

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF BANK E MILLIE AFGHAN

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Bank-e-Millie Afghan** (the Bank) as at **31 Jawza 1402 (21 June 2023)**, and the related condensed interim statement of comprehensive income, changes in equity and cash flows for the six months then ended, and notes to the condensed interim financial information (here-in-after referred to as the condensed interim financial information). Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the requirement of the Law of Banking in Afghanistan and International Accounting Standards 34 "Interim Financial Reporting". 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 Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed 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.

Basis for Qualified Conclusion

- a) The Bank has investment in a wholly owned subsidiary "Afghan American Trading Co. Inc." (AATC) which is carried at a cost of USD 2.2 million (AFN 191.466 million). The Bank has not prepared the consolidated financial information in respect of its above subsidiary as required under International Financial Reporting Standard (IFRS) – 10 'Consolidated Financial Statements' due to lack of availability of financial information relating to the subsidiary. Further, for the reasons disclosed in note 8.1.1 to the condensed interim financial information, we have not been able to obtain sufficient and appropriate evidence regarding the existence and recoverability of the above referred investment.
- b) Note 5.3.2 of the condensed interim financial information includes the bank balance of AFN 2,481,892,727 (USD 28,517,669), which we were unable to verify through confirmation or any other alternative audit procedures.

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- c) During the period, the bank has lived Islamic core banking accounting module. As a result of that migration, we could not verify the valuation of net accrued profit on Murabaha loans amounting to AFN 85,715,749, reported by the new system as shown in note 11.4 to the condensed financial information and further system shows the suspense accounts balance amounting to AFN 56,341,364 as shown in note 13.2 to the condensed financial information, the existence of which could also not be verified.

Qualified Conclusion

Based on our review, except for the possible effects of the matters described in under the "Basis for Qualified Conclusion" paragraph, 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 Standards 34 "Interim Financial Reporting".

Emphasis of Matter

We draw attention to note 7.2.1 to the financial statements which shows that additional impairment allowance would be required for loan and advances, if asset classification provisioning regulation was effective as of 21 June 2023.

Mazars Afghani Limited

Chartered Accountants

Engagement Partner: Muhammad Saqlain Siddiqui

Date: 5 August, 2023

Place: Kabul, Afghanistan



BANK-E-MILLIE AFGHAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT 31 JAWZA 1402 (21 JUNE 2023)

Assets	Note	21 June 2023 31 Jawza 1402 (Un-Audited) AFN	21 December 2022 30 Qaws 1401 (Audited) AFN
Cash and cash equivalents	5	27,996,940,068	29,889,453,197
Short-term investments	6	906,538,049	907,866,238
Loans and advances to customers - net	7	3,743,468,905	3,928,047,987
Long term investments	8	1,250,381,988	1,255,375,989
Property and equipment	9	1,247,123,715	1,247,778,520
Intangible assets	10	4,321,299	4,386,404
Investment properties		5,724,405,630	5,724,405,630
Other assets	11	1,173,968,053	999,334,714
Total assets		<u>42,047,147,707</u>	<u>43,956,648,679</u>
Liabilities			
Deposits from bank and customers	12	31,712,493,939	34,003,327,509
Lease liabilities		29,287,345	20,931,897
Current tax liabilities		9,452,383	-
Deferred tax liability		675,665,283	675,665,283
Other liabilities	13	666,522,346	340,807,112
Total liabilities		<u>33,093,421,296</u>	<u>35,040,731,801</u>
Equity			
Share capital	14	1,000,000,000	1,000,000,000
Retained earnings		7,096,850,382	7,059,040,849
Surplus on revaluations - net		792,247,503	792,247,503
Exchange translation reserves		55,785,024	55,785,024
General reserve		8,843,502	8,843,502
Total equity		<u>8,953,726,411</u>	<u>8,915,916,878</u>
Total liabilities and equity		<u>42,047,147,707</u>	<u>43,956,648,679</u>
Contingencies and Commitments	15		

The annexed notes from 1 to 25 form an integral parts of these financial statements.

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Chief Executive Officer

Chief Financial Officer

Chairman BOS

BANK-E-MILLIE AFGHAN
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED ON 31 JAWZA 1402 (21 JUNE 2023)

