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# INDEPENDENT AUDITOR'S REVIEW REPORT

## ON THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2026

## NATIONAL BANK OF PAKISTAN AFGHANISTAN OPERATIONS

*Contents:*


1. *Board Letter*
2. *Independent Auditor's Review Report*
3. *Condensed Interim Financial Statements*


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24 August 2026

Board of Directors
National Bank of Pakistan – Afghanistan (the bank)
Kabul, Afghanistan

Dear Sir,

**CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED ON 30 JUNE 2026**

We are pleased to enclose two copies of the condensed interim financial information of the Bank for the above period, together with our review report thereon, duly initialed by us for identification purposes.

## 1. RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS IN RELATION TO THE CONDENSED INTERIM FINANCIAL INFORMATION

We have conducted the review of interim financial information of the Bank in accordance with the International Standard on Review Engagements 2410. 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 the 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. Our responsibility is to express a conclusion on the accompanying condensed interim financial information based on our review.

The responsibility for preparation and fair presentation of the condensed interim financial information in accordance with the approved accounting standards applicable to condensed interim financial information is primarily that of the Bank's management. This includes maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Bank and prevention and detection of frauds and irregularities. The review of condensed interim financial information does not relieve the management of its responsibilities.

**2.** During the course of our review, the following matter came to our notice which is reproduced hereafter for your kind attention:

### 2.1 Financial Sustainability, Related Party Exposure and Business Outlook

We noted that the Branch's business activities and income sources remain limited. Foreign remittance activities have been disrupted since 2021, while the Branch currently does not offer trade finance or other financing facilities. As a result, loans and advances remained nil as at 30 June 2026, leaving the Branch with limited opportunities to diversify its earning assets and income sources.

The Branch incurred a loss before tax of AFN 4.472 million during the period, compared with a profit before tax of AFN 43.036 million in the prior period. Consequently, retained losses increased from AFN 138.366 million to AFN 142.838 million. Customer deposits also continued to decline, from AFN 1,236.922 million as at 31 December 2025 to AFN 1,232.911 million as at 30 June 2026.



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Further, while total equity stood at AFN 1,053.381 million, Tier 1 (core) capital, after regulatory adjustments, was AFN 987.185 million, below the AFN 1 billion level.

We further noted that the Branch is heavily dependent on returns from its current investment with a related party as a key source of income. The related-party exposure exceeds the applicable limit prescribed by Da Afghanistan Bank. Given the Branch's reliance on this investment, any reduction or recall of the investment could materially affect its income and financial position, particularly in the absence of alternative income-generating activities.

Taken together, the continued losses, declining deposits, limited banking activities, concentration of income in a related-party investment, and weakening regulatory capital position indicate that the Branch's financial sustainability remains under pressure and requires close attention from Management and the Board.

Management, in coordination with Head Office, should develop a practical and time-bound strategy to strengthen the Branch's financial position. The strategy should focus on diversifying income sources, developing permissible banking and financing activities, stabilising the deposit base, reducing reliance on the related-party investment, and ensuring compliance with Da Afghanistan Bank's related-party exposure and capital requirements. Management should also assess the potential financial impact of any reduction or recall of the related-party investment and establish appropriate contingency measures.

### 2.2 Loans and advances to customers

We noted that certain customers have disputed repayment of principal and interest amounts relating to their financing facilities, citing religious considerations. Management informed us that the Bank has initiated legal proceedings in respect of these cases, and the matters are currently under judicial review.

As at the reporting date, these matters remain unresolved. However, management has recognized full provisions against the related exposures and has ceased accrual of interest income on these facilities since May 2023.

The matter reflects the evolving regulatory and Islamic banking environment in Afghanistan and may continue to require careful monitoring from legal, operational, and regulatory perspectives.

We recommend that the Board continue to oversee management's efforts in relation to resolution of these cases and monitor the potential financial and regulatory implications arising therefrom. We further recommend that the Board continue to strengthen oversight over the Bank's Islamic banking transition and related practices to support alignment with the applicable principles, directives, and regulatory expectations relating to Islamic finance.

