

**NEW KABUL BANK**

**Un-Audited Condensed Interim Financial  
Statements along with Accompanying  
Information**

**For the period ended March 31, 2019**



## 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, 2019**, 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 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 information 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 information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standards on Review Engagements (ISRE) 2410, which applies to review the historic 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 cause to believe that accompanying interim financial information does not give a true and fair view of the condensed interim financial position of the Bank as at March 31, 2019 and of its financial performance and its condensed interim cash flows for the three months then ended in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Law of Banking in Afghanistan and directives issued by Da Afghanistan Bank (DAB) rules and regulations.

### *Emphasis of Matter*

- i. We draw attention to Note 11.1, where it is stated that, Bank is owned by Ministry of Finance (MoF) and was established as a bridge entity to take over operations of Kabul Bank with an objective of ultimate selling it to a new investor or continue the operations as deemed appropriate by MoF. The Supreme Council of Da Afghanistan Bank (DAB) in its meeting held on March 15, 2011 has granted forbearance to the bank for regulatory requirement related to the size and structure of its capital.

However, during the year, 2017, Bank's total equity reached over 1 billion AFN and Bank transferred AFN 1 Billion from "Reserve from MoF" to "Share Capital". The process of amendments in Article of Association and license is not yet started. Our conclusion is not qualified in this respect. *cm*

*Crowe Horwath Af.*  
Crowe Horwath Afghanistan

Auditors & Business Advisors  
Kabul




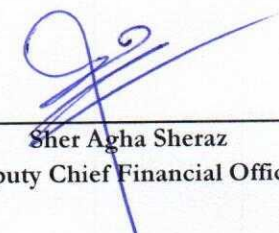


**NEW KABUL BANK**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2019**

| Unaudited<br>31-Mar-2019      | Audited<br>31-Dec-2018 |                                     | Unaudited<br>31-Mar-2019 | Audited<br>31-Dec-2018 |
|-------------------------------|------------------------|-------------------------------------|--------------------------|------------------------|
| USD                           |                        |                                     | AFN                      |                        |
|                               |                        |                                     | Note                     |                        |
| <b>ASSETS</b>                 |                        |                                     |                          |                        |
| 96,541,950                    | 104,088,540            | Cash and cash equivalents           | 5                        | 7,341,049,922          |
| 100,011,587                   | 114,520,914            | Investment in capital notes         | 6                        | 7,604,881,086          |
| 35,000,000                    | 30,000,000             | Placement                           | 7                        | 2,661,400,000          |
| 484,958                       | 522,262                | Property and equipment              | 8                        | 36,876,196             |
| -                             | -                      | Intangible assets                   | 9                        | -                      |
| 29,644,575                    | 33,179,702             | Other assets                        | 10                       | 2,254,173,480          |
| <u>261,683,070</u>            | <u>282,311,418</u>     | <b>Total assets</b>                 |                          | <u>19,898,380,684</u>  |
| <b>EQUITY AND LIABILITIES</b> |                        |                                     |                          |                        |
| <b>EQUITY</b>                 |                        |                                     |                          |                        |
| 13,150,973                    | 14,353,380             | Share capital                       | 11                       | 1,000,000,000          |
| 42,593,784                    | 49,073,692             | Reserve from MoF                    |                          | 3,238,831,229          |
| (36,502,659)                  | (42,304,434)           | Accumulated losses                  |                          | (2,775,662,167)        |
| -                             | (1,842,516)            | Currency translation loss           |                          | -                      |
| <u>19,242,098</u>             | <u>19,280,122</u>      | <b>Total equity</b>                 |                          | <u>1,463,169,062</u>   |
| <b>LIABILITIES</b>            |                        |                                     |                          |                        |
| 236,802,051                   | 253,757,756            | Deposits from customers             | 12                       | 18,006,428,045         |
| 5,638,921                     | 9,273,540              | Other liabilities                   | 13                       | 428,783,577            |
| <u>242,440,972</u>            | <u>263,031,296</u>     | <b>Total liabilities</b>            |                          | <u>18,435,211,622</u>  |
| <u>261,683,070</u>            | <u>282,311,418</u>     | <b>Total equity and liabilities</b> |                          | <u>19,898,380,684</u>  |
|                               |                        | Contingencies and commitments       | 14                       |                        |

The annexed notes from 1 to 23 form an integral part of these financial statements.


