Condensed interim financial statements and auditors' review report of Islamic Bank of Afghanistan (IBA)

For the six months period ended June 30, 2025

Auditors: Kudos Afghanistan (formerly Grant Thornton Afghanistan)
Member Firm of Kudos International

Contents

1. Letter to the Board of Supervisors
2. Auditors' Review Report
3. Condensed Interim Financial Statements

Independent Auditor's Review Report on Condensed Interim Financial Statements

To the Shareholders of Islamic Bank of Afghanistan (IBA)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Islamic Bank of Afghanistan ("the Bank") as at June 30,2025 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board where AAOIFI does not provide guidance, and in conformity with the relevant banking laws in Afghanistan. Our responsibility is to express a conclusion on these interim financial statements 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 interim financial statements 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.

Kudos Afghanistan
H. no. 102, St. 12, Qala-e Fatehullah,

Basis for Qualified Conclusion

1. As disclosed in the interim statement of financial position, the Bank has total deposit from customers amounting to AFN 8,418.36 million. During the inquiries, it was discovered that the customer-wise lists of total deposits of various types cannot be retrieved from the Core Banking System (CBS), which is the software utilized for managing deposits. Management has informed us that the current version of CBS is incapable of extracting large volumes of data and is currently under the development phase. Consequently, we were unable to obtain detailed breakdowns of deposits, perform our review & analytical procedures and confirm the completeness and accuracy of deposit from customers and ascertain required adjustments, if any.

2. As disclosed in Note 9.1 to the interim financial statements, other assets include a balance described as the "deferred exchange valuation account," which has been carried forward from the prior year. During our review, we were not provided with sufficient explanations regarding the composition of the balance or the basis and methodology used for its valuation. Consequently, we were unable to perform our review procedures and determine if any adjustment was required.

Qualified Conclusion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information does not present fairly, in all material respects, the financial position of the Bank as at June 30, 2025,, and of its financial performance and its cash flows for the six-month period then ended in accordance with AAOIFI Financial Accounting Standards, IFRS for matters not addressed by AAOIFI standards, and the applicable banking laws and regulations issued by Da Afghanistan Bank.

Kudos Afghanistan.

Kudos Afghanistan
Engagement Partner: Saqib Rehman Qureshi – FCA
Kabul, Afghanistan
Date: 22nd Oct, 2026

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ISLAMIC BANK OF AFGHANISTAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

	Note	30-Jun-25 (Un-audited)	31-Dec-2024 (Audited)
		..... AFN '000'	
ASSETS			
Cash and cash equivalents	3	**4,749,001**	3,720,110
Islamic financings and related assets	4	**215,439**	268,691
Investments	5	**287,583**	232,776
Property and equipment	6	**119,382**	49,201
Intangible assets	7	**52,488**	71,652
Investment in real estate	8	**16,111**	15,949
Other assets	9	**5,018,120**	3,981,809
Total assets		**10,458,124**	8,340,188
LIABILITIES, QUASI EQUITY AND OWNER'S EQUITY			
Liabilities			
Current account from customers	10	**4,853,141**	3,847,119
Other liabilities	12	**524,028**	172,991
Total liabilities		**5,377,169**	4,020,110
Quasi Equity			
Participatory investment accounts- un-restricted	10	**3,565,226**	2,767,317
Owner's Equity			
Share capital	13	**1,775,000**	1,775,000
Retained earnings		**(259,271)**	(222,239)
		1,515,729	1,552,761
Total Liabilities, Quasi Equity and Owner's Equity		**10,458,124**	8,340,188
CONTINGENCIES AND COMMITMENTS	14		

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The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

