Annual Report
2015

Building
Momentum

NIB Bank

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Company Information

Board of Directors	Teo Cheng San, Roland	Chairman
	Tejpal Singh Hora	Director
	Lee Boon Huat	Director
	Lee Ah Boon	Director
	Asif Jooma	Director
	Najmus Saquib Hameed	Director
	Muhammad Abdullah Yusuf	Director
	Atif R. Bokhari	Director & President/CEO
Board Audit Committee	Muhammad Abdullah Yusuf	Chairman
	Lee Ah Boon	Member
	Najmus Saquib Hameed	Member
Board Risk Management Committee	Tejpal Singh Hora	Chairman
	Asif Jooma	Member
	Lee Boon Huat	Member
	Atif R. Bokhari	Member
Board Nomination & Remuneration Committee	Lee Boon Huat	Chairman
	Asif Jooma	Member
	Atif R. Bokhari	Member
Company Secretary	Ather Ali Khan	
Chief Financial Officer	Yameen Kerai	
Registered Office	First Floor, Post Mall F-7 Markaz, Islamabad	
Head Office	PNSC Building M.T. Khan Road Karachi-74000 UAN: +9221 111 333 111	
Email & URL	Email : info@nibpk.com URL : www.nibpk.com	
Share Registrar Office	THK Associates (Pvt.) Limited State Life Building No. 3 Dr. Ziauddin Ahmed Road Karachi-75530 UAN: +9221 111 000 322	
Auditors	M/s. KPMG Taseer Hadi & Co. Chartered Accountants	
Legal Advisor	M/s. Mandviwalla & Zafar Advocates	
Credit Rating	Long Term : AA- Short Term : A1+ Rating Agency : PACRA	

Notice of Annual General Meeting

Notice is hereby given that the Thirteenth Annual General Meeting (AGM) of NIB Bank Limited ("the Bank") shall be held at 3:30 pm on Monday, 28 March 2016, at Islamabad Serena Hotel, Khayaban-e-Suhrawardy, Islamabad, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting held on 27 March 2015.
2. To receive, consider and adopt the Audited Accounts of the Bank for the year ended 31 December 2015 together with Directors' and Auditors' Reports thereon.
3. To appoint auditors and fix their remuneration. M/s. KPMG Taseer Hadi & Co., Chartered Accountants, have offered themselves for re-appointment.
4. To elect the directors of the Bank for a period of 3 (three) years in accordance with the provisions of Section 178 of the Companies Ordinance, 1984. The number of directors to be elected has been fixed as 8 (eight) pursuant to the provisions of section 178(1) of the Companies Ordinance, 1984. The following directors are retiring and are eligible for re-election:

    a) Teo Cheng San, Roland
    b) Tejpal Singh Hora
    c) Lee Boon Huat
    d) Lee Ah Boon
    e) Asif Jooma
    f) Muhammad Abdullah Yusuf
    g) Najmus Saquib Hameed
    h) Atif R. Bokhari

SPECIAL BUSINESS:

5. To consider and, if deemed fit, pass the following resolutions as 'Special Resolutions', with or without modification, for alteration in the Articles of Association of the Bank:

    RESOLVED that the proposed alterations in the Articles of Association of NIB Bank Limited, as detailed in the Statement under Section 160(1)(b) of the Companies Ordinance, 1984 annexed with this notice, be and are hereby approved.

    FURTHER RESOLVED that the Chief Executive Officer and / or the Company Secretary be and are hereby authorized singly to carry out all steps and actions necessary, ancillary and incidental for altering the Articles of Association of the Bank including filing and submitting of all requisite documents / statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alteration in the Articles of Association and implementing the aforesaid resolution.

6. Any other business with the permission of the Chair.

    Statements as required under Section 160(1)(b) of the Companies Ordinance, 1984 setting forth all material facts concerning the special business contained in the Notice to be considered at the meeting are annexed to the Notice of the meeting being sent to the members.

By Order of the Board

Karachi
7 March 2016

Ather Ali Khan
Company Secretary

Notes:

1. **Closure of Share Transfer Books:**
   Share Transfer Books of the Bank will remain closed from 19 March to 28 March 2016 (both days inclusive).

2. **Proxies / Participation in the Annual General Meeting:**
   A shareholder entitled to attend and vote at this meeting may appoint another shareholder as his / her proxy to attend and vote. In case of a corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with a proxy form to the Bank.

   Proxies of the shareholders through CDC shall be accompanied with attested copies of their Computerized National Identity Card (CNIC) or passport. In case of a corporate entity, the Board's Resolution / power of attorney with specimen signature shall be furnished, along with a proxy form, to the Bank. The shareholders through CDC are requested to bring their original CNIC / passport, account number and participant account number at the time of attending the meeting. Detailed guidelines are available in Circular 1 of 26 January 2000 issued by SECP.

   In order to be effective, proxies must be received at the Head Office of the Bank situated at PNSC Building, M.T. Khan Road, Karachi, Pakistan, no later than 48 (forty eight) hours before the time of the meeting, and must be duly stamped, signed and witnessed.

3. Every candidate who seeks to contest the election, whether he is retiring director or otherwise, shall file with the Bank at least 14 days before the meeting a notice of his/her intention to offer himself/herself for election as director along with his/her consent in the prescribed form to his/her appointment as director of the Bank along with declaration as required under the Code of Corporate Governance (Listing Regulations) and “Fit and Proper Test” affidavit and a complete set of documents as required in terms of State Bank of Pakistan's Prudential Regulations.

   In case of voting, cumulative voting system will be adopted. This voting system allows all the shareholders to cast all of their votes to a single candidate, or split the votes up between different candidates. This voting system also enables the shareholders to have a voice on specific issues, including the election of Board Members.

4. **Change of Address:**
   Shareholders are requested to notify the Bank or Shares Registrar of any change in their addresses immediately.

5. **Submission of Copy of CNIC (Mandatory):**
   In accordance with SECP's directives, it is mandatory for all shareholders to have their valid CNIC number recorded with the company. Further, please note that in the absence of a shareholder's valid CNIC, the Company will be obligated to withhold dispatch of dividend warrants (if any) to such shareholders. Shareholders holding physical shares who have not yet submitted their valid CNICs are requested to provide attested, clear copies of their valid CNICs with their folio numbers to the Company's Shares Registrar.

6. **Dividend Mandate (Optional):**
   Under Section 250 of the Companies Ordinance, 1984, a shareholder may, if he / she so desires, direct the Company to pay dividend through his / her / its bank account. In pursuance of the directives given by SECP vide Circular No. 18 of 2012 dated 5 June 2012, shareholders may authorize the company to directly credit cash dividend to their account. If they want to avail the direct credit facility for a dividend amount, shareholders may provide the necessary information to the Company's Shares Registrar using the format available on the Bank's website (Link: http://nibpk.com/about-us/wp-content/uploads/2014/03/Dividend-E-Mandate-Option.pdf) Please note that providing a bank mandate for dividend payments is optional. In case shareholders do not wish to avail this facility may ignore this notice.

   Electronic Payment of Dividend / E-mandate (Optional):
   For the efficient cash dividend disbursement, SECP, through its Circular No. 8(4) SM/CDC 2008 of 5 April 2013, has announced an e-dividend mechanism where shareholders can have their dividend credited directly into their respective bank accounts electronically by authorizing the Company to electronically credit their dividend to their accounts. Accordingly, CDC shareholders are requested to send their bank account details to their respective participant / investor account services. In case of shares in physical form, shareholders may send their details to the Company's Shares Registrar using the format mentioned above.

7. Deduction of Withholding Tax on Dividend Income:

Pursuant to the provisions of Finance Act 2015, enhanced rate of withholding tax on dividend amount has been prescribed in the Income Tax Ordinance, 2001. As per this criteria, 'Filer' and 'Non-Filer' shareholders withholding tax will be deducted on dividend income at the rates of 12.5% and 17.5% respectively.

A 'filer' is taxpayer, whose name appears in the Active Taxpayer List(ATL) issued by FBR from time to time, whereas 'non-filer' is person other than a 'filer'. Shareholders are therefore requested to please check and ensure Filer status on the Active Tax Payer List (ATL) available on the FBR website http://www.fbr.gov.pk/ as well as ensuring that their CNIC / passport number has been recorded by the participant / investor account services, in case shareholding is in book entry form. Please inform the Company's Shares Registrar in case shareholding is in physical form. Corporate bodies (non-Individual shareholders) should ensure that their names and National Tax Numbers (NTN) are included in the Active Tax Payer List on the FBR website and recorded by respective participant / investor account services, or in case of physical shareholding, by the Company's Shares Registrar.

8. Transmission of Annual Financial Statements via Email:

In pursuance of the directions given by SECP vide SRO 787 (I)/2014 dated 8 September 2014, shareholders who desire to receive Annual Financial Statements via email in future instead of by post are advised to provide formal consent along with a valid email address on a standard request form which is available on the Company's website (Link: http://nibpk.com/about-us/wp-content/uploads/2014/03/NIB-Bank-Annual-Financials-through-Emails.pdf)

Shareholders must send a completed and signed copy of this form, along with a copy of their CNIC / PoA to the Company's Shares Registrar. Please note that providing an email address for the purpose of receiving Annual Financial Statements via email is optional. In case shareholders do not wish to avail this facility, may ignore this notice. Annual Financial Statements will be sent to your registered address by post as per normal practice.

9. Video Conference Facility

In pursuance of SECP Circular 10 of 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the company will arrange a video conference facility in that city subject to availability of such facility in that city. The Company will intimate members regarding the video conference facility venue at least 5 days before the date of the AGM along with the complete information needed to access the facility. Therefore, members can avail video conference facilities at Karachi or Lahore. If shareholders would like to avail video conferencing facility, as per above, may send consent to the Company 10 days before the AGM in the following format:

I/We, _____ of _____, being a member of NIB Bank Limited, holder of _____ Ordinary Share(s)

as per Register Folio No./CDC No. _____, hereby opt for video conference facility at _____.

_____
Signature of Member

10. Contact Addresses

Company	:	Company Secretary, NIB Bank Limited, PNSC Building, M.T. Khan Road, Karachi, Pakistan (UAN: +9221 111 333 111)
Shares Registrar	:	THK Associates (Pvt.) Limited, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi, Pakistan (UAN: +9221 111 000 322)

Statement under Section 160(1) (b) of the Companies Ordinance, 1984

Item # 5 of the Notice - Amendment in Articles of Association

To consider and approve the following amendments in the Articles of Association of the Bank, in order to facilitate voting through electronic means for the shareholders of the Bank and to bring about and implement the Securities and Exchange Commission of Pakistan's directive under the Companies (E-Voting) Regulations, 2016, communicated through Notification # SRO 43(I)/2016 dated 22 January 2016, which has the approval / recommendation of the Board of Directors:

(i) Addition of the following definition, related to E-voting, under Article 2 (Interpretation):

E-voting "E-voting" means the exercise of voting right through an intermediary in accordance with the applicable laws.

(ii) Addition of the following new Article bearing No. 52A, to be inserted after Article 52:

52A	Members may exercise voting rights at general meetings through electronic means if the Company receives the requisite demand for poll in accordance with the applicable laws. The Company shall facilitate E-voting in the manner and as per the requirements prescribed by the Commission.	Right to Vote through E-voting

(iii) At the end of the Article 56, addition of a sentence "in case of E-voting both members and non-members can be appointed as proxy". Existing and suggested Article given below:

Existing Article

56	The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. A proxy must be a member.	Proxy to be in writing

Suggested Article

56	The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing. A proxy must be a member. Notwithstanding the above, in case of E-voting, both members and non-members can be appointed as proxy.	Proxy to be in writing / E-voting

(iv) At the end of the Article 57, addition of a sentence "For the purposes of E-voting, the instrument appointing the proxy shall be in such form and provided to the Company in the manner stipulated under the applicable laws". Existing and suggested Article given below:

Existing Article

57	The instrument appointing a proxy and the power-of-attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the registered office of the Company not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.	Deposit of Instrument of Proxy

Suggested Article

57	The instrument appointing a proxy and the power-of-attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the registered office of the Company not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. For the purposes of E-voting, the instrument appointing the proxy shall be in such form and provided to the Company in the manner stipulated under the applicable laws.	Deposit of Instrument of Proxy

The directors of the Bank have no direct or indirect interest in the above said special business.

THE ECONOMY

The macro economic indices improved during CY 2015 due to reforms implemented by the government under the IMF program coupled with the positive impact of declining global oil prices. The external account position strengthened on the back of lower commodity prices, multilateral inflows, the Sukuk Bond and higher remittances leading to historic high foreign exchange reserves. The declining Consumer Price Index on the back of lower food and commodity prices led to a lowering of interest rates, which combined with higher tax collections led to a narrowing of the fiscal deficit.

Overall, the economy performed better, as GDP growth during July-June 2015 increased to 4.2% compared to 4.0% during the previous period. The Government has set itself a growth target of 5.5% for the fiscal year 2015-16.

With lower inflation and improving current account balance, the central bank continued its monetary easing by periodically reducing the discount rate by 3% since November 2014 to the current level of 6.50%. The reduction in the discount rate is expected to spur economic activity through private sector credit growth as well as in reducing the government's debt financing costs.

On the external front, loss of competitiveness, poor crop production and falling commodity prices led to 11% reduction in exports in Jul-Dec 2015 compared to the same period last year. Imports were down 10% largely on account of the substantial decline in international oil prices, resulting in the lowering of the trade deficit by 8.7% between the two periods.

The China Pakistan Economic Corridor (CPEC) agreement is expected to generate USD 46 bn of investment flows in transport infrastructure and energy projects over the next 15 years. Continuation of security reforms (with the impending retirement of Chief of Army Staff towards year end), improvement in regional ties, fiscal discipline and manageable trade deficits will remain the key challenges for the government, going forward.

BANKING SECTOR

Banking sector profitability remained adversely impacted by low interest rates with spreads between loans and deposits between CY 2014 and CY 2015 reducing by 0.83%. Shrinking spreads incentivized banks to invest in government securities, registering a 32% increase to Rs 6,726 bn in December 2015 from Rs 5,108 bn a year earlier. Consequently the advances to deposit ratio (ADR) declined by 2% during the year with advances and deposits increasing by 7% and 12% respectively.

Going forward, lower interest rates, a stable macroeconomic environment and increased economic activity are expected to increase credit growth both on the corporate as well as the consumer side. The increase in loans will help mitigate the yield erosion with long-term bonds maturities due in 2016.

Non-performing loans for the sector remained almost flat between December 2014 and September 2015, with the infection ratio reducing during the period. Capital Adequacy Ratio of the industry improved to 18.2% in September 2015 from 17.5% in December 2014.

OPERATING RESULTS

Higher than market growth in deposits and loans during the year combined with effective balance sheet management in a declining interest rate environment has led to the NIB's net interest income growing by 22% in 2015 over 2014. Coupled with timely realization of capital gains on long-term bonds, top-line revenue in 2015 grew by 37% over the previous year. A strong operating performance, lower credit provisioning and recoveries from NPLs have enabled the Bank to report its highest after tax profit (unconsolidated) of Rs 2,617 mn in 2015.

To effectively reinforce our "One Bank" value and fully leverage the branch network, all Commercial branches were brought under the umbrella of the Retail Bank during the year. With a view to improving organizational efficiency and responsiveness to customer needs the Bank also re-organized its Retail and Branch management structure. The Bank also launched a sales and service management program called "NIB Inspire" across the country. The program ensures a disciplined sales effort with each member of the sales job family following an activity based regimen. Key outputs include new to bank customer momentum, business volume planning and service fundamentals implementation, all aided by a robust performance monitoring framework. Substantial productivity improvements of Retail relationship managers are already visible from the implementation of this initiative from early 2015. NIB has also introduced a customer loyalty program for its debit cards users to increase card activation and attract new customers while at the same time enhancing brand visibility.

In the Corporate segment the Bank continues to follow a prudent growth strategy restricted to reputable companies with high potential for trade, advisory and syndications to compensate for shrinking credit spreads and improve risk-adjusted returns. In the Commercial segment, the strategy is more restrictive, limiting exposure to large companies in profitable sectors with a proven track record. At the same time certain exposures in high risk sectors/geographies are either being curtailed or managed out. The Bank is growing its Consumer Finance portfolio around robust risk parameters and strict policy guidelines. Its success is evident from the fact that following the re-launch of auto loans (Q3 2012) and personal instalment loans (Q1 2014), net credit losses to date have been limited to 0.56% of the portfolio.

Declining interest rates coupled with competitive pressure on loan yields from excess liquidity, reduced gross interest income by 2% in 2015 compared to 2014. Active management of cost of funds and money market arbitrage led to a decline of 10% in gross interest expense in the same period, leading to net interest income growing by 22% in 2015 over 2014. NIB has progressively narrowed the gap between its deposit cost of funds to the rest of the banking industry. Mobilization of a core base of current and low cost deposits remains the key priority for the Bank. Concurrently, the need to maintain the pace of deposit mobilization in a highly competitive market, challenged by the imposition of withholding tax on transactions of account holders who do not file income tax returns, remains a challenge for the industry.

While achieving top-line revenue growth the Bank has taken a number of initiatives to restrict growth in administrative expenses. By re-arranging responsibilities, reducing overlap in product and segment groups, reducing management layers and increasing spans of control, core staff costs have been reduced. Expenditures on IT and other services are continuously being re-assessed to extract the best value for money while ensuring both internal and external service standards are not compromised. As a result of these initiatives, administrative expenses in the fourth quarter of 2015 are 15% lower than in Q4 2014.

Pro-active management of the loan portfolio during the year has resulted in substantially lower credit provisioning compared to the previous year. Relentless recovery efforts have continued to generate provision reversals and recoveries in 2015 from Corporate, Commercial and Consumer portfolios, with a larger proportion in cash as opposed to debt asset swaps. Consequently, net credit provisioning is lower by Rs 1,337 mn in 2015 compared to 2014.

The Bank earned a profit after tax (unconsolidated) of Rs 2,617 mn in 2015 compared to an after tax loss of Rs 508 mn in 2014. On a consolidated basis, the profit after tax is Rs 2,551 mn in 2015 (loss of Rs 621 mn in 2014).

The strong financial performance in 2015, boosting employee morale and confidence has built a strong growth momentum going into 2016. A single-minded focus on sales, service and cross-sell with targeted incentives will further strengthen the NIB franchise. The Bank's branch footprint, product suite and technology infrastructure should generate a stronger operating performance in the future. A robust operational and credit risk framework will positively impact recoveries from non-performing loans and ensure sustainable earnings growth in the future.

CREDIT RATING

The Pakistan Credit Rating Agency (PACRA) has maintained the long term rating and short term entity ratings of NIB Bank at "AA-" (Double A minus) and at "A1+" (A one plus) respectively in June 2015. These ratings denote a very low expectation of credit risk.

PACRA has also assigned rating of "A+" (Single A plus) to the listed, unsecured and subordinated TFC issue of PKR 4,198 mn.

APPOINTMENT OF PRESIDENT & CEO

During 2015, Mr. Atif R. Bokhari has been appointed as President & Chief Executive Officer / Director of the Bank with effect from 7 January 2015, in place of Mr. Badar Kazmi.

CASUAL VACANCIES ON THE BOARD

During 2015, Mr. Ong Kian Ngee (non-executive director) resigned from the Board of Directors of the Bank and in his place Mr. Lee Boon Huat (independent director) has been appointed with effect from 1 June 2015. During 2016, Mr. Chia Yew Hock Wilson has also resigned with effect from 30 January 2016, in his place Mr. Lee Ah Boon has been appointed by the Board, subject to approval from the State Bank of Pakistan.

DIVESTMENT FROM PICIC ASSET MANAGEMENT COMPNAY LIMITED

During 2015, the Board has decided to sell PICIC Asset Management Company Limited (wholly owned subsidiary of the Bank) to HBL Asset Management Limited at a price of Rs. 4,100 mn. See details at Notes 15 and 17 of Unconsolidated and Consolidated Financial Statements, respectively.

CORPORATE GOVERNANCE

During the year under review, the Bank was compliant with the provisions of the Code of Corporate Governance. Being aware of their responsibilities under the Code of Corporate Governance, the Board of Directors state that:

The Financial Statements prepared by the management of the Bank, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

Proper books of accounts of the Bank have been maintained.

Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.

International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed and explained.

The system of internal control is sound in design and has been effectively implemented and monitored.

There are no significant doubts upon the Bank's ability to continue as a going concern.

In 2015, one director has completed the "Directors' Training Program" offered by the Pakistan Institute of Corporate Governance, as required by the Code. An Orientation Program was also organized and attended by Directors and Senior Management of the Bank.

There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations of Stock Exchange.

As of 31 December 2015, the purchase value and value of investments of the Provident Fund were Rs.1,017,033,540/- and Rs.1,063,116,377/- respectively (unaudited).

Trading during the year, if any, in the shares of the Bank, carried out by Directors, Executives and their spouses and minor children, are disclosed in the pattern of shareholding.

Dividend has not been declared for the year due to lack of earnings.

Six years' financial data for NIB Bank on an unconsolidated basis is provided hereunder:

Rs mn	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Advances	110,669	93,664	82,001	71,564	60,844	74,566
Deposits and other accounts	130,445	105,110	104,896	91,291	85,488	99,169
Total Assets	243,497	193,568	177,325	190,609	154,794	164,350
Net Assets	17,140	15,655	14,476	14,029	13,677	13,663
Share capital	103,029	103,029	103,029	103,029	103,029	40,437
Net Mark-up / Interest Income	4,642	3,817	3,286	2,856	2,079	2,949
Total Non Mark-up / Interest income	5,999	3,929	2,906	2,422	2,152	1,715
Total Non Mark-up / Interest expense	6,409	6,303	5,418	5,233	4,945	7,235
Profit / (Loss) before taxation	4,027	(84)	1,625	145	(3,480)	(12,622)
Profit / (Loss) after taxation	2,617	(508)	1,241	38	(2,044)	(10,112)
Basic / diluted earnings / (loss) per share (Rupees)	0.25	(0.05)	0.12	0.004	(0.34)	(2.50)

During 2015 the following Board and sub-committees meetings were held and were attended by the Directors as follows:

Name of Directors	**Board Meetings**		**Audit Committee Meetings**		**Risk Management Committee Meetings**		**Nomination & Remuneration Committee Meetings**	
	Eligible to attend	**Meetings Attended**	**Eligible to attend**	**Meetings Attended**	**Eligible to attend**	**Meetings Attended**	**Eligible to attend**	**Meetings Attended**
Teo Cheng San, Roland	7	7	-	-	-	-	2	2
Tejpal Singh Hora	7	7	-	-	4	4	-	-
Lee Boon Huat	5	5	-	-	2	2	-	-
Asif Jooma	7	6	-	-	4	3	4	4
Muhammad Abdullah Yusuf	7	7	4	4	-	-	-	-
Najmus Saquib Hameed	7	7	4	4	-	-	-	-
Atif R. Bokhari	7	7	-	-	4	4	4	4
Badar Kazmi *	-	-	-	-	-	-	-	-
Ong Kian Ngee**	1	1	-	-	1	1	2	2
Chia Yew Hock Wilson***	7	6	4	4	-	-	2	2

* *Mr. Badar Kazmi resigned with effect from 7 January 2015.*

** *Mr. Ong Kian Ngee resigned with effect from 22 April 2015.*

*** *Mr. Chia Yew Hock Wilson resigned with effect from 30 January 2016.*

Leave of absence was granted in case the directors were not able to attend the meeting.

INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORK

The Board is pleased to endorse the statements made by the management relating to internal control and the risk assessment framework to meet the requirement of the State Bank of Pakistan (SBP) BSD Circular No. 7 of 2004, BSD Circular letter No. 2 of 2005 and Code of Corporate Governance issued by the Securities & Exchange Commission of Pakistan (SECP). The management's statements are included in the annual report.

CORPORATE SOCIAL RESPONSIBILITY

NIB Bank, as a responsible corporate citizen, plays an active role in supporting different social causes in Pakistan, through its Donations, Contributions and Corporate Social Responsibility (CSR) efforts.

The focus of our CSR activities is on the following areas:

- Education
- Community Health
- Disaster Response (Earthquakes, Floods, etc.)
- Environmental projects and Initiatives directed at preserving
- Promoting Pakistan Culture

In 2015, there were two notable projects in this regard i.e. i) Bank-wide blood donation drive in association with Fatimid Foundation and ii) Bank-wide staff competition to celebrate Independence Day on 14 August 2015.

FAIR TREATMENT OF CUSTOMER/CUSTOMER EXPERIENCE INITIATIVES:

In line with the State Bank of Pakistan's guidelines, NIB Bank has developed and implemented Financial Consumer Protection Policy on Fair Treatment of Customer duly approved by the Board of Directors. In line with the 7 guiding principles of the policy, various initiatives were taken in 2015 to enhance the overall Customer Experience i.e. i) formation of Customer Experience Council which meets on periodic basis to discuss the key customer impacting issues and remedies, ii) customer experience trainings conducted for all front end and relevant support functions across the country, the objective was to ensure that staff is conversant with the fundamentals of customer handling and retention skills, iii) fair and transparent pricing mechanism adopted, iv) financial awareness program for customers through social media and bank's website, v) endorsement of control policies to curb the fraud/forgeries attempts, criminal activities and violation of code of conduct, vi) development of a comprehensive in-house Voice of Customer Platform which delivered insight on customer satisfaction, psychographic insight and anti-attrition analysis, and vii) adopted various mechanisms to ensure that customer complaints are being catered timely and effectively. Bank also initiated frequent qualitative tests of complaint handling process.

AUDITORS

The present auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants retire and, being allowed have offered themselves for re-appointment in the forthcoming Annual General Meeting. The Board of Directors on the suggestion of the Audit Committee recommends their appointment for the next term.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at 31 December 2015 is included in the annual report.

ACKNOWLEDGMENT

NIB Bank is grateful to Temasek Holdings, who through its subsidiaries Fullerton Financial Holdings Pte Limited and Bugis Investments (Mauritius) Pte Limited (the majority shareholder), for repeatedly demonstrating its commitment to the Bank. NIB Bank is also very grateful to its minority shareholders for their patience and perseverance and most of all to its customers who continue to demonstrate very strong loyalty to NIB Bank. The SBP, SECP and other regulatory bodies have always guided the Bank well and have given their full support which is highly appreciated. The Bank's performance in the past year would not have been possible without the tireless efforts and dedication of its employees and for that they deserve a special thank you.

On behalf of the Board

Teo Cheng San, Roland
Chairman

Atif R. Bokhari
President & CEO

Statement of Compliance with Code of Corporate Governance
For the year ended December 31, 2015

This statement is being presented to comply with Code of Corporate Governance (CCG) contained in Clause 5.19 under Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Bank has applied the principles contained in the Code of Corporate Governance (CCG) in the following manner:

1. The Bank encourages representation of independent Non-executive Directors on its Board including those representing minority interests. At present the Board includes:

Category	Name
Independent Directors	Teo Cheng San, Roland Asif Jooma Muhammad Abdullah Yusuf Najmus Saquib Hameed Lee Boon Huat
Non-executive Directors	Tejpal Singh Hora Lee Ah Boon
Executive Director	Atif R. Bokhari

The independent directors meet the criteria of independence under clause i(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including the Bank.

3. All the resident directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or Non-Banking Finance Institutions. None of the directors of the Bank are members of any Stock Exchange.

4. On 7 January 2015, Mr. Atif R. Bokhari has been appointed as President & CEO / Director, in place of Mr. Badar Kazmi and on 1 June 2015 Mr. Lee Boon Huat has been appointed as Director in place of Mr. Ong Kian Ngee within 90 days. After resignation of Mr. Chia Yew Hock Wilson w.e.f. 30 January 2016, the Board approved the appointment of Mr. Lee Ah Boon, subject to approval from the State Bank of Pakistan.

5. The Bank has prepared a “Code of Conduct” and has ensured appropriate steps have been taken to disseminate it through the company along with its supporting policies and procedures.

6. The Bank has established a Strategic Intent, and agreed on brand Values which are expected to be demonstrated by all NIB Bank employees. Both, the Strategic Intent and Values, are duly approved by the Board. A complete record of particulars of significant policies along with the dates on which these were approved is being maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and Non-executive Directors have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman. The Board held seven meetings during the year (including the required quarterly meetings). Written notices of Board meetings, along with agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated. The CFO and Company Secretary attended all the meetings of the Board of Directors during the year.

9. In 2015, one director has completed the “Corporate Governance Leadership Skills” Directors' Education Program offered by the Pakistan Institute of Corporate Governance, as required by the Code. An Orientation Program was also arranged for the benefit of directors and senior executives of the Bank.

10. The Board had approved the appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit and the terms and conditions of their employment, determined by the CEO, are duly authorized by the Board of Directors. No new appointments during 2015.

11. The Directors' report has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Bank were duly endorsed by the CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding (if any).

14. The Bank has complied with all the corporate and financial reporting requirements of the CCG.

15. The Audit Committee comprises of three members, all of whom are non-executive directors (2 are independent including Chairman).

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Bank as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. During the year, the Risk Management sub-committee of the Board comprising of 4 members (2 independent, 1 non-executive and 1 executive director) met 4 times, whereas the Nomination & Remuneration sub-committee of the Board comprising of 3 members (2 independent and 1 executive director) met 4 times.

18. The Bank has an effective Internal Audit department. An Internal Audit Policy is approved by the Board. The Internal Audit department has conducted audit of branches and various departments of the Bank during the year.

19. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all the material principles contained in the CCG, explained above, have been complied with.

Atif R. Bokhari
President & CEO

Internal Control System

Management acknowledges its responsibility for establishing and maintaining a system of internal controls directly related to, and designed for, providing reasonable assurance to achieve following objectives:

- Efficiency and effectiveness of operations
- Compliance with applicable laws and regulations
- Reliability of financial reporting

The Bank has strengthened its internal control system by enhancing the quality of processes, staff and IT infrastructure and will continue to do so as it grows its business volumes and activities.

The Bank is pleased to make the following disclosures on components of its internal control system:

Control Environment

1. The Bank has written and implemented policies duly approved by the Board, procedures, manuals and other documents to cover all areas of the Bank's business.

2. The Bank has established a Strategic Intent, and agreed on Values which are expected to be demonstrated by all NIB Bank employees. Both, the Strategic Intent and Values, are duly approved by the Board.

3. A governance structure exists that supports clear lines of command, communication and controls.

4. Roles and responsibilities of key management personnel have been defined.

5. The Audit Committee, which comprises of non-executive directors, has written terms of reference and reports to the Board. It reviews the approach adopted by the Bank's internal audit group and the scope of, and the relationship with, external auditors. It also regularly receives summary of reports from the internal audit group and the external auditors on the system of internal controls and any material control weaknesses that have been identified. Chairman of the Audit Committee also presents highlights of Audit Committee discussions to the Board of Directors with emphasis on any areas of concern.

6. An effective internal audit process exists responsible for evaluation of the Bank's internal control system on a continuous basis. The head of internal audit reports directly to the Chairman of Audit Committee.

7. The Bank has adopted a code of conduct that is required to be signed by all employees. Furthermore, the Directors have also signed a code of conduct.

8. Management has set up an effective compliance function to ensure ongoing monitoring of the Bank's adherence with all laws and regulations. Head of compliance function directly reports to the CEO/President of the Bank as per regulatory requirements.

9. The Bank has also developed a Compliance Risk Management (CRM) tool whereby applicable regulations are tagged to relevant stakeholders entrusted with ownership of specific controls designed to mitigate regulatory risks. The underlying controls are periodically tested by means of a process of self-assessment.

Risk Assessment

10. The Bank is compliant with the risk management guidelines issued by the SBP.

Control Activities

11. The Bank has developed a Business Continuity Plan and tests the Plan at periodic intervals.

12. The Bank has strict Know Your Customer (KYC) /Anti Money Laundering (AML) and Fraud Risk Management policies, and has an automated transaction monitoring system, anti-fraud training programs, and controls in place. The Bank continues to use an e-KYC form and automated transaction monitoring to further strengthen its KYC/AML regime.

13. The Bank has adopted Internal Controls over Financial Reporting (ICFR) as a best practice, and is fully compliant with SBP Roadmap and guidelines as it pertains to ICFR.

Information and Communication

14. The Bank has a functioning Management Information System and has developed Key Performance Indicators for its businesses enabling it to monitor budget versus actual performance.

Monitoring

15. Internal Audit periodically carries out audits for Branches and Head Office functions to monitor compliance with the Bank's standards.

16. Management gives due consideration to recommendations made by internal & external auditors as well as those made by the regulators relating to improvements in the internal control system.

Based on the results of an evaluation of the internal control system and key features of the control framework enumerated above, management is of the view that the internal control system during the year was acceptable in design and has been effectively implemented throughout the year.

It is pertinent to state that development of an internal control system is an ongoing process through which management reviews and strengthens its internal controls, designed to manage and mitigate risks, and to also recognize and contain inherent risks. As such, it can only provide reasonable, but not absolute, assurance against material misstatement or loss.

Risk Management Framework

The acceptance and management of financial risk is inherent to banking business activities. It involves the identification, measurement, monitoring and controlling of risk.

In accordance with the Risk Management guidelines issued by the SBP, an Integrated Risk Management Group in the Bank formulates risk management Policies and Procedures in line with the Bank's defined strategies and to monitor the following areas:

a) Credit Risk Management
b) Market and Liquidity Risk Management
c) Operational Risk Management
d) Information Security Management

Credit Risk Management (CRM)

CRM is viewed as an ongoing activity where credit risks are regularly identified, measured, monitored, assessed and controlled. Regular portfolio reviews determine the quality of the credit portfolio on an ongoing basis and assist in balancing risk and reward. To oversee and manage credit risks appropriately, the Credit Risk Committee exists and operates centrally from the Head Office, and comprises of members with credit, industry and business expertise.

In order to achieve earnings targets with a high degree of reliability and to avoid losses through a strong credit process, Credit Risk Policies were developed and implemented, which have served the Bank well over past four years. These Credit Policies are under constant review and updated as and when required, thereby establishing a robust credit control environment.

Market Risk Management (MRM)

MRM is a control function which allows management to closely supervise and monitor risks caused by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices, resulting in a potential loss to earnings and capital.

The Market and Liquidity Risk Unit under the supervision of Integrated Risk Management Group, is responsible for ensuring that market risk parameters are properly adhered to.

In order to ensure adequate controls for money market, foreign exchange and equity transactions, a comprehensive control mechanism has been implemented by restructuring the limit mechanism and introducing notional as well as sensitivity based limits.

Operational Risk Management (ORM)

Operational risk is the risk of loss resulting from inadequate or failed internal processes, errors or mistakes or frauds committed by people, inadequate systems, and from external events. The Bank has an Operational Risk Framework duly approved by the Board which is reviewed after every two years. The Bank has a well developed Operational Risk System, and has implemented an Operational Risk Framework aligned to international best practices. The Bank is using Key Risk Indicators, Risk & Control Self-Assessment and capturing Operational Incidents as tools for identification, monitoring, measuring, and management of operational risk. The Bank has further strengthened this area by embedding Internal Control over Financial Reporting (ICFR) testing in Operational Risk System and emphasizing on training, adding experienced staff, focusing on building robust processes and introducing a strong monitoring system as part of the risk management process.

Information Security Management (ISM)

The Bank has embarked on a program of automation of its internal process, work flows while also providing its customers an on line banking facility. This program could only be implemented after improving and up scaling the Bank's Information Security Risk Management. To improve Bank's control, monitoring, and security on electronic information / transactions, during the year 2015, the Bank has embarked upon an on-going augmentation of IT management policies, IT Security policies, procedures and technical staffing.

Atif R. Bokhari
President & CEO

Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of NIB Bank Limited (''the Bank'') for the year ended 31 December 2015 to comply with the requirements of rule 5.19 of the listing rulebook of the Pakistan Stock Exchange where the Bank is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

The Code requires the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code as applicable to the Bank for the year ended 31 December 2015.

Date: 24 February 2016
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

We have audited the annexed unconsolidated statement of financial position of NIB Bank Limited ("the Bank") as at 31 December 2015 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for 24 branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Bank's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards and the requirements of the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, which in case of loans and advances covered more than sixty percent of the total loans and advances of the Bank, we report that:

a) in our opinion, proper books of accounts have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches have been found adequate for the purposes of our audit;

b) in our opinion:

   i) the unconsolidated statement of financial position and the unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of accounts and are further in accordance with the accounting policies consistently applied except for the change disclosed in note 6 with which we concur;

   ii) the expenditure incurred during the year was for the purpose of the Bank's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;

c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved

accounting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at 31 December 2015 and its true balance of profit, its comprehensive income, its cash flows and its changes in equity for the year then ended; and

d) in our opinion Zakat deductible at source, under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: 24 February 2016
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Pirani

Unconsolidated Statement of Financial Position
As at December 31, 2015

	Note	2015	2014
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	7	10,052,543	8,063,675
Balances with other banks	8	1,645,086	587,428
Lendings to financial institutions	9	1,599,044	7,699,646
Investments	10	95,743,449	59,944,107
Advances	11	110,668,994	93,664,036
Operating fixed assets	12	3,086,446	2,996,530
Intangible assets	13	890,491	1,197,785
Deferred tax assets - net	14	9,539,749	10,139,376
Assets held for sale	15	3,112,731	–
Other assets	16	7,157,979	9,275,375
		243,496,512	193,567,958
LIABILITIES			
Bills payable	17	2,576,216	2,740,528
Borrowings	18	85,676,741	62,750,894
Deposits and other accounts	19	130,444,894	105,109,980
Sub-ordinated loans	20	4,195,516	4,197,195
Liabilities against assets subject to finance lease		–	–
Deferred tax liabilities		–	–
Other liabilities	21	3,463,013	3,114,267
		226,356,380	177,912,864
NET ASSETS		17,140,132	15,655,094
REPRESENTED BY :			
Share capital	22	103,028,512	103,028,512
Reserves		997,582	474,123
Discount on issue of shares		(45,769,623)	(45,769,623)
Accumulated loss		(41,195,205)	(43,294,117)
Shareholders' equity		17,061,266	14,438,895
Surplus on revaluation of assets - net	23	78,866	1,216,199
		17,140,132	15,655,094
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 43 and annexure - 1 form an integral part of these unconsolidated financial statements.

Atif R. Bokhari	**Teo Cheng San, Roland**	**Muhammad Abdullah Yusuf**	**Asif Jooma**
President / Chief Executive	Chairman / Director	Director	Director

Unconsolidated Profit and Loss Account
For the year ended December 31, 2015

	Note	2015	2014
		(Rupees in '000)	
CONTINUING OPERATIONS			
Mark-up / return / interest earned	25	14,737,305	15,071,457
Mark-up / return / interest expensed	26	10,095,234	11,254,631
Net mark-up / interest income		4,642,071	3,816,826
Provision against non-performing loans and advances	11.5	199,229	1,536,501
Provision / (reversal) for diminution in the value of investments	10.12	3,668	(11,561)
Bad debts written off directly		2,248	2,421
		205,145	1,527,361
Net mark-up / interest income after provisions		4,436,926	2,289,465
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		1,420,931	1,616,869
Dividend income		152,041	616,012
Income from dealing in foreign currencies		357,056	587,181
Gain on sale of securities - net	27	4,021,669	509,014
Unrealized gain on revaluation of investments classified as held-for-trading		–	–
Other income	28	46,890	89,578
Total non mark-up / interest income		5,998,587	3,418,654
		10,435,513	5,708,119
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	29	6,172,262	6,096,098
Other provisions / write offs		141,402	140,376
Other charges	30	95,241	66,075
Total non-mark-up / interest expenses		6,408,905	6,302,549
Extraordinary / unusual items		–	–
Profit / (loss) before taxation from continuing operations		4,026,608	(594,430)
Taxation - Current		207,359	209,901
- Prior years		–	10,851
- Deferred		1,201,956	197,477
	31	1,409,315	418,229
Profit / (loss) after taxation from continuing operations		2,617,293	(1,012,659)
DISCONTINUED OPERATIONS			
Profit from discontinued operations - net of tax	15	–	504,900
PROFIT / (LOSS) AFTER TAXATION		2,617,293	(507,759)
		(Rupees)	
EARNINGS / (LOSS) PER SHARE			
Basic and diluted - continuing operations		0.25	(0.10)
Basic and diluted - discontinued operations		–	0.05
	32	0.25	(0.05)

The annexed notes 1 to 43 and annexure - 1 form an integral part of these unconsolidated financial statements.

Atif R. Bokhari	Teo Cheng San, Roland	Muhammad Abdullah Yusuf	Asif Jooma
President / Chief Executive	Chairman / Director	Director	Director

Unconsolidated Statement of Comprehensive Income
For the year ended December 31, 2015

	Note	2015	2014
		(Rupees in '000)	
Profit / (loss) after taxation for the year		2,617,293	(507,759)
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent periods			
Actuarial gain on remeasurement of defined benefit obligation	35.4	5,078	3,806
Comprehensive income - transferred to statement of changes in equity		2,622,371	(503,953)
Components of comprehensive income not reflected in equity			
Items that may be reclassified to profit or loss in subsequent periods			
Movement in surplus on revaluation of available for sale securities - net of tax		(1,137,333)	1,682,853
Total comprehensive income for the year		1,485,038	1,178,900

The annexed notes 1 to 43 and annexure - 1 form an integral part of these unconsolidated financial statements.

Atif R. Bokhari	Teo Cheng San, Roland	Muhammad Abdullah Yusuf	Asif Jooma
President / Chief Executive	Chairman / Director	Director	Director

Unconsolidated Statement of Changes in Equity
For the year ended December 31, 2015

	Note	Share capital	Discount on issue of shares	Reserves			Total
				Capital	Revenue		
				Statutory reserve (a)	General reserve	Accumulated loss	
		(Rupees in '000)					
Balance as at December 31, 2013		103,028,512	(45,769,623)	468,651	5,472	(42,790,164)	14,942,848
Total comprehensive income for the year							
Loss after taxation for the year		–	–	–	–	(507,759)	(507,759)
Other comprehensive income							
Actuarial gain on remeasurement of defined benefit obligation	35.4	–	–	–	–	3,806	3,806
		–	–	–	–	(503,953)	(503,953)
Balance as at December 31, 2014		103,028,512	(45,769,623)	468,651	5,472	(43,294,117)	14,438,895
Total comprehensive income for the year							
Profit after taxation for the year		–	–	–	–	2,617,293	2,617,293
Other comprehensive income							
Actuarial gain on remeasurement of defined benefit obligation	35.4	–	–	–	–	5,078	5,078
		–	–	–	–	2,622,371	2,622,371
Transfer to statutory reserve		–	–	523,459	–	(523,459)	–
Balance as at December 31, 2015		103,028,512	(45,769,623)	992,110	5,472	(41,195,205)	17,061,266

(a) This represents reserve created under section 21(1)(a) of the Banking Companies Ordinance 1962.

The annexed notes 1 to 43 and annexure - 1 form an integral part of these unconsolidated financial statements.

Atif R. Bokhari	Teo Cheng San, Roland	Muhammad Abdullah Yusuf	Asif Jooma
President / Chief Executive	Chairman / Director	Director	Director

Unconsolidated Cash Flow Statement
For the year ended December 31, 2015

	2015	2014
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation (including discontinued operations)	4,026,608	(84,430)
Less: Dividend income (including discontinued operations)	(152,041)	(1,126,012)
	3,874,567	(1,210,442)
Adjustments for non-cash items		
Depreciation	304,912	300,454
Amortization	323,917	339,994
Impairment charge on tangible fixed assets	27,941	–
Gain on sale of securities - net	(4,021,669)	(509,014)
Gain on sale of operating fixed assets - net	(5,395)	(36,573)
Gain from insurance against loss of fixed assets - net	(64)	(162)
Provision against non-performing loans and advances	199,229	1,536,501
Bad debts written off directly	2,248	2,421
Fixed assets written off	8,621	–
Provision / (reversal) for diminution in the value of investments	3,668	(11,561)
Other provisions / write offs	141,402	140,376
	(3,015,190)	1,762,436
	859,377	551,994
(Increase) / decrease in operating assets		
Lendings to financial institutions	6,100,602	(5,572,130)
Advances	(17,206,435)	(13,202,372)
Other assets (excluding advance taxation)	2,025,606	(1,511,320)
Increase / (decrease) in operating liabilities		
Bills payable	(164,286)	(122,135)
Borrowings	22,925,847	11,244,221
Deposits and other accounts	25,334,914	213,915
Other liabilities	353,843	(464,949)
	40,229,468	(8,862,776)
Income tax paid	(256,971)	(215,156)
Net cash generated from / (used in) operating activities	39,972,497	(9,077,932)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(36,658,238)	9,127,520
Net investments in held-to-maturity securities	24,504	(4,975,031)
Net investments in associates	–	78,750
Dividend received	152,041	1,126,012
Payments for capital work in progress	(272,192)	(327,379)
Acquisition of property and equipment	(169,177)	(268,228)
Acquisition of intangible assets	(8,934)	–
Sale proceeds of property and equipment disposed off	7,568	70,906
Recovery from Insurance company against loss of assets	181	1,030
Net cash (used in) / generated from investing activities	(36,924,247)	4,833,580

Unconsolidated Cash Flow Statement
For the year ended December 31, 2015

	Note	2015	2014
		(Rupees in '000)	
CASH FLOWS FROM FINANCING ACTIVITIES			
(Redemption) / receipt of sub-ordinated loans		(1,679)	4,197,195
Dividend paid		(45)	(22)
Net cash (used in) / generated from financing activities		(1,724)	4,197,173
Net increase / (decrease) in cash and cash equivalents		3,046,526	(47,179)
Cash and cash equivalents at beginning of the year		8,651,103	8,698,282
Cash and cash equivalents at end of the year	33	11,697,629	8,651,103

The annexed notes 1 to 43 and annexure - 1 form an integral part of these unconsolidated financial statements.

Atif R. Bokhari	Teo Cheng San, Roland	Muhammad Abdullah Yusuf	Asif Jooma
President / Chief Executive	Chairman / Director	Director	Director

1 STATUS AND NATURE OF BUSINESS

NIB Bank Limited "the Bank" is incorporated in Pakistan and its registered office is situated at first floor, Post Mall, F-7 Markaz, Islamabad. The Bank's ordinary shares are listed on Pakistan Stock Exchange and has 171 branches (December 31, 2014: 171 branches). The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962.

NIB Bank Limited is a subsidiary of Bugis Investments (Mauritius) Pte. Limited which is a wholly owned subsidiary of Fullerton Financial Holdings Pte. Limited which in turn is a wholly owned subsidiary of Temasek Holdings, an investment arm of the Government of Singapore.

2 BASIS OF PRESENTATION

These unconsolidated financial statements represent separate financial statements of the Bank. The consolidated financial statements of the Bank, its subsidiaries and associates are presented separately.

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

These unconsolidated financial statements have been presented in Pakistan Rupees, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees.

3 STATEMENT OF COMPLIANCE

3.1 These unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and the directives issued by the SBP. In case the requirements differ, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and the directives issued by the SBP shall prevail.

3.2 SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property for banking companies till further instructions. Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2016:

– Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Bank's financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on the Bank's financial statements.
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on the Bank's financial statements.
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on the Bank's financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on the Bank's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such changes in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on the Bank's financial statements.

4 BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention, except for

the measurement of certain investments and commitments in respect of forward foreign exchange contracts and other forward contracts that are stated at revalued amounts / fair values.

5 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates that affect the reported amounts of assets, liabilities, income and expenses. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods. The areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in application of accounting policies are as follows:

5.1 Classification of investments

Held-to-maturity securities

As described in note 6.3, held-to-maturity securities are investments where the management has positive intent and ability to hold to maturity. The classification of these securities involves management judgment as to whether the financial assets are held-to-maturity investments.

Held-for-trading securities

Investments classified as held-for-trading are those which the Bank has acquired with an intention to trade by taking advantage of short term market / interest rate movements.

Available-for-sale securities

Investments which are not classified as held-for-trading or held-to-maturity are classified as available-for-sale.

5.2 Impairment

Valuation and impairment of available-for-sale investments

The Bank determines that an available-for-sale equity investment and mutual funds are impaired when there has been 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 share 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.

Provision for diminution in the value of Term Finance Certificates, Bonds and Sukuks is made as per the Prudential Regulations issued by the SBP.

In case of impairment of available-for-sale securities, the loss is recognised in the profit and loss account.

Impairment of investments in associates and subsidiaries

The Bank considers that a significant or prolonged decline in the recoverable value of investments in associates and subsidiaries below their cost may be evidence of impairment. Recoverable value is calculated as the higher of fair value less costs to sell and value in use. An impairment loss is recognized when the recoverable value falls below the carrying value and is charged to the profit and loss account. Subsequent reversal of impairment loss, upto the cost of investments in associates and subsidiaries, are credited to the profit and loss account.

Impairment of non financial assets (excluding deferred tax)

Non financial assets are subject to impairment review if there are events or changes in circumstances that indicate that the carrying amount may not be recoverable. If any such indication exists, the Bank estimates the recoverable

amount of the asset and the impairment loss, if any. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of future cash flows from the asset discounted at a rate that reflects market interest rates adjusted for risks specific to the asset. If the recoverable amount of an intangible or tangible asset is less than its carrying value, an impairment loss is recognised immediately in the profit and loss account and the carrying value of the asset reduced by the amount of the loss. A reversal of an impairment loss on intangible assets is recognized as it arises provided the increased carrying value does not exceed that which it would have been had no impairment loss been recognized.

5.3 Provision against non-performing advances

Apart from the provision determined on the basis of time based criteria given in the Prudential Regulations of the SBP, management also applies subjective criteria of classification and accordingly the classification of an advance may be downgraded on the basis of evaluation of the credit worthiness of the borrower, its cash flows, operations in its account and adequacy of security in order to ensure accurate measurement of the provision.

5.4 Retirement benefits

The key actuarial assumptions concerning the valuation of the defined benefit plan and the sources of estimation are disclosed in note 35.2 to these unconsolidated financial statements.

5.5 Operating fixed assets, depreciation and amortisation

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

5.6 Income taxes

In making the estimates for income taxes currently payable by the Bank, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Bank's future taxable profits are taken into account.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements have been applied consistently and are the same as those applied in the preparation of the unconsolidated financial statements of the Bank for the year ended December 31, 2014 and are enumerated as follows, except for the following standards which became effective during the year:

– *IFRS 10 - 'Consolidated Financial Statements'*

It replaces the current guidance on consolidation in IAS 27 -'Consolidated and Separate Financial Statements'. It introduces a single model of assessing control whereby an investor controls an investee when the investor has the power to control, exposure to variable returns and the ability to use its power to influence the returns of the investee. The Securities and Exchange Commission of Pakistan (SECP) vide its notification SRO 633(1) / 2014 dated July 10, 2014 adopted IFRS 10 effective from the period starting from June 30, 2014. However, vide its notification SRO 56(1) / 2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 237 of the Companies Ordinance 1984 will not be applicable with respect to the investment in mutual funds established under trust structure.

In light of the above, no additional investee is considered to be in control of the Bank.

– *IFRS 13 - 'Fair value measurement'*

It consolidates the guidance on how to measure fair value into one comprehensive standard. It introduces the use of an exact price, as well as disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have any impact on the unconsolidated financial statements of the Bank except for certain disclosures as mentioned in note 38.3.

- *IFRS 11 - 'Joint Arrangements'*

IFRS 11 'Joint Arrangements' replaces IAS 31 'Interests in Joint Ventures' it requires all joint ventures to be equity accounted hereby removing the option in IAS 31 for proportionate consolidation. It also removes the IAS 31 concept to jointly controlled assets. The application of IFRS 11 does not have any impact on the financial statements of the Bank.

6.1 Business combinations

Business combinations are accounted for using the purchase method. Under this method, identified assets acquired, liabilities and contingent liabilities assumed are fair valued at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of cost of acquisition over the fair value of identifiable net assets acquired is recorded as goodwill.

6.2 Revenue recognition

Mark-up / return on performing loans / advances and investments is recognized on time proportionate basis. Where debt securities are purchased at a premium or discount, such premium / discount is amortized through the profit and loss account over the remaining period of maturity using the effective interest rate method so as to produce a constant rate of return. Interest or mark-up recovered on non-performing advances is recognized on a receipt basis in accordance with the requirements of the Prudential Regulations issued by the SBP as amended from time to time.

The financing method is used in accounting for income on finance leases and hire purchase transactions. Under this method, the unearned income, i.e. the excess of aggregate lease rentals and the estimated residual value over the net investment (cost of leased assets) is deferred and then amortized to income over the term of the lease on a pattern reflecting a constant periodic rate of return on the net investment in the lease. Unrealized lease income is suspended, where necessary, in accordance with the requirements of the Prudential Regulations issued by the SBP.

Rental income from assets given on operating lease is recognized on time proportionate basis over the lease period.

Gains / losses on termination of lease contracts, documentation charges and other lease income are recognized as income when they are realized.

Fee, commission and brokerage income is recognized at the time of performance of the service.

Dividend income is recorded when the right to receive the dividend is established.

6.3 Investments

Investments of the Bank, other than investments in subsidiaries and associates are classified as held-to-maturity, held-for-trading and available-for-sale.

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity for which the Bank has the positive intent and ability to hold upto maturity.

Held-for-trading

These securities are either acquired for generating a profit from short-term fluctuations in market prices, interest rate movements, dealer's margin or are securities included in the portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

Available-for-sale

These are securities which do not fall under the classification of held-for-trading or held-to-maturity securities.

Initial measurement

All "regular way" purchases and sales of investments are recognized on the trade date, i.e., the date that the Bank commits to purchase or sell the asset. Regular way purchases or sales of investments are those that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Investments are initially recognized at fair value which, in the case of investments other than held-for-trading, includes transaction costs associated with the investments. Transaction costs on investments classified as held-for-trading are expensed as incurred.

Subsequent measurement

Held-to-maturity

These are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

Held-for-trading

These are measured at subsequent reporting dates at fair value. Gains and losses on remeasurement are included in the profit and loss account.

Available-for-sale

Quoted-securities classified as available-for-sale investments are measured at subsequent reporting dates at fair value (and any revaluation gain or loss is taken to other comprehensive income (OCI)). Any surplus / deficit arising thereon is kept in a separate account shown in the balance sheet below equity and taken to the profit and loss account when actually realized upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. A decline in the carrying value is charged to the profit and loss account. A subsequent increase in the carrying value, up to the cost of investment, is credited to the profit and loss account. The break-up value of these equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses.

Provision for diminution in the value of securities (except term finance certificates and sukuks) is made for impairment, if any. Provision for diminution in the value of term finance certificates and sukuks is made as per the criteria prescribed by the Prudential Regulations issued by the SBP.

Investment in subsidiaries and associates

Investments in subsidiaries and associates are valued at cost less impairment, if any. A reversal of an impairment loss on associates and subsidiaries is recognized in the profit and loss account as it arises provided the increased carrying value does not exceed cost.

Gain or loss on sale of investments in subsidiaries and associates is included in the profit and loss account for the year.

Subsidiaries are considered to be the entities where the Bank has a holding of 50% or more in the equity / net assets thereof.

Associates are considered to be the entities where the Bank has a holding of less than 50% and also have significant influence therein. In the Bank's case, these are the holdings in the mutual funds managed by its wholly owned subsidiary.

6.4 Lendings to / borrowings from financial institutions (including repurchase and resale agreements)

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings. Securities purchased under agreement to resale (reverse repo) are not recognized in the financial statements as investments and the amount extended to the counter party is included in lendings to financial institutions. In the case of the margin trading system, transactions are shown

under advances. The difference between sale and repurchase price is treated as mark-up / return expensed whereas difference between purchase and resale price is treated as mark-up / return earned.

Securities purchase with a corresponding commitment to resell at a specified future date are not recognized in the financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

6.5 Advances

Advances including margin trading system and net investment in finance lease are stated net of provisions.

Provisions

Specific and general provisions are made based on an appraisal of the loan portfolio that takes into account Prudential Regulations issued by the State Bank of Pakistan from time to time. Specific provisions are made where the repayment of identified loans is in doubt and reflect an estimate of the amount of loss expected. The general provision is for the inherent risk of losses which are known from experience to be present in any loan portfolio. Provision made / reversed during the year is charged to the profit and loss account and accumulated provision is netted off against advances.

Advances are written off when there is no realistic prospect of recovery.

Net investment in finance lease

Leases include hire purchase where the Bank transfers substantially all the risks and rewards incidental to the ownership of an asset and are classified as finance leases. Net investment in finance lease is recognized at an amount equal to the aggregate of minimum lease payments and any guaranteed residual value less unearned finance income, if any.

6.6 Operating fixed assets and depreciation

Owned

Property and equipment except freehold and leasehold land is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Freehold and leasehold land is stated at cost.

Depreciation is charged to income applying the straight line method over the estimated useful lives of the assets while taking into account any residual value, at the rates given in note 12.2 to these unconsolidated financial statements. In respect of additions and deletions to assets during the year, depreciation is charged from the month of acquisition while depreciation on disposals during the year is charged upto the month of disposal.

Normal repairs and maintenance are charged to the profit and loss account for the year as and when incurred. Major repairs and improvements are capitalized and assets so replaced are retired.

Gains and losses on disposal of property and equipment if any, are taken to the profit and loss account for the year.

Assets held under finance lease

Leasehold land is stated at cost.

Assets held under finance lease are stated at cost less accumulated depreciation. The outstanding obligations under the lease agreements are shown as a liability net of finance charges allocable to future periods. Depreciation on assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Bank.

Finance charges are allocated to accounting periods so as to provide a constant periodic rate of return on the outstanding liability.

Assets held under operating lease

Operating lease assets are stated at cost less accumulated depreciation and impairment, if any.

Repairs and maintenance are charged to the profit and loss account as and when incurred.

Capital work in progress

These assets are stated at cost. These are transferred to specific assets as and when assets are available for use.

6.7 Intangible assets

Intangible assets include the value of core deposit relationships, and core overdraft / working capital loan relationships and are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged to the profit and loss account on a straight line basis over the assets' useful lives which are determined using methods that best reflect the pattern of economic benefits. The estimated useful lives are as follows:

Core deposit relationships	11 years
Core overdraft / working capital loan relationships	11 years

Computer software is stated at cost less accumulated amortization and accumulated impairment loss, if any. Amortization is carried out on the straight line method at the rates given in note 13 to these unconsolidated financial statements.

6.8 Sub-ordinated Loans

Sub-ordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on these loans is recognized separately as part of other liabilities and is charged to the profit and loss account over the period at effective interest rate.

6.9 Staff retirement benefits

Defined benefit plans

The Bank operates an unfunded gratuity scheme covering all eligible employees who have attained the minimum qualifying period of five years. Eligible employees are those employees who have joined the service of the Bank on or before March 31, 2006. Provision is made in accordance with actuarial recommendations. Actuarial valuation is carried out periodically using the "Projected Unit Credit Method". Actuarial gains and losses are recognised immediately in other comprehensive income with no subsequent recycling through profit and loss accounts. Past service costs are charged to the profit and loss account.

Defined contribution plan

The Bank operates a defined contribution provident fund for all its permanent employees. Equal monthly contributions are made to the fund by both the Bank and the employees at the rate of 10% of basic salary.

6.10 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity.

Current

Provision for current taxation is based on taxable income at the current rates of taxation in accordance with the prevailing laws for taxation on income earned after taking into consideration tax credits and rebates available and any adjustments to tax payable in respect of previous years.

Deferred

Deferred tax is recognized using the balance sheet liability method on all major temporary differences as at the statement of financial position date between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The Bank records deferred tax assets / liabilities using tax

rates, enacted or substantially enacted at the statement of financial position date, that are expected to be applicable at the time of their reversal.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Bank recognizes a deferred tax asset / liability on deficit / surplus on revaluation of securities in accordance with the requirements of IAS 12 "Income Taxes". The related deferred tax asset / liability is adjusted against the related deficit / surplus.

The Bank recognizes a deferred tax asset for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilized in accordance with the requirements of IAS 12 "Income Taxes".

6.11 Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provision against non-funded losses is recognized when intimated and reasonable certainty exists that the Bank will be required to settle the obligation. The provision is charged to the profit and loss account net of expected recovery and the obligation is classified under other liabilities. Provisions are reviewed quarterly and are adjusted to reflect the current best estimate.

6.12 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognized amount and the Bank intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items relating to such assets and liabilities are also offset and the net amount is reported in the financial statements.

6.13 Dividend distribution

Dividend is recognized as a liability in the period in which it is declared.

6.14 Distributions of bonus shares and other appropriations to reserves

The Bank recognizes all appropriations, other than statutory appropriations, to reserves including those in respect of bonus shares made after the statement of financial position date, in the period in which such appropriations are approved. Appropriation to statutory reserves are recognized in the financial statements of the period to which these appropriations relate to.

6.15 Foreign currencies

Transactions in foreign currencies are translated to rupees at the foreign exchange rates prevailing at the transaction date. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange prevailing at the statement of financial position date. Forward foreign exchange contracts are valued at forward rates applicable to their respective maturities.

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

Assets against which the constituents have exercised their option to transfer exchange risk to the Bank and liabilities for which the Bank has exercised its option to transfer exchange risk to the Government, are translated at the rates of exchange guaranteed by the Bank and the Government, respectively.

Assets, liabilities, commitments and contingent liabilities in respect of Bangladesh are translated at foreign exchange rates approximating those prevailing prior to August 15, 1971.

Non-monetary assets and liabilities in foreign currencies are expressed in Rupee terms at the exchange rates prevailing at the date of initial recognition of the non-monetary assets and liabilities.

Exchange gains and losses are included in income currently except net unrealized exchange gain on long-term monetary items which, as a matter of prudence, is carried forward as unrealized gain in view of the uncertainty associated with its realization.

6.16 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash and balances with treasury banks and balances with other banks.

6.17 Financial instruments

All financial assets and liabilities are recognized at the time when the Bank becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Bank loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income directly. Financial assets carried on the statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances and certain receivables. Financial liabilities include borrowings, deposits, bills payable and other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

6.18 Derivative financial instruments

Derivative financial instruments are recognized at their fair value on the date on which a derivative contract is entered into and subsequently these instruments are marked to market and changes in fair values are taken to the profit and loss account. Fair values are obtained from quoted market prices in active markets. All derivative financial instruments are carried as assets when their fair value is positive and liabilities when the fair value is negative.

6.19 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments.

6.19.1 Business segments

Corporate and Investment Banking

It represents all funded and non funded credit facilities of working capital financing including seasonal finance, trade finance, cash finance, running finance, guarantees and bills of exchange relating to corporate customers, as well as for long term expansion, Balancing, Modernization and Replacement (BMR), Project financing, syndicated financing along with advisory, underwriting, transactional banking, and Initial Public Offerings (IPO) related activities.

Commercial

It represents all funded and non funded credit facilities, deposit products & transaction services offered by the Bank to small & medium enterprises and commercial businesses operating in the manufacturing, trading, wholesale and service sectors.

Retail

It represents banking services offered to individuals and small businesses through a retail branch banking and alternate distribution network. These banking services include lending, deposits and distribution of insurance products along with other financial products and services tailored for such customers.

Treasury

Treasury manages the asset and liability mix of the Bank, and provides customers with products that meet their demands for management of liquidity, cash flow, interest rate fluctuations and foreign exchange risk.

6.19.2 Geographical segments

The Bank operates in Pakistan only.

6.20 Assets acquired in satisfaction of claims

The Bank acquires assets in settlement of certain advances. These are recorded at the lower of the carrying value of the related advances and the current fair value of such assets.

6.21 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to the profit and loss account on a time proportionate basis.

