

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of New Kabul Bank

Introduction

We have reviewed the accompanying statement of condensed interim financial position of **New Kabul Bank** ("the bank") as of **June 30, 2021**, 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 six-month 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 information in accordance with International Accounting Standards (IAS) 34 "Interim Financial Reporting", 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, "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 does not give a true and fair view of the financial position of the bank as at June 30, 2021, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Accounting Standards (IAS) 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB), the requirements of the Law of Banking in Afghanistan and directives issued by Da Afghanistan Bank (DAB) rules and regulations.

Emphasis of Matter

1. We draw attention to the note no. 2.2 of the condensed interim financial statements, which describes that the bank has initiated the process of implementation of International Financial Reporting Standard (IFRS) – 16 "Leases". Our conclusion is not modified in respect of this matter.
2. We draw attention to the note no. 23 of the condensed interim financial statements, which describes that the prior period error was prospectively rectified (partially) in these financial statements instead of rectifying the error retrospectively due to the parametrization limitation of the banks' accounting system.



Other Matter

The condensed interim financial statements for the six months ended June 30, 2020 were reviewed by another auditor who expressed an unmodified review conclusion on those condensed interim financial statements on 20 July 2020.

lynx eyed chartered accountants

Lynx Eyed Chartered Accountants

An independent member firm of Morison KSi

Kabul

Date:

11. August. 2021



NEW KABUL BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
FOR THE HALF YEAR ENDED JUNE 30, 2021

Unaudited 30-Jun-21	Audited 31-Dec-2020		Unaudited 30-Jun-21	Audited 31-Dec-2020
.....USD.....		AFN.....	
ASSETS				
80,343,907	110,055,351	Cash and cash equivalents	5 6,387,340,594	8,495,172,551
134,922,752	146,071,576	Investment in capital notes	6 10,726,358,793	11,275,264,971
-	10,000,000	Placement	7 -	771,900,000
897,432	1,008,535	Property and equipment	8 71,345,865	77,848,836
-	-	Intangible assets	9 -	-
9,747,327	10,365,003	Other assets	10 774,912,520	800,074,589
<u>225,911,418</u>	<u>277,500,465</u>	Total assets	<u>17,959,957,772</u>	<u>21,420,260,947</u>
EQUITY AND LIABILITIES				
EQUITY				
14,353,380	14,353,380	Share capital	11 1,000,000,000	1,000,000,000
49,073,692	49,073,692	Reserve from MoF	3,238,831,229	3,238,831,229
(35,043,438)	(36,123,847)	Accumulated losses	(2,222,821,115)	(2,308,713,597)
248,595	303,159	Revaluation surplus	12 19,063,040	23,400,840
(3,033,825)	(2,298,463)	Currency translation loss	-	-
<u>25,598,404</u>	<u>25,307,921</u>	Total equity	<u>2,035,073,154</u>	<u>1,953,518,472</u>
LIABILITIES				
187,794,378	242,466,148	Deposits from customers	13 14,929,653,023	18,715,961,961
77,859	93,365	Deferred grant	14 6,189,781	7,206,851
59,947	75,790	Deferred tax liability	12 4,765,760	5,850,210
12,380,830	9,557,241	Other liabilities	15 984,276,054	737,723,453
<u>200,313,014</u>	<u>252,192,544</u>	Total liabilities	<u>15,924,884,618</u>	<u>19,466,742,475</u>
<u>225,911,418</u>	<u>277,500,465</u>	Total equity and liabilities	<u>17,959,957,772</u>	<u>21,420,260,947</u>
Contingencies and commitments				
			16	

