



Title: Review of the condensed interim financial information
Period: Ended on 30 June 2024
Entity: Ghazanfar Bank

Contents:

1. *Board Letter*
2. *Independent Auditor's Review Report*
3. *Condensed Interim Financial Information*



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**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 **30 June 2024**, and the related condensed interim statement of comprehensive income, changes in equity and cash flows for the six 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 30 June 2024.

Mazars Akheesh khatib

Chartered Accountants

Engagement Partner: Muhammad Saqlain Siddiqui

Date: 15 August 2024

Place: Kabul, Afghanistan



GHAZANFAR BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT 30 JUNE 2024

	Note	30-Jun-2024 (Un-audited) AFN '000'	31-Dec-23 (Audited)
ASSETS			
Cash and cash equivalents	4	8,611,251	6,200,234
Investments	5	1,277,316	1,089,568
Loans and advances	6	1,573,735	1,666,837
Property and equipment	7	266,537	245,544
Deferred tax assets		60,878	63,267
Other assets	8	1,418,721	2,192,659
Total assets		<u>13,208,438</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		546,079	525,844
Revaluation deficit on financial instruments at FVOCI		(72,567)	(61,887)
Total equity		<u>1,786,295</u>	<u>1,776,740</u>
LIABILITIES			
Deposits from customers	9	9,577,143	8,157,030
Deposits from financial institutions	10	1,620,995	1,356,970
Other liabilities	11	175,254	139,288
Lease liability	12	48,274	27,604
Provision for taxation		477	477
Total liabilities		<u>11,422,143</u>	<u>9,681,369</u>
Total equity and liabilities		<u>13,208,438</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.

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Chief Financial Officer

Chief Executive Officer

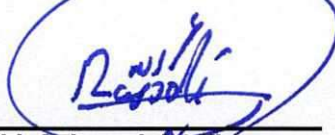
Chairman

GHAZANFAR BANK
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED ON 30 JUNE 2024

Note	Half Yearly		Quarter Ended	
	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
	..... AFN '000' .....	..... AFN '000' .....	..... AFN '000' .....	..... AFN '000'
Profit/Interest income	114,111	90,906	58,780	45,867
Profit expense	(12,083)	(6,802)	(6,256)	(2,883)
Net Profit/interest income	102,028	84,104	52,524	42,984
Fee and commission income	247,024	215,683	124,416	93,347
Fee and commission expense	(11,556)	(14,166)	(5,713)	(7,203)
Net fee and commission income	235,468	201,517	118,703	86,144
Losses from dealing in foreign currencies	(8,019)	(12,346)	(18,492)	2,163
	329,477	273,275	152,735	131,291
Other income	7,971	11,337	3,367	11,337
Impairment allowances	(5,326)	(29,577)	(4,474)	-
Gain on sale of securities	8,813	997	6,055	997
Employee compensation	(89,947)	(76,041)	(45,008)	(36,785)
Operating lease expenses	(1,399)	(715)	(840)	(512)
Finance cost on lease liability	(2,522)	(2,990)	(1,254)	(1,477)
Depreciation	(24,133)	(24,098)	(12,853)	(11,815)
Administrative expense	(197,639)	(115,220)	(119,479)	(69,712)
	(312,153)	(247,644)	(177,853)	(119,304)
Profit before tax	25,294	36,968	(21,751)	23,325
Taxation	(5,059)	(7,394)	(5,059)	(4,748)
Profit for the period	20,235	29,574	(26,810)	18,577
Other comprehensive income				
Items to be reclassified subsequently to profit or loss				
- (Unrealized loss) / gain on revaluation of AFS investment	(90,709)	(106,903)	(12,479)	30,541
- Related deferred tax	18,142	21,381	2,496	(6,108)
	(72,567)	(85,522)	(9,983)	24,433
Total comprehensive (loss) for the period	(52,332)	(55,948)	(36,793)	43,009

