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## BANK-E-MILLIE AFGHAN

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BANK-E-MILLIE AFGHAN



## **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF BANK-E-MILLIE AFGHAN**

### **Introduction**

We have audited the financial statements of Bank-e-Millie Afghan (the Bank), which comprise the statement of financial position as at 21 December 2023, (30 Qaws 1402) and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 21 December 2023, (30 Qaws 1402) and of its financial performance and its cash flows for the year ended, in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), the Law of Banking in Afghanistan and other laws and regulations issued by Da Afghanistan Bank.

### **Basis for Qualified Opinion**

1. 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 150.392 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 financial statements, we have not been able to obtain sufficient and appropriate evidence regarding the existence and recoverability of the above referred investment.
2. Note 5.3.1 of the financial statements includes the balance of AFN 1,949,467,848 (USD 28,517,669), which we were unable to verify through confirmation or any other alternative audit procedures.

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3. During the year, the bank has implemented Islamic core banking accounting module and made it live. The said migration has resulted in new balances at assets and liabilities sides of the balance sheet. The asset side amounts to Afn 213,533,898 while the liability sides amount to Afn 173,501,186, resulting in net difference of 40,032,712 on Murabaha loans and further the system shows the suspense account balance amounting to Afn 56,341,364, As shown in note 12.4 and 16.2 to the financial statements. During our audit we could not verify the completeness of the balances recorded under liability side of the balance sheet due to lack of accurate and reliable information from the system.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants that are relevant to our audit of the financial statements in Afghanistan and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

We draw attention to note 7.4 of the financial statements which shows that the bank has provided additional impairment allowance for loan and advances, as of 21 December 2023 that resulted in significant losses for the year.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs issued by the International Accounting Standards Board (IASB), the Law of Banking in Afghanistan and other laws and regulations issued by Da Afghanistan Bank, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.



## Auditor's Responsibilities for the Audit of the Financial Statements

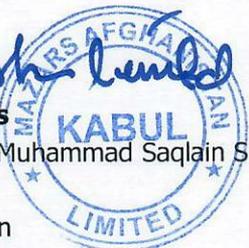
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

*Mazars Afghani Limited*  
**Chartered Accountants**  
**Engagement Partner:** Muhammad Saqlain Siddiqui  
**Date:** 16 March 2024  
**Place:** Kabul, Afghanistan



**BANK-E-MILLIE AFGHAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)**

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**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 Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates and judgments will, by definition, rarely equal the related actual results. The material estimates, assumptions and judgments used to measure and classify the carrying amounts of assets and liabilities are outlined below:

a) **Provision for loan losses**

The Bank reviews loans and advances to customer balances monthly for possible impairment and records the provision for possible loan losses in accordance with DAB regulations as disclosed in note 7. The Bank maintains a general provision of 1% standard loans (2022: 1%) against outstanding loan and advances to customers as at the period end.

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**BANK-E-MILLIE AFGHAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)**

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b) **Provision for income taxes**

The Bank recognizes tax liability in accordance with the provisions of Income Tax Law 2009. The final tax liability is dependent on assessment by Ministry of Finance, Government of Islamic Republic of Afghanistan.

c) **Useful life of property and equipment and intangible assets**

The Bank reviews the useful life, depreciation method and residual value of property and equipment and intangible assets at each statement of financial position date. Any change in estimates may affect the carrying amounts of the respective items of property and equipment and intangible assets with a corresponding effect on the depreciation / amortization charge.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described below:

- a) Useful lives of property and equipment
- b) Impairment of loans and advances to customers
- c) Taxation
- d) Revaluation of the investment property and property plant and equipment
- e) Provision for retirement benefit

**3 New accounting standards / amendments and IFRS interpretations**

- 3.1** 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 2023, but do not have an impact on the Bank's financial statements.

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**BANK-E-MILLIE AFGHAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)**

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**4 Significant accounting policies**

**4.1 IFRS 16 Leases**

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The adoption of this new Standard has resulted in recognition of a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

For contracts in place at the date of initial application, the Bank has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4. The Bank has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 22 December 2020. At this date, the Bank has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for prepaid/ accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Bank has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Bank has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term. The Bank did not had any finance lease. On transition to IFRS 16 the incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 5% per annum. The Bank has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

**4.1.1 Leased assets**

*The Bank as a Lessee*

For any new contracts entered into on or after 22 December 2020, the Bank considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Bank assesses whether the contract meets three key evaluations which are whether:

- a) The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Bank;
- b) The Bank has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- c) The Bank has the right to direct the use of the identified asset throughout the period of use. The Bank assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

*Measurement and recognition of leases as a lessee*

At lease commencement date, the Bank recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Bank, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

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**BANK-E-MILLIE AFGHAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)**

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The Bank depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Bank also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Bank measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Bank's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Bank has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property and equipment within operating fixed assets and lease liabilities have been disclosed on the face of the statement of financial position.

*Extension options for leases*

When the Bank has the option to extend a lease, management uses its judgment to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

**4.2 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, balance held with DAB except under required reserve account, balance in Nostro accounts, placements and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

**4.3 Financial assets and liabilities**

**Recognition**

The Bank initially recognizes loans and advances to customers and deposits from customers on the date that they are originated. All other financial assets and liabilities are initially recognized on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

**De-recognition**

The Bank de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Bank is recognized as a separate asset or liability.

The Bank de-recognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

The Bank also de-recognizes certain assets when it charges off balances pertaining to the assets deemed to be uncollectible.

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**BANK-E-MILLIE AFGHAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)**

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**Offsetting**

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

**Amortized cost measurement**

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

**Identification of measurement of impairment**

At each balance sheet date the Bank assess whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

The Bank considers evidence of impairment at a specific asset level and also collectively. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortized cost) with similar risk characteristics.

In determining the potential loss in specific loans, groups of loans, or in the aggregate loan portfolio, all relevant factors are considered including, but not limited to: current economic conditions, historical loss experience, delinquency trends, the effectiveness of the Bank's lending policies and collection procedures, and the timeliness and accuracy of its loan review function.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognized through the unwinding of the discount, (if applicable).

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

**4.4 Impairment of non-financial assets**

The carrying amounts of the Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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**BANK-E-MILLIE AFGHAN**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED ON 30 QAWS 1402 (21 December 2023)**

<b>Assets</b>	<b>Note</b>	<b>21 December 2023 30 Qaws 1402 AFN</b>	<b>21 December 2022 30 Qaws 1401 AFN Restated</b>
Cash and cash equivalents	5	<b>26,366,323,582</b>	29,889,453,197
Short-term investments	6	<b>730,534,194</b>	907,866,238
Loans and advances to customers - net	7	<b>1,382,179,406</b>	3,928,047,986
Long term investments	8	<b>978,178,167</b>	1,255,375,989
Property and equipment	9	<b>1,263,829,956</b>	1,247,778,520
Intangible assets	10	<b>2,649,586</b>	4,386,404
Investment properties	11	<b>6,122,431,274</b>	5,814,107,774
Other assets	12	<b>981,182,208</b>	999,334,714
<b>Total assets</b>		<b><u>37,827,308,373</u></b>	<u>44,046,350,822</u>
<b>Liabilities</b>			
Deposits from bank and customers	13	<b>30,645,457,926</b>	34,003,327,509
Lease liabilities	14	<b>21,829,428</b>	20,931,897
Deferred tax liability	15	<b>685,039,373</b>	794,123,093
Other liabilities	16	<b>526,548,745</b>	340,807,112
<b>Total liabilities</b>		<b><u>31,878,875,473</u></b>	<u>35,159,189,612</u>
<b>Equity</b>			
Share capital	17	<b>1,000,000,000</b>	1,000,000,000
Retained earnings		<b>4,127,941,757</b>	7,030,285,181
Surplus on revaluations - net		<b>792,247,503</b>	792,247,503
Exchange translation reserves		<b>18,930,624</b>	55,785,024
General reserve		<b>9,313,016</b>	8,843,502
<b>Total equity</b>		<b><u>5,948,432,900</u></b>	<u>8,887,161,210</u>
<b>Total liabilities and equity</b>		<b><u>37,827,308,373</u></b>	<u>44,046,350,822</u>
<b>Contingencies and Commitments</b>	18		

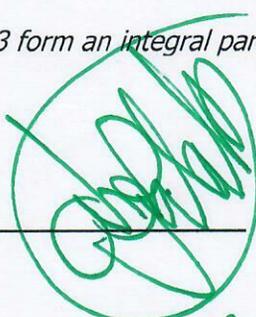
*The annexed notes from 1 to 33 form an integral parts of these financial statements.*

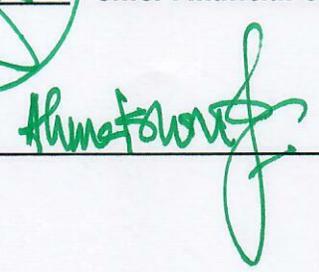
Chief Executive Officer \_\_\_\_\_

Chief Financial Officer \_\_\_\_\_

Chairman BOS \_\_\_\_\_

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**BANK-E-MILLIE AFGHAN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)**

	Note	21 December 2023 30 Qaws 1402 AFN	21 December 2022 30 Qaws 1401 AFN Restated
<b>Interest income and expenses</b>			
Interest income	19	<b>186,459,048</b>	185,499,412
Interest expense	19	<b>(9,660,272)</b>	(7,785,222)
Net interest income		<b>176,798,776</b>	177,714,190
<b>Commission income and expenses</b>			
Commission income	20	<b>203,675,656</b>	166,943,404
Commission expense	20	<b>(1,645,965)</b>	(10,361,909)
Net commission income		<b>202,029,691</b>	156,581,495
<b>Other income</b>			
Realized exchange gain		<b>36,315,918</b>	53,948,875
Unrealized exchange losses		<b>(778,915,054)</b>	(266,786,178)
Gain on revaluation of gold and silver		-	33,053,288
Other operating income	21	<b>91,600,625</b>	268,270,385
Total other income		<b>(650,998,512)</b>	88,486,371
Total operating income		<b>(272,170,045)</b>	422,782,056
<b>Operating expenses</b>			
(Provision) / Reversal on loans and advances	7.3	<b>1,992,970,913</b>	(25,013,303)
(Provision) / Reversal on other assets	12.5	<b>15,031,028</b>	(23,781,024)
Reversal on short term investment		-	(8,925,278)
Personnel expenses	22	<b>239,115,818</b>	255,333,233
Finance cost on lease liability	14	<b>1,463,981</b>	1,771,739
Depreciation	9	<b>41,431,613</b>	39,559,015
Amortization	10	<b>3,340,900</b>	3,382,792
Other expenses	23	<b>205,089,910</b>	173,630,073
Total operating expenses		<b>2,498,444,164</b>	415,957,248
Total operating (loss) / profit		<b>(2,770,614,208)</b>	6,824,808
Share in loss of associate and equity investments	8.4	<b>(231,599,335)</b>	(68,756,721)
		<b>(231,599,335)</b>	(68,756,721)
<b>Loss before taxation</b>			
		<b>(3,002,213,543)</b>	(61,931,913)
Taxation	24	<b>99,870,120</b>	(37,396,623)
<b>Loss for the year</b>		<b>(2,902,343,424)</b>	(99,328,536)
<b>Other comprehensive loss</b>			
<i>Items that may be classified to profit or loss subsequently</i>			
Exchange differences on translation of investment in Afghan American Trading Company - Subsidiary		<b>(46,068,000)</b>	(32,901,000)
Related deferred tax		<b>9,213,600</b>	6,580,200
Other comprehensive loss, net of tax		<b>(36,854,400)</b>	(26,320,800)
<b>Total comprehensive loss for the year</b>		<b>(2,939,197,825)</b>	(125,649,336)

The annexed notes from 1 to 33 form an integral parts of these financial statements.