### 2.3 Transition to Islamic banking

Since the regulatory developments in 2021, the authorities in Afghanistan have placed significant emphasis on the transition towards interest-free Islamic banking. In line with this policy direction, Da Afghanistan Bank has directed banks to progressively convert their operations to Islamic banking.

Management informed us that the Bank has developed a comprehensive conversion plan and submitted the same to DAB for the necessary approvals. We further noted that the Bank has substantially implemented a number of the approved conversion measures, including the transition of certain interest-bearing investments and placements in foreign sovereign bonds into Shariah-compliant arrangements such as Wakala deposits, in accordance with the applicable regulatory directives.

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We recommend that Management continue to actively pursue timely completion of the remaining conversion activities and ensure that all necessary regulatory approvals, operational changes, and compliance requirements relating to the Islamic banking conversion process are completed in coordination with DAB.

### 2.4 Deferred tax Asset

The net deferred tax asset recognized in the financial statements as at 30 June 2026 amounts to AFN 52.2 million (31 December 2025: AFN 52.2 million).

In accordance with the requirements of IAS 12 Income Taxes, deferred tax assets should be recognized only to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and tax losses can be utilized.

Management informed us that the Bank has prepared financial projections and business forecasts supporting the recoverability and utilization of the deferred tax asset through expected future taxable profits. However, such projections inherently involve significant judgments and assumptions relating to future economic conditions, business performance, market developments, and the Bank's ability to achieve the anticipated growth and profitability targets.

Accordingly, any significant changes in the underlying assumptions or future operating environment may affect the Bank's expected profitability and, consequently, the recoverability of the deferred tax asset recognized in the financial statements.

We recommend that Management continue to periodically reassess the underlying financial projections and assumptions, taking into consideration the prevailing economic and regulatory environment, and evaluate whether the deferred tax asset continues to meet the recognition criteria under IAS 12.

We request the Board to take note of and concur with management's assessment and accounting treatment relating to the deferred tax asset recognized in the financial statements.

## 2.5 COMPLIANCE WITH STATUTORY LAWS AND REGULATIONS

### 2.5.1 Non-compliance with RPT exposures

Article 09 of the Related Persons Regulation issued by Da Afghanistan Bank requires banks to observe the following exposure limits in relation to related persons:

- A bank's total exposure to an individual related person or group of connected related persons should not exceed 5% of the Bank's regulatory capital; and
- A bank's aggregate exposure to all related persons should not exceed 25% of the Bank's regulatory capital.

Further, the Bank received an amendment to Financial Decree No. 9951 dated 28 December 2025 issued by DAB, which requires that investments maintained abroad by commercial banks and representative offices of foreign banks should not exceed 25% of the total assets of the respective bank.

During our review, we noted that as at the reporting date, the Bank maintained investments amounting to AFN 692.4 million with the National Bank of Pakistan Bahrain Branch. Based on the information made available to us, these investments represented approximately 70% of the Bank's regulatory capital and 29% of the Bank's total assets as at the reporting date.

Management informed us that the Bank is monitoring the matter and remains engaged with the relevant regulatory authorities in relation to compliance with the applicable prudential and regulatory requirements.

### 2.5.2 Vacant Key Management Position

During our review, we noted that the key positions of CFO, CRO, and COO were still vacant, and the recruitment process was ongoing as of the review date.

We request the Board's concurrence on this matter and recommend that management expedite the recruitment and appointment of qualified candidates to fill these positions as soon as possible, in line with applicable DAB laws and regulations.

## 3. TRANSACTIONS WITH RELATED PARTIES

We have been informed by the management that there were no transactions with related parties during the period other than disclosed in the condensed interim financial information.

## 4. FRAUD AND ERROR

We have been informed by the management that to the best of their knowledge, there have been no instances of fraud or irregularity during the period.

