



A 3D maze made of white blocks on a white surface, receding into the distance under a blue sky with light clouds. The maze is composed of rectangular walls of uniform height, creating a complex path that leads towards the horizon. The lighting is bright, casting soft shadows that emphasize the three-dimensional nature of the structure.

# **UNCONSOLIDATED FINANCIAL STATEMENTS 2014**

# Unconsolidated Statement of Financial Position

As at December 31, 2014

2013	2014		Note	2014	2013
US Dollars in '000				Rupees in '000	
<b>ASSETS</b>					
1,571,710	975,005	Cash and balances with treasury banks	6	97,971,501	157,930,297
173,736	120,498	Balances with other banks	7	12,108,025	17,457,523
516,890	1,112,512	Lendings to financial institutions	8	111,788,608	51,938,689
3,960,454	5,590,633	Investments	9	561,764,137	397,958,681
6,124,611	6,236,910	Advances	10	626,704,083	615,419,874
325,449	316,427	Operating fixed assets	11	31,795,539	32,702,121
109,023	98,300	Deferred tax assets	12	9,877,509	10,955,008
801,766	906,072	Other assets	13	91,044,915	80,563,960
13,583,639	15,356,357			1,543,054,317	1,364,926,153
<b>LIABILITIES</b>					
138,279	109,589	Bills payable	14	11,011,827	13,894,667
221,325	373,610	Borrowings	15	37,541,497	22,239,457
10,958,445	12,275,950	Deposits and other accounts	16	1,233,525,490	1,101,138,574
-	-	Sub-ordinated loans		-	-
240	129	Liabilities against assets subject to finance lease	17	12,738	24,034
-	-	Deferred tax liabilities		-	-
709,997	822,366	Other liabilities	18	82,633,864	71,342,717
12,028,286	13,581,644			1,364,725,416	1,208,639,449
<u>1,555,353</u>	<u>1,774,713</u>	<b>NET ASSETS</b>		<u>178,328,901</u>	<u>156,286,704</u>
<b>REPRESENTED BY</b>					
211,728	211,728	Share capital	19	21,275,131	21,275,131
313,871	319,194	Reserves		32,073,606	31,538,695
478,149	567,325	Unappropriated profit		57,006,813	48,045,930
1,003,748	1,098,247			110,355,550	100,859,756
551,605	676,466	Surplus on revaluation of assets - net	20	67,973,351	55,426,948
<u>1,555,353</u>	<u>1,774,713</u>			<u>178,328,901</u>	<u>156,286,704</u>
<b>CONTINGENCIES AND COMMITMENTS</b>					
			21		

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

**Muneer Kamal**  
Chairman

**Syed Ahmed Iqbal Ashraf**  
President

**Shahid Aziz Siddiqi**  
Director

**Farrakh Qayyum**  
Director

# Unconsolidated Profit and Loss Account

For the year ended December 31, 2014

2013	2014		Note	2014	2013
US Dollars in '000				Rupees in '000	
985,515	1,136,246	Mark-up / return / interest earned	23	114,173,519	99,027,563
<u>605,304</u>	<u>696,705</u>	Mark-up / return / interest expensed	24	<u>70,007,088</u>	<u>60,822,881</u>
380,211	439,541	Net mark-up / interest income		44,166,431	38,204,682
173,028	109,212	Provision against non-performing advances - net	10.3	10,973,968	17,386,401
13,863	4,402	Provision for diminution in the value of investments - net	9.10	442,347	1,392,999
30	-	Bad debts written off directly		-	3,020
7,049	(3,376)	(Reversal of provision) / provision against off balance sheet obligations	18.1	(339,200)	708,230
<u>193,970</u>	<u>110,238</u>			<u>11,077,115</u>	<u>19,490,650</u>
186,241	329,303	Net mark-up / interest income after provisions		33,089,316	18,714,032
<b>NON MARK-UP / INTEREST INCOME</b>					
115,418	120,771	Fee, commission and brokerage income		12,135,445	11,597,601
30,073	21,741	Dividend income		2,184,557	3,021,798
37,786	46,243	Income from dealing in foreign currencies	25	4,646,672	3,796,857
38,675	87,307	Gain on sale and redemption of securities - net	26	8,772,891	3,886,156
(1)	1,448	Unrealized gain / (loss) on revaluation of investments classified as held-for-trading	9.11	145,454	(139)
32,518	35,701	Other income	27	3,587,373	3,267,500
<u>254,469</u>	<u>313,211</u>	Total non mark-up / interest income		<u>31,472,392</u>	<u>25,569,773</u>
440,710	642,514			64,561,708	44,283,805
<b>NON MARK-UP / INTEREST EXPENSES</b>					
360,971	392,351	Administrative expenses	28	39,424,616	36,271,530
9,061	13,937	Other provisions / write offs	13.5 / 18.2	1,400,434	910,513
233	17,276	Other charges	29	1,735,915	23,395
<u>370,265</u>	<u>423,564</u>	Total non mark-up / interest expenses		<u>42,560,965</u>	<u>37,205,438</u>
70,445	218,950			22,000,743	7,078,367
-	-	Extra ordinary / unusual items		-	-
70,445	218,950	<b>PROFIT BEFORE TAXATION</b>		22,000,743	7,078,367
60,537	94,351	Taxation - Current		9,480,641	6,082,908
1,294	-	- Prior year(s)		-	130,051
(46,124)	(24,961)	- Deferred		(2,508,127)	(4,634,616)
<u>15,707</u>	<u>69,390</u>		30	<u>6,972,514</u>	<u>1,578,343</u>
54,738	149,560	<b>PROFIT AFTER TAXATION</b>		<u>15,028,229</u>	<u>5,500,024</u>
----- US Dollar -----				----- Rupees -----	
<u>0.03</u>	<u>0.07</u>	<b>Basic and diluted earnings per share</b>	31	<u>7.06</u>	<u>2.59</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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Director

# Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2014

2013	2014		Note	2014	2013
US Dollars in '000				Rupees in '000	
54,738	149,560	Profit after taxation		15,028,229	5,500,024
<b>Other comprehensive income:</b>					
<i>Items to be reclassified to profit or loss in subsequent periods:</i>					
16,124	(9,633)	Exchange (loss) / gain on translation of net assets of foreign branches		(967,912)	1,620,162
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>					
27,871	(6,672)	Actuarial (loss)/gain on remeasurements of defined benefit (liability) / asset	34.1	(670,374)	2,800,526
(9,755)	2,335	Related tax impact	12.1	234,631	(980,184)
18,116	(4,336)			(435,743)	1,820,342
<u>34,240</u>	<u>(13,969)</u>	<b>Other comprehensive income - net of tax</b>		<u>(1,403,655)</u>	<u>3,440,504</u>
<u>88,975</u>	<u>135,591</u>	<b>Comprehensive income transferred to equity</b>		<u>13,624,574</u>	<u>8,940,528</u>
<b>Components of comprehensive income not reflected in equity:</b>					
<i>Items to be reclassified to profit or loss in subsequent periods:</i>					
175,475	161,196	Surplus on revaluation of available-for-sale securities		16,197,485	17,632,286
(22,043)	(37,910)	Related tax impact		(3,809,319)	(2,214,985)
<u>153,432</u>	<u>123,286</u>			<u>12,388,166</u>	<u>15,417,301</u>

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Director

# Unconsolidated Cash Flow Statement

For the year ended December 31, 2014

2013	2014		Note	2014	2013
US Dollars in '000				Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
70,445	218,950	Profit before taxation		22,000,743	7,078,367
(30,073)	(21,741)	Less: Dividend income		(2,184,557)	(3,021,798)
40,372	197,209			19,816,186	4,056,569
Adjustments:					
16,690	20,267	Depreciation	11.2	2,036,530	1,677,109
258	4,317	Amortization	11.3	433,791	25,942
173,028	109,212	Provision against non-performing advances - net	10.3	10,973,968	17,386,401
13,863	4,402	Provision for diminution in the value of investments - net	9.10	442,347	1,392,999
7,048	(3,376)	(Reversal) / provision against off balance sheet obligations	18.1	(339,200)	708,230
1	(1,448)	Unrealized (gain) / loss on revaluation of investments classified as held-for-trading	9.11	(145,454)	139
(170)	(295)	Gain on sale of operating fixed assets	27	(29,643)	(17,087)
110	68	Financial charges on leased assets		6,909	11,077
9,060	13,937	Other provisions / write offs		1,400,434	910,513
219,888	147,084			14,779,682	22,095,323
260,260	344,293			34,595,868	26,151,892
(Increase) / decrease in operating assets					
(414,962)	(499,088)	Lendings to financial institutions - gross		(50,149,919)	(41,696,644)
(8,429)	(76,022)	Net investment in trading securities		(7,638,960)	(847,019)
217,785	(221,512)	Advances - net		(22,258,177)	21,883,741
(108,408)	(123,584)	Other assets (excluding advance tax)		(12,418,144)	(10,893,026)
(314,014)	(920,206)			(92,465,200)	(31,552,948)
Increase in operating liabilities					
(4,707)	(28,690)	Bills payable		(2,882,840)	(472,972)
(302,013)	138,890	Borrowings		13,956,143	(30,347,182)
640,899	1,317,504	Deposits and other accounts		132,386,916	64,399,522
121,764	92,746	Other liabilities (excluding current taxation)		9,319,367	12,235,273
455,943	1,520,450			152,779,586	45,814,641
(50,634)	(78,427)	Income tax paid		(7,880,584)	(5,087,718)
(110)	(69)	Financial charges paid		(6,909)	(11,077)
(50,744)	(78,496)			(7,887,493)	(5,098,795)
351,445	866,041	Net cash generated from operating activities		87,022,761	35,314,790
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
(541,491)	(500,173)	Net investment in available-for-sale securities		(50,258,949)	(54,410,666)
13,312	(903,270)	Net investment in held-to-maturity securities		(90,763,386)	1,337,636
30,073	21,741	Dividend income received		2,184,557	3,021,798
(16,479)	(8,840)	Investment in operating fixed assets (including intangible)		(888,316)	(1,655,887)
16,124	(9,633)	Effects of exchange differences on translation of net assets of foreign branches		(967,912)	1,620,162
153,575	8,977	Investment in associates		902,024	15,431,692
488	662	Sale proceeds of operating fixed assets disposed off		66,499	49,226
(344,398)	(1,390,536)	Net cash used in investing activities		(139,725,483)	(34,606,039)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
(394)	(112)	Payments of lease obligations		(11,296)	(39,585)
(128,504)	(42,198)	Dividend paid		(4,240,173)	(12,912,434)
(128,898)	(42,310)	Net cash used in financing activities		(4,251,469)	(12,952,019)
(121,851)	(566,805)	<b>Decrease in cash and cash equivalents</b>		(56,954,191)	(12,243,268)
1,866,904	1,745,060	Cash and cash equivalents at beginning of the year		175,349,074	187,592,342
1,745,053	1,178,255	<b>Cash and cash equivalents at end of the year</b>	32	118,394,883	175,349,074

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

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Director

# Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2014

	Reserves				Unappropriated Profit	Total
	Share capital	Capital		Revenue		
		Exchange Translation	Statutory	General		
----- Rupees in '000 -----						
Balance as at December 31, 2012	18,500,114	7,910,615	20,386,575	521,338	57,418,845	104,737,487
<b>Total comprehensive income for the year</b>						
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
	-	1,620,162	-	-	7,320,366	8,940,528
<b>Transferred from surplus on revaluation of operating fixed assets</b>	-	-	-	-	131,821	131,821
<b>Transfer to statutory reserve</b>	-	-	1,100,005	-	(1,100,005)	-
<b>Transactions with owners, recorded directly in equity</b>						
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)
<b>Balance as at December 31, 2013</b>	<b>21,275,131</b>	<b>9,530,777</b>	<b>21,486,580</b>	<b>521,338</b>	<b>48,045,930</b>	<b>100,859,756</b>
<b>Total comprehensive income for the year</b>						
Profit after tax for the year ended December 31, 2014	-	-	-	-	15,028,229	15,028,229
Other comprehensive income - net of tax	-	(967,912)	-	-	(435,743)	(1,403,655)
	-	(967,912)	-	-	14,592,486	13,624,574
<b>Transferred from surplus on revaluation of operating fixed assets</b>	-	-	-	-	126,246	126,246
<b>Transfer to statutory reserve</b>	-	-	1,502,823	-	(1,502,823)	-
<b>Transactions with owners, recorded directly in equity</b>						
Cash dividend paid for the year ended December 31, 2013 (Rs. 2 per share)	-	-	-	-	(4,255,026)	(4,255,026)
<b>Balance as at December 31, 2014</b>	<b>21,275,131</b>	<b>8,562,865</b>	<b>22,989,403</b>	<b>521,338</b>	<b>57,006,813</b>	<b>110,355,550</b>

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

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Director

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 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 1,354 (2013: 1,342) branches in Pakistan and 23 (2013: 23) overseas branches (including the Export Processing Zone branch, Karachi). The Bank also provides services as trustee to 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

2.2 These 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. 100.4831 to 1 US Dollar has been used for 2013 and 2014 as it was the prevalent rate as on December 31, 2014.

## 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.



# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 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 year:

- IAS 32 – Financial Instruments : Presentation – (Amendment) – Offsetting Financial Assets and Financial Liabilities
- IAS 36 – Impairment of Assets – (Amendment) – Recoverable Amount Disclosures for Non-Financial Assets
- IFRIC 21 – Levies

The adoption of the above did not have any effect on the financial statements of the Bank for the current year.

## 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 beginning on or after January 01, 2015:

- 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.
- Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' – (effective for annual periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.
- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after January 01, 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after January 01, 2016.
- IFRS 11 'Joint Arrangements' – (effective for annual periods beginning on or after January 01, 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after January 01, 2016.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

- IFRS 12 'Disclosure of Interest in Other Entities' – (effective for annual periods beginning on or after January 01, 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place.
- IFRS 13 'Fair Value Measurement' – (effective for annual periods beginning on or after January 01, 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.
- Amendment to IAS 27 'Separate Financial Statements' – (effective for annual periods beginning on or after January 01, 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture'] – (effective for annual periods beginning on or after January 01, 2016). Bearer plants are now in the scope of IAS 16 for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28 'Investments in Associates and Joint Ventures') – [effective for annual periods beginning on or after January 01, 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual periods 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'.
  - IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination.
  - IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria.
  - Amendments to IAS 16 and IAS 38. The amendments 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 Disclosures'. 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.
- Annual Improvements 2012-2014 cycles – (amendments are effective for annual periods beginning on or after January 01, 2016). The new cycle of improvements contain amendments to the following standards:

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The adoption of the above amendments and interpretation are not likely to have an impact on Bank's unconsolidated financial statements.

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.

<b>Standard or interpretation</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2017

## 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 and derivative financial instruments that are carried at fair value.

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 5.1 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 and call money lendings, less call money borrowings and overdrawn nostro accounts.

## 5.2 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.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 5.3 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.

## 5.4 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.

## 5.5 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.

## 5.6 Advances

Advances are stated net of 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.

## 5.7 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

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

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 straight line method except buildings, which are depreciated on diminishing balance 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.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

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

## **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.

## **5.8 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.

## **5.9 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.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

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.

## 5.10 Employee benefits

### 5.10.1 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.

### 5.10.2 Other employee benefits

#### Employees' compensated absences

The Bank also makes provision in the financial statements for its liability towards compensated absences. This liability is estimated on the basis of actuarial advice under the Projected Unit Credit method.

## 5.11 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.



# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 5.12 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.

## 5.13 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.

## 5.14 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.

## 5.15 Fiduciary assets

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

## 5.16 Dividend and other appropriations

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

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 5.17 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 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, 2014.

## 5.18 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.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

**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. During the year the Bank has changed its method of depreciation for certain assets as disclosed in note 11.5 to the financial statements.

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.

	Note	2014 Rupees in '000	2013
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency		24,480,677	21,626,992
Foreign currency		3,060,807	2,504,074
		<u>27,541,484</u>	<u>24,131,066</u>
With State Bank of Pakistan in			
Local currency current accounts	6.1	30,540,591	100,786,971
Local currency deposit account		-	-
		<u>30,540,591</u>	<u>100,786,971</u>
Foreign currency current account	6.2	4,634,783	3,704,775
Foreign currency deposit account	6.2	13,866,668	11,074,882
Foreign currency collection account		449,283	726,864
		<u>18,950,734</u>	<u>15,506,521</u>
With other central banks in			
Foreign currency current accounts	6.3	12,607,419	15,770,629
Foreign currency deposit accounts	6.3	8,331,273	1,735,110
		<u>20,938,692</u>	<u>17,505,739</u>
	32	<u>97,971,501</u>	<u>157,930,297</u>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

- 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 0.072% to 0.08% per annum (2013: 0.08% per annum).

	Note	2014 Rupees in '000	2013
<b>7. BALANCES WITH OTHER BANKS</b>			
In Pakistan			
On current account		-	11,990
On deposit account		266	-
		<u>266</u>	<u>11,990</u>
Outside Pakistan			
On current accounts		2,524,874	3,012,977
On deposit accounts	7.1	9,582,885	14,432,556
		<u>12,107,759</u>	<u>17,445,533</u>
	32	<u>12,108,025</u>	<u>17,457,523</u>

- 7.1 These include various deposits with correspondent banks and carry interest at rates ranging from 0.01% to 7.5% per annum (2013: 0.02% to 5% per annum).

	Note	2014 Rupees in '000	2013
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings	8.3	12,261,200	2,561,200
Repurchase agreement lendings (Reverse Repo)	8.4	99,527,408	49,377,489
Letters of placement	8.5	173,500	173,500
	8.1	111,962,108	52,112,189
Less: Provision held against lendings	8.2	<u>(173,500)</u>	<u>(173,500)</u>
		<u>111,788,608</u>	<u>51,938,689</u>
<b>8.1 Particulars of lendings - gross</b>			
In local currency		111,962,108	52,112,189
In foreign currencies		-	-
		<u>111,962,108</u>	<u>52,112,189</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 (2013: Rs. 61.200 million) which is guaranteed by the SBP] at 7% to 10.50% per annum (2013: 6.4% to 10.25% per annum) with maturity on January 02, 2015.

- 8.4 These carry mark-up at rates ranging from 7% to 10.50% per annum (2013: 9.17% to 9.93% per annum) with maturities ranging from January 2, 2015 to February 24, 2015.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 8.4.1 Securities held as collateral against lendings to financial institutions

	2014			2013		
	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	72,182,408	-	72,182,408	37,153,485	-	37,153,485
Pakistan Investment Bonds	27,345,000	-	27,345,000	12,224,004	-	12,224,004
	<u>99,527,408</u>	<u>-</u>	<u>99,527,408</u>	<u>49,377,489</u>	<u>-</u>	<u>49,377,489</u>

8.4.2 Market value of the securities under repurchase agreement lendings amounts to Rs. 100,646 million (2013: Rs. 48,949 million).

8.5 These are old placements and full provision has been made against these placements at year-end.

## 9. INVESTMENTS

### 9.1 Investments by type:

Note	2014			2013		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	----- Rupees in '000 -----			----- Rupees in '000 -----		
<b>Held-for-trading securities</b>						
Market Treasury Bills	4,644,243	-	4,644,243	-	-	-
Pakistan Investment Bonds	5,142,298	-	5,142,298	-	-	-
Ordinary shares of listed companies	-	-	-	5,027	-	5,027
Ijarah Sukuk Bonds	-	-	-	1,997,100	-	1,997,100
<b>Total held-for-trading securities</b>	<u>9,786,541</u>	<u>-</u>	<u>9,786,541</u>	<u>2,002,127</u>	<u>-</u>	<u>2,002,127</u>
<b>Available-for-sale securities</b>						
Ordinary shares of listed companies 9.12 / 9.13	24,644,518	-	24,644,518	27,727,973	-	27,727,973
Ordinary shares of unlisted companies	1,363,080	-	1,363,080	1,125,375	-	1,125,375
Investments in mutual funds	2,511,608	-	2,511,608	3,486,668	-	3,486,668
Ordinary shares of a bank outside Pakistan 9.5	463,295	-	463,295	463,295	-	463,295
Preference shares	846,660	-	846,660	1,236,900	-	1,236,900
Market Treasury Bills	111,752,989	5,906,690	117,659,679	194,001,739	2,816,565	196,818,304
Pakistan Investment Bonds	194,478,241	-	194,478,241	57,440,487	-	57,440,487
GoP Foreign Currency Bonds	6,166,924	-	6,166,924	5,873,456	-	5,873,456
Foreign Currency Debt Securities	3,940,510	-	3,940,510	4,704,957	-	4,704,957
Term Finance Certificates / Musharika and Sukuk Bonds	19,088,145	-	19,088,145	20,367,379	-	20,367,379
<b>Total available-for-sale securities</b>	<u>365,255,970</u>	<u>5,906,690</u>	<u>371,162,660</u>	<u>316,428,229</u>	<u>2,816,565</u>	<u>319,244,794</u>
<b>Held-to-maturity securities</b>						
Pakistan Investment Bonds 9.4	106,838,847	-	106,838,847	17,964,729	-	17,964,729
GoP Foreign Currency Bonds	1,540,658	-	1,540,658	1,552,435	-	1,552,435
Foreign Government Securities	8,959,455	-	8,959,455	6,633,499	-	6,633,499
Foreign Currency Debt Securities	389	-	389	407	-	407
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	3,048,324	-	3,048,324	3,473,217	-	3,473,217
<b>Total held-to-maturity securities</b> 9.3	<u>120,387,673</u>	<u>-</u>	<u>120,387,673</u>	<u>29,624,287</u>	<u>-</u>	<u>29,624,287</u>
<b>Investments in associates</b> 9.6	<u>13,769,923</u>	<u>-</u>	<u>13,769,923</u>	<u>15,789,545</u>	<u>-</u>	<u>15,789,545</u>
<b>Investments in joint venture</b> 9.7	<u>2,362,433</u>	<u>-</u>	<u>2,362,433</u>	<u>1,244,835</u>	<u>-</u>	<u>1,244,835</u>
<b>Investments in subsidiaries</b> 9.9	<u>4,406,750</u>	<u>-</u>	<u>4,406,750</u>	<u>4,406,750</u>	<u>-</u>	<u>4,406,750</u>
<b>Investments at cost</b>	<u>515,969,290</u>	<u>5,906,690</u>	<u>521,875,980</u>	<u>369,495,773</u>	<u>2,816,565</u>	<u>372,312,338</u>
<b>Less: Provision for diminution in value of investments</b> 9.10	<u>(17,517,983)</u>	<u>-</u>	<u>(17,517,983)</u>	<u>(15,416,719)</u>	<u>-</u>	<u>(15,416,719)</u>
<b>Investments (cost net of provisions)</b>	<u>498,451,307</u>	<u>5,906,690</u>	<u>504,357,997</u>	<u>354,079,054</u>	<u>2,816,565</u>	<u>356,895,619</u>
Unrealized gain / (loss) on revaluation of investments classified as held-for-trading 9.11	145,454	-	145,454	(139)	-	(139)
Surplus / (deficit) on revaluation of available-for-sale securities 20.1	57,261,787	(1,101)	57,260,686	41,063,712	(511)	41,063,201
<b>Total investments - at carrying value</b>	<u>555,858,548</u>	<u>5,905,589</u>	<u>561,764,137</u>	<u>395,142,627</u>	<u>2,816,054</u>	<u>397,958,681</u>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

	Note	2014 Rupees in '000	2013
<b>9.2 Investments by segments</b>			
<b>Federal Government Securities</b>			
- Market Treasury Bills		122,303,922	196,818,304
- Pakistan Investment Bonds	9.4	306,459,386	75,405,216
- GoP Foreign Currency Bonds		7,707,582	7,425,891
- Ijarah Sukuk Bonds		2,024,349	6,196,896
		<u>438,495,239</u>	<u>285,846,307</u>
<b>Foreign Government Securities</b>		8,959,455	6,633,499
<b>Fully Paid up Ordinary Shares</b>	9.12 / 9.13		
- Listed Companies		24,644,518	27,733,000
- Unlisted Companies		1,363,080	1,125,375
		<u>26,007,598</u>	<u>28,858,375</u>
- Ordinary shares of a bank outside Pakistan	9.5	463,295	463,295
<b>Debentures, Bonds, Participation Term Certificates, Term Finance Certificates, Musharika and Sukuk Bonds</b>			
- Listed		2,542,543	2,438,972
- Unlisted		17,569,577	17,201,828
		<u>20,112,120</u>	<u>19,640,800</u>
<b>Foreign Currency Debt Securities</b>		3,940,899	4,705,364
<b>Other Investments</b>			
- Investments in mutual funds		2,511,608	3,486,668
- Preference Shares		846,660	1,236,900
<b>Investments in associates</b>	9.6	13,769,923	15,789,545
<b>Investments in joint ventures</b>	9.7	2,362,433	1,244,835
<b>Investments in subsidiaries</b>	9.9	4,406,750	4,406,750
<b>Total investments at cost</b>		<u>521,875,980</u>	<u>372,312,338</u>
Provision for diminution in value of investments	9.10	(17,517,983)	(15,416,719)
<b>Investments (cost net of provisions)</b>		<u>504,357,997</u>	<u>356,895,619</u>
Unrealized gain / (loss) on revaluation of investments classified as held-for-trading	9.11	145,454	(139)
Surplus on revaluation of available-for-sale securities	20.1	57,260,686	41,063,201
<b>Total investments - at carrying value</b>		<u>561,764,137</u>	<u>397,958,681</u>

**9.3** Market value of held-to-maturity investments is Rs. 126,818 million (2013: Rs. 30,288 million).

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

9.4 These include Pakistan Investment Bonds amounting to Rs. Nil (2013: Rs. 75 million) held by 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 23,333,333 (2013: 17,500,000) shares in Bank Al-Jazira (BAJ) incorporated in the Kingdom of Saudi Arabia, representing 5.83% (2013: 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. BAJ's Financial Strength Rating (FSR) has been affirmed at "BBB" with a stable outlook. The bank's Long-Term Foreign Currency Rating (FCR) has been affirmed at "BBB+" and its Short-Term Foreign Currency Rating at "A2" by Capital Intelligence.

			Note	2014 Rupees in '000	2013 Rupees in '000
<b>9.6 Investments in associates</b>					
<b>Unlisted Shares</b>					
	<b>Number of shares</b>	<b>Percentage of holding</b>			
Pakistan Emerging Venture Limited	12,500,000	33.33		50,563	50,563
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		32,105	32,105
K-Agricole Limited	5,000	20.00		-	-
New Pak Limited	200,000	20.00		-	-
Pakistan Mercantile Exchange Limited	9,000,000	32.65		90,000	90,000
Prudential Fund Management Limited	150,000	20.00		-	-
				225,702	225,702
<b>Listed Shares</b>					
First Credit and Investment Bank Limited	20,000,000	30.77		157,429	157,429
National Fibres Limited	17,030,231	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	131,925,432	33.62	9.6.1 / 9.6.2	4,561,383	3,860,613
				5,028,618	4,327,848
<b>Listed Mutual Funds</b>					
AKD Opportunity Fund	-	24.55		-	100,000
NAFA Income Opportunity Fund	4,020,904	1.00		35,920	35,920
NAFA Multi Asset Fund	5,106,087	5.00		42,124	42,124
NAFA Financial Sector Income Fund	68,882,766	38.00		659,832	982,866
NAFA Islamic Aggressive Income Fund	8,031,155	11.00		52,826	52,826
NAFA Islamic Multi Asset Fund	8,422,448	11.00		73,229	73,229
NAFA Government Securities Liquid Fund	363,792,833	40.00		3,467,643	6,003,517
NAFA Money Market Fund	335,651,992	24.00		3,267,269	904,683
NAFA Riba Free Savings Fund	48,879,751	40.00		476,730	1,513,571
NAFA Savings Plus Fund	45,420,601	38.00		440,030	1,527,259
			9.6.3	8,515,603	11,235,995
				13,769,923	15,789,545
Less: Provision for diminution in value of investments			9.10.1 / 9.10.2	(3,331,126)	(1,946,379)
				<u>10,438,797</u>	<u>13,843,166</u>

## Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

- 9.6.1** The 120,426,432 shares (2013: 100,426,432) 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, 2014 amounted to Rs. 7.75 per share resulting in an impairment of Rs. 3,283 million. The Bank has recorded an impairment of Rs. 2,462 million as mentioned in Note 9.10.4 to these financial statements.
- 9.6.2** The Bank is holding 33.62% of the 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.
- 9.6.3** Aggregate market value of investments in associates (quoted) on the basis of latest available quoted prices amounts to Rs. 10,540 million (2013: Rs. 13,370 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 Limited	December 31, 2013	49,375
Pakistan Emerging Venture Limited	June 30, 2011	1,694
Information System Associates Limited	June 30, 2014	12,164
Dadabhoy Energy Supply Company Limited	June 30, 2007	103,952
Pakistan Mercantile Exchange Limited	June 30, 2014	(28,342)

- 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. 8,251 million and Rs. 10,271 million respectively.

	Note	2014 Rupees in '000	2013 Rupees in '000
<b>9.7 Investments in joint venture</b>			
United National Bank Limited (UNBL) (incorporated in United Kingdom)	9.7.1	<u>2,362,433</u>	<u>1,244,835</u>

- 9.7.1** Under a joint venture agreement, the Bank holds 20.25 million ordinary shares (45%) and United Bank Limited (UBL) holds 23.25 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.
- 9.7.2** During the year the Bank subscribed for the right issue of UNBL by injecting fresh capital of GBP 6.75 million, equivalent to Rs. 1,118 million.



# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 9.8 Summary of financial information of associates and joint venture

	Based on the financial statements as on	2014				
		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
Agritech Limited	December 31, 2013	44,239,183	34,999,150	9,240,033	8,627,668	(3,382,156)
NAFA Riba Free Saving Fund	December 31, 2014	1,297,833	25,231	1,272,602	219,464	171,672
NAFA Income Opportunity Fund	December 31, 2014	5,944,559	525,437	5,419,122	583,413	627,369
NAFA Multi Asset Fund	December 31, 2014	1,463,930	49,630	1,414,300	317,252	288,303
NAFA Financial Sector Income Fund	December 31, 2014	1,986,626	46,344	1,940,282	278,084	218,564
NAFA Islamic Aggressive Income Fund	December 31, 2014	821,697	86,178	735,519	46,684	51,332
NAFA Islamic Asset Allocation Fund	December 31, 2014	1,126,816	24,987	1,101,829	176,058	174,469
NAFA Government Securities Liquid Fund	December 31, 2014	9,771,120	195,630	9,575,490	1,270,812	1,051,549
NAFA Money Market Fund	December 31, 2014	14,533,668	186,134	14,347,534	1,219,650	1,015,959
NAFA Savings Plus Fund	December 31, 2014	1,275,680	26,897	1,248,783	225,049	167,324

	Based on the financial statements as on	2013				
		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 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

## 9.9 Investments in subsidiaries

	Note	Percentage of holding	2014 Rupees in '000	2013 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
			4,406,750	4,406,750
Less: Provision for diminution in value of investments	9.10.1 / 9.10.2		(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, 2014

	Note	2014 Rupees in '000	2013
<b>9.10 Particulars of provision for diminution in value of investments</b>			
Opening balance		15,416,719	13,717,228
Charge for the year		3,024,804	2,524,910
Reversals for the year		(2,582,457)	(1,131,911)
		442,347	1,392,999
Transfer from advances	10.3	1,366,790	98,734
Transfer from suspended interest		292,127	207,758
Closing balance	9.10.1 / 9.10.2	<u>17,517,983</u>	<u>15,416,719</u>

## 9.10.1 Particulars of provision in respect of type

### Available-for-sale securities

Ordinary shares of listed companies and mutual funds		3,702,638	4,591,698
Ordinary shares of unlisted companies		376,135	380,133
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds		8,980,511	6,968,569
Preference shares		446,444	836,924

### Held-to-maturity securities

Debentures, Bonds, Participation Term Certificates, and Term Finance Certificates		629,884	641,771
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### Investments in associates

	9.6 / 9.10.4	3,331,126	1,946,379
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### Investments in subsidiaries

	9.9	51,245	51,245
		<u>17,517,983</u>	<u>15,416,719</u>

## 9.10.2 Particulars of provision in respect of segments

Fully Paid up Ordinary Shares		3,984,307	4,871,682
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds	9.10.3 / 9.10.4	9,610,395	7,610,340
Other investments		540,910	937,073
Investments in associates	9.6 / 9.10.4	3,331,126	1,946,379
Investments in subsidiaries	9.9	51,245	51,245
		<u>17,517,983</u>	<u>15,416,719</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. 1,191 million (2013: Rs. 1,197 million). Accordingly, as of December 31, 2014, the accumulated increase in profit after tax of Rs. 774 million (2013: Rs. 778 million) shall not be available for payment of cash or stock dividend / bonus to employees as required by aforementioned SBP directive.

**9.10.4** These include provision against TFCs and shares of Agritech Limited amounting to Rs. 214 and Rs. 2,718 million respectively. 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 relaxation to the Bank regarding the impairment arising on shares of Agritech Limited and provision against overdue exposures of Term Finance Certificates. During the year SBP vide its letter No. BPRD/BRD (Policy)/2014-11546 dated June 27, 2014 has further relaxed the provisioning requirement against classified exposure of Agritech Limited and now as of December 31, 2014, 75% 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, 2015. Had this relaxation not been availed, the provision against diminution in value of investments would have been higher by Rs. 892 million (2013: Rs. 1,264 million) and the profit before taxation would have been lower by the same amount.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

	2014	2013
	Rupees in '000	
<b>9.11 Unrealized gain / (loss) on revaluation of investments classified as held-for-trading</b>		
Ordinary shares of listed companies	-	(139)
Federal Government securities	145,454	-
	<u>145,454</u>	<u>(139)</u>

**9.12** The investments in shares include shares of Pakistan State Oil Company Limited, Sui Northern Gas Pipeline Limited and Pakistan Engineering Company Limited, with cost of Rs. 4,165 million (2013: Rs: 4,165 million) that have been frozen by the Government of Pakistan for sale in the equity market due to their proposed privatization.

**9.13** The investments also includes shares acquired under tri-partite consent agreement dated June 29, 2011. These strategic investments comprise of the shares of Pakistan State Oil (20,678,388 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, 2014 amounts to Rs. 7,941 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	2014	2013
		Rupees in '000	
<b>10. ADVANCES</b>			
Loans, cash credits, running finances, etc.			
In Pakistan		648,391,732	622,111,491
Outside Pakistan		53,702,449	55,728,672
		<u>702,094,181</u>	<u>677,840,163</u>
Bills discounted and purchased (excluding Government treasury bills)			
Payable in Pakistan		15,419,949	12,353,303
Payable outside Pakistan		10,549,928	17,821,493
		<u>25,969,877</u>	<u>30,174,796</u>
Advances - gross	10.1	728,064,058	708,014,959
Less: Provision against non-performing advances	10.3	101,359,975	92,595,085
Advances - net of provision		<u>626,704,083</u>	<u>615,419,874</u>
<b>10.1 Particulars of advances - gross</b>			
<b>10.1.1</b> In local currency		663,811,681	634,464,794
In foreign currencies		64,252,377	73,550,165
		<u>728,064,058</u>	<u>708,014,959</u>
<b>10.1.2</b> Short-term (for upto one year)		482,372,430	464,327,489
Long-term (for over one year)		245,691,628	243,687,470
		<u>728,064,058</u>	<u>708,014,959</u>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

10.2 Advances include Rs. 120,841 million (2013: Rs. 115,617 million) which have been placed under non-performing status (refer note 10.4.4) as detailed below:

Category of Classification	2014								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Other Assets Especially									
Mentioned	1,228,018	-	1,228,018	1,348	-	1,348	1,348	-	1,348
Substandard	9,892,979	62,851	9,955,830	2,219,876	14,522	2,234,398	2,219,876	14,522	2,234,398
Doubtful	4,613,073	10,887,971	15,501,044	1,975,848	4,673,828	6,649,676	1,975,848	4,673,828	6,649,676
Loss	74,921,485	19,234,992	94,156,477	72,404,126	16,868,963	89,273,089	72,404,126	16,868,963	89,273,089
	<u>90,655,555</u>	<u>30,185,814</u>	<u>120,841,369</u>	<u>76,601,198</u>	<u>21,557,313</u>	<u>98,158,511</u>	<u>76,601,198</u>	<u>21,557,313</u>	<u>98,158,511</u>

  

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>

## 10.3 Particulars of provision against non-performing advances

Note	2014			2013		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	89,736,638	2,858,447	92,595,085	72,142,434	3,308,579	75,451,013
Foreign exchange adjustments	(495,074)	(25,920)	(520,994)	385,745	50,463	436,208
Charge for the year	14,777,114	368,937	15,146,051	21,398,295	465,258	21,863,553
Reversal during the year	(4,172,083)	-	(4,172,083)	(3,721,125)	(756,027)	(4,477,152)
	<u>10,605,031</u>	<u>368,937</u>	<u>10,973,968</u>	<u>17,677,170</u>	<u>(290,769)</u>	<u>17,386,401</u>
Transfer (out) / in		9.10 / 18.1	(1,650,189)			(98,734)
Amount charged off		10.3.1	(5,272)			(578,716)
Amounts written off		10.5	(32,623)			(1,087)
Other adjustments			-			-
Closing balance	<u>98,158,511</u>	<u>3,201,464</u>	<u>101,359,975</u>	<u>89,736,638</u>	<u>2,858,447</u>	<u>92,595,085</u>

10.3.1 This includes Rs Nil (2013: 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

	2014			2013		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	76,601,198	2,685,728	79,286,926	75,107,248	2,447,254	77,554,502
In foreign currencies	21,557,313	515,736	22,073,049	14,629,390	411,192	15,040,582
	<u>98,158,511</u>	<u>3,201,464</u>	<u>101,359,975</u>	<u>89,736,638</u>	<u>2,858,446</u>	<u>92,595,084</u>

10.4.1 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. 3,542 million (2013: Rs. 7,304 million). Accordingly, as of December 31, 2014, the accumulated profit after tax of Rs. 2,302 million (2013: Rs. 4,747 million) shall not be available for payment of cash or stock dividend / bonus to employees as required by aforementioned SBP directive.

10.4.2 General provision against consumer and SME loans represents provision maintained at an amount ranging from 1% to 5% of the performing portfolio as required by the Prudential Regulations issued by the SBP.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

**10.4.3** 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.

**10.4.4** 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 relaxation to the Bank regarding the provisioning requirement against Agritech Limited exposures. During the year SBP vide its letter No. BPRD/BRD (Policy)/2014-11546 dated June 27, 2014 has further relaxed the provisioning requirement against classified exposure of Agritech Limited and now as of December 31, 2014, 75% of the required provision is to be recorded and the remaining amount is to be recorded in a phased manner up to December 31, 2015. Had this relaxation not been there, the provision against non-performing advances would have been higher by Rs. 635 million (2013: Rs 1,226 million) and profit before taxation would have been lower by the same amount.

	Note	2014 Rupees in '000	2013
<b>10.5 Particulars of write offs</b>			
<b>10.5.1</b> Against provisions	10.3	32,623	1,087
<b>10.5.2</b> Write offs of Rs. 500,000 and above	10.6	32,403	874
Write offs of below Rs. 500,000		220	213
		<u>32,623</u>	<u>1,087</u>

## 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, 2014 is given in Annexure II.

	2014 Rupees in '000	2013
<b>10.7 Particulars of loans and advances to directors, associated companies, etc.</b>		
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	26,782,505	26,493,070
Loans granted / additions during the year	7,347,684	1,625,395
Repayments	(3,291,073)	(1,335,960)
Balance at end of the year	<u>30,839,116</u>	<u>26,782,505</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	9,613,756	5,711,940
Adjustment due to retirement / appointment of directors	347,962	12,364,932
Loans granted / additions during the year	11,577,858	1,589,000
Repayments / other adjustments	(12,424,576)	(10,052,116)
Balance at end of the year	<u>9,115,000</u>	<u>9,613,756</u>
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties:		
Balance at beginning of the year	6,252,841	5,047,283
Loans granted / additions during the year	-	1,500,549
Repayments	(238,673)	(294,991)
Balance at end of the year	<u>6,014,168</u>	<u>6,252,841</u>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

	Note	2014 Rupees in '000	2013
<b>11. OPERATING FIXED ASSETS</b>			
Capital work-in-progress	11.1	1,196,896	2,700,075
Property and equipment	11.2	29,688,180	29,986,702
Intangible assets	11.3	910,463	15,344
		<u>31,795,539</u>	<u>32,702,121</u>

## 11.1 Capital work-in-progress

Civil works	1,165,130	1,330,227
Equipment	9,321	2,049
Advances to suppliers and contractors	22,445	19,956
License and implementation fee for core banking software	-	1,347,843
	<u>1,196,896</u>	<u>2,700,075</u>

## 11.2 Property and equipment

	Cost/revalued			Cost / revalued amount			Accumulated depreciation			Book Value at December 31, 2014	Rate of depreciation
	At January 1, 2014	Revaluation	At December 31, 2014	At January 1, 2014	Charge for the year / (deletions)	Revaluation / (adjustments)	At December 31, 2014				
Rupees in '000											
<b>Owned</b>											
<b>Land</b>											
- freehold	11,110,151	93,547	11,203,348	-	-	-	-	11,203,348		Nil	
- leasehold	10,124,953	170,624	10,338,464	-	-	-	-	10,338,464		Nil	
<b>Buildings on land:</b>											
- freehold	2,752,533	7,010	2,867,308	-	147,761	-	147,761	2,719,547		5% on book value	
- leasehold	2,484,435	24,240	2,677,796	-	111,672	-	111,672	2,566,124		5% on book value	
Furniture and fixtures	3,159,704	-	3,352,489	1,842,086	610,084 (7,180)	-	2,444,990	907,499		20% on cost	
Computer and peripheral equipment	3,232,304	-	3,807,529	2,930,888	461,425 (410)	-	3,391,903	415,626		33.33% on cost	
Electrical and office equipment	3,527,758	-	3,900,928	2,319,906	442,579 (59)	-	2,762,426	1,138,502		20% on cost	
Vehicles	1,362,961	-	1,110,287	835,316	152,143 (93,414)	-	894,045	216,242		20% on cost	
	<u>37,754,799</u>	<u>295,421</u>	<u>39,258,149</u>	<u>7,928,196</u>	<u>1,925,664 (101,063)</u>	<u>-</u>	<u>9,752,797</u>	<u>29,505,352</u>			
<b>Assets held under finance lease</b>											
Vehicles	212,301	-	154,390	141,976	35,220 (46,172)	-	131,024	23,366		20% on cost	
<b>Assets given under Ijarah</b>											
Machinery	331,625	-	476,959	241,851	75,646	-	317,497	159,462		25-33% on cost	
<b>2014</b>	<u>38,298,725</u>	<u>295,421</u>	<u>1,062,585 (184,090) 437,592</u>	<u>8,312,023</u>	<u>2,036,530 (147,235)</u>	<u>-</u>	<u>10,201,318</u>	<u>29,688,180</u>			

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 11.2.1 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)	At December 31, 2013	At January 1, 2013	Charge for the year / (deletions)	Revaluation / (adjustments)			At December 31, 2013
----- Rupees in '000 -----										
<b>Owned</b>										
<b>Land</b>										
- 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
<b>Buildings on land:</b>										
- freehold	2,748,846	538,404	88,523 (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)	- (575,897)	-	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
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	
<b>Assets held under finance lease</b>										
Vehicles	184,674	-	34,000 (6,373)	212,301	110,699	36,269 (4,992)	-	141,976	70,325	20% on cost
<b>Assets given under Ijarah</b>										
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
<b>2012</b>	<b>33,603,091</b>	<b>-</b>	<b>930,436 (266,533) (1,199,137)</b>	<b>38,298,725</b>	<b>8,068,445</b>	<b>1,677,109 (234,394)</b>	<b>(1,199,137)</b>	<b>8,312,023</b>	<b>29,986,702</b>	

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 11.3 Intangible assets

	Cost		Accumulated amortization			Book value at December 31, 2014	Rate of amortization
	At January 1, 2014	Additions	At December 31, 2014	At January 1, 2014	Charge for the year		
	----- Rupees in '000 -----						
Computer software	127,239	-	127,239	111,895	15,344	127,239	- 33.33 % on cost
Core Banking Application	-	1,328,910	1,328,910	-	418,447	418,447	910,463 33.33 % on cost
	<u>127,239</u>	<u>1,328,910</u>	<u>1,456,149</u>	<u>111,895</u>	<u>433,791</u>	<u>545,686</u>	<u>910,463</u>

  

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

11.4 The Bank's domestic properties were revalued in the year 2013. However revaluations exercise for some of the properties could not be completed last year and hence the revaluations effects are recorded in current year, after the completion of the same. The properties were valued by independent professional valuer Imtech (Pvt.) Limited on the basis of assessment of present market values and resulted in surplus of Rs. 295 million. (2013: Rs: 5,231 million). Had there been no revaluation, the carrying amount of revalued assets at December 31, 2014 would have been as follows;

	Rupees in '000
Land	
freehold	1,132,637
leasehold	915,584
Building	
freehold	687,624
leasehold	743,291

11.5 During the year the depreciation method on furniture & fixture, office equipment and generators was changed from diminishing balance method to straight line method. The management consider that new method more appropriately reflects the pattern of consumption of such assets. Had there been no change, the depreciation expense would have been lower and profit before tax would have been higher by Rs. 286 million.

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

	2014	2013
	Rupees in '000	
Not later than one year	76,594	68,658
Later than one year but not later than five years	128,880	19,244
	<u>205,474</u>	<u>87,902</u>

The rate of profit is 6 months KIBOR + 2.5% (2013: 3 months KIBOR + 0.60% ).

## 11.7 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 votingshares 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, 2014

	Note	2014 Rupees in '000	2013
<b>12. DEFERRED TAX ASSETS - net</b>			
<b>Deductible temporary difference on:</b>			
Provision for diminution in the value of investments		3,636,653	3,481,832
Provision against non-performing advances		7,092,841	6,634,726
Other provision		1,762,799	1,272,647
Provision against defined benefits plans		9,031,229	7,740,890
Unrealised loss on derivatives		691,907	691,907
Provision against off-balance sheet obligation		116,622	116,622
		<u>22,332,051</u>	<u>19,938,624</u>
<b>Taxable temporary differences on:</b>			
Excess of accounting book value of leased assets over lease liabilities		(3,720)	(16,202)
Revaluation of securities	20.1	(11,173,750)	(7,364,431)
Operating fixed assets		(1,277,072)	(1,602,983)
		<u>(12,454,542)</u>	<u>(8,983,616)</u>
Net deferred tax assets		<u>9,877,509</u>	<u>10,955,008</u>

## 12.1 Reconciliation of deferred tax

	January 1, 2013	Recognized in Profit and Loss Account	Recognized in Other Comprehensive Income / Surplus on revaluation of assets	December 31, 2013	Recognized in Profit and Loss Account	Recognized in Other Comprehensive Income / Surplus on revaluation of assets	December 31, 2014
----- Rupees in '000 -----							
<b>Deferred tax assets arising in respect of:</b>							
Provision for diminution in the value of investments	2,994,282	487,550	-	3,481,832	154,821	-	3,636,653
Provision against advances	4,999,086	1,635,640	-	6,634,726	458,115	-	7,092,841
Other provision	953,967	318,680	-	1,272,647	490,152	-	1,762,799
Provision against defined benefits plans	7,309,008	1,412,066	(980,184)	7,740,890	1,055,708	234,631	9,031,229
Unrealised loss / (gain) on derivatives	198,408	493,499	-	691,907	-	-	691,907
Provision against off-balance sheet obligations	116,622	-	-	116,622	-	-	116,622
	<u>16,571,373</u>	<u>4,347,435</u>	<u>(980,184)</u>	<u>19,938,624</u>	<u>2,158,796</u>	<u>234,631</u>	<u>22,332,051</u>
<b>Less: Deferred tax (liabilities) arising in respect of:</b>							
Excess of accounting book value of leased assets over lease liabilities	(15,525)	(677)	-	(16,202)	12,482	-	(3,720)
Revaluation of securities	(5,149,446)	-	(2,214,985)	(7,364,431)	-	(3,809,319)	(11,173,750)
Operating fixed assets	(1,558,329)	287,858	(332,512)	(1,602,983)	336,849	(10,938)	(1,277,072)
	<u>(6,723,300)</u>	<u>287,181</u>	<u>(2,547,497)</u>	<u>(8,983,616)</u>	<u>349,331</u>	<u>(3,820,257)</u>	<u>(12,454,542)</u>
Net deferred tax assets	<u>9,848,073</u>	<u>4,634,616</u>	<u>(3,527,681)</u>	<u>10,955,008</u>	<u>2,508,127</u>	<u>(3,585,626)</u>	<u>9,877,509</u>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

	Note	2014 Rupees in '000	2013
<b>13. OTHER ASSETS</b>			
Income / mark-up accrued in local currencies		33,914,250	23,632,230
Income / mark-up accrued in foreign currencies		1,648,165	1,045,076
Advances, deposits, advance rent and other prepayments	13.1	3,983,153	3,519,446
Advance taxation (payments less provisions)		13,435,016	16,279,378
Income tax refunds receivable		25,462,171	23,332,054
Compensation for delayed tax refunds	13.6	1,208,251	2,094,062
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		273,650	310,036
Branch adjustment account - net		1,248,281	742,094
Unrealized gain on forward foreign exchange contracts		1,079,206	2,176,403
Commission receivable on Govt. treasury transactions		5,676,197	4,795,891
Stationery and stamps on hand		290,829	283,859
Non-banking assets acquired in satisfaction of claims	13.2	1,424,106	1,419,781
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		294,731	327,973
Receivable against sale of shares		47,445	-
Others		5,679,550	4,861,789
		<u>96,602,406</u>	<u>85,757,477</u>
Less: Provision held against other assets			
Income / mark-up accrued in local currency		152,607	152,607
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	57,817
Others		3,513,120	3,149,146
	13.5	<u>5,557,491</u>	<u>5,193,517</u>
Other assets (net of provision)		<u>91,044,915</u>	<u>80,563,960</u>

**13.1** This includes Rs. 800 million (2013: 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. 2,358 million (2013: Rs. 1,560 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.

	Note	2014 Rupees in '000	2013
<b>13.5 Provision against other assets</b>			
Opening balance		5,193,517	4,008,106
Charge for the year	13.5.1	378,776	742,150
Reversals for the year		-	(83,878)
		378,776	658,272
Write offs		(14,802)	(17,229)
Reclassifications		-	544,368
Closing balance		<u>5,557,491</u>	<u>5,193,517</u>

**13.5.1** This mainly represents provision made on account of financial improprieties.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 13.6 Reconciliation of compensation for delayed tax refunds

Opening balance	2,094,062	736,059
Accrued during the year	3,369,429	3,026,561
Received during the year	(4,255,240)	(1,668,558)
Closing balance	<u>1,208,251</u>	<u>2,094,062</u>

## 14. BILLS PAYABLE

In Pakistan	10,724,230	13,805,249
Outside Pakistan	287,597	89,418
	<u>11,011,827</u>	<u>13,894,667</u>

## 15. BORROWINGS

In Pakistan	34,013,406	19,897,124
Outside Pakistan	3,528,091	2,342,333
	<u>37,541,497</u>	<u>22,239,457</u>

15.1 & 15.2

### 15.1 Particulars of borrowings with respect to currencies

In local currency	34,013,406	19,897,124
In foreign currencies	3,528,091	2,342,333
	<u>37,541,497</u>	<u>22,239,457</u>

15.2

### 15.2 Details of borrowings

#### Secured

Borrowings from State Bank of Pakistan:

Under Export Refinance Scheme	6,065,708	6,178,220
Under Export Refinance Scheme (New Scheme)	2,330,874	1,754,129
Under Long-Term Financing under Export Oriented Project (LTF-EOP)	63,889	116,398
Refinance Facility for Modernization of SMEs	7,880	11,820
Financing Facility for Revival of SMEs & Agricultural Activities in Flood affected areas	-	1,467,030
Financing Facility for storage of Agriculture Produce (FFSAP)	221,128	304,116
Under Long-Term Financing Facility (LTF)	<u>1,505,325</u>	<u>1,898,450</u>
	10,194,804	11,730,163
Repurchase agreement borrowings	<u>5,902,523</u>	<u>2,813,433</u>
	16,097,327	14,543,596

#### Unsecured

Call borrowings	3,528,147	2,342,346
Commodity Murabaha	17,427,527	5,025,115
Overdrawn nostro accounts	417,696	257,600
Others	70,800	70,800
	<u>21,444,170</u>	<u>7,695,861</u>
	<u>37,541,497</u>	<u>22,239,457</u>

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### 15.3 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 7.5 % to 8.4 % (2013: 8.2 % to 8.4 %).
- Repurchase agreement borrowings carry mark-up at the rates ranging from 6.75% to 10.50% per annum (2013: 9.2% to 9.96% per annum) having maturity ranging from January 2, 2015 to March 24, 2015.
- Call borrowings carry interest ranging from 6.75% to 10.15% per annum (2013: 6.5% to 10% per annum).
- Commodity Murabaha carry interest ranging from 9.25% (2013: 8.90% to 9.05% per annum) for a tenure of six months.
- Unsecured borrowings "Others" carry interest at the rate of 10% per annum (2013: 10% per annum).

### 15.4 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.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

	Note	2014 Rupees in '000	2013 Rupees in '000
<b>16. DEPOSITS AND OTHER ACCOUNTS</b>			
<b>Customers</b>			
Fixed deposits		289,069,976	290,646,462
Savings deposits		348,098,999	313,804,148
Current accounts - remunerative		159,042,873	127,266,684
Current accounts - non-remunerative		267,450,272	223,679,069
		1,063,662,120	955,396,363
<b>Financial Institutions</b>			
Remunerative deposits		61,329,041	49,987,013
Non - remunerative deposits		108,534,329	95,755,198
		169,863,370	145,742,211
	16.1	<u>1,233,525,490</u>	<u>1,101,138,574</u>
<b>16.1 Particulars of deposits</b>			
In local currency		1,030,225,065	926,271,063
In foreign currencies [including deposits of foreign branches of Rs. 106,172 million (2013: Rs. 100,458 million)]		203,300,425	174,867,511
		<u>1,233,525,490</u>	<u>1,101,138,574</u>

## 17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2014			2013		
	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	13,975	1,237	12,738	14,909	2,598	12,311
Later than one year and but not later than five years	-	-	-	12,950	1,227	11,723
	<u>13,975</u>	<u>1,237</u>	<u>12,738</u>	<u>27,859</u>	<u>3,825</u>	<u>24,034</u>

The Bank has entered into lease agreements with First National Bank Modaraba (a related party) 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 + 3.00% to KIBOR + 3.50% per annum (2013: 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

For the year ended December 31, 2014

	Note	2014 Rupees in '000	2013
<b>18. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		22,076,129	18,646,613
Mark-up / return / interest payable in foreign currencies		196,318	357,589
Unearned commission and income on bills discounted		86,773	205,895
Accrued expenses		5,977,813	4,343,497
Advance payments		205,008	96,979
Unclaimed dividends		129,685	114,832
Unrealized loss on forward foreign exchange contracts		3,356,570	2,931,276
Provision against off balance sheet obligations	18.1	2,244,872	1,162,256
Provision against contingencies	18.2	1,826,821	879,468
Employee benefits:			
Pension fund	34.1.2	7,531,649	6,901,165
Post retirement medical benefits	34.1.3	10,220,524	8,601,209
Benevolent fund	34.1.4	1,624,009	1,415,128
Gratuity scheme	34.1.5	892,157	686,809
Compensated absences	34.2.1	5,364,523	4,341,871
Staff welfare fund		371,257	371,257
Liabilities relating to:			
Barter trade agreements		13,776,432	14,617,779
Special separation package		78,422	78,422
Payable to brokers		2,203	23,013
Others		6,672,699	5,567,659
		<u>82,633,864</u>	<u>71,342,717</u>

## 18.1 Provision against off balance sheet obligations

Opening balance		1,162,256	454,026
(Reversal) / charge for the year		(339,200)	708,230
Transfer from advances	10.3	283,399	-
Transfer from suspended interest		1,138,417	-
Closing balance	18.1.1	<u>2,244,872</u>	<u>1,162,256</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.

		2014 Rupees in '000	2013
<b>18.2 Provision against contingencies</b>			
Opening balance		879,468	1,127,642
Charge during the year	18.2.1	947,353	252,241
Reclassification		-	(500,415)
Closing balance		<u>1,826,821</u>	<u>879,468</u>

**18.2.1** This represents provision made on account of reported instances of financial improprieties for which investigations are in progress.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 19. SHARE CAPITAL

### 19.1 Authorized

2013	2014		2014	2013
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
<u>1,987,125,100</u>	<u>1,987,125,100</u>	Issued as fully paid bonus shares	<u>19,871,251</u>	<u>19,871,251</u>
<u>2,127,513,100</u>	<u>2,127,513,100</u>		<u>21,275,131</u>	<u>21,275,131</u>

The Federal Government and the SBP held 75.60% (2013: 75.60%) shares of the Bank as at December 31, 2014.

### 19.3 Shares of the Bank held by subsidiary and associates

Following shares were held by subsidiary and associates of the Bank as of year end:

	2014	2013
	Number of shares	
NAFA Savings Plus Fund	-	1,019,200
NAFA Stock Fund	484	484
NAFA Multi Asset Fund	164,071	71
NAFA Asset Allocation Fund	24,000	-
Taurus Securities Limited	11,475	11,475
	<u>200,030</u>	<u>1,031,230</u>

## 20. SURPLUS ON REVALUATION OF ASSETS - net

	Note	2014	2013
		Rupees in '000	
Available-for-sale securities	20.1	46,086,936	33,698,770
Fixed assets	20.2	<u>21,886,415</u>	<u>21,728,178</u>
		<u>67,973,351</u>	<u>55,426,948</u>

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

Federal Government Securities		10,377,882	797,268
Term Finance Certificates and Sukuks		(31,121)	(8,795)
Shares and mutual funds		29,556,505	21,725,355
GoP Foreign Currency Bonds		380,738	388,652
Foreign Currency Debt Securities		81,092	145,270
Investment outside Pakistan	9.5	<u>16,895,590</u>	<u>18,015,451</u>
	9.1	57,260,686	41,063,201
Deferred tax liability	12	<u>(11,173,750)</u>	<u>(7,364,431)</u>
		<u>46,086,936</u>	<u>33,698,770</u>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

	2014	2013
	Rupees in '000	
<b>20.2 Surplus on revaluation of fixed assets - net of tax</b>		
Surplus on revaluation on January 1	23,085,821	18,057,756
Surplus on revaluation of the Bank's properties during the year	11.2 295,421	5,230,867
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(126,246)	(131,821)
Related deferred tax liability	(67,979)	(70,981)
	<u>(194,225)</u>	<u>(202,802)</u>
	23,187,017	23,085,821
Less: Related deferred tax liability on:		
Revaluation as at January 1,	1,357,643	1,096,112
Revaluation of Bank's properties during the year	10,938	332,512
Incremental depreciation charged during the year transferred to profit and loss account	(67,979)	(70,981)
	<u>1,300,602</u>	<u>1,357,643</u>
Surplus on revaluation on December 31,	12 <u>21,886,415</u>	<u>21,728,178</u>

## 21. CONTINGENCIES AND COMMITMENTS

### 21.1 Direct credit substitutes

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

	2014	2013
	Rupees in '000	
- Government	5,110,261	4,200,616
- Financial institutions	11,135,929	4,638,661
- Others	32,227,405	24,443,395
	<u>48,473,595</u>	<u>33,282,672</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:

	2014	2013
	Rupees in '000	
- Government	11,879,063	18,291,776
- Financial institutions	5,239,234	11,399,527
- Others	22,403,390	23,782,967
	<u>39,521,687</u>	<u>53,474,270</u>

### 21.3 Trade-related contingent liabilities

Letters of credit issued on behalf of:

- Government	129,493,436	162,589,448
- Financial institutions	-	186,656
- Others	27,137,972	34,166,419
	<u>156,631,408</u>	<u>196,942,523</u>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

21.4 Other contingencies	2014	2013
	Rupees in '000	
21.4.1 Claims against the Bank not acknowledged as debts [including SBP liabilities on Bangladesh borrowing and interest thereon amounting to Rs. 194 million (2013: Rs. 188 million), claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (2013: Rs. 1,597 million)].	<u>13,407,883</u>	<u>13,974,192</u>

## 21.4.2 Taxation

The tax returns of the Bank have been filed up to Tax Year 2014 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 2014.

In respect of monitoring of withholding taxes under section 149, 150 and 151 for the tax years 2009, 2010 and 2011, the tax department has passed orders in June 2011 creating an aggregate demand of Rs. 3.2 Billion in respect of all three years. Subsequently, the tax department rectified the above orders in 2012 and 2013 on production of evidences of tax deductions and exempt parties, which resulted in decrease in demand by Rs 1 billion. During the year, the tax department has further rectified the orders which resulted in further decrease in demand of Rs. 575 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.

