



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

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Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Bank-e-Millie Afghan** (the Bank) as at 31 Jawza 1400 (21 June 2021), 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 174.9 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 7.1.1 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 and the current account balance.
- b) The International Financial Reporting Standard (IFRS)-16 "Leases" became applicable from 01 January 2019. The management is currently in the process of assessing the impact of IFRS 16 on the Bank's condensed interim financial information. Therefore, this condensed interim financial information does not incorporate the impact of IFRS 16 which constitutes a departure from applicable financial reporting framework as disclosed in note 2 to the condensed interim financial information.



Qualified Conclusion

Based on our review, except for the possible effects of the matters described in under the "Basis for Qualified Conclusion" paragraph, based on our review, 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".

Other Matters

The condensed interim financial information for the six months ended 31 Jawza 1399 (20 June 2020) and the financial statements for the year ended 30 Qaws 1399 (20 December 2020) were reviewed and audited, respectively, by another auditor who expressed a modified review conclusion on condensed interim financial information for the six months ended 31 Jawza 1399 (20 June 2020) on 04 August 2020 and unmodified audit opinion on the financial statements for the year ended (30 Qaws 1399) 20 December 2020 on 17 March 2021.

Mazars Afghanistan



Chartered Accountants

Engagement Partner: Muhammad Saqlain Siddiqui

Date: 07 August 2021

Place: Kabul, Afghanistan

BANK-E-MILLIE AFGHAN
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR SIX MONTHS PERIOD ENDED ON 31 JAWZA 1400 (21 JUNE 2021)

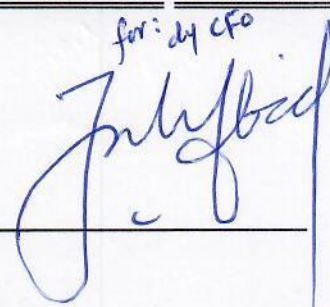
	Notes	Six months ended on		Three months ended on	
		21 June 2021 31 Jawza 1400 Un-Audited AFN	20 June 2020 31 Jawza 1399 Un-Audited AFN	21 June 2021 31 Jawza 1400 Un-Audited AFN	20 June 2020 31 Jawza 1399 Un-Audited AFN
Interest income and expenses					
Interest income	14	340,418,322	396,044,625	181,754,263	202,446,452
Interest expense	14	(6,616,818)	(26,086,795)	(2,691,691)	(12,909,944)
Net interest income		333,801,504	369,957,830	179,062,572	189,536,508
Commission income and expenses					
Commission income		87,052,956	61,074,487	44,058,794	17,950,084
Commission expense		(1,339,683)	(1,327,920)	(646,078)	(574,893)
Net commission income		85,713,273	59,746,567	43,412,716	17,375,191
Other income					
Income from dealing in foreign currencies -net		9,538,043	8,879,073	3,148,929	5,464,570
Gain on revaluation of investment properties	8	1,058,990,863	-	1,058,990,863	-
Net unrealized exchange gain		33,608,563	-	23,388,795	35,823,702
Other operating income	15	61,281,250	55,089,985	25,044,011	29,844,306
Total other income		1,163,418,720	63,969,058	1,413,152,498	71,132,578
Total operating income		1,582,933,497	493,673,456	1,635,627,786	278,044,277
Operating expenses					
Provision for losses on loans and advances	6.1	78,234,944	184,210,586	41,154,473	(2,033,145)
Provision for loss on Murabaha deposit in RAK Bank		74,141,197	-	-	-
Personnel expenses	16	148,288,399	166,041,302	63,943,287	82,664,357
Depreciation		12,370,440	10,443,918	6,187,585	5,323,706
Amortization		1,897,116	4,476,064	954,257	2,239,551
Other expenses	17	140,142,019	111,640,654	73,161,685	58,287,152
Net unrealized exchange loss		-	45,322,273	-	-
Total operating expenses		455,074,115	522,134,797	185,401,287	146,481,622
Total operating profit		1,127,859,382	(28,461,341)	1,450,226,499	131,562,656
Profit before taxation		1,127,859,382	(28,461,341)	1,450,226,499	131,562,656
Taxation - net	18	(232,164,844)	-	(222,238,741)	-
Profit for the period		895,694,539	(28,461,341)	1,227,987,758	131,562,656