## 5. CONTINGENCIES AND COMMITMENTS

We have been informed by the management that there were no contingencies and / or commitments other than those disclosed in the condensed interim financial information.

## 6. SUBSEQENT EVENTS

We have been informed by the management that there were no subsequent events that would have financial reporting implications or required disclosure in this condensed interim financial information.

We wish to place on record our appreciation of the cooperation and courtesy extended to us by the officials of the Bank during the course of our review.

Yours faithfully

Mazars Afghanistan Limited

MAZARS AFGHANISTAN KABUL LIMITED

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

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **National Bank of Pakistan – Afghanistan Operations** (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".

**Other matters**

The financial statements for the year ended 31 December 2025 were audited by another auditor who expressed unmodified audit opinion on 08 April 2026.

Mazars Afghanistan Limited

**Chartered Accountants**
**Engagement Partner:** Muhammad Saqlain Siddiqui
**Date:** 24 August 2026
**Place:** Kabul, Afghanistan

Mazars Afghanistan Limited
Chartered Accountants

**NATIONAL BANK OF PAKISTAN - AFGHANISTAN OPERATIONS**
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**
**AS AT JUNE 30, 2026**

| | Note | 30-Jun-26 (Un-audited) | 31-Dec-25 (Audited) |
|---|---|---|---|
| | | ... AFN '000 ... | |
| **ASSETS** | | | |
| Cash and cash equivalents | 4 | **1,522,769** | 1,523,111 |
| Investments | 5 | **692,474** | 679,948 |
| Loans and advances | 6 | **-** | - |
| Property and equipment | | **2,755** | 5,318 |
| Intangible asset | | **13,976** | 14,852 |
| Other assets | 7 | **111,024** | 132,136 |
| Advance tax - net | | **14,463** | 14,463 |
| Deferred tax asset | | **52,225** | 52,225 |
| **Total assets** | | **2,409,686** | 2,422,053 |
| **EQUITY** | | | |
| Head office equity - capital account | | **1,196,219** | 1,196,219 |
| Accumulated losses | | **(142,838)** | (138,366) |
| **Total equity** | | **1,053,381** | 1,057,853 |
| **LIABILITIES** | | | |
| Payable to Head Office | | **90,181** | 91,482 |
| Deposits from customers | 8 | **1,232,911** | 1,236,922 |
| Deposits from bank | | **1,671** | 1,693 |
| Lease liabilities | 9 | **1,028** | 1,995 |
| Other liabilities | 10 | **30,513** | 32,108 |
| **Total liabilities** | | **1,356,305** | 1,364,200 |
| **Total equity and liabilities** | | **2,409,686** | 2,422,053 |
| **Contingencies and commitments** | 11 | | |

*The annexed notes 1 to 19 form an integral part of these condensed interim financial information.*

**CHIEF FINANCIAL OFFICER**

**COUNTRY MANAGER**

**NATIONAL BANK OF PAKISTAN - AFGHANISTAN OPERATIONS**
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 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 / interest income | | **23,604** | 16,986 | **11,894** | 8,400 |
| **Net profit return / interest income** | 13 | **23,604** | 16,986 | **11,894** | 8,400 |
| Fee and commission income | 14 | **51** | 57,309 | **56** | 221 |
| Loss on sales of asset and lease | | **(14)** | - | **-** | - |
| Exchange gain / (loss) | | **127** | 2,004 | **(277)** | 2,157 |
| **Total operating income** | | **23,768** | 76,298 | **11,673** | 10,778 |
| Employee compensation | | **(16,116)** | (20,915) | **(7,091)** | (9,799) |
| Depreciation | | **(2,670)** | (1,696) | **(726)** | (755) |
| Amortization | | **(877)** | (877) | **(438)** | (439) |
| Finance cost on lease | | **(95)** | (201) | **(41)** | (94) |
| Administrative expenditure | 15 | **(8,481)** | (9,573) | **(5,127)** | (4,707) |
| **Total operating expenses** | | **(28,240)** | (33,262) | **(13,424)** | (15,794) |
| **(Loss) / Profit before tax** | | **(4,472)** | 43,036 | **(1,751)** | (5,016) |
| Taxation | 17 | **-** | - | **-** | - |
| **(Loss) / Profit for the period** | | **(4,472)** | 43,036 | **(1,751)** | (5,016) |
| Other comprehensive income | | **-** | - | **-** | - |
| **Total comprehensive (loss) / income for the period** | | **(4,472)** | 43,036 | **(1,751)** | (5,016) |

