

GHAZANFAR BANK

**Condensed Interim financial
statements for three months
period ended**

31 March 2022

Report on Review of Condensed Interim Financial Statements to the Shareholders of Ghazanfar Bank

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Ghazanfar Bank** ("the Bank") as at 31 March 2022 and the related condensed interim statement of 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 three months then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), Law of Banking in Afghanistan and the directives issued by Da Afghanistan Bank. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 these accompanying interim financial statements do not give a true and fair view of the condensed interim statement of financial position of the Bank as at 31 March 2022, and of its condensed interim financial performance and its condensed interim statement of cash flows for the three months period then ended in accordance International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), Law of Banking in Afghanistan and the directives issued by the Da Afghanistan Bank.

Other Matter

The condensed interim financial statements for the three months ended 31 March 2021 and the financial statements for the year ended 31 December 2021 were reviewed and audited, respectively, by another auditor who expressed unqualified review conclusion on the condensed interim financial statements for the three months ended 31 March 2021 on 09 May 2021 and unqualified audit opinion on the financial statements for the year ended 31 December 2021 on 21 March 2022.



Crowe Horwath Afghanistan

Engagement Partner: Muhammad Najmussaib Shah - FCA

Location: Kabul, Afghanistan

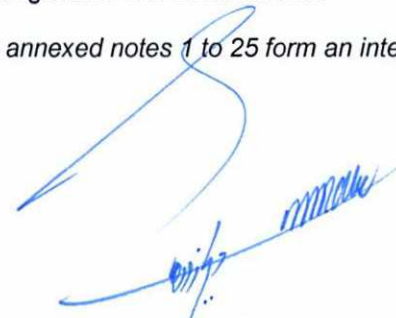
Date:




GHAZANFAR BANK**Condensed Interim Statement of Financial Position (Un-Audited)****As at March 31, 2022**

		(Un-audited) 31-Mar-22	(Audited) 31-Dec-21
	Notes	..... AFN '000'	
ASSETS			
Cash and cash equivalents	4	4,109,502	4,390,697
Placements	5	929,460	1,087,485
Investments	6	723,655	1,192,182
Loans and advances	7	2,864,388	3,731,838
Property and equipment	8	337,980	348,280
Intangible assets	9	-	4,365
Other assets	10	1,548,899	1,757,927
Total assets		10,513,884	12,512,774
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,267,000	1,267,000
Contingency reserve fund		42,632	42,632
Retained earnings		597,948	668,194
Revaluation deficit on financial instruments at FVOCI		(69,798)	(52,320)
Total equity		1,837,782	1,925,506
LIABILITIES			
Deposits from customers	11	7,339,349	8,966,873
Deposits from financial institutions	12	1,133,037	1,344,728
Other liabilities	13	134,972	134,235
Lease liability	14	68,269	76,441
Provision for taxation		475	64,991
Total liabilities		8,676,102	10,587,268
Total equity and liabilities		10,513,884	12,512,774
Contingencies and commitments	15		


The annexed notes 1 to 25 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer

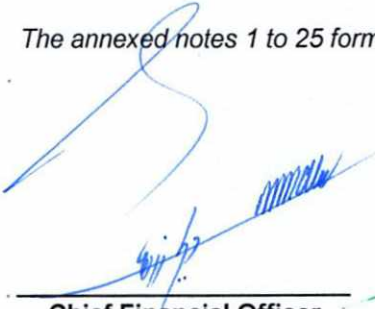


Chairman

GHAZANFAR BANK**Condensed Interim Statement of Comprehensive Income (Un-Audited)****For the Three Months Ended March 31, 2022**

		31-Mar-22	31-Mar-21
	Notes	AFN '000'	AFN '000'
Interest income		78,116	138,634
Interest expense		(12,410)	(19,879)
Net interest income	16	65,706	118,755
Fee and commission income		118,758	69,155
Fee and commission expense		(1,694)	(2,291)
Net fee and commission income	17	117,064	66,864
Income from dealing in foreign currencies		(183,564)	10,615
		(794)	196,234
Other income	18	16,000	35,338
Impairment (allowances) / reversal and charge off	7.5	53	(82,602)
Employee compensation	19	(32,480)	(43,524)
Operating lease expenses		(215)	(224)
Finance cost on lease liability		(2,335)	(66)
Depreciation		(15,156)	(14,374)
Amortization		(4,365)	(6,536)
Administrative expense	20	(30,953)	(53,591)
		(85,451)	(200,917)
Profit before tax		(70,246)	30,654
Taxation		-	(6,131)
Profit after tax		(70,246)	24,523
Other comprehensive income			
Items to be reclassified subsequently to profit or loss			
- Unrealized gain/(loss) on revaluation of AFS investment		(87,247)	(18,983)
- Related deferred tax		17,449	3,797
		(69,798)	(15,186)
Items not to be classified subsequently to profit & loss		-	-
Total comprehensive income for the period		(140,044)	9,337


