

CONSOLIDATED

FINANCIAL STATEMENTS OF NBP
AND ITS SUBSIDIARY COMPANIES 2015



DIRECTORS' REPORT TO THE SHAREHOLDERS

Consolidated Financial Statements - 2015

I am pleased to present to the shareholders, on behalf of the Board of Directors, the consolidated financial statements of the Group for the year ended December 31, 2015.

These consolidated financial statements have been prepared in accordance with approved International Financial Reporting Standards and Islamic Financial Accounting Standards and such other applicable directives as detailed in note 3.1 of the financial statements. The SECP, vide its notification dated January 28, 2016, has stated that the consolidation requirement under section 237 of Companies Ordinance 1984 and IFRS 10 would not be applicable in case investment held by a company in mutual fund established under trust arrangement. Accordingly, the Bank has not consolidated the said funds in its financial statements.

It is worth noticing that most of our local subsidiaries have shown significant progress during the year through growth in profit contribution. Our local subsidiaries ended the year with a 448% growth in cumulative net profit contribution, taking the same to Rs. 193.48 million compared to Rs. 43.15 million for the previous year. United National Bank Limited (UNBL) is a 45% owned joint venture of NBP with United Bank Limited. UNBL has witnessed 85% growth in profit over last year, with NBP share of Rs. 560 million compared to Rs. 302 million for previous year. The main contributors to this growth were capital gains, recoveries in non-performing loans and gains on sale of non-banking assets. The core income also continued its growth with a 5% rise in overall net interest income. UNBL deposits grew by 16% with higher focus on retail deposits, while the deployment of funds remained mainly in investments, with advances remaining relatively flat. Our subsidiaries cumulatively add up Rs. 5,513 million to our total assets and Rs. 3,303 million to our net assets. Share of losses from the associates reduced by 22% to Rs. 923 million compared to Rs. 1,061 million for the previous year.

The operating results and appropriations as recommended by the Board of Directors are given below:

	Rs in millions
Pre-tax profit	34,173
Taxation	
- Current	14,669
- Prior year (s)	2,299
- Deferred	<u>(2,872)</u>
	<u>14,096</u>
After Tax Profit	20,077
Non-controlling interest	(34)
Un-appropriated profit brought forward	59,752
Other comprehensive income - net of tax	(1,567)
Transfer from surplus on revaluation of fixed assets	120
Profit available for appropriations	<u>78,348</u>
Transfer to Statutory Reserve (10% of after tax profit)	(1,922)
Cash dividend paid	(11,701)
Transfer to general loan loss reserve	(12,000)
Un-appropriated profit carried forward	<u>52,725</u>
Basic & diluted earnings per share	Rs. 9.44

For and on behalf of the Board of Directors

Syed Ahmed Iqbal Ashraf
President

Date: February 19, 2016

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Progressive Plaza,
Beaumont Road
Karachi 75530, Pakistan

KPMG Taseer Hadi & Co.

Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi 75530, Pakistan

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of National Bank of Pakistan and its subsidiary companies (the Group) as at December 31, 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also audited / reviewed the financial statements of National Bank of Pakistan and its subsidiary companies namely Taurus Securities Limited, NBP Exchange Limited, NBP Fullerton Asset Management Limited, NBP Leasing Limited, NBP Modaraba Management Company Limited and CJSC Subsidiary Bank of NBP in Tajikistan. The subsidiaries CJSC Subsidiary Bank of NBP in Kazakhstan and First National Bank Modaraba have been consolidated based on un-audited financial information of the subsidiaries. These financial statements are responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of National Bank of Pakistan and its subsidiary companies as at December 31, 2015 and the results of their operations for the year then ended.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Engagement Partner:

Arslan Khalid

Karachi

Date: February 19, 2016

KPMG Taseer Hadi & Co.

Chartered Accountants

Engagement Partner:

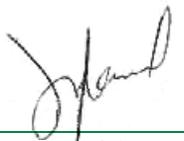
Syed Iftikhar Anjum

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

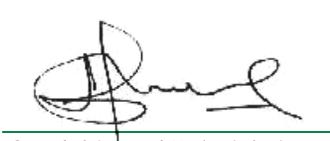
As at December 31, 2015

2014	2015		Note	2015	2014
US Dollars in '000		ASSETS		Rupees in '000	
936,830	1,441,677	Cash and balances with treasury banks	6	151,190,845	98,246,783
119,613	196,807	Balances with other banks	7	20,639,421	12,543,964
1,066,011	101,443	Lendings to financial institutions	8	10,638,524	111,794,127
5,356,723	7,878,659	Investments	9	826,246,755	561,767,518
6,009,542	5,531,474	Advances	10	580,093,986	630,229,649
318,042	317,538	Operating fixed assets	11	33,300,674	33,353,526
94,251	92,230	Deferred tax assets	12	9,672,251	9,884,256
875,731	763,713	Other assets	13	80,091,712	91,839,258
14,776,743	16,323,541			1,711,874,168	1,549,659,081
		LIABILITIES			
105,003	87,456	Bills payable	14	9,171,616	11,011,827
364,336	213,450	Borrowings	15	22,384,853	38,208,413
11,770,644	13,650,376	Deposits and other accounts	16	1,431,535,397	1,234,405,050
-	-	Sub-ordinated loans		-	-
18	870	Liabilities against assets subject to finance lease	17	91,188	1,691
-	-	Deferred tax liabilities		-	-
795,632	734,575	Other liabilities	18	77,036,022	83,439,108
13,035,633	14,686,727			1,540,219,076	1,367,066,089
1,741,110	1,636,814	NET ASSETS		171,655,092	182,592,992
		REPRESENTED BY			
202,869	202,869	Share capital	19	21,275,131	21,275,131
314,637	431,026	Reserves		45,202,342	32,996,496
569,758	502,754	Unappropriated profit		52,724,525	59,751,578
1,087,264	1,136,649			119,201,998	114,023,205
6,837	6,882	Non-controlling interest		721,816	717,017
1,094,101	1,143,531			119,923,814	114,740,222
647,009	493,283	Surplus on revaluation of assets - net	20	51,731,278	67,852,770
1,741,110	1,636,814			171,655,092	182,592,992
		CONTINGENCIES AND COMMITMENTS	21		

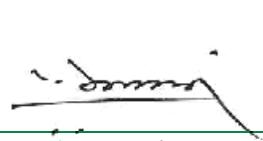
The annexed notes 1 to 45 and Annexure I to IV form an integral part of these consolidated financial statements.



Muneer Kamal
Chairman



Syed Ahmed Iqbal Ashraf
President



Muhammad Naeem
Director



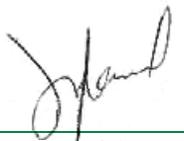
Iftikhar A. Allawala
Director

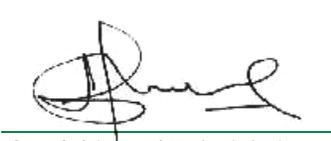
CONSOLIDATED PROFIT AND LOSS ACCOUNT

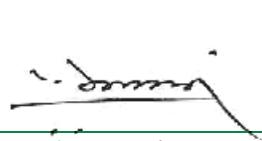
For the year ended December 31, 2015

2014	2015		Note	2015	2014
		Rupees in '000			
1,098,981	1,090,729	Mark-up / return / interest earned	23	114,386,364	115,251,748
652,817	572,123	Mark-up / return / interest expensed	24	59,999,374	68,461,921
446,164	518,606	Net mark-up / interest income		54,386,990	46,789,827
105,691	103,589	Provision against non-performing advances - net	10.3	10,863,528	11,083,973
(13,748)	(7,593)	Provision for diminution in the value of investments - net	9.9	(796,300)	(1,441,758)
-	-	Bad debts written off directly		-	-
(3,235)	(1,170)	Reversal of provision against off balance sheet obligations	18.1	(122,686)	(339,200)
88,708	94,826			9,944,542	9,303,015
357,456	423,780	Net mark-up / interest income after provisions		44,442,448	37,486,812
NON MARK-UP / INTEREST INCOME					
123,305	128,352	Fee, commission and brokerage income		13,460,415	12,931,130
19,802	25,811	Dividend income		2,706,794	2,076,669
34,718	45,714	Income from dealing in foreign currencies	25	4,794,070	3,640,889
82,579	117,122	Gain on sale and redemption of securities - net	26	12,282,801	8,660,224
		Unrealized gain on revaluation of investments classified as held-for-trading	9.10	5,924	145,454
1,387	56	Share of profit from joint venture - net of tax		560,031	301,989
2,880	5,340	Share of loss from associates - net of tax		(922,747)	(1,060,287)
(10,110)	(8,799)	Other income	27	2,111,119	3,608,540
34,409	20,131	Total non mark-up / interest income		34,998,407	30,304,608
288,970	333,727			79,440,855	67,791,420
646,426	757,507				
NON MARK-UP / INTEREST EXPENSES					
395,898	416,893	Administrative expenses	28	43,720,204	41,518,462
13,354	14,059	Other provisions / write offs	13.5 / 18.2	1,474,345	1,400,434
16,560	703	Other charges	29	73,749	1,736,674
425,812	431,655	Total non mark-up / interest expenses		45,268,298	44,655,570
220,614	325,852			34,172,557	23,135,850
-	-	Extra ordinary / unusual items		-	-
220,614	325,852	PROFIT BEFORE TAXATION		34,172,557	23,135,850
91,254	139,907	Taxation - Current		14,672,221	9,569,928
(40)	21,917	- Prior year(s)		2,298,465	(4,204)
(23,849)	(27,413)	- Deferred		(2,874,712)	(2,501,058)
67,365	134,411		30	14,095,974	7,064,666
153,249	191,441	PROFIT AFTER TAXATION		20,076,583	16,071,184
153,376	191,120	Attributable to:			
(127)	322	Shareholders of the bank		20,043,034	16,084,763
153,249	191,442	Non-controlling interest		33,549	(13,579)
				20,076,583	16,071,184
----- US Dollar -----		----- Rupees -----			
0.07	0.09	Basic and diluted earnings per share	31	9.44	7.56

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


Muneer Kamal
Chairman


Syed Ahmed Iqbal Ashraf
President


Muhammad Naeem
Director

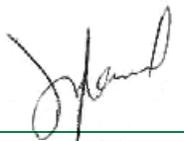

Iftikhar A. Allawala
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

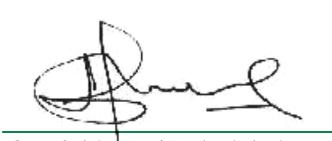
For the year ended December 31, 2015

2014 US Dollars in '000	2015		Note	2015 Rupees in '000	2014
153,249	191,442	Profit after taxation		20,076,583	16,071,184
		Other comprehensive income:			
		<i>Items to be reclassified to profit and loss in subsequent periods:</i>			
(19,484)	(16,366)	Exchange (loss) on translation of net assets of foreign branches, subsidiaries and joint venture		(1,716,040)	(2,043,040)
		<i>Items not to be reclassified to profit and loss in subsequent periods:</i>			
(6,390)	(22,985)	Actuarial (loss) on remeasurements of defined benefit (liability) / asset	34.1	(2,410,482)	(670,374)
2,236	8,045	Related tax impact	12.1	843,669	234,631
(4,154)	(14,940)			(1,566,813)	(435,743)
(23,638)	(31,306)	Other comprehensive income - net of tax		(3,282,853)	(2,478,783)
129,611	160,136	Comprehensive income transferred to equity		16,793,730	13,592,401
		Attributable to:			
129,740	159,816	Shareholders of the bank		16,760,181	13,605,980
(129)	320	Non-controlling interest		33,549	(13,579)
129,611	160,136			16,793,730	13,592,401
		Components of comprehensive income not reflected in equity:			
		<i>Items to be reclassified to profit and loss in subsequent periods:</i>			
154,566	(110,449)	Surplus on revaluation of available-for-sale securities		(11,582,989)	16,209,584
(36,324)	(37,478)	Related tax impact		(3,930,386)	(3,809,319)
118,242	(147,927)			(15,513,375)	12,400,265

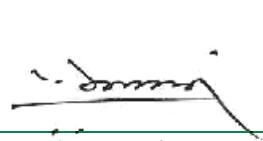
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Muneer Kamal
Chairman



Syed Ahmed Iqbal Ashraf
President



Muhammad Naem
Director



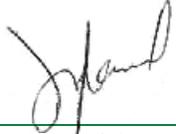
Iftikhar A. Allawala
Director

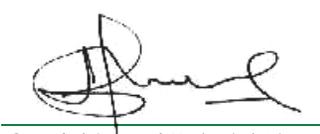
CONSOLIDATED CASH FLOW STATEMENT

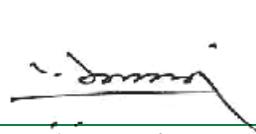
For the year ended December 31, 2015

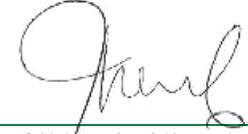
2014	2015		Note	2015	2014
US Dollars in '000				Rupees in '000	
220,614	325,852	CASH FLOWS FROM OPERATING ACTIVITIES		34,172,557	23,135,850
(19,802)	(25,811)	Profit before taxation		(2,706,794)	(2,076,669)
200,812	300,041	Less: Dividend income		31,465,763	21,059,181
23,614	15,714	Adjustments:		1,647,993	2,476,454
4,162	6,051	Depreciation	11.2	634,555	436,476
105,691	103,589	Amortization	11.3	10,863,528	11,083,973
(13,748)	(7,593)	Provision against non-performing advances - net	10.3	(796,300)	(1,441,758)
(3,234)	(1,170)	Provision for diminution in the value of investments - net	9.9	(122,686)	(339,200)
(1,387)	(56)	(Reversal) / provision against off balance sheet obligations	18.1	(5,924)	(145,454)
(2,880)	(5,340)	Unrealized (gain) / loss on revaluation of investments classified as held-for-trading	9.10	(506,224)	(301,989)
10,110	8,798	Gain on sale of associates	27	(560,031)	1,060,287
(317)	(143)	Share of profit from joint venture - net of tax		922,747	(33,292)
112	91	Share of loss from associates - net of tax		9,590	11,745
13,354	14,059	Gain on sale of operating fixed assets		1,474,345	1,400,434
135,477	134,000	Financial charges on leased assets		13,546,584	14,207,676
336,289	434,041	Other provisions / write offs		45,012,347	35,266,857
(478,226)	876,841	(Increase) / decrease in operating assets		91,955,603	(50,152,261)
(73,110)	72,690	Lendings to financial institutions - gross		7,623,059	(7,667,192)
(201,681)	374,479	Net investment in trading securities		39,272,135	(21,150,593)
(112,785)	27,247	Advances - net		2,857,446	(11,827,941)
(865,802)	1,351,257	Other assets (excluding advance tax)		141,708,243	(90,797,987)
(27,489)	(17,547)	Increase in operating liabilities		(1,840,211)	(2,882,840)
129,716	(148,565)	Bills payable		(15,580,224)	13,603,545
1,264,021	1,879,732	Borrowings		197,130,348	132,559,767
84,715	(41,169)	Deposits and other accounts		(4,317,449)	8,884,152
1,450,963	1,672,451	Other liabilities (excluding current taxation)		175,392,464	152,164,624
(81,564)	(136,960)	Income tax paid		(14,363,166)	(8,553,719)
(112)	(91)	Financial charges paid		(9,590)	(11,745)
(81,676)	(137,051)	Net cash generated from operating activities		(14,372,756)	(8,565,464)
839,774	3,320,698			347,740,298	88,068,030
(477,116)	(2,633,828)	CASH FLOWS FROM INVESTING ACTIVITIES		(276,213,499)	(50,035,840)
(876,495)	(163,618)	Net investment in available-for-sale securities		(17,158,838)	(91,919,394)
19,802	25,811	Net investment in held-to-maturity securities		2,706,794	2,076,669
(8,199)	(23,501)	Dividend income received		(2,464,634)	(859,826)
(19,481)	(16,363)	Investment in operating fixed assets (including intangible)		(1,716,040)	(2,043,040)
13,719	103,021	Effects of exchange differences on translation of net assets of foreign branches		10,803,927	1,438,725
772	960	Investment in associates		100,686	81,058
(1,346,998)	(2,707,518)	Sale proceeds of operating fixed assets disposed off		(283,941,604)	(141,261,648)
(383)	(470)	Net cash used in investing activities		(49,246)	(40,130)
(40,432)	(111,247)	CASH FLOWS FROM FINANCING ACTIVITIES		(11,666,593)	(4,240,173)
(40,815)	(111,717)	Payments of lease obligations		(11,715,839)	(4,280,303)
(548,039)	501,463	Dividend paid		52,082,855	(57,473,921)
1,683,775	1,135,736	Net cash used in financing activities		119,106,104	176,580,025
1,135,736	1,637,199	Increase / (Decrease) in cash and cash equivalents		171,188,959	119,106,104
		Cash and cash equivalents at beginning of the year			
		Cash and cash equivalents at end of the year	32		

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Muneer Kamal
Chairman


Syed Ahmed Iqbal Ashraf
President


Muhammad Naem
Director


Iftikhar A. Allawala
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

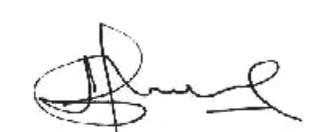
For the year ended December 31, 2015

Share capital	Reserves (refer note 19.4)				Unappropriated Profit	Sub Total	Non Controlling Interest	Total	
	Capital		Revenue						
	Exchange Translation	Statutory	General Loan Loss Reserve	General					
Rupees in '000									
Balance as at December 31, 2013	21,275,131	11,431,750	21,583,625	-	521,338	49,734,161	104,546,005	820,663	105,366,668
Total comprehensive income for the year									
Profit after tax for the year ended December 31, 2014	-	-	-	-	-	16,084,763	16,084,763	(13,579)	16,071,184
Other comprehensive income - net of tax	-	(2,043,040)	-	-	-	(435,743)	(2,478,783)	-	(2,478,783)
Transferred from surplus on revaluation of operating fixed assets	-	(2,043,040)	-	-	-	15,649,020	13,605,980	(13,579)	13,592,401
Transfer to statutory reserve	-	-	1,502,823	-	-	(1,502,823)	-	-	-
Transactions with owners, recorded directly in equity									
Cash dividend paid for the year ended December 31, 2013 (Rs. 2 per share)	-	-	-	-	-	(4,255,026)	(4,255,026)	-	(4,255,026)
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	-	(90,067)	(90,067)
Balance as at December 31, 2014	21,275,131	9,388,710	23,086,448	-	521,338	59,751,578	114,023,205	717,017	114,740,222
Total comprehensive income for the year									
Profit after tax for the year ended December 31, 2015	-	-	-	-	-	20,043,034	20,043,034	33,549	20,076,583
Other comprehensive income - net of tax	-	(1,716,040)	-	-	-	(1,566,813)	(3,282,853)	-	(3,282,853)
Transferred from surplus on revaluation of operating fixed assets	-	(1,716,040)	-	-	-	18,476,221	16,760,181	33,549	16,793,730
Transfer to statutory reserve	-	-	1,921,886	-	-	(1,921,886)	-	-	-
Transfer to general loan loss reserve	-	-	-	12,000,000	-	(12,000,000)	-	-	-
Transactions with owners, recorded directly in equity									
Cash dividend paid for the year ended December 31, 2014 (Rs. 5.5 per share)	-	-	-	-	-	(11,701,322)	(11,701,322)	(28,750)	(11,730,072)
Balance as at December 31, 2015	21,275,131	7,672,670	25,008,334	12,000,000	521,338	52,724,525	119,201,998	721,816	119,923,814

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



Muneer Kamal
Chairman



Syed Ahmed Iqbal Ashraf
President



Muhammad Naem
Director



Iftikhar A. Allawala
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- National Bank of Pakistan (the Bank)

Subsidiary Companies

	Percentage Holding	
	2015 %	2014 %
- NBP Leasing Limited, Pakistan	100	100
- CJSC Subsidiary Bank of NBP in Kazakhstan	100	100
- CJSC Subsidiary Bank of NBP in Tajikistan	100	100
- First National Bank Modaraba, Pakistan	30	30
- NBP Exchange Company Limited, Pakistan	100	100
- NBP Modaraba Management Company Limited, Pakistan	100	100
- Taurus Securities Limited, Pakistan	58.32	58.32
- NBP Fullerton Asset Management Limited, Pakistan	54	54
- Cast-N-Link Products Limited (Note 9.8)	76.51	76.51

The subsidiary company of the Group, NBP Modaraba Management Company Limited exercises control over First National Bank Modaraba, Pakistan as its management company and also has a direct economic interest in it. The Group has consolidated the financial statements of the modaraba as the ultimate holding company.

The Group is principally engaged in commercial banking, modaraba management, brokerage, leasing, foreign currency remittances, asset management, exchange transactions and investment advisory services. Brief profile of the holding company and subsidiaries is as follows:

National Bank of Pakistan

National Bank of Pakistan (the Bank) was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on Pakistan Stock Exchange Limited. 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 1,403 (2014: 1,354) branches in Pakistan and 21 (2014: 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.

NBP Leasing Limited, Pakistan

NBP Leasing Limited (NBPLL) was incorporated in Pakistan on November 7, 1995 as a public limited unquoted company under the Companies Ordinance, 1984. The registered office of NBPLL is situated at 4th Floor, P.R.C. Towers, M.T. Khan Road, Karachi. NBPLL is principally engaged in the business of leasing as licensed under the Non-Banking Finance Companies Rules, 2003 (the NBFC Rules).

CJSC Subsidiary Bank of NBP in Kazakhstan

CJSC Subsidiary Bank of NBP in Kazakhstan (JSCK) is a joint-stock bank, which was incorporated in the Republic of Kazakhstan in 2001. JSCK conducts its business under license number 25 dated October 29, 2005 (initial license was dated December 14, 2001) and is engaged in providing commercial banking services. The registered office of JSCK is located at 105, Dostyk Ave, 050051, Almaty.

CJSC Subsidiary Bank of NBP in Tajikistan

CJSC Subsidiary Bank of NBP in Tajikistan (JSCT) is a joint-stock bank, which was incorporated in the Republic of Tajikistan in 2012. JSCT obtained its license on March 20, 2012 and is engaged in providing commercial banking services. The registered office of JSCT is located at 48, Ainy Street, Dushanbe, Republic of Tajikistan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

First National Bank Modaraba, Pakistan

First National Bank Modaraba ("the Modaraba") is a multi-purpose, perpetual and multi-dimensional Modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Rules framed thereunder. The Modaraba is managed by National Bank Modaraba Management Company Limited (a wholly owned subsidiary of National Bank of Pakistan), incorporated in Pakistan under the Companies Ordinance, 1984 and registered with the Registrar of Modaraba Companies. The registered office of the Modaraba is situated at 5th Floor, National Bank of Pakistan, Regional Headquarters Building, 26-Mc Lagon Road, Lahore. The Modaraba is listed at Pakistan Stock Exchange Limited. It commenced its operations on December 04, 2003 and is currently engaged in various Islamic modes of financing and operations including ijarah, musharikhah and murabaha arrangements.

NBP Exchange Company Limited, Pakistan

NBP Exchange Company Limited (NBPECL) is a public unlisted company, incorporated in Pakistan on September 24, 2002 under the Companies Ordinance, 1984. NBPECL obtained license for commencement of operations from State Bank of Pakistan (SBP) on November 25, 2002 and commencement of business certificate on December 26, 2003 from the Securities and Exchange Commission of Pakistan (SECP). The registered office of NBPECL is situated at Shaheen Complex, M.R. Kiryani Road, Karachi. NBPECL is engaged in foreign currency remittances and exchange transactions. NBPECL has 19 branches (2014: 17 branches).

Taurus Securities Limited, Pakistan

Taurus Securities Limited (TSLP) is a public unquoted company, incorporated in Pakistan on June 27, 1993 under the Companies Ordinance, 1984. The registered office of TSLP is situated at 6th Floor, Progressive Plaza, Beaumont Road, Civil Lines, Karachi. TSLP is engaged in the business of stock brokerage, investment counselling and fund placements. TSLP holds a Trading Rights Entitlement (TRE) Certificate from Pakistan Stock Exchange Limited.

NBP Fullerton Asset Management Limited, Pakistan

NBP Fullerton Asset Management Limited (NBP Fullerton), was incorporated in Pakistan as a public limited Company on August 24, 2005 under the Companies Ordinance, 1984 and obtained certificate for commencement of business on December 19, 2005. The main sponsors of NBP Fullerton are National Bank of Pakistan and Alexandra Fund Management Pte. Ltd. (a member of Fullerton Fund Management Group, Singapore). NBP Fullerton is mainly involved in the business of asset management and investment advisory services. NBP Fullerton has been issued license by the Securities and Exchange Commission of Pakistan (SECP) to carry on business of asset management services and investment advisory services as a Non-Banking Finance Company (NBFC) under section 282C of the Companies Ordinance, 1984 and under the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The registered/principal office of the company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.

The Pakistan Credit Rating Agency Limited has assigned management quality rating AM2+ to NBP Fullerton Asset Management Limited.

As at December 31, 2015, NBP Fullerton is managing the following funds and discretionary portfolio:

	Type of Fund
- NAFA Income Opportunity Fund	Open end Fund
- NAFA Income Fund	Open end Fund
- NAFA Islamic Aggressive Income Fund	Open end Fund
- NAFA Islamic Asset Allocation Fund	Open end Fund
- NAFA Multi Asset Fund	Open end Fund
- NAFA Stock Fund	Open end Fund
- NAFA Government Securities Liquid Fund	Open end Fund
- NAFA Savings Plus Fund	Open end Fund
- NAFA Riba Free Savings Fund	Open end Fund
- NAFA Asset Allocation Fund	Open end Fund
- NAFA Financial Sector Income Fund	Open end Fund
- NAFA Money Market Fund	Open end Fund
- NAFA Pension Fund	Open end Fund
- NAFA Islamic Pension Fund	Open end Fund
- NAFA Islamic Stock Fund	Open end Fund
- Discretionary portfolios	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

1.2 Basis of Consolidation

- The consolidated financial statements include the financial statements of the Bank (holding company) and its subsidiary companies together - "the Group".
- Subsidiary companies are consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control the company is established and excluded from consolidation from the date of disposal or when the control is lost.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Income and expenses of subsidiaries acquired during the year are included in the consolidated profit and loss account from the effective date of acquisition.
- Non-Controlling interest / (minority interest) in equity of the subsidiary companies are measured at fair value for all the subsidiaries acquired from period beginning on or after January 1, 2010 whereas minority interest of previously acquired subsidiaries are measured at the proportionate net assets of subsidiary companies attributable to interest which is not owned by holding company.
- Material intra-group balances and transactions have been eliminated.

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 Group 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 consolidated 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 consolidated financial statements.

- 2.2 The US Dollar amounts shown on the consolidated statement of financial position, consolidated profit and loss account, consolidated statement of comprehensive income and consolidated 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. 104.8715 to 1 US Dollar has been used for 2014 and 2015 as it was the prevalent rate as on December 31, 2015.

3. STATEMENT OF COMPLIANCE

- 3.1 These consolidated 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 consolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

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

Following new standards became effective during the year:

IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IFRS 13 'Fair Value Measurements'. These standards became applicable from January 1, 2015, as per the adoption status of IFRS in Pakistan.

- IFRS 10 replaces the current guidance on consolidation in IAS 27 Consolidated and Separate Financial Statements. It introduces a single model of assessing control whereby an investor controls an investee when it has the power, exposure to variable returns and the ability to use its power to influence the returns of the investee. IFRS 10 also includes specific guidance on de facto control, protective rights and the determination of whether a decision maker is acting as principal or agent, all of which influence the assessment of control. The application of IFRS 10 did not result in any investee being in control of the Group except for certain mutual funds in previous year. However, SECP vide its notification dated January 28, 2016 has stated that the requirements of consolidation under section 237 of Companies Ordinance 1984 and IFRS 10 is not applicable in case investment by companies in mutual fund established under trust structure. Accordingly, the Group has not consolidated the said funds in its financial statements.
- IFRS 11 replaces IAS 31 Interests in Joint Ventures. It requires all joint ventures to be equity accounted thereby removing the option in IAS 31 for proportionate consolidation. It also removes the IAS 31 concept of jointly controlled assets. The application of IFRS 11 did not result in identification of any associate as a joint venture.
- IFRS 12 prescribes additional disclosures around significant judgements and assumptions made in determining whether an entity controls another entity and has joint control or significant influence over another entity. The standard also requires disclosures on the nature and risks associated with interests in unconsolidated structured entities.
- IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have an impact on the consolidated financial statements of the Group except for certain new disclosures as presented in note 36.

IAS 19 'Employee Benefits' requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendment became applicable for annual periods starting on or after July 1, 2014. The application of this amendment did not have any impact on these consolidated financial statements.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2013 that became effective during the year. These improvements to the standards did not have any material impact on the these consolidated financial statements.

3.4 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, 2016:

- Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 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 amortization 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. The amendments are not likely to have an impact on the Group's consolidated financial statements.
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – 'Consolidated Financial Statements' and IAS 28 – 'Investments in Associates and Joint Ventures' effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on the Group's consolidated financial statements.
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Currently, SBP circulars for accounting for investments in subsidiaries, joint ventures and associate, require these investments to be accounted for at cost.
- Agriculture: Bearer Plants [Amendment to IAS 16 'Property, Plant & Equipment' and IAS 41 'Agriculture'] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment 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 Agriculture. 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. The amendments are not likely to have an impact on the Group's consolidated financial statements.
- The amendments to IAS 1 'Presentation of Financial Statements' clarify the materiality requirements in IAS 1 and the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:
 - 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 above amendments are not likely to have an impact on the Group's financial statements in the period of initial application.

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.

Standard or interpretation	IASB Effective date (annual periods beginning on or after)
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, 2018
IFRS 16 – Leases	January 01, 2019

4. BASIS OF MEASUREMENT

These consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year, except for the changes in disclosure due to standards that became effective during the year as described in note 3.3.

5.1 Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit and loss account as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the fair value of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation are measured at fair value at the date of the acquisition.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss account.

5.2 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the subsidiary company.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or entities of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit and loss account. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

5.3 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.

5.4 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

All regular way purchases / sales of investment are recognised on the trade date, i.e., the date the Group 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 Group 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 Pakistan Stock Exchange Limited, as the case may be.

Associates – Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for under the equity method of accounting. However, in case where associates are considered as fully impaired and financial statements are not available these investments are stated at cost less provision.

Under the equity method, the Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated profit and loss account, its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Joint venture - The Group has interests in joint venture which is jointly controlled entity. A joint venture is contractual arrangement whereby two or more parties undertake in economic activity that is subject to a joint control and includes a jointly controlled entity that involves the establishment of separate entity in which each venturer has an interest. The Group accounts for its interest in joint venture using the equity method of accounting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

The carrying values of investments are reviewed for impairment when indications exist that the carrying values may exceed the estimated recoverable amounts.

5.5 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 consolidated 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 consolidated statement of financial position, as the Group 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.

5.6 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.

5.7 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Group 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 Group 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 Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group 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.

5.8 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 Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

5.9 Operating fixed assets and depreciation

Property and equipment

Owned assets

Property and equipment except land and buildings are stated at cost less accumulated depreciation and impairment losses, if any. Land is stated at revalued amount. Buildings are stated at revalued amount less accumulated depreciation and impairment, if any. Cost of operating fixed assets of foreign branches include exchange differences arising on translation at year-end rates. Depreciation is charged to profit and loss account applying the 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 Group 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 Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

Ijarah (as lessor)

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

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

Intangible assets

Intangible assets are stated at cost less accumulated amortisation 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.

Intangible assets with indefinite useful life are carried at cost less impairment losses, if any.

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.

5.10 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.

5.11 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

Deferred

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

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

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

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

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

5.12 Employee benefits

5.12.1 Defined benefit plans

The Group 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 Group 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.

5.12.2 Other employee benefits

Employees' compensated absences

The Group 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.

5.12.3 Defined contribution plan

The Group operates an approved funded provident fund scheme covering all its employees. Equal monthly contributions are made by the Group and employees to the fund in accordance with the fund rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

5.12.4 Retirement and other benefit obligations - In respect of CJSC Subsidiary Bank of NBP in Kazakhstan (CJSC)

The CJSC withholds amounts of pension contributions from employee salaries and pays them to state pension fund. The requirements of the Kazakhstan's legislation state pension system provides for the calculation of current payments by the employer as a percentage of current total payments to staff. This expense is charged in the period the related salaries are earned. Upon retirement all retirement benefit payments are made by pension funds selected by employees.

5.13 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.

The Group follows the 'financing method' in accounting for recognition of finance lease. At the commencement of a lease, the total unearned finance income i.e. the excess of aggregate instalment contract receivables plus residual value over the cost of the leased asset is amortized over the term of the lease, applying the effective yield method, so as to produce a constant periodic rate of return on the net investment in finance leases. Initial direct costs are deferred and amortized over the lease term as a yield adjustment.

Processing, front end and commitment fees and commission are recognized as income when received.

Rental income from operating leases / Ijarah is recognized on a straight-line basis over the term of the relevant lease.

Profit on trading and revaluation of financial instruments is recognised on trade date basis and is taken to profit and loss account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

5.14 Net investment in lease finance

Leases where the Group transfers substantially all the risk and rewards incidental to ownership of the assets to the lessee are classified as finance leases. Net investment in lease finance is recognised at an amount equal to the aggregate of minimum lease payment including any guaranteed residual value and excluding unearned finance income, write-offs and provision for doubtful lease finances, if any. The provision against lease finance is made in accordance with the requirements of the NBFC Regulations and the internal criteria as approved by the Board of Directors of NBPLL.

5.15 Foreign currencies translation

The Group's financial statements are presented in Pak Rupees (Rs.) which is the Group'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 and Subsidiaries 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 and subsidiaries, which is credited to other comprehensive income.

Items included in the consolidated financial statements of the Group's foreign branches and subsidiaries are measured using the currency of the primary economic environment in which the Group 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 consolidated statement of financial position date.

5.16 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations is made when the Group 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.

5.17 Off setting

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

5.18 Fiduciary assets

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

5.19 Dividend and other appropriations

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

5.20 Earnings per share

The Group 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 Group 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, 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

5.21 Related party transactions

Transactions between the Group and its related parties are carried out on an arm's length basis other than pension fund and other staff loans.