6.22 Earnings per share

The Bank presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

6.23 Fiduciary Assets

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

6.24 Assets held for sale and discontinued operations

During the year, the Bank decided to sell its 100% shareholding in PICIC Asset Management Company Limited (PICIC AMC, a wholly owned subsidiary of NIB Bank Limited). Conditional on this sale, the Bank has also decided to sell 50.32% of its holding in PICIC Investment Fund (PIF). In accordance with the requirements of International Financial Reporting Standard (IFRS) - 5 "Non-Current Assets Held for Sale and Discontinued Operations", non current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Immediately before classification as held for sale the assets are remeasured in accordance with the Bank's other accounting policies. Thereafter, the assets are measured at the lower of their carrying value or fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or is part of a single co-ordinated plan to dispose of a separate major line of business. Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the comparative profit and loss account is restated as if the operation had been discontinued from the start of the comparative year.

Accordingly due to the above, investments in PICIC AMC (100%) and PIF (50.32%) have been classified as "Assets held for sale" in the statement of financial position (refer note 15). Income and earnings per share from the discontinued operations have been separately presented in the profit and loss account (refer note 15 and note 32). Cash flows from the discontinued operations are presented in note 15.

	Note	2015	2014
		(Rupees in '000)	
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency	7.1	2,358,571	1,805,021
Foreign currencies		310,768	240,467
With State Bank of Pakistan in			
Local currency current accounts	7.2	5,276,404	4,274,385
Foreign currency current account	7.3	398,016	376,812
Foreign currency deposit accounts	7.4	1,259,094	1,070,337
With National Bank of Pakistan in local currency current accounts		449,690	296,653
		10,052,543	8,063,675

7.1 This includes National Prize Bonds of Rs. 2.004 million (2014: Rs. 2.810 million).

7.2 The current account is maintained with the SBP under the cash reserve requirement of Section 22 of the Banking Companies Ordinance, 1962.

7.3 This represents a US Dollar settlement account maintained with the SBP and special cash reserve at Nil return (2014: Nil) required to be maintained with the SBP on deposits held under the new foreign currency accounts scheme.

7.4 This represents special cash reserve of 15% required to be maintained with the SBP on deposits held under the foreign currency accounts scheme at Nil return (2014: Nil return).

	Note	2015	2014
		(Rupees in '000)	
8. BALANCES WITH OTHER BANKS			
In Pakistan in current accounts		34,638	164,020
Outside Pakistan			
– in current accounts		1,573,777	405,116
– in deposit account		36,671	24,723
		1,645,086	593,859
Provision against doubtful balances	8.1	–	(6,431)
		1,645,086	587,428

8.1 This balance has been written off during the year.

9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lending	9.2	300,000	–
Repurchase agreement lendings (Reverse Repo)	9.3 & 9.4	1,299,044	7,699,646
		1,599,044	7,699,646
9.1 Particulars of lendings			
In local currency		1,599,044	7,699,646
In foreign currencies		–	–
		1,599,044	7,699,646

9.2 Call money lending carries mark-up at the rate of 6.5% (2014: Nil) per annum and having remaining maturity of four (2014: Nil) days.

9.3 These represent repurchase agreement lending to financial institutions carrying mark-up at the rate of 6.5% (2014: ranging from 9.50% to 9.75%) per annum and having remaining maturity of four days (2014: forty three days).

9.4 Securities held as collateral against lendings to financial institutions

	2015			2014		
	Held by Bank	Further given as collateral / sold	Total	Held by Bank	Further given as collateral / sold	Total
	(Rupees in '000)					
Market Treasury Bills	799,044	–	799,044	4,334,497	3,365,149	7,699,646
Pakistan Investment Bonds	500,000	–	500,000	–	–	–
	1,299,044	–	1,299,044	4,334,497	3,365,149	7,699,646

9.4.1 The market value of securities held as collateral against lendings to financial institutions as at December 31, 2015 amounted to Rs. 1,317.733 million (2014: Rs. 7,735.068 million).

10. INVESTMENTS

10.1 (a) Investments by type:

	Note	2015			2014		
		Held by Bank	Given as Collateral	Total	Held by Bank	Given as Collateral	Total
		(Rupees in '000)					
Available-for-sale securities							
Market Treasury Bills	10.2	9,503,429	64,470,814	73,974,243	6,961,506	7,119,226	14,080,732
Pakistan Investment Bonds	10.2	10,214,316	336,127	10,550,443	4,779,679	25,161,147	29,940,826
Defense Savings Certificates	10.3	-	2,730	2,730	-	2,730	2,730
Sukuk Bonds	10.4	1,127,921	-	1,127,921	433,433	-	433,433
Cumulative Preference shares	10.5	55,178	-	55,178	55,178	-	55,178
Ordinary shares / Certificates in listed companies / modarabas	10.6	21,180	-	21,180	31,722	-	31,722
Ordinary shares of unlisted companies	10.7	57,860	-	57,860	65,726	-	65,726
Term Finance Certificates	10.8 & 10.9	587,607	49,908	637,515	877,673	271,268	1,148,941
		21,567,491	64,859,579	86,427,070	13,204,917	32,554,371	45,759,288
Held-to-maturity securities							
Pakistan Investment Bonds	10.2	6,668,959	-	6,668,959	6,693,345	-	6,693,345
Term Finance Certificates	10.8 & 10.9	9,954	-	9,954	10,072	-	10,072
		6,678,913	-	6,678,913	6,703,417	-	6,703,417
Associates	10.10 & 10.15	2,699,218	-	2,699,218	3,333,607	-	3,333,607
Subsidiaries	10.11 & 10.15	724	-	724	2,479,066	-	2,479,066
Investments at cost		30,946,346	64,859,579	95,805,925	25,721,007	32,554,371	58,275,378
Provision for diminution in value of investments	10.12 & 10.13	(183,808)	-	(183,808)	(192,265)	-	(192,265)
Investments - net of provisions		30,762,538	64,859,579	95,622,117	25,528,742	32,554,371	58,083,113
Surplus on revaluation of available-for-sale securities - net	23	19,087	102,245	121,332	384,031	1,476,963	1,860,994
Net investments		30,781,625	64,961,824	95,743,449	25,912,773	34,031,334	59,944,107

	Note	2015	2014
		(Rupees in '000)	
10.1 (b) Investments by segments:			
Federal Government Securities			
Market Treasury Bills	10.2	73,974,243	14,080,732
Pakistan Investment Bonds	10.2	17,219,402	36,634,171
Defense Savings Certificates	10.3	2,730	2,730
Sukuk Bonds	10.4	1,127,921	433,433
Cumulative Preference Shares	10.5	55,178	55,178
Fully Paid-up Ordinary Shares & Modaraba Certificates			
Listed	10.6	21,180	31,722
Unlisted	10.7	57,860	65,726
Term Finance Certificates			
Listed	10.8	412,175	688,425
Unlisted	10.9	235,294	470,588
Associates	10.10 & 15.2	2,699,218	3,333,607
Subsidiaries	10.11 & 10.15	724	2,479,066
Total investments at cost		95,805,925	58,275,378
Provision for diminution in value of investments	10.12 & 10.13	(183,808)	(192,265)
Investments - net of provisions		95,622,117	58,083,113
Surplus on revaluation of available-for-sale securities	23	121,332	1,860,994
Net investments		95,743,449	59,944,107

10.2 Market Treasury Bills and Pakistan Investment Bonds are eligible for rediscounting. Market Treasury Bills embody effective yields ranging from 6.30% to 6.96% (2014: 9.47% to 10.00%) with remaining maturities of 7 days to 315 days and Pakistan Investment Bonds carry mark-up ranging from 9.25% to 12.50% (2014: 10% to 12.5%) per annum on semi-annual basis with remaining maturities of 2.67 years to 9.24 years. Certain government securities are required to be maintained with the SBP to meet statutory liquidity requirements calculated on the basis of demand and time liabilities. Market treasury bills having a face value of Rs 150 million have been pledged with National Clearing Company of Pakistan Limited as a guarantee against margin trading system.

10.3 These DSCs of Rs. 2.730 million are pledged as a security and carry interest rate at 12.15% (2014: 12.15 %) per annum.

10.4 Particulars of Sukuk Bonds

Name of investee company	Note	Number of certificates 2015	Number of certificates 2014	Cost of investment 2015	Cost of investment 2014
				(Rupees in '000)	
Liberty Power Tech Limited	10.4.1	5,464,807	5,464,807	377,921	433,433
Sui Southern Gas Company Limited	10.4.2	180,000	–	750,000	–
				1,127,921	433,433

10.4.1 These carry mark up at the rate of 3 months KIBOR + 300bps and have an original maturity of ten years. At the year end, the applicable rate of return was 9.6% per annum. Mark up and principal installments are made on quarterly basis.

10.4.2 These carry mark up at the rate of 3 months KIBOR + 70bps and have an original maturity of five years. At the year end, the applicable rate of return was 7.21% per annum. Mark up and principal installments are made on quarterly basis.

10.5 Particulars of investment in Cumulative Preference Shares

Investee	Note	Number of Shares held 2015	Number of Shares held 2014	Total nominal value 2015	Total nominal value 2014
				(Rupees in '000)	
Pak Elektron Limited (PEL)	10.5.1	2,500,000	2,500,000	25,000	25,000
Galaxy Textile Mills Limited	10.5.2	3,017,800	3,017,800	30,178	30,178
				55,178	55,178

10.5.1 These preference shares carry fixed dividend of 9.5% on cumulative basis payable when and if declared by the Board of Directors.

10.5.2 These preference shares are non voting and convertible into ordinary shares after ten years from the date of issuance. These preference shares bear a fixed return at the rate of 5% per annum that will be non cumulative for the first five years and thereafter will be cumulative from year to year.

10.6 Particulars of investment in Listed Ordinary Shares

	Number of Shares held 2015	Number of Shares held 2014	Cost of Investment 2015	Cost of Investment 2014
			(Rupees in '000)	
Available-for-sale				
Agritech Limited	605,138	605,138	21,180	21,180
IGI Insurance Limited	–	847	–	–
Tariq Glass Industries Limited	–	743,500	–	10,542
Total Listed Shares			21,180	31,722

10.7 Particulars of Unlisted Ordinary Shares

	Note	Percentage of holding	Number of Shares held 2015	Number of Shares held 2014	Cost of Investment 2015	Cost of Investment 2014
					(Rupees in '000)	
Central Depository Company of Pakistan Limited Chief Executive: Mr. Muhammad Hanif Jakhura	10.7.1	5.00%	3,250,000	3,250,000	5,000	5,000
Pakistan Textile City (Private) Limited Chief Executive: Mr. Muhammad Hanif Kasbati	10.7.2	4.00%	5,000,000	5,000,000	50,000	50,000
National Investment Trust Limited Chief Executive: Mr. Shahid Ghaffar	10.7.3	8.33%	*79,200	*79,200	100	100
SWIFT Chief Executive: Mr. Gottfried Leibbrandt	10.7.4	0.01%	**9	**9	2,760	2,946
Islamabad Stock Exchange Limited Chief Executive: Mian Ayyaz Afzal	10.7.5	0.83%	3,034,603	3,034,603	–	–
Pakistan Export Finance Guarantee Agency Limited Chief Executive: Mr. Syed Muhammad Zaeem	10.7.6	–	–	568,044	–	5,680
Crescent Capital Management (Private) Limited Chief Executive: Mr. Mahmood Ahmed	10.7.6	–	–	100,000	–	1,000
Sunbiz (Private) Limited Chief Executive: Mr. Muqadder Ali Shah	10.7.6	–	–	10,000	–	1,000
					57,860	65,726

* Shares of Face Value of Rs. 100 each
** Shares of Face Value of Euro 2,680 each

10.7.1 Value of investment, based on the net assets stated in the audited financial statements of investee company as at June 30, 2015 amounts to Rs.130.320 million. (June 30, 2014: Rs. 117.827 million).

10.7.2 Value of investment, based on the net assets stated in the audited financial statements of investee company as at June 30, 2015 amounts to Rs. 16.906 million. (June 30, 2014: Rs. 22.763 million).

10.7.3 Value of investment, based on the net assets stated in the audited financial statements of investee company as at June 30, 2015 amounts to Rs. 964.876 million. (June 30, 2014: Rs. 872.874 million).

10.7.4 Value of investment, based on the net assets stated in the audited financial statements of investee company as at December 31, 2014 amounts to Rs. 3.040 million. (December 31, 2013: Rs. 3.172 million).

10.7.5 The Bank has recorded Investment in the Company at Nil value due to conversion of the Islamabad Stock Exchange from limited by guarantee to public company limited by shares. Value of investment, based on the net assets stated in the audited financial statements of investee company as at June 30, 2015 amounts to Rs. 33.679 million (June 30, 2014: Rs. 33.233 million). Subsequent to the year end, the Islamabad Stock Exchange was merged with Karachi and Lahore Stock Exchanges as Pakistan Stock Exchange.

10.7.6 These investments have been written off against provision during the year.

10.8 Particulars of investment in Listed Term Finance Certificates

Name of Investee Company	Note	Issue Date	Maturity Date	Interest Rate	Interest and principal payment	Number of certificates held		Amortized cost	
						2015	2014	2015	2014
								(Rupees in '000)	
Askari Bank Limited		–	–	–	–	–	30,000	–	154,440
Azgard Nine Limited	10.8.1	Sep 20, 2005	Sep 20, 2017	6 months KIBOR+1.25%	Semi-Annually	10,000	10,000	16,269	16,269
Bank Alfalah Limited – Fixed		Dec 2, 2009	Dec 2, 2017	15%	Semi-Annually	41,000	41,000	204,508	204,590
Bank Alfalah Limited – Floating		Dec 2, 2009	Dec 2, 2017	6 months KIBOR+2.5%	Semi-Annually	5,000	5,000	24,940	24,950
Engro Fertilizer Limited		–	–	–	–	–	32,692	–	119,355
Summit Bank Limited	10.8.2	Oct 27, 2011	Oct 27, 2018	6 months KIBOR+3.25%	Semi-Annually	10,000	10,000	49,908	49,931
Telecard Limited	10.8.3	May 27, 2005	May 18, 2015	3 months KIBOR+5.04%	Quarterly	74,888	74,888	116,550	118,890
								412,175	688,425

10.8.1 The investment has been fully provided in these financial statements and includes an amount of Rs.8.135 million (2014: 8.135 million) classified as Held-to-Maturity.

10.8.2 These term finance certificates are pledged with National Clearing Company of Pakistan Limited.

10.8.3 The investment has been fully provided in these financial statements and includes an amount of Rs.1.819 million (2014: 1.938 million) classified as Held-to-Maturity.

10.9 Particulars of investment in Unlisted Term Finance Certificates

Name of Investee Company	Note	Issue Date	Maturity Date	Interest Rate	Interest and principal payment	Number of Certificates held		Amortized Cost	
						2015	2014	2015	2014
								(Rupees in '000)	
Azgard Nine Limited	10.9.1	–	–	–	–	11,864	11,864	–	–
Pakistan Mobile Communications Limited		Oct 13, 2011	Oct 13, 2016	3 months KIBOR+2%	Quarterly	200,000	200,000	235,294	470,588
								235,294	470,588

10.9.1 In the year 2012, the Bank received 11,864 Term Finance Certificates of Rs. 5,000 each, having total value of Rs. 59.32 million in respect of overdue mark-up of Azgard Nine Limited. These certificates have been recognised at nil value in the Bank's books as per the requirement of Prudential Regulations, whereby overdue interest on classified advance accounts can only be recognised once this is received in cash.

All Term Finance Certificates are of original face value of Rs. 5,000 each

	Note	Number of shares / units / certificates		Cost of investment	
		2015	2014	2015	2014
				(Rupees in '000)	
10.10 Particulars of investment in Associates					
PICIC Energy Fund - Open End		31,825,782	31,825,782	336,710	336,710
PICIC Income Fund - Open End *		5,117,650	5,117,650	514,263	514,263
PICIC Investment Fund - Closed End	15.2	48,042,021	96,703,821	626,310	1,260,699
PICIC Growth Fund - Closed End		43,482,858	43,482,858	1,221,935	1,221,935
				2,699,218	3,333,607
10.11 Particulars of investment in Subsidiaries					
PICIC Asset Management Company Limited	15.1	–	29,999,993	–	2,478,342
Financial and Management Services (Private) Limited**		88,850	88,850	724	724
				724	2,479,066

Unless otherwise stated, holdings in ordinary shares, preference shares and units of mutual funds are of Rs. 10 each.

* Units of Face Value of Rs. 100 each
** Shares of Face Value of Rs. 100 each

	2015	2014
	(Rupees in '000)	
10.12 Particulars of provision for diminution in value of investments		
Opening balance	192,265	466,987
Charge for the year	6,008	6,850
Reversal for the year - Term Finance Certificates	(2,340)	(18,411)
	3,668	(11,561)
Write off / reversal due to sale / transfer to other assets	(12,125)	(263,161)
Closing balance	183,808	192,265
10.13 Particulars of provision in respect of type and segment		
Available-for-sale securities		
- Listed shares / units	16,641	20,937
- Unlisted shares	33,623	35,445
- Term Finance Certificates	132,820	135,159
	183,084	191,541
Subsidiary		
- Unlisted shares (FMSL)	724	724
	183,808	192,265

		2015		2014	
		(Rupees in '000)	Rating	(Rupees in '000)	Rating
10.14 Quality of Available-for-Sale Securities - at Market Value					
Federal Government Securities					
Defense Savings Certificates		2,730	Unrated	2,730	Unrated
Market Treasury Bills		74,078,985	Unrated	14,093,269	Unrated
Pakistan Investment Bonds		10,544,788	Unrated	31,758,973	Unrated
Sukuk Bonds		1,127,921	A+	433,433	A+
Cumulative Preference shares					
Galaxy Textile Mills Limited	*	30,178	**	30,178	**
Pak Elektron Limited (PEL)		25,000	A1 / A	25,000	A2 / A-
Ordinary shares of Listed Companies					
Agritech Limited		5,658	**	4,690	**
IGI Insurance Limited		–	–	229	AA
Tariq Glass Industries Limited		–	–	34,989	**
Ordinary shares of Unlisted Companies					
Central Depository Company of Pakistan Limited	*	5,000	**	5,000	**
Islamabad Stock Exchange Limited		–	**	–	**
National Investment Trust Limited	*	100	AM2	100	AM2-
Pakistan Textile City (Private) Limited	*	16,906	**	22,764	**
SWIFT	*	2,231	**	2,417	**
Term Finance Certificates					
Askari Bank Limited		–	–	146,816	AA-
Azgard Nine Limited		–	**	–	**
Bank Alfalah Limited		249,284	AA-	248,658	AA-
Engro Fertilizer Limited		–	–	111,807	A+
Pakistan Mobile Communications Limited		235,294	AA-	470,588	AA-
Summit Bank Limited		51,197	A	47,172	A (SO)
Telecard Limited		–	**	–	**
		86,375,272		47,438,813	

* At cost / breakup value since market value is not available.

** Rating not available

10.15 As per BSD circular No. 6 of 2007 dated September 6, 2007, investments in subsidiaries and associates are required to be reported separately and should be carried at cost. However, as per IAS 36, these need to be tested for impairment, if there is indication that such impairment may exist. Since there is no indication of impairment, no such impairment has been recorded.

	Note	2015	2014
		(Rupees in '000)	
11. ADVANCES			
Loans, cash credits, running finance, etc. - in Pakistan	11.1	128,635,379	107,401,858
Net investment in finance lease - in Pakistan	11.3	1,749,904	1,805,746
Bills discounted and purchased (excluding Treasury Bills)			
Payable in Pakistan		1,174,736	2,985,989
Payable outside Pakistan		3,468,005	5,450,574
Advances - Gross		135,028,024	117,644,167
Provision against non-performing advances			
Specific	11.4	(24,204,658)	(23,885,813)
General		(154,372)	(94,318)
	11.5	(24,359,030)	(23,980,131)
Advances - net of provision		110,668,994	93,664,036

11.1 This includes a sum of Rs. 72.337 million (2014: Rs. 72.337 million) representing unrealized exchange gain, which has not been recognised as income and deferred in these unconsolidated financial statements, in accordance with the policy of the Bank, as stated in note 6.15.

		2015	2014
		(Rupees in '000)	
11.2	**Particulars of advances**		
11.2.1	In local currency	127,599,316	111,081,514
	In foreign currencies	7,428,708	6,562,653
		135,028,024	117,644,167
11.2.2	Short term (for upto one year)	105,466,540	96,635,306
	Long term (for over one year)	29,561,484	21,008,861
		135,028,024	117,644,167

11.3 Net investment in finance lease

	2015			
	Not later than one year	Later than one and less than five years	Over five years	Total
	(Rupees in '000)			
Lease rentals receivable	1,521,972	134,234	–	1,656,206
Residual value	397,880	43,367	–	441,247
Minimum lease payments	1,919,852	177,601	–	2,097,453
Financial charges for future periods (including income suspended)	(331,588)	(15,961)	–	(347,549)
Present value of minimum lease payments	1,588,264	161,640	–	1,749,904

	2014			
	Not later than one year	Later than one and less than five years	Over five years	Total
	(Rupees in '000)			
Lease rentals receivable	1,556,776	161,895	138	1,718,809
Residual value	419,234	48,192	700	468,126
Minimum lease payments	1,976,010	210,087	838	2,186,935
Financial charges for future periods (including income suspended)	(352,332)	(28,850)	(7)	(381,189)
Present value of minimum lease payments	1,623,678	181,237	831	1,805,746

11.3.1 Leases includes non-performing loans of Rs. 1,528.487 million (2014: Rs.1,548.373 million) against which provision of Rs.1,095.947 million (2014: Rs. 1,068.190 million) has been held.

11.4 Advances include Rs. 28,173.224 million (2014: Rs. 29,017.184 million) which have been placed under non-performing status as detailed below:

	2015								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Category of classification									
OAEM*	37,162	–	37,162	2,353	–	2,353	2,353	–	2,353
Substandard	1,270,650	–	1,270,650	228,956	–	228,956	228,956	–	228,956
Doubtful	1,104,628	–	1,104,628	442,429	–	442,429	442,429	–	442,429
Loss	25,760,784	–	25,760,784	23,530,920	–	23,530,920	23,530,920	–	23,530,920
	28,173,224	–	28,173,224	24,204,658	–	24,204,658	24,204,658	–	24,204,658

	2014								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Category of classification									
OAEM*	40,397	–	40,397	3,590	–	3,590	3,590	–	3,590
Substandard	2,470,814	–	2,470,814	1,058,262	–	1,058,262	1,058,262	–	1,058,262
Doubtful	827,949	–	827,949	406,658	–	406,658	406,658	–	406,658
Loss	25,678,024	–	25,678,024	22,417,303	–	22,417,303	22,417,303	–	22,417,303
	29,017,184	–	29,017,184	23,885,813	–	23,885,813	23,885,813	–	23,885,813

* OAEM pertains to small enterprises.

11.4.1 In accordance with BSD Circular No. 1 dated October 21, 2011 issued by the State Bank of Pakistan, the Bank has availed the benefit of Forced Sale Value (FSV) against the non-performing advances. During the year ended December 31, 2015, total FSV benefit erosion resulted in decrease in profit before tax of Rs. 882.042 million. Had the benefit under the said circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 1,501.239 million (December 31, 2014: Rs. 2,383.281 million). The FSV benefit recognised will not be available for the distribution of cash and stock dividend to shareholders.

11.4.2 As per the revised Prudential Regulations issued for the Corporate / Commercial Banking vide BPRD Circular No. 06 of 2014 dated June 26, 2014, the cumulative FSV benefit recognized in respect of customers under Corporate / Commercial Banking is Rs. 728.584 million (December 31, 2014: Rs. 934.428 million) and is not available for distribution of cash or stock dividend / bonus to employees.

11.5 Particulars of provision against non-performing advances

		2015			2014		
	Note	Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		23,885,813	94,318	23,980,131	22,488,805	69,139	22,557,944
Charge for the year		2,273,943	60,054	2,333,997	3,707,350	25,179	3,732,529
Reversals		(2,134,768)	–	(2,134,768)	(2,196,028)	–	(2,196,028)
		139,175	60,054	199,229	1,511,322	25,179	1,536,501
Amounts written off - net (includes recovery of earlier written-off retail loans)	11.6	179,670	–	179,670	(124,086)	–	(124,086)
Amounts transferred from / (to) other assets / other liabilities		–	–	–	9,772	–	9,772
Closing balance		24,204,658	154,372	24,359,030	23,885,813	94,318	23,980,131

11.5.1 Particulars of provision against non-performing advances - currency wise

	2015			2014		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	23,734,433	154,372	23,888,805	23,495,780	94,318	23,590,098
In foreign currencies	470,225	–	470,225	390,033	–	390,033
	24,204,658	154,372	24,359,030	23,885,813	94,318	23,980,131

		Note	2015	2014
			(Rupees in '000)	
11.6	**Particulars of (write backs) / write offs:**			
11.6.1	Against provisions (includes recovery of earlier written-off retail loans)		(179,670)	124,086
	Directly charged to profit and loss account		2,248	2,421
			(177,422)	126,507
11.6.2	Write offs of Rs. 500,000 and above	11.7	151,455	497,774
	Write offs of below Rs. 500,000 (includes recovery of earlier written-off retail loans)	11.7	(328,877)	(371,267)
			(177,422)	126,507

11.7 Details of loan write offs of Rs. 500,000 and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off loans or any financial relief of five hundred thousand rupees or above allowed to person(s) during the year ended December 31, 2015 is given in Annexure 1. However, this write off does not affect the Bank's right to recover these debts from any of its customers.

11.8 Particulars of loans and advances to directors, associated companies, etc.

Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons:

	2015	2014
	(Rupees in '000)	
Balance at the beginning of the year	1,683,542	1,460,081
Additions / granted during the year	669,474	913,762
Repayments / transferred during the year	(865,707)	(690,301)
Balance at the end of the year	1,487,309	1,683,542

Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties:

	Note	2015	2014
		(Rupees in '000)	
Balance at the beginning of the year		24,696	24,876
Loan granted during the year		4,543,510	5,178,968
Repayments during the year		(4,528,301)	(5,179,148)
Balance at the end of the year		39,905	24,696

12. OPERATING FIXED ASSETS

Capital work in progress	12.1	90,874	204,855
Property and equipment	12.2	2,995,572	2,791,675
		3,086,446	2,996,530

12.1 Capital work in progress

Civil works	20,222	84,414
Electrical, office and computer equipment	18,130	55,207
Advances to suppliers and contractors	4,398	27,750
Advance for computer software	48,124	37,484
	90,874	204,855

12.2 Property and Equipment

		2015									
		COST				DEPRECIATION / IMPAIRMENT					
Particulars	Note	As at January 01, 2015	Additions / (Deletions)	Adjustments / write offs	As at December 31, 2015	Accumulated as at January 01, 2015	For the year / (on deletion)	Adjustments / write offs	Accumulated as at December 31, 2015	Net Book value as at December 31, 2015	Rate of Depreciation % per annum
		(Rupees in '000)									
Freehold land		317,697	–	–	317,697	–	–	–	–	317,697	–
Leasehold land	12.2.3	1,064,456	–	–	1,064,456	15,634	–	–	15,634	1,048,822	–
Buildings on freehold land		558,143	–	–	558,143	211,532	26,735	27,941	266,208	291,935	5%
Buildings on leasehold land		136,626	–	–	136,626	53,793	6,577	–	60,370	76,256	5%
Furniture and fixtures		224,836	38,739	(877)	256,774	144,662	18,003	(692)	156,700	100,074	10%
			(5,924)				(5,273)				
Electrical, office and computer equipment		1,637,738	257,260	(230)	1,775,366	1,152,567	170,596	(230)	1,204,686	570,680	10% to 33%
			(119,402)				(118,247)				
Vehicles		13,362	36,891	–	50,100	7,996	7,589	–	15,432	34,668	20%
			(153)				(153)				
Leasehold Improvements		980,184	214,726	(61,562)	1,131,830	555,183	75,412	(53,171)	576,390	555,440	10%
			(1,518)				(1,034)				
		4,933,042	547,616	(62,669)	5,290,992	2,141,367	304,912	(26,152)	2,295,420	2,995,572	
			(126,997)				(124,707)				

12.2.1 Included in cost of property and equipment are fully depreciated items still in use having cost of Rs. 1,062.949 million (2014: Rs. 1,044.857 million).

12.2.2 Carrying amount of temporarily idle property is Rs. 755.423 million (2014: Rs. 790.447 million).

12.2.3 This includes a plot of land costing Rs. 361 million in Block-6, KDA Scheme-5, Clifton, Karachi (the "Plot"), possession of which was taken by the Bank (formerly PICIC) in April 1983 pursuant to an allotment order by Karachi Development Authority (KDA). All the legal dues in respect of the Plot including non-utilization fees have been paid. In 2000, KDA cancelled the allotment unilaterally based on certain building and construction restrictions. The Bank filed a Civil Suit against KDA before the High Court of Sindh in respect of the said unilateral cancellation of the allotment. Meanwhile, also in 2000, a dispute arose with KPT in respect of construction of a boundary wall on the Plot by KPT as KPT claimed that the ownership of the land had been reverted to KPT. The said claim by KPT was also challenged by way of Civil Suit before the High Court of Sindh. The High Court of Sindh initially issued restraining orders against KDA and KPT in the respective suits in respect of cancellation of the allotment of the Plot. Subsequently, both the suits were decided in favor of the Bank. In the suit filed against KDA, the High Court of Sindh held that the action of cancellation of the allotment by KDA was improper and void, whereas, in the suit against KPT, the High Court of Sindh held that since allotment in favor of the Bank was valid therefore, KPT had no standing to claim that the ownership of the land had been reverted back to KPT. Both the decisions of the High Court of Sindh were challenged in two separate High Court Appeals by KDA and KPT. Furthermore, in November 2008, KPT filed a civil suit seeking a declaration from the High Court of Sindh to the effect that the ownership of the plot had been validly reverted to KPT.

Appeal filed by KDA was disposed off in favour of the Bank vide order dated March 06, 2014 passed by the Honourable High Court of Sindh, Karachi. However, the appeal filed by KPT against the Bank is still pending before the High Court of Sindh, Karachi. Presently one appeal filed by KPT (276/2004) and a suit filed by KPT (1075/2008 KPT Vs CDGK and NIB Bank) are pending on the subject plot before Sindh High Court. These two cases are being handled by a senior lawyer, i.e. Mushtaq A. Memon, Advocate on behalf of the Bank. At present, the Bank is actively defending the cases. Also as per legal opinion provided by the dealing counsel, the appeal filed by the KPT is likely to be decided by the Honorable Court in favour of the Bank.

This also includes a plot of land having book value of Rs.372.103 million situated in Railway Quarters, I.I. Chundrigar Road, Karachi, (the "Plot"), where a tenant is claiming for the possession as tenant of an insignificant area of only 18 square feet of the plot measuring 3,120.46 square yards, however there is no issue over the title of the subject property. Both the Constitutional Petitions filed by the Bank have been dismissed by the Sindh High Court on 28 January 2016 against the Bank. The Bank has had a meeting with its external counsel in respect of filing an appeal before the Supreme Court of Pakistan. Market value of the property based on the revaluation carried at the year end amounts to Rs. 930 million.

Property and Equipment

Particulars	Note	2014 COST As at January 01, 2014	Additions / (deletions)	As at December 31, 2014	DEPRECIATION / IMPAIRMENT Accumulated as at January 01, 2014	For the year / (on deletion)	Accumulated as at December 31, 2014	Net Book value as at December 31, 2014	Rate of Depreciation % per annum
		(Rupees in '000)							
Freehold land		317,697	–	317,697	–	–	–	317,697	–
Leasehold land	12.2.3	1,064,456	–	1,064,456	15,634	–	15,634	1,048,822	–
Buildings on freehold land		571,173	–	558,143	196,655	27,907	211,532	346,611	5%
			(13,030)			(13,030)			
Buildings on leasehold land		162,573	–	136,626	55,756	6,794	53,793	82,833	5%
			(25,947)			(8,757)			
Furniture and fixtures		206,089	35,773	224,836	134,665	23,490	144,662	80,174	10%
			(17,026)			(13,493)			
Electrical, office and computer equipment		1,452,018	304,712	1,637,738	1,078,245	187,680	1,152,567	485,171	10% to 33%
			(118,992)			(113,358)			
Vehicles		14,394	–	13,362	7,094	1,934	7,996	5,366	20%
			(1,032)			(1,032)			
Leasehold Improvements		802,772	199,267	980,184	515,545	52,649	555,183	425,001	10%
			(21,855)			(13,011)			
		4,591,172	539,752	4,933,042	2,003,594	300,454	2,141,367	2,791,675	
			(197,882)			(162,681)			

12.2.4 Detail of disposal of property and equipment during the year

Items individually having cost more than Rs. 1 million or net book value exceeding Rs. 0.25 million

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyer
	(Rupees in '000)					
Computer equipments	45,154	45,154	–	541	Bid	Owais Bin Samad, House No C-95, Block-D, North Nazimabad, Karachi.
Electrical and office equipments	1,173	1,138	35	309	Bid	Aqib Javaid Bhatti, House # 5 Street # 18, Sadiqia Colony, Maraj Pura, Lahore.
	46,327	46,292	35	850		
Items individually having cost less than Rs. 1 million or net book value not exceeding Rs. 0.25 million						
Computer equipments	46,445	46,167	278	254		
Electrical and office equipment	26,395	25,669	726	3,291		
Furniture and fixtures	5,924	5,273	651	2,152		
Leasehold Improvements	1,518	1,034	484	979		
Vehicles	153	153	–	42		
	80,435	78,296	2,139	6,718		
Items retired from the books and claimed from the Insurance companies						
Electrical and office equipments	235	119	116	181		
2015	**126,997**	**124,707**	**2,290**	**7,749**		
2014	**197,882**	**162,681**	**35,201**	**71,936**		

13. INTANGIBLE ASSETS

2015

Particulars	COST				AMORTIZATION				Net Book value as at December 31, 2015	Rate of Amortization % per annum
	As at January 01, 2015	Additions / (deletions)	Adjustments / write offs	As at December 31, 2015	Accumulated as at January 01, 2015	For the year	Adjustments / write offs	Accumulated as at December 31, 2015		
	(Rupees in '000)									
Core Deposit Relationships	2,489,453	–	–	2,489,453	1,697,354	226,314	–	1,923,668	565,785	9.09 %
Core Overdraft / Working Capital Loan Relationships	124,149	–	–	124,149	100,725	6,693	–	107,418	16,731	8.31 %
Computer Softwares	1,004,708	16,668	(387)	1,020,989	622,446	90,910	(342)	713,014	307,975	10% to 50%
	3,618,310	16,668	(387)	3,634,591	2,420,525	323,917	(342)	2,744,100	890,491	

13.1 Included in cost of computer software are fully amortized items still in use having cost of Rs. 302.084 million (2014: Rs. 291.717 million).

2014

Particulars	COST				AMORTIZATION				Net Book value as at December 31, 2014	Rate of Amortization % per annum
	As at January 01, 2014	Additions / (deletions)	Adjustments / write offs	As at December 31, 2014	Accumulated as at January 01, 2014	For the year	Adjustments / write offs	Accumulated as at December 31, 2014		
	(Rupees in '000)									
Core Deposit Relationships	2,489,453	–	–	2,489,453	1,471,040	226,314	–	1,697,354	792,099	9.09%
Core Overdraft / Working Capital Loan Relationships	124,149	–	–	124,149	94,032	6,693	–	100,725	23,424	8.31%
Brand	204,116	–	–	–	204,116	–	–	–	–	20%
		(204,116)	–			(204,116)	–			
Computer Softwares	905,181	99,527	–	1,004,708	515,459	106,987	–	622,446	382,262	10% to 50%
	3,722,899	99,527	–	3,618,310	2,284,647	339,994	–	2,420,525	1,197,785	
		(204,116)				(204,116)				

13.2 Annual test for impairment

Intangibles

In the current year, the Bank assessed the recoverable amount of core deposit relationships and determined that no impairment loss exists.

	Note	2015	2014
		(Rupees in '000)	
14. DEFERRED TAX ASSETS			
Deferred debits arising due to:			
Provision against loans and advances		6,753,098	7,416,342
Provision against other receivable		289,712	291,184
Provision against balances with other banks		–	2,251
Provision against off balance sheet Items		13,101	13,101
Unused tax losses		3,822,940	4,991,269
Excess of tax base of investments over accounting base		64,079	62,329
Minimum turnover tax*		640,171	432,812
		11,583,101	13,209,288
Deferred credits arising due to:			
Excess of accounting base of leased asset over tax base		(185,725)	(174,338)
Accelerated tax depreciation on owned assets		(760,326)	(767,393)
Fair valuation of subsidiaries and associates		(306,257)	(301,992)
Accelerated tax amortization on intangible assets		(20,928)	(11,005)
Unrealised exchange gains	14.1	(2,377)	(2,377)
Unrealised exchange losses	14.2	(33,604)	(33,604)
Surplus on revaluation of securities		(42,466)	(644,795)
		(1,351,683)	(1,935,504)
Deferred tax assets		10,231,418	11,273,784
Unrecognised deferred tax assets		(691,669)	(1,134,408)
Recognised deferred tax assets		9,539,749	10,139,376

* Included in the unrecognised deferred tax assets.

The management has recorded deferred tax asset based on financial projections indicating realisibility of deferred tax asset over a number of future years through reversals as a result of recoveries from borrowers and realisibility of remaining deferred tax asset against future taxable profits. The financial projections involve certain key assumptions such as deposits composition, interest rates, growth of deposits and advances, investment returns and potential provision / reversals against assets. Any significant change in the key assumptions may have an effect on the realisibility of the deferred tax asset.

14.1 In 1987 and 1989, the Bank (formerly PICIC) exercised its option to avail the exchange risk coverage offered by the Government of Pakistan, Ministry of Finance and Economic Affairs (Economic Affairs Division), through Office Memo 1(16)/50/DM/86 dated July 8, 1987 and 1(12)/50/DM/89 dated June 1, 1989 respectively and, in turn the Bank (formerly PICIC) offered the risk coverage to its Borrowers.

14.2 The unrealised exchange losses of the Bank (formerly PICIC) as on April 21, 1987, the effective date of exercise of both the options arising on related borrowings as reduced by gains arising on related advances was claimed as loss for tax purposes.

14.3 Movement in temporary differences during the year

	2015			
	Balance as at January 01, 2015	Recognized in profit and loss account	Recognized in equity	Balance as at December 31, 2015
	(Rupees in '000)			
Deferred debits arising due to:				
Provision against loans and advances	7,416,342	(663,244)	–	6,753,098
Provision against other receivables	291,184	(1,472)	–	289,712
Provision against balances with other banks	2,251	(2,251)	–	–
Provision against off balance sheet Items	13,101	–	–	13,101
Unused tax losses	4,991,269	(1,168,329)	–	3,822,940
Excess of tax base of investments over accounting base	62,329	1,750	–	64,079
Minimum turnover tax*	432,812	207,359	–	640,171
Deferred credits arising due to:				
Excess of accounting base of leased asset over tax base	(174,338)	(11,387)	–	(185,725)
Accelerated tax depreciation on owned assets	(767,393)	7,067	–	(760,326)
Fair valuation of subsidiaries and associates	(301,992)	(4,265)	–	(306,257)
Accelerated tax amortization on intangible assets	(11,005)	(9,923)	–	(20,928)
Unrealised exchange gains	(2,377)	–	–	(2,377)
Unrealised exchange losses	(33,604)	–	–	(33,604)
Surplus on revaluation of securities	(644,795)	–	602,329	(42,466)
Deferred tax assets	11,273,784	(1,644,695)	602,329	10,231,418
Unrecognised deferred tax assets	(1,134,408)	442,739	–	(691,669)
Recognised deferred tax assets	10,139,376	(1,201,956)	602,329	9,539,749

	2014			
	Balance as at January 01, 2014	Recognized in profit and loss account	Recognized in equity	Balance as at December 31, 2014
	(Rupees in '000)			
Deferred debits arising due to:				
Provision against loans and advances	7,527,506	(111,164)	–	7,416,342
Provision against other receivables	291,184	–	–	291,184
Provision against balances with other banks	2,359	(108)	–	2,251
Provision against off Balance sheet Items	13,101	–	–	13,101
Unused tax losses	4,637,085	354,184	–	4,991,269
Excess of tax base of investments over accounting base	152,880	(90,551)	–	62,329
Minimum turnover tax*	242,811	190,001	–	432,812
Deferred credits arising due to:				
Excess of accounting base of leased asset over tax base	(169,599)	(4,739)	–	(174,338)
Accelerated tax depreciation on owned assets	(811,328)	43,935	–	(767,393)
Fair valuation of subsidiaries and associates	(300,467)	(1,525)	–	(301,992)
Accelerated tax amortization on intangible assets	(1,081)	(9,924)	–	(11,005)
Unrealized exchange gains	(2,377)	–	–	(2,377)
Unrealized exchange losses	(33,604)	–	–	(33,604)
(Surplus) / Deficit on revaluation of securities	268,238	–	(913,033)	(644,795)
Deferred tax assets	11,816,708	370,109	(913,033)	11,273,784
Unrecognized deferred tax assets	(566,822)	(567,586)	–	(1,134,408)
Recognized deferred tax assets	11,249,886	(197,477)	(913,033)	10,139,376

* Included in the unrecognised deferred tax assets.

15 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Break up of carrying values of assets held for sale and discontinued operation is presented below:

	Note	2015	2014
		(Rupees in '000)	
PICIC Asset Management Company Limited (PICIC AMC) - subsidiary	15.1	2,478,342	–
PICIC Investment Fund - Closed end - associated undertaking	15.2	634,389	–
		3,112,731	–

Analysis of the results of discontinued operation is as follows:

Profit from discontinued operations		
Dividend income before taxation from PICIC AMC	–	510,000
Taxation	–	(5,100)
Profit after taxation from discontinued operations	–	504,900
Cash flows from discontinued operations		
Investing cash flows	–	510,000

15.1 NIB Bank Limited and HBL Asset Management Limited (HBLAML) have signed a Share Purchase Agreement (SPA) for the sale of NIB's 100% shareholding in PICIC AMC. Accordingly the investment in PICIC AMC is classified under 'assets held for sale' at the lower of carrying amount and fair value less cost of disposal.

15.2 Conditional on closing of the transaction described in note 15.1, the Bank has signed an agreement with Habib Bank Limited (HBL) to sell 48,661,800 units (50.32% of its holding) of PICIC Investment Fund (PIF). Accordingly the investment in PIF is classified under 'assets held for sale' at the lower of carrying amount and fair value less cost of disposal.

16. OTHER ASSETS

	Note	2015	2014
		(Rupees in '000)	
Income / mark-up accrued			
Local currency	16.1 & 16.6	2,744,979	4,355,598
Foreign currencies		130,664	96,597
Advances, deposits, advance rent and other prepayments	16.2	476,086	538,686
Advance taxation - net		1,219,207	1,169,595
Non-banking assets acquired in satisfaction of claims	16.3	951,341	994,488
Non-banking assets acquired in satisfaction of claims with buy back option with customer	16.3	2,261,399	1,458,854
Unrealized gain on forward foreign exchange contracts		135,276	335,001
Stationery and stamps on hand		2,575	3,217
Advance for purchase of term finance certificates and sukuk bonds		285,000	1,185,000
Assets in respect of Bangladesh	16.4	425,409	425,409
Insurance claim		148,287	186,828
Others		224,891	252,195
		9,005,114	11,001,468
Liabilities in respect of Bangladesh	16.4	(342,416)	(342,416)
Rupee Borrowings from Government of Pakistan in respect of Bangladesh		(82,993)	(82,993)
Provisions held against other assets	16.5	(1,421,726)	(1,300,684)
Other assets - net of provisions		7,157,979	9,275,375

16.1 This includes Rs. 5.801 million (2014: Rs. 5.671 million) in respect of related parties.

	2015	2014
	(Rupees in '000)	
16.2 Advances, deposits, advance rent and other prepayments		
Advances	41,522	42,088
Deposits	31,760	34,502
Advance rent	257,480	284,323
Other prepayments	145,324	177,773
	476,086	538,686

16.3 Represents cost of land and building acquired by the Bank against advances and held for resale. The market value of the subject assets as of December 31, 2015 was Rs. 3,400.741 million (2014: Rs. 2,545.390 million). Provision of Rs. 172.471 million (2014: Rs. 151.272 million) has been made against difference between cost and fair value. The above mentioned values include properties having market value of Rs. 2,417.043 million (2014: Rs. 1,618.947 million) acquired through settlement agreements, where the settlement agreement signed with borrowers entails a buy back option.

16.4 All the assets and liabilities as of November 30, 1971 clearly identifiable as being in or in respect of the areas now under Bangladesh and referred to above were segregated as of that date and in such segregation, for purposes of conversion of foreign currency amounts, generally speaking, the parity rates ruling prior to August 15, 1971 were used, and all income accrued or due in 1971 but not received in that year and interest accrued but not due on borrowings in 1971 was eliminated. Subsequently, consequent to the assuming by Bangladesh of certain foreign currency loan obligations as of July 1, 1974, including amounts previously identified by the Bank (formerly PICIC) as its foreign currency liabilities in respect of Bangladesh, such amounts were eliminated from the books of the Bank (formerly PICIC) by reducing an equivalent sum from its related foreign assets in that area.

Arising from advices received from the lenders and as a result of diversion of shipments and of the meeting of certain contingent liabilities, there have been certain modifications to the foreign currency advances relating to Bangladesh. Furthermore, the difference between the actual amount of rupees required to remit maturities of foreign currency borrowings in respect of Bangladesh and the figures at which they appeared in the books and the interest paid to foreign lenders has been treated as increasing the rupee assets in that area.

The Government of Pakistan, while initially agreeing to provide the rupee finance required for discharging current maturities of foreign currency borrowings and interest related to Bangladesh, did not accept any responsibility for PICIC's assets in that area. However, following an agreement reached between PICIC and the Government of Pakistan during 1976, the Government has agreed that it would continue to provide the funds for servicing PICIC's foreign currency liabilities relating to Bangladesh and has further agreed that an amount equivalent to the rupee assets in Bangladesh financed from PICIC's own funds not exceeding Rs. 82 million would be deemed to have been allocated out of the rupee loans by the Government and that such allocated amount together with the rupee finance being provided by the Government including any interest thereon would not be recovered from PICIC until such time as PICIC recovers the related assets from Bangladesh and only to the extent of such recovery.

Accordingly, such allocated amounts, together with the rupee finance being provided by the Government for discharging the current maturities of foreign currency borrowings (including the interest and charges thereon and any exchange difference between the final rupee payment and the amount at which the liability, commitment or contingent liability as appearing in the books relating to Bangladesh) have been treated as liabilities in respect of Bangladesh. Further, in view of the aforesaid agreement no interest is being accrued on the allocated amount of rupee loans or in respect of the rupee finance provided by the Government related to PICIC's assets in Bangladesh nor it is considered necessary to provide for any loss that may arise in respect of PICIC's assets in Bangladesh.

		2015	2014
		(Rupees in '000)	
16.5	**Particulars of provision against other assets**		
	Opening balance	1,300,684	1,177,612
	Charge for the year	141,394	149,376
	Reversals	–	(9,000)
	Reversal on disposal of non-banking assets	(16,147)	–
	Write offs	(4,205)	(7,532)
	Transfer to / from advances / investments	–	(9,772)
	Closing balance	1,421,726	1,300,684

16.6 This includes a sum of Rs. 30.466 million (2014: Rs. 30.466 million) representing unrealised exchange gain, which has not been recognised as income and deferred in these unconsolidated financial statements, in accordance with the policy of the Bank, as stated in note 6.15.

		Note	2015	2014
			(Rupees in '000)	
17.	**BILLS PAYABLE**			
	In Pakistan		2,469,877	2,645,240
	Outside Pakistan		106,339	95,288
			2,576,216	2,740,528
18.	**BORROWINGS**			
	In Pakistan		85,650,073	61,469,196
	Outside Pakistan		26,668	1,281,698
			85,676,741	62,750,894
18.1	**Particulars of borrowings with respect to currencies**			
	In local currency		85,650,073	61,418,954
	In foreign currencies		26,668	1,331,940
			85,676,741	62,750,894
18.2	**Details of borrowings - secured / unsecured**			
	Secured			
	Borrowings from SBP under			
	Export Refinance Scheme	18.3	10,754,092	11,534,564
	Long Term Financing Facility	18.4	3,381,677	2,450,527
	Long Term Finance for Export Oriented Projects	18.5	982	133,636
	Repurchase agreement borrowings	18.6	64,732,895	35,906,593
	Unsecured			
	Call borrowings	18.7	6,618,141	11,231,348
	Overdrawn nostro accounts		26,668	415,836
	Foreign borrowings payable in local currency	18.8	162,286	162,286
	Other borrowings		–	916,104
			85,676,741	62,750,894

18.3 Borrowings from SBP under Export Refinance Scheme are subject to mark-up rates ranging from 1.5% to 3.5% (2014: 5.5% to 6.5%) per annum maturing within six months.

18.4 Borrowings from SBP under Long Term Financing Facility (LTFF) are subject to mark up rates ranging from 2.5% to 8.6% (2014: 6.0% to 8.6%) per annum with remaining maturity upto ten years.

18.5 Borrowings from SBP under Long Term Finance for Export Oriented Projects are subject to mark up rate of 5.00% (2014: 5.00%) per annum with remaining maturity upto four months.

18.6 These borrowings are subject to mark-up rates ranging from 6.10% to 6.50% (2014: 9.50% to 9.90%) per annum with remaining maturity upto one month. Government securities have been given as collateral against these borrowings.

18.7 These borrowings are subject to mark-up at rates ranging from 6.00% to 6.70% (2014: 9.50% to 10.25%) per annum with remaining maturity upto two months.

18.8 The Government of Pakistan (GoP) has claimed an amount of Rs. 162.286 million in respect of liabilities against German credit representing principal amount of loan and Rs. 45.444 million as interest thereon till June 30, 2006. The principal amount has been accounted for and shown as payable to the GoP whereas interest has been accounted for in Other Liabilities (note 21). However, the Bank is contending that any amount of principal and interest is payable to the GoP only when recovered from the related sub-borrowers, who have availed the German credit. This also includes unrealized exchange loss of Rs. 96.011 million (2014: Rs. 96.011 million) which has been netted off against unrealized exchange gain (note 16) as it is payable when recovered from sub-borrowers, who have availed the related German credit.

		2015	2014
		(Rupees in '000)	
19.	**DEPOSITS AND OTHER ACCOUNTS**		
	Customers		
	Fixed deposits	33,151,386	26,197,708
	Savings deposits	41,684,463	38,948,679
	Current accounts - non-remunerative	35,081,719	33,605,381
	Margin accounts	669,020	633,456
	Financial Institutions		
	Remunerative deposits	19,347,906	5,341,891
	Non-remunerative deposits	510,400	382,865
		130,444,894	105,109,980
19.1	**Particulars of deposits**		
	In local currency	122,626,509	97,630,359
	In foreign currencies	7,818,385	7,479,621
		130,444,894	105,109,980
20.	**SUB-ORDINATED LOANS**		
	Term Finance Certificates - Listed, Unsecured	4,195,516	4,197,195

Mark-up	Floating (no floor, no cap) rate of return at Base Rate +1.15% (The Base Rate is defined as the average "Ask Side" rate of the six month Karachi Interbank Offered Rate ("KIBOR"))
Security	The TFCs are unsecured and subordinated to all other indebtedness of the Bank including deposits
Issue Date	June 19, 2014
Issue Amount	Rs. 4,198.035 million
Rating	A+ (A plus)
Tenor	8 years from the Issue Date
Redemption	Fifteen equal semi-annual installments of 0.02% of the Issue Amount for the first ninety months followed by remaining 99.70% on maturity at the end of the ninety sixth month.
Maturity	June 19, 2022
Call Option	The Bank may call the TFCs, in part or full, on any profit payment date from the 60th month from the last day of public subscription and on all subsequent profit payment dates, subject to the SBP approval and not less than forty five days prior notice being given to the Trustee and the Investors.
Lock-in-Clause	Neither profit nor principal can be paid (even at maturity) if such payments will result in a shortfall in the Banks' Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR and CAR. In case the lock-in clause goes into effect, the Bank will be required to comply with the SBP instructions prevalent or issued at the time.
Loss Absorbency Clause	The TFCs will be subject to loss absorbency clause as stipulated under the "Instructions for Basel III Implementation in Pakistan".

	Note	2015	2014
		(Rupees in '000)	
21. OTHER LIABILITIES			
Mark-up / return / interest payable in:			
Local currency		667,277	734,453
Foreign currencies		15,591	9,037
Unearned income on inland bills		10,611	66,064
Accrued expenses		598,231	348,988
Payable to Worker's Welfare Fund		114,005	32,505
Withholding tax / duties payable		95,539	141,194
Insurance premium payable		71,436	57,978
Advance from borrowers for the settlement of loans		391,694	400,952
Unclaimed dividend		43,110	43,129
Borrowing from Government of Pakistan		2,095	2,095
Branch adjustment account		92,426	48,371
Unrealized loss on forward foreign exchange contracts		61,293	258,509
Security and other deposits		5,771	5,771
Payable to IBRD - Managed Fund		68,220	68,220
Payable to defined benefit plan	35.5	57,910	60,718
Security deposits against lease		438,708	462,364
Provision against off balance sheet items		37,430	37,430
Advance against sale of properties		229,500	87,000
Advance arrangement fee against syndicated loans		78,534	19,973
Others		383,632	229,516
		3,463,013	3,114,267

22. SHARE CAPITAL

22.1 Authorized

2015	2014		2015	2014
(Number of Shares)			(Rupees in '000)	
12,000,000,000	12,000,000,000	Ordinary shares of Rs. 10 each	120,000,000	120,000,000

22.2 Issued, subscribed and paid up

Fully paid up ordinary shares of Rs. 10 each

2015	2014			
(Number of Shares)				
3,278,902,659	3,278,902,659	Fully paid in cash	32,789,027	32,789,027
764,824,417	764,824,417	Issued for consideration other than cash (under schemes of amalgamation)	7,648,244	7,648,244
6,259,124,088	6,259,124,088	Issuance of shares on discount	62,591,241	62,591,241
10,302,851,164	10,302,851,164		103,028,512	103,028,512

22.2.1 The holding company Bugis Investments (Mauritius) Pte. Limited holds 9,105,728,598 (2014: 9,105,728,598) ordinary shares.

23. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET

	2015	2014
	(Rupees in '000)	
Surplus on revaluation of available-for-sale securities		
Market treasury bills	104,743	12,537
Pakistan investment bonds	(5,655)	1,818,147
Term finance certificates	21,125	1,188
Investment in shares of listed companies	1,119	29,122
	121,332	1,860,994
Related deferred tax liability	(42,466)	(644,795)
	78,866	1,216,199

24. CONTINGENCIES AND COMMITMENTS

24.1 Direct credit substitutes

Contingent liability in respect of guarantees given favouring:		
Government	610,000	–
Financial Institutions	–	22,749
Others	14,749	–
	624,749	22,749

24.2 Transaction-related contingent liabilities / commitments

Guarantees given in favour of:		
Government	24,109,556	17,748,721
Financial Institutions	–	–
Others	2,250,930	1,426,507
	26,360,486	19,175,228

	2015	2014
	(Rupees in '000)	
24.3 Trade-related contingent liabilities		
Letters of credit	22,019,530	34,543,032
Acceptances	2,860,568	8,265,894
	24,880,098	42,808,926
24.4 Other Contingencies		
Claims against the Bank not acknowledged as debts	–	266,133
24.5 Commitments in respect of forward lending		
Commitments to extend credit	2,618,370	2,302,643

The Bank makes commitments to extend credit in the normal course of its business but none of these commitments are irrevocable and do not attract any significant penalty or expense if the facility is ultimately withdrawn except commitments mentioned above.

	2015	2014
	(Rupees in '000)	
24.6 Commitments in respect of forward exchange contracts		
Purchase	8,951,943	22,105,204
Sale	11,809,528	22,123,668
	20,761,471	44,228,872
24.7 Commitments for the acquisition of operating fixed assets	15,255	153,206

24.8 Other Contingencies

A penalty of Rs. 700 million was imposed by the Competition Commission of Pakistan ("the Commission") on all the member banks utilizing the 1 link Switch on account of uncompetitive behavior and imposing of uniform charges on cash withdrawal for off network ATM transactions. The Bank's share in this penalty is Rs. 50 million. The concerned banks filed a constitutional petition before the High Court of Sindh, which has suspended the order of the Commission. Consequently an appeal was filed with the Competition Appellate Tribunal ("Tribunal") which has set aside the order of the Commission. The Commission has preferred an appeal before the Supreme Court, which has been admitted for hearing and will be fixed by the concerned office of the Supreme Court.

The management in consultation with external legal counsel, representing the Bank, is confident that they have strong grounds to contest this penalty and are optimistic that the outcome will be decided in favour of the Bank.

24.9 Tax Contingency

The income tax returns of NIB Bank Limited have been filed up to and including tax year 2015 relevant to the financial year ended December 31, 2014. The tax authorities have made certain disallowances including additions on account of proration of expenses against dividends and capital gains, disallowances of interest and administrative expenses and renovation expenses incurred on rented premises (allowed historically) pertaining to tax years 2003 through 2008 for Ex-Pakistan Industrial Credit and Investment Corporation Limited (Ex-PICIC), from tax years 2004 through 2008 for Ex-PICIC Commercial Bank Limited (Ex-PCBL), tax years 2003 and 2004 for Ex-National Development Leasing Corporation Limited (Ex-NDLC) and from tax years 2004 through 2008 for NIB Bank Limited. During the year ended 2013, a combined Appellate Order for Ex-PICIC pertaining to tax years 2003 through 2007 was issued by Commissioner Inland Revenue (Appeals) – CIR(A) in which the aforementioned expenses were allowed. However, the tax authorities have filed appeal with Income Tax Appellate Tribunal (ITAT) against above combined Appellate Order. These disallowances may result in additional tax aggregating to Rs. 1,370 million (2014: Rs. 1,370 million), which the management of the Bank in discussion with their tax consultants believes to be unjustified and not in accordance with the true interpretation of the law.

Appeals filed against orders are pending at various appellate forums. Management is confident that the eventual outcome of the cases will be in favour of the Bank.

	2015	2014
	(Rupees in '000)	
25. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to customers and financial institutions	8,451,239	9,215,769
On investments in:		
Held-for-trading securities	10,681	24,794
Available-for-sale securities	5,007,126	4,719,368
Held-to-maturity securities	763,793	136,078
On deposits with financial institutions	320	1,026
On securities purchased under resale agreements	471,420	919,769
On call money lending	32,726	54,653
	14,737,305	15,071,457
26. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits and other accounts	5,233,198	6,201,981
Securities sold under repurchase agreements	3,139,138	2,693,618
Other short term borrowings	1,148,245	1,896,083
Long term borrowings	574,653	462,949
	10,095,234	11,254,631
27. GAIN ON SALE OF SECURITIES - NET		
Market treasury bills	73,006	39,565
Pakistan investment bonds	3,899,067	372,043
Term finance certificates	–	6,861
Ordinary shares of listed and unlisted companies	41,988	42,057
Units of mutual funds	–	2,717
Sukuks	7,608	45,771
	4,021,669	509,014
28. OTHER INCOME		
Gain on disposal of property and equipment	5,395	36,573
Rent	8,308	10,429
Gain on trading liabilities	1,512	5,099
Recovery against written off assets	26,611	14,641
Gain from insurance against loss of fixed assets - net	64	162
Gain on sale of non-banking asset acquired in satisfaction of claims	5,000	22,674
	46,890	89,578

	Note	2015	2014
		(Rupees in '000)	
29. ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		2,971,880	2,927,506
Charge for defined benefit plan	35.4	12,818	13,205
Contribution to defined contribution plan		105,083	108,024
Non-executive directors' fees, allowances and other expenses		14,387	11,996
Brokerage and commission		40,892	39,084
Rent, taxes, insurance, electricity, etc.		1,006,847	944,444
Legal and professional charges		209,634	195,449
Communication		177,505	162,778
Repairs and maintenance		455,403	487,165
Stationery and printing		94,657	96,333
Advertisement and publicity		21,863	43,351
Fees and subscriptions		132,436	144,293
Auditors' remuneration	29.1	7,428	8,905
Depreciation	12.2	304,912	300,454
Amortization	13	323,917	339,994
Travelling, conveyance and vehicles running		46,370	65,773
Security services		176,919	146,698
Fixed assets written off		8,621	–
Others		60,690	60,646
		6,172,262	6,096,098

29.1 Auditors' remuneration

Audit fee including fee for branch audit	4,730	4,730
Audit fee of consolidated financial statements	825	825
Review fee	1,210	1,210
Special certifications and sundry advisory services	300	1,364
Out-of-pocket expenses	363	776
	7,428	8,905

29.2 No donation was paid during the year.

30. OTHER CHARGES

Penalties of the State Bank of Pakistan	17,272	18,081
Operational loss	5,628	15,489
Worker's Welfare Fund	44,400	32,505
Impairment charge on tangible fixed assets	27,941	–
	95,241	66,075

31. TAXATION

For the year			
Current	31.1	207,359	209,901
Prior years		–	10,851
Deferred		1,201,956	197,477
		1,409,315	418,229

31.1 This includes charge for minimum tax payable under the Income Tax Ordinance, 2001, and for this reason, reconciliation of tax charge to the accounting profit has not been presented.

	Note	2015	2014
		(Rupees in '000)	
32. BASIC / DILUTED EARNINGS / (LOSS) PER SHARE			
Profit / (loss) after taxation from continuing operations		2,617,293	(1,012,659)
Profit after taxation from discontinued operations		–	504,900
		(Numbers in '000)	
Weighted average number of ordinary shares outstanding during the year		10,302,851	10,302,851
		(Rupees)	
Earnings / (loss) per share - basic / diluted - Continuing Operations		0.25	(0.10)
Earnings per share - basic / diluted - Discontinued Operations		–	0.05
		(Rupees in '000)	
33. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	7	10,052,543	8,063,675
Balances with other banks	8	1,645,086	587,428
		11,697,629	8,651,103
		(Number)	
34. STAFF STRENGTH			
Permanent		2,177	2,419
Temporary / on contractual basis		19	26
Bank's own staff strength at the end of the year		2,196	2,445
Outsourced		482	560
Total staff strength		2,678	3,005

35. DEFINED BENEFIT PLAN

35.1 The Bank operates an unfunded gratuity scheme covering all eligible employees who have attained the minimum qualifying period of five years. Eligible employees are those employees who have joined the service of the Bank on or before March 31, 2006. The benefits under the gratuity scheme are payable in lump sum on retirement at the age of 60 years or earlier cessation of services. The benefit is equal to one month's last drawn basic salary for each year of confirmed service, subject to a minimum of five years of service.

