

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 **29 Hoot 1401 (20 March 2023)**, and the related condensed interim statement of comprehensive income, changes in equity and cash flows for the three 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 191.455 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 5.3.2 of the condensed interim financial information includes the bank balance of AFN 2,481,750,138 (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 lived Islamic core banking accounting module. As a result of that migration, we could not verify the valuation of net accrued profit on Murabaha loans amounting to AFN 72,383,448, reported by the new system and further system shows the 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.

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 20 March 2023.

Mazars Afghanistan Limited

Chartered Accountants

Engagement Partner: Muhammad Saqlain Siddiqui

Date: 04 May, 2023

Place: Kabul, Afghanistan



BANK-E-MILLIE AFGHAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 29 Hoot 1401 (20 March 2023)

	Note	20 March 2023 29 Hoot 1401 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
Assets			
Cash and cash equivalents	5	29,823,364,688	29,889,453,197
Short-term investments	6	894,536,757	907,866,238
Loans and advances to customers - net	7	3,908,097,793	3,928,047,987
Long term investments	8	1,250,370,989	1,255,375,989
Property and equipment	9	1,238,940,409	1,247,778,520
Intangible assets	10	4,817,435	4,386,404
Investment properties		5,724,405,630	5,724,405,630
Other assets	11	1,305,844,694	999,334,714
Total assets		<u>44,150,378,396</u>	<u>43,956,648,679</u>
Liabilities			
Deposits from bank and customers	12	33,952,149,027	34,003,327,509
Lease liabilities		16,659,145	20,931,897
Deferred tax liability		675,665,283	675,665,283
Other liabilities	13	600,469,801	340,807,112
Total liabilities		<u>35,244,943,256</u>	<u>35,040,731,801</u>
Equity			
Share capital	14	1,000,000,000	1,000,000,000
Retained earnings		7,048,559,111	7,059,040,849
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		<u>8,905,435,140</u>	<u>8,915,916,878</u>
Total liabilities and equity		<u>44,150,378,396</u>	<u>43,956,648,679</u>
Contingencies and Commitments	15		

The annexed notes from 1 to 25 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 COMPREHENSIVE INCOME (Un-Audited)
FOR THE THREE MONTHS PERIOD ENDED ON 29 Hoot 1401 (20 March 2023)

		Three months ended on	
		20 March 2023	20 March 2022
		29 Hoot 1401 Un-Audited AFN	29 Hoot 1400 Un-Audited AFN
Note	Note		
Interest income and expenses			
Interest income	16	64,547,444	96,471,590
Interest expense	16	(1,824,502)	-
Net interest income		62,722,942	96,471,590
Commission income and expenses			
Commission income	17	52,073,785	25,511,813
Commission expense	17	(273,987)	(460,775)
Net commission income		51,799,798	25,051,038
Other income			
Realized exchange gain		2,391,908	31,756,239
Unrealized exchange losses		(43,703,487)	(394,728,902)
Other operating income	18	21,470,182	20,543,200
Total other income		(19,841,397)	(342,429,463)
Total operating income		94,681,343	(220,906,836)
Operating expenses			
Reversal of provision on loans and advances	7.1	(2,345,099)	(7,365,650)
Reversal of provision on other assets		(1,000)	-
Personnel expenses	19	57,350,584	56,144,550
Finance cost on lease liability		308,366	581,338
Depreciation	9	9,899,219	10,253,135
Amortization	10	1,138,053	3,618,832
Other expenses	20	38,812,958	49,310,646
Total operating expenses		105,163,081	112,542,851
Total operating profit		(10,481,738)	(333,449,687)
Impairment (loss) on investment		-	-
Share in profit of associate		-	-
		-	-
Loss before taxation		(10,481,738)	(333,449,687)
Taxation		-	-
Loss for the period		(10,481,738)	(333,449,687)
Other comprehensive income			
<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 for the period		(10,481,738)	(333,449,687)

The annexed notes from 1 to 25 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 THREE MONTHS PERIOD ENDED ON 29 Hoot 1401 (20 March 2023)