5.22 Accounting estimates and judgments

The preparation of consolidated 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 Group'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 consolidated financial statements are as follows:

a) Provision against non-performing loans and advances

The Group reviews its loan portfolio to assess amount of non-performing loans and determines 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 Group 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 Group has developed internal criteria according to which a decline of 30% in the market value of any scrip below its cost shall constitute as a significant decline and where market value remains below the cost for a period of one year shall constitute as a prolonged decline.

d) Held-to-maturity investments

The Group 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 Group 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 Group's view differs with the view taken by the income tax department and such amounts are shown as contingent liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

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 Group. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern.

The Group 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.

h) Provision against contingencies

Provision against contingencies is determined based on the management judgement regarding the probability of future out flows of resources embodying economic benefits to settle an obligation arising from past events.

i) Determination of control over investees

The Group's management applies its judgement to determine whether the control exists over the investee entities. The mutual funds are not consolidated in these financial statements in pursuance of notification of SECP as indicated in the note 3.3.

	Note	2015	2014
		Rupees in '000	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		22,164,971	24,588,314
Foreign currency		3,036,469	3,228,256
		25,201,440	27,816,570
With State Bank of Pakistan in			
Local currency current accounts	6.1	58,230,669	30,540,787
Local currency deposit account		-	-
		58,230,669	30,540,787
Foreign currency current account	6.2	3,992,844	4,634,783
Foreign currency deposit account	6.2	11,940,474	13,866,668
Foreign currency collection account		181,959	449,283
		16,115,277	18,950,734
With other central banks in			
Foreign currency current accounts	6.3	49,400,312	12,607,419
Foreign currency deposit accounts	6.3	2,243,147	8,331,273
		51,643,459	20,938,692
	32	151,190,845	98,246,783

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

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 0.01% to 6.70% per annum (2014: 0.072% to 0.08% per annum).

	Note	2015 Rupees in '000	2014
7. BALANCES WITH OTHER BANKS			
In Pakistan			
On current account		16,272	146,137
On deposit account		7,054,244	129,320
		7,070,516	275,457
Outside Pakistan			
On current accounts		6,016,033	2,684,686
On deposit accounts	7.1	7,552,872	9,583,821
		13,568,905	12,268,507
	32	20,639,421	12,543,964

7.1 These include various deposits with correspondent banks and carry interest at rates ranging from 0.01% to 1.85% per annum (2014: 0.01% to 7.5% per annum).

	Note	2015 Rupees in '000	2014
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.3	3,061,200	12,261,200
Repurchase agreement lendings (Reverse Repo)	8.4	4,633,316	99,532,927
Bai Muajjal	8.5	2,944,008	-
Letters of placement	8.6	173,500	173,500
	8.1	10,812,024	111,967,627
Less: Provision held against lendings	8.2	(173,500)	(173,500)
		10,638,524	111,794,127

8.1 Particulars of lendings - gross

In local currency	10,812,024	111,967,627
In foreign currencies	-	-
	10,812,024	111,967,627

8.2 Movement in provision held against lendings is as follows:

Opening balance	173,500	173,500
Charge for the year	-	-
Closing balance	173,500	173,500

8.3 These carry mark-up [excluding zero rate lending to a financial institution amounting to Rs. 61.200 million (2014: Rs. 61.200 million) which is guaranteed by the SBP] at 6.25% per annum (2014: 7% to 10.50% per annum) with maturity on January 05, 2016.

8.4 These carry mark-up at rates ranging from 6.3% to 6.4% per annum (2014: 7% to 10.50% per annum) with maturities ranging from January 4, 2016 to January 6, 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

8.4.1 Securities held as collateral against lendings to financial institutions

	2015			2014		
	Held by	Further given as	Total	Held by	Further given as	Total
	Bank	collateral		Bank	collateral	
	----- Rupees in '000 -----			----- Rupees in '000 -----		
Market Treasury Bills	3,908,316	-	3,908,316	72,187,927	-	72,187,927
Pakistan Investment Bonds	725,000	-	725,000	27,345,000	-	27,345,000
	4,633,316	-	4,633,316	99,532,927	-	99,532,927

8.4.2 Market value of the securities under repurchase agreement lendings amounts to Rs. 4,653 million (2014: Rs. 106,165 million).

8.5 This represents Bai Muajjal agreements entered into with Ministry of Finance, Government of Pakistan through SBP, whereby the Bank sold sukuk having carrying value of Rs. 2,917 million on deferred payment basis. The average return on these transactions is 6% per annum. The balances are due to mature by November 2016.

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

9. INVESTMENTS

9.1 Investments by type:

Note	2015			2014		
	Held by	Given as	Total	Held by	Given as	Total
	Bank	collateral		Bank	collateral	
	----- Rupees in '000 -----			----- Rupees in '000 -----		
Held-for-trading securities						
Market Treasury Bills	631,277	-	631,277	4,644,243	-	4,644,243
Pakistan Investment Bonds	1,439,315	-	1,439,315	5,142,298	-	5,142,298
Investment In mutual funds	320,352	-	320,352	144,368	-	144,368
Ordinary shares of listed companies	167,271	-	167,271	110,835	-	110,835
Total held-for-trading securities	2,558,215	-	2,558,215	10,041,744	-	10,041,744
Available-for-sale securities						
Ordinary shares of listed companies	23,056,382	-	23,056,382	24,653,741	-	24,653,741
Ordinary shares of unlisted companies	1,129,263	-	1,129,263	1,374,080	-	1,374,080
Investments in mutual funds	1,143,984	-	1,143,984	2,561,608	-	2,561,608
Ordinary shares of a bank outside Pakistan	463,295	-	463,295	463,295	-	463,295
Preference shares	846,660	-	846,660	869,160	-	869,160
Market Treasury Bills	402,985,122	10,214,352	413,199,474	111,752,989	5,906,690	117,659,679
Pakistan Investment Bonds	161,777,009	93,031	161,870,040	194,478,241	-	194,478,241
GoP Foreign Currency Bonds	9,479,391	-	9,479,391	7,674,171	-	7,674,171
Foreign Currency Debt Securities	2,690,496	-	2,690,496	2,235,557	-	2,235,557
Foreign Government Securities	520,093	-	520,093	197,706	-	197,706
Term Finance Certificates / Musharika and Sukuk Bonds	33,672,956	-	33,672,956	19,109,924	-	19,109,924
Total available-for-sale securities	637,764,651	10,307,383	648,072,034	365,370,472	5,906,690	371,277,162
Held-to-maturity securities						
Pakistan Investment Bonds	107,575,573	-	107,575,573	106,838,847	-	106,838,847
Market Treasury Bills	8,307,581	-	8,307,581	1,622,262	-	1,622,262
GoP Foreign Currency Bonds	1,610,375	-	1,610,375	1,540,658	-	1,540,658
Foreign Government Securities	20,863,694	-	20,863,694	8,959,455	-	8,959,455
Foreign Currency Debt Securities	406	-	406	389	-	389
Debentures, Bonds, Sukuk, Participation Term Certificates and Term Finance Certificates	811,144	-	811,144	3,048,324	-	3,048,324
Total held-to-maturity securities	139,168,773	-	139,168,773	122,009,935	-	122,009,935
Investments in associates	1,751,323	-	1,751,323	12,210,482	-	12,210,482
Investments in joint venture	4,507,135	-	4,507,135	4,489,187	-	4,489,187
Investments in subsidiaries	1,245	-	1,245	1,245	-	1,245
Investments at cost	785,751,342	10,307,383	796,058,725	514,123,065	5,906,690	520,029,755
Less: Provision for diminution in value of investments	(15,453,451)	-	(15,453,451)	(15,668,377)	-	(15,668,377)
Investments (cost net of provisions)	770,297,891	10,307,383	780,605,274	498,454,688	5,906,690	504,361,378
Unrealized gain on revaluation of investments classified as held-for-trading	5,924	-	5,924	145,454	-	145,454
Surplus / (deficit) on revaluation of available-for-sale securities	45,632,555	3,002	45,635,557	57,261,787	(1,101)	57,260,686
Total investments - at carrying value	815,936,370	10,310,385	826,246,755	555,861,929	5,905,589	561,767,518

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	Note	2015 Rupees in '000	2014
9.2 Investments by segments			
Federal Government Securities			
- Market Treasury Bills		422,138,332	123,926,184
- Pakistan Investment Bonds	9.2.1	270,884,928	306,459,386
- GoP Foreign Currency Bonds		11,089,766	9,214,829
- Ijarah Sukuk bonds		980,684	2,024,349
		<u>705,093,710</u>	<u>441,624,748</u>
Foreign Government Securities		21,383,787	9,157,161
Fully Paid up Ordinary Shares	9.11 / 9.12		
- Listed Companies		23,223,653	24,764,576
- Unlisted Companies		1,129,263	1,374,080
- Ordinary shares of a bank listed outside Pakistan	9.4	463,295	463,295
		<u>24,816,211</u>	<u>26,601,951</u>
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates, Musharika and Sukuk Bonds			
- Listed		2,471,051	2,542,543
- Unlisted		31,032,365	17,591,356
		<u>33,503,416</u>	<u>20,133,899</u>
Foreign Currency Debt Securities		2,690,902	2,235,946
Other Investments			
- Investments in mutual funds		1,464,336	2,705,976
- Preference Shares		846,660	869,160
Investments in associates	9.5	1,751,323	12,210,482
Investments in joint ventures	9.6	4,507,135	4,489,187
Investments in subsidiaries	9.8	1,245	1,245
Total investments at cost		<u>796,058,725</u>	<u>520,029,755</u>
Provision for diminution in value of investments	9.9	(15,453,451)	(15,668,377)
Investments (cost net of provisions)		<u>780,605,274</u>	<u>504,361,378</u>
Unrealized gain on revaluation of investments classified as held-for-trading	9.10	5,924	145,454
Surplus on revaluation of available-for-sale securities	20.1	45,635,557	57,260,686
Total investments - at carrying value		<u><u>826,246,755</u></u>	<u><u>561,767,518</u></u>

9.2.1 These carry fixed coupon rate ranging from 8.75% to 12% per annum (December 31, 2014: 8 to 12% per annum).

9.3 Market value of held-to-maturity investments is Rs. 147,047 million (2014: Rs. 128,440 million).

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For the year ended December 31, 2015

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

The Group holds 23,333,333 (2014: 23,333,333) shares in Bank Al-Jazira (BAJ) incorporated in the Kingdom of Saudi Arabia, representing 5.83% (2014: 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 Viability Rating is BB+ with short term and long term IDR at F2 and A-by Fitch Rating Agency.

			Note	2015 Rupees in '000	2014
9.5 Investments in associates					
Unlisted Shares					
	Number of shares	Percentage of holding			
Pakistan Emerging Venture Limited	12,500,000	33.33		50,565	50,565
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	21.52		-	-
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		-	-
				225,704	225,704
Listed Shares					
First Credit and Investment Bank Limited	20,000,000	30.77		204,086	199,732
National Fibres Limited	17,030,231	20.19		-	-
Taha Spinning Mills Limited	-	-		-	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	9.5.1 / 9.5.2 / 9.5.3	1,014,228	1,862,079
				1,525,619	2,371,617
Listed Mutual Funds					
NAFA Income Opportunity Fund	-	-		-	44,978
NAFA Multi Asset Fund	-	-		-	72,271
NAFA Financial Sector Income Fund	-	-		-	737,307
NAFA Islamic Aggressive Income Fund	-	-		-	78,409
NAFA Islamic Multi Asset Fund	-	-		-	126,050
NAFA Government Securities Liquid Fund	-	-		-	4,022,605
NAFA Money Market Fund	-	-		-	3,542,657
NAFA Riba Free Savings Fund	-	-		-	512,350
NAFA Savings Plus Fund	-	-		-	476,534
			9.5.6	-	9,613,161
				1,751,323	12,210,482
Less: Provision for diminution in value of investments			9.9.1 / 9.9.2	(609,530)	(1,452,591)
				1,141,793	10,757,891

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- 9.5.1** The 120,426,432 shares (2014: 120,426,432) 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. These carrying value of the investment in Agritech Limited as at December 31, 2015 under equity method was tested for impairment based on recoverable amount of Rs. 9.35 per share (based on market value) resulting in reversal of previously recognised impairment of Rs. 825 million due to recording of share of loss in current year.

The Bank holds a put option in respect of 26,152,922 ordinary shares of Agritech Limited which is exercisable within 3 months starting from February 1, 2016. Under this put option, the Bank has a right to put these shares to the consortium banks at a price of Rs. 35 per share. The Bank has exercised this option subsequent to the year end.

There is also a put option available to Azgard Nine Limited, under which Azgard Nine Limited has the right to sell 58.29 million preference shares of Agritech Limited to the Bank at a price of Rs. 5.25 per share subject to the occurrence of certain events under the agreement.

Both these options have been valued and the resultant net gain of Rs. 364 million has been recognized in these financial statements.

- 9.5.2** The Group 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.

- 9.5.3** Aggregate market value of investments in associates (quoted) on the basis of latest available quoted prices amounts to Rs. 1,432 million (2014: Rs. 10,540 million).

- 9.5.4** 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.

- 9.5.5** 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, 2015	12,164
Dadabhoy Energy Supply Company Limited	June 30, 2007	103,952
Pakistan Mercantile Exchange Limited	June 30, 2015	(28,342)

- 9.5.6** During the year, the Group has redeemed its investment in mutual funds managed by NBP Fullerton Asset Management Limited amounting to Rs. 8,516 million which has resulted in capital gain of Rs. 506 million.

	Note	2015 Rupees in '000	2014 Rupees in '000
9.6 Investments in joint venture			
United National Bank Limited (UNBL) (incorporated in United Kingdom)	9.6.1	2,362,433	2,362,433

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9.6.1 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 Group 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 Group or UBL as appropriate. Dividends payable on "C" and "D" shares are related to loans transferred to the venture by the Group 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 Summary of financial information of associates and joint venture

		2015				
	Based on the financial statements as on	Assets	Liabilities	Equity	Revenue	Profit / (loss)
		Rupees in '000				
United National Bank Limited	December 31, 2015	71,978,338	44,706,143	11,727,616	3,355,003	2,040,780
First Credit and Investment Bank Limited	September 30, 2015	677,261	13,956	663,305	42,157	(611)
Agritech Limited	September 30, 2015	49,349,923	41,686,908	7,663,015	1,667,212	(2,122,870)
		2014				
	Based on the financial statements as on	Assets	Liabilities	Equity	Revenue	Profit / (loss)
		Rupees in '000				
United National Bank Limited	December 31, 2013	66,091,688	58,204,343	7,887,345	3,257,921	1,083,395
First Credit and Investment Bank Limited	December 31, 2013	766,270	121,982	644,288	29,615	2,120
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

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9.7.1 Movement Schedule for Associate and Joint Ventures

	2015								
	Opening Balance	Addition	Disposal	Dividend paid	Share of profit / (loss) for the year - net of tax	Exchange Translation Reserve	Surplus (Deficit) on Revaluation Properties	Surplus (Deficit) on Revaluation Securities	Closing Balance
Rupees in '000									
Joint Venture									
United National Bank Limited	4,489,187	-	-	(107,723)	560,031	(22,617)	-	(411,743)	4,507,135
Associates									
Unlisted									
Pakistan Emerging Venture Limited	50,565	-	-	-	-	-	-	-	50,565
Information System Associates Limited	1,719	-	-	-	-	-	-	-	1,719
National Fructose Company Limited	6,500	-	-	-	-	-	-	-	6,500
National Assets Insurance Company	44,815	-	-	-	-	-	-	-	44,815
Dadabhoj Energy Supply Company Limited	32,105	-	-	-	-	-	-	-	32,105
Pakistan Mercantile Exchange Limited	90,000	-	-	-	-	-	-	-	90,000
Listed Shares									
First Credit and Investment Bank Limited	199,732	-	-	-	7,425	-	-	(3,071)	204,086
Taha Spinning Mills Limited	2,501	-	(2,501)	-	-	-	-	-	-
Land Mark Spinning Mills Limited	39,710	-	-	-	-	-	-	-	39,710
S.G. Fibres Limited	218,535	-	-	-	-	-	-	-	218,535
Nina Industries Limited	49,060	-	-	-	-	-	-	-	49,060
Agritech Limited	1,862,079	-	-	-	(847,851)	-	-	-	1,014,228
Listed Mutual Funds									
NAFA Income Opportunity Fund	44,978	-	(44,459)	(1,166)	647	-	-	-	-
NAFA Multi Asset Fund	72,271	-	(77,082)	(2,128)	6,939	-	-	-	-
NAFA Financial Sector Income Fund	737,307	-	(692,415)	(63,508)	8,616	-	-	-	-
NAFA Islamic Aggressive Income Fund	78,409	-	(74,926)	(5,701)	2,218	-	-	-	-
NAFA Islamic Multi Asset Fund	126,050	-	(136,430)	(11,618)	21,998	-	-	-	-
NAFA Government Securities Liquid Fund	4,022,605	-	(3,738,261)	(271,389)	(12,955)	-	-	-	-
NAFA Money Market Fund	3,542,657	-	(3,425,785)	-	(116,872)	-	-	-	-
NAFA Riba Free Saving Fund	512,350	-	(481,238)	(33,390)	2,278	-	-	-	-
NAFA Savings Plus Fund	476,534	-	(444,783)	(36,559)	4,808	-	-	-	-
	12,210,482	-	(9,117,880)	(415,459)	(922,749)	-	-	(3,071)	1,751,323

Movement Schedule for Investment in Associates and Joint Ventures

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		2014								
		Rupees in '000								
		Opening Balance	Addition	Disposal	Dividend paid	Share of profit / (loss) for the year - net of tax	Exchange Translation Reserve	Surplus (Deficit) on Revaluation Properties	Surplus (Deficit) on Revaluation Securities	Closing Balance
Joint Venture		3,378,076	1,117,598	-	-	301,989	(298,426)	-	(10,050)	4,489,187
	United National Bank Limited									
Associates										
Unlisted										
	Pakistan Emerging Venture Limited	50,565	-	-	-	-	-	-	-	50,565
	Information System Associates Limited	1,719	-	-	-	-	-	-	-	1,719
	National Fructose Company Limited	6,500	-	-	-	-	-	-	-	6,500
	National Assets Insurance Company	44,815	-	-	-	-	-	-	-	44,815
	Dadaboy Energy Supply Company Limited	32,105	-	-	-	-	-	-	-	32,105
	Pakistan Mercantile Exchange Limited	90,000	-	-	-	-	-	-	-	90,000
Listed Shares										
	First Credit and Investment Bank Limited	198,248	-	-	-	1,484	-	-	-	199,732
	Taha Spinning Mills Limited	2,501	-	-	-	-	-	-	-	2,501
	Land Mark Spinning Mills Limited	39,710	-	-	-	-	-	-	-	39,710
	S.G. Fibres Limited	218,535	-	-	-	-	-	-	-	218,535
	Nina Industries Limited	49,060	-	-	-	-	-	-	-	49,060
	Agriotech Limited	2,635,257	700,773	-	-	(1,471,357)	-	(2,594)	-	1,862,079
Listed Mutual Funds										
	AKD Opportunity Fund	218,800	-	(218,800)	-	-	-	-	-	-
	NAFA Income Opportunity Fund	38,216	-	-	-	6,283	-	479	-	44,978
	NAFA Multi Asset Fund	55,906	-	-	-	9,628	-	6,737	-	72,271
	NAFA Financial Sector Income Fund	1,032,800	576,043	(899,077)	-	26,254	-	1,287	-	737,307
	NAFA Islamic Aggressive Income Fund	68,455	-	-	-	10,074	-	(120)	-	78,409
	NAFA Islamic Multi Asset Fund	97,059	-	-	-	16,962	-	12,029	-	126,050
	NAFA Government Securities Liquid Fund	6,551,413	3,015,458	(5,664,702)	-	118,563	-	1,873	-	4,022,605
	NAFA Money Market Fund	978,355	3,210,015	(814,180)	-	168,476	-	(9)	-	3,542,657
	NAFA Riba Free Saving Fund	1,572,827	426,353	(1,512,055)	-	25,368	-	(143)	-	512,350
	NAFA Savings Plus Fund	1,535,770	355,765	(1,442,995)	-	27,978	-	16	-	476,534
		15,518,616	8,284,407	(10,551,809)	-	(1,060,287)	-	(2,594)	22,149	12,210,482

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9.8 Investments in subsidiaries	Percentage holding	2015 Rupees in '000	2014 Rupees in '000
Cast-N-Link Products Limited	76.51	1,245	1,245
		<u>1,245</u>	<u>1,245</u>
Less: Provision for diminution in value of investments		(1,245)	(1,245)
		<u><u>-</u></u>	<u><u>-</u></u>
9.8.1 The consolidated financial statements of Cast-N-Link Products Limited (CNL) are not available since the year 1997. Accordingly, the management of the Group had applied to the Securities and Exchange Commission of Pakistan (SECP) for the exemption from the requirements of section 237 of the Companies Ordinance, 1984 in respect of consolidating its subsidiary CNL. The SECP, vide its letter EMD/233/627/2002-539 dated November 05, 2014 under Section 237(8) of the Companies Ordinance, 1984, based on the fact that investments of the Group in CNL are not material and comprise of 0.00015% of the total assets of the Bank and the investment have been fully provided for, granted the exemption from consolidation of CNL in its consolidated financial statements for the year ended December 31, 2015.			
9.9 Particulars of provision for diminution in value of investments		2015 Rupees in '000	2014 Rupees in '000
Opening balance		15,668,377	15,445,884
Charge for the year		1,055,831	1,641,247
Reversals for the year		(1,852,131)	(3,083,005)
		(796,300)	(1,441,758)
Transfer from provision against non-performing advances	10.3	595,227	1,366,790
Transfer from suspended interest		-	292,127
Others		(13,853)	5,334
Closing balance	9.9.1 / 9.9.2	<u><u>15,453,451</u></u>	<u><u>15,668,377</u></u>
9.9.1 Particulars of provision in respect of type			
Available-for-sale securities			
Ordinary shares of listed companies and mutual funds		3,394,043	3,781,567
Ordinary shares of unlisted companies		398,923	376,135
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds		9,983,942	8,978,475
Preference shares		446,444	446,444
Held-to-maturity securities			
Debentures, Bonds, Participation Term Certificates, and Term Finance Certificates		619,324	631,920
Investments in associates	9.5	609,530	1,452,591
Investments in subsidiaries	9.8	1,245	1,245
		<u><u>15,453,451</u></u>	<u><u>15,668,377</u></u>
9.9.2 Particulars of provision in respect of segments			
Fully Paid up Ordinary Shares		3,735,090	4,063,236
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds	9.9.3 / 9.9.4	10,603,266	9,610,395
Other investments		504,320	540,910
Investments in associates	9.5	609,530	1,452,591
Investments in subsidiaries	9.8	1,245	1,245
		<u><u>15,453,451</u></u>	<u><u>15,668,377</u></u>

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9.9.3 In accordance with BSD Circular No. 11 dated October 21, 2011 issued by the SBP, the Group 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. 858 million (2014: Rs. 1,191 million). Accordingly, as of December 31, 2015, the accumulated increase in profit after tax of Rs. 558 million (2014: Rs. 774 million) shall not be available for payment of cash or stock dividend / bonus to employees as required by aforementioned SBP directive.

9.10 Unrealized gain / (loss) on revaluation of investments classified as held-for-trading	2015	2014
	Rupees in '000	
Federal Government securities	<u>5,924</u>	<u>145,454</u>

9.11 The investments in shares include shares of Pakistan State Oil Company Limited, Sui Northern Gas Pipeline Limited and Pakistan Engineering Company with cost of Rs. 4,603 million (2014: Rs. 4,165 million) that have been frozen by the Government of Pakistan for sale in the equity market due to their proposed privatization.

9.12 The investments also include shares acquired under tri-partite consent agreement dated June 29, 2011. These strategic investments comprise of the shares of Pakistan State Oil (22,022,713 shares) and shares of Sui Northern Gas Pipeline Limited (18,805,318 shares). The cost of these shares amounts to Rs. 4,602 million and market value as at December 31, 2015 amounts to Rs. 7,626 million. These shares cannot be sold without concurrence of privatization commission.

9.13 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.

10. ADVANCES	Note	2015	2014
		Rupees in '000	
Loans, cash credits, running finances, etc.			
In Pakistan		622,412,738	648,754,799
Outside Pakistan		54,635,448	55,841,400
		<u>677,048,186</u>	<u>704,596,199</u>
Net investment in finance lease			
In Pakistan	10.2	1,270,081	1,399,731
Bills discounted and purchased (excluding Government treasury bills)			
Payable in Pakistan		<u>8,678,788</u>	<u>15,434,441</u>
Payable outside Pakistan		<u>7,387,939</u>	<u>10,549,928</u>
		<u>16,066,727</u>	<u>25,984,369</u>
Advances - gross	10.1	<u>694,384,994</u>	<u>731,980,299</u>
Less: Provision against non-performing advances	10.3	114,291,008	101,750,650
Advances - net of provision		<u>580,093,986</u>	<u>630,229,649</u>

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		2015	2014
		Rupees in '000	
10.1	Particulars of advances - gross		
10.1.1	In local currency	615,250,590	659,796,729
	In foreign currencies	79,134,404	72,183,570
		694,384,994	731,980,299
10.1.2	Short-term (for upto one year)	500,116,328	483,695,031
	Long-term (for over one year)	194,268,666	248,285,268
		694,384,994	731,980,299

10.2 Net investment in finance lease

	2015				2014			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000							
Lease rentals receivable	629,224	487,422	-	1,116,646	591,931	711,160	-	1,303,091
Residual value	172,738	151,716	-	324,454	139,196	209,174	-	348,370
Minimum lease payments	801,962	639,138	-	1,441,100	731,127	920,334	-	1,651,461
Financial charges for future periods	118,617	52,402	-	171,019	154,681	97,049	-	251,730
	683,345	586,736	-	1,270,081	576,446	823,285	-	1,399,731

The leases executed are for a term of 3 to 5 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time disbursement. The Group requires the lessees to insure the leased assets in favour of the Group and maintained financial ratios, as required under the SECP Prudential Regulations for Non-Banking Finance Companies. Additional surcharge is charged on delayed rentals. The fixed return implicit in these ranges from 12.53% to 15.70% (2014: 12.59% to 15.39%) per annum.

10.3 Advances include Rs. 128,277 million (2014: Rs. 121,680 million) which have been placed under non-performing status (refer note 10.4.4) as detailed below:

	2015								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Category of Classification									
Other Assets Especially									
Mentioned	2,069,365	-	2,069,365	19,476	-	19,476	19,476	-	19,476
Substandard	7,057,274	83,227	7,140,501	1,582,057	20,807	1,602,864	1,582,057	20,807	1,602,864
Doubtful	2,610,175	152,627	2,762,802	997,687	76,358	1,074,045	997,687	76,358	1,074,045
Loss	84,644,181	31,660,021	116,304,202	78,694,872	29,935,390	108,630,262	78,694,872	29,935,390	108,630,262
	96,380,995	31,895,875	128,276,870	81,294,092	30,032,555	111,326,647	81,294,092	30,032,555	111,326,647
	2014								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Category of Classification									
Other Assets Especially									
Mentioned	1,228,018	-	1,228,018	1,347	-	1,347	1,347	-	1,347
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	1,330,143	5,319,533	6,649,676	1,330,143	5,319,533	6,649,676
Loss	75,741,089	19,253,958	94,995,047	72,775,835	16,887,929	89,663,764	72,775,835	16,887,929	89,663,764
	91,475,159	30,204,780	121,679,939	76,327,201	22,221,984	98,549,185	76,327,201	22,221,984	98,549,185

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10.4 Particulars of provision against non-performing advances

Note	2015			2014		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	98,549,185	3,201,465	101,750,650	90,003,586	2,875,887	92,879,473
Foreign exchange adjustments	859,521	16,854	876,375	(495,074)	(25,919)	(520,993)
Charge for the year	16,062,482	227,540	16,290,022	14,902,032	368,937	15,270,969
Reversal during the year	(4,944,996)	(481,498)	(5,426,494)	(4,185,832)	(1,164)	(4,186,996)
	11,117,486	(253,958)	10,863,528	10,716,200	367,773	11,083,973
Transfer (out) / in	9.9 / 18.1	899,465	-	899,465	(1,650,189)	(1,650,189)
Amount charged off	10.4.5	(18,228)	-	(18,228)	(32,623)	(32,623)
Amounts written off	10.5	(12,690)	-	(12,690)	(5,272)	(5,272)
Other adjustments		(68,092)	-	(68,092)	12,557	(3,719)
Closing balance		111,326,647	2,964,361	114,291,008	98,549,185	3,201,465
In local currency		81,294,092	2,747,891	84,041,983	76,327,201	2,685,728
In foreign currencies		30,032,555	216,470	30,249,025	22,221,984	515,737
		111,326,647	2,964,361	114,291,008	98,549,185	3,201,465

10.4.1 In accordance with BSD Circular No. 11 dated October 21, 2011 issued by the SBP, the Group has availed the benefit of Forced Sale Value (FSV) against non-performing advances which resulted in decrease in provision against NPLs by Rs. 3,598 million (2014: Rs. 3,542 million). Accordingly, as of December 31, 2015, the accumulated profit after tax of Rs. 2,338 million (2014: Rs. 2,302 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.

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

10.4.4 The SBP has allowed specific relaxation to the Group for non-classification of overdue loans of ASG Metals Private Limited and its associated companies till September 30, 2017. Had that relaxation not provided, the amount of non-performing loans would have been higher by Rs. 1,654 million and provision would have been higher by Rs. 923 million.

10.4.5 These represent non-performing advances for agriculture finance which have been classified as loss and fully provided for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with Prudential Regulations for Agriculture Financing issued by the SBP. This charge off does not, in any way, prejudice the Group's right of recovery from these customers.

Note	2015	2014
	Rupees in '000	
10.5 Particulars of write-offs		
10.5.1 Against provisions	10.3	12,690
10.5.2 Write offs of Rs. 500,000 and above	10.6	10,948
Write offs of below Rs. 500,000		1,742
		12,690
		32,623

10.6 Details of loans written-off 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, 2015 is given in Annexure II.

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	2015	2014
	Rupees in '000	
10.7 Particulars of loans and advances to directors, associated companies, etc.		
Debts due by directors, executives, officers and staff of the Bank or any of them either severally or jointly with any other person:		
Balance at beginning of the year	30,839,116	26,782,505
Loans granted / additions during the year	4,341,870	7,347,684
Repayments	(3,808,466)	(3,291,073)
Balance at end of the year	<u>31,372,520</u>	<u>30,839,116</u>
Debts due by companies or firms in which the directors of the Group are interested as directors, partners or in the case of private companies as members:		
Balance at beginning of the year	9,115,000	9,613,756
Adjustment due to retirement / appointment of directors	(1,154,000)	347,962
Loans granted / additions during the year	62,566,778	11,577,858
Repayments / other adjustments	(64,507,666)	(12,424,576)
Balance at end of the year	<u>6,020,112</u>	<u>9,115,000</u>
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties:		
Balance at beginning of the year	6,014,168	6,252,841
Repayments	(458,494)	(238,673)
Balance at end of year	<u>5,555,674</u>	<u>6,014,168</u>
11. OPERATING FIXED ASSETS		
Capital work-in-progress	11.1 1,365,006	1,215,686
Property and equipment	11.2 30,720,112	30,658,251
Intangible assets	11.3 1,215,556	1,479,589
	<u>33,300,674</u>	<u>33,353,526</u>
11.1 Capital work-in-progress		
Civil works	1,291,008	1,166,828
Equipment	16,304	9,321
Advances to suppliers and contractors	57,694	39,537
	<u>1,365,006</u>	<u>1,215,686</u>

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11.2 Property and equipment

	Cost/revalued		Cost / revalued amount		Accumulated depreciation			Book	Rate of depreciation
	At January 1, 2015	Revaluation	Additions / (deletions) / (adjustments)*	At December 31, 2015	At January 1, 2015	Charge for the year / (deletions)	At December 31, 2015	Value at December 31, 2015	
Rupees in '000									
Owned									
Land									
- freehold	11,203,348	-	11,463	11,214,811	-	-	-	11,214,811	Nil
- leasehold	10,338,464	-	34,278	10,372,742	-	-	-	10,372,742	Nil
Buildings on land:									
- freehold	2,867,306	-	37,113	2,904,419	148,001	145,513	293,514	2,610,905	5% on book value
- leasehold	2,681,061	-	67,398 (516)	2,747,943	112,688	117,916 (133)	230,471	2,517,472	5% on book value
Furniture and fixtures	3,433,918	-	416,740 (25,082) (1,101,501)	2,724,075	2,499,573	295,829 (18,031) (1,005,713)	1,771,658	952,417	20% on cost
Computer and peripheral equipment	3,874,422	-	269,952 (7,546) (1,111,803)	3,025,025	3,447,606	334,000 (6,906) (1,123,297)	2,651,403	373,622	33.33% on cost
Electrical and office equipment	3,956,737	-	485,709 (5,220) (769,680)	3,667,546	2,795,242	261,979 (3,975) (732,449)	2,320,797	1,346,749	20% on cost
Vehicles	1,518,258	-	191,377 (79,204) (667,101)	963,330	850,089	135,574 (65,544) (629,833)	290,286	673,044	20% on cost
	39,873,514	-	1,514,030 (117,568) (3,650,085)	37,619,891	9,853,199	1,290,811 (94,589) (3,491,292)	7,558,129	30,061,762	
Assets held under finance lease									
Vehicles	317,903	-	68,717 (50,763) 6,800	342,657	228,011	26,073 (40,532)	213,552	129,105	20% on cost
Office equipment	13,304	-	-	13,304	12,131	305	12,436	868	20% on Book Value
Assets given under Ijarah									
Machinery	1,722,322	-	362,045 (378,510) -	1,705,857	1,175,453	330,804 (326,044) (2,733)	1,177,480	528,377	25-33% on cost
Vehicles	792,565	-	- (77,971)	714,594	792,565	- (77,971)	714,594	-	20% on book Value
2015	42,719,608	-	1,944,792 (624,812) (3,643,285)	40,396,303	12,061,359	1,647,993 (539,136) (3,494,025)	9,676,191	30,720,112	

* These adjustments resulted from reconciliation of subsidiary control records of the Group. These adjustments have a net impact of Rs. 155 million on net book value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

	Cost / revalued amount			Accumulated depreciation				Book Value at December 31, 2014	Rate of depreciation	
	At January 1, 2014	Revaluation	Additions / (deletions) / (adjustments)	At December 31, 2014	At January 1, 2014	Charge for the year / (deletions)	Revaluation / (adjustments)			At December 31, 2014
----- Rupees in '000 -----										
Owned										
Land										
- freehold	11,110,151	93,547	-	11,203,348	-	-	-	-	11,203,348	Nil
			(350)							
- leasehold	10,124,953	170,624	42,967	10,338,464	-	-	-	-	10,338,464	Nil
			(80)							
Buildings on land:										
- freehold	2,752,531	7,010	107,765	2,867,306	160	147,841	-	148,001	2,719,305	5% on book value
			-							
- leasehold	2,484,435	24,240	172,386	2,681,061	-	112,688	-	112,688	2,568,373	5% on book value
Furniture and fixtures	3,234,252	-	232,908	3,433,918	1,887,154	619,658	-	2,499,573	934,345	20% on cost
			(12,507)			(7,239)				
			(20,735)							
Computer and peripheral equipment	3,289,991	-	210,659	3,874,422	2,980,786	467,326	-	3,447,606	426,816	33.33% on cost
			(755)			(506)				
			374,527							
Electrical and office equipment	3,580,824	-	172,235	3,956,737	2,348,959	447,064	-	2,795,242	1,161,495	20% on book
			(1,095)			(781)				
			204,773							
Vehicles	1,856,905	-	7,172	1,518,258	790,817	160,696	-	850,089	668,169	20% on cost
			(125,506)			(101,424)				
			(220,313)							
	38,434,042	295,421	946,092	39,873,514	8,007,876	1,955,273	-	9,853,199	30,020,315	
			(139,863)			(109,950)				
			337,822							
Assets held under finance lease										
Vehicles	349,377	-	38,185	317,903	233,560	46,257	-	228,011	89,892	20% on cost
			(69,659)			(51,806)				
Office equipment	13,304	-	-	13,304	11,826	305	-	12,131	1,173	20% on cost
Assets given under Ijarah										
Machinery	1,343,281	-	145,915	1,722,322	895,345	280,106	-	1,175,451	546,871	25-33% on cost
			-							
			233,126							
Vehicles	773,404	-	-	792,565	598,051	194,513	-	792,565	-	25-33% on cost
			-							
			-							
			19,161							
2014	40,913,408	295,421	1,130,192	42,719,608	9,746,658	2,476,454	-	12,061,357	30,658,251	
			(209,522)			(161,756)				
			590,109							

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For the year ended December 31, 2015

11.3 Intangible assets

	Cost		Accumulated amortization			Book value at December 31, 2015	Rate of amortization
	At January 1, 2015	Additions / (disposals)	At December 31, 2015	At January 1, 2015	Charge for the year			At December 31, 2015
----- Rupees in '000 -----							
Computer software	154,990	(1,107)	153,883	149,928	724	150,652	3,231 33.33 % on cost
Core Banking Application	1,328,910	371,629	1,700,539	418,447	633,831	1,052,278	648,261 33.33 % on cost
Website	1,041	-	1,041	1,041	-	1,041	- 33.33 % on cost
Room and Membership Card	-	-	-	-	-	-	-
Trading right entitlement certificate (TREC) - Note 11.8	-	-	-	-	-	-	-
Goodwill on NAFA Acquisition	655,146	-	655,146	92,593	-	92,593	562,553
Others	4,192	-	4,192	2,681	-	2,681	1,511
	2,144,279	370,522	2,514,801	664,690	634,555	1,299,245	1,215,556

	Cost		Accumulated amortization			Book value at December 31, 2014	Rate of amortization
	At January 1, 2014	Additions / (disposals)	At December 31, 2014	At January 1, 2014	Charge for the year			At December 31, 2014
----- Rupees in '000 -----							
Computer software	153,541	1,449	154,990	131,899	18,029	149,928	5,062 33.33 % on cost
Core Banking Application	-	1,328,910	1,328,910	-	418,447	418,447	910,463 33.33 % on cost
Website	1,041	-	1,041	1,041	-	1,041	- 33.33 % on cost
Room and Membership Card	-	-	-	-	-	-	-
Trading right entitlement certificate (TREC) - Note 11.8	-	-	-	-	-	-	-
Goodwill on NAFA Acquisition	655,146	-	655,146	92,593	-	92,593	562,553
Others	4,192	-	4,192	2,681	-	2,681	1,511
	813,920	1,330,359	2,144,279	228,214	436,476	664,690	1,479,589

11.4 Had there been no revaluation, the carrying amount of revalued assets at December 31, 2015 would have been as follows:

	Rupees in '000
Land	
freehold	1,132,637
leasehold	915,584
Building	
freehold	653,243
leasehold	706,126

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

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

	2015	2014
	Rupees in '000	
Not later than one year	83,926	76,594
Later than one year but not later than five years	180,236	128,880
	<u>264,162</u>	<u>205,474</u>

The rate of profit is 6 months KIBOR + 2.5% (2014: 6 months KIBOR + 2.5%).

