

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

Introduction

We have audited the financial statements of Ghazanfar Bank (the Bank), which comprise the statement of financial position as of 31 December 2025, 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 2025, 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 7.3.1 to the financial statements, that states the impact of provisions would have resulted in if Asset Classification and Provisioning Regulation was fully applied as of 31 December 2025.

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.



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.

Muhammad Saqlain Siddiqui

Chartered Accountants

Engagement Partner: Muhammad Saqlain Siddiqui

Date: 16 March 2026

Place: Kabul, Afghanistan



GHAZANFAR BANK
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

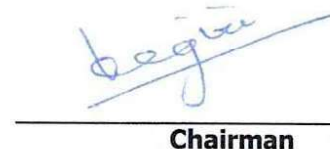
	Note	2025 AFN '000	2024
ASSETS			
Cash and cash equivalents	5	9,463,451	9,309,867
Investments	6	5,707,159	3,347,123
Loans and advances	7	1,545,963	1,615,581
Property and equipment	8	532,487	264,176
Intangible assets	9	19	-
Deferred tax assets		-	22,141
Other assets	10	2,409,072	1,475,479
Total assets		19,658,151	16,034,366
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	1,244,040	1,244,040
Capital reserves		76,923	68,743
Retained earnings		1,050,966	689,447
Revaluation deficit on financial instruments at FVOCI		(29,110)	(67,054)
Revaluation reserve on property and equipment	12	175,853	-
Total equity		2,518,672	1,935,177
LIABILITIES			
Deposits from customers	13	12,989,583	10,969,340
Deposits from financial institutions	14	3,815,139	2,919,605
Other liabilities	15	151,693	165,996
Lease liability	16	41,707	43,771
Deferred tax liabilities	23	36,686	-
Provision for taxation		104,671	477
Total liabilities		17,139,479	14,099,189
Total equity and liabilities		19,658,151	16,034,366
Contingencies and commitments	17		

The annexed notes from 1 to 32 form an integral part of these financial statements.

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Chief Financial Officer


Chief Executive Officer


Chairman


GHAZANFAR BANK
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025

		2025	2024
	Note	AFN '000	
Profit /Interest income		319,217	272,379
Profit return expenses		(30,908)	(29,444)
Net profit/interest income	18	288,309	242,935
Fee and commission income		667,876	557,457
Fee and commission expense		(67,554)	(37,325)
Net fee and commission income	19	600,322	520,132
Income / (losses) from dealing in foreign currencies		19,347	(32,006)
		907,978	731,062
Other income	20	349,772	16,581
Impairment allowances on financial assets	7.4	(176,190)	(2,449)
(Loss)/ Gain on sale of securities		(13,428)	17,242
Employee compensation	21	(213,962)	(188,691)
Operating lease expenses		(2,817)	(2,898)
Finance cost on lease liability	16	(5,235)	(5,059)
Depreciation	8.4	(64,347)	(51,004)
Amortization	9	(5)	(108)
Administrative expense	22	(272,745)	(306,473)
		(748,729)	(539,332)
Profit before tax		509,020	208,311
Taxation	23	(116,096)	(44,707)
Profit after tax		392,924	163,604
Other comprehensive loss			
Items to be reclassified subsequently to profit or loss			
- Unrealized loss on revaluation of investments	6	(36,388)	(83,817)
- Related deferred tax		7,278	16,764
		(29,110)	(67,053)
Items not to be classified subsequently to profit & loss			
- Revaluation reserve of property and equipment		219,816	
- Related deferred tax		(43,963)	-
		175,853	-
Total comprehensive income for the year		539,666	96,550

The annexed notes from 1 to 32 form an integral part of these financial statements.

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Chief Financial Officer


Chief Executive Officer

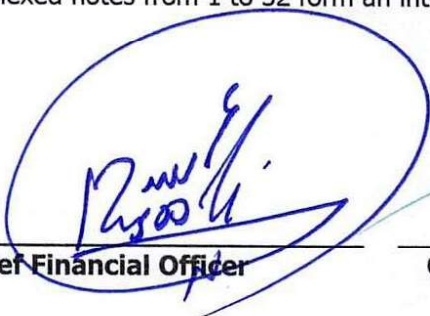

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GHAZANFAR BANK
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2025

