

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 2026**, 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".

Emphasis of Matter

We draw attention to Note 2.4 in the condensed interim financial information, which indicates that the Bank intends to sale its operations branch in Afghanistan. A commercial bank operating in Afghanistan has expressed interest in acquiring these operations.

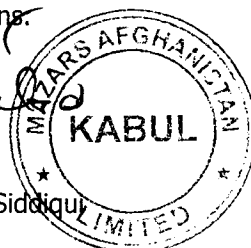
Muhammad Saqlain Siddiqui

Chartered Accountants

Engagement Partner: Muhammad Saqlain Siddiqui

Date: 12 May 2026

Place: Kabul, Afghanistan
Mazars Afghanistan Limited
Chartered Accountants




BANK ALFALAH LIMITED AFGHANISTAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS OF 31 MARCH 2026

		31-Mar-26 (Un-audited)	31-Dec-25 (Audited)
	Note AFN '000'	
ASSETS			
Cash and cash equivalent	4	2,731,963	2,448,030
Investments - net	5	1,079,065	1,341,401
Property and equipment	6	8,319	3,812
Deferred tax assets - net		3,850	-
Other assets	7	1,191,355	1,597,536
Total assets		5,014,552	5,390,779
LIABILITIES			
Deposits from customers	8	3,222,146	3,548,725
Lease liabilities		7,870	3,372
Provision for tax		11,683	11,683
Deferred tax liabilities - net		-	791
Other liabilities	9	19,360	15,319
Total liabilities		3,261,059	3,579,890
EQUITY			
Capital contributed by Head Office		1,000,000	1,000,000
Capital reserve		96,959	96,959
Retained earnings		669,285	706,665
Revaluation reserve on financial instruments at FVOCI		(12,751)	7,265
Total equity		1,753,493	1,810,889
Total liabilities and equity		5,014,552	5,390,779
Contingencies and commitments	10		

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

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 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 2026

	Three months ended	
	31-Mar-26 (Un-audited)	31-Mar-25 (Un-audited)
 AFN '000'	
Profit return/ interest income	16,260	43,729
Interest expense	(247)	(1,702)
Net profit return/ interest income	16,013	42,027
Fee and commission income	576	587
Fee and commission expense	(1,802)	(3,002)
Net fee and commission expense	(1,226)	(2,415)
(Loss) / Income from dealing in foreign currencies	(4,030)	5,718
Other (Loss) / Income	(3,437)	189,562
Total operating income	7,320	234,892
Reversal of impairment income / (loss) on investments and off balance sheet items	314	(167)
Net gain on re-measurement of IRS	-	87
Net operating income	7,634	234,813
Personnel expenses	(33,207)	(33,117)
Depreciation	(1,990)	(2,170)
Other operating expenses	(9,179)	(6,013)
Finance Cost on Leases	(275)	(187)
Total operating expenses	(44,651)	(41,488)
(Loss) / profit before taxation	(37,017)	193,325
Taxation	(363)	(38,206)
(Loss) / profit for the period	(37,380)	155,119
Other comprehensive income		
Items that may be reclassified to profit or loss subsequently		
Mark to market adjustment on investments at FVOCI	(16,309)	35,702
Related deferred tax	3,262	(7,140)
Mark to market adjustment on interest rate SWAP	(8,711)	(16,616)
Related deferred tax	1,742	3,323
Other comprehensive (loss) / income, net of tax	(20,016)	15,269
Total comprehensive (loss) / income for the period	(57,396)	170,388

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

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Country Finance Manager


Country Manager

BANK ALFALAH LIMITED AFGHANISTAN
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 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	-	-	-	155,119	155,119
Other comprehensive loss	-	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>
Balance as at 01 January 2026 - (Audited)	1,000,000	7,265	96,959	706,665	1,810,889
Total comprehensive income:					
Profit for the period	-	-	-	(37,380)	(37,380)
Other comprehensive loss	-	(20,016)	-	-	(20,016)
	-	(20,016)	-	(37,380)	(57,396)
Transferred to capital reserve	-	-	-	-	-
As at 31 March 2026 (Un-audited)	<u>1,000,000</u>	<u>(12,751)</u>	<u>96,959</u>	<u>669,285</u>	<u>1,753,493</u>

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

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Country Finance Manager

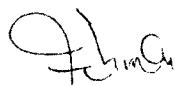

Country Manager

BANK ALFALAH LIMITED AFGHANISTAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2026

	Three months ended	
	31-Mar-26	31-Mar-25
 AFN '000'	
Note		
Cash flows from operating activities		
(Loss)/ Profit before taxation	(37,017)	193,325
Adjustments for:		
Depreciation	6 1,990	2,170
Finance cost on lease liabilities	275	187
Reversal of impairment on investments and off balance sheet items	(314)	167
Net gain on re-measurement of IRS	-	(87)
	(35,066)	195,762
Adjustments for changes in operating assets and liabilities:		
Other assets	414,892	(195,940)
Deposits from customers	(326,579)	(114,071)
Other liabilities	4,041	(1,120)
Lease liability	4,498	1,321
	96,852	(309,809)
Net cash generated/ (used) in operating activities before tax	61,786	(114,047)
Tax paid	-	-
Net cash generated/ (used) in operating activities	61,786	(114,047)
Cash flows from investing activities		
Investments	233,047	380,878
Acquisition of right of use assets	(6,497)	(3,544)
Net cash flow generated from investing activities	226,549	377,334
Cash flows from financing activities		
Payment against lease liabilities	(4,402)	(2,407)
Net cash used in financing activities	(4,402)	(2,407)
Net increase in cash and cash equivalents	283,933	260,880
Cash and cash equivalent at beginning of the year	2,448,030	2,734,574
Cash and cash equivalents at end of the period	2,731,963	2,995,454

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

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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 2026

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 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 three months period ended 31 March 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 the year 2025, a non-binding indicative offer was received from Ghazanfar Bank, Afghanistan ("Ghazanfar Bank") to acquire the Bank's Afghanistan Operations (assets and liabilities). In this regard, subsequent to year end, the Bank was granted an in-principle approval by the State Bank of Pakistan for Ghazanfar Bank to conduct due diligence. Further, the Central Bank of Afghanistan also accorded its approval to Ghazanfar Bank to commence due diligence.

