

11 Unconsolidated Financial Statements of SBP

A. F. FERGUSON & CO.
Chartered Accountants
State Life Building No. 1-C,
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P.O. Box 4716, Karachi-74000

**ERNST & YOUNG FORD RHODES
SIDATHYDER**
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying unconsolidated financial statements of the State Bank of Pakistan ("the Bank"), which comprise the unconsolidated balance sheet as at June 30, 2015, and the unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes (here-in-after referred to as the "unconsolidated financial statements").

Management's responsibility for the unconsolidated financial statements

Management of the Bank is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these unconsolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the unconsolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the unconsolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the unconsolidated financial statements.

A. F. FERGUSON & CO.
Chartered Accountants

**ERNST & YOUNG FORD RHODES
SIDATHYDER**
Chartered Accountants

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the unconsolidated financial statements give a true and fair view of the financial position of the Bank as at June 30, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The unconsolidated financial statements of the Bank for the year ended June 30, 2014 were audited by A.F. Ferguson & Co. and KPMG Taseer Hadi & Co. who had expressed an unmodified opinion thereon vide their report dated October 30, 2014.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Salman Hussain
Audit Engagement Partner

Date: October 26, 2015

**Ernst & Young Ford Rhodes Sidat
Hyder**
Chartered Accountants
Karachi

Omer Chughtai
Audit Engagement Partner

STATE BANK OF PAKISTAN
UNCONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2015

	Note	2015 ----- (Rupees in '000)	2014
ASSETS			
Gold reserves held by the Bank	5	247,150,713	269,307,930
Local currency - coins	6	365,231	417,880
Foreign currency accounts and investments	7	1,443,289,097	958,634,464
Earmarked foreign currency balances	8	1,274,786	7,453,502
Special Drawing Rights of the International Monetary Fund	9	72,229,419	82,057,077
Reserve tranche with the International Monetary Fund under quota arrangements	10	17,052	18,194
Securities purchased under agreement to resell	11	662,579,848	-
Current accounts of Governments	20.2	3,048,507	802,315
Current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary		56,381	167,001
Investments - local	12	2,415,886,819	3,154,326,379
Securities given as collateral under repurchase agreements	12	-	18,064,500
Loans, advances and bills of exchange	13	338,500,048	297,974,259
Assets held with the Reserve Bank of India	14	5,450,937	5,866,879
Balances due from the Governments of India and Bangladesh (former East Pakistan)	15	8,561,790	7,957,658
Property and equipment	16	20,515,069	21,176,911
Intangible assets	17	4,149	8,927
Other assets	18	3,992,076	6,563,876
Total assets		5,222,921,922	4,830,797,752
LIABILITIES			
Bank notes in circulation	19	2,707,258,012	2,309,127,023
Bills payable		643,121	642,102
Current accounts of Governments	20.1	394,020,378	531,806,543
Current account with SBP Banking Services Corporation - a subsidiary		40,635,754	37,876,846
Securities sold under agreement to repurchase	21	-	17,194,695
Payable to Islamic Banking Institutions against Bai Muajjal transactions	22	189,919,121	-
Payable under bilateral currency swap agreement	23	164,867,890	105,248,797
Deposits of banks and financial institutions	24	413,234,045	530,746,356
Other deposits and accounts	25	147,177,988	145,409,982
Payable to the International Monetary Fund	26	554,172,982	384,994,742
Other liabilities	27	56,402,898	57,026,308
Deferred liability - unfunded staff retirement benefits	28	25,229,160	21,918,201
Total liabilities		4,693,561,349	4,141,991,595
Net assets		529,360,573	688,806,157
REPRESENTED BY			
Share capital	29	100,000	100,000
Reserves	30	175,919,871	175,919,871
Unrealised appreciation on gold reserves held by the Bank	31	243,367,310	265,639,648
Unrealised appreciation on remeasurement of investments - local	12.4	83,994,988	221,168,234
Surplus on revaluation of property and equipment		25,978,404	25,978,404
Total equity		529,360,573	688,806,157

CONTINGENCIES AND COMMITMENTS

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Pursuant to the requirements of section 26 (1) of SBP Act, 1956, the assets of the Bank specifically earmarked against the liabilities of the issue department have been detailed in note 19.1 to these financial statements.

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.

Ashraf Mahmood Wathra
Governor

Riaz Riazuddin
Deputy Governor

Noman Ahmed Qureshi
Executive Director

STATE BANK OF PAKISTAN
UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	<i>Note</i>	2015	2014
		----- (Rupees in '000) -----	
Discount, interest / mark-up and / or profit earned	33	304,300,521	305,970,468
Less: interest / mark-up expense	34	(21,000,191)	(15,337,891)
		283,300,330	290,632,577
Commission income	35	1,628,668	1,727,194
Exchange gain - net	36	36,418,489	11,393,825
Dividend income		15,429,445	12,127,927
Other operating income - net	37	103,343,486	31,220,844
Other income - net	38	383,381	200,130
		440,503,799	347,302,497
Less: Operating expenses			
- Bank notes printing charges	39	6,690,484	6,146,145
- Agency commission	40	7,242,672	6,463,352
- General administrative and other expenses	41	23,949,202	22,993,836
Provision for / (reversal of provision against) / write-off:			
- loans and advances	13.1.2	926,437	-
- claims	27.3.2	(1,489)	1,489
- diminution in value of investments - local	12.3	-	(150,000)
- other doubtful assets	27.3.1.1	(55,071)	32,835
		869,877	(115,676)
		38,752,235	35,487,657
Profit for the year		401,751,564	311,814,840

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.

Ashraf Mahmood Wathra
Governor

Riaz Riazuddin
Deputy Governor

Noman Ahmed Qureshi
Executive Director

STATE BANK OF PAKISTAN
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	<i>Note</i>	2015	2014
		----- (Rupees in '000) -----	
Profit for the year		401,751,564	311,814,840
Other comprehensive income			
Items that may be reclassified subsequently to the profit and loss account:			
Unrealised (diminution) / appreciation on remeasurement of investments - local			
- (Diminution) / appreciation during the year	12.4	(14,462,606)	93,285,053
- Reclassified to profit and loss account		(122,710,640)	(19,745,549)
		(137,173,246)	73,539,504
Unrealised (diminution) / appreciation on gold reserves held by the Bank	5	(22,272,338)	23,070,665
		(159,445,584)	96,610,169
Items that will not be reclassified subsequently to the profit and loss account:			
Remeasurements of staff retirement defined benefit plans - SBP	41.6.3.1	(1,986,999)	(2,417,425)
Remeasurements of staff retirement defined benefit plans allocated by - SBP			
Banking Services Corporation - a subsidiary	41.6.3.1	(2,073,949)	(12,972,476)
		(4,060,948)	(15,389,901)
Total comprehensive income for the year		<u>238,245,032</u>	<u>393,035,108</u>

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.

Ashraf Mahmood Wathra
Governor

Riaz Riazuddin
Deputy Governor

Noman Ahmed Qureshi
Executive Director

STATE BANK OF PAKISTAN
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

Share capital	Reserves							Unrealised appreciation / (diminution) on gold reserves held by the Bank	Unrealised appreciation / (diminution) on remeasurement of investments - local	Surplus on revaluation of property and equipment	Total
	Reserve fund	Rural credit fund	Industrial credit fund	Export credit fund	Loans guarantee fund	Housing credit fund	Unappropriated profit / (loss)				
(Rupees in '000)											
Balance as at July 1, 2013	100,000	164,619,871	2,600,000	1,600,000	1,500,000	900,000	4,700,000	(27,791,420)	242,568,983	147,628,730	564,404,568
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	311,814,840	-	-	311,814,840
Other comprehensive income											
Remeasurements of staff retirement defined benefit plans - SBP	-	-	-	-	-	-	-	(2,417,425)	-	-	(2,417,425)
Remeasurements of staff retirement defined benefit plans allocated by - SBP Banking Services Corporation - a subsidiary (note 41.6.3.1)	-	-	-	-	-	-	-	(12,972,476)	-	-	(12,972,476)
Unrealised appreciation on remeasurement of investments - local	-	-	-	-	-	-	-	-	73,539,504	-	73,539,504
Unrealised appreciation on gold reserves held by the Bank	-	-	-	-	-	-	-	-	23,070,665	-	23,070,665
	-	-	-	-	-	-	-	296,424,939	23,070,665	73,539,504	393,035,108
Transactions with owners											
Dividend	-	-	-	-	-	-	-	(10,000)	-	-	(10,000)
Profit transferred to the Government of Pakistan	-	-	-	-	-	-	-	(268,623,519)	-	-	(268,623,519)
	-	-	-	-	-	-	-	(268,633,519)	-	-	(268,633,519)
Balance as at June 30, 2014	100,000	164,619,871	2,600,000	1,600,000	1,500,000	900,000	4,700,000	-	265,639,648	221,168,234	688,806,157
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	401,751,564	-	-	401,751,564
Other comprehensive income											
Remeasurements of staff retirement defined benefit plans - SBP	-	-	-	-	-	-	-	(1,986,999)	-	-	(1,986,999)
Remeasurements of staff retirement defined benefit plans allocated by - SBP Banking Services Corporation - a subsidiary (note 41.6.3.1)	-	-	-	-	-	-	-	(2,073,949)	-	-	(2,073,949)
Unrealised diminution on remeasurement of investments - local	-	-	-	-	-	-	-	-	(137,173,246)	-	(137,173,246)
Unrealised diminution on gold reserves held by the Bank	-	-	-	-	-	-	-	-	(22,272,338)	-	(22,272,338)
	-	-	-	-	-	-	-	397,690,616	(22,272,338)	(137,173,246)	238,245,032
Transactions with owners											
Dividend	-	-	-	-	-	-	-	(10,000)	-	-	(10,000)
Profit transferred to the Government of Pakistan	-	-	-	-	-	-	-	(397,680,616)	-	-	(397,680,616)
	-	-	-	-	-	-	-	(397,690,616)	-	-	(397,690,616)
Balance as at June 30, 2015	100,000	164,619,871	2,600,000	1,600,000	1,500,000	900,000	4,700,000	-	243,367,310	83,994,988	529,360,573

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.

Ashraf Mahmood Wathra
Governor

Riaz Riazuddin
Deputy Governor

Noman Ahmed Qureshi
Executive Director

STATE BANK OF PAKISTAN
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year after non-cash and other items	42	306,281,567	269,904,892
(Increase) / decrease in assets:			
Foreign currency investments and placements		(59,716,485)	(1,402,874)
Reserve tranche with the International Monetary Fund under quota arrangements		1,142	(439)
Securities purchased under agreement to resell		(662,579,848)	198,787,435
Current account of National Institute of Banking and Finance (Guarantee)			
Limited - a subsidiary		110,620	8,398
Investments - local		592,722,862	(596,096,088)
Securities given as collateral under repurchase agreements		18,064,500	(18,064,500)
Payment of retirement benefits and employees' compensated absences		(2,583,376)	(2,734,479)
Loans, advances and bills of exchange		(41,452,226)	30,616,051
Assets held with the Reserve Bank of India and balances due from			
Governments of India and Bangladesh (former East Pakistan)		(549,061)	(593,455)
Other assets		2,571,800	(5,839,133)
		(153,410,072)	(395,319,084)
		152,871,495	(125,414,192)
Increase / (decrease) in liabilities:			
Bank notes issued - net		398,130,989	267,765,720
Bills payable		1,019	38,180
Current accounts of Governments		(140,147,478)	403,544,973
Current account with SBP Banking Services Corporation - a subsidiary		684,959	(1,080,123)
Securities sold under agreement to repurchase		(17,194,695)	17,194,695
Payable to Islamic Banking Institutions against Bai Muajjal transactions		189,919,121	-
Payable under bilateral currency swap agreement		59,619,093	23,634,070
Deposits of banks and financial institutions		(117,512,311)	55,098,555
Other deposits and accounts		1,768,006	(10,432,274)
Other liabilities		1,113,585	5,808,261
		376,382,288	761,572,057
Net cash generated from operating activities		529,253,783	636,157,865
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments		111,664,408	37,688,507
Dividend received		15,429,445	12,127,927
Capital expenditure		(592,256)	(505,804)
Proceeds from disposal of property and equipment		3,913	6,231
Net cash generated from investing activities		126,505,510	49,316,861
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit paid to the Federal Government of Pakistan		(399,000,180)	(326,185,728)
Receipts from International Monetary Fund		264,797,431	175,292,197
Payments made to International Monetary Fund		(95,619,191)	(222,091,458)
Dividend paid		(10,000)	(10,000)
Net cash used in financing activities		(229,831,940)	(372,994,989)
Increase in cash and cash equivalents during the year		425,927,353	312,479,737
Cash and cash equivalents at the beginning of the year		942,045,632	626,864,789
Effect of exchange gain on cash and cash equivalents		(17,048,228)	2,701,106
Cash and cash equivalents at the end of the year	43	1,350,924,757	942,045,632

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.

Ashraf Mahmood Wathra
Governor

Riaz Riazuddin
Deputy Governor

Noman Ahmed Qureshi
Executive Director

STATE BANK OF PAKISTAN
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1. STATUS AND NATURE OF OPERATIONS

1.1 State Bank of Pakistan ("the Bank") is the central bank of Pakistan and is incorporated under the State Bank of Pakistan Act, 1956. The Bank is primarily responsible for monitoring of credit and foreign exchange, management of currency and also acts as the banker to the Government. The activities of the Bank include:

- formulating and implementing the monetary policy;
- facilitating free competition and stability in the financial system;
- licensing and supervision of banks including micro finance banks, development financial institutions and exchange companies;
- organising and managing the inter-bank settlement system and promoting smooth functioning of payment systems;
- providing of loans and advances to the Governments, banks, financial institutions and local authorities under various facilities;
- purchasing, holding and selling of shares of banks and financial institutions on the directives of the Federal Government; and
- acting as a depository of the Government under specific arrangements between the Government and certain institutions.

1.2 The head office of the Bank is situated at I.I.Chundrigar Road, Karachi, in the province of Sindh, Pakistan.

1.3 These financial statements are unconsolidated (separate) financial statements of the Bank in which investments in subsidiaries are carried at cost. The consolidated financial statements of the Bank and its subsidiaries are presented separately.

The subsidiaries of the Bank and the nature of their respective activities are as follows:

a) SBP Banking Services Corporation - wholly owned subsidiary:

SBP Banking Services Corporation was established in Pakistan under the SBP Banking Services Corporation Ordinance, 2001 ("the Ordinance") and commenced its operations with effect from January 2, 2002. It is responsible for carrying out certain statutory and administrative functions and activities on behalf of the State Bank of Pakistan, as transferred or delegated by the Bank under the provisions of the Ordinance.

The head office of the Banking Services Corporation (BSC) is situated at I.I.Chundrigar Road, Karachi, in the province of Sindh, Pakistan.

b) National Institute of Banking and Finance (Guarantee) Limited - wholly owned subsidiary:

National Institute of Banking and Finance (Guarantee) Limited was incorporated in Pakistan under the Companies Ordinance, 1984 as a company limited by guarantee. It is engaged in providing education and training in the field of banking, finance and allied areas.

The head office of the Institute is situated at Pitras Bukhari Road Islamabad, Pakistan.

2. STATEMENT OF COMPLIANCE

These unconsolidated financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

3. BASIS OF MEASUREMENT

3.1 These unconsolidated financial statements have been prepared under the historical cost convention, except that gold reserves, certain foreign currency accounts and investments, certain local investments and certain items of property as referred to in their respective notes have been included at revalued amounts and certain staff retirement benefits have been carried at present value of defined benefit obligations.

3.2 The unconsolidated financial statements ('the financial statements') are presented in Pakistani Rupees (PKR), which is the Bank's functional and presentation currency.

3.3 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities and income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. Judgments made by the management in the application of IFRS and estimates that have a significant risk of material adjustment to the carrying amounts of assets and liabilities are as follows:

3.3.1 Impairment against loans and advances

The Bank reviews its loan portfolio to assess recoverability of loans and advances and impairment allowance required thereagainst on a continuous basis. While assessing this requirement, various factors including the delinquency in the account, financial position of the borrower, quality of collateral and other relevant factors are considered. The amount of impairment may require adjustment in case borrowers do not perform according to the expectations.

3.3.2 Impairment of available-for-sale investments

The Bank determines that available-for-sale investments are impaired when there is a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in security price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

3.3.3 Retirement benefits

The key actuarial assumptions concerning the valuation of defined benefit plans and the sources of estimation are disclosed in note 41.6.1 to these financial statements.

3.3.4 Useful life and residual value of property and equipment

Estimates of useful life and residual value of property and equipment are based on the management's best estimate.

