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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF GHANZANFAR BANK

Introduction

We have audited the financial statements of Ghazanfar Bank (the Bank), which comprise the statement of financial position as of 31 December 2023, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), the Law of Banking in Afghanistan and other laws and regulations issued by Da Afghanistan Bank.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants that are relevant to our audit of the financial statements in Afghanistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 7.4.1 of the financial statements which demonstrates the additional impairment allowance would rise for the loans and advances if the asset classification provisioning regulation became into effect as of December 31, 2023.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs issued by the International Accounting Standards Board (IASB), the Law of Banking in Afghanistan and other laws and regulations issued by Da Afghanistan Bank, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Mazars Afghanistan Limited

Chartered Accountants

Engagement Partner: Muhammad Saqlain Siddiqui

Date: 19 March 2024

Place: Kabul, Afghanistan

GHAZANFAR BANK
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	Note	2023	2022
		------------ AFN '000 ------------	
ASSETS			
Cash and cash equivalents	5	**6,200,234**	7,330,956
Investments	6	**1,089,568**	1,620,943
Loans and advances	7	**1,666,837**	2,264,178
Property and equipment	8	**245,544**	273,907
Deferred tax assets	21	**63,267**	33,322
Other assets	9	**2,192,659**	1,691,419
Total assets		**11,458,109**	13,214,725
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	**1,244,040**	1,267,000
Capital reserves		**68,743**	60,932
Retained earnings		**525,844**	784,233
Revaluation deficit on financial instruments at FVOCI		**(61,887)**	(133,287)
Total equity		**1,776,740**	1,978,878
LIABILITIES			
Deposits from customers	11	**8,157,030**	9,393,451
Deposits from financial institutions	12	**1,356,970**	1,641,071
Other liabilities	13	**139,288**	118,191
Lease liability	14	**27,604**	34,516
Provision for taxation		**477**	48,618
Total liabilities		**9,681,369**	11,235,847
Total equity and liabilities		**11,458,109**	13,214,725
Contingencies and commitments	15		

The annexed notes from 1 to 27 form an integral part of these financial statements.

Chief Financial Officer **Chief Executive Officer** **Chairman**

GHAZANFAR BANK
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		---------- AFN '000 ----------	
Interest income		**166,068**	199,501
Interest expense		**(13,441)**	(37,769)
Net interest income	16	**152,627**	161,732
Fee and commission income		**434,114**	628,160
Fee and commission expense		**(27,725)**	(22,799)
Net fee and commission income	17	**406,389**	605,361
Loss from dealing in foreign currencies		**(390,413)**	(153,197)
		168,603	613,896
Other income	18	**24,086**	6,018
Impairment charge / (reversal) on financial assets	7.5	**35,719**	(31,153)
Gain on sale of securities		**7,507**	22,550
Employee compensation	19	**(155,059)**	(131,599)
Operating lease expenses		**(1,006)**	(3,064)
Finance cost on lease liability	14	**(5,485)**	(7,015)
Depreciation	8.4	**(47,091)**	(54,410)
Amortization	8	**-**	(4,364)
Administrative expense	20	**(310,026)**	(206,502)
		(475,441)	(415,557)
(Loss) / Profit before tax		**(282,752)**	204,358
Taxation	21	**47,795**	(48,144)
(Loss) / Profit after tax		**(234,957)**	156,214
Other comprehensive loss			
Items to be reclassified subsequently to profit or loss			
- Unrealized loss on revaluation of investment	6	**(77,359)**	(166,609)
- Related deferred tax		**15,472**	33,322
		(61,887)	(133,287)
Items not to be classified subsequently to profit & loss		**-**	-
Total comprehensive (loss) / income for the year		**(296,845)**	22,927

The annexed notes from 1 to 27 form an integral part of these financial statements.

Chief Financial Officer	**Chief Executive Officer**	**Chairman**

GHAZANFAR BANK
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
	AFN '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	**(282,752)**	204,358
Adjustments for:		
Net impairment (reversals) / allowances on financial assets	**(35,719)**	31,152
Gain on disposal	**93**	-
Finance cost on lease liability	**5,485**	7,015
Exchange gain on lease liability	**(3,454)**	(6,133)
Fixed assets written-off	**6,733**	1,168
CWIP expensed out	**1,803**	1,218
Depreciation	**47,091**	54,410
Amortization	**-**	4,364
	(260,720)	297,553
Changes in current assets		
Loans and advances	**600,518**	1,418,426
Other assets	**(467,113)**	53,880
	133,405	1,472,306
Changes in current liabilities		
Deposits from customers	**(1,236,421)**	426,578
Deposits from financial institutions	**(284,101)**	296,343
Other liabilities	**21,097**	(16,044)
	(1,499,425)	706,877
	(1,626,740)	2,476,736
Income tax paid	**(63,613)**	(64,517)
Net cash flow (used in) / from operating activities	**(1,690,353)**	2,412,219
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	**(3,601)**	(3,319)
Proceeds from disposal of property and equipment	**121**	-
Capital work in progress	**2,037**	309
Placements - net	**-**	1,087,485
Investments - net	**600,934**	(509,729)
Net cash flow from investing activities	**599,491**	574,746
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liability	**(24,522)**	(26,894)
Dividend paid	**(15,338)**	(19,812)
Net cash used in financing activities	**(39,860)**	(46,706)
Net (decrease)/ increase in cash and cash equivalents	**(1,130,722)**	2,940,259
Cash and cash equivalents, beginning of year	**7,330,956**	4,390,697
Cash and cash equivalents, end of year	**6,200,234**	7,330,956

The annexed notes from 1 to 27 form an integral part of these financial statements.

Chief Financial Officer | **Chief Executive Officer** | **Chairman**

GHAZANFAR BANK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

	Issued, subscribed and paid-up share capital	Capital Reserves	Retained Earnings	Revaluation deficit on financial instruments	Total
	.... AFN '000				
Balance as at December 31, 2021	1,267,000	42,632	668,194	(52,320)	1,925,506
Profit for the year	-	-	156,214	-	156,214
Dividend distribution	-	-	(21,874)	-	(21,874)
Contingency reserve fund	-	18,300	(18,300)	-	-
Revaluation deficit on financial instruments	-	-	-	(80,967)	(80,967)
Balance as at December 31, 2022	**1,267,000**	**60,932**	**784,233**	**(133,287)**	**1,978,878**
(Loss) for the year	**-**	**-**	**(234,957)**	**-**	**(234,957)**
Dividend distribution	**-**	**-**	**(15,621)**	**-**	**(15,621)**
Contingency reserve fund	**-**	**7,811**	**(7,811)**	**-**	**-**
Canceled shares	**(22,960)**	**-**	**-**	**-**	**(22,960)**
Revaluation gain on financial instruments	**-**	**-**	**-**	**71,400**	**71,400**
	(22,960)	**7,811**	**(258,389)**	**71,400**	**(202,138)**
Balance as at December 31, 2023	**1,244,040**	**68,743**	**525,844**	**(61,887)**	**1,776,740**

The annexed notes from 1 to 27 form an integral part of these

Chief Financial Officer **Chief Executive Officer** **Chairman**

1 STATUS AND NATURE OF BUSINESS

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

The Bank obtained business license from Afghanistan Investment Support Agency (AISA) bearing license no: D-29098 renewed in 2016 and is registered as a limited liability company. The Bank commenced its operations on March 1, 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 15 branches with Islamic banking operations (2022: 15 branches with Islamic banking operations) in different provinces of Afghanistan and number of employees are 400 (2022: 338) at year end.

