

UNCONSOLIDATED

FINANCIAL STATEMENTS 2013



Unconsolidated Statement of Financial Position

As at December 31, 2013

January 01, 2012	2012	2013		Note	2013	2012	January 01, 2012
(US Dollars in '000) (Restated)					----(Rupees in '000)---- (Restated)		
ASSETS							
1,250,191	1,503,283	1,499,463	Cash and balances with treasury banks	6	157,930,297	158,332,679	131,675,907
261,873	286,945	165,750	Balances with other banks	7	17,457,523	30,222,367	27,581,695
421,368	78,544	493,130	Lendings to financial institutions	8	51,938,689	8,272,645	44,380,396
3,033,776	3,261,703	3,778,402	Investments	9	397,958,681	343,537,529	319,531,213
4,985,025	6,215,927	5,843,078	Advances	10	615,419,874	654,690,016	525,045,764
260,659	265,369	310,489	Operating fixed assets	11	32,702,121	27,949,833	27,453,815
104,573	93,502	104,012	Deferred tax assets	12	10,955,008	9,848,073	11,014,126
587,926	727,987	759,358	Other assets	13	79,979,063	76,674,963	61,923,044
10,905,391	12,433,260	12,953,682			1,364,341,256	1,309,528,105	1,148,605,960
LIABILITIES							
86,444	136,413	131,922	Bills payable	14	13,894,667	14,367,639	9,104,710
250,385	487,033	208,829	Borrowings	15	21,994,839	51,296,579	26,371,675
8,805,364	9,843,275	10,454,714	Deposits and other accounts	16	1,101,138,574	1,036,739,052	927,421,438
-	-	-	Sub-ordinated loans		-	-	-
725	282	230	Liabilities against assets subject to finance lease	17	24,034	29,619	76,477
-	-	-	Deferred tax liabilities		-	-	-
557,303	637,217	674,130	Other liabilities	18	71,002,438	67,114,616	58,697,666
9,700,221	11,104,220	11,469,825			1,208,054,552	1,169,547,505	1,021,671,966
1,205,170	1,329,040	1,483,857	NET ASSETS		156,286,704	139,980,600	126,933,994
REPRESENTED BY							
159,681	175,649	201,996	Share capital	19	21,275,131	18,500,114	16,818,285
240,616	273,616	299,443	Reserves		31,538,695	28,818,528	25,342,817
594,747	545,161	456,169	Unappropriated profit		48,045,930	57,418,845	62,641,456
995,044	994,426	957,608			100,859,756	104,737,487	104,802,558
210,126	334,614	526,249	Surplus on revaluation of assets - net	20	55,426,948	35,243,113	22,131,436
1,205,170	1,329,040	1,483,857			156,286,704	139,980,600	126,933,994
CONTINGENCIES AND COMMITMENTS							
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The annexed notes 1 to 45 and Annexure I to IV form an integral part of these unconsolidated financial statements.

Chairman

President

Director

Director

Unconsolidated Profit & Loss Account

For the year ended December 31, 2013

2012 (US Dollars in '000) (Restated)	2013 (US Dollars in '000)	Note	2013 ----(Rupees in '000)----	2012 (Restated)
950,321	940,213	Mark-up / return / interest earned	99,027,563	100,092,132
535,656	577,480	Mark-up / return / interest expensed	60,822,881	56,417,827
<u>414,665</u>	<u>362,733</u>	Net mark-up / interest income	<u>38,204,682</u>	<u>43,674,305</u>
93,485	165,074	Provision against non-performing advances-net	17,386,401	9,846,287
7,995	13,226	Provision for diminution	1,392,999	842,111
-	29	in the value of investments-net	3,020	-
-	6,724	Bad debts written off directly	708,230	-
<u>101,480</u>	<u>185,053</u>	Provision against off balance sheet obligations	<u>19,490,650</u>	<u>10,688,398</u>
<u>313,185</u>	<u>177,680</u>	Net mark-up / interest income after provisions	<u>18,714,032</u>	<u>32,985,907</u>
NON MARK-UP / INTEREST INCOME				
101,652	110,113	Fee, commission and brokerage income	11,597,601	10,706,506
34,430	28,690	Dividend income	3,021,798	3,626,356
35,161	36,049	Income from dealing in foreign currencies	3,796,857	3,703,319
30,576	36,897	Gain on sale and redemption of securities - net	3,886,156	3,220,442
(23)	(1)	Unrealized loss on revaluation of	(139)	(2,472)
24,640	31,023	investments classified as held-for-trading	3,267,500	2,595,171
<u>226,436</u>	<u>242,771</u>	Other income	<u>25,569,773</u>	<u>23,849,322</u>
<u>539,621</u>	<u>420,451</u>	Total non mark-up / interest income	<u>44,283,805</u>	<u>56,835,229</u>
NON MARK-UP / INTEREST EXPENSES				
331,595	344,379	Administrative expenses	36,271,530	34,925,107
3,527	8,645	Other provisions / write offs	910,513	371,514
1,522	222	Other charges	23,395	160,324
<u>336,644</u>	<u>353,246</u>	Total non mark-up / interest expenses	<u>37,205,438</u>	<u>35,456,945</u>
<u>202,977</u>	<u>67,205</u>	Extra ordinary / unusual items	<u>7,078,367</u>	<u>21,378,284</u>
-	-		-	-
<u>202,977</u>	<u>67,205</u>	PROFIT BEFORE TAXATION	<u>7,078,367</u>	<u>21,378,284</u>
74,156	57,754	Taxation - Current	6,082,908	7,810,434
-	1,235	- Prior year(s)	130,051	-
(13,038)	(44,003)	- Deferred	(4,634,616)	(1,373,160)
<u>61,118</u>	<u>14,986</u>		<u>1,578,343</u>	<u>6,437,274</u>
<u>141,859</u>	<u>52,219</u>	PROFIT AFTER TAXATION	<u>5,500,024</u>	<u>14,941,010</u>
----- US Dollars -----			----- Rupees -----	
<u>0.07</u>	<u>0.02</u>	Basic and diluted earnings per share	<u>2.59</u>	<u>7.02</u>

The annexed notes 1 to 45 and Annexure I to IV form an integral part of these unconsolidated financial statements.

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Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2013

2012 (US Dollars in '000) (Restated)	2013		2013 ----(Rupees in '000)----	2012 (Restated)
141,859	52,219	Profit after taxation	5,500,024	14,941,010
		Other comprehensive income:		
		Items to be reclassified to profit or loss in subsequent periods:		
		Exchange gain on translation of net assets of foreign branches	1,620,162	1,859,447
		Items not to be reclassified to profit or loss in subsequent periods:		
(63,658)	26,589	Remeasurements of defined benefit liability	2,800,526	(6,704,725)
22,280	(9,306)	Related tax effects	(980,184)	2,346,654
(41,378)	17,283		1,820,342	(4,358,071)
(23,724)	32,666	Other comprehensive income - net of tax	3,440,504	(2,498,624)
118,135	84,885	Total comprehensive income transferred to equity	8,940,528	12,442,386

The annexed notes 1 to 45 and Annexure I to IV form an integral part of these unconsolidated financial statements.

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Unconsolidated Cash Flow Statement

For the year ended December 31, 2013

2012 (US Dollars in '000) (Restated)	2013	Note	2013 ----(Rupees in '000)----	2012 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
202,977	67,205		7,078,367	21,378,284
(34,430)	(28,690)		(3,021,798)	(3,626,356)
<u>168,547</u>	<u>38,515</u>		<u>4,056,569</u>	<u>17,751,928</u>
Adjustments:				
13,518	15,923		1,677,109	1,423,789
290	246	11.2	25,942	30,508
93,485	165,074	11.3	17,386,401	9,846,287
7,995	13,226	10.3	1,392,999	842,111
-	6,724	9.10	708,230	-
23	1	18.1	139	2,472
(927)	(162)	9.11	(17,087)	(97,675)
188	105	11.6	11,077	19,776
3,526	8,645	13.5/18.2	910,513	371,514
<u>118,098</u>	<u>209,782</u>		<u>22,095,323</u>	<u>12,438,782</u>
<u>286,645</u>	<u>248,297</u>		<u>26,151,892</u>	<u>30,190,710</u>
(Increase) / decrease in operating assets				
342,824	(414,585)		(43,666,044)	36,107,751
117,679	(8,042)		(847,019)	12,394,457
(1,320,289)	207,774		21,883,741	(139,058,865)
47,355	(103,423)		(10,893,026)	4,987,713
(812,431)	(318,276)		(33,522,348)	(85,568,944)
Increase in operating liabilities				
49,969	(4,491)		(472,972)	5,262,929
225,523	(275,900)		(29,059,100)	23,753,163
1,047,842	611,439		64,399,522	110,363,509
8,045	116,167		12,235,273	847,290
<u>1,331,379</u>	<u>447,215</u>		<u>47,102,723</u>	<u>140,226,891</u>
Income tax paid				
(241,049)	(48,305)		(5,087,718)	(25,388,305)
(188)	(105)		(11,077)	(19,776)
<u>(241,237)</u>	<u>(48,410)</u>		<u>(5,098,795)</u>	<u>(25,408,081)</u>
<u>564,356</u>	<u>328,826</u>		<u>34,633,472</u>	<u>59,440,576</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
63,938	(516,600)		(54,410,666)	6,734,196
(31,184)	12,700		1,337,636	(3,284,438)
34,430	28,690		3,021,798	3,626,356
(18,771)	(15,722)		(1,655,887)	(1,977,031)
17,654	15,383		1,620,162	1,859,447
(234,633)	146,516		15,431,692	(24,712,651)
1,214	467		49,226	128,043
(167,352)	(328,566)	11.6	(34,606,039)	(17,626,078)
CASH FLOWS FROM FINANCING ACTIVITIES				
(445)	(376)		(39,585)	(46,858)
(119,593)	(122,597)		(12,912,434)	(12,596,042)
(120,038)	(122,973)		(12,952,019)	(12,642,900)
<u>276,966</u>	<u>(122,713)</u>		<u>(12,924,586)</u>	<u>29,171,598</u>
1,508,510	1,785,478		188,054,806	158,883,208
<u>1,785,476</u>	<u>1,662,765</u>	32	<u>175,130,220</u>	<u>188,054,806</u>

The annexed notes 1 to 45 and Annexure I to IV form an integral part of these unconsolidated financial statements.

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Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2013

	Reserves				Unappropriated Profit	Total
	Share Capital	Capital		Revenue		
		Exchange Translation	Statutory	General		
----- (Rupees in '000) -----						
Balance as at January 1, 2012 - as previously reported	16,818,285	6,051,168	18,770,311	521,338	68,358,910	110,520,012
Effect of retrospective change with respect to employee benefits (note 5.1)	-	-	-	-	(5,717,454)	(5,717,454)
Balance as at January 1, 2012 - (restated)	16,818,285	6,051,168	18,770,311	521,338	62,641,456	104,802,558
Total comprehensive income for the year						
Profit after tax for the year ended December 31, 2012 - (restated)	-	-	-	-	14,941,010	14,941,010
Other comprehensive income - net of tax (restated)	-	1,859,447	-	-	(4,358,071)	(2,498,624)
Transferred from surplus on revaluation of operating fixed assets	-	1,859,447	-	-	106,257	106,257
Transfer to statutory reserve	-	-	1,616,264	-	(1,616,264)	-
Transactions with owners, recorded directly in equity						
Issue of bonus shares (10%)	1,681,829	-	-	-	(1,681,829)	-
Cash dividend paid for the year ended December 31, 2011 (Rs. 7.5 per share)	-	-	-	-	(12,613,714)	(12,613,714)
	1,681,829	-	-	-	(14,295,543)	(12,613,714)
Balance as at December 31, 2012 - restated	18,500,114	7,910,615	20,386,575	521,338	57,418,845	104,737,487
Total comprehensive income for the year						
Profit after tax for the year ended December 31, 2013	-	-	-	-	5,500,024	5,500,024
Other comprehensive income - net of tax	-	1,620,162	-	-	1,820,342	3,440,504
Transferred from surplus on revaluation of operating fixed assets	-	1,620,162	-	-	7,320,366	8,940,528
Transfer to statutory reserve	-	-	1,100,005	-	(1,100,005)	-
Transactions with owners, recorded directly in equity						
Issue of bonus shares (15 %)	2,775,017	-	-	-	(2,775,017)	-
Cash dividend paid for the year ended December 31, 2012 (Rs. 7 per share)	-	-	-	-	(12,950,080)	(12,950,080)
	2,775,017	-	-	-	(15,725,097)	(12,950,080)
Balance as at December 31, 2013	21,275,131	9,530,777	21,486,580	521,338	48,045,930	100,859,756

The annexed notes 1 to 45 and Annexure I to IV form an integral part of these unconsolidated financial statements.

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Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

1. STATUS AND NATURE OF BUSINESS

National Bank of Pakistan (the Bank) was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on all the stock exchanges in Pakistan. It's registered and head office is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,342 (2012: 1,283) branches in Pakistan and 23 (2012: 23) overseas branches (including the Export Processing Zone branch, Karachi). The Bank also provides services as trustee to National Investment Trust (NIT), Long-Term Credit Fund (LTCF) and Endowment Fund for student loans scheme.

2. BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government of Pakistan regarding shifting of banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible form of trade related mode of financing includes purchase of goods by the Bank from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

Key financial figures of the Islamic banking branches of the Bank have been disclosed in note 42 of these financial statements.

2.2 These unconsolidated financial statements are separate financial statements of the Bank in which the investments in subsidiaries, associates and joint ventures are stated at cost and have not been accounted for on the basis of reported results and net assets of the investees which is done in the consolidated financial statements.

2.3 The US Dollar amounts shown on the statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement are stated as additional information solely for the convenience of readers. For the purpose of conversion to US Dollars, the rate of Rs. 105.3246 to 1 US Dollar has been used for 2011, 2012 and 2013 as it was the prevalent rate as on December 31, 2013.

3. STATEMENT OF COMPLIANCE

3.1 These unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, the provisions of and directives issued under the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962 and directives issued by the State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by SBP or SECP differ with the requirements of IFRSs or IFASs, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives shall prevail.

3.2 SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

3.3 Application of new and revised International Financial Reporting Standards (IFRSs)

The following are the amendments and interpretation of approved accounting standard which became effective for the current period:

- IAS 1 - Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)
- IAS 19 - Employee Benefits (amended 2011)

The adoption of the above amendments and interpretation of the standards resulted in change in accounting for employee benefits as fully explained in note 5.1.1 and amended disclosures as disclosed in statement of comprehensive income.

3.4 Application of new and revised approved accounting standards not yet effective.

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods as stated below:

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after January 01, 2014). IFRIC 21 is an interpretation of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.
- Amendments to IAS 32 'Financial Instruments: Presentation' Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after January 01, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement
- Amendment to IAS 36 'Impairment of Assets' Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after January 01, 2014). These narrow-scope amendments to IAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.
- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after July 01, 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.
- IFAS 3 - 'Profit and loss sharing on deposits' to be followed by Institutions offering Islamic Financial Services (IIFS) for recognizing, measuring, presenting and disclosing the transactions relating to equity ('funds') of unrestricted investment / (Profit/Loss Sharing) PLS deposit account holders and their equivalents.
- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after July 01, 2014). The new cycle of improvements contain amendments to the following standards:
 - IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.
 - IFRS 3 'Business Combinations' has been amended to clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.
 - IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.
 - Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets' has been amended to clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
 - IAS 24 'Related Party Disclosure' - the definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

The above amendments are not likely to have an impact on the financial statements of the Bank except for certain additional disclosures. Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

Standard or Interpretation	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2015
IFRS 10 – Consolidated Financial Statements	January 01, 2013
IFRS 11 – Joint Arrangements	January 01, 2013
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 – Fair Value Measurement	January 01, 2013

4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for revaluation of land and buildings which are stated at revalued amount and certain investments, commitments in respect of certain forward exchange contracts and derivative financial instruments that are carried at fair value.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES / PRIOR PERIOD ADJUSTMENT

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except as stated in note 5.1.1 and 5.1.2 below:

5.1 Changes in accounting policies / prior period adjustments

5.1.1 Presentation of items of other comprehensive income

As a result of amendments to IAS 1 'Presentation of financial statements', the Bank has modified the presentation of items of other comprehensive income in its statement of total comprehensive income, to present separately items that may be reclassified to profit or loss from those would never be. The adoption of the amendment to IAS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Bank. Comparative information has been re-presented accordingly.

5.1.2 Change in accounting policy - Employee Benefits

With effect from January 1, 2013, the revised IAS 19 'Employee Benefits' became effective. The revised IAS 19 requires actuarial gains and losses to be recognized immediately in other comprehensive income. Previously, actuarial gains and losses over and above the corridor limit were amortized over the expected average remaining working lives of employees as allowed under the relevant provision of previous IAS 19. Further, any past service cost is now recognized immediately in the profit and loss as soon as the change in the benefit plans are made. Previously, only vested past service cost was recognized immediately in profit and loss account and non-vested cost was amortised to profit and loss account over the vesting period. Revised accounting policy of defined benefit plans is disclosed in note 5.11.

5.1.3 Change in assumptions of actuarial valuations

During the year, the management in consultation with actuaries, revised the pension indexation rate from 10% to 8.5% to bring it in line with the rate experienced in the recent past. Further, the attribution period for pension payable to employees continuing to normal retirement age was changed from 25 years to account for the benefit when employees become eligible for pension instead of period to retirement. Further, few rectifications in liability calculations of Post Retirement Medical Benefits Scheme and Benevolent Scheme were also made. The retrospective adjustments have been accounted for in accordance with actuarial valuations.

5.1.4 Prior year adjustment in respect of overseas operations

Some irregular lendings and political turmoil in one of the overseas operations have resulted in classification of substantial advances of those operations. Subsequent to finalisation of the audit of the Bank for the year ended December 31, 2012, the auditors of those operations for the year then ended also reported that certain accounts aggregating to Rs. 3,295 million that should have been classified at the year then ended were not classified by the branch. Accordingly the charge relating to these accounts amounting Rs. 2,691 million has been adjusted in these financial statements as a prior year adjustment. Also refer to note 10.4.1

5.1.5 The effects of the change in accounting policy / revisions / prior period adjustment as described in note 5.1.2, 5.1.3 and 5.1.4 on these unconsolidated financial statements are as under:

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

Impact on unconsolidated statement of financial position	December 31, 2012			January 1, 2012		
	As previously reported	Increase / (decrease)	As Restated	previously reported	As Increase / (decrease)	As Restated
------(Rupees in '000')-----						
Net defined benefit liability	3,577,269	14,689,096	18,266,365	1,563,867	8,796,082	10,359,949
Provision against non-performing advances	72,759,875	2,691,138	75,451,013	67,320,134	-	67,320,134
Deferred tax asset related to:						
- charge against defined benefit plans	1,883,725	5,425,283	7,309,008	1,468,297	3,078,629	4,546,926
- provision against non performing advances	4,057,188	941,898	4,999,086	6,424,530	-	6,424,530
Advance taxation (payments less provision)	21,137,199	(284,101)	20,853,098	5,901,554	-	5,901,554
Decrease in unappropriated profit	68,715,995	(11,297,150)	57,418,845	68,358,910	(5,717,454)	62,641,456

	Year Ended December 31, 2013	Year Ended December 31, 2012
-----(Rupees in '000)----		
Impact on unconsolidated profit and loss account		
Increase in profit before tax due to reclassification of actuarial gains and losses	1,003,913	197,588
Increase in profit before tax due to recognition of past service cost immediately	487,783	487,783
Increase in profit before tax due to change in actuarial assumptions and rectifications	1,143,918	126,345
Decrease in profit before tax due to provision against non performing advances	-	(2,691,138)
Increase in tax expenses	(922,465)	657,797
	<u>1,713,149</u>	<u>(1,221,625)</u>
Impact on other comprehensive income		
Recognition of actuarial losses	2,800,526	(6,704,725)
Recognized deferred tax	(980,184)	2,346,654
	<u>1,820,342</u>	<u>(4,358,071)</u>
Impact on total comprehensive income	<u>3,533,491</u>	<u>(5,579,696)</u>
The effect on earning per share related to the restatement is as follows:		
Basic and diluted earnings per share (Rupees)	<u>0.81</u>	<u>(0.57)</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

5.2 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks in current and deposit accounts less overdrawn nostro accounts.

5.3 Investments

Investments other than those categorised as held-for-trading are initially recognised at fair value which includes transactions costs associated with the investments. Investments classified as held-for-trading are initially recognised at fair value, and transaction costs are expensed in the profit and loss account.

All regular way purchases / sales of investment are recognised on the trade date, i.e., the date the Bank commits to purchase / sell the investments. Regular way purchases or sales of investment require delivery of securities within the time frame generally established by regulation or convention in the market place.

The Bank has classified its investment portfolio, except for investments in subsidiaries, associates and joint ventures, into 'held-for-trading', 'held-to-maturity' and 'available-for-sale' as follows:

- Held-for-trading – These are securities which are acquired with the intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days. These are carried at market value, with the related unrealized gain / (loss) on revaluation being taken to profit and loss account.
- Held-to-maturity – These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortised cost.
- Available-for-sale – These are investments that do not fall under the held-for-trading or held-to-maturity categories. These are carried at market value except in case of unquoted securities where market value is not available, which are carried at cost less provision for diminution in value, if any. Surplus / (deficit) on revaluation is taken to 'surplus / (deficit) on revaluation of assets' account shown below equity. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to book value of the same. On derecognition or impairment in quoted available-for-sale investments, the cumulative gain or loss previously reported as 'surplus / (deficit) on revaluation of assets' below equity is included in the profit and loss account for the period.
- Provision for diminution in value of investments in unquoted debt securities is calculated as per the SBP's Prudential Regulations.

Held-for-trading and quoted available-for-sale securities are marked to market with reference to ready quotes on Reuters page (PKRV/ PKISRV) or MUFAP or the Stock Exchanges, as the case may be.

Investments in subsidiaries, associates and joint venture companies are stated at cost. Provision is made for impairment in value, if any.

5.4 Repurchase and resale agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of financial position and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark-up / return / interest expense and accrued over the life of the repo agreement using effective yield method.

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the statement of financial position, as the Bank does not obtain control over the securities. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up / return / interest income and accrued over the life of the reverse repo agreement using effective yield method.

5.5 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the dates on which the derivative contracts are entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative instruments is taken to the profit and loss account.

5.6 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Bank becomes a party to the contractual provisions of the instrument. A financial asset is derecognised where (a) the rights to receive cash flows from the asset have expired; or (b) the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Bank has transferred substantially all the risks and rewards of the asset, or (ii) the Bank has neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

5.7 Advances

Advances are stated net off specific and general provisions. Provisions are made in accordance with the requirements of Prudential Regulations issued by the SBP and charged to the profit and loss account. These regulations prescribe an age based criteria (as supplemented by subjective evaluation of advances by the banks) for classification of non-performing loans and advances and computing provision / allowance there against. Such regulations also require the Bank to maintain general provision / allowance against consumer and SME advances at specified percentage of such portfolio. General provision for loan losses of overseas branches is made as per the requirements of the respective central banks. Advances are written off where there are no realistic prospects of recovery.

5.8 Operating fixed assets and depreciation

Property and equipment

Owned assets

Property and equipment except land and buildings are stated at cost less accumulated depreciation and impairment losses, if any. Land is stated at revalued amount. Buildings are stated at revalued amount less accumulated depreciation and impairment, if any. Cost of operating fixed assets of foreign branches include exchange differences arising on translation at year-end rates. Depreciation is charged to profit and loss account applying the diminishing balance method except vehicles, computers and peripheral equipment and furnishing provided to executives, which are depreciated on straight-line method at the rates stated in note 11.2. Depreciation is charged from the month in which the assets are brought into use and no depreciation is charged for the month the assets are deleted.

Subsequent costs are included in the asset's carrying amount or recognised 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Assets are derecognised when disposed off or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are included in profit and loss account currently.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Land and buildings' valuations are carried out by professionally qualified valuers with sufficient regularity to ensure that their carrying amount does not differ materially from their fair value.

The surplus arising on revaluation of fixed assets is credited to the "Surplus on Revaluation of Assets account" shown below equity. The Bank has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the requirements of the Companies Ordinance, 1984 and SECP's SRO 45(1)/2003 dated January 13, 2003:

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and
- an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets account" to unappropriated profit through statement of changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

Leased assets (as lessee)

Assets subject to finance lease are accounted for by recording the asset and the related liability. These are recorded at lower of fair value and the present value of minimum lease payments at the inception of lease and subsequently stated net of accumulated depreciation. Depreciation is charged on the basis similar to the owned assets. 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.

Ijarah (as lessor)

Assets leased out under 'Ijarah' are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Assets under Ijarah are depreciated over the period of lease term. However, in the event the asset is expected to be available for re-Ijarah, depreciation is charged over the economic life of the asset using straight line basis.

Ijarah income is recognised on a straight line basis over the period of Ijarah contract.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged to income applying the straight-line method at the rates stated in note 11.3. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Capital work-in-progress

Capital work-in-progress is stated at cost. These are transferred to specific assets as and when assets are available for use.

Impairment

The carrying values of operating fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, operating fixed assets are written down to their recoverable amounts.

The resulting impairment loss is taken to profit and loss account except for impairment loss on revalued assets which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of assets. Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognized as income.

5.9 Deposits and their cost

Deposits are recorded at the fair value of proceeds received.

Deposit costs are recognised as an expense in the period in which these are incurred using effective yield method.

5.10 Taxation

Current

Provision of current taxation is based on taxable income for the year determined in accordance with the prevailing laws of taxation on income earned for local as well as foreign operations, as applicable to the respective jurisdictions. The charge for the current tax also includes adjustments wherever considered necessary relating to prior years, arising from assessments framed during the year.

Deferred

Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised. Deferred tax is not recognised on differences relating to investment in subsidiaries, branches and associates and interests in joint arrangements to the extent the deductible temporary difference probably will not reverse in the foreseeable future.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit or deductible temporary differences will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to gain / loss recognized on surplus on revaluation of assets is charged / credited to such account.

5.11 Employee benefits

5.11.1 Defined benefit plans

The Bank operates an approved funded pension scheme, an un-funded post retirement medical benefits scheme and an un-funded benevolent scheme for its eligible employees. The Bank also operates an un-funded gratuity scheme for its eligible contractual employees. An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method. Remeasurements of the net defined benefit liability / assets which comprise actuarial gains and losses, return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest) are recognized immediately in other comprehensive income. Past-service costs are recognized immediately in profit and loss account when the plan amendment occurs.

5.11.2 Other employee benefits

Employees' compensated absences

The Bank also makes provision in the financial statements for its liability towards compensated absences. This liability is

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

estimated on the basis of actuarial advice under the Projected Unit Credit method.

5.12 Revenue recognition

Income on loans and advances and debt security investments are recognized on a time proportion basis that takes into account effective yield on the asset. In case of advances and investments classified under the Prudential Regulations, interest / mark-up is recognized on receipt basis.

Interest / mark-up on rescheduled / restructured advances and investments is recognized in accordance with the Prudential Regulations of SBP.

Fee, brokerage and commission income other than commission on letter of credit and guarantees and remuneration for trustee services are recognized upon performance of services.

Commission on letters of credit and guarantees is recognized on time proportion basis.

Dividend income on equity investments and mutual funds is recognized when right to receive is established.

Premium or discount on debt securities classified as held-for-trading, available-for-sale and held-to-maturity securities is amortised using the effective interest method and taken to profit and loss account.

Gains and losses on disposal of investments and operating fixed assets are dealt with through the profit and loss account in the year in which they arise.

5.13 Foreign currencies translation

The Bank's financial statements are presented in Pak Rupees (Rs.) which is the Bank's functional and presentation currency.

Foreign currency transactions are converted into Rupees applying the exchange rate at the date of the respective transactions. Monetary assets and liabilities in foreign currencies and assets / liabilities of foreign branches are translated into Rupees at the rates of exchange prevailing at the statement of financial position date. Forward foreign exchange contracts are valued at the rates applicable to their respective maturities. All gains or losses on dealing in foreign currencies are taken to profit and loss account currently.

Profit and loss account balances of foreign branches are translated at average exchange rate prevailing during the year. Gains and losses on translation are included in the profit and loss account except gains / losses arising on translation of net assets of foreign branches, which is credited to other comprehensive income.

Items included in the financial statements of the Bank's foreign branches are measured using the currency of the primary economic environment in which the Bank operates (the functional currency).

Commitments for outstanding forward foreign exchange contracts are disclosed in these financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the statement of financial position date.

5.14 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations is made when the Bank has legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of amount can be made. Charge to profit and loss account is stated net of expected recoveries.

5.15 Off setting

Financial assets and financial liabilities are only set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Bank intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

5.16 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in the statement of financial position.

5.17 Dividend and other appropriations

Dividend and appropriation to reserves, except appropriation which are required by the law, are recognised as liability in the Banks' financial statements in the year in which these are approved.

5.18 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any. There were no dilutive potential ordinary shares in issue at December 31, 2013.

5.19 Accounting estimates and judgments

The preparation of financial statements in conformity with Approved Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas of estimates and judgments in relation to these financial statements are as follows:

a) Provision against non-performing loans and advances

The Bank reviews its loan portfolio to assess amount of non-performing loans and determine provision required there against on a quarterly basis. While assessing this requirement various factors including the past dues, delinquency in the account, financial position of the borrower, value of collateral held and requirements of Prudential Regulations are considered except for loans and advances where relaxation has been allowed by SBP. General provision for loan losses of overseas branches is made as per the requirements of the respective central banks.

The amount of general provision against consumer and SME advances is determined in accordance with the relevant Prudential Regulations and SBP directives.

b) Fair value of derivatives

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest and exchange rates over the term of the contract.

c) Impairment of available-for-sale investments

The Bank considers that available-for-sale equity investments and mutual funds are impaired when there has been a significant or prolonged decline in the fair value below its cost except for investments where relaxation has been allowed by SBP. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

Further the Bank has developed internal criteria according to which a decline of 30% in the market value of any scrip below its cost shall constitute as a significant decline and where market value remains below the cost for a period of one year shall constitute as a prolonged decline."

d) Held-to-maturity investments

The Bank follows the guidance provided in the SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments till maturity.

e) Income taxes

In making the estimates for current and deferred taxes, the management looks at the income tax law and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Bank's view differs with the view taken by the income tax department and such amounts are shown as contingent liability

f) Operating fixed assets, revaluation, depreciation and amortization

In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern.

The Bank also revalues its properties on a periodic basis. Such revaluations are carried out by independent valuer and involves estimates / assumptions and various market factors and conditions.

g) Employees' benefit plans

The liabilities for employees' benefits plans are determined using actuarial valuations. The actuarial valuations involve assumptions about discount rates, expected rates of return on assets, future salary increases, future inflation rates and future pension increases as disclosed in note 34. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

	Note	2013 ----(Rupees in '000)----	2012
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		21,626,992	15,506,218
Foreign currency		<u>2,504,074</u>	<u>3,159,758</u>
		24,131,066	18,665,976
With State Bank of Pakistan in			
Local currency current accounts	6.1	<u>100,786,971</u>	<u>108,540,999</u>
Local currency deposit account		<u>-</u>	<u>-</u>
		100,786,971	108,540,999
Foreign currency current account	6.2	<u>3,704,775</u>	<u>2,797,911</u>
Foreign currency deposit account	6.2	<u>11,074,882</u>	<u>8,393,734</u>
Foreign currency collection account		<u>726,864</u>	<u>380,462</u>
		15,506,521	11,572,107
With other central banks in			
Foreign currency current accounts	6.3	<u>15,770,629</u>	<u>17,773,261</u>
Foreign currency deposit accounts	6.3	<u>1,735,110</u>	<u>1,780,336</u>
		17,505,739	19,553,597
	32	<u><u>157,930,297</u></u>	<u><u>158,332,679</u></u>

6.1 This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.

6.2 These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.

6.3 These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0.08% per annum (2012: 0.25% per annum).

7. BALANCES WITH OTHER BANKS

In Pakistan			
On current account		11,990	18,887
On deposit account		<u>-</u>	<u>755,557</u>
		11,990	774,444
Outside Pakistan			
On current accounts		<u>3,012,977</u>	<u>11,911,397</u>
On deposit accounts	7.1	<u>14,432,556</u>	<u>17,536,526</u>
		17,445,533	29,447,923
	32	<u><u>17,457,523</u></u>	<u><u>30,222,367</u></u>

7.1 These include various deposits with correspondent banks and carry interest at rates ranging from 0.02% to 5% per annum (2012: 0.04% to 8.0% per annum).

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

	Note	2013 ----(Rupees in '000)----	2012
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.3	2,561,200	591,800
Repurchase agreement lendings (Reverse Repo)	8.4	49,377,489	7,680,845
Letters of placement	8.5	173,500	173,500
	8.1	<u>52,112,189</u>	<u>8,446,145</u>
Less: Provision held against lendings	8.2	<u>(173,500)</u>	<u>(173,500)</u>
		<u>51,938,689</u>	<u>8,272,645</u>
8.1 Particulars of lendings - gross			
In local currency		52,112,189	8,446,145
In foreign currencies		-	-
		<u>52,112,189</u>	<u>8,446,145</u>
8.2 Movement in provision held against lendings is as follows:			
Opening balance		173,500	173,500
Charge for the year		-	-
Closing balance		<u>173,500</u>	<u>173,500</u>
8.3 These carry mark-up [excluding zero rate lending to a financial institution amounting to Rs. 61.200 million (2012: Rs. 91.800 million) which is guaranteed by the SBP] at 6.4% to 10.25% per annum (2012: 9.4% per annum) with maturity on February 12, 2014.			
8.4 These carry mark-up at rates ranging from 9.17% to 9.93% per annum (2012: 9% to 9.9% per annum) with maturities ranging from January 2, 2014 to January 31, 2014.			
8.4.1 Securities held as collateral against lendings to financial institutions			

	2013			2012		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	----- Rupees in '000 -----			----- Rupees in '000 -----		
Market Treasury Bills	37,153,485	-	37,153,485	2,480,845	-	2,480,845
Pakistan Investment Bonds	12,224,004	-	12,224,004	5,200,000	-	5,200,000
	<u>49,377,489</u>	-	<u>49,377,489</u>	<u>7,680,845</u>	-	<u>7,680,845</u>

- 8.4.2** Market value of the securities under repurchase agreement lendings amounts to Rs. 48,949 million (2012: Rs. 7,706 million).
- 8.5** These are old placements and full provision has been made against these placements at year-end.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

9. INVESTMENTS

	Note	2013			2012		
		Held by bank	given as collateral	Total	Held by bank	given as collateral	Total
		----- (Rupees in '000) -----			----- (Rupees in '000) -----		
9.1 Investments by type:							
Held-for-trading securities							
Market Treasury Bills		-	-	-	535,438	-	535,438
Pakistan Investment Bonds		-	-	-	154,514	-	154,514
Ordinary shares of listed companies		5,027	-	5,027	467,489	-	467,489
Ijarah Sukuk Bonds		1,997,100	-	1,997,100	-	-	-
Total held-for-trading securities	9.11	<u>2,002,127</u>	-	<u>2,002,127</u>	<u>1,157,441</u>	-	<u>1,157,441</u>
Available-for-sale securities							
Ordinary shares of listed companies	9.12 / 9.13	27,727,973	-	27,727,973	30,853,052	-	30,853,052
Ordinary shares of unlisted companies		1,125,375	-	1,125,375	1,065,173	-	1,065,173
Investments in mutual funds		3,486,668	-	3,486,668	3,781,964	-	3,781,964
Ordinary shares of a bank outside Pakistan	9.5	463,295	-	463,295	463,295	-	463,295
Preference shares		1,236,900	-	1,236,900	886,924	-	886,924
Market Treasury Bills		194,001,739	2,816,565	196,818,304	108,536,255	37,088,149	145,624,404
Pakistan Investment Bonds		57,440,487	-	57,440,487	47,194,206	-	47,194,206
GoP Foreign Currency Bonds		5,873,456	-	5,873,456	5,692,943	-	5,692,943
Foreign Currency Debt Securities		4,704,957	-	4,704,957	4,378,206	-	4,378,206
Term Finance Certificates / Musharika and Sukuk Bonds		20,367,379	-	20,367,379	24,893,961	-	24,893,961
Total available- for- sale securities		<u>316,428,229</u>	<u>2,816,565</u>	<u>319,244,794</u>	<u>227,745,979</u>	<u>37,088,149</u>	<u>264,834,128</u>
Held-to-maturity securities							
Pakistan Investment Bonds	9.4	17,964,729	-	17,964,729	23,491,729	-	23,491,729
GoP Foreign Currency Bonds		1,552,435	-	1,552,435	871,555	-	871,555
Foreign Government Securities		6,633,499	-	6,633,499	4,701,451	-	4,701,451
Foreign Currency Debt Securities		407	-	407	376	-	376
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates		3,473,217	-	3,473,217	1,896,812	-	1,896,812
Total held-to-maturity securities	9.3	<u>29,624,287</u>	-	<u>29,624,287</u>	<u>30,961,923</u>	-	<u>30,961,923</u>
Investments in associates	9.6	15,789,545	-	15,789,545	31,221,237	-	31,221,237
Investments in joint ventures	9.7	1,244,835	-	1,244,835	1,244,835	-	1,244,835
Investments in subsidiaries	9.9	4,406,750	-	4,406,750	4,406,750	-	4,406,750
Investments at cost		<u>369,495,773</u>	<u>2,816,565</u>	<u>372,312,338</u>	<u>296,738,165</u>	<u>37,088,149</u>	<u>333,826,314</u>
Less: Provision for diminution in value of investments	9.10	(15,416,719)	-	(15,416,719)	(13,717,228)	-	(13,717,228)
Investments (net of provisions)		<u>354,079,054</u>	<u>2,816,565</u>	<u>356,895,619</u>	<u>283,020,937</u>	<u>37,088,149</u>	<u>320,109,086</u>
Unrealized loss on revaluation of investments classified as held-for-trading	9.11	(139)	-	(139)	(2,472)	-	(2,472)
Surplus / (deficit) on revaluation of available-for-sale securities	20.1	41,063,712	(511)	41,063,201	23,423,696	7,219	23,430,915
Total investments		<u>395,142,627</u>	<u>2,816,054</u>	<u>397,958,681</u>	<u>306,442,161</u>	<u>37,095,368</u>	<u>343,537,529</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

9.2 Investments by segments	Note	2013	2012
		----(Rupees in '000)----	
Federal Government Securities			
- Market Treasury Bills		196,818,304	146,159,842
- Pakistan Investment Bonds	9.4	75,405,216	70,840,449
- GoP Foreign Currency Bonds		7,425,891	6,564,498
- Ijarah Sukuk Bonds		6,196,896	6,668,500
		285,846,307	230,233,289
Foreign Government Securities			
		6,633,499	4,701,451
Fully Paid up Ordinary Shares			
	9.12 / 9.13		
- Listed Companies		27,733,000	31,320,541
- Unlisted Companies		1,125,375	1,065,173
		28,858,375	32,385,714
- Ordinary shares of a bank outside Pakistan	9.5	463,295	463,295
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates, Musharika and Sukuk Bonds			
- Listed		2,438,972	2,871,954
- Unlisted		17,201,828	17,250,319
		19,640,800	20,122,273
Foreign Currency Debt Securities			
		4,705,364	4,378,582
Other Investments			
- Investments in mutual funds		3,486,668	3,781,964
- Preference Shares		1,236,900	886,924
Investments in associates	9.6	15,789,545	31,221,237
Investments in joint ventures	9.7	1,244,835	1,244,835
Investments in subsidiaries	9.9	4,406,750	4,406,750
Total investments at cost		372,312,338	333,826,314
Provision for diminution in value of investments	9.10	(15,416,719)	(13,717,228)
Investments (net of provisions)		356,895,619	320,109,086
Unrealized loss on revaluation of investments classified as held-for-trading	9.11	(139)	(2,472)
Surplus on revaluation of available-for-sale securities	20.1	41,063,201	23,430,915
Total investments		397,958,681	343,537,529

9.3 Market value of held-to-maturity investments is Rs. 30,288 million (2012: Rs. 30,987 million).

9.4 These include Pakistan Investment Bonds amounting to Rs. 75 million (2012: Rs. 75 million) held by the SBP as pledge against demand loans and TT / DD discounting facilities.

