

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION 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 2023**, and the related condensed interim statement of comprehensive income, changes in equity and cash flows for the three months then ended, and notes to the condensed interim financial information ('here-in-after referred to as the condensed interim financial information'). Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the requirement of the Law of Banking in Afghanistan and International Accounting Standards 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information 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 condensed interim financial information 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 the accompanying condensed interim financial information is not prepared in all material respects, in accordance with the requirements of Law of Banking in Afghanistan and International Accounting Standards 34 "Interim Financial Reporting".

Emphasis of Matter

We draw attention to note 6.1.1 to the condensed financial information which shows that additional impairment allowance would be required for loan and advances if asset classification provisioning regulation was effective as of 31 March 2023.

**Chartered Accountants****Engagement Partner:** Muhammad Saqlain Siddiqui**Date:** 21 May 2023**Place:** Kabul, Afghanistan

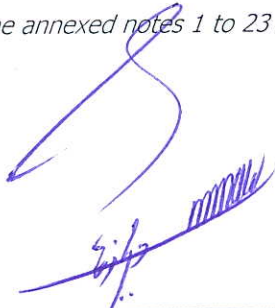
GHAZANFAR BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2023

		(Un-Audited) 31-Mar-23	(Audited) 31-Dec-22
	Notes AFN '000'	
ASSETS			
Cash and cash equivalents	4	7,105,467	7,330,956
Investments	5	907,581	1,620,943
Loans and advances	6	2,078,978	2,264,178
Property and equipment	7	274,282	273,907
Deferred tax assets		27,489	33,322
Other assets	8	1,510,204	1,691,419
Total assets		11,904,001	13,214,725
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,267,000	1,267,000
Capital Reserves		60,932	60,932
Retained earnings		794,816	784,233
Revaluation deficit on financial instruments at FVOCI		(109,955)	(133,287)
Total equity		2,012,793	1,978,878
LIABILITIES			
Deposits from customers	9	7,525,931	9,393,451
Deposits from financial institutions	12	2,172,827	1,641,071
Other liabilities	11	148,998	118,191
Lease liability	12	40,329	34,516
Provision for taxation		3,123	48,618
Total liabilities		9,891,208	11,235,847
Total equity and liabilities		11,904,001	13,214,725

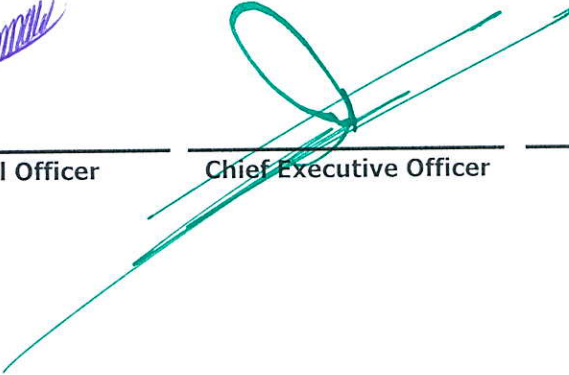
Contingencies and commitments

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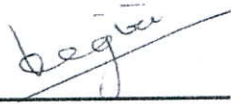
The annexed notes 1 to 23 form an integral part of these financial information.



Chief Financial Officer



Chief Executive Officer



Chairman

GHAZANFAR BANK
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

		(Un-Audited) 31-Mar-23	(Un-Audited) 31-Mar-22
	Notes AFN '000'	
Interest income		45,039	78,116
Interest expense		(3,919)	(12,410)
Net interest income	14	41,120	65,706
Fee and commission income		106,028	118,758
Fee and commission expense		(6,963)	(3,420)
Net fee and commission income	15	99,065	115,338
Income from dealing in foreign currencies		(14,509)	(183,564)
		125,676	(2,521)
Other income	16	15,883	(8,277)
Impairment (allowances) / reversal	6.1	(29,577)	53
Loss on sale of securities		-	24,277
Employee compensation	17	(39,256)	(32,480)
Operating lease expenses		(203)	(215)
Finance cost on lease liability		(1,521)	(2,335)
Depreciation		(12,283)	(15,156)
Amortization		-	(4,365)
Administrative expense	18	(45,492)	(29,227)
		(128,332)	(59,448)
Profit / (loss) before tax		13,229	(70,246)
Taxation		(2,646)	-
Profit / (loss) for the period		10,583	(70,246)
Other comprehensive income			
Items to be reclassified subsequently to profit or loss			
- Unrealized loss on revaluation of AFS investment		(137,444)	(87,247)
- Related deferred tax		27,489	17,449
		(109,955)	(69,798)
Items not to be classified subsequently to profit & loss		-	-
Total comprehensive loss for the period		(99,372)	(140,044)

