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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 2026**, 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".

Emphasis of Matter

We draw attention to Note 2.4 to the condensed interim financial information, which indicates that Bank Alfalah Limited, Pakistan ("Head Office") has received a binding indicative offer from Ghazanfar Bank, Afghanistan ("Ghazanfar Bank"), to acquire the Bank's Afghanistan operations, comprising its assets and liabilities. The due diligence process relating to the proposed transaction was completed during February/March 2026 and the required documentation has subsequently been submitted to Da Afghanistan Bank for approval. As at the date of signing of this condensed interim financial information, the final regulatory approval from DAB remains pending.

Mazars Afghanistan Limited

Chartered Accountants
Engagement Partner: Muhammad Saqlain Siddiqui
Date: 18 August 2026
Place: Kabul, Afghanistan

MAZARS AFGHANISTAN KABUL LIMITED

BANK ALFALAH LIMITED AFGHANISTAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT 30 JUNE 2026

	Note	30 Jun 2026 (Un-audited)	31 Dec 2025 (Audited)
		...... AFN '000'	
ASSETS			
Cash and cash equivalents	4	**1,961,333**	2,448,030
Investments - net	5	**871,450**	1,341,401
Property and equipment	6	**6,630**	3,812
Deferred tax assets - net		**1,263**	-
Other assets	7	**951,601**	1,597,536
Total assets		**3,792,277**	5,390,779
LIABILITIES			
Deposits from customers	8	**2,017,157**	3,548,725
Lease liabilities		**6,520**	3,372
Provision for tax		**-**	11,683
Deferred tax liabilities - net		**-**	791
Other liabilities	9	**20,277**	15,319
Total liabilities		**2,043,954**	3,579,890
EQUITY			
Capital contributed by Head Office		**1,000,000**	1,000,000
Capital reserve		**96,959**	96,959
Retained earnings		**654,482**	706,665
Revaluation reserve on financial instruments at FVOCI		**(3,118)**	7,265
Total equity		**1,748,323**	1,810,889
Total liabilities and equity		**3,792,277**	5,390,779
Contingencies and commitments	10		

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Country Finance Manager

Acting Country Manager

BANK ALFALAH LIMITED AFGHANISTAN
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2026

	Note	Six months ended		Three months ended	
		30-Jun-26 (Un-audited)	30-Jun-25 (Un-audited)	30-Jun-26 (Un-audited)	30-Jun-25 (Un-audited)
		...... AFN '000'		...... AFN '000'	
Profit return on sukuk		**29,378**	81,436	**13,365**	39,409
		29,378	81,436	**13,365**	39,409
Fee and commission income		**1,670**	1,252	**1,094**	665
Fee and commission expense		**(4,213)**	(5,234)	**(2,411)**	(2,232)
Net fee and commission expense		**(2,543)**	(3,982)	**(1,317)**	(1,567)
Income / (Loss) from dealing in foreign currencies		**3,117**	(1,923)	**7,147**	(7,641)
Other (Loss) / Income		**(6,359)**	189,562	**(2,922)**	-
		23,594	265,093	**16,520**	30,201
Impairment reversal on investments and off balance sheet items		**1,210**	9,497	**896**	9,664
Net loss on re-measurement of IRS		**-**	(689)	**-**	(776)
Total operating income		**24,804**	273,901	**17,416**	39,089
Personnel expenses		**(53,797)**	(54,515)	**(20,590)**	(21,397)
Depreciation	6	**(3,966)**	(4,178)	**(1,976)**	(2,008)
Other operating expenses		**(18,184)**	(15,769)	**(9,005)**	(9,756)
Finance cost on leases		**(504)**	(309)	**(229)**	(122)
Total operating expenses		**(76,451)**	(74,771)	**(31,800)**	(33,283)
Operating (Loss) / profit before taxation		**(51,647)**	199,130	**(14,384)**	5,806
Taxation		**(536)**	(41,029)	**(173)**	(2,823)
Operating (Loss) / profit for the period		**(52,183)**	158,101	**(14,557)**	2,983
Other comprehensive income					
Items that may be reclassified to profit or loss subsequently					
Mark to market adjustment on investments at FVOCI		**3,796**	72,927	**20,105**	37,225
Related deferred tax		**(759)**	(14,585)	**(4,021)**	(7,445)
Mark to market adjustment on interest rate SWAP		**(16,774)**	(47,785)	**(8,063)**	(31,169)
Related deferred tax		**3,355**	9,557	**1,613**	6,234
Other comprehensive (loss) / income, net of tax		**(10,383)**	20,114	**9,633**	4,845
Total comprehensive (loss) / income for the period		**(62,566)**	178,215	**(4,924)**	7,828