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

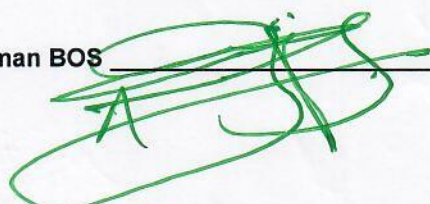
Chief Executive Officer



Chief Financial Officer

for: dy cfo


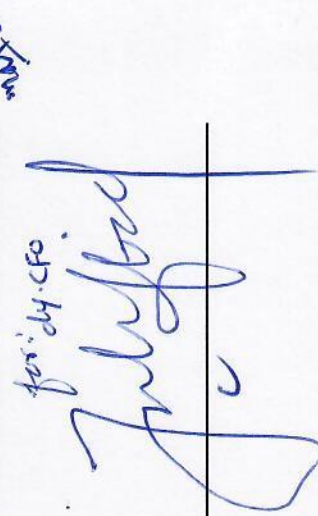
Chairman BOS



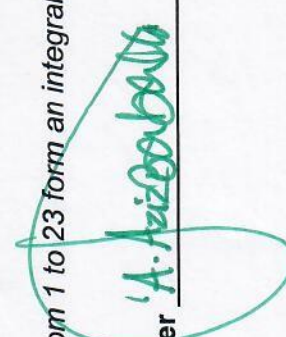
BANK-E-MILLIE AFGHAN
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR SIX MONTHS PERIOD ENDED ON 31 JAWZA 1400 (21 JUNE 2021)

	Share capital	Retained earnings	Revaluation surplus	Exchange translation reserve	General reserve	Total
	AFN	AFN	AFN	AFN	AFN	AFN
Balance as at 30 Qaws 1398 (21 December 2019) - Audited	1,000,000,000	6,277,097,432	792,247,503	34,313,024	7,941,250	8,111,599,209
Profit for the six months period ended on 31 Jawza 1399 (20 June 2020)	-	(28,461,341)	-	-	-	(28,461,341)
Other comprehensive income	-	-	-	-	-	-
Balance as at 31 Jawza 1399 (20 June 2020) - Un - audited	1,000,000,000	6,248,636,091	792,247,503	34,313,024	7,941,250	8,083,137,868
Balance as at 30 Qaws 1399 (21 December 2020) - Audited	1,000,000,000	6,399,655,565	792,247,503	34,313,024	7,941,250	8,234,157,342
Profit for the six months period ended on 31 Jawza 1400 (21 June 2021)	-	895,694,539	-	-	-	895,694,539
Other comprehensive income	-	-	-	-	-	-
Dividend paid to Shareholder	-	(500,000,000)	-	-	-	(500,000,000)
Balance as at 31 Jawza 1400 (21 June 2021) - Un-audited	1,000,000,000	6,795,350,104	792,247,503	34,313,024	7,941,250	8,629,851,881

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

for: ch. CFO


Chief Executive Officer _____ Chief Financial Officer _____



Chairman BOS 

BANK-E-MILLIE AFGHAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
FOR SIX MONTHS PERIOD ENDED ON 31 JAWZA 1400 (21 JUNE 2021)

