

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Bank-e-Millie Afghan** (the Bank) as at **31 Sumbula 1402 (22 September 2023)**, and the related condensed interim statement of comprehensive income, changes in equity and cash flows for the nine months then ended, and notes to the condensed interim financial information ('here-in-after referred to as the condensed interim financial information'). Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the requirement of the Law of Banking in Afghanistan and International Accounting Standards 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

- a) The Bank has investment in a wholly owned subsidiary "Afghan American Trading Co. Inc." (AATC) which is carried at a cost of USD 2.2 million (AFN 174.592 million). The Bank has not prepared the consolidated financial information in respect of its above subsidiary as required under International Financial Reporting Standard (IFRS) – 10 'Consolidated Financial Statements' due to lack of availability of financial information relating to the subsidiary. Further, for the reasons disclosed in note 8.1.1 to the condensed interim financial information, we have not been able to obtain sufficient and appropriate evidence regarding the existence and recoverability of the above referred investment.
- b) Note 5.3.1 of the condensed interim financial information includes the bank balance of AFN 2,263,162,206 (USD 28,517,669), which we were unable to verify through confirmation or any other alternative audit procedures.

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- c) During the period, the bank has implemented Islamic core banking accounting module and made it live. The said migration has resulted in net accrued profit on Murabaha loans amounting to AFN 65,053,907 and suspense accounts balance amounting to AFN 56,341,364 as shown in note 13.2 to the condensed financial information, the existence of which could also not be verified. Accordingly, we have qualified our review report in respect of this matter. We advise the bank management to investigate and resolve the reported discrepancies.

Qualified Conclusion

Based on our review, except for the possible effects of the matters described in under the "Basis for Qualified Conclusion" paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared in all material respects, in accordance with the requirements of Law of Banking in Afghanistan and International Accounting Standards 34 "Interim Financial Reporting".

Emphasis of Matter

We draw attention to note 7.2.1 to the financial statements which shows that additional impairment allowance would be required for loan and advances, if asset classification provisioning regulation was effective as of 22 September 2023.

Mazars Afghanistan Limited

Chartered Accountants

Engagement Partner: Muhammad Saqlain Siddiqui

Date: 04 November, 2023


Place: Kabul, Afghanistan




BANK-E-MILLIE AFGHAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-Audited)
AS AT 31 Sumbula 1402 (22 SEPTEMBER 2023)

Assets	Note	22 September 2023 31 Sumbula 1402 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN Restated
Cash and cash equivalents	5	27,958,836,792	29,889,453,197
Short-term investments	6	833,908,920	907,866,238
Loans and advances to customers - net	7	3,513,811,530	3,928,047,987
Long term investments	8	1,233,507,988	1,255,375,988
Property and equipment	9	1,244,907,592	1,247,778,520
Intangible assets	10	3,099,212	4,386,404
Investment properties		5,814,107,774	5,814,107,774
Other assets	11	1,190,064,339	999,334,714
Total assets		41,792,244,147	44,046,350,823
Liabilities			
Deposits from banks and customers	12	31,746,164,086	34,003,327,509
Lease liabilities		27,053,929	20,931,897
Deferred tax liability		675,665,283	675,665,283
Other liabilities	13	616,399,350	340,807,112
Total liabilities		33,065,282,648	35,040,731,801
Equity			
Share capital	14	1,000,000,000	1,000,000,000
Retained earnings		6,870,085,470	7,148,742,993
Surplus on revaluations - net		792,247,503	792,247,503
Exchange translation reserves		55,785,024	55,785,024
General reserve		8,843,502	8,843,502
Total equity		8,726,961,499	9,005,619,022
Total liabilities and equity		41,792,244,147	44,046,350,823
Contingencies and Commitments	15		

The annexed notes from 1 to 24 form an integral parts of these financial statements.





Chief Executive Officer _____ **Chief Financial Officer** _____



Chairman BOS _____

BANK-E-MILLIE AFGHAN
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-Audited)
FOR THE NINE MONTHS PERIOD ENDED ON 31 Sumbula 1402 (22 SEPTEMBER 2023)

