

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 2024, 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 2024, 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 accompanying financial statements that states the impact on provisions had the Asset Classification and Provisioning Regulation come into effect as of December 31, 2024.

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.



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.

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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.

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Chartered Accountants

Engagement Partner: Muhammad Saqlain Siddiqui

Date: 22 March 2025

Place: Kabul, Afghanistan

HAZANFAR BANK
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

		2024	2023
	Note	AFN '000	
ASSETS			
Cash and cash equivalents	5	9,309,867	6,200,234
Investments	6	3,347,123	1,089,568
Loans and advances	7	1,615,581	1,666,837
Property and equipment	8	264,176	245,544
Deferred tax assets	21	22,141	63,267
Other assets	9	1,475,478	2,192,659
Total assets		16,034,366	11,458,109
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	1,244,040	1,244,040
Capital reserves		68,743	68,743
Retained earnings		689,447	525,844
Revaluation deficit on financial instruments at FVOCI		(67,054)	(61,887)
Total equity		1,935,177	1,776,740
LIABILITIES			
Deposits from customers	11	10,969,340	8,157,030
Deposits from financial institutions	12	2,919,605	1,356,970
Other liabilities	13	165,996	139,288
Lease liability	14	43,771	27,604
Provision for taxation		477	477
Total liabilities		14,099,189	9,681,369
Total equity and liabilities		16,034,366	11,458,109
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

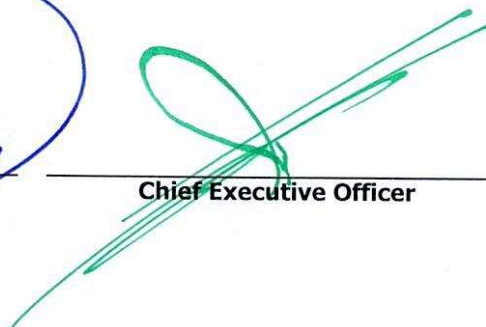

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GHAZANFAR BANK
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

		2024	2023
	Note	AFN '000	
Profit /Interest income		270,627	166,068
Profit return expenses		(29,444)	(13,441)
Net profit/interest income	16	241,183	152,627
Fee and commission income		557,457	434,114
Fee and commission expense		(37,325)	(27,725)
Net fee and commission income	17	520,132	406,389
Losses from dealing in foreign currencies		(32,006)	(390,413)
		729,309	168,603
Other income	18	18,333	24,086
Impairment charge/ (reversal) on financial assets	7.5	(2,449)	35,719
Gain on sale of securities		17,242	7,507
Employee compensation	19	(188,691)	(155,059)
Operating lease expenses		(2,898)	(1,006)
Finance cost on lease liability	14	(5,059)	(5,485)
Depreciation	8.4	(51,004)	(47,091)
Administrative expense	20	(306,473)	(310,026)
		(539,332)	(475,441)
Profit / (Loss) before tax		208,311	(282,752)
Taxation	21	(44,707)	47,795
Profit / (Loss) after tax		163,604	(234,957)
Other comprehensive loss			
Items to be reclassified subsequently to profit or loss			
- Unrealized loss on revaluation of investments	6	(83,817)	(77,359)
- Related deferred tax		16,763	15,472
		(67,054)	(61,887)
Total comprehensive income / (loss) for the year		96,550	(296,845)

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, 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	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 deficit on financial instruments	-	-	-	71,400	71,400
Balance as at December 31, 2023	1,244,040	68,743	525,844	(61,887)	1,776,740
Profit for the year	-	-	163,604	-	163,604
Dividend distribution	-	-	-	-	-
Contingency reserve fund	-	-	-	-	-
Canceled shares	-	-	-	-	-
Revaluation gain on financial instruments	-	-	-	(5,166)	(5,166)
	-	-	163,604	(5,166)	158,437
Balance as at December 31, 2024	1,244,040	68,743	689,447	(67,054)	1,935,177

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, 2024

	2024	2023
	AFN '000	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	208,311	(282,752)
Adjustments for:		
Net impairment allowances / (reversals) on financial assets	2,449	(35,719)
Gain on disposal	473	93
Finance cost on lease liability	5,059	5,485
Exchange gain on lease liability	(433)	(3,454)
Fixed assets written-off	2,822	6,733
CWIP expensed out	-	1,803
Depreciation	51,004	47,091
	269,685	(260,720)
Changes in assets		
Loans and advances	48,807	600,518
Other assets	740,884	(467,113)
	789,691	133,405
Changes in liabilities		
Deposits from customers	2,812,310	(1,236,421)
Deposits from financial institutions	1,562,635	(284,101)
Other liabilities	26,708	21,097
	4,401,653	(1,499,425)
Net cash flow from / (used in) operating activities before tax	5,461,029	(1,626,739)
Income tax paid	(31,927)	(63,613)
Net cash flow from / (used in) operating activities	5,429,102	(1,690,352)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(16,908)	(3,601)
Acquisition of right of use assets	(44,177)	-
Proceeds from disposal of property and equipment	34	121
Capital work in progress	(6,722)	2,037
Investments - net	(2,264,013)	600,934
Net cash flow (used in) / from investing activities	(2,331,786)	599,491
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of right of use assets	44,177	-
Repayment of lease liability	(31,860)	(24,522)
Dividend paid	-	(15,338)
Net cash from / (used in) financing activities	12,317	(39,860)
Net increase / (decrease) in cash and cash equivalents	3,109,633	(1,130,722)
Cash and cash equivalents, beginning of year	6,200,234	7,330,956
Cash and cash equivalents, end of year	9,309,867	6,200,234