9.5 Investment in shares of a bank incorporated outside Pakistan - Bank Al-Jazira

The Bank holds 17,500,000 (2012: 17,500,000) shares in Bank Al-Jazira (BAJ) incorporated in the Kingdom of Saudi Arabia, representing 5.83% (2012: 5.83%) holding in total equity of BAJ. The investment has been marked to market using closing price as quoted on the Saudi Stock Exchange in accordance with SBP concurrence vide letter No. BSD/SU-13/331/685/2006 dated February 17, 2006. Rating of BAJ is BBB+ by Capital Intelligence.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

			Note	2013	2012
				----(Rupees in '000)----	
9.6 Investments in associates					
Unlisted Shares					
	Number of shares	Percentage of holding			
Pakistan Emerging Venture Limited	12,500,000	33.33		50,565	51,415
Information System Associates Limited	2,300,000	21.89		1,719	1,719
National Fructose Company Limited	1,300,000	39.50		6,500	6,500
Venture Capital Fund Management	33,333	33.33		-	-
Kamal Enterprises Limited	11,000	20.37		-	-
Mehran Industries Limited	37,500	32.05		-	-
National Assets Insurance Company Limited	4,481,500	8.96		44,815	44,815
Tharparkar Sugar Mills Limited	2,500,000	21.50		-	-
Youth Investment Promotion Society	644,508	25.00		-	-
Dadabhoy Energy Supply Company Limited	9,900,000	23.11		32,103	32,105
K-Agricole Limited	5,000	20.00		-	-
New Pak Limited	200,000	20.00		-	-
Pakistan Mercantile Exchange Limited	9,000,000	47.37		90,000	90,000
Prudential Fund Management	150,000	20.00		-	-
				225,702	226,554
Listed Shares					
First Credit and Investment Bank Limited	20,000,000	30.77		157,429	157,429
National Fibres Limited	17,119,476	20.19		-	-
Taha Spinning Mills Limited	833,300	20.59		2,501	2,501
Land Mark Spinning Mills Limited	3,970,859	32.79		39,710	39,710
S.G. Fibres Limited	3,754,900	25.03		218,535	218,535
Nina Industries Limited	4,906,000	20.27		49,060	49,060
Agritech Limited	111,925,432	28.52	9.6.1 / 9.6.2	3,860,613	3,860,613
				4,327,848	4,327,848
Listed Mutual Funds					
AKD Opportunity Fund	4,989,590	24.55		100,000	100,000
NAFA Income Opportunity Fund	3,601,691	1.89		35,920	35,920
NAFA Multi Asset Fund	4,410,752	6.29		42,124	42,123
NAFA Financial Sector Income Fund	98,334,550	33.44		982,866	1,480,580
NAFA Stock Fund	-	0.00		-	57,554
NAFA Islamic Aggressive Income Fund	7,500,000	40.55		52,826	52,826
NAFA Islamic Multi Asset Fund	7,500,000	25.41		73,229	73,229
NAFA Government Securities Liquid Fund	620,599,005	41.76		6,003,517	3,802,224
NAFA Money Market Fund	97,720,150	9.18		904,683	20,991,307
NAFA Riba Free Savings Fund	150,954,824	43.99		1,513,571	-
NAFA Savings Plus Fund	152,891,751	50.38		1,527,259	31,072
			9.6.3	11,235,995	26,666,835
				15,789,545	31,221,237
Less: Provision for diminution in value of investments				(1,946,379)	(1,029,952)
				13,843,166	30,191,285

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- 9.6.1** The 100,436,432 shares of Agritech Limited were acquired from Azgard Nine Limited as part of multiple agreements including the Master Restructuring Agreement (MRA). These shares were acquired at an agreed price of Rs. 35 per share. The market value of these shares at December 31, 2013 amounted to Rs. 12.67 per share resulting in an impairment of Rs. 2,243 million. The Bank has recorded an impairment of Rs. 1,122 million as mentioned in Note 9.10.4 to these financial statements.
- 9.6.2** The Bank is holding 31.5% of the shares (including preference shares) in Agritech Limited which is in excess of limit of 30% set out in Regulation R-6(2) of Prudential Regulations and section 23(2) of Banking Companies Ordinance 1962. SBP has allowed the Bank exemption from R-6(2) of Prudential Regulations. The Bank is currently carrying out a legal review to seek waiver from the Federal Government for the requirements of Section 23(2).
- 9.6.3** Aggregate market value of investments in associates (quoted) on the basis of latest available quoted prices amounts to Rs.13,370 million (2012: Rs. 28,875 million).
- 9.6.4** Associates with zero carrying amount, represent the investments acquired from former NDFC which have negative equity or whose operations were closed at the time of amalgamation.
- 9.6.5** The details of break-up value based on latest available financial statements of unlisted investments in associates are as follows:

	Year / Period ended	Break-up value
	----(Rupees in '000)----	
National Assets Insurance Company Limited	June 30, 2013	47,066
Pakistan Emerging Venture Limited	June 30, 2011	1,694
Information System Associates Limited	June 30, 2012	13,081
Dadabhoy Energy Supply Company Limited	June 30, 2007	103,952
Pakistan Mercantile Exchange Limited	June 30, 2013	(81,496)

- 9.6.6** During the year, the Bank has invested and redeemed its investment in mutual funds managed by NBP Fullerton Asset Management Limited amounting to Rs. 9,890 million and Rs. 25,321 million respectively.

	Note	2013	2012
		----(Rupees in '000)----	
9.7 Investments in joint venture			
United National Bank Limited (UNBL) (incorporated in United Kingdom)	9.7.1	1,244,835	1,244,835

- 9.7.1** Under a joint venture agreement, the Bank holds 13.5 million ordinary shares (45%) and United Bank Limited (UBL) holds 16.5 million ordinary shares (55%) in UNBL. In addition to ordinary shares, four preference shares categories as "A", "B", "C" and "D" have been issued and allotted. The "B" and "D" category shares are held by the Bank and category "A" and "C" are held by UBL. Dividends payable on "A" and "B" shares are related to the ability of the venture to utilize tax losses that have been surrendered to it on transfer of business from the Bank or UBL as appropriate. Dividends payable on "C" and "D" shares are related to loans transferred to the venture by the Bank or UBL that have been written-off or provided for at the point of transfer and the ability of the venture to realize in excess of such loan value.

Notes to the Unconsolidated Financial Statements

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9.8 Summary of financial information of associates and joint venture

		2013				
Based on the financial statements as on		Assets	Liabilities	Equity	Revenue	Profit / (loss)
		Rupees in '000				
United National Bank Limited	December 31, 2013	66,091,688	58,204,343	7,887,345	3,257,921	1,083,395
First Credit and Investment Bank Limited	December 31, 2013	766,270	121,982	644,288	29,615	2,120
AKD Opportunity Fund	September 30, 2013	836,080	15,508	820,572	43,634	35,452
Agritech Limited	December 31, 2013	44,239,183	34,999,150	9,240,033	8,627,668	(3,382,156)
NAFA Income Opportunity Fund	December 31, 2013	2,510,937	488,809	2,022,128	126,287	88,954
NAFA Multi Asset Fund	December 31, 2013	905,504	16,914	888,590	99,608	82,820
NAFA Financial Sector Income Fund	December 31, 2013	3,158,189	69,351	3,088,838	241,074	182,048
NAFA Stock Fund	December 31, 2013	1,157,404	39,596	1,117,808	208,509	183,725
NAFA Islamic Aggressive Income Fund	December 31, 2013	171,727	2,895	168,832	10,299	4,348
NAFA Islamic Multi Asset Fund	December 31, 2013	391,554	9,609	381,945	40,099	27,879
NAFA Government Securities Liquid Fund	December 31, 2013	15,042,253	119,376	14,922,877	594,211	480,896
NAFA Money Market Fund	December 31, 2013	10,746,849	88,538	10,658,311	600,207	490,373
NAFA Savings Plus Fund	December 31, 2013	3,068,316	20,240	3,048,076	155,592	113,855
NAFA Riba Free Savings Fund	December 31, 2013	3,481,504	17,604	3,463,900	157,857	123,503

		2012				
Based on the financial statements as on		Assets	Liabilities	Equity	Revenue	Profit / (loss)
		Rupees in '000				
United National Bank Limited	December 31, 2012	61,907,529	54,245,316	7,662,213	922,288	210,602
First Credit and Investment Bank Limited	December 31, 2012	1,221,078	583,742	637,336	139,198	(71,196)
AKD Opportunity Fund	September 30, 2012	342,666	7,082	335,584	99,974	86,241
Agritech Limited	December 31, 2012	43,561,430	32,233,560	11,327,870	1,538,726	(1,447,800)
NAFA Income Opportunity Fund	December 31, 2012	2,154,389	479,812	1,674,577	184,464	11,274
NAFA Multi Asset Fund	December 31, 2012	701,078	10,583	690,495	87,315	75,608
NAFA Financial Sector Income Fund	December 31, 2012	3,769,981	29,280	3,740,701	193,428	156,837
NAFA Stock Fund	December 31, 2012	1,184,624	21,432	1,163,192	300,803	273,741
NAFA Islamic Aggressive Income Fund	December 31, 2012	183,568	2,575	180,993	10,257	1,553
NAFA Islamic Multi Asset Fund	December 31, 2012	328,877	5,948	322,929	52,573	36,597
NAFA Government Securities Liquid Fund	December 31, 2012	14,000,768	127,956	13,872,812	789,882	657,685
NAFA Money Market Fund	December 31, 2012	23,701,462	217,447	23,484,015	1,272,112	1,091,793
NAFA Savings Plus Fund	December 31, 2012	1,311,856	9,573	1,302,283	75,804	58,350

9.9 Investments in subsidiaries

		Percentage of holding	2013	2012
			----(Rupees in '000)----	
NBP Leasing Limited		100.00	500,000	500,000
CJSC Subsidiary Bank of NBP in Kazakhstan		100.00	2,185,644	2,185,644
CJSC Subsidiary Bank of NBP in Tajikistan		100.00	953,783	953,783
NBP Exchange Company Limited		100.00	300,000	300,000
NBP Modaraba Management Company Limited		100.00	105,000	105,000
Taurus Securities Limited		58.32	24,725	24,725
Cast-N-Link Products Limited		76.51	1,245	1,245
NBP Fullerton Asset Management Limited		54.00	336,353	336,353
			<u>4,406,750</u>	<u>4,406,750</u>
Less: Provision for diminution in value of investments			(51,245)	(51,245)
			<u>4,355,505</u>	<u>4,355,505</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

	Note	2013 ----(Rupees in '000)----	2012
9.10 Particulars of provision for diminution in value of investments			
Opening balance		13,717,228	10,080,358
Charge for the year		2,524,910	2,843,395
Reversals		(1,131,911)	(2,001,284)
		1,392,999	842,111
Transfer		98,734	2,182,251
Amount written off		-	(97)
Other movement (transferred from suspended interest)		207,758	613,485
Closing balance	9.10.1	<u>15,416,719</u>	<u>13,717,228</u>
9.10.1 Particulars of provision in respect of type			
Available-for-sale securities			
Ordinary shares of listed companies and mutual funds		4,591,698	4,911,618
Ordinary shares of unlisted companies		380,133	228,347
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds		6,968,569	5,986,861
Preference shares		836,924	836,924
Held-to-maturity securities			
Debentures, Bonds, Participation Term Certificates, and Term Finance Certificates		641,771	672,281
Investments in associates	9.6	1,946,379	1,029,952
Investments in subsidiaries	9.9	51,245	51,245
		<u>15,416,719</u>	<u>13,717,228</u>
9.10.2 Particulars of provision in respect of segments			
Fully Paid up Ordinary Shares		4,871,682	4,972,424
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds	9.10.3 / 9.10.4	7,610,340	6,659,142
Other investments		937,073	1,004,465
Investments in associates	9.10.4	1,946,379	1,029,952
Investments in subsidiaries		51,245	51,245
		<u>15,416,719</u>	<u>13,717,228</u>

9.10.3 In accordance with BSD Circular No. 11 dated October 21, 2011 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) against non-performing investments, which resulted in decrease in provision for diminution in value of investments by Rs. 1,197 million (December 31, 2012: Rs. 1,646 million). Accordingly, as of December 31, 2013, the accumulated increase in profit after tax of Rs. 778 million (2012: Rs. 1,070 million) shall not be available for payment of cash or stock dividend as required by aforementioned SBP directive.

9.10.4 The SBP through its letter No. BPRD/BRD/(Policy)/2013-1857 dated February 15, 2013 and BPRD/BRD/(Policy)/2013-11339 dated July 25, 2013 has allowed specific relaxation to the Bank regarding the impairment arising on shares and provision against overdue exposures of Term Finance Certificates of Agritech Limited. As of December 31, 2013, 50% of the required impairment / provision is to be recorded and the remaining amount is to be recorded in a phased manner up to December 31, 2014. Had this relaxation not been availed, the provision against diminution in value of investments would have been higher by Rs. 1,264 million and the profit before taxation would have been lower by the same amount.

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For the year ended December 31, 2013

	2013	2012
	----(Rupees in '000)----	
9.11 Unrealized (loss) on revaluation of investments classified as held-for-trading		
Ordinary shares of listed companies	(139)	(2,463)
Federal Government securities	-	(9)
	<u>(139)</u>	<u>(2,472)</u>
9.12 The investment in shares includes shares of Pakistan International Airlines Corporation, Pakistan National Shipping Corporation, Pakistan State Oil Company Limited, Sui Northern Gas Pipeline Limited and Pakistan Engineering Company Limited, with carrying value of Rs. 4,256 million (2012: 4,256 million) that have been frozen by the Government of Pakistan for sale in the equity market due to their proposed privatization.		
9.13 The investment also includes shares acquired under tri-partite consent agreement dated June 29, 2011. These strategic investments comprise of the shares of Pakistan State Oil (18,798,535 shares) and shares of Sui Northern Gas Pipeline Limited (18,805,318 shares). The cost of these shares amounts to Rs. 4,163 million and market value as at December 31, 2013 amounts to Rs. 6,645 million. These shares can not be sold without concurrence of privatisation commission.		
9.14 Detailed information relating to investments in shares of listed and unlisted companies, Preference Shares, Mutual Funds, Government Securities, Bonds, Debentures, Term Finance Certificates, Participation Term Certificate, Sukuks etc. including quality of available-for-sale securities is given in Annexure-I to the financial statements.		

	Note	2013	2012
		----(Rupees in '000)----	
10. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		622,111,491	637,872,682
Outside Pakistan		55,728,672	57,758,224
		<u>677,840,163</u>	<u>695,630,906</u>
Bills discounted and purchased (excluding Government treasury bills)			
Payable in Pakistan		12,353,303	15,032,338
Payable outside Pakistan		17,821,493	19,477,785
		<u>30,174,796</u>	<u>34,510,123</u>
Advances - gross	10.1	<u>708,014,959</u>	<u>730,141,029</u>
Less: Provision against non-performing advances	10.3	92,595,085	75,451,013
Advances - net of provision		<u>615,419,874</u>	<u>654,690,016</u>
10.1 Particulars of advances - gross			
10.1.1 In local currency		634,464,794	652,905,020
In foreign currencies		73,550,165	77,236,009
		<u>708,014,959</u>	<u>730,141,029</u>
10.1.2 Short-term (for upto one year)		448,400,806	468,427,244
Long-term (for over one year)		259,614,153	261,713,785
		<u>708,014,959</u>	<u>730,141,029</u>

Notes to the Unconsolidated Financial Statements

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10.2 Advances include Rs. 115,617 million (2012: Rs.92,038 million) which have been placed under non-performing status (refer note 10.4.4) as detailed below:

Category of Classification	2013								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- (Rupees in '000) -----								
Other Assets Especially									
Mentioned	525,603	-	525,603	3,272	-	3,272	3,272	-	3,272
Substandard	15,800,716	279,351	16,080,067	3,667,221	53,963	3,721,184	3,667,221	53,963	3,721,184
Doubtful	5,521,556	1,512,833	7,034,389	2,603,602	638,221	3,241,823	2,603,602	638,221	3,241,823
Loss	73,938,583	18,037,891	91,976,474	68,833,153	13,937,206	82,770,359	68,833,153	13,937,206	82,770,359
	<u>95,786,458</u>	<u>19,830,075</u>	<u>115,616,533</u>	<u>75,107,248</u>	<u>14,629,390</u>	<u>89,736,638</u>	<u>75,107,248</u>	<u>14,629,390</u>	<u>89,736,638</u>
	2012 - Restated								
Category of Classification	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- (Rupees in '000) -----								
Other Assets Especially									
Mentioned	779,608	-	779,608	-	-	-	-	-	-
Substandard	4,196,981	1,099,059	5,296,040	933,948	184,616	1,118,564	933,948	184,616	1,118,564
Doubtful	7,176,908	550,656	7,727,564	3,303,201	169,370	3,472,571	3,303,201	169,370	3,472,571
Loss	72,382,426	5,852,076	78,234,502	63,045,045	4,506,254	67,551,299	63,045,045	4,506,254	67,551,299
	<u>84,535,923</u>	<u>7,501,791</u>	<u>92,037,714</u>	<u>67,282,194</u>	<u>4,860,240</u>	<u>72,142,434</u>	<u>67,282,194</u>	<u>4,860,240</u>	<u>72,142,434</u>

10.3 Particulars of provision against non-performing advances

Note	2013			2012 - Restated		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	72,142,434	3,308,579	75,451,013	63,476,311	3,843,823	67,320,134
Foreign exchange adjustments	385,745	50,463	436,208	40,450	41,641	82,091
Charge for the year	21,398,295	465,258	21,863,553	13,558,629	22,527	13,581,156
Reversal during the year	(3,721,125)	(756,027)	(4,477,152)	(2,703,783)	(1,031,086)	(3,734,869)
	<u>17,677,170</u>	<u>(290,769)</u>	<u>17,386,401</u>	<u>10,854,846</u>	<u>(1,008,559)</u>	<u>9,846,287</u>
Transfer in / (out)	111,092	(209,826)	(98,734)	(2,182,251)	-	(2,182,251)
Amount charged off/ other written off	(578,716)	-	(578,716)	(828)	-	(828)
Amounts written off	(1,087)	-	(1,087)	(281,094)	-	(281,094)
Other adjustments	-	-	-	235,000	431,674	666,674
Closing balance	<u>89,736,638</u>	<u>2,858,447</u>	<u>92,595,085</u>	<u>72,142,434</u>	<u>3,308,579</u>	<u>75,451,013</u>

10.3.1 This includes Rs 503.420 million NBP Karobar write-offs under implementation of NBP Recovery Policy on Programmed / Structured Lendings. All loans written off were less than Rs. 500,000.

10.4 Particulars of provisions against non-performing advances

In local currency	75,107,248	2,447,254	77,554,503	67,282,194	2,791,822	70,074,016
In foreign currencies	14,629,390	411,192	15,040,582	4,860,240	516,757	5,376,997
	<u>89,736,638</u>	<u>2,858,447</u>	<u>92,595,085</u>	<u>72,142,434</u>	<u>3,308,579</u>	<u>75,451,013</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

- 10.4.1** The charge for the year includes Rs. 8,878 million in respect of non-performing advances of one of the overseas operations of the Bank.

During the year, the Bank carried out an internal assessment of overseas operations which revealed certain financial irregularities and instances of misreporting to the head office in the prior period. Further, the political unrest and domestic law and order situations in overseas has also affected the businesses and resulted in sharp increase in non-performing accounts of the overseas operations.

The Bank is currently in the phase of rescheduling / restructuring various credit facilities in accordance with the regulatory requirements in overseas. However, pending completion of the same and as a matter of prudence, the Bank has made full provision against impaired advances after taking into account forced sale values of collateral held by the Bank.

Moreover, the advances which were impaired in the year 2012 as per the report of the external auditors of overseas operations have been retrospectively adjusted in these financial statements. (Refer to note 5.1.4)

- 10.4.2** In accordance with BSD Circular No. 11 dated October 21, 2011 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) against non-performing advances which resulted in decrease in provision against NPLs by Rs. 7,304 million (2012: Rs. 7,163 million). Accordingly, as of December 31, 2013, the accumulated profit after tax of Rs. 4,747 million (2012: Rs. 4,656 million) shall not be available for payment of cash or stock dividend as required by aforementioned SBP directive.

- 10.4.3** General provision against consumer loans represents provision maintained at an amount ranging from 1.5% to 3% of the performing portfolio as required by the Prudential Regulations issued by the SBP. During the year, SBP vide IH&SMEFD Circular No. 8 dated May 7, 2013 has issued Revised Prudential Regulations for Small and Medium Enterprise (SME) financing, effective September 30, 2013, which among other things require bank to maintain general provision at 1% of secured performing portfolio and 2% of un-secured performing portfolio against Small Enterprises financing and 10% specific provisioning against OAEM category, where principal / mark-up is overdue by 90 days. Had there been no change, the specific provision would have been higher by Rs. 103.863 million and general provision would have been lower by Rs 31.810 million and the profit before tax would have been higher / lower by the same amount.

- 10.4.4** The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan.

- 10.4.5** The SBP through its letter No. BPRD/BRD/-(Policy)/2013-1857 dated: February 15, 2013 and BPRD/BRD-(Policy)/2013-11339 dated July 25, 2013 has allowed specific relaxation to the Bank regarding the provisioning requirement against Agritech Limited exposures. As December 31, 2013, 50% of the provision required is to be maintained and remaining provision is to be recorded upto December 31, 2014 in a phased manner. Had this relaxation not been there, the provision against non-performing advances would have been higher by Rs. 1,226 million and profit before taxation would have been lower by the same amount.

		Note	2013 ----(Rupees in '000)----	2012
10.5	Particulars of write offs			
10.5.1	Against provisions	10.3	1,087	828
10.5.2	Write offs of Rs. 500,000 and above	10.6	874	-
	Write offs of below Rs. 500,000		213	828
			1,087	828

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

10.6 Details of loans write offs of Rs. 500,000 and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of Rs. 500,000 or above allowed to a person(s) during the year ended December 31, 2013 is given in Annexure II.

	Note	2013	2012
----(Rupees in '000)----			
10.7 Particulars of loans and advances to directors, associated companies, etc.			
Debts due by directors, executives, officers and staff of the Bank or any of them either severally or jointly with any other person:			
Balance at beginning of the year		26,493,070	19,605,883
Loans granted / additions during the year		1,625,395	9,657,393
Repayments		(1,335,960)	(2,770,206)
Balance at end of the year		<u>26,782,505</u>	<u>26,493,070</u>
Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or in the case of private companies as members:			
Balance at beginning of the year		5,711,940	10,007,468
Adjustment due to retirement / appointment of directors		12,364,932	(2,998,409)
Loans granted / additions during the year		1,589,000	662,638
Repayments / other adjustments		(10,052,116)	(1,959,757)
Balance at end of the year		<u>9,613,756</u>	<u>5,711,940</u>
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties:			
Balance at beginning of the year		5,102,576	1,611,443
Adjustment due to acquisition		-	2,902,069
Loans granted / additions during the year		1,500,549	733,603
Repayments		(294,991)	(144,539)
Balance at end of the year		<u>6,308,134</u>	<u>5,102,576</u>

11. OPERATING FIXED ASSETS

Capital work-in-progress	11.1	2,700,075	2,373,901
Property and equipment	11.2	29,986,702	25,534,646
Intangible assets	11.3	15,344	41,286
		<u>32,702,121</u>	<u>27,949,833</u>
11.1 Capital work-in-progress			
Civil works		1,330,227	1,196,306
Equipment		2,049	3,342
Advances to suppliers and contractors		19,956	22,622
License and implementation fee for core banking software	41.1.10	1,347,843	1,151,631
		<u>2,700,075</u>	<u>2,373,901</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

11.2 Property and equipment

	Cost / revalued amount			Accumulated depreciation				Book Value at December 31, 2013	Rate of depreciation	
	At January 1, 2013	Revaluation	Additions / (deletions) (adjustments) December 31, 2013	At January 1, 2013	Charge for the year / (deletions)	Revaluation / (adjustments) December 31, 2013	At December 31, 2013			
(Rupees in '000)										
Owned										
Land										
- freehold	9,581,016	1,529,135	-	11,110,151	-	-	-	-	11,110,151	Nil
- leasehold	7,371,865	2,751,698	1,390	10,124,953	-	-	-	-	10,124,953	Nil
Buildings on land:										
- freehold	2,748,846	538,404	88,524 (623,240)	2,752,533	481,296	141,944 (623,240)	-	-	2,752,533	5% on book value
- leasehold	2,973,889	411,631	108,089 (1,009,174)	2,484,435	453,662	154,189 (31,954)	-	-	2,484,435	5% on book value
Furniture and fixtures	2,906,041	-	267,463 (13,800)	3,159,704	1,599,722	252,380 (10,016)	-	1,842,086	1,317,618	10% to 30% on book value, 20% on straight-line on new furnishing limit to executives and refurbishment of branches
Computer and peripheral equipment	3,097,262	-	135,180 (138)	3,232,304	2,439,656	491,306 (74)	-	2,930,888	301,416	33.33% on cost
Electrical and office equipment	2,876,417	-	218,064 433,277	3,527,758	1,993,945	294,007 31,954	-	2,319,906	1,207,852	20% on book value
Vehicles	1,334,742	-	77,727 (49,508)	1,362,961	692,630	185,030 (42,344)	-	835,316 -	527,645	20% on cost
	32,890,078	5,230,868	896,436 (63,446) (1,199,137)	37,754,799	7,660,911	1,518,856 (52,434)	(1,199,137)	7,928,196	29,826,603	
Assets held under finance lease										
Vehicles	184,674	-	34,000 (6,373)	212,301	110,699	36,269 (4,992)	-	141,976	70,325	20% on cost
Assets given under Ijarah										
Machinery	520,184	-	(188,559)	331,625	291,273	120,281 (169,703)	-	241,851	89,774	25-33% on cost
Vehicles	8,155	-	(8,155)	-	5,562	1,703 (7,265)	-	-	-	25-33% on cost
2013	33,603,091	5,230,867	930,436 (266,533) (1,199,137)	38,298,725	8,068,445	1,677,109 (234,394)	(1,199,137)	8,312,023	29,986,702	

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

11.2.1 Property and equipment

	Cost / revalued amount			Accumulated depreciation			Book		Rate of depreciation
	At January 1, 2012	Revaluation / * transfers * (adjustments)	Additions / (deletions)	At December 31, 2012	At January 1, 2012	Charge for the year / (deletions) * (adjustments)	At December 31, 2012	Value at December 31, 2012	
----- (Rupees in '000) -----									
Owned									
Land									
- freehold	9,583,775	-	-	9,581,016	-	-	-	9,581,016	Nil
			(2,759)						
- leasehold	7,371,865	-	-	7,371,865	-	-	-	7,371,865	Nil
Buildings on land:									
- freehold	2,617,044	-	131,802	2,748,846	363,054	118,242	-	481,296	2,267,550 5% on book value
- leasehold	2,470,887	-	503,002	2,973,889	327,273	126,389	-	453,662	2,520,227 5% on book value
Furniture and fixtures	2,522,105	-	398,741 (14,805)	2,906,041	1,393,155	217,432 (10,865)	-	1,599,722	1,306,319 10% to 30% on book value, 20% on straight-line on new furnishing limit to executives and refurbishment of branches
Computer and peripheral equipment	2,368,427	-	729,082 (247)	3,097,262	1,956,189	483,697 (230)	-	2,439,656	657,606 33.33% on cost
Electrical and office equipment	2,787,954	-	88,463	2,876,417	1,810,237	183,708	-	1,993,945	882,472 20% on book value
Vehicles	1,231,803	-	248,085 (145,146)	1,334,742	696,177	124,888 (128,435)	-	692,630	642,112 20% on cost
	30,953,860	-	2,099,175 (160,198) (2,759)	32,890,078	6,546,085	1,254,356 (139,530)	-	7,660,911	25,229,167
Assets held under finance lease									
Vehicles	202,645	-	-	184,674	90,448	33,302 (13,051)	-	110,699	73,975 20% on cost
			(17,971)						
Assets given under ijarah									
Machinery	565,175	-	-	520,184	198,478	133,261 (43,466)	291,273	228,911	25-33% on cost
Vehicles	10,627	-	-	8,155	4,916	2,871 (2,225)	5,562	2,593	25-33% on cost
			(2,472)						
2012	31,732,307	-	2,099,175 (225,632) (2,759)	33,603,091	6,839,927	1,423,790 (198,272)	-	8,068,445	25,534,646

* These represents transfer of non-banking assets.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

11.3 Intangible assets

	Cost		Accumulated depreciation			Book value at December 31, 2013	Rate of amortization	
	At January 1, 2013	At December 31, 2013	At January 1, 2013	Charge for the year	At December 31, 2013			
------(Rupees in '000)-----								
Computer software	127,239	-	127,239	85,953	25,942	111,895	15,344	33.33 %
	<u>127,239</u>	<u>-</u>	<u>127,239</u>	<u>85,953</u>	<u>25,942</u>	<u>111,895</u>	<u>15,344</u>	on cost

	Cost		Accumulated depreciation			Book value at December 31, 2012	Rate of amortization	
	At January 1, 2012	At December 31, 2012	At January 1, 2012	Charge for the year	At December 31, 2012			
------(Rupees in '000)-----								
Computer software	127,239	-	127,239	55,445	30,508	85,953	41,286	33.33 %
	<u>127,239</u>	<u>-</u>	<u>127,239</u>	<u>55,445</u>	<u>30,508</u>	<u>85,953</u>	<u>41,286</u>	on cost

- 11.4** The Bank as part of its policy to revalue land and building on periodic basis has revalued properties during the year. These properties were revalued by independent professional valuers and the valuations were carried out by M/s. Yunus Mirza & Co., M/s. Mughal Associates, M/s. Dimensions and M/s. Engineering Pakistan International (Pvt.) Limited on the basis of assessment of present market values and resulted in surplus of Rs. 5,231 million. The Bank's property of Bishkek branch was revalued during the year, which resulted in a surplus of Rs.186 million. Had there been no revaluations, the carrying amount of revalued assets at December 31, 2013 would have been as follows:

	-----(Rupees in '000)----
Land	
freehold	1,132,637
leasehold	872,617
Building	
freehold	610,378
leasehold	604,389

- 11.5** The Ijarah payments receivable from customers for each of the following periods under the terms of the respective agreements are given below:

	2013	2012
	-----(Rupees in '000)----	
Not later than one year	68,658	138,640
Later than one year but not later than five years	19,244	155,075
	<u>87,902</u>	<u>293,715</u>

The rate of profit is 3 months KIBOR + 0.60% (2012: 3 months KIBOR + 0.60% and 3 months KIBOR + 2.75%).

11.6 Details of disposals of property and equipment

Details of disposals of property and equipment made to chief executive or a director or an executive or a shareholder holding not less than ten percent of the voting shares of the Bank or any related party, irrespective of the value, or where original cost or the book value exceeds rupees one million or two hundred fifty thousand rupees respectively, whichever is lower are given in Annexure III.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

12. DEFERRED TAX ASSETS - net	Note	2013 ----(Rupees in '000)----	2012 (Restated)
Deductible temporary difference on:			
Provision for diminution in the value of investments		3,481,832	2,994,282
Provision against advances		6,634,726	4,999,086
Other provision		1,272,647	953,967
Charge against defined benefits plans		7,740,890	7,309,008
Unrealised loss on derivatives		691,907	198,408
Provision against off-balance sheet obligation		116,622	116,622
		19,938,624	16,571,373
Taxable temporary differences on:			
Excess of accounting book value of leased assets over lease liabilities		(16,202)	(15,525)
Difference between accounting book value of operating fixed assets and tax base		(245,340)	(462,217)
Revaluation of securities	20.1	(7,364,431)	(5,149,446)
Revaluation of operating fixed assets	20.2	(1,357,643)	(1,096,112)
		(8,983,616)	(6,723,300)
Net deferred tax assets		10,955,008	9,848,073

12.1 Reconciliation of deferred tax

	January 1, 2012	Recognized in Profit and Loss Account	Recognized in Other Comprehensive Income / Surplus on revaluation of assets	December 31, 2012	Recognized in Profit and Loss Account	Recognized in Other Comprehensive Income / Surplus on revaluation of assets	December 31, 2013
----- (Rupees in '000) -----							
----- (Restated) -----							
Deferred tax assets arising in respect of:							
Provision for diminution in the value of investments	2,684,890	309,392	-	2,994,282	487,550	-	3,481,832
Provision against advances	6,424,530	(1,425,444)	-	4,999,086	1,635,640	-	6,634,726
Other provision	521,225	432,742	-	953,967	318,680	-	1,272,647
Charge against defined benefits plans	4,546,925	415,428	2,346,654	7,309,008	1,412,066	(980,184)	7,740,890
Unrealised loss / (gain) on derivatives	-	198,408	-	198,408	493,499	-	691,907
Provision against off-balance sheet obligations	116,622	-	-	116,622	-	-	116,622
	14,294,192	(69,474)	2,346,654	16,571,373	4,347,435	(980,184)	19,938,624
Less: Deferred tax (liabilities)							
arising in respect of:							
Excess of accounting book value of leased assets over lease liabilities	(12,502)	(3,023)	-	(15,525)	(677)	-	(16,202)
Difference between accounting book value of operating fixed assets and tax base	(299,322)	(162,895)	-	(462,217)	216,877	-	(245,340)
Revaluation of securities	(1,814,915)	-	(3,334,531)	(5,149,446)	-	(2,214,985)	(7,364,431)
Revaluation of operating fixed assets	(1,153,328)	57,216	-	(1,096,112)	70,981	(332,512)	(1,357,643)
	(3,280,067)	(108,702)	(3,334,531)	(6,723,300)	287,181	(2,547,497)	(8,983,616)
Net deferred tax assets	11,014,126	(178,176)	(987,877)	9,848,073	4,634,616	(3,527,681)	10,955,008

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

	Note	2013 ----(Rupees in '000)----	2012 (Restated)
13. OTHER ASSETS			
Income / mark-up accrued in local currencies		23,632,230	19,958,060
Income / mark-up accrued in foreign currencies		1,045,076	1,013,621
Advances, deposits, advance rent and other prepayments	13.1	3,519,446	2,798,749
Advance taxation (payments less provisions)		16,279,378	20,853,098
Income tax refunds receivable		23,332,054	20,678,943
Compensation for delayed tax refunds	13.6	2,094,062	736,059
Federal Excise Duty receivable from SBP		-	1,579,363
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		310,036	340,883
Branch adjustment account - net		742,094	1,039,396
Unrealized gain on forward foreign exchange contracts		2,176,403	664,096
Commission receivable		4,795,891	3,849,394
Stationery and stamps on hand		283,859	316,922
Non-banking assets acquired in satisfaction of claims	13.2	1,419,781	1,423,833
Barter trade balances		195,399	195,399
Receivable on account of Government transactions	13.3	323,172	323,172
Receivable from Government under VHS scheme	13.4	418,834	418,834
Prize bonds in hand		327,973	323,691
Receivable against sale of shares		-	205,109
Others		4,861,789	4,280,344
		85,757,477	80,998,966
Less: Provision held against other assets			
Income / mark-up accrued in local currency		152,607	296,729
Advances, deposits, advance rent and other prepayments		800,000	800,000
Stationery and stamps on hand		96,542	96,542
Barter trade balances		195,399	195,399
Receivable on account of Government transactions	13.3	323,172	323,172
Receivable from Government under VHS scheme	13.4	418,834	418,834
Non-banking assets acquired in satisfaction of claims		57,817	40,256
Others		3,734,043	2,153,071
	13.5	5,778,414	4,324,003
Other assets (net of provision)		79,979,063	76,674,963

13.1 This includes Rs. 800 million (2012: Rs. 800 million) advance against Pre-IPO placement of Term Finance Certificates.

13.2 The market value of non-banking assets acquired in satisfaction of claims is Rs. 1,560 million (2012: Rs. 1,427 million).

13.3 This represents amount receivable from GoP on account of encashment of various instruments handled by the Bank for GoP as an agent of the SBP. Due to uncertainty about its recoverability, full amount has been provided for.

13.4 This represents payments made under the Voluntary Handshake Scheme (VHS), recoverable from GoP. Due to uncertainty about its recoverability, full amount has been provided for.

