NEW KABUL BANK

AUDITED FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

For the year ended December 31, 2015

Crowe Horwath™
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Crowe Horwath™
هوروات مالک
Horwath MAK 1981
Auditors & Business Advisors

6th Floor, Kabul Business Centre,
Haji Yaqoob Square, Shahre Now,
Kabul - Afghanistan
+93 (0) 202 211 264
+93 (0) 784 077 625
kabul@crowehorwath.af
www.crowehorwath.af

INDEPENDENT AUDITOR'S REPORT TO BOARD OF DIRECTORS

We have audited the accompanying financial statements of New Kabul Bank ("the Bank"), which comprise the statement of financial position as at December 31, 2015, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Law of Banking in Afghanistan and directives issued by the Central Bank of Afghanistan (DAB), 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 auditors' judgement, 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 unmodified audit opinion.

Audit 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 ended in accordance with the requirements of International Financial Reporting Standards (IFRSs), the Law of Banking in Afghanistan and directives issued by the Central Bank of Afghanistan (DAB).

Other Matter

The financial statements of New Kabul Bank, for the year ended December 31, 2014 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 28, 2015.

Horwath MAK
Horwath *MAK*
Auditors and Business Advisors
Kabul

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Horwath MAK هوروات مالک
10 MAR 2016
Auditors & Business Advisor
Kabul Afghanistan

NEW KABUL BANK
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

31-Dec-2015	31-Dec-2014		Note	31-Dec-2015	31-Dec-2014
..... USD				..... AFN	
		ASSETS			
147,291,895	182,418,578	Cash and cash equivalents	5	10,082,130,215	10,638,651,447
27,365,903	54,810,531	Investment in capital notes	6	1,873,196,077	3,196,550,178
1,130,817	1,579,276	Property and equipment	7	77,404,418	92,103,375
-	-	Intangible assets	8	-	-
41,137,428	48,315,650	Claim receivable from MOF	9	2,815,856,977	2,817,768,710
39,175,207	49,018,207	Other assets	10	2,681,542,832	2,858,741,847
256,101,250	336,142,242	**Total assets**		17,530,130,519	19,603,815,557
		EQUITY AND LIABILITIES			
		EQUITY			
-	-	Share capital	11	-	-
(50,041,300)	(58,120,284)	Accumulated losses		(3,425,326,970)	(3,389,575,016)
(50,041,300)	(58,120,284)	**Total equity**		(3,425,326,970)	(3,389,575,016)
		LIABILITIES			
296,208,605	382,447,223	Deposits from customers	12	20,275,478,960	22,304,322,077
9,933,945	11,815,303	Other liabilities	13	679,978,529	689,068,496
306,142,550	394,262,526	**Total liabilities**		20,955,457,489	22,993,390,573
256,101,250	336,142,242	**Total equity and liabilities**		17,530,130,519	19,603,815,557

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

Shoaib Sheikh	Sayed Jan Saeed	Mohammad Aqa Kohistani
(Chief Financial Officer)	(Acting Chief Executive Officer)	(Chairman)

NEW KABUL BANK
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015

2015	2014		Note	2015	2014
..... USD				..... AFN	
2,865,450	4,683,288	Interest income		196,140,075	273,129,367
-	-	Interest expense		-	-
2,865,450	4,683,288	**Net interest income**	15	196,140,075	273,129,367
16,055,599	18,524,921	Fee and commission income		1,099,005,766	1,080,373,368
(326,365)	(625,435)	Fee and commission expense		(22,339,678)	(36,475,391)
15,729,234	17,899,485	**Net fee and commission income**	16	1,076,666,088	1,043,897,977
1,720,434	2,497,765	Other operating income	17	117,763,677	145,669,683
20,315,118	25,080,539	**Net operating income**		1,390,569,840	1,462,697,027
(9,240,197)	(12,580,082)	Employee benefit expense	18	(632,491,469)	(733,670,381)
(494,490)	(1,318,417)	Depreciation	7	(33,847,854)	(76,890,083)
-	(1,336,174)	Amortization	8	-	(77,925,667)
(2,056)	(2,136)	Provision against other assets	10.4	(140,737)	(124,584)
(11,100,683)	(14,729,416)	Other expenses	19	(759,841,734)	(859,019,518)
(20,837,426)	(29,966,225)	**Operating expenses**		(1,426,321,794)	(1,747,630,233)
(522,308)	(4,885,686)	**Loss before tax**		(35,751,954)	(284,933,206)
-	-	Taxation	20	-	-
(522,308)	(4,885,686)	**Loss for the year / period**		(35,751,954)	(284,933,206)
-	-	Other comprehensive income		-	-
(522,308)	(4,885,686)	**Total comprehensive loss**		(35,751,954)	(284,933,206)

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

(Chief Financial Officer) (Acting Chief Executive Officer) (Chairman)