3.4 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year:

The following amendments, improvements to accounting standards and interpretations of IFRSs became effective during the current year:

IAS 19 - Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions

Improvements to Accounting Standards Issued by the IASB

IFRS 2 Share-based Payment - Definitions of vesting conditions

IFRS 3 Business Combinations - Accounting for contingent consideration in a business combination

IFRS 3 Business Combinations - Scope exceptions for joint ventures

IFRS 8 Operating Segments - Aggregation of operating segments

IFRS 8 Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets

IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)

IAS16 Property, Plant and Equipment and IAS 38 Intangible Assets - Revaluation method - proportionate restatement of accumulated depreciation / amortisation

IAS 24 Related Party Disclosures - Key management personnel

IAS 40 Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any material effect on the financial statements.

3.5 New and amended standards and interpretations that are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

Standards, amendments and interpretations	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	01 January 2016
IFRS 11 Joint Arrangements-Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from contracts with customers	01 January 2017
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 27–Separate Financial Statements–Equity Method in Separate Financial Statements (Amendment)	01 January 2016
Improvements to Accounting Standards Issued by the IASB	
IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal	01 January 2016
IFRS 7 Financial Instruments: Disclosures - Servicing contracts	01 January 2016
IFRS 7 Financial Instruments: Disclosures - Applicability of the off-setting disclosures to condensed interim financial statements	01 January 2016
IAS 19 Employee Benefits - Discount rate: regional market issue	01 January 2016
IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'	01 January 2016

The Bank expects that the adoption of the above standards and amendments will not have any material impact on the Bank's financial statements in the period of initial application other than the initial application of IFRS 15, 'Revenue from contracts with customers' as described below:

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted. The management is in the process of assessing the impact of IFRS 15 on the financial statements of the Bank.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Bank notes in circulation and local currency - coins

The liability of the Bank towards bank notes issued as a legal tender under the State Bank of Pakistan Act, 1956, is stated at face value and is represented by the specified assets of the Issue Department of the Bank as per the requirements stipulated in the State Bank of Pakistan Act, 1956. The cost of printing of notes is charged to the profit and loss account as and when incurred. Any un-issued fresh bank notes lying with the Bank and previously issued notes held by the Bank are not reflected in the balance sheet.

The Bank also issues coins of various denominations on behalf of the Government of Pakistan (GoP). These coins are purchased from the GoP at their respective face values. The coins held by the Bank form part of the assets of the Issue Department.

4.2 Financial assets and financial liabilities

Financial instruments carried on the balance sheet include local currency - coins, foreign currency accounts and investments, earmarked foreign currency balances, investments - local, loans, advances and bills of exchange, current account with SBP Banking Services Corporation - a subsidiary, current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary, assets held with Reserve Bank of India (other than gold held by Reserve Bank of India), balances due from the governments of India and Bangladesh, other assets, bank notes in circulation, bills payable, deposits of banks and financial institutions, balances and securities under repurchase and reverse repurchase transactions, payable to Islamic banking institutions against Bai Muajjal transactions, current accounts of Governments, balances with the International Monetary Fund (IMF), payable under bilateral currency swap agreement, other deposits and accounts and other liabilities. The particular recognition and measurement methods adopted are disclosed in the individual policy statements associated with each financial instrument.

All financial assets and financial liabilities are initially recognised on the trade date, i.e. the date that the Bank becomes a party to the contractual provisions of the instruments. This includes purchases or sale of financial assets that require delivery of asset within the time frame generally established by regulations in market conventions.

All financial assets and financial liabilities are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss where transaction cost is taken directly to the profit and loss account. Any difference between the fair value of consideration given and the amount determined using the valuation techniques detailed in note 4.4 is recognised in the profit and loss account.

The management determines the appropriate classification of its financial instruments at the time of initial recognition in the following categories:

4.2.1 Financial assets and financial liabilities at 'fair value through profit or loss'

These assets and liabilities are either acquired / assumed for generating a profit from short term fluctuations in market price, interest rate movements, dealer's margin or securities included in a portfolio in which a pattern of short term profit making exists. These are initially recognised at fair value and transaction costs associated with the instrument are taken directly to the profit and loss account. These instruments are subsequently re-measured at fair value. All related realised and unrealised gains and losses are recognised in the profit and loss account directly. Derivatives are also categorised as financial assets and financial liabilities at 'fair value through profit or loss'.

4.2.2 Held to maturity investments

These are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold till maturity. After initial measurement, held-to-maturity investments are subsequently measured at amortised cost using effective interest rate, less impairment losses, if any. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are integral part of the effective interest rate. The effective interest rate method is a method of calculating the amortised cost of financial assets or financial liabilities and of allocating the interest income or interest expense over the relevant period in the profit and loss account. The losses arising from impairment of such investments are recognised in the profit and loss account.

4.2.3 Loans and receivables

These are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. Subsequent to initial recognition, these assets are carried at amortised cost less impairment losses, if any, and premiums and / or discounts are accounted for using the effective interest method.

All loans and receivables are recognized when cash is advanced to borrowers. When a loan becomes uncollectible, it is written off against the related provision for impairment. Subsequent recoveries are credited in the profit and loss account.

4.2.4 Available-for-sale financial assets

These are the non derivative financial assets which are either designated in this category or which do not fall in any of the other categories. Subsequent to initial recognition, these securities are measured at fair value, except investments in those securities the fair value of which cannot be determined reliably and are stated at cost. Gain or loss on changes in fair value is taken to and kept in equity until the investments are sold or disposed off, or until the investments are determined to be impaired. At that time, cumulative gain or loss is re-classified to the profit and loss account.

4.2.5 Financial liabilities at amortised cost

Financial liabilities with a fixed maturity are measured at amortised cost using the effective interest rate. These include deposits from banks and financial institution, other deposits and accounts, securities sold under agreement to repurchase, payable under bilateral currency swap agreement, current accounts of Governments, current account with SBP- Banking Services Corporation, payable to Islamic Banking Institutions against Bai Muajjal transactions, payable to the IMF, bank notes in circulation, bills payable and other liabilities.

4.3 Derecognition of financial asset and financial liabilities

a) Financial assets

The Bank derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the profit and loss account.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of new liability, and the difference in the respective carrying amount is recognised in the profit and loss account.

4.4 Fair value measurement principles

The fair value of financial instruments traded in active markets at the balance sheet date is based on their quoted market prices or dealer price quotation without any deduction for transaction costs. If there is no active market for a financial asset, the Bank establishes fair value using valuation techniques. These include the use of recent arms length transaction, discounted cash flow analysis and other revaluation techniques commonly used by market participants. Investments in securities of which the fair value cannot be determined reliably are carried at cost.

4.5 Impairment of financial assets

The Bank assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is an objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the assets (an incurred 'loss event') and that loss event (or events) has an impact on estimated future cash flow of the financial asset or a group of financial assets that can be reliably estimated. Evidence of impairment may include indication that the borrower or group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in interest or principal payment and where observable data indicates that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic condition that correlate with defaults, if any.

a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Bank first assesses whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for individually assessed financial assets, it includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying value and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying value of the assets is reduced through the use of an allowance account and the amount of the loss is recognised in the profit and loss account. If in a subsequent year the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If in a subsequent period the amount of impairment loss decreases and the decrease can be linked objectively to an event occurring after the write down, the write down or allowance is reversed through the profit and loss account.

b) Available-for-sale financial assets

For available-for-sale financial assets, the Bank assesses at each balance sheet date whether there is an objective evidence that an investment is impaired. In case of equity investment classified as available-for-sale, significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exist for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss account, is reclassified from other comprehensive income and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the income statement.

4.6 Offsetting

A financial asset and a financial liability are offset and the net amount is reported in the financial statements when the Bank has a legally enforceable right to set off the recognised amount and it intends either to settle on a net basis or to realise the asset and to settle the liability simultaneously.

4.7 Derivative financial instruments

The Bank uses derivative financial instruments which include forwards, futures and swaps. Derivatives are initially recorded at fair value and are re-measured to fair value on subsequent reporting dates. Forwards, futures and swaps are shown under commitments in note 32.2. The resultant gains or losses from derivatives are included in the profit and loss account.

4.8 Collateralised borrowings / lending

4.8.1 Reverse repurchase and repurchase agreements

Securities sold subject to a commitment to repurchase them at a pre-determined price, are retained on the balance sheet and a liability is recorded in respect of the consideration received as "Securities sold under agreement to repurchase". Conversely, securities purchased under analogous commitment to resell are not recognized on the balance sheet and an asset is recorded in respect of the consideration paid as "Securities purchased under agreement to resell". The difference between the sale and repurchase price in the repurchase transaction and the purchase price and resell price in reverse repurchase transaction represents expense and income respectively, and is recognised in the profit and loss account on time proportion basis. Both repurchase and reverse repurchase transactions are reported at transaction value inclusive of any accrued expense / income.

4.8.2 Payable under bilateral currency swap agreement

Bilateral currency swap agreements with counterpart central banks involve the purchase / sale and subsequent resale / repurchase of local currencies of counterpart central banks against PKR at the applicable exchange rate (determined in accordance with the terms of the agreement). The actual use of facility by the Bank / counterpart central bank in the agreement is recorded as borrowing / lending in books of the Bank and interest is charged / earned at agreed rates to the profit and loss account on a time proportion basis from the date of actual use. Any unutilised limit of the counterpart's drawing is reported as commitments in note 32.2.1.

4.9 Payable to Islamic Banking Institutions against Bai Muajjal transactions

The Bank purchases Government of Pakistan (GoP) Ijara sukuks on deferred payment basis (Bai Muajjal) from Islamic Banks. The deferred price is agreed at the time of purchase and such proceeds are paid to the Islamic Banks at the end of the agreed period. The difference between the fair value and deferred price represents financing cost and is recognised in profit and loss account on a time proportion basis as "markup expense". Amount payable to Islamic Banking Institutions under deferred payment basis on purchase of sukuks is reported at transaction value plus profit payable thereon (i.e. at amortised cost).

4.10 Gold reserves held by the Bank

Gold is recorded at the cost, which is the prevailing market rate, at initial recognition. Subsequent to initial measurement, it is revalued at the closing market rate fixed by the London Bullion Market Association on the last working day of the year which is also the requirement of State Bank of Pakistan Act, 1956 and State Bank of Pakistan General Regulation No.42(vi). Appreciation or diminution, if any, on revaluation is taken to equity under the head "unrealised appreciation on gold reserves". Appreciation / diminution realised on disposal of gold is taken to the profit and loss account. Unrealised appreciation / diminution on gold reserves held with the Reserve Bank of India is not recognised in the statement of changes in equity pending transfer of these assets to the Bank subject to final settlement between the Governments of Pakistan and India. Instead it is shown in other liabilities as provision for other doubtful assets.

4.11 Property and equipment

Property and equipment except land, buildings and capital work-in-progress (CWIP) are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at revalued amount. Leasehold land and buildings are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any. CWIP is stated at cost less accumulated impairment losses, if any and consists of expenditure incurred and advances made in respect of fixed assets in the course of their acquisition, construction and installation. CWIP assets are capitalised to relevant asset category as and when work is completed.

Depreciation on property and equipment is charged to the profit and loss account using the straight-line method whereby the cost / revalued amount of an asset is written off over its estimated useful life at the rates specified in note 16.1 to these financial statements. The useful life of assets is reviewed and adjusted, if appropriate, at each balance sheet date.

Estimates of useful life and residual value of property and equipment are based on the management's best estimate. The assets' residual value, depreciation method and useful life are reviewed, and adjusted, if appropriate, at each balance sheet date.

Depreciation on additions is charged to the profit and loss account from the month in which the asset is available for use while no depreciation is charged in the month in which the assets are deleted / disposed off. Normal repairs and maintenance are charged to the profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gains and losses on disposal of fixed assets are included in the profit and loss account.

Increase in carrying amount arising on revaluation of land and buildings is recognised in other comprehensive income and credited to surplus on revaluation of property and equipment. Decreases that offset previous increases of the same assets are charged against surplus on revaluation of property and equipment in equity, while all other decreases are charged to the profit and loss account. The surplus on revaluation realised on sale of property and equipment is transferred to un-appropriated profit.

4.12 Intangibles

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised using straight-line method over the period of three years. Where the carrying amount of an asset exceeds its estimated recoverable amount, it is written down immediately to its recoverable amount.

4.13 Impairment of non-financial assets

The carrying amounts of the Bank's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such assets is estimated. The recoverable amount is higher of an asset's fair value less cost to sell and value in use. In assessing the value in use, future cash flows are estimated which are discounted to present value using a discount rate that reflects the current market assessments of the time value of money and the risk specific to the asset. In determining fair value less cost to sell, an appropriate valuation model is used. An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset or a group of assets exceeds its recoverable amount. Impairment loss on revalued assets is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

4.14 Compensated absences

The Bank makes annual provision in respect of liability for employees' compensated absences based on actuarial estimates. The liability is estimated using the Projected Unit Credit Method.

4.15 Staff retirement benefits

The Bank operates:

- a) an unfunded contributory provident fund (old scheme) for those employees who joined the Bank prior to 1975 and opted to remain under the old scheme. The Bank provided an option to employees covered under old scheme to join the funded Employer Contributory Provident Fund Scheme - ECPF (new scheme) effective from June 1, 2007. Under this scheme, contribution is made both by the Bank and employee at the rate of 6% of the monetized salary. Moreover, employees joining the Bank service after June 1, 2007 are covered under the new scheme.
- b) an unfunded General Provident Fund (GPF) scheme for all those employees who joined the Bank after 1975 and those employees who had joined prior to 1975 but opted for this scheme. Under this scheme contribution is made by the employee only at the rate of 5% of the monetized salary.

c) following are other staff retirement benefit schemes:

- an unfunded gratuity scheme (old scheme) for all employees other than those who opted for the new general provident fund scheme, or joined the Bank after 1975 and are entitled only to pension scheme benefits;
- a funded Employees Gratuity Fund (EGF) was introduced by the Bank effective from June 1, 2007 for all its employees other than those who opted for pension scheme or unfunded gratuity scheme (old scheme);
- an unfunded pension scheme for those employees who joined the Bank after 1975 and before the introduction of EGF which is effective from June 1, 2007;
- an unfunded benevolent fund scheme;
- an unfunded post retirement medical benefit scheme; and
- six months post retirement benefit facility.

Obligations for contributions to defined contribution provident plans are recognised as an expense in the profit and loss account as and when incurred.

Annual provisions are made by the Bank to cover the obligations arising under defined benefit schemes based on actuarial recommendations. The actuarial valuations are carried out under the "Projected Unit Credit Method". The most recent valuation in this regard was carried out as at June 30, 2015. The "remeasurements", which are made up of actuarial gains and losses and the difference between the actual investment returns and the returns implied by the net interest cost, are recognised in the "balance sheet" immediately with the charge or credit to "other comprehensive income" in the periods in which they occur.

The above staff retirement benefits are payable on completion of prescribed qualifying period of service.

4.16 Deferred income

Grants received on account of capital expenditure are recorded as deferred income. These are amortised over the useful life of the relevant asset.

4.17 Revenue recognition

- Discount, interest / mark-up and / or return on loans and advances and investments are recorded on time proportion basis that takes into account the effective yield on the asset. However, income on balances with Bangladesh (former East Pakistan), doubtful loans and advances and overdue return on investments are recognised as income on receipt basis.
- Commission income is recognised when related services are rendered.
- Dividend income is recognised when the Bank's right to receive dividend is established.
- Gains / losses on disposal of securities are recognised in the profit and loss account at trade date.
- All other revenues are recognised on a time proportion basis.

4.18 Finances under profit and loss sharing arrangements

The Bank provides various finances to financial institutions under profit and loss sharing arrangements. Share of profit / loss under these arrangements is recognised on an accrual basis.

4.19 Taxation

The income of the Bank is exempt from tax under section 49 of the State Bank of Pakistan Act, 1956.

4.20 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupees at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the closing rate of exchange prevailing at the balance sheet date.

Exchange gains and losses are taken to the profit and loss account except for certain exchange differences on balances with the International Monetary Fund, referred to in note 4.21, which are transferred to the Government of Pakistan account.

Exchange differences arising under Exchange Risk Coverage Scheme and on currency swap transactions are recognised in the profit and loss account on an accrual basis.

Commitments for outstanding foreign exchange forward and swap contracts disclosed in note 32.2 to these financial statements are translated at forward rates applicable to their respective maturities. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in PKR terms at the closing rate of exchange prevailing at the balance sheet date.

4.21 Transactions and balances with the International Monetary Fund

Transactions and balances with the International Monetary Fund (IMF) are recorded on following basis:

- the Government's contribution for quota with the IMF is recorded by the Bank as depository of the Government. Exchange differences arising on these balances are transferred to the Government of Pakistan account.
- exchange gains or losses arising on revaluation of borrowings from the IMF are recognised in the profit and loss account.
- the cumulative allocation of Special Drawing Rights (SDRs) by the IMF is recorded as a liability and is translated at closing exchange rate for SDRs prevailing at the balance sheet date. Exchange differences on translation of SDRs is recognised in the profit and loss account.
- service charge is recognised in the profit and loss account at the time of receipt of the IMF tranches.