Notes to the Unconsolidated Financial Statements

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	Note	2013	2012
		----(Rupees in '000)----	
13.5 Provision against other assets			
Opening balance		4,324,003	3,906,010
Charge for the year		1,011,150	371,514
Reversals during the year		(83,878)	-
		927,272	371,514
Write offs		(17,229)	-
Reclassifications		544,368	46,479
Closing balance		<u>5,778,414</u>	<u>4,324,003</u>
13.6 Reconciliation of compensation for delayed tax refunds			
Opening balance		736,059	1,935,092
Accrued during the year		3,026,561	2,223,995
Received during the year		(1,668,558)	(3,423,028)
Closing balance		<u>2,094,062</u>	<u>736,059</u>
14. BILLS PAYABLE			
In Pakistan		13,805,249	13,938,468
Outside Pakistan		89,418	429,171
		<u>13,894,667</u>	<u>14,367,639</u>
15. BORROWINGS			
In Pakistan		19,652,506	50,621,237
Outside Pakistan		2,342,333	675,342
	15.1 & 15.2	<u>21,994,839</u>	<u>51,296,579</u>
15.1 Particulars of borrowings with respect to currencies			
In local currency		19,652,506	50,621,237
In foreign currencies		2,342,333	675,342
		<u>21,994,839</u>	<u>51,296,579</u>
15.2 Details of borrowings			
Secured			
Borrowings from State Bank of Pakistan:			
Under Export Refinance Scheme		6,178,220	8,341,318
Under Export Refinance Scheme (New Scheme)		1,754,129	-
Under Long-Term Financing under Export Oriented Project (LTF-EOP)		116,398	251,047
Refinance Facility for Modernization of SMEs		11,820	15,760
Financing Facility for Revival of SMEs & Agricultural Activities in Flood affected areas		1,455,939	1,072,895
Financing Facility for storage of Agriculture Produce (FFSAP)		304,116	387,103
Under Long-Term Financing Facility (LTFF)		1,664,923	2,549,657
		<u>11,485,545</u>	<u>12,617,780</u>
Repurchase agreement borrowings		2,813,433	37,053,495
		<u>14,298,978</u>	<u>49,671,275</u>
Unsecured			
Call borrowings	15.2.2	7,367,461	1,054,264
Overdrawn nostro accounts	32	257,600	500,240
Others		70,800	70,800
		<u>7,695,861</u>	<u>1,625,304</u>
		<u>21,994,839</u>	<u>51,296,579</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

15.2.1 Mark-up / interest rates and other terms are as follows:

- The Bank has entered into agreements with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up ranging from 8.2 % to 8.4 % (2012: 8.2% to 9.5%).
- Call borrowings carry interest ranging from 6.5% to 10% per annum (2012: 7% to 11.9% per annum).
- Repurchase agreement borrowings carry mark-up at the rates ranging from 9.2% to 9.96% per annum (2012: 6.5% to 12% per annum) having maturity ranging from January 2, 2014 to January 10, 2014.
- Unsecured borrowings "Others" carry interest at the rate of 10% per annum (2012: 10% per annum).

15.2.2 This includes call borrowing of Rs. 5,025 million for a tenure of six months from Meezan Bank Limited.

15.3 Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.

	Note	2013	2012
		----(Rupees in '000)----	
16. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		290,646,462	235,122,460
Savings deposits		313,804,148	313,013,489
Current accounts - remunerative		114,379,969	96,510,387
Current accounts - non-remunerative		236,565,784	228,025,618
		955,396,363	872,671,954
Financial Institutions			
Remunerative deposits		49,987,013	76,043,464
Non - remunerative deposits		95,755,198	88,023,634
		145,742,211	164,067,098
	16.1	1,101,138,574	1,036,739,052
16.1 Particulars of deposits			
In local currency		926,271,063	862,403,200
In foreign currencies [including deposits of foreign branches of Rs. 100,458 million (2012: Rs. 132,251 million)]		174,867,511	174,335,852
		1,101,138,574	1,036,739,052

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2013			2012		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Not later than one year	14,909	2,598	12,311	22,367	2,300	20,067
Later than one year and but not later than five years	12,950	1,227	11,723	9,579	27	9,552
	27,859	3,825	24,034	31,946	2,327	29,619

The Bank has entered into lease agreements with First National Bank Modaraba for lease of vehicles. Lease rentals are payable in quarterly instalments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rates ranging from KIBOR + 3.25% to KIBOR + 3.50% per annum (2012: KIBOR + 3.25% to KIBOR + 3.50% per annum). At the end of lease term, the Bank has option to acquire the assets, subject to adjustment of security deposits.

Notes to the Unconsolidated Financial Statements

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	Note	2013 ----(Rupees in '000)----	2012 (Restated)
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		18,646,613	16,737,698
Mark-up / return / interest payable in foreign currencies		357,589	255,477
Unearned commission and income on bills discounted		205,895	137,529
Accrued expenses		4,343,497	3,868,881
Advance payments		96,979	266,446
Unclaimed dividends		114,832	77,186
Unrealized loss on forward foreign exchange contracts		2,931,276	2,304,082
Provision against off balance sheet obligations	18.1	1,162,256	454,026
Provision against contingencies	18.2	294,571	811,745
Employee benefits:			
Pension Fund	34.1.2	6,901,165	7,895,466
Post retirement medical benefits	34.1.3	8,601,206	8,245,781
Benevolent fund	34.1.4	1,415,128	1,633,055
Gratuity scheme	34.1.5	686,809	492,063
Compensated absences	34.2.1	4,341,871	3,795,006
Staff welfare fund		371,257	371,257
Liabilities relating to:			
Barter trade agreements		14,617,779	13,160,470
Special separation package		78,422	78,422
Payable to brokers		23,013	29,840
Others		5,812,280	6,500,186
		<u>71,002,438</u>	<u>67,114,616</u>
18.1 Provision against off balance sheet obligations			
Opening balance		454,026	454,026
Charge for the year		708,230	-
Closing balance	18.1.1	<u>1,162,256</u>	<u>454,026</u>
18.1.1 This represents provision against non-funded exposure of borrowers where the Bank considers that the borrower will not be able to meet its contractual obligations at the time of amount becoming due.			
18.2 Provision against contingencies			
Opening balance		811,745	756,221
Reversal during the year		(16,759)	-
Reclassification		(500,415)	55,524
Closing balance		<u>294,571</u>	<u>811,745</u>

19. SHARE CAPITAL

19.1 Authorized

2012	2013		2013	2012
Number of shares			----(Rupees in '000)----	
<u>2,500,000,000</u>	<u>2,500,000,000</u>	Ordinary shares of Rs.10 each	<u>25,000,000</u>	<u>25,000,000</u>

19.2 Issued, subscribed and paid-up

		Ordinary shares of Rs.10 each		
140,388,000	140,388,000	Fully paid in cash	1,403,880	1,403,880
1,709,623,327	1,987,125,100	Issued as fully paid bonus shares	19,871,251	17,096,234
<u>1,850,011,327</u>	<u>2,127,513,100</u>		<u>21,275,131</u>	<u>18,500,114</u>

The Federal Government and the SBP held 75.60% (2012: 75.60%) shares of the Bank as at the year ended December 31, 2013.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

	2013	2012
	Number of shares (Restated)	
19.3 Shares of the Bank held by its associates		
Following shares were held by subsidiary and associates of the Bank as of year end:		
NAFA Savings Plus Fund	1,019,200	790,500
NAFA Stock Fund	484	1,082,921
NAFA Multi Asset Fund	71	289,562
NAFA Asset Allocation Fund	-	278,100
Taurus Securities Limited	11,475	9,979
	<u>1,031,230</u>	<u>2,451,062</u>

	Note	2013	2012
		----(Rupees in '000)----	
20. SURPLUS ON REVALUATION OF ASSETS - net			
Available-for-sale securities	20.1	33,698,770	18,281,469
Fixed assets	20.2	21,728,178	16,961,644
		<u>55,426,948</u>	<u>35,243,113</u>

20.1 Surplus / (deficit) on revaluation of available-for-sale securities - net of tax

Federal Government securities		797,268	3,101,128
Term Finance Certificates and Sukuks		(8,795)	33,546
Shares and mutual funds		21,725,355	8,226,765
GoP Foreign Currency Bonds		388,652	525,995
Foreign Government Securities		145,270	175,672
Investment outside Pakistan		18,015,451	11,367,809
	9.1	41,063,201	23,430,915
Deferred tax liability	12	(7,364,431)	(5,149,446)
		<u>33,698,770</u>	<u>18,281,469</u>

20.2 Surplus on revaluation of fixed assets - net of tax

Surplus on revaluation on January 1,		18,057,756	18,221,229
Surplus on revaluation of the Bank's properties during the year	11.2	5,230,867	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(131,821)	(106,257)
Related deferred tax liability		(70,981)	(57,216)
		<u>(202,802)</u>	<u>(163,473)</u>
		23,085,821	18,057,756
Less: Related deferred tax liability on:			
Revaluation as at January 1,		1,096,112	1,153,328
Revaluation of Bank's properties during the year		332,512	-
Incremental depreciation charged during the year transferred to profit and loss account		(70,981)	(57,216)
	12	<u>1,357,643</u>	<u>1,096,112</u>
Surplus on revaluation on December 31,		<u>21,728,178</u>	<u>16,961,644</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

21. CONTINGENCIES AND COMMITMENTS

21.1 Direct credit substitutes

Include general guarantee of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities issued on behalf of:

	2013	2012
	----(Rupees in '000)----	
- Government	2,593,191	1,103,476
- Financial institutions	2,555,291	2,942,475
- Others	16,513,963	23,757,593
	<u>21,662,445</u>	<u>27,803,544</u>

21.2 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credits related to particular transactions issued on behalf of:

	2013	2012
	----(Rupees in '000)----	
- Government	17,078,928	16,025,989
- Financial institutions	4,578,538	12,152,062
- Others	33,810,668	23,035,919
	<u>55,468,134</u>	<u>51,213,970</u>

21.3 Trade-related contingent liabilities

Letters of credit issued on behalf of:

- Government	136,703,020	127,279,552
- Financial institutions	8,972,738	591
- Others	60,893,127	39,165,883
	<u>206,568,885</u>	<u>166,446,026</u>

21.4 Other contingencies

21.4.1 Claims against the Bank not acknowledged as debts [including SBP liabilities on Bangladesh borrowing and interest thereon amounting to Rs. 188 million (2012: Rs.186 million), claims relating to former Mehran Bank Limited amounting to Rs. 965 million (2012: Rs. 965 million). For Claims relating to employees, the amount involved can not be ascertained reasonably].

<u>13,974,192</u>	<u>9,791,338</u>
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21.4.2 Taxation

The tax returns of the Bank have been filed and amended by the tax authorities up to Tax Year 2013. For Azad Kashmir Branches no amendment to returns filed u/s 120 of the Income Tax Ordinance, 2001 has been made, hence returns filed are deemed assessments for all the years till the tax year 2013.

During the year, in respect of monitoring of withholding taxes under section 149, 150 and 151 of the Income Tax Ordinance, 2001, for the tax years 2009, 2010 and 2011, the tax department has rectified the orders which resulted in decrease in demand of Rs. 460 million for all three years which is subject to further rectification. An appeal is also pending before the Appellate Tribunal Inland Revenue on legal grounds. During the year, the tax department has also performed monitoring of withholding taxes under section 151 of the Income Tax Ordinance, 2001 in respect of tax years 2012 and 2013 and raised demand of Rs. 124.371 million and Rs. 110.487 million respectively subject to further rectification.

Notes to the Unconsolidated Financial Statements

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The other matters under contingencies include interest credited to suspense account, allocation of common expenditure between taxable income and exempt / low tax rate income and reversal of bad debts expense. The aggregate effect of contingencies as on December 31, 2013 amounts to Rs.10,593 million (December 31, 2012: Rs. 11,211 million). No provision has been made against these contingencies based on the opinion of tax consultants of the Bank who expect favourable outcome upon decision of pending appeals.

The tax department have also rectified orders under provisions of the FED Act in respect of the Federal Excise Duty payable on the services rendered by the Bank for the tax years 2009, 2010 and 2011. The Bank recovered FED from SBP amounting to Rs 2,686 million on the commission income derived from the treasury services provided to the State Bank of Pakistan/ Federal Government of Pakistan. Appeals have been filed before various appellate forums including reference and constitutional petitions before High Court of Sindh; wherein apart from other legal grounds, the principal ground is levy of duty on service which are not specified in the First Schedule to the Customs Act, 1969 and specially for Tax year 2011 levy of duty by FBR on services provided in province of Sindh after promulgation of Sindh Sales Tax on Services Act, 2011.

The Bank is also contesting levy of Sindh Sales Tax amounting to Rs. 171.45 million for the period from July, 2011 to March, 2012 on the services provided to Federal Government through State Bank of Pakistan in the province of Sindh, principally on the ground that the Federal Government/State Bank of Pakistan cannot be subject to provincial levy under the provisions of the Constitution of the Islamic Republic of Pakistan.

21.4.3 Barter Trade Agreements

In order to reduce pressure on the balance of payment, the GoP had entered into barter trade agreements with various countries and designated the Bank to handle the related transactions on behalf of GoP. Accordingly, the Bank executed banking arrangements with the designated banks of these countries and opened accounts in their names. In one of the barter agreement, repayments made to the Bank by the GoP could not be utilized due to non-finalization of Letter of Exchange for its utilization after 1994 at Government level, which was required under the relevant barter agreement. The concerned bank is now demanding payment of interest on the balances in its accounts with the Bank. Since these balances are maintained in current accounts and there is also no clause for payment of any interest in the relevant banking arrangement, therefore the Bank has strongly refused such claims.

21.4.4 Pensionary benefits to retired employees

Some retired employees of the Bank have filed writ petition before Honourable High Court of Punjab praying to grant pensionary benefits as per petitioners' option prior to their retirement. In the year 1977, the Bank had introduced Government Pension Scheme and asked employees to exercise option in writing. Those who did not exercise option within time limit given were eligible for revised pay structure approved and applicable from January 1, 1999, however, amount of gross pension on the basis of existing pay and formula was protected so that pension amount as on December 31, 1998 was not adversely affected due to revision in formula. Para wise reply has been submitted by the Bank and the case is in the process of hearing.

21.4.5 Encashment of unavailed leave

Some retired employees of the Bank have filed writ petition before Honourable High Court of Punjab praying to encash their unavailed leave balances, which lapsed as per rules applicable on the date of retirement. The Bank revised rules of leave encashment w.e.f January 1, 1999. As per revised rules, leave balances accumulated under old rules were marked as "Frozen Leave" to differentiate it with subsequent leaves to be accumulated. There was no bar on employee to avail these leaves, which would lapse on retirement. Para wise reply has been submitted by the Bank and the case is in the process of hearing.

21.4.6 Golden Handshake (GHS)

In 1997 Golden Handshake Scheme (GHS) was introduced with the cut-off date of October 31, 1997. However, despite the lapse of due date, many GHS optees continued their services till 1998 and 1999. In February 1998, a circular was issued for enhancement in salaries, which was not applicable to GHS optees. In calculating dues of GHS optees, their pensionary benefits were calculated till the cut-off date. Such employees filed cases against the Bank in various courts including Federal Services Tribunal and the Honourable High Court for enhancement/recalculation of their dues in the light of circular of February 1998.

Notes to the Unconsolidated Financial Statements

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In some cases, the Honourable High Court decided against the Bank, despite the disclaimer signed by such optees not to claim any more benefits than what the Bank had already paid to them. This disclaimer came up for interpretation before the Supreme Court, which upheld the Bank's view that such disclaimer bars / prohibits the optees to claim any amount in excess of what they had received.

Honourable Lahore and Sindh High Courts, in some cases, decided against the Bank, and directed it, to pay additional benefits by calculating upto the actual date on which the optees released from the service. The Bank filed appeals against the aforesaid orders of Honourable Lahore and Sindh High Courts. The said appeals have been accepted by the Honourable Supreme Court and the judgment of Honourable Lahore and Sindh High Courts have been set-aside.

The writ petitions filed by some retired employees for additional benefits under GHS were pending in Honourable Islamabad High Court and were argued by the Bank's lawyer in December 2011 and have been dismissed by following the dictum laid down by the Honourable Supreme Court.

Similar writ petitions are still pending in Honourable Lahore High Court, Lahore & Multan Bench of Honourable Lahore High Court which have not yet been fixed for final hearing. However, the Bank based on the legal opinion is of the view that as per law, the Bank is not likely to be burdened in any further financial liability for payment of any additional benefits.

In view of the judgment of Supreme Court disallowing any further claim by the optees or Golden Handshake in excess of what had been paid to them and in view of their undertaking that the amount had been correctly worked out they shall not claim any financial or other benefits, the pending cases are likely to be dismissed by the High Courts by following the verdict of the Court.

	2013	2012
	----(Rupees in '000)----	
21.5 Commitments in respect of forward exchange contracts		
Purchase	204,673,055	176,517,384
Sale	132,796,307	96,414,777
21.6 Commitments for the acquisition of operating fixed assets	1,732,023	1,626,783
21.7 Other commitments		
Professional services to be received	61,330	78,237

22. DERIVATIVE INSTRUMENTS

The Bank has been involved in derivative transactions including interest rate swaps, cross currency swaps and equity futures. The Bank also enters into forward foreign exchange contracts. The un-realized gain and loss on such contracts are disclosed in note 13 and 18.

Operational procedures and controls have been established to facilitate complete, accurate and timely processing of transactions. These controls include appropriate segregation of duties, regular reconciliation of accounts, and the valuation of assets and positions. The Bank has established trading limits, allocation process, operating controls and reporting requirements that are specifically designed to control risk of aggregate positions, assure compliance with accounting and regulatory standards and provide accurate management information regarding these activities.

At December 31, 2013 there were no outstanding derivative transactions other than forward foreign exchange contracts as disclosed in note 21.5.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

	2013	2012	
	----(Rupees in '000)----		
23. MARK-UP / RETURN / INTEREST EARNED			
On loans and advances to:			
Customers	71,326,454	70,598,584	
Financial institutions	472,414	1,405,554	
	<u>71,798,868</u>	<u>72,004,138</u>	
On investments in:			
Held-for-trading securities	199,753	994,767	
Available-for-sale securities	21,681,572	22,316,204	
Held-to-maturity securities	2,440,406	2,532,476	
	24,321,731	25,843,447	
On deposits with financial institutions	249,386	280,899	
On securities purchased under resale agreements	2,657,578	1,963,648	
	<u>99,027,563</u>	<u>100,092,132</u>	
24. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits	57,814,037	52,374,377	
Securities sold under repurchase agreements	2,225,809	3,007,448	
Short-term borrowings	783,035	1,036,002	
	<u>60,822,881</u>	<u>56,417,827</u>	
25. INCOME FROM DEALING IN FOREIGN CURRENCIES			
This includes Rs. 5,777 million (2012: Rs. 8,345 million) on account of interest on Foreign Exchange Swap transactions charged by Foreign Exchange department to Treasury Department.			
26. GAIN ON SALE AND REDEMPTION OF SECURITIES - net			
	Note	2013	2012
		----(Rupees in '000)---	
Federal government securities:			
Market Treasury Bills		249,845	352,543
Pakistan Investment Bonds		233,269	162,085
GoP Ijarah Sukuks		6,789	33,503
		<u>489,903</u>	<u>548,131</u>
National Investment Trust (NIT) units		331,597	45,087
Shares and mutual funds		1,418,295	2,049,862
Foreign Government / debt securities		439,502	163,134
Associates - mutual funds		1,206,859	414,228
		<u>3,886,156</u>	<u>3,220,442</u>
27. OTHER INCOME			
Rent on property		42,336	74,042
Gain on sale of property and equipment	11.6	17,087	97,675
Compensation for delayed tax refunds	13.6	3,026,561	2,223,995
Miscellaneous earnings		181,516	199,459
		<u>3,267,500</u>	<u>2,595,171</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

	Note	2013	2012
		----(Rupees in '000)----	
			(Restated)
28. ADMINISTRATIVE EXPENSES			
Salaries and allowances		21,840,820	21,587,763
Charge for defined benefit plans		4,245,016	3,310,405
Non-executive directors' fee, allowances and other expenses	35	27,170	30,939
Rent, taxes, insurance, electricity, etc.	28.1	2,245,924	2,007,538
Legal and professional charges		313,624	258,490
Communications		695,776	813,518
Repairs and maintenance		766,689	669,989
Financial charges on leased assets		11,077	19,776
Stationery and printing		725,652	750,383
Advertisement, sponsorship and publicity		361,155	613,390
Donations	28.2	294	14,236
Contributions for other Corporate and Social Responsibility	28.2	58,167	178,085
Auditors' remuneration	28.3	101,648	100,840
Depreciation	11.2	1,677,109	1,423,789
Amortization	11.3	25,942	30,508
Conveyance		194,728	159,903
Entertainment		65,273	59,334
Travelling		289,510	307,727
Security services		1,464,262	1,295,838
Outsourcing		541,934	517,440
Others		619,760	775,216
		<u>36,271,530</u>	<u>34,925,107</u>

28.1 This includes Rs. 2.058 million (2012: Rs. 1.753 million) insurance premium against directors' liability insurance.

28.2 Donations and Contributions for Corporate & Social Responsibilities exceeding Rs. 0.1 million have been disclosed in Annexure IV.

Note : None of the directors / executives or their spouses have any interest in the donees, except Mr. Tariq Kirmani (director) who is member of the Board of Governors' of Marie Adelaide Leprosy Centre.

28.3 Auditors' remuneration

	Note	KPMG Taseer Hadi & Co.	Ernst & Young Ford Rhodes Sidat Hyder	2013 Total	2012 Total
		----- (Rupees in '000) -----			
Audit fee		5,660	5,660	11,320	11,320
Review of interim financial statements		1,980	1,980	3,960	3,960
Fee for audit of domestic branches		4,600	4,600	9,200	9,200
Fee for special certifications and sundry advisory services		2,803	2,803	5,606	10,683
Sales Tax		602	602	1,204	-
Out-of-pocket expenses		2,586	2,436	5,022	4,333
	28.3.1	<u>18,231</u>	<u>18,081</u>	<u>36,312</u>	<u>39,496</u>
Fee for audit of overseas branches including advisory services and out-of-pocket expenses		-	-	65,336	61,344
		<u>18,231</u>	<u>18,081</u>	<u>101,648</u>	<u>100,840</u>

28.3.1 Fee for the audit of 2012 was paid to KPMG Taseer Hadi & Co. and Anjum Asim Shahid Rahman & Co.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

	2013	2012
	----(Rupees in '000)----	
29. OTHER CHARGES		
Penalties imposed by the SBP	<u>23,395</u>	<u>160,324</u>

	Note	2013	2012
		----(Rupees in '000)----	
		(Restated)	
30. TAXATION			
For the year			
Current	30.1	6,082,908	7,810,434
Deferred		<u>(4,634,616)</u>	<u>(1,373,160)</u>
		1,448,292	6,437,274
For prior year			
Current		130,051	(1,551,336)
Deferred		-	1,551,336
		130,051	-
	30.2	<u>1,578,343</u>	<u>6,437,274</u>

30.1 Current taxation includes Rs. 275 million (2012: Rs. 191 million) of overseas branches.

	2013	2012
	----(Rupees in '000)----	
	(Restated)	
30.2 Relationship between tax expense and accounting profit		
Accounting profit before tax	<u>7,078,367</u>	<u>21,378,284</u>
Income tax at statutory rate @ 35% (2012: 35%)	2,477,428	7,482,399
Inadmissible items	8,188	56,114
Income taxed at reduced rate	(1,105,836)	(1,300,528)
Overseas taxation	210,000	84,968
Prior year tax effects	130,051	-
Others	<u>(141,488)</u>	<u>114,321</u>
Tax charge for current and prior years	<u>1,578,343</u>	<u>6,437,274</u>

		2013	2012
		(Restated)	
31. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after tax for the year	Rupees in '000	<u>5,500,024</u>	<u>14,941,010</u>
Weighted average number of ordinary shares	Numbers in '000	<u>2,127,513</u>	<u>2,127,513</u>
Basic earnings per share	Rupees	<u>2.59</u>	<u>7.02</u>
Basic and diluted earnings per share are same.			

31.1 Earnings per share for the year 2012 has been restated for the effect of bonus shares issued.

Notes to the Unconsolidated Financial Statements

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	Note	2013 ----(Rupees in '000)----	2012
32. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	157,930,297	158,332,679
Balances with other banks	7	17,457,523	30,222,367
Overdrawn nostros	15.2	(257,600)	(500,240)
		175,130,220	188,054,806

	2013	2012
	Numbers	
33. STAFF STRENGTH		
Permanent	14,011	14,535
Temporary / on contractual basis	2,608	2,386
Total Staff Strength	16,619	16,921

33.1 In addition to the above, the Bank is utilizing the services of other companies on outsourcing basis including security and janitorial staff and the number of persons deployed by such companies as at year end are 8,284 (2012: 8,157).

34. EMPLOYEE BENEFITS

34.1 Defined benefit plans

34.1.1 General description

General description of the type of defined benefit plan and accounting policy for remeasurements of the net defined liability / asset is disclosed in note 5.11 to the financial statements.

Principal actuarial assumptions

The financial assumptions used in actuarial valuation at December 31, 2013 of pension fund, post retirement medical benefits, benevolent fund and gratuity scheme are as follows:

	2013	2012
Salary increase rate	13% per annum	12% per annum
Discount rate	13% per annum	12% per annum
Expected rate of return on plan assets	13% per annum	12% per annum
Pension indexation rate	8.5% per annum	8.5% per annum
Rate of inflation in the cost of medical benefits	10% per annum	9% per annum
Exposure inflation rate	3% per annum	3% per annum
Mortality table	Adjusted SLIC 2001-2005	Adjusted EFU 61-66
Number of employees covered under retirement benefit plan	13,538	13,975

	2013	2012	January 01, 2012
	----(Rupees in '000)---- ----(Restated)----		
34.1.2 Net defined benefit liability - pension fund			
Present value of defined benefit obligations	37,912,427	36,165,246	27,619,583
Fair value of plan assets	(31,011,262)	(28,269,780)	(25,026,571)
	18 6,901,165	7,895,466	2,593,012

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

34.1.2.1 Reconciliation of net defined benefit liability - pension fund

The following table shows a reconciliation from the opening balances to the closing balances for net defined liability for pension fund and its components.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2013	2012	2013	2012	2013	2012
	----- (Rupees in '000) -----					
	(Restated)		(Restated)		(Restated)	
Balance as at January 01,	36,165,246	27,619,583	28,269,780	25,026,571	7,895,466	2,593,012
Included in profit and loss						
Current service cost	976,854	865,789	-	-	976,854	865,789
Interest cost / (income)	4,231,402	3,540,436	3,338,620	3,260,724	892,782	279,712
	5,208,256	4,406,225	3,338,620	3,260,724	1,869,636	1,145,501
Included in other comprehensive income						
Remeasurement loss / (gain)						
- Actuarial loss / (gain) arising on						
financial assumptions	(2,867,885)	2,735,720	-	-	(2,867,885)	2,735,720
demographic assumptions	1,942,141	-	-	-	1,942,141	-
experience adjustments	(728,209)	2,174,633	-	-	(728,209)	2,174,633
- Return on plan assets excluding interest income	-	-	298,749	(129,354)	(298,749)	129,354
	(1,653,953)	4,910,353	298,749	(129,354)	(1,952,702)	5,039,707
Others						
Benefits paid	(1,807,122)	(770,915)	(1,807,122)	(770,915)	-	-
Contributions paid by the employer	-	-	911,235	882,754	(911,235)	(882,754)
	(1,807,122)	(770,915)	(895,887)	111,839	(911,235)	(882,754)
Balance as at December 31,	<u>37,912,427</u>	<u>36,165,246</u>	<u>31,011,262</u>	<u>28,269,780</u>	<u>6,901,165</u>	<u>7,895,466</u>

34.1.2.2 Plan assets

2013
----(Rupees in '000)----

The composition and the fair value of the plan assets of the fund are as follows:

Pakistan Investment Bonds	4,138,029	6,800,237
Term Finance Certificates	996,847	2,058,826
Mutual Funds / Shares	7,970,064	6,900,284
Term Deposit Receipts	11,768,525	6,955,200
Defence Saving Certificates	5,863,177	5,398,176
Cash at Bank	274,620	157,057
	<u>31,011,262</u>	<u>28,269,780</u>

34.1.3 Net defined benefit liability - post retirement medical scheme

Present value of defined benefit obligations
Fair value of plan assets

Note	January 01, 2012		
	2013	2012	2012
	----(Rupees in '000)----		
	----(Restated)----		
	8,601,209	8,245,781	5,912,923
	-	-	-
18	<u>8,601,209</u>	<u>8,245,781</u>	<u>5,912,923</u>

34.1.3.1 Reconciliation of net defined benefit liability - post retirement medical scheme

The following table shows a reconciliation from the opening balances to the closing balances for net defined liability for post retirement medical scheme and its components.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2013	2012	2013	2012	2013	2012
	------(Rupees in '000)-----					
	(Restated)		(Restated)		(Restated)	
Balance as at January 01,	8,245,781	5,912,923	-	-	8,245,781	5,912,923
Included in profit and loss						
Current service cost	158,528	182,883	-	-	158,528	182,883
Interest cost / (income)	972,798	692,646	-	-	972,798	692,646
	1,131,326	875,529	-	-	1,131,326	875,529
Included in other comprehensive income						
- Actuarial loss / (gain) arising on						
financial assumptions	(533,390)	505,472	-	-	(533,390)	505,472
demographic assumptions	174,061	-	-	-	174,061	-
experience adjustments	(138,310)	1,233,595	-	-	(138,310)	1,233,595
	(497,639)	1,739,067	-	-	(497,639)	1,739,067
Others						
Benefits paid	(278,259)	(281,738)	-	-	(278,259)	(281,738)
Balance as at December 31,	8,601,209	8,245,781	-	-	8,601,209	8,245,781

34.1.4	Net defined benefit liability - Benevolent Scheme	Note	January 01, 2012		
			2013	2012	2012
------(Rupees in '000)-----					
-----Restated-----					
	Present value of defined benefit obligations		1,415,128	1,633,055	1,486,439
	Fair value of plan assets		-	-	-
		18	<u>1,415,128</u>	<u>1,633,055</u>	<u>1,486,439</u>

34.1.4.1 Reconciliation of net defined benefit liability - Benevolent Scheme

The following table shows a reconciliation from the opening balances to the closing balances for net defined liability for Benevolent Scheme and its components.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2013	2012	2013	2012	2013	2012
	------(Rupees in '000)-----					
	(Restated)		(Restated)		(Restated)	
Balance as at January 01,	1,633,055	1,486,439	-	-	1,633,055	1,486,439
Included in profit and loss						
Current service cost	39,190	36,078	-	-	39,190	36,078
Interest cost / (income)	195,256	191,626	-	-	195,256	191,626
	234,446	227,704	-	-	234,446	227,704
Included in other comprehensive income						
- Actuarial loss / (gain) arising on						
financial assumptions	(104,089)	120,119	-	-	(104,089)	120,119
demographic assumptions	17,611	-	-	-	17,611	-
experience adjustments	(354,054)	(176,426)	-	-	(354,054)	(176,426)
	(440,532)	(56,307)	-	-	(440,532)	(56,307)
Others						
Benefits paid	(11,841)	(24,781)	-	-	(11,841)	(24,781)
Balance as at December 31,	1,415,128	1,633,055	-	-	1,415,128	1,633,055

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

	Note	2013	2012	January 01, 2012
----(Rupees in '000)----				
----Restated----				
34.1.5 Net defined benefit liability - Gratuity Fund				
Present value of defined benefit obligations		686,809	492,063	367,576
Fair value of plan assets		-	-	-
	18	<u>686,809</u>	<u>492,063</u>	<u>367,576</u>

34.1.5.1 Reconciliation of net defined benefit liability - Gratuity fund

The following table shows a reconciliation from the opening balances to the closing balances for net defined liability for gratuity fund and its components.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability		
	2013	2012	2013	2012	2013	2012	
------(Rupees in '000)-----							
		(Restated)				(Restated)	
Balance as at January 01,	492,063	367,576	-	-	492,063	367,576	
Included in profit and loss							
Current service cost	86,096	96,266	-	-	86,096	96,266	
Interest cost / (income)	56,741	47,673	-	-	56,741	47,673	
	142,837	143,939	-	-	142,837	143,939	
Included in other comprehensive income							
- Actuarial loss / (gain) arising on							
financial assumptions	(11,838)		-	-	(11,838)	-	
demographic assumptions	68		-	-	68	-	
experience adjustments	102,118	(17,737)	-	-	102,118	(17,737)	
	90,348	(17,737)	-	-	90,348	(17,737)	
Others							
Benefits paid	(38,439)	(1,715)	-	-	(38,439)	(1,715)	
Balance as at December 31,	<u>686,809</u>	<u>492,063</u>	<u>-</u>	<u>-</u>	<u>686,809</u>	<u>492,063</u>	

34.1.6 Duration

As at December 31, 2013, the weighted average duration of the defined benefit obligations was as follows:

	Years
Pension Fund	11.27
Post retirement medical scheme	11.27
Benevolent fund	8.72
Gratuity fund	20.27

Notes to the Unconsolidated Financial Statements

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34.1.7 Sensitivity Analysis

Reasonably possible changes at the reporting date due to one of the relevant actuarial assumptions, holding other assumptions constant would have effected the defined benefit obligation by the amounts shown below:

Effect of discount rate on present value of defined benefit obligation	Increase by 1%	Original Liability	Decrease by 1%
	----- (Rupees in '000) -----		
Discount rate	14%	13%	12%
Pension Fund	34,733,279	37,912,427	41,936,161
Post Retirement Medical Scheme	7,539,590	8,601,209	9,925,803
Benevolent Scheme	1,389,389	1,415,128	1,443,802
Gratuity Scheme	615,119	686,809	773,097

Effect of salary increase rate on present value of defined benefit obligation	Increase by 1%	Original Liability	Decrease by 1%
	----- (Rupees in '000) -----		
Salary increase rate	14%	13%	12%
Pension Fund	39,678,130	37,912,427	36,254,969
Post Retirement Medical Scheme	8,842,841	8,601,209	8,385,916
Benevolent Scheme	1,490,876	1,415,128	1,476,379
Gratuity Scheme	775,307	686,809	612,181

Effect of medical inflation rate on present value of defined benefit obligation	Increase by 1%	Original Liability	Decrease by 1%
	----- (Rupees in '000) -----		
Medical inflation rate	11%	10%	9%
Post Retirement Medical Scheme	9,118,402	8,601,209	8,186,689

34.1.8 Expected contributions for 2014

2014
(Rupees in '000)

The expected contributions to be paid to the funds in the next financial year are as follows:

Pension Fund	1,885,221
Post Retirement Medical Scheme	1,263,442
Benevolent Scheme	230,225
Gratuity Scheme	188,549

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	Note	2013 ----(Rupees in '000)----	2012
34.2 Other employee benefits			
34.2.1 Reconciliation of net liability recognized for compensated absences			
Opening net liability		3,795,006	3,148,005
Charge for the year		866,771	917,731
Benefits paid during the year		(319,906)	(270,730)
Closing net liability	18	<u>4,341,871</u>	<u>3,795,006</u>

Reconciliation of net liability recognized for compensated absences for the five years is as follows:

	2013	2012	2011	2010	2009
	----- Rupees in '000 -----				
Opening net liability	3,795,006	3,148,005	2,572,878	2,397,308	2,246,752
Net charge for the year	546,865	647,001	575,127	175,570	150,556
	<u>4,341,871</u>	<u>3,795,006</u>	<u>3,148,005</u>	<u>2,572,878</u>	<u>2,397,308</u>

34.2.1.2 Experience adjustment on obligation

	2013 ----(Rupees in '000)----	2012
Present value of defined benefit obligations	4,314,871	3,795,006
Fair value of plan assets	-	-
Deficit	<u>4,314,871</u>	<u>3,795,006</u>

34.2.1.3 Working of sensitivity analysis (Discount rate effect)

	2013 1% Increase Original 1% Decrease Liability ----(Rupees in '000)----		
Present value of defined benefit obligations	<u>3,967,503</u>	<u>4,314,871</u>	<u>4,604,036</u>
Discount rate	<u>14.0%</u>	<u>13.0%</u>	<u>12.0%</u>

34.2.1.4 Working of sensitivity analysis (Salary increase rate effect)

	2013 1% Increase Original 1% Decrease Liability ----(Rupees in '000)----		
Present value of defined benefit obligations	<u>4,600,852</u>	<u>4,314,871</u>	<u>3,965,022</u>
Salary increase rate	<u>14.0%</u>	<u>13.0%</u>	<u>12.0%</u>

Notes to the Unconsolidated Financial Statements

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35. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President		Directors		Executives	
	2013	2012	2013	2012	2013	2012
----- (Rupees in '000) -----						
Fees	-	-	27,170	30,939	-	-
Managerial remuneration	26,950	20,250	-	-	1,881,031	1,587,792
Charge for defined benefit plan	3,030	2,155	-	-	243,411	205,465
Rent and house maintenance	7,608	9,408	-	-	933,242	861,459
Utilities	653	272	-	-	291,437	253,403
Medical	436	200	-	-	368,172	298,986
Conveyance	750	1,068	-	-	675,482	462,822
Leave fare assistance	-	-	-	-	-	-
Bonus and others	5,983	16,480	-	-	664,990	716,501
	<u>45,410</u>	<u>49,833</u>	<u>27,170</u>	<u>30,939</u>	<u>5,057,765</u>	<u>4,386,428</u>
----- (Number) -----						
Number of persons	<u>*1</u>	<u>1</u>	<u>8</u>	<u>6</u>	<u>1887</u>	<u>1509</u>

The President and certain executives are also provided with free use of the Bank's cars, household equipment, mobile phones and free membership of clubs.

Executives mean executives, other than the chief executive and directors, whose basic salary exceeds five hundred thousand rupees in the financial year.

* During the year, Mr, Asif Brohi resigned on September 16, 2013 and Mr. Asif Hassan took charge as acting President and subsequently Mr. Syed Ahmed Iqbal Ashraf was appointed as President on January 21, 2014.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments is based on quoted market prices, and have been disclosed in note 9.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.6.

The maturity and re-pricing profile and effective rates are stated in notes 41.4.1, 41.4.2 and 41.3.3 respectively.

In the opinion of management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or in the case of customer loans and deposits are frequently repriced.

