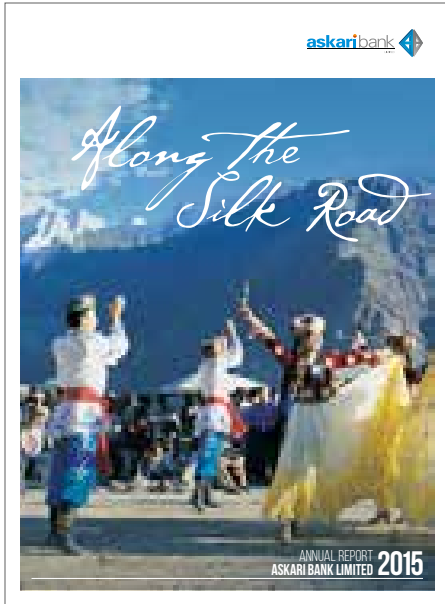


Along The Silk Road





Along the Silk Road:

*a rich past, a fruitful present,
a promising future*

As a labyrinth of interconnected trade routes spanning across the Asian continent, the Silk Road was once the main network that linked the East with the Mediterranean world for over a century.

Due to the fusion of cultures and ideas along these ancient routes, the global influence of the Silk Road on the rich civilisations, discoveries and living legacies of arts and architecture is undeniable.

This year at Askari Bank, we bring to light the magnificent history of the Silk Road and its pivotal role in shaping our geopolitical dynamics. For us, this is a deep reflection of the shared culture and camaraderie that continues to exist along the Silk Road – beckoning us to discover the promise that it holds for the future.



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A TASTE FOR LUXURY



THE WORLD EMBRACES PRECIOUS GOODS

The Silk Road was not a trade route that existed solely for the purpose of trading silk. Many other commodities were also traded; from gold and ivory to exotic animals and plants. However, of all the precious goods crossing this area, silk earned a special place in western society. The trade route to the East was seen by the Romans as a route for silk more than anything else. Interestingly, however, the name 'Silk Road' itself does not originate from the Romans, but is infact a nineteenth century term "Seidenstraße", coined by German scholar Ferdinand von Richthofen.



KEY FINANCIAL HIGHLIGHTS FOR 2015

RUPEES IN MILLION	2015	2014	GROWTH %
Total assets	535,867	447,083	19.9
Deposits	433,172	387,587	11.8
Advances - net	199,931	170,496	17.3
Investments - net	268,021	217,214	23.4
Shareholders' equity	26,853	23,707	13.3
Profit before taxation	8,432	5,781	45.8
Profit after taxation	5,043	4,015	25.6
Capital adequacy ratio - percent	12.51	13.03	~
Earnings per share - rupees	4.00	3.19	25.6
Market value per share - rupees	21.74	23.07	-5.8
Net book value per share - rupees	21.31	18.81	13.3

**RETURN
ON EQUITY**

2015:
19.95%
2014: 18.92%

**RETURN
ON ASSETS**

2015:
1.03%
2014: 0.95%

**PROFIT
AFTER TAX**

2015:
25.62%
2014: 173.27%

**EARNINGS
PER SHARE**

2015:
Rs. 4.00
2014: Rs. 3.19

VISION

To be the bank of first choice in the region

MISSION

To be the leading private sector bank in Pakistan with an international presence, delivering quality service through innovative technology and effective human resource management in a modern and progressive organizational culture of meritocracy, maintaining high ethical and professional standards, while providing enhanced value to all our stakeholders, and contributing to society

PAKISTAN'S PROFILE

COUNTRY STATISTICS

Land area (Sq. km)	796,100
Population (million)	192
Population Growth (%)	1.92
Population Density (people / sq. km)	241
Life expectancy (years)	66
Literacy (%)	68

ECONOMIC INDICATORS

At fiscal year end	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
GDP Growth Rate - percent	3.6	3.8	3.7	4.1	4.2
Exports - USD Million	25,369	24,718	24,802	25,075	24,087
Imports - USD Million	35,796	40,371	40,157	41,630	41,309
Inflation - percent	13.7	11.3	5.9	8.2	3.2
Trade Balance - USD Million	(10,427)	(15,653)	(15,355)	(16,555)	(17,222)
Foreign currency reserves - USD Million	18,244	15,289	11,020	14,141	18,699
Exchange Rate - USD	86.0	94.6	99.7	98.8	101.8
Exchange Rate - Euro	124.5	119.0	130.2	135.0	113.4

BANKING SYSTEM

At financial year end	2011	2012	2013	2014	2015
Net assets of banking system - PKR Billion	784	873	943	1,207	1,323
Total assets of banking system - PKR Billion	8,171	9,720	10,487	12,106	14,143
Capital adequacy ratio - percent	15.1	15.6	14.9	17.1	17.3
Advances / Deposits ratio - percent	53.6	52.2	49.5	48.2	46.4
Return on Assets (before tax) - percent	2.2	2.0	1.6	2.2	2.5
Return on Equity (before tax) - percent	23.0	21.2	17.9	24.3	25.8
KSE 100 index - points	11,348	16,905	25,261	32,131	32,816
KSE Market capitalization - PKR Billion	2,946	4,242	6,057	7,381	6,947

Source: Websites of Ministry of Finance - Govt. of Pakistan, Pakistan Bureau of Statistics, the State Bank of Pakistan and Pakistan Stock Exchange.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lt Gen Khalid Nawaz Khan, HI (M) Sitara-i-Esar (Retd)
Chairman - Non-Executive Director

Lt Gen Muhammad Haroon Aslam, HI (M), S Bt (Retd)
Non-Executive Director

Lt Gen Shafqaat Ahmed, HI (M) (Retd)
Non-Executive Director

Mr. Qaiser Javed
Non-Executive Director

Dr. Nadeem Inayat
Non-Executive Director

Mr. Manzoor Ahmed
Non-Executive Director - NIT Nominee

Mr. Asif Reza Sana
Independent Director

Mr. Zaffar Ahmad Khan
Independent Director

Mr. Tariq Hafeez Malik
Independent Director

Mr. Muhammad Ghous
Independent Director

Syed M. Husaini
President & Chief Executive

BOARD COMMITTEES

AUDIT & COMPLIANCE

Mr. Asif Reza Sana
Chairman

Mr. Qaiser Javed

Dr. Nadeem Inayat

Mr. Manzoor Ahmed

Mr. Tariq Hafeez Malik

RISK MANAGEMENT

Dr. Nadeem Inayat
Chairman

Mr. Qaiser Javed

Mr. Asif Reza Sana

Syed M. Husaini

HUMAN RESOURCE & REMUNERATION

Lt Gen Shafqaat Ahmed, HI (M) (Retd)
Chairman

Mr. Qaiser Javed

Mr. Zaffar Ahmad Khan

Syed M. Husaini

INFORMATION TECHNOLOGY

Mr. Tariq Hafeez Malik
Chairman

Lt Gen Shafqaat Ahmed, HI (M) (Retd)

Syed M. Husaini

SHARIAH BOARD

Mufti Muhammad Zahid - Chairman
Mufti Ismatullah - Member
Dr. Muhammad Tahir Mansoori- Resident Sharia Board Member

AUDITORS

M/s A. F. Ferguson & Co
Chartered Accountants

LEGAL ADVISORS

RIAA, Barker Gillette
Advocates & Corporate Counselors

COMPANY SECRETARY

Mr. Umar Shahzad

REGISTERED OFFICE

AWT Plaza, The Mall,
P. O. Box No. 1084
Rawalpindi – 46000, Pakistan.
Tel: (92 51) 9272467 & 9063752-3
UAN: (92 51) 111 000 787
Fax: (92 51) 9272455 & (92 51) 9272445
E-mail: webmaster@askaribank.com.pk

REGISTRAR & SHARE TRANSFER OFFICE

THK Associates (Private) Limited
2nd Floor, State Life Building No.3
Dr. Ziauddin Ahmad Road
P. O. Box: 8533
Karachi - 75530
Tel: (92 21) 111 000 322
Fax: (92 21) 35655595

ENTITY RATINGS

Long Term: AA
Short Term: A1+
By JCR - VIS Credit Rating Company Limited

WEBSITE

www.akbl.com.pk

SOCIAL MEDIA

 www.facebook.com/askaribankpakistan
 www.twitter.com/askari_bank

MANAGEMENT

Syed M. Husaini

President & Chief Executive

Rehan Mir

Global Treasurer

Saleem Anwar

Chief Financial Officer

Farrukh Iqbal Khan

Group Head - Operations

Khurshid Zafar

Group Head - Corporate & Investment Banking

Rashid Nawaz Tipu

Group Head - Branch Banking

Abdus Samad Khan

Country Head - Agriculture & Rural Business

Rizwan Hameed

Country Head - Credit

Abdul Waseem

Country Head - Credit Administration

Zain ul Abidin

Country Head - Compliance & Data

Shahid Alam Siddiqui

Country Head - Consumer Banking

Malik Suleman Hasan

Executive Incharge - China Desk

Syed Jafar Raza Rizvi

Country Head - Corporate & Investment Banking

Mahmood Ahmad Nasir

Country Head - Finance

Muhammad Nadeem

Country Head - Risk Management

Asim Bashir

Country Head - Branchless Banking

Shahid Abbasi

Chief Internal Auditor

Zahid Hassan Qureshi

Country Head - Special Asset Management

Syed Adil Abbas Zaidi

Country Head - International Banking

Rashid Zaman Khan

Chief Information Officer

Ali Akbar Hemani

Country Head - Marketing & Product Development

Waseem Ijaz Mian

Country Head - SME Banking

Zahid Afzal

Country Head - System & Operations

Syed Rehan Mobin

Head - Equity Capital Markets

Tariq Mehmood

Country Head - General Services

Bakar Ahmed

Country Head - Human Resource

Khurram Tariq

Country Head - Commercial Banking

Umar Shahzad

Company Secretary

NORTH REGION

Sher Afgan Khanzada

Regional General Manager - North I

Sheikh Muhammad Abrar Ali

Regional General Manager - North II

CENTRAL REGION

Saulat Hameed

Regional General Manager - Central I

Ejaz Musarrat Siddiqui

Regional General Manager - Central II

SOUTH REGION

Rashid Iqbal Shaikh

Regional General Manager - South I

Asim Asif

Regional General Manager - South II

ISLAMIC BANKING

Fahd Sardar Khan

Country Head - Islamic Banking Services

WHOLESALE BANK BRANCH, BAHRAIN

Khurram Dar

Branch Manager

24 YEARS OF BANKING

Askari Bank was incorporated in Pakistan on October 9, 1991, as a public limited company. It commenced operations on April 1, 1992, and is principally engaged in the business of banking, as defined in the Banking Companies Ordinance, 1962. The Bank is listed on the Pakistan Stock Exchange (formerly the Karachi, Lahore and Islamabad Stock Exchanges).

Askari Bank has since expanded into a network of **424 branches/sub-branches**, including **78 dedicated Islamic banking branches/sub-branch**, and a wholesale bank branch in **Bahrain**.

A shared network of over **9,000 online ATMs** covering all major cities in Pakistan supports the delivery channels for customer service. As at December 31, 2015, the Bank had equity of **Rs. 26.9 billion** and total assets of **Rs. 536 billion**, with **1,102,435 banking customers**, serviced by our **6,781 employees**. Askari Investment Management Limited and Askari Securities Limited are subsidiaries of Askari Bank engaged in the business of managing mutual funds and share brokerage, respectively.

THE EMERGENCE OF NEW CROSSROADS IN ASIA



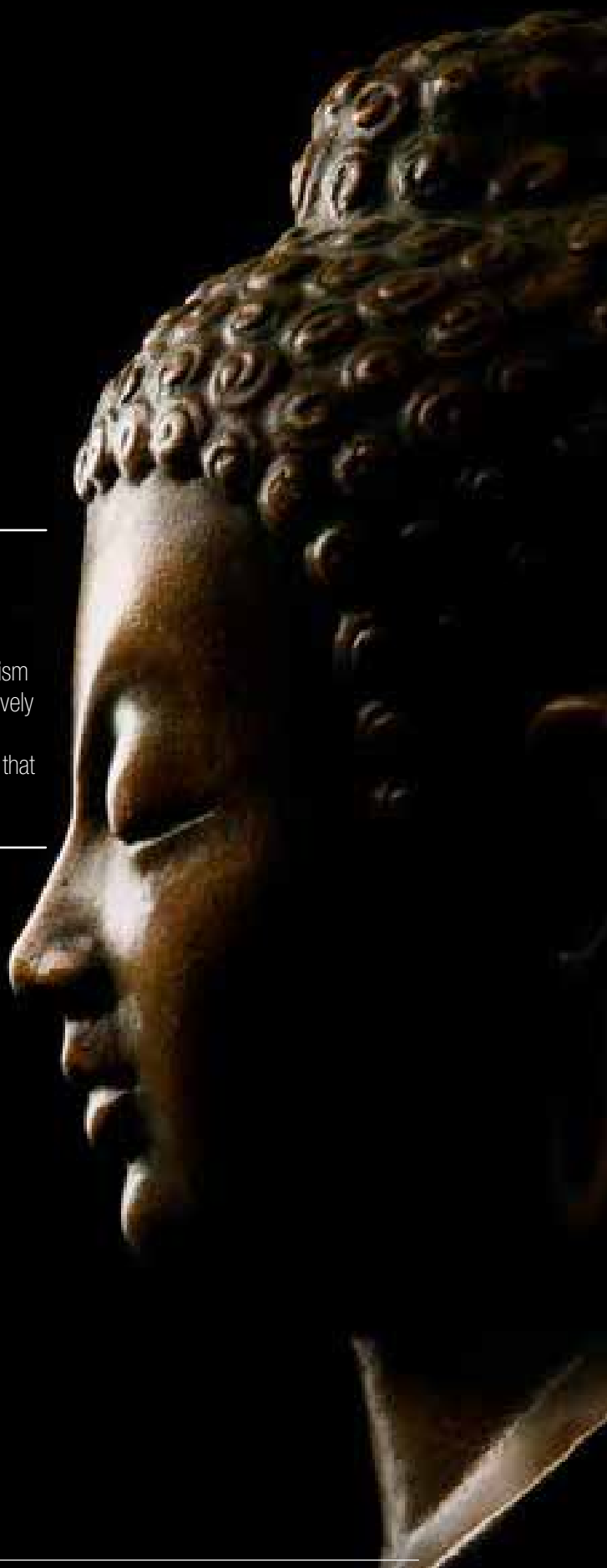
A MELTING-POT OF ART AND CULTURE

With time, trade between China and the western regions of Persia and Middle East grew substantially. In 330 B.C., Alexander the Great of Macedon conquered the Iranian Empire and brought the aesthetics of Greek culture to these areas. In fact, it is believed that the residents of the Hunza valley in the Karakoram region are direct descendants of the army of Alexander. The Karakoram Highway now runs through this valley on its way from Pakistan to Kashgar, and the resulting blend of cultures has influenced the style of craftsmanship along the Road.

THE GANDHARA DYNASTY

AN EMPIRE IS BORN

One of the most important exchanges along the Road was religion. Buddhism came to China along the northern branch of this Road, where it was effectively derived from the ancient kingdom of Gandhara. The discovery of Buddhist heritage sites and relics in Takht-i-Bahi, Mingora, Swat and Taxila indicates that this civilisation emerged from some areas of present day Pakistan.



PRODUCTS & SERVICES

BRANCH BANKING

Askari Bank aims to provide its customers with a wide array of financial solutions catering to diverse banking needs. We offer conventional, corporate, consumer, Islamic, and agricultural banking services through a network of 423 branches/sub-branches in major cities, towns and cantonments.

ASKARI BACHAT ACCOUNT

Askari Mahana Bachat Account is a term deposit designed for individual and corporate customers with a medium term investment appetite. It offers individual customers the option of investing for one and two year tenures, while corporate customers can invest for two years. It is designed to cater to the saving needs of customers who want profit on a monthly basis. With the option of availing financing facility of up to 90%, Askari Bachat Account caters to customers saving needs without blocking their funds for a long duration.

VALUE PLUS CURRENT DEPOSIT

Askari Value Plus Current Account offers financial freedom and security with unmatched flexibility. Now customers (individuals) can open a Value Plus Current Account to avail the benefits of free life insurance coverage of upto Rs. 2 million, debit card with two supplementary cards, I-Net facility, SMS alerts, issuance of cheque books, pay orders and demand drafts – all with no minimum balance requirements.

CURRENT ACCOUNT

Current accounts cater to a variety of financial needs of our diverse customer base with added benefits of free cheque book, issuance of demand drafts/pay orders and much more.

SAVINGS ACCOUNT

Savings accounts offered by the Bank to both individual and institutional customers include Askari Special Deposit and normal savings account based on profit and loss sharing. Askari savings deposits offer attractive features and competitive returns.

ASKARI ASAAN ACCOUNT

Askari Bank offers Asaan Account to unbanked/under-banked individuals. The facility is available in current and savings account categories. As per the name of this product, its hassle free account opening and operating procedure helps the lower income groups to fulfill their banking requirements with ease and comfort.

RUPEE TRAVELER CHEQUES

Askari Bank offers its customers the widely accepted Rupee Traveler Cheque, which eliminates all financial risks while traveling. It is a safe and secure way to make payments.

BANCASSURANCE

The Bank offers innovative insurance solutions by fusing together banking, wealth management and insurance products. In partnership with Eastern Federal Union (EFU) Life and Jubilee Life Insurance (JLI) Company Limited, the Bank offers its customers with value-added life insurance and wealth management products tailored to suit their long term financial requirements and protection plans.

ASK SONA CARD

Ask Sona Card is a joint venture of Askari Bank Limited & Fauji Fertilizer Company Limited (FFC), especially designed to create convenience and cater to the business needs of FFC and its dealers. It is an innovative, electronic cash management solution that replaces the existing conventional collections system. It is a transaction-specific debit card with plastic money features which will replace the conventional transfer of funds.

INTERNATIONAL BANKING

We have correspondent banking relationships with over 450 banks in 83 countries around the world. The business in the South Asian region in particular continues to grow and delivers excellent results in terms of balance sheet growth

and bottom line contribution. We carry out regular due diligence exercises to ensure that we deal with only those financial institutions which are able to meet the prescribed standards and criteria.

ASKARI AASAAN MONEY TRANSFER

Askari Aasaan Money Transfer is a service which provides quick and free home remittances by overseas Pakistanis to beneficiaries in Pakistan. The remittances are received through our arrangements with correspondent banks and exchange companies. This service is completely free-of-cost and is available for all citizens across the country.

We have a dedicated team of customer service officers who are available to respond to the queries of remitters and beneficiaries of the remittances.

CORPORATE & INVESTMENT BANKING

At Askari Bank, we understand the unique business requirements of our corporate and institutional clients, and accordingly strive to meet their expectations by providing a customized and relationship-based banking approach.

CORPORATE BANKING

Corporate banking works on a long-term relationship-based business model to provide a single point within the Bank which meets all business requirements of its corporate and institutional customers, including public sector enterprises. Its primary objective is to enhance customer service, which remains our top priority. Dedicated relationship managers ensure customer satisfaction for all our corporate clients. Our relationship-oriented outlook focuses on providing a complete array of tailored financing solutions that are practical and cost effective, some of which include:

- Working Capital Facilities
- Term Loans
- Structured Trade Finance Facilities
- Letters of Guarantee

PRODUCTS & SERVICES

- Letters of Credit
- Fund Transfers/Remittances
- Bill Discounting
- Export Financing
- Receivable Discounting

INVESTMENT BANKING

Investment banking focuses on the origination and execution of a range of financial advisory and capital raising services to corporate and institutional clients. It also manages the Bank's proprietary investments in local equity and debt markets. Investment banking offers various tailored financial solutions including debt syndications, project finance and advisory services, debt placements through capital markets as well as structured trade finance facilities. Whether a company is seeking to access the local or cross border syndications and debt capital markets, project financing needs, advisory services related to Mergers and Acquisitions and a or local equity capital markets for raising capital, our Investment banking is well positioned to provide due assistance. We tailor the right structured solutions to meet our customers' needs in order to enhance business wealth and market competitiveness.

COMMERCIAL & SME BANKING

We offer a divers range of financial solutions designed to suit the unique needs of our commercial and SME customer base.

COMMERCIAL BANKING

Commercial Banking serves the middle tier segment by providing both general and tailored solutions encompassing all financial needs of the borrower ranging from project financing to working capital requirements/ payroll management. Dedicated relationship managers at our credit hubs provide personalized solutions to our customers.

SMALL AND MEDIUM ENTERPRISES (SME) BANKING

Askari Bank has been playing a significant role in the development of the SME sector by providing customers with the opportunity to access credit through strategically located Regional Credit Hubs as well as our branches across the country. The Bank also offers trade expertise and awareness on trade related activity through these access points, where specialized credit resources

and empowered relationship management teams dedicatedly serve SMEs at the grass-root level.

CONSUMER BANKING

Consumer banking provides financing facilities to individuals through prudent, customer-centric policies and quality services that aim to make our customers' experiences more interactive and intuitive. We are focused on broadening our outreach and expanding our presence in accordance with the needs of our customers across the country through direct sales as well as through our branch network. Special attention is given to business opportunities involving strategic alliances, with greater emphasis on a secured form of consumer lending so as to increase product offerings and improve the quality of our asset portfolio. We are committed to providing solutions and services that meet our customers' needs at every stage of life.

ASK4CAR

It is an auto financing product for new, used, and imported vehicles at a competitive markup and easy and quick processing without any hidden costs.

PERSONAL FINANCE

With unmatched financing features in terms of loan amount, payback period and affordable monthly installments, Askari Bank's personal finance makes sure that our customer gets the most out of their loan. The product tenure ranges from one to five years and is designed primarily for salaried individuals.

MORTGAGE FINANCE

Whether our customers plan to construct a house, buy a constructed house, or renovate a house, Askari Mortgage Finance enables them to pursue their goal without any hassle. Askari Mortgage Finance is a premium house financing product for customers belonging to the upper, upper middle and middle income groups.

MASTER CREDIT CARD

Askari Bank offers a competitive suite of Classic, Gold, Corporate and Platinum Master Credit Cards that provide superior services, travel privileges and shopping

pleasures, along with reward points and transactional alerts through SMS as an enhanced security feature.

ASKARI WORLD MASTER CARD

Askari Bank pioneered Pakistan's first ever "World MasterCard" in collaboration with MasterCard international. Askari World Master Card is specifically developed for customers seeking high-class service worldwide.

ASKARI BRANCHLESS BANKING

Askari Bank launched branchless banking jointly with China Mobile Pakistan under the brand name of "Timepey" in 2012. With this initiative, banking has become even more convenient and efficient as customers can safely send and receive funds anytime, anywhere across the country. A wide network of Timepey shops across Pakistan are fully equipped to handle the day-to-day needs of the customers. The following transactions are currently being handled under this program:

GOVERNMENT TO PERSON (G2P) DISBURSEMENT:

Timepey has disbursed 14 tranches of over Rs14 billion cash assistance from the Federal Disaster Management Authority (FDMA) Government of Pakistan to the displaced people of South Waziristan.

TIMEPEY MONEY TRANSFER

Customers can send and receive money from any Timepey outlet in the most efficient, secure and convenient manner. The facilities include person-to-person, government-to-person, person-to-account, account-to-person and account-to-account funds transfers.

TIMEPEY UTILITY BILL PAYMENT

Timepey account and non-account holders can pay all their utility bills through Timepey instantly and without any charges. Simply dial *888# from your mobile phone or visit any Timepay agent for cash payment.

TIMEPEY MOBILE TOP-UP

Customers can purchase prepaid airtime and pay postpaid bills anytime, anywhere from their own mobile phone. This service is available to Zong customers who have a Timepey account.

AGRICULTURAL BANKING

Agricultural banking products and services are specifically designed for Pakistan's farming and rural business segment. This function of the Bank aims to extend credits on softer terms to farmers, both on revolving as well as term basis. Recently the markup rate was brought down to make this facility available at grass-root levels so as to enhance not only the agricultural output, but to also become a source of better living standards for farmers who do not have access to low cost funding.

Agricultural banking products and services are offered across the country through efficient delivery channels under a control mechanism with minimum turnaround time for loan application approvals. The Bank has set up a vibrant program for fresh lendings under revised parameters, enabling farmers to avail financing in an easy, accessible and affordable manner.