The annexed notes 1 to 23 form an integral part of these financial information.

Chief Financial Officer

Chief Executive Officer

Chairman

GHAZANFAR BANK
CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023

	31-Mar-23	31-Mar-22
 AFN '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	13,229	(70,246)
Adjustments for:		
Impairment allowances / (reversal)	29,577	(53)
Finance cost on lease liability	2,132	2,335
Exchange loss on lease liability	488	1,980
CWIP expensed out	-	562
Depreciation	12,283	15,156
Amortization	-	4,365
	<u>57,709</u>	<u>(45,900)</u>
Changes in assets		
Loans and advances	155,623	867,503
Other assets	174,784	205,043
	<u>330,407</u>	<u>1,072,546</u>
Changes in liabilities		
Deposits from customers	(1,867,521)	(1,627,524)
Deposits from financial institutions	531,757	(211,691)
Other liabilities	30,808	738
	<u>(1,304,957)</u>	<u>(765,931)</u>
	(916,841)	(811,831)
Tax paid	(42,849)	(64,516)
Net cash used in operating activities	<u>(959,690)</u>	<u>(876,347)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(609)	(471)
Capital work in progress	(196)	(1,557)
Placements	-	158,025
Investments	742,527	451,049
Net cash generated from investing activities	<u>741,722</u>	<u>607,047</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liability	(7,521)	(11,894)
Net cash used in financing activities	<u>(7,521)</u>	<u>(11,894)</u>
Net decrease in cash and cash equivalents	<u>(225,489)</u>	<u>(281,195)</u>
Cash and cash equivalents, beginning of year	7,330,956	4,390,697
Cash and cash equivalents, end of period	<u>7,105,467</u>	<u>4,109,502</u>

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The annexed notes 1 to 23 form an integral part of these financial information.

Chief Financial Officer

Chief Executive Officer

Chairman

GHAZANFAR BANK
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023

	Issued, subscribed and paid-up share capital	Capital Reserves	Retained Earnings	Revaluation deficit on financial instruments at FVOCI	Total
	AFN '000'				
Balance as at December 31, 2021 (Audited)	1,267,000	42,632	668,194	(52,320)	1,925,506
Loss for the period	-	-	(70,246)	-	(70,246)
Revaluation deficit on financial instruments at FVOCI	-	-	-	(17,478)	(17,478)
	-	-	(70,246)	(17,478)	(87,724)
Balance as at March 31, 2022 (Un-audited)	<u>1,267,000</u>	<u>42,632</u>	<u>597,948</u>	<u>(69,798)</u>	<u>1,837,782</u>
Balance as at December 31, 2022 (Audited)	1,267,000	60,932	784,233	(133,287)	1,978,878
Profit for the period	-	-	10,583	-	10,583
Revaluation deficit on financial instruments at FVOCI	-	-	-	23,332	23,332
	-	-	10,583	23,332	33,915
Balance as at March 31, 2023 (Un-audited)	<u>1,267,000</u>	<u>60,932</u>	<u>794,816</u>	<u>(109,955)</u>	<u>2,012,793</u>

The annexed notes 1 to 23 form an integral part of these financial information.


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, 2023

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 Fifteen branches with Islamic Banking operations (2022: Eightteen branches with Islamic banking operations) in different provinces of Afghanistan.

This condensed interim financial information for the period ended March 31, 2023 (including comparatives) have been approved and authorized for issue by the Board of Supervisors on 24, May, 2023.