*The annexed notes 1 to 19 form an integral part of these condensed interim financial information.*

**CHIEF FINANCIAL OFFICER**

**COUNTRY MANAGER**

**NATIONAL BANK OF PAKISTAN - AFGHANISTAN OPERATIONS**
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2026**

| | Head Office Equity - Capital Account | Accumulated losses | Total |
|---|---|---|---|
| | | ... 'AFN '000' ... | |
| **Balance as at January 01, 2025 - (Audited)** | 1,196,219 | (88,626) | 1,107,593 |
| Profit for the period | - | 43,036 | 43,036 |
| Other comprehensive income for the period | - | - | - |
| Total comprehensive income for the period | - | 43,036 | 43,036 |
| **Balance as at June 30, 2025 -(Un-audited)** | 1,196,219 | (45,590) | 1,150,629 |
| **Balance as at January 01, 2026 - (Audited)** | **1,196,219** | **(138,366)** | **1,057,853** |
| Loss for the period | **-** | **(4,472)** | **(4,472)** |
| Other comprehensive income for the period | **-** | **-** | **-** |
| Total comprehensive loss for the period | **-** | **(4,472)** | **(4,472)** |
| **Balance as at June 30, 2026 - (Un-audited)** | **1,196,219** | **(142,838)** | **1,053,381** |

*The annexed notes 1 to 19 form an integral part of these condensed interim financial information.*

**CHIEF FINANCIAL OFFICER**

**COUNTRY MANAGER**

**NATIONAL BANK OF PAKISTAN - AFGHANISTAN OPERATIONS**
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2026**

| | Notes | 30-Jun-26 (Un-audited) | 30-Jun-25 (Un-audited) |
|---|---|---|---|
| | | ... AFN '000 ... | |
| **Cash flows from operating activities** | | | |
| (Loss) / Profit before taxation | | (4,472) | 43,036 |
| Adjustments for: | | | |
| Depreciation | | 2,670 | 1,696 |
| Amortization | | 877 | 877 |
| Exchange gain and finance cost on lease liabilities | | 95 | 201 |
| Interest income on Investments and placements | | - | (16,986) |
| | | (830) | 28,825 |
| **Changes in operating assets and liabilities** | | | |
| Loans and advances to customers | | - | 70 |
| Other assets | | 21,112 | 7,109 |
| Deposits from customers | | (4,011) | (31,779) |
| Deposits from banks | | (22) | (2) |
| Payable to Head Office | | (1,301) | (139) |
| Other liabilities | | (1,595) | (2,600) |
| **Cash generated from operating activities** | | 13,353 | 1,483 |
| Taxes paid | | - | - |
| Interest income received | | - | 16,672 |
| **Net cash generated from operating activities** | | 13,353 | 18,155 |
| **Cash flows from investing activities** | | | |
| Acquisition of property and equipment | | (108) | (1,152) |
| Net - Investment | 5 | (12,526) | (15,352) |
| **Net cash used in from investing activities** | | (12,634) | (16,504) |
| Repayment of lease liabilities | | (1,062) | (1,062) |
| **Cash flows used in financing activities** | | (1,062) | (1,062) |
| **Net (decrease) / increase in cash and cash equivalents** | | (342) | 590 |
| Cash and cash equivalents at beginning of the period | | 1,523,111 | 1,681,313 |
| **Cash and cash equivalents at the end of the period** | | 1,522,769 | 1,681,903 |

*The annexed notes 1 to 19 form an integral part of these condensed interim financial information.*

