Samba Bank Limited
Annual Report 2015

A STROKE OF BRILLIANCE

think samba | World class banking solutions for the most important things in life

Samba Bank Limited - Subsidiary of Samba Financial Group, Saudi Arabia

samba سامبا

Contents

02 Vision & Mission
04 Core Values
06 Company Information
08 Branch Network
09 Board of Directors
10 Chairman's Message
12 The Executive Team
14 Performance Highlights
16 Samba Financial Group Awards 2015
18 Directors' Report
22 Six Years' Performance Highlights
23 Statement of Internal Controls
24 Statement of Compliance with the Code of Corporate Governance
26 Notice of Annual General Meeting
27 Auditors' Review Report to the Members on Code of Corporate Governance
28 Financial Statements
30 Auditors' Report to the Members
32 Statement of Financial Position
33 Profit and Loss Account
34 Statement of Comprehensive Income
35 Cash Flow Statement
36 Statement of Changes in Equity
37 Notes to the Financial Statements
97 Annexure - 1
99 Pattern of Shareholding
101 Category of Shareholding
102 Information under Code of Corporate Governance
103 Proxy Form

Vision

To be the most admired bank in Pakistan providing world class service and innovative solutions through its people and technology, yielding superior returns and demonstrating responsible corporate citizenship.

Mission

To become the most admired bank by:

- Providing world class solutions to our customers by exceeding their service expectations.
- Investing in people by hiring, motivating, and retaining talent.
- Creating sustainable value through growth and efficiency of all stakeholders.
- Delivering superior returns to our investors.
- Benefiting the communities in which we operate.

Vision & Mission

Core Values

Meritocracy

We believe talent is brought to the fore by advancing individuals not for who they are, but for what they can produce. At Samba, we value the role of each employee from the highest to lowest levels.

Equal Opportunity

At Samba, we ensure all employees get equal opportunity to succeed. We value diversity and ensure fairness for all employees.

Respect & Dignity

At Samba, we respect every individual irrespective of their background and evaluate them on his/her potential and performance. Samba values such individual contributions and encourages employees to excel.

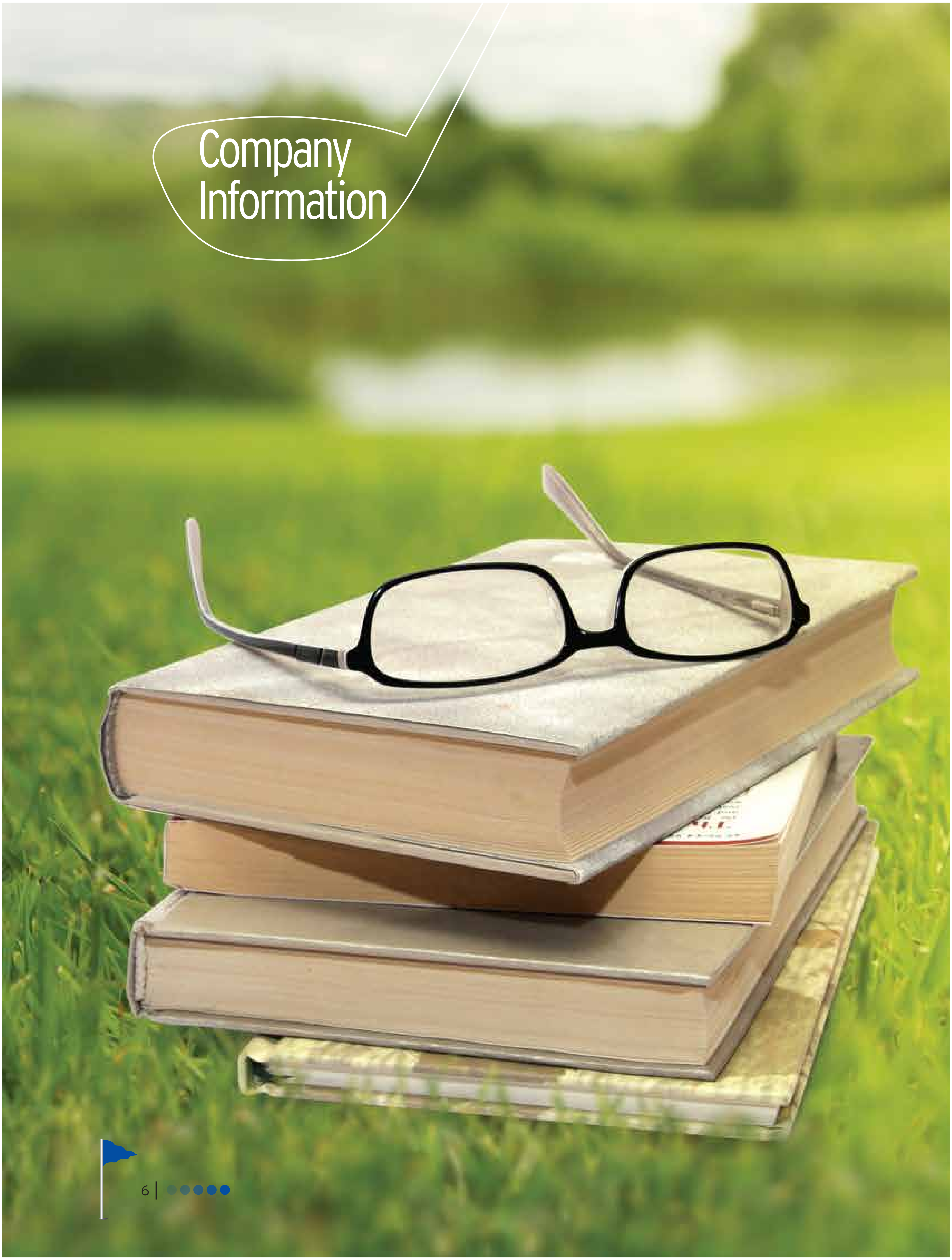
Integrity

At Samba, from top management to junior interns, we demand and maintain highest level of integrity. This is not just something we do, it is what we are.

Teamwork

Samba believes single units when joined with many like itself, combine into a powerful force that can achieve great things. We are encouraged to think as a group and to support each other.

Company Information



Board of Directors

Dr. Shujaat Nadeem	Chairman/Non-Executive Director
Mr. Shahid Sattar	President and CEO/Executive Director
Mr. Antoine Mojabber*	Non-Executive Director
Mr. Beji Tak-Tak	Non-Executive Director
Mr. Farhat Abbas Mirza	Independent Director
Mr. Humayun Murad	Independent Director
Mr. Javed Iqbal	Independent Director
Ms. Ranya Nashar	Non-Executive Director
Mr. Zahid Zaheer	Independent Director

* Names are in alphabetical order

Board Audit Committee

Mr. Javed Iqbal	Chairman
Ms. Ranya Nashar	Member
Mr. Zahid Zaheer	Member

Board Risk Committee

Mr. Beji Tak-Tak	Chairman
Mr. Shahid Sattar	Member
Mr. Antoine Mojabber	Member
Mr. Humayun Murad	Member

Board Nomination & Remuneration Committee

Ms. Ranya Nashar	Chairperson
Mr. Antoine Mojabber	Member
Mr. Humayun Murad	Member
Mr. Shahid Sattar	Member

President & Chief Executive Officer

Mr. Shahid Sattar

Company Secretary

Syed Zia-ul-Husnain Shamsi

Auditors

A. F. Ferguson & Co. — Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co. — Advocates & Legal Consultants

Head Office

6th Floor, Sidco Avenue Centre, M.D.M. Wafai Road,
Karachi - Pakistan

Registered Office

2nd Floor, Building # 13-T, F-7 Markaz, Near Post Mall,
Islamabad - Pakistan

Share Registrar

Famco Associates (Pvt.) Limited
8-F, Next to Hotel Faran, Nursery, Block-6 P.E.C.H.S.,
Karachi - Pakistan

Website

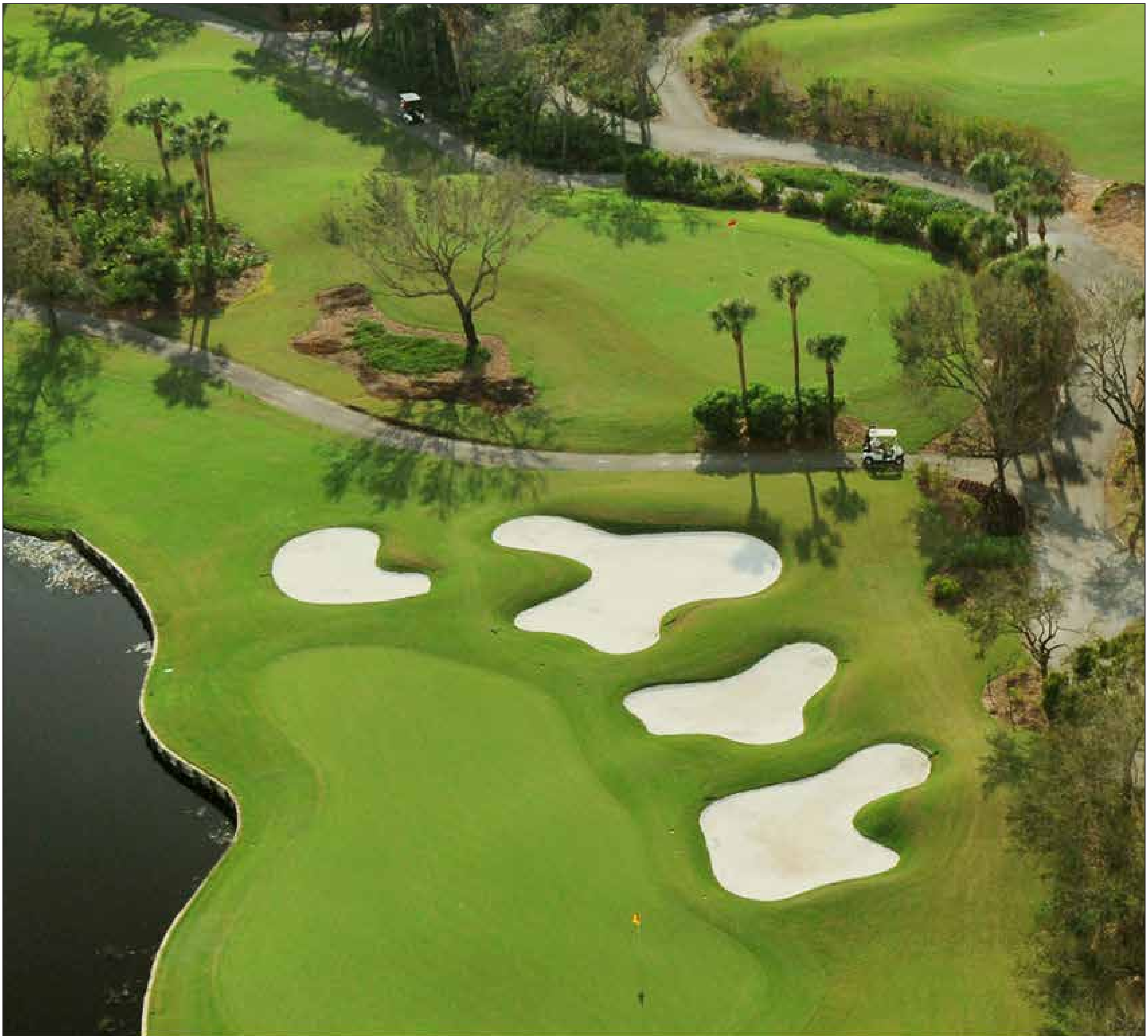
www.samba.com.pk

Help Line

11 11 SAMBA (72622)

Credit Rating by JCR-VIS

Medium to Long Term	AA (Double A)
Short Term Rating	A-1 (A-One)



Our Branch Network

Currently, SBL has a network of 34 branches located in 9 major cities across the country.

Karachi
Fountain, Saddar
Rashid Minhas
Hyderi
SMCHS
Bahria I
DHA Phase VI
Shahra-e-Faisal
Gulshan
Clifton
Bahadurabad
Ittehad
Saba Avenue

Lahore
Gulberg
Mall
Allama Iqbal Town
Johar Town
DHA Lahore
New Garden Town
Tufail Sarwar Road
Cavalry Ground
Faisal Town
DHA Phase V Lahore

Islamabad
Jinnah Avenue
F-11
F-7
DHA Phase II

Rawalpindi
Saddar Branch
Bahria Town

Gujranwala
G.T. Road

Faisalabad
Liaquit Road

Multan
Nusrat Road

Sialkot
Paris Road

Peshawar
Saddar

AJK - BAGH
Bagh

Board of Directors

Dr. Shujaat Nadeem

Ms. Ranya Nashar

Mr. Antoine Mojabber

Mr. Beji Tak-Tak

Mr. Zahid Zaheer

Mr. Farhat Abbas Mirza

Mr. Javed Iqbal

Mr. Humayun Murad

Mr. Shahid Sattar

I am pleased to report that in 2015 we have continued with our journey to grow the business, our income and profitability, and to deliver value for our shareholders. Despite the macroeconomic pressures and challenges to the banking industry, Samba Bank Limited (SBL) continued to outperform banking industry growth rates by posting a profit growth of more than 90% from last year. Our 2015 results show a steady growth in all revenue-generating drivers, including advances, investments and deposits.

Our bank successfully managed to achieve profit before tax of PKR 815 million, as compared to last year's figure of PKR 425 million. During 2015, the bank grew its deposits by 23% over 2014 to PKR 38.8 billion. Over the same period, the loan portfolio increased by 11% to PKR 24.2 billion and investments grew to PKR 44.7 billion.

We have a clear business strategy, focusing on the basics of good banking and building long term sustainable customer relationships. All three revenue generating drivers - advances, investments and deposits reached all-time high levels throughout the year. As this momentum took effect, enhanced markup, high levels of cross-selling, revitalized NFI sources, strict cost control and exceptional recoveries were the major contributors to unprecedented profit growth.

SBL's Corporate & Investment Banking Group shifted its focus from simple minded asset portfolio growth to improving the quality and return of loan portfolio. The loan book size remained constant at PKR 22.6 billion but within this there were significant changes in customer segments and loan quality. We have focused on clients where the return is commensurate with the risk we are willing to take. The Corporate Banking Group added new top-tier corporate clients at good margins to its portfolio, despite the squeezing spreads. It also maintained high quality credit exposures, diversified its risk across approved sectors/industries, and significantly increased cross-selling in line with the strategy. The Global Transaction Services team also deepened its customised product offering with a full spectrum of transaction banking and cash management solutions to help corporate clients manage their liquidity and cash flows more

efficiently. Over the year, the Financial Institutions Group ensured that the bank's relationships with all financial institutions including foreign and local commercial banks, non-banking financial institutions, insurance companies, asset management companies and micro-finance banks were significantly enhanced.

The strategic intent in 2015 centred on self-sustaining deposit growth. This strategy is evident in SBL's Retail deposit growth of approximately PKR 6.7 billion. Despite fierce competition from other banks, network limitations and a relatively thin product line, the business fared much better than it has historically, both in terms of volumes and the bottom line. The overall retail deposit book, both local and foreign currency grew by 25%, taking the total standing to approximately PKR 33.6 billion. Branch bankings' active customer base grew by 3,500 customers. "New-to-bank" customers' contribution to the Retail deposit portfolio was PKR 9.2 billion; 31% higher than last year. After an expansion hiatus since 2007, Samba Bank established six new branches in 2015 to enhance its footprint. Furthermore, enhancement in products & services suite remains a very important aspect of our business strategy and the upcoming product suite will allow the business to strengthen its Alternate Distribution Channel and investments in future years.

Global Markets Group had another productive year, during which revenue growth was significantly higher than 2014. Despite high foreign exchange and bond yield volatility, SBL's market activity increased considerably. The newly launched equity trading desk also contributed positively towards profitability.

During 2015, Board also approved launch of Commercial Banking Group to meet the financing needs of mid-tier corporate names which play a significant role in the local

Chairman's Message

economy. This initiative was formally launched in September 2015 and has already started contributing to the Banks' growth; we expect higher momentum to be achieved in 2016 onwards.

In order to increase our competitiveness and offer a wider and superior range of products and services, the bank has decided to invest in improving the Bank IT infrastructure including a new core banking system ('T-24') to be implemented by Dec 2016. This is a transformational step which we believe will allow SBL to leap frog its competition and based on this technology backbone, we will be able to offer our clients with products and services which will differentiate SBL from its competition.

As a result of the bank's strategic direction, strong liquidity position and capital base, contributing to consistent growth, JCR-VIS, one of the country's premier credit rating agencies, has upgraded SBL's medium to long-term credit rating from 'AA-' (Double A minus) to 'AA' (Double A) and its short-term rating has been maintained at 'A-1' (A-One). These long and short-term ratings respectively indicate the bank's high credit quality, moderate risk factor, excellent liquidity position and track record of timely payments.

In summary, 2015 was a year of good performance and a step forward in our growth journey. I would like to thank our customers and shareholders for their support. I would also like to thank State Bank of Pakistan, Securities and Exchange Commission of Pakistan, other regulatory authorities, Board of Directors, and my colleagues at Samba Financial Group Saudi Arabia, for their constant guidance and support. In the end, on behalf of the Board of Directors, I would convey our appreciation to the management and the staff of the SBL for their hard work, dedication and on-going commitment in achieving an excellent set of results for FY 2015 and wish them the very best for 2016.

Dr. Shujaat Nadeem
Chairman

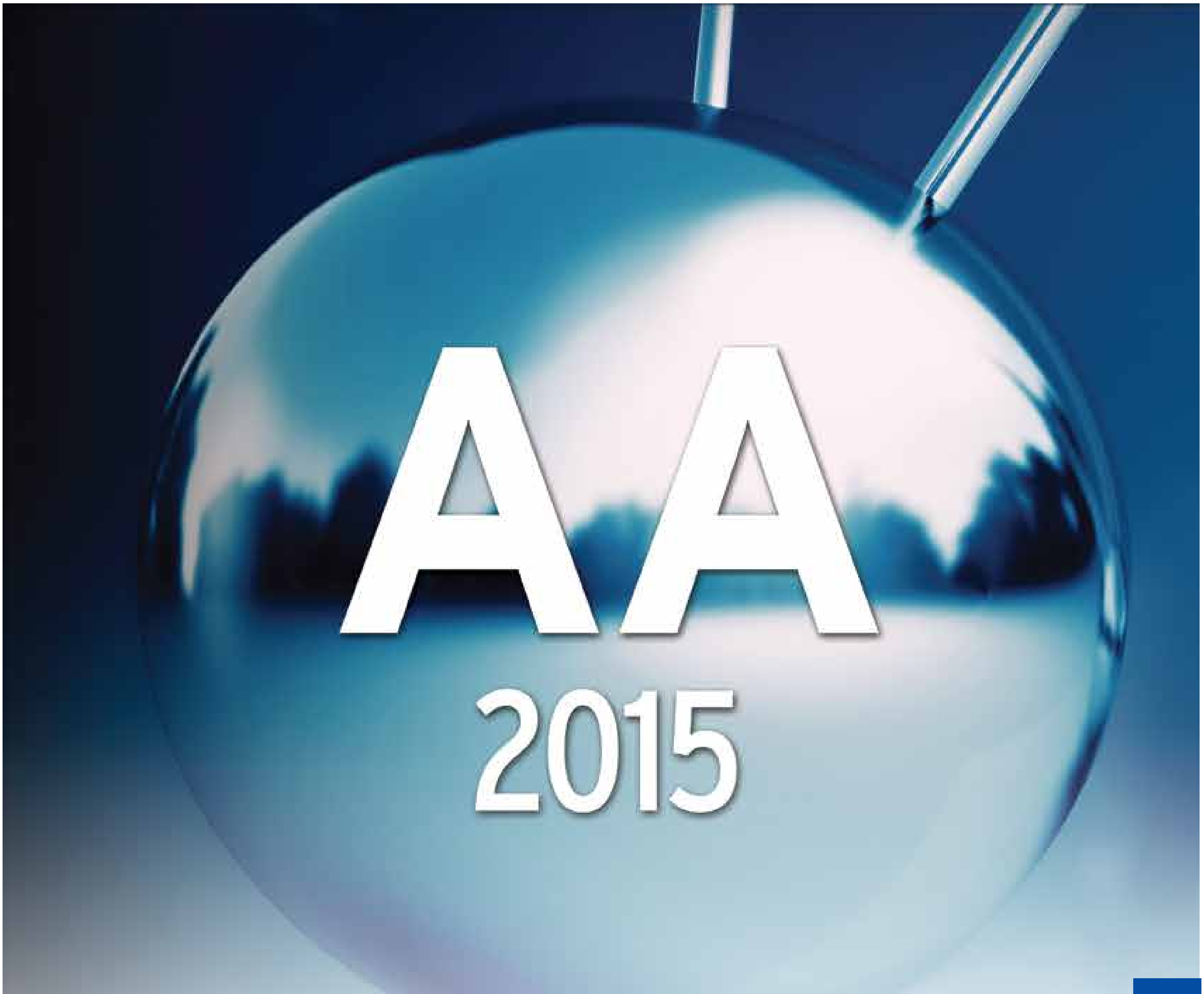
The Executive Team

Left to Right Sitting

SITWAT RASOOL QADRI	Chief Internal Auditor
HUMAYUN M.BAWKHER	Chief Credit Officer
SYED GHAZANFAR AGHA	Group Head, Corporate & Investment Banking
SHAHID SATTAR	President & CEO
SAMINA HAMID KHAN	Chief Risk Officer
ABID HUSSAIN	Group Head, Operations

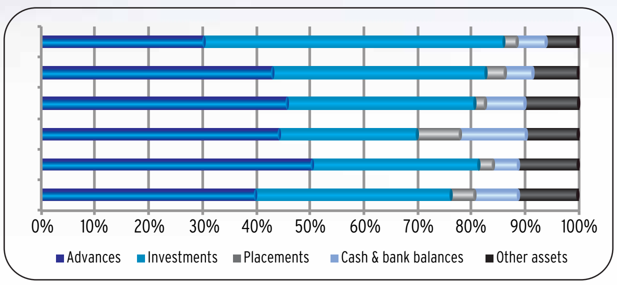
Left to Right Standing

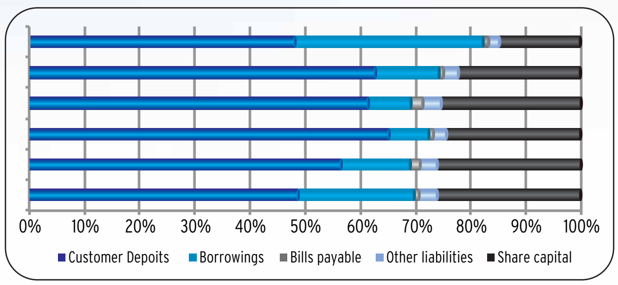
TALAL JAVED	Group Head, Consumer Banking
MUHAMMAD ARSHAD MEHMOOD	Group Head, Human Resources & Training
SYED AMIR RAZA ZAIDI	Group Head, Compliance
MUHAMMAD SALMAN ALI	Chief Technology Officer
AHMAD TARIQ AZAM	Group Head, Commercial Banking , Administration & Real Estate
ARIF RAZA	Group Head, Global Markets (Treasurer)
SYED ZIA UL HUSNAIN SHAMSI	Group Head, Legal Affairs, IRM, Collection & Recovery and Company Secretary
RASHID JAHANGIR	Chief Financial Officer



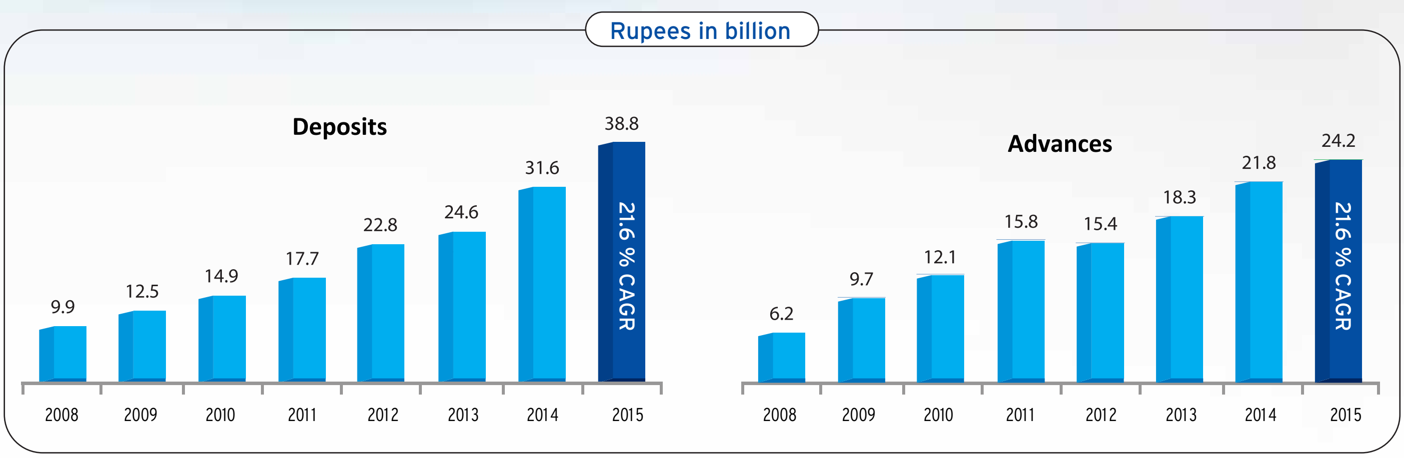
Data Table for Bar Graphs

	2010	2011	2012	2013	2014	2015
Assets:						
Advances	40%	51%	44%	46%	43%	30%
Investments	36%	31%	26%	35%	39%	56%
Placements	5%	3%	8%	2%	4%	2%
Cash & bank balances	8%	5%	12%	7%	5%	5%
Other assets	11%	11%	10%	10%	9%	6%
Liabilities & Equity:						
Customer Deposits	49%	56%	65%	62%	63%	48%
Borrowings	21%	13%	7%	7%	12%	34%
Bills payable	0%	2%	1%	2%	1%	1%
Other liabilities	3%	3%	2%	3%	3%	2%
Share capital	26%	26%	24%	25%	22%	15%





Performance Highlights



Awards 2015

Global Finance

- Best Bank for Payments and Collections in the Middle East.
- Best Bank in Saudi Arabia (10th in a row).
- Best Integrated Corporate Banking Site in the Middle East.
- Safest Banks list for 2015, Samba ranked 1st in Saudi Arabia, 4th in the Middle East (11th safest bank in the emerging markets).

The Banker (Top 1000 World Bank Rankings)

- World Rank: 121st (Tier One Capital – 138th Last Year) - Middle East Rank: 5th - Country Rank: 3rd (Tier One Capital).
- 2nd Safest Bank in the World - 1st Safest Bank in the Middle East - 1st Safest Bank in Saudi Arabia.