2 STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), the requirements of the Law of Banking in Afghanistan, other laws and regulations issued by Da Afghanistan Bank. In case requirements differ, the provisions of the Law of Banking in Afghanistan and regulation issued by DAB will prevail.

Mandatory departure of international financial reporting standard (IFRS)-9 Financial instrument", based on the decision of Da Afghanistan Bank unit until further notice.

3 BASIS OF PREPARATION

3.1 Basis of measurement

These financial statements have been prepared on the historical cost basis except as otherwise disclosed in accounting policies.

3.2 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in the following:

a) Note 7 Provision against non-performing loans and advances to customers;
The Bank review loans and advance to customers balance monthly for possible impairment and record the provision for possible loan losses in accordance with DAB regulation as disclosed in note 7. However, during the year DAB has issue a circular to the banks, notifying further deferral of ACPR regulation from 4 Feb 2023 till 04 Feb 2024.
Accordingly, the bank has opted deferral in application of ACPR, in the preparation of Financial statement for the year ended on 31 December 2023.

b) Note 8 Depreciation rates for property and equipment
c) Note 9 Amortization rates for intangible assets
d) Note 21 Income taxes

3.3 Functional and presentation currency

These financial statements are presented in Afghani (AFN), which is the Bank's functional currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless or otherwise state.

4.1 IFRS 16 Leases

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard has resulted in recognition of a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

For the contract in place at date of initial application, the bank has elected to apply the definition a lease from IAS 17 and IFRIC 4 and has not applied IFRS16 to arrangement that were previously not identified as lease under IAS 17 and IFRIC 4. The bank elected not to include initial direct cost in the measurement of the right -of- use asset for operating lease in existence at the date of initiate application of IFRS16, being January 1, 2019 at this date, the bank has also elected to measure the right-of- use asset at the amount of equal to lease liability adjusted for prepaid/ accrued lease payments that existed at the date of transaction.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Bank has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Bank has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. The Bank did not have any finance lease. On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 10.48% to

12.26% per annum. The Bank has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

Following accounting policy change has been adopted by the Bank pursuant to IFRS 16:

4.1.1 Leased assets

The Bank as a Lessee

For any new contracts entered into on or after January 1, 2019, the Bank considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Bank assesses whether the contract meets three key evaluations which are whether:

a) The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Bank;
b) The Bank has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

c) The Bank has the right to direct the use of the identified asset throughout the period of use. The Ban assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Bank recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Bank, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Bank depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Bank also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Bank measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Bank's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Bank has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property and equipment within operating fixed assets and lease liabilities have been disclosed on the face of the statement of financial position.

Extension options for leases

When the Bank has the option to extend a lease, management uses its judgement to determine whether an option would be reasonably certain to be exercised.

Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

4.2 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise of cash and balances with central bank (unrestricted) and balances with other banks.

4.3 Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognized when the Bank becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are de-recognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is de-recognized when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets and financial liabilities

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- at fair value through profit or loss ("FVTPL")
- at fair value through other comprehensive income ("FVTOCI")
- at amortized cost
- Loans and receivables

All financial assets are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

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a) Classification, recognition and subsequent measurement of financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. The Bank's cash and cash equivalents, investments (other than held for trading), loans and receivables and other assets fall into this category of financial instruments.

The Bank determines allowance for impairment loans and advances in accordance with "Asset Classifications and Provisioning Regulation" issued by DAB in December 2017. However, during the year DAB has issue a circular to the banks, notifying further deferral of ACPR regulation from 4 Feb 2023 till 04 Feb 2024.

Accordingly, the bank has opted deferral in application of ACPR, in the preparation of Financial statement for the year ended on 31 December 2023.

Loans and advances to customers

The outstanding principal of the advances are classified in accordance with the Asset Classification and Provisioning Regulation issued by DAB as follows:

a) **Standard:** These are loans and advances, which are paying in a current manner or at most past due for the period of 1-30 days, fully secured and is supported by sound net worth, profitability, liquidity and cash flow of the obligor. Standard assets are sufficiently secured with respect to the repayment of both the principal amount and interest. An overdraft would be regarded as Standard if monthly interest payments and other charges are past due for 1-30 days, and there was regular activity on the account with no sign of a hard core of debt developing. The Bank does not maintain provision on standard loans.

b) **Watch:** These are loans and advances which are adequately protected but are potentially weak. Such an asset constitutes an unwarranted credit risk, but not to the point of requiring a classification of Substandard. The credit risk may be minor, and most instances, bank management can correct the noted deficiencies with increased attention. Further, all loans and advances which are past due by 31 to 60 days for principal or interest payments are classified as Watch. A provision is maintained in the books of account not less than 5% of value of such loans and advances.

c) **Substandard:** These are loans and advances which show clear manifestations of credit weaknesses that jeopardize the liquidation of the debt. Substandard loans and advances include loans to borrowers whose cash flows are not sufficient to meet currently maturing debts, loans to borrowers which are significantly undercapitalized, and loans to borrowers lacking sufficient working capital to meet their operating needs.

   Further, all loans and advances which are past due by 61 to 120 days for principal or interest payments are also classified as Substandard. A provision is maintained in the books of account not less than 25% of value of such loans and advances.

The possibility of loss is extremely high, but because of certain mitigating circumstances, which may work to the advantage and strengthening of the facility, its classification as an estimated loss is postponed until its more defined status is ascertained. Further all loans and advances which are past due by 121 to 480 days for principal or interest payments are also classified as Doubtful. A provision is maintained in the books of account not less than 50% of value of such loans and advances.

e) **Loss:** These are loans and advances which are considered uncollectible and of such little value that their continuation as recoverable facilities is not defensible. This classification does not imply that the facility has absolutely no recoverable value, but rather it is not practical or desirable to defer making full provisions for the facility even though partial recover in future may not be entirely ruled out. Loans and advances classified as Loss include those to bankrupt companies and insolvent firms with negative working capital and cash flow or those to judgment debtors with no means or foreclosable collateral to settle the debts. Further, all loans and advances which are past due over 481 days for principal and interest payments are classified as Loss. This category of loans shall be retained in bank balance sheet for the period of 6 month for recovery purposes and 100% loan loss provisioning should be made. After 6 months, they shall be immediately written off with the provisioning made.

b) Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in statement of comprehensive income. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

4.4 Investment in equity instruments

Investment in equity instruments is carried at cost less impairment if any.

4.5 Loans and advances

Loans and advances are stated net of provisions against non–performing loans and advances. Specific and general provision are made based on an appraisal of the loan portfolio that takes into account Regulations and other directives issued by the Da Afghanistan Bank from time to time.