		21 June 2021 31 Jawza 1400 AFN Un-Audited	20 June 2020 31 Jawza 1399 AFN Un-Audited
Operating activities			
Profit (loss) before taxation		1,127,859,382	(28,461,341)
<i>Adjustments for:</i>			
Depreciation		12,370,440	10,443,732
Amortization		1,897,116	4,476,064
Provision for losses on loans and advances	6.1	78,234,944	184,210,586
Gain on revaluation of investment properties	8.1	(1,058,990,864)	-
		<u>(966,488,364)</u>	<u>199,130,382</u>
		161,371,018	170,669,041
<i>(Increase) / decrease in operating assets and liabilities:</i>			
Loans and advances to customers		122,130,724	(474,406,730)
Other assets		(407,835,173)	(119,360,423)
Deposits from customers		491,908,780	6,934,771,718
Deposits with banks (DAB required reserve)		-	(268,908,028)
Other liabilities		(36,411,109)	(55,839,089)
		<u>169,793,222</u>	<u>6,016,257,448</u>
Tax paid		-	(54,510,479)
		-	(54,510,479)
Net cash generated from operating activities		<u>331,164,242</u>	<u>6,132,416,011</u>
Investing activities			
Placements with other banks	5.2	7,096,802,967	5,219,756,523
Capital Notes with DAB	5.1	(2,953,759,349)	(7,063,691,943)
Long term Investments		(3,674,000)	2,948,000
Purchase of intangible assets		(36,064)	(39,260)
Capital expenditure in investment properties		(4,607,000)	5,554,170
Non-current assets Held for Sale		-	7,017,349
Purchase of property and equipment		(8,022,427)	(6,229,923)
Net cash flows from (used in) investing activities		<u>4,126,704,127</u>	<u>(1,834,685,084)</u>
Financing activities			
Dividend paid		(500,000,000)	-
Net cash used in financing activities		<u>(500,000,000)</u>	<u>-</u>
Net increase in cash and cash equivalents		<u>3,957,868,369</u>	<u>4,297,730,927</u>
Cash and cash equivalents at beginning of year		<u>14,628,752,629</u>	<u>12,698,020,949</u>
Cash and cash equivalents at end of period	4	<u>18,586,620,998</u>	<u>16,995,751,876</u>

The annexed notes from 1 to 23 form an integral parts of this condensed interim financial information.

Chief Executive Officer

A. Aziz Zerbalo

Chief Financial Officer

for: dy CFO
Julyfard

Chairman BOS

[Signature]

BANK-E-MILLIE AFGHAN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR SIX MONTHS PERIOD ENDED ON 31 JAWZA 1400 (21 JUNE 2021)

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 35 branches (2020: 36 branches) in operation.

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

2 Basis of preparation

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with International Accounting Standards (IAS 34) 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 owns 100% shares of the subsidiary named '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 condensed interim financial information has 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

This condensed interim financial information is presented in Afghani, which is the Bank's functional currency. The amounts in the condensed interim financial information has 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 1399 - (20 December 2020).

3 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 1399 (20 December 2020).



BANK-E-MILLIE AFGHAN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR SIX MONTHS PERIOD ENDED ON 31 JAWZA 1400 (21 JUNE 2021)

		21 June 2021	20 December 2020
		31 Jawza 1400 Un-Audited AFN	30 Qaws 1399 Audited AFN
4	Cash and cash equivalents		
	Cash in hand	4.1 823,371,997	1,311,096,322
	Balances with Da Afghanistan Bank	4.2 11,917,407,943	7,011,368,656
	Nostros account balances with financial institutions	4.3 5,813,131,894	6,273,578,487
	Gold at bank vault	4.4 32,709,164	32,709,164
		<u>18,586,620,998</u>	<u>14,628,752,629</u>
4.1	Cash in hand		
	Local currency	4.1.1 291,216,495	425,617,952
	Foreign currency	4.1.2 515,724,392	764,609,104
	Cash at ATMs - AFN	8,211,460	113,853,166
	Cash at ATMs - USD	8,219,650	7,016,100
		<u>823,371,997</u>	<u>1,311,096,322</u>
4.1.1	This represents cash at vaults in all the branches of the bank.		
4.1.2	This represents cash at vaults in all the branches of the bank in foreign currencies consist of the following currencies:		
	Foreign currency		
	USD	420,105,633	596,913,999
	GBP	25,124,681	22,502,069
	PKR	80,888	78,442
	EURO	70,413,192	145,114,594
		<u>515,724,394</u>	<u>764,609,104</u>
4.2	Balances with Da Afghanistan Bank		
	Local currency in:		
	Current accounts (interest free)	472,901,622	1,592,012,800
	Overnight account	706,302	4,025,483
	Required reserve accounts	4.2.3 968,711,823	1,029,157,702
		<u>1,442,319,747</u>	<u>2,625,195,985</u>
	Foreign currency in:		
	Current accounts	4.2.2 8,613,429,825	5,415,330,372
	Required reserve accounts	4.2.3 1,861,658,371	1,958,975,416
		<u>10,475,088,196</u>	<u>7,374,305,788</u>
		<u>11,917,407,943</u>	<u>9,999,501,773</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR SIX MONTHS PERIOD ENDED ON 31 JAWZA 1400 (21 JUNE 2021)**