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

Chief Financial Officer

Chief Executive Officer

Chairman

GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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 16 branches with Islamic banking operations (2023: 15 branches with Islamic banking operations) in different provinces of Afghanistan and number of employees are 460 (2023: 400) at the 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:

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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 04 Feb 2024 till 31 Dec 2024.
Accordingly, the bank has opted deferral in application of ACPR, in the preparation of Financial statement for the year ended on 31 December 2024.

- b) Note 8 Depreciation rates for property and equipment
- c) Note 8 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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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 Bank assesses 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,

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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.

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GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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.

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 issued a circular to the banks, notifying further deferral of ACPR regulation from 02 October 2024 to 31 December 2024.

Accordingly, the bank has opted deferral in application of ACPR, in the preparation of Financial Statements for the year ended on 31 December 2024.

Additionally, DAB has issued instructions to the bank to record 30% of the total unrecorded provision during the year 2025.

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.

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GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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.

d) Doubtful: These are loans and advances which display all the weaknesses inherent in loans and advances classified as Substandard but with the added characteristics that they are not well secured and the weaknesses make collection or liquidation in full, on the basis of currently available information, highly questionable and improbable.

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.

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GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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.

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GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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.

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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.

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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.

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GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
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		2024	2023
	Note	AFN '000	AFN '000
5 CASH AND CASH EQUIVALENTS			
Cash in hand	5.1	1,604,428	1,100,648
Balances with banks	5.2	5,421,624	3,009,098
Balances with investment managers	5.3	135,090	179,688
Short term placements	5.4	2,148,725	1,910,800
		<u>9,309,867</u>	<u>6,200,234</u>
5.1 Cash in hand			
Local currency		656,712	543,578
Foreign currencies		947,716	557,070
		<u>1,604,428</u>	<u>1,100,648</u>
5.2 Balances with banks			
<i>Balances with central bank</i>			
Local currency current accounts		1,911,349	930,572
Foreign currency current accounts		1,535,959	366,096
		<u>3,447,308</u>	<u>1,296,668</u>
Balances with other banks (domestic)		1,092,021	29
Balances with other banks (foreign)		882,295	1,712,401
		<u>5,421,624</u>	<u>3,009,098</u>
5.3 Balances with investment managers			
This represents balances maintained with the investment management companies for future investment opportunities.			
5.4 Short term placements			
Al-Wakala deposits	5.4.1	1,655,575	878,125
Short term placements	5.4.2	493,150	1,032,675
		<u>2,148,725</u>	<u>1,910,800</u>

5.4.1 This represents Al-Wakala deposits with Al-Salam bank Bahrain, with expected profit returns of 4.25%, with maturity dates from 10 February 2025 to 20 March 2025 (2023: 4% to 4.25%). The bank has no credit risk ratings.

5.4.2 This represents placements with maturity less than 3 months with Aktif bank and Nural bank, carrying interest rates ranging from 4.25% to 4.50% (2023: 4.50% to 5.25%), these banks have BB credit risk rating.

		2024	2023
	Note	AFN '000	AFN '000
6 INVESTMENTS			
<i>Available for sale</i>			
Investment in bonds/ sukuk	6.1	427,100	10,714
<i>Held for trading</i>			
Investment in equity instruments	6.2	128,911	194,473
Investments in T-bills	6.3	992,629	-
		<u>1,548,640</u>	<u>205,187</u>
Loss reserve on debt instruments		(10,568)	(10,538)
		<u>1,538,072</u>	<u>194,649</u>
<i>Held to maturity</i>			
Investment in Sukuk	6.4	759,980	284,377
		<u>759,980</u>	<u>284,377</u>
Investments in Emerging bonds	6.4	1,049,071	610,543
		<u>3,347,123</u>	<u>1,089,568</u>

6.1 This represents foreign currency investment in; Sovereign bond of Republic of Sri Lanka having risk rating (D) at coupon rate of 5.70% per annum with the maturity of Mar 27, 2025. Daman is acting as the investment custodian of this investment. Sovereign bond of Saudi Government International Bond (KSA Bond) having risk rating (A+) at coupon rate of 2.90% per annum with the maturity of Oct 22, 2025, Dubai Islamic Bank Sukuk (DIB Sukuk) having risk rating (A) at coupon rate of 2.95% per annum with the maturity of Jan 26, 2026. FAB is acting as the investment custodian of these investment.