The provisions made / reversed during the year are charged to the statement of comprehensive income and accumulated provision is netted off against loans and advances. Loans and advances are written off when there is no realistic prospect of recovery or when the regulation requires.

In Murabaha transactions, the Bank purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction. Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing are recorded at the deferred sale price. Goods purchased but remaining unsold at the statement of financial position date.

4.6 Property and equipment

Owned

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses thereon. Cost includes expenditure that is directly attributable to the acquisition of fixed assets.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to statement of comprehensive income during the financial period in which they are incurred.
Gains and losses on disposal of fixed assets are recognized in statement of comprehensive income. Land is not depreciated. Depreciation on all other fixed assets is calculated using the straight-line method to allocate their depreciable cost to their residual values over their estimated useful lives. The depreciation method, residual values and useful lives of fixed assets are reviewed and adjusted (if appropriate) at each balance sheet date.

Depreciation

Depreciation is recognized in profit and loss account on straight-line basis from the month of use over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

-	Building	30 years
-	Furniture and fixture	4-10 years
-	Computer equipment	4 years
-	Vehicles	6 years
-	Office equipment	5 years
-	Right-of-use assets	3 -10 years

4.7 Intangible assets

Intangible assets include computer software which are capitalized on the basis of costs incurred to acquire and bring those to use for intended purpose. Subsequent expenditure on intangible asset is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

These costs are amortized over their expected useful lives using the straight-line method from the date it is available for use since this most closely reflects the pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful life of software is three to ten years.

Amortization methods, useful lives and residual values are reassessed at each financial year end and adjusted, if appropriate.

4.8 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

4.9 Deposits

These are recorded at the amount of proceeds received.

4.10 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the statement of comprehensive except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income for the year (using tax rates enacted or substantively enacted at the balance sheet date), and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided for using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on temporary differences relating to: (i) the initial recognition of goodwill; (ii) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and (iii) differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.11 Employee compensation

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided.

4.12 Foreign currency transactions

Transactions in foreign currencies are translated to Afghani at exchange rates prevailing at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Afghani at the exchange rate prevailing at that reporting date. Foreign currency differences arising on retranslation are recognized in statement of comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

4.13 Interest income and expense

Mark-up /interest /return on advances and investments is recognized in the statement of comprehensive income using effective interest rate method, and in case of advances classified as doubtful or loss, mark - up is recognized on receipt basis. Mark-up /interest /return on rescheduled /restructured loans and advances and investments is recognized as permitted by DAB. Income from Murabaha is accounted for on a time proportionate basis over the period of Murabaha transaction. Gain or loss on sale of investments are recognized in statement of comprehensive income in the year in which these arise.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

4.14 Fee and commission

Fees and commission income include account servicing fees and sales commissions and are recognized as the related services are performed.

Fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

4.15 Lease payments

Payments under operating leases are recognized in statement of comprehensive income on straight line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

4.16 Dividends

Dividend payments are recognized in the year in which these are approved by BOS and DAB with the appropriations to capital reserves required by Corporations and Limited Liability Companies Law of Afghanistan.

4.17 Provisions

Provisions for restructuring costs and legal claims are recognized when:

a) the Bank has a present legal or constructive obligation as a result of past events;
b) it is more likely than not that an outflow of resources will be required to settle the obligation; and
c) The amount has been reliably estimated.

Provision for guarantee claims and other off-balance sheet obligations is recognized when intimated and reasonable certainty exists to settle the obligations.

4.18 Off-setting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

		Note	2023	2022
			------------ AFN '000 ------------	
5	**CASH AND CASH EQUIVALENTS**			
	Cash in hand	5.1	**1,100,648**	1,030,998
	Balances with banks	5.2	**3,009,098**	4,883,774
	Balances with investment managers	5.3	**179,688**	345,184
	Short term placements	5.4	**1,910,800**	1,071,000
			6,200,234	7,330,956
5.1	**Cash in hand**			
	Local currency		**543,578**	248,111
	Foreign currencies		**557,070**	782,887
			1,100,648	1,030,998
5.2	**Balances with banks**			
	Balances with central bank			
	Local currency current accounts		**930,572**	2,211,942
	Foreign currency current accounts		**366,096**	574,664
			1,296,668	2,786,606
	Balances with other banks (domestic)		**29**	36
	Balances with other banks (foreign)		**1,712,401**	2,097,132
			3,009,098	4,883,774

5.3 Balances with investment managers

This represents balances maintained with the investment management companies for future investment opportunities.

5.4 Short term placements

This represents short time placements (less than 3 months) with foreign banks carrying BB risk rating and bearing interest rates ranging from 4% to 5.25% (2022: 3% to 3.75%) per annum.

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		Note	2023	2022
			AFN '000	
6	**INVESTMENTS**			
	Available for sale			
	Investment in bonds	6.1	**10,714**	8,276
	Held for trading			
	Investment in equity	6.2	**194,473**	179,357
			205,187	187,633
	Loss reserve on debt instruments		**(10,538)**	(13,388)
			194,649	174,245
	Held to maturity			
	Investment in bonds	6.3	**284,377**	1,116,500
	Investments in:			
	Emerging market infrastructure funds	6.3.1	**259,925**	330,198
	Emerging real state development funds	6.3.1	**350,618**	-
			894,920	1,446,698
			1,089,568	1,620,943

6.1 This include foreign currency investment in; Sovereign bond of Republic of Sri Lanka having risk rating (D) and coupon rate of 5.90% per annum with the maturity of April 18, 2024. SHUAA Capital PSC UAE is acting as the investment custodian of this investment.

Cost - net	Unrealized gain/ (loss)	Market value
	(AFN '000)	
21,053	(10,339)	10,714

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

	Cost	Unrealized gain/ (loss)	Market value
		(AFN '000)	
Shares of listed	261,493	(67,020)	194,473

6.3 These represent an investment in Sovereign bonds of Oman (risk rating B+), Indonesia (risk rating BBB), and Bhrain (risk rating B+) having coupon rates ranging from 4.03% to 5.07% per annum with the maturity date of Aug 20, 2024. SHUAA Capital PSC UAE, STP-Partners Ltd and DAMAN investment advisors are acting as the custodian of these investments.

6.3.1 This represents investments in Emerging Market Infrastructure and Emerging Real State Development Funds issued by UAE Coorprorations, carrying coupon rate of 5% and 7% respectively with maturity date 16 September 2026. The UAE country risk is (AA) (31 December: AA). These investments are made through SHUAA Capital PSC UAE and STP-Partners Ltd asset managers of the bank.

