

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 2024**, 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 6.1.2 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 2024.



Chartered Accountants

Engagement Partner: Muhammad Saqlain Siddiqui

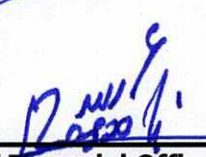
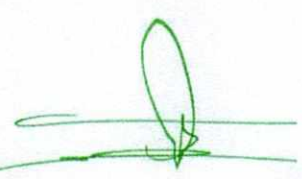
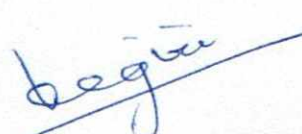
Date: 14 May 2024

Place: Kabul, Afghanistan

GHAZANFAR BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT 31 MARCH 2024

		31-Mar-24 (Un-audited)	31-Dec-23 (Audited)
	Note	..... AFN '000'	
ASSETS			
Cash and cash equivalents	4	6,644,407	6,200,234
Investments	5	1,314,039	1,089,568
Loans and advances	6	1,631,643	1,666,837
Property and equipment	7	265,266	245,544
Deferred tax assets		63,441	63,267
Other assets	8	2,617,177	2,192,659
Total assets		<u>12,535,973</u>	<u>11,458,109</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		1,244,040	1,244,040
Capital Reserves		68,743	68,743
Retained earnings		563,479	525,844
Revaluation deficit on financial instruments at FVOCI		(62,584)	(61,887)
Total equity		<u>1,813,678</u>	<u>1,776,740</u>
LIABILITIES			
Deposits from customers	9	9,130,888	8,157,030
Deposits from financial institutions	10	1,363,780	1,356,970
Other liabilities	11	171,031	139,288
Lease liability	12	46,710	27,604
Provision for taxation		9,885	477
Total liabilities		<u>10,722,295</u>	<u>9,681,369</u>
Total equity and liabilities		<u>12,535,973</u>	<u>11,458,109</u>
Contingencies and commitments	13		

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







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

GHAZANFAR BANK
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2024

		31-Mar-24	31-Mar-23
		(Un-audited)	(Un-audited)
	Note	..... AFN '000'	
Interest income		55,331	45,039
Profit expense		(5,827)	(3,919)
Net interest income	14	49,504	41,120
Fee and commission income		122,608	106,028
Fee and commission expense		(5,843)	(6,963)
Net fee and commission income	15	116,765	99,065
Income / (losses) from dealing in foreign currencies		10,472	(14,509)
		176,741	125,676
Other income	16	4,604	15,883
Impairment allowances	6.1.3	(852)	(29,577)
Gain on sale of securities		2,758	-
Employee compensation	17	(43,218)	(39,256)
Operating lease expenses		(560)	(203)
Finance cost on lease liability		(1,267)	(1,521)
Depreciation		(11,280)	(12,283)
Administrative expense	18	(79,882)	(45,492)
		(134,301)	(128,332)
Profit before tax		47,044	13,229
Taxation		(9,409)	(2,646)
Profit for the period		37,635	10,583
Other comprehensive income			
Items to be reclassified subsequently to profit or loss			
- Unrealized loss on revaluation of AFS investment		(78,230)	(137,444)
- Related deferred tax		15,646	27,489
		(62,584)	(109,955)
Total comprehensive loss for the period		(24,949)	(99,372)

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

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 Chief Financial Officer


 Chief Executive Officer

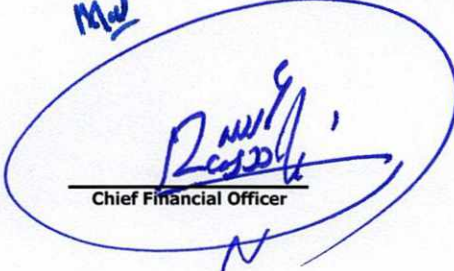

 Chairman

GHAZANFAR BANK
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2024

	Issued, subscribed and paid-up share capital	Capital Reserves	Retained Earnings	Revaluation deficit on financial instruments	Total
	AFN '000'				
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	-	-	-	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>
Balance as at December 31, 2023 (Audited)	1,244,040	68,743	525,844	(61,887)	1,776,740
Profit for the period	-	-	37,635	-	37,635
Revaluation deficit on financial instruments	-	-	-	(697)	(697)
	-	-	37,635	(697)	36,938
Balance as at Mar 31, 2024 (Un-audited)	<u>1,244,040</u>	<u>68,743</u>	<u>563,479</u>	<u>(62,584)</u>	<u>1,813,678</u>