The annexed notes 1 to 25 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer

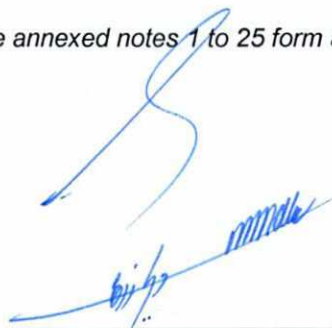


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GHAZANFAR BANK**Condensed Interim Statement of Changes in Equity (Un-Audited)
For the Three Months Ended March 31, 2022**

	Issued, subscribed and paid-up share capital	Capital Reserves	Retained Earnings	Revaluation surplus/ (deficit) on financial instruments at FVOCI	Total
	AFN '000'				
Balance as at December 31, 2020	1,267,000	27,789	475,419	(24,230)	1,745,978
Profit for the period	-	-	24,523	-	24,523
Dividend Distribution	-	-	(103,600)	-	(103,600)
Contingency reserve fund	-	6,478	(6,478)	-	-
Other comprehensive income for the period - unrealized	-	-	-	9,044	9,044
Balance as at March 31, 2021	<u>1,267,000</u>	<u>34,267</u>	<u>389,865</u>	<u>(15,186)</u>	<u>1,675,945</u>
Balance as at December 31, 2021	1,267,000	42,632	668,194	(52,320)	1,925,506
Profit for the period	-	-	(70,246)	-	(70,246)
Dividend Distribution	-	-	-	-	-
Contingency reserve fund	-	-	-	-	-
Other comprehensive income for the period - unrealized	-	-	-	(17,478)	(17,478)
	-	-	(70,246)	(17,478)	(87,724)
Balance as at March 31, 2022	<u>1,267,000</u>	<u>42,632</u>	<u>597,948</u>	<u>(69,798)</u>	<u>1,837,782</u>

The annexed notes 1 to 25 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer

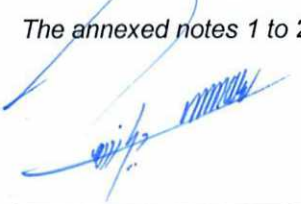


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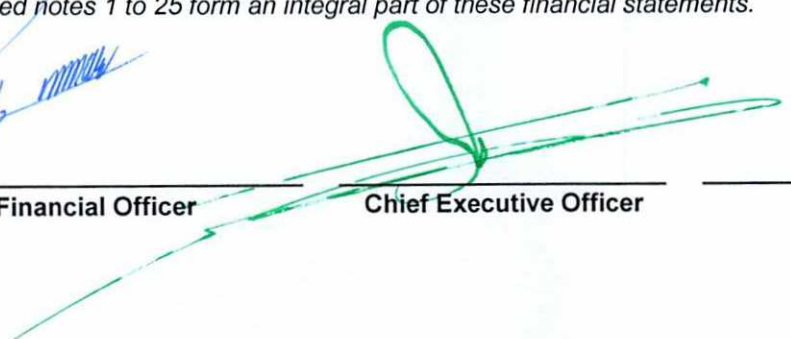
GHAZANFAR BANK**Condensed Interim Statement of Cash Flow (Un-Audited)****For the Three Months Ended March 31, 2022**