	Note	Nine months ended on		Three months ended	
		22 September 2023 31 Sumbula 1402 Un-Audited	22 September 2022 31 Sumbula 1401 Un-Audited	22 September 2023 31 Sumbula 1402 Un-Audited	22 September 2022 31 Sumbula 1401 Un-Audited
-----AFN-----					
Interest income and expenses					
Interest income	16	163,424,275	227,859,725	30,819,900	65,358,527
Interest expense	16	(6,427,951)	(8,099)	(889,450)	(8,099)
Net interest income		156,996,324	227,851,626	29,930,450	65,350,428
Commission income and expenses					
Commission income	17	160,874,799	106,657,343	40,943,639	54,379,047
Commission expense	17	(1,147,063)	(9,898,964)	(382,495)	(433,225)
Net commission income		159,727,736	96,758,379	40,561,144	53,945,822
Other income					
Realized exchange gain		29,070,623	52,201,930	5,695,076	8,908,258
Unrealized exchange loss		(364,799,983)	(392,936,833)	(323,964,036)	(70,279,024)
Other operating income	18	65,782,966	223,537,424	21,755,383	179,938,370
Total other income		(269,946,394)	(117,197,479)	(296,513,577)	118,567,604
Total operating income / (loss)		46,777,666	207,412,527	(226,021,983)	237,863,854
Operating expenses					
Reversal of provision on loan and advances	7.1	(11,486,652)	(20,150,014)	(4,355,101)	(6,799,561)
Provision on short term investment		-	41,601	-	32,683
(Provision) / Reversal on other assets		4,293	(8,595,366)	5,293	(393,000)
Personnel expenses	19	176,793,269	189,044,467	55,688,719	61,106,275
Finance cost on lease liability		1,126,957	1,378,578	364,941	(559,844)
Depreciation	9	30,425,289	29,237,051	10,103,060	9,883,627
Amortization	10	2,891,275	11,656,166	1,222,086	4,019,166
Other expenses	20	125,680,757	121,473,018	36,868,456	43,818,195
Total operating expenses		325,435,188	324,085,500	99,897,454	111,107,542
Total operating profit		(278,657,522)	(116,672,974)	(325,919,437)	126,756,312
(Loss) / Profit before taxation		(278,657,522)	(116,672,974)	(325,919,437)	126,756,312
Taxation		-	-	9,452,383	-
(Loss) / Profit for the period		(278,657,523)	(116,672,974)	(316,467,054)	126,756,312
Other comprehensive income / (loss)					
<i>Items that may be classified to profit or loss subsequently</i>					
Related deferred tax		-	-	-	-
Other comprehensive (loss) / income, net of tax		-	-	-	-
Total comprehensive (loss) / income for the period		(278,657,523)	(116,672,974)	(316,467,054)	126,756,312

The annexed notes from 1 to 24 form an integral parts of these financial statements.

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Chief Executive Officer

Chief Financial Officer

Chairman BOS

BANK-E-MILLIE AFGHAN
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)
FOR THE NINE MONTHS PERIOD ENDED ON 31 Sumbula 1402 (22 SEPTEMBER 2023)

	Share capital	Retained earnings	Revaluation surplus	Exchange translation reserve	General reserve	Total
Balance as at 30 Qaws 1400 (21 December 2021) - Audited	1,000,000,000	7,039,911,573	792,247,503	82,105,824	8,843,502	8,923,108,402
Prior year adjustment (note 23)	-	89,702,144	-	-	-	-
Balances as at 30 Qaws 1400 (21 December 2021)- Restated	1,000,000,000	7,129,613,717	792,247,503	82,105,824	8,843,502	8,923,108,402
Balance as at 01 Jaddi 1400 (22 December 2021)	1,000,000,000	7,129,613,717	792,247,503	82,105,824	8,843,502	9,012,810,546
Loss for the period	-	(116,672,974)	-	-	-	(116,672,974)
Other comprehensive income	-	-	-	-	-	-
Balance as at 31 Sumbula 1401 (22 September 2022) -Un-Audited	1,000,000,000	7,012,940,743	792,247,503	82,105,824	8,843,502	8,896,137,572
Balance as at 30 Qaws 1401 (21 December 2022) - Audited	1,000,000,000	7,148,742,993	792,247,503	55,785,024	8,843,502	9,005,619,022
Loss for the period	-	(278,657,523)	-	-	-	(278,657,523)
Other comprehensive income	-	-	-	-	-	-
Balance as at 31 Sumbula 1402 (22 September 2023) -Un-Audited	1,000,000,000	6,870,085,470	792,247,503	55,785,024	8,843,502	8,726,961,499

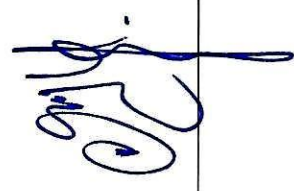
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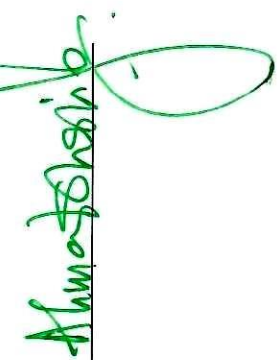


Chief Executive Officer

Chief Financial Officer



Chairman BOS



BANK-E-MILLIE AFGHAN
CONDENSED INTERIM STATEMENT OF CASHFLOWS (Un-Audited)
FOR THE NINE MONTHS PERIOD ENDED ON 31 Sumbula 1402 (22 SEPTEMBER 2023)