Chief Executive Officer

Chief Financial Officer

ISLAMIC BANK OF AFGHANISTAN
CONDENSED INTERIM STATEMETN OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025

	Note	Six months ended		Three months ended	
		30-Jun-25 (Un-audited)	30-Jun-24 (Un-audited)	30-Jun-25 (Un-audited)	30-Jun-24 (Un-audited)
		..... AFN '000'			
Deferred sales & diminishing musharaka rentals		**2,886**	2,058	**1,417**	3
Profit on investment		**749**	1,042	**666**	514
Return on unrestricted investment accounts		**(11,931)**	(11,529)	**(6,026)**	(5,718)
Bank share as mudarib		**(8,296)**	(8,429)	**(3,943)**	(5,201)
Fee and commission income	15	**90,360**	89,683	**39,722**	43,976
Inter-bank transaction fees		**(3,696)**	(1,143)	**(3,309)**	(303)
Net fee and commission income		**86,664**	88,540	**36,413**	43,673
Foreign		**(31,917)**	21,576	**(6,805)**	9,366
Remittance and local payment services		**218,412**	172,074	**108,629**	86,123
		186,495	193,650	**101,824**	95,489
Operating income		**264,863**	273,761	**134,294**	133,961
Administrative and general expenses	16	**(209,186)**	(197,634)	**(115,825)**	(104,745)
Depreciation	6	**(20,571)**	(11,661)	**(5,565)**	(5,795)
Amortization	7	**(19,164)**	(21,870)	**(9,582)**	(9,266)
Impairment re-integration/provision - net		**(52,974)**	(386)	**3,584**	346
Total operating expenses		**(301,895)**	(301,895)	**(127,388)**	(119,460)
Profit before taxation		**(37,032)**	(28,134)	**6,906**	14,501
Taxation		-	-	-	-
Profit for the period		**(37,032)**	(28,134)	**6,906**	14,501
Other comprehensive income		-	-	-	-
Total comprehensive income for		**(37,032)**	(28,134)	**6,906**	14,501

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The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

Chief Executive Officer

Chief Financial Officer

ISLAMIC BANK OF AFGHANISTAN

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025

	Share capital	Retained earnings	Total
	..... AFN '000'		
Balance as at January 01, 2024 (Audited)	1,775,000	(292,107)	1,482,893
Profit for the period	-	(28,134)	(28,134)
Other comprehensive income:	-	-	-
Total comprehensive income	-	(28,134)	(28,134)
Balance as at June 30, 2024 (Un-audited)	1,775,000	(320,241)	1,454,759
Balance as at January 01, 2025 (Audited)	**1,775,000**	**(222,239)**	**1,454,759**
Profit for the period	-	**(37,032)**	**(37,032)**
Other comprehensive income:	-	-	-
Total comprehensive income	-	**(37,032)**	**(37,032)**
Balance as at June 30, 2025 (Un-audited)	**1,775,000**	**(259,271)**	**1,417,727**

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The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer

ISLAMIC BANK OF AFGHANISTAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025

	Note	30-Jun-25 (Un-audited)	30-Jun-24 (Un-audited)
		..... AFN '000'	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**(37,032)**	42,210
Adjustments for:			
Depreciation	6	**20,571**	11,661
Amortization	7	**19,164**	21,870
Impairment (re-integration)/loss on Financings	4.3	**52,974**	386
		55,677	76,127
Increase / decrease in operating assets and liabilities:			
Islamic financings and related assets		**278**	71,128
Other assets		**(965,114)**	(1,253,049)
Current accounts from customers and unrestricted funds		**1,803,931**	500,683
Required reserve with Da Afghanistan Bank		**(71,197)**	17,857
Other liabilities		**351,037**	198,337
		1,118,935	(388,917)
Net cash generated from operating activities		**1,174,612**	(270,580)
Tax adjustment		**-**	-
Net cash		**1,174,612**	(388,917)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments		**(54,807)**	(1,710)
Investment in real estate		**(162)**	(550)
Acquisition of property and equipment	6	**(13,172)**	(7,854)
Acquisition of intangible assets	7	**-**	(385)
Right–of–Use assets additions		**(77,580)**	-
Net cash used in investing activities		**(145,721)**	(10,499)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash used in financing activities		**-**	-
Net increase in cash and cash equivalents		**1,028,891**	(399,416)
Cash and cash equivalents at beginning of the period		**3,720,110**	3,273,562
Cash and cash equivalents at the end of the period	3	**4,749,001**	2,874,146

