

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 **31 March 2025**, and the related condensed interim statement of comprehensive income, changes in equity and cash flows for the three 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:** 13 May 2025**Place:** Kabul, Afghanistan

BANK ALFALAH LIMITED AFGHANISTAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS OF 31 MARCH 2025

		31-Mar-25 (Un-audited)	31-Dec-24 (Audited)
	Note AFN '000'	
ASSETS			
Cash and cash equivalent	4	2,995,454	2,734,574
Investments - net	5	2,653,520	3,029,872
Property and equipment	6	5,629	4,255
Deferred tax assets - net		-	32,279
Other assets	7	801,823	589,181
Total assets		6,456,426	6,390,161
LIABILITIES			
Deposits from customers	8	4,492,512	4,606,582
Lease liabilities		4,777	3,456
Deferred tax liabilities		1,178	-
Current tax liabilities - net		8,569	-
Other liabilities	9	197,283	198,402
Total liabilities		4,704,318	4,808,441
EQUITY			
Capital contributed by Head Office		1,000,000	1,000,000
Capital reserve		84,121	84,121
Retained earnings		617,868	462,749
Revaluation reserve on financial instruments at FVOCI		50,119	34,850
Total equity		1,752,108	1,581,720
Total liabilities and equity		6,456,426	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 THREE MONTHS PERIOD ENDED 31 MARCH 2025

	Note	Three months ended	
		31-Mar-25	31-Mar-24
		(Un-audited)	(Un-audited)
	 AFN '000'	
Interest income		43,729	72,350
Interest expense		(1,702)	(2,104)
Net interest income		42,027	70,246
Fee and commission income		587	2,639
Fee and commission expense		(3,002)	(2,491)
Net fee and commission income		(2,415)	148
Income from dealing in foreign currencies		5,718	793
Other income	10	189,562	-
Total operating income		234,892	71,186
Reversal of impairment losses on investments and off balance sheet items		(167)	6,368
Net gain on re-measurement of IRS		87	819
Net operating income		234,813	78,374
Personnel expenses		(33,117)	(32,182)
Depreciation		(2,170)	(2,284)
Other operating expenses		(6,013)	(9,797)
Finance Cost on Leases		(187)	(286)
Total operating expenses		(41,488)	(44,549)
Profit before taxation		193,325	33,825
Taxation		(38,206)	(3,664)
Profit for the period		155,119	30,161
Other comprehensive income			
Items that may be reclassified to profit or loss subsequently			
Mark to market adjustment on investments at FVOCI		35,702	11,490
Related deferred tax		(7,140)	(2,298)
Mark to market adjustment on interest rate SWAP		(16,616)	41,479
Related deferred tax		3,323	(8,296)
Other comprehensive income, net of tax		15,269	42,375
Total comprehensive income for the period		170,388	72,536

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


Country Finance Manager


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BANK ALFALAH LIMITED AFGHANISTAN
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

	Capital contributed by Head Office	Revaluation reserve on financial instrument at FVOCI	Capital reserve	Retained earnings	Total
Note	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	-	-	-	30,161	30,161
Other comprehensive loss	-	42,375	-	-	42,375
	-	42,375	-	30,161	72,536
Transferred to capital reserve	-	-	-	-	-
As at 31 March 2024 - (Un-audited)	<u>1,000,000</u>	<u>56,817</u>	<u>79,620</u>	<u>407,407</u>	<u>1,543,844</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	-	-	-	155,119	155,119
Other comprehensive income	-	15,269	-	-	15,269
	-	15,269	-	155,119	170,388
Transferred to capital reserve	-	-	-	-	-
As at 31 March 2025 (Un-audited)	<u>1,000,000</u>	<u>50,119</u>	<u>84,121</u>	<u>617,868</u>	<u>1,752,108</u>

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 CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