**CHIEF FINANCIAL OFFICER**

**COUNTRY MANAGER**

**NATIONAL BANK OF PAKISTAN - AFGHANISTAN OPERATIONS**
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**
**FOR SIX MONTHS PERIOD ENDED JUNE 30, 2026**

## 1 STATUS AND NATURE OF BUSINESS

National Bank of Pakistan - Afghanistan Operations ("the Bank") is a foreign branch of National Bank of Pakistan (NBP) in Afghanistan. The Bank commenced its operations as "Banking Branch" under the license for "Commercial Banking" issued to it on October 01, 2003 by Da Afghanistan Bank ("DAB" or "the Central Bank of Afghanistan") under the Law of Banking in Afghanistan. The Bank obtained a business license from Afghanistan Investment Support Agency ("AISA") which has since been renamed the Ministry of Commerce and Industry. The license, bearing number I-11336, was renewed by the Ministry of Commerce and Industry on December 22, 2023, and remains valid until December 22, 2026.

Currently the Bank is operating with one conventional branch in Kabul. The registered office of the Bank is located in Kabul, Afghanistan.

## 2 BASIS OF PREPARATION AND MEASUREMENT

2.1 This condensed interim financial information of the Bank for the six months period ended June 30, 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 December 31, 2025.

2.3 Comparative statement of financial position is extracted from the annual financial statements as at December 31, 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 June 30, 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 January 01, 2026 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 December 31, 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 December 31, 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 December 31, 2025.

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| | Notes | 30-Jun-26 (Un-audited) | 31-Dec-25 (Audited) |
|---|---|---|---|
| | | ... AFN '000 ... | |
| **4. CASH AND CASH EQUIVALENTS** | | | |
| Cash in hand | | | |
| Local currency | | 14,594 | 18,012 |
| Foreign currency | | 60,437 | 51,272 |
| | | 75,031 | 69,284 |
| Balances with DAB | 4.1 | 1,428,220 | 1,433,186 |
| Balances with other banks - related parties | 4.2 | 19,518 | 20,642 |
| | | 1,522,769 | 1,523,111 |

**4.1 Balances with DAB**

| | | | |
|---|---|---|---|
| Current accounts | | | |
| Local currency | | 951,024 | 992,572 |
| Foreign currency | | 477,196 | 440,613 |
| | | 1,428,220 | 1,433,186 |

| | Notes | 30-Jun-26 (Un-audited) | 31-Dec-25 (Audited) |
|---|---|---|---|
| | | ... AFN '000 ... | |
| **4.2 Balances with other banks - related parties** | | | |
| Current accounts | | | |
| Frankfurt | | 18,509 | 19,632 |
| Karachi | | 1,010 | 1,010 |
| | | 19,518 | 20,642 |
| **5. INVESTMENTS** | | | |
| ***Held-to-maturity*** | | | |
| Wakala Investment NBP Bahrain | 5.1 | 692,474 | 679,948 |
| | | 692,474 | 679,948 |

5.1. This represents Wakala Investment held with NBP Bahrain at an expected profit rate of 7% per annum (31-Dec-2025: 7% pa).

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| | 30-Jun-26 (Un-audited) | 31-Dec-25 (Audited) |
|---|---|---|
| | ... AFN '000 ... | |
| **6. LOANS AND ADVANCES TO CUSTOMERS** | | |
| Loans and advances to customers - net of impairment allowance | - | - |

| | Gross amount | Impairment allowance | Carrying amount |
|---|---|---|---|
| **Running finance (conventional)** | | | |
| Running finance - as at 31-Dec-25 | 91,377 | (91,377) | - |
| Running finance - as at 30-June-26 | 90,077 | (90,077) | - |

