

## **Ghazanfar Bank**

**Condensed Interim financial statements  
For the Nine months period ended  
30 September 2022**

Review report issued by  
Address: 6th floor, Kabul Business  
Center, Shahr-e-Naw, Haji Yaqoob Square  
Kabul-Afghanistan

## 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 September 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 financial statements for the nine months then ended (here-in-after referred to as the "nine-month 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 the 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 the 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 the financial position of the Bank as at 30 September 2022, and of its condensed interim financial performance and its condensed interim statement of cash flows for the nine 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 nine months ended 30 September 2021 and the financial statements for the year ended 31 December 2021 were reviewed and audited, respectively, by another auditor who expressed an unqualified review conclusion on the condensed interim financial statements for the nine months ended 30 September 2021 on 09 January 2022 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 September 30, 2022**

		(Un-audited) 30-Sep-22	(Audited) 31-Dec-21
	Notes	..... AFN '000' .....	
<b>ASSETS</b>			
Cash and cash equivalents	4	5,095,607	4,390,697
Placements	5	1,058,760	1,087,485
Investments	6	1,633,080	1,192,182
Loans and advances	7	2,379,993	3,731,838
Property and equipment	8	284,887	348,280
Intangible assets	9	-	4,365
Other assets	10	1,498,300	1,757,927
<b>Total assets</b>		<b>11,950,627</b>	<b>12,512,774</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		1,267,000	1,267,000
Contingency reserve fund		60,932	42,632
Retained earnings		728,802	668,194
Revaluation deficit on financial instruments at FVOCI		(138,514)	(52,320)
<b>Total equity</b>		<b>1,918,220</b>	<b>1,925,506</b>
<b>LIABILITIES</b>			
Deposits from customers	11	7,491,557	8,966,873
Deposits from financial institutions	12	2,348,115	1,344,728
Other liabilities	13	120,041	134,235
Lease liability	14	38,947	76,441
Provision for taxation		33,747	64,991
<b>Total liabilities</b>		<b>10,032,407</b>	<b>10,587,268</b>
<b>Total equity and liabilities</b>		<b>11,950,627</b>	<b>12,512,774</b>
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 Nine Months Ended September 30, 2022**

		Quarter Ended		Nine Months ended	
		30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Notes		AFN '000'			
Interest income		48,572	132,572	181,536	416,149
Interest expense		(10,205)	(20,925)	(33,549)	(62,344)
Net interest income	16	38,367	111,647	147,987	353,805
Fee and commission income		157,495	56,128	447,862	198,413
Fee and commission expense		(3,941)	(2,141)	(8,838)	(6,704)
Net fee and commission income	17	153,554	53,987	439,024	191,709
Income from dealing in foreign currencies		9,453	61,736	(178,351)	80,445
		201,374	227,370	408,660	625,960
Other income	18	11,442	59,509	18,762	89,821
Impairment (allowances) / reversal and charge off	7.5	-	(52,818)	53	(182,613)
Gain/ (Loss) on sale of securities		477	24,222	24,754	48,202
Employee compensation	19	(31,741)	(39,168)	(96,225)	(124,325)
Operating lease expenses		(768)	(47)	(1,410)	(457)
Finance cost on lease liability		(1,567)	(2,911)	(5,577)	(5,944)
Depreciation		(13,014)	(15,488)	(42,509)	(45,116)
Amortization		-	(6,536)	(4,365)	(19,607)
Administrative expense	20	(50,795)	(52,757)	(168,089)	(212,549)
		(97,408)	(145,503)	(293,368)	(542,410)
Profit before tax		115,408	141,376	134,054	173,371
Taxation		(19,119)	(28,275)	(33,272)	(43,140)
Profit after tax		96,289	113,101	100,782	130,231
Other comprehensive income					
Items to be reclassified subsequently to profit or loss					
- Unrealized gain/(loss) on revaluation of AFS investment		2,125	(18,970)	(173,143)	(31,373)
- Related deferred tax		(425)	3,794	34,629	6,275
		1,700	(15,176)	(138,514)	(25,098)
Items not to be classified subsequently to profit & loss					
		-	-	-	-
Total comprehensive income for the period		97,989	97,925	(37,732)	105,133