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

Chief Executive Officer

Chief Financial Officer

1 STATUS AND NATURE OF OPERATIONS

The Islamic Bank of Afghanistan (formerly known as Bakhtar Bank) (the "Bank") is a wholly owned subsidiary of Azizi Bank. The Bank commenced its operations in 2009 upon obtaining a business license from the Afghanistan Investment Support Agency (AISA). In January 2016, the Bank secured an in principle Islamic banking license from Da Afghanistan Bank (DAB). Following the successful completion of its conversion from a conventional to a fully Sharia compliant banking model, the Bank was granted a full fledged Islamic banking license by DAB on April 9, 2018. The Bank's principal activities include offering a comprehensive range of Islamic banking products and services, encompassing deposit mobilization, trade finance, and investment financing. To serve its growing customer base, the Bank currently operates a network of 45 branches and one cash counter across the country.

The Bank's registered office is situated at Malalai Zezhantoon Square, Quway-E-Markaz, Shahr-E-Naw, District 10, Kabul, Afghanistan.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim financial statements of the Bank for the quarter ended June 30, 2025 have been prepared in accordance with the requirements of the Financial Accounting Standard (FAS) 41, Interim Financial Reporting, issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the applicable banking laws and regulations issued by Da Afghanistan Bank (DAB). Through its circular 6214/3518, dated November 29, 2024, DAB has required the bank to follow specific instructions in respect of assets classification and provisioning, deferring the requirements of FAS 30 "Impairment, credit losses and onerous commitments" and Asset Classifiction and Provisioning Regulations (ACPR).

For matters that are not covered by FAS issued by AAOIFI, the Bank uses the guidance from the relevant IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

The disclosures made in this condensed interim financial statements have been limited based on the requirements of FAS 41, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, the condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2024.

Comparative statement of financial position is extracted from the audited annual financial statements as at December 31, 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 June 30, 2024.

2.2 Basis of measurement

The interim condensed financial statements have been prepared on the historical cost basis except for the investment classified as Investments at fair value through other comprehensive income (OCI), Investments at fair value through income statement and Shari'ah compliant risk management instruments.

2.3 Accounting policies, significant accounting judgements, estimates and assumptions

The significant judgments made by management in applying the Bank's accounting policies, the key sources of estimation uncertainty, and Bank's financial risk management objectives and policies were same as those that applied to the financial statements for the year ended December 31, 2024.

2.4 New standards, amendments and interpretations issued but not effective from January 1, 2025

FAS 45 Quasi Equity (Including investment accounts)

AAOIFI has issued the revised FAS 45 Quasi Equity (Including investment accounts) in 2023. This standard prescribes the principles of financial reporting related to the participatory investment instruments (including investment accounts) in which an IFI controls the underlying assets (mostly, as a working partner), on behalf of the stakeholders other than the owners' equity. Such instruments (including, in particular, the unrestricted investment accounts) normally qualify for on-balance sheet accounting and are reported as quasi-equity.

This standard is effective for the financial reporting periods beginning on or after January 1, 2026 with an option to early adopt. The Bank is assessing the impact of adoption of this standard.

New standards, amendments, and interpretations issued but not yet effective

FAS 46 Off-Balance-Sheet assets under management

AAOIFI has issued the revised FAS 46 Off-Balance-Sheet assets under management in 2023. This standard prescribes the criteria for characterisation of off-balance-sheet assets under management, and the related principles of financial reporting in line with the "AAOIFI Conceptual Framework for Financial Reporting" (the conceptual framework).