	Note	22 September 2023 31 Sumbula 1402 (Un-audited) AFN	22 September 2022 31 Sumbula 1401 (Un-audited) AFN
Operating activities			
Loss before taxation		(278,657,522)	(116,672,974)
Adjustments for:			
Depreciation	9	30,024,316	29,237,051
Amortization	10	2,891,274	11,656,166
Reversal of provision on loans and other asset	7.1	(11,482,359)	(20,108,414)
Finance cost on lease liability		1,126,957	1,378,578
		22,560,189	22,163,381
Adjustments for changes in operating assets and liabilities:			
Loans and advances to customers		425,718,816	835,861,284
Other assets		(190,729,625)	(114,353,074)
Deposits from banks and customers		(2,257,163,423)	(2,567,732,808)
Other liabilities		275,592,238	(26,627,908)
		(1,746,581,994)	(1,872,852,506)
Tax Paid		-	-
		-	-
Net cash flow used in operating activities		(2,002,679,327)	(1,967,362,099)
Investing activities			
Long term Investments	8	21,868,000	34,826,000
Placements with Banks		73,957,318	4,637,039,915
Purchase of intangible assets	10	(1,604,082)	(12,544,355)
Purchase of property and equipment	9	(11,165,879)	(24,315,444)
Net cash flow from investing activities		83,055,357	4,635,006,116
Cash flows from financing activities			
Repayment of lease obligations		(10,992,435)	(13,538,832)
Net cash used in financing activities		(10,992,435)	(13,538,832)
Net (decrease) / increase in cash and cash equivalents		(1,930,616,405)	2,654,105,185
Cash and cash equivalents at beginning of year		29,889,453,197	26,083,845,755
Cash and cash equivalents at end of period		27,958,836,792	28,737,950,940

The annexed notes from 1 to 24 form an integral parts of these financial statements.

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Chief Executive Officer

Chief Financial Officer

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BANK-E-MILLIE AFGHAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED ON 31 SUMBULA 1402 (22 SEPTEMBER 2023)

1 Status and nature of operations

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

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

2 Basis of preparation

2.1 Statement of compliance

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

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

2.2 Mandatory Departure

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

2.3 Basis of measurement

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

2.4 Functional and presentation currency

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

2.5 Use of estimates and judgments

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

3 New accounting standards / amendments and IFRS interpretations

The Bank has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective in these condensed interim financial information. Other amendments and interpretations apply for the first time in 2023, but do not have an impact on the Bank's financial statements.

4 Significant accounting policies

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

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BANK-E-MILLIE AFGHAN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED ON 31 SUMBULA 1402 (22 SEPTEMBER 2023)

		22 September 2023 31 Sumbula 1402 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
5 Cash and cash equivalents			
Cash in hand	5.1	5,150,483,219	1,909,688,840
Balances with Da Afghanistan Bank	5.2	20,199,582,384	25,100,135,362
Nostro accounts & balances with domestic banks	5.3	2,543,008,737	2,813,866,543
Gold and silver at bank vault	5.4	65,762,452	65,762,452
		<u>27,958,836,792</u>	<u>29,889,453,197</u>
		2023	2022
		31 Sumbula 1402	30 Qaws 1401
5.1 Cash in hand			
Local currency	5.1.1	2,140,552,689	736,413,779
Foreign currency	5.1.2	2,986,163,530	1,156,090,596
Cash in ATMs		<u>23,767,000</u>	<u>17,184,465</u>
		<u>5,150,483,219</u>	<u>1,909,688,840</u>
5.1.1 This represents cash at vaults in the branches of the bank.			
5.1.2 The foreign currencies includes USD, GBP, EURO and PKR.			
		2023	2022
		31 Sumbula 1402	30 Qaws 1401
5.2 Balances with Da Afghanistan Bank			
Local currency			
Current account		10,585,437,196	8,484,231,945
Required reserve account	5.2.1	<u>1,646,532,430</u>	<u>1,452,356,651</u>
		<u>12,231,969,626</u>	<u>9,936,588,596</u>
Foreign Currency			
Current account	5.2.2	6,523,397,719	13,398,304,100
Required reserve account		<u>1,444,215,039</u>	<u>1,765,242,666</u>
		<u>7,967,612,758</u>	<u>15,163,546,766</u>
		<u>20,199,582,384</u>	<u>25,100,135,362</u>

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED ON 31 SUMBULA 1402 (22 SEPTEMBER 2023)

5.2.1 This represents required reserve amount being maintained with DAB in order to meet minimum reserve requirement of Article 3 "Required Reserves Regulation" of the Banking Regulations of Afghanistan. Required reserves are not available for use in the Bank's day-to-day operations. It is calculated by applying 8% to deposits denominated in AFN and 10% to deposits denominated in foreign currency, credited by the by the DAB from the respective nostro current accounts of the bank with DAB.