	Note	Six months ended on		Three months ended on	
		21 June 2023 31 Jawza 1402 (Un-Audited)	21 June 2022 31 Jawza 1401 (Un-Audited)	21 June 2023 31 Jawza 1402 (Un-Audited)	21 June 2022 31 Jawza 1401 (Un-Audited)
-----AFN-----					
Interest income and expenses					
Interest income	16	132,604,375	162,501,198	68,056,931	66,029,608
Interest expense	16	(5,538,501)	-	(3,713,999)	-
Net interest income		127,065,874	162,501,198	64,342,932	66,029,608
Commission income and expenses					
Commission income	17	119,931,161	61,667,650	67,857,376	36,155,837
Commission expense	17	(764,568)	(9,465,739)	(490,581)	(9,004,964)
Net commission income		119,166,593	52,201,911	67,366,795	27,150,873
Other income					
Realized exchange gain		23,375,547	43,293,673	20,983,639	11,537,434
Unrealized exchange (loss) / gain		(40,835,947)	(322,657,809)	2,867,540	72,071,093
Other operating income	18	44,027,583	34,209,700	22,557,401	13,666,500
Total other income		26,567,183	(245,154,436)	46,408,580	97,275,027
Total operating income		272,799,650	(30,451,327)	178,118,307	190,455,508
Operating expenses					
Reversal of provision on loans and advances	7.1	(7,131,551)	(13,350,454)	(4,786,452)	(5,984,804)
Provision on short term investment		-	8,918	-	-
Reversal of provision on other assets		(1,000)	(8,202,366)	-	-
Personnel expenses	19	121,104,550	127,938,192	63,753,966	71,793,642
Finance cost on lease liability		762,016	1,938,422	453,650	1,357,083
Depreciation	9	20,322,229	19,353,424	10,423,010	9,100,290
Amortization	10	1,669,189	7,637,000	531,136	4,018,167
Other expenses	20	88,812,301	77,654,823	49,999,343	28,344,177
Total operating expenses		225,537,734	212,977,959	120,374,653	108,628,556
Total operating profit / (loss)		47,261,916	(243,429,286)	57,743,654	81,826,952
Impairment (loss) on investment		-	-	-	-
Share in profit of associate		-	-	-	-
Net profit / (loss) before taxation		47,261,916	(243,429,286)	57,743,654	81,826,952
Taxation		(9,452,383)	-	(9,452,383)	-
Net profit / (loss) before taxation		37,809,533	(243,429,286)	48,291,271	81,826,952
Other comprehensive income / (loss)					
<i>Items that may be classified to profit or loss subsequently</i>					
Related deferred tax		-	-	-	-
Other comprehensive (loss) / income, net of tax		-	-	-	-
Total comprehensive income / (loss) for the period		37,809,533	(243,429,286)	48,291,271	81,826,952

The annexed notes from 1 to 25 form an integral parts of these financial statements.

Chief Executive Officer _____

Chief Financial Officer _____

Chairman BOS _____

BANK-E-MILLIE AFGHAN
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED ON 31 JAWZA 1402 (21 JUNE 2023)

	Share capital	Retained earnings	Revaluation surplus	Exchange translation reserve	General reserve	Total
Balance as at 30 Qaws 1400 (21 December 2021) - Audited	1,000,000,000	7,039,911,573	792,247,503	82,105,824	8,843,502	8,923,108,402
Loss for the period	-	(243,429,286)	-	-	-	(243,429,286)
Other comprehensive income	-	-	-	-	-	-
Balance as at 31 Jawza 1401 (21 June 2022) - Un-Audited	1,000,000,000	6,796,482,287	792,247,503	82,105,824	8,843,502	8,679,679,116
Balance as at 30 Qaws 1401 (21 December 2022) - Audited	1,000,000,000	7,059,040,849	792,247,503	55,785,024	8,843,502	8,915,916,878
Profit for the period	-	37,809,533	-	-	-	37,809,533
Other comprehensive income	-	-	-	-	-	-
Balance as at 31 Jawza 1402 (21 June 2023) - Un-Audited	1,000,000,000	7,096,850,382	792,247,503	55,785,024	8,843,502	8,953,726,411

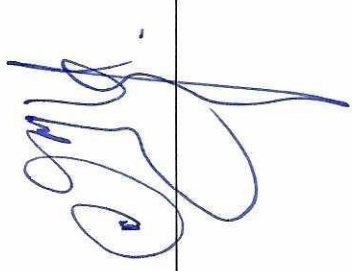
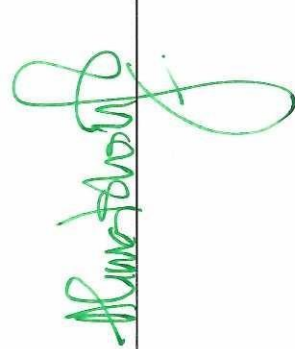
The annexed notes from 1 to 25 form an integral parts of these financial statements.

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Chief Executive Officer

Chief Financial Officer

Chairman BOS

BANK-E-MILLIE AFGHAN
CONDENSED INTERIM STATEMENT OF CASHFLOWS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED ON 31 JAWZA 1402 (21 JUNE 2023)

	Note	21 June 2023 31 Jawza 1402 (Un-audited) AFN	21 June 2022 31 Jawza 1401 (Un-audited) AFN
Operating activities			
Profit / (loss) before taxation		47,261,916	(243,429,286)
Adjustments for:			
Depreciation	9	20,322,229	19,353,424
Amortization	10	1,669,187	7,637,000
Reversal of provision on loans and advances	7.1	(7,131,551)	(13,341,536)
Finance cost on lease liability		762,016	1,938,422
		15,621,881	15,587,310
Adjustments for changes in operating assets and liabilities:			
Loans and advances to customers		184,579,082	645,382,879
Other assets		(175,544,935)	(851,371,083)
Deposits from banks and customers		(2,290,833,570)	(1,918,710,036)
Lease liabilities		7,593,432	-
Other liabilities		325,715,234	69,183,372
		(1,948,490,758)	(2,055,514,869)
Tax Paid		-	-
Net cash flow used in operating activities		(1,885,606,961)	(2,283,356,845)
Investing activities			
Long term Investments	8	4,994,001	31,086,000
Placements with Banks		1,328,189	4,163,462,707
Purchase of intangible assets	10	(1,604,082)	(12,584,355)
Purchase of property and equipment	9	(3,230,200)	(10,784,816)
Net cash flow from investing activities		1,487,908	4,171,179,536
Cash flows from financing activities			
Repayment of lease obligations		(8,394,076)	(9,092,303)
Net cash used in financing activities		(8,394,076)	(9,092,303)
Net increase in cash and cash equivalents		(1,892,513,129)	1,878,730,388
Cash and cash equivalents at beginning of year		29,889,453,197	26,083,845,755
Cash and cash equivalents at end of period		27,996,940,068	27,962,576,142

The annexed notes from 1 to 25 form an integral parts of these financial statements.

