

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF THE 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 Sunbula 1401 (22 September 2022)**, 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 194.535 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 balance of AFN 2,521,674,875 (USD 28,517,669), which we were unable to verify through confirmation or any other alternative audit procedures. mal



- c) During the period, an investment property of the bank representing the building of Khairkhwa market, having carrying value of AFN 55,417,151 was demolished. However, the said carrying amount of the building was not adjusted in the financial statements i.e not written off in the books of account.

Qualified Conclusion

Based on our review, except for the possible effects of the matters described in the "Basis for Qualified Conclusion" paragraph, based on our review, 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".



Chartered Accountants

Engagement Partner: Muhammad Saqlain Siddiqui

Date: 2 November 2022

Place: Kabul, Afghanistan

BANK-E-MILLIE AFGHAN
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 SUNBULA 1401 (22 SEPTEMBER 2022)

| Assets | Note | 22 September 2022 31 Sunbula 1401 Un-Audited AFN | 21 December 2021 30 Qaws 1400 Audited AFN |
|---------------------------------------|-------------|---|--|
| Cash and cash equivalents | 5 | 28,737,950,939 | 26,083,845,755 |
| Short-term investments | 6 | 890,135,353 | 5,527,175,268 |
| Loans and advances to customers - net | 7 | 4,040,891,381 | 4,856,602,651 |
| Long term investments | 8 | 1,322,207,710 | 1,357,033,710 |
| Property and equipment | 9 | 1,252,986,531 | 1,267,981,081 |
| Intangibles Assets | 10 | 8,657,385 | 7,769,196 |
| Investment properties | | 5,724,405,630 | 5,724,405,630 |
| Other assets | 11 | 1,206,402,947 | 1,092,049,872 |
| Total assets | | <u>43,183,637,876</u> | <u>45,916,863,162</u> |
| Liabilities | | | |
| Deposits from bank and customers | 12 | 33,108,218,872 | 35,675,951,680 |
| Lease liabilities | | 24,315,474 | 46,507,069 |
| Deferred tax liability - net | | 763,306,670 | 763,306,670 |
| Other liabilities | 13 | 481,361,432 | 507,989,340 |
| Total liabilities | | 34,377,202,448 | 36,993,754,759 |
| Equity | | | |
| Share capital | 14 | 1,000,000,000 | 1,000,000,000 |
| Retained earnings | | 6,923,238,599 | 7,039,911,573 |
| Surplus on revaluations - net | | 792,247,503 | 792,247,503 |
| Exchange translation reserves | | 82,105,824 | 82,105,824 |
| General reserve | | 8,843,502 | 8,843,502 |
| Total equity | | 8,806,435,428 | 8,923,108,402 |
| Total liabilities and equity | | <u>43,183,637,876</u> | <u>45,916,863,162</u> |
| Contingencies and Commitments | 15 | | Mal |

The annexed notes from 1 to 24 form an integral parts of these condensed interim financial information.

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 SUNBULA 1401 (22 SEPTEMBER 2022)

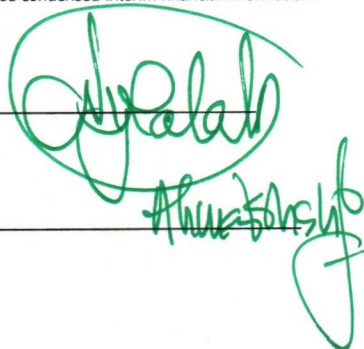
| | Note | Nine months ended on | | Three months ended on | |
|---|------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | 22 September 2022 | 22 September 2021 | 22 September 2022 | 22 September 2021 |
| | | 31 Sunbula 1401 Un-Audited | 31 Sunbula 1400 Un-Audited | 31 Sunbula 1401 Un-Audited | 31 Sunbula 1400 Un-Audited |
| | | AFN | AFN | AFN | AFN |
| Interest income and expenses | | | | | |
| Interest income | 16 | 227,859,725 | 559,008,699 | 65,358,527 | 218,590,377 |
| Interest expense | 16 | (8,099) | (8,097,303) | (8,099) | (1,480,486) |
| Net interest income | | 227,851,626 | 550,911,396 | 65,350,428 | 217,109,891 |
| Commission income and expenses | | | | | |
| Commission income | 17 | 116,046,697 | 118,815,538 | 54,379,047 | 31,762,582 |
| Commission expense | 17 | (9,898,964) | (2,125,802) | (433,225) | (786,119) |
| Net commission income | | 106,147,733 | 116,689,736 | 53,945,822 | 30,976,463 |
| Other income | | | | | |
| Realized exchange gain | | 52,201,930 | 12,349,755 | 8,908,258 | 2,811,712 |
| Unrealized exchange (loss) / gain | | (392,936,833) | 209,445,160 | (70,279,024) | 175,836,597 |
| Gain on revaluation of investment properties | | - | 1,058,990,863 | - | - |
| Other operating income | 18 | 214,148,070 | 84,899,933 | 179,938,370 | 23,618,683 |
| Total other (losses) / income | | (126,586,833) | 1,365,685,712 | 118,567,604 | 202,266,992 |
| Total operating income | | 207,412,527 | 2,033,286,844 | 237,863,854 | 450,353,346 |
| Operating expenses | | | | | |
| (Reversal) / provision on loans and advances | 7.1 | (20,150,014) | 80,036,925 | (6,799,561) | 1,801,981 |
| Provision on short term investment | | 41,601 | - | 32,683 | - |
| Reversal of provision on other assets | 11.4 | (8,595,366) | - | (393,000) | - |
| Provision on RAK bank placement | | - | 74,141,197 | - | - |
| Personnel expenses | 19 | 189,044,467 | 220,149,463 | 61,106,275 | 71,861,064 |
| Finance cost on lease liability | | 1,378,578 | - | (559,844) | - |
| Depreciation | | 29,237,051 | 18,737,029 | 9,883,627 | 6,366,589 |
| Amortization | 10 | 11,656,166 | 2,851,135 | 4,019,166 | 954,019 |
| Other expenses | 20 | 121,473,018 | 192,592,180 | 43,818,195 | 52,450,161 |
| Total operating expenses | | 324,085,501 | 588,507,930 | 111,107,542 | 133,433,815 |
| Total operating (loss)/ profit for the period | | (116,672,974) | 1,444,778,914 | 126,756,312 | 316,919,532 |
| Impairment (loss) on investment | | - | - | - | - |
| Share in profit of associate | | - | - | - | - |
| Profit before taxation | | (116,672,974) | 1,444,778,914 | 126,756,312 | 316,919,532 |
| Taxation | | - | (251,598,939) | - | (19,434,094) |
| (Loss) / profit for the period | | (116,672,974) | 1,193,179,975 | 126,756,312 | 297,485,438 |
| Other comprehensive income | | | | | |
| Items that may be classified to profit or loss subsequently | | - | - | - | - |
| Other comprehensive profit, net of tax | | - | - | - | - |
| Total comprehensive (loss) / income for the period | | (116,672,974) | 1,193,179,975 | 126,756,312 | 297,485,438 |