Chief Executive Officer

Chief Financial Officer

Chairman BOS

**BANK-E-MILLIE AFGHAN**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED ON 30 Qaws 1402 (21 December 2023)**

	Share capital	Retained earnings	Revaluation surplus	Exchange translation reserve	General reserve	Total
<b>Balance as at 30 Qaws 1400 (21 December 2021)</b>	1,000,000,000	7,039,911,573	792,247,503	82,105,824	8,843,502	8,923,108,402
Prior year adjustment (note 30)	-	89,702,144	-	-	-	89,702,144
<b>Balances as at 01 Jaddi 1400 (22 December 2021) - Restated</b>	1,000,000,000	7,129,613,717	792,247,503	82,105,824	8,843,502	9,012,810,546
<b>Balance as at 30 Qaws 1400 (21 December 2021)</b>	1,000,000,000	7,129,613,717	792,247,503	82,105,824	8,843,502	9,012,810,546
Profit for the year	-	(99,328,536)	-	-	-	(99,328,536)
Exchange rate differences on translation of investment in AATC	-	-	-	(26,320,800)	-	(26,320,800)
Subsidiary -net of tax	-	-	-	-	-	-
<b>Balance as at 30 Qaws 1401 (21 December 2022) Restated</b>	1,000,000,000	7,030,285,181	792,247,503	55,785,024	8,843,502	8,887,161,210
<b>Balance as at 30 Qaws 1401 (21 December 2022)</b>	1,000,000,000	7,030,285,181	792,247,503	55,785,024	8,843,502	8,887,161,210
Loss for the year	-	(2,902,343,424)	-	-	-	(2,902,343,424)
Reserve for investments and shares	-	-	-	-	469,514	469,514
Exchange rate differences on translation of investment in AATC	-	-	-	(36,854,400)	-	(36,854,400)
Subsidiary -net of tax	-	-	-	-	-	-
<b>Balance as at 30 Qaws 1402 (21 December 2023)</b>	1,000,000,000	4,127,941,757	792,247,503	18,930,624	9,313,016	5,948,432,900

The annexed notes from 1 to 33 form an integral parts of these financial statements.




Chief Executive Officer

Chief Financial Officer



Chairman BOS



**BANK-E-MILLIE AFGHAN**  
**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED ON 30 Qaws 1402 (21 December 2023)**

		21 December 2023 30 Qaws 1402 AFN	21 December 2022 30 Qaws 1401 AFN Restated
<b>Operating activities</b>			
Loss before taxation		(3,002,213,543)	(61,931,912)
<b>Adjustments for:</b>			
Depreciation	9	41,431,613	39,559,015
Amortization	10	3,340,900	3,382,792
Share in loss of associate and equity investments	8.4	231,599,335	68,756,721
Reversal of provision short term investments		-	(8,925,278)
Impairment loss on loans and advances	7.3	1,992,970,913	(25,013,303)
Provision for other assets	12.5	15,031,028	(23,781,024)
Gain on revaluation of gold and silver		-	(33,053,288)
Finance cost on lease liability	14	1,463,981	1,771,739
Provision for retirement benefit	22.0	6,401,083	5,788,693
		<u>2,292,238,853</u>	<u>28,486,068</u>
<b>Adjustments for changes in operating assets and liabilities:</b>			
Loans and advances to customers		552,897,666	953,567,967
Other assets		9,512,592	68,934,135
Deposits from banks and customers		(3,357,869,583)	(1,709,155,640)
Other liabilities		192,142,716	(167,182,227)
		<u>(2,603,316,608)</u>	<u>(853,835,765)</u>
Tax Paid		-	-
Retirement benefit paid		(49,285,095)	(23,679,222)
		<u>(49,285,095)</u>	<u>(23,679,222)</u>
<b>Net cash flow used in operating activities</b>		<u>(3,362,576,393)</u>	<u>(910,960,831)</u>
<b>Investing activities</b>			
Long term Investments	8	45,598,487	131,159,006
Placements with Banks	6.1	177,332,044	4,619,480,952
Purchase of intangible assets	10	(1,604,082)	-
Capital expenditure in investment properties	11	(308,323,499)	-
Acquisition of Rights of use assets	9	(15,987,508)	(1,184,321)
Purchase of property and equipment	9	(41,014,706)	(16,093,805)
<b>Net cash flow (used in) / from investing activities</b>		<u>(143,999,264)</u>	<u>4,733,361,832</u>
<b>Cash flows from financing activities</b>			
Repayment of lease obligations		(16,553,959)	(16,793,559)
Dividend Paid		-	-
<b>Net cash used in financing activities</b>		<u>(16,553,959)</u>	<u>(16,793,559)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(3,523,129,616)</u>	<u>3,805,607,442</u>
Cash and cash equivalents at beginning of year		<u>29,889,453,197</u>	<u>26,083,845,755</u>
<b>Cash and cash equivalents at end of year</b>		<u>26,366,323,582</u>	<u>29,889,453,197</u>

The annexed notes from 1 to 33 form an integral parts of these financial statements.

Chief Executive Officer

Chief Financial Officer

Chairman BOS

**BANK-E-MILLIE AFGHAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)**

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The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### **4.5 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in income statement except to the extent that it relates to items recognized directly in equity, if any, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **4.6 Foreign currency**

##### **4.6.1 Foreign currencies transactions and translations**

Transactions in foreign currencies are translated to the functional currency of the Bank at exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate prevailing at that date, with the exchange gain or loss on translation recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when fair value was measured. For those non monetary items for which gain or loss is recognized in other comprehensive income, the exchange gain loss arising on translation is also recognized in other comprehensive income. While, for those for non monetary items for which gain or loss is recognized in profit or loss, the exchange gain loss arising on translation is also recognized in profit or loss.



**BANK-E-MILLIE AFGHAN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)**

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**4.6.2 Foreign operations**

Net investment in foreign subsidiaries is translated to Afghani at the reporting date. Foreign currency differences are recognized directly in other comprehensive income.

**4.7 Interest**

Interest income and expense are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in profit or loss comprise of interest on financial assets and liabilities at amortized cost on effective interest rate basis.

**4.8 Fee and commission**

Fee and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fee and commission income, including account servicing fee, funds transfer fee and placement fee, are recognized as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fee are recognized on a straight-line basis over the commitment period.

Other fee and commission expense relates mainly to transaction and service fee and funds transfer fee, which are expensed as the services are received.

**4.9 Rental income**

Rental income from investment property is recognized in profit or loss on accrual basis.

**4.10 Dividend income**

Dividend income is recognized on the date when the Bank's right to receive payment is established.

**4.11 Loans and advances**

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term.

Loans and advances are initially recognized at fair value plus incremental direct transaction cost and subsequently measured at their amortized cost using the effective interest method less allowance for impairment.

Loans and advances classified as loss are written off as required by DAB's regulations.

All loans and advances are classified in accordance with the regulations of DAB.

**4.12 Murabaha**

In Murabaha transactions, the Bank purchases the goods and after taking the possession, sells them to the customers on cost plus mark-up basis either in a spot or credit transaction. Profit on Murabaha is recognized on receipt basis. Profit on Murabaha transactions for the period from the date of disbursement to the date of culmination of Murabaha is recognized immediately upon the later date.

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**BANK-E-MILLIE AFGHAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)**

**4.13 Investments**

Investment in subsidiaries are initially recognized at cost, being the aggregate of fair value at the date of acquisition and any cost directly attributable to the acquisition. Investment in subsidiaries are subsequently carried at cost less accumulated impairment losses, if any. Foreign exchange difference on investment in foreign subsidiaries is recognized in equity.

Investments in associates, where the Bank has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognized at cost, thereafter the Company's share of the changes in the net assets of the associates are accounted for at the end of each reporting period less impairment loss, if any. Share of profit and loss of associate is accounted for in the Company's profit and loss account, whereas changes in the associate's equity which has not been recognized in the associates profit and loss account, are recognized directly in equity of the Bank. The goodwill relating to an associate arising on the acquisition of the investment is included in the carrying value of the investments.

After the application of equity method including recognizing the associates losses, the Bank determines whether it is necessary to recognize any additional impairment loss with respect to its net investment in associate by comparing the entire carrying amount including goodwill with its recoverable amount i.e. the higher of value in use or fair market price less cost to sell.

**4.14 Property and equipment**  
**Recognition and measurement**

Items of property and equipment except for land and building are measured at cost less accumulated depreciation and impairment losses, if any, except for land and building which are described below separately.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

Land and building are carried under revaluation model, wherein fair value of each item of land and building is determined every year and the resulting increase / decrease in value is recorded in "surplus / (deficit) on revaluation of property and equipment" in equity. Surplus / (deficit) on revaluation of property and equipment is reported in equity, net of deferred tax and incremental depreciation. However, during the year, the central bank has issued letter to the bank, instructing the bank for suspending of revaluation of land and building till further notice. Incremental depreciation is the excess depreciation arising due to increase in carrying value of the asset due to revaluation and is recognized in profit or loss every year.

**Subsequent costs**

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

**Depreciation**

Depreciation is recognized in profit or loss on a straight line basis over the useful life of an item of property and equipment. The estimated useful lives of the items of property and equipment for the current and comparative periods are as follows:

Right of Use - Leased buildings	1- 3 Years
Land and Building	50 years
Furniture, fixtures and office equipment	5 years
Computer equipment	5 years
Vehicles	20 years
Books	20 years

Depreciation is charged on property and equipment on the basis of days the asset is being used during the year. Gains and losses (if any) on disposals are determined by comparing proceeds with the carrying amount and are taken to the profit or loss.

Depreciation methods, useful lives and residual values are reassessed at each financial year-end and adjusted if appropriate.

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**BANK-E-MILLIE AFGHAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)**

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**Capital work-in-progress**

Capital work in progress is stated at cost less impairment losses, if any.

**4.15 Intangible assets**

Banking software acquired by the Bank is stated at cost less accumulated amortization and accumulated impairment losses, if any.

Subsequent expenditure on the software is capitalized only when it is expected that it will increase the future economic benefits embodied in the asset. All other expenditures are recognized in profit or loss as incurred.

Amortization is recognized in profit or loss over the useful life of the asset, using straight line method. Amortization is charged from the month the asset is available for use. Gain and loss (if any) on disposal is determined by comparing proceeds with the carrying amount and is recognized in profit or loss.

Amortization method, useful life and residual value are reviewed at each financial year-end and adjusted if appropriate.

**4.16 Investment property**

The Bank is carrying its investment properties at fair values determined in the year 1386 (2007). In 1393 (2014), the Bank conducted a revaluation exercise for its investment properties and submitted the same to DAB for approval. During the year ended 30 Qaws 1394 (21 December, 2015), DAB through its letter no. 4952 / 5165 dated 19 JADI 1394 (09 January 2016), has allowed the Bank to take the revaluation impact at value reduced by 20% from the market value assessed by the valuer, for those properties only for which the Bank has Qabala (local title deed) available.

The total market value (reduced by 20%) assessed by the valuer in year 1393 (2014) for the properties, for which the Bank has Qabala available is Afs. 3,995,000,341. While the market value (reduced by 20%) assessed by the valuer in year 1393 (2014), for the properties for which the Qabala is not available with the Bank is Afs 626,428,835.

The bank has also recognized the Revaluation Gain amounting to Afn1,0589,90863.49398bn on investment properties as result of the revaluation carried out by the independent valuer during year 2020. However, the results of said revaluations were approved by DAB during 2021 in accordance with letter number 1853/1226 dated 1400/02/09.

However, the management has decided not to take the impact of revaluations of the properties for which Qabala is not available with the management. Further, due to non-availability of property wise book value, the bank has proportioned the total book value of its investment properties on the basis of proportionate market value of respective property. The management has further decided to arrange court orders for properties for which the Qabala is not available with the Bank to recognise the impact of revaluation in the books.

During the year the bank has obtained approval from the DAB allowing the bank for not carrying the revaluation investments properties, until the real estate market is stable.

**4.17 Provisions**

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**4.18 Employee benefits**

**Defined benefit plan**

The Bank operates a pension scheme for its current and former employees entitled to pension after normal retirement (65 years of age or 40 years of service), voluntary retirement (55 years of age and 25 years of service), disability and in case of death, their legal heirs. Pension is based on formula which takes into account the years of service, average salary and a percentage and in case of death or disability, number of salaries depending upon the years of service. Deductions are made at the rate of 8% from the monthly salary of employees and the Bank contributes an equivalent amount. Liability of the Bank for this scheme is calculated on the basis of actuarial valuation using the Projected Unit Credit Method. Actuarial gains or losses are recognised in accordance with the requirements of IAS-19 (Revised).