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Chief Executive Officer

Chief Financial Officer

Chairman BOS

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED ON 31 JAWZA 1402 (21 JUNE 2023)**

1 Status and nature of operations

Bank-e-Millie Afghan (the Bank) is domiciled in The Islamic Republic of Afghanistan. The Bank was incorporated in 1935 and it has been granted license for commercial banking by Da Afghanistan Bank (DAB) on 26 June 2004. The Bank also obtained a private investment license on 08 November 2004 under the Law of Domestic and Foreign Investment and is primarily engaged in the business of banking as mentioned in Law of Banking in Afghanistan. Ministry of Finance is the majority shareholder of the Bank having shareholding of 96.75%. The Bank has 39 branches (2022: 39 branches) in operation.

The registered office of the Bank is at Pashtanistan Square, Kabul, Afghanistan.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and the Law of Banking in Afghanistan and the directives issued by DAB. Whenever the requirement of the Law of Banking in Afghanistan differs with the requirements of the IFRS, the requirement of the Law of Banking in Afghanistan takes precedence.

Bank-e-Millie Afghan holds one wholly owned subsidiaries namely 'Afghan American Trading Co. Inc.'. As per International Financial Reporting Standard (IFRS) 10 'Consolidated Financial Statements', being a parent, Bank-e-Millie Afghan is required to prepare consolidated financial statements, but the same cannot be prepared by the management, due to non-availability of latest audited financial statements of the subsidiaries for the reasons disclosed in note 'Long term investments'.

2.2 Mandatory Departure

Mandatory departure of International Financial reporting Standards (IFRS) - 9 "Financial Instruments", based on the decision of Da Afghanistan Bank until further notice.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for investment property, land and building which are measured at revalued amount.

2.4 Functional and presentation currency

These financial statements are presented in Afghani, which is the Bank's functional currency. The amounts in the financial statements have been rounded to the nearest Afghani.

2.5 Use of estimates and judgments

The estimates / judgments assumptions used in the preparation of this condensed interim financial information is consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 30 Qaws 1401 - (21 December 2022).

3 New accounting standards / amendments and IFRS interpretations

The Bank has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective in these financial statements. Other amendments and interpretations apply for the first time in 2022, but do not have an impact on the Bank's financial statements.

4 Significant accounting policies

The accounting policies adopted in preparation of this condensed interim financial information are consistent with those followed in the preparation of the annual financial statements of the Bank for the year ended 30 Qaws 1401 (21 December 2022).

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BANK-E-MILLIE AFGHAN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED ON 31 JAWZA 1402 (21 JUNE 2023)

	21 June 2023 31 Jawza 1402 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
5 Cash and cash equivalents		
Cash in hand	5.1 5,063,886,294	1,909,688,840
Balances with Da Afghanistan Bank	5.2 19,932,499,895	25,100,135,362
Nostro accounts balances with banks	5.3 2,934,791,427	2,813,866,543
Gold and silver at bank vault	5.4 65,762,452	65,762,452
	27,996,940,068	29,889,453,197
5.1 Cash in hand		
Local currency	5.1.1 2,562,545,126	736,413,779
Foreign currency	5.1.2 2,479,202,168	1,156,090,596
Cash in ATMs	22,139,000	17,184,465
	5,063,886,294	1,909,688,840
5.1.1 This represents cash at vaults in the branches of the bank.		
5.1.2 The foreign currencies includes USD, GBP, EURO and PKR.		
	2023	2022
	31 Jawza 1402	30 Qaws 1401
5.2 Balances with Da Afghanistan Bank		
Local currency		
Current account	5.2.1 7,731,449,077	8,484,231,945
Required reserve account	1,244,388,680	1,452,356,651
	8,975,837,757	9,936,588,596
Foreign Currency		
Current account	5.2.2 9,612,879,351	13,398,304,100
Required reserve account	1,343,782,787	1,765,242,666
	10,956,662,138	15,163,546,766
	19,932,499,895	25,100,135,362
5.2.1 This represents required reserve amount being maintained with DAB in order to meet minimum reserve requirement of Article 3 "Required Reserves Regulation" of the Banking Regulations of Afghanistan. Required reserves are not available for use in the Bank's day-to-day operations. It is calculated by applying 8% to deposits denominated in AFN and 10% to deposits denominated in foreign currency, credited by the by the DAB from the respective nostro current accounts of the bank with DAB.		
5.2.2 The foreign currencies includes USD, GBP, EURO and PKR.		
	2023	2022
	31 Jawza 1402	30 Qaws 1401
5.3 Nostro accounts balances with banks		
Local currency	5.3.1 137,427	740,793
Foreign currency	5.3.2 2,934,654,000	3,297,273,827
	2,934,791,427	3,298,014,620
5.3.1 Local currency		
Pashtany Bank	127,827	120,786
Azizi Bank	9,600	620,007
	137,427	740,793