	31-Mar-22	31-Mar-21
	<i>..... AFN '000'</i>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	(70,246)	30,654
Adjustments for:		
Impairment allowances / (reversal) and charge off	(53)	82,602
Gain/ (Loss) on sale of securities	-	(12,411)
Finance cost on lease liability	2,335	66
Exchange loss on lease liability	1,980	(316)
CWIP expensed out	563	-
Depreciation	15,156	14,374
Amortization	4,365	6,536
	(45,900)	121,506
(Increase) / decrease in current assets		
Loans and advances	867,503	209,160
Other assets	205,043	(323,803)
	1,072,546	(114,643)
Increase / (decrease) in current liabilities		
Deposits from customers	(1,627,524)	(1,235,042)
Deposits from financial institutions	(211,691)	393,323
Other liabilities	738	29,564
	(765,931)	(926,797)
	(811,831)	(805,291)
Tax paid	(64,516)	(48,975)
Net cash generated from / (used in) operating activities	(876,347)	(854,266)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(471)	(2,020)
Capital work in progress	(1,557)	-
Placements	158,025	151,003
Investments	451,049	(87,730)
Net cash generated from / (used in) investing activities	607,046	61,253
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liability	(11,894)	(17,816)
Dividend paid	-	(73,556)
Net cash generated from / (used in) financing activities	(11,894)	(91,372)
Net decrease in cash and cash equivalents	(281,195)	(884,386)
Cash and cash equivalents, beginning of period	4,390,697	6,890,521
Cash and cash equivalents, end of period	4,109,502	6,006,135

The annexed notes 1 to 25 form an integral part of these financial statements.



 Chief Financial Officer



 Chief Executive Officer



 Chairman

GHAZANFAR BANK

Notes to the Condensed Interim Financial Statements (Un-Audited) For the Three Months Ended March 31, 2022

1 STATUS AND NATURE OF BUSINESS

Ghazanfar Bank ("the Bank") is a commercial Bank incorporated under the Banking Laws of Afghanistan. The registered office of the Bank is located at Wazir Akbar Khan, Sher Pur, District 10, and Kabul,

The Bank obtained business license from Afghanistan Ministry of Commerce and industries bearing license no: D-29098 renewed in 2019 and is registered as a limited liability company. The bank commenced its operations on 01 March 2009 under the license for commercial banking issued by the Da Afghanistan Bank (DAB) under the Law of Banking in Afghanistan. Currently, the Bank is being operated with eighteen branches with Islamic Banking operations (2021: Seventeen branches with Islamic banking operations) in different provinces of Afghanistan.

The condensed interim financial statements for the period ended March 31, 2022 (including comparatives) have been approved and authorized for issue by the Board of Supervisors on _____, 2022.

2 STATEMENT OF COMPLIANCE

- 2.1 This condensed interim financial information of the Bank for the three months period ended 31 March 2022 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and the Law of Banking in Afghanistan and other laws and regulations issued by Da Afghanistan Bank. Whenever the requirement of the Law of Banking in Afghanistan differs with the requirements of the IAS 34, the requirement of the Law of Banking in Afghanistan and other laws and regulations issued by Da Afghanistan Bank takes precedence.
- 2.2 The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2021.
- 2.3 Comparative statement of financial position is extracted from the annual financial statements as at 31 December 2021 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 statements for the three months period ended 31 March 2021.

Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 1 January 2022 but are considered not to be relevant or do not have any significant effect on the Bank's operations.

3 ACCOUNTING POLICIES

- 3.1 The accounting policies adopted in preparation of this condensed interim financial information are consistent with those followed in the preparation of the annual financial statements of the Bank for the year ended 31 December 2021.
- 3.2 The estimates / judgments assumptions used in the preparation of this condensed interim financial information is consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2021.
- 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 31 December 2021.

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GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Three Months Ended March 31, 2022**

		Un-audited 31-Mar-22	Audited 31-Dec-21
	Notes	..... AFN '000'	
4 CASH AND CASH EQUIVALENTS			
Cash in hand	4.1	1,384,643	1,043,065
Balances with banks	4.2	2,724,859	3,347,632
		<u>4,109,502</u>	<u>4,390,697</u>
4.1 Cash in hand			
Local currency		194,558	177,997
Foreign currencies		1,190,085	865,068
		<u>1,384,643</u>	<u>1,043,065</u>
4.2 Balances with banks			
Balances with central bank			
Local currency current accounts		110,950	90,295
Local currency deposit account (Overnight deposit)		-	-
Foreign currency current accounts		2,015,985	2,147,971
		<u>2,126,935</u>	<u>2,238,266</u>
Balances with other banks (foreign/domestic)		597,924	1,109,366
		<u>2,724,859</u>	<u>3,347,632</u>
5 PLACEMENTS	5.1	<u>929,460</u>	<u>1,074,887</u>

5.1 These include short time deposits with foreign banks carrying interest rate ranging from 1.75% to 2.60% (2021: 1.75% to 2.60%) per annum.