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**BANK-E-MILLIE AFGHAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)**

		<b>21 December 2023 30 Qaws 1402 AFN</b>	<b>21 December 2022 30 Qaws 1401 AFN</b>
<b>5</b>	<b>Cash and cash equivalents</b>		
	Cash in hand	5.1 <b>6,046,915,401</b>	1,909,688,840
	Balances with Da Afghanistan Bank	5.2 <b>18,095,925,689</b>	25,100,135,362
	Nostro accounts & balances with domestic banks	5.3 <b>2,157,720,040</b>	2,813,866,543
	Gold and silver at bank vault	5.4 <b>65,762,452</b>	65,762,452
		<b><u>26,366,323,582</u></b>	<b><u>29,889,453,197</u></b>
		<b>2023 30 Qaws 1402</b>	<b>2022 30 Qaws 1401</b>
<b>5.1</b>	<b>Cash in hand</b>		
	Local currency	5.1.1 <b>2,728,118,470</b>	736,413,779
	Foreign currency	5.1.2 <b>3,286,619,331</b>	1,156,090,596
	Cash in ATMs	<b>32,177,600</b>	17,184,465
		<b><u>6,046,915,401</u></b>	<b><u>1,909,688,840</u></b>
<b>5.1.1</b>	This represents cash at vaults in the branches of the bank.		
<b>5.1.2</b>	The foreign currencies includes USD, GBP, EURO and PKR.		
		<b>2023 30 Qaws 1402</b>	<b>2022 30 Qaws 1401</b>
<b>5.2</b>	<b>Balances with Da Afghanistan Bank</b>		
	<b>Local currency</b>		
	Current account	<b>10,913,837,411</b>	8,484,231,945
	Required reserve account	5.2.1 <b>1,513,619,399</b>	1,452,356,651
		<b><u>12,427,456,810</u></b>	<b><u>9,936,588,596</u></b>
	<b>Foreign Currency</b>		
	Current account	5.2.2 <b>4,546,884,203</b>	13,398,304,100
	Required reserve account	<b>1,121,584,676</b>	1,765,242,665
		<b><u>5,668,468,879</u></b>	<b><u>15,163,546,765</u></b>
		<b><u>18,095,925,689</u></b>	<b><u>25,100,135,361</u></b>
<b>5.2.1</b>	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.		
<b>5.2.2</b>	The foreign currencies includes USD, GBP, EURO and PKR.		
		<b>2023 30 Qaws 1402</b>	<b>2022 30 Qaws 1401</b>
<b>5.3</b>	<b>Nostro accounts &amp; balances with domestic banks</b>		
	Nostro accounts balances	5.3.1 <b>2,156,432,424</b>	2,812,951,734
	Balances with domestic banks -Local currency	5.3.2 <b>137,427</b>	132,727
	Balances with domestic banks -Foreign currency	5.3.3 <b>1,150,189</b>	782,082
		<b><u>2,157,720,040</u></b>	<b><u>2,813,866,543</u></b>

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**BANK-E-MILLIE AFGHAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)**

	Note	21 December 2023 30 Qaws 1402 AFN	21 December 2022 30 Qaws 1401 AFN
<b>5.3.1 Nostro accounts balances with banks</b>			
Citi Bank New York		1,949,467,848	2,546,627,835
Canara Bank		641,825	838,429
Habib Bank - Pakistan		11,596,534	16,852,050
Bank of Africa - Europe		194,726,217	248,633,419
		<u>2,156,432,424</u>	<u>2,812,951,734</u>
		<b>2023</b>	<b>2022</b>
		<b>30 Qaws 1402</b>	<b>30 Qaws 1401</b>
<b>5.3.2 Local currency</b>			
Pashtany Bank		127,827	123,127
Azizi Bank		9,600	9,600
		<u>137,427</u>	<u>132,727</u>
		<b>2023</b>	<b>2022</b>
		<b>30 Qaws 1402</b>	<b>30 Qaws 1401</b>
<b>5.3.3 Foreign Currency</b>			
Pashtany Bank		266,988	329,401
New Kabul Bank		263,589	426,933
Azizi Bank		14,583	25,748
Ghazanfar Bank		605,029	-
		<u>1,150,189</u>	<u>782,082</u>
<b>5.4</b>	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.		
		<b>2023</b>	<b>2022</b>
		<b>30 Qaws 1402</b>	<b>30 Qaws 1401</b>
<b>6 Short-term investments</b>			
Placements in other banks	6.1	<u>730,534,194</u>	<u>907,866,238</u>
		<u>730,534,194</u>	<u>907,866,238</u>
<b>6.1 Placements in other banks (Foreign Banks)</b>			
Murabaha Deposit in RAK Bank - by IBW		130,541,976	170,529,527
First Abu Dhabi Bank	6.1.1	698,741,456	897,368,767
		<u>829,283,432</u>	<u>1,067,898,294</u>
Accrued Interest		31,792,738	10,497,471
		<u>861,076,170</u>	<u>1,078,395,765</u>
Less: Provision-Loss RAK bank placement	6.2	<u>(130,541,976)</u>	<u>(170,529,527)</u>
		<u>730,534,194</u>	<u>907,866,238</u>
<b>6.1.1</b>	This represent USD denominated fixed term placement with First Abu Dhabi Bank up to a maximum period of 365 days (2022: 184 days) and carry interest at rate of 5.20% (21 December 2022: 3.36%) per annum.		
		<b>2023</b>	<b>2022</b>
		<b>30 Qaws 1402</b>	<b>30 Qaws 1401</b>
<b>6.2 Placements provisioning movement during the year on RAK Bank</b>			
<b>Balance at the beginning of the year</b>		170,529,527	199,087,971
Charge for the year		-	-
Exchange rate differences		(39,987,551)	(28,558,444)
<b>Balance at the end of year</b>		<u>130,541,976</u>	<u>170,529,527</u>

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**BANK-E-MILLIE AFGHAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)**

	Note	21 December 2023 30 Qaws 1402 AFN	21 December 2022 30 Qaws 1401 AFN
<b>7 Loans and advances to customers - net</b>			
Conventional Loans	7.1	<b>2,261,443,356</b>	3,859,160,574
Islamic Loans	7.2	<b>1,680,244,993</b>	682,704,532
		<b>3,941,688,349</b>	4,541,865,106
Allowances for impairment losses	7.1 & 7.2	<b>(2,526,757,159)</b>	(613,817,119)
General provision	7.3	<b>(32,751,783)</b>	-
		<b>(2,559,508,943)</b>	(613,817,119)
		<b>1,382,179,406</b>	3,928,047,986

	Note	-----21 December 2023-----			-----21 December 2022-----		
		Gross	Impairment	Carrying Value	Gross	Impairment	Carrying Value
<b>7.1 Conventional</b>							
Overdrafts	7.1.1	<b>1,592,732,190</b>	<b>(1,367,309,524)</b>	<b>225,422,666</b>	2,248,170,308	(127,271,556)	2,120,898,752
Commercial loans	7.1.2	<b>584,329,972</b>	<b>(584,329,972)</b>	-	1,472,008,696	(300,046,226)	1,171,962,470
Construction loans	7.1.3	<b>6,668,864</b>	<b>(6,668,864)</b>	-	6,668,864	(1,667,216)	5,001,648
Microfinance loans	7.1.4	<b>70,678,826</b>	<b>(70,678,826)</b>	-	120,385,561	(22,915,418)	97,470,143
Entrepreneurs	7.1.5	<b>6,992,421</b>	<b>(6,992,421)</b>	-	11,583,287	(4,349,871)	7,233,416
Loans to employees	7.1.6	<b>41,083</b>	<b>(41,083)</b>	-	343,858	(29,432)	314,426
Total Conventional		<b>2,261,443,356</b>	<b>(2,036,020,690)</b>	<b>225,422,666</b>	3,859,160,574	(456,279,719)	3,402,880,855
<b>7.2 Islamic (Murabaha)</b>							
Car financing	7.2.1	<b>30,370,234</b>	<b>(9,899,308)</b>	<b>20,470,926</b>	32,263,690	(4,222,197)	28,041,493
House financing	7.2.1	<b>51,970,823</b>	<b>(49,908,320)</b>	<b>2,062,503</b>	65,169,039	(65,169,039)	-
Construction material	7.2.1	<b>111,225,661</b>	<b>(92,738,811)</b>	<b>18,486,850</b>	143,324,805	(53,379,602)	89,945,204
Home appliances	7.2.2	<b>1,273,172</b>	<b>(16,907)</b>	<b>1,256,265</b>	22,837	(228)	22,609
Trade Finance	7.2.3	<b>45,984,473</b>	<b>(1,746,098)</b>	<b>44,238,375</b>	37,556,930	(921,252)	36,635,677
Corporate equipment	7.2.3	<b>608,543,789</b>	<b>(136,261,451)</b>	<b>472,282,338</b>	404,367,231	(33,845,083)	370,522,148
Diminishing Musharaka	7.2.4	<b>830,876,841</b>	<b>(200,165,574)</b>	<b>630,711,267</b>	-	-	-
Total Islamic		<b>1,680,244,993</b>	<b>(490,736,469)</b>	<b>1,189,508,524</b>	682,704,532	(157,537,400)	525,167,131
General provision		-	<b>(32,751,783)</b>	<b>(32,751,783)</b>	-	-	-
<b>Total Conventional &amp; Islamic</b>		<b>3,941,688,349</b>	<b>(2,559,508,943)</b>	<b>1,382,179,406</b>	4,541,865,106	(613,817,119)	3,928,047,986

- 7.1.1** These overdraft facilities are extended to borrowers for a period of 12 months, after which the same are subject to renewal. These facilities carry mark-up at rates ranging from 10% to 13% (2022: 10% to 13%) per annum. These facilities are secured against immovable properties.
- 7.1.2** Commercial loans are defined as all loans not properly categorized as consumer, construction, agricultural, or real estate. This category of loans includes all business purpose loans. When a loan cannot be otherwise categorized, it is by definition a commercial loan. These carry mark-up rate ranging from 10% to 11% (2022: 10% to 11%). per annum.
- 7.1.3** Construction loans are made for the purpose of constructing improvements on real property and are extended to borrowers for a period of 6-24 months. These carry interest rate ranging from 5% to 15% (2022: 5% to 15%) per annum.
- 7.1.4** These loans are specially designed for permanent government employees who have served for more than 5 years and less than 35 years. The maximum amount of loan is 500,000. These carry interest rate ranging from 5% to 15% per annum.
- 7.1.5** These loans are specially designed for individuals who are in start up of their businesses.
- 7.1.6** These loans are specially designed for internal employee of the bank. The maximum amount of loan that may be given is 35% of net annual salary of employee.
- 7.2.1** These represent financing for purchase of cars, houses and for the purpose of construction. These carry profit at rates ranging from 5% to 8% (2022: 5% to 8%) per annum and have maturity between 1 to 5 years. These are secured against personal guarantees and in certain cases the mortgage of immovable properties.
- 7.2.2** These represent financing for purchase of home appliances, which include air conditioners and refrigerators, mobiles and other appliances. These carry profit at rates ranging from 5% to 8% (2022: 5% to 8%) per annum and are extended for 24 months. These are secured against personal guarantees and immovable properties.
- 7.2.3** These represent financing for purchase of Raw material, plant, machinery and other equipment for the business purposes for corporates. These carry profit at rates ranging from 5% to 8% (2022: 5% to 8%) per annum and have maturity between 1 to 3 years. These are secured against personal guarantees and in certain cases the mortgage of immovable properties.
- 7.2.4** These represents restructuring of conventional loans into Diminishing Musharaka, carrying profit rate of 10% per annum.
- 7.3** This represents additional general provision maintained by the bank, approved by BOS to cover any future unexpected losses.

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		21 December 2023	21 December 2022
	Note	30 Qaws 1402 AFN	30 Qaws 1401 AFN
<b>7.3 Provision held - Movement</b>			
<b>Balance at the beginning of the year</b>		<b>613,817,119</b>	676,237,047
Charge for the year		<b>2,068,582,158</b>	7,671,121
Reversals during the year		<b>(75,611,245)</b>	(32,684,424)
<b>Net charge for the year</b>	7.4	<b>1,992,970,913</b>	(25,013,303)
Exchange rate difference		<b>(80,030,869)</b>	(37,406,624)
		<b>2,526,757,164</b>	613,817,119

**7.4** During the year, the bank has opted to take into effect the implementation of the Asset Classification and provisioning Regulation on loan and advances, the said regulation was deferred since 16 august 2021 until 21 November 2023 by the bank which was permitted by DAB. Subsequently, the bank has reclassified its loan and advances, resulted into incorporation of additional impairment allowance on loan and advances as of 21 December 2023, approved by BoS of the bank, which has resulted to significant losses for the year.