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 Nine Months Ended September 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	-	-	130,231	-	130,231
Dividend Distribution	-	-	(158,401)	-	(158,401)
Contingency reserve fund	-	14,843	(14,843)	-	-
Other comprehensive income for the period - unrealized	-	-	-	(868)	(868)
	-	14,843	(43,014)	(868)	(29,038)
Balance as at September 30, 2021 (Un-audited)	<u>1,267,000</u>	<u>42,632</u>	<u>432,405</u>	<u>(25,098)</u>	<u>1,716,939</u>
Balance as at December 31, 2021 (Audited)	1,267,000	42,632	668,194	(52,320)	1,925,506
Profit for the period	-	-	100,782	-	100,782
Dividend Distribution	-	-	(21,874)	-	(21,874)
Contingency reserve fund	-	18,300	(18,300)	-	-
Other comprehensive income for the period - unrealized	-	-	-	(86,194)	(86,194)
	-	18,300	60,608	(86,194)	(7,286)
Balance as at September 30, 2022 (Un-audited)	<u>1,267,000</u>	<u>60,932</u>	<u>728,802</u>	<u>(138,514)</u>	<u>1,918,220</u>

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

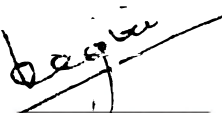
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Chief Financial Officer



Chief Executive Officer

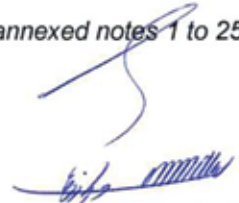


Chairman

**GHAZANFAR BANK****Condensed Interim Statement of Cash Flow (Un-Audited)****For the Nine Months Ended September 30, 2022**

	30-Sep-22 ..... AFN '000' .....	30-Sep-21
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	134,054	173,371
<b>Adjustments for:</b>		
Impairment allowances / (reversal) and charge off	(53)	182,613
Gain/ (Loss) on sale of securities	-	(48,202)
Finance cost on lease liability	5,577	5,944
Exchange loss on lease liability	4,831	1,528
Depreciation	42,509	45,116
Amortization	4,365	19,607
	<u>191,283</u>	<u>379,977</u>
<b>(Increase) / decrease in current assets</b>		
Loans and advances	1,351,898	(105,334)
Other assets	288,271	(436,521)
	<u>1,640,169</u>	<u>(541,855)</u>
<b>Increase / (decrease) in current liabilities</b>		
Deposits from customers	(1,475,316)	(3,111,608)
Deposits from financial institutions	1,003,387	192,736
Other liabilities	(16,256)	36,015
	<u>1,151,984</u>	<u>(3,424,712)</u>
	<u>1,343,267</u>	<u>(3,044,735)</u>
Tax paid	(64,516)	(46,496)
<b>Net cash generated from / (used in) operating activities</b>	<u>1,278,751</u>	<u>(3,091,231)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(3,135)	(19,579)
Placements	28,725	291,390
Investments	(548,641)	814,852
<b>Net cash generated from / (used in) investing activities</b>	<u>(523,051)</u>	<u>1,086,664</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of lease liability	(31,173)	(23,555)
Dividend paid	(19,615)	(143,472)
<b>Net cash used in financing activities</b>	<u>(50,788)</u>	<u>(167,027)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>704,910</u>	<u>(2,171,595)</u>
Cash and cash equivalents, beginning of period	4,390,697	6,890,521
<b>Cash and cash equivalents, end of period</b>	<u>5,095,607</u>	<u>4,718,926</u>

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 Nine Months Ended September 30, 2022**

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#### **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,

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 Fifteen 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 September 30, 2022 (including comparatives) have been approved and authorized for issue by the Board of Supervisors on November 14, 2022.