			2023	2022
			AFN '000	
7	**LOANS AND ADVANCES TO CUSTOMERS - NET**			
	Conventional Loans		**1,568,246**	2,193,399
	Islamic Loans		**353,366**	410,578
			1,921,612	2,603,977
	IMPAIRMENT			
	Conventional Loans		**(249,103)**	(315,647)
	Islamic Loans		**(5,672)**	(24,151)
		7.1	**(254,775)**	(339,798)
			1,666,837	2,264,179
7.1	**Impairment allowance - summary**			
	Balance at the beginning of the year		**339,799**	393,876
	Charge for the year		**37,093**	-
	Reversals		**-**	(53)
	Exchange rate differences		**(62,016)**	(54,024)
			314,876	339,799
	Write offs		**(60,101)**	-
	Balance at the end of the year	7.1.1	**254,775**	339,799

7.1.1	**Note**	**31 December 2023** Gross amount	Impairment allowance	Carrying amount	31 December 2022 Gross amount	Impairment allowance	Carrying amount
		AFN '000			AFN '000		
Conventional financing							
Running finance	7.2.1	**805,033**	**(176,423)**	**628,610**	1,020,293	(223,377)	796,917
SME loans	7.2.2	**7,129**	**(26)**	**7,103**	17,773	(26)	17,746
Term loans	7.2.3	**756,084**	**(72,654)**	**683,430**	1,155,333	(92,244)	1,063,088
		1,568,246	**(249,103)**	**1,319,143**	2,193,399	(315,647)	1,877,751
Islamic financing							
Murabaha	7.3.1	**353,366**	**(5,672)**	**347,694**	410,578	(24,151)	386,427
		1,921,612	**254,775**	**1,666,837**	2,603,977	(339,798)	2,264,178

7.2.1 The facility to meet working capital requirements carries interest ranging from 9% to 15.5% (2022: 9% 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.

7.2.2 These are extended to the Small and Medium Enterprises and carry interest from 7% to 30% (2022: 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.

7.2.3 These are term loan facilities extended to customers and carry interest ranging from 6.5% to 15% (2022: 6.5% 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 16,187 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.

7.3.1 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 8.2% to 39% (2022: 8.10% 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 143,476 thousands which are partially backed by Afghanistan Credit Guarantee Foundation (ACGF) guarantees to the extent defined in agreement with ACGF.

7.4 ***The credit quality of the loan and advances according to the Asset Classification and Provisioning Regulation is as follows:***

	Standard	Watch	Sub-standard	Doubtful	Loss	Total
			.... AFN '000			
As at 31-Dec-2023						
Conventional:						
Running finance	**306,182**	**158,063**	**10,826**	**329,963**	**-**	**805,033**
SME loans	**6,793**	**336**	**-**	**-**	**-**	**7,129**
Term loans	**602,880**	**9,261**	**-**	**143,942**	**-**	**756,084**
Islamic:						
Murabaha	**331,990**	**2,014**	**19,362**	**-**	**-**	**353,366**
	1,247,845	**169,674**	**30,188**	**473,905**	**-**	**1,921,612**
As at 31-Dec-2022						
Conventional:						
Running finance	388,992	200,813	10,826	419,663	-	1,020,293
SME loans	17,405	367	-	-	-	17,773
Term loans	950,929	21,530	-	182,873	-	1,155,333
Islamic:						
Murabaha	365,624	2,559	25,909	-	16,486	410,578
	1,722,951	225,269	36,735	602,536	16,486	2,603,977

7.4.1 During the year, the DAB has issued a circular to the banks, notifying further deferral of the ACPR regulation application from 01 September 2021 to 28 February 2024. Accordingly, the bank has opted for deferral in the application of ACPR, in preparing the financial statements for the year ended on 31 December 2023. The ACPR if effective as of 31 December 2023, would have result in additional provision amounting to AFN 696.244mn.

7.5 Impairment charge / (reversal) on financial assets

	2023	2022
	----------- AFN '000 ------------	
Impairment allowance on receivables from financial institutions	**74,980**	(53)
Net provision on AFS investments	**-**	13,124
Net impairment allowance on non-funded facilities	**(365)**	-
Net provision on accrued interest/ profit	**(1,803)**	18,082
Loan charged off during the year	**(37,093)**	-
	35,719	31,153

8 Property and equipment

	Note	2023	2022
		AFN '000	
Property and equipment	8.1	**186,744**	204,353
Capital work-in progress	8.2	**79**	3,839
Right-of-use assets	8.3	**58,721**	65,714
		245,544	273,906

8.1 Property and equipment

Description	Land	Building	Furniture and fixtures	Computer equipment	Vehicles	Office equipment	Total
Cost				AFN '000'			
Balance as at January 01, 2022	35,362	200,946	34,201	83,163	96,718	52,783	503,173
Additions during the year	-	-	2,016	997	-	307	3,319
Transfer from capital work-in-progress	-	-	309	-	-	-	309
Disposals	-	-	(1,016)	(43)	-	(110)	(1,168)
Balance as at December 31, 2022	**35,362**	**200,946**	**35,510**	**84,117**	**96,718**	**52,980**	**505,633**
Additions during the year	-	-	**644**	**1,258**	-	**1,699**	**3,601**
Transfer from capital work-in-progress	-	-	**2,037**	-	-	-	**2,037**
Disposals	-	-	**(278)**	**(5,625)**	-	**(830)**	**(6,733)**
Balance as at December 31, 2023	**35,362**	**200,946**	**37,913**	**79,750**	**96,718**	**53,849**	**504,538**
Accumulated Depreciation							
Balance as at January 01, 2022	-	58,785	20,628	63,736	90,936	36,351	270,437
Depreciation for the year	-	6,692	2,966	13,887	1,766	6,646	31,956
Disposals	-	-	(1,009)	(43)	-	(63)	(1,114)
Balance as at December 31, 2022	-	**65,477**	**22,585**	**77,581**	**92,702**	**42,934**	**301,279**
Depreciation for the year	-	**6,692**	**3,127**	**5,663**	**1,766**	**5,887**	**23,135**
Disposals	-	-	**(195)**	**(5,657)**	-	**(767)**	**(6,620)**
Balance as at December 31, 2023	-	**72,169**	**25,517**	**77,587**	**94,468**	**48,054**	**317,794**
Carrying Amount							
December 31, 2022	35,362	135,469	12,925	6,536	4,016	10,046	204,353
December 31, 2023	**35,362**	**128,777**	**12,396**	**2,163**	**2,250**	**5,795**	**186,744**
Depreciation rates %		**3.33**	**6 - 25**	**25 - 50**	**16 - 25**	**15 - 50**	

		Note	2023	2022
			AFN '000	
8.2	**Capital work-in progress**			
	Opening balance		**3,840**	5,366
	Additions during the year		**79**	-
	Transfer to property and equipment		**(2,037)**	(309)
	Expensed/Transferred		**(1,803)**	(1,218)
	Closing balance		**79**	3,840
8.3	**Right-of-use assets**			
	Cost:			
	Opening balance		**162,902**	184,912
	Additions during the year		**21,371**	7,786
	Lease modification		**(4,408)**	(10,663)
	Write-Off		**-**	(19,011)
	Adjustment		**-**	(122)
	Closing balance		**179,865**	162,902
	Accumulated depreciation:			
	Opening balance		**97,188**	74,735
	Depreciation expense for the year		**23,956**	22,454
	Closing balance		**121,144**	97,188
	Carry amount		**58,721**	65,714
8.4	**Depreciation**			
	Property and equipment		**23,135**	31,956
	Right-of-use assets		**23,956**	22,454
			47,091	54,410

		Note	2023	2022
9	**OTHER ASSETS**		AFN '000	
	Restricted deposits with DAB	9.1	**574,518**	682,578
	Prepayments	9.2	**89,511**	72,673
	Receivable from Western Union		**44,472**	37,524
	Profit receivable	9.3	**8,321**	5,776
	Interest receivable		**12,295**	18,598
	Security deposits	9.4	**484,274**	776,985
	Receivable from humanitarian organization	9.5	**969,154**	-
	Receivable from financial institutions		**-**	95,039
	Others		**10,114**	2,246
			2,192,659	1,691,419

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9.1	**Restricted deposits with DAB**			
	Local currency		**123,096**	103,371
	Foreign currencies		**451,422**	579,207
		9.1.1	**574,518**	682,578

9.1.1 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 Article 3 "Required Reserves Regulation" of the Banking Regulations issued by DAB.