11.6 Details of disposals of property and equipment

Details of disposals of property and equipment made to chief executive or a director or an executive or a shareholder holding not less than ten percent of the voting shares of the Group 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.

- 11.7** The recoverable amount of goodwill on acquisition of NAFA was tested for impairment based on value in use, in accordance with IAS-36. The value in use calculations are based on cash flow projection based on the budget and forecast approved by management from 2014 - 2018. The terminal value is determined based on a growth rate of 8%. The cash flows are discounted using a pre-tax discount rate of 16%.

- 11.8** The TRE Certificate acquired on surrender of Stock Exchange Membership Card is stated at Nil value.

According to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once to a company intending to carry out shares brokerage business in the manner to be prescribed. Upto December 31, 2019, a Stock Exchange shall offer for issuance of 15 TRE Certificate each year in the manner prescribed. After 2019, no restriction shall be placed on issuance of TRE Certificate.

12. DEFERRED TAX ASSETS - net	Note	2015	2014
		Rupees in '000	
Deductible temporary difference on:			
Provision for diminution in the value of investments		4,117,499	3,636,653
Provision against non-performing advances		8,000,570	7,092,841
Other provision		2,262,569	1,769,167
Provision against defined benefits plans		10,807,811	9,031,229
Unrealised loss on derivatives		691,907	691,907
Provision against off-balance sheet obligation		116,622	116,622
		<u>25,996,978</u>	<u>22,338,419</u>
Taxable temporary differences on:			
Excess of accounting book value of leased assets over lease liabilities		(8,097)	(3,720)
Revaluation of securities	20.1	(15,104,136)	(11,173,750)
Revaluation of operating fixed assets	20.2	(1,212,494)	(1,276,693)
		<u>(16,324,727)</u>	<u>(12,454,163)</u>
Net deferred tax assets		<u>9,672,251</u>	<u>9,884,256</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

12.1 Reconciliation of deferred tax

	January 1, 2014	Recognized in Profit and Loss Account	Recognized in Other Comprehensive Income / Surplus on revaluation of assets	December 31, 2014	Recognized in Profit and Loss Account	Recognized in Other Comprehensive Income / Surplus on revaluation of assets	December 31, 2015
Rupees in '000							
Deferred tax assets arising in respect of:							
Provision for diminution in the value of investments	3,481,832	154,821	-	3,636,653	480,846	-	4,117,499
Provision against advances	6,634,726	458,115	-	7,092,841	907,729	-	8,000,570
Other provision	1,281,478	487,689	-	1,769,167	493,402	-	2,262,569
Provision against defined benefits plans	7,745,875	1,050,723	234,631	9,031,229	932,913	843,669	10,807,811
Unrealised loss / (gain) on derivatives	691,907	-	-	691,907	-	-	691,907
Provision against off-balance sheet obligations	116,622	-	-	116,622	-	-	116,622
	19,952,440	2,151,348	234,631	22,338,419	2,814,890	843,669	25,996,978
Less: Deferred tax (liabilities) arising in respect of:							
Excess of accounting book value of leased assets over lease liabilities	(16,202)	12,482	-	(3,720)	(4,377)	-	(8,097)
Revaluation of securities	(7,364,431)	-	(3,809,319)	(11,173,750)	-	(3,930,386)	(15,104,136)
Revaluation of fixed assets	(1,602,983)	337,228	(10,938)	(1,276,693)	64,199	-	(1,212,494)
	(8,983,616)	349,710	(3,820,257)	(12,454,163)	59,822	(3,930,386)	(16,324,727)
Net deferred tax assets	10,968,824	2,501,058	(3,585,626)	9,884,256	2,874,712	(3,086,717)	9,672,251

13. OTHER ASSETS

	Note	2015 Rupees in '000	2014 Rupees in '000
Income / mark-up accrued in local currencies		28,528,306	34,009,111
Income / mark-up accrued in foreign currencies		1,573,224	1,648,165
Advances, deposits, advance rent and other prepayments	13.1	4,885,085	4,095,002
Advance taxation (payments less provisions)		10,980,767	13,585,228
Income tax refunds receivable		22,237,149	25,462,171
Compensation for delayed tax refunds	13.6	2,793,522	1,208,251
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		271,040	273,650
Branch adjustment account - net		1,498,108	1,248,281
Unrealized gain on forward foreign exchange contracts		1,995,434	1,079,206
Unrealized gain on derivatives	9.5.1	364,800	-
Commission receivable on Govt. treasury transactions		5,145,471	5,676,197
Stationery and stamps on hand		281,133	290,829
Non-banking assets acquired in satisfaction of claims	13.2	1,419,746	1,419,377
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		234,578	294,731
Receivable against sale of shares		7,143	47,445
Others		3,015,959	6,121,700
		86,168,870	97,396,749
Less: Provision held against other assets	13.5	6,077,158	5,557,491
Other assets (net of provision)		80,091,712	91,839,258

13.1 This includes Rs. 2,300 million (2014: 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. 2,713 million (2014: Rs. 2,358 million).

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

	Note	2015	2014
		Rupees in '000	
13.5 Provision against other assets			
Opening balance		5,557,491	5,193,517
Charge for the year	13.5.1	389,917	378,776
Reversals for the year		(17,559)	-
		372,358	378,776
Write offs		(2,586)	(14,802)
Reclassifications		149,895	-
Closing balance		6,077,158	5,557,491
13.5.1			
This mainly includes provision made on account of financial improprieties and CIRC assets.			
13.6 Reconciliation of compensation for delayed tax refunds			
Opening balance		1,208,251	2,094,062
Accrued during the year		1,585,271	3,369,429
Received during the year		-	(4,255,240)
Closing balance		2,793,522	1,208,251
14. BILLS PAYABLE			
In Pakistan		8,958,569	10,724,230
Outside Pakistan		213,047	287,597
		9,171,616	11,011,827
15. BORROWINGS			
In Pakistan		19,008,803	34,680,322
Outside Pakistan		3,376,050	3,528,091
	15.1 & 15.2	22,384,853	38,208,413
15.1 Particulars of borrowings with respect to currencies			
In local currency		19,008,803	34,680,322
In foreign currencies		3,376,050	3,528,091
	15.2	22,384,853	38,208,413
15.2 Details of borrowings			
Secured			
Borrowings from State Bank of Pakistan:			
Under Export Refinance Scheme		4,612,557	6,065,708
Under Export Refinance Scheme (New Scheme)		2,262,393	2,330,874
Under Long-Term Financing under Export Oriented Project (LTF-EOP)		-	63,889
Refinance Facility for Modernization of SMEs		20,940	7,880
Financing Facility for Revival of SMEs & Agricultural Activities in Flood affected areas		-	-
Financing Facility for storage of Agriculture Produce (FFSAP)		591,625	221,128
Under Long-Term Financing Facility (LTF)		348,800	1,505,325
		7,836,315	10,194,804
Repurchase agreement borrowings		10,301,568	5,902,523
		18,137,883	16,097,327
Unsecured			
Call borrowings	32	3,376,063	3,528,147
Commodity Morabaha		-	17,427,527
Overdrawn nostro accounts	32	326,444	417,696
Others		544,463	737,716
		4,246,970	22,111,086
		22,384,853	38,208,413

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

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

- The Group has entered into agreements with the SBP for extending export finance to customers. As per the terms of the agreement, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of finances by directly debiting the current account maintained by the Group with the SBP. These borrowings carry mark-up ranging from 4.5 % to 7.0 % (2014: 7.5 % to 8.4 %).
- Repurchase agreement borrowings carry mark-up at the rates ranging from 5.00% to 9.60% per annum (2014: 6.75% to 10.50% per annum) having maturity ranging from January 4, 2016 to April 21, 2016.
- Call borrowings carry interest ranging from 5% to 9.5% per annum (2014: 6.75% to 10.15% per annum).
- Unsecured borrowings "Others" carry interest at the rate of 10% per annum (2014: 10% per annum).

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

	Note	2015 Rupees in '000	2014
16. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		330,551,976	289,729,861
Savings deposits		382,255,071	348,098,999
Current accounts - remunerative		183,332,050	159,042,873
Current accounts - non-remunerative		332,225,875	268,081,544
		1,228,364,972	1,064,953,277
Financial Institutions			
Remunerative deposits		109,257,412	61,201,424
Non - remunerative deposits		93,913,013	108,250,349
		203,170,425	169,451,773
	16.1	1,431,535,397	1,234,405,050
16.1 Particulars of deposits			
In local currency		1,199,339,988	1,030,444,740
In foreign currencies [including deposits of foreign branches of Rs. 158,964 million (2014: Rs. 106,172 million)]		232,195,409	203,960,310
		1,431,535,397	1,234,405,050

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2015			2014		
	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	33,779	6,232	27,547	1,691	-	1,691
Later than one year and but not later than five years	75,652	12,011	63,641	-	-	-
	<u>109,431</u>	<u>18,243</u>	<u>91,188</u>	<u>1,691</u>	<u>-</u>	<u>1,691</u>

The Group 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 + 2.95% to KIBOR + 3.3% per annum (2014: KIBOR + 3.00% 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.

18. OTHER LIABILITIES

	Note	2015 Rupees in '000	2014 Rupees in '000
Mark-up / return / interest payable in local currency		14,041,877	22,087,056
Mark-up / return / interest payable in foreign currencies		252,916	196,318
Unearned commission and income on bills discounted		392,023	154,667
Accrued expenses		5,114,789	6,034,917
Advance payments		56,960	233,836
Unclaimed dividends		164,414	129,685
Unrealized loss on forward foreign exchange contracts		1,572,385	3,356,570
Provision against off balance sheet obligations	18.1	627,494	2,244,872
Provision against contingencies	18.2	2,818,525	1,826,821
Employee benefits:			
Pension fund	34.1.2	8,435,332	7,531,649
Post retirement medical benefits	34.1.3	11,268,022	10,220,524
Benevolent fund	34.1.4	1,830,831	1,624,009
Gratuity scheme	34.1.5	1,067,622	892,157
Compensated absences	34.2.1	5,709,230	5,364,523
Staff welfare fund		371,257	371,257
Liabilities relating to:			
Barter trade agreements		14,282,581	13,776,432
Special separation package		-	78,422
Payable to brokers		610	2,203
Others		9,029,154	7,313,190
		<u>77,036,022</u>	<u>83,439,108</u>

18.1 Provision against off balance sheet obligations

Opening balance		2,244,872	1,162,256
Reversal for the year		(122,686)	(339,200)
Transfer from / (to) advances	10.3	(1,494,692)	283,399
Transfer from suspended interest		-	1,138,417
Closing balance	18.1.1	<u>627,494</u>	<u>2,244,872</u>

18.1.1 This represents provision against non-funded exposure of borrowers where the Group considers that the borrowers will not be able to meet its contractual obligations at the time of amount becoming due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

18.2 Provision against contingencies		2015	2014
		Rupees in '000	
Opening balance		1,826,821	879,468
Charge during the year	18.2.1	938,282	947,353
Reclassification		53,422	-
Closing balance		<u>2,818,525</u>	<u>1,826,821</u>

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

19. SHARE CAPITAL

19.1 Authorized

2014	2015		2015	2014
Number of shares			Rupees in '000	
<u>2,500,000,000</u>	<u>2,500,000,000</u>	Ordinary shares of Rs.10 each	<u>25,000,000</u>	<u>25,000,000</u>

19.2 Issued, subscribed and paid-up

		Ordinary shares of Rs.10 each		
140,388,000	140,388,000	Fully paid in cash	1,403,880	1,403,880
1,987,125,100	1,987,125,100	Issued as fully paid bonus shares	19,871,251	19,871,251
<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% (2014: 75.60%) shares of the Group as at December 31, 2015.

19.3 Shares of the Bank held by subsidiary and associates	2015	2014
	Number of shares	
Following shares were held by associates of the Bank as of year end:		
First Credit & Investment Bank Limited	70,000	-
NAFA Stock Fund	-	484
NAFA Multi Asset Fund	-	164,071
NAFA Asset Allocation Fund	-	24,000
	<u>70,000</u>	<u>188,555</u>

19.4 Reserves

19.4.1 Exchange translation reserve

This comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

19.4.2 Statutory reserve

Every Bank incorporated in Pakistan is required to transfer 20% of their profits to a statutory reserve until the reserve equals share capital, thereafter 10% of the profits of the Group are to be transferred to this reserve.

19.4.3 General loan loss reserve

The Group is cognizant of the fact that a part of its credit or loan portfolio (funded and non-funded) which is not currently impaired as per the applicable Prudential Regulations is underperforming and therefore the potential for risk of credit losses on this part of portfolio is higher than the usual risk. Therefore, as a matter of abundant caution and in order to protect the equity base of the Group from future contingencies in respect of the credit portfolio, the Board of Directors in their meeting held on April 29, 2015 have decided to transfer an aggregate amount of Rs. 12 billion from the unappropriated profits to a "General Reserve for potential loan losses". This appropriation has been made on the basis of the management's best estimates and judgment regarding the inherent portfolio risks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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20. SURPLUS ON REVALUATION OF ASSETS - net

2015 **2014**
Rupees in '000

Available-for-sale securities	20.1	29,562,898	45,564,456
Operating fixed assets	20.2	22,168,380	22,288,314
		51,731,278	67,852,770

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

Federal Government Securities		9,109,036	10,377,882
Term Finance Certificates and Sukuks		59,167	(31,121)
Shares and mutual funds		26,047,519	29,556,505
GoP Foreign Currency Bonds		288,428	380,738
Foreign Currency debt security		39,306	81,092
Investment outside Pakistan	9.4	10,092,101	16,895,590
	9.1	45,635,557	57,260,686
Deferred tax liability	12	(15,104,136)	(11,173,750)
Share of revaluation loss on securities of associates		(968,523)	(522,480)
		29,562,898	45,564,456

20.2 Surplus on revaluation of operating fixed assets - net of tax

Surplus on revaluation on January 1,		23,187,017	23,085,821
Surplus on revaluation of the Group's properties during the year	11.2	-	295,421
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(119,934)	(126,246)
Related deferred tax liability		(64,580)	(67,979)
		(184,514)	(194,225)
		23,002,503	23,187,017
Less: Related deferred tax liability on:			
Revaluation as at January 1,		1,300,602	1,357,643
Revaluation of Group's properties during the year		-	10,938
Incremental depreciation charged during the year transferred to profit and loss account		(64,580)	(67,979)
	12	1,236,022	1,300,602
Share of surplus on revaluation of fixed assets of joint venture		401,899	401,899
Surplus on revaluation on December 31,		22,168,380	22,288,314

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

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:

	2015	2014
	Rupees in '000	
- Government	7,422,663	5,110,261
- Financial institutions	6,329,462	11,135,929
- Others	21,583,972	32,227,405
	<u>35,336,097</u>	<u>48,473,595</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:

	2015	2014
	Rupees in '000	
- Government	13,470,397	11,879,063
- Financial institutions	1,934,967	5,239,234
- Others	9,945,571	22,520,962
	<u>25,350,935</u>	<u>39,639,259</u>

21.3 Trade-related contingent liabilities

Letters of credit issued on behalf of:

- Government	221,145,520	129,493,436
- Financial institutions	-	-
- Others	48,844,025	27,137,972
	<u>269,989,545</u>	<u>156,631,408</u>

21.4 Other contingencies

21.4.1 Claims against the Bank not acknowledged as debts [including SBP liabilities on Bangladesh borrowing and interest thereon amounting to Rs. 204 million (2014: Rs. 194 million), claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (2014: Rs. 1,597 million)].

<u>17,262,022</u>	<u>13,407,883</u>
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21.4.2 Taxation

21.4.2.1 The tax returns of the Bank have been filed and amended by the tax authorities up to Tax Year 2014. 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.

21.4.2.2 During the year, the tax department amended and then rectified the original assessment order for the Tax Year 2014 which resulted in tax demand of Rs. 2.5 billion. Major issues include charge for bad debts, provision against investments, other provisions and un-realized gain on derivatives amounting to Rs 4,027 million. The Bank has paid this amount to the tax department and aggrieved by the decision of the CIR(A) on the matter, have filed an appeal before Appellate Tribunal Inland Revenue [ATIR].

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

The Bank has received show cause notices for the amendment of assessments for tax years 2009 to 2011 which were already assessed and finalized. The show cause notices involve additional tax demand. The Bank has obtained stay order from the Honourable High Court of Sindh against the proceedings initiated by the tax authorities.

During the year the orders for the assessment years 2001-02, 2003 and tax year 2007 raised by the department of income tax resulted in reduction in determined refunds to the tune of Rs. 901 million. These orders were further rectified on the issue of mistakes apparent and orders under section 221 of the Ordinance have been passed by the department. As a result of these rectified orders, the aggregate refund amounting to Rs. 767 million have been restored. However, the Bank considers that the balance amount of Rs. 134 million is contestable before the Appellate forum as the tax department neither has served proper notice nor has provided adequate opportunity of being heard. An appeal has already been filed before the CIR(A) which is pending.

No provision has been made in these financial statements for the above contingencies as the management is confident that the decision in this respect will be received in the favour of the Bank.

21.4.2.3 Through Finance Act, 2015, for tax year 2015 and onwards, income from Dividend and income from Capital Gains shall be taxed at the rate of thirty five percent. As the chargeability of tax imposed is retrospectively, therefore, on legal grounds, the bank has filed Constitution Petition (CP) before the Honourable High court of Sindh which is pending. However, full provision has been made in these financial statements.

21.4.2.4 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, 2015 amounts to Rs. 14,622 million (2014: Rs. 10,461 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.

21.4.2.5 The Sindh Workers Welfare Fund Act, 2015 (Sindh WWF Act) has been promulgated in the month of May 2015. Earlier as per the Workers welfare Fund Ordinance, 1971, the Bank being Government owned entity remained exempt from levy of WWF. The Sindh WWF Act, 2015 is retrospective in its effect and it attempts to impose levy from the date even prior to its promulgation. As the chargeability of tax imposed is retrospective and the law is defective considering constitutional issues – Fee or Tax including geographical / territorial jurisdiction for bank operating in all the provinces of Pakistan as well as not falling of bank employees in the definition of workers, therefore, on legal grounds against the said levy bank has decided to file constitution petition before Honourable High Court of Sindh. Hence, no provision has been made for Sindh WWF in these financial statements based on the advice of the legal consultant.

21.4.2.6 In case of Sales Tax / FED, 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.

21.4.3 Barter Trade Agreements

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

21.4.4 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

21.4.4.1 Pensionary benefits to retired employees

Till 1977 the Bank was paying pension to its retired employees as per Board's decisions and on its own rules and regulation with various increases from time to time. In 1977 the Government through Banking Council notified that henceforward pension would be paid to the bank employees by giving all the increases given by the Federal Government to its employees from time to time. Consequent upon this direction, the bank issued a Circular 228 (c) on 26-12-1977 which was made applicable from 01-05-1977. Under this arrangement pension was calculated at 70% of average emoluments on completion 30 years qualifying service. In para 10 of the circular of 26-12-1977 it was stated that the rates of pension and gratuity had been fixed by Pay Commission for the Banks and Financial Institution on the same lines as obtaining on the side of the Federal Government. Under the provision of IRO 1969 the Pay Commission was to remain valid for three years. In the meanwhile Bank's Nationalization Act was substantially amended in 1997, Pakistan Banking Council was dissolved, Bank's Board was empowered to determined personnel policies and the President of the Bank could determine the remuneration and benefits of the employees in accordance with policies determined by the Board. In 1999 the Board of Directors of the bank approved the revised pay structure for the bank employees w.e.f 01-01-1999. Basic salary was increased by 110 % to 140% and formula for revised monthly gross pension was determined as : basic pay x number of year x 1.10%. However the amount of gross pension on the basis of existing basic pay and exiting formula was protected. Even after 1999 the bank gave various increases of pension right upto 2012. 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. During December 2015, the Lahore High Court accepted the writ petition of the retired employees and directed the bank to give increases in pension in line with the increases given by the Federal Government to its employees. The Bank has filed ICA to question the validity of the said judgment. Keeping in view the merits of the case, the Bank is confident about the favourable outcome of this matter.

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, praying the Court for issuance of directions to the bank for encashing their entire un-availed leave balance frozen in terms of Bank's Circular 37/1999 and 57/ 1999.

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. These nine petitions have not yet been fixed for hearing and are still pending.

21.4.4.3 Post retirement medical facilities

On 14 March 1995 on the instruction of Pakistan Banking Council the Bank issued Circular 19/95. In terms of the said Circular the Bank was to provide relief to the retired employees regarding increase of medical ceiling on the increase of salary, it was decided that the Bank would re-determine the monetary ceiling of retired officers/executives after every revision of pay scale on the basis of notional re-fixation in revised scale on point to point basis. In 2003 two retired employees moved to Federal Service Tribunal for increase of post retirement medical ceiling in the light of the said Circular of 14 March, 1995. The Bank contested the case but a representative of Establishment Division stated before the FST that Bank had adopted the said Circular and the two appeals were accepted by the FST. The Bank's appeals before the Supreme Court failed and even review petitions were dismissed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

Later on in September, 2011 Ch. Muhammad Qasim and 5 others who had obtained separation from service under GHS/ VHS filed writ petition for availing similar relief of post retirement medical ceiling and cited the judgment of FST and Supreme Court as precedent. The Group contested the writ petition by pointing out that the petitioners had opted for GHS AND VHS for obtaining separation from service on payment of huge amount of compensation for such separation as contemplated under the said Schemes. With regard to medical ceiling for such optees, it was contended by the Group before the Court that option was given to such employees either to accept the present medical ceiling for 10 years in lump sum or to continue with the present payment as if they had retired on attaining the age of superannuation. The petitioners had opted for continuing with the present ceiling as prevalent at the time of the separation scheme floated by the Group therefore, that their cases were on a different footing. It was also urged by the Group that in view of judgment of Apex Court in Naseem Arif Abbasi case, the writ petitioners, after having signed a disclaimer at the time receipt of benefits under GHS, were not entitled to any further payment. The high court did not consider the defence pleas and awarded the medical ceilings at par with normal retirees. The Group has filed an ICA before the Division bench which is still pending.

21.4.4.4 Restoration of Commuted Pension

After passage of certain period for which pension of a retired employee is commuted, the Group restores the commuted portion of the pension. Some of the retired employees have filed writ petitions before Lahore High Court 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.

In one of the writ petition filed, the Honorable Lahore High Court without issuing notices to the Group 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 Supreme Court of Pakistan.

The judgment referred in the case was decided by a Divisional Bench 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 above-mentioned case, the Group has filed an Intra Court Appeal as the matter was decided without summoning the Group. The Group is of the view that A.A. Zubari's judgment pertains to Civil servants and the Group employees are not civil servants. The issue of petitions have not been fixed for hearing and are still pending.

21.4.4.5 Regularizing of temporary hires/outsourced workers

A practice was prevalent in the Group to hire temporary Godown keepers for keeping watch over the pledged stocks of the borrowers. Letters of appointment to be issued by the Group to such temporary employees for period of less than 90 days and after short break they would be rehired again for similar short period. In 2001-2002 the temporary godown staff filed appeals before the FST for regularization of their service. The Group pointed out that such employees were not on the pay roll of the Group and their temporary employment did not entitle them for regular absorption in the Group. On 01-08-2003 the Group issued circular No. 10/2003 whereby a formula was evolved that if such temporary employee had completed three years' service as on the date of the circular with breaks of not more than 15 days, they would be eligible for the absorption on regular bases. This very criterion was adopted by the Tribunal and an order was passed accordingly. The Group had obtained the permission from Government to absorb 1500 godwon staff in the Group. All who fulfilled the criteria were absorbed as the Honourable Supreme Court in 2005 SCMR 100 had upheld the tribunal's judgment.

However under a policy decision the Group decided to outsource some of its noncore jobs and in this behalf entered into contracts with various service provider agencies for hiring such people. The persons employed by the such contractors are working in the Group as employees of the said contractors, and received their salaries from said contractors and are also under the administrative control of the said contractors. Some of such employees filed writ petitions before the Peshawar High Court, Abbottabad and Mingora benches. Some of the writ petition were accepted, the Group has filed appeals in the Supreme Court by taking the plea that there is no relationship of employer and employees between the parties. There is likelihood of the Group's appeal being accepted by the Supreme Court. If the Group does not succeed, it may have to absorb such employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

21.4.4.6 Golden Handshake (GHS)

The Group had introduced the Golden Shake Hand Schemes in 1997. The cutoff date was prescribed in the scheme but some of the employees who had opted for separation under the scheme were not relieved on the said date and continued to perform duties thereafter, cases were filed in various high courts for additional payment beyond the cut off date and also for increase the salaries announced by the Group after cut of date of scheme but the Apex court held that after having received the payments and signed disclaimer no further payment could be claimed by such optees under the Scheme. Most of the cases have been disposed on the basis Naseem Arif Abbasi case Reported as 2011 SCMR 446.

	2015	2014
	Rupees in '000	
21.5 Commitments in respect of forward exchange contracts		
Purchase	273,199,134	233,021,148
Sale	183,645,395	120,265,758
21.6 Commitments for the acquisition of operating fixed assets	1,999,488	1,798,160
21.7 Other commitments		
Professional services to be received	81,095	99,450
Commitments for sale of quoted securities under future contracts under counter commitments	174,985	111,860

22. DERIVATIVE INSTRUMENTS

The Group has been involved forward foreign exchange contracts. The Group is also party to put options on ordinary and preference shares of Agritech Limited as disclosed in note 9.5.1. The un-realized gain and loss on such contracts are disclosed in notes 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 Group 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.

23. MARK-UP / RETURN / INTEREST EARNED

	2015	2014
	Rupees in '000	
On loans and advances to:		
Customers	56,954,514	69,103,780
Financial institutions	68,209	141,308
	<u>57,022,723</u>	<u>69,245,088</u>
On investments in:		
Held-for-trading securities	450,240	357,726
Available-for-sale securities	38,925,217	33,251,478
Held-to-maturity securities	16,359,970	9,947,062
	55,735,427	43,556,266
On deposits with financial institutions	482,468	264,571
On securities purchased under resale agreements	1,145,745	2,185,823
	<u>114,386,364</u>	<u>115,251,748</u>

24. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	53,275,394	63,683,205
Securities sold under repurchase agreements	5,551,365	2,250,072
Short-term borrowings	1,172,615	2,528,644
	<u>59,999,374</u>	<u>68,461,921</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

25. INCOME FROM DEALING IN FOREIGN CURRENCIES

This includes Rs. 6,614 million (2014: Rs. 7,270 million) on account of interest on Cross Currency Swap transactions charged by Foreign Exchange department to Treasury Department.

	Note	2015	2014
		Rupees in '000	
26. GAIN ON SALE AND REDEMPTION OF SECURITIES - net			
Federal government securities:			
Market Treasury Bills		189,081	24,088
Pakistan Investment Bonds		6,633,083	823,211
GoP Ijarah Sukuks		2,370	35,182
		<u>6,824,534</u>	<u>882,481</u>
National Investment Trust (NIT) units			1,052,380
Shares and mutual funds		4,922,735	6,088,635
Foreign Government / debt securities		24,734	13,996
Subsidiaries / Associates - mutual funds		510,798	622,732
		<u>12,282,801</u>	<u>8,660,224</u>
27. OTHER INCOME			
Rent on property / lockers		33,766	75,566
Gain on sale of property and equipment		15,009	33,292
Compensation for delayed tax refunds	13.6	1,585,271	3,369,429
Postal, SWIFT and other charges recovered		56,874	91,551
Net unrealised gain on derivatives - put option in respect of Agritech Limited (as associate)	9.5.1	364,800	-
Others		55,399	38,702
		<u>2,111,119</u>	<u>3,608,540</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

28. ADMINISTRATIVE EXPENSES	Note	2015 Rupees in '000	2014
Salaries and allowances		24,637,536	23,954,574
Charge for defined benefit plans		4,416,670	4,861,964
Non-executive directors' fee, allowances and		20,814	18,265
Non-executive directors' fee, allowances - Subsidiaries		4,567	3,788
Rent, taxes, insurance, electricity and other utilities	28.1	3,329,064	2,723,267
Legal and professional charges		314,997	152,194
Communications		942,385	879,829
Repairs and maintenance		1,067,320	886,762
Financial charges on leased assets		9,590	11,745
Books, stationery, printing and other computer accessories		848,112	704,724
Advertisement, sponsorship and publicity		809,914	413,356
Donations	28.2	931	750
Contributions for other Corporate and Social		58,659	83,948
Auditors' remuneration	28.3	162,623	147,879
Depreciation	11.2	1,647,993	2,476,454
Amortization	11.3	634,555	436,476
Conveyance		279,588	273,877
Entertainment		100,045	93,928
Travelling		558,207	413,427
Security services		1,994,719	1,740,428
Outsourcing and janitorial services		870,705	590,124
Clearing, verification, licence fee charges		238,507	275,153
Subscription		43,522	40,427
Brokerage		325,567	86,493
Training		72,704	48,712
Fixed assets charged off		133,793	-
Miscellaneous operating expenses		197,117	199,918
		<u>43,720,204</u>	<u>41,518,462</u>

28.1 This includes Rs. 1.800 million (2014: Rs.1.800 million) insurance premium against directors' liability insurance.

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

Note : None of the directors / executives or their spouses have any interest in the donees, except Mr. Tariq Kirmani (director) who is member of the Board of Governors' of Marie Adelaide Leprosy Centre and director Professional Education Foundation and Mr. Muneer Kamal (Chairman) who is member Board of Trustees Shaukat Khanum Memorial Cancer Hospital and Research Centre.