		21 June 2021	20 December 2020
		31 Jawza 1400 Un-Audited AFN	30 Qaws 1399 Audited AFN
4.2.2	These represent foreign currency account balances in:		
	Current accounts:		
	USD	8,116,787,146	4,970,429,993
	GBP	183,846,139	174,645,344
	PKR	580,132	562,587
	EURO	312,216,408	269,692,447
		8,613,429,825	5,415,330,372
	Required Reserve accounts		
	Foreign currency - USD	1,811,625,952	1,908,973,922
	Foreign currency - EUR	50,032,419	50,001,494
		1,861,658,371	1,958,975,416
4.2.3	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.		
4.3	Nostro current account balances		
	Local currency	4.3.1 745,593	746,193
	Foreign currency	4.3.2 5,812,386,301	3,284,699,176
		5,813,131,894	3,285,445,369
4.3.1	Local currency		
	Pashtany Bank	125,586	126,186
	Azizi Bank	620,007	620,007
		745,593	746,193
4.3.2	Foreign currency		
	Pashtany Bank	318,102	317,849
	New Kabul Bank	394,708	398,676
	Azizi Bank	1,400,242	1,370,170
	Citi Bank New York	4,767,091,741	2,271,048,264
	Canara Bank	739,564	723,884
	Habib Bank - Pakistan	23,673,448	22,958,616
	BMCE Spain	231,068,502	216,881,724
	Islamic Bank of Afghanistan	787,700,000	771,000,000
	National Westminster Bank	253,283	240,608
	Mitsuho Bank	41,959	41,070
	BNP Paribas Bank	14,015	14,058
	BCCI Bank	21,461,616	21,018,140
	Gross Balances	5,834,157,180	3,306,013,057

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR SIX MONTHS PERIOD ENDED ON 31 JAWZA 1400 (21 JUNE 2021)**

Less: Provisions on the Bank Balances

Provision against deposits at BCCI	(21,461,622)	(21,018,146)
Provision against deposits at Mitsuho Bank	(41,959)	(41,070)
Provision against deposits at National Westminster Bank	(253,283)	(240,608)
Provision against deposits at BNP Paribas Bank	(14,015)	(14,058)
Net Balances	5,812,386,301	3,284,699,176

4.4 This represents gold coins in the vault acquired in the early years after inception of BMA in Afghanistan. However, these gold coins were last revalued during the year 2019, accordingly the revaluation impact was taken to the P&L, based on the approval of BOS and DAB.