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Country Finance Manager

Acting Country Manager

BANK ALFALAH LIMITED AFGHANISTAN
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2026

	Capital contributed by Head Office	Revaluation reserve on financial instrument at FVOCI	Capital reserve	Retained earnings	Total
	AFN '000'				
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)	1,000,000	54,964	84,121	620,850	1,759,935
Balance as at 01 January 2026 - (Audited)	**1,000,000**	**7,265**	**96,959**	**706,665**	**1,810,889**
Total comprehensive income:					
Loss for the period	**-**	**-**	**-**	**(52,183)**	**(52,183)**
Other comprehensive loss	**-**	**(10,383)**	**-**	**-**	**(10,383)**
	-	**(10,383)**	**-**	**(52,183)**	**(62,566)**
Transferred to capital reserve	**-**	**-**	**-**	**-**	**-**
As at 30 June 2026 (Un-audited)	**1,000,000**	**(3,118)**	**96,959**	**654,482**	**1,748,323**

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Country Finance Manager

Acting Country Manager

BANK ALFALAH LIMITED AFGHANISTAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2026

	Note	Six months ended 30 Jun 2026 (Un-audited)	Six months ended 30 Jun 2025 (Un-audited)
		...... AFN '000'	
Cash flows from operating activities			
(Loss) / Profit before taxation		**(51,647)**	199,130
Adjustments for:			
Depreciation	6	**3,966**	4,178
Finance cost on lease liabilities		**504**	309
Reversal of impairment on investments and off balance sheet items		**(1,210)**	(9,497)
Net loss on re-measurement of IRS		**-**	689
		(48,387)	194,809
Adjustments for changes in operating assets and liabilities:			
Other assets		**662,709**	(132,346)
Deposits from customers		**(1,531,568)**	(443,725)
Other liabilities		**4,958**	(43,843)
		(863,901)	(619,914)
Net cash flow used in operating activities before tax		**(912,288)**	(425,105)
Tax paid		**-**	-
Net cash flow used in operating activities		**(912,288)**	(425,105)
Cash flow from investing activities			
Acquisition of right of use assets	6	**(6,784)**	(3,870)
Investments		**428,237**	436,436
Net cash flow generated from investing activities		**421,453**	432,566
Cash flows from financing activities			
Payment against lease liabilities		**4,138**	4,402
Net cash from financing activities		**4,138**	4,402
Net (decrease) / increase in cash and cash equivalents		**(486,697)**	11,863
Cash and cash equivalent at beginning of the year		**2,448,030**	2,734,574
Cash and cash equivalents at end of the period		**1,961,333**	2,746,437

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

Country Finance Manager

ActingCountry Manager

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 2026 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 2025.

2.3 Comparative statement of financial position is extracted from the annual financial statements as at 31 December 2025, 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 2025.

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 2026 but are considered not to be relevant or do not have any significant effect on the Bank's operations.

2.4 Bank intention for sale of operations

During 2025, Bank Alfalah Limited, Pakistan ("Head Office"), received a binding indicative offer from Ghazanfar Bank, Afghanistan ("Ghazanfar Bank"), to acquire the Bank's Afghanistan operations, comprising its assets and liabilities.