  
**Khyber Omarkhail**  
 (Chief Executive Officer)

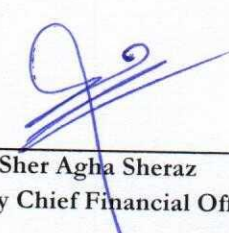
  
**Sher Agha Sheraz**  
 (Deputy Chief Financial Officer)

**NEW KABUL BANK**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2019**

| 31-Mar-2019     | 31-Mar-18   |      | 31-Mar-2019     | 31-Mar-18     |
|-----------------|-------------|------|-----------------|---------------|
| ..... USD ..... |             |      | ..... AFN ..... |               |
|                 |             | Note |                 |               |
| 299,244         | 77,744      |      | 22,754,509      | 5,392,302     |
| (108)           | -           |      | (8,219)         | -             |
| 299,136         | 77,744      | 15   | 22,746,290      | 5,392,302     |
|                 |             |      |                 |               |
| 3,090,364       | 3,740,459   |      | 234,991,258     | 259,438,263   |
| (28,072)        | (80,620)    |      | (2,134,611)     | (5,591,818)   |
| 3,062,292       | 3,659,839   | 16   | 232,856,647     | 253,846,445   |
|                 |             |      |                 |               |
| 333,543         | 461,900     | 17   | 25,362,611      | 32,037,351    |
| 3,694,971       | 4,199,483   |      | 280,965,548     | 291,276,098   |
|                 |             |      |                 |               |
| (1,777,027)     | (2,022,132) | 18   | (135,125,100)   | (140,255,057) |
| (35,477)        | (41,192)    |      | (2,697,628)     | (2,857,103)   |
| 28,734          | (191,683)   | 10.4 | 2,184,914       | (13,295,136)  |
| (3,488)         | -           |      | (265,231)       | -             |
| (1,732,708)     | (1,709,791) | 19   | (131,755,081)   | (118,591,109) |
| (3,519,966)     | (3,964,798) |      | (267,658,126)   | (274,998,405) |
|                 |             |      |                 |               |
| 175,005         | 234,685     |      | 13,307,422      | 16,277,693    |
|                 |             |      |                 |               |
| (33,009)        | (53,068)    | 20   | (2,510,015)     | (3,680,765)   |
|                 |             |      |                 |               |
| 141,996         | 181,617     |      | 10,797,407      | 12,596,928    |
|                 |             |      |                 |               |
| -               | -           |      | -               | -             |
|                 |             |      |                 |               |
| 141,996         | 181,617     |      | 10,797,407      | 12,596,928    |

The annexed notes from 1 to 23 form an integral part of these financial statements.

