous</i>	1.4	3.97	1.59	1.45	-0.43

2.2 Core Inflation

One of the most common methods of core inflation is trimmed mean. This measure is defined for a particular part of the CPI, and is calculated by taking the simple average of the index after excluding the targeted components. During June 2019, trimmed mean (30 % of CPI) decreased to 3.54 percent (year over year) from 4.45 percent observed in the previous month.

Another core measure of inflation is the CPI excluding bread and cereals, oils and fats, and transportation, which decreased to 3.39 percent compared to 4.48 percent recorded in the previous month. Inflation by this measure also decreased on month to month basis to -1.26 percent from 1.04 percent.

Core Measures (Year over Year)

Indicators

May

	June	
30% Trimmed Mean	4.45	3.54
CPI ex. B&C,O&F and T	4.48	3.39

Source: *Da Afghanistan Bank and/NSIA*

3. EXTERNAL SECTOR REPORT

3.1 CURRENT ACCOUNT BALANCE

Current account deficit, narrowed sharply by 0.2 percent to USD 1226.41 million in the first quarter of the FY 1398 from USD 1228.87 million recorded in the first quarter of the FY 1397.

This outcome was primarily on account of a contraction in the trade deficit by both a rise in merchandize exports (6 percent), and a decline in merchandize imports (7 percent). As well as, a rise in the earnings of service account and a rise in the receipts on respect of primary income account in the first quarter of the FY 1398.

3.1.1 GOODS ACCOUNT

The value of total export of goods increased by 6 percent to a value of USD 182.57 million in the first quarter of the FY 1398 from a value of USD 172.45 million in the first quarter of the FY1397.

The value of total import of goods declined by 7 percent to a value of USD 1710.47 million in the first quarter of the FY 1398 from a value of USD 1836.94 million recorded in the first quarter of the FY 1396.

- **Main drivers of increasing exports in the first quarter of the FY 1398 are:**

- ✓ Cotton Increased to USD 7 m from USD 3 m.
- ✓ Saffron Increased to USD 8 m from USD 5m.
- ✓ Fresh fruits Increased to USD 18m from UUSD 15m
- ✓ Dry fruits. Increased to USD 65 m from USD 56 m.

- **Main drivers of declining Imports in the first quarter of the FY 1398 are:**

- ❖ Industrial supplies such as:

- ✓ Fertilizer declined by 46 % to USD 25.55 from USD 47.13m.
- ✓ Cement: declined by 12 % to USD 60.19m from USD 68.17m.

Note: as a total Industrial supplies declined by 13 percent to a value of USD 173.92 million in the first quarter of the FY 1398 from a value of USD 200.38 million in the first quarter of the FY 1397.

- ❖ Consumer goods such as:

- ✓ Flour and wheat flour declined by 24% to USD 200.16 million from USD 263.60 million.
- ✓ Sugar: declined by 55 % to USD 44.87 million from USD 99.45 million.
- ✓ Tea: declined by 31 % to USD 28.94 million from 41.47 million.
- ✓ Medicines declined by 21 % to USD 20.51 million from USD 26.12 million.
- ✓ Electricity imports declined by 22 % to USD 70.66 million from USD 91 million.

❖ Capital goods such as:

- ✓ Spare parts and machinery declined by 43% to USD 128.19 million from USD 225 million.

Note: as a total consumer goods declined by 11 % to a value of USD741.35 million in the first quarter of the FY 1398 from a value of USD 828.96 million recorded in the first quarter of the FY 1397.

3.1.2 SERVICES ACCOUNT

Services account deficit decreased by 61 percent to a value of USD 45.17 million in the first quarter of the FY 1398 from USD 115.75 million recorded in the first quarter of the FY 1397, mainly due to increasing receipts from some of services implemented by residents to non-residents such as:

- Receipts from **Construction services**, which increased to a value of USD 19 million in the first quarter of the FY 1398 from a value of USD 12.60.29 million recorded in the first quarter of the FY 1397.
- Receipts from **Telecommunication, services** increased slightly to a value of USD 18.85 million in the first quarter of the FY 1398 from a value of USD 14.56 million recorded in the first quarter of the FY 1397.
- **In transportation**, our receipts increased to a value of USD 18.96 million in the first quarter of the FY 1398 from a value of USD 11.88 million in the first quarter of the FY 1397.
- Receipt from **travel services** increased to a value of USD 14.24 million in the first quarter of the FY 1398 from a value of USD 2.90 million recorded in the first quarter of the FY 1397.
- Receipt from other business services increased to a value of USD 92.53 million in the first quarter of the FY 1398 from a value of USD 66.27 million recorded in the first quarter of the FY 1397.

31.3PRIMARY INCOM ACCOUNT:

Net primary income increased by 81 percent to a value of USD 44.92 million in the first quarter of the FY 1398 from a value of USD 24.83 million recorded in the first quarter of the FY 1397.

3.1.4 SECONDARY INCOME ACCOUNT:

Secondary income decreased by 43 percent to a value of USD 301.73 million in the first quarter of the FY 1398 from a value of USD 526.55 million recorded in the first quarter of the FY 1397.

- **Official transfers (Net); to** the Afghan government decreased by 60 percent to a value of USD 162.8 million in the first quarter of the FY 1398 from a value of USD 408 million recorded in the first quarter of the FY1397.
- **Personal transfers (Net)** show an increase of 17 percent to a value of USD 138.94 million in the first quarter of the FY 1398 from a value of USD 118.59 million recorded in the first quarter of the FY 1397.

3.2 CAPITAL ACCOUNT BALANCE:

Shows a significantly increase of 714 percent to a value of USD 39.42 million in the first quarter of the FY 1398 from a value of USD 4.84 million recorded in the first quarter of the FY 1397, as a result of higher inward of capital transfers to the government sector.

3.3 FINANCIAL ACCOUNT BALANCE:

Financial account (net) decreased to a value of USD – 95.16 million in the first quarter of the FY 1398 from a value of USD 46.8 million in the first quarter of the FY 1397.

- **Direct investment (Net):**

Outflows (assets abroad), decreased to a value of USD -10.52 million in the first quarter of the FY 1398 from a value of USD 3.78 million in the first quarter of the FY 1397.