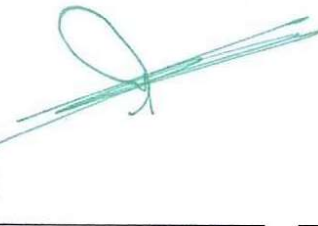
	2025	2024
	----- AFN '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	509,020	208,311
Adjustments for:		
Impairment allowances on financial assets	176,190	2,449
(Loss) / gain on disposal	(100)	473
Finance cost on lease liability	5,235	5,059
Exchange gain on lease liability	(1,387)	(433)
Fixed assets written-off	5,748	2,822
CWIP expensed out	5,578	-
Depreciation	64,347	51,004
	764,631	269,685
Changes in assets		
Loans and advances	(106,572)	48,807
Other assets	(960,902)	740,884
	(1,067,474)	789,691
Changes in liabilities		
Deposits from customers	2,020,243	2,812,310
Deposits from financial institutions	895,534	1,562,635
Other liabilities	(14,303)	26,708
	2,901,474	4,401,653
Net cash flow from operating activities before tax	2,598,631	5,461,029
Income tax paid	(6,510)	(31,927)
Net cash flow from operating activities	2,592,121	5,429,102
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(34,644)	(16,908)
Acquisition of right of use assets	(52,461)	(44,177)
Proceeds from disposal of property and equipment	156	34
Capital work in progress	(27,309)	(6,722)
Investments - net	(2,302,693)	(2,264,013)
Net cash flow used in investing activities	(2,416,950)	(2,331,786)
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of right of use assets	52,461	44,177
Repayment of lease liability	(41,326)	(31,860)
Dividend paid	(32,721)	-
Net cash (used in) / from financing activities	(21,586)	12,317
Net increase in cash and cash equivalents	153,585	3,109,632
Cash and cash equivalents, beginning of year	9,309,866	6,200,234
Cash and cash equivalents, end of year	9,463,451	9,309,866

The annexed notes from 1 to 32 form an integral part of these financial statements.

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Chief Financial Officer



Chief Executive Officer



Chairman

GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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 2025 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 17 branches with Islamic banking operations (2024: 16 branches with Islamic banking operations) in different provinces of Afghanistan and number of employees are 499 (2024: 460) 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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GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

- 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
- 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 not recognize right-of-use assets but to account for the lease expense on a straight-line

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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 9.98% 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, 2025

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, 2025

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 instructing the banks to recognize 30% of the previously unrecorded provisions by 2025.

Accordingly, In accordance the Bank has recognized 33.15% of the deferred provision as of the reporting date.

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, 2025

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, 2025

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 their revalued amount, which is determined through periodic revaluations performed at least once every three years by a qualified third-party valuer. The revaluation process involves assessing the fair value of the asset and adjusting the carrying amount accordingly.

Costs incurred after the revaluation date are capitalized and added to the asset's carrying amount if they enhance the asset's value. Expenses related to repairs and maintenance that do not improve the asset are charged to the statement of comprehensive income as incurred.

Revaluations are conducted with sufficient frequency to ensure that the carrying amount of the asset does not differ materially from its fair value, with the three-year interval being the standard revaluation period. Any revaluation surplus or deficit arising from the revaluation is recognized directly in equity, in accordance with relevant accounting standards.

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GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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	30-50 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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GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

currency differences arising on retranslation are recognized in statement of comprehensive income.

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

4.13 Interest income and expense

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

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

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

4.14 Fee and commission

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

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

4.15 Lease payments

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

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4.16 Dividends

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

4.17 Provisions

Provisions for restructuring costs and legal claims are recognized when:

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

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

4.18 Off-setting

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

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NOTES TO THE FINANCIAL STATEMENTS
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		2025	2024
	Note	----- AFN '000 -----	
5 CASH AND CASH EQUIVALENTS			
Cash in hand	5.1	2,645,167	1,604,428
Balances with banks	5.2	4,819,524	5,421,624
Balances with investment managers	5.3	1,063,100	135,090
Short term placements	5.4	935,660	2,148,725
		<u>9,463,451</u>	<u>9,309,867</u>
5.1 Cash in hand			
Local currency		1,108,510	656,712
Foreign currencies		1,536,657	947,716
		<u>2,645,167</u>	<u>1,604,428</u>
5.2 Balances with banks			
<i>Balances with central bank</i>			
Local currency current accounts		974,910	1,911,349
Foreign currency current accounts		338,641	1,535,959
		<u>1,313,551</u>	<u>3,447,308</u>
Balances with other banks (domestic)		1,929,829	1,092,021
Balances with other banks (foreign)		1,576,144	882,295
		<u>4,819,524</u>	<u>5,421,624</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	935,660	1,655,575
Short term placements		-	493,150
		<u>935,660</u>	<u>2,148,725</u>
5.4.1	This represents Al-Wakala deposits with Al-Salam bank Bahrain, with expected profit returns from 2.50% to 3.80%, with maturity dates from 20 January 2026 to 23 March 2026 (2024: 4.25%). The bank has no credit risk ratings.		
6 INVESTMENTS			
<i>Available for sale</i>			
Investment in bonds/ sukuk	6.1	2,407,174	427,100
<i>Held for trading</i>			
Investment in equity instruments	6.2	489,586	128,911
Investment in gold	6.3	792,278	-
		<u>3,689,038</u>	556,011
Loss reserve on debt instruments		-	(10,568)
		<u>3,689,038</u>	545,443
<i>Held to maturity</i>			
Investments in T-bills		-	992,629
Investment in Bond / Sukuk	6.4	736,958	759,980
Longterm Mudarabah Deposit	6.5	132,140	-
		<u>869,098</u>	1,752,609
Investments in Emerging bonds	6.6	1,149,023	1,049,071
		<u>5,707,159</u>	<u>3,347,123</u>