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

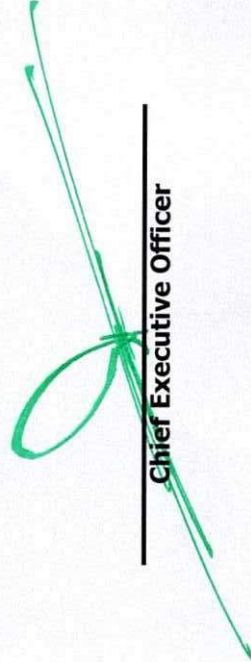
**GHAZANFAR BANK
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED ON 30 JUNE 2024**

	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	-	-	29,574	-	29,574
Revaluation surplus on financial instruments	-	-	-	47,765	47,765
	-	-	29,574	47,765	77,339
Balance as at June 30, 2023 (Un-audited)	1,267,000	60,932	813,807	(85,522)	2,056,217
Balance as at December 31, 2023 (Audited)	1,244,040	68,743	525,844	(61,887)	1,776,740
Profit for the period	-	-	20,235	-	20,235
Revaluation deficit on financial instruments	-	-	-	(10,680)	(10,680)
	-	-	20,235	(10,680)	9,555
Balance as at Jun 30, 2024 (Un-audited)	1,244,040	68,743	546,079	(72,567)	1,786,295

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



Chief Financial Officer



Chief Executive Officer

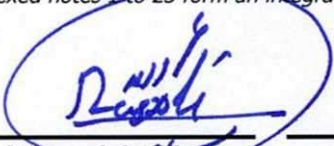




Chairman

GHAZANFAR BANK
CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED ON 30 JUNE 2024

	30-Jun-24 (Un-audited)	30-Jun-23 (Un-audited)
	..... AFN '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	25,294	36,968
Adjustments for:		
Impairment allowances	5,326	29,577
Finance cost on lease liability	2,522	2,990
Exchange gain on lease liability	(370)	-
Depreciation	24,133	24,098
	<u>56,905</u>	<u>93,633</u>
Changes in assets		
Loans and advances	87,776	248,403
Other assets	773,938	(218,539)
	<u>861,713</u>	<u>29,864</u>
Changes in liabilities		
Deposits from customers	1,420,113	(1,903,977)
Deposits from financial institutions	264,025	338,227
Other liabilities	35,966	1,068
	<u>1,720,104</u>	<u>(1,564,682)</u>
Net cash flow from / (used in) operating activities before tax	<u>2,638,722</u>	<u>(1,441,185)</u>
Tax paid	-	(36,200)
Net cash from / (used in) operating activities	<u>2,638,722</u>	<u>(1,477,385)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(8,826)	(2,746)
Acquisition of right of use assets	(34,275)	-
Capital work in progress	(2,024)	-
Investments	(201,098)	356,539
Net cash generated (used in) / from investing activities	<u>(246,224)</u>	<u>353,793</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of right of use assets	34,275	-
Repayment of lease liability	(15,757)	(15,592)
Net cash from / (used) in financing activities	<u>18,519</u>	<u>(15,592)</u>
Net increase / (decrease) in cash and cash equivalents	<u>2,411,017</u>	<u>(1,139,183)</u>
Cash and cash equivalents, beginning of the year	6,200,234	7,330,956
Cash and cash equivalents, end of period	<u>8,611,251</u>	<u>6,191,773</u>

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
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED ON 30 JUNE 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 June 30, 2024 (including comparatives) have been approved and authorized for issue by the Board of Supervisors on 15 Aug, 2024.

2 STATEMENT OF COMPLIANCE

- 2.1** This condensed interim financial information of the Bank for the six months period ended 30 June 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 6th months period ended 30 June 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 SIX MONTHS PERIOD ENDED ON 30 JUNE 2024

