

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BANK-E-MILLIE AFGHAN

Introduction

We have audited the accompanying financial statements of Bank-e-Millie Afghan (the Bank), which comprise the statement of financial position as at December 21, 2025, (30 Qaws 1404) and the statement of profit or loss and other comprehensive income, 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 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 December 21, 2025, (30 Qaws 1404) and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs), the Law of Banking in Afghanistan and other laws and regulations issued by Da Afghanistan Bank (DAB).

Basis for Qualified Opinion

- a) As referred in note 9.1 of financial statement, the Bank holds an investment in its wholly owned foreign subsidiary, Afghan American Trading Co. Inc. (AATC), which is carried at a cost of USD 2.200 million (translated to AFN 145.783 million) (2024: USD 2.2 million translated to AFN 154.385 million). In accordance with IFRS 10 - Consolidated Financial Statements, the Bank has determined that it does not exercise control over AATC. As a result, the investment is accounted for at cost, and the subsidiary has not been consolidated in the Bank's financial statements.
- b) As referred in note 5.3.1 to the financial statement, the Bank held account balance totaling USD 28.52 million (2024: USD 28.52 million) equivalent to AFN 1,889.723 million (2024: AFN 2,001.227 million) with the Citibank New York. However, Citibank New York has not confirmed this balance and has replied that the account is closed. As per management, due to political developments, this balance was transferred to Federal Reserve Bank of New York (FRB NY), and management is pursuing this with FRB NY. However, we were not provided with correspondence or confirmation from FRB NY. Therefore, we were unable to obtain sufficient and appropriate audit evidence to verify the existence of this balance.

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* (IESBA Code) together with the ethical requirements 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.

Other Information

In connection with our audit of the financial statements, we have been informed by management that there is no other information that is attached by them along with the financial statements and our auditor's report thereon.

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Responsibilities of the 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, the requirements of 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, the management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

Auditors' 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 the 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.

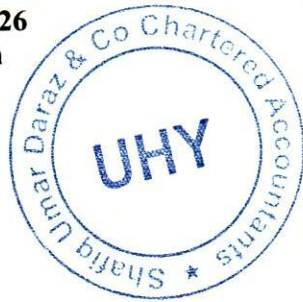


Shafiq Umar Daraz & Co.
Chartered Accountants

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 our audit.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Shafiq, FCA.

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Chartered Accountants
Date: March 11, 2026
Kabul, Afghanistan



BANK-E-MILLIE AFGHAN
STATEMENT OF FINANCIAL POSITION
AS AT 30 QAWS 1404 (21 December 2025)

		21 December 2025	20 December 2024
		30 Qaws 1404	30 Qaws 1403
	Note	AFN	AFN
Assets			
Cash and bank balances	5	21,502,078,913	22,524,911,687
Gold and silver at bank vault	6	120,733,758	85,655,307
Short-term investments	7	777,628,105	788,299,228
Financing / loans and advances	8	1,528,575,040	1,019,388,427
Long term investments	9	1,197,908,277	1,025,862,977
Property and equipment	10	1,272,069,724	1,273,291,937
Intangible assets	11	1,998,253	2,593,566
Investment properties	12	6,742,334,203	6,311,451,633
Other assets	13	3,566,693,202	3,470,718,861
Total assets		<u>36,710,019,475</u>	<u>36,502,173,622</u>
Liabilities			
Deposits from banks and customers	14	28,490,743,508	29,079,626,911
Lease liabilities	15	36,848,598	25,371,774
Deferred tax liability	16	733,383,450	747,663,221
Other liabilities	17	1,186,777,892	645,599,751
Total liabilities		<u>30,447,753,448</u>	<u>30,498,261,657</u>
Equity			
Share capital	18	1,000,000,000	1,000,000,000
Retained earnings		4,454,413,691	4,169,320,969
Surplus on revaluations - net		783,295,895	803,152,955
Exchange translation reserves		15,243,425	22,125,025
General reserve		9,313,016	9,313,016
Total equity		<u>6,262,266,027</u>	<u>6,003,911,965</u>
Total liabilities and equity		<u>36,710,019,475</u>	<u>36,502,173,622</u>

Contingencies and Commitments

The annexed notes from 1 to 31 form an integral parts of these financial statements.

Chief Executive Officer

Chief Finance Officer

Chairman BOS

BANK-E-MILLIE AFGHAN
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)**

	21 December 2025 30 Qaws 1404	20 December 2024 30 Qaws 1403
Note	AFN	AFN
Net income from financial assets & liabilities		
	152,357,446	145,163,131
	(27,191,699)	(35,514,407)
20	125,165,747	109,648,724
Fee and commission income and expenses		
	227,548,967	260,371,261
	(2,275,022)	(1,534,961)
21	225,273,945	258,836,300
Other income		
	32,392,257	18,001,568
	(8,757,332)	23,265,215
	35,078,451	19,892,855
22	796,195,307	269,435,345
	854,908,683	330,594,983
	1,205,348,375	699,080,007
Operating expenses		
8.4	431,152,862	161,407,358
23	229,813,334	226,932,714
15	1,948,702	1,094,998
10	47,508,635	39,456,637
11	595,313	584,110
24	422,300,537	212,817,904
	1,133,319,383	642,293,721
	72,028,992	56,786,286
	180,647,300	43,691,810
	252,676,292	100,478,096
	12,559,370	(59,098,885)
	265,235,662	41,379,211
Other comprehensive income		
<i>Items that may be classified to profit or loss subsequently</i>		
	(8,602,000)	3,993,001
	-	13,631,815
	1,720,400	(3,524,963)
	(6,881,600)	14,099,853
	258,354,062	55,479,063

The annexed notes from 1 to 31 form an integral parts of these financial statements.

Chief Executive Officer

Chairman BOS

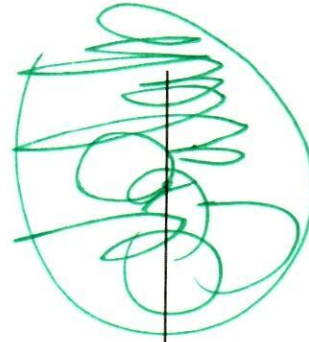
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BANK-E-MILLIE AFGHAN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

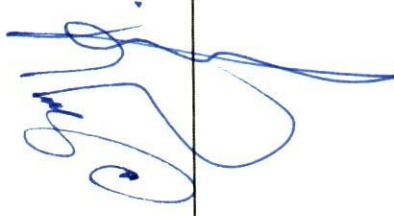
	AFN	AFN	AFN	AFN	AFN	AFN	AFN
	Share capital	Retained earnings	Revaluation surplus	Exchange translation reserves	General reserve	Total	AFN
Balance as at 30 Qaws 1402 (21 December 2023)							
Profit for the year	1,000,000,000	4,127,941,758	792,247,503	18,930,624	9,313,016	5,948,432,901	
Revaluation gain on vehicles	-	41,379,211	-	-	-	41,379,211	
Exchange rate differences on translation of investment in AATC Subsidiary - net of tax	-	-	10,905,452	-	-	10,905,452	
Balance as at 30 Qaws 1403 (20 December 2024)							
	1,000,000,000	4,169,320,969	803,152,955	22,125,025	9,313,016	6,003,911,965	
Balance as at 30 Qaws 1403 (20 December 2024)							
Profit for the year	1,000,000,000	4,169,320,969	803,152,955	22,125,025	9,313,016	6,003,911,965	
Incremental depreciation - net of deferred tax	-	265,235,662	-	-	-	265,235,662	
Exchange rate differences on translation of investment in AATC Subsidiary - net of tax	-	19,857,060	(19,857,060)	-	-	-	
Balance as at 30 Qaws 1404 (21 December 2025)							
	1,000,000,000	4,454,413,691	783,295,895	15,243,425	9,313,016	6,262,266,027	

The annexed notes from 1 to 31 form an integral parts of these financial statements.