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

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Chief Financial Officer



Chief Executive Officer

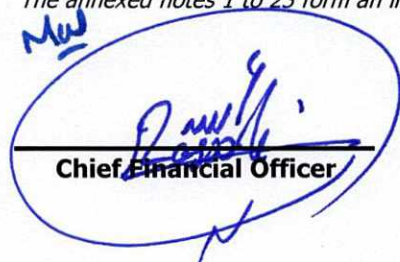


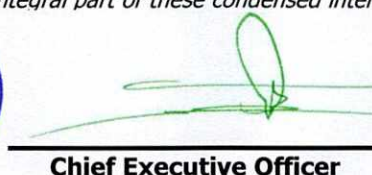
Chairman


GHAZANFAR BANK
CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2024

	31-Mar-24 (Un-audited)	31-Mar-23 (Un-audited)
	..... AFN '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	47,044	13,229
Adjustments for:		
Impairment allowances	852	29,577
Finance cost on lease liability	1,267	2,132
Exchange gain on lease liability	4	488
Depreciation	11,280	12,283
	60,447	57,709
Changes in assets		
Loans and advances	35,194	155,623
Other assets	(423,710)	174,784
	(388,516)	330,407
Changes in liabilities		
Deposits from customers	973,858	(1,867,521)
Deposits from financial institutions	6,810	531,757
Other liabilities	31,743	30,808
	1,012,411	(1,304,957)
Net cash flow from / (used in) operating activities before tax	684,342	(916,841)
Tax paid	(175)	(42,849)
Net cash from / (used in) operating activities	684,167	(959,690)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,786)	(609)
Capital work in progress	(995)	(196)
Investments	(227,122)	742,527
Net cash generated (used in) / from investing activities	(232,903)	741,722
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liability	(7,091)	(7,521)
Net cash used in financing activities	(7,091)	(7,521)
Net increase / (decrease) in cash and cash equivalents	444,173	(225,489)
Cash and cash equivalents, beginning of the year	6,200,234	7,330,956
Cash and cash equivalents, end of period	6,644,407	7,105,467

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

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Chief Financial Officer


Chief Executive Officer


Chairman

GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2024

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, Kabul, Afghanistan.

The Bank obtained business license from Afghanistan Ministry of Commerce and industries bearing license no: D-29098 renewed in 2016 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 (2023: Fifteen branches with Islamic banking operations) in different provinces of Afghanistan.

This condensed interim financial information for the period ended March 31, 2024 (including comparatives) have been approved and authorized for issue by the Board of Supervisors on 14, May, 2024.

2 STATEMENT OF COMPLIANCE

- 2.1** This condensed interim financial information of the Bank for the three months period ended 31 March 2024 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 2023.
- 2.3** Comparative statement of financial position is extracted from the annual financial statements as at 31 December 2023 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 2023.

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 2024 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 2023.
- 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 2023.
- 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 2023.

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2024

	Note	31-Mar-24 (Un-audited) AFN '000'	31-Dec-23 (Audited) AFN '000'
4 CASH AND CASH EQUIVALENTS			
Cash in hand	4.1	639,557	1,100,648
Balances with banks	4.2	3,671,882	3,009,098
Balances with investment managers	4.3	60,928	179,688
Short term placements	4.4	2,272,040	1,910,800
		<u>6,644,407</u>	<u>6,200,234</u>
4.1 Cash in hand			
Local currency		639,557	543,578
Foreign currencies		-	557,070
		<u>639,557</u>	<u>1,100,648</u>
4.2 Balances with banks			
<i>Balances with central bank</i>			
Local currency current accounts		2,257,789	930,572
Foreign currency current accounts		464,775	366,096
		<u>2,722,564</u>	<u>1,296,668</u>
Balances with other banks (domestic)		29	29
Balances with other banks (foreign)		949,289	1,712,401
		<u>3,671,882</u>	<u>3,009,098</u>

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

4.4 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 4.20% to 5.25% (2023: 4% to 5.25%) per annum.