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BANK-E-MILLIE AFGHAN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED ON 31 JAWZA 1402 (21 JUNE 2023)

	Note	21 June 2023 31 Jawza 1402 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
		5.3.2 Foreign currency	
Pashtany Bank		335,025	397,085
New Kabul Bank		352,984	514,070
Azizi Bank		22,482	1,853,271
Ghazanfar Bank		193,606,542	-
Citi Bank New York		2,481,892,727	2,973,109,574
Canara Bank		817,116	978,840
Habib Bank - Pakistan		13,572,175	25,141,220
Bank of Africa - Europe		244,054,949	295,279,767
		<u>2,934,654,000</u>	<u>3,297,273,827</u>

5.4 This represents gold and silver coins located at bank's main vault, acquired in the early years after inception of BMA in Afghanistan. However, these gold coins were revalued on 14 December 2022, resulting in revaluation gain, the impact was accordingly taken in the financial statements, approved by the BoS of the bank.

		2023 31 Jawza 1402	2022 30 Qaws 1401
6 Short-term investments			
Placements in other banks	6.1	<u>906,538,049</u>	<u>907,866,238</u>
		<u>906,538,049</u>	<u>907,866,238</u>
6.1 Placements in other banks (Foreign Banks)			
Murabaha Deposit in RAK Bank - by IBW		166,194,678	170,529,527
First Abu Dhabi Bank	6.1.1	<u>889,576,784</u>	<u>897,368,767</u>
		<u>1,055,771,462</u>	<u>1,067,898,294</u>
Accrued Interest		<u>16,961,265</u>	<u>10,497,471</u>
		<u>1,072,732,727</u>	<u>1,078,395,765</u>
Less: Provision-Loss RAK bank placement	6.2	<u>(166,194,678)</u>	<u>(170,529,527)</u>
		<u>906,538,049</u>	<u>907,866,238</u>

6.1.1 This represent USD denominated fixed term placements with First Abu Dhabi Bank up to a maximum period of 365 days (2022: 184 days) and carry interest at rates ranging from 3.36% to 5.20% (21 December 2022: 0.30% to 3.36%) per annum.

6.2 Placements provisioning movement during the period on RAK Bank

Balance at the beginning of the period / year	170,529,527	199,087,971
Charge for the period	-	-
Exchange rate differences	<u>(4,334,849)</u>	<u>(28,558,444)</u>
Balance at the end of period / year	<u>166,194,678</u>	<u>170,529,527</u>

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BANK-E-MILLIE AFGHAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED ON 31 JAWZA 1402 (21 JUNE 2023)

	Note	21 June 2023 31 Jawza 1402 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
7 Loans and advances to customers - net			
Conventional Loans		3,359,218,639	3,859,160,574
Islamic Loans		985,955,401	682,704,532
		<u>4,345,174,040</u>	<u>4,541,865,106</u>
Impairment			
Conventional		(435,989,162)	(456,279,719)
Islamic		(165,715,973)	(157,537,400)
	7.1	<u>(601,705,135)</u>	<u>(613,817,119)</u>
		<u><u>3,743,468,905</u></u>	<u><u>3,928,047,987</u></u>
7.1 Provision held - summary			
Balance at the beginning of the period / year		613,817,119	676,237,047
Charge for the period		14,783,868	7,671,121
Reversals during the period		(21,915,419)	(32,684,424)
Net reversals for the period / year		<u>(7,131,551)</u>	<u>(25,013,303)</u>
Exchange rate difference		(4,980,433)	(37,406,624)
	7.2	<u><u>601,705,135</u></u>	<u><u>613,817,119</u></u>

21 June 2023 (31 Jawza 1402)				
7.2 Set out below shows, Classification of loans and advances to customers based on ACPR deferral up to 02 April 2024	Provisioning rates	Amount outstanding	Provision required	Provision held
Standard (Optional)	1%	1,443,366,645	14,433,721	14,433,721
Watch-list	5%	1,943,899,958	97,194,997	97,194,997
Substandard	25%	123,330,092	30,832,523	30,832,523
Doubtful	50%	750,666,903	375,333,452	375,333,452
Loss	100%	83,910,442	83,910,442	83,910,442
		<u>4,345,174,040</u>	<u>601,705,135</u>	<u>601,705,135</u>
Less: Write offs		-	-	-
		<u><u>4,345,174,040</u></u>	<u><u>601,705,135</u></u>	<u><u>601,705,135</u></u>

7.2.1 Set out below shows the classification of loans and advances to customers, if ACPR was applicable or active, as of 21 June 2023

21 June 2023 (31 Jawza 1402)			
	Provisioning rates	Amount outstanding - New classification	Provision required
Standard (Optional)	1%	927,999,391	9,279,994
Watch-list	5%	934,652,201	33,141,266
Substandard	25%	12,274,491	3,559,153
Doubtful	50%	471,795,315	161,011,992
Loss	100%	1,998,452,643	1,757,339,032
		<u>4,345,174,040</u>	<u>1,964,331,437</u>

Set out below is net of effect of ACPR deferral on provision for impairment losses as of 21 June 2023:

Provision for impairment losses recognized by the bank- (resulting from ACPR deferral)	601,705,135
Provision for impairment losses required (if ACPR was active)	1,964,331,437
	<u><u>(1,362,626,302)</u></u>

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BANK-E-MILLIE AFGHAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED ON 31 JAWZA 1402 (21 JUNE 2023)

8 Long term investments	Note	21 June 2023 31 Jawza 1402 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
		Afghan American Trading Co. Inc. (100% owned Subsidiary)	8.1
Pashtany Bank (28.77 % - Associate)	8.2	867,150,619	867,150,619
Investment in equity instruments	8.3	191,765,369	191,765,370
		<u>1,250,381,988</u>	<u>1,255,375,989</u>

8.1 Afghan American Trading Co. Inc. (100% owned Subsidiary)

Opening balance (<i>cost USD 2,200,000</i>)	8.1.1	196,460,000	229,361,000
Exchange loss		(4,994,000)	(32,901,000)
Closing balance		<u>191,466,000</u>	<u>196,460,000</u>

8.1.1 Afghan American Trading Co. Inc. (AATC) is wholly owned subsidiary of the bank wherein investment cost is USD 2.2 million. Previously, there was a dispute with the management of Afghan American Trading Co. Inc. The bank launched an investigation into the affairs of AATC by appointing its legal representative in US. The latest audited financial statements of AATC are not available and the bank can not assess the recoverability of its investment in AATC.

8.2 Investment in associates

The bank use equity method of accounting for determining the carrying value of the investment in Pashtany Bank. Set out below is the movement during the period in the investment in associates:

	2023 31 Jawza 1402	2022 30 Qaws 1401
Opening balance	867,150,619	965,408,626
Share of loss	-	(98,258,007)
Closing balance	<u>867,150,619</u>	<u>867,150,619</u>

8.3 Investment in equity instruments

	2023 31 Jawza 1402	2022 30 Qaws 1401
Afghan National Insurance Company	18,606,641	18,606,641
Ariana Afghan Airlines Company	172,256,476	172,256,476
Edahdia Mazar Sharif	30,150	30,150
Sherkat Saderat Pakhta Herat	844,289	844,289
Sherkat Pashmena Bafi Qandahar	15,944	15,944
Sherkat Yakhsazi Herat	7,076	7,076
Sherkat Teel Kashi Herat	4,794	4,794
	<u>191,765,369</u>	<u>191,765,370</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED ON 31 JAWZA 1402 (21 JUNE 2023)**

	Note	21 June 2023 31 Jawza 1402 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
9 Property and equipment			
Cost			
Balance at beginning of the period / year		1,624,553,445	1,605,196,991
Recognition of ROU		15,987,508	(10,368,880)
Additions during the period / year		3,230,200	29,725,334
Balance at end 31 Jawza 1401		1,643,771,153	1,624,553,445
Accumulated depreciation			
Balance at beginning of the period / year		376,774,925	337,215,910
Depreciation on ROU		7,942,692	15,828,665
Adjustments		(449,716)	
Charge for the period / year		12,379,537	23,730,350
Balance at end 31 Jawza 1401		396,647,438	376,774,925
Carrying amount		1,247,123,715	1,247,778,520

		2023 31 Jawza 1402	2022 30 Qaws 1401
10 Intangibles Assets			
Cost			
Balance at beginning of the period / year		80,135,496	80,135,496
Additions		1,604,082	-
Balance at end of the period / year	10.1	81,739,578	80,135,496
Amortization			
Balance at beginning of the period / year		75,749,092	72,366,300
Charge for the period / year	10.2	1,669,187	3,382,792
Balance at end of the period / year		77,418,279	75,749,092
Carrying amount		4,321,299	4,386,404

10.1 Intangibles assets include core banking software and licensing rights.

10.2 Intangibles are amortized at the rates ranging from 20% to 33% (2022: 20% to 33%) per annum.

		2023 31 Jawza 1402	2022 30 Qaws 1401
11 Other assets			
Receivable from subsidiaries	11.1	28,472,648	29,215,299
Advance salaries		12,992,700	13,376,568
Prepaid expenses		10,038,295	14,674,210
Advance tax to MoF	11.2	648,401,047	653,732,584
Rent receivable against investment properties		25,530,831	25,036,473
Accrued interest on loans and advances - Conventional	11.3	110,267,559	101,394,976
Accrued profit on loans and advances - Islamic	11.4	85,715,748	17,180,698
Profit markup on loans and advances - Islamic	11.4	151,242,085	-
Security deposits with Pashtany Bank		40,000,000	40,000,000
Security deposit with Western union		10,443,600	10,716,000
Receivable from sale of property		-	1,993,033
Receivable from Western union inbound / outbound		121,185,640	174,623,897
Other receivables		62,450,210	50,980,485
		1,306,740,363	1,132,924,223
Provision held against other assets	11.5	(132,772,310)	(133,589,509)
		1,173,968,053	999,334,714

11.1 This represents advances against municipality charges given to Afghan American Trading Company (100% owned Subsidiary of the bank).

11.2 This represents outstanding amount of advance income tax paid on 18 September 2019 to Ministry of Finance (MoF), based on approval of the BOS, which is adjustable against the future tax liabilities to MoF.

11.3 This balance is net of the suspense interest accrued on loans and advances to customers, amounting to 94,605,832 (21 December 2022: 103,288,017) as required by ACPR.