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6.1 Investment in bonds/ sukuk	Ratings		
Dubai Islamic Bank DIB Sukuk, UAE	Aa-	369,114	274,493
Banque Saudi Fransi, Saudi Arabia	A-	19,957	-
DP World Crescent LTD Sukuk, UAE	Baa2	86,959	-
First Abu Dhabi FABUH Sukuk, UAE	Aa-	329,455	-
Kinqdom of Saudi Arabia Sukuk KSA, UAE	A+	136,296	-
Perusahaan Penerbit SBSN, Indonesia	BBB	243,079	-
SAUDI ELEC GLB SUKUK, Saudi Arabia	A+	18,020	-
Shariah Sukuk Program, UAE	BBB-	102,683	-
KSA Sukuk Limited, UAE	A+	91,925	-
EI Sukuk Company Ltd, UAE	A+	336,812	-
AL Rajhi Sukuk Ltd, Saudi Arabia	A-	46,665	-
Aldar Investment Prop, Uae	BBB-	54,917	-
BSF Sukuk Limited, Saudi Arabia	A-	334,876	-
Saudi National Bank (SNB) Sukuk Ltd, Saudi Arabia	A-	101,420	-
SIB sharia Isalmic Bank	A-	134,997	-
Srilankan Sovereign Bond	NR	-	13,449
KSA Bond	NR	-	139,157
	6.1.1	<u>2,407,174</u>	<u>427,099</u>

6.1.1 This represents foreign investments with coupon rates ranging from 1.41% to 5.60% and maturities from 14 January 2026 to 16 May 2034. FAB & Daman are acting as the investment custodian of this investment portfolio.

Cost - net	Unrealized gain/ (loss)	Market value
..... (AFN '000)		
<u>2,410,219</u>	<u>(3,045)</u>	<u>2,407,174</u>

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

Cost	Unrealized gain/ (loss)	Market value
..... (AFN '000)		
<u>522,929</u>	<u>(33,343)</u>	<u>489,586</u>

Shares of listed entities

6.3 This represents investment in physical and paper gold with Aktif Bank, the physical gold are maintained with Brink's Global Services, specialize in such services. The gold is revalued on monthly basis and the impact is reflected accordingly in the financial statements.

6.4 These represent an investment in BOUBYAN Sukuk LTD (risk rate A), KSA Sukuk LTD (risk rate A+), EMAAR Sukuk LTD, Bridgerock Global Investment W L L having coupon rates ranging from 3.39% to 6% per annum. These investments have a maturity dates from 15 September 2026 to 31 July 2027. FAB, ARK Capital Management & STP UAE investment advisors are acting as the custodian of these investments.

6.5 This represents long term Mudarabah deposit with Al-Salam Bank - Bahrain, with expected profit returns of 6%, with maturity of 17 Jan 2030. The bank has no credit risk ratings.

6.6 Investments in emerging bonds	Ratings	Note	2025	2024
			----- AFN '000 -----	
Emerging market infrastructure funds	NR		244,459	260,665
Emerging real estate development funds	NR		329,755	351,616
SIL Emerging Real Estate funds	NR		132,140	140,900
SIL Emerging Infrastructure Devel Bond	NR		145,354	295,890
GGH infrastructure development bond	NR		297,315	-
		6.6.1	<u>1,149,023</u>	<u>1,049,071</u>

6.6.1 This represents foreign investments with coupon rates ranging from 5% to 7.5% and maturities from 31 August 2026 to 15 April 2028, issued by UAE corporations with nature of mutual funds, with no credit risk ratings available and active market prices. These investments are made through Daman, ARK and STP-Partners Ltd asset managers of the bank.

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		2025	2023
		----- AFN '000 -----	
7	LOANS AND ADVANCES TO CUSTOMERS - NET		
	Conventional Loans	910,737	1,340,683
	Islamic Loans	863,725	530,392
		<u>1,774,462</u>	<u>1,871,075</u>
	IMPAIRMENT		
	Conventional Loans	(210,936)	(249,804)
	Islamic Loans	(17,562)	(5,688)
		<u>(228,498)</u>	<u>(255,492)</u>
		<u>1,545,964</u>	<u>1,615,583</u>

7.1 Impairment allowance - summary

Balance at the beginning of the year	255,492	254,775
Charge for the year	184,328	16,981
Exchange rate differences	(12,878)	717
	<u>426,942</u>	<u>272,473</u>
Write offs	(198,443)	(16,981)
Balance at the end of the year	<u>228,499</u>	<u>255,492</u>

7.1.1	Note	31 December 2025			31 December 2024			
		Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount	
	 AFN '000 AFN '000			
		Conventional financing						
		Running finance	651,576	(140,319)	511,257	806,541	(176,918)	629,623
		SME loans	55	-	55	300	(26)	273
		Term loans	259,106	(70,617)	188,488	533,842	(72,860)	460,982
			<u>910,737</u>	<u>(210,936)</u>	<u>699,800</u>	1,340,683	(249,804)	1,090,878
		Islamic financing						
		Murabaha	863,725	(17,562)	846,163	530,392	(5,688)	524,703
			<u>1,774,463</u>	<u>228,499</u>	<u>1,545,963</u>	1,871,074	(255,492)	<u>1,615,581</u>

7.2.1 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 30.75% (2024: 4% to 39%). These facilities are extended for a maximum period of seven years & three 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 683,981 thousands which are partially backed by Afghanistan Credit Guarantee Foundation (ACGF) guarantees to the extent defined in agreement with ACGF.