#### **2 STATEMENT OF COMPLIANCE**

- 2.1 This condensed interim financial information of the Bank for the Nine months period ended 30 September 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
- 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 Nine months period ended 30 September 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 Nine Months Ended September 30, 2022**

		(Un-audited) 30-Sep-22	(Audited) 31-Dec-21
	Notes	AFN '000'	
<b>4 CASH AND CASH EQUIVALENTS</b>			
Cash in hand	4.1	1,284,370	1,043,065
Balances with banks	4.2	3,811,237	3,347,632
		<u>5,095,607</u>	<u>4,390,697</u>
<b>4.1 Cash in hand</b>			
Local currency		292,855	177,997
Foreign currencies		991,515	865,068
		<u>1,284,370</u>	<u>1,043,065</u>
<b>4.2 Balances with banks</b>			
Balances with central bank			
Local currency current accounts		236,799	90,295
Foreign currency current accounts		986,400	2,147,971
		<u>1,223,199</u>	<u>2,238,266</u>
Balances with other banks (foreign/domestic)		2,588,038	1,109,366
		<u>3,811,237</u>	<u>3,347,632</u>

- 5 These include short time deposits with foreign banks carrying interest rate ranging from 2.5% to 3.5% (2021: 1.75% to 2.60%) per annum.

		(Un-audited) 30-Sep-22	(Audited) 31-Dec-21
	Notes	AFN '000'	
<b>6 INVESTMENTS</b>			
<b>Available for sale</b>			
Investment in bonds	6.1	333,451	400,237
<b>Held for trading</b>			
Investment in equity	6.2	196,514	380,400
Investment in gold		-	411,545
		<u>196,515</u>	<u>791,945</u>
<b>Held to maturity</b>			
Investment in bonds	6.3	1,103,115	-
		<u>1,103,115</u>	<u>-</u>
		<u>1,633,080</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 These represent an investment in Sovereign bonds of Turkey, Qatar, and Egypt countries and Treasury bills having coupon rates ranging from 1.52% to 5.58% per annum. These investments have a maturity date of April 23, 2023. SHUAA Capital PSC UAE and FABS investment advisors are acting as the custodian of these investment.

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

7 LOANS AND ADVANCES		30 September 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	1,008,829	(220,216)	788,613	1,930,349	(258,765)	1,671,585
SME loans	7.2	20,070	(18)	20,052	33,223	(26)	33,197
Term loans	7.3	1,361,241	(91,841)	1,269,400	1,304,895	(107,062)	1,197,833
		2,390,140	(312,075)	2,078,065	3,268,467	(365,853)	2,902,615
Islamic financing							
Murabaha	7.4	325,803	(23,875)	301,928	857,245	(28,022)	829,223
		2,715,943	(335,950)	2,379,993	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 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 6.5% 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 152,745 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 4% 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 164,219 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**

Opening balance  
Charge for the period / year  
Reversal made during the period / year  
Net impairment allowance on funded facilities  
Closing balance

(Un-audited) (Audited)  
30-Sep-22 31-Dec-21  
..... AFN '000' .....

393,875	195,705
-	205,886
(57,925)	(7,716)
(57,925)	198,170
335,950	393,875

**Net impairment allowance and charge off**

Net impairment allowance on funded facilities  
Impairment allowance on receivables from FI's  
Exchange loss / (gain) on currency translation  
Net impairment allowance on non-funded facilities  
Net provision on accrued interest/ profit  
Loan charged off during the period / year  
Provisions on funded and non-funded facilities - Net