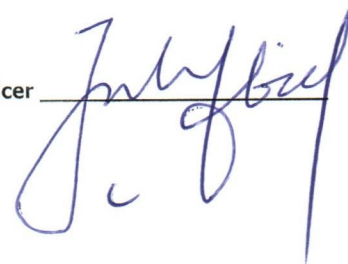
The annexed notes from 1 to 24 form an integral parts of these condensed interim financial information.

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 SUNBULA 1401 (22 SEPTEMBER 2022)

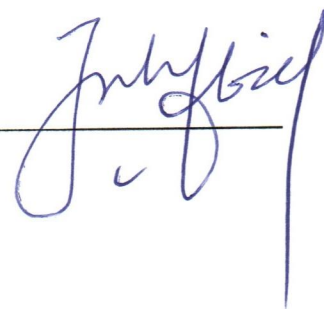
| | Note | Nine months ended on | |
|---|------|--|--|
| | | 22 September 2022 | 22 September 2021 |
| | | 31 Sunbula 1401 (Un-audited) AFN | 31 Sunbula 1400 (Un-audited) AFN |
| Operating activities | | | |
| (Loss) / profit before taxation | | (116,672,974) | 1,444,778,914 |
| Adjustments for: | | | |
| Depreciation | 9 | 29,237,051 | 18,737,029 |
| Amortization | 10 | 11,656,166 | 2,851,135 |
| (Reversal) / provision on loans and advances | 7.1 | (20,108,414) | 80,036,925 |
| Gain on revaluation of investment properties | | - | (1,058,990,864) |
| Finance cost on lease liability | | 1,378,578 | - |
| | | 22,163,382 | (957,365,774) |
| Adjustments for changes in operating assets and liabilities: | | | |
| Loans and advances to customers | | 835,861,284 | (301,521,881) |
| Other assets | | (114,353,075) | (579,632,389) |
| Deposits from banks and customers | | (2,567,732,808) | 831,962,041 |
| Other liabilities | | (26,627,908) | (136,230,125) |
| | | (1,872,852,506) | (185,422,354) |
| Tax Paid | | - | - |
| Net cash flow used in operating activities | | (1,967,362,099) | 301,990,786 |
| Investing activities | | | |
| Long term Investments | 6 | 34,826,000 | (24,112,000) |
| Placements with Banks | | 4,637,039,915 | 5,419,787,289 |
| Purchase of intangible assets | 10 | (12,544,355) | (36,064) |
| Capital expenditure on investment properties | | - | (12,924,813) |
| Purchase of property and equipment | 9 | (24,315,444) | (13,974,706) |
| Net cash flow from investing activities | | 4,635,006,116 | 5,368,739,706 |
| Cash flows from financing activities | | | |
| Repayment of lease obligations | | (13,538,832) | - |
| Dividend Paid | | - | (500,000,000) |
| Net cash used in financing activities | | (13,538,832) | (500,000,000) |
| Net (decrease) / increase in cash and cash equivalents | | 2,654,105,185 | 5,170,730,493 |
| Cash and cash equivalents at beginning of year | 5 | 26,083,845,755 | 14,628,752,629 |
| Cash and cash equivalents at period end | | 28,737,950,939 | 19,799,483,122 |

The annexed notes from 1 to 24 form an integral parts of these condensed interim financial information.