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.

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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 2026

	Note	31-Mar-26	31-Dec-25
		(Un-audited)	(Audited)
		----- (AFN '000') -----	
4 Cash and cash equivalents			
Cash in hand	4.1	41,143	59,581
Balances with Da Afghanistan Bank	4.2	2,136,440	1,823,080
Balances with other banks (foreign)		554,380	565,369
		2,731,963	2,448,030
4.1 Cash in hand			
Local currency		21,564	18,382
Foreign currency		19,579	41,199
		41,143	59,581
4.2 Balances with Da Afghanistan Bank			
<i>Current account</i>			
Local currency		1,860,346	1,784,459
Foreign currency		276,094	38,621
		2,136,440	1,823,080
5 INVESTMENTS - NET			
Debt instruments at fair value through OCI:			
Investment bonds	5.1	1,081,557	1,344,450
		1,081,557	1,344,450
Allowance for ECL / impairment losses		(2,492)	(3,049)
		1,079,065	1,341,401

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

	Rating	Rating Agency	31-Mar-26	31-Dec-25
			AFN '000'	
Bonds at FVOCI:				
Perusahaan Penerbit SBSN 2030	Baa2	Moody's	149,470	185,456
Sharjah Sukuk	Ba1	Moody's	150,773	187,061
Kingdom of Saudi Sukuk	Aa3	Moody's	153,370	189,312
Dubai DOF Sukuk	Unrated		152,376	190,497
Sharjah Islamic Bank Sukuk	A-	S&P	158,007	196,657
Dubai Islamic Bank Sukuk	A3	Moody's	159,603	197,723
Emirates Islamic Bank Sukuk	A+	Fitch	157,958	197,744
			1,081,557	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 interest rates ranging from 2.76% to 4.60% (31 December 2025: 2.76% to 4.60%) per annum.

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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 2026

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	-	-	-	-	6,497	6,497
Balance at 31 March 2026	28,342	8,623	22,239	20,155	10,934	90,293
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	-	58	33	-	1,899	1,990
Balance at 31 March 2026	28,342	8,481	21,966	20,155	3,031	81,974
Carrying amounts						
Balance at 31 December 2025	-	200	307	-	3,305	3,812
Balance at 31 March 2026	-	142	273	-	7,903	8,319
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 76,360 thousands (31 December 2025: AFN 76,299 thousands).

	Note	31-Mar-26 (Un-audited)	31-Dec-25 (Audited)
	 AFN '000'	
7 OTHER ASSETS			
Required reserve with DAB	7.1	240,531	264,328
Receivable from overseas units (Related party):	7.2		
Principal and interest receivable on bonds		865,619	1,250,797
Call margin and interest receivable on IRS		73,073	73,611
Advances, deposits and prepayments		473	-
Accrued interest on sukuk		11,659	8,800
		1,191,355	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. 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.

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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 2026

		31-Mar-26	31-Dec-25
		(Un-audited)	(Audited)
	 AFN '000'	
8	DEPOSITS FROM CUSTOMERS		
	Current deposits	3,067,803	3,373,416
	Saving deposits	139,910	154,804
	Margin deposits	14,433	20,505
		3,222,146	3,548,725

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

		31-Mar-26	31-Dec-25
		(Un-audited)	(Audited)
	 AFN '000'	
9	OTHER LIABILITIES		
	Accrued expenses	4,580	2,263
	DAB assessment fee	1,698	1,212
	Professional charges	7,407	6,066
	Bills payable	747	773
	Unrealized loss on remeasurement of IRS	4,452	4,514
	Others	139	146
	Provision for ECL - LG	337	345
		19,360	15,319

		31-Mar-26	31-Dec-25
		(Un-audited)	(Audited)
	 AFN '000'	
10	CONTINGENCIES AND COMMITMENTS		
	Contingencies		
	Financial guarantees	170,457	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 SUBSEQUENT EVENTS - UNADJUSTED

11.1 Geopolitical developments in certain domains of Asia

Subsequent to the reporting date, heightened geopolitical tensions and security developments have been observed in certain domains of Asia. The Bank maintains exposures through investments in international bonds.

For the period ended 31 March 2026, the Bank's exposure in International Bonds amounted to AFN 1,082 million, representing 21.57% of the Bank's total assets.

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 no adjustments to the carrying values of the related financial assets were required for the period ended 31 March 2026.

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 international bonds. Management continues to monitor the situation closely and will assess any potential financial impact in future reporting periods.

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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 2026

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-26 (Un-audited)	31-Mar-25 (Un-audited)
----- (AFN '000) -----	

12.2 Key management compensation

Salaries and benefits

13,840	13,549
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In addition to their salaries, the Bank also provides non-cash benefits to executives which include furnished accommodation.

13 CORRESPONDING FIGURES

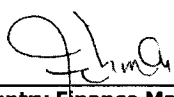
13.1 Corresponding figures have been re-arranged / reclassified, wherever necessary, to facilitate comparisons. However, there were no significant re-arrangements / reclassifications made during the period.

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 authorized for issue by the Country Finance Manager and Country Manger of the Bank on 12-May-2026

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 Country Finance Manager


 Country Manager