By Country (Saudi Arabia):

- 3rd by Total Assets (last year 4th) – 2nd by Capital Assets Ratio (last year 3rd) - 7th by Return on Capital – 1st by Return on Assets (last year 2nd).

Forbes Middle East

- Samba Ranked 11 in Forbes Middle East list for 20 strongest companies in the Arab world.

The Asian Banker

- Best Data & Analytics Project in the Middle East.

Euromoney

- Best Investment Banking Capabilities in Saudi Arabia.
- Best Commercial Banking Capabilities in Saudi Arabia.
- Best Research and Asset Allocation Advice in Saudi Arabia.

Institute of Public Administration

- Best National Institution for Employment of Saudis Employees (Eighth Time).

Total Number of Awards - 13

On behalf of the Board of Directors, I am pleased to present the annual report of your Bank along with its audited financial statements and auditors' report for the year ended December 31, 2015.

Economic Highlights

The year 2015 was an eventful year in terms of developments on the macroeconomic front with some commendable achievements despite complex structural problems of the economy. Decline in commodity prices, mainly oil, and improvement in external account position contributed well to the macro variables.

State Bank of Pakistan (SBP) decreased its policy rate by 300bps in CY 2015 in response to falling inflation numbers. The Core Relatively Stable Component (RSC) inflation on year-on-year basis was recorded at 4.8 percent in December 2015 compared to 7.0 percent during 2014. Fiscal deficit shrunk due to lower subsidy burden and GDP growth which improved on back of better security situation.

Home remittances showed a rising trend and increased by USD 3.70 billion from USD 17.03 billion in CY 2014 to USD 20.73 billion in CY 2015. Foreign Reserves increased to ~USD 20.81 billion at the end of CY 2015 as compared to ~USD 15.21 billion at the end of CY 2014, up by ~ USD 5.60 billion.

Going forward, China Pakistan Economic Corridor (CPEC) seems to be a game changer for the economy providing sustainable growth by addressing infrastructure- and energy-related issues.

Bank Operating Results and Financial Review

	Rupees in million 2015	2014
Net mark-up / return / interest income after provisions	2,121	1,912
Non mark-up / interest income	805	217
Non mark-up / interest expenses	2,111	1,704
Profit before taxation	815	425
Taxation charge	385	199
Profit after taxation	431	226
Earnings per share - PKR	0.43	0.24

Despite the challenging environment for small and medium sized banks, your Bank has registered a growth of more than 90% during CY 2015 in its profit before tax which stood at PKR 815 million as compared to PKR 425 million for CY 2014. Profit after tax also grew with similar percentage and closed at PKR 431 million as compared to PKR 226 million for CY 2014. This translated into the earnings per share of PKR 0.43 for CY 2015 compared to PKR 0.24 for CY 2014. During the year 2015, your Bank also increased its balance sheet size from PKR 50.6 billion in CY 2014 to PKR 80.1 billion, depicting an increase of 58%.

Directors' Report

Earning assets of your Bank grew by 62%, from PKR 43.7 billion in CY 2014 to PKR 70.9 billion in CY 2015. Accordingly, the gross mark-up income during CY 2015 also improved to PKR 5,468 million as compared to PKR 4,168 million in CY 2014, thus registering a growth of PKR 850 million. This growth in earning assets was funded through a 23% growth in the deposits from PKR 31.6 billion in CY 2014 to PKR 38.8 billion in CY 2015. Through efficiently managing the deposit mix with core focus on non-remunerative current deposits, the cost of deposit was reduced by 165 bps in CY 2015. This resulted in 18% increase in the net mark-up / interest income of the Bank from PKR 1,813 million in CY 2014 to PKR 2,143 million in CY 2015.

Non mark-up / interest income registered a 271% increase in CY 2015, from PKR 217 million in CY 2014 to PKR 805 million in CY 2015, contributed by sustainable diversified growth in all areas of non-funded income including fee, commission, foreign-currency dealing, and trading in debt and equity securities.

Your Bank also managed to recover PKR 115 million from legacy bad loans, demonstrating consistent, aggressive, and effective remedial management. In order to safeguard its assets against credit risk, your Bank has adopted a prudent approach and booked a general provision of PKR 138 million against its corporate and commercial loans portfolio.

Keeping in view the future growth and to remain in line with market dynamics, your Bank took some strategic initiatives in the area of Information Technology and Core Banking Software. Your Bank is moving towards implementation of state of the art T-24 Banking Solution which would be fully operational by the end of 2016. During the period, your Bank has successfully launched a new segment to target local Corporate and high-end Commercial entities, which would diversify the Advances portfolio of your Bank. Further, some of the branches were relocated to achieve better results, enhance brand image and reduce operational cost. Total six (6) new branches were also opened during the year. The non-markup expenses also include proportionate cost of these initiatives. Other than the above mentioned initiatives, resulting in the one-off costs of PKR 382 million, your Bank managed its recurring operating costs very well, thus increasing only by 2% over the last year.

Credit Rating

JCR-VIS, a premier rating agency of the country, has upgraded the medium to long term entity ratings of the Bank from 'AA-' (Double A minus) to 'AA' (Double A) and has maintained its short term rating at 'A-1' (A-One). The outlook on the assigned ratings has also been confirmed as 'Stable'. These short- and long-term ratings of your Bank denote high credit quality with adequate protection factor and strong capability for timely payments to all financial commitments owing to strong liquidity positions.

Statement of Internal Controls

The Board is pleased to endorse the management's statement on the evaluation of internal control which is included in the annual report.

Risk Management Framework

Effective risk management is a prerequisite for achieving our business objectives and is thus a central part of your Bank's policies. To ensure that an effective risk management framework is implemented in your Bank, the Board of Directors and senior management are actively involved in the formulation of policies, procedures and limits. Accordingly, your Bank has a comprehensive risk management framework that establishes risk management principles, guidelines and the governance structure. This framework defines the various committees established to undertake effective risk monitoring, by the Board of Directors and senior management, of the various types of risks which include credit, market, liquidity and operational risks that are discussed in more detail in notes 40, 41, 43 and 45 to the annexed financial statements.

Through our risk management framework, we manage bank-wide risks, with the objective of maximising the risk-adjusted returns while remaining within the risk parameters approved by the Board. Your Bank's risk management framework is designed to balance corporate governance with well-defined independent risk management functions. Refinements continued to be made in the risk management framework throughout CY 2015, based on the guiding principles established by the Board Risk Committee.

Statement under Code of Corporate Governance / Corporate and Financial Reporting Framework

The Board of Directors is aware of its responsibilities under the Code of Corporate Governance and is pleased to report and certify that:

- Proper books of account of your Bank have been maintained;
- The financial statements prepared by the management of your Bank fairly present its state of affairs, result of its operations, comprehensive income, cash flows, and changes in equity;
- Appropriate accounting policies have been consistently applied in the preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan and adopted by the State Bank of Pakistan, have been followed in preparation of our Bank's financial statements, and departures, if any, have been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored on best efforts basis;
- There are no doubts about your Bank's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- A summary of key operating & financial data for last 6 years is included in Annual Report;
- A statement showing your Bank's shareholding pattern as of December 31, 2015 is annexed;
- The book value of investments of Staff Provident Fund is PKR 168.6 million as per the audited financial statements of the fund for the year ended December 31, 2014;
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as of December 31, 2015, except as disclosed in these financial statements;
- Statement of Compliance with Code of Corporate Governance is annexed;
- The financial statements of your Bank have been audited without qualification by auditors of your Bank, Messrs A.F. Ferguson & Company, Chartered Accountants; and
- All the directors of your Bank have completed their training programme, except one director, Ms. Ranya Nashar who joined the bank during CY 2015 and would complete her training during CY 2016 as per the requirement of the Code.

Meetings of the Board

Six (6) Board meetings and ten (10) Board Sub-Committee meetings were held during the year under review. The Board granted leave of absence to the Directors who did not attend the meetings. The number of meetings held and attended by each director is:

	Board Meetings	Audit Committee Meetings	Risk Committee Meetings	Nomination & Remuneration Committee Meetings
Number of meetings held	6	4	4	2
Number of meetings attended				
Dr. Shujaat Nadeem	6	-	-	1
Mr. Antoine Mojabber	5	-	4	1
Mr. Beji Tak-Tak	5	-	4	-
Mr. Farhat Abbas Mirza	6	-	-	-
Mr. Javed Iqbal	6	4	-	-
Mr. Humayun Murad	6	-	4	2
Ms. Ranya Nashar	5	4	-	2
Mr. Zahid Zaheer	6	4	-	-
Mr. Shahid Sattar	6	-	4	1

Share Acquisitions by Directors and Executives

During the year 2015, no trade in the shares of your Bank was carried out by the Directors, CFO and Company Secretary and their spouses and minor children, except for two Directors, Dr. Shujaat Nadeem, who purchased 64,000 shares of your Bank and Mr. Zahid Zaheer, who acquired 300 shares which were gifted to him by his daughter, after meeting all the regulatory and disclosure requirements.

Auditors

The retiring external auditors Messrs A.F. Ferguson & Company, Chartered Accountants, being eligible, have offered themselves for re-appointment. The Board of Directors, on the suggestion of the Audit Committee, recommends Messrs A.F. Ferguson & Company, Chartered Accountants (local representative of PricewaterhouseCoopers) to be appointed for the next year.

Events after the Balance Sheet Date

There have not been any material events that occurred subsequent to the date of the Balance Sheet that require adjustments to the enclosed financial statements.

Future Outlook

Macroeconomic environment looks positive due to reduction in oil prices and lower inflation. Your Bank, with the support of its parent and sponsors, continues to pursue its strategic objectives and goals. While monitoring the prevailing economic conditions, the main focus of the Bank would be to: leverage on the building blocks put into place; steadily build up its earning assets; effectively manage the associated risks; and reduce its cost of funds through continued improvement in its deposit mix. This would be facilitated by delivery of world class banking services to your Bank's valued customers and by developing and introducing innovative banking products. In order to enhance its footprint, your Bank has successfully opened six (6) new branches during CY 2015 and also received requisite approvals from SBP for opening up further six (6) new branches in CY 2016.

Acknowledgment

I wish to express sincere gratitude to our customers, business partners and shareholders for their patronage and trust. The Board of Directors and the management would like to thank the State Bank of Pakistan and other regulatory bodies for their guidance and support. I also sincerely appreciate the dedication, commitment and team work of all employees of your Bank who worked very hard to transform your Bank into a successful franchise.

On behalf of the Board of Directors,

Shahid Sattar
President and Chief Executive Officer

February 22, 2016
Karachi

Six Years' Performance Highlights

Rs. in Million

	2010	2011	2012	2013	2014	2015
Statement of Financial Position						
Assets						
Advances - gross	14,747	18,375	17,843	20,561	23,916	26,260
Investments - gross	11,332	9,899	9,013	14,104	20,055	44,828
Lendings to financial institutions	1,389	803	2,777	791	1,900	2,000
Cash and balances with treasury and other banks	2,446	1,523	4,342	2,913	2,605	4,330
Operating fixed assets	1,001	904	832	862	801	1,324
Deferred tax asset - net	1,601	1,436	1,409	1,484	1,058	658
Other assets - gross	944	1,276	1,266	1,810	2,567	3,118
Total assets - gross of provisions	**33,460**	**34,216**	**37,482**	**42,525**	**52,903**	**82,517**
Provision against advances - specific and general	(2,609)	(2,544)	(2,398)	(2,292)	(2,104)	(2,073)
Provision for diminution in the value of investments	(241)	(235)	(118)	(113)	(102)	(102)
Provision held against bad and doubtful other assets	(99)	(106)	(112)	(119)	(115)	(176)
Total assets - net of provisions	**30,511**	**31,331**	**34,854**	**40,001**	**50,581**	**80,166**
Liabilities						
Customer deposits and other accounts	14,872	17,669	22,754	24,633	31,642	38,844
Borrowings	6,535	3,996	2,477	2,987	5,965	27,326
Bills payable	116	529	251	919	309	492
Other liabilities	1,062	955	856	1,331	1,411	1,660
Total liabilities	**22,585**	**23,149**	**26,338**	**29,870**	**39,326**	**68,322**
Net assets	**7,926**	**8,182**	**8,516**	**10,131**	**11,255**	**11,844**
Share capital	14,335	14,335	14,335	8,082	10,082	10,082
Advance against proposed issue of shares	-	-	-	1,614	-	-
Reserves	43	90	151	167	213	299
Unappropriated profit / (accumulated losses)	(6,442)	(6,252)	(6,012)	291	472	816
Equity	**7,936**	**8,173**	**8,474**	**10,154**	**10,767**	**11,198**
(Deficit) / surplus on revaluation of assets - net of tax	(10)	9	42	(23)	488	647
	7,926	**8,182**	**8,516**	**10,131**	**11,255**	**11,844**
Profit & Loss Account						
Mark-up / return / interest earned	2,384	3,352	3,054	3,207	4,619	5,468
Mark-up / rerurn / interest expensed	(1,350)	(1,944)	(1,722)	(1,823)	(2,806)	(3,326)
Net mark-up / interest income	**1,034**	**1,408**	**1,332**	**1,384**	**1,813**	**2,143**
Fee, commission, brokerage and Income from dealing in foreign currencies	133	83	112	152	153	201
Dividend income and (loss) / gain on sales of securities - net	44	23	38	-	41	507
Other income and unrealised (loss) / gain on revaluation of investments	144	47	4	8	24	98
Non mark-up / interest income	**321**	**153**	**154**	**160**	**217**	**805**
Revenue	**1,355**	**1,561**	**1,486**	**1,544**	**2,030**	**2,948**
Non mark-up / interest expenses	(1,462)	(1,397)	(1,459)	(1,551)	(1,646)	(2,111)
(Charge) / reversal / recovery of provision / against write-offs	(24)	37	137	88	41	(22)
Profit / (Loss) before taxation	**(131)**	**201**	**164**	**81**	**425**	**815**
Taxation	11	36	137	3	(199)	(385)
Profit / (Loss) after taxation	**(120)**	**237**	**301**	**84**	**226**	**431**
Other Information						
Return on equity (RoE)	-1.6%	2.9%	3.6%	0.9%	2.1%	3.7%
Return on assets (RoA)	-0.4%	0.8%	0.9%	0.2%	0.5%	0.6%
Profit before tax to revenue ratio	-9.6%	12.9%	11.0%	5.3%	20.9%	27.7%
Advances to deposits ratio (ADR)	81.6%	89.6%	67.9%	74.2%	68.9%	62.3%
Efficiency ratio (cost to revenue)	107.9%	89.5%	98.2%	100.4%	81.1%	71.6%
Earnings Per Share (EPS)*	(0.10)	0.16	0.37	0.10	0.24	0.43
Market value per share - rupees	1.96	1.45	2.85	4.72	7.00	6.00
Number of employees	810	760	732	614	602	657
Number of branches	28	28	28	28	28	34

* EPS for years from 2010 to 2011 have not been restated for reduction of shares in 2013.

Statement of Internal Controls

Management is responsible for establishing and maintaining adequate controls for providing reasonable assurance on effective and efficient operations, internal financial controls and compliance with laws and regulations. Furthermore, development of internal control systems is an ongoing process. They are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The responsibility for adherence to controls mainly lies with the business from where the risk arises. For monitoring the effectiveness of internal control systems, the Bank has set roles for certain functions such as Audit & Risk Review (ARR), Compliance and the Operations Risk Management Department (CORMD). ARR periodically carries out audits of branches and departments to monitor compliance with the Bank's control and processing standards, and regulatory requirements. Likewise, Compliance ensures that the Bank complies with regulatory requirements and Anti Money Laundering / Combating Financing of Terrorism Policy. Also, the CORMD function within the Risk Management Group carries out quality assurance reviews of processes and transactions of branch banking operations, to ensure compliance of policies and fulfillment of regulatory requirements. In order to institutionalize a robust control and risk management culture, Key Risk Indicators (KRIs) for respective control areas have been identified along with tolerance limits. Further, the Bank's KRI inventory is regularly updated to reflect latest trends with breaches being promptly reported. Also, a Risk and Controls Self Assessment (RCSA) regime has been rolled out, throughout the Bank. An accountability process is in place to ensure effectiveness of the overall control environment. Further, management gives due consideration to recommendations made by internal and external auditors and regulators, especially for improvements in internal control systems and processes, and takes timely action to implement their recommendations.

To implement Internal Control Guidelines, as required by State Bank of Pakistan, Internal Audit department reviewed the detailed exercise of documenting and benchmarking existing internal processes and controls, relating to financial reporting on the basis of international standards. This project assists in further improving internal controls across the Bank and ensures compliance with the SBP requirements. As per the SBP roadmap, the Bank had completed all stages and is in compliance with SBP instructions and obtained exemption from the State Bank of Pakistan for submission of Long Form Report (LFR) certified by external auditors. Bank has made efforts to comply with the prerequisites of ICFR through submission of Internal Audit annual assessment report of 2014 to SBP after sign off from Board’s Audit Committee.

The Board of Directors is ultimately responsible for the internal control system and endorses the above evaluation by management.

Shahid Sattar
President and Chief Executive Officer
February 22, 2016
Karachi

Statement Of Compliance With The Code Of Corporate Governance For The Year Ended December 31, 2015

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 35 of Chapter XI of Listing Regulations of the Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited respectively now merged into Pakistan Stock Exchange Limited for the purpose of establishing a framework of good corporate governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Board of Directors of Samba Bank Limited (the Bank) have applied the principles contained in the Code in the following manner:

1. The Bank encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes four Independent Directors, four Non-Executive Directors and an Executive Director:

Independent Directors:	Mr. Farhat Abbas Mirza Mr. Humayun Murad Mr. Javed Iqbal Mr. Zahid Zaheer
Executive Director:	Mr. Shahid Sattar, President & CEO
Non-Executive Directors:	Dr. Shujaat Nadeem (Chairman) Mr. Antoine Mojabber Mr. Beji Tak-Tak Ms. Ranya Nashar

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

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank (excluding the listed subsidiaries of listed holding companies, where applicable).

3. All the resident Directors of the Bank are registered as taxpayers and to the best of our knowledge none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-banking Financial Institution or being member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board during the period.

5. The Bank has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.

6. The Board has developed a vision / mission statement, overall corporate strategies and significant policies of the Bank. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

8. The meetings of the Board were presided over by the Chairman. The Board met Six (6) times during the year and met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated within stipulated time.

9. Out of a total of nine (9) Directors, Four (4) directors are exempted from the requirement of obtaining director's training. All the other Directors of the Bank have completed their training program, except one Director, Ms. Ranya Nashar and she will be completing in the year 2016, as per the requirement of the Code.

10. The Board has approved the appointment, remuneration and terms of employment of the Chief Financial Officer (CFO) of the Bank during the year. However, he joined the Bank on 4th January 2016. No new appointment of Company Secretary and Head of Internal Audit was made during the year.

11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and describes the salient matters required to be disclosed.

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

13. The Directors, Chief Executive Officer and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.

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

15. The Board has formed an Audit Committee. It comprises of three members. One member of the committee is a non-executive director and two are independent directors. The Chairman of the Audit Committee is an independent director.

16. The Audit Committee held four (4) meetings during the year, and met at least once in every quarter prior to the approval of interim and final results of the Bank and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed a Nomination and Remuneration Committee. It comprises of four members, of whom two are non-executive directors, one is independent director and President & CEO. The Chairman of the committee is a non-executive director.

18. The Board has set up an effective internal audit function within the Bank. The staff of Internal Audit Department are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank and they are involved in the internal audit function on a full time basis.

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

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

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

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

23. We confirm that all other material principles enshrined in the Code have been complied.

Dr. Shujaat Nadeem
Chairman
February 22, 2016

Notice of the Thirteenth Annual General Meeting

Notice is hereby given that the Thirteenth Annual General Meeting of Samba Bank Limited ("the Bank") will be held at 10:00 a.m. on Monday, the 21st March, 2016, at Margalla Hotel, Islamabad, to transact the following business:

Ordinary Business

1. To confirm the minutes of the Annual General Meeting held on March 27, 2015.

2. To receive, consider and adopt the audited Annual Accounts of the Bank for the year ended December 31, 2015 together with the Directors' and Auditors' Reports thereon.

3. To appoint Auditors' and to fix their remuneration. M/s A.F. Ferguson & Co., Chartered Accountants have offered themselves for the re-appointment.

4. To elect eight directors as fixed by the Board in accordance with the provisions of section 178(1) of the Companies Ordinance 1984. The following Directors are retiring and are eligible for re-election:

1. Mr. Antoine Mojabber	5. Mr. Javed Iqbal
2. Mr. Beji Tak-Tak	6. Dr. Shujaat Nadeem
3 Mr. Farhat Abbas Mirza	7. Ms. Ranya Nashar
4. Mr. Humayun Murad	8. Mr. Zahid Zaheer

Other Business

To transact any other business of the Bank with the approval of the Chair.

By Order of the Board
Syed Zia-ul-Husnain Shamsi
Company Secretary

Karachi
February 29, 2016

Notes:

1. Share Transfer Books of the Bank will remain closed from 15-03-2016 to 21-03-2016 (both days inclusive). Transfer received in order at Bank's Registrar, M/s. Famco Associates (Pvt.) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahra-e-Faisal, Karachi up to close of business on 14-03-2016 will be considered in time for the purpose of Annual General Meeting.

2. Any member desirous to contest the Election of Directors shall file the following with the Company Secretary of the Bank, not later than fourteen days before the day of the above said meeting;

a) His / her intention to offer himself / herself for the election in terms of section 178(3) of the Companies Ordinance, 1984. He / she should confirm that;

- He / she is not ineligible to become a director of the Bank under any applicable laws and regulations (including Listing Regulations of Pakistan Stock Exchange).

- Neither he / she nor his / her spouse is engaged in the business of brokerage or is a sponsor, director or officer of a corporate brokerage house.

- He / she is not serving as a director in more than seven listed companies simultaneously. Provided that this limit shall not include the directorships in the listed subsidiaries of a listed holding company.

b) Consent to act as director in Form 28 under Section 184 of the Companies Ordinance, 1984;

c) Affidavits, Annexure and Questionnaire in terms of State Bank of Pakistan's BPRD Circular No. 04 dated April 23, 2007 and BPRD Circular No. 05 dated March 12, 2015.

A copy of the relevant documents may be downloaded from the websites of the Securities & Exchange Commission of Pakistan and State Bank of Pakistan or may be obtained from the office of the Company Secretary of the Bank.

3. A member eligible to attend and vote at this meeting may appoint any person as proxy to attend and vote in the meeting. Proxies in order to be effective must be received at the Registered Office of the Bank, duly stamped, signed and witnessed, not less than forty eight (48) hours before the holding of the meeting.

4. CDC account holders will be required to follow the under mentioned guidelines as laid down in Circular number 1 dated January 26, 2000 of the Securities and Exchange Commission of Pakistan for attending the meeting.

5. CDC shareholders, entitled to attend and vote at this meeting, must bring with them their Computerized National Identity Cards (CNIC) / passport in original along with participants' ID numbers and their account numbers to prove his / her identity, and in case of proxy, must enclose an attested copy of his / her CNIC or passport.

6. In case of a corporate entity the board of directors' resolution/power of attorney with the specimen signature of the nominee shall be submitted with the proxy form to the company, and the same shall be produced in original at the time of the meeting to authenticate the identity of the nominee.

7. Shareholders are requested to notify any change in their addresses to the Bank's Share Registrar, M/s. Famco Associates (Pvt.) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahra-e-Faisal, Karachi, immediately.

Auditors' Review Report To The Members On The Statement Of Compliance With The Code Of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Samba Bank Limited ('the Bank') for the year ended December 31, 2015 to comply with the requirements of Rule 5.19 of the Pakistan Stock Exchange Regulations issued by the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited into which the Islamabad Stock Exchange Limited and the Lahore Stock Exchange Limited have merged) where the Bank is listed.

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

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

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

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

A.F. Ferguson & Co.
Chartered Accountants

Dated: February 24, 2016
Karachi

Financial Statements

For the year ended December 31, 2015

Auditors' Report To The Members

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

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

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

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

(b) in our opinion:

(i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for changes as stated in note 3.4 with which we concur;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the bank's affairs as at December 31, 2015, and its true balance of profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

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

A.F. Ferguson & Co.
Chartered Accountants
Audit Engagement Partner: Shahbaz Akbar

Dated: February 24, 2016
Karachi

Statement of Financial Position
AS AT DECEMBER 31, 2015

	Note	2015	2014
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	3,258,421	2,525,366
Balances with other banks	7	1,071,112	79,761
Lendings to financial institutions	8	2,000,000	1,900,000
Investments - net	9	44,726,421	19,953,205
Advances - net	10	24,187,038	21,812,172
Operating fixed assets	11	1,323,670	800,890
Deferred tax asset - net	12	657,592	1,058,113
Other assets - net	13	2,942,082	2,451,553
		80,166,336	50,581,060
LIABILITIES			
Bills payable	14	492,159	308,894
Borrowings	15	27,325,753	5,964,576
Deposits and other accounts	16	38,844,291	31,642,143
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities	17	1,659,914	1,410,850
		68,322,117	39,326,463
NET ASSETS		11,844,219	11,254,597
REPRESENTED BY:			
Share capital	18	10,082,387	10,082,387
Reserves		298,760	212,640
Unappropriated profit		816,439	471,956
		11,197,586	10,766,983
Surplus / (deficit) on revaluation of assets - net of tax	19	646,633	487,614
		11,844,219	11,254,597

CONTINGENCIES AND COMMITMENTS 20

The annexed notes 1 to 47 and Annexure 1 form an integral part of these financial statements.

President & Chief Executive Officer | Chairman | Director | Director

Profit and Loss Account

FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015	2014
		(Rupees in '000)	
Mark-up / return / interest earned	21	5,468,187	4,618,568
Mark-up / return / interest expensed	22	3,325,564	2,805,889
Net mark-up / return / interest income		2,142,623	1,812,679
(Provision) / reversal of provision against loans and advances - net	10.4	(26,469)	81,359
Reversal of provision for diminution in the value of investments	9.3	-	10,883
Recoveries against debts written-off		4,929	7,116
		(21,540)	99,358
Net mark-up / return / interest income after provisions		2,121,083	1,912,037
Non mark-up / interest income			
Fee, commission and brokerage income		125,696	104,664
Dividend income		22,036	3,673
Income from dealing in foreign currencies		75,208	48,221
Gain / (loss) on sale of securities - net	23	484,784	37,193
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net	9.7	1,169	13,689
Other income	24	96,364	9,831
Total non mark-up / interest income		805,257	217,271
		2,926,340	2,129,308
Non mark-up / interest expenses			
Administrative expenses	25	2,060,056	1,645,959
Other provisions / write offs - net	26	49,597	54,929
Other charges	27	1,310	3,160
Total non mark-up / interest expenses		2,110,963	1,704,048
		815,377	425,260
Extraordinary items / unusual items		-	-
Profit before taxation		815,377	425,260
Taxation - Current year	28	(62,464)	(48,487)
- Prior years	28	(13,817)	-
- Deferred	28	(308,493)	(150,692)
		(384,774)	(199,179)
Profit after taxation		430,603	226,081
Unappropriated profit brought forward		471,956	291,091
Transfer to statutory reserve		(86,120)	(45,216)
Unappropriated profit carried forward		816,439	471,956
		(Rupee)	
Earnings per share	29	0.43	0.24

The annexed notes 1 to 47 and Annexure 1 form an integral part of these financial statements.