2 STATEMENT OF COMPLIANCE

- 2.1** This condensed interim financial information of the Bank for the three months period ended 31 March 2023 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 2022.
- 2.3** Comparative statement of financial position is extracted from the annual financial statements as at 31 December 2022 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 2022.

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 2023 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 2022.
- 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 2022.
- 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 2022. mal

GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023

		(Un-Audited) 31-Mar-23	(Audited) 31-Dec-22
	Notes AFN '000'	
4 CASH AND CASH EQUIVALENTS			
Cash in hand	4.1	822,720	1,030,998
Balances with banks	4.2	5,225,651	4,883,774
Balances with investment managers	4.3	1,057,096	345,184
Short term placements	4.4	-	1,071,000
		<u>7,105,467</u>	<u>7,330,956</u>
4.1 Cash in hand			
Local currency		445,894	248,111
Foreign currencies		<u>376,826</u>	<u>782,887</u>
		822,720	1,030,998
4.2 Balances with banks			
<i>Balances with central bank</i>			
Local currency current accounts		1,907,765	2,211,942
Foreign currency current accounts		<u>1,568,779</u>	<u>574,664</u>
		3,476,544	2,786,606
 Balances with other banks (domestic)		 35	 36
Balances with other banks (foreign)		<u>1,749,072</u>	<u>2,097,132</u>
		<u>5,225,651</u>	<u>4,883,774</u>
4.3 Balances with investment managers			
This represents balances held with the investment management companies (First Abu Dhabi Bank, SHUAA Capital and Daman Investments).			
4.4 Short term placements			
These include short time deposits (less than 3 months) having BB risk rating with foreign banks, carrying interest rate ranging from 2022: 3% to 3.75% per annum.			
		(Un-Audited) 31-Mar-23	(Audited) 31-Dec-22
	 AFN '000'	
5 INVESTMENTS			
<i>Available for sale</i>			
Investment in bonds		331,012	338,474
<i>Held for trading</i>			
Investment in equity		198,269	179,357
Investment in gold		-	-
		<u>198,269</u>	<u>517,831</u>
Loss reserve on debt instruments		(13,041)	(13,388)
 <i>Held to maturity</i>			
Investment in bonds		<u>391,341</u>	<u>1,116,500</u>
		391,341	1,116,500
		<u>907,581</u>	<u>1,620,943</u>

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023

	(Un-Audited) 31-Mar-23	(Audited) 31-Dec-22
	----- AFN '000 -----	
6 LOANS AND ADVANCES TO CUSTOMERS - NET		
Conventional loans	1,997,581	2,193,399
Islamic loans	395,969	410,578
	<u>2,393,550</u>	<u>2,603,977</u>
IMPAIRMENT		
Conventional loans	(307,557)	(315,647)
Islamic loans	(7,014)	(24,151)
	<u>(314,572)</u>	<u>(339,798)</u>
	<u>2,078,978</u>	<u>2,264,178</u>

	31 March 2023			31 December 2022		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
	----- AFN '000' -----					
Conventional financing						
Running finance	994,115	(217,668)	776,446	1,020,293	(223,377)	796,917
SME loans	15,847	(26)	15,821	17,773	(26)	17,746
Term loans	987,619	(89,863)	897,756	1,155,333	(92,244)	1,063,088
	<u>1,997,581</u>	<u>(307,557)</u>	<u>1,690,023</u>	<u>2,193,399</u>	<u>(315,647)</u>	<u>1,877,751</u>
Islamic financing						
Murabaha	395,969	(7,014)	388,955	410,578	(24,151)	386,427
	<u>2,393,550</u>	<u>(314,572)</u>	<u>2,078,978</u>	<u>2,603,977</u>	<u>(339,798)</u>	<u>2,264,178</u>