11.4 This represents accrued profit and differed income on Murabaha loans being incorporated as result of living Islamic accounting system module. However, the bank is the process of validating the valuation of the said account balances.

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BANK-E-MILLIE AFGHAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED ON 31 JAWZA 1402 (21 JUNE 2023)

	Note	21 June 2023 31 Jawza 1402 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
11.4 Provision against other assets			
Balance at the beginning of the period / year		133,589,509	276,212,748
Charge for the period			
Receivable against expenses		-	495,426
		-	495,426
Reversals during the period			
Rent receivable against investment properties		(1,000)	(8,811,366)
Accrued interest on loans and advances to customers		-	(15,465,084)
Net reversal for the period / year		(1,000)	(23,781,024)
Write offs		-	(105,549,281)
Exchange rate differences		(816,199)	(13,292,934)
Balance at the end of the period / year		132,772,310	133,589,509
		2023	2022
12 Deposits from bank and customers		31 Jawza 1402	30 Qaws 1401
Local currency			
Conventional deposits	12.1	15,275,786,621	16,608,151,811
Islamic deposits	12.2	77,577,502	51,197,143
Margin against letter of guarantee	12.3	86,841,150	68,417,749
		15,440,205,273	16,727,766,702
Foreign Currency			
Conventional deposits	12.1	15,934,571,270	16,937,158,737
Islamic deposits	12.2	280,910,826	304,262,680
Margin against letter of guarantee	12.3	56,806,570	34,139,390
		16,272,288,666	17,275,560,807
		31,712,493,939	34,003,327,509
		2023	2022
12.1 Conventional deposits		31 Jawza 1402	30 Qaws 1401
Local currency			
Current deposits		10,231,735,921	11,284,860,578
Saving deposits		1,004,142,276	1,018,066,712
Term deposits		4,039,908,424	4,305,224,521
Total local currency		15,275,786,621	16,608,151,811

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BANK-E-MILLIE AFGHAN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED ON 31 JAWZA 1402 (21 JUNE 2023)

		21 June 2023 31 Jawza 1402 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
Foreign currency			
Current deposits		10,003,415,413	10,664,038,253
Saving deposits	12.1.1	5,519,382,013	5,794,447,221
Term deposits	12.1.2	411,773,844	478,673,263
Total foreign currency		15,934,571,270	16,937,158,737
		31,210,357,891	33,545,310,547

12.1.1 Saving deposits are interest free since 15 August 2021, (before 15 August 2022: Carrying interest ranging from 0.57% to 3.5%) per annum.

12.1.2 Term Deposits are interest free since 15 August 2021, (before 15 August 2022: Carrying interest ranging from 0.57% to 4%) per annum.

12.2 Islamic deposits		2023 31 Jawza 1402	2022 30 Qaws 1401
Local currency			
Current deposits		5,233,497	13,185,382
Saving deposits	12.2.1	15,069,694	15,240,977
Term deposits		57,274,311	22,770,784
		77,577,502	51,197,143

Foreign currency		2023 31 Jawza 1402	2022 30 Qaws 1401
Current deposits		44,237,116	52,903,750
Saving deposits	12.2.1	43,511,446	48,721,679
Term deposits		193,162,264	202,637,251
		280,910,826	304,262,680
		358,488,328	355,459,823

12.2.1 Saving deposits and term deposits under Islamic banking are not based on fixed rates arrangements, it is dependent upon actual earned profit or sustained loss, if any.

12.3 Margin against letter of guarantee		2023 31 Jawza 1402	2022 30 Qaws 1401
Foreign currency - Not Expired		56,806,570	34,139,390
Local Currency - Not Expired		86,841,150	68,417,749
		143,647,720	102,557,139

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BANK-E-MILLIE AFGHAN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED ON 31 JAWZA 1402 (21 JUNE 2023)

	21 June 2023 31 Jawza 1402 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
13 Other liabilities		
Accrued interest on deposits - conventional	289,774	405,458
Accrued profit on deposits - Islamic	11,402,896	6,409,966
Deferred income on Murabaha loans	11.4 151,242,085	-
Retention deposits	1,587,724	1,585,654
Security deposits on rented investment properties	17,024,267	13,037,974
Withholding tax payable	13.1 8,117,217	9,153,171
Dividend payable	20,716,068	20,716,068
Defined benefit plan (pension scheme)	149,438,458	173,854,815
Accrued expenses	15,627,037	12,483,975
Government revenue collection payable	78,771,861	36,695,784
Suspense balance	13.2 56,341,364	-
Others	13.3 155,963,595	66,464,247
	<u>666,522,346</u>	<u>340,807,112</u>

13.1 This represents withholding taxes deducted from contractors and payroll, which will be off-setted with advance tax paid by the bank to MoF, subject to official initiation from MoF.

13.2 This represents suspense account balance resulting from living Islamic accounting system module, bank is in the process of reconciliation.

13.3 This includes interbank accounts unreconciled by the amount of 94,649 thousands (21 December 2022: AFN 0) due timing differences which will be subsequently cleared.