		Un-audited 31-Mar-22	Audited 31-Dec-21
	Notes	..... AFN '000'	
6 INVESTMENTS			
Available for sale			
Investment in bonds	6.1	341,044	400,237
Held for trading			
Investment in equity	6.2	294,741	380,400
Investment in gold		-	411,545
		<u>294,741</u>	<u>791,945</u>
Held to maturity			
Capital notes with DAB		-	-
Investment in bonds	6.3	87,870	-
		<u>87,870</u>	<u>-</u>
		<u>723,655</u>	<u>1,192,182</u>

6.1 This include foreign currency investment in; Sovereign bond of Republic of Sri Lanka having coupon rate of 5.75% per annum with the maturity of April 18, 2023, and Emerging Market Infrastructure Bond having coupon rate of 5% per annum with the maturity of Sep 16, 2026. These bonds are listed on Singapore exchange (SGX). SHUAA Capital PSC UAE and DAMAAN investment advisors are the custodians of investments.

6.2 This represents investment in equity market which are listed on NYSE and NASDAQ stock exchanges. SHUAA Capital PSC UAE and FABS are acting as the securities custodian of these investments.

6.3 This represents investment in Sovereign bonds of Turkey having coupon rate of 3.25% per annum. This investment has maturity of March 23, 2023. SHUAA Capital PSC UAE, investment advisor, is acting as the custodian of this investment.

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GHAZANFAR BANK
Notes to the Condensed Interim Financial Statements (Un-Audited)
For the Three Months Ended March 31, 2022

7 LOANS AND ADVANCES		31 March 2022			31 December 2021		
	Notes	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
		..... AFN '000' .....			..... AFN '000'		
Conventional financing							
Running finance	7.1	1,148,495	(221,573)	926,922	1,930,349	(258,765)	1,671,585
SME loans	7.2	26,005	(26)	25,979	33,223	(26)	33,197
Term loans	7.3	1,532,498	(91,492)	1,441,006	1,304,895	(107,062)	1,197,833
		2,706,998	(313,091)	2,393,907	3,268,467	(365,853)	2,902,615
Islamic financing							
Murabaha	7.4	494,434	(23,953)	470,481	857,245	(28,022)	829,223
		3,201,432	(337,044)	2,864,388	4,125,712	(393,875)	3,731,838

7.1 The facility to meet working capital requirements carries interest ranging from 9% to 15.5% (2021: 6.5% to 15.5%) per annum. These facilities are extended for maximum period of twelve months and these are secured against personal guarantees and mortgage of residential and/or commercial properties of the borrowers.

7.2 These are extended to the Small and Medium Enterprises carry interest from 6.5% to 15% (2021: 6.5% to 30%) per annum with maximum period of Six years. These are secured against personal guarantees and mortgage of residential properties of the borrower. These include loans and advances to SMEs amounting to AFN 357 thousands which are partially backed by Afghanistan Credit Guarantee Foundation (ACGF) guarantees to the extent defined in agreement with them.

7.3 These are term loan facilities extended to customers carries interest ranging from 5.5% to 30% (2021: 5.5% to 15%) per annum. These facilities are extended for maximum period of ten years. These are secured against personal guarantees, corporate guarantee, and mortgage of residential and/or commercial properties of the borrowers. These include loans and advances to SMEs amounting to AFN 174,889 thousands which are partially backed by Afghanistan Credit Guarantee Foundation (ACGF) and Development Finance Corporation (DFC-USAID) guarantees to the extent defined in agreement with them.

7.4 These represents murabaha agreements under which the Bank provided funds to meet capital and other requirements of the borrower on a fixed profit sharing basis ranging from 7% to 39% (2021: 7% to 39%). These facilities are extended for a maximum period of sixty months and secured against personal guarantees and mortgage of residential and/or commercial properties of the borrower. These include loans and advances amounting to AFN 294,842 thousands which are partially backed by Afghanistan Credit Guarantee Foundation (ACGF) guarantees to the extent defined in agreement with ACGF.