5.2.2 The foreign currencies includes USD, GBP, EURO and PKR.

		2023	2022
		31 Sumbula 1402	30 Qaws 1401
5.3	Nostro accounts & balances with domestic banks		
	Nostro accounts balances	5.3.1 2,498,123,450	3,294,509,401
	Balances with domestic banks - Local currency	5.3.2 137,427	740,793
	Balances with domestic banks - Foreign currency	5.3.3 44,747,860	3,297,273,827
		2,543,008,737	6,592,524,021
		2023	2022
		31 Sumbula 1402	30 Qaws 1401
5.3.1	Citi Bank New York	2,263,162,206	2,973,109,574
	Canara Bank	745,103	978,840
	Habib Bank - Pakistan	12,183,313	25,141,220
	Bank of Africa - Europe	222,032,828	295,279,767
		2,498,123,450	3,294,509,401
		2023	2022
		31 Sumbula 1402	30 Qaws 1401
5.3.2	Local currency		
	Pashtany Bank	127,827	120,786
	Azizi Bank	9,600	620,007
		137,427	740,793

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BANK-E-MILLIE AFGHAN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED ON 31 SUMBULA 1402 (22 SEPTEMBER 2023)

	2023	2022
	31 Sumbula 1402	30 Qaws 1401
5.3.3 Foreign currency		
Pashtany Bank	304,849	397,085
New Kabul Bank	310,765	514,070
Azizi Bank	19,311	1,853,271
Ghazanfar Bank	44,112,935	-
	<u>44,747,860</u>	<u>2,764,427</u>

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

	2023	2022
	31 Sumbula 1402	30 Qaws 1401
6 Short-term investments		
Placements in other banks		
6.1	833,908,920	907,866,238
	<u>833,908,920</u>	<u>907,866,238</u>

	2023	2022
	31 Sumbula 1402	30 Qaws 1401
6.1 Placements in other banks (Foreign Banks)		
Murabaha Deposit in RAK Bank - by IBW	151,547,853	170,529,527
First Abu Dhabi Bank	811,177,911	897,368,767
	<u>962,725,764</u>	<u>1,067,898,294</u>
Accrued Interest	22,731,009	10,497,471
	<u>985,456,773</u>	<u>1,078,395,765</u>
Less: Provision-Loss RAK bank placement	6.2 (151,547,853)	(170,529,527)
	<u>833,908,920</u>	<u>907,866,238</u>

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

	2023	2022
	31 Sumbula 1402	30 Qaws 1401
6.2 Placements provisioning movement during the period on RAK Bank		
Balance at the beginning of the period / year	170,529,527	199,087,971
Charge for the period	-	-
Exchange rate differences	(18,981,674)	(28,558,444)
Balance at the end of period / year	<u>151,547,853</u>	<u>170,529,527</u>

Map

BANK-E-MILLIE AFGHAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED ON 31 SUMBULA 1402 (22 SEPTEMBER 2023)

	Note	22 September 2023 31 Sumbula 1402 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
7 Loans and advances to customers - net			
Conventional Loans		3,170,064,196	3,859,160,574
Islamic Loans		923,963,568	682,704,532
		<u>4,094,027,764</u>	<u>4,541,865,106</u>
Impairment			
Conventional		(428,466,996)	(456,279,719)
Islamic		(151,749,238)	(157,537,400)
	7.1	<u>(580,216,234)</u>	<u>(613,817,119)</u>
		<u><u>3,513,811,530</u></u>	<u><u>3,928,047,987</u></u>

		2023 31 Sumbula 1402	2022 30 Qaws 1401
7.1 Provision held - summary			
Balance at the beginning of the period / year		613,817,119	676,237,047
Charge for the period		14,793,252	7,671,121
Reversals during the period		(26,279,904)	(32,684,424)
Net reversals for the period / year		<u>(11,486,652)</u>	<u>(25,013,303)</u>
Exchange rate difference		(22,114,232)	(37,406,624)
	7.2	<u><u>580,216,235</u></u>	<u><u>613,817,119</u></u>

22 September 2023 (31 Sumbula 1402)

7.2		Provisioning rates	Amount outstanding	Provision required	Provision held
	<i>Set out below shows, Classification of loans and advances to customers based on ACPR deferral up to 02 April 2024</i>				
	Standard (Optional)	1%	1,347,018,736	13,470,187	13,470,187
	Watch-list	5%	1,810,951,583	90,547,579	90,547,579
	Substandard	25%	121,984,459	30,496,115	30,496,115
	Doubtful	50%	736,741,364	368,370,683	368,370,683
	Loss	100%	77,331,622	77,331,671	77,331,671
			<u>4,094,027,764</u>	<u>580,216,235</u>	<u>580,216,235</u>
	Less: Write offs		-	-	-
			<u><u>4,094,027,764</u></u>	<u><u>580,216,235</u></u>	<u><u>580,216,235</u></u>

7.2.1 Set out below shows the classification of loans and advances to customers, if ACPR was applicable or active, as of 22 September 2023