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Chairman BoS

NEW KABUL BANK
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2021

	Half year ended	Quarter ended	Half year ended	Quarter ended
	30-Jun-21	30-Jun-21	30-Jun-20	30-Jun-20
	USD	USD	USD	USD
Interest income	2,322,770	1,291,023	1,297,869	726,184
Interest expense	(63)	(63)	-	-
Net interest income	2,322,707	1,290,960	1,297,869	726,184
Fee and commission income	6,075,119	3,520,514	6,760,458	3,631,808
Fee and commission expense	(26,256)	(12,627)	(40,814)	(14,698)
Net fee and commission income	6,048,863	3,507,887	6,719,644	3,617,110
Other operating income	194,740	117,383	621,870	315,373
Amortization of deferred grant	12,793	6,397	-	-
Foreign exchange gain	171,717	172,921	38,595	89,123
	379,250	296,701	660,465	404,496
Net operating income	8,750,820	5,095,548	8,677,978	4,747,790
Employee benefit expense	(3,782,186)	(1,784,290)	(3,625,809)	(1,858,532)
Depreciation expense / adjustment for the period	(360,100)	(302,732)	(84,455)	(42,038)
Provision against other assets	(1,835)	10,278	(1,759)	5,585
Other expenses	(3,257,801)	(1,907,680)	(3,504,706)	(1,765,312)
Operating expenses	(7,401,922)	(3,984,424)	(7,216,729)	(3,660,297)
Profit before tax	1,348,898	1,111,124	1,461,249	1,087,493
Taxation	(268,491)	(224,009)	(286,704)	(207,871)
Profit for the period	1,080,407	887,115	1,174,545	879,622
Other comprehensive income	(68,204)	(68,204)	-	-
Revaluation surplus adjustment	13,641	13,641	-	-
Deferred tax adjustment	1,025,844	832,552	1,174,545	879,622
Total comprehensive income for the period	1,088,047	818,953	1,174,545	879,622
Earnings per share	1.08	0.89	1.17	0.88

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Chairman BoS

Note

17	184,660,250 (5,025)	102,636,326 (5,025)	100,351,267	56,148,565
18	482,971,994 (2,087,334)	279,880,884 (1,003,884)	522,718,580 (3,155,733)	280,811,392 (1,136,487)
19	15,481,861	9,331,936	48,082,998	24,384,656
14	1,017,070	508,535	-	-
	13,651,526	13,747,182	2,984,151	6,891,026
	30,150,458	23,587,654	51,067,149	31,275,682
	695,690,342	405,095,954	670,981,263	367,099,152
20	(300,683,812)	(141,851,022)	(280,347,542)	(143,701,681)
8 & 23	(28,627,953)	(24,067,202)	(6,530,037)	(3,250,360)
10.3	(145,919)	817,112	(135,992)	431,802
21	(258,995,165)	(151,660,528)	(270,983,905)	(136,493,902)
	(588,452,849)	(316,761,640)	(557,997,476)	(283,014,141)
	107,237,493	88,334,314	112,983,787	84,085,011
22	(21,345,011)	(17,808,691)	(22,167,952)	(16,072,614)
	85,892,482	70,525,623	90,815,835	68,012,397

12	(5,422,250)	(5,422,250)	-	-
12	1,084,450	1,084,450	-	-
	81,554,682	66,187,823	90,815,835	68,012,397
	85.89	70.53	90.82	68.01

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NEW KABUL BANK
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2021

Share capital	Reserve from MoF	Accumulated Profit/(loss)	Surplus on Revaluation of Fixed Assets	Currency translation gain/(loss)	Total
14,353,380	49,073,692	(39,836,231)	-	(2,372,681)	21,218,160
USD.....					
-	-	1,174,545	-	38,421	1,212,966
-	-	1,174,545	-	38,421	1,212,966
14,353,380	49,073,692	(38,661,686)	-	(2,334,260)	22,431,126
Change in equity for six months period ended December 31, 2020					
-	-	2,537,839	303,159	35,797	2,573,636
-	-	2,537,839	303,159	35,797	2,876,795
14,353,380	49,073,692	(36,123,847)	303,159	(2,298,463)	25,307,921
14,353,380	49,073,692	(36,123,847)	303,159	(2,298,463)	25,307,921
Total comprehensive income for the half year ended June 30, 2021					
-	-	1,080,409	-	(735,362)	345,047
-	-	1,080,409	(54,564)	-	(54,564)
14,353,380	49,073,692	(35,043,438)	248,595	(3,033,825)	25,598,404
14,353,380	49,073,692	(35,043,438)	248,595	(3,033,825)	25,598,404

