



Reviewed Financial Statements

for New Kabul Bank

(For the period ended March 31, 2020)

MGI ILYAS SAEED CHARTERED ACCOUNTANTS

Contact: Muhammad Abdul Basit

Cell: +93 780 780 786

Email: basit@ilyassaeedca.com

Date: May 05, 2020

INDEPENDENT REVIEW REPORT TO SHAREHOLDERS

Introduction

We have reviewed the accompanying Statement of Condensed Interim Financial Position of **New Kabul Bank** ("the bank") as of **March 31, 2020**, and the related Statement of Condensed Interim Comprehensive Income, Statement of Condensed Interim Changes in Equity and Statement of Condensed Interim Cash Flows for the three months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial statement in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Law of Banking in Afghanistan and directives issued by the Da Afghanistan Bank (DAB). Our responsibility is to express a conclusion on this interim financial statement based on our review.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements (ISRE) 2410, "Review of interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statement 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 cause to believe that accompanying interim financial statement does not give a true and fair view of the condensed interim financial position of the bank as at March 31, 2020, and of its condensed interim financial performance and its condensed interim cash flows for the three months period then ended in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Law of Banking in Afghanistan and the directives issued by Da Afghanistan Bank (DAB) rules and regulations.



Muhammad Abdul Basit – ACA, CIA, CISA & APRM
Engagement Partner
Ilyas Saeed Chartered Accountants
Kabul, Afghanistan
Date:

Chartered Accountants

07 MAY 2020

Audit - Tax - Advisory

NEW KABUL BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

| Unaudited 31-Mar-2020 | Audited 31-Dec-2019 | | Unaudited 31-Mar-2020 | Audited 31-Dec-2019 |
|--------------------------------------|------------------------|-------------------------------------|--------------------------|------------------------|
| USD | | | Note | AFN |
| ASSETS | | | | |
| 72,866,815 | 92,550,089 | Cash and bank balances | 5 | 5,587,427,381 |
| 122,796,958 | 124,797,466 | Investment in capital notes | 6 | 9,416,070,704 |
| 35,000,000 | 35,000,000 | Placements | 7 | 2,683,800,000 |
| 615,309 | 642,960 | Property and equipment | 8 | 47,181,928 |
| - | - | Intangible assets | 9 | - |
| 12,231,299 | 11,266,584 | Other assets | 10 | 937,895,970 |
| <u>243,510,381</u> | <u>264,257,099</u> | Total assets | | <u>18,672,375,983</u> |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| 14,353,380 | 14,353,380 | Share capital | 11 | 1,000,000,000 |
| 49,073,692 | 49,073,692 | Reserve from MoF | | 3,238,831,229 |
| (39,538,846) | (39,836,231) | Accumulated losses | | (2,572,469,094) |
| (2,156,847) | (2,372,681) | Currency translation loss | | - |
| <u>21,731,379</u> | <u>21,218,160</u> | Total equity | | <u>1,666,362,135</u> |
| LIABILITIES | | | | |
| 203,836,960 | 232,123,489 | Deposits from customers | 12 | 15,630,218,095 |
| 17,942,042 | 10,915,450 | Other liabilities | 13 | 1,375,795,753 |
| <u>221,779,002</u> | <u>243,038,939</u> | Total liabilities | | <u>17,006,013,848</u> |
| <u>243,510,381</u> | <u>264,257,099</u> | Total equity and liabilities | | <u>18,672,375,983</u> |
| CONTINGENCIES AND COMMITMENTS | | | | |
| | | | 14 | |

The annexed notes from 1 to 23 form an integral part of the condensed interim financial statements.

(Chief Executive Officer)

(Chief Financial Officer)

NEW KABUL BANK
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

| 31-Mar-2020 | 31-Mar-19 | | Note | 31-Mar-2020 | 31-Mar-19 |
|-----------------|-------------|--------------------------------------|------|-----------------|---------------|
| USD | | | | AFN | |
| 576,457 | 299,244 | Interest income | | 44,202,702 | 22,754,509 |
| - | (108) | Interest expense | | - | (8,219) |
| 576,457 | 299,136 | Net interest income | 15 | 44,202,702 | 22,746,290 |
| 3,154,763 | 3,090,364 | Fee and commission income | | 241,907,188 | 234,991,258 |
| (26,333) | (28,072) | Fee and commission expense | | (2,019,246) | (2,134,611) |
| 3,128,430 | 3,062,292 | Net fee and commission income | 16 | 239,887,942 | 232,856,647 |
| 309,055 | 260,980 | Other operating income | 17 | 23,698,342 | 19,844,892 |
| (50,950) | 72,563 | Foreign exchange (loss)/ gain | | (3,906,875) | 5,517,719 |
| 3,962,992 | 3,694,970 | Net operating income | | 303,882,111 | 280,965,548 |
| (1,782,028) | (1,777,027) | Employee benefit expense | 18 | (136,645,861) | (135,125,100) |
| (42,771) | (35,476) | Depreciation expense | | (3,279,677) | (2,697,628) |
| (7,405) | 28,734 | Provision against other assets | 10.3 | (567,794) | 2,184,914 |
| - | (3,488) | Provision against bank guarantees | | - | (265,231) |
| (1,753,912) | (1,732,708) | Other expenses | 19 | (134,490,003) | (131,755,081) |
| (3,586,116) | (3,519,965) | Operating expenses | | (274,983,335) | (267,658,126) |
| 376,876 | 175,005 | Profit before tax | | 28,898,776 | 13,307,422 |
| (79,491) | (33,009) | Taxation | 20 | (6,095,338) | (2,510,015) |
| 297,385 | 141,996 | Profit for the period | | 22,803,438 | 10,797,407 |
| - | - | Other comprehensive income | | - | - |
| 297,385 | 141,996 | Total comprehensive income | | 22,803,438 | 10,797,407 |
| 0.30 | 0.14 | Earnings per share | | 22.80 | 10.80 |