NEW KABUL BANK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015

Share capital	Accumulated loss	Total		Share capital	Accumulated loss (Restated)	Total
..... USD				..... AFN		
-	(55,939,492)	(55,939,492)	Balance as at January 01, 2014	-	(3,104,641,810)	(3,104,641,810)
-	(4,885,686)	(4,885,686)	Total comprehensive loss for the year 2014	-	(284,933,206)	(284,933,206)
-	(60,825,178)	(60,825,178)	**Balance as at December 31, 2014**	-	(3,389,575,016)	(3,389,575,016)
-	**(60,825,178)**	**(60,825,178)**	**Balance as at January 01, 2015**	**-**	**(3,389,575,016)**	**(3,389,575,016)**
-	(522,308)	(522,308)	**Total comprehensive loss for the year 2015**	**-**	**(35,751,954)**	**(35,751,954)**
-	**(61,347,486)**	**(61,347,486)**	**Balance as at December 31, 2015**	**-**	**(3,425,326,970)**	**(3,425,326,970)**

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

(Chief Financial Officer) (Acting Chief Executive Officer) (Chairman)

NEW KABUL BANK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

2015	2014		Note	2015	2014
..... USD				..... AFN	
		CASH FLOWS FROM OPERATING ACTIVITIES			
(522,308)	(4,885,686)	Loss before tax		(35,751,954)	(284,933,206)
		Adjustments for:			
494,490	580,382	Depreciation	7	33,847,854	76,890,083
-	1,336,174	Amortization	8	-	77,925,667
(169,980)	377,898	Transfer of assets	7	(11,635,131)	22,039,006
(197,797)	(1,853,197)			(13,539,231)	(108,078,450)
		Increase/decrease in current assets and liabilities			
27,929	(4,119,749)	Claim receivable from MOF	9	1,911,733	(240,263,775)
6,192,371	2,100,384	Other assets	10	423,867,792	122,494,410
(29,639,783)	(17,163,648)	Deposits from customers	12	(2,028,843,117)	(1,000,983,966)
(132,797)	1,883,891	Other liabilities	13	(9,089,967)	109,868,497
-	-	Suspense liability		-	-
(23,750,077)	(19,152,319)			(1,625,692,790)	(1,116,963,284)
(3,603,634)	(3,272,481)	Advance tax paid		(246,668,777)	(190,851,087)
(27,353,712)	(22,424,800)	**Net cash (used in)/generated from operating activities**		(1,872,361,567)	(1,307,814,371)
		CASH FLOWS FROM INVESTING ACTIVITIES			
(109,770)	(1,329,194)	Investment in operating fixed assets	7	(7,513,766)	(77,518,608)
19,333,150	29,805,327	Investment in capital notes - net	6	1,323,354,101	1,738,246,648
19,223,380	28,476,133	**Net cash (used in)/ generated from investing activities**		1,315,840,335	1,660,728,040
-	-	**CASH FLOWS FROM FINANCING ACTIVITIES**		-	-
(8,130,332)	6,051,333	**Net decrease in cash and cash equivalents**		(556,521,232)	352,913,669
155,422,227	176,367,245	Cash and cash equivalents at beginning of the year		10,638,651,447	10,285,737,778
-	-	Effect of exchange differences		-	-
147,291,895	182,418,578	**Cash and cash equivalents at end of the year**	5	10,082,130,215	10,638,651,447

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

(Chief Financial Officer) (Acting Chief Executive Officer) (Chairman)

1 STATUS AND NATURE OF BUSINESS

New Kabul Bank ("the Bank"') is a limited liability company incorporated under the Law in Afghanistan. The registered office of the Bank is located in Kabul, Afghanistan and has seventy nine branches and thirty eight extension counters. The Bank was registered with Afghanistan Investment Support Agency (AISA) on August 09, 2011 and received commercial banking license from the Da Afghanistan Bank (DAB) central bank of Afghanistan on April 18, 2011. The Bank started its operation on April 21, 2011 upon the liquidation of Kabul Bank and transfer of all good assets, liabilities and operations to the New Kabul Bank.

The control of the bank is with Government of Islamic Republic of Afghanistan and is exercised by the Ministry of Finance who currently intends to hold its control over the Bank. The Bank was established as a bridge bank with the objective of its privatization to private sector or liquidation/ rehabilitation in case of unsuccessful privatization. The Bank is primarily engaged in restrictive commercial banking services in Afghanistan including deposits, collection, disbursement and issuance of bank guarantees.

The financial statements for the year ended December 31, 2015 (including comparatives) have been approved and authorized for issue by the Board of Directors on March 30, 2016.

2 STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the requirements of the Law of Banking in Afghanistan. In case requirements differ, the provisions of the Law of Banking in Afghanistan shall prevail.

2.2 Standards, amendments and interpretations to publish approved accounting standards that are effective in the current year

The Bank has adopted following revised standards, amendments, interpretations and improvements which became effective for the current year:

- **IAS 19 –** Employee Benefits (Amendments) – Defined benefit plans: Employee contributions.
- **IAS 27 –** Separate Financial Statements (Amendments) – Investment entities.
- **IAS 32 –** Financial Instrument Presentation – (Amendments).
- **IAS 36 –** Impairment of Assets (Amendments) – Recovery amount disclosures for non-financial assets.
- **IAS 39 –** Financial Instruments: Recognition and Measurement (Amendments) – Novation of derivatives and continuation of hedge accounting
- **IFRS 2 –** Share Based Payment (Improvement) – Definition of vesting conditions.
- **IFRS 3 –** Business Combination (Improvement) – Accounting for contingent consideration.
- **IFRS 3 –** Business Combination (Improvement) – Scope exceptions for joint ventures.
- **IFRS 8 –** Operating Segments (Improvement) – Aggregation of operating segments.
- **IFRS 10 –** Consolidated Financial Statements (Amendments).
- **IFRS 11 –** Joint Arrangements (Amendments).
- **IFRS 12 –** Disclosure of Interest in Other Entities (Amendments).
- **IFRS 13 –** Fair Value Measurement (Improvement) – Scope of paragraph 52 (portfolio exception).

