



NIB Bank Limited  
Quarterly Report  
(Unaudited)  
September 30, 2015



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

## THE ECONOMY AND BANKING SECTOR

The business sentiment continues to remain positive with the signing of the China Pakistan Economic Corridor (CPEC) agreement with its knock on impact on the construction and power sectors. On the external front the big development was the US-Iran deal, which resulted in a further decline in international oil prices.

In the July/August 2015 foreign remittances improved by 5% year on year. In the same period the trade deficit narrowed by 25% with imports declining more sharply than exports. Foreign direct investment in the two months was up by 19% year on year, mainly driven by Chinese investments in the country, while foreign portfolio investment witnessed a net outflow of USD 82mn versus a net inflow of USD 100mn in the same period last year. With oil prices (Arab Light) trading below USD 50 per barrel, the external account outlook is expected to improve even further.

Headline inflation (CPI) clocked in at 1.32% year on year for the month lower than in August 2015 and considerably lower than 7.68% in September 2014. Soft CPI indicators are primarily driven by a relatively improved food supply situation as well as lower petroleum prices driving down transportation costs.

Balance of payments and FX reserves have improved through timely materialization of foreign inflows (IMF 8th tranche of USD 504mn and Euro Bond issue of USD 500mn) paving the way for other bilateral / multilateral support.

Seasonal credit demand for cotton procurement during the rest of the year is expected to increase private sector credit off-take positively impacting banking sector profitability.

Government borrowing of Rs 402 bn in the third calendar quarter of 2015 has more than quadrupled compared to the same quarter in 2014, mainly to speed up the infrastructure projects aimed to support the CPEC inflows as well as to finance the shortfall in tax collection.

## OPERATING PERFORMANCE

Growth in average deposits and loans in the first three quarters of 2015 compared with the same period last year, combined with effective balance sheet management in a declining interest rate environment has led to the Bank's net interest income growing by 24% in between the two nine month periods. Coupled with timely realization of capital gains on long-term bonds, top-line revenue has grown by 61% in the period under review.

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 thin credit spreads and improve risk-adjusted returns. In the Commercial segment, the strategy is more restrictive, limiting exposure to large companies in profitable sectors and 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 are only 0.55% of the portfolio.

Declining interest rates as well as competitive pressure on loan yields from excess liquidity reduced gross interest income by 3% in the first three quarters of 2015 compared to the same period last year. At the same time active management of cost of funds as well as money market arbitrage led to a decline of 11% in gross interest expense in the same period, leading to net interest income growing by 24% between the two periods under review.

Mobilization of a core base of current and low cost deposits remains the key priority for the Bank. At the same time the pace of deposit mobilization needs to be maintained in a highly competitive market further challenged by the imposition of withholding tax on transactions of account holders who do not file income tax returns.

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 reduced. Expenditures on IT and other services are continuously being re-assessed to extract the best value for money while ensuring internal and external service standards are not compromised. The impact of these actions has resulted in administrative expenses in the third quarter 2015 being lower by 3% compared to the third quarter in 2014.

Delays in the execution of debt asset swaps and recalcitrance of defaulters have led to lower recoveries in the first nine months of 2015. Net credit provisioning has increased in the first nine months of 2015 compared to the same period last year. The Bank is confident of eventual recoveries of these debts, with the benefits of these recoveries expected to accrue in subsequent reporting periods.

The Bank has earned a profit after tax (unconsolidated) of Rs 1,752 mn in the first nine months of 2015 compared to Rs 681 mn in the same period last year. On a consolidated basis, the profit after tax is Rs 1,388 mn and Rs 623 mn for the two periods under review.

NIB continues to leverage its branch network with a single-minded focus on sales, service and cross-sell with targeted incentives. Combined with a robust operational and credit risk framework core revenue and operating performance are expected to improve going forward. Recoveries from non-performing loans will continue to embellish the Bank's earnings.

NIB is grateful to its customers for their continued support. The Bank would also like to acknowledge the unstinting support from its shareholders. We appreciate the guidance and continued support from our regulators, the State Bank of Pakistan and the SECP. NIB would especially like to recognize and applaud the efforts of its employees for their hard work in delivering consistently improving operating performance and more importantly for living its values of Responsive, One Bank, Integrity and Excellence.

On behalf of the Board

**Teo Cheng San, Roland**  
Chairman

**Atif R. Bokhari**  
Director / President & CEO

**Unconsolidated  
Condensed Interim  
Financial Information**

	Note	Unaudited September 30, 2015	Audited December 31, 2014
(Rupees '000')			
<b>ASSETS</b>			
Cash and balances with treasury banks		8,885,980	8,063,675
Balances with other banks		716,314	587,428
Lendings to financial institutions		12,859,464	7,699,646
Investments	7	98,486,782	59,944,107
Advances	8	100,573,845	93,664,036
Operating fixed assets	9	3,124,471	2,996,530
Intangible assets		964,878	1,197,785
Deferred tax assets - net	10	9,808,214	10,139,376
Asset held for sale	11	2,478,342	-
Other assets	12	6,773,965	9,275,375
		244,672,255	193,567,958
<b>LIABILITIES</b>			
Bills payable		2,560,119	2,740,528
Borrowings		102,476,941	62,750,894
Deposits and other accounts	13	115,171,891	105,109,980
Sub-ordinated loans	14	4,196,356	4,197,195
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		3,719,643	3,114,267
		228,124,950	177,912,864
<b>NET ASSETS</b>		16,547,305	15,655,094
<b>REPRESENTED BY:</b>			
Share capital	15	103,028,512	103,028,512
Reserves		824,517	474,123
Discount on issue of shares		(45,769,623)	(45,769,623)
Accumulated loss		(41,892,541)	(43,294,117)
Shareholders' equity		16,190,865	14,438,895
Surplus on revaluation of assets - net		356,440	1,216,199
		16,547,305	15,655,094
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes from 1 to 20 form an integral part of this unconsolidated condensed interim financial information.

**Atif R. Bokhari**  
 President / Chief Executive

**Teo Cheng San, Roland**  
 Chairman / Director

**Tejpal Singh Hora**  
 Director

**Chia Yew Hock, Wilson**  
 Director

Note	Nine months ended		Quarter ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
----- (Rupees '000) -----				
<b>CONTINUING OPERATIONS</b>				
Mark-up / Return / Interest earned	10,839,994	11,118,424	3,843,529	3,686,801
Mark-up / Return / Interest expensed	7,464,940	8,400,673	2,690,261	2,741,506
Net Mark-up / Interest Income	3,375,054	2,717,751	1,153,268	945,295
Provision / (Reversal) against non-performing loans and advances	952,119	314,392	(71,059)	423,848
Reversal of provision for diminution in the value of investments	(2,190)	(14,787)	-	(1,892)
Bad debts written off directly	2,248	1,564	-	-
	952,177	301,169	(71,059)	421,956
Net Mark-up / Interest income after provisions	2,422,877	2,416,582	1,224,327	523,339
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	1,065,677	1,213,003	330,305	411,228
Dividend income	141,099	584,110	63,360	428,221
Income from dealing in foreign currencies	273,689	440,941	104,175	127,572
Gain on sale of securities - net	3,568,888	201,461	162,123	55,053
Unrealized gain on revaluation of investments classified as held-for-trading / future contracts	403	-	403	-
Other income	44,194	92,980	22,473	34,816
Total Non Mark-up / Interest income	5,093,950	2,532,495	682,839	1,056,890
	7,516,827	4,949,077	1,907,166	1,580,229
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	4,691,324	4,359,240	1,471,075	1,509,156
Other provisions / write offs	25,741	10,026	-	26
Other charges	104,425	34,146	27,740	11,588
Total Non Mark-up / Interest expenses	4,821,490	4,403,412	1,498,815	1,520,770
	2,695,337	545,665	408,351	59,459
Extraordinary / Unusual items	-	-	-	-
<b>Profit before taxation from continuing operations</b>	2,695,337	545,665	408,351	59,459
Taxation - Current	159,339	161,509	45,263	47,437
- Prior years	-	10,851	-	-
- Deferred	784,028	197,477	97,659	-
	943,367	369,837	142,922	47,437
<b>Profit after taxation from continuing operations</b>	1,751,970	175,828	265,429	12,022
<b>DISCONTINUED OPERATIONS</b>				
Profit from discontinued operations, net of tax	-	504,900	-	247,500
<b>PROFIT AFTER TAXATION</b>	1,751,970	680,728	265,429	259,522
<b>EARNINGS PER SHARE (Rupees)</b>				
Basic and diluted - Continuing Operations	0.17	0.02	0.03	0.001
Basic and diluted - Discontinued Operations	-	0.05	-	0.024
<b>Basic and diluted</b>	0.17	0.07	0.03	0.025

The annexed notes from 1 to 20 form an integral part of this unconsolidated condensed interim financial information.

Atif R. Bokhari  
 President / Chief Executive

Teo Cheng San, Roland  
 Chairman / Director

Tejpal Singh Hora  
 Director

Chia Yew Hock, Wilson  
 Director



	Nine months ended		Quarter ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	(Rupees '000)			
Profit after taxation for the period	1,751,970	680,728	265,429	259,522
<b>Other comprehensive income</b>	-	-	-	-
Comprehensive income transferred to unconsolidated condensed interim statement of changes in equity	1,751,970	680,728	265,429	259,522
<b>Components of comprehensive income not reflected in equity</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Movement in surplus on revaluation of available for sale securities - net of tax	(859,759)	(162,338)	105,021	(98,713)
<b>Total comprehensive income for the period</b>	<u>892,211</u>	<u>518,390</u>	<u>370,450</u>	<u>160,809</u>
<b>Total comprehensive income for the period arising from</b>				
- Continuing Operations	892,211	13,490	370,450	(86,691)
- Discontinued Operations	-	504,900	-	247,500
	<u>892,211</u>	<u>518,390</u>	<u>370,450</u>	<u>160,809</u>

The annexed notes from 1 to 20 form an integral part of this unconsolidated condensed interim financial information.