Inflows (liabilities) declined to a value of USD 7.06 million in the first quarter of the FY 1398 from a value of USD 35.36 million recorded in the first quarter of the FY 1397.

Note: as a sector-wise; Services sector is the first which captured more FDI. Construction, mining and Industry/Manufacture are ranked the second third and fourth respectively.

- **Portfolio Investment (net):** increased to a value of USD 19.96 million in the first quarter of the FY 1398 from a value of USD -54 million recorded in the first quarter of the FY1397.

AFGHANISTAN'S BALANCE OF PAYMENTS (in million USD)

Items / Years	Q1- 97	Q2- 97	Q3 - 97	Q4 - 97	Q1- 98	%change
Current Account	-1228.87	-829.74	-895.81	-1119.14	-1226.41	-0.2%
<i>Credit</i>	924.80	1120.01	1162.74	995.34	798.13	-14%
<i>Debit</i>	2153.66	1949.75	2058.56	2114.48	2024.55	-6%
Goods and Services Account	-1780.24	-1534.46	1494.92	-1591.78	-1573.07	-12%
<i>Credit</i>	340.42	364.21	461.39	459.30	398.32	17%
<i>Debit</i>	2120.66	1898.68	1956.31	2051.08	1971.39	-7%
Goods Account	-1664.49	-1499.75	1386.93	-1473.41	-1527.90	-8%
<i>Credit</i>	172.45	146.81	261.88	294.09	182.57	6%
<i>Debit</i>	1836.94	1646.56	1648.81	1767.50	1710.47	-7%
Services Account	-115.75	-34.72	-108.00	-118.37	-45.17	-61%
<i>Credit</i>	167.96	217.40	199.51	165.21	215.75	28%
<i>Debit</i>	283.72	252.12	307.50	283.58	260.92	-8%
Primary Income Account	24.83	54.00	58.70	44.32	44.92	81%
<i>Credit</i>	35.27	65.53	109.23	67.45	61.34	74%
<i>Debit</i>	10.45	11.52	50.52	23.12	16.42	57%
Secondary Income Account	526.55	650.72	540.40	428.32	301.73	-43%
<i>Credit</i>	549.11	690.27	592.13	468.60	338.47	-38%
<i>Debit</i>	22.56	39.55	51.72	40.28	36.74	63%
Current transfers (Official grants)	408.0	530.6	404.4	365.5	162.8	-60%
Personal transfers	118.59	120.11	135.97	62.80	138.94	17%
<i>Credit</i>	141.15	159.65	187.70	103.08	175.68	24%
<i>Debit</i>	22.56	39.55	51.72	40.28	36.74	63%
Capital account	4.84	171.93	427.13	588.81	39.42	714%
<i>Credit</i>	4.84	171.93	427.13	588.81	39.42	714%
<i>Debit</i>	0.00	0.00	0.00	0.00	0.00	
Capital transfers	4.84	171.93	427.13	588.81	39.42	714%
<i>Credit</i>	4.84	171.93	427.13	588.81	39.42	714%
<i>Debit</i>	0.00	0.00	0.00	0.00	0.00	
Financial account	46.8	74.8	184.8	167.23	-95.16	-303%
Direct investment	-31.58	-40.85	-55.28	-29.85	-17.58	-44%
Net acquisition of financial assets	3.78	3.78	-30.90	-19.11	-10.52	-378%
Net incurrence of liabilities	35.36	44.63	24.38	10.75	7.06	-80%
Portfolio investment	-54.02	18.22	24.37	34.94	20.0	-137%
Net acquisition of financial assets	-54.02	18.22	24.37	34.94	19.96	-137%
<i>Net incurrence of liabilities</i>	0.00	0.00	0.00	0.00	0.00	
Other investment	109.58	57.53	103.07	89.54	-126.85	-216%
<i>Assets</i>	80.47	44.96	79.32	73.59	-131.36	-263%

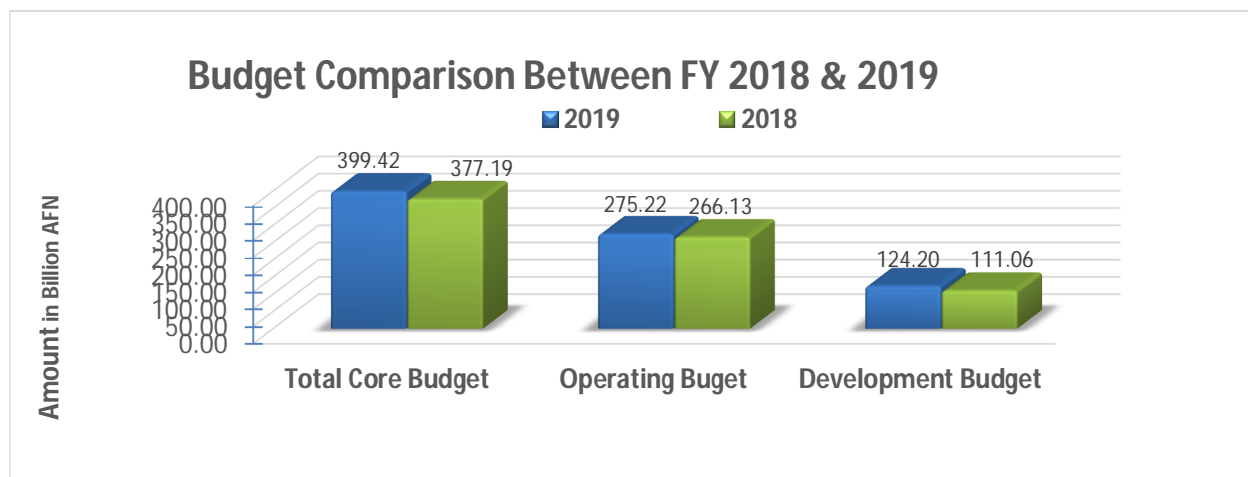
<i>Liabilities</i>	-29.11	-12.57	-23.75	-15.95	-4.51	-85%
Reserve Assets	22.79	39.85	112.68	72.60	29.31	29%
Net errors and omissions	1270.79	732.56	653.53	697.56	1091.83	-14%

4. Fiscal Sector

The key objective in the fiscal area is to achieve sustained increase in revenue collection to permit gradual takeover of externally financed operating & development spending to ensure an expenditure allocation consistent with Afghanistan National Peace and Development Framework (ANPDF). Furthermore, other goals include improvements in public expenditure management, fiscal policy formulation and reformation, efficiency in public enterprises, tax and customs administration.

