

Deloitte.

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Chartered Accountants
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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, 2014, 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.

Auditor's 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, 2014, 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.

Member of
Deloitte Touche Tohmatsu Limited

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants

Other matter

The financial statements of the Bank for the year ended December 31, 2013 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion on those statements vide their report dated March 28, 2014.

M. Yousuf Adil Saleem
Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Date: 26 MAR 2015
Kabul

Member of
Deloitte Touche Tohmatsu Limited

**HABIB BANK LIMITED, AFGHANISTAN BRANCHES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014**

Note	(Restated)		
	2014 Afs '000'	2013 Afs '000'	
Assets			
Cash and cash equivalents	7	5,555,361	3,842,708
Investments	8	1,987,887	3,083,226
Loans and advances to customers	9	158,141	380,201
Property and equipment	10	1,556	1,938
Other assets	11	24,300	16,815
Total assets		7,727,245	7,324,888
Liabilities			
Deposits from banks	12	1,472,497	1,673,294
Deposits from customers	13	5,018,134	4,351,557
Deferred tax liability	14	22,307	15,084
Taxation - net		25,165	5,255
Other liabilities	15	81,767	69,296
Total liabilities		6,619,870	6,114,486
Equity			
Head office equity - Capital account		1,000,242	1,000,242
Retained earnings		107,133	210,160
Exchange translation reserve		-	-
Total equity and liabilities		7,727,245	7,324,888
Contingencies and commitments	16		

The annexed notes 1 to 29 form an integral part of these financial statements.

M.Y.A.S.

[Signature]
Country Finance Manager

[Signature]
Country Manager

**HABIB BANK LIMITED, AFGHANISTAN BRANCHES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note	(Restated)		
	2014 Afs '000'	2013 Afs '000'	
Interest income	17	214,005	191,568
Interest expense	17	(43,843)	(38,742)
Net interest income		170,162	152,826
Fee and commission income	18	40,803	40,149
Other income	19	59,580	86,442
		270,545	279,417
Impairment loss on loans and advances	9.2	(8,742)	-
Personnel expenses	20	(34,713)	(31,860)
Occupancy expenses	21	(13,534)	(13,023)
Depreciation	10	(583)	(300)
Other operating expenses	22	(26,013)	(26,229)
		(83,585)	(71,412)
Profit before taxation		186,960	208,005
Taxation	23	(39,311)	(44,589)
Profit after taxation		147,649	163,416
Other comprehensive income			
Items that will be classified to profit or loss subsequently		-	-
Items that will not be classified to profit or loss subsequently		-	-
Total comprehensive income for the year		147,649	163,416

The annexed notes 1 to 29 form an integral part of these financial statements.

M.Y.A.S.

[Signature]
Country Finance Manager

[Signature]
Country Manager

**HABIB BANK LIMITED, AFGHANISTAN BRANCHES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Head office equity - Capital account	Retained earnings	Total
	Afs '000'		
	(Restated)		
Balance as at January 01, 2013	1,000,242	46,744	1,046,986
Comprehensive income (Restated)			
Profit for the year (Restated)	-	163,416	163,416
Other comprehensive income for the year (Restated)	-	-	-
Total comprehensive income for the year (Restated)		163,416	163,416
Balance as at December 31, 2013 (Restated)	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

The annexed notes 1 to 29 form an integral part of these financial statements.

M.Y.A.S.

[Signature]
Country Finance Manager

[Signature]
Country Manager

**HABIB BANK LIMITED, AFGHANISTAN BRANCHES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Note	2014 Afs '000'		2013 Afs '000'	
Cash flows from operating activities				
Profit before taxation		186,960		208,005
Adjustments for:				
Depreciation		583		300
Impairment loss on loans and advances		8,742		-
Gain on disposal of property and equipment		(296)		(10)
		195,989		208,295
Changes in loans and advances to customers		213,318		145,460
Changes in other assets		(7,485)		64,310
Changes in deposits from banks		(200,797)		671,304
Changes in deposits from customers		666,577		342,719
Changes in other liabilities		12,471		(95,296)
Cash generated from operations		880,073		1,336,792
Income tax paid		(12,178)		(10,092)
Net cash generated from operating activities		867,895		1,326,700
Cash flows from investing activities				
Investments				
- Held to maturity		1,118,439		101,968
- Available for sale		(23,100)		(39,300)
Acquisition of property and equipment		(201)		(1,588)
Proceeds from sale of property and equipment		296		10
Net cash generated from investing activities		1,095,434		61,090
Cash flows from financing activities				
Transfer of surplus funds to Head Office		(250,676)		-
Net increase in cash and cash equivalents		1,712,653		1,387,790
Cash and cash equivalents at January 01		3,842,708		2,454,918
Cash and cash equivalents at December 31	7	5,555,361		3,842,708

The annexed notes 1 to 29 form an integral part of these financial statements.

M.Y.A.S.

[Signature]
Country Finance Manager

[Signature]
Country Manager