

GHAZANFAR BANK

**Condensed Interim financial
statements for six months
period ended
30 June 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 30 June 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 six 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

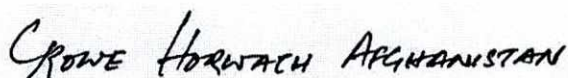
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial 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 30 June 2022, and of its condensed interim financial performance and its condensed interim statement of cash flows for the six months period then ended in accordance International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), Law of Banking in Afghanistan and the directives issued by the Da Afghanistan Bank.

Other Matter

The condensed interim financial statements for the six months ended 30 June 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 six months ended 30 June 2021 on 14 August 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
As at June 30, 2022

		(Un-audited) 30-Jun-22	(Audited) 31-Dec-21
	Notes	..... AFN '000'	
ASSETS			
Cash and cash equivalents	4	5,910,105	4,390,697
Placements	5	921,165	1,087,485
Investments	6	761,465	1,192,182
Loans and advances	7	2,507,563	3,731,838
Property and equipment	8	300,867	348,280
Intangible assets	9	-	4,365
Other assets	10	1,629,364	1,757,927
Total assets		12,030,529	12,512,774
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,267,000	1,267,000
Contingency reserve fund		42,632	42,632
Retained earnings		672,686	668,194
Revaluation deficit on financial instruments at FVOCI		(140,214)	(52,320)
Total equity		1,842,104	1,925,506
LIABILITIES			
Deposits from customers	11	7,750,986	8,966,873
Deposits from financial institutions		2,264,959	1,344,728
Other liabilities	13	115,149	134,235
Lease liability	14	42,703	76,441
Provision for taxation		14,628	64,991
Total liabilities		10,188,425	10,587,268
Total equity and liabilities		12,030,529	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 Six Months Ended June 30, 2022**

		Quarter Ended		Half Yearly	
		30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
Notes		AFN '000'			
Interest income		54,848	144,943	132,964	283,577
Interest expense		(10,934)	(21,539)	(23,344)	(41,418)
Net interest income	16	43,914	123,404	109,620	242,159
Fee and commission income		171,609	73,130	290,367	142,285
Fee and commission expense		(3,203)	(2,272)	(4,897)	(4,563)
Net fee and commission income	17	168,406	70,858	285,470	137,722
Income from dealing in foreign currencies		(4,240)	8,094	(187,804)	18,709
		208,080	202,356	207,286	398,590
Other income	18	(8,680)	7,385	7,320	30,312
Impairment (allowances) / reversal and charge off	7.5	-	(47,193)	53	(129,795)
Gain/ (Loss) on sale of securities		24,277	11,569	24,277	23,980
Employee compensation	19	(32,004)	(41,633)	(64,484)	(85,157)
Operating lease expenses		(427)	(186)	(642)	(410)
Finance cost on lease liability		(1,675)	(2,967)	(4,010)	(3,033)
Depreciation		(14,339)	(15,254)	(29,495)	(29,628)
Amortization		-	(6,535)	(4,365)	(13,071)
Administrative expense	20	(86,341)	(106,201)	(117,295)	(159,792)
		(110,509)	(208,400)	(195,961)	(396,906)
Profit before tax		88,891	1,341	18,645	31,995
Taxation		(14,153)	(8,734)	(14,153)	(14,865)
Profit after tax		74,738	(7,393)	4,492	17,130
Other comprehensive income					
Items to be reclassified subsequently to profit or loss					
- Unrealized gain/(loss) on revaluation of AFS investment		(88,021)	6,580	(175,268)	(12,403)
- Related deferred tax		17,605	(1,316)	35,054	2,481
		(70,416)	5,264	(140,214)	(9,922)
Items not to be classified subsequently to profit & loss					
		-	-	-	-
Total comprehensive income for the period		4,322	(2,129)	(135,722)	7,208