Cost - net	Unrealized gain/ (loss)	Market value
	(AFN '000)	
<u>437,615</u>	<u>(10,515)</u>	<u>427,100</u>

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

6.3 This represents investments in US Treasury Bills (risk rating AA+), carrying coupon rates ranging from 3.90% to 4.95% for the period. These investments have a maturity dates from 16 January 2025 to 7 August 2025. These investments are made through FAB.

	Cost	gain/ (loss)	Market value
 (AFN '000)		
Shares of listed entities	202,212	(73,302)	128,911

6.4 These represent an investment in Sovereign bonds of Oman (risk rating B+), Bahrain (risk rating B+), EI Sukuk Company Ltd (risk rate A+) having coupon rates ranging from 1.83% to 6.88% per annum. These investments have a maturity dates from 20 March 2025 to Oct 31, 2025. FAB & STP UAE investment advisors are acting as the custodian of these investments.

			2024	2023
6.4 Investments in emerging bonds	Ratings	Note	----- AFN '000 -----	
Emerging market infrastructure funds	NR	6.5.1	260,665	259,925
Emerging real estate development funds	NR	6.5.1	351,616	350,618
SIL Emerging Real Estate funds	NR	6.5.1	140,900	-
SIL Emerging Infrastructure Devel Bond	NR	6.5.1	295,890	-
			1,049,071	610,543

6.5.1 This represents investments in Emerging Market Infrastructure (Carrying 7% coupon and having maturity dates from 06 February 2025 to 16 September 2026), Emerging Real Estate Development Funds (Carrying coupon rates ranging from 5% to 7%, having maturity date of 30 November 2026), SIL Emerging Real Estate funds (Carrying coupon rate of 5.93% having maturity date of 31 August 2026) and SIL Emerging Infrastructure Development Bond with nature of mutual funds with no credit risk ratings and active market prices, carrying (AA) country risk and coupon rate of 7% per annum with the maturity of Dec 24, 2027 , issued by UAE Corporations. 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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		2024	2023
		AFN '000	
7 LOANS AND ADVANCES TO CUSTOMERS - NET			
Conventional Loans		1,340,683	1,568,246
Islamic Loans		530,392	353,366
		1,871,075	1,921,612
IMPAIRMENT			
Conventional Loans		(249,804)	(249,103)
Islamic Loans		(5,688)	(5,672)
	7.1	(255,492)	(254,775)
		1,615,583	1,666,837
7.1 Impairment allowance - summary			
Balance at the beginning of the year		254,775	339,799
Charge for the year		16,981	37,093
Exchange rate differences		717	(62,016)
		272,473	314,876
Write offs		(16,981)	(60,101)
Balance at the end of the year	7.1.1	255,492	254,775

		31 December 2024			31 December 2023		
	Note	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
		AFN '000			AFN '000		
7.1.1 Conventional financing							
Running finance	7.2.1	806,541	(176,918)	629,623	805,033	(176,423)	628,610
SME loans	7.2.2	300	(26)	273	7,129	(26)	7,103
Term loans	7.2.3	533,842	(72,860)	460,982	756,084	(72,654)	683,430
		1,340,683	(249,804)	1,090,878	1,568,246	(249,103)	1,319,143
Islamic financing							
Murabaha	7.3.1	530,392	(5,688)	524,703	353,366	(5,672)	347,694
		1,871,075	255,492	1,615,581	1,921,612	(254,775)	1,666,837

- 7.2.1** The facility to meet working capital requirements carries interest ranging from 9% to 15.5% (2023: 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 8% to 30% (2023: 7% 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% (2023: 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 3,442 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 4% to 39% (2023: 8.2% to 39%). These facilities are extended for a maximum period of two years & nine 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 377,713 thousands which are partially backed by Afghanistan Credit Guarantee Foundation (ACGF) guarantees to the extent defined in agreement with ACGF.

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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-2024						
Conventional:						
Running finance	306,897	158,513	10,826	330,305	-	806,541
SME loans	300	-	-	-	-	300
Term loans	380,240	9,250	-	144,352	-	533,842
Islamic:						
Murabaha	512,191	1,957	16,244	-	-	530,392
	<u>1,199,627</u>	<u>169,719</u>	<u>27,070</u>	<u>474,657</u>	<u>-</u>	<u>1,871,075</u>
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
	<u>1,247,845</u>	<u>169,674</u>	<u>30,188</u>	<u>473,905</u>	<u>-</u>	<u>1,921,612</u>

7.4.1 During the year, the DAB has issued a circular to the banks, notifying further deferral of the ACPR regulation application from 02 October 2024 to beyond 31 Dec 2024. Accordingly, the Bank has opted for deferral in the application of ACPR, in preparing the financial statements for beyond 31 December 2024. The ACPR is effective as of 31 December 2024, and based on central Bank instructions, GB will book 30% provision out of total required provision of AFN 718.165mn.