		2023 30 Qaws 1402	2022 30 Qaws 1401
<b>8 Long term investments</b>			
Afghan American Trading Co. Inc. (100% owned Subsidiary)	8.1	<b>150,392,000</b>	196,460,000
Pashtany Bank (28.77 % - Associate)	8.2	<b>635,551,284</b>	867,150,619
Investment in equity instruments	8.3	<b>192,234,883</b>	191,765,370
		<b>978,178,167</b>	1,255,375,989

		2023 30 Qaws 1402	2022 30 Qaws 1401
<b>8.1 Afghan American Trading Co. Inc. (100% owned Subsidiary)</b>			
Opening balance ( <i>cost USD 2,200,000</i> )	8.1.1	<b>196,460,000</b>	229,361,000
Share of profit or loss		-	-
Exchange loss		<b>(46,068,000)</b>	(32,901,000)
Closing balance		<b>150,392,000</b>	196,460,000

**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 year in the investment in associates:

		2023 30 Qaws 1402	2022 30 Qaws 1401
Opening balance		<b>867,150,619</b>	965,408,626
Share of loss	8.4	<b>(231,599,335)</b>	(98,258,007)
Closing balance		<b>635,551,284</b>	867,150,619

		2023 30 Qaws 1402	2022 30 Qaws 1401
<b>8.3 Investment in equity instruments</b>			
Afghan National Insurance Company		<b>18,606,641</b>	18,606,641
Ariana Afghan Airlines Company		<b>172,256,476</b>	172,256,476
Edahdia Mazar Sharif		<b>30,150</b>	30,150
Sherkat Saderat Pakhta Herat		<b>844,289</b>	844,289
Sherkat Pashmena Bafi Qandahar		<b>15,944</b>	15,944
Sherkat Yakhsazi Herat		<b>7,076</b>	7,076
Sherkat Teel Kashi Herat		<b>4,794</b>	4,794
Sherkat Nasaji Afghani		<b>455,853</b>	-
Edahdia Andkhoy Maimana		<b>12,479</b>	-
Sherkat Sahami Pashtoon Kandahar		<b>1,181</b>	-
	8.4	<b>192,234,883</b>	191,765,370

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8.4	Movement in investment	Note	Opening Balance as at 22 December 2022	Adjustment / Translation difference	Share of loss	Equity Share	Provision for loss	Closing Balance, as at 21 December 2023
<b>For the year 21 December 2023</b>			---AFN---					
	Afghan American Trading Co		196,460,000	(46,068,000)	-	-	-	150,392,000
	Pashtany Bank		867,150,619	-	(231,599,335)	-	-	635,551,284
	Afghan National Insurance	8.4.1	18,606,641	-	-	-	-	18,606,641
	Ariana Afghan Airlines	8.4.1	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
	Sherkat Nasaji Afghan		-	-	-	455,853	-	455,853
	Edahdia Andkhoy Maimana		-	-	-	12,479	-	12,479
	Sherkat Sahami Pashtoon Kandahar		-	-	-	1,181	-	1,181
			<b>1,255,375,989</b>	<b>(46,068,000)</b>	<b>(231,599,335)</b>	<b>469,514</b>	<b>-</b>	<b>978,178,167</b>

	Opening Balance as at 22 December 2021	Adjustment / Translation difference	Share of Profit / loss	Equity Share	Provision for loss	Closing Balance, as at 21 December 2022
---AFN---						
	229,361,000	(32,901,000)	-	-	-	196,460,000
	965,408,626	-	(98,258,007)	-	-	867,150,619
	18,605,169	-	1,472	-	-	18,606,641
	142,756,663	-	29,499,813	-	-	172,256,476
	30,150	-	-	-	-	30,150
	844,289	-	-	-	-	844,289
	15,944	-	-	-	-	15,944
	7,076	-	-	-	-	7,076
	4,794	-	-	-	-	4,794
	<b>1,357,033,710</b>	<b>(32,901,000)</b>	<b>(68,756,721)</b>	<b>-</b>	<b>-</b>	<b>1,255,375,989</b>

8.4.1 Audited / management financial statements of 'Afghan American Trading Co, Afghan National Insurance Company and Ariana Afghan Airline were not available, hence no equity accounting was made for the year.

**8.5 Financial Information - Summary**

**For the year 21 December 2023**

	Total Assets	Total Liabilities	Net Assets	Profit After Tax	OC Income / (loss)	Holding %age
8.5.1	-	-	-	-	-	100.00%
	23,385,242,587	20,097,063,447	3,288,179,140	(805,081,255)	-	28.77%
8.5.1	-	-	-	-	-	7.66%
8.5.1	-	-	-	-	-	6.25%
	<b>23,385,242,587</b>	<b>20,097,063,447</b>	<b>3,288,179,140</b>	<b>(805,081,255)</b>	<b>-</b>	

**For the year 21 December 2022**

8.5.1	-	-	-	-	-	100.00%
	21,313,027,781	17,197,969,455	4,115,058,326	(341,562,636)	-	28.77%
8.5.1	-	-	-	-	-	7.66%
8.5.1	-	-	-	-	-	6.25%
	<b>21,313,027,781</b>	<b>17,197,969,455</b>	<b>4,115,058,326</b>	<b>(341,562,636)</b>	<b>-</b>	

8.5.1 Audited / management financial statements of 'Afghan American Trading Co, Afghan National Insurance Company and Ariana Afghan Airline were not available, hence no information was presented.

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9	Property and equipment	Leased buildings - Right of Use Assets	Land & Building	Furniture & Fixtures	Computer Equipments	Vehicles	Library Books	Total
		AFN	AFN	AFN	AFN	AFN	AFN	AFN
	<b>Cost</b>							
	Balance as at 30-Qaws-1400 (21-Dec-2021)	50,433,737	1,181,179,933	159,164,139	142,197,663	71,776,135	445,384	1,605,196,991
	Adjustment on transition to IFRS 16	-	-	-	-	-	-	-
	Additions	1,184,321	21,894	15,350,248	13,144,010	24,861	-	29,725,334
	Derecognition of ROU	(10,368,880)	-	-	-	-	-	(10,368,880)
	<b>Balance as at 30-Qaws-1401 (21-Dec-2022)</b>	<b>41,249,178</b>	<b>1,181,201,827</b>	<b>174,514,387</b>	<b>155,341,673</b>	<b>71,800,996</b>	<b>445,384</b>	<b>1,624,553,445</b>
	Balance as at 30-Qaws-1401 (21-Dec-2022)	41,249,178	1,181,201,827	174,514,387	155,341,673	71,800,996	445,384	1,624,553,445
	Adjustment on extension of lease term	15,987,508	-	-	-	-	-	15,987,508
	Additions	-	4,941,103	19,670,897	16,402,706	-	-	41,014,706
	Derecognition / Reclassification	-	(269,919)	(37,331)	118,425	-	-	(188,825)
	<b>Balance as at 30-Qaws-1402 (21-Dec-2023)</b>	<b>57,236,686</b>	<b>1,185,873,011</b>	<b>194,147,953</b>	<b>171,862,804</b>	<b>71,800,996</b>	<b>445,384</b>	<b>1,681,366,834</b>
	Balance as at 30-Qaws-1402 (21-Dec-2023)	57,236,686	1,185,873,011	194,147,953	171,862,804	71,800,996	445,384	1,681,366,834
	<b>Accumulated Depreciations</b>							
	Balance as at 30-Qaws-1400 (21-Dec-2021)	8,937,924	26,564,330	125,768,426	116,217,605	59,497,283	230,341	337,215,910
	Charge for the year	15,828,665	3,310,079	8,902,605	10,110,995	1,384,403	22,269	39,559,015
	<b>Balance as at 30-Qaws-1401 (21-Dec-2023)</b>	<b>24,766,590</b>	<b>29,874,409</b>	<b>134,671,031</b>	<b>126,328,600</b>	<b>60,881,685</b>	<b>252,610</b>	<b>376,774,925</b>
	Balance as at 30-Qaws-1401 (21-Dec-2022)	24,766,590	29,874,409	134,671,031	126,328,600	60,881,685	252,610	376,774,926
	Charge for the year	15,190,326	3,322,703	11,785,620	10,297,429	813,265	22,269	41,431,613
	Derecognition / Reclassification	(48,741)	(269,919)	(387,851)	36,850	-	-	(669,661)
	<b>Balance as at 30-Qaws-1402 (21-Dec-2023)</b>	<b>39,908,175</b>	<b>32,927,194</b>	<b>146,068,800</b>	<b>136,662,879</b>	<b>61,694,951</b>	<b>274,879</b>	<b>417,536,878</b>
	Balance as at 30-Qaws-1402 (21-Dec-2023)	39,908,175	32,927,194	146,068,800	136,662,879	61,694,951	274,879	417,536,878
	<b>Carrying values as at:</b>							
	Balance as at 30-Qaws-1400 (21-Dec-2022)	16,482,588	1,151,327,418	39,843,356	29,013,072	10,919,310	192,774	1,247,778,520
	Balance as at 30-Qaws-1401 (21-Dec-2023)	17,328,511	1,152,945,818	48,079,153	35,199,924	10,106,045	170,505	1,263,829,956

**9.1 Property and equipment - summary**

	2023 30 Qaws 1402 AFN	2022 30 Qaws 1401 AFN
Cost	1,681,366,834	1,624,553,445
Accumulated Depreciation	(417,536,878)	(376,774,925)
Carrying value	1,263,829,956	1,247,778,520

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**FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)**

		21 December 2023	21 December 2022
		30 Qaws 1402 AFN	30 Qaws 1401 AFN
<b>10</b>	<b>Intangibles Assets</b>		
	<b>Cost</b>		
	Balance at beginning of the year	80,135,496	80,135,496
	Additions	1,604,082	-
	<b>Balance at end of the year</b>	<b>81,739,578</b>	<b>80,135,496</b>
	<b>Amortization</b>		
	Balance at beginning of the year	75,749,092	72,366,300
	Charge for the year	3,340,900	3,382,792
	<b>Balance at end of the year</b>	<b>79,089,992</b>	<b>75,749,092</b>
	<b>Carrying amount</b>	<b>2,649,586</b>	<b>4,386,404</b>
<b>10.1</b>	Intangibles assets include core banking software and licensing rights.		
<b>10.2</b>	Intangibles are amortized at the rates ranging from 20% to 33% (2022: 20% to 33%) per annum.		
		<b>2023</b>	<b>2022</b>
		<b>30 Qaws 1402</b>	<b>30 Qaws 1401</b>
<b>11</b>	<b>Investment Properties</b>		
	Investment property	5,540,653,259	5,540,653,259
	Capital work in progress	581,778,014	273,454,515
		<b>6,122,431,274</b>	<b>5,814,107,774</b>
		<b>2023</b>	<b>2022</b>
		<b>30 Qaws 1402</b>	<b>30 Qaws 1401</b>
<b>11.1</b>	<b>Capital work in progress - Movement during the year</b>		
	<b>Opening balance</b>	273,454,515	273,454,515
	Additions during the year	308,323,499	-
	Transferred to investment property	-	-
	<b>Closing balance</b>	<b>581,778,014</b>	<b>273,454,515</b>
<b>11.1.1</b>	This represents advance payment to National Development Corporation, (a related party of the bank) against the construction work on investment property located in Dehmazang area of Kabul.		
		<b>2023</b>	<b>2022</b>
		<b>30 Qaws 1402</b>	<b>30 Qaws 1401</b>
<b>12</b>	<b>Other assets</b>		
	Receivable from subsidiaries	22,364,589	29,215,299
	Advance salaries	9,702,953	13,376,568
	Prepaid expenses	9,155,769	14,674,210
	Advance tax to MoF	597,965,939	653,732,584
	Rent receivable against investment properties	25,010,722	25,036,473
	Accrued interest on loans and advances - Conventional	71,930,890	101,394,976
	Accrued profit on loans and advances - Islamic	213,533,898	17,180,698
	Security deposits with Pashtany Bank	40,000,000	40,000,000
	Security deposit with Western union	8,203,200	10,716,000
	Receivable from sale of property	-	1,993,033
	Receivable from Western union inbound / outbound	84,723,834	174,623,897
	Other receivables	39,666,785	50,980,485
		<b>1,122,258,579</b>	<b>1,132,924,223</b>
	Provision held against other assets	(141,076,371)	(133,589,509)
		<b>981,182,208</b>	<b>999,334,714</b>
<b>12.1</b>	This represents advances against municipality charges given to Afghan American Trading Company (100% owned Subsidiary of the bank).		
<b>12.2</b>	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.		
<b>12.3</b>	This balance is net of the suspense interest accrued on loans and advances to customers, amounting to 109,443,139 (21 December 2022: 103,288,017) as required by ACPR.		
<b>12.4</b>	This represents accrued profit and differed income on Murabaha loans being incorporated as result of activation of Islamic accounting system module. However, the bank is the process of validating the valuation of the said account balances.		