President & Chief Executive Officer | Chairman | Director | Director

Statement of Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
	(Rupees in '000)	
Profit after taxation for the year	430,603	226,081
Other comprehensive income	-	-
Total comprehensive income for the year transferred to equity	430,603	226,081
Components of comprehensive income not reflected in equity		
Surplus / (deficit) on revaluation of available for sale financial assets - net of tax	159,019	510,840
Total comprehensive income for the year	589,622	736,921

The annexed notes 1 to 47 and Annexure 1 form an integral part of these financial statements.

President & Chief Executive Officer	Chairman	Director	Director

Cash Flow Statement

FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015	2014
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		815,377	425,260
Less: dividend income		(22,036)	(3,673)
		793,341	421,587
Adjustments for non-cash charges and other items:			
Depreciation		109,941	82,640
Amortisation of intangible assets		14,488	9,280
Provision / (reversal of provision) against loans and advances - net		26,469	(81,359)
Deficit / (Surplus) on revaluation of investments held for trading		12,520	(13,689)
(Gain) on sale of securities - net		(484,784)	(37,193)
Other provisions / write offs - net		49,597	54,929
(Reversal) of provision for diminution in the value of investments		-	(10,883)
(Gain) on disposal of property and equipment - net		(96,364)	(9,831)
		(368,133)	(6,106)
		425,208	415,481
(Increase) / decrease in operating assets			
Lendings to financial institutions		(100,000)	(1,109,328)
Investments - held for trading securities		763,695	1,357,601
Advances		(2,401,335)	(3,461,417)
Other assets (excluding advance taxation)		(564,455)	(796,932)
		(2,302,095)	(4,010,076)
Increase / (decrease) in operating liabilities			
Bills payable		183,265	(609,768)
Borrowings from financial institutions		21,361,177	2,977,177
Deposits and other accounts		7,202,148	7,009,533
Other liabilities (excluding current taxation)		201,064	23,904
		28,947,654	9,400,846
		27,070,767	5,806,251
Income tax paid		(3,807)	(10,483)
Net cash generated from operating activities		27,066,960	5,795,768
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available for sale and held to maturity securities		(24,813,327)	(6,471,972)
Dividend income		21,761	3,673
Investments in operating fixed assets		(678,016)	(260,188)
Sale proceeds from disposal of property and equipment		127,028	237,976
Net cash used in investing activities		(25,342,554)	(6,490,511)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of right shares		-	386,498
Net cash generated from financing activities		-	386,498
Increase / (decrease) in cash and cash equivalents		1,724,406	(308,245)
Cash and cash equivalents at the beginning of the year		2,605,127	2,913,372
Cash and cash equivalents at the end of the year	30	4,329,533	2,605,127

The annexed notes 1 to 47 and Annexure 1 form an integral part of these financial statements.

President & Chief Executive Officer	Chairman	Director	Director

Statement of Changes in Equity
FOR THE YEAR ENDED DECEMBER 31, 2015

	Share capital	Capital reserve	Statutory reserve	Advance against proposed issue of right shares	Unappropriated profit	Total
	(Rupees in '000)					
Balance as at December 31, 2013	8,082,387	20,935	146,489	1,613,502	291,091	10,154,404
Changes in equity: 2014						
Transactions with owners recognised directly in equity						
Transfer of advance subscription to share capital against issue of right shares	1,613,502	-	-	(1,613,502)	-	-
Issue of right shares	386,498	-	-	-	-	386,498
	2,000,000	-	-	(1,613,502)	-	386,498
Comprehensive Income						
Profit after taxation for the year ended December 31, 2014	-	-	-	-	226,081	226,081
Other comprehensive income - net of tax	-	-	-	-	-	-
	-	-	-	-	226,081	226,081
Transfer to statutory reserve	-	-	45,216	-	(45,216)	-
Balance as at December 31, 2014	10,082,387	20,935	191,705	-	471,956	10,766,983
Changes in equity 2015:						
Transactions with owners recognised directly in equity	-	-	-	-	-	-
Comprehensive Income						
Profit after taxation for the year ended December 31, 2015	-	-	-	-	430,603	430,603
Other comprehensive income - net of tax	-	-	-	-	-	-
	-	-	-	-	430,603	430,603
Transfer to statutory reserve	-	-	86,120	-	(86,120)	-
Balance as at December 31, 2015	10,082,387	20,935	277,825	-	816,439	11,197,586

The annexed notes 1 to 47 and Annexure 1 form an integral part of these financial statements.

President & Chief Executive Officer | Chairman | Director | Director

Notes to and forming part of the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2015

1. STATUS AND NATURE OF BUSINESS

1.1 Samba Bank Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The Bank is listed on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited into which the Islamabad Stock Exchange Limited and the Lahore Stock Exchange Limited have merged). Its principal office is located at 6th Floor, Sidco Avenue Centre, Maulana Deen Muhammad Wafai Road, Karachi, whereas, the registered office of the Bank is located at 2nd floor, Building No. 13-T, F-7 Markaz, near Post Mall, Islamabad. The Bank is a subsidiary of SAMBA Financial Group of Saudi Arabia, which holds 84.51% shares of the Bank as at December 31, 2015 (2014: 84.51%). The Bank operates 34 branches (December 31, 2014: 28 branches) inside Pakistan.

1.2 JCR-VIS has determined the Bank's medium to long-term rating as 'AA' with stable outlook and the short-term rating as 'A-1'.

2. BASIS OF PRESENTATION

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

3. STATEMENT OF COMPLIANCE

3.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the directives issued by the SECP and SBP differ with the requirements of IFRSs, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the requirements of the said directives prevail.

3.2 The SBP has deferred the applicability of the International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 ' Financial Instruments: Disclosures' through its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

3.3 SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised) 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, the surplus / (deficit) on revaluation of Available for Sale (AFS) securities, may be included in the 'Statement of Comprehensive Income'. Accordingly, the above requirements have been adopted in the preparation of these financial statements.

3.4 **Changes in accounting policies and disclosures arising from standards, amendments and interpretations to published approved accounting standards that are effective in the current year**

- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after January 1, 2015) establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 'Financial Instruments: Disclosures'. Accordingly, the Bank has included an additional disclosure in this regard in note 35 to the financial statements. Notwithstanding the above, the change had no impact on the measurements of the Bank's assets and liabilities.

- During the year, the Bank has adopted to use a "Management approach" for the purposes of disclosure of segment information in the financial statements. Under this management approach, segment information is presented on the same basis as that used for internal reporting purposes by the Bank. Previously, segment information was being presented in the financial statements on the basis of a general definition of segment categorisation set out in the financial statement format prescribed under BSD Circular No. 4 dated February 17, 2006 "Revised Forms of Annual Financial Statements".

- The change has been made to comply with the requirements set out under IFRS 8, "Operating Segments" and also because management are of the view that the revised segment disclosures represent more meaningful information as they are consistent with those reviewed internally by the Chief Executive Officer and Board of Directors to make decisions about resources to be allocated to the segment and assess its performance. Accordingly, comparative information relating to the year ended December 31, 2014 has been restated in these financial statements. There is no impact of this change on the measurement of the Bank's assets and liabilities.

- There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2015 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are, therefore, not disclosed in these financial statements.

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

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are, therefore, not detailed in these financial statements.

3.6 Early adoption of standards

The Bank has not early adopted any new or amended standards in 2015.

4. BASIS OF MEASUREMENT

4.1 Accounting convention

These financial statements have been prepared under the historical cost convention except that certain investments, foreign currency balances and commitments in respect of foreign exchange contracts and derivative financial instruments have been marked to market and are carried at fair value.

4.2 Functional and presentational currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Bank operates. These financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentational currency.

4.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 34 to these financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise of cash and balances with treasury banks and balances with other banks in current and deposit accounts.

5.2 Lendings to / borrowings from financial institutions

The Bank enters into transactions of repos and reverse repos at contracted rates for a specified period of time. These are recorded as under:

(a) Sale of securities under repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings. The difference between the sale and contracted repurchase price is accrued on a time proportion basis over the period of the contract and recorded as an expense.

(b) Purchase of securities under resale agreements

Securities purchased under agreement to resell (reverse repo) are not recognised in the financial statements as investments and the amount extended to the counter party is included in lendings. The difference between the purchase and contracted resale price is accrued on a time proportion basis over the period of the contract and recorded as income.

5.3 Investments

5.3.1 Classification

The Bank classifies its investments as follows:

(a) Held for trading

These are investments, which are either acquired for generating a profit from short-term fluctuations in market prices, interest rate movements, dealers margin or are securities included in a portfolio in which a pattern of short-term profit taking exists.

(b) Held to maturity

These are investments with fixed or determinable payments and fixed maturities and the Bank has the positive intent and ability to hold them till maturity.

(c) Available for sale

These are investments, other than those in associates, if any, that do not fall under the 'held for trading' or 'held to maturity' categories.

(d) Associates

Associates are all entities over which the Bank has significant influence but not control.

5.3.2 Regular way contracts

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognised at trade date, which is the date on which the Bank commits to purchase or sell the investments.

5.3.3 Initial recognition and measurement

Investments other than those categorised as 'held for trading' are initially recognised at fair value which includes transaction costs associated with the investment. Investments classified as 'held for trading' are initially recognised at fair value while the related transaction costs are expensed out in the profit and loss account.

5.3.4 Subsequent measurement

Subsequent to initial recognition, investments are valued as follows:

(a) Held for trading and available for sale

In accordance with the requirements specified by the SBP, quoted securities other than those classified as 'held to maturity' and 'investments in associates', are subsequently re-measured to market value. Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements.

Surplus / deficit arising on revaluation of quoted securities which are classified as 'available for sale', is included in the statement of comprehensive income but is kept in a separate account which is shown in the statement of financial position below equity. Surplus / deficit arising on revaluation of quoted securities which are classified as 'held for trading' is taken to the profit and loss account.

(b) Held to maturity

These are measured at amortised cost using the effective profit rate method, less any impairment loss recognised to reflect irrecoverable amount.

(c) Associates

Investment in associates is carried at cost, less accumulated impairment losses, if any.

5.3.5 Impairment

Impairment loss in respect of investments classified as 'available for sale' (except for term finance certificates) is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of these investments. A significant or prolonged decline in the value of equity securities is also considered as an objective evidence of impairment. The Prudential Regulations specify that investments in unlisted equity securities are required to be carried at cost. However, in cases where the breakup value of such equity securities is less than the cost, the difference between the cost and breakup value should be charged to the profit and loss account as an impairment charge. In the case of such securities, impairment loss is reversed when the shares are disposed of. Provision for diminution in the value of term finance certificates is made as per the requirements of the Prudential Regulations issued by the SBP. In the event of impairment of available for sale securities, the cumulative loss that had been recognised directly in surplus on revaluation of securities on the statement of financial position below equity is removed thereof and recognised in the profit and loss account. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

5.3.6 Gain / loss on disposal of investments made during the year is credited / charged to the profit and loss account.

5.4 Advances

(a) Loans and advances

Advances are stated at cost less specific and general provisions. Specific provision for non-performing advances is determined keeping in view the Bank's policy subject to the minimum requirement set out by the Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account. General provision against consumer and small enterprises financing portfolio is maintained as per the requirements set out in the Prudential Regulations issued by the SBP. In addition to the above mentioned requirements, the Bank also maintains a general provision against corporate and commercial advances for potential losses present in the portfolio. This provision is based on management's best estimate and is approved by the Board of Directors of the Bank. Advances are written off when there are no realistic prospects of recovery.

(b) Net investment in finance leases

Net investment in finance leases is stated at net of provisions made against non-performing leases.

Leasing arrangements in which the Bank transfers substantially all risks and rewards incidental to the ownership of an asset to the lessee, are classified as finance lease. A receivable is recognised on commencement of the lease term at an amount equal to the present value of minimum lease payments including guaranteed residual value, if any. Unearned finance income is recognised over the term of the lease period so as to produce a constant periodic return on the outstanding net investment in the lease.

Unrealised lease income in respect of non-performing finance leases is suspended in accordance with the Prudential Regulations issued by the SBP.

5.5 Operating fixed assets and depreciation

(a) Property and Equipment

(i) Owned Assets

Owned assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress and freehold land. Capital work-in-progress and freehold land are stated at cost less accumulated impairment losses, if any.

Depreciation on operating fixed assets (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 11.2 to these financial statements after taking into account the residual value, if significant. The assets' residual values and useful lives are reviewed and adjusted, if required, at each balance sheet date. Depreciation on additions is charged from the month the assets are available for use. No depreciation is charged in the month of disposal.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repair and maintenance is charged to the profit and loss account as and when incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains / losses on disposal of fixed assets, if any, are taken to the profit and loss account in the period in which they arise.

(ii) **Leased assets**

Leases are classified as finance leases wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease payments, if any, under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Premium paid at the time of renewal, if any, is amortised over the remaining period of the lease.

Assets held under finance lease are stated at lower of their fair value or present value of minimum lease payments at inception less accumulated depreciation and accumulated impairment losses, if any. The outstanding obligations under the lease agreements are shown as a liability net of finance charges allocable to the future periods.

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

Depreciation on assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Bank.

(b) **Intangible assets**

Intangible assets having definite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged applying the straight-line method over the useful life of the assets. Amortisation is calculated so as to write-off the assets over their expected economic lives at the rates specified in note 11.3 to these financial statements. Amortisation is charged from the month in which the asset is available for use. No amortisation is charged for the month in which the asset is disposed of. The residual value, useful life and amortisation method are reviewed and adjusted, if appropriate, at each statement of financial position date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Intangible assets having an indefinite useful life are stated at acquisition cost less accumulated impairment losses, if any. Gains and losses on disposals, if any, are taken to the profit and loss account in the period in which they arise.

(c) **Capital work-in-progress**

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

5.6 Non-current assets held for sale

The Bank classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

A non-current asset (or disposal group) held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised through the profit and loss account for any initial or subsequent write down of the non-current asset (or disposal group) to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent they do not exceed the cumulative impairment losses previously recorded. A non-current asset is not depreciated while classified as held for sale or while part of a disposal group classified as held for sale.

5.7 Impairment

At each reporting date, the Bank reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount of an asset is higher of its fair value less cost to sell and its value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately in the profit and loss account.

Where an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

5.8 Taxation

(a) Current

The provision for current taxation is based on taxable income for the year, if any, at current rates of taxation, after taking into consideration available tax credits, rebates and tax losses as specified under the seventh schedule to the Income Tax Ordinance, 2001. The charge for current tax also includes adjustments, where considered necessary relating to prior years, which arises from assessments / developments made during the year.

(b) Deferred

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. In addition, the Bank also records deferred tax asset on available tax losses. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

The Bank also recognises deferred tax asset / liability on (deficit) / surplus on revaluation of securities which is adjusted against the related (deficit) / surplus in accordance with the requirements of the revised International Accounting Standard (IAS-12) dealing with income taxes.

5.9 Provisions

Provision for guarantee claims and other off balance sheet obligations is recognised when identified and reasonable certainty exists for the Bank to settle the obligation. Expected recoveries are recognised by debiting the customer's account. Charge to the profit and loss account is stated net of expected recoveries.

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

5.10 Staff retirement benefits

(a) Defined contribution plan

The Bank operates a contributory provident fund scheme covering all its permanent employees. Equal monthly contributions are made both by the Bank and the employees in respect of this benefit. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in the profit and loss account when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available

(b) Compensated absences

The liability in respect of compensated absences of employees is accounted for in the period in which the absences accrue.

5.11 Borrowings / deposits and their cost

Borrowings / deposits are recorded when the proceeds are received. Borrowing / deposit costs are recognised as an expense in the period in which these are incurred using the effective mark-up / interest rate method to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) is capitalised as part of the cost of that asset.

5.12 Proposed dividend and transfers between reserves

Dividends and appropriations to reserves, except appropriations which are required by law, made subsequent to the statement of financial position date are considered as non-adjusting events and are recorded in the financial statements in accordance with the requirements of International Accounting Standard (IAS) 10, 'Events after the Balance Sheet Date' in the year in which they are approved / transfers are made.

5.13 Revenue recognition

- Mark-up income / interest on advances and returns on investments are recognised on a time proportion basis using the effective interest rate method except that mark-up / income / return on classified advances and investments is recognised on receipt basis in accordance with the requirements of the Prudential Regulations issued by the SBP. Interest / return / mark-up on rescheduled / restructured advances and investments is recognised as permitted by the Prudential Regulations issued by the SBP, except where, in the opinion of the management, it would not be prudent to do so.

- Fee, commission and brokerage income are accounted for on an accrual / time proportion basis.

- Dividend income from investments is recognised when the Bank's right to receive the dividend has been established.

- Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of the leased assets) is deferred and taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in the lease.

- Unrealised lease income in respect of non-performing finance leases and markup / return on non-performing advances is held in the suspense account.

- Premium or discount on acquisition of debt investments is capitalised and amortised through the profit and loss account over the remaining period till maturity.

- Gains / losses on termination of lease contracts, documentation charges, front end fee and other lease income are recognised as income when realised.

5.14 Foreign currencies

(a) Foreign currency transactions

Foreign currency transactions are translated into Pakistani Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at exchange rates prevailing at the reporting date. Foreign bills purchased and forward foreign exchange contracts are valued at the rates applicable to their respective maturities.

(b) Translation gains and losses

Translation gains and losses are included in the profit and loss account.

(c) Contingencies and commitments

Commitments for outstanding forward foreign exchange contracts are disclosed at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Pakistani rupee terms at the exchange rate prevailing at the reporting date.

5.15 Segment reporting

The Bank has structured its key business areas in various segments in a manner that each segment becomes a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(a) Business segments

(i) Corporate Banking

Corporate banking includes project finance, real estate, export finance, trade finance, leasing, lending, guarantees, bills of exchange and deposits and includes services provided in connection with mergers and acquisition, underwriting, privatisation, securitisation, research, debts (government and high yield) and equity syndication, IPO and secondary private placements. These services are being offered to large corporate entities.

(ii) **Global Markets**

It includes fixed income on debt securities, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos, brokerage debt and prime brokerage.

(iii) **Retail Banking**

It includes retail / consumer lending and deposits, banking services, trust and estates, private lending and deposits, banking service, trust and estates investment advice, merchant / commercial / corporate cards and private labels and retail.

(iv) **Commercial Banking**

Commercial banking includes lendings, export finance, trade finance, bills of exchange and deposits. These services are being offered to small and medium sized entities.

(v) **Senoff**

It includes certain corporate assets and liabilities which are not allocated to business segments.

(b) **Geographical segments**

The operations of the Bank are currently based only in Pakistan.

5.16 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as off balance sheet transactions and are disclosed as contingent liabilities and commitments.

5.17 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after including the effects of all dilutive potential ordinary shares, if any.

5.18 Financial instruments

5.18.1 Financial assets and liabilities

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

5.18.2 Off - setting of financial instruments

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

5.18.3 Derivatives

Derivative financial instruments are recognised at fair value. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the statement of financial position. The resultant gains and losses are taken to the profit and loss account.

5.19 Fiduciary assets

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

6. CASH AND BALANCES WITH TREASURY BANKS

	Note	2015	2014
		(Rupees in '000)	
In hand			
Local currency	6.1	388,691	262,821
Foreign currencies		187,899	120,424
		576,590	383,245
With State Bank of Pakistan in			
Local currency current account	6.2	1,905,899	1,499,382
Foreign currency current account (Cash Reserve Account)	6.3	193,247	159,668
Foreign currency deposit account (USD Settlement Account)		3,153	4,068
Foreign currency deposit account (Special Cash Reserve Account)	6.3	579,532	479,003
		2,681,831	2,142,121
		3,258,421	2,525,366

6.1 This includes National Prize Bonds of Rs. 288 thousand (2014: Rs. 169 thousand).

6.2 The local currency current account is maintained with the State Bank of Pakistan (SBP) as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve in current account opened with the SBP at a sum not less than such percentage of its time and demand liabilities in Pakistan as may be prescribed by the SBP.

6.3 This mainly represents reserve required to be maintained as per BSD Circular No. 14 dated June 21, 2008, with the SBP at an amount equivalent to atleast 20% of the Bank's foreign currency deposits mobilised under FE-25 scheme. This foreign currency cash reserve comprises an amount equivalent to at least 5% of the Bank's foreign currency deposits mobilised under the FE-25 scheme, which is kept in a non-remunerative account (Cash Reserve Account). The balance reserve equivalent to at least 15% of the Bank's foreign currency deposits mobilised under FE-25 scheme is maintained in a remunerative account (Special Cash Reserve Account) on which the Bank is entitled to earn a return which is declared by the SBP on a monthly basis. During the year, the SBP has not remunerated these deposit accounts (2014: Nil).

7. BALANCES WITH OTHER BANKS

	Note	2015	2014
		(Rupees in '000)	
In Pakistan			
On current account		4,157	9,024
On savings account		14	14
Outside Pakistan			
On current account	7.1	1,066,941	70,723
		1,071,112	79,761

7.1 The above amount includes balance with SAMBA Financial Group (a related party) amounting to Rs. 9.736 million (2014: Rs. 15.117 million).

8. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2015	2014
		(Rupees in '000)	
Call money lendings	8.2	-	900,000
Repurchase agreement lendings (reverse repo)	8.3	2,000,000	1,000,000
		2,000,000	1,900,000

8.1 All lendings to financial institutions are in local currency.

8.2 These represent lendings to commercial banks in the inter bank money market. These lendings carry mark-up at rates ranging from Nil (2014: 10.15% to 10.25% per annum) and will mature latest by Nil (2014: January 23, 2015).

8.3 Securities held as collateral against lendings to financial institutions

(Rupees in '000)

Particulars	2015 Held by bank	2015 Further given as collateral	2015 Total	2014 Held by bank	2014 Further given as collateral	2014 Total
Pakistan investment bonds (face value) - note 8.3.1	-	2,000,000	2,000,000	1,000,000	-	1,000,000
	-	2,000,000	2,000,000	1,000,000	-	1,000,000

8.3.1 These represent short-term lendings to financial institution against investment securities. These carry mark-up at the rate of 6.50% per annum (2014: 10.30% per annum) and will mature on January 26, 2016 (2014: various dates latest by January 19, 2015).

9. INVESTMENTS - NET

(Rupees in '000)

	2015 Held by bank	2015 Given as collateral	2015 Total	2014 Held by bank	2014 Given as collateral	2014 Total
9.1 Investments by type						
Held for trading securities						
Market Treasury Bills	-	-	-	922,709	-	922,709
Pakistan Investment Bonds	768,545	113,668	882,213	-	633,759	633,759
Ordinary shares - listed	10,835	-	10,835	23,557	-	23,557
	779,380	113,668	893,048	946,266	633,759	1,580,025
Available for sale securities						
Market Treasury Bills	6,819,459	1,686,632	8,506,091	555,206	-	555,206
Pakistan Investment Bonds	8,011,728	14,876,190	22,887,918	6,557,918	861,593	7,419,511
Ordinary shares - listed	486,953	-	486,953	237,677	-	237,677
Ordinary shares - unlisted	52,346	-	52,346	52,346	-	52,346
	15,370,486	16,562,822	31,933,308	7,403,147	861,593	8,264,740
Held to maturity securities						
Pakistan Investment Bonds	11,006,107	-	11,006,107	9,452,267	-	9,452,267
Investments at cost	27,155,973	16,676,490	43,832,463	17,801,680	1,495,352	19,297,032
Less: provision for diminution in the value of investments (note 9.3)	(102,031)	-	(102,031)	(102,031)	-	(102,031)
Investments - net of provisions	27,053,942	16,676,490	43,730,432	17,699,649	1,495,352	19,195,001
Surplus / (deficit) on revaluation of available for sale securities - net (note 19)	375,311	619,509	994,820	714,023	30,492	744,515
Surplus / (deficit) on revaluation of held for trading securities - net (note 9.7)	(112)	1,281	1,169	1,455	12,234	13,689
Total investments - net of provisions	27,429,141	17,297,280	44,726,421	18,415,127	1,538,078	19,953,205

9.2 Investments by segment

	Note	2015	2014
		(Rupees in '000)	
Federal government securities	9.8		
Market Treasury Bills		8,506,091	1,477,915
Pakistan Investment Bonds		34,776,238	17,505,537
		43,282,329	18,983,452
Fully paid-up ordinary shares			
Listed companies		497,788	261,234
Unlisted companies	9.6	52,346	52,346
		550,134	313,580
Investments at cost		43,832,463	19,297,032
Less: Provision for diminution in the value of investments	9.3	(102,031)	(102,031)
Investments - net of provisions		43,730,432	19,195,001
Surplus / (deficit) on revaluation of available for sale securities - net	19	994,820	744,515
Surplus / (deficit) on revaluation of held for trading securities - net	9.7	1,169	13,689
Total investments - net of provisions		44,726,421	19,953,205

9.3 Particulars of provision for diminution in the value of investments

	Note	2015	2014
Opening balance		102,031	112,914
Amounts written off		-	-
Reversal of provision for diminution in the value of investments		-	(10,883)
Closing balance		102,031	102,031

9.3.1 Particulars of provision for diminution in the value of investments by type

	Note	2015	2014
Available for sale securities			
Ordinary shares - listed	9.5	59,685	59,685
Ordinary shares - unlisted	9.6	42,346	42,346
		102,031	102,031

9.3.2 Particulars of provision for diminution in the value of investments by segment

	Note	2015	2014
Fully paid-up ordinary shares			
Listed companies	9.5	59,685	59,685
Unlisted companies	9.6	42,346	42,346
		102,031	102,031

9.4 Quality of available for sale securities

	Note	2015		2014	
		Market value Rupees in '000	Rating (where available)	Market value Rupees in '000	Rating (where available)
Market Treasury Bills		8,532,819	-	555,929	-
Pakistan Investment Bonds		23,877,396	-	8,152,792	-
Ordinary shares - listed					
Allied Bank Limited		14,139	AA+	55,654	AA+
Habib Bank Limited		35,021	AAA	-	-
MCB Bank Limited		26,022	AAA	-	-
United Bank Limited		23,243	AA+	4,418	AA+
Adamjee Insurance Company Limited		16,953	AA	-	-
Pakistan Reinsurance Company Limited		17,771	AA	-	-
Nishat Mills Limited		18,974	AA	12,099	AA
Thal Limited		13,933	-	-	-
Lucky Cement Limited		24,752	-	-	-
Kot Addu Power Company Limited		27,054	AA+	-	-
Oil & Gas Development Company Limited		29,335	-	-	-
Pakistan Petroleum Limited		30,453	-	8,826	-
Pakistan Telecommunication Company Limited		16,490	-	-	-
Engro Corporation Limited		41,909	AA	16,613	AA-
Fauji Fertilizer Company Limited		23,595	-	-	-
Engro Fertilizer Limited		42,064	AA-	-	-
First Dawood Mutual Fund	9.4.2	-	-	-	2 star
Haji Muhammad Ismail Mills Limited	9.4.1	3,488	-	3,035	-
First Tawakkal Modaraba	9.4.2	-	-	-	-
Tri-star Shipping Lines Limited	9.4.2	-	-	-	-
Islamic Investment Bank Limited	9.4.2	-	-	-	-
Pakistan PVC Limited	9.4.1	5,270	-	5,699	-
Nazir Cotton Mills Limited	9.4.1	12,538	-	-	-
Hamid Textile Mills Limited	9.4.2	-	-	-	-
B.R.R. Guardian Modaraba		2,290	-	2,280	-
Ecopack Limited		1,231	-	1,442	-
WorldCall Telecom Limited		654	-	731	-
Nishat Chunian Limited		-	-	13,626	A-
Cherat Cement Company Limited		-	-	13,736	-
D. G. Khan Cement Company Limited		-	-	16,580	-
Attock Refinery Limited		-	-	4,694	AA
Pakistan State Oil Company Limited		-	-	8,948	AA+
Shell Pakistan Limited		-	-	5,178	-
Sui Southern Gas Company Limited		-	-	3,878	AA-
Sui Northern Gas Pipelines Limited		-	-	5,742	AA
Fatima Fertilizer Company Limited		-	-	14,058	AA-
Ordinary shares - unlisted*					
Crescent Bahuman Limited		-	-	-	-
Crescent Industrial Chemical Limited		-	-	-	-
Pak Asian Fund Limited		10,000	-	10,000	-
Union Communication (Pvt.) Limited		-	-	-	-

* Represents book value net of provision.

