

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 **September 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 nine-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 September 30, 2021, and of its financial performance and its cash flows for the nine-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 in these financial statements instead of rectifying the error retrospectively due to the parametrization limitation of the banks' accounting system. *check*



Other Matter

The condensed interim financial statements for the nine-month period ended September 30, 2020 were reviewed by another auditor who expressed an unmodified review conclusion on those condensed interim financial statements on 07 November 2020.

Lynx Eyed Chartered Accountants



Lynx Eyed Chartered Accountants

An independent member firm of Morison Global

Kabul

Date: *13-Nov-2021*

NEW KABUL BANK
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2021

Un-audited 30-Sep-21	Audited 31-Dec-2020			Note	Un-audited 30-Sep-21	Audited 31-Dec-2020
..... USD AFN	
ASSETS						
58,920,644	110,055,351	Cash and Cash equivalents		5	5,243,937,304	8,495,172,551
84,751,813	146,071,576	Investment in Capital Notes		6	7,542,911,361	11,275,264,971
-	10,000,000	Placements with Banks		7	-	771,900,000
725,347	1,008,535	Property, Plant and Equipment		8	64,555,884	77,848,836
-	-	Intangible Assets		9	-	-
10,133,855	10,365,003	Other Assets		10	901,913,134	800,074,589
<u>154,531,659</u>	<u>277,500,465</u>	Total Assets			<u>13,753,317,683</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
(34,889,204)	(36,123,847)	Accumulated Losses			(2,198,830,330)	(2,308,713,597)
330,999	303,159	Revaluation surplus		12	25,878,621	23,400,840
(5,656,738)	(2,298,463)	Currency translation gain(loss)			-	-
<u>23,212,129</u>	<u>25,307,921</u>	Total equity			<u>2,065,879,520</u>	<u>1,953,518,472</u>
LIABILITIES						
116,796,917	242,466,148	Deposits from customers		13	10,394,925,589	18,715,961,961
63,834	93,365	Deferred grant		14	5,681,246	7,206,851
72,693	75,790	Deferred tax		12	6,469,655	5,850,210
14,386,086	9,557,241	Other liabilities		15	1,280,361,673	737,723,453
<u>131,319,530</u>	<u>252,192,544</u>	Total liabilities			<u>11,687,438,163</u>	<u>19,466,742,475</u>
<u>154,531,659</u>	<u>277,500,465</u>	Total equity and liabilities			<u>13,753,317,683</u>	<u>21,420,260,947</u>

Contingencies and Commitments 16

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

(Chief Executive Officer)

(Chief Financial Officer)

(Chairman BoS)

NEW KABUL BANK
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021

Nine months ended 30-Sep-21	Quarter ended 30-Sep-21	Nine months ended 30-Sep-20	Quarter ended 30-Sep-20	Note		Nine months ended 30-Sep-21	Quarter ended 30-Sep-21	Nine months ended 30-Sep-20	Quarter ended 30-Sep-20
..... USD									
2,936,827 (85)	861,993 (28)	2,214,287	908,989		Interest income	261,377,633 (7,525)	76,717,383 (2,500)	170,234,376	69,883,109
2,936,742	861,965	2,214,287	908,989	17	Net interest income	261,370,108	76,714,883	170,234,376	69,883,109
7,131,799 (32,276)	1,705,147 (8,823)	11,096,836 (57,431)	3,902,641 (16,383)		Fee and commission income	634,730,110 (2,872,606)	151,758,117 (785,271)	853,124,738 (4,415,262)	300,035,025 (1,259,529)
7,099,523	1,696,324	11,039,405	3,886,258	18	Net fee and commission income	631,857,504	150,972,846	848,709,476	298,775,496
228,301 17,142 707,109 952,552	54,347 5,714 553,721 613,782	331,473	101,089	19	Other operating income	20,318,748	4,836,887	25,483,612	7,771,747
				14	Amortization of deferred grant	1,525,605	508,535	-	-
					Foreign exchange gain	62,932,732	49,281,205	9,799,927	6,815,776
						84,777,085	54,626,627	35,283,539	14,587,523
10,988,817	3,172,071	13,712,635	4,984,991		Net operating income	978,004,697	282,314,356	1,054,227,392	383,246,128
(4,680,683)	(1,302,213)	(5,493,147)	(1,846,587)	20	Employee benefit expense	(416,580,811)	(115,896,999)	(422,313,172)	(141,965,630)
(404,692)	(83,029)	(140,080)	(55,142)	8.2	Depreciation expense	(36,017,544)	(7,389,591)	(10,769,329)	(4,239,293)
(95,724)	(95,724)	-	-	8.2	Revaluation deficit	(8,519,476)	(8,519,476)	-	-
(10,281)	(8,642)	(42,150)	(40,381)	10	Provision against other assets	(915,017)	(769,098)	(3,240,510)	(3,104,518)
(4,153,189)	(1,243,131)	(5,215,815)	(1,691,050)	21	Other expenses	(369,633,818)	(110,638,653)	(400,991,861)	(130,007,955)
(9,344,569)	(2,732,739)	(10,891,192)	(3,633,160)		Operating expenses	(831,666,667)	(243,213,818)	(837,314,872)	(279,317,395)
1,644,248	439,332	2,821,443	1,351,831		Profit before tax	146,338,030	39,100,538	216,912,520	103,928,733
(409,604)	(169,772)	(572,229)	(283,885)	22	Taxation	(36,454,763)	(15,109,752)	(43,992,997)	(21,825,045)
1,234,644	269,560	2,249,214	1,067,946		Profit for the period	109,883,267	23,990,786	172,919,523	82,103,688
-	-	-	-		Other comprehensive income	-	-	-	-
34,800 (6,960)	95,724 (22,074)	380,477 (76,095)	380,477 (76,095)		Items that will not be reclassified to profit or loss:	-	-	-	-
				12	Revaluation surplus adjustment	3,097,226	8,519,476	29,251,049	29,251,049
				12	Deferred tax adjustment	(619,445)	(1,703,895)	(5,850,210)	(5,850,210)
1,262,484	343,210	2,553,595	1,372,327		Total Comprehensive income for the period	112,361,048	30,806,367	196,320,362	105,504,527