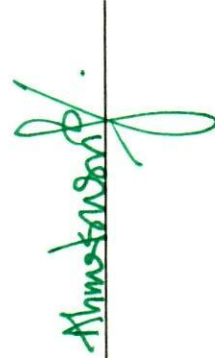
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Chief Executive Officer



Chief Finance Officer



Chairman BOS

BANK-E-MILLIE AFGHAN
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

		21 December 2025	20 December 2024
		30 Qaws 1404	30 Qaws 1403
	Note	AFN	AFN
Operating activities			
Profit before taxation		252,676,292	100,478,096
Adjustments for non-cash items:			
Depreciation	10	47,508,635	39,456,637
Amortization	11	595,313	584,110
Share in (gain) / loss of associate and equity investments	9.4	(180,647,300)	(43,691,810)
Provision on loans and advances	8.4	431,152,862	161,407,358
Other assets written off	13.4	-	(110,217,151)
Provision on other assets	13.4	(70,700)	-
Loans and advances written off	8.4	(732,977,903)	(1,632,576,891)
Finance cost on lease liability	15	1,948,702	1,094,998
Loss on disposal of property and equipment		340,617	(2,028,498)
Gain on disposal of intangible assets		-	(11,090)
Other adjustments		-	3,524,963
		(432,149,774)	(1,582,457,374)
Adjustments for changes in operating assets and liabilities:			
Loans and advances to customers	8	(207,409,604)	1,768,324,040
Other assets	13	(95,903,641)	263,903,923
Deposits from banks and customers	14	(588,883,403)	(1,565,831,015)
Other liabilities		523,037,680	130,469,848
		(369,158,968)	596,866,796
Retirement benefit paid		(18,140,460)	(11,418,842)
		(18,140,460)	(11,418,842)
Net cash used in operating activities		(566,772,910)	(896,531,324)
Investing activities			
(Investment in) / divestment from placements with banks	7	18,137,758	(61,231,004)
Acquisition of intangible assets	11	-	(517,000)
Acquisition of investment properties	12	-	(183,004,320)
Capital expenditure on investment properties	12.2	(430,882,570)	(6,016,039)
Acquisition of Rights of use assets	10	-	(10,941,830)
Acquisition of property and equipment	10	(17,009,121)	(25,042,837)
Net cash used in investing activities		(429,753,933)	(286,753,030)
Cash flows from financing activities			
Recognition / (repayment) of lease obligations - net		(9,528,122)	2,447,348
Net cash generated from / (used in) financing activities		(9,528,122)	2,447,348
Effect of exchange rate differences on provisions		18,300,642	60,284,493
Net decrease in cash and cash equivalents		(987,754,323)	(1,120,552,513)
Cash and cash equivalents at beginning of year		22,610,566,994	23,731,119,507
Cash and cash equivalents at end of year	5.4	21,622,812,671	22,610,566,994

The annexed notes from 1 to 31 form an integral parts of these financial statements.

Chief Executive Officer

Chairman BOS

Chief Finance Officer

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BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

1 Status and nature of operations

Bank-e-Millie Afghan (the Bank) is domiciled in The Islamic Emirate of Afghanistan. The Bank was incorporated in 1933 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 (2025:39 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 8 '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:

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BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

Note 2.5 (continued)

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 (2024: 1%) against outstanding loan and advances to customers as at the period end.

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 Emirate 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 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

Name of Standard, Project, Improvement, or Amendment	Effective Date
Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	January 1, 2026
IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 1, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures - Basis for Conclusions	January 1, 2027
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027

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BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

Note 3.1 (continued)

IFRS 18 Presentation and Disclosure in Financial Statements - Basis for January 1, 2027
Conclusions

IFRS 18 Presentation and Disclosure in Financial Statements - January 1, 2027
Illustrative Examples

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 have 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:

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BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

Note 4.1.1 (continued)

- 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).

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.

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BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

Note 4.1.1 (continued)

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.

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.

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BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

Note 4.3 (continued)

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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Note 4.4 (continued)

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.

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Note 4.6.1 (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency are 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.

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 Income from islamic products

The Bank also offers Shariah-compliant financial products under Islamic banking principles. Income from Islamic products is derived from Shariah-compliant contracts such as Murabaha and Musharaka, which are structured to ensure compliance with Islamic finance regulations. These products generate income through profit-sharing, trade-based transactions, and equity participation, rather than conventional interest-based mechanisms.

4.8.1 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 culmination date.

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4.8.2 Musharaka

Musharaka is a Shariah-compliant partnership-based financing arrangement where the Bank and the customer jointly invest in an asset or project. Profits generated from the venture are distributed according to a pre-agreed ratio, while losses are shared based on capital contribution. In the case of Diminishing Musharaka, the Bank's share in the asset is gradually reduced as the customer makes periodic payments, ultimately leading to full ownership by the customer.

4.9 Share of investors / Investment in Associates

The Bank uses the equity method of accounting for determining the carrying value of investments in associates. Under this method, the initial investment is recorded at cost and subsequently adjusted for the Bank's share of the associate's profits or losses. Dividends received from the associate reduce the carrying amount of the investment. The Bank assesses its investments in associates for impairment whenever indicators of impairment exist.

4.10 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.

4.11 Rental income

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

4.12 Dividend income

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

4.13 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.

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4.14 Investments in subsidiary and associates

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.

4.15 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.

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Note 4.15 (continued)

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- 5 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.

Capital work-in-progress

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

4.16 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.

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4.17 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 AFN 1,058,990,863.50 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.

4.18 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.*

4.19 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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		21 December 2025	20 December 2024
	Note	30 Qaws 1404	30 Qaws 1403
		AFN	AFN
5	Cash and bank balances		
	Cash in hand	5.1 1,739,748,875	4,770,888,878
	Balances with Da Afghanistan Bank (DAB)	5.2 15,966,542,321	14,665,278,036
	Nostro accounts & balances with domestic banks	5.3 3,795,787,717	3,088,744,773
		21,502,078,913	22,524,911,687
5.1	Cash in hand		
	Local currency	5.1.1 877,498,390	2,278,613,216
	Foreign currency	5.1.2 801,903,985	2,433,673,162
	Cash in ATMs	60,346,500	58,602,500
		1,739,748,875	4,770,888,878
5.1.1	This represents cash at vaults in the branches of the bank.		
5.1.2	The foreign currencies includes USD, GBP, EURO and PKR.		
5.2	Balances with Da Afghanistan Bank (DAB)		
	Local currency	12,906,880,117	12,259,180,426
	Foreign Currency	5.2.1 3,059,662,204	2,406,097,610
		15,966,542,321	14,665,278,036
5.2.1	The foreign currencies includes USD, GBP, EURO and PKR.		
5.3	Nostro accounts & balances with domestic banks		
	Nostro accounts balances	5.3.1 2,542,686,383	2,081,122,252
	Balances with domestic banks - Local currency	5.3.2 181,527	134,193
	Balances with domestic banks - Foreign currency	5.3.3 1,252,919,808	1,007,488,328
		3,795,787,717	3,088,744,773
5.3.1	Nostro accounts balances		
	Citibank New York	5.3.1.1 1,889,723,331	2,001,227,417
	Zhejiang Chaozhou Commercial Bank China	641,583,308	67,365,977
	Habib Bank - Pakistan	5.3.1.1 10,757,589	11,869,992
	Canara Bank	5.3.1.1 622,155	658,866
		2,542,686,383	2,081,122,252
5.3.1.1	"No debit restrictions" were imposed on these foreign currency accounts since prior years.		
		21 December 2025	20 December 2024
	Note	30 Qaws 1404	30 Qaws 1403
		AFN	AFN
5.3.2	Balances with domestic banks - Local currency		
	Pashtany Bank	121,927	124,593
	Azizi Bank	9,600	9,600
	Ghazanfar Bank	50,000	-
		181,527	134,193
5.3.3	Balances with domestic banks - Foreign currency		
	Pashtany Bank	245,931	261,706
	New Kabul Bank	246,764	262,868
	Azizi Bank	6,185	10,760
	Ghazanfar Bank	1,252,420,929	1,006,952,994
		1,252,919,808	1,007,488,328

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	Note	21 December 2025 30 Qaws 1404 AFN	20 December 2024 30 Qaws 1403 AFN
5.4 Cash and cash equivalents			
Cash in hand		1,739,748,875	4,770,888,878
Balances with Da Afghanistan Bank (DAB)		15,966,542,321	14,665,278,036
Nostro accounts & balances with domestic bank:		3,795,787,717	3,088,744,773
Gold and silver at bank vault	6	120,733,758	85,655,307
		21,622,812,671	22,610,566,994

6 Gold and silver at bank vault			
Gold		54,909,179	35,496,387
Silver		65,824,579	50,158,920
	6.1	120,733,758	85,655,307

6.1 This represents gold and silver coins located at bank's main vault, acquired in the early years after inception of BMA in Afghanistan. At each reporting date, these are revalued to reflect their fair market value. Changes in valuation are recognized in profit or loss in accordance with the bank's accounting policy.