2.3 Standards, amendments and interpretations to publish approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2016:

	Effective Dates (Accounting period beginning on or after)
- **IAS 1** – Presentation of Financial Statements (Amendments)	January 01, 2016
- **IAS 16** – Property, plant and equipment (Amendments)	January 01, 2016
- **IAS 27** – Separate Financial Statements (Amendments)	January 01, 2016
- **IAS 28** – Investment in Associates and Joint Venture (Amendments)	January 01, 2016
- **IAS 38** – Intangible Assets (Amendments)	January 01, 2016
- **IAS 41** – Agriculture (Amendments)	January 01, 2016
- **IFRS 9** – Financial Instrument Classification and Measurement	January 01, 2018
- **IFRS 10** – Consolidated Financial Statements (Amendments)	January 01, 2016
- **IFRS 11** – Joint Arrangements (Amendments).	January 01, 2016
- **IFRS 14** – Regulatory Deferral Accounts	January 01, 2018
- **IFRS 15** – Revenue from Contracts with Customers	January 01, 2018

There are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

3 BASIS OF PREPARATION

3.1 Basis of measurement

These financial statements have been prepared on the historical cost basis except as otherwise disclosed in accounting policies.

3.2 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in the following:

a)	Note 11.4	Provision against other assets
b)	Note 7	Depreciation rates for property and equipment

c) Note 8 Amortization rate for intangible assets

3.3 Functional and presentation currency

These financial statements are presented in Afghani (AFN), which is the Bank's functional currency. Except as otherwise indicated, financial information presented in AFN has been rounded to the nearest AFN.

The US Dollar amounts reported in the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows are stated as additional information, solely for the convenient of the user of these financial statements. The US Dollar amounts in the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows have been translated into US Dollar at the rate of AFN 68.45 to USD 1 (2014: AFN 58.32 to USD 1).

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless or otherwise state.

4.1 Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with central bank, balances in Nostro accounts and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

4.2 Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognized when the Bank becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are de-recognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is de-recognized when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

a) loans and receivables
b) financial assets at fair value through profit or loss (FVTPL)
c) held-to-maturity (HTM) investments

d) available-for-sale (AFS) financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Currently, the Bank has financial assets only in the form held to maturity investments. Therefore, policies related to other categories of financial assets would not be relevant.

a) **Held-to-maturity (HTM) investments**

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Bank has the intention and ability to hold them until maturity. The Bank currently holds "Investment in capital notes with Da Afghanistan Bank" designated into this category.

HTM investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in statement of comprehensive income.

Classification and subsequent measurement of financial liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognized in statement of comprehensive income. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

4.3 Property and equipment

Owned

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses thereon. Cost includes expenditure that is directly attributable to the acquisition of fixed assets.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are charged to statement of comprehensive income during the financial period in which they are incurred.

Depreciation on all fixed assets is calculated using the straight line method to allocate their depreciable cost to their residual values over their estimated useful lives. The residual values and useful lives of fixed assets are reviewed, and adjusted (if appropriate) at each balance sheet date.

Gains and losses on disposal of fixed assets are included in statement of comprehensive income currently.

Leased

Fixed assets held under finance lease are stated at the lower of fair value of asset and present value of minimum lease payments at the inception of lease, less accumulated depreciation. Financial charges are allocated over the period of lease term so as to provide a constant periodic rate of financial charge on the outstanding liability. Depreciation is charged on the basis similar to owned assets.

4.4 Intangible assets

Acquired computer software's are capitalized on the basis of costs incurred to acquire and bring to use the specific software. Subsequent expenditure on software asset is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

These costs are amortized over their expected useful lives using the straight line method from the date it is available for use since this most closely reflects the pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is five years.

Amortization methods, useful lives and residual values are reassessed at each financial year end and adjusted, if appropriate.

4.5 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in statement of comprehensive income. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

4.6 Deposits

Deposits are the Bank's sources of funding. Deposits are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method, except where the bank choose to carry the liabilities at fair value through profit or loss.

4.7 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the statement of comprehensive except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income for the year (using tax rates enacted or substantively enacted at the balance sheet date), and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided for using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on temporary differences relating to: (i) the initial recognition of goodwill; (ii) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and (iii) differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.8 Employee compensation

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided.