9.4.1 Although these securities have a market value as at December 31, 2015, they have been fully provided by the Bank on a subjective basis.

9.4.2 These are listed securities for which no market quotation was available at the year end.

9.5 Particulars of investments held in listed securities

2015	2014	Paid-up value per share / certificate (Rupees)	Name of investee company / modaraba / mutual fund	2015	2014
Number of ordinary shares / certificates				(Rupees in '000)	
Available for sale					
150,000	490,000	10	Allied Bank Limited	16,068	53,900
175,000	-	10	Habib Bank Limited	36,913	-
120,000	-	10	MCB Bank Limited	30,062	-
150,000	25,000	10	United Bank Limited	24,220	4,558
300,000	-	10	Adamjee Insurance Company Limited	17,120	-
525,000	-	10	Pakistan Reinsurance Company Limited	19,802	-
200,000	100,000	10	Nishat Mills Limited	22,440	11,529
55,000	-	10	Thal Limited	15,987	-
50,000	-	10	Lucky Cement Limited	24,983	-
334,000	-	10	Kot Addu Power Company Limited	27,528	-
250,000	-	10	Oil & Gas Development Company Limited	29,563	-
250,000	50,000	10	Pakistan Petroleum Limited	31,988	9,096
1,000,000	-	10	Pakistan Telecommunication Company Limited	19,299	-
150,000	75,000	10	Engro Corporation Limited	41,499	16,604
200,000	-	10	Fauji Fertilizer Company Limited	24,671	-
500,000	-	10	Engro Fertilizer Limited	42,407	-
41,500	41,500	10	First Dawood Mutual Fund	341	341
1,008,225	1,008,225	10	Haji Muhammad Ismail Mills Limited	9,362	9,362
36,500	36,500	10	First Tawakkal Modaraba	104	104
131,000	131,000	10	Tri-star Shipping Lines Limited	12	12
60,581	60,581	10	Islamic Investment Bank Limited	285	285
1,045,725	1,045,725	10	Pakistan PVC Limited	11,666	11,666
4,097,499	4,097,499	10	Nazir Cotton Mills Limited	29,014	29,014
1,125,406	1,125,406	10	Hamid Textile Mills Limited	2,757	2,757
314,500	314,500	10	B.R.R. Guardian Modaraba	1,905	1,905
91,910	91,910	10	Ecopack Limited	2,634	2,634
430,100	430,100	10	WorldCall Telecom Limited	4,323	4,323
-	200,000	10	Cherat Cement Company Limited	-	13,063
-	150,000	10	D. G. Khan Cement Company Limited	-	12,490
-	25,000	10	Attock Refinery Limited	-	4,915
-	25,000	10	Pakistan State Oil Company Limited	-	8,885
-	20,000	10	Shell Pakistan Limited	-	5,333
-	100,000	10	Sui Southern Gas Company Limited	-	3,553
-	200,000	10	Sui Northern Gas Pipelines Limited	-	5,026
-	300,000	10	Nishat Chunian Limited	-	13,786
-	393,000	10	Fatima Fertilizer Company Limited	-	12,536
				486,953	237,677
			Less: Provision for diminution in the value of investments - note 9.3.2	(59,685)	(59,685)
			Add: Surplus / (Deficit) on revaluation of listed securities - note 19	(21,385)	10,511
				405,883	188,503
Held for trading					
-	100,000	10	Adamjee Insurance Company Limited	-	4,996
-	93,500	10	Nishat Chunian Limited	-	4,250
-	50,000	10	Nishat Mills Limited	-	6,272
-	350,000	10	Pakistan Telecommunication Company Limited	-	8,039
100,000	-	10	Pak Elektron Limited	6,810	-
300,000	-	10	HUM Network Limited	4,025	-
				10,835	23,557
			Less: Deficit on revaluation of listed securities - note 9.7	(639)	(254)
				10,196	23,303

9.6 Particulars of investments held in unlisted securities

Number of ordinary shares / certificates 2015	Number of ordinary shares / certificates 2014	Break-up value per share (Rupees) 2015	Break-up value per share (Rupees) 2014	Based on the latest available financial statements as at	% holding	Name of investee company / fund	(Rupees in '000) 2015	(Rupees in '000) 2014
						Available for Sale		
						Shareholding upto 10%		
1,000,000	1,000,000	17.37	16.99	Jun-15	8.89%	Pak Asian Fund Limited (Chief Executive Officer: Mr. Ashfaq Ahmed Berdi)	10,000	10,000
50,000	50,000	6.86	6.86	Jun-12	0.33%	Union Communication (Private) Limited (Chief Executive Officer: Mr. Khalid Mehmood)	500	500
3,184,600	3,184,600	(4.07)	(3.26)	Jun-15	3.90%	Crescent Bahuman Limited (Chief Executive Officer: Mr. Nasir Shafi)	31,846	31,846
1,000,000	1,000,000	(1.20)	10.00	Jun-15	0.97%	Crescent Industrial Chemicals Limited (Chief Executive Officer: Mr. Tariq Shafi)	10,000	10,000
							52,346	52,346
						Less : Provision for diminution in the value of investments - note 9.3.2	(42,346)	(42,346)
							10,000	10,000

9.7 Unrealised gain / (loss) on revaluation of investments classified as held for trading - net

	(Rupees in '000) 2015	(Rupees in '000) 2014
Market Treasury Bills	-	1,709
Pakistan Investment Bonds	1,808	12,234
Ordinary shares - listed	(639)	(254)
	1,169	13,689

9.8 Particulars of Federal government securities

Market Treasury Bills have a tenor of upto one year. The yield on these instruments ranges from 6.37% to 7.00% per annum (2014: 9.45% to 10.04% per annum) with maturities of upto August 18, 2016 (2014: upto December 24, 2015).

Pakistan Investment Bonds are issued by the Government of Pakistan for a period ranging from of 3 to 10 years. These securities carry profit at rates ranging from 8.75% to 12% per annum (2014: 11% to 12% per annum) with maturities from July 18, 2016 to March 26, 2025 (2014: July 19, 2015 to July 17, 2024).

9.9 Investments include certain approved / government securities which are held by the Bank to comply with the statutory liquidity requirements determined on the basis of the Bank's demand and time liabilities as set out under the Banking Companies Ordinance, 1962.

10. ADVANCES - NET

	Note	2015	2014
		(Rupees in '000)	
Loans, cash credits, running finances, etc.			
In Pakistan		25,817,621	23,496,302
Net investment in finance leases			
In Pakistan	10.2	352,350	372,119
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		74,143	40,932
Payable outside Pakistan		15,527	7,010
Advances - gross		26,259,641	23,916,363
Provision against advances - specific and general	10.4	(2,072,603)	(2,104,191)
Advances - net of provision		24,187,038	21,812,172

10.1 Particulars of advances - gross

		2015	2014
10.1.1	In local currency	24,263,100	22,557,148
	In foreign currency	1,996,541	1,359,215
		26,259,641	23,916,363
10.1.2	Short-term (upto one year)	19,420,849	17,666,486
	Long-term (over one year)	6,838,792	6,249,877
		26,259,641	23,916,363

10.2 Net investment in finance leases

(Rupees in '000)

	2015				2014			
	Not later than one year	Later than one year and less than five years	Over five years	Total	Not later than one year	Later than one year and less than five years	Over five years	Total
Lease rentals receivable	313,565	-	-	313,565	330,550	-	-	330,550
Residual value	42,916	-	-	42,916	45,729	-	-	45,729
Minimum lease payments	356,481	-	-	356,481	376,279	-	-	376,279
Finance charge for future periods	(4,131)	-	-	(4,131)	(4,160)	-	-	(4,160)
Present value of minimum lease payments	352,350	-	-	352,350	372,119	-	-	372,119

10.3 Advances include Rs. 1,973.975 million (2014: Rs. 2,144.114 million) which have been placed under non-performing status as detailed below:

(Rupees in '000)

Category of classification	2015								
	Advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Classified portfolio									
Substandard	1,677	-	1,677	419	-	419	419	-	419
Doubtful	-	-	-	-	-	-	-	-	-
Loss	1,972,298	-	1,972,298	1,932,103	-	1,932,103	1,932,103	-	1,932,103
	1,973,975	-	1,973,975	1,932,522	-	1,932,522	1,932,522	-	1,932,522

(Rupees in '000)

Category of classification	2014								
	Advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Classified portfolio									
Substandard	310	-	310	78	-	78	78	-	78
Doubtful	-	-	-	-	-	-	-	-	-
Loss	2,143,804	-	2,143,804	2,100,788	-	2,100,788	2,100,788	-	2,100,788
	2,144,114	-	2,144,114	2,100,866	-	2,100,866	2,100,866	-	2,100,866

10.3.1 The Bank has not availed any benefit of forced sale value while determining the provisioning requirements against non-performing advances as at December 31, 2015 (2014: Nil).

10.4 Particulars of provision against advances

(Rupees in '000)

	Note	2015			2014		
		Specific	General	Total	Specific	General	Total
Opening balance		2,100,866	3,325	2,104,191	2,288,336	4,142	2,292,478
Charge for the year		4,304	138,000	142,304	5,440	-	5,440
Reversals		(114,591)	(1,244)	(115,835)	(85,982)	(817)	(86,799)
		(110,287)	136,756	26,469	(80,542)	(817)	(81,359)
Amounts written off	10.5	(58,057)	-	(58,057)	(106,928)	-	(106,928)
Closing balance		1,932,522	140,081	2,072,603	2,100,866	3,325	2,104,191

10.4.1 General provision as at December 31, 2015 includes provision of Rs. 2.081 million (2014: Rs. 3.325 million) held against consumer finance portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan. In addition, the Bank has made a general provision of Rs. 138 million (2014: Nil) against corporate and commercial advances for potential losses present in the portfolio. This provision is based on management's best estimate and is approved by the Board of Directors of the Bank.

10.4.2 Particulars of provisions against advances

(Rupees in '000)

	2015			2014		
	Specific	General	Total	Specific	General	Total
In local currency	1,932,522	140,081	2,072,603	2,100,866	3,325	2,104,191

10.5 Particulars of write-offs

(Rupees in '000)

	Note	2015	2014
10.5.1 Against provisions	10.4	58,057	106,928
10.5.2 Write-offs of Rs. 500,000 and above	10.6	52,709	97,206
Write-offs of below Rs. 500,000		5,348	9,722
		58,057	106,928

10.6 Details of loan write-off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person during the year ended December 31, 2015 is given in Annexure-1 to these financial statements. These loans are written-off as a book entry without prejudice to the Bank's right of recovery against the customers.

10.7 **Particulars of loans and advances to executives, directors, associated companies, etc.**

	Note	2015	2014
		(Rupees in '000)	
Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons			
Balance at beginning of the year		322,557	293,785
Loans granted during the year		234,906	136,778
Repayments during the year		(143,444)	(108,006)
	10.7.1	414,019	322,557
Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or in the case of private companies as members			
Balance at beginning of the year		-	-
Loans granted during the year		-	-
Repayments during the year		-	-
Balance at end of the year		-	-
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties			
Balance at beginning of the year		-	-
Loans granted during the year		-	-
Repayments during the year		-	-
Written-off during the year		-	-
Balance at end of the year		-	-

10.7.1 These include loans given by the Bank to its employees as per the terms of their employment. The maximum total amount of financings granted during the year was Rs. 414.019 million (2014: Rs. 322.557 million). The maximum amount has been calculated by reference to the month end balance.

11. OPERATING FIXED ASSETS

	Note	2015	2014
		(Rupees in '000)	
Capital work-in-progress	11.1	219,754	18,946
Property and equipment	11.2	1,027,485	685,112
Intangible assets	11.3	54,459	41,695
		1,301,698	745,753
Non-current assets held for sale	11.5	21,972	55,137
		1,323,670	800,890

11.1 Capital work-in-progress

	2015	2014
Civil works	1,659	10,640
Advances to suppliers and contractors	218,095	8,306
	219,754	18,946

11.2 Property and equipment

(Rupees in '000)

Description	2015									
	Cost				Accumulated depreciation / impairment				Net book value as at December 31, 2015	Rate per annum (%)
	Balance as at January 1, 2015	Additions	Disposals	Balance as at December 31, 2015	Balance as at January 1, 2015	Charge for the year	Disposals	Balance as at December 31, 2015		
Owned										
Freehold land	329,622	104,080	-	433,702	-	-	-	-	433,702	-
Buildings on freehold land	115,594	42,411	-	158,005	89,239	5,982	-	95,221	62,784	5
Furniture and fixtures	468,113	134,052	(24,912)	577,253	310,271	40,945	(24,204)	327,012	250,241	10
Electrical, office and computer equipment	567,646	110,840	(35,630)	642,856	509,003	39,385	(35,464)	512,924	129,932	20 / 33
Vehicles	168,185	68,573	(18,536)	218,222	55,535	23,629	(11,768)	67,396	150,826	20
	1,649,160	459,956	(79,078)	2,030,038	964,048	109,941	(71,436)	1,002,553	1,027,485	

(Rupees in '000)

Description	2014									
	Cost				Accumulated depreciation / impairment				Net book value as at December 31, 2014	Rate per annum (%)
	Balance as at January 1, 2014	Additions	Disposals	Balance as at December 31, 2014	Balance as at January 1, 2014	Charge for the year	Disposals	Balance as at December 31, 2014		
Owned										
Freehold land	186,835	142,787	-	329,622	-	-	-	-	329,622	-
Buildings on freehold land	115,594	-	-	115,594	84,440	4,799	-	89,239	26,355	5
Furniture and fixtures	432,143	48,793	(12,823)	468,113	294,329	27,831	(11,889)	310,271	157,842	10
Electrical, office and computer equipment	541,243	26,977	(574)	567,646	480,785	28,763	(545)	509,003	58,643	20 / 33
Vehicles	165,526	23,620	(20,961)	168,185	45,715	21,247	(11,427)	55,535	112,650	20
	1,441,341	242,177	(34,358)	1,649,160	905,269	82,640	(23,861)	964,048	685,112	

11.3 Intangible assets

(Rupees in '000)

Description	2015									
	Cost				Accumulated depreciation / impairment				Net book value as at December 31, 2015	Rate per annum (%)
	Balance as at January 1, 2015	Additions	Disposals	Balance as at December 31, 2015	Balance as at January 1, 2015	Charge for the year	Disposals	Balance as at December 31, 2015		
Computer software	105,437	27,252	-	132,689	63,742	14,488	-	78,230	54,459	20

(Rupees in '000)

Description	2014									
	Cost				Accumulated depreciation / impairment				Net book value as at December 31, 2014	Rate per annum (%)
	Balance as at January 1, 2014	Additions	Disposals	Balance as at December 31, 2014	Balance as at January 1, 2014	Charge for the year	Disposals	Balance as at December 31, 2014		
Computer software	77,726	27,711	-	105,437	54,462	9,280	-	63,742	41,695	20

11.4 Disposal of fixed assets

Details of disposal of fixed assets to executives and other persons are given below:

(Rupees in '000)

Description	Cost	Accumulated depreciation / Impairment	Book Value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
Owned vehicles							
Honda City Manual LEA-11-7910	1,373	695	678	1,091	413	Through tender	Imtiaz Hussain
Honda City LE-10-8373	1,301	773	528	1,005	477	Through tender	Kashif Mukhtar
Honda City AQA-530	903	596	307	834	527	Through tender	Shayan Sohail
Honda City APX-418	879	580	299	783	484	Through tender	Shayan Sohail
Toyota Gli APM-516	1,005	663	342	958	616	Through tender	Syed Riaz Ahmed
Honda City LRR-6655	824	544	280	601	321	Through tender	Muhammad Naeem
Toyota Gli ARA-163	1,055	696	359	973	614	Through tender	Syed Riaz Ahmed
Honda City AQE-388	879	580	299	730	431	Through tender	Syed Wali Najam
Honda City AJE-781	835	551	284	437	153	Through tender	Syed Riaz
Toyota Gli AUD-059	1,446	955	491	1,106	615	As per policy	Imran Kazim (executive)
Toyota Altis ATS-840	1,916	1,265	651	1,092	441	Through tender	Waseem Mirza
Honda City AWC-303	1,391	750	641	1,106	465	Through tender	Ali Akbar
Honda City AQY-618	902	595	307	823	516	Through tender	Shayan Sohail
Honda City ASS-189	1,255	827	428	916	488	Through tender	Ali Akbar
Honda City ATY-844	1,286	849	437	926	489	As per policy	Sobia Akhlaq (ex-executive)
Honda City AUC-577	1,286	849	437	1,026	589	Through tender	Ali Akbar
	18,536	11,768	6,768	14,407	7,639		
Furniture and fixtures							
Furniture item at branch	1,021	1,021	-	-	-	Write-off	
Renovation at branch	5,404	5,404	-	-	-	Write-off	
Renovation at branch	4,438	4,438	-	-	-	Write-off	
Renovation at branch	1,428	1,428	-	-	-	Write-off	
Renovation at branch	1,401	1,401	-	-	-	Write-off	
Renovation at branch	2,139	2,139	-	-	-	Write-off	
Items having book value less than Rs. 250,000 and cost less than Rs. 1,000,000	2,048	1,486	562	1,061	499	Through tender	Various
Items having book value less than Rs. 250,000 and cost less than Rs. 1,000,000	7,033	6,887	146	-	(146)	Write-off	
	24,912	24,204	708	1,061	353		
Electrical, office and computer equipment							
Electrical equipment at branch	4,120	4,120	-	132	132	Through tender	Effective Engineering Works
Electrical equipment at branch	1,502	1,502	-	239	239	Through tender	Shaz Services
Electrical equipment at branch	1,127	1,127	-	159	159	Through tender	Iman Group
Electrical equipment at branch	1,031	1,031	-	250	250	Through tender	Iman Group
Electrical equipment at Head Office	5,925	5,925	-	773	773	Through tender	Iman Group
Items having book value less than Rs. 250,000 and cost less than Rs. 1,000,000	14,690	14,690	-	-	-	Write-off	
Items having book value less than Rs. 250,000 and cost less than Rs. 1,000,000	7,235	7,069	166	2,007	1,841	Through tender	Various
	35,630	35,464	166	3,560	3,394		
2015	**79,078**	**71,436**	**7,642**	**19,028**	**11,386**		
2014	34,358	23,861	10,497	15,976	5,479		

11.4.1 Disposal of Non-Current Assets - Held for Sale

(Rupees in '000)

Description	Cost	Accumulated depreciation / Impairment	Book Value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
Freehold Land & Building							
2015 7-E, Kashmir / Egerton Road Lahore	**23,168**	**-**	**23,168**	**108,000**	**84,832**	**Through tender**	**Mr Asim Ali**
2014 34 - S, Main Boulevard, Lahore	277,796	59,209	218,587	222,000	3,413	Through tender	Dr. Aftab Mohsin

11.4.2 During the year no assets were sold to the chief executive, directors, executives or to a shareholder holding not less than ten percent of the voting shares of the Bank, other than disclosed above.

11.5 Non-current assets held for sale

The non-current assets held for sale consists of a vacant property (land and building) situated in Lahore having a carrying value of Rs. 21.972 million (2014: Rs. 21.972 million). This has been classified as 'Non-current asset held for sale', as a formal plan to dispose off this property is in place. It is expected that process of sale of this property will be completed in the near future. A vacant property (land) situated in Lahore classified as non-current asset held for sale, having a carrying value of Rs. 23.168 million as at December 31, 2014 was sold during the year. Another vacant property (land) situated in Faisalabad having a carrying amount of Rs. 10 million as at December 31, 2014 has been transferred to Land and Buildings during the year.

		Note	2015	2014
			(Rupees in '000)	
11.6	Carrying amount of temporarily idle property (Nacon House)		929	1,277
11.7	The gross carrying amount (cost) of fully depreciated / amortised assets that are still in use:			
	Building		32,428	32,428
	Computer & Equipment		458,628	459,673
	Furniture & Fixture		183,089	192,095
	Intangible assets		50,937	44,375
			725,082	728,571
12.	DEFERRED TAX ASSET - NET			
	Taxable temporary differences			
	Net investment in finance leases		(108,286)	(111,896)
	Surplus on revaluation of securities - net	19	(348,187)	(256,901)
				-
	Deductible temporary differences			
	Recognised tax losses	12.1	513,000	750,000
	Provision against loans and advances, investments and other assets		597,348	660,327
	Accelerated tax depreciation		3,717	16,583
	Deferred tax asset recognised		657,592	1,058,113

12.1 This includes deferred tax asset recognised on unabsorbed tax losses. The Bank has unabsorbed tax losses (including unabsorbed depreciation and amortisation) amounting to Rs. 1,555.77 million (2014: Rs. 2,236.40 million) as at December 31, 2015. Based on this, the management has recognised deferred tax debit balance of Rs. 513 million (2014: Rs. 750 million) against the total available tax benefit of Rs. 544.52 million (2014: Rs. 782.74 million). The deferred tax debit balance recognised represents the management's best estimate of the potential benefit which is expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in these years against losses carried forward from prior years.

The amount of this benefit has been computed based on the financial projections of the Bank prepared by the management which have been approved by the Board of Directors.

13. OTHER ASSETS - NET

	Note	2015	2014
		(Rupees in '000)	
Income / mark-up accrued			
- in local currency		1,985,031	1,292,366
- in foreign currencies		4,965	5,433
Advances, deposits, prepaid rent and other prepayments		196,552	154,480
Taxation (payments less provisions)		530,842	603,316
Fee and commission receivable		47,009	47,806
Unrealised gain on forward foreign exchange contracts		109,592	203,973
Others	13.1	244,090	259,552
		3,118,081	2,566,926
Provisions held against bad and doubtful other assets	13.2	(175,999)	(115,373)
Other assets (net of provisions)		2,942,082	2,451,553

13.1 This includes an amount of Rs. 32.389 million (2014: Rs. 32.389 million) receivable from InterAsia Leasing Limited.

13.2 Provisions held against bad and doubtful other assets

	Note	2015	2014
		(Rupees in '000)	
Opening balance		115,373	118,652
Charge for the year		1,661	-
Reversals		(210)	(1,302)
	26	1,451	(1,302)
Transferred from provision against off-balance sheet obligations	17.2	60,000	-
Amounts written-off during the year		(825)	(1,977)
Closing balance		175,999	115,373

14. BILLS PAYABLE

		2015	2014
In Pakistan		492,159	308,894

15. BORROWINGS

		2015	2014
In Pakistan		27,325,753	5,964,576

15.1 Particulars of borrowings

		2015	2014
In local currency		24,707,228	5,964,576
In foreign currency		2,618,525	-
		27,325,753	5,964,576

15.2 Details of borrowings secured / unsecured

	Note	2015	2014
Secured			
Borrowings from SBP under export refinance scheme	15.2.1	1,956,762	2,487,314
Borrowings from SBP under LTFF	15.2.2	-	644,260
Repurchase agreement borrowings	15.2.3	18,508,084	1,500,000
		20,464,846	4,631,574
Unsecured			
Call money borrowings	15.2.4	4,220,046	1,310,666
FCY Borrowings	15.2.5	2,618,525	-
Bankers Equity Limited (Under liquidation)	15.2.6	22,336	22,336
		6,860,907	1,333,002
		27,325,753	5,964,576

15.2.1 The Bank enters into agreements with the SBP for extending export finance to customers. As per the terms of the agreements, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the time of maturity of finances by directly debiting the current account maintained with SBP. This facility is secured against demand promissory note executed in favour of SBP. These borrowings carry mark-up at the rate of 3.5% per annum (2013: 6.5% per annum) and are payable on a quarterly basis and have a maturity period of upto four months (2014: six months).

15.2.2 These represent borrowing from SBP to provide refinance to customers and carry mark-up at Nil (2014: 7.2% to 8.4%) per annum and will mature latest by Nil (2014: April 20, 2020).

15.2.3 These represent funds borrowed from interbank market against government securities and carry mark-up at the rates ranging from 6.05% to 6.50% per annum (2014: 9.65% per annum) and will mature latest by January 08, 2016 (2014: January 02, 2015).

15.2.4 These represent borrowings from interbank market. These carry mark-up at rates ranging from 6.00% to 6.50% per annum (2014: 9.50% to 9.55%) and will mature latest by May 13, 2016 (2014: February 20, 2015).

15.2.5 These represent borowings from foreign interbank market and carry mark-up at rates ranging from 1.05% to 2.12% per annum (2014: Nil) and will mature latest by January 29, 2016 (2014: Nil).

15.2.6 This represents amount payable to Bankers Equity Limited (under liquidation) on account of counter receivable from InterAsia Leasing Limited (Note 13.1) and carries no mark-up.

16. DEPOSITS AND OTHER ACCOUNTS

	Note	2015	2014
		(Rupees in '000)	
Customers			
Fixed deposits		15,738,230	12,552,773
Savings deposits		11,453,530	11,694,983
Current accounts - non-remunerative		7,125,203	5,672,480
Others - non-remunerative		17,266	55,590
		34,334,229	29,975,826
Financial Institutions			
Remunerative deposits		4,171,269	1,545,540
Non-remunerative deposits		338,793	120,777
	16.2	4,510,062	1,666,317
		38,844,291	31,642,143
16.1 Particulars of deposits and other accounts			
In local currency		35,007,528	28,524,256
In foreign currencies		3,836,763	3,117,887
		38,844,291	31,642,143

16.2 These accounts include deposits of SAMBA Financial Group amounting to Rs. 263.061 million (2014: Rs. 108.693 million).