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, 2014 amounts to Rs. 10,461 million (2013: Rs. 10,593 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 finalized assessment for the Tax Year 2014 under provisions of the FED Act in respect of the Federal Excise Duty payable on the services rendered by the Bank. The Bank recovered FED from SBP amounting to Rs. 229 million on the commission income derived from the treasury services provided to the State Bank of Pakistan/ Federal Government of Pakistan during 2013. 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.



# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 21.4.4 Contingencies in respect of employees benefits and related matters

The following are the details of the contingencies arising out of the various legal cases pending adjudication in respect of employees benefits and related matters. The Bank considers that the financial impact of such matters is impracticable to determine with sufficient reliability.

### 21.4.4.1 Pensionary benefits to retired employees

In the year 1977, while following the terms of Federal Govt.'s circular No. 17 (9) 17 XI/ 77 dated November 30, 1977 the Bank adopted Government Pension Scheme vide Circular No. 228( C ) dated December 26, 1977 which was applicable w.e.f. May 01, 1977. Under this scheme, the pension was to be calculated @ 70% of average emoluments on completion of 30 years of qualifying service. Where qualifying service is less than 30 years but not less than 10 years, proportionate reduction in percentage was to be made. The officers were given 6 months' time from the date of the issuance of this circular to exercise their options in writing. Those officers who didn't exercise and communicate their options in terms of the said circular within the prescribed time limit, were not entitled to the benefits thereof and they were to continue with their existing terms. As per para-10 of the circular "since the rates of pension and gratuity given above have been fixed by Pay Commission for banks and financial institutions on the same lines as obtaining on the side of the Federal Government, the existing provisions of any changes or revision in the rates of scales of pension or gratuity that may hereafter be made by the Federal Government shall also apply to the officers / executives of the Bank".

In the year 1999, the Bank's Board of Directors approved the revised Pay Structure for officers and executives w.e.f. January 01, 1999 circulated vide Instructions Circular No. 37/99 dated June 16, 1999 and also revised the Monthly Gross Pension whereby the retirement benefits were to be calculated on the basis of Revised Basic Pay (X) Number of Years of Service (X) 1.1%. However, the amount of gross pension on the basis of existing Basic Pay and existing formula was protected and it was not to adversely affect the present amount of pension as on December 31, 1998. With this change in the formula other terms and conditions of pension scheme remained the same. Cases of those who retired up to December 31, 1998 were not to be opened. Various allowances were merged in the basic pay in terms of the said circular, which increased the basis pay by 110%. The pension was revised/increased to 50% of the last drawn basic salary in the year 2009.

A number of retired employees (officers/ executives) have filed Writ Petitions before Punjab, Sindh and Peshawar High Courts for re-calculation of their pensionary benefits after attaining the age of superannuation and praying to grant pensionary benefits as per petitioners' option prior to their retirement. This series of litigation started in the year 2010 & 2011.

The Peshawar High Court, Peshawar, in terms of order dated June 03, 2014, dismissed the Petitions while observing that the Petitions were hit by laches and that the Petitioners cannot claim the benefits to the similarly placed employees of other institutions who are governed through different Statute and Service Rules. The said order has been assailed by the Petitioners before the honorable Supreme Court of Pakistan where the matter is pending adjudication.

At Lahore High Court, Lahore, the subject Writ Petitions have been consolidated. In one Petition filed by 175 ex-officers/executives the judgment was reserved by honourable judge which is yet to be announced. The other Petitions have not been fixed for hearing for the last many months.

### 21.4.4.2 Encashment of unavailed leave

Some of the employees of the Bank filed Writ Petitions before Lahore High Court after their retirement, in September 2012, while praying the Court for issuance of directions to Bank for encashing their entire un-availed Leave Balance frozen in terms of Bank's Circular 37/1999 and 57/ 1999.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

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.

The Lahore High Court dismissed the petitions of the subject ex-employees in April 2014 while observing that claim of the Petitioners was hit by laches as the Petitions were filed in the year 2012 and that all the Petitioners filed the Petitions after having availed all retirement benefits when all outstanding dues were paid at the time of retirement at which point no claim for any amount was made. The Petitioners have filed Inter Court appeals against the aforesaid judgment which are pending adjudication.

#### 21.4.4.3 Post retirement medical facilities

A policy was introduced by Pakistan Banking Council regarding post retirement medical facilities for retired officers/executives of Nationalized Commercial Banks. The Bank issued Instruction Circular No. 19/95 dated March 14, 1995 for its implementation. In terms of the said policy, in order to provide relief to retired officers/executives, it was agreed that the Nationalized Commercial Banks would re-determine the monetary ceilings of retired officers/executives after every revision of pay scales on the basis of notional re-fixation of their pay in revised scales on point to point basis and that amendment would come into effect from January 01, 1995.

Unfortunately no record is available to establish that the said policy was never adopted by the Bank. The issue was brought before the Federal Service Tribunal (FST) through appeal No. 61(L)CE/2003. In terms of the said appeal implementation was sought. The Honorable Tribunal, in terms of order dated March 09, 2004 directed the Bank to implement the entire circular dated March 14, 1995 and allow all the facilities to the retired employees which were permissible under that circular.

The honorable Supreme Court, in terms of order dated November 11, 2004, dismissed the Bank's Civil Petition filed against the order of the FST while declining leave to appeal.

The Bank's Civil Review Petition filed against the aforesaid order was also dismissed by the Apex Court in terms of order dated May 26, 2005.

In view of the foregoing order of the FST dated March 09, 2004 in terms of which Bank was directed for implementation of Instruction Circular No. 19/95 dated March 14, 1995 has attained finality however in view of Para 3 of the subject order of the FST that the pay package introduced in the year 2000 cannot have retrospective effect to the disadvantage of the appellant who has already retired from service, some room is available to the Bank i.e. prima facie the subject circular is required to be implemented for officers/executives retired prior to the Pay Package introduced in terms of Instruction circular No.37/99 dated June 16, 1999.

Recently the Lahore High Court, Lahore, in terms of order dated January 14, 15 has accepted a Writ Petition filed by an ex-employee and 5 other GHS optees for issuance of direction to the Bank for allowing them medical facilities in the light of Instructions Circular No. 19/95 dated March 14, 1995.

Bank has filed an Inter court appeal against the order of the Lahore High Court, Lahore which is yet to be fixed for hearing.

#### 21.4.4.4 Restoration of Commuted Pension

After lapse of the period for which pension of a retired employee is commuted, the Bank restores the commuted portion of the pension as per Bank's Pension Rules.

Some retired employees have filed Writ petitions before Lahore High Court, Lahore while praying the court for restoration of 50% pension after applying all the increments granted during the last 15 years i.e. double the pension they are already withdrawing.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

In one of the WP filed, the Honorable Court without issuing notices to the Bank disposed of the same vide order dated January 13, 2015 observing that the Petitioner was also entitled to be treated at par with the pensioners whose cases had already been decided in a case titled as Additional Accountant General Pakistan Revenue, Lahore vs. A.A.Zuberi which had attained finality up to the level of August Supreme Court of Pakistan.

The judgment referred in the case was decided by a DB of Lahore High Court in which restoration of pension after period of commutation was directed to be paid at the rate prevailing at the time of restoration and not the rate of pension prevailing at the time of commutation. High Court in the above mentioned case came to the conclusion that an employee was given restored pension at the rate prevailing 15 years ago and that such an action on the part of the employer would be a violation of Article 9 of the Constitution and would also be contrary to the test of economic justice. In the present case though Bank has filed an ICA as the matter was decided in limine without summoning the Bank and that Zubari's judgment pertains to Civil servants and the Bank employees are not civil servants but our appeal may follow the dictum of A.A Zubairi case as it is, according to the High Court, contrary to economic justice and right granted under Article 9 of the Constitution. Moreover once a question of law is decided by the superior courts, it is always applicable on other similar future situations.

#### 21.4.4.5 Regularizing of temporary hires/outsourced workers

In terms of judgment of the Apex Court in Ikram Bari's case (2005 SCMR 100) it was held that the conditions of three years length of service with not more than 15 days break between the consecutive appointments and termination of service imposed by the Tribunal for regularization of service of employees are quite reasonable and are also in line with the policy decisions taken by the Bank itself from time to time. The employees woke up after a deep slumber of more than a decade to seek redress of their grievances. Therefore, it would be unfair and inequitable to grant them monetary back-benefits of service from the dates of their initial appointment. In compliance with the said judgment a large number of temporary hires were inducted in regular service however the matter is not yet closed.

Presently around 189 cases pertaining to various Regions, filed for induction in regular service of the Bank, are pending adjudication before different legal forums. Three such Writ Petitions filed by 80 temporary hires were decided by the Peshawar High Court, Abbotabad Bench, in favor of the Petitioners while granting them back benefits as well. We have assailed the said orders before the Honorable Supreme Court where the matter is pending adjudication.

Another writ petition filed by 29 temporary hires/outsourced workers was decided by the Peshawar High Court Mingora Bench, in favor of the Petitioners, with back benefits. An appeal has been filed against the said judgment. If the decisions of the Peshawar High Court, Mingora and Abbotabad Benches are upheld by the Supreme Court, the Bank may have to induct those Petitioners in regular service.

#### 21.4.4.6 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 FST and the Honourable High Court for enhancement/recalculation of their dues in the light of circular of February 1998.

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.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

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 judgments 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 and 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 Supreme Court.

	2014	2013
	Rupees in '000	
<b>21.5 Commitments in respect of forward exchange contracts</b>		
Purchase	233,021,148	204,673,055
Sale	120,265,758	132,796,307
<b>21.6 Commitments for the acquisition of operating fixed assets</b>	1,798,160	1,732,023
<b>21.7 Other commitments</b>		
Professional services to be received	99,450	61,330

## 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 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, 2014 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, 2014

	2014	2013
	Rupees in '000	
<b>23. MARK-UP / RETURN / INTEREST EARNED</b>		
On loans and advances to:		
Customers	68,153,455	71,326,454
Financial institutions	141,308	472,414
	<u>68,294,763</u>	<u>71,798,868</u>
On investments in:		
Held-for-trading securities	304,718	199,753
Available-for-sale securities	33,250,636	21,681,572
Held-to-maturity securities	9,923,230	2,440,406
	<u>43,478,584</u>	<u>24,321,731</u>
On deposits with financial institutions	259,609	249,386
On securities purchased under resale agreements	2,140,563	2,657,578
	<u>114,173,519</u>	<u>99,027,563</u>

<b>24. MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits	65,330,480	57,814,037
Securities sold under repurchase agreements	2,249,704	2,225,809
Short-term borrowings	2,426,904	783,035
	<u>70,007,088</u>	<u>60,822,881</u>

## 25. INCOME FROM DEALING IN FOREIGN CURRENCIES

This includes Rs. 8,366 million (2013: Rs. 5,777 million) on account of interest on Cross Currency Swap transactions charged by Foreign Exchange department to Treasury Department.

	2014	2013
Note	Rupees in '000	
<b>26. GAIN ON SALE AND REDEMPTION OF SECURITIES - net</b>		
Federal government securities:		
Market Treasury Bills	24,088	249,845
Pakistan Investment Bonds	823,211	233,269
GoP Ijarah Sukuks	35,182	6,789
	<u>882,481</u>	<u>489,903</u>
National Investment Trust (NIT) units	1,052,380	331,597
Shares and mutual funds	6,084,720	1,418,295
Foreign Government / debt securities	13,996	439,502
Associates - mutual funds	739,314	1,206,859
	<u>8,772,891</u>	<u>3,886,156</u>

## 27. OTHER INCOME

Rent on property / lockers		75,566	75,631
Gain on sale of property and equipment		29,643	17,087
Compensation for delayed tax refunds	13.6	3,369,429	3,026,561
Postal, SWIFT and other charges recovered		91,551	120,126
Others		21,184	28,095
		<u>3,587,373</u>	<u>3,267,500</u>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

	Note	2014 Rupees in '000	2013
<b>28. ADMINISTRATIVE EXPENSES</b>			
Salaries and allowances	28.3	22,835,894	21,841,239
Charge for defined benefit plans		4,825,499	4,245,016
Non-executive directors' fee, allowances and other expenses	35	18,265	27,170
Rent, taxes, insurance, electricity and other utilities	28.1	2,596,225	2,257,927
Legal and professional charges		128,707	313,624
Communications		855,603	709,093
Repairs and maintenance		862,585	913,621
Financial charges on leased assets		6,909	11,077
Books, stationery, printing and other computer accessories		686,225	694,910
Advertisement, sponsorship and publicity		374,054	361,155
Donations	28.2	500	294
Contributions for other Corporate and Social Responsibility	28.2	83,948	58,167
Auditors' remuneration	28.4	142,787	101,648
Depreciation	11.2	2,036,530	1,677,109
Amortization	11.3	433,791	25,942
Conveyance		236,880	194,728
Entertainment		82,677	65,273
Travelling		401,039	289,510
Security services		1,720,953	1,464,262
Outsourcing and janitorial services		605,839	541,934
Clearing, verification, licence fee charges		138,223	116,894
Subscription		33,104	19,951
Brokerage		86,493	96,910
Training		48,607	60,985
Miscellaneous operating expenses		183,279	183,091
		<u>39,424,616</u>	<u>36,271,530</u>

**28.1** This includes Rs. 1.800 million (2013: Rs. 2.058 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 Kirmini (Director) who is member of the Board of Governors' of Marie Adelaide Leprosy Centre and director Professional Education Foundation.

**28.3** This includes Rs 21.138 million paid to Ex-President being final settlement of his dues to the Bank.

#### 28.4 Auditors' remuneration

	KPMG Taseer Hadi & Co.	Ernst & Young Ford Rhodes Sidat Hyder	2014 Total	2013 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	17,578	8,078	25,656	5,606
Sales Tax	1,491	1,016	2,507	1,204
Out-of-pocket expenses	5,575	5,100	10,675	5,022
	<u>36,884</u>	<u>26,434</u>	<u>63,318</u>	<u>36,312</u>
Fee for audit of overseas branches including advisory services and out-of-pocket expenses	-	-	79,469	65,336
	<u>36,884</u>	<u>26,434</u>	<u>142,787</u>	<u>101,648</u>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

	Note	2014 Rupees in '000	2013 Rupees in '000
<b>29. OTHER CHARGES</b>			
Penalties imposed by the SBP		<u>1,735,915</u>	<u>23,395</u>
<b>30. TAXATION</b>			
For the year			
Current	30.1	9,480,641	6,082,908
Deferred		<u>(2,508,127)</u>	<u>(4,634,616)</u>
		<u>6,972,514</u>	<u>1,448,292</u>
For prior year			
Current		<u>-</u>	<u>925,419</u>
Deferred		<u>-</u>	<u>(795,368)</u>
		<u>-</u>	<u>130,051</u>
	30.2	<u>6,972,514</u>	<u>1,578,343</u>

30.1 Current taxation includes Rs. 179 million (2013: Rs. 275 million) of overseas branches.

	2014 Rupees in '000	2013 Rupees in '000
<b>30.2 Relationship between tax expense and accounting profit</b>		
Accounting profit before tax	<u>22,000,743</u>	<u>7,078,367</u>
Income tax at statutory rate @ 35% (2013: 35%)	7,700,260	2,477,428
Inadmissible items	607,570	8,188
Income taxed at reduced rate	(1,267,337)	(1,105,836)
Overseas taxation	-	210,000
Prior year tax effects	-	130,051
Others	<u>(67,979)</u>	<u>(141,488)</u>
Tax charge for current and prior years	<u>6,972,514</u>	<u>1,578,343</u>

	2014 Rupees in '000	2013 Rupees in '000
<b>31. BASIC AND DILUTED EARNINGS PER SHARE</b>		
Profit after tax for the year	<u>15,028,229</u>	<u>5,500,024</u>
Weighted average number of ordinary shares	<u>2,127,513</u>	<u>2,127,513</u>
Basic earnings per share	<u>7.06</u>	<u>2.59</u>
Basic and diluted earnings per share are same.		

	Note	2014 Rupees in '000	2013 Rupees in '000
<b>32. CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	6	97,971,501	157,930,297
Balances with other banks	7	12,108,025	17,457,523
Call money lendings	8	12,261,200	2,561,200
Call borrowings	15	(3,528,147)	(2,342,346)
Overdrawn nostros	15.2	<u>(417,696)</u>	<u>(257,600)</u>
		<u>118,394,883</u>	<u>175,349,074</u>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

	2014	2013
	Numbers	
33. STAFF STRENGTH		
Permanent	13,590	14,011
Temporary / on contractual basis	2,600	2,608
Total Staff Strength	<u>16,190</u>	<u>16,619</u>

33.1 In addition to the above, the Bank is utilizing the services of other companies for outsourcing purposes including security staff and the number of persons deployed by such companies as at year end are 8,574 (2013: 8,284).

## 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 5.10 to the financial statements.

#### Principal actuarial assumptions

The financial assumptions used in actuarial valuation at December 31, 2014 of pension fund, post retirement medical benefits, benevolent fund and gratuity scheme are as follows:

	2014	2013
	per annum	
Salary increase rate	11.25%	13%
Discount rate	11.25%	13%
Expected rate of return on plan assets	11.25%	13%
Pension indexation rate	6.75%	8.50%
Rate of inflation in the cost of medical benefits	8.25%	10%
Exposure inflation rate	3%	3%
Mortality table	Adjusted SLIC	Adjusted SLIC
	2001-2005	2001-2005
Number of employees covered under retirement benefit plan	13,129	13,538

	2014	2013
	Rupees in '000	
34.1.2 Net defined benefit liability - pension fund		
Present value of defined benefit obligations	43,052,540	37,912,427
Fair value of plan assets	(35,520,891)	(31,011,262)
	<u>7,531,649</u>	<u>6,901,165</u>
	18	



# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 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	
	2014	2013	2014	2013	2014	2013
	-----Rupees in '000-----					
Balance as at January 01,	37,912,427	36,165,246	31,011,262	28,269,780	6,901,165	7,895,466
<b>Included in profit and loss</b>						
Current service cost	1,017,280	976,854	-	-	1,017,280	976,854
Interest cost / income	4,783,961	4,231,402	3,949,988	3,338,620	833,973	892,782
	5,801,241	5,208,256	3,949,988	3,338,620	1,851,253	1,869,636
<b>Included in other comprehensive income</b>						
Remeasurement loss / (gain)						
- Actuarial loss / (gain) arising on						
financial assumptions	2,534,925	(2,867,885)	892,151	-	1,642,774	(2,867,885)
demographic assumptions	-	1,942,141	-	-	-	1,942,141
experience adjustments	(970,601)	(728,209)	920,962	-	(1,891,563)	(728,209)
- Return on plan assets excluding interest income	-	-	-	298,749	-	(298,749)
	1,564,324	(1,653,953)	1,813,113	298,749	(248,789)	(1,952,702)
<b>Others</b>						
Benefits paid	(2,225,452)	(1,807,122)	(2,225,452)	(1,807,122)	-	-
Contributions paid by the employer	-	-	971,980	911,235	(971,980)	(911,235)
	(2,225,452)	(1,807,122)	(1,253,472)	(895,887)	(971,980)	(911,235)
Balance as at December 31,	<b>43,052,540</b>	<b>37,912,427</b>	<b>35,520,891</b>	<b>31,011,262</b>	<b>7,531,649</b>	<b>6,901,165</b>

## 34.1.2.2 Plan assets

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

Pakistan Investment Bonds	6,695,464	4,138,029
Term Finance Certificates	791,781	996,847
Mutual Funds / Shares	10,346,505	7,970,064
Term Deposit Receipts	7,652,333	11,768,525
Defence Saving Certificates	9,760,187	5,863,177
Cash at Bank	274,621	274,620
	<b>35,520,891</b>	<b>31,011,262</b>
	<b>2014</b>	<b>2013</b>
	Rupees in '000	

## 34.1.3 Net defined benefit liability - post retirement medical scheme

Present value of defined benefit obligations	10,220,524	8,601,209
Fair value of plan assets	-	-
	<b>10,220,524</b>	<b>8,601,209</b>

### 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.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2014	2013	2014	2013	2014	2013
	-----Rupees in '000-----					
Balance as at January 01,	8,601,209	8,245,781	-	-	8,601,209	8,245,781
<b>Included in profit and loss</b>						
Current service cost	163,372	158,528	-	-	163,372	158,528
Interest cost / (income)	1,090,443	972,798	-	-	1,090,443	972,798
	1,253,815	1,131,326	-	-	1,253,815	1,131,326
<b>Included in other comprehensive income</b>						
- Actuarial loss / (gain) arising on						
financial assumptions	553,979	(533,390)	-	-	553,979	(533,390)
demographic assumptions	-	174,061	-	-	-	174,061
experience adjustments	237,894	(138,310)	-	-	237,894	(138,310)
	791,873	(497,639)	-	-	791,873	(497,639)
<b>Others</b>						
Benefits paid	(426,373)	(278,259)	-	-	(426,373)	(278,259)
Balance as at December 31,	<b>10,220,524</b>	<b>8,601,209</b>	<b>-</b>	<b>-</b>	<b>10,220,524</b>	<b>8,601,209</b>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

	Note	2014 Rupees in '000	2013
<b>34.1.4 Net defined benefit liability - Benevolent Scheme</b>			
Present value of defined benefit obligations		1,624,009	1,415,128
Fair value of plan assets		-	-
	18	<u>1,624,009</u>	<u>1,415,128</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	
	2014	2013	2014	2013	2014	2013
	-----Rupees in '000-----					
Balance as at January 01,	1,415,128	1,633,055	-	-	1,415,128	1,633,055
<b>Included in profit and loss</b>						
Current service cost	38,563	39,190	-	-	38,563	39,190
Interest cost / (income)	177,227	195,256	-	-	177,227	195,256
	215,790	234,446	-	-	215,790	234,446
<b>Included in other comprehensive income</b>						
- Actuarial loss / (gain) arising on						
financial assumptions	150,889	(104,089)	-	-	150,889	(104,089)
demographic assumptions	-	17,611	-	-	-	17,611
experience adjustments	(54,112)	(354,054)	-	-	(54,112)	(354,054)
	96,777	(440,532)	-	-	96,777	(440,532)
<b>Others</b>						
Benefits paid	(103,686)	(11,841)	-	-	(103,686)	(11,841)
Balance as at December 31,	<u>1,624,009</u>	<u>1,415,128</u>	<u>-</u>	<u>-</u>	<u>1,624,009</u>	<u>1,415,128</u>

	Note	2014 Rupees in '000	2013
<b>34.1.5 Net defined benefit liability - Gratuity Fund</b>			
Present value of defined benefit obligations		892,157	686,809
Fair value of plan assets		-	-
	18	<u>892,157</u>	<u>686,809</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	
	2014	2013	2014	2013	2014	2013
	-----Rupees in '000-----					
Balance as at January 01,	686,809	492,063	-	-	686,809	492,063
<b>Included in profit and loss</b>						
Current service cost	117,487	86,096	-	-	117,487	86,096
Interest cost / (income)	87,336	56,741	-	-	87,336	56,741
	204,823	142,837	-	-	204,823	142,837
<b>Included in other comprehensive income</b>						
- Actuarial loss / (gain) arising on						
financial assumptions	7,303	(11,838)	-	-	7,303	(11,838)
demographic assumptions	1,096	68	-	-	1,096	68
experience adjustments	22,114	102,118	-	-	22,114	102,118
	30,513	90,348	-	-	30,513	90,348
<b>Others</b>						
Benefits paid	(29,988)	(38,439)	-	-	(29,988)	(38,439)
Balance as at December 31,	<u>892,157</u>	<u>686,809</u>	<u>-</u>	<u>-</u>	<u>892,157</u>	<u>686,809</u>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 34.1.6 Duration

As at December 31, 2014, the weighted average duration of the defined benefit obligations was as follows:

	Years
Pension Fund	13
Post retirement medical fund	13
Benevolent fund	13
Gratuity fund	13

## 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%
Discount rate (%)	12.25%	11.25%	10.25%
----- Rupees in '000 -----			
Pension Fund	38,182,183	43,052,542	48,710,682
Post Retirement Medical Scheme	8,975,098	10,220,524	11,776,665
Benevolent Scheme	1,528,021	1,624,009	1,738,387
Gratuity Scheme	798,051	892,157	1,005,600
----- Rupees in '000 -----			
Effect of salary increase rate on present value of defined benefit obligation	Increase by 1%	Original Liability	Decrease by 1%
Salary increase rate (%)	12.25%	11.25%	10.25%
----- Rupees in '000 -----			
Pension Fund	45,560,870	43,052,542	40,821,160
Post Retirement Medical Scheme	10,451,944	10,220,524	10,014,538
Benevolent Scheme	1,633,775	1,624,009	1,613,261
Gratuity Scheme	1,008,543	892,157	794,137
----- Rupees in '000 -----			
Effect of medical inflation rate on present value of defined benefit obligation	Increase by 1%	Original Liability	Decrease by 1%
Medical inflation rate (%)	9.25%	8.25%	7.25%
----- Rupees in '000 -----			
Post Retirement Medical Scheme	11,007,612	10,220,524	9,591,209

## 34.1.8 Expected contributions for 2015

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

	Rupees in '000
Pension Fund	1,119,351
Post Retirement Medical Scheme	1,333,389
Benevolent Scheme	205,108
Gratuity Scheme	229,446

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

	Note	2014 Rupees in '000	2013
<b>34.2 Other employee benefits</b>			
<b>34.2.1 Reconciliation of net liability recognized for compensated absences</b>			
Opening net liability		4,341,871	3,795,006
Charge for the year		1,299,818	866,771
Benefits paid during the year		(277,166)	(319,906)
Closing net liability	18	<u>5,364,523</u>	<u>4,341,871</u>

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

	2014	2013	2012	2011	2010
	----- Rupees in '000 -----				
Opening net liability	4,341,871	3,795,006	3,148,005	2,572,878	2,397,308
Net charge for the year	1,022,652	546,865	647,001	575,127	175,570
Closing net liability	<u>5,364,523</u>	<u>4,341,871</u>	<u>3,795,006</u>	<u>3,148,005</u>	<u>2,572,878</u>

### 34.2.1.2 Experience adjustment on obligation

	2014 Rupees in '000	2013
Present value of defined benefit obligations	5,364,523	4,314,871
Fair value of plan assets	-	-
Deficit	<u>5,364,523</u>	<u>4,314,871</u>

### 34.2.1.3 Working of sensitivity analysis (Discount rate effect)

	1% Increase	Original Liability	1% Decrease
Discount rate	<u>12.25%</u>	<u>11.25%</u>	<u>10.25%</u>
	----- Rupees in '000 -----		
Present value of defined benefit obligations	<u>5,013,442</u>	<u>5,364,523</u>	<u>5,762,023</u>

### 34.2.1.4 Working of sensitivity analysis (Salary increase rate effect)

	1% Increase	Original Liability	1% Decrease
Salary increase rate	<u>12.25%</u>	<u>11.25%</u>	<u>10.25%</u>
	----- Rupees in '000 -----		
Present value of defined benefit obligations	<u>5,758,254</u>	<u>5,364,523</u>	<u>5,010,447</u>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 35. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President		Directors		Executives	
	2014	2013	2014	2013	2014	2013
	----- Rupees in '000 -----					
Fees	-	-	18,265	27,170	-	-
Managerial remuneration	38,984	26,950	-	-	2,361,435	2,223,733
Charge for defined benefit plan	3,841	3,030	-	-	260,366	243,411
Rent and house maintenance	-	7,608	-	-	1,035,064	933,242
Utilities	1,742	653	-	-	339,073	291,437
Medical	106	436	-	-	411,299	368,172
Conveyance	-	750	-	-	669,419	675,482
Leave fare assistance	-	-	-	-	-	-
Bonus and others	2,464	5,983	-	-	546,623	437,952
	<u>47,137</u>	<u>45,410</u>	<u>18,265</u>	<u>27,170</u>	<u>5,623,279</u>	<u>5,173,429</u>
	----- Number -----					
Number of persons	<u>*1</u>	<u>1</u>	<u>7</u>	<u>8</u>	<u>1,792</u>	<u>1,887</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.

\* Remuneration to President includes amount paid and accrued as per package approved in EOGM held on February 06, 2015. Mr. Asif Hassan was relieved as acting President w.e.f. January 20, 2014 and his salary for the broken period is being disclosed under executives.

## 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

For the year ended December 31, 2014

## 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						
<b>2014</b>							
Total income	532,673	377,304	9,262,996	57,105,280	2,233,708	6,126,863	75,638,824
Inter segment revenue	-	(75,697)	17,103,845	(17,028,148)	-	-	-
Total expenses	25,047	-	20,837,772	25,201,459	1,818,262	5,755,541	53,638,081
Net income	507,626	301,607	5,529,069	14,875,673	415,446	371,322	22,000,743
Segment assets	-	9,765,931	253,263,932	1,260,443,766	-	19,580,689	1,543,054,318
Segment non-performing loans	-	-	10,391,431	110,449,938	-	-	120,841,369
Segment provision required	-	-	6,760,319	94,599,656	-	-	101,359,975
Segment liabilities	-	-	419,827,701	912,844,250	-	32,053,465	1,364,725,416
Segment return on net assets (ROA) (%)	0.00%	10.42%	2.43%	1.29%	0.00%	2.92%	1.58%
Segment cost of funds (%)	0.00%	0.00%	5.07%	6.14%	0.00%	0.00%	5.80%
<b>2013</b>							
Total income	637,566	404,074	11,263,359	43,434,028	2,025,860	6,026,691	63,791,578
Inter segment revenue	-	(77,383)	14,018,922	(13,941,539)	-	-	-
Total expenses	21,281	57,334	19,120,076	31,767,029	1,575,604	4,171,887	56,713,211
Net income	616,285	269,357	6,162,205	(2,274,540)	450,256	1,854,804	7,078,367
Segment assets	-	2,009,459	236,964,753	1,105,615,596	-	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	-	-	308,700,218	888,351,134	-	11,003,200	1,208,054,552
Segment return on net assets (ROA) (%)	0.00%	8.55%	2.83%	-0.22%	0.00%	14.72%	0.56%
Segment cost of funds (%)	0.00%	0.00%	4.74%	6.34%	0.00%	0.00%	5.88%

### 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.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## **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 paying agents.

## **38. TRUST ACTIVITIES**

### **38.1 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. 57,088 million on December 31, 2014 (2013: Rs. 58,581 million).

