





CONSOLIDATED
FINANCIAL STATEMENTS OF NBP AND
ITS SUBSIDIARY COMPANIES 2014

Directors' Report to the shareholders on Consolidated Financial Statements

It gives me great pleasure to present on behalf of the Board of Directors the Consolidated Report of the bank for the year ended December 31, 2014.

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

	Rs in millions
Profit Before Tax	23,136
Taxation	
- Current	9,570
- Prior year (s)	(4)
- Deferred	(2,501)
	<u>7,065</u>
After Tax Profit	<u>16,071</u>
Non -controlling interest	14
Un -appropriated profit brought forward	49,734
Other comprehensive income - net of tax	(436)
Transfer from surplus on revaluation of fixed assets	126
Profit available for appropriations	<u>65,509</u>
Transfer to Statutory Reserve (10% of after tax profit)	(1,503)
Cash dividend paid	(4,255)
Un -appropriated profit carried forward	<u><u>59,752</u></u>
Basic & diluted earnings per share (Rupees)	7.56

Pattern of shareholding

The pattern of shareholding as at December 31, 2014 is given in Annual Report

On behalf of the Board of Directors

Syed Ahmed Iqbal Ashraf

President

Date: February 26, 2015

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 75 530, Pakistan

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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, 2014 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 expressed separate opinions / conclusion on 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 and NBP Modaraba Management Company Limited. The subsidiary companies First National Bank Modaraba and CJSC Subsidiary Bank of NBP in Tajikistan were reviewed and audited, respectively, by other firms of auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such entities, is based solely on the reports of such other auditors. The subsidiary company CJSC Subsidiary Bank of NBP in Kazakhstan being audited by other firm of auditors has been consolidated based on un-audited financial information of the subsidiary. 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, 2014 and the results of their operations for the year then ended.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Engagement Partner:

Arslan Khalid

KPMG Taseer Hadi & Co.

Chartered Accountants

Engagement Partner:

Syed Iftikhar Anjum

Karachi

Date: February 26, 2015

Consolidated Statement of Financial Position

As at December 31, 2014

2013	2014		Note	2014	2013
US Dollars in '000				Rupees in '000	
ASSETS					
1,574,693	977,744	Cash and balances with treasury banks	6	98,246,783	158,230,033
183,003	124,837	Balances with other banks	7	12,543,964	18,388,738
516,921	1,112,566	Lendings to financial institutions	8	111,794,127	51,941,866
3,945,060	5,590,668	Investments	9	561,767,518	396,411,825
6,171,814	6,271,996	Advances	10	630,229,649	620,163,029
344,027	331,932	Operating fixed assets	11	33,353,526	34,568,864
109,161	98,367	Deferred tax assets	12	9,884,256	10,968,824
811,839	913,977	Other assets	13	91,839,258	81,576,084
13,656,518	15,422,087			1,549,659,081	1,372,249,263
LIABILITIES					
138,279	109,589	Bills payable	14	11,011,827	13,894,667
231,471	380,247	Borrowings	15	38,208,413	23,258,971
10,965,479	12,284,703	Deposits and other accounts	16	1,234,405,050	1,101,845,283
-	-	Sub-ordinated loans		-	-
37	19	Liabilities against assets subject to finance lease	17	1,691	3,636
-	-	Deferred tax liabilities		-	-
722,342	830,380	Other liabilities	18	83,439,108	72,583,176
12,057,608	13,604,938			1,367,066,089	1,211,585,733
<u>1,598,910</u>	<u>1,817,149</u>	NET ASSETS		<u>182,592,992</u>	<u>160,663,530</u>
REPRESENTED BY					
211,728	211,728	Share capital	19	21,275,131	21,275,131
333,755	328,379	Reserves		32,996,496	33,536,713
494,951	594,641	Unappropriated profit		59,751,578	49,734,161
1,040,434	1,134,748			114,023,205	104,546,005
8,166	7,136	Non-controlling interest		717,017	820,663
1,048,600	1,141,884			114,740,222	105,366,668
550,310	675,265	Surplus on revaluation of assets - net	20	67,852,770	55,296,862
<u>1,598,910</u>	<u>1,817,149</u>			<u>182,592,992</u>	<u>160,663,530</u>
CONTINGENCIES AND COMMITMENTS					
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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

Shahid Aziz Siddiqi
Director

Farrakh Qayyum
Director

Consolidated Profit and Loss Account

For the year ended December 31, 2014

2013	2014		Note	2014	2013
US Dollars in '000				Rupees in '000	
997,106	1,146,976	Mark-up / return / interest earned	23	115,251,748	100,192,320
<u>606,015</u>	<u>697,625</u>	Mark-up / return / interest expensed	24	<u>70,099,505</u>	<u>60,894,358</u>
391,091	449,351	Net mark-up / interest income		45,152,243	39,297,962
173,754	110,307	Provision against non-performing advances - net	10.4	11,083,973	17,459,330
13,904	(14,348)	(Reversal of provision) / provision for diminution in the value of investments - net	9.11	(1,441,758)	1,397,122
30	-	Bad debts written off directly		-	3,020
7,049	(3,376)	(Reversal of provision) / provision against off balance sheet obligations	18.1	(339,200)	708,230
<u>194,737</u>	<u>92,583</u>			<u>9,303,015</u>	<u>19,567,702</u>
196,354	356,768	Net mark-up / interest income after provisions		35,849,228	19,730,260
NON MARK-UP / INTEREST INCOME					
122,876	128,690	Fee, commission and brokerage income		12,931,130	12,346,947
26,483	20,667	Dividend income		2,076,669	2,661,077
39,073	47,132	Income from dealing in foreign currencies	25	4,735,988	3,926,204
38,685	86,186	Gain on sale and redemption of securities - net	26	8,660,224	3,887,164
(1)	1,448	Unrealized gain / (loss) on revaluation of investments classified as held-for-trading	9.12	145,454	(139)
4,361	3,005	Share of profit from joint venture - net of tax	9.9	301,989	438,250
(5,895)	(10,552)	Share of loss from associates - net of tax	9.9	(1,060,287)	(592,322)
32,687	35,912	Other income	27	3,608,540	3,284,497
<u>258,269</u>	<u>312,488</u>	Total non mark-up / interest income		<u>31,399,707</u>	<u>25,951,678</u>
454,623	669,256			67,248,935	45,681,938
NON MARK-UP / INTEREST EXPENSES					
374,967	407,790	Administrative expenses	28	40,975,977	37,677,868
9,476	13,937	Other provisions / write offs	13.5 / 18.2	1,400,434	952,132
233	17,283	Other charges	29	1,736,674	23,395
<u>384,676</u>	<u>439,010</u>	Total non mark-up / interest expenses		<u>44,113,085</u>	<u>38,653,395</u>
69,947	230,246			23,135,850	7,028,543
-	-	Extra ordinary / unusual items		-	-
69,947	230,246	PROFIT BEFORE TAXATION		23,135,850	7,028,543
62,003	95,239	Taxation - Current		9,569,928	6,230,222
1,295	(42)	- Prior year(s)		(4,204)	130,079
(46,163)	(24,890)	- Deferred		(2,501,058)	(4,638,541)
17,135	70,307		30	7,064,666	1,721,760
<u>52,812</u>	<u>159,939</u>	PROFIT AFTER TAXATION		<u>16,071,184</u>	<u>5,306,783</u>
52,495	160,074	Attributable to:		16,084,763	5,274,779
317	(135)	Shareholders of the bank		(13,579)	32,004
<u>52,812</u>	<u>159,939</u>	Non-controlling interest		<u>16,071,184</u>	<u>5,306,783</u>
-----US Dollar-----				-----Rupees-----	
<u>0.02</u>	<u>0.08</u>	Basic and diluted earnings per share	31	<u>7.56</u>	<u>2.48</u>

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

Shahid Aziz Siddiqi
Director

Farrakh Qayyum
Director

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2014

2013	2014		Note	2014	2013
US Dollars in '000				Rupees in '000	
52,812	159,939	Profit after taxation		16,071,184	5,306,783
Other comprehensive income:					
<i>Items to be reclassified to profit or loss in subsequent periods:</i>					
21,213	(20,332)	Exchange (loss) / gain on translation of net assets of foreign branches, subsidiaries and joint venture		(2,043,040)	2,131,498
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>					
27,871	(6,672)	Actuarial (loss) / gain on remeasurements of defined benefit (liability) / asset	34.1	(670,374)	2,800,526
(9,755)	2,335	Related tax impact	12.1	234,631	(980,184)
18,116	(4,337)			(435,743)	1,820,342
<u>39,329</u>	<u>(24,669)</u>	Other comprehensive income - net of tax		<u>(2,478,783)</u>	<u>3,951,840</u>
<u>92,141</u>	<u>135,270</u>	Comprehensive income transferred to equity		<u>13,592,401</u>	<u>9,258,623</u>
Attributable to:					
91,823	135,405	Shareholders of the bank		13,605,980	9,226,619
318	(135)	Non-controlling interest		(13,579)	32,004
<u>92,141</u>	<u>135,269</u>			<u>13,592,401</u>	<u>9,258,623</u>
Components of comprehensive income not reflected in equity:					
<i>Items to be reclassified to profit or loss in subsequent periods:</i>					
167,581	161,317	Surplus on revaluation of available-for-sale securities	20.1	16,209,584	16,839,025
(22,043)	(37,910)	Related tax impact		(3,809,319)	(2,214,985)
<u>145,538</u>	<u>123,407</u>			<u>12,400,265</u>	<u>14,624,040</u>

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

Shahid Aziz Siddiqi
Director

Farrakh Qayyum
Director

Consolidated Cash Flow Statement

For the year ended December 31, 2014

2013	2014		Note	2014	2013
US Dollars in '000				Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES					
71,481	238,655	Profit before taxation		23,135,850	7,028,543
(26,483)	(20,667)	Less: Dividend income		(2,076,669)	(2,661,077)
44,998	217,988			21,059,181	4,367,466
Adjustments:					
21,285	24,645	Depreciation	11.2	2,476,454	2,138,829
270	4,344	Amortization	11.3	436,476	27,139
173,754	110,307	Provision against non-performing advances - net (Reversal of provision) / provision for diminution in the value of investments - net	10.4	11,083,973	17,459,330
13,904	(14,348)	(Reversal of provision) / provision against off balance sheet obligations	9.11	(1,441,758)	1,397,122
7,048	(3,376)	Unrealized (gain) / loss on revaluation of investments classified as held-for-trading	18.1	(339,200)	708,230
1	(1,448)	Share of profit from joint venture - net of tax	9.12	(145,454)	139
(4,361)	(3,005)	Share of loss from associates - net of tax	9.9	(301,989)	(438,250)
5,895	10,552	Gain on sale of operating fixed assets	9.9	1,060,287	592,322
(218)	(331)	Financial charges on leased assets	27	(33,292)	(21,891)
137	116	Other provisions / write offs		11,745	13,718
9,475	13,937			1,400,434	952,132
227,190	141,393			14,207,676	22,828,820
272,188	359,381			35,266,857	27,196,286
(Increase) / decrease in operating assets					
(409,021)	(499,111)	Lendings to financial institutions - gross		(50,152,261)	(41,099,669)
(10,377)	(76,303)	Net investment in trading securities		(7,667,192)	(1,042,720)
208,769	(210,489)	Advances - net		(21,150,593)	20,977,729
(112,827)	(117,711)	Other assets (excluding advance tax)		(11,827,941)	(11,337,128)
(323,456)	(903,614)			(90,797,987)	(32,501,788)
Increase in operating liabilities					
(4,707)	(28,690)	Bills payable		(2,882,840)	(472,972)
(310,933)	135,381	Borrowings		13,603,545	(31,243,496)
644,847	1,319,224	Deposits and other accounts		132,559,767	64,796,193
126,740	88,414	Other liabilities (excluding current taxation)		8,884,152	12,735,225
455,947	1,514,329			152,164,624	45,814,950
(59,613)	(85,126)	Income tax paid		(8,553,719)	(5,989,984)
(137)	(117)	Financial charges paid		(11,745)	(13,718)
(59,750)	(85,243)			(8,565,464)	(6,003,702)
344,929	884,853	Net cash generated from operating activities		88,068,030	34,505,746
CASH FLOWS FROM INVESTING ACTIVITIES					
(541,869)	(497,953)	Net investment in available-for-sale securities		(50,035,840)	(54,448,656)
13,936	(914,775)	Net investment in held-to-maturity securities		(91,919,394)	1,400,312
30,073	20,667	Dividend income received		2,076,669	3,021,798
(22,671)	(8,557)	Investment in operating fixed assets (including intangible)		(859,826)	(2,278,044)
21,213	(20,332)	Effects of exchange differences on translation of net assets of foreign branches		(2,043,040)	2,131,498
158,680	14,318	Investment in associates / joint venture		1,438,725	15,944,653
782	807	Sale proceeds of operating fixed assets disposed off		81,058	78,719
(339,856)	(1,405,825)	Net cash used in investing activities		(141,261,648)	(34,149,720)
CASH FLOWS FROM FINANCING ACTIVITIES					
(151)	(399)	Payments of lease obligations		(40,130)	(15,138)
(128,504)	(42,198)	Dividend paid		(4,240,173)	(12,912,434)
(128,655)	(42,597)	Net cash used in financing activities		(4,280,303)	(12,927,572)
(123,582)	(563,569)	Decrease in cash and cash equivalents		(57,473,921)	(12,571,546)
1,882,422	1,757,311	Cash and cash equivalents at beginning of the year		176,580,025	189,151,571
1,758,840	1,193,742	Cash and cash equivalents at end of the year	32	119,106,104	176,580,025

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

Shahid Aziz Siddiqi
Director

Farrakh Qayyum
Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2014

	Reserves				Unappropriated Profit	Sub Total	Non Controlling Interest	Total
	Capital		Revenue					
	Exchange Translation	Statutory	General					
----- Rupees in '000 -----								
Balance as at December 31, 2012	18,500,114	9,300,252	20,483,620	521,338	59,332,321	108,137,645	790,878	108,928,523
Total comprehensive income for the year								
Profit after tax for the year ended December 31, 2013	-	-	-	-	5,274,779	5,274,779	32,004	5,306,783
Other comprehensive income - net of tax	-	2,131,498	-	-	1,820,342	3,951,840	-	3,951,840
	-	2,131,498	-	-	7,095,121	9,226,619	32,004	9,258,623
Transferred from surplus on revaluation of operating fixed assets	-	-	-	-	131,821	131,821	-	131,821
Transfer to statutory reserve	-	-	1,100,005	-	(1,100,005)	-	-	-
Transactions with owners, recorded directly in equity								
Issue of bonus shares (15%)	2,775,017	-	-	-	(2,775,017)	-	-	-
Cash dividend paid for the year ended December 31, 2012 (Rs. 7 per share)	-	-	-	-	(12,950,080)	(12,950,080)	-	(12,950,080)
Cash dividend paid / profit distribution by subsidiaries	-	-	-	-	-	-	(2,219)	(2,219)
	2,775,017	-	-	-	(15,725,097)	(12,950,080)	(2,219)	(12,952,299)
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)
	-	(2,043,040)	-	-	15,649,020	13,605,980	(13,579)	13,592,401
Transferred from surplus on revaluation of operating fixed assets	-	-	-	-	126,246	126,246	-	126,246
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)
	-	-	-	-	(4,255,026)	(4,255,026)	(90,067)	(4,255,026)
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

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

Shahid Aziz Siddiqi
Director

Farrakh Qayyum
Director

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

1 THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- National Bank of Pakistan (the Bank)

Subsidiary Companies

	Percentage Holding	
	2014	2013
	%	%
- 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 9.10)	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 all the stock exchanges in Pakistan. It's registered and head office is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,354 (2013: 1,342) branches in Pakistan and 23 (2013: 23) overseas branches (including the Export Processing Zone branch, Karachi). The Bank also provides services as trustee to Long-Term Credit Fund (LTCF) and Endowment Fund for student loans scheme.

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).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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.

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 on Karachi and Lahore stock exchanges. 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 17 branches (2013: 16 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 Karachi Stock Exchange Limited (KSEL).

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

The registered office of NBP Fullerton is situated at 9th Floor, Adamjee House, I.I. Chundrigar Road, Karachi where as the 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, 2014, 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
- Discretionary portfolios	

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

2. BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government of Pakistan regarding shifting of banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible form of trade related mode of financing includes purchase of goods by the Bank from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these 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 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. 100.4831 to 1 US Dollar has been used for 2013 and 2014 as it was the prevalent rate as on December 31, 2014.

3. STATEMENT OF COMPLIANCE

- 3.1 These 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.

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2015:

- Amendments to IAS 19 'Employee Benefits' Employee contributions – a practical approach (effective for annual periods beginning on or after July 01, 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.
- Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' – (effective for annual periods beginning on or after January 01, 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.
- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after January 01, 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after January 01, 2016. The adoption of this standard may result in some of the funds managed by NBP Fullerton Asset Management Company Limited classified as subsidiaries. The assessment as to which fund would qualify as subsidiaries has not yet been carried out. However, the impact is not estimated to be material in relation to the total assets and total liabilities.
- IFRS 11 'Joint Arrangements' – (effective for annual periods beginning on or after January 01, 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after January 01, 2016.
- IFRS 12 'Disclosure of Interest in Other Entities' – (effective for annual periods beginning on or after January 01, 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. This would result in certain additional disclosures in the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

- IFRS 13 'Fair Value Measurement' – (effective for annual periods beginning on or after January 01, 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.
- Amendment to IAS 27 'Separate Financial Statements' – (effective for annual periods beginning on or after January 01, 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture'] – (effective for annual periods beginning on or after January 01, 2016). Bearer plants are now in the scope of IAS 16 for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28 'Investments in Associates and Joint Ventures') – [effective for annual periods beginning on or after January 01, 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual periods beginning on or after July 01, 2014). The new cycle of improvements contain amendments to the following standards:
 - IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'.
 - IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination.
 - IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria.
 - Amendments to IAS 16 and IAS 38. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
 - IAS 24 'Related Party Disclosures'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

- Annual Improvements 2012-2014 cycles – (amendments are effective for annual periods beginning on or after January 01, 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The adoption of the above amendments and interpretation are not likely to have a material impact on Group's financial statements other than additional disclosures.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

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, 2017

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.

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.

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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.

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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 Stock Exchanges, 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.

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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 consolidated statement of financial position and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark-up / return / interest expense and accrued over the life of the repo agreement using effective yield method.

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the 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 recognized 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 Bank to maintain general provision / allowance against consumer and SME advances at specified percentage of such portfolio. General provision for loan losses of overseas branches and subsidiaries is made as per the requirements of the respective central banks. Advances are written off where there are no realistic prospects of recovery.

5.9 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

5.10 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 and overseas subsidiaries 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Leased assets (as lessee)

Assets subject to finance lease are accounted for by recording the asset and the related liability. These are recorded at lower of fair value and the present value of minimum lease payments at the inception of lease and subsequently stated net of accumulated depreciation. Depreciation is charged on the basis similar to the owned assets. Financial charges are allocated over the period of lease term so as to provide a constant periodic rate of financial charge on the outstanding liability.

Ijarah (as lessor)

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

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

Intangible assets

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

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.

5.11 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

5.12 Taxation

Current

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

Deferred

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

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

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

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

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

5.13 Employee benefits

5.13.1 Defined benefit plans

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

5.13.2 Other employee benefits

Employees' compensated absences

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

5.13.3 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.

5.13.4 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.

5.14 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 installment 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, 2014

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 Bank operates (the functional currency).

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

5.16 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 Group's 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, 2014.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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 consolidated 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 determine provision required there against on a quarterly basis. While assessing this requirement various factors including the past dues, delinquency in the account, financial position of the borrower, value of collateral held and requirements of Prudential Regulations are considered except for loans and advances where relaxation has been allowed by SBP. General provision for loan losses of overseas branches and subsidiaries 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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.

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

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.

	Note	2014 Rupees in '000	2013
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		24,588,314	21,788,990
Foreign currency		3,228,256	2,615,186
		<u>27,816,570</u>	<u>24,404,176</u>
With State Bank of Pakistan in			
Local currency current accounts	6.1	30,540,787	100,813,597
Local currency deposit account		-	-
		<u>30,540,787</u>	<u>100,813,597</u>
Foreign currency current account	6.2	4,634,783	3,704,775
Foreign currency deposit account	6.2	13,866,668	11,074,882
Foreign currency collection account		449,283	726,864
		<u>18,950,734</u>	<u>15,506,521</u>
With other central banks in			
Foreign currency current accounts	6.3	12,607,419	15,770,629
Foreign currency deposit accounts	6.3	8,331,273	1,735,110
		<u>20,938,692</u>	<u>17,505,739</u>
	32	<u>98,246,783</u>	<u>158,230,033</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

- 6.1 This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.
- 6.2 These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.
- 6.3 These balances pertain to the foreign branches and subsidiaries and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0.072% to 0.08% per annum (2013: 0.08% per annum).

7. BALANCES WITH OTHER BANKS	Note	2014 Rupees in '000	2013
In Pakistan			
On current account		146,137	33,638
On deposit account		129,320	248,980
		<u>275,457</u>	<u>282,618</u>
Outside Pakistan			
On current accounts		2,684,686	3,672,605
On deposit accounts	7.1	9,583,821	14,433,515
		<u>12,268,507</u>	<u>18,106,120</u>
	32	<u>12,543,964</u>	<u>18,388,738</u>

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

8. LENDINGS TO FINANCIAL INSTITUTIONS	Note	2014 Rupees in '000	2013
Call money lendings	8.3	12,261,200	2,561,200
Repurchase agreement lendings (Reverse Repo)	8.4	99,532,927	49,380,666
Letters of placement	8.5	173,500	173,500
	8.1	<u>111,967,627</u>	<u>52,115,366</u>
Less: Provision held against lendings	8.2	<u>(173,500)</u>	<u>(173,500)</u>
		<u>111,794,127</u>	<u>51,941,866</u>

8.1 Particulars of lendings - gross

In local currency	111,967,627	52,115,366
In foreign currencies	-	-
	<u>111,967,627</u>	<u>52,115,366</u>

8.2 Movement in provision held against lendings is as follows:

Opening balance	173,500	173,500
Charge for the year	-	-
Closing balance	<u>173,500</u>	<u>173,500</u>

- 8.3 These carry mark-up [excluding zero rate lending to a financial institution amounting to Rs. 61.200 million(2013: Rs. 61.200 million) which is guaranteed by the SBP] at 7% to 10.50% per annum (2013: 6.4% to 10.25% per annum) with maturity on January 02, 2015.

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

8.4.1 Securities held as collateral against lendings to financial institutions

	2014			2013		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	Rupees in '000			Rupees in '000		
Market Treasury Bills	72,187,927	-	72,187,927	37,153,485	-	37,153,485
Pakistan Investment Bonds	27,345,000	-	27,345,000	12,224,004	-	12,224,004
	<u>99,532,927</u>	<u>-</u>	<u>99,532,927</u>	<u>49,377,489</u>	<u>-</u>	<u>49,377,489</u>

8.4.2 Market value of the securities under repurchase agreement lendings amounts to Rs. 106,165 million (2013: Rs. 48,949 million).

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

9. INVESTMENTS

Note	2014			2013		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	Rupees in '000			Rupees in '000		
9.1 Investments by type:						
Held-for-trading securities						
Market Treasury Bills	4,644,243	-	4,644,243	-	-	-
Pakistan Investment Bonds	5,142,298	-	5,142,298	-	-	-
Investment In mutual funds	144,368	-	144,368	117,665	-	117,665
Ordinary shares of listed companies	110,835	-	110,835	114,333	-	114,333
Ijarah Sukuk Bonds	-	-	-	1,997,100	-	1,997,100
Total held-for-trading securities	10,041,744	-	10,041,744	2,229,098	-	2,229,098
Available-for-sale securities						
Ordinary shares of listed companies	24,653,741	-	24,653,741	27,731,792	-	27,731,792
Ordinary shares of unlisted companies	1,374,080	-	1,374,080	1,136,375	-	1,136,375
Investments in mutual funds	2,561,608	-	2,561,608	3,506,972	-	3,506,972
Ordinary shares of a bank outside Pakistan	463,295	-	463,295	463,295	-	463,295
Preference shares	869,160	-	869,160	1,259,400	-	1,259,400
Market Treasury Bills	111,752,989	5,906,690	117,659,679	194,001,739	2,816,565	196,818,304
Pakistan Investment Bonds	194,478,241	-	194,478,241	57,440,487	-	57,440,487
Federal Investment Bonds	-	-	-	-	-	-
GoP Foreign Currency Bonds	6,166,924	-	6,166,924	5,873,456	-	5,873,456
Foreign Currency Debt Securities	3,940,510	-	3,940,510	4,951,075	-	4,951,075
Term Finance Certificates / Musharika and Sukuk Bonds	19,109,924	-	19,109,924	20,395,915	-	20,395,915
Total available-for-sale securities	365,370,472	5,906,690	371,277,162	316,760,506	2,816,565	319,577,071
Held-to-maturity securities						
Pakistan Investment Bonds	106,838,847	-	106,838,847	17,964,729	-	17,964,729
GoP Foreign Currency Bonds	1,540,658	-	1,540,658	1,552,435	-	1,552,435
Market Treasury Bills	1,622,262	-	1,622,262	466,254	-	466,254
Foreign Government Securities	8,959,455	-	8,959,455	6,633,499	-	6,633,499
Foreign Currency Debt Securities	389	-	389	407	-	407
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	3,048,324	-	3,048,324	3,473,217	-	3,473,217
Total held-to-maturity securities	122,009,935	-	122,009,935	30,090,541	-	30,090,541
Investments in associates	12,210,482	-	12,210,482	15,518,616	-	15,518,616
Investments in joint venture	4,489,187	-	4,489,187	3,378,076	-	3,378,076
Investment in subsidiary	1,245	-	1,245	1,245	-	1,245
Investments at cost	514,123,065	5,906,690	520,029,755	367,978,082	2,816,565	370,794,647
Less: Provision for diminution in value of investments	(15,668,377)	-	(15,668,377)	(15,445,884)	-	(15,445,884)
Investments (cost net of provisions)	498,454,688	5,906,690	504,361,378	352,532,198	2,816,565	355,348,763
Unrealized gain / (loss) on revaluation of investments classified as held-for-trading	145,454	-	145,454	(139)	-	(139)
Surplus / (deficit) on revaluation of available-for-sale securities	57,261,787	(1,101)	57,260,686	41,055,982	7,219	41,063,201
Total investments - at carrying value	555,861,929	5,905,589	561,767,518	393,588,041	2,823,784	396,411,825

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

	Note	2014	2013
		Rupees in '000	
9.2 Investments by segments			
Federal Government Securities			
- Market Treasury Bills		123,926,184	197,284,558
- Pakistan Investment Bonds	9.4	306,459,386	75,405,216
- GoP Foreign Currency Bonds		7,707,582	7,425,891
- Ijarah Sukuk Bonds		2,024,349	6,196,896
		<u>440,117,501</u>	<u>286,312,561</u>
Foreign Government Securities		8,959,455	6,633,499
Fully Paid up Ordinary Shares	9.13 / 9.14		
- Listed Companies		24,764,576	27,846,125
- Unlisted Companies		1,374,080	1,136,375
		<u>26,138,656</u>	<u>28,982,500</u>
- Ordinary shares of a bank outside Pakistan	9.5	463,295	463,295
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates, Musharika and Sukuk Bonds			
- Listed		2,542,543	2,438,972
- Unlisted		17,591,356	17,230,364
		<u>20,133,899</u>	<u>19,669,336</u>
Foreign Currency Debt Securities		3,940,899	4,951,482
Other Investments			
- Investments in mutual funds		2,705,976	3,624,637
- Preference Shares		869,160	1,259,400
Investments in associates	9.6	12,210,482	15,518,616
Investments in joint ventures	9.7	4,489,187	3,378,076
Investments in subsidiary	9.10	1,245	1,245
Total investments at cost		<u>520,029,755</u>	<u>370,794,647</u>
Provision for diminution in value of investments	9.11	(15,668,377)	(15,445,884)
Investments (cost net of provisions)		<u>504,361,378</u>	<u>355,348,763</u>
Unrealized gain / (loss) on revaluation of investments classified as held-for-trading	9.12	145,454	(139)
Surplus on revaluation of available-for-sale securities	20.1	57,260,686	41,063,201
Total investments - at carrying value		<u>561,767,518</u>	<u>396,411,825</u>

9.3 Market value of held-to-maturity investments is Rs. 126,818 million (2013: Rs. 30,754 million).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

9.4 These include Pakistan Investment Bonds amounting to Rs. Nil (2013: Rs. 75 million) held by SBP as pledge against demand loans and TT / DD discounting facilities.