	Note	21 December 2025 30 Qaws 1404 AFN	20 December 2024 30 Qaws 1403 AFN
7 Short-term investments			
Mudarabah Deposit in RAK Bank		126,541,311	134,007,946
First Abu Dhabi Bank	7.1	766,027,889	775,267,201
		892,569,200	909,275,147
Accrued profit		11,600,216	13,032,027
		904,169,416	922,307,174
Provision on RAK Bank placement	7.2	(126,541,311)	(134,007,946)
		777,628,105	788,299,228

7.1 The effective average return on this products is 4.3% (2024: 5.28%) per annum. The balances have maturities in August 2026 (Augsut: 2025)

	Note	21 December 2025 30 Qaws 1404 AFN	20 December 2024 30 Qaws 1403 AFN
7.2 Provision on RAK Bank placement			
Balance at the beginning of the year		134,007,946	130,541,976
Exchange rate differences		(7,466,635)	3,465,970
Balance at the end of year		126,541,311	134,007,946

8 Financing / loans and advances			
Financing			
- Murabaha	8.1	1,640,426,054	659,772,086
- Diminishing mushareka	8.2	707,596,076	747,862,537
		2,348,022,130	1,407,634,623
Conventional Loans	8.3	-	732,977,903
Gross financing / loans and advances		2,348,022,130	2,140,612,526
Allowance for impairment loss			
Financing - Murabaha	8.1	(153,918,502)	(189,476,416)
Financing - Diminishing mushreka	8.2	(665,528,588)	(198,769,780)
Conventional	8.3	-	(732,977,903)
	8.4	(819,447,090)	(1,121,224,099)
		1,528,575,040	1,019,388,427

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		----- 21 December 2025 -----			
	Note	Gross	Impairment	Carrying Value	
8.1	Financing (Murabaha)				
	Car financing	8.1.1	149,470,956	(16,802,248)	132,668,708
	House financing	8.1.1	11,557,845	(115,578)	11,442,267
	Construction material	8.1.1	438,825,436	(27,206,452)	411,618,984
	Home appliances	8.1.2	21,555,226	(332,169)	21,223,057
	Trade Finance	8.1.3	23,009,309	(413,515)	22,595,794
	Corporate equipment	8.1.3	996,007,282	(109,048,540)	886,958,742
			1,640,426,054	(153,918,502)	1,486,507,552
		----- 20 December 2024 -----			
		Gross	Impairment	Carrying Value	
	Car financing	8.1.1	65,972,606	(17,067,591)	48,905,015
	House financing	8.1.1	1,250,008	(12,500)	1,237,508
	Construction material	8.1.1	46,496,257	(35,104,361)	11,391,896
	Home appliances	8.1.2	4,813,323	(48,133)	4,765,190
	Trade finance	8.1.3	31,325,348	(1,466,641)	29,858,707
	Corporate equipment	8.1.3	509,914,544	(135,777,190)	374,137,354
			659,772,086	(189,476,416)	470,295,670

8.1.1 These represent financing for purchase of cars, houses and for the purpose of construction. These carry profit at rates ranging from 3% to 10% (2025: 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.

8.1.2 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 3% to 9% (2025: 5% to 8%) per annum and are extended for 12 months to 72 months. These are secured against personal guarantees and immovable properties.

8.1.3 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 3% to 9% (2025: 5% to 8%) per annum and have maturity between 1 to 7 years. These are secured against personal guarantees and in certain cases the mortgage of immovable properties.

		----- 21 December 2025 -----			
	Note	Gross	Impairment	Carrying Value	
8.2	Financing (Diminishing mushareka)				
		8.2.1	707,596,076	(665,528,588)	42,067,488
		8.2.2	707,596,076	(665,528,588)	42,067,488
		----- 20 December 2024 -----			
		Gross	Impairment	Carrying Value	
	Financing (Diminishing mushareka)	8.2.1	747,862,537	(198,769,780)	549,092,757
			747,862,537	(198,769,780)	549,092,757

8.2.1 These represents restructuring of conventional loans into Diminishing Musharaka, carrying profit rate of 10% per

8.2.1 This includes a fully provided party for which an impairment loss of AFN 486.792 million has been recognized. According to the objective criteria of the Asset Classification and Provisioning Regulation (ACPR) of DAB, this party falls into the 'Doubtful' category, requiring a 50% impairment loss to be maintained at the reporting date. However, based on the subjective criteria of the ACPR, the Bank's management further downgraded the classification of this loan to the 'Loss' category, maintaining 100% provisioning, as legal proceedings for the recovery of this amount were initiated during the year.

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		----- 21 December 2025 -----			
8.3	Conventional loans	Note	Gross	Impairment	Carrying Value
	Overdrafts		-	-	-
	Commercial loans		-	-	-
	Microfinance loans		-	-	-
	Entrepreneurs		-	-	-
			-----	-----	-----
			-	-	-
			-----	-----	-----
		----- 20 December 2024 -----			
		Gross	Impairment	Carrying Value	
	Overdrafts	8.3.1	671,197,308	(671,197,308)	-
	Commercial loans	8.3.2	5,138,915	(5,138,915)	-
	Microfinance loans	8.3.3	51,509,574	(51,509,574)	-
	Entrepreneurs	8.3.4	5,132,106	(5,132,106)	-
			-----	-----	-----
			732,977,903	(732,977,903)	-
			-----	-----	-----

8.3.1 These overdraft facilities were extended to borrowers for a period of 12 months, after which the same were subject to renewal. These facilities were carrying mark-up at rates ranging from 10% to 13% (2024: 10% to 13%) per annum. These facilities were secured against immovable properties.

8.3.2 Commercial loans included all business purpose loans. These carried mark-up rate ranging from 10% to 11% (2024: 10% to 11%) per annum.

8.3.3 Construction loans were made for the purpose of constructing improvements on real property and were extended to borrowers for a period of 6-24 months. These carried effective rate of return ranging from 5% to 15% (2024: 5% to 15%) per annum.

8.3.4 These loans were specially designed for permanent government employees who have served for more than 5 years and less than 35 years. The maximum amount of loan was AFN 500,000. These carried interest rate ranging from 5% to 15% per annum.

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----- 21 December 2025 -----			
	Conventional loans	Islamic loans (MurabeHa and diminishing mushareka)	Total
8.4 Allowance for impairment loss			
Balance at the beginning	732,977,903	388,246,196	1,121,224,099
Charge for the year	-	698,145,444	698,145,444
Reversals during the year	-	(266,992,582)	(266,992,582)
Provision on loans and advances	-	431,152,862	431,152,862
Write offs during the year	(732,977,903)	-	(732,977,903)
Exchange rate difference	-	48,032	48,032
Balance at the end	-	819,447,090	819,447,090

8.4.1 During the ALCO meeting held on 1403/12/26, the committee approved the charge-off of all outstanding conventional loans, as ratified by the Board of Management (BoM).

----- 20 December 2024 -----			
	Conventional loans	Islamic loans (MurabeHa and diminishing mushareka)	Total
Balance at the beginning	2,036,020,690	490,736,469	2,526,757,159
Charge for the year	456,137,559	35,758,836	491,896,395
Reversals during the year	(302,941,596)	(27,547,441)	(330,489,037)
Provision on loans and advances	153,195,963	8,211,395	161,407,358
Write offs during the year	(1,632,576,891)	-	(1,632,576,891)
Exchange rate difference	176,338,141	(110,701,668)	65,636,473
Balance at the end	732,977,903	388,246,196	1,121,224,099

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	Note	21 December 2025 30 Qaws 1404 AFN	20 December 2024 30 Qaws 1403 AFN
9 Long term investments			
Afghan American Trading Co. Inc.	9.1	145,783,000	154,385,000
Investment in associates	9.2	859,890,394	679,243,094
Investment in equity instruments	9.3	192,234,883	192,234,883
		1,197,908,277	1,025,862,977
9.1 Afghan American Trading Co. Inc.			
Opening balance		154,385,000	150,392,000
Exchange gain / (loss)		(8,602,000)	3,993,000
Closing balance		145,783,000	154,385,000

9.1.1 This represents investment of the Bank in its wholly owned foreign subsidiary, Afghan American Trading Co. Inc. (AATC), which is carried at a cost of USD 2.200 million (translated to AFN 145.783 million) (2024: USD 2.2 million translated to AFN 154.385 million). In accordance with IFRS 10 - Consolidated Financial Statements, the Bank has determined that it does not exercise control over AATC. As a result, the investment is accounted for at cost, and the subsidiary has not been consolidated in the Bank's financial statements.