Notes to the Unconsolidated Financial Statements

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37. Segment Details with respect to Business Activities

The segment analysis with respect to business activity is as follows:

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
(Rupees in '000)							
2013							
Total income	637,566	404,074	11,263,359	43,416,905	2,025,860	6,026,691	63,774,455
Inter segment revenue	-	(77,383)	9,012,403	(8,935,020)	-	-	-
Total expenses	21,281	57,334	18,519,739	32,350,243	1,575,604	4,171,887	56,696,088
Net income	616,285	269,357	1,756,023	2,131,642	450,256	1,854,804	7,078,367
Segment assets	-	2,009,459	229,961,688	1,112,618,661	-	19,751,448	1,364,341,256
Segment non-performing loans	-	-	7,837,843	107,778,690	-	-	115,616,533
Segment provision required	-	-	8,213,506	84,381,579	-	-	92,595,085
Segment liabilities	-	-	246,922,839	950,107,807	-	11,023,906	1,208,054,552
Segment return on net assets (ROA) (%)	0.00%	8.55%	0.82%	0.20%	0.00%	14.64%	0.56%
Segment cost of funds (%)	0.00%	0.00%	5.92%	5.86%	0.00%	0.00%	5.88%
2012 - Restated							
Total income	828,185	1,192,870	6,633,913	51,636,933	1,799,543	5,432,183	67,523,627
Inter segment revenue	-	(575,090)	14,241,358	(13,666,268)	-	-	-
Total expenses	20,081	58,575	17,860,717	22,711,479	1,520,244	3,974,247	46,145,343
Net income	808,104	559,205	3,014,554	15,259,186	279,299	1,457,936	21,378,284
Segment assets	-	1,157,441	212,223,191	1,078,828,438	-	17,319,035	1,309,528,105
Segment non-performing loans	-	-	7,492,643	84,545,071	-	-	92,037,714
Segment provision required	-	-	6,544,446	68,906,567	-	-	75,451,013
Segment liabilities	-	-	284,694,165	870,416,259	-	14,437,081	1,169,547,505
Segment return on net assets (ROA) (%)	0.00%	6.08%	1.61%	1.90%	0.00%	9.41%	2.08%
Segment cost of funds (%)	0.00%	0.00%	5.63%	6.49%	0.00%	0.00%	6.25%

37.1 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing product or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

37.1.1 Business segments

Corporate finance

Corporate banking includes, services provided in connection with mergers and acquisition, underwriting, privatization, securitization, research, debts (government, high yield), equity, syndication, IPO and secondary private placements.

Trading and sales

It includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos, brokerage debt and prime brokerage.

Retail banking

It includes retail lending and deposits, banking services, trust and estates, private lending and deposits, banking service, trust and estates investment advice, merchant / commercial and private labels and retail.

Commercial banking

Commercial banking includes project finance, real estate, export finance, trade finance, factoring, lending, guarantees, bills of exchange and deposits.

Payment and settlement

It includes payments and collections, funds transfer, clearing and settlement.

Agency services

It includes escrow, depository receipts, securities lending (customers), corporate actions, issuer and payingagents.

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38. TRUST ACTIVITIES

38.1 National Investment Trust (NIT)

Under a trust deed, the Bank provides services, as a trustee to NIT and is performing functions of sale / purchase of NIT units, safe custody and maintaining unit holders accounts. The Bank is keeping approximately Rs. 1,086 million (2012: Rs. 1,229 million) shares with market value of Rs. 54,041 million (2012: Rs. 36,858 million) in safe custody / Central Depository Company of Pakistan on behalf of NIT.

38.2 Long-Term Credit Fund (LTCF)

Consequent upon the NDFC's amalgamation, the Bank manages on behalf of the GoP, LTCF established from the proceeds of loans disbursed by various international funding agencies for financing private sector energy development projects. Fund assets are accounted for separately from those of the Bank and amounted to Rs. 58,581 million on December 31, 2013 (2012: Rs. 58,130 million).

38.3 Endowment Fund

Students Loan Scheme was launched by the GoP in collaboration with major commercial bank's with a view to extend financial help by way of mark-up free loan to the meritorious students without sufficient resources for pursuing scientific technical and professional education within Pakistan.

Students Loan Scheme is being administered by a high powered committee headed by the Deputy Governor, the SBP and the Presidents of the Bank, Habib Bank Limited, United Bank Limited, MCB Bank Limited, Allied Bank Limited and the Deputy Secretary, Ministry of Finance as member and Senior Director of BP&RD as a Secretary of the Committee. The SBP has assigned National Bank of Pakistan to operate the scheme being the public sector bank.

The Committee in its meeting held on August 7, 2001 approved creation of Endowment Fund initially at an amount of Rs. 500 million, Rs. 396 million were transferred from the old Qarz-e-Hasna Fund, Rs. 50 million contributed by the Government of Pakistan and Rs. 54 million were contributed by participating banks (HBL, NBP and UBL 25% each, MCB 17.5% and ABL 7.5%).

The amount of the endowment fund in investments stands at Rs. 598 million as at December 31, 2013 (2012: Rs. 595 million).

39. RELATED PARTY TRANSACTIONS AND BALANCES

The Bank has related party relationship with its associated undertakings, subsidiary companies, employee benefit plans, and its key management personnel (including their associates). The details of investments in subsidiary companies and associated undertakings are stated in note 9.

Transactions between the Bank and its related parties are carried out under commercial terms, except employees staff loans, employees sale of assets, provident fund and loan given to NBP Exchange Company Limited, that are as per agreement.

Detail of loans and advances to the companies or firms, in which the directors of the Bank are interested as directors, partners or in case of private companies as members, are given in note 10.7. There are no transactions with key management personnel other than under advance salary. Contributions in respect of staff retirement and other benefit plans are disclosed in note 34. Remuneration to the executives and disposal of assets are disclosed in notes 35 and 11.6

Notes to the Unconsolidated Financial Statements

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	2013				2012			
	At January 01,	Given during the year	Received during the year	At December 31,	At January 01,	Given during the year	Received during the year	At December 31
----- (Rupees in '000) -----								
Advances								
Subsidiaries	980,523	188,796	(294,991)	874,328	330,414	733,603	(83,494)	980,523
Associates	4,122,053	1,311,753	-	5,433,806	1,281,029	-	(61,045)	1,219,984
Addition due to Agritech Limited being associate	-	-	-	-	-	-	-	2,902,069
	4,122,053	1,311,753	-	5,433,806	1,281,029	-	(61,045)	4,122,053
Key management executives	67,184	32,972	(22,708)	144,607	100,919	8,000	(41,735)	67,184
*Adjustment	67,159							-
	134,343	32,972	(22,708)	144,607	100,919	8,000	(41,735)	67,184
	<u>5,236,919</u>	<u>1,533,521</u>	<u>(317,699)</u>	<u>6,452,741</u>	<u>1,712,362</u>	<u>741,603</u>	<u>(186,274)</u>	<u>5,169,760</u>

	2013				2012			
	At January 01,	Received during the year	Withdrawals during the year	At December 31,	At January 01,	Received during the year	Withdrawals during the year	At December 31
----- (Rupees in '000) -----								
Deposits								
Key management executives	15,416	292,747	(297,630)	10,533	14,750	309,084	(308,418)	15,416
*Adjustment	2,869	-	-	2,869	-	-	-	-
	18,285	292,747	(297,630)	13,402	14,750	309,084	(308,418)	15,416
Subsidiaries	546,928	3,339	(251,599)	298,668	329,897	256,553	(39,522)	546,928
Associates	15,025,349	-	(2,986,435)	12,038,914	15,025,349	-	-	15,025,349
Pension Fund (Current)	4,676	62,759,037	(62,759,320)	4,393	5,856	40,389,368	(40,390,548)	4,676
Pension Fund (Fixed Deposit)	13,600,000	25,157,100	(27,257,100)	11,500,000	16,100,000	16,000,000	(18,500,000)	13,600,000
Pension Fund (N.I.D.A A/c)	49,300	18,966,084	(18,745,156)	270,228	381,500	11,393,756	(11,725,956)	49,300
Provident Fund	12,448,399	2,695,075	(2,256,759)	12,886,715	10,224,455	3,595,145	(1,371,201)	12,448,399
	<u>41,692,937</u>	<u>109,873,382</u>	<u>(114,553,999)</u>	<u>37,012,320</u>	<u>42,081,807</u>	<u>71,943,906</u>	<u>(72,335,645)</u>	<u>41,690,068</u>

*Adjustments due to retirement / appointment of directors and changes in key management executives.

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	2013	2012
	----(Rupees in '000)----	
Placements with:		
Joint ventures	37,621	290,859
Reverse Repo lending to:		
Pension Fund	-	2,000,000
Repo borrowing from:		
Joint ventures	171,554	324,420
Deposits of other related parties	-	5,000,000
Other receivables from subsidiaries	104,242	-
Other payables to subsidiaries	4,227	-
Off Balance Sheet items	228,721	294,271
Investments in associates	9,890,010	28,492,915
Redemption / sale of investment in associates	25,320,851	4,734,048
Income for the year		
On advances / placements with:		
Subsidiaries	57,239	55,203
Joint ventures	3,707	4,106
Key management executives	4,043	2,022
Companies in which directors of the Bank are interested as director	1,368,000	1,122,738
Mark-up on lending (Reverse Repo):		
Subsidiaries	8,692	-
Associates	-	13,635
Dividend from associates	356,825	1,533,808
Expenses for the year		
Remuneration to key management executives	275,889	306,480
Charge for defined benefit plan	33,978	37,746
Mark-up on deposits of:		
Subsidiaries	52,417	6,184
Associates	197,905	12,019
Provident fund	2,132,706	1,878,104
Pension fund	425,952	398,779
Deposits of other related parties	121,839	-
Key management executives	912	874
Commission paid to subsidiaries	4,377	8,484
Mark-up on Borrowing (Repo / Call):		
Joint ventures	181	840

39.1 Transactions with Government-related entities

The Federal Government through State Bank of Pakistan holds controlling interest (75.60% shareholding) in the Bank and therefore entities which are owned and / or controlled by the Federal Government, or where the Federal Government may exercise significant influence, are related parties of the Bank.

The Bank in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking service to Government-related entities.

The Bank also earns commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 5,747 million for the year ended December 31, 2013. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 216,525 million, Rs. 375,404 million and Rs. 154,433 million respectively.

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40. CAPITAL ASSESSMENT AND ADEQUACY

40.1 Statutory minimum capital requirement and management of capital

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- to comply with the capital requirements set by the regulators of the banking markets where the Bank operates;
- to safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

The SBP has issued instructions for Basel-III Implementation vide BPRD Circular No. 06 of 2013 dated August 15, 2013. These instructions are effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019.

Basel-III instructions comprises of the following three capital standards:

i. Minimum Capital Requirement (MCR):

The MCR standard sets the nominal amount of capital banks/ DFIs are required to hold. Currently the MCR for banks and DFIs is Rs. 10 billion as prescribed by SBP.

ii. Capital Adequacy Ratio:

The Capital Adequacy Ratio (CAR) assesses the capital requirement based on the risks faced by the banks/ DFIs. The banks/ DFIs are required to comply with the minimum requirements as specified by the SBP on standalone as well as consolidated basis. Currently the required CAR for banks is 10%.

iii. Leverage Ratio:

Tier-1 Leverage Ratio of 3% is being introduced in response to the recently published Basel III Accord as the third capital standard. Bank level disclosure of the leverage ratio and its components will start from December 31, 2015. However, banks will report their Tier 1 leverage ratio to the SBP on quarterly basis from December 31, 2013.

The major changes under the Basel III reform package pertains to numerator of the Capital Adequacy Ratio (CAR) i.e., eligible capital. The SBP's regulatory capital as managed by the Bank is analysed into following tiers:

1. Tier 1 Capital (going-concern capital)

- Common Equity Tier 1
- Additional Tier 1

2. Tier 2 Capital (gone-concern capital)

- Tier I capital, which comprises highest quality capital element and include fully paid up capital, balance in share premium account, reserve for issue of bonus shares, general reserves and un-appropriate profits (net of accumulated losses, if any)
- Tier II capital, which includes general reserve for loan losses, revaluation reserve, exchange translation reserve and subordinated debt.
- Tier III capital, has been eliminated in Basel III Capital requirements. Also the Basel III capital rules requires bank to make certain deductions from the capital before arriving at the Capital Adequacy Ratio (CAR). These deductions are to be done in phased manner starting from 2014, with full deductions in 2018.

Risk weighted assets are measured according to the nature and reflect an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off balance sheet exposures, with some adjustments to reflect more contingent nature of potential losses.

The Bank's policy is to maintain strong capital base so as to maintain, investor, creditor and market confidence and to sustain future development of the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the SBP. The ratios compare the amount of eligible capital with the total of risk-weighted assets. The Bank monitors and reports its capital ratio under the SBP rules, which ultimately determines the regulatory capital, required to be maintained by Banks and DFIs.

The paid-up capital of the Bank for the year ended December 31, 2013 stood at Rs. 21.275 billion (2012 : Rs. 18.500 billion) and is in compliance with the SBP requirement for the said year. In addition the Bank has maintained minimum Capital Adequacy Ratio (CAR) of 15.24% (2012: 15.50%).

There have been no material changes in the Bank's management of capital during the year.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

40.2 Capital Adequacy Ratio (CAR):

	2013		2012
	Amount	Amounts subject to Pre - Basel III treatment*	(Restated)
----(Rupees in '000)----			
Common Equity Tier 1 capital (CET1): Instruments and reserves			
1 Fully Paid-up Capital/ Capital deposited with SBP	21,275,131		18,500,114
2 Balance in Share Premium Account	-		-
3 Reserve for issue of Bonus Shares	-		-
4 General/ Statutory Reserves	22,007,918		20,907,914
5 Gain/(Losses) on derivatives held as Cash Flow Hedge	-		-
6 Unappropriated/unremitted profits/ (losses)	48,045,930		57,418,845
7 Minority Interests arising from CET1 capital instruments issued to third party by consolidated	-		-
8 CET 1 before Regulatory Adjustments	91,328,979		96,826,873
Common Equity Tier 1 capital: Regulatory adjustments			
9 Goodwill (net of related deferred tax liability)			-
10 All other intangibles (net of any associated deferred tax liability)	1,363,187		1,192,917
11 Shortfall of provisions against classified assets	-		-
12 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-
13 Defined-benefit pension fund net assets	-	-	-
14 Reciprocal cross holdings in CET1 capital instruments	4		67,787
15 Cash flow hedge reserve	-	-	-
16 Investment in own shares/ CET1 instruments	-	-	-
17 Securitization gain on sale	-	-	-
18 Capital shortfall of regulated subsidiaries	-	-	-
19 Deficit on account of revaluation from bank's holdings of property/ AFS	-	-	-
20 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	3,051,354	-
21 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	2,584,825	-
22 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	2,243,856	-
23 Amount exceeding 15% threshold	-	-	-
24 of which: significant investments in the common stocks of financial entities	-	2,211,160	-
25 of which: deferred tax assets arising from temporary differences	-	2,144,416	-
26 National specific regulatory adjustments applied to CET1 capital	-	-	-
27 Investment in TFCs of other banks exceeding the prescribed limit	-	-	-
28 Any other deduction specified by SBP (mention details)	-	-	-
29 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	2,854,264		2,849,264
30 Total regulatory adjustments applied to CET1 (sum of 9 to 25)	4,217,455		4,109,968
Common Equity Tier 1	87,111,524		92,716,905
Additional Tier 1 (AT 1) Capital			
31 Qualifying Additional Tier-1 instruments plus any related share premium	-		-
32 of which: Classified as equity	-		-
33 of which: Classified as liabilities	-		-
34 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-		-
35 of which: instrument issued by subsidiaries subject to phase out	-		-
36 AT1 before regulatory adjustments	-		-
Additional Tier 1 Capital: regulatory adjustments			
37 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-		-
38 Investment in own AT1 capital instruments	-		-
39 Reciprocal cross holdings in Additional Tier 1 capital instruments	-		-
40 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
41 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
42 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	-	-
43 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-
44 Total of Regulatory Adjustment applied to AT1 capital	-		-
45 Additional Tier 1 capital	-		-
46 Additional Tier 1 capital recognized for capital adequacy	-		-
Tier 1 Capital (CET1 + admissible AT1)	87,111,524		92,716,905

*The amount represents regulatory deductions that are still subject to pre-Basel III treatment during the transitional period.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

	2013		2012
	Amount	----(Rupees in '000)---- Amounts subject to Pre - Basel III treatment*	(Restated)
Tier 2 Capital			
47 Qualifying Tier 2 capital instruments under Basel III	-	-	-
48 Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	-	-
49 Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	-	-
50 of which: instruments issued by subsidiaries subject to phase out	-	-	-
51 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	2,858,446		2,572,579
52 Revaluation Reserves			
53 of which: Revaluation reserves on Property	10,388,619		8,125,990
54 of which: Unrealized Gains/Losses on AFS	18,478,440		10,543,912
55 Foreign Exchange Translation Reserves	9,530,777		7,910,615
56 Undisclosed/Other Reserves (if any)			
57 T2 before regulatory adjustments	41,256,282		29,153,096
Tier 2 Capital: regulatory adjustments			
58 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	2,854,264	-	2,849,264
59 Reciprocal cross holdings in Tier 2 instruments	-		-
60 Investment in own Tier 2 capital instrument	-		-
61 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
62 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
63 Amount of Regulatory Adjustment applied to T2 capital	2,854,264		2,849,264
64 Tier 2 capital (T2)	38,402,018		26,303,832
65 Tier 2 capital recognized for capital adequacy	38,402,018		26,303,832
66 Excess Additional Tier 1 capital recognized in Tier 2 capital	-		-
67 Total Tier 2 capital admissible for capital adequacy	(d) 38,402,018		26,303,832
TOTAL CAPITAL (T1 + admissible T2)	(e=c+d) 125,513,542		119,020,737
Total Risk Weighted Assets	(i=f+g+h) 823,424,110		767,829,471
68 Total Credit Risk Weighted Assets	(f) 637,516,388		624,052,707
69 Risk weighted assets in respect of amounts subject to Pre-Basel III Treatment			
70 of which: recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-		-
71 of which: deferred tax assets	-		-
72 of which: Defined-benefit pension fund net assets	-		-
73 of which: [insert name of adjustment]	-		-
74 Total Market Risk Weighted Assets	(g) 68,146,648		27,096,551
75 Total Operational Risk Weighted Assets	(h) 117,761,074		116,680,213
Capital Ratios and buffers (in percentage of risk weighted assets)			
76 CET1 to total RWA	(a/i) 10.58%		12.08%
77 Tier-1 capital to total RWA	(c/i) 10.58%		12.08%
78 Total capital to RWA	(e/i) 15.24%		15.50%
79 Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)			
80 of which: capital conservation buffer requirement			
81 of which: countercyclical buffer requirement			
82 of which: D-SIB or G-SIB buffer requirement			
83 CET1 available to meet buffers (as a percentage of risk weighted assets)			
National minimum capital requirements prescribed by SBP			
84 CET1 minimum ratio	5%		
85 Tier 1 minimum ratio	6.5%		
86 Total capital minimum ratio	10%		10%
Amounts below the thresholds for deduction (before risk weighting)			
87 Non-significant investments in the capital of other financial entities	-	8,711,152	
88 Significant investments in the common stock of financial entities	-	6,499,992	
89 Deferred tax assets arising from temporary differences (net of related tax liability)	-	6,566,736	
Applicable caps on the inclusion of provisions in Tier 2			
90 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)			
91 Cap on inclusion of provisions in Tier 2 under standardized approach			
92 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)			
93 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach			

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

40.3 Capital Structure Reconciliation

STEP 1

Assets

Cash and balances with treasury banks
 Balance with other banks
 Lending to financial institutions
 Investments
 Advances
 Operating fixed assets
 Deferred tax assets
 Other assets

Total assets

Liabilities & Equity

Bills payable
 Borrowings
 Deposits and other accounts
 Sub-ordinated loans
 Liabilities against assets subject to finance lease
 Deferred tax liabilities
 Other liabilities

Total liabilities

Share capital
 Reserves
 Unappropriated profit / (losses)
 Minority Interest
 Surplus on revaluation of assets

Total liabilities & equity

As per published financial statements Under regulatory scope of reporting

2013 2013
 -----(Rupees in '000)----

157,930,297	157,930,297
17,457,523	17,457,523
51,938,689	51,938,689
397,958,681	397,958,681
615,419,874	615,419,874
32,702,121	32,702,121
10,955,008	10,955,008
79,979,063	79,979,063
1,364,341,256	1,364,341,256
13,894,667	13,894,667
21,994,839	21,994,839
1,101,138,574	1,101,138,574
-	-
24,034	24,034
-	-
71,002,438	71,002,438
1,208,054,552	1,208,054,552
21,275,131	21,275,131
31,538,695	31,538,695
48,045,930	48,045,930
-	-
55,426,948	55,426,948
156,286,704	156,286,704

STEP 2

Assets

Cash and balances with treasury banks
 Balance with other banks
 Lending to financial institutions
 Investments

of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold
of which: significant capital investments in financial sector entities exceeding regulatory threshold
of which: Mutual Funds exceeding regulatory threshold
of which: reciprocal crossholding of capital instrument
of which: Financial Subsidiaries, Associates and Joint Ventures directly deducted from capital excluding mutual funds

- to be deducted from AT1

- to be deducted from T2

Advances

shortfall in provisions/ excess of total EL amount over eligible provisions under IRB
 general provisions reflected in Tier 2 capital

Fixed Assets

of which: Intangibles

Deferred Tax Assets

of which: DTAs excluding those arising from temporary differences

of which: DTAs arising from temporary differences exceeding regulatory threshold

Other assets

of which: Goodwill

of which: Intangibles

of which: Defined-benefit pension fund net assets

Total assets

Liabilities & Equity

Bills payable
 Borrowings
 Deposits and other accounts
 Sub-ordinated loans
of which: eligible for inclusion in AT1
of which: eligible for inclusion in Tier 2
 Liabilities against assets subject to finance lease
 Deferred tax liabilities

of which: DTLs related to goodwill

of which: DTLs related to intangible assets

of which: DTLs related to defined pension fund net assets

of which: other deferred tax liabilities

Other liabilities

Total liabilities

As per published financial statements Under regulatory scope of reporting

2013 2013
 (Rupees in '000)

157,930,297	157,930,297
17,457,523	17,457,523
51,938,689	51,938,689
397,958,681	397,958,681
-	-
-	-
-	4
-	-
-	2,854,264
-	2,854,264
615,419,874	615,419,874
-	-
-	2,858,446
32,702,121	32,702,121
-	1,363,187
10,955,008	10,955,008
-	10,955,008
79,979,063	79,979,063
-	-
-	-
-	-
1,364,341,256	1,364,341,256
13,894,667	13,894,667
21,994,839	21,994,839
1,101,138,574	1,101,138,574
-	-
-	-
24,034	24,034
-	-
-	-
-	-
-	-
71,002,438	71,002,438
1,208,054,552	1,208,054,552

Reference

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Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

	As per published financial statements	Under regulatory scope of reporting
	2013	2013
	----(Rupees in '000)----	
Share capital	21,275,131	21,275,131
of which: amount eligible for CET1	-	21,275,131
of which: amount eligible for AT1	-	-
Reserves	31,538,695	31,538,695
of which: portion eligible for inclusion in CET1	-	22,007,918
of which: portion eligible for inclusion in Tier 2	-	9,530,777
Unappropriated profit/ (losses)	48,045,930	48,045,930
Minority Interest	-	-
of which: portion eligible for inclusion in CET1	-	-
of which: portion eligible for inclusion in AT1	-	-
of which: portion eligible for inclusion in Tier 2	-	-
Surplus on revaluation of assets	55,426,948	55,426,948
of which: Revaluation reserves on Property	-	10,388,619
of which: Unrealized Gains/Losses on AFS	-	18,478,440
In case of Deficit on revaluation (deduction from CET1)	-	-
Total liabilities & Equity	1,364,341,256	1,364,341,256

STEP 3

Common Equity Tier 1 capital (CET1): Instruments and reserves

	Component of regulatory capital reported by bank	Source based on reference number from step 2
	2013 (Rupees in '000)	
1 Fully Paid-up Capital/ Capital deposited with SBP	21,275,131	(s)
2 Balance in Share Premium Account	-	
3 Reserve for issue of Bonus Shares	-	
4 General/ Statutory Reserves	22,007,918	(u)
5 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
6 Unappropriated profits	48,045,930	(w)
7 Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	(x)
8 CET 1 before Regulatory Adjustments	91,328,979	

Common Equity Tier 1 capital: Regulatory adjustments

9 Goodwill (net of related deferred tax liability)	-	(j) - (o)
10 All other intangibles (net of any associated deferred tax liability)	1,363,187	(k) - (p)
11 Shortfall of provisions against classified assets	-	(f)
12 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	{(h) - (r)} * x%
13 Defined-benefit pension fund net assets	-	{(l) - (q)} * x%
14 Reciprocal cross holdings in CET1 capital instruments	4	(d)
15 Cash flow hedge reserve	-	
16 Investment in own shares/ CET1 instruments	-	
17 Securitization gain on sale	-	
18 Capital shortfall of regulated subsidiaries	-	
19 Deficit on account of revaluation from bank's holdings of property/ AFS	-	(ab)
20 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(a) - (ac) - (ae)
21 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(b) - (ad) - (af)
22 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	(i)
23 Amount exceeding 15% threshold	-	
24 of which: significant investments in the common stocks of financial entities	-	
25 of which: deferred tax assets arising from temporary differences	-	
26 National specific regulatory adjustments applied to CET1 capital	-	
27 Investment in TFCs of other banks exceeding the prescribed limit	-	
28 Any other deduction specified by SBP (mention details)	-	
29 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	2,854,264	
30 Total regulatory adjustments applied to CET1 (sum of 9 to 25)	4,217,455	
Common Equity Tier 1	87,111,524	

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

	Component of regulatory capital reported by bank	Source based on reference number from step 2
	2013 ---(Rupees in '000)---	
Additional Tier 1 (AT 1) Capital		
31 Qualifying Additional Tier-1 instruments plus any related share premium	-	
32 of which: Classified as equity	-	(t)
33 of which: Classified as liabilities	-	(m)
34 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
35 of which: instrument issued by subsidiaries subject to phase out	-	
36 AT1 before regulatory adjustments	-	
Additional Tier 1 Capital: regulatory adjustments		
37 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
38 Investment in own AT1 capital instruments	-	
39 Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
40 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
41 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
42 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	2,854,264	
43 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
44 Total of Regulatory Adjustment applied to AT1 capital	-	
45 Additional Tier 1 capital	-	
46 Additional Tier 1 capital recognized for capital adequacy	-	
Tier 1 Capital (CET1 + admissible AT1)	87,111,524	
Tier 2 Capital		
47 Qualifying Tier 2 capital instruments under Basel III	-	(n)
48 Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	
49 Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
50 of which: instruments issued by subsidiaries subject to phase out	-	
51 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	2,858,446	(g)
52 Revaluation Reserves eligible for Tier 2	28,867,059	
53 of which: portion pertaining to Property	10,388,619	portion of (aa)
54 of which: portion pertaining to AFS securities	18,478,440	
55 Foreign Exchange Translation Reserves	9,530,777	(v)
56 Undisclosed/Other Reserves (if any)	-	
57 T2 before regulatory adjustments	41,256,282	
Tier 2 Capital: regulatory adjustments		
58 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	2,854,264	
59 Reciprocal cross holdings in Tier 2 instruments	-	
60 Investment in own Tier 2 capital instrument	-	
61 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ae)
62 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
63 Amount of Regulatory Adjustment applied to T2 capital	-	
64 Tier 2 capital (T2)	2,854,264	
65 Tier 2 capital recognized for capital adequacy	-	
66 Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
67 Total Tier 2 capital admissible for capital adequacy	38,402,018	
TOTAL CAPITAL (T1 + admissible T2)	125,513,542	

Notes to the Unconsolidated Financial Statements

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40.4 Main Features Template of Regulatory Capital Instruments

Sr. No.	Main Features	Common Shares
1	Issuer	NATIONAL BANK OF PAKISTAN
2	Unique identifier (KSE Symbol)	NBP
3	Governing law(s) of the instrument	National Bank of Pakistan Ordinance 1949, Bank's Nationalization Act, 1974, Companies Ordinance 1984, and others applicable.
Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1
5	Post-transitional Basel III rules	Common Equity Tier 1
6	Eligible at solo/ group/ group & solo	Group and Standalone
7	Instrument type	Ordinary Shares
8	Amount recognized in regulatory capital (Currency in PKR thousands)	PKR 21,275,131
9	Par value of instrument	PKR 10
10	Accounting classification	Shareholders Equity
11	Original date of issuance	N/A
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	Not Applicable
16	Subsequent call dates, if applicable	Not Applicable
Coupons / dividends		
17	Fixed or floating dividend/ coupon	Not Applicable
18	Coupon rate and any related index/ benchmark	Not Applicable
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Full Discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Not Applicable
Convertible or non-convertible		
24	If convertible, conversion trigger (s)	Not Applicable
25	If convertible, fully or partially	Not Applicable
26	If convertible, conversion rate	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable
Write-down feature		
31	If write-down, write-down trigger(s)	Not Applicable
32	If write-down, full or partial	Not Applicable
33	If write-down, permanent or temporary	Not Applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument ¹)	Not Applicable
36	Non-compliant transitioned features	Not Applicable
37	If yes, specify non-compliant features	Not Applicable

Notes to the Unconsolidated Financial Statements

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40.5 Capital Adequacy

The Bank uses the 'Standardised Approach' for all its credit risk exposures.

The Bank uses SBP approved rating agencies for deriving risk weights to specific credit exposures. These are applied consistently across the Bank's credit portfolio for both on - balance sheet and off - balance sheet exposures. The methodology applied for using External Credit Assessment Institutions (ECAI's) inclusive of the alignment of alpha numerical scale of each agency used with risk bucket is as per the SBP Basel II guidelines as is given below:

Exposures	2013	
	JCR - VIS	PACRA
PSEs	✓	✓
Corporate	✓	✓
Banks	✓	✓
Sovereigns	X	X
SME's	X	X
Securitisation	N / A	N / A
Others	N / A	N / A

The capital requirements for the Bank as per the major risk categories are as follows:

	Capital Requirements		Risk Weighted Assets	
	2013	2012	2013	2012
	---(Rupees in '000)---			
	Restated		Restated	
Credit Risk				
Portfolios subject to standardized approach (Simple approach)				
On-Balance sheet				
Public sector entities	1,864,280	1,684,228	18,642,799	16,842,281
Claims on other sovereigns	5,163,086	2,932,942	51,630,861	29,329,417
Banks	708,359	947,708	7,083,588	9,477,081
Corporates	17,901,293	20,991,174	179,012,930	209,911,744
Retail portfolio	10,900,755	9,503,904	109,007,547	95,039,037
Loans secured by residential property	727,767	719,262	7,277,672	7,192,623
Past due loans	3,553,438	2,785,598	35,534,382	27,855,978
Investment in fixed assets	3,133,893	2,675,692	31,338,934	26,756,916
Other assets	4,067,350	4,253,003	40,673,502	42,530,028
	48,020,221	46,493,511	480,202,215	464,935,105
Off-Balance sheet				
Off balance sheet - non-market related exposure	5,889,247	7,629,363	58,892,474	76,293,628
Off balance sheet - market related exposure	65,791	47,757	657,912	477,566
	5,955,038	7,677,120	59,550,386	76,771,194
Equity Exposure Risk in the Banking Book	9,776,379	8,234,641	97,763,787	82,346,408
Total Credit Risk	63,751,638	62,405,272	637,516,388	624,052,707
Market Risk				
Capital Requirement for portfolios subject to Standardized Approach				
Interest rate risk	2,437,844	255,764	24,378,436	2,557,638
Equity position risk	1,448,009	93,005	14,480,094	930,050
Foreign exchange risk	2,928,812	2,360,886	29,288,118	23,608,863
Total Market Risk	6,814,665	2,709,655	68,146,648	27,096,551
Operational Risk				
Capital Requirement for operational risks	11,776,107	11,668,021	117,761,074	116,680,213
TOTAL	82,342,410	76,782,948	823,424,110	767,829,471
Capital Adequacy Ratio				
Total eligible regulatory capital held (Note:-----) (e)	125,513,543		119,020,737	
Total Risk Weighted Assets (Note:----) (i)	823,424,110		767,829,471	
Capital Adequacy Ratio (e) / (i)	15.24%		15.50%	

The Capital Adequacy Ratio of prior year is based on BASEL II Framework as applicable on that date.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

40.6 Risk Adjusted Exposures

Risk-Weighted Exposures	2013		2012	
	Book Value	Risk Adjusted Value	Book Value	Risk Adjusted Value
----- (Rupees in '000) -----				
Credit Risk				(Restated)
Balance Sheet Items:-				
Cash and balances with treasury banks	157,930,297	5,329,007	158,332,679	6,362,244
Balances with other banks	17,457,523	3,963,839	30,222,367	8,145,086
Lendings to financial institutions	51,938,689	3,119,749	8,272,645	1,331,995
Investments	397,958,681	136,655,330	343,537,529	107,570,615
Advances	615,419,874	335,950,045	654,690,016	342,125,722
Operating fixed assets	32,702,121	31,338,934	27,949,833	26,756,915
Deferred tax assets	10,955,008	10,955,008	9,848,073	9,848,073
Other assets	79,979,063	50,654,089	76,674,963	45,140,863
	<u>1,364,341,256</u>	<u>577,966,001</u>	<u>1,309,528,105</u>	<u>547,281,513</u>
Off Balance Sheet items				
Loan Repayment Guarantees	21,662,445	18,783,055	27,803,544	36,180,955
Purchase and Resale Agreements Performance Bonds etc.	55,468,134	18,800,466	51,213,970	17,215,136
Revolving underwriting Commitments Stand By Letters of Credit	206,568,885	21,308,952	166,446,026	22,897,537
Outstanding Foreign Exchange Contracts				
-Purchase	204,673,055	262,868	176,517,384	308,863
-Sale	132,796,307	395,046	96,414,777	168,703
	<u>621,168,827</u>	<u>59,550,387</u>	<u>518,395,701</u>	<u>76,771,194</u>
Credit risk-weighted exposures		637,516,388		624,052,707
Market Risk				
General market risk		22,631,693		3,022,663
Specific market Risk		16,226,837		465,025
Foreign Exchange Risk		29,288,118		23,608,863
Market risk-weighted exposures		68,146,648		27,096,551
Operational Risk		117,761,074		116,680,213
Total Risk-Weighted Exposures		<u>823,424,110</u>		<u>767,829,471</u>

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41. RISK MANAGEMENT

Risk Management has been a subject of focus in the wake of recent global economic circumstances. Although Risk Management always existed as a global concept, it started gaining popularity in 2004 with the release of the Basel II accord. In the Pakistani banking industry, Risk Management gained its importance when SBP released its circular for Basel II framework to be implemented locally. Since then, SBP has been very active in releasing various guidelines enforcing banks to strengthen their internal risk management environments.

Taking the lead from the regulatory requirements and best practices, NBP has been constantly striving to achieve excellence in Risk Management standards. NBP realizes its leading role in the banking industry and as an important component to the economic environment of Pakistan. Considering the recent global crisis and the needs of the local macro-economic and banking landscape, the bank intends to further strengthen its Risk Management design and inculcate a culture of prudent risk management across complete range of its activities.

Significant improvements and changes have occurred in the overall Risk Management environment of NBP since 2010 due to implementation of a bank-wide Basel II programme. In its overall strive to adopt best practices; NBP procured the consultancy services of the market leader in Basel II implementation.

Additionally, it is important to mention that the bank has also recently procured the services of a top consultant to undertake a comprehensive BPR and COSO exercise aimed at overall business process improvement, advanced risk management and strengthening of the overall control environment.

41.1 Overall Structure and broad initiatives

Risk Management now exists as an independent group i.e. Risk Management Group (RMG) functionally reporting to the Board Risk Committee (BRC) and administratively to the President. A new and improved organizational structure for the group has been implemented with clear segregation of responsibilities and focused wings constituted with relevant heads and staff to discharge respective responsibilities.

An Executive Risk Management Committee (ERMC) also exists within the bank comprising of relevant Group Chiefs/ Divisional Heads. Both BRC and the ERMC are provided periodic updates via MIS and periodic progress reports by RMG to ensure that the board and senior management remain aware of the various risk management initiatives and provide oversight and guidance.

Development of a Risk Charter and an updated Risk Management Policy has led to the clear identification of roles and responsibilities for RMG and support standards for other functions within the bank to eliminate any ambiguity and conflict of interest between responsibilities.

The structure of RMG with dedicated wings/functions for specific responsibilities has been implemented as follows:

41.1.1 Credit Risk Architecture

Development of a Risk Charter and an updated Risk Management Policy has led to the clear identification of roles and responsibilities for RMG and support standards for other functions within the bank to eliminate any ambiguity and conflict of interest between responsibilities.

- Credit Risk Policy, Strategy and ICAAP
- Credit Modelling and Analytics
- Credit Portfolio Management
- Country Risk Management

With a view to further improve credit risk mitigation environment and to introduce proactive measures to combat risk the Wing ensures that there is a framework in place for effective assessment/ measurement, mitigation and reporting of credit risks both on counterparty as well as portfolio level. Key responsibilities include formulation/ proposition of credit risk strategies, policies, credit assessment methodologies, credit portfolio management including limit setting, MIS and monitoring. This Wing is also responsible for building the process for development of credit risk models for compliance with the Basel II FIRB approach, going forward, as targeted by the bank for implementation and necessary

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data collection / cleansing / validation efforts to be employed in this regard and the relevant rating processes.

For the sake of clarification, this Wing covers credit risk aspects pertaining to portfolios, other than the consumer finance and programme based SME lending which is managed by another dedicated function i.e. Consumer Risk Management.

41.1.2 Credit Risk Review

In line with SBP's Risk Management Guidelines, NBP has constituted a dedicated Risk Review Wing in RMG for undertaking review of loans and advances on post facto basis. The purpose of Risk Review is to bring improvement in overall credit granting process, resultantly improving the quality of loan portfolio.

The Wing is responsible to independently review the approved credit cases pertaining to new proposals, renewals, restructuring/rescheduling loans etc., on a sample basis. The findings are reported to the Chief Risk Officer (CRO) for onward communication to Credit Management and Business Groups, ERM, BRC and other relevant authorities.

Since January 2012 to December 2013 four HY samples have been drawn and review reports / findings of three samples shared with relevant stakeholders. A number of areas for improvement have been suggested based on review findings.

At present, the scope of the Wing is to review corporate, commercial and SME portfolios, which will be gradually extended to other asset classes as the capacity develops.

41.1.3 Basel II Implementation/ Risk Automation

This Wing is responsible for managing and facilitating the Basel II project in close coordination with the Basel II consultants and with the active support and involvement of other functions within the bank. The Wing is also responsible to perform project management and support services in relation to evaluation, selection and implementation of suitable risk management applications, as required by the bank.