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

The Group holds 23,333,333 (2013: 17,500,000) shares in Bank Al-Jazira (BAJ) incorporated in the Kingdom of Saudi Arabia, representing 5.83% (2013: 5.83%) holding in total equity of BAJ. The investment has been marked to market using closing price as quoted on the Saudi Stock Exchange in accordance with SBP concurrence vide letter No. BSD/SU-13/331/685/2006 dated February 17, 2006. BAJ's Financial Strength Rating (FSR) has been affirmed at "BBB" with a stable outlook. The bank's Long-Term Foreign Currency Rating (FCR) has been affirmed at "BBB+" and its Short-Term Foreign Currency Rating at "A2" by Capital Intelligence.

			2014	2013
		Note	Rupees in '000	
9.6 Investments in associates				
Unlisted Shares				
	Number of shares	Percentage of holding		
Pakistan Emerging Venture Limited	12,500,000	33.33	50,565	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	21.50	-	-
Youth Investment Promotion Society	644,508	25.00	-	-
Dadabhoy Energy Supply Company Limited	9,900,000	23.11	32,105	32,105
K-Agricole Limited	5,000	20.00	-	-
New Pak Limited	200,000	20.00	-	-
Pakistan Mercantile Exchange Limited	9,000,000	32.65	90,000	90,000
Prudential Fund Management Limited	150,000	20.00	-	-
			225,704	225,704
Listed Shares				
First Credit and Investment Bank Limited	20,000,000	30.77	199,732	198,248
National Fibres Limited	17,030,231	20.19	-	-
Taha Spinning Mills Limited	833,300	20.59	2,501	2,501
Land Mark Spinning Mills Limited	3,970,859	32.79	39,710	39,710
S.G. Fibres Limited	3,754,900	25.03	218,535	218,535
Nina Industries Limited	4,906,000	20.27	49,060	49,060
Agritech Limited	131,925,432	33.62	1,862,079	2,635,257
			2,371,617	3,143,311
Listed Mutual Funds				
AKD Opportunity Fund	-	24.55	-	218,800
NAFA Income Opportunity Fund	4,020,904	1.00	44,978	38,216
NAFA Multi Asset Fund	5,106,087	5.11	72,271	55,906
NAFA Financial Sector Income Fund	68,882,766	38.00	737,307	1,032,800
NAFA Islamic Aggressive Income Fund	8,031,155	10.66	78,409	68,455
NAFA Islamic Multi Asset Fund	8,422,448	11.44	126,050	97,059
NAFA Government Securities Liquid Fund	363,792,833	42.01	4,022,605	6,551,413
NAFA Money Market Fund	335,651,992	24.69	3,542,657	978,355
NAFA Riba Free Savings Fund	48,879,751	40.26	512,350	1,572,827
NAFA Savings Plus Fund	45,420,601	38.16	476,534	1,535,770
			9,613,161	12,149,601
			9.9	12,210,482
Less: Provision for diminution in value of investments			9.11.1 / 9.11.2	(1,452,591)
			<u>10,757,891</u>	<u>13,572,237</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

9.6.1 The 120,426,432 shares (2013: 100,426,432) of Agritech Limited were acquired from Azgard Nine Limited as part of multiple agreements including the Master Restructuring Agreement (MRA). These carrying value of the investment in Agritech Limited as at December 31, 2014 under equity method was tested for impairment based on recoverable amount of Rs. 7.75 per share (based on market value) resulting in reversal of previously recognised impairment of Rs. 494 million due to recording of share of loss in current year.

9.6.2 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.

9.6.3 Aggregate market value of investments in associates (quoted) on the basis of latest available quoted prices amounts to Rs. 10,540 million (2013: Rs. 13,370 million).

9.6.4 Associates with zero carrying amount, represent the investments acquired from former NDFC which have negative equity or whose operations were closed at the time of amalgamation.

9.6.5 The details of break-up value based on latest available financial statements of unlisted investments in associates are as follows:

	Year / Period ended	Break-up value Rupees in '000
National Assets Insurance Limited	December 31, 2013	49,375
Pakistan Emerging Venture Limited	June 30, 2011	1,694
Information System Associates Limited	June 30, 2014	12,164
Dadabhoy Energy Supply Company Limited	June 30, 2007	103,952
Pakistan Mercantile Exchange Limited	June 30, 2014	(28,342)

9.6.6 During the year, the Group has invested and redeemed its investment in mutual funds managed by NBP Fullerton Asset Management Limited amounting to Rs. 8,284 million and Rs. 10,552 million respectively.

	Note	2014 Rupees in '000	2013 Rupees in '000
9.7 Investments in joint venture			
United National Bank Limited (UNBL) (incorporated in United Kingdom)	9.7.1	<u>4,489,187</u>	<u>3,378,076</u>

9.7.1 Under a joint venture agreement, the Bank holds 20.25 million ordinary shares (45%) and United Bank Limited (UBL) holds 23.25 million ordinary shares (55%) in UNBL. In addition to ordinary shares, four preference shares categories as "A", "B", "C" and "D" have been issued and allotted. The "B" and "D" category shares are held by the 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.

9.7.2 During the year the Group subscribed for the right issue of UNBL by injecting fresh capital of GBP 6.75 million, equivalent to Rs. 1,118 million.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

9.8 Summary of financial information of associates and joint venture

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

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9.9 Movement Schedule for Associate and Joint Ventures

	2014								
	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	3,378,076	1,117,598	-	-	301,989	(298,426)	-	(10,050)	4,489,187
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	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
Agritech 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

Notes to the Consolidated Financial Statements

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Movement Schedule for Investment in Associates and Joint Ventures

	2013								
	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									
United National Bank Limited	3,470,563	-	-	-	438,250	230,821	-	(761,558)	3,378,076
	3,470,563	-	-	-	438,250	230,821	-	(761,558)	3,378,076
Associates									
Unlisted									
Pakistan Emerging Venture Limited	51,415	-	(850)	-	-	-	-	-	50,565
Information System Associates Limited	1,719	-	-	-	-	-	-	-	1,719
National Fructose Company Limited	6,500	-	-	-	-	-	-	-	6,500
National Assets Insurance Company Limited	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	197,237	-	-	-	(1,543)	-	-	2,554	198,248
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	3,860,613	-	-	-	(1,157,798)	-	(67,558)	-	2,635,257
Listed Mutual Funds									
AKD Opportunity Fund	155,222	-	-	-	63,578	-	-	-	218,800
NAFA Income Opportunity Fund	36,003	-	-	(2,297)	4,230	-	-	280	38,216
NAFA Multi Asset Fund	51,443	-	-	(11,278)	15,745	-	-	(4)	55,906
NAFA Financial Sector Income Fund	1,524,333	964,359	(1,462,073)	(76,953)	83,134	-	-	773	1,032,800
NAFA Islamic Aggressive Income Fund	65,592	-	-	(2,933)	5,023	-	-	-	68,455
NAFA Islamic Multi Asset Fund	87,934	-	-	(16,045)	24,905	-	-	265	97,059
NAFA Government Securities Liquid Fund	3,959,301	6,165,198	(3,644,719)	126	71,507	-	-	-	6,551,413
NAFA Money Market Fund	21,022,890	69,880	(20,156,504)	(151,070)	193,159	-	-	-	978,355
NAFA Riba Free Saving Fund	-	1,562,431	-	(46,012)	56,408	-	-	-	1,572,827
NAFA Savings Plus Fund	30,082	1,496,187	-	(48,681)	58,182	-	-	-	1,535,770
NAFA Stock Fund	68,046	-	(57,554)	(1,640)	(8,852)	-	-	-	-
	31,595,056	10,258,055	(25,321,700)	(356,783)	(592,322)	-	(67,558)	3,868	15,518,616

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	Percentage holding	2014 Rupees in '000	2013
9.10 Investments in subsidiaries			
Cast-N-Link Products Limited	76.51	1,245	1,245
		1,245	1,245
Less: Provision for diminution in value of investments		(1,245)	(1,245)
		-	-

9.10.1 The 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/233/627/2002-53 dated November 05, 2014 under Section 237(8) of the Companies Ordinance, 1984, based on the fact that investments of the Bank in CNL are not material and comprise of 0.00095% of the total assets of the Bank and the investment have been fully provided for, granted the exemption from consolidation of CNL in its financial statements for the year ended December 31, 2014.

	Note	2014 Rupees in '000	2013
9.11 Particulars of provision for diminution in value of investments			
Opening balance		15,445,884	13,742,270
Charge for the year		1,641,247	2,529,033
Reversals for the year		(3,083,005)	(1,131,911)
		(1,441,758)	1,397,122
Transfer from provision against non-performing advances	10.4	1,366,790	98,734
Transfer from suspended interest		292,127	207,758
Others		5,334	-
Closing balance	9.11.1 / 9.11.2	15,668,377	15,445,884

9.11.1 Particulars of provision in respect of type

Available-for-sale securities

Ordinary shares of listed companies and mutual funds		3,781,567	4,670,863
Ordinary shares of unlisted companies		376,135	380,133
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds		8,978,475	6,968,569
Preference shares		446,444	836,924

Held-to-maturity securities

Debentures, Bonds, Participation Term Certificates, and Term Finance Certificates		631,920	641,771
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Investments in associates

9.6 1,452,591 1,946,379

Investment in subsidiary

9.10 1,245 1,245

15,668,377 15,445,884

9.11.2 Particulars of provision in respect of segments

Fully Paid up Ordinary Shares		4,063,236	4,950,847
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds	9.11.3 / 9.11.4	9,610,395	7,610,340
Other investments		540,910	937,073
Investments in associates	9.6 / 9.6.1	1,452,591	1,946,379
Investment in subsidiary	9.10	1,245	1,245
		15,668,377	15,445,884

9.11.3 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. 1,191 million (2013: Rs. 1,197 million). Accordingly, as of December 31, 2014, the accumulated increase in profit after tax of Rs. 774 million (2013: Rs. 778 million) shall not be available for payment of cash or stock dividend / bonus to employees as required by aforementioned SBP directive.

9.11.4 These include provision against TFCs of Agritech Limited amounting to Rs. 214 million. The SBP through its letter No. BPRD/BRD/(Policy)/2013-1857 dated February 15, 2013 and BPRD/BRD-(Policy)/2013-11339 dated July 25, 2013 has allowed relaxation to the Bank regarding the impairment arising overdue exposures of Term Finance Certificates. During the year SBP vide its letter No. BPRD/BRD (Policy)/2014-11546 dated June 27, 2014 has further relaxed the provisioning requirement against classified exposure of Agritech Limited and now as of December 31, 2014, 75% of the required impairment / provision is to be recorded and the remaining amount is to be recorded in a phased manner up to December 31, 2015. Had this relaxation not been availed, the provision against diminution in value of investments would have been higher by Rs. 72 million (2013: Rs. 1,264 million) and the profit before taxation would have been lower by the same amount.

Notes to the Consolidated Financial Statements

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9.11.4 These include provision against TFCs of Agritech Limited amounting to Rs.214 million. The SBP through its letter No. BPRD/BRD/(Policy)/2013-1857 dated February 15, 2013 and BPRD/BRD-(Policy)/2013-11339 dated July 25, 2013 has allowed relaxation to the Bank regarding the impairment arising overdue exposures of Term Finance Certificates. During the year SBP vide its letter No. BPRD/BRD (Policy)/2014-11546 dated June 27, 2014 has further relaxed the provisioning requirement against classified exposure of Agritech Limited and now as of December 31, 2014, 75% of the required impairment / provision is to be recorded and the remaining amount is to be recorded in a phased manner up to December 31, 2015. Had this relaxation not been availed, the provision against diminution in value of investments would have been higher by Rs. 72 million(2013: Rs. 1,264 million)and the profit before taxation would have been lower by the same amount.

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

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

9.14 The investments also includes shares acquired under tri-partite consent agreement dated June 29, 2011. These strategic investments comprise of the shares of Pakistan State Oil (20,678,388 shares) and shares of Sui Northern Gas Pipeline Limited (18,805,318 shares). The cost of these shares amounts to Rs. 4,163 millionand market value as at December 31, 2014 amounts to Rs. 7,941 million. These shares can not be sold without concurrence of privatisation commission.

9.15 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 consolidated financial statements.

10 ADVANCES	Note	2014	2013
		Rupees in '000	
Loans, cash credits, running finances, etc			
In Pakistan		648,754,799	622,340,126
Outside Pakistan		55,841,400	59,167,726
		<u>704,596,199</u>	<u>681,507,852</u>
Net investment in finance lease			
In Pakistan	10.2	1,399,731	1,359,854
Outside Pakistan		-	-
		1,399,731	1,359,854
Bills discounted and purchased (excluding Government treasury bills)			
Payable in Pakistan		15,434,441	12,353,303
Payable outside Pakistan		10,549,928	17,821,493
		<u>25,984,369</u>	<u>30,174,796</u>
Advances - gross	10.1	731,980,299	713,042,502
Less: Provision against non-performing advances	10.4	101,750,650	92,879,473
Advances - net of provision		<u>630,229,649</u>	<u>620,163,029</u>
10.1 Particulars of advances - gross			
10.1.1 In local currency		665,588,971	636,053,283
In foreign currencies		66,391,328	76,989,219
		<u>731,980,299</u>	<u>713,042,502</u>
10.1.2 Short-term (for upto one year)		483,695,031	448,726,512
Long-term (for over one year)		248,285,268	264,315,990
		<u>731,980,299</u>	<u>713,042,502</u>

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10.2 Net investment in finance lease

	2014				2013			
	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	591,931	711,160	-	1,303,091	664,914	663,552	-	1,328,466
Residual value	139,196	209,174	-	348,370	106,423	203,204	-	309,627
Minimum lease payments	731,127	920,334	-	1,651,461	771,337	866,756	-	1,638,093
Financial charges for future periods	154,681	97,049	-	251,730	175,091	103,148	-	278,239
	576,446	823,285	-	1,399,731	596,246	763,608	-	1,359,854

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 of 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% (2013: 12.59% to 15.39%) per annum.

10.3 Advances include Rs. 121,680 million (2013: Rs. 116,098 million) which have been placed under non-performing status (refer note 10.5.4) as detailed below:

	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
	2013								
	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	525,603	-	525,603	3,272	-	3,272	3,272	-	3,272
Substandard	15,800,716	279,351	16,080,067	3,667,221	53,963	3,721,184	3,667,221	53,963	3,721,184
Doubtful	5,521,556	1,512,833	7,034,389	2,603,602	638,221	3,241,823	2,603,602	638,221	3,241,823
Loss	74,420,399	18,037,891	92,458,290	69,010,853	14,026,454	83,037,307	69,010,853	14,026,454	83,037,307
	96,268,274	19,830,075	116,098,349	75,284,948	14,718,638	90,003,586	75,284,948	14,718,638	90,003,586

10.4 Particulars of provision against non-performing advances

	Note	2014			2013		
		Specific	General	Total	Specific	General	Total
		Rupees in '000					
Opening balance		90,003,586	2,875,887	92,879,473	72,387,127	3,308,579	75,695,706
Foreign exchange adjustments		(495,074)	(25,919)	(520,993)	385,745	50,463	436,208
Charge for the year		14,902,032	368,937	15,270,969	21,474,619	465,258	21,939,877
Reversal during the year		(4,185,832)	(1,164)	(4,186,996)	(3,721,894)	(758,653)	(4,480,547)
		10,716,200	367,773	11,083,973	17,752,725	(293,395)	17,459,330
Transfer (out) / in	9.11 / 18.1	(1,650,189)	-	(1,650,189)	111,092	(209,826)	(98,734)
Amount charged off	10.4.1	(5,272)	-	(5,272)	(578,716)	-	(578,716)
Amounts written off	10.6	(32,623)	-	(32,623)	(1,087)	-	(1,087)
Other adjustments		12,557	(16,276)	(3,719)	(53,300)	20,066	(33,234)
Closing balance		98,549,185	3,201,465	101,750,650	90,003,586	2,875,887	92,879,473

10.4.1 This includes Rs Nil (2013: Rs. 503,420 million) NBP Karobar write-offs under implementation of NBP Recovery Policy on Programmed / Structured Lendings. All loans written off were less than Rs. 500,000.

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For the year ended December 31, 2014

10.5 Particulars of provisions against non-performing advances

	2014			2013		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	76,327,201	2,685,728	79,012,929	75,284,948	2,464,695	77,749,643
In foreign currencies	22,221,984	515,737	22,737,721	14,718,638	411,192	15,129,830
	<u>98,549,185</u>	<u>3,201,465</u>	<u>101,750,650</u>	<u>90,003,586</u>	<u>2,875,887</u>	<u>92,879,473</u>

10.5.1 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. 3,542 million (2013: Rs. 7,304 million). Accordingly, as of December 31, 2014, the accumulated profit after tax of Rs. 2,302 million (2013: Rs. 4,747 million) shall not be available for payment of cash or stock dividend / bonus to employees as required by aforementioned SBP directive.

10.5.2 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.

10.5.3 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.

10.5.4 The SBP through its letter No. BPRD/BRD/(Policy)/2013-1857 dated: February 15, 2013 and BPRD/BRD/(Policy)/2013-11339 dated July 25, 2013 has allowed relaxation to the Group regarding the provisioning requirement against Agritech Limited exposures. During the year SBP vide its letter No. BPRD/BRD (Policy)/2014-11546 dated June 27, 2014 has further relaxed the provisioning requirement against classified exposure of Agritech Limited and now as of December 31, 2014, 75% of the required provision is to be recorded and the remaining amount is to be recorded in a phased manner up to December 31, 2015. Had this relaxation not been there, the provision against non-performing advances would have been higher by Rs. 635 million (2013: Rs. 1,226 million) and profit before taxation would have been lower by the same amount.

	Note	2014 Rupees in '000	2013 Rupees in '000
10.6 Particulars of write offs			
10.6.1 Against provisions	10.4	<u>32,623</u>	<u>1,087</u>
10.6.2 Write offs of Rs. 500,000 and above	10.7	32,403	874
Write offs of below Rs. 500,000		<u>220</u>	<u>213</u>
		<u>32,623</u>	<u>1,087</u>

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

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of Rs. 500,000 or above allowed to a person(s) during the year ended December 31, 2014 is given in Annexure II.

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

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11.2.1 Property and equipment

	Cost / revalued amount			Accumulated depreciation				Book Value at December 31, 2013	Rate of depreciation	
	At January 1, 2013	Revaluation	Additions / (deletions)/ (adjustments)	At December 31, 2013	At January 1, 2013	Charge for the year / (deletions)	Revaluation / (adjustments)			At December 31, 2013
Rupees in '000										
Owned										
Land										
- freehold	9,581,016	1,529,135	-	11,110,151	-	-	-	-	11,110,151	Nil
- leasehold	7,371,865	2,751,698	1,390	10,124,953	-	-	-	-	10,124,953	Nil
Buildings on land:										
- freehold	2,748,844	538,404	88,523	2,752,531	481,376	142,024	-	160	2,752,371	5% on book value
			(623,240)				(623,240)			
- leasehold	2,973,889	411,631	108,089	2,484,435	453,662	122,235	-	-	2,484,435	5% on book value
			-				(575,897)			
			(1,009,174)							
Furniture and fixtures	2,952,272	-	296,142	3,234,250	1,636,790	260,653	-	1,887,154	1,347,096	10% to 30% on book value, 20% on straight-line on new furnishing limit to executives and refurbishment of branches
			(14,164)			(10,289)				
Computer and peripheral equipment	3,154,353	435	139,858	3,289,991	2,489,983	495,392	-	2,980,786	309,205	33.33% on cost
			(4,655)			(4,589)				
Electrical and office equipment	2,921,378	638	226,213	3,580,824	2,017,913	331,533	-	2,348,959	1,231,865	20% on book
			(682)			(487)				
			433,277							
Vehicles	1,847,798	-	91,379	1,856,907	645,513	198,453	-	790,817	1,066,090	20% on cost
			(82,270)			(53,149)				
			-							
	33,551,415	5,231,941	951,594	38,434,042	7,725,237	1,550,290	(1,199,137)	8,007,876	30,426,166	
			(101,771)			(68,514)				
			(1,199,137)							
Assets held under finance lease										
Vehicles	294,646	-	65,199	349,377	196,396	43,806	-	233,560	115,817	20% on cost
			(10,468)			(6,642)				
Office equipment	13,304	-	-	13,304	11,521	305	-	11,826	1,478	20% on book value
Assets given under Ijarah										
Machinery	1,285,287	731	245,822	1,343,281	733,361	331,687	-	895,345	447,936	25-33% on cost
			(188,559)			(169,703)				
Vehicles	556,548	-	225,011	773,404	392,576	212,741	-	598,051	175,353	25-33% on cost
			(8,155)			(7,266)				
2013	35,701,200	5,232,672	1,487,626	40,913,408	9,059,091	2,138,829	(1,199,137)	9,746,658	31,166,750	
			(308,953)			(252,125)				
			(1,199,137)							

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

11.3 Intangible assets

	Cost		Accumulated amortization			Book value at December 31, 2014	Rate of amortization
	At January 1, 2014	Additions	At December 31, 2014	At January 1, 2014	Charge for the year			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 Website	-	1,328,910	1,328,910	-	418,447	418,447	910,463 33.33 % on cost
Trading right entitlement certificate (TREC) - Note 11.9	1,041	-	1,041	1,041	-	1,041	- 33.33 % on cost
Goodwill on NAFA Acquisition	-	-	-	-	-	-	-
Others	655,146	-	655,146	92,593	-	92,593	562,553
	4,192	-	4,192	2,681	-	2,681	1,511 20% on cost
	<u>813,920</u>	<u>1,330,359</u>	<u>2,144,279</u>	<u>228,214</u>	<u>436,476</u>	<u>664,690</u>	<u>1,479,589</u>

	Cost		Accumulated amortization			Book value at December 31, 2013	Rate of amortization
	At January 1, 2013	Additions	At December 31, 2013	At January 1, 2013	Charge for the year			At December 31, 2013
	----- Rupees in '000 -----						
Computer software	142,377	11,164	153,541	104,760	27,139	131,899	21,642 33.33 % on cost
Website	1,041	-	1,041	1,041	-	1,041	- 33.33 % on cost
Trading right entitlement certificate (TREC) - Note 11.9	-	-	-	-	-	-	-
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 20% on cost
	<u>802,756</u>	<u>11,164</u>	<u>813,920</u>	<u>201,075</u>	<u>27,139</u>	<u>228,214</u>	<u>585,706</u>

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

11.7 Details of disposals of property and equipment

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

11.8 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%.

11.9 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.

	Note	2014 Rupees in '000	2013
12 DEFERRED TAX ASSETS - net			
Deductible temporary difference on:			
Provision for diminution in the value of investments		3,636,653	3,481,832
Provision against non-performing advances		7,092,841	6,634,726
Other provision		1,769,167	1,281,478
Provision against defined benefits plans		9,031,229	7,745,875
Unrealised loss on derivatives		691,907	691,907
Provision against off-balance sheet obligation		116,622	116,622
		<u>22,338,419</u>	<u>19,952,440</u>
Taxable temporary differences on:			
Excess of accounting book value of leased assets over lease liabilities		(3,720)	(16,202)
Revaluation of securities	20.1	(11,173,750)	(7,364,431)
Operating fixed assets		(1,276,693)	(1,602,983)
		<u>(12,454,163)</u>	<u>(8,983,616)</u>
Net deferred tax assets		<u>9,884,256</u>	<u>10,968,824</u>

12 Reconciliation of deferred tax

	January 1, 2013	Recognized in Profit and Loss Account	Recognized in Other Comprehensive Income / Surplus on revaluation of assets	December 31, 2013	Recognized in Profit and Loss Account	Recognized in Other Comprehensive Income / Surplus on revaluation of assets	December 31, 2014
----- Rupees in '000 -----							
Deferred tax assets arising in respect of:							
Provision for diminution in the value of investments	2,994,526	487,306	-	3,481,832	154,821	-	3,636,653
Provision against advances	4,999,543	1,635,183	-	6,634,726	458,115	-	7,092,841
Other provision	955,572	325,906	-	1,281,478	487,689	-	1,769,167
Provision against defined benefits plans	7,308,552	1,393,228	(955,905)	7,745,875	1,050,723	234,631	9,031,229
Unrealised loss / (gain) on derivatives	198,408	493,499	-	691,907	-	-	691,907
Provision against off-balance sheet obligations	116,622	-	-	116,622	-	-	116,622
	<u>16,573,223</u>	<u>4,335,122</u>	<u>(955,905)</u>	<u>19,952,440</u>	<u>2,151,348</u>	<u>234,631</u>	<u>22,338,419</u>
Less: Deferred tax liabilities arising in respect of:							
Excess of accounting book value of leased assets over lease liabilities	(15,525)	(677)	-	(16,202)	12,482	-	(3,720)
Revaluation of securities	(5,149,446)	-	(2,214,985)	(7,364,431)	-	(3,809,319)	(11,173,750)
Operating fixed assets	(1,574,567)	304,096	(332,512)	(1,602,983)	337,228	(10,938)	(1,276,693)
	<u>(6,739,538)</u>	<u>303,419</u>	<u>(2,547,497)</u>	<u>(8,983,616)</u>	<u>349,710</u>	<u>(3,820,257)</u>	<u>(12,454,163)</u>
Net deferred tax assets	<u>9,833,685</u>	<u>4,638,541</u>	<u>(3,503,402)</u>	<u>10,968,824</u>	<u>2,501,058</u>	<u>(3,585,626)</u>	<u>9,884,256</u>

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	Note	2014 Rupees in '000	2013
13 OTHER ASSETS			
Income / mark-up accrued in local currencies		34,009,111	23,759,248
Income / mark-up accrued in foreign currencies		1,648,165	1,045,076
Advances, deposits, advance rent and other prepayments	13.1	4,095,002	3,603,187
Advance taxation (payments less provisions)		13,585,228	16,363,712
Income tax refunds receivable		25,462,171	23,332,054
Compensation for delayed tax refunds	13.6	1,208,251	2,094,062
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		273,650	310,036
Branch adjustment account - net		1,248,281	742,094
Unrealized gain on forward foreign exchange contracts		1,079,206	2,176,403
Commission receivable on Govt. treasury transactions		5,676,197	4,795,891
Stationery and stamps on hand		290,829	283,859
Non-banking assets acquired in satisfaction of claims	13.2	1,424,106	1,419,781
Barter trade balances		195,399	195,399
Receivable on account of Government transactions	13.3	323,172	323,172
Receivable from Government under VHS scheme	13.4	418,834	418,834
Prize bonds in hand		294,731	327,973
Receivable against sale of shares		47,445	-
Others		6,116,971	5,578,820
		<u>97,396,749</u>	<u>86,769,601</u>
Less: Provision held against other assets			
Income / mark-up accrued in local currency		152,607	152,607
Advances, deposits, advance rent and other prepayments		800,000	800,000
Stationery and stamps on hand		96,542	96,542
Barter trade balances		195,399	195,399
Receivable on account of Government transactions	13.3	323,172	323,172
Receivable from Government under VHS scheme	13.4	418,834	418,834
Non-banking assets acquired in satisfaction of claims		57,817	57,817
Others		3,513,120	3,149,146
	13.5	<u>5,557,491</u>	<u>5,193,517</u>
Other assets (net of provision)		<u>91,839,258</u>	<u>81,576,084</u>

13.1 This includes Rs. 800 million (2013: Rs. 800 million) advance against Pre-IPO placement of Term Finance Certificates.