9.2 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:

	Note	21 December 2025 30 Qaws 1404 AFN	20 December 2024 30 Qaws 1403 AFN
9.2.1 Pashtany Bank			
Opening balance		679,243,094	635,551,284
Share of profit of the associate		180,647,300	43,691,810
Closing balance		859,890,394	679,243,094
9.3 Investment in equity instruments			
Ariana Afghan Airlines Company		172,256,476	172,256,476
Afghan National Insurance Company		18,606,641	18,606,641
Sherkat Saderat Pakhta Herat		844,289	844,289
Sherkat Nasaji Afghan		455,853	455,853
Edahdia Mazar Sharif		30,150	30,150
Sherkat Pashmena Bafi Qandahar		15,944	15,944
Edahdia Andkhoy Maimana		12,479	12,479
Sherkat Yakhsazi Herat		7,076	7,076
Sherkat Teel Kashi Herat		4,794	4,794
Sherkat Sahami Pashtoon Kandahar		1,181	1,181
		192,234,883	192,234,883

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**BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
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9.4 Movement in investment

For the year 21 December 2025

	Note	Opening Balance as at 20 December 2024	Translation difference	Share of profit	Equity Share	Provision for loss	Closing Balance, as at 21 December 2025
		679,243,094	-	180,647,300	-	-	859,890,394
	9.4.1	172,256,476	-	-	-	-	172,256,476
	9.4.1	154,385,001	(8,602,000)	-	-	-	145,783,001
	9.4.1	18,606,641	-	-	-	-	18,606,641
		844,289	-	-	-	-	844,289
		455,853	-	-	-	-	455,853
		30,150	-	-	-	-	30,150
		15,944	-	-	-	-	15,944
		12,479	-	-	-	-	12,479
		7,076	-	-	-	-	7,076
		4,794	-	-	-	-	4,794
		1,181	-	-	-	-	1,181
		1,025,862,977	(8,602,000)	180,647,300	-	-	1,197,908,277

For the year 20 December 2024

	Note	Opening Balance as at 21 December 2023	Adjustment / Translation difference	Share of profit	Equity Share	Provision for loss	Closing Balance, as at 20 December 2024
		635,551,284	-	43,691,810	-	-	679,243,094
		172,256,476	-	-	-	-	172,256,476
		150,392,000	3,993,001	-	-	-	154,385,001
		18,606,641	-	-	-	-	18,606,641
		844,289	-	-	-	-	844,289
		455,853	-	-	-	-	455,853
		30,150	-	-	-	-	30,150
		15,944	-	-	-	-	15,944
		12,479	-	-	-	-	12,479
		7,076	-	-	-	-	7,076
		4,794	-	-	-	-	4,794
		1,181	-	-	-	-	1,181
		978,178,167	3,993,001	43,691,810	-	-	1,025,862,977

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**BANK-E-MILLIE AFGHAN
 NOTES TO THE FINANCIAL STATEMENTS
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9.5 Financial Information - Summary

	Total Assets	Total Liabilities	Net Assets	Profit After Tax	Total comprehensive income	Holding %age
For the year ended on 21 December 2025						
Afghan American Trading Co	-	-	-	-	-	100.00%
Pashtany Bank	28,140,957,804	24,138,172,780	4,002,785,024	662,526,107	612,856,488	28.77%
Afghan National Insurance Company	-	-	-	-	-	7.66%
Ariana Afghan Airlines	-	-	-	-	-	6.25%
	28,140,957,804	24,138,172,780	4,002,785,024	662,526,107	612,856,488	
For the year ended on 20 December 2024						
Afghan American Trading Co	-	-	-	-	-	100.00%
Pashtany Bank	28,178,029,312	24,806,805,343	3,371,223,969	151,880,649	151,880,649	28.77%
Afghan National Insurance Company	-	-	-	-	-	7.66%
Ariana Afghan Airlines	-	-	-	-	-	6.25%
	28,178,029,312	24,806,805,343	3,371,223,969	151,880,649	151,880,649	

9.5.1 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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BANK-E-MILLIE AFGHAN
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FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

10 Property and equipment	Leased buildings - Right of use assets		Land and building		Furniture and fixtures		Computer equipment		Vehicles		Library books		Total
	AFN	AFN	AFN	AFN	AFN	AFN	AFN	AFN	AFN	AFN	AFN	AFN	
Cost													
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	1,681,366,834							
Additions	10,941,830	-	8,921,827	16,121,010	-	35,984,667							
Revaluation	-	-	-	-	23,038,500	23,038,500							
Write-Off during the year	-	-	(81,017,032)	(83,694,341)	(71,800,996)	(236,512,369)							
Adjustments	(27,061,650)	-	-	-	-	(27,061,650)							
Balance as at 30-Qaws-1403 (20-Dec-2024)	41,116,866	1,185,873,011	122,052,748	104,289,473	23,038,500	1,476,815,982							
Balance as at 30-Qaws-1403 (20-Dec-2024)	41,116,866	1,185,873,011	122,052,748	104,289,473	23,038,500	1,476,815,982							
Additions	13,220,339	679,712	4,914,289	11,415,120	-	30,229,460							
Write-Off during the year	-	-	(1,906,333)	(4,470,554)	-	(6,376,887)							
Adjustments	13,951,205	-	-	-	-	13,951,205							
Balance as at 30-Qaws-1404 (21-Dec-2025)	68,288,410	1,186,552,723	125,060,703	111,234,040	23,038,500	1,514,619,760							
Accumulated Depreciation													
Balance as at 30-Qaws-1402 (21-Dec-2023)	39,908,175	32,927,194	146,068,800	136,662,879	61,694,951	417,536,877							
Charge for the year	10,943,785	3,379,251	13,248,531	11,163,518	699,344	39,456,637							
Write-Off during the year	-	-	(78,837,853)	(78,017,883)	(62,394,295)	(219,250,031)							
Adjustments	(34,219,438)	-	-	-	-	(34,219,438)							
Balance as at 30-Qaws-1403 (20-Dec-2024)	16,632,522	36,306,445	80,479,478	69,808,514	-	203,524,045							
Balance as at 30-Qaws-1403 (20-Dec-2024)	16,632,522	36,306,445	80,479,478	69,808,514	-	203,524,045							
Charge for the year	17,100,975	3,380,384	13,872,045	11,974,576	1,158,324	47,508,635							
Write-Off during the year	-	-	(1,635,161)	(4,401,109)	-	(6,036,270)							
Adjustments	(2,446,375)	-	-	-	-	(2,446,375)							
Balance as at 30-Qaws-1404 (21-Dec-2025)	31,287,122	39,686,828	92,716,362	77,381,981	1,158,324	242,550,036							
Carrying values as at:													
Balance as at 30-Qaws-1403 (20-Dec-2024)	24,484,343	1,149,566,567	41,573,270	34,480,959	23,038,500	1,273,291,937							
Balance as at 30-Qaws-1404 (21-Dec-2025)	37,001,288	1,146,865,895	32,344,341	33,852,058	21,880,176	1,272,069,724							

10.1 Vehicles were revalued as at 06 January 2024 by independent property dealer, Stable Consultancy Services Co, a valuation expert having knowledge and experience in the location and category of property plant and equipment, on the basis of market values. The resulting impact from the revaluation exercise was recorded under revaluation reserve in the

10.2 Title of the land and building has not yet been transferred in the name of the Bank. UHY.

BANK-E-MILLIE AFGHAN
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10.3 Had no revaluation been carried out, the carrying amount of the vehicles that would have been recognised in these financial statements is as under:

	21 December 2025	20 December 2024
	30 Qaws 1404	30 Qaws 1403
Note	AFN	AFN
Vehicles		
Cost	71,800,996	71,800,996
Accumulated depreciation	71,800,996	71,800,996
	-	-

10.4 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:

	21 December 2025	20 December 2024
	30 Qaws 1404	30 Qaws 1403
Note		
Land and Building	2%	2%
Furniture, fixtures and office equipment	20%	20%
Computer equipment	20%	20%
Vehicles	5%	5%
Books	5%	5%

	21 December 2025	20 December 2024
	30 Qaws 1404	30 Qaws 1403
Note	AFN	AFN
11 Intangible assets		
Cost		
Balance at beginning of the year	27,445,283	81,739,578
Additions	-	517,000
Disposals	-	(54,811,295)
11.1	27,445,283	27,445,283
Amortization		
Balance at beginning of the year	24,851,717	79,089,992
Charge for the year	595,313	584,110
Disposals	-	(54,822,385)
	25,447,030	24,851,717
Carrying amount	1,998,253	2,593,566

11.1 Intangibles assets include core banking software and licensing rights.

11.2 Intangibles are amortized at the rates ranging from 20% to 33% (2024: 20% to 33%) per annum.

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		21 December 2025	20 December 2024
		30 Qaws 1404	30 Qaws 1403
	Note	AFN	AFN
12	Investment Properties		
	Investment properties	12.1 5,723,657,579	5,723,657,579
	Capital work in progress	12.2 1,018,676,624	587,794,054
		6,742,334,203	6,311,451,633

12.1 This includes an investment property, with a fair value of Afs 140,947,680, which was transferred to the Bank by the Ministry of Finance (MoF), the Bank's major shareholder. The MoF instructed the Bank to record this amount as capital contributed by MoF. The property's fair value was determined by an independent valuer and approved by both Da Afghanistan Bank (DAB) and MoF. The Bank subsequently obtained approval from DAB to formally record this transaction in its financial records. This amount will be adjusted in equity and shareholding will be changed upon completion of legal formalities.