	Share capital	Retained earnings	Revaluation surplus	Exchange translation reserve	General reserve	Total
<i>Balance as at 30 Qaws 1400 (21 December 2021) - Audited</i>	1,000,000,000	6,399,655,565	792,247,503	34,313,024	7,941,250	8,234,157,342
Loss for the period	-	(333,449,687)	-	-	-	(333,449,687)
Other comprehensive income	-	-	-	-	-	-
<i>Balance as at 29 Hoot 1400 (20 March 2022) - Un-audited</i>	1,000,000,000	6,066,205,878	792,247,503	34,313,024	7,941,250	7,900,707,655
<i>Balance as at 30 Qaws 1401 (21 December 2022) - Audited</i>	1,000,000,000	7,059,040,849	792,247,503	55,785,024	8,843,502	8,915,916,878
Loss for the period	-	(10,481,738)	-	-	-	(10,481,738)
Other comprehensive income	-	-	-	-	-	-
<i>Balance as at 29 Hoot 1401 (20 March 2023) - Un-audited</i>	1,000,000,000	7,048,559,111	792,247,503	55,785,024	8,843,502	8,905,435,140

The annexed notes from 1 to 25 form an integral parts of these financial statements.

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Chief Executive Officer



Chairman BOS

Chief Financial Officer



BANK-E-MILLIE AFGHAN
CONDENSED INTERIM STATEMENT OF CASHFLOWS (Un-Audited)
FOR THE THREE MONTHS PERIOD ENDED ON 29 Hoot 1401 (20 March 2023)

	20 March 2023 29 Hoot 1401 (Un-audited) AFN	20 March 2022 29 Hoot 1400 (Un-audited) AFN
Operating activities		
Loss before taxation	(10,481,738)	(333,449,687)
Adjustments for:		
Depreciation	9 9,899,219	10,253,135
Amortization	10 1,138,053	3,618,832
Impairment loss on loans and advances	7.1 (2,345,099)	(7,365,650)
Finance cost on lease liability	308,366	581,338
	9,000,539	7,087,655
Adjustments for changes in operating assets and liabilities:		
Loans and advances to customers	17,605,094	465,569,864
Other assets	(306,400,900)	(513,830,040)
Deposits from banks and customers	(51,178,482)	(3,511,577,466)
Lease liabilities	4,581,118	-
Other liabilities	259,662,689	15,173,199
	(75,730,481)	(3,544,664,443)
Tax Paid	-	-
Net cash flow used in operating activities	(77,211,680)	(3,871,026,475)
Investing activities		
Long term Investments	8 5,004,999	36,916,000
Placements with Banks	13,329,481	1,319,174,151
Purchase of intangible assets	10 (1,569,084)	(12,509,355)
Purchase of property and equipment	9 (1,061,107)	(5,218,287)
Net cash flow from investing activities	15,704,289	1,338,362,508
Cash flows from financing activities		
Repayment of lease obligations	(4,581,118)	(3,781,200)
Net cash used in financing activities	(4,581,118)	(3,781,200)
Net increase in cash and cash equivalents	(66,088,509)	(2,536,445,167)
Cash and cash equivalents at beginning of year	29,889,453,197	26,083,845,755
Cash and cash equivalents at end of year	29,823,364,688	23,547,400,588

The annexed notes from 1 to 25 form an integral parts of these financial statements.

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Chief Executive Officer

Chief Financial Officer

Chairman BOS

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).

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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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE PERIOD ENDED ON 29 HOOT 1401 (20 March 2023)**