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

Chief Financial Officer

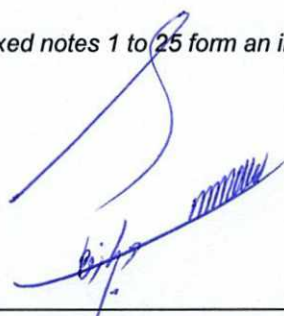
Chief Executive Officer

Chairman

GHAZANFAR BANK**Condensed Interim Statement of Changes in Equity (Un-Audited)****For the Six Months Ended June 30, 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 (Audited)	1,267,000	27,789	475,419	(24,230)	1,745,978
Profit for the period	-	-	17,130	-	17,130
Dividend Distribution	-	-	(103,600)	-	(103,600)
Contingency reserve fund	-	6,478	(6,478)	-	-
Other comprehensive income for the period - unrealized	-	-	-	14,308	14,308
	-	6,478	(92,948)	14,308	(72,162)
Balance as at June 30, 2021 (Un-audited)	<u>1,267,000</u>	<u>34,267</u>	<u>382,471</u>	<u>(9,922)</u>	<u>1,673,816</u>
Balance as at December 31, 2021 (Audited)	1,267,000	42,632	668,194	(52,320)	1,925,506
Profit for the period	-	-	4,492	-	4,492
Dividend Distribution	-	-	-	-	-
Contingency reserve fund	-	-	-	-	-
Other comprehensive income for the period - unrealized	-	-	-	(87,894)	(87,894)
	-	-	4,492	(87,894)	(83,402)
Balance as at June 30, 2022 (Un-audited)	<u>1,267,000</u>	<u>42,632</u>	<u>672,686</u>	<u>(140,214)</u>	<u>1,842,104</u>

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 Cash Flow (Un-Audited)****For the Six Months Ended June 30, 2022**

	30-Jun-22	30-Jun-21
	..... AFN '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	18,645	31,995
Adjustments for:		
Impairment allowances / (reversal) and charge off	(53)	129,795
Gain/ (Loss) on sale of securities	-	(23,980)
Finance cost on lease liability	4,010	3,033
Exchange loss on lease liability	8,334	154
Depreciation	29,495	29,628
Amortization	4,365	13,071
	64,796	183,696
(Increase) / decrease in current assets		
Loans and advances	1,224,328	235,614
Other assets	139,853	(384,180)
	1,364,181	(148,566)
Increase / (decrease) in current liabilities		
Deposits from customers	(1,215,887)	(2,064,337)
Deposits from financial institutions	920,231	361,303
Other liabilities	(19,085)	14,724
	1,049,440	(1,836,876)
	1,114,236	(1,653,180)
Tax paid	(64,516)	(50,290)
Net cash generated from / (used in) operating activities	1,049,720	(1,703,470)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,613)	(15,558)
Placements	166,320	518,340
Investments	320,920	(52,745)
Net cash generated from investing activities	484,627	450,037
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liability	(14,939)	(20,904)
Dividend paid	-	(73,556)
Net cash used in financing activities	(14,939)	(94,460)
Net increase / (decrease) in cash and cash equivalents	1,519,408	(1,347,893)
Cash and cash equivalents, beginning of period	4,390,697	6,890,521
Cash and cash equivalents, end of period	5,910,105	5,542,628

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 Six Months Ended June 30, 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, Afghanistan.

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 June 30, 2022 (including comparatives) have been approved and authorized for issue by the Board of Supervisors on 14. AUG. 2, 2022.

2 STATEMENT OF COMPLIANCE

- 2.1 This condensed interim financial information of the Bank for the Six months period ended 30 June 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 Six months period ended 30 June 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. cha,

GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Six Months Ended June 30, 2022**

		Un-audited 30-Jun-22	Audited 31-Dec-21
	Notes	..... AFN '000'	
4 CASH AND CASH EQUIVALENTS			
Cash in hand	4.1	1,443,035	1,043,065
Balances with banks	4.2	4,467,070	3,347,632
		<u>5,910,105</u>	<u>4,390,697</u>
4.1 Cash in hand			
Local currency		298,729	177,997
Foreign currencies		1,144,306	865,068
		<u>1,443,035</u>	<u>1,043,065</u>
4.2 Balances with banks			
Balances with central bank			
Local currency current accounts		266,635	90,295
Local currency deposit account (Overnight deposit)		-	-
Foreign currency current accounts		3,204,039	2,147,971
		<u>3,470,674</u>	<u>2,238,266</u>
Balances with other banks (foreign/domestic)		996,396	1,109,366
		<u>4,467,070</u>	<u>3,347,632</u>
5 PLACEMENTS	5.1	<u>921,165</u>	<u>1,087,485</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 30-Jun-22	Audited 31-Dec-21
	Notes	..... AFN '000'	
6 INVESTMENTS			
Available for sale			
Investment in bonds	6.1	333,454	400,237
Held for trading			
Investment in equity	6.2	207,872	380,400
Investment in gold		-	411,545
		<u>207,872</u>	<u>791,945</u>
Held to maturity			
Capital notes with DAB		-	-
Investment in bonds	6.3	220,139	-
		<u>220,139</u>	<u>-</u>
		<u>761,465</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.