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 President / Chief Executive

**Teo Cheng San, Roland**  
 Chairman / Director

**Tejpal Singh Hora**  
 Director

**Chia Yew Hock, Wilson**  
 Director

NIB Bank Limited  
 Unconsolidated Condensed Interim Statement of  
 Changes in Equity (Unaudited)  
 For the nine months period ended September 30, 2015



	Capital Reserve			Revenue Reserves		Total
	Share capital	Discount on issue of shares	Statutory reserve (a)	General reserve	Accumulated loss	
	(Rupees '000')					
<b>Balance as at December 31, 2013</b>	103,028,512	(45,769,623)	468,651	5,472	(42,790,164)	14,942,848
<b>Changes in equity for the nine months period ended September 30, 2014</b>						
<b>Total comprehensive income for the period</b>						
Profit after taxation for the period	-	-	-	-	680,728	680,728
Transfer to statutory reserve	-	-	136,146	-	(136,146)	-
<b>Balance as at September 30, 2014</b>	<b>103,028,512</b>	<b>(45,769,623)</b>	<b>604,797</b>	<b>5,472</b>	<b>(42,245,582)</b>	<b>15,623,576</b>
<b>Changes in equity for the three months period ended December 31, 2014</b>						
<b>Total comprehensive income for the period</b>						
Loss after taxation for the period	-	-	-	-	(1,188,487)	(1,188,487)
<b>Other comprehensive income</b>						
Actuarial gain on remeasurement of defined benefit obligation	-	-	-	-	3,806	3,806
	-	-	-	-	(1,184,681)	(1,184,681)
Transfer to statutory reserve	-	-	(136,146)	-	136,146	-
<b>Balance as at December 31, 2014</b>	<b>103,028,512</b>	<b>(45,769,623)</b>	<b>468,651</b>	<b>5,472</b>	<b>(43,294,117)</b>	<b>14,438,895</b>
<b>Changes in equity for the nine months period ended September 30, 2015</b>						
<b>Total comprehensive income for the period</b>						
Profit after taxation for the period	-	-	-	-	1,751,970	1,751,970
Transfer to statutory reserve	-	-	350,394	-	(350,394)	-
<b>Balance as at September 30, 2015</b>	<b>103,028,512</b>	<b>(45,769,623)</b>	<b>819,045</b>	<b>5,472</b>	<b>(41,892,541)</b>	<b>16,190,865</b>

(a) This represents reserve created under section 21(1)(a) of the Banking Companies Ordinance, 1962. The annexed notes from 1 to 20 form an integral part of this unconsolidated condensed interim financial information.

Atif R. Bokhari  
 President / Chief Executive

Teo Cheng San, Roland  
 Chairman / Director

Tejpal Singh Hora  
 Director

Chia Yew Hock, Wilson  
 Director

	September 30, 2015	September 30, 2014
	(Rupees '000')	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,695,337	1,055,665
Less: Dividend income	(141,099)	(1,094,110)
	<u>2,554,238</u>	<u>(38,445)</u>
<b>Adjustments for non-cash items</b>		
Depreciation	223,699	218,063
Amortization	242,701	256,156
Impairment charge on tangible fixed assets	27,941	-
Unrealized gain on revaluation of investments classified as held-for-trading / future contracts	(403)	-
Provision against non-performing loans and advances	952,119	314,392
Bad debts written off directly	2,248	1,564
Gain on sale of operating fixed assets	(5,395)	(40,978)
Gain from insurance against loss of fixed assets	(65)	-
Gain on sale of securities - net	(3,568,888)	(201,461)
Reversal of provision for diminution in the value of investments	(2,190)	(14,787)
Other provisions / write offs	25,741	10,026
	<u>(2,102,492)</u>	<u>542,975</u>
	451,746	504,530
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(5,159,818)	(2,063,521)
Investments classified as held-for-trading	(210,455)	-
Advances	(7,864,175)	(15,694,409)
Other assets (excluding advance taxation)	2,575,294	(167,852)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(180,383)	(291,572)
Borrowings	39,726,047	(4,974,911)
Deposits and other accounts	10,061,912	6,477,282
Other liabilities (excluding current taxation)	608,712	205,854
	<u>40,008,880</u>	<u>(16,004,599)</u>
	(195,604)	(165,875)
Income tax paid	<u>39,813,276</u>	<u>(16,170,474)</u>
<b>Net cash generated from / (used in) operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(38,573,753)	10,594,299
Net investments in held-to-maturity securities	18,729	1,718,234
Net investments in associates	-	78,750
Dividend received	77,739	415,889
Payments for capital work in progress	(255,017)	(243,399)
Acquisition of operating fixed assets	(131,039)	(194,685)
Acquisition of intangible assets	(5,546)	-
Sale proceeds of property and equipment disposed off	7,504	69,499
Recovery from insurance company against loss of assets	181	-
	<u>(38,861,202)</u>	<u>12,438,587</u>
<b>Net cash (used in) / generated from investing activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Redemption) / Receipt of sub-ordinated loans	(839)	4,198,035
Dividend paid	(44)	(19)
	<u>(883)</u>	<u>4,198,016</u>
<b>Net cash (used in) / generated from financing activities</b>		
Net increase in cash and cash equivalents	951,191	466,129
Cash and cash equivalents at beginning of the period	8,651,103	8,698,282
Cash and cash equivalents at end of the period	<u>9,602,294</u>	<u>9,164,411</u>

The annexed notes from 1 to 20 form an integral part of this unconsolidated condensed interim financial information.

Atif R. Bokhari

President / Chief Executive

Teo Cheng San, Roland

Chairman / Director

Tejpal Singh Hora

Director

Chia Yew Hock, Wilson

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 is listed on all the stock exchanges in Pakistan 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. STATEMENT OF COMPLIANCE

- 2.1. This unconsolidated condensed interim financial information of the Bank for the nine months period ended on September 30, 2015 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case requirements differ, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

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 this unconsolidated condensed interim financial information as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

- 2.2. The SBP has deferred the applicability of IAS 39, "Financial Instruments: Recognition and Measurement" and IAS 40 "Investment Property" for Banking Companies through BSD Circular letter No. 10, dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, the IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of this unconsolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 2.3. The disclosures made in this unconsolidated condensed interim financial information have been limited based on the format prescribed by the SBP vide BSD circular letter No. 2 of May 12, 2004 and IAS 34 - "Interim Financial Reporting" and do not include all the information required in annual financial statements. Accordingly, this unconsolidated condensed interim financial information should be read in conjunction with the unconsolidated financial statements of the Bank for the year ended December 31, 2014.
- 2.4. This unconsolidated condensed interim financial information represent separate financial statements of the Bank. The consolidated condensed interim financial information of the Bank, its subsidiaries and associates is presented separately.

## 3. BASIS OF MEASUREMENT

This unconsolidated condensed interim financial information has been prepared under the historical cost convention, except for the measurement of certain investments and commitments in respect of forward foreign exchange contracts that are stated at revalued amounts / fair values.

This unconsolidated condensed interim financial information has been presented in Pakistan Rupees, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial information are consistent with those applied in preparation of financial statements for the year ended December 31, 2014.

##### **New Standards, Interpretations and Amendments**

The bank has adopted the following accounting standards and the amendments and interpretations of IFRSs which became effective for the current period:

##### **Standard or Interpretation**

IFRS 11 - Joint Arrangements  
IFRS 12 - Disclosure of Interests in Other Entities  
IFRS 13 - Fair Value Measurements  
IAS 19 - Employee Benefit Plans: Employee Contribution  
IAS 27 - Separate Financial Statements

The above standards and amendments did not have any impact on the Bank's separate financial information for the current period.

In addition to the above, certain improvements to various accounting standards have also been issued by the IASB. Such improvements are effective for the current accounting period but did not have any material impact on the Bank's financial statements.

In accordance with the application of provisions of IFRS 10, the Bank reassessed the control conclusion for its investees at January 1, 2015. As a consequence, the Bank has changed its control conclusion in respect of its investment in the following subsidiaries which were previously accounted for as associates. In accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the above change has been accounted for as change in accounting policy and comparatives have also been reclassified accordingly. As the subsidiaries and associates both are stated at cost less impairment, there is no impact on this condensed interim financial information.

- PICIC Investment Fund
- PICIC Energy Fund
- PICIC Income Fund

In addition, during the period, the Bank has decided to sell its 100% shareholding in PICIC Asset Management Company Limited (PICIC AMC, a wholly owned subsidiary of NIB Bank Limited) to HBL Asset Management Limited (refer note 11 for details). Accordingly, 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 policy. 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.

##### **Discontinued Operations**

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 represented as if the operation had been discontinued from the start of the comparative year.

Accordingly due to the above, investments in PICIC AMC amounting to Rs. 2,478 million has been classified as "Asset held for sale" in the unconsolidated condensed interim statement of financial position (see note 11) and income from the above subsidiary has been separately presented in the unconsolidated condensed interim profit and loss account (see note 11). Refer note 11 also for details relating to the cash flows from the above. Basic and diluted earnings per share have also been represented for the previous year.

## 5. ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and methods for the accounting estimates and judgments adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual unconsolidated financial statements of the Bank for the year ended December 31, 2014.

## 6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the annual unconsolidated financial statements of the Bank for the year ended December 31, 2014.