- Kissan Ever Green Finance
- Kissan Tractor Finance
- Kissan Livestock Development Finance
- Kissan Farm Mechanization Finance
- Kissan Aabpashi Finance

ISLAMIC BANKING

Under the guidance of its Shariah Board and professional bankers, Askari Islamic banking offers a diversified range of Shariah compliant products and services to its valued customers to fulfill their banking needs through its 78 dedicated Islamic banking branches (including 3 sub-branches) in 28 cities spread across the country.

ISLAMIC DEPOSIT PRODUCTS

Our customers enjoy the freedom to choose from a wide array of deposit products that offer flexible term deposit schemes, current accounts and savings accounts.

Our Ahsan Munafa product is a chequing account that offers higher than expected

monthly returns, calculated on a daily product basis. Askari Halal Savings Account is tailored to meet all business requirements of our customers and offers a host of value-added services. Askari Islamic Investment Certificate is a Mudarabah-based term deposit product that allows customers to invest their savings for different tenors ranging from 3 months to 5 years, and earn Halal returns on a periodic basis. Askari Islamic Asaan Account was introduced this year and is available in current and savings account categories.

ISLAMIC CONSUMER BANKING PRODUCTS

On the consumer banking front, Askari Ijarah Bis Sayyarah allows customers to get the car of their choice, while Askari Home Musharakah allows customers to purchase, build or renovate a home. Customers can also transfer existing house financing facilities from other financial institutions to Askari Islamic banking under Askari Home Musharakah.

ISLAMIC CORPORATE BANKING

Our continuous efforts to provide a diversified range of Shariah compliant, innovative financial products and solutions to corporate and commercial clients continue to win us new relationships. Working capital facilities are primarily provided under Murabaha, Salam and Istisna while our term facilities are rendered under the Diminishing Musharakah and Ijarah mode of Islamic finance.

ALTERNATE DELIVERY CHANNELS

INTERNET (I.NET) BANKING

Askari's i.net banking assures convenient banking from the comfort of your home as customers are no longer required to wait in long and worrisome queues for a financial transaction, balance inquiry, statement of accounts, funds transfer, utility bill payment etc. In addition to these services, our i.net banking also added the following services in 2015:

- Online Banker's Cheques can now be delivered to your doorstep
- Online Investment in Mutual Funds managed by Askari Investment Management Limited - a wholly owned subsidiary.
- Online Insurance premium payment of EFU & JLI

- Online payment for the purchase of Shaheen Airline Tickets
- Online LUMS fee payment

MOBILE BANKING

Askari mobile banking solution provides customers with convenient access to their accounts from their mobile phones, anytime, anywhere. We offer three types of mobile banking solutions to our customers:

- Askari Lite Mobile Banking – browser-based solution
- Askari USSD Mobile Banking – available to all mutual customers of Askari Bank and Ufone
- Askari Mobile Application – for Android, IOS, & Windows

CALL CENTER

Our Call Center provides a single point of contact to all callers and offers real-time information on products and services. It also attends customers' requests and handles their queries around the clock.

AUTOMATED TELLER MACHINE (ATM)

Askari Bank is a member of two electronic ATM inter-bank connectivity platforms i.e., MNET and 1-link. Through this shared network of more than 9,000 online ATMs, including more than 467 Askari Bank ATMs, we provide services in all major cities of Pakistan.

ASKARI VISA DEBIT CARD

You can manage your account, withdraw cash, make purchases and transfer your funds through Askari Visa Debit Card, which offers the conveniences of a credit card without the hassle of monthly bills and interest charges. There are no minimum balance requirements for the issuance or retention of the VISA Debit Card, which is available in Classic and Gold categories.

** Above referred products and services are subject to various terms and conditions. For further details about the products listed above or additional offerings of Askari Bank, you may contact us at UAN 111-000-787 or visit our website www.akbl.com.pk*

NOTICE OF THE 24TH ANNUAL GENERAL MEETING

Notice is hereby given that the 24th Annual General Meeting of the shareholders of Askari Bank Limited (the Bank) will be held on Wednesday, March 30, 2016 at 10:00 am at Pearl Continental Hotel, Rawalpindi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the 23rd Annual General Meeting held on March 31, 2015.
2. To receive, consider and adopt the financial statements of the Bank for the year ended December 31, 2015 together with the Directors' and Auditors' Reports thereon.
3. To appoint auditors for the year ending December 31, 2016 and to fix their remuneration. The present auditors, M/s A. F. Ferguson & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.
4. To approve, as recommended by the Directors, payment of final cash dividend @ 12.50% i.e. Rs.1.25 per share for the financial year 2015, in addition to 10% interim cash dividend already paid.
5. To consider any other business as may be placed before the meeting with the permission of the Chair.

By Order of the Board



Umar Shahzad
Company Secretary

Rawalpindi
March 01, 2016

NOTES

1. The Share Transfer books of the Bank will remain closed from March 22, 2016 to March 30, 2016 (both days inclusive). Transfers received at M/s THK Associates (Private) Limited, Second Floor, State Life Building # 3, Dr. Ziauddin Ahmad Road, Karachi-75530, the Registrar and Share Transfer Office of the Bank at the close of the business on March 21, 2016 will be treated in time.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him/her. No person shall act as a proxy, who is not a member of the Bank except that Government of Pakistan [GoP] or SBP or corporate entity may appoint a person who is not a member.
3. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity (other than GoP and SBP), its common seal should be affixed on the instrument.
4. The instrument appointing a proxy, together with attested copy of Power of Attorney or Board Resolution, if any, under which it is signed or a notarially certified copy thereof, should be deposited, with the Company Secretary, Askari Bank Limited, 1st Floor, AWT Plaza, The Mall, P.O. Box No. 1084, Rawalpindi not less than 48 hours before the time of holding the meeting.
5. If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

6. Copy of the CNIC or passport of the beneficial owners shall be furnished with the proxy form. The proxy shall produce his / her original CNIC or original passport at the time of attending the meeting.
7. In case of individual shareholder, Original Computerized National Identity Card (CNIC) or original passport while for, the CDC account holder or sub-account holder and or the person whose securities are in group account and their registration details are uploaded as per the regulations, his / her authentication would be made by showing his / her Original Computerized National Identity Card (CNIC) or original passport along with participant(s) ID Number and their account numbers. In case of GoP / SBP / corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Bank.
8. In compliance of amendments made by the Government of Pakistan through Finance Act, 2015 in Section 150 of the Income Tax Ordinance, 2001 whereby rates are enhanced for deduction of withholding tax on the amount of dividend paid by the companies/banks. These rates are as follows:
- For filers of income tax returns - 12.50%
 - For non-filers of income tax returns - 17.50%

And to enable the Bank to make tax deduction on the amount of cash dividend @ 12.50% instead of 17.50% all shareholders whose names are not entered into the Active Tax payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of the cash dividend, otherwise tax on their cash dividend (as and when declared) will be deducted @ 17.50% instead of 12.50%.

Moreover, all shareholders who hold shares jointly, are requested to provide shareholding proportions of principal shareholder and joint holder(s) in respect of shares held by them to our Share Registrar M/s. THK Associates (Pvt) Ltd, in writing as follows:

NAME OF PRINCIPAL SHAREHOLDER/JOINT HOLDERS	SHAREHOLDING (%AGE)	CNIC NO (COPY ATTACHED)	SIGNATURE

The required information must reach our Share Registrar by March 21, 2016 otherwise it will be assumed that the shares are equally held by Principal shareholder and joint holder(s).

SPECIAL NOTES TO THE SHAREHOLDERS:

9. **SUBMISSION OF COPIES OF CNIC (MANDATORY):**
In compliance of instructions issued by Securities & Exchange Commission of Pakistan (SECP) vide its SRO 779 (I)/2011 dated August 18, 2011, SRO 831(I)/2012 dated July 5, 2012 and SRO 19 (I)/2014 dated January 10, 2014 which has made it mandatory that the dividend warrants should bear the Computerized National Identity Card Number (CNIC) of the registered member or authorized person, except in the case of minor(s) and corporate members. Therefore individual members or their authorized representatives holding shares in physical or through CDC Accounts, who have not yet provided an attested copy of their valid CNICs to the Shares Registrar / CDC participant respectively, are requested to provide the same at their earliest to avoid any inconvenience. The corporate entities holding shares in physical or through CDC account are requested to provide their National Tax Number (NTN) / NTN Certificates to Shares Registrar / CDC Participants respectively. Members while sending copies of CNICs /NTN / NTN Certificates must quote their respective folio numbers and / or company name.
10. **DIVIDEND MANDATE (OPTIONAL):**
In order to make the process of payment of cash dividend more efficient, SECP vide its Circular No. 8(4) SM/CDC 2008 dated April 5, 2013 has issued instructions so that the shareholders can get their dividend credited in their respective bank accounts electronically without any delay. The shareholders may, therefore, authorize the Bank to credit the dividend directly to their bank account for all future dividends declared by the Bank. Accordingly, all non-CDC shareholders are requested to send their bank account details to the Bank's Share Registrar. Shareholders who hold shares with Participant/Central Depository Company of Pakistan Limited (CDC) are advised to

NOTICE OF THE 24TH ANNUAL GENERAL MEETING

provide the mandate to the concerned Stock Broker / Central Depository Company of Pakistan Limited.

Please note that giving bank mandate for dividend payment is optional and in case shareholders do not wish to avail this facility, dividend will be paid by sending dividend warrant at given registered address.

11. TRANSMISSION OF AUDITED FINANCIAL STATEMENTS & NOTICES TO MEMBERS THROUGH EMAIL (OPTIONAL):

In compliance of S.R.O. 787(I)/2014 of SECP dated September 8, 2014, which has allowed the circulation of soft copies of Audited Financial Statements along with Notice of Annual General Meeting to the members through e-mail, the Bank has made available on its website (www.akbl.com.pk), a Standard Request Form, which members, who wish to receive soft copies of Audited Financial Statements along with Notice of AGM, may use to communicate their e-mail address and consent, along with their postal and e-mail address to Share Registrar to whom such requests shall be sent. Since this facility is optional, therefore, if shareholders do not wish to avail this facility please ignore this option and in such case, Notice and Audited Financial Statements will be sent at the registered addresses, as per normal practice.

12. CONSENT FOR VIDEO CONFERENCE FACILITY:

In compliance of Circular No. 10 dated May 21, 2014 of Securities & Exchange Commission of Pakistan (SECP), shareholders of the Bank are informed that they can also avail video conference facility in Lahore & Karachi. In this regard, please fill the following and submit to registered address of the Bank 10 days before holding of general meeting.

If the Bank receives consent from members holding in aggregate 10 % or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Bank will arrange video conference facility in that city subject to availability of such facility in that city.

The Bank will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

I/We,----- of -----, being a member of Askari Bank Limited, holder of ----- Ordinary Share(s) as per Register Folio No./CDC Sub-Account No. ----- hereby opt for video conference facility at ----- .

Signature of Member

13. CHANGE OF ADDRESS:

Members are requested to immediately notify any change in their addresses to the Bank's Shares Registrar, M/s. THK Associates Pvt. Ltd.

A SHARED CULTURAL HISTORY

PAKISTAN AND CHINA'S UNIQUE BOND

The Silk Road has played a pivotal role in shaping foreign trade and regional relations, leaving an undeniable mark on the development of civilisations across the Asian continent. For China and Pakistan in particular, the Road has bound them in a unique friendship, built on trade relations, shared geo-political concerns as well as similar views on culture and tradition.



CHAIRMAN'S MESSAGE



Continuing on the momentum of last year, Askari Bank performed exceedingly well during 2015 despite being faced with multi-faceted challenges – the most prominent being lower interest rates.

The financial results of the Bank reflect healthy growth in quality assets, earnings and shareholders' equity. The growth was enabled by a strategy focusing on diverse mix of asset portfolios, augmented with a strong risk management framework, emphasis on technology and optimization of efficiencies through rationalization of processes and capacity building. The profit before tax of Rs.8.43 billion remained 46 percent higher than last year; while profit after tax of Rs.5.04 billion against Rs.4.01 billion last year, recorded a growth of 26 percent. Based on these financial results, the Board is pleased to announce a final cash dividend of Rs.1.25 per share (i.e.12.5 percent), making the total cash dividend of Rs.2.25 per share (i.e. 22.25 percent) for the year 2015.

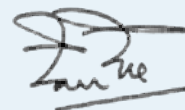
The Bank's approach to sustainable business is driven by the spirit of partnership with its customers as present day banking must extend far beyond transactions. As an institution that continues to foster savings, Askari Bank revels in its strength of nurturing enduring relationships. Alongside, we strive to ensure that our employees respect the values, and practice the highest ethical standards expected of them. We firmly believe in the highest standards of good governance which are about instilling trust leading to effective, transparent and accountable governance. We consider these standards as indispensable in creating long term value for the stakeholders and must be pursued uncompromisingly to uphold the Bank's well established ASKARI brand and reputation as a safe and sound Bank.

We remain committed to excellence in all aspects of our business, including product quality and knowledge, business advisory, customized and innovative financial solutions and service delivery. We will further build upon our recent successes and harness business opportunities to review our strategies in keeping with the changing socio-economic dynamics.

As we look to the year ahead and beyond, we see the regional developments playing an important role in the macro-economic growth of Pakistan, particularly the China-Pakistan-Economic-Corridor, which will be the key area of focus and financial sector will seek to collaborate and forge partnerships across different

projects and opportunities arising out of the Corridor. We look forward to capture win-win opportunities in the areas of trade finance, infrastructure development and industrial projects, as we expand our branch footprint and international presence for enhanced customer convenience in supporting the economic growth of Pakistan.

My heart felt gratitude to our customers who have continued to build stronger relationships enabling us to record excellent performance. I take this opportunity to extend my wholehearted appreciation to the management and staff for their indefatigable commitment and hard work that have resulted in such exceptional results. We shall continue to rely on their dedicated support and commitment in taking Askari Bank forward together to even greater heights. Insha Allah!



Lt Gen Khalid Nawaz Khan
HI (M) (Retd), Sitara-i-Esar

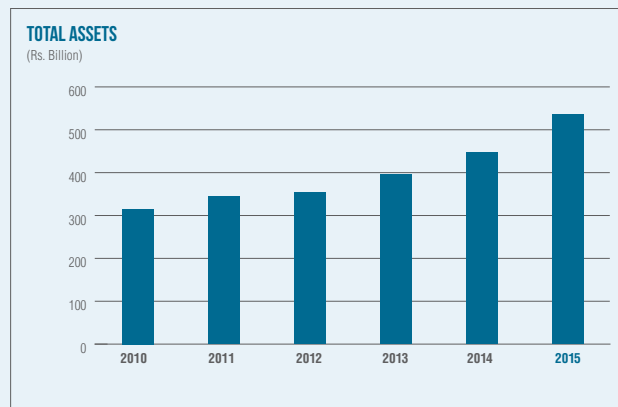
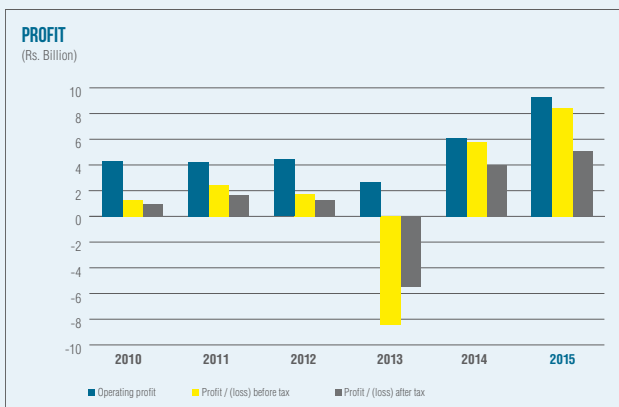
February 15, 2016

PRESIDENT'S REVIEW



2015 was yet another successful year for Askari Bank; marked by exceptional performance, despite a challenging milieu for the banking industry i.e. lower interest margins, weak credit growth, and persistent structural constraints.

PRESIDENT'S REVIEW



The developments in macroeconomic indicators resulted in continued stance of monetary easing, which began in 2014. During the year under review, the State Bank of Pakistan (SBP) policy rate reduced to a multi-decade low at 6.5 percent – a cumulative reduction of 300 bps during 2015. The reduction in commodity and oil prices significantly contributed towards improvement in current account deficit and foreign exchange reserves. These developments also led to upgrade in Pakistan's sovereign ratings by international rating agencies.

Despite these positives, the credit to private sector remained subdued during most of 2015. The reduction in commodity prices also reduced demand for working capital and trade finance. On the other hand, real cost of borrowing is still considered high as decline in inflation is steeper than fall in lending rates. These factors together with long standing structural constraints i.e., power shortages and weak external demand, were primarily responsible for slowdown in credit growth. Resultantly, fixed income bonds offering attractive returns remained a preferred alternate for the banking sector.

Askari Bank's Profit before tax for 2015 amounted to Rs.8,432 million and profit after tax amounted to Rs.5,043 million registering a robust growth of 46 percent and 26 percent, respectively. The bottom line profit translated into earnings per share of Rs.4.00 against Rs.3.19 of last year. Total asset base of the Bank amounted to Rs.536 billion, recording an impressive growth of 20 percent; while deposits and advances increased by 12 and 15 percent, respectively.

Net mark-up income increased by 25 percent; contributed by a 6 percent increase in mark-up income and 5 percent reduction in mark-up expense. This was enabled by an effective asset liability management and targeted growth of business volumes to compensate for the adverse impact on net spreads due to declining interest rates. Our concerted efforts focusing on current deposit accounts that grew by 19 percent during the year along with rationalization of deposit base are reflected by 5 percent reduction in mark-up expense, despite a 12 percent increase in aggregate deposits. The ratio of current to total deposits augmented to 25.2 percent against previous year's 23.7 percent.

During the year under review, aggregate non-fund income increased by 23 percent over last year. The increase was contributed by business related fees and commissions that increased by 21 percent and gains amounting to Rs.2.5 billion realized upon disposal of fixed income bonds - PIBs. The decline in income from dealing in foreign currencies reflect lesser opportunities and market conditions for such business during most of 2015.

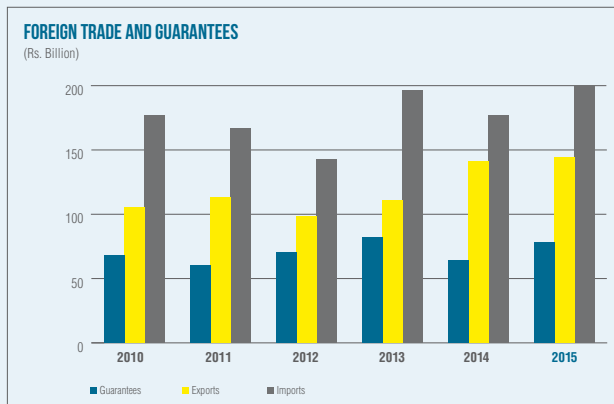
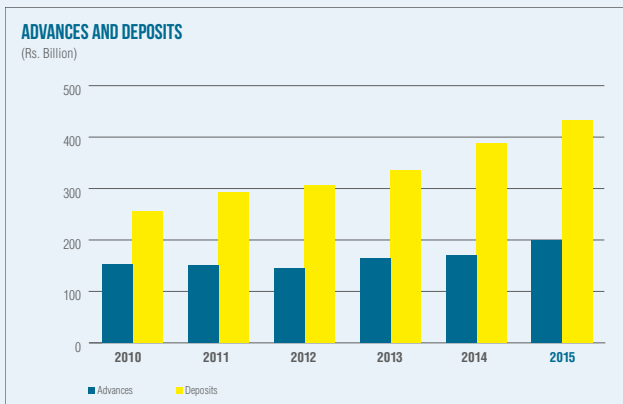
The administrative expenses were well contained and increased by less than 9 percent on an aggregate, despite additional expenses for 103 new branches added during 2015, and full year impact of the 40 new branches added in 2014. The cost to income ratio, measured as administrative expenses to total operating income improved to 55.6 percent from 63.8 percent last year and is a testament of the Bank's commitment to achieving operational controls and process efficiencies.

The non-performing loans (NPLs) of the Bank at end 2015 remained almost unchanged compared with the position at end 2014. Net provision charge against NPLs amounting to Rs.316 million for the current year compared to a net reversal of Rs.83 million last year. The net additional charge is mainly due to withdrawal of the benefit of forced sale value of collaterals; down-gradation of already classified accounts as per prescribed time based criteria; and classification of certain new accounts. The NPLs to gross advances ratio improved to 13.8 percent from 15.8 percent last year mainly due to a 14.9 percent increase in gross advances. NPL to provision coverage improved slightly to 90.5 percent at end 2015 against 89.8 percent at the close of 2014.

The effective income tax rate of the Bank for 2015 works out to 40.2 percent as the Finance Act 2015 imposed a one-time super tax at the rate of 4 percent applicable retrospectively from income year ended December 31, 2014. This super tax was levied for financing the rehabilitation of internally displaced persons affected by the war on terror. Further, concessional taxation of dividend income and capital gains of banks were also withdrawn retrospectively. The cumulative prior year impact of additional tax charge on current year's income was Rs.416 million, as shown in Note 30 of the attached financial statements.

Our branch network expansion achieved a milestone and we opened an unprecedented 103 new branches during 2015, including 25 Islamic banking branches, taking the total tally to 424 branches. Reaching out further and to unbanked areas, Askari's footprint is now more

PRESIDENT'S REVIEW



prominent across the country showing our commitment to the national agenda of financial inclusion. Concurrently, we are improving our branch banking infrastructure enabling our customers to access conventional and Islamic offerings in a most convenient way.

We believe that the role of human resource is pivotal in the success of an institution. Our human resource management policies are designed on the principles of care; capacity building; knowledge sharing; and fairness. A number of initiatives were undertaken during the year specifically for low paid staff of the Bank showing our commitment to nurture their needs and alleviate their financial burdens. Our three training academies are working tirelessly in designing and implementing training programs based on training need assessment of each employee. During the year, an external survey was organized to measure employee engagement and job satisfaction along with potential for career growth. The results of the survey were encouraging, particularly in the areas of job satisfaction, learning, organizational pride and leadership effectiveness across various levels within the Bank.

Technological leadership is an absolute must for the delivery of value to all our stakeholders amidst rapidly changing life styles and paradigms. Your Bank has made significant investments towards advanced technological capabilities and we place cutting edge technology at the forefront of our delivery channels and operations. This focus has positioned us well, to reach new milestones via new opportunities for engaging our customers and growing new streams of revenue. It would also create a need to move forward with advanced technology as well as mitigation of cyber risks. Also, during the year under review, our website was revamped and made more user-friendly allowing customers

to access banking anytime, anywhere and in the manner they prefer. We have also launched three different versions of mobile banking and our customers can now access their accounts on the go. Our customer contact management system was revamped and is now web-based and accessible from anywhere, making service delivery faster, easier and much more effective.

Customer centricity is instilled in all our policies, systems and processes. We provide a wide array of products and services to individuals, companies and institutional investors, with a convenience to transact, save and borrow in the best of ways possible. It is our ongoing endeavor to understand the unique requirements of our customers, and to cater to these requirements to the best of our ability. We continue to do this by focusing on what matters most to our clients and helping them fulfill their financial needs while attempting to simplify the financial world, so that our customers are able to connect to an otherwise complex network in the easiest way possible.

In order to strengthened and enhance our business relations with the Chinese counterparts, your Bank has been granted a license to open a representative office in Beijing, China. The representative office will become fully functional within the first quarter of 2016. In order to provide dedicated support to the representative office and related business and relationship management, a one window 'China desk' has also been established in Pakistan. These units will work with the sole intent of facilitating Chinese institutions working for various projects in Pakistan and capture business opportunities from the growing Pak-China trade and economic relationship, particularly in the wake of CPEC initiative. An upgrading of strategically located branches like our Gwadar branch, a team of employees fluent in Mandarin along with

our current Chinese business makes Askari Bank amongst the top banks in Pakistan offering premium financial services to the China-Pakistan community. With an increasing number of Chinese investors, the Bank is well-placed to cater to the needs of all existing and new customers; fostering rich financial prospects and bringing in valuable trade and business.

Going forward, Pakistan's banking industry will remain highly competitive with interest margins expected to be low in the near to medium term. Augmenting our fee based income and non-fund incomes is thus, a key strategic imperative in the years ahead.