		31-Mar-24 (Un-audited) AFN '000'	31-Dec-23 (Audited) AFN '000'
5 INVESTMENTS			
<i>Available for sale</i>			
Investment in bonds	5.1	12,934	10,714
Investments in T-bills	5.2	86,159	-
<i>Held for trading</i>			
Investment in equity instruments	5.3	161,649	194,473
		<u>260,742</u>	<u>205,187</u>
Loss reserve on debt instruments		(10,785)	(10,538)
		<u>249,957</u>	<u>194,649</u>
<i>Held to maturity</i>			
Investment in bonds	5.4	439,199	284,377
<i>Investments in:</i>			
Emerging market infrastructure funds	5.4.1	266,030	259,925
Emerging real estate development funds	5.4.1	358,853	350,618
		<u>1,064,082</u>	<u>894,920</u>
		<u>1,314,039</u>	<u>1,089,568</u>

5.1 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) .....	..... (AFN '000) .....	..... (AFN '000)
<u>21,570</u>	<u>(8,636)</u>	<u>12,934</u>

5.2 This represents investments in US Treasury Bills (risk rating AA+), carrying coupon rates ranging from 5.32% to 5.38% for the period. These investments have a maturity date of 30 May 2024 and 25 June 2024 respectively. These investments are made through STP-Partners Ltd asset manager of the bank.

5.3 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) .....	..... (AFN '000) .....	..... (AFN '000)
<u>231,266</u>	<u>(69,617)</u>	<u>161,649</u>

Shares of listed entities

5.4 These represent an investment in Sovereign bonds of Oman (risk rating B+), Indonesia (risk rating BBB), and Bahrain (risk rating B+) having coupon rates ranging from 4.03% to 5.87% per annum. These investments have a maturity date of Aug 20, 2024. SHUAA Capital PSC UAE, DAMAN and STP-Partners Ltd investment advisors are acting as the custodian of these investments.

5.4.1 This represents investments in Emerging Market Infrastructure and Emerging Real Estate Development Funds issued by UAE Corporations, 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.

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2024

	Note	31-Mar-24 (Un-audited)	31-Dec-23 (Audited)
		----- AFN '000 -----	
6 LOANS AND ADVANCES TO CUSTOMERS - NET			
Conventional loans		1,550,888	1,568,246
Islamic loans		341,442	353,366
		1,892,330	1,921,612
IMPAIRMENT			
Conventional loans		(254,882)	(249,103)
Islamic loans		(5,805)	(5,672)
	6.1	(260,687)	(254,775)
		1,631,643	1,666,837
6.1 Impairment allowance - summary			
Balance at the beginning of the period / year		254,775	339,799
Charge for the period / year		12,507	37,093
Exchange rate differences		5,911	(62,016)
		273,193	314,876
Write offs		(12,507)	(60,101)
Balance at the end of the period / year	6.1.1	260,687	254,775

6.1.1 Impairment - details	31 March 2024			31 December 2023		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
----- AFN '000' -----						
Conventional financing						
Running finance 6.1.2	823,521	(180,501)	643,020	805,033	(176,423)	628,610
SME loans	4,995	(26)	4,968	7,129	(26)	7,103
Term loans	722,372	(74,355)	648,017	756,084	(72,654)	683,430
	1,550,888	(254,882)	1,296,005	1,568,246	(249,103)	1,319,143
Islamic financing						
Murabaha	341,442	(5,805)	335,638	353,366	(5,672)	347,694
	1,892,330	(260,687)	1,631,643	1,921,612	(254,775)	1,666,837

6.1.2 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 condensed interim financial information for the period ended on 31 March 2024. The ACPR if effective as of 31 March 2024, would have result in additional provision amounting to AFN 714.46mn.

	31-Mar-24 (Un-audited)	31-Dec-23 (Audited)
		----- AFN '000 -----
6.1.3 Impairment (charge) / reversal on financial assets		
Impairment reversal on receivables from financial institutions	11,655	74,980
Net impairment allowance on non-funded facilities	-	(365)
Net provision on accrued interest/ profit	-	(1,803)
Loan charged off during the period / year	(12,507)	(37,093)
Provisions on funded facilities - Net	(852)	35,719