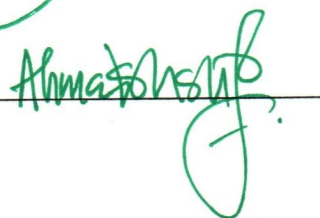
Chief Executive Officer



Chief Financial Officer



Chairman BOS




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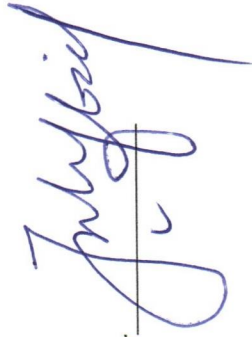
BANK-E-MILLIE AFGHAN
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)
FOR THE NINE MONTHS PERIOD ENDED ON 31 SUNBULA 1401 (22 SEPTEMBER 2022)

| | Share capital | Retained earnings | Revaluation surplus | Exchange translation reserve | General reserve | Total |
|---|----------------------|----------------------|---------------------|------------------------------|------------------|----------------------|
| Balance as at 30 Qaws 1399 (21 December 2020) - Audited | 1,000,000,000 | 6,399,655,565 | 792,247,503 | 34,313,024 | 7,941,250 | 8,234,157,342 |
| Profit for the period | - | 1,193,179,975 | - | - | - | 1,193,179,975 |
| Other comprehensive income | - | - | - | - | - | - |
| Dividend paid to Shareholders | - | (500,000,000) | - | - | - | (500,000,000) |
| Balance as at 31 Sunbula 1400 (22 September 2021) - Un-Audited | <u>1,000,000,000</u> | <u>7,092,835,540</u> | <u>792,247,503</u> | <u>34,313,024</u> | <u>7,941,250</u> | <u>8,927,337,317</u> |
| 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 |
| Loss for the period | - | (116,672,974) | - | - | - | (116,672,974) |
| Other comprehensive income | - | - | - | - | - | - |
| Balance as at 31 Sunbula 1401 (22 September 2022) - Un-Audited | <u>1,000,000,000</u> | <u>6,923,238,599</u> | <u>792,247,503</u> | <u>82,105,824</u> | <u>8,843,502</u> | <u>8,806,435,428</u> |

The annexed notes from 1 to 24 form an integral parts of these condensed interim financial information.


Chairman BOS


Chief Executive Officer


Chief Financial Officer

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR NINE MONTHS PERIOD ENDED ON 31 SUNBULA 1401 (22 SEPTEMBER 2022)**

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

This condensed interim financial information has 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 subsidiary 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 Optional departures

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

During the period, the DAB has issued a circular to the banks, notifying further deferral of the ACPR regulation application from 01 September 2021 to 28 February 2023. Accordingly, the bank has opted deferral in the application of ACPR, in preparation of the condensed financial information for the period ended on 31 Sunbula 1401 (22 September

- b) 2022)

2.3 Basis of measurement

The condensed interim financial information has 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

This condensed interim financial information is presented in Afghani, which is the Bank's functional currency. The amounts in the condensed interim financial information has been rounded to the nearest Afghani.

3 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 1400 - (21 December 2021).

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 1400(21 December 2021).

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR NINE MONTHS PERIOD ENDED ON 31 SUNBULA 1401 (22 SEPTEMBER 2022)**

| | Note | 22 September 2022 | 21 December 2021 |
|-------------------------------------|-------|--------------------------------------|--------------------------------|
| | | 31 Sunbula 1401 Un-Audited AFN | 30 Qaws 1400 Audited AFN |
| 5 Cash and cash equivalents | | | |
| Cash in hand | 5.1 | 2,236,055,733.00 | 793,010,652 |
| Balances with Da Afghanistan Bank | 5.2 | 22,686,078,662.37 | 21,960,111,319 |
| Nostro accounts balances with banks | 5.3 | 3,783,107,380.00 | 3,298,014,620 |
| Gold and Silver at bank vault | 5.4 | 32,709,164.00 | 32,709,164 |
| | | 28,737,950,939 | 26,083,845,755 |
| 5.1 Cash in hand | | | |
| Local currency | 5.1.1 | 1,155,011,168 | 636,062,265 |
| Foreign currency | 5.1.2 | 1,071,314,258 | 143,276,355 |
| Cash in ATMs | | 9,730,306 | 13,672,032 |
| | | 2,236,055,733 | 793,010,652 |

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.

| | Note | 2022 | 2021 |
|--|-------|-----------------------|----------------|
| | | 31 Sunbula 1401 | 30 Qaws 1400 |
| 5.2 Balances with Da Afghanistan Bank | | | |
| Local currency | | | |
| Current Account | | 7,904,019,933 | 3,676,157,967 |
| Overnight Account | | - | 722,835,616 |
| Required Reserve Account | 5.2.1 | 962,681,817 | 867,706,242 |
| | | 8,866,701,750 | 5,266,699,825 |
| Foreign Currency | | | |
| Current Account | 5.2.2 | 12,441,694,925 | 14,934,804,923 |
| Required Reserve Account | 5.2.1 | 1,377,681,987 | 1,758,606,570 |
| | | 13,819,376,912 | 16,693,411,494 |
| | | 22,686,078,662 | 21,960,111,319 |