Unaudited			Audited		
September 30, 2015			December 31, 2014		
Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
(Rupees '000')					

## 7. INVESTMENTS

### Investment by types:

#### Held-for-trading securities

Ordinary shares of listed companies	210,455	-	210,455	-	-	-
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#### Available-for-sale securities

Market Treasury Bills	14,853,293	63,266,236	78,119,529	6,961,506	7,119,226	14,080,732
Pakistan Investment Bonds	2,452,249	5,258,345	7,710,594	4,779,679	25,161,147	29,940,826
Defense Savings Certificates	-	2,730	2,730	-	2,730	2,730
Sukuk Bonds	1,226,268	-	1,226,268	433,433	-	433,433
Cumulative preference shares	55,178	-	55,178	55,178	-	55,178
Ordinary shares / certificates in listed companies / modarabas	21,180	-	21,180	31,722	-	31,722
Ordinary shares of unlisted companies	57,928	-	57,928	65,726	-	65,726
Term Finance Certificates	696,397	-	696,397	877,673	271,268	1,148,941
	19,362,493	68,527,311	87,889,804	13,204,917	32,554,371	45,759,288

#### Held-to-maturity securities

Pakistan Investment Bonds	6,674,734	-	6,674,734	6,693,345	-	6,693,345
Term Finance Certificates	9,954	-	9,954	10,072	-	10,072
	6,684,688	-	6,684,688	6,703,417	-	6,703,417

#### Associates (refer note 4)

	1,221,935	-	1,221,935	1,221,935	-	1,221,935
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#### Subsidiaries (refer note 4)

	2,112,396	-	2,112,396	4,590,738	-	4,590,738
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#### Investments at cost

Provision for diminution in the value of investments	29,591,967	68,527,311	98,119,278	25,721,007	32,554,371	58,275,378
	(177,949)	-	(177,949)	(192,265)	-	(192,265)

#### Investments - net of provisions

Deficit on revaluation of held-for-trading securities	29,414,018	68,527,311	97,941,329	25,528,742	32,554,371	58,083,113
	(2,916)	-	(2,916)	-	-	-

Surplus on revaluation of available-for-sale securities

	22,052	526,317	548,369	384,031	1,476,963	1,860,994
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#### Net Investments

	29,433,154	69,053,628	98,486,782	25,912,773	34,031,334	59,944,107
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	Unaudited September 30, 2015	Audited December 31, 2014
	..... (Rupees '000') .....	
<b>8. ADVANCES</b>		
Loans, cash credits, running finance etc. - in Pakistan	120,548,748	107,401,858
Net investment in finance lease - in Pakistan	1,752,824	1,805,746
Bills discounted and purchased (excluding Treasury Bills)		
Payable in Pakistan	601,530	2,985,989
Payable outside Pakistan	2,740,391	5,450,574
Advances - Gross	<u>125,643,493</u>	<u>117,644,167</u>
Provision against non performing advances - Specific	(24,881,668)	(23,885,813)
- General	(187,980)	(94,318)
	<u>(25,069,648)</u>	<u>(23,980,131)</u>
Advances - Net of provisions	<u><u>100,573,845</u></u>	<u><u>93,664,036</u></u>

8.1 Advances include Rs. 29,157.482 million (December 31, 2014: Rs. 29,017.184 million) which have been placed under non-performing status as detailed below:

	Domestic	Overseas	Total	Provision required	Provision held
	..... (Rupees '000') .....				
<b>Category of Classification</b>					
Other Assets Especially Mentioned	45,494	-	45,494	3,774	3,774
Substandard	2,033,114	-	2,033,114	423,726	423,726
Doubtful	854,862	-	854,862	384,091	384,091
Loss	26,224,012	-	26,224,012	24,070,077	24,070,077
	<u>29,157,482</u>	<u>-</u>	<u>29,157,482</u>	<u>24,881,668</u>	<u>24,881,668</u>

8.2. Included in the Provision required is an amount of Rs. 292.932 million (2014: Rs. 292.916 million) which represents provision in excess of the requirements of the State Bank of Pakistan.

8.3. 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 nine months period ended September 30, 2015, total FSV benefit erosion resulted in decrease in profit before tax of Rs. 877.231 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. 1,506.050 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.

8.4. 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. 595.049 million (December 31, 2014: Rs. 934.428 million) and is not available for distribution of cash or stock dividend / bonus to employees

**Unaudited**  
**September 30, 2015**    **September 30, 2014**  
 ..... (Rupees '000') .....

**9. OPERATING FIXED ASSETS**

**9.1 Additions to fixed assets - including transfer from CWIP**

The following additions have been made to fixed assets during the period ended September 30, 2015:

Furniture and fixtures	33,826	11,918
Electrical, office and computer equipment	135,384	214,615
Vehicles	36,891	-
Leasehold improvements	162,549	128,134
Capital work in progress	255,518	244,082

**9.2 Disposal of fixed assets - cost**

The following disposals have been made from fixed assets during the period ended September 30, 2015:

Building on freehold land	-	13,030
Building on leasehold land	-	25,947
Furniture and fixtures	5,653	15,327
Electrical, office and computer equipment	119,151	117,193
Vehicles	153	1,032
Leasehold improvements	1,385	6,469

**10. DEFERRED TAX ASSETS**

The deferred tax asset recognized in the books has been restricted to Rs. 9,808.214 million due to uncertainty of availability of future tax profits for utilization of the unrecognized deferred tax assets. The deferred tax asset on deductible differences available to the Bank are Rs.10,537.459 million. Had the deferred tax asset been recognized on all deductible timing differences, the profit after tax for the nine months period ended on September 30, 2015 would have been higher by Rs. 729.245 million.

The management has recorded deferred tax asset based on financial projections indicating absorption of deferred tax asset over a number of future years through reversals as a result of recoveries from borrowers and absorption 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 absorption of the deferred tax asset.

**11. ASSET HELD FOR SALE AND DISCONTINUED OPERATIONS**

NIB Bank Limited (NIB) and HBL Asset Management Limited (HBLAML) have mutually agreed to a Share Purchase Agreement (SPA) for the sale of NIB's 100% shareholding in PICIC AMC. NIB and HBLAML will sign the SPA subsequent to the SECP approval. The sale will be completed following the necessary regulatory approvals required by HBLAML. NIB has therefore classified its investment in PICIC AMC as 'asset held for sale' at cost as its fair value less cost to sell is greater than its cost (refer note 4).

Analysis of the results of discontinued operations is as follows:



	Unaudited			
	Nine months ended		Quarter ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	..... (Rupees '000') .....			
<b>Profit from Discontinued operations</b>				
Dividend income before taxation	-	510,000	-	250,000
Taxation	-	(5,100)	-	(2,500)
Profit after taxation from discontinued operations	-	504,900	-	247,500

	Unaudited	
	September 30, 2015	September 30, 2014
		..... (Rupees '000') .....
<b>Cash flows from Discontinued Operations</b>		
Investing cash flows	-	260,000

Unaudited September 30, 2015	Audited December 31, 2014	
	..... (Rupees '000') .....	
6,773,965	9,275,375	

## 12. OTHER ASSETS

- 12.1 Other assets include settlement of certain accounts through acquiring properties from the borrowers amounting to Rs. 2,556.195 million (December 31, 2014: Rs. 2,453.342 million). The settlement agreements signed with borrowers in certain cases entails a buy back option.

Unaudited September 30, 2015	Audited December 31, 2014	
	..... (Rupees '000') .....	

## 13. DEPOSITS AND OTHER ACCOUNTS

### Customers

Fixed deposits	28,248,036	26,197,708
Savings deposits	42,556,410	38,948,679
Current accounts - Non-remunerative	33,176,749	33,605,381
Margin accounts	474,988	633,456

### Financial Institutions

Remunerative deposits	10,232,861	5,341,891
Non-remunerative deposits	482,847	382,865
	<u>115,171,891</u>	<u>105,109,980</u>

	Unaudited September 30, 2015	Audited December 31, 2014
----- (Rupees '000') -----		

**14. SUB-ORDINATED LOANS**

4,196,356

4,197,195

**Term Finance Certificates - Listed, Unsecured**

<b>Mark-up</b>	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"))
<b>Security</b>	The TFCs are unsecured and subordinated to all other indebtedness of the Bank including deposits
<b>Issue Date</b>	June 19, 2014
<b>Issue Amount</b>	Rs. 4,198.035 million
<b>Rating</b>	A+ (A plus)
<b>Tenor</b>	8 years from the Issue Date
<b>Redemption</b>	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.
<b>Maturity</b>	June 19, 2022
<b>Call Option</b>	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.
<b>Lock-in- Clause</b>	Neither profit nor Principal can be paid (even at maturity) if such payments will result in a shortfall in the Bank's 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.
<b>Loss Absorbency Clause</b>	The TFCs will be subject to loss absorbency clause as stipulated under the "Instructions for Basel III Implementation in Pakistan".

## 15. SHARE CAPITAL

### 15.1 Authorized

Unaudited September 30, 2015	Audited December 31, 2014		Unaudited September 30, 2015	Audited December 31, 2014
----- (Number of shares) -----			----- (Rupees '000') -----	
<u>12,000,000,000</u>	<u>12,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>120,000,000</u>	<u>120,000,000</u>

### 15.2 Issued, subscribed and paid up

Fully paid up ordinary shares of Rs. 10 each

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

15.3 The holding Company Bugis Investments (Mauritius) Pte. Limited holds 9,105,728,598 (December 31, 2014: 9,105,728,598) ordinary shares of NIB Bank Limited.

Unaudited September 30, 2015	Audited December 31, 2014
----- (Rupees '000') -----	

## 16. CONTINGENCIES AND COMMITMENTS

### 16.1 Direct credit substitutes

Contingent liability in respect of guarantees given favouring:

Government	610,000	—
Financial Institutions	14,749	22,749
Others	—	—
	624,749	22,749

### 16.2 Transaction-related contingent liabilities / commitments

Guarantees given in favour of:

Government	24,001,514	17,748,721
Financial Institutions	—	—
Others	1,204,980	1,426,507
	25,206,494	19,175,228

### 16.3 Trade-related contingent liabilities

Letters of credit	26,318,721	34,543,032
Acceptances	3,273,977	8,265,894
	29,592,698	42,808,926

### 16.4 Other contingencies

Claims against the Bank not acknowledged as debts	—	266,133
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	Unaudited September 30, 2015	Audited December 31, 2014
	----- (Rupees '000') -----	
<b>16.5 Commitments in respect of forward lending</b>		
Commitments to extend credit	1,647,000	2,302,643
<p>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.</p>		
<b>16.6 Commitments in respect of forward exchange contracts</b>		
Purchase	14,558,359	22,105,204
Sale	12,780,829	22,123,668
	27,339,188	44,228,872
<b>16.7 Commitments for the acquisition of operating fixed assets</b>	49,631	153,206
<b>16.8 Commitments in respect of equity future contracts</b>		
Sale	212,964	-

#### 16.9 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.

#### 16.10 Tax Contingencies

The income tax returns of NIB Bank Limited have been filed up to and including tax year 2014 relevant to the financial year ended December 31, 2013. 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. In 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.



## 17. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The Bank is organized into reportable segments as disclosed in note 6.20.1 of the annual unconsolidated financial statements. 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 arm's length basis.