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	Note	21 December 2023 30 Qaws 1402 AFN	21 December 2022 30 Qaws 1401 AFN
<b>12.5 Provision against other assets - Movement</b>			
<b>Balance at the beginning of the year</b>		<b>133,589,509</b>	276,212,748
<b>Charge for the year</b>			
Receivable against prepaids		-	495,426
Advance against municipality charges given to AATC		<b>22,364,589</b>	-
Accrued interest on loans and advances to customers		<b>9,266,543</b>	-
Rent receivable against investment properties		<b>1,841,387</b>	-
Provision against cash misappropriation		<b>5,766</b>	-
		<b>33,478,286</b>	495,426
<b>Reversals during the year</b>			
Rent receivable against investment properties		-	(8,811,366)
Accrued interest on loans and advances to customers		<b>(18,447,258)</b>	(15,465,084)
Net (charge) / reversal for the year		<b>15,031,028</b>	(23,781,024)
Write offs during the year		-	(105,549,281)
Exchange rate differences		<b>(7,544,166)</b>	(13,292,934)
<b>Balance at the end of the year</b>		<b>141,076,371</b>	133,589,509
		<b>2023</b>	<b>2022</b>
<b>13 Deposits from bank and customers</b>		<b>30 Qaws 1402</b>	<b>30 Qaws 1401</b>
<b>Local currency</b>			
Conventional deposits	13.1	<b>18,516,999,112</b>	16,608,151,811
Islamic deposits	13.2	<b>603,344,466</b>	51,197,143
Margin against letter of guarantee	13.3	<b>100,500,145</b>	68,417,749
		<b>19,220,843,723</b>	16,727,766,702
<b>Foreign Currency</b>			
Conventional deposits	13.1	<b>10,956,463,193</b>	16,937,158,737
Islamic deposits	13.2	<b>409,773,347</b>	304,262,680
Margin against letter of guarantee	13.3	<b>58,377,663</b>	34,139,390
		<b>11,424,614,203</b>	17,275,560,807
		<b>30,645,457,926</b>	34,003,327,509
		<b>2023</b>	<b>2022</b>
<b>13.1 Conventional deposits</b>		<b>30 Qaws 1402</b>	<b>30 Qaws 1401</b>
<b>Local currency</b>			
Current deposits		<b>13,578,915,136</b>	11,284,860,578
Saving deposits		<b>1,049,235,628</b>	1,018,066,712
Term deposits		<b>3,888,848,348</b>	4,305,224,521
Total local currency		<b>18,516,999,112</b>	16,608,151,811
<b>Foreign currency</b>			
Current deposits		<b>6,451,746,761</b>	10,664,038,253
Saving deposits	13.1.1	<b>4,180,908,768</b>	5,794,447,221
Term deposits	13.1.2	<b>323,807,664</b>	478,673,263
Total local currency		<b>10,956,463,193</b>	16,937,158,737
		<b>29,473,462,305</b>	33,545,310,547

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

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

Map

## BANK-E-MILLIE AFGHAN

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)

			<b>21 December 2023</b>	<b>21 December 2022</b>
		<b>Note</b>	<b>30 Qaws 1402 AFN</b>	<b>30 Qaws 1401 AFN</b>
<b>13.2</b>	<b>Islamic deposits</b>			
	<b>Local currency</b>			
	Current deposits		15,051,541	13,185,382
	Saving deposits	13.2.1	17,910,310	15,240,977
	Term deposits	13.2.1	570,382,615	22,770,784
			<b>603,344,466</b>	<b>51,197,143</b>
	<b>Foreign currency</b>			
	Current deposits		40,547,725	52,903,750
	Saving deposits	13.2.1	37,856,743	48,721,679
	Term deposits	13.2.1	331,368,879	202,637,251
			<b>409,773,347</b>	<b>304,262,680</b>
			<b>1,013,117,813</b>	<b>355,459,823</b>

**13.2.1** 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.

		<b>2023</b>	<b>2022</b>
		<b>30 Qaws 1402</b>	<b>30 Qaws 1401</b>
<b>13.3</b>	<b>Margin against letter of guarantee</b>		
	Foreign currency -Not Expired	58,377,663	34,139,390
	Local Currency - Not Expired	100,500,145	68,417,749
		<b>158,877,808</b>	<b>102,557,139</b>

		<b>2023</b>	<b>2022</b>
		<b>30 Qaws 1402</b>	<b>30 Qaws 1401</b>
<b>14</b>	<b>Lease liabilities</b>		
	Opening balance	20,931,897	46,507,069
	Adjustment for Modification of lease liability	15,987,509	(9,184,558)
	Lease rentals paid	(16,553,959)	(16,793,559)
	Finance cost for the year	1,463,981	1,771,739
	Rental prepayments	-	(1,368,794)
		<b>21,829,428</b>	<b>20,931,897</b>

		<b>2023</b>	<b>2022</b>
		<b>30 Qaws 1402</b>	<b>30 Qaws 1401</b>
<b>15</b>	<b>Recognized deferred tax (liabilities ) / asset</b>		
	Surplus on revaluation of property and equipment	219,343,477	198,061,876
	Investment in associate	(91,384,645)	(45,064,778)
	Defined Contribution plan (Pension Scheme)	(3,628,085)	(2,347,868)
	Investment property	772,458,219	754,517,790
	Exchange translation reserve	(3,845,600)	5,368,000
	Carry forward taxable losses	(207,903,992)	(116,411,926)
		<b>685,039,373</b>	<b>794,123,093</b>

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**15.1** This represents deductible temporary differences booked on amount not allowed by the tax authorities for the taxation purposes.

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**BANK-E-MILLIE AFGHAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)**

**15.1 Movement in deferred tax (liability) / asset during the year**

	Opening Balance	Recognized in profit or loss	OCI	Closing Balance
	AFN	AFN	AFN	AFN
<b>As at 30 Qaws 1402 (21 December 2023)</b>				
Property and equipment - revalued amount	198,061,876	21,281,601	-	219,343,477
Investments:	-	-	-	-
Afghan American Trading Co.	-	-	-	-
Pashtany Bank	(46,366,276)	(46,319,867)	-	(92,686,143)
Afghan National Insurance Company	1,301,498	-	-	1,301,498
Investment property	754,517,790	17,940,429	-	772,458,219
Defined Contribution plan	(2,347,868)	(1,280,217)	-	(3,628,085)
Exchange translation reserve	5,368,000	-	(9,213,600)	(3,845,600)
Carry forward taxable losses	(116,411,926)	(91,492,066)	-	(207,903,992)
	<b>794,123,093</b>	<b>(99,870,120)</b>	<b>(9,213,600)</b>	<b>685,039,373</b>

	Opening Balance	Recognized in profit or loss	OCI	Closing Balance
	AFN	AFN	AFN	AFN
<b>As at 30 Qaws 1401 (21 December 2022)</b>				
Property and equipment - revalued amount	198,061,876	-	-	198,061,876
Investments:	-	-	-	-
Afghan American Trading Co.	-	-	-	-
Pashtany Bank	(26,714,675)	(19,651,601)	-	(46,366,276)
Afghan National Insurance Company	1,301,498	-	-	1,301,498
Investment property	754,517,790	-	-	754,517,790
Defined Contribution plan	(1,190,129)	(1,157,739)	-	(2,347,868)
Exchange translation reserve	11,948,200	-	(6,580,200)	5,368,000
Carry forward taxable losses	(174,617,889)	58,205,963	-	(116,411,926)
	<b>763,306,670</b>	<b>37,396,623</b>	<b>(6,580,200)</b>	<b>794,123,093</b>

**15.2 Details of Temporary differences  
(Assets/liabilities)**

	Accounting Base of Asset / Liability	Tax Base of Asset / Liability	Taxable / (Deductible) Temporary Difference	Deferred Tax (Asset) / Liability @20%
<b>As at 30 Qaws 1402 (20 December 2023)</b>				
Property and equipment - revalued amount	1,246,501,446	149,784,061	1,096,717,385	219,343,477
Investments:				
Afghan American Trading Co.	150,392,000	150,392,000	-	-
Pashtany Bank	635,551,284	1,098,982,000	(463,430,716)	(92,686,143)
Afghan National Insurance Company	18,605,169	12,097,681	6,507,488	1,301,498
Ariana Afghan Airlines	172,256,476	172,256,476	-	-
Investment property	6,122,431,274	2,260,140,181	3,862,291,092	772,458,219
Defined Contribution plan	(137,371,886)	(155,512,307)	18,140,421	(3,628,085)
Exchange translation reserve	(19,228,000)	-	(19,228,000)	(3,845,600)
Carry forward taxable losses	-	1,039,519,960	(1,039,519,960)	(207,903,992)
	<b>8,208,365,762</b>	<b>3,688,140,092</b>	<b>4,500,997,670</b>	<b>685,039,373</b>

	Accounting Base of Asset / Liability	Tax Base of Asset / Liability	Taxable / (Deductible) Temporary Difference	Deferred Tax (Asset) / Liability @20%
<b>As at 30 Qaws 1401 (21 December 2022)</b>				
Property and equipment - revalued amount	1,140,093,440	149,784,061	990,309,379	198,061,876
Investments:				
Afghan American Trading Co.	196,460,000	196,460,000	-	-
Pashtany Bank	867,150,619	1,098,982,000	(231,831,381)	(46,366,276)
Afghan National Insurance Company	18,605,169	12,097,681	6,507,488	1,301,498
Ariana Afghan Airlines	172,256,476	172,256,476	-	-
Investment property	5,450,951,115	1,678,362,167	3,772,588,948	754,517,790
Defined Contribution plan	(173,854,815)	(185,594,154)	11,739,339	(2,347,868)
Exchange translation reserve	26,840,000	-	26,840,000	5,368,000
Carry forward tax losses	-	582,059,630	(582,059,630)	(116,411,926)
	<b>7,698,502,005</b>	<b>3,704,407,861</b>	<b>3,994,094,144</b>	<b>794,123,093</b>

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		<b>21 December 2023 30 Qaws 1402 AFN</b>	<b>21 December 2022 30 Qaws 1401 AFN</b>
<b>16 Other liabilities</b>			
Accrued interest on deposits - conventional		470,177	405,458
Accrued profit on deposits - Islamic		6,216,265	6,409,966
Deferred income on Murabaha loans	12.4	173,501,186	-
Deferred income on donated assets		5,648,491	11,980,917
Security deposits on rented investment properties		17,734,265	13,037,974
Withholding tax payable	16.1	10,783,664	9,153,171
Dividend payable		20,716,068	20,716,068
Suspense balance	16.2	56,341,364	-
Guarantee on construction of investment property		58,558,801	27,726,451
Defined benefit plan (pension scheme)	16.3	137,371,886	173,854,815
Accrued expenses		17,259,943	12,483,975
Others		21,946,635	65,038,316
		<u>526,548,745</u>	<u>340,807,112</u>
<b>16.1</b>	This represents withholding taxes deducted from contractors and payroll, which will be offsetted with advance tax paid by the bank to MoF, subject to official initiation from MoF.		
<b>16.2</b>	This represents suspense account balance resulting from living Islamic accounting system module, bank is in the process of reconciliation.		
<b>16.3 Movement in the defined benefit obligation</b>		<b>2023 30 Qaws 1402</b>	<b>2022 30 Qaws 1401</b>
<b>Opening net liability</b>		<b>173,854,815</b>	<b>185,956,651</b>
Charge for the year		6,401,083	5,788,693
Employee contribution		6,401,083	5,788,693
Benefits paid during the year		(49,285,095)	(23,679,222)
<b>Closing net liability</b>		<u>137,371,886</u>	<u>173,854,815</u>
<b>17 Share capital</b>		<b>2023 30 Qaws 1402</b>	<b>2022 30 Qaws 1401</b>
<b>17.1 Authorised</b>			
114,095(2023: 100,000) ordinary shares of AFN 10,000 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>17.2 Issued, Subscribed and Paid up Capital</b>			
114,095 (2019: 100,000) ordinary shares of AFN 10,000 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>17.3</b>	The issued shares are subscribed by the following parties:	<b>2023 30 Qaws 1402</b>	<b>2022 30 Qaws 1401</b>
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	370,412
Kabul Municipality		46,301	46,301
		<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>18 Contingencies and Commitments</b>		<b>2023 30 Qaws 1402</b>	<b>2022 30 Qaws 1401</b>
<b>Letter of Guarantees</b>			
Off Balance sheet assets - AFN		230,860,145	68,417,749
Off Balance sheet assets - USD		58,377,663	34,139,390
		<u>289,237,808</u>	<u>102,557,139</u>