7.5 Impairment charge/ (reversal) on financial assets

Impairment allowance on receivables from financial institutions
Net impairment allowance on non-funded facilities
Net provision on accrued interest/ profit
Loan charged off during the year

2024	2023
----- AFN '000 -----	
14,532	74,980
-	(365)
-	(1,803)
<u>(16,981)</u>	<u>(37,093)</u>
<u>(2,449)</u>	<u>35,719</u>

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8	Property and equipment	Note	2024		2023	
			AFN '000		AFN '000	
	Property and equipment	8.1	183,453		186,744	
	Capital work-in progress	8.2	6,801		79	
	Right-of-use assets	8.3	73,922		58,721	
			264,176		245,544	
8.1	Property and equipment					
	Description		Land	Building	Furniture and fixtures	Computer equipment
	Cost					
	Balance as at January 01, 2023		35,362	200,946	35,510	84,117
	Additions during the year		-	-	644	1,258
	Transfer from capital work-in-progress		-	-	2,037	-
	Disposals		-	-	(278)	(5,625)
	Balance as at December 31, 2023		35,362	200,946	37,913	79,750
	Additions during the year		-	-	3,860	5,798
	Transfer from capital work-in-progress		-	-	-	697
	Disposals		-	-	(83)	(691)
	Balance as at December 31, 2024		35,362	200,946	41,690	85,554
	Accumulated Depreciation					
	Balance as at January 01, 2023		-	65,477	22,585	77,581
	Depreciation for the year		-	6,692	3,127	5,663
	Disposals		-	-	(195)	(5,657)
	Balance as at December 31, 2023		-	72,169	25,517	77,587
	Depreciation for the year		-	6,692	3,385	3,386
	Disposals		-	-	(82)	(691)
	Balance as at December 31, 2024		-	78,861	28,820	80,282
	Carrying Amount					
	December 31, 2023		35,362	128,777	12,396	2,163
	December 31, 2024		35,362	122,085	12,870	5,272
	Depreciation rates %		3.33	6 - 25	25 - 50	15 - 50

Yes

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		2024	2023
	Note	AFN '000	AFN '000
8.2 Capital work-in progress			
Opening balance		79	3,840
Additions during the year		31,721	79
Transfer to property and equipment/ right to use asset		(24,999)	(2,037)
Expensed/Transferred		-	(1,803)
Closing balance		6,801	79
8.3 Right-of-use assets			
Cost:			
Opening balance		179,865	162,902
Additions during the year		49,064	21,371
Lease modification		4,888	(4,408)
Write-Off		(7,913)	-
Closing balance		225,904	179,865
Accumulated depreciation:			
Opening balance		121,144	97,188
Depreciation expense for the year		30,838	23,956
Closing balance		151,982	121,144
Carry amount		73,922	58,721
8.4 Depreciation			
Property and equipment		20,165	23,135
Right-of-use assets		30,838	23,956
		51,004	47,091
9 OTHER ASSETS			
Restricted deposits with DAB	9.1	775,169	574,518
Prepayments	9.2	72,847	89,511
Receivable from Western Union		18,805	44,472
Profit receivable	9.3	24,162	8,321
Interest receivable		19,614	12,295
Security deposits	9.4	424,680	484,274
Receivable from humanitarian organization	9.5	130,591	969,154
Others		9,610	10,114
		1,475,478	2,192,659
9.1 Restricted deposits with DAB		1,402,631	2,103,148
Local currency		163,177	123,096
Foreign currencies		611,992	451,422
	9.1.1	775,169	574,518
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 46.14 million (2023: AFN 47.83mn).		
9.3	This includes profit receivable on account of Murabaha investments, Sovereign sukuks and Murabaha facility.		
9.4 Security Deposits			
Pashtany Bank	9.4.1	352,250	351,250
Ziraat Bbank	9.4.2	47,763	108,725
CSC Bank & Western union		24,667	24,299
		424,680	484,274

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- 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.
- 9.6.1** This represents receivables in respect of nostro accounts with foreign defaulted bank in 2019, (Tengri Bank) amounting to US\$ 330 thousands equivalent AFN 23.2 mn. however, during the period \$203k has been recovered. Provisioning already exist for the remaining portion.

		2024	2023
	Note	AFN '000	AFN '000
10 SHARE CAPITAL			
Authorized 124,404 (2023: 124,404) ordinary shares of AFN 10,000 each		1,244,040	1,244,040
Issued, subscribed and paid-up - 124,404 (31 December 2023: 124) or, 404 ordinary shares of AFN 10,000 each		1,244,040	1,244,040

- 10.1** 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.