4.9 Foreign currency transactions

Transactions in foreign currencies are translated to Afghani at exchange rates prevailing at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Afghani at the exchange rate prevailing at that reporting date. Foreign currency differences arising on retranslation are recognized in statement of comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

4.10 Interest income and expense

Interest income and expense are recognized in the statement of comprehensive income using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial

asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

As per regulation issued by DAB title: "Asset Classifications, Monitoring of Problem Assets, Reserve for Losses, and Non-accrual Status", accrued interest is reversed on the loans and advances that are classified as non-accrual status. Interest from such loans and advances is recognized on receipt basis.

4.11 Fee and commission

Fees and commission income includes account servicing fees and sales commissions and are recognized as the related services are performed.

Fees and commission expense relates mainly to transaction and service fees, which are expensed as the services are received.

4.12 Lease payments

Payments under operating leases are recognized in statement of comprehensive income on straight line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

4.13 Provisions

Provisions for restructuring costs and legal claims are recognized when:

a) the Bank has a present legal or constructive obligation as a result of past events;
b) it is more likely than not that an outflow of resources will be required to settle the obligation; and
c) the amount has been reliably estimated.

Provision for guarantee claims and other off balance sheet obligations is recognized when intimated and reasonable certainty exists to settle the obligations.

4.14 Off-setting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Bank has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

	Note	2015	2014
		..... AFN	
5 CASH AND CASH EQUIVALENTS			
Cash in hand:			
Local currency		775,965,227	865,378,050
Foreign currency		544,080,414	396,671,586
		1,320,045,641	1,262,049,636
Balances with banks:			
Balances with Da Afghanistan Bank	5.1	4,231,036,094	7,020,890,663
Balances with other banks	5.2	4,531,048,480	2,355,711,148
		8,762,084,574	9,376,601,811
		10,082,130,215	10,638,651,447

5.1 Balances with Da Afghanistan Bank

Current account		
Local currency	1,513,036,801	1,892,951,820
Foreign currency	2,717,999,293	5,127,938,843
	4,231,036,094	7,020,890,663
	4,231,036,094	7,020,890,663

	Note	2015	2014
		..... AFN	
5.2 Balances with other banks			
Current accounts			
Local currency		17,000	17,000
Foreign currency		4,517,341,480	2,344,030,148
		4,517,358,480	2,344,047,148
Deposit accounts			
Foreign currency		13,690,000	11,664,000
		4,531,048,480	2,355,711,148
6 INVESTMENT IN CAPITAL NOTES			
Held to maturity			
28 days capital notes		-	398,898,597
1 year capital notes		1,873,196,077	2,797,651,581
	6.1	1,873,196,077	3,196,550,178

6.1 These are classified as held to maturity having maximum period of 1 year carrying interest rate ranging from 6.69% to 6.7% (2014: 3.39% to 7.19%) per annum.

7 PROPERTY AND EQUIPMENT

	Note	Furniture and fixtures	Electric equipments	Computer and IT equipments	Motor vehicles	Containers	Total
		AFN					
GROSS CARRYING AMOUNT							
Balance as at January 01, 2014		46,334,798	102,364,124	340,308,821	136,484,811	13,410,271	638,902,825
Additions during the year		4,535,078	11,838,264	61,145,266	-	-	77,518,608
Transfer of acquired assets	7.2	-	(9,298,535)	-	(1,719,686)	(11,020,785)	(22,039,006)
Balance as at December 31, 2014		50,869,876	104,903,853	401,454,087	134,765,125	2,389,486	694,382,427
Balance as at January 01, 2015		**50,869,876**	**104,903,853**	**401,454,087**	**134,765,125**	**2,389,486**	**694,382,427**
Additions during the year		**1,088,254**	**2,717,401**	**3,573,111**	**45,000**	**90,000**	**7,513,766**
Transfer of acquired assets	7.2	**-**	**11,049,883**	**-**	**585,248**	**-**	**11,635,131**
Balance as at December 31, 2015		**51,958,130**	**118,671,137**	**405,027,198**	**135,395,373**	**2,479,486**	**713,531,324**
ACCUMULATED DEPRECIATION							
Balance as at January 01, 2014		39,792,789	87,281,995	273,527,487	121,167,762	3,618,936	525,388,969
Charge for the period		3,935,201	10,563,203	63,145,926	13,331,261	238,948	91,214,539
Depreciation on transferred assets		-	(9,298,535)	-	(1,719,686)	(3,306,235)	(14,324,456)
Balance as at December 31, 2014		43,727,990	88,546,663	336,673,413	132,779,337	551,649	602,279,052
Balance as at January 01, 2015		**43,727,990**	**88,546,663**	**336,673,413**	**132,779,337**	**551,649**	**602,279,052**
Charge for the year		**816,551**	**4,418,334**	**27,706,327**	**568,118**	**338,524**	**33,847,854**
Balance as at December 31, 2015		**44,544,541**	**92,964,997**	**364,379,740**	**133,347,455**	**890,173**	**636,126,906**
WRITTEN DOWN VALUE AS AT							
- December 31, 2014		7,141,886	16,357,190	64,780,674	1,985,788	1,837,837	92,103,375
- December 31, 2015		**7,413,589**	**25,706,140**	**40,647,458**	**2,047,918**	**1,589,313**	**77,404,418**
Rate of depreciation in %		**10**	**20**	**33.33**	**20**	**10**	

7.1 There were no capitalized borrowing costs related to the acquisition of property and equipment during the year (2014: nil).

