

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE HEAD OF INTERNATIONAL BUSINESS OF BANK ALFALAH LIMITED PAKISTAN**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **Bank Alfalah Limited Afghanistan** (the Bank) as at **30 June 2025**, and the related condensed interim statement of comprehensive income, changes in equity and cash flows for the six months then ended, and notes to the condensed interim financial information ('here-in-after referred to as the condensed interim financial information'). Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the requirement of the Law of Banking in Afghanistan and International Accounting Standards 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared in all material respects, in accordance with the requirements of Law of Banking in Afghanistan and International Accounting Standards 34 "Interim Financial Reporting".

**Chartered Accountants****Engagement Partner:** Muhammad Saqlain Siddiqui**Date:** 12 August 2025**Place:** Kabul, Afghanistan

BANK ALFALAH LIMITED AFGHANISTAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT 30 JUNE 2025

		30 Jun 2025 (Un-audited)	31 Dec 2024 (Audited)
	Note	..... AFN '000'	
ASSETS			
Cash and cash equivalents	4	2,746,437	2,734,574
Investments - net	5	2,574,666	3,029,872
Property and equipment	6	3,947	4,255
Deferred tax assets - net		-	32,279
Other assets	7	769,312	589,181
Total assets		6,094,362	6,390,161
LIABILITIES			
Deposits from customers	8	4,162,857	4,606,582
Lease liabilities		3,230	3,456
Deferred tax liabilities		4,321	-
Current tax liabilities - net		9,460	-
Other liabilities	9	154,559	198,402
Total liabilities		4,334,427	4,808,441
EQUITY			
Capital contributed by Head Office		1,000,000	1,000,000
Capital reserve		84,121	84,121
Retained earnings		620,850	462,749
Revaluation reserve on financial instruments at FVOCI		54,964	34,850
Total equity		1,759,935	1,581,720
Total liabilities and equity		6,094,362	6,390,161
Contingencies and commitments	11		

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


Country Finance Manager


Country Manager

BANK ALFALAH LIMITED AFGHANISTAN
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025

Note	Six months ended		Three months ended	
	30-Jun-25	30-Jun-24	30-Jun-25	30-Jun-24
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	..... AFN '000' .....		..... AFN '000'	
Interest income	84,670	138,025	40,941	65,675
Interest expense on Call Margin	(3,234)	(5,686)	(1,532)	(3,582)
Net interest income	81,436	132,339	39,409	62,093
Fee and commission income	1,252	4,407	665	1,768
Fee and commission expense	(5,234)	(5,109)	(2,232)	(2,617)
Net fee and commission expense	(3,982)	(702)	(1,567)	(849)
Loss from dealing in foreign currencies	(1,923)	(550)	(7,641)	(1,343)
Other income	189,562	433	-	433
Total operating income	265,093	131,520	30,201	60,334
Impairment gain on investments and off balance sheet items	9,497	15,676	9,664	9,308
Net (loss)/ gain on re-measurement of IRS	(689)	2,299	(776)	1,480
Net operating income	273,901	149,495	39,089	71,122
Personnel expenses	(54,515)	(53,618)	(21,398)	(21,437)
Depreciation	(4,178)	(4,555)	(2,008)	(2,271)
Other operating expenses	(15,769)	(19,011)	(9,756)	(9,215)
Finance cost on lease liability	(309)	(513)	(122)	(227)
Total operating expenses	(74,771)	(77,698)	(33,283)	(33,150)
Profit before tax	199,130	71,797	5,806	37,972
Taxation	(41,029)	(11,311)	(2,823)	(7,647)
Profit for the period	158,101	60,486	2,983	30,325
Other comprehensive income				
Items that may be reclassified to profit or loss subsequently				
Mark to market adjustment on investments at FVOCI	72,927	8,932	37,225	(2,558)
Related deferred tax	(14,585)	(1,786)	(7,445)	512
Mark to market adjustment on interest rate SWAP	(47,785)	37,456	(31,169)	(4,023)
Related deferred tax	9,557	(7,491)	6,234	804
Other comprehensive income / (loss), net of tax	20,114	37,110	4,845	(5,265)
Total comprehensive income for the period	178,215	97,596	7,828	25,060