In addition, like other emerging and under developing economies around the world, Afghanistan faces budget imbalance (Budget Deficit), where total core expenditures exceed total revenue (excluding grants).

In fiscal year 2019 total core budget is raised to AFN 399.42 billion from AFN 377.19 billion in FY 2018, showing 5.89% or AFN 22.23 billion increase in annual budget. From the total of AFN 399.42 billion, operating and development budgets are estimated each AFN 275.22 billion and AFN 124.20 billion respectively.



Total revenue (domestic revenue plus external aids) for the month of June 2019 is AFN 27.40 billion, while in May, it was AFN 43.85 billion which shows 37.52% or AFN 16.45 billion decrease in June. Total revenue from the start of FY-2019 till end of June reached to AFN 160.77 billion, which consist of AFN 94.80 billion and AFN 65.97 billion domestic revenue and donor contributions respectively.

Likewise, domestic Revenue for the month June is AFN 13.60 billion less than AFN 22.34 billion in the month of May, which shows AFN 8.74 billion (39.14%) decrease in the month of June. On the other

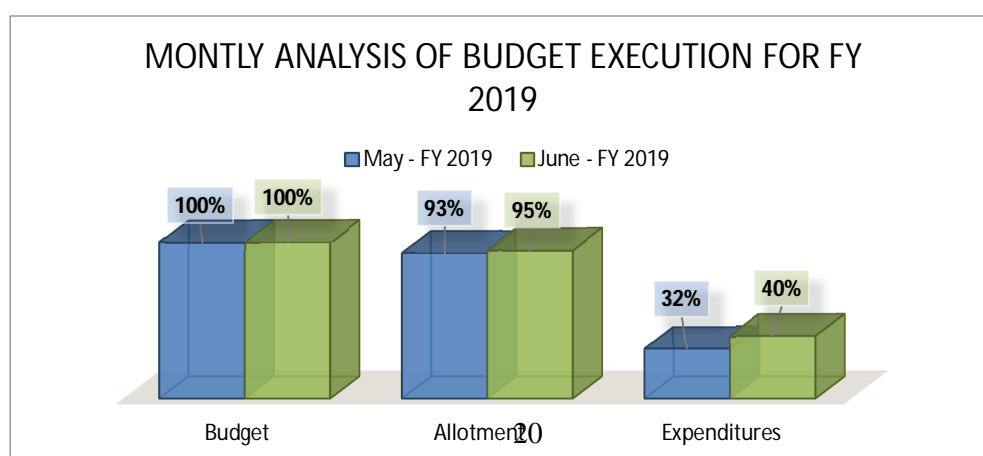
hand, donor contributions (including loans) amounted to AFN 13.80 billion in June, where donor contributions in May was AFN 21.51 billion, which indicates AFN 7.71 billion (35.84 %) decrease in donor contributions for the month of June.

Additionally, total Expenditure at the end of June 2019 reached to AFN 163.45 billion, from which operating expenditures and development expenditures were individually, AFN 113.27 billion and AFN 50.19 billion. Likewise, operating expenditures for June is AFN 21.83 billion, where in May it was AFN 22.07 billion. This signifies that, there is AFN 0.23 billion or 1.05 % decrease in operating expenditures for the month of June FY 2019. On the other hand, development expenditures for the month of May was AFN 9.92 billion, which is increased to AFN 15.58 billion in the month of June showing an increase of 57.01 % (AFN 5.66 billion).

Description	May – FY 2019	June – FY 2019	From the start till end of June, FY 2019	Difference (between May & June)	Monthly Growth (%)
	Amount in Billion AFN				
Total Revenue	43.85	27.40	160.77	(16.45)	(37.52)
Domestic Revenue	22.34	13.60	94.80	(8.74)	(39.14)
Donor Contributions	21.51	13.80	65.97	(7.71)	(35.84)
Total Expenditures	31.99	37.41	163.45	5.42	16.95
Operating Expenditures	22.07	21.83	113.27	(0.23)	(1.05)
Development Expenditures	9.92	15.58	50.19	5.66	57.01

Source: MoF Financial Reports/MPD Staffs Calculations

Execution rate of core budget at the end of June 2019 reached to 40%, and allotment was 95%. It has to be said that development expenditures were budgeted AFN 124.20 billion, from which 97% allotment is made and only 38% actual expenditures incurred. Likewise, budgeted operating expenditures was AFN 275.22 billion, of which 94% is allotted and actual expenditures reached to 41%.



5. Swift and Payments

Report of (Outward) Transactions from 1/4/ 1398 up to 31/4/1398

Categories	Remmitter Parties	Message Type	USD	EUR	GBP	SAR	INR
A	Ministries	MT 103 ,700 & 910	22,683,916.34	2,008,856.65		2,000.00	1,358,890.00
B	Commercial Banks	202	77,256,724.64	50,000.00			
C	Da Afghanistan Bank	200	267,000,000.00	115,779,124.52	170,319,749.75		

Report of (Inward) Transactions from 1/4/ 1398 up to 31/4/139

Categories	Beneficiary Parties	Message Type	USD	EUR	AED		
A	Ministries	MT 103 ,700 & 910	227,990,620.70	21,385,344.74	4,921,930.00		
B	Commercial Banks	202	19,476,299.32				
C	Da Afghanistan bank	200					

به ارزش مجموعی (127000524.49) دالر و به تعداد 3 معامله تبادلوی بانک جهانی به ارزش مجموعی FX Deal بر علاوه به تعداد 43 معامله تبادلوی 9072384.88 دالر امریکائی نیز اجرا گردیده است

6. Banking sector

As of end of June, 2019 (Jawza 1398) the main banking sector data demonstrated an increasing trend as compared with the same period last year (YOY). Total assets, gross loans, deposits and profitability showed increases, which mostly apart from the exchange rate fluctuations (USD) are attributed to issuance of loans, OD utilization and profitability, Liquidity remained adequate. However equity capital on account of dividend payments and getting in a receivership of a private bank decreased and the loan quality further deteriorated.