28.3 Auditors' remuneration	KPMG Taseer Hadi & Co.	Ernst & Young Ford Rhodes Sidat Hyder	2015 Total	2014 Total
	----- Rupees in '000 -----			
Audit fee	6,226	6,226	12,452	11,320
Review of interim financial statements	2,178	2,178	4,356	3,960
Fee for audit of domestic branches	5,060	5,060	10,120	9,200
Fee for special certifications and sundry advisory services	8,735	8,735	17,470	25,656
Sales Tax	1,110	1,110	2,220	2,507
Out-of-pocket expenses	3,900	3,900	7,800	10,675
	<u>27,209</u>	<u>27,209</u>	<u>54,418</u>	<u>63,318</u>
Fee for audit of overseas branches including advisory services and Out-of-pocket expenses	-	-	102,152	79,469
Fee for audit of subsidiaries and out-of-pocket expenses	-	-	6,053	5,092
	<u>27,209</u>	<u>27,209</u>	<u>162,623</u>	<u>147,879</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

	Note	2015 Rupees in '000	2014 Rupees in '000
29. OTHER CHARGES			
Penalties imposed by the SBP / regulatory authorities		73,749	1,736,674
30. TAXATION			
For the year			
Current	30.1	14,672,221	9,569,928
Deferred		(2,874,712)	(2,501,058)
		<u>11,797,509</u>	<u>7,068,870</u>
For prior year			
Current	30.3	2,298,465	(4,204)
Deferred		-	-
		<u>2,298,465</u>	<u>(4,204)</u>
	30.2	<u>14,095,974</u>	<u>7,064,666</u>
30.1	Current taxation includes Rs. 267 million (2014: Rs. 179 million) of overseas branches.		
30.2 Relationship between tax expense and accounting profit		2015	2014
		Rupees in '000	
Accounting profit before tax		<u>34,172,557</u>	<u>23,135,850</u>
Income tax at statutory rate @ 35% (2014: 35%)		11,960,395	8,097,548
Inadmissible items		25,359	607,836
Income taxed at reduced rate		-	(1,572,739)
Prior year tax effects		2,298,465	-
Others		(188,245)	(67,979)
Tax charge for current and prior years		<u>14,095,974</u>	<u>7,064,666</u>
30.3	The Federal Government vide Finance Act 2015 has imposed a onetime super tax at the rate of 4% on income of Group's for the year ended December 31, 2014 (Tax Year 2015). This tax has been levied for financing the rehabilitation of internally displaced persons affected by the ongoing war on terror. Further, the subsidized taxation rates on dividend income and capital gains of Group's have also been revised with effect from the tax year 2015 and a uniform tax rate of 35% is made applicable. Accordingly, provisions of Rs. 1.03 billion and Rs. 1.26 billion for super tax and dividend income / capital gains respectively have been made for the prior year.		
31. BASIC AND DILUTED EARNINGS PER SHARE		2015	2014
Profit after tax for the year	Rupees in '000	<u>20,076,583</u>	<u>16,084,763</u>
Weighted average number of ordinary shares	Numbers in '000	<u>2,127,513</u>	<u>2,127,513</u>
Basic earnings per share	Rupees	<u>9.44</u>	<u>7.56</u>
Basic and diluted earnings per share are same.			
32. CASH AND CASH EQUIVALENTS		2015	2014
		Rupees in '000	
Cash and balances with treasury banks	6	151,190,845	98,246,783
Balances with other banks	7	20,639,421	12,543,964
Call money lendings	8.3	3,061,200	12,261,200
Call borrowings	15.2	(3,376,063)	(3,528,147)
Overdrawn nostros	15.2	(326,444)	(417,696)
		<u>171,188,959</u>	<u>119,106,104</u>

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33. STAFF STRENGTH	2015	2014
	Numbers	
Permanent	13,289	13,877
Temporary / on contractual basis	2,882	2,870
Total Staff Strength	<u>16,171</u>	<u>16,747</u>

33.1 In addition to the above, the Group is utilizing the services of other companies including security services and the number of persons deployed by such companies as at year end are 9,254 (2014: 8,674).

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 to the consolidated financial statements.

Principal actuarial assumptions

The financial assumptions used in actuarial valuation at December 31, 2015 of pension fund, post retirement medical benefits, benevolent fund and gratuity scheme are as follows:

	2015	2014
	per annum	
Salary increase rate	10.00%	11.25%
Discount rate	10.00%	11.25%
Expected rate of return on plan assets	10.00%	11.25%
Pension indexation rate	5.50%	6.75%
Rate of inflation in the cost of medical benefits	8.00%	8.25%
Exposure inflation rate	0%	3.00%
Mortality table	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005
Number of employees covered under retirement benefit plan	12,539	13,129

34.1.2 Net defined benefit liability - pension fund	Note	2015	2014
		Rupees in '000	
Present value of defined benefit obligation		46,819,562	43,052,539
Fair value of plan assets		(38,384,230)	(35,520,890)
	18	<u>8,435,332</u>	<u>7,531,649</u>

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For the year ended December 31, 2015

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 benefit liability for pension fund and its components.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2015	2014	2015	2014	2015	2014
-----Rupees in '000-----						
Balance as at January 01,	43,052,540	37,912,427	35,520,891	31,011,262	7,531,649	6,901,164
Included in profit and loss						
Current service cost	1,145,592	1,017,280	-	-	1,145,592	1,017,280
Interest cost / income	4,727,058	4,783,961	3,931,706	3,949,988	795,352	833,973
	5,872,650	5,801,241	3,931,706	3,949,988	1,940,944	1,851,253
Included in other comprehensive income						
Remeasurement loss / (gain)						
- Actuarial loss / (gain) arising on						
financial assumptions	(37,127)	2,534,925	(2,387,548)	892,151	2,350,421	1,642,774
demographic assumptions	-	-	-	-	-	-
experience adjustments	-	(970,601)	-	920,962	-	(1,891,563)
- Return on plan assets excluding interest income	-	-	-	-	-	-
	(37,127)	1,564,324	(2,387,548)	1,813,113	2,350,421	(248,789)
Others						
Benefits paid	(2,068,503)	(2,225,452)	(2,068,503)	(2,225,452)	-	-
Benefits paid on behalf of fund	-	-	2,463,964	-	(2,463,964)	-
Contributions paid by the employer	-	-	923,719	971,979	(923,719)	(971,979)
	(2,068,503)	(2,225,452)	1,319,180	(1,253,473)	(3,387,683)	(971,979)
Balance as at December 31,	46,819,560	43,052,540	38,384,230	35,520,890	8,435,332	7,531,649

34.1.2.2 Plan assets

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

	Note	2015	2014
Rupees in '000			
Pakistan Investment Bonds		6,693,178	6,695,464
Term Finance Certificates		641,445	791,781
Mutual Funds / Shares		10,758,737	10,346,505
Term Deposit Receipts		2,419,036	7,652,333
Defence Saving Certificates		16,740,033	9,760,187
Cash at Bank		1,131,801	274,621
		38,384,230	35,520,891
		2015	2014
		Rupees in '000	

34.1.3 Net defined benefit liability - post retirement medical scheme

Present value of defined benefit obligation
Fair value of plan assets

18

	2015	2014
Rupees in '000		
Present value of defined benefit obligation	11,268,022	10,220,524
Fair value of plan assets	-	-
	11,268,022	10,220,524

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 benefit liability for post retirement medical scheme and its components.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2015	2014	2015	2014	2015	2014
-----Rupees in '000-----						
Balance as at January 01,	10,220,524	8,601,209	-	-	10,220,524	8,601,209
Included in profit and loss						
Current service cost	183,580	163,372	-	-	183,580	163,372
Interest cost / (income)	1,130,492	1,090,443	-	-	1,130,492	1,090,443
	1,314,072	1,253,815	-	-	1,314,072	1,253,815
Included in other comprehensive income						
- Actuarial loss / (gain) arising on						
financial assumptions	76,834	553,979	-	-	76,834	553,979
demographic assumptions	-	-	-	-	-	-
experience adjustments	-	237,894	-	-	-	237,894
	76,834	791,873	-	-	76,834	791,873
Others						
Benefits paid	(343,408)	(426,373)	-	-	(343,408)	(426,373)
Balance as at December 31,	11,268,022	10,220,524	-	-	11,268,022	10,220,524

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	Note	2015 Rupees in '000	2014
34.1.4 Net defined benefit liability - Benevolent Scheme			
Present value of defined benefit obligation		1,830,831	1,624,009
Fair value of plan assets		-	-
	18	<u>1,830,831</u>	<u>1,624,009</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 benefit liability for Benevolent Scheme and its components.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2015	2014	2015	2014	2015	2014
	-----Rupees in '000-----					
Balance as at January 01,	1,624,009	1,415,128	-	-	1,624,009	1,415,128
Included in profit and loss						
Current service cost	28,239	38,563	-	-	28,239	38,563
Interest cost / (income)	181,153	177,227	-	-	181,153	177,227
	209,392	215,790	-	-	209,392	215,790
Included in other comprehensive income						
- Actuarial loss / (gain) arising on						
financial assumptions	83,416	150,889	-	-	83,416	150,889
demographic assumptions	-	-	-	-	-	-
experience adjustments	-	(54,112)	-	-	-	(54,112)
	83,416	96,777	-	-	83,416	96,777
Others						
Benefits paid	(85,986)	(103,686)	-	-	(85,986)	(103,686)
Balance as at December 31,	<u>1,830,831</u>	<u>1,624,009</u>	<u>-</u>	<u>-</u>	<u>1,830,831</u>	<u>1,624,009</u>

	Note	2015 Rupees in '000	2014
34.1.5 Net defined benefit liability - Gratuity scheme			
Present value of defined benefit obligation		1,001,423	892,157
Fair value of plan assets		-	-
	18	<u>1,001,423</u>	<u>892,157</u>

34.1.5.1 Reconciliation of net defined benefit liability - Gratuity scheme

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

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2015	2014	2015	2014	2015	2014
	-----Rupees in '000-----					
Balance as at January 01,	892,157	686,809	-	-	892,157	686,809
Included in profit and loss						
Current service cost	136,230	117,487	-	-	136,230	117,487
Interest cost / (income)	98,922	87,336	-	-	98,922	87,336
	235,152	204,823	-	-	235,152	204,823
Included in other comprehensive income						
- Actuarial loss / (gain) arising on						
financial assumptions	(100,189)	7,303	-	-	(100,189)	7,303
demographic assumptions	-	1,096	-	-	-	1,096
experience adjustments	-	22,114	-	-	-	22,114
	(100,189)	30,513	-	-	(100,189)	30,513
Others						
Benefits paid	(25,697)	(29,988)	-	-	(25,697)	(29,988)
Balance as at December 31,	<u>1,001,423</u>	<u>892,157</u>	<u>-</u>	<u>-</u>	<u>1,001,423</u>	<u>892,157</u>

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34.1.6 Duration

As at December 31, 2015, the weighted average duration of the defined benefit obligations was as follows:

	Years
Pension Fund	11.36
Post retirement medical fund	12.36
Benevolent fund	6.97
Gratuity fund	12.55

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 (%)	11.00%	10.00%	9.00%
	----- Rupees in '000 -----		
Pension Fund	42,028,188	46,819,562	52,661,576
Post Retirement Medical Scheme	10,049,329	11,268,022	12,833,954
Benevolent Scheme	1,720,615	1,830,831	1,975,650
Gratuity Scheme	887,586	1,001,423	1,138,894
	----- 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 (%)	11.00%	10.00%	9.00%
	----- Rupees in '000 -----		
Pension Fund	49,456,614	46,819,562	44,472,470
Post Retirement Medical Scheme	12,244,039	11,268,022	10,503,323
Benevolent Scheme	1,830,831	1,830,831	1,830,831
Gratuity Scheme	1,142,407	1,001,423	882,882
	----- 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 (%)	9.00%	8.00%	7.00%
	----- Rupees in '000 -----		
Post Retirement Medical Scheme	11,921,787	11,268,022	10,705,571

34.1.8 Expected contributions for 2016

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

- Pension Fund	1,818,851
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The expected expense to be recognized for the schemes in the next financial year are as follows:

- Post Retirement Medical Scheme	1,335,388
- Benevolent Scheme	234,886
- Gratuity Scheme	246,728

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34.2	Other employee benefits	Note	2015	2014
			Rupees in '000	
34.2.1	Reconciliation of net liability recognized for compensated absences			
	Opening net liability		5,364,523	4,341,871
	Charge for the year		669,143	1,299,818
	Benefits paid during the year		(324,436)	(277,166)
	Closing net liability	18	<u>5,709,230</u>	<u>5,364,523</u>

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

	2015	2014	2013	2012	2011
----- Rupees in '000 -----					
Opening net liability	5,364,523	4,341,871	3,795,006	3,148,005	2,572,878
Net charge for the year	344,707	1,022,652	546,865	647,001	575,127
Closing net liability	<u>5,709,230</u>	<u>5,364,523</u>	<u>4,341,871</u>	<u>3,795,006</u>	<u>3,148,005</u>

34.2.1.1 Experience adjustment on obligation

	2015	2014
Rupees in '000		
Present value of defined benefit obligations	5,709,230	5,364,523
Fair value of plan assets	-	-
Deficit	<u>5,709,230</u>	<u>5,364,523</u>

34.2.1.2 Working of sensitivity analysis (Discount rate effect)

	1% Increase	Original Liability	1% Decrease
Discount rate	<u>11.00%</u>	<u>10.00%</u>	<u>9.00%</u>
----- Rupees in '000 -----			
Present value of defined benefit obligations	<u>5,302,601</u>	<u>5,709,230</u>	<u>6,180,775</u>

34.2.1.3 Working of sensitivity analysis (Salary increase rate effect)

	1% Increase	Original Liability	1% Decrease
Salary increase rate	<u>11.00%</u>	<u>10.00%</u>	<u>9.00%</u>
----- Rupees in '000 -----			
Present value of defined benefit obligations	<u>6,196,278</u>	<u>5,709,230</u>	<u>5,276,044</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

35. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President		Directors		Executives	
	2015	2014	2015	2014	2015	2014
	----- Rupees in '000 -----					
Fees	-	-	20,814	18,265	-	-
Managerial remuneration	42,000	38,984	-	-	2,245,538	2,361,435
Charge for defined benefit plan	3,500	3,841	-	-	286,465	260,366
Rent and house maintenance	-	-	-	-	1,026,378	1,035,064
Utilities	2,304	1,742	-	-	335,373	339,073
Medical	295	106	-	-	404,492	411,299
Conveyance	-	-	-	-	503,061	669,419
Leave fare assistance	-	-	-	-	-	-
Bonus and others	22,994	2,464	-	-	564,830	546,623
	<u>71,093</u>	<u>47,137</u>	<u>20,814</u>	<u>18,265</u>	<u>5,366,137</u>	<u>5,623,279</u>
	----- Number -----					
Number of persons	<u>1</u>	<u>1</u>	<u>6</u>	<u>7</u>	<u>1,803</u>	<u>1,792</u>

The President and certain executives are also provided with free use of 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.

The above information does not include particulars of directors, chief executives, and executives of subsidiaries.

36. FAIR VALUE OF ASSETS AND LIABILITIES

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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 Group's accounting policy as stated in note 5.

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.

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2014

	Carrying Amount			Fair value						
	HFT	Available for Sale	HTM	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Investments										
- Market Treasury Bills	4,644,243	117,659,679	-	-	-	122,303,922	-	122,475,739	-	122,475,739
- Pakistan Investment Bonds	5,142,298	194,478,241	-	-	-	199,620,539	-	209,972,057	-	209,972,057
- GOP Foreign Currency Bonds	-	6,166,924	-	-	-	6,166,924	-	6,547,662	-	6,547,662
- Ijarah Sukuk Bonds	-	-	-	-	-	-	-	-	-	-
- Ordinary shares of listed companies	110,835	24,653,741	-	-	-	24,764,576	48,939,923	-	-	48,939,923
- Ordinary shares of unlisted companies	-	1,374,080	-	-	-	1,374,080	-	1,374,080	-	1,374,080
- Investments in mutual funds	144,368	2,561,608	-	-	-	2,705,976	231,960	4,388,313	-	4,620,273
- Ordinary shares of a bank outside Pakistan	-	463,295	-	-	-	463,295	17,358,885	-	-	17,358,885
- Preference shares	-	869,160	-	-	-	869,160	396,158	-	22,500	418,658
- Foreign Currency Debt Securities	-	3,940,510	-	-	-	3,940,510	-	4,021,602	-	4,021,602
- Term Finance Certificates / Musharika and Sukuk Bonds	-	19,109,924	-	-	-	19,109,924	-	10,076,513	-	10,076,513
Financial assets not measured at fair value										
Cash and bank balances with SBP										
Balances with other banks *	-	-	-	98,246,783	-	98,246,783	-	-	-	-
Lending to financial institutions	-	-	-	12,543,964	-	12,543,964	-	-	-	-
Investments	-	-	-	111,794,127	-	111,794,127	-	-	-	-
- Market Treasury Bills	-	-	1,622,262	-	-	1,622,262	-	-	-	-
- Pakistan Investment Bonds	-	-	106,838,847	-	-	106,838,847	-	-	-	-
- GOP Foreign Currency Bonds	-	-	1,540,658	-	-	1,540,658	-	-	-	-
- Foreign Government Securities	-	-	8,959,455	-	-	8,959,455	-	-	-	-
- Foreign Currency Debt Securities	-	-	389	-	-	389	-	-	-	-
- Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	-	-	3,048,324	-	-	3,048,324	-	-	-	-
- Investments in associates	-	-	-	-	-	-	-	-	-	-
- Investments in joint venture	-	-	-	-	-	-	-	-	-	-
- Investments in subsidiaries	-	-	-	-	-	-	-	-	-	-
Advances	-	-	-	630,229,649	-	630,229,649	-	-	-	-
Other assets (excluding markup accrued)*	-	-	-	91,839,258	-	91,839,258	-	-	-	-
	10,041,744	371,277,162	122,009,935	944,653,781	-	1,447,982,622	66,926,926	358,855,966	22,500	425,805,392
Financial liabilities not measured at fair value										
Deposits and other accounts *										
Bills payable	-	-	-	-	1,234,405,050	1,234,405,050	-	-	-	-
Borrowings	-	-	-	-	11,011,827	11,011,827	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	38,208,413	38,208,413	-	-	-	-
Other liabilities (excluding Liabilities against assets subject to finance lease) *	-	-	-	-	1,691	1,691	-	-	-	-
	-	-	-	-	83,439,108	83,439,108	-	-	-	-
	-	-	-	-	1,367,066,089	1,367,066,089	-	-	-	-

* The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

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37. Segment Details with respect to Business Activities

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

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Assets Management	Retail Brokerage	Total
----- Rupees in '000 -----									
2015									
Total income	524,932	254,177	11,606,790	67,222,503	2,274,313	6,211,461	1,273,774	122,660	89,490,610
Inter segment revenue	-	(91,821)	10,769,393	(10,677,572)	-	-	-	-	-
Total expenses	24,930	-	14,171,954	32,255,169	1,829,924	5,786,862	1,150,406	98,808	55,318,053
Net income	500,002	162,356	8,204,229	24,289,762	444,389	424,599	123,368	23,852	34,172,557
Segment assets	-	1,469,140	254,733,701	1,427,546,756	-	25,116,852	2,530,715	477,004	1,711,874,168
Segment non-performing loans	-	-	11,292,671	116,984,199	-	-	-	-	128,276,870
Segment provision required	-	-	5,640,502	108,650,506	-	-	-	-	114,291,008
Segment liabilities	-	-	452,321,601	1,085,887,018	-	-	1,850,506	159,951	1,540,219,076
Segment return on assets (ROA) (%)	0.00%	11.05%	3.44%	1.65%	0.00%	3.32%	18.14%	7.52%	1.99%
Segment cost of funds (%)	0.00%	0.00%	3.65%	4.84%	0.00%	0.00%	16.68%	16.00%	4.48%
2014									
Total income	532,673	377,304	9,262,995	57,292,236	2,233,708	6,126,863	1,157,734	110,922	77,094,435
Inter segment revenue	-	(265,930)	17,103,845	(16,837,915)	-	-	-	-	-
Total expenses	25,047	-	18,896,621	26,211,570	1,818,262	5,755,541	1,159,847	91,697	53,958,585
Net income	507,626	111,374	7,470,219	14,242,751	415,446	371,322	(2,113)	19,225	23,135,850
Segment assets	-	9,765,931	253,263,932	1,264,194,107	-	19,580,689	2,384,538	469,884	1,549,659,081
Segment non-performing loans	-	-	10,391,431	111,288,508	-	-	-	-	121,679,939
Segment provision required	-	-	6,760,319	94,990,331	-	-	-	-	101,750,650
Segment liabilities	-	-	419,827,701	945,399,247	-	-	1,668,889	170,252	1,367,066,089
Segment return on assets (ROA) (%)	0.00%	10.42%	3.28%	1.12%	0.00%	2.92%	-0.30%	6.42%	1.58%
Segment cost of funds (%)	0.00%	0.00%	5.07%	6.14%	0.00%	0.00%	16.68%	16.00%	5.80%

37.1 Segment reporting

A segment is a distinguishable component of the Group 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.

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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, 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.

Assets management

It includes asset and modaraba management and investment advisory services.

Retail brokerage

It includes business of stock brokerage, investment counselling and fund placements.

38. TRUST ACTIVITIES

38.1 Long-Term Credit Fund (LTCF)

Consequent upon the NDFC's amalgamation, the Group 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 Group and amounted to Rs. 54,516 million on December 31, 2015 (2014: Rs. 57,088 million).

38.2 Endowment Fund

Students Loan Scheme was launched by Government of Pakistan with collaboration with the 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.

The Scheme is being administered by a high powered committee headed by the Deputy Governor, State Bank of Pakistan and the President of the Bank, HBL, UBL, MCB, and ABL 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 State Bank of Pakistan has assigned National Bank of Pakistan to operate the scheme.

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 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. 667 million as at December 31, 2015 (2014 Rs. 548 million).

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39. RELATED PARTY TRANSACTIONS AND BALANCES

The Group 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 Group and its related parties are carried out under normal course of business, except employees staff loans, employees sale of assets and provident fund that are as per agreement.

Details of loans and advances to the companies or firms, in which the directors of the Group 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 note 35 and annexure to the consolidated financial statements.

39.1 Balances	2015				2014			
	At January 01,	Given during the year	Received during the year	At December 31,	At January 01,	Given during the year	Received during the year	At December 31,
----- Rupees in '000 -----								
Advances								
Associates	5,410,612	-	(281,077)	5,129,535	5,433,806	-	(23,194)	5,410,612
Key management executives	186,667	-	(27,556)	159,111	144,607	115,044	(21,260)	238,391
*Adjustment	34,419	-	-	34,419	(51,724)	-	-	(51,724)
	221,086	-	(27,556)	193,530	92,883	115,044	(21,260)	186,667
	5,631,698	-	(308,633)	5,323,065	5,526,689	115,044	(44,454)	5,597,279
----- Rupees in '000 -----								
Deposits								
Key management executives	19,309	303,945	(310,206)	13,048	13,402	303,914	(296,813)	20,503
*Adjustment	5,506	-	-	5,506	(1,194)	-	-	(1,194)
	24,815	303,945	(310,206)	18,554	12,208	303,914	(296,813)	19,309
Associates	26,038	-	(26,038)	-	12,038,914	-	(12,012,876)	26,038
Pension Fund (Current)	4,248	27,290,824	(27,291,701)	3,371	4,393	24,573,301	(24,573,446)	4,248
Pension Fund (Fixed Deposit)	7,300,000	2,300,000	(7,300,000)	2,300,000	11,500,000	7,300,000	(11,500,000)	7,300,000
Pension Fund (N.I.D.A A/c)	1,056,675	13,584,552	(13,512,790)	1,128,437	270,228	12,614,720	(11,828,273)	1,056,675
Provident Fund	13,123,803	2,400,226	(2,132,321)	13,391,708	12,886,715	2,749,149	(2,512,061)	13,123,803
	21,535,579	45,879,547	(50,573,056)	16,842,070	36,712,458	47,541,084	(62,723,469)	21,530,073

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

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	2015	2014
	Rupees in '000	
Placements with:		
Joint venture	68,450	156,864
Repo borrowing from:		
Joint venture	399,496	73,695
Off Balance Sheet items	-	825,636
39.2 Transactions during the year		
Investments in associates	-	8,284,407
Redemption / sale of investment in associates	8,878,813	10,551,809
Income for the year		
On advances / placements with:		
Joint ventures	1,863	313
Key management executives	-	3,105
Companies in which directors of the Group are interested as director	812,534	1,440,591
Expenses for the year		
Remuneration to key management executives	284,564	258,950
Charge for defined benefit plan	40,843	41,341
Mark-up on deposits of:		
Associates	-	5
Provident fund	1,745,016	2,296,127
Pension fund	503,518	788,375
Mark-up on Borrowing (Repo / Call):		
Joint venture	106	527
39.3 Transactions with Government-related entities		

The Federal Government through State Bank of Pakistan holds controlling interest (75.60% shareholding) in the Group 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 Group.

The Group 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 Group also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 6,056 million for the year ended December 31, 2015. As at the Consolidated Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 232,134 million, Rs. 532,737 million and Rs. 242,039 million respectively and income earned on advances and profit paid on deposits (domestic only) amounted to Rs. 15,350 million and Rs. 17,720 million respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

40. CAPITAL ASSESSMENT AND ADEQUACY

40.1 Statutory minimum capital requirement and management of capital

The Group'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 group operates;
- to safeguard the Group'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 10.25%.

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 has started from December 31, 2015. The Group has a leverage ratio of 4.64% in the year December 31, 2015 (2014: 5.48%) and Tier-1 capital of Rs 95,874 Million (2014: Rs 95,840 Million).

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

1. Tier 1 Capital (going-concern capital)

- Common Equity Tier 1
- Additional Tier 1

2. Tier 2 Capital (gone-concern capital)

- Tier I capital, which comprises highest quality capital element and include fully paid up capital, balance in share premium account, reserve for issue of bonus shares, general reserves and un-appropriate profits (net of accumulated losses, if any).
- Tier II capital, which includes general reserve for loan losses, revaluation reserve, exchange translation reserve and subordinated debt.
- Tier III capital, has been eliminated in Basel III Capital requirements. Also the Basel III capital rules requires group 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 Group'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 Group'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 Group 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, 2015 stood at Rs. 21,275 Million (2014: Rs. 21,275 Million) and is in compliance with the SBP requirement for the said year. In addition the Group has maintained minimum Capital Adequacy Ratio (CAR) of 18.38% (2014: 18.17%).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

40.2 Capital Adequacy Ratio (CAR) disclosure:

CAPITAL ADEQUACY RETURN AS OF DECEMBER 31, 2015 CONSOLIDATED

Rows #		Rupees in '000	
		2015 Amount	2014 Amount
Common Equity Tier 1 capital (CET1): Instruments and reserves			
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	25,529,672	23,607,786
6	Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7	Unappropriated/unremitted profits/ (losses)	52,724,525	59,751,578
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)	301,940	717,017
9	CET 1 before Regulatory Adjustments	99,831,268	105,351,512
10	Total regulatory adjustments applied to CET1 (Note 40.2.1)	3,957,576	9,511,445
11	Common Equity Tier 1	<u>95,873,692</u>	<u>95,840,067</u>
Additional Tier 1 (AT 1) Capital			
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	AT1 before regulatory adjustments	-	-
18	Total regulatory adjustment applied to AT1 capital (Note 40.2.2)	-	-
19	Additional Tier 1 capital after regulatory adjustments	-	-
20	Additional Tier 1 capital recognized for capital adequacy	-	-
21	Tier 1 Capital (CET1 + admissible AT1) (11+20)	<u>95,873,692</u>	<u>95,840,067</u>
Tier 2 Capital			
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	7,079,604	3,201,464
27	Revaluation Reserves (net of taxes)	-	-
28	of which: Revaluation reserves on fixed assets	14,917,268	10,434,158
29	of which: Unrealized gains/losses on AFS	24,307,519	25,532,193
30	Foreign Exchange Translation Reserves	7,672,670	9,388,710
31	Undisclosed/Other Reserves (if any)	-	-
32	T2 before regulatory adjustments	53,977,062	48,556,525
33	Total regulatory adjustment applied to T2 capital (Note 40.2.3)	1,405,867	2,305,339
34	Tier 2 capital (T2) after regulatory adjustments	52,571,195	46,251,186
35	Tier 2 capital recognized for capital adequacy	39,182,045	46,251,186
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37	Total Tier 2 capital admissible for capital adequacy	39,182,045	46,251,186
38	TOTAL CAPITAL (T1 + admissible T2) (21+37)	<u>135,055,737</u>	<u>142,091,253</u>
39	Total Risk Weighted Assets (RWA) {for details refer Note 40.5}	<u>734,713,959</u>	<u>782,079,796</u>
Capital Ratios and buffers (in percentage of risk weighted assets)			
40	CET1 to total RWA	13.05%	12.25%
41	Tier-1 capital to total RWA	13.05%	12.25%
42	Total capital to total RWA	18.38%	18.17%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	6.25%	5.50%
44	of which: capital conservation buffer requirement	0.25%	-
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)	6.80%	6.75%
National minimum capital requirements prescribed by SBP			
48	CET1 minimum ratio	6.00%	5.50%
49	Tier 1 minimum ratio	7.50%	7.00%
50	Total capital minimum ratio	10.25%	10.00%

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Regulatory Adjustments and Additional Information		2015	2014	
		Amount	Rupees in '000	
			Amounts subject to Pre- Basel III treatment*	
Note 40.2.1	Common Equity Tier 1 capital: Regulatory adjustments			
1	Goodwill (net of related deferred tax liability)	562,553		
2	All other intangibles (net of any associated deferred tax liability)	653,003		1,479,589
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	1,050,247		2,343,678
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)	227,256	568,140	845,691
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)	-		189,086
15	Amount exceeding 15% threshold	-		-
16	of which: significant investments in the common stocks of financial entities	-		399,316
17	of which: deferred tax assets arising from temporary differences	-		421,747
18	National specific regulatory adjustments applied to CET1 capital	-		-
19	Investments in TFCs of other banks exceeding the prescribed limit	58,650		-
20	Any other deduction specified by SBP (mention details)	-		-
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	1,405,867		2,305,339
22	Total regulatory adjustments applied to CET1 (sum of 1 to 21)	3,957,576		9,511,446
Note 40.2.2	Additional Tier-1 & Tier-1 Capital: regulatory adjustments			
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-BaseI 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)	-		-
Note 40.2.3	Tier 2 Capital: regulatory adjustments			
31	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-BaseI III treatment which, during transitional period, remain subject to deduction from tier-2 capital	1,405,867		2,305,339
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)	1,405,867		2,305,339
Note 40.2.4	Additional Information			
	Risk Weighted Assets subject to pre-BaseI III treatment			
37	Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-BaseI III Treatment)			
(i)	of which: deferred tax assets	-		-
(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	340,884		-
(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	-		-
	Amounts below the thresholds for deduction (before risk weighting)			
38	Non-significant investments in the capital of other financial entities	9,741,759		7,333,155
39	Significant investments in the common stock of financial entities	2,074,475		6,464,901
40	Deferred tax assets arising from temporary differences (net of related tax liability)	9,672,251		6,829,327
	Applicable caps on the inclusion of provisions in Tier 2			
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	-		-

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NOTE 40.3 Capital Structure Reconciliation

Table: 40.3.1		Balance sheet of the published financial statements	Under regulatory scope of consolidation
(in thousand PKR)	(1)	As at period end (2)	As at period end (3)
Assets			
Cash and balances with treasury banks		151,190,845	
Balanced with other banks		20,639,421	
Lending to financial institutions		10,638,524	
Investments		826,246,755	
Advances		580,093,986	
Operating fixed assets		33,300,674	
Deferred tax assets		9,672,251	
Other assets		80,091,712	
Total assets		1,711,874,168	
Liabilities & Equity			
Bills payable		9,171,616	
Borrowings		22,384,853	
Deposits and other accounts		1,431,535,397	
Sub-ordinated loans		-	
Liabilities against assets subject to finance lease		91,188	
Deferred tax liabilities		-	
Other liabilities		77,036,022	
Total liabilities		1,540,219,076	
Share capital/ Head office capital account		21,275,131	
Reserves		45,202,342	
Unappropriated/ Unremitted profit/ (losses)		52,724,525	
Minority Interest		721,816	
Surplus on revaluation of assets		51,731,278	
Total liabilities & equity		1,711,874,168	

Table: 40.3.2		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
Assets	(1)	As at period end (2)	As at period end (3)	(4)
Cash and balances with treasury banks		151,190,845		
Balanced with other banks		20,639,421		
Lending to financial institutions		10,638,524		
Investments		824,969,252		
<i>of which: Non-significant investments in the capital instruments of banking, financial and insurance entities exceeding 10% threshold</i>		227,256		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>		1,050,247		d
<i>of which: others</i>		-		e
Advances		580,093,986		
<i>shortfall in provisions/ excess of total EL amount over eligible provisions under IRB</i>		-		f
<i>general provisions reflected in Tier 2 capital</i>		7,079,604		g
Fixed Assets		32,085,117		
Deferred Tax Assets		9,672,251		
<i>of which: DTAs that rely on future profitability excluding those arising from temporary differences</i>		-		h
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>		-		i
Other assets		80,091,712		
<i>of which: Goodwill</i>		562,553		j
<i>of which: Intangibles</i>		653,003		k
<i>of which: Defined-benefit pension fund net assets</i>		-		l
Total assets		1,711,874,168		

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Table: 40.3.2	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
(1)	As at period end (2)	As at period end (3)	(4)
Liabilities & Equity			
Bills payable	9,171,616		
Borrowings	22,384,853		
Deposits and other accounts	1,431,535,397		
Sub-ordinated loans	-		
<i>of which: eligible for inclusion in AT1</i>	-		m
<i>of which: eligible for inclusion in Tier 2</i>	-		n
Liabilities against assets subject to finance lease	91,188		
Deferred tax liabilities	-		
<i>of which: DTLs related to goodwill</i>	-		o
<i>of which: DTLs related to intangible assets</i>	-		p
<i>of which: DTLs related to defined pension fund net assets</i>	-		q
<i>of which: other deferred tax liabilities</i>	-		r
Other liabilities	77,036,022		
Total liabilities	1,540,219,076		
Share capital	21,275,131		
<i>of which: amount eligible for CET1</i>	21,275,131		s
<i>of which: amount eligible for AT1</i>	-		t
Reserves	45,202,342		
<i>of which: portion eligible for inclusion in CET1 (provide breakup)</i>	25,529,672		u
<i>of which: portion eligible for inclusion in Tier 2</i>	7,672,670		v
Unappropriated profit/ (losses)	52,724,525		w
Minority Interest	721,816		
<i>of which: portion eligible for inclusion in CET1</i>	301,940		x
<i>of which: portion eligible for inclusion in AT1</i>	-		y
<i>of which: portion eligible for inclusion in Tier 2</i>	-		z
Surplus on revaluation of assets	51,731,278		
<i>of which: Revaluation reserves on Fixed Assets</i>	22,168,380		aa
<i>of which: Unrealized Gains/Losses on AFS</i>	29,562,898		
<i>In case of Deficit on revaluation (deduction from CET1)</i>	-		ab
Total liabilities & Equity	1,711,874,168		