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GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Six Months Ended June 30, 2022**

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 5.00% per annum. This investment has maturity of April 06, 2023. SHUAA Capital PSC UAE, investment advisor, is acting as the custodian of this investment.

7 LOANS AND ADVANCES

LOANS AND ADVANCES		30 June 2022			31 December 2021		
		Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
	Notes	..... AFN '000' .....			..... AFN '000'		
Conventional financing							
Running finance	7.1	1,003,216	(219,620)	783,596	1,930,349	(258,765)	1,671,585
SME loans	7.2	23,776	(26)	23,750	33,223	(26)	33,197
Term loans	7.3	1,439,008	(90,677)	1,348,331	1,304,895	(107,062)	1,197,833
		2,466,000	(310,324)	2,155,677	3,268,467	(365,853)	2,902,615
Islamic financing							
Murabaha	7.4	375,626	(23,740)	351,886	857,245	(28,022)	829,223
		2,841,626	(334,063)	2,507,563	4,125,712	(393,875)	3,731,838

7.1 The facility to meet working capital requirements carries interest ranging from 9% to 16% (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 30% (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 15% (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 162,817 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 8.1% 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 217,919 thousands which are partially backed by Afghanistan Credit Guarantee Foundation (ACGF) guarantees to the extent defined in agreement with ACGF.

	Un-audited 30-Jun-22	Audited 31-Dec-21
	..... AFN '000'	
7.5 Impairment allowance on loans and advances		
Opening balance	393,875	195,705
Charge for the period / year	-	205,886
Reversal made during the period / year	(59,811)	(7,716)
Net impairment allowance on funded facilities	(59,811)	198,170
Closing balance	334,064	393,875
Net impairment allowance and charge off		
Net impairment allowance on funded facilities	(59,811)	198,170
Impairment allowance on receivables from FI's	-	79,936
Exchange loss / (gain) on currency translation	59,759	(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 Six Months Ended June 30, 2022**

		Un-audited 30-Jun-22	Audited 31-Dec-21
	Notes	..... AFN '000'	
8 PROPERTY AND EQUIPMENT			
<i>Operating fixed assets</i>			
Owned	8.1	219,237	232,737
Leased			
- Right of use asset	8.2	76,937	110,177
Capital work in progress		4,693	5,366
		<u>300,867</u>	<u>348,280</u>
8.1 Cost			
Opening balances		503,173	552,074
Additions during the period / year		2,613	19,839
Transfer from capital work in progress		42	4,273
Adjustment		(9)	-
Relocation		-	(4,587)
Disposals during the period / year		(98)	(68,426)
Closing balances		<u>505,722</u>	<u>503,173</u>
<i>Accumulated Depreciation</i>			
Opening balances		270,437	312,290
Charge during the period / year		16,155	30,485
Adjustment		(9)	-
Relocation		-	(4,587)
Disposals during the period / year		(98)	(67,752)
Closing balances		<u>286,485</u>	<u>270,437</u>
<i>Written down value</i>		<u>219,237</u>	<u>232,737</u>
8.2 Right of use assets			
<i>Cost</i>			
Opening balance		184,912	181,416
Additions during the year/ period		6,193	49,531
Lease modification		(10,464)	(9,855)
Write-Off		(15,507)	(32,501)
Adjustment		(122)	(3,679)
Closing balances		<u>165,012</u>	<u>184,912</u>
<i>Accumulated Depreciation</i>			
Opening balance		74,735	44,206
Depreciation expense for the year/period		13,341	30,528
Closing balances		<u>88,075</u>	<u>74,735</u>
Carrying Amount		<u>76,937</u>	<u>110,177</u>