		21 June 2021 31 Jawza 1400 Un-Audited AFN	20 December 2020 30 Qaws 1399 Audited AFN
5 Short-term investments			
Capital notes with DAB	5.1	9,795,642,696	6,841,883,347
Placements with banks (Foreign Banks)	5.2	792,438,857	7,889,241,824
		10,588,081,553	14,731,125,171
5.1 Capital Notes			
Capital notes with DAB		9,672,862,192	6,759,073,074
Accrued Interest on Capital Notes		122,780,504	82,810,273
		9,795,642,696	6,841,883,347
5.2 Placements in banks (Foreign Banks)			
Canara Bank London		-	1,696,200,000
State Bank of India - London		-	2,158,800,000
Citi Bank New York		-	1,181,221,814
Murabaha Deposit in RAK Bank - by IBW		150,421,174	147,232,100
ADGMC ITI CITI Bank		-	1,927,742,390
First Abu Dhabi Bank		787,700,000	771,000,000
		938,121,174	7,882,196,303
Accrued Interest		4,738,857	80,661,603
less: Provision for (100%) loss on Murabaha deposit in RAK Bank		(150,421,174)	(73,616,082)
		792,438,857	7,889,241,824

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BANK-E-MILLIE AFGHAN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR SIX MONTHS PERIOD ENDED ON 31 JAWZA 1400 (21 JUNE 2021)

		21 June 2021	20 December 2020
		31 Jawza 1400 Un-Audited AFN	30 Qaws 1399 Audited AFN
6 Loans and advances to customers - net	Note		
Conventional Loans		4,110,432,774	4,297,246,579
Islamic Loans		773,916,873	715,780,196
		4,884,349,647	5,013,026,776
Allowances for Impairment			
Conventional	6.1	(450,297,790)	(435,611,646)
Islamic	6.1	(146,418,689)	(89,416,293)
		(596,716,479)	(525,027,940)
		21 June 2021	20 December 2020
		31 Jawza 1400 Un-Audited AFN	30 Qaws 1399 Audited AFN
6.1 Provision / impairment - summary			
Balance at the beginning of the year		525,027,940	306,089,022
Charge for the period - Conventional		63,502,219	360,531,539
Charge for the period - Islamic		144,707,573	128,913,230
Loss - Conventional			8,420,624
Reversal made during the period - Conventional		(40,477,281)	(185,505,410)
Reversal made during the period - Islamic		(89,497,567)	(92,802,577)
Net charge for six month ended 31 Jawza 1400 (21 June 2021)		78,234,944	219,557,406
Written off during the period		(8,420,624)	-
Exchange rate differences		1,874,219	(618,488)
Balance as at 31 Jawza 1400(21 June 2021)		596,716,479	525,027,940

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR SIX MONTHS PERIOD ENDED ON 31 JAWZA 1400 (21 JUNE 2021)**

		21 June 2021	20 December 2020
	Note	31 Jawza 1400 Un-Audited	30 Qaws 1399 Audited
7 Long term investments			
Investment in subsidiaries	7.1	173,294,000	169,620,000
Investment in associates	7.2	810,144,298	810,144,298
Investment in equity instruments	7.3	161,361,832	161,361,832
		<u>1,144,800,130</u>	<u>1,141,126,130</u>
7.1 Investment in subsidiaries			
Afghan American Trading Co. Inc. (Cost USD 2,200,000)	7.1.1	173,294,000	169,620,000
		<u>173,294,000</u>	<u>169,620,000</u>
7.1.1 Afghan American Trading Co. Inc.			
<p>Afghan American Trading Co. Inc. is wholly owned subsidiary of the bank wherein investment cost is USD 2.2 million. There is a dispute with the management of Afghan American Trading Co. Inc. (AATC) and the Bank plans to launch an investigation into the affairs of the AATC. The latest audited financial statements of AATC are not available and the Bank cannot assess the recoverability of its investment in AATC as well as the current account balance maintained with AATC.</p>			
7.2 Investment in associates			
<p>The Bank use equity method of accounting for determining the carrying value of the investment in Pashtany Bank.</p>			
7.3 Investment in equity instruments			
Afghan National Insurance Company		18,605,169	18,605,169
Ariana Afghan Airlines Company		142,756,663	142,756,663
		<u>161,361,832</u>	<u>161,361,832</u>

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BANK-E-MILLIE AFGHAN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR SIX MONTHS PERIOD ENDED ON 31 JAWZA 1400 (21 JUNE 2021)