(57,925)	198,170
-	79,936
57,872	(99,334)
-	122
-	523
-	450
(53)	179,866

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

		(Un-audited) 30-Sep-22 ..... AFN '000' .....	(Audited) 31-Dec-21 .....
<b>8 PROPERTY AND EQUIPMENT</b>	<i>Notes</i>		
<i>Operating fixed assets</i>			
Owned	8.1	211,938	232,737
Leased			
- Right of use asset	8.2	68,216	110,177
Capital work in progress		4,733	5,366
		<u>284,887</u>	<u>348,280</u>
<b>8.1 Cost</b>			
Opening balances		503,173	552,074
Additions during the period / year		3,135	19,839
Transfer from capital work in progress		218	4,273
Adjustment		6	-
Relocation		-	(4,587)
Disposals during the period / year		(98)	(68,426)
Closing balances		<u>506,434</u>	<u>503,173</u>
<i>Accumulated Depreciation</i>			
Opening balances		270,437	312,290
Charge during the period / year		24,151	30,485
Adjustment		6	-
Relocation		-	(4,587)
Disposals during the period / year		(98)	(67,752)
Closing balances		<u>294,496</u>	<u>270,437</u>
<i>Written down value</i>		<u>211,938</u>	<u>232,737</u>
<b>8.2 Right of use assets</b>			
<i>Cost</i>			
Opening balance		184,912	181,416
Additions during the year/ period		6,193	49,531
Lease modification		(10,663)	(9,855)
Write-Off		(19,011)	(32,501)
Adjustment		(122)	(3,679)
Closing balances		<u>161,309</u>	<u>184,912</u>
<i>Accumulated Depreciation</i>			
Opening balance		74,735	44,206
Depreciation expense for the year/period		18,358	30,528
Closing balances		<u>93,093</u>	<u>74,735</u>
<b>Carrying Amount</b>		<u>68,216</u>	<u>110,177</u>

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

		(Un-audited) 30-Sep-22	(Audited) 31-Dec-21
		..... AFN '000' .....	
<b>9</b>	<b>INTANGIBLE ASSETS</b>		
	<b>Cost</b>		
	Opening balances	83,365	78,778
	Transfer from Property and Equipment	-	4,587
	Closing Balance	83,365	83,365
	<b>Amortization</b>		
	Opening balances	79,001	48,271
	Amortization for the period/year	4,364	26,143
	Transfer from Property and Equipment	-	4,587
	Closing Balance	83,365	79,001
	<b>Carrying Amount</b>	-	4,365
	<b>Useful life</b>	3 years	3 years
<b>10</b>	<b>OTHER ASSETS</b>		
	Restricted deposits with DAB	10.1	483,243
	Prepayments		77,823
	Receivable from Western Union		43,467
	Profit receivable	10.2	15,008
	Interest receivable	10.3	61,329
	Security deposits	10.4	686,632
	Deferred tax		34,629
	Receivable from financial institutions (FIs)	10.5	93,952
	Others		2,217
		<u>1,498,300</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 441 million and an amount of AFN 215 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 Nine Months Ended September 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-Sep-22 ..... AFN '000' .....	(Audited) 31-Dec-21 ..... AFN '000' .....
Receivable from financial institutions (FIs)	217,075	254,817
Provision reserve on receivables from financial institutions (FIs)	(123,123)	(144,529)
	<u>93,952</u>	<u>110,288</u>

**11 DEPOSITS FROM CUSTOMERS****Conventional**

Current deposits	2,837,174	3,833,655
Saving deposits	530,506	720,415
Term deposits	99,519	281,295
	<u>3,467,199</u>	<u>4,835,365</u>

**Islamic**

Al Wadiah current deposits	994,317	544,504
Mudarabah saving deposits	851,537	1,083,179
Mudarabah fixed deposits	564,939	717,191
	<u>2,410,793</u>	<u>2,344,874</u>

**Margin deposits**

Margin deposits - expired	18,336	21,497
Margin deposits - unexpired	11.1 1,595,229	1,765,137
	<u>1,613,565</u>	<u>1,786,634</u>
	<u>7,491,557</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.

	(Un-audited) 30-Sep-22 ..... AFN '000' .....	(Audited) 31-Dec-21 ..... AFN '000' .....
<b>12 DEPOSITS FROM FINANCIAL INSTITUTIONS</b>		
Current deposits	1,289,355	101,888
Term deposits	1,058,760	1,242,840
	<u>2,348,115</u>	<u>1,344,728</u>