	22 September 2023 (31 Sumbula 1402)		
	Provisioning rates	Amount outstanding - New classification	Provision required
Standard (Optional)	1%	476,958,673	4,769,563
Watch-list	5%	773,507,181	38,675,328
Substandard	25%	686,092,861	171,523,199
Doubtful	50%	189,200,321	94,600,161
Loss	100%	1,968,268,728	1,968,268,800
		<u>4,094,027,764</u>	<u>2,277,837,051</u>

Set out below is net of effect of ACPR deferral on provision for impairment losses as of 22 September 2023:

Provision for impairment losses recognized by the bank- (resulting from ACPR deferral)	580,216,235
Provision for impairment losses required (if ACPR was active)	2,277,837,051
	<u><u>(1,697,620,816)</u></u>

The loans and advances in FCY amounts to 1,720,006,421 & LCY 2,374,021,343 (2022: FYC: 2,044,018,479 & LCY: 2,497,846,625)

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BANK-E-MILLIE AFGHAN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED ON 31 SUMBULA 1402 (22 SEPTEMBER 2023)

8	Long term investments	Note	22 September 2023 31 Sumbula 1402 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
			Afghan American Trading Co. Inc. (100% owned Subsidiary)	8.1
Pashtany Bank (28.77 % - Associate)	8.2	867,150,619	867,150,619	
Investment in equity instruments	8.3	191,765,369	191,765,369	
		<u>1,233,507,988</u>	<u>1,255,375,988</u>	

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

Opening balance (cost USD 2,200,000)	8.1.1	196,460,000	229,361,000
Exchange loss		(21,868,000)	(32,901,000)
Closing balance		<u>174,592,000</u>	<u>196,460,000</u>

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

8.2 Investment in associates

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

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

8.3 Investment in equity instruments

	2023 31 Sumbula 1402	2022 30 Qaws 1401
Afghan National Insurance Company	18,606,641	18,606,641
Ariana Afghan Airlines Company	172,256,476	172,256,476
Edahdia Mazar Sharif	30,150	30,150
Sherkat Saderat Pakhta Herat	844,289	844,289
Sherkat Pashmena Bafi Qandahar	15,944	15,944
Sherkat Yakhsazi Herat	7,076	7,076
Sherkat Teel Kashi Herat	4,794	4,793
	<u>191,765,369</u>	<u>191,765,369</u>

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	Note	22 September 2023	21 December 2022
		31 Sumbula 1402 Un-Audited AFN	30 Qaws 1401 Audited AFN
9 Property and equipment			
Cost			
Balance at beginning of the period / year		1,624,553,445	1,605,196,991
Recognition of ROU		15,987,508	(10,368,880)
Additions during the period / year		11,165,879	29,725,334
Balance at end 31 Sumbula 1402		1,651,706,832	1,624,553,445
Accumulated depreciation			
Balance at beginning of the period / year		376,774,925	337,215,910
Depreciation on ROU		11,566,509	15,828,665
Adjustments		(400,973)	-
Charge for the period / year		18,858,779	23,730,350
Balance at end 31 Sumbula 1402		406,799,240	376,774,925
Carrying amount		1,244,907,592	1,247,778,520
		2023	2022
		31 Sumbula 1402	30 Qaws 1401
10 Intangibles Assets			
Cost			
Balance at beginning of the period / year		80,135,496	80,135,496
Additions		1,604,082	-
Balance at end of the period / year	10.1	81,739,578	80,135,496
Amortization			
Balance at beginning of the period / year		75,749,092	72,366,300
Charge for the period / year	10.2	2,891,274	3,382,792
Balance at end of the period / year		78,640,366	75,749,092
Carrying amount		3,099,212	4,386,404

10.1 Intangibles assets include core banking software and licensing rights.

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

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		22 September 2023 31 Sumbula 1402 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
11 Other assets			
Receivable from subsidiaries	11.1	25,963,338	29,215,299
Advance salaries		11,096,722	13,376,568
Prepaid expenses		13,739,699	14,674,210
Advance tax to MoF	11.2	648,401,047	653,732,584
Rent receivable against investment properties		25,447,863	25,036,473
Accrued interest on loans and advances - Conventional	11.3	98,657,360	101,394,976
Accrued profit on loans and advances - Islamic	11.4	65,053,907	17,180,698
Profit markup on loans and advances - Islamic	11.4	158,537,210	-
Security deposits with Pashtany Bank		40,000,000	40,000,000
Security deposit with Western union		9,523,200	10,716,000
Receivable from Western union inbound / outbound		177,946,545	174,623,897
Other receivables		45,708,558	52,973,519
		<u>1,320,075,449</u>	<u>1,132,924,223</u>
Provision held against other assets	11.5	<u>(130,011,110)</u>	<u>(133,589,509)</u>
		<u>1,190,064,339</u>	<u>999,334,714</u>

- 11.1** This represents advances against municipality charges given to Afghan American Trading Company (100% owned Subsidiary of the bank).
- 11.2** This represents outstanding amount of advance income tax paid on 18 September 2019 to Ministry of Finance (MoF), based on approval of the BOS, which is adjustable against the future tax liabilities to MoF.
- 11.3** This balance is net of the suspense interest accrued on loans and advances to customers, amounting to 103,187,606 (21 December 2022: 103,288,017) as required by ACPR.
- 11.4** This represents accrued profit and differed income on Murabaha loans being incorporated as result of activation of Islamic accounting system module. However, the bank is the process of validating the valuation of the said account balances.