The total assets of the banking sector posted a 0.62 percent YOY increase, reaching Af 309.55 billion at end of June, 2019 as compared to Af 307.65 billion in June, 2018. Total assets increased by 0.93 percent over the previous month. The increase in the total assets mostly came from increase in USD rate against the Af currency.

The gross loans portfolio of the banking sector registered YOY increase of 4.48 percent and currently stands at Af 44.01 billion. The increase is mainly as a result of issuance of new loans, OD utilization and increase in USD rate. Total gross loans showed an increase of 0.40 points compared to previous month mainly on account of increase in USD rate.

Total Deposits comprising of customer and interbank deposits, the main source of funding in the banking sector presented 0.95 percent YOY increase, currently standing at Af 265.81 billion. The

increase in total deposits came from the increase in USD rate against the AF currency. Deposits posted an increase of 0.46 points over the previous month mainly coming from increase in USD rate against Af as well.

The net equity position of the banking sector remained strong, though it decreased by 0.46 percent yoy basis and represents 11.50 percent of total assets. The decrease is mainly attributed to payment of dividends and getting in a receivership of a private bank.

The banking sector for the first half of fiscal year 1398 (June, 2019) earned Af 1.28 billion net-profits against Af 661 million net-profits in the comparable period previous year (June, 2018). Resulting in ROA of 0.75 percent annualized compared to that of 0.44 percent annualized in June, 2018.

Liquidity and FX positions are in accordance with the ratios set by the central bank, except four banks that have violated the limits (\pm 40 percent for over all FX position and \pm 20 percent on individual currency position) on overall and individual currency basis (USD and EURO long position).

The regulatory capital ratios of all banks are above the regulatory threshold (12% of RWA).

CAR (capital adequacy ratio) of the sector recorded at 26.55 percent against 27.39 percent in June, 2018 showing 0.84 percent decrease over the year.

Introduction

The banking sector in Afghanistan consists of 14 duly-licensed and permitted banking organizations: 3 relicensed state-owned banks, 7 private full-fledged banks Commercial banks, 1 private full-fledged Islamic Bank and 3 branches of foreign banks.

The number of banking facilities, all across the country is as follows:

Provided banking Facilities	No
Full Service Branches	205
Limited Service Branches	205
Automated Teller Machines (Type 22 Facility)	351
*Others (Type 21, 24, 25 Facility)	94
**Point of Sale (Type 23)	105
Total	960

Table 1

Cards	No
Debit Card	601,148
Credit Card	1,531
ATM Card	238,061
Web surfer Cards	14,034
Pre-Paid Card	5,495
Master Card	5,011
Total	865,280

Table 2

* Type 21 Facility: A loan origination facility where the proceeds of the loan are not disbursed

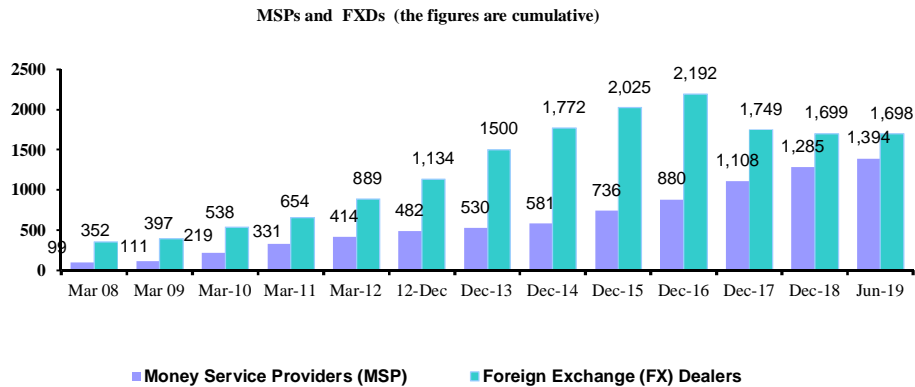
Type 24 Facility: A facility which only disburses cash, such as salaries to government and /or non-government employees, or other cash payments to bank customers

Type 25 Facility: A facility which only receives cash from the public for deposits into the account of a different person or legal entity (usually the embassy, hotel, etc.) and issues a receipt for the cash. this facility could be located on military base, or in a hotel, for example.

** Type 23 Facility: A facility which only receives cash from the public for deposit into the account of a different person or legal entity (usually the embassy, hotel, etc.) and issues a receipt for cash. This facility could be located on the military base, in an embassy, or in a hotel, for example.

The above-mentioned branch facilities are available in thirty three (33) provinces including the capital city Kabul. ATM services are available in 28 and Debit cards are available in 31 provinces, while credit cards are available in 6 provinces of the country.

In addition, on a cumulative basis, 1,394 licensed money service providers (MSP) and 1,698 licensed FX dealers are operating in the country. Of these 1,394 licensed MSPs, 277 are in Kabul, 840 are in provinces while 286 representatives of head offices are in Kabul and provinces. Of 1,698 licensed FX dealers, 376 are in Kabul, 1,316 are operating in provinces, and 6 representatives are active in provinces. Further details are given in the Graph No.1