17. OTHER LIABILITIES

	Note	2015	2014
		(Rupees in '000)	
Mark-up / return / interest payable			
- in local currency		208,118	240,957
- in foreign currencies		45,727	515
Accrued expenses		805,273	365,109
Unclaimed dividends		4,255	4,255
Provision against off-balance sheet obligations	17.2	186,876	198,876
Lease key money		43,358	46,170
Unrealised loss on forward exchange contracts		105,512	208,294
Others	17.1	260,795	346,674
		1,659,914	1,410,850

17.1 This includes an amount of Rs. 99.223 million (2014: Rs. 248.700 million) net payable to SAMBA Financial Group (SFG) in respect of group shared services cost.

17.2 Provision against off-balance sheet obligations

	Note	2015	2014
Opening balance		198,876	143,621
Charge for the year	17.2.1 (d)	48,000	60,000
Reversals		-	(4,745)
		48,000	55,255
Transfer to provision against other assets	13.2	(60,000)	-
Closing balance	17.2.1	186,876	198,876

17.2.1 This includes:

a) A provision of Rs. 71.134 million (2014: Rs. 71.134 million) made in respect of two counter guarantees amounting to Rs. 71.134 million issued by Crescent Investment Bank Limited, an amalgamated entity of Samba Bank Limited, on behalf of Mr. Reyaz Shafi favouring Privatization Commission of Pakistan (PC). The PC had invoked / called for payment of both the guarantees prior to their expiry date. However, Mr. Reyaz Shafi had obtained stay order for payments against the guarantees on the grounds that the guarantees were conditional and the conditions had not been met by the beneficiary. Subsequently, the PC filed a suit against Faysal Bank Limited and Al-Baraka Islamic Bank, the guarantees issuing banks, against counter guarantees of the amalgamated entity, in the Lahore High Court under the Privatization Commission Ordinance, 2000 for payment against the guarantees. The case is still pending for decision. As a matter of prudence, full provision of Rs. 71.134 million (2014: Rs. 71.134 million) was made by Crescent Investment Bank Limited in respect of this matter, which is being maintained.

b) A provision of Rs. 14.130 million (2014: Rs. 14.130 million) made in respect of guarantees amounting to Rs. 14.130 million issued by Crescent Investment Bank Limited, an amalgamated entity of Samba Bank Limited, on behalf of Mohammad Amin Muhammad Bashir Limited (MAMB) favouring the Collector of Customs. The guarantees have been called twice by the Collector of Customs along with mark-up at the rate of 14% per annum. MAMB has filed a petition before the Honourable Supreme Court, which is still pending therefore, no payment has been made in respect of these guarantees. As a matter of prudence, full provision of Rs. 14.130 million (2014: Rs. 14.130 million) was made in respect of this matter by Crescent Investment Bank Limited, which is being maintained.

c) A provision is maintained in respect of a guarantee amounting to Rs. 105.525 million (2014: Rs. 105.525 million) issued by the bank in favour of a gas utility company on behalf of Dewan Cement Limited. The amount of guarantee will be payable by the Bank if and when a call is made upon the Bank by the beneficiary and in case of a default by the company. The company has shown gradual and visible improvement in the affairs of its business, hence, after obtaining necessary approval from SBP, the account was upgraded from Loss to Doubtful and accordingly, 50% of the provisioning was reversed. Currently, provisioning of Rs. 52.76 million (2014: Rs. 52.76 million) is being maintained.

d) A provision of Rs. 48 million (2014: Nil) in respect of a fraud and forgery claim. The matter is still under investigation and is sub-judice. The management is confident that the case will be settled in the favour of the Bank. However, as a matter of abundant caution, a provision has been made in the financial statements.

18. SHARE CAPITAL

18.1 Authorised capital

2015 (Number of Shares)	2014 (Number of Shares)		2015 (Rupees in '000)	2014 (Rupees in '000)
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000

18.2 Issued, subscribed and paid-up capital

(Number of Shares)

2015			2014				2015	2014
Issued for cash	Issued for consideration other than cash	Total	Issued for cash	Issued for consideration other than cash	Total	Ordinary shares of Rs. 10 each	(Rupees in '000)	
883,317,458	124,921,190	1,008,238,648	683,317,458	124,921,190	808,238,648	At the beginning of the year	10,082,387	8,082,387
-	-	-	161,350,228	-	161,350,228	Transfer of advance subscription of right shares issue to Share Capital	-	1,613,502
-	-	-	38,649,772	-	38,649,772	Right Shares issued during the year	-	386,498
883,317,458	124,921,190	1,008,238,648	883,317,458	124,921,190	1,008,238,648	Balance as at December 31	10,082,387	10,082,387

18.2.1 Shares held by the related parties of the bank

	2015 (Number of Shares)	2014 (Number of Shares)
Directors, their spouses and minor children		
Mr. Humayun Murad	281	281
Mr. Farhat Abbas Mirza	70,479	70,479
Mr. Javed Iqbal	2,819	2,819
Mr. Zahid Zaheer	581	281
Dr. Shujaat Nadeem	5,832,424	5,768,424
Mr. Shahid Sattar	1,646,032	1,646,032
	7,552,616	7,488,316
Associated Companies, undertakings and related parties		
Samba Financial Group (SFG)	852,040,531	852,040,531
	859,593,147	859,528,847

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

	Note	2015	2014
		(Rupees in '000)	
Available for sale			
Federal government securities		1,016,205	734,004
Ordinary shares - listed	9.5	(21,385)	10,511
	9.1	994,820	744,515
Related deferred tax	12	(348,187)	(256,901)
		646,633	487,614

20. CONTINGENCIES AND COMMITMENTS

20.1 Direct credit substitutes

	Note	2015	2014
Favouring banks and other financial institutions		508,832	707,009
Favouring others		262,354	251,689
		771,186	958,698

20.2 Transaction-related contingent liabilities / commitments

	Note	2015	2014
Guarantees in favour of			
Government	20.2.1	1,953,356	1,763,662
Others		80,144	175,344
		2,033,500	1,939,006

20.2.1 Rs. 20.948 million (2014: Nil) have been given on behalf of SAMBA Financial Group - a related party.

20.3 Trade-related contingent liabilities

	Note	2015	2014
Favouring others		4,769,881	894,614

20.4 Other contingencies

	Note	2015	2014
Claims against the Bank not acknowledged as debt		125,456	45,489

These represent various cases filed against the Bank for recovery of damages / settlement of deposit balances by various parties. Based on the legal advice, management believes that the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these financial statements.

20.5 Contingencies in respect of taxation

The Income tax department has raised a demand of Rs. 426.787 million (2014: Rs. 426.787 million) for the assessment years 1995-96, 1996-97, 1999-00, 2001-02, 2002-03 on account of non-deduction of tax on profit paid under portfolio management scheme, interest paid on foreign currency deposits and certificates of investment. The department has also raised further demand of Rs. 645.337 million (2014: Rs. 645.337 million) for assessment years 1999-00, 2000-01 to assessment year 2002-03 and tax year 2006 on account of taxability of investment banks as banking companies and taxation of dividend income as normal banking income, lease rentals received or receivable, lease key money and certain other items. The aforementioned relates to pending assessments of the Bank and amalgamated entities namely Crescent Investment Bank Limited, Trust Investment Bank Limited and Pakistan Industrial Leasing Corporation. Additionally, tax department has raised demand of Rs. 29.052 million (2014: Rs. 29.052 million) for the assessment years 2009, 2010 & 2011 on account of Federal Excise Duty. Further, tax department has raised a demand of Rs. 16.480 million and Rs. 28.110 million on account of monitoring of withholding taxes for the tax years 2014 and 2012 respectively.

Presently, the bank is contesting these issues at various appellate forums. The disallowances in respect of a number of assessment years have been decided / set aside by various appellate authorities for re-assessment while the bank's appeal in respect of the remaining assessment years are currently pending. Based on the professional advice received from tax advisors, the management is confident that the eventual outcome of the aforementioned matters will be in favor of the Bank. Accordingly, no provision has been made in these financial statements in respect of the above mentioned demands of Rs. 1,145.766 million (2014: Rs. 1,101.176 million) raised by the income tax authorities.

20.6 Commitments in respect of forward exchange contracts

	2015	2014
	(Rupees in '000)	
Purchase	21,285,553	13,151,038
Sale	18,977,675	11,964,868

20.7 Commitments to extend credit

The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

20.8 Capital commitments

Commitments for capital expenditure as at December 31, 2015 amounted to Rs. 94.96 million (2014: Rs. 21.018 million).

	2015	2014
	(Rupees in '000)	
21. MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to:		
- Customers	1,690,488	1,981,172
On investments:		
- Held for trading securities	251,340	254,428
- Available for sale securities	2,053,343	881,739
- Held to maturity securities	1,248,129	1,016,155
	3,552,812	2,152,322
On deposits with financial institutions	365	388
On securities purchased under resale agreements	189,271	435,542
On call lendings	35,251	49,144
	5,468,187	4,618,568
22. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	1,767,960	1,994,078
Securities sold under repurchase agreements	849,796	282,950
Other short-term borrowings	358,728	252,053
SBP LTFF refinance	34,649	41,698
SBP export refinance	93,866	164,700
Others	220,565	70,410
	3,325,564	2,805,889
23. GAIN / (LOSS) ON SALE OF SECURITIES - NET		
Government securities	426,430	29,865
Ordinary shares - listed	58,354	7,328
	484,784	37,193
24. OTHER INCOME		
Gain on disposal of property and equipment - net	96,364	9,831
	96,364	9,831

25. ADMINISTRATIVE EXPENSES

	Note	2015	2014
		(Rupees in '000)	
Salaries, allowances and benefits		884,709	704,350
Contribution to provident fund plan	32	25,980	23,037
Non-executive directors' fees, allowances and other expenses		11,143	10,000
Rent, taxes, insurance, electricity, etc.		326,410	284,697
Legal and professional charges		29,434	21,701
Communications		120,134	100,003
Group shared service cost	25.1	(16,597)	113,863
Repairs and maintenance		229,626	84,931
Stationery and printing		25,982	22,437
Advertisement and publicity		75,363	29,307
Auditors' remuneration	25.2	5,248	8,778
Depreciation	11.2	109,941	82,640
Amortisation of intangible assets	11.3	14,488	9,280
Travelling and conveyance		76,244	22,681
Charges paid to Central Depository Company of Pakistan Limited		1,371	912
Security services		37,017	24,268
Workers' welfare fund	25.3	16,640	8,679
Fee and commission paid		31,871	28,414
Others		55,052	65,981
		2,060,056	1,645,959

25.1 Group shared service cost

		2015	2014
Charge for the year		141,918	113,863
30% discount for the year 2015		(43,259)	-
Waiver of prior years' IT related costs		(115,256)	-
		(16,597)	113,863

25.2 Auditors' remuneration

		2015	2014
Statutory audit fee		1,790	1,705
Fee for quarterly and annual group reporting		751	1,936
Fee for review of the half yearly financial statements		404	385
Fee for review carried out in connection with reporting on internal control on financial reporting framework		-	2,257
Special certifications and others		1,421	1,613
Out-of-pocket expenses		882	882
		5,248	8,778

25.3 Under the Worker's Welfare Ordinance (WWF), 1971 the Bank is liable to pay WWF @ 2% of profit before tax as per the accounts or declared income as per the income tax return, whichever is higher.

26. OTHER PROVISIONS / WRITE OFFS - NET

	Note	2015	2014
Provision / (Reversal) against bad and doubtful other assets - net	13.2	1,451	(1,302)
Provision against off balance sheet obligations	17.2	48,000	55,255
Fixed assets written-off		146	939
Others		-	37
		49,597	54,929

27. OTHER CHARGES

	2015	2014
	(Rupees in '000)	
Penalties imposed by the State Bank of Pakistan	1,310	3,160
	1,310	3,160

28. TAXATION

	2015	2014
	(Rupees in '000)	
For the year		
Current	62,464	48,487
Deferred	308,493	150,692
For prior years		
Current	13,817	-
	384,774	199,179

28.1 Relationship between tax expense and accounting profit

Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as the Bank has accumulated losses in prior periods which have been adjusted with the taxable income for the current year. Current tax charge for the year represents minimum tax on turnover as stipulated in the Income Tax Ordinance, 2001.

29. EARNINGS PER SHARE

	2015	2014
	(Rupees in '000)	
Profit after taxation	430,603	226,081
	(Number of Shares)	
Weighted average number of ordinary shares	1,008,238,648	959,471,525
	(Rupee)	
Earnings per share	0.43	0.24

29.1 Diluted earnings per share has not been presented as the Bank does not have any convertible instruments in issue at December 31, 2015 and 2014 which would have any effect on the earnings per share if the option to convert is exercised.

30. CASH AND CASH EQUIVALENTS

	Note	2015	2014
		(Rupees in '000)	
Cash and balances with treasury banks	6	3,258,421	2,525,366
Balances with other banks	7	1,071,112	79,761
		4,329,533	2,605,127

31. STAFF STRENGTH

		2015	2014
		(Number)	
Permanent		432	401
Temporary / on contractual basis		3	-
Bank's own staff strength at the end of the year		435	401
Outsourced	31.1	222	201
Total number of employees at the end of the year		657	602

31.1 Outsourced staff includes those employees that are hired by an outside contractor / agency and are assigned to the Bank to perform various tasks / activities of the Bank.

32. DEFINED CONTRIBUTION PLAN

The Bank operates a contributory provident fund plan for 382 employees (2014: 364 employees). Both employer and employees contribute 8.33% (2014: 8.33%) of the basic salaries to the fund every month. The expense charged in respect of this benefit is disclosed in note 25 to these financial statements.

33. COMPENSATION OF DIRECTORS AND EXECUTIVES

(Rupees in '000)

	2015			2014		
	President and Chief Executive Officer	Directors	Executives	President and Chief Executive Officer	Directors	Executives
Fees	-	10,279	-	-	11,116	-
Managerial remuneration	20,155	-	240,202	16,955	-	208,579
Contribution to defined contribution plan	1,679	-	18,587	1,412	-	16,212
Rent and house maintenance	9,070	-	103,124	7,630	-	88,040
Utilities	2,015	-	24,020	1,695	-	20,858
Medical	2,015	-	24,020	1,695	-	20,858
Fuel reimbursement	-	-	17,926	-	-	19,886
Bonus	25,000	-	69,945	20,000	-	44,594
Conveyance	-	-	346	-	-	311
Other allowances	1,680	-	-	1,946	-	-
	61,614	10,279	498,170	51,333	11,116	419,338
Number of persons	1	4	184	1	4	161

33.1 The Chief Executive Officer and certain executives of the Bank are provided with free use of the Bank's maintained cars.

33.2 Executives include employees, other than the Chief Executive Officer and directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

34. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

i) classification and provisioning against investments (notes 5.3 and 9).
ii) classification and provisioning against advances (notes 5.4 and 10).
iii) determination of useful lives and depreciation / amortisation of operating fixed assets (notes 5.5 and 11).
iv) income taxes (notes 5.8, 12 and 28).

35. FAIR VALUE OF FINANCIAL INSTRUMENTS AND DERIVATIVE INSTRUMENTS

35.1 On-balance sheet financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The fair value of traded investments is based on quoted market prices, except for tradeable securities classified as 'held to maturity' which are carried at amortised cost in order to comply with the requirements specified by the State Bank of Pakistan.

The fair value of unquoted equity investments is determined on the basis of break-up values of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment in respect of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.4 to these financial statements.

The repricing and maturity profile and effective interest rates are stated in note 42 and 44 to these financial statements respectively.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values, since these assets and liabilities are either short-term in nature or, in the case of financing and deposits, are periodically repriced.

The table below analyses the traded investments, except for tradeable securities classified as held to maturity by their respective valuation methods. Valuation of investments is carried out as per guidelines specified by the State Bank of Pakistan.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

- Inputs for the assets or liabilities that are not based on observable market data (that is unobservable inputs e.g. estimated future cash flows) (level 3).

(Rupees in '000)

	2015			
	Level 1	Level 2	Level 3	Total
INVESTMENTS - NET				
RECURRING FAIR VALUE MEASUREMENT				
Held for Trading Securites				
Pakistan Investment Bonds	-	884,021	-	884,021
Market Treasury Bills	-	-	-	-
Fully paid-up ordinary shares	10,196	-	-	10,196
Available for Sale Securities				
Pakistan Investment Bonds	-	23,877,395	-	23,877,395
Market Treasury Bills	-	8,532,819	-	8,532,819
Fully paid-up ordinary shares	405,883	-	-	405,883
Total	416,079	33,294,235	-	33,710,314

	(Rupees in '000)			
	2014			
	Level 1	Level 2	Level 3	Total
INVESTMENTS - NET				
RECURRING FAIR VALUE MEASUREMENT				
Held for Trading Securites				
Pakistan Investment Bonds	-	645,993	-	645,993
Market Treasury Bills	-	924,418	-	924,418
Fully paid-up ordinary shares	23,303	-	-	23,303
Available for Sale Securities				
Pakistan Investment Bonds	-	8,152,792	-	8,152,792
Market Treasury Bills	-	555,929	-	555,929
Fully paid-up ordinary shares	188,503	-	-	188,503
Total	211,806	10,279,132	-	10,490,938

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the year.

(a) **Financial instruments in level 1**

Financial instruments included in level 1 comprise investments in listed ordinary shares.

(b) **Financial instruments in level 2**

Financial instruments included in level 2 comprise Market Treasury Bills and Pakistan Investment Bonds.

(c) **Financial instruments in level 3**

Currently, no financial instruments are classified in level 3.

Valuation techniques and inputs used in determination of fair values within level 1 and 2

Item	Valuation techniques and input used
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates (Reuters page). These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.
Fully paid-up listed ordinary shares	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the stock exchange.

35.2 Off-balance sheet financial instruments

	(Rupees in '000)			
	2015		2014	
	Book value	Fair value	Book value	Fair value
Forward purchase of foreign exchange	21,285,553	21,209,970	13,151,390	12,943,096
Forward sale of foreign exchange	18,977,675	18,898,012	11,965,220	11,761,247

35.3 Derivative instruments

The Bank at present does not offer structured derivative products such as Interest Rate Swaps, Forward Rate Agreements or FX Options. However, the Bank's Treasury buys and sells derivative instruments such as forward foreign exchange contract.

36. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

(Rupees in '000)

Particulars	2015					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Total income (net of interest expense and provisions)	449,347	1,133,126	673,270	2,225	618,775	2,876,743
Total operating expenses	(350,099)	(136,689)	(1,043,828)	(4,935)	(525,815)	(2,061,366)
Net (loss) / income (before tax)	99,249	996,436	(370,557)	(2,710)	92,959	815,377
Segment assets (gross)	24,498,772	52,191,541	2,356,653	587,099	2,882,904	82,516,969
Segment non-performing loans	1,422,086	-	551,889	-	-	1,973,975
Segment provision held *	(1,511,914)	(102,031)	(433,321)	-	(303,367)	(2,350,633)
Segment liabilities	7,483,937	25,578,408	34,184,330	86,572	988,870	68,322,117
Depreciation of fixed assets	4,027	1,742	59,269	66	44,837	109,941
Amortisation of intangible assets	34	1,043	1,492	-	11,919	14,488
Segment return on net assets (%)	0.43%	1.91%	-19.27%	-0.46%	3.60%	1.02%
Segment cost of funds (%)	6.42%	7.38%	5.38%	6.84%	0.00%	5.63%

(Rupees in '000) (Restated)

Particulars	2014					
	Corporate Banking	Global Markets	Retail Banking	Commercial Banking	Senoff	Total
Total income (net of interest expense and provisions)	379,298	527,606	466,139	-	701,336	2,074,379
Total operating expenses	(327,747)	(124,504)	(961,575)	-	(235,293)	(1,649,119)
Net (loss) / income (before tax)	51,551	403,102	(495,436)	-	466,043	425,260
Segment assets (gross)	23,236,670	24,917,660	1,837,640	-	2,910,685	52,902,655
Segment non-performing loans	1,560,581	-	583,533	-	-	2,144,114
Segment provision held *	(1,599,199)	(102,031)	(562,962)	-	(57,403)	(2,321,595)
Segment liabilities	8,181,262	3,086,442	27,425,032	-	633,727	39,326,463
Depreciation of fixed assets	3,916	1,825	46,542	-	30,357	82,640
Amortisation of intangible assets	9	19	601	-	8,651	9,280
Segment return on net assets (%)	0.24%	1.62%	-38.87%	-	16.33%	0.84%
Segment cost of funds (%)	8.71%	9.04%	6.75%	-	0.00%	7.20%

* The provision against each segment represents provision held against advances, investments and other assets.

37. TRUST ACTIVITIES

The Bank is currently not engaged in any trust activities.

38. RELATED PARTY TRANSACTIONS

The Bank has related party relationships with its holding company, employee contribution plan, its directors and key management personnel.

Banking transactions with related parties are entered into the normal course of business. Remuneration to key management personnel is in accordance with employee agreements and services rules. These agreements also provide for disbursement of advances on terms softer than those offered to the customers of the Bank.

Contributions to the contributory provident fund scheme are made in accordance with the terms of the contribution plan. Remuneration to the Chief Executive Officer and directors are disclosed in note 33 to these financial statements and are determined in accordance with the terms of their appointment.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank. The Bank considers all members of their management team, including the Chief Executive Officer and Directors to be key management personnel.

Details of transactions with related parties are given below:

(Rupees in '000)

	2015				2014			
	Key management personnel	Parent Company	Associates	Others	Key management personnel	Parent Company	Associates	Others
BALANCES OUTSTANDING - GROSS								
Advances								
At January 1	66,341	-	-	-	71,647	-	-	-
Disbursed during the year	74,638	-	-	-	15,165	-	-	-
Repaid during the year	(6,147)	-	-	-	(6,973)	-	-	-
Adjustments	(27,429)	-	-	-	(13,498)	-	-	-
At December 31	107,403	-	-	-	66,341	-	-	-
Deposits								
At January 1	39,480	-	-	5,269	79,639	-	-	3,104
Received during the year	668,497	-	-	94,111	1,612,054	-	-	168,086
Withdrawn during the year	(669,478)	-	-	(98,751)	(1,646,960)	-	-	(165,921)
Adjustments	1,886	-	-	-	(5,253)	-	-	-
At December 31	40,385	-	-	629	39,480	-	-	5,269
Others								
Guarantees	-	20,948	-	-	-	-	-	-
Balances in nostro accounts	-	9,736	-	-	-	15,116	-	-
Sundry payable (including Group Shared Service cost) - net	-	99,223	-	-	-	248,700	-	-
Balances in vostro accounts	-	263,062	-	-	-	108,693	-	-
Borrowings (including markup payable)	-	2,136,425	-	-	-	-	-	-
TRANSACTIONS DURING THE YEAR								
Remuneration and benefits	193,740	-	-	-	165,340	-	-	-
Directors fee	10,279	-	-	-	11,116	-	-	-
Commission income on guarantees	-	26,953	-	-	-	50	-	-
Counter confirmation charges on guarantees	-	-	-	-	-	685	-	-
Mark-up / return / interest expensed	2,193	41,820	-	268	3,787	-	-	347
Mark-up / return / interest income	3,821	-	-	-	2,522	-	-	-
Group Services cost	-	(16,597)	-	-	-	113,863	-	-
Sale of government securities	-	-	-	20,715	187,968	-	-	17,100
Purchase of government securities	51,037	-	-	13,189	225,092	-	-	107,354
Purchase of shares (number of shares)	-	-	-	-	2,593,500	-	-	-
Proceeds against issue of right shares	-	-	-	-	-	386,429	-	-

Forex transactions during the year December 31, 2015 - Samba Financial Group

(Currency in '000)

2015				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
AED	1,700	-	-	-
AUD	19	8	-	-
CAD	-	35	-	-
CHF	30	37	25	-
EUR	7,469	17,575	11,275	5,030
GBP	6,080	11,040	10,140	5,110
HKD	-	3	-	-
JPY	-	3,014	-	-
SAR	5,900	16,300	-	2,300
SEK	-	36	-	-
SGD	-	12	-	-
USD	98,975	18,744	14,079	28,015

Forex deals outstanding as at the year end December 31, 2015 - Samba Financial Group

(Currency in '000)

2015				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
EUR	-	-	700	-
GBP	-	-	1,700	-
USD	-	-	-	3,313

Forex transactions during the year December 31, 2014 - Samba Financial Group

(Currency in '000)

2014				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
AED	3,050	-	-	-
AUD	20	-	-	-
CAD	70	-	-	-
CHF	90	-	30	-
EUR	6,065	3,866	6,110	950
GBP	3,450	4,675	5,020	680
JPY	149,810	-	-	-
SAR	10,315	10,000	10,000	-
SEK	25	-	-	-
USD	96,997	19,187	2,402	19,053

Forex deals outstanding as at the year end December 31, 2014 - Samba Financial Group

(Currency in '000)

2014				
CURRENCY	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
EUR	-	-	500	-
GBP	-	-	500	-
USD	-	-	-	1,400

38.1 Details of loans and advances to the companies or firms in which the directors of the group are interested as directors, partners or in case of private companies as members, are given in note 10.7 to these financial statements. Details of remuneration to the executives are disclosed in note 33 to these financial statements, whereas the number of shares of the Bank held by the related parties is disclosed in note 18.2.1 to these financial statements.

39. CAPITAL-ASSESSMENT AND ADEQUACY BASEL III SPECIFIC

39.1 Capital Management

The State Bank of Pakistan (SBP) has introduced guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated February 4, 2014. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by banks in Pakistan. The SBP has specified a transitional period till 2018 for implementation of Basel III. The SBP vide its BPRD Circular No. 11 of 2014 dated November 5, 2014 has revised the disclosure requirements with respect to capital adequacy related information. The disclosures below have been prepared on the basis of SBP circular.

The objective of managing capital is to safeguard the Bank's ability to continue as a going concern, so that it could continue to provide adequate returns to shareholders by pricing products and services commensurately with the level of risk. It is the policy of the Bank to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank's Board and the management is committed to maintaining a sound balance between depositors' liability and shareholders' funds so that optimal capital / debt ratio is maintained. The optimal capital / debt ratio will provide reasonable assurance to depositors about safety and security of their funds and at the same time provide impetus to the management to invest their depositors' funds into profitable ventures without compromising the risk profile of the Bank. The capital requirement of the Bank has been determined based on the projected growth plan to be achieved in the next three to five years in all areas of business operations. Further, it also takes into account a road map for capital enhancement as directed by the SBP vide its various circulars issued from time to time.