7.3 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-2025						
Conventional:						
Running finance	283,720	148,658	-	174,199	44,999	651,576
SME loans	55	-	-	-	-	55
Term loans	112,696	8,675	-	135,377	2,357	259,106
Islamic:						
Murabaha	797,068	3,589	2,857	58,961	1,250	863,725
	<u>1,193,540</u>	<u>160,921</u>	<u>2,857</u>	<u>368,538</u>	<u>48,606</u>	<u>1,774,463</u>
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>1,871,074</u>

7.3.1 As per DAB Letter No. 6223/4527, dated 29 November 2024, notifying further deferral of the ACPR regulation as of 31 December 2025, and instructing the banks to recognize 30% of the previously unrecorded provisions by 2025, the bank total provision as of 31 Dec 2025, if ACPR was effective, would have been Afn 556.098mn. In accordance with the above circular, the Bank has recognized 33.15% of the deferred provision as of the reporting date, amounting to AFN 184.33mn, in compliance with the requirements outlined in the DAB circular.

7.4 Impairment (charge)/ reversal on financial assets

	2025	2024
	----- AFN '000 -----	
Impairment allowance on receivables from financial institutions	7,635	14,532
Net impairment allowance on non-funded facilities	-	-
Net provision on accrued interest/ profit	503	-
Loan charged off during the year	(184,328)	(16,981)
	<u>(176,190)</u>	<u>(2,449)</u>

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		2025	2024
	Note	AFN '000	AFN '000
8.2 Capital work-in progress			
Opening balance		6,801	79
Additions during the year		34,031	31,721
Transfer to property and equipment/ right to use asset		(1,144)	(24,999)
Expensed/Transferred		(5,578)	-
Closing balance		34,110	6,801
8.3 Right-of-use assets			
Cost:			
Opening balance		225,904	179,865
Additions during the year		8,442	49,064
Lease modification		48,060	4,888
Write-Off		(15,067)	(7,913)
Closing balance		267,339	225,904
Accumulated depreciation:			
Opening balance		151,982	121,144
Depreciation expense for the year		38,777	30,838
Closing balance		190,759	151,982
Carry amount		76,579	73,922
8.4 Depreciation			
Property and equipment		25,570	20,165
Right-of-use assets		38,777	30,838
		64,347	51,004
9 INTANGIBLE ASSETS			
Cost			
Opening balance		83,365	83,365
Additions during the year		25	-
Write-Off		(2,193)	-
Closing balance		81,196	83,365
Amortization			
Opening balance		83,365	79,001
Amortization for the year		5	4,364
Write-Off		(2,193)	-
Closing balance		81,177	83,365
Carrying Amount		19	-
10 OTHER ASSETS			
		2025	2024
	Note	AFN '000	AFN '000
Restricted deposits with DAB	10.1	937,217	775,169
Prepayments	10.2	651,249	72,847
Receivable from Western Union		65,468	18,805
Profit receivable	10.3	43,768	24,162
Interest receivable		27,792	19,614
Security deposits	10.4	353,631	424,680
Receivable from humanitarian organization	10.5	325,164	130,591
Others		4,783	9,611
		2,409,072	1,475,479
10.1 Restricted deposits with DAB			
Local currency		297,851	163,177
Foreign currencies		639,366	611,992
	10.1.1	937,217	775,169
10.1.1	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.		
10.2	This includes 20 years prepayment rental expense for the hairatan branch to the related party of the bank, amounting AFN to 44.38 million (2024: AFN 46.14mn), and prepayment against purchasing of land for Bank head office amounting AFN 580.9 million		
10.3	This includes profit receivable on account of Murabaha investments, Sovereign sukuks and Murabaha facility.		

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		2025	2024
		----- AFN '000 -----	
10.4 Security Deposits			
Pashtany Bank	10.4.1	330,350	352,250
CSC Bank & Western union		23,281	24,667
		<u>353,631</u>	<u>424,680</u>

10.4.1 Security deposits for providing DABs bills collections.

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

		2025	2024
		----- AFN '000 -----	
11 SHARE CAPITAL	Note		
Authorized 124,404 (2023: 124,404) ordinary shares of AFN 10,000 each		<u>1,244,040</u>	<u>1,244,040</u>
Issued, subscribed and paid-up - 124,404 (31 December 2023: 124) or,404 ordinary shares of AFN 10,000 each		<u>1,244,040</u>	<u>1,244,040</u>

11.1 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.