		30-Jun-24 (Un-audited)	31-Dec-23 (Audited)
		..... AFN '000' .....	.....
4	CASH AND CASH EQUIVALENTS		
	Cash in hand	4.1 1,494,596	1,100,648
	Balances with banks	4.2 3,517,941	3,009,098
	Balances with investment managers	4.3 58,367	179,688
	Short term placements	4.4 3,540,347	1,910,800
		8,611,251	6,200,234
4.1	Cash in hand		
	Local currency	1,044,734	543,578
	Foreign currencies	449,862	557,070
		1,494,596	1,100,648
4.2	Balances with banks		
	<i>Balances with central bank</i>		
	Local currency current accounts	1,489,174	930,572
	Foreign currency current accounts	195,054	366,096
		1,684,228	1,296,668
	Balances with other banks (domestic)	29	29
	Balances with other banks (foreign)	1,833,684	1,712,401
		3,517,941	3,009,098
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 2.5% to 5.25% (2023: 4% to 5.25%) per period.		
5	INVESTMENTS		
	<i>Available for sale</i>		
	Investment in bonds	5.1 12,279	10,714
	Investments in T-bills	5.2 105,038	-
	<i>Held for trading</i>		
	Investment in equity instruments	5.3 117,914	194,473
		235,232	205,187
	Loss reserve on debt instruments	(10,653)	(10,538)
		224,579	194,649
	<i>Held to maturity</i>		
	Investment in bonds	5.4 435,503	284,377
	<i>Investments in:</i>		
	Emerging market infrastructure funds	5.4.1 262,774	259,925
	Emerging real estate development funds	5.4.1 354,461	350,618
		1,052,737	894,920
		1,277,316	1,089,568
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. Daman is acting as the investment custodian of this investment.		

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED ON 30 JUNE 2024

Cost - net	Unrealized gain/ (loss)	Market value
..... (AFN '000)		
21,283	(9,004)	12,279

5.2 This represents investments in US Treasury Bills (risk rating AA+), carrying coupon rates ranging from 5.34% to 5.39% for the period. These investments have a maturity date of 29 August 2024 and 24 December 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. STP-Partners Ltd is acting as the securities custodian of these investments.

Cost	Unrealized gain/ (loss)	Market value
..... (AFN '000)		
199,619	(81,705)	117,914

Shares of listed entities

5.4 These represent an investment in Sovereign bonds of Oman (risk rating BB+), 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 Oct 31, 2025. 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 2023: AA). These investments are made through DAMAN 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 SIX MONTHS PERIOD ENDED ON 30 JUNE 2024

	Note	30-Jun-24 (Un-audited)	31-Dec-23 (Audited)
		----- AFN '000 -----	
6 LOANS AND ADVANCES TO CUSTOMERS - NET			
Conventional loans		1,493,536	1,568,246
Islamic loans		337,733	353,366
		<u>1,831,269</u>	<u>1,921,612</u>
IMPAIRMENT			
Conventional loans		(251,800)	(249,103)
Islamic loans		(5,734)	(5,672)
	6.1	<u>(257,534)</u>	<u>(254,775)</u>
		<u>1,573,735</u>	<u>1,666,837</u>
6.1 Impairment allowance - summary			
Balance at the beginning of the period / year		254,775	339,799
Charge for the period / year		16,981	37,093
Exchange rate differences		2,759	(62,016)
		<u>274,515</u>	<u>314,876</u>
Write offs		(16,981)	(60,101)
Balance at the end of the period / year	6.1.1	<u>257,534</u>	<u>254,775</u>

6.1.1 Impairment - details	30 June 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	813,421	(178,326)	635,095	805,033	(176,423)	628,610
SME loans	4,445	(26)	4,419	7,129	(26)	7,103
Term loans	675,670	(73,448)	602,222	756,084	(72,654)	683,430
	<u>1,493,536</u>	<u>(251,800)</u>	<u>1,241,736</u>	<u>1,568,246</u>	<u>(249,103)</u>	<u>1,319,143</u>
Islamic financing						
Murabaha	337,733	(5,734)	331,999	353,366	(5,672)	347,694
	<u>1,831,269</u>	<u>(257,534)</u>	<u>1,573,735</u>	<u>1,921,612</u>	<u>(254,775)</u>	<u>1,666,837</u>

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 Oct 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 30 June 2024. The ACPR if effective as of 30 June 2024, would have result in additional provision amounting to AFN 722.663 mn.