I am confident that Askari Bank is on a route to greater triumphs, and that the team is fully geared to take on the coming year's challenges. I would like to thank our Sponsors for their continued guidance and support during the course of the year, the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory bodies for creating an enabling environment for the financial services industry. We remain committed to serving and safeguarding the rights of our stakeholders by upholding the tenets of good governance and accepted best practices.

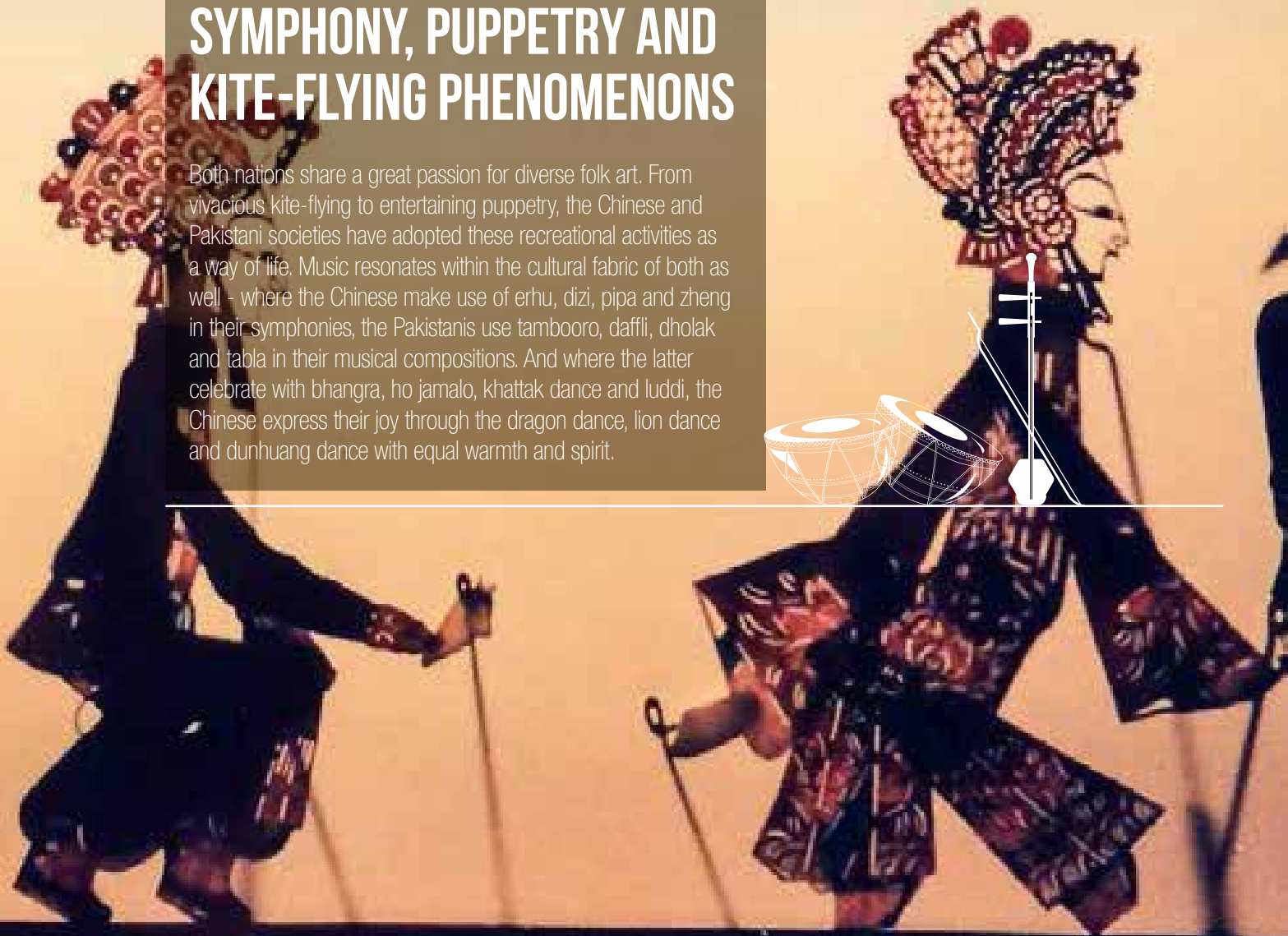
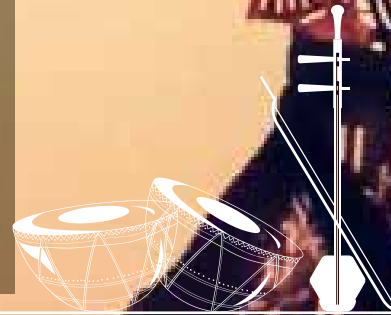
Syed M. Husaini
President & CE

February 15, 2016

A LOVE OF FOLK ART

SYMPHONY, PUPPETRY AND KITE-FLYING PHENOMENONS

Both nations share a great passion for diverse folk art. From vivacious kite-flying to entertaining puppetry, the Chinese and Pakistani societies have adopted these recreational activities as a way of life. Music resonates within the cultural fabric of both as well - where the Chinese make use of erhu, dizi, pipa and zheng in their symphonies, the Pakistanis use tambooro, daffli, dholak and tabla in their musical compositions. And where the latter celebrate with bhangra, ho jamalo, khattak dance and luddi, the Chinese express their joy through the dragon dance, lion dance and dunhuang dance with equal warmth and spirit.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

At Askari Bank, the cognizance of its obligations to society is very conspicuous because we recognize corporate social responsibility (CSR) as a strategic imperative with a commitment to pay back to the community that helps drive value for the Bank and for all its stakeholders. This is why we keep all aspects of social welfare in sight while working our way forward as a corporate conscience Bank.

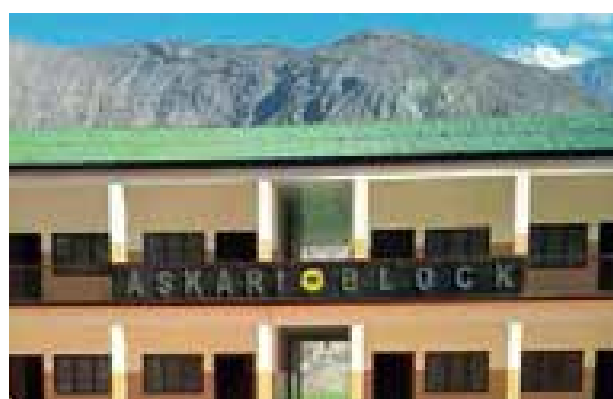
Taking care of employees beyond contractual commitments is one of our CSR priorities. Looking after them and their children ensures the long-term and wide-spread success of not only Askari Bank, but also the entire country and its continuing generations. The in-house training program for the graduate children of our underprivileged employees is running successfully. Under the program, the children of less privileged employees are given paid training and guaranteed employment is offered to the successful candidates.

We have also developed a system through which we can help the ailing children of our underprivileged staff by creating a database of all such children and ensuring that they are provided with timely medical assistance. We are simultaneously working on creating awareness to tackle such medical issues appropriately and in a timely manner across the institution.

During the year 2015, we inaugurated a junior wing of Army Public School (APS) Gilgit. The construction of the school was funded by Askari Bank, which has also provided the school library with reading material for the students. This initiative is in line with the Bank's endeavors for the promotion of health and education in the country's far-flung areas, where basic amenities are hard to access, and will further enrich the region's socio-economic fabric by providing a new avenue of learning in Gilgit.

The Bank stands by the government and Pakistan Army in their drive to eradicate the menace of terrorism and extremism from the country and made donations during 2015 for the internally displaced persons of the ongoing war.

The Bank also made contributions, through the respective forums, towards various events, mainly in the areas of education and sports. Cultural and charity activities were also supported in order to encourage valuable discourse on subjects of public interest.



Some of these events for 2015 include:

- Lyari Football Tournament
- SBP Governor's Cup Inter Bank Regional Cricket Tournament
- All Pakistan Garrison Open Golf Tournament
- Show Jumping and Dressage National Championship
- Army Polo and Tent Pegging Championship
- President's Bodyguard Polo Cup
- Annual GB Cultural and Sports Gala Festival
- 14th International Symposium on Advanced Materials
- NUML International Conference
- Junior Girls League Tennis Competition
- Career Conference and Expo
- Meena Bazaar by Attock Sahara Foundation
- House of Dreams Carnival by Nixor Financial Services
- Dewali Show at the Arts Council of Pakistan
- World Maritime Day Seminar at The Nautical Institute
- St. Patrick's Cathedral charity event

THE SPIRIT OF FESTIVITY

UNITED TO CELEBRATE OUR SHARED ROOTS

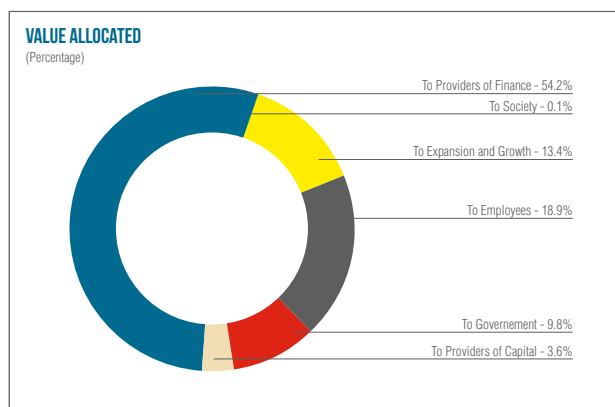
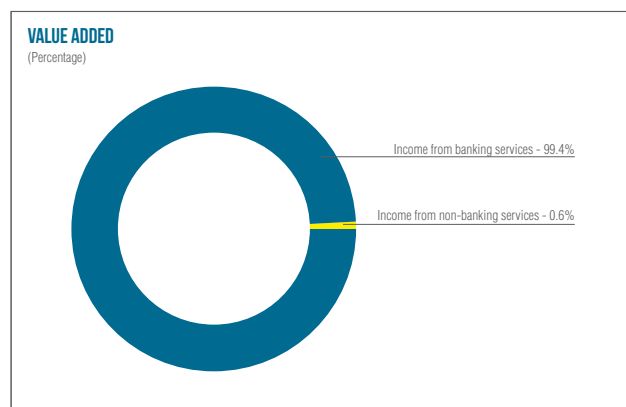
At present, there are a few distinct festivals that showcase the heritage and cultural similarities of both China and Pakistan. The Khunjerab-Pamir Cultural Festival in Hunza features music, traditional sports, cultural dances, goods and photo exhibitions that celebrate the legacy of this region's glorious past during the time of the ancient Silk Road.



VALUE ADDED STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2015

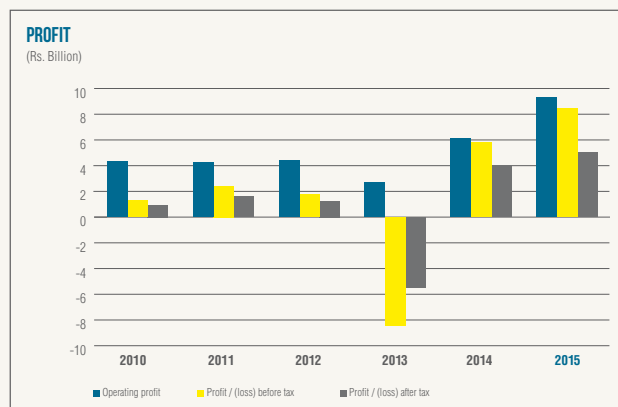
	RS. IN '000	% AGE
VALUE ADDED		
Income from banking services	40,219,112	
Cost of services	(4,801,154)	
Provision against non-performing assets	(879,052)	
Valued added by banking services	34,538,906	99.4
Non-banking services income	209,533	0.6
Total value added	34,748,439	100.0
VALUE ALLOCATED		
to employees		
Salaries, allowances and other benefits	6,580,214	18.9
to government		
Income tax	3,388,277	9.8
to providers of capital		
Cash dividend	1,260,259	3.6
to providers of finance		
Financial charges	18,837,350	54.2
to society		
Donations	35,000	0.1
to expansion and growth		
Depreciation	864,179	2.5
Retained in business	3,783,160	10.9
	4,647,339	13.4
Total value allocated	34,748,439	100.0



FINANCIAL REVIEW

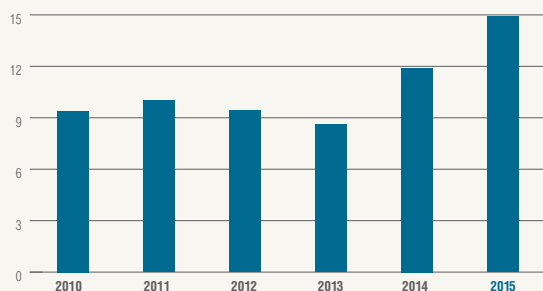
PROFIT

Operating profit i.e. profit before provisions and taxation, increased by 52.5 percent over last year. This was contributed by a 25.3 percent increase in net interest income, 23.1 percent growth in non-interest income, while the rise in operating expenses was contained at 9.4 percent. The positive trend in incomes is attributable to increased business volumes, efficient management of spreads and effective capitalization of the available market opportunities while pursuing effective cost controls over administrative expenses. Profit before and after tax for the year 2015 remained at Rs. 8.43 billion and Rs. 5.04 billion, respectively and compares with the profit before and after tax of Rs. 5.78 billion and Rs. 4.01 billion in 2014.



NET INTEREST MARGIN

(Rs. Billion)



NET MARK-UP / INTEREST INCOME

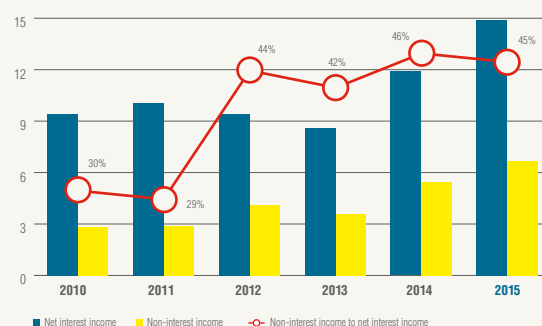
Net interest income of the Bank grew by 25.3 percent on the back of 5.7 percent increase in interest income and a 4.5 percent reduction in interest expense. Earning asset mix remained tilted in favor of investments compared to loans and advances. Consequently, interest income from investment portfolios increased by 25.8 percent while income from loans & advances decreased by 10.6 percent. GOP securities including Market Treasury Bills, Pakistan Investment Bonds (PIBs), Euro Bonds and Ijarah Sukuks comprised 96 percent of Bank's investments (at cost). Reduction in interest expenses was primarily due to decline in market rates and cost effective mix of deposits due to declining discount rate and shedding off of high cost deposits.

NON-MARK-UP / NON-INTEREST INCOME

The growth in business and volume of transactions, along with available money market opportunities contributed towards a 23.1 percent improvement in non-fund based revenues. Fee, commission and brokerage income increased by 20.7 percent. Gains realized on disposal of securities, mainly PIBs, increased by 80 percent and were the significant contributor to the overall non-mark-up / non-interest income of the year under review.

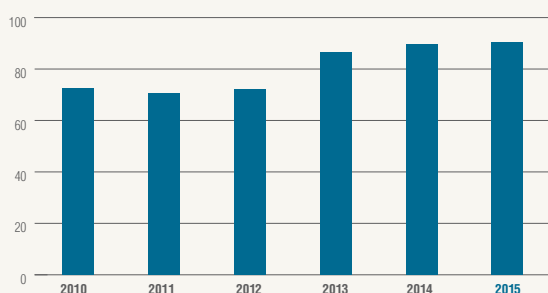
NON-INTEREST INCOME

(Rs. Billion)



NPL COVERAGE

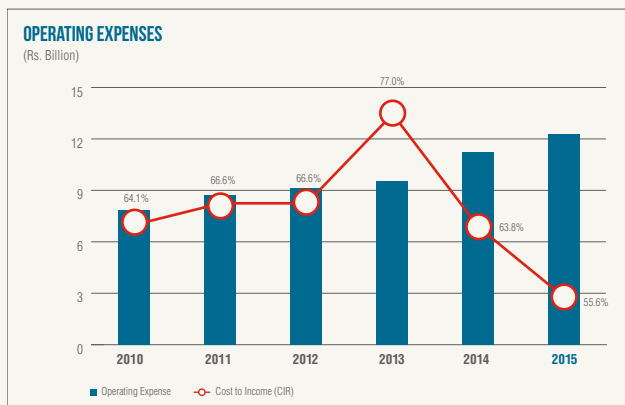
(% age)



NPL COVERAGE

The coverage ratio represents available provisions against recognized NPLs. At the end of 2015, the NPLs remained almost unchanged compared to last year; however, additional charge of Rs. 316 million recorded against NPLs. As a result, the coverage ratio improved by 69 bps to 90.5 percent from 89.8 percent at end 2014.

FINANCIAL REVIEW

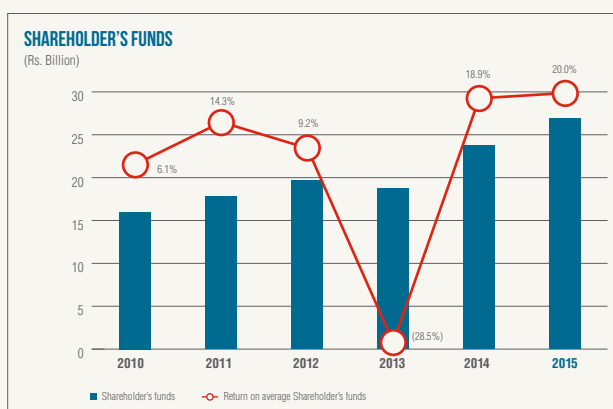


OPERATING EXPENSES

Aggregate operating expenses increased by 9.4 percent while administrative expenses increased by 8.7 percent. During 2015, the Bank opened 103 new branches which remained operative during part of the year while 40 new branches opened in 2014 remained fully operative during the year. The additional cost of this network expansion along with implementation of certain compensation and benefit initiatives were the main reason for the overall increase in administrative expenses. The cost to income ratio (administrative expenses over total revenues) for the year 2015 of 55.6 percent, registered marked improvement over last year's 63.8 percent.

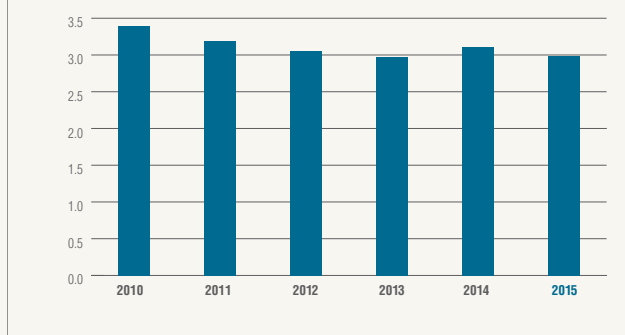
SHAREHOLDERS' FUNDS

The aggregate shareholders' funds registered an increase of 13.3 percent over last year mainly due to earnings for the year 2015, and the favorable rise (14.1 percent) in surplus on revaluation of assets, which is reported at Rs.5.04 billion as on December 31, 2015 against Rs.4.4 billion at the end of 2014. The increase in surplus on revelation of assets was primarily due to improved mark-to-market position of available-for-sale securities, mainly PIB's. Consequently, the net book value per share of the Bank increased to Rs.21.3 as on December 31, 2015 from Rs. 18.8 at end 2014.



INTERMEDIATION COST

(%age)

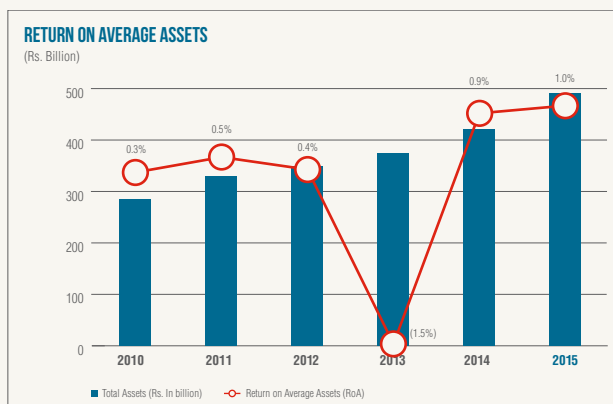


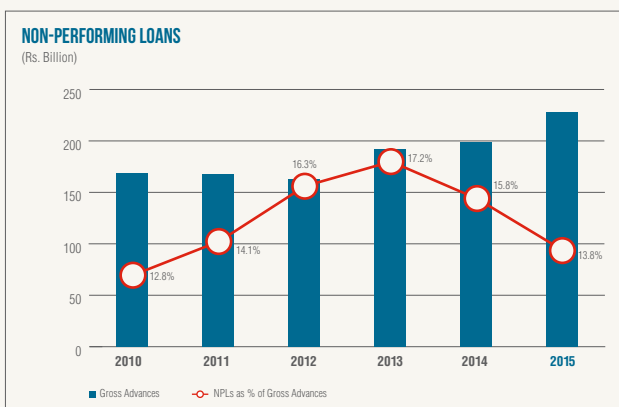
INTERMEDIATION COST

It is computed by taking ratio of operating expenses to average deposits. It has shown an improvement of 12 bps and remained 2.99 percent for the year 2015 against 3.11 percent of last year. The positive trend denotes that the growth in deposit outpaced the increase in administrative expenses, which reflected successful execution of the managements multi-faceted strategies adopted for improving the Bank's KPIs.

RETURN ON AVERAGE ASSETS (ROA)

The RoA of the Bank for the year 2015 has increased because of increase in profit by 25.6 percent which is more than increase in total average assets (net) of 16.7 percent.



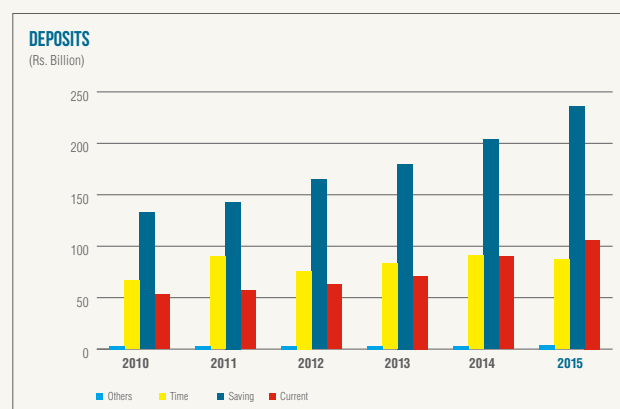


NON-PERFORMING LOANS (NPLS)

The NPLs of the Bank as on December 31, 2015 remained almost unchanged compared to the last year. However, the ratio of NPLs to gross advances improved by 200 bps to 13.8 percent, which was 15.8 percent at the close of 2014. The improvement is attributable to the growth of 14.9 percent in gross advances of the Bank during the year, which stood at Rs. 228 billion at end 2015 against Rs. 199 billion at the close of last year.

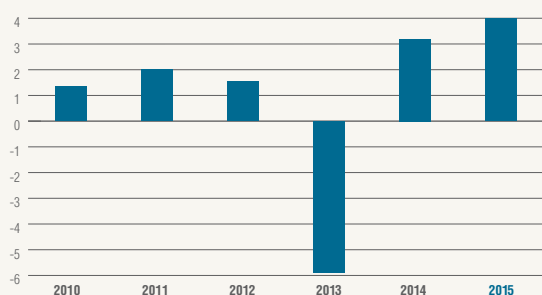
DEPOSITS

During the year 2015, a systematic growth of 11.8 percent was achieved in customer deposits. The pattern of deposit mix improved; current accounts increased by 19 percent; saving deposits by 16 percent; while term deposits reduced by 4 percent. The average deposit size per depositor decreased by 8% which depicts the concentration on low-cost individual depositors and augmentation of core deposits of the Bank.