9.2 This includes 20 years prepayment rental expense for the hairatan branch to the related party of the bank, amounting AFN to 47.83 million (2022: AFN 49.34mn).

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

			2023	**2022**
			AFN '000	
9.4	**Security Deposits**			
	Pashtany bank	9.4.1	**351,250**	446,250
	Ziraat bank	9.4.2	**108,725**	300,187
	CSC Bank & Western union		**24,299**	30,548
			484,274	776,985

9.4.1 Security deposits for providing DABs bills collections.
9.4.2 Cash margin on issuance letter of credits

9.5 This represents receivables against the provision of cash distribution services to the international humanitarian organization, which was subsequently received by the bank.

9.6	**Receivable from financial institutions**		**2023**	**2022**
			AFN '000	
	Receivable from financial institutions	9.6.1	**23,205**	219,585
	Provision reserve on receivables from FIs		**(23,205)**	(124,546)
			-	95,039

9.6.1 This represents receivables in respect of nostro accounts with foreign defaulted banks in 2019, named Tengri Bank amounting to US$ 330 thousands equivalent AFN 23.2 mn. As result, additional provision was made in respect of receivable balance.

			2023	**2022**
			AFN '000	
10	**SHARE CAPITAL**			
	Authorized 124,404 (2022: 126,700) ordinary shares of AFN 10,000 each	**Note**	**1,244,040**	1,267,000
	Issued, subscribed and paid-up - 124,404 (31 December 2022: 126,700) ordinary shares of AFN 10,000 each	10.1	**1,244,040**	1,267,000

10.1 During the year, the BoS of the bank has approved the resolution for the alteration in the pattern of bank shareholding due to demise of the bank shareholder. As result of this, a restructuring of ownership stakes to accommodate the necessary changes.

10.1.1 The Bank is owned by individual shareholders owing equity shares in different proportions. Mr. Mohammad Ibrahim Ghazanfar and Mr. Mohammad Ismail Ghazanfar each holds 36.16% and 36.15% respectively of issued, subscribed and paid up capital while remaining 27.69% is held by Mrs. Shukria Amin. This is based on the revised article of association approved from the DAB. While in 2022 the bank shareholders with their respective shareholding proportion were, Mr. Mohammad Ibrahim Ghazanfar and Mr. Mohammad Ismail Ghazanfar each holds 35.5% of issued, subscribed and paid up capital while remaining 29% is held by Mr. Mohammad Yousuf Ghazanfar.

			2023	2022
11	**DEPOSITS FROM CUSTOMERS**	**Note**	------------- AFN '000	-------------
	Conventional			
	Current deposits		**3,772,312**	3,505,787
	Saving deposits		**530,029**	490,330
	Term deposits		**79,617**	100,487
			4,381,958	4,096,604
	Islamic			
	Current deposits		**1,009,985**	2,072,112
	Saving deposits		**804,741**	886,257
	Mudarabah fixed deposits		**413,080**	564,330
			2,227,806	3,522,699
	Margin deposits			
	Margin deposits - expired		**14,631**	18,547
	Margin deposits - unexpired	11.1	**1,532,635**	1,755,601
			1,547,266	1,774,148
			8,157,030	9,393,451

11.1 This represent cash margin money held against bank guarantee ranging from 5% to 100% of the guarantee amount.

		2023	2022
		------------- AFN '000	-------------
12	**DEPOSITS FROM FINANCIAL INSTITUTIONS**		
	Deposits from Banks		
	Demand Deposits of Banks	**138,035**	343,733
	Deposits from OFI's		
	Current deposits	**75,935**	226,340
	Term deposits	**1,143,000**	1,070,998
		1,218,935	1,297,338
		1,356,970	1,641,071

			2023	2022
			------------- AFN '000	-------------
13	**OTHER LIABILITIES**			
	Interest payable on customer deposits		**12,376**	11,861
	Profit payable on Islamic customer deposits		**10,403**	12,641
	Withholding tax		**10,176**	13,716
	Unearned commission on bank guarantees		**6,517**	12,255
	Accrued expenses		**22,578**	24,670
	Dividend payable	13.1	**17,274**	16,991
	Payable against canceled shares		**22,960**	-
	Other liabilities	13.2	**37,004**	26,057
			139,288	118,191

13.1 This represents dividend payable to disputed shareholder declared in 2020.

13.2 This includes sundry deposits, rent payable, CSC intermediary account and other suspend liabilities.

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			2023	2022
			------------- AFN '000	-------------
14	**LEASE LIABILITY**			
	Opening balance		**34,516**	76,441
	Addition during the year		**21,170**	7,786
	Payment during the year - principal		**(23,516)**	(26,894)
	Accrued finance cost		**5,485**	7,015
	Lease modification		**(6,597)**	(4,066)
	Write off		**-**	(19,634)
	Exchange rate fluctuation		**(3,454)**	(6,133)
	Closing balance		**27,604**	34,516
15	**CONTINGENCIES AND COMMITMENTS**			
	Contingencies			
	Contingencies - Bank guarantees issued		**5,298,260**	6,118,656
	Letters of credits		**141,402**	127,698
			5,439,662	6,246,354
	Commitments			
	Un-used portion of Overdraft		**4,215**	6,725
16	**NET INTEREST INCOME**			
	Interest income			
	Interest income on Placements		**43,113**	21,628
	Loans and advances		**75,395**	139,457
	Bonds and Sukuk		**47,560**	38,416
			166,068	199,501
	Interest expense			
	Customer deposits		**2,895**	7,932
	Deposits from financial institutions		**10,546**	29,837
	Total interest expense	16.1	**13,441**	37,769
	Net interest income		**152,627**	161,732

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		2023	2022
		AFN '000	
16.1	**Interest expense on customers deposits**		
	Term deposits	**11,645**	4,902
	Saving deposits	**1,796**	3,030
		13,441	7,932

17 NET FEE AND COMMISSION INCOME

	2023	2022
Fee and commission income		
Commission on bank guarantees	**48,405**	60,466
Commission on letter of credits	**2,641**	4,002
Loan processing fee	**-**	2,019
Fund transfer fee	**310,575**	490,401
Deposit accounts servicing	**35,244**	31,632
Commission on cash management	**37,249**	39,640
	434,114	628,160
Fee and commission expense		
Inter bank transaction fee	**12,426**	11,195
Electronic banking fee	**15,299**	11,604
Net fee and commission income	**406,389**	605,361