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

	(Un-audited) 30-Sep-22	(Audited) 31-Dec-21
	..... AFN '000' .....	
<b>13 OTHER LIABILITIES</b>		
Interest payable on customer deposits	11,606	15,035
Withholding tax	15,671	12,637
Unearned commission on bank guarantees	16,396	32,761
Accrued expenses	16,402	26,444
Dividend Payable	16,991	14,929
Other liabilities	42,975	32,429
	<u>120,041</u>	<u>134,235</u>
<b>14 LEASE LIABILITY</b>		
Opening balance	76,441	99,286
Addition during the year / period	6,193	49,531
Payment during the year / period - principal	(20,765)	(37,935)
Accrued finance cost for the year / period	5,577	8,864
Lease modification	(4,034)	(9,855)
Write off	(19,634)	(36,456)
Exchange rate fluctuation	(4,831)	3,006
Carrying amount	<u>38,947</u>	<u>76,441</u>
<b>15 CONTINGENCIES AND COMMITMENTS</b>		
<b>Contingencies</b>		
Contingencies - Bank guarantees issued	5,778,969	6,477,875
Letters of credits	36,615	42,982
<b>Commitments - Un-used portion of Overdraft</b>	<u>7,139</u>	<u>130,201</u>
	(Un-audited) 30-Sep-22	(Un-audited) 30-Sep-21
	..... AFN '000' .....	
<b>16 NET INTEREST INCOME</b>		
<b>Interest income</b>		
Interest income on Placements	12,761	23,440
Interest income on balances with DAB	-	42,533
Loans and advances	144,005	343,600
Bonds and Sukuk	24,770	6,576
Total interest income	<u>181,536</u>	<u>416,149</u>
<b>Interest expense</b>		
Customer deposits	33,549	62,344
Net interest income	<u>147,987</u>	<u>353,805</u>
<b>16.1 Interest expense on customers deposits</b>		
Term deposits	30,908	43,995
Saving deposits	2,641	8,303
Other expense on short term borrowings	-	10,046
	<u>33,549</u>	<u>62,344</u>

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

	(Un-audited) 30-Sep-22	(Un-audited) 30-Sep-21
	..... AFN '000' .....	
<b>17 NET FEE AND COMMISSION INCOME</b>		
<b>Fee and commission income</b>		
Commission on bank guarantees	47,346	87,777
Commission on letter of credits	3,450	3,245
Loan processing fee	2,019	10,101
Fund transfer fee	370,816	74,797
Deposit accounts servicing	24,231	22,493
<b>Total fee and commission income</b>	<b>447,862</b>	<b>198,413</b>
<b>Fee and commission expense</b>		
Inter bank transaction fee	(8,838)	(6,704)
<b>Net fee and commission income</b>	<b>439,024</b>	<b>191,709</b>
<b>18 OTHER INCOME</b>		
Gain / (Loss) on sale of investment in gold	(9,817)	49,819
Recovery of loan previously written off	2,858	37,125
Other	25,721	2,877
	<b>18,762</b>	<b>89,821</b>
<b>19 EMPLOYEE COMPENSATION</b>		
Salaries and wages	96,216	119,394
Staff bonus	9	4,737
Staff welfare	-	194
	<b>96,225</b>	<b>124,325</b>
<b>20 ADMINISTRATIVE EXPENSE</b>		
Security guards expenses	15,429	32,571
Software annual maintenance	13,913	14,779
Insurance	14,340	27,528
Communication	5,336	8,202
Advertisement	7,304	16,680
Travelling and conveyance	4,868	6,707
Utilities	7,752	8,641
Fuel	3,845	3,154
Repair and maintenance	4,549	9,349
Stationery and printing	3,536	5,753
Donation	52,120	42,329
Food expenses	4,695	6,211
Staff training	1,306	1,285
Legal & Audit fee	9,697	4,255
Other expenses	19,399	25,105
	<b>168,089</b>	<b>212,549</b>

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**GHAZANFAR BANK****Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Nine Months Ended September 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-Sep-22	(Audited) 31-Dec-21
<b>Balances at period / year end</b>		
<b>Shareholders</b>		
Prepayment/ Security Deposit for Hairatan Branch	50,158	51,613
Deposits	2,723	2,222
<b>Key management personnel</b>		
Deposits	16,969	4,163
<b>Associated entities</b>		
Loans and advances	68,940	67,273
Deposits	39,018	4,999
	(Un-audited) 30-Sep-22	(Un-audited) 30-Sep-21
<b>Transaction during the period</b>		
<b>Key management personnel</b>		
Short term employee benefits	18,545	23,804
<b>Associated entities</b>		
Interest income on loans and advances	3,363	4,741
Rent paid	791	116
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.

