



KPMG Afghanistan Limited  
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Independent Auditors' Report

To: The shareholders  
Ghazanfar Bank

We have audited the accompanying financial statements of Ghazanfar Bank ("the Bank"), which comprise the statement of financial position as at 31 December 2009, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 01 March 2009 to 31 December 2009, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Law of Banking in Afghanistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



KPMG Afghanistan Limited

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Ghazanfar Bank as at 31 December 2009, and of its financial performance and its cash flows for the period from 01 March 2009 to 31 December 2009 in accordance with International Financial Reporting Standards and the requirements of the Law of Banking in Afghanistan.

KPMG افغانستان - ل. د.  
KPMG Afghanistan Limited  
29 March 2010  
Kabul

Ghazanfar Bank  
Statement of financial position  
As at 31 December 2009

	Note	2009 Afs '000'
<b>Assets</b>		
Cash and cash equivalents	4	731,268
Loans and advances to customers	5	823,605
Property and equipment	6	293,013
Intangible assets	7	4,885
Deferred tax assets	8	18,307
Other assets	9	60,431
<b>Total assets</b>		<b>1,931,509</b>
<b>Liabilities</b>		
Deposits from banks	10	48,803
Deposits from customers	11	1,385,785
Other liabilities	12	2,522
<b>Total liabilities</b>		<b>1,437,110</b>
<b>Equity</b>		
Share capital	13	567,625
Retained earnings		(73,226)
<b>Total equity</b>		<b>494,399</b>
<b>Total liabilities and equity</b>		<b>1,931,509</b>

The annexed notes 1 to 24 are an integral part of these financial statements.

Chief Executive Officer

Director

Ghazanfar Bank  
Statement of comprehensive income  
For the period from 01 March 2009 to 31 December 2009

	Note	01 March 2009 to 31 December 2009 Afs '000'
Interest income	14	52,847
Interest expense	14	(17,783)
<b>Net interest income</b>		<b>35,064</b>
Fee and commission income	15	1,048
Fee and commission expense	15	(2,158)
<b>Net fee and commission income</b>		<b>(1,110)</b>
Other operating income	16	1,956
<b>Operating income</b>		<b>35,910</b>
Net impairment loss on financial assets	5	-
Personnel expenses	17	(35,908)
Operating lease expenses		(1,236)
Depreciation and amortization	6,7	(58,866)
Other expenses	18	(31,433)
<b>Loss before income tax</b>		<b>(91,533)</b>
Income tax income	19	18,307
<b>Loss for the period</b>		<b>(73,226)</b>
Other comprehensive income		-
<b>Loss for the period</b>		<b>(73,226)</b>

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Chief Executive Officer

Director

Ghazanfar Bank  
Statement of cash flows  
For the period from 01 March 2009 to 31 December 2009

	Note	01 March 2009 to 31 December 2009 Afs '000'
<b>Cash flows from operating activities</b>		
Loss before income tax		(91,533)
Adjustments for:		
Depreciation	6	56,987
Amortization	7	1,879
Net Impairment allowance on financial assets	5	-
Net interest income	14	(35,064)
		(67,731)
Change in loans and advances to customers-net	5	(823,605)
Change in other assets	9	(60,431)
Change in deposits from banks	10	48,803
Change in deposits from customers	11	1,385,785
Change in other liabilities	12	2,219
Interest received		485,040
Interest paid		52,544
<b>Net cash from operating activities</b>		<b>520,407</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	6	(350,000)
Purchase of intangible asset	7	(6,764)
<b>Net cash used in investing activities</b>		<b>(356,764)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	13	567,625
<b>Net cash from financing activities</b>		<b>567,625</b>
<b>Net increase in cash and cash equivalents</b>		<b>731,268</b>
Cash and cash equivalent at beginning of the period		-
<b>Cash and cash equivalents at year end</b>	4	<b>731,268</b>

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Ghazanfar Bank  
Statement of changes in equity  
For the period from 01 March 2009 to 31 December 2009

	Share capital Afs '000'	Retained earnings Afs '000'	Total Afs '000'
<b>Contributions by shareholders:</b>			
Issuance of share capital	567,625	-	567,625
<b>Total comprehensive income for the period:</b>			
Loss for the period		(73,226)	(73,226)
<b>Balance as at 31 December 2009</b>	<b>567,625</b>	<b>(73,226)</b>	<b>494,399</b>

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