All other income or charges pertaining to balances with the IMF are taken to the profit and loss account, including the following:

- charges on borrowings under credit schemes and fund facilities;
- charges on net cumulative allocation of SDRs;
- exchange gain or loss; and
- return on holdings of SDRs.

4.22 Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

4.23 Cash and Cash Equivalents

Cash and cash equivalents include foreign currency accounts and investments (other than held to maturity investments), local currency coins, earmarked foreign currency balances, SDRs, balances in the current and deposit accounts and securities that are realisable in known amounts of cash within three months from the date of original investments and which are subject to insignificant changes in value.

	Note	Net content in troy ounces	2015 ------(Rupees in '000)-----	2014
5 GOLD RESERVES HELD BY THE BANK				
Opening balance		2,072,748	269,307,930	246,096,839
Additions during the year		964	115,121	140,426
(Diminution) / appreciation for the year due to revaluation	31		(22,272,338)	23,070,665
	19.1	<u>2,073,712</u>	<u>247,150,713</u>	<u>269,307,930</u>
	Note		2015	2014
			------(Rupees in '000)-----	
6 LOCAL CURRENCY - COINS				
Bank notes held by the Banking Department			142,373	110,890
Coins held as an asset of the Issue Department	6.1 & 19.1		<u>365,231</u>	<u>417,880</u>
			507,604	528,770
Less: bank notes held by the Banking Department	19		<u>(142,373)</u>	<u>(110,890)</u>
			<u>365,231</u>	<u>417,880</u>

- 6.1 As mentioned in note 4.1, the Bank is responsible for issuing coins of various denominations on behalf of the Government. This balance represents the face value of coins held by the Bank at the year end (also refer note 19.1).

7 FOREIGN CURRENCY ACCOUNTS AND INVESTMENTS

These essentially represent foreign currency reserves held by the Bank, the details of which are as follows:

	Note	2015 ----- (Rupees in '000) -----	2014
At fair value through profit or loss - held-for-trading:			
- Investments	7.1	267,935,510	170,981,568
- Unrealised loss on derivative financial instruments	7.2	(1,015,518)	(711,951)
Held to maturity investment	7.3	165,568,110	105,806,667
Loans and receivables			
- Deposit accounts	7.1	104,598,933	62,393,652
- Current accounts		26,790,460	19,605,091
- Securities purchased under agreement to resell	7.4	125,421,892	269,904,526
- Money market placements	7.5	753,989,710	330,654,911
		<u>1,443,289,097</u>	<u>958,634,464</u>
The above foreign currency accounts and investments are held as follows:			
Issue Department	19.1	753,989,710	330,654,911
Banking Department		<u>689,299,387</u>	<u>633,025,882</u>
		<u>1,443,289,097</u>	<u>958,634,464</u>

- 7.1 These represent investments made in international markets and balances maintained (on behalf of the Bank) through reputable Fund Managers. The activities of the Fund Managers are being monitored through a custodian. The market value of the investments and carrying amount of deposit accounts as on June 30, 2015 cumulatively amounts to USD 2,896.16 million (2014: USD 1,948.24 million).
- 7.2 This represents unrealised gain / (loss) on foreign currency swaps, futures and forward contracts (including transactions executed by the Fund Managers on behalf of the Bank) entered into with various counterparties.
- 7.3 This represents investment in sovereign bonds of a foreign country carrying yield ranging from 1.8% to 3.8% per annum and having maturities from July 08, 2015 to September 10, 2016 (2014: 2.80% to 3.74% per annum and having maturities from July 4, 2014 to June 12, 2015).
- 7.4 These represent lending under repurchase agreements and carry mark-up in USD at 0.15 % per annum (2014: 0.07% per annum) and are due to mature on July 01, 2015 (2014: July 1, 2014).
- 7.5 The balance includes money market placements carrying interest at various rates ranging between 0.09 % to 0.6 % per annum (2014: 0.04% to 2.81% per annum) and having maturities from July 1, 2015 to September 30, 2015 (2014: from July 1, 2014 to September 30, 2014).

8 EARMARKED FOREIGN CURRENCY BALANCES

These represent foreign currency cash balances held by the Bank to meet foreign currency commitments of the Bank.

9 SPECIAL DRAWING RIGHTS OF THE INTERNATIONAL MONETARY FUND

Special Drawing Rights (SDRs) are the foreign reserve assets which are allocated by the International Monetary Fund (IMF) to its member countries in proportion to their quota in the IMF. In addition, the member countries can purchase the SDRs from the IMF and other member countries in order to settle their obligations. The figures given below represent the rupee value of the SDRs held by the Bank as at June 30, 2015. Interest is credited by the IMF on the SDR holding of the Bank at weekly interest rates on daily products of SDRs held during each quarter.

	Note	2015	2014
		----- (Rupees in '000) -----	
SDRs are held as follows:			
- By the Issue Department	19.1	7,143,400	7,625,850
- By the Banking Department		65,086,019	74,431,227
		<u>72,229,419</u>	<u>82,057,077</u>
10 RESERVE TRANCHE WITH THE INTERNATIONAL MONETARY FUND UNDER QUOTA ARRANGEMENTS			
Quota allocated by the International Monetary Fund		147,980,285	157,895,380
Liability under quota arrangements		(147,963,233)	(157,877,186)
		<u>17,052</u>	<u>18,194</u>
11 SECURITIES PURCHASED UNDER AGREEMENT TO RESELL			
This represents collateralised lendings made to various financial institutions under repurchase arrangement carrying markup ranging between 6.51% per annum to 7.00% per annum and are due to mature from July 2, 2015 to July 3, 2015. The fair value of securities collateralised as on June 30, 2015 amounts to Rs. 664,325 million (2014: nil). The collaterals held by the Bank consist of Pakistan Investment Bonds and Market Treasury Bills.			
12 INVESTMENTS - LOCAL	Note	2015	2014
		----- (Rupees in '000) -----	
Loans and receivables originated by the Bank			
Government securities			
Market Related Treasury Bills (MRTBs)		2,323,047,495	2,933,834,857
Federal Government scrips		2,740,000	2,740,000
	12.1	<u>2,325,787,495</u>	<u>2,936,574,857</u>
Less: securities given as collateral under repurchase agreements		-	(18,064,500)
		<u>2,325,787,495</u>	<u>2,918,510,357</u>
Available-for-sale investments			
Investments in banks and other financial institutions			
Ordinary shares			
- Listed		85,095,794	230,812,492
- Unlisted		4,712,706	4,712,706
	12.2	<u>89,808,500</u>	<u>235,525,198</u>
Term Finance Certificates		84,722	84,722
Certificates of Deposits		33,705	33,705
		<u>89,926,927</u>	<u>235,643,625</u>
Provision against diminution in value of investments	12.3	(856,863)	(856,863)
		<u>89,070,064</u>	<u>234,786,762</u>
Investments in wholly owned subsidiaries			
SBP Banking Services Corporation		1,000,000	1,000,000
National Institute of Banking and Finance (Guarantee) Limited		29,260	29,260
		<u>1,029,260</u>	<u>1,029,260</u>
		<u>2,415,886,819</u>	<u>3,154,326,379</u>
The above investments are held as follows:			
Issue Department - MRTBs	19.1	1,693,300,394	1,695,364,463
Banking Department		722,586,425	1,458,961,916
		<u>2,415,886,819</u>	<u>3,154,326,379</u>
12.1 These represent investments guaranteed / issued by the Government. The profile of return on securities is as follows:			
		2015	2014
		% per annum	
Market Related Treasury Bills		6.64 to 8.39	8.92 to 9.98
Federal Government scrips		3	3
MRTBs are created for a period of six months where as Federal Government Scrips are of perpetual nature.			

12.2 Investments in shares of banks and other financial institutions

	Note	2015 % of holding	2014	2015 ----- (Rupees in '000) -----	2014
Listed					
- National Bank of Pakistan	12.2.2	75.20	75.20	85,095,794	99,558,400
- Allied Bank Limited		-	10.07	-	15,839,242
- Habib Bank Limited		-	40.60	-	115,414,850
				<u>85,095,794</u>	<u>230,812,492</u>
Unlisted - at cost					
Other investments with holding less than or equal to 50%				<u>4,712,706</u>	<u>4,712,706</u>
				<u>89,808,500</u>	<u>235,525,198</u>

12.2.1 Investments in above entities have been made under the specific directives of the Government of Pakistan in accordance with the provisions of the State Bank of Pakistan Act, 1956 and other relevant statutes. The Bank neither exercises significant influence nor has control over these entities except for any regulatory purposes or control arising as a consequence of any statute which applies to the entire sector to which these entities belong. Accordingly, these entities have not been consolidated as subsidiaries or accounted for as investments in associates or joint ventures.

12.2.2 Cost of the Bank's investment in the shares of National Bank of Pakistan at June 30, 2015 amounted to Rs. 1,100.8 million (2014: Rs. 1,100.8 million).

	Note	2015 ----- (Rupees in '000) -----	2014
12.3 Provision against diminution in value of investments			
Opening balance		856,863	1,006,863
Reversal during the year		-	(150,000)
Closing balance		<u>856,863</u>	<u>856,863</u>

12.4 Unrealised appreciation on remeasurement of investments - local

Opening balance		221,168,234	147,628,730
(Diminution) / appreciation during the year		(14,462,606)	93,285,053
Reclassified to profit and loss account	12.4.1	(122,710,640)	(19,745,549)
		<u>(137,173,246)</u>	<u>73,539,504</u>
Closing balance		<u>83,994,988</u>	<u>221,168,234</u>

12.4.1 This represents amount of surplus reclassified to the profit and loss account as a result of disposal of shares of Allied Bank Limited and Habib Bank Limited during the current year.

	Note	2015 ----- (Rupees in '000) -----	2014
13 LOANS, ADVANCES AND BILLS OF EXCHANGE			
Governments	13.1	382,627	3,266,166
Government owned / controlled financial institutions	13.2	<u>103,923,657</u>	<u>100,795,810</u>
Private sector financial institutions	13.3	<u>231,113,109</u>	<u>192,001,193</u>
		<u>335,036,766</u>	<u>292,797,003</u>
Employees		<u>8,421,480</u>	<u>7,251,915</u>
		<u>343,840,873</u>	<u>303,315,084</u>
Provision against doubtful balances		<u>(5,340,825)</u>	<u>(5,340,825)</u>
		<u>338,500,048</u>	<u>297,974,259</u>
13.1 Loans and advances to the Provincial Governments			
Provincial Government - Baluchistan	13.1.2	-	2,113,244
Provincial Government - Khyber Pakhtunkhwa	13.1.3	<u>382,627</u>	<u>1,152,922</u>
	13.1.1	<u>382,627</u>	<u>3,266,166</u>

13.1.1 During the year, mark-up on above balances due from the Provincial Government was charged at various rates ranging between 7.18 % to 9.98 % per annum (2014: 9.03% to 9.98% per annum).

13.1.2 During the current year, out of the total balance receivable from the government of Baluchistan, an amount of Rs. 1,188.80 million has been received while penal interest amount of Rs 926.44 million has been written off as per Finance Division mechanism duly incorporated in the agreement between the Government of Baluchistan and the Bank dated November 26, 2008 for recovery of blocked account.

- 13.1.3** This represents bridge financing facility extended to Government of Khyber Pakhtunkhwa under agreement dated December 28, 2010. This loan is repayable in 16 equal quarterly installments amounting to Rs. 187.5 million starting from December 31, 2011 along with mark-up at the rate of 3 months weighted average market treasury bill rate of the last auction of the preceding quarter. As at June 30, 2015 the principal outstanding balance of this loan amounts to Rs. 375 million (2014: Rs 1,125 million). The loan is secured by the guarantee of the Federal Government.

13.2 Loans and advances to Government owned / controlled financial institutions

	Scheduled banks		Other financial institutions		Total	
	2015	2014	2015	2014	2015	2014
	(Rupees in '000)					
Agricultural sector (13.2.1)	50,927,495	50,526,831	-	-	50,927,495	50,526,831
Industrial sector (13.2.1 & 13.2.3)	4,938,308	6,661,817	-	-	4,938,308	6,661,817
Export sector (13.3.1)	19,872,681	15,421,989	3,567	3,567	19,876,248	15,425,556
Housing sector (13.2.2)	-	-	11,242,300	11,242,300	11,242,300	11,242,300
Others (13.2.1, 13.2.3 & 13.2.4)	16,939,306	16,939,306	-	-	16,939,306	16,939,306
	92,677,790	89,549,943	11,245,867	11,245,867	103,923,657	100,795,810

- 13.2.1** Exposure to the agricultural and industrial sectors include Rs. 50,174.09 million and Rs. 1,083.12 million (2014: Rs. 50,174.09 million and Rs. 1,083.12 million) respectively, representing the cumulative Government guaranteed financing of Rs. 51,257.21 million (2014: Rs. 51,257.21 million) to Zarai Taraqati Bank Limited (ZTBL) in addition to the unsecured subordinated loan to ZTBL amounting to Rs. 3,204 million (2014: Rs. 3,204 million) classified in other loans and advances. The entire exposure has been overdue since 2002.

In a tripartite meeting held on July 11, 2014 between Ministry of Finance (MoF), ZTBL and the Bank, it was decided that the total outstanding amount of Rs. 89,490 million, including suspended mark-up of Rs. 35,029 million, will be converted to an equity investment of the Bank in ZTBL. This was subject to completion of all legal and statutory formalities and the fair valuation exercise of the entity. As at June 30, 2015, the bank is in the process of finalising the fair valuation of the shares of ZTBL subsequent to which all the legal and statutory formalities will be completed. Pending completion of the conversion process, these balances would remain secured through the sovereign guarantee of the Government of Pakistan.

- 13.2.2** This represents loan receivable from House Building Finance Corporation Limited (HBFCL) against seven credit lines on profit and loss sharing basis. As at June 30, 2015 all of these credit lines are over due since 2006 amounting to Rs. 11,242 million (2014: Rs. 11,242 million). These credit lines are secured by the guarantee from the Federal Government.

It was decided in a tripartite meeting between MoF, HBFCL and the Bank held on July 11, 2014 that the total outstanding amount of Rs. 15,690 million, including suspended mark-up / share of profit / loss of Rs. 4,448 million, after immediate cash payment of Rs. 2,000 million i.e. Rs. 13,690 million will be converted to an equity investment of the Bank in HBFCL. The cash payment of Rs. 2,000 million has been received during the current year. The conversion process is subject to completion of all legal and statutory formalities and the fair valuation exercise of the entity. As at June 30, 2015, the bank is in the process of finalising the fair valuation of the shares of HBFCL subsequent to which all the legal and statutory formalities will be completed. Pending completion of the conversion process, these balances would remain secured through the sovereign guarantee of the Government of Pakistan.

- 13.2.3** This includes exposure to the Industrial Development Bank Limited (IDBL) under Locally Manufactured Machinery (LMM) credit line amounting to Rs. 1,054 million (2014: Rs. 1,054 million). Furthermore, loans and advances also include loans amounting to Rs. 13,000 million and Rs. 340.78 million (2014: Rs. 13,000 million and Rs. 340.78 million) to IDBL which are secured by the Government guarantee and other Government securities respectively. The Federal Government vide its vesting order dated November 13, 2012 had transferred and vested all assets and liabilities of IDBP into the IDBL with effect from November 13, 2012. In line with the Federal Cabinet decision of winding up, the bank has closed all of its branches except two branches operating in Karachi and Lahore as at June 30, 2015.

- 13.2.4** These balances include Rs. 423 million (2014: Rs. 423 million) which are recoverable from various financial institutions operating in Bangladesh (former East Pakistan). The realisability of these balances is subject to final settlement between the Governments of Pakistan and Bangladesh (former East Pakistan).

13.3 Loans and advances to private sector financial institutions

	Scheduled banks		Other financial institutions		Total	
	2015	2014	2015	2014	2015	2014
	(Rupees in '000)					
Agricultural sector	1,057,571	1,379,816	109,837	121,999	1,167,408	1,501,815
Industrial sector	35,521,006	38,080,588	3,989,519	4,391,844	39,510,525	42,472,432
Export sector (13.3.1)	173,250,119	148,001,464	-	-	173,250,119	148,001,464
Others (13.3.2)	17,185,057	25,482	-	-	17,185,057	25,482
	227,013,753	187,487,350	4,099,356	4,513,843	231,113,109	192,001,193

- 13.3.1** Export sector loans are fully secured against demand promissory notes.