		21 June 2021	20 December 2020
		31 Jawza 1400 Un-Audited AFN	30 Qaws 1399 Audited AFN
8	Investment Property	Note	
	Opening balance		4,391,960,252
	Additions during the year		3,359,281,174
	Revaluation gain on properties	8.1	-
	Exchange rate differences		1,032,679,078
	Closing balance		4,607,000
			<u>5,455,558,115</u>
			<u>4,391,960,252</u>

8.1 This represents revaluation gain on investment properties held by the bank during the year 2020. However, the recognition of the gain was approved by the DAB during 2021 in accordance with letter number 1853/1226 dated 1400/02/09.

		21 June 2021	20 December 2020
		31 Jawza 1400 Un-Audited AFN	30 Qaws 1399 Audited AFN
9	Other assets	Note	
	Receivable from subsidiaries	9.1	25,770,314
	Prepaid expenses		25,223,959
	Advance tax	9.2	130,166,172
	Rent receivable against investment properties		102,741,757
	Accrued interest on loans and advances - Conventional		634,313,256
	Accrued profit on loans and advances - Islamic		37,066,766
	Receivable against cash misappropriation	9.3	33,497,082
	Security deposit with DAB and Western union		186,748,107
	Suspense advance		180,271,835
	Receivable from sale of property		2,126,760
	Advances against construction project	9.4	1,792,169
	Other receivables		53,464,516
			9,452,400
			19,457,887
			25,532,451
			115,786,293
			113,331,512
			273,454,515
			-
			314,515,519
			195,760,016
			<u>1,782,667,181</u>
			<u>1,374,779,254</u>
less:	Provision held on other assets		(36,698,358)
			(36,645,604)
			<u>1,745,968,823</u>
			<u>1,338,133,650</u>

9.1 This represents the share of profit receivable from Afghan American Trading Company.

9.2 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.

9.3 This includes various receivables of the Bank against cash misappropriations, thefts, unsettled advances and other such events.

9.4 This represents advance payment to National Development Corporation, against the construction work on investment property located in Dehmazang area of Kabul.

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR SIX MONTHS PERIOD ENDED ON 31 JAWZA 1400 (21 JUNE 2021)

	21 June 2021	20 December 2020
	31 Jawza 1400 Un-Audited AFN	30 Qaws 1399 Audited AFN
10 Deposits from customers		
Local currency:		
Conventional deposits	13,728,175,115	11,662,581,721
Islamic deposits	73,691,483	85,519,943
Margin against letter of guarantee	485,994,210	525,967,317
Total local currency	14,287,860,808	12,274,068,982
Foreign Currency:		
Conventional deposits	18,219,474,234	19,423,508,774
Islamic deposits	387,006,609	321,631,586
Margin against letter of guarantee	27,399,120	410,622,650
Total foreign currency	18,633,879,963	20,155,763,009
	<u>32,921,740,771</u>	<u>32,429,831,991</u>
	21 June 2021	20 December 2020
	31 Jawza 1400 Un-Audited AFN	30 Qaws 1399 Audited AFN
11 Other liabilities		
Accrued interest on deposits - conventional	1,860,780	9,285,747
Accrued profit on deposits - islamic	3,608,867	3,706,978
Deferred income	22,218,078	25,646,906
Retention deposits	2,014,231	2,409,068
Security deposits payable	25,854,619	28,410,653
Withholding tax payable	6,113,725	14,035,400
Dividend payable	69,215,268	69,215,268
Bills payable	11,871,700	11,620,582
Defined benefit plan (pension scheme)	212,627,164	211,768,080
Accrued expenses	25,508,626	26,940,585
Others	186,886,833	201,151,734
	<u>567,779,893</u>	<u>604,191,002</u>
12 Share capital		
12.1 Authorised		
100,000 (2020: 100,000) ordinary shares of AFN 10,000 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
12.2 Issued, Subscribed and Paid up Capital		
100,000 (2020: 100,000) ordinary shares of AFN 10,000 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
12.3 The issued shares are subscribed by the following parties:		
Ministry of Finance	967,508,024	967,508,024
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
	<u>1,000,000,000</u>	<u>1,000,000,000</u>
13 Contingencies and Commitments		
Off Balance sheet assets - AFN	485,994,210	525,967,317
Off Balance sheet assets - USD	27,399,120	410,622,650
	<u>513,393,330</u>	<u>936,589,967</u>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR SIX MONTHS PERIOD ENDED ON 31 JAWZA 1400 (21 JUNE 2021)**