### **38.2 Endowment Fund**

Students Loan Scheme was launched by the GoP in collaboration with major commercial banks 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 SMEFD (Infra Housing & SME Finance Department) 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. 548 million as at December 31, 2014 (2013: Rs. 598 million).

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 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 normal course of business, except employees staff loans, employees sale of assets, provident fund and loan given to NBP Exchange Company Limited, that are as per agreement.

Details 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 10.8. 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 annexure to the financial statements.

39.1 Balances	2014				2013			
	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 -----								
<b>Advances</b>								
Subsidiaries	819,035	-	(215,479)	603,556	925,230	188,796	(294,991)	819,035
Associates	5,433,806	-	(23,194)	5,410,612	4,122,053	1,311,753	-	5,433,806
Key management executives	144,607	115,044	(21,260)	238,391	67,184	32,972	(22,708)	77,448
*Adjustment	(51,724)			(51,724)	67,159			67,159
	92,883	115,044	(21,260)	186,667	134,343	32,972	(22,708)	144,607
	<b>6,345,724</b>	<b>115,044</b>	<b>(259,933)</b>	<b>6,200,835</b>	<b>5,181,626</b>	<b>1,533,521</b>	<b>(317,699)</b>	<b>6,397,448</b>

	2014				2013			
	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 -----								
<b>Deposits</b>								
Key management executives	13,402	303,914	(296,813)	20,503	15,416	292,747	(297,630)	10,533
*Adjustment	(1,194)			(1,194)	2,869			2,869
	12,208	303,914	(296,813)	19,309	18,285	292,747	(297,630)	13,402
Subsidiaries	298,668	170,258	(57,329)	411,597	546,928	3,339	(251,599)	298,668
Associates	12,038,914	-	(12,012,876)	26,038	15,025,349	-	(2,986,435)	12,038,914
Pension Fund (Current)	4,393	24,573,301	(24,573,446)	4,248	4,676	62,759,037	(62,759,320)	4,393
Pension Fund (Fixed Deposit)	11,500,000	7,300,000	(11,500,000)	7,300,000	13,600,000	25,157,100	(27,257,100)	11,500,000
Pension Fund (N.I.D.A A/c)	270,228	12,614,720	(11,828,273)	1,056,675	49,300	18,966,084	(18,745,156)	270,228
Provident Fund	12,886,715	2,749,149	(2,512,061)	13,123,803	12,448,399	2,695,075	(2,256,759)	12,886,715
	<b>37,011,126</b>	<b>47,711,342</b>	<b>(62,780,798)</b>	<b>21,941,670</b>	<b>41,692,937</b>	<b>109,873,382</b>	<b>(114,553,999)</b>	<b>37,012,320</b>

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



# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

	2014	2013
	Rupees in '000	
<b>Placements with:</b>		
Joint venture	156,864	37,621
<b>Repo borrowing from:</b>		
Joint venture	73,695	171,554
<b>Other receivables from subsidiaries</b>	77,044	104,242
<b>Other payables to subsidiaries</b>	316	4,227
<b>Off Balance Sheet items</b>	825,636	228,721
<b>39.2 Transactions during the year</b>		
<b>Investments in associates</b>	8,251,157	9,890,010
<b>Redemption / sale of investment in associates</b>	10,270,777	25,320,851
<b>Income for the year</b>		
On advances / placements with:		
Subsidiaries	35,763	57,239
Joint ventures	313	3,707
Key management executives	3,105	4,043
Companies in which directors of the Bank are interested as director	1,440,591	1,368,000
<b>Mark-up on lending (Reverse Repo):</b>		
Subsidiaries	-	8,692
<b>Dividend from associates</b>	-	356,825
<b>Dividend from subsidiary</b>	107,888	-
<b>Expenses for the year</b>		
Remuneration to key management executives	258,950	233,509
Charge for defined benefit plan	41,341	30,949
<b>Mark-up on deposits of:</b>		
Subsidiaries	24,455	52,417
Associates	5	197,905
Provident fund	2,296,127	2,132,706
Pension fund	788,375	425,952
Deposits of other related parties	-	121,839
Key management executives	-	912
Commission paid to subsidiaries	19,682	4,377
<b>Mark-up on Borrowing (Repo / Call):</b>		
Joint venture	527	181

### 39.3 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 earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 5,793 million for the year ended December 31, 2014. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 256,689 million, Rs. 406,272 million and Rs. 146,483 million respectively.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 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% was introduced in response to the 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 pertain 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 includes 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, 2014 stood at Rs. 21.275 billion (2013 : Rs. 21.275 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 17.39% (2013: 15.24%).

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, 2014

## 40.2 Capital Adequacy Ratio (CAR):

	2014	2013
	Rupees in '000	
<b>Rows # Common Equity Tier 1 capital (CET1): Instruments and reserves</b>		
1 Fully Paid-up Capital/ Capital deposited with SBP	21,275,131	21,275,131
2 Balance in Share Premium Account	-	-
3 Reserve for issue of Bonus Shares	-	-
4 Discount on Issue of shares	-	-
5 General/ Statutory Reserves	23,510,741	22,007,918
6 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7 Unappropriated/unremitted profits/ (losses)	57,006,813	48,045,930
8 Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
9 <b>CET 1 before Regulatory Adjustments</b>	101,792,685	91,328,979
10 Total regulatory adjustments applied to CET (Note 40.2.1)	10,034,194	4,217,455
11 <b>Common Equity Tier 1</b>	91,758,491	87,111,524
<b>Additional Tier 1 (AT 1) Capital</b>		
12 Qualifying Additional Tier-1 capital instruments plus any related share premium	-	-
13 of which: Classified as equity	-	-
14 of which: Classified as liabilities	-	-
15 Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	-	-
16 of which: instrument issued by subsidiaries subject to phase out	-	-
17 <b>AT1 before regulatory adjustments</b>	-	-
18 Total regulatory adjustment applied to AT1 capital (Note 40.2.2)	-	-
19 Additional Tier 1 capital after regulatory adjustments	-	-
20 <b>Additional Tier 1 capital recognized for capital adequacy</b>	-	-
21 <b>Tier 1 Capital (CET1 + admissible AT1) (11+20)</b>	91,758,491	87,111,524
<b>Tier 2 Capital</b>		
22 Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
23 Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel 3 rules	-	-
24 Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-	-
25 of which: instruments issued by subsidiaries subject to phase out	-	-
26 General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	3,201,464	2,858,446
27 Revaluation Reserves (net of taxes)		
28 of which: Revaluation reserves on fixed assets	9,848,887	10,388,619
29 of which: Unrealized gains/losses on AFS	25,767,309	18,478,440
30 Foreign Exchange Translation Reserves	8,562,865	9,530,777
31 Undisclosed/Other Reserves (if any)	-	-
32 <b>T2 before regulatory adjustments</b>	47,380,525	41,256,282
33 Total regulatory adjustment applied to T2 capital (Note 40.2.3)	3,398,563	2,854,264
34 Tier 2 capital (T2) after regulatory adjustments	43,981,962	38,402,018
35 Tier 2 capital recognized for capital adequacy	43,981,962	38,402,018
36 Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37 <b>Total Tier 2 capital admissible for capital adequacy</b>	43,981,962	38,402,018
38 <b>TOTAL CAPITAL (T1 + admissible T2) (21+37)</b>	135,740,453	125,513,542
39 <b>Total Risk Weighted Assets (RWA) {for details refer Note 40.5}</b>	780,719,059	823,424,110
<b>Capital Ratios and buffers (in percentage of risk weighted assets)</b>		
40 <b>CET1 to total RWA</b>	11.75%	10.58%
41 <b>Tier-1 capital to total RWA</b>	11.75%	10.58%
42 <b>Total capital to total RWA</b>	17.39%	15.24%
43 Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	5.50%	5.00%
44 of which: capital conservation buffer requirement		
45 of which: countercyclical buffer requirement		
46 of which: D-SIB or G-SIB buffer requirement		
47 CET1 available to meet buffers (as a percentage of risk weighted assets)	6.25%	5.58%
<b>National minimum capital requirements prescribed by SBP</b>		
48 <b>CET1 minimum ratio</b>	5.50%	5.00%
49 <b>Tier 1 minimum ratio</b>	7.00%	6.50%
50 <b>Total capital minimum ratio</b>	10.00%	10.00%

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

	2014	2013	
	Amount	Rupees in '000	
Regulatory Adjustments and Additional Information		Amounts subject to Pre-Basel III treatment*	Amount
<b>40.2.1 Common Equity Tier 1 capital: Regulatory adjustments</b>			
1 Goodwill (net of related deferred tax liability)	-	-	-
2 All other intangibles (net of any associated deferred tax liability)	910,463	-	1,363,187
3 Shortfall in provisions against classified assets	1,527,000	-	-
4 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-
5 Defined-benefit pension fund net assets	-	-	-
6 Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	2,343,678	-	4
7 Cash flow hedge reserve	-	-	-
8 Investment in own shares/ CET1 instruments	-	-	-
9 Securitization gain on sale	-	-	-
10 Capital shortfall of regulated subsidiaries	-	-	-
11 Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	-	-
12 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)	845,691	3,382,672	-
13 Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-
14 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	187,811	751,245	-
15 Amount exceeding 15% threshold	-	-	-
16 of which: significant investments in the common stocks of financial entities	399,241	1,596,966	-
17 of which: deferred tax assets arising from temporary differences	421,747	3,283,952	-
18 National specific regulatory adjustments applied to CET1 capital	-	-	-
19 Investments in TFCs of other banks exceeding the prescribed limit	-	-	-
20 Any other deduction specified by SBP (mention details)	-	-	-
21 Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	3,398,563	-	2,854,264
22 Total regulatory adjustments applied to CET1 (sum of 1 to 21)	10,034,194	-	4,217,455
<b>40.2.2 Additional Tier-1 &amp; Tier-1 Capital: regulatory adjustments</b>			
23 Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	-	-
24 Investment in own AT1 capital instruments	-	-	-
25 Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-	-	-
26 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)	-	-	-
27 Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
28 Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-	-
29 Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-
30 Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	-	-	-
<b>40.2.3 Tier 2 Capital: regulatory adjustments</b>			
31 Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	3,398,563	-	2,854,264
32 Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-	-	-
33 Investment in own Tier 2 capital instrument	-	-	-
34 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)	-	-	-
35 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
36 Total regulatory adjustment applied to T2 capital (sum of 31 to 35)	3,398,563	-	2,854,264
		<b>2014</b>	<b>2013</b>
		<b>Rupees in '000</b>	
<b>40.2.4 Risk Weighted Assets subject to pre-Basel III treatment</b>			
37 Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)			
(i) of which: deferred tax assets	2,438,232	-	-
(ii) of which: Defined-benefit pension fund net assets	-	-	-
(iii) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	3,382,762	-	-
(iv) 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	1,596,966	-	-
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
38 Non-significant investments in the capital of other financial entities	3,382,762	3,051,354	-
39 Significant investments in the common stock of financial entities	1,596,966	2,584,825	-
40 Deferred tax assets arising from temporary differences (net of related tax liability)	2,438,232	2,243,856	-
<b>Applicable caps on the inclusion of provisions in Tier 2</b>			
41 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	-	-	-
42 Cap on inclusion of provisions in Tier 2 under standardized approach	-	-	-
43 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	-
44 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, 2014

## 40.3 Capital Structure Reconciliation

(in thousand PKR)		Balance sheet of the published financial statements As at period end (2)	Under regulatory scope of consolidation As at period end (3)	
<b>Assets</b>	<b>(1)</b>			
Cash and balances with treasury banks		97,971,501		
Balanced with other banks		12,108,025		
Lending to financial institutions		111,788,608		
Investments		561,764,137		
Advances		626,704,083		
Operating fixed assets		31,795,539		
Deferred tax assets		9,877,509		
Other assets		91,044,915		
<b>Total assets</b>		<b>1,543,054,317</b>		
<b>Liabilities &amp; Equity</b>				
Bills payable		11,011,827		
Borrowings		37,541,497		
Deposits and other accounts		1,233,525,490		
Sub-ordinated loans				
Liabilities against assets subject to finance lease		12,738		
Deferred tax liabilities		-		
Other liabilities		82,633,864		
<b>Total liabilities</b>		<b>1,364,725,416</b>		
Share capital/ Head office capital account		21,275,131		
Reserves		32,073,606		
Unappropriated/ Unremitted profit/ (losses)		57,006,813		
Minority Interest				
Surplus on revaluation of assets		67,973,351		
<b>Total liabilities &amp; equity</b>		<b>1,543,054,317</b>		
		<b>Balance sheet as in published financial statements As at period end (2)</b>	<b>Under regulatory scope of consolidation As at period end (3)</b>	<b>Reference of consolidation (4)</b>
<b>Assets</b>	<b>(1)</b>			
Cash and balances with treasury banks		97,971,501		
Balanced with other banks		12,108,025		
Lending to financial institutions		111,788,608		
Investments		561,764,137		
<i>of which: Non-significant investments in the capital instruments of banking, financial and insurance entities exceeding 10% threshold</i>				a
<i>of which: significant investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold</i>				b
<i>of which: Mutual Funds exceeding regulatory threshold</i>				c
<i>of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)</i>		2,343,678		d
<i>of which: shortfall in provision against classified TFCs</i>		892,000		e
Advances		626,704,083		
<i>shortfall in provisions/ excess of total EL amount over eligible provisions under IRB general provisions reflected in Tier 2 capital</i>		635,000		f
Fixed Assets		3,201,464		g
Fixed Assets		31,795,539		
Deferred Tax Assets		9,877,509		
<i>of which: DTAs that rely on future profitability excluding those arising from temporary differences</i>				
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>		9,877,509		h
Other assets		91,044,915		i
<i>of which: Goodwill</i>		-		j
<i>of which: Intangibles</i>		-		k
<i>of which: Defined-benefit pension fund net assets</i>		-		l
<b>Total assets</b>		<b>1,543,054,317</b>		

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## Liabilities & Equity

Bills payable	11,011,827
Borrowings	37,541,497
Deposits and other accounts	1,233,525,490
Sub-ordinated loans	-
<i>of which: eligible for inclusion in AT1</i>	
<i>of which: eligible for inclusion in Tier 2</i>	
Liabilities against assets subject to finance lease	12,738
Deferred tax liabilities	-
<i>of which: DTLs related to goodwill</i>	
<i>of which: DTLs related to intangible assets</i>	
<i>of which: DTLs related to defined pension fund net assets</i>	
<i>of which: other deferred tax liabilities</i>	
Other liabilities	82,633,864
<b>Total liabilities</b>	<b>1,364,725,416</b>

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## Assets

Share capital	21,275,131
<i>of which: amount eligible for CET1</i>	21,275,131
<i>of which: amount eligible for AT1</i>	-
Reserves	32,073,606
<i>of which: portion eligible for inclusion in CET1 (provide breakup)</i>	23,510,741
<i>of which: portion eligible for inclusion in Tier 2</i>	8,562,865
Unappropriated profit/ (losses)	57,006,813
Minority Interest	-
<i>of which: portion eligible for inclusion in CET1</i>	-
<i>of which: portion eligible for inclusion in AT1</i>	-
<i>of which: portion eligible for inclusion in Tier 2</i>	-
Surplus on revaluation of assets	67,973,351
<i>of which: Revaluation reserves on Fixed Assets</i>	9,848,887
<i>of which: Unrealized Gains/Losses on AFS</i>	25,767,309
<i>In case of Deficit on revaluation (deduction from CET1)</i>	-
<b>Total liabilities &amp; Equity</b>	<b>1,543,054,317</b>

Balance sheet as in published financial statements As at period end (2)

Under regulatory scope of consolidation As at period end (3)

Reference (4)

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## Basel III Disclosure Template (with added column)

	Component of regulatory capital reported by bank	Source based on reference number from step 2
<b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>		
1 Fully Paid-up Capital/ Capital deposited with SBP	21,275,131	
2 Balance in Share Premium Account		(s)
3 Reserve for issue of Bonus Shares		
4 General/ Statutory Reserves	23,510,741	(u)
5 Gain/(Losses) on derivatives held as Cash Flow Hedge		
6 Unappropriated/unremitted profits/ (losses)	57,006,813	(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)
<b>8 CET 1 before Regulatory Adjustments</b>	<b>101,792,685</b>	
<b>Common Equity Tier 1 capital: Regulatory adjustments</b>		
9 Goodwill (net of related deferred tax liability)	910,463	(j) - (o)
10 All other intangibles (net of any associated deferred tax liability)		(k) - (p)
11 Shortfall of provisions against classified assets	1,527,000	(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	2,343,678	(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 fixed assets/ 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)	845,691	(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)	187,811	(i)
23 Amount exceeding 15% threshold		
24 of which: significant investments in the common stocks of financial entities	399,241	
25 of which: deferred tax assets arising from temporary differences	421,747	
26 National specific regulatory adjustments applied to CET1 capital		
27 of which: Investment in TFCs of other banks exceeding the prescribed limit		
28 of which: Any other deduction specified by SBP (mention details)		
29 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	3,398,563	
30 Total regulatory adjustments applied to CET1 (sum of 9 to 29)	10,034,194	
<b>31 Common Equity Tier 1</b>	<b>91,758,491</b>	

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## Basel III Disclosure Template (with added column)

	Component of regulatory capital reported by bank	Source based on reference number from step 2
<b>Additional Tier 1 (AT 1) Capital</b>		
32 Qualifying Additional Tier-1 instruments plus any related share premium	-	
33 of which: Classified as equity		(t)
34 of which: Classified as liabilities		(m)
35 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount		(y)
36 of which: instrument issued by subsidiaries subject to phase out		
37 <b>AT1 before regulatory adjustments</b>		
<b>Additional Tier 1 Capital: regulatory adjustments</b>		
38 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
39 Investment in own AT1 capital instruments	-	
40 Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
41 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)
42 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
43 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	-	
44 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
45 Total of Regulatory Adjustment applied to AT1 capital (sum of 38 to 44)	-	
46 Additional Tier 1 capital	-	
47 <b>Additional Tier 1 capital recognized for capital adequacy</b>	-	
48 <b>Tier 1 Capital (CET1 + admissible AT1) (31+47)</b>	91,758,491	
<b>Tier 2 Capital</b>		
49 Qualifying Tier 2 capital instruments under Basel III plus any related share premium	3,201,464 - 9,848,887 25,767,309 8,562,865	
50 Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)		(n)
51 Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)		(z)
52 of which: instruments issued by subsidiaries subject to phase out		
53 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets		(g)
54 Revaluation Reserves		
55 of which: Revaluation reserves on fixed assets		
56 of which: Unrealized Gains/Losses on AFS		portion of (aa)
57 Foreign Exchange Translation Reserves		(v)
58 Undisclosed/Other Reserves (if any)		
59 <b>T2 before regulatory adjustments</b>	47,380,525	
<b>Tier 2 Capital: regulatory adjustments</b>		
60 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	3,398,563	
61 Reciprocal cross holdings in Tier 2 instruments		
62 Investment in own Tier 2 capital instrument		
63 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)
64 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation		(af)
65 Amount of Regulatory Adjustment applied to T2 capital (sum of 60 to 64)	3,398,563	
66 Tier 2 capital (T2)	43,981,962	
67 Tier 2 capital recognized for capital adequacy	43,981,962	
68 Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
69 Total Tier 2 capital admissible for capital adequacy	43,981,962	
70 <b>TOTAL CAPITAL (T1 + admissible T2) (48+69)</b>	<b>135,740,453</b>	

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 40.4 Main Features Template of Regulatory Capital Instruments

### Disclosure template for main features of regulatory capital instruments

Sr. No.	Main Features	Common Shares
1	Issuer	National Bank Of Pakistan
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	NBP
3	Governing law(s) of the instrument	National Bank of Pakistan Ordinance 1949, Banks Nationalization Act 1974, Companies Ordinance 1984, and others applicable
<b>Regulatory treatment</b>		
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, as of reporting date)	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	Not Applicable
15	Optional call date, contingent call dates and redemption amount	Not Applicable
16	Subsequent call dates, if applicable	Not Applicable
<b>Coupons / dividends</b>		
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
<b>Convertible or non-convertible</b>		
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
<b>Write-down feature</b>		
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)	Ranks after all creditors and depositors
36	Non-compliant transitioned features	No
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	2014	
	JCR - VIS	PACRA
PSEs	✓	✓
Corporate	✓	✓
Banks	✓	✓
Sovereigns	×	×
SME's	×	×
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	
	2014	2013	2014	2013
----- Rupees in '000 -----				
<b>Credit Risk</b>				
<b>On-Balance sheet</b>				
Portfolios subject to standardized approach (Simple or Comprehensive)				
Sovereign	5,604,801	5,163,086	56,048,009	51,630,861
Public sector entities	850,340	1,864,280	8,503,401	18,642,799
Banks	1,035,607	708,359	10,356,071	7,083,588
Corporate	14,560,722	17,898,393	145,607,217	178,983,932
Retail	12,060,695	10,900,755	120,606,952	109,007,547
Residential Mortgages	757,373	727,767	7,573,733	7,277,671
Past due loans	2,867,232	3,553,438	28,672,319	35,534,381
Operating fixed assets	3,088,508	3,133,893	30,885,076	31,338,934
Other assets	3,406,967	4,070,250	34,069,668	40,702,502
	44,232,245	48,020,221	442,322,446	480,202,215
<b>Off-Balance sheet</b>				
Non-market related	6,441,153	5,889,247	64,411,529	58,892,474
Market related	78,615	65,791	786,151	657,912
	6,519,768	5,955,038	65,197,680	59,550,386
<b>Equity Exposure Risk in the Banking Book</b>				
Under simple risk weight method	8,594,309	9,776,379	85,943,087	97,763,787
	59,346,322	63,751,638	593,463,213	637,516,388
<b>Market Risk</b>				
Capital Requirement for portfolios subject to Standardized Approach				
Interest rate risk	2,496,453	2,437,844	24,964,531	24,378,436
Equity position risk	598,725	1,448,009	5,987,253	14,480,094
Foreign exchange risk	3,661,592	2,928,812	36,615,924	29,288,118
	6,756,770	6,814,665	67,567,708	68,146,648
<b>Operational Risk</b>				
	11,968,814	11,776,107	119,688,139	117,761,074
TOTAL	<b>78,071,906</b>	<b>82,342,410</b>	<b>780,719,060</b>	<b>823,424,110</b>

Capital Adequacy Ratios		2014		2013	
		Required	Actual	Required	Actual
	CET1 to total RWA	5.50%	11.75%	5.00%	10.58%
	Tier-1 capital to total RWA	7.00%	11.75%	6.50%	10.58%
	Total capital to total RWA	10.00%	17.39%	10.00%	15.24%

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 41. RISK MANAGEMENT

The global financial crisis has demonstrated the importance of pre-emptive, independent and integrated risk management function. 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 environment.

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 needs of the local macro-economic and banking landscape, the bank intends to implement an overall risk management structure that is constantly evolving to strengthen the risk environment and inculcate a culture of prudent risk management across complete range of its activities. It is a key aim of the bank to develop an integrated risk management culture where each individual is well aware and accounts for the risks involved in respective activities being performed.

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. NBP also follows SBP instructions relating to various studies on advance risk management such as Basel III impact study, SBP stress testing guidelines and ICAAP up-gradation.

It is important to mention that the Bank has also recently undertaken 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

The Risk Management Group has in place an approved risk management structure for managing credit risk, market risk, liquidity risk and operational risk as outlined by its Board approved "Risk Management Charter". 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. Now Credit Administration Department also reports to Risk Management Group.

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.

Approval of updated Risk Management Policy has led to 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

The Credit Risk Architecture Wing in RMG was formed as per the Risk Management Charter with a view to further improve credit risk environment in Bank and 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, credit portfolio review MIS etc. This Wing is also responsible for building the process for development of credit risk models for compliance with the Basel framework and best practices in Risk Management.

During the year the Wing has also taken several initiatives and played a pivotal role in formulation of various policies, frameworks and models to improve the risk culture and risk discipline in the Bank viz: Credit Risk Tolerance and Concentration Policy, Capital Charge calculation Model, framework for effective Risk Management of Overseas Branches etc.

#### 41.1.2 Basel II / Risk Automation

This Wing is responsible for managing and facilitating 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.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

A comprehensive diagnostic exercise was conducted on a bank-wide basis and the relevant areas for improvement were 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.

Based on the areas identified during the diagnostic exercise, detailed remediation plans have been developed proposing various structured initiatives that the Bank needs to undertake. These remediation plans contain the initiatives, action steps and related guidelines for enhancement in policies and procedures. The Bank has achieved about 75% of Basel II project implementation.

#### 41.1.3 Consumer Risk Management

The Wing is mandated with development of an overall consumer risk policy framework within Risk Management Policy and oversight of its implementation. The primary responsibilities include formulation/ proposition of product program based policies, scoring models, credit assessment methodologies, credit portfolio management and monitoring with respect to consumer/ programme based SME lending.

#### 41.1.4 E-CIB and Data Management

E-CIB & Data Management Wing manages monthly/ quarterly collection & consolidation of borrower's information for eCIB reporting and various risk related analysis /MIS and reviews 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 review and generate reports 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. A web-based application is also under development to replace existing templates.

#### 41.1.5 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.

##### 41.1.5.1 Implementation of Operational Risk Management tools - Risk & Control Self Assessment (RCSA) and Key Risk Indicators (KRIs)

For identification and assessment of operational risk across the Bank, the 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.

##### 41.1.5.2 Mapping of Bank's activities into Basel Defined Business Lines

One of the qualifying criteria of the SBP, for allowing the banks to move towards next level approaches (The standardised Approach (TSA)/ Alternative Standardised Approach (ASA)) in order to get benefit of the capital, is mapping of Bank's activities into Basel defined business lines. RMG is working on segregating these activities into Basel defined business lines. These business lines include Corporate Finance, Trading and Sales, Retail Banking, Commercial Banking, Payment and Settlement, Agency Services, Asset Management, Retail Brokerage etc.

# Notes to the Unconsolidated Financial Statements

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## 41.1.5.3 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.

## 41.1.5.4 Training to field functionaries on Operational Risk Management & its tools

Training is also imparted to the field functionaries on operational risk management and its various tools.

## 41.1.6 Market & Liquidity Risk 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 Support Groups / Divisions, and in accordance with the regulatory requirements and internal policies. Broadly, it is responsible for formulation / proposition of Market and Liquidity Risk Management Framework, VaR & Back Testing Framework, Treasury & Equity Investment portfolio monitoring, assessment / development of Market and Liquidity Risk limits, coordinating and working with other wings for ICAAP, Stress Testing, Liquidity Risk MIS, provision of necessary support in Market Risk Capital Calculation and other Market and Liquidity Risk functionalities. Further detailed disclosures are given in note 41.3

## 41.1.7 BPR & COSO Implementation Project

“The Business Process Review and COSO Implementation Project commenced from March 17, 2014 to effectively implement BPR & COSO, in order to achieve CBA optimization by streamlining the operating model (including best practice centralization), improving regulatory compliance as well as improving the platform for customer service and product/ service deployment. Furthermore, enhance MIS reporting and decision making and improving TATs resulting from process and organizational efficiencies.

The Project Management Office – BPR & COSO Implementation ensures smooth coordination amongst various stakeholders i.e. Consultants, IT vendors and the BPR & COSO Project Implementation Team. Further, PMO assists the BPR & COSO Steering Committee by providing project updates and escalating all relevant issues for appropriate resolution/ disposition in timely manner. In order to infuse the Project’s awareness amongst field functionaries, PMO conducted various training sessions to prepare Master Trainers at all four staff colleges, circulated 1st Bi-monthly bank-wide Bulletin on BPR & COSO implementation and presented a study paper in NBP Newline Magazine.

In 2014, Phase 1 – Scoping Study & Process Inventory and Phase 2 – Process Objectives of BPR have been achieved. Currently, the Phase III of the project is in progress i.e. As-Is Process Documentation.

## 41.1.8 Credit Administration

Credit Administration Wing (CAD) ensures proper credit discipline in the Bank by adopting sound and prudent bank lending practices.

In line with the best international practices, the Wing is responsible for preparation of finance documents, supervision of registration of charge with relevant authorities, safe keeping of the security documents and shadow credit files, disbursements of finances as per sanction followed by credit maintenance during the currency of loans. It also monitors the performances of vendors including Mucaddam companies, Bank’s Legal Advisors, etc.