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

(Chief Executive Officer)

(Chief Financial Officer)

(Chairman-BoS)

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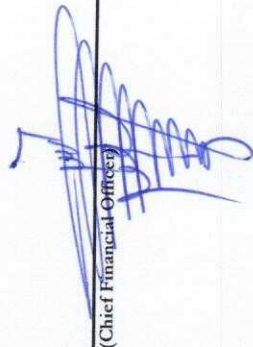
NEW KABUL BANK
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021

Share Capital	Reserve from MoF	Surplus on Revaluation (Fixed Assets)	Accumulated Profit/(loss)	Currency Translation Loss	Total
14,353,380	49,073,692	-	(37,836,231)	(2,372,681)	21,218,160
Balance as at January 01, 2020					
-	-	-	2,249,213	160,075	2,409,288
-	-	304,381	-	-	304,381
-	-	304,381	2,249,213	160,075	2,713,670
Total comprehensive income for the nine-month period ended September 30, 2020					
14,353,380	49,073,692	304,381	(37,587,018)	(2,212,606)	23,931,830
As at September 30, 2020 - un-audited					
-	-	-	1,463,171	(85,857)	1,377,314
-	-	(1,222)	-	-	1,222
-	-	1,222	1,463,171	85,857	1,376,091
Change in equity for three-month period ended December 31, 2020					
14,353,380	49,073,692	303,159	(36,123,847)	(2,298,463)	25,307,921
Balance as at Dec 31, 2020 - Audited					
14,353,380	49,073,692	303,159	(36,123,847)	(2,298,463)	25,307,921
Balance as at January 01, 2021					
-	-	-	1,234,643	(3,358,275)	(2,123,632)
-	-	27,840	-	-	27,840
-	-	27,840	1,234,643	(3,358,275)	(2,095,792)
Total comprehensive income for the nine-month period ended September 30, 2021					
14,353,380	49,073,692	330,999	(34,889,204)	(5,656,738)	23,212,129
As at September 30, 2021 (Un-audited)					

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



(Chief Executive Officer)



(Chief Financial Officer)



Chairman (BoB)

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NEW KABUL BANK
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021

30-Sep-21	30-Sep-20		30-Sep-21	30-Sep-20
..... USD AFN	
CASH FLOWS FROM OPERATING ACTIVITIES				
1,644,248	2,821,443	Profit before tax	146,338,030	216,912,519
Adjustments for:				
(17,142)	(76,095)	Amortization of deferred grant	(1,525,605)	5,850,210
404,692	140,080	Depreciation expense / adjustment for the period	36,017,544	10,769,329
95,724	-	Revaluation deficit	8,519,476	-
10,281	-	Provision against other assets	915,017	-
(707,109)	-	Adjustment for exchange (gain)/losses	(62,932,732)	-
1,430,694	2,885,427		127,331,730	233,532,058
Cash Flow due to changes in Current Assets and Current Liabilities				
(1,132,726)	(4,557,468)	Increase / (decrease) in other assets	(100,812,654)	(350,378,133)
(93,494,791)	13,565,530	Changes in deposits from customers	(8,321,036,372)	1,042,917,932
6,984,340	(127,638)	Required reserves with Da Afghanistan Bank	621,606,281	(9,812,776)
6,143,443	16,986,475	Increase / (decrease) in other liabilities	546,766,430	1,305,920,164
(80,069,040)	28,752,326		(7,126,144,585)	2,222,179,246
(477,796)	(185,674)	Advance tax	(42,523,881)	(14,274,643)
(80,546,836)	28,566,652	Net cash (used in)/generated from operating activities	(7,168,668,466)	2,207,904,603
CASH FLOWS FROM INVESTING ACTIVITIES				
(118,151)	(115,615)	Investment in operating fixed assets	(10,515,421)	(8,888,491)
(198,106)	-	Advances against capital commitment	(17,631,420)	-
41,936,557	(22,870,535)	Investment in Capital Notes - net	3,732,353,610	(1,758,286,707)
8,673,034	15,264,048	Placements with Banks	771,900,000	1,173,500,000
50,293,334	(7,722,102)	Net cash (used in)/ generated from investing activities	4,476,106,769	(593,675,198)
-	-	CASH FLOWS FROM FINANCING ACTIVITIES	-	-
(30,253,502)	20,844,550	Net change in Cash and Cash equivalents	(2,692,561,698)	1,614,229,405
78,902,115	75,368,713	Cash and Cash equivalents at beginning of the period	7,022,288,208	5,794,346,664
707,109	-	Effect of exchange rate differences	62,932,732	-
49,355,722	96,213,263	Cash and Cash equivalents at end of the period	4,392,659,242	7,408,576,069

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

(Chief Executive Officer)

(Chief Financial Officer)

(Chairman BoS)