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


Country Finance Manager


Country Manager

BANK ALFALAH LIMITED AFGHANISTAN
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025

	Capital contributed by Head Office	Revaluation reserve on financial instrument at FVOCI	Capital reserve	Retained earnings	Total
	AFN '000'				
Balance as at 01 January 2024 - (Audited)	1,000,000	14,442	79,620	377,246	1,471,308
Total comprehensive income:					
Profit for the period	-	-	-	60,486	60,486
Other comprehensive income	-	37,110	-	-	37,110
	-	37,110	-	60,486	97,596
Transferred to capital reserve	-	-	-	-	-
As at 30 June 2024 - (Un-audited)	<u>1,000,000</u>	<u>51,552</u>	<u>79,620</u>	<u>437,732</u>	<u>1,568,904</u>
Balance as at 01 January 2025 - (Audited)	1,000,000	34,850	84,121	462,749	1,581,720
Total comprehensive income:					
Profit for the period	-	-	-	158,101	158,101
Other comprehensive income	-	20,114	-	-	20,114
	-	20,114	-	158,101	178,215
Transferred to capital reserve	-	-	-	-	-
As at 30 June 2025 (Un-audited)	<u>1,000,000</u>	<u>54,964</u>	<u>84,121</u>	<u>620,850</u>	<u>1,759,935</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



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BANK ALFALAH LIMITED AFGHANISTAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025

		Six months ended 30 Jun 2025 (Un-audited)	Six months ended 30 Jun 2024 (Un-audited)
	Note	..... AFN '000'	
Cash flows from operating activities			
Profit before taxation		199,130	71,797
Adjustments for:			
Depreciation	6	4,178	4,555
Finance cost on lease liabilities		309	513
Impairment gain on investments		(9,390)	(13,658)
Nostro account balances		(107)	(2,019)
Net (loss)/ gain on re-measurement of IRS		689	(2,299)
		194,809	58,890
Adjustments for changes in operating assets and liabilities:			
Other assets		(132,346)	(13,525)
Deposits from customers		(443,725)	(690,962)
Other liabilities		(43,843)	37,269
		(619,914)	(667,218)
Net cash flow used in operating activities before tax		(425,105)	(608,328)
Tax paid		-	-
Net cash flow used in operating activities		(425,105)	(608,328)
Cash flow from investing activities			
Proceeds from disposal of property and equipment		-	433
Acquisition of operating fixed assets		-	(247)
Acquisition of right of use assets	6	(3,870)	(4,958)
Investments		436,436	233,582
Net cash flow generated from investing activities		432,566	228,810
Cash flows from financing activities			
Payment against lease liabilities		4,402	(4,876)
Net cash from/(used in) financing activities		4,402	(4,876)
Net increase/(decrease) in cash and cash equivalents		11,863	(384,394)
Cash and cash equivalent at beginning of the year		2,734,574	3,389,921
Cash and cash equivalents at end of the period		2,746,437	3,005,527

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


Country Finance Manager


Country Manager

BANK ALFALAH LIMITED AFGHANISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025

1 STATUS AND NATURE OF BUSINESS

Bank Alfalah Limited Afghanistan ("the Bank") is a foreign branch of Bank Alfalah Limited, Pakistan and is registered and operating in Afghanistan as a commercial bank. The Bank obtained business license from Afghanistan Investment Support Agency which has been renewed by Ministry of Industry and Commerce (MoIC) on 20 August 2023. The Bank commenced its operations on 05 September 2005 under the license for commercial banking issued by Da Afghanistan Bank (DAB) under the Law of Banking in Afghanistan. Currently, the Bank has two conventional banking branches at Kabul and Herat.

The registered office of the Bank is located in Kabul, Afghanistan.