13.2 The market value of non-banking assets acquired in satisfaction of claims is Rs. 2,358 million (2013: Rs. 1,560 million).

13.3 This represents amount receivable from GoP on account of encashment of various instruments handled by the 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.

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

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

	Note	2014 Rupees in '000	2013
13.6 Reconciliation of compensation for delayed tax refunds			
Opening balance		2,094,062	736,059
Accrued during the year		3,369,429	3,026,561
Received during the year		(4,255,240)	(1,668,558)
Closing balance		<u>1,208,251</u>	<u>2,094,062</u>
14 BILLS PAYABLE			
In Pakistan		10,724,230	13,805,249
Outside Pakistan		287,597	89,418
		<u>11,011,827</u>	<u>13,894,667</u>
15 BORROWINGS			
In Pakistan		34,680,322	20,868,144
Outside Pakistan		3,528,091	2,390,827
	15.1 & 15.2	<u>38,208,413</u>	<u>23,258,971</u>
15.1 Particulars of borrowings with respect to currencies			
In local currency		34,680,322	20,868,144
In foreign currencies		3,528,091	2,390,827
	15.2	<u>38,208,413</u>	<u>23,258,971</u>
15.2 Details of borrowings			
Secured			
Borrowings from State Bank of Pakistan:			
Under Export Refinance Scheme		6,065,708	6,178,220
Under Export Refinance Scheme (New Scheme)		2,330,874	1,754,129
Under Long-Term Financing under Export Oriented Project (LTF-EOP)		63,889	116,398
Refinance Facility for Modernization of SMEs		7,880	11,820
Financing Facility for Revival of SMEs & Agricultural Activities in Flood affected areas		-	1,467,030
Financing Facility for storage of Agriculture Produce (FFSAP)		221,128	304,116
Under Long-Term Financing Facility (LTFF)		1,505,325	1,898,450
		<u>10,194,804</u>	<u>11,730,163</u>
Repurchase agreement borrowings		5,902,523	2,813,433
		<u>16,097,327</u>	<u>14,543,596</u>
Unsecured			
Call borrowings	32	3,528,147	2,342,346
Commodity Morabaha		17,427,527	5,025,115
Overdrawn nostro accounts	32	417,696	257,600
Others		737,716	1,090,314
		<u>22,111,086</u>	<u>8,715,375</u>
		<u>38,208,413</u>	<u>23,258,971</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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

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

	Note	2014 Rupees in '000	2013
16 DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		289,729,861	290,646,462
Savings deposits		348,098,999	314,519,205
Current accounts - remunerative		159,042,873	114,379,969
Current accounts - non-remunerative		268,081,544	236,860,331
		1,064,953,277	956,405,967
Financial Institutions			
Remunerative deposits		61,201,424	49,801,525
Non - remunerative deposits		108,250,349	95,637,791
		169,451,773	145,439,316
	16.1	<u>1,234,405,050</u>	<u>1,101,845,283</u>
16.1 Particulars of deposits			
In local currency		1,030,444,740	926,977,772
In foreign currencies [including deposits of foreign branches of Rs. 106,172 million (2013: Rs. 100,458 million)]		203,960,310	174,867,511
		<u>1,234,405,050</u>	<u>1,101,845,283</u>

Notes to the Consolidated Financial Statements

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17 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2014			2013		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	Rupees in '000			Rupees in '000		
Not later than one year	1,691	-	1,691	880	16	864
Later than one year and but not later than five years	-	-	-	-	25	2,772
	<u>1,691</u>	<u>-</u>	<u>1,691</u>	<u>3,677</u>	<u>41</u>	<u>3,636</u>

The Group has entered into lease agreements for lease of vehicles. Lease rentals are payable in quarterly instalments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rates ranging from KIBOR + 3.00% to KIBOR + 3.50% per annum (2013: KIBOR + 3.25% to KIBOR + 3.50% per annum). At the end of lease term, the Group has option to acquire the assets, subject to adjustment of security deposits.

18 OTHER LIABILITIES

	Note	2014 Rupees in '000	2013 Rupees in '000
Mark-up / return / interest payable in local currency		22,087,056	18,664,509
Mark-up / return / interest payable in foreign currencies		196,318	357,589
Unearned commission and income on bills discounted		154,667	239,369
Accrued expenses		6,034,917	4,426,133
Advance payments		233,836	987,564
Unclaimed dividends		129,685	114,832
Unrealized loss on forward foreign exchange contracts		3,356,570	2,931,276
Provision against off balance sheet obligations	18.1	2,244,872	1,162,256
Provision against contingencies	18.2	1,826,821	879,468
Employee benefits:			
Pension fund	34.1.2	7,531,649	6,901,164
Post retirement medical benefits	34.1.3	10,220,524	8,601,209
Benevolent fund	34.1.4	1,624,009	1,415,128
Gratuity scheme	34.1.5	892,157	686,809
Compensated absences	34.2.1	5,364,523	4,341,871
Staff welfare fund		371,257	371,257
Liabilities relating to:			
Barter trade agreements		13,776,432	14,617,779
Special separation package		78,422	78,422
Payable to brokers		2,203	23,013
Others		7,313,190	5,783,528
		<u>83,439,108</u>	<u>72,583,176</u>

Notes to the Consolidated Financial Statements

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18.1 Provision against off balance sheet obligations	Note	2014	2013
Rupees in '000			
Opening balance		1,162,256	454,026
(Reversal) / charge for the year		(339,200)	708,230
Transfer from provision against non-performing advances	10.4	283,399	-
Transfer from suspended interest		1,138,417	-
Closing balance	18.1.1	<u>2,244,872</u>	<u>1,162,256</u>

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

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

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

19 SHARE CAPITAL

19.1 Authorized

2013	2014		2014	2013
Number of shares			Rupees in '000	
<u>2,500,000,000</u>	<u>2,500,000,000</u>	Ordinary shares of Rs.10 each	<u>25,000,000</u>	<u>25,000,000</u>

19.2 Issued, subscribed and paid-up

		Ordinary shares of Rs.10 each		
140,388,000	140,388,000	Fully paid in cash	1,403,880	1,403,880
<u>1,987,125,100</u>	<u>1,987,125,100</u>	Issued as fully paid bonus shares	<u>19,871,251</u>	<u>19,871,251</u>
<u>2,127,513,100</u>	<u>2,127,513,100</u>		<u>21,275,131</u>	<u>21,275,131</u>

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

19.3 Shares of the Bank held by subsidiary and associates	2014	2013
Number of shares		
Following shares were held by subsidiary and associates of the Bank as of year end:		
NAFA Savings Plus Fund	-	1,019,200
NAFA Stock Fund	484	484
NAFA Multi Asset Fund	164,071	71
NAFA Asset Allocation Fund	24,000	-
Taurus Securities Limited	11,475	11,475
	<u>200,030</u>	<u>1,031,230</u>

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	Note	2014	2013
		Rupees in '000	
20 SURPLUS ON REVALUATION OF ASSETS - net			
Available-for-sale securities	20.1	45,564,456	33,164,191
Fixed assets	20.2	22,288,314	22,132,671
		<u>67,852,770</u>	<u>55,296,862</u>
20.1 Surplus / (deficit) on revaluation of available-for-sale securities - net of tax			
Federal Government Securities		10,377,882	797,268
Term Finance Certificates and Sukuks		(31,121)	(8,795)
Shares and mutual funds		29,556,505	21,725,355
GoP Foreign Currency Bonds		380,738	388,652
Foreign Currency Debt Securities		81,092	145,270
Investment outside Pakistan	9.5	16,895,590	18,015,451
	9.1	57,260,686	41,063,201
Deferred tax liability	12	(11,173,750)	(7,364,431)
Share of revaluation loss on securities of associates		(522,480)	(534,579)
		<u>45,564,456</u>	<u>33,164,191</u>
20.2 Surplus on revaluation of fixed assets - net of tax			
Surplus on revaluation on January 1,		23,085,821	18,057,756
Surplus on revaluation of the Group's properties during the year	11.2	295,421	5,230,867
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(126,246)	(131,821)
Related deferred tax liability		(67,979)	(70,981)
		<u>(194,225)</u>	<u>(202,802)</u>
		23,187,017	23,085,821
Less: Related deferred tax liability on:			
Revaluation as at January 1,		1,357,643	1,096,112
Revaluation of Bank's properties during the year		10,938	332,512
Incremental depreciation charged during the year transferred to profit and loss account		(67,979)	(70,981)
		<u>1,300,602</u>	<u>1,357,643</u>
Share of surplus on revaluation of fixed assets of joint venture		401,899	404,493
Surplus on revaluation on December 31,		<u>22,288,314</u>	<u>22,132,671</u>

Notes to the Consolidated Financial Statements

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21 CONTINGENCIES AND COMMITMENTS

21.1 Direct credit substitutes

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

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

21.2 Transaction-related contingent liabilities

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

	2014	2013
	Rupees in '000	
- Government	11,879,063	18,291,776
- Financial institutions	5,239,234	11,399,527
- Others	22,520,962	23,782,967
	<u>39,639,259</u>	<u>53,474,270</u>

21.3 Trade-related contingent liabilities

Letters of credit issued on behalf of:

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

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. 194 million (2013: Rs. 188 million), claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (2013: Rs. 1,597 million)].

<u>13,407,883</u>	<u>13,974,192</u>
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21.4.2 Taxation

The tax returns of the Bank have been filed up to Tax Year 2014 and amended by the tax authorities up to Tax Year 2013. For Azad Kashmir Branches no amendment to returns filed u/s 120 of the Income Tax Ordinance, 2001 has been made, hence returns filed are deemed assessments for all the years till the tax year 2014.

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

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demand by Rs 1 billion. During the year, the tax department has further rectified the orders which resulted in further decrease in demand of Rs. 575 million for all three years which is subject to further rectification. An appeal is also pending before the Appellate Tribunal Inland Revenue on legal grounds.

The other matters under contingencies include interest credited to suspense account, allocation of common expenditure between taxable income and exempt / low tax rate income and reversal of bad debts expense. The aggregate effect of contingencies as on December 31, 2014 amounts to Rs. 10,461 million (2013: Rs. 10,593 million). No provision has been made against these contingencies based on the opinion of tax consultants of the Bank who expect favourable outcome upon decision of pending appeals.

The tax department have also finalized assessment for the Tax Year 2014 under provisions of the FED Act in respect of the Federal Excise Duty payable on the services rendered by the Bank. The Bank recovered FED from SBP amounting to Rs. 229 million on the commission income derived from the treasury services provided to the State Bank of Pakistan/ Federal Government of Pakistan during 2013. Appeals have been filed before various appellate forums including reference and constitutional petitions before High Court of Sindh; wherein apart from other legal grounds, the principal ground is levy of duty on service which are not specified in the First Schedule to the Customs Act, 1969 and specially for Tax year 2011 levy of duty by FBR on services provided in province of Sindh after promulgation of Sindh Sales Tax on Services Act, 2011.

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

21.4.3 Barter Trade Agreements

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

21.4.4 Contingencies in respect of employees benefits and related matters

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

21.4.4.1 Pensionary benefits to retired employees

In the year 1977, while following the terms of Federal Govt.'s circular No. 17 (9) 17 XI/ 77 dated November 30, 1977 the Bank adopted Government Pension Scheme vide Circular No. 228(C) dated December 26, 1977 which was applicable w.e.f. May 01, 1977. Under this scheme, the pension was to be calculated @ 70% of average emoluments on completion of 30 years of qualifying service. Where qualifying service is less than 30 years but not less than 10 years, proportionate reduction in percentage was to be made. The officers were given 6 months' time from the date of the issuance of this circular to

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exercise their options in writing. Those officers who didn't exercise and communicate their options in terms of the said circular within the prescribed time limit, were not entitled to the benefits thereof and they were to continue with their existing terms. As per para-10 of the circular "since the rates of pension and gratuity given above have been fixed by Pay Commission for banks and financial institutions on the same lines as obtaining on the side of the Federal Government, the existing provisions of any changes or revision in the rates of scales of pension or gratuity that may hereafter be made by the Federal Government shall also apply to the officers / executives of the Bank".

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

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

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

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

21.4.4.2 Encashment of unavailed leave

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

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.

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21.4.4.3 Post retirement medical facilities

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

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

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

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

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

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

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

21.4.4.4 Restoration of Commuted Pension

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

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

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

Notes to the Consolidated Financial Statements

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

21.4.4.5 Regularizing of temporary hires/outsourced workers

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

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

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

21.4.4.6 Golden Handshake (GHS)

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

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

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

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

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

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

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

22 DERIVATIVE INSTRUMENTS

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

Operational procedures and controls have been established to facilitate complete, accurate and timely processing of transactions. These controls include appropriate segregation of duties, regular reconciliation of accounts, and the valuation of assets and positions. The 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.

At December 31, 2014 there were no outstanding derivative transactions other than forward foreign exchange contracts as disclosed in note 21.5.

Notes to the Consolidated Financial Statements

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	2014	2013
	Rupees in '000	
23 MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to:		
Customers	68,623,830	72,453,959
Financial institutions	621,258	435,065
	<u>69,245,088</u>	<u>72,889,024</u>
On investments in:		
Held-for-trading securities	357,726	233,498
Available-for-sale securities	33,251,478	21,702,577
Held-to-maturity securities	9,947,062	2,471,551
	<u>43,556,266</u>	<u>24,407,626</u>
On deposits with financial institutions	264,571	236,660
On securities purchased under resale agreements	2,185,823	2,659,010
	<u>115,251,748</u>	<u>100,192,320</u>
24 MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	65,320,789	57,797,959
Securities sold under repurchase agreements	2,250,072	2,234,501
Short-term borrowings	2,528,644	861,898
	<u>70,099,505</u>	<u>60,894,358</u>
25 INCOME FROM DEALING IN FOREIGN CURRENCIES		
This includes Rs. 8,366 million(2013: Rs. 5,777 million)on account of interest on Cross Currency Swap transactions charged by Foreign Exchange department to Treasury Department.		
	2014	2013
	Rupees in '000	
26 GAIN ON SALE AND REDEMPTION OF SECURITIES - net	Note	
Federal government securities:		
Market Treasury Bills		24,088
Pakistan Investment Bonds		823,211
GoP Ijarah Sukuks		35,182
		<u>882,481</u>
National Investment Trust (NIT) units		1,052,380
Shares and mutual funds		6,088,635
Foreign Government / debt securities		13,996
Associates - mutual funds		622,732
		<u>8,660,224</u>
27 OTHER INCOME		
Rent on property / lockers		75,566
Gain on sale of property and equipment		33,292
Compensation for delayed tax refunds	13.6	3,369,429
Postal, SWIFT and other charges recovered		91,551
Others		38,702
		<u>3,608,540</u>
		<u>3,284,497</u>

Notes to the Consolidated Financial Statements

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	Note	2014	2013
		Rupees in '000	
28 ADMINISTRATIVE EXPENSES			
Salaries and allowances	28.3	23,412,089	22,351,628
Charge for defined benefit plans		4,861,964	4,271,378
Non-executive directors' fee, allowances and other expenses	35	18,265	27,170
Non-executive directors' fee, allowances - Subsidiarie		3,788	3,315
Rent, taxes, insurance, electricity and other utilities	28.1	2,723,267	2,371,940
Legal and professional charges		152,194	340,175
Communications		879,829	730,578
Repairs and maintenance		886,762	935,521
Financial charges on leased assets		11,745	13,718
Books, stationery, printing and other computer accessories		704,724	718,392
Advertisement, sponsorship and publicity		413,356	388,399
Donations	28.2	750	294
Contributions for other Corporate and Social Responsibility	28.2	83,948	58,812
Auditors' remuneration	28.4	147,879	106,151
Depreciation	11.2	2,476,454	2,138,829
Amortization	11.3	436,476	27,139
Conveyance		273,877	225,377
Entertainment		93,928	75,812
Travelling		413,427	298,489
Security services		1,740,428	1,480,950
Outsourcing and janitorial services		590,124	543,494
Clearing, verification, licence fee charges		275,153	161,643
Subscription		40,427	35,781
Brokerage		86,493	138,213
Training		48,712	48,607
Miscellaneous operating expenses		199,918	186,063
		<u>40,975,977</u>	<u>37,677,868</u>

28.1 This includes Rs. 1.800 million (2013: Rs. 2.058 million) insurance premium against directors' liability insurance.

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

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

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

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28.4 Auditors' remuneration

	KPMG Taseer Hadi & Co.	Ernst & Young Ford Rhodes Sidat Hyder	2014 Total	2013 Total
----- Rupees in '000 -----				
Audit fee	5,660	5,660	11,320	11,320
Review of interim financial statements	1,980	1,980	3,960	3,960
Fee for audit of domestic branches	4,600	4,600	9,200	9,200
Fee for special certifications and sundry advisory services	17,578	8,078	25,656	5,606
Sales Tax	1,491	1,016	2,507	1,204
Out-of-pocket expenses	5,575	5,100	10,675	5,022
	36,884	26,434	63,318	36,312
Fee for audit of overseas branches including advisory services and out-of-pocket expenses	-	-	79,469	65,336
Fee for audit of subsidiaries and out-of-pocket expenses	820	1,276	5,092	4,503
	37,704	27,710	147,879	106,151

	Note	2014 Rupees in '000	2013
29 OTHER CHARGES			
Penalties imposed by the SBP / regulatory authorities		1,736,674	23,395
30 TAXATION			
For the year			
Current	30.1	9,569,928	6,230,222
Deferred		(2,501,058)	(4,638,541)
		7,068,870	1,591,681
For prior year			
Current		(4,204)	925,447
Deferred		-	(795,368)
		(4,204)	130,079
	30.2	7,064,666	1,721,760

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

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		2014	2013
		Rupees in '000	
30.2 Relationship between tax expense and accounting profit			
Accounting profit before tax		<u>23,135,850</u>	<u>7,028,543</u>
Income tax at statutory rate @ 35% (2013: 35%)		8,097,548	2,459,990
Inadmissible items		607,836	8,188
Income tax at reduced rate		(1,572,739)	(916,588)
Overseas taxation		-	213,000
Prior year tax effects		-	130,079
Others		(67,979)	(172,909)
Tax charge for current and prior years		<u>7,064,666</u>	<u>1,721,760</u>
		2014	2013
31 BASIC AND DILUTED EARNINGS PER SHARE			
Profit after tax for the year	Rupees in '000	<u>16,084,763</u>	<u>5,274,779</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>7.56</u>	<u>2.48</u>
Basic and diluted earnings per share are same.			
		2014	2013
	Note	Rupees in '000	
32 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	98,246,783	158,230,033
Balances with other banks	7	12,543,964	18,388,738
Call money lending	8	12,261,200	2,561,200
Call borrowing	15	(3,528,147)	(2,342,346)
Overdrawn nostros	15	(417,696)	(257,600)
		<u>119,106,104</u>	<u>176,580,025</u>
		2014	2013
33 STAFF STRENGTH		Numbers	
Permanent		13,427	14,276
Temporary / on contractual basis		2,870	2,877
Total Staff Strength		<u>16,297</u>	<u>17,153</u>
33.1	In addition to the above, the Group is utilizing the services of other companies for outsourcing purposes including security staff and the number of persons deployed by such companies as at year end are 8,574 (2013: 8,284).		

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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 5.13 to the consolidated financial statements.

Principal actuarial assumptions

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

	2014	2013
	per annum	
Salary increase rate	11.25%	13%
Discount rate	11.25%	13%
Expected rate of return on plan assets	11.25%	13%
Pension indexation rate	6.75%	8.50%
Rate of inflation in the cost of medical benefits	8.25%	10%
Exposure inflation rate	3%	3%
Mortality table	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005
Number of employees covered under retirement benefit plan	13,129	13,538
	2014	2013
	Rupees in '000	
34.1.2 Net defined benefit liability - pension fund	Note	
Present value of defined benefit obligations		43,052,539
Fair value of plan assets		(35,520,890)
	18	7,531,649
		6,901,164

Notes to the Consolidated Financial Statements

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34.1.2.1 Reconciliation of net defined benefit liability - pension fund

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

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2014	2013	2014	2013	2014	2013
	-----Rupees in '000-----					
Balance as at January 01,	37,912,426	36,165,246	31,011,262	28,269,780	6,901,164	7,895,466
Included in profit and loss						
Current service cost	1,017,280	976,854	-	-	1,017,280	976,854
Interest cost / income	4,783,961	4,231,402	3,949,988	3,338,620	833,973	892,782
	5,801,241	5,208,256	3,949,988	3,338,620	1,851,253	1,869,636
Included in other comprehensive income						
Remeasurement loss / (gain)						
- Actuarial loss / (gain) arising on						
financial assumptions	2,534,925	(2,867,886)	892,151	-	1,642,774	(2,867,886)
demographic assumptions	-	1,942,141	-	-	-	1,942,141
experience adjustments	(970,601)	(728,209)	920,962	-	(1,891,563)	(728,209)
- Return on plan assets excluding interest income	-	-	-	298,749	-	(298,749)
	1,564,324	(1,653,954)	1,813,113	298,749	(248,789)	(1,952,703)
Others						
Benefits paid	(2,225,452)	(1,807,122)	(2,225,452)	(1,807,122)	-	-
Contributions paid by the employer	-	-	971,979	911,235	(971,979)	(911,235)
	(2,225,452)	(1,807,122)	(1,253,473)	(895,887)	(971,979)	(911,235)
Balance as at December 31,	43,052,539	37,912,426	35,520,890	31,011,262	7,531,649	6,901,164

34.1.2.2 Plan assets

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

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

34.1.3 Net defined benefit liability - post retirement medical scheme

		2014	2013
		Rupees in '000	
Present value of defined benefit obligations		10,220,524	8,601,209
Fair value of plan assets		-	-
	18	<u>10,220,524</u>	<u>8,601,209</u>

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

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

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

	Note	2014 Rupees in '000	2013 Rupees in '000
34.1.4 Net defined benefit liability - Benevolent Scheme			
Present value of defined benefit obligations		1,624,009	1,415,128
Fair value of plan assets		-	-
	18	<u>1,624,009</u>	<u>1,415,128</u>

34.1.4.1 Reconciliation of net defined benefit liability - Benevolent Scheme

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

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

Notes to the Consolidated Financial Statements

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	Note	2014	2013
		Rupees in '000	
34.1.5 Net defined benefit liability - Gratuity Fund			
Present value of defined benefit obligations		892,157	686,809
Fair value of plan assets		-	-
	18	<u>892,157</u>	<u>686,809</u>

34.1.5.1 Reconciliation of net defined benefit liability - Gratuity fund

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

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

34.1.6 Duration

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

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

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34.1.7 Sensitivity Analysis

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

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

34.1.8 Expected contributions for 2015

Rupees in '000

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

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

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

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

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

34.2.1.1 Experience adjustment on obligation

	2014 Rupees in '000	2013
Present value of defined benefit obligations	5,364,523	4,341,871
Fair value of plan assets	-	-
Deficit	<u>5,364,523</u>	<u>4,341,871</u>

34.2.1.2 Working of sensitivity analysis (Discount rate effect)

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

34.2.1.3 Working of sensitivity analysis (Salary increase rate effect)

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

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35. COMPENSATION OF DIRECTORS AND EXECUTIVES

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

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

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

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

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

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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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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								
2014									
Total income	532,673	377,304	9,262,996	56,749,750	2,233,708	6,126,863	1,157,734	110,922	76,551,950
Inter segment revenue	-	(75,697)	17,103,845	(17,028,148)	-	-	-	-	-
Total expenses	25,047	-	20,837,773	23,727,933	1,818,262	5,755,541	1,159,847	91,697	53,416,100
Net income	507,626	301,607	5,529,068	15,993,669	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	913,345,782	-	32,053,465	1,668,889	170,252	1,367,066,089
Segment return on net assets (ROA) (%)	0.00%	10.42%	2.43%	1.29%	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%
2013									
Total income	637,566	404,074	11,263,359	43,666,057	2,025,860	6,026,691	1,108,498	117,535	65,249,640
Inter segment revenue	-	(77,383)	14,018,922	(13,941,539)	-	-	-	-	-
Total expenses	21,281	57,334	18,519,739	32,825,878	1,575,604	4,171,887	967,718	81,656	58,221,097
Net income	616,285	269,357	6,762,542	(3,101,360)	450,256	1,854,804	140,780	35,879	7,028,543
Segment assets	-	2,009,459	236,964,753	1,109,825,801	-	19,751,448	2,848,345	849,457	1,372,249,263
Segment non-performing loans	-	-	7,837,843	108,260,506	-	-	-	-	116,098,349
Segment provision required	-	-	8,213,506	84,665,967	-	-	-	-	92,879,473
Segment liabilities	-	-	308,700,218	889,413,468	-	11,003,200	1,926,170	542,677	1,211,585,733
Segment return on net assets (ROA) (%)	0.00%	8.55%	2.83%	-0.22%	0.00%	14.72%	15.27%	11.70%	0.56%
Segment cost of funds (%)	0.00%	0.00%	4.74%	6.34%	0.00%	0.00%	16.68%	16.00%	5.88%

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 counseling and fund placements.

38. TRUST ACTIVITIES

38.1 Long-Term Credit Fund (LTCF)

Consequent upon the NDFC's amalgamation, the Bank manages on behalf of the GoP, LTCF established from the proceeds of loans disbursed by various international funding agencies for financing private sector energy development projects. Fund assets are accounted for separately from those of the Group and amounted to Rs. 57,088 million on December 31, 2014 (2013: Rs. 58,581 million).

38.2 Endowment Fund

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

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

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

The amount of the endowment fund in investments stands at Rs. 548 million as at December 31, 2014 (2013: Rs. 598 million).

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39. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

Details of loans and advances to the companies or firms, in which the directors of the Bank are interested as directors, partners or in case of private companies as members, are given in note 10.8. There are no transactions with key management personnel other than under advance salary. Contributions in respect of staff retirement and other benefit plans are disclosed in note 34. Remuneration to the executives and disposal of assets are disclosed in notes 35, 11.7 and annexure to the financial statements.