	30-Jun-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	(16,981)	(37,093)
Provisions on funded facilities - Net	<u>(5,326)</u>	<u>35,719</u>

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED ON 30 JUNE 2024

7	PROPERTY AND EQUIPMENT	Note	30-Jun-24	31-Dec-23
			(Un-audited)	(Audited)
			..... AFN '000'	.....
	Operating fixed assets			
	Owned	7.1	185,455	186,744
	Right of use asset	7.2	78,979	58,721
	Capital work in progress		2,103	79
			266,537	245,544
7.1	Cost			
	Opening balances		504,538	505,633
	Additions during the period / year		8,826	3,601
	Transfer from capital work in progress		-	2,037
	Disposals during the period / year		-	(6,733)
	Closing balances		513,364	504,538
	Accumulated Depreciation			
	Opening balances		317,794	301,279
	Charge for the period / year		10,115	23,135
	Disposals during the period / year		-	(6,620)
	Closing balances		327,909	317,794
	Written down value		185,455	186,744
7.2	Right of use assets			
	Cost			
	Opening balance		179,865	162,902
	Additions during the period / year		34,275	21,371
	Lease modification		-	(4,408)
	Closing balances		214,140	179,865
	Accumulated Depreciation			
	Opening balance		121,144	97,188
	Charge for the period / year		14,017	23,956
	Closing balances		135,161	121,144
	Carrying Amount		78,979	58,721

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED ON 30 JUNE 2024

		30-Jun-24	31-Dec-23
		(Un-audited)	(Audited)
		..... AFN '000'	
8	OTHER ASSETS		
	Restricted deposits with DAB	8.1 684,618	574,518
	Prepayments	8.2 55,951	89,511
	Receivable from Western Union	13,733	44,472
	Profit receivable	8.3 18,933	8,321
	Interest receivable	23,405	12,295
	Security deposits	8.4 428,112	484,274
	Receivable from humanitarian organization	8.5 181,602	969,154
	Others	12,367	10,114
		1,418,721	2,192,659
8.1	Restricted deposits with DAB		
	Local currency	161,306	123,096
	Foreign currencies	523,312	451,422
		8.1.1 684,618	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 46.98 million (2023: AFN 47.83mn).		
8.3	This includes profit receivable on account of Murabaha investments, Sovereign sukuks and Murabaha facility.		
		30-Jun-24	31-Dec-23
		(Un-audited)	(Audited)
		----- AFN '000' -----	
8.4	Security Deposits		
	Pashtany bank	8.4.1 355,100	351,250
	Ziraat bank	8.4.2 48,149	108,725
	CSC Bank & Western union	24,863	24,299
		428,112	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.		
		30-Jun-24	31-Dec-23
		(Un-audited)	(Audited)
		..... AFN '000'	
	Receivable from financial institutions	8.6.1 11,947	23,205
	Provision reserve on receivables from FIs	(11,947)	(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 11.9 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 SIX MONTHS PERIOD ENDED ON 30 JUNE 2024

	Note	30-Jun-24 (Un-audited)	31-Dec-23 (Audited)
		..... AFN '000'	
9 DEPOSITS FROM CUSTOMERS			
Conventional			
Current deposits		4,787,971	3,772,312
Saving deposits		631,576	530,029
Term deposits		79,498	79,617
		<u>5,499,045</u>	<u>4,381,958</u>
Islamic			
Current deposits		1,308,089	1,009,985
Saving deposits		881,478	804,741
Mudarabah fixed deposits		397,800	413,080
		<u>2,587,367</u>	<u>2,227,806</u>
Margin deposits			
Margin deposits - expired		14,790	14,631
Margin deposits - unexpired	9.1	<u>1,475,941</u>	<u>1,532,635</u>
		<u>1,490,731</u>	<u>1,547,266</u>
		<u>9,577,143</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	30-Jun-24 (Un-audited)	31-Dec-23 (Audited)
		..... AFN '000'	
10 DEPOSITS FROM FINANCIAL INSTITUTIONS			
Deposits from Banks			
Demand Deposits of Banks		59,222	138,035
Deposits from OFI's			
Current deposits		9,533	75,935
Term deposits		1,552,240	1,143,000
		<u>1,561,773</u>	<u>1,218,935</u>
		<u>1,620,995</u>	<u>1,356,970</u>