The Bank prepares an annual budget and five year plan for purpose of the growth map and future direction. Bottom up approach is used to prepare annual budget and detailed deliberations are held while preparing the five year plan. The growth prospects takes into consideration prevailing economic and political factors in Pakistan and abroad.

The Banks are required to maintain Minimum Capital Requirement (MCR) as precribed by the State Bank of Pakistan through its BSD Circular No. 7 dated April 15, 2009 which required the minimum paid up capital (net of accumulated losses) to be raised to Rs. 10 billion by the year ended December 31, 2013. As at December 31, 2015 the Bank's Paid up Capital is Rs. 10.082 billion. In addition, the Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.25% of their risk weighted exposure. The Bank's CAR as at December 31, 2015 is approximately 30.30% (2014: 36.49%) of its risk weighted exposure.

The Bank calculates capital adequacy ratio for credit risk, market risk and operational risk based upon the requirements under the Basel Accord as per the guidelines issued by the State Bank of Pakistan from time to time in this regard.

Major credit risk in respect of on and off-balance sheet exposures are mainly claims on banks, corporates, retail customers, residential mortgages and unquoted associated undertakings. Market risk exposures are mainly in fixed income securities and foreign exchange.

The Bank's potential risk exposures shall remain in these exposure types.

The stress test is carried out using sensitivity analysis as per SBP guidelines wherein the Bank gauged its resilience against the sixteen stress scenarios / shocks and built its capacity to maintain either the level of resilience or preparedness against majority of these shocks. The Bank has evaluated its capacity to remain within the regulatory CAR under all stress conditions.

The Bank has taken into account credit risk, market risk and operational risk when planning its assets.

39.2 Capital Structure

Under Basel III framework, the Bank's regulatory capital has been analysed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:

a) Common Equity Tier 1 (CET1), which includes fully paid up capital, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), etc after deductions for investments in the equity of subsidiary companies engaged in banking and financial activities (to the extent of 50%), reciprocal crossholdings and deficit on revaluation of available for sale investments and deduction for book value of intangibles.

b) Additional Tier 1 capital (AT1), which includes instruments issued by the Bank which meet the specified criteria after deduction of remaining 50% investment in the equity of subsidiary companies engaged in banking and financial activities and other specified deductions.

Presently the Bank does not have any AT1 capital.

- Tier II capital, which includes general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and equity investments after deduction of deficit on available for sale investments (upto a maximum of 67%).

Banking operations are categorised in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The required capital adequacy ratio is achieved by the Bank through:

(a) Adequate level of paid up capital;
(b) Adequate risk profile of asset mix;
(c) Ensuring better recovery management; and
(d) Maintaining acceptable profit margins.

39.3 Capital Adequacy Ratio

The capital to risk weighted asset ratio, calculated in accordance with SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardized Approach of Credit and Market Risk and Basic indicator Approach for Operational Risk is presented below:

Capital Adequacy Ratio (CAR) disclosure

(Rupees in '000)

Particulars	2015	2014
	Amount	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully paid-up capital / capital deposited with the SBP	10,082,387	10,082,387
Balance in share premium account	-	-
Reserve for issue of bonus shares	-	-
Discount on issue of shares	-	-
General / Statutory Reserves	298,760	212,640
Gain / (Losses) on derivatives held as Cash Flow Hedge	-	-
Unappropriated profits	816,439	471,956
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
CET 1 before Regulatory Adjustments	11,197,586	10,766,983
Total regulatory adjustments applied to CET1 (Note 39.4)	(342,618)	(191,695)
Common Equity Tier 1	10,854,968	10,575,288

Particulars	2015 Amount	2014 Amount
Additional Tier 1 (AT1) Capital		
Qualifying Additional Tier-1 capital instruments plus any related share premium	-	-
of which:		
- classified as equity	-	-
- classified as liabilities	-	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	-	-
- of which: instrument issued by subsidiaries subject to phase out	-	-
AT1 before regulatory adjustments	-	-
Total of Regulatory Adjustment applied to AT1 capital (Note 39.5)	-	-
Additional Tier 1 capital after regulatory adjustments	-	-
Tier 1 Capital (CET1 + admissible AT1)	10,854,968	10,575,288
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
Capital instruments subject to phase out arrangement issued	-	-
Tier 2 capital instruments issued to third parties by consolidated subsidiaries	-	-
- of which: instruments issued by subsidiaries subject to phase out	-	-
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	140,081	3,325
Revaluation Reserves (net of taxes)		
of which:		
- Revaluation reserves on fixed assets	-	-
- Unrealized gains / losses on AFS	433,244	273,064
Foreign Exchange Translation Reserves	-	-
Undisclosed/Other Reserves (if any)	-	-
T2 before regulatory adjustments	573,325	276,389
Total regulatory adjustment applied to T2 capital (Note 39.6)	-	-
Tier 2 capital (T2) after regulatory adjustments	573,325	276,389
Tier 2 capital recognized for capital adequacy	573,325	276,389
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy	573,325	276,389
TOTAL CAPITAL (T1 + admissible T2)	11,428,293	10,851,677
Total Risk Weighted Assets (RWA) {for details refer Note 39.12}	37,719,221	29,741,068
Capital Ratios and buffers (in percentage of risk weighted assets)		
CET1 to total RWA	28.78%	35.56%
Tier-1 capital to total RWA	28.78%	35.56%
Total capital to total RWA	30.30%	36.49%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement) of which:	-	-
- capital conservation buffer requirement	-	-
- countercyclical buffer requirement	-	-
- D-SIB or G-SIB buffer requirement	-	-
CET1 available to meet buffers (as a percentage of risk weighted assets)	22.78%	30.06%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	5.50%
Tier 1 minimum ratio	7.50%	7.00%
Total capital minimum ratio	10.25%	10.00%

(Rupees in '000)

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period.

(Rupees in '000)

Particulars	2015 Amount	2015 Pre - Basel III treatment*	2014 Amount	2014 Pre - Basel III treatment*
39.4 Common Equity Tier 1 capital: Regulatory adjustments				
Goodwill (net of related deferred tax liability)	-	-	-	-
All other intangibles (net of any associated deferred tax liability)	137,418	-	41,695	-
Shortfall of provisions against classified assets	-	-	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	205,200	513,000	150,000	750,000
Defined-benefit pension fund net assets	-	-	-	-
Reciprocal cross holdings in CET1 capital instruments	-	-	-	-
Cash flow hedge reserve	-	-	-	-
Investment in own shares / CET1 instruments	-	-	-	-
Securitization gain on sale	-	-	-	-
Capital shortfall of regulated subsidiaries	-	-	-	-
Deficit on account of revaluation from bank's holdings of property / AFS	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-	-
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-	-
Amount exceeding 15% threshold of which:				
- significant investments in the common stocks of financial entities	-	-	-	-
- deferred tax assets arising from temporary differences	-	-	-	-
National specific regulatory adjustments applied to CET1 capital	-	-	-	-
Investment in TFCs of other banks exceeding the prescribed limit	-	-	-	-
Any other deduction specified by SBP	-	-	-	-
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-	-	-
Total Regulatory adjustments applied to CET1	342,618	513,000	191,695	750,000
39.5 Additional Tier 1 Capital: Regulatory adjustments				
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	-	-	-
Investment in own AT1 capital instruments	-	-	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments	-	-	-	-
	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	-	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
Total of Regulatory Adjustment applied to AT1 capital	-	-	-	-

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period.

(Rupees in '000)

Particulars	2015 Amount	2015 Pre - Basel III treatment*	2014 Amount	2014 Pre - Basel III treatment*
39.6 Tier 2 Capital: Regulatory adjustments				
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-	-	-
Reciprocal cross holdings in Tier 2 instruments	-	-	-	-
Investment in own Tier 2 capital instrument	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Amount of Regulatory Adjustment applied to T2 capital	-	-	-	-

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period.

(Rupees in '000)

	2015	2014
39.7 Risk Weighted Assets subject to pre-Basel III treatment		
Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment) of which:	-	-
- Deferred tax assets	307,800	600,000
- Defined-benefit pension fund net assets	-	-
- Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-
- Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financial entities	128,485	77,298
Significant investments in the common stock of financial entities	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	144,592	308,113
Applicable caps on the inclusion of provisions in Tier 2		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	140,081	3,325
Cap on inclusion of provisions in Tier 2 under standardized approach	-	-
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

(Rupees in '000)

Particulars	Reference	2015 Balance sheet as in published financial statements	2015 Under regulatory scope of reporting
39.8 Reconciliation of each financial statement line item to item under regulatory scope of reporting - Step 1			
Assets			
Cash and balances with treasury banks		3,258,421	3,258,421
Balances with other banks		1,071,112	1,071,112
Lendings to financial and other institutions		2,000,000	2,000,000
Investments		44,726,421	44,726,421
Advances		24,187,038	24,187,038
Operating fixed assets		1,323,670	1,323,670
Deferred tax assets		657,592	657,592
Other assets		2,942,082	2,942,082
Total assets		**80,166,336**	**80,166,336**
Liabilities and Equity			
Bills payable		492,159	492,159
Borrowings		27,325,753	27,325,753
Deposits and other accounts		38,844,291	38,844,291
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,659,914	1,659,914
Total liabilities		**68,322,117**	**68,322,117**
Share capital		10,082,387	10,082,387
Discount on issue of shares		-	-
Reserves		298,760	298,760
Unappropriated profit		816,439	816,439
Surplus on revaluation of assets - net of tax		646,633	646,633
Total liabilities and equity		**80,166,336**	**80,166,336**
39.9 Reconciliation of balance sheet to eligible regulatory capital - Step 2			
Assets			
Cash and balances with treasury banks		3,258,421	3,258,421
Balances with other banks		1,071,112	1,071,112
Lendings to financial and other institutions		2,000,000	2,000,000
Investments		44,726,421	44,726,421
of which:			
- non-significant capital investments in capital of other financial institutions exceeding 10% threshold	a	-	-
- significant capital investments in financial sector entities exceeding regulatory threshold	b	-	-
- mutual funds exceeding regulatory threshold	c	-	-
- reciprocal crossholding of capital instrument	d	-	-
- others	e	-	-
Advances		24,187,038	24,187,038
- shortfall in provisions / excess of total EL amount over eligible provisions under IRB	f	-	-
- general provisions reflected in Tier 2 capital	g	140,081	140,081
Operating fixed assets		1,323,670	1,323,670
- of which: Intangibles	k	137,418	137,418
Deferred tax assets		657,592	657,592
of which:			
- DTAs that rely on future profitability excluding those arising from temporary differences	h	513,000	513,000
- DTAs arising from temporary differences exceeding regulatory threshold	i	-	-
Other assets		2,942,082	2,942,082
of which:			
- goodwill	j	-	-
- defined-benefit pension fund net assets	l	-	-
Total assets		**80,166,336**	**80,166,336**

(Rupees in '000)

Particulars	Reference	2015 Balance sheet as in published financial statements	2015 Under regulatory scope of reporting
Liabilities and Equity			
Bills payable		492,159	492,159
Due from financial institutions		27,325,753	27,325,753
Deposits and other accounts		38,844,291	38,844,291
Sub-ordinated loans of which:			
- eligible for inclusion in AT1	m	-	-
- eligible for inclusion in Tier 2	n	-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities of which:			
- DTLs related to goodwill	o	-	-
- DTLs related to intangible assets	p	-	-
- DTLs related to defined pension fund net assets	q	-	-
- other deferred tax liabilities	r	-	-
Other liabilities		1,659,914	1,659,914
Total liabilities		**68,322,117**	**68,322,117**
Share capital		10,082,387	10,082,387
- of which: amount eligible for CET1	s	10,082,387	10,082,387
- of which: amount eligible for AT1	t	-	-
Reserves of which:		298,760	298,760
- portion eligible for inclusion in CET1 - Statutory reserve	u	298,760	298,760
- portion eligible for inclusion in CET1 - General reserve		-	-
- portion eligible for inclusion in Tier 2 General reserve	v	-	-
Discount on issue of shares		-	-
Unappropriated profit	w	816,439	816,439
Minority Interest of which:			
- portion eligible for inclusion in CET1	x	-	-
- portion eligible for inclusion in AT1	y	-	-
- portion eligible for inclusion in Tier 2	z	-	-
Surplus on revaluation of assets of which:			
- Revaluation reserves on Fixed Assets		-	-
- Unrealized Gains/Losses on AFS	aa	646,633	646,633
- In case of Deficit on revaluation (deduction from CET1)	ab	-	-
Total liabilities and Equity		**80,166,336**	**80,166,336**

39.10 Basel III Disclosure (with added column) - Step 3

(Rupees in '000)

	Particulars	2015 Source based on reference number from step 2	2015 Component of regulatory capital reported by bank
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully Paid-up Capital		10,082,387
2	Balance in share premium account	(s)	-
3	Discount on issue of shares		-
4	Reserve for issue of bonus shares		-
5	General / Statutory Reserves		298,760
6	Gain / (Losses) on derivatives held as Cash Flow Hedge	(u)	-
7	Unappropriated / unremitted profits	(w)	816,439
8	Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	(x)	-
9	**CET 1 before Regulatory Adjustments**		**11,197,586**

(Rupees in '000)

	Particulars	2015 Source based on reference number from step 2	2015 Component of regulatory capital reported by bank
	Common Equity Tier 1 capital: Regulatory adjustments		
10	Goodwill (net of related deferred tax liability)	(j) - (s)	-
11	All other intangibles (net of any associated deferred tax liability)	(k) - (p)	137,418
12	Shortfall of provisions against classified assets	(f)	-
13	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(h) - (r) * x%	205,200
14	Defined-benefit pension fund net assets	(l) - (q) * x%	-
15	Reciprocal cross holdings in CET1 capital instruments	(d)	-
16	Cash flow hedge reserve		-
17	Investment in own shares / CET1 instruments		-
18	Securitization gain on sale		-
19	Capital shortfall of regulated subsidiaries		-
20	Deficit on account of revaluation from bank's holdings of property / AFS	(ab)	-
21	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(a) - (ac) - (ae)	-
22	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	(b) - (ad) - (af)	-
23	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(i)	-
24	Amount exceeding 15% threshold of which:		
	- significant investments in the common stocks of financial entities		-
	- deferred tax assets arising from temporary differences		-
25	National specific regulatory adjustments applied to CET1 capital		-
26	Investment in TFCs of other banks exceeding the prescribed limit		-
27	Any other deduction specified by SBP (mention details)		-
28	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions		-
29	Total regulatory adjustments applied to CET1		342,618
	Common Equity Tier 1		**10,854,968**
	Additional Tier 1 (AT1) Capital		
30	Qualifying Additional Tier-1 instruments plus any related share premium of which:		
31	- Classified as equity	(t)	-
32	- Classified as liabilities	(m)	-
33	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	(y)	-
34	- of which: instrument issued by subsidiaries subject to phase out		-
35	**AT1 before regulatory adjustments**		-
	Additional Tier 1 Capital: Regulatory adjustments		
36	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)		-
37	Investment in own AT1 capital instruments		-
38	Reciprocal cross holdings in Additional Tier 1 capital instruments		-
39	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ac)	-
40	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(ad)	-
41	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital		-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		-
43	Total of Regulatory Adjustment applied to AT1 capital		-
44	Additional Tier 1 capital		-
45	**Additional Tier 1 capital recognised for capital adequacy**		-
	Tier 1 Capital (CET1 + admissible AT1)		**10,854,968**

(Rupees in '000)

	Particulars	2015 Source based on reference number from step 2	2015 Component of regulatory capital reported by bank
	Tier 2 Capital		
46	Qualifying Tier 2 capital instruments under Basel III		-
47	Capital instruments subject to phase out arrangement from Tier 2	(n)	-
48	Tier 2 capital instruments issued to third party by consolidated subsidiaries	(z)	-
	- of which: instruments issued by subsidiaries subject to phase out		-
49	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	(g)	140,081
50	Revaluation Reserves eligible for Tier 2 of which:		-
51	- portion pertaining to Fixed Asset		-
52	- portion pertaining to AFS securities	67% of (aa)	433,244
53	Foreign Exchange Translation Reserves	(v)	-
54	Undisclosed / Other Reserves (if any)		-
55	**T2 before regulatory adjustments**		**573,325**
	Tier 2 Capital: Regulatory adjustments		
56	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital		-
57	Reciprocal cross holdings in Tier 2 instruments		-
58	Investment in own Tier 2 capital instrument		-
59	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ae)	-
60	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(af)	-
61	Amount of Regulatory Adjustment applied to T2 capital		-
62	Tier 2 capital (T2)		-
63	Tier 2 capital recognised for capital adequacy		-
64	Excess Additional Tier 1 capital recognised in Tier 2 capital		-
65	Total Tier 2 capital admissible for capital adequacy		573,325
	TOTAL CAPITAL (T1 + admissible T2)		**11,428,293**

39.11 Leverage Ratio

According to Basel III instructions issued by State Bank of Pakistan (BPRD Circular No. 06 dated August 15, 2013), it is mandatory for all the banks to calculate and report the Leverage Ratio on a quarterly basis with the minimum benchmark of 3%.

The reason for calculating leverage ratio is to avoid excessive on and off-balance sheet leverage in the banking system. A simple, transparent and non-risk based Ratio has been introduced with the following objectives:

- Constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy; and
- Reinforce the risk based requirements with an easy to understand and a non-risk based measure.

(Rupees in '000)

	Particulars	2015	2014
	On balance sheet exposures		
1	On-balance sheet items (excluding derivatives but including collateral)	80,166,336	50,581,060
2	Derivatives	-	-
3	**Total On balance sheet exposures**	80,166,336	50,581,060
	Off balance sheet exposures		
4	Off-balance sheet items (excluding derivatives)	8,430,088	4,310,610
5	Commitment in respect of derivatives (derivatives having negative fair value are also included)	344,996	229,598
6	**Total Off balance sheet exposures**	8,775,084	4,540,208
	Capital and total exposures		
7	Tier 1 capital (Note 39.3)	10,854,968	10,575,288
8	Total exposures (sum of lines 3 and 6)	88,941,420	55,121,268
	Basel III leverage ratio	12.20%	19.19%

The current year's leverage ratio is 12.20% (2014: 19.19%) wheras total tier 1 capital and total exposures are Rs. 10,854.968 milllion and Rs. 88,941.420 million respectively.

(Rupees in '000)

39.12 Risk-weighted exposures	Note	2015 Capital Requirement	2015 Risk adjusted value	2014 Capital Requirement	2014 Risk adjusted value
Credit Risk					
Portfolios subject to standardised approach (Comprehensive approach)					
On-Balance Sheet Items:					
Cash and Cash Equivalent		-	-	-	-
Sovereign and central banks		315	3,153	610	6,102
Public Sector Entities (PSEs)		37,261	372,606	26,647	266,473
Banks and securities firms		92,441	924,412	41,338	413,376
Corporate portfolio	39.13	1,821,676	18,216,755	1,558,334	15,583,344
Retail non mortgages	39.13	8,525	85,248	7,068	70,679
Mortgages - Residential		12,500	125,000	9,374	93,743
Past Due Loans		2,888	28,879	2,996	29,961
Operating Fixed Assets		118,625	1,186,252	75,920	759,195
Other assets		310,106	3,101,058	361,786	3,617,863
		2,404,337	24,043,363	2,084,073	20,840,734
Off-Balance Sheet Items:					
Non-Market related:					
Direct credit substitutes		13,118	131,177	92,510	925,098
Performance-related contingencies	39.13	93,195	931,946	109,025	1,090,246
Trade-related contingencies		76,371	763,710	19,778	197,778
		182,684	1,826,833	221,313	2,213,122
Risk-weighted exposures					
Market related:					
Outstanding interest rate contracts		-	-	-	-
Outstanding foreign exchange contracts	39.15	39,735	397,347	57,080	570,799
		39,735	397,347	57,080	570,799
Equity Exposure Risk in the Banking Book					
Listed equity investments held in banking book		-	-	-	-
Unlisted equity investments held in banking book		1,500	15,000	1,500	15,000
Recognised portion of significant investment		-	-	-	-
		1,500	15,000	1,500	15,000
Total credit risk exposures		2,628,256	26,282,543	2,363,966	23,639,655
Market Risk					
Capital Requirement for portfolios subject to Standardized Approach					
Interest rate risk		643,368	6,433,682	244,639	2,446,389
Equity position risk		83,216	832,158	42,360	423,600
Foreign exchange risk		36,110	361,099	7,392	73,924
Position in options		-	-	-	-
Total market risk exposures		762,694	7,626,939	294,391	2,943,913
Operational Risk					
Capital Requirement for operational risks		380,974	3,809,739	315,750	3,157,500
TOTAL		3,771,924	37,719,221	2,974,107	29,741,069
Capital Adequacy Ratio		Required	Actual	Required	Actual
		December-15		December-14	
CET1 to total RWA		6.00%	28.78%	5.50%	35.56%
Tier-1 capital to total RWA		7.50%	28.78%	7.00%	35.56%
Total capital to total RWA		10.25%	30.30%	10.00%	36.49%

39.13 Cash margin and eligible securities amounting to Rs. 42.936 million have been deducted from gross advances using comprehensive approach to credit risk mitigation under Basel III. Advances are not net off with general provision amounting to Rs. 140.081 million which is reported separately in Tier II (supplementary) capital as per BSD Circular letter number 03 dated May 20, 2006.

39.14 Cash margin and eligible securities amounting to Rs. 47.615 million have been deducted from off-balance sheet items.

39.15 Contracts having original maturities of 14 days or less have been excluded.

39.16 Main Features of Regulatory Capital Instruments

	Main Features	Common Shares
1	Issuer	Samba Bank Limited
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	SBL
3	Governing law(s) of the instrument Regulatory treatment	Co. law, Listing regulations of KSE & BCO
4	Transitional Basel III rules	Common Equity Tier 1
5	Post-transitional Basel III rules	Common Equity Tier 1
6	Eligible at solo/ group/ group & solo	Solo
7	Instrument type	Ordinary shares
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	10,082,387
9	Par value of instrument	10
10	Accounting classification	Shareholders' equity
11	Original date of issuance	January 13, 2006
12	Perpetual or dated	Perpetual
13	Original maturity date	NA
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable Coupons / dividends	NA
17	Fixed or floating dividend/ coupon	Floating dividend
18	coupon rate and any related index/ benchmark	NA
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	No
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Residual interest
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

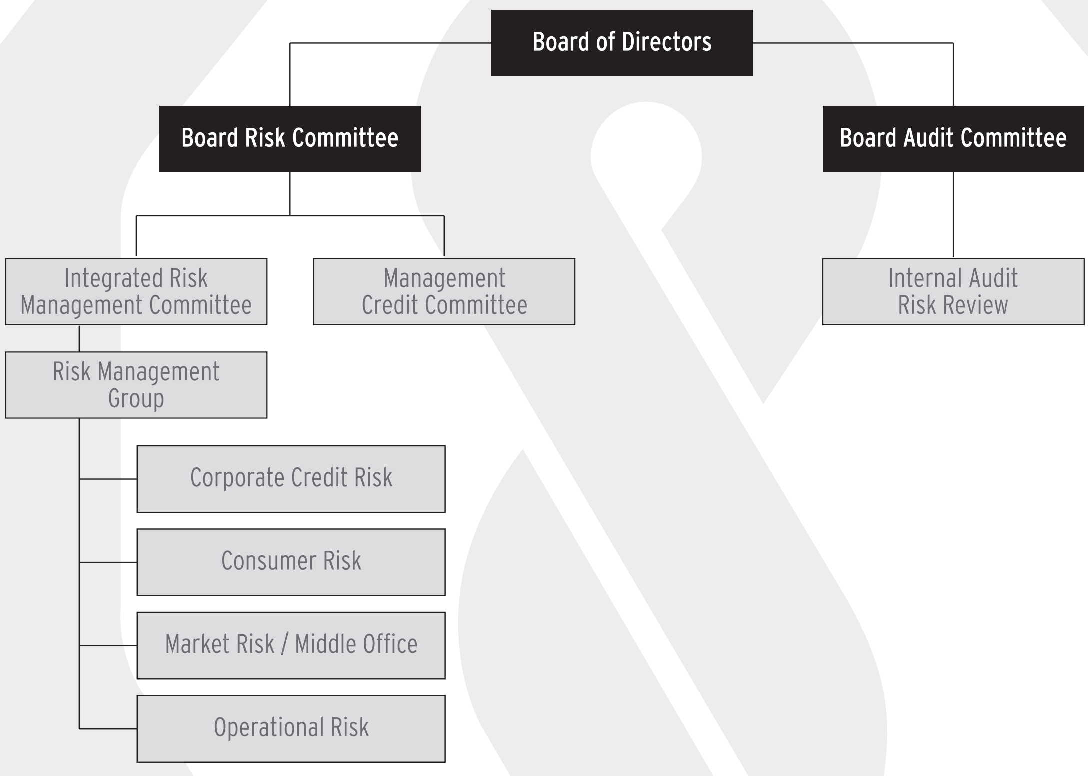
40. RISK MANAGEMENT

Risk can be defined as a combination of the probability of an event and its consequences. In all types of undertakings, there is a potential for events and consequences that constitute opportunities for benefit (upside) or threats to success (downside). Risk Management is increasingly recognised as being concerned with both positive and negative aspects of risk. However, as a matter of prudence it is generally recognised that consequences are only negative and therefore the management of safety risk is focused on prevention and mitigation of harm.

The types and degree of risk an organisation may be exposed to depend upon its size, complexity in business activities, volume etc. Unless risks are assessed and measured it will not be possible to control risks. Further, an accurate assessment of risk gives management a clear view of the Bank's standing and helps in deciding future action plans. Management of risk by banks in Pakistan is governed by rules and regulations set by the State Bank of Pakistan in its capacity as a regulator of the banks.

The Bank maintains a dedicated Risk Management organisational unit, independent from any business and reporting directly to the President & CEO through the Chief Risk Officer.

The Bank is exposed to a number of risks, such as credit, market, operational, liquidity, etc. The Board of Directors is ultimately responsible for the risk management function. In order to find an appropriate balance between risk and the desired level of return, the Board has formed certain specialised committees such as Integrated Risk Management Committee (IRMC), Management Credit Committee (MCC) and Asset and Liability Committee (ALCO) to manage these areas. These committees act within the Bank's overall policies and Board delegated authorities. Integrated Risk Management Committee is a management committee which reviews and monitors risks associated with activities of specific areas. The Board Risk Committee oversees the risk management function, including credit risks, market risks, liquidity risks and operational risks that can cause losses to the Bank, to ensure appropriate supervision and governance of the Bank.



40.1 Credit Risk

Credit Risk is the risk of loss as a result of failure by a customer or counterparty to meet its contractual obligations. Credit Risk arises from all transactions that give rise to actual, contingent or potential claims against any counterparty, borrower or obligor. The principal source of credit risk arises from loans and advances to Financial Institutions and Corporations.