39.1 Balances	2014				2013			
	At January 01,	Given during the year	Received during the year	At December 31,	At January 01,	Given during the year	Received during the year	At December 31,
----- Rupees in '000 -----								
Advances								
Associates	5,433,806	-	(23,194)	5,410,612	4,122,053	1,311,753	-	5,433,806
Key management executives	144,607	115,044	(21,260)	238,391	67,184	32,972	(22,708)	77,448
*Adjustment	(51,724)	-	-	(51,724)	67,159	-	-	67,159
	92,883	115,044	(21,260)	186,667	134,343	32,972	(22,708)	144,607
	5,526,689	115,044	(44,454)	5,597,279	4,256,396	1,344,725	(22,708)	5,578,413

Deposits	2014				2013			
	At January 01,	Received during the year	Withdrawals during the year	At December 31,	At January 01,	Received during the year	Withdrawals during the year	At December 31,
----- Rupees in '000 -----								
Key management executives	13,402	303,914	(296,813)	20,503	15,416	292,747	(297,630)	10,533
*Adjustment	(1,194)	-	-	(1,194)	2,869	-	-	2,869
	12,208	303,914	(296,813)	19,309	18,285	292,747	(297,630)	13,402
Associates	12,038,914	-	(12,012,876)	26,038	15,025,349	-	(2,986,435)	12,038,914
Pension Fund (Current)	4,393	24,573,301	(24,573,446)	4,248	4,676	62,759,037	(62,759,320)	4,393
Pension Fund (Fixed Deposit)	11,500,000	7,300,000	(11,500,000)	7,300,000	13,600,000	25,157,100	(27,257,100)	11,500,000
Pension Fund (N.I.D.A A/c)	270,228	12,614,720	(11,828,273)	1,056,675	49,300	18,966,084	(18,745,156)	270,228
Provident Fund	12,886,715	2,749,149	(2,512,061)	13,123,803	12,448,399	2,695,075	(2,256,759)	12,886,715
	36,712,458	47,541,084	(62,723,469)	21,530,073	41,146,009	109,870,043	(114,302,400)	36,713,652

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

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	2014	2013
	Rupees in '000	
Placements with:		
Joint venture	156,864	37,621
Repo borrowing from:		
Joint venture	73,695	171,554
Off Balance Sheet items	825,636	228,721
39.2 Transactions during the year		
Investments in associates	8,284,407	9,890,010
Redemption / sale of investment in associates	10,551,809	25,320,851
Income for the year		
On advances / placements with:		
Joint venture	313	3,707
Key management executives	3,105	4,043
Companies in which directors of the Bank are interested as director	1,440,591	1,368,000
Dividend from associates	-	356,825
Expenses for the year		
Remuneration to key management executives	258,950	233,509
Charge for defined benefit plan	41,341	30,949
Mark-up on deposits of:		
Associates	5	197,905
Provident fund	2,296,127	2,132,706
Pension fund	788,375	425,952
Deposits of other related parties	-	121,839
Key management executives	-	912
Mark-up on Borrowing (Repo / Call):		
Joint venture	527	181

39.3 Transactions with Government-related entities

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

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

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

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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%.

iii. Leverage Ratio:

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

The major changes under the Basel III reform package pertain to numerator of the Capital Adequacy Ratio (CAR) i.e., eligible capital. The SBP's regulatory capital as managed by the 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 bank to make certain deductions from the capital before arriving at the Capital Adequacy Ratio (CAR). These deductions are to be done in phased manner starting from 2014, with full deductions in 2018.

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

The 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 Group for the year ended December 31, 2014 stood at Rs. 21.275 billion(2013 : Rs. 21.275 billion)and is in compliance with the SBP requirement for the said year. In addition the Group has maintained minimum Capital Adequacy Ratio (CAR) of 18.17% (2013: 16.05%).

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, 2014

40.2 Capital Adequacy Ratio (CAR):

	2014	2013
	Rupees in '000	
Rows # 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	23,607,786	22,104,963
6 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7 Unappropriated/unremitted profits/ (losses)	59,751,578	49,734,161
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)	717,017	820,663
9 CET 1 before Regulatory Adjustments	105,351,512	93,934,918
10 Total regulatory adjustments applied to CET1 (Note 40.2.1)	9,511,445	3,682,594
11 Common Equity Tier 1	95,840,067	90,252,324
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)	95,840,067	90,252,324
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	3,201,464	2,875,887
27 Revaluation Reserves (net of taxes)	-	-
28 of which: Revaluation reserves on fixed assets	10,434,158	10,388,619
29 of which: Unrealized gains/losses on AFS	25,532,193	18,237,880
30 Foreign Exchange Translation Reserves	9,388,710	11,431,750
31 Undisclosed/Other Reserves (if any)	-	-
32 T2 before regulatory adjustments	48,556,525	42,934,136
33 Total regulatory adjustment applied to T2 capital (Note 40.2.3)	2,305,339	1,749,041
34 Tier 2 capital (T2) after regulatory adjustments	46,251,186	41,185,095
35 Tier 2 capital recognized for capital adequacy	46,251,186	41,185,095
36 Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37 Total Tier 2 capital admissible for capital adequacy	46,251,186	41,185,095
38 TOTAL CAPITAL (T1 + admissible T2) (21+37)	142,091,253	131,437,419
39 Total Risk Weighted Assets (RWA) {for details refer Note 40.5}	782,079,796	818,995,808
Capital Ratios and buffers (in percentage of risk weighted assets)		
40 CET1 to total RWA	12.25%	11.02%
41 Tier-1 capital to total RWA	12.25%	11.02%
42 Total capital to total RWA	18.17%	16.05%
43 Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	5.50%	5.00%
44 of which: capital conservation buffer requirement		
45 of which: countercyclical buffer requirement		
46 of which: D-SIB or G-SIB buffer requirement		
47 CET1 available to meet buffers (as a percentage of risk weighted assets)	6.75%	6.02%
National minimum capital requirements prescribed by SBP		
48 CET1 minimum ratio	5.50%	5.00%
49 Tier 1 minimum ratio	7.00%	6.50%
50 Total capital minimum ratio	10.00%	10.00%

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Regulatory Adjustments and Additional Information	2014	2013	
	Amount	Rupees in '000	
		Amounts subject to Pre- Basel III treatment*	Amount
40.2.1 Common Equity Tier 1 capital: Regulatory adjustments			
1 Goodwill (net of related deferred tax liability)	-	-	-
2 All other intangibles (net of any associated deferred tax liability)	1,479,589	-	1,933,549
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 instruments of banking, financial and insurance entities	2,343,678	-	4
7 Cash flow hedge reserve	-	-	-
8 Investment in own shares/ CET1 instruments	-	-	-
9 Securitization gain on sale	-	-	-
10 Capital shortfall of regulated subsidiaries	-	-	-
11 Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	-	-
12 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	845,691	3,382,762	-
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)	189,085	756,339	-
15 Amount exceeding 15% threshold	-	-	-
16 of which: significant investments in the common stocks of financial entities	399,316	1,597,263	-
17 of which: deferred tax assets arising from temporary differences	421,747	1,687,379	-
18 National specific regulatory adjustments applied to CET1 capital	-	-	-
19 Investments in TFCs of other banks exceeding the prescribed limit	-	-	-
20 Any other deduction specified by SBP (mention details)	-	-	-
21 Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	2,305,339	-	1,749,041
22 Total regulatory adjustments applied to CET1 (sum of 1 to 21)	9,511,445	-	3,682,594
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-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-	-
29 Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-
30 Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	-	-	-
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-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	2,305,339	-	1,749,041
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)	2,305,339	-	1,749,041
	2014	2013	
		Rupees in '000	
40.2.4 Risk Weighted Assets subject to pre-Basel III treatment			
37 Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	-	-	-
(i) of which: deferred tax assets	2,443,719	-	-
(ii) of which: Defined-benefit pension fund net assets	-	-	-
(iii) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	3,382,762	-	-
(iv) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	1,597,263	-	-
Amounts below the thresholds for deduction (before risk weighting)			
38 Non-significant investments in the capital of other financial entities	9,361,298	-	9,025,232
39 Significant investments in the common stock of financial entities	6,464,901	-	6,699,399
40 Deferred tax assets arising from temporary differences (net of related tax liability)	6,829,327	-	6,838,449
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	-	-	-

Notes to the Consolidated Financial Statements

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40.3 Capital Structure Reconciliation

(in thousand PKR)	Balance sheet of the published financial statements As at period end (2)	Under regulatory scope of consolidation As at period end (3)	
Assets (1)			
Cash and balances with treasury banks	98,246,783		
Balanced with other banks	12,543,964		
Lending to financial institutions	111,794,127		
Investments	561,767,518		
Advances	630,229,649		
Operating fixed assets	33,353,526		
Deferred tax assets	9,883,877		
Other assets	91,839,637		
Total assets	1,549,659,081		
Liabilities & Equity			
Bills payable	11,011,827		
Borrowings	38,208,413		
Deposits and other accounts	1,234,405,050		
Sub-ordinated loans	-		
Liabilities against assets subject to finance lease	1,691		
Deferred tax liabilities	-		
Other liabilities	83,439,108		
Total liabilities	1,367,066,089		
Share capital/ Head office capital account	21,275,131		
Reserves	32,996,496		
Unappropriated/ Unremitted profit/ (losses)	59,751,578		
Minority Interest	717,017		
Surplus on revaluation of assets	67,852,770		
Total liabilities & equity	1,549,659,081		
	Balance sheet as in published financial statements As at period end (2)	Under regulatory scope of consolidation As at period end (3)	Reference of consolidation (4)
Assets (1)			
Cash and balances with treasury banks	98,246,783		
Balanced with other banks	12,543,964		
Lending to financial institutions	111,794,127		
Investments	561,767,518		
<i>of which: Non-significant investments in the capital instruments of banking, financial and insurance entities exceeding 10% threshold</i>	-		a
<i>of which: significant investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold</i>	-		b
<i>of which: Mutual Funds exceeding regulatory threshold</i>	-		c
<i>of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)</i>	2,343,678		d
<i>of which: shortfall in provision against classified TFCs</i>	892,000		e
Advances	630,229,649		
<i>shortfall in provisions/ excess of total EL amount over eligible provisions under IRB general provisions reflected in Tier 2 capital</i>	635,000		f
Fixed Assets	3,201,464		g
Deferred Tax Assets	33,353,526		
<i>of which: DTAs that rely on future profitability excluding those arising from temporary differences</i>	9,883,877		
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>	-		h
Other assets	35,966,351		i
<i>of which: Goodwill</i>	91,839,637		
<i>of which: Intangibles</i>	-		j
<i>of which: Defined-benefit pension fund net assets</i>	-		k
	-		l
Total assets	1,549,659,081		

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Liabilities & Equity

Bills payable	11,011,827	
Borrowings	38,208,413	
Deposits and other accounts	1,234,405,050	
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	1,691	
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	83,439,108	
Total liabilities	1,367,066,089	

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference	
				As at period end	As at period end
	(1)	(2)	(3)	(4)
Equity				
Share capital	21,275,131	21,275,131		s
<i>of which: amount eligible for CET1</i>	-	-		t
<i>of which: amount eligible for AT1</i>	-	-		
Reserves	32,996,496	32,996,496		u
<i>of which: portion eligible for inclusion in CET1 (provide breakup)</i>	23,607,786	23,607,786		v
<i>of which: portion eligible for inclusion in Tier 2</i>	9,388,710	9,388,710		w
Unappropriated profit/ (losses)	59,751,578	59,751,578		
Minority Interest	717,017	717,017		x
<i>of which: portion eligible for inclusion in CET1</i>	-	-		y
<i>of which: portion eligible for inclusion in AT1</i>	-	-		z
<i>of which: portion eligible for inclusion in Tier 2</i>	-	-		
Surplus on revaluation of assets	67,852,770	67,852,770		
<i>of which: Revaluation reserves on Fixed Assets</i>	10,434,158	10,434,158		aa
<i>of which: Unrealized Gains/Losses on AFS</i>	25,532,193	25,532,193		
<i>In case of Deficit on revaluation (deduction from CET1)</i>	-	-		ab
Total liabilities & Equity	1,549,659,081	1,549,659,081		

Basel III Disclosure Template (with added column)

	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	23,607,786	(u)
5 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
6 Unappropriated/unremitted profits/ (losses)	59,751,578	(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)	717,017	(x)
CET 1 before Regulatory Adjustments	105,351,512	
Common Equity Tier 1 capital: Regulatory adjustments		
9 Goodwill (net of related deferred tax liability)	1,479,589	(j) - (o)
10 All other intangibles (net of any associated deferred tax liability)	-	(k) - (p)
11 Shortfall of provisions against classified assets	1,527,000	(f)
12 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	{(h) - (r)} * x%
13 Defined-benefit pension fund net assets	-	{(l) - (q)} * x%
14 Reciprocal cross holdings in CET1 capital instruments	2,343,678	(d)
15 Cash flow hedge reserve	-	
16 Investment in own shares/ CET1 instruments	-	
17 Securitization gain on sale	-	
18 Capital shortfall of regulated subsidiaries	-	
19 Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	(ab)
20 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	845,691	(a) - (ac) - (ae)
21 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(b) - (ad) - (af)
22 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	189,085	(i)
23 Amount exceeding 15% threshold		
24 of which: significant investments in the common stocks of financial entities	399,316	
25 of which: deferred tax assets arising from temporary differences	421,747	
26 National specific regulatory adjustments applied to CET1 capital		
27 of which: Investment in TFCs of other banks exceeding the prescribed limit	-	
28 of which: Any other deduction specified by SBP (mention details)	-	
29 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	2,305,339	
30 Total regulatory adjustments applied to CET1 (sum of 9 to 29)	9,511,445	
31 Common Equity Tier 1	95,840,067	

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Basel III Disclosure Template (with added column)

	Component of regulatory capital reported by bank	Source based on reference number from step 2
Additional Tier 1 (AT 1) Capital		
32 Qualifying Additional Tier-1 instruments plus any related share premium	-	
33 of which: Classified as equity	-	(t)
34 of which: Classified as liabilities	-	(m)
35 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
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)	-	(ac)
42 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
43 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	
44 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
45 Total of Regulatory Adjustment applied to AT1 capital (sum of 38 to 44)	-	
46 Additional Tier 1 capital	-	
47 Additional Tier 1 capital recognized for capital adequacy	-	
48 Tier 1 Capital (CET1 + admissible AT1) (31+47)	<u>95,840,067</u>	
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-Basel III instruments)	-	(n)
51 Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
52 of which: instruments issued by subsidiaries subject to phase out	-	
53 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	3,201,464	(g)
54 Revaluation Reserves		
55 of which: Revaluation reserves on fixed assets	10,434,158	portion of (aa)
56 of which: Unrealized Gains/Losses on AFS	25,532,193	
57 Foreign Exchange Translation Reserves	9,388,710	(v)
58 Undisclosed/Other Reserves (if any)	-	
59 T2 before regulatory adjustments	<u>48,556,525</u>	
Tier 2 Capital: regulatory adjustments		
60 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	2,305,339	
61 Reciprocal cross holdings in Tier 2 instruments	-	
62 Investment in own Tier 2 capital instrument	-	
63 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ae)
64 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
65 Amount of Regulatory Adjustment applied to T2 capital (sum of 60 to 64)	2,305,339	
66 Tier 2 capital (T2)	<u>46,251,186</u>	
67 Tier 2 capital recognized for capital adequacy	46,251,186	
68 Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
69 Total Tier 2 capital admissible for capital adequacy	<u>46,251,186</u>	
70 TOTAL CAPITAL (T1 + admissible T2) (48+69)	<u><u>142,091,253</u></u>	

Notes to the Consolidated Financial Statements

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40.4 Main Features Template of Regulatory Capital Instruments

Sr. No	Main Features	Common Shares
1	Issuer	National Bank Of Pakistan
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	NBP
3	Governing law(s) of the instrument	National Bank of Pakistan Ordinance 1949, Banks Nationalization Act 1974, Companies Ordinance 1984, and others applicable
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	N/A
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Not Applicable
15	Optional call date, contingent call dates and redemption amount	Not Applicable
16	Subsequent call dates, if applicable	Not Applicable
Coupons / dividends		
17	Fixed or floating dividend/ coupon	Not Applicable
18	coupon rate and any related index/ benchmark	Not Applicable
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Full Discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Not Applicable
Convertible or non-convertible		
24	If convertible, conversion trigger (s)	Not Applicable
25	If convertible, fully or partially	Not Applicable
26	If convertible, conversion rate	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable
Write-down feature		
31	If write-down, write-down trigger(s)	Not Applicable
32	If write-down, full or partial	Not Applicable
33	If write-down, permanent or temporary	Not Applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	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 Capital Adequacy

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

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

Exposures	2014	
	JCR - VIS	PACRA
PSEs	✓	✓
Corporate	✓	✓
Banks	✓	✓
Sovereigns	×	×
SME's	×	×
Securitisation	N / A	N / A
Others	N / A	N / A

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

Capital Requirements		Risk Weighted Assets	
2014	2013	2014	2013

Credit Risk

On-Balance sheet

Portfolios subject to standardized approach (Simple or Comprehensive)

	2014	2013	2014	2013
Sovereign	5,604,801	5,163,086	56,048,009	51,630,861
Public sector entities	850,340	1,864,280	8,503,401	18,642,800
Banks	1,048,344	734,545	10,483,439	7,345,448
Corporate	14,888,262	18,221,573	148,882,619	182,215,730
Retail	12,060,695	10,900,755	120,606,952	109,007,547
Residential Mortgages	757,373	727,767	7,573,733	7,277,672
Past due loans	2,934,363	3,637,790	29,343,632	36,377,900
Operating fixed assets	3,187,394	3,263,532	31,873,937	32,635,315
Other assets	3,925,438	4,155,421	39,254,376	41,554,205
	45,257,010	48,668,749	452,570,098	486,687,478

Off-Balance sheet

Non-market related	6,409,300	5,889,247	64,092,995	58,892,474
Market related	78,615	65,791	786,151	657,912
	6,487,915	5,955,038	64,879,146	59,550,386

Equity Exposure Risk in the Banking Book

Under simple risk weight method	8,594,309	8,284,421	77,715,952	82,844,214
	60,339,234	62,908,208	595,165,196	629,082,078

Market Risk

Capital Requirement for portfolios subject to Standardized Approach

Interest rate risk	2,513,933	2,492,343	25,139,334	24,923,430
Equity position risk	879,278	1,579,800	8,792,775	15,950,658
Foreign exchange risk	3,661,592	2,928,812	36,615,923	29,288,118
	7,054,803	7,000,955	70,548,032	70,162,206

Operational Risk

	11,636,657	11,975,152	116,366,568	119,751,524
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TOTAL

	79,030,694	81,884,315	782,079,796	818,995,808
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Capital Adequacy Ratios	2014		2013	
	Required	Actual	Required	Actual
CET1 to total RWA	5.50%	12.25%	5.00%	11.02%
Tier-1 capital to total RWA	7.00%	12.25%	6.50%	11.02%
Total capital to total RWA	10.00%	18.17%	10.00%	16.05%

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41. RISK MANAGEMENT

The global financial crisis has demonstrated the importance of pre-emptive, independent and integrated risk management function. In the Pakistani banking industry, Risk Management gained its importance when SBP released its circular for Basel II framework to be implemented locally. Since then, SBP has been very active in releasing various guidelines enforcing banks to strengthen their internal risk management environment.

NBP has been constantly striving to achieve excellence in Risk Management standards. NBP realizes its leading role in the banking industry and as an important component to the economic environment of Pakistan. Considering the needs of the local macro-economic and banking landscape, the bank intends to implement an overall risk management structure that is constantly evolving to strengthen the risk environment and inculcate a culture of prudent risk management across complete range of its activities. It is a key aim of the bank to develop an integrated risk management culture where each individual is well aware and accounts for the risks involved in respective activities being performed.

Significant improvements and changes have occurred in the overall Risk Management environment of NBP since 2010 due to implementation of a bank-wide Basel II programme. NBP also follows SBP instructions relating to various studies on advance risk management such as Basel III impact study, SBP stress testing guidelines and ICAAP up-gradation.

It is important to mention that the Bank has also recently undertaken a comprehensive BPR and COSO exercise aimed at overall business process improvement, advanced risk management and strengthening of the overall control environment.

41.1 Overall Structure and broad initiatives

The Risk Management Group has in place an approved risk management structure for managing credit risk, market risk, liquidity risk and operational risk as outlined by its Board approved "Risk Management Charter". Organizational structure for the group has been implemented with clear segregation of responsibilities and focused Wings constituted with relevant heads and staff to discharge respective responsibilities. Now Credit Administration Department also reports to Risk Management Group.

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

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

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

41.1.1 Credit Risk Architecture

The Credit Risk Architecture Wing in RMG was formed as per the Risk Management Charter with a view to further improve credit risk environment in Bank and introduce proactive measures to combat risk. The Wing ensures that there is a framework in place for effective assessment/ measurement, mitigation and reporting of credit risks both on counterparty as well as portfolio level. Key responsibilities include formulation/ proposition of credit risk strategies, policies, credit assessment methodologies, credit portfolio management including limit setting, credit portfolio review MIS etc. This Wing is also responsible for building the process for development of credit risk models for compliance with the Basel framework and best practices in Risk Management.

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

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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 Consumer Risk Management

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

41.1.4 E-CIB and Data Management

E-CIB & Data Management Wing manages monthly/ quarterly collection & consolidation of borrower's information for eCIB reporting and various risk related analysis /MIS and reviews the quality and integrity of credit and advances related data. Such data is input at various input sources in various groups, divisions and field functionaries.

The Wing is responsible for performing periodic review and generate reports of advances data, highlighting inconsistencies and errors and issuing instructions to the relevant data entry points for rectification. The wing has taken several initiatives for data accuracy and identification of data discrepancies which improved the quality of data significantly than the previous years and carried out additional data collection exercises for Basel-II Models requirements. A web-based application is also under development to replace existing templates.

41.1.5 Operational Risk Management

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

For further strengthening the Operational Risk in the Bank, operational risk management wing has achieved the following milestones.

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

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

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

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

41.1.5.3 Monitoring of ORM Tolerance limit and updation

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.

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

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

41.1.6 Market & Liquidity Risk Management

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

41.1.7 BPR & COSO Implementation Project

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

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

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

41.1.8 Credit Administration

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

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

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41.1.9 SEGMENTAL INFORMATION

41.1.9.1 Segment by class of business

	2014					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Chemical and pharmaceuticals	4,660,830	0.64	1,230,147	0.10	7,832,740	3.20
Agriculture	56,700,010	6.00	32,337,255	2.62	30,974	0.01
Textile	67,970,521	9.28	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	19.63	447,913,747	36.29	6,368,154	2.60
General traders	20,475,776	2.80	38,421,078	3.13	870,178	0.36
Others	33,248,609	5.01	245,565,154	19.89	98,005,864	40.03
	731,980,299	100.00	1,234,405,050	100.00	244,744,262	100.00

	2013					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Chemical and pharmaceuticals	4,972,877	0.70	2,951,969	0.27	6,927,819	2.44
Agriculture	59,626,618	6.32	32,061,846	2.91	62,070	0.02
Textile	75,145,204	10.54	6,540,156	0.59	5,105,736	1.80
Cement	10,130,946	1.42	151,706	0.01	931,510	0.33
Sugar	18,935,199	2.66	394,515	0.04	859,700	0.30
Flour	3,067,362	0.43	1,450,559	0.13	-	0.00
Rice processing	15,032,791	2.11	2,644,771	0.24	-	0.00
Shoes and leather garments	1,338,947	0.19	181,731	0.02	43,356	0.02
Automobile and transportation equipment	3,380,003	0.47	1,856,198	0.17	1,480,268	0.52
Financial	9,511,001	1.33	134,739,691	12.23	12,822,386	4.52
Insurance	21,001	0.00	8,507,537	0.77	1,619	0.00
Transportation	67,529,492	9.47	9,996,631	0.91	24,923,359	8.79
Real estate construction	8,884,181	1.25	14,317,123	1.30	5,210,143	1.84
Electronics and electrical appliances	9,854,692	1.38	1,589,661	0.14	1,755,141	0.62
Production and transmission of energy	114,050,549	15.99	87,523,391	7.94	73,889,797	26.05
Food and tobacco	3,875,175	0.54	1,064,594	0.10	715,692	0.25
Fertilizer	10,078,606	1.41	2,036,056	0.18	3,003,104	1.06
Metal products	53,667,264	7.53	4,450,667	0.40	4,104,988	1.45
Telecommunication	6,850,700	0.96	30,056,484	2.73	12,150,811	4.28
Hotel and services	10,245,443	1.44	100,285,537	9.10	2,974,655	1.05
Public sector commodity operations	33,260,513	4.66	1,533,326	0.14	4,161,765	1.47
Individuals	123,510,893	19.00	411,012,672	37.30	6,678,837	2.35
General traders	22,841,174	3.21	55,811,898	5.07	1,768,858	0.62
Others	47,231,871	6.99	190,686,564	17.31	114,127,851	40.22
	713,042,502	100.00	1,101,845,283	100.00	283,699,465	100.00

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41.1.9.2 Segment by sector

	2014					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Public / Government	256,688,614	35.07	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
	<u>731,980,299</u>	<u>100.00</u>	<u>1,234,405,050</u>	<u>100.00</u>	<u>244,744,262</u>	<u>100.00</u>

	2013					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Public / Government	216,525,246	30.37	375,404,427	34.07	154,433,464	54.44
Private	496,517,256	69.63	726,440,856	65.93	129,266,001	45.56
	<u>713,042,502</u>	<u>100.00</u>	<u>1,101,845,283</u>	<u>100.00</u>	<u>283,699,465</u>	<u>100.00</u>

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

	2014		2013	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
	----- Rupees in '000 -----			
Chemical and pharmaceuticals	2,518,971	2,041,237	3,635,970	3,166,304
Agriculture	3,777,540	2,035,544	2,977,074	1,873,653
Textile	27,780,117	26,431,304	29,435,371	27,694,107
Cement	3,629,759	3,512,855	3,820,413	3,534,583
Sugar	4,435,686	3,463,169	2,914,896	2,623,660
Flour	757,745	520,647	430,438	354,072
Rice processing	3,089,037	2,597,505	2,495,505	2,433,133
Shoes and leather garments	310,813	305,355	366,038	336,010
Automobile and transportation equipment	951,406	940,410	992,006	950,333
Financial	777,753	777,753	671,265	670,965
Transportation / Karobar	2,749,998	2,742,213	2,277,766	2,184,798
Real estate construction	2,750,774	2,212,571	3,163,043	2,061,186
Electronics and electrical appliances	1,970,318	1,877,535	5,998,896	3,780,318
Production and transmission of energy	10,596,739	7,888,576	15,287,099	7,487,515
Food and tobacco	2,287,742	2,054,784	1,924,787	1,624,357
Fertilizer	3,032,122	2,106,685	2,820,151	1,315,336
Metal products	16,258,868	9,122,294	6,590,521	4,277,055
Hotel and services	4,651,519	3,290,532	1,734,155	882,075
Individuals	6,556,358	3,787,038	5,694,090	3,964,457
General traders	12,797,281	12,080,194	13,185,712	10,285,227
Others	9,999,393	8,760,984	9,683,153	8,504,442
	<u>121,679,939</u>	<u>98,549,185</u>	<u>116,098,349</u>	<u>90,003,586</u>

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

Public / Government	515,169	515,169	4,145,760	1,510,623
Private	121,164,770	98,034,016	111,952,589	88,492,963
	<u>121,679,939</u>	<u>98,549,185</u>	<u>116,098,349</u>	<u>90,003,586</u>

41.1.9.5 Geographical segment analysis

	2014			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	----- Rupees in '000 -----			
Pakistan	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>

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	2013			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
----- Rupees in '000 -----				
Pakistan	15,060,841	1,254,823,950	140,726,307	244,106,219
Asia Pacific (including South Asia)	(9,323,980)	47,174,021	9,183,686	17,367,481
Europe	(157,902)	12,873,662	3,691,206	3,359,396
United States of America	(213,099)	17,157,250	2,378,220	4,047,314
Middle East	1,662,683	40,220,380	4,684,111	14,819,055
	<u>7,028,543</u>	<u>1,372,249,263</u>	<u>160,663,530</u>	<u>283,699,465</u>

41.2 Operational Risk

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

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

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

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

41.3 Market and Liquidity Risk

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

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

41.3.1 Foreign Exchange Risk

	2014			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
----- Rupees in '000 -----				
Pakistan Rupee	1,393,934,913	1,147,724,094	(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
	<u>1,549,659,081</u>	<u>1,367,066,089</u>	<u>-</u>	<u>182,592,992</u>
	2013			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
----- Rupees in '000 -----				
Pakistan Rupee	1,235,962,742	1,034,532,271	(74,283,478)	127,146,993
United States Dollar	81,236,969	111,064,991	35,181,704	5,353,682
Great Britain Pound	2,914,157	8,842,328	8,771,522	2,843,351
Japanese Yen	2,111,422	34,628,796	24,397,264	(8,120,110)
Euro	12,198,121	11,787,003	6,019,379	6,430,497
Other currencies	37,825,852	10,730,344	(86,391)	27,009,117
	136,286,521	177,053,462	74,283,478	33,516,537
	<u>1,372,249,263</u>	<u>1,211,585,733</u>	<u>-</u>	<u>160,663,530</u>

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

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

41.3.2 Equity Position Risk

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

Changes in business cycle affecting the business of the company in which the investment is made. Change in business circumstances (i.e. fundamentals) of the company, its business sector, industry and / or economy in general;

Mismanagement of the investee company, third party liability whether through class action or otherwise or occurrence of other events such as strikes, fraud, etc. in the company in which investment is made;

Fluctuation in the shares' prices resulting from their dependence on market sentiment, speculative activity, supply and demand of shares and liquidity in the market;

Possibility of defaults by participant or failure of the stock exchanges, the depositories, the settlement or the clearing system on discharging their fiduciary responsibilities; and

Any government or court order restraining payment of dividend by a company to its shareholders.