**BANK-E-MILLIE AFGHAN**  
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	Note	21 December 2023 30 Qaws 1402 AFN	21 December 2022 30 Qaws 1401 AFN
<b>19 Interest income and expenses</b>			
<b>Interest income</b>			
Interest on short term investment		42,726,476	13,991,559
Interest on loans and advances - conventional		92,180,391	129,807,201
Profit on loans and advances - Islamic		51,552,181	41,700,652
		<u>186,459,048</u>	<u>185,499,412</u>
<b>Interest expense</b>			
Interest on deposits - conventional		7,254	21,812
Profit to Murabaha customers - Islamic		9,653,018	7,763,410
		<u>9,660,272</u>	<u>7,785,222</u>
Net interest income		<u>176,798,776</u>	<u>177,714,190</u>
		<b>2023</b>	<b>2022</b>
		<b>30 Qaws 1402</b>	<b>30 Qaws 1401</b>
<b>20 Commission income and expenses</b>			
<b>Fee and commission income</b>			
Commission income	20.1	56,798,549	45,215,897
Commission on western union inbound & outbound		43,675,200	59,591,420
Payroll processing fee		30,806,132	8,383,511
Customer account service charges		33,106,812	15,233,991
Commission on government revenue collection		21,564,941	25,026,614
Income on remittances inward & outward		17,724,022	13,273,336
Loan processing fee		-	218,635
		<u>203,675,656</u>	<u>166,943,404</u>
<b>Fee and commission expense</b>			
Fund transfer charges		1,527,742	8,795,271
Inter bank transaction fee		28,854	1,533,538
Others		89,369	33,100
		<u>1,645,965</u>	<u>10,361,909</u>
Net fee and commission income		<u>202,029,691</u>	<u>156,581,495</u>
20.1	This includes commission income on bank guarantees, electricity utility bills collection, commission on ATM services and other miscellaneous commission of the bank.		
<b>21 Other operating income</b>		<b>2023</b>	<b>2022</b>
		<b>30 Qaws 1402</b>	<b>30 Qaws 1401</b>
Rental income		54,676,658	44,638,330
Recoveries from loan and advances written off		11,596,546	183,698,334
Dividend received from investment associates		7,131,398	7,597,271
Income on fixed assets granted by world bank - grants		5,883,931	5,803,215
Others		12,312,092	26,533,235
		<u>91,600,625</u>	<u>268,270,385</u>
<b>22 Personnel expenses</b>		<b>2023</b>	<b>2022</b>
		<b>30 Qaws 1402</b>	<b>30 Qaws 1401</b>
Salaries and benefits		226,013,496	238,432,048
Bonus		6,658,388	9,106,761
Charge for the retirement benefits		6,401,083	5,788,693
Scholarship and training expenses		42,850	2,005,731
		<u>239,115,818</u>	<u>255,333,233</u>

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**BANK-E-MILLIE AFGHAN**  
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**FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)**

	Note	21 December 2023 30 Qaws 1402 AFN	21 December 2022 30 Qaws 1401 AFN
<b>23 Other expenses</b>			
Advertising and publicity		6,522,771	2,046,437
Repairs and maintenance	23.1	41,119,002	43,872,774
Postage and telegram		20,322	22,663
Deposits insurance expense		34,575,265	50,361,409
Utility charges		14,278,991	10,968,036
Operating lease		770,001	1,009,334
Fuel expenses		6,799,766	8,044,335
Printing and stationery		10,802,728	10,626,540
Travelling		4,044,872	2,486,817
Telephone and communication		18,123,376	17,949,824
Security charges		19,462,809	455,528
Statuary audit & compliance review fee		1,302,225	2,021,655
DAB inspection fee		4,056,000	4,032,000
Penalties imposed by DAB		1,572,000	1,340,000
Legal and professional fees	23.2	720,000	2,067,583
Swift charges		1,397,095	1,509,175
Write off of unreconciled receivable balances	23.3	30,090,930	-
Others		9,431,757	14,815,963
		<b>205,089,910</b>	<b>173,630,073</b>

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

**23.2** This represents the expenses paid by the bank toward the court fees in UAE for registering the case against RAK bank for recovery of RAK bank placement.

**23.3** This represents write off unreconciled portion of receivable balances with tax authorities amounting to AFN 25,498,944 & long outstanding suspense balance amounting to Afn 4,591,986.

		2023 30 Qaws 1402	2022 30 Qaws 1401
<b>24 Taxation</b>			
Current tax	24.1	-	-
Deferred tax	15.1	(99,870,120)	37,396,623
		<b>(99,870,120)</b>	<b>37,396,623</b>
<b>24.1 Reconciliation of effective tax rate</b>			
Loss before taxation		(3,002,213,543)	(61,931,912)
Adjustments for tax (disallowances) / allowances	24.2	2,544,753,214	239,327,326
Tax (loss) / profit for the year		<b>(457,460,330)</b>	<b>177,395,414</b>
<b>Available tax losses relief</b>			
Opening tax losses / CF		582,059,630	873,089,445
Maximum tax relief available for the year (1/3rd of the reported tax losses)		-	(291,029,815)
Tax relief for the current year tax losses		457,460,330	-
Tax losses CF		<b>1,039,519,960</b>	<b>582,059,630</b>
Net loss carried forward to the future years		<b>(1,039,519,960)</b>	<b>(582,059,630)</b>
Current tax expense @ 20%		-	-
Prior year tax adjustment		-	-
Prior years tax and penalties		-	-
Current year tax charge		-	-
<b>24.2 Adjustment for Tax</b>			
<b>Items to be deducted</b>			
Retirement benefit paid		(49,285,095)	(23,679,222)
Gain on revaluation of gold and silver		-	(33,053,288)
Dividend Paid		-	(48,383,494)
		<b>(49,285,095)</b>	<b>(105,116,005)</b>
<b>Items to be added back</b>			
DAB penalties		1,572,000	1,340,000
Unrealized exchange loss		778,915,054	266,786,178
Share in loss of associate		231,599,335	68,756,721
Finance cost on lease liabilities		1,463,981	1,771,739
Provision for loans and advances		1,574,086,855	-
Provision for retirement benefit		6,401,083	5,788,693
		<b>2,594,038,309</b>	<b>344,443,331</b>
		<b>2,544,753,214</b>	<b>239,327,326</b>

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**BANK-E-MILLIE AFGHAN**  
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**25 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:

Note	21 December 2023	21 December 2022
	30 Qaws 1402 AFN	30 Qaws 1401 AFN
<b>Shareholders (percentage)</b>		
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%
	<b>100%</b>	<b>100%</b>
<b>Shareholders (Amount in AFN)</b>		
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
	<b>1,000,000,000</b>	<b>1,000,000,000</b>

**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%
Sherkat Nasaji Afghan	Afghanistan	54.25%
Sherkat Pashtoon Kandahar	Afghanistan	12.32%
Sherkat Atahadia Andkhoy Maimana	Afghanistan	38.21%

**25.1 Transactions with related parties**

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

	2023 30 Qaws 1402	2022 30 Qaws 1401
<b>Supervisors and key management personnel:</b>		
Basic salary & Bonus	20,074,303	16,981,528
Board of Supervisor's meeting fee	4,169,650	3,720,000
	<b>24,243,953</b>	<b>20,701,528</b>

**25.1.1** During the year bonus has been paid to the staff and key management personnel .

	2023 30 Qaws 1402	2022 30 Qaws 1401
<b>Associates</b>		
Pashtany Bank	635,551,284	867,150,619.07
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
Sherkat Nasaji Afghan	455,853	-
Sherkat Pashtoon Kandahar	1,181	-
Sherkat Atahadia Andkhoy Maimana	12,479	-

**Subsidiaries:**

Afghan American Trading Company	150,392,000	196,460,000
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**25.2 Balances with related parties:**

	2023 30 Qaws 1402	2022 30 Qaws 1401
With Pashtany Bank	635,551,284	867,150,619
Afghan National Insurance Company	18,606,641	18,606,641
Afghan American Inc.	150,392,000	196,460,000
Ariana Afghan Airlines	172,256,476	172,256,476

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**BANK-E-MILLIE AFGHAN**  
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**FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)**

**26 Segmental information** (for operating segments)

	Conventional	Islamic	Total
<b>Statement of Profit or Loss (30 Qaws 1402)</b>			
Interest / profit income	134,906,867	51,552,181	186,459,048
Interest / profit expense	(7,254)	(9,653,018)	(9,660,272)
Fee and commission income	202,407,593	1,268,063	203,675,656
Fee and commission expense	(1,640,815)	(5,150)	(1,645,965)
Exchange losses	(728,078,901)	(14,520,235)	(742,599,136)
Other income	29,792,568	61,808,057	91,600,625
Personnel expenses	(223,128,445)	(15,987,373)	(239,115,818)
Depreciation	(39,673,594)	(1,758,019)	(41,431,613)
Amortization	(2,864,433)	(476,468)	(3,340,900)
Other expenses	(195,780,900)	(9,309,010)	(205,089,910)
Impairment loss on loans and advances	(1,627,475,688)	(365,495,225)	(1,992,970,913)
Impairment of other assets	(13,189,641)	(1,841,387)	(15,031,028)
Finance cost on lease liability	(1,463,981)	-	(1,463,981)
Operating Profit	(2,466,196,624)	(304,417,584)	(2,770,614,208)
Impairment (loss) / gain on investment	-	-	-
Share in loss and profit of associate and equity investment	(231,599,335)	-	(231,599,335)
<b>Profit before taxation</b>	<b>(2,697,795,959)</b>	<b>(304,417,584)</b>	<b>(3,002,213,543)</b>
Taxation	117,810,548	(17,940,429)	99,870,120
<b>Profit after taxation</b>	<b>(2,579,985,411)</b>	<b>(322,358,013)</b>	<b>(2,902,343,424)</b>
<b>Statement of Financial Position (30 Qaws 1402)</b>			
<b>Assets</b>			
Cash and cash equivalents	23,717,138,500	2,649,185,082	26,366,323,582
Short-term investments	730,534,194	-	730,534,194
Loans and advances to customers - net	192,670,913	1,189,508,494	1,382,179,406
Long term investments	804,549,925	173,628,242	978,178,167
Property and equipment	1,259,790,201	4,039,755	1,263,829,956
Intangible assets	1,138,982	1,510,605	2,649,586
Investment properties	-	6,122,431,274	6,122,431,274
Other assets	3,897,807,682	(2,916,625,474)	981,182,208
Total assets	<b>30,603,630,398</b>	<b>7,223,677,976</b>	<b>37,827,308,373</b>
<b>Liabilities</b>			
Deposits from bank and customers	28,771,397,128	1,874,060,798	30,645,457,926
Lease liabilities	21,829,428	-	21,829,428
Deferred tax liability	289,562,266	744,712,885	1,034,275,151
Other liabilities	218,076,369	308,472,376	526,548,745
Total liabilities	29,300,865,191	2,927,246,059	32,228,111,251
<b>Represented by:</b>			
Share capital	1,000,000,000	-	1,000,000,000
Retained earnings	129,610,167	3,649,095,812	3,778,705,979
Surplus on revaluations - net	146,564,414	645,683,089	792,247,503
Exchange translation reserves	18,930,624	-	18,930,624
General reserve	7,660,000	1,653,016	9,313,016
	<b>1,302,765,205</b>	<b>4,296,431,917</b>	<b>5,599,197,122</b>
	<b>30,603,630,398</b>	<b>7,223,677,976</b>	<b>37,827,308,373</b>

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**BANK-E-MILLIE AFGHAN**  
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**27 Segmental information (for operating segments)**