		2024	2023
	Note	AFN '000	AFN '000
11 DEPOSITS FROM CUSTOMERS			
Conventional			
Current deposits		5,576,073	3,772,312
Saving deposits		691,220	530,029
Term deposits		78,890	79,617
		6,346,183	4,381,958
Islamic			
Current deposits		1,840,618	1,009,985
Saving deposits		911,506	804,741
Mudarabah fixed deposits		395,506	413,080
		3,147,630	2,227,806
Margin deposits			
Margin deposits - expired		14,673	14,631
Margin deposits - unexpired	11.1	1,460,854	1,532,635
		1,475,527	1,547,266
		10,969,340	8,157,030

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

		2024	2023
		AFN '000	AFN '000
12 DEPOSITS FROM FINANCIAL INSTITUTIONS			
Deposits from Banks			
Demand Deposits of Banks		1,107,265	138,035
Deposits from OFI's			
Current deposits		266,940	75,935
Term deposits		1,545,400	1,143,000
		1,812,340	1,218,935
		2,919,605	1,356,970

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		2024	2023
		----- AFN '000 -----	----- AFN '000 -----
13	OTHER LIABILITIES		
	Interest payable on customer deposits	8,016	12,376
	Profit payable on Islamic customer deposits	22,137	10,403
	Withholding tax	9,931	10,176
	Unearned commission on bank guarantees	16,330	6,517
	Accrued expenses	27,643	22,578
	Dividend payable	17,274	17,274
	Payable against canceled shares	22,960	22,960
	Payable to donor	12,032	2,030
	Other liabilities	29,673	34,974
		<u>165,996</u>	<u>139,288</u>

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

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

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

		2024	2023
		----- AFN '000 -----	----- AFN '000 -----
14	LEASE LIABILITY		
	Opening balance	27,604	34,516
	Addition during the year	49,064	21,170
	Payment during the year - principal	(31,860)	(23,516)
	Accrued finance cost	5,060	5,485
	Lease modification	(4,888)	(6,597)
	Write off	4,262	-
	Adjustment	(5,038)	-
	Exchange rate fluctuation	(433)	(3,454)
	Closing balance	<u>43,771</u>	<u>27,604</u>

15 CONTINGENCIES AND COMMITMENTS

Contingencies

Contingencies - Bank guarantees issued	5,673,237	5,298,260
Letters of credits	47,763	141,402
	<u>5,721,000</u>	<u>5,439,662</u>

Commitments

Un-used portion of Overdraft	4,195	4,215
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		2024	2023
		AFN '000	AFN '000
16	PROFIT/INTEREST INCOME		
	Interest income		
	Profit/Interest income on al-wakala deposits and placements	133,328	43,113
	Loans and advances	44,546	75,395
	Bonds and Sukuk	92,753	47,560
		<u>270,627</u>	<u>166,068</u>
	Profit return expenses		
	Customer deposits	6,738	2,895
	Deposits from financial institutions	22,706	10,546
	Total interest expense	29,444	13,441
	Net profit/interest income	<u>241,183</u>	<u>152,627</u>
16.1	Profit expense on customers deposits		
	Term deposits	25,010	11,645
	Saving deposits	4,433	1,796
		<u>29,444</u>	<u>13,441</u>
17	NET FEE AND COMMISSION INCOME		
	Fee and commission income		
	Commission on bank guarantees	64,721	48,405
	Commission on letter of credits	1,540	2,641
	Fund transfer fee	405,705	310,575
	Deposit accounts servicing	40,204	35,244
	Commission on cash management	45,287	37,249
		<u>557,457</u>	<u>434,114</u>
	Fee and commission expense		
	Inter bank transaction fee	19,228	12,426
	Electronic banking fee	18,097	15,299
	Net fee and commission income	<u>520,132</u>	<u>406,389</u>
18	OTHER INCOME		
	Gain on sale of investment in gold	-	3,005
	Recovery of loan previously written off	4,740	3,921
	Other	13,593	17,160
		<u>18,333</u>	<u>24,086</u>
19	EMPLOYEE COMPENSATION		
	Salaries and wages	183,653	147,188
	Food allowances	3,889	3,557
	Staff bonus	1,125	4,314
		<u>188,691</u>	<u>155,059</u>

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GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

		2024	2023
	Note	AFN '000	AFN '000
20 ADMINISTRATIVE EXPENSE			
Security guards expenses		29,672	26,669
Software annual maintenance		14,909	15,724
Insurance	20.1	56,564	38,011
Communication		5,529	5,550
Advertisement		12,225	21,590
Travelling and conveyance		13,604	11,037
Utilities		12,351	11,765
Fuel		4,665	4,337
Repair and maintenance		13,526	8,853
Stationery and printing		7,646	7,361
Directors meeting fees		13,047	9,947
Donation	20.2	48,050	57,215
Food expenses		5,280	4,228
Staff training		3,602	2,536
Audit fee		4,980	2,972
Consultancy & advisory	20.3	48,238	72,689
Other expenses		12,585	9,542
		<u>306,473</u>	<u>310,026</u>