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.

| | Note | 2022 | 2021 |
|--|-------|----------------------|---------------|
| | | 31 Sunbula 1401 | 30 Qaws 1400 |
| 5.3 Nostro accounts balances with banks | | | |
| Local currency | 5.3.1 | 134,227 | 740,793 |
| Foreign currency | 5.3.2 | 3,782,973,153 | 3,297,273,827 |
| | | 3,783,107,380 | 3,298,014,620 |
| 5.3.1 Local currency | | | |
| Pashtany Bank | | 124,227 | 120,786 |
| Azizi Bank | | 10,000 | 620,007 |
| | | 134,227 | 740,793 |

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR NINE MONTHS PERIOD ENDED ON 31 SUNBULA 1401 (22 SEPTEMBER 2022)**

| | 22 September 2022 | 21 December 2021 |
|--|--------------------------------------|--------------------------------|
| | 31 Sunbula 1401 Un-Audited AFN | 30 Qaws 1400 Audited AFN |
| 5.3.2 Foreign currency | | |
| Pashtany Bank | 323,903 | 397,085 |
| New Kabul Bank | 424,519 | 514,070 |
| Azizi Bank | 26,645 | 1,853,271 |
| Ghazanfar Bank | 1,000,807,841 | - |
| Citi Bank New York | 2,521,674,875 | 2,973,109,574 |
| Canara Bank | 830,213 | 978,840 |
| Habib Bank - Pakistan | 17,610,439 | 25,141,220 |
| Bank of Africa - Europe | 241,274,719 | 295,279,767 |
| National Westminster Bank | 233,357 | 298,771 |
| Mitsuho Bank | 47,102 | 55,535 |
| BNP Paribas Bank | 13,221 | 16,890 |
| BCCI Bank | 24,007,197 | 28,349,089 |
| Gross Balances | 3,807,274,031 | 3,325,994,112 |
| Less: 100% on provision on the Nostro accounts balances with: | | |
| BCCI | (24,007,197) | (28,349,089) |
| Mitsuho Bank | (47,102) | (55,535) |
| National Westminster Bank | (233,357) | (298,771) |
| BNP Paribas Bank | (13,221) | (16,890) |
| Net Balances | 3,782,973,153 | 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 last revalued during the year 2019, as a result, the revaluation impact was recorded in the financial statments, approved by the Board of Supervisors of the bank and DAB.

| | 2022 | 2021 |
|--|--------------------|---------------|
| | 31 Sunbula 1401 | 30 Qaws 1400 |
| 6 Short-term investments | | |
| Capital notes with DAB | - | 4,494,383,277 |
| Placements in other banks | 890,135,353 | 1,032,791,991 |
| | 890,135,353 | 5,527,175,268 |
| 6.1 Placements in other banks (Foreign Banks) | | |
| Murabaha Deposit in RAK Bank - by IBW | 168,858,605 | 199,087,971 |
| First Abu Dhabi Bank - FADB | 888,575,960 | 1,042,813,534 |
| | 1,057,434,564 | 1,241,901,504 |
| Accrued Interest with placments with FADB | 10,445,154 | 406,592 |
| | 1,067,879,718 | 1,242,308,097 |
| Less: Provision-Loss RAK bank placement | (168,858,605) | (199,087,971) |
| General provision at (1%) | (8,885,760) | (10,428,135) |
| | 890,135,353 | 1,032,791,991 |

- 6.3** This represents 1% of the general provisioning on outstanding amount of placements held with first Abu Dhabi Bank (21 December 2021: 1%)

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR NINE MONTHS PERIOD ENDED ON 31 SUNBULA 1401 (22 SEPTEMBER 2022)**

| | Note | 22 September 2022 | 21 December 2021 |
|---|-------|--------------------------------------|--------------------------------|
| | | 31 Sunbula 1401 Un-Audited AFN | 30 Qaws 1400 Audited AFN |
| 7 Loans and advances to customers - net | | | |
| Conventional Loans | | 3,935,469,765 | 4,626,165,533 |
| Islamic Loans | | 720,802,649 | 906,674,165 |
| | | 4,656,272,415 | 5,532,839,698 |
| Impairment | | | |
| Conventional | | (458,299,372) | (487,702,041) |
| Islamic | | (157,081,662) | (188,535,006) |
| | 7.1 | (615,381,034) | (676,237,047) |
| | | 4,040,891,381 | 4,856,602,652 |
| 7.1 Provision / impairment - summary | | | |
| Balance at the beginning of the year | | 676,237,047 | 525,027,940 |
| Charge for the period | | 7,670,992 | 232,166,855 |
| Reversals during the period | | (27,821,006) | (134,721,755) |
| Net reversal / (charge) for the period | | (20,150,014) | 97,445,100 |
| Exchange rate differences | | (40,705,998) | 53,764,007 |
| | | 615,381,034 | 676,237,047 |
| | | 2022 | 2021 |
| | | 31 Sunbula 1401 | 30 Qaws 1400 |
| 8 Long term investments | | | |
| Afghan American Trading Co. Inc. (100% owned Subsidiary) | 8.1 | 194,535,000 | 229,361,000 |
| Pashtany Bank (28.77 % - Associate) | | 965,408,626 | 965,408,626 |
| Investment in equity instruments | | 162,264,084 | 162,264,084 |
| | | 1,322,207,710 | 1,357,033,710 |
| 8.1 Afghan American Trading Co. Inc. (100% owned Subsidiary) | | | |
| Opening balance (<i>Cost USD 2,200,000</i>) | 8.1.1 | 229,361,000 | 169,620,000 |
| Share of Profit / (Loss) | | - | - |
| Exchange rate differences | | (34,826,000) | 59,741,000 |
| Closing balance | | 194,535,000 | 229,361,000 |