	2023 31 Sumbula 1402	2022 30 Qaws 1401
11.5 Provision against other assets		
Balance at the beginning of the period / year	133,589,509	276,212,748
<i>Charge for the period</i>		
Receivable against expenses	5,766	495,426
	<u>5,766</u>	<u>495,426</u>
<i>Reversals during the period</i>		
Rent receivable against investment properties	(1,473)	(8,811,366)
Accrued interest on loans and advances to customers	-	(15,465,084)
Net reversal for the period / year	<u>4,293</u>	<u>(23,781,024)</u>
Write offs	-	(105,549,281)
Exchange rate differences	(3,582,692)	(13,292,934)
Balance at the end of the period / year	<u>130,011,110</u>	<u>133,589,509</u>

	2023 31 Sumbula 1402	2022 30 Qaws 1401	
12 Deposits from banks and customers			
Local currency			
Conventional deposits	12.1	18,517,844,408	16,608,151,811
Islamic deposits	12.2	285,302,945	51,197,143
Margin against letter of guarantee	12.3	81,199,924	68,417,749
		<u>18,884,347,277</u>	<u>16,727,766,702</u>
Foreign Currency			
Conventional deposits	12.1	12,357,277,306	16,937,158,737
Islamic deposits	12.2	448,549,436	304,262,680
Margin against letter of guarantee	12.3	55,990,067	34,139,390
		<u>12,861,816,809</u>	<u>17,275,560,807</u>
		<u>31,746,164,086</u>	<u>34,003,327,509</u>

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		22 September 2023 31 Sumbula 1402 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
12.1	Conventional deposits		
	Local currency		
	Current deposits	13,474,653,904	11,284,860,578
	Saving deposits	1,043,360,667	1,018,066,712
	Term deposits	3,999,829,837	4,305,224,521
	Total local currency	<u>18,517,844,408</u>	<u>16,608,151,811</u>
	Foreign currency	2023	2022
		31 Sumbula 1402	30 Qaws 1401
	Current deposits	7,173,925,504	10,664,038,253
	Saving deposits	4,807,893,937	5,794,447,221
	Term deposits	375,457,865	478,673,263
	Total foreign currency	<u>12,357,277,306</u>	<u>16,937,158,737</u>
		<u>30,875,121,714</u>	<u>33,545,310,547</u>
12.1.1	Saving deposits are interest free since 15 August 2021, (before 15 August 2022: Carrying interest ranging from 0.57% to 3.5%) per annum.		
12.1.2	Term Deposits are interest free since 15 August 2021, (before 15 August 2022: Carrying interest ranging from 0.57% to 4%) per annum.		
12.2	Islamic deposits	2023	2022
	Local currency	31 Sumbula 1402	30 Qaws 1401
	Current deposits	9,966,515	13,185,382
	Saving deposits	18,465,168	15,240,977
	Term deposits	256,871,262	22,770,784
		<u>285,302,945</u>	<u>51,197,143</u>
	Foreign currency	2023	2022
		31 Sumbula 1402	30 Qaws 1401
	Current deposits	38,801,454	52,903,750
	Saving deposits	39,025,372	48,721,679
	Term deposits	370,722,610	202,637,251
		<u>448,549,436</u>	<u>304,262,680</u>
		<u>733,852,381</u>	<u>355,459,823</u>
12.2.1	Saving deposits and term deposits under Islamic banking are not based on fixed rates arrangements, it is dependent upon actual earned profit or sustained loss, if any.		
12.3	Margin against letter of guarantee	2023	2022
		31 Sumbula 1402	30 Qaws 1401
	Foreign currency - Not Expired	55,990,067	34,139,390
	Local Currency - Not Expired	81,199,924	68,417,749
		<u>137,189,991</u>	<u>102,557,139</u>