2 BASIS OF PREPARATION

- 2.1** This condensed interim financial information of the Bank for the six months period ended 30 June 2025 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and the Law of Banking in Afghanistan and other laws and regulations issued by Da Afghanistan Bank. Whenever the requirement of the Law of Banking in Afghanistan differs with the requirements of the IAS 34, the requirement of the Law of Banking in Afghanistan and other laws and regulations issued by Da Afghanistan Bank takes precedence.
- 2.2** The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2024.
- 2.3** Comparative statement of financial position is extracted from the annual financial statements as at 31 December 2024, whereas comparative statement of comprehensive income, statement of changes in equity and statement of cash flows have been taken from un-audited condensed interim financial statements for the six months period ended 30 June 2024.

Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 1 January 2025 but are considered not to be relevant or do not have any significant effect on the Bank's operations.

3 ACCOUNTING POLICIES

- 3.1** The accounting policies adopted in preparation of this condensed interim financial information are consistent with those followed in the preparation of the annual financial statements of the Bank for the year ended 31 December 2024.
- 3.2** The estimates / judgments assumptions used in the preparation of this condensed interim financial information is consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2024.
- 3.3** The financial risk management policies and procedures are the same as those disclosed in annual financial statements of the Bank for the year ended 31 December 2024.

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BANK ALFALAH LIMITED AFGHANISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025

		30-Jun-25 (Un-audited)	31-Dec-24 (Audited)
	Note	----- (AFN '000') -----	
4 Cash and cash equivalents			
Cash in hand	4.1	31,744	50,442
Balances with Da Afghanistan Bank	4.2	2,131,305	2,102,005
Balances with other banks		583,388	582,127
		<u>2,746,437</u>	<u>2,734,574</u>
4.1 Cash in hand			
Local currency		14,991	23,467
Foreign currency		16,753	26,975
		<u>31,744</u>	<u>50,442</u>
4.2 Balances with Da Afghanistan Bank			
Local currency		2,099,871	2,048,773
Foreign currency		31,434	53,231
		<u>2,131,305</u>	<u>2,102,005</u>

		30-Jun-25 (Un-audited)	31-Dec-24 (Audited)
	Note	----- (AFN '000') -----	
5 INVESTMENTS - NET			
Debt instruments at fair value through OCI:			
Investment bonds	5.1	2,622,388	3,086,976
		<u>2,622,388</u>	<u>3,086,976</u>
Allowance for ECL / impairment losses		(47,722)	(57,103)
		<u>2,574,666</u>	<u>3,029,872</u>

5.1 The breakup of debt instruments at fair value through OCI is as follows:

	Rating	Rating Agency	30-Jun-25	31-Dec-24
AFN '000'				
Bonds at FVOCI:				
African Finance Corp.	A3	Moody's	348,204	346,481
Islamic Republic of Pakistan 2031	Caa2	Moody's	226,340	224,856
South Africa	Ba2	Moody's	339,509	330,036
Sharjah Sukuk	Ba1	Moody's	392,650	383,157
Kingdom of Saudi Sukuk	Aa3	Moody's	396,921	384,309
Italy Government International Bond	Baa3u	Moody's	263,977	255,514
Perusahaan Penerbit SBSN 2030	Baa2	Moody's	325,397	312,554
Dubai DOF Sukuk	unrated		329,390	323,135
Perusahaan Penerbit SBSN 2025			-	69,504
Oman Government International Bond			-	450,064
Republic of Chile			-	7,366
			<u>2,622,388</u>	<u>3,086,976</u>

5.1.1 These represent investments in sovereign bonds having maturity ranging from April 2026 to April 2031 (31 December 2024: January 2025 to April 2031) and carrying interest rates ranging from 2.76% to 7.38% (31 December 2024: 1.63% to 7.38%) per annum. These investments are managed by treasury with the support of head office of Bank Alfalah.