41.1.4 Consumer Risk Management

The Wing is also mandated with development of an overall consumer risk policy framework and oversight of its implementation. The primary responsibilities include formulation/ proposition of credit risk strategies, policies, credit assessment methodologies, credit portfolio management including limit setting, MIS and monitoring with respect to consumer/ programme based SME lending.

41.1.5 E-CIB and Data Management

E-CIB & Data Management Wing represents a dedicated team of personnel responsible for reviewing the quality and integrity of credit and advances related data. Such data is input at various input sources in various groups, divisions and field functionaries.

The Wing is responsible for performing periodic post facto review of advances data, highlighting inconsistencies and errors and issuing instructions to the relevant data entry points for rectification. The wing has taken several initiatives for data accuracy and identification of data discrepancies which improved the quality of data significantly than the previous years and carried out additional data collection exercises for Basel-II Models requirements.

41.1.6 Operational Risk Management

Operational Risk Management Wing has been developed to help align the bank with the sound practices of operational risk set by the Basel Committee and provide guidance for setting Operational Risk Strategy of the bank, selection and adoption of risk and loss measurement tools, reporting & communication and establishment of operational risk management process.

For further strengthening the Operational Risk in the bank, operational risk management wing has achieved the following milestones and going forward to help ally the bank for Operational Risk Profile.

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41.1.6.1 Implementation of Operational Risk Management tools like Risk & Control Self Assessment (RCSA) and Key Risk Indicators (KRIs)

For identification and assessment of operational risk across the bank, bank has adopted risk assessment methodology known as Risk & Control self Assessment. Through this methodology bank has identified some significant Key Risk Indicators during design assessment. The reporting of these identified KRIs will be initially taken up for setting their threshold.

41.1.6.2 Monitoring of ORM Tolerance limit and updation

Bank has identified the limits for various operational risk categories and now bank would monitor its operational losses against those defined limits and apprise the Senior Management / Board in case the limits are breached.

41.1.6.3 Presenting ORM reports to Board and Senior Management

Various reports with respect to operational risk profile of the bank are being presented to Board/ Senior Management on time to time basis.

41.1.6.4 Training to field functionaries on Operational Risk Management & Its tools

Training is also being given to the field functionaries on operational risk management and its various tools however comprehensive training is required for field functionaries on ORM tools such as RCSA, KRI etc. and its application.

NBP is an active participant of the PBA's subcommittee on Basel II and compliance and has been promptly complying with SBP instructions relating to various studies on advance risk management such as Basel III impact study, SBP stress testing guidelines and ICAAP up-gradation.

With all the above initiatives in place and some planned for future, NBP aims to implement an overall risk management structure within the bank that is constantly evolving to strengthen the risk environment. It is a key aim of the bank to truly develop an integrated risk management culture where each individual is well aware and accounts for the risks involved in respective activities being performed.

41.1.7 Market & Liquidity Risk Management

The following are the primary responsibilities of this Wing:

- Market Risk Policy, Modelling & Analytics
- Middle Office
- Asset Liability Management

The Wing ensures that the market and liquidity risks are identified, measured, mitigated and controlled with the support and involvement of respective business and operations groups / divisions / functions, and in accordance with the regulatory requirements and internal policies. Broadly, it is responsible for formulation / proposition of market and liquidity risk management framework, Investment portfolio monitoring, assessment / development of market and liquidity risk limit framework and associated limits, working on Basel II projects, coordinating with the core banking team in provision of required features and provision of necessary support in market risk capital calculation and other market and liquidity risk functionalities.

41.1.8 Basel II and Advanced Risk Management

As part of the Basel II implementation programme, a comprehensive diagnostic exercise was conducted on a bank-wide basis and the relevant areas for improvement identified. This exercise encompassed all possible aspects that impacted the bank's Risk Management environment including the assessment of its existing risk management structure, policies and procedures, overall system architecture from a risk perspective and data availability and quality required for comprehensive risk management.

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To align the overall environment with respect to Basel II and strengthen the areas identified during the diagnostic exercise, detailed remediation plans have been developed proposing various structured initiatives that the bank needs to undertake.

Under the Basel II ambit and otherwise as part of regulatory requirements and generally accepted best practices for prudent risk management, the initiatives and improvements detailed in the following sections have been undertaken.

41.1.9 Enterprise Wide

A comprehensive and updated Risk Management Policy has been developed which details the entire framework for risk management (including Risk Appetite and Strategy) within the bank and clearly identifies the role of RMG as well as various support standards for other groups / divisions. It also describes the overall responsibilities of the Board and senior management to ensure that the risk management standards set by the bank are consistently implemented.

A Business Planning Working (BPW) group has been set up that has representation from all the relevant groups / divisions. The idea is to develop a very comprehensive bank-wide strategy backed by economic logic and data analysis. Under the guidance of senior management (Operations Committee), this group functions on developing / improving mechanisms within the bank to deliberate upon and aid in better risk and strategy planning. Some of the key work performed under same has been the updation of an industry rating model, advanced portfolio management parameters, etc.

A capital calculation handbook has been developed, setting out the steps right from data inception to the policies and procedures and final calculation of capital under Basel II. RMG is also coordinating with Financial Control Division (FCD) for improving the overall quality of data for MCR / CAR reporting and provides regular feedback to FCD on MCR calculation which has resulted in considerable improvements in the calculation process.

The ToRs of BRC have been enhanced to include more detailed role with respect to best practice risk management. The BRC and ERMIC are regularly updated on overall status of risk management within the bank and across the industry through periodic MIS reports. RMG has been conducting Peer Banks Analysis, Sectorial Analysis, Credit Portfolio Analysis, Agriculture Analysis, Bank's Operational risk profile reports and Consumer Analysis (Advance Salary, Saibaan, Karobar) etc. and reporting the same to BRC and ERMIC.

Various trainings / orientations have already been conducted at the senior levels within the bank to create overall risk awareness and provide guidance on best practice risk management. Such sessions include various Basel II orientations, Operational Risk Awareness and its importance, stress testing workshops, RCSA training etc.

41.1.10 Data Enrichment and Risk Automation

A Core Banking Application (CBA) implementation project is underway that includes an entire suite of systems. CBA has been assessed in detail from the Basel II perspective and identified enhancements are being catered to. The new Treasury system (KONDOR +) is under implementation as part of CBA project.

Existing data platforms within the bank have also been assessed and are already under enhancement and automation to cater to the Basel needs in the interim period. These enhanced platforms should also serve as quality data input to the CBA, once ready. Special and focused trainings aided by data entry manuals have already been conducted at branch and region level to collect cleansed data for various purposes such as credit model development. Further trainings are also being planned with respect to the enhanced existing platforms to assist in ongoing improvement in data collection and quality. Data cleansing is being performed at the Head Office level on an ongoing basis to improve overall data quality and aid in improved MIS generation.

RMG is also spearheading the process of procurement of various risk systems to further ensure adequate data quality and enhance MIS reporting through automation. An independent evaluation committee has been formed to ensure procurement of the best possible systems.

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41.1.11 SEGMENTAL INFORMATION
41.1.11.1 Segment by class of business

	2013					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Chemical and pharmaceuticals	4,873,774	0.69	2,951,962	0.27	6,927,819	2.44
Agriculture	45,064,473	6.36	32,061,845	2.91	62,070	0.02
Textile	75,001,909	10.59	6,540,154	0.59	5,105,736	1.80
Cement	10,130,946	1.43	151,706	0.01	931,510	0.33
Sugar	18,727,594	2.65	394,515	0.04	859,700	0.30
Flour	2,866,064	0.40	1,450,559	0.13	-	0.00
Rice processing	15,032,791	2.12	2,644,771	0.24	-	0.00
Shoes and leather garments	1,338,947	0.19	181,731	0.02	43,356	0.02
Automobile and transportation equipment	3,304,151	0.47	1,850,785	0.17	1,480,268	0.52
Financial	8,418,554	1.31	137,234,674	12.24	12,822,386	4.52
Insurance	19,277	0.00	8,507,537	0.77	1,619	0.00
Transportation	67,490,541	9.53	9,996,526	0.91	24,923,359	8.79
Real estate construction	8,788,162	1.24	14,316,963	1.29	5,210,143	1.84
Electronics and electrical appliances	9,843,559	1.39	1,589,661	0.14	1,755,141	0.62
Production and transmission of energy	113,865,472	16.08	87,523,341	7.95	73,889,797	26.05
Food and tobacco	3,714,048	0.52	1,064,594	0.10	715,692	0.25
Fertilizer	10,078,606	1.42	2,036,056	0.18	3,003,104	1.06
Metal products	53,645,690	7.58	4,450,667	0.40	4,104,988	1.45
Telecommunication	6,826,340	0.96	30,056,483	2.73	12,150,811	4.28
Hotel and services	8,953,734	1.26	100,283,866	9.11	2,974,655	1.05
Public sector commodity operations	33,260,513	4.70	1,533,326	0.14	4,161,765	1.47
Individuals	135,318,997	19.11	410,924,744	37.32	6,678,837	2.36
General traders	21,484,783	3.03	55,806,814	5.07	1,768,858	0.62
Others	49,996,030	6.93	187,585,294	17.26	114,127,850	40.23
	708,014,959	100.00	1,101,138,574	100.00	283,699,464	100.00

	2012 (Restated)					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Chemical and pharmaceuticals	4,792,292	0.66	2,517,684	0.24	13,623,855	5.55
Agriculture	34,129,299	4.67	25,722,455	2.48	1,005,407	0.41
Textile	71,143,655	9.74	3,463,779	0.33	6,649,218	2.71
Cement	9,683,275	1.33	448,333	0.04	2,132,031	0.87
Sugar	16,520,444	2.26	434,852	0.04	990,560	0.40
Flour	3,757,579	0.51	2,125,206	0.20	-	0.00
Rice processing	11,998,549	1.64	1,208,709	0.12	-	0.00
Shoes and leather garments	1,414,223	0.19	1,354,011	0.13	82,103	0.03
Automobile and transportation equipment	3,730,424	0.51	1,132,910	0.11	1,377,904	0.56
Financial	16,085,433	2.20	156,152,285	15.43	6,266,568	2.55
Insurance	917	0.00	7,914,813	0.76	3,151	0.00
Transportation	60,125,369	8.23	13,380,874	1.29	9,300,243	3.79
Real estate construction	9,147,184	1.25	14,947,048	1.44	5,264,760	2.14
Electronics and electrical appliances	8,368,932	1.15	666,415	0.06	2,245,267	0.91
Production and transmission of energy	123,239,754	16.88	75,717,302	7.30	48,528,344	19.77
Food and tobacco	1,874,307	0.26	884,158	0.09	858,193	0.35
Fertilizer	15,190,789	2.08	2,946,918	0.28	2,205,914	0.90
Metal products	43,644,193	5.98	8,215,536	0.79	3,515,844	1.43
Telecommunication	6,808,627	0.93	58,259,424	5.62	9,005,748	3.67
Hotel and services	15,814,474	2.17	107,891,242	10.41	4,773,679	1.94
Public sector commodity operations	59,482,989	8.15	5,789,477	0.56	2,817,349	1.15
Individuals	130,666,030	17.90	390,558,617	37.67	8,907,515	3.63
General traders	15,671,641	2.15	42,509,553	4.08	3,348,266	1.36
Others	66,850,650	9.16	112,497,451	10.49	112,561,621	45.87
	730,141,029	100.00	1,036,739,052	100.00	245,463,540	100.00

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41.1.11.2 Segment by sector

	2013					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Public / Government	216,525,246	30.58	375,404,427	34.09	154,433,464	54.44
Private	491,489,713	69.42	725,734,147	65.91	129,266,000	45.56
	<u>708,014,959</u>	<u>100.00</u>	<u>1,101,138,574</u>	<u>100.00</u>	<u>283,699,464</u>	<u>100.00</u>

	2012					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Public / Government	233,573,381	32.0	414,589,362	39.99	131,380,428	53.52
Private	496,567,648	68.0	622,149,690	60.01	114,083,112	46.48
	<u>730,141,029</u>	<u>100.00</u>	<u>1,036,739,052</u>	<u>100.00</u>	<u>245,463,540</u>	<u>100.00</u>

41.1.11.3 Details of non-performing advances and specific provision by class of business segment

	2013		2012	
	Specific		Specific	
	Classified Advances	Provision Held	Classified Advances	Provision Held
	----- Rupees in '000 -----			
Chemical and pharmaceuticals	3,787,816	3,385,426	3,357,803	3,104,499
Agriculture	2,959,147	1,877,376	2,754,061	1,271,010
Textile	32,173,174	30,022,661	28,470,055	25,826,227
Cement	3,769,656	3,485,002	3,869,737	3,303,719
Sugar	2,914,896	2,623,660	4,115,471	3,534,839
Flour	430,438	354,072	347,332	282,945
Rice processing	2,583,871	2,521,499	2,533,698	2,385,866
Shoes and leather garments	176,261	174,509	183,591	183,591
Automobile and transportation equipment	998,720	957,047	1,012,936	993,446
Financial	685,394	685,094	723,251	680,330
Transportation / Karobar	1,503,357	1,428,504	1,595,558	1,526,620
Real estate construction	3,895,015	2,924,618	2,345,341	1,394,970
Electronics and electrical appliances	6,157,969	4,056,553	6,758,180	2,873,019
Production and transmission of energy	15,299,599	7,411,470	5,125,824	4,035,054
Food and tobacco	1,239,413	1,166,451	947,695	894,079
Fertilizer	2,820,151	1,315,336	3,156,365	201,330
Metal products	6,652,940	4,383,585	537,352	522,634
Hotel and services	2,011,013	1,293,372	1,298,239	732,803
Individuals	5,551,026	3,851,720	5,326,421	3,166,165
General traders	7,431,422	6,966,248	5,373,388	4,630,729
Others	12,575,255	8,852,435	12,205,416	10,598,559
	<u>115,616,533</u>	<u>89,736,638</u>	<u>92,037,714</u>	<u>72,142,434</u>

41.1.11.4 Details of non-performing advances and specific provision by sector

Public / Government	4,145,760	1,510,623	406,818	406,818
Private	111,470,773	88,251,015	91,630,896	71,735,616
	<u>115,616,533</u>	<u>89,736,638</u>	<u>92,037,714</u>	<u>72,142,434</u>

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41.1.11.5 Geographical segment analysis

	2013			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	----- (Rupees in '000) -----			
Pakistan	15,285,109	1,251,960,542	140,582,921	244,106,218
Asia Pacific (including South Asia)	(9,498,424)	42,129,422	4,950,246	17,367,481
Europe	(157,902)	12,873,662	3,691,206	3,359,396
United States of America	(213,099)	17,157,250	2,378,220	4,047,314
Middle East	1,662,683	40,220,380	4,684,111	14,819,055
	<u>7,078,367</u>	<u>1,364,341,256</u>	<u>156,286,704</u>	<u>283,699,464</u>

	2012 - (Restated)			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	----- (Rupees in '000) -----			
Pakistan	23,522,797	1,174,296,709	119,777,888	209,332,010
Asia Pacific (including South Asia)	(3,271,782)	60,288,597	10,599,311	12,038,507
Europe	(89,985)	11,054,307	3,181,194	5,076,532
United States of America	304,745	24,187,745	2,788,950	4,318,998
Middle East	912,509	39,700,747	3,633,257	14,697,493
	<u>21,378,284</u>	<u>1,309,528,105</u>	<u>139,980,600</u>	<u>245,463,540</u>

41.2 Operational Risk

A comprehensive Operational Risk Management Framework has been developed to help align the bank with the sound practices for operational risk set by Basel, provide guidance for setting the operational risk strategy of the bank, selection and adoption of risk and loss measurement tools, reporting, communication and establishment of operational risk management processes.

A Historical Loss Data Collection exercise was carried out and three years data has been collected for a number of areas despite challenges of manual processes. This data is being used in the finalization of RCSAs to the extent applicable. Detailed trainings have been provided to all relevant personnel within the bank on operational risk to aid in RCOSA finalization and on-going loss data collection. Currently, RCOSA process is being finalized across the bank through multiple and detailed discussion and validation sessions. An on-going loss data collection mechanism has also been rolled out that will be used in RCOSA re-validation going forward.

NBP is an active participant of the PBA's sub-committee on Basel II and Compliance and has been promptly complying with SBP instructions relating to various studies on advance risk management such as Basel III impact study, SBP stress testing guidelines and ICAAP up gradation.

With all the above initiatives in place and some planned for the future, NBP aims to implement an overall Risk Management Structure within the bank that is constantly evolving to strengthen the risk environment. It is a key aim of the bank to truly develop an integrated risk management culture where each individual is well aware and accounts for the risks involved in respective activities being performed.

41.3 Market and Liquidity Risk

An updated Investment Policy for the bank has been developed for improved profitability and monitoring of investments. RMG in conjunction with the other groups is also working on devising improved criteria for various market based limits.

Data fields have been identified so that these are incorporated in the bank's systems to support VAR, duration and other market risk measurement models and tools. Test models have been developed for certain portfolios while model back-testing,

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calibration and subsequent updation and finalization are in process for others.

Proprietary market risk stress testing scenarios have been developed (in addition to the regulatory ones) and testing is being performed on the same to assess subsequent impact on CAR.

Management Action Triggers and Management Action Plans corresponding to Liquidity Ratio, Balance Sheet Duration Gap, Government Securities PVBP and Duration have been developed in conjunction with TMG. These triggers are used for proposing/ recommending actions for decision making by ALCO.

41.3.1 Foreign Exchange Risk

	2013			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
----- (Rupees in '000) -----				
Pakistan Rupee	1,219,476,088	1,022,338,069	(74,283,478)	122,854,541
United States Dollar	91,938,696	110,587,289	35,181,704	16,533,111
Great Britain Pound	2,908,062	8,842,328	8,771,522	2,837,256
Japanese Yen	2,092,609	34,628,796	24,397,264	(8,138,923)
Euro	12,136,171	11,739,499	6,019,379	6,416,051
Other currencies	35,789,630	19,918,571	(86,391)	15,784,668
	144,865,168	185,716,483	74,283,478	33,432,163
	<u>1,364,341,256</u>	<u>1,208,054,552</u>	<u>-</u>	<u>156,286,704</u>
----- (Rupees in '000) -----				
	2012 - (Restated)			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
----- (Rupees in '000) -----				
Pakistan Rupee	1,168,626,982	974,835,722	(73,163,677)	120,627,583
United States Dollar	74,673,201	93,301,676	16,407,792	(2,220,683)
Great Britain Pound	8,000,295	8,425,455	2,202,558	1,777,398
Japanese Yen	15,546,315	68,775,963	51,218,744	(2,010,904)
Euro	11,477,809	4,924,036	3,334,583	9,888,356
Other currencies	31,203,503	19,284,653	-	11,918,850
	140,901,123	194,711,783	73,163,677	19,353,017
	<u>1,309,528,105</u>	<u>1,169,547,505</u>	<u>-</u>	<u>139,980,600</u>

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Currency Risk arises where the value of a financial instrument changes due to changes in foreign exchange rates. In order to manage currency risk exposure the Bank enters into ready, spot, forward and swaps transactions with the SBP and in the interbank market, financial institutions and corporate.

The Bank's foreign exchange exposure comprises forward contracts, purchases of foreign bills, foreign currencies cash in hand, balances with banks abroad, foreign placements with the SBP and foreign currencies assets and liabilities. The net open position is managed with the statutory limits, as fixed by the SBP. Appropriate segregation of duties exists between the front, middle and back office functions.

41.3.2 Equity Position Risk

Investments in equity are generally regarded as riskier relative to fixed income securities owing to the inherent volatility of stock market prices. The risks from various factors include, but are not limited to:

- changes in business cycle affecting the business of the company in which the investment is made. Change in business circumstances (i.e. fundamentals) of the company, its business sector, industry and / or economy in general;
- mismanagement of the investee company, third party liability whether through class action or otherwise or occurrence of other events such as strikes, fraud, etc. in the company in which investment is made;
- fluctuation in the shares' prices resulting from their dependence on market sentiment, speculative activity, supply and demand of shares and liquidity in the market;
- possibility of defaults by participant or failure of the stock exchanges, the depositories, the settlement or the clearing system on discharging their fiduciary responsibilities; and
- any government or court order restraining payment of dividend by a company to its shareholders.

The Bank mitigates the aforesaid risks as follows:

- through diversification and capping maximum exposure in a single sector / company. Additionally, continuous follow up of these sectors and companies through self monitoring and fundamentals research from reputable brokerage houses;
- compliance with the SBP regulations for equity exposure / investments and compliance with the SECP Corporate Governance Rules by the investee company prudent investing practices (focus on dividend payout history);
- the Bank will refrain from speculative trading and the investment will be made as per the guidelines on liquidity and growth as per investment policy manual or set by the Board of Directors of the Board; and
- the Bank follows a delivery versus payment settlement system thereby minimizing risk in relation to settlement risk.

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41.3.3 Mismatch of Interest Rate Sensitive Assets and Liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market mark-up / interest rates. The Bank is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark-up based assets and liabilities that mature or re-price in a given period. The Bank manages this risk by matching / re-pricing of assets and liabilities. The Bank is generally not excessively exposed to interest / mark-up rate risk as more of its assets and liabilities are re-priced frequently. The Assets and Liabilities Committee (ALCO) / Executive Risk Management Committee (ERMC) of the Bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Bank.

Management of interest rate risk is one of the critical components of market risk management in banks. The Bank's net interest income or net interest margin is also dependent on the movement of interest rates and mismatches in the cash flows or re-pricing dates. Interest rate risk management includes establishing and monitoring various risk mitigating / quantifying limits such as PVBP, duration, balance sheet DGAP and other money market and interest rate sensitivity limits.

As part of the risk reporting, an interest rate sensitivity statement is prepared on a quarterly basis. This statement classifies the interest rate-sensitive assets and liabilities into various maturity groups enabling the management to monitor the impact of interest rate movements on the Statement of Financial Position.

2013

Effective Yield / Interest rate	Exposed to Yield / Interest risk										Non-interest bearing financial instruments
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
	157,930,297	13,596,856	2,281,214	1,277,773	-	-	-	-	-	-	144,393,441
0.0%	17,457,523	9,667,791	3,996,110	-	1,205,778	-	-	-	-	-	3,024,967
1.16%	51,938,689	47,942,579	91,861,181	43,029,572	9,251,678	11,265,858	37,303,275	22,815,602	-	-	-
8.96%	397,958,681	76,708,559	143,425,332	94,819,815	112,887,426	12,603,698	13,994,593	41,123,675	1,837,225	9,875,550	87,420,656
9.63%	615,419,875	175,366,225	-	-	-	-	-	-	11,323,561	-	-
11.26%	32,168,171	-	-	-	-	-	-	-	-	-	32,168,171
0.0%	1,272,873,236	323,222,010	241,563,837	139,127,160	123,344,882	23,869,556	51,297,868	57,588,750	34,139,163	11,712,775	2,67,007,235
	13,894,667	-	-	-	-	-	-	-	-	-	13,894,667
0.0%	21,994,839	5,437,791	10,681,507	2,119,356	133,000	101,603	2,414,376	907,005	200,201	-	-
8.83%	1,101,138,574	591,088,664	41,282,465	73,764,885	45,559,212	4,282,931	6,985,615	5,771,626	81,276	918	332,320,982
5.94%	-	-	-	-	-	-	-	-	-	-	-
13.90%	24,034	1,598	2,638	2,723	5,352	8,691	3,032	-	-	-	-
0.0%	56,735,187	-	-	-	-	-	-	-	-	-	56,735,187
	1,193,787,301	596,528,053	51,966,610	75,886,964	45,687,564	4,393,225	9,403,023	6,676,631	281,477	918	402,950,836
	79,085,935	(273,306,043)	189,597,227	63,240,196	77,647,318	19,476,331	41,894,845	50,910,119	33,857,686	11,711,857	(135,943,601)
	-	-	-	-	-	-	-	-	-	-	-
	204,673,055	96,145,751	79,685,178	27,464,730	1,377,396	-	-	-	-	-	-
	132,796,307	91,109,270	24,662,338	16,890,382	134,317	-	-	-	-	-	-
	337,469,362	187,255,021	104,347,516	44,355,112	1,511,713	-	-	-	-	-	-
	416,555,297	(86,051,022)	293,944,743	107,595,308	79,159,031	19,476,331	41,894,845	50,910,119	33,857,686	11,711,857	(135,943,601)
	(86,051,022)	207,893,721	315,489,029	394,648,060	414,124,391	456,019,236	506,929,355	540,787,041	552,498,898	416,555,297	

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41.3.3 Mismatch of Interest Rate Sensitive Assets and Liabilities - (continued)

Effective Yield / Interest rate	Exposed to Yield / Interest risk										Non-interest bearing financial instruments	
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
	----- (Rupees in '000) -----											
	On-balance sheet financial instruments											
	Assets											
	158,332,679	10,554,532	-	-	-	-	-	-	-	-	-	147,778,147
	30,222,367	6,720,912	8,629,853	1,631,424	1,309,894	-	-	-	-	-	-	11,930,284
	8,272,645	8,172,645	100,000	-	-	-	-	-	-	-	-	-
	343,537,529	18,728,254	53,177,359	47,363,504	60,359,371	10,623,446	7,486,941	40,357,030	17,686,507	174,079	87,581,038	
	654,690,016	182,593,304	220,732,206	134,388,493	95,054,597	17,527,160	14,814,798	25,890,678	7,148,009	6,600,771	-	
	26,003,742	-	-	-	-	-	-	-	-	-	-	26,003,742
	1,221,058,978	176,709,647	282,639,418	183,383,421	156,723,862	28,150,606	22,301,739	66,247,708	24,834,516	6,774,850	273,293,211	
	Liabilities											
	14,367,639	-	-	-	-	-	-	-	-	-	-	14,367,639
	51,296,579	39,677,343	5,356,368	1,320,822	594,784	-	-	4,347,262	-	-	-	-
	1,036,739,051	582,821,398	46,640,717	36,171,618	46,469,557	1,228,785	2,024,985	5,308,258	16,287	8,194	316,049,252	
	-	-	-	3,907	-	9,245	306	-	-	-	-	-
	51,186,744	727	1,811	-	13,623	-	-	-	-	-	-	51,186,744
	1,153,619,632	622,499,468	51,988,896	37,496,347	47,077,964	1,238,030	2,025,291	9,655,520	16,287	8,194	381,603,635	
	67,439,346	(445,789,821)	230,640,522	145,887,074	109,645,898	26,912,576	20,276,448	56,592,188	24,818,229	6,766,656	(108,310,424)	
	Off-balance sheet financial instruments											
	176,517,384	84,303,957	58,325,962	32,831,446	1,056,019	-	-	-	-	-	-	-
	96,414,777	74,408,843	19,293,605	2,712,329	-	-	-	-	-	-	-	-
	272,932,161	158,712,800	77,619,567	35,543,775	1,056,019	-	-	-	-	-	-	-
	340,371,507	(287,077,021)	308,260,089	181,430,849	110,701,917	26,912,576	20,276,448	56,592,188	24,818,229	6,766,656	(108,310,424)	
	(287,077,021)	21,183,068	202,613,917	313,315,834	340,228,410	360,504,858	417,097,046	441,915,275	448,661,931	340,371,507		

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41.4 Liquidity Risk

Liquidity risk is the risk that the Bank will be unable to meet its liability when they fall due. To limit this risk, management has arranged diversified funded sources, manages assets with liquidity in mind and monitors liquidity on daily basis. In addition, the Bank maintains statutory deposits with central banks inside and outside Pakistan.

The purpose of liquidity management is to ensure sufficient cash flows to meet all of the Bank's liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking sustained damage to the Bank's business franchises, as well as to capitalize on opportunities for business expansion. This includes the Bank's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature and to make new loans and investments as opportunities arise.

The ALCO is responsible for ensuring that the Bank has adequate liquidity and monitors liquidity gaps, to execute this responsibility. Regulatory stress as well as proprietary stress testing and scenario analysis are performed to proactively identify and manage liquidity needs /requirements. Bank has various limits / ratios, triggers and management actions in place to monitor and mitigate liquidity risk.

41.4.1 Maturities of Assets and Liabilities (based on contractual maturity)

	2013									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
----- (Rupees in '000) -----										
Assets										
Cash and balances with treasury banks	157,930,297	157,930,297	-	-	-	-	-	-	-	-
Balances with other banks	17,457,523	12,692,758	2,281,214	1,277,773	1,205,778	-	-	-	-	-
Lending to financial institutions - net	51,938,689	47,942,579	3,996,110	-	-	-	-	-	-	-
Investments - net	397,968,681	76,749,116	91,858,482	43,024,175	64,001,400	15,753,317	55,782,021	20,545,726	22,806,879	7,437,565
Advances - net	615,419,874	111,051,156	90,518,688	34,180,527	120,055,350	35,542,491	34,593,935	105,768,518	67,882,496	15,826,713
Operating fixed assets	32,702,121	-	-	-	6,894,070	345,880	3,011,757	398,596	235,437	21,816,581
Deferred tax assets - net	10,965,008	-	-	-	-	-	-	2,164,422	8,790,586	-
Other assets	79,979,063	12,597,337	15,989,150	9,562,496	1,908,612	23,363,058	16,341,385	217,025	-	-
	1,364,341,256	418,963,243	204,643,644	88,044,971	194,065,210	75,004,746	109,729,098	129,094,087	99,715,398	45,080,859
Liabilities										
Bills payable	13,894,667	13,894,667	-	-	-	-	-	-	-	-
Borrowings	21,994,839	5,437,791	10,681,507	2,119,356	133,000	101,603	2,414,376	907,005	200,201	-
Deposits and other accounts	1,101,138,574	834,466,924	64,908,409	68,694,294	85,599,423	13,043,376	11,328,141	22,883,972	212,035	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	24,034	1,598	2,638	2,723	5,352	8,691	3,032	-	-	-
Other liabilities	71,002,438	26,958,341	2,666,346	8,759,987	945,143	20,707,736	2,251,846	4,405,577	2,153,731	2,153,731
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
	1,208,054,552	880,761,321	78,258,900	79,576,360	86,682,918	33,861,406	15,997,395	28,196,554	2,565,967	2,153,731
Net assets	156,286,704	(461,798,078)	126,384,744	8,468,611	107,382,292	41,143,340	93,731,703	100,897,533	97,149,431	42,927,128
Share capital	21,275,131	-	-	-	-	-	-	-	-	-
Reserves	31,538,695	-	-	-	-	-	-	-	-	-
Unappropriated profit	48,045,930	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	55,426,948	-	-	-	-	-	-	-	-	-
	156,286,704	-	-	-	-	-	-	-	-	-

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41.4.1 Maturities of Assets and Liabilities (based on contractual maturity) - (continued)

		2012 - (Restated)									
		(Rupees in '000)									
Total		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
Assets											
	Cash and balances with treasury banks	158,332,679	-	-	-	-	-	-	-	-	-
	Balances with other banks	30,222,367	8,629,853	1,631,424	1,309,894	-	-	-	-	-	
	Lending to financial institutions - net	8,272,645	100,000	-	-	-	-	-	-	-	
	Investments - net	343,537,529	53,177,359	47,363,504	120,057,651	16,009,381	19,318,045	44,851,546	17,686,507	5,774,419	
	Advances - net	654,690,016	89,787,443	120,713,992	132,590,095	46,144,854	29,085,726	103,685,743	75,104,982	7,692,480	
	Operating fixed assets	27,949,833	-	-	2,802,257	1,693,065	437,827	1,505,656	226,965	21,284,063	
	Deferred tax assets - net	9,848,073	-	-	-	-	-	2,884,050	6,864,023	-	
	Other assets	76,674,963	12,788,564	8,196,343	2,652,289	20,713,031	20,921,275	238,617	-	-	
		1,309,528,105	305,407,925	177,905,263	259,412,186	84,560,331	69,762,872	153,265,612	99,882,477	34,750,962	
Liabilities											
	Bills payable	14,367,639	-	-	-	-	-	-	-	-	
	Borrowings	51,296,579	5,356,368	1,320,822	594,784	-	-	4,347,262	-	-	
	Deposits and other accounts	1,036,739,052	79,385,056	35,798,196	73,193,722	11,945,674	5,194,282	9,509,534	213,583	-	
	Sub-ordinated loans	-	-	-	-	-	-	-	-	-	
	Liabilities against assets subject to finance lease	29,619	1,811	3,907	13,623	9,245	306	-	-	-	
	Other liabilities	67,114,616	1,886,723	9,165,346	966,535	18,851,598	2,121,371	4,172,447	2,051,075	2,051,075	
		1,169,547,505	86,629,958	46,286,271	74,768,664	30,806,517	7,315,959	18,029,243	2,264,658	2,051,075	
	Net assets	139,980,600	(595,985,235)	131,616,992	184,643,522	53,753,814	62,446,913	135,236,369	97,617,819	32,699,887	
	Share capital	18,500,114									
	Reserves	28,618,528									
	Unappropriated profit	57,418,845									
	Surplus on revaluation of assets - net	35,243,113									
		139,980,600									

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41.4.2 Maturities of Assets and Liabilities (based on behavioural study)

The Bank has assets and liabilities that have contractual and non-contractual maturities. The Bank conducts statistical study to assess the expected maturity of assets and liabilities with non-contractual maturities. The behavioural maturities are determined on the basis of statistical study conducted by the Bank, based on the past six years of data. The attrition rate of deposits is determined based on historically observed weekly data of all Current and Saving Deposit accounts using VaR based approach. The approach considers the tendency of variation among the respective time bands for selected deposit types and drives the portion of volatility of such time bands based on 99% confidence interval on the variation data so calculated. The remaining portion of the deposit which marked as core is accordingly shifted to higher time bands.

	2013									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
----- (Rupees in '000) -----										
Assets										
Cash and balances with treasury banks	157,930,297	65,575,209	7,648,570	42,353,259	42,353,259	-	-	-	-	-
Balances with other banks	17,457,523	12,692,758	2,281,214	1,277,773	1,205,778	-	-	-	-	-
Lending to financial institutions - net	51,938,689	47,942,579	3,996,110	-	-	-	-	-	-	-
Investments - net	397,958,681	76,749,116	91,858,482	43,024,175	64,001,400	15,753,317	55,782,021	20,545,726	22,806,879	7,437,565
Advances - net	615,419,874	111,051,155	90,518,688	34,180,527	120,055,350	35,542,491	34,593,935	105,768,518	67,882,496	15,826,714
Operating fixed assets	32,702,121	-	-	-	6,894,070	345,880	3,011,757	398,396	235,437	21,816,581
Deferred tax assets - net	10,955,008	-	-	-	-	-	-	2,164,422	8,790,586	-
Other assets	79,979,063	8,780,732	7,363,386	22,004,865	1,908,612	23,363,058	16,341,385	217,025	-	-
	1,364,341,256	322,791,549	203,666,450	142,840,599	236,418,469	75,004,746	109,729,098	129,094,087	99,715,398	45,080,860
Liabilities										
Bills payable	13,894,667	6,003,587	798,324	3,545,878	3,545,878	-	-	-	-	-
Borrowings	21,994,839	5,437,791	10,681,507	2,119,356	133,000	101,603	2,414,376	907,005	200,201	-
Deposits and other accounts	1,101,138,574	241,607,389	91,925,820	166,300,936	180,396,690	137,523,448	135,808,212	147,364,043	212,036	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	24,034	1,598	2,638	2,723	5,352	8,691	3,032	-	-	-
Other liabilities	71,002,438	23,336,988	5,093,695	9,353,991	945,143	20,707,736	2,251,846	4,405,577	2,153,731	2,153,731
	1,208,054,552	276,987,353	108,502,984	181,322,884	185,026,063	158,341,478	140,477,466	152,676,625	2,565,988	2,153,731
Net assets	156,286,704	45,804,196	95,163,466	(38,482,285)	51,392,406	(83,336,732)	(30,748,368)	(23,582,538)	97,149,430	42,927,129
Share capital	21,275,131									
Reserves	31,538,659									
Unappropriated profit	48,045,930									
Surplus on revaluation of assets - net	55,426,948									
	156,286,704									

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

41.4.2 Maturities of Assets and Liabilities (based on behavioural study) - (continued)

2012 - (Restated)

	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
											(Rupees in '000)
Assets											
Cash and balances with treasury banks	158,332,679	63,551,143	10,606,374	42,087,581	42,087,581	-	-	-	-	-	
Balances with other banks	30,222,367	18,651,196	8,629,853	1,631,424	1,309,894	-	-	-	-	-	
Lending to financial institutions - net	8,272,645	8,172,645	100,000	-	-	-	-	-	-	-	
Investments - net	343,537,529	19,299,118	53,177,359	47,363,504	120,057,651	16,009,381	19,318,044	44,851,546	17,686,507	5,774,419	
Advances - net	654,690,016	89,787,443	49,884,701	120,713,992	132,590,095	46,144,854	29,085,726	103,685,743	75,104,982	7,692,480	
Operating fixed assets	27,949,833	-	-	-	2,802,257	1,693,065	437,827	1,505,656	226,965	21,284,063	
Deferred tax assets - net	9,848,073	-	-	-	-	-	-	2,984,050	6,864,023	-	
Other assets	76,674,963	8,007,478	5,685,490	18,456,782	2,652,289	20,713,031	20,921,275	238,618	-	-	
	1,309,528,105	207,469,023	128,083,777	230,253,283	301,499,767	84,560,331	69,762,872	153,265,613	99,882,477	34,750,962	
Liabilities											
Bills payable	14,367,639	6,555,128	667,653	3,572,429	3,572,429	-	-	-	-	-	
Borrowings	51,296,579	39,677,343	5,356,368	1,320,822	594,784	-	-	4,347,262	-	-	
Deposits and other accounts	1,036,739,052	233,204,681	105,353,184	135,520,688	174,912,366	132,240,694	125,489,302	129,804,554	213,583	-	
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-	
Liabilities against assets subject to finance lease	29,619	727	1,811	3,907	13,623	9,245	306	-	-	-	
Other liabilities	67,114,616	22,992,078	4,140,445	9,767,990	966,535	18,851,598	2,121,371	4,172,447	2,051,076	2,051,076	
	1,169,547,505	302,429,957	115,519,461	150,185,836	180,059,737	151,101,537	127,610,979	138,324,263	2,264,659	2,051,076	
Net assets	139,980,600	(94,960,934)	12,564,316	80,067,447	121,440,030	(66,541,206)	(57,848,107)	14,941,350	97,617,818	32,699,886	
Share capital	18,500,114	-	-	-	-	-	-	-	-	-	
Reserves	28,818,528	-	-	-	-	-	-	-	-	-	
Unappropriated profit	57,418,845	-	-	-	-	-	-	-	-	-	
Surplus on revaluation of assets - net	35,243,113	-	-	-	-	-	-	-	-	-	
	139,980,600	-	-	-	-	-	-	-	-	-	

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

42. ISLAMIC BANKING BUSINESS

The Bank is operating 18 Islamic banking branches as at December 31, 2013 (December 31, 2012: 8 branches).