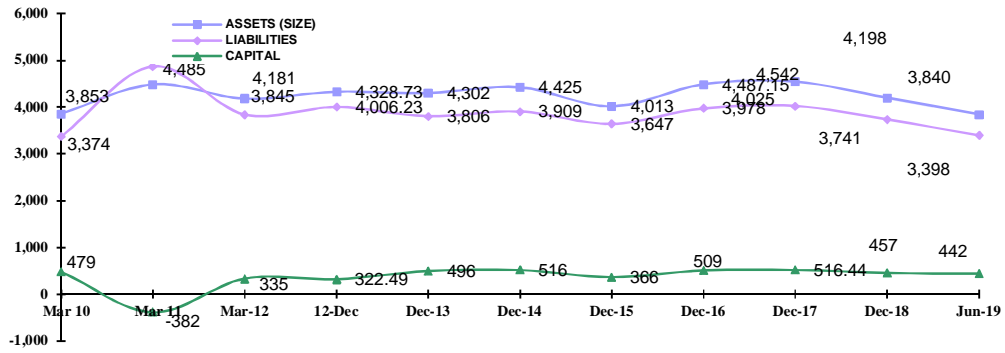


Graph No.1

6.1 Total Asset

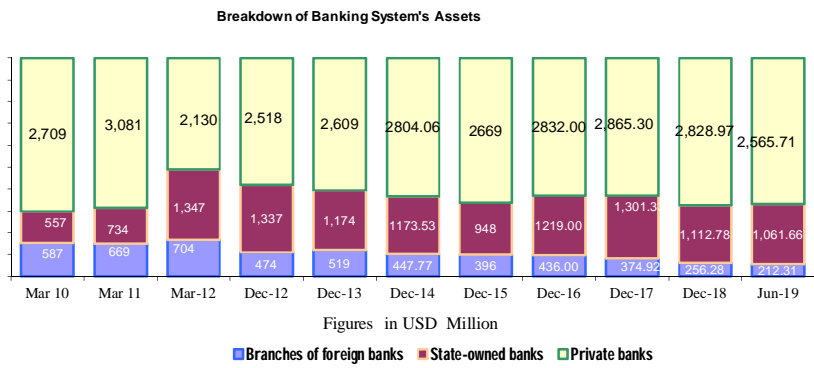
The total assets of the banking sector registered 0.62 percent YOY increase, reaching Af 309.55 billion (USD 3.83 billion), lower than the 6.55 percent growth recorded in the same preceding period (June, 2018). The above mentioned increase in the total assets was mainly contributed by increase in USD rate. Disaggregated analysis of total assets show that a portion of capital notes and overnight deposits shifted to other banks and invested in bonds and Af loans.

Looking at the increase in total assets across the banking groups, the growth rate for the private banks, as a peer group, was the highest and increased by 4.34 percent increase, however, state owned banks and branches of foreign banks witnessed 3.19 percent and 18.52 percent decline in their assets over the year. The percentage share of private banks in the system's total asset is reported to be 66.82 percent; state-owned banks with 27.65 points are at the second place while branches of foreign banks have 5.53 percentage shares in the system's total asset. Growth of assets of the banking sector from March 2010 to June, 2019 is depicted in graph No.2.



Figures in USD Million

Graph No. 2



Graph No.3

Assets of the Banking sector in descending order for the month of June, 2019			Size of Indv. Banks as % of Total Assets of the sector
S.N	Names of Banks	Assets in million Af	
1	Afghanistan International	68,412.35	22.10
2	Bank-e- Milli Afghan	43,276.07	13.98
3	Azizi Bank	42,621.28	13.77
4	Pashtany Bank	22,615.85	7.31
5	Afghan United Bank	20,797.43	6.72
6	Maiwand Bank	20,723.06	6.70
7	New Kabul Bank	19,699.42	6.36
8	Islamic Bank of Afghanistan	16,282.89	5.26
9	Arian Bank	13,531.31	4.37
10	Ghazanfar Bank	13,180.88	4.26
11	First Micro Finance Bank	11,298.33	3.65
12	Bank Alfalah Limited	10,753.89	3.47
13	National Bank of Pakistan	4,832.01	1.56
14	Habib Bank Limited	1,530.50	0.49
Total		309,555.27	100.00

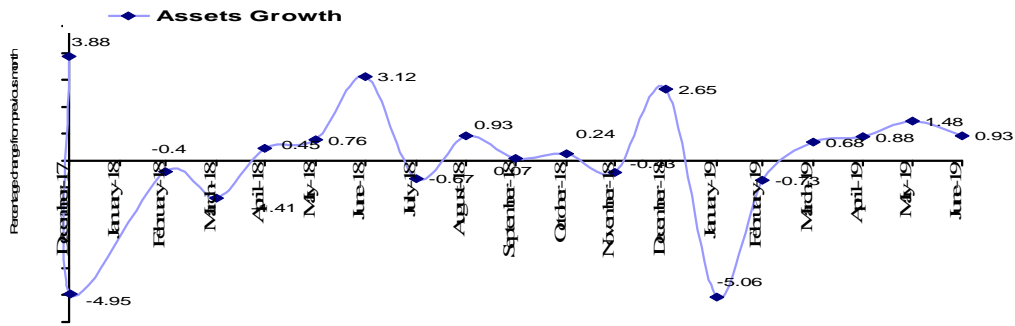
Table 3

6.1.1 Assets growth

Total assets of the banking sector depicted a positive trend for the most part of the 2018, being highest in June and December 2018 coming mostly from increase in the interbank claims dominantly in USD, while touched the lowest point in Jan, 2018, which was mainly due to decrease in cash in vault and claims on DAB particularly in overnight deposits and capital notes.

For the month under analysis total assets recorded an increase of 0.93 percent over the previous month, mostly coming from increase in USD rate against the Af currency. While breakdown of total assets shows that the major increasing items were interbank claims and investments.

For further details, the trend is shown in graph No. 4



Graph No.4

6.2 Loan portfolio

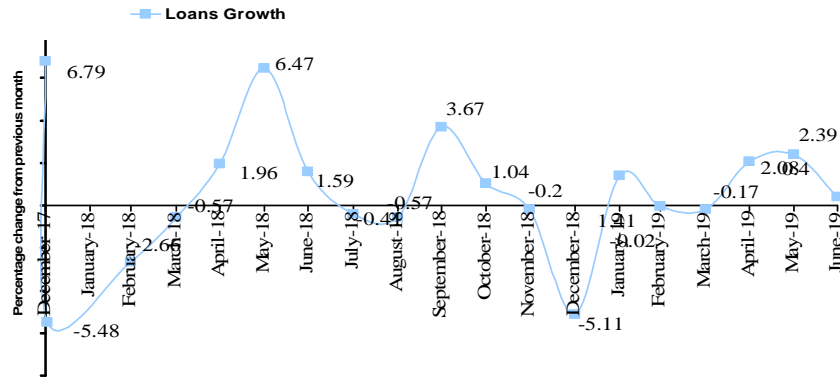
The gross loan portfolio of the banking sector recorded yoy increase of 4.48 percent, currently standing at Af 44.01 billion (USD 546 million), constituting 14.22 percent of the total assets, whereas it was Af 42.12 billion in June, 2018 comprising 13.69 percent of the total assets and was up by 2.42 percent on yoy basis. The increase in total gross loans is mainly attributed to issuance of loans, OD utilization and increase in USD rate.