8.1.1 Afghan American Trading Co. Inc. 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. (AATC) and the Bank launched an investigation into the affairs of the AATC by appointing its legal representative in US. The latest audited financial statements of AATC are not available and the Bank cannot assess the recoverability of its investment in AATC.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR NINE MONTHS PERIOD ENDED ON 31 SUNBULA 1401 (22 SEPTEMBER 2022)**

| Note | 22 September 2022 | 21 December 2021 |
|---|--------------------------------------|--------------------------------|
| | 31 Sunbula 1401 Un-Audited AFN | 30 Qaws 1400 Audited AFN |
| 9 Property and equipment | | |
| Cost | | |
| Balance at beginning of the year | 1,605,196,991 | 1,649,326,205 |
| Recognition on transition to IFRS 16 | - | 50,433,737 |
| Adjustment for right of use asset | (10,034,575) | - |
| Additions during the period / year | 24,315,444 | 16,093,805 |
| Write offs during the period / year | (496,540) | - |
| Balance at end 31 Sunbula 1401 | 1,618,981,320 | 1,605,196,991 |
| Accumulated depreciation | | |
| Balance at beginning of the year | 337,215,910 | 414,415,357 |
| Depreciation on right of use assets period / year | 11,494,193 | 8,937,924 |
| Charge for the period / year | 17,732,811 | 24,519,385 |
| Write offs during the period / year | (448,125) | - |
| Balance at end 31 Sunbula 1401 | 365,994,789 | 337,215,910 |
| Carrying amount | 1,252,986,531 | 1,267,981,081 |

| Note | 2022 31 Sunbula 1401 | 2021 30 Qaws 1400 |
|---------------------------------------|------------------------------|----------------------|
| | 10 Intangibles Assets | |
| Cost | | |
| Balance at beginning of the year | 80,135,496 | 79,641,006 |
| Additions during the period / year | 12,544,355 | 494,490 |
| Balance at end 31 Sunbula 1401 | 92,679,851 | 80,135,496 |
| Amortization | | |
| Balance at beginning of the year | 72,366,300 | 68,665,469 |
| Charge for the period / year | 11,656,166 | 3,700,832 |
| Balance at end 31 Sunbula 1401 | 84,022,466 | 72,366,300 |
| Carrying amount | 8,657,385 | 7,769,196 |

10.1 Intangibles assets includes core banking software and licensing rights.

10.2 Intangibles are amortized at the rates ranging from 20% to 33% (2020: 20% to 33%) per annum.

| Note | 22 September 2022 | 21 December 2021 |
|---|--------------------------------------|--------------------------------|
| | 31 Sunbula 1401 Un-Audited AFN | 30 Qaws 1400 Audited AFN |
| 11 Other assets | | |
| Receivable from subsidiaries | 28,929,035 | 34,107,962 |
| Advance salaries | 17,027,761 | 37,212,647 |
| Prepaid expenses | 9,573,323 | 11,441,747 |
| Advance tax to MoF | 656,786,111 | 672,656,749 |
| Rent receivable against investment properties | 27,507,451 | 46,044,544 |
| Accrued interest on loans and advances - Conventional | 225,667,197 | 182,420,411 |
| Accrued profit on loans and advances - Islamic | 6,177,860 | 14,433,823 |
| Receivable against cash misappropriation | 79,998,804 | 83,857,360 |
| Security deposits with Pashtany Bank | 40,000,000 | 40,000,000 |
| Security deposit with Western union | 10,611,000 | 12,510,600 |
| Suspense advance | 5,369,477 | 6,419,450 |
| Receivable from sale of property | 26,498,826 | 29,621,537 |
| Receivable from Western union inbound / outbound | 201,517,254 | 23,391,565 |
| Other receivables | 124,301,165 | 174,144,225 |
| | 1,459,965,262 | 1,368,262,620 |
| Provision held against other assets | (253,562,315) | (276,212,748) |
| | 1,206,402,947 | 1,092,049,872 |

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 includes interbank accounts unreconciled by the amount of 78,960 thousands (30 Qaws 1400 : AFN 144,942 thousands) due to timing differences which were subsequently reconciled.

| Note | 2022 31 Sunbula 1401 | 2021 30 Qaws 1400 |
|---|---|----------------------|
| | 11.4 Provision against other asset - Summary | |
| Balance at the beginning of the year | 276,212,748 | 36,645,604 |
| <i>Net (Reversal) / Charge for the period:</i> | | |
| Receivable against cash misappropriation | - | 45,388,561 |
| Rent receivable against investment properties | (8,595,366) | 29,757,449 |
| Profit Receivables from RAK | - | 37,531,800 |
| Accrued interest on loans and advances to customers | - | 95,444,603 |
| Receivable from sale of property | - | 29,621,537 |
| | (8,595,366) | 237,743,950 |
| Exchange rate difference | (14,055,067) | 1,823,194 |
| Balance at the end of the period | 253,562,315 | 276,212,748 |