		20 March 2023 29 Hoot 1401 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
5	Cash and cash equivalents		
	Cash in hand	5.1 1,301,680,386	1,909,688,840
	Balances with Da Afghanistan Bank	5.2 25,683,332,413	25,100,135,362
	Nostro accounts balances with banks	5.3 2,772,589,437	2,813,866,543
	Gold and silver at bank vault	5.4 65,762,452	65,762,452
		29,823,364,688	29,889,453,197
5.1	Cash in hand		
	Local currency	5.1.1 527,904,239	736,413,779
	Foreign currency	5.1.2 755,875,647	1,156,090,596
	Cash in ATMs	17,900,500	17,184,465
		1,301,680,386	1,909,688,840
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 29 Hoot 1401	2022 30 Qaws 1401
5.2	Balances with Da Afghanistan Bank		
	Local currency		
	Current account (interest free)	11,917,355,369	8,484,231,945
	Overnight account	-	-
	Required reserve account	5.2.1 1,230,572,206	1,452,356,651
		13,147,927,575	9,936,588,596
	Foreign Currency		
	Current account	5.2.2 10,866,555,448	13,398,304,100
	Required reserve account	1,668,849,390	1,765,242,666
		12,535,404,838	15,163,546,766
		25,683,332,413	25,100,135,362
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 6% to deposits denominated in AFN and 8% 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 29 Hoot 1401	2022 30 Qaws 1401
5.3	Nostro accounts balances with banks		
	Local currency	5.3.1 128,727	740,793
	Foreign currency	5.3.2 2,772,460,710	3,297,273,827
		2,772,589,437	3,298,014,620
5.3.1	Local currency		
	Pashtany Bank	119,127	120,786
	Azizi Bank	9,600	620,007
		128,727	740,793

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BANK-E-MILLIE AFGHAN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE PERIOD ENDED ON 29 HOOT 1401 (20 March 2023)

	20 March 2023 29 Hoot 1401 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
5.3.2 Foreign currency		
Pashtany Bank	319,230	397,085
New Kabul Bank	355,575	514,070
Azizi Bank	23,787	1,853,271
Ghazanfar Bank	31,450,565	-
Citi Bank New York	2,481,750,138	2,973,109,574
Canara Bank	817,069	978,840
Habib Bank - Pakistan	14,426,873	25,141,220
Bank of Africa - Europe	243,317,473	295,279,767
	2,772,460,710	3,297,273,827

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 29 Hoot 1401	2022 30 Qaws 1401
6 Short-term investments		
Placements in other banks	6.1 894,536,757	907,866,238
	894,536,757	907,866,238
6.1 Placements in other banks (Foreign Banks)		
Murabaha Deposit in RAK Bank - by IBW First Abu Dhabi Bank	6.1.1 166,185,130	170,529,527
	889,525,676	897,368,767
	1,055,710,806	1,067,898,294
Accrued Interest	5,011,081	10,497,471
	1,060,721,887	1,078,395,765
Less: Provision-Loss RAK bank placement General provision at (1%)	6.2 (166,185,130)	(170,529,527)
	-	-
	894,536,757	907,866,238

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.

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	(4,344,397)	(28,558,444)
Balance at the end of period / year	166,185,130	170,529,527

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BANK-E-MILLIE AFGHAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE PERIOD ENDED ON 29 HOOT 1401 (20 March 2023)

	Note	20 March 2023 29 Hoot 1401 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
7 Loans and advances to customers - net			
Conventional Loans		3,728,479,558	3,859,160,574
Islamic Loans		<u>785,894,918</u>	<u>682,704,532</u>
		4,514,374,476	4,541,865,106
Impairment			
Conventional		(451,808,790)	(456,279,719)
Islamic		<u>(154,467,893)</u>	<u>(157,537,400)</u>
	7.1	<u>(606,276,683)</u>	<u>(613,817,119)</u>
		<u><u>3,908,097,793</u></u>	<u><u>3,928,047,987</u></u>
7.1 Provision held - summary		2023	2022
		29 Hoot 1401	30 Qaws 1401
Balance at the beginning of the period / year		613,817,119	676,237,047
Charge for the period		1,433,027	7,671,121
Reversals during the period		<u>(3,778,127)</u>	<u>(32,684,424)</u>
Net reversals for the period / year		<u>(2,345,100)</u>	<u>(25,013,303)</u>
Exchange rate difference		(5,195,336)	(37,406,624)
	7.2	<u><u>606,276,683</u></u>	<u><u>613,817,119</u></u>

20 March 2023 (29 Hoot 1401)

7.2 Set out below shows, Classification of loans and advances to customers based on ACPR deferral up to 02 April 2024	Provisioning rates	Amount outstanding	Provision required	Provision held
Standard (Optional)	1%	1,605,163,497	16,051,635	16,051,635
Watch-list	5%	1,947,051,414	97,352,628	97,352,628
Substandard	25%	124,024,990	31,006,247	31,006,247
Doubtful	50%	752,536,805	376,268,403	376,268,403
Loss	100%	<u>85,597,770</u>	<u>85,597,770</u>	<u>85,597,770</u>
		4,514,374,476	606,276,683	606,276,683
Less: Write offs		-	-	-
		<u><u>4,514,374,476</u></u>	<u><u>606,276,683</u></u>	<u><u>606,276,683</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 20 March 2023