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

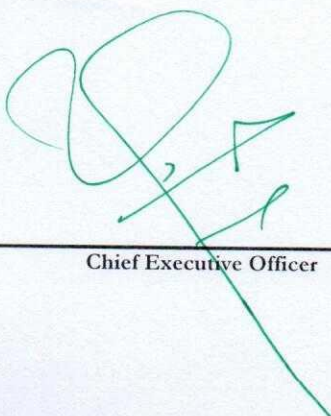
Chairman BoS

Share capital	Reserve from MoF	Accumulated Profit/(loss)	Surplus on Revaluation of Fixed Assets	Total
1,000,000,000	3,238,831,229	(2,595,272,532)	-	1,643,558,697
AFN.....				
-	-	90,815,835	-	90,815,835
-	-	90,815,835	-	90,815,835
1,000,000,000	3,238,831,229	(2,504,456,697)	-	1,734,374,532
Change in equity for six months period ended December 31, 2020				
-	-	195,743,100	-	195,743,100
-	-	195,743,100	23,400,840	23,400,840
1,000,000,000	3,238,831,229	(2,308,713,597)	23,400,840	1,953,518,472
1,000,000,000	3,238,831,229	(2,308,713,597)	23,400,840	1,953,518,472
Total comprehensive income for the half year ended June 30, 2021				
-	-	85,892,482	-	85,892,482
-	-	85,892,482	(4,337,800)	(4,337,800)
1,000,000,000	3,238,831,229	(2,222,821,115)	19,063,040	2,035,073,154
1,000,000,000	3,238,831,229	(2,222,821,115)	19,063,040	2,035,073,154

NEW KABUL BANK
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2021

30-Jun-21	30-Jun-20		Note	30-Jun-21	30-Jun-20
..... USD AFN	
CASH FLOWS FROM OPERATING ACTIVITIES					
1,348,899	1,461,249	Profit before tax		107,237,493	112,983,787
Adjustments for:					
360,100	84,455	Depreciation expense / adjustment for the period	8.2	28,627,953	6,530,037
(12,793)	-	Amortization of deferred grant	14	(1,017,070)	-
1,835	-	Provision against other assets	10.3	145,919	-
(171,717)	(38,595)	Foreign exchange gain		(13,651,526)	(2,984,151)
1,526,324	1,507,109			121,342,768	116,529,673
Increase/decrease in current assets and liabilities					
434,846	(310,927)	Other assets	10	34,570,251	(24,040,883)
60,679	(1,314,620)	Required reserves with DAB	5.1	4,824,009	(101,646,422)
(47,626,528)	(12,874,177)	Deposits from customers	13	(3,786,308,938)	(995,431,387)
3,101,292	9,703,568	Other liabilities	15	246,552,600	750,279,841
(42,503,387)	(3,289,047)			(3,379,019,310)	(254,309,178)
(388,668)	(286,704)	Advance tax paid		(30,899,111)	(22,167,952)
(42,892,055)	(3,575,751)	Net cash (used in) operating		(3,409,918,421)	(276,477,130)
CASH FLOWS FROM INVESTING ACTIVITIES					
(122,910)	(14,348)	Investment in operating fixed assets	8.2	(9,771,311)	(1,109,410)
(223,596)	-	Advances against capital commitment	8	(17,775,920)	-
6,904,480	(12,080,143)	Investment in capital notes - net	6	548,906,178	(934,036,628)
9,709,434	63,373	Placement	7	771,900,000	4,900,000
16,267,408	(12,031,118)	Net cash (used in)/ generated from investing activities		1,293,258,947	(930,246,038)
CASH FLOWS FROM FINANCING ACTIVITIES					
(26,624,647)	(15,606,869)	Net decrease in cash and cash equivalents		(2,116,659,474)	(1,206,723,168)
88,330,669	74,939,817	Cash and cash equivalents at beginning of the period	5.3	7,022,288,208	5,794,346,664
171,717	38,595	Effect of exchange rate differences		13,651,526	2,984,151
61,877,739	59,371,543	Cash and cash equivalents at end of the period	5.3	4,919,280,260	4,590,607,647

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.





Chief Executive Officer Chief Financial Officer Chairman BoS