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR NINE MONTHS PERIOD ENDED ON 31 SUNBULA 1401 (22 SEPTEMBER 2022)**

| | | 22 September 2022 | 21 December 2021 |
|---------------|---|------------------------------|-----------------------------|
| | | 31 Sunbula 1401 | 30 Qaws 1400 |
| | | Un-Audited AFN | Audited AFN |
| 12 | Deposits from bank and customers | | |
| | Local currency | | |
| | Conventional deposits | 12.1 15,699,157,700 | 13,670,944,161 |
| | Islamic deposits | 12.2 68,642,058 | 53,080,603 |
| | Margin against letter of guarantee | 12.3 66,738,664 | 367,511,244 |
| | | 15,834,538,422 | 14,091,536,008 |
| | Foreign Currency | | |
| | Conventional deposits | 12.1 16,935,945,605 | 21,163,949,503 |
| | Islamic deposits | 12.2 305,716,949 | 385,762,702 |
| | Margin against letter of guarantee | 12.3 32,017,897 | 34,703,466 |
| | | 17,273,680,450 | 21,584,415,672 |
| | | 33,108,218,872 | 35,675,951,680 |
| | | 2022 | 2021 |
| | | 31 Sunbula 1401 | 30 Qaws 1400 |
| 12.1 | Conventional deposits | | |
| | Local currency | | |
| | Current deposits | 10,436,423,506 | 9,529,385,951 |
| | Saving deposits | 1,046,361,301 | 1,181,907,095 |
| | Term deposits | 4,216,372,892 | 2,959,651,114 |
| | | 15,699,157,700 | 13,670,944,161 |
| | Foreign currency | | |
| | Current deposits | 10,688,115,445 | 12,011,854,688 |
| | Saving deposits | 12.1.1 5,774,337,801 | 7,482,963,143 |
| | Term deposits | 12.1.2 473,492,359 | 1,669,131,672 |
| | | 16,935,945,605 | 21,163,949,503 |
| | | 32,635,103,304 | 34,834,893,664 |
| 12.1.1 | Saving deposits are interest free since 15 August 2021, (before 15 August 2021: Carrying interest ranging from 0.57% to 3.5%) (2020: 0.57% to 3.5%) per annum. | | |
| 12.1.2 | Term Deposits are interest free since 15 August 2021, (before 15 August 2021: Carrying interest ranging from 0.57% to 4%) (2020: 0.57% to 4%) per annum. | | |
| | | 2022 | 2021 |
| | | 31 Sunbula 1401 | 30 Qaws 1400 |
| 12.2 | Islamic deposits | | |
| | Local currency | | |
| | Current deposits | 12.2.1 31,164,723 | 5,463,332 |
| | Saving deposits | 15,487,891 | 22,963,691 |
| | Term deposits | 21,989,444 | 24,653,580 |
| | | 68,642,058 | 53,080,603 |
| | Foreign currency | | |
| | Current deposits | 12.2.1 52,742,105 | 40,814,758 |
| | Saving deposits | 49,010,601 | 77,934,706 |
| | Term deposits | 203,964,243 | 267,013,239 |
| | | 305,716,949 | 385,762,702 |
| | | 374,359,007 | 438,843,305 |
| 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. | | |
| | | 2022 | 2021 |
| | | 31 Sunbula 1401 | 30 Qaws 1400 |
| 12.3 | Margin against letter of guarantee | | |
| | Foreign currency -Not Expired | 32,017,897 | 34,703,466 |
| | Local Currency - Not Expired | 66,738,664 | 367,511,244 |
| | | 98,756,561 | 402,214,710 |

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR NINE MONTHS PERIOD ENDED ON 31 SUNBULA 1401 (22 SEPTEMBER 2022)**

| | 22 September 2022 31 Sunbula 1401 Un-Audited AFN | 21 December 2021 30 Qaws 1400 Audited AFN |
|--|--|---|
| 13 Other liabilities | | |
| Accrued interest on deposits - conventional | 708,912 | 2,444,820 |
| Accrued profit on deposits - Islamic | 4,645,789 | 5,538,972 |
| Deferred income | 13,674,416 | 18,808,190 |
| Retention deposits | 2,078,381 | 1,460,381 |
| Security deposits on rented investment properties | 15,161,815 | 27,557,366 |
| Withholding tax payable | 6,414,492 | 8,553,701 |
| Dividend payable | 20,716,068 | 69,099,563 |
| Bills payable | 13,351,522 | 15,703,879 |
| Defined benefit plan (pension scheme) | 175,510,770 | 185,956,651 |
| Accrued expenses | 19,799,062 | 33,064,178 |
| Others | 209,300,205 | 139,801,639 |
| | 481,361,432 | 507,989,339 |
| | 2022 | 2021 |
| | 31 Sunbula 1401 | 30 Qaws 1400 |
| 14 Share capital | | |
| 14.1 Authorised | | |
| 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 |
| | 2022 | 2021 |
| | 31 Sunbula 1401 | 30 Qaws 1400 |
| 15 Contingencies and Commitments | | |
| Letter of Guarantees | | |
| Off Balance sheet assets - AFN | 66,738,664 | 367,511,244 |
| Off Balance sheet assets - USD | 32,017,897 | 34,703,466 |
| | 98,756,561 | 402,214,710 |
| Undrawn Overdraft facilities | | |
| Off Balance sheet assets - AFN | 43,881,366 | 149,860,705.00 |
| Off Balance sheet assets - USD | 56,036,134 | 118,737,838.90 |
| | 99,917,500 | 268,598,543.90 |
| | 198,674,061 | 670,813,254 |