During February/March 2026, the due diligence process relating to the proposed transaction was completed. Subsequently, Head Office, together with Ghazanfar Bank, submitted the required documentation to Da Afghanistan Bank ("DAB") for approval of the proposed transaction.

As at the date of signing of these condensed interim financial information, the final regulatory approval from DAB remains pending.

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 2025.

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 2025.

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 2025.

		Note	30-Jun-26 (Un-audited)	31-Dec-25 (Audited)
4	**Cash and cash equivalents**		--------- (AFN '000')	---------
	Cash in hand	4.1	**34,133**	59,581
	Balances with Da Afghanistan Bank	4.2	**1,371,463**	1,823,080
	Balances with other banks		**555,737**	565,369
			1,961,333	2,448,030
4.1	**Cash in hand**			
	Local currency		**13,105**	18,382
	Foreign currency		**21,028**	41,199
			34,133	59,581
4.2	**Balances with Da Afghanistan Bank**			
	Local currency		**1,178,330**	1,784,459
	Foreign currency		**193,133**	38,621
			1,371,463	1,823,080

		Note	30-Jun-26 (Un-audited)	31-Dec-25 (Audited)
5	**INVESTMENTS - NET**		--------- (AFN '000')	---------
	Debt instruments at fair value through OCI:			
	Investment bonds	5.1	**873,375**	1,344,450
			873,375	1,344,450
	Allowance for ECL / impairment losses		**(1,925)**	(3,049)
			871,450	1,341,401

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

	Rating	Rating Agency	30-Jun-26	31-Dec-25
Sukuk at FVOCI:			AFN '000'	
Perusahaan Penerbit SBSN 2030	Baa2	Moody's	**120,680**	185,456
Sharjah Sukuk	Ba1	Moody's	**122,620**	187,061
Kingdom of Saudi Sukuk	Aa3	Moody's	**123,033**	189,312
Dubai DOF Sukuk	Unrated		**122,074**	190,497
Sharjah Islamic Bank Sukuk	A-	S&P	**127,530**	196,657
Dubai Islamic Bank Sukuk	A3	Moody's	**128,927**	197,723
Emirates Islamic Bank Sukuk	A+	Fitch	**128,511**	197,744
			873,375	1,344,450

5.1.1 These represent investments in sukuk having maturity ranging from October 2029 to March 2031 (31 December 2025: October 2029 to March 2031) and carrying return profit rates ranging from 2.76% to 4.60% (31 December 2025: 2.76% to 4.60%) per annum.

MAP

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 2025	28,342	8,948	29,015	20,155	50,699	137,159
Additions	-	-	108	-	-	108
Lease modifications	-	-	-	-	7,980	7,980
Disposals	-	(325)	(6,884)	-	-	(7,209)
Write-offs	-	-	-	-	(54,243)	(54,243)
Balance at 31 December 2025	28,342	8,623	22,239	20,155	4,437	83,795
Balance at 1 January 2026	**28,342**	**8,623**	**22,239**	**20,155**	**4,437**	**83,795**
Additions	**-**	**-**	**-**	**-**	**6,784**	**6,784**
Balance at 30 June 2026	**28,342**	**8,623**	**22,239**	**20,155**	**11,221**	**90,579**
Accumulated depreciation						
Balance at 1 January 2025	28,320	8,513	28,249	20,155	47,668	132,904
Charge for the year	22	235	567	-	7,707	8,531
Disposals	-	(325)	(6,884)	-	-	(7,209)
Write-offs	-	-	-	-	(54,243)	(54,243)
Balance at 31 December 2025	28,342	8,423	21,932	20,155	1,132	79,983
Balance at 1 January 2026	**28,342**	**8,423**	**21,932**	**20,155**	**1,132**	**79,983**
Charge for the period	**-**	**113**	**64**	**-**	**3,788**	**3,966**
Balance at 30 June 2026	**28,342**	**8,536**	**21,996**	**20,155**	**4,920**	**83,949**
Carrying amounts						
Balance at 31 December 2025	-	200	307	-	3,305	3,812
Balance at 30 June 2026	**-**	**87**	**243**	**-**	**6,301**	**6,630**
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 77,039 thousands (31 December 2025: AFN 76,299 thousands).