The Bank mitigates the aforesaid risks as follows:

Compliance with the SBP regulations for equity exposure / investments and compliance with the SECP Corporate Governance Rules by the investee company prudent investing practices (focus on dividend payout history);

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

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

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

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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 Bank 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 banks. 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.

2014

Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk						Non-interest bearing financial instruments				
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years		Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
Rupees in '000												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	98,246,783	22,280,194	-	642,196	-	-	-	-	-	-	-	75,324,393
Balances with other banks	12,543,964	5,504,817	1,825,974	2,194,009	428,169	-	-	-	-	603	-	2,590,392
Lending to financial institutions - net	111,794,127	111,669,127	125,000	-	-	-	-	-	-	-	-	-
Investments - net	561,767,518	4,796,949	7,339,702	71,972,226	52,288,884	201,109,453	26,697,238	48,765,637	55,509,887	4,250,860	89,036,682	
Advances - net	630,229,649	200,927,215	141,077,552	88,163,210	95,560,131	8,367,100	17,878,177	52,407,406	12,840,772	12,586,376	421,710	
Other assets	71,304,050	86,388	-	-	341,475	14,102	-	-	-	-	-	70,862,085
	1,485,886,091	345,264,690	150,368,228	162,971,641	148,618,659	209,490,655	44,575,415	101,173,043	68,351,262	16,837,236	-	238,235,262
Liabilities												
Bills payable	11,011,827	-	-	-	-	-	-	-	-	-	-	11,011,827
Borrowings	38,208,413	14,855,237	16,540,336	5,370,319	346,311	116,349	79,967	70,800	-	-	-	829,094
Deposits and other accounts	1,234,405,050	710,599,051	41,412,975	37,231,149	42,354,369	7,643,155	7,773,402	11,108,011	1,300	-	-	376,281,638
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	1,691	-	-	-	1,691	-	-	-	-	-	-	-
Other liabilities	67,196,506	2,663	-	-	285,178	-	-	-	-	-	-	66,908,665
	1,350,823,487	725,456,951	57,953,311	42,601,468	42,987,549	7,759,504	7,853,369	11,178,811	1,300	-	-	455,031,224
On-balance sheet gap	135,062,604	(380,192,261)	92,414,917	120,370,173	105,631,110	201,731,151	36,722,046	89,994,232	68,349,962	16,837,236	-	(216,795,962)
Off-balance sheet financial instruments												
Cross currency swaps	-	-	-	-	-	-	-	-	-	-	-	-
Forward purchase of foreign exchange	233,021,148	128,916,548	47,002,154	55,928,408	1,174,038	-	-	-	-	-	-	-
Forward sale of foreign exchange	120,265,758	96,441,607	20,993,757	2,830,394	-	-	-	-	-	-	-	-
Off-balance sheet gap	353,286,906	225,358,155	67,995,911	58,758,802	1,174,038	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap	488,349,510	(154,834,106)	160,410,828	179,128,975	106,805,148	201,731,151	36,722,046	89,994,232	68,349,962	16,837,236	-	(216,795,962)
Cumulative 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	-	-	-

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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

Effective Yield / Interest rate	Total	2013 Exposed to Yield / Interest risk										Non-interest bearing financial instruments	
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Rupees in '000		
		Month	Months	Months	Year	Years	Years	Years	Years	Years			
On-balance sheet financial instruments													
Assets													
0.00%	158,230,033	13,835,984	-	-	-	-	-	-	-	-	-	-	144,394,049
1.16%	18,388,738	10,479,259	2,281,384	1,205,778	-	-	-	-	-	-	-	-	3,045,755
8.96%	51,941,866	47,945,756	3,996,110	9,602,290	37,303,275	16,465,075	22,815,602	1,837,225	87,639,455	-	-	-	-
9.63%	396,411,825	74,592,292	91,861,181	113,237,238	14,867,895	43,193,542	11,381,301	9,875,550	556	-	-	-	-
11.26%	620,163,029	175,944,263	143,492,908	113,237,238	13,266,995	43,193,542	11,381,301	9,875,550	556	-	-	-	-
0.00%	81,576,084	231,760	-	-	-	-	-	-	-	-	-	-	33,533,432
	1,326,711,575	323,029,314	241,631,583	124,045,306	24,532,853	59,658,617	34,197,535	59,523,667	268,613,247	-	-	-	-
Liabilities													
0.00%	13,894,667	-	-	-	-	-	-	-	-	-	-	-	13,894,667
8.80%	23,258,971	6,497,910	10,735,520	158,000	151,603	2,464,376	200,201	-	-	-	-	-	-
5.94%	1,101,845,283	591,085,158	41,307,594	45,799,665	4,451,298	5,831,818	81,276	918	332,320,983	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
13.90%	3,636	484,957	-	44,487	3,636	-	-	-	-	-	-	-	-
0.00%	72,583,177	484,957	-	-	-	-	-	-	-	-	-	-	57,786,483
	1,211,585,734	598,068,025	52,043,114	46,002,152	4,606,537	6,738,823	281,477	14,268,168	404,002,133	-	-	-	-
	115,125,841	(275,038,711)	189,588,469	78,043,154	19,926,316	52,919,794	33,916,058	45,255,499	(135,388,886)	-	-	-	-
On-balance sheet gap													
Off-balance sheet financial instruments													
Gross currency swaps													
	-	-	-	-	-	-	-	-	-	-	-	-	-
	204,673,055	96,145,751	79,685,178	1,377,396	-	-	-	-	-	-	-	-	-
	132,796,307	91,109,270	24,662,338	134,317	-	-	-	-	-	-	-	-	-
	337,469,362	187,255,021	104,347,516	1,511,713	-	-	-	-	-	-	-	-	-
	452,595,203	(87,783,690)	293,935,985	79,554,867	19,926,316	42,538,057	33,916,058	45,255,499	(135,388,886)	-	-	-	-
	(87,783,690)	206,152,295	313,873,498	393,428,365	413,354,681	508,812,532	542,728,590	587,984,089	452,595,203	-	-	-	-
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 Bank has adequate liquidity and monitors liquidity gaps, to execute this responsibility. Regulatory stress as well as proprietary stress testing and scenario analysis are performed to proactively identify and manage liquidity needs / requirements. Bank has various limits / ratios, triggers and management actions in place to monitor and mitigate liquidity risk.

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

	2014									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
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	-	-	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	1,521,363	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	950,904,052	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	-	-	-	-	1,691	-	-	-	-
Other liabilities	83,439,108	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
Deferred tax 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
Net assets	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
Share capital	21,275,131									
Reserves	32,996,496									
Unappropriated profit	59,751,578									
Non-controlling interest	717,017									
Surplus on revaluation of assets - net	67,852,770									
	182,592,992									

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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

	2013									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	158,230,033	158,230,033	-	-	-	-	-	-	-	-
Balances with other banks	18,388,738	13,525,014	2,281,384	1,375,930	1,205,778	-	-	-	632	-
Lending to financial institutions - net	51,941,866	47,945,756	3,996,110	-	-	-	-	-	-	-
Investments - net	396,411,825	74,008,996	91,858,482	43,159,709	64,509,611	16,224,770	55,785,088	20,545,726	22,806,879	7,512,564
Advances - net	620,163,029	110,590,987	90,586,394	34,263,661	120,405,997	36,206,451	36,504,200	107,838,389	67,940,235	15,826,715
Operating fixed assets	34,568,864	562,553	5,123	-	6,909,036	347,163	3,013,638	1,616,996	294,478	21,819,877
Deferred tax assets - net	10,968,824	(131)	-	7,081	1,747	4,985	134	2,164,422	8,790,586	-
Other assets	81,576,084	13,816,333	15,989,420	9,566,723	2,133,915	23,510,480	16,341,385	217,428	-	400
	1,372,249,263	418,679,541	204,716,913	88,373,104	195,166,084	76,293,849	111,644,445	132,382,961	99,832,810	45,159,556
Liabilities										
Bills payable	13,894,667	13,894,667	-	-	-	-	-	-	-	-
Borrowings	23,258,971	5,207,101	10,736,823	2,144,356	158,000	1,441,109	2,464,376	907,005	200,201	-
Deposits and other accounts	1,101,845,283	834,361,329	64,933,538	68,727,245	85,943,965	13,211,743	11,511,263	22,944,164	212,036	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	3,635	27,742,204	2,672,503	8,759,987	1,169,051	21,201,688	2,251,846	4,425,543	2,153,731	2,206,624
Other liabilities	1,211,585,733	881,205,301	78,342,864	79,631,588	87,271,016	35,858,175	16,227,485	28,276,712	2,565,968	2,206,624
Net assets	160,663,530	(462,525,760)	126,374,049	8,741,516	107,895,068	40,435,674	95,416,960	104,106,249	97,266,842	42,952,932
Share capital	21,275,131									
Reserves	33,536,713									
Unappropriated profit	49,734,161									
Non-controlling interest	820,663									
Surplus on revaluation of assets - net	55,296,862									
	160,663,530									

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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.

	2014									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
----- Rupees in '000 -----										
Assets										
Cash and balances with treasury banks	98,246,783	79,802,765	1,610,940	8,416,539	8,416,539	-	-	-	-	-
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	6,910,808	7,482,225	71,970,805	92,989,271	205,016,118	43,913,633	52,748,868	55,508,636	25,227,154
Advances - net	630,229,649	105,835,040	41,472,918	92,919,893	141,716,531	22,406,725	56,180,910	94,966,496	56,427,930	18,303,206
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	-	-	10,892	1,902	(6,206)	(414)	4,435,286	5,442,796	-
Other assets	91,839,258	12,494,853	7,365,922	29,985,686	1,521,363	37,194,048	3,028,616	191,958	-	56,812
	1,549,659,081	324,810,605	59,782,979	205,497,824	247,893,062	264,956,302	104,512,374	153,813,044	117,664,334	70,728,557
Liabilities										
Bills payable	11,011,827	4,990,172	523,342	319,582	5,178,731	-	-	-	-	-
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	284,152,589	92,756,766	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	-	-	-	-	1,691	-	-	-	-
Other liabilities	83,439,108	29,018,215	4,283,455	11,789,081	1,443,107	23,545,887	2,708,809	5,290,167	2,581,358	2,779,029
	1,367,066,089	333,353,458	114,103,899	196,272,245	199,325,388	181,232,607	157,600,174	180,155,109	2,581,358	2,441,851
Net assets	182,592,992	(8,542,853)	(54,320,920)	9,225,579	48,567,674	83,723,695	(53,087,800)	(26,342,065)	115,082,976	68,286,706
Share capital	21,275,131									
Reserves	32,996,496									
Unappropriated profit	59,751,578									
Non-controlling interest	717,017									
Surplus on revaluation of assets - net	67,852,770									
	182,592,992									

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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

	2013									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	158,230,033	65,874,945	7,648,570	42,353,259	42,353,259	-	-	-	-	-
Balances with other banks	18,388,738	13,525,014	2,281,384	1,375,930	1,205,778	-	-	-	632	-
Lending to financial institutions - net	51,941,866	47,945,756	3,996,110	-	-	-	-	-	-	-
Investments - net	396,411,825	74,008,996	91,858,482	43,159,709	64,509,611	16,224,770	55,785,088	20,545,726	22,806,879	7,512,564
Advances - net	620,163,029	110,590,987	90,586,394	34,263,661	120,352,416	36,260,032	36,504,200	107,838,389	67,940,235	15,826,715
Operating fixed assets	34,568,864	562,553	5,123	-	6,909,036	347,163	3,013,638	1,616,996	294,478	21,819,877
Deferred tax assets - net	10,968,824	(131)	-	7,081	1,747	-	5,119	2,164,422	8,790,586	-
Other assets	81,576,084	9,999,728	7,363,656	22,009,092	2,134,194	23,510,201	16,341,385	217,428	-	400
	1,372,249,263	322,507,848	203,739,719	143,168,732	237,466,041	76,342,166	111,649,430	132,382,961	99,832,810	45,159,556
Liabilities										
Bills payable	13,894,667	6,003,587	799,324	3,545,878	3,545,878	-	-	-	-	-
Borrowings	23,258,971	5,207,101	10,736,823	2,144,356	158,000	1,441,109	2,464,376	907,005	200,201	-
Deposits and other accounts	1,101,845,283	241,499,795	91,950,949	166,333,887	180,741,232	137,691,815	135,991,334	147,424,235	212,036	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	3,636	24,720,851	5,099,852	9,353,991	3,636	21,202,674	2,251,846	4,425,543	-	-
Other liabilities	72,583,176	24,743,334	108,586,948	181,378,112	185,616,811	160,335,598	140,707,556	152,756,783	2,565,968	2,206,623
	1,211,585,733	277,431,334	108,586,948	181,378,112	185,616,811	160,335,598	140,707,556	152,756,783	2,565,968	2,206,623
Net assets	160,663,530	45,076,514	95,152,771	(38,209,380)	51,849,230	(83,993,432)	(29,058,126)	(20,373,822)	97,266,842	42,952,933
Share capital	21,275,131									
Reserves	33,536,713									
Unappropriated profit	49,734,161									
Non-controlling interest	820,663									
Surplus on revaluation of assets - net	55,296,862									
	160,663,530									

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

42. ISLAMIC BANKING BUSINESS

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

42.1 Profit Distribution Policy for Islamic Banking Division

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

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

42.2 Statement of Financial Position As at December 31, 2014

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

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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

42.6 Pools maintained by NBP-IBD

NBP-IBG has managed a General Pool and Two special pools during the year 2014. The General pool was maintained throughout the year and the special pools were maintained for specific periods the key features of the special pools maintained are as follows:

Pool description	Pool start date	Pool end date	Profit sharing Ratio	
			Rab-ul-Mall	Mudarib
Special pool 1	8-Nov-13	31-Jan-14	80.00%	20.00%
Special pool 2	30-Dec-13	8-Jan-14	83.43%	16.57%

42.7 Sectors of economy where Mudaraba based deposits have been deployed

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

	Rupees in '000
42.9 Mudarib Share	
Gross distributable income	391,605
Mudarib (Bank) share of profit before Hiba	75,030
	Percentage
Mudarib Share	19%

	Rupees in '000
42.10 Hiba from Mudarib share	
Mudarib (Bank) share of profit before Hiba	75,030
Hiba from bank's share to depositors	16,223
	Percentage
Hiba from bank's share to depositors	22%

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

	2014	2013
	-----Rupees in '000-----	
42.12 Redeemable capital		
- Unrestricted investment accounts holders (UIAH)		
Saving account	1,047,918	832,517
Term deposits	672,802	2,684,746
NBP General Account	438,291	283,959
	<u>2,159,011</u>	<u>3,801,222</u>
 Particulars of UIAH		
In local currency	2,159,011	3,801,222

- Profits have been allocated between owner's equity and unrestricted investment accounts in the ratio of monthly average balances of UIAH and owner's equity.

Provision on classified advances calculated as per SBP Prudential Regulations has not been charged to UIAH instead actually written off classified advances are charged (if any).

- Profit from investments of current account funds has been included in determining allocation of profit to UIAH. Funds from current account have been comingled with UIAH funds and included in owner's equity for the distribution of profit.

The bank has not shared revenue from banking operations with UIAHs.

- Assets including Murabaha, Musharika, Ijarah and Sukuks have been financed by equity and UIAH jointly while operating fixed assets have been financed by equity solely.

	2014	2013
	-----Rupees in '000-----	
- Revenues attributable to the bank and UIAH jointly		
Income on Murabaha	26,785	52,669
Musharika rental income	32,540	50,410
Ijarah rental income	107,798	143,301
Income on sukuk investments	306,231	227,387
Income on fund placements	-	11,402
	<u>473,354</u>	<u>485,169</u>
 - Expenses attributable to the bank and UIAH jointly		
Depreciation on Ijarah assets	<u>75,893</u>	<u>121,984</u>

- Expenses attributable to the bank solely

Salary and other benefits	186,966	124,571
Rent, rate, taxes and utilities	65,264	19,784
Communication charges	3,063	1,650
Repair and maintenance	3,206	3,786
Stationary and printing	9,566	4,390
Depreciation	9,282	1,401
Travelling and entertainment expenses	10,580	7,030
Membership expenses	1,309	106
Security charges	10,192	5,173
Others	14,205	8,046
	<u>313,633</u>	<u>175,937</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

43. SUBSEQUENT EVENT

The Board of Directors has proposed a cash dividend of Rs. 5.5 per share (2013: Rs. 2 per share) amounting to Rs. 11,701 million (2013: Rs. 4,225 million) at its meeting held on February 26, 2015 for approval of the members at the annual general meeting to be held on March 30, 2015. These consolidated financial statements do not reflect this appropriation as explained in note 5.19.

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

Muneer Kamal
Chairman

Syed Ahmed Iqbal Ashraf
President

Shahid Aziz Siddiqi
Director

Farrakh Qayyum
Director

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Annexure I as referred to in
Note 9.15 to the financial statements

1.1 Particulars of investments held in listed companies and modarabas

1.1.1 Ordinary shares

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2014	2013	2014	2013
-----Rupees in '000-----						
Held-for-trading						
Nishat Chunian Limited	Unrated	AA-/A1+	-	81,200	-	4,888
Engro Corporattion Limited	Unrated	AA-	379,500	184,500	84,004	29,221
Pakistan State Oil Company Limited	Unrated	AA+	46,500	134,000	16,825	44,517
Pakistan Petroleum Limited	Unrated	Unrated	-	161,000	-	35,568
Engro Foods Limited	Unrated	Unrated	95,000	-	10,006	-
			521,000	560,700	110,835	114,194
Available-For-Sale						
Abbott Laboratories Limited	Unrated	Unrated	-	462	-	182
Adamjee Insurance Company Limited	Unrated	AA	8,036,307	8,036,244	397,476	300,314
Adil Textile Mills Limited	Unrated	Unrated	47,696	47,696	-	-
ADOS Pakistna Ltd	Unrated	Unrated	575,500	575,500	27,192	31,440
Agriauto Industries Limited	Unrated	Unrated	567,047	567,047	85,057	44,695
Aisha Steel Mills Limited	A-/A-2	Unrated	10,000,000	10,000,000	82,900	93,900
AKZO Nobel Pakistan Limited	Unrated	Unrated	-	13,316	-	1,660
Al Abbas Sugar Mills Limited	A/A1	A/A1	727,285	727,285	107,915	70,547
Al Abid Silk Mills Limited	Unrated	Unrated	583,570	583,570	7,003	9,454
Al Qaim Textile Mills	Unrated	Unrated	-	183,265	-	-
Al-Ghazi Tractors Limited	Unrated	Unrated	-	1,705	-	362
Allied Bank Limited	AA+/1+	AA/A1+	8,200,250	7,450,797	931,384	670,572
American Life Insurance	Unrated	Unrated	-	2,500,000	-	90,750
Amtex Limited	Unrated	Unrated	23,172,472	23,172,472	58,858	78,323
Archrome Pakistan Formerly (Clariant Pakistan)	Unrated	Unrated	296,670	353,570	169,387	95,386
Arif Habib Corp Limited	AA/A-1+	Unrated	2,185,692	2,185,692	60,107	48,632
Arif Habib Limited	Unrated	Unrated	-	157,977	-	5,060
Arj Garment Accessories Limited	Unrated	Unrated	-	34,541	-	521
Asim Textile Mills Limited	Unrated	Unrated	582,237	582,237	6,055	14,119
Askari Bank Limited	Unrated	AA/A1+	19,145,344	19,145,344	441,683	268,035
Atlas Battery Limited	Unrated	Unrated	-	144	-	56
Atlas Insuraane	Unrated	Unrated	-	68,904	-	4,307
Attock Petroleum Limited	Unrated	Unrated	1,011,151	1,011,151	545,597	505,262
Attock Refinery Limited	Unrated	AA/A1+	911,885	911,885	171,225	189,371
Ayaz Textile Mills Limited	Unrated	Unrated	107,432	107,432	-	-
Azgard Nine	Unrated	D	22,169,691	22,169,691	130,579	158,292
Babri Cotton Mills	Unrated	Unrated	321,778	-	16,781	-
Balochistan Particle Board Limited	Unrated	Unrated	398,550	398,550	2,834	1,989
Baluchistan Wheels Limited	Unrated	Unrated	684,357	811,357	39,132	42,548
Bank Al Habib Limited	Unrated	AA+/A1+	11,037,866	10,034,424	535,888	416,930
Bank Alfalah Limited	Unrated	AA/A1+	30,689,567	30,689,567	1,070,452	829,846
Bank Of Punjab	Unrated	AA-/A1+	1,322,479	1,322,479	14,481	14,574
Bankislami Pakistan Limited	Unrated	A/A1	2,210,107	2,210,107	21,681	15,338
Bata Pakistan Limited	Unrated	Unrated	-	40	-	112
Berger Paints Limited	Unrated	Unrated	203,429	203,429	21,508	14,698
Bestway Cement Limited (Mustehkam)	Unrated	Unrated	218,309	345,923	28,072	24,561
Blessed Textiles Limited	Unrated	Unrated	-	3,742	-	750
Boc Pakistan Limited (Linde Pakistan)	Unrated	Unrated	406,585	515,585	84,358	92,218
Bolan Casting Limited	Unrated	Unrated	1,144,649	1,504,649	72,113	47,577
Brother Textile Mills Limited	Unrated	Unrated	-	214,100	-	1,321
Burshane LPG Pakistan (Former Shell LPG)	Unrated	Unrated	1,816,238	1,816,238	110,318	74,829
Buxlay Paints Limited	Unrated	Unrated	-	89,291	-	1,725
Casspak Industries Limited	Unrated	Unrated	27,384	27,384	-	-
Century Insurance Company Limited	A/A-2	Unrated	1,147,500	1,147,500	28,688	18,601
Colony Textile Mills	Unrated	Unrated	471,316	595,397	2,220	3,376
Colony Sarhad Textile	Unrated	Unrated	167,677	167,677	-	-
Colony Sugar Mills Limited	Unrated	Unrated	181,491	181,491	1,406	1,980
Crescent Knitwear	Unrated	Unrated	42,130	42,130	-	-
Crescent Steel & Allied Product	Unrated	Unrated	1,999,385	2,828,885	101,289	133,410
Crescent Textile Mills Limited	Unrated	Unrated	1,049,799	1,049,799	18,172	22,623
Cynamid (Wyeth Pakistan)	Unrated	Unrated	57,788	57,788	242,652	260,049
D.S. Industries Limited	Unrated	Unrated	540,339	540,339	2,313	2,858
Dadabhoy Construction	Unrated	Unrated	35,390	35,390	-	-
Dadabhoy Cement Industries	Unrated	Unrated	5,004,500	5,004,500	20,318	32,329
Dandot Cement	Unrated	Unrated	-	160,000	-	1,509
Data Agro Limited	Unrated	Unrated	48,635	50,135	584	981
Dawood Capital Management	Unrated	AM3+	328,285	338,285	-	785
Dawood Hercules Corporation Limited	Unrated	Unrated	4,637,992	4,719,492	391,957	264,858
Dawood Lawrencepur Limited	Unrated	Unrated	135,387	135,387	16,318	11,366
Dewan Cement (Pakland Cement)	Unrated	D	4,587,003	4,587,003	35,595	31,926
Dewan Khalid Textile	Unrated	Unrated	142,425	142,425	1,142	1,830
Balance carried forward			169,378,569	172,558,415	6,102,690	5,048,737

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2014	2013	2014	2013
-----Rupees in '000-----						
Balance brought forward			589,561,677	683,496,973	41,578,420	37,936,134
Shabbir Tiles & Ceramics	Unrated	Unrated	1,891,989	1,891,989	21,417	16,839
Shahmurad Sugar Mills Limited	BBB+/A-2	Unrated	-	3,895	-	77
Shahtaj Sugar Mills	Unrated	Unrated	408,539	408,539	29,648	35,134
Shell Pakistan Limited	Unrated	Unrated	218,750	175,000	56,630	33,325
Shezan International	Unrated	Unrated	-	40	-	29
Silk Bank Limited	A-/A-2	Unrated	1,810,788	1,810,788	4,020	3,803
Sindh Fine Textile Mills	Unrated	Unrated	39,603	39,603	408	279
Sitara Chemicals Industries Limited	A+/A-1	Unrated	520,814	520,814	164,765	127,605
Sitara Energy Limited	Unrated	Unrated	1,130,517	1,130,517	45,209	40,258
SME Leasing Limited	BB+/B	Unrated	1,230,477	1,230,477	1,231	6,152
Soneri Bank Limited	Unrated	AA-/A1+	29,026,394	54,272,585	357,895	593,199
Standard Chartered Leasing Limited	Unrated	AA+/A1+	-	193	-	1
Standard Chartered Modaraba	Unrated	AA+/A1+	1,975,021	1,975,021	48,289	33,733
Sui Northern Gas Pipeline Company Limited	Unrated	AA/A1+	18,805,318	18,805,318	539,901	400,553
Sui Northern Gas Pipeline Company Limited	Unrated	AA/A1+	32,322,335	32,322,335	927,974	688,466
Sui Southern Gas Pipeline Limited	Unrated	AA-/A1+	29,536,674	29,536,674	1,145,432	710,652
Summit Bank Limited (Formuly Arif Habib Bank)	A-/A-3	Unrated	48,908,297	48,908,297	217,642	105,153
Sunshine Cotton Mills Limited	Unrated	Unrated	498,220	498,220	-	-
Suraj Ghee Limited	Unrated	Unrated	27,384	27,384	-	-
Taj Textile Mills Limited	Unrated	Unrated	763,513	763,513	-	-
Tandlianwala Sugar Limited	Unrated	Unrated	17,948	17,948	681	1,365
Tata Textile Mills	Unrated	Unrated	-	34	-	2
Tele Card Limited	Unrated	Unrated	22,371,376	22,371,376	74,049	116,555
Thall Limited	Unrated	Unrated	6,197,498	6,197,498	1,667,313	856,866
Thatta Cement Co. Limited	Unrated	Unrated	9,859,862	9,859,862	325,375	246,398
TPL Direct Insurance Limited	Unrated	Unrated	4,141,360	4,141,360	106,640	41,207
TPL Trakker Limited	Unrated	A-/A2	15,444,597	15,444,597	123,866	114,753
Treet Corporation	AA-/A-1	Unrated	3,312,678	2,540,572	437,009	248,290
TRG Pakistan	Unrated	Unrated	788,000	788,000	11,473	6,990
Tri Star Modaraba (Ist)	Unrated	Unrated	151,492	151,492	757	1,000
Twakkal Garments Industries Limited	Unrated	Unrated	172,325	172,325	-	-
Unicap Modaraba.	Unrated	Unrated	-	178,631	-	309
United Bank Limited	AA+/A-1+	Unrated	5,230,940	2,200,233	924,360	291,641
United Brands Limited (Udl Industries)	Unrated	Unrated	3,000	4,085	249	186
United Distributors Pak.	Unrated	Unrated	-	525	-	10
Wah Noble Chemicals Limited	Unrated	Unrated	324,421	324,421	20,276	20,114
Worldcall Telecom	Unrated	D	47,435,914	47,435,914	80,641	117,641
Yousuf Weaving Mills	Unrated	Unrated	627,427	627,427	2,924	3,288
Zahur Cotton Mills	Unrated	Unrated	225	225	-	-
Jahangir Siddiqui & company	Unrated	AA-	13,400	13,400	752	216
Agritech Limited	D	Unrated	242,055	242,055	8,471	3,067
Zeal Pak Cement Limited	Unrated	Unrated	247,789	247,789	-	-
			875,258,617	990,777,944	48,923,717	42,801,290