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

	Corporate and					Adjustments Other
	Investment Banking	Commercial	Retail	Treasury	Head Office /	
(Rupees '000')						
<b>For the nine months period ended September 30, 2015 (Unaudited)</b>						
Net Interest Income	465,532	267,059	1,651,815	826,094	164,554	-
Non Mark-up Income	743,039	301,764	485,892	3,441,890	121,365	-
Net Interest and non mark-up Income	1,208,571	568,823	2,137,707	4,267,984	285,919	-
Total expenses including provisions (excluding Impairment)	987,913	1,572,568	3,021,621	193,755	-	-
Reversal of provision for diminution in the value of investments	(2,190)	-	-	-	-	-
Total expenses including provisions	985,723	1,572,568	3,021,621	193,755	-	-
Segment Net income / (loss) before tax	222,848	(1,003,745)	(883,914)	4,074,229	285,919	-
Segment Return on net assets (ROA) (%)	0.20%	(3.96%)	(0.98%)	3.76%	-	N/A
Segment Cost of funds (%)	7.00%	2.69%	4.26%	9.63%	-	N/A

<b>For the nine months period ended September 30, 2014 (Unaudited)</b>						
Net Interest Income	308,450	47,942	1,976,204	387,111	(1,956)	-
Non Mark-up Income**	925,749	284,857	541,321	205,426	1,085,142	-
Net Interest and non mark-up Income	1,234,199	332,799	2,517,525	592,537	1,083,186	-
Total expenses including provisions (excluding Impairment)	526,004	1,169,317	2,848,057	175,990	-	-
Reversal of provision for diminution in the value of investments	(14,787)	-	-	-	-	-
Total expenses including provisions	511,217	1,169,317	2,848,057	175,990	-	-
Segment Net income / (loss) before tax	722,982	(836,518)	(330,532)	416,547	1,083,186	-
Segment Return on net assets (ROA) (%)	0.70%	(2.59%)	(0.41%)	1.14%	-	N/A
Segment Cost of funds (%)	8.83%	3.73%	4.91%	10.13%	-	N/A

<b>As at September 30, 2015 (Unaudited)</b>						
Segment Assets (Gross of advances provisions)	107,881,388	31,962,780	80,007,302	95,991,557	9,923,396	(56,024,520)
Segment Non Performing Loans	14,842,100	11,945,266	2,144,168	-	225,948	-
Segment Provision against advances (including general provisions)	13,203,409	9,912,724	1,754,983	-	198,532	-
Segment Assets (Net)***	94,677,979	22,050,056	78,252,319	95,991,557	9,724,864	(56,024,520)
Segment Liabilities	90,313,783	21,192,137	76,986,187	95,254,028	403,335	(56,024,520)

<b>As at December 31, 2014 (Audited)</b>						
Segment Assets (Gross of advances provisions)	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 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	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 an appropriate market based 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 as 'held for sale'.

\*\*\* Head Office / Other includes investment of Rs. 2,478,342 million in PICIC AMC which is classified as 'held for sale'.

## 18. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its holding company, subsidiaries, associated undertakings, employee benefit plans 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. The detail of transactions with related parties is given below:

Contribution to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan. Remuneration to the executives is determined in accordance with the terms of their appointment.

### 18.1 Balances outstanding as at period / year end

	Holding company		Subsidiaries		Associates		Key management personnel		Other related parties	
	Unaudited September 30, 2015	Audited December 31, 2014	Unaudited September 30, 2015	Audited December 31, 2014	Unaudited September 30, 2015	Audited December 31, 2014	Unaudited September 30, 2015	Audited December 31, 2014	Unaudited September 30, 2015	Audited December 31, 2014
<b>Advances</b>										
At the beginning of the period / year	-	-	-	-	-	-	43,886	142,730	24,696	24,876
Given / addition during the period / year	-	-	-	-	-	-	61,897	25,028	3,973,438	5,178,968
Repaid during the period / year	-	-	-	-	-	-	(30,110)	(123,860)	(3,685,832)	(5,179,148)
At the end of the period / year	-	-	-	-	-	-	75,685	43,898	302,302	24,696
<b>Deposits</b>										
At the beginning of the period / year	16,656	19,897	592,346	200,842	373,540	171,318	24,565	31,008	243,511	50,621
Deposits during the period / year	-	-	19,226,040	28,198,967	4,516,914	12,591,478	380,573	233,981	6,943,973	9,959,349
Exchange difference	129	(251)	-	-	-	-	176	(980)	812	(2,673)
Withdrawal during the period / year	(1,818)	(2,990)	(19,034,244)	(27,807,463)	(4,278,879)	(12,389,256)	(352,363)	(239,444)	(6,783,159)	(9,763,786)
At the end of the period / year	14,967	16,656	794,142	592,346	619,575	373,540	52,951	24,565	405,137	243,511
<b>Investment in shares / mutual funds - cost</b>										
At the beginning of the period / year	-	-	4,590,738	4,590,738	1,221,935	1,567,935	-	-	60,780	50,000
Investments made during the period / year	-	-	-	-	-	-	-	-	-	10,780
Investments sold/written off during the period / year	-	-	-	-	-	(345,900)	-	-	-	-
At the end of the period / year*	-	-	4,590,738	4,590,738	1,221,935	1,221,935	-	-	55,100	60,780
<b>Receivables</b>										
At the end of the period / year	171	171	100	180	-	-	-	-	90,203	61,371
<b>Payables</b>										
At the end of the period / year	-	-	328	520	-	-	-	-	-	-

\* Subsidiaries include an amount of Rs. 2,478,342 million related to FICIC AMC which is classified as 'held for sale'.

### 18.2 Income / Expense for the period

	Holding company		Subsidiaries		Associates		Key management personnel		Other related parties	
	Period ended		Period ended		Unaudited		Period ended		Period ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Mark-up / Return / Interest earned on advances	-	-	-	-	-	-	1,205	1,392	15,591	9,428
Mark-up / Return / Interest expensed on deposits*	-	-	31,579	28,016	25,398	18,339	1,757	285	21,585	1,522
Dividend income from shares / mutual funds	-	-	46,059	856,856	-	195,673	-	-	95,040	41,580
Directors' remuneration	-	-	-	-	-	-	-	-	10,562	7,906
Directors' travelling expense	2,044	3,331	-	-	-	-	-	-	3,732	4,211
Remuneration to key management personnel	-	-	-	-	-	-	186,680	251,692	-	-
Contribution to Provident Fund	-	-	-	-	-	-	-	-	80,404	79,782
Fees and subscription	-	-	-	-	-	-	-	-	-	255
Commission income	-	-	969	3,050	-	-	-	-	-	-
Rent and utility charges	-	-	924	1,848	-	-	-	-	-	-

\* Subsidiaries include an amount of Rs. 1,524 million related to PICIC-AMC which is classified as 'held for sale'.

### 19. DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was authorized for issue by the Board of Directors of the Bank on October 21, 2015.

### 20. GENERAL

Comparative information has been restated, re-classified to facilitate comparison and to conform with the changes in presentation in the current period.

**Atif R. Bokhari**

President / Chief Executive

**Teo Cheng San, Roland**

Chairman / Director

**Tejpal Singh Hora**

Director

**Chia Yew Hock, Wilson**

Director

**Consolidated  
Condensed Interim  
Financial Information**



	Note	Unaudited September 30, 2015	Audited December 31, 2014 Restated
<b>(Rupees '000')</b>			
<b>ASSETS</b>			
Cash and balances with treasury banks		8,885,980	8,063,675
Balances with other banks		728,248	827,683
Lendings to financial institutions		12,859,464	7,699,646
Investments	8	101,725,778	65,269,591
Advances	9	100,620,695	94,459,369
Operating fixed assets	10	3,124,471	3,033,057
Intangible assets		964,878	2,926,075
Deferred tax assets - net	11	9,634,242	9,992,164
Other assets	12	6,802,974	9,728,191
Assets held for sale	13	7,341,459	-
		252,688,189	201,999,451
<b>LIABILITIES</b>			
Bills payable		2,560,119	2,740,528
Borrowings		102,476,941	62,750,894
Deposits and other accounts	14	114,690,612	104,481,605
Sub-ordinated loans	15	4,196,356	4,197,195
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		3,953,950	7,527,714
Liabilities held for sale	13	4,335,686	-
		232,213,664	181,697,936
<b>NET ASSETS</b>		20,474,525	20,301,515
<b>REPRESENTED BY:</b>			
Share capital	16	103,028,512	103,028,512
Reserves		824,517	474,123
Discount on issue of shares		(45,769,623)	(45,769,623)
Accumulated loss		(40,996,738)	(42,432,340)
Shareholders' equity		17,086,668	15,300,672
Non-controlling interest	4	2,958,097	3,369,296
		20,044,765	18,669,968
Surplus on revaluation of assets - net		429,760	1,631,547
		20,474,525	20,301,515
<b>CONTINGENCIES AND COMMITMENTS</b>	17		

The annexed notes from 1 to 22 form an integral part of this consolidated condensed interim financial information.