		21 December 2025	20 December 2024
		30 Qaws 1404	30 Qaws 1403
	Note	AFN	AFN
12.2	Capital work in progress		
	Opening balance	587,794,054	581,778,015
	Additions during the year	12.2.1 430,882,570	6,016,039
	Closing balance	1,018,676,624	587,794,054

12.2.1 This represents payments made to National Development Corporation (NDC), a related party, for construction work on an investment property of the bank in Dehmazang, Kabul.

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BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

		21 December 2025	20 December 2024
		30 Qaws 1404	30 Qaws 1403
	Note	AFN	AFN
13 Other assets			
Required reserve at Da Afghanistan Bank (DAB)	13.1	2,335,330,409	2,580,033,939
Advance salaries		7,555,534	9,535,158
Prepayments		4,621,950	2,963,174
Advance tax to MoF	13.2	540,407,537	580,806,446
Rent receivable against investment properties		118,693,505	37,903,562
Accrued profit on loans and advances		349,865,420	154,617,894
Security deposits with Pashtany Bank		40,000,000	40,000,000
Security deposit with Western union		7,951,800	8,421,000
Receivable from Western Union		44,481,788	64,735,788
Receivable from DAB on ADIC Reversal Charges	13.3	103,088,819	2,964
Other receivables		37,465,610	14,538,806
		3,589,462,372	3,493,558,731
Provision held against other assets	13.4	(22,769,170)	(22,839,870)
		3,566,693,202	3,470,718,861

13.1 Required reserve at Da Afghanistan Bank (DAB)

Local currency		1,463,152,765	1,454,920,843
Foreign currency		872,177,644	1,125,113,096
	13.1.1	2,335,330,409	2,580,033,939

13.1.1 This represents required reserve amount being maintained with DAB in order to meet minimum reserve requirement of Article 64 "Required Reserves Regulation" of DAB Bank Law with the percentage set as per Circular No. 7530/8679 dated 3/6/1444 of DAB. 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 DAB from the respective nostro current accounts of the bank with DAB.

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

13.3 As per DAB letter No. 10197/8717 dated 02-09-1446, the Bank has received repayment for past years' insurance premiums paid to Da Afghanistan Bank (DAB), amounting to AFN 412 million, USD 2 million, and EUR 47,000, while AFN 103.09 million remains receivable from DAB in this regard.

		21 December 2025	20 December 2024
		30 Qaws 1404	30 Qaws 1403
	Note	AFN	AFN
13.4 Provision held against other assets			
Balance at the beginning of the year		22,839,870	141,076,371
Charge for the year			
Charge for the year		-	-
Reversals during the year		(70,700)	-
Net (reversal) / charge for the year		(70,700)	-
Write offs during the year		-	(110,217,151)
Exchange rate differences		-	(8,019,350)
Balance at the end of the year		22,769,170	22,839,870

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BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

		21 December 2025	20 December 2024
		30 Qaws 1404	30 Qaws 1403
	Note	AFN	AFN
14	Deposits from banks and customers		
	Local currency		
	Islamic deposits	14.1 19,200,949,501	899,246,876
	Conventional deposits	14.2 -	17,540,263,009
	Margin against letter of guarantee	14.3 84,565,681	82,150,388
		19,285,515,182	18,521,660,273
	Foreign Currency		
	Islamic deposits	14.1 9,110,641,400	544,013,395
	Conventional deposits	14.2 -	9,927,875,956
	Margin against letter of guarantee	14.3 94,586,926	86,077,287
		9,205,228,326	10,557,966,638
		28,490,743,508	29,079,626,911

14.1 Islamic deposits

Local currency

Current deposits		17,338,491,102	297,059,646
Saving deposits	14.1.1	1,278,930,817	23,261,328
Term deposits	14.1.1	583,527,582	578,925,902
		19,200,949,501	899,246,876

Foreign currency

Current deposits		5,851,390,910	48,333,337
Saving deposits	14.1.1	2,812,429,115	54,489,812
Term deposits	14.1.1	446,821,375	441,190,246
		9,110,641,400	544,013,395
		28,311,590,901	1,443,260,271

14.1.1 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.

		21 December 2025	20 December 2024
		30 Qaws 1404	30 Qaws 1403
	Note	AFN	AFN
14.2	Conventional deposits		
	Local currency		
	Current deposits	-	16,300,259,318
	Saving deposits	-	1,209,226,702
	Term deposits	-	30,776,989
		-	17,540,263,009
	Foreign currency		
	Current deposits	-	5,422,668,416
	Saving deposits	-	4,173,328,911
	Term deposits	-	331,878,629
		-	9,927,875,956
		-	27,468,138,965

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	21 December 2025	20 December 2024
	30 Qaws 1404	30 Qaws 1403
Note	AFN	AFN
14.3		
Margin against letter of guarantee		
Local currency - active	84,565,681	82,150,388
Foreign currency - active	94,586,926	86,077,287
	<u>179,152,607</u>	<u>168,227,675</u>
15		
Lease liabilities		
Opening balance	25,371,774	21,829,428
Recognition of lease liability	13,220,339	10,941,830
Finance cost for the year	1,948,702	1,094,998
Lease rentals paid	(18,662,877)	(9,651,650)
Rent payable	-	(1,795,230)
Adjustment for modification of lease liability	14,970,661	2,952,398
	<u>36,848,598</u>	<u>25,371,774</u>
16		
Recognized deferred tax liability		
Property and equipment	195,823,974	219,343,477
Investment in associate	(11,233,948)	(47,363,702)
Investment property	729,947,721	772,458,219
Exchange translation reserve	3,810,856	4,425,005
Carry forward taxable losses	(184,965,153)	(201,199,778)
	<u>733,383,450</u>	<u>747,663,221</u>

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BANK-E-MILLIE AFGHAN
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FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

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

As at 30 Qaws 1404 (21 December 2025)

	Opening Balance	Recognized in profit or loss	OCI	Closing Balance
Property and equipment - revalued amount	219,343,477	(23,519,503)	-	195,823,974
Investments:				
Pashtany Bank	(83,947,781)	36,129,460	-	(47,818,321)
Afghan National Insurance Company	2,189,034	294	-	2,189,328
Ariana Afghan Airlines	34,395,045	-	-	34,395,045
Investment property	772,458,219	(42,510,497)	-	729,947,721
Exchange translation reserve	4,425,005	1,106,251	(1,720,400)	3,810,856
Carry forward tax losses	(201,199,778)	16,234,625	-	(184,965,153)
	747,663,221	(12,559,370)	(1,720,400)	733,383,450

As at 30 Qaws 1403 (20 December 2024)

	Opening Balance	Recognized in profit or loss	OCI	Closing Balance
Property and equipment - revalued amount	219,343,477	(2,726,363)	2,726,363	219,343,477
Investments:				
Pashtany Bank	(92,686,143)	8,738,362	-	(83,947,781)
Afghan National Insurance Company	1,301,498	887,536	-	2,189,034
Ariana Afghan Airlines	-	34,395,045	-	34,395,045
Defined contribution plan	(3,628,086)	3,628,086	-	-
Investment property	772,458,219	-	-	772,458,219
Exchange translation reserve	(3,845,600)	7,472,005	798,600	4,425,005
Carry forward taxable losses	(207,903,992)	6,704,214	-	(201,199,778)
	685,039,373	59,098,885	3,524,963	747,663,221

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BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
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16.2 Details of Temporary differences (Assets/liabilities)

As at 30 Qaws 1404 (21 December 2025)

	Accounting Base of Asset / Liability	Tax Base of Asset / Liability	Taxable / (Deductable) Temporary Difference	Deferred Tax (Asset) / Liability @20%
Property and equipment - revalued amount	1,235,068,436	255,948,568	979,119,869	195,823,974
Investments:				
Pashatany Bank	859,890,394	1,098,982,000	(239,091,606)	(47,818,321)
Afghan National Insurance Company	18,606,641	7,660,000	10,946,641	2,189,328
Ariana Afghan Airlines	172,256,476	281,250	171,975,226	34,395,045
Investment property	6,742,334,203	3,092,595,597	3,649,738,606	729,947,721
Exchange translation reserve	19,054,281	-	19,054,281	3,810,856
Carry forward taxable losses	-	924,825,764	(924,825,764)	(184,965,153)
	9,047,210,431	5,380,293,179	3,666,917,252	733,383,450

As at 30 Qaws 1403 (20 December 2024)