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 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. This includes donation against internally displaced persons, negative impacted business activities and resulted in partial economy shut down for several months 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 2.228 million (2023: AFN 4.417 million), and advisory fees amounting to AFN 46.01 million (2023: AFN 68.271 mn)

		2024	2023
	Note	AFN '000	AFN '000
21 TAXATION			
- Current tax			
Current	21.1	-	-
Prior	21.2	(2,290)	-
		<u>(2,290)</u>	<u>-</u>
Deferred tax income/(expense)			
Deferred tax (expense) / income	21.3	(42,417)	47,795
		<u>(44,707)</u>	<u>47,795</u>
- Deferred tax assets on:			
Carry forward losses (P&L)	21.3	5,378	47,795
Revaluation of financial instruments (OCI)	6	16,763	15,472
		<u>22,141</u>	<u>63,267</u>

21.1 Owing to carry forward tax losses, no provision for taxation has been made during the period.

21.2 This represents provision of prior year's additional tax paid to MoF tax authorities, as a result of tax audit for the year 2018.

21.3 Deffered tax expense/income

Carried forward losess - Opening	47,795	-
Recognized in P&L - During the year	(42,417)	47,795
Carried forward losses - B/F	<u>5,378</u>	<u>47,795</u>
Carried forward tax losses	<u>(26,890)</u>	<u>(238,973)</u>

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GHAZANFAR BANK
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FOR THE YEAR ENDED DECEMBER 31, 2024

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	
	2024	2023	2024	2023
	AFN '000			
(a) Loans and advances to related parties				
Loans outstanding at the beginning of the year	-	-	47,476	57,657
Loans issued during the year	-	-	-	-
Loans repayments during the year	-	-	(47,476)	(10,181)
Exchange gain	-	-	-	-
Loans outstanding at the end of the year	-	-	-	47,476
Interest income earned	-	-	(9,011)	3,717

Nature of transactions

(b) Deposits from related parties

Deposits at the beginning of the year
Deposits received during the year
Deposits repaid during the year
Exchange rate difference
Deposits at the end of the year
Interest expense on deposits

	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	2024	2023	2024	2023
	AFN '000			
Deposits at the beginning of the year	18,549	10,030	20,634	9,001
Deposits received during the year	89,448	79,246	341,524	601,809
Deposits repaid during the year	83,954	70,727	328,295	590,176
Exchange rate difference	-	-	-	-
Deposits at the end of the year	24,043	18,549	33,863	20,634
Interest expense on deposits	-	-	-	-

Nature of transactions

(c) Other related party transactions

Prepayment/ Security Deposit for Hairatan Branch
Directors' fee
Rent paid
Donation paid

	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	2024	2023	2024	2023
	AFN '000			
Prepayment/ Security Deposit for Hairatan Branch	-	-	46,143	47,827
Directors' fee	13,047	9,947	-	-
Rent paid	-	-	4,848	3,820
Donation paid	-	-	48,050	57,215

(d) Key Management compensation

Salaries and other short-term benefits

	2024	2023
	AFN in '000	
Salaries and other short-term benefits	37,936	32,111
	37,936	32,111

Map

GHAZANFAR BANK

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

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:

	Held for Trading	Designated at Fair Value	Held to Maturity	At amortized cost	Available for sale	Total carrying amount
Note	AFN '000'
2024						
Cash and cash equivalents	-	-	-	9,309,867	-	9,309,867
Investments	1,121,540	-	1,809,051	-	416,532	3,347,123
Loans and advances to customers	-	-	-	1,615,581	-	1,615,581
Others assets	-	-	-	1,424,772	-	1,424,772
	<u>1,121,540</u>	<u>-</u>	<u>1,809,051</u>	<u>12,350,220</u>	<u>416,532</u>	<u>15,697,343</u>
Deposits from customers	-	-	-	10,969,340	-	10,969,340
Deposits from financial institutions	-	-	-	2,919,605	-	2,919,605
Other liabilities	-	-	-	139,735	-	139,735
Lease liability	-	-	-	43,771	-	43,771
	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,072,451</u>	<u>-</u>	<u>14,072,451</u>
2023						
Cash and cash equivalents	-	-	-	6,200,234	-	6,200,234
Investments	-	-	284,377	-	805,191	1,089,568
Loans and advances to customers	-	-	-	1,666,837	-	1,666,837
Others assets	-	-	-	2,166,414	-	2,166,414
	<u>-</u>	<u>-</u>	<u>284,377</u>	<u>10,033,485</u>	<u>805,191</u>	<u>11,123,053</u>
Deposits from customers	-	-	-	8,157,030	-	8,157,030
Deposits from financial institutions	-	-	-	1,356,970	-	1,356,970
Other liabilities	-	-	-	122,595	-	122,595
Lease liability	-	-	-	27,604	-	27,604
	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,664,199</u>	<u>-</u>	<u>9,664,199</u>

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.