**Atif R. Bokhari**  
 President / Chief Executive

**Teo Cheng San, Roland**  
 Chairman / Director

**Tejpal Singh Hora**  
 Director

**Chia Yew Hock, Wilson**  
 Director

Note	Nine months ended		Quarter ended	
	September 30, 2015	September 30, 2014 Restated	September 30, 2015	September 30, 2014 Restated
<b>CONTINUING OPERATIONS</b>				
----- (Rupees '000) -----				
Mark-up / Return / Interest earned	11,031,318	11,279,095	3,879,340	3,752,444
Mark-up / Return / Interest expensed	7,433,361	8,371,762	2,679,902	2,729,784
Net Mark-up / Interest Income	3,597,957	2,907,333	1,199,438	1,022,660
Provision / (Reversal) against non-performing loans and advances	952,119	314,392	(71,059)	423,848
Reversal of provision for diminution in the value of investments	(2,190)	(14,787)	-	(1,892)
Bad debts written off directly	2,248	1,564	-	-
	952,177	301,169	(71,059)	421,956
Net Mark-up / Interest income after provisions	2,645,780	2,606,164	1,270,497	600,704
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	1,065,677	1,213,003	330,305	411,228
Dividend income	270,938	218,693	89,065	82,191
Income from dealing in foreign currencies	273,689	440,941	104,175	127,572
Gain on sale of securities - net	3,658,637	629,289	157,523	(1,245)
Unrealized (loss) / gain on revaluation of investments classified as held-for-trading / future contracts	(331,766)	4,103	(68,736)	(149,678)
Other income	(207,951)	92,392	36,736	39,156
Total Non Mark-up / Interest income	4,729,224	2,598,421	649,068	509,224
	7,375,004	5,204,585	1,919,565	1,109,928
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	4,765,954	4,454,834	1,495,404	1,537,479
Other provisions / write offs	25,741	10,026	-	26
Other charges	102,201	49,157	28,604	12,894
Total Non Mark-up / Interest expenses	4,893,896	4,514,017	1,524,008	1,550,399
Share of (loss) / profit of associates	(65,573)	92,277	(1,399)	(40,293)
Extraordinary / Unusual items	-	-	-	-
<b>Profit / (Loss) before taxation from continuing operations</b>	2,415,535	782,845	394,158	(480,764)
Taxation - Current	159,339	166,609	45,263	49,937
- Prior years	-	10,851	-	-
- Deferred	749,052	177,582	91,627	(44,950)
	908,391	355,042	136,890	4,987
<b>Profit / (Loss) after taxation from continuing operations</b>	1,507,144	427,803	257,268	(485,751)
<b>DISCONTINUED OPERATIONS</b>				
(Loss) / Profit from discontinued operations, net of tax	(118,839)	195,117	69,643	66,148
<b>PROFIT / (LOSS) AFTER TAXATION</b>	1,388,305	622,920	326,911	(419,603)
Attributable to:				
Equity shareholders of the Bank				
- Profit / (Loss) for the period from continuing operations	1,765,209	47,341	261,273	(415,914)
- Profit for the period from discontinued operations	25,384	153,289	33,099	37,210
- Profit / (Loss) for the period attributable to equity shareholders of the Bank	1,790,593	200,630	294,372	(378,704)
Non-controlling interest - PICIC Mutual Funds				
- (Loss) / Profit for the period from continuing operations	(258,065)	380,462	(4,005)	(69,837)
- (Loss) / Profit for the period from discontinued operations	(144,223)	41,828	36,544	28,938
- (Loss) / Profit for the period attributable to non-controlling interests	(402,288)	422,290	32,539	(40,899)
<b>EARNINGS / (LOSS) PER SHARE (Rupees)</b>				
Basic and diluted - Continuing Operations	0.15	0.04	0.02	(0.05)
Basic and diluted - Discontinued Operations	(0.01)	0.02	0.01	0.01
<b>Basic and diluted</b>	0.14	0.06	0.03	(0.04)

The annexed notes from 1 to 22 form an integral part of this consolidated condensed interim financial information.

**Atif R. Bokhari**  
President / Chief Executive

**Teo Cheng San, Roland**  
Chairman / Director

**Tejpal Singh Hora**  
Director

**Chia Yew Hock, Wilson**  
Director



	Nine months ended		Quarter ended	
	September 30, 2015	September 30, 2014 Restated	September 30, 2015	September 30, 2014 Restated
..... (Rupees '000') .....				
Profit / (Loss) after taxation for the period attributable to:				
Equity shareholders of the Bank	1,790,593	200,630	294,372	(378,704)
Non controlling interest-PICIC Mutual Funds	(402,288)	422,290	32,539	(40,899)
<b>Other comprehensive income</b>	-	-	-	-
Comprehensive income transferred to consolidated condensed interim statement of changes in equity	1,388,305	622,920	326,911	(419,603)
<b>Components of comprehensive income not reflected in equity</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Movement in surplus on revaluation of available for sale securities - net of tax	(1,201,787)	97,319	(168,995)	(228,182)
<b>Total comprehensive income / (loss) for the period</b>	186,518	720,239	157,916	(647,785)
<b>Total comprehensive income / (loss) attributable to:</b>				
Equity shareholders of the Bank				
- Continuing Operations	563,422	144,660	92,278	(644,096)
- Discontinued Operations	25,384	153,289	33,099	37,210
	588,806	297,949	125,377	(606,886)
Non controlling interest PICIC Mutual Funds				
- Continuing Operations	(258,065)	380,462	(4,005)	(69,837)
- Discontinued Operations	(144,223)	41,828	36,544	28,938
	(402,288)	422,290	32,539	(40,899)

The annexed notes from 1 to 22 form an integral part of this consolidated condensed interim financial information.

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 Director

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 Director

NIB Bank Limited  
Consolidated Condensed Interim Statement of  
Changes in Equity (Unaudited)  
For the nine months period ended September 30, 2015



	Attributable to ordinary shareholders of the Bank							Total
	Share capital	Discount on issue of shares	Capital Statutory reserve (a)	Reserves		Sub Total	Non-controlling Interest (closed end mutual fund) Restated (Note 4)	
				General reserve	Accumulated loss			
	(Rupees '000')							
<b>Balance as at December 31, 2013</b>	103,028,512	(45,769,623)	468,651	5,472	(41,716,290)	16,016,722	3,171,812	19,188,534
<b>Changes in equity for the nine months ended September 30, 2014</b>								
<b>Total comprehensive income for the period</b>								
Profit after taxation for the period	-	-	-	-	622,920	622,920	-	622,920
Non-controlling interest - open and closed end mutual funds (transferred to liabilities in case of open end funds)	-	-	-	-	(422,290)	(422,290)	189,657	(232,633)
Share of surplus attributable to Non-controlling interest	-	-	-	-	-	-	228,231	228,231
Transaction with owners recorded directly in equity - cash dividend paid by subsidiary	-	-	-	-	-	-	(412,330)	(412,330)
Transfer to statutory reserve	-	-	136,146	-	(136,146)	-	-	-
<b>Balance as at September 30, 2014</b>	<b>103,028,512</b>	<b>(45,769,623)</b>	<b>604,797</b>	<b>5,472</b>	<b>(41,651,806)</b>	<b>16,217,352</b>	<b>3,177,370</b>	<b>19,394,722</b>
<b>Changes in equity for the three months period ended December 31, 2014</b>								
<b>Total comprehensive income for the period</b>								
Loss after taxation for the period	-	-	-	-	(571,750)	(571,750)	-	(571,750)
<b>Other comprehensive income</b>								
Actuarial gain on remeasurement of defined benefit obligation	-	-	-	-	3,806	3,806	-	3,806
	-	-	-	-	(567,944)	(567,944)	-	(567,944)
Non-controlling interest - open and closed end mutual funds (transferred to liabilities in case of open end funds)	-	-	-	-	(348,736)	(348,736)	189,651	(159,085)
Share of surplus attributable to Non-controlling interest	-	-	-	-	-	-	2,275	2,275
Transfer to statutory reserve	-	-	(136,146)	-	136,146	-	-	-
<b>Balance as at December 31, 2014</b>	<b>103,028,512</b>	<b>(45,769,623)</b>	<b>468,651</b>	<b>5,472</b>	<b>(42,432,340)</b>	<b>15,300,672</b>	<b>3,369,296</b>	<b>18,669,968</b>
<b>Changes in equity for the nine months period ended September 30, 2015</b>								
<b>Total comprehensive income for the period</b>								
Profit after taxation for the period	-	-	-	-	1,388,305	1,388,305	-	1,388,305
Non-controlling interest - open and closed end mutual funds (transferred to liabilities in case of open end funds)	-	-	-	-	402,288	402,288	(144,082)	258,206
Share of deficit attributable to Non-controlling interest	-	-	-	-	-	-	(267,117)	(267,117)
Transaction with owners recorded directly in equity - cash dividend paid by subsidiary	-	-	-	-	(4,597)	(4,597)	-	(4,597)
Transfer to statutory reserve	-	-	350,394	-	(350,394)	-	-	-
<b>Balance as at September 30, 2015</b>	<b>103,028,512</b>	<b>(45,769,623)</b>	<b>819,045</b>	<b>5,472</b>	<b>(40,996,738)</b>	<b>17,086,668</b>	<b>2,958,097</b>	<b>20,044,765</b>

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

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Director

**Chia Yew Hock, Wilson**  
Director

September 30,    September 30,  
2015                    2014

(Rupees '000')

**CASH FLOWS FROM OPERATING ACTIVITIES**

Profit before taxation	2,361,247	1,035,543
Less: Dividend income	(277,947)	(233,721)
	2,083,300	801,822

**Adjustments for non-cash items**

Depreciation	228,972	224,854
Amortization	243,253	257,382
Impairment charge on tangible fixed assets	–	27,941
Gain on sale of securities	(3,684,168)	(727,548)
Gain on sale of operating fixed assets	(8,599)	(42,312)
Gain from insurance against loss of fixed assets	(65)	–
Provision against non-performing loans and advances	952,119	314,392
Bad debts written off directly	2,248	1,564
Reversal of provision for diminution in the value of investments	(2,190)	(14,787)
Unrealized loss/(gain) on revaluation of investments classified as held-for-trading/future contracts	330,036	(24,804)
Other provisions / write off	25,741	10,026
Share of loss / (profit) of associates	64,762	(142,230)
	(1,819,950)	(143,463)
	263,350	658,359

**(Increase) / decrease in operating assets**

Lendings to financial institutions	(5,159,818)	(2,063,521)
Net investments in held-for-trading securities	(559,047)	4,112,486
Advances	(7,239,649)	(15,462,089)
Other assets (excluding advance taxation)	2,955,829	(558,910)

**Increase / (decrease) in operating liabilities**

Bills payable	(180,383)	(291,572)
Borrowings	39,726,047	(4,974,911)
Deposits and other accounts	9,906,143	5,610,886
Other liabilities (excluding current taxation)	308,198	332,871
	40,020,670	(12,636,401)
	(262,097)	(193,582)

**Net cash generated from / (used in) operating activities**

39,758,573                    (12,829,983)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Net investments in available-for-sale securities	(38,573,753)	10,594,299
Net investments in held-to-maturity securities	18,729	1,718,234
Net investments in associates	55,535	(388,188)
Dividend received	192,032	192,330
Payments for capital work in progress	(255,016)	(243,398)
Acquisition of property and equipment	(131,271)	(196,782)
Acquisition of intangible assets	(5,546)	(38)
Sale proceeds of property and equipment disposed off	11,223	71,352
Recovery from Insurance company against loss of assets	181	–
	(38,687,886)	11,747,809

**Net cash (used in) / generated from investing activities**

(38,687,886)                    11,747,809

**CASH FLOWS FROM FINANCING ACTIVITIES**

Dividend paid	(44)	(19)
(Redemption) / Receipt of sub-ordinated loans	(839)	4,198,035
Receipt from non controlling interest PICIC Mutual Funds	1,013,533	(2,702,213)
	1,012,650	1,495,803

**Net cash generated from financing activities**

1,012,650                    1,495,803

Net increase in cash and cash equivalents	2,083,337	413,629
Cash and cash equivalents at beginning of the period	8,891,358	8,760,415
Cash and cash equivalents at end of the period	10,974,695	9,174,044
Cash and cash equivalents classified as held for sale	(1,360,467)	–
	9,614,228	9,174,044

The annexed notes from 1 to 22 form an integral part of this consolidated condensed interim financial information.