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR NINE MONTHS PERIOD ENDED ON 31 SUNBULA 1401 (22 SEPTEMBER 2022)**

| | | 22 September 2022 31 Sunbula 1401 Un-Audited AFN | 22 September 2021 31 Sunbula 1400 Un-Audited AFN |
|--|--|--|--|
| 16 Interest income and expenses | Note | | |
| <i>Interest income</i> | | | |
| Interest on cash and cash equivalents | 16.1 | 14,625,938 | 259,338,852 |
| Interest on loans and advances - conventional | | 192,949,147 | 256,977,166 |
| Profit on loans and advances - Islamic | | 20,284,640 | 42,692,681 |
| | | 227,859,725 | 559,008,699 |
| <i>Interest expense</i> | | | |
| Interest on deposits - conventional | | 8,099 | 8,097,303 |
| | | 8,099 | 8,097,303 |
| Net interest income | | 227,851,626 | 550,911,396 |
| 16.1 | This represents accrued interest income on short term placements with held First Abu Dhabi Bank. | | |
| 17 Commission income and expenses | Note | 2022 31 Sunbula 1401 | 2021 31 Sunbula 1400 |
| <i>Fee and commission income</i> | | | |
| Commission income | 17.1 | 113,762,673 | 107,417,381 |
| Customer account service charges | | 2,065,390 | 2,118,802 |
| Loan processing fee and other facility modification charges | | 218,634 | 9,279,354 |
| | | 116,046,697 | 118,815,538 |
| <i>Fee and commission expense</i> | | | |
| Funds transfers | 17.2 | 8,699,251 | 935,864 |
| Inter bank transaction fee | | 1,199,713 | 1,165,939 |
| Others | | - | 24,000 |
| | | 9,898,964 | 2,125,802 |
| Net fee and commission income | | 106,147,733 | 116,689,736 |
| 17.1 | This represents commission income collected from western union and remittances transactions, commission from government revenue collection, electricity bill processing, ATM services and other miscellaneous commissions. | | |
| 17.2 | This represents funds transfer charges paid to AUB with respect to the foreign funds transfers of the bank. | | |
| 18 Other operating income | | 2022 31 Sunbula 1401 | 2021 31 Sunbula 1400 |
| Rental income | | 33,579,021 | 62,418,365 |
| Recoveries from the sale of defaulted borrowers property collaterals | | 179,034,720 | 22,481,083 |
| Others | | 1,534,328 | 485 |
| | | 214,148,070 | 84,899,933 |
| 19 Personnel expenses | | 2022 31 Sunbula 1401 | 2021 31 Sunbula 1400 |
| Salaries and benefits | | 178,984,726 | 178,044,036 |
| Bonus | | 9,069,261 | 40,158,221 |
| Training expenses | | 990,481 | 1,947,206 |
| | | 189,044,467 | 220,149,463 |
| 20 Other expenses | Note | 2022 31 Sunbula 1401 | 2021 31 Sunbula 1400 |
| Advertising and publicity | | 1,076,446 | 2,378,308 |
| Repairs and maintenance | 20.1 | 22,266,313 | 25,095,586 |
| Postage and telegram | | 14,493 | 42,987 |
| Deposits insurance expense | | 41,624,762 | 47,012,064 |
| Utility charges | | 8,062,364 | 8,107,785 |
| Operating lease | | 160,647 | 13,874,176 |
| Fuel expenses | | 5,437,484 | 3,468,540 |
| Printing and stationery | | 6,644,152 | 6,042,883 |
| Travelling | | 1,808,819 | 3,439,459 |
| Telephone and communication | | 16,135,676 | 13,128,113 |
| Security charges | | 349,341 | 34,809,193 |
| Audit fee | | 4,778,871 | 5,417,232 |
| Penalties imposed by DAB | | 240,000 | 1,423,000 |
| Legal and professional fees | 20.2 | 2,067,583 | - |
| Others | | 10,806,068 | 28,352,854 |
| | | 121,473,018 | 192,592,180 |
| 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 | This represents the expenses paid by the bank toward the court fees in UAE for registering the case against RAK bank for recovery RAK bank placement. | | |