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.

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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 9,308 million (2023: Afs 6,200 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, whilst 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.

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The Bank relies on deposits from customers as its primary source of funding. Deposits from customers generally have 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:

	2024	2023
Closing balance for the year ended	51%	45%
Average for the year	48%	44%
Maximum for the year	58%	51%
Minimum for the year	37%	39%

Maturity analysis for financial liabilities

	Carrying amount	Gross Cash Outflow	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Note				AFN '000			
2024							
Deposits from customers	11	10,969,340	10,969,340	7,431,365	1,602,725	1,935,250	-
Deposits from financial institutions	12	2,919,605	2,919,605	1,374,205	-	1,545,400	-
Other liabilities	13	165,996	165,996	-	-	-	-
Lease liability	14	43,771	43,771	-	-	-	-
		14,098,712	14,098,712	8,805,569	1,602,725	3,480,650	19,485
						24,286	19,485
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	-	-	-	-
		9,680,892	9,680,892	5,010,898	1,334,770	3,168,332	3,318
						24,286	3,318

The above table shows the undiscounted cash flows 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.

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NOTES TO THE FINANCIAL STATEMENTS
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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 2024

Assets

	Note	Total	USD	EUR	GBP
Cash and cash equivalents	5	5,664,732	5,510,886	150,289	3,558
Investments	6	3,357,690	3,357,690	-	-
Loans and advances	7	1,196,280	1,196,280	-	-
Other assets	9	1,127,532	1,114,260	13,272	-
		11,346,235	11,179,116	163,561	3,558

Exposure to currency risk (cont.)

Liabilities

	Note	Total	USD	EUR	GBP
Deposits from customers	11	8,214,974	8,067,803	146,964	206
Deposits from financial institutions	12	1,953,228	1,953,228	-	-
Other liabilities	13	69,007	65,135	3,857	15
		10,237,208	10,086,166	150,821	221
		1,109,027	1,092,950	12,740	3,336

Net foreign currency exposure

31 December 2023

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 to customers	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

Liabilities

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
		1,151,805	1,170,778	(21,875)	2,902

Net foreign currency exposure

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Exposure to currency risk (cont.)

in Afn	2024		2023	
	Average rate	Reporting date rate	Average rate	Reporting date rate
USD	70.65	70.45	82.43	70.25
Euro	76.42	73.79	88.71	76.85
GBP	88.88	87.71	101.16	88.05

Sensitivity analysis

A 1.2 % Weakness of the Afghani, as indicated below, against the USD, Euro and GBP at 31 December 2024 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.

	2024		2023	
	Equity	Profit or loss	Equity	Profit or loss
USD	87,436	109,295	93,662	117,078
Euro	1,019	1,274	(1,750)	(2,188)
GBP	267	334	232	290

A 1.2% weakening of the Afghani against the above currencies at 31 December 2024 would have equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

24.4 Subsequent events - non-adjusted

In accordance with Sharia Ruling No. 1151, dated 27 May 2024, issued by the Dar-ul-Eftah of the Islamic Emirate of Afghanistan, the bank is committed to aligning its financial reporting with Islamic banking principles. As part of this compliance, the bank will undertake necessary adjustments related to interest-based transactions. Specifically, the bank intends to claim a refund of taxes previously paid on interest income and will also repay any interest received on loan facilities that were active as of 15 August 2021. These adjustments will be implemented once the financial impact is fully established and regulatory considerations are addressed. The bank continues to assess the required modifications to ensure full adherence to the applicable Sharia guidelines.

Subsequent to the financial year-end, the bank has received a significant portion of its ADIC (Deposit Insurance Premium) from the Da Afghanistan Bank. This amount will be adjusted in the subsequent financial reporting period. The receipt of this insurance premium contributes to strengthening the bank's financial position. The bank remains committed to prudent financial reporting and compliance with regulatory requirements in reporting such transactions.