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

- 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.
  - 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 September 30, 2022 is as follows:

	(Un-audited) 30-Sep-22	(Audited) 31-Dec-21
<b>Tier 1 capital</b>		
Share holders' equity	1,918,220	1,925,506
Less: Other Equity Components	138,514	52,320
Less: Profit for the period / year	(100,782)	(366,019)
Less: Intangible assets	-	(4,365)
Net Deferred Tax Assets	(34,629)	(13,080)
<b>Total tier 1 (core) capital</b>	<b>1,921,323</b>	<b>1,594,362</b>
<b>Tier 2 capital</b>		
General allowances on Standard Advances	22	22
Revaluation Reserves on Available-for Sale Investments	-	-
Add: Profit for the year	100,782	366,019
<b>Total tier 2 (supplementary) capital</b>	<b>100,804</b>	<b>366,041</b>
<b>Less: Equity investment</b>	<b>-</b>	<b>-</b>
<b>Total Regulatory capital = Tier 1 + Tier 2</b>	<b>2,022,127</b>	<b>1,960,403</b>
<b>Risk-weight categories</b>		
<b>0% risk weight:</b>		
Cash in Afghani and fully-convertible foreign currencies	1,284,370	1,043,065
Direct claims on DAB	1,706,442	2,874,707
Direct claims on other Governments	856,604	-
Loans Collateralized by Blocked Deposits	-	120,000
Others	-	444,702
<b>Total</b>	<b>3,847,416</b>	<b>4,482,474</b>
<b>0% risk-weight total (above total x 0%)</b>	<b>-</b>	<b>-</b>
<b>20% risk weight:</b>		
Demand Deposits with Banks	2,588,038	1,109,366
Time Deposits with Banks	1,058,760	1,087,485
Others	-	411,545
Guaranteed by Multilateral Lending Institutions	226,571	-
<b>Total</b>	<b>3,873,369</b>	<b>2,608,396</b>
<b>20% Risk-Weight Total (Above Total x 20%)</b>	<b>774,674</b>	<b>521,679</b>
<b>50% risk weight:</b>		
Qualifying Residential Mortgage Loans	-	-
Qualifying Real Estate Construction Loans	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>50% risk-weight total (above total x 50%)</b>	<b>-</b>	<b>-</b>

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

	(Un-audited) 30-Sep-22	(Audited) 31-Dec-21
<b>100% risk weight</b>		
Loans gross amount	2,489,372	3,561,010
Property & Equipment's	284,887	348,280
All Other Assets	1,544,805	1,640,526
Total	4,319,064	5,549,816
<b>100% Risk-Weight Total (Above Total x 100%)</b>	<b>4,319,064</b>	<b>5,549,816</b>
<b>Off-balance-sheet items with 0% Credit Conversion Factor</b>		
Undrawn loan and overdraft facilities	7,139	130,201
Guarantees	-	-
Total	7,139	130,201
<b>0% Credit Conversion Factor Total (Above Total x 0%)</b>	<b>-</b>	<b>-</b>
<b>Off-balance-sheet items with 20% Credit Conversion Factor</b>		
Commercial letters of credit	-	-
100% Risk Weight	29,292	34,385
Total	29,292	34,385
<b>20% Credit Conversion Factor Total (Risk-Weighted Total x 20%)</b>	<b>5,858</b>	<b>6,877</b>
<b>Off-balance sheet items with 100% Credit Conversion Factor</b>		
Guarantees and Standby Letters of Credit	-	437,570
20% Risk Weight	912,623	2,533,482
100% Risk Weight	912,623	2,971,052
Total	912,623	2,971,052
<b>100% Credit Conversion Factor Total(Risk-Weighted Totals x 100%)</b>	<b>912,623</b>	<b>2,971,052</b>
	<b>6,012,220</b>	<b>9,049,425</b>
<b>Tier 1 Capital Ratio</b>	<b>31.96</b>	<b>17.62</b>
<b>Regulatory Capital Ratio</b>	<b>33.63</b>	<b>21.66</b>

Currently the bank is having above AFN 4,244.37 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**

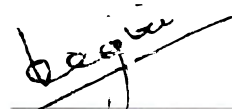
No significant reclassification/rearrangement has been made in these condensed interim financial statements. Figures have been rounded off to the nearest Thousand of AFN.