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR NINE MONTHS PERIOD ENDED ON 31 SUNBULA 1401 (22 SEPTEMBER 2022)**

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 2022 | 21 December 2021 |
|--|--------|--------------------------------------|--------------------------------------|
| | | 31 Sunbula 1401 Un-Audited AFN | 30 Qaws 1400 Audited AFN |
| 21.1 Shareholders (percentage) | | | |
| Ministry of Finance | | 96.75% | 96.75% |
| Afghan Red Crescent | | 2.07% | 2.07% |
| Pashtany Bank | | 1.13% | 1.13% |
| Afghan Air Force | | 0.04% | 0.04% |
| Kabul Municipality | | 0.005% | 0.005% |
| | | <u>100%</u> | <u>100%</u> |
| 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 |
| | | <u>1,000,000,000</u> | <u>1,000,000,000</u> |
| 21.2 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% |
| 21.3 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 2022 | 22 September 2021 |
| | | 31 Sunbula 1401 Un-Audited AFN | 31 Sunbula 1400 Un-Audited AFN |
| Supervisors and key management personnel | | | |
| Basic salary & Bonus | 21.3.1 | 4,124,879 | 6,253,911 |
| Board of Supervisor's meeting fee | | 1,167,383 | 900,000 |
| | | <u>5,292,262</u> | <u>7,153,911</u> |

21.3.1 During the period bonus has been paid to the staff and Key management personnel.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR NINE MONTHS PERIOD ENDED ON 31 SUNBULA 1401 (22 SEPTEMBER 2022)**

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 2022 | 21 December 2021 |
|--|------------------------------|-------------------------|
| | 31 Sunbula 1401 | 30 Qaws 1400 |
| | Un-Audited AFN | Audited AFN |
| Tier 1 capital | | |
| Total equity | 8,806,435,428 | 8,923,108,402 |
| Less: Current year profit | - | (1,140,256,008) |
| Less: Surplus on revaluation of property and equipment - net | (792,247,503) | (792,247,503) |
| Less: Exchange translation reserve | (82,105,824) | (82,105,824) |
| Less: Intangible assets | (8,657,385) | (7,769,196) |
| Total Tier 1 | 7,923,424,716 | 6,900,729,871 |
| Tier 2 capital | | |
| Profit for the year | - | 1,140,256,008 |
| Surplus on revaluation of property and equipment - net | 792,247,503 | 792,247,503 |
| Exchange translation reserve | 82,105,824 | 82,105,824 |
| General loss reserves on credits Allowable Portion | 17,113,898 | 22,066,473 |
| Allowable deduction-equity investment | (1,322,207,710) | (1,357,033,710) |
| Total Tier 2 | (430,740,485) | 679,642,098 |
| Total regulatory capital (Tier 1 + Tier 2) | 7,492,684,231 | 7,580,371,970 |
| Risk-weight categories | | |
| 0% risk weight: | | |
| Cash in Afghani and fully-convertible foreign currencies | 2,236,055,733 | 793,010,652 |
| DAB Capital notes | - | 4,494,383,277 |
| Direct claims on DAB | 22,686,078,662 | 21,960,111,319 |
| Precious metals and precious stones | 32,709,164 | 32,709,164 |
| | 24,954,843,559 | 27,280,214,412 |
| 0% risk-weight total (above total x 0%) | - | - |
| 20% risk weight: | | |
| Balances with other banks | 4,840,541,944 | 4,539,916,125 |
| 20% risk-weight total (above total x 20%) | 968,108,389 | 907,983,225 |
| 50% risk weight: | | |
| Balances with other banks | - | - |
| 50% risk-weight total (above total x 50%) | - | - |
| 100% risk weight: | | |
| All other assets | 14,434,940,087 | 15,258,698,527 |
| Less: intangible assets | (8,657,385) | (7,769,196) |
| Allowable deduction-equity investment | (1,322,207,710) | (1,357,033,710) |
| | 13,104,074,992 | 13,893,895,621 |
| 100% risk-weight total (above total x 100%) | 13,104,074,992 | 13,893,895,621 |
| 0% risk weight: | | |
| Guarantees | 98,756,561 | 402,214,710 |
| Undrawn overdraft facilities | 99,917,500 | 268,598,544 |
| | 198,674,061 | 670,813,254 |
| 0% credit conversion factor total (risk-weighted total x 0%) | - | - |
| Total risk-weighted assets | 14,072,183,381 | 14,801,878,846 |
| Tier 1 Capital Ratio (Tier 1 capital as % of total risk-weighted assets) | 56% | 47% |
| Regulatory Capital Ratio (Regulatory capital as % of total risk-weighted assets) | 53% | 51% |

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23 General

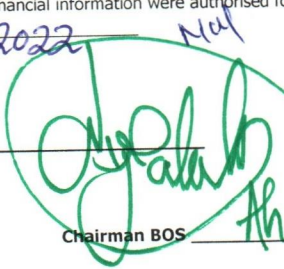
The amounts have been rounded off to nearest AFN.

24 Date of authorisation for issue

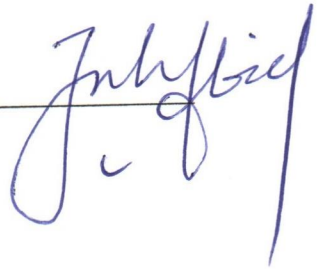
These condensed interim financial information were authorised for issue by the Board of Supervisors of the Bank-e-Mille

~~3-Nov-2022~~ ^{Nov}

Chief Executive Officer



Chief Financial Officer



Chairman BOS