Basel III Disclosure (with added column)

Table: 40.3.3	Component of regulatory capital reported by bank	Source based on reference number from step 2
Common Equity Tier 1 capital (CET1): Instruments and reserves		
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	25,529,672	(u)
5 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
6 Unappropriated/unremitted profits/ (losses)	52,724,525	(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)	301,940	(x)
CET 1 before Regulatory Adjustments	99,831,268	
Common Equity Tier 1 capital: Regulatory adjustments		
9 Goodwill (net of related deferred tax liability)	562,553	(j) - (o)
10 All other intangibles (net of any associated deferred tax liability)	653,003	(k) - (p)
11 Shortfall of provisions against classified assets	-	(f)
12 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	{(h) - (r)} * 40%
13 Defined-benefit pension fund net assets	-	{(l) - (q)} * 40%
14 Reciprocal cross holdings in CET1 capital instruments	1,050,247	(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)	227,256	(a) - (ac) - (ae)
21 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(b) - (ad) - (af)
22 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	(i)
23 Amount exceeding 15% threshold	-	
24 of which: significant investments in the common stocks of financial entities	-	
25 of which: deferred tax assets arising from temporary differences	-	
26 National specific regulatory adjustments applied to CET1 capital	-	
27 of which: Investment in TFCs of other banks exceeding the prescribed limit	58,650	
28 of which: Any other deduction specified by SBP	-	
29 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	1,405,867	
30 Total regulatory adjustments applied to CET1 (sum of 9 to 29)	3,957,576	
Common Equity Tier 1	95,873,691	

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Additional Tier 1 (AT 1) Capital		
32	Qualifying Additional Tier-1 instruments plus any related share premium	-
33	of which: Classified as equity	-
34	of which: Classified as liabilities	-
35	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-
36	of which: instrument issued by subsidiaries subject to phase out	-
37	AT1 before regulatory adjustments	-
Additional Tier 1 Capital: regulatory adjustments		
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)	-
42	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-
43	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-BaseI 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	Additional Tier 1 capital recognized for capital adequacy	-
48	Tier 1 Capital (CET1 + admissible AT1) (31+47)	95,873,691
Tier 2 Capital		
49	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-
50	Capital instruments subject to phase out arrangement from tier 2 (Pre-BaseI III instruments)	-
51	Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-
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	7,079,604
54	Revaluation Reserves	-
55	of which: Revaluation reserves on fixed assets	14,917,268
56	of which: Unrealized Gains/Losses on AFS	24,307,519
57	Foreign Exchange Translation Reserves	7,672,670
58	Undisclosed/Other Reserves (if any)	-
59	T2 before regulatory adjustments	53,977,061
Tier 2 Capital: regulatory adjustments		
60	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-BaseI III treatment which, during transitional period, remain subject to deduction from tier-2 capital	1,405,867
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)	-
64	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-
65	Amount of Regulatory Adjustment applied to T2 capital (sum of 60 to 64)	1,405,867
66	Tier 2 capital (T2)	52,571,194
67	Tier 2 capital recognized for capital adequacy	39,182,045
68	Excess Additional Tier 1 capital recognized in Tier 2 capital	-
69	Total Tier 2 capital admissible for capital adequacy	39,182,045
70	TOTAL CAPITAL (T1 + admissible T2) (48+69)	135,055,737

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40.4 Main Features of Regulatory Capital Instruments

Disclosure for main features of regulatory capital instruments

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, other applicable laws.
Regulatory treatment	
4 Transitional Basel III rules	Common Equity Tier 1
5 Post-transitional Basel III rules	Common Equity Tier 1
6 Eligible at solo/ group/ group&solo	Group and Standalone
7 Instrument type	Ordinary Shares
8 Amount recognized in regulatory capital (Currency in PKR thousands, 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	Not Applicable
12 Perpetual or dated	Not Applicable
13 Original maturity date	Not Applicable
14 Issuer call subject to prior supervisory approval	No
15 Optional call date, contingent call dates and redemption amount	Not Applicable
16 Subsequent call dates, if applicable	Not Applicable
Coupons / dividends	
17 Fixed or floating dividend/ coupon	Not Applicable
18 coupon rate and any related index/ benchmark	Not Applicable
19 Existence of a dividend stopper	No
20 Fully discretionary, partially discretionary or mandatory	Not Applicable
21 Existence of step up or other incentive to redeem	No
22 Noncumulative or cumulative	Not Applicable
23 Convertible or non-convertible	
24 If convertible, conversion trigger (s)	Not Applicable
25 If convertible, fully or partially	Not Applicable
26 If convertible, conversion rate	Not Applicable
27 If convertible, mandatory or optional conversion	Not Applicable
28 If convertible, specify instrument type convertible into	Not Applicable
29 If convertible, specify issuer of instrument it converts into	Not Applicable
30 Write-down feature	
31 If write-down, write-down trigger(s)	Not Applicable
32 If write-down, full or partial	Not Applicable
33 If write-down, permanent or temporary	Not Applicable
34 If temporary write-down, description of write-up mechanism	Not Applicable
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Ranks after all creditors and depositors
36 Non-compliant transitioned features	No
37 If yes, specify non-compliant features	Not Applicable

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40.5 Risk Weighted Assets

The capital requirements for the banking group as per the major risk categories should be indicated in the manner given below:-

	Capital Requirements		Risk Weighted Assets	
	2015	2014	2015	2014
Credit Risk				
On-Balance sheet				
<u>Portfolios subject to standardized approach (Simple or Comprehensive)</u>				
Sovereign	4,440,417	5,604,801	44,404,173	56,048,009
Public Sector entities	227,508	850,340	2,275,075	8,503,401
Banks	815,049	1,048,344	8,150,487	10,483,439
Corporate	14,458,586	14,888,262	144,585,861	148,882,619
Retail	11,326,990	12,060,695	113,269,895	120,606,952
Residential Mortgages	811,093	757,373	8,110,934	7,573,733
Past Due loans	2,088,073	2,934,363	20,880,727	29,343,632
Operating Fixed Assets	3,208,512	3,187,394	32,085,119	31,873,937
Other assets	4,022,479	3,925,438	40,224,788	39,254,376
	<u>41,398,707</u>	<u>45,257,010</u>	<u>413,987,059</u>	<u>452,570,098</u>
Off-Balance sheet				
Non-market related	5,490,493	6,409,300	54,904,925	64,092,995
Market related	54,333	78,615	543,327	786,151
	<u>5,544,826</u>	<u>6,487,915</u>	<u>55,448,252</u>	<u>64,879,146</u>
Equity Exposure Risk in the Banking Book				
Under simple risk weight method	9,693,299	7,771,595	96,932,991	77,715,952
	<u>56,636,833</u>	<u>59,516,520</u>	<u>566,368,302</u>	<u>595,165,196</u>
Market Risk				
<u>Capital Requirement for portfolios subject to Standardized Approach</u>				
Interest rate risk	514,440	2,437,844	5,144,396	25,139,334
Equity position risk	363,871	1,448,009	3,638,713	8,792,775
Foreign Exchange risk	3,069,638	2,928,812	30,696,381	36,615,923
	<u>3,947,949</u>	<u>6,814,665</u>	<u>39,479,490</u>	<u>70,548,032</u>
Operational Risk	12,886,617	11,776,107	128,866,167	116,366,568
TOTAL	<u>73,471,399</u>	<u>78,107,292</u>	<u>734,713,960</u>	<u>782,079,796</u>

Capital Adequacy Ratios	2015		2014	
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	13.05%	5.50%	12.25%
Tier-1 capital to total RWA	7.50%	13.05%	7.00%	12.25%
Total capital to total RWA	10.25%	18.38%	10.00%	18.17%

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41. RISK MANAGEMENT

Importance of risk management has increased over the time especially after the global meltdown. In Pakistani banking industry, Risk Management gained its importance when SBP released its circular for Basel II framework in 2006. Now SBP has been actively releasing various guidelines for implementation of Basel III to strengthen internal risk management environment of local Banks.

The Bank, being the country's leading Bank, has always been determined to attain best practices in Risk Management standards. The purpose of our risk management framework is to provide the solid grounds where Bank can safely perform its business activities and ultimately achieve its goals. Further, it is continuously evolving framework, to incorporate the instructions issued by SBP along with the needs of the volatile local and global markets.

Since the implementation of Basel II framework, the overall Risk Management of the Group has gone through several significant improvements and changes, which have further highlighted the Risk Management Framework.

It is important to mention that the Group 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 of the Bank is dedicated to support Bank's growth objectives which are consistent with its risk tolerance level. For effective implementation of the risk management framework, the Group works independently and is liable for formulating and appraising of risk policies and also analyzes various risks associated with the activities of the Bank. The specialized functions of Risk Management Group are 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.

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.

Bank's Risk Management Policy ensures the following:

- Setting Risk Management objectives of the Bank which includes establishing most appropriate course of action under uncertainty by identifying, assessing, understanding, acting on and communicating risk issues.
- Implementation of Risk Management Process at Strategic, Macro and Micro Level.
- Integrated Risk Management i.e. quantifying various risks by using different measurement methodologies, and aggregating all the risks to keep the total risk within the capital.
- Alignment of Risk management approach with the regulatory requirements and the Bank's Risk Management Policy

The structure of RMG with dedicated Wings for specific responsibilities has been implemented as follows:

41.1.1 Credit Risk Architecture

Credit Risk Architecture Wing in RMG was formed as per the Risk Management Charter with a view to further architecturally improve credit risk environment in Bank and introduce proactive measures to mitigate credit risk for all asset classes.

During the year the Wing has performed several functions successfully, which include building the process for development of credit risk models for compliance with the Basel framework and best practices in Risk Management, stress testing on the credit portfolio as per the guidelines issued by SBP and enhancement in Credit Risk Tolerance Limits / Concentration Policy. Moreover, Overseas Risk Management Framework was developed with coordinated efforts, consolidated consumer portfolio analytics was initiated and a dedicated function was set-up for Credit Portfolio Management Review.

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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.

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 E-CIB and Data Management

E-CIB & Data Management Wing manages collection & consolidation of borrower's information in two separate databases on monthly / quarterly basis for e-CIB reporting and various risk related analysis for credit portfolio management/MIS respectively and reviews the quality and integrity of credit and advances related data. Such data is utilized by various groups, divisions and field functionaries.

The Wing is responsible for handling e-CIB related matters and 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 has also been developed and under testing to replace existing templates. The new data requirements for Basel-II Models have also been provided to PMO for mapping/incorporating with CBA.

41.1.4 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.

41.1.4.1 Implementation of Operational Risk Management tools - Risk & Control Self Assessment (RCSA)

For identification and assessment of operational risk across the Bank, the Bank has adopted risk assessment methodology known as Risk & Control self Assessment.

41.1.4.2 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.

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41.1.4.3 Monitoring of ORM Tolerance limit and updation

The Group 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.

41.1.4.4 Training to field functionaries on Operational Risk Management & its tools

Training is also being imparted to the field functionaries on Operational Risk Management and its various tool such as Risk & Control Self Assessment (RCSA), Key Risk Indicators (KRIs), Operational Loss Data Collection Mechanism etc.

41.1.4.5 Key Risk Indicators & Its Reporting

Key Risk Indicators (KRIs) act as early warning signals by providing the capability to indicate changes in an organization's risk profile. Currently, the Bank has initiated KRI exercise on pilot run basis whereby the relevant stakeholders report their specific KRI reports to RMG and on the basis of data received from relevant stakeholders, RMG has developed the KRI thresholds which shall be used for variance reporting.

41.1.5 Market & Liquidity Risk Management

The Wing ensures that the Market and Liquidity Risks are identified, measured, monitored 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 Risk Management (MRM) Framework (which includes Asset Liability Management (ALM) Policy & Procedures, Investment Policy of the Bank, Interest Rate Risk Management (IRRM) Policy, VaR & Back Testing Policy etc.), Treasury & Equity Investment portfolio monitoring, assessment / development of Market and Liquidity Risk limits, MIS for Liquidity & Interest Rate Risk monitoring, review of various policies and procedure manuals from Market & liquidity Risk perspective, provision of necessary support in Market Risk Capital Calculation, Coordinating and working with other wings for ICAAP, Stress Testing and other Market and Liquidity Risk functionalities. Further detailed disclosures are given in note 41.3.

41.1.6 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 improve 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 three bi-monthly Bank-wide Bulletin on BPR & COSO implementation and presented a study paper in NBP News line Magazine.

41.1.7 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.

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41.1.8 SEGMENTAL INFORMATION

41.1.8.1 Segment by class of business

	2015					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Chemical and pharmaceuticals	2,953,103	0.43	730,669	0.05	6,822,114	2.06
Agriculture	50,646,577	7.29	33,523,894	2.34	501,992	0.15
Textile	62,305,139	8.97	3,338,992	0.23	7,060,796	2.14
Cement	8,436,466	1.21	1,624,918	0.11	8,046,294	2.43
Sugar	22,210,108	3.20	197,704	0.01	4,399	0.00
Flour	2,723,340	0.39	508,225	0.04	-	0.00
Rice processing	13,825,538	1.99	1,368,188	0.10	-	0.00
Shoes and leather garments	545,355	0.08	149,623	0.01	84,299	0.03
Automobile and transportation equipment	2,658,595	0.38	5,140,798	0.36	2,284,055	0.69
Financial	4,873,762	0.70	204,903,745	14.31	7,008,570	2.12
Insurance	365,782	0.05	568,293	0.04	3,154	0.00
Transportation	63,654,368	9.17	2,058,782	0.14	23,622,221	7.14
Real estate construction	8,532,279	1.23	6,709,768	0.47	3,693,670	1.12
Electronics and electrical appliances	6,237,969	0.90	1,523,571	0.11	2,241,055	0.68
Production and transmission of energy	125,229,341	18.03	102,115,195	7.13	120,538,973	36.45
Food and tobacco	2,959,822	0.43	1,540,662	0.11	1,102,705	0.33
Fertilizer	15,909,181	2.29	2,665,856	0.19	4,950,538	1.50
Metal products	55,653,597	8.01	3,609,941	0.25	1,060,524	0.32
Telecommunication	5,121,866	0.74	71,609,919	5.00	4,159,840	1.26
Hotel and services	6,757,980	0.97	165,700,402	11.58	4,928,030	1.49
Public sector commodity operations	48,314,784	6.96	93,417	0.01	768,600	0.23
Individuals	127,545,545	18.37	491,838,943	34.36	4,633,175	1.40
General traders	25,473,372	3.67	42,427,287	2.96	363,496	0.11
Others	31,451,125	4.54	287,586,605	20.09	126,798,077	38.35
	694,384,994	100.00	1,431,535,397	100.00	330,676,577	100.00

	2014					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Chemical and pharmaceuticals	4,660,830	0.64	1,230,147	0.10	7,832,740	3.20
Agriculture	56,700,010	7.75	32,337,255	2.62	30,974	0.01
Textile	67,970,521	9.29	4,095,481	0.33	8,383,945	3.43
Cement	9,511,400	1.30	546,941	0.04	241,896	0.10
Sugar	20,908,799	2.86	305,501	0.02	119,670	0.05
Flour	2,992,204	0.41	1,458,897	0.12	-	0.00
Rice processing	16,462,954	2.25	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	2,398,111	0.33	1,306,555	0.11	1,017,449	0.42
Financial	5,155,639	0.70	168,212,823	13.63	6,308,723	2.58
Insurance	5,090	0.00	1,650,801	0.13	3,151	0.00
Transportation	78,919,129	10.78	3,389,593	0.27	12,745,826	5.21
Real estate construction	9,145,178	1.25	12,941,131	1.05	4,271,967	1.75
Electronics and electrical appliances	4,823,323	0.66	2,457,308	0.20	5,060,754	2.07
Production and transmission of energy	128,248,219	17.52	86,431,489	7.00	65,853,909	26.91
Food and tobacco	2,105,134	0.29	413,039	0.03	824,949	0.34
Fertilizer	10,837,894	1.48	3,682,591	0.30	4,166,208	1.70
Metal products	52,512,351	7.17	4,347,830	0.35	5,052,841	2.06
Telecommunication	6,585,843	0.90	62,101,878	5.03	10,742,054	4.39
Hotel and services	5,350,787	0.73	113,103,749	9.16	2,861,717	1.17
Public sector commodity operations	57,601,776	7.87	31,207	0.00	3,828,642	1.56
Individuals	134,315,468	18.35	447,913,747	36.29	6,368,154	2.60
General traders	20,475,776	2.80	38,421,078	3.11	870,178	0.36
Others	33,248,609	4.53	245,565,154	19.91	98,005,864	40.03
	731,980,299	100.00	1,234,405,050	100.00	244,744,262	100.00

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41.1.8.2 Segment by sector

	2015					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Public / Government	232,134,564	36.97	532,737,226	37.21	242,038,580	73.19
Private	462,250,430	63.03	898,798,171	62.79	88,637,997	26.81
	694,384,994	100.00	1,431,535,397	100.00	330,676,577	100.00

	2014					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Public / Government	256,688,614	35.07	406,272,270	32.91	146,482,760	59.85
Private	475,291,685	64.93	828,132,780	67.09	98,261,502	40.15
	731,980,299	100.00	1,234,405,050	100.00	244,744,262	100.00

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

	2015		2014	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
	Rupees in '000			
Chemical and pharmaceuticals	4,174,680	4,096,609	2,518,971	2,041,237
Agriculture	5,605,763	2,286,443	3,777,540	2,035,544
Textile	31,907,985	30,782,783	27,780,117	26,431,304
Cement	2,744,483	2,694,675	3,629,759	3,512,855
Sugar	4,104,998	3,762,502	4,435,686	3,463,169
Flour	594,524	493,938	757,745	520,647
Rice processing	3,517,761	3,196,494	3,089,037	2,597,505
Shoes and leather garments	362,212	352,516	310,813	305,355
Automobile and transportation equipment	985,917	956,681	951,406	940,410
Financial	1,072,158	1,068,308	777,753	777,753
Transportation / Karobar	4,037,131	3,825,351	2,749,998	2,742,213
Real estate construction	2,100,992	2,005,594	2,750,774	2,212,571
Electronics and electrical appliances	4,012,681	3,783,073	1,970,318	1,877,535
Production and transmission of energy	1,897,997	5,298,938	10,596,739	7,888,576
Food and tobacco	3,090,327	1,703,138	2,287,742	2,054,784
Fertilizer	18,319,159	3,076,673	3,032,122	2,106,685
Metal products	6,543,060	14,694,459	16,258,868	9,122,294
Hotel and services	4,263,956	4,247,129	4,651,519	3,290,532
Individuals	6,824,717	3,900,375	6,556,358	3,787,038
General traders	10,419,731	10,347,312	12,797,281	12,080,194
Others	11,696,638	8,753,656	9,999,393	8,760,984
	128,276,870	111,326,647	121,679,939	98,549,185

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

Public / Government	4,891,816	4,891,816	515,169	515,169
Private	123,385,054	106,434,831	121,164,770	98,034,016
	128,276,870	111,326,647	121,679,939	98,549,185

41.1.8.5 Geographical segment analysis

	2015			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	Rupees in '000			
Pakistan	38,033,563	1,564,556,531	151,191,109	284,381,137
Asia Pacific (including South Asia)	(3,654,571)	73,747,274	13,872,877	19,571,315
Europe	(184,782)	9,152,966	2,378,541	2,811,056
United States of America	(160,262)	29,918,934	2,080,106	4,553,469
Middle East	138,609	34,498,463	2,132,459	19,359,600
	34,172,557	1,711,874,168	171,655,092	330,676,577

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	2014			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
----- Rupees in '000 -----				
Pakistan	34,239,612	1,447,629,989	164,264,454	196,958,120
Asia Pacific (including South Asia)	(10,922,000)	47,963,948	10,848,935	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	14,413,481
	<u>23,135,850</u>	<u>1,549,659,081</u>	<u>182,592,992</u>	<u>244,744,262</u>

41.2 Operational Risk

A comprehensive Operational Risk Management Framework has been developed to help align the Group 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.

Currently, the Bank has a Board Approved Operational Risk Strategy Document which also includes Operational Risk Tolerance limits as per Basel II Loss Event Categories. Furthermore, the Bank has already rolled out Operational Loss Data Collection Mechanism whereby field functionaries are responsible to report operational losses under their jurisdiction.

Moreover, the Bank has also completed Risk & Control Self Assessment (RCSA) exercise, whereas 40 RCDAs have been developed through rigorous processes which include but not limited to various cross functional team meetings held with the relevant stakeholders. In addition, on the basis of high risks, identified from RCSA exercise, the Bank has initiated the Key Risk Indicators (KRIs) reporting on pilot run basis. Based on KRI data reported by relevant stakeholders, KRI thresholds have been set which shall be used for variance reporting.

41.3 Market and Liquidity Risk

The Group has developed Market Risk Management (MRM) Framework comprising of related Policies / Procedures. The Framework aims to formalize and enhance the existing documentation that governs the market risk management of the Bank through policies and procedures.

RMG in coordination with the other groups is also working on devising improved criteria for various market risk 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 PVBPs and Duration have been developed in conjunction with TMG. These triggers are used for proposing/ recommending actions by ALCO.

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41.3.1 Foreign Exchange Risk

	2015			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- Rupees in '000 -----			
Pakistan Rupee	1,516,293,052	1,288,751,311	(89,553,739)	137,988,002
United States Dollar	111,104,793	121,637,460	4,614,616	(5,918,051)
Great Britain Pound	3,818,816	7,784,448	8,421,739	4,456,107
Japanese Yen	23,482,251	92,427,156	68,606,897	(338,008)
Euro	8,074,400	10,369,682	6,643,117	4,347,835
Other currencies	49,100,856	19,249,019	1,267,370	31,119,207
	195,581,116	251,467,765	89,553,739	33,667,090
	1,711,874,168	1,540,219,076	-	171,655,092
	2014			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- Rupees in '000 -----			
Pakistan Rupee	1,393,934,913	1,147,724,093	(112,840,403)	133,370,416
United States Dollar	91,558,631	135,465,563	52,124,502	8,217,570
Great Britain Pound	3,604,659	8,499,956	8,097,800	3,202,503
Japanese Yen	2,621,429	53,362,252	46,943,347	(3,797,476)
Euro	7,813,971	7,845,428	5,654,939	5,623,482
Other currencies	50,125,478	14,168,796	19,815	35,976,497
	155,724,168	219,341,995	112,840,403	49,222,576
	1,549,659,081	1,367,066,088	-	182,592,992

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 Group enters into ready, spot, forward and swaps transactions with the SBP and in the interbank market, financial institutions and corporate.

The Group'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 within the statutory limits, as fixed by the SBP. Appropriate segregation of duties exists between the front, middle and back office functions.

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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, their products / services any third party liability 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 Group 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;

Investments 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 Group follows a delivery versus payment settlement system thereby minimizing risk in relation to settlement risk.

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41.3.3 Mismatch of Interest Rate Sensitive Assets and Liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market mark-up / interest rates. The Group 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 Group manages this risk by matching / re-pricing of assets and liabilities. The Assets and Liabilities Committee (ALCO) / Executive Risk Management Committee (ERMC) of the Group monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Group.

Management of interest rate risk is one of the critical components of market risk management in Group. The Group'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.

Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk										Non-interest bearing financial instruments
		Up to 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		
2015												
Rupees in '000												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	151,190,845	13,665,770	2	765,510	486,173	-	-	-	-	-	-	136,759,563
Balances with other banks	20,619,421	9,619,949	400,335	2,424,353	436,173	-	-	-	-	-	-	7,758,611
Lending to financial institutions - net	10,638,524	4,633,316	3,061,200	2,944,008	2,944,008	-	-	-	-	-	-	-
Investments - net	826,246,755	171,148,942	184,596,124	41,235,572	214,541,201	29,593,046	51,024,256	22,322,495	43,153,655	1,155,584	67,475,900	-
Advances - net	580,093,986	215,099,810	96,376,386	80,484,568	48,858,744	23,639,532	26,594,866	49,520,629	32,416,385	7,101,668	1,398	-
Other assets	67,160,693	5,791	-	-	-	-	-	-	-	-	-	67,154,902
	1,655,970,224	414,173,578	284,434,047	124,910,003	266,880,126	53,232,578	77,619,122	71,843,124	76,570,040	8,257,232	279,150,374	-
Liabilities												
Bills payable	9,171,616	-	-	-	-	-	-	-	-	-	-	9,171,616
Borrowings	22,384,853	13,484,093	5,126,290	1,826,405	1,425,200	70,800	227,663	224,402	-	-	-	-
Deposits and other accounts	1,431,535,397	824,274,287	34,198,650	42,413,604	79,468,045	6,061,090	5,169,629	12,504,338	42,845	-	-	427,402,909
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	91,188	-	2,407	2,466	21,966	11,896	52,453	-	-	-	-	-
Other liabilities	70,568,060	660,981	39,327,347	44,242,475	80,915,211	6,143,786	5,449,745	12,728,740	42,845	-	-	69,907,079
	1,533,751,114	838,419,316	245,106,700	185,864,528	185,864,915	47,088,792	72,169,377	59,114,384	76,527,195	8,257,232	506,481,604	(227,331,230)
	122,219,110	(42,245,783)	-	-	-	-	-	-	-	-	-	(227,331,230)
Off-balance sheet financial instruments												
Cross currency swaps	-	-	-	-	-	-	-	-	-	-	-	-
Forward purchase of foreign exchange	273,199,134	159,781,120	75,951,727	20,758,840	16,707,447	-	-	-	-	-	-	-
Forward sale of foreign exchange	183,645,395	156,607,154	24,618,398	1,716,729	702,914	-	-	-	-	-	-	-
Off-balance sheet gap	456,844,529	316,388,274	100,570,325	22,475,569	17,410,361	-	-	-	-	-	-	-
	579,063,639	(107,857,509)	345,677,025	103,143,097	203,275,276	47,088,792	72,169,377	59,114,384	76,527,195	8,257,232	(227,331,230)	-
Total Yield / Interest Risk Sensitivity Gap												
Cumulative Yield / Interest Risk Sensitivity Gap		(107,857,509)	237,819,516	340,962,613	544,237,889	591,326,681	663,496,058	722,610,442	798,137,637	806,394,869	579,063,639	-

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

Effective Yield/ Interest rate	2014										Non-interest bearing financial instruments	
	Exposed to Yield / Interest risk											
	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years			
	Rupees in '000											
	On-balance sheet financial instruments											
	Assets											
	98,246,783	22,280,194	642,196	-	-	-	-	-	-	-	-	75,324,393
	12,543,964	5,504,817	2,194,009	428,169	-	-	-	-	-	-	-	2,590,392
	111,794,127	111,669,127	-	-	-	-	-	-	-	-	-	-
	561,767,518	4,796,949	71,972,226	52,288,884	201,109,453	48,765,637	55,509,887	4,250,860	-	-	-	89,036,682
	630,229,649	200,927,215	88,163,210	95,560,131	8,367,100	52,407,406	12,840,772	12,586,376	-	-	-	421,710
	71,304,050	86,388	-	341,475	14,102	-	-	-	-	-	-	70,862,085
	1,485,886,091	345,264,690	162,971,641	148,618,659	209,490,655	101,173,043	68,351,262	16,837,236	-	-	-	238,235,262
	Liabilities											
	11,011,827	14,855,237	5,370,319	346,311	116,349	70,800	-	-	-	-	-	11,011,827
	38,208,413	710,599,051	37,231,149	42,354,369	7,643,155	11,108,011	1,300	-	-	-	-	829,094
	1,234,405,050	-	-	-	-	-	-	-	-	-	-	376,281,638
	-	-	-	1,691	-	-	-	-	-	-	-	-
	67,196,506	2,663	-	285,178	-	-	-	-	-	-	-	66,908,665
	1,350,823,487	725,456,951	42,600,468	42,987,549	7,759,504	11,178,811	1,300	-	-	-	-	455,031,224
	135,062,604	(380,192,261)	120,370,173	105,631,110	201,731,151	89,994,232	68,349,962	16,837,236	-	-	-	(216,795,962)
	Off-balance sheet financial instruments											
	-	-	-	-	-	-	-	-	-	-	-	-
	233,021,148	128,916,548	55,928,408	1,174,038	-	-	-	-	-	-	-	-
	120,265,758	96,441,607	2,830,394	-	-	-	-	-	-	-	-	-
	353,286,906	225,358,155	58,758,802	1,174,038	-	-	-	-	-	-	-	-
	488,349,510	(154,834,106)	179,128,975	106,805,148	201,731,151	36,722,046	68,349,962	16,837,236	-	-	-	(216,795,962)
	Total Yield / Interest Risk Sensitivity Gap											
	(154,834,106)	5,576,722	184,705,697	291,510,845	493,241,996	619,958,274	688,308,236	705,145,472	-	-	-	488,349,510
	Cumulative Yield / Interest Risk Sensitivity Gap											

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41.4 Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its liability when they fall due. To limit this risk, management has arranged diversified funded sources, manages assets with liquidity in mind and monitors liquidity on daily basis. In addition, the Group 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 Group's liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking sustained damage to the Group's business franchises, as well as to capitalize on opportunities for business expansion. This includes the Group'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 Group 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. Group 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)

	2015									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets										
Cash and balances with treasury banks	151,190,845	150,425,335	-	765,510	-	-	-	-	-	-
Balances with other banks	20,639,421	17,535,071	243,824	2,424,353	436,173	-	-	-	-	-
Lending to financial institutions - net	10,638,524	4,633,316	3,061,200	-	2,944,008	-	-	-	-	-
Investments - net	826,246,755	173,019,752	184,595,963	41,235,572	243,724,836	32,799,063	61,579,652	23,618,507	43,153,654	22,519,756
Advances - net	580,093,986	156,537,800	56,317,406	111,069,272	62,080,552	36,299,011	45,461,097	69,457,445	27,906,815	14,963,688
Operating fixed assets	33,300,674	4,236	-	-	947,462	948,745	2,297,665	1,041,995	784,780	27,275,791
Deferred tax assets - net	9,672,251	-	-	19,190	(1,817)	23,933,523	10,308,505	2,649,177	7,020,182	(14,481)
Other assets	80,091,712	16,229,976	17,347,644	9,895,255	1,357,548	23,933,523	10,308,505	952,770	7,020,182	66,491
	1,711,874,168	318,385,486	261,566,037	165,409,152	311,488,762	93,981,242	119,646,919	97,719,894	78,865,431	64,811,245
Liabilities										
Bills payable	9,171,616	9,171,616	-	-	-	-	-	-	-	-
Borrowings	22,384,853	13,484,093	5,126,290	1,241,826	2,009,779	70,800	227,663	224,402	-	-
Deposits and other accounts	1,431,553,397	1,167,807,878	55,417,826	99,298,558	58,466,813	16,601,412	7,672,852	26,270,058	-	-
Sub-ordinated loans	-	-	2,407	2,466	-	-	-	-	-	-
Liabilities against assets subject to finance lease	91,188	22,561,482	9,354,369	6,876,641	1,199,393	11,156	53,193	-	-	-
Other liabilities	77,036,022	-	69,900,892	107,419,491	61,697,951	22,376,222	2,964,273	5,839,105	2,821,212	3,043,325
	1,540,219,076	1,215,025,069	69,900,892	107,419,491	61,697,951	39,059,590	10,917,981	32,333,565	2,821,212	3,043,325
Net assets	171,655,092	(694,639,583)	191,665,145	57,989,661	249,790,811	54,921,652	108,728,938	65,386,329	76,044,219	61,767,920
Share capital	21,275,131	-	-	-	-	-	-	-	-	-
Reserves	45,202,342	-	-	-	-	-	-	-	-	-
Unappropriated profit	52,724,525	-	-	-	-	-	-	-	-	-
Minority interest	721,816	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	51,731,278	-	-	-	-	-	-	-	-	-
	171,655,092	-	-	-	-	-	-	-	-	-

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

	2014									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets										
Cash and balances with treasury banks	98,246,783	97,604,587	-	642,196	-	-	-	-	-	-
Balances with other banks	12,543,964	8,091,138	1,725,974	2,194,009	428,169	-	-	-	603	104,071
Lending to financial institutions - net	111,794,127	111,669,127	125,000	-	-	-	-	-	-	-
Investments - net	561,767,518	6,910,809	7,482,225	71,970,805	92,989,271	205,016,118	43,913,633	52,748,868	55,508,635	25,227,154
Advances - net	630,229,649	98,946,989	42,798,527	94,245,501	145,953,364	22,406,725	56,180,910	94,966,496	56,427,930	18,303,207
Operating fixed assets	33,353,526	6,874	-	-	2,819,287	345,617	1,389,629	1,470,436	284,369	27,037,314
Deferred tax assets - net	9,884,256	-	19,992,197	10,892	1,902	(6,206)	(414)	4,435,286	5,442,796	-
Other assets	91,839,258	17,999,136	19,992,197	11,855,128	1,902	37,194,048	3,028,616	191,958	-	56,812
	1,549,659,081	341,228,660	72,123,923	180,918,531	243,713,356	264,956,302	104,512,374	153,813,044	117,664,333	70,728,558
Liabilities										
Bills payable	11,011,827	11,011,827	-	-	-	-	-	-	-	-
Borrowings	38,208,413	15,192,482	16,540,336	5,370,319	346,311	116,349	79,967	899,827	-	(337,178)
Deposits and other accounts	1,234,405,050	930,904,052	58,011,393	76,114,892	88,851,818	15,627,914	12,870,632	32,024,349	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	1,691	32,826,623	1,282,991	10,981,137	1,443,107	23,545,887	2,708,809	5,290,167	2,581,358	2,779,029
Other liabilities	1,367,066,089	1,009,934,984	75,834,720	92,466,348	90,641,236	39,291,841	15,659,408	38,214,343	2,581,358	2,441,851
	182,592,992	(668,706,324)	(3,710,797)	88,452,183	153,072,120	225,664,461	88,852,966	115,598,701	115,082,975	68,286,707
Net assets										
Share capital	21,275,131									
Reserves	32,996,496									
Unappropriated profit	59,751,578									
Minority Interest	717,017									
Surplus on revaluation of assets - net	67,852,770									
	182,592,992									