EARNINGS PER SHARE

(Rupees)

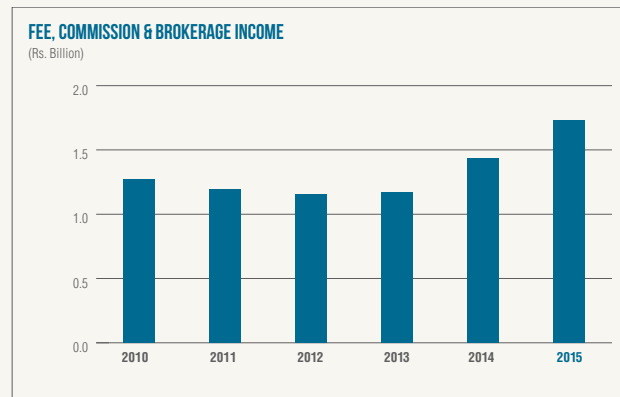


EARNINGS PER SHARE

EPS reflects profit after taxation generated per share. The EPS of the Bank for the year 2015 was recorded at Rs. 4.0 against Rs. 3.19 of the corresponding period, last year. This was mainly due to increased volumes of earning assets and capital gain booked during the year.

FEE, COMMISSION & BROKERAGE INCOME

Increase is mainly contributed by improved business volumes, transactional fees and commission e.g. debit cards, as well as facility processing fee and Bancaassurance. Increased business volumes and effectively exploiting market opportunities also played a key role in enhancing fee based revenues.



FINANCIAL CALENDAR

2015

1st Quarter Results issued on	April 22, 2015
2nd Quarter Results issued on	August 25, 2015
3rd Quarter Results issued on	October 16, 2015
24th Annual Report issued on	February 15, 2016
24th Annual General Meeting scheduled for	March 30, 2016
Interim Cash Dividend recommended in BODs' meeting on	August 25, 2015
Final Cash Dividend recommended in BODs' meeting on	February 15, 2016

2014

1st Quarter Results issued on	April 17, 2014
2nd Quarter Results issued on	July 21, 2014
3rd Quarter Results issued on	October 25, 2014
23rd Annual Report issued on	February 13, 2015
23rd Annual General Meeting held on	March 31, 2015
Interim Cash Dividend recommended in BODs' meeting on	July 21, 2014
Final Cash Dividend recommended in BODs' meeting on	February 13, 2015

Summarised Quarterly Financial Results

RUPEES IN MILLION	2015				2014			
	1 ST QTR	2 ND QTR	3 RD QTR	4 TH QTR	1 ST QTR	2 ND QTR	3 RD QTR	4 TH QTR
Financial Position								
Assets								
Cash, short term funds & statutory deposits with SBP	37,347	46,159	27,369	38,794	37,021	52,208	40,514	29,626
Investments	233,324	230,844	271,641	268,021	154,094	151,390	172,300	217,214
Advances	175,034	193,287	190,166	199,931	169,832	172,252	167,265	170,677
Operating fixed assets	8,536	8,750	9,009	9,230	8,546	7,887	7,855	8,299
Other assets	17,323	20,483	17,829	19,891	19,720	23,763	21,551	21,267
Total assets	471,564	499,523	516,015	535,867	389,212	407,500	409,486	447,083
Liabilities								
Borrowings from financial institutions	32,964	9,941	41,805	57,323	42,786	14,880	18,818	13,742
Customers deposits	386,054	422,495	427,313	433,172	307,368	344,840	350,312	387,586
Sub-ordinated loans	7,992	4,998	4,997	4,997	3,994	3,994	7,994	7,993
Other liabilities	19,769	36,658	15,895	13,522	15,127	23,423	12,379	14,055
Total liabilities	446,779	474,092	490,010	509,014	369,276	387,137	389,503	423,376
Net Assets	24,785	25,431	26,005	26,853	19,937	20,363	19,983	23,707
Shareholders' funds								
Share capital	12,603	12,603	12,603	12,603	12,603	12,603	12,603	12,603
Reserves and unappropriated profit	6,689	8,462	8,240	9,209	5,038	6,158	5,877	6,686
Surplus on revaluation of assets	5,494	4,366	5,162	5,041	2,297	1,603	1,503	4,418
Total shareholders' funds	24,785	25,431	26,005	26,853	19,937	20,363	19,983	23,707
Profit & Loss								
Total income	11,094	12,092	10,082	10,013	9,077	9,730	10,126	11,105
Mark-up / return / interest earned	9,506	9,132	8,964	8,990	7,555	8,344	9,065	9,640
Mark-up / return / interest expensed	5,981	5,303	5,213	5,194	5,017	5,362	5,818	6,514
Net mark-up / interest income	3,525	3,829	3,752	3,796	2,538	2,982	3,247	3,126
Non - mark-up / interest income	1,588	2,960	1,117	1,024	1,522	1,387	1,061	1,465
Fee, commission and exchange income	341	523	400	468	346	489	310	290
Other income	1,247	2,437	717	556	1,176	897	751	1,175
Operating expenses	2,886	3,195	3,071	3,129	2,725	2,819	2,873	2,808
Provisions against non-performing assets	327	159	185	208	(116)	(19)	31	426
Operating profit	2,227	3,594	1,798	1,691	1,335	1,549	1,436	1,783
Profit before tax	1,900	3,435	1,614	1,483	1,451	1,568	1,405	1,358
Taxation	640	1,661	581	507	431	448	432	455
Profit after taxation	1,260	1,774	1,033	976	1,021	1,120	972	902
Ratios (percent)								
Return on average shareholders' funds (RoE)	20.8%	28.3%	16.1%	14.8%	21.1%	22.2%	19.3%	16.5%
Return on average assets (RoA)	1.2%	1.5%	0.8%	0.7%	1.0%	1.1%	1.0%	0.8%

SHARE & DEBT INFORMATION

1. Share Information

1.1 The ordinary shares of Askari Bank Limited are listed on the Pakistan Stock Exchange (formerly, Karachi, Lahore and Islamabad stock exchanges). The audited financial statements have been submitted to the stock exchange within the requisite notice period as required by the relevant regulations. Askari Bank's Central Depository System ID is 05132.

1.2 Market symbols

Pakistan Stock Exchange – AKBL, Reuters – ASKB.KA, Bloomberg – AKBL: PA

1.3 Share price and volume

Year	Shares (in Numbers)	Shareholders' funds	Market capitalization (in Billion)	KSE's market capitalization	share in market capitalization (Percent)	Share Price			shares traded during the year (in Numbers)
						High During the year	Low During the year	Close at December 31	
2001	103,553,663	2.58	1.38	297.42	0.46%	16.45	10.35	13.30	51,396,000
2002	108,731,400	4.17	2.92	595.21	0.49%	27.90	13.50	26.85	36,984,000
2003	114,168,000	5.05	5.88	951.45	0.62%	53.90	21.30	51.50	96,059,000
2004	125,584,800	6.02	11.80	1,723.45	0.68%	98.25	50.61	94.00	1,043,563,300
2005	150,701,684	8.81	19.11	2,746.56	0.93%	133.25	70.00	126.80	612,803,600
2006	200,433,239	11.05	21.04	2,771.11	0.76%	145.00	68.00	104.95	444,476,500
2007	300,649,859	12.27	29.99	4,329.91	0.69%	128.75	75.50	99.75	1,628,929,400
2008	405,877,308	12.97	5.91	1,857.18	0.32%	106.20	14.57	14.57	382,990,000
2009	507,346,700	14.95	13.85	2,753.54	0.50%	28.69	12.15	27.30	190,782,242
2010	642,744,335	16.00	11.37	3,268.95	0.35%	31.14	12.70	17.69	132,010,181
2011	707,018,400	17.78	7.09	2,945.78	0.24%	19.25	8.50	10.03	110,231,037
2012	813,071,084	19.69	14.00	4,242.28	0.33%	17.75	17.05	17.22	462,420,623
2013	1,260,260,180	18.73	17.64	6,056.51	0.29%	19.69	10.76	14.00	373,297,000
2014	1,260,260,180	23.71	29.07	7,380.53	0.39%	23.14	13.37	23.07	590,931,000
2015	1,260,260,180	26.85	27.40	6,947.36	0.39%	25.54	16.26	21.74	427,049,500

1.4 Record of share issues

Year	Issue	Number of shares	Share capital (Rs)
	Prior to public issue	15,000,000	150,000,000
1992	Public issue	15,000,000	150,000,000
1993	50% Rights issue @ Rs.10 per share	15,000,000	150,000,000
1995	Bonus @ 15%	6,750,000	67,500,000
1996	50% Rights issue @ Rs.20 per share	22,500,000	225,000,000
1996	Bonus @ 10%	7,425,000	74,250,000
1997	Bonus @ 15%	12,251,250	122,512,500
1998	Bonus @ 5%	4,696,312	46,963,120
2001	Bonus @ 5%	4,931,101	49,311,010
2002	Bonus @ 5%	5,177,712	51,777,120
2003	Bonus @ 5%	5,436,568	54,365,680
2004	Bonus @ 10%	11,416,794	114,167,940
2005	Bonus @ 20%	25,116,947	251,169,474
2006	Bonus @ 33%	49,731,555	497,315,549
2007	Bonus @ 50%	100,216,620	1,002,166,196
2008	Bonus @ 35%	105,227,450	1,052,274,496
2009	Bonus @ 25%	101,469,326	1,014,693,261
2010	Share issued to shareholders of erstwhile Askari Leasing Limited	28,273,315	282,733,150
2010	Bonus @ 20%	107,123,990	1,071,239,900
2011	Bonus @ 10%	64,274,460	642,744,604
2012	Bonus @ 15%	106,052,684	1,060,526,840
2013	55% Rights issue @ Rs. 10 per share	447,189,096	4,471,890,960
		1,260,260,180	12,602,601,800

2. Debts Information

2.1 Askari Bank has issued the following Term Finance Certificates (TFCs).

(Rupees in million)	TFC - I	TFC - II	TFC - III	TFC - IV	TFC - V
IPO investors	1,000	1,125	2,375	1,000	4,000
General Public	500	226	19	-	-
Underwriters	-	149	606	-	-
	1,500	1,500	3,000	1,000	4,000
	Fully Redeemed			Outstanding	

Listed on Pakistan Stock Exchange (formerly Lahore Stock Exchange)

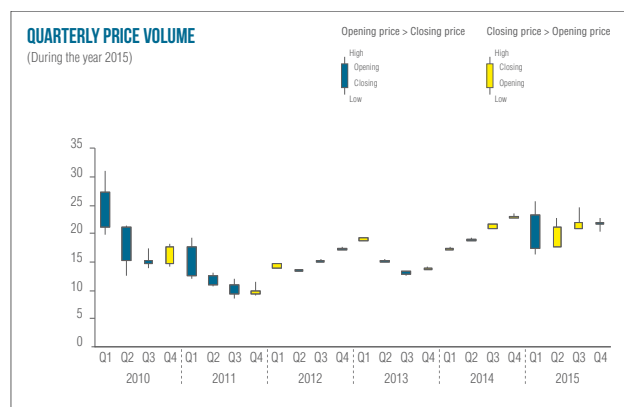
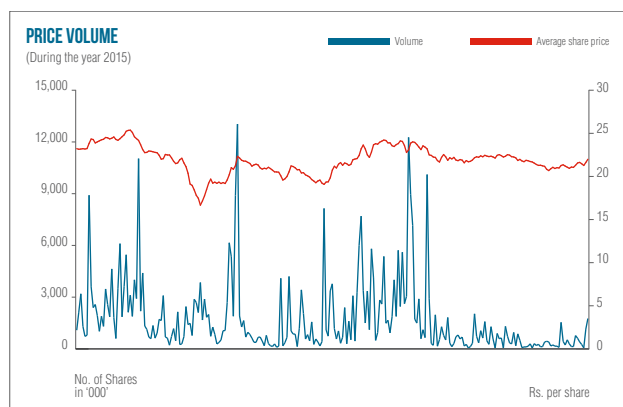
Market Symbols / IDs at LSE

Rating by PACRA

Market Price as at December 31, 2015 (based on marketable lots of Rs. 5,000)

Applicable Interest Rate (p.a.) as at December 31, 2015

Listed	Listed	Listed	Unlisted	Unlisted
AKBLTFC	AKBLTFC2	AKBLTFC3	-	-
-	-	-	AA -	AA -
-	-	-	5,000	5,000
-	-	-	8.28%	7.80%



HORIZONTAL AND VERTICAL ANALYSIS

HORIZONTAL ANALYSIS

	Rupees in million						Variance					
	2015	2014	2013	2012	2011	2010	2015 Vs 2014	2014 Vs 2013	2013 Vs 2012	2012 Vs 2011	2011 Vs 2010	2010 Vs 2009
BALANCE SHEET												
Assets												
Cash and balances with treasury banks	29,685	19,130	26,105	24,435	26,168	22,565	55%	-27%	7%	-7%	16%	16%
Balances with other banks	8,296	7,068	9,058	8,864	6,235	3,785	17%	-22%	2%	42%	65%	-55%
Lendings to financial institutions	813	3,428	2,503	6,319	1,592	9,172	-76%	37%	-60%	297%	-83%	99%
Investments	268,021	217,214	165,863	145,378	133,757	102,260	23%	31%	14%	9%	31%	53%
Advances	199,931	170,677	163,557	143,727	150,711	152,784	17%	4%	14%	-5%	-1%	13%
Operating fixed assets	9,230	8,299	8,567	8,841	9,349	9,988	11%	-3%	-3%	-5%	-6%	8%
Assets held for sale	-	54	-	-	-	-	0%	0%	0%	0%	0%	0%
Deferred tax assets	-	875	2,977	-	-	-	-100%	-71%	0%	0%	0%	0%
Other assets	19,891	20,337	16,197	15,491	15,945	14,190	-3%	26%	5%	-3%	12%	34%
	535,867	447,083	394,827	353,056	343,756	314,745	20%	13%	12%	3%	9%	24%
Liabilities												
Bills payable	6,095	6,855	5,688	3,700	2,756	3,090	-11%	21%	54%	34%	-11%	5%
Borrowings	57,323	13,742	24,546	8,373	17,273	25,555	317%	-44%	193%	-52%	-32%	32%
Deposits and other accounts	433,172	387,587	335,241	306,937	291,503	255,937	12%	16%	9%	5%	14%	24%
Sub-ordinated loans	4,997	7,993	3,994	6,987	6,990	5,993	-37%	100%	-43%	0%	17%	0%
Liabilities against assets subject to finance lease	-	-	-	-	-	-	0%	0%	0%	0%	0%	0%
Deferred tax liabilities	96	-	-	118	83	86	0%	0%	-100%	42%	-3%	-74%
Other liabilities	7,330	7,199	6,630	7,252	7,374	8,081	2%	9%	-9%	-2%	-9%	67%
	509,014	423,375	376,099	333,367	325,980	298,740	20%	13%	13%	2%	9%	25%
Net Assets	26,853	23,707	18,729	19,688	17,776	16,004	13%	27%	-5%	11%	11%	7%
Represented by												
Share capital	12,603	12,603	12,603	8,131	7,070	6,427	0%	0%	55%	15%	10%	27%
Reserves	6,446	4,824	5,613	8,542	8,136	7,691	34%	-14%	-34%	5%	6%	6%
Unappropriated profit / (loss)	2,763	1,862	(1,583)	1,004	1,302	702	48%	-218%	-258%	-23%	86%	-16%
	21,812	19,289	16,633	17,677	16,509	14,821	13%	16%	-6%	7%	11%	13%
Surplus on revaluation of assets - net of tax	5,041	4,418	2,096	2,011	1,267	1,184	14%	111%	4%	59%	7%	-34%
	26,853	23,707	18,729	19,688	17,776	16,004	13%	27%	-5%	11%	11%	7%
PROFIT AND LOSS												
Mark-up / return / interest earned	36,592	34,604	27,961	32,402	32,766	27,329	6%	24%	-14%	-1%	20%	21%
Mark-up / return / interest expensed	21,690	22,711	19,363	22,974	22,700	17,937	-4%	17%	-16%	1%	27%	32%
Net mark-up / interest income	14,902	11,893	8,597	9,428	10,067	9,392	25%	38%	-9%	-6%	7%	4%
Provision / (reversal) against non-performing loans and advances - net	316	(83)	9,854	2,342	1,630	2,319	480%	-101%	321%	44%	-30%	0%
Impairment loss on available for sale investment	217	208	151	143	122	383	5%	37%	6%	17%	-68%	-11%
Provision for diminution in the value of investments	346	198	933	201	44	297	75%	-79%	364%	362%	-85%	286%
Provision against reverse repo	-	-	-	-	35	66	0%	0%	0%	-100%	-47%	-20%
Reversal of provision against purchase under resale agreement	-	-	(35)	-	-	-	0%	0%	0%	0%	0%	0%
Impairment loss on immovable assets	-	-	200	-	-	-	0%	0%	0%	0%	0%	0%
Bad debts written off directly	-	-	-	1	-	-	0%	0%	-100%	0%	0%	0%
	879	322	11,103	2,688	1,831	3,064	173%	-97%	313%	47%	-40%	5%
Net mark-up / interest income after provisions	14,023	11,571	(2,506)	6,741	8,236	6,328	21%	-562%	-137%	-18%	30%	3%
Non mark-up/interest income												
Fee, commission and brokerage income	1,732	1,435	1,169	1,153	1,194	1,271	21%	23%	1%	-3%	-6%	-3%
Dividend income	303	349	509	1,036	289	210	-13%	-31%	-51%	258%	38%	29%
Income from dealing in foreign currencies	835	1,103	559	885	772	731	-24%	97%	-37%	15%	6%	36%
Gain on sale of investments - net	3,246	1,804	820	682	307	213	80%	120%	20%	122%	45%	48%
Unrealised gain on revaluation of investments classified as held for trading - net	-	-	-	-	-	-	0%	0%	-100%	0%	-100%	-82%
Other income	573	744	540	361	340	376	-23%	38%	50%	6%	-10%	-7%
Total non-markup / interest income	6,690	5,435	3,598	4,117	2,903	2,800	23%	51%	-13%	42%	4%	10%
	20,712	16,889	1,092	10,858	11,139	9,128	22%	1,457%	-90%	-3%	22%	5%
Non mark-up/interest expenses												
Administrative expenses	12,014	11,052	9,397	9,039	8,639	7,813	9%	18%	4%	5%	11%	12%
Other provisions / write offs	50	47	114	9	-	-	6%	-59%	1215%	0%	0%	0%
Other charges	217	126	23	80	87	42	72%	457%	-72%	-7%	104%	24%
Total non-markup / interest expenses	12,281	11,225	9,533	9,128	8,726	7,855	9%	18%	4%	5%	11%	12%
	8,432	5,781	(8,441)	1,730	2,413	1,273	46%	-168%	-588%	-28%	90%	-22%
Extra ordinary / unusual items	-	-	-	-	-	-	0%	0%	0%	0%	0%	0%
Profit / (loss) before taxation	8,432	5,781	(8,441)	1,730	2,413	1,273	46%	-168%	-588%	-28%	90%	-22%
Taxation - current	(2,330)	(1,014)	(94)	(839)	(833)	(330)	130%	981%	-89%	1%	153%	-41%
Taxation - prior years'	(416)	-	-	-	-	-	0%	0%	0%	0%	0%	-100%
Taxation - deferred	(642)	(753)	3,054	364	48	0	-15%	-125%	739%	664%	0%	-100%
	(3,388)	(1,766)	2,961	(475)	(785)	(329)	92%	-160%	-723%	-39%	138%	-38%
Profit / (loss) after taxation	5,043	4,015	(5,480)	1,255	1,628	944	26%	-173%	-537%	-23%	72%	-15%
Unappropriated profit / (loss) brought forward	1,862	(1,583)	886	1,302	702	834	-218%	-279%	-32%	86%	-16%	170%
Profit / (loss) available for appropriation	6,906	2,432	(4,594)	2,557	2,330	1,777	184%	-153%	-280%	10%	31%	25%
Basic earnings per share - Rupees	4.00	3.19	(5.90)	1.54	2.00	1.34						