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BANK ALFALAH LIMITED AFGHANISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025

6 PROPERTY AND EQUIPMENT

	Leasehold improvements	Furniture & fixtures	Electrical, office and computer equipment	Vehicles	Right-of-use Assets (Building)	Total
	(AFN '000')					
Cost						
Balance at 1 January 2024	28,342	8,934	31,698	20,155	44,034	133,163
Additions	-	14	256	-	2,312	2,582
Lease modifications	-	-	-	-	4,958	4,958
Lease derecognized	-	-	-	-	(605)	(605)
Disposals	-	-	(2,939)	-	-	(2,939)
Balance at 31 December 2024	28,342	8,948	29,015	20,155	50,699	137,159
Balance at 1 January 2025	28,342	8,948	29,015	20,155	50,699	137,159
Additions	-	-	-	-	3,870	3,870
Lease modifications	-	-	-	-	(287)	(287)
Write-offs	-	-	-	-	(45,083)	(45,083)
Balance at 30 June 2025	28,342	8,948	29,015	20,155	9,199	95,659
Depreciation						
Balance at 1 January 2024	28,287	8,278	30,555	20,155	39,517	126,791
Charge for the period	33	235	633	-	8,151	9,052
Disposals	-	-	(2,939)	-	-	(2,939)
Balance at 31 December 2024	28,320	8,513	28,249	20,155	47,668	132,904
Balance at 1 January 2025	28,320	8,513	28,249	20,155	47,668	132,904
Charge for the period	17	116	286	-	3,759	4,178
Lease modifications	-	-	-	-	(287)	(287)
Write-offs	-	-	-	-	(45,083)	(45,083)
Balance at 30 June 2025	28,336	8,629	28,535	20,155	6,056	91,712
Carrying amounts						
Balance at 31 December 2024	22	435	766	-	3,032	4,255
Balance at 30 June 2025	6	319	480	-	3,143	3,947
Depreciation rate %	20	10 to 25	20 to 25	25	17 to 100	

- 6.1** The cost of property and equipment includes the fully depreciated assets that are still in use having cost of AFN 81,091 thousands (31 December 2024: AFN 81,026 thousands).

	Note	30-Jun-25 (Un-audited)	31-Dec-24 (Audited)
		..... AFN '000'	
7 OTHER ASSETS			
Advances, Deposits and Prepayments		363	-
Required reserve with DAB	7.1	310,811	343,898
Receivable from overseas units (Related party):			
Receivable on bonds and call margin on IRS		314,897	43,717
Interest receivable on interest rate swaps		7,367	8,088
Accrued interest on bonds & capital notes		116,309	125,684
Unrealized gain on IRS		115,210	163,440
		864,957	684,826
Provision against other asset	7.2	(95,645)	(95,645)
		769,312	589,181

- 7.1** Required reserve account is being maintained with DAB which is denominated in respective currencies to meet minimum reserve requirement in accordance with Article 3 "Required Reserves Regulation" of the Banking Regulations issued by DAB. These balances are interest free.
- 7.2** This represents provision against interest receivable on capital notes from DAB.

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BANK ALFALAH LIMITED AFGHANISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025

		30-Jun-25 (Un-audited)	31-Dec-24 (Audited)
	Note	..... AFN '000'	
8	DEPOSITS FROM CUSTOMERS		
Current deposits		3,776,738	3,938,370
Saving deposits		363,026	645,087
Margin deposits	8.1	23,093	23,125
		4,162,857	4,606,582

8.1 This represents cash margin deposits from customers against issuance of letter of guarantees.

		30-Jun-25 (Un-audited)	31-Dec-24 (Audited)
		..... AFN '000'	
9	OTHER LIABILITIES		
Call margin on Interest rate swaps	9.1	125,807	173,013
Interest payable on Interest Rate Swap		4,268	4,283
Accrued expenses		12,018	10,380
DAB assessment fee		1,818	1,212
Professional charges		5,344	4,256
Tax payable	9.2	3,897	3,897
Bills payable		830	776
Others		149	149
Provision for ECL - LG		428	437
		154,559	198,402

9.1 This represents call margin received from First Abu Dhabi Bank (FAB) against the interest rate swap agreements (IRS). These interest rate swaps hedge the foreign currency exposure of Head Office and its certain overseas branches, including Bank Alfalah Limited Afghanistan. Due to decrease in SOFR rates, gains declined on interest rate swaps during the year. The call margin amount of AFN 126 Million (2024: 173 Million) represents the Bank's share in the call margin received from FAB to ensure the margin requirements.