13.3.2 During the current year, the Bank in continuation of a scheme of amalgamation of two commercial banks duly sanctioned by the Federal Government under Section 47 of the Banking Companies Ordinance 1962 and under Section 17 of the State Bank of Pakistan Act 1956, extended a 10-year financing facility of Rs.5,000 million and a 6-month liquidity support facility of Rs.15,000 million to an Islamic commercial bank (ICB). Both the facilities are secured against Government of Pakistan Ijara Sukuk. The 10-year facility was provided on the basis of Mudaraba to be remunerated at profit sharing ratio declared by the ICB on its remunerative current accounts on monthly basis (the last declared rate in this respect is 0.01% per annum). The 6-month facilities were also provided on the basis of Mudaraba with profit sharing ratio to be calculated based on the ICB's cost of funds on a monthly basis, which is currently 4.70% per annum. In accordance with the requirements of accounting framework of the Bank these facilities are recognized at fair value. Their amortized cost as of June 30, 2015 is Rs. 17,160 million. The principal amount (Rs. 20 billion) of the facilities along with the profit will be recovered at their respective maturities.

13.4 The interest / mark-up rate profile of the interest / mark-up bearing loans and advances is as follows:

		2015 (% per annum)	2014
Government owned / controlled and private sector financial institutions		0 to 9	0 to 11
Employees loans		10	10
14 ASSETS HELD WITH THE RESERVE BANK OF INDIA	<i>Note</i>	2015	2014
		----- (Rupees in '000) -----	
Gold reserves			
- Opening balance		4,363,561	3,989,634
- (Diminution) / appreciation for the year due to revaluation	27.3.1.1	(360,871)	373,927
		<u>4,002,690</u>	<u>4,363,561</u>
Sterling securities		528,722	555,687
Government of India securities		228,200	235,177
Rupee coins		4,698	4,835
	14.1	<u>4,764,310</u>	<u>5,159,260</u>
Indian notes representing assets receivable from the Reserve Bank of India	14.2	<u>686,627</u>	<u>707,619</u>
	19.1	<u><u>5,450,937</u></u>	<u><u>5,866,879</u></u>
14.1 These assets were allocated to the Government of Pakistan as its share of the assets of the Reserve Bank of India under the provisions of Pakistan (Monetary System and Reserve Bank) Order, 1947. The transfer of these assets to the Bank is subject to final settlement between the Governments of Pakistan and India (also refer note 27.3.1).			
14.2 These represent Pak Rupee equivalent of Indian rupee notes which were in circulation in Pakistan until retirement from circulation under the Pakistan (Monetary System and Reserve Bank) Order, 1947. Realisability of these assets is subject to final settlement between the Governments of Pakistan and India (also refer note 27.3.1).			
15 BALANCES DUE FROM THE GOVERNMENTS OF INDIA AND BANGLADESH (FORMER EAST PAKISTAN)	<i>Note</i>	2015	2014
		----- (Rupees in '000) -----	
India			
Advance against printing of notes		39,616	39,616
Receivable from the Reserve Bank of India		837	837
		<u>40,453</u>	<u>40,453</u>
Bangladesh (former East Pakistan)			
Inter office balances		819,924	819,924
Loans, advances and commercial papers	15.1	7,701,413	7,097,281
		<u>8,521,337</u>	<u>7,917,205</u>
	15.2	<u><u>8,561,790</u></u>	<u><u>7,957,658</u></u>
15.1 These represent interest bearing loans and advances (including commercial papers) provided to the Government of Bangladesh (former East Pakistan).			
15.2 The realisability of the above balances is subject to final settlement between the Government of Pakistan and Government of Bangladesh (former East Pakistan) and India (also refer notes 27.1 and 27.3.1).			
16 PROPERTY AND EQUIPMENT	<i>Note</i>	2015	2014
		----- (Rupees in '000) -----	
Operating fixed assets	16.1	20,020,465	20,515,804
Capital work-in-progress	16.3	494,604	661,107
		<u><u>20,515,069</u></u>	<u><u>21,176,911</u></u>

16.1 Operating fixed assets

	2015							Useful life / Rate of depreciation
	Cost / revalued amount at July 1, 2014	Additions / (deletions) during the year	Cost / revalued amount at June 30, 2015	Accumulated depreciation at July 1, 2014	Depreciation for the year/ (deletions)	Accumulated depreciation at June 30, 2015	Net book value at June 30, 2015	
	(Rupees in '000)							
Freehold land*	3,791,658	-	3,791,658	-	-	-	3,791,658	-
Leasehold land*	16,811,005	-	16,811,005	1,769,457	427,549	2,197,006	14,613,999	30-99 years
Buildings on freehold land*	1,078,511	59,864	1,138,375	630,786	218,739	849,525	288,850	20 years
Buildings on leasehold land*	2,015,010	292,499	2,307,509	1,158,494	388,765	1,547,259	760,250	20 years
Furniture and fixtures	99,121	2,899	102,020	84,130	4,294	88,424	13,596	10%
Office equipment	693,143	13,481 (219)	706,405	564,335	55,779 (219)	619,895	86,510	20%
EDP equipment	1,379,301	124,301 (36)	1,503,566	1,267,529	84,403 (36)	1,351,896	151,670	33.33%
Motor vehicles	327,030	264,513 (167,483)	424,060	204,244	69,454 (163,570)	110,128	313,932	20%
	26,194,779	757,557 (167,738)	26,784,598	5,678,975	1,248,983 (163,825)	6,764,133	20,020,465	
	2014							
	Cost / revalued amount at July 1, 2013	Additions / (deletions) during the year	Cost / revalued amount at June 30, 2014	Accumulated depreciation at July 1, 2013	Depreciation for the year/ (deletions)	Accumulated depreciation at June 30, 2014	Net book value at June 30, 2014	Useful life / Rate of depreciation
	(Rupees in '000)							
Freehold land*	3,791,658	-	3,791,658	-	-	-	3,791,658	-
Leasehold land*	16,811,005	-	16,811,005	1,179,568	589,889	1,769,457	15,041,548	30-99 years
Buildings on freehold land *	1,067,512	10,999	1,078,511	414,199	216,587	630,786	447,725	20 years
Buildings on leasehold land*	1,957,526	57,484	2,015,010	748,172	410,322	1,158,494	856,516	20 years
Furniture and fixtures	98,021	1,100 -	99,121	77,613	6,517 -	84,130	14,991	10%
Office equipment	632,465	60,678 -	693,143	494,059	70,276 -	564,335	128,808	20%
EDP equipment	1,284,282	133,220 (38,201)	1,379,301	1,235,782	50,736 (18,989)	1,267,529	111,772	33.33%
Motor vehicles	273,232	79,556 (25,758)	327,030	168,710	53,978 (18,444)	204,244	122,786	20%
	25,915,701	343,037 (63,959)	26,194,779	4,318,103	1,398,305 (37,433)	5,678,975	20,515,804	

* These represent revalued assets.

16.2 Last revaluation was carried out on June 30, 2011 by Iqbal A.Nanjee & Co. (Private) Ltd. independent valuers.

16.2.1 Subsequent to revaluation on June 30, 2006, which had resulted in a net surplus of Rs.12,552.51 million, all land and buildings were revalued again on June 30, 2011 which resulted in a net surplus of Rs.7,231.39 million. The land and buildings valuations were carried out on the basis of professional assessment of market values by the independent valuers. Had there been no revaluation, the carrying value of the revalued assets would have been as follows:

		2015		2014					
		----- (Rupees in '000) -----							
	Freehold land	39,124	39,124	86,955	324,708				
	Leasehold land	84,565	86,955	580,258	1,031,045				
	Buildings on freehold land	247,794	324,708						
	Buildings on leasehold land	405,707	580,258						
		777,190	1,031,045						
16.3	Capital work-in-progress								
	Buildings on freehold land	110,338	85,730						
	Buildings on leasehold land	206,944	410,749						
	Furniture and fixtures	181	-						
	Office equipment	156,102	143,589						
	EDP equipment	21,039	21,039						
		494,604	661,107						
17	INTANGIBLE ASSETS								
		Cost at July 1	Additions during the year	Cost at June 30	Accumulated amortisation at July 1	Amortisation for the year	Accumulated amortisation at June 30	Net book value at June 30	Annual rate of amortisation %
		----- (Rupees in '000) -----							
Software	2015	609,447	1,202	610,649	600,520	5,980	606,500	4,149	33.33
Software	2014	601,880	7,567	609,447	585,639	14,881	600,520	8,927	33.33
		Note							
		2015		2014		----- (Rupees in '000) -----			
18	OTHER ASSETS								
	Commission receivable and others	1,106,632	961,567						
	Unrealised gain on derivative financial instruments	1,542,435	5,046,329						
	Other advances, deposits and prepayments	1,343,009	555,980						
		3,992,076	6,563,876						
19	BANK NOTES IN CIRCULATION								
	Total bank notes issued	19.1	2,707,400,385	2,309,237,913					
	Bank notes held with the Banking Department	6	(142,373)	(110,890)					
	Notes in circulation		2,707,258,012	2,309,127,023					
19.1	The liability for bank notes issued by the Issue Department is recorded at its face value in the balance sheet. In accordance with section 26 (1) of SBP Act 1956, this liability is supported by the following assets of the Issue Department.								
		Note	2015	2014					
			----- (Rupees in '000) -----						
	Gold reserves held by the Bank	5	247,150,713	269,307,930					
	Local currency - coins	6	365,231	417,880					
	Foreign currency accounts and investments	7	753,989,710	330,654,911					
	Special Drawing Rights of the International Monetary Fund	9	7,143,400	7,625,850					
	Investments - local	12	1,693,300,394	1,695,364,463					
	Assets held with the Reserve Bank of India	14	5,450,937	5,866,879					
			2,707,400,385	2,309,237,913					
20	CURRENT ACCOUNTS OF GOVERNMENTS								
20.1	Current accounts of Governments - payable balances								
	Federal Government	20.3	216,641,339	364,978,120					
	Provincial Governments								
	- Punjab	20.4	74,882,601	70,067,226					
	- Sindh	20.5	25,465,469	11,043,372					
	- Khyber Pakhtunkhwa	20.6	29,475,678	51,663,856					
	- Baluchistan	20.7	42,786,314	30,356,035					
	Gilgit - Baltistan Administration Authority	20.8	4,768,977	3,697,934					
			177,379,039	166,828,423					
			394,020,378	531,806,543					

	Note	2015	2014
		----- (Rupees in '000) -----	
20.2 Current accounts of Governments - receivable balance			
Government of Azad Jammu and Kashmir	20.9	<u>3,048,507</u>	<u>802,315</u>
		<u>3,048,507</u>	<u>802,315</u>
20.3 Federal Government			
Non-food account		996,737	235,195,428
Zakat fund accounts		5,398,534	4,825,613
Railways accounts		(27,004,869)	(36,345,798)
Other accounts		<u>237,250,937</u>	<u>161,302,877</u>
		<u>216,641,339</u>	<u>364,978,120</u>
20.4 Provincial Government - Punjab			
Non-food account		60,672,205	7,240,314
Zakat fund account		499,085	815,949
Other accounts		<u>13,711,311</u>	<u>62,010,963</u>
		<u>74,882,601</u>	<u>70,067,226</u>
20.5 Provincial Government - Sindh			
Non-food account		23,010,842	8,781,880
Zakat fund account		1,636,927	2,055,788
Other accounts		<u>817,700</u>	<u>205,704</u>
		<u>25,465,469</u>	<u>11,043,372</u>
20.6 Provincial Government - Khyber Pakhtunkhwa			
Non-food account		27,549,695	46,142,712
Zakat fund account		1,437,241	1,446,912
Other accounts		<u>488,742</u>	<u>4,074,232</u>
		<u>29,475,678</u>	<u>51,663,856</u>
20.7 Provincial Government - Baluchistan			
Non-food account		42,067,766	29,639,920
Zakat fund account		616,320	589,366
Other accounts		<u>102,228</u>	<u>126,749</u>
		<u>42,786,314</u>	<u>30,356,035</u>
20.8 Gilgit - Baltistan Administration Authority		<u>4,768,977</u>	<u>3,697,934</u>
		<u>4,768,977</u>	<u>3,697,934</u>
20.9 Government of Azad Jammu and Kashmir		<u>(3,048,507)</u>	<u>(802,315)</u>
Classified as receivable balance	20.10	<u>3,048,507</u>	<u>802,315</u>
		<u>-</u>	<u>-</u>

20.10 These balances carry mark-up at rates ranging from 7.18% to 9.98% per annum (2014: 9.98% to 12.15 % per annum).

21 SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE

This represents borrowings under agreement to repurchase and carry markup rate of nil (2014: 7.5% per annum). Securities pledged as collateral against these borrowings have been disclosed in note 12 to these financial statements and on the balance sheet as "Securities given as collateral under agreement to repurchase".

22 PAYABLE TO ISLAMIC BANKING INSTITUTIONS AGAINST BAI MUAJJAL TRANSACTIONS

This represents amount payable to various Islamic Banking Institutions against purchases of Government of Pakistan (GoP) Ijara Sukuks by the Bank on Bai Muajjal basis (deferred payment basis) having maturities ranging from October 23, 2015 to March 26, 2016.

23 PAYABLE UNDER BILATERAL CURRENCY SWAP AGREEMENT**23.1 Payable under bilateral currency swap agreement with the People's Bank of China (PBoC)**

A bilateral currency swap agreement was entered between the Bank and the PBoC on December 23, 2011 in order to promote bilateral trade, finance direct investment, provide short term liquidity support and for any other purpose mutually agreed between the two central banks. The original agreement was for tenure of 3 years with overall limit of CNY 10,000 million and equivalent PKR, which has been renewed on 23rd December, 2014 for a further period of three years. The Bank has purchased CNY 5,000 million, CNY 1,500 million and CNY 3,500 million against PKR during the year with maturity buckets of six months, three months and two months respectively (2014: CNY 1,500 million, CNY 3,500 million and CNY 1,500 million with maturity buckets of one year, six months and six months respectively). These purchases have been fully utilized as on June 30, 2015 and the same amounts are outstanding as on June 30, 2015. Interest is charged on outstanding balance at agreed rates. As at June 30, 2015, the Bank's commitment under this agreement is PKR 165,000 million (2014: PKR 140,000 million).

24 DEPOSITS OF BANKS AND FINANCIAL INSTITUTIONS

	Note	2015	2014
		----- (Rupees in '000) -----	
Foreign currency			
Scheduled banks		15,059,625	23,305,097
Held under Cash Reserve Requirement	24.1	137,278,452	136,200,819
		<u>152,338,077</u>	<u>159,505,916</u>
Local currency			
Scheduled banks	24.1	257,566,828	368,623,750
Financial institutions		3,255,946	2,546,620
Others		73,194	70,070
		<u>260,895,968</u>	<u>371,240,440</u>
		<u>413,234,045</u>	<u>530,746,356</u>

24.1 This includes cash deposited with the State Bank of Pakistan by the scheduled banks under regulatory requirements.

25 OTHER DEPOSITS AND ACCOUNTS

	Note	2015	2014
		----- (Rupees in '000) -----	
Foreign currency			
Foreign central banks		45,822,174	44,483,210
International organisations	25.2	25,656,686	24,902,682
Others		11,370,901	13,712,458
	25.1	<u>82,849,761</u>	<u>83,098,350</u>
Local currency			
Special debt repayment	25.3	24,074,660	24,074,660
Government	25.4	17,850,348	17,850,348
Foreign central banks		1,946	1,904
International organisations		6,261,043	6,330,362
Others		16,140,230	14,054,358
		<u>64,328,227</u>	<u>62,311,632</u>
		<u>147,177,988</u>	<u>145,409,982</u>

	2015	2014
	(% per annum)	
25.1 The interest rate profile of the interest bearing deposits is as follows:		
Foreign central banks	0.31 to 0.54	0.32 to 0.57
International organisations	2.08 to 2.11	1.35 to 2.47
Others	0.02 to 0.09	0.03 to 0.12

25.2 This includes two long-term deposits of USD 500 million each received from the State Administration Foreign Exchange (SAFE) China in January 2009 (rolled-over in January 2014) and June 2012 (rolled-over in June 2014) carrying interest at six months LIBOR plus 100 bps and twelve months LIBOR plus 100 bps respectively, both payable semi-annually. These deposits of USD 500 million each have been set off against the rupee counterpart receivable from the Federal Government and have been covered under Ministry of Finance (MoF) Guarantees whereby the MoF has agreed to assume all liabilities and risks arising from the Bank's agreement with SAFE China.

25.3 These are interest free and represent amounts kept in separate special accounts to meet forthcoming foreign currency debt repayment obligations of the Government of Pakistan.

25.4 These represent rupee counterpart of the foreign currency loan disbursements received from various international financial institutions on behalf of the Government and credited to separate deposit accounts in accordance with the instructions of the Government.