Chief Financial Officer



Chief Executive Officer



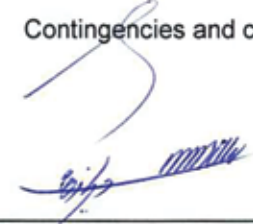
Chairman



**GHAZANFAR BANK****Notes to the Condensed Interim Financial Statements (Un-Audited)****For the Nine Months Ended September 30, 2022****24 Islamic Banking Information****24.1 Islamic Banking Financial Position**

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

	(Un-audited) 30-Jun-22	(Audited) 31-Dec-21
	..... AFN '000' .....	
<b>ASSETS</b>		
Cash and cash equivalents	1,305,080	910,120
Murabaha with Financial Institutions	1,058,760	1,087,485
Investments in Sukuk securities	133,206	-
Murabaha Islamic Financing	301,928	829,223
Other assets	260,101	221,176
<b>Total assets</b>	<b>3,059,075</b>	<b>3,048,004</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Retained earnings	181,471	191,300
<b>Total equity</b>	<b>181,471</b>	<b>191,300</b>
<b>LIABILITIES</b>		
Al Wadiah current deposits	994,317	544,504
Mudarabah saving deposits	851,537	1,083,179
Mudarabah fixed deposits	1,008,418	1,188,276
Other liabilities	23,332	20,680
Provision for taxation	-	20,065
<b>Total liabilities</b>	<b>2,877,604</b>	<b>2,856,704</b>
<b>Total equity and liabilities</b>	<b>3,059,075</b>	<b>3,048,004</b>
Contingencies and commitments	1,004,098	1,029,314


  
Chief Financial Officer


  
Chief Executive Officer


  
Chariman

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

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

	Quarter Ended		Nine Months ended	
	30-Sep-22 (Un-audited)	30-Sep-21 (Un-audited)	30-Sep-22 (Un-audited)	30-Sep-21 (Un-audited)
	..... AFN '000' .....			
Total profit income	12,737	34,995	52,317	106,368
Total profit Expense	(1,473)	(2,748)	(6,423)	(13,182)
<b>Net Profit income</b>	<b>11,264</b>	<b>32,247</b>	<b>45,894</b>	<b>93,186</b>
Revenue from banking services	27,589	6,295	45,407	22,915
Expense on banking services	(954)	(907)	(2,210)	(1,941)
<b>Net revenue form banking services</b>	<b>26,635</b>	<b>5,388</b>	<b>43,197</b>	<b>20,973</b>
Income from dealing in foreign currencies	(6,310)	40,734	(47,475)	49,004
	31,589	78,369	41,616	163,163
Other income	1,933	770	3,889	6,982
Impairment allowances and charge off	-	(5,133)	-	(16,062)
Employee compensation	(6,156)	(10,978)	(19,252)	(32,557)
Operating lease expenses	(158)	(24)	(294)	(113)
Finance cost on lease liability	(324)	(825)	(1,176)	(1,320)
Depreciation and Amortization	(2,721)	(4,828)	(10,506)	(14,322)
Administrative expense	(10,604)	(16,212)	(24,105)	(43,202)
	(19,963)	(37,999)	(55,333)	(107,576)
<b>Profit before tax</b>	<b>13,559</b>	<b>41,139</b>	<b>(9,829)</b>	<b>62,569</b>
Taxation	-	(8,228)	-	(12,514)
<b>Profit after tax</b>	<b>13,559</b>	<b>32,912</b>	<b>(9,829)</b>	<b>50,056</b>

**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