		2025	2024
		----- AFN '000 -----	
12 REVALUATION RESERVE ON PROPERTY AND EQUIPMENT			
Land		31,713	-
Building		174,446	-
Furniture and fixtures		(3,489)	-
Computer equipment		-	-
Vehicles		21,761	-
Office equipment		4,882	-
		<u>229,313</u>	-
Accumulated incremental depreciation		(9,496)	-
		<u>219,817</u>	-
Deferred tax liability on revaluation reserve balance	23	(43,964)	-
		<u>175,853</u>	-

		2025	2024
		----- AFN '000 -----	
13 DEPOSITS FROM CUSTOMERS	Note		
Conventional			
Current deposits		3,667,371	5,576,073
Saving deposits		512,226	691,220
Term deposits		74,085	78,890
		<u>4,253,683</u>	<u>6,346,183</u>
Islamic			
Current deposits		5,636,997	1,840,618
Saving deposits		1,146,604	911,506
Mudarabah fixed deposits		296,939	395,506
		<u>7,080,540</u>	<u>3,147,630</u>
Margin deposits			
Margin deposits - expired		13,770	14,673
Margin deposits - unexpired	13.1	1,641,590	1,460,854
		<u>1,655,360</u>	<u>1,475,527</u>
		<u>12,989,583</u>	<u>10,969,340</u>

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

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	2025	2024
	----- AFN '000 -----	
14 DEPOSITS FROM FINANCIAL INSTITUTIONS		
Deposits from Banks		
Demand Deposits of Banks	2,188,361	1,107,265
Time Deposits of Banks	400,000	
Deposits from OFI's		
Current deposits	126,778	266,940
Term deposits	1,100,000	1,545,400
	1,226,778	1,812,340
	3,415,139	2,919,605
	-----	-----
	2025	2024
	----- AFN '000 -----	
15 OTHER LIABILITIES		
Interest payable on customer deposits	-	8,016
Profit payable on Islamic customer deposits	21,571	22,137
Withholding tax	9,245	9,931
Unearned commission on bank guarantees	34,797	16,330
Accrued expenses	14,258	27,643
Dividend payable	15.1 17,274	17,274
Payable against canceled shares	22,966	22,960
Payable to donor	15.2 10,114	12,032
Other liabilities	15.3 21,468	29,673
	151,693	165,996

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

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

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

	2025	2024
	----- AFN '000 -----	
16 LEASE LIABILITY		
Opening balance	43,771	27,604
Addition during the year	8,442	49,064
Lease modification	44,019	(4,888)
Accrued finance cost	5,129	5,060
Payment during the year - principal	(41,326)	(31,860)
Write off	(10,365)	4,262
Adjustment	(6,574)	(5,038)
Exchange rate fluctuation	(1,387)	(433)
Closing balance	41,707	43,771
	-----	-----
17 CONTINGENCIES AND COMMITMENTS		
Contingencies		
Contingencies - Bank guarantees issued	6,888,017	5,673,237
Letters of credits	9,908	47,763
	6,897,925	5,721,000
Commitments - Un-used portion of credit card facilities	3,964	4,195
Commitments - Wakalah Investment	792,840	-

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	2025	2024
	AFN '000	AFN '000
18 NET MARK-UP/ RETURN/ INTEREST INCOME		
Mark-up/ return/ interest earned		
Profit/Interest income on al-wakala deposits and placements	73,174	133,328
Loans and advances	53,349	44,546
Bonds and Sukuk	192,694	94,505
Total profit / interest income	319,217	272,379
Mark-up/ return expense		
Customer deposits	12,378	6,738
Deposits from financial institutions	18,530	22,706
Total interest expense	30,908	29,444
Mark-up/ return/ interest income - net	288,308	242,935
18.1 Profit attributable to customer deposits		
Term deposits - Mudarabah	26,705	25,010
Saving deposits - Mudarabah	4,203	4,433
	30,908	29,444
19 NET FEE AND COMMISSION INCOME		
Fee and commission income		
Commission on bank guarantees	96,393	64,721
Commission on letter of credits	687	1,540
Fund transfer fee	460,675	405,705
Deposit accounts servicing	54,331	40,204
Commission on cash management	55,790	45,287
	667,876	557,457
Fee and commission expense		
Inter bank transaction fee	51,858	19,228
Electronic banking fee	15,696	18,097
	67,554	37,325
Net fee and commission income	600,322	520,132
20 OTHER INCOME		
Reimbursement from ADIC insurance premium	20.1 135,808	-
Gain on sale and revaluation of investment in gold	157,900	-
Recovery of loan previously written off	145,855	4,740
Other	36,966	11,841
	476,529	16,581
Less:		
Provisions for interest repayment	20.2 126,757	-
	126,757	-
Other income /expense - net	349,772	16,581
20.1 This represents amounts received from ADIC amounting to AFN 92,588 thousands and foreign currencies: USD equivalent to AFN 41,936 and EUR 1,314.		
As per the Sharia Ruling No. 1151, dated 27 May 2024, issued by the Dar-ul-Eftah of the Islamic Emirate of Afghanistan, following the orders issued by the Supreme Court of the Islamic Emirate of Afghanistan, No. 373, dated 27 August 2024, and DAB letter No. 8306/6070, dated 11 January 2025. Based on the aforesaid letters, the bank was entitled to receive reimbursement of ADPF (formerly ADIC) insurance premiums totaling AFN 156.84 million, which had been paid by the bank from October 2009 to 30 June 2024 on customer deposits in AFN, USD, and EUR currencies. However, on 17 February 2025, the bank received and recognized AFN 135.808 million as income, representing 100% reimbursement of ADIC premiums on customer deposits in USD and EUR, and 80% reimbursement on customer deposits in AFN.		
20.2 This represents repayment of interest income against loans and advances as per DAB Letter No. 8306/6070, dated 11 January 2025.		
21 EMPLOYEE COMPENSATION		
Salaries and wages	195,878	183,653
Food allowances	5,925	3,889
Staff bonus	12,137	1,125
	213,962	188,691