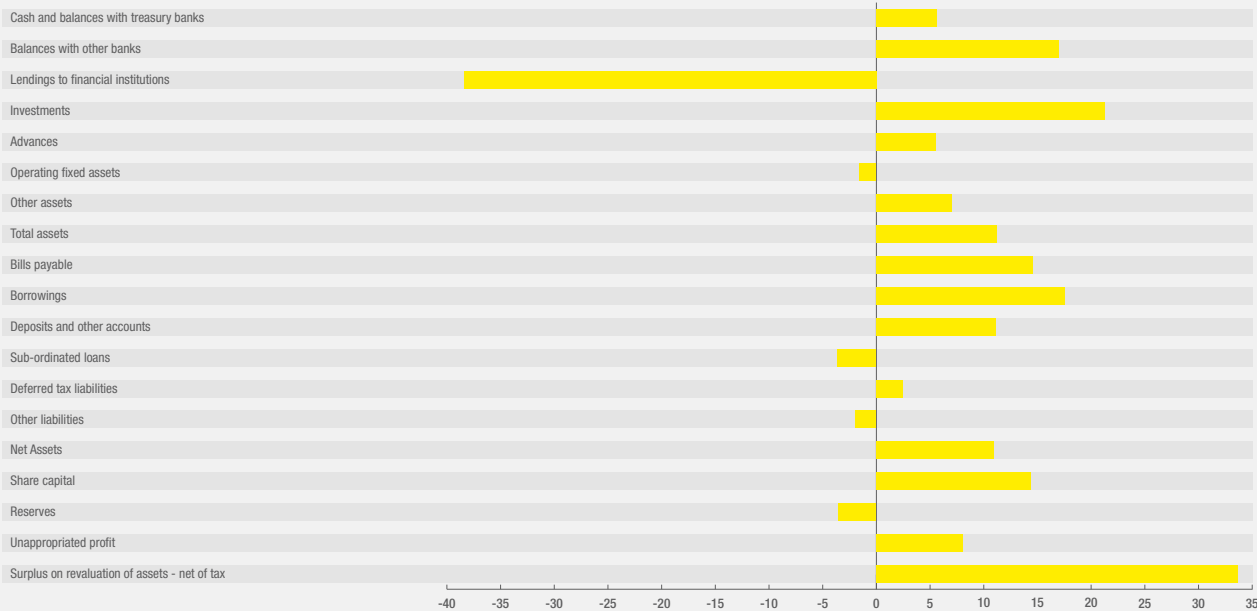
VERTICAL ANALYSIS

	2015	2014	2013	2012	2011	2010	2015	2014	2013	2012	2011	2010
	Rupees in '000						Composition					
BALANCE SHEET												
Cash and balances with treasury banks	29,685	19,130	26,105	24,435	26,168	22,565	6%	4%	7%	7%	8%	7%
Balances with other banks	8,296	7,068	9,058	8,864	6,235	3,785	2%	2%	2%	3%	2%	1%
Lendings to financial institutions	813	3,428	2,503	6,319	1,592	9,172	0%	1%	1%	2%	0%	3%
Investments	268,021	217,214	165,863	145,378	133,757	102,260	50%	49%	42%	41%	39%	32%
Advances	199,931	170,677	163,557	143,727	150,711	152,784	37%	38%	41%	41%	44%	49%
Operating fixed assets	9,230	8,299	8,567	8,841	9,349	9,988	2%	2%	2%	3%	3%	3%
Assets held for sale	-	54	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	-	875	2,977	-	-	-	0%	0%	1%	0%	0%	0%
Other assets	19,891	20,337	16,197	15,491	15,945	14,190	4%	5%	4%	4%	5%	5%
	535,867	447,029	394,827	353,056	343,756	314,745	100%	100%	100%	100%	100%	100%
Liabilities												
Bills payable	6,095	6,855	5,688	3,700	2,756	3,090	1%	2%	2%	1%	1%	1%
Borrowings	57,323	13,742	24,546	8,373	17,273	25,555	11%	3%	7%	3%	5%	9%
Deposits and other accounts	433,172	387,587	335,241	306,937	291,503	255,937	85%	92%	89%	92%	89%	86%
Sub-ordinated loans	4,997	7,993	3,994	6,987	6,990	5,993	1%	2%	1%	2%	2%	2%
Liabilities against assets subject to finance lease	-	-	-	-	-	-	0%	0%	0%	0%	0%	0%
Deferred tax liabilities	96	-	-	118	83	86	0%	0%	0%	0%	0%	0%
Other liabilities	7,330	7,199	6,630	7,252	7,374	8,081	1%	2%	2%	2%	2%	3%
	509,014	423,375	376,099	333,367	325,980	298,740	100%	100%	100%	100%	100%	100%
Net Assets	26,853	23,707	18,729	19,688	17,776	16,004	5%	5%	5%	6%	5%	5%
Represented by												
Share capital	12,603	12,603	12,603	8,131	7,070	6,427	53%	53%	67%	40%	40%	32%
Reserves	6,446	4,824	5,613	8,542	8,136	7,691	27%	20%	30%	46%	48%	45%
Unappropriated profit / (loss)	2,763	1,862	1,583	1,004	1,302	702	12%	8%	-8%	7%	4%	5%
Surplus on revaluation of assets - net of tax	21,812	19,289	16,633	17,677	16,509	14,821	92%	81%	89%	93%	93%	82%
	5,041	4,418	2,096	2,011	1,267	1,184	21%	19%	11%	7%	7%	11%
	26,853	23,707	18,729	19,688	17,776	16,004	113%	100%	100%	100%	100%	100%
Mark-up / return / interest earned												
Mark-up / return / interest earned	36,592	34,604	27,961	32,402	32,766	27,329	100%	100%	100%	100%	100%	100%
Mark-up / return / interest expensed	21,690	22,711	19,363	22,974	22,700	17,937	59%	66%	69%	71%	69%	66%
Net mark-up / interest income	14,902	11,893	8,597	9,428	10,067	9,392	41%	34%	31%	29%	31%	34%
Provision / (reversal) against non-performing loans and advances - net	316	(83)	9,854	2,342	1,630	2,319	1%	0%	35%	7%	5%	8%
Impairment loss on available for sale investment	217	208	151	143	122	383	1%	1%	1%	0%	0%	1%
Provision for diminution in the value of investments	346	198	933	201	44	297	1%	1%	3%	1%	0%	1%
Provision against reverse repo -	-	-	-	35	66	0%	0%	0%	0%	0%	0%	0%
Reversal of provision against purchase under resale agreement	-	-	(35)	-	-	-	-	-	-	-	-	-
Impairment loss on immovable assets	-	-	200	-	-	-	-	-	-	-	-	-
Bad debts written off directly	-	-	-	1	-	-	0%	0%	0%	0%	0%	0%
	879	322	11,103	2,688	1,831	3,064	2%	1%	40%	8%	6%	11%
Net mark-up / interest income after provisions 14,023	11,571	(2,506)	6,741	0	8,236	6,328	38%	33%	-9%	21%	25%	23%
Non mark-up/interest income												
Fee, commission and brokerage income	1,732	1,435	1,169	1,153	1,194	1,271	5%	4%	4%	4%	4%	5%
Dividend income	303	349	509	1,036	289	210	1%	1%	2%	3%	1%	1%
Income from dealing in foreign currencies	835	1,103	559	885	772	731	2%	3%	2%	3%	2%	3%
Gain on sale of investments - net	3,246	1,804	820	682	307	213	9%	5%	3%	2%	1%	1%
Unrealised gain on revaluation of investments classified as held for trading - net	-	-	-	-	-	(0)	0%	0%	0%	0%	0%	0%
Other income	573	744	540	361	340	376	2%	2%	2%	1%	1%	1%
Total non-markup / interest income	6,690	5,435	3,598	4,117	2,903	2,800	18%	15%	13%	13%	9%	10%
	20,712	17,007	1,092	10,858	11,139	9,128	57%	49%	4%	34%	34%	33%
Non mark-up/interest expenses												
Administrative expenses	12,014	11,052	9,397	9,039	8,639	7,813	33%	32%	34%	28%	26%	29%
Other provisions / write offs	50	47	114	9	-	-	0%	0%	0%	0%	0%	0%
Other charges	217	126	23	80	87	42	1%	0%	0%	0%	0%	0%
Total non-markup / interest expenses	12,281	11,225	9,533	9,128	8,726	7,855	34%	32%	34%	28%	27%	29%
Extra ordinary / unusual items	8,432	5,781	(8,441)	1,730	2,413	1,273	23%	17%	-30%	5%	7%	5%
Profit / (loss) before taxation	8,432	5,781	(8,441)	1,730	2,413	1,273	23%	17%	-30%	5%	7%	5%
Taxation - current	(2,330)	(1,014)	(94)	(839)	(833)	(330)	-6%	-3%	0%	-3%	-3%	-1%
Taxation - prior years	(416)	-	-	-	-	-	-1%	0%	0%	0%	0%	0%
Taxation - deferred	(642)	(753)	3,054	364	48	0	-2%	-2%	11%	1%	0%	0%
	(3,388)	(1,766)	2,961	(475)	(785)	(329)	-9%	-5%	11%	-1%	-2%	-1%
Profit / (loss) after taxation	5,043	4,015	(5,480)	1,255	1,628	944	14%	12%	-20%	4%	5%	3%
Unappropriated profit / (loss) brought forward	1,862	(1,583)	886	1,302	702	834	5%	-5%	3%	4%	2%	3%
Profit / (loss) available for appropriation	6,906	2,432	(4,594)	2,557	2,330	1,777	19%	7%	-16%	8%	7%	7%

HORIZONTAL AND VERTICAL ANALYSIS

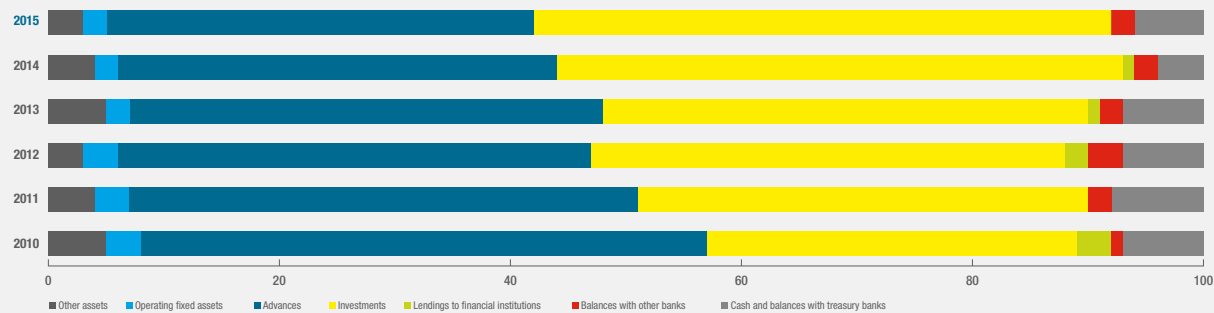
BALANCE SHEET HORIZONTAL ANALYSIS

(Cumulative average growth rate for the last six years - % age)

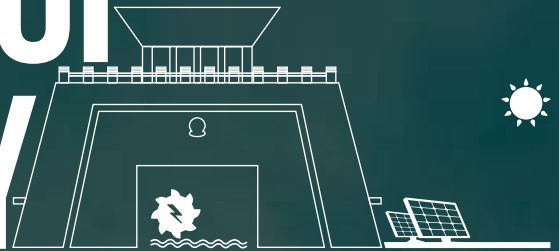


BALANCE SHEET VERTICAL ANALYSIS

(Composition for the last six years - % age)



BUILDING ON A HISTORY OF SOLIDARITY



RECREATING THE TWENTY-FIRST CENTURY SILK ROAD

Over the years, Pakistan and China have become “all weather” strategic and diplomatic partners in South Asia. Given their illustrious history, both nations have decided to expand their relationship in a much broader spectrum. In 2015, President Xi Jinping announced the launch of the China Pakistan Economic Corridor (CPEC) as the flagship project of a broader “One Belt, One Road” initiative. Under CPEC, China plans to invest in the development of Pakistan’s infrastructure, energy initiatives, industrial projects and trade, connecting the Pakistani port city of Gwadar with the city of Kashgar in China’s Xinjiang Uyghur Autonomous Region through a road network in the process.



SIX YEARS' STATISTICS

December 31	2010	2011	2012	2013	2014	2015
<i>Rupees in million</i>						
ASSETS						
Advances - net	152,784	150,711	143,727	163,557	170,496	199,931
Investments	102,260	133,757	145,378	165,863	217,214	268,021
Cash, short term funds and statutory deposits with SBP	35,522	33,995	39,619	37,666	29,626	38,794
Operating fixed assets	9,988	9,349	8,841	8,567	8,299	9,230
Other assets	14,190	15,945	15,491	19,174	21,448	19,891
Total Assets	314,744	343,757	353,056	394,827	447,083	535,867
Non-performing loans	21,599	23,646	26,518	33,120	31,376	31,484
Provisions for non-performing loans	15,652	16,669	19,128	28,614	28,169	28,482
LIABILITIES						
Deposits	255,937	291,503	306,937	335,241	387,587	433,172
Refinance borrowings	12,425	9,277	7,775	8,953	7,954	10,327
Sub-ordinated loans	5,993	6,990	6,987	3,994	7,993	4,997
Other liabilities	24,385	18,210	11,669	27,911	19,842	60,518
Total liabilities	298,740	325,980	333,368	376,099	423,376	509,014
SHAREHOLDERS' FUNDS						
Share capital	6,427	7,070	8,131	12,603	12,603	12,603
Reserves	8,393	9,439	9,546	4,030	6,686	9,209
Surplus on revaluation of assets	1,184	1,267	2,011	2,096	4,418	5,041
Total shareholders' funds	16,004	17,776	19,688	18,729	23,707	26,853
PROFITABILITY						
Interest income	27,329	32,766	32,402	27,961	34,604	36,592
Interest expenditure	17,937	22,700	22,974	19,363	22,711	21,690
Net interest income	9,392	10,066	9,428	8,597	11,893	14,902
Provisions for non-performing assets	3,064	1,831	2,688	11,103	322	879
Fee, commission and exchange income	1,271	1,194	1,153	1,169	1,435	1,732
Other income	1,529	1,709	2,964	2,429	3,882	4,957
Operating expenses	7,855	8,726	9,128	9,533	11,107	12,281
Profit / (loss) before taxation	1,273	2,413	1,730	(8,441)	5,781	8,432
Taxation	330	785	474	2,961	1,766	3,388
Profit / (loss) after taxation	943	1,628	1,255	(5,480)	4,015	5,043
Operating profit	4,338	4,244	4,418	2,663	6,103	9,311
Total income	30,129	35,669	36,520	31,559	39,921	43,282
Total expenditure	28,856	33,257	34,790	39,999	34,140	34,850
CASH FLOWS						
Operating activities	35,810	36,492	10,950	23,006	36,639	67,461
Investing activities	(37,308)	(31,436)	(10,050)	(21,621)	(47,928)	(51,625)
Financing activities	(3)	997	(4)	1,479	2,752	(5,481)
Changes in cash & cash equivalents	(1,501)	6,053	896	2,864	(8,537)	10,355
Cash & cash equivalents at beginning of the year	27,851	26,350	32,403	33,299	36,163	27,626
Cash & cash equivalents at end of the year	26,350	32,403	33,299	36,163	27,626	37,981
BUSINESS TRANSACTED						
<i>Rupees in billion</i>						
Imports	177	167	143	196	177	200
Exports	105	113	98	111	140	144
Guarantees	68	60	70	82	64	78

December 31	2010	2011	2012	2013	2014	Percentage 2015
PROFITABILITY RATIOS						
Profit / (loss) before tax	4.66	7.36	5.34	(30.19)	16.71	23.04
Gross Yield on Earning Assets	11.42	11.55	10.74	8.67	9.25	7.90
Return on average assets (RoA)	0.33	0.49	0.36	-1.47	0.95	1.03
Gross Spread	34.37	30.72	29.10	30.75	34.37	40.72
Cost to income (CIR)	64.08	66.61	66.65	77.05	63.78	55.64
Return on average shareholders' funds (RoE)	6.09	9.64	6.70	-28.53	18.92	19.95
Return on Capital employed	4.39	6.96	5.18	-23.62	14.76	15.87
LIQUIDITY RATIOS						
Advance to deposits (CDR)	59.70	51.70	46.83	48.79	43.99	46.16
Current	0.97	1.84	1.99	1.91	1.77	1.62
Cash to Current Liabilities	0.13	0.24	0.26	0.23	0.20	0.19
INVESTMENT/ MARKET RATIOS						
Price Earning (PE)	11.95	4.36	11.18	-2.37	7.23	5.44
Price to Book - times	0.04	0.02	0.04	0.04	0.07	0.05
Dividend yield	-	-	-	-	8.67	10.35
Dividend payout - times	-	-	-	-	2.72	2.59
Cash dividends *	-	-	-	-	20.00	22.50
Stock dividend *	10.00	15.00	-	-	-	-
Earnings / (loss) per share (EPS) - Rupees	1.48	2.30	1.54	(5.90)	3.19	4.00
Market value per share - year end - Rupees	17.69	10.03	17.22	14.00	23.07	21.74
Market value per share - high - Rupees	31.14	19.25	17.75	19.69	23.14	25.54
Market value per share - low - Rupees	12.70	8.50	9.89	10.76	13.37	16.26
CAPITAL STRUCTURE RATIOS						
Income / Expense	1.04	1.07	1.05	0.79	1.17	1.24
Capital Adequacy (CAR)	10.30	11.35	11.81	10.39	13.03	12.51
Earning assets to total assets	85.15	85.03	86.19	86.36	89.07	88.99
Weighted average cost of deposits	6.51	6.87	6.77	5.62	5.90	4.64
Net assets per share - Rupees	24.90	25.14	24.21	14.86	18.81	21.31
Operating fixed assets to average shareholders' funds	64.54	55.35	47.20	44.60	39.12	36.51
OTHER INFORMATION						
						Numbers
Number of employees (Regular)	4,473	4,470	4,272	4,411	5,581	6,133
Number of branches	235	245	261	281	321	424

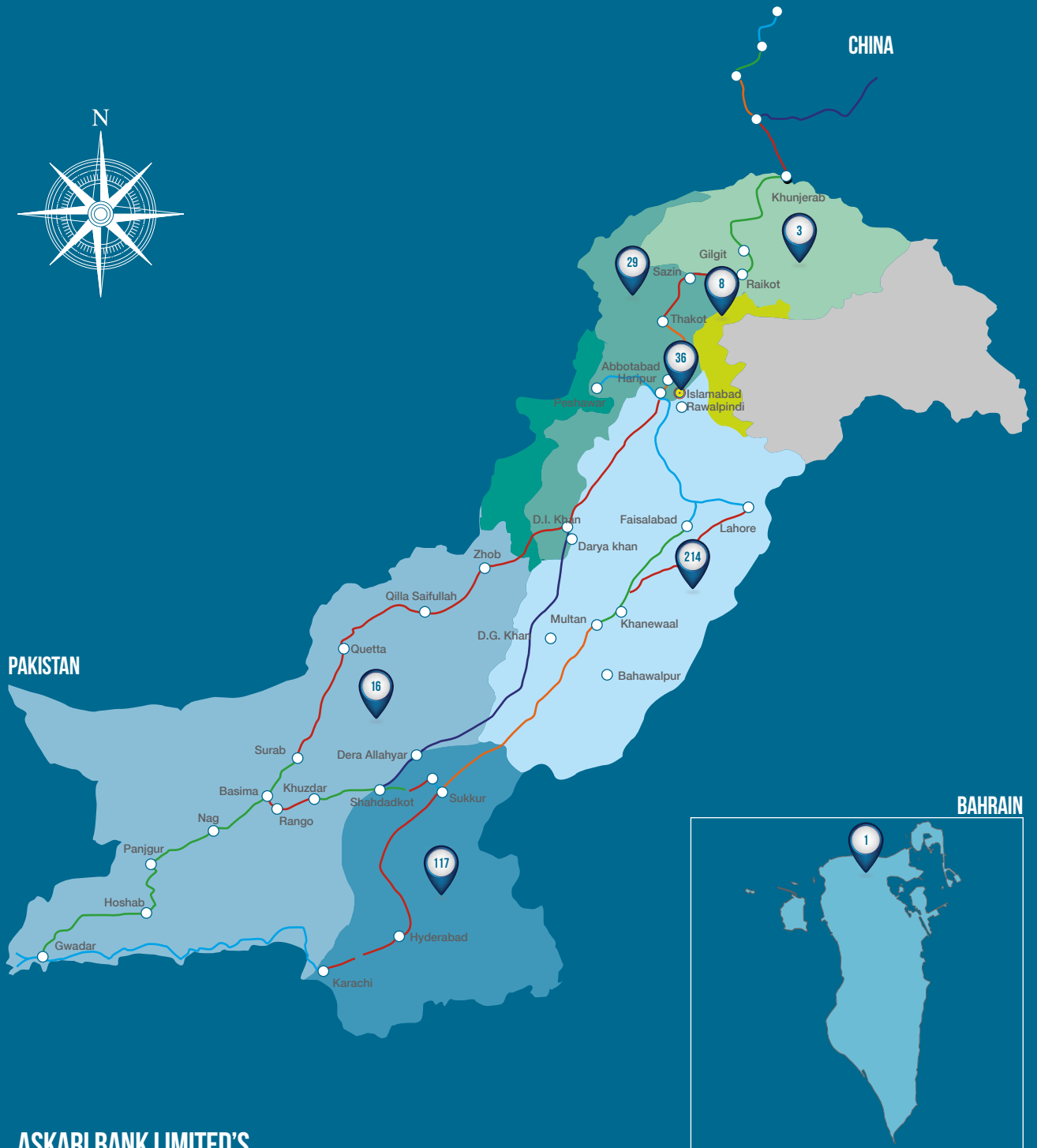
* also includes post balance sheet declaration

OUR PRESENCE

Our presence across Pakistan – a network of 423 branches/sub-branches, and a wholesale bank branch in Bahrain.

District wise list of our branches is given below:

ISLAMABAD CAPITAL TERRITORY	36	SINDH	117	KHYBER PAKHTUNKHWA	29	BALUCHISTAN	16
Islamabad	36	Karachi	91	Peshawar	8	Quetta	13
		Hyderabad	6	Abbottabad	4	Gwadar	1
		Ghotki	3	Haripur	2	Jaffarabad	1
		Sukkur	3	Mansehra	3	Qila Abdullah	1
PUNJAB	214	Khairpur	2	Mardan	2		
Lahore	58	Badin	1	Nowshera	2	GILGIT BALTISTAN	3
Rawalpindi	51	Jacobabad	1	Kohat	1	Gilgit	1
Faisalabad	11	Jamshoro	1	Bannu	1	Skardu	1
Gujrat	9	Kashmore	1	Charsadda	1	Diامر	1
Sialkot	9	Larkana	1	D.I.Khan	1		
Gujranwala	7	Mirpurkhas	1	Kohistan	1	AZAD KASHMIR	8
Attock	6	Nawabshah	1	Malakand	1	Mirpur	5
Bahawalpur	6	Shikarpur	1	Swabi	1	Bagh	1
Multan	6	Tando Adam	1	Swat	1	Kotli	1
Chakwal	4	Tando Allah Yar	1			Muzaffarabad	1
Okara	4	Tando Mohammad Khan	1				
R.Y. Khan	4	Thatta	1			BAHRAIN	1
Mianwali	3					Manama	1
Toba Tek Singh	3						
Vehari	3					Total branches /	
Bahawalnagar	2					sub-branches	424
Hafizabad	2						
Jhang	2						
Kasur	2						
Khanewal	2						
Pak Pattan	2						
Sahiwal	2						
Sargodha	4						
Sheikhupura	2						
Bhakkar	1						
Chiniot	1						
Dera Ghazi Khan	2						
Jhelum	1						
Khushab	1						
Layyah	1						
Mandi Bahaudin	1						
Muzafar Garh	1						
Nankana Sahib	1						



ASKARI BANK LIMITED'S PRESENCE

Islamabad Capital Territory	
Punjab	
Sindh	
Khyber Pakhtunkhwa	
Balochistan	
Gilgit Baltistan	
Azad Kashmir	
Bahrain	

CHINA-PAK ECONOMIC CORRIDOR (CPEC)

Existing Highway	
Continuous Construction Project	
Priority Project	
Short Term Project	
Mid- and Long-term Project	

* CPEC Route Source: Planning Commission of Pakistan (<http://www.pc.gov.pk>)

CONVENTIONAL BRANCHES

345

ISLAMIC BRANCHES

78

ATM - ONSITE/OFFSITE

467

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors present the 24th Annual Report of Askari Bank Limited along with the audited financial statements and Auditors' reports thereon, for the year ended December 31, 2015.

THE ECONOMY

Pakistan's economy showed resilience during fiscal 2015 and performed better than last year as reflected by GDP growth of 4.2 percent. Fiscal 2015 witnessed greater economic stability on the back of a unified strategy to resolve the menace of terrorism. The implementation of this strategy is yielding improvements in the overall security situation paving the way for revival of investors' confidence.

The key macroeconomic indicators including foreign exchange reserves, foreign remittances, reduction in fiscal deficit, inflation and current account position reflected marked improvement. Consequent upon a sharp reduction in global commodity prices, core inflation of the country declined sharply during fiscal 2015, reflecting adequate food supplies and the transmission into domestic prices of lower international prices for oil and other commodities. The current account deficit narrowed in current fiscal on the back of low oil prices favourably impacting import, larger inflows under the Coalition Support Fund, and robust workers' remittances. As a result, the foreign exchange reserves of the country reached an all-time high.

The monetary policy stance changed to monetary easing as ceiling rate of the interest rate corridor reduced by a cumulative 300 bps to 7.0 percent by end 2015, which now stands at a multi-decade low of 6.5 percent. Though the credit to private sector did not show reciprocity

to the declining rates during fiscal 2015 depicting structural constraints i.e., power shortages and weak external demand as the prime impediments for credit growth. However, the first half of fiscal 2016 shows some respite as credit to private sector has started to show improvement and it appears that credit cycle has entered in uptake phase, and with improvement in large-scale manufacturing, borrowing for working capital and fixed investment is likely to increase. Also, lending opportunities exist in relatively under-served segments; SME, agriculture, and consumer.

Future economic environment is expected to remain conducive for the country as the outlook for international oil and commodity prices remains subdued. The headline inflation is expected to remain below the target and this trend will continue to generate positive impacts for trade balance. Prospects for large-scale manufacturing will remain subject to progress on power supply.

The historic China-Pakistan-Economic-Corridor (CPEC) linking the city of Kashgar in China to the Pakistani port of Gwadar will significantly boost private investment and economic growth in the coming years.

REVIEW OF ASKARI BANK'S PERFORMANCE

Askari Bank's profit before taxation increased by a healthy 45.8 percent to Rs.8,432 million for full year 2015. Profit after taxation amounted to Rs.5,043 million,

registering an increase of 25.6 percent over last year's Rs.4,015 million due to additional tax charge for prior year as a result of enactment of super tax and uniform tax on all income. The current period's tax charge has also increased as a result of applicability of uniform tax rate. The Bank has reported earnings of Rs.4.00 per share as against Rs. 3.19 per share for 2014.

This strong performance was primarily driven by a 24.6 percent in aggregate revenues, Net mark-up revenues increased by 25 percent; contributed by a 16.8 percent increase in average balance sheet, active shedding of costly deposits and greater focus on growth of current accounts; which increased by 19 percent during the year under review. Resultantly, the aggregate cost of funds declined by 4.5 percent while the shift of investment portfolio from short term Treasury Bills to long term PIBs was the main reason for a 5.7 percent increase in the overall yields from earning assets.

Aggregate non mark-up revenues increased by 23.1 percent to Rs.6,689 million contributed by a 20.7 percent increase in fees, commissions and investment banking revenues, supported by strong performance of our treasury in successfully leveraging on money market opportunities as reflected by a significant rise in gains from fixed income bonds.

During 2015, Askari Bank continued investing in people, technology, infrastructure and geographical expansion

in line with the philosophy of improved customer service while contributing towards country's financial inclusion agenda.

Consequently, the administrative expenses increased by 8.7 percent over the previous year. However, the cost to income ratio declined from 63.8 percent in 2014 to 55.6 percent for 2015 mainly due to strong revenue growth.

The deposit base of the Bank grew to Rs.433 billion at December 31, 2015 from Rs.388 billion at the close of previous year, registering an increase of 12 percent. Deposit mix showed an impressive improvement as non-remunerative current accounts registered a notable 19.1 percent growth during the year. The growth in current accounts along with a 12 percent increase in PLS saving deposits, augmented well in rationalizing overall costs of deposits as the Bank pursued a targeted reduction in high cost deposits.