	20 March 2023 (29 Hoot 1401)		
	Provisioning rates	Amount outstanding - New classification	Provision required
Standard (Optional)	1%	1,248,459,486	12,484,595
Watch-list	5%	713,940,740	35,697,037
Substandard	25%	178,898,459	44,724,615
Doubtful	50%	557,480,670	278,740,335
Loss	100%	<u>1,815,595,121</u>	<u>1,815,595,121</u>
		4,514,374,476	2,187,241,703

Set out below is net of effect of ACPR deferral on provision for impairment losses as of 20 March 2023:

Provision for impairment losses recognized by the bank- (resulting from ACPR deferral)	606,276,683
Provision for impairment losses required (if ACPR was active)	<u>2,187,241,703</u>
	<u><u>(1,580,965,021)</u></u>

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BANK-E-MILLIE AFGHAN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE PERIOD ENDED ON 29 HOOT 1401 (20 March 2023)

	Note	20 March 2023 29 Hoot 1401 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
		8 Long term investments	
Afghan American Trading Co. Inc. (100% owned Subsidiary)	8.1	191,455,000	196,460,000
Pashtany Bank (28.77 % - Associate)	8.2	867,150,619	867,150,619
Investment in equity instruments	8.3	191,765,370	191,765,370
		<u>1,250,370,989</u>	<u>1,255,375,989</u>
8.1 Afghan American Trading Co. Inc. (100% owned Subsidiary)			
Opening balance (<i>cost USD 2,200,000</i>)	8.1.1	196,460,000	229,361,000
Exchange loss		(5,005,000)	(32,901,000)
Closing balance		191,455,000	196,460,000

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

8.2 Investment in associates

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

	2023 29 Hoot 1401	2022 30 Qaws 1401
Opening balance	867,150,619	965,408,626
Share of loss	-	(98,258,007)
Closing balance	867,150,619	867,150,619

8.3 Investment in equity instruments

	2023 29 Hoot 1401	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	4,794
	<u>191,765,370</u>	<u>191,765,370</u>

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BANK-E-MILLIE AFGHAN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE PERIOD ENDED ON 29 HOOT 1401 (20 March 2023)

	20 March 2023 29 Hoot 1401 Un-Audited AFN	21 December 2022 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
Derecognition of ROU	-	(10,368,880)
Additions during the period / year	<u>1,061,107</u>	<u>29,725,334</u>
Balance at end 29 Hoot 1401	<u>1,625,614,552</u>	<u>1,624,553,445</u>
Accumulated depreciation		
Balance at beginning of the period / year	376,774,925	337,215,910
Depreciation on ROU	3,966,975	15,828,665
Charge for the period / year	<u>5,932,243</u>	<u>23,730,350</u>
Balance at end 29 Hoot 1401	<u>386,674,143</u>	<u>376,774,925</u>
Carrying amount	<u>1,238,940,409</u>	<u>1,247,778,520</u>
	2023	2022
	29 Hoot 1401	30 Qaws 1401
	AFN	AFN
10 Intangibles Assets		
Cost		
Balance at beginning of the period / year	80,135,496	80,135,496
Additions	<u>1,569,084</u>	-
Balance at end of the period / year	<u>81,704,580</u>	<u>80,135,496</u>
Amortization		
Balance at beginning of the period / year	75,749,092	72,366,300
Charge for the period / year	<u>1,138,053</u>	<u>3,382,792</u>
Balance at end of the period / year	<u>76,887,145</u>	<u>75,749,092</u>
Carrying amount	<u>4,817,435</u>	<u>4,386,404</u>
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.		
	2023	2022
	29 Hoot 1401	30 Qaws 1401
11 Other assets		
Receivable from subsidiaries	11.1 28,471,012	29,215,299
Advance salaries	11,753,585	13,376,568
Prepaid expenses	11,444,266	14,674,210
Advance tax to MoF	11.2 648,401,177	653,732,584
Rent receivable against investment properties	23,816,208	25,036,473
Accrued interest on loans and advances - Conventional	11.3 122,055,931	101,394,976
Accrued profit on loans and advances - Islamic	188,490,396	17,180,698
Security deposits with Pashtany Bank	40,000,000	40,000,000
Security deposit with Western union	10,443,000	10,716,000
Receivable from sale of property	-	1,993,033
Receivable from Western union inbound / outbound	313,679,934	174,623,897
Other receivables	<u>40,059,695</u>	<u>50,980,485</u>
	<u>1,438,615,203</u>	<u>1,132,924,223</u>
Provision held against other assets	11.4 <u>(132,770,509)</u>	<u>(133,589,509)</u>
	<u>1,305,844,694</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 94,605,832 (21 December 2022: 103,288,017) as required by ACPR.		