	Note	Three months ended	
		31-Mar-25	31-Mar-24
	 AFN '000'	
Cash flows from operating activities			
Profit before taxation		193,325	33,825
Adjustments for:			
Depreciation	6	2,170	2,284
Finance cost on lease liabilities		187	286
Reversal of impairment on investments and off balance sheet items		167	(6,368)
Net gain on re-measurement of IRS		(87)	(819)
		<u>195,762</u>	<u>29,208</u>
Adjustments for changes in operating assets and liabilities:			
Other assets		(195,940)	(26,934)
Deposits from customers		(114,071)	(133,592)
Other liabilities		(1,120)	(59,490)
Lease liability		1,321	
		<u>(309,809)</u>	<u>(220,016)</u>
Net cash flow used in operating activities before tax		<u>(114,047)</u>	<u>(190,809)</u>
Tax paid		-	-
Net cash flow used in operating activities		<u>(114,047)</u>	<u>(190,809)</u>
Cash flows from investing activities			
Investments		380,878	32,901
Acquisition of right of use assets	6	(3,544)	-
Acquisition of property and equipment		-	(46)
Net cash flow generated from investing activities		<u>377,334</u>	<u>32,855</u>
Cash flows from financing activities			
Payment against lease liabilities		(2,407)	(2,726)
Net cash used in financing activities		<u>(2,407)</u>	<u>(2,726)</u>
Net decrease in cash and cash equivalents		<u>260,880</u>	<u>(160,679)</u>
Cash and cash equivalent at beginning of the year		<u>2,734,574</u>	<u>3,389,921</u>
Cash and cash equivalents at end of the period		<u><u>2,995,454</u></u>	<u><u>3,229,242</u></u>

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 THREE MONTHS PERIOD ENDED 31 MARCH 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 Commerce and Industries (MoCI) 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 three months period ended 31 March 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 three months period ended 31 March 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 THREE MONTHS PERIOD ENDED 31 MARCH 2025

			31-Mar-25 (Un-audited)	31-Dec-24 (Audited)
			----- (AFN '000') -----	
4	Cash and cash equivalents	Note		
	Cash in hand	4.1	41,976	50,442
	Balances with Da Afghanistan Bank	4.2	2,358,947	2,102,005
	Balances with other banks (foreign)		594,531	582,127
			<u>2,995,454</u>	<u>2,734,574</u>
4.1	Cash in hand			
	Local currency		23,611	23,467
	Foreign currency		18,365	26,975
			<u>41,976</u>	<u>50,442</u>
4.2	Balances with Da Afghanistan Bank			
	<i>Current account</i>			
	Local currency		2,248,570	2,048,773
	Foreign currency		110,377	53,231
			<u>2,358,947</u>	<u>2,102,005</u>
5	INVESTMENTS - NET			
	Debt instruments at fair value through OCI:			
	Investment bonds	5.1	2,710,743	3,086,976
			<u>2,710,743</u>	<u>3,086,976</u>
	Allowance for ECL / impairment losses		(57,223)	(57,103)
			<u>2,653,520</u>	<u>3,029,872</u>
5.1	The breakup of debt instruments at fair value through OCI is as follows:			
		Rating Agency	31-Mar-25	31-Dec-24
	Bonds at FVOCI:		AFN '000'	
	African Finance Corp.	A3 Moody's	354,763	346,481
	Islamic Republic of Pakistan 2031	Caa2 Moody's	234,388	224,856
	South Africa	Ba2 Moody's	339,021	330,036
	Sharjah Sukuk	Ba1 Moody's	393,238	383,157
	Kingdom of Saudi Sukuk	Aa3 Moody's	397,663	384,309
	Italy Government International Bond	Baa3u Moody's	264,791	255,514
	Perusahaan Penerbit SBSN 2025	Baa2 Moody's	71,304	69,504
	Perusahaan Penerbit SBSN 2030	Baa2 Moody's	322,719	312,554
	Dubai DOF Sukuk	Unrated	332,856	323,135
	Oman Government International Bond		-	450,064
	Republic of Chile		-	7,366
			<u>2,710,743</u>	<u>3,086,976</u>

5.1.1 These represent investments in sovereign bonds having maturity ranging from June 2025 to April 2031 (31 December 2024: January 2025 to April 2031) and carrying interest rates ranging from 2.3% to 7.38% (31 December 2024: 1.63% to 7.38%) per annum. These investments are managed by Treasury head office of Bank Alfalah.