Advances registered a growth of 15 percent during the year to close at Rs.228 billion. Bank's lending strategy remained focussed on building quality assets. Non-performing loans (NPLs) remained stable at Rs.31,484 million, while the provision coverage ratio against non-performing loans improved to 90.5 percent at December 31, 2015 as against 89.8 percent at the close of year 2014.

APPROPRIATIONS

The Board of Directors recommends the following appropriations for the year ended December 31, 2015:

(RS. IN '000)	2015	2014
Appropriations:		
Profit after taxation	5,043,418	4,014,932
Effect of recognition of actuarial loss	(11,161)	(89,464)
Profit available for appropriation	5,032,257	3,925,468
Transfer to statutory reserve	(1,008,684)	(802,986)
Interim cash dividend	(1,260,259)	(1,260,259)
Final cash dividend	-	(1,260,259)
Transfer to general reserve	-	(601,964)
Accumulated profit carried forward	2,763,314	-
Earnings per share - Rupees	4.00	3.19

DIVIDEND

In addition to the above, the Board has recommended a final cash dividend of 12.5 percent for the year ended December 31, 2015.

CAPITAL ADEQUACY RATIO

Bank's capital adequacy ratio under Basel-III stood at 12.51 percent at December 31, 2015 compared to the regulatory threshold of 10.25 percent. The ratio declined from 13.03 percent at the close of 2014 as the Bank reduced reliance on Tier-II capital while the risk assets grew at a pace faster than the growth of Tier-I capital. However, the ratio of Tier-I capital to risk weighted assets registered improvement from 8.69 percent to 8.90 percent as a result of internal capital generation.

ENTITY AND TFC RATINGS

JCR-VIS Credit Rating Company Limited has maintained long-term rating of the Bank at 'AA' that reflected a very low expectation of credit risk and not being significantly vulnerable to foreseeable events. The short-term rating is at the highest level of 'A1+'.

The ratings takes into account implicit support available to the Bank from its principal shareholder, the Fauji Group, which is one of the largest business conglomerates in Pakistan with a well-diversified and strong presence in various sectors of the economy.

DIRECTORS' REPORT TO THE SHAREHOLDERS

BRANCH NETWORK

During the year 2015, the Bank opened 103 new branches, which is the highest number of new branches for Askari Bank in a year. The branch network has reached 424 including 78 Islamic branches and a Wholesale Bank branch in Bahrain. It is part of the Bank's strategy to increase its presence throughout the country aiming at enhanced customer access and convenience, backed by improved service quality and most importantly contributing towards the financial inclusion in the country.

REPRESENTATIVE OFFICE IN BEIJING, CHINA

Your Bank has been granted a license to establish a representative office in Beijing, China, in February 2016. This strategic move is impeccably timed as the two neighboring countries have signed-up for the historic China-Pakistan-Economic-Corridor (CPEC). The Bank is extensively focusing on building a strategy and has also set-up a dedicated China-Desk to facilitate the existing and future trade flows that will arise out of CPEC.

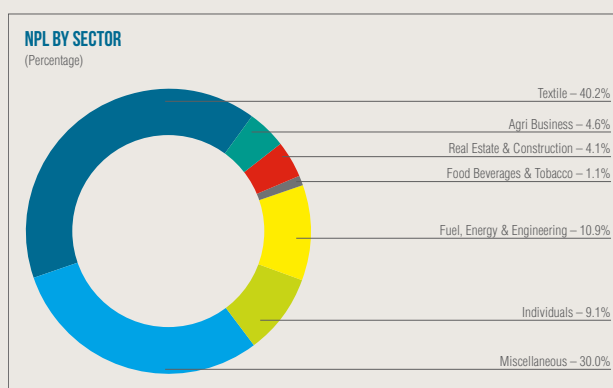
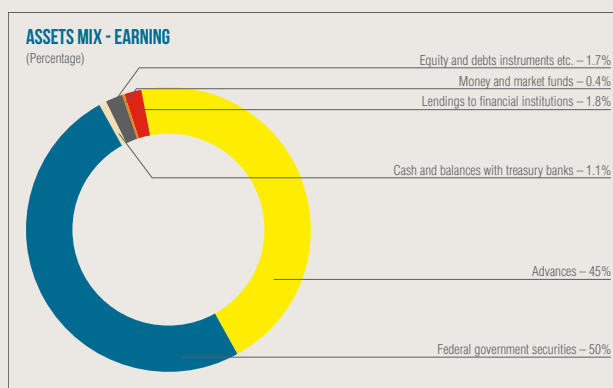
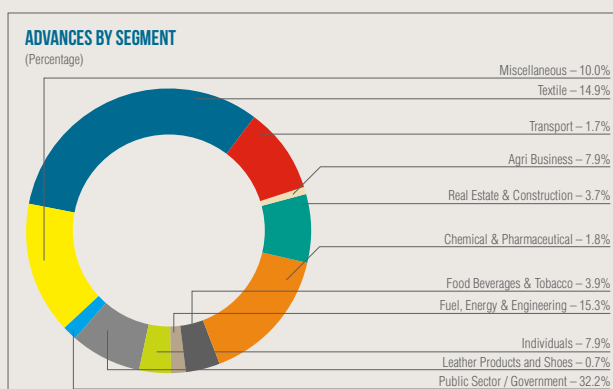
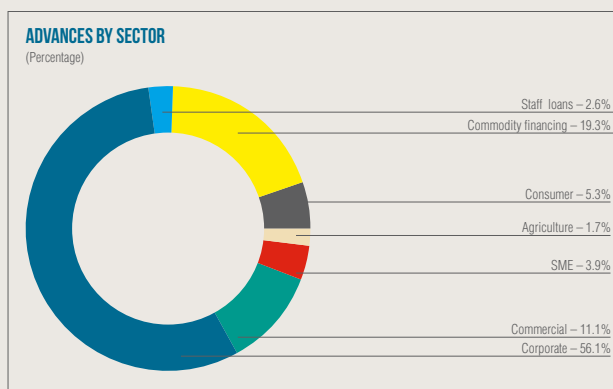
The Bank recognizes this CPEC as a momentous initiative in enhancing the bilateral trade between China and Pakistan and it will be the catalyst in boosting Pakistan's economic growth in years to come.

RISK MANAGEMENT

Risk management is fundamental to banking and is, therefore embedded in everyday management of our business. Achieving the optimal trade-off between risk and return is the ultimate goal of our risk management strategies. Thus a sound risk management framework has been developed encompassing all areas of banking activities.

Bank's risk management framework comprises of a risk management committee of the board at the supervisory level, which oversees the risk policies and risk appetite. A risk management function within the Bank ensures the implementation of these policies through application of risk management methodologies and risk measurement tools. The function also ensures that the risks are managed within the pre-defined and tolerable levels through effective monitoring of the three main areas of risks namely, credit risk, market risk and operational risk, across the Bank. Our risk management framework remains compliant with the relevant directives and regulations and international best practices, particularly those relating to implementation of Basel accords.

For the purpose of managing financial system risks and emphasis on high quality core capital, Basel-III has affected additional deductions and requirements in the shape of capital conservation buffer that will



ultimately raise the CAR threshold to 12.5 percent in the year 2019 and introduction of a third capital standard in the shape of leverage ratio. During the transition period, the Bank is taking necessary steps to remain fully compliant with Basel-III. These cover areas including capital generation, investment strategies and capacity build-up / process automation to adapt under the new regime. The entire Basel-III compliance plan has been aided with capital adequacy projections, risk appetite framework and impact assessment tools.

CORPORATE SOCIAL RESPONSIBILITY

Caring and nurturing the communities where we live and operate is Bank's *raison d'être*. As a responsible corporate body, the Bank considers it obligatory to invest in projects designed for the uplift of the communities and societies where it operates. In this direction, our key areas of focus include, rehabilitation works, education, health care, and sports. During the year, the Bank contributed for the relief and rehabilitation of the internally displaced persons. Also, contributions were made for the construction and provision of facilities in educational institutions, particularly in less developed areas of the country. The Bank's support for sponsoring events in the areas of health and sports remained available throughout the year 2015, on a consistent basis.

SUBSIDIARY COMPANIES

The Bank's wholly owned subsidiary, Askari Investment Management Limited (AIML) manages mutual funds and is also engaged in advisory services for institutional clients. Askari Bank also holds controlling interest of 74 percent in Askari Securities Limited (ASL) which offers share brokerage, investment advisory and consultancy services. Consolidated financial statements of the Bank, AIML and ASL for the year ended December 31, 2015 are included in this annual report.

HUMAN RESOURCE

Employee care and growth are the key elements of our human resource management system. Our aim is to make Askari Bank an employer of first choice. Therefore we encourage an open and caring culture where employees are respected for their knowledge, capability and commitment to building relationships beyond transactions, as we believe that the effective role of employees in all areas of banking is a key to the Bank's success. Therefore, we focus on developing an individual who is inspired, motivated and professional and has the depth and capacity to impact not only on value creation for the Bank but also for the industry, and the nation at large.

Our training and development programs are carefully carved for knowledge sharing and capacity building with a view to enable employees to shoulder higher level of responsibilities. An effective employee grievance handling mechanism is in place for aggrieved employees. The compensation and reward schemes of the Bank commensurate to responsibility levels and market norms. The Bank gives special attention to less earning employees and certain initiatives solely benefiting them were implemented during 2015.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of the Bank present fairly its state of affairs, the results of its operations, and changes in equity and cash flows.
- Proper books of accounts of the Bank have been maintained.
- Accounting policies have been consistently applied in preparation of these financial statements except as stated in the notes to the financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Accounting, Islamic and Shariah Standards, as applicable to banking companies in Pakistan, have been followed in preparation of these financial statements.
- The system of internal control, which is in place, is being continuously reviewed by the internal audit department as are other such procedures. Such review processes will continue with a view to removing any weakness and mitigating risk.
- The Board of Directors is satisfied with the Bank's ability to continue as a going concern.
- There has been no material deviation from the best practices of corporate governance as detailed in the Listing Regulation No. 35 of the Karachi Stock Exchange Limited.
- Key operating data and financial data for the last six years, in a summarized form, is included in this report.
- 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 annexed financial statements.
- The following is the fair value of investments as at December 31, 2015:
 - Provident Fund Rs.3,298 million, based on un-audited financial statements (December 31, 2014: Rs. 2,752 million)
 - Gratuity Fund Rs.1,558 million, based on un-audited financial statements (December 31, 2014: Rs. 1,375 million)
- During 2015, six meetings of the Board of Directors were held. Attendance by each Director was as follows:

DIRECTORS' REPORT TO THE SHAREHOLDERS

Lt. Gen. Khalid Nawaz Khan, HI (M) (Retd) (Chairman) (Appointed on January 15, 2015)	6
Lt. Gen. Naeem Khalid Lodhi, HI (M) (Retd) (Resigned on March 25, 2015)	1
Lt. Gen. Muhammad Haroon Aslam HI (M), S Bt (Retd)	5
Lt. Gen. Shafqaat Ahmed, HI (M) (Retd) (Appointed on March 26, 2015)	4
Mr. Qaiser Javed	6
Dr. Nadeem Inayat	6
Mr. Tariq Hafeez Malik	6
Mr. Zaffar Ahmad Khan	5
Mr. Manzoor Ahmed	5
Mr. Asif Reza Sana	6
Mr. Muhammad Ghous	6
Syed M. Husaini (President & Chief Executive)	6

PATTERN OF SHAREHOLDING

The pattern of shareholding at the close of December 31, 2015 is included in this report.

TRADING IN SHARES OF THE BANK:

No trades in the shares of the Bank were carried out by the CEO, CFO, Company Secretary their spouses and minor children during the year 2015.

STATEMENT ON INTERNAL CONTROLS

The management of the Bank assumes responsibility of establishing and maintaining effective internal controls throughout the Bank and has made a statement on internal control in this annual report. The management's statement on internal control has been endorsed by the Board of Directors.

AUDITORS

The present auditors, M/s A. F. Ferguson & Co., Chartered Accountants have completed their assignment for the year ended December 31, 2015 and shall retire at the conclusion of the 24th Annual General Meeting. Being eligible, they have offered themselves for reappointment. As advised by the Board's Audit & Compliance Committee, the Board recommends appointment of M/s A. F. Ferguson & Co., Chartered Accountants, as auditors for the year 2016.

EVENTS AFTER THE BALANCE SHEET DATE

There have not been any material events that occurred subsequent to the date of the Statement of Financial Position that require adjustments to the attached financial statements.

THE NEXT ERA OF DEVELOPMENT

JOINING HANDS FOR A PROSPEROUS FUTURE

With plans for the game-changing CPEC now set in motion, a whole new realm of opportunities has opened up for both China and Pakistan. The Corridor will serve as a cultural bridge between both countries, while boosting trade, economic growth and advancement side by side.



BOARD COMMITTEE		DATES OF MEETINGS																									
		BACC								BRMC				BHR & RC				BITC									
COMMITTEE MEMBERS	ATTENDANCE / TOTAL MEETINGS	06-FEB-15	12-FEB-15	17-MAR-15	21-APR-15	22-MAY-15	24-AUG-15	15-OCT-15	30-OCT-15	12-DEC-15	30-MAR-15	21-MAY-15	24-AUG-15	12-DEC-15	12-FEB-15	28-APR-15	02-JUL-15	10-SEP-15	27-NOV-15	05-JAN-15	14-JAN-15	11-FEB-15	24-MAR-15	23-JUN-15	18-AUG-15	06-OCT-15	11-DEC-15
		1	2	3	4	5	6	7	8	9	1	2	3	4	1	2	3	4	5	1	2	3	4	5	6	7	8
Mr. Asif Reza Sana	9/9	✓	✓	✓	✓	✓	✓	✓	✓																		
Mr. Qaiser Javed	7/9	✓	✓	✓	x	✓	✓	✓	x																		
Dr. Nadeem Inayat	8/9	✓	✓	✓	✓	✓	✓	x	✓																		
Mr. Manzoor Ahmed	9/9	✓	✓	✓	✓	✓	✓	✓	✓																		
Mr. Tariq Hafeez Malik	9/9	✓	✓	✓	✓	✓	✓	✓	✓																		
Dr. Nadeem Inayat	4/4									✓	✓	✓	✓														
Mr. Qaiser Javed	2/4									x	✓	✓	x														
Mr. Asif Reza Sana	4/4									✓	✓	✓	✓														
Syed M. Husaini	3/4									✓	x	✓	✓														
Lt. Gen. Naeem Khalid Lodhi, HI (M) (Retd) (Resigned on 25-MAR-15)	1/5													✓													
Lt. Gen. Muhammad Haroon Aslam HI (M), S Bt (Retd)	4/5													x	✓	✓	✓	✓									
Mr. Qaiser Javed	3/5													x	✓	✓	✓	x									
Mr. Zaffar Ahmad Khan	4/5													x	✓	✓	✓	✓									
Syed M. Husaini	4/5									✓	x	✓	✓														
Mr. Tariq Hafeez Malik	8/8																		✓	✓	✓	✓	✓	✓	✓	✓	✓
Lt. Gen. Naeem Khalid Lodhi, HI (M) (Retd) (Resigned on 25-MAR-15)	2/8																		x	x	✓	✓					
Lt. Gen. Shafqaat Ahmed, HI (M) (Retd) (Appointed on 26-MAR-15)	1/8																						x	x	✓	x	
Syed M. Husaini	7/8																		✓	✓	✓	✓	✓	✓	✓	✓	x

BACC: Board Audit and Compliance Committee, **BRMC:** Board Risk Management Committee,
BHR & RC: Board Human Resource & Remuneration Committee, **BITC:** Board Information Technology Committee

Attended ✓
 Leave of absence X

LOOKING FORWARD

The overall macroeconomic outlook seems positive as the trends of key economic indicators; commodity prices, external account, inflation are expected to stay favourable. Upcoming realization of CPEC and other government backed mega projects, particularly energy related, will help in credit off-take and improvement in large scale manufacturing. The advances growth is imperative for the long term sustainable profitability, however, till such time banks interest in risk free fixed income bonds will continue as it offers an attractive proposition in an environment of declining banking spreads.

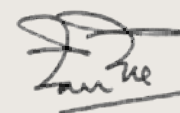
The Bank will continue to focus on improving the top-line income by cautiously growing the loan book, managing yields on investment portfolios and further control on cost of deposits by generating current account and targeted reduction in expensive deposits. Also, efforts to recover

from classified assets will continue with greater vigour to minimise provision charge against non-performing loans. Our efforts to leverage on technology with product innovations and service excellence will continue, backed by network expansion; in furtherance of our aim to make Askari Bank as the best bank of Pakistan.

APPRECIATION

On behalf of the Board, I express my sincere appreciation to the State Bank of Pakistan and other regulatory bodies for the guidance and support extended to Askari Bank during the year. I am also thankful to our investors for the trust that they have placed in the Bank. The excellent results for 2015 would not have been possible without the loyalty of our customers who have continued to build stronger relationships and patronize our products and service offerings. On behalf of the Bank, I express my appreciation for all

our customers and most importantly I would like to acknowledge our employees whose painstaking commitment, hard work and dedication has enabled successful delivery of our promise to all our stakeholders.



Lt Gen Khalid Nawaz Khan
 HI (M) (Retd), Sitara-i-Esar
 Chairman, Board of Directors
 Askari Bank Limited

February 15, 2016
 Rawalpindi

UNCONSOLIDATED FINANCIAL STATEMENTS OF

ASKARI BANK LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015

STATEMENT OF INTERNAL CONTROLS

The Management of Askari Bank Limited (the Bank) assumes full responsibility for establishing and maintaining effective system of internal controls throughout the Bank to ensure reliable, accurate and fair financial reporting, effectiveness of operations and compliance with applicable laws and regulations. Management understands that the effective maintenance of the internal controls system is an ongoing process under the ownership of the management. All significant policies and procedural manuals are in place; and the review, revision, and improvement to keep them updated to cope with latest challenges is actively pursued by the management.


Architecture of the Bank's internal control system involves different levels of monitoring activities i.e. line management, Compliance & Data Division (CDD) and Audit & Inspection Division (AID). The Bank's AID is independent from line management and reviews the adequacy and implementation of control activities across the Bank as well as implementation of and compliance with all the prescribed policies and procedures.

All significant and material findings pointed out by the internal, external auditors and regulators are addressed on priority basis by CDD. The function also actively monitors implementation of the corrective / remedial measure to ensure that identified risks are mitigated to safeguarding the interest of the Bank.

In compliance with the SBP's directives, the Bank had completed the implementation of Road map regarding Internal Controls over Financial Reporting (ICFR) on September 30, 2012. This included detailed documentation of the existing processes, comprehensive evaluation of controls both at entity as well as activity level, development of detailed remedial action plans for the gaps identified as a result of such evaluation and devising comprehensive testing plans of the controls of all processes. The documentation including the testing results has been reviewed by the external auditors and a Long Form Report (LFR) for the year ended December 31, 2014 was submitted to State Bank of Pakistan (SBP) on April 28, 2015 in compliance with the regulatory requirement. Based on the LFR, SBP has granted exemption to the Bank from the requirement of submission of LFR by the external auditors and advised to submit annual assessment report as envisaged in Para 2.3 of the OSED, SBP circular No. 01 dated February 07, 2014 due by March 31, 2016.

During the year under review, we have endeavored to follow the guidelines issued by SBP on internal controls for evaluation and management of significant risks and we will continue to endeavor for further improvements in Internal Controls System.

While an internal controls system is effectively implemented and monitored; however, due to inherent limitations, internal controls system is designed to manage rather than eliminate the risk of failure to achieve the desired objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.



Saleem Anwar
Chief Financial Officer



Syed M. Husaini
President & Chief Executive

February 15, 2016

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 Regulation G-1 of the Prudential Regulations for Corporate / Commercial Banking issued by the State Bank of Pakistan and Code of Corporate Governance (the CCG) contained in Rule No. 5.19 of Rule Book of Pakistan Stock Exchange Limited, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Askari Bank Limited (the Bank) has applied the principles contained in the CCG 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:

CATEGORY	NAME
NON-EXECUTIVE DIRECTORS	Lt Gen Khalid Nawaz Khan, HI (M) (Retd) - Chairman
	Lt Gen Muhammad Haroon Aslam, HI (M), S Bt (Retd)
	Lt Gen Shafqaat Ahmed, HI (M), S Bt (Retd)
	Mr. Qaiser Javed
	Dr. Nadeem Inayat
INDEPENDENT DIRECTORS	Mr. Manzoor Ahmed - Nominee NIT
	Mr. Asif Reza Sana
	Mr. Zaffar Ahmad Khan
	Mr. Tariq Hafeez Malik
EXECUTIVE DIRECTORS	Mr. Muhammad Ghous
	Syed M. Husaini, President & CE

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

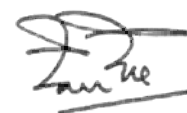
2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including Askari Bank Limited.
3. All the resident directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year, 2 casual vacancies occurred on the Board which were filled up by the Board within stipulated time.
5. The Bank has prepared a statement of "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 strategy and has approved 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 appointment and determination of remuneration and terms and conditions of employment of the President & Chief Executive, and non-executive directors, have been taken by the Board / shareholders.
8. The meetings of the Board were presided over by the Chairman and the Board 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.
9. The directors of the Bank are well conversant with their duties and responsibilities. Five directors attended training program during the year.
10. The Board has not approved any new appointment of Chief Financial Officer (CFO), Company Secretary or Head of Internal Audit.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

STATEMENT OF COMPLIANCE

WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2015

12. The financial statements of the Bank were duly endorsed by the President & Chief Executive and the Chief Financial Officer before approval of the Board.
13. The directors, President & Chief Executive 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 CCG.
15. The Board has formed a Board Audit & Compliance Committee (BACC). It comprises 5 members, of whom 3 members are non-executive directors and 2 members are independent directors, including the Chairman of the Committee.
16. The meetings of the Board Audit & Compliance Committee (BACC) were held at least once every quarter prior to approval of interim and final results of the Bank as required by the CCG. The Terms of Reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Board Human Resource & Remuneration Committee (BHR&RC). It comprises 4 members, of whom 1 member is executive director, 1 member is independent director and 2 members are non-executive directors, including the Chairman of the Committee.
18. The Board has set-up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Bank.
19. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), 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 ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Rule Book 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 shares, was determined and intimated to directors, employees and stock exchanges.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board



Lt Gen Khalid Nawaz Khan
HI(M), Sitara-i-Esar (Retd)
Chairman

Rawalpindi
February 15, 2016



A.F. FERGUSON & CO.

REVIEW REPORT TO THE MEMBERS

ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Directors' Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Askari Bank Limited, (the Bank) for the year ended December 31, 2015 to comply with the requirements of Regulation G-1 of the Prudential Regulations for Corporate / Commercial Banking issued by the State Bank of Pakistan and Rule No. 5.19 of the Rule Book issued by Pakistan Stock Exchange, where the Bank is listed.

The responsibility for compliance with the Code is that of the Board of Directors (the Board) of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement 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 a 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's 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 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 alternative 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 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 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.

Chartered Accountants
Islamabad
Engagement partner: S. Haider Abbas
Date: February 15, 2016

A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan
Tel: +92 (51) 2273457-60 / 2604934-37; Fax: +92 (51) 2277924; <www.pwc.com/pk>

Karachi: State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan; Tel: +92 (21) 32426682-5/32426711-5; Fax: +92 (21) 32415007
Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O. Box 39, Lahore-54660, Pakistan; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Kabul: Apartment No 3, 3rd Floor, Doost Tower, Haji Yaqub Square, Kabul, Afghanistan; Tel +93 (779) 315320



AUDITORS' REPORT TO THE MEMBERS

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

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

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

- a) in our opinion, proper books of 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 unconsolidated statement of financial position and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962) and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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**A.F. FERGUSON & CO.**

- ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;
- c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962) and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at December 31, 2015 and its true balance of the 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.

The unconsolidated financial statements of the Bank for the year ended December 31, 2014 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated February 13, 2015.

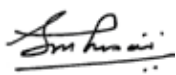
A handwritten signature in black ink, appearing to read 'S. Haider Abbas', written in a cursive style.