35.2 Principal actuarial assumptions

The actuarial valuation is carried out periodically. The actuarial valuation was carried out for the year ended December 31, 2015 using the "Projected Unit Credit Method". The main assumptions used for actuarial valuation are as follows:

	Gratuity	
	2015	**2014**
- Valuation discount rate	9.25%	10.50%
- Salary increase rate	8.25%	9.50%
- Mortality rate	Based on State Life Insurance Corporation of Pakistan SLIC (2001-2005) Ultimate Mortality table	Based on State Life Insurance Corporation of Pakistan SLIC (2001-2005) Ultimate Mortality table
- Withdrawal rate	Moderate Age - Wise withdrawal rates	Moderate Age - Wise withdrawal rates

	Note	2015	2014
		(Rupees in '000)	
35.3 Reconciliation of payable to defined benefit plan			
Present value of defined benefit obligations	35.6	57,910	60,718
35.4 Charge for defined benefit plan			
Current service cost		6,349	6,027
Interest cost		6,469	7,178
Cost recognized in the profit and loss account		12,818	13,205
Actuarial gain on remeasurement of obligation (recognized in OCI)		(5,078)	(3,806)
Total defined benefit cost for the year		7,740	9,399
35.5 Movement in balance payable			
Opening balance		60,718	55,914
Expense recognized		12,818	13,205
Benefits paid to outgoing members		(10,548)	(4,595)
Actuarial gain on remeasurement of obligation (recognized in OCI)		(5,078)	(3,806)
Closing balance		57,910	60,718
35.6 Reconciliation of present value of defined benefit obligation			
Opening balance		60,718	55,914
Current service cost		6,349	6,027
Interest cost		6,469	7,178
Benefits paid		(10,548)	(4,595)
Actuarial gain on remeasurement of obligation (recognized in OCI)		(5,078)	(3,806)
Closing balance		57,910	60,718
35.7 Sensitivity Analysis on significant actuarial assumptions: Actuarial Liability			
– Discount Rate + 0.5%		56,043	58,678
– Discount Rate - 0.5%		59,897	62,893
– Long term salary increases by 0.5%		60,045	63,047
– Long term salary decreases by 0.5%		55,888	58,517
35.8 Analysis of Present value of defined benefit obligations			
– Vested / Non-vested			
Vested benefits		57,910	60,718
Non-vested benefits		–	–
Total		57,910	60,718
– Type of benefits earned to date			
Accumulated benefit obligation		34,796	33,403
Amounts attributed to future salary increases		23,114	27,315
Total		57,910	60,718

	2015	2014	2013	2012	2011
	(Rupees in '000)				
35.9 Summary of valuation results for the current and previous periods					
Present value of defined benefit obligations	57,910	60,718	55,914	63,588	71,098
Fair value of plan assets	–	–	–	–	–
Deficit	57,910	60,718	55,914	63,588	71,098
Experience gain on obligation	(5,078)	(3,806)	(3,153)	(8,647)	(8,139)

35.10 Expected contribution for the next one year

The Bank provides for gratuity as per the actuary's expected charge for the next one year. Based on actuarial advice, management estimates that the charge in respect of the defined benefit plan for the year ending December 31, 2016 would be Rs. 10.065 million.

36. DEFINED CONTRIBUTION PLAN

The Bank has established a provident fund scheme administered by the Board of Trustees for all permanent employees. Equal monthly contributions are made to the fund by both the Bank and the employees at the rate of 10% of basic salary.

37. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive		Directors		Executives	
	2015	2014	2015	2014	2015	2014
	(Rupees in '000)					
Fees	–	–	14,387	11,996	–	–
Managerial remuneration	30,921	28,065	–	–	718,936	771,063
Charge for defined benefit plan	–	–	–	–	4,652	5,755
Contribution to defined contribution plan	3,092	2,806	–	–	61,714	66,364
Rent and house maintenance	10,908	15,163	–	–	251,628	269,873
Utilities	3,092	2,806	–	–	71,894	77,107
Others	3,409	84,645	–	–	483,406	639,209
	51,422	133,485	14,387	11,996	1,592,230	1,829,371
Number of persons	*2	1	6	5	772	747

The President / Chief Executive is provided with Bank maintained cars, medical insurance and security arrangements, as per terms of the employment.

Directors fees represents fees paid to certain non-executive directors of the Bank and no further benefits are paid to non-executive directors.

* Mr. Badar Kazmi left on January 6, 2015 and Mr. Atif R. Bokhari joined with effect from January 7, 2015.

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

38.1 On-balance sheet financial instruments

	2015		2014	
	Book value	Fair value	Book value	Fair value
	(Rupees in '000)			
Assets				
Cash and balances with treasury banks	10,052,543	10,052,543	8,063,675	8,063,675
Balances with other banks	1,645,086	1,645,086	587,428	587,428
Lendings to financial institutions	1,599,044	1,617,733	7,699,646	7,696,386
Investments	93,044,231	94,043,494	54,132,158	60,075,229
Advances	110,668,994	110,668,994	93,664,036	93,664,036
Assets held for sale	3,112,731	4,734,389	–	–
Other assets	2,924,870	2,924,870	5,573,525	5,573,525
	223,047,499	225,687,109	169,720,468	175,660,279
Liabilities				
Bills payable	2,576,216	2,576,216	2,740,528	2,740,528
Borrowings	85,676,741	85,703,725	62,750,894	62,766,792
Deposits and other accounts	130,444,894	130,444,894	105,109,980	105,109,980
Sub-ordinated loans	4,195,516	4,153,561	4,197,195	4,137,730
Other liabilities	1,898,034	1,898,034	1,437,438	1,437,438
	224,791,401	224,776,430	176,236,035	176,192,468

38.2 Off-balance sheet financial instruments

Forward purchase of foreign exchange	8,951,943	8,951,844	22,105,204	21,836,880
Forward sale of foreign exchange	11,809,528	11,731,029	22,123,668	21,774,441

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values of quoted held-to-maturity securities and sub-ordinated loans are stated at market values.

Fair value of unquoted equity securities have been stated at the lower of cost and Net Assets Value as per the latest available audited financial statements.

Except for the above investment in unquoted equity securities and debt securities of which fair values are not available, fixed term advances of over one year, staff loans and fixed term deposits of over one year, the fair values of other on balance sheet financial assets and liabilities are not significantly different from their book value as these assets and liabilities are either short term in nature or are frequently re-priced.

The fair values of investment in unquoted debt securities of which fair values are not available, fixed term advances, staff loans, fixed term deposits, other assets and other liabilities cannot be calculated with sufficient reliability due to non-availability of relevant active markets for similar assets and liabilities.

38.3 FAIR VALUE MEASUREMENT

The table below analyses financial and non-financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

On balance sheet financial instruments

	2015										
								Fair value			
	Available for sale	Held to maturity	Loans and receivables	Financial liabilities	Non-financial assets	Non-financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)										
Financial assets measured at fair value											
- Investments											
Market Treasury Bills	74,078,985	-	-	-	-	-	74,078,985	-	74,078,985	-	74,078,985
Pakistan Investment Bonds	10,544,788	-	-	-	-	-	10,544,788	-	10,544,788	-	10,544,788
Ordinary shares of listed companies	5,658	-	-	-	-	-	5,658	5,658	-	-	5,658
Debt securities (listed TFCs)	300,481	-	-	-	-	-	300,481	-	300,481	-	300,481
Financial assets not measured at fair value											
- Investments											
Pakistan Investment Bonds	-	6,668,959	-	-	-	-	6,668,959	-	7,501,780	-	7,501,780
Sukuk Bonds	1,127,921	-	-	-	-	-	1,127,921	-	-	-	-
Defense Saving Certificates	2,730	-	-	-	-	-	2,730	-	-	-	-
Cumulative Preference Shares	55,178	-	-	-	-	-	55,178	-	-	-	-
Ordinary shares of unlisted companies	24,237	-	-	-	-	-	24,237	-	-	-	-
Debt securities (listed TFCs)	-	-	-	-	-	-	-	-	-	-	-
Debt securities (un-listed TFCs)	235,294	-	-	-	-	-	235,294	-	-	-	-
- Cash and balances with treasury banks	-	-	10,052,543	-	-	-	10,052,543	-	-	-	-
- Balances with other banks	-	-	1,645,086	-	-	-	1,645,086	-	-	-	-
- Lendings to financial institutions	-	-	1,599,044	-	-	-	1,599,044	-	-	-	-
- Advances	-	-	110,668,994	-	-	-	110,668,994	-	-	-	-
- Assets held for sale	-	-	3,112,731	-	-	-	3,112,731	-	-	-	-
- Other assets	-	-	2,924,870	-	-	-	2,924,870	-	-	-	-
Non-financial assets not measured at fair value											
- Other assets	-	-	-	-	4,233,109	-	4,233,109	-	-	-	-
- Associates											
Closed end mutual funds	-	-	-	-	1,848,245	-	1,848,245	-	-	-	-
Open end mutual funds	-	-	-	-	850,973	-	850,973	-	-	-	-
- Subsidiaries											
Unlisted shares	-	-	-	-	-	-	-	-	-	-	-
-Operating fixed assets	-	-	-	-	3,086,446	-	3,086,446	-	-	-	-
-Intangible assets	-	-	-	-	890,491	-	890,491	-	-	-	-
-Deferred tax assets - net	-	-	-	-	9,539,749	-	9,539,749	-	-	-	-
	86,375,272	6,668,959	130,003,268	-	20,449,013	-	243,496,512	5,658	92,426,034	-	92,431,692
Financial liabilities not measured at fair value											
- Bills payable	-	-	-	2,576,216	-	-	2,576,216	-	-	-	-
- Borrowings	-	-	-	85,676,741	-	-	85,676,741	-	-	-	-
- Deposits and other accounts	-	-	-	130,444,894	-	-	130,444,894	-	-	-	-
- Sub-ordinated loans	-	-	-	4,195,516	-	-	4,195,516	-	-	-	-
- Other liabilities	-	-	-	1,898,034	-	-	1,898,034	-	-	-	-
Non-financial liabilities not measured at fair value											
- Other liabilities	-	-	-	-	-	1,564,979	1,564,979	-	-	-	-
	-	-	-	224,791,401	-	1,564,979	226,356,380	-	-	-	-
	86,375,272	6,668,959	130,003,268	(224,791,401)	20,449,013	(1,564,979)	17,140,132	5,658	92,426,034	-	92,431,692

On balance sheet financial instruments

	2014										
								Fair value			
	Available for sale	Held to maturity	Loans and receivables	Financial liabilities	Non-financial assets	Non-financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)										
Financial assets measured at fair value											
- Investments											
Market Treasury Bills	14,093,269	-	-	-	-	-	14,093,269	-	14,093,269	-	14,093,269
Pakistan Investment Bonds	31,758,973	-	-	-	-	-	31,758,973	-	31,758,973	-	31,758,973
Ordinary shares of listed companies	39,908	-	-	-	-	-	39,908	39,908	-	-	39,908
Debt securities (listed TFCs)	554,453	-	-	-	-	-	554,453	-	554,453	-	554,453
Financial assets not measured at fair value											
- Investments											
Pakistan Investment Bonds	-	6,693,345	-	-	-	-	6,693,345	-	7,000,140	-	7,000,140
Sukuk Bonds	433,433	-	-	-	-	-	433,433	-	-	-	-
Defense Saving Certificates	2,730	-	-	-	-	-	2,730	-	-	-	-
Cumulative Preference Shares	55,178	-	-	-	-	-	55,178	-	-	-	-
Ordinary shares of unlisted companies	30,281	-	-	-	-	-	30,281	-	-	-	-
Debt securities (listed TFCs)	-	-	-	-	-	-	-	-	-	-	-
Debt securities (un-listed TFCs)	470,588	-	-	-	-	-	470,588	-	-	-	-
- Cash and bank balances with treasury banks	-	-	8,063,675	-	-	-	8,063,675	-	-	-	-
- Balances with other banks	-	-	587,428	-	-	-	587,428	-	-	-	-
- Lendings to financial institutions	-	-	7,699,646	-	-	-	7,699,646	-	-	-	-
- Advances	-	-	93,664,036	-	-	-	93,664,036	-	-	-	-
- Assets held for sale	-	-	-	-	-	-	-	-	-	-	-
- Other assets	-	-	5,573,525	-	-	-	5,573,525	-	-	-	-
Non-financial assets not measured at fair value											
- Other assets	-	-	-	-	3,701,850	-	3,701,850	-	-	-	-
- Associates	-	-	-	-	-						
Closed end mutual funds	-	-	-	-	2,482,634	-	2,482,634	-	-	-	-
Open end mutual funds	-	-	-	-	850,973	-	850,973	-	-	-	-
- Subsidiaries											
Unlisted shares	-	-	-	-	2,478,342	-	2,478,342	-	-	-	-
- Operating fixed assets	-	-	-	-	2,996,530	-	2,996,530	-	-	-	-
- Intangible assets	-	-	-	-	1,197,785	-	1,197,785	-	-	-	-
- Deferred tax assets - net	-	-	-	-	10,139,376	-	10,139,376	-	-	-	-
	47,438,813	6,693,345	115,588,310	-	23,847,490	-	193,567,958	39,908	53,406,835	-	53,446,743
Financial liabilities not measured at fair value											
- Bills payable	-	-	-	2,740,528	-	-	2,740,528	-	-	-	-
- Deposits and other accounts	-	-	-	62,750,894	-	-	62,750,894	-	-	-	-
- Borrowings	-	-	-	105,109,980	-	-	105,109,980	-	-	-	-
- Sub-ordinated loans	-	-	-	4,197,195	-	-	4,197,195	-	-	-	-
- Other liabilities	-	-	-	1,437,438	-	-	1,437,438	-	-	-	-
Non-Financial liabilities not measured at fair value											
- Other liabilities	-	-	-	-	-	1,676,829	1,676,829	-	-	-	-
	-	-	-	176,236,035	-	1,676,829	177,912,864	-	-	-	-
	47,438,813	6,693,345	115,588,310	(176,236,035)	23,847,490	(1,676,829)	15,655,094	39,908	53,406,835	-	53,446,743

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

39. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The Bank is organized into reportable segments as disclosed in note 6.19.1. These segments are managed by respective segment heads and the results of these segments are regularly reviewed by the Bank's President / Chief Executive, Executive Committee and the Board of Directors. Segment performance is reviewed on the basis of various factors including profit before taxation.

Transactions between reportable segments are carried out on an arms length basis.

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

	Corporate and Investment Banking	Commercial	Retail	Treasury	Head Office / Other	Adjustments*
	For the year ended December 31, 2015					
	(Rupees in '000)					
Net interest income	769,925	364,386	2,162,971	1,128,182	216,607	–
Non mark-up income	981,398	407,797	618,472	3,920,531	70,389	–
Net interest and non mark-up income	1,751,323	772,183	2,781,443	5,048,713	286,996	–
Total expenses including provisions (excluding Impairment)	1,011,039	1,355,756	4,011,621	231,966	–	–
(Reversal) / impairment against investment	(2,190)	–	–	5,858	–	–
Total expenses including provisions	1,008,849	1,355,756	4,011,621	237,824	–	–
Segment net income / (loss) before tax	742,474	(583,573)	(1,230,178)	4,810,889	286,996	–
Segment return on net assets (ROA) (%)	0.46%	(1.64%)	(0.95%)	4.00%	–	–
Segment cost of funds (%)	6.72%	2.69%	4.14%	7.47%	–	–
	For the year ended December 31, 2014					
Net interest income	474,268	112,678	2,658,321	526,326	45,233	–
Non mark-up income**	1,213,668	422,086	730,943	477,830	1,084,127	–
Net interest and non mark-up income	1,687,936	534,764	3,389,264	1,004,156	1,129,360	–
Total expenses including provisions (excluding Impairment)	1,390,169	2,127,742	4,089,237	234,323	–	–
Impairment against investment	(16,038)	–	–	4,477	–	–
Total expenses including provisions	1,374,131	2,127,742	4,089,237	238,800	–	–
Segment net income / (loss) before tax	313,805	(1,592,978)	(699,973)	765,356	1,129,360	–
Segment return on net assets (ROA) (%)	0.25%	(3.72%)	(0.65%)	0.99%	–	N/A
Segment cost of funds (%)	8.75%	3.69%	4.91%	10.14%	–	N/A
	As at December 31, 2015					
Segment assets (gross)	118,852,170	32,518,122	85,931,625	79,888,059	9,687,060	(59,021,494)
Segment non-performing loans	14,631,583	11,231,249	2,087,841	–	222,551	–
Segment provision (including general provisions)	13,050,351	9,380,117	1,730,765	–	197,797	–
Segment assets (net)***	105,801,819	23,138,005	84,200,860	79,888,059	9,489,263	(59,021,494)
Segment liabilities	100,580,107	22,201,904	82,968,618	79,339,895	287,350	(59,021,494)
	As at December 31, 2014					
Segment assets (gross)	95,347,125	37,202,944	71,490,343	50,128,122	10,694,821	(47,315,266)
Segment non-performing loans	14,569,273	11,889,745	2,328,388	–	229,778	–
Segment provision (including general provisions)	12,700,280	9,390,168	1,686,730	–	202,953	–
Segment assets (net)	82,646,845	27,812,776	69,803,613	50,128,122	10,491,868	(47,315,266)
Segment liabilities	79,266,103	26,806,245	68,413,817	49,158,498	1,583,467	(47,315,266)

* The respective segment assets and liabilities incorporate intersegment lending and borrowing, with appropriate transfer pricing. The adjustments column eliminates intersegment lending and borrowing.

** Head Office / Other includes dividend income amounting to Rs. 510 million from PICIC Asset Management Company Limited (PICIC AMC) which is classified under 'assets held for sale'.

*** Head Office / Other includes investments of Rs. 2,478.342 million and Rs. 634.389 million in PICIC AMC and PICIC Investment Fund respectively which are classified under ' assets held for sale'.

40. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its holding company (refer note 1), subsidiaries (refer note 10.11), associated undertakings (refer note 10.10), employee benefit plans (refer note 35) and its key management personnel.

Transactions with related parties are executed on the same terms as those prevailing at the time for comparable transactions with unrelated parties except for staff loans which are on discounted rates as per industry practice.

Salaries and allowances of the key management personnel are in accordance with the terms of their employment. Contributions to defined contribution plan are made in accordance with the terms of the contribution plan.

The details of transactions with related parties is given below:

	Holding company		Subsidiaries		Associates		Key Management Personnel		Other related parties	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(Rupees in '000)									
40.1 Balances outstanding as at the year end										
Advances										
At the beginning of the year	–	–	–	–	–	–	43,898	142,730	24,696	24,876
Addition during the year	–	–	–	–	–	–	33,583	25,028	4,543,510	5,178,968
Repaid during the year	–	–	–	–	–	–	(4,575)	(123,860)	(4,528,301)	(5,179,148)
At the end of the year	–	–	–	–	–	–	72,906	43,898	39,905	24,696
Deposits										
At the beginning of the year	16,656	19,897	6,980	5,720	912,440	318,593	24,565	31,008	289,976	61,568
Deposits during the year	–	–	536,775	2,527,243	23,766,262	35,508,712	502,558	233,981	12,401,565	12,713,838
Exchange difference	136	(251)	–	–	–	–	19	(980)	536	(2,673)
Withdrawal during the year	(1,820)	(2,990)	(541,552)	(2,525,983)	(23,715,713)	(34,914,865)	(491,414)	(239,444)	(12,456,336)	(12,482,757)
At the end of the year	14,972	16,656	2,203	6,980	962,989	912,440	35,728	24,565	235,741	289,976
Investment in shares / mutual funds - cost										
At the beginning of the year	–	–	2,479,066	2,479,066	3,333,607	3,679,507	–	–	60,780	50,000
Investments made during the year	–	–	–	–	–	–	–	–	–	10,780
Investments sold / written off during the year	–	–	–	–	–	(345,900)	–	–	(5,680)	–
At the end of the year*	–	–	2,479,066	2,479,066	3,333,607	3,333,607	–	–	55,100	60,780
Receivables										
At the end of the year	171	171	–	–	83	168	–	–	55,987	61,384
Payables										
At the end of the year	–	–	644	520	–	–	–	–	–	–

* Subsidiaries and associates include investments of Rs. 2,478.342 million and Rs. 634.389 million in PICIC AMC and PICIC Investment Fund respectively which are classified under 'assets held for sale'.

	Holding company		Subsidiaries		Associates		Key Management Personnel		Other related parties	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(Rupees in '000)									
40.2 Income / Expense for the year										
Mark-up / return / interest earned on advances	–	–	–	–	–	–	3,512	1,838	21,391	15,099
Mark-up / return / interest expensed on deposits*	–	–	1,948	2,962	67,109	68,322	3,502	785	30,341	14,163
Dividend income from shares / mutual funds**	–	–	–	510,000	46,059	542,529	–	–	105,603	73,110
Directors' remuneration	–	–	–	–	–	–	–	–	14,387	11,996
Directors' travelling expense	–	–	–	–	–	–	–	–	9,654	10,341
Remuneration to key management personnel	–	–	–	–	–	–	235,513	347,379	–	–
Contribution to Provident Fund	–	–	–	–	–	–	–	–	105,083	108,024
Rent expense	–	–	1,240	2,127	–	–	–	–	–	–
Commission income	–	–	–	–	991	2,634	–	–	90	378

* Subsidiaries and associates include mark up expense on deposits amounting to Rs. 1.948 million and Rs. 17.624 million respectively related to PICIC AMC and PICIC Investment Fund which are classified under 'assets held for sale'.

** Subsidiaries and associates include dividend income amounting to Rs. 510 million and Rs. 212.748 million respectively related to PICIC AMC and PICIC Investment Fund which are classified under 'assets held for sale'.

41 CAPITAL ASSESSMENT AND ADEQUACY

41.1 Scope of Application

The Basel III Framework is applicable to the Bank on both at the consolidated level (comprising wholly owned subsidiaries and associates) and also on a stand alone basis. Capital Adequacy Ratio (CAR) has been calculated in accordance with the guidelines as stipulated by State Bank of Pakistan vide BPRD Circular No. 06 of August 15, 2013. The said circular has revised the Basel II Framework with Basel III Capital reforms to further strengthen the capital related rules. These instructions were effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019.

41.1.1 Capital Management

The purpose of capital management at the Bank is to ensure efficient utilization of capital in relation to business requirements, growth, risk appetite, shareholders' returns and expectations.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions, regulatory requirements and the risk profile of its activities. In order to maintain or adjust the capital structure, the Bank may issue capital / Tier 2 capital.

The Bank ensures adherence to SBP's requirements by monitoring its capital adequacy on a regular basis. The Bank also closely monitors the capital adequacy requirements by applying stressed conditions.

Banking operations are categorised as either Trading book or Banking book, and Risk-Weighted Assets are determined according to SBP requirements that seek to reflect the varying levels of risk attached to Bank's On and Off-balance sheet exposures.

Collateral, if any, is used as an outflow adjustment and applicable risk weights are applied to Net Adjusted Exposure.

Cash and near Cash collateral includes Government of Pakistan Securities, Shares listed on the stock exchanges, Cash and Cash equivalents (deposits / margins, lien on deposits).

The Bank has complied with all regulatory capital requirements as at the reporting date.

41.1.2 Capital Structure

The Bank's regulatory capital base comprise of:

(a) Tier 1 capital which includes fully issued, subscribed and paid up capital, balance in share premium account, reserves and accumulated profits/ losses.

(b) Tier 2 capital consists of general provision for loan losses (subject to 1.25% of Risk Weighted Asset), sub-ordinated loans and surplus on revaluation of securities.

The issued, subscribed and paid up capital of the Bank is Rs. 103,028,512 thousands as at December 31, 2015, comprising of 10,302,851,164 shares of Rs. 10 each.

Quoted, unsecured and eligible for Tier 2 Term Finance Certificates (TFCs) of Rs. 4,198,035 thousands were issued on June 19, 2014 having the tenure of 8 years. The said TFCs have been issued as per Basel-III guidelines.

		2015	2014
		(Rupees in '000)	
41.2	**Common Equity Tier 1 capital (CET1): Instruments and reserves**		
1	Fully Paid-up Capital/ Capital deposited with SBP	103,028,512	103,028,512
2	Balance in Share Premium Account	-	-
3	Reserve for issue of Bonus Shares	-	-
4	Discount on issue of shares	(45,769,623)	(45,769,623)
5	General/ Statutory Reserves	997,582	474,123
6	Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7	Unappropriated/unremitted profits/ (losses)	(41,195,205)	(43,294,117)
8	Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
9	**CET 1 before Regulatory Adjustments**	**17,061,266**	**14,438,895**
10	Total regulatory adjustments applied to CET1 (Note 41.2.1)	(5,527,950)	(4,219,111)
11	**Common Equity Tier 1**	**11,533,316**	**10,219,784**
	Additional Tier 1 (AT 1) Capital		
12	Qualifying Additional Tier 1 capital instruments plus any related share premium	-	-
13	of which: Classified as equity	-	-
14	of which: Classified as liabilities	-	-
15	Additional Tier 1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT1)	-	-
16	of which: instrument issued by subsidiaries subject to phase out	-	-
17	**AT1 before regulatory adjustments**	**-**	**-**
18	Total regulatory adjustment applied to AT1 capital (Note 41.2.2)	(743,502)	(991,336)
19	Additional Tier 1 capital after regulatory adjustments	-	-
20	**Additional Tier 1 capital recognized for capital adequacy**	-	-

		2015	2014
		(Rupees in '000)	
21	**Tier 1 Capital (CET1 + admissible AT1) (11+20)**	**11,533,316**	**10,219,784**
	Tier 2 Capital		
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	4,195,516	4,197,195
23	Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel III rules	-	-
24	Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-	-
25	of which: instruments issued by subsidiaries subject to phase out	-	-
26	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	154,372	94,318
27	Revaluation Reserves (net of taxes)	52,840	681,071
28	of which: Revaluation reserves on fixed assets	-	-
29	of which: Unrealized gains/losses on AFS	52,840	681,071
30	Foreign Exchange Translation Reserves	-	-
31	Undisclosed/Other Reserves (if any)	-	-
32	**T2 before regulatory adjustments**	**4,402,728**	**4,972,584**
33	Total regulatory adjustment applied to T2 capital (Note 41.2.3)	(938,988)	(1,880,036)
34	Tier 2 capital (T2) after regulatory adjustments	3,463,740	3,092,548
35	Tier 2 capital recognized for capital adequacy	3,463,740	3,092,548
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37	**Total Tier 2 capital admissible for capital adequacy**	**3,463,740**	**3,092,548**
38	**TOTAL CAPITAL (T1 + admissible T2) (21+37)**	**14,997,056**	**13,312,332**
39	**Total Risk Weighted Assets (RWA) {for details refer Note 41.5}**	**126,438,309**	**121,068,386**
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	**CET1 to total RWA**	**9.12%**	**8.44%**
41	**Tier-1 capital to total RWA**	**9.12%**	**8.44%**
42	**Total capital to total RWA**	**11.86%**	**11.00%**
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	6.25%	5.50%
44	of which: capital conservation buffer requirement	0.25%	0.00%
45	of which: countercyclical buffer requirement	-	-
46	of which: D-SIB or G-SIB buffer requirement	-	-
47	CET1 available to meet buffers (as a percentage of risk weighted assets)	2.87%	2.94%
	National minimum capital requirements prescribed by SBP		
48	**CET1 minimum ratio**	**6.00%**	**5.50%**
49	**Tier 1 minimum ratio**	**7.50%**	**7.00%**
50	**Total capital minimum ratio**	**10.00%**	**10.00%**

		2015	Amounts subject to Pre-Basel III treatment (Rupees in '000)	2014
Regulatory Adjustments and Additional Information				
41.2.1	**Common Equity Tier 1 capital: Regulatory adjustments**			
1	Goodwill (net of related deferred tax liability)	–	–	–
2	All other intangibles (net of any associated deferred tax liability)	(938,615)	–	(1,236,333)
3	Shortfall in provisions against classified assets	–	–	–
4	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(1,508,751)	(2,263,126)	(1,084,816)
5	Defined-benefit pension fund net assets	–	–	–
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	–	–	–
7	Cash flow hedge reserve	–	–	–
8	Investment in own shares/ CET1 instruments	–	–	–
9	Securitization gain on sale	–	–	–
10	Capital shortfall of regulated subsidiaries	–	–	–
11	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	–	–	–
12	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	–	–	–
13	Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	–	–
14	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(1,813,118)	(2,719,677)	(787,489)
15	Amount exceeding 15% threshold	(523,964)		(119,137)
16	of which: significant investments in the common stocks of financial entities	(233,301)		(46,370)
17	of which: deferred tax assets arising from temporary differences	(290,663)		(72,767)
18	National specific regulatory adjustments applied to CET1 capital	–	–	–
19	Investments in TFCs of other banks exceeding the prescribed limit	–	–	–
20	Any other deduction specified by SBP (mention details)	–	–	–
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	(743,502)		(991,336)
22	**Total regulatory adjustments applied to CET1 (sum of 1 to 21)**	**(5,527,950)**		**(4,219,111)**

	2015	Amounts subject to Pre-Basel III treatment (Rupees in '000)	2014
Regulatory Adjustments and Additional Information			
41.2.2 Additional Tier 1 & Tier 1 Capital: regulatory adjustments			
23 Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	-	-
24 Investment in own AT1 capital instruments	-	-	-
25 Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-	-	-
26 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
27 Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
28 Portion of deduction applied 50:50 to Tier 1 and Tier 2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional Tier 1 capital	(743,502)	-	(991,336)
29 Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-
30 Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	**(743,502)**	**-**	**(991,336)**
41.2.3 Tier 2 Capital: regulatory adjustments			
31 Portion of deduction applied 50:50 to Tier 1 and Tier 2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 2 capital	(743,502)	-	(991,336)
32 Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	(195,486)	-	(888,700)
33 Investment in own Tier 2 capital instrument	-	-	-
34 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
35 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
36 Total regulatory adjustment applied to T2 capital (sum of 31 to 35)	**(938,988)**	**-**	**(1,880,036)**

	2015	2014
	(Rupees in '000)	
41.2.4 Additional Information		
Risk Weighted Assets subject to pre-Basel III treatment		
37 Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	4,982,803	7,489,222
(i) of which: deferred tax assets	4,982,803	7,489,222
(ii) of which: Defined-benefit pension fund net assets	–	–
(iii) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	–	–
(iv) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	–	–
Amounts below the thresholds for deduction (before risk weighting)		
38 Non-significant investments in the capital of other financial entities	–	–
39 Significant investments in the common stock of financial entities	991,336	495,668
40 Deferred tax assets arising from temporary differences (net of related tax liability)	1,235,077	777,848
Applicable caps on the inclusion of provisions in Tier 2		
41 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	154,372	94,318
42 Cap on inclusion of provisions in Tier 2 under standardized approach	154,372	94,318
43 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	–	–
44 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	–	–

41.3 Capital Structure Reconciliation

41.3.1

	As per published financial statements 2015	Under regulatory scope of consolidation 2015
	(Rupees in '000)	
Assets		
Cash and balances with treasury banks	10,052,543	10,052,543
Balances with other banks	1,645,086	1,645,086
Lending to financial institutions	1,599,044	1,599,044
Investments (including assets held for sale)	98,856,180	98,856,180
Advances	110,668,994	110,668,994
Operating fixed assets	3,086,446	3,086,446
Intangible assets	890,491	890,491
Deferred tax assets	9,539,749	9,539,749
Other assets	7,157,979	7,157,979
Total assets	**243,496,512**	**243,496,512**

	As per published financial statements 2015	Under regulatory scope of consolidation 2015
	(Rupees in '000)	
Liabilities & Equity		
Bills payable	2,576,216	2,576,216
Borrowings	85,676,741	85,676,741
Deposits and other accounts	130,444,894	130,444,894
Sub-ordinated loans	4,195,516	4,195,516
Liabilities against assets subject to finance lease	–	–
Deferred tax liabilities	–	–
Other liabilities	3,463,013	3,463,013
Total liabilities	**226,356,380**	**226,356,380**
Share capital / Head office capital account	57,258,889	57,258,889
Reserves	997,582	997,582
Unappropriated/Unremitted profit/(losses)	(41,195,205)	(41,195,205)
Minority Interest	–	–
Surplus on revaluation of assets	78,866	78,866
Total equity	**17,140,132**	**17,140,132**
Total liabilities & equity	**243,496,512**	**243,496,512**

41.3.2

	As per published financial statements 2015	Under regulatory scope of consolidation 2015	Reference
	(Rupees in '000)		
Assets			
Cash and balances with treasury banks	10,052,543	10,052,543	
Balances with other banks	1,645,086	1,645,086	
Lending to financial institutions	1,599,044	1,599,044	
Investments	98,856,180	98,856,180	
of which: Non-significant capital investments in the capital instruments of banking, financial and insurance entities exceeding 10% threshold	-	-	a
of which: significant capital investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold	-	-	b
of which: Mutual Funds exceeding regulatory threshold	-	-	c
of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)	-	-	d
of which: others (mention details)	-	-	e

	As per published financial statements 2015	Under regulatory scope of consolidation 2015	Reference
	(Rupees in '000)		
Advances	110,668,994	110,668,994	
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	-	-	f
general provisions reflected in Tier 2 capital	154,372	154,372	g
Operating Fixed Assets	3,086,446	3,086,446	
of which: Intangibles	48,124	48,124	k
Intangible assets	890,491	890,491	
of which: Intangibles	890,491	890,491	k
Deferred Tax Assets	9,539,749	9,539,749	
of which: DTAs that rely on future profitability excluding those arising from temporary differences	3,771,877	3,771,877	h
of which: DTAs arising from temporary differences exceeding regulatory threshold	5,767,872	5,767,872	i
Other assets	7,157,979	7,157,979	
of which: Goodwill	-	-	j
of which: Intangibles	-	-	k
of which: Defined-benefit pension fund net assets	-	-	l
Total assets	**243,496,512**	**243,496,512**	
Liabilities & Equity			
Bills payable	2,576,216	2,576,216	
Borrowings	85,676,741	85,676,741	
Deposits and other accounts	130,444,894	130,444,894	
Sub-ordinated loans	4,195,516	4,195,516	
of which: eligible for inclusion in AT1	–	–	m
of which: eligible for inclusion in Tier 2	4,195,516	4,195,516	n
Liabilities against assets subject to finance lease	–	–	
Deferred tax liabilities	-	-	
of which: DTLs related to goodwill	-	-	o
of which: DTLs related to intangible assets	-	-	p
of which: DTLs related to defined pension fund net assets	-	-	q
of which: other deferred tax liabilities	-	-	r
Other liabilities	3,463,013	3,463,013	
Total liabilities	**226,356,380**	**226,356,380**	
Share capital	57,258,889	57,258,889	
of which: amount eligible for CET1	57,258,889	57,258,889	s
of which: amount eligible for AT1	-	-	t
Reserves	997,582	997,582	
of which: portion eligible for inclusion in CET1(provide breakup)	997,582	997,582	u
of which: portion eligible for inclusion in Tier 2	-	-	v
Unappropriated profit/ (losses)	(41,195,205)	(41,195,205)	w
Minority Interest	-	-	
of which: portion eligible for inclusion in CET1	-	-	x
of which: portion eligible for inclusion in AT1	-	-	y
of which: portion eligible for inclusion in Tier 2	-	-	z
Surplus on revaluation of assets	78,866	78,866	
of which: Revaluation reserves on Property	-	-	aa
of which: Unrealized Gains/Losses on AFS	52,840	52,840	
In case of Deficit on revaluation (deduction from CET1)	-	-	ab
Total liabilities & Equity	**243,496,512**	**243,496,512**	

		Component of regulatory capital reported by bank (Rupees in '000)	Source based on reference number from step 2
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully Paid-up Capital/ Capital deposited with SBP	103,028,512	
2	Balance in Share Premium Account	(45,769,623)	(s)
3	Reserve for issue of Bonus Shares	–	
4	General/ Statutory Reserves	997,582	(u)
5	Gain/(Losses) on derivatives held as Cash Flow Hedge	–	
6	Unappropriated/unremitted profits/ (losses)	(41,195,205)	(w)
7	Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	–	(x)
8	**CET 1 before Regulatory Adjustments**	**17,061,266**	
	Common Equity Tier 1 capital: Regulatory adjustments		
9	Goodwill (net of related deferred tax liability)	–	(j) - (o)
10	All other intangibles (net of any associated deferred tax liability)	(938,615)	(k) - (p)
11	Shortfall of provisions against classified assets	–	(f)
12	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(1,508,751)	{(h) - (r)} * x%
13	Defined-benefit pension fund net assets	–	{(l) - (q)} * x%
14	Reciprocal cross holdings in CET1 capital instruments	–	(d)
15	Cash flow hedge reserve	–	
16	Investment in own shares/ CET1 instruments	–	
17	Securitization gain on sale	–	
18	Capital shortfall of regulated subsidiaries	–	
19	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	–	(ab)
20	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	–	(a) - (ac) - (ae)
21	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	(b) - (ad) - (af)
22	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(1,813,118)	(i)
23	Amount exceeding 15% threshold	(523,964)	
24	of which: significant investments in the common stocks of financial entities	(233,301)	
25	of which: deferred tax assets arising from temporary differences	(290,663)	
26	National specific regulatory adjustments applied to CET1 capital	–	
27	of which: Investment in TFCs of other banks exceeding the prescribed limit	–	
28	of which: Any other deduction specified by SBP (mention details)	–	
29	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	(743,502)	
30	**Total regulatory adjustments applied to CET1 (sum of 9 to 29)**	**(5,527,950)**	
	Common Equity Tier 1	**11,533,316**	

		Component of regulatory capital reported by bank (Rupees in '000)	Source based on reference number from step 2
	Additional Tier 1 (AT 1) Capital		
31	Qualifying Additional Tier-1 instruments plus any related share premium	-	
32	of which: Classified as equity	-	(t)
33	of which: Classified as liabilities	-	(m)
34	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
35	of which: instrument issued by subsidiaries subject to phase out	-	
36	**AT1 before regulatory adjustments**	-	
	Additional Tier 1 Capital: regulatory adjustments		
37	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
38	Investment in own AT1 capital instruments	-	
39	Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
40	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
41	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
42	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 1 capital	(743,502)	
43	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
44	**Total of Regulatory Adjustment applied to AT1 capital**	**(743,502)**	
45	Additional Tier 1 capital	-	
46	**Additional Tier 1 capital recognized for capital adequacy**	-	
47	**Tier 1 Capital (CET1 + admissible AT1)**	**11,533,316**	
	Tier 2 Capital		
48	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	4,195,516	(n)
49	Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	
50	Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
51	of which: instruments issued by subsidiaries subject to phase out	-	
52	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	154,372	(g)
53	Revaluation Reserves	52,840	
54	of which: Revaluation reserves on Property	-	portion of (aa)

		Component of regulatory capital reported by bank (Rupees in '000)	Source based on reference number from step 2
55	of which: Unrealized Gains/Losses on AFS	52,840	
56	Foreign Exchange Translation Reserves	-	(v)
57	Undisclosed/Other Reserves (if any)	-	
58	**T2 before regulatory adjustments**	**4,402,728**	
	Tier 2 Capital: regulatory adjustments		
59	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 2 capital	(743,502)	
60	Reciprocal cross holdings in Tier 2 instruments	(195,486)	
61	Investment in own Tier 2 capital instrument	-	
62	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ae)
63	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
64	**Amount of Regulatory Adjustment applied to T2 capital**	**(938,988)**	
65	Tier 2 capital (T2)	3,463,740	
66	Tier 2 capital recognized for capital adequacy	3,463,740	
67	Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
68	Total Tier 2 capital admissible for capital adequacy	3,463,740	
	TOTAL CAPITAL (T1 + admissible T2)	**14,997,056**	

41.4 Main Features Template of Regulatory Capital Instruments

Sr. No.	Main Features	Common Shares	Instrument - 2
1	Issuer	NIB Bank Limited	NIB Bank Limited
2	Unique identifier (KSE Symbol)	NIB	NIBTFC2
3	Governing law(s) of the instrument	Capital Market Laws	Capital Market Laws
	Regulatory treatment		
4	Transitional Basel III rules	Common equity Tier 1	Tier 2
5	Post-transitional Basel III rules	Common equity Tier 1	Tier 2
6	Eligible at solo/ group/ group & solo	Group & standalone	Group & standalone
7	Instrument type	Ordinary Shares	Subordinated Debt
8	Amount recognized in regulatory capital (Currency in PKR thousands)	PKR 103,028,512	PKR 4,195,916
9	Par value of instrument	PKR 10	PKR 5,000
10	Accounting classification	Shareholder equity	Liability - Subordinated Loans
11	Original date of issuance	2003	19-June-2014
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	Not applicable	19-June-2022
14	Issuer call subject to prior supervisory approval	No	Yes (SBP's)
15	Optional call date, contingent call dates and redemption amount	Not applicable	Not applicable
16	Subsequent call dates, if applicable	Not applicable	Not applicable
	Coupons / dividends		
17	Fixed or floating dividend/ coupon	Not applicable	Floating
18	Coupon rate and any related index/ benchmark	Not applicable	Six months KIBOR (Ask side)+1.15
19	Existence of a dividend stopper	Not applicable	Not applicable
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	Not applicable	Not applicable
22	Non cumulative or cumulative	Not applicable	Non cumulative
23	**Convertible or non-convertible**		
24	If convertible, conversion trigger (s)	Not applicable	Upon the occurrence of a Point of Non-Viability PONV event as defined below, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full).

Sr. No.	Main Features	Common Shares	Instrument - 2
25	If convertible, fully or partially	Not applicable	As the case may be
26	If convertible, conversion rate	Not applicable	At a minimum conversion rate of Rs. 2.36 per share.
27	If convertible, mandatory or optional conversion	Not applicable	Mandatory
28	If convertible, specify instrument type convertible into	Not applicable	Shares
29	If convertible, specify issuer of instrument it converts into	Not applicable	NIB Bank Limited
30	**Write-down feature**	Not applicable	
31	If write-down, write-down trigger(s)	Not applicable	Explained at 24 above
32	If write-down, full or partial	Not applicable	Not applicable
33	If write-down, permanent or temporary	Not applicable	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable	Not applicable
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	Not applicable	Not applicable

41.5 Capital Adequacy

Objectives of Managing Capital

Capital Management aims to ensure that there is sufficient capital to meet the capital requirements of the Bank as determined by the underlying business strategy and the minimum regulatory requirements of the SBP.

Bank's capital management seeks:

- to comply with the capital requirements set by the regulators;
- to maintain a strong capital base so as to maintain investor, depositor and market confidence and to sustain future development of the business;
- to safeguard the Bank's ability to continue as a going concern so that it can continue to provide adequate return to shareholders;
- availability of adequate capital at a reasonable cost so as to enable the Bank to expand; and
- to protect the Bank against unexpected events.

Externally Imposed Capital Requirements

In order to strengthen the solvency of Banks, SBP vide BSD Circular No. 07 of 2009 dated April 15, 2009 has asked the Banks to raise their minimum paid up capital to Rs. 10 billion free of losses by the end of financial year 2013.

SBP through its BSD Circular No. 09 dated April 15, 2009 has asked Banks to achieve the minimum Capital Adequacy Ratio (CAR) of 10% on standalone as well as on consolidated basis latest by December 31, 2010.

The paid up capital and CAR of the Bank stands at Rs. 103 billion and 11.86% respectively of its risk weighted exposure as at December 31, 2015.

The Bank has complied with all externally imposed capital requirements as at year end.

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

	Capital Requirements		Risk Weighted Assets	
	2015	2014	2015	2014
	(Rupees in '000)			
Credit Risk				
Portfolios subject to Simple Approach				
On-Balance Sheet				
Corporate	5,502,097	4,875,496	55,020,965	48,754,956
Sovereign	9,174	9,574	91,740	95,741
Retail	552,705	599,248	5,527,050	5,992,484
Banks	91,176	209,673	911,755	2,096,725
Public Sector Entities	46,226	68,718	462,261	687,177
Past Due Loans	420,442	492,161	4,204,423	4,921,610
Claims against Residential Mortgage	66,366	61,459	663,659	614,588
Investments in premises, plant and equipment and all other fixed assets	303,832	295,798	3,038,323	2,957,982
Other assets	1,230,152	1,312,854	12,301,520	13,128,536
	8,222,170	**7,924,981**	**82,221,696**	**79,249,799**
Off-Balance Sheet				
Market related	18,659	38,018	186,593	380,178
Non-market related	2,486,816	2,346,621	24,868,159	23,466,206
	2,505,475	**2,384,639**	**25,054,752**	**23,846,384**

	Capital Requirements		Risk Weighted Assets	
	2015	2014	2015	2014
	(Rupees in '000)			
Equity Exposure Risk in the Banking Book				
Listed	33,473	48,881	334,731	488,814
Unlisted	8,162	12,819	81,623	128,189
	41,635	**61,700**	**416,354**	**617,003**
	10,769,280	**10,371,320**	**107,692,802**	**103,713,186**
Market Risk				
Capital Requirement for portfolios subject to Standardized Approach				
Interest rate risk	46,634	62,586	466,338	625,855
Equity position risk etc.	565,200	565,604	5,652,000	5,656,044
Foreign exchange risk etc.	40,580	2,736	405,800	27,355
Total Market Risk	**652,414**	**630,926**	**6,524,138**	**6,309,254**
Operational Risk				
Capital Requirement for operational risks	1,222,137	1,104,595	12,221,369	11,045,946
	12,643,831	**12,106,841**	**126,438,309**	**121,068,386**

	2015		2014	
Capital Adequacy Ratio	**Required**	**Actual**	**Required**	**Actual**
CET1 to total RWA	6.00%	9.12%	5.50%	8.44%
Tier-1 capital to total RWA	7.50%	9.12%	7.00%	8.44%
Total capital to total RWA	10.00%	11.86%	10.00%	11.00%

41.6 Credit Risk: subject to Standardised Approach

The Bank has adopted Standardized approach for calculation of capital charge against credit risk in line with SBP's requirements. For domestic claims, External Credit Assessment Institutions (ECAIs) recommended by the SBP, namely Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS) are used. For claims on foreign entities, ratings assigned by Fitch, Standard and Poor`s, and Moody`s are used.

Types of exposure for which each agency is used in the year ended December 31, 2015 are as follows:

Exposures	PACRA	JCR-VIS	Other (S&P / Moody's / Fitch)
Corporate	✓	✓	–
Banks	✓	✓	✓
Sovereigns	–	–	✓
Public Sector Enterprises	✓	✓	–

41.7 The State Bank of Pakistan (SBP) through its BPRD Circular No. 06 of 2013 has issued instructions regarding implementation of parallel run of leverage ratio reporting and its components from December 31, 2013 to December 31, 2017. During this period the final calibration, and any further adjustments to the definition, will be completed, with a view to set the leverage ratio as a separate capital standard on December 31, 2018. Banks are required to disclose the leverage ratio from December 31, 2015.

The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage:

$$\text{Leverage Ratio} = \frac{\text{Tier 1 capital (after related deductions)}}{\text{Total Exposure}}$$

As at December 31, 2015 the Bank's Leverage ratio stood at 3.76% (minimum requirement of 3.0%).

	2015	2014
	(Rupees in '000)	
On-Balance Sheet Assets		
Cash and balances with treasury banks	10,052,543	8,063,675
Balances with other banks	1,645,086	587,428
Lendings to financial institutions	1,599,044	7,699,646
Investments (including assets held for sale)	98,856,180	59,944,107
Advances	110,668,994	93,664,036
Operating fixed assets	3,086,446	2,996,530
Deferred tax assets	9,539,749	10,139,376
Financial Derivatives (A.1)	135,276	335,001
Other assets	7,913,194	10,138,159
Total Assets (A)	**243,496,512**	**193,567,958**
Derivatives (On-Balance Sheet)		
Interest Rate	–	–
Equity	–	–
Foreign Exchange & gold	135,276	335,001
Precious Metals (except gold)	–	–
Commodities	–	–
Credit Derivatives (protection brought & sold)	–	–
Any other derivatives	–	–
Total Derivatives (A.1)	**135,276**	**335,001**
Off-Balance Sheet Items excluding derivatives		
Direct Credit Substitutes (i.e. Acceptances, general guarantees for indebtness etc.)	6,543,941	10,303,272
Performance-related Contingent Liabilities (i.e. Guarantees)	23,301,861	17,160,599
Trade-related Contingent Liabilities (i.e. Letter of Credits)	22,019,529	34,543,032
Lending of securities or posting of securities as collaterals	–	–
Undrawn committed facilities (which are not cancellable)	4,229,045	–
Unconditionally cancellable commitments	4,559,498	–
Commitments in respect of operating leases	–	–
Commitments for the acquisition of operating fixed assets	15,255	153,206
Other commitments	2,618,370	2,302,643
Total Off-Balance Sheet Items excluding Derivatives (B)	**63,287,499**	**64,462,752**

	2015	2014
	(Rupees in '000)	
Commitments in respect of Derivatives - Off Balance Sheet Items (Derivatives having negative fair value are also included)		
Interest Rate	-	-
Equity	-	-
Foreign Exchange & gold	189,323	328,839
Precious Metals (except gold)	-	-
Commodities	-	-
Credit Derivatives (protection sold and bought)*	-	-
Other derivatives	-	-
Total Derivatives (C)	**189,323**	**328,839**
Tier-1 Capital	**11,533,316**	**10,219,784**
Total Exposures (sum of A,B and C)	**306,973,334**	**258,359,549**
Leverage Ratio	**3.76%**	**3.96%**

42 RISK MANAGEMENT

The risk management framework of NIB is approved by the Board of Directors ("BOD") and implemented by the senior management. The Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set standard and appropriate risk limits and controls to ensure quality of portfolio and credit process. Risk management policies are reviewed annually to reflect changes in economic environment, market conditions and products offerings. The BOD sets forth the vision and strategy of NIB and has entrusted the monitoring to the Board's Risk Management Committee ("BRMC"), which is an oversight committee and meets at least quarterly. Findings of the BRMC are escalated to the BOD. Terms and references of BRMC are documented and duly approved by the BOD and broadly includes oversight responsibility at the highest level under the Risk Management Governance Framework.

The BRMC relies on three management committees namely the Asset Liability Committee ("ALCO"), the Credit Risk Committee ("CRC") and the Operational Risk Committee ("ORC"), to identify, manage and monitor risks.

Asset Liability Committee ("ALCO")

The ALCO functions as the top operational unit for managing the statement of financial position within the performance/risk parameters laid down by the BOD. Its objective is to derive the most appropriate strategy for NIB in terms of mix of assets & liabilities given future expectations and potential consequence of interest rate movements, liability constraints, and foreign currency exchange exposure and capital adequacy.

Credit Risk Committee ("CRC")

In our normal business activities there is a need to manage effectively potential credit risk. To address this risk, Credit Risk Committee (CRC) is established under the leadership of the Chief Risk Officer (CRO) of the Bank and membership comprises the President and Senior Management of the Bank. The main objective of the CRC is to ensure effective and proactive management of Credit Risk throughout the Bank in accordance with the Risk Management Framework and related Risk Policies and Procedures. Terms and references of the CRC, which meets six times a calendar year, broadly include the following:

To ensure that all relevant risk policies of the Bank are developed, implemented and are not in conflict with any of the applicable laws and regulations.

To oversee implementation of credit risk related policies and procedures relevant to all business units through review of standard MIS decks.

To ensure that all activities are in compliance with the Prudential Regulations and also with the policies and controls established by the relevant units of the Bank through periodic review of business issues highlighted in internal / external audit reports and SBP Inspection Report.

To review stress testing on portfolio considering the major factors like interest rate sensitivity, inflation, Rupee devaluation, fluctuation in oil prices and /or global meltdown etc.

To review the credit portfolio, primarily through Key Risk Indicators, and to assess:

- quality of the portfolio;
- recovery of remedial accounts;
- variance analysis of actual with plan and forecasts
- portfolio exceptions

To advise business where activities are not aligned with control requirements or risk appetite and to recommend Risk Policies.

Operational Risk Committee ("ORC")

In our normal business activities there is a need to effectively manage potential risk arising out of banking operation of the Bank. To address this risk, Operational Risk Committee (ORC) is established under the leadership of the President of the Bank and membership comprises the CRO and Senior Management of the Bank. The main objective of the ORC is to ensure effective and proactive management of Operational Risk throughout the Bank in accordance with the Risk Management Framework and related Risk Policies and Procedures. Terms and references of the ORC, which meets on a monthly basis, broadly include the following:

To ensure operational risk identification and measurement covers all activities/products/processes of the Bank, and compliant with the Bank's standards and applicable regulations, and that risk control and risk origination decisions are properly informed.

To develop, maintain and review a consolidated MIS of key operational risks in the Bank in the form of Risk & Control Assessment Matrix.

To monitor all material Operational Risk exposures and key external trends, through KRIs and appropriate management action as per defined thresholds, in accordance with Operational Risk policies and procedures.

To review Ops Loss Data (OLD) and take proactive measures to reduce Ops Losses.

To direct appropriate action in response to material events, risk issues or themes that come to the Committee's attention.

To ensure any areas of potential overlap with another entity or Risk Control Area, Business or Function are notified to the affected entity Risk Control Owner, Business or Function Head.

Risk Management Organization at NIB

The Chief Risk Officer ("CRO") is responsible for enterprise wide risk management and implementation of the overall risk management framework of NIB. In this respect, the CRO has to ensure that the risk organisation structure of NIB is equipped with the best people, policies and processes, which enable it to perform efficiently and effectively.

The CRO is supported by a Chief Operating Officer - Risk responsible for Risk Policies & Procedures, Portfolio Risk and Country Risk Assessment, and five Risk Heads, responsible for Corporate, Trade Finance, Commercial/SME and Consumer Finance businesses and Market, Liquidity and Operational Risks respectively and they are responsible for ensuring the implementation of NIB's risk framework, Bank's policies and Central Bank regulations in their respective domains.

42.1 Credit Risk

Credit risk is the risk that a counterparty or customer will be unable to pay amounts in full when due. NIB's main credit exposure arises from the risk of failure by a client or counterparty to meet its contractual obligations. The risks are inherent in loans and bills receivable from non-bank customers, commitments to lend, repurchase agreements, securities borrowing and lending transactions, and contingent liabilities. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed. Clean risk at liquidation or settlement risk occurs when items of agreed upon original equal value are not

simultaneously exchanged between counterparties and/or when items are released without knowledge that counter-value items have been received by the Bank. Typically the duration is intra-day, overnight/over weekend, or in some situations even longer. The risk is that we deliver but do not receive delivery. In this situation 100% of the principal amount is at risk. The risk may be larger than 100% if in addition there was an adverse price fluctuation between the contract price and the market price. Cross-border risk is the risk that we will be unable to obtain payment from our customers or third parties on their contractual obligations as a result of certain actions taken by foreign governments, chiefly relating to convertibility and transferability of foreign currency. Cross-border assets comprise loans and advances, interest-bearing deposits with other banks, trade and other bills, acceptances, amounts receivable under finance leases, certificates of deposit and other negotiable paper, and formal commitments where the counterparty is resident in a country other than where the assets are recorded. Cross-border assets also include exposures to local residents denominated in currencies other than the local currency. NIB has established limits for cross-border exposure and manages exposures within these limits.

NIB has established an appropriate credit risk environment which is operating under a sound credit-granting process; maintaining an appropriate credit administration, measurement and monitoring process and ensuring adequate controls. For risk management reporting purposes the Bank considers and consolidates all elements of credit risk exposures.

There is a proper credit delegation matrix for review and approving credit applications. Businesses have no credit approving authority. All credit approvals are accorded by the Credit Officers/Senior Credit Officers in the Risk Management Group. Corporate Credit Risk Management also approves exposure to Financial Institutions.

The concept of “three initial system” is very much in existence in NIB. Based upon regional considerations and availability of Credit Talent, any initiating unit has to have formal recommendation by the Relationship Manager, his/her Team Leader and Regional Head/Corporate Banking Head/Group Head. The essence here is that the credit proposal must not be left to the sole judgment of one person – rather, the application of minds must be diverse and independent of each other.

Further, in order to measure credit risk, an indigenously developed rating system is followed. This rating system is being continuously fine tuned to address regulatory and global benchmarks.

NIB manages credit risk through:

- Accurate and detailed information about the borrower, cash flows, production, service and operation of the company;
- Insights into the major factors influencing customer attrition and product cancellation;
- Credit and collections treated as a highly people-intensive business; and
- Establishment of acceptable risk levels.

NIB monitors exposure to credit risk through:

Post-disbursement maintenance of accounts is done through Credit Administration Department (“CAD”) reporting into a CAD Head. The CAD Head has direct reporting line to the CRO;

Submission of regulatory returns pertaining to reporting of NIB’s portfolio.

Impaired financial assets

Impaired financial assets including loans and debt instruments are those which NIB determines that it is probable that it will not be able to collect all principal and interest due according to the contractual terms of the agreement(s) underlying the financial assets. Financial assets carried at fair value through profit or losses are not assessed for impairment since the measure of fair value reflects their credit qualities. For the monitoring of the credit quality of the financial assets not carried at fair value through profit or loss, NIB follows the guidelines issued by the State Bank of Pakistan. Credit quality is determined based on three pillars: namely business prospect, financial performance and repayment capacity.

Write offs

NIB's Write off Policy is laid out in line with the SBP rules. All credit write offs are approved under the approved delegation matrix. Writing off a loan in no way implies that the Bank has given up its claim on a borrower and does not impact the Bank's ability to legally collect written off credits from the customer(s).

42.1.1 Segmental Information

42.1.1.1 Segments by class of business

	2015					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	(Rupees in'000)	Percent	(Rupees in'000)	Percent	(Rupees in'000)	Percent
Agriculture, Forestry, Hunting and Fishing	194,951	0.14	2,256,047	1.73	14,847	0.02
Automobile and Transportation Equipment	855,299	0.63	901,449	0.69	152,196	0.20
Cement, Glass and Ceramics	1,627,741	1.21	2,308,874	1.77	2,420,079	3.22
Chemicals and Pharmaceuticals	3,600,758	2.67	4,182,515	3.21	3,926,423	5.22
Construction	1,186,523	0.88	10,001,328	7.67	704,925	0.94
Electronics and Electrical Appliances	147,668	0.11	1,313,408	1.01	54,612	0.07
Engineering	5,791,017	4.29	2,529,195	1.94	7,574,394	10.06
Exports / Imports	1,231,482	0.91	790,011	0.61	283,410	0.38
Financial	2,933,800	2.17	17,248,655	13.22	29,981,601	39.84
Food and Beverages	28,459,577	21.08	2,061,224	1.58	1,913,753	2.54
Footwear and Leather Garments	407,314	0.30	447,926	0.34	38,508	0.05
Individuals	6,612,770	4.90	36,481,956	27.97	–	–
Insurance	–	–	2,619,886	2.01	–	–
Mining and Quarrying	24,801	0.02	2,449,888	1.88	46,510	0.06
Non Profit Organizations / Trusts	731,429	0.54	5,075,103	3.89	–	–
Oil and Gas	6,049,165	4.48	3,724,250	2.86	3,229,642	4.29
Paper and Printing	1,035,346	0.77	969,840	0.74	422,032	0.56
Power, Gas, Water, Sanitary	12,014,930	8.90	3,163,590	2.43	7,075,031	9.40
Services	1,399,171	1.04	10,408,227	7.98	209,103	0.28
Sugar	4,115,166	3.05	179,256	0.14	386,287	0.51
Textile	34,013,047	25.19	2,350,753	1.80	5,263,107	6.99
Transport, Storage and Communication	14,256,258	10.56	4,443,356	3.41	5,052,840	6.71
Wholesale and Retail Trade	3,693,428	2.74	4,223,996	3.24	3,320,446	4.41
Others	4,646,383	3.42	10,314,161	7.88	3,190,683	4.25
	135,028,024	100.00	130,444,894	100.00	75,260,429	100.00

	2014					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	(Rupees in'000)	Percent	(Rupees in'000)	Percent	(Rupees in'000)	Percent
Agriculture, Forestry, Hunting and Fishing	40,433	0.03	2,780,441	2.65	120,595	0.11
Automobile and Transportation Equipment	1,294,260	1.10	1,053,325	1.00	124,506	0.11
Cement, Glass and Ceramics	2,129,399	1.81	700,845	0.67	3,816,597	3.50
Chemicals and Pharmaceuticals	4,402,095	3.74	2,169,482	2.06	4,040,819	3.71
Construction	1,826,338	1.55	8,252,446	7.85	429,411	0.39
Electronics and Electrical Appliances	79,050	0.07	2,236,915	2.13	48,444	0.04
Engineering	10,465,909	8.90	906,492	0.86	8,556,526	7.85
Exports / Imports	825,234	0.70	772,498	0.73	145,805	0.13
Financial	2,371,666	2.02	6,396,578	6.09	46,550,065	42.74
Food and Beverages	20,974,374	17.83	3,421,968	3.26	6,022,652	5.53
Footwear and Leather Garments	595,836	0.51	315,975	0.30	50,705	0.05
Individuals	5,609,467	4.77	34,205,971	32.54	266,133	0.24
Insurance	–	–	280,466	0.27	–	–
Mining and Quarrying	67,314	0.06	2,635,678	2.51	276,193	0.25
Non Profit Organizations / Trusts	804,998	0.68	4,531,746	4.31	16,400	0.02
Oil and Gas	2,650,295	2.25	1,627,655	1.55	6,823,029	6.26
Paper and Printing	984,220	0.84	718,810	0.68	364,673	0.33
Power, Gas, Water, Sanitary	9,772,442	8.31	1,071,216	1.02	11,934,803	10.95
Services	1,784,587	1.52	9,350,742	8.90	390,881	0.36
Sugar	2,398,794	2.04	111,563	0.10	839,949	0.76
Textile	36,206,558	30.78	2,219,389	2.11	7,686,451	7.05
Transport, Storage and Communication	4,409,497	3.75	3,662,672	3.48	1,678,346	1.54
Wholesale and Retail Trade	2,652,407	2.25	6,492,920	6.18	4,060,425	3.73
Others	5,298,994	4.50	9,194,187	8.75	4,714,349	4.33
	117,644,167	100.00	105,109,980	100.00	108,957,757	100.00

42.1.1.2 Segment by sector

	2015					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	(Rupees in'000)	Percent	(Rupees in'000)	Percent	(Rupees in'000)	Percent
Public / Government	36,361,028	26.93	19,127,524	14.66	7,048,541	9.37
Private	98,666,996	73.07	111,317,370	85.34	68,211,888	90.63
	135,028,024	100.00	130,444,894	100.00	75,260,429	100.00

	2014					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	(Rupees in'000)	Percent	(Rupees in'000)	Percent	(Rupees in'000)	Percent
Public / Government	15,419,603	13.11	11,521,012	10.96	8,473,452	7.78
Private	102,224,564	86.89	93,588,968	89.04	100,484,305	92.22
	117,644,167	100.00	105,109,980	100.00	108,957,757	100.00

	2015		2014	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
	(Rupees in '000)			
42.1.1.3 Details of non-performing advances and specific provisions by class of business segment				
Agriculture, Forestry, Hunting and Fishing	–	–	–	–
Automobile and Transportation Equipment	715,098	593,450	717,826	616,516
Cement, Glass and Ceramics	609,884	503,104	638,764	504,320
Chemicals and Pharmaceuticals	598,894	492,842	846,908	704,973
Construction	418,525	394,639	505,200	406,443
Electronics and Electrical Appliances	23,300	21,815	26,638	25,378
Engineering	2,292,070	2,015,985	2,393,457	1,849,651
Financial	130,255	125,776	213,321	176,841
Food and Beverages	1,637,370	1,287,099	2,634,118	2,154,203
Footwear and Leather Garments	272,993	209,662	101,139	93,969
Individuals	695,829	527,625	762,168	585,020
Mining and Quarrying	23,808	16,755	–	–
Oil and Gas	12,905	8,366	162,542	119,855
Paper and Printing	593,171	540,842	734,432	581,816
Power, Gas, Water, Sanitary	379,514	377,716	366,962	366,663
Services	902,983	563,884	969,327	643,618
Sugar	645,118	600,450	649,179	635,405
Textile	13,863,107	12,282,412	13,763,867	11,941,976
Transport, Storage and Communication	815,198	581,908	535,921	415,665
Wholesale and Retail Trade	2,335,717	2,099,123	761,373	534,092
Others	1,207,485	961,205	2,234,042	1,529,409
	28,173,224	24,204,658	29,017,184	23,885,813

	2015		2014	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
	(Rupees in '000)			
42.1.1.4 Details of non-performing advances and specific provisions by sector				
Public / Government	–	–	–	–
Private	28,173,224	24,204,658	29,017,184	23,885,813
	28,173,224	24,204,658	29,017,184	23,885,813

	2015			
	Profit / (loss) before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	(Rupees in '000)			
42.1.1.5 Geographical Segment Analysis				
Pakistan	4,026,608	243,496,512	17,140,132	75,260,429
	2014			
Pakistan	(84,430)	193,567,958	15,655,094	108,957,757

42.2 Market Risk

Market risk refers to the potential loss that an entity may be exposed to due to market volatility. It is important for the Bank to put in place an effective market risk management framework to manage its market risk exposures. Market risk arises from all positions in financial instruments held by the Bank which exposes the Bank to market risk factors namely interest rates, foreign exchange ("FX") rates and equity prices.