**6.1 Impairment allowance**

| | 30-Jun-26 | 31-Dec-25 |
|---|---|---|
| Balance at beginning of period / year | 89,856 | 48,661 |
| Provision made during the period / year | - | 34,484 |
| Exchange loss on translation of provision | 221 | 8,232 |
| Balance as at the end of the period / year | 90,077 | 91,377 |

| **7. OTHER ASSETS** | Notes | 30-Jun-26 (Un-audited) | 31-Dec-25 (Audited) |
|---|---|---|---|
| | | ... AFN '000 ... | |
| Required reserve account | 7.1 | 107,317 | 126,734 |
| Accrued profit - wakala | | 2,424 | 925 |
| Advances and prepayments | | 1,284 | 4,476 |
| Protested bills | | 23,718 | 24,060 |
| Provision against protested bills | | (23,718) | (24,060) |
| | | 111,024 | 132,136 |

**7.1** Required reserves are maintained with DAB, 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.

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| | 30-June-26 (Un-audited) | 31-Dec-25 (Audited) |
|---|---|---|
| | ... AFN '000 ... | |
| **8. DEPOSITS FROM CUSTOMERS** | | |
| Current deposits: | | |
| Local currency | 14,050 | 12,327 |
| Foreign currency | 1,075,889 | 1,064,383 |
| | 1,089,939 | 1,076,711 |
| Margin deposits (expired) - Foreign currency | 142,972 | 160,211 |
| | 1,232,911 | 1,236,922 |

**8.1** This includes deposits against expired bank guarantees amounting to AFN 143 million (December 31, 2025: AFN 160.21 million). The margin is still appearing in the books due to the non-returning of original documents of bank guarantees.

## 9. LEASE LIABILITIES

| | | |
|---|---|---|
| Balance at the start of the year | 1,995 | 3,769 |
| Payment during the year - principal | (1,062) | (2,124) |
| Finance cost | 95 | 350 |
| Lease additions / modification | - | - |
| Balance at the end of the period / year | 1,028 | 1,995 |

## 10. OTHER LIABILITIES

| | | |
|---|---|---|
| Accrued Liabilities | 24,747 | 26,258 |
| Provision against pending lawsuit | 5,767 | 5,850 |
| | 30,513 | 32,108 |

## 11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments at the reporting date (December 31, 2025: Nil).

## 12. Geopolitical developments in certain domains of Asia

During the period, heightened geopolitical tensions and security developments have been observed in certain domains of Asia. The Bank maintains exposures through Wakala investments in Bahrain.

For the period ended 30 June 2026, the Bank's exposure in wakala investments amounted to AFN 692 million, representing 28.7% 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 and valuation of its investments as at 30 June 2026. Based on the information available as at the date of approval of these condensed financial statements, management has concluded that no adjustments to the carrying values of the related financial assets were required for the period ended 30 June 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 wakala. Management continues to monitor the situation closely and will assess any potential financial impact in future reporting periods.

| | 30-June-26 (Un-audited) | 31-June-25 (Un-audited) |
|---|---|---|
| | ... AFN '000 ... | |
| **13. NET PROFIT RETURN / INTEREST INCOME** | | |
| Interest from placement | - | 16,986 |
| Profit from Wakala Investment | 23,604 | - |
| | 23,604 | 16,986 |
| **14. FEE AND COMMISSION INCOME** | | |
| Commission income | 1 | 1,636 |
| Refund of premium on deposit | - | 55,312 |
| Account servicing fee | 50 | 139 |
| | 51 | 57,088 |

| | 30-June-26 (Un-audited) | 30-June-25 (Un-audited) |
|---|---|---|
| | ... AFN '000 ... | |
| **15. ADMINISTRATIVE EXPENSE** | | |
| Rent expense | - | - |
| Travelling and conveyance | 461 | 548 |
| Advertising and publicity | 10 | - |
| Printing and stationery | 51 | 101 |
| Communication | 513 | 701 |
| Insurance expense | - | 696 |
| Utilities | 870 | 464 |
| Office supplies | - | 306 |
| Security expense | 1,739 | 1,750 |
| Legal and professional | 84 | 295 |
| Repairs and maintenance | 2,863 | 3,163 |
| Municipality taxes | 1,106 | 904 |
| Other | 783 | 645 |
| | 8,481 | 9,573 |

## 16. RELATED PARTY TRANSACTIONS AND BALANCES

The Bank is a branch office of National Bank of Pakistan. Government of Pakistan (GoP), Head office and all branches of National Bank of Pakistan and its related entities (including subsidiaries) are related parties of the Bank. Other related parties include key management personnel of the Bank. All related party transactions are carried out at agreed terms.