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GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Six Months Ended June 30, 2022**

		Un-audited 30-Jun-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	520,682	636,441
Prepayments		60,044	70,728
Receivable from Western Union		70,203	21,778
Profit receivable	10.2	28,402	20,948
Interest receivable	10.3	51,416	39,566
Security deposits	10.4	767,092	843,251
Deferred tax		35,054	13,080
Receivable from financial institutions (FIs)	10.5	93,420	110,288
Others		3,051	1,847
		<u>1,629,364</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 438.65 million and an amount of AFN 214 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 Six Months Ended June 30, 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 30-Jun-22	Audited 31-Dec-21
	..... AFN '000'	
Receivable from financial institutions (FIs)	215,845	254,817
Provision reserve on receivables from financial institutions (FIs)	(122,425)	(144,529)
	<u>93,420</u>	<u>110,288</u>

11 DEPOSITS FROM CUSTOMERS**Conventional**

Current deposits	3,251,869	3,833,655
Saving deposits	549,290	720,415
Term deposits	98,999	281,295
	<u>3,900,158</u>	<u>4,835,365</u>

Islamic

Al Wadiah current deposits	730,910	544,504
Mudarabah saving deposits	844,484	1,083,179
Mudarabah fixed deposits	572,418	717,191
	<u>2,147,812</u>	<u>2,344,874</u>

Margin deposits

Margin deposits - expired	18,233	21,497
Margin deposits - unexpired	1,684,783	1,765,137
	<u>1,703,016</u>	<u>1,786,634</u>
	<u>7,750,986</u>	<u>8,966,873</u>

11.1

- 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.

12 DEPOSITS FROM FINANCIAL INSTITUTIONS

	Un-audited 30-Jun-22	Audited 31-Dec-21
	..... AFN '000'	
Current deposits	1,212,199	101,888
Term deposits	1,052,760	1,242,840
	<u>2,264,959</u>	<u>1,344,728</u>

13 OTHER LIABILITIES

Interest payable on customer deposits	11,629	15,035
Withholding tax	15,976	12,637
Unearned commission on bank guarantees	18,538	32,761
Accrued expenses	13,289	26,444
Dividend Payable	14,929	14,929
Other liabilities	40,788	32,429
	<u>115,149</u>	<u>134,235</u>



GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Six Months Ended June 30, 2022****14 LEASE LIABILITY**

Opening balance	76,441	99,286
Addition during the year / period	6,193	49,531
Payment during the year / period - principal	(14,939)	(37,935)
Accrued finance cost for the year / period	4,010	8,864
Lease modification	(2,139)	(9,855)
Write off	(18,529)	(36,456)
Exchange rate fluctuation	(8,334)	3,006
Carrying amount	42,703	76,441

15 CONTINGENCIES AND COMMITMENTS**Contingencies**

Contingencies - Bank guarantees issued	5,634,825	6,477,875
Letters of credits	220,433	42,982

Commitments - Un-used portion of Overdraft

	6,100	130,201
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Un-audited 30-Jun-22	Un-audited 30-Jun-21
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16 NET INTEREST INCOME

Notes

..... AFN '000'

Interest income

Interest income on Placements	9,562	17,712
Interest income on balances with DAB	-	28,078
Loans and advances	112,355	232,045
Bonds and Sukuk	11,047	5,742
Total interest income	132,964	283,577

Interest expense

Customer deposits	23,344	41,418
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16.1

Net interest income

109,620	242,159
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16.1 Interest expense on customers deposits

Term deposits	21,316	34,874
Saving deposits	2,028	6,387
Other expense on short term borrowings	-	157
	<u>23,344</u>	<u>41,418</u>

17 NET FEE AND COMMISSION INCOME**Fee and commission income**

Commission on bank guarantees	35,731	62,254
Commission on letter of credits	2,642	2,360
Loan processing fee	2,019	8,281
Fund transfer fee	233,454	54,784
Deposit accounts servicing	16,521	14,606
Total fee and commission income	290,367	142,285

Fee and commission expense

Inter bank transaction fee	(4,897)	(4,563)
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Net fee and commission income

285,470	137,722
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GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Six Months Ended June 30, 2022****18 OTHER INCOME**