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2024

7	PROPERTY AND EQUIPMENT	Note	31-Mar-24 (Un-audited)	31-Dec-23 (Audited)
			..... AFN '000'	
	Operating fixed assets			
	Owned	7.1	186,534	186,744
	Right of use asset	7.2	77,658	58,721
	Capital work in progress		1,074	79
			265,266	245,544
7.1	Cost			
	Opening balances		504,538	505,633
	Additions during the period / year		4,786	3,601
	Transfer from capital work in progress		-	2,037
	Disposals during the period / year		-	(6,733)
	Closing balances		509,324	504,538
	Accumulated Depreciation			
	Opening balances		317,794	301,279
	Charge for the period / year		4,996	23,135
	Disposals during the period / year		-	(6,620)
	Closing balances		322,790	317,794
	Written down value		186,534	186,744
7.2	Right of use assets			
	Cost			
	Opening balance		179,865	162,902
	Additions during the period / year		25,220	21,371
	Lease modification		-	(4,408)
	Closing balances		205,085	179,865
	Accumulated Depreciation			
	Opening balance		121,144	97,188
	Charge for the period / year		6,283	23,956
	Closing balances		127,427	121,144
	Carrying Amount		77,658	58,721

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2024

		31-Mar-24	31-Dec-23
		(Un-audited)	(Audited)
		..... AFN '000'	
8	OTHER ASSETS		
	Restricted deposits with DAB	8.1 670,949	574,518
	Prepayments	8.2 70,527	89,511
	Receivable from Western Union	63,084	44,472
	Profit receivable	8.3 17,882	8,321
	Interest receivable	14,419	12,295
	Security deposits	8.4 495,642	484,274
	Receivable from humanitarian organization	8.5 1,268,156	969,154
	Others	16,518	10,114
		2,617,177	2,192,659
8.1	Restricted deposits with DAB		
	Local currency	132,870	123,096
	Foreign currencies	538,079	451,422
		8.1.1 670,949	574,518
8.1.1	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.		
8.2	This includes 20 years prepayment rental expense for the hairatan branch to the related party of the bank, amounting AFN to 47.4 million (2023: AFN 47.83mn).		
8.3	This includes profit receivable on account of Murabaha investments, Sovereign sukuks and Murabaha facility.		
		31-Mar-24	31-Dec-23
		(Un-audited)	(Audited)
		----- AFN '000' -----	
8.4	Security Deposits		
	Pashtany bank	8.4.1 359,500	351,250
	Ziraat bank	8.4.2 111,278	108,725
	CSC Bank & Western union	24,864	24,299
		495,642	484,274
8.4.1	Security deposits for providing DABs bills collections.		
8.4.2	Cash margin on issuance letter of credits		
8.5	This represents receivables against the provision of cash distribution services to the international humanitarian organization, which was subsequently received by the bank.		
		31-Mar-24	31-Dec-23
		(Un-audited)	(Audited)
		..... AFN '000'	
	Receivable from financial institutions	8.6.1 12,095	23,205
	Provision reserve on receivables from FIs	(12,095)	(23,205)
		-	-
8.6.1	This represents receivables in respect of nostro accounts with foreign defaulted banks in 2019, named Tengri Bank amounting to US\$ 168 thousands equivalent AFN 12.1 mn. As result, additional provision was made in respect of receivable balance.		

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2024

	Note	<u>31-Mar-24</u> <u>(Un-audited)</u>	<u>31-Dec-23</u> <u>(Audited)</u>
		..... AFN '000'	
9 DEPOSITS FROM CUSTOMERS			
Conventional			
Current deposits		3,528,672	3,772,312
Saving deposits		610,221	530,029
Term deposits		<u>81,397</u>	<u>79,617</u>
		<u>4,220,290</u>	<u>4,381,958</u>
Islamic			
Current deposits		2,104,043	1,009,985
Saving deposits		853,976	804,741
Mudarabah fixed deposits		<u>407,102</u>	<u>413,080</u>
		<u>3,365,121</u>	<u>2,227,806</u>
Margin deposits			
Margin deposits - expired		14,971	14,631
Margin deposits - unexpired	9.1	<u>1,530,507</u>	<u>1,532,635</u>
		<u>1,545,478</u>	<u>1,547,266</u>
		<u>9,130,888</u>	<u>8,157,030</u>