	Note	2015	2014
		----- (Rupees in '000) -----	
26 PAYABLE TO THE INTERNATIONAL MONETARY FUND			
Borrowings under:			
- Fund facilities	26.1 & 26.4	412,926,950	231,569,547
- Other credit schemes	26.2	-	2,627,563
- Allocation of SDRs	26.3	141,245,999	150,797,597
		554,172,949	384,994,707
Current account for administrative charges		33	35
		554,172,982	384,994,742
26.1	IMF provides financing to its member countries from General Resources Account (GRA) held in its General Department. GRA credit is normally governed by the IMF's general lending policies (also known as "credit tranche" policies, which provide financing for Balance of Payments [BoP] needs).		
	Under GRA financing, IMF granted Stand By Arrangement Facility (SBAF) amounting to SDR 5,168.50 million in FY 2008-09, having repayment period of 3¼–5 years, with repayments in eight equal quarterly installments. The facility was extended in FY 2009-10 up to SDR 7,235.90 million which includes financing for Budget Support for the Government of Pakistan amounting to SDR 951.10 million. The amount was to be disbursed by IMF in 8 tranches starting from November 26, 2008 to November 30, 2011. However, a total amount of SDR 4,936.04 million, including GoP Budgetary Support, was disbursed under five (5) tranches of SBAF up to June 30, 2010. The Bank's BoP share in the disbursement was SDR 3,984.94 million.		
	The repayment of the facility had commenced from February 2012 and continued till May 2015 and the entire amount of SDR 3,984.94 million representing Bank's BoP share has been repaid. The facility including share of Budget Support for GoP has also been fully repaid in May 2015.		
	Further, another 36-month extended arrangement under GRA financing i.e. Extended Fund Facility (EFF) was granted by IMF in FY 2013-14; the total facility amounts to SDR: 4,393 million having repayment period of 4½–10 years, with repayments in twelve equal semi-annual installments. A total amount of SDR: 2,880 million has been disbursed under seven (7) tranches of EFF up to June 30, 2015 (2014: SDR 1,080 million). The repayments under this facility would start in March 2018 and would continue till June 2025.		
26.2	IMF provides concessional financial assistance to low-income members from Special Disbursement Account (SDA) held in its General Department. Under IMF's lending to Low Income Countries (LICs) from SDA resources i.e. Poverty Reduction and Growth Facility (PRGF), a total amount of SDR: 861.42 million was disbursed to Pakistan from December 2001 to July 2004. Upto June 30, 2015 the entire amount of SDR 861.42 million has been repaid (2014: SDR: 844.19 million).		
26.3	This represents amount payable against allocation of SDRs. A charge is levied by the IMF on the SDR allocation of the Bank at weekly interest rate applicable on daily product of SDR.		
26.4	Note	2015	2014
Interest profile of amount payable to the IMF is as under:		(% per annum)	
Fund facilities	26.4.1	1.03 to 1.08	1.06 to 1.14
26.4.1	The IMF levies a basic rate of interest (charges) on loans based on the SDR interest rate and imposes surcharges depending on the amount and maturity of the loan and the level of credit outstanding. Interest rates are determined by the IMF on weekly basis. Charges are, however, payable on quarterly basis.		
27 OTHER LIABILITIES	Note	2015	2014
		----- (Rupees in '000) -----	
Local currency			
Provision against overdue mark-up	27.1	7,307,260	6,703,128
Remittance clearance account		2,348,970	1,377,735
Exchange loss payable under exchange risk coverage scheme		230,352	214,485
Balance profit payable to the Government of Pakistan		17,591,141	18,910,705
Dividend payable	27.2	10,000	10,000
Share of loss payable under profit and loss sharing arrangements		1,377,691	1,377,691
Other accruals and provisions	27.3	23,380,102	21,119,500
Others	27.4	4,157,382	7,313,064
		56,402,898	57,026,308
27.1	This represents suspended markup which is recoverable from Government of Bangladesh (former East Pakistan) subject to the final settlement between the Governments of Pakistan and Bangladesh (former East Pakistan).		

27.2 This includes dividend payable on shares held by the Government of Pakistan and Government controlled entities amounting to Rs. 9.99 million (2014: Rs. 9.99 million).

		2015	2014
		(Rupees in '000)	
27.3	Other accruals and provisions		
	Agency commission	10,613,915	8,691,248
	Provision for employees' compensated absences	<i>41.6.9</i> 2,528,235	2,137,720
	Provision for other doubtful assets	<i>27.3.1</i> 6,350,295	6,766,237
	Other provisions	<i>27.3.2</i> 2,848,933	2,850,422
	Others	1,038,724	673,873
		23,380,102	21,119,500

27.3.1 Provision for other doubtful assets

Provision against assets held with / receivable from Government of India and the Reserve Bank of India

- Issue Department	5,450,937	5,866,879
- Banking Department	40,483	40,483
	5,491,420	5,907,362

Provision against assets receivable from Government of Bangladesh (Former East Pakistan)

- Issue Department	-	-
- Banking Department	858,875	858,875
	<u>858,875</u>	<u>858,875</u>
27.3.1.1	6,350,295	6,766,237

27.3.1.1 Movement of provisions for other doubtful assets

Opening balance	6,766,237	6,359,475
(Reversal) / charge during the year	(55,071)	32,835
(Diminution) / appreciation relating to gold reserves held by the Reserve Bank of India	(360,871)	373,927
Closing balance	6,350,295	6,766,237

27.3.2 Movement of other provisions

Opening balance	2,850,422	2,848,933
(Reversal) / charge during the year	<u>(1,489)</u>	<u>1,489</u>
Closing balance	<u>2,848,933</u>	<u>2,850,422</u>

	Home remittance	Specific claims (note 27.3.2.1)	Others (note 27.3.2.2)	Total
	----- (Rupees in '000) -----			
Balance as at July 1, 2013	260,363	1,600,000	988,570	2,848,933
Charge for the year	-	-	1,489	1,489
Reversal during the year	-	-	-	-
Payment during the year	-	-	-	-
Balance as at June 30, 2014	260,363	1,600,000	990,059	2,850,422
Charge for the year	-	-	-	-
Reversal during the year	-	-	(1,489)	(1,489)
Payment during the year	-	-	-	-
Balance as at June 30, 2015	260,363	1,600,000	988,570	2,848,933

27.3.2.1 This represents provision made against a claim under arbitration.

27.3.2.2 This represents provision made in respect of various litigations and claims against the Bank.

27.4 This includes liability maintained against balances due from Government of Bangladesh (former East Pakistan) amounting to Rs. 778.399 million (2014: Rs. 778.399 million).

	Note	2015	2014
		----- (Rupees in '000) -----	
28 DEFERRED LIABILITY - UNFUNDED STAFF RETIREMENT BENEFITS			
Pension		17,827,447	16,125,506
Gratuity scheme		26,441	17,763
Benevolent fund scheme		369,979	284,914
Post retirement medical benefits		6,489,738	5,020,474
Six months post retirement facility		290,624	245,940
	41.6.3	25,004,229	21,694,597
Provident fund scheme		224,931	223,604
		<u>25,229,160</u>	<u>21,918,201</u>

29 SHARE CAPITAL

2015	2014		2015	2014
---- (Number of shares) ---			----- (Rupees in '000)-----	
Authorised share capital				
<u>1,000,000</u>	<u>1,000,000</u>	Ordinary shares of Rs. 100 each	<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid-up capital				
<u>1,000,000</u>	<u>1,000,000</u>	Fully paid-up ordinary shares of Rs. 100 each	<u>100,000</u>	<u>100,000</u>

The shares of the Bank are held by the Government of Pakistan and certain Government controlled entities except for 200 shares held by the Central Bank of India (held by Deputy Custodian Enemy Property, Banking Policy and Regulations Department, State Bank of Pakistan) and 500 shares held by the State of Hyderabad.

30 RESERVES**30.1 Reserve fund**

This represents appropriations made out of the annual profits of the State Bank of Pakistan in accordance with the provisions of the State Bank of Pakistan Act, 1956.

30.2 Other funds

These represent appropriations made out of the surplus profits of the State Bank of Pakistan for certain specified purposes in accordance with the provisions of the State Bank of Pakistan Act, 1956.

	Note	2015	2014
		----- (Rupees in '000) -----	
31 UNREALISED APPRECIATION ON GOLD RESERVES HELD BY THE BANK			
Opening balance		265,639,648	242,568,983
(Diminution) / appreciation for the year due to revaluation	5	(22,272,338)	23,070,665
		<u>243,367,310</u>	<u>265,639,648</u>

32 CONTINGENCIES AND COMMITMENTS**32.1 Contingencies**

a) Contingent liability in respect of guarantees given on behalf of:			
Federal Government	32.1.1	14,644,118	23,710,102
Federal Government owned / controlled bodies and authorities		7,823,443	7,961,328
		<u>22,467,561</u>	<u>31,671,430</u>
b) Certain employees of the Bank who had retired under the Early Retirement Incentive Scheme (ERIS) introduced in the year 2000 had filed a case against the Bank in the Federal Services Tribunal (FST) for the enhancement of their entitlement paid under the above scheme amounting to Rs. 157 million approximately. The Tribunal has decided the case in favour of these employees and has directed that the entitlement under the above scheme should include the effect of subsequent increases in certain staff retirement and other benefits. The Bank, in response to the above decision of the Tribunal filed a civil petition for leave to appeal in the Supreme Court of Pakistan. In prior years, the Honorable Bench of the Supreme Court of Pakistan set aside the judgment of FST and allowed employees to avail proper forum. The employees have filed an appeal in the Honorable Lahore High Court, Rawalpindi Bench, the decision of which is pending. The management is confident that the Bank would not have to bear any additional expenditure on this account and, accordingly, no provision has been made in this respect.			

	Note	2015 ----- (Rupees in '000) -----	2014
c) Other claims against the Bank not acknowledged as debts	32.1.2	<u>703,534</u>	<u>588,500</u>
32.1.1 Above guarantees are secured by counter guarantees either from the Government of Pakistan or local financial institutions.			
32.1.2 These represent various claims filed against the Bank's role as a regulator and certain other cases.			
32.2 Commitments		2015 ----- (Rupees in '000) -----	2014
32.2.1 Foreign currency forward and swap contracts - sale		<u>554,583,226</u>	<u>371,895,229</u>
32.2.2 Foreign currency forward and swap contracts - purchase		<u>382,060,837</u>	<u>201,199,235</u>
32.2.3 Futures - sale		<u>13,330,298</u>	<u>15,854,429</u>
32.2.4 Futures - purchase		<u>18,901,205</u>	<u>10,826,777</u>
32.2.5 Commitments in respect of bilateral currency swap agreements with People's Bank of China have been disclosed in note 23.			
32.2.6 The Bank has made commitments to extend advance under ways and means limits to the Provincial Governments of Pakistan, Government of Azad Jammu and Kashmir and Gilgit-Baltistan Administration Authority in the normal course of its operations. The unutilised limits as on June 30, 2015 amounted to Rs. 70,400 million (2014: Rs. 74,097.69 million).			
In case the Governments exceed their respective ways and means limits, the Bank charges a penal rate of 4% over and above the normal rate of return on the amount exceeding the ways and means limit.			
33 DISCOUNT, INTEREST / MARK-UP AND / OR PROFIT EARNED	Note	2015 ----- (Rupees in '000) -----	2014
Discount, interest / mark-up on:			
- Market Related Treasury Bills		240,613,420	267,818,472
- Federal Government Scrips		82,200	81,401
- Loans and advances to and current accounts of Governments	33.1	194,825	961,322
Securities purchased under agreement to resale		38,031,409	10,586,285
Return on loans and advances to financial institutions		16,104,176	17,916,861
Foreign currency deposits		1,718,097	1,038,950
Foreign currency securities		7,222,459	6,411,353
Profit on sukuks purchased under Bai Muajjal agreement		333,857	-
Others		78	1,155,824
		<u>304,300,521</u>	<u>305,970,468</u>
33.1 Interest profile on loans and advances to facilities are as under:		2015 (% per annum)	2014
Mark-up on facility		7.18 to 9.98	9.03 to 9.98
Additional mark-up (where ways and means facility limit is exceeded)		4	4
34 INTEREST / MARK-UP EXPENSE		2015 ----- (Rupees in '000) -----	2014
Deposits		12,551,575	11,627,200
Securities sold under agreement to repurchase		502,698	3,544,415
Return on Sukuks purchased under Bai Muajjal agreement		7,857,943	-
Charges on allocation of Special Drawing Rights of the IMF		78,425	156,918
Others		9,550	9,358
		<u>21,000,191</u>	<u>15,337,891</u>

	Note	2015	2014
35 COMMISSION INCOME		------(Rupees in '000)-----	
Market Treasury Bills	35.1	353,678	664,242
Draft / payment orders		8,061	149,338
Prize Bonds and National Saving Certificates	35.1	404,948	363,208
Management of public debts	35.1	861,926	550,359
Others		55	47
		<u>1,628,668</u>	<u>1,727,194</u>
35.1	These represent commission income earned from services provided to the Federal Government.		
36 EXCHANGE GAIN - NET	Note	2015	2014
		------(Rupees in '000)-----	
Gain / (loss) on:			
- Foreign currency placements, deposits, securities and other accounts - net		12,837,447	19,157,162
- Forward covers under Exchange Risk Coverage Scheme		787	(14,686)
- IMF Fund Facilities		19,075,330	(5,913,842)
- Special Drawing Rights of the IMF		4,449,394	(1,920,242)
		<u>36,362,958</u>	<u>11,308,392</u>
Exchange risk fee income		55,531	85,433
		<u>36,418,489</u>	<u>11,393,825</u>
37 OTHER OPERATING INCOME - NET			
Penalties levied on banks and financial institutions		3,454,707	755,735
License / Credit Information Bureau fee recovered		766,271	607,743
Gain / (loss) on disposal of investment:			
Local - available-for-sale	37.1	103,120,956	31,618,976
Local - 'at fair value through profit or loss'		438,955	-
Foreign - 'at fair value through profit or loss'		838,220	(39,630)
		<u>104,398,131</u>	<u>31,579,346</u>
Fair value adjustment on recognition of subsidised loan		(2,952,536)	-
Loss on remeasurement of securities classified as 'fair value through profit or loss'		(2,571,399)	(980,609)
Others		248,312	(741,371)
		<u>103,343,486</u>	<u>31,220,844</u>
37.1	This primarily represents gain on sale of shares of Habib Bank Limited and Allied Bank Limited which have been disposed off during the current year.		
38 OTHER INCOME - NET	Note	2015	2014
		------(Rupees in '000)-----	
Loss on disposal of property and equipment		-	(20,295)
Liabilities and provisions written back - net		110,056	340
Grant income under foreign assistance program		20,505	9,976
Income from subsidiaries	38.1	179,176	142,635
Others		73,644	67,474
		<u>383,381</u>	<u>200,130</u>
38.1 Income from subsidiaries			
SBP Banking Services Corporation		50,491	50,109
National Institute of Banking and Finance (Guarantee) Limited		128,685	92,526
		<u>179,176</u>	<u>142,635</u>

The above represents income of subsidiaries for the year ended June 30, 2015 transferred to the Bank in accordance with the arrangements mentioned in note 41.4.

39 BANK NOTES PRINTING CHARGES

Bank notes printing charges are paid to Pakistan Security Printing Corporation (Private) Limited at agreed rates under specific arrangements.

40 AGENCY COMMISSION

Agency commission is payable to National Bank of Pakistan (NBP) under an agreement at the rate of 0.12 % (2014: 0.12%) of the total amount of collections and payments handled by NBP.

	Note	2015	2014
		----- (Rupees in '000) -----	
41 GENERAL ADMINISTRATIVE AND OTHER EXPENSES			
Salaries and other benefits		2,911,133	2,810,452
Retirement benefits and employees' compensated absences	41.1	3,907,336	3,220,256
Rent and taxes		25,554	18,353
Insurance		17,648	21,553
Electricity, gas and water		40,951	36,578
Depreciation	16.1	1,248,983	1,398,305
Amortisation of intangible assets	17	5,980	14,881
Repairs and maintenance		356,048	337,879
Auditors' remuneration	41.5	6,050	6,050
Legal and professional		37,359	24,583
Fund managers / custodian expenses		375,555	385,654
Travelling expenses		158,219	157,527
Daily expenses		58,643	38,803
Fuel		46,687	51,441
Conveyance		7,322	6,656
Postages, telegram / telex and telephone		200,631	178,452
Training		35,445	16,779
Stationery		9,818	9,110
Books and newspapers		29,442	26,712
Advertisement		14,732	2,815
Uniforms		1,443	1,771
Others		77,729	64,127
		<u>9,572,708</u>	<u>8,828,737</u>
Expenses allocated by:			
SBP Banking Services Corporation	41.2	7,305,776	6,893,244
National Institute of Banking and Finance (Guarantee) Limited		15,383	11,878
		<u>7,321,159</u>	<u>6,905,122</u>
Expenses reimbursed to:			
SBP Banking Services Corporation	41.3	6,873,983	7,086,827
National Institute of Banking and Finance (Guarantee) Limited		181,352	173,150
		<u>7,055,335</u>	<u>7,259,977</u>
		<u><u>23,949,202</u></u>	<u><u>22,993,836</u></u>

41.1 This includes an amount relating to defined contribution plan aggregating Rs. 256.393 million (2014: Rs. 120.978 million).