Loss on sale of investment in gold	(9,895)	(496)
Recovery of loan previously written off	2,070	29,028
Other	15,145	1,780
	<u>7,320</u>	<u>30,312</u>

19 EMPLOYEE COMPENSATION

Salaries and wages	64,475	80,361
Staff bonus	9	4,642
Staff welfare	-	154
	<u>64,484</u>	<u>85,157</u>

20 ADMINISTRATIVE EXPENSE

	Unaudited	Unaudited
	30-Jun-22	30-Jun-21
	..... AFN '000'	
Security guards expenses	5,486	26,914
Software annual maintenance	9,468	9,387
Insurance	7,648	18,186
Communication	3,635	6,699
Advertisement	3,220	11,054
Travelling and conveyance	3,131	4,163
Utilities	5,144	6,611
Fuel	2,475	1,906
Repair and maintenance	3,559	4,985
Stationery and printing	1,821	4,365
Donation	52,120	42,329
Food expenses	3,024	4,061
Staff training	214	1,428
Legal & Audit fee	4,973	1,412
Other expenses	11,377	16,292
	<u>117,295</u>	<u>159,792</u>

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GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Six Months Ended June 30, 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 30-Jun-22	Audited 31-Dec-21
	..... AFN '000'	
Balances at period / year end		
Shareholders		
Prepayment/ Security Deposit for Hairatan Branch	51,106	51,613
Deposits	3,547	2,222
Key management personnel		
Deposits	13,799	4,163
Associated entities		
Loans and advances	62,505	67,273
Deposits	3,233	4,999
	Un-audited 30-Jun-22	Un-audited 30-Jun-21
	..... AFN '000'	
Transaction during the period		
Key management personnel		
Short term employee benefits	11,861	12,367
Associated entities		
Interest income on loans and advances	1,161	2,717
Rent paid	-	77
Donation paid	52,120	42,329

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 Six Months Ended June 30, 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 30-Jun-22	Audited 31-Dec-21
	..... AFN '000'	
Tier 1 capital		
Share holders' equity	1,842,104	1,925,506
Less: Other Equity Components	140,214	52,320
Less: Profit for the period / year	(4,492)	(366,019)
Less: Intangible assets	-	(4,365)
Net Deferred Tax Assets	(35,054)	(13,080)
Total tier 1 (core) capital	1,942,772	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	4,492	366,019
Total tier 2 (supplementary) capital	4,514	366,041
Less: Equity investment	-	-
Total Regulatory capital = Tier 1 + Tier 2	1,947,286	1,960,403
Risk-weight categories		
0% risk weight:		
Cash in Afghani and fully-convertible foreign currencies	1,443,035	1,043,065
Direct claims on DAB	3,991,356	2,874,707
Direct claims on other Governments	-	-
Loans Collateralized by Blocked Deposits	-	120,000
Others	-	444,702
Total	5,434,391	4,482,474
0% risk-weight total (above total x 0%)	-	-
20% risk weight:		
Demand Deposits with Banks	996,396	1,109,366
Time Deposits with Banks	921,165	1,087,485
Others	-	411,545
Guaranteed by Multilateral Lending Institutions	255,116	-
Total	2,172,677	2,608,396
20% Risk-Weight Total (Above Total x 20%)	434,535	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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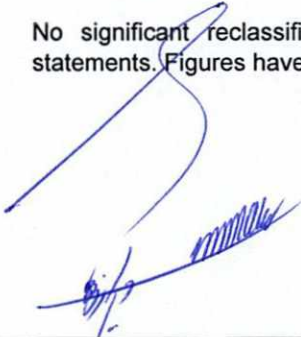
GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Six Months Ended June 30, 2022**

