

## INDEPENDENT REVIEW REPORT TO SHAREHOLDERS

### *Introduction*

We have reviewed the accompanying Statement of Condensed Interim Financial Position of **Bank-e-millie Afghan** ("the bank") as of **June 21, 2018**, and the related Statement of Condensed Interim Comprehensive Income, Statement of Condensed Interim Changes in Equity and Statement of Condensed Interim Cash Flows for the three-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 Financial Reporting Standards (IFRSs), the requirements of the Law of Banking in Afghanistan and directives issued by the Da Afghanistan Bank (DAB). Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standards on Review Engagements (ISRE) 2410, which applies to review the historic financial information performed by the independent auditor of the entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Basis for qualified conclusion*

- a) The bank has invested in a wholly owned subsidiary "Afghan American trading Co. Inc. (AATC) and Afghan National Credit and Finance Limited (ANCFL) which are carried at a cost of USD 2.2 Million (Afs. 157.476 Million) and GBP 2.752 Million (Afs. 258.036 Million) respectively. Further the bank has an outstanding current account balance of USD 2.22 Million (Afs. 157.476 Million) with AATC at year end. The bank has not prepared consolidated financial statements in respect of its above subsidiary as required under IFRS -10 'Consolidated Financial Statements' due to lack of financial information relating to its subsidiary. Further, for the reason disclosed in note 7.1 to the financial statements, we have not been able to obtain sufficient and appropriate audit evidence regarding the existence and recoverability of the above referred investment and the current account balance.

### *Qualified Conclusion*

Based on our review, except for the possible effects of the matters described above under the "Basis for Qualified Conclusion" paragraph, nothing has come to our attention that cause to believe that accompanying condensed interim financial information of the bank as at June 21, 2018 is not prepared, in all material respects, in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Law of Banking in Afghanistan and directives issued by Da Afghanistan Bank (DAB) rules and regulations. CHK

  
Crowe Horwath Afghanistan

Auditors & Business Advisors  
Kabul



**BANK-E-MILLIE AFGHAN**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31-Jawza- 1397 (21 June 2018)**

		Un-Audited 31 Jawza 1397	Audited 30 Qaws 1396
	Note	.....Afs.....	
<b>Assets</b>			
Cash and bank balances	5	35,128,587,808	33,320,673,941
Loans and advances to customers - net	6	3,495,287,838	2,889,153,749
Investments	7	1,043,261,115	1,034,718,062
Property and equipment	8	1,185,979,806	1,190,063,059
Intangible assets	9	18,502,066	22,893,285
Investment properties	10	4,085,829,995	4,082,594,410
Other assets	11	3,744,446,463	4,025,455,858
<b>Total assets</b>		<b>48,701,895,091</b>	<b>46,565,552,364</b>
<b>Liabilities</b>			
Deposits from banks and customers	12	37,811,106,047	35,882,804,380
Current tax liabilities	13	-	88,298,689
Deferred tax liability - net	14	904,027,914	905,521,291
Other liabilities	15	545,715,410	428,815,602
<b>Total liabilities</b>		<b>39,260,849,371</b>	<b>37,305,439,962</b>
<b>Equity</b>			
Share capital	16	1,000,000,000	1,000,000,000
Retained earnings		7,594,516,588	7,420,489,169
Surplus on revaluation - net		792,247,503	792,247,503
Exchange translation reserve		54,281,629	47,375,730
<b>Total equity</b>		<b>9,441,045,720</b>	<b>9,260,112,402</b>
<b>Total liabilities and equity</b>		<b>48,701,895,091</b>	<b>46,565,552,364</b>
<b>Contingencies and Commitments</b>	25	642,394,474	516,434,483

The annexed notes from 1 to 34 form an integral part of these financial statements.