	Accounting Base of Asset / Liability	Tax Base of Asset / Liability	Taxable / (Deductable) Temporary Differences	Deferred Tax (Asset) / Liability @20%
Property and equipment - revalued amount	1,248,807,593	152,090,207	1,096,717,386	219,343,477
Investments:				
Pashatany Bank	679,243,094	1,098,982,000	(419,738,906)	(83,947,781)
Afghan National Insurance Company	18,605,169	7,660,000	10,945,169	2,189,034
Ariana Afghan Airlines	172,256,476	281,250	171,975,226	34,395,045
Investment property	6,311,451,633	2,449,160,540	3,862,291,093	772,458,219
Exchange translation reserve	22,125,025	-	22,125,025	4,425,005
Carry forward taxable losses	-	1,005,998,888	(1,005,998,888)	(201,199,778)
	8,452,488,990	4,714,172,885	3,738,316,105	747,663,221

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

		21 December 2025	20 December 2024
	Note	30 Qaws 1404	30 Qaws 1403
		AFN	AFN
17 Other liabilities			
Accrued profit on deposits		7,985,438	8,160,870
Deferred income on murabaha loans		351,337,845	172,200,670
Deferred income on donated assets		-	1,685,733
Deffered Income on Operational Ijara AFN		91,601,130	13,293,540
Security deposits on rented investment properties		22,016,035	18,982,360
Withholding tax payable	17.1	14,757,365	19,148,874
Dividend payable		20,716,068	20,716,068
Retention money on construction of investment property		119,649,056	58,558,801
Defined benefit plan (pension scheme)	17.2	109,502,669	127,643,129
Accrued expenses		15,175,287	28,765,002
Government salaries payable		1,028,009	13,984,349
Rent payable		-	1,795,230
Interest payable on conventional loans	17.3	276,972,297	-
Bidding guarranty payable		4,774,305	8,788,599
Others	17.4	151,262,388	151,876,526
		<u>1,186,777,892</u>	<u>645,599,751</u>

17.1 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.

		21 December 2025	20 December 2024
	Note	30 Qaws 1404	30 Qaws 1403
		AFN	AFN
17.2 Defined benefit plan (pension scheme)			
Opening net liability		127,643,129	137,371,886
Charge for the year		-	-
Employee contribution		-	1,690,085
Benefits paid during the year	17.2.1	(18,140,460)	(11,418,842)
Closing net liability		<u>109,502,669</u>	<u>127,643,129</u>

17.2.1 This amount represents the pension paid to active employees.

		21 December 2025	20 December 2024
	Note	30 Qaws 1404	30 Qaws 1403
		AFN	AFN
Movement in interest payable during the year:			
Opening balance		-	-
Amount recognised as an expense during the year		278,354,877	-
Payments during the year	24	(1,382,580)	-
Closing balance		<u>276,972,297</u>	<u>-</u>

17.3 This includes outstanding accrual for the repayment of interest income earned from loans and advances for the period from 15 August 2021 to 20 December 2024. This is in accordance with Sharia Ruling No. 1151, dated 27 May 2024, issued by the Dar-ul-Eftah of the Islamic Emirate of Afghanistan, along with subsequent orders issued by the Supreme Court of the Islamic Emirate of Afghanistan (Order No. 373, dated 27 August 2024) and DAB Letter No.185/287 dated 24 January 2025.

17.4 This amount includes a balance of Afs 140,947,680 payable to the Ministry of Finance (MoF) for the property acquired in Dehamang on 07/01/1402.

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BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

		21 December 2025	20 December 2024
	Note	30 Qaws 1404	30 Qaws 1403
		AFN	AFN
21	Fee and commission income and expenses		
	Fee and commission income		
	Commission income	21.1 83,660,638	130,570,047
	Commission on Western Union	32,082,625	34,343,002
	Payroll processing fee	39,763,200	32,054,005
	Customer account service charges	14,141,099	13,498,014
	Commission on government revenue collection	44,248,652	38,075,197
	Income on remittances inward & outward	13,652,753	11,830,996
		227,548,967	260,371,261
	Fee and commission expense		
	Fund transfer charges	2,133,179	1,415,197
	Inter bank transaction fee	19,743	24,764
	Others	122,100	95,000
		2,275,022	1,534,961
	Net fee and commission income	225,273,945	258,836,300

21.1 This includes commission income on bank guarantees, electricity utility bills collection, commission on ATM services and other miscellaneous commission income of the bank.

		21 December 2025	20 December 2024
	Note	30 Qaws 1404	30 Qaws 1403
		AFN	AFN
22	Other operating income		
	Rental income	73,084,098	62,996,185
	Recoveries from loan and advances written off	38,836,158	177,224,793
	Dividend received from investment associates	6,348,025	10,927,254
	Reimbursement of ADPF insurance premiums	13.3 665,778,372	-
	Other income	12,148,654	18,287,113
		796,195,307	269,435,345
23	Personnel expenses		
	Salaries and benefits	229,637,601	221,971,668
	Bonus	-	4,597,233
	Scholarship and training expenses	175,733	363,813
		229,813,334	226,932,714

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BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

		21 December 2025	20 December 2024
		30 Qaws 1404	30 Qaws 1403
	Note	AFN	AFN
24 Other expenses			
Advertising and publicity		4,946,111	8,131,216
Repairs and maintenance	24.1	34,804,286	63,965,944
Postage and telegram		28,693	9,658
Deposits insurance expense		-	11,377,678
Utilities		17,204,558	13,360,150
Fuel expenses		5,568,524	5,011,907
Printing and stationery		9,448,204	11,357,538
Travelling		3,786,004	3,368,629
Telephone and communication		16,518,180	17,735,530
Security charges		35,721,070	34,730,043
Statuary audit & compliance review fee		4,418,330	4,825,831
Swift charges		2,823,342	1,655,276
Loss on disposal of non-current assets		340,617	7,856,046
Legal and professional fees	24.2	96,000	-
Accrual of Repayment of Interest received	17.3	278,354,877	-
Others		8,241,741	29,432,458
		422,300,537	212,817,904

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

24.2 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.

		21 December 2025	20 December 2024
		30 Qaws 1404	30 Qaws 1403
	Note	AFN	AFN
25 Taxation			
Current tax		-	-
Deferred tax	16.1	(12,559,370)	59,098,885
		(12,559,370)	59,098,885
25.1 Taxable profit			
Profit before taxation		252,676,292	100,478,096
Adjustments for tax	25.2	(171,503,168)	(66,957,025)
Taxable profit for the year		81,173,124	33,521,071

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BANK-E-MILLIE AFGHAN
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FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

Note 25.1 (continued)

	21 December 2025	20 December 2024
	30 Qaws 1404	30 Qaws 1403
Note	AFN	AFN
Available tax losses relief		
	1,005,998,888	1,039,519,959
	(81,173,124)	(33,521,071)
25.1	924,825,764	1,005,998,888
	(924,825,764)	(1,005,998,888)
	(924,825,764)	(1,005,998,888)
25.2 Adjustment for Tax		
Items to be deducted		
	(180,647,300)	(43,691,810)
	(18,662,877)	-
	-	(23,265,215)
	(199,310,177)	(66,957,025)
Items to be added back		
	17,100,975	-
	8,757,332	-
	1,948,702	-
	27,807,009	-
	(171,503,168)	(66,957,025)

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BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

26 Related parties

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

	21 December 2025	20 December 2024
Note	30 Qaws 1404	30 Qaws 1403
	AFN	AFN
Shareholders (percentage)		
Ministry of Finance	96.7508%	96.7508%
Afghan Red Crescent	2.0731%	2.0731%
Pashtany Bank	1.1344%	1.1344%
Afghan Air Force	0.0370%	0.0370%
Kabul Municipality	0.0046%	0.0046%
	100.00%	100.00%
Shareholders (Amount in AFN)		
Ministry of Finance	967,508,024	967,508,024
Afghan Red Crescent	20,731,432	20,731,432
Pashtany Bank	11,343,832	11,343,832
Afghan Air Force Commander	370,411	370,411
Kabul Municipality	46,301	46,301
	1,000,000,000	1,000,000,000
Subsidiaries and associated companies		
	Country of	Ownership
	Incorporation	Percentage
Afghan American Trading Co. Inc.	USA	100.00%
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%

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BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

26.1 Transactions with related parties

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

		21 December 2025	20 December 2024
		30 Qaws 1404	30 Qaws 1403
	Note	AFN	AFN
Supervisors and key management personnel:			
Basic salary & Bonus	26.1.1	19,049,095	19,310,237
Board of Supervisor's meeting fee		7,137,000	4,720,000
		26,186,095	24,030,237

26.1.1 During the year bonus has not been paid to the staff and key management personnel.

		21 December 2025	20 December 2024
		30 Qaws 1404	30 Qaws 1403
	Note	AFN	AFN
Associates			
Pashtany Bank		859,890,394	679,243,094
Ariana Afghan Airlines Company		172,256,476	172,256,476
Afghan National Insurance Company		18,606,641	18,606,641
Sherkat Saderat Pakhta Herat		844,289	844,289
Sherkat Nasaji Afghan		455,853	455,853
Edahdia Mazar Sharif		30,150	30,150
Sherkat pashmena Bafi Qandahar		15,944	15,944
Edahdia Andkhoy Maimana		12,479	12,479
Sherkat Yakhsazi Herat		7,076	7,076
Sherkat Teel Kashi Herat		4,794	4,794
Sherkat Sahami Pashtoon Kandahar		1,181	1,181
Subsidiaries:			
Afghan American Trading Co. Inc.		145,783,000	154,385,000