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

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

	2015									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets										
Cash and balances with treasury banks	151,190,845	102,189,514	3,828,809	22,586,261	22,586,261	-	-	-	-	-
Balances with other banks	20,639,421	17,535,071	243,824	2,424,353	436,173	-	-	-	-	-
Lending to financial institutions - net	10,638,524	4,633,316	3,061,200	2,944,008	2,944,008	-	-	-	-	-
Investments - net	826,246,755	173,019,751	184,595,962	41,235,572	243,724,836	32,799,063	61,579,652	23,618,507	43,153,655	22,519,757
Advances - net	580,093,986	126,667,967	69,093,365	113,685,657	70,551,799	37,408,893	46,865,726	71,615,211	28,775,545	15,429,823
Operating fixed assets	33,300,674	4,236	-	19,190	947,462	948,745	2,297,665	1,041,995	784,780	27,275,791
Deferred tax assets - net	9,672,251	-	-	(1,817)	(1,817)	-	-	2,649,177	7,020,182	(14,481)
Other assets	80,091,712	11,566,368	6,645,593	25,260,915	1,357,547	23,933,523	10,308,505	952,770	-	66,491
	1,711,874,168	435,616,223	267,468,753	205,211,948	342,546,269	95,090,224	121,051,548	99,877,660	79,734,162	65,277,381
Liabilities										
Bills payable	9,171,616	4,048,210	518,701	263,382	4,341,323	-	-	-	-	-
Borrowings	22,384,853	13,484,092	5,126,290	1,241,826	2,009,779	70,800	227,663	224,403	-	-
Deposits and other accounts	1,431,535,397	367,179,723	102,133,803	223,900,098	185,404,428	184,059,085	175,130,526	193,727,734	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	91,188	-	2,407	2,466	21,966	11,156	53,193	-	-	-
Other liabilities	77,036,022	19,892,843	11,389,856	7,509,794	1,199,393	22,576,222	2,964,273	5,839,104	2,821,212	3,043,325
	1,540,219,076	404,604,868	119,171,057	232,917,566	192,976,889	206,517,263	178,375,655	199,791,241	2,821,212	3,043,325
Net assets	171,655,092	31,011,355	148,297,696	(27,705,618)	149,569,380	(111,427,039)	(57,324,107)	(99,913,581)	76,912,950	62,234,056
Share capital	21,275,131									
Reserves	46,202,342									
Unappropriated profit	52,724,525									
Minority Interest	721,816									
Surplus on revaluation of assets - net	51,731,278									
	171,655,092									

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

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

	2014							Above 10 Years
	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	
Assets	Rupees in '000							
Cash and balances with treasury banks	98,246,783	79,802,765	8,416,539	8,416,539	-	-	-	-
Balances with other banks	12,543,964	8,091,138	2,194,009	428,169	-	-	-	104,071
Lending to financial institutions - net	111,794,127	111,669,127	-	-	-	-	-	-
Investments - net	561,767,518	6,910,808	71,970,805	92,989,271	205,016,118	43,913,633	52,748,868	55,508,636
Advances - net	630,229,649	105,835,040	92,919,893	141,716,531	22,406,725	56,180,910	94,966,496	56,427,930
Operating fixed assets	33,353,526	6,874	-	2,819,287	345,617	1,389,629	1,470,436	284,369
Deferred tax assets - net	9,884,256	-	10,892	1,902	(6,206)	(414)	4,435,286	5,442,796
Other assets	91,839,258	12,494,853	29,985,686	1,521,363	37,194,048	3,028,616	191,958	-
	1,549,659,081	324,810,605	205,497,824	247,893,062	264,956,302	104,512,374	153,813,044	117,664,334
Liabilities								
Bills payable	11,011,827	4,990,172	319,582	5,178,731	-	-	-	-
Borrowings	38,208,413	15,192,482	5,370,319	346,311	116,349	79,967	899,827	-
Deposits and other accounts	1,234,405,050	284,152,589	178,793,263	192,357,239	157,568,680	154,811,398	173,965,115	-
Sub-ordinated loans	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	1,691	29,018,215	-	1,443,107	1,691	-	-	-
Other liabilities	83,439,108	333,353,458	11,789,081	1,443,107	23,545,887	2,708,809	5,290,167	2,779,029
	1,367,066,089	333,353,458	196,272,245	199,325,388	181,232,607	157,600,174	180,155,109	2,581,358
Net assets	182,592,992	(8,542,853)	9,225,579	48,567,674	83,723,695	(53,087,800)	(26,342,065)	115,082,976
Share capital	21,275,131							
Reserves	32,996,496							
Unappropriated profit	59,751,578							
Minority Interest	717,017							
Surplus on revaluation of assets - net	67,852,770							
	182,592,992							68,286,706

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

42. ISLAMIC BANKING BUSINESS

The Bank is operating 79 Islamic banking branches as at December 31, 2015 (December 31, 2014: 22 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, 2015

Note 2015 2014
Rupees in '000

ASSETS

Cash and balances with treasury banks		1,086,611	173,676
Balances with other banks		3,900,000	266
Due from financial institutions		5,819,375	-
Investments	42.2.1	1,167,617	2,428,587
Islamic financing and related assets	42.2.2	837,408	978,542
Operating fixed assets		61,946	58,418
Due from Head Office		304,234	-
Other assets		615,660	173,781
		13,792,851	3,813,270

LIABILITIES

Bills payable		37,588	12,100
Deposits and other accounts			
-Current accounts		5,743,529	768,879
-Saving accounts		5,535,023	1,047,918
-Term deposits		1,422,749	672,802
-Others		-	-
-Deposit from financial institutions-Remunerative		-	348
Due to Head Office		-	433,959
Other liabilities		350,510	62,687
		13,089,399	2,998,693

NET ASSETS

703,452 814,577

REPRESENTED BY

Islamic Banking Fund		800,000	800,000
Unappropriated profit		(100,147)	14,237
		699,853	814,237
Surplus on revaluation of assets - net		3,599	340
		703,452	814,577

Remuneration to Shariah Advisor

3,102 3,352

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

	2015	2014
	Rupees in '000	
CHARITY FUND		
Opening balance	0.13	0.13
Additions during the period	-	-
Payment / utilisation during the period	(0.13)	-
Closing balance	<u>-</u>	<u>0.13</u>
42.2.1 Investments		
Sukuk	1,298,424	2,559,394
Provision for diminution in the value of investments	(130,807)	(130,807)
	<u>1,167,617</u>	<u>2,428,587</u>
42.2.2 Islamic financing and related assets		
Murabaha	588,400	488,400
Diminishing Musharaka	211,252	188,691
Ijarah assets	229,550	159,462
Advance against Ijarah assets	-	151,016
Advance against Murabaha	-	200,000
	<u>1,029,202</u>	<u>1,187,569</u>
Provision against non-performing financings	(191,794)	(209,027)
	<u>837,408</u>	<u>978,542</u>
42.3 PROFIT AND LOSS ACCOUNT		
For the year ended December 31, 2015		
Profit / return earned on financings, investments and placements	712,350	473,354
Profit / return expensed on deposit	(209,658)	(160,745)
Net spread earned	502,692	312,609
Depreciation on assets given on Ijarah	(81,154)	(75,646)
	<u>421,538</u>	<u>236,963</u>
Provision against advances and investments	(3,394)	-
Provision reversed against advances and investments	20,627	9,255
	<u>17,233</u>	<u>9,255</u>
Profit after provision	438,771	246,218
Other income		
Fee, commission and brokerage income	83,421	82,624
Income from dealing in foreign currencies	302	(586)
Other income	(15,030)	(139)
Total other income	<u>68,693</u>	<u>81,899</u>
	507,464	328,117
Other expenses		
Administrative expenses	(607,611)	(313,880)
(Loss) / Profit for the year	<u>(100,147)</u>	<u>14,237</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

	2015	2014
	Rupees in '000	
42.4 Unconsolidated Cash Flow Statement		
For the year ended December 31, 2015		
Cash Flow from Operating Activities		
(Loss) / Profit for the year	(100,147)	14,237
Adjustments :		
Depreciation - Own assets	18,749	9,529
Depreciation - Ijarah assets	81,154	75,646
Reversal of provision against non performing financings and investments	(17,233)	(9,255)
	82,670	75,920
	(17,477)	90,157
(Increase) / decrease in operating assets		
Balance with other banks	(3,899,734)	(186)
Due from financial institutions	(5,819,375)	-
Financings	1,341,442	2,297,708
Other assets	(441,879)	(10,829)
	(8,819,546)	2,286,693
(Increase) / decrease in operating liabilities		
Bills payable	25,488	2,553
Deposits and other accounts	10,211,354	(2,547,664)
Borrowings from Head Office	(752,430)	82,860
Other liabilities	287,823	3,727
	9,772,235	(2,458,524)
Net cash used in operating activities	935,212	(81,674)
Cash Flow from Investing Activities		
Investment in operating fixed assets	(22,277)	(8,393)
Net cash used in investing activities	(22,277)	(8,393)
Cash Flow from Financing Activities		
Net Cash Flow from Financing Activities	-	-
(Decrease) / increase in cash and cash equivalents	912,935	(90,067)
Cash and cash equivalents at beginning of the year	173,676	263,743
Cash and cash equivalents at end of the year	1,086,611	173,676
42.5 Allocation of Income and Expenses to Remunerative Depositors' Pool		
Income from financing activities	161,536	167,123
Income from investments	314,588	306,231
Income from placements with Financial Institutions	236,226	-
Total Income	712,350	473,354
Less: Administrative expenses directly attributable to the Pool	(81,154)	(75,893)
Less: Profit distributed to other Special Pools	(2,276)	(5,856)
Gross Distributable Income	628,920	391,605
Mudarib (Bank) share of profit before Hiba	(135,599)	(75,030)
Less: Hiba from bank's share to depositors	45,895	16,223
Net Mudarib (Bank) share of profit	(89,704)	(58,807)
Rab-ul-Maal Share of Profit	539,216	332,798
Rab-ul-Maal Share of Profit is distributed as follows:		
Remunerative depositors' share in Mudarabah pool	207,887	156,848
Bank's equity in Mudarabah pool	331,329	175,950
	539,216	332,798

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

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

42.6 Pools maintained by NBP-IBG

NBP-IBG has managed a General Pool and four special pools during the year 2015. 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	February 7, 2015	March 6, 2015	76.16%	23.84%
Special pool 2	March 12, 2015	April 11, 2015	74.15%	25.85%
Special pool 3	April 12, 2015	May 11, 2015	70.72%	29.28%
Special pool 4	March 3, 2015	June 17, 2015	73.24%	26.76%

42.7 Sectors of economy where Mudaraba based deposits have been deployed

Sector	Percentage
Textile spinning	1.56%
Textile composite	0.83%
Fuel & energy	3.32%
Leasing/Modarbas	0.36%
Services	0.03%
Sugar	3.54%
Financial	56.25%
Federal Government	34.11%
Total	100%

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. No provision against any non performing asset of the pool is passed on to the pool except on the actual loss / write off of such non performing asset.

42.9 Mudarib Share	Rupees in '000
Gross distributable income	628,920
Mudarib (Bank) share of profit before Hiba	135,599
	Percentage
Mudarib Share	22%
42.10 Hiba from Mudarib share	Rupees in '000
Mudarib (Bank) share of profit before Hiba	135,599
Hiba from bank's share to depositors	45,895
	Percentage
Hiba from bank's share to depositors	34%
42.11 During the year the average profit rate earned by the Islamic Banking Group is 7.40% and the profit rate distributed to the depositors is 4.52%.	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

43. SUBSEQUENT EVENT

The Board of Directors has proposed a cash dividend of Rs. 7.5 per share (2014: Rs. 5.5 per share) amounting to Rs. 15,956 million (2014: Rs. 11,701 million) at its meeting held on February 19, 2016 for approval of the members at the Annual General Meeting to be held on March 30, 2016. These consolidated 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 consolidated financial statements were authorized for issue on February 19, 2016 by the Board of Directors of the Bank.

Muneer Kamal
Chairman

Syed Ahmed Iqbal Ashraf
President

Muhammad Naeem
Director

Iftikhar A. Allawala
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

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	
			2015	2014	2015	2014
-----Rupees in '000-----						
Held-for-trading						
Pakistan State Oil Company Limited	Unrated	Unrated	54,000	46,500	17,591	16,642
Oil & Gas Development Co Limited	Unrated	Unrated	444,000	-	52,098	-
Pak Elektron Limited	Unrated	Unrated	1,357,000	-	84,866	-
Engro Fertilizer Limited	Unrated	Unrated	5,000	-	420	-
Engro Foods Limited	Unrated	Unrated	-	95,000	-	10,311
Engro Corporation Limited	Unrated	Unrated	44,000	184,500	12,293	84,063
			1,904,000	326,000	167,268	111,016
Available-For-Sale						
Abbott Laboratories Limited	Unrated	Unrated	-	-	-	-
Adamjee Insurance Company Limited	Unrated	AA	8,036,307	8,036,307	454,132	397,476
Adil Textile Mills Limited	Unrated	Unrated	47,696	47,696	-	-
ADOS Pakistan Limited	Unrated	Unrated	575,500	575,500	20,171	27,192
Agriauto Industries Ltd.	Unrated	Unrated	567,047	567,047	117,379	85,057
Aisha Steel Mills Limited	Unrated	A-/A-2	10,000,000	10,000,000	87,100	82,900
AKZO Nobel Pakistan Limited	Unrated	Unrated	-	-	-	-
Al Abbas Sugar Mills	Unrated	A/A1	727,285	727,285	152,650	107,915
Al Abid Silk Mills	Unrated	Unrated	583,570	583,570	11,753	7,003
Al Qaim Textile Mills	Unrated	Unrated	-	-	-	-
Al-Ghazi Tractors Limited	Unrated	Unrated	-	-	-	-
Allied Bank Limited	Unrated	AA+/1+	6,136,450	8,200,250	578,422	931,384
American Life Insurance	Unrated	Unrated	-	-	-	-
AMTEX Ltd.	Unrated	Unrated	23,172,472	23,172,472	44,259	58,858
Archrome Pakistan (Formerly Clariant)	Unrated	Unrated	289,720	296,670	133,506	169,387
Arif Habib Corporation Ltd (Form. AHS)	Unrated	AA/A-1+	-	2,185,692	-	60,107
Arif Habib Limited	Unrated	Unrated	-	-	-	-
Aruj Garment Accessories Limited	Unrated	Unrated	-	-	-	-
Asim Textile Mills	Unrated	Unrated	504,737	582,237	3,079	6,055
Askari Bank Limited	Unrated	AA/A1+	19,145,344	19,145,344	416,220	441,683
Atlas Battery Limited	Unrated	Unrated	-	-	-	-
Atlas Insurance	Unrated	Unrated	-	-	-	-
Attock Petroleum Ltd	Unrated	Unrated	1,011,151	1,011,151	510,753	545,597
Attock Refinery Limited	Unrated	AA/A1+	911,885	911,885	193,210	171,225
Ayaz Textile Mills	Unrated	Unrated	107,432	107,432	-	-
Azgard Nine Ltd	Unrated	D	22,169,691	22,169,691	97,990	130,579
Babri Cotton Mills	Unrated	Unrated	321,778	321,778	12,871	16,781
Balochistan Particle Board	Unrated	Unrated	850	398,550	4	2,834
Baluchistan Wheels	Unrated	Unrated	684,357	684,357	41,910	39,132
Bank Al Habib Limited	Unrated	AA+/A1+	11,037,866	11,037,866	459,175	535,888
Bank Alfalah Limited	Unrated	AA/A1+	30,689,567	30,689,567	884,473	1,070,452
Bank Of Punjab	Unrated	AA-/A1+	1,322,479	1,322,479	12,180	14,481
Bankislami Pakistan Limited	Unrated	A/A1	2,210,107	2,210,107	25,416	21,681
Bata Pakistan Limited	Unrated	Unrated	-	-	-	-
Berger Paints Ltd.	Unrated	Unrated	203,429	203,429	19,956	21,508
Bestway Cement (Formerly Mustehkam)	Unrated	Unrated	-	218,309	-	28,072
Blessed Textiles Limited	Unrated	Unrated	-	-	-	-
Boc Pakistan Limited (Linde Pakistan)	Unrated	Unrated	281,585	406,585	32,734	84,358
Bolan Casting Ltd	Unrated	Unrated	1,144,649	1,144,649	61,697	72,113
Brother Textile Mills Limited	Unrated	Unrated	-	-	-	-
Burshane Lpg Pakistan (Frm : Shell Lpg)	Unrated	Unrated	1,816,238	1,816,238	142,211	110,318
Buxlay Paints Limited	Unrated	Unrated	-	-	-	-
Casspak Industries	Unrated	Unrated	27,384	27,384	-	-
Century Insurance Company Ltd	Unrated	A/A-2	1,147,500	1,147,500	28,974	28,688
Colony Textile Mills Limited	Unrated	Unrated	471,316	471,316	1,419	2,220
Colony Sarhad Textile	Unrated	Unrated	167,677	167,677	-	-
Colony Sugar Mills Limited	Unrated	Unrated	181,491	181,491	907	1,406
Crescent Knitwear	Unrated	Unrated	42,130	42,130	-	-
Crescent Steel & Allied Product	Unrated	Unrated	2,473,606	1,999,385	307,642	101,289
Crescent Textile Mills Ltd.	Unrated	Unrated	1,049,799	1,049,799	19,978	18,172
Cynamid (Wyeth Pakistan)	Unrated	Unrated	57,788	57,788	134,068	242,652
DS Industries Ltd	Unrated	Unrated	540,339	540,339	1,626	2,313
Dadabhoy Construction	Unrated	Unrated	35,390	35,390	-	-
Dadabhoy Cement Industries	Unrated	Unrated	5,004,500	5,004,500	-	20,318
Dandot Cement	Unrated	Unrated	-	-	-	-
Data Agro Ltd.	Unrated	Unrated	-	48,635	-	584
Dawood Capital Management	Unrated	AM3+	328,285	328,285	-	-
Dawood Hercules Corporation Ltd	Unrated	Unrated	4,512,992	4,637,992	537,678	391,957
Dawood Lawrencepur Limited	Unrated	Unrated	135,387	135,387	18,953	16,318
Dewan Cement (Pakland Cement)	Unrated	D	-	4,587,003	-	35,595
Dewan Khalid Textile	Unrated	Unrated	-	142,425	-	1,142
Balance carried forward			159,874,776	169,378,569	5,564,498	6,102,690

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2015	2014	2015	2014
			-----Rupees in '000-----			
Balance brought forward			159,874,776	169,378,569	5,564,498	6,102,690
Dewan Mushtaq Textile	Unrated	Unrated	-	-	-	-
Dewan Salman Fibres	Unrated	Unrated	2,740,202	2,740,202	5,672	5,234
Dewan Sugar Mills	Unrated	Unrated	-	696,135	-	2,611
DG Khan Cement	Unrated	Unrated	-	-	-	-
Dost Steel Limited	Unrated	Unrated	-	-	-	-
Dolmen City Reit	Unrated	Unrated	40,375,450	-	433,229	-
Dynea Pakistan	Unrated	Unrated	-	-	-	-
EFU General Insurance	AA	Unrated	274,549	274,549	39,398	41,976
Ellcot Spinning Mills Limited	Unrated	Unrated	-	-	-	-
EMCO Industries Ltd.	Unrated	Unrated	-	165,708	-	669
English Leasing Limited	Unrated	Unrated	360,416	360,416	-	-
Engro Corporation Limited	Unrated	A/A1	3,059,823	3,059,823	854,884	677,781
Engro Fertilizers	Unrated	A/A1	648,652	648,652	54,571	50,660
Engro Foods Ltd 2	Unrated	AA/A1+	10,347,488	10,347,488	1,516,838	1,123,116
Engro Foods Ltd 1	Unrated	AA/A1+	13,826,421	20,598,921	2,026,815	2,235,807
Engro Polymer & Chemicals Limited	Unrated	Unrated	2,645,333	2,645,333	27,617	31,744
Escort Investment Bank	BB	BBB/A3	1,221,067	1,221,067	2,870	2,808
Faran Sugar Mills Ltd	Unrated	Unrated	381,883	381,883	29,649	15,081
Fateh Industries	Unrated	Unrated	11,712	11,712	2,068	2,177
Fateh Sportswear Ltd	Unrated	Unrated	23,003	23,003	1,349	1,959
Fateh Textile Mills	Unrated	Unrated	11,847	11,847	-	-
Fatima Enterprises	Unrated	A+/A1	109	109	-	-
Fatima Fertilizer Company Ltd	Unrated	A+/A1	6,240,614	6,240,614	279,143	223,227
Fauji Cement Company Ltd	Unrated	Unrated	-	1,825,000	-	47,158
Faysal Bank Limited	AA/A-1+	AA/A1+	-	-	-	-
Fazal Textile Mills	Unrated	Unrated	-	34,527	-	20,787
Fecto Cement Ltd	Unrated	Unrated	-	640,337	-	50,779
Ferozsons Laboratories Limited	Unrated	Unrated	-	-	-	-
FFC Bin Qasim Limited	Unrated	Unrated	-	1,598,899	-	72,286
First Capital Securities Corp.	Unrated	Unrated	2,048,345	2,048,345	5,940	4,117
First Dawood Investment Bank	Unrated	CCC	-	1,394,028	-	1,742
First Equity Modarba	Unrated	Unrated	68,435	2,034,435	359	10,172
First National Equities	Unrated	Unrated	191,637	191,637	617	470
Flying Cement Limited	Unrated	Unrated	-	3,078,000	-	22,469
Gadoon Textile Mills Limited	Unrated	Unrated	67,518	3,078,000	9,037	-
General Tyre & Rubber Co.	Unrated	Unrated	158,900	960,500	27,264	139,887
Ghandhara Nissan Limited	Unrated	Unrated	-	-	-	-
Ghani Glass Limited	Unrated	Unrated	-	-	-	-
Gharibwal Cement	D	Unrated	-	1,339,000	-	28,789
Glaxosmithkline (Glaxo Welcome)	Unrated	Unrated	3,896,808	4,087,708	857,376	896,475
Globe Textile Mills	Unrated	Unrated	33,704	33,704	-	-
Grays Of Cambridge	Unrated	Unrated	160,985	160,985	11,993	12,959
Greaves Aircondition	Unrated	Unrated	30,080	30,080	-	-
Gulistan Spinning Mills	Unrated	Unrated	148,828	148,828	327	379
Gulistan Textile Mills	Unrated	Unrated	374,355	374,355	-	5,615
Gulshan Spinning Mills	Unrated	Unrated	313,190	313,190	642	867
Habib Bank Ltd	AAA/A-1+	Unrated	4,066,538	3,182,999	813,796	688,355
Habib Bank Modaraba 1st	AA-/A-1+	AA+/A1+	-	-	-	-
Habib Metropolitan Bank	Unrated	AA+/A1+	29,776,785	29,776,785	907,299	1,110,674
Habib Modaraba (Ist)	AA-	AA+/A1+	-	-	-	-
Habib Sugar	Unrated	Unrated	6,546,806	6,546,806	248,844	296,701
Hafiz Textile Mills	Unrated	Unrated	-	-	-	-
Haji Mohammad Ismail Mills	Unrated	Unrated	1,594,650	1,594,650	5,517	4,784
Hakkim Textile Mills	Unrated	Unrated	131,445	131,445	-	-
Hashimi Can Company	Unrated	Unrated	82,154	82,154	-	-
Hinopak Motors Ltd.	Unrated	Unrated	16,262	259,462	16,717	213,247
Honda Atlas Cars	Unrated	Unrated	-	1,522,754	-	301,779
Hub Power Company Ltd	Unrated	AA+/A1+	57,740,000	57,740,000	5,924,124	4,524,506
Huffaz Seamless Pipe Ind.	Unrated	Unrated	-	-	-	-
I.B.L. Modaraba (Ist)	Unrated	Unrated	727,077	727,077	2,988	2,472
Ibrahim Fibers	Unrated	AA-/A1+	1,076,062	1,076,062	46,432	96,835
ICI Pakistan	Unrated	Unrated	-	-	-	-
IGI Insurance Ltd.	Unrated	AA	4,586,385	4,586,385	1,085,001	1,240,984
IGI Life Insurance (Form. American Life)	Unrated	AA	2,500,000	2,500,000	345,325	402,375
Indus Dyeing & Manuf.	A+/A-1	Unrated	267,362	267,362	249,270	224,309
Innovative Invest.bank Ltd.(Housing Finance)	Unrated	Unrated	17,952	17,952	-	-
International Industries Ltd.	Unrated	Unrated	6,312,636	6,312,636	388,227	393,530
International Knit Wear	Unrated	Unrated	13,616	60,716	250	723
International Steel Limited	Unrated	Unrated	2,915,478	2,915,478	71,167	74,199
Invest Capital Investment Bank Limited	Unrated	Unrated	-	3,705,680	-	6,226
Jahangir Siddiqui Investment Company	Unrated	A+/A1	-	-	-	-
Javed Omer Vohra & Co.	Unrated	Unrated	859,960	859,960	-	-
Jehangir Siddiqui & Company Limited	Unrated	AA/A1+	-	28,503	-	414
Johnson & Phillips (Pak.) Ltd.	Unrated	Unrated	256,675	292,675	5,416	9,254
JS Bank Ltd	Unrated	A+/A1	14,475,904	15,496,904	112,188	110,648
Karim Cotton Mills	Unrated	Unrated	56,285	56,285	-	-
KASB Bank (Platinum Bank)	Unrated	BBB/A3	918,280	918,280	2,057	1,827
K-Electric Limited	Unrated	BBB/A3	20,000,000	-	148,800	-
Khairpur Sugar Mills Limited	Unrated	Unrated	-	-	-	-
Khurshed Spinning Mills	Unrated	Unrated	53,900	53,900	-	-
Kohat Cement Limited	Unrated	Unrated	-	-	-	-
Kohat Textiles Mills Ltd.	Unrated	Unrated	2,078,554	2,078,554	20,578	33,735
Kohinoor Energy Ltd	Unrated	Unrated	10,135,351	10,135,351	435,820	500,179
Kohinoor Mills Ltd	Unrated	Unrated	545,683	545,683	8,747	7,372
Balance carried forward			417,287,930	395,650,087	22,590,721	22,077,619

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For the year ended December 31, 2015

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2015	2014	2015	2014
			-----Rupees in '000-----			
Balance brought forward			417,287,930	395,650,087	22,590,721	22,077,619
Kohinoor Power Co.	Unrated	Unrated	-	-	-	-
Kohinoor Textile Mills Ltd	Unrated	Unrated	310,823	310,823	22,224	10,894
Kot Addu Power Company Limited	AA+/A-1+	Unrated	1,742,644	12,034,144	141,154	949,975
KSB Pumps Co.Limited	Unrated	Unrated	1,087,818	1,087,818	277,905	166,589
Lafarge Pakistan Cement	Unrated	Unrated	-	2,396,719	-	41,583
Leiner Pak Gelatine	Unrated	Unrated	13,900	13,900	266	352
Libaas Textile Limited	Unrated	Unrated	-	250,000	-	2,938
Lotte Chemical Pakistan Limited	Unrated	Unrated	1,800,000	1,800,000	11,700	12,348
Lucky Cement Limited	Unrated	Unrated	-	-	-	-
Maple Leaf Cement Limited	Unrated	BB/B	-	-	-	-
Maqbool Textile Mills	Unrated	Unrated	-	-	-	-
Mari Petroleum Company Limited	Unrated	Unrated	3,648,500	3,648,500	2,543,515	1,734,679
Masood Textile Mills Limited	Unrated	Unrated	4,543,662	4,543,662	908,687	585,451
MCB Bank Limited	Unrated	AAA/A1+	-	-	-	-
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	-	-
Millat Tractors Limited	Unrated	Unrated	-	-	-	-
Mirpurkhas Sugar Mills	Unrated	Unrated	802,353	802,353	63,386	51,030
Moonlite Pak (Blanket)	Unrated	Unrated	58,846	58,846	-	1,295
Morafco Limited	Unrated	Unrated	29,069	29,069	-	-
Nagina Cotton Mills Limited	Unrated	Unrated	-	-	-	-
National Foods Limited	A+/A-1	Unrated	1,224,200	4,585,800	388,059	1,816,894
National Over.	Unrated	Unrated	12,471	12,471	-	-
National Refinery Limited	Unrated	AA+/A1+	869,554	869,554	194,050	160,737
Nestle Pakistan Limited	Unrated	Unrated	4,980	4,980	38,844	45,318
NIB Bank Limited	Unrated	AA-/A1+	12,862,190	12,862,190	24,438	29,840
Nishat (Chunian) Limited	A-/A-2	AA-/A1+	2,258,638	1,933,449	76,794	87,817
Nishat Chunian Power Limited	A/A-2	AA-/A1+	-	-	-	-
Nishat Mills Limited	Unrated	AA-/A1+	-	-	-	-
Nishat Power Limited	A+/A-2	A+/A1	-	-	-	-
Oil And Gas Company Limited	AAA/A-1+	Unrated	2,015,581	2,015,581	236,508	414,948
Orix Leasing Pakistan Limited	Unrated	AA/A1+	1,689,793	1,689,793	102,232	81,195
Pace Pakistan Limited	Unrated	D	-	27,879,000	-	92,837
Packages Limited	Unrated	AA/A1+	1,016,263	1,116,263	591,577	757,150
Pak Datacom Limited	Unrated	Unrated	750,791	750,791	59,125	58,336
Pak Electron Limited	Unrated	A-/A2	-	-	-	-
Pak Suzuki Motors Limited	Unrated	Unrated	-	846,327	-	314,089
Pakgen Power Limited	Unrated	AA/A1+	3,406,500	4,550,000	100,253	122,987
Pakistan Engineering Company Limited	Unrated	Unrated	135,242	135,242	25,696	15,039
Pakistan International Airlines Corporation "A-Class"	Unrated	Unrated	15,836,011	20,851,011	133,973	155,340
Pakistan National Shipping Corporation	Unrated	AA-/A1+	608,707	608,707	54,175	97,606
Pakistan Oil Fields Limited	Unrated	Unrated	64,150	64,150	17,193	24,336
Pakistan Paper Products Limited	Unrated	Unrated	13,000	78,272	867	6,144
Pakistan Petroleum Limited	Unrated	Unrated	1,144,384	1,144,384	139,397	202,007
Pakistan Refinery Limited	Unrated	A-/A2	-	1,803,706	-	293,553
Pakistan Reinsurance Company Limited	Unrated	Unrated	12,083,770	12,083,770	409,036	366,622
Pakistan Services Limited	Unrated	Unrated	418,460	418,460	230,153	202,953
Pakistan State Oil 1	Unrated	AA+/A1+	3,062,447	3,062,447	997,653	1,096,080
Pakistan State Oil 2	Unrated	AA+/A1+	22,022,713	20,678,388	7,174,339	7,401,002
Pakistan Telecommunication Company Limited	Unrated	Unrated	34,361,854	34,361,854	566,627	791,353
Pakistan Tobacco	Unrated	Unrated	1,100	1,100	1,226	1,166
Pan Islamic Steamship	Unrated	Unrated	421	421	-	-
Paramount Spinning Mills	Unrated	Unrated	994,301	994,301	2,704	4,773
Pervez Ahmed Securities Limited	Unrated	Unrated	301,925	301,925	607	915
Pioneer Cement Limited	Unrated	Unrated	-	2,527,000	-	216,336
Premier Insurance Co. of Pakistan Limited	Unrated	Unrated	-	-	-	-
Premium Textile Mills	Unrated	Unrated	167,389	167,389	14,890	21,049
Punjab Modaraba (Ist)	Unrated	BBB/A3	-	-	-	-
Quetta Textile Mills	D	Unrated	9,686	9,686	381	504
Redco Textile Mills Limited	Unrated	Unrated	-	402,378	-	1,807
RMCPCL	Unrated	Unrated	13	13	-	-
Ruby Textile Mills	Unrated	Unrated	-	311,132	-	2,022
Rupali Polyester Limited	Unrated	Unrated	816,483	816,483	9,569	11,823
S.G.Power	Unrated	Unrated	164,692	164,692	-	329
Sadoon Textile Mills	Unrated	Unrated	421	421	-	-
Saif Textile Mills Limited	Unrated	Unrated	-	-	-	-
Salman Noman Enterprises	Unrated	Unrated	-	157,606	-	788
Samba Bank Limited	AA-/A-1	Unrated	3,469,974	3,469,974	20,820	24,290
Samin Textile Mills	Unrated	Unrated	1,604,838	1,604,838	12,839	22,468
Sana Industries Limited	Unrated	Unrated	-	-	-	-
Sanghar Sugar Mills	Unrated	Unrated	-	-	-	-
Sapphire Textile Mills	A+/A-1	Unrated	-	-	-	-
Sardar Chemical Ind.Limited	Unrated	Unrated	-	-	-	-
Saudi Pak Leasing Co.	D	Unrated	-	-	-	-
Schon Textiles Mills	Unrated	Unrated	131,446	131,446	-	-
Searle Pakistan Limited	BBB+	Unrated	1,502	301,210	594	72,845
Security Investment Bank	A/A-2	Unrated	1,160,703	1,160,703	2,658	2,844
Security Papers Limited	AAA/A-1+	AAA/A1+	1,346,415	1,335,195	118,633	103,344
Service Fabrics Limited	Unrated	Unrated	-	687,561	-	-
Service Industries Limited	Unrated	Unrated	842,126	842,126	715,807	820,711
Service Textile Mills	Unrated	Unrated	82,575	82,575	917	1,470
Balance carried forward			558,420,245	592,639,677	39,022,192	41,578,420

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For the year ended December 31, 2015