  
**Khyber Omarkhail**  
 (Chief Executive Officer)

  
**Sher Agha Sheraz**  
 (Deputy Chief Financial Officer)



**NEW KABUL BANK**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2019**

| Share capital   | Reserve from MoF | Accumulated Profit/(loss) | Total      | Share capital | Reserve from MoF | Accumulated Profit/(loss) | Total         |
|-----------------|------------------|---------------------------|------------|---------------|------------------|---------------------------|---------------|
| ..... USD ..... | ..... AFN .....  |                           |            |               |                  |                           |               |
| 14,417,532      | 46,695,952       | (43,530,078)              | 17,583,406 | 1,000,000,000 | 3,238,831,229    | (3,019,246,219)           | 1,219,585,010 |
|                 |                  |                           |            |               |                  |                           |               |
| -               | -                | 181,617                   | 181,617    | -             | -                | 12,596,928                | 12,596,928    |
|                 |                  |                           |            |               |                  |                           |               |
| 14,417,532      | 46,695,952       | (43,348,461)              | 17,765,023 | 1,000,000,000 | 3,238,831,229    | (3,006,649,291)           | 1,232,181,938 |
| 13,150,973      | 42,593,784       | (36,644,655)              | 19,100,102 | 1,000,000,000 | 3,238,831,229    | (2,786,459,574)           | 1,452,371,655 |
|                 |                  |                           |            |               |                  |                           |               |
| -               | -                | 141,996                   | 141,996    | -             | -                | 10,797,407                | 10,797,407    |
| 13,150,973      | 42,593,784       | (36,502,659)              | 19,242,098 | 1,000,000,000 | 3,238,831,229    | (2,775,662,167)           | 1,463,169,062 |

The annexed notes from 1 to 23 form an integral part of these financial statements.

Khyber Omar Khail  
(Chief Executive Officer)

Sher Agha Sheraz  
(Deputy Chief Financial Officer)

NEW KABUL BANK  
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2019

| 31-Mar-2019     | 31-Mar-18    |  | 31-Mar-2019        | 31-Mar-18       |
|-----------------|--------------|--|--------------------|-----------------|
| ..... USD ..... |              |  | ..... AFN .....    |                 |
|                 |              | <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                    |                    |                 |
| 175,006         | 234,684      | Profit before tax  | 13,307,422         | 16,277,693      |
|                 |              | <b>Adjustments for:</b>  |                    |                 |
| 35,476          | 41,192       | Depreciation   | 2,697,628          | 2,857,103       |
| (72,563)        | (91,860)     | Exchange gain  | 17 (5,517,719)     | (6,371,382)     |
| 137,919         | 184,016      |  | 10,487,331         | 12,763,414      |
|                 |              | <b>Increase/decrease in current assets and liabilities</b>     |                    |                 |
| 3,227,747       | (3,903,904)  | Other assets   | 10 245,437,858     | (270,774,756)   |
| (14,586,319)    | (30,205,686) | Deposits from customers  | 12 (1,109,143,698) | (2,095,066,367) |
| (3,548,030)     | 5,010,626    | Other liabilities  | 13 (269,792,177)   | 347,537,001     |
| (14,768,683)    | (28,914,948) |  | (1,123,010,686)    | (2,005,540,708) |
| (35,434)        | (46,791)     | Advance tax paid   | (2,694,383)        | (3,245,415)     |
| (14,804,117)    | (28,961,739) | <b>Net cash (used in)/generated from operating activities</b>  | (1,125,705,069)    | (2,008,786,123) |
|                 |              | <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                    |                    |                 |
| (3,048)         | (2,175)      | Investment in operating fixed assets                           | 8 (231,802)        | (150,858)       |
| 13,440,023      | (16,736,907) | Investment in capital notes - net                              | 6 1,021,979,357    | (1,160,871,856) |
| (5,280,116)     | -            | Placement  | 7 (401,500,000)    | -               |
| 8,156,859       | (16,739,082) | <b>Net cash (used in)/ generated from investing activities</b> | 620,247,555        | (1,161,022,714) |
| -               | -            | <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                    |                    |                 |
| (6,647,258)     | (45,700,821) | <b>Net decrease in cash and cash equivalents</b>               | (505,457,514)      | (3,169,808,837) |
| 103,116,645     | 228,425,213  | Cash and cash equivalents at beginning of the period           | 7,840,989,717      | 15,843,572,784  |
| 72,563          | 91,860       | Effect of exchange differences                                 | 5,517,719          | 6,371,382       |
| 96,541,950      | 182,816,252  | <b>Cash and cash equivalents at end of the period</b>          | 5 7,341,049,922    | 12,680,135,329  |

Khyber Omarkhail  
(Chief Executive Officer)

Sher Agha Sheraz  
(Deputy Chief Financial Officer)