18 OTHER INCOME

	2023	2022
Gain / (Loss) on sale of investment in gold	**3,005**	(9,817)
Recovery of loan previously written off	**3,921**	2,859
Other	**17,160**	12,976
	24,086	6,018

19 EMPLOYEE COMPENSATION

	2023	2022
Salaries and wages	**147,188**	128,329
Food allowances	**3,557**	3,261
Staff bonus	**4,314**	9
	155,059	131,599

20 ADMINISTRATIVE EXPENSE

	Note	2023	2022
		AFN '000	
Security guards expenses		**26,669**	20,534
Software annual maintenance		**15,724**	19,963
Insurance	20.1	**38,011**	22,700
Communication		**5,550**	6,744
Advertisement		**21,590**	11,856
Travelling and conveyance		**11,037**	5,965
Utilities		**11,765**	10,389
Fuel		**4,337**	5,247
Repair and maintenance		**8,853**	6,837
Stationery and printing		**7,361**	5,389
Directors meeting fees		**9,947**	8,984
Donation	20.2	**57,215**	52,120
Staff training		**2,536**	1,667
Audit fee		**2,972**	2,475
Legal & advisory fee	20.3	**72,689**	13,227
Other expenses		**13,770**	12,405
		310,026	206,502

20.1 This includes insurance expenses related to the bank cash and deposit that are secured by Afghanistan Insurance Corporation (ICA) and Afghanistan Deposit Protection Fund (ADPF) respectively.

20.2 Since COVID 19 epidemic and recent political changes in the country, internally displaced and persons, negative impacted business activities and resulted in partial economy shut down for several months. The bank decided to contribute a substantial amount for this most vulnerable section. This support was made through Ghazanfar Foundation, which has vast experience in charity work, and is a related party. With the economic downturn following COVID 19 and subsequent events in the country, Ghazanfar Bank has committed to continuing its corporate social responsibility this year.

20.3 This includes legal fee amounting to AFN 4.417 million (2022: AFN 264 thousands), and advisory fees amounting to AFN 68.271 million (2022: AFN 12.963 mn)

			2023	2022
21	**TAXATION**	**Note**	AFN '000	
	- Current tax			
	Current	21.1	-	48,144
	Prior		-	-
			-	48,144
	- Deferred tax assets on:			
	Carry forward losses (P&L)		**47,795**	-
	Tax gain on revaluation of financial instruments (OCI)		**15,472**	33,322
			63,267	33,322
	(Tax loss) / taxable profit for the year		**(238,973)**	240,720

		2023	2022
21.1	**Effective tax rate reconciliation is as follows:**		
	Accounting profit before tax	**(282,752)**	204,358
	Tax at applicable rate of 20%	-	40,872
	Non-deductible tax expense	-	24,784
	Dividend - deductible expense	-	(3,962)
	Other deductible expenses	-	(13,550)
		-	48,144

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22 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Parent and ultimate controlling entity

The Bank is owned by individual shareholders owing equity shares in different proportions. Mr. Mohammad Ibrahim Ghazanfar and Mr. Mohammad Ismail Ghazanfar each holds 36.16% and 36.15% respectively of issued, subscribed and paid up capital while remaining 27.69% is held by Mrs. Shukria Amin. This is based on the revised article of association approved from the DAB.

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	
	2023	2022	2023	2022
Nature of transactions	AFN '000			
(a) Loans and advances to related parties				
Loans outstanding at the beginning of the year	-	-	**57,657**	67,273
Loans issued during the year	-	-	-	-
Loans repayments during the year	-	-	**(10,181)**	(9,616)
Exchange gain	-	-	-	-
Loans outstanding at the end of the year	-	-	**47,476**	57,657
Interest income earned	-	-	**3,717**	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	
	2023	2022	2023	2022
Nature of transactions	AFN '000			
(b) Deposits from related parties				
Deposits at the beginning of the year	**10,030**	4,163	**9,001**	4,999
Deposits received during the year	**79,246**	58,313	**601,809**	584,793
Deposits repaid during the year	**70,727**	52,445	**590,176**	580,791
Exchange rate difference	-	-	-	-
Deposits at the end of the year	**18,549**	10,030	**20,634**	9,001
Interest expense on deposits	-	-	-	-

Nature of transactions	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	2023	2022	2023	2022
	AFN '000			
(c) Other related party transactions				
Prepayment/ Security Deposit for Hairatan Branch	-	-	**47,827**	49,679
Directors' fee	**9,947**	8,984	-	-
Rent paid	-	651	**3,820**	4,023
Donation paid	-	-	**57,215**	52,120

	2023	2022
	AFN in '000	
(d) Key Management compensation		
Salaries and other short-term benefits	**32,111**	28,381
	32,111	28,381

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23 FINANCIAL ASSETS AND LIABILITIES

Accounting classifications and fair values

The table below sets out the carrying amounts of the Bank's financial assets and financial liabilities:

	Note	Held for Trading	Designated at Fair Value	Held to Maturity	At amortized cost	Available for sale	Total carrying amount
		AFN '000'					
2023							
Cash and cash equivalents	5	-	-	-	**6,200,234**	-	**6,200,234**
Investments	6	-	-	**284,377**	-	**805,191**	**1,089,568**
Loans and advances to customers	7	-	-	-	**1,666,837**	-	**1,666,837**
Others assets	9	-	-	-	**2,166,414**	-	**2,166,414**
		-	-	**284,377**	**10,033,485**	**805,191**	**11,123,053**
Deposits from customers	11	-	-	-	**8,157,030**	-	**8,157,030**
Deposits from financial institutions	12	-	-	-	**1,356,970**	-	**1,356,970**
Other liabilities	13	-	-	-	**122,595**	-	**122,595**
Lease liability	14	-	-	-	**27,604**	-	**27,604**
		-	-	-	**9,664,199**	-	**9,664,199**
2022							
Cash and cash equivalents	5	-	-	-	7,330,956	-	7,330,956
Investments	6	-	-	1,116,500	-	504,443	1,620,943
Loans and advances to customers	7	-	-	-	2,264,178	-	2,264,178
Others assets	9	-	-	-	1,652,068	-	1,652,068
		-	-	1,116,500	11,247,202	504,443	12,868,145
Deposits from customers	11	-	-	-	9,393,451	-	9,393,451
Deposits from financial institutions	12	-	-	-	1,641,071	-	1,641,071
Other liabilities	13	-	-	-	92,220	-	92,220
Lease liability	14	-	-	-	34,516	-	34,516
		-	-	-	11,161,258	-	11,161,258

23.1 The fair values of financial assets and financial liabilities approximates their carrying amounts at the reporting date. Held for trading investment categorized in Level 1 of IFRS 13 while available for sale investments are categorized in Level 2 of IFRS 13.