7.5 Impairment allowance on loans and advances

	Un-audited 31-Mar-22	Audited 31-Dec-21
	..... AFN '000'	
Opening balance	393,875	195,705
Charge for the period / year	-	205,886
Reversal made during the period / year	(56,831)	(7,716)
Net impairment allowance on funded facilities	(56,831)	198,170
Closing balance	337,044	393,875
Net impairment allowance and charge off		
Net impairment allowance on funded facilities	(56,831)	198,170
Impairment allowance on receivables from FI's	-	79,936
Exchange loss / (gain) on currency translation	56,778	(99,334)
Net impairment allowance on non-funded facilities	-	122
Net provision on accrued interest/ profit	-	523
Loan charged off during the period / year	-	450
Provisions on funded and non-funded facilities - Net	(53)	179,866

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GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Three Months Ended March 31, 2022**

		Un-audited 31-Mar-22 AFN '000'	Audited 31-Dec-21
8 PROPERTY AND EQUIPMENT	<i>Notes</i>		
Operating fixed assets			
Owned	8.1	225,196	232,737
Leased			
- Right of use asset	8.2	106,465	110,177
Capital work in progress		6,319	5,366
		<u>337,980</u>	<u>348,280</u>
8.1 Cost			
Opening balances		503,173	552,074
Additions during the period / year		471	19,839
Transfer from capital work in progress		42	4,273
Adjustment		(9)	-
Relocation		-	(4,587)
Disposals during the period / year		(83)	(68,426)
Closing balances		<u>503,594</u>	<u>503,173</u>
Accumulated Depreciation			
Opening balances		270,437	312,290
Charge during the period / year		8,078	30,485
Adjustment		(33)	-
Relocation		-	(4,587)
Disposals during the period / year		(83)	(67,752)
Closing balances		<u>278,398</u>	<u>270,437</u>
Written down value		<u>225,196</u>	<u>232,737</u>
8.2 Right of use assets			
Cost			
Opening balance		184,912	181,416
Additions during the year/ period		3,367	49,531
Lease modification		-	(9,855)
Write-Off		-	(32,501)
Adjustment		-	(3,679)
Closing balances		<u>188,278</u>	<u>184,912</u>
Accumulated Depreciation			
Opening balance		74,735	44,206
Depreciation expense for the year/period		7,078	30,528
Closing balances		<u>81,813</u>	<u>74,735</u>
Carrying Amount		<u>106,465</u>	<u>110,177</u>

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GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Three Months Ended March 31, 2022**

	Un-audited 31-Mar-22 AFN '000'	Audited 31-Dec-21
9 INTANGIBLE ASSETS		
Cost		
Opening balances	83,365	78,778
Transfer from Property and Equipment	-	4,587
Closing Balance	83,365	83,365
Amortization		
Opening balances	79,001	48,271
Amortization for the period/year	4,364	26,143
Transfer from Property and Equipment	-	4,587
Written-off	-	-
Closing Balance	83,365	79,001
Carrying Amount	-	4,365
Useful life	3 years	3 years

10 OTHER ASSETS

Restricted deposits with DAB	10.1	486,840	636,441
Prepayments		62,593	70,728
Receivable from Western Union		96,430	21,778
Profit receivable	10.2	22,655	20,948
Interest receivable	10.3	45,997	39,566
Security deposits	10.4	720,746	843,251
Deferred tax		17,449	13,080
Receivable from financial institutions (FIs)	10.5	94,262	110,288
Others		1,927	1,847
		<u>1,548,899</u>	<u>1,757,927</u>

10.1 This represents non-interest bearing statutory reserves maintained with DAB as minimum reserve calculated at 5% for local currency and 7% of foreign currency deposits in accordance with the Banking Regulations.

10.2 This includes profit receivable on account of Murabaha investments, Sovereign sukuks and Murabaha facility.

10.3 This comprise of interest receivable on Sovereign bonds, conventional facilities and Capital Notes. Interest receivable on Capital Notes amounts to AFN 36.163 million. DAB has stopped payment of interest on Capital Notes pending final decision of Council of Interim Government. Management has taken up this matter with DAB through Afghanistan Banking Association (ABA) for recovery of these amounts.

10.4 This represents security deposit of performance guarantee for electricity bill collections in favour of DABS from Pashtany Bank account amounting to AFN 442.6 million and an amount of AFN 215.9 million was blocked by Ziraat Bank from Bank's account with Ziraat Bank, Turkey, due to the performance guarantee issued to BELTECH Co.

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GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Three Months Ended March 31, 2022**

- 10.5 This represents balances with two foreign banks, namely JSC Capital Bank and Tengri Banks. These have been re-classified from cash and bank to other assets by the management due to delay in repayments. Bank has also carried out an assessment of the financial strength of the two financial institutions and has accrued a general provision separately against these balances after considering the probability of default.