42.1 Profit Distribution Policy for Islamic Banking Division

The profit distribution mechanism during the year complies with the rules and principles of Islamic Shariah and is in the light of guidelines approved by the Shariah Advisor of the Bank's Islamic Banking Division and the SBP guidelines related to Shariah Compliance.

The non-compliant income identified during the year is transferred to the charity account.

42.2 Statement of Financial Position As at December 31, 2013	Note	2013 ---(Rupees in '000)---	2012
ASSETS			
Cash and balances with treasury banks		263,743	173,725
Balances with other banks		80	753,957
Investments	42.2.1	4,819,868	1,220,635
Islamic financing and related assets	42.2.2	951,020	1,322,280
Operating fixed assets		59,554	12,541
Other assets		162,952	69,488
		6,257,217	3,552,626
LIABILITIES			
Bills payable		9,547	2,439
Deposits and other accounts			
- Current accounts		1,520,348	1,476,882
- Saving accounts		571,311	369,579
- Term deposits		684,746	669,092
- Deposit from financial institutions-Remunerative		2,261,206	407,327
Due to Head Office		283,959	352,927
Other liabilities		58,960	51,975
		5,390,077	3,330,221
NET ASSETS		<u>867,140</u>	<u>222,405</u>
REPRESENTED BY			
Islamic Banking Fund		800,000	300,000
Unappropriated profit / (loss)		67,140	(77,595)
		<u>867,140</u>	<u>222,405</u>
Remuneration to Shariah Advisor		<u>1,822</u>	<u>1,521</u>
CHARITY FUND			
Opening balance		0.10	-
Additions during the period		1.22	0.10
Payment / utilisation during the period		(1.19)	-
Closing balance		<u>0.13</u>	<u>0.10</u>
42.2.1 Investments			
Sukuk		4,952,707	1,357,536
Provision for diminution in the value of investments		(132,839)	(136,901)
		<u>4,819,868</u>	<u>1,220,635</u>
42.2.2 Islamic financing and related assets			
Murabaha		688,400	688,400
Diminishing Musharaka		389,097	624,109
Ijarah assets		89,773	231,504
		<u>1,167,270</u>	<u>1,544,013</u>
Provision against non-performing financings		(216,250)	(221,733)
		<u>951,020</u>	<u>1,322,280</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

42.3 PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2013

	2013	2012
	---(Rupees in '000)---	
Profit / return earned on financings, investments and placements	485,169	458,731
Profit / return expensed on deposit	(137,479)	(220,086)
Net spread earned	347,690	238,645
Depreciation on assets given on Ijarah	(121,984)	(136,133)
	<u>225,706</u>	<u>102,512</u>
Provision against advances and investments	-	(103,426)
Provision reversed against advances and investments	9,546	37,666
	<u>9,546</u>	<u>(65,760)</u>
Profit / (Loss) after provision	235,252	36,752
Other income		
Fee, commission and brokerage income	4,366	3,591
Income from dealing in foreign currencies	2,512	(5)
Other income	947	-
Total other income	<u>7,825</u>	<u>3,586</u>
	243,077	40,338
Other expenses		
Administrative expenses	(175,937)	(117,933)
Profit / (loss) for the year	<u><u>67,140</u></u>	<u><u>(77,595)</u></u>

42.4 Unconsolidated Cash Flow Statement

For the year ended December 31, 2013

Cash Flow from Operating Activities

Profit / (Loss) for the year	67,140	(77,595)
Adjustments :		
Depreciation - Own assets	1,401	1,279
Depreciation - Ijarah assets	121,984	136,133
Provision against non performing financings	(9,546)	65,760
	<u>113,839</u>	<u>203,172</u>
	180,979	125,577
(Increase) / Decrease in operating assets		
Due from Financial Institutions	753,877	(753,957)
Financings	(3,340,412)	273,748
Other assets	(93,464)	41,694
	<u>(2,679,999)</u>	<u>(438,515)</u>
(Increase) / Decrease in operating liabilities		
Bills payable	7,108	(6,946)
Deposits and other accounts	2,114,731	1,403,036
Borrowings from Head Office	8,627	(1,054,023)
Other liabilities	6,986	3,325
	<u>2,137,452</u>	<u>345,392</u>
Net cash (used in) / generated from operating activities	<u><u>(361,568)</u></u>	<u><u>32,454</u></u>
Cash Flow from Investing Activities		
Investment in operating fixed assets	(48,414)	(602)
Net cash used in investing activities	<u>(48,414)</u>	<u>(602)</u>
Cash Flow from Financing Activities		
Net Cash Flow from Financing Activities	500,000	-
(Decrease) / Increase in cash and cash equivalents	<u>90,018</u>	<u>31,852</u>
Cash and cash equivalents at beginning of the year	173,725	141,873
Cash and cash equivalents at end of the year	<u><u>263,743</u></u>	<u><u>173,725</u></u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

42.5 Allocation of Income and Expenses to Remunerative Depositors' Pool

	2013	2012
	---(Rupees in '000)---	
Income from financing activities	246,380	309,439
Income from investments	227,388	138,076
Income from placements with Financial Institutions 11,401	11,401	11,216
Total Income	485,169	458,731
Less: Administrative expenses directly attributable to the Pool	(121,271)	(136,133)
Less: Profit Distributed to other Special Pools	(54,067)	(4,140)
Gross Distributable Income	309,831	318,458
Mudarib (Bank) share of profit before Hiba	(36,804)	(75,271)
Add: Reversal of income on classified investment recognized by bank	-	14,343
Less: Hiba from bank's share to depositors	4,726	57,572
Net Mudarib (Bank) share of profit	(32,078)	(3,356)
Rab-ul-Maal Share of Profit	277,753	315,102
Rab-ul-Maal Share of Profit is distributed as follows:		
Remunerative depositors' share in Mudarabah pool	105,910	217,063
Bank's equity in Mudarabah pool	171,843	98,039
	277,753	315,102

Note: Administrative and operating expenses are paid by the Bank and not charged to the depositors' pool as per guidelines of Mudarabah

42.6 Pools maintained by NBP-IBD

NBP-IBD has managed a General Pool and Three special pools during the year 2013. The General pool was maintained throughout the year and the special pools were maintained for specific periods the key features of the special pools maintained are as follows:

Pool description	Pool start date	Pool end date	Profit sharing Ratio	
			Rab-ul-Mall	Mudarib
Special pool 1	20-May-13	30-Sep-13	92%	8%
Special pool 2	8-Nov-13	to date	80%	20%
Special pool 3	30-Dec-13	9-Jan-14	85%	15%

42.7 Sectors of economy where Mudaraba based deposits have been deployed

Sector	Percentage
Chemicals & pharmaceuticals	3.54%
Textile spinning	1.44%
Textile composite	3.27%
Cement	1.57%
Oil Gas	5.45%
Fuel & energy	8.17%
Leasing/Modarbas	1.45%
Services	0.06%
Federal Government	75.05%
Total	100%

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

42.8 Parameters for profit allocation and charging expenses

Profit of the pools has been distributed between Mudarib and Rab-ul-Mall by using preagreed profit sharing ratios. The share of Rab-ul-Mall's profit has been distributed among different customers using the various weightages assigned to the different categories of the pool.

Direct expenses charged to the pool Comprise the Depreciation on Ijarah Assets and brokerage commission paid on purchase of Sukuk from secondary market.

		(Rupees in '000)
42.9 Mudarib Share		
	Gross distributable income	309,831
	Mudarib (Bank) share of profit before Hiba	36,804
		Percentage
	Mudarib Share	12%

		(Rupees in '000)
42.10 Hiba from Mudarib share		
	Mudarib (Bank) share of profit before Hiba	36,804
	Hiba from bank's share to depositors	4,726
		Percentage
	Hiba from bank's share to depositors	13%

42.11 During the year, the average profit rate earned by the Islamic Banking Group is 8.70% and the profit rate distributed to the depositors is 4.84%.

43. SUBSEQUENT EVENT

The Board of Directors has proposed a cash dividend of Rs. 2 per share (2012: Rs. 7 per share) amounting to Rs. 4,255 million (2012: Rs. 12,950 million) and bonus shares in the proportion of Nil ordinary shares (2012: 15) per 100 ordinary shares held amounting to Rs. Nil million (2012: Rs. 2,775 million) at its meeting held on March 03, 2014 for approval of the members at the annual general meeting to be held on March 28, 2014. These financial statements do not reflect this appropriation as explained in note 5.17.

44. GENERAL

Figures have been rounded off to the nearest thousand rupees.

45. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on March 03, 2014 by the Board of Directors of the Bank.

Chairman

President

Director

Director

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

 Annexure I as referred to in
 Note 9.14 to the financial statements

1.1 Particulars of investments held in listed companies and modarabas

1.1.1 Ordinary shares

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2013	2012	2013	2012
------(Rupees in '000)-----						
Held-for-trading						
Attock Refinery Limited	Unrated	AA/A1+	-	188,600	-	31,606
D G Khan Cement	Unrated	Unrated	-	3,508,875	-	191,514
Lafarge Pakistan Cement	Unrated	Unrated	-	193	-	1
Lucky Cement Limited	Unrated	Unrated	-	400,000	-	60,616
Nishat Chunian Limited	Unrated	AA-/A1+	81,200	-	4,888	-
Nishat Mills Limited	Unrated	AA-/A1+	-	1,075,500	-	68,671
P.T.C.L	Unrated	Unrated	-	6,250,000	-	108,438
TPL Trakker Limited	Unrated	A-/A2	-	462,500	-	4,181
			81,200	11,885,668	4,888	465,027
Available-For-Sale						
Abbott Laboratories Limited	Unrated	Unrated	462	462	182	106
Adamjee Insurance Company Limited	Unrated	AA	8,036,244	3,321,865	300,314	226,352
Adil Textile Mills Limited	Unrated	Unrated	47,696	47,696	-	-
ADOS Pakistna Ltd	Unrated	Unrated	575,500	-	31,440	-
Agriauto Industries Limited	Unrated	Unrated	567,047	567,047	44,695	45,449
Aisha Steel Mills Limited	A-/A-2	Unrated	10,000,000	10,000,000	93,900	106,500
AKZO Nobel Pakistan Limited	Unrated	Unrated	13,316	13,316	1,660	1,152
Al Abbas Sugar Mills Limited	A/A1	A/A1	727,285	727,285	70,547	75,274
Al Abid Silk Mills Limited	Unrated	Unrated	583,570	583,570	9,454	10,218
Al Qaim Textile Mills	Unrated	Unrated	183,265	183,265	-	240
Al-Ghazi Tractors Limited	Unrated	Unrated	1,705	1,705	362	406
Allied Bank Limited	AA+/1+	AA/A1+	7,450,797	8,024,861	670,572	589,747
American Life Insurance	Unrated	Unrated	2,500,000	2,500,000	90,750	83,750
Amtext Limited	Unrated	Unrated	23,172,472	23,172,472	78,323	57,931
Arif Habib Corp Limited	AA/A-1+	Unrated	2,185,692	2,185,692	48,632	52,719
Arif Habib Limited	Unrated	Unrated	157,977	143,615	5,060	4,432
Aruj Garment Accessories Limited	Unrated	Unrated	34,541	34,541	521	276
Asim Textile Mills Limited	Unrated	Unrated	582,237	582,237	14,119	5,409
Askari Bank Limited	Unrated	AA/A1+	19,145,344	19,576,391	268,035	337,105
Atlas Battery Limited	Unrated	Unrated	144	120	56	28
Atlas Insurance	Unrated	Unrated	68,904	57,420	4,307	2,614
Attock Petroleum Limited	Unrated	Unrated	1,011,151	842,626	505,262	431,416
Attock Refinery Limited	Unrated	AA/A1+	911,885	735,385	189,371	123,236
Ayaz Textile Mills Limited	Unrated	Unrated	107,432	107,432	-	-
Azgard Nine	Unrated	D	22,169,691	22,169,691	158,292	179,353
Balochistan Particle Board Limited	Unrated	Unrated	398,550	398,550	1,989	1,395
Baluchistan Wheels Limited	Unrated	Unrated	811,357	811,357	42,548	28,397
Bank Al Habib Limited	Unrated	AA+/A1+	10,034,424	18,101,924	416,930	574,374
Bank Alfalah Limited	Unrated	AA/A1+	30,689,567	37,820,567	829,846	636,142
Bank Of Punjab	Unrated	AA-/A1+	1,322,479	1,322,479	14,574	14,151
Bankislami Pakistan Limited	Unrated	A/A1	2,210,107	2,210,107	15,338	20,355
Bata Pakistan Limited	Unrated	Unrated	40	40	112	54
Berger Paints Limited	Unrated	Unrated	203,429	203,429	14,698	4,713
Bestway Cement Limited (Mustehkam)	Unrated	Unrated	345,923	345,923	24,561	9,686
Blessed Textiles Limited	Unrated	Unrated	3,742	3,742	750	441
Boc Pakistan Limited (Linde Pakistan)	Unrated	Unrated	515,585	515,585	92,218	79,137
Bolan Casting Limited	Unrated	Unrated	1,504,649	1,367,863	47,577	49,257
Brother Textile Mills Limited	Unrated	Unrated	214,100	214,100	1,321	771
Burshane LPG Pakistan (Former Shell LPG)	Unrated	Unrated	1,816,238	1,816,238	74,829	65,457
Buxlay Paints Limited	Unrated	Unrated	89,291	89,291	1,725	1,161
Casspak Industries Limited	Unrated	Unrated	27,384	27,384	-	-
Century Insurance Company Limited	A/A-2	Unrated	1,147,500	1,147,500	18,601	15,090
Chashma Sugar Mills Limited	Unrated	Unrated	-	23	-	-
Cherat Cement Limited	Unrated	Unrated	-	2,828,500	-	137,889
Clariant Pakistan Limited	Unrated	Unrated	353,570	703,570	95,386	181,662
Colony Mills	Unrated	Unrated	595,397	595,397	3,376	3,031
Colony Sarhad Textile	Unrated	Unrated	167,677	167,677	-	84
Colony Sugar Mills Limited	Unrated	Unrated	181,491	181,491	1,980	1,111
Crescent Knitwear	Unrated	Unrated	42,130	42,130	-	-
Crescent Steel & Allied Product	Unrated	Unrated	2,828,885	3,571,714	133,410	125,546
Crescent Textile Mills Limited	Unrated	Unrated	1,049,799	1,049,799	22,623	16,282
Cynamid (Wyeth Pakistan)	Unrated	Unrated	57,788	57,788	260,049	55,188
D.S. Industries Limited	Unrated	Unrated	540,339	540,339	2,858	1,778
Dadabhoy Construction	Unrated	Unrated	35,390	40,024	-	3
Dadabhoy Cement Industries	Unrated	Unrated	5,004,500	5,004,500	32,329	12,611
Dandot Cement	Unrated	Unrated	160,000	160,000	1,509	1,027
Data Agro Limited	Unrated	Unrated	50,135	50,135	981	363
Dawood Capital Management	Unrated	AM3+	338,285	338,285	785	1,001
Dawood Hercules Corporation Limited	Unrated	Unrated	4,719,492	7,189,992	264,858	233,962
Dawood Lawrencepur Limited	Unrated	Unrated	135,387	135,387	11,366	6,194
Dewan Cement (Pakland Cement)	Unrated	D	4,587,003	4,587,003	31,926	23,210
Dewan Khalid Textile	Unrated	Unrated	142,425	142,425	1,830	912
Balance carried forward			172,558,415	189,360,952	5,048,737	4,636,148

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2013	2012	2013	2012
					------(Rupees in '000)-----	
Balance brought forward			172,558,415	189,360,952	5,048,737	4,636,148
Dewan Mushtaq Textile	Unrated	Unrated	14,442	14,442	260	122
Dewan Salman Fibres	Unrated	Unrated	2,740,202	2,740,202	7,179	6,576
Dewan Sugar Mills	Unrated	Unrated	696,135	696,135	2,499	2,276
DG Khan Cement	Unrated	Unrated	8,797,028	8,897,028	754,169	485,600
Dost Steel Limited	Unrated	Unrated	55,076	55,076	308	346
Dynea Pakistan	Unrated	Unrated	23,358	23,358	890	423
EFU General Insurance	AA	Unrated	214,481	214,481	19,715	18,338
Elcot Spinning Mills Limited	Unrated	Unrated	91	91	9	5
Emco Industries Limited	Unrated	Unrated	384,708	384,708	1,547	1,750
English Leasing Limited	Unrated	Unrated	360,416	360,416	-	-
Engro Corporation Limited	Unrated	A/A1	6,486,522	7,386,722	1,027,335	679,874
Engro Foods Limited	Unrated	AA/A1+	10,347,488	31,199,409	1,080,692	3,061,910
Engro Foods Limited	Unrated	AA/A1+	20,851,921	-	2,177,775	-
Engro Poly mer & Chemicals Limited	Unrated	Unrated	2,645,333	1,770,833	35,474	17,921
Escort Investment Bank	BB	BBB/A3	1,221,067	1,221,067	3,920	5,006
Faran Sugar Mills Limited	Unrated	Unrated	363,699	1,331,545	11,838	34,633
Fateh Industries	Unrated	Unrated	11,712	11,712	199	64
Fateh Sportswear Limited	Unrated	Unrated	23,003	23,003	477	218
Fateh Textile Mills	Unrated	Unrated	11,847	11,847	-	1,185
Fatima Enterprises	Unrated	A+/A1	109	109	-	2
Fatima Fertilizer Company Limited	Unrated	A+/A1	6,240,614	6,240,614	178,232	164,752
Fauji Cement Company Limited	Unrated	Unrated	2,500,000	68,500	39,875	448
Fauji Fertilizer Company Limited	Unrated	Unrated	-	179,306	-	21,004
Faysal Bank Limited	AA/A-1+	AA/A1+	3,139,214	2,742,592	35,756	29,209
Fazal Textile Mills	Unrated	Unrated	34,527	34,527	14,069	8,465
Fecto Cement Limited	Unrated	Unrated	880,337	880,337	39,289	30,486
Ferozsons Laboratories Limited	Unrated	Unrated	1,400,780	1,500,780	222,094	120,227
FFC Bin Qasim Limited	Unrated	Unrated	1,598,899	10,899	70,048	421
First Capital Securities Corp.	Unrated	Unrated	2,048,345	2,048,345	5,940	7,497
First Dawood Investment Bank	Unrated	CCC	1,394,028	1,394,028	2,119	3,053
First Equity Modarba	Unrated	Unrated	2,034,435	2,034,435	13,305	6,510
First National Equities Limited	Unrated	Unrated	191,637	191,637	630	770
Flying Cement Limited	Unrated	Unrated	10,011,000	12,012,000	61,468	45,522
General Tyre & Rubber Co.	Unrated	Unrated	2,563,500	1,600,000	135,148	42,464
Ghandhara Nissan Limited	Unrated	Unrated	35,131	35,131	452	208
Ghani Gases Limited	Unrated	Unrated	-	2,485,000	-	43,314
Ghani Glass Limited	Unrated	Unrated	4,911	287,178	295	17,647
Gharibwal Cement	Unrated	Unrated	1,339,000	1,339,000	23,714	11,957
Glaxosmithkline (Glaxo Welcome)	Unrated	Unrated	4,395,099	4,086,454	598,656	299,660
Globe Textile Mills	Unrated	Unrated	33,704	33,704	-	293
Grays Of Cambridge	Unrated	Unrated	160,985	160,985	7,521	9,843
Greaves Aircondition	Unrated	Unrated	30,080	30,080	-	-
Gulistan Spinning Mills	Unrated	Unrated	148,828	148,828	763	854
Gulistan Textile Mills	Unrated	Unrated	374,355	374,355	5,990	5,615
Gulshan Spinning Mills	Unrated	Unrated	313,190	313,190	1,660	2,061
Habib Bank Limited	AAA/A-1+	Unrated	2,893,636	5,420,551	482,167	638,595
Habib Bank Modaraba 1st	AA-/A-1+	AA+/A1+	465	400,465	5	3,804
Habib Metropolitan Bank	Unrated	AA+/A1+	30,776,785	35,776,785	771,574	674,392
Habib Modaraba (Ist)	AA-	AA+/A1+	635	635	6	6
Habib Sugar	Unrated	Unrated	6,546,806	6,546,806	191,036	161,706
Hafiz Textile Mills	Unrated	Unrated	3,792	3,792	235	97
Haji Mohammad Ismail Mills Limited	Unrated	Unrated	1,594,650	1,594,650	5,215	4,864
Hakkim Textile Mills	Unrated	Unrated	131,445	131,445	-	-
Hashimi Can Company	Unrated	Unrated	82,154	82,154	-	657
Hinopak Motors Limited	Unrated	Unrated	259,462	259,462	52,551	22,765
Honda Atlas Car	Unrated	Unrated	2,482,754	2,482,754	104,375	48,314
Hub Power Company Limited	Unrated	AA+/A1+	-	164,185	-	7,428
Hub Power Company Limited	Unrated	AA+/A1+	57,740,000	57,740,000	3,505,973	2,612,158
Huffaz Seamless Pipe Ind.	Unrated	Unrated	269	269	6	6
I.B.L. Modaraba (Ist)	Unrated	Unrated	727,077	727,077	1,454	1,636
Ibrahim Fibers	Unrated	AA-/A1+	2,114,562	2,411,562	146,962	116,117
ICI Pakistan	Unrated	Unrated	-	39,799	-	6,921
I.D.B.P	Unrated	Unrated	1,011	1,011	-	-
IGI Insurance Limited	Unrated	AA	4,169,441	4,328,941	685,373	416,790
Indus Dyeing & Manuf.	Unrated	A+/A-1	267,362	267,362	312,814	167,101
Indus Motor	Unrated	Unrated	-	50,000	-	13,500
Innovative Invest.Bank Limited(Housing Finance)	Unrated	Unrated	17,952	17,952	-	-
International Industries Limited	Unrated	Unrated	6,312,636	6,312,636	292,717	207,749
International Knit Wear	Unrated	Unrated	60,716	60,716	525	392
International Steel Limited	Unrated	Unrated	2,915,478	2,915,478	50,205	35,277
Invest Capital Investment Bank Limited	Unrated	Unrated	3,705,680	3,705,680	5,077	6,300
Jahangir Siddiqui Investment Company	Unrated	A+/A1	31,405	31,405	343	255
Javed Omer Vohra & Co	Unrated	Unrated	859,960	859,960	-	1,634
Jehangir Siddiqui & Company Limited	Unrated	AA/A1+	28,503	28,503	262	460
Johnson & Phillips (Pak.) Limited	Unrated	Unrated	292,675	292,675	5,985	3,922
JS Bank Limited	Unrated	A+/A1	15,496,904	15,496,904	69,736	90,967
K-Electric Company	Unrated	A-/A2	-	369,225	-	2,127
Karam Ceramics Limited	Unrated	Unrated	-	182,554	-	1,444
Karim Cotton Mills	Unrated	Unrated	56,285	56,285	-	-
KASB Bank (Platinum Bank)	Unrated	BBB/A3	918,280	918,280	1,763	2,231
Khairpur Sugar Mills Limited	Unrated	Unrated	3,088,000	3,088,000	32,331	38,507
Khurshheed Spinning Mills	Unrated	Unrated	53,900	53,900	-	-
Kohat Cement Limited	Unrated	Unrated	301,200	532,000	29,448	37,575
Kohat Textile Mills Limited	Unrated	Unrated	2,926,554	2,926,554	61,750	46,825
Kohinoor Energy Limited	Unrated	Unrated	10,135,351	10,135,351	359,704	228,147
Kohinoor Mills Limited	Unrated	Unrated	895,683	895,683	15,764	9,960
Balance carried forward			426,569,120	453,244,487	18,815,403	15,435,306

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

	JCRVIS	PACRA	No. of shares held		Market Value	
			2013	2012	2013	2012
-----Rupees in '000-----						
Investee			426,569,120	453,244,487	18,815,403	15,435,306
Balance brought forward			147,865	147,865	421	519
Kohinoor Power Co.	Unrated	Unrated	-	366,887	-	2,018
Kohinoor Sugar Mills	Unrated	Unrated	2,054,323	2,054,323	61,609	30,527
Kohinoor Textile Mills Limited	Unrated	Unrated	17,546,644	15,249,644	1,083,505	753,180
Kot Addu Power Company Limited	AA+/A-1+	Unrated	1,087,818	1,087,818	98,284	70,708
KSB Pumps Co.Limited	Unrated	Unrated	6,563,719	8,563,719	54,873	43,418
Lafarge Pakistan Cement	Unrated	Unrated	13,900	13,900	195	286
Leiner Pak.Gelatine	Unrated	Unrated	250,000	250,000	2,425	-
Libaas Textile Limited	Unrated	Unrated	4,300,000	4,300,000	31,562	31,605
Lotte Pakistan PTA Limited	Unrated	Unrated	2,223,301	2,432,601	666,701	368,636
Lucky Cement Limited	Unrated	Unrated	319	319	9	5
Maple Leaf Cement Limited	Unrated	BB/B	382	382	12	7
Maqbool Textile Mills	Unrated	Unrated	3,040,417	3,415,417	646,697	335,906
Mari Petroleum Company Limited	Unrated	Unrated	4,593,662	4,593,662	580,823	120,124
Masood Textile Mills Limited	Unrated	Unrated	46	1,580,842	13	331,597
MCB Bank Limited	Unrated	AAA/A1+	24,856	24,856	-	-
Mehar Dastgir Textile	Unrated	Unrated	61,931	61,931	-	-
Mehran Jute Limited	Unrated	Unrated	50,204	50,204	801	801
Metropolitan Steel Corp (Restricted)	Unrated	Unrated	567,840	469,290	273,983	264,942
Millat Tractors Limited	Unrated	Unrated	802,353	634,272	32,896	26,100
Mirpurkhas Sugar Mills	Unrated	Unrated	58,846	58,846	705	421
Moonlite Pak (Blanket)	Unrated	Unrated	29,069	29,069	-	-
Morafco Limited	Unrated	Unrated	498	498	45	27
Nagina Cotton Mills Limited	Unrated	Unrated	3,531,125	2,974,900	1,559,874	859,568
National Foods Limited	A+/A-1	Unrated	12,471	12,471	-	-
National Over.	Unrated	Unrated	869,554	555,554	187,406	117,611
National Refinery Limited	Unrated	AA+/A1+	4,980	4,980	37,599	23,572
Nestle Pakistan Limited	Unrated	Unrated	12,862,190	12,862,190	30,098	33,828
NIB (Ndic-Iffc Bank) NIB Bank Limited	Unrated	AA-/A1+	2,071,949	2,932,840	124,731	102,767
Nishat (Chunian) Limited	A-/A-2	AA-/A1+	436	436	15	9
Nishat Chunian Power Limited	Unrated	AA-/A1+	383,218	6,566,618	48,761	419,279
Nishat Mills Limited	A+/A-2	A+/A1	893	893	27	17
Nishat Power Limited	Unrated	Unrated	2,050,581	2,474,781	566,699	476,668
Oil And Gas Company Limited	Unrated	AAA/A-1+	1,689,793	1,689,793	43,090	25,347
Orix Leasing Pakistan Limited	Unrated	AA/A1+	-	53,619	-	2,024
Otsuka Pakistan	Unrated	Unrated	37,314,967	37,314,967	141,424	111,572
Pace Pakistan Limited	Unrated	D	2,501,663	3,269,663	682,028	494,242
Package Limited	Unrated	AA/A1+	750,791	750,791	52,195	42,990
Pak Datacom Limited	Unrated	Unrated	4,599,015	4,599,015	91,934	49,485
Pak Electron Limited	Unrated	A-/A2	1,990,727	2,490,727	306,353	218,287
Pak Suzuki Motors Limited	Unrated	Unrated	4,550,000	4,550,000	98,781	95,732
Pakgen Power Limited	Unrated	AA/A1+	135,242	135,242	6,627	7,438
Pakistan Engineering Company Limited	Unrated	Unrated	20,851,011	20,851,011	174,731	84,030
Pakistan International Airlines Corporation "A-Class"	Unrated	Unrated	608,707	1,253,462	51,211	43,646
Pakistan National Shipping Corporation	Unrated	AA-/A1+	1,229,000	1,750,000	611,686	765,695
Pakistan Oil Fields Limited	Unrated	Unrated	78,272	189,772	4,040	7,591
Pakistan Paper Products Limited	Unrated	Unrated	270,966	225,805	57,976	39,920
Pakistan Petroleum Limited	Unrated	Unrated	3,361,306	3,361,306	255,930	232,939
Pakistan Refinery Limited	Unrated	A-/A2	12,083,770	14,882,779	343,783	363,884
Pakistan Reinsurance Company Limited	Unrated	Unrated	418,460	418,460	119,261	67,791
Pakistan Services Limited	Unrated	Unrated	2,988,589	-	992,869	-
Pakistan State Oil	Unrated	AA+/A1+	18,798,535	19,202,593	6,245,249	4,459,034
Pakistan State Oil	Unrated	AA+/A1+	37,671,354	16,020,854	1,071,373	277,962
Pakistan Telecommunication Company Limited	Unrated	Unrated	1,100	145,531	619	9,832
Pakistan Tobacco	Unrated	Unrated	421	421	-	-
Pan Islamic Steamship	Unrated	Unrated	-	393	-	1
Pangrio Sugar	Unrated	Unrated	994,301	994,301	6,423	9,098
Paramount Spinning Mills	Unrated	Unrated	301,925	301,925	918	894
Pervez Ahmed Securities Limited	Unrated	Unrated	26,405,714	27,405,714	1,011,339	494,399
Pioneer Cement Limited	Unrated	Unrated	56,074	56,074	418	2,711
Premier Insurance Co. of Pakistan Limited	Unrated	Unrated	167,389	184,889	28,490	16,132
Premium Textile Mills	Unrated	Unrated	595,224	595,224	1,113	1,821
Punjab Modaraba (Ist)	Unrated	BBB/A3	9,686	9,686	600	271
Quetta Textile Mills	Unrated	D	402,378	402,378	1,855	2,314
Redco Textile Mills Limited	Unrated	Unrated	13	13	-	-
RMCPCL	Unrated	Unrated	311,132	311,132	4,574	1,201
Ruby Textile Mills	Unrated	Unrated	816,483	816,483	15,921	21,310
Rupali Polyester Limited	Unrated	Unrated	164,692	164,692	379	606
S.G.Power	Unrated	Unrated	421	421	-	-
Sadoon Textile Mills	Unrated	Unrated	-	1,097,569	-	10,098
Safe Mix Concrete Products	Unrated	Unrated	363	363	14	8
Saif Textile Mills Limited	Unrated	Unrated	167,606	167,606	1,123	838
Salman Noman Enterprises	Unrated	Unrated	3,469,974	6,154,267	16,378	18,401
Samba Bank Limited	Unrated	AA-/A-1	1,604,838	1,604,838	20,670	10,752
Samin Textile Mills	Unrated	Unrated	560	448	38	22
Sana Industries Limited	Unrated	Unrated	115	115	3	3
Sanghar Sugar Mills	Unrated	Unrated	226	226	88	50
Sapphire Textile Mills	Unrated	A+/A-1	75,413	75,413	524	648
Sardar Chemical Ind.Limited	Unrated	Unrated	42,673	1,582,673	120	5,144
Saudi Pak.Leasing Co.	Unrated	D	131,446	131,446	-	-
Schon Textiles Mills	Unrated	Unrated	215,150	1,190,000	26,584	51,170
Searle Pakistan Limited	Unrated	BBB+	1,160,703	1,160,703	3,772	4,353
Security Investment Bank	Unrated	A/A-2	1,122,013	935,011	78,878	47,985
Security Papers Limited	Unrated	AAA/A-1+	687,561	687,561	-	-
Service Fabrics Limited	Unrated	Unrated	842,126	842,126	458,580	140,635
Service Industries Limited	Unrated	Unrated	82,575	82,575	-	-
Service Textile Mills	Unrated	Unrated	683,496,973	707,128,571	37,936,134	28,089,758
Balance carried forward						

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

	JCRVIS	PACRA	No. of shares held		Market Value	
			2013	2012	2013	2012
-----Rupees in '000'-----						
Investee			683,496,973	707,128,571	37,936,134	28,089,758
Balance brought forward			1,891,989	1,801,895	16,839	15,586
Shabbir Tiles & Ceramics	Unrated	Unrated	3,895	3,895	77	60
Shahmurad Sugar Mills Limited	BBB+/A-2	Unrated	408,539	408,539	35,134	32,728
Shahtaj Sugar Mills	Unrated	Unrated	-	666,302	-	8,062
Shakarganj Mills	Unrated	D	175,000	175,000	33,325	23,833
Shell Pakistan Limited	Unrated	Unrated	40	37	29	16
Shezan International	Unrated	Unrated	-	698,212	-	540,891
Siemens (Pakistan) Engineering Company Limited	Unrated	Unrated	1,810,788	1,810,788	3,803	4,129
Silk Bank Limited	A-/A-2	Unrated	39,603	39,603	279	-
Sindh Fine Textile Mills	Unrated	Unrated	520,814	570,814	127,605	102,176
Sitara Chemicals Industries Limited	A+/A-1	Unrated	1,130,517	1,130,517	40,258	32,220
Sitara Energy Limited	Unrated	Unrated	1,230,477	1,230,477	6,152	9,229
SME Leasing Limited	BB+/B	Unrated	54,272,585	59,369,214	593,199	420,928
Soneri Bank Limited	Unrated	AA-/A1+	193	193	1	1
Standard Chartered Leasing Limited	Unrated	AA+/A1+	1,975,021	1,975,021	33,733	22,811
Standard Chartered Modaraba	Unrated	AA/A1+	18,805,318	47,301,230	400,553	1,099,754
Sui Northern Gas Pipeline Company Limited	Unrated	AA/A1+	32,322,335	-	688,466	-
Sui Northern Gas Pipeline Company Limited	Unrated	AA-/A1+	29,536,674	36,488,174	710,652	748,372
Sui Southern Gas Pipeline Limited	Unrated	A-/A-3	48,908,297	48,908,297	105,153	145,258
Summit Bank Limited (Formuly Arif Habib Bank)	Unrated	Unrated	498,220	498,220	-	-
Sunshine Cotton Mills Limited	Unrated	Unrated	27,384	27,384	-	-
Suraj Ghee Limited	Unrated	Unrated	763,513	763,513	-	-
Taj Textile Mills Limited	Unrated	Unrated	17,948	17,948	1,365	1,526
Tandlianwala Sugar Limited	Unrated	Unrated	34	34	2	1
Tata Textile Mills	Unrated	Unrated	22,371,376	5,005,876	116,555	12,915
Tele Card Limited	Unrated	Unrated	6,197,498	6,297,498	856,866	673,014
Thall Limited	Unrated	Unrated	9,859,862	9,859,862	246,398	246,497
Thatta Cement Co. Limited	Unrated	Unrated	4,141,360	4,141,360	41,207	41,331
TPL Direct Insurance Limited	Unrated	Unrated	15,444,597	7,478,597	114,753	67,607
TPL Trakker Limited	Unrated	A-/A2	2,540,572	2,454,045	248,290	161,059
Treet Corporation	AA-/A-1	Unrated	788,000	30,332,500	6,990	169,559
TRG Pakistan	Unrated	Unrated	151,492	151,492	1,000	265
Tri Star Modaraba (Ist)	Unrated	Unrated	172,325	172,325	-	-
Twakkal Garments Industries Limited	Unrated	Unrated	178,631	178,631	309	268
Unicap Modaraba	Unrated	Unrated	2,200,233	3,743,733	291,641	313,238
United Bank Limited	AA+/A-1+	Unrated	4,085	4,085	186	106
United Brands Limited (Udl Industries)	Unrated	Unrated	525	525	10	5
United Distributors Pak.	Unrated	Unrated	324,421	324,421	20,114	14,057
Wah Noble Chemicals Limited	Unrated	Unrated	47,435,914	17,247,414	117,641	43,636
Worldcall Telecom	Unrated	D	627,427	627,427	3,288	2,855
Yousuf Weaving Mills	Unrated	Unrated	225	225	-	-
Zahur Cotton Mills	Unrated	Unrated	247,789	247,789	-	-
Zeal Pak Cement Limited	Unrated	Unrated	-	19,200	-	2,003
Zil Limited (Zulfeqar Ind.Limited)	Unrated	Unrated	-	-	-	-
			990,522,487	999,300,883	48,798,002	33,045,750

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

1.1.2 Particulars of Investments held in un-listed companies

1.1.2.1 Ordinary Shares - Holding 10% and above

Investee	Rating		Percentage of holding	No. of Shares held	Cost of Investment		Break-up value of investment	Based on accounts as at	Name of Chief Executive
	JCRVIS	PACRA			2013	2012			
					-----Rupees in '000-----				
Digri Sugar Mills Limited	Unrated	Unrated	19.1%	2,000,000	4,063	4,063	8,126	30-Sep-99	Mr. Naveed Ahmad Javeri
Gelcaps Pakistan Limited	Unrated	Unrated	14.6%	2,000,000	4,665	4,665	25,340	30-Jun-06	Mr. Sadruddin Hashwani
Intech International	Unrated	Unrated	18.6%	275,000	-	-	-	Not Available.....	Mr. Hassan Zaidi
Pakistan Agriculture Storage Service Corporation (Face value: Rs.1,000 each)	Unrated	Unrated	18.3%	5,500	5,500	5,500	109,831	31-Mar-03	Maj. General Fahim Akhter Khan
Precision Engineering	Unrated	Unrated	16.8%	15,100	-	-	-	Not Available.....	.....
Resources and Engineering Management Corporation	Unrated	Unrated	10.0%	66,125	-	-	(484,696)	June 30,2005	Mr.Zaheer Hussain
Safa Rice Mills Limited	Unrated	Unrated	15.8%	450,000	-	-	-	Not Available.....	Mr.Shafaat Ahmed
Sigma Knitting Mills	Unrated	Unrated	14.1%	500,000	-	-	(6,793)	June 30,1999	Mr. Pervaiz Alam
					14,228	14,228			..... Not Available.....