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

	Note	<u>31-Mar-24</u> <u>(Un-audited)</u>	<u>31-Dec-23</u> <u>(Audited)</u>
		..... AFN '000'	
10 DEPOSITS FROM FINANCIAL INSTITUTIONS			
Deposits from Banks			
Demand Deposits of Banks		175,794	138,035
Deposits from OFI's			
Current deposits		25,186	75,935
Term deposits		<u>1,162,800</u>	<u>1,143,000</u>
		<u>1,187,986</u>	<u>1,218,935</u>
		<u>1,363,780</u>	<u>1,356,970</u>

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2024

		31-Mar-24	31-Dec-23
		(Un-audited)	(Audited)
	Note	..... AFN '000' .....	..... AFN '000'
11 OTHER LIABILITIES			
Interest payable on customer deposits		9,914	12,376
Profit payable on Islamic customer deposits		18,021	10,403
Withholding tax		13,098	10,176
Unearned commission on bank guarantees		5,343	6,517
Accrued expenses		30,360	22,578
Dividend payable	11.1	17,274	17,274
Payable against canceled shares		22,960	22,960
Payable to donor	11.2	22,262	2,030
Other liabilities	11.3	31,799	34,974
		<u>171,031</u>	<u>139,288</u>

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

11.2 This represents balance received from ACGF against providing loans to SMEs under AMAD project and recovery of guaranteed loans.

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

		31-Mar-24	31-Dec-23
		(Un-audited)	(Audited)
		..... AFN '000' .....	..... AFN '000'
12 LEASE LIABILITY			
Opening balance		27,604	34,516
Addition during the period / year		25,066	21,170
Payment during the period / year - principal		(7,091)	(23,516)
Accrued finance cost for the period / year		1,128	5,485
Lease modification		-	(6,597)
Exchange loss / (gain)		4	(3,454)
Carrying amount		<u>46,710</u>	<u>27,604</u>

13 CONTINGENCIES AND COMMITMENTS

Contingencies

Contingencies - Bank quarantees issued	5,317,901	5,298,260
Letters of credits	114,884	141,402
	<u>5,432,785</u>	<u>5,439,662</u>
Commitments - Un-used portion of Overdraft	<u>4,314</u>	<u>4,215</u>

		31-Mar-24	31-Mar-23
		(Un-audited)	(Un-audited)
	Note	..... AFN '000' .....	..... AFN '000'
14 NET INTEREST INCOME			
Interest income			
Interest income on Placements		24,857	9,311
Loans and advances		15,718	22,874
Bonds and Sukuk		14,756	12,854
Total interest income		<u>55,331</u>	<u>45,039</u>
Profit expense			
Customer deposits	14.1	5,827	3,919
Net interest income		<u>49,504</u>	<u>41,120</u>
14.1 Profit expense on customers deposits			
Term deposits		5,004	3,349
Saving deposits		823	570
		<u>5,827</u>	<u>3,919</u>

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2024

	31-Mar-24	31-Mar-23
	(Un-audited)	(Un-audited)
	..... AFN '000'	
15 NET FEE AND COMMISSION INCOME		
Fee and commission income		
Commission on bank guarantees	12,139	12,160
Commission on letter of credits	662	1,129
Fund transfer fee	76,484	76,317
Deposit accounts servicing	7,658	8,427
Commission on cash management	25,665	7,995
Total fee and commission income	122,608	106,028
Fee and commission expense		
Inter bank transaction fee	(933)	(3,752)
Electronic banking fee	(4,910)	(3,211)
Net fee and commission income	116,765	99,065
16 OTHER INCOME		
Recovery of loan previously written off	2,146	1
Other	2,458	15,882
	4,604	15,883
17 EMPLOYEE COMPENSATION		
Salaries and wages	42,915	35,042
Staff bonus	303	4,214
	43,218	39,256
18 ADMINISTRATIVE EXPENSE		
Security guards expenses	5,899	5,910
Software annual maintenance	4,126	1,129
Insurance	17,513	7,985
Communication	1,440	1,644
Advertisement	3,523	2,415
Travelling and conveyance	2,890	1,911
Utilities	2,895	3,206
Fuel	1,033	1,830
Repair and maintenance	2,309	1,810
Stationery and printing	1,210	1,569
Directors meeting fees	2,927	2,034
Food expenses	1,955	1,838
Staff training	143	267
Audit fee	240	263
Consultancy & advisory	29,193	8,470
Other expenses	2,586	3,211
	79,882	45,492