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Director

Chia Yew Hock, Wilson

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 is listed on all the stock exchanges in Pakistan 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. 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 Islamic Stock Fund (PISF)*

The Group maintains 56.29% interest in the PISF. PISF is an open end mutual fund approved by the Securities and Exchange Commission of Pakistan (SECP) and is listed on the Islamabad Stock Exchange Limited. The units of the PISF are offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the PISF. The objective of PISF is to provide the maximum total return to the unit holders from investment in "Shariah Compliant" equity investments for the given level of risk.

#### *PICIC Investment Fund (PIF)*

The Group maintains 34.04% interest in the PIF. PIF is a closed end scheme and its principal business is to invest in listed equity securities with an objective to generate capital growth. The Fund is managed in accordance with the provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules, 2003) & the certificates of the Fund are listed on all Stock Exchanges of Pakistan. The objective of PIF is to provide investors lucrative investment opportunities through an investment mix of blue chip shares having the potential of offering healthy dividends and growth opportunity.

#### *PICIC Income Fund (PICIC-IF)*

The Group maintains 38.35% interest in the PICIC-IF. PICIC-IF is an open end Collective Investment Scheme which offers and redeems Units on a continuing basis subject to the terms and conditions which are stated in the Offering Document, Rules and the Regulations. The objective of PICIC-IF is to provide consistent returns to its investors through active investments in a blend of short, medium and long term debt instruments, both within and outside Pakistan. The fund aims to preserve capital while maximizing returns through efficient utilization of investment and liquidity management tools.

#### *PICIC Energy Fund (PEF)*

The Group maintains 49.48% 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 all Stock Exchanges of Pakistan. 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.

#### *PICIC Cash Fund (PCF)*

The Group maintains 19.89% interest in the PCF. PCF is an open end Collective Investment Scheme which offers and redeem units on a continuing basis subject to the terms and conditions which are stated in the Offering Document, Rules and the Regulations. The objective

of PCF is to provide consistent returns to its investors through active investments in a blend of short, medium and long term instruments, both within and outside Pakistan. The fund aims to preserve capital while maximizing returns through efficient utilization of investment and liquidity management tools.

*Financial and Management Services (Private) Limited (FMSL)*

The Group acquired 95.89% interest in Financial and Management Services (Private) Limited by virtue of acquisition and amalgamation of PICIC.

## 2. STATEMENT OF COMPLIANCE

- 2.1 This consolidated condensed interim financial information of the Bank for the nine months period ended on September 30, 2015 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued by the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case requirements differ, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 2.2. 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 this consolidated condensed interim financial information as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.
- 2.3 The SBP has deferred the applicability of IAS 39, "Financial Instruments: Recognition and Measurement" and IAS 40 "Investment Property" for Banking Companies through BSD Circular letter No. 10, dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, the IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of this consolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 2.4 The disclosures made in this consolidated condensed interim financial information has been limited based on the format prescribed by the SBP vide BSD circular letter No. 2 of May 12, 2004 and IAS 34 - "Interim Financial Reporting" and do not include all the information required in annual financial statements. Accordingly, this consolidated condensed interim financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2014.

## 3. BASIS OF MEASUREMENT

This consolidated condensed interim financial information has been prepared under the historical cost convention, except for the measurement of certain investments and commitments in respect of forward foreign exchange contracts that are stated at revalued amounts / fair values.

This consolidated condensed interim financial information has been presented in Pakistan Rupees, which is the Bank's functional and presentation currency. The amounts are rounded off to the nearest thousand rupees.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of the consolidated condensed interim financial information are consistent with those applied in preparation of financial statements for the year ended December 31, 2014.

### New Standards, Interpretations and Amendments

The Group has adopted the following accounting standards and the amendments and interpretations of IFRSs which became effective for the current period:

#### Standard or Interpretation

- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosure of Interests in Other Entities
- IFRS 13 - Fair Value Measurements
- IAS 19 - Employee Benefit Plans: Employee Contribution
- IAS 27 - Separate Financial Statements

The above standards and amendments did not have any impact on the Group's consolidated financial information for the current period.

In addition to the above, certain improvements to various accounting standards have also been issued by the IASB. Such improvements are effective for the current accounting period but did not have any material impact on the Group's financial statements.

In accordance with the application of provisions of IFRS 10, the Group reassessed the control conclusion for its investees at January 1, 2015. As a consequence, the Group has changed its control conclusion in respect of its investment in the following subsidiaries which were previously accounted for as associates. In accordance with the requirements of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the above change has been accounted for as change in accounting policy and comparatives have also been restated accordingly.

- PICIC Investment Fund
- PICIC Energy Fund
- PICIC Income Fund
- PICIC Cash Fund

The following table summarizes the adjustments made to the Group's statement of financial position as at December 31, 2014 and its profit and loss account, comprehensive income and cash flows for the year ended December 31, 2014 as a result of the consolidation of the above mentioned subsidiaries.

	<b>December 31, 2014</b>		
	<b>As previously reported</b>	<b>Adjustments</b>	<b>As restated</b>
	----- (Rupees '000') -----		
<b>Statement of Financial Position</b>			
Balances with other banks	586,418	241,265	827,683
Investments	59,670,691	5,598,900	65,269,591
Advances	93,673,494	785,875	94,459,369
Other assets	9,350,081	378,110	9,728,191
<b>Overall impact on total assets</b>		<b>7,004,150</b>	
Deposits and other accounts	105,102,800	(621,195)	104,481,605
Other liabilities	3,271,665	4,256,049	7,527,714
<b>Overall impact on total liabilities</b>		<b>3,634,854</b>	
Non-controlling interests (closed end fund)	-	<b>3,369,296</b>	3,369,296
<b>Overall impact on total equity</b>		<b>-</b>	



**Profit and loss account and statement  
of comprehensive income for the nine months  
period ended September 30, 2014**

	As previously reported	Adjustments	As restated
	----- (Rupees '000') -----		
Share in profit of equity-accounted investees	321,592	(229,315)	92,277
Total income	13,598,755	278,761	13,877,516
Total expenses	(13,265,266)	78,318	(13,186,948)
Tax expense	(412,623)	57,581	(355,042)
Profit from discontinued operations - net of tax	-	195,117	195,117
<b>Overall impact on profit after tax and total comprehensive income</b>		<b>380,462</b>	
- attributable to non-controlling interests		380,462	
- attributable to equity shareholders of the Bank		-	
<b>Basic and diluted earnings per share of the Group (Rupees)</b>		<b>0.04</b>	

There is no effect on the Group's equity, profit and loss account and other comprehensive income attributable to the equity shareholders of the Bank for the nine months period ended September 30, 2015. However, the Group's overall profit including the NCI has reduced by Rs. 430.653 million. Non-controlling interest comprises of the share of non-controlling interest holder in the closed end fund. Due to the adoption of IFRS-10, non-controlling interest as at December 31, 2013 reported in the statement of changes in equity has been restated from Nil to Rs. 3,171.812 million.

**For the nine months period ended  
September 30, 2014**

	As previously reported	Adjustments	As restated
	----- (Rupees '000') -----		
Net cash flows used in operating activities	(16,209,178)	3,379,195	(12,829,983)
Net cash flows from investing activities	12,585,665	(837,856)	11,747,809
Net cash flows from financing activities	4,107,559	(2,611,756)	1,495,803
<b>Overall impact on cash and cash equivalents</b>		<b>(70,417)</b>	

In addition, during the period, the Bank has decided to sell its 100% shareholding in PICIC Asset Management Company Limited (PICIC AMC, a wholly owned subsidiary of NIB Bank Limited) to HBL Asset Management Limited (refer note 13 for details). Accordingly, in accordance with the requirements of International Financial Reporting Standard (IFRS) - 5 "Non-Current Assets Held for Sale and Discontinued Operations", non current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets or disposal groups are generally measured at the lower of their carrying amount and 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, intangible assets and tangible fixed assets are no longer amortized or depreciated and any equity accounted investee is no longer equity accounted.

#### **DISCONTINUED OPERATIONS**

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 represented as if the operation had been discontinued from the start of the comparative year.

#### **5. ACCOUNTING ESTIMATES AND JUDGMENTS**

The basis for the accounting estimates adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2014.

#### **6. FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the annual consolidated financial statements of the Group for the year ended December 31, 2014.

#### **7. BASIS OF CONSOLIDATION**

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.

This consolidated condensed interim financial information includes the condensed interim financial information of NIB Bank Limited and its subsidiary companies - "the Group".

Subsidiary companies are fully consolidated from the date on which the power to control the Company is established and are excluded from consolidation from the date of disposal or when the control is lost.

Non controlling 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 has no assets and liabilities and this investment has been fully provided.