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

1.1.2 Particulars of Investments held in un-listed companies

1.1.2.1 Ordinary Shares - Holding 10% and above

Investee	Rating		Percentage of holding	No. of Shares held	Cost of Investment		Break-up value of investment	Based on accounts as at	Name of Chief Executive	
	JCRVIS	PACRA			2014	2013				
					Rupees in '000					
Digri Sugar Mills Limited	Unrated	Unrated	12.4%	2,000,000	4,063	4,063	8,126	30-Sep-99	Mr. Naveed Ahmad Javeri	
JDM Textile Mills Limited	Unrated	Unrated	10.00%	478,444	4,784	4,784	11,639	June 30, 2012	Mr.LT. Gen @ Ali Kuli Khan	
Gelcaps Pakistan Limited	Unrated	Unrated	14.6%	2,000,000	4,665	4,665	25,340	30-Jun-06	Mr. Sadruddin Hashwani	
Intech International	Unrated	Unrated	18.6%	275,000	-	-	.....	Not Available.....	Mr. Hassan Zaidi
Pakistan Agriculture Storage Service Corporation (Face value: Rs.1,000 each)	Unrated	Unrated	18.3%	5,500	5,500	-	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. Pervaiz 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		2014	2013			
					Rupees in '000			
Accord Textile Mills Limited	Unrated	Unrated	233,400	-	-	-	.....	Not Available.....
Adamjee Floorings Limited	Unrated	Unrated	30,080	-	-	-	.....	Not Available.....
Adamjee Papers & Board Mills Limited	Unrated	Unrated	137,597	-	-	-	.....	Not Available.....
Adil Polypropylene Limited	Unrated	Unrated	69,093	-	-	-	.....	Not Available.....
Afsar Textile Mills Limited	Unrated	Unrated	32,778	-	-	-	.....	Not Available.....
Al Ameen Textile	Unrated	Unrated	30,000	328	328	-	.....	Not Available.....
Al Zamin Modarba Management	Unrated	Unrated	140,000	1,000	1,000	2,134	June 30, 2006	Mr. Bashir A. Chaudhry
Al-Hussany Industries Limited	Unrated	Unrated	31,514	-	-	-	.....	Not Available.....
Alif Textile Mills Limited	Unrated	Unrated	163,464	-	-	-	.....	Not Available.....
Amazai Textile Limited	Unrated	Unrated	10,111	-	-	-	.....	Not Available.....
AMZ Venture Limited Class A	Unrated	Unrated	200,000	122	122	-	.....	Not Available.....
Apex Fabrics Limited	Unrated	Unrated	144,506	-	-	-	.....	Not Available.....
Applo Pharma	Unrated	Unrated	25,200,000	252,000	-	-	.....	Not Available.....
Arabian Seas Country Club	Unrated	Unrated	650,000	6,500	6,500	-	.....	Not Available.....
Arag Industries Limited	Unrated	Unrated	96,478	-	-	-	.....	Not Available.....
Aslo Electronics Limited	Unrated	Unrated	20,054	-	-	-	.....	Not Available.....
Aswan Tantage Limited	Unrated	Unrated	86,030	-	-	-	.....	Not Available.....
Atlas Power Limited	Unrated	Unrated	37,500,000	375,000	375,000	653,823	30-Jun-13	Maqsood A. Basra
Attock Textile Mills Limited	Unrated	Unrated	100,000	200	199	(1,412)	Sept. 30, 1998	Mr. Arshad Ali Chaudhry
Awan Textile Mills Limited	Unrated	Unrated	108,696	-	-	-	.....	Not Available.....
Babri Cotton Mills Limited	Unrated	Unrated	-	-	-	3,218	June 30, 2011	Raza Kuli Khan Khattak
Bahawalpur Textile Limited	Unrated	Unrated	33,283	-	-	23,365	.....	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	-	-	-	.....	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.....
Creseent Spinning Mills	Unrated	Unrated	370,744	-	-	-	.....	Not Available.....
Crown Textile	Unrated	Unrated	161,948	-	-	-	.....	Not Available.....
Dadabhoy Leasing Co.	Unrated	Unrated	188,742	-	-	-	.....	Not Available.....
Dadabhoy Sack Limited	Unrated	Unrated	25,102	-	-	-	.....	Not Available.....
Engine System	Unrated	Unrated	788,500	-	-	-	.....	Not Available.....
F.T.C. Management	Unrated	Unrated	50,000	250	250	34,657	June 30, 2012	Engr. Mir Fateh Sultan
Fauji Akbar Portia	Unrated	Unrated	29,188,739	321,076	321,076	156,201	30-Jun-13	Mr. Ahmed Kamal Rana
Fauji Oil Terminals	Unrated	Unrated	1,088,600	10,886	10,886	26,052	June 30, 2013	Lt. Gen @ M. Mustafa Khan
Fazal Vegetable Ghee	Unrated	Unrated	21,486	-	-	-	.....	Not Available.....
First Women Bank Limited	Unrated	BBB-/A2	7,698,441	21,100	21,100	107,026	Dec. 31, 2012	Ms.Shafiqat Sultana
Fortune Securities Limited	Unrated	Unrated	500,000	5,000	5,000	8,334	June 30, 2012	Mr. Qasim Lakhani
Frontier Textile Mills Limited	Unrated	Unrated	50,000	500	500	272	Sep. 30, 2002	Not available
Ghatfor Textile Mills	Unrated	Unrated	23,424	-	-	-	.....	Not Available.....
Ghulam M Dadabhoy (Dadabhoy Padube)	Unrated	Unrated	25,278	-	-	-	.....	Not Available.....
Gulistan Power Generation Limited	Unrated	Unrated	220,000	2,200	2,200	8,096	June 30, 2000	Mr. Abdul Shakoor
Gypsum Corporation	Unrated	Unrated	84,176	-	-	-	.....	Not Available.....
H.Shauki Muhammed Hussain	Unrated	Unrated	57,634	-	-	-	.....	Not Available.....
Haram Textile	Unrated	Unrated	29,683	-	-	-	.....	Not Available.....
Hazara Woolen Mills Limited	Unrated	Unrated	20,000	200	202	-	.....	Not Available.....
Hyderabad Electronic	Unrated	Unrated	50,135	-	-	-	.....	Not Available.....
IDBP	Unrated	Unrated	1,011	107	-	-	.....	Not Available.....
Indus Bank Limited.	Unrated	Unrated	76	-	-	-	.....	Not Available.....
Indus Polyester Co.	Unrated	Unrated	3	-	-	-	.....	Not Available.....
Insecta Pakistan Limited	Unrated	Unrated	50,000	-	-	315	June 30,1997	Mr. Syed Tauqeer Haider
Inter Asia Leasing Company Limited	Unrated	Unrated	50,000	500	500	-	.....	Not Available.....
Investec Securities Limited	Unrated	Unrated	50,205	-	-	-	.....	Not Available.....
Islamabad Stock Exchange Ltd	Unrated	Unrated	3,034,603	30,346	34,346	-	.....	Not Available.....
Islamic Investment Bank	Unrated	Unrated	71,339	-	-	-	.....	Not Available.....
Iti 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.....
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.....
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	1,478,227	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.....
Nowshehra Engineering Works Limited	Unrated	Unrated	18,179	41	41	-	.....	Not Available.....
Nusrat Textile Mills	Unrated	Unrated	156,134	-	-	-	.....	Not Available.....
Balance carried forward				1,051,730	806,842			

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Investee	Rating JCRVIS	PACRA	No. of Shares held	Amount of Investment		Break-up value of investment	Based on accounts as at	Name of Chief Executive
				2,014	2,013			
				Rupees in '000				
Balance brought forward				1,051,730	806,842			
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	40,449	June 30, 2013	Mr. Zaheer Hussain
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	
Rousch Power Pakistan Limited	Unrated	Unrated	39,729,000	132,888	132,888	870,989	June 30, 2013	Mr. Naseem Akhter
Ruby Rice and General Mills Limited	Unrated	Unrated	75,000	750	750		Not Available	
Sahrish Textile Mills	Unrated	Unrated	10,043	20	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	
Shoaib Capital	Unrated	Unrated	100,000	271	271	544	June 30, 2000	Not available
Siffaq (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 Fondaumiere
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	
Karachi Stock Exchange Limited	Unrated	Unrated	4,007,383	11,000	11,000		Not Available	
				1,362,251	1,117,363			
				1,381,263	1,136,375			

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

1.2 Particulars of Investments held in units of mutual funds

	Rating		No. of units held		Market value	
	JCRVIS	PACRA	2014	2013	2014	2013
	-----Rupees in '000-----					
ABL Cash Fund	AA(f)	Unrated	14,975,739	15,584,060	156,646	155,841
AKD Cash Fund	AA+(f)	Unrated	799,539	902,087	41,816	45,131
Al Falah GHP Cash Fund	Unrated	AA(f)	199,075	105,755	104,339	52,932
Atlas Money Market Fund	Unrated	AA(f)	348,473	369,376	182,781	185,704
Asian Stock Fund	Unrated	Unrated	-	173,705	-	2,345
Askari Sovereign Cash Fund	Unrated	AAA(f)	994,830	1,560,591	104,248	16,839
Dominion Stock Fund	Unrated	Unrated	80,326	80,326	-	-
Faysal Financial Sector Opportunity Fund			-	1,028,212	-	103,952
Faysal Money Market Fund	AA+(f)	Unrated	991,768	1,082,901	104,384	110,153
First Dawood Mutual Fund	Unrated	2-Star/2-Star	1,157,674	1,157,674	-	-
First Habib Cash Fund	AA(f)	Unrated	750,378	1,049,032	78,377	105,008
HBL Money Market Fund	AA(f)	Unrated	1,517,263	516,138	158,812	52,177
IGI Money Market Fund	Unrated	Unrated	1,487,279	1,571,386	156,611	157,988
Investec Mutual Fund	Unrated	Unrated	87,858	87,858	-	-
J.S Large Capital Fund	Unrated	Unrated	468,069	403,829	47,808	37,104
Lakson Money Market Fund	Unrated	AA(f)	1,249,399	1,055,542	130,462	105,649
MCB Cash Optimizer Fund	Unrated	AA(f)	1,515,101	2,057,717	158,040	205,875
Meezan Balanced Fund	Unrated	Unrated	3,359,575	2,870,000	48,210	40,754
NAMCO Balanced Fund	Unrated	Unrated	2,621,664	2,450,154	25,666	15,901
NIT-EMOF	Unrated	Unrated	10,045,493	11,267,959	2,070,477	2,126,151
NIUT-NON LOC	Unrated	Unrated	-	22,323,985	-	1,110,395
NIT Government Bond Fund	Unrated	AA(f)	9,213,279	10,000,000	100,240	104,132
NIT Income Fund	Unrated	A+(f)	18,286,551	29,376,653	201,701	310,511
Pak Oman Government Securities Fund	Unrated	AA(f)	-	5,335,241	-	54,802
PICIC Cash Fund	AA+(f)	Unrated	998,804	1,059,733	104,605	106,677
PICIC Energy Fund	Unrated	Unrated	51,328	39,336	578	530
PICIC Investment Fund	Unrated	Unrated	1,000,000	1,000,000	12,200	11,370
UBL Liquidity Plus Fund	AA+(f)	Unrated	997,056	1,557,050	104,372	156,600
NAFA Pension Fund	Unrated	Unrated	540,000	540,000	73,607	58,979
NAFA Islamic Pension Fund	Unrated	Unrated	540,000	540,000	70,761	58,687
MCB cash management optimizer fund	Unrated	AA+(f)	-	202,938	-	20,000
			74,276,521	117,349,238	4,236,741	5,512,187

1.3 Particulars of Investments held in Preference shares

	Rating	Cumulative/ Non-cumulative	Rate	No. of certificates held		Market Value / Cost			
				PACRA	Rate	2014	2013	2014	2013
				-----Rupees in '000-----					
Listed:									
Agritech Limited (Preference)	Unrated	Cumulative	9.25%	3,458,756	61,748,756	34,587	617,488		
Aisha Steel Preference Shares	Unrated	Cumulative	0.00%	273,699	-	240	-		
Chenab Textile Mills Limited	Unrated	Cumulative	9.25%	10,000,000	10,000,000	100,000	10,500		
Saleem Sugar Mills	Unrated	Cumulative	6.00%	105	105	-	-		
Summit Bank Preference Class A		Non-Cumulative	10.00%	14,997,640	14,997,640	149,976	149,976		
Masood Textile Mills	Unrated	Floating	12.65%	5,000,000	5,000,000	50,000	50,000		
Pak Elektron Limited	A/A1	Cumulative	9.50%	12,893,642	12,893,642	128,936	128,936		
				46,623,842	104,640,143	463,739	956,900		
Unlisted:									
Pakistan Mercantile Exchange Limited	Unrated	-	-	1,300,000	1,300,000	13,000	13,000		
Moro Textile Mills		Non-Cumulative		19,242,000	-	192,420	-		
Silk Bank Limited (PNCPS)		Non-Cumulative		80,000,000	80,000,000	200,000	200,000		
				100,542,000	81,300,000	405,420	213,000		

* Cost of the above investment amounted to **Rs. 1,236.90 million** (2013: Rs. 1239.90 million)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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

1.4.1 Term finance certificates

Investee	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificates held		Market value / Cost	
					2014	2013	2014	2013
Listed								
Askari Bank Limited	12.53% 6 months Kibor + 2.5%	Half yearly	October 31, 2013	AA-	3,200	3,200	15,660	16,212
Azgard Nine Limited	11.86% 6 month Kibor + 2.4%	Half yearly	August 17, 2012	D	20,000	20,000	32,538	26,031
Bank Al-Falah Ltd.	15% (Fixed)	Half yearly	December 2, 2017	AA-	10,850	10,850	58,971	58,161
Engro Fertilizer Ltd	12.55% 6 months Kibor + 2.4%	Half yearly	December 17, 2016	A+	2,000	2,000	6,840	8,525
Escorts Invest. Bank Ltd.	11.53% 6 months Kibor + 2.5%	Half yearly	September 15, 2014	BB	-	6,090	-	2,243
Faysal Bank Ltd.	11.01% 6 months Kibor + 2.25%	Half yearly	October 11, 2017	AA-	-	10,000	-	25,062
Faysal Bank Ltd. (P)	12.40% 6 months Kibor + 2.25%	Half yearly	December 27, 2017	AA-	14,200	14,855	74,167	74,271
Financial Receivable Securitization Company Limited	11.08% 6 month Kibor + 2%	Half yearly	December 27, 2013	A+	-	5,000	-	2,082
NIB Bank Ltd.	11.36% 6 month Kibor + 1.15%	Half yearly	March 5, 2016	A+	80,000	-	394,333	-
Saudi Pak Leasing Co. - HTM	6 months Kibor + 1.5%	Half yearly	March 13, 2013	D	10,000	10,000	27,948	13,393
Summit Bank Ltd	12.86% 6 months Kibor + 3.25%	Half yearly	November 11, 2018	A-(SO)	44,898	44,898	191,779	224,283
Telecard Limited	6 months KIBOR+3.75 %	Half yearly	May 20, 2015	Unrated	7,000	7,000	10,967	12,577
Al-Zamin Leasing	6 months KIBOR+2.75 %	Half yearly	Overdue	D	1,030	1,030	-	5,150
Azgard Nine Limited	6 months KIBOR+2.4 %	Half yearly	September 20, 2017	D	4,000	4,000	6,508	6,508
Azgard Nine Limited (PPTFC)	Zero Rated (i.e. No Interest)	Half yearly	March 30, 2017	Unrated	860	860	4,300	4,300
							824,011	478,798
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 Securites Ltd	6 month Kibor + 2.5%	Half yearly	December 31, 2015	D	-	4	496,000	744,000
Al-Azhar Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	5,168	5,168
Al-Qaim Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	16	16	357	357
Apex Fabrics Limited	22.00%	Overdue	Overdue	Unrated	16	16	2,640	2,640
Aqma Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,549	3,549
Aswan Tentage & Canvas Mills Limited	22.00%	Overdue	Overdue	Unrated	1	1	3,643	3,643
Azgard Nine Limited 27-07-2012	Zero Markup	-	March 31, 2017	D	122,697	122,697	613,485	613,485
Babri Cotton Mills	Zero Markup	Annually	December 30, 2016	Unrated	5	5	16,473	35,301
Bachani Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	28	28	33,054	33,054
Baluchistan Cotres Limited	22.00%	Overdue	Overdue	Unrated	22	22	1,098	2,745
Bankers Equity Limited	22.00%	Overdue	Overdue	Unrated	10	10	31,335	31,335
Bela Chemical Limited	22.00%	Overdue	Overdue	Unrated	24	24	24,595	24,595
Bentonite Pak Limited	22.00%	Overdue	Overdue	Unrated	31	31	3,417	3,417
Blue Star Spinning Mills Limited	22.00%	Overdue	Overdue	Unrated	17	17	2,252	2,252
Brother Steel Limited	22.00%	Overdue	Overdue	Unrated	17	17	-	3,093
Bunny's Limited	3 months Kibor + 2.5%	Overdue	December 6, 2012	Unrated	6,000	6,000	22,500	22,500
Colony Thal Textile Mills Ltd	Fixed 7%	Annually	December 31, 2017	Unrated	240	240	119,536	119,536
Cast-N-Link Product Limited	22.00%	Overdue	Overdue	Unrated	16	16	2,549	2,549
Chiniot Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,185	1,185
Danneman Fabrics Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,283	3,283
Engro Fertilizer Ltd PRP I	6 months Kibor + 1.7%	Half yearly	December 17, 2016	A+	8,291	9,291	31,455	41,655
Fauji Akbar Portia Marine Terminal	Zero Markup	Half yearly	October 15, 2024		2		103,707	-
General Dairies & Food Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,350	1,350
Glorex Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	1	1	924	924
Gypsum Corporation Limited	22.00%	Overdue	Overdue	Unrated	-	-	900	900
Hospitex International Limited	22.00%	Overdue	Overdue	Unrated	-	-	239	239
Independent News Paper Corp. Ltd	3 month Kibor	Quarterly	March 30, 2018	B	1	1	1,135,375	1,378,669
Jahangir Siddiqui & Company Limited	6 month Kibor + 2.0%	Half yearly	May 17, 2014	AA+	-	40	-	49,840
Janana De Malucho Textile Mills Ltd	Zero Markup	Annually	January 1, 2017	Unrated	11	11	23,173	48,663
Javedan Corporation Ltd NEW	6 month Kibor + 2.25%	Half yearly	March 16, 2018	Unrated	-	10	-	95,086
Javedan Corporation Limited III	6 month Kibor + 2.25%	Half yearly	August 14, 2018	Unrated	-	10	-	71,832
Javedan Corporation Limited	6 month Kibor + 2.25%	Half yearly	November 10, 2017	Unrated	14,000	14,000	905,887	1,225,000
Balance carried forward							4,209,497	5,192,213

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Investee	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificates held		Market value / Cost	
					2014	2013	2014	2013
							-----Rupees in '000-----	
Unlisted								
Balance brought forward							4,209,497	5,192,213
JDW Sugar Mills Limited	3 month Kibor + 1.25%	Quarterly	June 23, 2014	A+	-	40,000	-	22,222
Kamal Ghee & Allied Industries Limited	22.00%	Overdue	Overdue	Unrated	14	14	4,238	4,238
Kiran Sugar Mills Limited	3 month Kibor + 3.00%	Quarterly	July 6, 2016	Unrated	PENDING RECEIPT		120,000	120,000
Malik Food Industries Limited	22.00%	Overdue	Overdue	Unrated	11	11	1,401	1,401
Minaco Fabrics Limited	22.00%	Overdue	Overdue	Unrated	14	14	1,640	1,640
Moro Textile Mills Ltd.	8% for first 3 years and 3 month KIBOR+3%	Quarterly	January 10, 2021	Unrated	20	20	188,613	188,613
Munalisa Fruit Juices	-	-	-	Unrated	2	2	1,500	1,500
Munawar Engineering Company Limited	22.00%	Overdue	Overdue	Unrated	28	28	1,306	1,306
National Sugar Industries Limited	3 month Kibor + 3.00%	Quarterly	September 3, 2016	Unrated	20	20	-	-
National Tiles & Ceramics Limited	22.00%	Overdue	Overdue	Unrated	16	16	-	205
New Allied Electronic industries limited.	3 month Kibor + 1.50 %	Quarterly	December 31, 2020	Unrated	1	1	1,324,736	1,433,724
Oil & Gas Investment Limited.	6 month Kibor + 2%.	Half yearly	May 14, 2015	Unrated	188,700	188,700	815,800	815,800
Pakistan International Airlines Corp. Limited	6 month Kibor + 0.85%.	Half yearly	February 18, 2011	Unrated	594,796	594,796	2,972,500	2,972,500
Pakistan Laminates Limited	22.00%	Overdue	Overdue	Unrated	-	-	95	95
Pak Elektron Ltd	3 month Kibor + 2%.	Quarterly	February 24, 2020	AA	26	-	3,165,690	-
Pak Libya Holding Co Pvt Ltd	6 month Kibor + 1.6%.	Half yearly	February 7, 2016	AA	50,000	50,000	125,158	208,167
Parthenon private Limited	3 month Kibor + 2%.	Quarterly	December 30, 2017	Unrated	10	9	1,631,635	1,864,725
Pirjee Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	16	16	401	401
Pak Hy-Oil Ltd	6 months Kibor + 2.25%	Overdue	December 6, 2013	Unrated	1	1	150,000	150,000
Pak Arab Fertilizer Ltd	6 months Kibor + 2.50%	Half yearly	May 19, 2015	AA	-	757,070	-	946,337
Rehman Cotton Mills	Zero Markup	Annually	December 30, 2016	Unrated	11	11	37,554	60,087
Qand Ghar (Pvt) Limited	22.00%	Outstanding	Overdue	Unrated	22	22	2,092	2,092
Raja Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,831	3,831
Regency Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	24	24	6,033	6,033
Sarela Cement Limited	22.00%	Overdue	Overdue	Unrated	32	32	6,748	6,748
Seri Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	24	24	5,422	5,422
Shazeb Industries Limited	22.00%	Overdue	Overdue	Unrated	14	14	1,840	1,840
Sialkot Dairies	22.00%	Overdue	Overdue	Unrated	13	13	1,323	1,323
Silverland Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,035	1,035
Sind Textile Industries	22.00%	Overdue	Overdue	Unrated	15	15	7,445	7,445
Sinsas Enterprises Limited	22.00%	Overdue	Overdue	Unrated	2	2	4,302	4,302
Star Silica International	22.00%	Overdue	Overdue	Unrated	16	16	1,799	1,799
Standard Chartered Bank Limited	Six Month Kibor +0.75%	Half yearly	-	AAA	86,730	66,530	433,650	332,650
Sunflo Juices Limited	22.00%	Overdue	Overdue	Unrated	28	28	748	748
Tanocraft Limited	22.00%	Overdue	Overdue	Unrated	22	22	-	-
Tawakkal Garments Industries Limited	22.00%	Overdue	Overdue	Unrated	16	16	759	759
Tharparkar Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	5	5	8,516	12,621
Turbo Tubes Limited	22.00%	Overdue	Overdue	Unrated	2	2	67	67
Ultra Engineering Industries Limited	22.00%	Overdue	Overdue	Unrated	16	16	1,126	1,126
WAPDA-TFCs	6 months Kibor + 1.75%	Half yearly	September 27, 2021	AAA	400,000	400,000	2,000,000	2,000,000
Waleed Leather Industries Limited	22.00%	Overdue	Overdue	Unrated	38	38	2,196	2,196
Zamir Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	7,516	7,516
							17,248,212	16,384,727
							18,072,223	16,863,525

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

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1.4.2 Debentures

Investee	Terms of Redemption		Rate of Interest	Cost	
	Principal	Interest		2014	2013
-----Rupees in '000-----					
Aaj Textile Mills Limited	Outstanding	Outstanding	14%	1,005	1,005
Aaj Textile Mills Limited	Outstanding	Outstanding	12.5%	270	270
Ajax Industries Limited	Overdue	Overdue	11%	1,397	1,397
Ajax Industries Limited	Overdue	Overdue	14%	269	269
Ali Asbestose Industries Limited	Overdue	Overdue	14%	175	175
Ali Asbestose Industries Limited	Overdue	Overdue	11%	1,510	1,510
Allied Marbles Industries	Overdue	Overdue	14%	23	23
Allied Marbles Industries	Overdue	-	Interest free	15	15
Azad Kashmir Mineral Development Corporation	Overdue	Overdue	12%	3,286	3,286
Azad Kashmir Mineral Development Corporation	Overdue	Overdue	14%	1,998	1,998
Azad Kashmir Mineral Development Corporation	Overdue	Overdue	12.5%	2,336	2,336
Carbon Dioxide Limited	Outstanding	Outstanding	11%	495	495
Carbon Dioxide Limited	Outstanding	Outstanding	14%	95	95
Chillya Corrugated Board	Overdue	Overdue	14%	317	317
Consolidated Spinning & Textile Mills Limited	Overdue	Overdue	14%	180	180
Consolidated Sugar Mills	Overdue	Overdue	14%	1,875	1,875
Damaan Oil Mills	Overdue	Overdue	14%	204	204
Effef Industries Limited	Overdue	Overdue	14%	1,799	1,799
Effef Industries Limited	Overdue	-	Interest free	3,828	3,828
Electric Lamp Manufacturing	Outstanding	Outstanding	11%	75	75
Electric Lamp Manufacturing	Overdue	Overdue	14%	150	150
Hassan Tanneries Limited	Outstanding	Outstanding	14%	437	437
Hassan Tanneries Limited	Outstanding	Outstanding	12.5%	58	58
Hazara Woolen Mills	Overdue	Overdue	14%	1,148	1,148
Hydri Gas Limited	Outstanding	Outstanding	11%	47	47
Hydri Gas Limited	Outstanding	Outstanding	14%	50	50
Junaid Cotton Mills Limited	Overdue	Overdue	12.5%	165	165
Junaid Cotton Mills Limited	Overdue	Overdue	14%	470	470
Karachi Development Authority	Overdue	Overdue	12.5%	156,034	156,034
Khyber Textile Mills Limited	Overdue	Overdue	14%	1,000	1,000
Lahore Dyeing & Printing Mill	Outstanding	Outstanding	11%	1,013	1,013
Mansoor Textile Mills	Outstanding	Outstanding	14%	510	510
Morgah Valley Limited	Overdue	Overdue	11%	400	400
Morgah Valley Limited	Overdue	Overdue	14%	160	160
National Woolen Mills	Overdue	Overdue	14%	66	66
Pakistan Paper Corporation	Overdue	Overdue	11%	506	506
Progressive Tobacco Co.	Overdue	Overdue	14%	144	144
Qadri Textile Mills Limited	Outstanding	Outstanding	14%	489	489
Regal Ceramics Limited	Overdue	Overdue	14%	105	105
Rising Sun Knitwear Industries	Overdue	Overdue	14%	57	57
Rose Textile Mills Limited	Overdue	Overdue	14%	740	740
Sarhad Bricks Limited	Outstanding	Outstanding	11%	543	543
Sarhad Bricks Limited	Outstanding	Outstanding	14%	102	102
Shafaq Lamp Manufacturing Corporation	Outstanding	Outstanding	11%	368	368
Shafaq Lamp Manufacturing Corporation	Outstanding	Outstanding	14%	83	83
Shahdin Limited	Overdue	Overdue	14%	163	163
Shahyar Textile Mills Limited	Overdue	Overdue	14%	280	280
Spinzer Towel Industries Limited	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, 2014