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2024

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. 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 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	
	31-Mar-24 (Un-audited)	31-Dec-23 (Audited)	31-Mar-24 (Un-audited)	31-Dec-23 (Audited)
Nature of transactions	----- AFN '000 -----			
(a) Loans and advances to related parties				
Loans outstanding at the beginning of the period / year	-	-	47,476	57,657
Loans issued during the period / year	-	-	-	-
Loans repayments during the period / year	-	-	(2,649)	(10,181)
Exchange gain	-	-	-	-
Loans outstanding at the end of the period / year	-	-	44,827	47,476
Interest income earned	-	-	824	995

The facilities provided to related parties carry mark-up of 7% p.a. (31 December 2023: 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-24 (Un-audited)	31-Dec-23 (Audited)	31-Mar-24 (Un-audited)	31-Dec-23 (Audited)
Nature of transactions	----- AFN '000 -----			
(b) Deposits from related parties				
Deposits at the beginning of the period	18,549	10,030	20,634	9,001
Deposits received during the period	25,351	79,246	25,218	601,809
Deposits repaid during the period	27,186	70,727	39,843	590,176
Deposits at the end of the period	16,715	18,549	6,009	20,634

Nature of transactions

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

Prepayment / Security Deposit for Hairatan Branch

31-Mar-24 (Un-audited)	31-Dec-23 (Audited)
47,403	47,827

	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	31-Mar-24 (Un-audited)	31-Mar-23 (Un-audited)	31-Mar-24 (Un-audited)	31-Mar-23 (Un-audited)
(d) Other related party expenses during the period	----- AFN '000 -----			

Directors' fee
Rent paid

2,927	2,034	-	-
-	-	288	1,017

31-Mar-24 (Un-audited)	31-Mar-23 (Un-audited)
8,979	8,343

(e) Key Management compensation

Salaries and other short-term benefits

8,979	8,343
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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2024

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, 2024 is as follows:

	31-Mar-24	31-Dec-23
	(Un-audited)	(Audited)
	..... AFN '000'	
Tier 1 capital		
Share holders' equity	1,813,678	1,776,740
Less: Other Equity Components	62,584	61,887
Less: Profit for the period / year	(37,635)	-
Less: Intangible assets	-	-
Net Deferred tax assets	(63,441)	(63,267)
Total tier 1 (core) capital	1,775,186	1,775,361
Tier 2 capital		
General allowances on standard advances	22	22
Add: Profit for the period / year	37,635	-
Total tier 2 (supplementary) capital	37,657	22
Total Regulatory capital = Tier 1 + Tier 2	1,812,843	1,775,383
Risk-weight categories		
0% risk weight:		
Cash in Afghani and fully-convertible foreign currencies	639,557	1,100,648
Direct claims on DAB	3,393,513	1,871,186
Direct claims on other Governments	-	-
Total	4,033,070	2,971,834
0% risk-weight total (above total x 0%)	-	-
20% risk weight:		
Demand deposits with banks	1,010,246	1,892,118
Short term deposits with banks	2,272,040	1,910,800
Guaranteed by multilateral lending institutions	114,791	112,023
Total	3,397,077	3,914,941
20% Risk-Weight Total (Above Total x 20%)	679,415	782,988
50% risk weight:		
Qualifying Residential Mortgage Loans	-	-
Qualifying Real Estate Construction Loans	-	-
Total	-	-
50% risk-weight total (above total x 50%)	-	-

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2024

	31-Mar-24 (Un-audited)	31-Dec-23 (Audited)
	..... AFN '000'	
100% risk weight		
Loans and advances - Gross	1,516,852	1,554,813
Property and Equipment	265,266	245,544
All other assets	3,292,763	2,751,307
Total	5,074,881	4,551,664
100% Risk-Weight Total (Above Total x 100%)	5,074,881	4,551,664
Off-balance-sheet items with 0% Credit Conversion Factor		
Undrawn loan and overdraft facilities	4,314	4,215
Total	4,314	4,215
0% Credit Conversion Factor Total (Above Total x 0%)	-	-
Off-balance-sheet items with 20% Credit Conversion Factor		
Commercial letters of credit	114,884	-
100% Risk Weight	-	16,924
Total	114,884	16,924
20% Credit Conversion Factor Total (Risk-Weighted Total x 20%)	-	3,385
Off-balance sheet items with 100% Credit Conversion Factor		
Guarantees and Standby Letters of Credit		
20% Risk Weight	-	-
100% Risk Weight	380,178	334,137
Total	380,178	334,137
100% Credit Conversion Factor Total (Risk-Weighted Totals x 100%)	380,178	334,137
	6,134,474	5,672,173
Tier 1 Capital Ratio	28.94	31.30
Regulatory Capital Ratio	29.55	31.30