	Conventional	Islamic	Total
<b>Statement of Profit or Loss (30 Qaws 1401)</b>			
Interest / profit income	143,798,760	41,700,652	185,499,412
Interest / profit expense	(21,812)	(7,763,410)	(7,785,222)
Fee and commission income	160,360,537	6,582,867	166,943,404
Fee and commission expense	(10,361,909)	-	(10,361,909)
Exchange (gain) / loss	(216,952,394)	4,115,093	(212,837,301)
Gain on revaluation of gold and silver	33,053,288	-	33,053,288
Other income	216,045,504	52,224,881	268,270,385
Personnel expenses	(233,814,291)	(21,518,942)	(255,333,233)
Depreciation	(38,722,382)	(836,633)	(39,559,015)
Amortization	(3,382,792)	-	(3,382,792)
Other expenses	(162,705,468)	(10,924,606)	(173,630,074)
Impairment (reversal) /loss on loans and advances	22,731,387	2,281,916	25,013,303
Impairment of other assets	14,969,658	8,811,366	23,781,024
Impairment of Short Term Investment	8,925,278	-	8,925,278
Finance cost on lease liability	(1,771,739)	-	(1,771,739)
Operating Profit	(67,848,376)	74,673,185	6,824,809
Impairment (loss) / gain on investment	-	-	-
Share in loss and profit of associate and equity investment	(68,756,721)	-	(68,756,721)
<b>Profit before taxation</b>	<b>(136,605,097)</b>	<b>74,673,185</b>	<b>(61,931,912)</b>
Taxation	(386,632,401)	-	(386,632,401)
<b>Profit after taxation</b>	<b>(523,237,499)</b>	<b>155,734,373</b>	<b>(448,564,313)</b>
<b>Statement of Financial Position (30 Qaws 1401)</b>			
<b>Assets</b>			
Cash and cash equivalents	29,246,653,629	642,799,568	29,889,453,197
Short-term investments	907,866,238	-	907,866,238
Loans and advances to customers - net	3,402,880,855	525,167,132	3,928,047,987
Long term investments	1,254,473,737	902,252	1,255,375,989
Property and equipment	1,242,342,948	5,435,572	1,247,778,520
Intangible assets	3,968,415	417,989	4,386,404
Investment properties	-	5,814,107,774	5,814,107,774
Other assets	1,361,696,170	(362,361,456)	999,334,714
Total assets	37,419,881,992	6,626,468,832	44,046,350,823
<b>Liabilities</b>			
Deposits from bank and customers	32,698,134,162	1,305,193,347	34,003,327,509
Current tax liability	-	-	-
Lease liabilities	20,931,897	-	20,931,897
Deferred tax liability	428,537,860	714,821,011	1,143,358,871
Other liabilities	207,302,609	133,504,503	340,807,112
Total liabilities	33,354,906,528	2,153,518,862	35,508,425,390
<b>Represented by:</b>			
Share capital	1,000,000,000	-	1,000,000,000
Retained earnings	2,854,684,774	3,826,364,629	6,681,049,403
Surplus on revaluations - net	146,564,414	645,683,089	792,247,503
Exchange translation reserves	55,785,024	-	55,785,024
General reserve	7,941,250	902,252	8,843,502
	4,064,975,462	4,472,949,970	8,537,925,432
	37,419,881,992	6,626,468,832	44,046,350,823

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**28 Financial assets and liabilities**

**Accounting classifications and fair values**

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of financial position date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The table below sets out the Bank's classification of each class of financial assets and liabilities, and their fair values.

Accounting classifications and fair values	Note	Designated at Fair Value	Available for sale	Held to maturity	Loans and receivables	Others	Amortized cost	Total carrying amount	Fair value
<b>30 Qaws 1402 (2023)</b>									
Cash and cash equivalents	5	-	-	-	-	-	26,366,323,582	26,366,323,582	26,366,323,582
Short-term investments	6	-	-	-	-	-	730,534,194	730,534,194	730,534,194
Loans and advances	7	-	-	-	1,382,179,406	-	1,382,179,406	1,382,179,406	1,382,179,406
Long term investments	8	-	-	-	-	-	978,178,167	978,178,167	978,178,167
Other assets	12	-	-	-	-	-	981,182,208	981,182,208	981,182,208
		-	-	-	1,382,179,406	-	29,056,218,151	30,438,397,557	30,438,397,557
Deposits	13	-	-	-	-	-	30,645,457,926	30,645,457,926	30,645,457,926
Other liabilities	16	-	-	-	-	-	389,176,859	389,176,859	389,176,859
		-	-	-	-	-	31,034,634,785	31,034,634,785	31,034,634,785
<b>Accounting classifications and fair values</b>									
Accounting classifications and fair values	Note	Designated at Fair Value	Available for sale	Held to maturity	Loans and receivables	Others	Amortized cost	Total carrying amount	Fair value
<b>30 Qaws 1401 (2022)</b>									
Cash and cash equivalents	5	-	-	-	-	-	29,889,453,197	29,889,453,197	29,889,453,197
Short-term investments	6	-	-	-	-	-	907,866,238	907,866,238	907,866,238
Loans and advances	7	-	-	-	3,928,047,987	-	3,928,047,987	3,928,047,987	3,928,047,987
Long term investments	8	-	-	-	-	-	1,255,375,989	1,255,375,989	1,255,375,989
Other assets	12	-	-	-	-	-	999,334,714	999,334,714	999,334,714
		-	-	-	3,928,047,987	-	33,052,030,138	36,980,078,125	36,980,078,125
Deposits	13	-	-	-	-	-	34,003,327,509	34,003,327,509	34,003,327,509
Other liabilities	16	-	-	-	-	-	166,952,297	166,952,297	166,952,297
		-	-	-	-	-	34,170,279,806	34,170,279,806	34,170,279,806

The carrying amounts approximate their fair values as mostly the assets and liabilities have short maturities and are expected to be recovered/settled at their carrying amounts.

**Financial risk management**

**Introduction and overview**

As disclosed in Note 2.2 "Mandatory Departure" it has been disclosed that bank has not adopted the implications of IFRS 09 "Financial Instruments", thus bank disclosed the exposure to the following risks from its use of financial instruments on the basis of prior implications.

- Credit risk
- Liquidity risk
- Market risks
- Operational risks

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**Risk management framework**

The Board of Supervisors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Board of Management comprised of Heads of Departments, which are responsible for developing and monitoring the Bank's risk management policies. Board of Management report regularly to the Board of Supervisors on their activities.

The Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Bank's Audit Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. The Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**a) Credit risk**

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers, other banks and investment securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

**Management of credit risk**

The Board of Management has delegated responsibility for the management of credit risk to the Bank's credit department. Head of credit department reports to the Board of Management and Credit Department is responsible for oversight of the Bank's credit risk, including:

- Formulating credit policies, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.
- Establishing the authorization structure for the approval and renewal of credit facilities.
- Reviewing and assessing credit risk. Bank's Credit department assesses all credit exposures in excess of designated limits. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, for loans and advances.
- Developing and maintaining the Bank's risk grading system in order to categorize exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of five grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive / committee as appropriate. Risk grades are subject to regular reviews by the Management Board.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

Each business unit is required to implement the Bank's credit policies and procedures, with credit approval authorities delegated from the Bank's Credit Committee. Each business unit has a Chief Credit Risk Officer who reports on all credit related matters to local management and the Bank's Credit Committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval. Regular audits of business units and the Bank's credit processes are undertaken by Internal Audit.

**Maximum gross exposure to credit risk before collateral held or other credit enhancements**

Credit risk exposure relating to on-balance sheet assets are as follows:

	2023 30 Qaws 1402 AFN	2022 30 Qaws 1401 AFN
Cash and cash equivalents	2,157,720,040	2,813,866,543
Short-term investments	730,534,194	907,866,238
Loans and advances	1,382,179,406	3,928,047,987
Other assets	515,136,871	464,517,429
	<b>4,785,570,511</b>	<b>8,114,298,198</b>
Contingencies and Commitments	289,237,808	102,557,139

Credit risk exposure relating to off-balance sheet assets are as follows:

	2023 30 Qaws 1402 AFN	2022 30 Qaws 1401 AFN
Contingencies and Commitments	289,237,808	102,557,139

The above table represents credit exposures of the Bank at 20 December 2022 and 21 December 2023, without taking account of any collateral held or other enhancements attached. For on balance sheet assets the exposure set out above is based on net carrying amounts as reported in the statement of financial position.

Exposure of the Bank do not include balances with related parties and Da Afghanistan Bank (DAB) being the regulator.

**The percentage of the maximum credit exposure in balances with cash and bank balances, Loans and advances to customers and other assets are as follows:**

	21 December 2023 30 Qaws 1402 AFN	21 December 2022 30 Qaws 1401 AFN
Cash and cash equivalents	45%	35%
Short-term investments	15%	11%
Loans and advances	29%	48%
Other assets	11%	6%

**Past due but not impaired loans**

Past due but not impaired loans are those for which contractual interests or principal payments are past due but the Bank believes impairment is not appropriate.

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**Allowances for impairment**

The Bank establishes an allowance for impairment losses that represents the Bank's estimate of incurred losses on loan portfolio. The main component of this allowance is a specific loss component that relates to individually significant exposures, and a collective allowance for impairment established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

**Loan Grading**

All loans are classified into one of the five classification grades mentioned below for minimum provisioning amounts.

	All other Loans		Microfinance & Small Loans	
	Days past due	Percentage %	Days past due	Percentage %
Standard	1 - 30 Days	1%	0-30 Days	1%
Watch	31 - 60 Days	5%	31 - 60 Days	5%
Substandard	61 - 120 Days	25%	61 - 90 Days	25%
Doubtful	121 - 480 Days	50%	91 - 180 Days	50%
Loss	481 or past due dates	100%	181 or above	100%

**Write-off policy**

The Bank recognized 100% provision on loans after 480 days and keeping these on books of account for additional 06 months after expiry of additional 06 months these loans would be written off as per Da Afghanistan bank regulations. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. Before allowing to written off, it is ensured that all possible avenues of recovery, inclusive of legal action are exhausted or legal action is not advisable.

**Concentration of credit risks by sector**

All the loans have been disbursed in geographical territory of Afghanistan. The Bank monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk of loans and advances to customers at reporting date is as follows:

	21 December 2023 30 Qaws 1402 AFN	21 December 2022 30 Qaws 1401 AFN
<b>Concentration by sector - Carrying amount</b>	<b>1,382,179,406</b>	<b>3,928,047,996</b>
Airline	612,054,620.74	720,207,049
Vegetable ghee and cooking oil	334,358,346	330,725,899
Manufacturer	236,995,165	320,489,786
Pharmaceuticals	797,649,919	927,160,848
Fuel suppliers	148,267,948	36,940,106
Food	1,468,744,933	1,503,862,245
Construction	216,262,398	205,934,484
Automobile	127,355,021	496,544,614
Trading	3,941,688,351	4,541,865,032
Others		
<b>Concentration by sector - Gross amount</b>		

**b) Liquidity risk**

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities that are settled by delivering cash or another financial asset.

**Management of liquidity risk**

The Board of Supervisors ensures that the Bank has necessary tools and framework to cater the requirements of liquidity risk management and the Bank is capable to confronting uneven liquidity scenarios. Management Board is entrusted with the responsibility of managing the mismatch in maturities to ensure availability of sufficient cash flow to meet possible withdrawal of deposits, other commitment or challenges associated with sudden changes in market conditions, whilst enabling the Bank to pursue valued business opportunities.

Finance Department receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Finance Department then maintains a portfolio of short-term liquid assets to ensure that sufficient liquidity is maintained within the Bank as a whole.

The Bank relies on deposits from customers as its primary source of funding. Deposits from customers generally have shorter maturities and large portion is repayable on demand.