# Notes to the Unconsolidated Financial Statements

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## 41.1.9 SEGMENTAL INFORMATION

### 41.1.9.1 Segment by class of business

	2014					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Chemical and pharmaceuticals	4,589,904	0.63	1,230,143	0.10	7,832,740	3.20
Agriculture	56,700,010	7.70	32,337,221	2.62	30,974	0.01
Textile	67,854,542	9.32	4,095,467	0.33	8,383,945	3.43
Cement	9,218,551	1.27	546,941	0.04	241,896	0.10
Sugar	20,699,027	2.84	305,501	0.02	119,670	0.05
Flour	2,822,353	0.39	1,458,897	0.12	-	0.00
Rice processing	16,462,954	2.26	2,223,306	0.18	-	0.00
Shoes and leather garments	1,045,254	0.14	237,549	0.02	152,651	0.06
Automobile and transportation equipment	2,246,514	0.31	1,298,443	0.11	1,017,449	0.42
Financial	4,828,406	0.66	168,212,569	13.64	6,300,907	2.58
Insurance	-	0.00	1,650,801	0.13	3,151	0.00
Transportation	78,866,068	10.83	3,389,593	0.27	12,745,826	5.21
Real estate construction	8,964,631	1.23	12,920,739	1.05	4,236,642	1.73
Electronics and electrical appliances	4,818,980	0.66	2,457,308	0.20	5,060,754	2.07
Production and transmission of energy	128,129,091	17.60	86,431,489	7.01	65,853,909	26.91
Food and tobacco	1,902,003	0.26	413,014	0.03	824,949	0.34
Fertilizer	10,837,894	1.49	3,682,591	0.30	4,166,208	1.70
Metal products	52,502,808	7.21	4,347,830	0.35	5,052,841	2.07
Telecommunication	6,522,497	0.90	62,089,422	5.03	10,742,054	4.39
Hotel and services	5,234,787	0.72	113,103,571	9.17	2,861,717	1.17
Public sector commodity operations	57,601,776	7.91	30,927	0.00	3,828,642	1.57
Individuals	133,910,260	18.39	447,232,129	36.26	6,368,154	2.60
General traders	20,321,679	2.79	38,316,131	3.11	870,178	0.36
Others	31,984,070	4.39	245,513,908	19.91	97,931,433	40.03
	728,064,058	100.00	1,233,525,490	100.00	244,626,690	100.00

	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	59,626,618	7.99	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	1.18	137,234,674	12.46	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	1.30	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	26.04
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	4.74	1,533,326	0.14	4,161,765	1.47
Individuals	123,329,049	17.41	410,924,744	37.32	6,678,837.00	2.35
General traders	21,484,783	3.03	55,806,814	5.07	1,768,858	0.62
Others	47,393,833	6.69	187,585,294	17.04	114,127,851	40.23
	708,014,959	100.00	1,101,138,574	100.00	283,699,465	100.00

# Notes to the Unconsolidated Financial Statements

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## 41.1.9.2 Segment by sector

	2014					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Public / Government	256,688,614	35.26	406,272,270	32.94	146,482,760	59.88
Private	471,375,444	64.74	827,253,220	67.06	98,143,930	40.12
	<u>728,064,058</u>	<u>100.00</u>	<u>1,233,525,490</u>	<u>100.00</u>	<u>244,626,690</u>	<u>100.00</u>

  

	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	129,266,001	45.56
	<u>708,014,959</u>	<u>100.00</u>	<u>1,101,138,574</u>	<u>100.00</u>	<u>283,699,465</u>	<u>100.00</u>

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

	2014		2013	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
	----- Rupees in '000 -----			
Chemical and pharmaceuticals	2,518,971	2,041,237	3,635,970	3,166,304
Agriculture	3,777,540	2,035,544	2,977,074	1,873,653
Textile	27,695,737	26,381,361	29,350,844	27,652,248
Cement	3,629,759	3,512,855	3,820,413	3,534,583
Sugar	4,435,686	3,463,169	2,914,896	2,623,660
Flour	587,894	520,647	430,438	354,072
Rice processing	3,089,037	2,597,505	2,495,505	2,433,133
Shoes and leather garments	310,813	305,355	366,038	336,010
Automobile and transportation equipment	951,406	940,410	992,006	950,333
Financial	777,753	777,753	671,265	670,965
Transportation / Karobar	2,723,931	2,723,931	2,240,629	2,165,776
Real estate construction	2,737,062	2,199,783	3,149,331	2,048,398
Electronics and electrical appliances	1,967,158	1,874,527	5,995,736	3,777,310
Production and transmission of energy	10,596,739	7,888,576	15,275,736	7,487,515
Food and tobacco	2,281,312	2,049,591	1,918,357	1,619,164
Fertilizer	3,032,122	2,106,685	2,820,151	1,315,336
Metal products	16,157,959	9,122,294	6,587,745	4,274,701
Hotel and services	4,649,966	3,290,532	1,718,625	882,075
Individuals	6,509,134	3,787,038	5,663,276	3,952,926
General traders	12,769,596	12,080,194	13,122,823	10,285,227
Others	9,641,794	8,459,524	9,469,675	8,333,249
	<u>120,841,369</u>	<u>98,158,511</u>	<u>115,616,533</u>	<u>89,736,638</u>

## 41.1.9.4 Details of non-performing advances and specific provision by sector

Public / Government	515,169	515,169	4,145,760	1,510,623
Private	120,326,200	97,643,342	111,470,773	88,226,015
	<u>120,841,369</u>	<u>98,158,511</u>	<u>115,616,533</u>	<u>89,736,638</u>

## 41.1.9.5 Geographical segment analysis

	2014			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	----- Rupees in '000 -----			
Pakistan	33,227,325	1,445,297,532	163,549,505	196,840,546
Asia Pacific (including South Asia)	(11,044,820)	43,691,641	7,299,793	26,893,036
Europe	(171,575)	9,020,130	2,966,543	3,492,113
United States of America	(86,360)	12,669,437	1,565,125	2,987,512
Middle East	76,173	32,375,577	2,947,935	14,413,483
	<u>22,000,743</u>	<u>1,543,054,317</u>	<u>178,328,901</u>	<u>244,626,690</u>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

	2013			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
----- Rupees in '000 -----				
Pakistan	15,285,109	1,252,545,439	140,582,921	244,106,219
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>1,364,926,153</u>	<u>156,286,704</u>	<u>283,699,465</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 RCSA finalization and on-going loss data collection. Currently, RCSA 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 RCSA re-validation going forward.

The Bank 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, the Bank 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. VaR models for trading portfolio have been developed and are on pilot run.

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.

Limits / zones and Management Action Triggers & 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.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 41.3.1 Foreign Exchange Risk

	2014			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- Rupees in '000 -----			
Pakistan Rupee	1,391,723,372	1,146,106,586	(112,755,390)	132,861,396
United States Dollar	90,952,905	134,910,378	52,084,331	8,126,858
Great Britain Pound	3,592,619	8,499,956	8,097,800	3,190,463
Japanese Yen	2,620,349	53,362,252	46,943,347	(3,798,556)
Euro	7,765,845	7,805,752	5,619,614	5,579,707
Other currencies	46,399,227	14,040,492	10,298	32,369,033
	151,330,945	218,618,830	112,755,390	45,467,505
	<u>1,543,054,317</u>	<u>1,364,725,416</u>	<u>-</u>	<u>178,328,901</u>
	2013			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- Rupees in '000 -----			
Pakistan Rupee	1,220,060,984	1,022,922,966	(71,876,748)	125,261,270
United States Dollar	95,374,374	113,374,460	34,041,843	16,041,757
Great Britain Pound	2,908,062	8,842,328	8,487,331	2,553,065
Japanese Yen	2,092,609	34,628,796	23,606,811	(8,929,376)
Euro	12,136,171	11,739,499	5,824,356	6,221,028
Other currencies	32,353,953	17,131,400	(83,593)	15,138,960
	144,865,169	185,716,483	71,876,748	31,025,434
	<u>1,364,926,153</u>	<u>1,208,639,449</u>	<u>-</u>	<u>156,286,704</u>

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.



# Notes to the Unconsolidated Financial Statements

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## 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:

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);

Through diversification and capping maximum exposure through internal limits. Additionally, continuous follow up of these sectors and companies through self monitoring and fundamentals research conducted internally and from reputable brokerage houses;

The Bank refrains from speculative trading and the investment are made as per the guidelines on liquidity and growth as per investment policy manual or guidelines set by Senior Management and the Board of Directors; and

The Bank follows a delivery versus payment settlement system thereby minimizing risk in relation to settlement risk.

## 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 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.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

2014

Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk										Non-interest bearing financial instruments
		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												
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
0.0%	97,971,501	22,005,028	-	642,196	-	-	-	-	-	-	-	75,324,277
1.9%	12,108,025	5,235,066	1,725,641	2,194,009	428,169	-	-	-	-	-	-	2,525,140
9.6%	111,788,608	111,663,608	125,000	-	-	-	-	-	-	-	-	-
11.2%	561,764,135	6,525,764	7,339,702	71,972,226	51,861,241	201,109,453	26,552,869	48,765,637	54,473,609	4,250,860	88,912,774	
9.7%	626,704,083	201,095,721	140,657,248	88,045,007	95,286,365	7,702,783	16,597,198	51,831,727	12,833,454	12,654,580	-	
0.0%	70,509,328	-	149,847,591	162,853,438	147,575,775	208,812,236	43,150,067	100,597,364	67,307,063	16,905,440	70,509,328	
	1,480,845,680	346,525,187	149,847,591	162,853,438	147,575,775	208,812,236	43,150,067	100,597,364	67,307,063	16,905,440	237,271,519	
<b>Liabilities</b>												
0.0%	11,011,827	-	-	-	-	-	-	-	-	-	-	11,011,827
9.5%	37,541,497	15,192,415	16,465,336	5,345,319	321,311	66,349	79,967	70,800	-	-	-	
8.4%	1,233,525,490	710,518,517	41,390,238	37,196,500	42,324,243	7,554,251	7,523,840	11,032,000	1,300	-	375,984,601	
	-	-	-	-	-	-	-	-	-	-	-	
12.8%	12,738	-	2,799	2,893	7,046	-	-	-	-	-	-	
0.0%	66,391,263	-	-	-	-	-	-	-	-	-	-	
	1,348,482,815	725,710,932	57,858,373	42,544,712	42,652,600	7,620,600	7,603,807	11,102,800	1,300	-	66,391,263	
	132,362,865	(379,185,745)	91,989,218	120,308,726	104,923,175	201,191,636	35,546,260	89,494,564	67,305,763	16,905,440	(216,116,172)	
	<b>On-balance sheet gap</b>											
<b>Off-balance sheet financial instruments</b>												
	-	-	-	-	-	-	-	-	-	-	-	
	233,021,148	128,916,548	47,002,154	55,928,408	1,174,038	-	-	-	-	-	-	
	120,265,758	96,441,607	20,993,757	2,830,394	-	-	-	-	-	-	-	
	353,286,906	225,358,155	67,995,911	58,758,802	1,174,038	-	-	-	-	-	-	
	<b>Off-balance sheet gap</b>											
	485,649,771	(153,827,590)	159,985,129	179,067,528	106,097,213	201,191,636	35,546,260	89,494,564	67,305,763	16,905,440	(216,116,172)	
	<b>Cumulative Yield / Interest Risk Sensitivity Gap</b>											
	(153,827,590)		6,157,539	185,225,067	291,322,280	492,513,916	528,060,176	617,554,740	684,860,503	701,765,943	485,649,771	

# Notes to the Unconsolidated Financial Statements

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

2013

Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk							Non-interest bearing financial instruments	
		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
Rupees in '000										
<b>On-balance sheet financial instruments</b>										
<b>Assets</b>										
	157,930,297	13,536,856	-	-	-	-	-	-	-	144,393,441
Cash and balances with treasury banks	17,457,523	9,667,791	2,281,214	-	-	1,205,778	-	-	-	3,024,967
Balances with other banks	51,938,689	47,942,579	3,996,110	-	-	-	-	-	-	-
Lending to financial institutions - net	397,958,681	76,708,559	91,861,181	43,029,572	9,251,678	37,303,275	16,465,075	22,815,602	1,837,225	87,420,656
Investments - net	615,419,874	175,348,028	143,422,333	94,763,040	113,224,732	13,972,503	41,123,675	11,323,561	9,875,550	-
Advances - net	32,168,171	-	-	-	-	-	-	-	-	-
Other assets	1,272,873,235	323,203,813	241,560,838	139,070,385	123,682,188	51,275,778	57,588,750	34,139,163	11,712,775	267,007,235
<b>Liabilities</b>										
	13,894,667	-	-	-	-	-	-	-	-	13,894,667
Bills payable	22,239,457	5,498,261	10,800,294	2,142,937	134,468	2,441,235	917,083	202,451	-	-
Borrowings	1,101,138,574	591,088,664	41,282,465	73,764,885	45,559,212	6,985,615	5,771,626	81,276	918	332,320,982
Deposits and other accounts	-	-	-	-	-	-	-	-	-	-
Sub-ordinated loans	-	-	-	2,723	-	-	-	-	-	-
Liabilities against assets subject to finance lease	24,034	1,598	2,638	-	5,352	3,032	-	-	-	-
Other liabilities	56,735,187	-	-	-	-	-	-	-	-	56,735,187
<b>On-balance sheet gap</b>	<b>1,194,031,919</b>	<b>596,588,523</b>	<b>52,085,397</b>	<b>75,910,545</b>	<b>45,699,032</b>	<b>9,429,882</b>	<b>6,688,709</b>	<b>283,727</b>	<b>918</b>	<b>402,950,836</b>
	78,841,316	(273,384,710)	189,475,441	63,159,840	77,983,156	41,845,896	50,900,041	33,855,436	11,711,857	(135,943,601)
<b>Off-balance sheet financial instruments</b>										
	-	-	-	-	-	-	-	-	-	-
Cross currency swaps	-	-	-	-	-	-	-	-	-	-
Forward purchase of foreign exchange	204,673,055	96,145,751	79,685,178	27,464,730	1,377,396	-	-	-	-	-
Forward sale of foreign exchange	132,796,307	91,109,270	24,662,338	16,890,382	134,317	-	-	-	-	-
<b>Off-balance sheet gap</b>	<b>337,469,362</b>	<b>187,255,021</b>	<b>104,347,516</b>	<b>44,355,112</b>	<b>1,511,713</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Yield / Interest Risk Sensitivity Gap</b>	<b>416,310,678</b>	<b>(86,129,689)</b>	<b>293,822,957</b>	<b>107,514,952</b>	<b>79,494,869</b>	<b>41,845,896</b>	<b>50,900,041</b>	<b>33,855,436</b>	<b>11,711,857</b>	<b>(135,943,601)</b>
<b>Cumulative Yield / Interest Risk Sensitivity Gap</b>	<b>(86,129,689)</b>	<b>207,693,268</b>	<b>315,208,220</b>	<b>394,703,089</b>	<b>413,941,049</b>	<b>455,786,945</b>	<b>506,686,986</b>	<b>540,542,422</b>	<b>552,254,279</b>	<b>416,310,678</b>

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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, managed 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)

	2014									
	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										
<b>Assets</b>										
Cash and balances with treasury banks	97,971,501	97,329,305	-	642,196	-	-	-	-	-	-
Balances with other banks	12,108,025	7,760,206	1,725,641	2,194,009	428,169	-	-	-	-	-
Lending to financial institutions - net	111,788,608	111,663,608	125,000	-	-	-	-	-	-	-
Investments - net	561,764,137	6,537,307	7,339,702	71,970,805	91,305,072	205,016,118	43,911,754	52,748,868	54,472,358	28,462,153
Advances - net	626,704,083	98,787,368	42,380,611	94,127,187	145,717,289	21,340,587	54,899,911	94,390,817	56,418,792	18,641,521
Operating fixed assets	31,795,539	-	-	-	2,798,864	342,331	1,349,525	565,883	266,336	26,472,600
Deferred tax assets - net	9,877,509	-	-	-	-	-	-	4,435,092	5,442,417	-
Other assets	91,044,915	17,711,167	19,991,927	11,499,551	1,463,182	37,158,917	3,028,616	191,555	-	-
	1,543,054,317	339,788,961	71,562,881	180,433,748	241,712,576	263,857,953	103,189,806	152,332,215	116,599,903	73,576,274
<b>Liabilities</b>										
Bills payable	11,011,827	11,011,827	-	-	-	-	-	-	-	-
Borrowings	37,541,497	15,192,415	16,465,336	5,345,319	321,311	66,349	79,967	70,800	-	-
Deposits and other accounts	1,233,525,490	951,066,713	57,988,656	76,080,243	88,578,497	15,539,010	12,621,070	31,651,301	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	12,738	-	2,799	2,893	7,046	-	-	-	-	-
Other liabilities	82,633,864	32,634,713	1,282,991	10,981,137	1,101,275	23,472,056	2,708,809	5,290,167	2,581,358	2,581,358
Deferred tax liabilities	1,364,725,416	1,009,905,668	75,739,782	92,409,592	90,008,129	39,077,415	15,409,846	37,012,268	2,581,358	2,581,358
	178,328,901	(670,116,707)	(4,176,901)	88,024,156	151,704,447	224,780,538	87,779,960	115,319,947	114,018,545	70,994,916
<b>Net assets</b>										
Share capital	21,275,131									
Reserves	32,073,606									
Unappropriated profit	57,006,813									
Surplus on revaluation of assets - net	67,973,351									
	178,328,901									

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

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

	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
<b>Assets</b>										
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	397,958,681	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	95,470,453	36,775,944	89,625,226	149,860,781	22,741,419	33,235,016	105,230,071	66,810,007	15,670,957
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	80,563,960	12,597,337	15,989,150	9,562,496	2,493,509	23,363,058	16,341,385	217,025	-	-
	1,364,926,153	403,382,540	150,900,900	143,489,670	224,455,538	62,203,674	108,370,179	128,555,640	98,642,909	44,925,103
<b>Liabilities</b>										
Bills payable	13,894,667	13,894,667	-	-	-	-	-	-	-	-
Borrowings	22,239,457	5,498,261	10,800,294	2,142,937	134,468	102,728	2,441,235	917,083	202,451	-
Deposits and other accounts	1,101,138,574	834,468,923	64,908,409	68,694,294	85,599,423	13,043,376	11,328,141	22,883,972	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	71,342,717	26,958,341	2,666,346	8,759,987	1,285,422	20,707,736	2,251,846	4,405,577	2,153,731	2,153,731
	1,208,639,449	880,821,790	78,377,687	79,599,941	87,024,665	33,862,531	16,024,254	28,206,632	2,568,218	2,153,731
<b>Net assets</b>	156,286,704	(477,439,250)	72,523,213	63,889,729	137,430,873	28,341,143	92,345,925	100,349,008	96,074,691	42,771,372
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									

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 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 seven 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.

	2014									
	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										
<b>Assets</b>										
Cash and balances with treasury banks	97,971,501	79,527,483	1,610,940	8,416,539	8,416,539	-	-	-	-	-
Balances with other banks	12,108,025	7,760,206	1,725,641	2,194,009	428,169	-	-	-	-	-
Lending to financial institutions - net	111,788,608	111,663,608	125,000	-	-	-	-	-	-	-
Investments - net	561,764,137	6,537,307	7,339,702	71,970,805	91,305,072	205,016,118	43,911,754	52,748,868	54,472,358	28,462,153
Advances - net	626,704,083	105,675,418	41,055,002	92,801,579	141,480,456	21,340,587	54,899,911	94,390,817	56,418,792	18,641,521
Operating fixed assets	31,795,539	-	-	-	2,798,864	342,331	1,349,525	565,883	266,336	26,472,600
Deferred tax assets - net	9,877,509	-	-	-	-	-	-	4,435,092	5,442,417	-
Other assets	91,044,915	12,206,884	7,365,652	29,630,109	1,463,182	37,158,917	3,028,616	191,555	-	-
	1,543,054,317	323,370,906	59,221,937	205,013,041	245,892,282	263,857,953	103,189,806	152,332,215	116,599,903	73,576,274
<b>Liabilities</b>										
Bills payable	11,011,827	4,990,172	523,342	319,582	5,178,731	-	-	-	-	-
Borrowings	37,541,497	15,192,415	16,465,336	5,345,319	321,311	66,349	79,967	70,800	-	-
Deposits and other accounts	1,233,525,490	284,315,250	92,734,029	178,758,614	192,083,918	157,479,776	154,561,836	173,592,067	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	12,738	-	2,799	2,893	7,046	-	-	-	-	-
Other liabilities	82,633,864	28,826,305	4,283,455	11,789,081	1,101,275	23,472,056	2,708,809	5,290,167	2,581,358	2,581,358
	1,364,725,416	333,324,142	114,008,961	196,215,489	198,692,281	181,018,181	157,350,612	178,953,034	2,581,358	2,581,358
<b>Net assets</b>	178,328,901	(9,953,236)	(54,787,024)	8,797,552	47,200,001	82,839,772	(54,160,806)	(26,620,819)	114,018,545	70,994,916
Share capital	21,275,131									
Reserves	32,073,606									
Unappropriated profit	57,006,813									
Surplus on revaluation of assets - net	67,973,351									
	178,328,901									

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

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

	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
<b>Assets</b>										
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	104,103,166	34,639,261	87,488,544	145,501,433	22,741,419	33,235,016	105,230,071	66,810,007	15,670,957
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	80,563,960	8,780,732	7,363,386	22,004,865	2,493,509	23,363,058	16,341,385	217,025	-	-
	1,364,926,153	315,843,560	147,787,023	196,148,616	262,449,449	62,203,674	108,370,179	128,555,640	98,642,909	44,925,103
<b>Liabilities</b>										
Bills payable	13,894,667	6,003,587	799,324	3,545,878	3,545,878	-	-	-	-	-
Borrowings	22,239,457	5,498,261	10,800,294	2,142,937	134,468	102,728	2,441,235	917,083	202,451	-
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	71,342,717	23,936,988	5,093,695	9,353,991	1,285,422	20,707,736	2,251,846	4,405,577	2,153,731	2,153,731
	1,208,639,449	277,047,823	108,621,771	181,346,465	185,567,810	158,342,603	140,504,325	152,686,703	2,568,218	2,153,731
<b>Net assets</b>	156,286,704	38,795,737	39,165,252	14,802,151	77,081,639	(96,138,929)	(32,134,146)	(24,131,063)	96,074,691	42,771,372
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									

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 42. ISLAMIC BANKING BUSINESS

The Bank is operating 22 Islamic banking branches as at December 31, 2014 (December 31, 2013: 18 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, 2014

	Note	2014	2013
		Rupees in '000	
<b>ASSETS</b>			
Cash and balances with treasury banks		173,676	263,743
Balances with other banks		266	80
Investments	42.2.1	2,428,587	4,819,868
Islamic financing and related assets	42.2.2	978,542	951,020
Operating fixed assets		58,418	59,554
Due from Head Office		-	-
Other assets		173,781	162,952
		3,813,270	6,257,217
<b>LIABILITIES</b>			
Bills payable		12,100	9,547
Deposits and other accounts			
-Current accounts		768,879	1,520,348
-Saving accounts		1,047,918	571,311
-Term deposits		672,802	684,746
-Others		-	-
-Deposit from financial institutions-Remunerative		348	2,261,206
Due to Head Office		433,959	283,959
Other liabilities		62,687	58,960
		2,998,693	5,390,077
<b>NET ASSETS</b>		<b>814,577</b>	<b>867,140</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		800,000	800,000
Unappropriated profit		14,237	67,140
		814,237	867,140
Surplus on revaluation of assets - net		340	-
		814,577	867,140
<b>Remuneration to Shariah Advisor</b>		<b>3,352</b>	<b>1,822</b>



# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

	2014	2013
	Rupees in '000	
<b>CHARITY FUND</b>		
Opening balance	0.13	0.10
Additions during the period	-	1.22
Payment / utilisation during the period	-	(1.19)
Closing balance	<u>0.13</u>	<u>0.13</u>
<b>42.2.1 Investments</b>		
Sukuk	2,559,394	4,952,707
Provision for diminution in the value of investments	<u>(130,807)</u>	<u>(132,839)</u>
	<u>2,428,587</u>	<u>4,819,868</u>
<b>42.2.2 Islamic financing and related assets</b>		
Murabaha	488,400	688,400
Diminishing Musharaka	188,691	389,097
Ijarah assets	159,462	89,773
Advance against Ijarah assets	151,016	-
Advance against Murabaha	<u>200,000</u>	<u>-</u>
	1,187,569	1,167,270
Provision against non-performing financings	<u>(209,027)</u>	<u>(216,250)</u>
	<u>978,542</u>	<u>951,020</u>
<b>42.3 PROFIT AND LOSS ACCOUNT</b>		
<b>For the year ended December 31, 2014</b>		
Profit / return earned on financings, investments and placements	473,354	485,169
Profit / return expensed on deposit	<u>(160,745)</u>	<u>(137,479)</u>
Net spread earned	312,609	347,690
Depreciation on assets given on Ijarah	<u>(75,646)</u>	<u>(121,984)</u>
	236,963	225,706
Provision reversed against advances and investments	9,255	9,546
Profit after provision	<u>246,218</u>	<u>235,252</u>
<b>Other income</b>		
Fee, commission and brokerage income	82,624	4,366
Income from dealing in foreign currencies	<u>(586)</u>	<u>2,512</u>
Other income	<u>(139)</u>	<u>947</u>
Total other income	<u>81,899</u>	<u>7,825</u>
	328,117	243,077
<b>Other expenses</b>		
Administrative expenses	<u>(313,880)</u>	<u>(175,937)</u>
Profit for the year	<u>14,237</u>	<u>67,140</u>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

	2014	2013
	Rupees in '000	
<b>42.4 Unconsolidated Cash Flow Statement</b>		
<b>For the year ended December 31, 2014</b>		
<b>Cash Flow from Operating Activities</b>		
Profit for the year	14,237	67,140
Adjustments :		
Depreciation - Own assets	9,529	1,401
Depreciation - Ijarah assets	75,646	121,984
Reversal of provision against non performing financings and investments	(9,255)	(9,546)
	75,920	113,839
	90,157	180,979
(Increase) / decrease in operating assets		
Due from financial institutions	(186)	753,877
Financings	2,297,708	(3,340,412)
Other assets	(10,829)	(93,464)
	2,286,693	(2,679,999)
(Increase) / decrease in operating liabilities		
Bills payable	2,553	7,108
Deposits and other accounts	(2,547,664)	2,114,731
Borrowings from Head Office	82,860	8,627
Other liabilities	3,727	6,986
	(2,458,524)	2,137,452
<b>Net cash used in operating activities</b>	(81,674)	(361,568)
<b>Cash Flow from Investing Activities</b>		
Investment in operating fixed assets	(8,393)	(48,414)
<b>Net cash used in investing activities</b>	(8,393)	(48,414)
<b>Cash Flow from Financing Activities</b>		
Net Cash Flow from Financing Activities	-	500,000
<b>(Decrease) / increase in cash and cash equivalents</b>	(90,067)	90,018
Cash and cash equivalents at beginning of the year	263,743	173,725
<b>Cash and cash equivalents at end of the year</b>	173,676	263,743
<b>42.5 Allocation of Income and Expenses to Remunerative Depositors' Pool</b>		
Income from financing activities	167,123	246,380
Income from investments	306,231	227,388
Income from placements with Financial Institutions	-	11,401
<b>Total Income</b>	473,354	485,169
Less: Administrative expenses directly attributable to the Pool	(75,893)	(121,271)
Less: Profit distributed to other Special Pools	(5,856)	(54,067)
<b>Gross Distributable Income</b>	391,605	309,831
Mudarib (Bank) share of profit before Hiba	(75,030)	(36,804)
Less: Hiba from bank's share to depositors	16,223	4,726
Net Mudarib (Bank) share of profit	(58,807)	(32,078)
<b>Rab-ul-Maal Share of Profit</b>	332,798	277,753
<b>Rab-ul-Maal Share of Profit is distributed as follows:</b>		
Remunerative depositors' share in Mudarabah pool	156,848	105,910
Bank's equity in Mudarabah pool	175,950	171,843
	332,798	277,753

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

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 42.6 Pools maintained by NBP-IBD

NBP-IBG has managed a General Pool and Two special pools during the year 2014. 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	8-Nov-13	31-Jan-14	80.00%	20.00%
Special pool 2	30-Dec-13	8-Jan-14	83.43%	16.57%

## 42.7 Sectors of economy where Mudaraba based deposits have been deployed

Sector	Percentage
Textile spinning	5.03%
Textile composite	2.67%
Cement	0.46%
Oil Gas	4.45%
Fuel & energy	13.68%
Leasing/Modarbas	1.41%
Services	0.09%
Sugar	7.74%
Transport	4.67%
Fertilizer	5.78%
Federal Government	54.02%
<b>Total</b>	<b>100%</b>

## 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	391,605
Mudarib (Bank) share of profit before Hiba	75,030

**Percentage**

Mudarib Share	19%
---------------	-----

**Rupees in '000**

### 42.10 Hiba from Mudarib share

Mudarib (Bank) share of profit before Hiba	75,030
Hiba from bank's share to depositors	16,223

**Percentage**

Hiba from bank's share to depositors	22%
--------------------------------------	-----

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%.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

	2014	2013
	-----Rupees in '000-----	
<b>42.12 Redeemable capital</b>		
<b>- Unrestricted investment accounts holders (UIAH)</b>		
Saving account	1,047,918	832,517
Term deposits	672,802	2,684,746
NBP General Account	438,291	283,959
	<u>2,159,011</u>	<u>3,801,222</u>
Particulars of UIAH		
In local currency	2,159,011	3,801,222
- Profits have been allocated between owner's equity and unrestricted investment accounts in the ratio of monthly average balances of UIAH and owner's equity.		
Provision on classified advances calculated as per SBP Prudential Regulations has not been charged to UIAH instead actually written off classified advances are charged (if any).		
- Profit from investments of current account funds has been included in determining allocation of profit to UIAH. Funds from current account have been comingled with UIAH funds and included in owner's equity for the distribution of profit.		
The bank has not shared revenue from banking operations with UIAHs.		
- Assets including Murabaha, Musharika, Ijarah and Sukuks have been financed by equity and UIAH jointly while operating fixed assets have been financed by equity solely.		
<b>- Revenues attributable to the bank and UIAH jointly</b>		
	2014	2013
	-----Rupees in '000-----	
Income on Murabaha	26,785	52,669
Musharika rental income	32,540	50,410
Ijarah rental income	107,798	143,301
Income on sukuk investments	306,231	227,387
Income on fund placements	-	11,402
	<u>473,354</u>	<u>485,169</u>
<b>- Expenses attributable to the bank and UIAH jointly</b>		
Depreciation on Ijarah assets	<u>75,893</u>	<u>121,984</u>
<b>- Expenses attributable to the bank solely</b>		
Salary and other benefits	186,966	124,571
Rent, rate, taxes and utilities	65,264	19,784
Communication charges	3,063	1,650
Repair and maintenance	3,206	3,786
Stationary and printing	9,566	4,390
Depreciation	9,282	1,401
Travelling and entertainment expenses	10,580	7,030
Membership expenses	1,309	106
Security charges	10,192	5,173
Others	14,205	8,046
	<u>313,633</u>	<u>175,937</u>

## Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

### 43. SUBSEQUENT EVENT

The Board of Directors has proposed a cash dividend of Rs.5.5 per share (2013: Rs. 2 per share) amounting to Rs.11,701 million (2013: Rs.4,225 million) at its meeting held on February 26, 2015 for approval of the members at the annual general meeting to be held on March 30, 2015. These financial statements do not reflect this appropriation as explained in note 5.16.