	2023 31 Jawza 1402	2022 30 Qaws 1401
14 Share capital		
14.1 Authorized		
100,000 (2019: 100,000) ordinary shares of AFN 10,000 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
14.2 Issued, Subscribed and Paid up Capital		
100,000 (2019: 100,000) ordinary shares of AFN 10,000 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
14.3 The issued shares are subscribed by the following parties:		
Ministry of Finance	967,508,023	967,508,023
Afghan Red Crescent	20,731,432	20,731,432
Pashtany Bank	11,343,832	11,343,832
Afghan Air Force Commander	370,412	370,412
Kabul Municipality	46,301	46,301
	<u>1,000,000,000</u>	<u>1,000,000,000</u>

	2023 31 Jawza 1402	2022 30 Qaws 1401
15 Contingencies and Commitments		
Letter of Guarantees		
Off Balance sheet assets - AFN	217,201,150	68,417,749
Off Balance sheet assets - USD	56,806,570	34,139,390
	<u>274,007,720</u>	<u>102,557,139</u>

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BANK-E-MILLIE AFGHAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED ON 31 JAWZA 1402 (21 JUNE 2023)

	21 June 2023 31 Jawza 1402 Un-Audited AFN	21 June 2022 31 Jawza 1401 Un-Audited AFN
16 Interest income and expenses		
<i>Interest income</i>		
Interest on short term investment	6.1.1 21,874,700	1,775,968
Interest on loans and advances - conventional	80,367,735	145,839,948
Profit on loans and advances - Islamic	30,361,940	14,885,282
	<u>132,604,375</u>	<u>162,501,198</u>
<i>Interest expense</i>		
Interest on deposits - conventional	7,254	-
Profit to Murabaha customers - Islamic	5,531,247	-
	<u>5,538,501</u>	<u>-</u>
Net interest income	<u>127,065,874</u>	<u>162,501,198</u>
	2023	2022
	31 Jawza 1402	31 Jawza 1401
17 Commission income and expenses		
<i>Fee and commission income</i>		
Commission income	17.1 52,131,002	40,520,930
Commission on western union inbound / outbound	24,194,950	19,575,180
Payroll processing fee	14,840,036	218,629
Customer account service charges	28,765,173	1,352,911
	<u>119,931,161</u>	<u>61,667,650</u>
Fee and commission expense		
Funds transfers	713,454	8,653,341
Inter bank transaction fee	16,945	812,398
Others	34,169	-
	<u>764,568</u>	<u>9,465,739</u>
Net fee and commission income	<u>119,166,593</u>	<u>52,201,911</u>
17.1	This includes commission income on bank guarantees, remittances fees, utility bills collections and commission on government revenue collection.	
	2023	2022
	31 Jawza 1402	31 Jawza 1401
18 Other operating income		
Rental income	26,760,979	23,382,944
Recoveries from loan and advances written off	6,912,746	9,303,508
Dividend income	3,010,057	-
Others	7,343,801	1,523,248
	<u>44,027,583</u>	<u>34,209,700</u>
	2023	2022
	31 Jawza 1402	31 Jawza 1401
19 Personnel expenses		
Salaries and benefits	114,443,312	118,554,530
Bonus	6,618,388	9,069,261
Scholarship and training expenses	42,850	314,401
	<u>121,104,550</u>	<u>127,938,192</u>
	2023	2022
	31 Jawza 1402	31 Jawza 1401
20 Other expenses		
Advertising and publicity	1,919,304	827,095
Repairs and maintenance	20.1 17,635,534	17,357,961
Postage and telegram	7,702	10,320
Deposits insurance expense	28,488,776	24,937,912
Utility charges	6,116,691	5,413,817
Operating lease	883,595	-
Fuel expenses	3,335,332	3,268,638
Printing and stationery	2,326,633	4,449,744
Travelling	1,950,465	1,405,489
Telephone and communication	7,616,053	9,241,365
Security charges	4,598,173	308,071
Audit fee	4,817,075	705,139
Penalties imposed by DAB	1,572,000	200,000
Legal and professional fees	720,000	2,067,583
Others	6,824,967	7,461,689
	<u>88,812,301</u>	<u>77,654,823</u>

20.1 This represents repairs and maintenance cost on investment properties, software's, office equipment's, furniture, vehicles and other miscellaneous items of the bank.

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BANK-E-MILLIE AFGHAN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED ON 31 JAWZA 1402 (21 JUNE 2023)

21 Related parties

The Bank has a related party relationship with its shareholders, subsidiaries and associated companies, directors and key management personnel. Details is as follows:

	21 June 2023 31 JAWZA 1402 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
Shareholders (percentage)		
Ministry of Finance	96.751%	96.751%
Afghan Red Crescent	2.073%	2.073%
Pashtany Bank	1.134%	1.134%
Afghan Air Force	0.037%	0.037%
Kabul Municipality	0.005%	0.005%
	100%	100%
Shareholders (Amount in AFN)		
Ministry of Finance	967,508,023	967,508,023
Afghan Red Crescent	20,731,432	20,731,432
Pashtany Bank	11,343,832	11,343,832
Afghan Air Force Commander	370,411	370,411
Kabul Municipality	46,301	46,301
	1,000,000,000	1,000,000,000