The standard encompasses the aspects of recognition, derecognition, measurement, selection and adoption of accounting policies, etc., related to off-balance-sheet assets under management, as well as certain specific aspects. of financial reporting, e.g., impairment and onerous commitments by the institution.

This standard, along with, FAS 45 "Quasi Equity "(Including Investment Accounts)", supersedes the earlier FAS 27 "Investment Accounts". This standard is effective for the financial reporting periods beginning on or after January 1, 2026 with an option to early adopt.

The Bank is assessing the impact of adoption of this standard. KAF

FAS 47 Transfer of assets between investment pools

AAOIFI has issued the revised FAS 47 Transfer of assets between investment pools in 2023. This standard prescribes the financial reporting principles and disclosure requirements. applicable to all transfers of assets between investment pools related to (and where material, between significant categories of) owners' equity, quasi-equity and off-balance-sheet assets under management of an institution. It requires adoption and consistent application of accounting policies for such transfers in line with Shari'ah principles and rules and describes general disclosure requirements in this respect.

This standard is effective for the financial reporting periods beginning on or after January 1, 2026 with an option to early adopt. The Group is assessing the impact of adoption of this standard.

FAS 48 Promotional Gifts and Prizes

This standard prescribes accounting and financial reporting requirements applicable to promotional gifts and prizes awarded by the Islamic financial institutions. The standard categorizes them into a) promotional gifts where entitlement occurs instantly; b) promotional prizes that are announced in advance to be awarded at a future date and c) loyalty programs where the obligation is accumulated over the period.

This standard is effective for the financial periods beginning on or after January 1, 2026, with an option to early adopt. The bank does not expect any significant impact on the adoption of this standard. KAF

	Note	30-Jun-25 (Un-audited)	31-Dec-2024 (Audited)
		..... AFN '000'	
3 CASH AND CASH EQUIVALENTS			
Cash in hand			
Local currency		**674,734**	561,919
Foreign currency		**467,114**	435,387
		1,141,848	997,306
Balances with banks			
Balances with Da Afghanistan Bank	3.1	**854,428**	1,680,897
Balances with other banks	3.2	**2,752,725**	1,041,907
		3,607,153	2,722,804
		4,749,001	3,720,110
3.1 Balances with Da Afghanistan Bank			
Current account			
Local currency		**333,039**	399,871
Foreign currency		**521,389**	1,281,026
		854,428	1,680,897
3.2 Balances with other banks			
Abu Dhabi Islamic Bank		**126,408**	133,430
Aktif Bank - Turkey CA		**20,464**	20,257
Al Salam Bank Bahrain B.S.C		**2,361,057**	639,487
Bank of Africa Europe SA		**10,874**	13,040
Hdfc Bank - India		**7,422**	3,413
Nurol Bank		**23,108**	22,313
Qatar National Bank		**1,150**	1,221
Transkapital Bank		**9,568**	8,796
Vakif Katilim Bankasi		**12,546**	11,760
Yes Bank India		**28,337**	20,248
Yinzhou Bank		**1**	1
Banca Popolare Di Sondrio (Italy)		**138,477**	94,158
Shu Capital		**1,758**	53,114
Zhejiang Chouzhou Comercial Bank (China)		**11,555**	20,669
		2,752,725	1,041,907

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4 ISLAMIC FINANCINGS AND RELATED ASSETS

	Note	Gross amount	Impairment allowance	Carrying amount
		June 30, 2025		
		Afn '000'		
Murahaba receivables	4.1	**171,184**	**48,805**	**122,379**
Diminishing musharaka	4.2	**132,943**	**39,883**	**93,060**
		304,127	**88,688**	**215,439**
		December 31, 2024		
		Afn '000'		
Murabaha receivables	4.1	171,461	31,816	139,645
Diminishing musharaka	4.2	132,943	3,897	129,046
		304,404	35,713	268,691

4.1 This includes receivables arising from Murabaha arrangements, wherein the bank has entered into sale agreements with customers on a deferred payment basis.