### 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 February 26, 2015 by the Board of Directors of the Bank.

**Muneer Kamal**  
*Chairman*

**Syed Ahmed Iqbal Ashraf**  
*President*

**Shahid Aziz Siddiqi**  
*Director*

**Farrakh Qayyum**  
*Director*

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

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	
			2014	2013	2014	2013
-----Rupees in '000-----						
<b>Held-for-trading</b>						
Nishat Chunian Limited	Unrated	AA-/A1+	-	81,200	-	4,888
			-	81,200	-	4,888
<b>Available-For-Sale</b>						
Abbott Laboratories Limited	Unrated	Unrated	-	462	-	182
Adamjee Insurance Company Limited	Unrated	AA	8,036,307	8,036,244	397,476	300,314
Adil Textile Mills Limited	Unrated	Unrated	47,696	47,696	-	-
ADOS Pakistan Ltd	Unrated	Unrated	575,500	575,500	27,192	31,440
Agriauto Industries Limited	Unrated	Unrated	567,047	567,047	85,057	44,695
Aisha Steel Mills Limited	A-/A-2	Unrated	10,000,000	10,000,000	82,900	93,900
AKZO Nobel Pakistan Limited	Unrated	Unrated	-	13,316	-	1,660
Al Abbas Sugar Mills Limited	A/A1	A/A1	727,285	727,285	107,915	70,547
Al Abid Silk Mills Limited	Unrated	Unrated	583,570	583,570	7,003	9,454
Al Qaim Textile Mills	Unrated	Unrated	-	183,265	-	-
Al-Ghazi Tractors Limited	Unrated	Unrated	-	1,705	-	362
Allied Bank Limited	AA+/1+	AA/A1+	8,200,250	7,450,797	931,384	670,572
American Life Insurance	Unrated	Unrated	-	2,500,000	-	90,750
Amtex Limited	Unrated	Unrated	23,172,472	23,172,472	58,858	78,323
Archrome Pakistan Formerly (Clariant Pakistan)	Unrated	Unrated	296,670	353,570	169,387	95,386
Arif Habib Corp Limited	AA/A-1+	Unrated	2,185,692	2,185,692	60,107	48,632
Arif Habib Limited	Unrated	Unrated	-	157,977	-	5,060
Aruj Garment Accessories Limited	Unrated	Unrated	-	34,541	-	521
Asim Textile Mills Limited	Unrated	Unrated	582,237	582,237	6,055	14,119
Askari Bank Limited	Unrated	AA/A1+	19,145,344	19,145,344	441,683	268,035
Atlas Battery Limited	Unrated	Unrated	-	144	-	56
Atlas Insurance	Unrated	Unrated	-	68,904	-	4,307
Attock Petroleum Limited	Unrated	Unrated	1,011,151	1,011,151	545,597	505,262
Attock Refinery Limited	Unrated	AA/A1+	911,885	911,885	171,225	189,371
Ayaz Textile Mills Limited	Unrated	Unrated	107,432	107,432	-	-
Azgard Nine	Unrated	D	22,169,691	22,169,691	130,579	158,292
Babri Cotton Mills	Unrated	Unrated	321,778	-	16,781	-
Balochistan Particle Board Limited	Unrated	Unrated	398,550	398,550	2,834	1,989
Baluchistan Wheels Limited	Unrated	Unrated	684,357	811,357	39,132	42,548
Bank Al Habib Limited	Unrated	AA+/A1+	11,037,866	10,034,424	535,888	416,930
Bank Alfalah Limited	Unrated	AA/A1+	30,689,567	30,689,567	1,070,452	829,846
Bank Of Punjab	Unrated	AA-/A1+	1,322,479	1,322,479	14,481	14,574
Bankislami Pakistan Limited	Unrated	A/A1	2,210,107	2,210,107	21,681	15,338
Bata Pakistan Limited	Unrated	Unrated	-	40	-	112
Berger Paints Limited	Unrated	Unrated	203,429	203,429	21,508	14,698
Bestway Cement Limited (Mustehkam)	Unrated	Unrated	218,309	345,923	28,072	24,561
Blessed Textiles Limited	Unrated	Unrated	-	3,742	-	750
Boc Pakistan Limited (Linde Pakistan)	Unrated	Unrated	406,585	515,585	84,358	92,218
Bolan Casting Limited	Unrated	Unrated	1,144,649	1,504,649	72,113	47,577
Brother Textile Mills Limited	Unrated	Unrated	-	214,100	-	1,321
Burshane LPG Pakistan (Former Shell LPG)	Unrated	Unrated	1,816,238	1,816,238	110,318	74,829
Buxlay Paints Limited	Unrated	Unrated	-	89,291	-	1,725
Casspak Industries Limited	Unrated	Unrated	27,384	27,384	-	-
Century Insurance Company Limited	A/A-2	Unrated	1,147,500	1,147,500	28,688	18,601
Colony Textile Mills	Unrated	Unrated	471,316	595,397	2,220	3,376
Colony Sarhad Textile	Unrated	Unrated	167,677	167,677	-	-
Colony Sugar Mills Limited	Unrated	Unrated	181,491	181,491	1,406	1,980
Crescent Knitwear	Unrated	Unrated	42,130	42,130	-	-
Crescent Steel & Allied Product	Unrated	Unrated	1,999,385	2,828,885	101,289	133,410
Crescent Textile Mills Limited	Unrated	Unrated	1,049,799	1,049,799	18,172	22,623
Cynamid (Wyeth Pakistan )	Unrated	Unrated	57,788	57,788	242,652	260,049
D.S. Industries Limited	Unrated	Unrated	540,339	540,339	2,313	2,858
Dadabhoy Construction	Unrated	Unrated	35,390	35,390	-	-
Dadabhoy Cement Industries	Unrated	Unrated	5,004,500	5,004,500	20,318	32,329
Dandot Cement	Unrated	Unrated	-	160,000	-	1,509
Data Agro Limited	Unrated	Unrated	48,635	50,135	584	981
Dawood Capital Management	Unrated	AM3+	328,285	338,285	-	785
Dawood Hercules Corporation Limited	Unrated	Unrated	4,637,992	4,719,492	391,957	264,858
Dawood Lawrencepur Limited	Unrated	Unrated	135,387	135,387	16,318	11,366
Dewan Cement (Pakland Cement)	Unrated	D	4,587,003	4,587,003	35,595	31,926
Dewan Khalid Textile	Unrated	Unrated	142,425	142,425	1,142	1,830
<b>Balance carried forward</b>			<b>169,378,569</b>	<b>172,558,415</b>	<b>6,102,690</b>	<b>5,048,737</b>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2014	2013	2014	2013
			-----Rupees in '000-----			
<b>Balance brought forward</b>			<b>169,378,569</b>	<b>172,558,415</b>	<b>6,102,690</b>	<b>5,048,737</b>
Dewan Mushtaq Textile	Unrated	Unrated	-	14,442	-	260
Dewan Salman Fibres	Unrated	Unrated	2,740,202	2,740,202	5,234	7,179
Dewan Sugar Mills	Unrated	Unrated	696,135	696,135	2,611	2,499
DG Khan Cement	Unrated	Unrated	-	8,797,028	-	754,169
Dost Steel Limited	Unrated	Unrated	-	55,076	-	308
Dynea Pakistan	Unrated	Unrated	-	23,358	-	890
EFU General Insurance	AA	Unrated	274,549	214,481	41,976	19,715
Ellicot Spinning Mills Limited	Unrated	Unrated	-	91	-	9
Emco Industries Limited	Unrated	Unrated	165,708	384,708	669	1,547
English Leasing Limited	Unrated	Unrated	360,416	360,416	-	-
Engro Corporation Limited	Unrated	A/A1	3,059,823	6,486,522	677,781	1,027,335
Engro Fertilizer	Unrated	A/A1	648,652	-	50,660	-
Engro Foods Limited	Unrated	AA/A1+	10,347,488	10,347,488	1,123,116	1,080,692
Engro Foods Limited	Unrated	AA/A1+	20,598,921	20,851,921	2,235,807	2,177,775
Engro Poly mer & Chemicals Limited	Unrated	Unrated	2,645,333	2,645,333	31,744	35,474
Escort Investment Bank	Unrated	BB	1,221,067	1,221,067	2,808	3,920
Faran Sugar Mills Limited	Unrated	Unrated	381,883	363,699	15,081	11,838
Fateh Industries	Unrated	Unrated	11,712	11,712	2,177	199
Fateh Sportswear Limited	Unrated	Unrated	23,003	23,003	1,959	477
Fateh Textile Mills	Unrated	Unrated	11,847	11,847	-	-
Fatima Enterprises	Unrated	A+/A1	109	109	-	-
Fatima Fertilizer Company Limited	Unrated	A+/A1	6,240,614	6,240,614	223,227	178,232
Fauji Cement Company Limited	Unrated	Unrated	1,825,000	2,500,000	47,158	39,875
Faysal Bank Limited	AA/A-1+	AA/A1+	-	3,139,214	-	35,756
Fazal Textile Mills	Unrated	Unrated	34,527	34,527	20,787	14,069
Fecto Cement Limited	Unrated	Unrated	640,337	880,337	50,779	39,289
Ferozsons Laboratories Limited	Unrated	Unrated	-	1,400,780	-	222,094
FFC Bin Qasim Limited	Unrated	Unrated	1,598,899	1,598,899	72,286	70,048
First Capital Securities Corp.	Unrated	Unrated	2,048,345	2,048,345	4,117	5,940
First Dawood Investment Bank	Unrated	CCC	1,394,028	1,394,028	1,742	2,119
First Equity Modarba	Unrated	Unrated	2,034,435	2,034,435	10,172	13,305
First National Equities Limited	Unrated	Unrated	191,637	191,637	470	630
Flying Cement Limited	Unrated	Unrated	3,078,000	10,011,000	22,469	61,468
General Tyre & Rubber Co.	Unrated	Unrated	960,500	2,563,500	139,887	135,148
Ghandhara Nissan Limited	Unrated	Unrated	-	35,131	-	452
Ghani Glass Limited	Unrated	Unrated	-	4,911	-	295
Gharibwal Cement	D	Unrated	1,339,000	1,339,000	28,789	23,714
Glaxosmithkline (Glaxo Welcome)	Unrated	Unrated	4,087,708	4,395,099	896,475	598,656
Globe Textile Mills	Unrated	Unrated	33,704	33,704	-	-
Grays Of Cambridge	Unrated	Unrated	160,985	160,985	12,959	7,521
Greaves Aircondition	Unrated	Unrated	30,080	30,080	-	-
Gulistan Spinning Mills	Unrated	Unrated	148,828	148,828	379	763
Gulistan Textile Mills	Unrated	Unrated	374,355	374,355	5,615	5,990
Gulshan Spinning Mills	Unrated	Unrated	313,190	313,190	867	1,660
Habib Bank Limited	AAA/A-1+	Unrated	3,182,999	2,893,636	688,355	482,167
Habib Bank Modaraba 1st	AA-/A-1+	AA+/A1+	-	465	-	5
Habib Metropolitan Bank	Unrated	AA+/A1+	29,776,785	30,776,785	1,110,674	771,574
Habib Modaraba (Ist)	AA-	AA+/A1+	-	635	-	6
Habib Sugar	Unrated	Unrated	6,546,806	6,546,806	296,701	191,036
Hafiz Textile Mills	Unrated	Unrated	-	3,792	-	235
Haji Mohammad Ismail Mills Limited	Unrated	Unrated	1,594,650	1,594,650	4,784	5,215
Hakkim Textile Mills	Unrated	Unrated	131,445	131,445	-	-
Hashimi Can Company	Unrated	Unrated	82,154	82,154	-	-
Hinopak Motors Limited	Unrated	Unrated	259,462	259,462	213,247	52,551
Honda Atlas Car	Unrated	Unrated	1,522,754	2,482,754	301,779	104,375
Hub Power Company Limited	Unrated	AA+/A1+	57,740,000	57,740,000	4,524,506	3,505,973
Huffaz Seamless Pipe Ind.	Unrated	Unrated	-	269	-	6
I.B.L. Modaraba (Ist)	Unrated	Unrated	727,077	727,077	2,472	1,454
Ibrahim Fibers	Unrated	AA-/A1+	1,076,062	2,114,562	96,835	146,962
ICI Pakistan	Unrated	Unrated	-	1,011	-	-
IGI Insurance Limited	Unrated	AA	4,586,385	4,169,441	1,240,984	685,373
IGI Life Insurance (Formaly American Life)	Unrated	AA	2,500,000	-	402,375	-
Indus Dyeing & Manuf.	A+/A-1	Unrated	267,362	267,362	224,309	312,814
Innovative Invest.Bank Limited(Housing Finance )	Unrated	Unrated	17,952	17,952	-	-
International Industries Limited	Unrated	Unrated	6,312,636	6,312,636	393,530	292,717
International Knit Wear	Unrated	Unrated	60,716	60,716	723	525
International Steel Limited	Unrated	Unrated	2,915,478	2,915,478	74,199	50,205
Invest Capital Investment Bank Limited	Unrated	Unrated	3,705,680	3,705,680	6,226	5,077
Jahangir Siddiqui Investment Company	Unrated	A+/A1	-	31,405	-	343
Javed Omer Vohra & Co	Unrated	Unrated	859,960	859,960	-	-
Jehangir Siddiqui & Company Limited	Unrated	AA/A1+	28,503	28,503	414	262
Johnson & Phillips (Pak.) Limited	Unrated	Unrated	292,675	292,675	9,254	5,985
JS Bank Limited	Unrated	A+/A1	15,496,904	15,496,904	110,648	69,736
Karim Cotton Mills	Unrated	Unrated	56,285	56,285	-	-
KASB Bank (Platinum Bank)	Unrated	BBB/A3	918,280	918,280	1,827	1,763
Khairpur Sugar Mills Limited	Unrated	Unrated	-	3,088,000	-	32,331
Khursheed Spinning Mills	Unrated	Unrated	53,900	53,900	-	-
Kohat Cement Limited	Unrated	Unrated	-	301,200	-	29,448
Kohat Textile Mills Limited	Unrated	Unrated	2,078,554	2,926,554	33,735	61,750
Kohinoor Energy Limited	Unrated	Unrated	10,135,351	10,135,351	500,179	359,704
Kohinoor Mills Limited	Unrated	Unrated	545,683	895,683	7,372	15,764
<b>Balance carried forward</b>			<b>392,572,087</b>	<b>426,569,120</b>	<b>22,077,619</b>	<b>18,815,403</b>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2014	2013	2014	2013
			-----Rupees in '000-----			
<b>Balance brought forward</b>			<b>392,572,087</b>	<b>426,569,120</b>	<b>22,077,619</b>	<b>18,815,403</b>
Kohinoor Power Co.	Unrated	Unrated	-	147,865	-	421
Kohinoor Textile Mills Limited	Unrated	Unrated	310,823	2,054,323	10,894	61,609
Kot Addu Power Company Limited	AA+/A-1+	Unrated	12,034,144	17,546,644	949,975	1,083,505
KSB Pumps Co.Limited	Unrated	Unrated	1,087,818	1,087,818	166,589	98,284
Lafarge Pakistan Cement	Unrated	Unrated	2,396,719	6,563,719	41,583	54,873
Leiner Pak.Gelatine	Unrated	Unrated	13,900	13,900	352	195
Libaas Textile Limited	Unrated	Unrated	250,000	250,000	2,938	2,425
Lotte Pakistan PTA Limited	Unrated	Unrated	1,800,000	4,300,000	12,348	31,562
Lucky Cement Limited	Unrated	Unrated	-	2,223,301	-	666,701
Maple Leaf Cement Limited	Unrated	BB/B	-	319	-	9
Maqbool Textile Mills	Unrated	Unrated	-	382	-	12
Mari Petroleum Company Limited	Unrated	Unrated	3,648,500	3,040,417	1,734,679	646,697
Masood Textile Mills Limited	Unrated	Unrated	4,543,662	4,593,662	585,451	580,823
MCB Bank Limited	Unrated	AAA/A1+	-	46	-	13
Mehar Dastgir Textile	Unrated	Unrated	24,856	24,856	-	-
Mehran Jute Limited	Unrated	Unrated	61,931	61,931	-	-
Metropolitan Steel Corp ( Restricted )	Unrated	Unrated	50,204	50,204	-	801
Millat Tractors Limited	Unrated	Unrated	-	567,840	-	273,983
Mirpurkhas Sugar Mills	Unrated	Unrated	802,353	802,353	51,030	32,896
Moonlite Pak (Blanket)	Unrated	Unrated	58,846	58,846	1,295	705
Morafco Limited	Unrated	Unrated	29,069	29,069	-	-
Nagina Cotton Mills Limited	Unrated	Unrated	-	498	-	45
National Foods Limited	A+/A-1	Unrated	4,585,800	3,531,125	1,816,894	1,559,874
National Over.	Unrated	Unrated	12,471	12,471	-	-
National Refinery Limited	Unrated	AA+/A1+	869,554	869,554	160,737	187,406
Nestle Pakistan Limited	Unrated	Unrated	4,980	4,980	45,318	37,599
NIB (Ndlc-Ific Bank ) NIB Bank Limited	Unrated	AA-/A1+	12,862,190	12,862,190	29,840	30,098
Nishat (Chunian) Limited	A-/A-2	AA-/A1+	1,933,449	2,071,949	87,817	124,731
Nishat Chunian Power Limited	A/A-2	AA-/A1+	-	436	-	15
Nishat Mills Limited	Unrated	AA-/A1+	-	383,218	-	48,761
Nishat Power Limited	A+/A-2	A+/A1	-	893	-	27
Oil And Gas Company Limited	AAA/A-1+	Unrated	2,015,581	2,050,581	414,948	566,699
Orix Leasing Pakistan Limited	Unrated	AA/A1+	1,689,793	1,689,793	81,195	43,090
Pace Pakistan Limited	Unrated	D	27,879,000	37,314,967	92,837	141,424
Package Limited	Unrated	AA/A1+	1,116,263	2,501,663	757,150	682,028
Pak Datacom Limited	Unrated	Unrated	750,791	750,791	58,336	52,195
Pak Electron Limited	Unrated	A-/A2	-	4,599,015	-	91,934
Pak Suzuki Motors Limited	Unrated	Unrated	846,327	1,990,727	314,089	306,353
Pakgen Power Limited	Unrated	AA/A1+	4,550,000	4,550,000	122,987	98,781
Pakistan Engineering Company Limited	Unrated	Unrated	135,242	135,242	15,039	6,627
Pakistan International Airlines Corporation "A-Class"	Unrated	Unrated	20,851,011	20,851,011	155,340	174,731
Pakistan National Shipping Corporation	Unrated	AA-/A1+	608,707	608,707	97,606	51,211
Pakistan Oil Fields Limited	Unrated	Unrated	64,150	1,229,000	24,336	611,686
Pakistan Paper Products Limited	Unrated	Unrated	78,272	78,272	6,144	4,040
Pakistan Petroleum Limited	Unrated	Unrated	1,144,384	270,966	202,007	57,976
Pakistan Refinery Limited	Unrated	A-/A2	1,803,706	3,361,306	293,553	255,930
Pakistan Reinsurance Company Limited	Unrated	Unrated	12,083,770	12,083,770	366,622	343,783
Pakistan Services Limited	Unrated	Unrated	418,460	418,460	202,953	119,261
Pakistan State Oil	Unrated	AA+/A1+	3,062,447	2,988,589	1,096,080	992,869
Pakistan State Oil	Unrated	AA+/A1+	20,678,388	18,798,535	7,401,002	6,245,249
Pakistan Telecommunication Company Limited	Unrated	Unrated	34,361,854	37,671,354	791,353	1,071,373
Pakistan Tobacco	Unrated	Unrated	1,100	1,100	1,166	619
Pan Islamic Steamship	Unrated	Unrated	421	421	-	-
Paramount Spinning Mills	Unrated	Unrated	994,301	994,301	4,773	6,423
Pervez Ahmed Securities Limited	Unrated	Unrated	301,925	301,925	915	918
Pioneer Cement Limited	Unrated	Unrated	2,527,000	26,405,714	216,336	1,011,339
Premier Insurance Co. of Pakistan Limited	Unrated	Unrated	-	56,074	-	418
Premium Textile Mills	Unrated	Unrated	167,389	167,389	21,049	28,490
Punjab Modaraba (Ist)	Unrated	BBB/A3	-	595,224	-	1,113
Quetta Textile Mills	D	Unrated	9,686	9,686	504	600
Redco Textile Mills Limited	Unrated	Unrated	402,378	402,378	1,807	1,855
RMCPPL	Unrated	Unrated	13	13	-	-
Ruby Textile Mills	Unrated	Unrated	311,132	311,132	2,022	4,574
Rupali Polyester Limited	Unrated	Unrated	816,483	816,483	11,823	15,921
S.G.Power	Unrated	Unrated	164,692	164,692	329	379
Sadoon Textile Mills	Unrated	Unrated	421	421	-	-
Saif Textile Mills Limited	Unrated	Unrated	-	363	-	14
Salman Noman Enterprises	Unrated	Unrated	157,606	167,606	788	1,123
Samba Bank Limited	AA-/A-1	Unrated	3,469,974	3,469,974	24,290	16,378
Samin Textile Mills	Unrated	Unrated	1,604,838	1,604,838	22,468	20,670
Sana Industries Limited	Unrated	Unrated	-	560	-	38
Sanghar Sugar Mills	Unrated	Unrated	-	115	-	3
Sapphire Textile Mills	A+/A-1	Unrated	-	226	-	88
Sardar Chemical Ind.Limited	Unrated	Unrated	-	75,413	-	524
Saudi Pak.Leasing Co.	D	Unrated	-	42,673	-	120
Schon Textiles Mills	Unrated	Unrated	131,446	131,446	-	-
Searle Pakistan Limited	BBB+	Unrated	301,210	215,150	72,845	26,584
Security Investment Bank	A/A-2	Unrated	1,160,703	1,160,703	2,844	3,772
Security Papers Limited	AAA/A-1+	AAA/A1+	1,335,195	1,122,013	103,344	78,878
Service Fabrics Limited	Unrated	Unrated	687,561	687,561	-	-
Service Industries Limited	Unrated	Unrated	842,126	842,126	820,711	458,580
Service Textile Mills	Unrated	Unrated	82,575	82,575	1,470	-
<b>Balance carried forward</b>			<b>589,561,677</b>	<b>683,496,973</b>	<b>41,578,420</b>	<b>37,936,134</b>



# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2014	2013	2014	2013
-----Rupees in '000-----						
<b>Balance brought forward</b>			<b>589,561,677</b>	<b>683,496,973</b>	<b>41,578,420</b>	<b>37,936,134</b>
Shabbir Tiles & Ceramics	Unrated	Unrated	1,891,989	1,891,989	21,417	16,839
Shahmurad Sugar Mills Limited	BBB+/A-2	Unrated	-	3,895	-	77
Shahtaj Sugar Mills	Unrated	Unrated	408,539	408,539	29,648	35,134
Shell Pakistan Limited	Unrated	Unrated	218,750	175,000	56,630	33,325
Shezan International	Unrated	Unrated	-	40	-	29
Silk Bank Limited	A-/A-2	Unrated	1,810,788	1,810,788	4,020	3,803
Sindh Fine Textile Mills	Unrated	Unrated	39,603	39,603	408	279
Sitara Chemicals Industries Limited	A+/A-1	Unrated	520,814	520,814	164,765	127,605
Sitara Energy Limited	Unrated	Unrated	1,130,517	1,130,517	45,209	40,258
SME Leasing Limited	BB+/B	Unrated	1,230,477	1,230,477	1,231	6,152
Soneri Bank Limited	Unrated	AA-/A1+	29,026,394	54,272,585	357,895	593,199
Standard Chartered Leasing Limited	Unrated	AA+/A1+	-	193	-	1
Standard Chartered Modaraba	Unrated	AA+/A1+	1,975,021	1,975,021	48,289	33,733
Sui Northern Gas Pipeline Company Limited	Unrated	AA/A1+	18,805,318	18,805,318	539,901	400,553
Sui Northern Gas Pipeline Company Limited	Unrated	AA/A1+	32,322,335	32,322,335	927,974	688,466
Sui Southern Gas Pipeline Limited	Unrated	AA-/A1+	29,536,674	29,536,674	1,145,432	710,652
Summit Bank Limited ( Formuly Arif Habib Bank)	A-/A-3	Unrated	48,908,297	48,908,297	217,642	105,153
Sunshine Cotton Mills Limited	Unrated	Unrated	498,220	498,220	-	-
Suraj Ghee Limited	Unrated	Unrated	27,384	27,384	-	-
Taj Textile Mills Limited	Unrated	Unrated	763,513	763,513	-	-
Tandlianwala Sugar Limited	Unrated	Unrated	17,948	17,948	681	1,365
Tata Textile Mills	Unrated	Unrated	-	34	-	2
Tele Card Limited	Unrated	Unrated	22,371,376	22,371,376	74,049	116,555
Thall Limited	Unrated	Unrated	6,197,498	6,197,498	1,667,313	856,866
Thatta Cement Co. Limited	Unrated	Unrated	9,859,862	9,859,862	325,375	246,398
TPL Direct Insurance Limited	Unrated	Unrated	4,141,360	4,141,360	106,640	41,207
TPL Trakker Limited	Unrated	A-/A2	15,444,597	15,444,597	123,866	114,753
Treet Corporation	AA-/A-1	Unrated	3,312,678	2,540,572	437,009	248,290
TRG Pakistan	Unrated	Unrated	788,000	788,000	11,473	6,990
Tri Star Modaraba (Ist)	Unrated	Unrated	151,492	151,492	757	1,000
Twakkal Garments Industries Limited	Unrated	Unrated	172,325	172,325	-	-
Unicap Modaraba.	Unrated	Unrated	-	178,631	-	309
United Bank Limited	AA+/A-1+	Unrated	5,230,940	2,200,233	924,360	291,641
United Brands Limited ( Udl Industries )	Unrated	Unrated	3,000	4,085	249	186
United Distributors Pak.	Unrated	Unrated	-	525	-	10
Wah Noble Chemicals Limited	Unrated	Unrated	324,421	324,421	20,276	20,114
Worldcall Telecom	Unrated	D	47,435,914	47,435,914	80,641	117,641
Yousuf Weaving Mills	Unrated	Unrated	627,427	627,427	2,924	3,288
Zahur Cotton Mills	Unrated	Unrated	225	225	-	-
Zeal Pak Cement Limited	Unrated	Unrated	247,789	247,789	-	-
			<b>875,003,162</b>	<b>990,522,489</b>	<b>48,914,494</b>	<b>42,798,007</b>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 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			2014	2013				
----- Rupees in '000 -----										
Digri Sugar Mills Limited	Unrated	Unrated	12.4%	2,000,000	4,063	4,063	8,126	30-Sep-99	Mr. Naveed Ahmad Javeri	
JDM Textile Mills Limited	Unrated	Unrated	10.00%	478,444	4,784	4,784	11,639	June 30, 2012	Mr. I.T. Gen ® Ali Kuli Khan	
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 KI	
Precision Engineering	Unrated	Unrated	16.8%	15,100	-	-	.....	Not Available.....	Mr. Zaheer Hussain	
Resources and Engineering Management Corporation	Unrated	Unrated	10.0%	66,125	-	-	(484,696)	June 30,2005	Mr. Shafaat Ahmed	
Safa Rice Mills Limited	Unrated	Unrated	15.8%	450,000	-	-	.....	Not Available.....	Mr. Pervaiz Alam	
Sigma Knitting Mills	Unrated	Unrated	14.1%	500,000	-	-	(6,793)	June 30,1999	.....	Not Available.....
				<b>5,790,169</b>	<b>19,012</b>	<b>19,012</b>				

### 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		2014	2013			
----- Rupees in '000 -----								
Accord Textile Mills Limited	Unrated	Unrated	233,400	-	-	.....	Not Available.....	
Adamjee Floorings Limited	Unrated	Unrated	30,080	-	-	.....	Not Available.....	
Adamjee Papers & Board Mills Limited	Unrated	Unrated	137,597	-	-	.....	Not Available.....	
Adil Polypropylene Limited	Unrated	Unrated	69,093	-	-	.....	Not Available.....	
Afsar Textile Mills Limited	Unrated	Unrated	32,778	-	-	.....	Not Available.....	
Al Ameen Textile	Unrated	Unrated	30,000	328	328	.....	Not Available.....	
Al Zamin Modarba Management	Unrated	Unrated	140,000	1,000	1,000	2,134	June 30, 2006	Mr. Bashir A. Chaudhry
Al-Hussany Industries Limited	Unrated	Unrated	31,514	-	-	.....	Not Available.....	
Alif Textile Mills Limited	Unrated	Unrated	163,464	-	-	.....	Not Available.....	
Amazai Textile Limited	Unrated	Unrated	10,111	-	-	.....	Not Available.....	
AMZ Venture Limited Class A	Unrated	Unrated	200,000	122	122	.....	Not Available.....	
Apex Fabrics Limited	Unrated	Unrated	144,506	-	-	.....	Not Available.....	
Appllo Pharma	Unrated	Unrated	25,200,000	252,000	-	.....	Not Available.....	
Arabian Seas Country Club	Unrated	Unrated	650,000	6,500	6,500	.....	Not Available.....	
Arag Industries Limited	Unrated	Unrated	96,478	-	-	.....	Not Available.....	
Aslo Electronics Limited	Unrated	Unrated	20,054	-	-	.....	Not Available.....	
Aswan Tantage Limited	Unrated	Unrated	86,030	-	-	.....	Not Available.....	
Atlas Power Limited	Unrated	Unrated	37,500,000	375,000	375,000	653,823	30-Jun-13	Maqsood A. Basra
Attock Textile Mills Limited	Unrated	Unrated	100,000	200	199	(1,412)	Sept. 30, 1998	Mr. Arshad Ali Chaudhry
Awan Textile Mills Limited	Unrated	Unrated	108,696	-	-	.....	Not Available.....	
Babri Cotton Mills Limited	Unrated	Unrated	-	-	3,218	23,365	June 30, 2011	Raza Kuli Khan Khattak
Bahawalpur Textile Limited	Unrated	Unrated	33,283	-	-	.....	Not Available.....	
Baluchistan Foundry (Tower)	Unrated	Unrated	37,664	-	-	.....	Not Available.....	
Bankers Equity Limited (B.E.L.)	Unrated	Unrated	1,485,925	-	-	.....	Not Available.....	
Bankers Equity Limited (B.E.L.)	Unrated	Unrated	251,022	-	-	.....	Not Available.....	
Bawany Textile Mills Limited	Unrated	Unrated	42,972	-	-	.....	Not Available.....	
Bela Engineers Limited	Unrated	Unrated	135,658	-	-	.....	Not Available.....	
Brikks Pvt Limited	Unrated	Unrated	39,050	-	-	.....	Not Available.....	
Callmate Telips Telecom Limited	Unrated	Unrated	44	0.00	0.00	.....	Not Available.....	
Central Cotton Mills	Unrated	Unrated	17,864	-	-	.....	Not Available.....	
Charsada Sugar Mills Limited	Unrated	Unrated	4,634	-	-	.....	Not Available.....	
Chilya Corrugated Board Limited	Unrated	Unrated	22,076	-	-	.....	Not Available.....	
Crescent Spinning Mills	Unrated	Unrated	370,744	-	-	.....	Not Available.....	
Crown Textile	Unrated	Unrated	161,948	-	-	.....	Not Available.....	
Dadabhoy Leasing Co.	Unrated	Unrated	188,742	-	-	.....	Not Available.....	
Dadabhoy Sack Limited	Unrated	Unrated	25,102	-	-	.....	Not Available.....	
Engine System	Unrated	Unrated	788,500	-	-	.....	Not Available.....	
F.T.C. Management	Unrated	Unrated	50,000	250	250	34,657	June 30, 2012	Engr. Mir Fateh Sultan
Fauji Akbar Portia	Unrated	Unrated	29,188,739	321,076	321,076	156,201	30-Jun-13	Mr. Ahmed Kamal Rana
Fauji Oil Terminals	Unrated	Unrated	1,088,600	10,886	10,886	26,052	June 30, 2013	Lt. Gen ® M. Mustafa Khan
Fazal Vegetable Ghee	Unrated	Unrated	21,486	-	-	.....	Not Available.....	
First Women Bank Limited	Unrated	BBB+/A2	7,698,441	21,100	21,100	107,026	Dec. 31, 2012	Ms. Shafiqat Sultana
Fortune Securities Limited	Unrated	Unrated	500,000	5,000	5,000	8,334	June 30, 2012	Mr. Qasim Lakhani
Frontier Textile Mills Limited	Unrated	Unrated	50,000	500	500	272	Sep. 30, 2002	Not available
Ghafoor Textile Mills	Unrated	Unrated	23,424	-	-	.....	Not Available.....	
Ghulam M.Dadabhoy ( Dadabhoy Padube )	Unrated	Unrated	25,278	-	-	.....	Not Available.....	
Gulistan Power Generation Limited	Unrated	Unrated	220,000	2,200	2,200	8,096	June 30, 2000	Mr. Abdul Shakoor
Gypsum Corporation	Unrated	Unrated	84,176	-	-	.....	Not Available.....	
H. Shaikh Muhammed Hussain	Unrated	Unrated	57,634	-	-	.....	Not Available.....	
Harum Textile	Unrated	Unrated	29,683	-	-	.....	Not Available.....	
Hazara Woolen Mills Limited	Unrated	Unrated	20,000	200	202	.....	Not Available.....	
Hyderabad Electronic	Unrated	Unrated	50,135	-	-	.....	Not Available.....	
IDBP	Unrated	Unrated	1,011	107	-	.....	Not Available.....	
Indus Bank Limited.	Unrated	Unrated	76	-	-	.....	Not Available.....	
Indus Polyester Co.	Unrated	Unrated	3	-	-	.....	Not Available.....	
Insecta Pakistan Limited	Unrated	Unrated	50,000	-	-	315	June 30,1997	Mr. Syed Tauqeer Haider
Inter Asia Leasing Company Limited	Unrated	Unrated	50,000	500	500	.....	Not Available.....	
Investec Securities Limited	Unrated	Unrated	50,205	-	-	.....	Not Available.....	
Islamabad Stock Exchange Ltd	Unrated	Unrated	3,034,603	30,346	34,346	.....	Not Available.....	
Islamic Investment Bank	Unrated	Unrated	71,339	-	-	.....	Not Available.....	
Itti Textile Mills	Unrated	Unrated	83,418	-	-	.....	Not Available.....	
Junaid Cotton Mills Limited	Unrated	Unrated	51,759	328	328	.....	Not Available.....	
Kaisar Arts & Krafts	Unrated	Unrated	868,959	8,395	8,395	.....	Not Available.....	
<b>Balance carried forward</b>				<b>1,036,038</b>	<b>791,150</b>			