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BANK-E-MILLIE AFGHAN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE PERIOD ENDED ON 29 HOOT 1401 (20 March 2023)

	Note	20 March 2023 29 Hoot 1401 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
11.4 Provision against other assets			
Balance at the beginning of the period / year		133,589,509	276,212,748
Charge for the period			
Receivable against expenses		-	495,426
Murabaha profit receivable on NPL loans		-	495,426
<i>Reversal during the year</i>			
Rent receivable against investment properties		(1,000)	(8,811,366)
Accrued interest on loans and advances to customers		-	(15,465,084)
Net reversal for the year		(1,000)	(23,781,024)
Write offs during the year		-	(105,549,281)
Exchange rate differences		(818,000)	(13,292,934)
Balance at the end of the year		132,770,509	133,589,509
12 Deposits from bank and customers		2023	2022
Local currency		29 Hoot 1401	30 Qaws 1401
Conventional deposits	12.1	17,190,524,153	16,608,151,811
Islamic deposits	12.2	44,351,559	51,197,143
Margin against letter of guarantee	12.3	87,142,213	68,417,749
		17,322,017,925	16,727,766,702
Foreign Currency			
Conventional deposits	12.1	16,309,044,498	16,937,158,737
Islamic deposits	12.2	285,289,044	304,262,680
Margin against letter of guarantee	12.3	35,797,560	34,139,390
		16,630,131,102	17,275,560,807
		33,952,149,027	34,003,327,509
12.1 Conventional deposits		2023	2022
Local currency		29 Hoot 1401	30 Qaws 1401
Current deposits		12,094,309,716	11,284,860,578
Saving deposits		1,018,909,140	1,018,066,712
Term deposits		4,077,305,297	4,305,224,521
Total local currency		17,190,524,153	16,608,151,811

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BANK-E-MILLIE AFGHAN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE PERIOD ENDED ON 29 HOOT 1401 (20 March 2023)

	Note	2023 29 Hoot 1401 Un-Audited AFN	2022 30 Qaws 1401 Audited AFN
Foreign currency			
Current deposits		10,268,459,706	10,664,038,253
Saving deposits	12.1.1	5,574,222,099	5,794,447,221
Term deposits	12.1.2	466,362,693	478,673,263
Total foreign currency		16,309,044,498	16,937,158,737
		33,499,568,651	33,545,310,547

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 29 Hoot 1401	2022 30 Qaws 1401
Local currency			
Current deposits		6,084,461	13,185,382
Saving deposits	12.2.1	15,999,051	15,240,977
Term deposits		22,268,047	22,770,784
		44,351,559	51,197,143

Foreign currency		2023 29 Hoot 1401	2022 30 Qaws 1401
Current deposits		47,124,065	52,903,750
Saving deposits	12.2.1	44,266,808	48,721,679
Term deposits		193,898,171	202,637,251
		285,289,044	304,262,680
		329,640,603	355,459,823

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 29 Hoot 1401	2022 30 Qaws 1401
Foreign currency -Not Expired		35,797,560	34,139,390
Local Currency - Not Expired		87,142,213	68,417,749
		122,939,773	102,557,139

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BANK-E-MILLIE AFGHAN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE PERIOD ENDED ON 29 HOOT 1401 (20 March 2023)