1.4.3 Participation Term Certificate

Investee	Number of certificate(s)	Rate of interest	Paid - up value per certificate Rupees	Cost	
				2014	2013
				------(Rupees in '000)-----	
Ali Paper Industries Limited	13	17%	261,000	3,393	3,393
Alipure Jute Mills Limited	53	17%	172,113	7,081	7,081
American Marbals Limited	12	17%	104,167	448	448
Azmat Oil Industries Limited	1	17%	226,000	226	226
Annis Garments Limited	12	17%	32,917	395	395
Bhawalpur Board Mills Limited	14	17%	137,000	1,918	1,918
Bela Chemicals limited	1	17%	10,500,000	10,500	10,500
Calcium Limited	1	17%	300,000	300	300
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
Treet Corporation Limited	7,729,500	AA	33	188,115	221,274
				274,619	307,778

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

1.4.4 Investment in Sukuk

Investee	Terms of Redemption		Rate of Interest %	Market Value/Cost	
	Principal	Interest		2014	2013
-----Rupees in '000-----					
WAPDA Sukuk (2nd Issue)	Bi-Annual	Bi-Annual	8.84% 6 month Kibor - 0.25%	235,760	908,332
Quetta Textile Mills Limited	Quarterly	Quarterly	11.01% 3 month Kibor + 1.75%	253,793	275,862
PIA Corporation	Bi-Annual	Bi-Annual	11.19% 6 month Kibor + 1.75%	550,000	550,000
Maple Leaf Cement Factory LTD	Quarterly	Quarterly	3 months Kibor + 1.7%	790	2,451
<u>Islamic Banking</u>					
WAPDA Sukuk	Bi-Annual	Bi-Annual	8.84% 6 month KIBOR-0.25%	12,500	16,667
Security Leasing Limited	Monthly	Monthly	0%	30,807	32,838
Kohat Cement Limited	Quarterly	Quarterly	10.86% 3 month KIBOR+ 1.5%	-	10,168
Arzoo Textile Limited	Bi-Annual	Bi-Annual	11.56% 6 month KIBOR+2%	100,000	100,000
GoP Ijara Sukuk	Bi-Annual	Bi-Annual	8.98% to 9.46% As per SBP Publications	2,024,349	2,361,296
Engro Fertilizer Limited	Bi-Annual	Bi-Annual	10.64% 6 month KIBOR+1.5%	216,738	216,738
Pakistan International Airline	Bi-Annual	Bi-Annual	11.19% 6 month KIBOR+ 1.75%	175,000	175,000
				<u>3,599,737</u>	<u>4,649,352</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

1.4.5 Others Government Bond Investment

Investee	Terms of Redemption		Rate of Interest %	Market Value/Cost	
	Principal	Interest		2014	2013
-----Rupees in '000-----					
Overseas Bonds					
BANK OF AMERICA	On Maturity	Bi-Annual	4.50%	478,851	247,924
BARCLAYS BANK	On Maturity	Bi-Annual	5.20%	331,378	331,378
CITIBANK	On Maturity	Bi-Annual	5.13%	215,467	215,467
CITIBANK	On Maturity	Bi-Annual	5.50%	220,836	220,836
GOLDMAN SACHS GROUP	On Maturity	Bi-Annual	3.63%	217,239	112,043
GOLDMAN SACHS GROUP	On Maturity	Bi-Annual	5.35%	220,963	113,979
GOLDMAN SACHS GROUP	On Maturity	Bi-Annual	3 months LIBOR+1%	211,261	211,261
GOLDMAN SACHS GROUP	On Maturity	Bi-Annual	7.50%	506,336	262,328
GOLDMAN SACHS GROUP	On Maturity	Bi-Annual	6.15%	473,905	244,495
HONG KONG SHANGHAI BANK C	On Maturity	Bi-Annual	0.50%	126,391	126,391
LLOYDS TSB BANK	On Maturity	Bi-Annual	2.59%	211,994	211,994
LLOYDS TSB BANK	On Maturity	Bi-Annual	1.50%	421,179	212,195
LLOYDS TSB BANK	On Maturity	Bi-Annual	4.38%	105,926	54,576
LLOYDS TSB BANK	On Maturity	Bi-Annual	4.38%	105,926	54,576
LLOYDS TSB BANK	On Maturity	Bi-Annual	4.88%	438,345	224,685
MERRILL LYNCH & CO	On Maturity	Bi-Annual	6.50%	122,253	63,347
MERRILL LYNCH & CO	On Maturity	Bi-Annual	6.50%	51,835	26,859
MERRILL LYNCH & CO	On Maturity	Bi-Annual	6.88%	251,495	251,495
MERRILL LYNCH & CO	On Maturity	Bi-Annual	6.88%	251,495	251,495
MERRILL LYNCH & CO	On Maturity	Bi-Annual	7.00%	56,480	29,266
MORGAN STANLEY	On Maturity	Bi-Annual	3.45%	214,293	109,633
MORGAN STANLEY	On Maturity	Bi-Annual	6.00%	214,666	214,666
MORGAN STANLEY	On Maturity	Bi-Annual	4.50%	633,101	324,306
ROYAL BANK OF SCOTLAND	On Maturity	Bi-Annual	4.88%	219,520	219,520
ROYAL BANK OF SCOTLAND	On Maturity	Bi-Annual	6.40%	720,518	364,103
GOP BONDS	On Maturity	Bi-Annual	6.88%	1,179,605	210,310
GOP EURO BOND	On Maturity	Bi-Annual	7.13%	3,039,804	3,152,705
GOP EURO BOND	On Maturity	Bi-Annual	6.88%	4,485,465	4,537,990
GOP BONDS	On Maturity	Bi-Annual/Amortization	6.875%	223,015	232,577
GOB Bonds	On Maturity	Bi-Annual	6.88%	204,149	-
GOP EURO BOND	On Maturity	Bi-Annual	7.25%	524,881	-
US Treasury	On Maturity	Bi-Annual	2.75%	53,979	-
US Treasury	On Maturity	Bi-Annual	2.50%	158,810	-
				16,891,361	12,832,400

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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

	2014	2013
	-----Rupees in '000-----	
Donations include following amounts exceeding Rs 0.1 million:		
Fatimid Foundation Kidney Centre Quett:	500	-
Fatimid Foundation, Karachi	-	100
Akhuwat	100	-
	600	100
Contributions for Corporate & Social Responsibilities include following amounts exceeding Rs 0.1 million:		
Hub Boarding School of Excellence	-	25,000
Sindh Institute of Urology Transplant (SIUT)	5,000	5,000
Bin Qutub Hospital Chakwal	-	5,000
Lifetime Support Single Unit TCF School Nawabshah	3,750	3,750
Pakistan Centre for Philanthropy Ghotki	-	2,500
Hunar Foundation	4,000	2,400
Marie Adelaide Leprosy Centre	2,000	2,000
Lady Willington	-	1,200
Pilot Project for Emergency Response, Islamabad	-	940
Gulab Devi Hospital Lahore	1,810	760
Institute of Business Administration (IBA)	2,100	600
Patient's Welfare Society	300	540
Provincial Ombudsman	-	500
Bunyad Literacy	-	500
DHQ Hospital, Hazara	-	433
Civil Hospital Sukkur	-	400
DHQ Hospital Skardu	-	393
Sheikh Zayed Islamic Center	384	346
Free Fistual Surgery Camp at Dadu	-	310
Eye camp at Muzaffarabad AJK	-	300
Wajeaha Thalassaemia Centre, Swat	-	275
Medical Camp at Usta Muhammad Distt Jafferabad Baluchistan	-	254
Medical & eye camp at Jalala Distt Mardan	-	250
Indus Hospital Korangi, Karachi	-	250
Eye camp at Village Terha, Wagah Border, Lahore	-	248
Gulistan-e-Mazooreen, Mirpurkhas	164	227
Government College for Women	-	216
Musical event by Welfare Society for Patient Care	-	200
SANATZAR Vocational Training Institute, Bahawalpur	-	186
Medical Camp at Village Bhubar Distt Chakwal	-	180
Pakistan Disabled Foundation	154	176
Medical Camp at Village Mona Distt Chakwal	-	170

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Eye camp at Uch Shareef Tehsil Ahmedpur Bahawalpu	-	156
Medical Camp at Sherwan Distt Abbotabad	-	155
Muzaffarabad Physical Centre	123	152
Medical Camp at Perakot Ghakkar Mandi Distt Wazirabad	-	150
Medical Camp at Mubarak Village	-	150
Medical Camp at Village Sara-e-Mughal Tehsil Pattuki	-	150
Eye camp at Haroonabad Bahawalpur	-	145
Disabled Welfare Association, Karachi.	140	140
Jinnah Foundation Providing Education Facilities	-	126
Special Education Centre PHC Abbotabad, KPK.	-	121
Poor Patients Aid Society Civil Hospital Karachi	-	100
Child Aid Association	-	100
Make-A-Wish Foundation	100	100
Rangers Public School / College for Special Children	-	100
Markez-e-Umeed for Special Children, Karachi	128	100
Behbud Association of Pakistan, Rawalpindi	100	100
Nigahban Welfare Association Civil Hospital Karachi	-	100
Pakistan Bait-ul-Mal Islamabad	-	100
Health Care & Social Welfare Association, Karachi	-	100
SOS Children's Village Multan	500	-
Sir Ganga Ram Hospitail at Lahore	1,350	-
Medical Aid Foundation	500	-
Mukhatran Rafiq Foundation Lahore	430	-
Chair Nawabshah Disability Forum	270	-
Sundas Foundation	300	-
Stationary Items to Sun Academy.	100	-
Medicines,food,milk & solar System at Thar.	500	-
01 Audio Meter Machine & 06 Hearing Aid to Govt-School for Deaf Children Abbottabad.	288	-
Treatment of Victims of Burnt Injuries.Paigham Welfare Associ.Khi.	100	-
10 Wheelchairs & 10 Sewing Machines Firdous Ittehad S.W Org.KHI	134	-
Sewing Machine & Vocational Training at Bahawalnagar.	195	-
Tharparkar Association the Disabled Person Mirpurkhas	250	-
20 Artificial Limbs to Disable Children Treatment Provided by (HASWA)	170	-
Hassan Academy Special Education at Pindi.	100	-
Sponsor Literacy Program for under Privileged Children in out skirts of Pindi & Isld.	491	-
Girls Sec-Camps School Gizri,by Ravian Educational Service Trust.	500	-
Professional Education Foundation Khi.	100	-
35 Desks,01-Elc-Water Cooler& 05 Ceilling Fan to Govt.Elementary School Tehsil Chunian..(19/8 & 02/9)	186	-
Underprivileged Students at Foreman Christian College Lhr.	500	-
80 Orphan Students Educational Expenses Gujranwala.	400	-
Treatment for Dialysisn Patients at Pak Kidney Institute Isld.	400	-
Poor Patient Aid Society to Cover the Brain Surgery of Young girls.	300	-
Plasma Baig to Kids Blood Diseases Organization Mansehra.	124	-
Mentally ill Patients Karwan-e-Hayat	500	-
25 S-Machines to Destitute Women Residing in Sheikhpura Villages.	161	-
10 Computers to Orphan Childres of Don Bosco Home.	140	-
Scolorship for 10 students of Sargodhian Spirit Trust Tandoallyar.	3,750	-
Scolorship for 35 students of Korangi Academy run by INFAQ Foundation.	1,386	-
Adoption Non Formal School Child Care Foundatiion for Elimination of Child Labor	2,925	-

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Colposcopy Equipment to Bolan Medical Complex Quetta	1,350	-
Scolorship for Women Vocational Training Hunar Foundation .	1,500	-
Adoption of Taleem Foundation Schools in Kila Saifullah & Muslim Bagh Baluchistan,	7,000	-
Development of Blood Donation Centre & Laboratory Project by Afzal Memorial Thalaseemia Foundation Khi.	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	-
Blankets to winter affected people	387	-
20 Stretchers to Bolan Medical Complex Hospital Quetta.	450	-
30 wheel chairs to Bolan Medical Complex Hospital Quetta.	204	-
25 Wheel Chair to Khi-Independent living Centre karachi	210	-
15 Wheel Chairs to Sangat Art & Welfare Society Sibi.(S/P)	105	-
20 Computers to Makran University of Tec,Tubat.	320	-
Help International Welfare Trust-Karachi.	100	-
Donation Punjab Youth Festival-2014	25,000	-
Donation Jijal Maau Hospital Qasimabad Hyd 1.69	1,690	-
Donation Build a National Monument Tallest Flag Post.CBC	6,000	-
	<u>83,948</u>	<u>57,849</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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

Details of disposals of property and equipment

Particulars of property and equipment	Original Cost	Book Value	Sale Proceeds	Gain / Loss on disposal	Mode of disposal	Particulars of Purchasers
MOTOR VEHICLES	1,269	346	346	-	As per entitlement	MR. SHAH JEHAN KHAN, EX-EVP.
MOTOR VEHICLES	1,384	1,100	1,100	-	Insurance claim	M/s. National Insurance Co.Ltd.
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR. GHULAM MOHIYUDDIN SIDDIQUI.
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR.MUHAMMAD AKRAM KHAN ,SVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR.MUHAMMAD RIAZ ,SVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR.MUHAMMAD AQIB MALIK,SVP
MOTOR VEHICLES	1,384	277	277	-	As per entitlement	MS.NAHEED SULTANA,EVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MS.AZRA NAILA UZAIR,SVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR.TAHIR SHAHBAZ ANJUM,SVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR. SHAHID IQBAL QURESHI, EVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR. IMDAD HUSSAIN KHAN, SVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR. QURBAN ALI KUNBHAR ,SVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR. TABRIZ HASSAN ,SVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR.M.EHSAN TABASUM ,SVP
MOTOR VEHICLES	1,269	275	275	-	As per entitlement	MR MUHAMMAD NAEEM ASLAM,SVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR.SHAHID IQBAL DAR,SVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR.NAYYAR SAMI,SVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR.MUHAMMAD ATLAS,SVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR. AZIZ UR REHMAN, SVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR. S.M. AYUB, SVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR.TARIQ HANIF, SVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR. MUHAMMAD ISMAIL,EVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR. MOIN-UD-DIN,SVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR. S.H. IRTIZA KAZMI, EVP
MOTOR VEHICLES	1,269	351	351	-	Insurance claim	M/S. NATIONAL INSURANCE CO.LTD.
MOTOR VEHICLES	1,384	277	277	-	As per entitlement	MR.WAJAHAT A.BAQAI,EVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR.KHADIM HUSSAIN,EVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR.SYED WASEEM AKHTAR,SVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR.MUHAMMAD SALEEM TAHIR,SVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR.AHMED SOHAIL WARRAICH,SVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR.TARIQ ZAFAR IQBAL
MOTOR VEHICLES	1,269	212	212	-	As per entitlement	MR.ARIF RAZA ABDY,SVP
MOTOR VEHICLES	1,269	317	317	-	As per entitlement	LATE SAGHIR AHMED,EX-SVP
MOTOR VEHICLES	1,269	212	212	-	As per entitlement	MR.EHSANUL HAQ,EX-SVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR. FAISAL AHMED TOPRA
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR.FAROOQ AHMED,SVP
MOTOR VEHICLES	1,269	190	190	-	As per entitlement	MS.AYESHA MAHMUD EX-SVP
MOTOR VEHICLES	16,116	0	1,612	1,612	As per BoD approval	MR.SYED ALI RAZA,EX-PRESIDENT
MOTOR VEHICLES	655	0	480	480	Auction	MR.KHALID ANWAR
MOTOR VEHICLES	434	0	480	480	Auction	MR.KHALID ANWAR
MOTOR VEHICLES	434	0	450	450	Auction	M/S UNET SOLUTIONS PVT LTD
MOTOR VEHICLES	560	0	415	415	Auction	MR.NAEEM SHAH
MOTOR VEHICLES	560	0	415	415	Auction	MR.AZIMULLAH KHAN
MOTOR VEHICLES	555	0	465	465	Auction	MR.GHULAMHYDERSHAIKH
MOTOR VEHICLES	555	0	430	430	Auction	MR.MUHAMMADIFTIKHAR
MOTOR VEHICLES	699	0	615	615	Auction	MR.IFTIKHAR AHMED
MOTOR VEHICLES	699	0	575	575	Auction	MR.TARIQ PERVEZ ALIVI
MOTOR VEHICLES	946	0	725	725	Auction	MR.A.KALEEM
MOTOR VEHICLES	879	0	900	900	Auction	MR.KHALID ANWAR

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Particulars of property and equipment	Original Cost	Book Value	Sale Proceeds	Gain / Loss on disposal	Mode of disposal	Particulars of Purchasers
	-----Rupees in '000-----					
MOTOR VEHICLES	879	0	875	875	Auction	MR.QAMARHUSSAIN
MOTOR VEHICLES	940	0	950	950	Auction	MR.IFTIKHAR AHMED
MOTOR VEHICLES	940	0	1,005	1,005	Auction	MR.JAGDESH KUMAR
MOTOR VEHICLES	940	0	930	930	Auction	MR.ANJUMDUNKA
MOTOR VEHICLES	940	0	930	930	Auction	MR.SULTANZEB
MOTOR VEHICLES	940	0	955	955	Auction	MR.ANJUMDUNKA
MOTOR VEHICLES	1,389	0	945	945	Auction	MR.MUSTAFA HAYAT
MOTOR VEHICLES	1,389	0	960	960	Auction	MR.RIZWANA.SIDDIQI
MOTOR VEHICLES	1,389	0	1,040	1,040	Auction	M/S UNET SOLUTIONS PVT LTD
MOTOR VEHICLES	1,254	0	745	745	Auction	MR.SAJJAD AHMED
MOTOR VEHICLES	1,029	0	1,420	1,420	Auction	MR.ISLAMUDDIN
MOTOR VEHICLES	737	0	845	845	Auction	MR.M.JAVED
MOTOR VEHICLES	1,269	423	423	-	As per entitlement	MR.ZULFIQAR ALI KHAN,SVP
MOTOR VEHICLES	2,088	1,148	1,148	-	As per entitlement	MR.NADEEM ANWAR ILYAS,EX-SEVP
MOTOR VEHICLES	1,426	737	737	-	As per entitlement	MR.BILAL QADIR JSIKANI,EVP
MOTOR VEHICLES	1,414	283	283	-	As per entitlement	MR.SHAHZAD A SHAMI,EVP
MOTOR VEHICLES	1,269	254	254	-	As per entitlement	MR.ABDUL WAJID,SVP
MOTOR VEHICLES	1,688	1,575	1,575	-	As per entitlement	MR.SALIM ANSAR,EX-EVP
MOTOR VEHICLES	495	-	388	388	Insurance claim	M/S. NATIONAL INSURANCE CO.LTD.
MOTOR VEHICLES	494	-	476	476	Insurance claim	M/S. NATIONAL INSURANCE CO.LTD.
MOTOR VEHICLES	1,269	317	317	-	As per entitlement	MR.MUHAMMAD ANJUM RAFIQUE,EX-SVP
MOTOR VEHICLES	1,538	1,051	1,051	-	As per entitlement	MR. MUSHTAQ AHMED SHAIKH,EX-SVP
MOTOR VEHICLES	1,269	360	360	-	As per entitlement	MR. MALIK MUHAMMAD HAYAT,EX-SVP
MOTOR VEHICLES	1,538	999	999	-	As per entitlement	MR.ABUL AZIZ,EX-SVP
MOTOR VEHICLES	1,426	285	285	-	As per entitlement	MR.BARBRUCE ISHAQ ,EVP
MOTOR VEHICLES	423	0	311	311	Auction	MR.MAALIK
MOTOR VEHICLES	254	0	201	201	Auction	MR.KHALID MEHMOOD
MOTOR VEHICLES	555	0	411	411	Auction	MR.KHALID MEHMOOD
MOTOR VEHICLES	627	0	441	441	Auction	MR.KHALID MEHMOOD
MOTOR VEHICLES	627	0	446	446	Auction	MR.RAB NAWAZ
MOTOR VEHICLES	627	0	556	556	Auction	MR.KHALID MEHMOOD
MOTOR VEHICLES	627	0	631	631	Auction	MR.SHAFIQUE
MOTOR VEHICLES	717	0	501	501	Auction	MR. NAVEED RAFI
MOTOR VEHICLES	434	0	443	443	Auction	MR.TAHIR MEHMOOD
MOTOR VEHICLES	434	0	431	431	Auction	MR.KAMRAN JAMAL
MOTOR VEHICLES	664	0	561	561	Auction	MR.ADIL ARSHAD
MOTOR VEHICLES	434	0	446	446	Auction	MR.MIRZA MANSOOR BAIG
MOTOR VEHICLES	434	0	551	551	Auction	MR.MIRZA ASIF NAZIR
MOTOR VEHICLES	910	0	911	911	Auction	MR.IMTIAZ HUSSAIN
MOTOR VEHICLES	1,269	0	1,041	1,041	Auction	Mrs.TAYYABA RASHEED AHMED
MOTOR VEHICLES	1,269	0	791	791	Auction	MR.KHALID MEHMOOD
MOTOR VEHICLES	61	0	6	6	Auction	MR.KAMRAN JAMAL
MOTOR VEHICLES	61	0	6	6	Auction	MR.ASHAR WAHEED
MOTOR VEHICLES	61	0	6	6	Auction	MR.SHAHID ALI SHAFI
MOTOR VEHICLES	61	0	6	6	Auction	MR.UMAR BILAL
MOTOR VEHICLES	61	0	4	4	Auction	MR.MUHAMMAD AWAIS
MOTOR VEHICLES	77	0	30	30	Auction	MR. KAMRAN JAMAL
MOTOR VEHICLES	1,269	1,100	1,100	-	insurance claim	M/S. NATIONAL INSURANCE CO.LTD.
MOTOR VEHICLES	709	650	650	-	insurance claim	M/S. NATIONAL INSURANCE CO.LTD.
MOTOR VEHICLES	244	68	186	118	Service rules	Mr. SAAD BIN KHALID
MOTOR VEHICLES	378	71	195	124	Service rules	Mr. AHMAD NAUMAN
MOTOR VEHICLES	460	191	210	19	Service rules	Mr. SOHAIL AHMED
MOTOR VEHICLES	460	222	227	5	Service rules	Mr. KHALID MEHMOOD
MOTOR VEHICLES	476	290	254	(36)	Service rules	Mr. OZAIR ALI KHAN
MOTOR VEHICLES	1,376	-	1,100	1,100	Negotiation	Mr. ZUBAIR AMJAD
MOTOR VEHICLES	346	80	650	570	Negotiation	Mr. SYED MUSHRAF HUSSAIN

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Particulars of property and equipment	Original Cost	Book Value	Sale Proceeds	Gain / Loss on disposal	Mode of disposal	Particulars of Purchasers
-----Rupees in '000-----						
MOTOR VEHICLES	1,404	280	280	-	Service rules	MR. USMAN TOUFIQ
MOTOR VEHICLES	864	172	172	-	Service rules	MR. KHURRAM RASHID
MOTOR VEHICLES	879	68	68	-	Service rules	MR. FAHAD FAZAL
MOTOR VEHICLES	560	-	-	-	Service rules	MR. MASOOD HUSSAIN
MOTOR VEHICLES	1,304	896	896	-	Service rules	MR. AFTAB AFROZ
MOTOR VEHICLES	2,060	1,409	1,409	-	Service rules	MR. AFTAB AFROZ
	123,815	23,337	53,995	30,657		
LEASE VEHICLES	3,057	0	611	611	As per entitlement	MR.KHALID BIN SHAHEEN,SEVP
LEASE VEHICLES	7,498	2,124	2,124	-	As per entitlement	Mrs.TAHIRA RAZA,EX-SEVP
LEASE VEHICLES	7,045	1,409	1,409	-	As per entitlement	MR.KAUSAR IQBAL MALIK,SEVP
LEASE VEHICLES	7,045	1,300	1,300	-	As per entitlement	MR.NADEEM ANWAR ILYAS,EX-SEVP
LEASE VEHICLES	2,750	0	275	275	As per BoD approval	MR.SYED ALI RAZA,EX-PRESIDENT
LEASE VEHICLES	9,637	2,730	2,730	-	As per entitlement	DR.ASIF A.BROHI,EX-PRESIDENT
LEASE VEHICLES	6,321	1,264	1,264	-	As per entitlement	DR.ASIF A.BROHI,EX-PRESIDENT
LEASE VEHICLES	7,045	1,409	1,409	-	As per entitlement	MR.MUHAMMAD NUSRAT VOHRA,SEVP
LEASE VEHICLES	7,513	1,503	1,503	-	As per entitlement	MR. ASIF HASSAN ,SEVP
LEASE VEHICLES	740	-	241	241	Service rules	MR. FURQAN AHMED
LEASE VEHICLES	1,686	213	1,155	942	Service rules	MR. SHAHNAWAZ TARIQ
LEASE VEHICLES	2,140	754	1,294	540	Insurance Claims	MR. ADAMJEE INSURANCE
LEASE VEHICLES	1,725	1,231	1,360	129	Service rules	DR. AMJAD WAHEED
LEASE VEHICLES	1,255	1,091	978	(113)	Negotiation	MR. SHAIKH MUHAMMAD WAQAS
LEASE VEHICLES	1,275	1,091	613	(478)	Service rules	MR. ALTAF BAIG CHUGTAI
LEASE VEHICLES	1,650	1,341	1,368	27	Service rules	MR. AMANULLAH INYAT ALI
LEASE VEHICLES	1,276	392	875	483	Insurance Claims	M/s ADAMJEE INSURANCE CO., LIMITED
	69,658	17,852	20,510	2,657		
COMPUTER EQUIPMENT	373	143	143	-	As per entitlement	DR.ASIF A.BROHI,EX-PRESIDENT
COMPUTER EQUIPMENT	138	55	55	-	As per entitlement	MR. ASIF ALI, VP.
COMPUTER EQUIPMENT	97	0	0	-	As per entitlement	MR.ZAIGHAM IQBAL,OG-II
	609	198	198	-		
MOBILE PHONES	68	25	25	-	As per entitlement	MRS. TAHIRA RAZA,EX-SEVP
MOBILE PHONES	73	57	57	-	As per entitlement	MR. NADEEM ANWAR ILYAS, EX-SEVP.
	141	82	82	-		
Furniture & Fixtures	125	27	27	-	As per Service Rules	MR.NAFEES AHMAD KHAN, EX-VP
Furniture & Fixtures	125	52	52	-	As per Service Rules	MR. S. MOIN,EX-VP
Furniture & Fixtures	100	42	42	-	As per Service Rules	MR.ALTAF HUSSAIN KIANI, EX-AVP
Furniture & Fixtures	100	50	50	-	As per Service Rules	MR.PERVAIZ AHMED ,EX-AVP
Furniture & Fixtures	100	43	43	-	As per Service Rules	MR.MUHAMMAD ASLAM ,EX-AVP
Furniture & Fixtures	300	300	300	-	As per Service Rules	MR.SHAH JEHAN KHAN, EX-EVP
Furniture & Fixtures	100	53	53	-	As per Service Rules	MR.TAHIR SAEED, EX-AVP
Furniture & Fixtures	100	27	27	-	As per Service Rules	MR.ARIF MASIH, EX-AVP
Furniture & Fixtures	100	38	38	-	As per Service Rules	MR.GHOUS KHAN, EX-AVP
Furniture & Fixtures	125	102	102	-	As per Service Rules	MR.SAJJAD HUSSAIN SOLONGI, EX-VP
Furniture & Fixtures	100	42	42	-	As per Service Rules	MR.SHAKEEL AHMED SABRI, EX-AVP
Furniture & Fixtures	100	40	40	-	As per Service Rules	LATE ABDUL MAJEED, EX-AVP
Furniture & Fixtures	175	29	29	-	As per Service Rules	MR.MUHAMMAD NAEEM ASLAM, EX-SVP
Furniture & Fixtures	100	42	42	-	As per Service Rules	MR.ABDUL KARIM GHORYANI, EX-AVP
Furniture & Fixtures	100	40	40	-	As per Service Rules	MR.KHALID KHAN, EX-AVP
Furniture & Fixtures	100	60	60	-	As per Service Rules	MR.FAIZ MUHAMMAD, EX-AVP
Furniture & Fixtures	100	87	87	-	As per Service Rules	MR.MUHAMMAD YOUNUS, EX-AVP
Furniture & Fixtures	100	38	38	-	As per Service Rules	MR.MUHAMMAD SALEEM BUTT, EX- AVP
Furniture & Fixtures	100	40	40	-	As per Service Rules	MR.MUHAMMAD SHARIF, EX-AVP
Furniture & Fixtures	100	50	50	-	As per Service Rules	MR.MUHAMMAD RASHID QURSHI. EX-AVP
Furniture & Fixtures	100	40	40	-	As per Service Rules	MR.KHALID FAROOQ, EX- AVP