7.2 These assets transferred at cost to Kabul Bank Receivership through settlement process.

	Note	2015	2014
		..... AFN	
8 INTANGIBLE ASSETS			
Gross carrying amount			
Opening balance		**295,161,839**	295,161,839
Additions during the period		**-**	-
Closing balance		**295,161,839**	295,161,839
Accumulated amortization			
Opening balance		**295,161,839**	217,236,172
Charge for the year / period		**-**	77,925,667
Closing balance		**295,161,839**	295,161,839
Written down value	8.1	**-**	-

8.1 Intangible assets includes software licensing, customization and implementation costs for oracle database, mobile and point of sale banking applications which are amortized at the rate of 33%. These intagibles are fully amortized.

	2015	2014
	..... AFN	
9 CLAIM RECEIVABLE FROM MOF		
Gross amount of claim from MOF	**14,950,547,399**	8,947,235,661
Unrealized foreign currency revaluation gain	**(12,134,690,422)**	(6,129,466,951)
	2,815,856,977	2,817,768,710

9.1 Claim represents receivable from Ministry of Finance (MOF), Government of Islamic Republic of Afghanistan against the net liabilities (excess of liabilities over assets) acquired from Kabul Bank Receivership (KBR). It comprises of currency wise amounts using the prevailing exchange rate as at December 31, 2015. The claim has been lodged with KBR for their consideration, however, as confirmed through letter #127793 dated March 11, 2015 MOF will bear the difference of asset and liabilities.

	Note	2015	2014
		..... AFN	
10 OTHER ASSETS			
Required reserve with Da Afghanistan Bank	10.1	**1,733,813,000**	1,906,645,000
Advances and prepayments	10.2	**82,748,785**	83,797,341
Receivable from remittances		**140,688,961**	44,568,884
Accrued interest and commission	10.3	**201,495,466**	547,993,880
Advance tax		**508,303,713**	261,634,936
Staff loan		**1,397,296**	998,516
Others	10.4	**13,095,611**	13,103,290
		2,681,542,832	2,858,741,847

10.1 This represents the required reserve account maintained with Da Afghanistan Bank to meet minimum reserve requirement in accordance with Article 64 "Required reserve for banks" of Da Afghanistan Bank

Law. This carries no interest 0.02548% 0.02560% (2014: 2.40% to 2.56%) per annum. Required reserve is a restricted balance with DAB and is not available for use in the Bank's day-to-day operations.

	2015	2014
	..... AFN	
10.2 Advances and prepayments		
Advance payment to contractors	**45,778,605**	37,461,763
Prepaid rent	**36,970,180**	46,335,578
	82,748,785	83,797,341

10.3 This represents accrued interest on capital notes and accrued commission on distribution of government employees salaries receivable from Ministry of Finance.

	Note	2015	2014
		..... AFN	
10.4 Others			
Gross amount		**107,499,974**	103,589,401
Allowance for doubtful receivables			
Opening balance		**(90,486,111)**	(113,417,277)
Charge for the year		**(140,737)**	(124,584)
Exchange difference of provision		**(3,777,515)**	-
Reversal due to recovery		**-**	23,055,750
Closing balance		**(94,404,363)**	(90,486,111)
Net amount	10.4.1	**13,095,611**	13,103,290

10.4.1 This include receivable from staff and others on account of cash shortages. Allowance has been recognized on the basis of recoverability of these shortages on cases to case basis, while recovery represent amount received from insurer against cash shortages.

	Note	2015	2014
		..... AFN	
11 SHARE CAPITAL			
Authorized			
1,000,000 ordinary shares of AFN 1,000 each		**1,000,000,000**	1,000,000,000
Issued, subscribed and paid-up capital	11.1	-	-

11.1 The bank is owned by Ministry of Finance which has acquired its ownership through the process of splitting Kabul Bank without injection of any capital. As the bank has been established as a bridge entity to take over operations of Kabul Bank with an objective of ultimate selling it to a new investor or continue the operations as deemed appropriate by MOF. Therefore Supreme Council of Da Afghanistan Bank (DAB) in its meeting held on March 15, 2011 has granted forbearance to the bank for regulatory requirement related to the size and structure of its capital.

	Note	2015	2014
		..... AFN	
12 DEPOSITS FROM CUSTOMERS			
Local currency			
Current deposits		**6,437,401,591**	6,613,516,942
Saving deposits	12.1	**4,932,197,957**	6,022,235,934
		11,369,599,548	12,635,752,876
Foreign currency			
Current deposits		**4,808,136,038**	5,539,827,555
Saving deposits	12.1	**4,097,743,375**	4,128,741,646
		8,905,879,412	9,668,569,201
		20,275,478,960	22,304,322,077

12.1 Saving deposits carry no interest (2014: nil) per annum.

13 OTHER LIABILITIES			
Margin money against bank guarantees		**413,396,327**	427,484,554
Remittances payable		**103,000,021**	1,718,779
CSC bank payables		**19,496,752**	1,759,508
Withholding taxes payable		**4,016,264**	4,454,004
Accrued expenses and other liabilities		**140,069,165**	253,651,651
		679,978,529	689,068,496
14 CONTINGENCIES AND COMMITMENTS			
Contingencies			
Guarantees issued on behalf of customers	14.1	**326,176,187**	237,580,707