6.1 Impairment allowance

	(Un-Audited) 31-Mar-23	(Audited) 31-Dec-22
	----- AFN '000 -----	
Charge for the period / year	339,798	393,876
Reversal made during the period / year	-	(54,024)
Net impairment allowance on funded facilities	(25,227)	(53)
Closing balance	<u>(25,227)</u>	<u>(54,077)</u>
	<u>314,572</u>	<u>339,798</u>
Net impairment allowance and charge off		
Net impairment allowance on funded facilities	(25,227)	(54,077)
Net provision on AFS investments	-	13,124
Exchange loss / (gain) on currency translation	8,705	54,024
Net provision on accrued interest/ profit	-	18,082
Loan charged off during the period / year	<u>46,098</u>	<u>-</u>
Provisions on funded and non-funded facilities - Net	<u>29,577</u>	<u>31,153</u>

6.1.1 During the period, the DAB has issued a circular to the banks, notifying further deferral of the ACPR application on loans and advances to customers up to 02 April 2024. Accordingly, the bank has opted for deferral in the application of ACPR, in preparing the interim financial information for the period ended on 31 March 2023. The ACPR if effective as of 31 March 2023, would have result in additional provision amounting to AFN 839.15mn.

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023

		(Un-Audited) 31-Mar-23	(Audited) 31-Dec-22
	 AFN '000'	
7	PROPERTY AND EQUIPMENT		
	Operating fixed assets		
	Owned	7.1 198,098	204,354
	Right of use asset	7.2 72,148	65,714
	Capital work in progress	4,036	3,840
		<u>274,282</u>	<u>273,907</u>
7.1	Cost		
	Opening balances	505,633	503,173
	Additions during the period / year	609	3,319
	Transfer from capital work in progress	-	309
	Disposals during the period / year	(5,588)	(1,168)
	Closing balances	<u>500,654</u>	<u>505,633</u>
	Accumulated Depreciation		
	Opening balances	301,279	270,437
	Charge during the period / year	6,845	31,956
	Adjustment	(26)	-
	Disposals during the period / year	(5,543)	(1,114)
	Closing balances	<u>302,556</u>	<u>301,279</u>
	Written down value	<u>198,098</u>	<u>204,354</u>
7.2	Right of use assets		
	Cost		
	Opening balance	162,902	184,912
	Additions during the year/ period	16,279	7,786
	Lease modification	(4,408)	(10,663)
	Write-Off	-	(19,011)
	Adjustment	-	(122)
	Closing balances	<u>174,773</u>	<u>162,902</u>
	Accumulated Depreciation		
	Opening balance	97,188	74,735
	Depreciation expense for the year/period	5,437	22,454
	Closing balances	<u>102,625</u>	<u>97,188</u>
	Carrying Amount	<u>72,148</u>	<u>65,714</u>

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GHAZANFAR BANK

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2023

		(Un-Audited) 31-Mar-23	(Audited) 31-Dec-22
	 AFN '000'	
8 OTHER ASSETS			
Restricted deposits with DAB	8.1	649,588	682,578
Prepayments		72,776	72,673
Receivable from Western Union		43,193	37,524
Profit receivable	8.2	4,053	5,776
Interest receivable	8.3	5,192	18,598
Security deposits	8.4	544,746	776,985
Receivable from NGO's	8.5	94,110	-
Receivable from financial institutions (FIs)	8.6	92,579	95,039
Others		3,967	2,246
		<u>1,510,204</u>	<u>1,691,419</u>

8.1 This represents non-interest bearing statutory reserves maintained with DAB as minimum reserve calculated at 7% for local currency and 9% of foreign currency deposits in accordance with the Banking Regulations.

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

8.3 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.

8.4 This represents security deposit of performance guarantee for electricity bill collections in favour of DABS from Pashtany Bank account amounting to AFN 435 million and an amount of AFN 80 million was blocked by Ziraat Bank from Bank's account with Ziraat Bank, Turkey, due to a performance guarantee issued.

8.5 This represents physical cash delivery services on behalf of NGOs in Afghanistan. As per the contractual terms and conditions of the service agreement, the bank is entitled to receive reimbursement of the delivered funds plus commission.