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22 ADMINISTRATIVE EXPENSE	Note	2025	2024
		AFN '000	'000
Security guards expenses		30,554	29,672
Software annual maintenance		13,116	14,909
Insurance	22.1	40,851	56,564
Communication		6,737	5,529
Advertisement		23,628	12,225
Travelling and conveyance		14,708	13,604
Utilities		14,466	12,351
Fuel		5,497	4,665
Repair and maintenance		11,627	13,526
Stationery and printing		7,850	7,646
Directors meeting fees		14,388	13,047
Donation	22.2	50,056	48,050
Food expenses		5,124	5,280
Staff training		2,022	3,602
Audit fee		5,945	4,980
Consultancy & advisory		5,035	48,238
Other expenses		21,141	12,585
		<u>272,745</u>	<u>306,473</u>

22.1 This includes insurance expenses related to the bank cash and Credit insurance that are secured by Malakut Insurance Brokers and ACGF/ DFC respectively.

22.2 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.

23 TAXATION	Note	2025	2024
		AFN '000	'000
- Current tax			
Current		(104,670)	-
Prior	23.1	6,048.03	(2,290)
		<u>(110,718)</u>	<u>(2,290)</u>
Deferred tax expense			
Deferred tax expense (P&L)	23.2	(5,378)	(42,417)
		<u>(116,096)</u>	<u>(44,707)</u>
- Deferred tax (liabilities) / Assets on:			
Carry forward losses (P&L)	23.2	-	5,378
Revaluation of financial instruments (OCI)	6	7,278	16,763
Revaluation of Property & Equipment (OCI)	12	(43,964)	-
		<u>(36,686)</u>	<u>22,141</u>

23.1 This represents provision of prior year's additional tax paid to MoF tax authorities, as a result of tax audit for the years 2019 and 2020.

23.2 Deffered tax (expense) / income

Carried forward lossess - Opening	5,378	47,795
Recognized in P&L - During the year	(5,378)	(42,417)
Carried forward losses - B/F	-	5,378
	<u>523,352</u>	<u>(26,890)</u>
Taxable profit before tax		

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GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

24 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:

Nature of transactions	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	2025	2024	2025	2024
	----- AFN '000 -----			
(a) Loans and advances to related parties				
Loans outstanding at the beginning of the year	-	-	-	47,476
Loans issued during the year	-	-	-	-
Loans repayments during the year	-	-	-	(47,476)
Exchange gain	-	-	-	-
Loans outstanding at the end of the year	-	-	-	-
Interest income earned	-	-	-	-9,011

Nature of transactions	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	2025	2024	2025	2024
	----- AFN '000 -----			
(b) Deposits from related parties				
Deposits at the beginning of the year	24,043	18,549	33,863	20,634
Deposits received during the year	101,749	89,448	885,531	341,524
Deposits repaid during the year	110,166	83,954	907,627	328,295
Exchange rate difference	1,460	-	1,977	-
Deposits at the end of the year	14,167	24,043	9,790	33,863
Interest expense on deposits	-	-	-	-

Nature of transactions	Directors and other key management personnel (and close family members)		Shareholders and its associated companies	
	2025	2024	2025	2024
	----- AFN '000 -----			
(c) Other related party transactions				
Prepayment/ Security Deposit for Hairatan Branch	-	-	44,386	46,143
Directors' fee	14,388	13,047	-	-
Rent paid	-	-	6,503	4,848
Donation paid	-	-	50,056	48,050

(d) Key Management compensation

Salaries and other short-term benefits

	2025	2024
	----- AFN in '000 -----	
Salaries and other short-term benefits	38,695	37,936
	38,695	37,936

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GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

25 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'					
2025						
Cash and cash equivalents	-	-	-	9,463,451	-	9,463,451
Investments	1,281,864	-	2,018,121	-	2,407,174	5,707,159
Loans and advances to customers	-	-	-	1,545,963	-	1,545,963
Others assets	-	-	-	1,757,823	-	1,757,823
	1,281,864	-	2,018,121	12,767,237	2,407,174	18,474,396
Deposits from customers	-	-	-	12,989,583	-	12,989,583
Deposits from financial institutions	-	-	-	3,815,139	-	3,815,139
Other liabilities	-	-	-	107,651	-	107,651
Lease liability	-	-	-	41,707	-	41,707
	-	-	-	16,954,080	-	16,954,080
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
	1,121,540	-	1,809,051	12,350,220	416,532	15,697,343
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
	-	-	-	14,072,451	-	14,072,451

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

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26 FINANCIAL RISK MANAGEMENT

Introduction and overview

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

- 26.1**
- 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 immovable property duly registered with the court of law.