	20 March 2023 29 Hoot 1401 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
13 Other liabilities		
Accrued interest on deposits - conventional	386,909	405,458
Accrued profit on deposits - Islamic	7,666,445	6,409,966
Deferred income on Murabaha loans	116,106,948	-
Retention deposits	1,588,096	1,585,654
Security deposits on rented investment properties	17,288,596	13,037,974
Withholding tax payable	7,379,670	9,153,171
Dividend payable	20,716,068	20,716,068
Defined benefit plan (pension scheme)	153,289,828	173,854,815
Accrued expenses	14,906,989	12,483,975
Government revenue collection payable	148,520,273	36,695,784
Suspense balance	56,341,364	-
Others	56,278,615	66,464,247
	600,469,801	340,807,112

13.1 Upon activation of accounting module of loan and advances for Islamic division of the bank, the sum of profit receivable from borrowers are recognized and deferred at the time of issuance of loans and advances. However, before 21 December 2022, the process was carried out manually without any consideration of deferred income recognition.

13.2 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.

13.3 This represents suspense account balance resulting from living islamic accounting system module, bank is in the processing of reconciliation.

	2023 29 Hoot 1401	2022 30 Qaws 1401
14 Share capital		
14.1 Authorized		
100,000 (2019: 100,000) ordinary shares of AFN 10,000 each	1,000,000,000	1,000,000,000
14.2 Issued, Subscribed and Paid up Capital		
100,000 (2019: 100,000) ordinary shares of AFN 10,000 each	1,000,000,000	1,000,000,000
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
	1,000,000,000	1,000,000,000

	2023 29 Hoot 1401	2022 30 Qaws 1401
15 Contingencies and Commitments		
Letter of Gurantees		
Off Balance sheet assets - AFN	217,502,213	68,417,749
Off Balance sheet assets - USD	35,797,560	34,139,390
	253,299,773	102,557,139

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BANK-E-MILLIE AFGHAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE PERIOD ENDED ON 29 HOOT 1401 (20 March 2023)

	Note	20 March 2023 29 Hoot 1401 Un-Audited AFN	20 March 2022 29 Hoot 1400 Un-Audited AFN
16 Interest income and expenses			
<i>Interest income</i>			
Interest on short term investment	6.1.1	9,919,117	592,516
Interest on loans and advances - conventional		45,717,490	84,373,365
Profit on loans and advances - Islamic		8,910,837	11,505,708
		<u>64,547,444</u>	<u>96,471,590</u>
<i>Interest expense</i>			
Interest on deposits - conventional		7,254	-
Profit to Murabaha customers - Islamic		1,817,248	-
		<u>1,824,502</u>	<u>-</u>
Net interest income		<u>62,722,942</u>	<u>96,471,590</u>
17 Commission income and expenses		2023	2022
		29 Hoot 1401	29 Hoot 1400
<i>Fee and commission income</i>			
Commission income	17.1	29,109,674	19,105,929
Commission on western union inbound / outbound		9,796,437	4,531,716
Payroll processing fee		10,549,577	1,236,790
Customer account service charges		2,618,097	637,378
		<u>52,073,785</u>	<u>25,511,813</u>
<i>Fee and commission expense</i>			
Funds transfers		255,211	48,830
Inter bank transaction fee		9,481	411,945
Others		9,295	-
		<u>273,987</u>	<u>460,775</u>
Net fee and commission income		<u>51,799,798</u>	<u>25,051,038</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
		29 Hoot 1401	29 Hoot 1400
Rental income		15,329,174	13,561,118
Recoveries from loan and advances written off		2,176,654	5,481,159
Others		3,964,354	1,500,923
		<u>21,470,182</u>	<u>20,543,200</u>
19 Personnel expenses		2023	2022
		29 Hoot 1401	29 Hoot 1400
Salaries and benefits		57,263,734	56,024,550
Bonus		44,000	-
Scholarship and training expenses		42,850	120,000
		<u>57,350,584</u>	<u>56,144,550</u>
20 Other expenses		2023	2022
		29 Hoot 1401	29 Hoot 1400
Advertising and publicity		92,376	334,351
Repairs and maintenance	20.1	7,779,375	12,129,604
Postage and telegram		2,399	5,555
Deposits insurance expense		14,550,726	17,643,312
Utility charges		3,066,833	3,250,465
Operating lease		340,834	-
Fuel expenses		1,998,145	1,565,663
Printing and stationery		451,963	1,501,026
Travelling		616,787	904,076
Telephone and communication		4,301,366	4,625,019
Security charges		138,612	169,429
Audit fee		261,075	193,672
Legal and professional fees		500,000	2,067,583
Others		4,712,467	4,920,891
		<u>38,812,958</u>	<u>49,310,646</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.		