1.1.2.2 Ordinary Shares - Holding below 10%

Investee	Rating		No. of Shares held	Cost of Investment		Break-up value of investment	Based on accounts as at	Name of Chief Executive	
	JCRVIS	PACRA		2013	2012				
				-----Rupees in '000-----					
Adamjee Floorings Limited	Unrated	Unrated	233,400	-	-	-	Not Available.....	.....
Adamjee Papers & Board Mills Limited	Unrated	Unrated	30,080	-	-	-	Not Available.....	.....
Adil Polypropylene Limited	Unrated	Unrated	137,597	-	-	-	Not Available.....	.....
Afsar Textile Mills Limited	Unrated	Unrated	69,093	-	-	-	Not Available.....	.....
Al Ameen Textile	Unrated	Unrated	32,778	-	-	-	Not Available.....	.....
Al Zamin Modarba Management/Professional Management Modaraba	Unrated	Unrated	30,000	328	328	-	Not Available.....	.....
Al-Hussany Industries Limited	Unrated	Unrated	140,000	1,000	1,000	2,134	June 30, 2006	Mr. Bashir A. Chaudhry	
Ailif Textile Mills Limited	Unrated	Unrated	31,514	-	-	-	Not Available.....	.....
Amazai Textile Limited	Unrated	Unrated	163,464	-	-	-	Not Available.....	.....
AMZ Venture Limited Class A	Unrated	Unrated	10,111	-	-	-	Not Available.....	.....
Apex Fabrics Limited	Unrated	Unrated	200,000	122	-	-	Not Available.....	.....
Arabian Seas Country Club	Unrated	Unrated	144,506	-	-	-	Not Available.....	.....
Arag Industries Limited	Unrated	Unrated	650,000	6,500	-	-	Not Available.....	.....
Aslo Electronics Limited	Unrated	Unrated	96,478	-	-	-	Not Available.....	.....
Aswan Tantage Limited	Unrated	Unrated	20,054	-	-	-	Not Available.....	.....
Atlas Power Limited	Unrated	Unrated	86,030	-	-	-	Not Available.....	.....
Attock Textile Mills Limited	Unrated	Unrated	37,500,000	375,000	375,000	653,823	30-Jun-13	Maqsood A. Basra	
Awan Textile Mills Limited	Unrated	Unrated	100,000	199	199	(1,412)	Sept. 30, 1998	Mr. Arshad Ali Chaudhry	
Babri Cotton Mills Limited	Unrated	Unrated	108,696	-	-	-	Not Available.....	.....
Bahawalpur Textile Limited	Unrated	Unrated	321,778	3,218	-	-	23,365	June 30, 2011	Raza Kuli Khan Khattak
Baluchistan Foundry (Tower)	Unrated	Unrated	33,283	-	-	-	Not Available.....	.....
Bankers Equity Limited (B,E,L.)	Unrated	Unrated	37,664	-	-	-	Not Available.....	.....
Bankers Equity Limited (B,E,L.)	Unrated	Unrated	1,485,925	-	-	-	Not Available.....	.....
Bawany Textile Mills Limited	Unrated	Unrated	251,022	-	-	-	Not Available.....	.....
Bela Engineers Limited	Unrated	Unrated	42,972	-	-	-	Not Available.....	.....
Brikks Pvt Limited	Unrated	Unrated	135,658	-	-	-	Not Available.....	.....
Callmate Telips Telecom Limited	Unrated	Unrated	39,050	-	-	-	Not Available.....	.....
Central Cotton Mills	Unrated	Unrated	44	0.00	-	-	Not Available.....	.....
Charsada Sugar Mills Limited	Unrated	Unrated	17,864	-	-	-	Not Available.....	.....
Chilya Cornugated Board Limited	Unrated	Unrated	4,634	-	-	-	Not Available.....	.....
Crescent Spinning Mills	Unrated	Unrated	22,076	-	-	-	Not Available.....	.....
Crown Textile	Unrated	Unrated	370,744	-	-	-	Not Available.....	.....
Dadabhoj Leasing Co.	Unrated	Unrated	161,948	-	-	-	Not Available.....	.....
Dadabhoj Sack Limited	Unrated	Unrated	188,742	-	-	-	Not Available.....	.....
Engine System	Unrated	Unrated	25,102	-	-	-	Not Available.....	.....
F.T.C. Management	Unrated	Unrated	788,500	-	-	-	Not Available.....	.....
Fauji Akbar Portia	Unrated	Unrated	50,000	250	250	34,657	June 30, 2012	Engr. Mir Fateh Sultan	
Fauji Oil Terminals	Unrated	Unrated	29,186,739	321,076	321,076	156,201	30-Jun-13	Mr. Ahmed Kamal Rana	
Fazal Vegetable Ghee	Unrated	Unrated	1,089,600	10,886	10,886	26,052	June 30, 2013	Lt. Gen @ M. Mustafa Khan	
First Women Bank Limited	Unrated	Unrated	21,486	-	-	-	Not Available.....	.....
Fortune Securities Limited	Unrated	BBB-/A2	7,698,441	21,100	21,100	107,026	Dec. 31, 2012	Ms.Shafaq Sultana	
Frontier Textile Mills Limited	Unrated	Unrated	500,000	5,000	5,000	8,334	June 30, 2012	Mr. Qasim Lakhani	
Ghafoor Textile Mills	Unrated	Unrated	50,000	500	500	272	Sep. 30, 2002	Not available	
Ghulam M.Dadabhoj (Dadabhoj Padube)	Unrated	Unrated	23,424	-	-	-	Not Available.....	.....
Gulistan Power Generation Limited	Unrated	Unrated	25,278	-	-	-	Not Available.....	.....
Gypsum Corporation	Unrated	Unrated	220,000	2,200	2,200	8,096	June 30, 2000	Mr. Abdul Shakoor	
H. Shaikh Muhammad Hussain	Unrated	Unrated	84,176	-	-	-	Not Available.....	.....
Harum Textile	Unrated	Unrated	57,634	-	-	-	Not Available.....	.....
Hazara Woolen Mills Limited	Unrated	Unrated	46,765	-	-	-	Not Available.....	.....
Hyderabad Electronic	Unrated	Unrated	20,000	202	202	-	Not Available.....	.....
Indus Bank Limited	Unrated	Unrated	50,135	-	-	-	Not Available.....	.....
Indus Polyester Co.	Unrated	Unrated	76	-	-	-	Not Available.....	.....
Insecta Pakistan Limited	Unrated	Unrated	3	-	-	-	Not Available.....	.....
Inter Asia Leasing Company Limited	Unrated	Unrated	50,000	-	-	315	June 30,1997	Mr. Syed Tauqeer Haider	
Investec Securities Limited	Unrated	Unrated	50,000	500	-	-	Not Available.....	.....
Islamabad Stock Exchange Ltd	Unrated	Unrated	50,205	-	-	-	Not Available.....	.....
Islamic Investment Bank	Unrated	Unrated	3,034,603	34,346	-	-	Not Available.....	.....
Itti Textile Mills	Unrated	Unrated	71,339	-	-	-	Not Available.....	.....
JDM Textile Mills Limited	Unrated	Unrated	83,418	-	-	-	Not Available.....	.....
Junaid Cotton Mills Limited	Unrated	Unrated	478,500	4,784	4,784	11,639	June 30, 2012	Mr.LT. Gen @ Ali Kuli Khan	
Kaisar Arts & Krafts	Unrated	Unrated	51,759	328	-	-	Not Available.....	.....
Karachi Pipes	Unrated	Unrated	868,959	8,395	-	-	Not Available.....	.....
Karim Silk Mills Limited	Unrated	Unrated	97,710	-	-	-	Not Available.....	.....
Kaytex Mills (Saleem Denim Ind.)	Unrated	Unrated	9,690	-	-	-	Not Available.....	.....
Kaytex Mills Limited	Unrated	Unrated	82,575	-	-	-	Not Available.....	.....
Kohinoor (Cotton) Textile	Unrated	Unrated	377,800	3,778	3,778	-	Not Available.....	.....
Kohinoor Looms Limited	Unrated	Unrated	31,935	-	-	-	Not Available.....	.....
Lafayette Industries Synth.	Unrated	Unrated	86,366	-	-	-	Not Available.....	.....
Marr Fabrics Limited	Unrated	Unrated	46,765	-	-	-	Not Available.....	.....
Medi Glass Limited	Unrated	Unrated	60,246	-	-	-	Not Available.....	.....
Mehran Bank Limited	Unrated	Unrated	150,404	-	-	-	Not Available.....	.....
Mian Mohammad Sugar	Unrated	Unrated	376,390	-	-	-	Not Available.....	.....
Mohib Textile Limited	Unrated	Unrated	87,630	15	-	-	Not Available.....	.....
Mubarak Dairies	Unrated	Unrated	507,080	-	-	-	Not Available.....	.....
Muslim Ghee Mills Limited	Unrated	Unrated	28,227	-	-	-	Not Available.....	.....
Myfip Video Industries	Unrated	Unrated	181,000	1,810	-	-	Not Available.....	.....
National Asset Leasing Corporation	Unrated	Unrated	537,300	5,373	-	-	Not Available.....	.....
National Construction Limited	Unrated	Unrated	135,050	14	-	-	Not Available.....	.....
National Film Development Corporation Limited	Unrated	Unrated	149,999	250	250	597	June 30, 2005	Mr. Ali Mohammad Shaikh	
National Industry Cooperative Bank of Gujrat	Unrated	Unrated	10,000	-	-	(1,825)	June 30, 2000	Mr. Sajjad Haider	
National Institution of Facilitation Technology (Pvt) Ltd	Unrated	Unrated	1	-	-	-	Not Available.....	.....
National Investment Trust (face value Rs.100 each)	Unrated	Unrated	1,478,227	1,526	1,526	28,030	June 30, 2012	Mr. M. M. Khan	
National Match Ind.	AM-DS	Unrated	79,200	100	100	1,796	June 30, 2010	Mr. Tariq Iqbal Khan	
National Woolen Mills Limited	Unrated	Unrated	13,398	-	-	-	Not Available.....	.....
Natover Lease & Refinance	Unrated	Unrated	18,300	183	183	-	Not Available.....	.....
Naveed Textile Mills	Unrated	Unrated	371,674	2,602	-	-	Not Available.....	.....
Newyork Poly Clinic of Karachi	Unrated	Unrated	35,979	-	-	-	Not Available.....	.....
Norrie Textile Mills	Unrated	Unrated	220,133	-	-	(241)	June 30, 1998	Mr. Akhter Aziz Khan	
Nowshehra Engineering Works Limited	Unrated	Unrated	69,557	-	-	-	Not Available.....	.....
Nusrat Textile Mills	Unrated	Unrated	19,179	41	41	-	Not Available.....	.....
Balance carried forward			156,134	-	-	-	Not Available.....	.....
				811,626	751,621				

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

1.1.2 Particulars of Investments held in un-listed companies

1.1.2.2 Ordinary Shares - Holding below 10%

Investee	Rating		No. of Shares held	Cost of Investment		Break-up value of investment	Based on accounts as at	Name of Chief Executive
	JCRVIS	PACRA		2013	2012			
				811,626	751,621			
				----- (Rupees in '000) -----				
Balance brought forward				811,626	751,621			
Pak Ghee Limited	Unrated	Unrated	29,491	-	-		Not Available.....	
Pak Paper Corporation	Unrated	Unrated	52,831	-	-		Not Available.....	
Pakistan Export Finance Guarantee Agency Limited	Unrated	Unrated	1,152,938	11,529	11,529	1,152	Dec 31, 2009	Not available
Pakistan Paper Corporation Limited	Unrated	Unrated	37,250	373	373		Not Available.....	
Pakistan Telephone Cables	Unrated	Unrated	45,969	143	-		Not Available.....	
Pakistan Textile City	Unrated	Unrated	10,000,000	100,000	100,000		Not Available.....	
Pakistan Tourism Development Corporation	Unrated	Unrated	10,000	100	100	40,449	June 30, 2013	Mr. Zaheer Hussain
Pearl Fabrics Limited	Unrated	Unrated	117,121	-	-		Not Available.....	
People Steel Mills Limited	Unrated	Unrated	1,076,880	3,276	3,276		Not Available.....	
Polyron Limited	Unrated	Unrated	76	-	-		Not Available.....	
Prudential Investment Bank	Unrated	Unrated	166,278	-	-		Not Available.....	
Punjab Building Limited	Unrated	Unrated	226,070	-	-		Not Available.....	
Punjab Cotton	Unrated	Unrated	28,648	-	-		Not Available.....	
Punjab Lamps	Unrated	Unrated	55,274	-	-		Not Available.....	
Qadri Textile Mills Limited	Unrated	Unrated	50,000	500	500		Not Available.....	
Qayyum Spinning	Unrated	Unrated	36,653	-	-		Not Available.....	
Quality Steel Works	Unrated	Unrated	1,685	-	-		Not Available.....	
RCD Ball	Unrated	Unrated	10,027	-	-		Not Available.....	
Refrigerator Manufacturing Company Limited	Unrated	Unrated	45,737	4,589	4,589		Not Available.....	
Regal Ceramics Limited	Unrated	Unrated	45,501	-	-		Not Available.....	
Rehman Cotton Mills Limited	Unrated	Unrated	1,695,800	16,958	16,958	107,895	June 30, 2011	Mr. LT. Gen @ Ali Kuli Khan
Rex Baren Battery	Unrated	Unrated	28,564	-	-		Not Available.....	
Rousch Power Pakistan Limited	Unrated	Unrated	39,729,000	132,888	132,888	870,989	June 30, 2013	Mr. Naseem Akhter
Ruby Rice and General Mills Limited	Unrated	Unrated	75,000	750	750		Not Available.....	
Sahrish Textile Mills	Unrated	Unrated	10,043	20	-		Not Available.....	
Saitex Spinning Mills	Unrated	Unrated	182,423	-	-		Not Available.....	
Shahpur Textile Mills	Unrated	Unrated	200,527	-	-		Not Available.....	
Shahyar (Oe) Textile Mills	Unrated	Unrated	40,023	-	-		Not Available.....	
Shahyar Textile Mills	Unrated	Unrated	113,161	-	-		Not Available.....	
Shoab Capital	Unrated	Unrated	100,000	271	271	544	June 30, 2000	Not available
Siftaq (International) Textile Mills	Unrated	Unrated	54,769	-	-		Not Available.....	
Sindh Alkalis Limited	Unrated	Unrated	359,369	-	-		Not Available.....	
SME Bank Limited	BBB	BBB	6,121,095	26,950	26,950	50,986	31-12-2010	Mr. R. A Chughtai
South Asia Regional Fund	Unrated	Unrated	5,000	287	287		Dec 31, 07	Mr. Jean Fondaumiere
Southern Networks Limited	Unrated	Unrated	-	-	-		Not Available.....	
Star Salica Industries Limited	Unrated	Unrated	26,650	267	267		Not Available.....	
Sunrise Textile Mills	Unrated	Unrated	7,668	-	-		Not Available.....	
Sunshine Cloth Mills	Unrated	Unrated	150,000	-	-		Not Available.....	
Sunshine Cloth Mills	Unrated	Unrated	374,721	-	-		Not Available.....	
Syed Match Ind.	Unrated	Unrated	162	2	-		Not Available.....	
Taga Pakistan Limited	Unrated	Unrated	48,450	-	-		Not Available.....	
Tariq Cotton Mills	Unrated	Unrated	21,907	-	-		Not Available.....	
Tawakkal Limited	Unrated	Unrated	57,297	-	-		Not Available.....	
Tawakkal Modaraba (1st)	Unrated	Unrated	241,827	-	-		Not Available.....	
Transmobile Limited	Unrated	Unrated	644,508	-	-	(44)	June 30, 1997	Mr. Javed Burki
Turbo Tec Limited (Tubes)	Unrated	Unrated	86,788	-	-		Not Available.....	
Union Insurance Co. Of Pakistan	Unrated	Unrated	156	4	-		Not Available.....	
Unity Modaraba	Unrated	Unrated	1,000,000	28	-		Not Available.....	
Uqab Breeding Farms	Unrated	Unrated	70,778	-	-		Not Available.....	
Zafar Textiles Mills Limited	Unrated	Unrated	247,100	256	256		Not Available.....	
Zafar Textiles Mills Limited	Unrated	Unrated	34,041	-	-		Not Available.....	
Zahur Textile Mills	Unrated	Unrated	210,229	-	-		Not Available.....	
Zulsham Engineering Works Limited	Unrated	Unrated	3,300	330	330		Not Available.....	
				1,111,147	1,050,945			
				1,125,375	1,065,173			

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

1.2 Particulars of Investments held in units of mutual funds

	Rating		No. of shares held		Market Value	
	JCRVIS	PACRA	2013	2012	2013	2012
-----Rupees in '000-----						
ABL Cash Fund	AA(f)	Unrated	15,584,060	14,616,749	155,841	146,356
AH Dow Jones Safe Pak Titans 15 Index Fund	Unrated	Unrated	-	-	-	-
AKD Cash Fund	AA+(f)	Unrated	902,087	420,852	45,131	21,181
Al Falah GHP Cash Fund	Unrated	AA(f)	105,755	100,000	52,932	50,069
Atlas Money Market Fund	Unrated	AA(f)	369,376	344,805	185,704	174,144
Asian Stock Fund	Unrated	Unrated	173,705	173,705	2,345	1,129
Askari Sovereign Cash Fund	Unrated	AAA(f)	1,560,591	1,470,268	16,839	147,805
BMA Empress Cash Fund	AA+(f)	Unrated	-	9,819,759	-	99,592
Dominion Stock Fund	Unrated	Unrated	80,326	80,326	-	-
Faysal Financial Sector Opportunity Fund			1,028,212	-	103,952	-
Faysal Money Market Fund	AA+(f)	Unrated	1,082,901	973,141	110,153	100,156
Faysal Savings Growth Fund	AA-(f)	Unrated	-	33,732	-	3,481
First Dawood Mutual Fund	Unrated	2-Star/2-Star	1,157,674	5,262,059	-	33,677
First Habib Cash Fund	AA(f)	Unrated	1,049,032	983,752	105,008	98,533
HBL Money Market Fund	AA(f)	Unrated	516,138	487,398	52,177	49,329
IGI Money Market Fund	Unrated	Unrated	1,571,386	1,470,392	157,988	148,078
Investec Mutual Fund	Unrated	Unrated	87,858	87,858	-	-
J.S Large Capital Fund	Unrated	Unrated	403,829	416,857	37,104	29,639
J.S. Value Fund	Unrated	Unrated	-	1,832,764	-	16,495
Lakson Money Market Fund	Unrated	AA(f)	1,055,542	994,080	105,649	99,557
MCB Cash Optimizer Fund	Unrated	AA(f)	2,057,717	1,940,028	205,875	194,527
Meezan Balanced Fund	Unrated	Unrated	2,870,000	2,870,000	40,754	33,177
NAMCO Balanced Fund	Unrated	Unrated	2,450,154	2,205,360	15,901	10,475
NIT-EMOF	Unrated	Unrated	11,267,959	13,098,923	2,126,151	1,940,736
NIUT-NON LOC	Unrated	Unrated	22,323,985	22,323,985	1,110,395	740,933
NIT Government Bond Fund	Unrated	AA(f)	10,000,000	10,000,000	104,132	105,161
NIT Income Fund	Unrated	A+(f)	29,376,653	29,376,653	310,511	319,154
Pak Oman Government Securities Fund	Unrated	AA(f)	5,335,241	4,840,833	54,802	49,861
Pakistan Strategic Allocation Fund	Unrated	3-Star/4-Star	-	-	-	-
PICIC Cash Fund	AA+(f)	Unrated	1,059,733	996,772	106,677	100,102
PICIC Energy Fund	Unrated	Unrated	39,336	2,133,585	530	19,202
PICIC Growth Fund	Unrated	Unrated	-	-	-	-
PICIC Investment Fund	Unrated	Unrated	1,000,000	-	11,370	-
UBL Liquidity Plus Fund	AA+(f)	Unrated	1,557,050	1,469,319	156,600	147,340
Unit Trust of Pakistan	Unrated	Unrated	-	-	-	-
			116,066,300	130,823,955	5,374,521	4,879,889

1.3 Particulars of Investments held in Preference shares

	Rating PACRA	Cumulative/ Non- cumulative	Rate	No. of shares held		Market Value	
				2013	2012	2013	2012
-----Rupees in '000-----							
Listed:							
Agritech Limited (Preference)	Unrated	Cumulative	9.25%	61,748,756	61,748,756	617,488	617,488
Chenab Textile Mills Limited	Unrated	Cumulative	9.25%	10,000,000	10,000,000	10,500	10,500
Nishat Chunian Limited	Unrated	Cumulative	15.00%	-	-	-	-
Saleem Sugar Mills	Unrated	Cumulative	6.00%	105	105	-	-
Summit Bank Preference Class A		Non-Cumulative	10.00%	14,997,640	-	149,976	-
Masood Textile Mills	Unrated	Floating	12.65%	5,000,000	5,000,000	50,000	50,000
Maple Leaf Cement Factory	SD	Cumulative	9.75%	-	-	-	-
Pak Elektron Limited	A/A1	Cumulative	9.50%	10,643,642	10,643,642	106,436	106,436
				102,390,143	87,392,503	934,400	784,424
Unlisted:							
Pakistan Mercantile Exchange Limited	Unrated	-	-	1,300,000	13,000,000	13,000	13,000
Silk Bank Limited (PNCPS)		Non-Cumulative		80,000,000	-	200,000	-
				81,300,000	13,000,000	213,000	13,000

* Cost of the above investment amounted to Rs. 1,236.90 million (2012: Rs. 886.92 million)

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

1.4 Debentures, Bonds, Participation Term Certificates and Term finance certificates

1.4.1 Term finance certificates

Investee	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificate held		Market Value	
					2013	2012	2013	2012
------(Rupees in '000)-----								
Listed								
Allied Bank Ltd.	11.16% 6 months Kibor + 1.9%	Half yearly	December 6, 2014	AA-	-	-	-	46
Askari Bank Limited	12.53% 6 months Kibor + 2.5%	Half yearly	October 31, 2013	AA-	3,200	3,200	16,212	17,648
Azgard Nine Limited	11.86% 6 month Kibor + 1.25%	Half yearly	August 17, 2012	D	20,000	7,809	26,031	32,538
Bank Al-Falah Ltd.	15% (Fixed)	Half yearly	December 2, 2017	AA-	10,850	16,600	58,161	90,154
Engro Fertilizer Ltd.	12.55% 6 months Kibor + 2.4%	Half yearly	December 17, 2016	A+	2,000	2,000	8,525	8,367
Escorts Invest. Bank Ltd.	11.53% 6 months Kibor + 2.5%	Half yearly	September 15, 2014	BB	6,090	1,826	2,243	4,487
Faysal Bank Ltd.	11.01% 6 months Kibor + 2.25%	Half yearly	October 11, 2017	AA-	10,000	13,500	25,062	69,069
Faysal Bank Ltd. (P)	12.40% 6 months Kibor + 2.25%	Half yearly	December 27, 2017	AA-	14,855	10,000	74,271	50,673
Financial Receivable Securitization Company Limited	11.08% 6 month Kibor + 2%	Half yearly	December 27, 2013	A+	5,000	5,000	2,082	6,293
NIB Bank Ltd.	11.36% 6 month Kibor + 1.15%	Half yearly	March 5, 2016	A+	-	-	-	40,489
Saudi Pak Leasing Co. - HTM	6 months Kibor + 1.5%	Half yearly	March 13, 2013	D	10,000	10,000	13,393	13,000
Soneri Bank Limited	13.61% 6 month Kibor + 1.6%	Half yearly	March 31, 2011	A+	-	-	-	-
Summit Bank Ltd	12.86% 6 months Kibor + 3.25%	Half yearly	November 11, 2018	A-(SO)	44,898	44,898	224,283	214,242
UBL 2nd Issue	9.49% (Fixed)	Half yearly	March 15, 2013	AA	-	-	-	32,371
UBL 3rd Issue	13.66% 6 months Kibor + 1.7%	Half yearly	September 8, 2014	AA	-	-	-	338
UBL 4th Issue	12.78% 6 Months Kibor +0.85%	Half yearly	February 14, 2018	AA	-	-	-	297,385
							450,263	877,100
Unlisted								
Afroze Textile Industries	6 month Kibor + 8.50%	Quarterly	December 29, 2019	Unrated	12	12	284,000	284,000
Agritech Limited	6 month Kibor + 1.75%	Half yearly	January 14, 2019	D	95,273	68,416	336,368	341,798
AKD Securites Ltd	6 month Kibor + 2.5%	Half yearly	December 31, 2015	D	4	4	744,000	992,000
Al-Azhar Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	5,168	5,168
Al-Qaim Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	16	16	357	357
Apex Fabrics Limited	22.00%	Overdue	Overdue	Unrated	16	16	2,640	2,640
Aqma Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,549	3,549
Aswan Tentage & Canvas Mills Limited	22.00%	Overdue	Overdue	Unrated	1	1	3,643	3,643
Azgard Nine Limited 27-07-2012	zero coupon	-	March 31, 2017	D	122,697	122,697	613,485	613,485
Babri Cotton Mills	Zero Markup	Annually	December 30, 2016	Unrated	5	5	35,301	44,714
Bachani Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	28	28	33,054	35,896
Baluchistan Cotres Limited	22.00%	Overdue	Overdue	Unrated	22	22	2,745	2,745
Bankers Equity Limited	22.00%	Overdue	Overdue	Unrated	10	10	31,335	47,002
Bela Chemical Limited	22.00%	Overdue	Overdue	Unrated	24	24	24,595	24,595
Bentonite Pak Limited	22.00%	Overdue	Overdue	Unrated	31	31	3,417	3,417
Blue Star Spinning Mills Limited	22.00%	Overdue	Overdue	Unrated	17	17	2,252	2,252
Brother Steel Limited	22.00%	Overdue	Overdue	Unrated	17	17	3,093	3,093
Bunny's Limited	6 months Kibor + 2.25%	Overdue	December 6, 2012	Unrated	6,000	6,000	22,500	22,500
Colony Thal Textile Mills Ltd	Fixed 7%	Annually	December 31, 2017	Unrated	240	6	119,536	119,536
Cast-N-Link Product Limited	22.00%	Overdue	Overdue	Unrated	16	16	2,549	2,549
Chiniot Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,185	1,185
Danneman Fabrics Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,283	3,283
Engro Fertilizer Ltd PRP 1	6 months Kibor + 1.7%	Half yearly	December 17, 2016	A+	9,291	29,126	41,655	130,582
General Dairies & Food Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,350	1,350
Glorex Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	1	1	924	924
Gypsum Corporation Limited	22.00%	Overdue	Overdue	Unrated	6	10	900	900
Hospitex International Limited	22.00%	Overdue	Overdue	Unrated	1	16	239	239
Independent News Paper Corp. Ltd	3 month Kibor	Half yearly	March 30, 2018	B	1	1	1,376,669	1,621,964
Jahangir Siddiqui & Company Limited	6 month Kibor + 1.60%	Half yearly	May 17, 2014	AA+	40	40	49,840	149,582
Janana De Malucho Textile Mills Ltd	Zero Markup	Annually	January 1, 2017	Unrated	11	11	48,663	63,098
Javedan Corporation Ltd NEW	6 month Kibor + 2.25%	Half yearly	March 16, 2018	Unrated	10	-	95,086	-
Javedan Corporation Limited III	6 month Kibor + 2.25%	Half yearly	August 14, 2018	Unrated	10	-	71,832	-
Javedan Corporation Limited	6 month Kibor + 2.25%	Half yearly	November 10, 2017	Unrated	14,000	14,000	1,225,000	1,225,000
Balance carried forward							5,192,213	5,753,046

All term finance certificates have a face value of Rs. 5,000 each unless otherwise mentioned.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

1.4 Debentures, Bonds, Participation Term Certificates and Term finance certificates

1.4.1 Term finance certificates

Investee	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificate held		Market Value	
					2013	2012	2013	2012
Listed								
Balance brought forward							5,192,213	5,753,046
JDW Sugar Mills Limited	3 month Kibor + 1.25%	Quarterly	June 23, 2014	A+	40,000	40,000	22,222	66,824
Kamal Ghee & Allied Industries Limited	22.00%	Overdue	Overdue	Unrated	14	14	4,238	4,238
Kiran Sugar Mills Limited	3 month Kibor + 3.00%	Quarterly	July 6, 2016	Unrated	Pending receipt		120,000	120,000
Kunjah Textile Mills Limited	6 month Kibor + 3.00%	Half yearly	April 23, 2014	Unrated			-	-
Malik Food Industries Limited	22.00%	Overdue	Overdue	Unrated	11	11	1,401	1,401
Minaco Fabrics Limited	22.00%	Overdue	Overdue	Unrated	14	14	1,640	1,640
Moro Textile Mills Ltd.	6 month Kibor + 3.00%P.A	Half yearly	January 10, 2021	Unrated	20	20	188,613	-
Munalisa Fruit Juices	-	-	-	Unrated	2	2	1,500	-
Munawar Engineering Company Limited	22.00%	Overdue	Overdue	Unrated	28	28	1,306	1,306
National Sugar Industries Limited	3 month Kibor + 3.00%	Quarterly	September 3, 2016	Unrated	20	20	-	118,750
National Tiles & Ceramics Limited	22.00%	Overdue	Overdue	Unrated	16	16	-	205
New Allied Electronic Industries limited.	3 month Kibor + 1.50 %	Quarterly	December 31, 2020	Unrated			1,433,724	1,433,724
Oil & Gas Investment Limited.	6 month Kibor + 2%	Half yearly	May 14, 2015	Unrated	188,700	188,700	815,800	940,800
Pakistan International Airlines Corp. Limited	6 month Kibor + 0.85%	Half yearly	February 18, 2011	Unrated	594,796	594,796	2,972,500	2,972,500
Pakistan Laminates Limited	22.00%	Overdue	Overdue	Unrated			95	-
Pak Libya Holding Co Pvt Ltd	6 month Kibor + 1.6%	Half yearly	February 7, 2016	AA	50,000	50,000	208,167	249,850
Parthenon private Limited	3 month Kibor + 2%	Quarterly	December 30, 2017	Unrated	9	9	1,864,725	1,606,776
Pirjee Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	16	16	401	-
Faysal Bank (Royal Bank of Scotland)	6 month Kibor + 1.9%	Half yearly	December 29, 2012	Unrated			-	27,478
Pak Hy-Oil Ltd	6 months Kibor + 2.25%	Overdue	December 6, 2013	Unrated	1	1	150,000	150,000
Pak Arab Fertilizer Ltd	6 months Kibor + 2.50%	Half yearly	May 19, 2015	AA	757,070	757,070	946,337	2,165,568
Rehman Cotton Mills	Zero Markup	Anually	December 30, 2016	Unrated	11	11	60,087	75,109
Qand Ghar (Pvt) Limited	22.00%	Outstanding	Overdue	Unrated	22	22	2,092	-
Raja Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,831	-
Regency Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	24	24	6,033	-
Sarela Cement Limited	22.00%	Overdue	Overdue	Unrated	32	32	6,748	-
Seri Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	24	24	5,422	-
Shazeb Industries Limited	22.00%	Overdue	Overdue	Unrated	14	14	1,840	-
Sialkot Dairies	22.00%	Overdue	Overdue	Unrated	13	13	1,323	-
Silverland Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,035	1,035
Sind Textile Industries	22.00%	Overdue	Overdue	Unrated	15	15	7,445	7,445
Sinsas Enterprises Limited	22.00%	Overdue	Overdue	Unrated	2	2	4,302	4,302
Star Silica International	22.00%	Overdue	Overdue	Unrated	16	16	1,799	1,799
Standard Chartered Bank Limited	Six Month Kibor +0.75%	Half yearly		AAA	66,530	66,530	332,650	390,165
Sunflo Juices Limited	22.00%	Overdue	Overdue	Unrated	28	28	748	748
Tanocraft Limited	22.00%	Overdue	Overdue	Unrated	22	22	-	904
Tawakkal Garments Industries Limited	22.00%	Overdue	Overdue	Unrated	16	16	759	759
Tharparkar Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	5	5	12,621	23,332
Turbo Tubes Limited	22.00%	Overdue	Overdue	Unrated	2	2	67	67
Ultra Engineering Industries Limited	22.00%	Overdue	Overdue	Unrated	16	16	1,126	1,126
WAPDA-TFCs	6 months Kibor + 1.75%	Half yearly	September 27, 2021	AAA	PENDING RECEIPT		-	-
Waleed Leather Industries Limited	22.00%	Overdue	Overdue	Unrated	38	38	2,196	2,196
Zamir Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	7,516	7,516
							16,384,727	16,130,609
							16,864,990	17,007,709

All term finance certificates have a face value of Rs. 5,000 each unless otherwise mentioned.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

1.4.2 Debentures

Investee	Terms of Redemption		Rate of Interest	Cost	
	Principal	Interest		2013	2012
				------(Rupees in '000)-----	
Aaj Textile Mills Limited	Outstanding	Outstanding	14%	1,005	1,005
Aaj Textile Mills Limited	Outstanding	Outstanding	12.5%	270	270
Ajax Industries Limited	Overdue	Overdue	11%	1,397	1,397
Ajax Industries Limited	Overdue	Overdue	14%	269	269
Ali Asbestose Industries Limited	Overdue	Overdue	14%	175	175
Ali Asbestose Industries Limited	Overdue	Overdue	11%	1,510	1,510
Allied Marbles Industries	Overdue	Overdue	14%	23	23
Allied Marbles Industries	Overdue	-	Interest free	15	15
Azad Kashmir Mineral Development Corporation	Overdue	Overdue	12%	3,286	3,286
Azad Kashmir Mineral Development Corporation	Overdue	Overdue	14%	1,998	1,998
Azad Kashmir Mineral Development Corporation	Overdue	Overdue	12.5%	2,336	2,336
Carbon Dioxide Limited	Outstanding	Outstanding	11%	495	495
Carbon Dioxide Limited	Outstanding	Outstanding	14%	95	95
Chillya Corrugated Board	Overdue	Overdue	14%	317	317
Consolidated Spinning & Textile Mills Limited	Overdue	Overdue	14%	180	180
Consolidated Sugar Mills	Overdue	Overdue	14%	1,875	1,875
Damaan Oil Mills	Overdue	Overdue	14%	204	204
Effef Industries Limited	Overdue	Overdue	14%	1,799	1,799
Effef Industries Limited	Overdue	-	Interest free	3,828	3,828
Electric Lamp Manufacturing	Outstanding	Outstanding	11%	75	75
Electric Lamp Manufacturing	Overdue	Overdue	14%	150	150
Hassan Tanneries Limited	Outstanding	Outstanding	14%	437	437
Hassan Tanneries Limited	Outstanding	Outstanding	12.5%	58	58
Hazara Woolen Mills	Overdue	Overdue	14%	1,148	1,148
Hydri Gas Limited	Outstanding	Outstanding	11%	47	47
Hydri Gas Limited	Outstanding	Outstanding	14%	50	50
Junaid Cotton Mills Limited	Overdue	Overdue	12.5%	165	165
Junaid Cotton Mills Limited	Overdue	Overdue	14%	470	470
Karachi Development Authority	Overdue	Overdue	12.5%	156,034	156,034
Khyber Textile Mills Limited	Overdue	Overdue	14%	1,000	1,000
Lahore Dyeing & Printing Mill	Outstanding	Outstanding	11%	1,013	1,013
Mansoor Textile Mills	Outstanding	Outstanding	14%	510	510
Morgah Valley Limited	Overdue	Overdue	11%	400	400
Morgah Valley Limited	Overdue	Overdue	14%	160	160
National Woolen Mills	Overdue	Overdue	14%	66	66
Pakistan Paper Corporation	Overdue	Overdue	11%	506	506
Progressive Tobacco Co.	Overdue	Overdue	14%	144	144
Qadri Textile Mills Limited	Outstanding	Outstanding	14%	489	489
Regal Ceramics Limited	Overdue	Overdue	14%	105	105
Rising Sun Knitwear Industries	Overdue	Overdue	14%	57	57
Rose Textile Mills Limited	Overdue	Overdue	14%	740	740
Sarhad Bricks Limited	Outstanding	Outstanding	11%	543	543
Sarhad Bricks Limited	Outstanding	Outstanding	14%	102	102
SDA-A/C Cold Storage Haripur -1	Overdue	Overdue	12%	-	955
SDA-A/C Cold Storage Haripur -2	Overdue	Overdue	12.5%	-	1,170
Shafaq Lamp Manufacturing Corporation	Outstanding	Outstanding	11%	368	368
Shafaq Lamp Manufacturing Corporation	Outstanding	Outstanding	14%	83	83
Shahdin Limited	Overdue	Overdue	14%	163	163
Shahyar Textile Mills Limited	Overdue	Overdue	14%	280	280
Spinzer Towel Industries Limited	Outstanding	Outstanding	12.5%	200	200
Spinzer Towel Industries Limited	Outstanding	Outstanding	14%	175	175
Sun Publications Limited	Overdue	Overdue	13.5%	178	178
Zulsham Engineering Works Limited	Overdue	Overdue	14%	236	236
				187,229	189,354

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

1.4.3 Participation Term Certificate

Investee	Number of certificate(s)	Rate of interest	Paid - up value per certificate Rupees	Cost	
				2013	2012
				------(Rupees in '000)-----	
Ali Paper Industries Limited	13	17%	261,000	3,393	3,393
Alipure Jute Mills Limited	53	17%	172,113	7,081	7,081
American Marbals Limited	12	17%	104,167	448	448
Azmat Oil Industries Limited	1	17%	226,000	226	226
Annis Garments Limited	12	17%	32,917	395	395
Bhawalpur Board Mills Limited	14	17%	137,000	1,918	1,918
Bela Chemicals limited	1	17%	10,500,000	10,500	10,500
Calcium Limited	1	17%	300,000	300	300
Crystal Chemicals Limited	15	17%	259,800	-	-
Dadabhoy Cement Limited	1	17%	11,601,000	7,303	7,303
Delta Tyre & Rubber Co.	7	17%	268,714	1,118	1,118
Frontier Ceramics Limited	10	17%	226,200	-	-
Gypsum Corporation Limited	32	17%	32,594	1,043	1,043
Ittehad Industries Limited	1	17%	600,000	451	451
Jubilee Paper Board Mills	16	17%	431,938	4,415	4,415
Kamal Enterprises Limited	17	17%	64,294	1,093	1,093
Khattak Edible Oil Limited	15	17%	82,467	1,237	1,237
Mass Dairies Limited	11	17%	229,364	-	-
Meditex International Limited	15	17%	87,800	508	508
Morgah Valley Limited	16	17%	29,250	468	468
National Fructose Limited	11	17%	550,818	3,215	3,215
Pak Belt Industries Limited	13	17%	94,692	757	757
Pangrio Sugar Mills Limited	29	17%	442,586	4,433	4,433
Punjab Building Products	12	17%	121,500	1,458	1,458
Punjab Cables Mills Limited	12	17%	388,667	3,833	3,833
Rainbow Packages Limited	23	17%	122,174	2,223	2,223
Sampak Paper Board Mills	11	17%	14,909	165	165
Sarela Cement Limited	35	17%	406,629	14,232	14,232
Shafi Woolen Industries Limited	11	17%	89,455	490	490
Sindh Glass Industries Limited	17	17%	598,765	9,457	9,457
Star Silica Industries Limited	15	17%	137,467	1,803	1,803
United Wood (Veener) Limited	15	17%	51,000	727	727
Waziristan Oil Industries Limited	13	17%	88,385	1,094	1,094
Zafar Oil Industries Limited	11	17%	65,455	720	720
Treat Corporation Limited	7,729,500	AA	33	221,274	254,434
				307,778	340,938