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| | Notes | 30-Jun-26 (Un-audited) | 31-Dec-25 (Audited) |
|---|---|---|---|
| | | ... AFN '000 ... | |
| **Balances with related parties** | | | |
| Payable to Head Office | | 90,181 | 91,482 |
| Wakala Investment NBP Bahrain | 5 | 692,474 | 679,948 |
| Placement with NBP Bahrain | 5 | - | - |
| Current accounts - Associated entities | 4.2 | 19,518 | 20,642 |

| | Notes | 30-June-26 (Un-audited) | 30-June-25 (Un-audited) |
|---|---|---|---|
| | | ... AFN '000 ... | |
| **Transactions with key management personnel and other related parties** | | | |
| Short-term employee benefits-key management personnel | 16.1 | 11,310 | 16,014 |
| Profit from wakala Investment | 13 | 23,604 | - |
| Interest earned on placements | 13 | - | 16,986 |

**16.1** In addition to salaries, Bank also provides non-cash benefits to executives which includes furnished accommodation, meals and travel.

## 17. CAPITAL MANAGEMENT

### Regulatory capital

The bank's regulatory capital position is summarized below as at the reporting dates:

| | 30-June-26 (Un-audited) | 31-Dec-25 (Audited) |
|---|---|---|
| | ... AFN '000 ... | |
| **Regulatory capital:** | | |
| Tier 1 (core) capital: | 987,185 | 990,776 |
| Tier 2 (supplementary) capital: | - | - |
| **Total regulatory capital ( Tier 1 + Tier 2 )** | 987,185 | 990,776 |
| **Regulatory Capital Ratio:** | | |
| Tier 1 Capital Ratio | 213% | 215% |
| Regulatory Capital Ratio | 213% | 215% |

Da Afghanistan Bank (DAB) sets and monitors capital requirements for all Banks. Bank is required to maintain at all times the paid up capital plus reserves in excess of Afs 1 billion and regulatory capital to be 12% of the risk weighted assets. The capital adequacy of the Bank is assessed in two tiers as per regulations of the DAB.

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- Tier 1 or core capital, consisting of the highest quality capital elements that fully meet all the essential characteristics of capital; to be 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.

Regulatory capital is the sum of Tier 1 and Tier 2 capital and Tier 2 capital cannot exceed amount of Tier 1 capital. The Bank is in compliance with these regulations as on March 31, 2026.

The Bank's regulatory capital position as on June 30, 2026 is as follows:

| | **30-June-26 (Un-audited)** | **31-Dec-25 (Audited)** |
|---|---|---|
| | **AFN '000** | **AFN '000** |
| Tier 1 capital | | |
| Head office equity - capital account | 1,053,381 | 1,057,853 |
| Less: Profit for the year | - | - |
| Less: Intangible asset | (13,976) | (14,852) |
| Less: Other equity component | - | - |
| Less: Deferred tax asset | (52,225) | (52,225) |
| Total tier 1 (core) capital | 987,181 | 990,776 |
| Tier 2 capital | | |
| General allowances on standard advances | - | - |
| Other equity component | - | - |
| Profit for the period / year | - | - |
| Total tier 2 (supplementary) capital | - | - |
| Total regulatory capital | 987,181 | 990,776 |

## 18. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorized for issue by the Country Manager and Chief Financial Officer of the Bank on 24-August-2024

## 19. GENERAL

The figures have been rounded off to the nearest thousand in AFN.

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**CHIEF FINANCIAL OFFICER**

**COUNTRY MANAGER**