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED ON 30 JUNE 2024

		30-Jun-24 (Un-audited)	31-Dec-23 (Audited)
	Note	..... AFN '000' .....	..... AFN '000'
11 OTHER LIABILITIES			
Interest payable on customer deposits		9,891	12,376
Profit payable on Islamic customer deposits		20,967	10,403
Withholding tax		12,575	10,176
Unearned commission on bank guarantees		8,020	6,517
Accrued expenses		35,282	22,578
Dividend payable	11.1	17,274	17,274
Payable against canceled shares		22,960	22,960
Payable to donor	11.2	11,384	2,030
Other liabilities	11.3	36,901	34,974
		<u>175,254</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.

		30-Jun-24 (Un-audited)	31-Dec-23 (Audited)
		..... AFN '000' .....	..... AFN '000'
12 LEASE LIABILITY			
Opening balance		27,604	34,516
Addition during the period / year		34,275	21,170
Payment during the period / year - principal		(15,757)	(23,516)
Accrued finance cost for the period / year		2,522	5,485
Lease modification		-	(6,597)
Exchange gain		(370)	(3,454)
Carrying amount		<u>48,274</u>	<u>27,604</u>

13 CONTINGENCIES AND COMMITMENTS

Contingencies

Contingencies - Bank guarantees issued	5,469,952	5,298,260
Letters of credits	48,149	141,402

Commitments - Un-used portion of Overdraft	<u>4,261</u>	<u>4,215</u>
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		30-Jun-24 (Un-audited)	30-Jun-23 (Un-audited)
	Note AFN '000' AFN '000'
14 NET INTEREST INCOME			
Interest income			
Interest income on Placements		53,637	19,013
Loans and advances		29,523	41,271
Bonds and Sukuk		30,950	30,622
Total interest income		<u>114,111</u>	<u>90,906</u>
Profit expense			
Customer deposits	14.1	12,083	6,802
Net interest income		<u>102,028</u>	<u>84,104</u>
14.1 Profit expense on customers deposits			
Term deposits		10,321	5,876
Saving deposits		1,763	926
		<u>12,083</u>	<u>6,802</u>

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED ON 30 JUNE 2024

	30-Jun-24 (Un-audited)	30-Jun-23 (Un-audited)
	..... AFN '000'	.....
15 NET FEE AND COMMISSION INCOME		
Fee and commission income		
Commission on bank guarantees	26,361	23,409
Commission on letter of credits	827	1,213
Fund transfer fee	174,194	146,773
Deposit accounts servicing	16,296	17,943
Commission on cash management	29,345	26,345
Total fee and commission income	247,024	215,683
Fee and commission expense		
Inter bank transaction fee	(2,385)	(6,356)
Electronic banking fee	(9,171)	(7,810)
Net fee and commission income	235,468	201,517
16 OTHER INCOME		
Recovery of loan previously written off	2,920	1,692
Other	5,051	9,645
	7,971	11,337
17 EMPLOYEE COMPENSATION		
Salaries and wages	87,214	70,134
Food allowances	1,721	1,653
Staff bonus	1,012	4,254
	89,947	76,041
18 ADMINISTRATIVE EXPENSE		
Security guards expenses	14,960	11,639
Software annual maintenance	8,323	7,413
Insurance	35,040	16,054
Communication	2,890	2,894
Advertisement	5,136	8,924
Travelling and conveyance	6,198	4,285
Utilities	6,103	5,420
Fuel	1,966	2,284
Repair and maintenance	7,222	4,658
Stationery and printing	3,415	3,339
Directors meeting fees	6,098	4,862
Donation	48,050	-
Food expenses	1,982	1,852
Staff training	493	616
Audit fee	2,361	523
Consultancy & advisory	41,150	35,234
Other expenses	6,253	5,223
	197,639	115,220