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

Past due but not impaired loans

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

Allowances for impairment

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

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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, sector exposures are within regulatory limit.

Cash and cash equivalents

The Bank held cash and cash equivalents of Afs 9,463 million (2024: Afs 9,308 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.

26.2 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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GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

Exposure to liquidity risk

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

	2025	2024
Closing balance for the year ended	51%	51%
Average for the year	44%	48%
Maximum for the year	52%	58%
Minimum for the year	36%	37%

Maturity analysis for financial liabilities

Note	Carrying amount	Gros Cash Outflow	AFN '000'				More than 5 years
			Less than 1 month	1-3 months	3 months to 1 year	1-5 years	
2025							
13 Deposits from customers	12,989,583	12,989,583	9,318,138	1,658,831	2,012,615	-	-
14 Deposits from financial institutions	3,815,139	3,815,139	2,315,139	-	1,100,000	-	-
15 Other liabilities	151,693	151,693	-	-	-	-	-
16 Lease liability	41,707	41,707	-	-	-	24,286	17,421
	16,998,122	16,998,122	11,633,277	1,658,831	3,112,615	24,286	17,421
2024							
13 Deposits from customers	10,969,340	10,969,340	7,431,365	1,602,725	1,935,250	-	-
14 Deposits from financial institutions	2,919,605	2,919,605	1,374,205	-	1,545,400	-	-
15 Other liabilities	165,996	165,996	-	-	-	-	-
16 Lease liability	43,771	43,771	-	-	-	24,286	19,485
	14,098,712	14,098,712	8,805,569	1,602,725	3,480,650	24,286	19,485

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

26.3 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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GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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 2025		USD	EUR	GBP
Assets	Note	AFN '000'		
Cash and cash equivalents	5	5,485,147	48,642	1,866
Investments	6	4,820,224	76,809	-
Loans and advances	7	831,948	-	-
Other assets	10	841,473	12,517	-
Total		11,978,792	137,968	1,866

Exposure to currency risk (cont.)

Liabilities		USD	EUR	GBP
	Note	AFN '000'		
Deposits from customers	13	8,136,717	136,575	48
Deposits from financial institutions	14	1,953,228	-	-
Other liabilities	15	66,739	438	15
Total		10,156,684	137,013	63
Net foreign currency exposure		1,959,183	955	1,803

31 December 2024

Assets		USD	EUR	GBP
Cash and cash equivalents	5	5,510,886	150,289	3,558
Investments	6	3,357,690	-	-
Loans and advances to customers	7	1,196,280	-	-
Other assets	10	1,127,532	13,272	-
		11,179,116	163,561	3,558
Liabilities				
Deposits from customers	13	8,214,974	146,964	206
Deposits from financial institutions	14	1,953,228	-	-
Other liabilities	15	69,007	3,857	15
		10,237,208	150,821	221
Net foreign currency exposure		1,092,950	12,740	3,336

GHANAFAR BANK
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 FOR THE YEAR ENDED DECEMBER 31, 2025

Exposure to currency risk (cont.)

in AFN	2025		2024	
	Average rate	Reporting date rate	Average rate	Reporting date rate
USD	69.63	66.07	70.65	70.45
Euro	77.40	76.75	76.42	73.79
GBP	90.50	88.17	88.88	87.71

Sensitivity analysis

A 0.41% Strengths of the Afghani, as indicated below, against the USD, Euro and GBP at 31 December 2025 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.

	2025		2024	
	Equity	Profit or loss	Equity	Profit or loss
USD	156,735	195,918	87,436	109,295
Euro	76	96	1,019	1,274
GBP	144	180	267	334

A 0.41% Strengths of the Afghani against the above currencies at 31 December 2025 would have equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

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Off-balance-sheet items with 0% Credit Conversion Factor		
Undrawn loan and overdraft facilities	3,964	4,195
Total	3,964	4,195
0% Credit Conversion Factor Total (Above Total x 0%)	-	-
Off-balance-sheet items with 20% Credit Conversion Factor		
Commercial letters of credit	-	-
100% Risk Weight	7,926	-
Total	1,585	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	1,982,056	712,939
Total	1,982,056	712,939
100% Credit Conversion Factor Total (Risk-Weighted Totals x 100%)		
	1,982,056	712,939
	11,867,719	7,330,684
Tier 1 Capital Ratio	16.68	27.02
Regulatory Capital Ratio	21.47	29.26

28 SUBSEQUENT EVENTS - NON ADJUSTED

28.1 Crisis in Middle Eastern Jurisdictions

Subsequent to the reporting date, heightened geopolitical tensions and security developments have been observed in certain jurisdictions within the Middle East. The Bank maintains investments and financial exposures in these jurisdictions through placements with financial institutions and other investment instruments.