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	22 September 2023 31 Sumbula 1402 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
13 Other liabilities		
Accrued interest on deposits - conventional	237,019	405,458
Accrued profit on deposits - Islamic	11,859,478	6,409,966
Deferred income on Murabaha loans	11.4 158,537,210	-
Security deposits on rented investment properties	18,378,093	13,037,974
Withholding tax payable	13.1 22,802,563	9,153,171
Dividend payable	20,716,068	20,716,068
Defined benefit plan (pension scheme)	136,053,300	173,854,815
Accrued expenses	7,062,565	12,483,975
Government revenue collection payable	130,277,036	36,695,784
Suspense balance	13.2 56,341,364	-
Others	54,134,654	68,049,901
	<u>616,399,350</u>	<u>340,807,112</u>
13.1 This represents withholding taxes deducted from contractors and payroll, which will be off-setted with advance tax paid by the bank to MoF, subject to official initiation from MoF.		
13.2 This represents suspense account balance resulting from living Islamic accounting system module, bank is in the process of reconciliation.		
14 Share capital	2023 31 Sumbula 1402	2022 30 Qaws 1401
14.1 Authorized		
100,000 (2022: 100,000) ordinary shares of AFN 10,000 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
14.2 Issued, Subscribed and Paid up Capital		
100,000 (2022: 100,000) ordinary shares of AFN 10,000 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
14.3 The issued shares are subscribed by the following parties:		
Ministry of Finance	967,508,023	967,508,023
Afghan Red Crescent	20,731,432	20,731,432
Pashtany Bank	11,343,832	11,343,832
Afghan Air Force Commander	370,412	370,412
Kabul Municipality	46,301	46,301
	<u>1,000,000,000</u>	<u>1,000,000,000</u>
15 Contingencies and Commitments	2023 31 Sumbula 1402	2022 30 Qaws 1401
Letter of Guarantees		
Off Balance sheet assets - AFN	211,559,924	68,417,749
Off Balance sheet assets - USD	55,990,067	34,139,390
	<u>267,549,991</u>	<u>102,557,139</u>

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		22 September 2023	22 September 2022
		31 Sumbula 1402	31 Sumbula 1401
		Un-Audited	Un-Audited
	Note	AFN	AFN
16 Interest income and expenses			
<i>Interest income</i>			
Interest on short term investment	6.1.1	29,684,136	14,625,938
Interest on loans and advances - conventional		99,005,887	192,949,147
Profit on loans and advances - Islamic		34,734,252	20,284,640
		<u>163,424,275</u>	<u>227,859,725</u>
<i>Interest expense</i>			
Interest on deposits - conventional		7,254	8,099
Profit to Murabaha customers - Islamic		6,420,697	-
		<u>6,427,951</u>	<u>8,099</u>
Net interest income		<u>156,996,324</u>	<u>227,851,626</u>
17 Commission income and expenses		2023	2022
		31 Sumbula 1402	31 Sumbula 1401
<i>Fee and commission income</i>			
Commission income	17.1	71,944,910	92,968,095
Commission on western union inbound / outbound		34,931,321	6,588,255
Payroll processing fee		22,925,979	5,035,604
Customer account service charges		31,072,589	2,065,390
		<u>160,874,799</u>	<u>106,657,343</u>
<i>Fee and commission expense</i>			
Funds transfers		1,064,998	8,699,251
Inter bank transaction fee		21,696	1,199,713
Others		60,369	-
		<u>1,147,063</u>	<u>9,898,964</u>
Net fee and commission income		<u>159,727,736</u>	<u>96,758,379</u>
17.1	This includes commission income on bank guarantees, remittances fees, utility bills collections and commission on government revenue collection.		
18 Other operating income		2023	2022
		31 Sumbula 1402	31 Sumbula 1401
Rental income		39,943,924	33,579,021
Recoveries from loan and advances written off		10,335,987	179,034,720
Dividend income		2,774,700	-
Income from world bank grants		5,126,999	5,236,999
Others		7,601,356	5,686,683
		<u>65,782,966</u>	<u>223,537,424</u>
19 Personnel expenses		2023	2022
		31 Sumbula 1402	31 Sumbula 1401
Salaries and benefits		170,092,031	178,984,726
Bonus		6,658,388	9,069,261
Scholarship and training expenses		42,850	990,481
		<u>176,793,269</u>	<u>189,044,467</u>
20 Other expenses		2023	2022
		31 Sumbula 1402	31 Sumbula 1401
Advertising and publicity		4,020,749	1,076,446
Repairs and maintenance	20.1	28,597,284	22,266,313
Postage and telegram		14,102	14,493
Deposits insurance expense		32,422,407	41,624,762
Utility charges		9,297,844	8,062,364
Operating lease		402,501	160,647
Fuel expenses		5,026,880	5,437,484
Printing and stationery		3,599,031	6,644,152
Travelling		2,910,415	1,808,819
Telephone and communication		13,484,342	16,135,676
Security charges		12,021,815	349,341
Audit fee		4,817,075	4,778,871
Penalties imposed by DAB	20.2	1,572,000	240,000
Legal and professional fees		720,000	2,067,583
Others		6,774,311	10,806,068
		<u>125,680,757</u>	<u>121,473,018</u>
20.1	This represents repairs and maintenance cost on investment properties, software's, office equipment's, furniture, vehicles and other miscellaneous items of the bank.		
20.2	The penalties imposed by the DAB due to non compliances, in timely reporting, vacant of key positions and maintaining required FX position.		