Out of this loan portfolio, total Afghani denominated loans recorded at Af 20.22 billion (USD 251 million), 45.95 percent of total Gross loans or 6.53 percent of total assets, showed a yoy increase of 34.21 percent, mostly attributed to issuance of new loans and OD utilization. While the US Dollar denominated loans are Af 23.68 billion (USD 294 million), 53.81 percent of total gross loans or 7.65 percent of total assets decreased by 12.08 percent yoy, mainly attributed to charge off of loans, settlement of loans and getting of a private bank in a receivership. Lending in Afghanistan is dominated by private banks, constituting 87.23 percent of total gross loans of the banking sector followed by state-owned banks with 11.67 percent, while the share of the branches of foreign banks is 1.09 percent.

6.2.1 Loans growth

Total gross loans over the course of the 2018 mostly had a decreasing trend, mostly significant in Jan, and Dec, 2018 attributed to charge-offs and settlement of loans.

Total gross loans showed an increase of 0.40 percent over the previous month, mainly on account of increase in USD rate. The trend is shown in the graph No. 5



Graph No.5

Classification of total loan portfolio

Item amount in Af million	June, 2019	May, 2019	As %age of total gross loans	%age growth
Non-Performing Loans ¹	5,635	5,651	12.80	-0.28
Adversely Classified Loans(substandard, doubtful, Loss) ²	7,427	6,780	16.88	9.54
Loans classified Watch ³	3,757	3,447	8.54	8.99
Loans Charged-off ⁴	7.73	3.81	0.02	102.88

Table 4

¹ Defaulted assets and advances for which the principal and/or interest is due and remains outstanding for 121-480 days and more as per the assets classification and provision regulation- (Doubtful and Loss)

² An asset for which the principal and /or interest remains outstanding for 61-120 days - (Substandard), ² Defaulted assets and advances for which the principal and/or interest is due and remains outstanding for 121-480 days - (Doubtful), An asset for which the principal and /or interest remains outstanding for 481 or more days - (Loss) as per the assets classification and provisioning regulation

³ An assets for which the principal and/or interest remains outstanding due for 31-60 days as per the assets classification and provisioning regulation- (Watch)

⁴ Default assets and advances for which the principal and/or interest remains outstanding for 481 days or more days and retained on the books of banks for the period of 12 months (Loss), After 12 months they are immediately charged-off as per the assets classification and provisioning regulation-

The quality of loans of the banking sector at the end of June, 2019 compared to May, 2019 further deteriorated, as evident from the above table. Adversely classified and watch loans increased making 16.88 percent and 8.54 percent of the banking sector total gross loans. However, NPLs of the sector decreased by Af 16 million mostly coming from one private bank and is attributed to repayments. The NPLs constitutes 12.80 percent of total gross loans and 17.91 percent of the regulatory capital. Out of 12.80 percent NPLs, 10.30 percent (80.48 percent of total NPLs) is attributed to three banks. These three banks hold 55.97 percent of the system's gross loans and 25.15 percent of system's regulatory capital. While the net-NPL ratio of the banking sector recorded at 5.00 percent.

Group wise analysis show that out of Af 5.63 billion total NPLs, Af 5.24 billion NPL is coming from private banks making 11.92 percent of the banking sector total gross loans (93.08 percent of banking sector total NPLs) and Af 269 million is attributed to one state-owned bank constituting 0.61 percent of the banking sector total gross loans (4.77 percent of banking sector total NPLs), and one branch of a foreign bank reported Af 122 million NPL making 0.28 percent of banking sector total gross loans (2.16 percent of banking sector total NPLs).

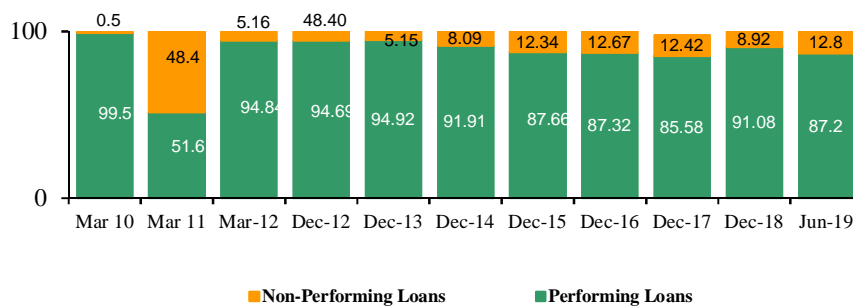
Medium, Small and Micro Loans

Item amount in Af million	June, 2019	Mar, 2019	As %age of total gross loans
Medium Loans	1,182	1,310	2.68
Small Loans	1,062	1,105	2.41
Micro Loans	4,855	4,872	11.03

Table 5

Breakdown of Gross Loans as of June, 2019 (million Af)	
State-owned Banks	5,135.97
Private Banks	38,393.74
Branches of foreign Banks	483.43
Total	44,013.14

Table 6



Graph No.6

The Province wide and sector wide distribution of the banking sector's loan portfolio as of June, 2019 are given in the tables below.

The designation of Loans geographically and institutionally is not properly diversified, but it is expected that with time the distribution of loans will improve. It is desirable that all banks take active part in lending, so as to diversify lending services in country.

Loans designated inside Afghanistan (Province wide designation of loans) June, 2019			
No.	Provinces	Loans in million Af	Expressed as % of Total Loans
1	Kabul	31,371.93	71.28
2	Balkh	3,974.60	9.03
3	Herat	3,422.29	7.78
4	Badghis	1,300.77	2.96
5	Kandahar	1,200.25	2.73
6	Badakhshan	493.78	1.12
7	Baghlan	439.26	0.99
8	Bamyan	288.08	0.66
9	Faryab	279.72	0.64
10	Jawzjan	255.71	0.58
11	Saripul	224.09	0.51
12	Nangarhar	184.76	0.42
13	Parwan	176.56	0.40
14	Takhar	169.07	0.38
15	Samangan	150.63	0.34
16	Kunduz	75.37	0.17
17	Other	6.27	0.01
	Total	44,013.14	100.00