  
 Chief Executive officer

  
 Chairman BOS

  
 Chief Finance Officer

**BANK-E-MILLIE AFGHAN**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE QUARTER ENDED 31-Jawza-1397 (21 June 2018)**

	Note	Six Months Ended		Three Months Ended	
		Un-Audited		Un-Audited	
		31 Jawza 1397	31 Jawza 1396	31 Jawza 1397	31 Jawza 1396
			.....Afs.....		
Interest income	17	355,708,417	620,650,042	185,515,284	336,132,177
Interest expense	18	(58,037,246)	(115,075,815)	(29,349,247)	(59,888,760)
<b>Net interest income</b>		<b>297,671,171</b>	<b>505,574,227</b>	<b>156,166,037</b>	<b>276,243,417</b>
Fee and commission income	19	102,814,729	103,597,577	58,508,716	43,242,476
Fee and commission expense	20	(6,232,777)	(14,491,252)	(3,167,617)	(5,010,541)
<b>Net fee and commission income</b>		<b>96,581,952</b>	<b>89,106,325</b>	<b>55,341,099</b>	<b>38,231,935</b>
Net income from trading in foreign currencies		21,440,752	9,749,785	21,095,872	(8,485,338)
Gain on revaluation of investment property		-	-	-	-
Other operating income	21	73,696,929	144,493,506	36,563,721	121,921,560
<b>Total other income</b>		<b>95,137,681</b>	<b>154,243,291</b>	<b>57,659,593</b>	<b>113,436,222</b>
<b>Operating income</b>		<b>489,390,804</b>	<b>748,923,843</b>	<b>269,166,729</b>	<b>427,911,574</b>
Net impairment loss /(gain) on loans and advances	6	31,180,088	147,785,165	33,481,082	135,431,354
Provision for other assets	11.4.1	699,827	120,702,000	10,564	35,964,500
Personnel expenses	22	141,645,672	115,583,949	72,054,281	63,347,189
Depreciation on fixed assets	8	9,268,014	8,613,462	4,655,949	4,469,210
Amortization of intangible assets	9	4,435,219	4,470,901	2,244,804	2,259,543
Other expenses	23	96,888,514	129,989,357	35,578,885	62,622,954
Exchange (gain) / loss		(19,427,906)	(19,105,543)	(21,125,989)	(14,261,150)
<b>Operating expenses</b>		<b>(264,689,428)</b>	<b>(508,039,291)</b>	<b>(126,899,576)</b>	<b>(289,833,600)</b>
<b>Profit before taxation</b>		<b>224,701,376</b>	<b>240,884,552</b>	<b>142,267,153</b>	<b>138,077,974</b>
Taxation	24	(40,607,031)	(70,867,546)	(23,724,570)	(36,203,493)
<b>Profit for the period</b>		<b>184,094,345</b>	<b>170,017,006</b>	<b>118,542,583</b>	<b>101,874,481</b>
<b>Other Comprehensive Income</b>					
<b>Items that are or may be reclassified to profit or loss</b>					
Exchange (loss) / gain arising on translation of net investment		8,632,374	11,292,546	(708,699)	11,292,546
Deferred tax attributable to exchange gain / (loss) on		(1,726,475)	(2,258,509)	141,740	(2,258,509)
		6,905,899	9,034,037	(566,959)	9,034,037
<b>Items that will never be reclassified to profit or loss</b>					
Remeasurement (loss) / gain on defined benefit plan		(12,583,657)	-	-	-
Deferred tax on remeasurement loss / (gain)		2,516,731	-	-	-
		(10,066,926)	-	-	-
<b>Total Other comprehensive income</b>		<b>(3,161,027)</b>	<b>9,034,036.80</b>	<b>(566,959)</b>	<b>9,034,037</b>
<b>Total Comprehensive Income</b>		<b>180,933,318</b>	<b>179,051,043</b>	<b>117,975,624</b>	<b>110,908,518</b>

The annexed notes from 1 to 34 form an integral part of these financial statements.