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21 Related parties

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

	Note	22 September 2023 31 Sumbula 1402 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
Shareholders (percentage)			
Ministry of Finance		96.751%	96.751%
Afghan Red Crescent		2.073%	2.073%
Pashtany Bank		1.134%	1.134%
Afghan Air Force		0.037%	0.037%
Kabul Municipality		0.005%	0.005%
		100%	
Shareholders (Amount in AFN)			
Ministry of Finance		967,508,023	967,508,023
Afghan Red Crescent		20,731,432	20,731,432
Pashtany Bank		11,343,832	11,343,832
Afghan Air Force Commander		370,411	370,411
Kabul Municipality		46,301	46,301
		1,000,000,000	1,000,000,000
Subsidiaries and associated companies		Country of Incorporation	Ownership Percentage
Afghan American Trading Co. Inc.		USA	100%
Pashtany Bank		Afghanistan	28.77%
Afghan National Insurance Company		Afghanistan	7.66%
Ariana Afghan Airlines Company		Afghanistan	6.25%
Edahdia Mazar Sharif		Afghanistan	41.63%
Sherkat Saderat Pakhta Herat		Afghanistan	8.00%
Sherkat pashmena Bafi Qandahar		Afghanistan	29.95%
Sherkat Yakhsazi Herat		Afghanistan	8.46%
Sherkat Teel Kashi Herat		Afghanistan	17.99%

21.1 Transactions with related parties

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

	Nine months ended on	
	22 September 2023 31 Sumbula 1402 Un-Audited AFN	22 September 2022 31 Sumbula 1401 Un-Audited AFN
Supervisors and key management personnel:		
Basic salary & Bonus	17,039,813	10,661,299
Board of Supervisor's meeting fee	2,968,000	1,167,383
	20,007,813	11,828,682

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22 Capital management

Regulatory capital

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

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

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

	22 September 2023	21 December 2022
	31 Sumbula 1402	30 Qaws 1401
	Un-Audited AFN	Audited AFN
Tier 1 capital		
Total equity	8,726,961,499	7,813,762,440
Less: Current period profit	-	86,945,215
Less: Surplus on revaluation of property and equipment - net	(792,247,503)	(792,247,503)
Less: Intangible assets	(3,099,212)	(1,003,612)
Total Tier 1	<u>7,931,614,784</u>	<u>7,107,456,540</u>
Tier 2 capital		
Profit for the period	-	(86,945,215)
Surplus on revaluation of property and equipment - net	792,247,503	792,247,503
General loss reserves on credits Allowable Portion	13,470,187	-
Allowable deduction-equity investment	(1,233,507,988)	(1,157,117,982)
Total Tier 2	<u>(427,790,298)</u>	<u>(451,815,694)</u>
Total regulatory capital (Tier 1 + Tier 2)	<u>7,503,824,487</u>	<u>6,655,640,846</u>
Risk-weight categories		
0% risk weight:		
Cash in Afghani and fully-convertible foreign currencies	5,150,483,219	1,909,688,840
Direct claims on DAB	20,199,582,384	25,100,135,362
Precious metals and precious stones	65,762,452	65,762,452
0% risk-weight total (above total x 0%)	<u>25,415,828,055</u>	<u>27,075,586,654</u>
20% risk weight:		
Balances with other banks	3,505,734,501	3,881,764,837
20% risk-weight total (above total x 20%)	<u>701,146,900</u>	<u>776,352,967</u>
50% risk weight:		
Balances with other banks	-	-
50% risk-weight total (above total x 50%)	<u>-</u>	<u>-</u>
100% risk weight:		
All other assets	13,732,456,788	13,887,731,587
Less: intangible assets	(3,099,212)	(1,003,612)
Allowable deduction-equity investment	(1,233,507,988)	(1,157,117,982)
100% risk-weight total (above total x 100%)	<u>12,495,849,588</u>	<u>12,729,609,993</u>
0% risk weight:		
Guarantees	267,549,991	102,557,139
Unused Portions of Commitments	-	-
0% credit conversion factor total (risk-weighted total x 0%)	<u>267,549,991</u>	<u>102,557,139</u>
Total risk-weighted assets	<u>13,196,996,488</u>	<u>13,505,962,960</u>
Tier 1 Capital Ratio (Tier 1 capital as % of total risk-weighted assets)	60.10%	53%
Regulatory Capital Ratio (Regulatory capital as % of total risk-weighted assets)	56.86%	49%

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23 Prior year adjustment

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

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

24 General

24.1 Rounding of figures

The amounts have been rounded off to nearest AFN.

24.2 Reclassifications

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

These condensed interim financial information were authorized for issue by the Board of Supervisors of the Bank-e-Mille Afghan on 4 NOV 2023.

Handwritten initials: NaD

Chief Executive Officer _____

Chief Financial Officer _____

Chairman BOS _____