Bank has adopted a market risk management structure that commensurate with its size and the nature of its business activities and facilitates effective management oversight and execution of market risk management and control processes.

Currently Bank's risk appetite for market risk is a combination of notional and sensitivity based limits. Following are the regulatory and internal guidelines monitored by Market & Liquidity Risk Unit (MLRU).

- Foreign Exchange Exposure Limit
- Equity Exposure Limit
- FX Tenor mismatch
- DV01
- VaR

NIB also applies a Value-at-Risk (VaR) methodology to assess the market risk positions held. Currently NIB is using historical simulation model for calculating VaR.

Interest rate risk

The principal risk to which NIB's portfolios are exposed is the risk of losses from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is measured through DV01 and VaR.

42.2.1 Foreign Exchange Risk

NIB has set the following objectives for managing the inherent risk on foreign currency exposures:

Maximize profitability with minimum risk by keeping the exposure at desirable levels in view of strict compliance of regulatory/international standards and the Bank's internal guidelines, which are being adopted from regulator and followed vigorously;

Manage appropriate forward mismatch gaps;

Usage of different tools to manage the inherent risk of product and market, such as compliance of credit limit, monitoring of foreign exchange exposure limit, review of marked to market portfolio etc.

NIB takes steps to ensure that foreign currency exposures adhere to regulatory or international standards and NIB's internal guidelines. NIB uses tools such as Foreign Exchange Exposure Limit (FEEL), VaR and FX tenor gaps to monitor FX risk.

	2015			
	Assets	Liabilities	Off Balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistani Rupee	232,358,232	218,389,076	2,765,043	16,734,199
United States Dollar	10,379,610	6,408,262	(3,627,171)	344,177
Great Britain Pound	255,297	1,057,097	805,815	4,015
Euro	423,129	460,723	37,628	34
Japanese Yen	1,276	26,745	26,979	1,510
Swiss Franc	2,413	923	–	1,490
Others	76,555	13,554	(8,294)	54,707
	243,496,512	226,356,380	–	17,140,132

	2014			
	Assets	Liabilities	Off Balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistani Rupee	184,898,418	168,996,664	(146,511)	15,755,243
United States Dollar	8,184,669	6,458,330	(1,813,318)	(86,979)
Great Britain Pound	140,513	1,007,568	867,752	697
Euro	331,258	1,420,387	1,092,077	2,948
Japanese Yen	1,358	15,462	_	(14,104)
Swiss Franc	2,650	836	_	1,814
Others	9,092	13,617	_	(4,525)
	193,567,958	177,912,864	_	15,655,094

42.2.2 Equity price risk and fixed income rate risk

Equity price risk is the risk to earnings or capital that results from adverse changes in the value of equity related portfolios of NIB.

NIB conducts stress testing analysis over the equity portfolio, by anticipating changes/shocks of -30%, -40% and -50% on the current price of shares within a portfolio, thereby monitoring the effects of the predicted changes in the structure of shares portfolio on the Capital Adequacy Ratio ("CAR"). Further, NIB reviews new products to ensure that market risk aspects are properly quantified and mitigated.

42.2.3 Mismatch of Interest Rate Sensitive Assets and Liabilities

Details of the interest rate profile of the Bank based on the earlier of contractual repricing or maturity date is as follows:

	2015											
			Exposed to Yield / Interest risk									
	Effective Yield / Interest rate	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Over 10 Years	Non-interest bearing financial instruments
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	–	10,052,543	–	–	–	–	–	–	–	–	–	10,052,543
Balances with other banks	0.05%	1,645,086	36,671	–	–	–	–	–	–	–	–	1,608,415
Lendings to financial institutions	7.50%	1,599,044	1,599,044	–	–	–	–	–	–	–	–	–
Investments	7.61%	93,044,231	1,997,611	3,345,770	20,932,109	49,467,191	-	1,331,570	5,466,404	10,418,502	–	85,074
Advances	8.69%	110,668,994	27,250,255	61,954,346	11,603,118	4,901,247	1,226,187	1,242,792	1,399,108	527,440	564,501	–
Assets held for sale	–	3,112,731	–	3,112,731	–	–	–	–	–	–	–	–
Other assets	–	2,924,870	–	–	–	–	–	–	–	–	–	2,924,870
		223,047,499	30,883,581	68,412,847	32,535,227	54,368,438	1,226,187	2,574,362	6,865,512	10,945,942	564,501	14,670,902
Liabilities												
Bills payable	–	2,576,216	–	–	–	–	–	–	–	–	–	2,576,216
Borrowings	6.48%	85,676,741	71,015,933	7,867,110	3,155,050	3,449,694	–	–	–	–	–	188,954
Deposits and other accounts	4.58%	130,444,894	11,847,921	10,182,509	64,004,873	8,118,117	29,601	546	188	–	–	36,261,139
Sub-ordinated loans	9.38%	4,195,516	–	–	4,195,516	–	–	–	–	–	–	–
Other liabilities	–	1,898,034	–	–	–	–	–	–	–	–	–	1,898,034
		224,791,401	82,863,854	18,049,619	71,355,439	11,567,811	29,601	546	188	–	–	40,924,343
On-balance sheet gap		(1,743,902)	(51,980,273)	50,363,228	(38,820,212)	42,800,627	1,196,586	2,573,816	6,865,324	10,945,942	564,501	(26,253,441)
Non Financial Net Assets		18,884,034										
Total Net Assets		17,140,132										
Off-balance sheet financial instruments												
Foreign exchange contracts - purchase		8,951,943	2,874,365	3,796,734	1,793,540	487,304	–	–	–	–	–	–
Foreign exchange contracts - sale		11,809,528	4,419,824	5,964,027	1,402,216	23,461	–	–	–	–	–	–
Off-balance sheet gap		(2,857,585)	(1,545,459)	(2,167,293)	391,324	463,843	–	–	–	–	–	–
Total Yield / Interest Rate Risk Sensitivity Gap			(53,525,732)	48,195,935	(38,428,888)	43,264,470	1,196,586	2,573,816	6,865,324	10,945,942	564,501	(26,253,441)
Cumulative Yield / Interest Rate Risk Sensitivity Gap			(53,525,732)	(5,329,797)	(43,758,685)	(494,215)	702,371	3,276,187	10,141,511	21,087,453	21,651,954	(4,601,487)

	2014											
			Exposed to Yield / Interest risk									
	Effective Yield / Interest rate	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Over 10 Years	Non-interest bearing financial instruments
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	–	8,063,675	–	–	–	–	–	–	–	–	–	8,063,675
Balances with other banks	0.15%	587,428	24,723	–	–	–	–	–	–	–	–	562,705
Lendings to financial institutions	9.91%	7,699,646	6,730,297	969,349	–	–	–	–	–	–	–	–
Investments	9.86%	54,132,158	497,591	2,020,243	7,863,562	5,170,255	4,651,297	3,036,353	6,916,295	23,851,103	–	125,459
Advances	10.01%	93,664,036	17,779,798	55,383,438	9,829,129	6,091,020	962,204	853,415	1,457,020	685,531	622,481	–
Assets held for sale	–	–	–	–	–	–	–	–	–	–	–	–
Other assets	10.08%	5,573,525	–	900,000	–	–	–	–	–	–	–	4,673,525
		169,720,468	25,032,409	59,273,030	17,692,691	11,261,275	5,613,501	3,889,768	8,373,315	24,536,634	622,481	13,425,364
Liabilities												
Bills payable	–	2,740,528	–	–	–	–	–	–	–	–	–	2,740,528
Borrowings	9.21%	62,750,894	40,112,192	9,834,876	9,675,250	2,550,454	–	–	–	–	–	578,122
Deposits and other accounts	5.78%	105,109,980	51,996,230	4,956,658	8,241,327	5,262,543	2,151	28,842	527	–	–	34,621,702
Sub-ordinated loans	11.28%	4,197,195	–	–	4,197,195	–	–	–	–	–	–	–
Other liabilities	–	1,437,438	–	–	–	–	–	–	–	–	–	1,437,438
	–	176,236,035	92,108,422	14,791,534	22,113,772	7,812,997	2,151	28,842	527	–	–	39,377,790
On-balance sheet gap		(6,515,567)	(67,076,013)	44,481,496	(4,421,081)	3,448,278	5,611,350	3,860,926	8,372,788	24,536,634	622,481	(25,952,426)
Non Financial Net Assets		22,170,661										
Total Net Assets		15,655,094										
Off-balance sheet financial instruments												
Foreign exchange contracts - purchase		22,105,204	10,236,762	6,012,181	5,151,201	705,060	–	–	–	–	–	–
Foreign exchange contracts - sale		22,123,668	4,547,452	5,575,756	12,000,460	–	–	–	–	–	–	–
Off-balance sheet gap		(18,464)	5,689,310	436,425	(6,849,259)	705,060	–	–	–	–	–	–
Total Yield / Interest Rate Risk Sensitivity Gap			(61,386,703)	44,917,921	(11,270,340)	4,153,338	5,611,350	3,860,926	8,372,788	24,536,634	622,481	(25,952,426)
Cumulative Yield / Interest Rate Risk Sensitivity Gap			(61,386,703)	(16,468,782)	(27,739,122)	(23,585,784)	(17,974,434)	(14,113,508)	(5,740,720)	18,795,914	19,418,395	(6,534,031)

42.3 Liquidity Risk

Liquidity risk is defined as the risk that a Bank, either does not have enough financial resources to meet its obligation and commitments as they fall due or can secure funds at an excessive cost; even when the Bank is solvent. Liquidity risk is due to the difference between the Bank's assets and liabilities generally known as mismatches. Liquidity management is important as the ultimate cost of a lack of liquidity is being out of business.

The liquidity risk policy is formulated keeping in view of the SBP's guidelines on risk management, Basel standards and best practices. NIB maintains its liquidity by keeping a level of liquid assets in such amount which is considered sufficient to anticipate payment of customers' deposits.

The Bank manages its liquidity risk through

- Controlling the cash flow mismatch between on and off balance sheet assets and liabilities through MCO;
- 5-Day stress testing on Bank's balance sheet carried out on daily basis assuming 50% run offs in CASA (Current and Saving) deposits over 5 days;
- Maintaining stable and diversified sources of funding;
- Ensuring the Bank has the right asset portfolio mix and sufficient liquid assets on hand in relation to its daily cash flows; and
- Stress testing on portfolio as required by local regulator

42.3.1 Maturities of Assets and Liabilities - Based on contractual maturity of the Assets and Liabilities of the Bank

	2015									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	10,052,543	10,052,543	–	–	–	–	–	–	–	–
Balances with other banks	1,645,086	1,645,086	–	–	–	–	–	–	–	–
Lendings to financial institutions	1,599,044	1,599,044	–	–	–	–	–	–	–	–
Investments	95,743,449	1,997,611	2,292,850	20,483,899	49,765,118	687,939	1,681,288	5,685,457	10,450,069	2,699,218
Advances	110,668,994	64,212,414	15,659,377	4,547,804	2,648,854	6,379,648	6,099,851	7,633,868	2,854,812	632,366
Operating fixed assets	3,086,446	28,660	60,386	109,588	160,354	273,751	235,488	336,572	468,339	1,413,308
Intangible assets	890,491	27,023	54,045	81,064	161,942	317,759	190,136	58,471	51	–
Deferred tax assets - net	9,539,749	128,349	256,697	385,046	770,092	1,631,515	2,078,002	4,290,048	–	–
Assets held for sale	3,112,731	–	3,112,731	–	–	–	–	–	–	–
Other assets	7,157,979	761,380	1,657,618	123,312	137,735	25,790	3,078,806	21,761	1,280,490	71,087
	243,496,512	80,452,110	23,093,704	25,730,713	53,644,095	9,316,402	13,363,571	18,026,177	15,053,761	4,815,979
Liabilities										
Bills payable	2,576,216	2,576,216	–	–	–	–	–	–	–	–
Borrowings	85,676,741	71,042,600	7,867,110	3,155,050	3,449,695	–	–	–	162,286	–
Deposits and other accounts	130,444,894	102,544,719	10,182,509	9,569,214	8,118,117	29,601	546	188	-	–
Sub-ordinated loans	4,195,516	–	–	840	840	1,680	1,680	3,359	4,187,117	–
Other liabilities	3,463,013	746,951	1,547,869	575,506	235,038	245,333	16,613	27,245	57,911	10,547
	226,356,380	176,910,486	19,597,488	13,300,610	11,803,690	276,614	18,839	30,792	4,407,314	10,547
Net assets	17,140,132	(96,458,376)	3,496,216	12,430,103	41,840,405	9,039,788	13,344,732	17,995,385	10,646,447	4,805,432

Share capital	103,028,512
Reserves	997,582
Discount on issue of shares	(45,769,623)
Accumulated loss	(41,195,205)
Shareholders' equity	17,061,266
Surplus on revaluation of assets - net	78,866
	17,140,132

The above maturity profile has been prepared in accordance with International Financial Reporting Standard 7, Financial Instruments: Disclosures, based on contractual maturities. Consequently, all demand assets and liabilities such as running finance, current accounts and saving accounts are shown as having a maturity upto one month. However, based on historical behaviour, management is of the opinion that the possibility of these inflows / outflows actually occurring entirely within one month is remote, as these flows normally occur over a longer period of time.

	2014									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	8,063,675	8,063,675	–	–	–	–	–	–	–	–
Balances with other banks	587,428	587,428	–	–	–	–	–	–	–	–
Lendings to financial institutions	7,699,646	6,730,297	969,349	–	–	–	–	–	–	–
Investments	59,944,107	518,196	1,586,811	6,851,142	5,272,677	5,053,827	3,466,206	7,403,427	23,979,874	5,811,947
Advances	93,664,036	58,234,869	10,234,826	7,593,314	1,473,315	3,946,167	3,878,685	5,213,985	2,352,550	736,325
Operating fixed assets	2,996,530	24,784	56,860	134,565	153,613	253,995	259,305	249,700	412,592	1,451,116
Intangible assets	1,197,785	26,867	53,585	80,377	160,582	319,239	313,363	238,485	5,287	–
Deferred tax assets - net	10,139,376	117,395	234,789	352,184	704,367	1,937,086	2,655,286	4,138,269	–	–
Other assets	9,275,375	1,389,476	2,782,595	310,358	366,799	368,395	2,655,944	190,843	1,183,836	27,129
	193,567,958	75,692,987	15,918,815	15,321,940	8,131,353	11,878,709	13,228,789	17,434,709	27,934,139	8,026,517
Liabilities										
Bills payable	2,740,528	2,740,528	–	–	–	–	–	–	–	–
Borrowings	62,750,894	40,528,028	9,834,876	9,675,250	2,550,454	–	–	–	162,286	–
Deposits and other accounts	105,109,980	86,617,931	4,956,658	8,241,327	5,262,543	2,152	28,842	527	–	–
Sub-ordinated loans	4,197,195	–	–	840	840	1,680	1,680	3,359	4,188,796	–
Other liabilities	3,114,267	850,246	1,467,836	455,582	7,313	220,695	11,301	27,950	64,524	8,820
	177,912,864	130,736,733	16,259,370	18,372,999	7,821,150	224,527	41,823	31,836	4,415,606	8,820
Net assets	15,655,094	(55,043,746)	(340,555)	(3,051,059)	310,203	11,654,182	13,186,966	17,402,873	23,518,533	8,017,697

Share capital	103,028,512
Reserves	474,123
Discount on issue of shares	(45,769,623)
Accumulated loss	(43,294,117)
Shareholders' equity	14,438,895
Surplus on revaluation of assets - net	1,216,199
	15,655,094

42.3.2 Maturities of Assets and Liabilities - Based on historical pattern of the Assets and Liabilities of the Bank

	2015									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	10,052,543	10,052,543	–	–	–	–	–	–	–	–
Balances with other banks	1,645,086	1,645,086	–	–	–	–	–	–	–	–
Lendings to financial institutions	1,599,044	1,599,044	–	–	–	–	–	–	–	–
Investments	95,743,449	1,997,611	2,292,850	20,483,899	49,765,118	687,939	1,681,288	5,685,457	10,450,069	2,699,218
Advances	110,668,994	19,441,432	23,799,555	16,758,072	27,069,390	6,379,648	6,099,851	7,633,868	2,854,812	632,366
Operating fixed assets	3,086,446	28,660	60,386	109,588	160,354	273,751	235,488	336,572	468,339	1,413,308
Intangible assets	890,491	27,023	54,045	81,064	161,942	317,759	190,136	58,471	51	–
Deferred tax assets - net	9,539,749	128,349	256,697	385,046	770,092	1,631,515	2,078,002	4,290,048	–	–
Assets held for sale	3,112,731	–	3,112,731	–	–	–	–	–	–	–
Other assets	7,157,979	761,380	1,657,618	123,312	137,735	25,790	3,078,806	21,761	1,280,490	71,087
	243,496,512	35,681,128	31,233,882	37,940,981	78,064,631	9,316,402	13,363,571	18,026,177	15,053,761	4,815,979
Liabilities										
Bills payable	2,576,216	2,576,216	–	–	–	–	–	–	–	–
Borrowings	85,676,741	71,042,600	7,867,110	3,155,050	3,449,695	-	-	-	162,286	–
Deposits and other accounts	130,444,894	14,445,701	15,378,071	17,362,556	23,704,802	6,643,316	6,614,261	13,227,616	33,068,571	–
Sub-ordinated loans	4,195,516	–	–	840	840	1,680	1,680	3,359	4,187,117	–
Other liabilities	3,463,013	746,951	1,547,869	575,506	235,038	245,333	16,613	27,245	57,911	10,547
	226,356,380	88,811,468	24,793,050	21,093,952	27,390,375	6,890,329	6,632,554	13,258,220	37,475,885	10,547
Net assets	17,140,132	(53,130,340)	6,440,832	16,847,029	50,674,256	2,426,073	6,731,017	4,767,957	(22,422,124)	4,805,432
Share capital	103,028,512									
Reserves	997,582									
Discount on issue of shares	(45,769,623)									
Accumulated loss	(41,195,205)									
Shareholders' equity	17,061,266									
Surplus on revaluation of assets - net	78,866									
	17,140,132									

Non-contractual assets and liabilities have been profiled by using Core / Non-core Balance Methodology. Core balances are defined as those which are expected to remain in our books for a longer period and thus placed in longer time buckets. Whereas, non-core balances are considered volatile and expected to attrite from our books in the short run.

In order to work out non-core balances, volatility is calculated using standard deviation and scaled for computing respective tenor volatility. Non-core and Core balances are equally distributed in time buckets from 1 month till 1 year and from 2 years till furtherest available time bucket respectively. Similarly, non-core balances for Running Finance are placed in 1-month bucket and core balances are equally distributed in buckets 2-months till 1-year.

NIB Bank

	2014									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	8,063,675	8,063,675	–	–	–	–	–	–	–	–
Balances with other banks	587,428	587,428	–	–	–	–	–	–	–	–
Lendings to financial institutions	7,699,646	6,730,297	969,349	–	–	–	–	–	–	–
Investments	59,944,107	518,196	1,586,811	6,851,142	5,272,677	5,053,827	3,466,206	7,403,427	23,979,874	5,811,947
Advances	93,664,036	18,095,800	17,532,839	18,540,333	23,367,352	3,946,167	3,878,685	5,213,985	2,352,550	736,325
Operating fixed assets	2,996,530	24,784	56,860	134,565	153,613	253,995	259,305	249,700	412,592	1,451,116
Intangible assets	1,197,785	26,867	53,585	80,377	160,582	319,239	313,363	238,485	5,287	–
Deferred tax assets - net	10,139,376	117,395	234,789	352,184	704,367	1,937,086	2,655,286	4,138,269	–	–
Other assets	9,275,375	1,389,476	2,782,595	310,358	366,799	368,395	2,655,944	190,843	1,183,836	27,129
	193,567,958	35,553,918	23,216,828	26,268,959	30,025,390	11,878,709	13,228,789	17,434,709	27,934,139	8,026,517
Liabilities										
Bills payable	2,740,528	2,740,528	–	–	–	–	–	–	–	–
Borrowings	62,750,894	40,528,028	9,834,876	9,675,250	2,550,454	–	–	–	162,286	–
Deposits and other accounts	105,109,980	11,036,637	9,368,615	14,859,261	18,498,411	5,133,705	5,160,396	10,263,634	30,789,321	–
Sub-ordinated loans	4,197,195	–	–	840	840	1,680	1,680	3,359	4,188,796	–
Other liabilities	3,114,267	850,246	1,467,836	455,582	7,313	220,695	11,301	27,950	64,524	8,820
	177,912,864	55,155,439	20,671,327	24,990,933	21,057,018	5,356,080	5,173,377	10,294,943	35,204,927	8,820
Net assets	15,655,094	(19,601,521)	2,545,501	1,278,026	8,968,372	6,522,629	8,055,412	7,139,766	(7,270,788)	8,017,697
Share capital	103,028,512									
Reserves	474,123									
Discount on issue of shares	(45,769,623)									
Accumulated loss	(43,294,117)									
Shareholders' equity	14,438,895									
Surplus on revaluation of assets - net	1,216,199									
	15,655,094									

42.4 Operational Risk Management

The Bank defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Bank seeks to ensure that key operational risks are managed in a timely and effective manner.

NIB approaches operational risk management from two perspectives to best manage operational risk within the structure of the Bank:

- at the enterprise level to provide independent, integrated management of operational risk across the Bank, and
- at the business and enterprise control function levels to address operational risk in revenue generating and non-revenue generating units.

A sound internal governance structure enhances the effectiveness of NIB's Operational Risk Management and is accomplished at the enterprise level through formal oversight by the Board, the CRO and risk management committees aligned to the Bank's overall risk governance framework and practices. The Operational Risk Committee (ORC) oversees the processes for sound operational risk management and also serves as an escalation point for critical operational risk matters within the Bank. The ORC reports operational risk activities to the Board Risk Management Committee.

Within the Integrated Risk Management Group, the Operational Risk Unit is now further strengthened after formation of Business Operational Risk Committees for Corporate and Investment Banking, Treasury and Retail. Businesses are now more focused on their relevant Operational Risk issues. Operational Risk System has been rolled out Bank-wide. Key Risk Indicators, operational loss incidents and testing of controls are now captured in the Operational Risk System. BCP being part of Bank's control activity is now under the umbrella of Operational Risk Management Unit and fortifies the Integrated Risk Management Group.

43 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on February 24, 2016 by the Board of Directors of the Bank.

Atif R. Bokhari	Teo Cheng San, Roland	Muhammad Abdullah Yusuf	Asif Jooma
President / Chief Executive	Chairman / Director	Director	Director

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2015

(Rupees in '000)

S.No.	Name & Address of borrower	Name of Individuals / partners / directors		Father's / Husband's Name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ Mark-up written-off	Other Financial Relief	Total
		Name	NIC No.		Principal	Accrued Mark-up	Others	Total				
1	DANISH ENTERPRISES 1ST FLOOR, HASSAN ALI CENTRE, M.A JINNAH ROAD, KARACHI.	SHAIKH DANISH SALEEM	42201-0642903-7	MUHAMMAD SALEEM	6,561	16,148	-	22,709	5,561	16,148	-	21,709
2	STATUS INTERNATIONAL CO. 10 SHAHZAD MARKET, NEW SHAHALAM MARKET, LAHORE.	MUHAMMAD ASLAM	35202-8164974-3	CHAUDHARY BARKAT ALI	700	2,156	-	2,856	700	2,156	-	2,856
3	ANSARI TEXTILE INDUSTRIES PLOT NO.C-1/2, SECTOR 6-B, NORTH KARACHI, INDUSTRIAL AREA, KARACHI.	MUHAMMAD QASIM ANSARI	42101-1419982-1	MOHAMMAD ANSARI	3,500	5,632	-	9,132	3,500	5,690	-	9,190
4	N.A. TEXTILE INDUSTRIES PLOT NO. 1/124, SECOR 6-B, NORTH KARACHI, KARACHI.	MUHAMMD NAEEM ANSARI	42101-1419984-1	QASIM ANSARI	2,399	3,377	-	5,776	2,399	3,415	-	5,814
5	Z.M.TRADERS 5 A FEROZPUR ROAD, NEAR GALAXY SHOPPING, LAHORE.	(I) MOHAMMAD ZAHID AKHTAR (II) ASHRAF BIBI	(I) 35201-9564939-7 (II) 35201-9796078-6	(I) MUHAMMAD MASKEEN AKHTAR (II) MUHAMMAD MASKEEN AKHTAR	2,898	1,142	-	4,040	-	1,142	-	1,142
6	C M FABRICS CLIMAXABAD GT ROAD, GUJRANWALA.	ABDUL QAYYUM KAMBOH	34101-2599076-7	HAJI MIRAJ DIN	29,989	27,292	-	57,281	-	27,292	-	27,292
7	C M WOOLLEN MILLS GT ROAD, RAHWALI NEAR GLOBEL MARRIAGE HALL GUJRANWALA.	MUHAMMAD AYYYUB	34101-2782780-7	HAJI MIRAJ DIN	30,047	26,760	-	56,807	-	26,760	-	26,760
8	CM ENGINEERING 121 FEROZPURE ROAD, LAHORE.	(I) ABDUL QAYYUM KAMBOH (II) ZEESHAN QAYYUM (III) ARSALAN QAYYUM	(I) 34101-2599076-7 (II) 35202-0795513-7 (III) 35202-1859666-5	(I) MIRAJ DIN (II) ABDUL QAYYUM (III) ABDUL QAYYUM	38,998	34,716	-	73,714	-	34,716	-	34,716
9	MUHAMMAD MURAD SHEIKH A-165, KALORO COLONY, NEW MUBARAK, COOPERATIVE HOUSING SOCIETY, KARACHI.	MUHAMMAD MURAD SHAHIKH	41303-1528615-9	PEER BAKSH SHEIKH	2,398	2,165	-	4,563	-	2,165	-	2,165
10	ENGRAM TECHNOLOGIES INTERNATIONAL GULISTAN HOUSE PLAZA 2 EAST BLUE AREA, ISLAMABAD.	TAHIR HASSAN KHAN	61101-0285844-3	RAFIQ AHMED KHAN	-	3,603	-	3,603	-	3,603	-	3,603
11	NATIONAL GASES LIMITED F 74/A, SITE, KARACHI.	(I) MOHAMMAD ADIL KHAN (II) MRS. ISMAT ADIL (III) SHIRAZ KHAN	(I) 42401-4229617-9 (II) 42401-8807261-6 (III) 42401-2451658-7	(I) MUHAMMAD FAZAL KHAN (II) MUHAMMAD ADIL (III) MUHAMMAD ADIL KHAN	49,918	21,900	-	71,818	19,918	21,900	-	41,818
12	COLOUR LINE 210-2, SMALL INDUSTRIAL ESTATE, LAHORE.	(I) SHAKIL WAHID (II) ASAD IQBAL SHEIKH (III) ANWAR IQBAL	(I) 35202-9185186-7 (II) 35202-2945217-5 (III) 35202-2403830-1	(I) MIAN ABDUL WAHID (II) SHEIKH IQBAL AHMED (III) IQBAL AHMED	20,289	3,606	-	23,895	8,289	3,606	-	11,895
13	AL NAWAZ FILLING STATION HOUSE NO.10/142, AREA DEFENCE, CANTT HYDERABAD	HAMID ALI DAHAR	41303-3167785-5	MUHAMMAD NAWAZ DAHAR	800	256	-	1,056	800	296	-	1,096
14	FAROOQ HABIB TEXTILE 74-B-3, GULBERG-III, LAHORE.	(I) HABIBULLAH KHAN (II) ZAFARULLH KHAN (III) FAROOQ HABIB	(I) 35201-7921526-3 (II) 271-54-209044 (III) 270-87-302561	(I) MIAN AKBER ALI (II) MIAN AKBER ALI (III) MIAN HABIBULLAH KHAN	127,034	39,787	-	166,821	37,034	39,787	-	76,821
15	TRAMONDI SPORTS PVT LTD 12-K.M, DASKA ROAD, SIALKOT.	(I) MUHAMMAD ISHTIQ LONE (II) FAIQA LONE (III) WERNER MUCHA (IV) PETER MUCHA	(I) 34603-1374583-9 (II) 34603-7989816-8 (III) FOREIGN DIRECTOR (IV) FOREGIN DIRECTOR	(I) MUHAMMAD SIDDIQUE LONE (II) SALEEM DAR (III) MUCHA (IV) MUCHA	39,485	43,178	-	82,663	-	46,254	-	46,254
16	IQBAL & SONS SHOP NO. GC-50, BESIDE FAROOQ MASJID, SANITARY MARKET, GULBAHAR-2, KARACHI.	SALEEM HUSSAIN SIDDIQUI	42101-1384969-9	ALAM IQBAL SIDDIQUI	10,600	1,606	-	12,206	2,600	1,606	-	4,206
17	RAZA ENTERPRISES 165-C, BLOCK-3, P.E.C.H.S., KARACHI.	RAZA HUSSAIN	42201-5601747-9	ABDUL HUSSAIN	7,028	3,971	-	10,999	728	3,971	-	4,699
18	AZEEM FOOD INDUSTRIES SUIT-D, FIRST FLOOR, 10-GARDEN ROAD, AL HAROON BUILDING, KARACHI.	(I) SAJJAD AZEEM (II) SHOUKAT AZIM (III) FOUZIL AZIM	(I) 42301-1276411-9 (II) 42301-3029410-5 (III) 42301-0105748-3	(I) MUHAMMAD AZEEM (II) MUHAMMAD AZEEM (III) SAJJAD AZIM	9,999	2,344	-	12,343	3,999	2,344	-	6,343

NIB Bank

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2015

(Rupees in '000)

S.No.	Name & Address of borrower	Name of Individuals / partners / directors		Father's / Husband's Name	Outstanding liabilities at the beginning of the year				Principal written-off	Interest/ Mark-up written-off	Other Financial Relief	Total
		Name	NIC No.		Principal	Accrued Mark-up	Others	Total				
19	ZAHID HAFEEZ HOUSE NO. 147, MOHALLAH ABU BAKER BLOCK NEW GARDEN TOWN	ZAHID HAFEEZ	35202-7059649-7	CHAUDHARY ABDUL HAFEEZ	26,883	15,016	-	41,899	-	17,096	-	17,096
20	AMJAD AHSAN INFOTECH (PRIVATE) LTD PLOT NO. 2/4 & 2/5, SECTOR-17, KORANGI INDUSTRIAL AREA, KARACHI.	(I) AHSANULLAH KHAN (II) AHSANULLAH KHAN (III) PARVEEN KHAN	(I) 42101-0146694-9 (II) 42000-6524376-9 (III) 42101-3688321-8	(I) HABIBULLAH KHAN (II) AHSANULLAH KHAN (III) AHSANULLAH KHAN	39,954	29,101	-	69,055	-	24,926	-	24,926
21	SHAFY SPORTS WEAR HOUSE N0.31/5, ZAFAR ALI ROAD, SIALKOT CANTT	(I) NARGIS MUSTAFA (II) NAZIA ALI	(I) 34603-1624769-0 (II) 34603-9457984-2	(I) GHULAM MUSTAFA CH (II) ZULFIQAR ALI CH	54,618	37,598	-	92,216	-	47,209	-	47,209
22	BELOS CLOTHING PVT SIALKOT-3, PACCA GARHA WAZIRABAD ROAD, SIALKOT	(I) ASHRAF JAVED CH. (II) FARKHANDA BEGUM CH.	(I) 34603-7352449-3 (II) 34603-6373232-4	(I) MUHAMMAD SHAFI CH. (II) CHAUDHARY	92,257	25,634	-	117,891	32,257	25,634	-	57,891
23	SHAUKAT SOAP AND GHEE IND PVT LTD THERI SANSI OPPOSITE RAILWAY STATION, GT ROAD, JARANWALA.	(I) HABIB AHMED (II) ALI NAWAZ HAMEED (III) IRFAN SHAUKAT (IV) ABDUL WAHEED	(I) 34101-2492999-3 (II) 34101-2702005-7 (III) 34101-5126500-5 (IV) 34101-3072062-7	(I) ABDUL HAMEED (II) ABDUL HAMEED (III) SHAUKAT ALI SHEIKH (IV) WAHEED	148,201	47,827	-	196,028	-	50,771	-	50,771
24	BUILDCORE ENGINEERING (PVT) LTD 22-KM, FEROZEPUR ROAD OF 4-KM ROOHI NALA, LAHORE.	(I) NAVEED AKBAR (II) MIAN FAISAL RABBANI (III) RIZWAN IQBAL JAURA	(I) 35200-6692835-9 (II) 35201-6995826-9 (III) 34201-0394731-5	(I) GHULAM RASOOL CH (II) MIAN GHULAM RABBANI (III) MUHAMMAD IQBAL JAURA	58,781	24,467	-	83,248	-	19,963	-	19,963
25	BAWANY INDUSTRIES LTD 2ND FLOOR, HAKIMSONS BUILDING, WEST WHARF ROAD, KARACHI.	(I) MR. M. MAJEED AHMED BAWANY (LATE) (II) MR. M. YOUNUS ABDUL MAJEED (III) MR. MANSOOR VALLIANI (IV) MR. A. GHAFFAR A.AZIZ (V) MR. MUHAMMAD HANIF A. SATTAR (VI) MR. ABDUL WALI MUHAMMAD MOTEN			25,326	186,273	-	211,599	-	131,184	-	131,184
26	* MUHAMMAD MANSOOR SADIQ P-525 A-BLOCK, GHULAM MUHAMMADABAD FAISALABAD	MUHAMMAD MANSOOR SADIQ	33100-4505165-1	SHEIKH ABDUL SADIQ	1,222	109	-	1,331	1,221	158	-	1,379
27	* ASAD ABBAS S-3/1, MODERN COLONEY, MOANGHOPIR ROAD,	ASAD ABBAS	42401-1608296-7	SAADAATULLAH KHALIL	546	60	-	606	544	81	-	625
28	* KASHIF MAQSOOD HOUSE NO 3, STREET NO 5, BABA RONAK WALI GALI, SHAUKAT COLONY, BARADARI ROAD, BEGUM KOT, SHAHDRAH, LAHORE.	KASHIF MAQSOOD	35202-7445329-7	MAQSOOD AHMED	526	34	-	560	505	62	-	567
29	* SYED RAZA HUSSAIN HOUSE NO 30, STREET NO 5, SECTOR-J, DHA, PHASE-II, ISLAMABAD.	SYED RAZA HUSSAIN	35201-7664360-7	SYED NAZIR HUSSAIN KAZMI	1,301	34	-	1,335	1,301	121	-	1,422
30	* SHOUKAT HAYAT CHAH WALLAN WALA, OPPOSITE SIKANDARABAD SHUJAABAD, DISTT MULTAN.	SHOUKAT HAYAT	36304-4484183-3	ALLAH YAR	514	36	-	550	501	74	-	575
31	* NAVEED UD DIN KHAN R-191, GHAZI VILLAS, SECTOR 1 A-4, NORTH KARACHI.	NAVEED UD DIN KHAN	42101-4478204-5	SALAH UD DIN KHAN	450	18	-	468	444	95	-	539
32	* TAHIR MEHMOOD HOUSE NO.5, REHMAN SCHEME, NEAR AMERICAN INTERNATIONAL SCHOOL MAIN CANAL ROAD, HARBANSPURA, LAHORE.	TAHIR MEHMOOD	35102-4588082-1	MIAN MUHAMMAD SARWAR	628	28	-	656	617	120	-	737
33	* SHEIKH MUHAMMAD ALI H NO B-3, 1ST FLOOR, EAST STREET PHASE-I, DHA, KARACHI	SHEIKH MUHAMMAD ALI	42301-8745743-5	SHEIKH MOHAMMAD ASHRAF	574	22	-	596	457	54	-	511
34	* MUHAMMAD ASHRAF H NO 146/70, ST NO 1 CHUNGI NO 14, NEAR KABARI MARKET, MUMTAZABAD ROAD, MULTAN.	MUHAMMAD ASHRAF	36302-3041570-1	MUNSHI	900	9	-	909	873	149	-	1,022
35	* ADNAN HAIDER ZAIDI HOUSE NO. 4A ST-5, AL-WADI SOCIETY 7 MEAL ISLAMABAD	ADNAN HAIDER ZAIDI	91509-0153735-7	RIAZ HUSSAIN ZAIDI	1,000	6	-	1,006	976	201	-	1,177
36	* SAMIA HAMEED TANDLI POST OFFICE, OLD SECRETARIATE, MUZAFFARABAD.	SAMIA HAMEED	82203-8139122-8	RAJA ZAFFAR IQBAL	490	14	-	504	473	115	-	588

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(Rupees in '000)

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		Name	NIC No.		Principal	Accrued Mark-up	Others	Total				
37	* KHADIM HUSSAIN C.B QUATER 6, MOHALLAH TARIQ ABAD INDUS ROAD NO. 2 RAWALPINDI.	KHADIM HUSSAIN	37405-4084078-7	SOHNA KHAN	769	11	-	780	704	78	-	782
38	* SHAHI MULK HOUSE NO. 224, STREET NO. 4 SECTOR E-7, PHASE-7 HAYATABAD, PESHAWAR.	SHAHI MULK	17301-4950446-3	SYED AMIR UL MULK	1,124	42	-	1,166	964	79	-	1,043
39	* MUHAMMAD RAHEEL JAWED H NO A -129, BLOCK 13-C, GULSHAN-E-IQBAL, KARACHI.	MUHAMMAD RAHEEL JAWED	42000-0397007-9	MUHAMMAD JAWED AKHTER	493	13	-	506	473	95	-	568
40	* TABISH ISMAIL H NO. D-42 BLOCK-5, AREA KAHKASHAN, CLIFTON, KARACHI.	TABISH ISMAIL	42301-7971411-1	ABID ISMAIL	550	4	-	554	529	93	-	622
41	* AHSAN ULLAH SHAH SHIRAZI HOUSE NO. 45/2, KHAYABAN-E-SHAMSHIR, PAHSE-V, DHA, KARACHI.	AHSAN ULLAH SHAH	42501-5593364-5	MIR WALI SHAH	1,286	17	-	1,303	1,167	125	-	1,292
42	* MUHAMMAD BILAL HOUSE NO-3 STREET NO. 32, A-MUMTAZ ROAD YOUSAF STREET PAK I TATAHI SAMNABAD LAHORE.	MUHAMMAD BILAL	35202-3486582-9	MUHAMMAD AZEEM	903	12	-	915	854	77	-	931
43	* SALEEM MANZOOR H NO 98/XX-1, NEAR BILAL MASJID, NEW NAQSHBAND COLONY, MULTAN.	SALEEM MANZOOR	36302-3696633-9	MANZOOR ELAHI	569	13	-	582	546	106	-	652
44	MUHAMMAD SAGHIR AHMED HOUSE # 739, STREET 32, SAEEDABAD, BALDIA TOWN UC-5.	MUHAMMAD SAGHIR AHMED	42401-8080664-7	MUHAMMAD RABAN	949	1,180	-	2,129	499	1,161	-	1,660
45	MUHAMMAD SOHAIL FLAT NO. 404, 4TH FLOOR, AL-RAUF HOMES CHAMAN STREET GURUMANDAR, KARACHI	MUHAMMAD SOHAIL	42301-8662521-7	MOHAMMAD RAFIQ	156	713	-	869	156	713	-	869
46	IMRAN RAZA HOUSE NO. 11-12 MOHALLAH SHOE MARKET SHAHLAM GATE, LAHORE.	IMRAN RAZA	35202-5801286-1	SHEIKH REHMAT ALI	388	593	-	981	388	593	-	981
47	MUHAMMAD ISHTIAQ HOUSE NO.27, STREET NO.17, SADI PARK, MAZONG, LAHORE	MUHAMMAD ISHTIAQ	35202-8761872-9	MUHAMMAD DIN	315	338	-	653	315	330	-	645
48	RIZWAN PLOT 12-C, FLAT 2-C, 3RD FLOOR, LANE-1, KHAYABAN-E-RAHAT, PHASE-VI, DHA. KARACHI.	RIZWAN	42301-5493047-7	NASIR	153	373	-	526	153	369	-	522
49	AFTAB AHMAD HOUSE 4, STREET 4, ASLAM PARK, SHAHDRA TOWN, LAHORE	AFTAB AHMAD	35202-0827638-7	ABDUL REMAN	250	260	-	510	250	260	-	510
50	ZAKA ULLAH KHAN HOUSE DHOKE KARAM SHAH, DAKHAN CHAK NAURANG EH AND DISTT. CHAKWAL	ZAKA ULLAH KHAN	61101-8834871-9	CHAUDARY NASRULLAH KHAN	146	429	-	575	146	429	-	575
51	SYED MEHDI HUSSAIN PLOT NO. 753, FLAT NO. 05, BLOCK-2, CENTRAL COMMERCIAL AREA, P.E.C.H.S., TARIQ ROAD, KARACHI	SYED MEHDI HUSSAIN	42201-0960852-5	SYED MUSTAFA HUSSAIN	223	336	-	559	223	335	-	558
52	HUSSAINI FLAT B-1, SAIFEE NAGAR, BOHRI GALI, NASHTAR ROAD, PANKHA LINE CITY COURT, KARACHI.	HUSSAINI	42301-0506657-3	FAKHAR UDDIN	236	332	-	568	193	332	-	525
53	IMRAN WAHEED UDDIN SIDDIQUI HOUSE NO. SS-2-B, MAIN SUNSET BOULEVARD, PHASE-2, DHA, KARACHI.	IMRAN WAHEED UDDIN SIDDIQUI	42301-8890584-9	WAHEED UDDIN SIDDIQUI	444	358	-	802	204	358	-	562
54	ASLAM GHULAM HAIDER FLAT # C-23, 1ST FLOOR, SALMA VILLAGE HOUSING SOCIETY, RUBY STREET, GARDEN WEST, KARACHI.	ASLAM GHULAM HAIDER	42301-2214239-5	GHULAM HAIDER HASHIM	908	214	-	1,122	458	214	-	672

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NIB Bank

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		Name	NIC No.		Principal	Accrued Mark-up	Others	Total				
55	MUHAMMAD REHAN NEAR JAMIA MEHMOODIA GOJRA ROAD MOHALLAH CHAUDHRY COLONY JHANG SADAR, JHANG.	MUHAMMAD REHAN	33202-8172633-1	CHAUDHRY ASLAM MEHMOOD	291	310	-	601	239	291	-	530
56	MUHAMMAD KHALID HOUSE NO.36, REPID GARDEN GREEN TOWN, MILLAT ROAD, FAISALABAD.	MUHAMMAD KHALID	33100-6860772-1	MUHAMMAD YAQOOB	267	379	-	646	131	379	-	510
57	MUHAMMAD LAIQUE HOUSE NO. K-283, SECTOR 36-A, KORANGI NO.5, KARACHI	MUHAMMAD LAIQUE	42201-5195322-7	MUHAMMAD AHMED QURESHI	359	691	-	1,050	258	691	-	949
58	MUHAMMAD AKRAM RAHEEL HOUSE NO. 52, STREET NO. 3, BHUTTO NAGAR, SAHIWAL.	MUHAMMAD AKRAM RAHEEL	36502-1352295-5	MUHAMMAD SIDDIQ	117	438	-	555	119	429	-	548
59	MUHAMMAD TANVEER STREET NO. 42-S, HUSSAIN STREET, MILLAT ROAD, SAMANABAD, LAHORE.	MUHAMMAD TANVEER	35202-8602410-7	MUHAMMAD ASHRAF	175	2,504	-	2,679	175	2,407	-	2,582
60	BARKAT ALI HOUSE NO.276, SECTOR-B, BHITTAI COLONY, KORANGI, KARACHI	BARKAT ALI	42201-9402803-5	BASHEER AHMED	326	540	-	866	220	468	-	688
61	MUHAMMAD RASHID KHAN YOUSUF ZAI CC-27, MARIA APPT, BLOCK # 2, NAGAN CHOWRANGI, NORTH NAZIMABAD TOWN, KARACHI.	MUHAMMAD RASHID KHAN YOUSUF ZAI	42401-1294717-5	MUHAMMAD KHURSHEED KHAN YOUSUF ZAI	229	386	-	615	154	384	-	538
62	MUHAMMAD SHAKEEL HOUSE# 80, F BLOCK, NAVEL COLONY, HAWKSBAY ROAD MARI POOR, KARACHI.	MUHAMMAD SHAKEEL	42401-6255346-7	MUHAMMAD ISMAIL MALIK	474	425	-	899	289	425	-	714
63	MUHAMMAD YOUSAF KHAN HOUSE NO. 4, STREET NO, 16. SHEIKH RUSTAM ALI UMER DIN ROAD ELAHI PARK, WASSAN PURA, LAHORE.	MUHAMMAD YOUSAF KHAN	38403-2166499-1	LAL KHAN	349	404	-	753	184	404	-	588
64	MOHAMMAD ANIS KHAN HOUSE NO. 53, SECTOR 35/B, KORANGI NO. 4 KARACHI.	MOHAMMAD ANIS KHAN	42201-6711711-1	MUHAMMAD NAFOOS KHAN	630	614	-	1,244	230	614	-	844
65	ABDUL AZIZ FLAT 101-102, MUSTAFA TERRACE, BLOCK 5/6, BAHADURABAD, KARACHI.	ABDUL AZIZ	42201-9302723-7	ABDULLAH	449	354	-	803	216	354	-	570
66	MUHAMMAD YASEEN KHAN HOUSE NO. 1/413, LIAQUATABAD, KARACHI.	MUHAMMAD YASEEN KHAN	42101-6574935-5	MUHAMMAD UMAR KHAN	236	386	-	622	183	386	-	569
67	MOHAMMAD AMIR HOUSE NO. 201, AREA 35/B, KORANGI NO. 4, KARACHI.	MOHAMMAD AMIR	42201-0731709-5	BARKAT ULLAH	672	817	-	1,489	249	817	-	1,066
68	SHAHID HAROON QURESHI HOUSE NO.1/1013, CHISHTIAN DHOKOO ROAD, CHAKWAL	SHAHID HAROON QURESHI	37201-7840596-1	SHEIKH SHARIF HUSSAIN	603	390	-	993	295	390	-	685
69	HAYAT MUHAMMAD HOUSE # K-512, 1ST FLOOR, SECTOR-35/B, KORANGI NO.5, KARACHI.	HAYAT MUHAMMAD	42201-0500212-7	MUHAMMAD QASIM ANSARI	477	316	-	793	227	310	-	537
70	MUHAMMAD SHAFIQ HOUSE NO 414, STREET 13, SECTOR H, MANZOOR COLONY MEHMOODABAD, KARACHI.	MUHAMMAD SHAFIQ	42301-2828015-5	MUHAMMAD BASHIR	508	272	-	780	248	272	-	520
71	RAJAB ALI SANNA SEA VIEW APPARTMENT FF-2, BLOCK # 56, CLIFTON, KARACHI.	RAJAB ALI SANNA	42301-0952646-5	AKBAR ALI SANNA	381	323	-	704	186	327	-	513
72	FAYYAZ HAIDER 50-B HOUSE NO. 3, KACHA LAWRENCE ROAD, LAHORE.	FAYYAZ HAIDER	34203-9913127-1	MUHAMMAD IDREES	660	451	-	1,111	195	451	-	646
73	MUHAMMAD SHOAIB BUTT HOUSE NO. 177, STREET NO. 8, BS SHARIF PARK, OUT FALL ROAD USMAN ROAD, SANAT NAGAR,LAHORE.	MUHAMMAD SHOAIB BUTT	35202-1359856-7	MUHAMMAD AKBAR BUTT	809	541	-	1,350	479	541	-	1,020
74	IMRAN KHAN HOUSE # 108/2, ROAD-A BIHAR COLONY, KARACHI.	IMRAN KHAN	42301-0932511-7	MISRI KHAN	375	348	-	723	185	348	-	533

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75	MUHAMMAD FAROOQ FLAT NO. 601, 606, SHAHNAWAZ GARDEN, BLOCK-B, GARDEN WEST, KARACHI.	MUHAMMAD FAROOQ	42201-7061810-3	ABDUL JABBAR	1,098	1,427	-	2,525	498	1,427	-	1,925
76	SAJJAD HAIDER HOUSE NO. 607, BLOCK-B, GULSHAN RAVI,LAHORE.	SAJJAD HAIDER	35202-6609774-7	SYED IFTIKHAR ALI SHAH	346	480	-	826	206	481	-	687
77	MUHAMMAD IMRAN HOUSE 702, STREET 75, SECTOR G 10/4, ISLAMABAD.	MUHAMMAD IMRAN	33201-3166853-1	HAFIZ NAZIR AHMAD	222	428	-	650	98	426	-	524
78	SHAHZAD AHMED P 11 STREET 2, USMAN TOWN, CANAL COLONY JARAN WALA ROAD, FAISALABAD.	SHAHZAD AHMED	33100-8325719-3	MUHAMMAD RAFIQUE	355	379	-	734	177	379	-	556
79	FAWAD AHMED FLAT NO. BB-41, MARIA LUXURY APPT, STREET NO 5, BLOCK-3, SHADMAN TOWN, NORTH NAZIMABAD TOWN SEC 14-B, KARACHI.	FAWAD AHMED	42101-2531720-1	MOHAMMAD NASEEM	475	384	-	859	190	384	-	574
80	ALI RAZA SHAHANI 83 ZENAT BLOCK, ALLAMA IQBAL TOWN, LAHORE.	ALI RAZA SHAHANI	35202-2714529-5	GHULAM HUSSAIN KHOKHAR	658	713	-	1,371	297	713	-	1,010
81	BILAL SALEEM R-74, BLOCK-5, FEDERAL B. AREA, KARACHI.	BILAL SALEEM	501-79-758595	SALEEM AHMED KHAN	791	336	-	1,127	208	336	-	544
82	MUSHTAQ AHMED 11 BAHADAR SHAH ZAFAR ROAD, SARGODHA.	MUSHTAQ AHMED	38403-2104076-5	GHULAM MUHAMMAD	6,748	-	-	6,748	2,248	6,180	-	8,428
83	SH MUHAMMAD MUNIR MUGHAL PURA, HOUSE NO. 2, GALI NO. 2, MOHALLA RAILWAY LYRIX COLONY LAHORE.	SH MUHAMMAD MUNIR	35200-8975050-7	ABDUL GHANI	3,195	413	-	3,608	662	413	-	1,075
84	M. QAMAR & M. AKEEL HOUSE NO. 1, STREET NO. 62, UMAR DIN ROAD, WASSAN PURA, LAHORE.	M. QAMAR	35202-1402026-3	MUHAMMAD UMAR	1,783	601	-	2,384	350	638	-	988
85	MUHAMMAD SHARIF 144 N MARGZAR COLONY, MULTAN ROAD, LAHORE.	MUHAMMAD SHARIF	35202-3023513-9	HAMID ALI	304	380	-	684	124	383	-	507
86	MUHAMMAD ZAHID HOUSE # 28, SATELLITE TOWN 21-KM FEROZPUR ROAD, LAHORE	MUHAMMAD ZAHID	35201-5411459-9	DALEER KHAN	441	329	-	770	211	330	-	541
87	ABDUL SABOOR CHOHAN H NO. 595, BLOCK F, JOHAR TOWN, LAHORE.	ABDUL SABOOR CHOHAN	35202-2847745-9	MUHAMMAD LATIF CHOHAN	377	361	-	738	177	361	-	538
88	MUHAMMAD ABID MUSHTAQ HOUSE NO. 6, MASJID WALI GALI MAIN BAZAR NIZAMABAD,LAHORE	MUHAMMAD ABID MUSHTAQ	35201-6696231-1	MUHAMMAD MUSHTAQ	343	350	-	693	150	350	-	500
89	ASLAM PERVAIZ HOUSE NO.103, PARDESI PALACE, JAMSHED ROAD NO 3, KARACHI.	ASLAM PERVAIZ	42201-8794775-3	ADDUL QUDDUS	861	551	-	1,412	291	599	-	890
90	MUHAMMAD SHARIEF HOUSE NO A-1/25 LIAQUATABAD NO, 1, KARACHI.	MUHAMMAD SHARIEF	42101-6389777-7	ABDUL SAEED KHAN	911	988	-	1,899	366	988	-	1,354
91	ABDUL FAHIM HOUSE G-748, AREA G, KORANGI 5 1/2, KARACHI.	ABDUL FAHIM	42201-6760622-7	ABDUL QADEER	2,034	2,355	-	4,389	467	2,355	-	2,822
92	MUHAMMAD SHAKIL HOUSE NO. 332-E-AREA. GHOOS PAK ROAD KORANGI 5-1/2, KARACHI.	MUHAMMAD SHAKIL	42201-5874598-1	WAHAJ-UD-DIN	301	357	-	658	161	357	-	518
93	ABDUL MAJID CHAUDRY FLAT # A 10 PLOT NO. 1-2-3 DOLMEN ARCADE, SHAHEED-E-MILLAT BAHADURABAD, KARACHI.	ABDUL MAJID CHAUDRY	42201-4721695-9	ABDUL MALIK	665	391	-	1,056	315	423	-	738
94	HAFIZ MUHAMMAD AHSAN IQBAL HOUSE 316-E, GULSHAN RAVI, LAHORE.	HAFIZ MUHAMMAD AHSAN IQBAL	35202-6817781-1	SHEIKH MUHAMMAD IQBAL	317	363	-	680	156	364	-	520

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95	SHAHAN SHAH BABAR H NO.10 JAN MUHAMMAD COLONY MASOOM SHAH ROAD WRITERS COLONY MULTAN	SHAHAN SHAH BABAR	36302-4755536-3	ZULFIQAR ALI	376	466	-	842	186	466	-	652
96	WASEEM ABBAS IQBAL TOWN, MANGLA ROAD, DINA TEHSIL AND DISTT JHELUM DINA.	WASEEM ABBAS	37301-5520959-5	SHEIKH ALLAH DITTA	279	387	-	666	114	387	-	501
97	SHIRAZ AHMED ABBASI HOUSE NO. BS-180, STREET NO. 6 BAGH SARDARAN, RAWALPINDI.	SHIRAZ AHMED ABBASI	37405-7402717-7	MUHAMMAD IRSHAD ABBASI	269	375	-	644	134	378	-	512
98	ATHAR ALI HOUSE # B-38, GULSHAN-E-HALI, HALI ROAD, HYDERABAD	ATHAR ALI	41303-6195119-3	ASGHAR ALI	463	323	-	786	273	323	-	596
99	ABDUL RASHID HOUSE # 9/8 MASJID QUAT UL ISLAM COLONY LIAQUATABAD, KARACHI.	ABDUL RASHID	42101-7986470-7	ABDUL WAHID	915	849	-	1,764	299	849	-	1,148
100	AZAM KHAN HOUSE NO. 68, STREET 156, AFZAL PARK, ABDALI / B ROAD ISLAM PURA LAHORE.	AZAM KHAN	35202-3035919-9	SALEEM KHAN	783	734	-	1,517	202	734	-	936
101	MUHAMMAD MANZAR HOUSE # R-1/2 STREET # 13, SECTOR 15-A/4, BUFFER ZONE, NORTH KARACHI.	MUHAMMAD MANZAR	42101-3241279-5	MUHAMMAD IDREES	449	283	-	732	224	283	-	507
102	KHAWAR IQBAL HOUSE # 627, STREET # 26, MIAN MEER COLONY UPPER MALL, LAHORE.	KHAWAR IQBAL	35301-1926515-1	MUHAMMAD SAEED	335	407	-	742	110	411	-	521
103	SYED IMTIAZ ALI SHAH HOUSE 326, SECTOR A-2, BLOCK-1, TOWN SHIP, LAHORE.	SYED IMTIAZ ALI SHAH	35202-9556211-5	SYED ABDUL SALAM	338	345	-	683	178	345	-	523
104	AKMAL HUSSAIN 59-B, KACHA FEROZ PUR ROAD, LAHORE.	AKMAL HUSSAIN	35202-2226681-3	CH FAZAL HUSSAIN	926	512	-	1,438	449	512	-	961
105	AZIZ UR REHMAN HOUSE NO. 40, STREET 11, NAVAL COLONY SECTOR 4, HAROON BEHRIA SOCIETY, HUB RIVER ROAD, KARACHI.	AZIZ UR REHMAN	42301-6861531-1	MOHAMMAD RAMZAN KHAN	450	287	-	737	225	300	-	525
106	TAHIR HUSSAIN HOUSE # 538, STREET 36, MUGHAL PURA BAZAR, MUGHAL PURA, LAHORE.	TAHIR HUSSAIN	35201-3255147-1	NAZIR HUSSAIN	409	344	-	753	199	348	-	547
107	KHURRAM SHAHZAD HOUSE # 178/A, BLOCK # 8, KACHS, KARACHI.	KHURRAM SHAHZAD	42301-5389019-1	MUKHTAR HUSSAIN	288	514	-	802	144	516	-	660
108	ZAFAR IQBAL FLAT NO. A-1/6, RUPALI RESIDENCY, BLOCK-19, GULSHAN-E-IQBAL, KARACHI.	ZAFAR IQBAL	42201-0242921-7	MUHAMMAD IQBAL	511	461	-	972	161	461	-	622
109	MUHAMMAD NASEER KHAN 114-C, BLOCK # B, REVENUE EMPLOYEES COOPERATIVE HOUSING SOCIETY, COLLEGE ROAD, LAHORE.	MUHAMMAD NASEER KHAN	35202-2791709-5	KHAN MUHAMMAD KHAN	460	317	-	777	230	317	-	547
110	HABIB ISHAQ HOUSE 311/A-1, STREET 7, BLOCK-B, NISHAT COLONY, LAHORE.	HABIB ISHAQ	35201-1243166-9	CHAUDRY MUHAMMAD ISHAQ	232	420	-	652	112	427	-	539
111	MOHSIN ZAFAR HOUSE # 1 ZAFAR MANZIL STREET # 3, BUSHRA ZAFAR STREET, OPPOSITE WAPDA OFFICE, MAIN BAZAR SANDA KALAN SECTOR 85, LAHORE.	MOHSIN ZAFAR	35202-9475154-7	MUHAMMAD AZAM ZAFAR	1,224	1,340	-	2,564	389	1,348	-	1,737
112	MUHAMMAD WASEEM AKHTER KHAN P-8-Z-B, MADINA TOWN, FAISALABAD.	MUHAMMAD WASEEM AKHTER KHAN	33100-4453012-7	ABDUL RASHEED	474	448	-	922	199	448	-	647

Statement showing written-off loans or any other financial relief of five hundred thousand rupees or above provided during the year ended December 31, 2015

(Rupees in '000)

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		Name	NIC No.		Principal	Accrued Mark-up	Others	Total				
113	MUHAMMAD NADEEM BUTT HOUSE NO. 93/B STREET NO. 24/B AL RAHMAT STREET HAJI QAMAR DIN PARK KOT KHAWAJA SAEED, LAHORE.	MUHAMMAD NADEEM BUTT	35201-1428438-7	MUHAMMAD MUNIR BUTT	474	299	-	773	224	317	-	541
114	MUHAMMAD NAWAZ CHAH SAMUNDRIWALA MIANI RAWAH POST OFFICE JHOK LASHKAR PUR TEHSEEL MULTAN SADAR MULTAN	MUHAMMAD NAWAZ	36303-2464930-3	KHUDA BUKSH	603	274	-	877	273	322	-	595
115	SYED MOHAMMAD OBAID ATHAR WASTI HOUSE # R-1183, BLOCK # 9, F.B. AREA, KARACHI.	SYED MOHAMMAD OBAID ATHAR WASTI	42101-2891157-5	SYED MUHAMMAD IDRESS AKHTAR WASTI	794	1,108	-	1,902	97	1,108	-	1,205
116	SHABBIR HUSSAIN HOUSE NO.1104, ISLAMI CHOWK, MUHALLAH GHULLAM MUHAMMADABAD, FAISALABAD.	SHABBIR HUSSAIN	33100-0734962-9	BABO MUHAMMAD SADIQ	345	357	-	702	170	362	-	532
117	MUHAMMAD ABBAS HOUSE # H-253, STREET # 9, CHACHI MOHALLAH, RAWALPINDI.	MUHAMMAD ABBAS	37405-0681466-9	MIRZA MAQBOOL AHMED	326	376	-	702	191	379	-	570
118	ADNAN ATHER HOUSE NO. CB-403, AYAN STREET, QUBA MARKET, LANE NO. 05, PESHAWAR ROAD, RAWALPINDI.	ADNAN ATHER	37405-9079652-3	MUHAMMAD ATHER SHAMIM	530	608	-	1,138	305	647	-	952
119	IRFAN ANJUM DOMAILY WALI GALI WEST COLONY CANTT, JHELUM.	IRFAN ANJUM	37301-6375588-1	NIAMAT GILL	357	405	-	762	177	405	-	582
120	SAJID HUSSAIN HOUSE NO. 633-A, FAZAL DAD ROAD, SECTOR C 4, PO KHAS MIRPUR AK MIRPUR AK	SAJID HUSSAIN	81302-2442074-7	BASHIR AHMED	485	356	-	841	285	356	-	641
121	AASMA QASIM FLAT NO.2, PLOT NO. 23-E, LANE-8, MAIN KHAYABAN-E-JAMI, PHASE-II, EXTENSION DHA, KARACHI.	AASMA QASIM	42301-7918925-0	SHAIKH QASIM	472	467	-	939	172	467	-	639
122	KALEEM AHMED HOUSE NO. 96-C, NATIONAL BANK COLONY, SAMANABAD, LAHORE.	KALEEM AHMED	35202-5031409-7	SHEIKH HABIB AHMED	968	1,212	-	2,180	-	1,212	-	1,212
123	HAFEEZ AHMED STREET NO.6, NEAR GUJJAR WALI MASJID, REHMAN GUNJ, LAHORE	HAFEEZ AHMED	33100-4090901-7	MUHAMMAD MUNIR	487	673	-	1,160	-	767	-	767
124	MIAN MUHAMMAD KHALID RAFIQUE HOUSE NO. 39, STREET NO.2, SHUJJA COLONY, TEHZAB EHHATTA, LAHORE.	MIAN MUHAMMAD KHALID RAFIQUE	35202-1816860-5	MIAN MUHAMMAD RAFIQUE	3,000	2,855	-	5,855	-	2,918	-	2,918
125	MUHAMMAD AJMAL KHAN HOUSE NO.1762/A, ST NO.3, MUHALA CHAH USMAN WALA MLQ ROAD, MULTAN.	MUHAMMAD AJMAL KHAN	36302-0467308-1	HAJI MUHAMMAD ASHRAF KHAN	369	222	-	591	-	590	-	590
126	MUHAMMAD RAEES AAMIR J.S.A. HOUSE, SHAMAS PUR, P.O KALA BASE, JHELUM.	MUHAMMAD RAEES AAMIR	37301-2496820-7	MUHAMMAD SHARIF	341	882	-	1,223	-	930	-	930
127	MOHAMMAD USMAN FLAT NO. 101-B, PLOT NO. 714/4, FIRST FLOOR, NASHEMAN ARCADE, JAMSHED QUARTER, KARACHI.	MOHAMMAD USMAN	42301-0892683-5	MOHAMMAD HASHIM	600	694	-	1,294	-	694	-	694
128	KHURRAM FAROOQ BANGLOW NO. B-251, BLOCK-2, GULISTAN-E-JAUHAR, KARACHI.	KHURRAM FAROOQ	42201-0941524-9	FAROOQ AHMED SIDDIQUI	1,379	1,976	-	3,355	-	2,098	-	2,098
129	MOHAMMAD YOUNUS KHAN HOUSE NO. 89, ARAFAT TOWN, BLOCK-L, NORTH NAZIMABAD, KARACHI.	MOHAMMAD YOUNUS KHAN	42101-2480070-5	MOHAMMAD YOUSUF	924	1,518	-	2,442	-	1,772	-	1,772
130	REHAN AHMED HOUSE NO. B-148, ROSHAN BAGH SOCIETY, BLOCK NO. 19. F.B. AREA, KARACHI.	REHAN AHMED	42101-8036861-7	ABRAR AHMED	970	645	-	1,615	-	712	-	712