8.6 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-23	(Audited) 31-Dec-22
	 AFN '000'	
Note			
Receivable from financial institutions		213,901	219,585
Provision reserve on receivables from FIs		(121,322)	(124,546)
		<u>92,579</u>	<u>95,039</u>

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023

	Note	(Un-Audited) 31-Mar-23 AFN	(Audited) 31-Dec-22 '000'
9 DEPOSITS FROM CUSTOMERS			
Conventional			
Current deposits		2,224,427	3,505,787
Saving deposits		471,299	490,330
Term deposits		97,994	100,487
		<u>2,793,720</u>	<u>4,096,604</u>
Islamic			
Al Wadiah current deposits		1,479,379	2,072,112
Mudarabah saving deposits		907,420	886,257
Mudarabah fixed deposits		544,741	564,330
		<u>2,931,540</u>	<u>3,522,699</u>
Margin deposits			
Margin deposits - expired		18,071	18,547
Margin deposits - unexpired	9.1	1,782,600	1,755,601
		<u>1,800,671</u>	<u>1,774,148</u>
		<u>7,525,931</u>	<u>9,393,451</u>

9.1 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.

10 DEPOSITS FROM FINANCIAL INSTITUTIONS
Deposits from Banks

Demand Deposits of Banks	632,464	343,733
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Deposits from OFI's

Current deposits	347,086	226,340
Term deposits	1,193,278	1,070,998
	<u>1,540,364</u>	<u>1,297,338</u>
	<u>2,172,827</u>	<u>1,641,071</u>

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023

	Note	(Un-Audited) 31-Mar-23 AFN	(Audited) 31-Dec-22 '000'
11 OTHER LIABILITIES			
Interest payable on customer deposits		14,754	11,861
Withholding tax		15,085	13,716
Unearned commission on bank guarantees		6,857	12,255
Accrued expenses		26,222	24,670
Dividend Payable		16,991	16,991
Investment risk reserve		13,160	12,641
Other liabilities		55,929	26,057
		<u>148,998</u>	<u>118,191</u>
12 LEASE LIABILITY			
Opening balance		34,516	76,441
Addition during the year / period		16,049	7,786
Payment during the year / period - principal		(4,901)	(26,894)
Accrued finance cost for the year / period		1,521	7,015
Lease modification		(6,368)	(4,066)
Write off		-	(19,634)
Exchange rate fluctuation		(488)	(6,133)
Carrying amount		<u>40,329</u>	<u>34,516</u>
13 CONTINGENCIES AND COMMITMENTS			
Contingencies			
Contingencies - Bank guarantees issued		6,111,653	6,118,656
Letters of credits		124,393	127,698
Commitments - Un-used portion of Overdraft		<u>6,443</u>	<u>6,725</u>
		(Un-Audited) 31-Mar-23	(Un-Audited) 31-Mar-22
14 NET INTEREST INCOME	 AFN	'000'
Interest income			
Interest income on Placements		9,311	4,915
Loans and advances		22,874	68,342
Bonds and Sukuk		12,854	4,859
Total interest income		<u>45,039</u>	<u>78,116</u>
Interest expense			
Customer deposits	14.1	3,919	12,410
Net interest income		<u>41,120</u>	<u>65,706</u>
14.1 Interest expense on customers deposits			
Term deposits		3,349	11,357
Saving deposits		570	1,053
		<u>3,919</u>	<u>12,410</u>

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GHAZANFAR BANK
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023**

		(Un-audited) 31-Mar-23	(Un-audited) 31-Mar-22
	 AFN '000'	
15	NET FEE AND COMMISSION INCOME		
	Fee and commission income		
	Commission on bank guarantees	12,160	20,767
	Commission on letter of credits	1,129	1,111
	Loan processing fee	-	1,698
	Fund transfer fee	76,317	86,115
	Deposit accounts servicing	8,427	9,067
	Commission on cash management	7,995	-
	Total fee and commission income	106,028	118,758
	Fee and commission expense		
	Inter bank transaction fee	(3,752)	(1,694)
	Electronic banking fee	(3,211)	(1,726)
	Net fee and commission income	99,065	115,338
16	OTHER INCOME		
	Loss on sale of investment in gold	-	(9,895)
	Recovery of loan previously written off	1	825
	Other	15,882	793
		15,883	(8,277)
	This includes income from		
17	EMPLOYEE COMPENSATION		
	Salaries and wages	35,042	32,480
	Staff bonus	4,214	-
		39,256	32,480
18	ADMINISTRATIVE EXPENSE		
	Security guards expenses	5,910	2,864
	Software annual maintenance	1,129	4,839
	Insurance	7,985	3,774
	Communication	1,644	1,979
	Advertisement	2,415	2,048
	Travelling and conveyance	1,911	1,296
	Utilities	3,206	2,648
	Fuel	1,830	1,382
	Repair and maintenance	1,810	980
	Stationery and printing	1,569	662
	Directors meeting fees	2,034	1,878
	Food expenses	1,838	1,805
	Staff training	267	55
	Audit fee	263	157
	Legal & advisory services	8,470	1,789
	Other expenses	3,211	1,070
		45,492	29,227