	2015	2014
	----- (Rupees in '000) -----	
41.2 Expenses allocated by SBP Banking Services Corporation		
Retirement benefits and employees' compensated absences	7,199,513	6,804,886
Depreciation	106,263	88,358
	<u>7,305,776</u>	<u>6,893,244</u>

	Note	2015	2014
		----- (Rupees in '000) -----	
41.3 Expenses reimbursed to SBP Banking Services Corporation			
Salaries and other benefits		5,686,410	5,955,069
Rent and taxes		20,952	17,142
Insurance		6,197	5,374
Electricity, gas and water		288,219	302,524
Repairs and maintenance		149,793	124,422
Auditors' remuneration	41.5	5,950	5,950
Legal and professional		6,266	2,665
Travelling expenses		16,918	15,791
Daily expenses		29,397	22,066
Recreation allowance		192,225	217,782
Fuel		2,949	3,843
Conveyance		12,913	14,057
Postage and telephone		24,590	18,650
Training		70,270	37,915
Remittance of treasure		67,043	69,190
Stationery		10,542	12,796
Books and newspapers		1,504	1,292
Advertisement		17,607	10,773
Bank guards		124,618	120,676
Uniforms		23,451	17,779
Others		116,169	111,071
		6,873,983	7,086,827

41.4 SBP Banking Services Corporation (the Corporation), a wholly owned subsidiary of the Bank, carries out certain functions and activities principally relating to public dealing on behalf of the Bank and incurs administrative costs in this respect. Accordingly, under mutually agreed arrangements, all of the above costs have been reimbursed to or allocated by the Corporation while profit of the Corporation for the year ended June 30, 2015, as mentioned in note 38.1, has also been transferred to the Bank. Similar treatment is also followed by the other subsidiary, National Institute of Banking and Finance (Guarantee) Limited, under arrangements mutually agreed with the Bank.

41.5 Auditors' remuneration

	2015			2014		
	Ernst & Young Ford Rhodes Sidat Hyder & Co.	A. F. Ferguson & Co.	Total	KPMG Taseer Hadi & Co.	A. F. Ferguson & Co.	Total
	----- (Rupees in '000) -----					
State Bank of Pakistan						
Audit fee	2,610	2,610	5,220	2,610	2,610	5,220
Out of pocket expenses	415	415	830	415	415	830
	3,025	3,025	6,050	3,025	3,025	6,050
SBP Banking Services Corporation						
Audit fee	2,090	2,090	4,180	2,090	2,090	4,180
Out of pocket expenses	885	885	1,770	885	885	1,770
	2,975	2,975	5,950	2,975	2,975	5,950
	6,000	6,000	12,000	6,000	6,000	12,000

41.6 Staff retirement benefits

41.6.1 During the year the actuarial valuations of the defined benefit obligations were carried out under the Projected Unit Credit Method using following significant assumptions:

	2015	2014
-Discount rate for year end obligation	9.75% - 10.50% p.a.*	13.25% - 13.50% p.a.
-Salary increase rate	9.75% - 10.50% p.a.*	13.25% - 13.50% p.a.
-Pension indexation rate	7.25% p.a.	10.75% p.a.
-Medical cost increase rate	9.5% p.a.	13% p.a.
-Personnel turnover	4.5% p.a.	2.6% p.a.
-Normal retirement age	60 Years	60 Years

* 10.50% has been used for post retirement medical benefits, gratuity scheme and six months post retirement facility. For all other benefits rate of 9.75% has been used.

Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables with 1 year setback.

41.6.2 Through its defined benefit plan, the Bank is exposed to a number of risks, the most significant of which are detailed below:

Discount rate risk

The risk of changes in discount rate since discount rate is based on corporate / government bonds. Any change in bond yields will impact plan liabilities.

Salary increase / inflation risk

The risk that the actual salary increase is higher / lower than the expected where benefits are linked with final salary at the time of cessation of employment.

Mortality risk

The risk that the actual mortality experience is different than that of expected i.e. the actual life expectancy is different from assumed.

Withdrawal risk

The risk of actual withdrawals experience is different from assumed.

Medical inflation risk

The risk of actual medical inflation experience is different from assumed.

41.6.3 Change in present value of defined benefit obligation

	2015				
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility
	----- (Rupees in '000) -----				
Present value of defined benefit obligation July 1, 2014	16,125,506	17,763	5,020,474	284,914	245,940
Current service cost	276,996	4,417	100,183	12,345	19,566
Interest cost on defined benefit obligation	2,036,503	2,267	658,471	34,408	32,243
Benefits Paid	(1,511,349)	(1,940)	(285,821)	(50,469)	(5,187)
Remeasurements:					
Actuarial (gains) / losses from changes in demographic assumption	77,986	-	-	-	-
Experience adjustments	821,805	3,934	996,431	88,781	(1,938)
Present value of defined benefit obligation as on June 30, 2015	17,827,447	26,441	6,489,738	369,979	290,624
	----- (Rupees in '000) -----				
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility
	----- (Rupees in '000) -----				
Present value of defined benefit obligation July 1, 2013	13,864,007	17,754	4,139,720	621,515	159,043
Current service cost	214,752	1,697	62,237	20,669	11,905
Interest cost on defined benefit obligation	1,505,890	2,042	460,575	67,569	17,501
Benefits Paid	(1,538,631)	-	(269,434)	(67,910)	(13,729)
Remeasurements:					
Actuarial (gains) / losses from changes in financial assumptions	-	-	-	(238,732)	-
Experience adjustments	2,079,488	(3,730)	627,376	(118,197)	71,220
Present value of defined benefit obligation as on June 30, 2014	16,125,506	17,763	5,020,474	284,914	245,940

41.6.3.1 The break-up of remeasurements recognised during the period in 'statement of comprehensive income' are as follows:

	2015	2014
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
State Bank of Pakistan		
- Actuarial (gains) / losses from changes in demographic / financial assumptions	(77,986)	238,732
- Experience adjustments	(1,909,013)	(2,656,157)
	(1,986,999)	(2,417,425)
Allocated by SBP Banking Services Corporation - a subsidiary*	(2,073,949)	(12,972,476)

*Under mutually agreed arrangements, the amount has been allocated to the State Bank of Pakistan.

41.6.4 Amount recognised in the profit and loss account

	2015				
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility
	----- (Rupees in '000) -----				
Current service cost	276,996	4,417	100,183	12,345	19,566
Interest cost on defined benefit obligation	2,036,503	2,267	658,471	34,408	32,243
Contribution made by Employees	-	-	-	(3,773)	-
	2,313,499	6,684	758,654	42,980	51,809

	2014				
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility
	------(Rupees in '000)-----				
Current service cost	214,752	1,697	62,237	20,669	11,905
Interest cost on defined benefit obligation	1,505,890	2,042	460,575	67,569	17,501
Contribution made by Employees	-	-	-	(3,850)	-
	1,720,642	3,739	522,812	84,388	29,406
	311,260	2,053,577	(3,850)	2,360,987	

41.6.5 Movement of present value of defined benefit obligation

	2015				
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility
	------(Rupees in '000)-----				
Net recognised liabilities at July 1, 2014	16,125,506	17,763	5,020,474	284,914	245,940
Amount recognised in the profit and loss account	2,313,499	6,684	758,654	42,980	51,809
Remeasurements	899,791	3,934	996,431	88,781	(1,938)
Benefits paid during the year	(1,511,349)	(1,940)	(285,821)	(50,469)	(5,187)
Employees contribution / amount transferred	-	-	-	3,773	-
Net recognised liabilities at June 30, 2015	17,827,447	26,441	6,489,738	369,979	290,624
	21,694,597	3,173,626	1,986,999	(1,854,766)	3,773

	2014				
	Pension	Gratuity scheme	Post retirement medical benefits	Benevolent fund scheme	Six months post retirement facility
	------(Rupees in '000)-----				
Net recognised liabilities at July 1, 2013	13,864,007	17,754	4,139,720	621,515	159,043
Amount recognised in the profit and loss account	1,720,642	3,739	522,812	84,388	29,406
Remeasurements	2,079,488	(3,730)	627,376	(356,929)	71,220
Benefits paid during the year	(1,538,631)	-	(269,434)	(67,910)	(13,729)
Employees contribution / amount transferred	-	-	-	3,850	-
Net recognised liabilities at June 30, 2014	16,125,506	17,763	5,020,474	284,914	245,940
	21,694,597	2,417,425	(1,889,704)	3,850	

41.6.6 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation - Increase / (Decrease)		
	Change in Assumption	Increase in assumption	Decrease in assumption
	------(Rupees in '000)-----		
Pension			
Discount rate	1%	(1,388,033)	1,437,953
Future salary increase	1%	377,207	(347,275)
Future pension increase	1%	1,161,858	(1,158,354)
Expected mortality rates	1 Year	(503,535)	351,048
Gratuity			
Discount rate	1%	(3,397)	4,078
Future salary increase	1%	4,018	(3,411)
Post retirement medical benefit scheme			
Discount rate	1%	(747,128)	933,788
Future Pre-Retirement medical cost increase	1%	155,330	(136,605)
Future Post-Retirement medical cost increase	1%	786,837	(659,983)
Expected mortality rates	1 Year	(228,474)	232,659
Benevolent			
Discount rate	1%	(19,913)	45,406
Six months post retirement facility			
Discount rate	1%	(25,878)	29,827
Future salary increase	1%	29,811	26,325

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability of all schemes recognised within the balance sheet.

41.6.7 Duration of defined benefit obligation

	Pension	Gratuity scheme	Post retirement medical benefit	Benevolent fund scheme	Six months post retirement facility
Weighted average duration of the defined benefit obligation	8 Years	14 Years	13 Years	9 Years	10 Years

41.6.8 Estimated expenses to be charged to profit and loss account for the year ending June 30, 2016

Based on the actuarial advice, the management estimates that charge in respect of defined benefit plans for the year ending June 30, 2016 would be as follows:

	Pension	Gratuity scheme	Post retirement medical benefit	Benevolent fund scheme	Six months post retirement facility	Total
	(Rupees in '000)					
Current service cost	262,354	6,639	120,665	15,825	22,480	427,963
Interest cost on defined benefit obligation	1,738,176	2,776	681,422	36,073	30,515	2,488,962
Amount chargeable to profit and loss account	2,000,530	9,415	802,087	51,898	52,995	2,916,925

41.6.9 Employees' compensated absences

The Bank's liability for employees' compensated absences determined through an actuarial valuation carried out under the Projected Unit Credit Method amounted to Rs. 2,528.24 million (2014: Rs. 2,137.72 million). An amount of Rs. 470.75 million (2014: Rs. 644.68 million) has been charged to the profit and loss account in the current period based on the actuarial advice. Expected charge in respect of the scheme for the year ending June 30, 2016 would be Rs 411.93 million. The benefits paid during the year amounted to Rs 80.24 million (2014: Rs 140 million).

	Note	2015 ----- (Rupees in '000) -----	2014
42 PROFIT FOR THE YEAR AFTER NON-CASH ITEMS AND OTHER ITEMS			
Profit for the year		401,751,564	311,814,840
Adjustments for:			
Depreciation	16	1,248,983	1,398,305
Amortisation of intangible assets	17	5,980	14,881
Provision / (reversal) for / write-off:			
- retirement benefits and employees' compensated absences		3,907,336	3,220,256
- loans and advances		926,437	-
- claims		(1,489)	1,489
- other doubtful assets		(55,071)	32,835
- diminution in value of investments - local - net		-	(150,000)
Loss on disposal of property and equipment		-	20,295
Gain on disposal of investments	37	(103,120,956)	(31,618,976)
Effect of exchange loss / (gain) on cash and cash equivalents		17,048,228	(2,701,106)
Dividend income		(15,429,445)	(12,127,927)
		<u>306,281,567</u>	<u>269,904,892</u>
43 CASH AND CASH EQUIVALENTS			
Local currency - coins		365,231	417,880
Foreign currency accounts and investments		1,277,055,321	852,117,173
Earmarked foreign currency balances		1,274,786	7,453,502
Special Drawing Rights of the International Monetary Fund		72,229,419	82,057,077
		<u>1,350,924,757</u>	<u>942,045,632</u>
44 RELATED PARTY TRANSACTIONS			

The Bank enters into transactions with related parties in its normal course of business. Related parties include the Federal Government as major shareholder of the Bank, Provincial Governments, Government of Azad Jammu and Kashmir, Gilgit-Baltistan Administration Authority, Government controlled enterprises / entities, retirement benefit plans, directors and key management personnel of the Bank.

44.1 Governments and related entities

The Bank is acting as an agent of the Federal Government and is responsible for functions conferred upon as disclosed in note 1 to these financial statements. Balances outstanding from and transactions with the Federal and Provincial Governments and related entities not disclosed elsewhere in the financial statements are given below:

	2015	2014
	----- (Rupees in '000) -----	
<i>Transactions during the year</i>		
- Creation of MRTBs	5,210,637,598	6,162,939,603
- Retirement / rollover of MRTBs	5,781,546,841	5,585,849,001
- Commission income from sale of Market Treasury Bills, issuance of prize bonds, national saving certificates and management of public debt (refer note 35.1)		

44.2 Subsidiaries of the Bank

Material transactions with the subsidiaries have already been disclosed in the financial statements in note 38.1 and 41. The subsidiaries of the Bank and their primary activities are as follows:

44.2.1 SBP Banking Services Corporation ("the Corporation") - wholly owned subsidiary

It is responsible for carrying out certain statutory and administrative functions and activities principally relating to public dealing on behalf of the State Bank of Pakistan.

44.2.2 National Institute of Banking and Finance (Guarantee) Limited ("the Institute") - wholly owned subsidiary

The Institute is engaged in providing education and training in the field of banking, finance and allied areas.

44.3 Remuneration to key management personnel

Key management personnel of the Bank include members of the Central Board of Directors of the Bank, Governor of the Bank, Deputy Governors of the Bank and other executives of the Bank who have responsibility for planning, directing and controlling the activities of the Bank. Fee of the non-executive members of the Central Board of Directors is determined by the Central Board. According to section 10 of the State Bank of Pakistan Act, 1956, the remuneration of the Governor is determined by the President of Pakistan. Deputy Governors are appointed and their salaries are fixed by the Federal Government. Details of remuneration of key management personnel of the Bank are as follows:

	2015	2014
	----- (Rupees in '000) -----	
Short-term employee benefit	181,068	194,413
Post-employment benefit	63,899	64,227
Loans disbursed during the year	116,377	30,221
Loans repaid during the year	78,157	27,253
Directors' fees	11,349	9,854

Short-term benefits include salary and benefits, medical benefits and free use of Bank maintained cars in accordance with their entitlements. Post employment benefits include gratuity, pension, benevolent fund, post retirement medical benefits and six months post retirement facility.

45 RISK MANAGEMENT POLICIES

The Bank is primarily subject to interest / mark-up rate, credit, currency and liquidity risks. The policies and procedures for managing these risks are outlined in notes 45.1 to 45.10. The Bank has designed and implemented a framework of controls to identify, monitor and manage these risks. The senior management is responsible for advising the Governor on the monitoring and management of these risks.

45.1 Credit risk management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk in the Bank's portfolio is monitored, reviewed and analysed by the appropriate officials and the exposure is controlled through counterparty and credit limits. Counterparties are allocated to a particular class based mainly on their credit rating. Foreign currency placements are made in approved currencies and government securities. Loans and advances to scheduled banks and financial institutions are usually secured either by Government guarantees or by demand promissory notes. Equity exposure based on their nature are not exposed to credit risk. Geographical exposures are controlled by country limits and are updated as and when necessary with all limits formally reviewed on a periodic basis. The Bank's exposure to credit risk associated with foreign investments is managed by monitoring compliance with investment limits for counterparties. The Bank's credit risk mainly lies with exposure towards government sector and financial institutions.