	Un-audited 30-Jun-22 AFN '000'	Audited 31-Dec-21
100% risk weight		
Loans gross amount	2,586,509	3,561,010
Property & Equipment's	300,867	348,280
All Other Assets	1,624,182	1,640,526
Total	4,511,558	5,549,816
100% Risk-Weight Total (Above Total x 100%)	4,511,558	5,549,816
Off-balance-sheet items with 0% Credit Conversion Factor		
Undrawn loan and overdraft facilities	6,100	130,201
Guarantees	-	-
Total	6,100	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	51,200	34,385
Total	51,200	34,385
20% Credit Conversion Factor Total (Risk-Weighted Total x 20%)	10,240	6,877
Off-balance sheet items with 100% Credit Conversion Factor		
Guarantees and Standby Letters of Credit	-	437,570
20% Risk Weight	936,105	2,533,482
100% Risk Weight	936,105	2,971,052
Total	936,105	2,971,052
100% Credit Conversion Factor Total(Risk-Weighted Totals x 100%)	936,105	2,971,052
	5,892,439	9,049,425
Tier 1 Capital Ratio	32.97	17.62
Regulatory Capital Ratio	33.05	21.66

Currently the bank is having above AFN 4,110.84 million expired bank guarantees due to which the risk weight of such guarantees is considered zero which results an increase in Tier 1 Capital ratio and the Regulatory Capital Ratio.

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 Six Months Ended June 30, 2022****24 Islamic Banking Information****24.1 Islamic Banking Financial Position**

The Bank has the following interim financial position as at June 30, 2022, for Islamic Banking operations:

	Un-audited 30-Jun-22	Audited 31-Dec-21
	..... AFN '000'	
ASSETS		
Cash and cash equivalents	866,411	910,120
Murabaha with Financial Institutions	921,165	1,087,485
Investments in Sukuk securities	132,890	-
Murabaha Islamic Financing	351,886	829,223
Other assets	468,507	221,176
Total assets	2,740,859	3,048,004
EQUITY AND LIABILITIES		
EQUITY		
Retained earnings	167,912	191,300
Total equity	167,912	191,300
LIABILITIES		
Al Wadiah current deposits	730,910	544,504
Mudarabah saving deposits	844,484	1,083,179
Mudarabah fixed deposits	975,206	1,188,276
Other liabilities	22,346	20,680
Provision for taxation	-	20,065
Total liabilities	2,572,946	2,856,704
Total equity and liabilities	2,740,858	3,048,004
Contingencies and commitments	923,311	1,029,314


Chief Financial Officer
Chief Executive Officer
Chariman

GHAZANFAR BANK**Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Six Months Ended June 30, 2022****24.2 Islamic Banking Interim Profit or Loss**

The Bank has the following interim profit or loss for the Six months period ended June 30, 2022, from Islamic Banking operations:

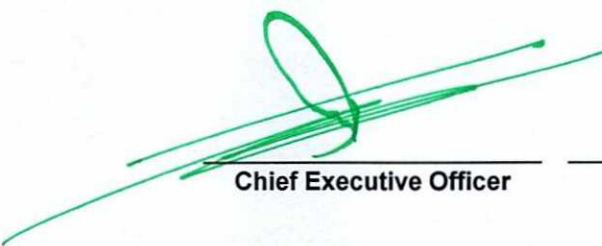
	Quarter Ended		Half Yearly	
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
	..... AFN '000'			
Total profit income	18,607	36,375	39,580	71,373
Total profit Expense	(2,350)	(5,351)	(4,951)	(10,434)
Net Profit income	16,257	31,024	34,629	60,939
Revenue from banking services	10,411	9,635	17,818	16,620
Expense on banking services	(825)	(794)	(1,256)	(1,034)
Net revenue form banking services	9,586	8,841	16,562	15,584
Income from dealing in foreign currencies	(115)	8,173	(41,166)	8,270
	25,728	48,038	10,025	84,794
Other income	1,150	3,571	1,956	6,211
Impairment allowances and charge off	-	2,578	-	(10,929)
Employee compensation	(6,630)	(9,914)	(13,095)	(21,579)
Operating lease expenses	(91)	(33)	(137)	(89)
Finance cost on lease liability	(788)	(651)	(852)	(494)
Depreciation and Amortization	(3,160)	(4,416)	(7,784)	(9,494)
Administrative expense	(7,719)	(14,094)	(13,501)	(26,991)
	(18,388)	(26,530)	(35,369)	(69,576)
Profit before tax	8,490	25,079	(23,389)	21,429
Taxation	-	(4,286)	-	(4,286)
Profit after tax	8,490	20,793	(23,389)	17,143

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. *du*



Chief Financial Officer



Chief Executive Officer



Chariman