14.1 All guarantees are secured against 100% cash margin.

Lease Commitments

Cancellable operating lease rentals are payable as follows:

Less than one year	**392,377,017**	153,839,976
Between one and five years	**5,144,545**	461,519,929
More than five years	**-**	-
	397,521,562	615,359,905

15 NET INTEREST INCOME / (EXPENSE)		
Interest income on:		
Investment in capital notes	**174,128,440**	219,371,053
Interest bearing bank accounts	**22,011,635**	53,758,314
	196,140,075	273,129,367
Interest expense on:		
Deposits from customers	**-**	-
Net interest income	**196,140,075**	273,129,367

	Note	2015	2014
		..... AFN	
16 NET FEE AND COMMISSION INCOME			
Fee and commission income			
Commission on remittances		**65,793,229**	156,752,951
Commission on Western Union operations		**79,689,166**	79,129,167
Commission on collections		**10,120,179**	13,027,214
Commission on salary distribution		**747,117,875**	604,255,532
Commission on bank guarantees		**1,311,833**	1,126,975
Account maintenance fee		**194,973,484**	226,081,529
		1,099,005,766	1,080,373,368
Fee and commission expense			
Inter-bank transaction fee		**(22,339,678)**	(36,475,391)
Net fee and commission income		**1,076,666,088**	1,043,897,977
17 OTHER OPERATING INCOME			
Income from cash operations		**43,409,772**	52,538,869
Foreign exchange gain		**32,776,960**	21,570,031
Income from call centre services		**33,182,222**	35,306,363
Miscellaneous		**8,394,723**	36,254,420
		117,763,677	145,669,683
18 EMPLOYEE BENEFIT EXPENSE			
Salaries and wages		**575,825,119**	663,528,493
Food and other amenities		**56,666,350**	70,141,888
		632,491,469	733,670,381
19 OTHER EXPENSES			
Rent and taxes		**166,357,249**	159,811,929
Communication expense		**85,872,535**	98,321,415
Security expense		**282,878,936**	299,697,186
Insurance		**13,232,568**	64,770,525
Fuel and electricity		**57,616,165**	79,157,336
Software services		**79,512,352**	75,341,319
Advertisement		**4,847,480**	11,100,970
Repair and maintenance		**19,484,446**	18,598,695
Stationery and printing		**25,246,167**	30,586,194
Audit fee		**1,500,000**	3,831,896
Others		**23,293,836**	17,802,053
		759,841,734	859,019,518

20 TAXATION

Current and deferred tax

No provision for the current year income tax has been made in these financial statements due to net tax loss for the year and no deferred tax asset has been recognized due to non-availability of future taxable profits.

21 RELATED PARTIES

Ultimate controlling entity

Ministry of Finance (MOF) is the ultimate controlling entity of the bank.

Other related parties

As the bank is owned by Ministry of Finance therefore the government and all entities owned by the government are related to the bank.

Key management personnel

Key management personnel includes Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.

Transactions with key management personnel

Key management personnel have executed following transaction with the Bank during the year:

Short-term staff advances	Maximum balance	Closing balance
	..... AFN	
Chief Executive Officer	-	-
Deputy Chief Executive Officer	-	-
Chief Financial Officer	-	-
Chief Operating Officer	-	-

No advances has been given to the key staff during this year.

Moreover, during the year AFN 6.089 million paid to key management personnel as remuneration.

Other transactions with related parties

There are no significant related party transaction except for normal banking services to government and its institutions for salary distribution and related deposit accounts.

22 FINANCIAL ASSETS AND LIABILITIES

Categories of financial assets and financial liabilities

Note 4.2 of the financial statements provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follow:

December 31, 2015	Note	Available for sale financial assets	Held for trading (FVTPL)	Derivatives used for hedging	Held to maturity	Loans and receivables	Total
		(carried at fair value)			(carried at amortised cost)		
		..... AFN					
Financial assets							
Cash and cash equivalents	5	-	-	-	-	10,082,130,215	10,082,130,215
Investment in capital notes	6	-	-	-	1,873,196,077	-	1,873,196,077
Claim receivable from MOF	9	-	-	-	-	2,815,856,977	2,815,856,977
Other assets	10	-	-	-	-	2,090,490,334	2,090,490,334
		-	-	-	1,873,196,077	14,988,477,526	16,861,673,603

		Derivatives used for hedging	Designated at FVTPL	Other liabilities at FVTPL	Other liabilities (amortised cost)	Total
		(carried at fair value)				
		..... AFN				
Financial liabilities						
Deposits from customers	12	-	-	-	20,275,478,960	20,275,478,960
Other liabilities	13	-	-	-	679,978,529	679,978,529
		-	-	-	20,955,457,489	20,955,457,489