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24 FINANCIAL RISK MANAGEMENT

Introduction and overview

The Bank has exposure to the following risks from its use of financial instruments:

24.1 a) credit risk
b) liquidity risk
c) market risks

This note presents information about Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Risk management framework

The Board of Supervisor has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Management Board, Asset and Liability Committee (ALCO), Risk Management committee of the board (RMCB) and a Credit Committee which are responsible for developing and monitoring Bank's risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Supervisors on their activities. The Bank's Management Board is assisted in these functions by the internal audit department.

The Bank's Internal Audit and Compliance Departments are responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank.

Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and placements with other banks. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

Management of credit risk

The Board has delegated responsibility for the management of credit risk to its Credit Committee. Credit department reporting to the Bank Credit Committee is responsible for oversight of the Bank's credit risk.

A separate credit department has been established by the Bank that is responsible for oversight of the Bank's credit risk and which is reportable to the Credit Committee. The Credit department is headed by Chief Credit Officer (CCO). Chief Credit Officer along with credit department staff looks after credit risk matters and conduct portfolio analysis for managing credit risk.

The Bank has established and maintained a sound loan portfolio in terms of well-defined credit policy approved by the Board. The credit evaluation system comprises of well designed credit appraisal, sanctioning and review procedures for the purposes of emphasizing prudence in lending activities and ensuring the high quality of asset portfolio.

The amount of credit risk in this regard is represented by the carrying amounts of the assets at the reporting date. Exposure to credit risk is managed through regular analysis of borrower to meet interest and capital repayment obligations and by changing their lending limits where appropriate. Exposure to credit risk is also managed against personal guarantees of the borrowers and mortgage of immoveable property duly registered with the court of law.

In addition to the above, there were no lending commitments except as disclosed in Note 15.

Past due but not impaired loans

Past due but not impaired loans are those for which contractual interest or principal payments are past due but the Bank believes impairment is not appropriate.

Allowances for impairment

The Bank establishes an allowance for impairment losses on assets carried at amortized cost that represents its estimate of incurred losses in its loan portfolio calculated in accordance with the DAB regulations.

Write-off policy

The Bank recognized 100% provision on loans categorized as loss. These loans are kept on books of account for additional six months and after that loans would be written off as per Da Afghanistan bank regulations. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. Before allowing to written off, it is ensured that all possible avenues of recovery, inclusive of legal action are exhausted or legal action is not advisable.

The Bank holds collateral against loans and advances in the form of mortgage interest over residential and/or commercial properties and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and generally are not updated except when a loan is individually assessed as impaired.

Concentration of credit risks by sector

All the loans have been disbursed in geographical territory of Afghanistan. The Bank monitors concentrations of credit risk by sector. Exposure to any sector should not exceed 40% of the regulatory capital at any time and as of the balance sheet date, except for Petroleum and Lubricants sector where it exceeds marginally, sector exposures are within regulatory limit.

Cash and cash equivalents

The Bank held cash and cash equivalents of Afs 6,200 million (2022: Afs 7,331 million) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with central bank and other banks.

Settlement risk

The Bank's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to failure of an entity to honor its obligation to deliverable cash, other assets as contractually agreed.

24.2 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

The Board ensures that the Bank has necessary tools and framework to cater the requirements of liquidity risk management and the Bank is capable to confronting uneven liquidity scenarios. The Bank's management is responsible for the implementation of sound policies and procedures keeping in view the strategic direction and risk appetite specified by the Board. Asset & Liability Committee (ALCO) is entrusted with the responsibility of managing the mismatch in maturities to ensure sufficient available cash flow to meet possible withdrawal of deposits, other commitment or challenges associated with sudden changes in market conditions, whist enabling the Bank to pursue valued business opportunities. For day to day liquidity risk management integration of liquidity scenario will ensure that the Bank is best prepared to respond to an unexpected problem.

The Bank relies on deposits from customers as its primary source of funding. Deposits form customers generally has shorter maturities and large proportion of them are repayable on demand. For day to day liquidity risk management integration of liquidity scenario will ensure that the Bank is best prepared to respond to an unexpected problem.

Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalent less any deposits from banks. A similar, but not identical, calculation is used to measure the Bank's compliance with the liquidity limit established by the Bank's Regulator (Da Afghanistan Bank). Detail of the reported Bank ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period was as follows:

	2023	2022
Closing balance for the year ended	**45%**	46%
Average for the year	**44%**	41%
Maximum for the year	**51%**	47%
Minimum for the year	**39%**	34%

Maturity analysis for financial liabilities

	Note	Carrying amount	Gros Cash Outflow	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
					AFN '000'			
2023								
Deposits from customers	11	**8,157,030**	**8,157,030**	**4,796,928**	**1,334,770**	**2,025,332**	-	-
Deposits from financial institutions	12	**1,356,970**	**1,356,970**	**213,970**	-	**1,143,000**	-	-
Other liabilities	13	**139,288**	**139,288**	-	-	-	-	-
Lease liability	14	**27,604**	**27,604**	-	-	-	**24,286**	**3,318**
		9,680,892	**9,680,892**	**5,010,898**	**1,334,770**	**3,168,332**	**24,286**	**3,318**
2022								
Deposits from customers	11	9,393,451	9,393,451	5,596,446	1,376,587	2,420,418	-	-
Deposits from financial institutions	12	1,641,071	1,641,071	570,073	-	1,070,998.00	-	-
Other liabilities	13	118,191	118,191	-	-	-	-	-
Lease liability	14	34,516	34,516	-	-	-	25,440	9,076
		11,187,229	11,187,229	6,166,519	1,376,587	3,491,416	25,440	9,076

The above table shows the undiscounted cash flows on the Bank's financial liabilities on the basis of their earliest possible contractual maturity. The gross nominal inflow/(out flow) disclosed in the above table is the contractual, undiscounted cash flow on the financial liability.

24.3 Market risks

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Bank's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures with in acceptable parameters, while optimizing the return on risk.

Management of market risks

To manage and control market risk, a well defined limits structure is in place. These limits are reviewed, adjusted and approved periodically. Overall authority for market risk is vested in ALCO. The Bank's Assets and Liability Committee (ALCO) is responsible for the development of detailed risk management policies and day to day review of their implementation.

Exposure to interest rate risk

The Bank's risk to which not-trading portfolios are exposed is the risk of loss from fluctuations in the future flows or fair values of financial instrument because of change in market interest rates. Interest rate risk managed principally through monitoring interest rate gaps and by having pre-approved limits for reprising bands. The ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management in its day to day monitoring activities. The Bank holds the instruments which do not carry variable interest rate and are not subject to future changes in market interest rates.

Exposure to currency risk

The Bank's exposure to foreign currency risk was as follows based on notional amounts.

31 December 2023	Note	Total	USD	EUR	GBP
			.... AFN '000'..............		
Assets					
Cash and cash equivalents	5	**4,730,667**	**4,600,134**	**125,426**	**5,107**
Investments	6	**1,100,107**	**1,100,107**	-	-
Loans and advances	7	**1,381,778**	**1,381,778**	-	-
Other assets	9	**1,401,219**	**1,386,640**	**14,579**	-
		8,613,771	**8,468,659**	**140,005**	**5,107**

Exposure to currency risk (cont.)