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED ON 30 JUNE 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 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	
	30-Jun-24 (Un-audited)	31-Dec-23 (Audited)	30-Jun-24 (Un-audited)	31-Dec-23 (Audited)
	----- AFN '000 -----			
Nature of transactions				
(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	-	-	(5,359)	(10,181)
Exchange gain	-	-	-	-
Loans outstanding at the end of the period / year	-	-	42,117	47,476
Interest income earned	-	-	1,589	1,946

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	
	30-Jun-24 (Un-audited)	31-Dec-23 (Audited)	30-Jun-24 (Un-audited)	31-Dec-23 (Audited)
	----- AFN '000 -----			
Nature of transactions				
(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	46,148	79,246	148,448	601,809
Deposits repaid during the period	39,657	70,727	132,944	590,176
Deposits at the end of the period	25,040	18,549	36,138	20,634

Nature of transactions

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

Prepayment / Security Deposit for Hairatan Branch

	30-Jun-24 (Un-audited)	31-Dec-23 (Audited)
	----- AFN '000' -----	
	46,979	47,827

(d) Other related party expenses during the period

Directors' fee
Rent paid

	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	30-Jun-24 (Un-audited)	30-Jun-23 (Un-audited)	30-Jun-24 (Un-audited)	30-Jun-23 (Un-audited)
	----- AFN '000 -----			
Directors' fee	6,098	4,862	-	-
Rent paid	-	-	1,708	2,016

(e) Key Management compensation

Salaries and other short-term benefits

	30-Jun-24 (Un-audited)	30-Jun-23 (Un-audited)
	----- AFN '000' -----	
	18,586	15,968
	18,586	15,968

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GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED ON 30 JUNE 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 June 30, 2024 is as follows:

	30-Jun-24 (Un-audited)	31-Dec-23 (Audited)
	..... AFN '000'	
Tier 1 capital		
Share holders' equity	1,786,295	1,776,740
Less: Other Equity Components	72,567	61,887
Less: Profit for the period / year	(20,235)	-
Less: Intangible assets	-	-
Net Deferred tax assets	(60,878)	(63,267)
Total tier 1 (core) capital	1,777,749	1,775,361
Tier 2 capital		
General allowances on standard advances	22	22
Add: Profit for the period / year	20,235	-
Total tier 2 (supplementary) capital	20,257	22
Total Regulatory capital = Tier 1 + Tier 2	1,798,006	1,775,383
Risk-weight categories		
0% risk weight:		
Cash in Afghani and fully-convertible foreign currencies	1,494,596	1,100,648
Direct claims on DAB	2,368,846	1,871,186
Direct claims on other Governments	-	-
Total	3,863,442	2,971,834
0% risk-weight total (above total x 0%)	-	-
20% risk weight:		
Demand deposits with banks	1,892,080	1,892,118
Short term deposits with banks	3,540,347	1,910,800
Guaranteed by multilateral lending institutions	121,937	112,023
Total	5,554,364	3,914,941
20% Risk-Weight Total (Above Total x 20%)	1,110,873	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 SIX MONTHS PERIOD ENDED ON 30 JUNE 2024

	30-Jun-24 (Un-audited)	31-Dec-23 (Audited)
	..... AFN '000'	
100% risk weight		
Loans and advances - Gross	1,451,820	1,554,813
Property and Equipment	266,537	245,544
All other assets	2,043,741	2,751,307
Total	3,762,098	4,551,664
100% Risk-Weight Total (Above Total x 100%)	3,762,098	4,551,664
Off-balance-sheet items with 0% Credit Conversion Factor		
Undrawn loan and overdraft facilities	4,261	4,215
Total	4,261	4,215
0% Credit Conversion Factor Total (Above Total x 0%)	-	-
Off-balance-sheet items with 20% Credit Conversion Factor		
Commercial letters of credit	24,075	-
100% Risk Weight	24,075	16,924
Total	48,149	16,924
20% Credit Conversion Factor Total (Risk-Weighted Total x 20%)	4,815	3,385
Off-balance sheet items with 100% Credit Conversion Factor		
Guarantees and Standby Letters of Credit		
20% Risk Weight	-	-
100% Risk Weight	439,952	334,137
Total	439,952	334,137
100% Credit Conversion Factor Total (Risk-Weighted Totals x 100%)	439,952	334,137
	5,317,738	5,672,173
Tier 1 Capital Ratio	33.43	31.30
Regulatory Capital Ratio	33.81	31.30