As at 31 December 2025, the Bank's aggregate exposure to investments and placements in Middle Eastern jurisdictions amounted to USD 92.06 million, representing 91.26% of the Bank's total investment portfolio. During January and February 2026, management undertook a strategic reduction of its exposure to these jurisdictions and disposed of investments amounting to USD 36.4 million. This action reflects management's ongoing monitoring of its investment portfolio and its approach to managing market and concentration

Management has assessed the potential impact of these developments on the Bank's financial position, financial performance and the recoverability of its investments as at the reporting date. Based on the information available up to the date of approval of these financial statements, management has concluded that these developments represent non-adjusting events after the reporting period and therefore no adjustments to the carrying values of the related financial assets were required as at 31 December 2025.

However, given that the geopolitical situation remains dynamic and evolving, future developments may affect market conditions, credit risk profiles and the valuation of investments in the affected jurisdictions. Management continues to monitor the situation closely and will assess any potential financial impact in future reporting periods.

28.2 Acquisition of Bank Alfalah Afghanistan

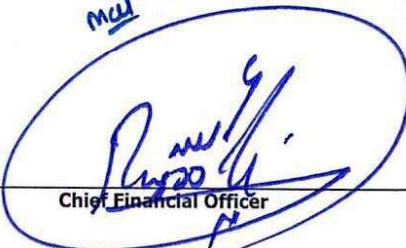
Subsequent to the reporting date, the Bank entered into preliminary arrangements to acquire the depositors of Bank Alfalah Afghanistan. As at the date of approval of these financial statements, the transaction is at the due diligence stage and remains subject to regulatory approval, including from the Central Bank. Accordingly, no adjustments have been made to the financial statements as at 31 December 2025.

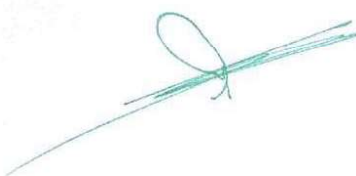
29 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 16-Mar-2026 by the Board of Supervisors of the Bank.

30 GENERAL

No significant reclassification/rearrangement has been made in these audited 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 FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025

31 ISLAMIC BANKING INFORMATION

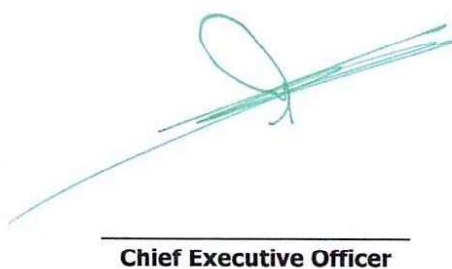
31.1 Islamic Banking Financial Position

The Bank has the following interim financial position as at December 31, 2025, for Islamic Banking operations:

	2025	2024
	AFN '000	
ASSETS		
Cash and cash equivalents	4,622,010	1,672,270
Alwakala deposits with FIs	991,050	1,655,575
Investments in Sukuk securities	2,940,090	1,034,473
Investments in Gold	792,278	-
Murabaha Islamic Financing	846,163	524,703
Deferred tax assets	706	532
Other assets	676,555	520,298
Total assets	10,868,852	5,407,851
EQUITY AND LIABILITIES		
EQUITY		
Retained earnings	163,721	18,210
Revaluation deficit on financial instruments	(2,823)	(2,129)
Total equity	160,898	16,081
LIABILITIES		
Current deposits	6,960,377	2,043,438
Mudarabah saving deposits	1,146,604	911,506
Mudarabah fixed deposits	2,504,352	2,393,459
Other liabilities	60,244	43,367
Provision for taxation	36,377	-
Total liabilities	10,707,954	5,391,770
Total equity and liabilities	10,868,852	5,407,851
Contingencies and commitments	3,020,404	1,199,512

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 Chief Financial Officer


 Chief Executive Officer


 Chairman

GHAZANFAR BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

31.2 Islamic Banking Profit or Loss

The Bank has the following profit or loss for the year ended December 31, 2025, from Islamic Banking operations:

	2025	2024
	----- AFN '000 -----	
Total profit income	184,862	142,667
Total profit expense	(30,908)	(31,296)
Net profit	153,954	111,371
Revenue from banking services	140,286	81,882
Expense on banking services	(3,791)	(2,106)
Net revenue form banking services	136,495	79,776
(Loss) from dealing in foreign currencies	(42,324)	(67,136)
	248,125	124,011
Other income	202,030	11,184
Impairment allowances	(103,001)	(16,871)
Employee compensation	(60,231)	(53,916)
Operating lease expenses	(374)	(371)
Finance cost on lease liability	(2,244)	(2,104)
Depreciation and Amortization	(20,698)	(16,029)
Administrative expense	(81,720)	(89,919)
	(268,268)	(179,210)
Profit / (Loss) before tax	181,887	(44,015)
Taxation	(36,377)	-
Profit / (Loss) after tax	145,510	(44,015)

32 GENERAL

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

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Chief Financial Officer

Chief Executive Officer

Chairman