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE PERIOD ENDED ON 29 HOOT 1401 (20 March 2023)**

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	20 March 2023 29 Hoot 1401 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%	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:

		Three months ended on	
		20 March 2023 30 Qaws 1401 Un-Audited AFN	20 March 2022 30 Qaws 1400 Un-Audited AFN
Supervisors and key management personnel:			
Basic salary & Bonus	21.1.1	3,589,900	4,068,150
Board of Supervisor's meeting fee		932,800	837,000
		4,522,700	4,905,150

21.1.1 During the period there were no bonus paid to the staff and key management personnel.

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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.

	20 March 2023 29 Hoot 1401 Un-Audited AFN	21 December 2022 30 Qaws 1401 Audited AFN
Tier 1 capital		
Total equity	8,905,435,140	7,813,762,440
Less: Current year profit	-	86,945,215
Less: Surplus on revaluation of property and equipment - net	(792,247,503)	(792,247,503)
Less: Intangible assets	(4,817,435)	(1,003,612)
Total Tier 1	8,108,370,202	7,107,456,540
Tier 2 capital		
Profit for the year	-	(86,945,215)
Surplus on revaluation of property and equipment - net	792,247,503	792,247,503
General loss reserves on credits Allowable Portion	16,051,635	-
Allowable deduction-equity investment	(1,250,370,989)	(1,157,117,982)
Total Tier 2	(442,071,851)	(451,815,694)
Total regulatory capital (Tier 1 + Tier 2)	7,666,298,351	6,655,640,846
Risk-weight categories		
0% risk weight:		
Cash in Afghani and fully-convertible foreign currencies	1,301,680,386	1,909,688,840
DAB Capital notes	-	-
Direct claims on DAB	25,683,332,413	25,100,135,362
Precious metals and precious stones	65,762,452	65,762,452
0% risk-weight total (above total x 0%)	27,050,775,251	27,075,586,654
20% risk weight:		
Balances with other banks	3,828,300,243	3,881,764,837
20% risk-weight total (above total x 20%)	765,660,049	776,352,967
50% risk weight:		
Balances with other banks	-	-
50% risk-weight total (above total x 50%)	-	-
100% risk weight:		
All other assets	14,176,534,856	13,887,731,587
Less: intangible assets	(4,817,435)	(1,003,612)
Allowable deduction-equity investment	(1,250,370,989)	(1,157,117,982)
100% risk-weight total (above total x 100%)	12,921,346,432	12,729,609,993
0% risk weight:		
Guarantees	253,299,773	102,557,139
Unused Portions of Commitments	-	-
0% credit conversion factor total (risk-weighted total x 0%)	253,299,773	102,557,139
Total risk-weighted assets	13,687,006,481	13,505,962,960
Tier 1 Capital Ratio (Tier 1 capital as % of total risk-weighted assets)	59.24%	53%
Regulatory Capital Ratio (Regulatory capital as % of total risk-weighted assets)	56.01%	49%

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23 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.

24 General

The amounts have been rounded off to nearest AFN.

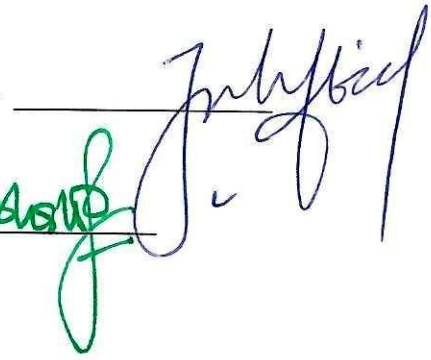
25 Date of authorization for issue

These financial statements were authorized for issue by the Board of Supervisors of the Bank-e-Mille Afghan on 4th May 2023

Chief Executive Officer

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Chief Financial Officer



Chairman BOS