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GHAZANFAR BANK
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023**
19 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:

	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	31-Mar-23	31-Dec-22	31-Mar-23	31-Dec-22
	----- AFN '000 -----			
Nature of transactions				
(a) Loans and advances to related parties				
Loans outstanding at the beginning of the year	-	-	57,657	67,273
Loans issued during the period / year	-	-	-	-
Loans repayments during the period / year	-	-	1,648	9,616
Exchange gain	-	-	-	-
Loans outstanding at the end of the period / year	-	-	56,010	57,657
Interest income earned	-	-	1,034	4,400

The facilities provided to related parties carry mark-up of 7% p.a. (31 December 2022: 7% p.a.) payable on monthly basis and are secured against mortgage of residential property and personal guarantees of directors and representative of shareholders of the Bank.

	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	31-Mar-23	31-Dec-22	31-Mar-23	31-Dec-22
	----- AFN '000 -----			
Nature of transactions				
(b) Deposits from related parties				
Deposits at the beginning of the year	10,030	4,163	9,001	4,999
Deposits received during the period / year	23,244	58,313	245,199	584,793
Deposits repaid during the period / year	21,145	52,445	239,410	580,791
Exchange rate difference	-	-	-	-
Deposits at the end of the period / year	12,129	10,030	14,790	9,001
Interest expense on deposits	-	-	-	-

**(c) Other related party transactions with
shareholders and its associated companies**

	31-Mar-23	31-Dec-22	31-Mar-23	31-Dec-22
	----- AFN '000 -----			
Prepayment/ Security Deposit for Hairatan Branch	-	-	49,191	49,679

(d) Related party expenses during the period

	31-Mar-23	31-Mar-22
	----- AFN '000 -----	
Salaries and other short-term benefits	8,343	7,056
Directors' fee	2,034	1,878
Rent paid	1,017	4,673
Donation paid	-	-
	11,395	13,607

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GHAZANFAR BANK
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023**
20 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.
- 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, 2023 is as follows:

	(Un-Audited) 31-Mar-23 AFN '000'	(Audited) 31-Dec-22
Tier 1 capital		
Share holders' equity	2,012,793	1,978,878
Less: Other Equity Components	109,955	133,287
Less: Profit for the period / year	(10,583)	(156,214)
Less: Intangible assets	-	-
Net Deferred Tax Assets	(27,489)	(33,322)
Total tier 1 (core) capital	2,084,676	1,922,630
Tier 2 capital		
General allowances on standard advances	22	22
Add: Profit for the year	10,583	156,214
Total tier 2 (supplementary) capital	10,605	156,236
Total Regulatory capital = Tier 1 + Tier 2	2,095,281	2,078,865
Risk-weight categories		
0% risk weight:		
Cash in Afghani and fully-convertible foreign currencies	822,720	1,030,998
Direct claims on DAB	4,126,132	3,469,184
Direct claims on other Governments	582,600	604,017
Total	5,531,452	5,104,199
0% risk-weight total (above total x 0%)	-	-
20% risk weight:		
Demand deposits with banks	2,806,203	2,442,352
Short term deposits with banks	-	1,071,000
Guaranteed by multilateral lending institutions	124,522	165,098
Total	2,930,725	3,678,450
20% Risk-Weight Total (Above Total x 20%)	586,145	735,690

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GHAZANFAR BANK
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023**
50% risk weight:

Qualifying Residential Mortgage Loans
Qualifying Real Estate Construction Loans
Total

-	-
-	-
-	-
-	-

50% risk-weight total (above total x 50%)

(Un-Audited) 31-Mar-23	(Audited) 31-Dec-22
..... AFN '000' AFN '000'

100% risk weight

Loans and advances - Gross
Property and Equipment
All other assets
Total

1,954,478	2,099,103
274,282	273,907
1,325,576	2,168,984
3,554,336	4,541,994
3,554,336	4,541,994

100% Risk-Weight Total (Above Total x 100%)
Off-balance-sheet items with 0% Credit Conversion Factor

Undrawn loan and overdraft facilities
Guarantees
Total

6,443	6,725
-	-
6,443	6,725
-	-

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
Total

-	-
36,892	68,779
36,892	68,779
7,378	13,756

20% Credit Conversion Factor Total (Risk-Weighted Total x 20%)
Off-balance sheet items with 100% Credit Conversion Factor

Guarantees and Standby Letters of Credit
20% Risk Weight
100% Risk Weight
Total

-	-
548,290	1,067,508
548,290	1,067,508
548,290	1,067,508

100% Credit Conversion Factor Total (Risk-Weighted Totals x 100%)

4,696,150	6,358,949
44.39	30.24
44.62	32.69

Tier 1 Capital Ratio
Regulatory Capital Ratio

Currently the bank is having above AFN 5,650.86 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.

21 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 INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023

22 Islamic Banking Information

22.1 Islamic Banking Financial Position

The Bank has the following interim financial position as at March 31, 2023, for Islamic Banking operations:

	Un-Audited 31-Mar-23	Audited 31-Dec-22
	<i>..... AFN '000'</i>	
ASSETS		
Cash and cash equivalents	4,242,939	3,215,515
Murabaha with Financial Institutions	-	1,071,000
Investments in Sukuk securities	130,419	402,352
Murabaha Islamic Financing	388,955	386,427
Other assets	311,896	281,573
Total assets	5,074,208	5,356,868
EQUITY AND LIABILITIES		
EQUITY		
Retained earnings	207,683	189,976
Total equity	207,683	189,976
LIABILITIES		
Al Wadiah current deposits	1,629,380	2,072,112
Mudarabah saving deposits	907,420	886,257
Mudarabah fixed deposits	2,292,136	2,178,859
Other liabilities	32,810	29,664
Provision for taxation	4,779	-
Total liabilities	4,866,525	5,166,892
Total equity and liabilities	5,074,208	5,356,868
Contingencies and commitments	1,347,718	1,229,307


Chief Financial Officer


Chief Executive Officer


Chariman

GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2023

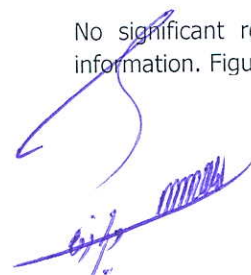
22.2 Islamic Banking Interim Profit or Loss

The Bank has the following interim profit or loss for the Nine months period ended March 31, 2023, from Islamic Banking operations:

	Un-Audited 31-Mar-23 AFN '000'	Un-Audited 31-Mar-22 AFN '000'
Total profit income	19,854	20,972
Total profit expense	(3,919)	(2,601)
Net Profit income	15,935	18,372
Revenue from banking services	23,664	7,407
Expense on banking services	(1,218)	(430)
Net revenue form banking services	22,446	6,977
Income from dealing in foreign currencies	15,320	(41,051)
	53,701	(15,703)
Other income	2,749	806
Impairment allowances and charge off	459	-
Employee compensation	(12,344)	(6,466)
Operating lease expenses	(68)	(46)
Finance cost on lease liability	(513)	(64)
Depreciation and Amortization	(4,266)	(4,624)
Administrative expense	(15,824)	(5,782)
	(32,556)	(16,982)
Profit before tax	23,893	(31,879)
Taxation	(4,779)	-
Profit after tax	19,115	(31,879)

23 GENERAL

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



Chief Financial Officer



Chief Executive Officer



Chariman