9.2 This represents provision of prior year's additional tax paid to MoF tax authorities, as a result of tax audit for the years 2020 and 2021.

		30-Jun-25 (Un-audited)	30-Jun-24 (Un-audited)
		..... AFN '000'	
10	Other income		
Reimbursement from ADIC	10.1	189,562	-
		189,562	-

10.1 This represents amounts received from ADIC amounting to AFN 122,022 thousands and foreign currencies: USD equivalent to AFN 66,623 thousands and EUR equivalent to AFN 913 thousands.

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 217.728 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 12 February 2025, the bank received and recognized AFN 189.562 million as income, representing 100% reimbursement of ADIC premiums on customer deposits in USD and EUR, and 80% reimbursement on customer deposits in AFN.

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BANK ALFALAH LIMITED AFGHANISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025

	Note	30-Jun-25 (Un-audited)	31-Dec-24 (Audited)
		..... AFN '000'	.....
11 CONTINGENCIES AND COMMITMENTS			
Contingencies			
Financial guarantees	11.1	<u>183,668</u>	<u>184,296</u>
Commitments	11.2	<u>1,404,100</u>	<u>1,408,900</u>

11.1 These represent performance guarantees issued by the Bank in the normal course of business. These are 100% secured against counter guarantees. The Bank is also facing certain litigations on which no provision is required as per the opinion of legal advisor.

11.2 This represents interest rate swap contract amounting to AFN 1.404 billion and contingency regarding IRS principal amount payable/receivable against notional amount of AFN 1.404 billion. The Bank has hedged 4 bonds which are Kingdom of Saudi Sukuk, Italy Government International Bond, Perusahaan Penerbit SBSN 2030 - Indonesia and Dubai DOF Sukuk.

12 RELATED PARTY TRANSACTIONS

The Bank is a fully owned branch of Bank Alfalah Limited Pakistan. Related parties comprise associated undertakings, majority shareholders, retirement benefit plans, directors of the Head Office of the Bank and the key management personnel of the Bank and its Head Office. Transactions with key management personnel have been carried out as per terms of their employment. Details of transactions and balances with related parties are as follows:

		Six months ended 30 Jun 2025 (Un-audited)	Six months ended 30 Jun 2024 (Un-audited)
		----- (AFN '000') -----	-----
12.1 Transactions with related parties			
Name of group companies	Nature of transactions		
Bank Alfalah Limited - Pakistan	Profit remitted to Head Office	-	-
Alfalah Insurance Company Ltd.	Insurance premium	<u>1,500</u>	<u>1,128</u>
12.2 Key management compensation			
Salaries and benefits		<u>22,614</u>	<u>20,411</u>

In addition to their salaries, the Bank also provides non-cash benefits to executives which include furnished accommodation.

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 requires the Bank to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

13.1 The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3 based on the degree to which the fair value is observable.

	Level 1	Level 2	Level 3	Total
	----- AFN '000' -----			
Investments in bonds - available for sale investments				
As at 30 June 2025 (Un-audited)	<u>2,622,388</u>	<u>-</u>	<u>-</u>	<u>2,622,388</u>
As at 31 December 2024 (Audited)	<u>3,086,976</u>	<u>-</u>	<u>-</u>	<u>3,086,976</u>

Valuation techniques and key inputs used for investment in bonds were quoted market bid price in active market.

14 CORRESPONDING FIGURES

14.1 Corresponding figures have been re-arranged / reclassified, wherever necessary, to facilitate comparisons. However, there were no significant re-arrangements / reclassifications made during the period.

14.2 The figures in this condensed interim financial information have been rounded off to the nearest thousands.

15 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorized for issue by the Country Finance Manager and Country Manager of the Bank on

August 12, 2025


Country Finance Manager


Country Manager