Table 7

Sector wide Designation of Loans as of June, 2019

	Sectors	As %age of Total Loans
1	Commercial Real Estate and Construction	8.45%
	Construction and Buildings	8.45%
2	Infrastructure Projects	8.82%
	Power	0.09%
	Road and Railway	2.54%
	Dams	0.36%
	Mines	0.49%
	Other infrastructure projects	5.34%
3	Manufacturing and Industry	11.89%
	Manufacturing & Products of Metal wood plastic rubber leather paper	3.76%
	Manufacturing handmade and machine products	4.02%
	Cement and Construction Materials	4.11%
4	Trade	44.42%
	Textile	1.98%
	wholesale	4.17%
	Machineries	0.39%
	Petroleum and Lubricants	11.90%
	Spare parts	1.76%

	Electronics	2.67%
	Comment and other construction Material	3.01%
	Food Items	8.62%
	All other Items	6.91%
	Retail trading	3.01%
5	Service	20.43%
	Education	0.03%
	Hotel and Restaurant	2.49%
	Telecommunication	6.60%
	Ground Transportation	3.39%
	Air Transportation	1.60%
	Health and Hygienic	1.49%
	Media, Advertisements, Printer	1.19%
	All other Services	3.64%
6	Agriculture, Livestock and farms	3.82%
	Agriculture	0.33%
	Livestock and farming	3.49%
7	Consumer Loans	2.17%
8	Residential Mortgage Loans to Individuals	0.00%
9	All Other Loans	0.00%
	Total	100.00

Table 8

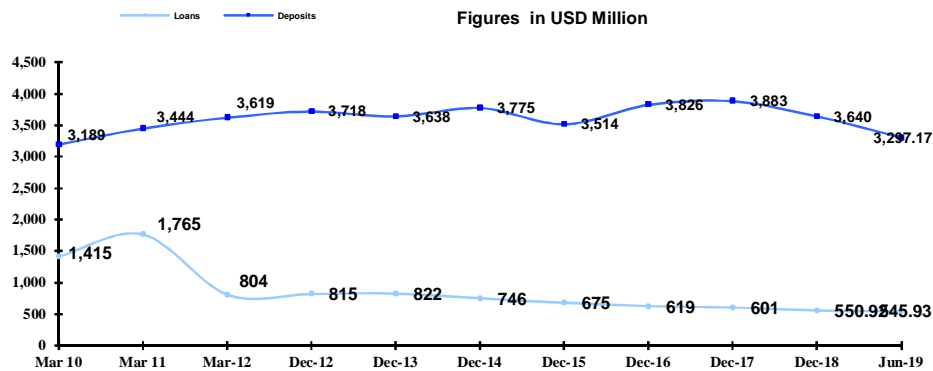
Outreach data of MISFA Partners as of April, 2019	
MISFA Partners	4
Provinces	14
Districts	81
Active clients	265,168
Active borrowers	137,489
No. of loans disbursed (cumulative)	1,343,410
Amount of loans disbursed, (cumulative) (AF Billion)	92.59
No. of loans outstanding	137,489
Gross loans outstanding, (AF Billion)	9.29
Client voluntary savings outstanding, (AF Billion)	2.62
Percentage of female clients	29.4
Women borrowers	48,132
Rural (Loans outstanding) (AF Billion)	1.81
Urban (Loans outstanding) (AF Billion)	7.48
Source:	www.misfa.org.af

Table 9

6.3 Total Deposits

Total deposits comprising of customer and interbank deposits, the main source of funding and the major component of liabilities, stand at Af 265.81 billion (USD 3.29 billion), making 97.03 percent of total liabilities, increased by 0.95 percent yoy basis, against Af 263.30 billion (USD 3.59 billion) with 8.40 percent growth in June, 2018. Out of this, deposits from customers stands at Af 259.13 billion (USD 3.21 billion) making 94.59 percent of the total deposits increased by 0.41 percent YOY basis. The increase in total deposits came from the increase in USD rate against the AF currency.

Af-denominated customer deposits of the banking sector are Af 70.90 billion (USD 880 million), or 27.36 percent of the total customer deposits, decreased by 10.11 percent, while the USD-denominated customer deposits of the banking sector stands at Af 170.71 billion (USD 2.11 billion), or 65.87 percent of total customer deposits increased by 6.92 percent attributed to increase in USD rate, while the USD deposits were down in the review period. Private Banks have the highest percentage share in total deposits of the sector, standing at 68.15 percent followed by state-owned banks with 27.12 percent share, while the share of the branches of foreign banks was 4.72 percent. Graph No.7 depicts the trends in deposits and loans.

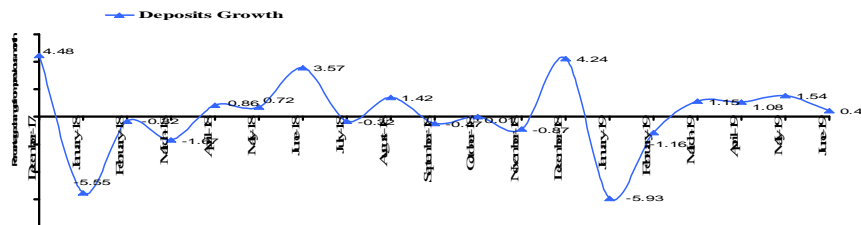


Graph No.7

6.3.1 Deposits growth

Deposits of the banking sector mostly had an increasing trend in 2018, touching the highest points in June and Dec, 2018 mainly ascribed to customer demand deposits.

The main source of funding in the banking sector showed an increase of 0.46 points over the previous month mainly coming from increase in USD rate against Af. The monthly trend is shown the graph No.8



Graph No.8

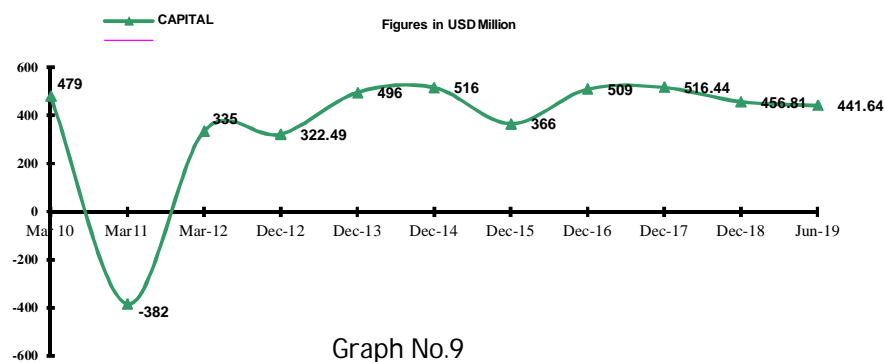
Breakdown of Deposits by Type as June, 2019 (million Af)			
Item	Customer deposits	Interbank deposits	Total deposits
Demand	188,878.60	2,126.68	191,005.28
Time	18,001.88	4,550.47	22,552.35
Savings	52,256.84	3.46	52,260.3
Total	259,137.32	6,680.61	265,817.93

Table 10

6.4 Total Capital

The banking sector is well capitalized, making 11.50 percent of total assets. The net equity position of the sector recorded at Af 35.60 billion (USD 441.64 million), decreased by 0.46 percent YOY, mainly attributed to payment of dividends and getting in a receivership of a private bank. CAR of the sector recorded at 26.55 percent against 27.39 percent in June, 2018 showing 0.84 percent decrease over the year.