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2015	2014	2015	2014
-----Rupees in '000-----						
Balance brought forward			558,420,245	592,639,677	39,022,192	41,578,420
Shabbir Tiles & Ceramics	Unrated	Unrated	1,316,989	1,891,989	10,878	21,417
Shahmurad Sugar Mills Limited	BBB+/A-2	Unrated	-	-	-	-
Shahtaj Sugar Mills	Unrated	Unrated	408,539	408,539	27,703	29,648
Shell Pakistan Limited	Unrated	Unrated	218,750	218,750	49,928	56,630
Shezan International	Unrated	Unrated	-	-	-	-
Silk Bank Limited	A-/A-2	Unrated	1,810,788	1,810,788	3,296	4,020
Sindh Fine Textile Mills	Unrated	Unrated	-	39,603	-	408
Stara Chemicals Industries Limited	A+/A-1	Unrated	520,814	520,814	187,493	164,765
Sitara Energy Limited	Unrated	Unrated	1,130,517	1,130,517	36,357	45,209
SME Leasing Limited	BB+/B	Unrated	1,230,477	1,230,477	308	1,231
Soneri Bank Limited	Unrated	AA-/A1+	25,026,394	29,026,394	378,649	357,895
Standard Chartered Leasing Limited	Unrated	AA+/A1+	-	-	-	-
Standard Chartered Modaraba	Unrated	AA+/A1+	-	1,975,021	-	48,289
Sui Northern Gas Pipeline Ltd 1	Unrated	AA/A1+	18,805,318	18,805,318	452,080	539,901
Sui Northern Gas Pipeline Ltd 2	Unrated	AA/A1+	16,701,835	32,322,335	401,512	927,974
Sui Southern Gas Pipeline Limited	Unrated	AA-/A1+	10,320,674	29,536,674	385,477	1,145,432
Summit Bank Limited (Formuly Arif Habib Bank)	A-/A-3	Unrated	48,908,297	48,908,297	192,210	217,642
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	-	681
Tata Textile Mills	Unrated	Unrated	-	-	-	-
Tele Card Limited	Unrated	Unrated	10,782,876	22,371,376	31,055	74,049
Thall Limited	Unrated	Unrated	6,197,498	6,197,498	1,570,012	1,667,313
Thatta Cement Co. Limited	Unrated	Unrated	9,859,862	9,859,862	255,272	325,375
TPL Direct Insurance Limited	Unrated	Unrated	1,157,378	4,141,360	27,546	106,640
TPL Trakker Limited	Unrated	A-/A2	9,298,597	15,444,597	138,828	123,866
Treet Corporation	AA-/A-1	Unrated	1,703,660	3,312,678	107,262	437,009
TRG Pakistan	Unrated	Unrated	-	788,000	-	11,473
Tri Star Modaraba (Ist)	Unrated	Unrated	151,492	151,492	833	757
Twakkal Garments Industries Limited	Unrated	Unrated	172,325	172,325	-	-
Unicap Modaraba	Unrated	Unrated	-	-	-	-
United Bank Limited	AA+/A-1+	Unrated	6,657,940	5,230,940	1,031,648	924,360
United Brands Limited (Udl Industries)	Unrated	Unrated	-	3,000	-	249
United Distributors Pak.	Unrated	Unrated	-	-	-	-
Wah Noble Chemicals Limited	Unrated	Unrated	324,421	324,421	16,195	20,276
Worldcall Telecom	Unrated	D	47,435,914	47,435,914	72,103	80,641
Yousuf Weaving Mills	Unrated	Unrated	627,427	627,427	1,757	2,924
Zahur Cotton Mills	Unrated	Unrated	225	225	-	-
Zeal Pak Cement Limited	Unrated	Unrated	247,789	247,789	-	-
Agritech Ltd (AGL) (Mark to market)	Unrated	Unrated	242,055	242,055	2,263	1,876
Jahangir Siddiqui & Company Limited	D	Unrated	13,400	13,400	752	752
			780,981,613	878,336,617	44,403,608	48,917,122

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For the year ended December 31, 2015

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			2015	2014			
----- 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.LT. Gen @ Ali Kuli Khan
Gelcups Pakistan Limited	Unrated	Unrated	14.6%	2,000,000	4,665	4,665	25,340	30-Jun-06	Mr. Sadruddin Hashwani
Intech International	Unrated	Unrated	18.6%	275,000	-	-	.....	Not Available.....	Mr. Hassan Zaidi
Pakistan Agriculture Storage Service Corporation (Face value: Rs.1,000 each)	Unrated	Unrated	18.3%	5,500	5,500	5,500	109,831	31-Mar-03	Maj. General Fahim Akhter Khan
Precision Engineering	Unrated	Unrated	16.8%	15,100	-	-	.....	Not Available.....	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. Pervaz Alam
Sigma Knitting Mills	Unrated	Unrated	14.1%	500,000	-	-	(6,793)	June 30,1999	..... Not Available.....
				5,790,169	19,012	19,012			

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		2015	2014			
----- 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.....	
Applo Pharma	Unrated	Unrated	-	-	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	200	(1,412)	Sept. 30, 1998	Mr. Arshad Ali Chaudhry
Awan Textile Mills Limited	Unrated	Unrated	108,696	-	-	.....	Not Available.....	
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.....	
Dadabhoj Leasing Co.	Unrated	Unrated	188,742	-	-	.....	Not Available.....	
Dadabhoj 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	212,867	30-Jun-15	Mr. Ahmed Kamal Rana
Fauji Oil Terminals	Unrated	Unrated	1,088,600	10,886	10,886	21,981	June 30, 2014	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	68,275	Dec. 31, 2015	Ms. Tahira Raza
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.Dadabhoj (Dadabhoj 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	200	.....	Not Available.....	
Hyderabad Electronic	Unrated	Unrated	50,135	-	-	.....	Not Available.....	
IDBP	Unrated	Unrated	1,011	107	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	30,346	.....	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.....	
Balance carried forward				86,757,998	784,038	1,036,038		

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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		2015	2014			
	Rupees in '000							
Balance brought forward			86,757,998	784,038	1,036,038			
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	3,778	3,778		Not Available	
Kohinoor (Cotton) Textile	Unrated	Unrated	31,935	-	-		Not Available	
Kohinoor Looms Limited	Unrated	Unrated	86,366	-	-		Not Available	
Karachi Stock Exchange	Unrated	Unrated	4,007,383	-	-		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	15	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	1,810	1,810		Not Available	
Myfip Video Industries	Unrated	Unrated	537,300	5,373	5,373		Not Available	
National Asset Leasing Corporation	Unrated	Unrated	135,050	14	14		Not Available	
National Construction Limited	Unrated	Unrated	149,999	250	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	2,266,607	1,526	1,526	28,030	June 30, 2012	Mr. M. M. Khan
National Investment Trust (face value Rs.100 each)	AM-DS	Unrated	79,200	100	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	183	183		Not Available	
Natover Lease & Refinance	Unrated	Unrated	371,674	2,602	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	41	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	11,529	11,529	1,152	Dec 31, 2009	Not available
Pakistan Paper Corporation Limited	Unrated	Unrated	37,250	373	373		Not Available	
Pakistan Telephone Cables	Unrated	Unrated	45,969	143	143		Not Available	
Pakistan Textile City	Unrated	Unrated	10,000,000	100,000	100,000	33,812	June 30, 2015	Mr. Muhammad Hanif Kasbati
Pakistan Tourism Development Corporation	Unrated	Unrated	10,000	100	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	3,276	3,276		Not Available	
Polyron Limited	Unrated	Unrated	76	-	-		Not Available	
Prudential Investment Bank	Unrated	Unrated	166,278	-	-		Not Available	
Punjab Building Limited	Unrated	Unrated	226,070	-	-		Not Available	
Punjab Cotton	Unrated	Unrated	28,648	-	-		Not Available	
Punjab Lamps	Unrated	Unrated	55,274	-	-		Not Available	
Qadri Textile Mills Limited	Unrated	Unrated	50,000	500	500		Not Available	
Qayyum Spinning	Unrated	Unrated	36,653	-	-		Not Available	
Quality Steel Works	Unrated	Unrated	1,685	-	-		Not Available	
RCD Ball	Unrated	Unrated	10,027	-	-		Not Available	
Refrigerator Manufacturing Company Limited	Unrated	Unrated	45,737	4,589	4,589		Not Available	
Regal Ceramics Limited	Unrated	Unrated	45,501	-	-		Not Available	
Rehman Cotton Mills Limited	Unrated	Unrated	1,695,800	16,958	16,958	107,895	June 30, 2011	Mr. LT. Gen @ Ali Kuli Khan
Rex Baren Battery	Unrated	Unrated	28,564	-	-		Not Available	
Roush Power Pakistan Limited	Unrated	Unrated	39,729,000	132,888	132,888	870,989	June 30, 2013	Mr. Naseem Akhter
Ruby Rice and General Mills Limited	Unrated	Unrated	75,000	750	750		Not Available	
Sahrish Textile Mills	Unrated	Unrated	10,043	20	20		Not Available	
Saitex Spinning Mills	Unrated	Unrated	182,423	-	-		Not Available	
Shahpur Textile Mills	Unrated	Unrated	200,527	-	-		Not Available	
Shahyar (Oe) Textile Mills	Unrated	Unrated	40,023	-	-		Not Available	
Shahyar Textile Mills	Unrated	Unrated	113,161	-	-		Not Available	
Shoab Capital	Unrated	Unrated	100,000	271	271	544	June 30, 2000	Not available
Siftaq (International) Textile Mills	Unrated	Unrated	54,769	-	-		Not Available	
Sindh Alkalis Limited	Unrated	Unrated	359,369	-	-		Not Available	
SME Bank Limited	BBB	Unrated	6,121,095	26,950	26,950	50,986	31-12-2010	Mr. R. A Chughtai
South Asia Regional Fund	Unrated	Unrated	5,000	287	287		Dec 31, 07	Mr. Jean Fondamriere
Star Salica Industries Limited	Unrated	Unrated	26,650	267	267		Not Available	
Sunrise Textile Mills	Unrated	Unrated	7,668	-	-		Not Available	
Sunshine Cloth Mills	Unrated	Unrated	150,000	-	-		Not Available	
Sunshine Cloth Mills	Unrated	Unrated	374,721	-	-		Not Available	
Syed Match Ind.	Unrated	Unrated	162	2	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 Tec Limited (Tubes)	Unrated	Unrated	86,788	-	-		Not Available	
Union Insurance Co.Of Pakistan	Unrated	Unrated	156	4	4		Not Available	
Unity Modaraba	Unrated	Unrated	1,000,000	28	28		Not Available	
Uqab Breeding Farms	Unrated	Unrated	70,778	-	-		Not Available	
Zafar Textiles Mills Limited	Unrated	Unrated	247,100	256	256		Not Available	
Zafar Textiles Mills Limited	Unrated	Unrated	34,041	-	-		Not Available	
Zahur Textile Mills	Unrated	Unrated	210,229	-	-		Not Available	
Zulsham Engineering Works Limited	Unrated	Unrated	3,300	330	330		Not Available	
Pakistan Stock Exchange Limited	Unrated	Unrated	1,602,953	11,000	11,000		Not Available	
			163,684,448	1,110,251	1,362,251			
			169,474,617	1,129,263	1,381,263			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

1.2 Particulars of Investments held in units of mutual funds

	Rating		No. of units held		Market value	
	JCRVIS	PACRA	2015	2014	2015	2014
					..... Rupees in '000	
ABL Cash Fund	AA(f)	Unrated	-	14,975,739	-	156,646
AKD Cash Fund	AA+(f)	Unrated	970,683	799,539	50,010	41,816
Al Falah GHP Cash Fund	Unrated	AA(f)	-	199,075	-	104,339
Atlas Money Market Fund	Unrated	AA(f)	96,281	348,473	50,015	182,781
Asian Stock Fund	Unrated	Unrated	-	-	-	-
Askari Sovereign Cash Fund	Unrated	AAA(f)	-	994,830	-	104,248
Dominion Stock Fund	Unrated	Unrated	80,326	80,326	-	-
Faysal Financial Sector Opportunity Fund	-	-	-	-	-	-
Faysal Money Market Fund	AA+(f)	Unrated	-	991,768	-	104,384
First Dawood Mutual Fund	Unrated	2-Star/2-Star	1,157,674	1,157,674	-	-
First Habib Cash Fund	AA(f)	Unrated	-	750,378	-	78,377
HBL Money Market Fund	AA(f)	Unrated	481,029	1,517,263	49,974	158,812
IGI Money Market Fund	Unrated	Unrated	-	1,487,279	-	156,611
Investec Mutual Fund	Unrated	Unrated	87,858	87,858	-	-
J.S Large Capital Fund	Unrated	Unrated	-	468,069	-	47,808
Lakson Money Market Fund	Unrated	AA(f)	485,902	1,249,399	50,014	130,462
MCB Cash Optimizer Fund	Unrated	AA(f)	-	1,515,101	-	158,040
Meezan Balanced Fund	Unrated	Unrated	3,543,409	3,359,575	52,797	48,210
NAFA Government Securities Liquid Fund	Unrated	AM2+	15,551,135	19,200,860	162,069	201,473
NAFA Islamic Stock Fund	Unrated	Unrated	11,240,478	-	115,795	-
NAFA Government Securities Liquid Fund	Unrated	AAA (f)	4,103,580	4,341,624	42,766	4,342
NAFA Pension Fund	Unrated	Unrated	564,861	547,284	82,510	73,607
NAFA Islamic Pension Fund	Unrated	Unrated	569,824	545,911	79,281	70,761
NAFA Money Market Fund	Unrated	Unrated	-	3,179,826	-	33,250
NAMCO Balanced Fund	Unrated	Unrated	-	2,621,664	-	25,666
NIT-EMOF	Unrated	Unrated	10,045,493	10,045,493	2,008,898	2,070,477
NIUT-NON LOC	Unrated	Unrated	-	-	-	-
NIT Government Bond Fund	Unrated	AA(f)	-	9,213,279	-	100,240
NIT Income Fund	Unrated	A+(f)	-	18,286,551	-	201,701
NIT- Islamic Equity Fund	Unrated	A+(f)	12,523,541	-	123,482	-
Pak Oman Government Securities Fund	Unrated	AA(f)	-	-	-	-
PICIC Cash Fund	AA+(f)	Unrated	-	998,804	-	104,605
PICIC Energy Fund	Unrated	Unrated	51,327	51,328	590	578
PICIC Investment Fund	Unrated	Unrated	1,000,000	1,000,000	11,430	12,200
UBL Liquidity Plus Fund	Rating	AA+(f)	-	997,056	-	104,372
			62,553,401	101,012,027	2,879,631	4,475,806

1.3 Particulars of Investments held in Preference shares

	Rating	Cumulative/ Non- cumulative	Rate	No. of certificates held		Market Value / Cost	
				2015	2014	2015	2014
	PACRA					-----Rupees in '000-----	
Listed:							
Agritech Limited (Preference)	Unrated	Cumulative	9.25%	3,458,756	3,458,756	10,376	34,587
Aisha Steel Preference Shares	Unrated	Cumulative	0.00%	273,699	273,699	2,264	240
Chenab Textile Mills Limited	Unrated	Cumulative	9.25%	10,000,000	10,000,000	15,300	100,000
Charsada Sugar(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	44,200	50,000
Maple Leaf Cement Factory	SD	Cumulative	9.75%	-	-	-	-
Pak Elektron Limited	A/A1	Cumulative	9.50%	10,643,642	12,893,642	106,436	128,932
				44,373,842	46,623,842	328,553	463,740
Unlisted:							
Pakistan Mercantile Exchange Limited	Unrated	-	-	1,300,000	1,300,000	13,000	13,000
Moro Textile Mills	-	Non-Cumulative	-	19,242,000	19,242,000	192,420	192,420
Silk Bank Limited (PNCPS)	-	Non-Cumulative	-	80,000,000	80,000,000	200,000	200,000
				100,542,000	100,542,000	405,420	405,420

* Cost of the above investment amounted to **Rs. 846.66 million** (2014: Rs. 846.66 million)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

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	
					2015	2014	2015	2014
------(Rupees in '000)-----								
Listed								
Askari Bank Limited	12.53% 6 months Kibor + 2.5%	Half yearly	October 31, 2013	AA-	-	3,200	-	15,660
Azgard Nine Limited	9.44% 6 month Kibor + 2.4%	Half yearly	August 17, 2012	D	20,000	20,000	32,538	32,538
Azgard Nine Limited	7.75% 6 month Kibor + 1.69%	Half yearly	September 20, 2017	D	4,000	4,000	6,506	6,506
Bank Al-Falah Ltd.	15% (Fixed)	Half yearly	December 2, 2017	AA-	10,850	10,850	59,265	58,971
Escorts Invest. Bank Ltd.	11.53% 6 months Kibor + 2.5%	Half yearly	September 15, 2014	BB	-	-	-	-
Faysal Bank Ltd.	11.01% 6 months Kibor + 2.25%	Half yearly	October 11, 2017	AA-	-	-	-	-
Faysal Bank Ltd. (P)	8.77% 6 months Kibor + 2.25%	Half yearly	December 27, 2017	AA-	14,200	14,200	72,452	74,167
Financial Receivable Securitization Company Limited	11.08% 6 month Kibor + 2%	Half yearly	December 27, 2013	A+	-	-	-	-
NIB Bank Ltd.	7.69% 6 month Kibor + 1.15%	Half yearly	March 5, 2016	A+	80,000	80,000	395,762	394,333
Saudi Pak Leasing Co. - HTM	6 months Kibor + 1.5%	Half yearly	March 13, 2013	D	10,000	10,000	27,948	27,948
Soneri Bank Limited	13.61% 6 month Kibor + 1.6%	Half yearly	March 31, 2011	A+	-	-	-	-
Summit Bank Ltd	9.72% 6 months Kibor + 3.25%	Half yearly	November 11, 2018	A-(SO)	44,898	44,898	229,862	191,779
Javedan Corporation Limited	6 month Kibor + 2.25%	Half yearly	November 10, 2017	Unrated	14,000	14,000	891,425	905,887
Telecard Ltd.	11.5% 6 month Kibor + 3.25%	Half yearly	May 27, 2015	Unrated	7,000	7,000	10,894	10,967
							1,726,652	1,718,756
Unlisted								
Afroze 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 Securities Ltd	6 month Kibor + 2.5%	Half yearly	December 31, 2015	D	-	-	458,796	496,000
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	-	16,473
Bachani Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	28	28	23,696	33,054
Baluchistan Cotres Limited	22.00%	Overdue	Overdue	Unrated	22	22	-	1,098
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	-	-
Bunny's Limited	3 months Kibor + 2.5%	Overdue	December 6, 2012	Unrated	6,000	6,000	30,000	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 1	6 months Kibor + 1.7%	Half yearly	December 17, 2016	A+	-	8,291	-	31,455
Engro Fertilizer Ltd	12.12% 6 months Kibor + 2.4%	Half yearly	December 17, 2016	A+	1,891	2,000	9,447	6,840
Fauji Akbar Portia Marine Terminal	Zero Markup	Half yearly	October 15, 2024	-	2	2	227,126	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	868,806	1,135,375
Jahangir Siddiqui & Company Limited	6 month Kibor + 2.0%	Half yearly	May 17, 2014	AA+	-	-	-	-
Janana De Malucho Textile Mills Ltd	Zero Markup	Annually	January 1, 2017	Unrated	-	11	-	23,173
Javedan Corporation Ltd NEW	6 month Kibor + 2.25%	Half yearly	March 16, 2018	Unrated	-	-	-	-
Javedan Corporation Limited III	6 month Kibor + 2.25%	Half yearly	August 14, 2018	Unrated	-	-	-	-
Balance carried forward							3,054,346	3,306,150

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

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For the year ended December 31, 2015

Investee	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificates held		Market value / Cost	
					2015	2014	2015	2014
							----- (Rupees in '000) -----	
Balance brought forward							3,058,646	3,310,450
JDW Sugar Mills Limited	3 month Kibor + 1.25%	Quarterly	June 23, 2014	A+		-	-	-
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
Kiran Sugar Mills Limited -01	3 month Kibor + 3.00%	Quarterly	January 26, 2027	Unrated	144	-	595,227	-
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	-	-
New Allied Electronic industries limited.	3 month Kibor + 1.50 %	Quarterly	December 31, 2020	Unrated	1	1	1,308,738	1,324,736
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 + 1.25%.	Half yearly	February 18, 2011	Unrated	594,976	594,976	15,035,805	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	26	2,976,229	3,165,690
Pak Libya Holding Co Pvt Ltd	6 month Kibor + 1.6%	Half yearly	February 7, 2016	AA	50,000	50,000	41,545	125,158
Parthenon private Limited	3 month Kibor + 2%.	Quarterly	December 30, 2017	Unrated	10	10	1,631,635	1,631,635
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	200,000	150,000
Pak Arab Fertilizer Ltd	6 months Kibor + 2.50%	Half yearly	May 19, 2015	AA	-	-	-	-
Rehman Cotton Mills	Zero Markup	Annually	December 30, 2016	Unrated	11	11	22,533	37,554
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	86,730	434,319	433,650
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	8,412	8,516
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	385,000	400,000	1,649,999	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
Azgard Nine Ltd.	Zero Markup	-	September 20, 2017	Unrated	860	860	4,300	4,300
							28,156,664	16,353,465
							29,865,916	18,054,748

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

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For the year ended December 31, 2015

1.4.2 Debentures

Investee	Terms of Redemption		Rate of Interest	Cost	
	Principal	Interest		2015	2014
------(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	Outstanding	Outstanding	12.5%	200	200
Spinzer Towel Industries Limited	Outstanding	Outstanding	14%	175	175
Sun Publications Limited	Overdue	Overdue	13.5%	178	178
Zulsham Engineering Works Limited	Overdue	Overdue	14%	236	236
				187,229	187,229

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

1.4.3 Participation Term Certificate

Investee	Number of certificate(s)	Rate of interest	Paid - up value per certificate Rupees	Cost	
				2015 ------(Rupees in '000)-----	2014
Ali Paper Industries Limited	13	17%	261,000	3,393	3,393
Alipure Jute Mills Limited	53	17%	172,113	7,081	7,081
American Marbals Limited	12	17%	104,167	448	448
Azmat Oil Industries Limited	1	17%	226,000	226	226
Annis Garments Limited	12	17%	32,917	395	395
Bhawalpur Board Mills Limited	14	17%	137,000	1,918	1,918
Bela Chemicals limited	1	17%	10,500,000	10,500	10,500
Calcium Limited	1	17%	300,000	300	300
Dadabhoy Cement Limited	1	17%	11,601,000	7,303	7,303
Delta Tyre & Rubber Co.	7	17%	268,714	1,118	1,118
Gypsum Corporation Limited	32	17%	32,594	1,043	1,043
Ittehad Industries Limited	1	17%	600,000	451	451
Jubilee Paper Board Mills	16	17%	431,938	4,415	4,415
Kamal Enterprises Limited	17	17%	64,294	1,093	1,093
Khattak Edible Oil Limited	15	17%	82,467	1,237	1,237
Meditex International Limited	15	17%	87,800	508	508
Morgah Valley Limited	16	17%	29,250	468	468
National Fructose Limited	11	17%	550,818	3,215	3,215
Pak Belt Industries Limited	13	17%	94,692	757	757
Pangrio Sugar Mills Limited	29	17%	442,586	4,433	4,433
Punjab Building Products	12	17%	121,500	1,458	1,458
Punjab Cables Mills Limited	12	17%	388,667	3,833	3,833
Rainbow Packages Limited	23	17%	122,174	2,223	2,223
Sampak Paper Board Mills	11	17%	14,909	165	165
Sarela Cement Limited	35	17%	406,629	14,232	14,232
Shafi Woolen Industries Limited	11	17%	89,455	490	490
Sindh Glass Industries Limited	17	17%	598,765	9,457	9,457
Star Silica Industries Limited	15	17%	137,467	1,803	1,803
United Wood (Veener) Limited	15	17%	51,000	727	727
Waziristan Oil Industries Limited	13	17%	88,385	1,094	1,094
Zafar Oil Industries Limited	11	17%	65,455	720	720
Treat Corporation Limited	7,729,500	AA	33	154,885	188,115
				241,389	274,619

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For the year ended December 31, 2015

1.4.4 Investment in Sukuk

Investee	Terms of Redemption		Rate of Interest %	Market Value/Cost	
	Principal	Interest		2015	2014
------(Rupees in '000)-----					
WAPDA Sukuk (2nd Issue)	Bi-Annual	Bi-Annual	6.79% 6 month Kibor - 0.25%	152,242	235,760
Quetta Textile Mills Limited	Quarterly	Quarterly	8.23% 3 month Kibor + 1.75%	198,622	253,793
Pakistan International Airlines Corp. Limited	Bi-Annual	Bi-Annual	8.33% 6 month Kibor + 1.75%	550,000	550,000
K- Electric Limited	Quarterly	Quarterly	7.50% 3 month Kibor + 1%	2,055,000	-
Maple Leaf Cement Limited	Quarterly	Quarterly	8.21% 3 month Kibor + 1.7%	225	790
Islamic Banking					
WAPDA Sukuk	Bi-Annual	Bi-Annual	6 month Kibor - 0.25%	8,334	12,500
Security Leasing Limited	Monthly	Monthly	0%	30,807	30,807
Kohat Cement Limited	Quarterly	Quarterly	3 month Kibor + 1.5%	-	-
Arzoo Textile Limited	Bi-Annual	Bi-Annual	11.56% 6 month Kibor + 2.0%	100,000	100,000
GoP Ijara Sukuk	Bi-Annual	Bi-Annual	6 M T-bills	980,684	2,024,349
Engro Fertilizer Limited	Bi-Annual	Bi-Annual	6 month Kibor + 1.50%	-	216,738
Pakistan International Airlines Corp. Limited	Bi-Annual	Bi-Annual	6 month Kibor + 1.75%	175,000	175,000
				4,250,914	3,599,737

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

1.4.5 Others Government Bond Investment

Investee	Terms of Redemption		Rate of Interest %	Market Value/Cost	
	Principal	Interest		2015	2014
				..... Rupees in '000	
Overseas Bonds					
Goldman Sachs Group	On Maturity	Bi-Annual	3.63%	105,107	102,991
Goldman Sachs Group	On Maturity	Bi-Annual	5.35%	104,975	104,742
Goldman Sachs Group	On Maturity	Bi-Annual	7.50%	240,152	238,895
Goldman Sachs Group	On Maturity	Bi-Annual	6.15%	227,947	224,602
Merrill Lynch & Co.	On Maturity	Bi-Annual	6.50%	26,723	26,644
Merrill Lynch & Co.	On Maturity	Bi-Annual	6.50%	57,842	57,671
Merrill Lynch & Co.	On Maturity	Bi-Annual	6.50%	24,525	24,453
Merrill Lynch & Co.	On Maturity	Bi-Annual	6.40%	224,320	-
Merrill Lynch & Co.	On Maturity	Bi-Annual	6.40%	112,160	-
Bank of America	On Maturity	Quarterly	6.88%	127,229	-
Lloyds TSB Bank	On Maturity	Bi-Annual	3ML + 1.25%	209,638	209,182
Citigroup Inc.	On Maturity	Bi-Annual	1.85%	209,680	-
Citigroup Inc.	On Maturity	Bi-Annual	6.13%	224,939	-
Morgan Stanley	On Maturity	Bi-Annual	4.75%	206,240	-
Bank of America	On Maturity	Bi-Annual	5.63%	116,327	-
Bank of America	On Maturity	Bi-Annual	4.50%	265,463	226,087
Lloyds TSB Bank	On Maturity	Bi-Annual	4.88%	210,121	204,604
Lloyds TSB Bank	On Maturity	Bi-Annual	4.38%	-	50,274
Lloyds TSB Bank	On Maturity	Bi-Annual	4.38%	-	50,274
Morgan Stanley	On Maturity	Bi-Annual	3.45%	-	102,467
Morgan Stanley	On Maturity	Bi-Annual	2.74%	-	302,324
Royal Bank of Scotland	On Maturity	Bi-Annual	6.40%	-	348,946
				2,693,387	2,274,153

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

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

	2015	2014
	(Rupees in '000)	
Donations include following amounts exceeding Rs 0.1 million:		
Fatimid Foundation Kidney Centre Quetta.	300	500
The Kidney Centre PGTI	200	-
The Citizens Foundation	286	-
	<u>786</u>	<u>500</u>
Contributions for Corporate & Social Responsibilities include following amounts exceeding Rs 0.1 million:		
Sindh Institute of Urology Transplant (SIUT)	-	5,000
Lifetime Support Single Unit TCF School, Nawabshah	3,750	3,750
Hunar Foundation	-	4,000
Marie Adelaide Leprosy Centre	-	2,000
Gulab Devi Hospital, Lahore	-	1,810
Institute of Business Administration (IBA)	2,100	2,100
Patient's Welfare Society	-	300
Sheikh Zayed Islamic Center	-	384
Gulistan-e-Mazooreen, Mirpurkhas	-	164
Pakistan Disabled Foundation	155	154
Muzaffarabad Physical Centre	-	123
Disabled Welfare Association, Karachi.	225	140
Make-A-Wish Foundation	100	100
Markez-e-Umeed for Special Children, Karachi	-	128
Behbud Association of Pakistan, Rawalpindi	-	100
SOS Children's Village, Multan	-	500
Sir Ganga Ram Hospital, 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, Thar	-	500
01 Audio Meter Machine & 06 Hearing Aid to Govt. School for Deaf Children, Abbottabad	-	288
Treatment of Victims of Burnt Injuries, Paigham Welfare Association, Karachi	-	100
10 Wheelchairs & 10 Sewing Machines, Firdous Ittehad S.W Organization, Karachi	-	134
Sewing Machine & Vocational Training, Bahawalnagar.	-	195
Tharparkar Association the Disabled Person Mirpurkhas	-	250
	<u>6,330</u>	<u>25,169</u>
Balance carried forward	6,330	25,169

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

	2015	2014
	(Rupees in '000)	
Balance brought forward	<u>6,330</u>	<u>25,169</u>
20 Artificial Limbs to Disable Children Treatment Provided by (HASWA) Hassan Academy Special Education, Rawalpindi	-	170
Sponsor Literacy Program for under Privileged Children, Rawalpindi & Islamabad	-	491
Girls Sec-Camps School Gizri, by Ravian Educational Service Trust	-	500
Professional Education Foundation, Karachi	-	100
35 Desks,01-Elc-Water Cooler& 05 Ceilling Fan to Govt. Elementary School Tehsil Chunian	-	186
Underprivileged Students, Foreman Christian College, Lahore	-	500
80 Orphan Students Educational Expenses, Gujranwala	-	400
Treatment for Dialysis Patients, Pak Kidney Institute Islamabad	-	400
Poor Patient Aid Society to Cover the Brain Surgery of Young Girls	-	300
Plasma Baeg 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 Children 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	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	7,000
Development of Blood Donation Centre & Laboratory Project by Afzal Memorial Thalaseemia Foundation, Karachi	-	1,000
20/20 Wheelchair to D.W.A,Society for special Persons, Multan & Mianwali	-	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
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	-	105
20 Computers to Makran University of Technology, Turbat	-	320
Help International Welfare Trust-Karachi	188	100
Punjab Youth Festival-2014	-	25,000
Jijal Maau Hospital Qasimabad, Hyderabad	-	1,690
Build a National Monument Tallest Flag Post.CBC	-	6,000
The Aga Khan University, Hospital	7,500	-
Development & Research to Habib University Foundation	3,330	-
SOS Children's Village, Islamabad	3,000	-
20 Students Scholarship through Professional Education Foundation	1,200	-
Family Ramzan Package (Ration) Interior Sind & Suburb Area	7,113	-
Sponsor Repair of Auto Wheelchairs Saaya Association	320	-
Anjuman-e-Mazoorran, Liyari	218	-
Society for Special Persons, AJK	186	-
Society for Special Persons, Multan	110	-
Govt. Girls School Gizri Campus,Raavian Educational Trust	400	-
Balance carried forward	<u>39,819</u>	<u>83,709</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