		21 June 2021 31 Jawza 1400 Un-Audited AFN	20 June 2020 31 Jawza 1399 Un-Audited AFN
14 Interest income and expenses			
Interest income			
Interest on cash and cash equivalents		142,943,679	155,308,070
Interest on loans and advances - conventional		167,927,366	211,909,619
Profit on loans and advances - islamic		29,547,278	28,826,935
		<u>340,418,322</u>	<u>396,044,625</u>
Interest expense			
Interest on deposits - conventional		6,616,818	26,086,795
Net interest income		<u>333,801,504</u>	<u>369,957,830</u>
15 Other operating income			
Rental income		40,944,837	28,986,383
Bad debts recovered		20,335,928	21,732,648
Others		485	4,370,954
		<u>61,281,250</u>	<u>55,089,985</u>
16 Personnel expenses			
Salaries and benefits		116,361,249	114,334,205
Bonus		30,166,764	51,212,703
Training expenses		1,760,386	494,394
		<u>148,288,399</u>	<u>166,041,302</u>
17 Other expenses			
Advertising and publicity		2,026,373	3,839,558
Repairs and maintenance		20,193,914	4,818,299
Postage and telegram		41,844	17,044
Utility charges		5,877,111	2,319,756
Rent		8,691,777	5,153,094
Fuel expenses		2,167,898	2,319,005
Printing and stationery		3,995,073	1,807,729
Travelling		2,931,751	1,682,770
Telephone and communication		9,974,389	10,488,205
Security charges		28,142,099	28,791,902
Audit fee		1,154,772	1,130,606
Penalties imposed by DAB		1,103,000	936,000
Others		53,842,019	48,336,688
		<u>140,142,019</u>	<u>111,640,654</u>
18 Taxation - Net			
Current		20,366,672	-
Deffered	18.1	211,798,173	-
		<u>232,164,844</u>	<u>-</u>

18.1 This represent taxable temporary difference due to gain on revaluation of the investment properties as disclosed in note 8.

BANK-E-MILLIE AFGHAN

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited
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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 2021 31 Jawza 1400 Un-Audited AFN	20 December 2020 30 Qaws 1399 Audited AFN
Shareholders (percentage)		
Ministry of Finance	%	96.751
Afghan Red Crescent	%	2.073
Pashtany Bank	%	1.134
Afghan Air Force	%	0.037
Kabul Municipality	%	0.005
	<u>100</u>	<u>100</u>
Shareholders (Amount in AFN)		
Ministry of Finance	967,508,024	967,508,024
Afghan Red Crescent	20,731,432	20,731,432
Pashtany Bank	11,343,832	11,343,832
Afghan Air Force	370,411	370,411
Kabul Municipality	46,301	46,301
	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Subsidiaries and associated companies		
	Country of Incorporation	Ownership Percentage
Afghan American Trading Co. Inc.	USA	100%
Afghanistan Payment System LLC	Afghanistan	16.66%
Pashtany Bank	Afghanistan	28.77%
Afghan National Insurance Company	Afghanistan	7.66%
Ariana Afghan Airlines Company	Afghanistan	6.25%