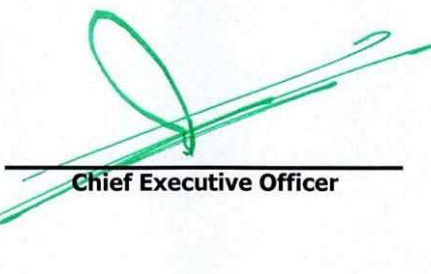
Currently the bank is having above AFN 4,393.70 million expired bank guarantees due to which the risk weight of such guarantees is considered zero which results an increase in Tier 1 Capital ratio and the Regulatory Capital Ratio.

21 GENERAL

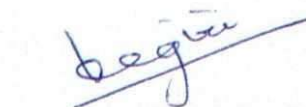
No significant reclassification/rearrangement has been made in these condensed interim financial statements. Figures have been rounded off to the nearest Thousand of AFN.

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Chief Financial Officer



Chief Executive Officer



Chairman

GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED ON 30 JUNE 2024

22 Islamic Banking Information

22.1 Islamic Banking Financial Position

The Bank has the following interim financial position as at June 30, 2024, for Islamic Banking operations:

	30-Jun-24 (Un-audited)	31-Dec-23 (Audited)
	..... AFN '000'	
ASSETS		
Cash and cash equivalents	1,756,106	1,729,607
Murabaha with Financial Institutions	2,095,090	878,125
Investments in Sukuk securities	435,503	284,377
Murabaha Islamic Financing	331,999	347,694
Other assets	266,144	657,370
Total assets	4,884,842	3,897,173
EQUITY AND LIABILITIES		
EQUITY		
Retained earnings	(17,492)	62,224
Total equity	(17,492)	62,224
LIABILITIES		
Current deposits	1,309,465	1,009,985
Mudarabah saving deposits	881,478	804,741
Mudarabah fixed deposits	2,415,683	1,996,922
Other liabilities	295,708	23,301
Total liabilities	4,902,334	3,834,949
Total equity and liabilities	4,884,842	3,897,173
Contingencies and commitments	1,108,575	1,033,546

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 Chief Financial Officer


 Chief Executive Officer


 Chairman

GHAZANFAR BANK
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED ON 30 JUNE 2024

22.2 Islamic Banking Interim Profit or Loss


The Bank has the following interim profit or loss for the six months period ended June 30, 2024, from Islamic Banking operations:


	Half Yearly		Quarter Ended	
	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
	..... AFN '000' .....	..... AFN '000' .....	..... AFN '000' .....	..... AFN '000'
Total profit income	48,621	32,280	25,498	12,426
Total profit expense	(12,083)	(6,802)	(6,257)	(2,883)
Net Profit income	36,538	25,478	19,241	9,543
Revenue from banking services	41,921	45,543	18,011	21,878
Expense on banking services	(237)	(539)	(76)	680
Net revenue form banking services	41,685	45,004	17,935	22,558
(Losses) / income from dealing in foreign currencies	(63,453)	15,972	(17,786)	653
	14,769	86,454	19,390	32,754
Other income	7,976	5,927	2,700	3,178
Impairment allowances and charge off	(16,871)	459	(4,475)	-
Employee compensation	(26,532)	(23,658)	(13,925)	(11,314)
Operating lease expenses	(168)	(246)	(88)	(178)
Finance cost on lease liability	(1,068)	(1,022)	(587)	(509)
Depreciation and Amortization	(7,700)	(8,286)	(4,134)	(4,020)
Administrative expense	(50,124)	(44,091)	(24,394)	(28,267)
	(102,462)	(76,844)	(47,603)	(44,288)
(Loss) / income before tax	(79,717)	15,537	(25,513)	(8,356)
Taxation	-	(3,107)	-	1,671
(Loss) / income after tax	(79,717)	12,430	(25,513)	(6,685)


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