26.2 Balances with related parties:

Pashtany Bank	859,890,394	679,243,094
Afghan National Insurance Company	18,606,641	18,606,641
Afghan American Inc.	145,783,000	154,385,000
Ariana Afghan Airlines	172,256,476	172,256,476

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**BANK E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)**

27 Financial assets and liabilities

27.1 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
30 Qaws 1404 (21 December 2025)									
Cash and bank balances	5	-	-	-	-	-	21,502,078,913	21,502,078,913	21,502,078,913
Short-term investments	7	-	-	-	-	-	777,628,105	777,628,105	777,628,105
Financing / loans and advances	8	-	-	-	1,528,575,040	-	1,528,575,040	1,528,575,040	1,528,575,040
Long term investments	9	-	-	-	-	-	1,197,908,277	1,197,908,277	1,197,908,277
Other assets	13	-	-	-	-	-	3,021,663,715	3,021,663,715	3,021,663,715
		-	-	-	1,528,575,040	-	26,499,279,010	28,027,854,050	28,027,854,050
Deposits	14	-	-	-	-	-	28,490,743,508	29,079,626,911	29,079,626,911
Other liabilities	16	-	-	-	-	-	743,838,917	743,838,917	743,838,917
		-	-	-	-	-	29,234,582,425	29,823,465,828	29,823,465,828

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
30 Qaws 1403 (20 December 2024)									
Cash and cash equivalents	5	-	-	-	-	-	22,524,911,687	22,524,911,687	22,524,911,687
Short-term investments	6	-	-	-	-	-	777,628,105	777,628,105	788,299,228
Financing / loans and advances	7	-	-	-	1,019,388,427	-	-	1,019,388,427	1,019,388,427
Long term investments	8	-	-	-	-	-	1,025,862,977	1,025,862,977	1,025,862,977
Other assets	12	-	-	-	-	-	2,886,949,241	2,886,949,241	3,470,718,861
		-	-	-	1,019,388,427	-	27,215,352,009	28,234,740,436	28,829,181,180
Deposits	14	-	-	-	-	-	29,079,626,911	29,079,626,911	29,079,626,911
Other liabilities	16	-	-	-	-	-	517,956,622	517,956,622	517,956,622
		-	-	-	-	-	29,597,583,533	29,597,583,533	29,597,583,533

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. *Uth*

BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

27.2 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.

- a) Credit risk
- b) Liquidity risk
- c) Market risks
- d) Operational risks

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.

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BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

Note 27.2 (continued)

- Limiting concentrations of exposure to counterparties, for loans and advances.
- Developing and maintaining the Bank's risk grading's 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:

	21 December 2025	20 December 2024
	30 Qaws 1404	30 Qaws 1403
Note	AFN	AFN
Cash and cash equivalents	3,795,787,717	3,088,744,773
Short-term investments	777,628,105	788,299,228
Financing / loans and advances	1,528,575,040	1,019,388,427
Other assets	709,102,476	329,755,172
	<u>6,811,093,338</u>	<u>5,226,187,600</u>

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

	21 December 2025	20 December 2024
	30 Qaws 1404	30 Qaws 1403
Note	AFN	AFN
Contingencies and Commitments	355,184,871	341,487,547

The above table represents credit exposures of the Bank at 20 December 2024 and 21 December 2025, 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.

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BANK-E-MILLIE AFGHAN
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FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)

Note 27.2 (continued)

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 2025 30 Qaws 1404	20 December 2024 30 Qaws 1403
Note	AFN	AFN
Cash and bank balances	56%	59%
Short-term investments	11%	15%
Financing / loans and advances	22%	20%
Other assets	10%	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.

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 2025 30 Qaws 1404	20 December 2024 30 Qaws 1403
Note	AFN	AFN
Concentration by sector - Carrying amount	1,528,575,040	1,019,388,427
Vegetable ghee and cooking oil	-	508,919,948
Manufacturer	246,356,000	164,900,039
Pharmaceuticals	213,194,000	218,610,634
Fuel suppliers	477,288,000	649,771,566
Food	536,484,000	100,398,522
Construction	621,941,000	32,776,721
Trading	187,146,000	315,820,445
Others	65,613,130	149,414,650
Concentration by sector - Gross amount	2,348,022,130	2,140,612,527

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.

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**BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)**

Note 27.2 (continued)

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.

a) 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 %
1 - 30 Days	1%	0-30 Days	1%
31 - 60 Days	5%	31 - 60 Days	5%
61 - 120 Days	25%	61 - 180 Days	25%
121 - 480 Days	50%	180 - 365 Days	50%
481 or past due dates	100%	more than one year	100%

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.

	21 December 2025	20 December 2024
	30 Qaws 1404	30 Qaws 1403
Note	AFN	AFN

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:

	Broad Liquidity Ratio
At year end	88.71%
Average for the y	87.97%
Maximum for the	88.67%
Minimum for the year	86.09%

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**BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)**

Note 27.2 - (b) (continued)

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
30 Qaws 1404 (21 December 2025)									
On balance sheet exposures:									
Deposits from banks and Customers	14	28,490,743,508	(28,490,743,508)	22,068,320,717	5,460,306,753	1,382,771,766	-	-	-
Other liabilities	17	1,186,777,892	(1,186,777,892)	645,599,751	-	-	-	-	-
		29,677,521,400	(29,677,521,400)	22,713,920,468	5,460,306,753	1,382,771,766	-	-	-
Off balance sheet exposures:									
Letters of guarantees	14.3	179,152,607	(179,152,607)	-	-	(168,227,675)	-	-	-
		29,856,674,007	(29,856,674,007)	22,713,920,468	5,460,306,753	1,214,544,091	-	-	-
30 Qaws 1403 (20 December 2024)									
On balance sheet exposures:									
Deposits from banks and Customers	14	29,079,626,911	(29,079,626,911)	20,086,261,163	5,285,911,449	5,114,407,506	-	-	-
Other liabilities	17	645,599,751	(645,599,751)	526,424,763	-	-	-	-	-
		29,725,226,662	(29,725,226,662)	20,612,685,926	5,285,911,449	5,114,407,506	-	-	-
Off balance sheet exposures:									
Letters of guarantees	14.3	168,227,675	(168,227,675)	-	-	(158,877,808)	-	-	-
		29,893,454,337	(29,893,454,337)	20,612,685,926	5,285,911,449	4,955,529,698	-	-	-
Maturity analysis for financial Assets									
					Amount in AFN				
30 Qaws 1404 (21 December 2025)									
Cash and bank balances	5	21,502,078,913	(21,502,078,913)	19,612,355,582	1,889,723,331	-	-	-	-
Short-term investments	7	777,628,105	(777,628,105)	-	-	777,628,105	-	-	-
Financing / loans and advances	8	1,528,575,040	(1,528,575,040)	-	-	-	1,528,575,040	-	-
Long term investments	9	1,197,908,277	(1,197,908,277)	-	-	-	-	1,197,908,277	-
Other assets	13	3,566,693,202	(3,566,693,202)	-	2,335,330,409	-	1,231,362,793	-	-
		28,572,883,537	(28,572,883,537)	19,612,355,582	4,225,053,740	777,628,105	2,759,937,833	1,197,908,277	-
30 Qaws 1403 (20 December 2024)									
Cash and cash equivalents	5	22,524,911,687	(22,524,911,687)	20,523,684,270	2,001,227,417	-	-	-	-
Short-term investments	7	788,299,228	(788,299,228)	-	-	788,299,228	-	-	-
Financing / loans and advances	8	1,019,388,427	(1,019,388,427)	-	-	-	1,019,388,427	-	-
Long term investments	9	1,025,862,977	(1,025,862,977)	-	-	-	-	1,025,862,977	-
Other assets	13	3,470,718,861	(3,470,718,861)	-	2,580,033,939	-	890,684,922	-	-
		28,829,181,179	(28,829,181,179)	20,523,684,270	4,581,261,356	788,299,228	1,910,073,349	1,025,862,977	-

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**BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
AS FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)**

Note 27.2 (continued)

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.