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GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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, 2024 is as follows:

	2024	2023
	----- AFN '000 -----	----- AFN '000 -----
Tier 1 capital		
Share holders' equity	1,935,177	1,776,740
Less: Other Equity Components	67,054	61,887
Less: Profit for the year	(163,604)	-
Less: Intangible assets	-	-
Net Deferred Tax Assets	(22,141)	(63,267)
Total tier 1 (core) capital	1,816,486	1,775,361
Tier 2 capital		
General allowances on Standard Advances	22	22
Add: Profit for the year	163,604	-
Total tier 2 (supplementary) capital	163,626	22
Total Regulatory capital = Tier 1 + Tier 2	1,980,112	1,775,383
Risk-weight categories		
0% risk weight:		
Cash in Afghani and fully-convertible foreign currencies	1,604,428	1,100,648
Direct claims on DAB	4,222,477	1,871,186
Direct Claims on Central Governments of Category A Countries	-	-
Loans Collateralized by Blocked Deposits	-	-
Others	-	-
Total	5,826,905	2,971,834
0% risk-weight total (above total x 0%)	-	-

	2024	2023
	----- AFN '000 -----	----- AFN '000 -----
20% risk weight:		
Demand Deposits with Banks	2,109,406	1,892,118
Time Deposits with Banks	2,148,725	1,910,800
Loans Guaranteed by Multilateral Lending Institutions	265,560	112,023
Other	-	-
Total	4,523,691	3,914,941
20% Risk-Weight Total (Above Total x 20%)	904,738	782,988

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

100% risk weight

Loans gross amount	1,350,043	1,554,813
Property & Equipment's	264,176	245,544
All other assets	4,076,771	2,751,307
Total	5,690,990	4,551,664
100% Risk-Weight Total (Above Total x 100%)	5,690,990	4,551,664

Off-balance-sheet items with 0% Credit Conversion Factor

Undrawn loan and overdraft facilities	4,195	4,215
Total	4,195	4,215

0% Credit Conversion Factor Total (Above Total x 0%)

-	-
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Off-balance-sheet items with 20% Credit Conversion Factor

Commercial letters of credit	-	-
100% Risk Weight	-	16,924
Total	-	3,385

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	712,939	334,137
Total	712,939	334,137

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

712,939	334,137
7,308,668	5,672,173

Tier 1 Capital Ratio

24.85	31.30
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Regulatory Capital Ratio

27.09	31.30
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26 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 22-March-2025 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

GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024

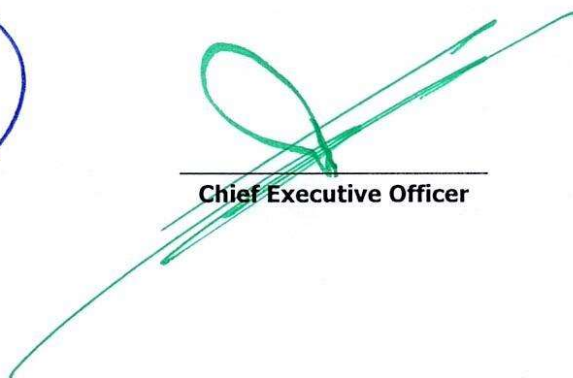
28 ISLAMIC BANKING INFORMATION

28.1 Islamic Banking Financial Position

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

	2024	2023
	AFN '000	
ASSETS		
Cash and cash equivalents	1,672,270	1,729,607
Alwakala deposits with FIs	1,655,575	878,125
Investments in Sukuk securities	1,034,473	284,377
Murabaha Islamic Financing	524,703	347,694
Deferred tax assets	532	-
Other assets	520,298	657,370
Total assets	5,407,851	3,897,173
EQUITY AND LIABILITIES		
EQUITY		
Retained earnings	18,210	62,224
Revaluation deficit on financial instruments	(2,129)	-
Total equity	16,081	62,224
LIABILITIES		
Current deposits	2,043,438	1,009,985
Mudarabah saving deposits	911,506	804,741
Mudarabah fixed deposits	2,393,459	1,996,922
Other liabilities	43,367	23,301
Total liabilities	5,391,770	3,834,949
Total equity and liabilities	5,407,851	3,897,173
Contingencies and commitments	1,199,512	1,033,546


 Chief Financial Officer


 Chief Executive Officer


 Chairman

GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
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28.2 Islamic Banking Profit or Loss

The Bank has the following profit or loss for the year ended December 31, 2024, from Islamic Banking operations:

	2024	2023
	----- AFN '000 -----	-----
Total profit income	142,667	63,011
Total profit expense	(31,296)	(13,441)
Net profit	111,371	49,570
Revenue from banking services	81,882	85,490
Expense on banking services	(2,106)	(1,534)
Net revenue form banking services	79,776	83,956
(Loss) from dealing in foreign currencies	(67,136)	(110,361)
	124,011	23,165
Other income	11,184	14,688
Impairment allowances	(16,871)	(5,350)
Employee compensation	(53,916)	(47,990)
Operating lease expenses	(371)	(342)
Finance cost on lease liability	(2,104)	(1,860)
Depreciation and Amortization	(16,029)	(16,034)
Administrative expense	(89,919)	(92,621)
	(179,210)	(164,197)
(Loss) before tax	(44,015)	(126,344)
Taxation	-	-
(Loss) after tax	(44,015)	(126,344)

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

Mal