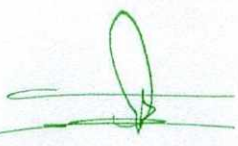
Currently the bank is having above AFN 4,406.65 million expired bank guarantees due to which the risk weight of such guarantees is considered zero which results an increase in Tier 1 Capital ratio and the Regulatory Capital Ratio.

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.

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Chief Financial Officer



Chief Executive Officer



Chairman

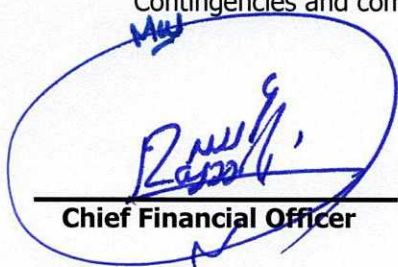
GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2024

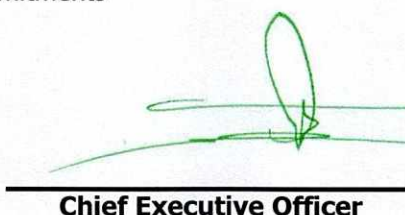
22 Islamic Banking Information

22.1 Islamic Banking Financial Position

The Bank has the following interim financial position as at March 31, 2024, for Islamic Banking operations:

	31-Mar-24	31-Dec-23
	(Un-audited)	(Audited)
	..... AFN '000'	
ASSETS		
Cash and cash equivalents	2,666,081	1,729,607
Murabaha with Financial Institutions	1,193,540	878,125
Investments in Sukuk securities	439,199	284,377
Murabaha Islamic Financing	335,638	347,694
Other assets	413,008	657,370
Total assets	<u>5,047,466</u>	<u>3,897,173</u>
EQUITY AND LIABILITIES		
EQUITY		
Retained earnings	8,021	62,224
Total equity	<u>8,021</u>	<u>62,224</u>
LIABILITIES		
Current deposits	2,109,567	1,009,985
Mudarabah saving deposits	853,976	804,741
Mudarabah fixed deposits	2,030,617	1,996,922
Other liabilities	45,285	23,301
Total liabilities	<u>5,039,445</u>	<u>3,834,949</u>
Total equity and liabilities	<u>5,047,466</u>	<u>3,897,173</u>
Contingencies and commitments	1,048,315	1,033,546


Chief Financial Officer


Chief Executive Officer


Chairman

GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2024

22.2 Islamic Banking Interim Profit or Loss

The Bank has the following interim profit or loss for the three months period ended March 31, 2024, from Islamic Banking operations:

	31-Mar-24 (Un-audited)	31-Mar-23 (Un-audited)
	..... AFN '000'	
Total profit income	23,123	19,854
Total profit expense	(5,827)	(3,919)
Net Profit income	17,296	15,935
Revenue from banking services	23,910	23,664
Expense on banking services	(161)	(1,218)
Net revenue form banking services	23,749	22,446
(Losses) / income from dealing in foreign currencies	(45,667)	15,320
	(4,621)	53,701
Other income	5,276	2,749
Impairment allowances and charge off	(12,397)	459
Employee compensation	(12,607)	(12,344)
Operating lease expenses	(79)	(68)
Finance cost on lease liability	(481)	(513)
Depreciation and Amortization	(3,566)	(4,266)
Administrative expense	(25,730)	(15,824)
	(54,859)	(32,556)
(Loss) / income before tax	(54,204)	23,893
Taxation	-	(4,779)
(Loss) / income after tax	(54,204)	19,115

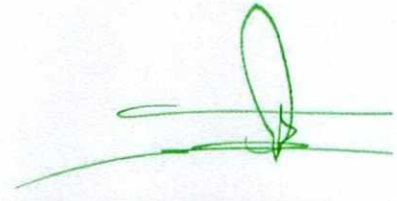
23 GENERAL

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

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Chief Financial Officer



Chief Executive Officer



Chairman