	Un-audited 31-Mar-21	Audited 31-Dec-21
	..... AFN '000'	
Receivable from financial institutions (FIs)	217,789	254,817
Provision reserve on receivables from financial institutions (FIs)	(123,527)	(144,529)
	<u>94,262</u>	<u>110,288</u>

11 DEPOSITS FROM CUSTOMERS**Conventional**

Current deposits	3,154,165	3,833,655
Saving deposits	591,297	720,415
Term deposits	99,859	281,295
	<u>3,845,321</u>	<u>4,835,365</u>

Islamic

Al Wadiah current deposits	479,578	544,504
Mudarabah saving deposits	866,289	1,083,179
Mudarabah fixed deposits	586,370	717,191
	<u>1,932,237</u>	<u>2,344,874</u>

Margin deposits

Margin deposits - expired	18,396	21,497
Margin deposits - unexpired	1,543,395	1,765,137
	<u>1,561,791</u>	<u>1,786,634</u>
	<u>7,339,349</u>	<u>8,966,873</u>

- 11.1 Margin deposits unexpired represent the cash margin money held against bank guarantee which are not yet matured / expired and range from 10% to 100% of the guarantee amount.

GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Three Months Ended March 31, 2022**

	Un-audited 31-Mar-21 AFN '000'	Audited 31-Dec-21
12 DEPOSITS FROM FINANCIAL INSTITUTIONS		
Bank	-	-
Current deposits	70,797	101,888
Term deposits	1,062,240	1,242,840
	<u>1,133,037</u>	<u>1,344,728</u>
13 OTHER LIABILITIES		
Interest payable on customer deposits	13,297	15,035
Withholding tax	16,306	12,637
Unearned commission on bank guarantees	31,501	32,761
Accrued expenses	13,226	26,444
Dividend Payable	14,929	14,929
Other liabilities	45,713	32,429
	<u>134,972</u>	<u>134,235</u>
14 LEASE LIABILITY		
Opening balance	76,441	99,286
Addition during the year / period	3,367	49,531
Payment during the year / period - principal	(11,894)	(37,935)
Accrued finance cost for the year / period	2,335	8,864
Lease modification	-	(9,855)
Write off	-	(36,456)
Exchange rate fluctuation	(1,980)	3,006
Carrying amount	<u>68,269</u>	<u>76,441</u>
15 CONTINGENCIES AND COMMITMENTS		
Contingencies		
Contingencies - Bank guarantees issued	5,674,314	6,477,875
Letters of credits	36,736	42,982
Commitments - Un-used portion of Overdraft	<u>39,874</u>	<u>130,201</u>
	Un-audited 31-Mar-22	Un-audited 31-Mar-21
16 NET INTEREST INCOME	Notes	..... AFN '000'
Interest income		
Interest income on Placements	4,915	9,112
Interest income on balances with DAB	-	10,128
Loans and advances	68,342	116,256
Bonds and Sukuk	4,859	3,138
Total interest income	<u>78,116</u>	<u>138,634</u>
Interest expense		
Customer deposits	12,410	19,879
Net interest income	<u>65,706</u>	<u>118,755</u>

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GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Three Months Ended March 31, 2022**

	Un-audited 31-Mar-22	Un-audited 31-Mar-21
	..... AFN '000'	
16.1 Interest expense on customers deposits		
Term deposits	11,357	16,775
Saving deposits	1,053	3,104
	<u>12,410</u>	<u>19,879</u>
 17 NET FEE AND COMMISSION INCOME		
Fee and commission income		
Commission on bank guarantees	20,767	30,229
Commission on letter of credits	1,111	912
Loan processing fee	1,698	5,341
Fund transfer fee	86,115	25,198
Deposit accounts servicing	9,067	7,475
Total fee and commission income	<u>118,758</u>	<u>69,155</u>
Fee and commission expense		
Inter bank transaction fee	(1,694)	(2,291)
Net fee and commission income	<u>117,064</u>	<u>66,864</u>
 18 OTHER INCOME		
Loss on available for sale Investments	-	-
Gain/ (Loss) on sale of securities	24,277	12,411
Loss on sale of investment in gold	(9,895)	(2,376)
Recovery of loan previously written off	825	24,279
Other	793	1,024
	<u>16,000</u>	<u>35,338</u>
 19 EMPLOYEE COMPENSATION		
Salaries and wages	32,480	38,863
Staff bonus	-	4,608
Staff welfare	-	53
	<u>32,480</u>	<u>43,524</u>