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

1.4.4 Investment in Sukuk

Investee	Terms of Redemption		Rate of Interest %	Market Value/Cost	
	Principal	Interest		2013	2012
------(Rupees in '000)-----					
WAPDA Sukuk (2nd Issue)	Bi-Annual	Bi-Annual	8.84% 6 month Kibor - 0.25%	908,332	1,136,673
Quetta Textile Mills Limited	Bi-Annual	Bi-Annual	11.01% 3 month Kibor + 1.5%	275,862	320,000
PIA Corporation	Bi-Annual	Bi-Annual	11.19% 6 month Kibor + 1.75%	550,000	550,000
Maple Leaf Cement Limited	Bi-Annual	Bi-Annual	0.00% 6 months Kibor + 1.7%	2,451	3,058
Islamic Banking					
WAPDA Sukuk	Bi-Annual	Bi-Annual	8.84% 6 month Kibor - 0.25%	16,667	20,833
Security Leasing Limited	Bi-Annual	Bi-Annual	0.00%	32,838	36,901
Kohat Cement Limited	Bi-Annual	Bi-Annual	10.86% 3 Months Kibor + 1.5%	10,168	34,426
Arzoo Textile Limited	Quarterly	Quarterly	11.56% 6 month Kibor + 2.00%	100,000	100,000
GoP Ijara Sukuk	Bi-Annual	Bi-Annual	8.9892% to 9.46% As per SBP Publications	2,361,296	750,100
Engro Fertilizer Limited	Bi-Annual	Bi-Annual	10.64% 6 month Kibor + 1.50%	216,738	216,738
Sui Southren Gas Co. Limited	Quarterly	Quarterly	10.40% 3 month Kibor + 0.20%	-	23,538
Pakistan International Airline	Bi-Annual	Bi-Annual	11.19% 6 month Kibor + 1.75%	175,000	175,000
				4,649,352	3,367,267

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

1.4.5 Others Government Bond Investment

Investee	Terms of Redemption		Rate of Interest %	Market Value/Cost	
	Principal	Interest		2013	2012
------(Rupees in '000)-----					
Overseas Bonds					
BANK OF AMERICA	On Maturity	Bi-Annual	4.50%	247,924	235,457
BARCLAYS BANK	On Maturity	Bi-Annual	5.20%	331,378	316,412
CITIBANK	On Maturity	Bi-Annual	5.13%	215,467	205,864
CITIBANK	On Maturity	Bi-Annual	5.50%	220,836	210,778
CITIBANK	On Maturity	Bi-Annual	6.00%	-	235,041
CITIBANK	On Maturity	Bi-Annual	6.50%	-	205,750
GOLDMAN SACHS GROUP	On Maturity	Bi-Annual	3.63%	112,043	104,228
GOLDMAN SACHS GROUP	On Maturity	Bi-Annual	5.35%	113,979	109,785
GOLDMAN SACHS GROUP	On Maturity	Bi-Annual	3 months LIBOR+1%	211,261	194,737
GOLDMAN SACHS GROUP	On Maturity	Bi-Annual	7.50%	262,328	-
GOLDMAN SACHS GROUP	On Maturity	Bi-Annual	6.15%	244,495	-
HONG KONG SHANGHAI BANK CO.	On Maturity	Bi-Annual	0.50%	126,391	116,370
LLOYDS TSB BANK	On Maturity	Bi-Annual	2.59%	211,994	196,414
LLOYDS TSB BANK	On Maturity	Bi-Annual	1.50%	212,195	198,168
LLOYDS TSB BANK	On Maturity	Bi-Annual	4.38%	54,576	52,486
LLOYDS TSB BANK	On Maturity	Bi-Annual	4.38%	54,576	52,486
LLOYDS TSB BANK	On Maturity	Bi-Annual	4.88%	224,685	218,501
MERRILL LYNCH & CO	On Maturity	Bi-Annual	6.50%	63,347	-
MERRILL LYNCH & CO	On Maturity	Bi-Annual	6.50%	26,859	-
MERRILL LYNCH & CO	On Maturity	Bi-Annual	6.88%	251,495	-
MERRILL LYNCH & CO	On Maturity	Bi-Annual	6.88%	251,495	-
MERRILL LYNCH & CO	On Maturity	Bi-Annual	7.00%	29,266	-
MORGAN STANLEY	On Maturity	Bi-Annual	3.45%	109,633	101,771
MORGAN STANLEY	On Maturity	Bi-Annual	6.00%	214,666	207,312
MORGAN STANLEY	On Maturity	Bi-Annual	3.80%	-	205,245
MORGAN STANLEY	On Maturity	Bi-Annual	4.50%	324,306	293,895
ROYAL BANK OF SCOTLAND	On Maturity	Bi-Annual	4.88%	219,520	208,216
ROYAL BANK OF SCOTLAND	On Maturity	Bi-Annual	3 months LIBOR+1.75%	-	196,974
ROYAL BANK OF SCOTLAND	On Maturity	Bi-Annual	3 months LIBOR+1.75%	-	97,912
ROYAL BANK OF SCOTLAND	On Maturity	Bi-Annual	6.40%	364,103	-
SOCIETE GENERALE	On Maturity	Bi-Annual	2.20%	-	196,692
SOCIETE GENERALE	On Maturity	Bi-Annual	2.20%	-	196,692
SOCIETE GENERALE	On Maturity	Bi-Annual	2.20%	-	196,692
GOP BONDS	On Maturity	Bi-Annual	6.88%	210,310	-
GOP EURO BOND	On Maturity	Bi-Annual	7.13%	3,152,705	3,378,825
GOP EURO BOND	On Maturity	Bi-Annual	6.88%	4,537,990	2,871,202
				12,599,823	10,803,905

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF
FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE PERIOD 01.01.2013 TO 31.12.2013
Annexure II as referred to in
Note 10.6 to the financial statements

(Rupees in Millions)

Sr. No.	Name & Address of the borrower.	Name of Individuals/Partners/Directors with NIC No.	Fathers/Husband's name.	Outstanding liabilities at the beginning of the year				Principal written off	Interest/Mark-up written off	Other financial relief/waiver provided	Total (9+10+11)
				Principal	Interest/mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
1	Abdul Hafeez S/O Abdul Aziz 116 / II 18Th Street, Phase VI DHA, Karachi.	Abdul Hafeez 42301-0496214-9	Abdul Aziz	13.000	9.499	1.097	23.596	-	-	1.513	1.513
2	Shaukat Industrial Engineering Company 1st Floor 2/A, Block-6, PECHS Society, Karachi.	Shah Nawaz Agra	Mirza Ahmed Agra	0.735	0.128	-	0.863	0.700	-	0.128	0.828
3	Javed Iqbal House No.1 St.No.1 Jaloo More Batapur, Lahore.	Javed Iqbal 35202-9938235-9	Muhammad Rasheed	3.893	1.148	0.113	5.154	-	-	0.874	0.874
4	Abdul Rehman Butt 118 EE Phase-IV, D.H.A Lahore.	Abdul Rehman Butt 42301-1434752-1	Ghazanfar Abdullah Butt	4.898	1.933	0.106	6.937	-	-	0.750	0.750
5	Shoukat & Brothers 29-B Temple Road, Lahore.	Imran Shoukat 35202-9191446-3 Humera Imran 35202-1295759-6 Muhammad Iqbal Malik 35202-2136906-5 Muhammad Sohail Imran 35202-2548787-9	Mian Shaukat Ali Imran Shaukat Malik Bashir Ahmed Mehboob Elahi	5.000	0.398	0.003	5.401	-	-	1.296	1.296
6	Data & Sindh Kohistan Oil Mills Tando Adam.	Mr.Eisar 44206-1097949-9 Mr.Mohan Lal 44206-7098439-9 Mr.Daya Ram Alias Dev Mal 41207-7135634-3	Kodu Mal Kodu Mal Kodu Mal	5.163	3.555	0.032	8.750	-	-	2.250	2.250
7	Gul Bahar Flour Mill.	Syed Zyfiqar Ali Shah 40306-2609905-9	Syed Mehar Ali Shah	2.700	1.264	0.025	3.989	-	-	0.589	0.589
8	Jazz Corporation.	M. Azhar Takhar 61101-9147288-9	Muhammad Anwer	5.147	0.418	1.902	7.467	0.174	-	2.320	2.494
9	Mehran Cotton Ginning & Oil Mills Raja Cotton Ginning Pressing Factory. Bhandhi Road, Daur, Distt: Nawabshah	Mr.Mool Chand 45402-0929710-9 Mr.Rameesh Kumar 45402-0920376-7 Mr.Roop Chand 45402-0932530-7 Mr.Tulsi Das 45402-0929711-9 Mr.Narain Das 45402-0932533-7	Reelo Mal Reelo Mal Reelo Mal Reelo Mal	-	12.314	-	12.314	-	-	7.642	7.642
10	SAF Textile Mills (Pvt) Ltd 17- KM sheikhupura Faisalabad Road, Sheikhpura.	Shahid Said Khan 423010-164718-3	Muhammad Said Khan	284.843	136.228	-	421.071	-	-	47.386	47.386
11	Ayesha Rajjab Ali Khan. House No.P-5, Mohalla Dawood Colony, Susan Road Faisalabad.	Ayesha Rajjab Ali Khan. House No.P-5, Mohalla Dawood Colony, Susan Road Faisalabad and Chak Kanjwani, Tandlianwala. 61101-8687262-0	Rajab Ali Khan	4.000	2.535	0.120	6.655	-	-	1.105	1.105
12	Shehla Mehboob House No.28-A, Amina Block, Abdullah Gardens, East Canal Road Faisalabad.	Shehla Mehboob, House No.28-A, Amina Block, Abdullah Gardens, East Canal Road Faisalabad. NIC # 33100-1325778-0	Ch. Mehboob Hussain	5.915	1.618	0.165	7.698	-	-	1.198	1.198
13	Omer Shahzad S/O Abdul Latif Khan H.NO.19/C ST.44, SECTOR F-8/1, Islamabad.	Omer Shahzad Khan 17301-8248425-5	Khan Abdul Latif Khan	33.702	11.602	0.326	45.630	-	-	5.630	5.630
14	Mr. Muhammad Yahya Shafi Nawab Pur Road Multan.	MR. Muhammad Yahya Shafi 36302-3057351-5	Ch. Muhammad Shafi	1.591	0.924	0.032	2.547	-	-	0.664	0.664
15	Nawaz Hospital Mumtazabad Market Multan	Dr. Shahzad Ahmed 36302-0581412-3	Muhammad Nawaz	4.600	1.467	0.045	6.112	-	-	0.733	0.733

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

Sr. No.	Name & Address of the borrower.	Name of Individuals/Partners/Directors with NIC No.	Fathers/Husband's name.	Outstanding liabilities at the beginning of the year				Principal written off	Interest/Mark-up written off	Other financial relief/waiver provided	Total (9+10+11)
				Principal	Interest/mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
16	Khursheed Trading H.No.6, Qamar Homes Jinnah Town, Quetta.	Hashmatullah Khan 544008563600-7	Habibullah Khan	1.750	-	-	1.750	-	-	0.523	0.523
17	Star Electronic H.No.455-2, Churi Street Mohallah Srafa Bazar, Jacobabad.	Bhajan Lal 431027240855-7	Ram Chand	3.993	-	-	3.993	-	-	1.132	1.132
18	Ideal Homes H.No.6, Saleem Bungalows, Zarghoon Road, Quetta.	Arbab Ghulam Murtaza 544004490137-9	Ghulam Muhammad	1.750	-	0.823	2.573	-	-	0.748	0.748
19	J. Brothers (Babar Javed) Taj Muhammad Khan Road Near Quidabad Police Station, Quetta.	Bahar Javed 544005120633-5	Haji Inayatullah	1.387	-	0.624	2.011	-	-	0.578	0.578
20	Haris Marble Factory D.G. Khan Road, Loralai.	Sardar Sher Afzal Khan Looni 544007473801-9	Sardar Tahir Khan Looni	11.988	-	1.622	13.610	-	-	1.622	1.622
			Total:	396.055	185.031	7.035	588.121	0.874	-	78.681	79.555

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

**Annexure III as referred to in
Note 11.6 to the financial statements**
Details of disposals of property and equipemnt

Particulars of property and equipment	Original Cost	Book Value	Sale Proceeds	Gain / (Loss) on disposal	Mode of Disposal	Particulars of Purchaser
----- (Rupees in '000) -----						
Motor Vehicles	1,269	571	571	-	As per Service Rules	Mr. M. Suhaib Farooqui Ex-SVP
Motor Vehicles	1,199	180	180	-	As per Service Rules	Mr. Niaz Muhammad Khan Ex-SVP
Motor Vehicles	1,239	371	371	-	As per Service Rules	Mr. Mirza Tariq Baig Ex-SVP
Motor Vehicles	1,269	465	465	-	As per Service Rules	Mr. Muhammad Sharif Ex-SVP
Motor Vehicles	1,899	475	475	-	As per Service Rules	Dr. Mirza Tariq Baig Ex-SEVP
Motor Vehicles	1,269	381	381	-	As per Service Rules	Mr. M. Aslam Mian, Ex-SVP
Motor Vehicles	969	248	248	-	As per Service Rules	Mr. Abu Saeed Islahi Ex-President
Motor Vehicles	1,269	360	360	-	As per Service Rules	Mr. Malik Muhammad Hayat Ex-SVP
Motor Vehicles	1,239	289	289	-	As per Service Rules	Mr. Naz Ahmed Khan Ex-SVP
Motor Vehicles	1,269	360	360	-	As per Service Rules	Mr. M. Zulfiqar Haider Ex-SVP
Motor Vehicles	1,269	212	212	-	As per Service Rules	Mr. A. Saeed Khan Ex-SVP
Motor Vehicles	1,269	254	254	-	As per Service Rules	Mr. Muhammad Shahid SVP
Motor Vehicles	1,199	240	240	-	As per Service Rules	Mr. Ehtesham Rashid EVP
Motor Vehicles	1,269	254	254	-	As per Service Rules	Mr. Atif Hussain SVP
Motor Vehicles	1,269	212	212	-	As per Service Rules	Mr. K. Ahsan Ellahi SVP
Motor Vehicles	1,389	255	255	-	As per Service Rules	Mr. Tahir Yaqoob EVP
Motor Vehicles	1,269	190	190	-	As per Service Rules	Mr. Muhammad Safdar SVP
Motor Vehicles	1,269	233	233	-	As per Service Rules	Mr. Javed Haider SVP
Motor Vehicles	1,239	248	248	-	As per Service Rules	Mr. Kh. Aminul Azam EVP
Motor Vehicles	1,239	248	248	-	As per Service Rules	Mr. M. Rashid Ghani SVP
Motor Vehicles	1,419	284	284	-	As per Service Rules	Mr. Qamar Hussian EVP
Motor Vehicles	1,239	248	248	-	As per Service Rules	Mr. M. Hassan Khaskheli EVP
Motor Vehicles	1,414	589	589	-	As per Service Rules	Mr. M. Iqbal Qasim, Ex-EVP
Motor Vehicles	6,373	1,381	1,381	-	As per Service Rules	Mr. Qamar Hussian Ex-President
Motor Vehicles	1,040	-	572	572	Auction	Mr. Murtaza Khan Babar
Motor Vehicles	1,092	-	685	685	Auction	Mr. Amir Ali
Motor Vehicles	1,040	-	515	515	Auction	Mr. Muhammad Abid
Motor Vehicles	1,040	-	590	590	Auction	Mr. Khalid Anwer
Motor Vehicles	1,040	-	335	335	Auction	Mr. Aqeel Uddin
	41,267	8,548	11,245	2,697		
Furniture & Fixtures	100	-	-	-	As per Service Rules	Mr. Muhammad Ayub Qureshi (AVP)
Furniture & Fixtures	100	32	32	-	As per Service Rules	Mr. Mohammad Ishtiaq (AVP)
Furniture & Fixtures	100	12	12	-	As per Service Rules	Mr. Akhtar Ali (AVP)
Furniture & Fixtures	100	45	45	-	As per Service Rules	Mr. Raees Ahmed Usmani (AVP)
Furniture & Fixtures	100	32	32	-	As per Service Rules	Mr. Liaquatullah Khan (AVP)
Furniture & Fixtures	125	2	2	-	As per Service Rules	Mr. Shakeel Ahmed (VP)
Furniture & Fixtures	100	-	-	-	As per Service Rules	Mr. Ghulam Muhammad Sheikh(AVP)
Furniture & Fixtures	100	38	38	-	As per Service Rules	Mr. Muhammad Khan (AVP)
Furniture & Fixtures	100	-	-	-	As per Service Rules	Mr. Muhammad Amjad Ex (AVP)
Furniture & Fixtures	100	50	50	-	As per Service Rules	Mr. Manzoor Elahi Lughmani
Furniture & Fixtures	100	18	18	-	As per Service Rules	Mr. Sarfaraz Ahmed Ex. (AVP)
Furniture & Fixtures	100	33	33	-	As per Service Rules	Mr. Shafqat Mahmud Ex. (AVP)
Furniture & Fixtures	100	2	2	-	As per Service Rules	Mr. Tariq Javed (AVP)
Furniture & Fixtures	100	52	52	-	As per Service Rules	Mr. M Anjum Rafiq Ex (AVP)
Furniture & Fixtures	100	35	35	-	As per Service Rules	Mr. Shoukat Waheed Khan Ex. (AVP)
Furniture & Fixtures	100	38	38	-	As per Service Rules	Mr. Muhammad Latif Awan (AVP)
Furniture & Fixtures	100	-	-	-	As per Service Rules	Mr. Late Nasar Iqbal Chatta
Furniture & Fixtures	100	80	80	-	As per Service Rules	Mr. Shoukat Hussain (AVP)
Furniture & Fixtures	100	20	20	-	As per Service Rules	Mr. Hameed Ullah (Ex.)
Furniture & Fixtures	175	70	70	-	As per Service Rules	Mr. Niaz Muhammad Khan (SVP)
Furniture & Fixtures	175	99	99	-	As per Service Rules	Mr. Mirza Tariq Baig (SVP)
Furniture & Fixtures	125	-	-	-	As per Service Rules	Mr. Basharat Hussain (VP)
Furniture & Fixtures	100	30	30	-	As per Service Rules	Mr. Shahbuddin Akhtar (AVP)
Furniture & Fixtures	300	115	115	-	As per Service Rules	Mr. Muhammad Bilal Qadir (EVP)
Furniture & Fixtures	125	-	-	-	As per Service Rules	Mr. Muhammad Khalid Afzal (VP)
Furniture & Fixtures	125	-	-	-	As per Service Rules	Mr. Amjad Ali Khan (VP)
Furniture & Fixtures	100	15	15	-	As per Service Rules	Mr. Ghulam Nabi Soomro (AVP)
Furniture & Fixtures	100	30	30	-	As per Service Rules	Mr. Nazar Muhammad (AVP)

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

Particulars of property and equipment	Original Cost	Book Value	Sale Proceeds	Gain / (Loss) on disposal	Mode of Disposal	Particulars of Purchaser
----- (Rupees in '000) -----						
Furniture & Fixtures	100	10	10	-	As per Service Rules	Mr. Muhammad Razaq (AVP)
Furniture & Fixtures	100	93	93	-	As per Service Rules	Mr. Shahid Pervez Dar (AVP)
Furniture & Fixtures	100	8	8	-	As per Service Rules	Mr. M A Salam Qadri
Furniture & Fixtures	100	18	18	-	As per Service Rules	Mr. Khawaja Zafar Iqbal (AVP)
Furniture & Fixtures	125	121	121	-	As per Service Rules	Mrs. Tasneem Haider (VP)
Furniture & Fixtures	100	70	70	-	As per Service Rules	Mr. Abdus Sami Khan(AVP)
Furniture & Fixtures	100	28	28	-	As per Service Rules	Mr. Mobin Khan (AVP)
Furniture & Fixtures	100	-	-	-	As per Service Rules	Mr. Muhammad Ishaque Khan (AVP)
Furniture & Fixtures	100	32	32	-	As per Service Rules	Mr. Kifayatullah (AVP)
Furniture & Fixtures	100	17	17	-	As per Service Rules	Mr. Jami Ur Rehman (AVP)
Furniture & Fixtures	100	32	32	-	As per Service Rules	Mr. Muhammad Miskeen (AVP)
Furniture & Fixtures	100	28	28	-	As per Service Rules	Mr. Wazir Muhammad (AVP)
Furniture & Fixtures	100	27	27	-	As per Service Rules	Mr. Muhammad Afzal (AVP)
Furniture & Fixtures	100	22	22	-	As per Service Rules	Mr. Khawar Mehmood Butt (AVP)
Furniture & Fixtures	125	-	-	-	As per Service Rules	Mr. Inayat Ullah Khan (VP)
Furniture & Fixtures	100	37	37	-	As per Service Rules	Mr. Ghulam Mustafa Soomro (AVP)
Furniture & Fixtures	100	33	33	-	As per Service Rules	Mr. Muhammad Anwer Qureshi (AVP)
Furniture & Fixtures	100	37	37	-	As per Service Rules	Mr. Muhammad Aslam (AVP)
Furniture & Fixtures	100	33	33	-	As per Service Rules	Mr. Muhammad Anwar Qureshi (AVP)
Furniture & Fixtures	100	32	32	-	As per Service Rules	Mr. Muhammad Afzal (AVP)
Furniture & Fixtures	100	2	2	-	As per Service Rules	Mr. Muhammad Nawaz Daha (AVP)
Furniture & Fixtures	125	-	-	-	As per Service Rules	Mr. Malik Muhammad Bashir (VP)
Furniture & Fixtures	100	38	38	-	As per Service Rules	Mr. M. Safdar Mufti (AVP)
Furniture & Fixtures	125	-	-	-	As per Service Rules	Mr. Muhammad Moin Ud Din Ahmed (VP)
Furniture & Fixtures	100	25	25	-	As per Service Rules	Mr. Muhammad Arshad Sheikh (AVP)
Furniture & Fixtures	100	-	-	-	As per Service Rules	Mr. Abdul Mueed Chishti (AVP)
Furniture & Fixtures	100	33	33	-	As per Service Rules	Mr. Ijaz Hussain Shah (AVP)
Furniture & Fixtures	100	15	15	-	As per Service Rules	Mr. Qaisar Wajahat (AVP)
Furniture & Fixtures	100	-	-	-	As per Service Rules	Mr. Pervaiz Akhtar Akhtar Chohan (AVP)
Furniture & Fixtures	100	32	32	-	As per Service Rules	Mr. Saeed Ullah Baig (AVP)
Furniture & Fixtures	125	45	45	-	As per Service Rules	Mr. Ghulam M Farooq (VP)
Furniture & Fixtures	100	-	-	-	As per Service Rules	Mr. Naeem Ahmed Sheikh (AVP)
Furniture & Fixtures	100	35	35	-	As per Service Rules	Mr. Aftab Alam Kahan (AVP)
Furniture & Fixtures	100	-	-	-	As per Service Rules	Mr. Muhammad Moeen Ud-din Ahmed
Furniture & Fixtures	100	48	48	-	As per Service Rules	Mr. Abdul Ghafoor (AVP)
Furniture & Fixtures	175	73	73	-	As per Service Rules	Mr. Muhammad Sharif (SVP)
Furniture & Fixtures	100	28	28	-	As per Service Rules	Mr. Zahid-ul- Khair (AVP)
Furniture & Fixtures	100	32	32	-	As per Service Rules	Mr. Habib Ullah Sheikh (AVP)
Furniture & Fixtures	100	43	43	-	As per Service Rules	Mr. Ziaul Hassan (AVP)
Furniture & Fixtures	100	27	27	-	As per Service Rules	Mr. Muhammad Shafi Ex (AVP)
Furniture & Fixtures	100	-	-	-	As per Service Rules	Mrs. Sadaqat Iftikhar (AVP)
Furniture & Fixtures	125	50	50	-	As per Service Rules	Mr. Muhammad Urfan (VP)
Furniture & Fixtures	100	58	58	-	As per Service Rules	Mr. Syed Ehtisham Warsi (AVP)
Furniture & Fixtures	175	125	125	-	As per Service Rules	Mr. Arbab Ali Narejo (SVP)
Furniture & Fixtures	100	35	35	-	As per Service Rules	Mr. Ijaz Ahmed Khan (AVP)
Furniture & Fixtures	100	35	35	-	As per Service Rules	Mr. Muhammad Arshad Ali (AVP)
Furniture & Fixtures	100	17	17	-	As per Service Rules	Mr. Abid Naseem (AVP)
Furniture & Fixtures	100	53	53	-	As per Service Rules	Mr. Muhammad Haroon Memon (AVP)
Furniture & Fixtures	175	-	-	-	As per Service Rules	Muhammad Aslam Mian (SVP)
Furniture & Fixtures	125	38	38	-	As per Service Rules	Mr. Raja Asghar Ali (VP)
Furniture & Fixtures	300	25	25	-	As per Service Rules	Mr. Muhammad Iqbal Qasim (EVP)
Furniture & Fixtures	125	117	117	-	As per Service Rules	Mr. Zareen Zada (VP)
Furniture & Fixtures	175	44	44	-	As per Service Rules	Mr. Malik M Hayat (SVP)
Furniture & Fixtures	125	-	-	-	As per Service Rules	Mr. Syed Rasheeduddin (VP)
Furniture & Fixtures	100	73	73	-	As per Service Rules	Mr. Sarfaraz Hussain Akhtar (AVP)
Furniture & Fixtures	100	-	-	-	As per Service Rules	Mr. S. Rashid Uddin (Avp)
Furniture & Fixtures	100	15	15	-	As per Service Rules	Mr. Ghulam Muhammad Jokhio (AVP)
Furniture & Fixtures	100	55	55	-	As per Service Rules	Mr. Syed Feroz Ali (AVP)
Furniture & Fixtures	100	50	50	-	As per Service Rules	Mr. Aijaz Ahmed Siddiqi (AVP)
Furniture & Fixtures	100	48	48	-	As per Service Rules	Mr. Muhammad Amin (AVP)
Furniture & Fixtures	100	25	25	-	As per Service Rules	Mr. Allah Warayo Hingoro (AVP)
Furniture & Fixtures	175	44	44	-	As per Service Rules	Mr. Malik Muhammad Hayat (SVP)
Furniture & Fixtures	100	48	48	-	As per Service Rules	Mr. Nasir Jamal Paracha (AVP)

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

Particulars of property and equipment	Original Cost	Book Value	Sale Proceeds	Gain / (Loss) on disposal	Mode of Disposal	Particulars of Purchaser
----- (Rupees in '000) -----						
Furniture & Fixtures	100	48	48	-	As per Service Rules	Mr. Tariq Iqbal Choudary (AVP)
Furniture & Fixtures	100	10	10	-	As per Service Rules	Mr. Muhammad Saeed (AVP)
Furniture & Fixtures	175	47	47	-	As per Service Rules	Mr. Muhammad Zulfiqar Haider (SVP)
Furniture & Fixtures	175	-	-	-	As per Service Rules	Mr. Naz Ahmed Khan (SVP)
Furniture & Fixtures	125	24	24	-	As per Service Rules	Mr. Muhammad Younus Khan (VP)
Furniture & Fixtures	100	47	47	-	As per Service Rules	Mr. Kamranuddin Khattak (AVP)
Furniture & Fixtures	100	57	57	-	As per Service Rules	Mr. Tariq Mehmood Hashmi (AVP)
Furniture & Fixtures	100	-	-	-	As per Service Rules	Mr. Fayaz Uddin (AVP)
Furniture & Fixtures	125	-	-	-	As per Service Rules	Mr. Mushtaq Ahmed Sheikh (VP)
Furniture & Fixtures	100	48	48	-	As per Service Rules	Mr. Shahzada Gul (AVP)
Furniture & Fixtures	100	18	18	-	As per Service Rules	Mr. Maqbool Ali Khan (AVP)
Furniture & Fixtures	100	65	65	-	As per Service Rules	Mr. Sajjad Zaheer Babar (AVP)
Furniture & Fixtures	100	70	70	-	As per Service Rules	Mr. Javaid Rashid (AVP)
Furniture & Fixtures	100	27	27	-	As per Service Rules	Mr. Kamran Uddin Khattak (AVP)
Furniture & Fixtures	100	25	25	-	As per Service Rules	Mr. Muhammad Shafiq Ahmed (AVP)
Furniture & Fixtures	125	-	-	-	As per Service Rules	Mr. Nawazish Ali Khan (VP)
Furniture & Fixtures	100	47	47	-	As per Service Rules	Mr. Syed Junaid Shoukat (AVP)
Furniture & Fixtures	100	25	25	-	As per Service Rules	Mr. Bashir Ahmed Samego (AVP)
Furniture & Fixtures	100	50	50	-	As per Service Rules	Mr. Muhammad Hanif (AVP)
Furniture & Fixtures	100	50	50	-	As per Service Rules	Mr. Sajeela Malik (AVP)
Furniture & Fixtures	125	-	-	-	As per Service Rules	Mr. Tariq Mahmood (VP)
Furniture & Fixtures	100	11	11	-	As per Service Rules	Mrs. Tasneem Sultana (AVP)
Furniture & Fixtures	125	27	27	-	As per Service Rules	Mr. Sajid Abbas Zaidi (VP)
Furniture & Fixtures	125	-	-	-	As per Service Rules	Mr. Muhammad Khalid (VP)
Furniture & Fixtures	100	27	27	-	As per Service Rules	Mr. Syed Muhammad Aslam Khan (AVP)
Furniture & Fixtures	100	18	18	-	As per Service Rules	Mr. Jalaluddin Qureshi (AVP)
Furniture & Fixtures	100	10	10	-	As per Service Rules	Mr. Ch. Akbar Ali (AVP)
Furniture & Fixtures	125	9	9	-	As per Service Rules	Mr. Ayub Hasan (VP)
Furniture & Fixtures	125	52	52	-	As per Service Rules	Mr. Saliha Moin (VP)
	<u>13,600</u>	<u>3,769</u>	<u>3,769</u>	<u>-</u>		
Computer Equipment	138	64	64	-	As per Service Rules	Mr. Amir Shahzad, Ex-EVP, Capital Equity
Ijarah Assets (Vehicles)	1,956	271	271	-	Auction	Pacific Pharmaceuticals Ltd.
Ijarah Assets (Machinery)	100,000	10,000	10,000	-	Auction	JDW Sugar Mills Ltd.
Ijarah Assets (Vehicles)	6,198	620	620	-	Auction	JDW Sugar Mills Ltd.
Ijarah Assets (Machinery)	86,040	8,604	8,604	-	Auction	JDW Sugar Mills Ltd.
Ijarah Assets (Machinery)	2,520	252	252	-	Auction	JDW Sugar Mills Ltd.
	<u>196,714</u>	<u>19,747</u>	<u>19,747</u>	<u>-</u>		
Other assets (Having book value of less than Rs. 250,000/- or cost of less than Rs. 1,000,000/-)	14,814	-	14,390	14,390		
	<u>266,533</u>	<u>32,128</u>	<u>49,215</u>	<u>17,087</u>		

Note: Book value of Furniture & Fixture have been adjusted for the balance 50% amount written-off by the bank as per service rules.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

**Annexure IV as referred to in
Note 28.2 to the financial statements**

	2013	2012
	----(Rupees in '000)----	
Donations include following amounts exceeding Rs 0.1 million:		
Prime Minister Flood Relief Fund	-	13,756
Fatimid Foundation, Karachi	100	480
	<u>100</u>	<u>14,236</u>
Contributions for Corporate & Social Responsibilities include following amounts exceeding Rs 0.1 million:		
Hub Boarding School of Excellence	25,000	25,000
Sindh Institute of Urology Transplant (SIUT)	5,000	2,000
Bin Qutub Hospital Chakwal	5,000	-
Lifetime Support Single Unit TCF School Nawabshah	3,750	10,000
Pakistan Centre for Philanthropy Ghotki	2,500	-
Hunar Foundation	2,400	-
Marie Adelaide Leprosy Centre	2,000	2,000
Lady Willington	1,200	-
Pilot Project for Emergency Response, Islamabad	940	-
Gulab Devi Hospital Lahore	760	-
Institute of Business Administration (IBA)	600	25,000
Patient's Welfare Society	540	-
Provincial Ombudsman	500	-
Bunyad Literacy	500	-
DHQ Hospital, Hazara	433	-
Civil Hospital Sukkur	400	-
DHQ Hospital Skardu	393	-
Sheikh Zayed Islamic Center	346	449
Free Fistual Surgery Camp at Dadu	310	-
Eye camp at Muzaffarabad AJK	300	-
Wajeeha Thalassaemia Centre, Swat	275	-
Medical Camp at Usta Muhammad Distt Jafferabad Baluchistan	254	-
Medical & eye camp at Jalala Distt Mardan	250	-
Indus Hospital Korangi, Karachi	250	-
Eye camp at Village Terha, Wagah Border, Lahore	248	-
Gulistan-e-Mazooreen, Mirpurkhas	227	-
Government College for Women	216	-
Musical event by Welfare Society for Patient Care	200	-
SANATZAR Vocational Training Institute, Bahawalpur	186	-
Medical Camp at Village Bhubar Distt Chakwal	180	-
Pakistan Disabled Foundation	176	-
Medical Camp at Village Mona Distt Chakwal	170	-
Eye camp at Uch Shareef Tehsil Ahmedpur Bahawalpur	156	-
Medical Camp at Sherwan Distt Abbotabad	155	-
Muzaffarabad Physical Centre	152	-
Medical Camp at Perakot Ghakkar Mandi Distt Wazirabad	150	-
Medical Camp at Mubarak Village	150	-
Medical Camp at Village Sara-e-Mughal Tehsil Pattuki	150	-
Eye camp at Haroonabad Bahawalpur	145	-
Disabled Welfare Association, Karachi.	140	-
Jinnah Foundation Providing Education Facilities	126	200
Special Education Centre PHC Abbotabad, KPK.	121	-
Poor Patients Aid Society Civil Hospital Karachi	100	500
Child Aid Association	100	500
Make-A-Wish Foundation	100	100
Rangers Public School / College for Special Children	100	-

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2013

	2013	2012
	----(Rupees in '000)----	
Markez-e-Umeed for Special Children, Karachi	100	-
Behbud Association of Pakistan, Rawalpindi	100	-
Nigahban Welfare Association Civil Hospital Karachi	100	-
Pakistan Bait-ul-Mal Islamabad	100	-
Health Care & Social Welfare Association, Karachi	100	-
Karachi School of Business Leadership	-	80,000
Benazir Public School for Girls, Nawabshah	-	9,000
Noor Memorial Charity Hospital Bin Qutab Foundation	-	2,760
SOS Children's Village Multan	-	2,000
Memon Health and Education Foundation (MHEF)	-	2,000
Sir Ganga Ram Hospital at Lahore	-	1,390
PeopleWith Disabilities	-	1,100
Afzaal Memorial Thalassemia Foundation	-	1,000
National Institute of Child Health Karachi	-	974
Arafa Karim Foundation (Trust)	-	850
Computer Lab, Lyari	-	599
Patients Welfare Association Mayo Hospital Lahore	-	500
Society for the Promotion of Arabic	-	500
Medical Aid Foundation	-	500
Haji GN Rind Welfare Complex Sakrand	-	500
Medical Equi Siksa Civil Hospital Baltistan	-	495
Subh-e-Nau Disability Reduction Program Punjab	-	450
Wajeeha Thalassaemia Centre Khyber Pakhtoon Khwa	-	450
Maternal & Child Health at Gadap	-	430
Safina Welfare Hospital Ibrahim Zai Hangu	-	380
Baitulmal Orphanage Sport Week	-	300
Goth of Gaddani Baluchistan	-	280
Pakistan Foundation High School Lahore	-	227
Ujala Welfare Society Khyber Pakhtoon Khwa	-	200
Progressive Education Network (PEN) Lahore	-	200
Mukhatran Rafiq Foundation Lahore	-	200
GARAGE School Karachi	-	180
Society for SP	-	178
WE Gym Centre Quetta	-	165
Society for Special Persons Multan	-	160
Rajanpur Rod-Kohi Development Org. Punjab	-	160
Poor Patients Aid Society Civil Hospital	-	150
Distt Industrial Home (Sanatzar) Bhawal	-	150
Government Boys HSS No-02 K Area Korangi	-	150
Manghopir Social Ittehad Centre Karachi	-	100
Chair Nawabshah Disability Forum	-	100
Sundas Foundation	-	100
Dar ul Sukun	-	100
Fund Raising Event by Welfare Society for Patients Care	-	100
Al Mustafa Welfare Society	-	100
Surfraz Nawaz International Academy at Islamabad	-	200
Razaullah Khan Cricket Organizer	-	500
Shades for Shaheed Benazir Bhutto University	-	129
Motivational Volunteer Empowerment Program at Sukkur	-	304
Motivational Volunteer Empowerment Program at Hyderabad	-	304
Medical camp at Awaran Village Balochistan	-	162
Free Eye Camp at Tehsil Fort Abbas Bahawal Nagar	-	208
Medical camp at Lundi Saeeda Rajanpur Punjab	-	155
Free Eye Camp at District Umar Kot Sindh	-	189
Free Medical camp at Tehsil Gilgit	-	172
Free Medical camp at Darial District Diamer Gilgit	-	172
Free Eye Camp at Dera Malkana Sharak pur Sheikhpura	-	248
Free Medical Camp at Nathia Gali, District Abbotabad	-	129
Centenary Celebrations of District Shaheed Benazirabad Nawabshah	-	125
	<u>57,849</u>	<u>177,924</u>