	2015	2014
	(Rupees in '000)	
Balance brought forward	<u>39,819</u>	<u>83,709</u>
Cadet College, Larkana	395	-
Poor Patients Aid Society	200	-
Sukkur Blood & Drug Donating Society	200	-
Women Vocational Program in Gilgit & Taxila	500	-
Orphan Students Educational Expenses Roshni Homes	420	-
Rising Sun Education & Welfare Society, Lahore	200	-
Dar-ul-Sukun	260	-
MPRC, Azad Kashmir	133	-
Sindh Disabled Association, Khairpur	126	-
Chair to Grace Association, Skardu	267	-
Pood Students, Sujawal	285	-
Govt. Dgree Collage Mehmoodabad, Karachi	299	-
SOS Children's Village, Quetta	200	-
Firdous Ittehad Social Welfare Organization, Karachi	140	-
NBP Scholarship Program Namal College, Mianwali	1,500	-
NBP Scholarship Program Sindh Madressatial Islam University	720	-
Al-Umeed Rehabilitation Association, Karachi	200	-
Karachi Independent Living Centre	150	-
Nargis Khatoon Hearing Impairment School, Skardu	115	-
Shigar & Skardu	500	-
Patient Care, Karachi	300	-
Al-Qadir Model School, Lyari	312	-
Int-Grammar School, Karachi	305	-
Poor Students Baluchistan Schools	250	-
Poor Dialysis Patients at Pak Kidney Institute, Islamabad	500	-
NBP Female Ward, MALC	990	-
Begum Noor M-Hospital, Chakwal	476	-
NICH by SADA Welfare Foundation	475	-
Medical Aid Foundation (Cancer Division)	300	-
Model Welfare Medical Center, Malir	100	-
Al-Mustafa Trust Chakwal, Rawalpindi	100	-
Shaukat Khanum Memorial Cancer Hospital, Peshawar	500	-
Gulab Devi Charity Hospital, Lahore	450	-
National Institute of Cardio Vascular, Karachi	400	-
Patient Welfare Dept at Aiwn-e-Tijarat-o-Sanat Hospital Trust, Karachi	200	-
Poor Patients Treatment Pakistan Kidney Institute, Islamabad	450	-
British Women Association Chairty Bazar	100	-
College for Disabilities Person, Rawalpindi	500	-
Deprived student Education Expenses	242	-
Deprived student Education Expenses	209	-
DEWA Trust	400	-
Suburban Area by TCF	400	-
Jammia Masjid, Distt. Kohlu Baluchistan	500	-
Kaus-e-Kazah, Rawalpindi & Jhang	500	-
Earth Quake Victims, KPK	<u>2,300</u>	-
	<u><u>58,479</u></u>	<u><u>83,709</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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	
Motor Vehicles	1,239	236	236	-	As per entitlement	Mr. M. Hassan Khaskheli,	Ex Employee
Motor Vehicles	1,269	127	127	-	As per entitlement	Mr. Nake Ahmed Khan	Ex Employee
Motor Vehicles	1,424	498	498	-	As per entitlement	Mr. Faisal Jan Sarhindi	Ex Employee
Motor Vehicles	1,269	502	502	-	As per entitlement	Mr. Rehmat Ali Hasni,	Employee
Motor Vehicles	1,269	-	127	127	As per entitlement	Mr. Saleem Ahmed	Employee
Motor Vehicles	1,269	-	127	127	As per entitlement	Mr. Sh.M, Abdul Wahid Sethi	Employee
Motor Vehicles	1,269	-	127	127	As per entitlement	Mr. Sarfraz Ahmed	Employee
Motor Vehicles	1,514	303	303	-	As per entitlement	Mr. Zaheer Baig	Employee
Motor Vehicles	1,462	292	292	-	As per entitlement	Mr. Raza Mohsin Qizilbash	Ex Employee
Motor Vehicles	1,269	-	127	127	As per entitlement	Mr. Nasir Abbas	Employee
Motor Vehicles	1,269	-	127	127	As per entitlement	Mr. Syed Naveed Asghar	Employee
Motor Vehicles	1,269	-	127	127	As per entitlement	Mr. Abdul Rahim	Employee
Motor Vehicles	1,269	-	127	127	As per entitlement	Mr. Hidayat Ali Shar	Employee
Motor Vehicles	1,269	-	127	127	As per entitlement	Mr. Furrugh Saeed Khan	Employee
Motor Vehicles	1,337	267	267	-	As per entitlement	Mr. Arif Raza Abdy	Employee
Motor Vehicles	1,269	-	127	127	As per entitlement	Mr. Muhammad Yousuf Saudagar	Ex Employee
Motor Vehicles	1,337	267	267	-	As per entitlement	Mr. Muhammad Khurram	Employee
Motor Vehicles	1,384	-	138	138	As per entitlement	Mr. Muhammad Rafique	Ex Employee
Motor Vehicles	1,357	272	272	-	As per entitlement	Mr. Asad Saleem	Employee
Motor Vehicles	1,524	305	305	-	As per entitlement	Mr. Kamran Amin	Employee
Motor Vehicles	1,337	267	267	-	As per entitlement	Mr. Tazeen Fasihuddin	Employee
Motor Vehicles	1,337	-	137	137	As per entitlement	Mrs. Azmat Moiz	Employee
Motor Vehicles	1,269	-	127	127	As per entitlement	Mr. Sardar	Employee
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr. Abbas Bukhari	Employee
Motor Vehicles	1,269	-	127	127	As per entitlement	Mr. Adnan Adil Hussain	Employee
Motor Vehicles	1,399	280	280	-	As per entitlement	Mr. Babar Baig	Employee
Motor Vehicles	1,529	306	306	-	As per entitlement	Mr. Mahmood Siddique	Employee
Motor Vehicles	1,529	306	306	-	As per entitlement	Mr. M. Shoaib Malik	Employee
Motor Vehicles	1,529	306	306	-	As per entitlement	Mr. Nasir Hussain	Employee
Motor Vehicles	7,150	715	715	-	As per entitlement	Mr. Tariq Jamali	Employee
Motor Vehicles	1,269	-	127	127	As per entitlement	Mr. Muhammad Farrukh Ghauri	Employee
Motor Vehicles	1,239	-	124	124	As per entitlement	Mr. Nayyar Sami	Employee
Motor Vehicles	1,269	267	267	-	As per entitlement	Mr. Akhter Nawaz	Employee
Motor Vehicles	1,426	214	214	-	As per entitlement	Mr. Khalid Mehmood	Employee
Motor Vehicles	1,419	142	142	-	As per entitlement	Mr. Pervaiz Taj Bhatti	Employee
Motor Vehicles	1,239	124	124	-	As per entitlement	Mr. Amanat Ali	Employee
Motor Vehicles	1,337	1,048	1,048	-	As per entitlement	Mr. Atif Hassan	Employee
Motor Vehicles	1,239	-	124	124	As per entitlement	Mr. Shahid Iqbal Quershi	Employee
Motor Vehicles	1,239	-	124	124	As per entitlement	Mr. Muhammad Riaz	Employee
Motor Vehicles	1,426	285	285	-	As per entitlement	Mr. Barbruce Ishaq	Ex Employee
Motor Vehicles	1,269	254	254	-	As per entitlement	Mr. Faisal Ahmed	Employee
Motor Vehicles	1,269	275	275	-	As per entitlement	Mr. Naeem Aslam	Employee
Motor Vehicles	1,239	275	275	-	As per entitlement	Mr. Nadeem Mehdi Quershi	Employee
Motor Vehicles	1,269	-	127	127	As per entitlement	Mr. Karim Akram Khan	Employee
Motor Vehicles	1,269	-	127	127	As per entitlement	Mr. Mustadir Ul Islam	Employee
	65,571	8,387	10,811	2,424			
Lease Vehicles	7,254	725	725	-	As per entitlement	Mr. Ziaullah Khan, Ex-Sevp	Ex Employee
Lease Vehicles	7,625	1,525	1,525	-	As per entitlement	Mr. Nausherwan Adil, Sevp	Employee
Lease Vehicles	13,575	0	6,800	6,800	As per BoD approval	Mr. Syed Ali Raza	Ex President
Lease Vehicles	815	-	218	218	As per Services Rules	Mr. Malik Muhammad Nawaz	Employee
Lease Vehicles	830	-	210	210	As per Services Rules	Mr. Syed Ahmed Hasan	Employee
Lease Vehicles	815	-	200	200	As per Services Rules	Mr. Muhammad Munawar	Employee
Lease Vehicles	1,920	201	608	407	As per Services Rules	Mr. Muhammad Murtaza Ali	Employee
Lease Vehicles	536	102	170	68	As per Services Rules	Mr. Aqeel Ahmed	Employee
Lease Vehicles	4,483	828	1,418	591	As per Services Rules	Mr. Amjad Waheed	Employee
Lease Vehicles	1,218	246	385	139	As per Services Rules	Mr. Amjad Waheed	Employee
Lease Vehicles	665	120	210	91	As per Services Rules	Mr. Mazahir Noorani	Employee
Lease Vehicles	2,050	46	828	783	As per Services Rules	Mr. Sajjad Anwar	Employee
Lease Vehicles	1,075	531	709	178	As per Services Rules	Mr. Aleem Ahmed Khan	Employee
Lease Vehicles	1,800	1,210	1,343	133	Negotiation	Honda Quaiden	
Lease Vehicles	1,793	1,303	1,333	30	As per Services Rules	Mr. Capt. Adnan Ansari	Employee
Lease Vehicles	2,458	2,042	2,108	66	As per Services Rules	Mr. Zeeshan	Employee
Lease Vehicles	683	552	565	13	As per Services Rules	Mr. Irfan Mehmood	Employee
Lease Vehicles	1,170	771	900	129	Negotiation	Mr. Syed Yasir Hussain Zaidi	Employee
	50,763	10,203	20,255	10,053			

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Particulars of property and equipment	Original Cost	Book Value	Sale Proceeds	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser	
	------(Rupees in '000)-----						
Office Equipment	57	7	7	-	As per entitlement	Mr. Ziaullah Khan	Ex Employee
Office Equipment	114	51	51	-	As per entitlement	Mr. Barbruce Ishaq	Ex Employee
	171	58	7,166	7,108			
Computer Equipment	92	3	3	-	As per entitlement	Mr. Jahanzaib	Ex Employee
Computer Equipment	67	4	4	-	As per entitlement	Mr. Nake Ahmed Khan	Employee
Computer Equipment	101	20	20	-	As per entitlement	Mr. Faisal Jan Sarhindi	Ex Employee
Computer Equipment	124	-	-	-	As per entitlement	Mr. Ziaullah Khan	Ex Employee
Computer Equipment	101	42	42	-	As per entitlement	Mr. Nasir Khan	Employee
Computer Equipment	26	26	26	-	As per entitlement	Mr. Barbruce Ishaq	Ex Employee
	511	95	95	-			
Furniture & Fixtures	125	36	36	-	As per Service Rules	Mr. Muhammad Sajid	Ex Employee
Furniture & Fixtures	125	20	20	-	As per Service Rules	Mr. Wakeel Ahmed Khan	Ex Employee
Furniture & Fixtures	125	11	11	-	As per Service Rules	Mr. Muhammad Qamar Farooqui	Ex Employee
Furniture & Fixtures	125	11	11	-	As per Service Rules	Mr. Muhammad Waqaruddin	Ex Employee
Furniture & Fixtures	300	120	120	-	As per Service Rules	Mr. Muhammad Hassan Khaskheli	Ex Employee
Furniture & Fixtures	150	13	13	-	As per Service Rules	Mr. Muhammad Raffaq	Ex Employee
Furniture & Fixtures	125	25	25	-	As per Service Rules	Mr. Muhammad Ibrahim	Ex Employee
Furniture & Fixtures	125	20	20	-	As per Service Rules	Mr. Sarfaraz Ahmed	Ex Employee
Furniture & Fixtures	150	14	14	-	As per Service Rules	Mr. Qasim Ali Adil	Ex Employee
Furniture & Fixtures	125	13	13	-	As per Service Rules	Mr. Muhammad Arif Shafi	Ex Employee
Furniture & Fixtures	150	40	40	-	As per Service Rules	Mr. Ijaz Ahmed	Ex Employee
Furniture & Fixtures	125	63	63	-	As per Service Rules	Mr. Saif Ahmed Saifi	Ex Employee
Furniture & Fixtures	125	50	50	-	As per Service Rules	Mr. S.M. Shoaib Athar	Ex Employee
Furniture & Fixtures	150	13	13	-	As per Service Rules	Mr. Liaquat Ali Shaikh	Ex Employee
Furniture & Fixtures	125	40	40	-	As per Service Rules	Mr. Muhammad Jamil	Ex Employee
Furniture & Fixtures	125	34	34	-	As per Service Rules	Mr. Syed Tariq Ahmed	Ex Employee
Furniture & Fixtures	150	50	50	-	As per Service Rules	Mr. Khurshid Anwar	Ex Employee
Furniture & Fixtures	125	10	10	-	As per Service Rules	Mr. Alamdar Hussain	Ex Employee
Furniture & Fixtures	500	207	207	-	As per Service Rules	Mr. Ziaullah Khan	Ex Employee
Furniture & Fixtures	175	91	91	-	As per Service Rules	Mr. Nake Ahmed Khan	Ex Employee
Furniture & Fixtures	150	38	38	-	As per Service Rules	Mr. Abdul Ghaffoor Abid	Ex Employee
Furniture & Fixtures	175	86	86	-	As per Service Rules	Mr. Shahid Iqbal Qureshi	Ex Employee
Furniture & Fixtures	150	25	25	-	As per Service Rules	Mr. Zulficar Qasim	Ex Employee
Furniture & Fixtures	175	71	71	-	As per Service Rules	Mr. Ghulam Mohiyuddin Siddiqui	Ex Employee
Furniture & Fixtures	125	50	50	-	As per Service Rules	Late Abdul Salam	Ex Employee
Furniture & Fixtures	125	39	39	-	As per Service Rules	Mr. Aqeel Ahmed	Ex Employee
Furniture & Fixtures	125	39	39	-	As per Service Rules	Mr. Sarfaraz Ahmed Hashmi	Ex Employee
Furniture & Fixtures	125	10	10	-	As per Service Rules	Mr. Moula Bux Soomro	Ex Employee
Furniture & Fixtures	125	9	9	-	As per Service Rules	Mr. Muhammad Arshad	Ex Employee
Furniture & Fixtures	150	41	41	-	As per Service Rules	Mr. Muhammad Shaheen Saeed	Ex Employee
Furniture & Fixtures	125	24	24	-	As per Service Rules	Late Fakhar Aziz Khan	Ex Employee
Furniture & Fixtures	125	20	20	-	As per Service Rules	Mr. Sardar Ghulam Rabbani	Ex Employee
Furniture & Fixtures	125	10	10	-	As per Service Rules	Mr. Abdul Qayyum	Ex Employee
Furniture & Fixtures	125	9	9	-	As per Service Rules	Mr. Muhammad Tariq Ghous	Ex Employee
Furniture & Fixtures	125	4	4	-	As per Service Rules	Mr. Khadim Nabi	Ex Employee
Furniture & Fixtures	150	13	13	-	As per Service Rules	Mr. Muhammad Arshad	Ex Employee
Furniture & Fixtures	150	57	57	-	As per Service Rules	Mr. Muhammad Saleem Ch	Ex Employee
Furniture & Fixtures	125	38	38	-	As per Service Rules	Mr. Gulmat Ali Khan	Ex Employee
Furniture & Fixtures	125	19	19	-	As per Service Rules	Mr. Muhammad Irshad	Ex Employee
Furniture & Fixtures	125	18	18	-	As per Service Rules	Mr. Qazi Muhammad Ariq	Ex Employee
Furniture & Fixtures	150	16	16	-	As per Service Rules	Late Ali Ahmed	Ex Employee
Furniture & Fixtures	125	13	13	-	As per Service Rules	Mr. Siraj Ghulam Ali	Ex Employee
Furniture & Fixtures	125	10	10	-	As per Service Rules	Mr. Abdul Malik	Ex Employee
Furniture & Fixtures	125	8	8	-	As per Service Rules	Mr. Shafiqat Mehmood	Ex Employee
Furniture & Fixtures	125	8	8	-	As per Service Rules	Mr. Muhammad Jamil Akbar	Ex Employee
Furniture & Fixtures	125	10	10	-	As per Service Rules	Mr. Muhammad Tanveer	Ex Employee
Furniture & Fixtures	125	8	8	-	As per Service Rules	Mr. Rahim Said	Ex Employee
Furniture & Fixtures	150	10	10	-	As per Service Rules	Mr. Zaheer Ahmed Qureshi	Ex Employee
Furniture & Fixtures	175	67	67	-	As per Service Rules	Mr. Nayyar Sami	Ex Employee
Furniture & Fixtures	300	120	120	-	As per Service Rules	Mr. Tahir Yaqub	Ex Employee
Furniture & Fixtures	150	59	59	-	As per Service Rules	Mr. Saeed Ahmad Jan	Ex Employee
Furniture & Fixtures	125	18	18	-	As per Service Rules	Mr. Hussain Bux Memon	Ex Employee
Furniture & Fixtures	150	41	41	-	As per Service Rules	Mr. Naseem Pervez	Ex Employee
Furniture & Fixtures	150	23	23	-	As per Service Rules	Mr. Javed Iqbal Khattak	Ex Employee
Furniture & Fixtures	125	18	18	-	As per Service Rules	Mr. Muhammad Mehfooz	Ex Employee
Furniture & Fixtures	125	18	18	-	As per Service Rules	Mr. Mirza Amjad Baig	Ex Employee

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

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	125	8	8	-	As per Service Rules	Mr. Muhammad Nasir Masood	Ex Employee
Furniture & Fixtures	125	19	19	-	As per Service Rules	Mr. Tanveer Khan	Ex Employee
Furniture & Fixtures	125	19	19	-	As per Service Rules	Mr. Muhammad Aslam Bhatti	Ex Employee
Furniture & Fixtures	125	9	9	-	As per Service Rules	Mr. Abdul Qadir Solongi	Ex Employee
Furniture & Fixtures	125	8	8	-	As per Service Rules	Mr. Muhammad Nasarullah Butt	Ex Employee
Furniture & Fixtures	125	8	8	-	As per Service Rules	Mr. Muhammad Pervez Khan	Ex Employee
Furniture & Fixtures	125	8	8	-	As per Service Rules	Mr. Khawaja Iftikhar Ahmed	Ex Employee
Furniture & Fixtures	125	8	8	-	As per Service Rules	Mr. Khalid Mehmood Abbasi	Ex Employee
Furniture & Fixtures	150	8	8	-	As per Service Rules	Mr. Ch. Muhammad Akram	Ex Employee
Furniture & Fixtures	125	8	8	-	As per Service Rules	Mr. Iftikhar Hussain	Ex Employee
Furniture & Fixtures	125	7	7	-	As per Service Rules	Mr. Zafar Ahmed	Ex Employee
Furniture & Fixtures	125	47	47	-	As per Service Rules	Mr. Riaz Hussain Shah	Ex Employee
Furniture & Fixtures	125	18	18	-	As per Service Rules	Mr. Muhammad Iqbal Hussain	Ex Employee
Furniture & Fixtures	150	56	56	-	As per Service Rules	Mr. Ikram Ul Haq	Ex Employee
Furniture & Fixtures	125	7	7	-	As per Service Rules	Mr. Ahmed Hassan	Ex Employee
Furniture & Fixtures	125	53	53	-	As per Service Rules	Mr. Khadim Hussain	Ex Employee
Furniture & Fixtures	125	45	45	-	As per Service Rules	Mr. Javid Ahmed Khan	Ex Employee
Furniture & Fixtures	125	44	44	-	As per Service Rules	Mr. Abdul Saleem	Ex Employee
Furniture & Fixtures	125	8	8	-	As per Service Rules	Mr. Syed Majaz Hussain Kazmi	Ex Employee
Furniture & Fixtures	125	50	50	-	As per Service Rules	Mr. Mumtaz Farooq Paracha	Ex Employee
Furniture & Fixtures	150	13	13	-	As per Service Rules	Mr. Khalid Hussain	Ex Employee
Furniture & Fixtures	125	57	57	-	As per Service Rules	Mr. Abdul Ghaffar Khan	Ex Employee
Furniture & Fixtures	125	46	46	-	As per Service Rules	Mr. Syed Meraj- Ur -Rasul	Ex Employee
Furniture & Fixtures	125	35	35	-	As per Service Rules	Mr. Sikandar Ali Qureshi	Ex Employee
Furniture & Fixtures	125	31	31	-	As per Service Rules	Mr. Kamran Mufti	Ex Employee
Furniture & Fixtures	125	25	25	-	As per Service Rules	Mr. Muhammad Asghar Pasha	Ex Employee
Furniture & Fixtures	125	18	18	-	As per Service Rules	Ms. Fariha Kulsoom	Ex Employee
Furniture & Fixtures	125	7	7	-	As per Service Rules	Mr. Ikram Ul Haq	Ex Employee
Furniture & Fixtures	125	44	44	-	As per Service Rules	Mr. Abdul Qayoom	Ex Employee
Furniture & Fixtures	125	8	8	-	As per Service Rules	Mr. Arshad Iqbal	Ex Employee
Furniture & Fixtures	125	5	5	-	As per Service Rules	Mr. Imtiaz Alam	Ex Employee
Furniture & Fixtures	125	44	44	-	As per Service Rules	Mr. S. Aamir Hasan	Ex Employee
Furniture & Fixtures	125	5	5	-	As per Service Rules	Mr. Muhammad Nasim Ejaz	Ex Employee
Furniture & Fixtures	150	53	53	-	As per Service Rules	Mr. Iqbal Ahmed Baloch	Ex Employee
Furniture & Fixtures	125	45	45	-	As per Service Rules	Mr. Khalid Mehmood	Ex Employee
Furniture & Fixtures	125	44	44	-	As per Service Rules	Mr. Imtiaz Ahmed Siddiaqui	Ex Employee
Furniture & Fixtures	125	35	35	-	As per Service Rules	Mr. S.M. Tasleem	Ex Employee
Furniture & Fixtures	125	22	22	-	As per Service Rules	Mr. Zafar Iqbal	Ex Employee
Furniture & Fixtures	125	16	16	-	As per Service Rules	Mr. Muhammad Yusuf	Ex Employee
Furniture & Fixtures	150	44	44	-	As per Service Rules	Mr. Habeeb Ullah Khan	Ex Employee
Furniture & Fixtures	125	10	10	-	As per Service Rules	Mr. Muhammad Iqbal Nusrat	Ex Employee
Furniture & Fixtures	125	15	15	-	As per Service Rules	Mr. Muhammad Nisar	Ex Employee
Furniture & Fixtures	125	5	5	-	As per Service Rules	Mr. Mushtaq Ahmed Baig	Ex Employee
Furniture & Fixtures	125	36	36	-	As per Service Rules	Mr. Muhammad Khalid Dar	Ex Employee
Furniture & Fixtures	150	23	23	-	As per Service Rules	Mr. Muhammad Najeeb Luni	Ex Employee
Furniture & Fixtures	125	55	55	-	As per Service Rules	Mr. Abdul Waheed	Ex Employee
Furniture & Fixtures	150	35	35	-	As per Service Rules	Mr. Mubarak Hussain	Ex Employee
Furniture & Fixtures	125	8	8	-	As per Service Rules	Mr. Kamran Ahmed	Ex Employee
Furniture & Fixtures	125	15	15	-	As per Service Rules	Mr. Muhammad Ali	Ex Employee
Furniture & Fixtures	125	34	34	-	As per Service Rules	Mr. Muhammad Anis Shaikh	Ex Employee
Furniture & Fixtures	150	68	68	-	As per Service Rules	Mr. Suleman Shamsuddin Nanji	Ex Employee
Furniture & Fixtures	175	66	66	-	As per Service Rules	Mr. Atif Hassan Khan	Ex Employee
Furniture & Fixtures	125	20	20	-	As per Service Rules	Mst. Talat Saeed	Ex Employee
Furniture & Fixtures	150	17	17	-	As per Service Rules	Mr. Zahid Mehmood	Ex Employee
Furniture & Fixtures	125	14	14	-	As per Service Rules	Mr. Muhammad Bux	Ex Employee
Furniture & Fixtures	125	14	14	-	As per Service Rules	Mr. Muhammad Razzaq	Ex Employee
Furniture & Fixtures	125	44	44	-	As per Service Rules	Mr. Sikandar Hayat	Ex Employee
Furniture & Fixtures	125	44	44	-	As per Service Rules	Mr. Syed Matlub Uz Zafar	Ex Employee
Furniture & Fixtures	125	8	8	-	As per Service Rules	Mr. Muhammad Imtiaz Ahmed	Ex Employee
Furniture & Fixtures	125	4	4	-	As per Service Rules	Mr. Muhammad Sharif Tahir	Ex Employee
Furniture & Fixtures	125	16	16	-	As per Service Rules	Mr. Muhammad Nasim Afzal	Ex Employee
Furniture & Fixtures	125	3	3	-	As per Service Rules	Mr. Syed Mustafa Haider	Ex Employee
Furniture & Fixtures	125	3	3	-	As per Service Rules	Mr. Ahmed Viqar	Ex Employee
Furniture & Fixtures	125	42	42	-	As per Service Rules	Mr. Sadaqat Ullah Siddiqui	Ex Employee
Furniture & Fixtures	125	3	3	-	As per Service Rules	Mr. Faiz-Ul-Hassan	Ex Employee
Furniture & Fixtures	125	17	17	-	As per Service Rules	Mr. Basit Javed	Ex Employee
Furniture & Fixtures	150	13	13	-	As per Service Rules	Mr. Muhammad Riaz Ahmed	Ex Employee
Furniture & Fixtures	300	-	-	-	As per Service Rules	Mr. Khalid Mehmood	Ex Employee
Furniture & Fixtures	175	39	39	-	As per Service Rules	Mr. Mustadar Ul Islam	Ex Employee

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

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	125	16	16	-	As per Service Rules	Mr. Tahir Yousof Ex Employee
Furniture & Fixtures	125	13	13	-	As per Service Rules	Mr. Muhammad Saleem Khan Ex Employee
Furniture & Fixtures	125	2	2	-	As per Service Rules	Mr. Amjad Hussain Ex Employee
Furniture & Fixtures	125	23	23	-	As per Service Rules	Mr. Syed Tanvir Ahmed Ex Employee
Furniture & Fixtures	125	16	16	-	As per Service Rules	Mr. Mushtaq Ahmed Ex Employee
Furniture & Fixtures	125	39	39	-	As per Service Rules	Mr. A. J. Zafar Qizilbash Ex Employee
Furniture & Fixtures	175	23	23	-	As per Service Rules	Mr. Amanat Ali Khan Ex Employee
Furniture & Fixtures	125	13	13	-	As per Service Rules	Mr. Shah Dost Bugti Ex Employee
Furniture & Fixtures	175	60	60	-	As per Service Rules	Mr. Muhammad Riaz Ex Employee
Furniture & Fixtures	300	135	135	-	As per Service Rules	Mr. Pervaz Taj Bhatti Ex Employee
Furniture & Fixtures	125	2	2	-	As per Service Rules	Ms. Shadmi Choghai Ex Employee
	19,100	3,991	3,991	-		
Ijarah assets						
Machinery	50,000	-	-	-	As per agreement	Bashir Sadiq Logistics
Machinery	25,625	-	-	-	As per agreement	Hillpark General Hospital
Machinery	250,000	-	-	-	As per agreement	DG Khan Cement Co. Ltd.
Machinery	52,885	52,466	52,466	-	As per agreement	Kashmir Sugar Mills Limited
	378,510	52,466	52,466	-		
Vehicles	1,679	-	-	-	As per agreement	Mr. Tariq Baig
Vehicles	970	-	-	-	As per agreement	Tariq Glass Industries Limited
Vehicles	1,131	-	-	-	As per agreement	Mr. Mohammad Noaman Adil
Vehicles	5,890	-	-	-	As per agreement	Mr. Coleta Steel Traders
Vehicles	970	-	-	-	As per agreement	Mr. Jawaid Akhter
Vehicles	6,159	-	-	-	As per agreement	United Track System
Vehicles	1,690	-	-	-	As per agreement	Mr. Suhail Anwar
Vehicles	2,438	-	-	-	As per agreement	H Karim Buksh & Sons
Vehicles	7,210	-	-	-	As per agreement	Coleta Steel Traders
Vehicles	7,150	-	-	-	As per agreement	Netsol Technologies Limited
Vehicles	4,352	-	-	-	As per agreement	Performance Automotive
Vehicles	2,438	-	-	-	As per agreement	Mr. Imran Hafeez
Vehicles	8,000	-	-	-	As per agreement	Coleta Steel Traders
Vehicles	1,555	-	-	-	As per agreement	Mr. Khawaja Akbar Butt
Vehicles	652	-	-	-	As per agreement	Mr. Anjum Pervaiz
Vehicles	98	-	-	-	As per agreement	Mr. Astar Hussain
Vehicles	680	-	-	-	As per agreement	Mr. Muhammad Rafique
Vehicles	2,146	-	-	-	As per agreement	Mr. Shahid Iqbal Dar
Vehicles	630	-	-	-	As per agreement	Mr. Syed Mohsin Aleem Pirzada
Vehicles	1,039	-	-	-	As per agreement	Mr. Mohammad Adnan
Vehicles	19,125	-	-	-	As per agreement	Performance Automotive
Vehicles	1,330	-	-	-	As per agreement	Mr. Fahad Saeed
Vehicles	640	-	-	-	As per agreement	Mr. Bilal Akber
	77,971	-	-	-		
	592,597	75,199	87,678	12,477		
Other assets (having book value of less than Rs. 250,000 or cost of less than Rs.1,000,000)	32,215	10,476	13,008	2,532		
TOTAL AMOUNT (Rs.)	624,812	85,676	100,686	15,009		

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF
FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED FROM JANUARY TO DECEMBER 2015

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	Muhammad Mushtaq House No.5, St. No.7, NBP Street Kahna Nau, Lahore.	Muhammad Mushtaq 35201-1426741-1	Taj Din	0.495	0.519	0.066	1.080	-	-	0.519	0.519
2	Pacific Export Corporation (Sole Proprietorship Concern) Project location:- 5/38, Sant Nagar, Bela Mohallah, Lahore.	Mr. Mahmood Alam 35202-4500752-9	Abdul Hameed	0.136	2.212	0.211	2.559	-	-	2.212	2.212
3	Premier Ltd. G.T Road, Baghban Pura, Lahore.	1. Sh. Muhammad Khalid 35202-2647108-9 2. Sh. Muhammad Arif 35202-3310049-9 3. Mrs. Noor Begum 35202-4155942-4 4. Mrs. Samina Begum 35202-8408631-0	1. Sh Nawab Din 2. Sh Nawab ud Din 3. Muhammad Arif 4. Muhammad Khalid	0.326	1.414	0.086	1.826	-	-	1.414	1.414
4	Waqar Corporation 22-B, Gulshan Park, Mumtaz Street, Ghari Shahu, Lahore.	Mr. Muhammad Akbar Butt (Late) 276-93-182035	Muhammad Aslam Butt	-	3.414	0.127	3.541	-	-	2.005	2.005
5	W.G. Munawar and Sons Plot #9,Block 11,Sector C, Near Lajna Chowk College Road, Township, Lahore.	1. Munawar Ahmad Javaid 35202-7929572-3 2. Muhammad Shahid Javaid 35202-2743530-1 3. Muhammad Majid Javaid 35202-2743489-7	1. Nizam ud Din 2. Munawar Ahmad Javaid. 3. Munawar Ahmad Javaid.	12.982	5.559	0.105	18.646	-	-	3.646	3.646
6	Alpha Mian Stationers 110 - Alpha House, Alama Iqbal Road, Garhi Shahu, Lahore.	Mian Masroor Ahmed 35202-2107778-7	Mian Manzoor Ahmed	6.471	2.811	0.150	9.432	-	-	2.009	2.009
7	Hameed Yousaf 15 A, Al-Noor Street Maqbool Road Ichra, Lahore.	Hameed Yousaf 35202-4208599-5	Mian Muhammad Yousaf	0.414	0.541	0.053	1.008	-	-	0.541	0.541
8	Amir Iqbal H#35, ST#3 Amin Park Qaiser Town, Shahdra, Lahore	Amir Iqbal 35202-2340312-5	Muhammad Amin	0.465	0.511	0.101	1.077	-	-	0.511	0.511
9	Bajwa Leather Garments 66-Small Industrial Estate Sialkot	Muhammad Asghar Bajwa 34603-8113687-1	Muhammad Hussain	10.948	-	-	10.948	10.948	-	-	10.948
10	M. M. Beverages (Pvt) Ltd. 24- KM Multan Road, Lahore	1. Moin ud Din Haider 61101-1881315-3 2. Noman Uddin Haider 42000-3174177-7 3. Burhan Uddin haider 42301-5965169-9 4. Asma Haider 61101-1812776-6	1. Muhammad Hussain 2. Moin ud Din Haider 3. Moin ud Din Haider 4. Muhammad Ali	113.504	47.034	-	160.538	-	-	47.034	47.034
11	Ghaffar Petroleum Service Mirpurkhas Road, Khipro	Abdul Ghaffar 44202-9080241-7	Atta Mohammad	0.050	1.089	-	1.139	-	-	1.089	1.089
12	Shahza Hameed Khan H.No.155, St.15, E-7, Islamabad	Shahza Hameed 611016276385-8	Abdul Hameed Khan	0.417	0.257	0.316	0.990	-	-	0.573	0.573
13	Muhammad Asim, House # 56/2-C, Sector G-7/2, Sitara Market, Islamabad	Muhammad Asim 611011945986-9	Mian Muhammad Mansha	7.104	1.307	0.285	8.696	-	-	1.592	1.592
14	Ghauri Brothers 176-Shamsabad Colony Multan	1. Zahid Rasool Ghauri 322-90-649652 2. Nasir Rasool Ghauri 36302-2941980-7 3. Ms. Amna Ghauri	1. Rasool Bux Ghauri 2. Rasool Bux Ghauri 3. Rasool Bux Ghauri	2.200	1.903	0.061	4.164	-	-	0.926	0.926
15	Nizam Trading Corporation Chak No.427/EB, Chichawatni Road, Burewala, Distt: Vehari	1. Maryam Bibi 36601-8772195-7 2. Khalid Pervaiz 36601-3321814-6 3. Abdul Hameed 36601-9242733-7	1. Abdul Hameed 2. Habib Ahmed 3. Muhammad Saeed	-	1.691	0.064	1.755	-	-	1.124	1.124
16	Javed Cloth & Dupatta House Hussain Agahi Chowk Bazar, Multan	Arshad Javed 36302-0406347-3	Karim Nawaz Qureshi	0.500	1.055	0.016	1.571	-	-	0.645	0.645
17	Malik Abdul Karim & Sons House No. 55/17, Ward No. 3, Galli No. 1, Al-Karim Manzil, Rasool Pura, Mailsi	1. Malik Abdul Karim 36602-4688811-9 2. Habib ur Rehman 3. Saib ur Rehman 4. Aziz ur Rehman 5. Atta ur Rehman 6. Fayyaz ur Rehman 7. Ms. Allah Wasayvi 8. Ms. Sajida Kouser 9. Ms. Sueya bano	1. Haji Fateh Muhammad 2. Malik Abdul Karim 3. Malik Abdul Karim 4. Malik Abdul Karim 5. Malik Abdul Karim 6. Malik Abdul Karim 7. Malik Abdul Karim 8. Habib ur Rehman 9. Aziz ur Rehman	0.113	0.767	0.032	0.912	-	-	0.799	0.799
18	Muhammad Nasir Near Moon Chowk, New Multan Colony Multan	Muhammad Nasir 36302-8671139-9	Sheikh Anwar Ali	0.479	1.239	0.909	2.627	-	-	1.343	1.343
19	Zaheer Ahmed Quarshi Mahallah Chitti Sheikhan Khas, Teh. & Distt. Satlkot	Zaheer Ahmed Quarshi 34603-4517452-7	Naseer Ahmed Quraishi	1.459	1.768	0.088	3.315	-	-	1.315	1.315
20	Muhammad Rafiq House#15/208, Daska Road, Haji Pura, Siakot	Muhammad Rafiq 34603-8490311-1	Barkat Ali	1.297	3.415	0.091	4.803	-	-	3.306	3.306
21	Mubarik Ahmed & Saeeda Butt Mahalla Nayi Abadi, Circular Road, Soana Stop, Daska, Distt. Sialkot	Mubarik Ahmed 34601-5389370-1	Noor Ahmed	1.79	1.297	0.045	3.132	-	-	1.132	1.132

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2015

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
22	Lat Abdul Rahim Ghori H. No.14-Street No. 4, Agra Taj Colony Karachi	Lat Abdul Rahim Ghori 42301-1062230-5	Haji Muhammad Ismil Ghori	-	-	-	-	0.480	-	0.361	0.841
23	Mudassir Zaman H.No. 1841 Block 14 F.B.Araea Karachi	Mudassir Zaman 42101-1874155-5	Hamid Zaman	-	-	0.516	0.516	-	-	0.619	0.619
24	Shaber Hussain H. No. 177, Block 9 Liaquat a bad Karachi	Shaber Hussain 42101-9492419-7	Ahmed Hussain	-	-	0.512	0.512	-	-	0.524	0.524
25	Khalid Mehmood Plot #.845 B, Behar Colony Layari Qtr Karachi.	Khalid Mehmood 508-75-399922	Ch. Nabi Ahmed	-	-	0.020	0.020	0.479	-	0.260	0.739
26	Ashfaqe Ahmed 153-3, Lines Area Karachi.	Ashfaqe Ahmed 42201-72160884-9	Maqsood Ahmed	-	-	0.496	0.496	-	-	0.524	0.524
27	Glacier Oil Mill	Suhail Ahmed 38403-7948962-1	Rasheed Ahmed	-	-	0.347	0.347	-	-	0.709	0.709
28	Umer Fertilizer	Mushtaq Ahmad 31201-0221122-9	Muhammad Amin	-	-	0.034	0.034	-	-	0.664	0.664
28			GRAND TOTAL:	161.15	79.803	4.731	245.684	11.907	0	77.396	89.303