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		Name	NIC No.		Principal	Accrued Mark-up	Others	Total				
131	FAROOQ JAMIL QURESHI SILAWALI ROAD ZEESHAN PARK, STREET NO.1, HOUSE # 4, SARGODHA	FAROOQ JAMIL QURESHI	38403-3801069-5	HAJI JAMIL AHMED QURESHI	956	1,020	-	1,976	-	1,085	-	1,085
132	MUHAMMAD AKRAM NEAR THANA URBAN AREA HOUSE NO. 48 MOHALLA ALNOOR COLONY, SARGODHA.	MUHAMMAD AKRAM	38403-9119754-3	JAAN MUHAMMAD	522	1,064	-	1,586	-	1,042	-	1,042
133	SALEEM ULLAH HOUSE NO. 01,STREET NO. 01 MOHALLAH QAZAFI COLONY NO. 02, RAHIMYAR KHAN.	SALEEM ULLAH	31303-1662797-3	ABDUL KAREEM	802	671	-	1,473	-	679	-	679
134	MUMTAZ AHMED KHAN HOSUE NO. 5-E 5/11, NAZIMABAD NO. 5 KARACHI	MUMTAZ AHMED KHAN	42101-9903461-3	ABDUL MAJEED	960	810	-	1,770	-	995	-	995
135	RASHID LATIF HOUSE NO. II-G-1/7, NAZIMABAD, KARACHI.	RASHID LATIF	42101-3519453-5	ABDUL LATIF	2,466	1,088	-	3,554	-	1,311	-	1,311
136	AZHAR ALAM KHAN FLAT B-601, RUFI PARADISE, BLOCK-18, GULSITAN-E-JOHAR, KARACHI.	AZHAR ALAM KHAN	42201-9643141-5	KHUSRO ALAM KHAN	3,191	5,767	-	8,958	-	5,326	-	5,326
137	ABDUL REHMAN HOUSE NO. L-199, SECTOR 5-A-1, NORTH KARACHI	ABDUL REHMAN	42101-7660896-7	FATEHYAAB KHAN	688	946	-	1,634	-	1,022	-	1,022
138	IMRAN ALTAF HOUSE 42-A/3, UPPER PORTION, BLOCK-A, SATELLITE TOWN, RWP.	IMRAN ALTAF	37405-4113948-1	ALTAF HUSSAIN SHAIKH	-	484	-	484	-	510	-	510
139	ABDUL KHALIQ HOUSE NO.1732/117, HUB RIVER ROAD, BALDIA TOWN NO.3, KARACHI.	ABDUL KHALIQ	42401-3003039-7	ABDUL REHMAN	537	546	-	1,083	-	547	-	547
140	MOHAMMAD REHAN FLAT NO.13, BABA FAREED CENTRE, WALI REHMANI GALI,CHOTKI GHITTI, HYDERABAD.	MOHAMMAD REHAN	41303-1303639-9	MUHAMMAD ZAKRIYA	576	761	-	1,337	-	762	-	762
141	ADEEL AHMED KHAN HOUSE NO.142/1, KHAYABAN-E-SHUJAED, PHASE-6, DEFENCE HOUSING AUTHORITY, KARACHI.	ADEEL AHMED KHAN	42301-4470197-9	IKHTIAR UD DIN	1,777	4,745	-	6,522	-	5,815	-	5,815
142	NASIR MEHMOOD HOUSE NO.57/8, SECTOR 5-G, SAEEDABAD, BALDIA TOWN, KARACHI.	NASIR MEHMOOD	42401-8240694-9	MEHER MOHAMMAD	935	584	-	1,519	-	519	-	519
143	MUHAMMAD YOUNIS FLAT NO. 21, 2ND FLOOR, CAPITAL PLAZA, NEW CLOTH MARKET, HYDERABAD.	MUHAMMAD YOUNIS	41303-3755674-1	ABDULLAH	588	739	-	1,327	-	850	-	850
144	MUHAMMAD HAMID AQEEL HOUSE NO. R-322 15/4, BUFFER ZONE, KARACHI.	MUHAMMAD HAMID AQEEL	42101-9973652-1	MUHAMMAD SALEEM	2,787	1,294	-	4,081	-	1,293	-	1,293
145	MASOOD AHMED KHAN HOUSE NO. SDH 331, LANE NO. 7, FALCON COMPLEX, FAISAL SOCIETY, KARACHI.	MASOOD AHMED KHAN	42000-0571346-5	MUHAMMAD ABDULLAH KHAN	5,470	3,960	-	9,430	-	4,016	-	4,016
146	MUHAMMAD SHAHZAD HOUSE NO. 39/12, ORANGABAD, NAZIMABAD, KARACHI.	MUHAMMAD SHAHZAD	42101-7063625-1	MUHAMMAD RAFFI	956	745	-	1,701	-	799	-	799
147	ZAFAR IQBAL H NO. 312, SECTOR 12/C, ITEFFAQ COLONY, ORANGI TOWN, KARACHI.	ZAFAR IQBAL	42401-1741805-7	NAZEER AHMED	589	648	-	1,237	-	651	-	651
148	BASHIR AHMED H NO. 621, AL MUSTAFA COLONY, SECTOR 11/B, ORANGI TOWN, KARACHI.	BASHIR AHMED	42401-0545743-3	CHAND KHAN	236	685	-	921	-	655	-	655
149	MUHAMMAD NASIR PLOT # 622-A, FLAT # 138/2, FATIMA MANZIL, STREET-13, MOHALLA PUNJABI, BIHAR COLONY, LYARI, KARACHI.	MUHAMMAD NASIR	42301-4265274-9	MUHAMMAD HUSSAIN	594	1,137	-	1,731	-	1,263	-	1,263
150	MUHAMMAD SUALEEN HOUSE NO. 10, AREA 2-B, LANDHI 3, BLOCK-60, KARACHI	MUHAMMAD SUALEEN	42201-2683021-9	MUHAMMAD IBRAHIM	396	847	-	1,243	-	889	-	889

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151	SYED BADSHAH RAZA NAQVI 480-C, OPF HOUSING SCHEME, RAIWIND ROAD, LAHORE.	SYED BADSHAH RAZA NAQVI	35202-6936492-1	SYED SABTAIN HAIDER	2,873	2,056	-	4,929	-	2,071	-	2,071
152	MUHAMMAD YAQOOB HOUSE # 138, WILLAYATABAD NO. 2, MULTAN.	MUHAMMAD YAQOOB	36302-9825177-3	MUHAMMAD SADDIQ	1,369	816	-	2,185	-	601	-	601
153	SYED M. AZAM ZAIDI 694 C, GULGASHT COLONY, MULTAN.	SYED M. AZAM ZAIDI	36302-9966701-9	SYED ALI AWST ZAIDI	1,582	1,446	-	3,028	-	1,375	-	1,375
154	MIAN EJAZ SADDIQ & KANIZ FATIMA 8-J, GULBARG-III, LAHORE-PAKISTAN.	(I) MIAN EJAZ SIDDIQ (II) KANIZ FATIMA	(I) 35202-2956309-5 (II) 35202-1264605-4	MIAN MUHAMMAD SIDDIQ	5,797	2,459	-	8,256	-	2,294	-	2,294
155	IRFAN HAIDER CHEEMA HOUSE NO P/35, AL MASOOM TOWN, MAIN ROAD, FAISALABAD.	IRFAN HAIDER CHEEMA	33100-5975841-9	MUMTAZ ALI CHEEMA	1,340	923	-	2,263	-	990	-	990
156	M/S.STAR CONSULTANTS CLINIC 823-C, 824-C, CENTRAL COMMERCIAL AREA, BLOCK-2, PECHS, KARACHI.	DR. SHAISTA ANIS	42000-0440242-0	SYED ABDUL ANIS	4,033	2,701	-	6,734	-	2,813	-	2,813
157	AMJAD KAMRAN QURESHI H # 9, ST 1, FALCON COMPLEX, AFOHS, RAWALPINDI.	AMJAD KAMRAN QURESHI	37405-9490995-7	ATTA ULLAH QURESHI	2,246	472	-	2,718	-	1,072	-	1,072
158	M/S SANA STATIONERS SHOP # 9, AL-KABEER ARCADE, PLOT # 415, NUSSEF WANJEE ROAD,GARDEN EAST, KARACHI.	SHIRAZ	42201-0660907-1	SHAMSUDDIN MOLO KAMJI	2,187	1,178	-	3,365	-	1,110	-	1,110
159	IMRAN KHAN II 1833, SECTOR 11/E, NORTH KARACHI, KARACHI, SINDH	IMRAN KHAN II	42101-8734819-1	IMRAN KHAN	1,117	801	-	1,918	-	862	-	862
160	MHD ARIF KHAN 74-E, PAF BASE OFFICERS COLONY, LAHORE CANTT., LAHORE	MHD ARIF KHAN	38403-5399597-2	GHULLAM HAIDER	7,098	4,573	-	11,671	-	4,981	-	4,981
161	PERVEZ AMIN KHAN 310-F-II, WAPDA TOWN, LAHORE.	PERVEZ AMIN KHAN	35202-7424608-9	WAHEED UDDIN KHAN	1,905	503	-	2,408	-	607	-	607
162	MUHAMMAD USMAN HOUSE NO. 33, REHMAN PARK, HADBAST MOUZA NAWAN KOT LAHORE.	MUHAMMAD USMAN	35202-3496903-1	MUNAWAR BUKSH	2,222	1,599	-	3,821	-	1,759	-	1,759
163	RANA MUREED ABBAS HOUSE # 134, SAFARI VILLAS, BAHRIA TOWN, LAHORE.	RANA MUREED ABBAS	36302-4593265-9	RANA FAIZ BUKSH	1,867	514	-	2,381	-	648	-	648
164	MUHAMMAD ARIF BUTT 55-RASHEED STREET, FAROOQ AZAM PARK, OUTFALL ROAD, LAHORE.	MUHAMMAD ARIF BUTT	25233-6200522-0	MUHAMMAD HUSSAIN	3,499	2,039	-	5,538	-	2,138	-	2,138
165	WASEEM HAYAT KHAN MOHALLAH JINDI WEHRA PAK GATE MULTAN BETI SARAI, MULTAN.	WASEEM HAYAT KHAN	36103-9623492-5	RIFAAT HAYAT KHAN	1,500	1,311	-	2,811	-	1,399	-	1,399
166	MUHAMMAD SALEEM & KHALIDA SALEEM TAJDAR-E-MADINA STREET, UGOKI ROAD, JINNAH TOWN, SIALKOT.	MUHAMAD SALEEM	34603-9015811-3	MUHAMMAD HANIF	1,946	614	-	2,560	-	561	-	561
167	IJAZ AHMED QAISER OFFICE # 66, 2ND FLOOR, AL LATIF CENTRE, MAIN BOULEVARD, GULBERG-III, LAHORE.	IJAZ AHMED QAISER	35301-2012833-9	FAKHAR-UD-DIN	1,606	595	-	2,201	-	766	-	766
168	IFTKHAR HAIDER WAQAR ELECTRONICS, SHOP # 2, ELAHI CENTER, OPP REGAL CINEMA, SADDAR, KARACHI.	IFTKHAR HAIDER	42201-7712799-9	WAQAR HAIDER	2,245	5,010	-	7,255	-	4,827	-	4,827
169	MUSLIM KHAN/MUSLIM T H.NO. 5-A,PLOT NO.49, RAW NO.10, SUB BLOCK NO.A BLOCK-V, NAZIMABAD, KARACHI.	MUSLIM KHAN	42101-9792139-5	MEHMOOD KHAN	586	1,109	-	1,695	-	1,133	-	1,133

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170	HAMID HAMZA WEAVING H # 326-P, MUHALLA NO. 14, MODEL TOWN B, FAISALABAD.	LIAQAT ALI	33100-5961471-1	MUHAMMAD DIN	68	3,875	-	3,943	-	3,878	-	3,878
171	MEDITEST LABS H NO 3, MOHALLA NOOR PARK ISLAMABAD	DR. FAKHAR RAZA	35202-2037651-1	MUHAMMAD SADIQ KHAN	900	2,754	-	3,654	-	2,809	-	2,809
172	MUSLIM PHARMACY HOUSE # 655, MAHLLA GHULAM MUHAMMAD ABAD, BLOCK A, FAISALABAD.	(I) MUHAMMAD AMIN (II) ARIF MAHMOOD	(I) 33100-1682784-3 (II) 33100-3574741-3	(I) MUHAMMAD HUSSAIN (II) MUHAMMAD AMIN	-	2,731	-	2,731	-	2,731	-	2,731
173	NATIONAL ENVIRONMENT LAHORE.	MALIK MUHAMAD NASEEM	35202-6230285-5	MUHAMMAD ASLAM	2,500	3,147	-	5,647	-	3,262	-	3,262
174	ZAREEN SALMAN HOUSE #157-E, PUNJAB CO-OPERATIVE HOUSING SOCIETY, LAHORE CANTT.	ZAREEN SALMAN	35200-1406689-9	HAIDER SULEMAN	1,088	1,172	-	2,260	-	1,125	-	1,125
175	FINANCIAL CONSULTANT 154, JOHAR TOWN, BLCOK-E, LAHORE	(I) SHAKEELA SARWAR (II) MUHAMMAD SAEED	(I) 35201-1331699-4 (II) 35202-2416095-9	(I) MUBARAK ALI (II) MUHAMMAD HUSSAIN	193	1,157	-	1,350	-	1,157	-	1,157
176	KHURSHID & SONS 276-D, SABZAZAR SCHEME, MULTAN ROAD, LAHORE.	KHURSHID AHMED	35202-3628189-9	AHMED	1,000	1,167	-	2,167	-	1,228	-	1,228
177	KHAN FURNITURE HOUSE PROPRIETOR: MR. METAB AFTAB KHAN FURNITURE MARKET NAGRA ROAD, NEAR SHEZAN STOP BUND ROAD, LAHORE.	MEHTAB KHAN	35202-7072059-9	AFTAB AHMAD KHAN	500	1,281	-	1,781	-	1,292	-	1,292
178	M. AMIR H NO. 134/7, ST NO. 1, MOHALLAH SULTANABAD, WESTRIDGE 2, RAWALPINDI.	M. AMIR	37405-4009243-3	MUHAMMAD IBRAHIM	400	799	-	1,199	-	760	-	760
179	MUSHTAQ AHMED 11 BAHADAR SHAH ZAFAR ROAD SARGODHA	MUSHTAQ AHMED	38403-1040765-5	GHULAM MUHAMMAD	6,748	6,096	-	12,844	-	8,480	-	8,480
180	MUHAMMAD AAMIR NOOR NISHAT HOUSE 53-A LAWRENCE ROAD LAHORE	MUHAMMAD AAMIR NOOR	35202-0458607-7	NOOR ELAHI	1,086	526	-	1,612	-	580	-	580
181	RASHID TRADERS NEW GHALLA MANDI KAMOKI	RASHID ALI	34102-4543503-3	ARSHAD ALI	-	701	-	701	-	701	-	701
182	KARWAN-E-IBRAHEEM GRAND PLAZA, OFFICE # 4/A, BASEMENT 9, DAVIS ROAD, LAHORE.	KARWAN E IBRAHEEM	35202-9085403-3	ALLAH RAKHA	1,800	1,977	-	3,777	-	2,131	-	2,131
183	QAYOOM RICE TRADERS SHARI KHAN WALI P/O WANDOW TEHSIL KAMOKI DIST GUJRANWALA.	RAZA ABDUL QAYUM	34102-9867231-1	MOHAMMAD ASHRAF	1,800	910	-	2,710	-	1,038	-	1,038
184	MUHAMMAD ASLAM 168 TEULAR EXT BAHRIA TOWN LAHORE.	MUHAMMAD ASLAM	35202-0093131-1	MUHAMMAD SHAFI	4,094	3,634	-	7,728	-	3,566	-	3,566
185	MUDASSAR OIL TRADERS RAVI CHOWK, HARAPPA, SAHIWAL .	MUDASSAR OIL TRADERS	36502-9181269-9	MUAWAR AHMAD MALIK	397	1,008	-	1,405	-	1,013	-	1,013
186	ABDUL JABBAR PIRZADO HOUSE A-2217, GHARIBABAD, NAWABSHAH.	ABDUL JABBAR PIRZADO	45402-4404981-1	HAJI AHMED KHAN	198	872	-	1,070	-	879	-	879
187	MUHAMMED ASLAM MUGHA HOUSE NO. B/1698/2-3, NEAR MOMEN MASHID, SUKKUR.	MUHAMMED ASLAM MUGHA	45504-5522471-1	MUHAMMAD DIN	1,117	949	-	2,066	-	1,235	-	1,235
					995,827	751,393	-	1,747,220	151,455	719,996	-	871,451

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NIB Bank

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of NIB Bank Limited and its subsidiary companies ("the Group") as at 31 December 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of NIB Bank Limited and have reviewed its subsidiary company (PICIC Asset Management Company Limited) for the six months period ended 31 December 2015 except for PICIC Energy Fund which was reviewed by other firm of auditors for the six months period ended 31 December 2015 whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such Fund, is based solely on the report of such other auditors. These financial statements are responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Date: 24 February 2016
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Pirani

Consolidated Statement of Financial Position
As at December 31, 2015

	Note	2015	2014
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	8	10,052,543	8,063,675
Balances with other banks	9	1,645,086	586,418
Lendings to financial institutions	10	1,599,044	7,699,646
Investments	11	96,023,597	59,670,691
Advances	12	110,668,994	93,673,494
Operating fixed assets	13	3,086,446	3,033,057
Intangible assets	14	890,491	2,926,075
Deferred tax assets - net	15	9,359,609	9,992,164
Other assets	16	7,157,979	9,350,081
Assets held for sale	17	4,558,914	–
		245,042,703	194,995,301
LIABILITIES			
Bills payable	18	2,576,216	2,740,528
Borrowings	19	85,676,741	62,750,894
Deposits and other accounts	20	130,399,643	105,102,800
Sub-ordinated loans	21	4,195,516	4,197,195
Liabilities against assets subject to finance lease		–	–
Deferred tax liabilities		–	–
Other liabilities	22	3,463,013	3,271,665
Liabilities held for sale	17	642,415	–
		226,953,544	178,063,082
NET ASSETS		18,089,159	16,932,219
REPRESENTED BY:			
Share capital	23	103,028,512	103,028,512
Reserves		997,582	474,123
Discount on issue of shares		(45,769,623)	(45,769,623)
Accumulated loss		(40,416,118)	(42,432,340)
Shareholders' equity		17,840,353	15,300,672
Surplus on revaluation of assets - net	24	248,806	1,631,547
		18,089,159	16,932,219
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes 1 to 45 and annexure - 1 form an integral part of these consolidated financial statements.

Atif R. Bokhari	**Teo Cheng San, Roland**	**Muhammad Abdullah Yusuf**	**Asif Jooma**
President / Chief Executive	Chairman / Director	Director	Director

Consolidated Profit and Loss Account
For the year ended December 31, 2015

	Note	2015	2014
		(Rupees in '000)	
CONTINUING OPERATIONS			
Mark-up / return / interest earned	26	14,737,321	15,071,457
Mark-up / return / interest expensed	27	10,086,690	11,248,871
Net mark-up / interest Income		4,650,631	3,822,586
Provision against non-performing loans and advances	12.5	199,229	1,536,501
Provision / (reversal) for diminution in the value of investments	11.12	184,639	(11,561)
Bad debts written off directly		2,248	2,421
		386,116	1,527,361
Net mark-up / interest income after provisions		4,264,515	2,295,225
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		1,420,931	1,616,869
Dividend income		191,231	73,483
Income from dealing in foreign currencies		357,056	587,181
Gain on sale of securities - net	28	4,007,787	509,014
Unrealized gain / (loss) on revaluation of investments classified as held-for-trading		(14,731)	–
Other income	29	41,582	89,578
Total non mark-up / interest income		6,003,856	2,876,125
		10,268,371	5,171,350
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	30	6,184,819	6,096,098
Other provisions / write offs		141,402	140,376
Other charges	31	96,877	66,075
Total non mark-up / interest expenses		6,423,098	6,302,549
Share of (loss) / profit of associates	11.10.1	(13,473)	490,574
Extraordinary / unusual items		–	–
Proft / (loss) before taxation from continuing operations		3,831,800	(640,625)
Taxation - Current		207,359	215,001
- Prior years		–	10,851
- Deferred		1,183,431	197,477
	32	1,390,790	423,329
Profit / (loss) after taxation from continuing operations		2,441,010	(1,063,954)
DISCONTINUED OPERATIONS			
Profit from discontinued operations - net of tax	17.4	109,524	443,257
PROFIT / (LOSS) AFTER TAXATION		2,550,534	(620,697)
Attributable to:			
Equity shareholders of the Bank			
- Profit / (loss) for the year from continuing operations		2,425,079	(1,063,954)
- Profit for the year from discontinued operations		109,524	344,098
- Profit / (loss) for the year attributable to equity shareholders of the Bank		2,534,603	(719,856)
Non-controlling unit holders - PICIC Mutual Funds			
- Profit for the year from continuing operations		15,931	–
- Profit for the year from discontinued operations		–	99,159
- Profit for the year attributable to non-controlling unit holders		15,931	99,159
EARNINGS / (LOSS) PER SHARE		(Rupees)	
Basic and diluted - continuing operations		0.24	(0.10)
Basic and diluted - discontinued operations		0.01	0.03
	33	0.25	(0.07)

The annexed notes 1 to 45 and annexure - 1 form an integral part of these consolidated financial statements.

Atif R. Bokhari	Teo Cheng San, Roland	Muhammad Abdullah Yusuf	Asif Jooma
President / Chief Executive	Chairman / Director	Director	Director

Consolidated Statement of Comprehensive Income
For the year ended December 31, 2015

	Note	2015	2014
		(Rupees in '000)	
Profit / (loss) after taxation for the year attributable to:			
Equity shareholders of the Bank		2,534,603	(719,856)
Non-controlling unit holder - PICIC Mutual Funds		15,931	99,159
Other comprehensive income		–	–
Items that will not be reclassified to profit or loss in subsequent periods			
Actuarial gain on remeasurement of defined benefit obligation	36.4	5,078	3,806
Comprehensive income - transferred to statement of changes in equity		2,555,612	(616,891)
Components of comprehensive income not reflected in equity			
Items that may be reclassified to profit or loss in subsequent periods			
Movement in surplus on revaluation of available for sale securities - net of tax		(1,382,741)	1,948,808
Total comprehensive income for the year		1,172,871	1,331,917
Total comprehensive income attributable to:			
Equity shareholders of the Bank			
– Continuing operations		1,047,416	888,660
– Discontinued operations		109,524	344,098
		1,156,940	1,232,758
Non-controlling unit holders PICIC Mutual Funds			
– Continuing operations		15,931	–
– Discontinued operations		–	99,159
		15,931	99,159

The annexed notes 1 to 45 and annexure - 1 form an integral part of these consolidated financial statements.

Atif R. Bokhari	Teo Cheng San, Roland	Muhammad Abdullah Yusuf	Asif Jooma
President / Chief Executive	Chairman / Director	Director	Director

Consolidated Statement of Changes in Equity
For the year ended December 31, 2015

	Note	Attributable to ordinary shareholders of the Bank					
				Reserves			
				Capital	Revenue		
		Share capital	Discount on issue of shares	Statutory reserve (a)	General reserve	Accumulated loss	Total
		(Rupees in '000)					
Balance as at December 31, 2013		103,028,512	(45,769,623)	468,651	5,472	(41,716,290)	16,016,722
Total comprehensive income for the year							
Loss after taxation for the year		–	–	–	–	(620,697)	(620,697)
Other comprehensive income							
Actuarial gain on remeasurement of defined benefit obligation	36.4	–	–	–	–	3,806	3,806
		–	–	–	–	(616,891)	(616,891)
Share of non-controlling unit holders of PICIC Stock Fund and PICIC Islamic Stock Fund transferred to other liabilities		–	–	–	–	(99,159)	(99,159)
Balance as at December 31, 2014		103,028,512	(45,769,623)	468,651	5,472	(42,432,340)	15,300,672
Total comprehensive income for the year							
Profit after taxation for the year		–	–	–	–	2,550,534	2,550,534
Other comprehensive income							
Actuarial gain on remeasurement of defined benefit obligation	36.4	–	–	–	–	5,078	5,078
		–	–	–	–	2,555,612	2,555,612
Share of non-controlling unit holders of PICIC Energy Fund transferred to liabilities held for sale		–	–	–	–	(15,931)	(15,931)
Transfer to statuory reserve		–	–	523,459	–	(523,459)	–
Balance as at December 31, 2015		103,028,512	(45,769,623)	992,110	5,472	(40,416,118)	17,840,353

(a) This represents reserve created under section 21(1)(a) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 45 and annexure - 1 form an integral part of these consolidated financial statements.

Atif R. Bokhari	Teo Cheng San, Roland	Muhammad Abdullah Yusuf	Asif Jooma
President / Chief Executive	Chairman / Director	Director	Director

Consolidated Cash Flow Statement
For the year ended December 31, 2015

	2015	2014
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation including discontinued operations	4,029,136	(107,897)
Less: Dividend income	(191,231)	(92,743)
	3,837,905	(200,640)
Adjustments for non-cash items		
Depreciation	311,847	309,133
Amortization	324,637	341,516
Impairment charge on tangible fixed assets	27,941	–
Gain on sale of securities - net	(4,007,787)	(729,629)
Gain on sale of operating fixed assets - net	(8,780)	(37,907)
Gain from insurance against loss of fixed assets - net	(64)	(162)
Fixed assets written off	8,619	–
Provision against non-performing loans and advances	199,229	1,536,501
Bad debts written off directly	2,248	2,421
Provision / (reversal) for diminution in the value of investments	184,639	(11,561)
Unrealized loss / (gain) on revaluation of investments classified as held-for-trading	14,731	(21,558)
Other provisions / write offs	141,402	140,376
Share of profit of associates	(1,948)	(548,290)
	(2,803,286)	980,840
	1,034,619	780,200
(Increase) / decrease in operating assets		
Lendings to financial institutions	6,100,602	(5,572,130)
Net investments in held-for-trading securities	(853,935)	367,686
Advances	(17,201,376)	(13,186,449)
Other assets (excluding advance taxation)	2,001,606	(1,545,512)
Increase / (decrease) in operating liabilities		
Bills payable	(164,286)	(122,135)
Borrowings	22,925,847	11,244,221
Deposits and other accounts	25,296,843	215,069
Other liabilities	406,995	(457,435)
	39,546,915	(8,276,485)
Income tax paid	(353,261)	(257,708)
Net cash generated from / (used in) operating activities	39,193,654	(8,534,193)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(36,658,238)	9,127,520
Net investments in held-to-maturity securities	24,504	(4,975,031)
Net investments in associates	321,120	773,898
Dividend received	191,231	93,336
Payments for capital work in progress	(272,189)	(327,379)
Acquisition of property and equipment	(169,470)	(270,795)
Acquisition of intangible assets	(8,935)	(1,284)
Sale proceeds of property and equipment disposed off	11,468	72,780
Recovery from Insurance company against loss of assets	181	1,030
Net cash (used in) / generated from investing activities	(36,560,328)	4,494,075

Consolidated Cash Flow Statement
For the year ended December 31, 2015

	Note	2015	2014
		(Rupees in '000)	
CASH FLOWS FROM FINANCING ACTIVITIES			
(Redemption) / receipt of sub-ordinated loans		(1,679)	4,197,195
Dividend paid		(45)	(22)
Receipt from non-controlling unit holders PICIC Mutual Funds		415,934	(203,168)
Net cash generated from financing activities		414,210	3,994,005
Net increase / (decrease) in cash and cash equivalents		3,047,536	(46,113)
Cash and cash equivalents at beginning of the year		8,650,093	8,696,206
Cash and cash equivalents at end of the year	34	11,697,629	8,650,093

The annexed notes 1 to 45 and annexure - 1 form an integral part of these consolidated financial statements.

Atif R. Bokhari	Teo Cheng San, Roland	Muhammad Abdullah Yusuf	Asif Jooma
President / Chief Executive	Chairman / Director	Director	Director

1 STATUS AND NATURE OF BUSINESS

The "Group" consists of:

Holding Company: NIB Bank Limited (the Bank)

NIB Bank Limited "the Bank" is incorporated in Pakistan and its registered office is situated at first floor, Post Mall, F-7 Markaz, Islamabad. The Bank's ordinary shares are listed on Pakistan Stock Exchange and has 171 branches (December 31, 2014: 171 branches). The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962.

NIB Bank Limited is a subsidiary of Bugis Investments (Mauritius) Pte. Limited which is a wholly owned subsidiary of Fullerton Financial Holdings Pte. Limited which in turn is a wholly owned subsidiary of Temasek Holdings, an investment arm of the Government of Singapore.

Subsidiary Companies

PICIC Asset Management Company Limited (PICIC AMC)

PICIC AMC is a wholly owned subsidiary of the Bank and is an unquoted public limited company with principal business to carry out investment advisory services and asset management services in Pakistan. The Bank acquired interest in PICIC AMC by virtue of acquisition and amalgamation of Pakistan Industrial Credit and Investment Corporation Limited (PICIC) as of June 30, 2007.

PICIC Energy Fund (PEF)

The Group maintains 50.11% interest in the PEF. PEF is an open end scheme and its principal business is to invest in listed equity securities of energy sector with an objective to capture significant return. The Fund is managed in accordance with the provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules, 2003) and the units of the Fund are listed on Pakistan Stock Exchange. The objective of PEF is to provide retail investors an access to high quality blue chip stocks in the energy sector shares having the potential of offering healthy dividends and growth opportunity.

Financial and Management Services (Private) Limited (FMSL)

The Group acquired 95.89% interest in FMSL by virtue of acquisition and amalgamation of PICIC.

2 BASIS OF PRESENTATION

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

These consolidated financial statements have been presented in Pakistan Rupees, which is the Group's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees.

3 STATEMENT OF COMPLIANCE

3.1 These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and the directives issued by the SBP. In case the requirements differ, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and the directives issued by the SBP shall prevail.

3.2 SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property for banking companies till further instructions. Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Group's financial statements.

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

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on the Group's financial statements.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on the Group's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on the Group's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification

is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

– IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

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

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

The above amendments are not likely to have an impact on the Group's financial statements.

4 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention, except for the measurement of certain investments and commitments in respect of forward foreign exchange contracts and other forward contracts that are stated at revalued amounts / fair values.

5 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates that affect the reported amounts of assets, liabilities, income and expenses. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods. The areas where various assumptions and estimates are significant to the Group's financial statements or where judgment was exercised in application of accounting policies are as follows:

5.1 Classification of Investments

Held-to-maturity securities

As described in note 6.3, held-to-maturity securities are investments where the management has positive intent and ability to hold to maturity. The classification of these securities involves management judgment as to whether the financial assets are held-to-maturity investments.

Held-for-trading securities

Investments classified as held-for-trading are those which the Group has acquired with an intention to trade by taking advantage of short term market / interest rate movements.

Available-for-sale securities

Investments which are not classified as held-for-trading or held-to-maturity are classified as available-for-sale.

5.2 Impairment

Valuation and impairment of available-for-sale investments

The Group determines that an available-for-sale equity investment and mutual funds are impaired when there has been 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 Group evaluates, among other factors, the normal volatility in share 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.

Provision for diminution in the value of Term Finance Certificates, Bonds and Sukuks is made as per the Prudential Regulations issued by the SBP.

In case of impairment of available for sale securities, the loss is recognized in the profit and loss account.

Impairment of non financial assets (excluding deferred tax)

Non financial assets are subject to impairment review if there are events or changes in circumstances that indicate that the carrying amount may not be recoverable. If any such indication exists, the Group estimates the recoverable amount of the asset and the impairment loss, if any. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of future cash flows from the asset discounted at a rate that reflects market interest rates adjusted for risks specific to the asset. If the recoverable amount of an intangible or tangible asset is less than its carrying value, an impairment loss is recognized immediately in the profit and loss account and the carrying value of the asset reduced by the amount of the loss. A reversal of an impairment loss on intangible assets is recognized as it arises provided the increased carrying value does not exceed that which it would have been had no impairment loss been recognized.

5.3 Provision against non-performing advances

Apart from the provision determined on the basis of time based criteria given in the Prudential Regulations of the SBP, management also applies subjective criteria of classification and accordingly the classification of an advance may be downgraded on the basis of evaluation of the credit worthiness of the borrower, its cash flows, operations in its account and adequacy of security in order to ensure accurate measurement of the provision.

5.4 Retirement Benefits

The key actuarial assumptions concerning the valuation of the defined benefit plan and the sources of estimation are disclosed in note 36.2 to these consolidated financial statements.

5.5 Operating fixed assets, depreciation and amortization

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

5.6 Income taxes

In making the estimates for income taxes currently payable by the Group, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Group's future taxable profits are taken into account.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements have been applied consistently and are the same as those applied in the preparation of the consolidated financial statements of the

Group for the year ended December 31, 2014 and are enumerated as follows, except for the following standards which became effective during the year.

– *IFRS 10 - 'Consolidated Financial Statements'*

It replaces the current guidance on consolidation in IAS 27 -'Consolidated and Separate Financial Statements'. It introduces a single model of assessing control whereby an investor controls an investee when the investor has the power to control, exposure to variable returns and the ability to use its power to influence the returns of the investee. The Securities and Exchange Commission of Pakistan (SECP) vide its notification SRO 633(1) / 2014 dated July 10, 2014 adopted IFRS 10 effective from the period starting from June 30, 2014. However, vide its notification SRO 56(1) / 2016 dated January 28, 2016, it has been notified that the Companies Ordinance 1984 will not be applicable with respect to the investment in mutual funds established under trust structure.

In light of the above, no additional investee is considered to be in control of the Group and due to the fact that IFRS-10 is not applicable as explained above, the Group has continued to apply the same basis of accounting in respect of its investments in associates and subsidiaries as in the previous year.

– *IFRS 13 - 'Fair value measurement'*

It consolidates the guidance on how to measure fair value into one comprehensive standard. It introduces the use of an exact price, as well as disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have any impact on the consolidated financial statements of the Bank except for certain disclosures as mentioned in note 39.3.

– *IFRS 12 - 'Disclosure of Interest in Other Entities'*

Prescribes additional disclosures around significant judgments and assumptions used in determining whether an entity controls another entity and has joint control or significant influence over another entity. The standard also requires disclosures on the nature and risks associated with interest in un-consolidated structured entities. The application of this standard doesn't have an impact on these consolidated financial statements except for the certain disclosures as mentioned in note 11.10.

– *IFRS 11 - 'Joint Arrangements'*

IFRS 11 'Joint Arrangements' replaces IAS 31 'Interests in Joint Ventures' it requires all joint ventures to be equity accounted hereby removing the option in IAS 31 for proportionate consolidation. It also removes the IAS 31 concept to jointly controlled assets. The application of IFRS 11 does not have any impact on the financial statements of the Group.

6.1 Business combinations

Business combinations are accounted for using the purchase method. Under this method, identified assets acquired, liabilities and contingent liabilities assumed are fair valued at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of cost of acquisition over the fair value of identifiable net assets acquired is recorded as goodwill.

6.2 Revenue recognition

Mark-up / return on performing loans / advances and investments is recognized on time proportionate basis. Where debt securities are purchased at a premium or discount, such premium / discount is amortized through the profit and loss account over the remaining period of maturity using the effective interest rate method so as to produce a constant rate of return. Interest or mark-up recovered on non-performing advances is recognized on a receipt basis in accordance with the requirements of the Prudential Regulations issued by the SBP as amended from time to time.

The financing method is used in accounting for income on finance leases and hire purchase transactions. Under this method, the unearned income, i.e. the excess of aggregate lease rentals and the estimated residual value over the net investment (cost of leased assets) is deferred and then amortized to income over the term of the lease on a pattern reflecting a constant periodic rate of return on the net investment in the lease. Unrealized lease income is suspended, where necessary, in accordance with the requirements of the Prudential Regulations issued by the SBP.

Rental income from assets given on operating lease is recognized on time proportionate basis over the lease period.

Gains / losses on termination of lease contracts, documentation charges and other lease income are recognized as income when they are realized.

Fee, commission and brokerage income is recognized at the time of performance of the service.

Dividend income is recorded when the right to receive the dividend is established.

Management fee is recognized on an accrual basis.

Capital gains / losses arising on sale of investments are included in the profit and loss account in the period in which they arise.

6.3 Investments

Investments of the Group, other than investments in subsidiaries and associates are classified as held-to-maturity, held-for-trading and available-for-sale.

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity for which the Group has the positive intent and ability to hold up to maturity.

Held-for-trading

These securities are either acquired for generating a profit from short-term fluctuations in market prices, interest rate movements, dealer's margin or are securities included in the portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

Available-for-sale

These are securities which do not fall under the classification of held-for-trading or held-to-maturity securities.

Initial measurement

All “regular way” purchases and sales of investments are recognized on the trade date, i.e., the date that the Bank commits to purchase or sell the asset. Regular way purchases or sales of investments are those that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Investments are initially recognized at fair value which, in the case of investments other than held-for-trading, includes transaction costs associated with the investments. Transaction costs on investments classified as held-for-trading are expensed as incurred.

Subsequent measurement

Held-to-maturity

These are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

Held-for-trading

These are measured at subsequent reporting dates at fair value. Gains and losses on remeasurement are included in the profit and loss account.

Available-for-sale

Quoted-securities classified as available-for-sale investments are measured at subsequent reporting dates at fair

value (and any revaluation gain or loss is taken to Other Comprehensive Income (OCI)). Any surplus / deficit arising thereon is kept in a separate account shown in the balance sheet below equity and taken to the profit and loss account when actually realized upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. A decline in the carrying value is charged to the profit and loss account. A subsequent increase in the carrying value, up to the cost of an investment, is credited to the profit and loss account. The break-up value of these equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses.

Provision for diminution in the value of securities (except term finance certificates and sukuks) is made for impairment, if any. Provision for diminution in the value of term finance certificates and sukuks is made as per the criteria prescribed by the Prudential Regulations issued by the SBP.

Investment in Associates

Associates are entities where the Group has a holding of less than 50% and also have significant influence therein. In the Group's case, these are holding in mutual funds managed by PICIC AMC. Investments in associates are accounted for under the equity method. Under the equity method, the investment in associates is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of profit or loss of the investee subsequent to the date of acquisition. The increase / decrease in the share of profit or loss of associates is accounted for in the consolidated profit and loss account.

6.4 Lendings to / borrowings from financial institutions (including repurchase and resale agreements)

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings. Securities purchased under agreement to resale (reverse repo) are not recognized in the financial statements as investments and the amount extended to the counter party is included in lendings to financial institutions. In the case of the margin trading system, transactions are shown under advances. The difference between sale and repurchase price is treated as mark-up / return expensed whereas difference between purchase and resale price is treated as mark-up / return earned.

Securities purchase with a corresponding commitment to resell at a specified future date are not recognized in the financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

6.5 Advances

Advances including margin trading system and net investment in finance lease are stated net of provisions.

Provisions

Specific and general provisions are made based on an appraisal of the loan portfolio that takes into account Prudential Regulations issued by the State Bank of Pakistan from time to time. Specific provisions are made where the repayment of identified loans is in doubt and reflect an estimate of the amount of loss expected. The general provision is for the inherent risk of losses which are known from experience to be present in any loan portfolio. Provision made / reversed during the year is charged to the profit and loss account and accumulated provision is netted off against advances.

Advances are written off when there is no realistic prospect of recovery.

Net investment in finance lease

Leases include hire purchase where the Bank transfers substantially all the risks and rewards incidental to the ownership of an asset and are classified as finance leases. Net investment in finance lease is recognized at an amount equal to the aggregate of minimum lease payments and any guaranteed residual value less unearned finance income, if any.

6.6 Operating fixed assets and depreciation

Owned

Property and equipment except freehold and leasehold land is stated at cost less accumulated depreciation and accumulated impairment loss, if any. Freehold and leasehold land is stated at cost.

Depreciation is charged to income applying the straight line method over the estimated useful lives of the assets while taking into account any residual value, at the rates given in note 13.2 to these consolidated financial statements. In respect of additions and deletions to assets during the year, depreciation is charged from the month of acquisition while depreciation on disposals during the year is charged up to the month of disposal.

Normal repairs and maintenance are charged to the profit and loss account for the year as and when incurred. Major repairs and improvements are capitalized and assets so replaced are retired.

Gains and losses on disposal of property and equipment if any, are taken to the profit and loss account for the year.

Assets held under Finance Lease

Leasehold land is stated at cost.

Assets held under finance lease are stated at cost less accumulated depreciation. The outstanding obligations under the lease agreements are shown as a liability net of finance charges allocable to future periods. Depreciation on assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Group.

Finance charges are allocated to accounting periods so as to provide a constant periodic rate of return on the outstanding liability.

Assets held under operating lease

Operating lease assets are stated at cost less accumulated depreciation and impairment, if any.

Repairs and maintenance are charged to the profit and loss account as and when incurred.

Capital work in progress

These assets are stated at cost. These are transferred to specific assets as and when assets are available for use.

6.7 Intangible assets

Intangible assets include the value of core deposit relationships, and core overdraft / working capital loan relationships and are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged to the profit and loss account on a straight line basis over the assets' useful lives which are determined using methods that best reflect the pattern of economic benefits. The estimated useful lives are as follows:

Core deposit relationships	11 years
Core overdraft / working capital loan relationships	11 years
Management rights	Indefinite life

Computer software is stated at cost less accumulated amortization and accumulated impairment loss, if any. Amortization is carried out on the straight line method at the rates given in note 14 to these consolidated financial statements.

6.8 Sub-ordinated Loans

Sub-ordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on these loans is recognized separately as part of other liabilities and is charged to the profit and loss account over the period at effective interest rate.

6.9 Staff retirement benefits

Defined benefit plans

The Bank operates an unfunded gratuity scheme covering all eligible employees who have attained the minimum qualifying period of five years. Eligible employees are those employees who have joined the service of the Bank on or before March 31, 2006. Provision is made in accordance with actuarial recommendations. Actuarial valuation is carried out periodically using the "Projected Unit Credit Method". Actuarial gains and losses are recognized immediately in other comprehensive income with no subsequent recycling through profit and loss accounts. Past service costs are charged to the profit and loss account.

Defined contribution plan

The Group operates a defined contribution provident fund for all its permanent employees. Equal monthly contributions are made to the fund by both the Group and the employees at the rate of 10% of basic salary.

6.10 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity.

Current

Provision for current taxation is based on taxable income at the current rates of taxation in accordance with the prevailing laws for taxation on income earned after taking into consideration tax credits and rebates available and any adjustments to tax payable in respect of previous years.

Deferred

Deferred tax is recognized using the balance sheet liability method on all major temporary differences as at the statement of financial position date between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The Group records deferred tax assets / liabilities using tax rates, enacted or substantially enacted at the statement of financial position date, that are expected to be applicable at the time of their reversal.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Group recognizes a deferred tax asset / liability on deficit / surplus on revaluation of securities in accordance with the requirements of IAS 12 "Income Taxes". The related deferred tax asset / liability is adjusted against the related deficit / surplus.

The Group recognizes a deferred tax asset for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilized in accordance with the requirements of IAS 12 "Income Taxes".

6.11 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provision against non-funded losses is recognized when intimated and reasonable certainty exists that the Group will be required to settle the obligation. The provision is charged to the profit and loss account net of expected recovery and the obligation is classified under other liabilities. Provisions are reviewed quarterly and are adjusted to reflect the current best estimate.

6.12 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognized amount and the Group intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items relating to such assets and liabilities are also offset and the net amount is reported in the financial statements.

6.13 Dividend distribution

Dividend is recognized as a liability in the period in which it is declared.

6.14 Distributions of bonus shares and other appropriations to reserves

The Group recognizes all appropriations, other than statutory appropriations, to reserves including those in respect of bonus shares made after the statement of financial position date, in the period in which such appropriations are approved. Appropriation to statutory reserves are recognized in the financial statements of the period to which these appropriations relate to.

6.15 Foreign currencies

Transactions in foreign currencies are translated to Rupees at the foreign exchange rates prevailing at the transaction date. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange prevailing at the statement of financial position date. Forward foreign exchange contracts are valued at forward rates applicable to their respective maturities.

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

Assets against which the constituents have exercised their option to transfer exchange risk to the Group and liabilities for which the Group has exercised its option to transfer exchange risk to the Government, are translated at the rates of exchange guaranteed by the Group and the Government, respectively.

Assets, liabilities, commitments and contingent liabilities in respect of Bangladesh are translated at foreign exchange rates approximating those prevailing prior to August 15, 1971.

Non-monetary assets and liabilities in foreign currencies are expressed in Rupee terms at the exchange rates prevailing at the date of initial recognition of the non-monetary assets and liabilities.

Exchange gains and losses are included in income currently except net unrealized exchange gain on long-term monetary items which, as a matter of prudence, is carried forward as unrealized gain in view of the uncertainty associated with its realization.

6.16 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash and balances with treasury banks and balances with other banks.

6.17 Financial instruments

All financial assets and liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income directly. Financial assets carried on the statement of financial position include cash and Group balances, lendings to financial institutions, investments, advances and certain receivables. Financial liabilities include borrowings, deposits, bills payable and other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

6.18 Derivative financial instruments

Derivative financial instruments are recognized at their fair value on the date on which a derivative contract is entered into and subsequently these instruments are marked to market and changes in fair values are taken to the profit and loss account. Fair values are obtained from quoted market prices in active markets. All derivative financial instruments are carried as assets when their fair value is positive and liabilities when the fair value in negative.

6.19 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format of reporting is based on business segments.

6.19.1 Business Segments

Corporate and Investment Banking

It represents all funded and non funded credit facilities of working capital financing including seasonal finance, trade finance, cash finance, running finance, guarantees and bills of exchange relating to corporate customers, as well as for long term expansion, Balancing Modernization and Replacement(BMR), Project financing, syndicated financing along with advisory, underwriting, transactional banking, and Initial Public Offerings(IPO) related activities.

Commercial

It represents all funded and non funded credit facilities, deposit products & transaction services offered by the Bank to small & medium enterprises and commercial businesses operating in the manufacturing, trading, wholesale and service sectors.

Retail

It represents banking services offered to individuals and small businesses through a retail branch banking and alternate distribution network. These banking services include lending, deposits and distribution of insurance products along with other financial products and services tailored for such customers.

Treasury

Treasury manages the asset and liability mix of the Group, and provides customers with products that meet their demands for management of liquidity, cash flow, interest rate fluctuations and foreign exchange risk.

6.19.2 Geographical segments

The Group operates in Pakistan only.

6.20 Assets acquired in satisfaction of claims

The Bank acquires assets in settlement of certain advances. These are recorded at the lower of the carrying value of the related advances and the current fair value of such assets.

6.21 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to the profit and loss account on a time proportionate basis.

6.22 Earnings per share

The Group presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit

or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

6.23 Fiduciary Assets

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

6.24 Assets held for sale and discontinued operations

During the year, the Group decided to sell its 100% shareholding in PICIC Asset Management Company Limited (PICIC AMC, a wholly owned subsidiary of NIB Bank Limited). Conditional on this sale, the Group has also decided to sell 50.32% of its holding in PICIC Investment Fund (PIF). In accordance with the requirements of International Financial Reporting Standard (IFRS) - 5 "Non-Current Assets Held for Sale and Discontinued Operations", non current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Immediately before classification as held for sale the assets are remeasured in accordance with the Group's other accounting policies. Thereafter, the assets are measured at the lower of their carrying value or fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss. Once classified as held for sale, any equity accounted investee is no longer equity accounted.

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or is part of a single coordinated plan to dispose of a separate major line of business. Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the comparative profit and loss account is reclassified as if the operation had been discontinued from the start of the comparative year.

Accordingly, due to the above, the assets and liabilities of PICIC AMC (100%) including mutual funds (units of which are held by PICIC AMC) and PIF (50.32% of the Bank's total unit holding of 34.04%) have been classified as "Assets held for sale" in the statement of financial position (refer note 17). Income and earnings per share from the discontinued operations (PICIC AMC) have been separately presented in the profit and loss account (refer note 17 and note 33). Cash flows from the discontinued operations are presented in note 17.

7 BASIS OF CONSOLIDATION

These consolidated financial statements includes the financial statements of NIB Bank Limited and its subsidiary companies - "the Group".

The assets and liabilities of subsidiary companies have been consolidated on a line by line basis and the carrying value of investment in subsidiaries held by the holding company is eliminated against the shareholders' equity in the consolidated financial statements. Material intra-group balances and transactions have been eliminated.

Subsidiary companies are fully consolidated from the date on which more than 50% of the voting rights are transferred to the Group, or the power to control the Company is established and are excluded from consolidation from the date of disposal or when the control is lost.

The accounting policies of the subsidiary companies and associates are consistent with the policies adopted by the Group.

Non-controlling unit holders interest represents that part of the net results of operations and of net assets of the subsidiary companies that is not owned by the Group.

Financial and Management Services (Private) Limited has not been consolidated as it is not material and this investment has been fully provided.

8. CASH AND BALANCES WITH TREASURY BANKS

	Note	2015	2014
		(Rupees in '000)	
In hand			
Local currency	8.1	2,358,571	1,805,021
Foreign currencies		310,768	240,467
With State Bank of Pakistan in			
Local currency current accounts	8.2	5,276,404	4,274,385
Foreign currency current account	8.3	398,016	376,812
Foreign currency deposit accounts	8.4	1,259,094	1,070,337
With National Bank of Pakistan in local currency current accounts		449,690	296,653
		10,052,543	8,063,675

8.1 This includes National Prize Bonds of Rs. 2.004 million (2014: Rs. 2.810 million).

8.2 The current account is maintained with the SBP under the cash reserve requirement of Section 22 of the Banking Companies Ordinance, 1962.

8.3 This represents a US Dollar settlement account maintained with the SBP and special cash reserve at Nil return (2014: Nil) required to be maintained with the SBP on deposits held under the new foreign currency accounts scheme.

8.4 This represents special cash reserve of 15% required to be maintained with the SBP on deposits held under the foreign currency accounts scheme at Nil return (2014: Nil return).

9. BALANCES WITH OTHER BANKS

	Note	2015	2014
		(Rupees in '000)	
In Pakistan in current accounts		34,638	163,010
Outside Pakistan			
In current accounts		1,573,777	405,116
In deposit accounts		36,671	24,723
		1,645,086	592,849
Provision against doubtful balances	9.1	–	(6,431)
		1,645,086	586,418

9.1 This balance has been written off during the year.

10. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lending	10.2	300,000	–
Repurchase agreement lendings (Reverse Repo)	10.3 & 10.4	1,299,044	7,699,646
		1,599,044	7,699,646

10.1 Particulars of Lendings

In local currency	1,599,044	7,699,646
In foreign currencies	–	–
	1,599,044	7,699,646

10.2 Call money lending carries mark-up at the rate of 6.5% (2014: Nil) per annum and having remaining maturity of four (2014: Nil) days.

10.3 These represent repurchase agreement lending to financial institutions carrying mark-up at the rate of 6.5% (2014: ranging from 9.50% to 9.75%) per annum and having remaining maturity of four days (2014: forty three days).

10.4 Securities held as collateral against lendings to financial institutions

	2015			2014		
	Held by Group	Further given as collateral / sold	Total	Held by Group	Further given as collateral / sold	Total
	(Rupees in '000)					
Market Treasury Bills	799,044	_	799,044	4,334,497	3,365,149	7,699,646
Pakistan Investment Bonds	500,000	_	500,000	_	_	_
	1,299,044	_	1,299,044	4,334,497	3,365,149	7,699,646

10.4.1 The market value of securities held as collateral against lendings to financial institutions as at December 31, 2015 amounted to Rs. 1,317.733 million (2014: Rs. 7,735.068 million).

	Note	2015			2014		
		Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
		(Rupees in '000)					
11. INVESTMENTS							
11.1 (a) Investments by types:							
Held-for-trading securities							
Ordinary shares / certificates in listed companies / modarabas	11.6	–	–	–	85,682	23,066	108,748
Available-for-sale securities							
Market Treasury Bills	11.2	9,503,429	64,470,814	73,974,243	6,961,506	7,119,226	14,080,732
Pakistan Investment Bonds	11.2	10,214,316	336,127	10,550,443	4,779,679	25,161,147	29,940,826
Defense Savings Certificates	11.3	–	2,730	2,730	–	2,730	2,730
Sukuk Bonds	11.4	1,127,921	–	1,127,921	433,433	–	433,433
Cumulative Preference shares	11.5	55,178	–	55,178	55,178	–	55,178
Ordinary shares / Certificates in listed companies / modarabas	11.6	21,180	–	21,180	31,722	–	31,722
Ordinary shares of unlisted companies	11.7	57,860	–	57,860	65,726	–	65,726
Term Finance Certificates	11.8 & 11.9	587,607	49,908	637,515	877,673	271,268	1,148,941
		21,567,491	64,859,579	86,427,070	13,204,917	32,554,371	45,759,288
Held-to-maturity securities							
Pakistan Investment Bonds	11.2	6,668,959	–	6,668,959	6,693,345	–	6,693,345
Term Finance Certificates	11.8 & 11.9	9,954	–	9,954	10,072	–	10,072
		6,678,913	–	6,678,913	6,703,417	–	6,703,417
Associates	11.10	2,979,366	–	2,979,366	5,408,227	–	5,408,227
Subsidiary	11.11	724	–	724	724	–	724
Total investments - gross		31,226,494	64,859,579	96,086,073	25,402,967	32,577,437	57,980,404
Provision for diminution in value of investments	11.13	(183,808)	–	(183,808)	(192,265)	–	(192,265)
Investments - net of provisions		31,042,686	64,859,579	95,902,265	25,210,702	32,577,437	57,788,139
Surplus on revaluation of held-for-trading securities		–	–	–	17,242	4,316	21,558
Surplus on revaluation of available-for-sale securities - net	24	19,087	102,245	121,332	384,031	1,476,963	1,860,994
Net Investments		31,061,773	64,961,824	96,023,597	25,611,975	34,058,716	59,670,691

	Note	2015	2014
		(Rupees in '000)	
11.1 (b) Investments by segments:			
Federal Government Securities			
Market Treasury Bills	11.2	73,974,243	14,080,732
Pakistan Investment Bonds	11.2	17,219,402	36,634,171
Defense Savings Certificates	11.3	2,730	2,730
Sukuk Bonds	11.4	1,127,921	433,433
Cumulative Preference Shares	11.5	55,178	55,178
Fully Paid-up Ordinary Shares & Modaraba certificates			
Listed	11.6	21,180	140,470
Unlisted	11.7	57,860	65,726
Term Finance Certificates			
Listed	11.8	412,175	688,425
Unlisted	11.9	235,294	470,588
Associates	11.10	2,979,366	5,408,227
Subsidiary	11.11	724	724
Total investments - Gross		96,086,073	57,980,404
Provision for diminution in value of investments	11.13	(183,808)	(192,265)
Investments - net of provisions		95,902,265	57,788,139
Surplus on revaluation of Held-for-trading securities		–	21,558
Surplus on revaluation of Available-for-sale securities-net	24	121,332	1,860,994
Net Investments		96,023,597	59,670,691

11.2 Market Treasury Bills and Pakistan Investment Bonds are eligible for rediscounting. Market Treasury Bills embody effective yields ranging from 6.30% to 6.96% (2014: 9.47% to 10.00%) with remaining maturities of 7 days to 315 days and Pakistan Investment Bonds carry mark-up ranging from 9.25% to 12.50% (2014: 10% to 12.5%) per annum on semi-annual basis with remaining maturities of 2.67 years to 9.24 years. Certain government securities are required to be maintained with the SBP to meet statutory liquidity requirements calculated on the basis of demand and time liabilities. Market treasury bills having a face value of Rs. 150 million have been pledged with National Clearing Company of Pakistan Limited as a guarantee against margin trading system.

11.3 These DSCs of Rs. 2.730 million are pledged as security and carry interest rate at 12.15% (2014: 12.15%) per annum.

11.4 Particulars of Sukuk Bonds

Name of investee company	Note	Number of certificates 2015	Number of certificates 2014	Cost of investment 2015	Cost of investment 2014
				(Rupees in '000)	
Liberty Power Tech Limited	11.4.1	5,464,807	5,464,807	377,921	433,433
Sui Southern Gas Company Limited	11.4.2	180,000	–	750,000	–
				1,127,921	433,433

11.4.1 These carry mark up at the rate of 3 months KIBOR + 300bps and have an original maturity of ten years. At the year end, the applicable rate of return was 9.6% per annum. Mark up and principal installments are made on quarterly basis.

11.4.2 These carry mark up at the rate of 3 months KIBOR + 70bps and have an original maturity of five years. At the year end, the applicable rate of return was 7.21% per annum. Mark up and principal installments are made on quarterly basis.

11.5 Particulars of investment in Cumulative Preference Shares

Investee	Note	Number of shares held		Total nominal value	
		2015	2014	2015	2014
				(Rupees in '000)	
Pak Elektron Limited (PEL)	11.5.1	2,500,000	2,500,000	25,000	25,000
Galaxy Textile Mills Limited	11.5.2	3,017,800	3,017,800	30,178	30,178
				55,178	55,178

11.5.1 These preference shares carry fixed dividend of 9.5% on cumulative basis payable when and if declared by the Board of Directors.

11.5.2 These preference shares are non voting and convertible into ordinary shares after ten years from the date of issuance. These preference shares bear a fixed return at the rate of 5% per annum that will be non cumulative for the first five years and thereafter will be cumulative from year to year.

11.6 Particulars of investment in Listed Ordinary Shares

	Number of shares held		Cost of investment	
	2015	2014	2015	2014
			(Rupees in '000)	
Held-for-trading securities				
Abbott Laboratories Pakistan Limited	–	22,800	–	13,240
Attock Cement Pakistan Limited	–	15,000	–	2,626
Cherat Cement Company Limited	–	270,000	–	15,631
Exide Pakistan Limited	–	6,900	–	11,752
GlaxoSmithKline Pakistan Limited	–	57,400	–	10,486
K-Electric Limited	–	400,000	–	3,495
Lotte Chemical Pakistan Limited	–	350,000	–	2,657
Lucky Cement Limited	–	22,500	–	8,579
Mari Petroleum Company Limited	–	200	–	95
Meezan Bank Limited	–	125,000	–	5,061
National Foods Limited	–	13,000	–	5,094
Pak Suzuki Motor Company Limited	–	41,500	–	9,732
Pakistan Oilfields Limited	–	10,000	–	5,489
Pakistan Petroleum Limited	–	15,000	–	3,446
Pioneer Cement Limited	–	170,000	–	11,365
Total			–	108,748
Available-for-sale				
Agritech Limited	605,138	605,138	21,180	21,180
IGI Insurance Limited	–	847	–	–
Tariq Glass Industries Limited	–	743,500	–	10,542
Total			21,180	31,722
Total Listed Shares			21,180	140,470

	Note	Percentage of holding	Number of shares held 2015	Number of shares held 2014	Cost of investment 2015	Cost of investment 2014
					(Rupees in '000)	
11.7 Particulars of Unlisted Ordinary Shares						
Central Depository Company of Pakistan Limited Chief Executive: Mr. Muhammad Hanif Jakhura	11.7.1	5.00%	3,250,000	3,250,000	5,000	5,000
Pakistan Textile City (Private) Limited Chief Executive: Mr. Muhammad Hanif Kasbati	11.7.2	4.00%	5,000,000	5,000,000	50,000	50,000
National Investment Trust Limited Chief Executive: Mr. Shahid Ghaffar	11.7.3	8.33%	*79,200	*79,200	100	100
SWIFT Chief Executive: Mr. Gottfried Leibbrandt	11.7.4	0.01%	**9	**9	2,760	2,946
Islamabad Stock Exchange Limited Chief Executive: Mian Ayyaz Afzal	11.7.5	0.83%	3,034,603	3,034,603	_	_
Pakistan Export Finance Guarantee Agency Limited Chief Executive: Mr. Syed Muhammad Zaeem	11.7.6	_	_	568,044	_	5,680
Crescent Capital Management (Private) Limited Chief Executive: Mr. Mahmood Ahmed	11.7.6	_	_	100,000	_	1,000
Sunbiz (Private) Limited Chief Executive: Mr. Muqadder Ali Shah	11.7.6	_	_	10,000	_	1,000
					57,860	65,726

11.7.1 Value of investment, based on the net assets stated in the audited financial statements of investee company as at June 30, 2015 amounts to Rs.130.320 million. (June 30, 2014: Rs. 117.827 million).

11.7.2 Value of investment, based on the net assets stated in the audited financial statements of investee company as at June 30, 2015 amounts to Rs. 16.906 million. (June 30, 2014: Rs. 22.763 million).

11.7.3 Value of investment, based on the net assets stated in the audited financial statements of investee company as at June 30, 2015 amounts to Rs. 964.876 million. (June 30, 2014: Rs. 872.874 million).

11.7.4 Value of investment, based on the net assets stated in the audited financial statements of investee company as at December 31, 2014 amounts to Rs. 3.040 million. (December 31, 2013: Rs. 3.172 million).

11.7.5 The Bank has recorded investment in the company at Nil value due to conversion of the Islamabad Stock Exchange from limited by guarantee to public company limited by shares. Value of investment, based on the net assets stated in the audited financial statements of investee company as at June 30, 2015 amounts to Rs. 33.679 million (June 30, 2014: Rs. 33.233 million). Subsequent to the year end, the Islamabad Stock Exchange was merged with Karachi and Lahore Stock Exchanges as Pakistan Stock Exchange.

11.7.6 These investments have been written off against provision during the year.

* Shares of Face Value of Rs. 100 each

** Shares of Face Value of Euro 2,680 each

11.8 Particulars of investment in Listed Term Finance Certificates

Name of Investee Company	Note	Issue Date	Maturity Date	Interest Rate	Interest Payment	Number of certificates held		Amortized cost	
						2015	2014	2015	2014
Investee								(Rupees in '000)	
Askari Bank Limited		–	–	–	–	–	30,000	–	154,440
Azgard Nine Limited	11.8.1	September 20, 2005	September 20, 2017	6 months KIBOR + 1.25%	Semi - Annually	10,000	10,000	16,269	16,269
Bank Alfalah Limited - Fixed		December 2, 2009	December 2, 2017	15%	Semi - Annually	41,000	41,000	204,508	204,590
Bank Alfalah Limited - Floating		December 2, 2009	December 2, 2017	6 months KIBOR + 2.5%	Semi - Annually	5,000	5,000	24,940	24,950
Engro Fertilizer Limited		–	–	–	–	–	32,692	–	119,355
Summit Bank Limited	11.8.2	October 27, 2011	October 27, 2018	6 months KIBOR + 3.25%	Semi - Annually	10,000	10,000	49,908	49,931
Telecard Limited	11.8.3	May 27, 2005	May 18, 2015	3 months KIBOR + 5.04%	Quarterly	74,888	74,888	116,550	118,890
								412,175	688,425

11.8.1 The investment has been fully provided in these financial statements and includes an amount of Rs.8.135 million (2014: 8.135 million) classified as held-to-maturity.