45.2 Concentrations of risk

Concentration risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly effected by changes in economic, political or other conditions. The Bank's significant concentrations arising from financial instruments at the balance sheet date without taking any collateral held or other credit enhancements is shown below:

45.2.1 Geographical analysis

	2015						
	Pakistan	Asia (other than Pakistan)	America	Europe	Australia	Others	Grand Total
(Rupees in '000)							
Financial assets							
Foreign currency accounts and investments	50,312,086	509,709,194	358,973,615	432,382,590	91,911,612	-	1,443,289,097
Earmarked foreign currency balance	1,274,786	-		-	-	-	1,274,786
Special Drawing Rights of International Monetary Fund	-	-	72,229,419	-	-	-	72,229,419
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	17,052	-	-	-	17,052
Securities purchased under agreement to resell	662,579,848	-	-	-	-	-	662,579,848
Current accounts of Governments	3,048,507	-	-	-	-	-	3,048,507
Current account with National Institute of Banking and Finance (Guarantee) Limited	56,381	-	-	-	-	-	56,381
Investments - local	2,325,787,495	-	-	-	-	-	2,325,787,495
Securities given as collateral under repurchase agreements	-	-	-	-	-	-	-
Loans, advances and bills of exchange	338,076,799	423,249	-	-	-	-	338,500,048
Assets held with the Reserve Bank of India	-	1,448,247	-	-	-	-	1,448,247
Balances due from the Governments of India and Bangladesh (former East Pakistan)	-	8,561,790	-	-	-	-	8,561,790
Other assets	3,050,781	726,275	83,755	59,868	14,389	-	3,935,068
Total financial assets	3,384,186,683	520,868,755	431,303,841	432,442,458	91,926,001	-	4,860,727,738
2014							
	Pakistan	Asia (other than Pakistan)	America	Europe	Australia	Others	Grand Total
(Rupees in '000)							
Financial assets							
Foreign currency accounts and investments	40,493,507	221,121,291	414,828,024	252,741,587	29,450,055	-	958,634,464
Earmarked foreign currency balance	7,453,502	-		-	-	-	7,453,502
Special Drawing Rights of International Monetary Fund	-	-	82,057,077	-	-	-	82,057,077
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	18,194	-	-	-	18,194
Securities purchased under agreement to resell	-	-	-	-	-	-	-
Current accounts of Governments	802,315	-	-	-	-	-	802,315
Current account with National Institute of Banking and Finance (Guarantee) Limited	167,001	-	-	-	-	-	167,001
Investments - local	2,918,510,357	-	-	-	-	-	2,918,510,357
Securities given as collateral under repurchase agreement	18,064,500	-	-	-	-	-	18,064,500
Loans, advances and bills of exchange	297,551,010	423,249	-	-	-	-	297,974,259
Assets held with the Reserve Bank of India	-	1,503,318	-	-	-	-	1,503,318
Balances due from the Governments of India and Bangladesh (former East Pakistan)	-	7,957,658	-	-	-	-	7,957,658
Other assets	5,172,960	1,207,427	13,483	88,977	4,256	16,025	6,503,128
Total financial assets	3,288,215,152	232,212,943	496,916,778	252,830,564	29,454,311	16,025	4,299,645,773

45.2.2 Industrial analysis

	2015						
	Sovereign	Supranational	Public Sector Entities	Corporate	Banks & Financial Institutions	Others	GrandTotal
	(Rupees in '000)						
Financial assets							
Foreign currency accounts and investments	574,273,525	94,982,116	3,732,799	-	751,244,565	19,056,092	1,443,289,097
Earmarked foreign currency balance	1,274,786	-	-	-	-	-	1,274,786
Special Drawing Rights of International Monetary Fund	-	72,229,419	-	-	-	-	72,229,419
Reserve tranche with the International Monetary Fund under quota arrangements	-	17,052	-	-	-	-	17,052
Securities purchased under agreement to resell	-	-	-	-	662,579,848	-	662,579,848
Current accounts of Governments	3,048,507	-	-	-	-	-	3,048,507
Current account with National Institute of Banking and Finance (Guarantee) Limited	-	-	56,381	-	-	-	56,381
Investments - local	2,325,787,495	-	-	-	-	-	2,325,787,495
Loans, advances and bills of exchange	805,876	-	99,248,696	-	230,023,996	8,421,480	338,500,048
Assets held with the Reserve Bank of India	1,448,247	-	-	-	-	-	1,448,247
Balances due from the Governments of India and Bangladesh (former East Pakistan)	8,561,790	-	-	-	-	-	8,561,790
Other assets	1,515,740	6,888	-	-	1,740,737	671,703	3,935,068
Total financial assets	2,916,715,966	167,235,475	103,037,876	-	1,645,589,146	28,149,275	4,860,727,738

	2014						Grand Total
	Sovereign	Supranational	Public Sector	Corporate	Banks &	Others	
	Entities			Financial Institutions			
----- (Rupees in '000) -----							
Financial assets							
Foreign currency accounts and investments	436,111,016	209,580,459	1,243,310	-	298,882,021	12,817,658	958,634,464
Earmarked foreign currency balance	7,453,502	-	-	-	-	-	7,453,502
Special Drawing Rights of International Monetary Fund	-	82,057,077	-	-	-	-	82,057,077
Reserve tranche with the International Monetary Fund under quota arrangements	-	18,194	-	-	-	-	18,194
Securities purchased under agreement to resell	-	-	-	-	-	-	-
Current accounts of Governments	802,315	-	-	-	-	-	802,315
Current account with National Institute of Banking and Finance (Guarantee) Limited	-	-	167,001	-	-	-	167,001
Investments - local	2,918,510,357	-	-	-	-	-	2,918,510,357
Securities given as collateral under repurchase agreements	18,064,500	-	-	-	-	-	18,064,500
Loans, advances and bills of exchange	3,266,166	-	96,518,615	-	190,937,563	7,251,915	297,974,259
Assets held with the Reserve Bank of India	1,503,318	-	-	-	-	-	1,503,318
Balances due from the Governments of India and Bangladesh (former East Pakistan)	7,957,658	-	-	-	-	-	7,957,658
Other assets	649,500	29,986	4	680	5,101,487	721,471	6,503,128
Total financial assets	3,394,318,332	291,685,716	97,928,930	680	494,921,071	20,791,044	4,299,645,773

45.3 Credit exposure by credit rating

The credit quality of financial assets is managed by the Bank using external credit ratings. The table below shows the credit quality by class of assets for all financial assets that are neither past due nor impaired as at the reporting date and are exposed to credit risk, based on the rating of external rating agencies. The Bank uses lower of the credit rating of Moody's, Standard & Poor's and Fitch to categorise its financial assets in foreign currency accounts and investments. For domestic financial assets credit rating of JCR-VIS and PACRA are used.

	2015							
	Sovereign (45.3.1)	AAA	AA	A	BBB	Lower than BBB	Unrated	Grand Total
	(Rupees in 000')							
Financial assets								
Foreign currency accounts and investments	-	172,751,984	757,827,103	457,692,029	4,040,202	50,312,086	665,693	1,443,289,097
Earmarked foreign currency balance	1,274,786	-	-	-	-	-	-	1,274,786
Special Drawing Rights of International Monetary Fund	-	-	-	-	-	-	72,229,419	72,229,419
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	-	-	-	17,052	17,052
Securities purchased under agreement to resell	-	-	-	661,627,223	-	952,625	-	662,579,848
Current accounts of Governments	3,048,507	-	-	-	-	-	-	3,048,507
Current account with National Institute of Banking and Finance (Guarantee) Limited	-	-	-	-	-	-	56,381	56,381
Investments - local	2,325,787,495	-	-	-	-	-	-	2,325,787,495
Loans, advances and bills of exchange	382,627	112,286,612	156,793,415	35,466,209	53,123	481,680	33,036,382	338,500,048
Assets held with the Reserve Bank of India	-	-	-	-	1,448,247	-	-	1,448,247
Balances due from the Governments of India and Bangladesh (former East Pakistan)	-	-	-	-	40,453	8,521,337	-	8,561,790
Other assets	1,515,740	-	-	688,457	-	703,154	1,027,717	3,935,068
Total financial assets	2,332,009,155	285,038,596	914,620,518	1,155,473,918	5,582,025	60,970,882	107,032,644	4,860,727,738

	2014							
	Sovereign (44.3.1)	AAA	AA	A	BBB	Lower than BBB	Unrated	Grand Total
	(Rupees in 000')							
Financial assets								
Foreign currency accounts and investments	-	133,455,201	535,253,368	243,699,952	8,973,995	36,541,324	710,624	958,634,464
Earmarked foreign currency balance	-	-	-	-	-	-	7,453,502	7,453,502
Special Drawing Rights of International Monetary Fund	-	-	-	-	-	-	82,057,077	82,057,077
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	-	-	-	18,194	18,194
Securities purchased under agreement to resell	-	-	-	-	-	-	-	-
Current accounts of Governments	802,315	-	-	-	-	-	-	802,315
Current account with National Institute of Banking and Finance (Guarantee) Limited	-	-	-	-	-	-	167,001	167,001
Investments - local	2,918,510,357	-	-	-	-	-	-	2,918,510,357
Securities given as collateral under repurchase agreements	18,064,500	-	-	-	-	-	-	18,064,500
Loans, advances and bills of exchange	3,266,166	104,898,677	137,060,183	29,929,057	1,899,528	-	20,920,648	297,974,259
Assets held with the Reserve Bank of India	-	-	-	-	1,503,318	-	-	1,503,318
Balances due from the Governments of India and Bangladesh (former East Pakistan)	-	-	-	-	7,957,658	-	-	7,957,658
Other assets	-	18,391	25,445	1,251,741	22,997	2,836,283	2,348,271	6,503,128
Total financial assets	2,940,643,338	238,372,269	672,338,996	274,880,750	20,357,496	39,377,607	113,675,317	4,299,645,773

45.3.1 Government securities and balances, pertaining to Pakistan, are rated as sovereign. The international rating of Pakistan is B- (as per Standards & Poors).

45.3.2 The collateral held as security against financial assets to cover the credit risk are disclosed in the respective notes.

45.4 Details of financial assets impaired and provisions recorded thereagainst:

	Gross Amount		Impairment Provision	
	2015	2014	2015	2014
	(Rupees in '000)			
Available for sale investment - unlisted	2,431,758	2,431,758	856,863	856,863
Loans and advances - agriculture sector	18,587	18,587	18,587	18,587
Loans and advances - industrial sector	1,054,285	1,054,285	1,054,285	1,054,285
Loans and advances - others	4,267,953	4,267,953	4,267,953	4,267,953
Assets held with the Reserve Bank of India	1,448,247	1,503,318	1,448,247	1,503,318
Balances due from the Governments of India and Bangladesh (former East Pakistan)	8,985,069	8,380,907	8,985,069	8,380,863

45.5 Liquidity analysis with interest / mark-up rate risk

45.5.1 Interest / mark-up rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. The Bank has adopted appropriate policies to minimise its exposure to this risk.

	2015					
	Interest / mark-up bearing			Non interest / mark-up bearing		
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total
	(Rupees in '000)					
Financial assets						
Non-derivatives assets:						
Local currency - coins	-	-	-	365,231	-	365,231
Foreign currency accounts and investments	170,050,602	1,241,628,124	1,411,678,726	1,968,460	30,657,429	32,625,889
Earmarked foreign currency balance	-	-	-	1,274,786	-	1,274,786
Special Drawing Rights of International Monetary Fund	72,229,419	-	72,229,419	-	-	-
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	17,052	-	17,052
Securities purchased under agreement to resell	662,003,377	-	662,003,377	576,471	-	576,471
Current accounts of Governments	5,048,507	-	5,048,507	(2,000,000)	-	(2,000,000)
Current account with National Institute of Banking and Finance (Guarantee) Limited	-	-	-	56,381	-	56,381
Investments - local	2,280,855,859	2,740,000	2,283,595,859	131,261,700	1,029,260	132,290,960
Loans, advances and bills of exchange	291,396,876	35,837,736	327,234,612	3,803,453	7,461,983	11,265,436
Assets held with the Reserve Bank of India	-	-	-	1,448,247	-	1,448,247
Balances due from the Governments of India and Bangladesh (former East Pakistan)	7,701,413	-	7,701,413	860,377	-	860,377
Other assets	-	-	-	2,392,633	-	2,392,633
	3,489,286,053	1,280,205,860	4,769,491,913	142,024,791	39,148,672	181,173,463
Derivatives assets						
Other assets	-	-	-	1,542,435	-	1,542,435
Grand Total	3,489,286,053	1,280,205,860	4,769,491,913	143,567,226	39,148,672	182,715,898
Financial liabilities						
Bank notes issued	-	-	-	2,707,258,012	-	2,707,258,012
Bills payable	-	-	-	643,121	-	643,121
Current accounts of the Governments*	-	-	-	394,020,378	-	394,020,378
Current account with SBP Banking Services Corporation - a subsidiary	-	-	-	40,635,754	-	40,635,754
Payable to Islamic Banking Institutions against Bai Muajjal transactions	182,216,340	-	182,216,340	7,702,781	-	7,702,781
Payable under bilateral currency swaps agreements	164,133,000	-	164,133,000	734,890	-	734,890
Deposits of banks and financial institutions	-	-	-	413,234,045	-	413,234,045
Other deposits and accounts	32,609,634	45,800,415	78,410,049	68,767,939	-	68,767,939
Payable to International Monetary Fund	141,234,198	412,289,078	553,523,276	-	649,706	649,706
Other liabilities	-	-	-	44,902,919	-	44,902,919
	520,193,172	458,089,493	978,282,665	3,677,899,839	649,706	3,678,549,545
Derivative Liabilities						
Foreign currency accounts and investments	-	-	-	1,015,518	-	1,015,518
	520,193,172	458,089,493	978,282,665	3,678,915,357	649,706	3,679,565,063
On balance sheet gap (a)	2,969,092,881	822,116,367	3,791,209,248	(3,535,348,131)	38,498,966	(3,496,849,165)
Foreign currency forward and swap contracts - sale	-	-	-	(554,583,226)	-	(554,583,226)
Foreign currency forward and swap contracts - purchase	-	-	-	382,060,837	-	382,060,837
Futures - sale	-	-	-	(13,330,298)	-	(13,330,298)
Futures - purchase	-	-	-	18,901,205	-	18,901,205
Off balance sheet gap	-	-	-	(166,951,482)	-	(166,951,482)
Total yield / interest risk sensitivity gap	2,969,092,881	822,116,367	3,791,209,248	(3,368,396,649)	38,498,966	(3,329,897,683)
Cumulative yield / interest risk sensitivity gap	2,969,092,881	3,791,209,248	7,582,418,496	4,214,021,847	4,252,520,813	922,623,130
Contingent liabilities in respect of guarantees given	-	-	-	-	22,467,561	22,467,561

(a) On-balance sheet gap represents the net amounts of on-balance sheet items.

* The Bank has the contractual right and intention to offset these balances against their respective non-interest bearing deposit balances. Mark-up on these balances is charged only when these balances are in debit

	2014						Grand Total
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
(Rupees in '000)							
Financial assets							
Non-derivatives assets:							
Local currency - coins	-	-	-	417,880	-	417,880	417,880
Foreign currency accounts and investments	744,917,914	162,525,387	907,443,301	46,856,785	-	46,856,785	954,300,086
Earmarked foreign currency balance	-	-	-	7,453,502	-	7,453,502	7,453,502
Special Drawing Rights of International Monetary Fund	82,057,077	-	82,057,077	-	-	-	82,057,077
Reserve tranche with the International Monetary Fund under quota arrangements	-	-	-	18,194	-	18,194	18,194
Current accounts of the Governments	802,100	-	802,100	215	-	215	802,315
Current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary	-	-	-	167,001	-	167,001	167,001
Investments - local	2,834,265,102	2,740,000	2,837,005,102	81,505,255	235,816,022	317,321,277	3,154,326,379
Securities given as collateral under repurchase agreements	17,500,000	-	17,500,000	564,500	-	564,500	18,064,500
Loans, advances and bills of exchange	217,029,835	61,398,114	278,427,949	13,070,996	6,475,314	19,546,310	297,974,259
Assets held with the Reserve Bank of India	-	-	-	1,503,318	-	1,503,318	1,503,318
Balances due from the Governments of India and Bangladesh (former East Pakistan)	7,097,281	-	7,097,281	860,377	-	860,377	7,957,658
Other assets	-	-	-	1,456,799	-	1,456,799	1,456,799
	3,903,669,309	226,663,501	4,130,332,810	153,874,822	242,291,336	396,166,158	4,526,498,968
Derivatives assets							
Foreign currency accounts and investments	-	-	-	4,383,623	-	4,383,623	4,383,623
Other assets	-	-	-	5,046,329	-	5,046,329	5,046,329
Grand Total	3,903,669,309	226,663,501	4,130,332,810	163,304,774	242,291,336	405,596,110	4,535,928,920
Financial liabilities							
Bank notes issued	-	-	-	2,309,127,023	-	2,309,127,023	2,309,127,023
Bills payable	-	-	-	642,102	-	642,102	642,102
Current accounts of the Governments*	-	-	-	531,806,543	-	531,806,543	531,806,543
Current account with SBP Banking Services Corporation - a subsidiary	-	-	-	37,876,846	-	37,876,846	37,876,846
Securities sold under an agreement to repurchase	17,194,695	-	17,194,695	-	-	-	17,194,695
Payable under bilateral currency swap agreement	105,248,797	-	105,248,797	-	-	-	105,248,797
Deposits of banks and financial institutions	10,807	-	10,807	530,735,549	-	530,735,549	530,746,356
Other deposits and accounts	48,293,741	34,581,610	82,875,351	62,534,631	-	62,534,631	145,409,982
Payable to International Monetary Fund	66,155,064	315,740,456	381,895,520	3,099,222	-	3,099,222	384,994,742
Other liabilities	-	-	-	55,648,615	-	55,648,615	55,648,615
	236,903,104	350,322,066	587,225,170	3,531,470,531	-	3,531,470,531	4,118,695,701
Derivative Liabilities							
Foreign currency accounts and investments	49,245	-	49,245	-	-	-	49,245
	236,952,349	350,322,066	587,274,415	3,531,470,531	-	3,531,470,531	4,118,744,946
On balance sheet gap (a)	3,666,716,960	(123,658,565)	3,543,058,395	(3,368,165,757)	242,291,336	(3,125,874,421)	417,183,974
Foreign currency forward and swap contracts - sale	-	-	-	(371,895,229)	-	(371,895,229)	(371,895,229)
Foreign currency forward and swap contracts - purchase	-	-	-	201,199,235	-	201,199,235	201,199,235
Futures - sale	-	-	-	(15,854,429)	-	(15,854,429)	(15,854,429)
Futures - purchase	-	-	-	10,826,777	-	10,826,777	10,826,777
Off balance sheet gap	-	-	-	(175,723,646)	-	(175,723,646)	(175,723,646)
Total yield / interest risk sensitivity gap	3,666,716,960	(123,658,565)	3,543,058,395	(3,192,442,111)	242,291,336	(2,950,150,775)	592,907,620
Cumulative yield / interest risk sensitivity gap	3,666,716,960	3,543,058,395	7,086,116,790	3,893,674,679	4,135,966,015	1,185,815,240	1,185,815,240
Contingent liabilities in respect of guarantees given	-	-	-	-	31,671,430	31,671,430	31,671,430

(a) On-balance sheet gap represents the net amounts of on-balance sheet items.