9. Transactions with related parties

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

	21 June 2021 31 Jawza 1400 Un-Audited AFN	20 June 2020 31 Jawza 1399 Un-Audited AFN
Supervisors and key management personnel:		
Basic salary & Bonus	7,843,113	8,918,179
Board of Supervisor's meeting fee	900,000	1,800,000
	<u>8,743,113</u>	<u>10,718,179</u>

In addition to salaries, the Bank also provides non-cash benefits to supervisors and key management personnel, and contributes to a post-employment defined benefit plan for them.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR SIX MONTHS PERIOD ENDED ON 31 JAWZA 1400 (21 JUNE 2021)**

20 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 2021	20 December
	31 Jawza 1400	2020
	Un-Audited	30 Qaws 1399
	AFN	Audited
	AFN	AFN
Tier 1 capital		
Total equity	8,629,851,881	8,234,157,342
Less: Current year profit	(895,694,539)	(122,558,133)
Less: Surplus on revaluation of property and equipment - net	(792,247,503)	(792,247,503)
Less: Exchange translation reserve	(34,313,024)	(34,313,024)
Less: Intangible assets	(9,114,922)	(10,975,538)
Total Tier 1	6,898,481,893	7,274,063,144
Tier 2 capital		
Profit for the period / year	895,694,539	122,558,133
Surplus on revaluation of property and equipment - net	792,247,503	792,247,503
Exchange translation reserve	34,313,024	34,313,024
General loss reserves on credits Allowable Portion	2,467,733	2,795,454
Allowable deduction-equity investment	(1,144,800,130)	(1,141,126,130)
Total Tier 2	579,922,668	(189,212,016)
Total regulatory capital (Tier 1 + Tier 2)	7,478,404,562	7,084,851,128

BANK-E-MILLIE AFGHAN

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Risk-weight categories

0% risk weight:

Cash in Afghani and fully-convertible foreign currencies	823,371,997	1,343,805,486
DAB Capital notes	9,672,862,192	6,759,073,074
Direct claims on DAB	11,917,407,943	9,999,501,774
Precious metals and precious stones	32,709,164	-
	<u>22,446,351,295</u>	<u>18,102,380,334</u>
0% risk-weight total (above total x 0%)	<u>-</u>	<u>-</u>

20% risk weight:

Balances with other banks	<u>6,751,253,068</u>	<u>11,167,641,672</u>
20% risk-weight total (above total x 20%)	<u>1,350,250,614</u>	<u>2,233,528,334</u>

21 June 2021	20 December 2020
31 Jawza 1400	30 Qaws 1399
Un-Audited	Audited
AFN	AFN

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	14,634,572,191	13,330,251,311
Less: intangible assets	(9,114,922)	(10,975,538)
Allowable deduction-equity investment	<u>(1,144,800,130)</u>	<u>(1,141,126,130)</u>
	<u>13,480,657,139</u>	<u>12,178,149,643</u>
100% risk-weight total (above total x 100%)	<u>13,480,657,139</u>	<u>12,178,149,643</u>

0% risk weight:

Guarantees	<u>513,393,330</u>	<u>936,589,967</u>
0% credit conversion factor total (risk-weighted total x 0%)	<u>-</u>	<u>-</u>

Total risk-weighted assets

<u>14,830,907,752</u>	<u>14,411,677,978</u>
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Tier 1 Capital Ratio

(Tier 1 capital as % of total risk-weighted assets)	46.51%	50.47%
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Regulatory Capital Ratio

(Regulatory capital as % of total risk-weighted assets)	50.42%	49.14%
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BANK-E-MILLIE AFGHAN

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR SIX MONTHS PERIOD ENDED ON 31 JAWZA 1400 (21 JUNE 2021)**

21 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.

22 General

The amounts have been rounded off to nearest AFN.

23 Date of authorisation for issue

These condensed financial statements were authorised for issue by the Board of Supervisors of the Bank-e-Mille Afghan on 07-08-2021

Chief Executive Officer

A. Aziz Babalo

Chief Financial Officer

for: dy. CFO
[Signature]

Chairman BOS

[Signature]