The annexed notes from 1 to 23 form an integral part of the condensed interim financial statements.


 (Chief Executive Officer)


 (Chief Financial Officer)

NEW KABUL BANK
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

| Share capital | Reserve from MoF | Accumulated Profit/(loss) | Currency translation loss | Total |
|---|------------------|---------------------------|---------------------------|------------|
| 14,353,380 | 49,073,692 | (42,304,434) | (1,842,516) | 19,280,122 |
| Balance as at January 01, 2019 | | | | |
| Total comprehensive income for the three months ended March 31, 2019 | | | | |
| - | - | 141,996 | - | 141,996 |
| Profit after taxation for the three months period ended March 31, 2019 | | | | |
| Change in equity for nine months period ended December 31, 2019 | | | | |
| - | - | 2,326,208 | (530,165) | 1,796,043 |
| Profit after taxation for the nine months period ended December 31, 2019. | | | | |
| 14,353,380 | 49,073,692 | (39,836,231) | (2,372,681) | 21,218,160 |
| Balance as at December 31, 2019 | | | | |
| 14,353,380 | 49,073,692 | (39,836,231) | (2,372,681) | 21,218,160 |
| Balance as at January 01, 2020 | | | | |
| Total comprehensive income for the three months ended March 31, 2020 | | | | |
| - | - | 297,385 | 215,834 | 513,219 |
| Profit after taxation for the three months period ended March 31, 2020 | | | | |
| 14,353,380 | 49,073,692 | (39,538,846) | (2,156,847) | 21,731,379 |
| Balance as at March 31, 2020 | | | | |

The annexed notes from 1 to 23 form an integral part of the condensed interim financial statements.

(Chief Executive Officer)

(Chief Financial Officer)

NEW KABUL BANK
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

| 31-Mar-2020 | 31-Mar-19 | | Note | 31-Mar-2020 | 31-Mar-19 |
|--|--------------|---|------|-----------------|-----------------|
| USD | | | | AFN | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| 376,875 | 175,006 | Profit before tax | | 28,898,776 | 13,307,422 |
| Adjustments for: | | | | | |
| 42,771 | 35,476 | Depreciation | | 3,279,677 | 2,697,628 |
| 50,950 | (72,563) | Exchange gain | | 3,906,875 | (5,517,719) |
| 470,596 | 137,919 | | | 36,085,328 | 10,487,331 |
| Increase/decrease in current assets and liabilities | | | | | |
| (864,469) | 3,227,747 | Other assets | 10 | (66,287,521) | 245,437,858 |
| (30,647,722) | (14,586,319) | Deposits from customers | 12 | (2,350,067,342) | (1,109,143,698) |
| 32,899 | - | Required reserve | | 2,522,729 | - |
| 6,915,558 | (3,548,030) | Other liabilities | 13 | 530,284,967 | (269,792,177) |
| (24,093,138) | (14,768,683) | | | (1,847,461,839) | (1,123,010,686) |
| (65,131) | (35,434) | Advance tax paid | | (4,994,212) | (2,694,383) |
| (24,158,269) | (14,804,117) | Net cash (used in) operating activities | | (1,852,456,051) | (1,125,705,069) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| (8,580) | (3,048) | Investment in operating fixed assets | 8 | (657,910) | (231,802) |
| 3,269,967 | 13,440,023 | Investment in capital notes - net | 6 | 250,741,051 | 1,021,979,357 |
| 356,025 | (5,280,116) | Placement | 7 | 27,300,000 | (401,500,000) |
| 3,617,412 | 8,156,859 | Net cash generated from investing activities | | 277,383,141 | 620,247,555 |
| - | - | CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| (20,540,857) | (6,647,258) | Net decrease in cash and cash equivalents | | (1,575,072,910) | (505,457,514) |
| 75,565,293 | 103,116,645 | Cash and cash equivalents at beginning of the period | | 5,794,346,664 | 7,840,989,717 |
| (50,950) | 72,563 | Effect of exchange differences | | (3,906,875) | 5,517,719 |
| 54,973,486 | 96,541,951 | Cash and cash equivalents at end of the period | 5 | 4,215,366,879 | 7,341,049,922 |

(Chief Executive Officer)

(Chief Financial Officer)