Liabilities	Note	Total	USD	EUR	GBP
			.... AFN '000'..............		
Deposits from customers	11	**6,415,501**	**6,253,651**	**159,660**	**2,190**
Deposits from financial institutions	12	**1,001,228**	**1,001,228**	-	-
Other liabilities	13	**45,237**	**43,003**	**2,220**	**15**
		7,461,966	**7,297,882**	**161,880**	**2,205**
Net foreign currency exposure		**1,151,805**	**1,170,778**	**(21,875)**	**2,902**

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31 December 2022					
Assets					
Cash and cash equivalents	5	3,799,904	3,594,960	196,077	8,866
Placements		1,071,000	1,071,000	-	-
Investments	6	1,634,331	1,634,331	-	-
Loans and advances to customers	7	1,891,684	1,891,684	-	-
Other assets	9	1,610,213	1,592,167	18,046	-
		10,007,132	9,784,142	214,124	8,866
Liabilities					
Deposits from customers	11	7,107,542	6,897,215	204,607	5,720
Deposits from financial institutions	12	1,458,442	1,458,442	-	-
Other liabilities	13	72,587	72,201	368	18
Lease liabilities	14	6,597	6,597	-	-
		8,645,168	8,434,455	204,975	5,738
Net foreign currency exposure		1,361,964	1,349,687	9,149	3,128

Exposure to currency risk (cont.)

	2023		2022	
in AFN	**Average rate**	**Reporting date rate**	**Average rate**	**Reporting date rate**
USD	**82.43**	**70.25**	90.00	89.25
Euro	**88.71**	**76.85**	94.92	94.46
GBP	**101.16**	**88.05**	109.49	106.45

Sensitivity analysis

A 10% strengthening of the Afghani, as indicated below, against the USD, Euro and GBP at 31 December 2023 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Bank considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2023		2022	
	Equity	**Profit or loss**	**Equity**	**Profit or loss**
				-
US$	**93,662**	**117,078**	107,975	134,969
Euro	**(1,750)**	**(2,188)**	732	915
GBP	**232**	**290**	250	313

A 10% weakening of the Afghani against the above currencies at 31 December 2023 would have equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

25 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 December 31, 2023 is as follows:

	2023	2022
	AFN '000	
Tier 1 capital		
Share holders' equity	**1,776,740**	1,978,878
Less: Other Equity Components	**61,887**	133,287
Less: Profit for the year	-	(156,214)
Less: Intangible assets	-	-
Net Deferred Tax Assets	**(63,267)**	(33,322)
Total tier 1 (core) capital	**1,775,361**	1,922,630
Tier 2 capital		
General allowances on Standard Advances	**22**	22
Add: Profit for the year	-	156,214
Total tier 2 (supplementary) capital	**22**	156,236
Total Regulatory capital = Tier 1 + Tier 2	**1,775,383**	2,078,865
Risk-weight categories		
0% risk weight:		
Cash in Afghani and fully-convertible foreign currencies	**1,100,648**	1,030,998
Direct claims on DAB	**1,871,186**	3,469,184
Direct Claims on Central Governments of Category A Countries	-	604,017
Loans Collateralized by Blocked Deposits	-	-
Others	-	-
Total	**2,971,834**	5,104,199
0% risk-weight total (above total x 0%)	-	-

	2023	2022
	AFN '000	
20% risk weight:		
Demand Deposits with Banks	**1,892,118**	2,442,352
Time Deposits with Banks	**1,910,800**	1,071,000
Loans Guaranteed by Multilateral Lending Institutions	**112,023**	165,098
Other	**-**	-
Total	**3,914,941**	3,678,450
20% Risk-Weight Total (Above Total x 20%)	**782,988**	735,690
100% risk weight		
Loans gross amount	**1,554,813**	2,099,103
Property & Equipment's	**245,544**	273,907
All other assets	**2,751,307**	2,168,984
Total	**4,551,664**	4,541,994
100% Risk-Weight Total (Above Total x 100%)	**4,551,664**	4,541,994
Off-balance-sheet items with 0% Credit Conversion Factor		
Undrawn loan and overdraft facilities	**4,215**	6,725
Total	**4,215**	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	**16,924**	68,779
Total	**3,385**	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	**334,137**	1,067,508
Total	**334,137**	1,067,508
100% Credit Conversion Factor Total (Risk-Weighted Totals x 100%)	**334,137**	1,067,508
	5,672,173	6,358,949
Tier 1 Capital Ratio	**31.30**	30.24
Regulatory Capital Ratio	**31.30**	32.69

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26 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 19 March 2024 by the Board of Supervisors of the Bank.

27 GENERAL

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

Chief Financial Officer | **Chief Executive Officer** | **Chairman**

28 ISLAMIC BANKING INFORMATION

28.1 Islamic Banking Financial Position

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

	2023	2022
	AFN '000	
ASSETS		
Cash and cash equivalents	**1,729,607**	3,215,515
Murabaha with Financial Institutions	**878,125**	1,071,000
Investments in Sukuk securities	**284,377**	402,352
Murabaha Islamic Financing	**347,694**	386,427
Other assets	**657,370**	281,573
Total assets	**3,897,173**	5,356,868
EQUITY AND LIABILITIES		
EQUITY		
Retained earnings	**62,224**	189,976
Total equity	**62,224**	189,976
LIABILITIES		
Current deposits	**1,009,985**	2,072,112
Mudarabah saving deposits	**804,741**	886,257
Mudarabah fixed deposits	**1,996,922**	2,178,859
Other liabilities	**23,301**	29,664
Provision for taxation	**-**	-
Total liabilities	**3,834,949**	5,166,892
Total equity and liabilities	**3,897,173**	5,356,868
Contingencies and commitments	**1,033,546**	1,229,307

Chief Financial Officer **Chief Executive Officer** **Chairman**

GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

28.2 Islamic Banking Profit or Loss

The Bank has the following profit or loss for the year ended December 31, 2023, from Islamic Banking operations:

	2023	2022
	AFN '000	
Total profit income	**63,011**	61,192
Total profit expense	**(13,441)**	(9,256)
Net profit	**49,570**	51,937
Revenue from banking services	**85,490**	73,837
Expense on banking services	**(1,534)**	(2,653)
Net revenue form banking services	**83,956**	71,184
(Loss) from dealing in foreign currencies	**(110,361)**	(49,143)
	23,165	73,979
Other income	**14,688**	5,769
Impairment allowances and charge off	**(5,350)**	-
Employee compensation	**(47,990)**	(27,071)
Operating lease expenses	**(342)**	(663)
Finance cost on lease liability	**(1,860)**	(1,551)
Depreciation and Amortization	**(16,034)**	(13,364)
Administrative expense	**(92,621)**	(38,423)
	(164,197)	(81,072)
Profit before tax	**(126,344)**	(1,324)
Taxation	**-**	-
Profit after tax	**(126,344)**	(1,324)

29 GENERAL

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

Chief Financial Officer **Chief Executive Officer** **Chairman**