(a) Credit Risk Management (CRM) Objectives & Policies

Specific credit risk management objectives are:

- To gain a clear and accurate understanding and independent assessment of the level of credit risk being undertaken, from the level of individual facilities up to the total portfolio.
- To develop and implement uniform and acceptable credit standards across the Bank.
- To ascertain that overall risk of the Bank's corporate credit portfolio remains within manageable limits.
- To control and plan the taking of credit risk in conjunction with business, ensuring it is appropriately diversified and avoiding undesirable concentrations.
- To ensure that an effective CRM framework is in place that enables a proactive approach to identify potential risks.
- To ensure that the balance sheet correctly reflects the value of our assets.

(b) CRM Organization and Structure

Taking credit risk is central to the business therefore it has been ensured that business managers in conjunction with risk managers are responsible for establishing and maintaining appropriate risk limits and risk management procedures.

(c) Credit Approval Authorities and Standardised Procedures

A system of checks and balances has been established around the extension of credit which is based on an independent risk management function and multiple credit approvers. Every extension of credit is required to be approved by authorised Credit Officers from business and risk.

The Credit Policy approved by the Board of Directors (BoD) include:

- Setting maximum exposure limits for a single obligor and for a single group of related obligors based upon the obligor risk rating of the customer and the group.
- Defining maximum exposure limit to an individual sector in terms of portfolio composition to avoid excessive concentration.
- Requirement to risk rate every obligor on the basis of a standard and approved internal credit risk rating policy.
- Setting consistent standards to be followed across the Corporate, Financial Institution Group for the origination, documentation and maintenance of extensions of credit. These standards include problem recognition, the classification process of problem credits and remedial action. Quarterly reporting is made to the BoD on all credit exposures approved during the quarter, all changes in classification, provisions and write-offs taken during the quarter.

(d) Credit Risk Portfolio Management

The Bank seeks to manage its credit risk exposure by ensuring that its customers meet the minimum credit standards as defined in the approved Credit Policy. It also seeks diversification of lending activities by ensuring that there is no undue concentration of risks within groups of customers, industry segments and tenor buckets.

The corporate portfolio is monitored through the Integrated Risk Management Committee (IRMC) which includes risk managers and Chief Risk Officer - CRO. The major functions of the IRMC pertaining to Credit Risk Management include:

- To establish and review the lending policies and standards that conforms to the regulations and the corporate policies.
- Manage and monitor the overall credit risk exposure of the Bank, in terms of the pre-defined limits.
- Develop and implement standards of credit quality.
- Regularly review, monitor and evaluate the quality of credit portfolio in the light of the approved limits.
- Review and approve the overall provisioning of the corporate portfolio.

(e) **Risk Rating**

The BoD has approved the Internal Credit Risk Rating Policy for the Corporate and Investment Banking Group. Through this policy, an appropriate rating mechanism has been devised for the purpose of identifying and measuring the credit risk against each obligor / transaction. The mechanism considers factors such as management, financial health, overall past performance at industry / country level, etc. and subsequently, the facility structuring / collateral and / or support (if any).

For the purpose of evaluating credit risk and assigning grades that illustrate the credit risk associated with the obligor, an Obligor Risk Rating model named "FARAS" Financial Analysis and Risk Assessment System (copyright of Samba Financial Group and licensed to the Bank for its use) Pakistan Version (modified to suit Pakistani economic environment) has been implemented. The model determines the Obligor Risk Rating (ORR) based on certain quantitative and qualitative information / assessment. It assigns grades from "2" to "7" (under the performing category), with sub-grades to denote a better or worse position than the full grade to a degree that is sufficient to be noted, but not material enough to require a full grade change (upgrade or downgrade). FARAS has been introduced, implemented and in use by the Corporate & Investment Banking Groups and forms an integral part of the credit approval process that materially helps in decision making.

The Bank has implemented a maker and checker control process for assigning the final ORR to an obligor. The business managers are the makers and Independent Risk is the checker and also approves the final assigned risk rating to an obligor.

ORRs ranging between "8" to "10" are assigned to classified obligors based upon an internal classification and remedial management process.

The credit limits delegations under the Credit Policy are based on a grid that is driven by the assigned risk rating.

(f) **Mitigants**

A range of initiatives are used to mitigate credit risk.

Credit Principles and Policy

To ensure consistency and standardization across the Corporate, Financial Institution and Investment Banking Groups, standard credit procedures and policies are implemented through the BoD approved Credit Policy. This ensures clear definition of responsibilities of the business, risk, credit administration and remedial departments and provides a basis for a disciplined environment.

Counter Party Limits and Risk Rating

The maximum permitted per party limits under the credit delegations are derived as a function of the ORR of that obligor or group of obligors and therefore, acts as a check and balance on building up excessive obligor concentrations.

Concentration Risk

The Credit Policy provides limits for industry sector concentrations. Through the regular IRMC meetings on the portfolio composition, exposures are monitored to highlight any concentrations that may occur and future strategy is devised to prevent excessive concentration of risk.

Collateral

One of the mitigants is the collateral held against the credit exposures. The Credit Policy requires that collateral should always be realistically valued, providing margins, duly insured in favour of the Bank and giving the Bank a pari passu status with other lenders for similar transactions / nature of exposure. In case of a weak credit, facility specific support / guarantees are recommended as risk mitigation. To minimize the credit loss, seeking additional collateral from the obligor is recommended, as soon as impairment indicators are noticed in individual loans and advances.

Early Warning Mechanism

The Credit Policy and established procedures prescribe an early warning mechanism which the business managers are required to follow. Due to early problem recognition the business may seek additional collateral and exercise other such measures to stop further deterioration.

Target Market Screens (TM) and Risk Acceptance Criteria (RAC)

Industry Specific and Generic TM Screens & RACs have been approved and put in place as basic guiding rules.

Target Market (TM) Document

A Board approved TM document has been put in place after joint deliberation between Corporate & Investment Banking Group (CIBG) & Credit Risk Management (CRM). This defines the target market and risk appetite for the CIBG business and is reviewed on a need basis. It serves as a guiding document for the relationship team and also acts as an effective risk management tool.

Rapid Portfolio Reviews (RPR)

In order to assess the impact of any major event in the country that can have a negative impact on the health of the corporate portfolio, the entire portfolio is stressed through the RPR process. The RPRs conducted in the past include the impact of the prevailing inter-circular debt, currency devaluation, gas supply curtailment, increase in cotton prices and subsequent fall in cotton prices leading to inventory losses on the financial health of textile sector obligors etc. The RPR is an effective risk management tool and has helped the Bank in assessing the robustness of its portfolio and taking corrective actions in a timely and proactive manner.

(g) Remedial Management and Allowances for Impairment

The approved procedures define the Classified Credit process to be followed in order to establish a consistent approach to problem recognition, problem labeling, remedial action, loan loss provisioning and the initiation of credit write-offs. Clear responsibilities are defined pertaining to all processes that are required to be followed, in order to have an effective remedial management set-up in place.

A Remedial Asset Committee comprising remedial and risk managers and President & CEO, under the initiative of the Institutional Remedial Management Department, conducts regular reviews of the corporate credit classified portfolio and also recommends recovery / work-out plans, waivers and write-offs.

The Bank follows a very stringent loan loss reserve policy and as a result the impaired portfolio of the Bank is almost fully provisioned.

41. SEGMENTAL INFORMATION

41.1 Segment by class of business

	2015					
	Gross advances		Deposits		Contingencies & commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Chemical and pharmaceuticals	707,418	2.69	1,133,747	2.92	1,073,159	2.18
Agriculture, forestry, hunting and fishing	1,729	0.01	265,644	0.68	-	-
Textile	5,734,396	21.84	312,680	0.80	455,135	0.93
Cement	-	-	316,377	0.81	57,301	0.12
Sugar	1,268,036	4.83	518	-	-	-
Footwear and leather garments	241,192	0.92	349	-	92,652	0.19
Automobile and transportation services	1,328	0.01	1,950,238	5.02	261,354	0.53
Construction	1,872,618	7.13	-	-	-	-
Wholesale and retail trade	8,634	0.03	-	-	33,259	0.07
Financial	-	-	2,977,802	7.67	-	-
Insurance	829	-	1,269,175	3.27	-	-
Electronics and electrical appliances	123,898	0.47	78,399	0.20	-	-
Power (electricity), gas, water and sanitary	5,062,349	19.28	-	-	500,000	1.02
Individuals	1,127,858	4.30	18,845,536	48.52	-	-
Manufacturing	4,441,816	16.91	-	-	1,274,345	2.59
Transport, storage and communication	1,105,519	4.21	-	-	17,400	0.04
Services	347,929	1.32	-	-	7,608	0.02
Paper and allied	15	-	-	-	-	-
Oil Marketing and Refinery	-	-	-	-	-	-
Others	4,214,077	16.05	11,693,826	30.11	45,431,764	92.31
	26,259,641	100.00	38,844,291	100.00	49,203,977	100.00

	2014					
	Gross advances		Deposits		Contingencies & commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Chemical and pharmaceuticals	1,733,542	7.25	1,287,644	4.07	993,770	3.30
Agriculture, forestry, hunting and fishing	1,729	0.01	98,351	0.31	-	-
Textile	6,140,544	25.67	93,517	0.30	162,626	0.55
Cement	-	-	150,246	0.47	56,103	0.19
Sugar	614,817	2.57	91	-	-	-
Footwear and leather garments	382,676	1.60	238	-	-	-
Automobile and transportation services	1,328	0.01	1,064,413	3.36	251,689	0.84
Construction	2,183,948	9.13	-	-	85,024	0.28
Wholesale and retail trade	104,794	0.44	-	-	16,016	0.05
Financial	-	-	149,522	0.47	8,892	0.03
Insurance	829	-	1,408,078	4.45	-	-
Electronics and electrical appliances	603,977	2.53	81,113	0.26	64,731	0.22
Power (electricity), gas, water and sanitary	3,845,455	16.07	10,406	0.03	-	-
Individuals	1,164,242	4.87	18,862,222	59.62	-	-
Manufacturing	3,265,143	13.65	-	-	274,792	0.91
Transport, storage and communication	800,000	3.34	-	-	-	-
Services	325,235	1.36	-	-	9,843	0.03
Oil Marketing and Refinery	1,332,362	5.57	-	-	-	-
Others	1,415,742	5.93	8,436,302	26.66	28,152,421	93.60
	23,916,363	100.00	31,642,143	100.00	30,075,907	100.00

41.2 Segment by sector

	2015					
	Gross advances		Deposits		Contingencies & commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public / Government	2,663,027	10.14	31,805,494	81.88	2,430,724	4.94
Private	23,596,614	89.86	7,038,797	18.12	46,773,253	95.06
	26,259,641	100.00	38,844,291	100.00	49,203,977	100.00

	2014					
	Gross advances		Deposits		Contingencies & commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public / Government	2,132,363	8.92	4,576,133	14.46	1,101,176	3.66
Private	21,784,000	91.08	27,066,010	85.54	28,974,731	96.34
	23,916,363	100.00	31,642,143	100.00	30,075,907	100.00

(Rupees in '000)

41.3 Details of non-performing advances and specific provisions by class of business segment

	2015		2014	
	Classified advances	Specific provisions held	Classified advances	Specific provisions held
Chemical and pharmaceuticals	672	612	672	612
Agriculture, forestry, hunting and fishing	950	585	950	585
Textile	543,205	538,250	615,163	610,207
Sugar	21,236	21,236	21,236	21,236
Construction	-	-	12,330	12,330
Manufacturing	128,556	127,750	149,416	147,755
Footwear and leather garments	3,703	2,713	3,703	2,713
Automobile and transportation services	1,328	1,228	1,328	1,228
Insurance	829	729	829	729
Electronics and electrical appliances	38,977	38,677	38,977	38,677
Power (electricity), gas, water, sanitary	591,383	591,383	591,383	591,383
Individuals	542,357	516,870	574,738	549,007
Services	3,533	2,603	3,534	2,602
Others	97,246	89,886	129,855	121,802
	1,973,975	1,932,522	2,144,114	2,100,866

41.4 Details of non-performing advances and specific provisions by sector

	2015 Classified advances	2015 Specific provisions held	2014 Classified advances	2014 Specific provisions held
Public / Government	-	-	-	-
Private	1,973,975	1,932,522	2,144,114	2,100,866
	1,973,975	1,932,522	2,144,114	2,100,866

41.5 Geographical segment analysis

	2015 (Rupees in '000)			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
Pakistan	815,377	80,166,336	11,844,219	49,203,977

	2014 (Rupees in '000)			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
Pakistan	425,260	50,581,060	11,254,597	30,075,907

The Bank does not have any overseas operations, therefore its entire geographical dispersion arises inside Pakistan.

41.6 Credit Risk – General Disclosures

The Bank has adopted Standardised approach, under Basel III. According to the regulatory statement submitted under the standardised approach, the portfolio has been divided into Claims on Public Sector Entities in Pakistan (PSEs), claims on corporate (excluding equity exposure) and claims categorised as retail portfolio. Claims on corporate constitute 92.7% of the total exposure, 6% represents claims on PSEs, 0.3% represents retail non-mortgages and the remaining 1% exposure pertains to claims categorised as mortgage residential portfolio.

41.7 Credit Risk: Standardised Approach

Currently the Bank does not have any policy whereby customers have to be rated by a rating agency. Therefore, the Bank uses unsolicited / solicited ratings of JCR-VIS, PACRA and other foreign agencies wherever applicable.

Following are the types of exposure for which each agency is used:

Exposure	JCR-VIS	PACRA	Fitch, Moody's & S&P
Corporate	✓	✓	✓
Banks	✓	✓	✓
Sovereigns	-	-	-
SME's	-	-	-
Securitizations	-	-	-

Most of the Bank's asset base is short or medium term. Therefore, the Bank uses the entity's rating to assess the risk of exposure without any adjustments.

For exposure amounts after risk mitigation subject to the standardised approach, amount of bank's / DFI's outstanding (rated & unrated) in each risk bucket as well as those that are deducted are as follows:

(Rupees in '000)

Exposure	Rating category No.	Amount outstanding	Deduction CRM*	Net Amount
Corporate	1-4	9,857,478	-	9,857,478
Banks	1-5	3,076,958	-	3,076,958
Sovereigns (local govt. securities)	N/A	13,684,784	-	13,684,784
Unrated		15,924,845	60,923	15,863,922
Total		42,544,065	60,923	42,483,142

* CRM= Credit Risk Mitigation

Eligible financial collateral and other eligible collateral after the application of haircuts

The Bank has adopted simple approach to credit risk mitigation and therefore has not applied any haircuts to the collateral. Moreover eligible collateral only includes cash / liquid securities.

Main types of collateral taken by the bank are:
- Cash margin
- Lien on deposits / government securities
- Hypothecation on stocks / assets
- Mortgage on properties

41.8 Market risk

The Bank is exposed to market risk which is the risk that the value of on and off-balance sheet exposures of the Bank will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and / or commodity prices resulting in a loss to earnings and capital.

41.8.1 Principal sources of Market Risks in both Trading Book and Banking Book

Price Risk
Price risk is the risk that there may be a financial loss as a result of change in the level or volatility of interest rates, foreign exchange rates, and commodity or equity prices.

Liquidity Risk
Liquidity risk is the risk that any bank, business and its entities, will be unable to meet a financial commitment when due.

Differentiation between Trading and Banking Book

Trading Book
- Positions that are assumed to be held for short term.
- Securities are to be sold within 90 days from the date of their classification as held for trading under normal circumstances.
- They are marked-to-market (MTM) daily.
- Any MTM difference affects the profit and loss (P&L) account.

Banking Book
- Securities holding intention is for long term.
- Sale before maturity is permitted.
- Positions are marked-to-market (MTM) periodically.
- MTM differences affect the equity.
- Interest income / expense affect profit and loss account.

41.9 Market Risk Management

41.9.1 Objectives

Market risk is the risk to a bank's financial condition resulting from adverse movements in market prices. Accurately measuring a bank's market risk requires timely information about the current market values of its assets, liabilities, and off-balance sheet positions. Market risk arises from factors such as changing interest rates and currency exchange rates, the liquidity of markets for specific commodities or financial instruments, and local or world political and economic events. All of these sources of potential market risk can affect the value of the institution and should be considered in the market risk measurement process.

Management of market risk aims to control related risk exposure while ensuring that earnings commensurate with levels of risk.

The Bank has approved market risk policy encompassing market risk limit framework where all relevant market factors have been identified and taken into consideration in the establishment of the independent market risk limit frameworks. The policy also articulates standards for defining, measuring and communicating market risk.

The Bank has established quantitative limits related to market risk and has also set limits for the maximum amount of losses arising from market activities as under:

41.9.2 Price Risk Management

Trading Book is controlled through:
- Factor Sensitivity and associated limits
- Value at Risk (VaR) limits
- Trading – Action triggers

Banking Book is controlled through:
- Factor Sensitivity and associated limits
- DV01 limits
- Triggers – Simplified action triggers

41.9.3 Structure and Organization of the Market Risk Management

41.9.4 Market Risk Management Function

- Monitoring compliance with all the market risk management policies and procedures of the treasury function as approved by the Board of Directors.
- Identifying and specifying all relevant market factors for each risk-taking unit.
- Monitoring the day-to-day dealings of the front office against the pre-determined tolerable limits.
- Ensuring that the following are reflected in the periodic (at least quarterly) profit and loss account:
  - All transactions executed; and
  - Current independent market data used with respect to revaluation.
- Dealer limits monitoring and excess reporting.
- Test-reviews of recorded telephone conversations for Treasury deal confirmations and related telephone recordings through MYNA (computer software) voice recording process.
- As per new Rate Reasonability Review Process document, any transaction outside the agreed tolerance band will be reviewed and highlighted by Market Risk.
- Review the factor sensitivity, VaR and stress testing methodologies and results for reasonableness, consistency and completeness.
- Preparing forecasts (simulations) showing the effect of various possible changes in market conditions relating to risk exposures and ensure their integrity.
- Preparing Market Access Reports (MAR), maturity and interest rate risk GAP reports.
- Preparing market risk dashboard for Integrated Risk Management Committee (IRMC), Board Risk Committee (BRC) and senior management.
- Preparing GAP analysis report and reviewing methodologies to calculate risk under Pillar I and II of ICAAP Framework.
- Preparing Business Continuity Programme (BCP) for market risk.
- Finalising methodologies to calculate risks under Pillar I & II for ICAAP Framework.
- Jointly developing, with business, standard stress test scenarios and reviewing the standard stress test library at least annually.
- Reviewing the Bank's capital adequacy.

41.9.5 Scope and Nature of Risk Reporting

- It is the policy of the Bank that a comprehensive set of market risk data, generated through the businesses' risk-taking activities, is identified and communicated throughout the applicable business, IRMC and Senior Management.
- It is the responsibility of Market Risk Management to define, construct and maintain an independent market risk reporting framework that effectively, consistently and meaningfully communicates risks, risk appetite and the quality of earnings.
- At a minimum, market risk reports are produced for each risk-taking unit, consistent with the level at which the independent market risk limit frameworks are established. However, additional market risk reports may be produced if Market Risk Management determines that the level and / or nature of the risk within a business, warrant inclusion in the market risk reporting packages.
- The market risk data and other data used to populate the independent market risk reports should be from independent risk systems or other independent support systems (e.g., general ledger). If the information available in the independent systems is not sufficiently comprehensive, any other data used to populate the reports must be subject to a reconcilement process to ensure its integrity.
- It is the responsibility of Market Risk Management and the business to assist in the quality control process by reviewing the reports for reasonableness, consistency and completeness.

41.9.6 Market Risk Management System

The Bank has market risk software to manage the market risks from its trading and non-trading activities.

At each level, checks and balances are maintained through a system in which back and middle offices operate independently from front offices. In addition, ALCO, IRMC and BRC meetings are held respectively every month / quarter to deliberate important matters related to market risk and control.

41.10 Market Risk Measurement Model

Since daily variation in market risk is significantly greater than other types of risk, the Bank measures and manages market risk using VaR on a daily basis.

Market risk for trading and non-trading activities is measured using a uniformed market risk measurement model. The principal model used for these activities is historical simulation (HS) model (holding period, 10 days; confidence interval, 99%; and observation period 365 business days). The HS model calculates VaR amount by estimating the profit and loss on the current portfolio by applying actual fluctuations in the market rates and prices over a fixed period in the past. This method is capable of capturing certain statistically infrequent movements, e.g., a fat tail, and accounts for the characteristics of financial instruments with non-linear behaviour. However, the Bank is not using this model to calculate Basel III regulatory capital adequacy ratios which are being computed using the standardised approach which is in accordance with the regulatory requirement.

The Bank is using the following components for measuring market risk factors:
- Factor Sensitivities
- Volatility and Correlation Calculations
- Value-at-Risk (VaR)
- Stress Testing
- Back Testing

41.11 Foreign Exchange Risk

The Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The risk is managed through State Bank of Pakistan's forward covers and other hedging instruments. Overall foreign exchange risk is managed by dealing in authorised currencies, devising separate authority matrices for different types of foreign currency transactions and assigning the ceilings of exposures to parties. Foreign exchange open and mismatch positions are controlled through internal limits and are marked to market on a daily basis to contain forward exposures.

(Rupees in '000)

	2015			
	Assets	Liabilites	Off-balance sheet items	Net foreign currency exposure
Pakistan Rupee	76,133,698	74,984,091	(2,316,644)	(1,167,037)
United States Dollar	3,930,803	(6,399,721)	2,107,819	12,438,343
Great Britain Pound	56,975	(168,431)	128,724	354,130
Japanese Yen	1,486	-	-	1,486
Euro	21,291	(93,271)	80,101	194,663
Other currencies	22,083	(551)	-	22,634
	80,166,336	68,322,117	-	11,844,219

(Rupees in '000)

	2014			
	Assets	Liabilites	Off-balance sheet items	Net foreign currency exposure
Pakistan Rupee	48,382,529	42,749,161	(1,181,849)	4,451,519
United States Dollar	2,142,128	(3,172,431)	979,281	6,293,840
Great Britain Pound	24,127	(161,402)	141,499	327,028
Japanese Yen	2,534	-	-	2,534
Euro	16,381	(82,841)	61,069	160,291
Other currencies	13,361	(6,024)	-	19,385
	50,581,060	39,326,463	-	11,254,597

41.12 Equity Position Risk

Equity position risk in Trading Book arises due to changes in prices of individual stocks or levels of equity indices. Currently, the Bank's equity investments comprises of Available for Sale (AFS) and held for trading (HFT) portfolio. The AFS portfolio is maintained with a medium-term view of capital gains and dividend income.

42. MISMATCH OF INTEREST RATE SENSITIVE ASSETS AND LIABILITIES

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Bank is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or re-price in a given period. The Bank monitors this risk and manages it by repricing of assets and liabilities with the objective of limiting the potential adverse effects on the profitability of the Bank.

The Bank's interest rate sensitivity position based on the earlier of contractual re-pricing or maturity date is as follows:

(Rupees in '000)

	2015											
	Effective yield/ interest rate %	Total	Exposed to yield / interest rate risk									Non-interest bearing financial instruments
			Upto one month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	3,258,421	-	-	-	-	-	-	-	-	-	3,258,421
Balances with other banks	-	1,071,112	852,657	-	-	-	-	-	-	-	-	218,455
Lendings to financial institutions	6.35%	2,000,000	2,000,000	-	-	-	-	-	-	-	-	-
Investments - net	8.89%	44,726,421	51,946	99,168	975,115	26,897,722	906,121	2,742,349	3,827,558	8,800,363	-	426,079
Advances - net	6.64%	24,187,038	10,133,390	10,722,759	1,602,987	16,393	374,032	375,277	471,097	476,577	-	14,526
Other assets	-	2,942,082	-	-	-	-	-	-	-	-	-	2,942,082
		78,185,074	13,037,993	10,821,927	2,578,102	26,914,115	1,280,153	3,117,626	4,298,655	9,276,940	-	6,859,563
Liabilities												
Bills payable	-	492,159	-	-	-	-	-	-	-	-	-	492,159
Borrowings	6.20%	27,325,753	24,326,609	2,226,980	749,828	-	-	-	-	-	-	22,336
Deposits and other accounts	4.57%	38,844,291	7,822,666	6,128,437	15,454,660	1,084,653	812,613	30,000	30,000	-	-	7,481,262
Other liabilities	-	1,659,914	-	-	-	-	-	-	-	-	-	1,659,914
		68,322,117	32,149,275	8,355,417	16,204,488	1,084,653	812,613	30,000	30,000	-	-	9,655,671
On-balance sheet gap		9,862,957	(19,111,282)	2,466,510	(13,626,386)	25,829,462	467,540	3,087,626	4,268,655	9,276,940	-	(2.796,108)
Cumulative Yield / Interest Risk Sensitivity Gap			(19,111,282)	(16,644,772)	(30,271,158)	(4,441,696)	(3,974,156)	(886,530)	3,382,125	12,659,065	12,659,065	

(Rupees in '000)

	2014											
	Effective yield/ interest rate %	Total	Exposed to yield / interest rate risk									Non-interest bearing financial instruments
			Upto one month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	2,525,366	-	-	-	-	-	-	-	-	-	2,525,366
Balances with other banks	-	79,761	2,860	-	-	-	-	-	-	-	-	76,901
Lendings to financial institutions	9.98%	1,900,000	1,900,000	-	-	-	-	-	-	-	-	-
Investments - net	11.36%	19,953,205	249,534	-	952,460	884,484	12,058,878	242,050	3,281,529	2,062,464	-	221,806
Advances - net	10.21%	21,812,172	13,036,731	5,076,057	2,109,346	354,693	98,060	166,665	263,140	691,355	2,014	14,111
Other assets	-	2,451,553	-	-	-	-	-	-	-	-	-	2,451,553
		48,722,057	15,189,125	5,076,057	3,061,806	1,239,177	12,156,938	408,715	3,544,669	2,753,819	2,014	5,289,737
Liabilities												
Bills payable	-	308,894	-	-	-	-	-	-	-	-	-	308,894
Borrowings	9.43%	5,964,576	2,309,840	2,538,267	461,231	1,518	3,036	3,036	70,112	555,200	-	22,336
Deposits and other accounts	6.92%	31,642,143	4,358,692	5,444,511	14,275,004	715,140	55,800	941,446	2,703	-	-	5,848,847
Other liabilities	-	1,410,850	-	-	-	-	-	-	-	-	-	1,410,850
		39,326,463	6,668,532	7,982,778	14,736,235	716,658	58,836	944,482	72,815	555,200	-	7,590,927
On-balance sheet gap		9,395,594	8,520,593	(2,906,721)	(11,674,429)	522,519	12,098,102	(535,767)	3,471,854	2,198,619	2,014	(2,301,190)
Cumulative Yield / Interest Risk Sensitivity Gap			8,520,593	5,613,872	(6,060,557)	(5,538,038)	6,560,064	6,024,297	9,496,151	11,694,770	11,696,784	

43. LIQUIDITY RISK

Liquidity Risk Management

The objective is to establish standards for defining, measuring and reporting liquidity risk in order to ensure the transparency and comparability of liquidity risk-taking activities.