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BANK ALFALAH LIMITED AFGHANISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 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
Adjustment	-	-	-	-	(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	-	-	-	-	3,544	3,544
Balance at 31 March 2025	28,342	8,948	29,015	20,155	54,243	140,703
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	8	58	144	-	1,960	2,170
Balance at 31 March 2025	28,328	8,571	28,393	20,155	49,628	135,074
Carrying amounts						
Balance at 31 December 2024	22	435	766	-	3,032	4,255
Balance at 31 March 2025	14	377	622	-	4,616	5,629
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).

7 OTHER ASSETS

	Note	31-Mar-25 (Un-audited)	31-Dec-24 (Audited)
	 AFN '000'	
Advances, Deposits and Prepayments		645	-
Required reserve with DAB	7.1	333,798	343,898
Receivable from overseas units (Related party)	7.2	272,090	43,717
Accrued interest on bonds & capital notes		138,136	125,684
Interest receivable on interest rate swaps		6,961	8,088
Unrealized gain on IRS		145,838	163,440
		897,468	684,826
Provision against other asset	7.3	(95,645)	(95,645)
		801,823	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 amount represents receivable from BAFL Dubai against interest received on bonds and principal amount on maturity of bonds and from BAFL Bahrain against net interest received and call margin on IRS on behalf of Bank Alfalah Limited Afghanistan.
- 7.3** 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 THREE MONTHS PERIOD ENDED 31 MARCH 2025

			31-Mar-25 (Un-audited)	31-Dec-24 (Audited)
		 AFN '000'	
11	CONTINGENCIES AND COMMITMENTS	Note		
	Contingencies			
	Financial guarantees	11.1	<u>187,309</u>	<u>184,296</u>
	Commitments	11.2	<u>1,431,934</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 of Standard Chartered Bank - Paistan. 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 1.432 billion and contingency regarding IRS principal amount payable/receivable against notional amount of AFN 1.432 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.

			Three months ended	
			31-Mar-25 (Un-audited)	31-Mar-24 (Un-audited)
			----- (AFN '000') -----	
12.2	Key management compensation			
	Salaries and benefits		<u>13,549</u>	<u>12,051</u>

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

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BANK ALFALAH LIMITED AFGHANISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

		31-Mar-25 (Un-audited)	31-Dec-24 (Audited)
	Note AFN '000'	
8	DEPOSITS FROM CUSTOMERS		
Current deposits		3,755,782	3,938,370
Saving deposits		713,330	645,087
Margin deposits	8.1	23,400	23,125
		<u>4,492,512</u>	<u>4,606,582</u>

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

		31-Mar-25 (Un-audited)	31-Dec-24 (Audited)
	 AFN '000'	
9	OTHER LIABILITIES		
Call margin on Interest rate swaps	9.1	167,250	173,013
Interest payable on Interest Rate Swap		7,312	4,283
Accrued expenses		10,766	10,380
DAB assessment fee		1,515	1,212
Professional charges		5,156	4,256
Tax payable	9.2	3,897	3,897
Bills payable		798	776
Others		150	149
Provision for ECL - LG		439	437
		<u>197,283</u>	<u>198,402</u>

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 167 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.

		31-Mar-25 (Un-audited)	31-Mar-24 (Un-audited)
	 AFN '000'	
10	Other income		
Reimbursement from ADIC	10.1	189,562	-
		<u>189,562</u>	<u>-</u>

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

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 THREE MONTHS PERIOD ENDED 31 MARCH 2025

13 CORRESPONDING FIGURES

- 13.1** Corresponding figures have been re-arranged / reclassified, wherever necessary, to facilitate comparisons. However, there were no significant re-arrangements / reclassifications made during the period.
- 13.2** The figures in this condensed interim financial information have been rounded off to the nearest thousands.

14 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 May 13, 2025. *Mad*



Country Finance Manager



Country Manager