Unaudited			Audited		
September 30, 2015			December 31, 2014		
Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total

(Restated)

(Rupees '000')

## 8. INVESTMENTS

### 8.1 Investment by types:

#### Held-for-trading securities

Sukuk Bonds	16,860	-	16,860	101,068	-	101,068
Pakistan Investment Bonds	284,046	-	284,046	1,649,136	-	1,649,136
Market Treasury Bills	76,783	-	76,783	725,354	-	725,354
Ordinary Shares / Certificates in Listed Companies / Modarabas	2,897,242	499,009	3,396,251	3,802,233	471,888	4,274,121
Terms Finance Certificates	14,038	-	14,038	-	-	-
	3,288,969	499,009	3,787,978	6,277,791	471,888	6,749,679

#### Available-for-sale securities

Market Treasury Bills	14,853,293	63,266,236	78,119,529	6,961,506	7,119,226	14,080,732
Pakistan Investment Bonds	2,452,249	5,258,345	7,710,594	4,779,679	25,161,147	29,940,826
Defense Savings Certificates	-	2,730	2,730	-	2,730	2,730
Sukuk Bonds	1,226,268	-	1,226,268	433,433	-	433,433
Cumulative Preference Shares	55,178	-	55,178	55,178	-	55,178
Ordinary Shares / Certificates in Listed Companies / Modarabas	1,749,352	-	1,749,352	2,132,526	-	2,132,526
Ordinary Shares of Unlisted Companies	57,928	-	57,928	65,726	-	65,726
Term Finance Certificates	696,397	-	696,397	877,673	271,268	1,148,941
	21,090,665	68,527,311	89,617,976	15,305,721	32,554,371	47,860,092

#### Held-to-maturity securities

Pakistan Investment Bonds	6,674,734	-	6,674,734	6,693,345	-	6,693,345
Term Finance Certificates	9,954	-	9,954	10,072	-	10,072
	6,684,688	-	6,684,688	6,703,417	-	6,703,417

#### Associates

	1,524,356	-	1,524,356	1,916,507	-	1,916,507
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#### Subsidiary

	724	-	724	724	-	724
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#### Total investments - Gross

	32,589,402	69,026,320	101,615,722	30,204,160	33,026,259	63,230,419
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Provision for diminution in value of investments

	(177,949)	-	(177,949)	(192,265)	-	(192,265)
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#### Investments - net of provisions

	32,411,453	69,026,320	101,437,773	30,011,895	33,026,259	63,038,154
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(Deficit) / Surplus on revaluation of held-for-trading securities

	(210,267)	(108,012)	(318,279)	257,340	22,879	280,219
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Surplus on revaluation of available-for-sale securities

	79,967	526,317	606,284	474,255	1,476,963	1,951,218
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#### Net Investments

	32,281,153	69,444,625	101,725,778	30,743,490	34,526,101	65,269,591
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	Unaudited September 30, 2015	Audited December 31, 2014 Restated
	(Rupees '000')	
<b>9. ADVANCES</b>		
Loans, cash credits, running finance, etc. - in Pakistan	120,595,598	108,197,191
Net investment in finance lease - in Pakistan	1,752,824	1,805,746
Bills discounted and purchased (excluding Treasury Bills)		
Payable in Pakistan	601,530	2,985,989
Payable outside Pakistan	2,740,391	5,450,574
Advances - Gross	125,690,343	118,439,500
Provision against non-performing advances - Specific	(24,881,668)	(23,885,813)
- General	(187,980)	(94,318)
	(25,069,648)	(23,980,131)
Advances - Net of provisions	100,620,695	94,459,369

- 9.1 Advances include Rs. 29,157.482 million (December 31, 2014: Rs. 29,017.184 million), which have been placed under non-performing status as detailed below:

	Domestic	Overseas	Total	Provision required	Provision held
	(Rupees '000')				
<b>Category of Classification</b>					
OAEM	45,494	-	45,494	3,774	3,774
Substandard	2,033,114	-	2,033,114	423,726	423,726
Doubtful	854,862	-	854,862	384,091	384,091
Loss	26,224,012	-	26,224,012	24,070,077	24,070,077
	29,157,482	-	29,157,482	24,881,668	24,881,668

- 9.2 Included in the Provision required is an amount of Rs. 292.932 million (2014: Rs. 292.916 million) which represents provision in excess of the requirements of the State Bank of Pakistan.
- 9.3 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 nine months period ended September 30, 2015, total FSV benefit erosion resulted in decrease in profit before tax of Rs. 877.231 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. 1,506.050 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.
- 9.4 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. 595.049 million (December 31, 2014: Rs. 934.428 million) and is not available for distribution of cash or stock dividend / bonus to employees.

Unaudited	
September 30, 2015	September 30, 2014

(Rupees '000')

## 10. OPERATING FIXED ASSETS

### 10.1 Additions to fixed assets - including transfer from CWIP

The following additions have been made to fixed assets during the period ended September 30, 2015:

Furniture and fixtures	33,826	12,455
Electrical, office and computer equipment	135,617	216,173
Vehicles	36,891	-
Leasehold improvements	162,549	128,134
Capital work in progress	255,517	244,082

### 10.2 Disposal of fixed assets - cost

The following disposals have been made from fixed assets during the period ended September 30, 2015:

Building on freehold land	-	13,030
Building on leasehold land	-	25,947
Furniture and fixtures	5,667	15,327
Electrical, office and computer equipment	119,244	117,193
Vehicles	4,738	3,341
Leasehold improvements	1,385	6,469

## 11. DEFERRED TAX ASSETS

The deferred tax asset recognized in the books has been restricted to Rs. 9,634.242 million due to uncertainty of availability of future tax profits for utilization of the unrecognized deferred tax assets. The deductible differences available to the Bank are Rs.10,363.487 million. Had the deferred tax asset been recognized on all deductible timing differences, the profit after tax for the nine months period ended on September 30, 2015 would have been higher by Rs. 729.245 million.

The management has recorded deferred tax asset based on financial projections indicating absorption of deferred tax asset over a number of future years through reversals as a result of recoveries from borrowers and absorption 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 absorption of the deferred tax asset.

Unaudited September 30, 2015	Audited December 31, 2014
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(Rupees '000')

## 12. OTHER ASSETS

6,802,974	9,728,191
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12.1 Other assets include settlement of certain accounts through acquiring properties from the borrowers amounting to Rs. 2,556.195 million (December 31, 2014: Rs. 2,453.342 million). The settlement agreements signed with borrowers in certain cases entails a buy back option.

### 13. DISPOSAL GROUP HELD FOR SALE AND DISCONTINUED OPERATIONS

NIB Bank Limited (NIB) and HBL Asset Management Limited (HBLAML) have mutually agreed to a Share Purchase Agreement (SPA) for the sale of NIB's 100% shareholding in PICIC AMC. NIB and HBLAML will sign the SPA subsequent to the SECP approval. The sale will be completed following the necessary regulatory approvals required by HBLAML. Accordingly, the assets and liabilities of PICIC AMC and mutual funds (units of which are held by PICIC AMC) have been classified as "Assets held for sale" and "Liabilities held for sale" on the face of the consolidated condensed interim statement of financial position. Details of such assets and liabilities are as follows:

	(Rupees '000')
<b>Assets</b>	
Cash and balance with treasury banks	25
Balances with other banks	1,360,442
Investments	4,008,300
Advances	123,956
Operating fixed assets	30,972
Intangible assets	1,727,738
Deferred tax assets - net	25,231
Other assets	64,795
	<u>7,341,459</u>
<b>Liabilities</b>	
Other liabilities	<u>4,335,686</u>

Details of the discontinued operations of disposal group are as follows:

	Unaudited	
	September 30, 2015	September 30, 2014
	(Rupees '000')	
<b>Profit from discontinued operations</b>		
Share in profit of associates held of sale	811	49,953
Total income	125,019	366,615
Total expenses	(180,118)	(163,870)
(Loss) / profit before tax	(54,288)	252,698
Income tax	(64,551)	(57,581)
<b>(Loss) / profit after tax</b>	<u>(118,839)</u>	<u>195,117</u>

There are no cumulative income or expenses included in other comprehensive income relating to the disposal group.

#### Cash flows generated from / (used in) discontinued operations

Net cash generated from / (used in) operating activities	2,203,533	(440,281)
Net cash used in investing activities	(103,530)	(280)
Net cash (used in) / generated from financing activities	(2,047,186)	897,643
<b>Net cash flow for the period</b>	<u>52,817</u>	<u>457,082</u>



	Unaudited September 30, 2015	Audited December 31, 2014 Restated
	(Rupees '000')	
<b>14. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	28,248,036	26,197,708
Savings deposits	42,556,410	38,948,679
Current accounts - Non-remunerative	33,176,749	33,605,381
Margin accounts	474,988	633,456
<b>Financial Institutions</b>		
Remunerative deposits	9,751,582	4,713,717
Non-remunerative deposits	482,847	382,664
	<u>114,690,612</u>	<u>104,481,605</u>
<b>15. SUB-ORDINATED LOANS</b>	<u>4,196,356</u>	<u>4,197,195</u>

**Term Finance Certificates - Listed, Unsecured**

<b>Mark-up</b>	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 months Karachi Interbank Offered Rate ("KIBOR")).
<b>Security</b>	The TFCs are unsecured and subordinated to all other indebtedness of the Bank including deposits.
<b>Issue Date</b>	June 19, 2014
<b>Issue Amount</b>	Rs. 4,198.035 million
<b>Rating</b>	A+ (A plus)
<b>Tenor</b>	8 years from the Issue Date
<b>Redemption</b>	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.
<b>Maturity</b>	June 19, 2022
<b>Call Option</b>	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.
<b>Lock-in-Clause</b>	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
<b>Loss Absorbency Clause</b>	The TFCs will be subject to loss absorbency clause as stipulated under the "Instructions for Basel III Implementation in Pakistan".

## 16. SHARE CAPITAL

Unaudited September 30, 2015 (Number of shares)	Audited December 31, 2014		Unaudited September 30, 2015 (Rupees '000')	Audited December 31, 2014 (Rupees '000')
<b>16.1 Authorized</b>				
<u>12,000,000,000</u>	<u>12,000,000,000</u>	Ordinary shares of Rs. 10 each	<u>120,000,000</u>	<u>120,000,000</u>
<b>16.2 Issued, subscribed and paid up</b>				
Fully paid up ordinary shares of Rs. 10 each				
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
<u>6,259,124,088</u>	<u>6,259,124,088</u>	Issuance of shares on discount	<u>62,591,241</u>	<u>62,591,241</u>
<u>10,302,851,164</u>	<u>10,302,851,164</u>		<u>103,028,512</u>	<u>103,028,512</u>

**16.3** The holding company Bugis Investments (Mauritius) Pte. Limited holds 9,105,728,598 (December 31, 2014: 9,105,728,598) ordinary shares.

