

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF NATIONAL BANK OF PAKISTAN - AFGHANISTAN OPERATIONS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of National Bank of Pakistan - Afghanistan Operations (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 for six months period then ended, and notes to the condensed interim financial information (here-in-after referred to the condensed interim financial information). Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the basis of preparation as stated in note 2 to the condensed interim financial information. 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 Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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

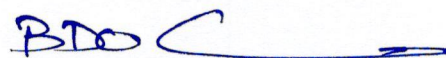
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared in all material respects, in accordance with the requirements of Law of Banking in Afghanistan and international accounting standard 34 "Interim Financial Reporting".

Emphasis of matter

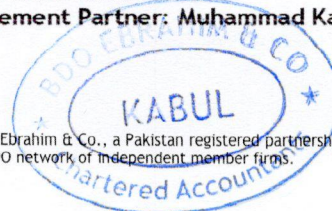
We draw attention to the Note 6.4 of the condensed interim financial information, which describes the impact of regulatory directives and the uncertain economic environment on the Bank's financial position. During the period, Da Afghanistan Bank (DAB) mandated that the Bank to increase its loan provisions to 100% by December 31, 2025. Currently, the Bank holds a 50% provision against these loans. Management is optimistic about fully recovering these loans before the end of the year, which would negate the need for additional provisions. However, if full recovery is not achieved, the Bank will record an additional 50% provision, amounting to approximately AFN 48.5 million, before year-end to comply with DAB's directive. Furthermore, any provision related to the interest on capital note, totaling AFN 44.6 million, may also affect the Bank's financial performance. The recognition of this additional provision would result in a corresponding decrease in profit before tax. Our conclusion is not modified in respect of this matter.

KABUL

DATED: 12 AUG 2025



CHARTERED ACCOUNTANTS
Engagement Partner: Muhammad Kamran



NATIONAL BANK OF PAKISTAN - AFGHANISTAN OPERATIONS
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

		June 30, 2025	Dec 31, 2024
		(Un-audited)	(Audited)
	Note	AFN '000	AFN '000
ASSETS			
Cash and cash equivalents	4	1,681,903	1,681,313
Investments	5	696,696	681,344
Loans and advances	6	48,591	48,660
Property and equipment	7	6,179	6,724
Intangible asset	8	15,730	16,607
Other assets		201,611	208,406
Advance tax - net		14,919	14,919
Deferred tax asset		43,827	43,827
TOTAL ASSETS		2,709,456	2,701,801
EQUITY AND LIABILITIES			
EQUITY			
Head office equity - capital account		1,196,219	1,196,219
Retained earnings		(45,590)	(88,626)
TOTAL EQUITY		1,150,629	1,107,593
LIABILITIES			
Payable to Head Office		97,295	97,434
Deposits from customers	10	1,426,303	1,458,082
Deposit from bank		1,791	1,793
Lease Liabilities	11	2,908	3,769
Other liabilities	12	30,530	33,130
TOTAL LIABILITIES		1,558,827	1,594,208
TOTAL EQUITY AND LIABILITIES		2,709,456	2,701,801
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes 1 to 21 form an integral part of these financial statements.

CHIEF COUNTRY 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, 2025

	Note	Six months ended		Three months ended	
		June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
		-----AFN '000'-----	-----AFN '000'-----	-----AFN '000'-----	-----AFN '000'-----
Interest income		16,986	16,579	8,400	8,334
Interest expense		-	-	-	-
Net interest income	14	16,986	16,579	8,400	8,334
Fee and commission income	15	57,309	216	221	83
Gain on sales of asset and lease		-	285	-	0
Exchange (loss) / gain		2,004	(2,707)	2,157	73
Operating income		76,298	14,373	10,778	8,490
Reversal on loans and advances	6.3	-	2,897	-	0
Employee compensation		(20,915)	(21,809)	(9,799)	(11,229)
Depreciation	7	(1,696)	(1,446)	(755)	(712)
Amortization	8	(877)	(857)	(439)	(428)
Finance cost on lease		(201)	(296)	(94)	(142)
Administrative expenditure	16	(9,573)	(9,616)	(4,707)	(5,202)
		(33,262)	(31,127)	(15,794)	(17,713)
Profit / (Loss) before tax		43,036	(16,753)	(5,016)	(9,222)
Taxation	17	-	-	-	-
Profit / (Loss) for the period		43,036	(16,753)	(5,016)	(9,222)
Other comprehensive income		-	-	-	-
Total comprehensive Profit / (Loss) for the period		43,036	(16,753)	(5,016)	(9,222)

The annexed notes 1 to 21 form an integral part of these financial statements.

CHIEF COUNTRY 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, 2025

	Head Office Equity - Capital Account	Retained Earnings	Total
	-----'AFN '000'-----		
Balance as at January 01, 2024	1,196,219	(63,400)	1,132,819
Loss for the period	-	(16,753)	(16,753)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	-	(16,753)	(16,753)
Balance as at June 30, 2024	<u>1,196,219</u>	<u>(80,154)</u>	<u>1,116,065</u>
Balance as at January 01, 2025	1,196,219	(88,626)	1,107,593
Profit for the period	-	43,036	43,036
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	-	43,036	43,036
Balance as at June 30, 2025	<u>1,196,219</u>	<u>(45,590)</u>	<u>1,150,629</u>

The annexed notes 1 to 21 form an integral part of these financial statements.


CHIEF COUNTRY 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, 2025

	Note	June 30, 2025 AFN '000	June 30, 2024 AFN '000
Cash flows from operating activities			
Loss before taxation		43,036	(16,753)
Adjustments for:			
Depreciation	7	1,696	1,446
Amortization		877	857
Gain on disposal of fixed asset		-	(285)
Exchange gain and finance cost on lease liabilities		201	296
Reversal on loans and advances	6.3	-	(2,897)
Interest income on Investments and placements		(16,986)	(16,579)
		<u>28,825</u>	<u>(33,916)</u>
Changes in operating assets and liabilities			
Loans and advances to customers		70	2,654
Other assets		7,109	(1,451)
Deposits from customers		(31,779)	16,689
Deposits from banks		(2)	(430)
Payable to Head Office		(139)	1,163
Other liabilities		(2,600)	803
Cash used in operations		<u>1,484</u>	<u>(14,489)</u>
Taxes paid		0	-
Interest income received		<u>16,672</u>	<u>16,884</u>
Net cash used in operating activities		<u>18,156</u>	<u>2,395</u>
Cash flows from investing activities			
Acquisition of property and equipment	7	(1,152)	(81)
Sales proceeds from sale of fixed assets		-	-
Net - Investment	5	<u>(15,352)</u>	<u>(11,775)</u>
Net cash used in investing activities		<u>(16,504)</u>	<u>(11,856)</u>
Cash flows from financing activities			
Repayment of lease liabilities	11	<u>(1,062)</u>	<u>(1,062)</u>
Net cash used in financing activities		<u>(1,062)</u>	<u>(1,062)</u>
Net decrease in cash and cash equivalents		590	(10,523)
Cash and cash equivalents at beginning of the period		<u>1,681,313</u>	<u>2,066,709</u>
Cash and cash equivalents at the end of the period		<u><u>1,681,903</u></u>	<u><u>2,056,186</u></u>

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