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INDEPENDENT AUDITORS' REPORT TO THE COUNTRY MANAGER

We have audited the accompanying financial statements of Habib Bank Limited, Afghanistan Branches (the Bank), which comprise the statement of financial position as at December 31, 2015, and the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (here-in-after referred to "financial statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting framework as stated in note 2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with the accounting framework as stated in note 2 to the financial statements.

M. Yousuf Adil Saleem Audit Company

Chartered Accountants

Date: 28 MAR 2016

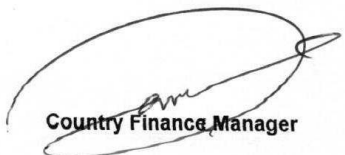
Place: Kabul

Member of
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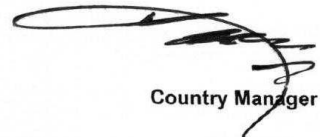
HABIB BANK LIMITED, AFGHANISTAN BRANCHES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	Note	2015 Afs '000'	2014 Afs '000'
Assets			
Cash and cash equivalents	7	5,675,399	5,555,361
Lendings to financial institutions	8	511,820	40,371
Investments	9	2,133,668	1,947,516
Loans and advances to customers	10	80,481	158,141
Property and equipment	11	2,497	1,556
Other assets	12	27,481	24,300
Total assets		8,431,346	7,727,245
Liabilities			
Deposits from banks	13	1,299,030	1,472,497
Deposits from customers	14	5,785,513	5,018,134
Deferred tax liability	15	7	22,307
Taxation - net		32,864	25,165
Other liabilities	16	80,321	81,767
Total liabilities		7,197,735	6,619,870
Equity			
Head office equity - Capital account		1,000,242	1,000,242
Retained earnings		233,369	107,133
		1,233,611	1,107,375
Total equity and liabilities		8,431,346	7,727,245
Contingencies and commitments	17		

The annexed notes 1 to 30 form an integral part of these financial statements.


Country Finance Manager

MYASAC.


Country Manager

**HABIB BANK LIMITED, AFGHANISTAN BRANCHES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Note	2015 Afs '000'	2014 Afs '000'
Interest income	18	213,178	214,005
Interest expense	18	(52,919)	(43,843)
Net interest income		160,259	170,162
Fee and commission income	19	36,551	40,803
Other income	20	156,437	59,580
		353,247	270,545
Impairment loss on loans and advances	10.2 & 10.3	(10,851)	(8,742)
Personnel expenses	21	(45,113)	(34,713)
Occupancy expenses	22	(9,621)	(13,534)
Depreciation	11	(650)	(583)
Other operating expenses	23	(39,629)	(26,013)
		(105,864)	(83,585)
Profit before taxation		247,383	186,960
Taxation	24	(21,147)	(39,311)
Profit after taxation		226,236	147,649
Other comprehensive income			
<i>Items that will be classified to profit or loss subsequently</i>		-	-
<i>Items that will not be classified to profit or loss subsequently</i>		-	-
Total comprehensive income for the year		226,236	147,649

The annexed notes 1 to 30 form an integral part of these financial statements.

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Country Finance Manager

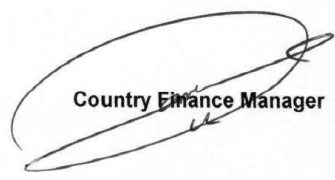

Country Manager

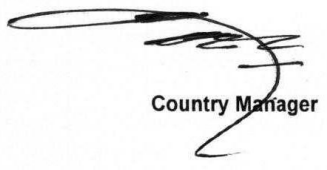
**HABIB BANK LIMITED, AFGHANISTAN BRANCHES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Head office equity		
	Capital	Retained earnings	Total
	Afs '000'		
Balance as at January 01, 2014	1,000,242	210,160	1,210,402
Payment to Head Office during the year	-	(250,676)	(250,676)
Comprehensive income			
Profit for the year	-	147,649	147,649
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	147,649	147,649
Balance as at December 31, 2014	1,000,242	107,133	1,107,375
Payment to Head Office during the year	-	(100,000)	(100,000)
Comprehensive income			
Profit for the year	-	226,236	226,236
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	226,236	226,236
Balance as at December 31, 2015	1,000,242	233,369	1,233,611

The annexed notes 1 to 30 form an integral part of these financial statements.

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Country Finance Manager



Country Manager

HABIB BANK LIMITED, AFGHANISTAN BRANCHES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note	2015 Afs '000'	2014 Afs '000'
Cash flows from operating activities		
Profit before taxation	247,383	186,960
Adjustments :		
Depreciation	650	583
Impairment loss on loans and advances	10,851	8,742
Gain on sale of property and equipment	(5)	(296)
	<u>258,879</u>	<u>195,989</u>
Decrease / (increase) in operating assets		
Lendings to financial institutions	(471,449)	1,769,851
Loans and advances to customers	66,809	213,318
Other assets	(3,181)	(7,485)
(Decrease) / increase in operating liabilities		
Deposits from banks	(173,467)	(200,797)
Deposits from customers	767,379	666,577
Other liabilities	(1,446)	12,471
Cash generated from operations	<u>443,524</u>	<u>2,649,924</u>
Income tax paid	(35,748)	(12,178)
Net cash generated from operating activities	<u>407,776</u>	<u>2,637,746</u>
Cash flows from investing activities		
Investments		
- Held to maturity - net	(85,652)	(651,412)
- Available for sale - net	(100,500)	(23,100)
Acquisition of property and equipment	(1,591)	(201)
Proceeds from sale of property and equipment	5	296
Net cash generated from investing activities	<u>(187,738)</u>	<u>(674,417)</u>
Cash flows from financing activities		
Transfer of surplus funds to Head Office	(100,000)	(250,676)
Net increase in cash and cash equivalents	<u>120,038</u>	<u>1,712,653</u>
Cash and cash equivalents at January 01	<u>5,555,361</u>	<u>3,842,708</u>
Cash and cash equivalents at December 31	<u>5,675,399</u>	<u>5,555,361</u>

The annexed notes 1 to 30 form an integral part of these financial statements.


Country Finance Manager


Country Manager