Liquidity risk is being monitored through the following:

(a) Gap Analysis: Market Access Report (MAR)

Market Access Report is a key tool in monitoring the current liquidity position of the Bank and it measures the 'gaps' over various time horizons, based on a business-as-usual assumption that the asset levels remain constant. MAR quantifies the daily and cumulative gap in a business-as-usual environment. The gap for any given tenor bucket represents the borrowings from, or placements to, the markets (internal or external), required to replace maturing liabilities or assets. MAR Limits establish a boundary for how much incremental funding is appropriate, relative to the size of statement of financial position and market capacity.

(b) Stress Scenario

Stress test is intended to quantify the likely impact of an event on the balance sheet and the net potential cumulative gap over a 3-month period, and to ascertain what incremental funding may be required under the defined stress scenario. The scenario is proposed by the Market Risk Management at a minimum on an annual basis, endorsed by the treasurer, and approved by the Board of Directors.

(c) Scope and Nature of Risk Reporting

- It is the policy of the Bank that the comprehensive set of liquidity risk data, generated through the businesses' risk-taking activities, is identified and communicated throughout the applicable business, treasury, and senior management.
- Market Risk is respon sible to construct and maintain an independent liquidity risk-reporting framework that effectively, consistently and meaningfully communicates risks and risk appetite.
- Treasurer is responsible to ensure the completeness and integrity of the liquidity risk data, and that the data can be effectively reported into the independent risk systems.
- ALCO, the Treasurer and the market risk managers are responsible for assisting in the quality control process by reviewing the reports for reasonableness, consistency and completeness.

(d) Mitigating Liquidity Risk and Processes for Continuous Monitoring

The following tools are being used in order to monitor the liquidity risk:
- Market Access Report (MAR)
- Stress Scenario
- Liquidity Ratios
- Significant Funding Sources (large funds providers)
- Contingency Funding Plans

44. MATURITIES OF ASSETS AND LIABILITIES

44.1 Maturities of assets and liabilities based on expected maturities

(Rupees in '000)

	2015									
	Total	Upto one month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets										
Cash and balances with treasury banks	3,258,421	1,236,609	549,217	251,422	54,898	1,163,053	1,611	1,611	-	-
Balances with other banks	1,071,112	1,071,112	-	-	-	-	-	-	-	-
Lendings to financial institutions	2,000,000	2,000,000	-	-	-	-	-	-	-	-
Investments - net	44,726,421	51,946	99,168	975,115	27,323,801	906,121	2,742,349	3,827,558	8,800,363	-
Advances - net	24,187,038	9,664,860	4,675,879	3,606,214	1,480,919	958,442	325,661	1,803,619	1,671,444	-
Operating fixed assets	1,323,670	11,959	54,287	56,762	80,039	55,134	68,420	289,525	118,315	589,229
Deferred tax assets	657,592	-	-	-	39,000	-	-	-	618,592	-
Other assets	2,942,082	2,040,770	38,410	36,250	113,317	23,209	14,535	675,591	-	-
	80,166,336	16,077,256	5,416,961	4,925,763	29,091,974	3,105,959	3,152,576	6,597,904	11,208,714	589,229
Liabilities										
Bills payable	492,159	492,159	-	-	-	-	-	-	-	-
Borrowings	27,325,753	24,326,609	2,226,980	749,828	-	-	-	22,336	-	-
Deposits and other accounts	38,844,291	9,653,205	7,958,976	2,793,400	17,566,097	812,613	30,000	30,000	-	-
Other liabilities	1,659,914	303,889	944,957	46,247	164,559	13,127	236	186,899	-	-
	68,322,117	34,775,862	11,130,913	3,589,475	17,730,656	825,740	30,236	239,235	-	-
Net assets	11,844,219	(18,698,606)	(5,713,952)	1,336,288	11,361,318	2,280,219	3,122,340	6,358,669	11,208,714	589,229
Represented by:										
Share capital	10,082,387									
Advance against proposed issue of right shares	-									
Reserves	298,760									
Accumulated earnings	816,439									
	11,197,586									
Deficit on revaluation of assets - net of tax	646,633									
	11,844,219									

(Rupees in '000)

	2014									
	Total	Upto one month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets										
Cash and balances with treasury banks	2,525,366	841,480	481,627	296,281	42,022	819,666	44,163	127	-	-
Balances with other banks	79,761	79,761	-	-	-	-	-	-	-	-
Lendings to financial institutions	1,900,000	1,900,000	-	-	-	-	-	-	-	-
Investments - net	19,953,205	249,534	-	952,460	1,106,290	12,058,878	242,050	3,281,529	2,062,464	-
Advances - net	21,812,172	7,889,756	4,434,781	3,944,240	1,397,530	431,393	869,732	513,140	2,304,319	27,281
Operating fixed assets	800,890	7,519	34,132	35,689	50,324	34,665	43,019	182,037	74,389	339,116
Deferred tax assets	1,058,113	-	-	-	228,000	39,000	-	-	791,113	-
Other assets	2,451,553	1,633,716	30,451	28,738	89,835	18,400	11,523	638,890	-	-
	50,581,060	12,601,766	4,980,991	5,257,408	2,914,001	13,402,002	1,210,487	4,615,723	5,232,285	366,397
Liabilities										
Bills payable	308,894	308,894	-	-	-	-	-	-	-	-
Borrowings	5,964,576	2,309,840	2,538,267	461,231	1,518	3,036	3,036	92,448	555,200	-
Deposits and other accounts	31,642,143	7,767,497	8,797,616	5,120,587	715,140	8,297,154	941,446	2,703	-	-
Other liabilities	1,410,850	387,910	34,961	51,815	668,403	-	10,982	256,779	-	-
	39,326,463	10,774,141	11,370,844	5,633,633	1,385,061	8,300,190	955,464	351,930	555,200	-
Net assets	11,254,597	1,827,625	(6,389,853)	(376,225)	1,528,940	5,101,812	255,023	4,263,793	4,677,085	366,397
Represented by:										
Share capital	10,082,387									
Advance against proposed issue of right shares	-									
Reserves	212,640									
Accumulated earnings	471,956									
	10,766,983									
Deficit on revaluation of assets - net of tax	487,614									
	11,254,597									

Maturities of assets and liabilities reflect their carrying values at which these are reported in the statement of financial position. The maturities of assets and liabilities having contractual maturities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. Assets and liabilities not having a contractual maturity are assumed to mature on the expected date of realisation / settlement.

44.2 Maturities of assets and liabilities based on contractual maturities

(Rupees in '000)

2015

	Total	Upto one month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets										
Cash and balances with treasury banks	3,258,421	3,258,421	-	-	-	-	-	-	-	-
Balances with other banks	1,071,112	1,071,112	-	-	-	-	-	-	-	-
Lendings to financial institutions	2,000,000	2,000,000	-	-	-	-	-	-	-	-
Investments - net	44,726,421	51,946	99,168	975,115	27,323,801	906,121	2,742,349	3,827,558	8,800,363	-
Advances - net	24,187,038	13,570,262	4,187,704	1,653,513	16,393	958,442	325,661	1,803,619	1,671,444	-
Operating fixed assets	1,323,670	11,963	54,287	56,762	80,039	55,134	68,420	289,525	118,315	589,225
Deferred tax assets	657,592	-	-	-	39,000	-	-	-	618,592	-
Other assets	2,942,082	2,040,770	38,410	36,250	113,317	23,209	14,535	675,591	-	-
	80,166,336	22,004,474	4,379,569	2,721,640	27,572,550	1,942,906	3,150,965	6,596,293	11,208,714	589,225
Liabilities										
Bills payable	492,159	492,159	-	-	-	-	-	-	-	-
Borrowings	27,325,753	24,326,609	2,226,980	749,828	-	-	-	22,336	-	-
Deposits and other accounts	38,844,291	29,795,727	6,128,437	962,861	1,084,653	812,613	30,000	30,000	-	-
Other liabilities	1,659,914	303,889	944,957	46,247	164,559	13,127	236	186,899	-	-
	68,322,117	54,918,384	9,300,374	1,758,936	1,249,212	825,740	30,236	239,235	-	-
Net assets	11,844,219	(32,913,910)	(4,920,805)	962,704	26,323,338	1,117,166	3,120,729	6,357,058	11,208,714	589,225
Represented by:										
Share capital	10,082,387									
Advance against proposed issue of right shares	-									
Reserves	298,760									
Accumulated earnings	816,439									
	11,197,586									
Deficit on revaluation of assets - net of tax	646,633									
	11,844,219									

(Rupees in '000)

2014

	Total	Upto one month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets										
Cash and balances with treasury banks	2,525,366	2,525,366	-	-	-	-	-	-	-	-
Balances with other banks	79,761	79,761	-	-	-	-	-	-	-	-
Lendings to financial institutions	1,900,000	1,900,000	-	-	-	-	-	-	-	-
Investments - net	19,953,205	249,534	-	952,460	1,106,290	12,058,878	242,050	3,281,529	2,062,464	-
Advances - net	21,812,172	11,559,543	3,976,057	2,109,346	21,360	431,393	869,732	513,140	2,304,318	27,283
Operating fixed assets	800,890	7,519	34,132	35,689	50,324	34,665	43,019	182,037	74,390	339,115
Deferred tax assets	1,058,113	-	-	-	228,000	39,000	-	-	791,113	-
Other assets	2,451,553	1,633,716	30,451	28,738	89,835	18,400	11,523	638,890	-	-
	50,581,060	17,955,439	4,040,640	3,126,233	1,495,809	12,582,336	1,166,324	4,615,596	5,232,285	366,398
Liabilities										
Bills payable	308,894	308,894	-	-	-	-	-	-	-	-
Borrowings	5,964,576	2,309,840	2,538,267	461,231	1,518	3,036	3,036	92,448	555,200	-
Deposits and other accounts	31,642,143	22,715,061	5,444,511	1,767,482	715,140	55,800	941,446	2,703	-	-
Other liabilities	1,410,850	387,910	34,961	51,815	668,403	-	10,985	256,776	-	-
	39,326,463	25,721,705	8,017,739	2,280,528	1,385,061	58,836	955,467	351,927	555,200	-
Net assets	11,254,597	(7,766,266)	(3,977,099)	845,705	110,748	12,523,500	210,857	4,263,669	4,677,085	366,398
Represented by:										
Share capital	10,082,387									
Advance against proposed issue of right shares	-									
Reserves	212,640									
Accumulated earnings	471,956									
	10,766,983									
Deficit on revaluation of assets - net of tax	487,614									
	11,254,597									

Current and Saving deposits have been classified under maturity upto one month as these do not have any contractual maturity. Further, the Bank estimates that these deposits are a core part of its liquid resources and will not fall below the current year's level.

45. OPERATIONAL RISK

The Bank manages operational risks on the basis of its Risk Management Principles & Framework (RMPF) which seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor, control and report such risks. In compliance with the risk management guidelines issued by SBP and operational risk functions.

The Bank has set up an Operational Risk & Controls Department (ORMD), housed within the Risk Management Group which is entrusted with managing controls and processes in an efficient and effective manner. ORMD also reports to the Bank's Integrated Risk Management Committee (IRMC) that reviews all risk areas of the Bank, on a holistic basis, and its main activities include:

- Operational Risk Management
- Business Continuity Planning
- Fraud Risk Management
- Information Security
- Quality Assurance Reviews
- Whistle Blowing Unit
- System Parameters and Users Access Maintenance Management

Furthermore, ORMD's operational framework has been developed keeping in view all applicable regulatory requirements, institutional policies, procedures and best practices. For effective operational risk management, the Bank has also developed an Operational Risk Management Framework & Policy that outlines the Bank's operational risk management approach including infrastructure and contains business unit level risk mitigation guidelines.

The Bank has also developed its business continuity plan in accordance with the best practices. Department level Business continuity plans have also been developed and are being tested in a modular format.

With respect to Basel III for Operational Risk, the bank currently uses the Basic Indicator Approach (BIA) for determining the Operational charge for MCR calculation purposes. Furthermore, the Bank has no immediate plan to move beyond the Basic Indicator Approach.

In order to institutionalise a robust control and risk management culture, Key Risk Indicators (KRIs) for respective control areas have been identified along with tolerance limits. Further, the Bank's KRI inventory is regularly updated to reflect latest trends with breaches being promptly reported. Also, a Risk and Controls Self Assessment (RCSA) regime has been rolled out throughout the Bank.

Furthermore, the Bank is implementing Internal Control over Financial Reporting (ICFR). As per the SBP roadmap, the Bank has completed all stages and is in compliance with SBP instructions on ICFR and has submitted its Long Form Report (LFR) duly certified by the external auditors during the year. From the year 2014 onwards, the Bank has obtained exemption from the State Bank of Pakistan for submission of LFR certified by external auditors. Accordingly, the Bank has made efforts to comply with the prerequisites of ICFR for issuance of annual assessment report by the Board’s Audit Committee.

The Bank has well defined policies and procedures in place for each unit duly vetted by ORMD & Country Compliance Department to ensure that business is executed in a systematic and structured manner. All recent releases of laws and regulations are incorporated into the procedures / policies of relevant units on a timely basis.

In addition to the above, institution wide risk, fraud and business continuity awareness is being promoted through regular communications and training workshops.

46. DATE OF AUTHORISATION

These financial statements were approved and authorised for issue on February 22, 2016 by the Board of Directors of the Bank.

47. GENERAL

47.1 Corresponding figures have been re-arranged and reclassified, wherever necessary, for better presentation. However, there are no material reclassifications to report in these financial statements.

47.2 Figures have been rounded off to the nearest thousand rupees.

President & Chief Executive Officer	Chairman	Director	Director

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF PROVIDED

DURING THE YEAR ENDED DECEMBER 31, 2015

ANNEXURE - 1

(Rupees in '000)

S.No.	Name and address of the borrower	Name of the individuals / partners / directors	CNIC / Passport No.	Father's / Husband's name	Outstanding liabilities at the beginning of the year				Principal written off	Interest / Mark-up written off	Other financial relief provided	Total
					Principal	Interest / Mark-up	Others	Total				
1	Attique Enterprises 40-A, Street 2, Cavarly Ground, Lahore.	Attiq-r-Rehman	35201-8697206-5	Muhammad Tufail	11,962	-	-	11,962	6,762	-	-	6,762
2	Azhar Imports & Exports (Pvt.) Ltd. 52/1, 18th Street, Phase 5, off Khayaban-e-Badban, Defence Housing Authority, Karachi.	Kaleem Azhar Mrs. Perveen Akhtar	42301-1746491-7 42301-7129014-6	Karim-ud-Din Kaleem Azhar	3,018	-	-	3,018	2,065	-	7,898	9,963
3	Azhar Textile Mills Ltd. 52/1, 18th Street, Phase 5, off Khayaban-e-Badban, Defence Housing Authority, Karachi.	Kaleem Azhar Mrs. Perveen Akhtar	42301-1746491-7 42301-7129014-6	Karim-ud-Din Kaleem Azhar	9,336	-	-	9,336	6,388	-	30,146	36,534
4	Elite Marketing (Pvt.) Ltd. Ikhlas Building Ikhlas Street, Jinnah Road, Faisalabad.	Taimor Ajmal Imamat Ali	33100-0633158-7 33100-2781283-3	Sheikh Muhammad Ajmal Sheikh Muhammad Ajmal	2,000	1,212	-	3,212	1,000	1,212	876	3,088
5	Farooq Habib Textile Mills Ltd. 74-B-3, Gulberg III, Lahore.	Habibullah Khan Zafarullah Khan Farooq Habib Mrs. Yasmin Zafar Iftikhar Habib Sabina Farooq Usman Habib Rehan Zafar	35201-7921526-3 35202-3010280-3 35201-1404121-3 35202-2822457-2 35201-1238068-3 35201-1197311-5 35201-1238065-7 35202-5748269-5	Mian Akbar Ali Mian Akbar Ali Habibullah Khan Zafarullah Khan Habibullah Khan Farooq Habib Habibullah Khan Zafarullah Khan	35,355	-	-	35,355	4,355	-	-	4,355
6	Farooq Paper Board Industries (Pvt.) Ltd. RB-Awami Complex Usman Block, New Garden Town, Lahore.	Sarfraz Ahmad Shah Mahmood Alam Butt (late) Mansoor Alam Butt (late)	35201-1226277-3	Mumtaz Ahmad Shah Ghulam Nabi Ghulam Nabi	4,795	-	58	4,853	424	-	8,620	9,044
7	Fazal Papar & Board Mills (Pvt.) Ltd. 1st Floor, 6 Lal Maqsood Building, 57-Circluar Road, Lahore.	Kashif Shahzad Muhammad Asif Sheikh Muhammad Shafiq	266-87-120438 267-61-411777	Sh. Muhammad Sharif Sh. Abdul Majeed Sh. Muhammad Sharif	5,744	-	58	5,802	4,459	-	542	5,001
8	Javiad Carpets (Pvt.) Ltd. 20/43 Sanat Nagar, Lahore.	Mustansir Ali Javed Mudassar Ali Javed	35202-4284850-3 35202-6213320-5	Sheikh Shukat Ali Mustansir Ali Javed	10,321	-	-	10,321	10,321	-	-	10,321
9	National Techno Commercial (Pvt.) Ltd. Shalimar Town, Sultan Mehmood Road, Lahore.	Rizwan ul Haq Qureshi Misbah-ul-Haq Qureshi	35202-6996747-1 35202-5978709-3	Shams ul Haq Qureshi	-	-	270	270	-	-	270	270
10	Pakistan Distributors (Pvt.) Ltd. 796-C, Faisal Town, Lahore.	Shagufta Khalid	35201-5562964-6	Khalid Mohud-din Khan	2,429	-	23	2,452	923	-	4,006	4,929
11	Sardar Enterprises 313-Circular Road, General Bus Stand, Badami Bagh, Lahore.	Jawad Rashid	35200-1439702-5	Haji Sheikh Muhammad Rashid	8,375	-	-	8,375	8,375	-	-	8,375

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF PROVIDED

DURING THE YEAR ENDED DECEMBER 31, 2015

ANNEXURE - 1

S.No.	Name and address of the borrower	Name of the individuals / partners / directors	CNIC / Passport No.	Father's / Husband's name	Outstanding liabilities at the beginning of the year				Principal written off	Interest / Mark-up written off	Other financial relief provided	Total
					Principal	Interest / Mark-up	Others	Total				
								(Rupees in '000)				
12	Shaheen Bldg. Associates (Pvt.) Ltd. Room No. 2, 3rd Floor, Amir Trade Center, Shahrah-e-Quaideen, Karachi.	Syed Sarfraz Haider Rizvi Syed Imtiaz Haider Rizvi Syed Fayyaz Haider Rizvi	483719765 42101-5483036-5 42101-1091699-1	Syed Nasir Haider Rizvi Syed Nasir Haider Rizvi Syed Nasir Haider Rizvi	12,330	-	-	12,330	5,830	-	-	5,830
13	Y. N. Industries 12-Umar Market, Mcleod Road, Lahore.	Riaz Ahmad (late)	270-41-182117	Muhammad Sadiq	1,500	-	-	1,500	1,080	-	16	1,096
14	Zaib Cold Storage Aminabad Road, Iqbal Town, Sialkot.	Muhammad Jhangir	34603-5957252-3	Muhammad Iqbal	1,604	-	27	1,631	727	-	-	727
				Total	108,768	1,212	436	110,416	52,709	1,212	52,374	106,295

Pattern of Shareholding

AS AT DECEMBER 31, 2015

Number of Shareholders	Shareholding From	Shareholding To	Total Shares held
1,569	1	100	67,757
1,957	101	500	513,784
803	501	1,000	580,595
873	1,001	5,000	1,956,667
177	5,001	10,000	1,249,780
79	10,001	15,000	977,090
40	15,001	20,000	709,168
29	20,001	25,000	655,899
25	25,001	30,000	694,651
9	30,001	35,000	292,919
9	35,001	40,000	342,031
11	40,001	45,000	474,213
10	45,001	50,000	485,364
6	50,001	55,000	312,747
13	55,001	60,000	738,437
4	60,001	65,000	250,478
2	65,001	70,000	135,036
4	70,001	75,000	286,872
1	75,001	80,000	77,526
1	80,001	85,000	84,574
1	85,001	90,000	85,296
4	90,001	95,000	365,444
5	95,001	100,000	495,925
5	100,001	105,000	511,120
1	105,001	110,000	108,000
5	110,001	115,000	564,053
2	115,001	120,000	238,399
1	120,001	125,000	124,043
1	130,001	135,000	134,551
1	135,001	140,000	136,244
3	145,001	150,000	444,355
1	155,001	160,000	156,383
1	160,001	165,000	162,766
2	165,001	170,000	334,298
1	170,001	175,000	173,848
1	175,001	180,000	175,915
2	180,001	185,000	366,681
1	190,001	195,000	191,476
3	195,001	200,000	594,726
1	200,001	205,000	200,916
1	210,001	215,000	211,437
1	215,001	220,000	218,245
2	230,001	235,000	463,651
1	235,001	240,000	235,163
1	245,001	250,000	250,000
2	250,001	255,000	504,372
1	280,001	285,000	281,916

Number of Shareholders	Shareholding		Total Shares held
	From	To	
1	290,001	295,000	293,000
2	295,001	300,000	595,664
2	300,001	305,000	603,100
1	305,001	310,000	308,379
2	310,001	315,000	624,225
1	315,001	320,000	319,149
1	335,001	340,000	338,298
1	340,001	345,000	341,229
1	345,001	350,000	350,000
1	355,001	360,000	357,732
1	405,001	410,000	409,818
1	410,001	415,000	412,000
1	415,001	420,000	419,326
1	425,001	430,000	429,290
1	450,001	455,000	454,475
1	475,001	480,000	479,739
1	495,001	500,000	500,000
1	560,001	565,000	563,832
1	620,001	625,000	622,532
1	640,001	645,000	643,649
1	940,001	945,000	941,599
1	1,000,001	1,005,000	1,000,238
1	1,200,001	1,205,000	1,205,000
1	1,270,001	1,275,000	1,272,445
1	1,280,001	1,285,000	1,280,122
1	1,285,001	1,290,000	1,288,300
1	1,480,001	1,485,000	1,483,991
1	1,605,001	1,610,000	1,606,000
1	1,650,001	1,655,000	1,652,306
1	1,690,001	1,695,000	1,690,620
1	1,915,001	1,920,000	1,917,445
1	2,550,001	2,555,000	2,553,784
1	2,635,001	2,640,000	2,635,899
1	3,230,001	3,235,000	3,233,304
1	3,465,001	3,470,000	3,469,974
1	3,900,001	3,905,000	3,900,500
1	5,830,001	5,835,000	5,832,424
1	9,035,001	9,040,000	9,040,000
1	11,935,001	11,940,000	11,936,420
1	20,785,001	20,790,000	20,788,998
1	49,785,001	49,790,000	49,788,500
1	852,040,001	852,045,000	852,040,531
5,718	← TOTAL	→	1,008,238,648

Category of Shareholding
AS AT DECEMBER 31, 2015

S.No.	Shareholders' category	No. of Shareholders	No. of Shares	%
1	Directors, Chief Executive Officer and their spouse and minor children	7	7,552,616	0.75
2	Executives	2	295	0.00
3	Associated Companies, undertakings and related parties	1	852,040,531	84.51
4	NIT and ICP	2	25,297	0.00
5	Banks, Development Finance Institutions, Non Banking Finance Institutions	25	3,526,736	0.35
6	Insurance Companies	6	2,637,454	0.26
7	Modarabas and Mutual Funds	18	3,658,382	0.36
8	Shareholders holding 10% (excluding associated companies, undertakings and related parties)	-	-	-
9	General Public:			
	a) Local	5,529	30,830,348	3.06
	b) Foreign	1	196	0.00
10	Others	127	107,966,793	10.71
	Total	**5,718**	**1,008,238,648**	**100.00**

Information as required under Code of Corporate Governance

AS AT DECEMBER 31, 2015

	Shareholders' category	Number of shares held	%
i.	**Associated Companies, Undertakings and Related Parties**		
	Samba Financial Group	852,040,531	84.51
ii.	**Mutual Funds**		
	M/S. Safeway Fund Limited	263	0.00
	CDC - Trustee AKD Opportunity Fund	412,000	0.04
	CDC - Trustee National Investment (Unit) Trust	3,233,304	0.32
		3,645,567	**0.36**
iii.	**Directors, CEO and Their Spouse(s) and minor children**		
	Dr. Shujaat Nadeem	5,832,424	0.58
	Mr. Shahid Sattar	1,646,032	0.16
	Mr. Farhat Abbas Mirza *	70,479	0.01
	Mr. Javed Iqbal **	2,819	0.00
	Mr. Zahid Zaheer	581	0.00
	Mr. Humayun Murad	281	0.00
		7,552,616	**0.75**
	* Joint account with Mrs. Najma Mirza		
	** Joint account with Mrs. Nishat Iqbal		
iv.	**Executives**	295	0.00
v.	**Public Sector Companies and Corporations**	2,635,899	0.26
vi.	**Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds**	4,163,638	0.41
vii.	**NIT & ICP**	25,297	0.00
viii.	**General Public**		
	a) Local	30,830,348	3.06
	b) Foreign	196	0.00
		30,830,544	**3.06**
ix.	**Others**	107,344,261	10.65
		1,008,238,648	**100.00**

Shareholders Holding five percent or more Voting Rights in the Listed Company

	Number of shares held	%
Samba Financial Group	852,040,531	84.51

Note: During the year, Dr. Shujaat Nadeem (Chairman) purchased 64,000 shares and Mr. Zahid Zaheer (Director) acquired 300 shares through gift.

Samba Bank Limited

Form of Proxy

13th Annual General Meeting

I / We, ____ of ________________________ being member(s) of Samba Bank Limited (the Bank) holding ______________ ordinary shares hereby appoint ______________ of ________________________________ or failing him / her ____________________________ of ___________________ who is / are also member(s) of Samba Bank Limited as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Bank to be held at 10:00 a.m. on Monday, March 21, 2016 at Margalla Hotel Islamabad and at any adjournment thereof.

As witness my / our hand / seal this ___________ day of ___________ 2016.

Signed by the said ____

in the presence of 1. ____________________________________

____

2. ____________________________________

____

Folio / CDC Account No.

Please affix here Revenue Stamp of Rs. 5/-

Important:

1. This proxy form, duly completed and signed, must be received at the Registered Office of the Bank, 2nd Floor Building # 13-T, F-7 Markaz, Near Post Mall, Islamabad, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

In addition to the above the following requirements have to be met:

i) The proxy form shall be witnessed by the persons whose names, addresses and CNIC numbers shall be mentioned on the form.
ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.
iv) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the company.

AFFIX
CORRECT
POSTAGE

The Company Secretary

Samba Bank Limited

2nd Floor, Building # 13-T, F-7 Markaz,
Near Post Mall,
Islamabad.