Chartered Accountants
Islamabad
Engagement partner: S. Haider Abbas
Date: February 15, 2016

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2015

Rupees in '000	Note	2015	2014
Assets			
Cash and balances with treasury banks	6	29,685,228	19,130,113
Balances with other banks	7	8,295,724	7,068,111
Lendings to financial institutions	8	812,898	3,427,753
Investments	9	268,020,706	217,214,247
Advances	10	199,930,812	170,677,294
Operating fixed assets	11	9,230,010	8,299,488
Assets held for sale		–	53,703
Deferred tax assets	12	–	875,335
Other assets	13	19,891,336	20,336,501
		535,866,714	447,082,545
Liabilities			
Bills payable	14	6,094,885	6,855,020
Borrowings	15	57,323,250	13,742,030
Deposits and other accounts	16	433,172,205	387,586,620
Sub-ordinated loans	17	4,996,800	7,992,800
Liabilities against assets subject to finance lease		–	–
Deferred tax liabilities	12	96,404	–
Other liabilities	18	7,330,227	7,199,014
		509,013,771	423,375,484
Net assets		26,852,943	23,707,061
Represented by			
Share capital	19	12,602,602	12,602,602
Reserves		6,445,888	4,823,738
Unappropriated profit		2,763,314	1,862,223
		21,811,804	19,288,563
Surplus on revaluation of assets - net of tax	20	5,041,139	4,418,498
		26,852,943	23,707,061
Contingencies and commitments	21		

The annexed notes 1 to 46 and Annexures 1 and 2 form an integral part of these unconsolidated financial statements.



Syed M. Husaini
President & Chief Executive



Nadeem Inayat
Director



Asif Reza Sana
Director



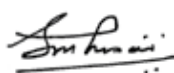
Lt Gen (R) Khalid Nawaz Khan
Chairman

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

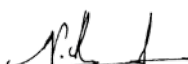
FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	Note	2015	2014
Mark-up / return / interest earned	24	36,592,093	34,604,210
Mark-up / return / interest expensed	25	21,690,386	22,710,924
Net mark-up / interest income		14,901,707	11,893,286
Provision / (reversal) against non-performing loans and advances - net	10.6	315,840	(83,198)
Impairment loss on available for sale investments		217,243	207,669
Provision for diminution in the value of investments - net	9.2.1	345,969	197,507
Bad debts written off directly		–	–
		879,052	321,978
Net mark-up / interest income after provisions		14,022,655	11,571,308
Non mark-up / interest income			
Fee, commission and brokerage income		1,732,140	1,435,180
Dividend income		302,721	348,726
Income from dealing in foreign currencies		834,956	1,102,565
Gain on sale of securities - net	26	3,246,294	1,803,844
Unrealised gain / (loss) on revaluation of investments classified as held for trading - net		–	–
Other income	27	573,477	744,134
Total non-markup / interest income		6,689,588	5,434,449
		20,712,243	17,005,757
Non mark-up / interest expenses			
Administrative expenses	28	12,014,237	11,051,692
Other provisions / write offs		49,671	46,956
Other charges	29	216,639	125,696
Total non-markup / interest expenses		12,280,547	11,224,344
		8,431,696	5,781,413
Extra ordinary / unusual items		–	–
Profit before taxation		8,431,696	5,781,413
Taxation – current		(2,329,796)	(1,013,637)
– prior year		(416,000)	–
– deferred		(642,481)	(752,844)
	30	(3,388,277)	(1,766,481)
Profit after taxation		5,043,419	4,014,932
Unappropriated profit / (loss) brought forward		1,862,223	(1,582,626)
Profit available for appropriation		6,905,642	2,432,306
Basic earnings per share - Rupees	31	4.00	3.19

The annexed notes 1 to 46 and Annexures 1 and 2 form an integral part of these unconsolidated financial statements.



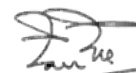
Syed M. Husaini
President & Chief Executive



Nadeem Inayat
Director



Asif Reza Sana
Director

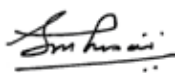


Lt Gen (R) Khalid Nawaz Khan
Chairman

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	2015	2014
Profit after taxation	5,043,419	4,014,932
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss account		
Exchange difference on translation of net investment in Wholesale Bank Branch	11,503	(9,683)
Items that will not be reclassified to profit and loss account		
Remeasurement of defined benefit plan	(17,171)	(137,637)
Related tax on remeasurement of defined benefit plan	6,010	48,173
Remeasurement of defined benefit plan - net of tax	(11,161)	(89,464)
Comprehensive income - transferred to statement of changes in equity	5,043,761	3,915,785
Components of comprehensive income not reflected in equity		
Surplus on revaluation of available for sale securities	957,909	3,992,226
Related deferred tax	(335,268)	(1,397,279)
	622,641	2,594,947
Total comprehensive income	5,666,402	6,510,732

The annexed notes 1 to 46 and Annexures 1 and 2 form an integral part of these unconsolidated financial statements.



Syed M. Husaini
President & Chief Executive



Nadeem Inayat
Director



Asif Reza Sana
Director

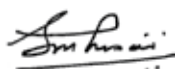


Lt Gen (R) Khalid Nawaz Khan
Chairman

UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	Note	2015	2014
Cash flow from operating activities			
Profit before taxation		8,431,696	5,781,413
Less: dividend income		(302,721)	(348,726)
		8,128,975	5,432,687
Adjustments:			
Depreciation / amortization		864,179	712,794
Provision / (reversal of) against non-performing loans and advances - net		315,840	(83,198)
Impairment loss on available for sale investments		217,243	207,669
Provision for diminution in the value of investments - net		345,969	197,507
Gain on sale of asset held for sale		(215,466)	–
(Reversal of) / provision against operating fixed assets		(238)	45,677
Provision against other assets		51,905	1,279
Charge for defined benefit plan		268,978	169,478
Gain on sale of operating fixed assets		(7,841)	(305,374)
		1,840,569	945,832
		9,969,544	6,378,519
(Increase) / decrease in operating assets			
Lendings to financial institutions		1,187,102	(496,793)
Held for trading securities		–	–
Advances		(29,310,152)	(6,811,893)
Other assets (excluding advance taxation)		(219,093)	(4,215,051)
		(28,342,143)	(11,523,737)
Increase / (decrease) in operating liabilities			
Bills payable		(760,135)	1,167,478
Borrowings		43,581,220	(10,803,849)
Deposits		45,585,585	52,345,593
Other liabilities		10,117	514,007
		88,416,787	43,223,229
Cash generated from operations		70,044,188	38,078,011
Payment made to defined benefit plan		(200,294)	(265,615)
Income tax paid		(2,382,892)	(1,173,619)
Net cash from operating activities	32.1	67,461,002	36,638,777
Cash flow from investing activities			
Net investments in available for sale securities		(44,088,780)	(47,893,770)
Net investments in held to maturity securities		(6,322,982)	76,107
Sale proceeds of asset held for sale		269,169	–
Dividend income		292,964	357,572
Investments in operating fixed assets - net of adjustment		(1,804,812)	(1,210,201)
Sale proceeds of operating fixed assets disposed off		18,190	752,717
Net cash used in investing activities		(51,636,251)	(47,917,575)
Cash flow from financing activities			
(Payments) / receipt of sub-ordinated loans - net		(2,996,000)	3,998,400
Dividend paid		(2,485,279)	(1,246,511)
Net cash (used in) / from financing activities		(5,481,279)	2,751,889
Exchange difference on translation of net investment in Wholesale Bank Branch		11,503	(9,683)
Increase / (decrease) in cash and cash equivalents		10,354,975	(8,536,592)
Cash and cash equivalents at beginning of the year		27,625,977	36,162,569
Cash and cash equivalents at end of the year	32	37,980,952	27,625,977

The annexed notes 1 to 46 and Annexures 1 and 2 form an integral part of these unconsolidated financial statements.



Syed M. Husaini
President & Chief Executive



Nadeem Inayat
Director



Asif Reza Sana
Director

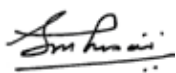


Lt Gen (R) Khalid Nawaz Khan
Chairman

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	Revenue Reserves		Total
					General reserve	Un-appropriated profit / (loss)	
Balance as at January 1, 2014	12,602,602	99,009	234,669	3,899,517	1,379,866	(1,582,626)	16,633,037
Total comprehensive income for the year ended December 31, 2014							
Net profit for the year ended December 31, 2014	-	-	-	-	-	4,014,932	4,014,932
Other comprehensive income related to equity	-	(9,683)	-	-	-	(89,464)	(99,147)
Transfer to:							
Statutory reserve	-	-	-	802,986	-	(802,986)	-
General reserve	-	-	-	-	(1,582,626)	1,582,626	-
	-	-	-	802,986	(1,582,626)	779,640	-
Transaction with owners, recorded directly in equity							
Interim dividend 2014: Re. 1.00 per share	-	-	-	-	-	(1,260,259)	(1,260,259)
Balance as at January 1, 2015	12,602,602	89,326	234,669	4,702,503	(202,760)	1,862,223	19,288,563
Total comprehensive income for the year ended December 31, 2015							
Net profit for the year ended December 31, 2015	-	-	-	-	-	5,043,419	5,043,419
Other comprehensive income related to equity	-	11,503	-	-	-	(11,161)	342
Transfer to:							
Statutory reserve	-	-	-	1,008,684	-	(1,008,684)	-
General reserve	-	-	-	-	1,862,223	(1,862,223)	-
	-	-	-	1,008,684	1,862,223	(2,870,907)	-
Transaction with owners, recorded directly in equity							
Final dividend 2014: Re. 1.00 per share	-	-	-	-	(1,260,260)	-	(1,260,260)
Interim dividend 2015: Re. 1.00 per share	-	-	-	-	-	(1,260,260)	(1,260,260)
Balance as at December 31, 2015	12,602,602	100,829	234,669	5,711,187	399,203	2,763,314	21,811,804

The annexed notes 1 to 46 and Annexures 1 and 2 form an integral part of these unconsolidated financial statements.



Syed M. Husaini
President & Chief Executive



Nadeem Inayat
Director



Asif Reza Sana
Director



Lt Gen (R) Khalid Nawaz Khan
Chairman

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

1. STATUS AND NATURE OF BUSINESS

- 1.1 Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange (formerly Karachi, Lahore and Islamabad Stock Exchanges). The registered office of the Bank is situated at AWT Plaza, The Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on December 31, 2015. The ultimate parent of the Bank is Fauji Foundation. The Bank has 424 branches (2014: 321 branches); 423 in Pakistan and Azad Jammu and Kashmir, including 75 (2014: 53) Islamic Banking branches, 32 (2014: 31) sub-branches and a Wholesale Bank Branch in the Kingdom of Bahrain.

2. BASIS OF PRESENTATION

- 2.1 These unconsolidated financial statements have been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan's BSD Circular No. 4 dated February 17, 2006.
- 2.2 These unconsolidated financial statements are separate financial statements of the Bank in which the investments in subsidiaries and associates are stated at cost and have not been accounted for on the basis of reported results and net assets of the investees which is done in consolidated financial statements.
- 2.3 In accordance with the directives of the Federal Government regarding shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. One permissible form of trade related mode of financing comprises of purchase of goods by the Bank from its customers and resale to them at appropriate mark-up in price on a deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facilities actually utilized and the appropriate portion of mark-up thereon.
- 2.4 The financial results of the Islamic banking branches have been consolidated in these unconsolidated financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key figures of the Islamic banking branches are disclosed in Annexure-2 to these unconsolidated financial statements.
- 2.5 Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates. The unconsolidated financial statements are presented in Pak Rupee which is the Bank's functional and presentation currency. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

3. STATEMENT OF COMPLIANCE

These unconsolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan (SBP). In case the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962 and the directives issued by SBP shall prevail.

International Accounting Standard 39, "Financial Instruments: Recognition and Measurement", International Accounting Standard 40, "Investment Property" and International Financial Reporting Standard 7, "Financial Instruments: Disclosure" are not applicable to banking companies in Pakistan. Accordingly, the requirements of these Standards have not been considered in the preparation of these unconsolidated financial statements. Accordingly, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

3.1 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

- A) The following amendments and interpretations to published accounting standards were effective during the year and have been adopted by the Bank:

		EFFECTIVE DATE (ANNUAL PERIODS BEGINNING ON OR AFTER)
IFRS 3	Business Combinations (Amendments)	July 1, 2014
IFRS 8	Operating Segments (Amendments)	July 1, 2014
IAS 1	Presentation of Financial Statements (Amendments)	July 1, 2014
IAS 16	Property, Plant and Equipment (Amendments)	July 1, 2014
IAS 19	Employee Benefits (Amendments)	July 1, 2014
IAS 24	Related Party Disclosures (Amendments)	July 1, 2014
IAS 38	Intangible Assets (Amendments)	July 1, 2014

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

- B)** The following standard has been issued by the International Accounting Standards Board (IASB), which is yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of its applicability in Pakistan:

		EFFECTIVE DATE (ANNUAL PERIODS BEGINNING ON OR AFTER)
IFRS 1	First-Time Adoption of International Financial Reporting Standards	July 1, 2009

- C)** Following standards and amendments were notified by SECP for the purpose of their applicability in Pakistan from annual periods beginning on or after January 1, 2015.

IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 27	Separate Financial Statements
IAS 28	Investments in Associates and Joint Ventures
IFRS 10	Consolidated Financial Statements (Amendments)
IFRS 12	Disclosure of Interests in Other Entities (Amendments)
IFRS 13	Fair Value Measurement (Amendments)
IAS 27	Separate Financial Statements (Amendments)

- D)** Following standards and amendments to published accounting standards will be effective in future periods and have not been early adopted by the Bank.

		EFFECTIVE DATE (ANNUAL PERIODS BEGINNING ON OR AFTER)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	January 1, 2016
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 1, 2016
IFRS 9	Financial Instruments	January 1, 2018
IFRS 10	Consolidated Financial Statements (Amendments)	January 1, 2016
IFRS 11	Joint Arrangements (Amendments)	January 1, 2016
IFRS 12	Disclosure of interests in Other Entities (Amendments)	January 1, 2016
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2017
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19	Employee Benefits (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements (Amendments)	January 1, 2016
IAS 28	Investments in Associates and Joint Ventures (Amendments)	January 1, 2016
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016

The management anticipates that adoption of above standards and amendments in future periods will have no material impact on the Bank's financial statements other than in presentation/disclosure.

4. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention as modified for certain investments which are carried at fair value, freehold and leasehold land which are shown at revalued amounts and staff retirement gratuity and compensated absences which are carried at present value of defined benefit obligations net of fair value of plan assets.

USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of unconsolidated financial statements in conformity with approved accounting standards as applicable in Pakistan requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. The Bank uses estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follow:

- i) classification of investments (note 5.4)
- ii) provision against investments (note 5.4), advances (note 5.5), operating fixed assets (note 5.6) and other assets (note 5.7)
- iii) valuation and impairment of available for sale securities (note 5.4)
- iv) useful life of property and equipment, intangible assets and revaluation of land (note 5.6)
- v) taxation (note 5.9)
- vi) staff retirement benefits (note 5.10)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

5.1 ASSETS HELD FOR SALE

Non-current assets and associated liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. Assets designated as held for sale are held at the lower of carrying amount at designation and fair value less costs to sell.

5.2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash and balances with treasury banks, balances with other banks and call money lendings.

5.3 SALE AND REPURCHASE AGREEMENTS

Securities sold under repurchase agreement (repo) are retained in the unconsolidated financial statements as investments and a liability for consideration received is included in borrowings. Conversely, consideration for securities purchased under resale agreement (reverse repo) are included in lendings to financial institutions. The difference between sale and repurchase / purchase and resale price is recognized as mark-up / return expensed and earned on a time proportion basis as the case may be. Repo and reverse repo balances are reflected under borrowings from and lendings to financial institutions respectively.

5.4 INVESTMENTS

Investments are classified as follows:

HELD FOR TRADING

These represent securities acquired with the intention to trade by taking advantage of short-term market / interest rate movements. These are marked to market and surplus / deficit arising on revaluation of 'held for trading' investments is taken to profit and loss account in accordance with the requirements prescribed by the SBP through various circulars.

AVAILABLE FOR SALE

These represent securities which do not fall under 'held for trading' or 'held to maturity' categories. In accordance with the requirements of the SBP's BSD Circular No. 20 dated August 04, 2000 and BPRD circular 06 dated June 26, 2014, available for sale securities for which ready quotations are available on Reuters Page (PKRV) or Stock Exchanges are valued at market value and the resulting surplus / deficit is taken through "Statement of Comprehensive Income" and is shown below the shareholders' equity in the unconsolidated statement of financial position. Where the decline in prices of available for sale equity securities is significant and prolonged, it is considered impaired and included in profit and loss account. Impairment loss on available for sale debt securities is determined in accordance with the requirements of Prudential Regulations issued by the SBP.

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 as per the latest audited financial statements. If the break-up value is less than cost the difference is included in profit and loss account. Unquoted debt securities are valued using the market value of secondary market where available.

Investments in other unquoted securities are valued at cost less impairment losses, determined in accordance with the requirements of Prudential Regulations issued by the SBP.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

HELD TO MATURITY

These represent securities acquired with the intention and ability to hold them upto maturity. These are carried at amortized cost less impairment, determined in accordance with the requirements of Prudential Regulations issued by the SBP.

INVESTMENT IN SUBSIDIARIES AND ASSOCIATE

Investments in subsidiaries and associate are carried at cost less impairment, if any.

All purchases and sale of investment that require delivery within the time frame established by regulations or market convention are recognized at the trade date, which is the date the Bank commits to purchase or sell the investments.

5.5 ADVANCES

Advances are stated net of provisions for non-performing advances. Provision for advances is determined in accordance with the requirements of the Prudential Regulations issued by the SBP from time to time. In addition, a general provision is maintained for advances other than consumer and small entities advances as per details given in note 10.6.3.

The provisions against non-performing advances are charged to the profit and loss account. Advances are written off when there is no realistic prospect of recovery.

Consequent to the adoption of IFAS-2, ijarahs booked under IFAS-2 are stated at cost less accumulated depreciation and impairment, if any, and are shown under advances.

Depreciation on Ijarah assets is charged to profit and loss account by applying the straight line method whereby the depreciable value of Ijarah assets is written off over the Ijarah period. The Bank charges depreciation from the date of delivery of respective assets to Mustajir upto the date of maturity / termination of Ijarah agreement.

Leases where the Bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

Murabaha transactions are reflected as receivable at the invoiced amount. Actual sale and purchase are not reflected as the goods are purchased by the customer as agent of the Bank and all documents relating to purchase are in customers' name.

In Salam, the seller undertakes to supply specific goods to the Bank at a future date in consideration of a price fully paid in advance at the time the contract of sale is made.

In Musharaka a relationship is established under a contract by the mutual consent of the Bank and the customer for sharing of profits and losses arising from a joint enterprise or venture.

Diminishing Musharaka (DM) is a form of co-ownership in which Bank and the customer share the ownership of a tangible asset in an agreed proportion and customer undertakes to buy in periodic installments the proportionate share of the Bank until the title to such tangible asset is completely transferred to the customer.

In Istisna, a contract of sale is made whereby the Bank places an order, to manufacture, assemble or construct, specific commodity to be delivered at a future date.

5.6 CAPITAL WORK-IN-PROGRESS, OPERATING FIXED ASSETS AND DEPRECIATION

CAPITAL WORK-IN-PROGRESS

Capital work-in-progress is stated at cost less impairment losses, if any.

TANGIBLE ASSETS

Fixed assets are stated at cost less impairment losses and accumulated depreciation except for freehold / leasehold land. Land is carried at revalued amounts which is not depreciated.

Land is revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. Surplus / (deficit) arising on revaluation of fixed assets is credited / (debited) to the surplus on revaluation of assets account and is shown below the shareholders' equity in the unconsolidated statement of financial position. Except to the extent actually realized on disposal of land which are revalued, the surplus on revaluation of land shall not be applied to set-off or reduce any deficit or loss, whether past, current or future, or in any manner applied, adjusted or treated so as to add to the income, profit or surplus of the Bank or utilized directly or indirectly by way of dividend or bonus.

INTANGIBLE ASSETS

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

DEPRECIATION / AMORTIZATION

Depreciation / amortization is computed on monthly basis over the estimated useful lives of the related assets at the rates set out in note 11.2 and 11.3 respectively on monthly basis. The cost of assets is depreciated / amortized on the diminishing balance method, except for vehicles, carpets, renovations, other assets and intangibles which are depreciated / amortized on a straight line basis. Depreciation / amortization is charged for the full month of purchase / acquisition / availability for use of an asset while no depreciation / amortization is charged in the month of disposal of an asset. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposal of operating fixed assets are taken to the profit and loss account.

In making estimates of the depreciation / amortization, the management uses useful life and residual value which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The useful life and the residual value are reviewed at each financial year end and any change in these estimates in future years might effect the carrying amounts of the respective item of operating fixed assets with the corresponding effect on depreciation / amortization charge.

5.7 IMPAIRMENT

The carrying amount of the Bank's assets are reviewed at the reporting date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the unconsolidated profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.8 DEPOSITS

Deposits are recorded at the fair value of proceeds received. Markup accrued on deposits is recognized separately as part of other liabilities and is charged to profit and loss account on a time proportion basis.

The Bank generates deposits in two modes i.e. "Qard" and "Modaraba" under Islamic Banking Operations. Deposits taken on Qard basis are classified as 'Current Accounts' and deposits generated on Modaraba basis are classified as 'Saving Accounts' and 'Fixed Deposit Accounts'.

5.9 TAXATION

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the unconsolidated profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity.

CURRENT

Provision for current tax is the expected tax payable on the taxable profit for the year using tax rates applicable at the date of unconsolidated statement of financial position and any adjustment to tax payable for previous years.

DEFERRED

Deferred tax is provided for by using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the date of unconsolidated statement of financial position. A deferred tax asset is recognized only to the extent that it is probable that the future taxable profit will be available and credits can be utilized. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realized.

Deferred tax, on revaluation of investments, if any, is recognized as an adjustment to surplus / (deficit) arising on such revaluation.

5.10 STAFF RETIREMENT BENEFITS**DEFINED BENEFIT PLAN**

The Bank operates an approved funded gratuity scheme for all its regular employees. Contributions are made in accordance with the actuarial recommendation. The actuarial valuation is carried out periodically using "Projected Unit Credit Method".

DEFINED CONTRIBUTION PLAN

The Bank operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Bank and by the employees at the rate of 8.33% of the basic salary of the employee.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

COMPENSATED ABSENCES

The Bank provides compensated absences to all its regular employees. Liability for unfunded scheme is recognized on the basis of actuarial valuation using the "Projected Unit Credit Method". Provision for the year is charged to unconsolidated profit and loss account. The amount recognized in the unconsolidated statement of financial position represents the present value of defined benefit obligations.

5.11 REVENUE RECOGNITION

Mark-up / interest on advances and return on investments is recognized on accrual basis except on classified advances and investments which is recognized on receipt basis. Mark-up / interest on rescheduled / restructured advances and investments is recognized as permitted by the regulations of the SBP or overseas regulatory authority of the country where branch operates, except where in the opinion of the management it would not be prudent to do so.

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

Dividend income is recognized when Bank's right to receive the income is established.

Gains and losses on sale of investments are included in income currently.

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

Unrealized lease income is suspended on classified leases, in accordance with the requirements of the Prudential Regulations issued by the SBP. Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

Profit on Murabaha sale transaction not due for the payment is deferred by recording a credit to the "Deferred Murabaha Income" account.

Profits on Musharaka and Diminishing Musharaka financings are recognized on accrual basis. Profit required to be suspended in compliance with the Prudential Regulations issued by the SBP is recorded on receipt basis.

Revenue on Salam finance is recognized at the time of sale of al-muslim fihi (salam goods).

The rentals received / receivable on Ijarahs under IFAS-2 are recorded as income / revenue.

The Bank recognizes revenue on Istisna finance at the time of sale of Al-Masnoo (Istisna Goods).

5.12 FOREIGN CURRENCIES

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into Pak. Rupee at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated to Pak. Rupee at the exchange rates prevailing at the reporting date. Outstanding foreign bills purchased are valued at the rates applicable to the remaining maturities. Exchange gains and losses are included in unconsolidated profit and loss account currently.

FOREIGN OPERATION

The assets and liabilities of Wholesale Bank Branch are translated to Pak. Rupee at exchange rates prevailing at the date of unconsolidated statement of financial position. The results of foreign operations are translated at the average rate of exchange for the year.