	Unaudited September 30, 2015 (Rupees '000')	Audited December 31, 2014 (Rupees '000')
<b>17. CONTINGENCIES AND COMMITMENTS</b>		
<b>17.1 Direct credit substitutes</b>		
<b>Contingent liability in respect of guarantees given favouring:</b>		
Government	610,000	-
Financial Institutions	14,749	22,749
Others	-	-
	624,749	22,749
<b>17.2 Transaction-related contingent liabilities / commitments</b>		
<b>Guarantees given in favour of:</b>		
Government	24,001,514	17,748,721
Financial Institutions	-	-
Others	1,204,980	1,426,507
	25,206,494	19,175,228
<b>17.3 Trade-related contingent liabilities</b>		
Letters of credit	26,318,721	34,543,032
Acceptances	3,273,977	8,265,894
	29,592,698	42,808,926



	Unaudited September 30, 2015	Audited December 31, 2014
	(Rupees '000')	
<b>17.4 Other Contingencies</b>		
Claims against the Bank not acknowledged as debts	-	266,133
<b>17.5 Commitments in respect of forward lending</b>		
Commitments to extend credit	1,647,000	2,302,643
<p>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.</p>		
<b>17.6 Commitments in respect of forward exchange contracts</b>		
Purchase	14,558,359	22,105,204
Sale	12,780,829	22,123,668
	27,339,188	44,228,872
<b>17.7 Commitments for the acquisition of operating fixed assets</b>		
	49,631	153,206
<b>17.8 Commitments in respect of equity future contracts</b>		
Sale	212,964	-

#### 17.9 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.

#### 17.10 Tax contingencies

The income tax returns of NIB Bank Limited have been filed up to and including tax year 2014 relevant to the financial year ended December 31, 2013. 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. In 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 2014 relevant to the financial year ended June 30, 2014. 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. The Company's 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 PICIC AMC.

Punjab Revenue Authority issued Show Cause Notice No. PRA/AM.70/14 dated June 20, 2014 to the 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 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 PICIC AMC.

## **18. OTHER INCOME**

Other Income includes net of element of income / (loss) pertaining to PICIC mutual funds of Rs. (252.145) million (2014: Rs. (5.88) million).

## **19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES**

The Group comprises the Bank, Asset Management Company, PICIC Investment Fund, PICIC Energy Fund, PICIC Income Fund, PICIC Cash Fund and PICIC Islamic Stock Fund. The reportable 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:

NIB Bank Limited  
Notes to the Consolidated Condensed Interim  
Financial Information (Unaudited)  
For the nine months period ended September 30, 2015



	Corporate and Investment Banking	Commercial	Retail	Treasury	Head Office / Other	Adjustments*
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(Rupees '000)

**For the nine months period ended September 30, 2015 (Unaudited)**

Net Interest Income	462,348	267,059	1,651,815	826,094	626,566	-
Non Mark-up Income including share of income of associates	743,039	301,764	485,892	3,441,890	(419,029)	-
Net Interest and non mark-up Income	1,205,387	568,823	2,137,707	4,267,984	207,537	-
Total expenses including provisions (excluding Impairment)	987,913	1,572,568	3,021,621	193,755	252,524	-
Reversal of provision for diminution in the value of investments	(2,190)	-	-	-	-	-
Total expenses including provisions	985,723	1,572,568	3,021,621	193,755	252,524	-
Segment Net income / (loss) before tax**	219,664	(1,003,745)	(883,914)	4,074,229	(44,987)	-
Segment Return on net assets (ROA) (%)	0.20%	(3.96%)	(0.98%)	3.76%	-	N/A
Segment Cost of funds (%)	7.00%	2.69%	4.26%	9.63%	-	N/A

**For the nine months period ended September 30, 2014 (Unaudited) - Restated**

Net Interest Income	305,566	47,942	1,976,204	387,111	193,340	-
Non Mark-up Income including share of income of associates	925,749	284,857	541,321	205,426	1,147,083	-
Net Interest and non mark-up Income	1,231,315	332,799	2,517,525	592,537	1,340,423	-
Total expenses including provisions (excluding Impairment)	526,004	1,169,317	2,848,057	175,990	274,475	-
Reversal of provision for diminution in the value of investments	(14,787)	-	-	-	-	-
Total expenses including provisions	511,217	1,169,317	2,848,057	175,990	274,475	-
Segment Net income / (loss) before tax	720,098	(836,518)	(330,532)	416,547	1,065,948	-
Segment Return on net assets (ROA) (%)	0.70%	(2.59%)	(0.41%)	1.14%	-	N/A
Segment Cost of funds (%)	8.83%	3.73%	4.91%	10.13%	-	N/A

**As at September 30, 2015 (Unaudited)**

Segment Assets (Gross of advances provisions)	107,097,245	31,962,780	80,007,302	95,991,557	18,723,473	(56,024,520)
Segment Non Performing Loans	14,842,100	11,945,266	2,144,168	-	225,948	-
Segment Provision against advances (including general provisions)	13,203,409	9,912,724	1,754,983	-	198,532	-
Segment Assets (Net)***	93,893,836	22,050,056	78,252,319	95,991,557	18,524,941	(56,024,520)
Segment Liabilities***	89,529,640	21,192,137	76,986,187	95,254,028	5,276,192	(56,024,520)

**As at December 31, 2014 (Audited) - Restated**

Segment Assets (Gross of advances provisions)	94,718,750	37,202,944	71,490,343	50,128,122	19,754,689	(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)	82,018,470	27,812,776	69,803,613	50,128,122	19,551,736	(47,315,266)
Segment Liabilities	78,637,728	26,806,245	68,413,817	49,158,498	5,996,914	(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 loss from discontinued operations amounting to Rs. 54.288 million from PICIC AMC, PICIC Cash fund and PICIC Islamic Stock Fund which is classified as 'held for sale'.

\*\*\* Head Office / Other includes assets of Rs. 7,341.459 million and liabilities of Rs. 4,335.686 million related to PICIC AMC and mutual fund which have been classified as 'held for sale'.

## 20. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its holding company, subsidiaries, associated undertakings, employee benefit plans 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 detail of transactions with related parties is given below:

### 20.1 Balances outstanding as at the period / year end

	Holding company		Unconsolidated subsidiary		Associates		Key management personnel		Other related parties	
	Unaudited September 30, 2015	Audited December 31, 2014	Unaudited September 30, 2015	Audited December 31, 2014	Unaudited September 30, 2015	Audited December 31, 2014	Unaudited September 30, 2015	Audited December 31, 2014	Unaudited September 30, 2015	Audited December 31, 2014
<b>Advances</b>										
At the beginning of the period / year	-	-	-	-	-	-	52,622	168,110	24,686	24,876
Given / addition during the period / year	-	-	-	-	-	-	64,591	31,488	3,973,438	5,179,988
Repaid during the period / year	-	-	-	-	-	-	(34,581)	(146,986)	(3,695,832)	(5,179,148)
At the end of the period / year	-	-	-	-	-	-	82,632	52,622	302,302	24,686
<b>Deposits</b>										
At the beginning of the period / year	16,656	19,897	-	-	373,540	171,318	27,083	33,426	270,888	72,033
Deposits during the period / year	-	-	-	-	4,518,914	12,591,478	429,959	290,681	6,972,580	9,896,037
Exchange difference	129	(251)	-	-	-	-	176	(980)	812	(2,673)
Withdrawal during the period / year	(1,818)	(2,990)	-	-	(4,278,879)	(12,389,256)	(401,506)	(296,094)	(6,816,401)	(9,794,509)
At the end of the period / year	14,967	16,656	-	-	613,575	373,540	55,662	27,033	427,879	270,888
<b>Investment in shares / mutual funds</b>										
At the beginning of the period / year	-	-	724	724	1,916,507	1,687,435	-	-	60,780	50,000
Investments made during the period / year	-	-	-	-	562,698	1,713,779	-	-	18,570	23,170
Investments sold/written off during the period / year	-	-	-	-	(621,392)	(1,673,291)	-	-	(5,680)	(12,390)
Equity accounting method adjustments	-	-	-	-	(229,486)	178,584	-	-	-	-
At the end of the period / year	-	-	724	724	1,628,337	1,916,507	-	-	73,670	60,780
<b>Receivables</b>										
At the end of the period / year	171	171	-	-	20,057	23,884	-	-	90,203	61,371
<b>Payables</b>										
At the end of the period / year	-	-	-	-	-	-	-	-	236	1,030

## 20.2 Income / Expense for the period

	Holding company		Unconsolidated subsidiary		Associates		Key management personnel		Other related parties	
	Period ended		Period ended		Unaudited		Period ended		Period ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	(Rupees '000')									
Mark-up / return / interest earned on advances	-	-	-	-	-	-	2,022	2,792	15,591	9,428
Mark-up / return / interest expensed on deposits	-	-	25,398	18,339	1,792	317	22,767	3,107	95,040	41,580
Dividend income from shares / mutual funds	-	-	-	195,673	-	-	11,862	9,196	3,732	4,469
Directors' remuneration	-	-	-	-	-	-	-	-	-	-
Directors' travelling expense	2,044	3,331	-	-	-	-	246,362	312,694	-	-
Remuneration to key management personnel	-	-	-	-	-	-	-	-	84,167	82,159
Contribution to Provident fund	-	-	-	-	-	-	-	-	-	-
Management fee earned	-	-	177,147	332,199	-	-	-	-	-	-
Fees and subscription	-	-	-	-	-	-	-	-	-	255

## 21. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorized for issue by the Board of Directors of the Bank on October 21, 2015.

## 22. GENERAL

Comparative information has been restated, re-classified to facilitate comparison and to conform with the changes in presentation in the current period.

**Atif R. Bokhari**  
President / Chief Executive

**Teo Cheng San, Roland**  
Chairman / Director

**Tejpal Singh Hora**  
Director

**Chia Yew Hock, Wilson**  
Director



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