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	21 December 2022	21 December 2023	30 Qaws 1402	30 Qaws 1401
		AFN	AFN	AFN

	Broad Liquidity Ratio
At year end	87.66%
Average for the year	89.81%
Maximum for the year	91.50%
Minimum for the year	87.19%

**Exposure to liquidity risk**

The key measures used by the Bank to measure the liquidity risk includes the Broad Liquidity Ratio (calculated as a percentage of Liquid Assets to Attracted Funds and designated off-balance sheet liabilities. Liquid assets include cash in vault, balances with DAB, demand and time deposits with banks. Attracted funds include demand and time liabilities including customers' deposits. Designated off balance sheet liabilities include Letters of Guarantee) and Quick Liquidity Ratio (calculated as a percentage of highly liquid assets to volatile liabilities. Highly liquid assets includes cash in vault, current account with DAB and demand deposits with banks. Volatile liabilities represent demand deposits from banks and other financial institutions). Liquidity risk and details are presented below:

Maturity analysis for financial liabilities	Note	Carrying amount	Gross nominal outflow	Amount in AFN				
				Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
<b>30 Qaws 1402 (2023)</b>								
On balance sheet exposures:								
Deposits from banks and Customers	13	30,645,457,926	(30,645,457,926)	20,086,261,163	5,285,911,449	5,114,407,506	-	-
Other liabilities	16	526,548,745	(526,548,745)	20,612,809,908	5,285,911,449	5,114,407,506	-	-
		31,172,006,671	(31,172,006,671)	20,612,809,908	5,285,911,449	5,114,407,506	-	-
Off balance sheet exposures:								
Letters of guarantees	13.3	158,877,808	(158,877,808)	-	-	(158,877,808)	-	-
		31,330,884,479	(31,330,884,479)	20,612,809,908	5,285,911,449	4,955,529,698	-	-
<b>30 Qaws 1401 (2022)</b>								
On balance sheet exposures:								
Deposits from banks and Customers	13	34,003,327,509	(34,003,327,509)	22,117,545,102	6,876,476,589	5,009,305,818	-	-
Other liabilities	16	340,807,112	(340,807,112)	340,807,112	-	-	-	-
		34,344,134,621	(34,344,134,621)	22,458,352,214	6,876,476,589	5,009,305,818	-	-
Off balance sheet exposures:								
Letters of Guarantees	13.3	102,557,139	(102,557,139)	-	-	(102,557,139)	-	-
		34,446,691,760	(34,446,691,760)	22,458,352,214	6,876,476,589	4,906,748,679	-	-
<b>Maturity analysis for financial Assets</b>								
	Note	Carrying amount	Gross nominal outflow	Amount in AFN				
				Less than 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
<b>30 Qaws 1402 (2023)</b>								
Cash and cash equivalents	5	26,366,323,582	(26,366,323,582)	21,781,651,659	4,584,671,923	-	-	-
Short-term investments	6	730,534,194	(730,534,194)	-	-	730,534,194	-	-
Loans and advances	7	1,382,179,406	(1,382,179,406)	-	-	-	1,382,179,406	-
Long term investments	8	978,178,167	(978,178,167)	-	-	-	-	978,178,167
Other assets	12	981,182,208	(981,182,208)	-	-	-	981,182,208	-
		30,438,397,557	(30,438,397,557)	21,781,651,659	4,584,671,923	730,534,194	2,363,361,614	978,178,167
<b>30 Qaws 1401 (2022)</b>								
Cash and cash equivalents	5	29,889,453,197	(29,889,453,197)	24,125,226,045	5,764,227,152	-	-	-
Short-term investments	6	907,866,238	(907,866,238)	-	-	907,866,238	-	-
Loans and advances	7	3,928,047,987	(3,928,047,987)	-	-	-	3,928,047,987	-
Long term investments	8	1,255,375,989	(1,255,375,989)	-	-	-	-	1,255,375,989
Other assets	12	989,334,714	(989,334,714)	-	-	-	989,334,714	-
		36,980,078,125	(36,980,078,125)	24,125,226,045	5,764,227,152	907,866,238	4,927,382,701	1,255,375,989

**c) Market risks**

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

**Management of market risks**

To manage and control market risk a well defined limits structure is in place. These limits are reviewed, adjusted and approved periodically. Overall authority for market risk is vested in Management Board.

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**Exposure to interest rate risk**

The Bank's risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future flows or fair values of financial instrument because of change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for reprising bands. Management Board is the monitoring body for compliance with these limits and is assisted by Risk Management in its day to day monitoring activities. Overall non-trading interest rate risk positions are managed by Central Treasury, which uses investment securities, advances to banks, deposits from banks to manage the overall position arising from the Bank's non-trading activities. A summary of the Bank's interest rate gap position on non-trading portfolio is as follows:

Exposure to interest rate risk	Interest rates % (p.a.)	Amount in AFN					Interest Bearing Total	Non-interest bearing Total	Gross Total
		Less than 3 months	3-6 months	6-12 months	1-5 years				
<b>30 Qaws 1402 (2023)</b>									
Financial assets									
Cash and cash equivalents	0%	-	-	-	-	-	-	-	26,366,323,582
Short-term investments	5.2%	-	730,534,194	-	-	-	-	-	730,534,194
Loans and advances	3.5%-15%	-	-	-	-	-	-	-	-
Long term investments	0%	-	-	-	-	-	978,178,167	-	978,178,167
Other assets	0%	-	-	730,534,194	-	-	981,182,208	-	981,182,208
		-	-	730,534,194	-	-	28,325,683,957	-	29,056,218,151
Financial liabilities									
Deposits	0%	-	-	-	-	-	30,645,457,926	-	30,645,457,926
Others Liabilities	0%	-	-	-	-	-	526,548,745	-	526,548,745
		-	-	-	-	-	31,172,006,671	-	31,172,006,671
On balance sheet sensitivity gap		-	-	730,534,194	-	-	(2,846,322,714)	-	(2,115,788,520)
<b>30 Qaws 1401 (2022)</b>									
Financial assets									
Cash and cash equivalents	0%	-	-	-	-	-	-	-	29,889,453,197
Short-term investments	3.4%	-	907,866,238	-	-	-	-	-	907,866,238
Loans and advances	5%-15%	-	-	-	-	-	-	-	-
Long term investments	0%	-	-	-	-	-	1,255,376,989	-	1,255,376,989
Other assets	0%	-	-	907,866,238	-	-	999,334,714	-	999,334,714
		-	-	907,866,238	-	-	32,144,165,900	-	33,052,030,158
Financial liabilities									
Deposits	0%	-	-	-	-	-	34,003,327,509	-	34,003,327,509
Others Liabilities	0%	-	-	-	-	-	340,807,112	-	340,807,112
		-	-	-	-	-	34,344,134,621	-	34,344,134,621
On balance sheet sensitivity gap		-	-	907,866,238	-	-	(2,199,970,721)	-	(1,292,104,483)
<b>Exposure to currency risk</b>									
The Bank's exposure to foreign currency risk is as follow, based on notional amounts.									
<b>Exposure to currency risk</b>									
<b>30 Qaws 1402 (2023)</b>									
Assets									
Cash and bank balances									
Short-term investments									
Loans and advances - gross									
Long term investments									
Other assets									
Liabilities									
Deposits from banks and Customers									
Other liabilities									
Net currency exposure									



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<b>30 Qaws 1401 (2022)</b>									
Assets									
Cash and bank balances	29,889,453,197	10,756,077,554	270,837,873	18,662,135,090	183,443,396	16,959,286			
Short-term investments	907,866,238			907,866,238					
Loans and advances	3,928,047,987	2,098,201,095	24,964,285	1,804,882,607					
Long term investments	1,255,375,989	1,058,915,990		196,460,000					
Other assets	999,334,714	664,470,234		334,851,144					
	<u>36,980,078,125</u>	<u>14,577,664,872</u>	<u>295,802,158</u>	<u>21,906,195,078</u>	<u>183,443,396</u>	<u>16,959,286</u>			
Liabilities									
Deposits from banks and Customers	34,003,327,509	16,727,766,702	191,227,015	17,059,281,847	25,005,171	46,773			
Other liabilities	166,952,287	138,608,547	4,093,910	24,369,002	(91)	(119,070)			
	<u>34,170,279,806</u>	<u>16,866,375,248</u>	<u>195,320,925</u>	<u>17,083,650,848</u>	<u>25,005,080</u>	<u>(72,297)</u>			
Net currency exposure	2,809,798,319	(2,288,710,376)	100,481,233	4,822,544,230	158,438,316	17,031,583			

**Sensitivity analysis**

A 10% increase in the exchange rates of USD, GBP, PKR and EUR at year end would have increased (decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Bank considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

The following significant exchange rates were applied during the periods.

	21 December 2022		21 December 2022	
	Average rate	Reporting date spot rate	Average rate	Reporting date spot rate
USD	87.03	68.36	90.00	89.30
GBP	107.77	87.42	110.90	108.05
PKR	0.28	0.24	0.38	0.35
EUR	92.90	76.17	94.95	93.55

A 10% decrease in the exchange rates of USD, GBP, PKR and EUR at year end would have had the equal but opposite effect on the above currencies, on the basis that all other variables remain constant.

**d) Operational risks**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Bank's operations and are faced by all business entities.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to Head of Departments. This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with the Bank standards is supported by a programmed of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the department to which they relate, with summaries submitted to the Audit Committee and Chief Executive Officer of the Bank.

**BANK-E-MILLIE AFGHAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)**

**29 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.

	<b>21 December 2023 30 Qaws 1402 AFN</b>	<b>21 December 2022 30 Qaws 1401 AFN</b>
<b>Tier 1 capital</b>		
Total equity	<b>5,948,432,900</b>	8,887,161,210
Less: Current year profit	-	-
Less: Surplus on revaluation of property and equipment - net	<b>(792,247,503)</b>	(792,247,503)
Less: Intangible assets	<b>(2,649,586)</b>	(4,386,404)
Total Tier 1	<b>5,153,535,811</b>	8,090,527,303
<b>Tier 2 capital</b>		
Profit for the year	-	-
Surplus on revaluation of property and equipment - net	<b>792,247,503</b>	792,247,503
General loss reserves on credits Allowable Portion	<b>7,963,056</b>	15,853,591
Allowable deduction-equity investment	<b>(978,178,167)</b>	(1,255,375,989)
Total Tier 2	<b>(177,967,608)</b>	(447,274,895)
Total regulatory capital ( Tier 1 + Tier 2)	<b>4,975,568,203</b>	7,643,252,409
<b>Risk-weight categories</b>		
<b>0% risk weight:</b>		
Cash in Afghani and fully-convertible foreign currencies	<b>6,046,915,401</b>	1,909,688,840
DAB Capital notes	-	-
Direct claims on DAB	<b>18,095,925,689</b>	25,100,135,362
Precious metals and precious stones	<b>65,762,452</b>	65,762,452
0% risk-weight total (above total x 0%)	<b>24,208,603,542</b>	27,075,586,654
<b>20% risk weight:</b>		
Balances with other banks	<b>2,987,003,472</b>	3,881,764,837
20% risk-weight total (above total x 20%)	<b>597,400,694</b>	776,352,967
<b>50% risk weight:</b>		
Balances with other banks	-	-
50% risk-weight total (above total x 50%)	-	-
<b>100% risk weight:</b>		
All other assets	<b>13,431,035,911</b>	13,996,438,016
Less: intangible assets	<b>(2,649,586)</b>	(4,386,404)
Allowable deduction-equity investment	<b>(978,178,167)</b>	(1,255,375,989)
100% risk-weight total (above total x 100%)	<b>12,450,208,158</b>	12,736,675,623
<b>0% risk weight:</b>		
Guarantees	<b>289,237,808</b>	102,557,139
Unused Portions of Commitments	-	-
0% credit conversion factor total (risk-weighted total x 0%)	<b>289,237,808</b>	102,557,139
<b>Total risk-weighted assets</b>	<b>13,047,608,852</b>	13,513,028,590
<b>Tier 1 Capital Ratio</b> (Tier 1 capital as % of total risk-weighted assets)	<b>39.5%</b>	<b>59.9%</b>
<b>Regulatory Capital Ratio</b> (Regulatory capital as % of total risk-weighted assets)	<b>38.1%</b>	<b>56.6%</b>

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**BANK-E-MILLIE AFGHAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED ON 30 QAWS 1402 (21 DECEMBER 2023)**

**30 Prior year adjustment**

The prior year adjustment relates to the bank's identification of an investment property located in the Serahee Alauddin Kabul city, the discovered property is measured 1,266 Square meter as per the independent expert valuation report. This property had been excluded from the bank's accounting records in previous years due to the absence of ownership documentation with the bank. During the year, the bank has successfully fulfilled all the necessary legal requirements for the ownership title deeds and valuation. Consequently, the financial statements of the bank have been adjusted accordingly with the following prior year adjustments:

	<b>Balance sheet</b>	<b>Equity</b>
	<b>Investment properties AFN</b>	<b>Retained Earnings AFN</b>
<b>The balance prior to correction adjustment, as of 30 Qaws 1400 (December 21, 2021), was:</b>	<b>5,724,405,630</b>	<b>7,039,911,573</b>
<i>The accounting entry for the correction of omission is as follows:</i>		
Debit	89,702,144	
Credit		89,702,144
<b>Balances as at 30 Qaws 1400 (22 December 2021)- Restated</b>	<b>5,814,107,774</b>	<b>7,129,613,717</b>
<b>Balance C/F as at 01 Jaddi 1400 (22 December 2021)</b>	<b>5,814,107,774</b>	<b>7,129,613,717</b>

**31 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.

**32 General**

The amounts have been rounded off to nearest AFN.

**33 Date of authorisation for issue**

These financial statements were authorised for issue by the Board of Supervisors of the Bank-e-Mille Afghan on 16-March-2024

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Chairman BOS

Chief Executive Officer

Chief Financial Officer