December 31, 2014	Note	Available for sale financial assets	Held for trading (FVTPL)	Derivatives used for hedging	Held to maturity	Loans and receivables	Total
		(carried at fair value)			(carried at amortised cost)		
		..... AFN					
Financial assets							
Cash and cash equivalents	5	-	-	-	-	10,638,651,447	10,638,651,447
Investment in capital notes	6	-	-	-	3,196,550,178	-	3,196,550,178
Claim receivable from MOF	9	-	-	-	-	2,817,768,710	2,817,768,710
Other assets	10	-	-	-	-	2,513,309,570	2,513,309,570
		-	-	-	3,196,550,178	15,969,729,727	19,166,279,905

	Derivatives used for hedging	Designated at FVTPL	Other liabilities at FVTPL	Other liabilities (amortised cost)	Total
	(carried at fair value)				
	..... AFN				
Financial liabilities					
Deposits from customers	-	-	-	22,304,322,077	22,304,322,077
Other liabilities	-	-	-	689,068,496	689,068,496
	-	-	-	22,993,390,573	22,993,390,573

The carrying values approximate fair values as mostly the assets and liabilities have short maturities and are expected to be recovered/settled at their carrying values.

23 FINANCIAL RISK MANAGEMENT

23.1 Introduction and overview

The Bank has exposure to the following risks from financial instruments:

a) credit risk
b) liquidity risk
c) market risks
d) operational risk

This note presents information about Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Risk management framework

The Board of Supervisors has the overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established Management Board, Asset and Liability Committee (ALCO), a Credit Committee which are responsible for developing and monitoring Bank's risk management policies in their specified areas. All committees have both executive and non-executive members and report regularly to the Board of Supervisors on their activities.

The Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Bank's Audit Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank. Compliance Departments are responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank.

23.2 Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Bank. The Bank is exposed to this risk mainly due to Placements, current account and nostro account balances. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

Management of credit risk

The CEO has delegated responsibility for the management of credit risk related to bank guarantees to risk management and credit department who are responsible for oversight of the bank's credit risk.

Exposure to credit risk

The Bank's maximum exposure to credit risk is the carrying amount of financial assets at the reporting date, as summarized below:

	Note	2015	2014
		..... AFN	
Classes of financial assets			
Cash and cash equivalents	5	**8,762,084,574**	9,376,601,811
Investment in capital notes	6	**1,873,196,077**	3,196,550,178
Claim receivable from MOF	9	**2,815,856,977**	2,817,768,710
Other assets	10	**2,090,490,334**	2,513,309,570
Total carrying amounts		**15,541,627,962**	17,904,230,269

In addition to the above, the Bank has issued financial guarantees contracts for which the maximum amount payable by the Bank, assuming all guarantees are called on, is AFN 397,521,562 (2014: AFN 237,580,707).

The Bank's management considers that all the above financial assets that are not impaired or past due for the reporting dates under review are of good credit quality. The credit risk for cash and cash equivalents comprising of capital notes, balances with other banks, nostro accounts and short term placements is considered negligible, since the counterparties are either the branches of Bank's own group with high quality external credit ratings or the central bank of Afghanistan.

Cash and cash equivalents

The Bank holds AFN 8,625 million (2014: AFN 9,376 million) at the year end with central bank and other banks which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with the central bank and other local and foreign banks having good credit ratings.

Settlement risk

The Bank's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to failure of an entity to honor its obligation to deliverable cash and other assets as contractually agreed.

23.3 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

The Board ensures that the Bank has necessary tools and framework to cater the requirements of liquidity risk management and the Bank is capable to confronting uneven liquidity scenarios. The Bank's management is responsible for the implementation of sound policies and procedures keeping in view the strategic direction and risk appetite specified by the Board. Asset and Liability Committee (ALCO) is entrusted with the responsibility of managing the mismatch in maturities to ensure sufficient available cash flow to meet possible withdrawal of deposits, other commitment or challenges associated with sudden changes in market conditions, whist enabling the Bank to pursue valued business opportunities.

The Bank relies on deposits from customers as its primary source of funding. Deposits from customers generally has shorter maturities and large proportion of them are repayable on demand. For day to day liquidity risk management integration of liquidity scenario will ensure that the Bank is best prepared to respond to an unexpected problem.

Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalent less any deposits from banks. A similar, but not identical, calculation is used to measure the Bank's compliance with the liquidity limit established by the Bank's Regulator (Da Afghanistan Bank). Detail of the reported Bank ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period was as follows:

	2015	2014
	..... % age	
As at period end	**59%**	70%
Average for the period	**64%**	70%
Maximum for the period	**59%**	73%
Minimum for the period	**70%**	67%

Maturity analysis for financial liabilities

	Note	Carrying amount	Gross nominal out flow	Less than 1 month	1-3 months	3 months to 1 year	More than 1 year
		..... AFN					
December 31, 2015							
Deposits from customers	12	**20,275,478,960**	**20,275,478,960**	**20,275,478,960**	-	-	-
Other liabilities	13	**679,978,529**	**679,978,529**	**266,582,202**	**413,396,327**	-	-
		20,955,457,489	**20,955,457,489**	**20,542,061,162**	**413,396,327**	-	-
December 31, 2014							
Deposits from customers	12	22,304,322,077	22,304,322,077	22,304,322,077	-	-	-
Other liabilities	13	689,068,496	689,068,496	261,583,942	427,484,554	-	-
		22,993,390,573	22,993,390,573	22,565,906,019	427,484,554	-	-

The above table shows the undiscounted cash flows on the Bank's financial liabilities on the basis of their earliest possible contractual maturity. The gross nominal inflow/ (out flow) disclosed in the above table is the contractual undiscounted cash flow of financial liabilities.