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)	Interest Bearing					Interest Bearing Total	Non-interest bearing Total	Gross Total
		Less than 3 months	3-6 months	6-12 months	1-5 years	Amount in AFN			
30 Qaws 1404 (21 December 2025)									
Financial assets									
Cash and bank balances	0%	-	-	-	-	-	21,502,078,913	21,502,078,913	
Short-term investments	4.13%	-	777,628,105	777,628,105	-	777,628,105	-	777,628,105	
Long term investments	0%	-	-	-	-	-	1,197,908,277	1,197,908,277	
Other assets	0%	-	-	777,628,105	-	777,628,105	3,566,693,202	3,566,693,202	
		-	-	777,628,105	-	777,628,105	26,266,680,392	27,044,308,497	
Financial liabilities									
Deposits	0%	-	-	-	-	-	28,490,743,508	28,490,743,508	
Others Liabilities	0%	-	-	-	-	-	1,186,777,892	1,186,777,892	
		-	-	-	-	-	29,677,521,400	29,677,521,400	
On balance sheet sensitivity gap		-	-	777,628,105	-	777,628,105	(3,410,841,008)	(2,633,212,903)	
30 Qaws 1403 (20 December 2024)									
Financial assets									
Cash and bank balances	0%	-	-	-	-	-	22,524,911,687	22,524,911,687	
Short-term investments	5.2%	-	788,299,228	788,299,228	-	788,299,228	-	788,299,228	
Long term investments	0%	-	-	-	-	-	1,025,862,977	1,025,862,977	
Other assets	0%	-	-	788,299,228	-	788,299,228	3,470,718,861	3,470,718,861	
		-	-	788,299,228	-	788,299,228	27,021,493,524	27,809,792,752	
Financial liabilities									
Deposits	0%	-	-	-	-	-	29,079,626,911	29,079,626,911	
Others Liabilities	0%	-	-	-	-	-	645,599,751	645,599,751	
		-	-	-	-	-	29,725,226,662	29,725,226,662	
On balance sheet sensitivity gap		-	-	788,299,228	-	788,299,228	(2,703,733,138)	(1,915,433,910)	

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**BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
AS FOR THE YEAR ENDED 30 QAWS 1404 (21 December 2025)**

Note 27.2 (continued)

Exposure to currency risk

The Bank's exposure to foreign currency risk is as follow, based on notional amounts.

Exposure to currency risk	Note	Amount in AFN					Other
		Total	AFN	EUR	USD	GBP	
30 Qaws 1404 (2025)							
Assets							
Cash and bank balances		21,502,078,914	13,844,906,533	92,981,895	7,533,485,840	20,049,313	10,655,333
Short-term investments		777,628,105	-	-	777,628,105	-	-
Long term investments		1,160,606,626	1,014,823,626	-	145,783,000	-	-
Other assets		3,566,693,202	2,542,649,667	9,791,069	1,013,866,917	-	385,548
		27,007,006,846	17,402,379,826	102,772,965	9,470,763,862	20,049,313	11,040,881
Liabilities							
Deposits from banks and Customers		28,490,609,908	19,285,515,182	100,105,427	9,092,115,417	12,873,881	-
Other liabilities		1,045,830,211	938,478,225	2,492,105	104,859,881	-	-
		29,536,440,119	20,223,993,407	102,597,532	9,196,975,298	12,873,881	-
Net currency exposure		(2,529,433,272)	(2,821,613,581)	175,432	273,788,564	7,175,431	11,040,881
30 Qaws 1403 (2024)							
Assets							
Cash and bank balances		22,610,566,993	14,682,185,642	45,615,282	7,850,923,585	19,867,978	11,974,506
Short-term investments		730,534,194	-	-	730,534,194	-	-
Financing / loans and advances		2,140,612,525	130,472,300	1,129,224,099	880,916,126	-	-
Long term investments		1,024,023,222	869,638,222	-	154,385,000	-	-
Other assets		3,519,638,754	2,190,316,671	11,412,057	1,317,385,421	-	524,605
		30,025,375,688	17,872,612,835	1,186,251,438	10,934,144,326	19,867,978	12,499,111
Liabilities							
Deposits from banks and Customers		29,079,626,911	18,521,660,273	115,713,050	10,427,487,376	14,736,023	30,189
Other liabilities		696,942,961	533,116,831	2,381,595	161,327,252	-	117,283
		29,776,569,872	19,054,777,104	118,094,645	10,588,814,628	14,736,023	147,472
Net currency exposure		248,805,816	(1,182,164,269)	1,068,156,793	345,329,698	5,131,955	12,351,639

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.

	21 December 2025		20 December 2024	
	Average rate	Reporting date spot rate	Average rate	Reporting date spot rate
	30 Qaws 1404		30 Qaws 1403	
USD	66.2650	66.2650	70.1800	70.1750
GBP	88.1875	88.1875	87.5975	87.5975
PKR	0.2244	0.2244	0.2477	0.2477
EUR	77.0500	77.0500	73.6333	73.6333

The following significant exchange rates were applied during the periods.

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.

BANK-E-MILLIE AFGHAN
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Note 27.2 (continued)

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.

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BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
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28 Capital management

Regulatory capital

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

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

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

	21 December 2025	20 December 2024
	30 Qaws 1404	30 Qaws 1403
Note	AFN	AFN
Tier 1 capital		
Total equity	6,262,266,027	6,003,911,965
Less: Current year profit	(265,235,662)	(41,379,211)
Less: Surplus on revaluation of property and equipment - net	(783,295,895)	(803,152,955)
Less: Intangible assets	(1,998,253)	(2,593,566)
Total Tier 1	5,211,736,217	5,156,786,233
Tier 2 capital		
Profit for the year	265,235,662	41,379,211
Surplus on revaluation of property and equipment - net	783,295,895	803,152,955
General loss reserves on credits Allowable Portion	12,858,124	6,936,882
Total Tier 2	1,061,389,681	851,469,048
Allowable deduction-equity investment	(1,197,908,277)	(1,025,862,977)
Total regulatory capital ((Tier 1 + Tier 2)- Allowable deduction-equity investment)	5,075,217,621	4,982,392,304

Risk-weight categories

0% risk weight:

Cash in Afghani and fully-convertible foreign currencies

Direct claims on DAB

Precious metals and precious stones

1,739,748,875	4,770,888,878
18,301,872,730	17,245,311,975
120,733,758	85,655,307
20,162,355,363	22,101,856,160

0% risk-weight total (above total x 0%)

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BANK-E-MILLIE AFGHAN
NOTES TO THE FINANCIAL STATEMENTS
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	21 December 2025	20 December 2024
	30 Qaws 1404	30 Qaws 1403
Note	AFN	AFN
<i>Note 28 (continued)</i>		
20% risk weight:		
Balances with other banks	4,688,356,917	3,998,019,920
20% risk-weight total (above total x 20%)	937,671,383.48	799,603,984
50% risk weight:		
Balances with other banks	-	-
50% risk-weight total (above total x 50%)	-	-
100% risk weight:		
All other assets	12,828,064,766	11,680,369,458
Less: intangible assets	(1,998,253)	(2,593,566)
Allowable deduction-equity investment	(1,197,908,277)	(1,025,862,977)
	11,628,158,236	10,651,912,915
100% risk-weight total (above total x 100%)	11,628,158,236	10,651,912,915
0% risk weight:		
Guarantees	355,184,871	341,487,547
	355,184,871	341,487,547
0% credit conversion factor total (risk-weighted total x 0%)	-	-
Total risk-weighted assets	12,565,829,620	11,451,516,898
Tier 1 Capital Ratio		
(Tier 1 capital as % of total risk-weighted assets)	41.48%	45.03%
Regulatory Capital Ratio		
(Regulatory capital as % of total risk-weighted assets)	40.39%	43.51%

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**BANK-E-MILLIE AFGHAN
 NOTES TO THE FINANCIAL STATEMENTS
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29 Reclassifications

During the year, the Bank reclassified the required reserve with Da Afghanistan Bank (DAB) from Cash and Cash Equivalents to Other Assets to ensure a more appropriate presentation of transactions and events for comparison purposes. Corresponding figures for the prior year have been re-arranged and re-classified where necessary to ensure consistency and comparability in the financial statements

	21 December 2025	20 December 2024
Note	30 Qaws 1404	30 Qaws 1403
	AFN	AFN
Cash and bank balances (excluding required reserves with DAB)	21,502,078,913	22,524,911,687
Cash and bank balances (including required reserves with DAB)	23,837,409,322	25,104,945,626
	(2,335,330,409)	(2,580,033,939)
Other assets (including required reserves with DAB)	3,566,693,202	3,470,718,861
Other assets (excluding required reserves with DAB)	1,231,362,793	890,684,922
	2,335,330,409	2,580,033,939
Effect on equity and profit or loss and other comprehensive income	-	-

30 General

The amounts have been rounded off to nearest AFN.

31 Date of authorisation for issue

These financial statements were authorised for issue by the Board of Supervisors of the Bank-e-Mille Afghan on March 11, 2026. UH4.

Chief Executive Officer

Chief Finance Officer

Chairman BOS