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

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		2014	2013			
				Rupees in '000				
<b>Balance brought forward</b>				<b>1,036,038</b>	<b>791,150</b>			
Karachi Pipes	Unrated	Unrated	79,710	-	-			Not Available
Karim Silk Mills Limited	Unrated	Unrated	9,690	-	-			Not Available
Kaytex Mills (Saleem Denim Ind.)	Unrated	Unrated	82,575	-	-			Not Available
Kaytex Mills Limited	Unrated	Unrated	377,800	<b>3,778</b>	3,778			Not Available
Kohinoor ( Cotton ) Textile	Unrated	Unrated	31,935	-	-			Not Available
Kohinoor Looms Limited	Unrated	Unrated	86,366	-	-			Not Available
Lafayette Industries Synth.	Unrated	Unrated	46,765	-	-			Not Available
Marr Fabrics Limited	Unrated	Unrated	60,246	-	-			Not Available
Medi Glass Limited	Unrated	Unrated	150,404	-	-			Not Available
Mehran Bank Limited	Unrated	Unrated	376,390	-	-			Not Available
Mian Mohammad Sugar	Unrated	Unrated	87,630	<b>15</b>	15			Not Available
Mohib Textile Limited	Unrated	Unrated	507,080	-	-			Not Available
Mubarak Dairies	Unrated	Unrated	28,227	-	-			Not Available
Muslim Ghee Mills Limited	Unrated	Unrated	181,000	<b>1,810</b>	1,810			Not Available
Myfip Video Industries	Unrated	Unrated	537,300	<b>5,373</b>	5,373			Not Available
National Asset Leasing Corporation	Unrated	Unrated	135,050	<b>14</b>	14			Not Available
National Construction Limited	Unrated	Unrated	149,999	<b>250</b>	250	597	June 30, 2005	Mr. Ali Mohammad Shaikh
National Film Development Corporation Limited	Unrated	Unrated	10,000	-	-	(1,825)	June 30, 2000	Mr. Sajjad Haider
National Industry Cooperative Bank of Gujrat	Unrated	Unrated	1	-	-			Not Available
National Institution of Facilitation Technology (Pvt) Ltd	Unrated	Unrated	1,478,227	<b>1,526</b>	1,526	28,030	June 30, 2012	Mr. M. M. Khan
National Investment Trust (face value Rs.100 each)	AM-DS	Unrated	79,200	<b>100</b>	100	1,796	June 30, 2010	Mr. Tariq Iqbal Khan
National Match Ind.	Unrated	Unrated	13,398	-	-			Not Available
National Woolen Mills Limited	Unrated	Unrated	18,300	<b>183</b>	183			Not Available
Natover Lease & Refinance	Unrated	Unrated	371,674	<b>2,602</b>	2,602			Not Available
Naveed Textile Mills	Unrated	Unrated	35,979	-	-			Not Available
Newyork Poly Clinic of Karachi	Unrated	Unrated	220,133	-	-	(241)	June 30, 1998	Mr. Akhter Aziz khan
Norrie Textile Mills	Unrated	Unrated	69,557	-	-			Not Available
Newshehra Engineering Works Limited	Unrated	Unrated	18,179	<b>41</b>	41			Not Available
Nusrat Textile Mills	Unrated	Unrated	156,134	-	-			Not Available
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	<b>11,529</b>	11,529	1,152	Dec 31, 2009	Not available
Pakistan Paper Corporation Limited	Unrated	Unrated	37,250	<b>373</b>	373			Not Available
Pakistan Telephone Cables	Unrated	Unrated	45,969	<b>143</b>	143			Not Available
Pakistan Textile City	Unrated	Unrated	10,000,000	<b>100,000</b>	100,000	40,449	June 30, 2013	Mr. Zaheer Hussain
Pakistan Tourism Development Corporation	Unrated	Unrated	10,000	<b>100</b>	100	24,983	June 30, 1996	Not available
Pearl Fabrics Limited	Unrated	Unrated	117,121	-	-			Not Available
People Steel Mills Limited	Unrated	Unrated	1,076,880	<b>3,276</b>	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	<b>500</b>	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	<b>4,589</b>	4,589			Not Available
Regal Ceramics Limited	Unrated	Unrated	45,501	-	-			Not Available
Rehman Cotton Mills Limited	Unrated	Unrated	1,695,800	<b>16,958</b>	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	<b>132,888</b>	132,888	870,989	June 30, 2013	Mr. Naseem Akhter
Ruby Rice and General Mills Limited	Unrated	Unrated	75,000	<b>750</b>	750			Not Available
Sahrish Textile Mills	Unrated	Unrated	10,043	<b>20</b>	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	<b>271</b>	271	544	June 30, 2000	Not available
Siftaq (International) Textile Mills	Unrated	Unrated	54,769	-	-			Not Available
Sindh Alkalies Limited	Unrated	Unrated	359,369	-	-			Not Available
SME Bank Limited	BBB	Unrated	6,121,095	<b>26,950</b>	26,950	50,986	31-12-2010	Mr. R. A Chughtai
South Asia Regional Fund	Unrated	Unrated	5,000	<b>287</b>	287		Dec 31, 07	Mr. Jean Fondaumiere
Star Salica Industries Limited	Unrated	Unrated	26,650	<b>267</b>	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	<b>2</b>	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 (Ist)	Unrated	Unrated	241,827	-	-			Not Available
Transmobile Limited	Unrated	Unrated	644,508	-	-	(44)	June 30, 1997	Mr. Javed Burki
Turbo Tee Limited (Tubes)	Unrated	Unrated	86,788	-	-			Not Available
Union Insurance Co.Of Pakistan	Unrated	Unrated	156	<b>4</b>	4			Not Available
Unity Modaraba	Unrated	Unrated	1,000,000	<b>28</b>	28			Not Available
Uqab Breeding Farms	Unrated	Unrated	70,778	-	-			Not Available
Zafar Textiles Mills Limited	Unrated	Unrated	247,100	<b>256</b>	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	<b>330</b>	330			Not Available
				<b>1,351,251</b>	<b>1,106,363</b>			
				<b>1,370,263</b>	<b>1,125,375</b>			

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 1.2 Particulars of Investments held in units of mutual funds

	Rating		No. of units held		Market value	
	JCRVIS	PACRA	2014	2013	2014	2013
					..... Rupees in '000 .....	
ABL Cash Fund	AA(f)	Unrated	14,975,739	15,584,060	156,646	155,841
AKD Cash Fund	AA+(f)	Unrated	799,539	902,087	41,816	45,131
Al Falah GHP Cash Fund	Unrated	AA(f)	199,075	105,755	104,339	52,932
Atlas Money Market Fund	Unrated	AA(f)	348,473	369,376	182,781	185,704
Asian Stock Fund	Unrated	Unrated	-	173,705	-	2,345
Askari Sovereign Cash Fund	Unrated	AAA(f)	994,830	1,560,591	104,248	157,406
Dominion Stock Fun	Unrated	Unrated	80,326	80,326	-	-
Faysal Financial Sector Opportunity Fund			-	1,028,212	-	103,952
Faysal Money Market Fund	AA+(f)	Unrated	991,768	1,082,901	104,384	110,153
First Dawood Mutual Fund	Unrated	2-Star/2-Star	1,157,674	1,157,674	-	-
First Habib Cash Fund	AA(f)	Unrated	750,378	1,049,032	78,377	105,008
HBL Money Market Fund	AA(f)	Unrated	1,517,263	516,138	158,812	52,177
IGI Money Market Fund	Unrated	Unrated	1,487,279	1,571,386	156,611	157,988
Investec Mutual Fund	Unrated	Unrated	87,858	87,858	-	-
J.S Large Capital Fund	Unrated	Unrated	468,069	403,829	47,808	37,104
Lakson Money Market Fund	Unrated	AA(f)	1,249,399	1,055,542	130,462	105,649
MCB Cash Optimizer Fund	Unrated	AA(f)	1,515,101	2,057,717	158,040	205,875
Meezan Balanced Fund	Unrated	Unrated	3,359,575	2,870,000	48,210	40,754
NAMCO Balanced Fund	Unrated	Unrated	2,621,664	2,450,154	25,666	15,901
NIT-EMOF	Unrated	Unrated	10,045,493	11,267,959	2,070,477	2,126,151
NIUT-NON LOC	Unrated	Unrated	-	22,323,985	-	1,110,395
NIT Government Bond Fund	Unrated	AA(f)	9,213,279	10,000,000	100,240	104,132
NIT Income Fund	Unrated	A+(f)	18,286,551	29,376,653	201,701	310,511
Pak Oman Government Securities Fund	Unrated	AA(f)	-	5,335,241	-	54,802
PICIC Cash Fund	AA+(f)	Unrated	998,804	1,059,733	104,605	106,677
PICIC Energy Fund	Unrated	Unrated	51,328	39,336	578	530
PICIC Investment Fund	Unrated	Unrated	1,000,000	1,000,000	12,200	11,370
UBL Liquidity Plus Fund	AA+(f)	Unrated	997,056	1,557,050	104,372	156,600
			<b>73,196,521</b>	<b>116,066,300</b>	<b>4,092,373</b>	<b>5,515,088</b>

## 1.3 Particulars of Investments held in Preference shares

	Rating	Cumulative/ Non-cumulative	Rate	No. of certificates held		Market Value / Cost	
				2014	2013	2014	2013
						-----Rupees in '000-----	
<b>Listed:</b>							
Agritech Limited (Preference)	Unrated	Cumulative	9.25%	3,458,756	61,748,756	34,587	617,488
Aisha Steel Preference Shares	Unrated	Cumulative	0.00%	273,699	-	240	-
Chenab Textile Mills Limited	Unrated	Cumulative	9.25%	10,000,000	10,000,000	100,000	10,500
Saleem Sugar Mills	Unrated	Cumulative	6.00%	105	105	-	-
Summit Bank Preference Class A		Non-Cumulative	10.00%	14,997,640	14,997,640	149,976	149,976
Masood Textile Mills	Unrated	Floating	12.65%	5,000,000	5,000,000	50,000	50,000
Pak Elektron Limited	A/A1	Cumulative	9.50%	10,643,642	10,643,642	106,436	106,436
				<b>44,373,842</b>	<b>102,390,143</b>	<b>441,240</b>	<b>934,400</b>
<b>Unlisted:</b>							
Pakistan Mercantile Exchange Limi	Unrated	-	-	1,300,000	1,300,000	13,000	13,000
Moro Textile Mills		Non-Cumulative		19,242,000	-	192,420	-
Silk Bank Limited (PNCPS)		Non-Cumulative		80,000,000	80,000,000	200,000	200,000
				<b>100,542,000</b>	<b>81,300,000</b>	<b>405,420</b>	<b>213,000</b>

\* Cost of the above investment amounted to **Rs. 1,236.90 million** (2013: Rs. 1,236.90 million)

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 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 certificates held		Market value / Cost	
					2014	2013	2014	2013
<b>Listed</b>								
Askari Bank Limited	12.53% 6 months Kibor + 2.5%	Half yearly	October 31, 2013	AA-	3,200	3,200	15,660	16,212
Azgard Nine Limited	11.86% 6 month Kibor + 2.4%	Half yearly	August 17, 2012	D	20,000	20,000	32,538	26,031
Bank Al-Falah Ltd.	15% (Fixed) 6 month Kibor + 1.5%	Half yearly	December 2, 2017	AA-	10,850	10,850	58,971	58,161
Engro Fertilizer Ltd	12.55% 6 months Kibor + 2.4%	Half yearly	December 17, 2016	A+	2,000	2,000	6,840	8,525
Escorts Invest. Bank Ltd.	11.53% 6 months Kibor + 2.5%	Half yearly	September 15, 2014	BB	-	6,090	-	2,243
Faysal Bank Ltd.	11.01% 6 months Kibor + 2.25%	Half yearly	October 11, 2017	AA-	-	10,000	-	25,062
Faysal Bank Ltd. (P)	12.40% 6 months Kibor + 2.25%	Half yearly	December 27, 2017	AA-	14,200	14,855	74,167	74,271
Financial Receivable Securitization Company Limited	11.08% 6 month Kibor + 2%	Half yearly	December 27, 2013	A+	-	5,000	-	2,082
NIB Bank Ltd.	11.36% 6 month Kibor + 1.15%	Half yearly	March 5, 2016	A+	80,000	-	394,333	-
Saudi Pak Leasing Co. - HTM	6 months Kibor + 1.5%	Half yearly	March 13, 2013	D	10,000	10,000	27,948	13,393
Summit Bank Ltd	12.86% 6 months Kibor + 3.25%	Half yearly	November 11, 2018	A-(SO)	44,898	44,898	191,779	224,283
							802,236	450,263
<b>Unlisted</b>								
Afroz Textile Industries	3 month Kibor-5% + (Floor 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	95,273	336,368	336,368
AKD Securites Ltd	6 month Kibor + 2.5%	Half yearly	December 31, 2015	D	-	4	496,000	744,000
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 Markup	-	March 31, 2017	D	122,697	122,697	613,485	613,485
Babri Cotton Mills	Zero Markup	Annually	December 30, 2016	Unrated	5	5	16,473	35,301
Bachani Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	28	28	33,054	33,054
Baluchistan Cotres Limited	22.00%	Overdue	Overdue	Unrated	22	22	1,098	2,745
Bankers Equity Limited	22.00%	Overdue	Overdue	Unrated	10	10	31,335	31,335
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
Bunny's Limited	3 months Kibor + 2.5%	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	240	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 I	6 months Kibor + 1.7%	Half yearly	December 17, 2016	A+	8,291	9,291	31,455	41,655
Fauji Akbar Portia Marine Terminal	Zero Markup	Half yearly	October 15, 2024	Unrated	2	-	103,707	-
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	-	-	900	900
Hospitex International Limited	22.00%	Overdue	Overdue	Unrated	-	-	239	239
Independent News Paper Corp. Ltd	3 month Kibor	Quarterly	March 30, 2018	B	1	1	1,135,375	1,378,669
Jahangir Siddiqui & Company Limited	6 month Kibor + 2.0%	Half yearly	May 17, 2014	AA+	-	40	-	49,840
Janana De Malucho Textile Mills Ltd	Zero Markup	Annually	January 1, 2017	Unrated	11	11	23,173	48,663
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	905,887	1,225,000
<b>Balance carried forward</b>							<b>4,209,497</b>	<b>5,192,213</b>

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, 2014

Investee	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificates held		Market value / Cost	
					2014	2013	2014	2013
							(Rupees in '000)	
<b>Balance brought forward</b>							4,209,497	5,192,213
JDW Sugar Mills Limited	3 month Kibor + 1.25%	Quarterly	June 23, 2014	A+		40,000	-	22,222
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
							-	-
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.	8% for first 3 years and 3 month KIBOR+3%	Quarterly	January 10, 2021	Unrated	20	20	188,613	188,613
Munalisa Fruit Juices	-	-	-	Unrated	2	2	1,500	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	-	-
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	1	1,324,736	1,433,724
Oil & Gas Investment Limited.	6 month Kibor + 2%.	Half yearly	May 14, 2015	Unrated	188,700	188,700	815,800	815,800
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	95
Pak Elektron Ltd	3 month Kibor + 2%.	Quarterly	February 24, 2020	AA	26	-	3,165,690	-
Pak Libya Holding Co Pvt Ltd	6 month Kibor + 1.6%.	Half yearly	February 7, 2016	AA	50,000	50,000	125,158	208,167
Parthenon private Limited	3 month Kibor + 2%.	Quarterly	December 30, 2017	Unrated	10	9	1,631,635	1,864,725
Pirjee Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	16	16	401	401
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	-	946,337
Rehman Cotton Mills	Zero Markup	Annually	December 30, 2016	Unrated	11	11	37,554	60,087
Qand Ghar (Pvt) Limited	22.00%	Outstanding	Overdue	Unrated	22	22	2,092	2,092
Raja Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,831	3,831
Regency Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	24	24	6,033	6,033
Sarela Cement Limited	22.00%	Overdue	Overdue	Unrated	32	32	6,748	6,748
Seri Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	24	24	5,422	5,422
Shazeb Industries Limited	22.00%	Overdue	Overdue	Unrated	14	14	1,840	1,840
Sialkot Dairies	22.00%	Overdue	Overdue	Unrated	13	13	1,323	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	86,730	66,530	433,650	332,650
Sunflo Juices Limited	22.00%	Overdue	Overdue	Unrated	28	28	748	748
Tanocraft Limited	22.00%	Overdue	Overdue	Unrated	22	22	-	-
Tawakkal Garments Industries Limited	22.00%	Overdue	Overdue	Unrated	16	16	759	759
Tharparkar Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	5	5	8,516	12,621
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	400,000	400,000	2,000,000	2,000,000
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
							17,248,212	16,384,727
							18,050,448	16,834,990

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, 2014

## 1.4.2 Debentures

Investee	Terms of Redemption		Rate of Interest	Cost	
	Principal	Interest		2014	2013
				------(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
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	Oustanding	Oustanding	12.5%	200	200
Spinzer Towel Industries Limited	Oustanding	Oustanding	14%	175	175
Sun Publications Limited	Overdue	Overdue	13.5%	178	178
Zulsham Engineering Works Limited	Overdue	Overdue	14%	236	236
				<b>187,229</b>	<b>187,229</b>

## Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

### 1.4.3 Participation Term Certificate

Investee	Number of certificate(s)	Rate of interest	Paid - up value per certificate Rupees	Cost	
				2014 ------(Rupees in '000)-----	2013
Ali Paper Industries Limited	13	17%	261,000	<b>3,393</b>	3,393
Alipure Jute Mills Limited	53	17%	172,113	<b>7,081</b>	7,081
American Marbals Limited	12	17%	104,167	<b>448</b>	448
Azmat Oil Industries Limited	1	17%	226,000	<b>226</b>	226
Annis Garments Limited	12	17%	32,917	<b>395</b>	395
Bhawalpur Board Mills Limited	14	17%	137,000	<b>1,918</b>	1,918
Bela Chemicals limited	1	17%	10,500,000	<b>10,500</b>	10,500
Calcium Limited	1	17%	300,000	<b>300</b>	300
Dadabhoy Cement Limited	1	17%	11,601,000	<b>7,303</b>	7,303
Delta Tyre & Rubber Co.	7	17%	268,714	<b>1,118</b>	1,118
Gypsum Corporation Limited	32	17%	32,594	<b>1,043</b>	1,043
Ittehad Industries Limited	1	17%	600,000	<b>451</b>	451
Jubilee Paper Board Mills	16	17%	431,938	<b>4,415</b>	4,415
Kamal Enterprises Limited	17	17%	64,294	<b>1,093</b>	1,093
Khattak Edible Oil Limited	15	17%	82,467	<b>1,237</b>	1,237
Meditex International Limited	15	17%	87,800	<b>508</b>	508
Morgah Valley Limited	16	17%	29,250	<b>468</b>	468
National Fructose Limited	11	17%	550,818	<b>3,215</b>	3,215
Pak Belt Industries Limited	13	17%	94,692	<b>757</b>	757
Pangrio Sugar Mills Limited	29	17%	442,586	<b>4,433</b>	4,433
Punjab Building Products	12	17%	121,500	<b>1,458</b>	1,458
Punjab Cables Mills Limited	12	17%	388,667	<b>3,833</b>	3,833
Rainbow Packages Limited	23	17%	122,174	<b>2,223</b>	2,223
Sampak Paper Board Mills	11	17%	14,909	<b>165</b>	165
Sarela Cement Limited	35	17%	406,629	<b>14,232</b>	14,232
Shafi Woolen Industries Limited	11	17%	89,455	<b>490</b>	490
Sindh Glass Industries Limited	17	17%	598,765	<b>9,457</b>	9,457
Star Silica Industries Limited	15	17%	137,467	<b>1,803</b>	1,803
United Wood (Veener) Limited	15	17%	51,000	<b>727</b>	727
Waziristan Oil Industries Limited	13	17%	88,385	<b>1,094</b>	1,094
Zafar Oil Industries Limited	11	17%	65,455	<b>720</b>	720
Treet Corporation Limited	7,729,500	AA	33	<b>188,115</b>	221,274
				<b>274,619</b>	<b>307,778</b>



## Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

### 1.4.4 Investment in Sukuk

Investee	Terms of Redemption		Rate of Interest %	Market Value/Cost	
	Principal	Interest		2014	2013
------(Rupees in '000)-----					
WAPDA Sukuk (2nd Issue)	Bi-Annual	Bi-Annual	8.84% 6 month Kibor - 0.25%	235,760	908,332
Quetta Textile Mills Limited	Quarterly	Quarterly	11.01% 3 month Kibor + 1.75%	253,793	275,862
PIA Corporation	Bi-Annual	Bi-Annual	11.19% 6 month Kibor + 1.75%	550,000	550,000
Maple Leaf Cement Factory Ltd.	Quarterly	Quarterly	0.00% 3 months Kibor + 1.7%	790	2,451
<b><u>Islamic Banking</u></b>					
WAPDA Sukuk	Bi-Annual	Bi-Annual	6 month Kibor - 0.25%	12,500	16,667
Security Leasing Limited	Monthly	Monthly	0%	30,807	32,838
Kohat Cement Limited	Quarterly	Quarterly	3 Months Kibor + 1.5%	-	10,168
Arzoo Textile Limited	Bi-Annual	Bi-Annual	0%	100,000	100,000
GoP Ijara Sukuk	Bi-Annual	Bi-Annual	6 M T-bills	2,024,349	4,401,296
Engro Fertilizer Limited	Bi-Annual	Bi-Annual	6 month Kibor + 1.50%	216,738	216,738
Pakistan International Airline	Bi-Annual	Bi-Annual	6 month Kibor + 1.75%	175,000	175,000
				<b>3,559,737</b>	<b>4,649,352</b>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

## 1.4.5 Others Government Bond Investment

Investee	Terms of Redemption		Rate of Interest %	Market Value/Cost	
	Principal	Interest		2014	2013
<b>Overseas Bonds</b>					
BANK OF AMERICA	On Maturity	Bi-Annual	4.50%	478,851	247,924
BARCLAYS BANK	On Maturity	Bi-Annual	5.20%	331,378	331,378
CITIBANK	On Maturity	Bi-Annual	5.13%	215,467	215,467
CITIBANK	On Maturity	Bi-Annual	5.50%	220,836	220,836
GOLDMAN SACHS GROUP	On Maturity	Bi-Annual	3.63%	217,239	112,043
GOLDMAN SACHS GROUP	On Maturity	Bi-Annual	5.35%	220,963	113,979
GOLDMAN SACHS GROUP	On Maturity	Bi-Annual	3 months LIBOR+1%	211,261	211,261
GOLDMAN SACHS GROUP	On Maturity	Bi-Annual	7.50%	506,336	262,328
GOLDMAN SACHS GROUP	On Maturity	Bi-Annual	6.15%	473,905	244,495
HONG KONG SHANGHAI BANK CO.	On Maturity	Bi-Annual	0.50%	126,391	126,391
LLOYDS TSB BANK	On Maturity	Bi-Annual	2.59%	211,994	211,994
LLOYDS TSB BANK	On Maturity	Bi-Annual	1.50%	421,179	212,195
LLOYDS TSB BANK	On Maturity	Bi-Annual	4.38%	105,926	54,576
LLOYDS TSB BANK	On Maturity	Bi-Annual	4.38%	105,926	54,576
LLOYDS TSB BANK	On Maturity	Bi-Annual	4.88%	438,345	224,685
MERRILL LYNCH & CO	On Maturity	Bi-Annual	6.50%	122,253	63,347
MERRILL LYNCH & CO	On Maturity	Bi-Annual	6.50%	51,835	26,859
MERRILL LYNCH & CO	On Maturity	Bi-Annual	6.88%	251,495	251,495
MERRILL LYNCH & CO	On Maturity	Bi-Annual	6.88%	251,495	251,495
MERRILL LYNCH & CO	On Maturity	Bi-Annual	7.00%	56,480	29,266
MORGAN STANLEY	On Maturity	Bi-Annual	3.45%	214,293	109,633
MORGAN STANLEY	On Maturity	Bi-Annual	6.00%	214,666	214,666
MORGAN STANLEY	On Maturity	Bi-Annual	4.50%	633,101	324,306
ROYAL BANK OF SCOTLAND	On Maturity	Bi-Annual	4.88%	219,520	219,520
ROYAL BANK OF SCOTLAND	On Maturity	Bi-Annual	6.40%	720,518	364,103
GOP BONDS	On Maturity	Bi-Annual	6.88%	1,179,605	210,310
GOP EURO BOND	On Maturity	Bi-Annual	7.13%	3,039,804	3,152,705
GOP EURO BOND	On Maturity	Bi-Annual	6.88%	4,485,465	4,537,990
GOP BONDS	On Maturity	Bi-Annual/Amortization	6.875%	223,015	232,577
GOB Bonds	On Maturity	Bi-Annual	6.88%	204,149	-
GOP EURO BOND	On Maturity	Bi-Annual	7.25%	524,881	-
US Treasury	On Maturity	Bi-Annual	2.75%	53,979	-
US Treasury	On Maturity	Bi-Annual	2.50%	158,810	-
				<b>16,891,361</b>	<b>12,832,400</b>

## Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

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

	2014	2013
	(Rupees in '000)	
<b>Donations include following amounts exceeding Rs 0.1 million:</b>		
Fatimid Foundation Kidney Centre Quetta.	500	-
Fatimid Foundation, Karachi	-	100
	500	100
<b>Contributions for Corporate &amp; Social Responsibilities include following amounts exceeding Rs 0.1 million:</b>		
Hub Boarding School of Excellence	-	25,000
Sindh Institute of Urology Transplant (SIUT)	5,000	5,000
Bin Qutub Hospital Chakwal	-	5,000
Lifetime Support Single Unit TCF School Nawabshah	3,750	3,750
Pakistan Centre for Philanthropy Ghotki	-	2,500
Hunar Foundation	4,000	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	1,810	760
Institute of Business Administration (IBA)	2,100	600
Patient's Welfare Society	300	540
Provincial Ombudsman	-	500
Bunyad Literacy	-	500
DHQ Hospital, Hazara	-	433
Civil Hospital Sukkur	-	400
DHQ Hospital Skardu	-	393
Sheikh Zayed Islamic Center	384	346
Free Fistual Surgery Camp at Dadu	-	310
Eye camp at Muzaffarabad AJK	-	300
Wajeaha 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	164	227
Blankets to winter affected people	387	-

## Notes to the Unconsolidated Financial Statements

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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	154	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	123	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	140
Jinnah Foundation Providing Education Facilities	-	126
Special Education Centre PHC Abbotabad, KPK.	-	121
Poor Patients Aid Society Civil Hospital Karachi	-	100
Child Aid Association	-	100
Make-A-Wish Foundation	100	100
Rangers Public School/ College for Special Children	-	100
Markez-e-Umeed for Special Children, Karachi	128	100
Behbud Association of Pakistan, Rawalpindi	100	100
Nigahban Welfare Association Civil Hospital Karachi	-	100
Pakistan Bait-ul-Mal Islamabad	-	100
Health Care & Social Welfare Association, Karachi	-	100
SOS Children's Village Multan	500	-
Sir Ganga Ram Hospitaal at Lahore	1,350	-
Medical Aid Foundation	500	-
Mukhatran Rafiq Foundation Lahore	430	-
Chair Nawabshah Disability Forum	270	-
Sundas Foundation	300	-
Stationary Items to Sun Academy.	100	-
Medicines,food,milk & solar System at Thar.	500	-
01 Audio Meter Machine & 06 Hearing Aid to Govt-School for Deaf Children Abbotta	288	-
Treatment of Victims of Burnt Injuries.Paigham Welfare Associ.Khi.	100	-
10 Wheelchairs & 10 Sewing Machines Firdous Ittehad S.W Org.KHI	134	-
Sewing Machine & Vocational Training at Bahawalnagar.	195	-
Tharparkar Association the Disabled Person Mirpurkhas.	250	-
20 Artificial Limbs to Disable Children Treatment Provided by (HASWA)	170	-
Hassan Academy Special Education at Pindi.	100	-

## Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

Sponsor Literacy Program for under Privileged Children in out skirts of Pindi & Isld.	491	-
Girls Sec-Camps School Gizri,by Ravian Educational Service Trust.	500	-
Professional Education Foundation Khi.	100	-
35 Desks,01-Elc-Water Cooler& 05 Ceilling Fan to Govt.Elementary School Tehsil	186	-
Underprivileged Students at Foreman Christian College Lhr.	500	-
80 Orphan Students Educational Expenses Gujranwala.	400	-
Treatment for Dialysisn Patients at Pak Kidney Institute Isld.	400	-
Poor Patient Aid Society to Cover the Brain Surgery of Young girls.	300	-
Plasma Baig to Kids Blood Diseases Organization Mansehra.	124	-
Mentally ill Patients Karwan-e-Hayat	500	-
25 S-Machines to Destitute Women Residing in Sheikhpura Villages.	161	-
10 Computers to Orphan Childres of Don Bosco Home.	140	-
Scolorship for 10 students of Sargodhian Spirit Trust Tandoallyar.	3,750	-
Scolorship for 35 students of Korangi Academy run by INFAQ Foundation.	1,386	-
Adoption Non Formal School Child Care Foundatiion for Elimination of Child Labor	2,925	-
Colposcopy Equipment to Bolan Medical Complex Quetta	1,350	-
Scolorship for Women Vocational Training Hunar Foundation .	1,500	-
Adoption of Taleem Foundation Schools in Kila Saifullah & Muslim Bagh Baluchistan,	7,000	-
Development of Blood Donation Centre & Laboratory Project by Afzal Memorial TI	1,000	-
20/20 Wheelchair to D.W.A,Society for special Persons Multan, Mianwa	360	-
60 W/Chair-Kays-e-Kazah Society for special Persons Haripur & AJK	420	-
63 Wheel Chair for Flood Victims/Disabilities Jhang Muzaffargarh.	473	-
30 Wheel Chair by Saaya Association.Rawalpindi,Multan &Chakwal	225	-
Blankets to winter affected people	387	-
20 Stretchers to Bolan Medical Complex Hospital Quetta.	450	-
30 wheel chairs to Bolan Medical Complex Hospital Quetta.	204	-
25 Wheel Chair to Khi-Independent living Centre karachi	210	-
15 Wheel Chairs to Sangat Art & Welfare Society Sibi.(S/P)	105	-
20 Computers to Makran University of Tec,Tubat.	320	-
Help International Welfare Trust-Karachi.	100	-
Donation Punjab Youth Festival-2014	25,000	-
Donation Jijal Maau Hospital Qasimabad Hyd 1.69	1,690	-
Donation Build a National Monument Tallest Flag Post.CBC	6,000	-
	<u>83,948</u>	<u>57,849</u>

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

Annexure III as referred to in  
Note 11.6 to the financial statements

## Details of disposals of property and equipment

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	346	346	-	As per entitlement	Mr. Shah Jehan Khan, Ex-EVP.
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr. Ghulam Mohiyuddin Siddiqui.
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr.Muhammad Akram Khan ,SVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr.Muhammad Riaz ,SVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr.Muhammad Aqib Malik,SVP
Motor Vehicles	1,384	277	277	-	As per entitlement	Ms.Naheed Sultana,EVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Ms.Azra Naila Uzair,SVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr.Tahir Shahbaz Anjum,SVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr. Shahid Iqbal Qureshi, EVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr. Imdad Hussain Khan, SVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr. Qurban Ali Kunbhar ,SVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr. Tabriz Hassan ,SVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr.M.Ehsan Tabasum ,SVP
Motor Vehicles	1,269	275	275	-	As per entitlement	Mr Muhammad Naeem Aslam,SVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr.Shahid Iqbal Dar,SVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr.Nayyar Sami,SVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr.Muhammad Atlas,SVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr. Aziz Ur Rehman, SVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr. S.M. Ayub, SVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr.Tariq Hanif, SVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr. Muhammad Ismail,EVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr. Moin-Ud-Din,SVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr. S.H. Irtiza Kazmi, EVP
Motor Vehicles	1,384	277	277	-	As per entitlement	Mr.Wajahat A.Baqai,EVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr.Khadim Hussain,EVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr.Syed Waseem Akhtar,SVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr.Muhammad Saleem Tahir,SVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr.Ahmed Sohail Warraich,SVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr.Tariq Zafar Iqbal
Motor Vehicles	1,269	212	212	-	As per entitlement	Mr.Arif Raza Abdy,SVP
Motor Vehicles	1,269	317	317	-	As per entitlement	Late Saghir Ahmed,Ex-SVP
Motor Vehicles	1,269	212	212	-	As per entitlement	Mr.Ehsanul Haq,Ex-SVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr. Faisal Ahmed Topra
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr.Farooq Ahmed,SVP
Motor Vehicles	1,269	190	190	-	As per entitlement	Ms.Ayesha Mahmud Ex-SVP
Motor Vehicles	16,116	0	1,612	1,612	As per BoD approval	Mr.Syed Ali Raza,Ex-President
Motor Vehicles	1,269	423	423	-	As per entitlement	Mr.Zulfiqar Ali Khan,SVP
Motor Vehicles	2,088	1,148	1,148	-	As per entitlement	Mr.Nadeem Anwar Ilyas,Ex-SEVP
Motor Vehicles	1,426	737	737	-	As per entitlement	Mr.Bilal Qadir Jsikani,EVP
Motor Vehicles	1,414	283	283	-	As per entitlement	Mr.Shahzad A Shami,EVP
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr.Abdul Wajid,SVP
Motor Vehicles	1,688	1,575	1,575	-	As per entitlement	Mr.Salim Ansar,Ex-EVP
Motor Vehicles	1,269	317	317	-	As per entitlement	Mr.Muhammad Anjum Rafique,Ex-SVP
Motor Vehicles	1,538	1,051	1,051	-	As per entitlement	Mr. Mushtaq Ahmed Shaikh,Ex-SVP
Motor Vehicles	1,269	360	360	-	As per entitlement	Mr. Malik Muhammad Hayat,Ex-SVP
Motor Vehicles	1,538	999	999	-	As per entitlement	Mr.Abul Aziz,Ex-SVP
Motor Vehicles	1,426	285	285	-	As per entitlement	Mr.Barbruce Ishaq ,EVP
Motor Vehicles	655	0	480	480	Auction	Mr.Khalid Anwar
Motor Vehicles	434	0	480	480	Auction	Mr.Khalid Anwar
Motor Vehicles	434	0	450	450	Auction	M/S Unet Solutions Pvt Ltd
Motor Vehicles	560	0	415	415	Auction	Mr.Naeem Shah
Motor Vehicles	560	0	415	415	Auction	Mr.Azimullah Khan
Motor Vehicles	555	0	465	465	Auction	Mr.Ghulamhydershaikh
Motor Vehicles	555	0	430	430	Auction	Mr.Muhammadiftikhar
Motor Vehicles	699	0	615	615	Auction	Mr.Ifikhar Ahmed
Motor Vehicles	699	0	575	575	Auction	Mr.Tariq Pervez Alivi

## Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

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	946	0	725	725	Auction	Mr.A.Kaleem
Motor Vehicles	879	0	900	900	Auction	Mr.Khalid Anwar
Motor Vehicles	879	0	875	875	Auction	Mr.Qamarhussain
Motor Vehicles	940	0	950	950	Auction	Mr.Ifikhar Ahmed
Motor Vehicles	940	0	1,005	1,005	Auction	Mr.Jagdesh Kumar
Motor Vehicles	940	0	930	930	Auction	Mr.Anjumdunka
Motor Vehicles	940	0	930	930	Auction	Mr.Sultanzeb
Motor Vehicles	940	0	955	955	Auction	Mr.Anjumdunka
Motor Vehicles	1,389	0	945	945	Auction	Mr.Mustafa Hayat
Motor Vehicles	1,389	0	960	960	Auction	Mr.Rizwana.Siddiqi
Motor Vehicles	1,389	0	1,040	1,040	Auction	M/S Unet Solutions Pvt Ltd
Motor Vehicles	1,254	0	745	745	Auction	Mr.Sajjad Ahmed
Motor Vehicles	1,029	0	1,420	1,420	Auction	Mr.Islamuddin
Motor Vehicles	737	0	845	845	Auction	Mr.M.Javed
Motor Vehicles	423	0	311	311	Auction	Mr.Maalik
Motor Vehicles	254	0	201	201	Auction	Mr.Khalid Mehmood
Motor Vehicles	555	0	411	411	Auction	Mr.Khalid Mehmood
Motor Vehicles	627	0	441	441	Auction	Mr.Khalid Mehmood
Motor Vehicles	627	0	446	446	Auction	Mr.Rab Nawaz
Motor Vehicles	627	0	556	556	Auction	Mr.Khalid Mehmood
Motor Vehicles	627	0	631	631	Auction	Mr.Shafique
Motor Vehicles	717	0	501	501	Auction	Mr. Naveed Rafi
Motor Vehicles	434	0	443	443	Auction	Mr.Tahir Mehmood
Motor Vehicles	434	0	431	431	Auction	Mr.Kamran Jamal
Motor Vehicles	664	0	561	561	Auction	Mr.Adil Arshad
Motor Vehicles	434	0	446	446	Auction	Mr.Mirza Mansoor Baig
Motor Vehicles	434	0	551	551	Auction	Mr.Mirza Asif Nazir
Motor Vehicles	910	0	911	911	Auction	Mr.Imtiaz Hussain
Motor Vehicles	1,269	0	1,041	1,041	Auction	Mrs.Tayyaba Rasheed Ahmed
Motor Vehicles	1,269	0	791	791	Auction	Mr.Khalid Mehmood
Motor Vehicles	61	0	6	6	Auction	Mr.Kamran Jamal
Motor Vehicles	61	0	6	6	Auction	Mr.Ashar Waheed
Motor Vehicles	61	0	6	6	Auction	Mr.Shahid Ali Shafi
Motor Vehicles	61	0	6	6	Auction	Mr.Umar Bilal
Motor Vehicles	61	0	4	4	Auction	Mr.Muhammad Awais
Motor Vehicles	77	0	30	30	Auction	Mr. Kamran Jamal
Motor Vehicles	1,384	1,100	1,100	-	Insurance claim	M/S. National Insurance Co.Ltd.
Motor Vehicles	1,269	351	351	-	Insurance claim	M/S. National Insurance Co.Ltd.
Motor Vehicles	495	-	388	388	Insurance claim	M/S. National Insurance Co.Ltd.
Motor Vehicles	494	-	476	476	Insurance claim	M/S. National Insurance Co.Ltd.
Motor Vehicles	1,269	1,100	1,100	-	Insurance claim	M/S. National Insurance Co.Ltd.
Motor Vehicles	709	650	650	-	Insurance claim	M/S. National Insurance Co.Ltd.
	113,004	19,590	48,348	28,757		
Lease Vehicles	3,057	0	611	611	As per entitlement	Mr.Khalid Bin Shaheen,SEVP
Lease Vehicles	7,498	2,124	2,124	-	As per entitlement	Mr.Tahira Raza,Ex-SEVP
Lease Vehicles	7,045	1,409	1,409	-	As per entitlement	Mr.Kausar Iqbal Malik,SEVP
Lease Vehicles	7,045	1,300	1,300	-	As per entitlement	Mr.Nadeem Anwar Ilyas,Ex-SEVP
Lease Vehicles	2,750	0	275	275	As per BoD approval	Mr.Syed Ali Raza,Ex-President
Lease Vehicles	9,637	2,730	2,730	-	As per entitlement	Dr.Asif A.Brohi,Ex-President
Lease Vehicles	6,321	1,264	1,264	-	As per entitlement	Dr.Asif A.Brohi,Ex-President
Lease Vehicles	7,045	1,409	1,409	-	As per entitlement	Mr.Muhammad Nusrat Vohra,SEVP
Lease Vehicles	7,513	1,503	1,503	-	As per entitlement	Mr.Asif Hassan ,SEVP
	57,911	11,739	12,626	886		
Computer Equipment	373	143	143	-	As per entitlement	Dr.Asif A.Brohi,Ex-President
Computer Equipment	138	55	55	-	As per entitlement	Mr. Asif Ali, VP.
Computer Equipment	97	0	0	-	As per entitlement	Mr.Zaigham Iqbal,Og-I
	609	198	198	-		

## Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

Particulars of property and equipment	Original Cost	Book Value	Sale Proceeds	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser
	----- (Rupees in '000) -----					
Mobile Phones	68	25	25	-	As per entitlement	Mrs. Tahira Raza, Ex-SEVP
Mobile Phones	73	57	57	-	As per entitlement	Mr. Nadeem Anwar Ilyas, Ex-SEVP
	141	82	82	-		
Furniture & Fixtures	125	27	27	-	As per Service Rules	Mr. Nafees Ahmad Khan, Ex-VP
Furniture & Fixtures	125	52	52	-	As per Service Rules	Mr. S. Moin, Ex-VP
Furniture & Fixtures	100	42	42	-	As per Service Rules	Mr. Altaf Hussain Kiani, Ex-AVP
Furniture & Fixtures	100	50	50	-	As per Service Rules	Mr. Pervaiz Ahmed, Ex-AVP
Furniture & Fixtures	100	43	43	-	As per Service Rules	Mr. Muhammad Aslam, Ex-AVP
Furniture & Fixtures	300	300	300	-	As per Service Rules	Mr. Shah Jehan Khan, Ex-EVP
Furniture & Fixtures	100	53	53	-	As per Service Rules	Mr. Tahir Saeed, Ex-AVP
Furniture & Fixtures	100	27	27	-	As per Service Rules	Mr. Arif Masih, Ex-AVP
Furniture & Fixtures	100	38	38	-	As per Service Rules	Mr. Ghous Khan, Ex-AVP
Furniture & Fixtures	125	102	102	-	As per Service Rules	Mr. Sajjad Hussain Solongi, Ex-VP
Furniture & Fixtures	100	42	42	-	As per Service Rules	Mr. Shakeel Ahmed Sabri, Ex-AVP
Furniture & Fixtures	100	40	40	-	As per Service Rules	Late Abdul Majeed, Ex-AVP
Furniture & Fixtures	175	29	29	-	As per Service Rules	Mr. Muhammad Naeem Aslam, Ex-SVP
Furniture & Fixtures	100	42	42	-	As per Service Rules	Mr. Abdul Karim Ghoryani, Ex-AVP
Furniture & Fixtures	100	40	40	-	As per Service Rules	Mr. Khalid Khan, Ex-AVP
Furniture & Fixtures	100	60	60	-	As per Service Rules	Mr. Faiz Muhammad, Ex-AVP
Furniture & Fixtures	100	87	87	-	As per Service Rules	Mr. Muhammad Younus, Ex-AVP
Furniture & Fixtures	100	38	38	-	As per Service Rules	Mr. Muhammad Saleem Butt, Ex-AVP
Furniture & Fixtures	100	40	40	-	As per Service Rules	Mr. Muhammad Sharif, Ex-AVP
Furniture & Fixtures	100	50	50	-	As per Service Rules	Mr. Muhammad Rashid Qurshi, Ex-AVP
Furniture & Fixtures	100	40	40	-	As per Service Rules	Mr. Khalid Farooq, Ex-AVP
Furniture & Fixtures	100	43	43	-	As per Service Rules	Mr. Fazali Subhan, Ex-AVP
Furniture & Fixtures	100	40	40	-	As per Service Rules	Mr. Syed Usman Ali, Ex-AVP
Furniture & Fixtures	125	31	31	-	As per Service Rules	Late S. Haider Abbas Naqvi, Ex-VP
Furniture & Fixtures	125	50	50	-	As per Service Rules	Mr. Ghulam Mustafa Mehar, Ex-VP
Furniture & Fixtures	100	37	37	-	As per Service Rules	Mr. Raja Shaikat Ali, Ex-AVP
Furniture & Fixtures	100	38	38	-	As per Service Rules	Mr. Abdul Hafeez Kalson, Ex-AVP
Furniture & Fixtures	100	38	38	-	As per Service Rules	Mr. Ishtiaq Ahmed, Ex-AVP
Furniture & Fixtures	100	48	48	-	As per Service Rules	Mr. Muhammad Sadiq, Ex-AVP
Furniture & Fixtures	100	40	40	-	As per Service Rules	Mr. Naeem Baig, Ex-AVP
Furniture & Fixtures	100	43	43	-	As per Service Rules	Mr. Abdul Khatib, Ex-AVP
Furniture & Fixtures	100	33	33	-	As per Service Rules	Mr. Anwar Ul Haq, Ex-AVP
Furniture & Fixtures	125	96	96	-	As per Service Rules	Mr. Rashid Ahmed Qazi, Ex-VP
Furniture & Fixtures	100	85	85	-	As per Service Rules	Mr. Muhammad Saleem, Ex-AVP
Furniture & Fixtures	175	-	-	-	As per Service Rules	Mr. Abdul Haq Bhatti, Ex-SVP
Furniture & Fixtures	100	63	63	-	As per Service Rules	Mr. Agha Sabihul Hassan, Ex-AVP
Furniture & Fixtures	100	95	95	-	As per Service Rules	Mr. Zahid Hameed, Ex-AVP
Furniture & Fixtures	125	96	96	-	As per Service Rules	Mr. Imdad Hussain Rizvi, Ex-VP
Furniture & Fixtures	500	-	-	-	As per Service Rules	Mr. Zubair Ahmed, Ex-SEVP
Furniture & Fixtures	100	32	32	-	As per Service Rules	Mr. Abdul Rashid, Ex-AVP
Furniture & Fixtures	100	35	35	-	As per Service Rules	Mr. Syed Raees Ahmad Hashmi, Ex-AVP
Furniture & Fixtures	100	35	35	-	As per Service Rules	Mr. Tahir Akhtar, Ex-AVP
Furniture & Fixtures	100	40	40	-	As per Service Rules	Mr. Muhammad Tariq, Ex-AVP
Furniture & Fixtures	100	33	33	-	As per Service Rules	Mr. S. Mazhar Ali, Ex-AVP
Furniture & Fixtures	100	33	33	-	As per Service Rules	Mr. Muhammad Azhar, Ex-AVP
Furniture & Fixtures	175	26	26	-	As per Service Rules	Mr. Ehsanul Haq, Ex-SVP
Furniture & Fixtures	175	6	6	-	As per Service Rules	Late Saghir Ahmed, Ex-SVP
Furniture & Fixtures	125	113	113	-	As per Service Rules	Mr. Tariq Mehmood, Ex-AVP
Furniture & Fixtures	100	40	40	-	As per Service Rules	Mr. Muhammad Abdul Rauf, Ex-AVP
Furniture & Fixtures	100	33	33	-	As per Service Rules	Mr. Muhammad Rafiq, Ex-AVP
Furniture & Fixtures	125	54	54	-	As per Service Rules	Mr. Syed Akhtar Mehdi, Ex-VP
Furniture & Fixtures	100	38	38	-	As per Service Rules	Mr. Muhammad Saeed, Ex-AVP
Furniture & Fixtures	100	28	28	-	As per Service Rules	Mr. Shabbir Akhtar, Ex-AVP
Furniture & Fixtures	100	35	35	-	As per Service Rules	Mr. Tahir Jamil Bhalli, Ex-AVP
Furniture & Fixtures	100	93	93	-	As per Service Rules	Mr. Muhammad Siddique, Ex-AVP
Furniture & Fixtures	125	115	115	-	As per Service Rules	Mr. Javed M Iqbaluddin, Ex-VP
Furniture & Fixtures	125	123	123	-	As per Service Rules	Mr. Shahnaz Awan, Ex-VP



## Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

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	175	38	38	-	As per Service Rules	Ms. Ayesha Mehmood, Ex- SVP
Furniture & Fixtures	125	38	38	-	As per Service Rules	Mr.Faiz Muhammad Mengal, Ex-VP
Furniture & Fixtures	100	27	27	-	As per Service Rules	Mr.Muhammad Ayub, Ex-AVP
Furniture & Fixtures	100	87	87	-	As per Service Rules	Mr.Mr.Abdul Sattar ,Ex- AVP
Furniture & Fixtures	100	33	33	-	As per Service Rules	Mr.Muhammad Ilyas, Ex- AVP
Furniture & Fixtures	100	92	92	-	As per Service Rules	Mr.Syed Khalid Pervaiz, Ex- AVP
Furniture & Fixtures	125	48	48	-	As per Service Rules	Late Muhammad Asghar Ch, Ex-VP
Furniture & Fixtures	100	93	93	-	As per Service Rules	Mr.Zaheer Alam Zaidi, Ex-AVP
Furniture & Fixtures	100	93	93	-	As per Service Rules	Mr.Shakil Ahmed, Ex-AVP
Furniture & Fixtures	100	93	93	-	As per Service Rules	Mr.M. Saleem Dandia, Ex-AVP
Furniture & Fixtures	125	94	94	-	As per Service Rules	Mr.Muhammad Raza Jaffery, Ex-VP
Furniture & Fixtures	100	28	28	-	As per Service Rules	Mr.Syed Hatim Aziz, Ex-AVP
Furniture & Fixtures	125	38	38	-	As per Service Rules	Mr.Muhammad Sohail, Ex-VP
Furniture & Fixtures	100	34	34	-	As per Service Rules	Mr.Mr.Abdul Hamid, Ex-AVP
Furniture & Fixtures	100	28	28	-	As per Service Rules	Mr.Basharat Javed, Ex-AVP
Furniture & Fixtures	175	55	55	-	As per Service Rules	Mr.Zulfiqar Ali Khan, Ex-SVP
Furniture & Fixtures	100	28	28	-	As per Service Rules	Mr.Shahzad Hussain, Ex-AVP
Furniture & Fixtures	100	28	28	-	As per Service Rules	Mr.Altaf Hussain, Ex-AVP
Furniture & Fixtures	125	38	38	-	As per Service Rules	Mr.Masoom Raza, Ex-VP
Furniture & Fixtures	100	30	30	-	As per Service Rules	Mr.Nasir Uddin, Ex-AVP
Furniture & Fixtures	100	27	27	-	As per Service Rules	Mr.Wazir Muhammad Tareen, Ex-AVP
Furniture & Fixtures	100	27	27	-	As per Service Rules	Mr.Mukhtar Ahmed, Ex-AVP
Furniture & Fixtures	125	106	106	-	As per Service Rules	Mr.Abdul Rasheed Memon, Ex- AVP
Furniture & Fixtures	125	58	58	-	As per Service Rules	Mr.Muhammad Iftikhar, Ex-VP
Furniture & Fixtures	300	115	115	-	As per Service Rules	Mr.Muhammad Bilal Qadir Jaskani, Ex-EVP
Furniture & Fixtures	100	27	27	-	As per Service Rules	Mr.Muhammad Ramzan, Ex-AVP
Furniture & Fixtures	100	45	45	-	As per Service Rules	Late Mustafa Kamal, Ex-AVP
Furniture & Fixtures	125	35	35	-	As per Service Rules	Mr.Malik Liaquat Ali Khan, Ex-VP
Furniture & Fixtures	175	117	117	-	As per Service Rules	Mr.Mushtaq Ahmed Shaikh,Ex SVP
Furniture & Fixtures	125	31	31	-	As per Service Rules	Mr.Muhammad Fawad,Ex-VP
Furniture & Fixtures	125	35	35	-	As per Service Rules	Mr.Zain Ul Abdin Khuhro, Ex-VP
Furniture & Fixtures	175	44	44	-	As per Service Rules	Mr.Malik Muhammad Hayat, Ex-SVP
Furniture & Fixtures	100	27	27	-	As per Service Rules	Mr.Muhammad Mukhtar, Ex-AVP
Furniture & Fixtures	100	28	28	-	As per Service Rules	Mr.Nasim Mehmood Butt, Ex-AVP
Furniture & Fixtures	100	35	35	-	As per Service Rules	Mr.Muhammad Iqbal Nadeem, Ex-AVP
Furniture & Fixtures	100	47	47	-	As per Service Rules	Mr.Syed Nasir Mahmood, Ex-AVP
Furniture & Fixtures	500	-	-	-	As per Service Rules	Dr. Asif A Brohi,Ex-President
Furniture & Fixtures	100	42	42	-	As per Service Rules	Mr.Abdul Qadir Shah, Ex-AVP
Furniture & Fixtures	100	92	92	-	As per Service Rules	Mr.Mureed Hussain, Ex-AVP
Furniture & Fixtures	100	45	45	-	As per Service Rules	Mr.Muhammad Rafique, Ex-AVP
Furniture & Fixtures	100	42	42	-	As per Service Rules	Mr.Jawad Raza Khoso, Ex-AVP
Furniture & Fixtures	125	33	33	-	As per Service Rules	Mr.Sher Zaman, Ex-VP
Furniture & Fixtures	175	111	111	-	As per Service Rules	Mr. Abdul Aziz Ex SVP
	12,425	5,245	5,245	-		
	184,089	36,855	66,499	29,644		

Note 1 : Book value of Furniture & Fixture have been adjusted for the balance 50% amount written-off by the bank as per service rules.

Note 2 : Subsequent to year end a motor vehicle was disposed off to Mr. Ali Raza, Ex-President having cost of Rs 13.575 million and Rs 1 book value, at Rs 6.8 million as per BoD approval. The above annexure does not reflect the impact of this disposal.

# Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF  
FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE PERIOD 01.01.2014 TO 31.12.2014

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 beginning of 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	Saitex Spinning Mills Ltd 49-KM Lahore Muntan Road Distt Kasur	Mian Iqbal sehgal 514-40-010790	Mian Bashir Sehgal	1.095	117.123	-	118.218	1.095	-	117.123	118.218
2	United Jute Mills (Pvt) Ltd 26-KM lahore Sheikhupura Road	Sharmeen Khan 35201-3115880-0 Shazia Bano 13101-6497256-0	Muhammad Said Khan  Shabbir Ali	0.635	8.686	-	9.321	-	-	2.439	2.439
3	Frontier Ceramics Ltd. Plot#29, Jamrud Industries Estate, Peshawar, KPK.	Umar Khalid 37405-3852551-5 Shazia Khalid 37405-1265740-6 Parvez Aslam 35202-6946681-0 Zia Khalid 37405-9242808-5 Farhat 37405-8436916-0	Nadeem Khalid Javed Khalid  Muhammad Aslam  Javed Khalid  Farid Khan	17.417	66.714	311.411	395.542	17.417	-	14.973	32.390
4	M/s Steel Complex Pvt Ltd Project Location :- Situating at 23-KM, OFF G.T. Road, Muridke, Lahore. Office Address :- 801- 805, 8th floor, Al - Qadir Heights, 1- Babar Block, New Garden Town, Lahore- Pakistan. Phone No.35843651-	Ahmad Nadeem Qasim CNIC 35202-4932463  Ahmad Naeem Qasim CNIC 35202-7154990-9  10-K, Valencia Housing Society, Lahore. Phone No.35843651-52	Ch.Muhammad Qasim	78.840	6.898	0.095	85.833	-	-	2.912	2.912
5	M/s Automobile Coporation Pak Pvt Ltd 14-Dockyard Rd. Westwharf - khi (PNSC BR.)	1. Mr. Munir Hussain CNIC - 42301- 0895645-9 / 2. Mr Khayyam Hussain CNIC -42301- 4841818-3 / 3. Mrs Nighat Hussain CNIC - 42000-0435792-8 / D - 73, Blk 5 , Clifton - KHI	Mr. Mutahir Hussain	17.799	-	-	17.799	11.670	-	-	11.670
6	M/S Kandiaro Rice  House No. A-18/523 Mangria Mohalla Street Barrage Sukkur	Illahi Bux Mangrio  CNIC: No 42201-4429227-7	Kazi Khuda Bux	0.914	0.296	5.102	6.312	-	-	5.102	5.102
7	International Complex			1.375	2.584	-	3.959	1.375	-	2.584	3.959
8	Leatherlite Ltd. 135-Township, Industrial Area, Kotlakhpat, Lahore	Mian Zafar Iqbal		0.594	0.021	-	0.615	0.594	-	1.768	2.362
9	Pakistan Polypropylene Packages			-	2.200	-	2.200	0.252	-	2.200	2.452
10	Ryka Woolen Industries			-	2.056	-	2.056	-	-	2.056	2.056
11	International Ceramics	Mr. Naeem Siddique Mr. Pervez Siddique Mrs. Shahida Naeem Mrs. Lubna Pervez Mr. Sajjad Hussain Mr. Arshad Saeed Mr. S.M. Siddique		4.792		-	4.792	-	-	4.792	4.792

## Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2014

(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 beginning of 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
12	Arabian Sea Enterprises	Shirin Gangji Sadaruiddin Gangji		-	9.872	-	9.872	-	-	9.872	9.872
13	Wali Bhai Industries F-24, SITE Hyderabad	Mr. Muhammad Rashid 4130-2319404-1 Mr. Muhammad Akram 41303-1543599-3 Mrs. Rukhsana Akram	Mr. Muhammad Akram  Mr. Wali Muhammad Akber Jee  Mr. Muhammad Akram	53.109	-	26.362	79.471	-	-	19.887	19.887
14	Memon Flour Mills	Mr. Munir Ahmed Memon Mr. Bashir Ahmed Memon	Haji Mohd Daim Memon  Haji Mohd Daim Memon	0.207	3.335	10.375	13.917	-	-	13.710	13.710
15	Fateh Appreal Textile Mills	Mr. M. Habib Mr. Abdul Waheed Mrs. Sumera Waheed Mrs. Rukhsana Sharif Mrs. Perveen Habib	Mr. Abbas Bhai Mr. Abbas Bhai Mr. Abdul Waheed Mr. Muhammad Sharif W/o Mr. Muhammad Habib	11.500	62.324	15.843	89.667	-	-	70.191	70.191
16	Elahi Sons			-	0.656	-	0.656	-	-	0.656	0.656
			<b>TOTAL:</b>	<b>188.277</b>	<b>282.765</b>	<b>369.188</b>	<b>840.230</b>	<b>32.403</b>	<b>-</b>	<b>270.265</b>	<b>302.668</b>



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