23.4 Market risks

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/ issuer's credit standing) will affect the Bank's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures with in acceptable parameters, while optimizing the return on risk.

Management of market risks

To manage and control market risk a well defined limits structure is in place. These limits are reviewed, adjusted and approved periodically. Overall authority for managing market risk is vested with Chief Risk Manager.

Exposure to interest rate risk

The Bank risk to which not-trading portfolios are exposed is the risk of loss from fluctuations in the future flows or fair values of financial instrument because of change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for re-pricing bands. The ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management in its day to day monitoring activities. A summary of the Bank's interest rate gap position on non-trading portfolio is as follows:

	Note	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years
		..... AFN					
December 31, 2015							
Cash and cash equivalents	5	-	-	-	-	-	-
Investment in capital notes	6	**1,873,196,077**	-	-	**1,873,196,077**	-	-
Other assets	10	**1,733,813,000**	**1,733,813,000**	-	-	-	-
		3,607,009,077	**1,733,813,000**	-	**1,873,196,077**	-	-
Deposits from customers	12	-	-	-	-	-	-
		3,607,009,077	**1,733,813,000**	-	**1,873,196,077**	-	-
December 31, 2014							
Cash and cash equivalents	5	-	-	-	-	-	-
Investment in capital notes	6	3,196,550,178	398,898,597	-	2,797,651,581	-	-
Other assets	10	1,906,645,000	1,906,645,000	-	-	-	-
		5,103,195,178	2,305,543,597	-	2,797,651,581	-	-
Deposits from customers	12	-	-	-	-	-	-
		5,103,195,178	2,305,543,597	-	2,797,651,581	-	-

Exposure to currency risk

The Bank's exposure to foreign currency risk was as follows based on notional amounts.

	Total	AFN	USD	EUR	Others
	AFN				
December 31, 2015					
Cash and cash equivalents	**10,082,130,215**	**2,289,019,028**	**7,157,372,681**	**620,216,195**	**15,522,311**
Investment in capital notes	**1,873,196,077**	**1,873,196,077**	**-**	**-**	**-**
Claim receivable from MOF	**2,815,856,977**	**2,815,856,977**	**-**	**-**	**-**
Other assets	**2,681,542,832**	**2,672,725,529**	**8,817,303**	**-**	**-**
	17,452,726,101	**9,650,797,611**	**7,166,189,984**	**620,216,195**	**15,522,311**
Deposits from customers	**20,275,478,960**	**11,369,599,549**	**8,647,532,807**	**254,387,795**	**269,500**
Other liabilities	**679,978,529**	**274,593,747**	**439,558,771**	**79,491**	**108,026**
	20,955,457,489	**11,644,193,296**	**9,087,091,578**	**254,467,286**	**377,526**
Net foreign currency exposure	**(3,533,403,585)**	**(1,993,395,685)**	**(1,920,901,594)**	**365,748,909**	**15,144,785**
December 31, 2014					
Cash and cash equivalents	10,638,651,447	2,758,347,045	7,403,084,462	463,229,205	13,990,735
Investment in capital notes	3,196,550,178	3,196,550,178	-	-	-
Claim receivable from MOF - restated	2,817,768,710	2,817,768,710	-	-	-
Other assets	2,858,741,847	2,826,544,325	32,190,437	7,085	-
	19,511,712,182	11,599,210,258	7,435,274,899	463,236,290	13,990,735
Deposits from customers	22,304,322,077	12,635,752,997	9,505,214,763	163,000,904	353,413
Other liabilities	689,068,496	261,788,791	426,728,433	551,273	-
	22,993,390,574	12,897,541,788	9,931,943,196	163,552,177	353,413
Net foreign currency exposure	(3,481,678,392)	(1,298,331,530)	(2,496,668,297)	299,684,113	13,637,322

The following significant exchange rates applied during the year

	December 31, 2015		December 31, 2014	
	Average rate	**Reporting rate**	Average rate	Reporting rate
USD	**63.39**	**68.45**	57.38	58.32
EUR	**72.70**	**74.54**	76.10	70.85

Sensitivity analysis

A 10% strengthening of the Afghani, as indicated below, against the USD and Euro at December 31, 2015 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Bank considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	December 31, 2015		December 31, 2014	
	Equity	Profit or loss	Equity	Profit or loss
	..... AFN			
USD	**153,672,128**	**192,090,159**	199,733,464	249,666,830
EUR	**(29,259,913)**	**(36,574,891)**	(23,974,729)	(29,968,411)

A 10% weakening of the Afghani against the above currencies at December 31, 2015 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

24 CORRESPONDING FIGURES

The Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. These rearrangements and reclassifications were of immaterial nature. Immaty.

(Chief Financial Officer) (Acting Chief Executive Officer) (Chairman)