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Particulars of property and equipment	Original Cost	Book Value	Sale Proceeds	Gain / Loss on disposal	Mode of disposal	Particulars of Purchasers
Furniture & Fixtures	100	43	43	-	As per Service Rules	MR.FAZALI SUBHAN ,EX-AVP
Furniture & Fixtures	100	40	40	-	As per Service Rules	MR.SYED USMAN ALI, EX-AVP
Furniture & Fixtures	125	31	31	-	As per Service Rules	LATE S. HAIDER ABBAS NAQVI, EX-VP
Furniture & Fixtures	125	50	50	-	As per Service Rules	MR.GHULAM MUSTAFA MEHAR, EX-VP
Furniture & Fixtures	100	37	37	-	As per Service Rules	MR.RAJA SHAUKAT ALI ,EX -AVP
Furniture & Fixtures	100	38	38	-	As per Service Rules	MR.ABDUL HAFEEZ KALSON, EX-AVP
Furniture & Fixtures	100	38	38	-	As per Service Rules	MR.ISHTIAQ AHMED, EX- AVP
Furniture & Fixtures	100	48	48	-	As per Service Rules	MR.MUHAMMAD SADIQ, EX- AVP
Furniture & Fixtures	100	40	40	-	As per Service Rules	MR.NAEEM BAIG, EX-AVP
Furniture & Fixtures	100	43	43	-	As per Service Rules	MR.ABDUL KHATIB, EX-AVP
Furniture & Fixtures	100	33	33	-	As per Service Rules	MR.ANWAR UL HAQ ,EX-AVP
Furniture & Fixtures	125	96	96	-	As per Service Rules	MR.RASHID AHMED QAZI, EX-VP
Furniture & Fixtures	100	85	85	-	As per Service Rules	MR.MUHAMMAD SALEEM, EX-AVP
Furniture & Fixtures	175	-	-	-	As per Service Rules	MR.ABDUL HAQ BHATTI, EX-SVP
Furniture & Fixtures	100	63	63	-	As per Service Rules	MR.AGHA SABIHUL HASSAN, EX-AVP
Furniture & Fixtures	100	95	95	-	As per Service Rules	MR.ZAHID HAMEED, EX-AVP
Furniture & Fixtures	125	96	96	-	As per Service Rules	MR.IMDAD HUSSAIN RIZVI, EX-VP
Furniture & Fixtures	500	-	-	-	As per Service Rules	MR.ZUBAIR AHMED, EX- SEVP
Furniture & Fixtures	100	32	32	-	As per Service Rules	MR.ABDUL RASHID, EX -AVP
Furniture & Fixtures	100	35	35	-	As per Service Rules	MR.SYED RAEES AHMAD HASHMI, EX- AVP
Furniture & Fixtures	100	35	35	-	As per Service Rules	MR.TAHIR AKHTAR, EX-AVP
Furniture & Fixtures	100	40	40	-	As per Service Rules	MR.MUHAMMAD TARIQ, EX-AVP
Furniture & Fixtures	100	33	33	-	As per Service Rules	MR.S.MAZHAR ALI, EX-AVP
Furniture & Fixtures	100	33	33	-	As per Service Rules	MR.MUHAMMAD AZHAR, EX-AVP
Furniture & Fixtures	175	26	26	-	As per Service Rules	MR.EHSANUL HAQ ,EX- SVP
Furniture & Fixtures	175	6	6	-	As per Service Rules	LATE SAGHIR AHMED, EX-SVP
Furniture & Fixtures	125	113	113	-	As per Service Rules	MR.TARIQ MEHMOOD, EX- AVP
Furniture & Fixtures	100	40	40	-	As per Service Rules	MR.MUHAMMAD ABDUL RAUF, EX AVP
Furniture & Fixtures	100	33	33	-	As per Service Rules	MR.MUHAMMAD RAFIQ, EX- AVP
Furniture & Fixtures	125	54	54	-	As per Service Rules	MR.SYED AKHTAR MEHDI, EX- VP
Furniture & Fixtures	100	38	38	-	As per Service Rules	MR.MUHAMMAD SAEED, EX-AVP
Furniture & Fixtures	100	28	28	-	As per Service Rules	MR.SHABBIR AKHTAR, EX-AVP
Furniture & Fixtures	100	35	35	-	As per Service Rules	MR.TAHIR JAMIL BHALLI, EX-AVP
Furniture & Fixtures	100	93	93	-	As per Service Rules	MR.MUHAMMAD SIDDIQUE, EX-AVP
Furniture & Fixtures	125	115	115	-	As per Service Rules	MR.JAVED M IQBALUDDIN, EX-VP
Furniture & Fixtures	125	123	123	-	As per Service Rules	MR.SHAHNAZ AWAN, EX-VP
Furniture & Fixtures	175	38	38	-	As per Service Rules	MS. AYESHA MEHMOOD, EX- SVP
Furniture & Fixtures	125	38	38	-	As per Service Rules	MR.FAIZ MUHAMMAD MENGAL, EX-VP
Furniture & Fixtures	100	27	27	-	As per Service Rules	MR.MUHAMMAD AYUB, EX-AVP
Furniture & Fixtures	100	87	87	-	As per Service Rules	MR.MR.ABDUL SATTAR ,EX- AVP
Furniture & Fixtures	100	33	33	-	As per Service Rules	MR.MUHAMMAD ILYAS, EX- AVP
Furniture & Fixtures	100	92	92	-	As per Service Rules	MR.SYED KHALID PERVAIZ, EX- AVP
Furniture & Fixtures	125	48	48	-	As per Service Rules	LATE MUHAMMAD ASGHAR CH, EX-VP
Furniture & Fixtures	100	93	93	-	As per Service Rules	MR.ZAHEER ALAM ZAIDI, EX-AVP
Furniture & Fixtures	100	93	93	-	As per Service Rules	MR.SHAKIL AHMED, EX-AVP
Furniture & Fixtures	100	93	93	-	As per Service Rules	MR.M. SALEEM DANDIA, EX-AVP
Furniture & Fixtures	125	94	94	-	As per Service Rules	MR.MUHAMMAD RAZA JAFFERY, EX-VP
Furniture & Fixtures	100	28	28	-	As per Service Rules	MR.SYED HATIM AZIZ, EX-AVP
Furniture & Fixtures	125	38	38	-	As per Service Rules	MR.MUHAMMAD SOHAIL, EX-VP
Furniture & Fixtures	100	34	34	-	As per Service Rules	MR.MR.ABDUL HAMID, EX-AVP
Furniture & Fixtures	100	28	28	-	As per Service Rules	MR.BASHARAT JAVED, EX-AVP
Furniture & Fixtures	175	55	55	-	As per Service Rules	MR.ZULFIQAR ALI KHAN, EX-SVP
Furniture & Fixtures	100	28	28	-	As per Service Rules	MR.SHAHZAD HUSSAIN, EX-AVP
Furniture & Fixtures	100	28	28	-	As per Service Rules	MR.ALTAH HUSSAIN, EX-AVP
Furniture & Fixtures	125	38	38	-	As per Service Rules	MR.MASOOM RAZA, EX- VP
Furniture & Fixtures	100	30	30	-	As per Service Rules	MR.NASIR UDDIN, EX-AVP

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

Particulars of property and equipment	Original Cost	Book Value	Sale Proceeds	Gain / Loss on disposal	Mode of disposal	Particulars of Purchasers
	-----Rupees in '000-----					
Furniture & Fixtures	100	27	27	-	As per Service Rules	MR.WAZIR MUHAMMAD TAREEN, EX-AVP
Furniture & Fixtures	100	27	27	-	As per Service Rules	MR.MUKHTAR AHMED, EX-AVP
Furniture & Fixtures	125	106	106	-	As per Service Rules	MR.ABDUL RASHEED MEMON, EX- AVP
Furniture & Fixtures	125	58	58	-	As per Service Rules	MR.MUHAMMAD IFTIKHAR, EX-VP
Furniture & Fixtures	300	115	115	-	As per Service Rules	MR.MUHAMMAD BILAL QADIR JASKANI, EX-EVP
Furniture & Fixtures	100	27	27	-	As per Service Rules	MR.MUHAMMAD RAMZAN, EX-AVP
Furniture & Fixtures	100	45	45	-	As per Service Rules	LATE MUSTAFA KAMAL, EX-AVP
Furniture & Fixtures	125	35	35	-	As per Service Rules	MR.MALIK LIAQUAT ALI KHAN, EX-VP
Furniture & Fixtures	175	117	117	-	As per Service Rules	MR.MUSHTAQ AHMED SHAIKH,EX SVP
Furniture & Fixtures	125	31	31	-	As per Service Rules	MR.MUHAMMAD FAWAD,EX-VP
Furniture & Fixtures	125	35	35	-	As per Service Rules	MR.ZAIN UL ABDIN KHUHRO, EX- VP
Furniture & Fixtures	175	44	44	-	As per Service Rules	MR.MALIK MUHAMMAD HAYAT, EX-SVP
Furniture & Fixtures	100	27	27	-	As per Service Rules	MR.MUHAMMAD MUKHTAR, EX-AVP
Furniture & Fixtures	100	28	28	-	As per Service Rules	MR.NASIM MEHMOOD BUTT, EX-AVP
Furniture & Fixtures	100	35	35	-	As per Service Rules	MR.MUHAMMAD IQBAL NADEEM, EX-AVP
Furniture & Fixtures	100	47	47	-	As per Service Rules	MR.SYED NASIR MAHMOOD, EX-AVP
Furniture & Fixtures	500	-	-	-	As per Service Rules	DR. ASIF A BROHI,EX-PRESIDENT
Furniture & Fixtures	100	42	42	-	As per Service Rules	MR.ABDUL QADIR SHAH, EX-AVP
Furniture & Fixtures	100	92	92	-	As per Service Rules	MR.MUREED HUSSAIN, EX-AVP
Furniture & Fixtures	100	45	45	-	As per Service Rules	MR.MUHAMMAD RAFIQUE, EX-AVP
Furniture & Fixtures	100	42	42	-	As per Service Rules	MR.JAWAD RAZA KHOSO, EX-AVP
Furniture & Fixtures	125	33	33	-	As per Service Rules	MR.SHER ZAMAN, EX VP
Furniture & Fixtures	175	111	111	-	As per Service Rules	MR,ABDUL AZIZ EX SVP
	12,425	5,245	5,245	-		
	206,647	46,715	80,030	33,315		
Other assets (having book value of less than Rs. 250,000 or cost of less than Rs.1,000,0	2,875	1,050	1,027	(23)		
TOTAL AMOUNT (Rs.)	209,522	47,765	81,057	33,292		

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

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF Annexure II as referred to in
FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE PERIOD 01.01.2014 TO 31.12.2014 Note 10.7 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				Principal written-Off	Interest/Mark-up written	Other financial relief/wai	Total (9+10+11)
				Principal	Interest/mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
1	Saitex Spinning Mil Ltd 49-KM Lahore Muntan Road Distt Kasur	Mian Iqbal sehgal 514-40-010790	Mian Bashir Sehgal	1.095	117.123	-	118.218	1.095	-	117.123	118.218
2	United Jute Mills (Pvt) Ltd 26-KM lahore Sheikhupura Road	Sharmeen Khan 35201-3115880-0 Shazia Bano 13101-6497256-0	Muhammad Said Khan Shabbir Ali	0.635	8.686	-	9.321	-	-	2.439	2.439
3	Frontier Ceramics Ltd. Plot#29, Jamrud Industries Estate, Peshawar, KPK.	Umar Khalid 37405-3852551-5 Shazia Khalid 37405-1265740-6 Parvez Aslam 35202-6946681-0 Zia Khalid 37405-9242808-5 Farhat 37405-8436916-0	Nadeem Khalid Javed Khalid Muhammad Aslam Javed Khalid Farid Khan	17.417	66.714	311.411	395.542	17.417	-	14.973	32.390
4	M/s Steel Complex Pvt Ltd Project Location :- Situating at 23-KM, OFF G.T. Road, Muridke, Lahore. Office Address :- 801-805, 8th floor, A1 - Qadir Heights, 1-Babar Block, New Garden Town, Lahore-Pakistan. Phone No.3584365152	Ahmad Nadeem Qasim CNIC 35202-4932463-3 Ahmad Naeem Qasim CNIC 35202-7154990-9 10-K, Valencia Housing Society, Lahore. Phone No.35843651-52	Ch.Muhammad Qasim	78.840	6.898	0.095	85.833	-	-	2.912	2.912
5	M/s Automobile Coporation Pak Pvt Ltd 14-Dockyard Rd. Westwharf - khi (PNSC BR.)	1. Mr. Munir Hussain CNIC - 42301-0895645-9 / 2. Mr Khayyam Hussain CNIC -42301-4841818-3 / 3. Mrs Nighat Hussain CNIC - 42000-0435792-8 / D - 73, Blk 5 , Clifton - KHI	Mr. Mutahir Hussain	17.799	-	-	17.799	11.670	-	-	11.670
6	M/S Kandiaro Rice House No. A-18/523 Mangria Mohalla Street Barrage Sukkur	Illahi Bux Mangrio CNIC: No 42201-4429227-7	Kazi Khuda Bux	0.914	0.296	5.102	6.312	-	-	5.102	5.102
7	International Complex			1.375	2.584	-	3.959	1.375	-	2.584	3.959
8	Leatherlite Ltd. 135-Township, Industrial Area, Kotlakhpat, Lahore	Mian Zafar Iqbal		0.594	0.021	-	0.615	0.594	-	1.768	2.362
9	Pakistan Polypropylene Packages			-	2.200	-	2.200	0.252	-	2.200	2.452
10	Ryka Woolen Industries			-	2.056	-	2.056	-	-	2.056	2.056

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

(Rupees in Millions)											
Sr. No.	Name & Address of the borrower	Name of Individuals/Partners/Directors with NIC No.	Fathers/Husband's name.	Outstanding liabilities at beginning of				Principal written-Off	Interest/Mark-up written	Other financial relief/wai	Total (9+10+11)
				Principal	Interest/mark-up	Others	Total				
11	International Ceramics	Mr. Naeem Siddique Mr. Pervez Siddique Mrs. Shahida Naeem Mrs. Lubna Pervez Mr. Sajjad Hussain Mr. Arshad Saeed Mr. S.M. Siddique		4.792		-	4.792	-	-	4.792	4.792
12	Arabian Sea Enterprises	Shirin Gangji Sadaruddin Gangji		-	9.872	-	9.872	-	-	9.872	9.872
13	Wali Bhai Industries F-24, SITE Hyderabad	Mr. Muhammad Rashid 4130-2319404-1 Mr. Muhammad Akram 41303-1543599-3 Mrs. Rukhsana Akram	Mr. Muhammad Akram Mr. Wali Muhammad Akber Jee Mr. Muhammad Akram	53.109	-	26.362	79.471	-	-	19.887	19.887
14	Memon Flour Mills	Mr. Munir Ahmed Memon Mr. Bashir Ahmed Memon	Haji Mohd Daim Memon Haji Mohd Daim Memon	0.207	3.335	10.375	13.917	-	-	13.710	13.710
15	Fateh Appreal Textile Mills	Mr. M. Habib Mr. Abdul Waheed Mrs. Sumera Waheed Mrs. Rukhsana Sharif Mrs. Perveen Habib	Mr. Abbas Bhai Mr. Abbas Bhai Mr. Abdul Waheed Mr. Muhammad Sharif W/o Mr. Muhammad Habib	11.500	62.324	15.843	89.667	-	-	70.191	70.191
16	Elahi Sons			-	0.656	-	0.656	-	-	0.656	0.656
			TOTAL:	188.277	282.765	369.188	840.230	32.403	-	270.265	302.668



NBP NETWORK



Categories of Shareholders

As of December 31, 2014

Categories of Shareholders	No of shareholders	Shares Held	Percentage
Government			
Federal Government Of Pakistan	1	6,238,919	0.29
Pakistan Atomic Energy Commission	1	679,424	0.03
Privatisation Commission Of Pak Ministry Of Prvt. & Invest.	1	1,656,788	0.08
Associated Companies, undertakings and related parties			
Taurus Securities Limited	1	71	0.00
Taurus Securities Limited	1	11,404	0.00
CDC - Trustee Nafa Stock Fund	1	484	0.00
CDC - Trustee Nafa Multi Asset Fund	1	164,071	0.01
CDC-Trustee Nafa Asset Allocation Fund	1	24,000	0.00
State Bank of Pakistan	1	1,599,845,728	75.20
Mutual Funds	31	41,884,741	1.97
Director, Chief Executive, and their spouse and minor children			
Syed Ahmad Iqbal Ashraf	1	25,000	0.00
Mr. Tariq Kirmani	1	44,168	0.00
Executives	6	33,300	0.00
Public Sector Companies and Corporations	7	68,270,372	3.21
Banks, Development finance institutions, non-banking finance companies, insurance companies, takaful companies, and modarabas	30	35,253,715	1.66
General Public			
Local	12,432	90,272,869	4.24
Foreign	55	686,147	0.03
Foreign Companies	70	218,631,432	10.28
Others	196	63,790,393	3.00
TOTALS	12,838	2,127,513,026	100.00

Pattern of Shareholding

As of December 31, 2014

# Of Shareholders	Shareholdings'Slab			Total Shares Held
1443	1	to	100	58,836
2279	101	to	500	693,632
1524	501	to	1000	1,209,239
3744	1001	to	5000	9,434,981
2246	5001	to	10000	14,838,408
531	10001	to	15000	6,509,024
232	15001	to	20000	4,106,408
140	20001	to	25000	3,204,643
98	25001	to	30000	2,695,786
54	30001	to	35000	1,749,488
43	35001	to	40000	1,648,418
44	40001	to	45000	1,871,120
52	45001	to	50000	2,518,442
22	50001	to	55000	1,159,108
27	55001	to	60000	1,555,868
15	60001	to	65000	940,738
22	65001	to	70000	1,484,892
12	70001	to	75000	875,361
10	75001	to	80000	785,876
14	80001	to	85000	1,157,413
10	85001	to	90000	876,695
7	90001	to	95000	647,644
24	95001	to	100000	2,389,724
10	100001	to	105000	1,029,145
5	105001	to	110000	538,646
8	110001	to	115000	913,951
2	115001	to	120000	238,578
8	120001	to	125000	986,145
6	125001	to	130000	776,887
1	130001	to	135000	135,000
5	135001	to	140000	696,377
5	140001	to	145000	713,598
8	145001	to	150000	1,197,280
1	150001	to	155000	151,983
1	155001	to	160000	158,915
2	160001	to	165000	327,071
7	165001	to	170000	1,179,730
2	170001	to	175000	344,650
1	175001	to	180000	175,500
5	180001	to	185000	911,617
2	190001	to	195000	384,892
8	195001	to	200000	1,594,593
3	200001	to	205000	603,654
1	210001	to	215000	214,667
4	220001	to	225000	890,313
1	225001	to	230000	230,000
1	230001	to	235000	231,500
2	235001	to	240000	470,969
1	240001	to	245000	240,187
6	245001	to	250000	1,492,965
2	250001	to	255000	502,374
3	255001	to	260000	775,342
3	265001	to	270000	802,012
1	270001	to	275000	273,000
1	285001	to	290000	287,032

Pattern of Shareholding

As of December 31, 2014

# Of Shareholders	Shareholdings'Slab			Total Shares Held
1	290001	to	295000	293,500
6	295001	to	300000	1,799,984
1	300001	to	305000	302,530
2	305001	to	310000	615,473
1	320001	to	325000	325,000
1	330001	to	335000	332,855
2	340001	to	345000	688,000
2	345001	to	350000	691,101
1	355001	to	360000	355,119
1	370001	to	375000	375,000
1	375001	to	380000	379,500
2	395001	to	400000	795,312
1	400001	to	405000	404,403
1	405001	to	410000	408,000
1	415001	to	420000	420,000
1	430001	to	435000	434,000
1	435001	to	440000	439,349
2	445001	to	450000	898,060
1	450001	to	455000	452,290
1	455001	to	460000	459,500
1	460001	to	465000	463,550
1	480001	to	485000	485,000
1	490001	to	495000	490,011
6	495001	to	500000	3,000,000
2	500001	to	505000	1,004,487
2	520001	to	525000	1,048,500
1	525001	to	530000	528,715
1	545001	to	550000	547,000
1	550001	to	555000	550,190
1	560001	to	565000	563,000
1	585001	to	590000	586,643
1	590001	to	595000	590,397
1	635001	to	640000	635,183
1	640001	to	645000	641,000
1	675001	to	680000	679,424
1	685001	to	690000	688,000
1	690001	to	695000	691,000
1	695001	to	700000	700,000
1	705001	to	710000	708,000
1	745001	to	750000	747,140
1	795001	to	800000	796,158
1	800001	to	805000	803,040
1	810001	to	815000	812,508
1	850001	to	855000	850,057
1	860001	to	865000	864,266
1	870001	to	875000	872,000
1	885001	to	890000	888,000
2	900001	to	905000	1,803,466
1	1000001	to	1005000	1,003,173
1	1020001	to	1025000	1,024,888
1	1055001	to	1060000	1,055,596
1	1135001	to	1140000	1,139,951
1	1140001	to	1145000	1,144,026
1	1260001	to	1265000	1,263,737
1	1270001	to	1275000	1,270,612

Pattern of Shareholding

As of December 31, 2014

# Of Shareholders	Shareholdings'Slab			Total Shares Held
1	1295001	to	1300000	1,300,000
1	1310001	to	1315000	1,311,597
2	1360001	to	1365000	2,729,000
1	1405001	to	1410000	1,406,153
1	1480001	to	1485000	1,484,406
1	1540001	to	1545000	1,542,078
1	1625001	to	1630000	1,629,759
1	1640001	to	1645000	1,640,266
1	1655001	to	1660000	1,656,788
1	1700001	to	1705000	1,701,065
1	1790001	to	1795000	1,792,101
1	1795001	to	1800000	1,796,223
1	1840001	to	1845000	1,843,737
1	1900001	to	1905000	1,900,959
1	1920001	to	1925000	1,922,404
1	2240001	to	2245000	2,244,708
1	2435001	to	2440000	2,438,000
2	2745001	to	2750000	5,495,944
1	2885001	to	2890000	2,886,332
1	3295001	to	3300000	3,300,000
1	3365001	to	3370000	3,370,000
1	3795001	to	3800000	3,798,950
1	3945001	to	3950000	3,949,900
1	4020001	to	4025000	4,022,500
1	4055001	to	4060000	4,055,625
1	4120001	to	4125000	4,124,700
1	4270001	to	4275000	4,273,126
1	4915001	to	4920000	4,919,268
1	5005001	to	5010000	5,008,161
1	5130001	to	5135000	5,133,270
1	5190001	to	5195000	5,193,231
1	5480001	to	5485000	5,482,400
1	5495001	to	5500000	5,500,000
1	6235001	to	6240000	6,238,919
1	6755001	to	6760000	6,758,385
1	7125001	to	7130000	7,129,821
1	7435001	to	7440000	7,439,578
1	7495001	to	7500000	7,500,000
1	7540001	to	7545000	7,543,984
1	7585001	to	7590000	7,590,000
1	8600001	to	8605000	8,603,260
1	8670001	to	8675000	8,675,000
1	9770001	to	9775000	9,772,000
1	10200001	to	10205000	10,202,000
1	10635001	to	10640000	10,636,250
1	11730001	to	11735000	11,730,830
1	11750001	to	11755000	11,751,500
1	12995001	to	13000000	12,996,470
1	15395001	to	15400000	15,398,000
1	16840001	to	16845000	16,845,000
1	26580001	to	26585000	26,580,956
1	51220001	to	51225000	51,220,920
1	58510001	to	58515000	58,513,763
1	1599845001	to	1599850000	1,599,845,728
12838				2,127,513,026



NBP فوری کیش **NBP فوری ترانسفر**

NBP REMITTANCE



66th Annual General Meeting of National Bank of Pakistan

Form of Proxy

Folio No. ----- or CDC participant identity No. -----
CDC A/C No. -----
I/We -----
Of -----
being a member (s) of the National Bank of Pakistan holding shares No -----
Hereby appoint ----- of -----
also a member of the National Bank of Pakistan (Folio No. -----) or failing him/her ----- of -----
also a member of National Bank of Pakistan (Folio No. -----) as my/our Proxy to vote for me/us and on my/our behalf
at the 66th Annual General Meeting of National Bank of Pakistan, to be held at 9:00 A.M. on Monday the March 30, 2015
and at any adjournment thereof.

Signed this ----- day of ----- 2015

Witnesses:

1. Name:-----

Address-----

CNIC No.-----

2. Name:-----

Address-----

CNIC No.-----

**Affix Revenue Stamp
Of Five Rupees**

Signature-----

(Signature should agree with the
specimen signature registered
with the Bank).

NOTE:

A. General:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. No person shall act as a Proxy, who is not a member of the bank except that Government of Pakistan / State Bank of Pakistan / Corporation may appoint a person who is not a member.
2. The instrument appointing a Proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporation (other than Government of Pakistan and State Bank of Pakistan), its common seal should be affixed on the instrument
3. The instrument appointing a Proxy, together with the power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited, with our Registrar / Transfer Agents, Messrs Central Depository Company of Pakistan Limited, CDC House 99-B Block "B" SMCHS, Main Shahrah-e-Faisal Karachi not less than 48 hours before the time of holding the meeting.
4. If a member appoints more than one Proxy, and more than one instrument of Proxy are deposited by a member with the Bank, all such instruments of Proxy shall be rendered invalid.

B. For CDC Account Holder:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. No person shall act as a Proxy, who is not a member of the bank except that Government of Pakistan / State Bank of Pakistan / Corporation may appoint a person who is not a member.
2. The instrument appointing a Proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporation (other than Government of Pakistan and State Bank of Pakistan), its common seal should be affixed on the instrument
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4. If a member appoints more than one Proxy, and more than one instrument of Proxy are deposited by a member with the Bank, all such instruments of Proxy shall be rendered invalid.



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National Bank of Pakistan

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DID: 021 9906-(Ext.)

Call Center: 111-NBP-NBP (+92 21 111 627 627)

Toll Free: 0800-11627

Website: www.nbp.com.pk