4.2 This includes the bank's proportionate share of investments in Musharaka assets, primarily comprising real estate, which generate rental income at annual rates ranging from 11% to 14% (2024: 11% to 14%).

	30-Jun-25 (Un-audited)	31-Dec-2024 (Audited)
	AFN '000'	
4.3 Movement in Impaired Islamic Financing and Related Assets		
Opening balance	**35,713**	35,987
Charged for the period	**52,975**	-
Reversal during the period	**-**	(274)
Closing balance	**88,688**	35,713

4.4 As per DAB Letter No. 6214/3518, dated November 29, 2024 (corresponding to 28 Jumada al Awwal 1446 AH), DAB notified a further deferral of the ACPR regulation until the year ended December 31, 2024. The letter further instructed the bank to recognize 30% of the previously unrecorded provisions by the end of the year 2025. As of June 30, 2025, the bank has recognised the provision to ensure full compliance with the instructions.

	Note	30-Jun-25 (Un-audited)	31-Dec-2024 (Audited)
		..... AFN '000'	
5 INVESTMENTS			
Quoted Securities - at amortized cost			
Saudi Arabian sukuk	5.1	**52,431**	-
Wakala placement	5.2	**142,500**	141,060
		194,931	141,060
Money market investment		**92,652**	91,716
		287,583	232,776

5.1 This represents the investment in Saudi Sovereign Sukuk, held for the period from March 17, 2025, to June 4, 2027, and carrying an expected profit rate of 5.25% per annum.

5.2 This represents a Wakala placement with Al-Salam Bank – Bahrain, with a one-year tenure commencing November 24, 2024, and carrying an expected profit rate of 4% per annum.

The fund invested under the Wakala arrangement is invested in the investment pool. Under the Wakala arrangement, Bank authorized Mudarib to invest the funds in a manner which it deems appropriate without any restrictions. The allocation of income is determined by the management of the Mudarib within the allowed profit sharing limits as per the agreed terms. These placements are stated at amortised cost net of deferred profits and allowance for credit losses, if any.

5.3 This represents investment in money market funds through an investment agent, namely ICD MMF. The management is currently making efforts to recover the funds invested, while a formal legal case has been lodged in the Bahrain Chamber for Dispute Resolution ("BCDR") for investment recovery. Management on the basis of current proceedings is hopeful of its favourable outcome. With the suspension of "Asset Classification and Provisioning Regulations", as disclosed in Note 4.3, no impairment has been recorded by the Bank.

		30-Jun-25 (Un-audited)	31-Dec-2024 (Audited)
		..... AFN '000'	
6 PROPERTY AND EQUIPMENT			
Fixed assets	6.1	**51,453**	49,201
Right–of–Use assets	6.2	**67,929**	-
		119,382	49,201

		30-Jun-25 (Un-audited)	31-Dec-2024 (Audited)
		..... AFN '000'	
6.1	**Fixed Assets**		
	Cost		
	Opening balance	**613,225**	593,410
	Addition during the period	**13,172**	19,815
	Closing balance	**626,397**	613,225
	Accumulated depreciation		
	Opening balance	**564,024**	542,363
	Depreciation charged during the period	**10,920**	21,661
		574,944	564,024
	Net book value	**51,453**	49,201
6.2	**Right–of–Use assets**		
	Cost		
	Opening balance	**-**	-
	Additions during the year	**77,580**	-
	Closing balance	**77,580**	-
	Depreciation		
	Opening balance	**-**	-
	Depreciation for the year	**9,651**	-
	Closing balance	**9,651**	-
	Carrying amount	**67,929**	-