* The Bank has the contractual right and intention to offset these balances against their respective non-interest bearing deposit balances. Mark-up on these balances is charged only when these balances are in debit

45.5.2 The effective interest / markup rate for the monetary financial assets and liabilities are mentioned in their respective notes to the financial statements.

45.6 Interest rate risk

45.6.1 Cash flow interest rate risk

Cash flow interest rate risk is the risk of loss arising from changes in variable interest rates. The sensitivity analysis below have been determined based on the exposure to interest rates for floating rate assets and liabilities, the analysis is prepared assuming the amount of average assets and liabilities outstanding at the balance sheet date was outstanding for the whole year.

If interest rates had been 10 basis points higher / lower and all other variables were held constant, the bank's profit for the year ended June 30, 2015 would increase by Rs. by Rs 419 million (2014: Rs. 375.09 million). This is mainly attributable to the Bank's exposure to interest rates on its variable rate instruments.

The Bank does not keep a sizable portion of its foreign currency accounts and investments in floating rate securities, therefore the profit / loss attributable to the Bank exposure to interest rate on its variable rate instruments is negligible.

45.6.2 Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The Bank is exposed to fair value interest rate risk on its fixed income securities, classified as financial assets at fair value through profit or loss. To manage its fair value interest rate risk arising from investments in these securities, the management adopts practices mentioned in note 45.10.

As at June 30, 2015, a 10 basis points shift in market value, mainly as a result of change in interest rates with all other variables held constant, would result in profit for the year to increase by Rs 946.54 million (2014: Rs 334.71 million) or decrease by Rs 945.52 million (2014: Rs 333 million) mainly as a result of a increase or decrease in the fair value of fixed rate financial assets classified as financial asset at fair value through profit or loss.

45.7 Currency risk management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency activities result mainly from the Bank's holding of foreign currency assets under its foreign reserves management function and the overall level of these assets is determined based on the prevailing extent of credit and liquidity risks. In order to avoid losses arising from adverse changes in the rates of exchange, the Bank's compliance with the limits established for foreign currency positions is being regularly monitored by the management.

The Bank also holds from time to time, foreign currency assets and liabilities that arise from the implementation of domestic monetary policies. Any foreign currency exposure relating to these implementation activities are hedged through the use of foreign currency forwards, swaps and other transactions.

The Bank also enters into forward foreign exchange contracts with the commercial banks and financial institutions to hedge against the currency risk on foreign currency transactions.

The sensitivity analysis calculates the effect of reasonably possible movement of the currency rate against Pak Rupee, with all other variables held constant, on the profit and loss account and equity. If the Rupee had weakened / strengthened 1 percent against the principal currencies to which the Bank had significant exposure as at June 30, 2015 with all other variables constant profit for the year would have been Rs. 564,335.33 million higher / lower (2014: 320,361.76 million). Net foreign currency exposure of the Bank is as follows:

	2015	2014
	(Rupees in '000)	
US Dollar	741,628,994	393,850,571
Pound Sterling	(31,545,052)	(23,123,079)
Chinese Yuan	5,099,612	704,551
Euro	(158,752,565)	(100,923,398)
Japanese Yen	(1,759,278)	8,045,452
United Arab Emirates Dirham	10,639,257	11,999,698
Australian Dollar	162,405	19,458,036
Canadian Dollar	68,078	8,570,318
Others	(1,206,126)	1,779,613
	<u>564,335,325</u>	<u>320,361,762</u>

Net exposure in Special Drawing Rights (SDR) is allocated to its four basket currencies i.e. USD, GBP, EURO and JPY in the ratio of their percentage allocated by IMF for SDR basket.

The composition of the Bank's financial instruments and the correlation thereof to different variables is expected to change over time. Accordingly, the sensitivity analyses in note 45.6 and 45.7 prepared as of June 30, 2015 are not necessarily indicative of the effects on the Bank's profit and loss of future movements in different variables.

45.8 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

The Bank is exposed to equity securities price risk because of investment in listed equity securities by the Bank classified as available-for-sale. These investments are held as per the specific directives of the Government of Pakistan in accordance with the provisions of the State Bank of Pakistan Act, 1956 and other relevant statutes. Accordingly, price risk on listed equity securities can not be managed by the Bank.

In case of 5% increase or decrease in KSE 100 index on June 30, 2015, other comprehensive income would increase or decrease by Rs. 804.608 million (2014: Rs. 2,392.875 million) and equity of the Bank would increase or decrease by the same amount as a result of gains / (losses) on equity securities classified as available-for-sale.

The analysis is based on the assumption that the equity index would increase or decrease by 5% with all other variables held constant and all the Bank's equity instruments move according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index. The composition of the Bank's investment portfolio and the correlation thereof to the KSE index is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2015 is not necessarily indicative of the effect on the Bank's equity instruments of future movements in the level of KSE 100 index.

45.9 Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with the financial instruments. In order to reduce the level of liquidity risk arising out of the local currency activities, the Bank manages the daily liquidity position of the banking system including advancing and withdrawal of funds from the system for smoothening out daily peaks and troughs.

The risk arising out of the Bank's obligations for foreign currency balances or deposits is managed through available reserves generated mainly from borrowings and open market operations. The maturity profile of Bank's financial assets and financial liabilities is given in note 45.5.1.

45.10 Portfolio risk management

The Bank has appointed external managers to invest a part of the foreign exchange reserves in international fixed income securities. The external managers are selected after conducting a thorough due diligence by the Bank and externally hired investment consultants, and appointed after the approval of the Central Board. The mandates awarded to the managers require them to outperform the benchmarks which are based on fixed income global aggregate indices. The benchmarks are customised to exclude certain securities, currencies, and maturities to bring it to an acceptable level of risk and within the Bank's approved risk appetite. Managers are provided investment guidelines within which they have to generate excess returns over the benchmark. Safe custody of the portfolio is provided through carefully selected global custodian who is independent of the portfolio managers. The custodian also provides valuation, compliance, corporate actions and recovery, and other value added services which are typically provided by such custodian. The valuations provided by the custodian are reconciled with the portfolio managers, and recorded accordingly.

46 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, and is usually determined by the quoted market price. The following tables summarizes the carrying amounts and fair values of financial assets and liabilities.

	Carrying Value		Fair value	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Financial assets				
Local currency - coins	365,231	417,880	365,231	417,880
Foreign currency accounts and investments	1,443,289,097	958,634,464	1,443,289,097	958,634,464
Earmarked foreign currency balances	1,274,786	7,453,502	1,274,786	7,453,502
Special Drawing Rights of the International Monetary Fund	72,229,419	82,057,077	72,229,419	82,057,077
Reserve tranche with the International Monetary Fund under quota arrangements	17,052	18,194	17,052	18,194
Securities purchased under agreement to resell	662,579,848	-	662,579,848	-
Current accounts of Governments	3,048,507	802,315	3,048,507	802,315
Current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary	56,381	167,001	56,381	167,001
Investments - local	2,415,886,819	3,154,326,379	2,415,886,819	3,154,326,379
Securities given as collateral under repurchase agreement	-	18,064,500	-	18,064,500
Loans, advances and bills of exchange	338,500,048	297,974,259	338,500,048	297,974,259
Assets held with the Reserve Bank of India	1,448,247	1,503,318	1,448,247	1,503,318
Balances due from the Governments of India and Bangladesh (former East Pakistan)	8,561,790	7,957,658	8,561,790	7,957,658
Other assets	3,935,068	6,503,128	3,935,068	6,503,128

	Carrying Value		Fair value	
	2015	2014	2015	2014
	(Rupees in '000)			
Financial Liability				
Bank notes in circulation	2,707,258,012	2,309,127,023	2,707,258,012	2,309,127,023
Bills payable	643,121	642,102	643,121	642,102
Current accounts of Governments	394,020,378	531,806,543	394,020,378	531,806,543
Current account with SBP Banking Services Corporation	40,635,754	37,876,846	40,635,754	37,876,846
Securities sold under agreement to repurchase	-	17,194,695	-	17,194,695
Payable to Islamic Banking Institutions against Bai Muajjal transactions	189,919,121	-	189,919,121	-
Payable under bilateral currency swap agreement	164,867,890	105,248,797	164,867,890	105,248,797
Deposits of banks and financial institutions	413,234,045	530,746,356	413,234,045	530,746,356
Other deposits and accounts	147,177,988	145,409,982	147,177,988	145,409,982
Payable to the International Monetary Fund	554,172,982	384,994,742	554,172,982	384,994,742
Other liabilities	44,902,919	55,648,615	44,902,919	55,648,615

46.1 The table below analyses financial and non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (Level 3).

	2015			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Recurring Fair Value Measurements				
Financial Assets				
Foreign currency accounts and investments - held for trading	266,919,992	-	-	266,919,992
Investments - local	85,095,794	-	-	85,095,794
Non-Financial Assets				
Operating fixed assets (Land and buildings)	-	19,454,757	-	19,454,757
Gold reserves held by the Bank	247,150,713	-	-	247,150,713
	599,166,499	19,454,757	-	618,621,256
	2014			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Recurring Fair Value Measurements				
Financial Assets				
Foreign currency accounts and investments - held for trading	175,315,946	-	-	175,315,946
Investments - local	230,812,492	-	-	230,812,492
Non-Financial Assets				
Operating fixed assets (Land and buildings)	-	20,137,447	-	20,137,447
Gold reserves held by the Bank	269,307,930	-	-	269,307,930
	675,436,368	20,137,447	-	695,573,815

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of financial assets in note 7.1 related to foreign currency accounts and investments and investment in listed shares in note 12.2 classified as available-for-sale.

(b) Financial instruments in level 2

Currently, no financial instruments are classified through level 2.

(c) Financial instruments in level 3

Currently, no financial instruments are classified through level 3.

46.2 Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
Operating fixed assets (Land and building)	The fair value of land and building are derived using the sale comparison approach. The sales value is determined by physically analysing the condition of land and building and by ascertaining the current market value of similar land, which is selling in near vicinity. Moreover, for buildings, the valuer has also considered prevailing current cost of construction for relevant type of civil work carried out thereon, where ever required. Please refer note 16.2 highlighting the year of valuation and external valuer name.

47 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2015				
	Loans and receivables	Assets at fair value through profit or loss	Held to maturity	Available for sale	Total
	------(Rupees in '000)-----				
Financial assets					
Local currency - coins	365,231	-	-	-	365,231
Foreign currency accounts and investments	1,010,800,995	266,919,992	165,568,110	-	1,443,289,097
Earmarked foreign currency balances	1,274,786	-	-	-	1,274,786
Special Drawing Rights of the International Monetary Fund	72,229,419	-	-	-	72,229,419
Reserve tranche with the International Monetary Fund					
under quota arrangements	17,052	-	-	-	17,052
Securities purchased under agreement to resell	662,579,848	-	-	-	662,579,848
Current accounts of Governments	3,048,507	-	-	-	3,048,507
Current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary	56,381	-	-	-	56,381
Investments - local	2,325,787,495	-	-	90,099,324	2,415,886,819
Loans, advances and bills of exchange	338,500,048	-	-	-	338,500,048
Assets held with the Reserve Bank of India	1,448,247	-	-	-	1,448,247
Balances due from the Governments of India and Bangladesh (former East Pakistan)	8,561,790	-	-	-	8,561,790
Other assets	2,392,633	1,542,435	-	-	3,935,068
	------(Rupees in '000)-----				
	2014				
	Loans and receivables	Assets at fair value through profit or loss	Held to maturity	Available for sale	Total
	------(Rupees in '000)-----				
Financial assets					
Local currency - coins	417,880	-	-	-	417,880
Foreign currency accounts and investments	682,558,180	170,269,617	105,806,667	-	958,634,464
Earmarked foreign currency balances	7,453,502	-	-	-	7,453,502
Special Drawing Rights of the International Monetary Fund	82,057,077	-	-	-	82,057,077
Reserve tranche with the International Monetary Fund					
under quota arrangements	18,194	-	-	-	18,194
Current accounts of Governments	802,315	-	-	-	802,315
Current account with National Institute of Banking and Finance (Guarantee) Limited - a subsidiary	167,001	-	-	-	167,001
Investments - local	2,918,510,357	-	-	235,816,022	3,154,326,379
Securities given as collateral under repurchase agreement	18,064,500	-	-	-	18,064,500
Loans, advances and bills of exchange	297,974,259	-	-	-	297,974,259
Assets held with the Reserve Bank of India	1,503,318	-	-	-	1,503,318
Balances due from the Governments of India and Bangladesh (former East Pakistan)	7,957,658	-	-	-	7,957,658
Other assets	1,456,799	5,046,329	-	-	6,503,128

	2015		
	Carried at amortised cost	Liabilities at fair value through profit or loss (Rupees in '000)	Total
Financial liabilities			
Bank notes in circulation	2,707,258,012	-	2,707,258,012
Bills payable	643,121	-	643,121
Current accounts of Governments	394,020,378	-	394,020,378
Current account with SBP Banking Services Corporation - a subsidiary	40,635,754	-	40,635,754
Payable to Islamic Banking Institutions against Bai Muajjal transactions	189,919,121	-	189,919,121
Payable under bilateral currency swap agreement	164,867,890	-	164,867,890
Deposits of banks and financial institutions	413,234,045	-	413,234,045
Other deposits and accounts	147,177,988	-	147,177,988
Payable to the International Monetary Fund	554,172,982	-	554,172,982
Other liabilities	44,902,919	-	44,902,919
	2014		
	Carried at amortised cost	Liabilities at fair value through profit or loss (Rupees in '000)	Total
Bank notes in circulation	2,309,127,023	-	2,309,127,023
Bills payable	642,102	-	642,102
Current accounts of Governments	531,806,543	-	531,806,543
Current account with SBP Banking Services Corporation - a subsidiary	37,876,846	-	37,876,846
Securities sold under agreement to repurchase	17,194,695	-	17,194,695
Payable under bilateral currency swap agreement	105,248,797	-	105,248,797
Deposits of banks and financial institutions	530,746,356	-	530,746,356
Other deposits and accounts	145,409,982	-	145,409,982
Payable to the International Monetary Fund	384,994,742	-	384,994,742
Other liabilities	55,648,615	-	55,648,615

48 DATE OF AUTHORISATION

These financial statements were authorised for issue on October 17, 2015 by the Central Board of Directors of the Bank.

49 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of better presentation and comparison. No significant reclassifications have been made during the current year except for the following:

FROM	TO	2014 Rupees in '000
Foreign currency accounts and investments	Other assets	
Unrealised gain / (loss) on derivative financial instruments	Unrealised gain on derivative financial instruments	5,046,329
Foreign currency accounts and investments	Foreign currency accounts and investments	
Current accounts	Deposit accounts	32,794,377
Other operating income - net	Exchange gain - net	
Loss on remeasurement of securities classified as 'fair value through profit or loss'	Gain / (loss) on Foreign currency placements, deposits, securities and other accounts - net	(2,718,491)

50 GENERAL

Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

Ashraf Mahmood Wathra
Governor

Riaz Riazuddin
Deputy Governor

Noman Ahmed Qureshi
Executive Director