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GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Three Months Ended March 31, 2022**

	Unaudited 31-Mar-22	Unaudited 31-Mar-21
	..... AFN '000'	
20 ADMINISTRATIVE EXPENSE		
Security guards expenses	2,864	9,901
Software annual maintenance	4,839	4,643
Insurance	3,774	8,789
Communication	1,979	2,860
Advertisement	2,048	5,189
Travelling and conveyance	1,296	2,114
Utilities	2,648	3,300
Fuel	1,382	990
Repair and maintenance	980	1,605
Stationery and printing	662	2,549
Food expenses	1,805	1,991
Staff training	55	621
Legal & Audit fee	1,946	835
Other expenses	4,675	8,204
	<u>30,953</u>	<u>53,591</u>

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GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Three Months Ended March 31, 2022****21 TRANSACTIONS AND BALANCES WITH RELATED PARTIES****Parent and ultimate controlling entity**

The Bank is owned by individual shareholders owing equity shares in different proportions.

Associated entities

Associated entities include all sister companies under Ghazanfar Group including Ghazanfar Naft and Gas, Ghazanfar investments and Ghazanfar Foundation.

Key management personnel

Key management personnel includes Board of Supervisors, Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Credit Officer, Chief Operation Officer and Chief Islamic Banking 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:

	Un-audited 31-Mar-22	Audited 31-Dec-21
	..... AFN '000'	
Balances at period / year end		
Shareholders		
Prepayment/ Security Deposit for Hairatan Branch	51,106	51,613
Deposits	2,990	2,222
Key management personnel		
Deposits	5,564	4,163
Associated entities		
Loans and advances	65,028	67,273
Deposits	8,092	4,999
	Un-audited 31-Mar-22	Un-audited 31-Mar-21
	..... AFN '000'	
Transaction during the period		
Key management personnel		
Short term employee benefits	7,056	7,804
Associated entities		
Interest income on loans and advances	1,161	3,638
Rent paid	-	-
Donation paid	-	-

22 CAPITAL MANAGEMENT**Regulatory capital**

Da Afghanistan Bank (DAB) sets and monitors capital requirements for all Banks. Bank is required to maintain at all times the paid up capital plus reserves in excess of Afs 1 billion and regulatory capital to be 12% of the risk weighted assets. The capital adequacy of the Bank is assessed in two tiers as per regulations of the DAB.

- Tier 1 or core capital, consisting of the highest quality capital elements that fully meet all the essential characteristics of capital; to be 6% of risk weighted assets.

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GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Three Months Ended March 31, 2022**

- Tier 2 or supplementary capital, which includes other instruments which, to a varying degree, fall short of the quality of Tier 1 capital, but nonetheless contribute to the overall strength of a bank as a going concern.

Regulatory capital is the sum of Tier 1 and Tier 2 capital and Tier 2 capital cannot exceed amount of Tier 1 capital. The Bank complies with these regulations.

The Bank's regulatory capital position as on March 31, 2022 is as follows:

	Un-audited 31-Mar-22	Audited 31-Dec-21
	..... AFN '000'	
Tier 1 capital		
Share holders' equity	1,837,782	1,925,506
Less: Other Equity Components	69,798	52,320
Less: Profit for the period / year	-	(366,019)
Less: Intangible assets	-	(4,365)
Net Deferred Tax Assets	(17,449)	(13,080)
Total tier 1 (core) capital	1,890,131	1,594,362
Tier 2 capital		
General allowances on Standard Advances	22	22
Revaluation Reserves on Available-for Sale Investments	-	-
Add: Profit for the year	-	366,019
Total tier 2 (supplementary) capital	22	366,041
Less: Equity investment	-	-
Total Regulatory capital = Tier 1 + Tier 2	1,890,153	1,960,403
Risk-weight categories		
0% risk weight:		
Cash in Afghani and fully-convertible foreign currencies	1,384,643	1,043,065
Direct claims on DAB	2,613,775	2,874,707
Direct claims on other Governments	-	-
Loans Collateralized by Blocked Deposits	-	120,000
Others	-	444,702
Total	3,998,418	4,482,474
0% risk-weight total (above total x 0%)	-	-
20% risk weight:		
Demand Deposits with Banks	597,924	1,109,366
Time Deposits with Banks	929,460	1,087,485
Others	-	411,545
Guaranteed by Multilateral Lending Institutions	336,976	-
Total	1,864,360	2,608,396
20% Risk-Weight Total (Above Total x 20%)	372,872	521,679
50% risk weight:		
Qualifying Residential Mortgage Loans	-	-
Qualifying Real Estate Construction Loans	-	-
Total	-	-
50% risk-weight total (above total x 50%)	-	-