Subsidiaries and associated companies

	Country of Incorporation	Ownership Percentage
Afghan American Trading Co. Inc.	USA	100%
Pashtany Bank	Afghanistan	28.77%
Afghan National Insurance Company	Afghanistan	7.66%
Ariana Afghan Airlines Company	Afghanistan	6.25%
Edahdia Mazar Sharif	Afghanistan	41.63%
Sherkat Saderat Pakhta Herat	Afghanistan	8.00%
Sherkat pashmena Bafi Qandahar	Afghanistan	29.95%
Sherkat Yakhsazi Herat	Afghanistan	8.46%
Sherkat Teel Kashi Herat	Afghanistan	17.99%

21.1 Transactions with related parties

The Bank had transactions with following related parties at mutually agreed terms during the period:

	Six months ended on	21 June 2023 31 JAWZA 1402 Un-Audited AFN	21 June 2022 31 Jawza 1401 Un-Audited AFN
Supervisors and key management personnel:			
Basic salary & Bonus	21.1.1	6,990,010	4,333,878
Board of Supervisor's meeting fee		1,950,400	1,116,000
		8,940,410	5,449,878

21.1.1 During the period there were no bonus paid to key management personnel.

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22 Capital management

Regulatory capital

DAB sets and monitors capital requirements for the Bank. The Bank is required to maintain at all times the paid up capital plus reserves in excess of Afs 1,000 million and regulatory capital to be 12% of the risk weighted assets. The capital adequacy of the Bank is assessed in two tiers as per regulations of the DAB.

- Tier 1 or core capital, consisting of the highest quality capital elements that fully meet all the essential characteristics of capital; to be 6% of risk weighted assets.

- Tier 2 or supplementary capital, which includes other instruments which, to a varying degree, fall short of the quality of Tier 1 capital, but nonetheless contribute to the overall strength of a bank as a going concern.

	21 June 2023 31 Jawza 1402 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
Tier 1 capital		
Total equity	8,953,726,411	8,915,916,878
Less: Current period profit	(37,809,533)	(19,129,276)
Less: Surplus on revaluation of property and equipment - net	(792,247,503)	(792,247,503)
Less: Intangible assets	(4,321,299)	(4,386,404)
Total Tier 1	<u>8,119,348,076</u>	<u>8,100,153,695</u>
Tier 2 capital		
Profit for the period	37,809,533	19,129,276
Surplus on revaluation of property and equipment - net	792,247,503	792,247,503
General loss reserves on credits Allowable Portion	14,433,721	15,853,591
Allowable deduction-equity investment	(1,250,381,988)	(1,255,375,989)
Total Tier 2	<u>(405,891,231)</u>	<u>(428,145,619)</u>
Total regulatory capital (Tier 1 + Tier 2)	<u>7,713,456,845</u>	<u>7,672,008,076</u>
Risk-weight categories		
0% risk weight:		
Cash in Afghani and fully-convertible foreign currencies	5,063,886,294	1,909,688,840
DAB Capital notes	-	-
Direct claims on DAB	19,932,499,895	25,100,135,362
Precious metals and precious stones	65,762,452	65,762,452
0% risk-weight total (above total x 0%)	<u>25,062,148,641</u>	<u>27,075,586,654</u>
20% risk weight:		
Balances with other banks	3,990,562,889	3,881,764,837
20% risk-weight total (above total x 20%)	<u>798,112,578</u>	<u>776,352,967</u>
50% risk weight:		
Balances with other banks	-	-
50% risk-weight total (above total x 50%)	<u>-</u>	<u>-</u>
100% risk weight:		
All other assets	13,895,108,300	13,917,233,311
Less: intangible assets	(4,321,299)	(4,386,404)
Allowable deduction-equity investment	(1,250,381,988)	(1,255,375,989)
100% risk-weight total (above total x 100%)	<u>12,640,405,013</u>	<u>12,657,470,918</u>
0% risk weight:		
Guarantees	274,007,720	102,557,139
Unused Portions of Commitments	-	-
0% credit conversion factor total (risk-weighted total x 0%)	<u>274,007,720</u>	<u>102,557,139</u>
Total risk-weighted assets	<u>13,438,517,591</u>	<u>13,433,823,885</u>
Tier 1 Capital Ratio (Tier 1 capital as % of total risk-weighted assets)	60.42%	60.30%
Regulatory Capital Ratio (Regulatory capital as % of total risk-weighted assets)	57.40%	57.11%

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23 Reclassifications

Corresponding figures have been re-arranged and re-classified where necessary for more appropriate presentation of transactions and events for the purpose of comparison.

24 General

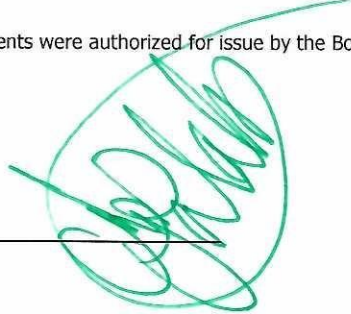
The amounts have been rounded off to nearest AFN.

25 Date of authorization for issue

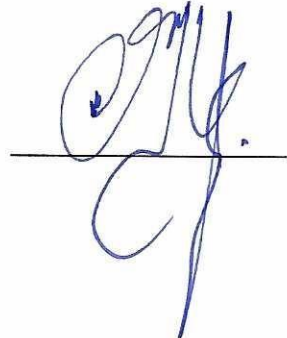
These financial statements were authorized for issue by the Board of Supervisors of the Bank-e-Mille Afghan on 05 AUG 2023

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Chief Executive Officer



Chief Financial Officer



Chairman BOS