11.8.2 These term finance certificates are pledged with National Clearing Company of Pakistan Limited.

11.8.3 The investment has been fully provided in these financial statements and includes an amount of Rs.1.819 million (2014: 1.938 million) classified as held-to-maturity.

11.9 Particulars of investment in Unlisted Term Finance Certificates

Name of Investee Company	Note	Issue Date	Maturity Date	Interest Rate	Interest Payment	Number of certificates held		Amortized cost	
						2015	2014	2015	2014
								(Rupees in '000)	
Azgard Nine Limited	11.9.1	–	–	–	–	11,864	11,864	–	–
Pakistan Mobile Communications Limited		October 13, 2011	October 13, 2016	3 month KIBOR+ 2%	Quarterly	200,000	200,000	235,294	470,588
								235,294	470,588

11.9.1 In the year 2012, the Bank received 11,864 Term Finance Certificates of Rs. 5,000 each, having total value of Rs. 59.32 million in respect of overdue mark-up of Azgard Nine Limited. These certificates have been recognised at nil value in the Bank's books as per the requirement of Prudential Regulations, whereby overdue interest on classified advance accounts can only be recognized once this is received in cash.

All Term Finance Certificates are of Original Face Value of Rs. 5,000 each.

	Note	Holding	Number of units / certificates held 2015	Number of units / certificates held 2014	Total carrying value 2015	Total carrying value 2014
11.10 Particulars of investment in associates					(Rupees in '000)	
PICIC Growth Fund - Closed End		15.34%	43,482,858	43,482,858	1,628,662	1,754,653
PICIC Investment Fund - Closed End	17	16.91%	48,042,021	96,703,821	805,135	1,738,458
PICIC Income Fund - Open End*		23.65%	5,117,650	10,389,714	545,569	1,111,318
PICIC Cash Fund - Open End		–	–	1,545,090	–	161,854
PICIC Islamic Income Fund - Open End		–	–	1,061,941	–	110,584
PICIC Stock Fund - Open End		–	–	846,966	–	105,912
PICIC Energy Fund - Open End		–	–	37,729,841	–	425,448
					2,979,366	5,408,227
Particulars of investment in associates - held-for-sale						
PICIC Investment Fund - Closed End	17.3.1	17.13%	48,661,800	–	634,550	–
PICIC Cash Fund - Open End*	17.3.1	17.70%	6,571,239	–	655,872	–
PICIC Islamic Income Fund - Open End*	17.3.1	16.54%	498,587	–	48,261	–
PICIC Stock Fund - Open End*	17.3.1	20.72%	567,761	–	67,719	–
PICIC Islamic Stock Fund - Open End*	17.3.1	46.89%	1,510,995	–	182,254	–
PICIC Income Fund - Open End*	17.3.1	8.07%	1,746,247	–	186,160	–
					1,774,816	–

All the above mutual funds are being managed by PICIC Asset Management Company Limited in accordance with the provision of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and units / certificates of these funds are listed on Pakistan Stock Exchange.

11.10.1 Summarized financial information in respect of associates is set out below:

	2015						
	Total assets	Total liabilities	Net assets	Total revenue	Profit / loss for the year / period	Total Comprehensive Income for the year	Share of profit / (loss) for the year / period
	(Rupees in '000)						
PICIC Growth Fund - Closed End	10,981,160	362,590	10,618,570	57,975	(266,172)	(821,432)	(40,826)
PICIC Investment Fund - Closed End	4,960,549	198,907	4,761,642	3,722	(144,154)	(346,111)	(49,065)
PICIC Income Fund - Open End	2,338,435	31,932	2,306,503	278,707	(9,130)	(9,130)	76,418
							(13,473)

As at December 31, 2015 market value per certificate of PICIC Growth Fund and PICIC Investment Fund were Rs. 11.43 and Rs. 22.53 respectively.

*Units of Face Value of Rs. 100 each

Unless otherwise stated, holdings in ordinary shares, preference shares and units of mutual funds are of Rs. 10 each.

	Number of shares held		Total carrying value	
	2015	2014	2015	2014
			(Rupees in '000)	
11.11 Particulars of investment in unconsolidated subsidiary				
Financial and Management Services (Private) Limited**	88,850	88,850	724	724
			724	724

** Shares of Face Value of Rs. 100 each

The Bank has made provision against the entire amount mentioned above and the subsidiary has no assets or liabilities.

11.12 Particulars of provision for diminution in value of investments

	Note	2015	2014
		(Rupees in '000)	
Opening balance		192,265	215,587
Charge for the year		186,979	6,850
Reversal for the year - Term Finance Certificates		(2,340)	(18,411)
		184,639	(11,561)
Write off / reversal due to sale / transfer to other assets		(12,125)	(11,761)
Closing balance		364,779	192,265

11.13 Particulars of Provision in respect of Type and Segment

Available-for-sale securities			
- Listed shares / units		16,641	20,937
- Unlisted shares		33,623	35,445
- Term Finance Certificates		132,820	135,159
		183,084	191,541
Subsidiary		724	724
		183,808	192,265
Associates - Impairment against investment in PICIC Investment Fund	17.3.1	180,971	–
		364,779	192,265

		2015		2014	
		(Rupees in '000)	Rating	(Rupees in '000)	Rating
11.14 Quality of available-for-sale securities - at Market Value					
Federal Government Securities					
Market Treasury Bills		74,078,985	Unrated	14,093,269	Unrated
Pakistan Investment Bonds		10,544,788	Unrated	31,758,973	Unrated
Defense Savings Certificates		2,730	Unrated	2,730	Unrated
Sukuk Bonds		1,127,921	A+	433,433	A+
Cumulative Preference shares					
Pak Elektron Limited (PEL)		25,000	A1 / A	25,000	A2 / A-
Galaxy Textile Mills Limited	*	30,178	**	30,178	**
Ordinary shares of Listed Companies					
Agritech Limited		5,658	**	4,690	**
IGI Insurance Limited		–	–	229	AA
Tariq Glass Industries Limited		–	–	34,989	*
Ordinary shares of Unlisted Companies					
Central Depository Company of Pakistan Limited	*	5,000	**	5,000	**
National Investment Trust Limited	*	100	AM2	100	AM2-
Pakistan Textile City (Private) Limited	*	16,906	**	22,764	**
SWIFT	*	2,231	**	2,417	**
Islamabad Stock Exchange Limited		–	**	–	**
Term Finance Certificates					
Askari Bank Limited		–	–	146,816	AA-
Azgard Nine Limited		–	**	–	**
Bank Alfalah Limited		249,284	AA-	248,658	AA-
Engro Fertilizer Limited		–	–	111,807	A+
Pakistan Mobile Communications Limited		235,294	AA-	470,588	AA-
Summit Bank Limited		51,197	A	47,172	A (SO)
Telecard Limited		–	**	–	**
		86,375,272		47,438,813	

* At cost / breakup value since market value is not available.

** Rating not available

	Note	2015	2014
12. ADVANCES		(Rupees in '000)	
Loans, cash credits, running finance, etc. - in Pakistan	12.1	128,635,379	107,411,316
Net investment in finance lease - in Pakistan	12.3	1,749,904	1,805,746
Bills discounted and purchased (excluding Treasury Bills)			
Payable in Pakistan		1,174,736	2,985,989
Payable outside Pakistan		3,468,005	5,450,574
Advances - gross		135,028,024	117,653,625
Provision against non-performing advances - Specific	12.4	(24,204,658)	(23,885,813)
- General		(154,372)	(94,318)
	12.5	(24,359,030)	(23,980,131)
Advances - net of provisions		110,668,994	93,673,494

12.1 This includes a sum of Rs. 72.337 million (2014: Rs. 72.337 million) representing unrealized exchange gain, which has not been recognized as income and deferred in these consolidated financial statements, in accordance with the policy of the Bank, as stated in note 6.15.

	2015	2014
12.2 Particulars of advances	(Rupees in '000)	
12.2.1 In local currency	127,599,316	111,090,972
In foreign currencies	7,428,708	6,562,653
	135,028,024	117,653,625
12.2.2 Short term (for up to one year)	105,466,540	96,644,764
Long term (for over one year)	29,561,484	21,008,861
	135,028,024	117,653,625

12.3 Net investment in finance lease

	2015			
	Not later than one year	Later than one and less than five years	Over five years	Total
	(Rupees in '000)			
Lease rentals receivable	1,521,972	134,234	–	1,656,206
Residual value	397,880	43,367	–	441,247
Minimum lease payments	1,919,852	177,601	–	2,097,453
Financial charges for future periods (including income suspended)	(331,588)	(15,961)	–	(347,549)
Present value of minimum lease payments	1,588,264	161,640	–	1,749,904
	2014			
Lease rentals receivable	1,556,776	161,895	138	1,718,809
Residual value	419,234	48,192	700	468,126
Minimum lease payments	1,976,010	210,087	838	2,186,935
Financial charges for future periods (including income suspended)	(352,332)	(28,850)	(7)	(381,189)
Present value of minimum lease payments	1,623,678	181,237	831	1,805,746

12.3.1 Leases includes non-performing loans of Rs. 1,528.487 million (2014: Rs.1,548.373 million) against which provision of Rs.1,095.947 million (2014: Rs. 1,068.190 million) has been held.

12.4 Advances include Rs. 28,173.224 million (2014: Rs. 29,017.184 million), which have been placed under non-performing status as detailed below:

	2015								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Category of classification									
OAEM*	37,162	_	37,162	2,353	_	2,353	2,353	_	2,353
Substandard	1,270,650	_	1,270,650	228,956	_	228,956	228,956	_	228,956
Doubtful	1,104,628	–	1,104,628	442,429	–	442,429	442,429	–	442,429
Loss	25,760,784	–	25,760,784	23,530,920	–	23,530,920	23,530,920	–	23,530,920
	28,173,224	–	28,173,224	24,204,658	–	24,204,658	24,204,658	–	24,204,658

	2014								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Category of classification									
OAEM*	40,397	_	40,397	3,590	_	3,590	3,590	_	3,590
Substandard	2,470,814	_	2,470,814	1,058,262	_	1,058,262	1,058,262	_	1,058,262
Doubtful	827,949	–	827,949	406,658	–	406,658	406,658	–	406,658
Loss	25,678,024	–	25,678,024	22,417,303	–	22,417,303	22,417,303	–	22,417,303
	29,017,184	–	29,017,184	23,885,813	–	23,885,813	23,885,813	–	23,885,813

*OAEM pertains to small enterprises.

12.4.1 In accordance with BSD Circular No. 1 dated October 21, 2011 issued by the State Bank of Pakistan, the Bank has availed the benefit of Forced Sale Value (FSV) against the non-performing advances. During the year ended December 31, 2015, total FSV benefit erosion resulted in decrease in profit before tax of Rs. 882.042 million. Had the benefit under the said circular not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 1,501.239 million (December 31, 2014: Rs. 2,383.281 million). The FSV benefit recognized will not be available for the distribution of cash and stock dividend to shareholders.

12.4.2 As per the revised Prudential Regulations issued for the Corporate / Commercial Banking vide BPRD Circular No. 06 of 2014 dated June 26, 2014, the cumulative FSV benefit recognized in respect of customers under Corporate / Commercial Banking is Rs. 728.584 million (December 31, 2014: Rs. 934.428 million) and is not available for distribution of cash or stock dividend / bonus to employees.

12.5 Particulars of provision against non-performing advances

	Note	2015			2014		
		Specific	General	Total	Specific	General	Total
		(Rupees in '000)					
Opening balance		23,885,813	94,318	23,980,131	22,488,805	69,139	22,557,944
Charge for the year		2,273,943	60,054	2,333,997	3,707,350	25,179	3,732,529
Reversals		(2,134,768)	–	(2,134,768)	(2,196,028)	_	(2,196,028)
		139,175	60,054	199,229	1,511,322	25,179	1,536,501
Amounts written off - Net (includes recovery of earlier written-off Retail loans)	12.6	179,670	–	179,670	(124,086)	–	(124,086)
Amount transferred from / (to) other assets / other liabilities		–	–	–	9,772	–	9,772
Closing balance		24,204,658	154,372	24,359,030	23,885,813	94,318	23,980,131

12.5.1 Particulars of provision against non-performing advances - currency wise

In local currency	23,734,433	154,372	23,888,805	23,495,780	94,318	23,590,098
In foreign currencies	470,225	–	470,225	390,033	–	390,033
	24,204,658	154,372	24,359,030	23,885,813	94,318	23,980,131

		Note	2015	2014
			(Rupees in '000)	
12.6	**Particulars of (write backs) / write offs:**			
12.6.1	Against provisions (includes recovery of earlier written-off retail loans)		(179,670)	124,086
	Directly charged to profit and loss account		2,248	2,421
			(177,422)	126,507
12.6.2	Write offs of Rs. 500,000 and above	12.7	151,455	497,774
	Write offs of below Rs. 500,000 (includes recovery of earlier written-off Retail loans)	12.7	(328,877)	(371,267)
			(177,422)	126,507

12.7 Details of loan write offs of Rs. 500,000 and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off loans or any financial relief of five hundred thousand rupees or above allowed to person(s) during the year ended December 31, 2015 is given in Annexure 1. However, this write off does not affect the Bank's right to recover these debts from any of its customers.

12.8 Particulars of loans and advances to directors, associated companies etc.

Debts due by directors, executives or officers of the Group or any of them either severally or jointly with any other related parties:

	Note	2015	2014
		(Rupees in '000)	
Balance at the beginning of the year		1,692,267	1,485,462
Additions / granted during the year		672,168	920,232
Repayments / transferred during the year		(872,726)	(713,427)
Balance at the end of the year	12.8.1	1,491,709	1,692,267

12.8.1 This includes loan of Rs. 4.40 million given to Chief Executive Officer of PICIC AMC which is classified as held for sale.

	Note	2015	2014
Debts due by controlled firms, managed modarabas and other related parties:		(Rupees in '000)	
Balance at the beginning of the year		24,696	24,876
Loans granted during the year		4,543,510	5,178,968
Repayments during the year		(4,528,301)	(5,179,148)
Balance at the end of the year		39,905	24,696

13. OPERATING FIXED ASSETS

Capital work in progress	13.1	90,874	204,855
Property and equipment	13.2	2,995,572	2,828,202
		3,086,446	3,033,057

13.1 Capital work in progress

Civil works	20,222	84,414
Electrical, office and computer equipment	18,130	55,207
Advances to suppliers and contractors	4,398	27,750
Advance for computer software	48,124	37,484
	90,874	204,855

13.2 Property and Equipment

Particulars	Note	2015 COST As at January 01, 2015	Additions / (deletions)	Adjustments/ write off	As at December 31, 2015	Transfers to assets held for sale	DEPRECIATION / IMPAIRMENT Accumulated as at January 01, 2015	For the year / (on deletion)	Adjustments/ write off	Accumulated as at December 31, 2015	Transfers to assets held for sale	Net Book value as at December 31, 2015	Rate of Depreciation % per annum
		(Rupees in '000)											
Freehold land		317,697	–	–	317,697	–	–	–	–	–	–	317,697	–
Leasehold land	13.2.3	1,064,456	–	–	1,064,456	–	15,634	–	–	15,634	–	1,048,822	–
Buildings on freehold land		558,143	–	–	558,143	–	211,532	26,735	27,941	266,208	–	291,935	5%
Buildings on leasehold land		136,626	–	–	136,626	–	53,793	6,577	–	60,370	–	76,256	5%
Furniture and fixtures		232,463	38,739	(877)	264,387	(7,613)	147,062	18,765	(692)	159,862	(3,169)	100,081	10%
			(5,938)					(5,273)					
Electrical, office and computer equipment		1,658,914	257,553	(230)	1,796,742	(21,376)	1,168,336	173,369	(230)	1,223,198	(18,505)	570,673	10% to 33%
			(119,495)					(118,277)					
Vehicles		21,642	36,891	–	53,795	(3,695)	15,007	7,944	–	18,651	(3,218)	34,667	20%
			(4,738)					(4,300)					
Leasehold Improvements		1,010,638	214,726	(61,562)	1,162,284	(30,454)	561,013	78,457	(53,171)	585,265	(8,876)	555,441	10%
			(1,518)					(1,034)					
		5,000,579	547,909	(62,669)	5,354,130	–	2,172,377	311,847	(26,152)	2,329,188	–	2,995,572	
			(131,689)			(63,138)		(128,884)			(33,768)		

13.2.1 Included in cost of property and equipment are fully depreciated items still in use having cost of Rs. 1,062.949 million (2014: Rs. 1,044.857 million).

13.2.2 Carrying amount of temporarily idle property is Rs. 755.423 million (2014: Rs. 790.447 million).

13.2.3 This includes a plot of land costing Rs. 361 million in Block-6, KDA Scheme-5, Clifton, Karachi (the "Plot"), possession of which was taken by the Bank (formerly PICIC) in April 1983 pursuant to an allotment order by Karachi Development Authority (KDA). All the legal dues in respect of the Plot including non-utilization fees have been paid. In 2000, KDA cancelled the allotment unilaterally based on certain building and construction restrictions. The Bank filed a Civil Suit against KDA before the High Court of Sindh in respect of the said unilateral cancellation of the allotment. Meanwhile, also in 2000, a dispute arose with KPT in respect of construction of a boundary wall on the Plot by KPT as KPT claimed that the ownership of the land had been reverted to KPT. The said claim by KPT was also challenged by way of Civil Suit before the High Court of Sindh. The High Court of Sindh initially issued restraining orders against KDA and KPT in the respective suits in respect of cancellation of the allotment of the Plot. Subsequently, both the suits were decided in favour of the Bank. In the suit filed against KDA, the High Court of Sindh held that the action of cancellation of the allotment by KDA was improper and void, whereas, in the suit against KPT, the High Court of Sindh held that since allotment in favour of the Bank was valid therefore, KPT had no standing to claim that the ownership of the land had been reverted back to KPT. Both the decisions of the High Court of Sindh were challenged in two separate High Court Appeals by KDA and KPT. Furthermore, in November 2008, KPT filed a civil suit seeking a declaration from the High Court of Sindh to the effect that the ownership of the plot had been validly reverted to KPT.

Appeal filed by KDA was disposed off in favour of the Bank vide order dated March 06, 2014 passed by the Honorable High Court of Sindh, Karachi. However, the appeal filed by KPT against the Bank is still pending before the High Court of Sindh, Karachi. Presently one appeal filed by KPT (276/2004) and a suit filed by KPT (1075/2008 KPT Vs CDGK and NIB Bank) are pending on the subject plot before Sindh High Court. These two cases are being handled by a senior lawyer, i.e. Mushtaq A. Memon, Advocate on behalf of the Bank. At present, the Bank is actively defending the cases. Also as per legal opinion provided by the dealing counsel, the appeal filed by the KPT is likely to be decided by the Honorable Court in favour of the Bank.

This also includes a plot of land having book value of Rs. 372.103 million situated in Railway Quarters, I.I. Chundrigar Road, Karachi, (the "Plot"), where a tenant is claiming for the possession as tenant of an insignificant area of only 18 square feet of the plot measuring 3,120.46 square yards, however there is no issue over the title of the subject property. Both the Constitutional Petitions filed by the Bank have been dismissed by the Sindh High Court on 28 January 2016 against the Bank. The Bank has had a meeting with its external counsel in respect of filing an appeal before the Supreme Court of Pakistan. Market value of the property based on the revaluation carried at the year end amounts to Rs. 930 million.

Particulars	2014									
	COST				DEPRECIATION / IMPAIRMENT				Net Book value as at December 31, 2014	Rate of Depreciation % per annum
	As at January 01, 2014	Additions / (deletions)	Transfers to assets held for sale	As at December 31, 2014	Accumulated as at January 01, 2014	For the year / (on deletion)	Transfers to assets held for sale	Accumulated as at December 31, 2014		
	(Rupees in '000)									
Freehold land	317,697	–	–	317,697	–	–	–	–	317,697	–
Leasehold land	1,064,456	–	–	1,064,456	15,634	–	–	15,634	1,048,822	–
Buildings on freehold land	571,173	–	–	558,143	196,655	27,907	–	211,532	346,611	5%
		(13,030)				(13,030)				
Buildings on leasehold land	162,573	–	–	136,626	55,756	6,794	–	53,793	82,833	5%
		(25,947)				(8,757)				
Furniture and fixtures	213,011	36,478	–	232,463	136,350	24,205	–	147,062	85,401	10%
		(17,026)				(13,493)				
Electrical, office and computer equipment	1,471,356	306,575	–	1,658,914	1,090,727	190,972	–	1,168,336	490,578	10% to 33%
		(119,017)				(113,363)				
Vehicles	24,983	–	–	21,642	14,268	3,561	–	15,007	6,635	20%
		(3,341)				(2,822)				
Leasehold Improvements	833,226	199,267	–	1,010,638	518,331	55,694	–	561,013	449,625	10%
		(21,855)				(13,012)				
	4,658,475	542,320	–	5,000,579	2,027,721	309,133	–	2,172,377	2,828,202	
		(200,216)				(164,477)				

13.2.4 Detail of disposal of property and equipment during the year

Items individually having cost more than Rs. 1 million or net book value exceeding Rs. 0.25 million

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyer
	(Rupees in '000)					
Computer Equipment	45,154	45,154	-	541	Bid	Owais Bin Samad, House No. C-95,Block-D, North Nazimabad, Karachi.
Electrical and office equipment	1,173	1,138	35	309	Bid	Aqib Javaid Bhatti, House No. 5, Street # 18, Sadiqia Colony, Maraj Pura, Lahore.
Vehicle	1,396	1,396	-	1,123	Bid	Mr. Zahid Majeed, House No. W-20, 18th east street, DHA Phase 1.
Vehicle	1,396	1,396	-	1,110	Bid	Mr. Waseem Mirza, House No. A-32 Block 10-A, Gulshan-e-Iqbal, Karachi
	49,119	49,084	35	3,083		

Items individually having cost less than Rs. 1 million or net book value not exceeding Rs. 0.25 million

Computer Equipment	46,445	46,167	278	254
Electrical and office equipment	26,502	25,700	802	3,368
Furniture and fixtures	5,925	5,273	652	2,152
Leasehold Improvements	1,518	1,034	484	979
Vehicles	1,945	1,507	438	1,632
	82,335	79,681	2,654	8,385

Items retired from the books and claimed from the Insurance companies

Electrical and office equipments	235	119	116	181
2015	131,689	128,884	2,805	11,649
2014	200,216	164,477	35,739	73,810

This also includes the details of PICIC AMC classified as held for sale

14. INTANGIBLE ASSETS

Particulars	2015											
	COST					AMORTIZATION						
	As at January 01, 2015	Additions / (deletions)	Adjustments/ write off	Transfers to assets held for sale	As at December 31, 2015	Accumulated as at January 01, 2015	For the year	Adjustments/ write off	Transfers to assets held for sale	Accumulated as at December 31, 2015	Net Book value as at December 31, 2015	Rate of Amortization % per annum
	(Rupees in '000)											
Core Deposit Relationships	2,489,453	–	–	–	2,489,453	1,697,354	226,314	–	–	1,923,668	565,785	9.09 %
Capital Loan Relationships	124,149	–	–	–	124,149	100,725	6,693	–	–	107,418	16,731	8.31 %
Computer Softwares	1,013,939	16,668	(387)	(9,231)	1,020,989	630,113	91,630	(342)	(8,387)	713,014	307,975	10% to 50%
Management Rights	1,726,726	–	–	(1,726,726)	–	–	–	–	–	–	–	Note 6.7
	5,354,267	16,668	(387)	(1,735,957)	3,634,591	2,428,192	324,637	(342)	(8,387)	2,744,100	890,491	

14.1 Included in cost of computer software are fully amortized items still in use having cost of Rs. 302.084 million (2014: Rs. 298.739 million).

Particulars	2014											
	COST					AMORTIZATION						
	As at January 01, 2014	Additions / (deletions)	Adjustments/ write off	Transfers to assets held for sale	As at December 31, 2014	Accumulated as at January 01, 2014	For the year	Adjustments/ write off	Transfers to assets held for sale	Accumulated as at December 31, 2014	Net Book value as at December 31, 2014	Rate of Amortization % per annum
	(Rupees in '000)											
Core Deposit Relationships	2,489,453	–	–	–	2,489,453	1,471,040	226,314	–	–	1,697,354	792,099	9.09 %
Capital Loan Relationships	124,149	–	–	–	124,149	94,032	6,693	–	–	100,725	23,424	8.31 %
Brand	204,116	–	–	–	–	204,116	–	–	–	–	–	20 %
		(204,116)					(204,116)					
Computer Softwares	913,128	100,811	–	–	1,013,939	521,604	108,509	–	–	630,113	383,826	10% to 50%
Management Rights	1,726,726	–	–	–	1,726,726	–	–	–	–	–	1,726,726	Note 6.7
	5,457,572	100,811	–	–	5,354,267	2,290,792	341,516	–	–	2,428,192	2,926,075	
		(204,116)					(204,116)					

14.2 Annual test for impairment

Intangibles

In the current year, the Group assessed the recoverable amount of core deposit relationships and determined that no impairment loss exists.

	Note	2015	2014
		(Rupees in '000)	
15. DEFERRED TAX ASSETS - NET			
Deferred debits arising due to:			
Provision against loans and advances		6,753,098	7,416,342
Provision against other receivable		289,712	291,184
Provision against balances with other banks		–	2,251
Provision against off balance sheet Items		13,101	13,101
Unused tax losses		3,822,940	4,991,269
Provision against Worker's Welfare Fund		–	22,035
Excess of accounting base of provision for bonus		–	9,304
Excess of tax base of investments over accounting base		64,079	62,329
Minimum turnover tax*		640,171	432,812
		11,583,101	13,240,627
Deferred credits arising due to:			
Excess of accounting base of leased asset over tax base		(185,725)	(174,338)
Accelerated tax depreciation on owned assets		(760,326)	(769,507)
Fair valuation of subsidiaries and associates		(486,397)	(471,460)
Accelerated tax amortization on intangible assets		(20,928)	(11,060)
Unrealized exchange gains	15.1	(2,377)	(2,377)
Unrealized exchange losses	15.2	(33,604)	(33,604)
Surplus on revaluation of securities		(42,466)	(651,709)
		(1,531,823)	(2,114,055)
Deferred tax assets		10,051,278	11,126,572
Unrecognized deferred tax assets		(691,669)	(1,134,408)
Recognized deferred tax assets		9,359,609	9,992,164

* Included in the unrecognized deferred tax assets.

The management has recorded deferred tax asset based on financial projections indicating realisibility of deferred tax asset over a number of future years through reversals as a result of recoveries from borrowers and realisibility of remaining deferred tax asset against future taxable profits. The financial projections involve certain key assumptions such as deposits composition, interest rates, growth of deposits and advances, investment returns and potential provision / reversals against assets. Any significant change in the key assumptions may have an effect on the realisibility of the deferred tax asset.

15.1 In 1987 and 1989, the Bank (formerly PICIC) exercised its option to avail the exchange risk coverage offered by the Government of Pakistan, Ministry of Finance and Economic Affairs (Economic Affairs Division), through Office Memo 1(16)/50/DM/86 dated July 8, 1987 and 1(12)/50/DM/89 dated June 1, 1989 respectively and, in turn the Bank (formerly PICIC) offered the risk coverage to its Borrowers.

15.2 The unrealized exchange losses of the Bank (formerly PICIC) as on April 21, 1987, the effective date of exercise of both the options arising on related borrowings as reduced by gains arising on related advances was claimed as loss for tax purposes.

15.3 Movement in temporary differences during the year

	2015				
	Balance as at January 01, 2015	Recognized in profit and loss account	Recognized in equity	Transfer to assets held for sale	Balance as at December 31, 2015
	(Rupees in '000)				
Deferred debits arising due to:					
Provision against loans and advances	7,416,342	(663,244)	–	–	6,753,098
Provision against other receivable	291,184	(1,472)	–	–	289,712
Provision against balances with other banks	2,251	(2,251)	–	–	–
Provision against off balance sheet items	13,101	–	–	–	13,101
Unused tax losses	4,991,269	(1,168,329)	–	–	3,822,940
Provision against Worker's Welfare Fund	22,035	(1,418)	–	(20,617)	–
Excess of accounting base of provision for bonus	9,304	812	–	(10,116)	–
Excess of tax base of investments over accounting base	62,329	1,750	–	–	64,079
Minimum turnover tax*	432,812	207,359	–	–	640,171
Deferred credits arising due to:					
Excess of accounting base of leased asset over tax base	(174,338)	(11,387)	–	–	(185,725)
Accelerated tax depreciation on owned assets	(769,507)	7,440	–	1,741	(760,326)
Fair valuation of subsidiaries and associates	(471,460)	13,269	(91,506)	63,300	(486,397)
Accelerated tax amortization on intangible assets	(11,060)	(9,868)	–	–	(20,928)
Unrealized exchange gains	(2,377)	–	–	–	(2,377)
Unrealized exchange losses	(33,604)	–	–	–	(33,604)
Surplus on revaluation of securities	(651,709)	872	602,329	6,042	(42,466)
Deferred tax assets	11,126,572	(1,626,467)	510,823	40,350	10,051,278
Unrecognized deferred tax assets	(1,134,408)	442,739	–	–	(691,669)
Recognized deferred tax assets	9,992,164	(1,183,728)	510,823	40,350	9,359,609
Related to discontinued operations	–	297	–	–	–
Continuing operations	9,992,164	(1,183,431)	510,823	40,350	9,359,609

	2014				
	Balance as at January 01, 2014	Recognized in profit and loss account	Recognized in equity	Transfer to assets held for sale	Balance as at December 31, 2014
	(Rupees in'000)				
Deferred debits arising due to:					
Provision against loans and advances	7,527,506	(111,164)	–	–	7,416,342
Provision against other receivable	291,184	–	–	–	291,184
Provision against balances with other banks	2,359	(108)	–	–	2,251
Provision against off balance sheet items	13,101	–	–	–	13,101
Unused tax losses	4,637,085	354,184	–	–	4,991,269
Provision against Worker's Welfare Fund	–	22,035	–	–	22,035
Excess of accounting base of provision for bonus	–	9,304	–	–	9,304
Excess of tax base of investments over accounting base	152,880	(90,551)	–	–	62,329
Minimum turnover tax*	242,811	190,001	–	–	432,812
Deferred credits arising due to:					
Excess of accounting base of leased assetover tax base	(157,902)	(16,436)	–	–	(174,338)
Accelerated tax depreciation on owned assets	(815,226)	45,719	–	–	(769,507)
Fair valuation of subsidiaries and associates	(461,757)	(9,703)	–	–	(471,460)
Accelerated tax amortization on intangible assets	(1,081)	(9,979)	–	–	(11,060)
Unrealized exchange gains	(2,377)	–	–	–	(2,377)
Unrealized exchange losses	(33,604)	–	–	–	(33,604)
(Surplus) / deficit on revaluation of securities	261,487	(162)	(913,034)	–	(651,709)
Deferred tax assets	11,656,466	383,140	(913,034)	–	11,126,572
Unrecognized deferred tax assets	(566,822)	(567,586)	–	–	(1,134,408)
Recognized deferred tax assets	11,089,644	(184,446)	(913,034)	–	9,992,164
Related to discontinued operations	–	(13,031)	–	–	–
Continuing operations	11,089,644	(197,477)	(913,034)	–	9,992,164

* Included in the unrecognized deferred tax assets.

	Note	2015	2014
		(Rupees in '000)	
16. OTHER ASSETS			
Income / mark-up accrued			
Local currency	16.1 & 16.6	2,744,979	4,357,621
Foreign currencies		130,664	96,597
Advances, deposits, advance rent and other prepayments	16.2	476,086	545,745
Advance taxation - net		1,219,207	1,161,311
Non-banking assets acquired in satisfaction of claims	16.3	951,341	994,488
Non-banking assets acquired in satisfaction of claims with buy back option with customer	16.3	2,261,399	1,458,854
Unrealized gain on forward foreign exchange contracts - net		135,276	335,001
Stationery and stamps on hand		2,575	3,217
Advance for purchase of term finance certificates and sukuk bonds		285,000	1,215,800
Assets in respect of Bangladesh	16.4	425,409	425,409
Insurance claim		148,287	186,828
Management fee receivable		–	42,351
Others		224,891	252,952
		9,005,114	11,076,174
Liabilities in respect of Bangladesh	16.4	(342,416)	(342,416)
Rupee Borrowings from Government of Pakistan in respect of Bangladesh		(82,993)	(82,993)
Provisions held against other assets	16.5	(1,421,726)	(1,300,684)
Other assets - net of provisions		7,157,979	9,350,081

16.1 This includes Rs. 5.801 million (2014: Rs. 5.671 million) in respect of related parties.

16.2 Advances, deposits, advance rent and other prepayments

Advances	41,522	44,776
Deposits	31,760	38,872
Advance rent	257,480	284,323
Other prepayments	145,324	177,774
	476,086	545,745

16.3 Represents cost of land and building acquired by the Bank against advances and held for resale. The market value of the subject assets as of December 31, 2015 was Rs. 3,400.741 million (2014: Rs. 2,545.390 million). Provision of Rs. 172.471 million (2014: Rs. 151.272 million) has been made against difference between cost and fair value. The above mentioned values include properties having market value of Rs. 2,417.043 million (2014: Rs. 1,618.947 million) acquired through settlement agreements, where the settlement agreement signed with borrowers entails a buy back option.

16.4 All the assets and liabilities as of November 30, 1971 clearly identifiable as being in or in respect of the areas now under Bangladesh and referred to above were segregated as of that date and in such segregation, for purposes of conversion of foreign currency amounts, generally speaking, the parity rates ruling prior to August 15, 1971 were used, and all income accrued or due in 1971 but not received in that year and interest accrued but not due on borrowings in 1971 was eliminated. Subsequently, consequent to the assuming by Bangladesh of certain foreign currency loan obligations as of July 1, 1974, including amounts previously identified by the Bank (formerly PICIC) as its foreign currency liabilities in respect of Bangladesh, such amounts were eliminated from the books of the Bank (formerly PICIC) by reducing an equivalent sum from its related foreign assets in that area.

Arising from advices received from the lenders and as a result of diversion of shipments and of the meeting of certain contingent liabilities, there have been certain modifications to the foreign currency advances relating to Bangladesh. Furthermore, the difference between the actual amount of rupees required to remit maturities of foreign currency borrowings in respect of Bangladesh and the figures at which they appeared in the books and the interest paid to foreign lenders has been treated as increasing the rupee assets in that area.

The Government of Pakistan, while initially agreeing to provide the rupee finance required for discharging current maturities of foreign currency borrowings and interest related to Bangladesh, did not accept any responsibility for PICIC's assets in that area. However, following an agreement reached between PICIC and the Government of Pakistan during 1976, the Government has agreed that it would continue to provide the funds for servicing PICIC's foreign currency liabilities relating to Bangladesh and has further agreed that an amount equivalent to the rupee assets in Bangladesh financed from PICIC's own funds not exceeding Rs. 82 million would be deemed to have been allocated out of the rupee loans by the Government and that such allocated amount together with the rupee finance being provided by the Government including any interest thereon would not be recovered from PICIC until such time as PICIC recovers the related assets from Bangladesh and only to the extent of such recovery.

Accordingly, such allocated amounts, together with the rupee finance being provided by the Government for discharging the current maturities of foreign currency borrowings (including the interest and charges thereon and any exchange difference between the final rupee payment and the amount at which the liability, commitment or contingent liability as appearing in the books relating to Bangladesh) have been treated as liabilities in respect of Bangladesh. Further, in view of the aforesaid agreement no interest is being accrued on the allocated amount of rupee loans or in respect of the rupee finance provided by the Government related to PICIC's assets in Bangladesh nor is it considered necessary to provide for any loss that may arise in respect of PICIC's assets in Bangladesh.

	2015	2014
	(Rupees in '000)	
16.5 Particulars of provisions held against other assets		
Opening balance	1,300,684	1,177,612
Charge for the year	141,394	149,376
Reversals	–	(9,000)
Reversal on disposal of non-banking assets	(16,147)	–
Write offs	(4,205)	(7,532)
Transfer to / from advances / investments	–	(9,772)
Closing balance	1,421,726	1,300,684

16.6 This includes a sum of Rs. 30.466 million (2014: Rs. 30.466 million) representing unrealized exchange gain, which has not been recognized as income and deferred in the financial statements, in accordance with the policy of the Bank, as stated in note 6.15.

17. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

17.1 NIB Bank Limited and HBL Asset Management Limited (HBLAML) have signed a Share Purchase Agreement (SPA) for the sale of NIB's 100% shareholding in PICIC AMC. Accordingly the assets and liabilities of PICIC AMC including mutual funds (units of which are held by PICIC AMC) have been classified as 'Assets held for sale' and 'Discontinued operations' and carried at lower of carrying amount and fair value less cost of disposal.

17.2 Conditional on closing of the transaction described in note 17.1 the Bank has signed an agreement with Habib Bank Limited (HBL) to sell 48,661,800 units (50.32% of 34.04%) of PICIC Investment Fund (PIF). Accordingly the investment in PIF is classified as 'Assets held for sale' at the lower of carrying amount and fair value less cost of disposal.

	Note	2015 (Rupees in '000)
17.3 Assets and liabilities held for sale		
Assets		
Cash and balances with treasury banks		–
Balances with other banks		–
Lendings to financial institutions		–
Investments	17.3.1	2,730,444
Advances		4,399
Operating fixed assets	17.3.2	29,370
Intangible assets	17.3.3	1,727,570
Deferred tax liabilities - net		(40,350)
Other assets		107,481
		4,558,914
Liabilities		
Other liabilities	17.3.4	642,415

Above assets and liabilities includes assets and liabilities of PICIC AMC, PICIC Energy Fund and associates which are classified as held for sale due to arrangement mentioned in the note 17.1 and 17.2

17.3.1 Investments	Note	2015 (Rupees in '000)
Associates		
PICIC Investment Fund - Closed end		815,521
Impairment against investment in PICIC Investment Fund	17.3.1.1	(180,971)
		634,550
PICIC Cash Fund - Open end		655,872
PICIC Islamic Income Fund - Open end		48,261
PICIC Stock Fund - Open end		67,719
PICIC Islamic Stock Fund - Open end		182,254
PICIC Income Fund - Open end		186,160
Investment in associates		1,774,816
Investment held by PICIC Energy Fund in ordinary shares of listed company	17.3.1.2	955,628
		2,730,444

17.3.1.1 This represents impairment recorded against portion of investment in PICIC Investment Fund which has been classified as held for sale.

	Note	2015 Number of shares held	2015 Market value of investment
17.3.1.2 Particulars of investment in Listed Ordinary Shares		(Rupees in '000)	
Held-for-trading securities			
Attock Petroleum Limited		244,588	123,546
Engro Powergen Qadirpur Limited		3,177	109
Hub Power Company Limited		100,000	10,260
Kot Addu Power Company Limited		1,999,000	161,919
Lalpir Power Limited		5,000,000	148,700
Nishat Chunian Power Limited		2,500,000	137,625
Nishat Power Limited		2,100,500	112,755
Oil & Gas Development Company Limited		297,100	34,862
Pakistan Oilfields Limited		212,345	56,913
Pakistan Petroleum Limited		443,950	54,077
Pakistan State Oil Company Limited		55,000	17,917
Shell Pakistan Limited		424,750	96,945
Total			955,628
17.3.2 Operating fixed assets			
Cost as at December 31, 2015	13.2		63,138
Accumulated depreciation as at December 31, 2015	13.2		33,768
Net book value as at December 31, 2015			29,370
17.3.3 Intangible assets			
Cost as at December 31, 2015	14		1,735,957
Accumulated amortization as at December 31, 2015	14		8,387
Net book value as at December 31, 2015			1,727,570

17.3.4 This includes Rs 474.725 million payable to Non-controlling unit holders of PICIC Energy Fund.

		2015	2014
17.4 Discontinued operations		(Rupees in '000)	
Mark-up / return / interest earned		1,028	2,630
Mark-up / return / interest expensed		–	–
Net mark-up / interest income		1,028	2,630
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		394,744	438,247
Dividend income		–	19,260
Gain on sale of securities - net		–	220,615
Unrealized loss on revaluation of investments classified as held-for-trading		–	21,558
Other income		3,115	6,034
Total non mark-up / interest income		397,859	705,714
		398,887	708,344
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses		211,207	221,853
Other provisions / write offs		–	–
Other charges		5,765	11,479
Total non mark-up / interest expenses		216,972	233,332
Share of profit of associates	17.4.1	15,421	57,716
Profit before taxation		197,336	532,728
Taxation - Current		87,515	102,502
- Deferred		297	(13,031)
		87,812	89,471
Profit after taxation		109,524	443,257

	Note	2015	2014
		(Rupees in '000)	
17.4.1 Share of profit of associates			
PICIC Cash Fund		1,970	51,790
PICIC Islamic Income Fund		3,976	5,584
PICIC Stock Fund		(3,165)	342
PICIC Islamic Stock Fund		12,640	-
		15,421	57,716
17.5 Cash flows from discontinued operations			
Operating cash flows		78,771	227,850
Investing cash flows		(81,589)	259,141
Financing cash flows		-	(446,533)
		(2,818)	40,458
18. BILLS PAYABLE			
In Pakistan		2,469,877	2,645,240
Outside Pakistan		106,339	95,288
		2,576,216	2,740,528
19. BORROWINGS			
In Pakistan		85,650,073	61,469,196
Outside Pakistan		26,668	1,281,698
		85,676,741	62,750,894
19.1 Particulars of borrowings with respect to currencies			
In local currency		85,650,073	61,418,954
In foreign currencies		26,668	1,331,940
		85,676,741	62,750,894
19.2 Details of borrowings - secured / unsecured			
Secured			
Borrowings from SBP under			
Export Refinance Scheme	19.3	10,754,092	11,534,564
Long Term Financing Facility	19.4	3,381,677	2,450,527
Long Term Finance for Export Oriented Projects	19.5	982	133,636
Repurchase agreement borrowings	19.6	64,732,895	35,906,593
Unsecured			
Call borrowings	19.7	6,618,141	11,231,348
Overdrawn nostro accounts		26,668	415,836
Foreign borrowings payable in local currency	19.8	162,286	162,286
Other borrowings		-	916,104
		85,676,741	62,750,894

19.3 Borrowings from SBP under Export Refinance Scheme are subject to mark-up rates ranging from 1.5% to 3.5% (2014: 5.5% to 6.5%) per annum maturing within six months.

19.4 Borrowings from SBP under Long Term Financing Facility (LTFF) are subject to mark-up rates ranging from 2.5% to 8.6% (2014: 6.0% to 8.6%) per annum with remaining maturity upto ten years.

19.5 Borrowings from SBP under Long Term Finance for Export Oriented Projects are subject to mark-up rate of 5.00% (2014: 5.00%) per annum with remaining maturity upto four months.

19.6 These borrowings are subject to mark-up rates ranging from 6.10% to 6.50% (2014: 9.50% to 9.90%) per annum with remaining maturity upto one month. Government securities have been given as collateral against these borrowings.

19.7 These borrowings are subject to mark-up at rates ranging from 6.00% to 6.70% (2014: 9.50% to 10.25%) per annum with remaining maturity upto two months.

19.8 The Government of Pakistan (GoP) has claimed an amount of Rs. 162.286 million in respect of liabilities against German credit representing principal amount of loan and Rs. 45.444 million as interest thereon till June 30, 2006. The principal amount has been accounted for and shown as payable to the GoP whereas interest has been accounted for in Other Liabilities (note 22). However, the Bank is contending that any amount of principal and interest is payable to the GoP only when recovered from the related sub-borrowers, who have availed the German credit. This also includes unrealized exchange loss of Rs. 96.011 million (2014: Rs. 96.011 million) which has been netted off against unrealized exchange gain (note 16) as it is payable when recovered from sub-borrowers, who have availed the related German credit.

	2015	2014
	(Rupees in '000)	
20. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	33,151,386	26,197,708
Savings deposits	41,684,463	38,948,679
Current accounts - non remunerative	35,081,719	33,605,381
Margin accounts	669,020	633,456
Financial institutions		
Remunerative deposits	19,302,655	5,334,912
Non-remunerative deposits	510,400	382,664
	130,399,643	105,102,800
20.1 Particulars of deposits		
In local currency	122,581,258	97,623,179
In foreign currencies	7,818,385	7,479,621
	130,399,643	105,102,800

	2015	2014
	(Rupees in '000)	
21. SUB-ORDINATED LOANS		
Term Finance Certificates - Listed, Unsecured	4,195,516	4,197,195

Mark-up	Floating (no floor, no cap) rate of return at Base Rate +1.15% (The Base Rate is defined as the average "Ask Side" rate of the six month Karachi Interbank Offered Rate ("KIBOR"))
Security	The TFCs are unsecured and subordinated to all other indebtedness of the Bank including deposits
Issue Date	June 19, 2014
Issue Amount	Rs. 4,198.035 million
Rating	A+ (A plus)
Tenor	8 years from the Issue Date
Redemption	Fifteen equal semi-annual installments of 0.02% of the issue amount for the first ninety months followed by remaining 99.70% on maturity at the end of the ninety sixth month.
Maturity	June 19, 2022
Call Option	The Bank may call the TFCs, in part or full, on any profit payment date from the 60th month from the last day of public subscription and on all subsequent profit payment dates, subject to the SBP approval and not less than forty five days prior notice being given to the Trustee and the Investors.
Lock-in- Clause	Neither profit nor Principal can be paid (even at maturity) if such payments will result in a shortfall in the Banks' Minimum Capital Requirements (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR and CAR. In case the lock-in clause goes into effect, the Bank will be required to comply with the SBP instructions prevalent or issued at the time.
Loss Absorbency Clause	The TFCs will be subject to loss absorbency clause as stipulated under the "Instructions for Basel III Implementation in Pakistan".

	Note	2015	2014
		(Rupees in '000)	
22. OTHER LIABILITIES			
Mark-up / return / interest payable in:			
Local currency		667,277	734,453
Foreign currencies		15,591	9,037
Unearned income on inland bills		10,611	66,064
Accrued expenses		598,231	382,497
Insurance premium payable		71,436	57,978
Advance from borrowers for settlement of loans		391,694	400,952
Unclaimed dividend		43,110	43,129
Borrowing from Government of Pakistan		2,095	2,095
Branch adjustment account		92,426	48,371
Unrealized loss on forward foreign exchange contracts		61,293	258,509
Security and other deposits		5,771	5,771
Payable to IBRD - Managed Fund		68,220	68,220
Payable to Worker's Welfare Fund		114,005	95,993
Payable to defined benefit plan	36.5	57,910	60,718
Security deposits against lease		438,708	462,364
Provision against off balance sheet items		37,430	37,430
Payable to non-controlling unit holders of PICIC Mutual Funds		-	42,860
Withholding tax / duties payable		95,539	147,680
Advance against sale of properties		229,500	87,000
Advance arrangement fee against syndicated loans		78,534	-
Others		383,632	260,544
		3,463,013	3,271,665

23. SHARE CAPITAL

23.1 Authorized

2015	2014		2015	2014
(Number of shares)			(Rupees in '000)	
12,000,000,000	12,000,000,000	Ordinary shares of Rs. 10 each	120,000,000	120,000,000

23.2 Issued, subscribed and paid up

Fully paid up ordinary shares of Rs. 10 each

2015	2014			
(Number of shares)				
3,278,902,659	3,278,902,659	Fully paid in cash	32,789,027	32,789,027
764,824,417	764,824,417	Issued for consideration other than cash (under schemes of amalgamation)	7,648,244	7,648,244
6,259,124,088	6,259,124,088	Issuance of shares on discount	62,591,241	62,591,241
10,302,851,164	10,302,851,164		103,028,512	103,028,512

23.2.1 The holding company Bugis Investments (Mauritius) Pte. Limited holds 9,105,728,598 (2014: 9,105,728,598) ordinary shares.

	2015	2014
	(Rupees in '000)	
24. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET		
Surplus on revaluation of available-for-sale securities		
Market Treasury Bills	104,743	12,537
Pakistan Investment Bonds	(5,655)	1,818,147
Term Finance Certificates	21,125	1,188
Investment in shares of listed companies	1,119	29,122
	121,332	1,860,994
Share of surplus on revaluation of securities of associates	261,446	415,348
	382,778	2,276,342
Related deferred tax liability	(133,972)	(644,795)
	248,806	1,631,547

25. CONTINGENCIES AND COMMITMENTS

25.1 Direct credit substitutes		
Contingent liability in respect of guarantees given favouring:		
Government	610,000	–
Financial Institutions	–	22,749
Others	14,749	–
	624,749	22,749
25.2 Transaction-related contingent liabilities / commitments		
Guarantees given in favour of:		
Government	24,109,556	17,748,721
Financial Institutions	–	–
Others	2,250,930	1,426,507
	26,360,486	19,175,228
25.3 Trade-related contingent liabilities		
Letters of credit	22,019,530	34,543,032
Acceptances	2,860,568	8,265,894
	24,880,098	42,808,926
25.4 Other contingencies		
Claims against the Bank not acknowledged as debts	–	266,133
25.5 Commitments in respect of forward lending		
Commitments to extend credit	2,618,370	2,302,643

The Bank makes commitments to extend credit in the normal course of its business but none of these commitments are irrevocable and do not attract any significant penalty or expense if the facility is ultimately withdrawn except commitments mentioned above.

	2015	2014
	(Rupees in '000)	
25.6 Commitments in respect of forward exchange contracts		
Purchase	8,951,943	22,105,204
Sale	11,809,528	22,123,668
	20,761,471	44,228,872
25.7 Commitments for the acquisition of operating fixed assets	15,255	153,206

25.8 Other Contingencies

A penalty of Rs. 700 million was imposed by the Competition Commission of Pakistan ("the Commission") on all the member banks utilizing the 1 link Switch on account of uncompetitive behavior and imposing of uniform charges on cash withdrawal for off network ATM transactions. The Bank's share in this penalty is Rs. 50 million. The concerned banks filed a constitutional petition before the High Court of Sindh, which has suspended the order of the Commission. Consequently an appeal was filed with the Competition Appellate Tribunal ("Tribunal") which has set aside the order of the Commission. The Commission has preferred an appeal before the Supreme Court, which has been admitted for hearing and will be fixed by the concerned office of the Supreme Court.

The management in consultation with external legal counsel, representing the Bank, is confident that they have strong grounds to contest this penalty and are optimistic that the outcome will be decided in favour of the Bank.

25.9 Tax Contingencies

– The income tax returns of NIB Bank Limited have been filed up to and including tax year 2015 relevant to the financial year ended December 31, 2014. The tax authorities have made certain disallowances including additions on account of proration of expenses against dividends and capital gains, disallowances of interest and administrative expenses and renovation expenses incurred on rented premises (allowed historically) pertaining to tax years 2003 through 2008 for Ex-Pakistan Industrial Credit and Investment Corporation Limited (Ex-PICIC), from tax years 2004 through 2008 for Ex-PICIC Commercial Bank Limited (Ex-PCBL), tax years 2003 and 2004 for Ex-National Development Leasing Corporation Limited (Ex-NDLC) and from tax years 2004 through 2008 for NIB Bank Limited. During the year ended 2013, a combined Appellate Order for Ex-PICIC pertaining to tax years 2003 through 2007 was issued by Commissioner Inland Revenue (Appeals) – CIR(A) in which the aforementioned expenses were allowed. However, the tax authorities have filed appeal with Income Tax Appellate Tribunal (ITAT) against above combined Appellate Order. These disallowances may result in additional tax aggregating to Rs. 1,370 million (2014: Rs. 1,370 million), which the management of the Bank in discussion with their tax consultants believes to be unjustified and not in accordance with the true interpretation of the law.

  Appeals filed against orders are pending at various appellate forums. Management is confident that the eventual outcome of the cases will be in favour of the Bank.

– The income tax returns of PICIC AMC have been filed up to and including the tax year 2015 relevant to the financial year ended June 30, 2015. While finalizing the assessments for tax year 2006 and 2007, the tax authorities have made disallowance in respect of dividend income claimed as exempt under clause 103 of Second Schedule of Income Tax Ordinance, 2001 amounting to Rs. 36.005 million. PICIC AMC appeals in respect of above tax years are pending before Appellate Tribunal Inland Revenue (ATIR).

  The management based on the advice from tax advisor is confident that the eventual outcome of the above appeals will be in favour of the PICIC AMC.

– Punjab Revenue Authority issued Show Cause Notice No. PRA/AM.70/14 dated June 20, 2014 to PICIC AMC requiring it to pay Sales Tax under Punjab Sales Tax on Service Act, 2012 with effect from May 22, 2013 on management fee earned in Punjab. In respect of this the PICIC AMC has filed a petition on July 8, 2014 in the High Court of Sindh challenging the above notice. The Court has ordered suspension of the show cause notice till the next hearing of appeal in their order dated July 10, 2014. The management is expecting a favourable outcome of the petition. Accordingly, sales tax under Punjab Sales Tax Act 2012 of Rs. 17.264 million has not been recorded by the PICIC AMC.

	2015	2014
	(Rupees in '000)	
26. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to customers and financial institutions	8,451,255	9,215,769
On investments in:		
Held-for-trading securities	10,681	24,794
Available-for-sale securities	5,007,126	4,719,368
Held-to-maturity securities	763,793	136,078
On deposits with financial institutions	320	1,026
On securities purchased under resale agreements	471,420	919,769
On call money lending	32,726	54,653
	14,737,321	15,071,457
27. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits and other accounts	5,224,654	6,196,221
Securities sold under repurchase agreements	3,139,138	2,693,618
Other short term borrowings	1,148,245	1,896,083
Long term borrowings	574,653	462,949
	10,086,690	11,248,871
28. GAIN ON SALE OF SECURITIES - NET		
Market Treasury Bills	73,006	39,565
Pakistan Investment Bonds	3,899,067	372,043
Term Finance Certificates	–	6,861
Ordinary shares of listed companies	28,106	42,057
Units of mutual funds	–	2,717
Sukuks	7,608	45,771
	4,007,787	509,014
29. OTHER INCOME		
Gain on disposal of property and equipment	5,395	36,573
Rent	8,308	10,429
Gain on trading liabilities	1,512	5,099
Recovery against written off assets	26,611	14,641
Gain from insurance against loss of fixed assets-net	64	162
Gain on sale of non-banking asset acquired in satisfaction of claims	5,000	22,674
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed-net	(5,308)	–
	41,582	89,578

	Note	2015	2014
		(Rupees in '000)	
30. ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		2,971,880	2,927,506
Charge for defined benefit plan	36.4	12,818	13,205
Contribution to defined contribution plan		105,083	108,024
Non-executive directors' fees, allowances and other expenses		14,387	11,996
Brokerage and commission		41,737	39,084
Rent, taxes, insurance, electricity, etc.		1,006,847	944,444
Legal and professional charges		209,634	195,449
Communication		177,505	162,778
Repairs and maintenance		455,403	487,165
Stationery and printing		95,371	96,333
Advertisement and publicity		21,863	43,351
Fees and subscriptions		136,125	144,293
Auditors' remuneration	30.1	7,428	8,905
Depreciation		304,912	300,454
Amortization		323,917	339,994
Travelling, conveyance and vehicles running		46,370	65,773
Security services		176,919	146,698
Fixed assets written off		8,621	–
Others		67,999	60,646
		6,184,819	6,096,098

30.1 Auditors' remuneration

Audit fee including fee for branch audit	4,730	4,730
Audit fee of consolidated financial statements	825	825
Review fee	1,210	1,210
Special certifications and sundry advisory services	300	1,364
Out-of-pocket expenses	363	776
	7,428	8,905

30.2 No donation was paid during the year.

31. OTHER CHARGES

Penalties of the State Bank of Pakistan	17,272	18,081
Operational loss	5,628	15,489
Worker's Welfare Fund	46,036	32,505
Impairment charge on tangible fixed assets	27,941	–
	96,877	66,075

	Note	2015	2014
		(Rupees in '000)	
32. TAXATION			
For the year			
Current	32.1	207,359	215,001
Prior years		–	10,851
Deferred		1,183,431	197,477
		1,390,790	423,329

32.1 This includes charge for minimum tax payable under the Income Tax Ordinance, 2001, and for this reason, reconciliation of tax charge to the accounting profit has not been presented.

	Note	2015	2014
		(Rupees in '000)	
33. BASIC / DILUTED EARNINGS / (LOSS) PER SHARE			
Attribuatble to equity shareholders of the Bank:			
Profit / (loss) after taxation from continuing operations		2,425,079	(1,063,954)
Profit after taxation from discontinued operations		109,524	344,098
		(Number in '000)	
Weighted average number of ordinary shares outstanding during the year		10,302,851	10,302,851
		(Rupees)	
Earnings / (loss) per share - basic / diluted - continuing operations		0.24	(0.10)
Earnings per share - basic / diluted - discontinued operations		0.01	0.03
		(Rupees in '000)	
34. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	8	10,052,543	8,063,675
Balances with other banks	9	1,645,086	586,418
		11,697,629	8,650,093
		(Number)	
35. STAFF STRENGTH			
Permanent		2,247	2,499
Temporary / on contractual basis		19	26
Group's own staff strength at the end of the year		2,266	2,525
Outsourced		493	571
Total staff strength		2,759	3,096

The above staff strength includes staff of PICIC AMC which is classified under assets held for sale and discontinued operations.

36. DEFINED BENEFIT PLAN

36.1 The Bank operates an unfunded gratuity scheme covering all eligible employees who have attained the minimum qualifying period of five years. Eligible employees are those employees who have joined the service of the Bank on or before March 31, 2006. The benefits under the gratuity scheme are payable in lump sum on retirement at the age of 60 years or earlier cessation of services. The benefit is equal to one month's last drawn basic salary for each year of confirmed service, subject to a minimum of five years of service.

36.2 Principal actuarial assumptions

The actuarial valuation is carried out periodically. The actuarial valuation was carried out for the year ended December 31, 2015 using the "Projected Unit Credit Method". The main assumptions used for actuarial valuation are as follows:

	Gratuity	
	2015	**2014**
- Valuation discount rate	9.25%	10.50%
- Salary increase rate	8.25%	9.50%
- Mortality rate	Based on State Life Insurance Corporation of Pakistan SLIC (2001-2005) Ultimate Mortality table	Based on State Life Insurance Corporation of Pakistan SLIC (2001-2005) Ultimate Mortality table
- Withdrawal rate	Moderate Age - Wise withdrawal rates	Moderate Age - Wise withdrawal rates

	Note	2015	2014
		(Rupees in '000)	
36.3 Reconciliation of payable to defined benefit plan			
Present value of defined benefit obligations	36.6	57,910	60,718
36.4 Charge for defined benefit plan			
Current service cost		6,349	6,027
Interest cost		6,469	7,178
Cost recognized in the profit and loss account		12,818	13,205
Actuarial gain on remeasurement of obligation (recognized in OCI)		(5,078)	(3,806)
Total defined benefit cost for the year		7,740	9,399
36.5 Movement in balance payable			
Opening balance		60,718	55,914
Expense recognized		12,818	13,205
Benefits paid to outgoing members		(10,548)	(4,595)
Actuarial gain recognized on remeasurement of obligation		(5,078)	(3,806)
Closing balance		57,910	60,718
36.6 Reconciliation of present value of defined benefit obligation			
Opening balance		60,718	55,914
Current service cost		6,349	6,027
Interest cost		6,469	7,178
Benefits paid		(10,548)	(4,595)
Actuarial gain recognized on remeasurement of obligation (recognized in OCI)		(5,078)	(3,806)
Closing balance		57,910	60,718
36.7 Sensitivity Analysis on significant actuarial assumptions:			
Actuarial Liability			
– Discount Rate + 0.5%		56,043	58,678
– Discount Rate - 0.5%		59,897	62,893
– Long term salary increases by 0.5%		60,045	63,047
– Long term salary decreases by 0.5%		55,888	58,517

	2015	2014
	(Rupees in '000)	
36.8 Analysis of present value of defined benefit obligation		
– Vested / Non-vested		
Vested benefits	57,910	60,718
Non-vested benefits	–	–
Total	57,910	60,718
– Type of benefits earned to date		
Accumulated benefit obligation	34,796	33,403
Amounts attributed to future salary increases	23,114	27,315
Total	57,910	60,718

	2015	2014	2013	2012	2011
	(Rupees in '000)				
36.9 Summary of valuation results for the current and previous periods					
Present value of defined benefit obligation	57,910	60,718	55,914	63,588	71,098
Fair value of plan assets	–	–	–	–	–
Deficit	57,910	60,718	55,914	63,588	71,098
Experience gain on obligation	(5,078)	(3,806)	(3,153)	(8,647)	(8,139)

36.10 Expected contribution for the next one year

The Group provides for gratuity as per the actuary's expected charge for the next one year. Based on actuarial advice, management estimates that the charge in respect of the defined benefit plan for the year ending December 31, 2016 would be Rs. 10.065 million.

37. DEFINED CONTRIBUTION PLAN

The Group has established a provident fund scheme administered by the Board of Trustees for all permanent employees. Equal monthly contributions are made to the fund by both the Group and the employees at the rate of 10% of basic salary.

38. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive		Directors		Executives	
	2015	2014	2015	2014	2015	2014
	(Rupees in '000)					
Fees	–	–	15,812	14,573	–	–
Managerial remuneration	50,058	46,296	–	–	770,845	828,737
Charge for defined benefit plan	–	–	–	–	4,652	5,755
Contribution to defined contribution plan	3,874	3,554	–	–	63,388	68,525
Rent and house maintenance	10,908	15,163	–	–	251,628	269,873
Utilities	3,092	2,806	–	–	71,894	77,107
Others	3,409	84,645	–	–	483,406	639,209
	71,341	152,464	15,812	14,573	1,645,813	1,889,206
Number of persons	* 3	2	8	7	780	759

The President / Chief Executive is provided with Bank maintained cars, medical insurance and security arrangements, as per terms of the employment.

Directors fees represents fees paid to certain non-executive directors of the Group and no further benefits are paid to non-executive directors.

* Mr. Badar Kazmi left on January 6, 2015 and Mr. Atif R. Bokhari joined with effect from January 7, 2015.

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

39.1 On-balance sheet financial instruments

	2015		2014	
	Book value	Fair value	Book value	Fair value
	(Rupees in '000)			
Assets				
Cash and balances with treasury banks	10,052,543	10,052,543	8,063,675	8,063,675
Balances with other banks	1,645,086	1,645,086	586,418	586,418
Lendings to financial institutions	1,599,044	1,617,733	7,699,646	7,696,386
Investments	93,044,231	94,043,494	59,670,691	59,801,814
Advances	110,668,994	110,668,994	93,673,494	93,673,494
Other assets	2,924,870	2,924,870	5,249,725	5,249,725
*Assets held for sale (net of liabilities)	3,916,499	5,686,165	–	–
	223,851,267	226,638,885	174,943,649	175,071,512
Liabilities				
Bills payable	2,576,216	2,576,216	2,740,528	2,740,528
Borrowings	85,676,741	85,703,725	62,750,894	62,766,792
Deposits and other accounts	130,399,643	130,399,643	105,102,800	105,102,800
Sub-ordinated loans	4,195,516	4,153,561	4,197,195	4,137,730
Other liabilities	1,898,034	1,898,034	1,874,489	1,874,489
	224,746,150	224,731,179	176,665,906	176,622,339

39.2 Off-balance sheet financial instruments

Forward purchase of foreign exchange	8,951,943	8,951,844	22,105,204	21,836,880
Forward sale of foreign exchange	11,809,528	11,731,029	22,123,668	21,774,441

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values of quoted held-to-maturity securities and sub-ordinated loans are stated at market values.