The regulatory capital ratios of all banks are above the minimum regulatory threshold (12% of RWA). The trend of the banking sector financial capital as described above is given in the graph No.9



6.5 Profitability

6.5.1 Month – to – Month:

The banking sector earned Af 358.56 million net profits in the current month ending June, 2019, against Af 445 million net profits in May, 2019 showing a decrease over the month. Out of 14 duly-licensed commercial banks, three banks ended with Af 29 million net-losses compared to Af 184 million net-losses incurred by four banks in May, 2019. The decrease in the profitability of the banking sector in the current month is attributed to a significant decrease in other non-interest income as in the previous month banking sector recorded recoveries from charged off loans, fees and commissions on BGs and Gov. employees salaries; other contributing factors were decrease in net-interest income coming from high interest expense attributed to payments for deposits, Decrease in FX gains and increase in operating and tax expenses. However, banking sector recorded reintegrated provisions and gains on investments.

The median for the spread between returns on loans and cost of funds, a measure of banks' operational efficiency recorded at 9.94 percent decreased from 10.84 percent in May, 2019. Three banks fall below the median for the current month ending June, 2019. While for eight banks the spread could not be calculated⁵.

6.5.2 Banking sector Profitability on Cumulative basis: (Jan- June, 2019 – Jaddi- Jawza 1398)

In terms of the profitability, on cumulative basis the banking sector recorded Af 1.28 billion (USD 15.94 million) net profit for the first half of fiscal year 1398 (June, 2019) against Af 661 million net-profits recorded in the comparable period last year, showing an improvement over the year. Resulting in ROA⁶ of 0.75 percent annualized against 0.44 percent annualized in June, 2018.

The factors contributed towards the increase in the profitability of the banking sector in the first half of 2019 compared to same period of 2018 was increase in FX gains, net-interest income and non-interest income. However, operating expenses, tax expenses and credit provision increased in the period under review.

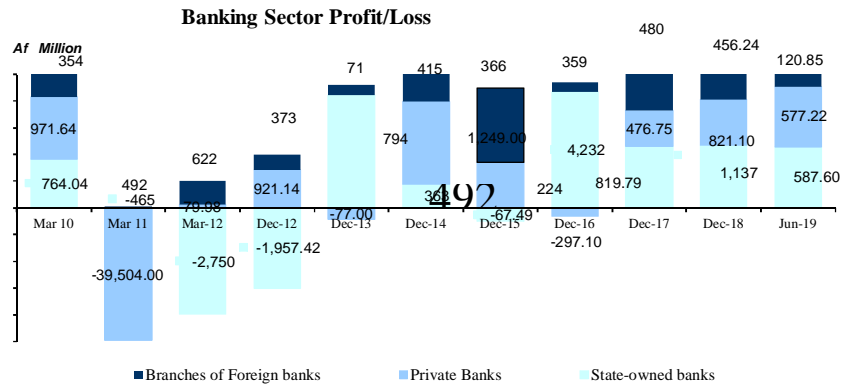
Group wise analysis reveals that State-Owned Banks (SOB), Private Banks (PB) and Branches of foreign banks (BFB) ended with profits. See figure 10.

Profitability of the banking sector is mostly coming from State owned Banks standing at Af 588 million, with annualized ROA of 1.38 percent, Private Banks earned net-profits amounted to Af 577 million with annualized ROA of 0.57 percent, while branches of foreign banks were Af 121 million profitable with annualized ROA of 0.40 percent in in June, 2019.

⁵ Spread (difference between the weighted average interest on new loans and deposits) is calculated on monthly basis, so for the month if a bank does not have any new loans or new deposits or both, the spread would not be calculated for that bank or banks.

⁶ ROA (Return On Assets)

Two banks incurred losses of Af 82 million, against Af 1.00 billion losses in the previous period (June, 2018) with three banks at loss. On core income basis seven banks ended with losses against seven banks in the previous period. The trend of the banking sector net profit/loss is given in the graph below.



Graph No.10

6.6 Liquidity

Overall all banking institutions are above the set minimum for the broad liquidity ratio (**15 percent**) and the Quick Liquidity Ratio (**20 percent**). Broad liquidity ratio of the banking sector as a median stands at 74.00 percentage points against 62.51 percent in the preceding period (June, 2018), showing an increase of 11.49 points.

According to June, 2019 available data, concerning the concentration of the customer deposits the sector as a whole appears to be very concentrated in large deposits (deposits in accounts over Af 5 million) which makes up to 59.41 percent of total customer deposits and consists of 5,693 accounts. This could be judged as quite volatile. Moreover, the average size of these large deposit accounts is high, increased to Af 27.04 million from Af 26.92 million in the previous quarter.

6.7 Open FX Position

All banking institutions are within the set regulatory threshold for overall open FX position (**± 40 percent**) and on an individual currency (**± 20 percent**) basis except for four banks, which have violated the limits on overall and on an individual currency basis (USD and EURO long position).

Total number of employees, borrowers, depositors and other-clients of the banking sector as of June, 2019 all across the country are as follow:

Particulars	No
Full-time Afghan Employees	9,348
Full-time Foreign Employees	65
Present Borrowers	71,271
Present Depositors	3,558,253
Number of loan file where borrower president or vice president is a woman	14,837
Other clients other than borrowers & depositors ⁷	8,148

Table 11

⁷ Customers of the bank who have been issued bank guarantees, letters of credit, or any other types of guarantees and commitments