	Note	30-Jun-26 (Un-audited)	31-Dec-25 (Audited)
		(AFN '000')	
7 OTHER ASSETS			
Advances, deposits and prepayments		**708**	-
Required reserve with DAB	7.1	**182,461**	264,328
Advance tax - net		**4,517**	-
Receivable from overseas units (Related party):	7.2		
Receivable on bonds and call margin on IRS		**684,451**	1,250,797
Interest receivable on interest rate swaps		**73,684**	73,611
Accrued profit on sukuk		**5,780**	8,800
		951,601	1,597,536

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. Theses balances are interest free.

7.2 This amount represents receivable from BAFL Dubai against profit received on sukuk and principal amount on maturity/sale of bonds/sukuk and from BAFL Bahrain against net settlement on unwind of IRS on behalf of Bank Alfalah Limited Afghanistan.

		Note	30-Jun-26 (Un-audited)	31-Dec-25 (Audited)
			--------- (AFN '000') ---------	
8	**DEPOSITS FROM CUSTOMERS**			
	Current deposits		**1,917,956**	3,373,416
	Saving deposits		**84,780**	154,804
	Margin deposits	8.1	**14,421**	20,505
			2,017,157	**3,548,725**

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

		30-Jun-26 (Un-audited)	31-Dec-25 (Audited)
		--------- (AFN '000') ---------	
9	**OTHER LIABILITIES**		
	Accrued expenses	**5,725**	2,263
	DAB assessment fee	**1,818**	1,212
	Professional charges	**7,064**	6,066
	Bills payable	**750**	773
	Unrealized loss on remaesurement of IRS	**4,448**	4,514
	Others	**140**	146
	Provision for ECL - LG	**332**	345
		20,277	15,319

		Note	30-Jun-26 (Un-audited)	31-Dec-25 (Audited)
			--------- (AFN '000') ---------	
10	**CONTINGENCIES AND COMMITMENTS**			
	Contingencies			
	Financial guarantees	10.1	**170,297**	172,854

10.1 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 - Pakistan. The Bank is also facing certain litigations on which no specific provision is booked.

11 GEOPOLITICAL DEVELOPMENTS IN CERTAIN DOMAINS OF ASIA

During the period, heightened geopolitical tensions and security developments were observed in certain domains of Asia. The Bank has exposures through investments in International Sukuk.

As at 30 June 2026, the Bank's exposure to International Sukuk amounted to AFN 871.45 million, representing 22.98% of the Bank's total assets.

Management has assessed the potential impact of these geopolitical developments on the Bank's financial position, financial performance and the recoverability and valuation of its investments as at 30 June 2026. Based on the information available as at the date of approval of this condensed interim financial information, management concluded that no adjustment to the carrying values of the related financial assets was required for the period ended 30 June 2026.

The geopolitical situation remains dynamic and evolving and may affect market conditions, credit risk profiles and the valuation and recoverability of the Bank's investments in International Sukuk. Management continues to monitor these developments and will assess their potential financial impact in future reporting periods.

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-26 (Un-audited)	**30-Jun-25 (Un-audited)**
	--------- (AFN '000') ---------	
Alfalah Insurance Company Ltd.	**1,392**	1,500

12.1 Key management compensation

Salaries and benefits	**21,481**	22,614

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

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 approved by the Bank's Head Office and authorized for issue by the Country Finance Manager and Acting Country Manager of the Bank on August 18, 2026.

Country Finance Manager

Acting Country Manager