Fair value of unquoted equity securities have been stated at the lower of cost and net assets value as per the latest available audited financial statements.

Except for the above investment in unquoted equity securities and debt securities of which fair values are not available, fixed term advances of over one year, staff loans and fixed term deposits of over one year, the fair values of other on balance sheet financial assets and liabilities are not significantly different from their book value as these assets and liabilities are either short term in nature or are frequently re-priced.

The fair values of investment in unquoted debt securities of which fair values are not available, fixed term advances, staff loans, fixed term deposits, other assets and other liabilities cannot be calculated with sufficient reliability due to non-availability of relevant active markets for similar assets and liabilities.

*This includes assets held for sale net off liabilities. As such the assets held for sale amounts to Rs. 4,558.914 million and liabilities held for sale amounts to Rs. 642.415 million.

39.3 FAIR VALUE MEASUREMENT

The table below analyses financial and non financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

On balance sheet financial instruments

	2015										
								Fair value			
	Available for sale	Held to maturity	Loans and receivables	Financial liabilities	Non-financial assets	Non-financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)										
Financial assets measured at fair value											
- Investments											
Market Treasury Bills	74,078,985	-	-	-	-	-	74,078,985	-	74,078,985	-	74,078,985
Pakistan Investment Bonds	10,544,788	-	-	-	-	-	10,544,788	-	10,544,788	-	10,544,788
Ordinary shares of listed companies	5,658	-	-	-	-	-	5,658	5,658	-	-	5,658
Debt securities (listed TFCs)	300,481	-	-	-	-	-	300,481	-	300,481	-	300,481
Financial assets not measured at fair value											
- Investments											
Pakistan Investment Bonds	-	6,668,959	-	-	-	-	6,668,959	-	7,501,780	-	7,501,780
Sukuk Bonds	1,127,921	-	-	-	-	-	1,127,921	-	-	-	-
Defense Saving Certificates	2,730	-	-	-	-	-	2,730	-	-	-	-
Cumulative Preference Shares	55,178	-	-	-	-	-	55,178	-	-	-	-
Ordinary shares of unlisted companies	24,237	-	-	-	-	-	24,237	-	-	-	-
Debt securities (listed TFCs)	-	-	-	-	-	-	-	-	-	-	-
Debt securities (un-listed TFCs)	235,294	-	-	-	-	-	235,294	-	-	-	-
- Cash and balances with treasury banks	-	-	10,052,543	-	-	-	10,052,543	-	-	-	-
- Balances with other banks	-	-	1,645,086	-	-	-	1,645,086	-	-	-	-
- Lendings to financial institutions	-	-	1,599,044	-	-	-	1,599,044	-	-	-	-
- Advances	-	-	110,668,994	-	-	-	110,668,994	-	-	-	-
- Other assets	-	-	2,924,870	-	-	-	2,924,870	-	-	-	-
- Assets held for sale	-	-	4,558,914	-	-	-	4,558,914	-	-	-	-
Non-financial assets not measured at fair value											
- Other assets	-	-	-	-	4,233,109	-	4,233,109	-	-	-	-
- Associates											
Closed end mutual funds	-	-	-	-	2,433,797	-	2,433,797	-	-	-	-
Open end mutual funds	-	-	-	-	731,729	-	731,729	-	-	-	-
- Subsidiaries											
Unlisted shares	-	-	-	-	-	-	-	-	-	-	-
-Operating fixed assets	-	-	-	-	3,086,446	-	3,086,446	-	-	-	-
-Intangible assets	-	-	-	-	890,491	-	890,491	-	-	-	-
-Deferred tax assets - net	-	-	-	-	9,359,609	-	9,359,609	-	-	-	-
	86,375,272	6,668,959	131,449,451	-	20,735,181	-	245,228,863	5,658	92,426,034	-	92,431,692
Financial liabilities not measured at fair value											
- Bills payable	-	-	-	2,576,216	-	-	2,576,216	-	-	-	-
- Borrowings	-	-	-	85,676,741	-	-	85,676,741	-	-	-	-
- Deposits and other accounts	-	-	-	130,399,643	-	-	130,399,643	-	-	-	-
- Sub-ordinated loans	-	-	-	4,195,516	-	-	4,195,516	-	-	-	-
- Other liabilities	-	-	-	1,898,034	-	-	1,898,034	-	-	-	-
Liabilities held for sale	-	-	-	642,415	-	-	642,415	-	-	-	-
Non-financial liabilities not measured at fair value											
- Other liabilities	-	-	-	-	-	1,564,979	1,564,979	-	-	-	-
	-	-	-	225,388,565	-	1,564,979	226,953,544	-	-	-	-
	86,375,272	6,668,959	131,449,451	(225,388,565)	20,735,181	(1,564,979)	18,275,319	5,658	92,426,034	-	92,431,692

On balance sheet financial instruments

	2014										
								Fair value			
	Available for sale	Held to maturity	Loans and receivables	Financial liabilities	Non-financial assets	Non-financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)										
Financial assets measured at fair value											
- Investments											
Market Treasury Bills	14,093,269	-	-	-	-	-	14,093,269	-	14,093,269	-	14,093,269
Pakistan Investment Bonds	31,758,973	-	-	-	-	-	31,758,973	-	31,758,973	-	31,758,973
Ordinary shares of listed companies	170,214	-	-	-	-	-	170,214	170,214	-	-	170,214
Debt securities (listed TFCs)	554,453	-	-	-	-	-	554,453	-	554,453	-	554,453
Financial assets not measured at fair value											
- Investments											
Pakistan Investment Bonds	-	6,693,345	-	-	-	-	6,693,345	-	7,000,140	-	7,000,140
Sukuk Bonds	433,433	-	-	-	-	-	433,433	-	-	-	-
Defense Saving Certificates	2,730	-	-	-	-	-	2,730	-	-	-	-
Cumulative Preference Shares	55,178	-	-	-	-	-	55,178	-	-	-	-
Ordinary shares of unlisted companies	30,281	-	-	-	-	-	30,281	-	-	-	-
Debt securities (listed TFCs)	-	-	-	-	-	-	-	-	-	-	-
Debt securities (un-listed TFCs)	470,588	-	-	-	-	-	470,588	-	-	-	-
- Cash and bank balances with treasury banks	-	-	8,063,675	-	-	-	8,063,675	-	-	-	-
- Balances with other banks	-	-	586,418	-	-	-	586,418	-	-	-	-
- Lendings to financial institutions	-	-	7,699,646	-	-	-	7,699,646	-	-	-	-
- Advances	-	-	93,673,494	-	-	-	93,673,494	-	-	-	-
- Assets held for sale	-	-	-	-	-	-	-	-	-	-	-
- Other assets	-	-	5,249,725	-	-	-	5,249,725	-	-	-	-
Non-financial assets not measured at fair value											
- Other assets	-	-	-	-	4,100,356	-	4,100,356	-	-	-	-
- Associates											
Closed end mutual funds	-	-	-	-	3,493,111	-	3,493,111	-	-	-	-
Open end mutual funds	-	-	-	-	1,915,116	-	1,915,116	-	-	-	-
- Subsidiaries											
Unlisted shares	-	-	-	-	-	-	-	-	-	-	-
- Operating fixed assets	-	-	-	-	3,033,057	-	3,033,057	-	-	-	-
- Intangible assets	-	-	-	-	2,926,075	-	2,926,075	-	-	-	-
- Deferred tax assets - net	-	-	-	-	9,992,164	-	9,992,164	-	-	-	-
	47,569,119	6,693,345	115,272,958	-	25,459,879	-	194,995,301	170,214	53,406,835	-	53,577,049
Financial liabilities not measured at fair value											
- Bills payable	-	-	-	2,740,528	-	-	2,740,528	-	-	-	-
- Deposits and other accounts	-	-	-	62,750,894	-	-	62,750,894	-	-	-	-
- Borrowings	-	-	-	105,102,800	-	-	105,102,800	-	-	-	-
- Sub-ordinated loans	-	-	-	4,197,195	-	-	4,197,195	-	-	-	-
- Other liabilities	-	-	-	1,874,489	-	-	1,874,489	-	-	-	-
Non-Financial liabilities not measured at fair value											
- Other liabilities	-	-	-	-	-	1,397,176	1,397,176	-	-	-	-
	-	-	-	176,665,906	-	1,397,176	178,063,082	-	-	-	-
	47,569,119	6,693,345	115,272,958	(176,665,906)	25,459,879	(1,397,176)	16,932,219	170,214	53,406,835	-	53,577,049

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

40. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The Group comprises of Bank, PICIC Asset Management Company and PICIC Energy Fund. The Bank is organized into reportable segments as disclosed in note 6.19.1. These segments are managed by respective segment heads and the results of these segments are regularly reviewed by the Group's President / Chief Executive, Executive Committee and the Board of Directors. Segment performance is reviewed on the basis of various factors including profit before taxation.

Transactions between reportable segments are carried out on an arms length basis.

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

	Corporate & Investment Banking	Commercial	Retail	Treasury	Head Office / Other	*Adjustments
	For the year ended December 31, 2015					
	(Rupees in '000)					
Net interest income	769,925	364,386	2,162,971	1,128,182	226,195	–
Non markup income including share of income of associates	981,398	407,797	618,472	3,920,531	475,465	–
Net interest and non mark-up income	1,751,323	772,183	2,781,443	5,048,713	701,660	–
Total expenses including provisions (excluding impairment)	1,011,039	1,355,756	4,011,621	231,966	231,165	–
(Reversal) / impairment against investment	(2,190)	–	–	5,858	180,971	–
Total expenses including provisions	1,008,849	1,355,756	4,011,621	237,824	412,136	–
Segment net income / (loss) before tax **	742,474	(583,573)	(1,230,178)	4,810,889	289,524	–
Segment return on net assets (ROA) (%)	0.46%	(1.64%)	(0.95%)	4.00%	–	
Segment cost of funds (%)	6.72%	2.69%	4.14%	7.47%	–	
	For the year ended December 31, 2014					
Net interest income	474,268	112,678	2,658,321	526,326	53,623	–
Non markup income including share of income of associates	1,213,668	422,086	730,943	477,830	1,285,602	–
Net interest and non mark–up income	1,687,936	534,764	3,389,264	1,004,156	1,339,225	–
Total expenses including provisions (excluding impairment)	1,390,169	2,127,742	4,089,237	234,323	233,332	–
(Reversal) / impairment against investment	(16,038)	–	–	4,477	–	–
Total expenses including provisions	1,374,131	2,127,742	4,089,237	238,800	233,332	–
Segment net income/ (loss) before tax	313,805	(1,592,978)	(699,973)	765,356	1,105,893	–
Segment return on net assets (ROA) (%)	0.25%	(3.72%)	(0.65%)	0.99%	–	N/A
Segment cost of funds (%)	8.75%	3.69%	4.91%	10.14%	–	N/A
	As at December 31, 2015					
Segment assets (gross)	118,852,170	32,518,122	85,931,625	79,888,059	11,233,251	(59,021,494)
Segment non performing loans	14,631,583	11,231,249	2,087,841	–	222,551	–
Segment provision against advances (including general provisions)	13,050,351	9,380,117	1,730,765	–	197,797	–
Segment assets (net)***	105,801,819	23,138,005	84,200,860	79,888,059	11,035,454	(59,021,494)
Segment liabilities	100,580,107	22,201,904	82,968,618	79,339,895	884,514	(59,021,494)
	As at December 31, 2014					
Segment assets (gross)	95,347,125	37,202,944	71,490,343	50,128,122	12,122,164	(47,315,266)
Segment non performing loans	14,569,273	11,889,745	2,328,388	–	229,778	–
Segment provision against advances (including general provisions)	12,700,280	9,390,168	1,686,730	–	202,953	–
Segment assets (net)	82,646,845	27,812,776	69,803,613	50,128,122	11,919,211	(47,315,266)
Segment liabilities	79,266,103	26,806,245	68,413,817	49,158,497	1,733,686	(47,315,266)

* The respective segment assets and liabilities incorporate intersegment lending and borrowing, with appropriate transfer pricing. The adjustments column eliminates intersegment lending and borrowing.

** Head Office / Other includes profit from discontinued operations amounting to Rs. 197.336 million from PICIC AMC, which is classified under asset held for sale.

*** Head Office / Other includes assets of Rs.4,558.914 million and liabilities of Rs. 642.415 million related to PICIC AMC, PICIC Energy Fund and PICIC Investment Fund which have been classified under assets held for sale.

41. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its holding company (refer note 1), unconsolidated subsidiary (refer note 11.11), associated undertakings (refer note 11.10), employee benefit plans (refer note 36) and its key management personnel.

Transactions with related parties are executed on the same terms as those prevailing at the time for comparable transactions with unrelated parties except for staff loans which are on discounted rates as per industry practice.

Salaries and allowances of the key management personnel are in accordance with the terms of their employment. Contributions to defined contribution plan are made in accordance with the terms of the contribution plan.

The details of transactions with related parties is given below:

	Holding company		Unconsolidated subsidiary		Associates		Key management personnel		Other related parties	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(Rupees in '000)									
41.1 Balances outstanding as at the year end										
Advances										
At the beginning of the year	–	–	–	–	–	–	52,622	168,110	24,696	24,876
Addition during the year	–	–	–	–	–	–	36,277	31,498	4,543,510	5,178,968
Repaid during the year	–	–	–	–	–	–	(11,594)	(146,986)	(4,528,301)	(5,179,148)
At the end of the year	–	–	–	–	–	–	77,305	52,622	39,905	24,696
Deposits										
At the beginning of the year	16,656	19,897	–	–	958,707	363,827	27,033	33,426	270,888	72,033
Transfer from subsidiary to associate	–	–	–	–	–	2,614	–	–	–	–
Deposits during the year	–	–	–	–	26,267,212	38,263,001	563,162	290,681	9,315,880	9,996,037
Exchange difference	136	(251)	–	–	–	–	19	(980)	536	(2,673)
Withdrawal during the year	(1,820)	(2,990)	–	–	(26,292,077)	(37,670,735)	(551,960)	(296,094)	(9,346,387)	(9,794,509)
At the end of the year	14,972	16,656	–	–	933,842	958,707	38,254	27,033	240,917	270,888
Investment in shares / mutual funds										
At the beginning of the year	–	–	724	724	5,408,227	5,294,462	–	–	60,780	50,000
Investments made during the year	–	–	–	–	1,971,878	1,813,412	–	–	–	23,170
Investments sold / written off during the year	–	–	–	–	(2,234,347)	(1,971,363)	–	–	(5,680)	(12,390)
Equity accounting method adjustments	–	–	–	–	(210,605)	271,716	–	–	–	–
At the end of the year	–	–	724	724	4,935,153	5,408,227	–	–	55,100	60,780
Receivables										
At the end of the year	171	171	–	–	36,450	42,256	–	–	55,981	61,371
Payables										
At the end of the year	–	–	–	–	–	–	–	–	1,037	1,030

	Holding company		Unconsolidated subsidiary		Associates		Key management personnel		Other related parties	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(Rupees in '000)									
41.2 Income / Expense for the year										
Mark-up / return / interest earned on advances	_	_	_	_	_	_	5,889	3,544	21,391	15,099
Mark-up / return / interest expensed on deposits	_	_	_	_	64,087	71,869	3,558	842	28,307	12,817
Dividend income from shares / mutual funds	_	_	_	_	46,059	542,529	_	_	105,603	73,110
Directors' remuneration	_	_	_	_	_	_	_	_	15,812	14,200
Directors' travelling expense	_	_	_	_	_	_	_	_	9,654	10,714
Remuneration to key management personnel	_	_	_	_	_	_	306,559	423,284	_	_
Contribution to Provident Fund	_	_	_	_	_	_	_	_	113,444	109,940
Management fee earned	_	_	_	_	394,261	438,247	_	_	_	_
Commission income	_	_	_	_	1,081	3,012	_	_	_	_

42 CAPITAL ASSESSMENT AND ADEQUACY

42.1 Scope of Application

The Basel III Framework is applicable to the Bank on both at the consolidated level (comprising subsidiaries and associates) and also on a stand alone basis. Capital Adequacy Ratio (CAR) has been calculated in accordance with the guidelines as stipulated by State Bank of Pakistan vide BPRD Circular No. 06 of August 15, 2013. The said circular has revised the Basel II Framework with Basel III Capital reforms to further strengthen the capital related rules. These instructions were effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019.

42.1.1 Capital Management

The purpose of capital management at the Group is to ensure efficient utilization of capital in relation to business requirements, growth, risk appetite, shareholders' returns and expectations.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions, regulatory requirements and the risk profile of its activities. In order to maintain or adjust the capital structure, the Group may issue capital / Tier 2 capital.

The Group ensures adherence to SBP's requirements by monitoring its capital adequacy on a regular basis. The Group also closely monitors the capital adequacy requirements by applying stressed conditions.

Banking operations are categorized as either Trading book or Banking book, and Risk-Weighted Assets are determined according to SBP requirements that seek to reflect the varying levels of risk attached to Group's On and Off-balance sheet exposures.

Collateral, if any, is used as an outflow adjustment and applicable risk weights are applied to Net Adjusted Exposure.

Cash and near Cash collateral includes Government of Pakistan Securities, Shares listed on the stock exchanges, Cash and Cash equivalents (deposits / margins, lien on deposits).

The Group has complied with all regulatory capital requirements as at the reporting date.

42.1.2 Capital Structure

The Group's regulatory capital base comprise of:

(a) Tier 1 capital which includes fully issued, subscribed and paid up capital, balance in share premium account, reserves and accumulated profits/ losses.

(b) Tier 2 capital consists of general provision for loan losses (subject to 1.25% of Risk Weighted Asset), sub-ordinated loans and surplus on revaluation of securities.

The issued, subscribed and paid up capital of the Group is Rs. 103,028,512 thousands as at December 31, 2015, comprising of 10,302,851,164 shares of Rs. 10 each.

Quoted, unsecured and eligible for Tier 2 Term Finance Certificates (TFCs) of Rs. 4,198,035 thousands were issued on June 19, 2014 having the tenure of 8 years. The said TFCs have been issued as per Basel-III guidelines.

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

		2015	2014
		(Rupees in '000)	
1	Fully Paid-up Capital / Capital deposited with SBP	103,028,512	103,028,512
2	Balance in Share Premium Account	–	–
3	Reserve for issue of Bonus Shares	–	–
4	Discount on Issue of shares	(45,769,623)	(45,769,623)
5	General / Statutory Reserves	997,582	474,123
6	Gain / (Losses) on derivatives held as Cash Flow Hedge	–	–
7	Unappropriated / unremitted profits / (losses)	(40,416,118)	(42,432,340)
8	Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	–	–
9	**CET 1 before Regulatory Adjustments**	**17,840,353**	**15,300,672**
10	Total regulatory adjustments applied to CET1 (Note 42.2.1)	(6,129,185)	(4,928,909)
11	**Common Equity Tier 1**	**11,711,168**	**10,371,763**
	Additional Tier 1 (AT 1) Capital		
12	Qualifying Additional Tier 1 capital instruments plus any related share premium	–	–
13	of which: Classified as equity	–	–
14	of which: Classified as liabilities	–	–
15	Additional Tier 1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT1)	–	–
16	of which: instrument issued by subsidiaries subject to phase out	–	–
17	**AT1 before regulatory adjustments**	–	–
18	Total regulatory adjustment applied to AT1 capital (Note 42.2.2)	(191,405)	(72,974)
19	Additional Tier 1 capital after regulatory adjustments	–	–
20	**Additional Tier 1 capital recognized for capital adequacy**	–	–
21	**Tier 1 Capital (CET1 + admissible AT1)**	**11,711,168**	**10,371,763**
	Tier 2 Capital		
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	4,195,516	4,197,195
23	Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel III rules	–	–
24	Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	–	–
25	of which: instruments issued by subsidiaries subject to phase out	–	–
26	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	154,372	94,318
27	Revaluation Reserves (net of taxes)	166,700	913,666
28	of which: Revaluation reserves on fixed assets	–	–
29	of which: Unrealized gains / losses on AFS	166,700	913,666
30	Foreign Exchange Translation Reserves	–	–
31	Undisclosed/Other Reserves (if any)	–	–
32	**T2 before regulatory adjustments**	**4,516,588**	**5,205,179**

		2015	2014
		(Rupees in '000)	
33	Total regulatory adjustment applied to T2 capital (Note 42.2.3)	(202,573)	(903,858)
34	Tier 2 capital (T2) after regulatory adjustments	4,314,015	4,301,321
35	Tier 2 capital recognized for capital adequacy	4,314,015	4,301,321
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	–	–
37	**Total Tier 2 capital admissible for capital adequacy**	**4,314,015**	**4,301,321**
38	**TOTAL CAPITAL (T1 + admissible T2)**	**16,025,183**	**14,673,084**
39	**Total Risk Weighted Assets (RWA) {for details refer Note 42.5}**	**127,981,087**	**122,473,536**
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	**CET1 to total RWA**	**9.15%**	**8.47%**
41	**Tier 1 capital to total RWA**	**9.15%**	**8.47%**
42	**Total capital to total RWA**	**12.52%**	**11.98%**
43	**Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)**	**6.25%**	**5.50%**
44	**of which: capital conservation buffer requirement**	**0.25%**	**0.00%**
45	**of which: countercyclical buffer requirement**	**–**	**–**
46	**of which: D-SIB or G-SIB buffer requirement**	**–**	**–**
47	**CET1 available to meet buffers (as a percentage of risk weighted assets)**	**2.90%**	**2.97%**
	National minimum capital requirements prescribed by SBP		
48	**CET1 minimum ratio**	**6.00%**	**5.50%**
49	**Tier 1 minimum ratio**	**7.50%**	**7.00%**
50	**Total capital minimum ratio**	**10.00%**	**10.00%**

		2015	Amounts subject to Pre-Basel III treatment (Rupees in '000)	2014
Regulatory Adjustments and Additional Information				
42.2.1	**Common Equity Tier 1 capital: Regulatory adjustments**			
1	Goodwill (net of related deferred tax liability)	–		–
2	All other intangibles (net of any associated deferred tax liability)	(2,666,185)		(2,964,623)
3	Shortfall in provisions against classified assets	–		–
4	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(1,508,577)	(2,262,865)	(1,084,816)
5	Defined–benefit pension fund net assets	–	–	–
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	–	–	–
7	Cash flow hedge reserve	–	–	–
8	Investment in own shares/ CET1 instruments	–	–	–
9	Securitization gain on sale	–	–	–
10	Capital shortfall of regulated subsidiaries	–	–	–
11	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	–	–	–
12	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	–	–	–
13	Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	–	–
14	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(1,763,018)	(2,644,527)	(775,377)
15	Amount exceeding 15% threshold	–	–	(31,119)
16	of which: significant investments in the common stocks of financial entities	–	–	–
17	of which: deferred tax assets arising from temporary differences	–	–	(31,119)
18	National specific regulatory adjustments applied to CET1 capital	–	–	–
19	Investments in TFCs of other banks exceeding the prescribed limit	–	–	–
20	Any other deduction specified by SBP (mention details)	–	–	–
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	(191,405)		(72,974)
22	**Total regulatory adjustments applied to CET1**	**(6,129,185)**		**(4,928,909)**

		2015	Amounts subject to Pre-Basel III treatment (Rupees in '000)	2014
Regulatory Adjustments and Additional Information				
42.2.2	**Additional Tier 1 & Tier 1 Capital: regulatory adjustments**			
23	Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	(191,405)	–	(72,974)
24	Investment in own AT1 capital instruments	–	–	–
25	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	–	–	–
26	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	–	–	–
27	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation.	–	–	–
28	Portion of deduction applied 50:50 to Tier 1 and Tier 2 capital based on pre–Basel III treatment which, during transitional period, remain subject to deduction from additional Tier 1 capital	–	–	–
29	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	–	–	–
30	**Total regulatory adjustment applied to AT1 capital**	**(191,405)**	**–**	**(72,974)**
42.2.3	**Tier 2 Capital: regulatory adjustments**			
31	Portion of deduction applied 50:50 to Tier 1 and Tier 2 capital based on pre–Basel III treatment which, during transitional period, remain subject to deduction from Tier 2 capital	–	–	–
32	Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	(202,573)	–	(903,858)
33	Investment in own Tier 2 capital instrument	–	–	–
34	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	–	–	–
35	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	–	–	–
36	**Total regulatory adjustment applied to T2 capital**	**(202,573)**	**–**	**(903,858)**

		2015	2014
		(Rupees in '000)	
42.2.4	**Additional Information**		
	Risk Weighted Assets subject to pre–Basel III treatment		
37	Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre–Basel III Treatment)	4,907,392	7,440,774
(i)	of which: deferred tax assets	4,907,392	7,440,774
(ii)	of which: Defined–benefit pension fund net assets	–	–
(iii)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	–	–
(iv)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	–	–
	Amounts below the thresholds for deduction (before risk weighting)		
38	Non–significant investments in the capital of other financial entities	–	–
39	Significant investments in the common stock of financial entities	–	–
40	Deferred tax assets arising from temporary differences (net of related tax liability)	1,140,273	691,197
	Applicable caps on the inclusion of provisions in Tier 2		
41	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	154,372	94,318
42	Cap on inclusion of provisions in Tier 2 under standardized approach	154,372	94,318
43	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings–based approach (prior to application of cap)	–	–
44	Cap for inclusion of provisions in Tier 2 under internal ratings–based approach	–	–

42.3 Capital Structure Reconciliation

42.3.1

	As per published financial statements 2015	Under regulatory scope of consolidation 2015
	(Rupees in '000)	
Assets		
Cash and balances with treasury banks	10,052,543	10,052,543
Balances with other banks	1,645,086	1,645,086
Lending to financial institutions	1,599,044	1,599,044
Investments (including assets held for sale)	98,754,041	98,754,041
Advances (including assets held for sale)	110,673,393	110,673,393
Operating fixed assets (including assets held for sale)	3,115,816	3,115,816
Intangible assets (including assets held for sale)	2,618,061	2,618,061
Deferred tax assets (including assets held for sale)	9,319,259	9,319,259
Other assets (including assets held for sale)	7,265,460	7,265,460
Total assets	**245,042,703**	**245,042,703**
Liabilities & Equity		
Bills payable	2,576,216	2,576,216
Borrowings	85,676,741	85,676,741
Deposits and other accounts (including liabilities held for sale)	130,399,643	130,399,643
Sub–ordinated loans	4,195,516	4,195,516
Liabilities against assets subject to finance lease	–	–
Deferred tax liabilities	–	–
Other liabilities (including liabilities held for sale)	4,105,428	4,105,428
Total liabilities	**226,953,544**	**226,953,544**
Share capital / Head office capital account	57,258,889	57,258,889
Reserves	997,582	997,582
Unappropriated / Unremitted profit / (losses)	(40,416,118)	(40,416,118)
Minority Interest	–	–
Surplus on revaluation of assets	248,806	248,806
Total equity	**18,089,159**	**18,089,159**
Total liabilities & equity	**245,042,703**	**245,042,703**

42.3.2

	As per published financial statements 2015	Under regulatory scope of consolidation 2015	Reference
	(Rupees in '000)		
Assets			
Cash and balances with treasury banks	10,052,543	10,052,543	
Balances with other banks	1,645,086	1,645,086	
Lending to financial institutions	1,599,044	1,599,044	
Investments	98,754,041	98,754,041	
of which: Non–significant capital investments in the capital instruments of banking, financial and insurance entities exceeding 10% threshold	–	–	a
of which: significant capital investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold	–	–	b
of which: Mutual Funds exceeding regulatory threshold	191,405	191,405	c
of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)	202,573	202,573	d
of which: others (mention details)	–	–	e
Advances	110,673,393	110,673,393	
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	–	–	f
general provisions reflected in Tier 2 capital	154,372	154,372	g
Fixed Assets	3,115,816	3,115,816	
of which: Intangibles	48,124	48,124	k
Intangible assets	2,618,061	2,618,061	
of which: Intangibles	2,618,061	2,618,061	k
Deferred Tax Assets	9,319,259	9,319,259	
of which: DTAs that rely on future profitability excluding those arising from temporary differences	3,771,442	3,771,442	h
of which: DTAs arising from temporary differences exceeding regulatory threshold	5,547,817	5,547,817	i
Other assets	7,265,460	7,265,460	
of which: Goodwill	–	–	j
of which: Intangibles	–	–	k
of which: Defined–benefit pension fund net assets	–	–	l
Total assets	**245,042,703**	**245,042,703**	

	As per published financial statements 2015	Under regulatory scope of consolidation 2015	Reference
	(Rupees in '000)		
Liabilities & Equity			
Bills payable	2,576,216	2,576,216	
Borrowings	85,676,741	85,676,741	
Deposits and other accounts	130,399,643	130,399,643	
Sub–ordinated loans	4,195,516	4,195,516	
of which: eligible for inclusion in AT1	–	–	m
of which: eligible for inclusion in Tier 2	4,195,516	4,195,516	n
Liabilities against assets subject to finance lease	–	–	
Deferred tax liabilities	–	–	
of which: DTLs related to goodwill	–	–	o
of which: DTLs related to intangible assets	–	–	p
of which: DTLs related to defined pension fund net assets	–	–	q
of which: other deferred tax liabilities	–	–	r
Other liabilities	4,105,428	4,105,428	
Total liabilities	**226,953,544**	**226,953,544**	
Share capital	57,258,889	57,258,889	
of which: amount eligible for CET1	57,258,889	57,258,889	s
of which: amount eligible for AT1	–	–	t
Reserves	997,582	997,582	
of which: portion eligible for inclusion in CET1(provide breakup)	997,582	997,582	u
of which: portion eligible for inclusion in Tier 2	–	–	v
Unappropriated profit/ (losses)	(40,416,118)	(40,416,118)	w
Minority Interest	–	–	
of which: portion eligible for inclusion in CET1	–	–	x
of which: portion eligible for inclusion in AT1	–	–	y
of which: portion eligible for inclusion in Tier 2	–	–	z
Surplus on revaluation of assets	248,806	248,806	
of which: Revaluation reserves on Property	–	–	
of which: Unrealized Gains/Losses on AFS	166,700	166,700	aa
In case of Deficit on revaluation (deduction from CET1)	–	–	ab
Total liabilities & Equity	**245,042,703**	**245,042,703**	

		Component of regulatory capital reported by bank	Source based on reference number from step 2
		(Rupees in '000)	
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully Paid–up Capital/ Capital deposited with SBP	103,028,512	
2	Balance in Share Premium Account	(45,769,623)	(s)
3	Reserve for issue of Bonus Shares	–	
4	General/ Statutory Reserves	997,582	(u)
5	Gain/(Losses) on derivatives held as Cash Flow Hedge	–	
6	Unappropriated/unremitted profits/ (losses)	(40,416,118)	(w)
7	Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	–	(x)
8	**CET 1 before Regulatory Adjustments**	**17,840,353**	
	Common Equity Tier 1 capital: Regulatory adjustments		
9	Goodwill (net of related deferred tax liability)	–	(j) – (o)
10	All other intangibles (net of any associated deferred tax liability)	(2,666,185)	(k) – (p)
11	Shortfall of provisions against classified assets	–	(f)
12	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(1,508,577)	{(h) – (r)} * x%
13	Defined–benefit pension fund net assets	–	{(l) – (q)} * x%
14	Reciprocal cross holdings in CET1 capital instruments	–	(d)
15	Cash flow hedge reserve	–	
16	Investment in own shares/ CET1 instruments	–	
17	Securitization gain on sale	–	
18	Capital shortfall of regulated subsidiaries	–	
19	Deficit on account of revaluation from bank's holdings of fixed assets/AFS	–	(ab)
20	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	–	(a) – (ac) – (ae)
21	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	–	(b) – (ad) – (af)
22	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(1,763,018)	(i)
23	Amount exceeding 15% threshold	–	
24	of which: significant investments in the common stocks of financial entities	–	
25	of which: deferred tax assets arising from temporary differences	–	
26	National specific regulatory adjustments applied to CET1 capital	–	
27	of which: Investment in TFCs of other banks exceeding the prescribed limit	–	
28	of which: Any other deduction specified by SBP (mention details)	–	
29	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	(191,405)	
30	**Total regulatory adjustments applied to CET1**	**(6,129,185)**	
	Common Equity Tier 1	**11,711,168**	

		Component of regulatory capital reported by bank	Source based on reference number from step 2
		(Rupees in '000)	
	Additional Tier 1 (AT 1) Capital		
31	Qualifying Additional Tier 1 instruments plus any related share premium	–	
32	of which: Classified as equity	–	(t)
33	of which: Classified as liabilities	–	(m)
34	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	–	(y)
35	of which: instrument issued by subsidiaries subject to phase out	–	
36	**AT1 before regulatory adjustments**	**–**	
	Additional Tier 1 Capital: regulatory adjustments		
37	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	(191,405)	
38	Investment in own AT1 capital instruments	–	
39	Reciprocal cross holdings in Additional Tier 1 capital instruments	–	
40	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	–	(ac)
41	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	–	(ad)
42	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre–Basel III treatment which, during transitional period, remain subject to deduction from Tier 1 capital	–	
43	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	–	
44	**Total of Regulatory Adjustment applied to AT1 capital**	**(191,405)**	
45	Additional Tier 1 capital	–	
46	**Additional Tier 1 capital recognized for capital adequacy**	**–**	
	Tier 1 Capital (CET1 + admissible AT1)	**11,711,168**	
	Tier 2 Capital		
47	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	4,195,516	(n)
48	Capital instruments subject to phase out arrangement from Tier 2 (Pre–Basel III instruments)	–	
49	Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group Tier 2)	–	(z)
50	of which: instruments issued by subsidiaries subject to phase out	–	
51	General Provisions or general reserves for loan losses–up to maximum of 1.25% of Credit Risk Weighted Assets	154,372	
52	Revaluation Reserves	166,700	
53	of which: Revaluation reserves on Property	–	portion of (aa)
54	of which: Unrealized Gains / Losses on AFS	166,700	
55	Foreign Exchange Translation Reserves	–	(v)
56	Undisclosed / Other Reserves (if any)	–	
57	**T2 before regulatory adjustments**	**4,516,588**	

		Component of regulatory capital reported by bank	Source based on reference number from step 2
		(Rupees in '000)	
	Tier 2 Capital: regulatory adjustments		
58	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre–Basel III treatment which, during transitional period, remain subject to deduction from Tier 2 capital	–	
59	Reciprocal cross holdings in Tier 2 instruments	(202,573)	
60	Investment in own Tier 2 capital instrument	–	
61	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	–	(ae)
62	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	–	(af)
63	**Amount of Regulatory Adjustment applied to T2 capital**	**(202,573)**	
64	**Tier 2 capital (T2)**	**4,314,015**	
65	**Tier 2 capital recognized for capital adequacy**	**4,314,015**	
66	**Excess Additional Tier 1 capital recognized in Tier 2 capital**	**–**	
67	**Total Tier 2 capital admissible for capital adequacy**	**4,314,015**	
	TOTAL CAPITAL (T1 + admissible T2)	**16,025,183**	

42.4 Main Features Template of Regulatory Capital Instruments

Sr. No	Main Features	Common Shares	Instrument - 2
1	Issuer	NIB Bank Limted	NIB Bank Limted
2	Unique identifier (KSE Symbol)	NIB	NIBTFC2
3	Governing law(s) of the instrument	Capital Market Laws	Capital Market Laws
	Regulatory treatment		
4	Transitional Basel III rules	Common equity Tier 1	Tier 2
5	Post-transitional Basel III rules	Common equity Tier 1	Tier 2
6	Eligible at solo/ group/ group & solo	Group & standalone	Group & standalone
7	Instrument type	Ordinary Shares	Subordinated Debt
8	Amount recognized in regulatory capital (Currency in PKR thousands)	PKR 103,028,512	PKR 4,195,916
9	Par value of instrument	PKR 10	PKR 5,000
10	Accounting classification	Shareholder equity	Liability - Subordinated Loans
11	Original date of issuance	2003	19-June-2014
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	Not applicable	19-June-2022
14	Issuer call subject to prior supervisory approval	No	Yes (SBP's)
15	Optional call date, contingent call dates and redemption amount	Not applicable	Not applicable
16	Subsequent call dates, if applicable	Not applicable	Not applicable

Sr. No.	Main Features	Common Shares	Instrument - 2
	Coupons / dividends		
17	Fixed or floating dividend/ coupon	Not applicable	Floating
18	Coupon rate and any related index/benchmark	Not applicable	Six months KIBOR (Ask side) +1.15
19	Existence of a dividend stopper	Not applicable	Not applicable
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	Not applicable	Not applicable
22	Non cumulative or cumulative	Not applicable	Non cumulative
23	**Convertible or non-convertible**		
24	If convertible, conversion trigger (s)	Not applicable	Upon the occurrence of a Point of Non-Viability PONV event as defined below, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full)
25	If convertible, fully or partially	Not applicable	As the case may be
26	If convertible, conversion rate	Not applicable	At a minimum conversion rate of Rs. 2.36 per share.
27	If convertible, mandatory or optional conversion	Not applicable	Mandatory
28	If convertible, specify instrument type convertible into	Not applicable	Shares
29	If convertible, specify issuer of instrument it converts into	Not applicable	NIB Bank Limited
30	**Write-down feature**		
31	If write-down, write-down trigger(s)	Not applicable	Explained at 24 above
32	If write-down, full or partial	Not applicable	Not applicable
33	If write-down, permanent or temporary	Not applicable	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable	Not applicable
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	Not applicable	Not applicable

42.5 Capital Adequacy

Objectives of Managing Capital

Capital Management aims to ensure that there is sufficient capital to meet the capital requirements of the Group as determined by the underlying business strategy and the minimum regulatory requirements of the SBP.

Group's capital management seeks:

- to comply with the capital requirements set by the regulators;
- to maintain a strong capital base so as to maintain investor, depositor and market confidence and to sustain future development of the business;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide adequate return to shareholders;
- availability of adequate capital at a reasonable cost so as to enable the Bank to expand; and
- to protect the Group against unexpected events.

Externally Imposed Capital Requirements

In order to strengthen the solvency of Banks, SBP vide BSD Circular No. 07 of 2009 dated April 15, 2009 has asked the Banks to raise their minimum paid up capital to Rs. 10 billion free of losses by the end of financial year 2013.

SBP through its BSD Circular No. 09 dated April 15, 2009 has asked Banks to achieve the minimum Capital Adequacy Ratio (CAR) of 10% on standalone as well as on consolidated basis latest by December 31, 2010.

The paid up capital and CAR of the Group stands at Rs. 103 billion and 12.52% respectively of its risk weighted exposure as at December 31, 2015.

The Group has complied with all externally imposed capital requirements as at year end.

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

	Capital Requirements		Risk Weighted Assets	
	2015	2014	2015	2014
	(Rupees in '000)			
Credit Risk				
Portfolios subject to Simple Approach				
On-Balance Sheet				
Corporate	5,502,097	4,875,496	55,020,965	48,754,956
Sovereign	9,174	9,574	91,740	95,741
Retail	553,035	599,958	5,530,349	5,999,578
Banks	91,176	209,652	911,755	2,096,523
Public Sector Entities	46,226	68,718	462,261	687,177
Past Due Loans	420,442	492,161	4,204,423	4,921,610
Claims against Residential Mortgage	66,366	61,459	663,659	614,588
Invetsments in premises, plant and equipment and all other fixed assets	306,769	299,451	3,067,693	2,994,509
Other assets	1,092,815	1,177,183	10,928,150	11,771,829
	8,088,100	**7,793,652**	**80,880,995**	**77,936,511**
Off-Balance Sheet				
Market related	18,659	38,018	186,593	380,178
Non-market related	2,486,816	2,346,621	24,868,159	23,466,206
	2,505,475	**2,384,639**	**25,054,752**	**23,846,384**
Equity Exposure Risk in the Banking Book				
Listed	33,473	48,881	334,731	488,814
Unlisted	8,162	12,819	81,623	128,189
	41,635	**61,700**	**416,354**	**617,003**
	10,635,210	**10,239,991**	**106,352,101**	**102,399,898**

	Capital Requirements		Risk Weighted Assets	
	2015	2014	2015	2014
	(Rupees in '000)			
Market Risk				
Capital Requirement for portfolios subject to Standardized Approach				
Interest rate risk	116,788	95,953	1,167,875	959,534
Equity position risk etc.	793,988	844,552	7,939,875	8,445,516
Foreign exchange risk etc.	40,580	2,736	405,800	27,354
Total Market Risk	**951,356**	**943,241**	**9,513,550**	**9,432,404**
Operational Risk				
Capital Requirement for operational risks	1,211,544	1,064,123	12,115,436	10,641,234
	12,798,110	**12,247,355**	**127,981,087**	**122,473,536**

Capital Adequacy Ratio	2015 Required	2014 Actual	2015 Required	2014 Actual
CET1 to total RWA	6.00%	9.15%	5.50%	8.47%
Tier 1 capital to total RWA	7.50%	9.15%	7.00%	8.47%
Total capital to total RWA	10.00%	12.52%	10.00%	11.98%

42.6 Credit Risk: subject to Standardized Approach

The Group has adopted Standardized approach for calculation of capital charge against credit risk in line with SBP's requirements. For domestic claims, External Credit Assessment Institutions (ECAIs) recommended by the SBP, namely Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS) are used. For claims on foreign entities, ratings assigned by Fitch, Standard and Poor`s, and Moody`s are used.

Types of exposure for which each agency is used in the year ended December 31, 2015 are as follows:

Exposures	PACRA	JCR-VIS	Other (S&P / Moody's / Fitch)
Corporate	✓	✓	–
Banks	✓	✓	✓
Sovereigns	–	–	✓
Public Sector Enterprises	✓	✓	–

42.7 The State Bank of Pakistan (SBP) through its BPRD Circular No. 06 of 2013 has issued instructions regarding implementation of parallel run of leverage ratio reporting and its components from December 31, 2013 to December 31, 2017.During this period the final calibration, and any further adjustments to the definition, will be completed, with a view to set the leverage ratio as a separate capital standard on December 31, 2018. Banks are required to disclose the leverage ratio from December 31, 2015.

The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage:

$$\textbf{Leverage Ratio} = \frac{\textbf{Tier 1 capital (after related deductions)}}{\textbf{Total Exposure}}$$

As at December 31, 2015 the Group's Leverage ratio stood at 3.80% (minimum requirement of 3.0%).

	2015	2014
	(Rupees in '000)	
On-Balance Sheet Assets		
Cash and balances with treasury banks	10,052,543	8,063,675
Balances with other banks	1,645,086	586,418
Lendings to financial institutions	1,599,044	7,699,646
Investments (including assets held for sale)	98,754,041	59,670,691
Advances (including assets held for sale)	110,673,393	93,673,494
Operating fixed assets (including assets held for sale)	3,115,816	3,033,057
Deferred tax assets (including assets held for sale)	9,319,259	9,992,164
Financial Derivatives (A.1)	135,276	335,001
Other assets (including assets held for sale)	9,748,245	11,941,155
Total Assets (A)	**245,042,703**	**194,995,301**
Derivatives (On-Balance Sheet)		
Interest Rate	–	–
Equity	–	–
Foreign Exchange & gold	135,276	335,001
Precious Metals (except gold)	–	–
Commodities	–	–
Credit Derivatives (protection brought & sold)	–	–
Any other derivatives	–	–
Total Derivatives (A.1)	**135,276**	**335,001**
Off–Balance Sheet Items excluding derivatives		
Direct Credit Substitutes (i.e. Acceptances, general guarantees for indebtness etc.)	6,543,941	10,303,272
Performance–related Contingent Liabilities (i.e. Guarantees)	23,301,861	17,160,599
Trade–related Contingent Liabilities (i.e. Letter of Credits)	22,019,529	34,543,032
Lending of securities or posting of securities as collaterals	–	–
Undrawn committed facilities (which are not cancellable)	4,229,045	–
Unconditionally cancellable commitments	4,559,498	–
Commitments in respect of operating leases	–	–
Commitments for the acquisition of operating fixed assets	15,255	153,206
Other commitments	2,618,370	2,302,643
Total Off–Balance Sheet Items excluding Derivatives (B)	**63,287,499**	**64,462,752**
Commitments in respect of Derivatives - Off Balance Sheet Items (Derivatives having negative fair value are also included)		
Interest Rate	–	–
Equity	–	–
Foreign Exchange & gold	189,323	328,839
Precious Metals (except gold)	–	–
Commodities	–	–
Credit Derivatives (protection sold and bought)	–	–
Other derivatives	–	–
Total Derivatives (C)	**189,323**	**328,839**
Tier 1 Capital	**11,711,168**	**10,371,763**
Total Exposures (sum of A,B and C)	**308,519,525**	**259,786,892**
Leverage Ratio	**3.80%**	**3.99%**

43. RISK MANAGEMENT

The risk management framework of NIB is approved by the Board of Directors ("BOD") and implemented by the senior management. The Bank's risk management policies are established to identify and analyze the risks faced by the Bank, to set standard and appropriate risk limits and controls to ensure quality of portfolio and credit process. Risk management policies are reviewed annually to reflect changes in economic environment, market conditions and products offerings. The BOD sets forth the vision and strategy of NIB and has entrusted the monitoring to the Board's Risk Management Committee ("BRMC"), which is an oversight committee and meets at least quarterly. Findings of the BRMC are escalated to the BOD. Terms and references of BRMC are documented and duly approved by the BOD and broadly includes oversight responsibility at the highest level under the Risk Management Governance Framework.

The BRMC relies on three management committees namely the Asset Liability Committee ("ALCO"), the Credit Risk Committee ("CRC") and the Operational Risk Committee ("ORC"), to identify, manage and monitor risks.

Asset Liability Committee ("ALCO")

The ALCO functions as the top operational unit for managing the statement of financial position within the performance/risk parameters laid down by the BOD. Its objective is to derive the most appropriate strategy for NIB in terms of mix of assets & liabilities given future expectations and potential consequence of interest rate movements, liability constraints, and foreign currency exchange exposure and capital adequacy.

Credit Risk Committee ("CRC")

In our normal business activities there is a need to manage effectively potential credit risk. To address this risk, Credit Risk Committee (CRC) is established under the leadership of the Chief Risk Officer (CRO) of the Bank and membership comprises the President and Senior Management of the Bank. The main objective of the CRC is to ensure effective and proactive management of Credit Risk throughout the Bank in accordance with the Risk Management Framework and related Risk Policies and Procedures. Terms and references of the CRC, which meets six times a calender year, broadly include the following:

To ensure that all relevant risk policies of the Bank are developed, implemented and are not in conflict with any of the applicable laws and regulations.

To oversee implementation of credit risk related policies and procedures relevant to all business units through review of standard MIS decks.

To ensure that all activities are in compliance with the Prudential Regulations and also with the policies and controls established by the relevant units of the Bank through periodic review of business issues highlighted in internal / external audit reports and SBP Inspection Report.

To review stress testing on portfolio considering the major factors like interest rate sensitivity, inflation, Rupee devaluation, fluctuation in oil prices and /or global meltdown etc.

To review the credit portfolio, primarily through Key Risk Indicators, and to assess:

- quality of the portfolio;
- recovery of remedial accounts;
- variance analysis of actual with plan and forecasts
- portfolio exceptions

To advise business where activities are not aligned with control requirements or risk appetite and to recommend Risk Policies.

Operational Risk Committee ("ORC")

In our normal business activities there is a need to effectively manage potential risk arising out of banking operation of the Bank. To address this risk, Operational Risk Committee (ORC) is established under the leadership of the President of the Bank and membership comprises the CRO and Senior Management of the Bank. The main objective of the ORC is to ensure effective and proactive management of Operational Risk throughout the Bank in accordance with the Risk Management Framework and related Risk Policies and Procedures. Terms and references of the ORC, which meets on a monthly basis, broadly include the following:

To ensure operational risk identification and measurement covers all activities/products/processes of the Bank, and compliant with the Bank's standards and applicable regulations, and that risk control and risk origination decisions are properly informed.

To develop, maintain and review a consolidated MIS of key operational risks in the Bank in the form of Risk & Control Assessment Matrix.

To monitor all material Operational Risk exposures and key external trends, through KRIs and appropriate management action as per defined thresholds, in accordance with Operational Risk policies and procedures.

To review Ops Loss Data (OLD) and take proactive measures to reduce Op Losses.

To direct appropriate action in response to material events, risk issues or themes that come to the Committee's attention.

To ensure any areas of potential overlap with another entity or Risk Control Area, Business or Function are notified to the affected entity Risk Control Owner, Business or Function Head.

Risk Management Organization at the Group

The Chief Risk Officer ("CRO") is responsible for enterprise wide risk management and implementation of the overall risk management framework of NIB. In this respect, the CRO has to ensure that the risk organization structure of NIB is equipped with the best people, policies and processes, which enable it to perform efficiently and effectively.

The CRO is supported by a Chief Operating Officer - Risk responsible for Risk Policies & Procedures, Portfolio Risk and Country Risk Assessment, and five Risk Heads, responsible for Corporate, Trade Finance, Commercial/SME and Consumer Finance businesses and Market, Liquidity and Operational Risks respectively and they are responsible for ensuring the implementation of NIB's risk framework, Bank's policies and Central Bank regulations in their respective domains.

43.1 Credit Risk

Credit risk is the risk that a counterparty or customer will be unable to pay amounts in full when due. NIB's main credit exposure arises from the risk of failure by a client or counterparty to meet its contractual obligations. The risks are inherent in loans and bills receivable from non-bank customers, commitments to lend, repurchase agreements, securities borrowing and lending transactions, and contingent liabilities. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed. Clean risk at liquidation or settlement risk occurs when items of agreed upon original equal value are not simultaneously exchanged between counterparties and/or when items are released without knowledge that counter-value items have been received by the Bank. Typically the duration is intra-day, overnight/over weekend, or in some situations even longer. The risk is that we deliver but do not receive delivery. In this situation 100% of the principal amount is at risk. The risk may be larger than 100% if in addition there was an adverse price fluctuation between the contract price and the market price. Cross-border risk is the risk that we will be unable to obtain payment from our customers or third parties on their contractual obligations as a result of certain actions taken by foreign governments, chiefly relating to convertibility and transferability of foreign currency. Cross-border assets comprise loans and advances, interest-bearing deposits with other banks, trade and other bills, acceptances, amounts receivable under finance leases, certificates of deposit and other negotiable paper, and formal commitments where the counterparty is resident in a country other than where the assets are recorded. Cross-border assets also include exposures to local residents denominated in currencies other than the local currency. NIB has established limits for cross-border exposure and manages exposures within these limits.

NIB has established an appropriate credit risk environment which is operating under a sound credit-granting process; maintaining an appropriate credit administration, measurement and monitoring process and ensuring adequate controls. For risk management reporting purposes the Bank considers and consolidates all elements of credit risk exposures.

There is a proper credit delegation matrix for review and approving credit applications. Businesses have no credit approving authority. All credit approvals are accorded by the Credit Officers/Senior Credit Officers in the Risk Management Group. Corporate Credit Risk Management also approves exposure to Financial Institutions.

The concept of "three initial system" is very much in existence in NIB. Based upon regional considerations and availability of Credit Talent, any initiating unit has to have formal recommendation by the Relationship Manager, his/her Team Leader and Regional Head/Corporate Banking Head/Group Head. The essence here is that the credit proposal must not be left to the sole judgment of one person – rather, the application of minds must be diverse and independent of each other.

Further, in order to measure credit risk, an indigenously developed rating system is followed. This rating system is being continuously fine tuned to address regulatory and global benchmarks.

The Bank manages credit risk through:

- Accurate and detailed information about the borrower, cash flows, production, service and operation of the company;
- Insights into the major factors influencing customer attrition and product cancellation;
- Credit and collections treated as a highly people-intensive business; and
- Establishment of acceptable risk levels.

NIB manages credit risk through:

Post-disbursement maintenance of accounts through Credit Administration Department ("CAD") reporting into a CAD Head. The CAD Head has direct reporting line to the CRO;

Submission of regulatory returns pertaining to reporting of NIB's portfolio

Impaired financial assets

Impaired financial assets including loans and debt instruments are those which NIB determines that it is probable that it will not be able to collect all principal and interest due according to the contractual terms of the agreement(s) underlying the financial assets. Financial assets carried at fair value through profit or losses are not assessed for impairment since the measure of fair value reflects their credit qualities. For the monitoring of the credit quality of the financial assets not carried at fair value through profit or loss, NIB follows the guidelines issued by the State Bank of Pakistan. Credit quality is determined based on three pillars: namely business prospect, financial performance and repayment capacity.

Write offs

NIB's Write off Policy is laid out in line with the SBP rules. All credit write offs are approved under the approved delegation matrix. Writing off a loan in no way implies that the Bank has given up its claim on a borrower and does not impact the Bank's ability to legally collect written off credits from the customer(s).

43.1.1 Segmental Information

43.1.1.1 Segments by class of business

	2015					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Agriculture, Forestry, Hunting and Fishing	194,951	0.14	2,256,047	1.73	14,847	0.02
Automobile and Transportation Equipment	855,299	0.63	901,449	0.69	152,196	0.20
Cement, Glass and Ceramics	1,627,741	1.21	2,308,874	1.77	2,420,079	3.22
Chemicals and Pharmaceuticals	3,600,758	2.67	4,182,515	3.21	3,926,423	5.22
Construction	1,186,523	0.88	10,001,328	7.67	704,925	0.94
Electronics and Electrical Appliances	147,668	0.11	1,313,408	1.01	54,612	0.07
Engineering	5,791,017	4.29	2,529,195	1.94	7,574,394	10.06
Exports / Imports	1,231,482	0.91	790,011	0.61	283,410	0.38
Financial	2,933,800	2.17	17,203,404	13.22	29,981,601	39.84
Food and Beverages	28,459,577	21.08	2,061,224	1.58	1,913,753	2.54
Footwear and Leather Garments	407,314	0.30	447,926	0.34	38,508	0.05
Individuals	6,612,770	4.90	36,481,956	27.97	–	–
Insurance	–	–	2,619,886	2.01	–	–
Mining and Quarrying	24,801	0.02	2,449,888	1.88	46,510	0.06
Non Profit Organizations / Trusts	731,429	0.54	5,075,103	3.89	–	–
Oil and Gas	6,049,165	4.48	3,724,250	2.86	3,229,642	4.29
Paper and Printing	1,035,346	0.77	969,840	0.74	422,032	0.56
Power, Gas, Water, Sanitary	12,014,930	8.90	3,163,590	2.43	7,075,031	9.40
Services	1,399,171	1.04	10,408,227	7.98	209,103	0.28
Sugar	4,115,166	3.05	179,256	0.14	386,287	0.51
Textile	34,013,047	25.19	2,350,753	1.80	5,263,107	6.99
Transport, Storage and Communication	14,256,258	10.56	4,443,356	3.41	5,052,840	6.71
Wholesale and Retail Trade	3,693,428	2.74	4,223,996	3.24	3,320,446	4.41
Others	4,646,383	3.42	10,314,161	7.88	3,190,683	4.25
	135,028,024	100.00	130,399,643	100.00	75,260,429	100.00

	2014					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Agriculture, Forestry, Hunting and Fishing	40,433	0.03	2,780,441	2.65	120,595	0.11
Automobile and Transportation Equipment	1,294,260	1.10	1,053,325	1.00	124,506	0.11
Cement, Glass and Ceramics	2,129,399	1.81	700,845	0.67	3,816,597	3.50
Chemicals and Pharmaceuticals	4,402,095	3.74	2,169,482	2.06	4,040,819	3.71
Construction	1,826,338	1.55	8,252,446	7.85	429,411	0.39
Electronics and Electrical Appliances	79,050	0.07	2,236,915	2.13	48,444	0.04
Engineering	10,465,909	8.90	906,492	0.86	8,556,526	7.85
Exports / Imports	825,234	0.70	772,498	0.73	145,805	0.13
Financial	2,371,666	2.02	6,396,578	6.09	46,550,065	42.72
Food and Beverages	20,974,374	17.83	3,421,968	3.26	6,022,652	5.53
Footwear and Leather Garments	595,836	0.51	315,975	0.30	50,705	0.05
Individuals	5,609,467	4.77	34,205,971	32.55	266,133	0.24
Insurance	–	–	280,466	0.27	–	–
Mining and Quarrying	67,314	0.06	2,635,678	2.51	276,193	0.25
Non Profit Organizations / Trusts	804,998	0.68	4,531,746	4.31	16,400	0.02
Oil and Gas	2,650,295	2.25	1,627,655	1.55	6,823,029	6.26
Paper and Printing	984,220	0.84	718,810	0.68	364,673	0.33
Power, Gas, Water, Sanitary	9,772,442	8.31	1,071,216	1.02	11,934,803	10.95
Services	1,784,587	1.52	9,350,742	8.90	390,881	0.36
Sugar	2,398,794	2.04	111,563	0.11	839,949	0.77
Textile	36,206,558	30.77	2,219,389	2.11	7,686,451	7.05
Transport, Storage and Communication	4,409,497	3.75	3,662,672	3.48	1,678,346	1.54
Wholesale and Retail Trade	2,652,407	2.25	6,492,920	6.18	4,060,425	3.73
Others	5,308,452	4.51	9,187,007	8.74	4,714,349	4.33
	117,653,625	100.00	105,102,800	100.00	108,957,757	100.00

43.1.1.2 Segment by sector

	2015					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Public/ Government	36,361,028	26.93	19,127,524	14.67	7,048,541	9.37
Private	98,666,996	73.07	111,272,119	85.33	68,211,888	90.63
	135,028,024	100.00	130,399,643	100.00	75,260,429	100.00

	2014					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Public/ Government	15,419,603	13.11	11,521,012	10.96	8,473,452	7.78
Private	102,234,022	86.89	93,581,788	89.04	100,484,305	92.22
	117,653,625	100.00	105,102,800	100.00	108,957,757	100.00

	2015		2014	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
	(Rupees in '000)			
43.1.1.3 Details of non-performing advances and specific provisions by class of business segment				
Agriculture, Forestry, Hunting and Fishing	–	–	–	–
Automobile and Transportation Equipment	715,098	593,450	717,826	616,516
Cement, Glass and Ceramics	609,884	503,104	638,764	504,320
Chemicals and Pharmaceuticals	598,894	492,842	846,908	704,973
Construction	418,525	394,639	505,200	406,443
Electronics and Electrical Appliances	23,300	21,815	26,638	25,378
Engineering	2,292,070	2,015,985	2,393,457	1,849,651
Financial	130,255	125,776	213,321	176,841
Food and Beverages	1,637,370	1,287,099	2,634,118	2,154,203
Footwear and Leather Garments	272,993	209,662	101,139	93,969
Individuals	695,829	527,625	762,168	585,020
Mining and Quarrying	23,808	16,755	–	–
Oil and Gas	12,905	8,366	162,542	119,855
Paper and Printing	593,171	540,842	734,432	581,816
Power, Gas, Water, Sanitary	379,514	377,716	366,962	366,663
Services	902,983	563,884	969,327	643,618
Sugar	645,118	600,450	649,179	635,405
Textile	13,863,107	12,282,412	13,763,867	11,941,976
Transport, Storage and Communication	815,198	581,908	535,921	415,665
Wholesale and Retail Trade	2,335,717	2,099,123	761,373	534,092
Others	1,207,485	961,205	2,234,042	1,529,409
	28,173,224	24,204,658	29,017,184	23,885,813

	2015		2014	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
	(Rupees in '000)			
43.1.1.4 Details of non-performing advances and specific provisions by sector				
Public / Government	–	–	–	–
Private	28,173,224	24,204,658	29,017,184	23,885,813
	28,173,224	24,204,658	29,017,184	23,885,813

	2015			
	Profit / (loss) before taxation including discontinued operations	Total assets employed	Net assets employed	Contingencies and Commitments
	(Rupees in '000)			
43.1.1.5 Geographical Segment Analysis				
Pakistan	4,029,136	245,042,703	18,089,159	75,260,429
	2014			
Pakistan	(107,897)	194,995,301	16,932,219	108,957,757

43.2 Market Risk

Market risk refers to the potential loss that an entity may be exposed to due to market volatility. It is important for the Bank to put in place an effective market risk management framework to manage its market risk exposures. Market risk arises from all positions in financial instruments held by the bank (Either in Trading or Banking book) which exposes the Bank to market risk factors namely interest rates, foreign exchange ("FX") rates and equity prices.

Bank has adopted a market risk management structure that commensurate with its size and the nature of its business activities and facilitates effective management oversight and execution of market risk management and control processes.

Currently Bank's risk appetite for market risk is a combination of notional and sensitivity based limits. Following are the regulatory and internal guidelines monitored by Market & Liquidity Risk Unit (MLRU):

- Foreign Exchange Exposure Limit
- Equity Exposure Limit
- FX Tenor mismatch
- DV01
- VaR

NIB also applies a Value-at-Risk (VaR) methodology to assess the market risk positions held. Currently NIB is using historical simulation model for calculating VaR.

Interest rate risk

The principal risk to which NIB's portfolios are exposed is the risk of losses from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is measured through DV01, VaR and interest rate sensitivity analysis.

43.2.1 Foreign Exchange Risk

NIB has set the following objectives for managing the inherent risk on foreign currency exposures:

Maximize profitability with minimum risk by keeping the exposure at desirable levels in view of strict compliance of regulatory/international standards and the Bank's internal guidelines, which are being adopted from regulator and followed vigorously;

Manage appropriate forward mismatch gaps;

Usage of different tools to manage the inherent risk of product and market, such as compliance of credit limit, monitoring of foreign exchange exposure limit, review of marked to market portfolio etc.

NIB takes steps to ensure that foreign currency exposures adhere to regulatory or international standards and NIB's internal guidelines. NIB uses tools such as Foreign Exchange Exposure Limit (FEEL), VaR and FX tenor gaps to monitor FX risk.

	2015			
	Assets	Liabilities	Off Balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistani Rupee	233,904,423	218,986,240	2,765,043	17,683,226
United States Dollar	10,379,610	6,408,262	(3,627,171)	344,177
Great Britain Pound	255,297	1,057,097	805,815	4,015
Euro	423,129	460,723	37,628	34
Japanese Yen	1,276	26,745	26,979	1,510
Swiss Franc	2,413	923	–	1,490
Others	76,555	13,554	(8,294)	54,707
	245,042,703	226,953,544	–	18,089,159

	2014			
	Assets	Liabilities	Off Balance sheet items	Net foreign currency exposure
Pakistani Rupee	186,325,761	169,146,882	(146,511)	17,032,368
United States Dollar	8,184,669	6,458,330	(1,813,318)	(86,979)
Great Britain Pound	140,513	1,007,568	867,752	697
Euro	331,258	1,420,387	1,092,077	2,948
Japanese Yen	1,358	15,462	_	(14,104)
Swiss Franc	2,650	836	_	1,814
Others	9,092	13,617	_	(4,525)
	194,995,301	178,063,082	_	16,932,219

43.2.2 Equity price risk and fixed income rate risk

Equity price risk is the risk to earnings or capital that results from adverse changes in the value of equity related portfolios of NIB.

NIB conducts stress testing analysis over the equity portfolio, by anticipating changes/shocks of -30%, -40% and -50% on the current price of shares within a portfolio, thereby monitoring the effects of the predicted changes in the structure of shares portfolio on the Capital Adequacy Ratio ("CAR"). Further, NIB reviews new products to ensure that market risk aspects are properly quantified and mitigated.