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GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Three Months Ended March 31, 2022**

	Un-audited 31-Mar-22 AFN '000'	Audited 31-Dec-21
100% risk weight		
Loans gross amount	2,864,456	3,561,010
Property & Equipment's	337,980	348,280
All Other Assets	1,555,476	1,640,526
Total	4,757,912	5,549,816
100% Risk-Weight Total (Above Total x 100%)	4,757,912	5,549,816
Off-balance-sheet items with 0% Credit Conversion Factor		
Undrawn loan and overdraft facilities	39,874	130,201
Guarantees	-	-
Total	39,874	130,201
0% Credit Conversion Factor Total (Above Total x 0%)	-	-
Off-balance-sheet items with 20% Credit Conversion Factor		
Commercial letters of credit	-	-
100% Risk Weight	29,389	34,385
Total	29,389	34,385
20% Credit Conversion Factor Total (Risk-Weighted Total x 20%)	5,878	6,877
Off-balance sheet items with 100% Credit Conversion Factor		
Guarantees and Standby Letters of Credit		
20% Risk Weight	402,718	437,570
100% Risk Weight	2,124,673	2,533,482
Total	2,527,391	2,971,052
100% Credit Conversion Factor Total(Risk-Weighted Totals x 100%)	2,527,391	2,971,052
	7,664,053	9,049,425
Tier 1 Capital Ratio	24.66	17.62
Regulatory Capital Ratio	24.66	21.66

23 GENERAL

No significant reclassification/rearrangement has been made in these condensed interim financial statements. Figures have been rounded off to the nearest Thousand of AFN.



Chief Financial Officer



Chief Executive Officer



Chairman

GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Three Months Ended March 31, 2022****24 Islamic Banking Information****24.1 Islamic Banking Financial Position**

The Bank has the following interim financial position as at March 31, 2022, for Islamic Banking operations:

	Un-audited 31-Mar-22	Audited 31-Dec-21
	..... AFN '000'	
ASSETS		
Cash and cash equivalents	967,715	910,120
Murabaha with Financial Institutions	929,460	1,087,485
Murabaha Islamic Financing	470,481	829,223
Other assets	183,853	221,176
Total assets	2,551,509	3,048,004
EQUITY AND LIABILITIES		
EQUITY		
Retained earnings	159,422	191,300
Total equity	159,422	191,300
LIABILITIES		
Al Wadiah current deposits	479,578	544,504
Mudarabah saving deposits	866,289	1,083,179
Mudarabah fixed deposits	985,894	1,188,276
Other liabilities	60,326	20,680
Provision for taxation	-	20,065
Total liabilities	2,392,087	2,856,704
Total equity and liabilities	2,551,509	3,048,004
Contingencies and commitments	922,335	1,029,314


Chief Financial Officer
Chief Executive Officer
Chariman

GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Three Months Ended March 31, 2022****24.2 Islamic Banking Interim Profit or Loss**

The Bank has the following interim profit or loss for the three months period ended March 31, 2021, from Islamic Banking operations:

	Un-audited 31-Mar-22	Un-audited 31-Mar-21
	..... AFN '000'	
Total profit income	20,972	34,998
Total profit Expense	(2,601)	(5,084)
Net Profit income	18,372	29,915
Revenue from banking services	7,407	6,985
Expense on banking services	(430)	(240)
Net revenue form banking services	6,977	6,745
Income from dealing in foreign currencies	(41,051)	98
	(15,703)	36,758
Other income	806	2,640
Impairment allowances and charge off	-	(13,507)
Employee compensation	(6,466)	(11,665)
Operating lease expenses	(46)	(56)
Finance cost on lease liability	(64)	156
Depreciation and Amortization	(4,624)	(5,078)
Administrative expense	(5,782)	(12,897)
	(16,982)	(43,047)
Profit before tax	(31,879)	(3,649)
Taxation	-	-
Profit after tax	(31,879)	(3,649)

25 GENERAL

No significant reclassification/rearrangement has been made in these condensed interim financial statements. Figures have been rounded off to the nearest Thousand of AFN.



Chief Financial Officer



Chief Executive Officer



Chariman