Chief Executive officer

Chairman-BOS

Chief Finance Officer

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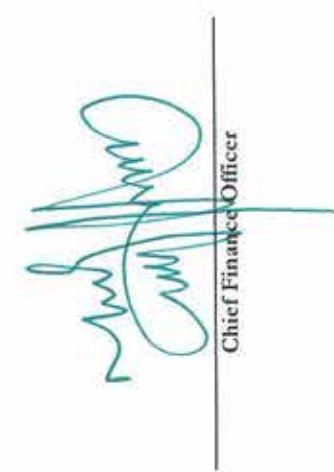
**BANK-E-MILLIE AFGHAN  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE QUARTER ENDED 31-Jawza-1397 (21 June 2018)**

	Share capital	Retained earnings	Revaluation surplus	Exchange translation reserve	Total
			.....Af\$.....		
Balance as at 30 Qawas 1395 (21 December 2016)	1,000,000,000	6,716,015,909	845,612,175	21,967,368	8,583,595,452
Profit for the Period	-	170,017,006	-	-	170,017,006
Other comprehensive income	-	-	-	9,034,037	9,034,037
Reversal of Revaluation Reserve of IBW	-	66,705,840	(66,705,840)	-	-
Balance as at 31 Jawza 1396 (21 June 2017)	1,000,000,000	6,952,738,755	778,906,335	31,001,405	8,762,646,495
Balance as at 30 Qawas 1396 (21 December 2017)	1,000,000,000	7,420,489,169	792,247,503	47,375,730	9,260,112,402
Profit for the Period	-	184,094,345	-	-	184,094,345
Other comprehensive income	-	(10,066,926)	-	6,905,899	(3,161,027)
Balance as at 31 Jawza 1397 (21 June 2018)	1,000,000,000	7,594,516,588	792,247,503	54,281,629	9,441,045,720

The annexed notes from 1 to 34 form an integral part of these financial statements.

  
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Chief Executive officer

  
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Chairman BOS

  
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Chief Finance Officer

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**BANK-E-MILLIE AFGHAN**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE QUARTER ENDED 31-Jawza-1397 (21 June 2018)**

	Un-Audited 31 Jawza 1397	Un-Audited 31 Jawza 1396
Note	.....Afs.....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	224,701,376	240,884,552
<b>Adjustments for:</b>		
Depreciation	9,268,014	8,613,462
Amortization	4,435,219	4,470,901
Net impairment loss on loans and advances	31,180,088	147,785,165
Provision for other assets	699,827	-
Provision for retirement benefit	3,515,606	-
	<u>49,098,754</u>	<u>160,869,528</u>
	175,602,623	401,754,081
<b>(Increase)/decrease in operating assets and liabilities:</b>		
Loans and advances to customers	(637,314,177)	(425,619,587)
Other assets	281,009,395	(776,281,351)
Deposits from banks and customers	1,928,301,667	8,321,176,060
Short term borrowing	-	-
Other liabilities	116,899,808	108,831,230
	<u>1,688,896,693</u>	<u>7,228,106,352</u>
<b>Tax Paid</b>	(128,905,720)	-
<b>Retirement benefit paid</b>	(2,622,317)	(3,466,436)
	<u>(131,528,037)</u>	<u>(3,466,436)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	1,732,971,279	7,626,393,997
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Placements with Banks and DAB	528,597,334	(5,442,829,656)
Purchase of intangible assets	(44,000)	(144,988)
Addition in investment properties	(3,235,585)	-
Purchase of property and equipment	(5,184,761)	(14,147,211)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>520,132,988</u>	<u>(5,457,121,855)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	-
Capital injection	-	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	2,253,104,267	2,169,272,142
Cash and cash equivalents at beginning of year	27,416,939,352	18,049,078,524
Cash and cash equivalents at end of year	<u>29,670,043,619</u>	<u>20,218,350,666</u>

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 Chief Executive officer

  
 Chairman BOS

  
 Chief Finance Officer