43.2.3 Mismatch of Interest Rate Sensitive Assets and Liabilities

Details of the interest rate profile of the Group based on the earlier of contractual repricing or maturity date is as follows:

	2015											
			Exposed to Yield / Interest risk									
	Effective Yield / Interest rate	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Over 10 Years	Non-interest bearing financial instruments
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	–	10,052,543	–	–	–	–	–	–	–	–	–	10,052,543
Balances with other banks	0.05%	1,645,086	36,671	–	–	–	–	–	–	–	–	1,608,415
Lendings to financial institutions	7.50%	1,599,044	1,599,044	–	–	–	–	–	–	–	–	–
Investments	7.61%	93,044,231	1,997,611	3,345,770	20,932,109	49,467,191	-	1,331,570	5,466,404	10,418,502	–	85,074
Advances	8.69%	110,668,994	27,250,255	61,954,346	11,603,118	4,901,247	1,226,187	1,242,792	1,399,108	527,440	564,501	–
Other assets	–	2,924,870	–	–	–	–	–	–	–	–	–	2,924,870
Assets held for sale	–	4,558,914	–	4,558,914	–	–	–	–	–	–	–	–
		224,493,682	30,883,581	69,859,030	32,535,227	54,368,438	1,226,187	2,574,362	6,865,512	10,945,942	564,501	14,670,902
Liabilities												
Bills payable	–	2,576,216	–	–	–	–	–	–	–	–	–	2,576,216
Borrowings	6.48%	85,676,741	71,015,933	7,867,110	3,155,050	3,449,694	–	–	–	–	–	188,954
Deposits and other accounts	4.58%	130,399,643	11,802,670	10,182,509	64,004,873	8,118,117	29,601	546	188	–	–	36,261,139
Sub-ordinated loans	9.38%	4,195,516	–	–	4,195,516	–	–	–	–	–	–	–
Other liabilities	–	1,898,034	–	–	–	–	–	–	–	–	–	1,898,034
Liabilities held for sale	–	642,415	–	642,415	–	–	–	–	–	–	–	–
		225,388,565	82,818,603	18,692,034	71,355,439	11,567,811	29,601	546	188	–	–	40,924,343
On-balance sheet gap		(894,883)	(51,935,022)	51,166,996	(38,820,212)	42,800,627	1,196,586	2,573,816	6,865,324	10,945,942	564,501	(26,253,441)
Non financial net assets		18,984,042										
Total net assets		18,089,159										
Off-balance sheet financial instruments												
Foreign exchange contracts - purchase		8,951,943	2,874,365	3,796,734	1,793,540	487,304	–	–	–	–	–	–
Foreign exchange contracts - sale		11,809,528	4,419,824	5,964,027	1,402,216	23,461	–	–	–	–	–	–
Off-balance sheet gap		(2,857,585)	(1,545,459)	(2,167,293)	391,324	463,843	–	–	–	–	–	–
Total Yield / Interest Rate Risk Sensitivity Gap			(53,480,481)	48,999,703	(38,428,888)	43,264,470	1,196,586	2,573,816	6,865,324	10,945,942	564,501	(26,253,441)
Cumulative Yield / Interest Rate Risk Sensitivity Gap			(53,480,481)	(4,480,778)	(42,909,666)	(354,804)	1,551,390	4,125,206	10,990,530	21,936,472	22,500,973	(3,752,468)

	2014											
			Exposed to Yield / Interest risk									
	Effective Yield / Interest rate	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Over 10 Years	Non-interest bearing financial instruments
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	–	8,063,675	–	–	–	–	–	–	–	–	–	8,063,675
Balances with other banks	0.15%	586,418	24,522	–	–	–	–	–	–	–	–	561,896
Lendings to financial institutions	9.91%	7,699,646	6,730,297	969,349	–	–	–	–	–	–	–	–
Investments	9.86%	59,670,691	497,591	2,020,243	7,863,562	5,170,255	4,651,297	3,036,353	6,913,565	23,853,833	–	5,663,992
Advances	10.01%	93,673,494	17,779,798	55,384,002	9,829,710	6,092,236	964,864	856,300	1,458,572	685,531	622,481	–
Other assets	10.08%	5,249,725	–	900,000	–	–	–	–	–	–	–	4,349,725
		174,943,649	25,032,208	59,273,594	17,693,272	11,262,491	5,616,161	3,892,653	8,372,137	24,539,364	622,481	18,639,288
Liabilities												
Bills payable	–	2,740,528	–	–	–	–	–	–	–	–	–	2,740,528
Borrowings	9.21%	62,750,894	40,112,192	9,834,876	9,675,250	2,550,454	–	–	–	–	–	578,122
Deposits and other accounts	5.78%	105,109,800	51,989,050	4,956,658	8,241,327	5,262,543	2,151	28,842	527	–	–	34,621,702
Sub-ordinated loans	11.28%	4,197,195	–	–	4,197,195	–	–	–	–	–	–	–
Other liabilities	–	1,874,489	–	–	–	–	–	–	–	–	–	1,874,489
		176,665,906	92,101,242	14,791,534	22,113,772	7,812,997	2,151	28,842	527	–	–	39,814,841
On-balance sheet gap		(1,722,257)	(67,069,034)	44,482,060	(4,420,500)	3,449,494	5,614,010	3,863,811	8,371,610	24,539,364	622,481	(21,175,553)
Non financial net assets		18,654,476										
Total net assets		16,932,219										
Off-balance sheet financial instruments												
Foreign exchange contracts - purchase		22,105,204	10,236,762	6,012,181	5,151,201	705,060	–	–	–	–	–	–
Foreign exchange contracts - sale		22,123,668	4,547,452	5,575,756	12,000,460	–	–	–	–	–	–	–
Off-balance sheet gap		(18,464)	5,689,310	436,425	(6,849,259)	705,060	–	–	–	–	–	–
Total Yield / Interest Rate Risk Sensitivity Gap			(61,379,724)	44,918,485	(11,269,759)	4,154,554	5,614,010	3,863,811	8,371,610	24,539,364	622,481	(21,175,553)
Cumulative Yield / Interest Rate Risk Sensitivity Gap			(61,379,724)	(16,461,239)	(27,730,998)	(23,576,444)	(17,962,434)	(14,098,623)	(5,727,013)	18,812,351	19,434,832	(1,740,721)

43.3 Liquidity Risk

Liquidity risk is defined as the risk that a Group, either does not have enough financial resources to meet its obligation and commitments as they fall due or can secure funds at an excessive cost; even when the Group is solvent. Liquidity risk is due to the difference between the Group's assets and liabilities generally known as mismatches. Liquidity management is important as the ultimate cost of a lack of liquidity is being out of business.

The liquidity risk policy is formulated keeping in view of the SBP's guidelines on risk management, Basel standards and best practices. Group maintains its liquidity by keeping a level of liquid assets in such amount which is considered sufficient to anticipate payment of customers' deposits.

The Group manages its liquidity risk through:

- Controlling the cash flow mismatch between on and off balance sheet assets and liabilities through MCO;
- 5-Day stress testing on Group's balance sheet carried out on daily basis assuming 50% run offs in CASA (Current and Saving) deposits over 5 days;
- Maintaining stable and diversified sources of funding;
- Ensuring the Group has the right asset portfolio mix and sufficient liquid assets on hand in relation to its daily cash flows; and
- Stress testing on portfolio as required by local regulator

43.3.1 Maturities of Assets and Liabilities - Based on contractual maturity of the Assets and Liabilities of the Group

	2015									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Over 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	10,052,543	10,052,543	–	–	–	–	–	–	–	–
Balances with other banks	1,645,086	1,645,086	–	–	–	–	–	–	–	–
Lendings to financial institutions	1,599,044	1,599,044	–	–	–	–	–	–	–	–
Investments	96,023,597	1,997,611	2,292,850	20,483,899	49,765,118	687,939	1,681,288	5,685,457	10,450,069	2,979,366
Advances	110,668,994	64,212,414	15,659,377	4,547,804	2,648,854	6,379,648	6,099,851	7,633,868	2,854,812	632,366
Operating fixed assets	3,086,446	28,660	60,386	109,588	160,354	273,751	235,488	336,572	468,339	1,413,308
Intangible assets	890,491	27,023	54,045	81,064	161,942	317,759	190,136	58,471	51	–
Deferred tax assets	9,359,609	128,349	256,697	385,046	589,950	1,631,515	2,078,002	4,290,050	–	–
Other assets	7,157,979	761,380	1,657,618	123,312	137,735	25,790	3,078,806	21,761	1,280,490	71,087
Asset held for sale	4,558,914	–	4,558,914	–	–	–	–	–	–	–
	245,042,703	80,452,110	24,539,887	25,730,713	53,463,953	9,316,402	13,363,571	18,026,179	15,053,761	5,096,127
Liabilities										
Bills payable	2,576,216	2,576,216	–	–	–	–	–	–	–	–
Borrowings	85,676,741	71,042,600	7,867,110	3,155,050	3,449,695	–	–	–	162,286	–
Deposits and other accounts	130,399,643	102,499,468	10,182,509	9,569,214	8,118,117	29,601	546	188	–	–
Sub-ordinated loans	4,195,516	–	–	840	840	1,680	1,680	3,359	4,187,117	–
Other liabilities	3,463,013	746,951	1,547,869	575,506	235,038	245,333	16,613	27,245	57,911	10,547
Liabilities held for sale	642,415	–	642,415	–	–	–	–	–	–	–
	226,953,544	176,865,235	20,239,903	13,300,610	11,803,690	276,614	18,839	30,792	4,407,314	10,547
Net assets	18,089,159	(96,413,125)	4,299,984	12,430,103	41,660,263	9,039,788	13,344,732	17,995,387	10,646,447	5,085,580
Share capital	103,028,512									
Reserves	997,582									
Discount on issue of shares	(45,769,623)									
Accumulated loss	(40,416,118)									
Shareholders' equity	17,840,353									
Surplus on revaluation of assets - net	248,806									
	18,089,159									

The above maturity profile has been prepared in accordance with International Financial Reporting Standard 7, Financial Instruments: Disclosures, based on contractual maturities. Consequently, all demand assets and liabilities such as running finance, current accounts and saving accounts are shown as having a maturity upto one month. However, based on historical behaviour, management is of the opinion that the possibility of these inflows / outflows actually occurring entirely within one month is remote, as these flows normally occur over a longer period of time.

	2014									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Over 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	8,063,675	8,063,675	–	–	–	–	–	–	–	–
Balances with other banks	586,418	586,418	–	–	–	–	–	–	–	–
Lendings to financial institutions	7,699,646	6,730,297	969,349	–	–	–	–	–	–	–
Investments	59,670,691	1,779,960	1,586,811	6,851,142	5,272,677	5,053,827	3,466,206	7,403,427	23,979,874	4,276,767
Advances	93,673,494	58,234,869	10,235,390	7,593,895	1,474,531	3,948,827	3,881,570	5,215,537	2,352,550	736,325
Operating fixed assets	3,033,057	27,200	59,285	139,029	158,601	257,804	266,923	260,507	412,592	1,451,116
Intangible assets	2,926,075	26,867	53,714	80,506	160,840	320,287	313,363	238,485	5,287	1,726,726
Deferred tax assets	9,992,164	117,395	244,093	365,136	534,899	1,937,086	2,655,286	4,138,269	–	–
Other assets	9,350,081	1,457,442	2,782,640	310,403	369,577	367,362	2,656,123	191,200	1,183,836	31,498
	194,995,301	77,024,123	15,931,282	15,340,111	7,971,125	11,885,193	13,239,471	17,447,425	27,934,139	8,222,432
Liabilities										
Bills payable	2,740,528	2,740,528	–	–	–	–	–	–	–	–
Borrowings	62,750,894	40,528,028	9,834,876	9,675,250	2,550,454	–	–	–	162,286	–
Deposits and other accounts	105,102,800	86,610,751	4,956,658	8,241,327	5,262,543	2,152	28,842	527	–	–
Sub-ordinated loans	4,197,195	–	–	840	840	1,680	1,680	3,359	4,188,796	–
Other liabilities	3,271,665	902,933	1,467,836	455,875	111,730	220,695	11,301	27,950	64,525	8,820
	178,063,082	130,782,240	16,259,370	18,373,292	7,925,567	224,527	41,823	31,836	4,415,607	8,820
Net assets	16,932,219	(53,758,117)	(328,088)	(3,033,181)	45,558	11,660,666	13,197,648	17,415,589	23,518,532	8,213,612
Share capital	103,028,512									
Reserves	474,123									
Discount on issue of shares	(45,769,623)									
Accumulated loss	(42,432,340)									
Shareholders' equity	15,300,672									
Surplus on revaluation of assets - net	1,631,547									
	16,932,219									

43.3.2 Maturities of Assets and Liabilities - Based on historical pattern of the Assets and Liabilities of the Group

	2015									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Over 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	10,052,543	10,052,543	–	–	–	–	–	–	–	–
Balances with other banks	1,645,086	1,645,086	–	–	–	–	–	–	–	–
Lendings to financial institutions	1,599,044	1,599,044	–	–	–	–	–	–	–	–
Investments	96,023,597	1,997,611	2,292,850	20,483,899	49,765,118	687,939	1,681,288	5,685,457	10,450,069	2,979,366
Advances	110,668,994	19,441,432	23,799,555	16,758,072	27,069,390	6,379,648	6,099,851	7,633,868	2,854,812	632,366
Operating fixed assets	3,086,446	28,660	60,386	109,588	160,354	273,751	235,488	336,572	468,339	1,413,308
Intangible assets	890,491	27,023	54,045	81,064	161,942	317,759	190,136	58,471	51	–
Deferred tax assets	9,359,609	128,349	256,697	385,046	589,950	1,631,515	2,078,002	4,290,050	–	–
Other assets	7,157,979	761,380	1,657,618	123,312	137,735	25,790	3,078,806	21,761	1,280,490	71,087
Assets held for sale	4,558,914	–	4,558,914	–	–	–	–	–	–	–
	245,042,703	35,681,128	32,680,065	37,940,981	77,884,489	9,316,402	13,363,571	18,026,179	15,053,761	5,096,127
Liabilities										
Bills payable	2,576,216	2,576,216	–	–	–	–	–	–	–	–
Borrowings	85,676,741	71,042,600	7,867,110	3,155,050	3,449,695	–	–	–	162,286	–
Deposits and other accounts	130,399,643	14,400,450	15,378,071	17,362,556	23,704,802	6,643,316	6,614,261	13,227,616	33,068,571	–
Sub-ordinated loans	4,195,516	–	–	840	840	1,680	1,680	3,359	4,187,117	–
Other liabilities	3,463,013	746,951	1,547,869	575,506	235,038	245,333	16,613	27,245	57,911	10,547
Liabilities held for sale	642,415	–	642,415	–	–	–	–	–	–	–
	226,953,544	88,766,217	25,435,465	21,093,952	27,390,375	6,890,329	6,632,554	13,258,220	37,475,885	10,547
Net assets	18,089,159	(53,085,089)	7,244,600	16,847,029	50,494,114	2,426,073	6,731,017	4,767,959	(22,422,124)	5,085,580
Share capital	103,028,512									
Reserves	997,582									
Discount on issue of shares	(45,769,623)									
Accumulated loss	(40,416,118)									
Shareholders' equity	17,840,353									
Surplus on revaluation of assets - net	248,806									
	18,089,159									

Non-contractual assets and liabilities have been profiled by using Core/Non-core Balance Methodology. Core balances are defined as those which are expected to remain in our books for a longer period and thus placed in longer time buckets. Whereas, non-core balances are considered volatile and expected to attrite from our books in the short run.

In order to work out non-core balances, volatility is calculated using standard deviation and scaled for computing respective tenor volatility. Non-core and Core balances are equally distributed in time buckets from 1 month till 1 year and from 2 years till furtherest available time bucket respectively. Similarly, non-core balances for Running Finance are placed in 1-month bucket and core balances are equally distributed in buckets 2-months till 1-year.

	2014									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Over 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	8,063,675	8,063,675	–	–	–	–	–	–	–	–
Balances with other banks	586,418	586,418	–	–	–	–	–	–	–	–
Lendings to financial institutions	7,699,646	6,730,297	969,349	–	–	–	–	–	–	–
Investments	59,670,691	1,779,960	1,586,811	6,851,142	5,272,677	5,053,827	3,466,206	7,403,427	23,979,874	4,276,767
Advances	93,673,494	18,095,800	17,532,839	18,540,333	23,367,352	3,946,167	3,878,685	5,223,443	2,352,550	736,325
Operating fixed assets	3,033,057	24,775	59,285	136,990	158,077	258,983	263,114	257,318	423,399	1,451,116
Intangible assets	2,926,075	26,867	53,714	80,506	160,840	320,287	313,363	238,485	5,287	1,726,726
Deferred tax assets	9,992,164	117,395	244,093	365,136	534,899	1,937,086	2,655,286	4,138,269	–	–
Other assets	9,350,081	1,456,230	2,782,640	310,403	369,577	368,574	2,656,123	191,200	1,183,836	31,498
	194,995,301	36,881,417	23,228,731	26,284,510	29,863,422	11,884,924	13,232,777	17,452,142	27,944,946	8,222,432
Liabilities										
Bills payable	2,740,528	2,740,528	–	–	–	–	–	–	–	–
Borrowings	62,750,894	40,528,028	9,834,876	9,675,250	2,550,454	–	–	–	162,286	–
Deposits and other accounts	105,102,800	11,029,457	9,368,615	14,859,261	18,498,411	5,133,705	5,160,396	10,263,634	30,789,321	–
Sub-ordinated loans	4,197,195	–	–	840	840	1,680	1,680	3,359	4,188,796	–
Other liabilities	3,271,665	902,934	1,468,129	558,747	8,565	220,695	11,301	27,950	64,524	8,820
	178,063,082	55,200,947	20,671,620	25,094,098	21,058,270	5,356,080	5,173,377	10,294,943	35,204,927	8,820
Net assets	16,932,219	(18,319,530)	2,557,111	1,190,412	8,805,152	6,528,844	8,059,400	7,157,199	(7,259,981)	8,213,612
Share capital	103,028,512									
Reserves	474,123									
Discount on issue of shares	(45,769,623)									
Accumulated loss	(42,432,340)									
Shareholders' equity	15,300,672									
Surplus on revaluation of assets - net	1,631,547									
	16,932,219									

43.4 Operational Risk Management

The Bank defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Bank seeks to ensure that key operational risks are managed in a timely and effective manner.

NIB approaches operational risk management from two perspectives to best manage operational risk within the structure of the Bank:

– at the enterprise level to provide independent, integrated management of operational risk across the Bank, and

– at the business and enterprise control function levels to address operational risk in revenue generating and non-revenue generating units.

A sound internal governance structure enhances the effectiveness of NIB's Operational Risk Management and is accomplished at the enterprise level through formal oversight by the Board, the CRO and risk management committees aligned to the Bank's overall risk governance framework and practices. The Operational Risk Committee (ORC) oversees the processes for sound operational risk management and also serves as an escalation point for critical operational risk matters within the Bank. The ORC reports operational risk activities to the Board Risk Management Committee.

Within the Integrated Risk Management Group, the Operational Risk Unit is now further strengthened after formation of Business Operational Risk Committees for Corporate and Investment Banking, Treasury and Retail. Businesses are now more focused on their relevant Operational Risk issues. Operational Risk System has been rolled out Bank - wide. Key Risk Indicators, operational loss incidents and testing of controls are now captured in the Operational Risk System. BCP being part of Bank's control activity is now under the umbrella of Operational Risk Management Unit and fortifies the Integrated Risk Management Group.

44. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on February 24, 2016 by the Board of Directors of the Bank.

45. GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated financial statements, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current year.

Atif R. Bokhari	Teo Cheng San, Roland	Muhammad Abdullah Yusuf	Asif Jooma
President / Chief Executive	Chairman / Director	Director	Director

Details of loan write offs of Rs. 500,000 and above

Details of loan write offs for the year ended December 31, 2015, of Rs. 500,000 and above are disclosed in annexure - 1 of the Unconsolidated Financial Statements.

FINANCIAL AND MANAGEMENT SERVICES (PRIVATE) LIMITED

The Bank has not consolidated the financial statements of Financial & Management Services (Private) Limited ("FMSL") - Subsidiary, as the investment is fully provided for. The Bank has also received relaxation from Securities and Exchange Commission of Pakistan (SECP) of the requirements of Section 237 of the Companies Ordinance, 1984 through SECP letter EMD/233/654/2002-406 dated November 27, 2015.

As per the requirements of the SECP, enclosed herein are the financial highlights of FMSL for the year ended December 31, 2014 and the Auditors' opinion.

Annual financial statements of FMSL would be available for inspection at Registered Office of the Bank and would also be available to the members on request, without any cost.

We have audited the annexed balance sheet of Financial and Management Services (Private) Limited ("the Company") as at 31 December 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984 (XLVII of 1984);

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of the loss, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

We draw attention to note 1.2 to the financial statements which states that the Board of directors of the Company in their meeting dated 25 March 2009 had decided to place the Company on a dormant status and future regulatory expenses of the Company will be borne by the Holding Company. Our opinion is not qualified in respect of this matter.

Date: 02 April 2015
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Pirani

Financial and Management Services (Private) Limited
Balance Sheet
As at December 31, 2014

	2014	2013
	(Rupees '000')	
TOTAL ASSET	–	–
SHARE CAPITAL		
Authorized share capital		
300,000 ordinary shares of Rs.100 each	30,000	30,000
Issued, subscribed and paid-up capital	9,265	9,265
Accumulated loss	(9,265)	(9,265)
	–	–
TOTAL EQUITY	–	–

Contingencies and commitments

Hakim Ali Laghari
Chief Executive

Yameen Kerai
Director

Financial and Management Services (Private) Limited
Profit and Loss Account
For the year ended December 31, 2014

	2014	2013
	(Rupees '000')	
Administrative expenses	–	(57)
Loss for the year	–	(57)

Hakim Ali Laghari
Chief Executive

Yameen Kerai
Director

Number of Shareholders	Shareholdings		Shares held	Percentage
	From	To		
1,441	1	100	54,491	0.00052889
2,978	101	500	1,026,741	0.00996560
3,095	501	1,000	2,661,013	0.02582793
8,626	1,001	5,000	25,045,612	0.24309399
2,404	5,001	10,000	18,778,796	0.18226795
3,340	10,001	50,000	82,088,948	0.79675953
795	50,001	100,000	60,707,545	0.58923053
507	100,001	200,000	73,110,941	0.70961853
162	200,001	300,000	40,211,717	0.39029698
105	300,001	400,000	37,838,436	0.36726179
80	400,001	500,000	37,673,843	0.36566425
38	500,001	600,000	20,878,489	0.20264768
26	600,001	700,000	17,145,440	0.16641452
21	700,001	800,000	16,035,814	0.15564443
18	800,001	900,000	15,332,025	0.14881342
24	900,001	1,000,000	23,303,143	0.22618150
60	1,000,001	2,000,000	83,483,837	0.81029839
25	2,000,001	3,000,000	62,030,767	0.60207380
10	3,000,001	4,000,000	35,051,898	0.34021551
5	4,000,001	5,000,000	23,202,500	0.22520465
15	5,000,001	10,000,000	101,708,060	0.98718363
3	10,000,001	15,000,000	41,862,190	0.40631656
1	15,000,001	20,000,000	16,083,935	0.15611150
3	20,000,001	25,000,000	68,562,800	0.66547404
1	25,000,001	30,000,000	28,420,050	0.27584646
2	30,000,001	50,000,000	64,187,351	0.62300571
1	50,000,001	1,000,000,000	200,636,184	1.94738506
1	1,000,000,001	10,000,000,000	9,105,728,598	88.38066719
23,787			**10,302,851,164**	**100.00000000**

Categories of Shareholders

Category	Number of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouses and minor children	–	–	–
Associated Companies, Undertakings &Related Parties	1	9,105,728,598	88.3807
NIT & ICP	3	1,665,048	0.0162
Banks, Development Financial Institutions, Non Banking Financial Institutions	28	35,069,881	0.3404
Insurance Companies	12	496,742	0.0048
Modarabas and Mutual Funds	14	7,764,168	0.0754
Public Sector Companies, Corporations and Offices	6	237,547,935	2.3057
Executives/Employees	19	6,437,645	0.0625
Foreign Companies	63	62,157,742	0.6033
Shareholders holding 5% or more (Associated Companies, Undertakings & Related Parties)	–	–	0.0000
General Public (including local & foreign individuals)	23,445	687,858,022	6.6764
Others	196	158,125,383	1.5348
Total	**23,787**	**10,302,851,164**	**100.0000**

Details of Pattern of Shareholding

S. No.	Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
1	Associated Companies, Undertakings & related parties Bugis Investments (Mauritius) Pte Ltd	1	9,105,728,598	88.3807
2	NIT & ICP CDC - Trustee National Investment (Unit) Trust Investment Corporation of Pakistan	 1 2	 1,651,532 13,516	 0.0160 0.0001
3	Directors, CEO and their spouses & minor children	–	–	0.0000
4	Executives and Employees	19	6,437,645	0.0625
5	Public Sector Companies, Corporations & Offices	6	237,547,935	2.3057
6	Foreign Companies	63	62,157,742	0.6033
7	Banks, Development Financial Institutions, Non-banking Financial Institutions, Insurance Companies, Modarabas & Mutual Funds	54	43,330,791	0.4206
8	General Public (including local & foreign individual)	23,445	687,858,022	6.6764
9	Others	196	158,125,383	1.5348
	Total	**23,787**	**10,302,851,164**	**100.0000**

Details of Modaraba / Mutual Funds

S.No.	Name of Modaraba / Mutual Funds	Number of Shares Held
1	Safeway Mutual Fund Limited	651
2	Golden Arrow Selected Stocks Fund Limited	2,127
3	First Tri Star Modaraba	6
4	Prudential Stocks Funds Limited	3,367
5	Unicap Modaraba	2,152
6	Safeway Fund (Pvt) Limited	1,965
7	First Interfund Modaraba	289
8	Industrial Capital Modaraba	575
9	Safeway Mutual Fund Limited	1,812
10	Asian Stock Fund Limited	575
11	Nationwide Modarba (Pvt) Limited	50,000
12	Prudential Stock Fund Limited	4,223
13	Golden Arrow Selected Stocks Fund Limited	5,872,955
14	CDC - Trustee AKD Opportunity Fund	1,823,471
		7,764,168

Trades in the shares by Executives (Direct Reportees):

S.No.	Name of Executives	Purchase	Sale
1	Tufail Jawed Ahmad	110,000	0
2	Imtiaz Ahmad Sheikh	300,000	0
3	Zeeba Ansar	3,000,000	0

Branch Network

ABBOTTABAD

Al-Pine Hotel Branch
Khasra No. 2047, 2049, Near Al-Pine Hotel
Opposite Sui Gas Office, Mansehra Road
Abbottabad, Khyber Pakhtoon Khwa
Tel: 0992-344076-80, 9310315

ATTOCK

Attock City Branch
Shop # B-III/37, C-152, Dr. Ghulam Gillani Burq Road
Attock City, Punjab
Tel: 057-2700903-04, 2701909

BAHAWALPUR

Bahawalpur Branch
913/2 BV, Near Fawara Chowk, Circular Road
Bahawalpur, Punjab
Tel: 062-2889371-72

CHAKWAL

Chakwal Branch
B1-1/1634/1, B-1-1635, Talagang Road
Chakwal, Punjab
Tel: 0543-602049-52, 550121

CHAMAN

Chaman Branch
Plot # 1332, 1333,
Chamber of Commerce Road,
Chaman, Balochistan
Tel: 0826-615217-9

DASKA

Daska Branch
Property # BV III-883,
Gujranwala Road, Near Canal Rest House,
Daska District Sialkot, Punjab
Tel: 052-9200080-85

FAISALABAD

Liaquat Road Branch
Plot No. 3, Liaquat Road, Faisalabad, Punjab
Tel: 041-2604939-40, 2604935, 2604931-32,
2619563, 2541217

Gulistan Colony Branch
Commercial Center # 2, Millat Road,
Faisalabad, Punjab
Tel: 041-8846916, 8849935-36, 8847253

Regency Arcade Branch
The Mall, Regency Shopping Arcade
Faisalabad, Punjab
Tel: 041-2604875-77, 2612890

Karkhana Bazar Branch
Property # 122, Khatooni # 1650
Khewat # 1647, Faisalabad, Punjab
Tel:041-2601805-08

GAWADAR

Gawadar Branch
Plot Khayut & Khatooni # 35, Thana Ward
Main Airport Road, Gawadar, Balochistan
Tel: 086-4212207-10

GHAKAR MANDI

Ghakar Mandi Branch
Khewat # 2414, Khatooni # 3600,
Khasra # 3359, Mauza Ghakar,
District Wazirabad, Punjab
Tel: 055-3886660-65

GUJAR KHAN

Gujar Khan Branch
Commercial Property # BIII 379 & BIII 377
G.T. Road (Near MCB), Gujar Khan, Punjab
Tel: 051-3513116, 3511894, 3513734-35
3511890

GUJRANWALA

Anwar Industries Branch
Khewat No. 1627, Khatooni No.1804
Khasra No. 5039/2529, Revenue Estate
Khiali Shahpur, Tehsil & Distt.
Gujranwala, Punjab
Tel: 055-4272160, 4272169, 4555091, 4272144

Al-Hameed Centre Branch
BX 11-7S-149, G.T. Road,
Gujranwala, Punjab
Tel: 055-9201234,9200234-37, 3254360

GUJRAT

Gujrat Branch
Shafique Plaza, Opp. Wahid Industries
G.T. Road, Gujrat, Punjab
Tel: 053-3530172-73, 3530289-90

HYDERABAD

Risala Road Branch
F-71/2, Risala Road,
Hyderabad, Sindh
Tel: 022-2731000, 2729437, 2785931-32

Cantt Branch
Plot # 53 & 54, Cantt Saddar
Hyderabad, Sindh
Tel: 022-2787462, 2784560, 2730685
2784647-48

Market Area Branch
Plot # /1272/1, Sheet No.2, Ward "A"
City Survey, Market Area, Hyderabad, Sindh
Tel: 022-2635070-72

Latifabad Branch
Plot # 175, Block "D", Unit # 7, Latifabad
Hyderabad, Sindh
Tel: 022-3818437, 3821641, 3821639

Qasimabad Branch
Plot No. B-01, GECH Society
Near Ali CNG, Qasimabad, Hyderabad, Sindh
Tel: 022-2670527, 2654801, 2654002

ISLAMABAD

Post Mall Branch
Plot # 3, F-7 Markaz, Post Office
Mall Building, Islamabad
Tel: 051-2653430, 2608017-18
2608010, 2653531-33

I-8 Branch
MB City Mall, Plot No. 34, I-8 Markaz
Islamabad
Tel: 051-4862279, 4862278, 4862280-86

F-10 Branch
Block # 1 R, Unit # 3, 4 & 5
Main Double Road, F-10 Markaz
Islamabad
Tel: 051-2215856-57

E-11/3 Branch
Commercial Plot No. 2, Sector E-11/3, Islamabad
Gardens, Islamabad.
Tel: 051-2375343-44

Centauras Mall Branch
Shop No. 313, 3rd Floor
Centaurus Shopping Mall, Islamabad
Tel: 051-111-333-111, 7122, 2701313

Blue Area Branch
Plot No. 89, Blue Area, F-7 / G / 7
Bilal Plaza, Islamabad
Tel: 051-2277037, 2822936, 2277406-12

Stock Exchange Branch
Islamabad Stock Exchange
Rauf Center, 102, Fazl-e-Haq Road, Islamabad
Tel: 051-2806422, 2870952-54

F-11 Markaz Branch
Plot # 18, Trade Centre, Main Double Road
F-11 Markaz, Islamabad
Tel: 051-2107862-65

F-8 Markaz Branch
Shop # 12 & 13, Al-Babar Center
F-8 Markaz, Islamabad, Punjab
Tel: 051-2818245-46, 2852653

I-10 Markaz Branch
Plot # 3-A, I-10 Markaz, Islamabad
Tel: 051-4447180, 4444619-20

PWD Employee
Coop. Housing Society Branch
40-B, Block-B, Commercial Area (Extension)
PWD Employees Housing Society, Lohi Bhair
Islamabad Highway, Islamabad
Tel: 051-4307195, 5854401, 5957660-61

JHANG

Jhang Branch
Khewat # 698, Khatoon.i # 203, Usaf Shah Road
(Opposite District Courts Jhang) District Jhang, Punjab
Tel: 047-7629590-92, 7629594

JHELUM

Civil Lines Branch
B-V-112, Resham Plaza, Civil Lines, Jhelum, Punjab
Tel: 0544-627286, 628677, 627128, 629909, 629174

KAMOKI

Kamoki Branch
Khasra # 9393 / 277 / 2, Khewat # 2008
Khatooni # 2157, G.T. Road, Kamoki Tehsil Kamoki,
District Gujranwala, Punjab
Tel: 055-6816723, 6816823, 6816923

KAMRA

Kamra Branch
Khasra # 419, Masha-Allah Building Kutba More
PAC Chowk, G.T. Road Kamra Cantt
District Attock, Punjab
Tel: 057-2642511, 2642520-21

KARACHI

Gul Tower Branch
Gul Tower, I.I Chundrigar Road, Karachi, Sindh
Tel: 021-35277220, 32426140, 32419166, 111-333-111,
35277110, 35277271 Ext. 6261, 6112, 6230, 6231

DHA 26th Street Branch
42-C, 26th Street
Tauheed Commercial Area
Phase-V, DHA, Karachi, Sindh
Tel: 021-35304163, 35304159-60

Jodia Bazar Branch
MR 6/2, Market Plaza, Virjee Street
Karachi, Sindh
Tel: 021-32432849, 32443758, 32410395

North Karachi Industrial Area Branch
Plot # 1, Sector 12-B, Industrial Area
North Karachi, Sindh
Tel: 021-36962726-27, 36962724

Korangi Industrial Area Branch
Plot # SC-5, ST-17, Sector 15,
Korangi Industrial Area, Karachi, Sindh
Tel: 021-35114151, 35114153-54, 35114146
35114148, 35114350

Gulshan-e-Iqbal Branch
Plot # FL-2/3, Block 6
Improvement Scheme No. 24
Gulshan-e-Iqbal, Karachi, Sindh
Tel: 021-34986186, 34987547, 34991326
34897547, 34986387

Cloth Market Branch
Plot # 21/1, Bunder Quarters
Cloth Market, Karachi, Sindh
Tel: 021-32472148-49, 32471726-29

Branch Network

Steel Market Branch
Shop # G-2, Ground Floor, Plot # RC-1/11
Ranchore Quarters, Mehar Nawaz Building
Opposite Moin Steel Market, Mission Road
Karachi, Sindh
Tel: 021-32751031, 32751086, 32751066
32751093, 32751101

Regal Chowk Saddar Branch
Shop No G-1 /A and G /1
Artillery Maidan, 293-III B-192, Regal Chowk
Saddar, Karachi, Sindh
Tel: 021-32750007, 32750268, 32750264, 32750001

Orangi Town Branch
LS – 45, Sector 1-D, Orangi Town, Karachi, Sindh
Tel: 021-36695781, 36762506, 36667481

Allama Iqbal Road Branch
Plot No. 683-C, Ground Floor & Mezzanine Floor
Block-2, PECHS, Allama Iqbal Road, Karachi, Sindh
Tel: 021-34301814-15, 34301817-18

PIB Colony Branch
H. No. 156, PIB Colony, Karachi, Sindh
Tel: 021-34860637, 34860633, 34860635, 34860631

DHA Phase-II Branch
106/C, Phase-II, National Highway
D.H.A., Karachi, Sindh
Tel: 021-35314081, 35314161-63
35304083

Liaquatabad Branch
Shop Nos. 63 to 66, 'B' Road Liaquatabad No. 5
Near Post Office Roundabout, Karachi, Sindh
Tel: 021-34860625, 34860630, 34860621, 34860624

Port Qasim Branch
CP-10/2-B/11-A, Port Operation Area,
Port Qasim Authority, Karachi.
Tel: 021-35277184

EOBI House Branch
EOBI House, (Awami Markaz)
Plot No. ST-1-A/1, KDA Com Complex Scheme 1
Shop No. G-01/B, Shahrah-e-Faisal
Karachi, Sindh
Tel: 021-34536731-32

Khalid Bin Waleed Road Branch
168-D, Block III, Rabi Square
Khalid Bin Waleed Road PECHS
Karachi, Sindh
Tel: 021-34323139, 34398481-82
34323136, 34323143

Khayaban-e-Shahbaz Branch
Plot # 18-C, Phase-VI, Shahbaz Lane-II
Survey No. 26, DHA, Karachi, Sindh
Tel: 021-35842467, 35348300, 35348771-72

University Road Branch
SB-4, Block 13-B, University Road, Karachi, Sindh
Tel: 021-34989828, 34980430, 34980433

Kulsoom Court Branch
Kulsoom Court, Shop # 2,3,5A & 6, Plot No. BC-3
KDA Sceme # 5, Block 9, Clifton Karachi, Sindh
TeL: 021-35837011-12, 35837015, 35837017

Zamzama, Branch
18-C, 5th Zamzama Lane,
DHA Phase-V, Karachi, Sindh
Tel: 021-35822294, 35295209-10, 35295015

Hyderi Branch
D-14, Block-H, North Nazimabad, Hyderi
Karachi, Sindh
Tel: 021-36724412, 36643390, 36724410, 36643395,
36643411

Business Arcade Branch
Plot # 27-A, Business Arcade, Block-6, P.E.C.H.S.
SEF, Karachi, Sindh
Tel: 021-34524667-68, 34326570-72

New Challi Branch
Plot # SR-6, Hussain Trade Center
Altaf Hussain Road, New Challi, Karachi, Sindh
Tel: 021-32211673-75, 32275637, 32216865, 2275634

Defence Phase-I Branch
19/C & 21/C, 21st East Street
Phase-I, Pakistan Defence Officers Housing Authority,
Karachi, Sindh
Tel: 021-35386881-83

Johar Morr Branch
Commercial Shop # 3,4,5 & 6, Javed Arcade
Plot # SB-1, Block # 17, KDA Scheme # 36
Gulistan-e-Johar, Karachi, Sindh
Tel: 021-34632745, 34632739, 34636746

SITE Branch
Shop No. 2, Plot B/9, SITE Area
Karachi, Sindh
Tel: 021-32562504, 32555051, 32562656

Saba Avenue Branch
Saba Avenue, Plot # 8-C, Badar Commercial
Street # 6, Phase-V Ext., DHA, Karachi, Sindh
Tel: 021-35341673, 35341675, 35342003

Shaheed-e-Milat Road Branch
Bismillah Blessings, Plot #7-A/228
SS # 35-P/1,Block-3 DMCHS
Main Shaheed-e-Millat Road, Karachi
Tel: 021-34943777, 34943888

Saddar Branch
State Life Building # 5
Zaibunnisa Street, Saddar, Karachi, Sindh
Tel: 021-35212102, 35219710, 35212104

M.A Jinnah Road Branch
70 N.I. Lines, Godrej Kandawala Building
M.A. Jinnah Road, Karachi, Sindh
Tel: 021-32294730-31, 32239867

North Napier Road Branch
Marium Manzil, Plot # 161, Survey Sheet # MR-1
Market Quarters Napier Road, Karachi, Sindh
Tel: 021-32430488-89, 32440583, 32473320

Stock Exchange Branch
Room Nos. 109 to 112, 2nd Floor
Karachi Stock Exchange Building
Stock Exchange Road, Karachi, Sindh
Tel: 021-32417944, 32418675

Timber Market Branch
Ground Floor, Plot # 1/2, 7 Lea Quarters
Timber Market, Siddiq Wahab Road, Karachi, Sindh
Tel: 021-32751119, 32752198, 32752192

Garden East Branch
Shop # 2, 3 & 4, Ground Floor, Garden Luxury
Apartments, Garden East, Karachi, Sindh
Tel: 021-332258007, 32238473, 32227267

Jamshed Quarters Branch
Ground Floor, Show Room # 2, Ashfaq Plaza
Plot # 714/5, Jamshed Quarters, New M.A.Jinnah Road
Karachi, Sindh
Tel: 021-34914840, 34126552

Stadium Road Branch
Shop # 2 & 3, Ground Floor, Plot # SC-45, Chandni
Chowk, KDA Sch # 7, Stadium Road, Karachi, Sindh
Tel: 021-34932266, 34932338, 34946680, 34941751

M.T. Khan Road Branch
G-5(a), Ground Floor, Al-Fareed Center
Plot # CL-10/10/1, (Old Survey # F-9/PO 6), Civil Lines
Quarters, M.T. Khan Road Near PIDC House, Karachi, Sindh
Tel: 021-35693637-38, 35693326, 35693640

Pakistan Chowk Branch
Plot Survey # 98, Sheet # S.R 9 (Old Survey # B-21/30),
Serai Quarters, Pakistan Chowk, Karachi, Sindh
Tel: 021-32212610, 32212356, 32216368-69

F.B. Area Branch
Plot # C-15, Block-13, F.B. Area,
K.D.A Scheme # 16, Shahra-e-Pakistan,
Karachi, Sindh
Tel: 021-36804433-34, 36805559

Tariq Road Branch
Shop # 1, Ground Floor, Zuljilal Center Plot # 1
72-F/2, Block 2, PECHS, Karachi, Sindh
Tel: 021-34322761-62, 34398489, 34314222

Malir Branch
Plot # 2-A/423, Drakhshan Society, Malir Halt
Karachi, Sindh
Tel: 021-34115090-91, 34116236

Boulton Market Branch
Plot # SR-1/6, New Cloth Market Building, Serai Quarters
Boulton Market, M.A. Jinnah Road, Karachi, Sindh
Tel: 021-32411553, 32426942-43, 32414612

Bilawal Chowk Branch
Sands Apartment, Plot No. 7/4
Shop No. 8, Clifton, Block-2, KDA Scheme-5
Khayaban-e-Sadi Road, Kehkashan, Karachi, Sindh
Tel: 021-35140412, 35375014, 35376891
35375011-12

DHA Phase-IV Branch
Plot # 99-E, Survey # 26, 9th Commercial Street
Phase-IV, DHA, Karachi, Sindh
Tel: 021-3885718, 35890325

West Wharf Road Branch
Puri House, 4/22,
West Wharf Road, Karachi.
Tel: 021-32204639, 32205488

Nishtar Road Branch
Shop # 7, 8 & G/19, Ground Floor,
Ana Crown Palace, Nishter Road Garden West,
Karachi, Sindh.
Tel: 021-32239419, 32295081, 32231338-39

Shershah Branch
Plot # M-II-E-606, Shershah, Karachi, Sindh
Tel: 021-32587581, 32587579, 32587583

Nagan Chowrangi Branch
Plot # SC 20, Sector 11-H
North Karachi Township, Karachi, Sindh
Tel: 021-36900591, 36984856, 36987948, 36900654

Nazimabad No. 1 Branch
Property No.1, Row No. 11,
Sub Block E Block No. 1,
Nazimabad, Karachi, Sindh
Tel: 021-36610970-71, 36610992-93

Rashid Minhas Road Branch
Plot No. FL-20, Project No. 2, Pakistan Railway
Employees Co-operative Housing Society Limited
Gulshan-e-Jamal, Rashid Minhas Road, Karachi, Sindh
Tel: 021-34688631, 34688634, 34688619-20

North Nazimbad Branch
Plot # SD-12, Block- A
North Nazimabad, Karachi, Sindh
Tel: 021-36673568, 36635618, 36673597

Landhi Branch
Plot # 48/1-48/2, Area 4-D,
Landhi # 06 Landhi, Karachi, Sindh.
Tel: 021-35040601-04

Bahria Town Icon Branch
Plot # 5, Block-4, Shahrah-e-Fridousi,
Clifton, Karachi, Sindh
Tel: 021-35277173

KASUR

Kasur Branch
B-III, 9R-53-A, Railway Road,
Kasur, Punjab
Tel: 049-2721771, 2770217-18

KHANEWAL

Khanewal Branch
Plot No. 80, Block No.5/1059/1781/1731
Khanewal, Punjab
Tel: 065-2559075-76, 2559081, 2559060

KHARIAN

Kharian Branch
Bilal Plaza, G.T.Road, Kharian, Punjab
Tel: 053-7532215, 7531864, 7534853

KOHAT

Kohat Branch
Shop # 2 & 3, Behram Plaza, Hangu Road, Kohat,
Khyber Pakhtoon Khwa
Tel: 0922-510272, 520010-12

LAHORE

Bund Road Branch
Plot # 8 B-5-595, Chohan Park
Bank Stop, Bund Road, Lahore, Punjab
Tel: 042-37147239, 37147231-38

DHA Z Block Branch
Z-38, Phase III, D.H.A Lahore Cantt., Lahore, Punjab
Tel: 042-35692819, 35692812-13
35692801-02, 35692815

Ichra Branch
Shop # 158, Mohalla Rasool Pura, Ichra
Main Ferozepura Road, Lahore, Punjab
Tel: 042-37597093, 37597290, 37588177

Johar Town R-Block Branch
70 R Main Boulevard,
Johar Town Lahore, Punjab
Tel: 042-35291605, Ext.107, 35291600-01
35291603-04

Gulberg Hali Road Branch
70, Block E/1, Gulberg-III, Lahore, Punjab
Tel: 042-35752531, 35784929, 35756944
35757218-19

Bilal Gunj Branch
SWII-8-S-14/A Old Sanda Road
Mouza Shesh Mahal
Tehisl and District Lahore, Punjab
Tel: 042-37880097, 37220098, 37220006-07

Azam Cloth Market Branch
F/1085, F/1085-A/1 and F-1083, F-1113 and F-1114
Chowk Old Kotwali, Kocha Haji, Sheikh Elahi Buksh,
inside Delhi Gate, Lahore, Punjab
Tel: 042-37674722, 37640832, 7658134

Urdu Bazar Branch
SIII-13-S-20 & S-III-2-S-26/RH Majahid Street
Behind Urdu Bazaar, Paisa Akhbar
Lahore, Punjab
Tel: 042-37361222-23, 37361226-27

Model Town C-Block Branch
Shop No10 and 11, Commercial Market, C-Block
Model Town, Lahore, Punjab
Tel: 042-35915403, 35915406, 35915408
35915401, 35915410

Punjab Cooperative Society Branch
Plot No. 68-F, Commercial Area, Punjab Cooperative
Housing Society, Defense Road, Lahore, Punjab
Tel: 042-35923817, 35923810, 35923801-03

NIB House Branch
14-A (Ground Floor), Shahrah-e-Aiwan-e-Tijarat
Old Race Course Road, Lahore, Punjab
Tel: 042-39203194, 36282446, 36375746,
36375724, 36382590-91

Ravi Link Road Branch
Mubarik Plaza, Plot No. 3, Ravi Link Road
Badami Bagh, Lahore, Punjab
Tel: 042-37706086, 37723238-39, 37706366

Thokar Niaz Beg Branch
S.S. Centre, Kibriya Town, Main Raiwind Road
Lahore, Punjab
Tel: 042-35963291-92, 35963294

Shah Alam Market Branch
1-A, Shah Alam Market Road, Lahore, Punjab
Tel: 042-37631971-73, 37672350, 37672210

Bahria Town Branch
65-A, Sector-C, Bahria Town, Lahore.
Tel: 042-37861591-92

Gulberg Main Boulevard Branch
83-E-I, Main Boulovard, Gulberg III Lahore, Punjab
Tel: 042-35763570-71, 35756850-54

Model Town Link Road Branch
Plot # 34-B, Phase-III, Govt Employees Cooperative
Housing Society
Model Town Link Road, Lahore, Punjab
Tel: 042-35888301-04, 35942206

6-Bank Square Branch
6-Bank Square, Shahrah Quaid Azam Lahore, Punjab
Tel: 042-37246257, 327233808, 327353624
39212731-33

Circular Road Branch
Babr Center, 51-Circular Road
Outside Akabri Gate, Lahore, Punjab
Tel: 042-37672885, 37379250, 37672882-83
37379264-65

Badami Bagh Branch
93-Badami Bagh, Lahore, Punjab
Tel: 0423-7722829-30, 7705235, 3773209

Allama Iqbal Town Branch
24, Gulshan Block, Allama Iqbal Town Lahore, Punjab
Tel: 042-37812321, 37812325, 37811034, 37812316

Packages Branch
Packages Limited, Shahrah-e-Roomi,
P.O Amer Sidhu, Lahore, Punjab
Tel: 042-35920550, 35920577, 35920545
35920571-74

Gulshan-e-Ravi Branch
159-A, Main Boulevard,
Gulshan-e-Ravi, Lahore.
Tel: 042-37401890, 37401870

Cavalry Ground Branch
Commercial Plot # 29, Baza Area, Officers Housing
Scheme, Cavalry Ground, Lahore, Punjab
Tel: 042-36687401-02, 36687353

Timber Market Branch
Timber Market, Plot # NW.III R-84
Ravi Road, Lahore, Punjab
Tel: 042-37709235, 37720696
37709231-33

New Garden Town Branch
10-B, Aibak Block
New Garde Town, Lahore, Punjab
Tel: 042-35843885, 35941562, 35843883, 35843882

Mughalpura Branch
13/B, Shalimar Link Road, Mughalpura
Lahore, Punjab
Tel: 042-36844011-14, 36846812

WAPDA Town Branch
Plot No. 1-F-2, Wapda Town Employees Co-operative
Housing Society, Lahore.
Tel: 042-35189621, 35188449

Shahdara Branch
Shahdara More, Lahore.
Tel: 042-37940888, 37919163

DHA Phase-II Branch
Commercial Plot # 12, Block CCA
D.H.A. Phase II, Lahore, Punjab
Tel: 042-35749481, 35895776, 35707033

Ghazi Road Branch
Plot # 2/1, Block–B, Guldasht Scheme Lahore
Cantonment, Ghazi Road, Lahore, Punjab
Tel: 042-36639775, 36639771-72

Johar Town E-Block Branch
Plot # 1, Block E1, Johar Town
Lahore, Punjab
Tel: 042-35220636-37, 35203603

Wahdat Road Branch
19/A, Wahdat Road, Lahore, Punjab
Tel: 042-37561856, 37502836-37

Multan Road Branch
9-A, Block Industrial,
Allama Iqbal Town Scheme
Multan Road, Lahore, Punjab
Tel: 042-37803470, 37803449
37806069-70

Davis Road Branch
Aftab Centre, 30 Davis Road
Lahore, Punjab
Tel: 042-36286965, 39204344
36287027, 36287029

LARKANA

Larkana Branch
Plot City Survey # A-700
Bank Square Bunder Road, Larkana, Sindh
Tel: 074-4059041, 4055781-83

MANDI BAHAUDDIN

Mandi Bahauddin Branch

Plot # 7/211, Ward # 7
Mandi Bahauddin, Punjab
Tel: 0546-509551-54, 500454

MARDAN

Mardan Branch
CB/436, 20-21, The Mall, Mardan Cantt.,
Mardan, Khyber Pakhtoon Khwa
Tel: 0937-863684, 870172, 873682, 873684

MINGORA

Mingora Branch
Haji Muhammad Ismail Manzil
Bank Sqaure, Main Bazar, Mingora Swat
Khyber Pakhtoon Khwa
Tel: 0946-724991, 724994, 710440, 712006

MIRPUR A.K.

Mirpur A.K. Branch
Bank Square, Allama Iqbal Road
Mirpur A.K., Azad Jammu & Kashmir
Tel: 05827-442118, 442840, 447683, 442840

MIRPURKHAS

Mirpurkhas Branch
Ground Floor, bearing City Survey No. 709, 710,
Ward "A", Situated at Mohalla Khari Quarters,
Mirpurkhas.
Tel: 0233-874148, 0233-875344

MULTAN

Abdali Road Branch
Plot # 66/9, Abdali Road, Multan, Punjab
Tel: 061-4580277, 4781535, 4781225, 4517126,
4783641, 4782241, 4782196

Vihari Road Branch
Sherry Commercial Area
Opp. Grain Market, Vehari Road Multan, Punjab
Tel: 061-4230700-03

Branch Network

MUZAFFARABAD

Domel Syeden Branch
Plot No. 26-1, Ghari Phan Chowk
Domel Syedan, Muzaffarabad, AJK
Tel: 05822-920455, 921136-38, 920505

NAWABSHAH

Nawabshah Branch
Shop # S-1 to S-4, Firdous Shopping Centre
Kutchry Road, Nawab Shah, Sindh
Tel: 0244-372648-49, 360685

NOWSHERA

Nowshera Branch
Shah Building, The Mall, G.T. Road
Nowshera Cantt., Nowshera, Khyber Pakhtoon Khwa
Tel: 0923-614881-82, 610146

OKARA

Okara Branch
Khewat # 50-18, Chak # 1-A/4-C
M.A. Jinnah Road, Okara, Punjab
Tel: 0442-550901-03, 550903, 551101-02

PESHAWAR

Fakhr-e-Alam Road Branch
17-20, Cantonment Plaza, Fakher-e-Alam Road,
.Peshawar Cantt., Peshawar, Khyber Pakhtoon Khwa
Tel: 091-5287478, 5276232, 5273633
5261256, 5276914

Hayatabad Branch
B-1, Phase 5, Hayatabad, Peshawar
Khyber Pakhtoon Khwa
Tel: 091-5824366, 5825278-79, 58252306

Shoba Chowk Branch
Plot # 401/14 & 401/14A, Shuba Chowk, Khyber Bazar
Peshawar City, Peshawar, Khyber Pakhtoon Khwa
Tel: 091-2590157, 2590258, 2590257

University Road Branch
Ruby Villa, Opposite Jabbar Flats University Road
Peshawar, Khyber Pakhtoon Khwa
Tel: 091-5851453, 5852019, 5851527, 5853164

Chowk Yadgar Branch
Shop No. 1,2,3,4,5 Ground & First Floor
Haroon Plaza (Outside Katchery Gate) Chowk Yadgar
Peshawar, Khyber Pakhtoon Khwa
Tel: 091-2580718-19, 2590761-62
2588004

QUETTA

Mannan Chowk Branch
2-11/6-303, Mannan Chowk, M.A. Jinnah Road
Quetta, Balochistan
Tel: 081-2836204-05

Masjid Road Branch
Plot # 2-30/4, (Municipal No. 2-20/425)
Khasra No. 263, Masjid Road, Quetta Balochistan
Tel: 081-2843640, 2843651

RAHIMYAR KHAN

Model Town Branch
14 Model Town House, Town House Circle
Rahimyar Khan, Punjab
Tel: 068-5885642-43, 5887182, 5885651

RAWALPINDI

Murree Road Saddar Branch
Bldg # 11/10, Survey No. 349/10
Main Murree Road, Near Health
Way Hospital Building, Saddar Rawalpindi, Punjab
Tel: 051-5562952, 5562944-45, 5120415
5120474, 5120597

City Saddar Branch
Shop # 317 A, City Saddar Road
Raja Bazaar, Rawalpindi, Punjab
Tel: 051-5778800-02, 5778804, 5778808

Hamilton Road Branch
Plot 725-728, Hamilton Road
Mohalla Workshop, Raja Bazar Rawalpindi, Punjab
Tel: 051-5775950, 5778953, 5778950-51, 5778958

Mall Road Branch
31/3-31/A, The Mall
Rawalpindi, Punjab
Tel: 051-5701200, 5701103-05
5701316, 5701318

Satellite Town Branch
North Star Plaza, 20-B, Muree Road
Satellite Town, Rawalpindi, Punjab
Tel: 051-4426975-76, 442672-73

College Road Branch
G-263, College Road, Rawalpindi Punjab
Tel: 051-5775217, 5775227

Adyala Road Branch
Khasra # 1365/572, Skindar Plaza, Munawar Colony
Main Adyala Road Rawalpindi, Punjab
Tel: 051-5572401, 5573424, 5948549

Bahria Town Rawalpindi Branch
Spring North Plot # 78, Service Road,
Phase-VII, Rawalpindi, Punjab
Tel: 051-5400392

SAHIWAL

Sahiwal Branch
267/B-1, Jinnah Road (High Street)
Sahiwal, Punjab
Tel: 040-9200477-80

SANGHAR

Sanghar Branch
Plot City Survey No. 951, Nawabshah Road
Sanghar, Sindh
Tel: 0235-543702, 542882, 542898

SARAI ALAMGIR

Sarai Alamgir Branch
Fazal Plaza, Main G.T. Road
Sarai Alamgir, Gujrat, Punjab
Tel: 0544-654929, 654927, 654932, 6654931

SARGODHA

Mian Khan Road Branch
110 Mian Khan Road, Block 5
Sargodha, Punjab
Tel: 048-3726609, 3729623, 3729623

SHAHDADPUR

Shahdadpur Branch
Plot City Survey # 801 to 804 & 813
Station Road, Shahdadpur, Sindh
Tel: 0235-844901-02

SHEIKHUPURA

Main Branch Sheikhupura
Shop No.1, Ground Floor, Al-Hamd
Plaza, Batti Chowk, Lahore Road
Sheikhupura, Punjab
Tel: 056-3788165, 3812456

SIALKOT

Shahabpura Branch
Plot # B-III-8-S-206, Shahabpura
Sialkot, Punjab
Tel: 052-3557365, 3557367

Kashmir Road Branch
155/A, BIII-12S, Sublime Chowk
Kashmir Road, Sialkot, Punjab
Tel: 052-3241292, 3241491-92

SUKKUR

Sukkur Barrage Road Branch
C.S. No. D-537/1, Situated at
Memon Mohalla Barrage Road Sukkur.
Tel: 071-5618227, 5618224

TALUKA KUNRI

Kunri Branch
Union Council Chajro, Nabisar Road Taluka Kunri,
District Umerkot, P.O. Kunri, Sindh
Tel: 0238-558013-14,

TANDO ADAM

Tando Adam Branch
Plot City Survey # 535, Muhammadi Chowk
Tando Adam, Distt: Sanghar, Sindh
Tel: 0235-574227, 574081

TANDO ALLAHYAR

Tando Allahyar Branch
Plot # 1610/2-B, Adjacent Main Bus Stop
Hyderabad, Mirpurkhas Road, Tando Allahyar, Sindh
Tel: 022-2763715-16, 3891040-41

WAH

Wah Cantt Branch
Shop # 1/37, Commercial Area, Civic Centre, Aslam
Market, Wah Cantt, Punjab
Tel: 051-4902231-34

WAZIRABAD

Wazirabad Branch
Property bearing Khasra No.741, Mouza Mohala,
Sialkot Road Wazirabad.
Tel: 055-6607171, 055-6607168

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Proxy Form

I/We _____S/o,D/o,W/o _____
of _____
(full address) being a member of NIB Bank Limited and holder of shares as per Registered Folio No. _____ and / or CDC Participant I.D. No. _____ and Account No. _____ do hereby appoint Mr/Mrs/Ms _____
of _____
(full address) or failing him/her _____
of _____
(full address) as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the 13th Annual General Meeting of NIB Bank Limited scheduled to be held on Monday, 28 March 2016 at 3:30 pm at Islamabad Serena Hotel, Khayaban-e-Suhrawardy, Islamabad and at any adjournment thereof.

As witness my / our hand this _____ day of _____ 2016.

Witnesses :

1. _____
Name :
CNIC No.:
Address :

_____
Signature of Member(s)
on Rs. 5/- Revenue Stamp

2. _____
Name:
CNIC No.:
Address :

NOTE: A member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him / her. No person shall act as proxy (except for Corporate Entities) unless he / she is entitled to be present and vote in his / her own right.

Proxies, in order to be valid, must be completed in all respect and be received at the Head Office of the Bank situated at PNSC Building, M.T. Khan Road, Karachi-Pakistan, not later than 48 hours before the meeting.

For CDC Account Holders / Corporate Entities:

In addition to the above, the following requirements have to be met:

i) The Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form.

ii) Attested copies of CNIC or the Passport of the shareholder and the proxy shall be provided with the proxy form.

iii) The proxy shall produce his/her original CNIC or Passport at the time of the meeting. In case of a corporate entity, the Board of Directors' resolution or power of attorney with specimen signature shall be submitted to the Company (unless it has been provided earlier) along with proxy form.

پراکسی فارم

میں/ہم _____ ولد/ بنت/ زوجہ _____

ساکن _____

(مکمل پتہ)

جو کہ NIB بینک کا/کی ممبر ہوں/ ہیں اور شیئرز جن کے رجسٹرڈ فولیو نمبر _____ کا/کی کے ہولڈر ہوں/ ہیں

یا/اور CDC پارٹیسپنٹ ID نمبر _____ اور اکاؤنٹ نمبر _____ کا/کی/کے حامل ہوں/ ہیں

بذریعہ ہٰذا محترم/محترمہ _____

ساکن _____

(مکمل پتہ)

یا اگر ان کے لئے ممکن نہ ہو تو _____

ساکن _____

(مکمل پتہ)

بطور اپنے پراکسی مقرر کرتا/کرتی/کرتے ہیں تا کہ وہ میری جگہ NIB بینک لمیٹڈ کے 13 ویں سالانہ اجلاس عام منعقدہ پیر 28 مارچ 2016 بمقام اسلام آباد سیرینا ہوٹل، خیابانِ سہروردی، اسلام آباد، اور اس کے کسی بھی التوا میں میری/ ہماری جگہ شرکت کر سکے، بول سکے اور ووٹ دے سکے۔

بطور سند میرے/ ہمارے دستخط بتاریخ _____ 2016

گواہان:

۱۔ دستخط: _____

نام:

سی این آئی سی نمبر:

پتہ:

_____

ممبر (ممبران) کے دستخط

-/5 روپے کا ریونیو اسٹیمپ

۲۔ دستخط: _____

نام:

سی این آئی سی نمبر:

پتہ:

نوٹ:

ایک ممبر جو کہ ایک اجلاسِ عام میں شرکت کا حق رکھتا ہے یہ حق بھی رکھتا ہے کہ وہ کسی کو اپنا پراکسی مقرر کرے جو اس کی جگہ شرکت کرے اور ووٹ دے۔ کوئی ایسا شخص جسے بجائے خود یہ حق حاصل نہ ہو کہ وہ شرکت اور ووٹ کر سکے بطور پراکسی شرکت نہیں کر سکتا (کارپوریٹ ادارے مستثنیٰ ہیں)۔

پراکسیز قابل قبول ہونے کے لئے ہر لحاظ سے مکمل کی جانی چاہئیں اور بینک کے ہیڈ آفس واقع PNSC بلڈنگ، ایم ٹی خان روڈ، کراچی، پاکستان؛ میں اجلاس سے 48 گھنٹے قبل وصول ہو جانی چاہئیں۔

CDC اکاؤنٹ ہولڈرز کارپوریٹ اداروں کے لئے:

درج بالا کے علاوہ حسب ذیل شرائط بھی پوری ہونی چاہئیں:

i) پراکسی فارم پر دو اشخاص کی گواہی ہونی چاہئے جن کے نام، پتے اور CNIC نمبر فارم پر دئے گئے ہوں۔

ii) شیئر ہولڈر کے CNIC یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ساتھ فراہم کی جانی چاہئیں۔

iii) پراکسی، اجلاس کے وقت اپنا اصل CNIC یا پاسپورٹ دکھائے گا۔ کارپوریٹ اداروں کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی جس پر پراکسی کے مصدقہ دستخط ہوں بھی کمپنی کو پراکسی فارم کے ساتھ کو ارسال کرنے ہوں گے (اگر ایسا پہلے سے نہ کیا گیا ہوا ہو)۔

NIB Bank Limited

Registered Office: First Floor, Post Mall, F-7 Markaz, Islamabad, Pakistan.

Head Office: PNSC Building, M.T. Khan Road, Karachi, Pakistan.

+92 21 111-333-111 nibpk.com /nibpk