	Note	30-Jun-25 (Un-audited)	31-Dec-2024 (Audited)
		..... AFN '000'	
7 INTANGIBLE ASSETS			
Cost			
Opening balance		**470,165**	465,704
Additions during the period/year		**-**	4,461
Adjustment		**(334,483)**	-
Closing balance		**135,682**	470,165
Accumulated amortization			
Opening balance		**398,513**	358,046
Charged for the period / year		**19,164**	40,467
Adjustment		**(334,483)**	-
Closing Balance		**83,194**	398,513
Net book value		**52,488**	71,652

8 INVESTMENT IN REAL ESTATE

The bank is allowed to invest a maximum of 20% of its regulatory capital in real estate. After receiving DAB's approval, via letter no. 6786/6808, dated 26-10-1396, for the transformation of the Bank into an Islamic Bank, the bank re-classified 'Non-current asset held for sale' to 'Investment in real estate'.

		30-Jun-25 (Un-audited)	31-Dec-2024 (Audited)
		..... AFN '000'	
9 OTHER ASSETS			
Prepayments		**11,148**	7,729
Security deposit		**928**	5,630
Margin deposits with Pashtany Bank		**350,000**	350,000
Required reserves with DAB		**726,240**	655,043
Advance income tax		**68,951**	68,951
Western Union receivables		**846,760**	675,774
Imprest and settlements balance Money Gram		**173,684**	-
Imprest and settlements balance of Ria		**254,115**	92,455
Murabaha profit receivable		**48,368**	53,147
Receivable from Afghan Payment System		**-**	8,620
Deferred exchange valuation account	9.1	**1,552,013**	2,012,013
Others		**985,913**	52,447
		5,018,120	3,981,809

9.1 The subject amount constitutes the aggregate of unrealised valuation variances recognised and carried in the accounts in respect of investments designated as being denominated in foreign currencies, together with financial assets and financial liabilities, insofar as such variances are attributable to exchange-rate fluctuations. These cumulative differentials will be offset against prospective recoveries denominated in foreign currencies and are anticipated to be realised upon the execution and settlement of future foreign exchange transactions.

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	Note	30-Jun-25 (Un-audited)	31-Dec-2024 (Audited)
		..... AFN '000'	
10 CURRENT ACCOUNT FROM CUSTOMERS			
Customer deposits - current accounts			
Customers' current accounts		**3,397,914**	2,287,436
Deposits against financial commitments		**1,455,227**	1,559,683
		4,853,141	3,847,119
11 QUASI EQUITY			
Participatory investment accounts- un-restricted			
Mudarabah saving deposits	11.1	**3,565,226**	2,767,317

11.1 Quasi-equity are held by the bank in a common pool of unrestricted investment account which is invested by the Bank ('Mudarib') in its own discretion.

	Note	30-Jun-25 (Un-audited)	31-Dec-2024 (Audited)
		..... AFN '000'	
12 OTHER LIABILITIES			
Withholding tax payable		**1,413**	1,536
Creditors and accruals		**17,495**	21,143
Net ijarah liability		**68,055**	-
Others	12.1	**437,065**	150,312
		524,028	172,991

12.1 This represents payables to international and domestic money transfer operators, including Western Union, RIA, Money Gram and Afghan Payment System (APS), in respect of outbound remittances.

	30-Jun-25 (Un-audited)	31-Dec-2024 (Audited)
	..... AFN '000'	
13 SHARE CAPITAL		
Authorized		
250,000 ordinary shares of Afn 10,000 each	**2,500,000**	2,500,000
Issued and paid up		
1,775,000 ordinary shares (2024: 1,775,000) of Afn 10,000 each	**1,775,000**	1,775,000

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	30-Jun-25 (Un-audited)	31-Dec-2024 (Audited)
	..... AFN '000'	

14 CONTINGENCIES AND COMMITMENTS

Guarantees and Letter of credit issued on behalf of customers	**7,360,135**	7,704,126

14.1 The Bank issued a performance guarantee amounting to USD 5,134,778 in favor of the Ministry of Power and Energy on behalf of a client. The guarantee expired on April 30, 2015 without any intimation by Ministry of any default by the client. On March 25, 2017, Da Afghanistan Bank (DAB) deducted USD 5 million from the Bank's account. The bank challanged the deduction by DAB, filing a suit in the relevant court and the matter remains under litigation pending a final verdict.

	30-Jun-25 (Un-audited)	30-Jun-24 (Un-audited)
	..... AFN '000'	

15 FE FEE AND COMMISSION INCOME

Commission income	**51,321**	54,936
Account servicing fee	**39,039**	34,747
	90,360	89,683

16 ADMINISTRATIVE AND GENERAL EXPENSE

Salaries and benefits	**111,326**	91,899
Travelling expense	**5,395**	2,044
Advertising and publicity	**2,614**	9,465
Office supplies and stationery	**8,392**	8,341
Internet and communication	**7,940**	5,848
Electricity and power	**11,868**	10,230
Security expenses	**29,493**	30,611
Repair and maintenance	**4,437**	4,574
Operating lease	**14,726**	17,755
Legal and professional charges	**2,443**	1,580
Software maintenance fee	**1,985**	4,426
Deposit insurance premium	**-**	3,644
Others	**8,567**	7,217
	209,186	197,634

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17 RELATED PARTY DISCLOSURE

Parent and ultimate controlling party

The Bank is a wholly owned subsidiary of Azizi Bank, therefore the parent entity and all associated entities are related parties of the Bank. The related entities also include entities in which board members are able to exercise significant influence. Following key management personnel are also considered as related parties to the Bank.

Members of Board of Supervisors	Chief Operations Officer
Chief Executive Officcer	Chief Risk Officer
Deputy Chief executive Officcer	Chief Compliance Officer
Chief Credit Officer	Chief Internal Auditor
Chief Financial Officer	

	30-Jun-25 (Un-audited)	30-Jun-24 (Un-audited)
	..... AFN '000'	
Transactions and balances with related parties		
BoS and BoM benefits	**7,374**	3,594

	31-Mar-25 (Un-audited)	31-Dec-2024 (Audited)
	..... AFN '000'	
Performance guarantee given to Azizi Bank	**285,064**	285,064

18 CAPITAL MANAGEMENT

Regulatory capital

The Bank's regulator Da Afghanistan Bank sets, monitors and access the capital adequacy requirements in two tiers:

- Tier 1 or core capital, consisting of the highest quality capital elements that fully meet all the essential characteristics of capital; to be minimum 6% of risk weighted assets.

- Tier 2 or supplementary capital, which includes other instruments which, to a varying degree, fall short of the quality of Tier 1 capital, but nonetheless contribute to the overall strength of a bank as a going concern.

KAF

The Bank's regulatory capital position at June 30, 2025 was as follows:

	30-Jun-25 (Un-audited)	31-Dec-2024 (Audited)
	..... AFN '000'	
Tier 1 capital		
Total equity capital	1,515,729	1,552,761
Less: Intangible assets	(52,488)	(71,652)
Less: Profit during the period/year	-	(69,868)
Total tier 1 (core) capital	1,463,241	1,411,241
Tier 2 capital		
Add: Profit for the period/year	-	69,868
Less: Equity Investment	-	-
Total tier 2 (sec) capital	-	69,868
Total regulatory capital (Tier 1 and Tier 2)	1,463,241	1,481,109
Total risk-weighted assets	6,715,008	5,354,588
Tier 1 capital ratio	21.79%	26.36%
Regulatory capital ratio	21.79%	27.66%

19 CORRESPONDING FIGURES

Comparative period figures have been reclassified or rearranged for better presentation. These reclassifications had no material impact on the financial statements.

20 AUTHORIZATION

These interim financial statements were authorized for issue by the Board of Supervisors on KAF _____, 2026.

Chief Executive Officer

Chief Financial Officer