TRANSLATION GAINS AND LOSSES

Translation gains and losses arising on revaluation of net investment in foreign operations are taken to equity under "Exchange Translation Reserve" through other comprehensive income and on disposal are recognized in unconsolidated profit and loss account.

COMMITMENTS

Commitments for outstanding forward foreign exchange contracts are valued at the rates applicable to the remaining maturities.

5.13 PROVISIONS

Provisions are recognized when there are present, legal or constructive obligations 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 amounts can be made. Provision for guarantee claims and other off balance sheet obligations is recognized when intimated and reasonable certainty exists to settle the obligations. Expected recoveries are recognized by debiting customer accounts. Charge to unconsolidated profit and loss account is stated net off expected recoveries.

5.14 OFF-SETTING

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

5.15 FINANCIAL ASSETS AND LIABILITIES

Financial assets and financial liabilities are recognized at the time when the Bank becomes a party to the contractual provision of the instrument. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specific in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account of the current period. The particular recognition and subsequent measurement methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

5.16 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

5.17 APPROPRIATIONS SUBSEQUENT TO DATE OF UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

Appropriations subsequent to year end are recognized during the year in which those appropriations are made.

5.18 SEGMENT REPORTING

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

5.18.1 BUSINESS SEGMENT**CORPORATE FINANCE**

Corporate financing includes corporate and investment banking activities such as mergers and acquisition, underwriting, privatization, securitization, IPO's related activities and secondary private placements.

TRADING AND SALES

Trading and sales includes the Bank's treasury and money market activities.

RETAIL BANKING

Retail banking segment provides services to small borrowers and include loans, deposits and other transactions with retail customers and credit card business.

COMMERCIAL BANKING

Commercial banking segment provides services related to project finance, export finance, trade finance, leasing, lending, guarantees, bills of exchange and deposits from corporate customers.

PAYMENT AND SETTLEMENT

Payment and settlement includes income from payments and collections, funds transfer, clearing and settlement.

AGENCY SERVICES

Agency services include income from rent of lockers provided to customers.

5.18.2 GEOGRAPHICAL SEGMENTS

The Bank operates in two geographic regions; Pakistan and the Middle East.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	Note	2015	2014
6. CASH AND BALANCES WITH TREASURY BANKS			
IN HAND:			
Local currency		6,336,493	4,967,914
Foreign currencies		1,423,204	1,276,862
		7,759,697	6,244,776
NATIONAL PRIZE BONDS		4,344	11,498
WITH THE STATE BANK OF PAKISTAN IN:			
Local currency current accounts	6.1	12,622,867	4,509,714
Foreign currency current account	6.1	2,271,811	2,024,792
Foreign currency deposit account	6.2	5,660,221	5,264,327
		20,554,899	11,798,833
WITH NATIONAL BANK OF PAKISTAN IN:			
Local currency current accounts		1,366,288	1,075,006
		29,685,228	19,130,113

6.1 These represent current accounts maintained with the SBP to comply with the statutory cash reserve requirements.

6.2 This represents special cash reserve maintained with the SBP and carries mark-up at the rate of 0.00% (2014: 0.00%) per annum.

Rupees in '000	Note	2015	2014
7. BALANCES WITH OTHER BANKS			
IN PAKISTAN			
On current accounts		131,004	137,257
On deposit accounts	7.1	2,235,207	5,116,172
		2,366,211	5,253,429
OUTSIDE PAKISTAN			
On current accounts		1,277,860	708,874
On deposit accounts	7.2	4,651,653	1,105,808
		5,929,513	1,814,682
		8,295,724	7,068,111

7.1 These represent placements with local banks, carrying interest rates ranging from 0.25% to 6.15% (2014: 0.05% to 9.25%) per annum.

7.2 These represent placements with international correspondent banks, carrying interest rates upto 0.36% (2014: upto 0.16%) per annum.

Rupees in '000	Note	2015	2014
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.1	–	1,427,753
Repurchase agreement lendings	8.2	289,193	2,000,000
Purchase under resale arrangement of equity securities		148,606	148,606
		437,799	2,148,606
Funded trade finance		523,705	–
		961,504	3,576,359
Provision against purchase under resale arrangement of equity securities		(148,606)	(148,606)
		812,898	3,427,753

8.1 Balance as at December 31, 2014 carried mark-up @ 8.65% to 9.35% per annum having maturity upto 2 months.

8.2 These are secured against underlying Government Securities, the differential between the contracted rate and resale price is amortised over the period of related contracts and recorded under mark-up / return / interest earned. These carry mark-up at the rate of 6.45% (2014: 9.90%) per annum and maturities of upto 2 months (2014: 1 month).

Rupees in '000	2015	2014
8.3 PARTICULARS OF LENDING		
In local currency	437,799	3,576,359
In foreign currencies	523,705	–
	961,504	3,576,359

	2015			2014		
	Held by the Bank	Further given as collateral	Total	Held by the Bank	Further given as collateral	Total
8.4 SECURITIES HELD AS COLLATERAL AGAINST LENDINGS TO FINANCIAL INSTITUTIONS						
Market Treasury Bills	289,193	–	289,193	–	–	–
Pakistan Investment Bonds	–	–	–	2,000,000	–	2,000,000
	289,193	–	289,193	2,000,000	–	2,000,000

Market value of securities held as collateral is Rs. 290,021 thousand (2014: Rs. 2,050,823 thousand).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

9. INVESTMENTS

Rupees in '000	Note	2015			2014		
		Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
9.1	INVESTMENTS BY TYPES:						
Available for sale securities							
Market Treasury Bills	9.12	100,118,219	3,841,766	103,959,985	95,363,586	2,840,522	98,204,108
Pakistan Investment Bonds	9.12	97,233,634	41,976,443	139,210,077	98,717,375	–	98,717,375
Fully paid ordinary shares / units		2,811,897	–	2,811,897	2,618,908	–	2,618,908
Units of open end mutual funds	9.4	1,783,068	–	1,783,068	1,733,068	–	1,733,068
Fully paid preference shares	9.6	150,100	–	150,100	264,890	–	264,890
Term Finance Certificates	9.7	4,681,860	–	4,681,860	3,631,709	–	3,631,709
Sukuk Certificates	9.8	2,544,682	–	2,544,682	6,732,573	–	6,732,573
Government of Pakistan Euro Bonds	9.9	1,374,126	–	1,374,126	718,245	–	718,245
Foreign securities		–	–	–	23,382	–	23,382
		210,697,586	45,818,209	256,515,795	209,803,736	2,840,522	212,644,258
Held to maturity securities							
Government of Pakistan Euro Bonds	9.2.4	2,420,797	–	2,420,797	1,247,569	–	1,247,569
Sukuk Certificates	9.10	5,359,754	–	5,359,754	210,000	–	210,000
		7,780,551	–	7,780,551	1,457,569	–	1,457,569
Subsidiaries							
Askari Investment Management Limited	9.5	335,000	–	335,000	335,000	–	335,000
Askari Securities Limited	9.5	114,789	–	114,789	114,789	–	114,789
		449,789	–	449,789	449,789	–	449,789
Investments at cost		218,927,926	45,818,209	264,746,135	211,711,094	2,840,522	214,551,616
Provision for diminution in value of investments	9.2.1	(2,073,903)	–	(2,073,903)	(1,727,934)	–	(1,727,934)
Investments (net of provisions)		216,854,023	45,818,209	262,672,232	209,983,160	2,840,522	212,823,682
Surplus on revaluation of available for sale securities - net		4,408,601	939,873	5,348,474	4,389,679	886	4,390,565
Total investments		221,262,624	46,758,082	268,020,706	214,372,839	2,841,408	217,214,247

Market value of held to maturity securities as at December 31, 2015 is Rs. 7,823,875 thousand (2014: Rs. 1,553,639 thousand).

Rupees in '000	Note	2015	2014
9.2 INVESTMENTS BY SEGMENTS:			
Federal Government Securities	9.2.3		
Market Treasury Bills		103,959,985	98,204,108
Pakistan Investment Bonds		139,210,077	98,717,375
Government of Pakistan Euro Bonds	9.2.4	3,794,923	1,965,814
Sukuk Certificates		7,239,120	6,246,034
		254,204,105	205,133,331
Fully paid up ordinary shares / units			
Listed companies / funds	9.3	2,806,217	2,613,228
Unlisted companies	9.5	455,469	455,469
		3,261,686	3,068,697
Units of open end mutual funds	9.4	1,783,068	1,733,068
Fully paid preference shares	9.6		
Listed companies		25,100	139,890
Unlisted companies		125,000	125,000
		150,100	264,890
Term Finance Certificates	9.7		
Listed Term Finance Certificates		1,661,047	1,919,539
Unlisted Term Finance Certificates		3,020,813	1,712,170
		4,681,860	3,631,709
Foreign Securities			
Mena Transformation Fund		–	23,382
Other Investments			
Sukuk Certificates		665,316	696,539
National Investment Trust (NIT) - Units		–	–
		665,316	696,539
Total investment at cost		264,746,135	214,551,616
Provision for diminution in value of investments	9.2.1	(2,073,903)	(1,727,934)
Investments (net of provisions)		262,672,232	212,823,682
Surplus on revaluation of available for sale securities - net		5,348,474	4,390,565
Total investments		268,020,706	217,214,247
9.2.1 PARTICULARS OF PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS			
Opening balance		1,727,934	1,530,427
Charge for the year		380,578	253,398
Reversal of provision during the year		(34,609)	(55,891)
		345,969	197,507
Closing balance		2,073,903	1,727,934
9.2.2 PARTICULARS OF PROVISION IN RESPECT OF TYPE AND SEGMENT			
Available for sale securities			
Fully paid ordinary shares - unlisted		5,680	5,680
Preference shares - unlisted		25,000	25,000
Term finance certificates		1,245,236	961,324
Sukuk certificates		609,960	547,903
Subsidiaries			
Fully paid ordinary shares - unlisted		188,027	188,027
		2,073,903	1,727,934

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

9.2.3 PRINCIPAL TERMS OF INVESTMENTS IN FEDERAL GOVERNMENT SECURITIES

Name of investment	Maturity	Principal Payment	Rate	Coupon Payment
Market Treasury Bills	January 2016 to October 2016	On maturity	6.26% to 8.50%	at maturity
Pakistan Investment Bonds	May 2016 to March 2025	On maturity	6.38% to 14.08%	semi-annually
Government of Pakistan Euro Bonds	March 2016 to April 2019	On maturity	7.13% to 7.25%	semi-annually
Sukuk Certificates				
- Pakistan Domestic Sukuk Company Limited	June 2017	On maturity	Weighted average yield of 6 months market treasury bills minus 200 BPS	semi-annually
- Pakistan International Sukuk Company Limited	December 2019	On maturity	6.75%	semi-annually
- WAPDA	July 2017	semi-annually	6 months KIBOR minus 0.25%	semi-annually
- Bai Mujjal - GoP Ijara	November 2016	On maturity	6.00%	On maturity
- Bai Mujjal - GoP Ijara	November 2016	On maturity	5.99%	On maturity

9.2.4 These represent investments by Wholesale Bank Branch carrying mark-up at 6.75% and 7.25% and having maturities upto April 2019.

9.3 INVESTMENTS IN LISTED COMPANIES SHARES / UNITS

No. of ordinary shares / units		Average cost per share / unit	Name of companies / mutual funds	2015	2014
2015	2014	2015		Rupees in '000	
			Rupees		
1,116,500	1,150,000	53.49	Adamjee Insurance Company Limited	59,719	57,552
14,490,076	14,490,076	7.95	Agritech Limited	115,196	211,012
600,000	865,000	105.83	Allied Bank Limited	63,498	95,150
160,800	-	516.04	Attock Petroleum Limited	82,979	-
2,600,000	2,347,500	30.90	Bank Alfalah Limited	80,347	73,102
1,191,500	400,000	60.31	Century Paper and Board Mills Limited	71,865	21,454
1,010,000	1,400,000	87.37	Cherat Cement Company Limited	88,245	89,114
-	600,000	-	Crescent Steel & Allied	-	27,296
-	1,000,000	-	Dawood Hercules Chemicals Limited	-	71,989
-	1,200,000	-	D. G. Khan Cement Company Limited	-	113,927
9,090,000	-	11.00	Dolmen City REIT	99,990	-
-	125,000	-	EFU General Insurance Limited	-	18,411
200,000	525,000	300.88	Engro Corporation Limited	60,176	97,002
685,500	-	89.41	Engro Fertilizer Limited	61,292	-
-	500,000	-	Engro Foods Limited	-	51,636
2,007,500	-	48.52	Fatima Fertilizer Co. Limited	97,408	-
400,000	-	220.89	GlaxoSmithKline (Pak) Limited	88,354	-
1,054,500	-	44.80	Gul Ahmad Textile Mills Limited	47,246	-
-	600,000	-	Hub Power Company Limited	-	28,899
2,320,000	-	35.73	Habib Metropolitan Bank Limited	82,901	-
-	50,000	-	IGI Insurance Limited	-	11,788
160,000	-	488.16	ICI Pakistan Limited	78,106	-
1,498,000	1,959,000	26.54	International Steel Limited	39,752	48,806
-	23,000	-	J. D. W. Sugar Mills Limited	-	7,672
-	1,950,000	-	JS Bank Limited	-	13,614
450,000	-	20.88	Jahangir Siddiqui Co. Limited	9,394	-
10,000	-	525.00	Jubilee Life Insurance Co. Limited	5,250	-
289,000	-	121.38	Jubilee General Insurance Co. Limited	35,080	-
6,000,000	1,225,000	8.42	K- Electric Limited	50,492	9,422
-	800,000	-	Kohinoor Textile Mills Limited	-	22,118
572,500	2,607,000	97.32	Kot Addu Power Company Limited	55,717	146,651
3,002,500	4,291,000	31.81	Lalpir Power Limited	95,506	89,573
144,300	-	546.29	Lucky Cement Limited	78,830	-
-	1,000,000	-	Maple Leaf Cement Factory Limited	-	31,417
12,000	270,000	259.42	MCB Bank Limited	3,113	77,337
614,500	-	49.15	Meezan Bank Limited	30,202	-
1,550,000	1,300,000	63.03	National Bank of Pakistan	97,701	79,642
925,500	338,000	60.58	Nishat Chunian Power Limited	56,068	13,999
2,490,500	2,180,000	41.98	Nishat (Chunian) Limited	104,545	99,235
-	2,528,500	-	Nishat Power Limited	-	80,696
-	800,000	-	Nishat Mills Limited	-	100,525
400,000	250,000	130.73	Oil and Gas Development Company Limited	52,291	51,394
-	7,583,700	-	Pak Oman Advantage Fund	-	75,515
3,200,000	4,500,000	29.53	Pakgen Power Limited	94,485	99,263
-	275,000	-	Pakistan Oilfields Limited	-	117,847
-	637,100	-	Pakistan Petroleum Limited	-	130,354
2,632,500	2,100,000	28.92	Pakistan Re-Insurance Company Limited	76,119	59,192
271,100	200,000	336.10	Pakistan State Oil Company Limited	91,117	72,278
2,888,000	3,010,000	19.82	Pakistan Telecommunication Company Limited	57,229	75,463
1,500,000	-	25.71	PICIC Growth Fund	38,570	-
4,602,000	5,438,000	12.02	PICIC Investment Fund	55,297	65,589
900,000	-	88.41	Pioneer Cement Limited	79,568	-
40,000	-	612.80	Packages Limited	24,512	-

No. of ordinary shares / units		Average cost per share / unit	Name of companies / mutual funds	2015	2014
2015	2014	2015		Rupees in '000	
		Rupees			
900,000	–	74.37	Pak Elektron Limited	66,932	–
1,690,000	–	27.88	Pakistan International Bulk Terminal Limited	47,109	–
1,700,000	–	41.12	Sui Southern Gas Company Limited	69,912	–
3,168,500	1,342,500	29.75	Sui Northern Gas Company Limited	94,251	29,025
116,200	–	242.47	Shell Pakistan Limited	28,175	–
210,000	–	308.68	Thal Limited	64,823	–
733,500	1,600,000	36.61	TRG Pakistan Limited	26,855	22,702
–	125,800	–	Tri-Pack Films Limited	–	25,567
				2,806,217	2,613,228

9.4 UNITS OF OPEN END MUTUAL FUNDS

No. of units		Paid-up value per unit	Name of mutual funds	2015	2014
2015	2014	2015		Rupees in '000	
		Rupees			
Funds managed by Askari Investment Management Limited; a wholly owned subsidiary of the Bank.					
2,500,000	2,500,000	40.34	Askari Asset Allocation Fund	100,846	100,846
11,642,356	11,642,356	99.46	Askari High Yield Scheme	1,157,968	1,157,968
583,266	583,266	91.26	Askari Islamic Asset Allocation Fund	53,226	53,226
1,598,805	1,598,805	93.82	Askari Islamic Income Fund	150,000	150,000
539,885	539,885	100.00	Askari Equity Fund	53,988	53,988
1,000,000	1,000,000	100.00	Askari Sovereign Yield Enhancer Fund	100,000	100,000
1,156,198	1,156,198	100.85	Askari Sovereign Cash Fund	116,607	116,607
Others					
5,002,568	–	9.99	NIT Islamic Equity Fund - managed by National Investment Trust Limited	50,000	–
72,000	72,000	6.01	NAMCO Balance Fund	433	433
				1,783,068	1,733,068

9.5 PARTICULARS OF INVESTMENTS HELD IN UNLISTED COMPANIES

Investee	Note	Percentage of holding	Number of shares	Cost /	Total paid-up value	Break-up value	Based on audited financial statements as at	Name of Chief Executive / status
				paid-up value per share				
		%		Rupees	Rupees in '000			
Askari Investment Management Limited - subsidiary	9.5.1	100	33,500,000	10	335,000	347,679	31 Dec 2015	Mr. Saqib Mukhtar
Askari Securities Limited - subsidiary	9.5.2	74	17,020,000	10	114,789	101,266	31 Dec 2015	Mr. Faheem Sardar
Pakistan Export Finance Guarantee Agency Limited - a related party	9.5.3	5.26	568,044	10	5,680	–	–	Under liquidation
					455,469			

9.5.1 Askari Investment Management Limited (AIML) is a wholly owned subsidiary of the Bank, licensed as a non-banking finance company (NBFC), to undertake asset management and investment advisory services under Non Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC and NE Regulations).

Six shares are held in the name of six nominee directors of the Bank in AIML.

9.5.2 Askari Securities Limited (ASL) is a majority owned subsidiary of the Bank, incorporated under the Companies Ordinance, 1984 as a public limited company to undertake the business of share brokerage, investment advisory and consultancy services.

Four shares are held in the name of four nominee directors of the Bank in ASL.

9.5.3 The difference between the paid up value and break up value of Pakistan Export Finance Guarantee Agency Limited amounting to Rs. 5,680 thousand (2014: Rs 5,680 thousand) is considered as diminution in value of this investment and has been fully provided for.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

9.6 PARTICULARS OF INVESTMENTS HELD IN PREFERENCE SHARES

No. of preference shares		Paid-up value		Book Value		Market Value		
2015	2014	per share	Investee	Rate	2015	2014	2015	2014
		Rupees		%	Rupees in '000		Rupees in '000	
Listed								
10,000,000	10,000,000	10.00	Chenab Limited	9.25% per annum	100	100	18,500	18,500
18,322,418	18,322,418	10.00	Agri-tech Limited	11.00% per annum	–	114,790	54,967	91,979
2,500,000	2,500,000	10.00	Masood Textile Mills Limited	Average of ask side of six months KIBOR plus 2% per annum	25,000	25,000	25,000	25,000
Un-listed								
2,500,000	2,500,000	10.00	First Dawood Investment Bank Limited	4% per annum	25,000	25,000	25,000	25,000
40,000,000	40,000,000	2.50	Silk Bank Limited	–	100,000	100,000	100,000	100,000
					150,100	264,890	223,467	260,479

9.7 INVESTMENT IN TERM FINANCE CERTIFICATES

No. of certificates		Company's Name	Redeemable value per certificate	2015	2014
2015	2014			Rupees in '000	
Listed					
91,453	91,453	Bank Alfalah Limited	5,007	457,931	458,333
37,230	37,230	Pace Pakistan Limited	4,994	185,927	185,927
47,200	47,200	NIB Bank Limited	4,997	235,858	235,953
1,000	1,000	Pakistan Mobile Communication Limited	20,000	20,000	55,000
100,000	140,000	Engro Fertilizer Limited	5,000	500,000	700,000
133,023	133,023	Worldcall Telecom Limited	1,965	261,331	284,326
Book value as on December 31				1,661,047	1,919,539
Unlisted					
140,000	140,000	Agri-tech Limited (Chief Executive: Mr. Ahmed Jaudet Bilal)	4,996	699,389	699,389
86,000	86,000	Azgard Nine Limited (Chief Executive: Mr. Ahmed H. Shaikh)	2,070	177,990	186,408
3,700	3,700	Bunny's Limited (Chief Executive: Mr. Haroon Shafique Chaudhary)	2,519	9,320	15,063
10,077	10,077	Pak Hy Oils Limited (Chief Executive: Mr. Tariq Siddique Paracha)	4,155	41,870	49,385
20,000	20,000	Pak Libya Holding Company (Private) Limited (Chief Executive: Mr. Abid Aziz)	833	16,653	49,959
60,000	60,000	Pakistan Mobile Communication Limited (Chief Executive: Mr. Rashid Naseer Khan)	1,176	70,588	141,177
349,960	50,000	Pakistan International Airlines Corporation Limited (Chief Executive: Mr. Nasser N. S. Jaffer)	5,000	1,749,800	249,800
–	102,282	Pakistan National Shipping Corporation	–	–	255,705
200	–	Pak Electron Limited - Commercial Paper (Chief Executive: Mr. M. Naseem Saigol)	949,785	189,957	–
13,000	13,000	Standard Chartered Bank (Chief Executive: Mr. Shazad Dada)	5,019	65,246	65,284
Book value as on December 31				3,020,813	1,712,170
				4,681,860	3,631,709

Investment in term finance certificates carry rate of return ranging from 7.26% to 11.72% (2014: 9.96% to 12.19%) per annum and having remaining maturity periods of upto 7 years (2014: upto 8 years).

9.8 SUKUK CERTIFICATES - AVAILABLE FOR SALE

Name of Investee	Rate	Maturity	2015	2014
Rupees in '000				
Agritech Limited	Average of offer side of 6 month KIBOR plus 2% p.a.	August 06, 2019	299,963	299,963
Pak Electron Limited	Average of offer side of 3 month KIBOR plus 1.75% p.a.	September 28, 2016	5,357	10,714
Pakistan Domestic Sukuk Company Limited	Weighted average yield of 6 months market treasury bills	September 18, 2015	–	1,000,712
Pakistan Domestic Sukuk Company Limited	Weighted average yield of 6 months market treasury bills	November 21, 2015	–	1,000,040
Pakistan Domestic Sukuk Company Limited	Weighted average yield of 6 months market treasury bills	November 21, 2015	–	2,000,000
Pakistan Domestic Sukuk Company Limited	Weighted average yield of 6 months market treasury bills	November 21, 2015	–	500,403
Pakistan Domestic Sukuk Company Limited	Weighted average yield of 6 months market treasury bills minus 200bps	June 25, 2017	1,150,000	1,150,000
Shahraj Fabric Limited	Average of offer side of 6 month KIBOR plus 2.1% p.a.	December 31, 2012	150,000	150,000
Sitara Peroxide Limited	Average of offer side of 1 month KIBOR plus 1% p.a.	February 19, 2020	99,996	125,862
Pakistan International Sukuk Company Limited	6.75% p.a.	December 03, 2019	839,366	494,879
			2,544,682	6,732,573

9.9 These represent investments by Wholesale Bank Branch carrying mark-up at 6.75% and 7.25% and having maturities upto April 2019.

9.10 SUKUK CERTIFICATES - HELD TO MATURITY

Name of Investee	Rate	Maturity	2015	2014
Rupees in '000				
Arzoo Textile Limited	Average of offer side of 6 month KIBOR plus 2% (for 1-2 years), 1.75% (for 3-6 years) p.a.	April 14, 2014	110,000	110,000
WAPDA	Average of offer side of 6 month KIBOR minus 0.25% p.a.	July 13, 2017	66,667	100,000
Bai Mujjal - GOP Ijara Sukuk	6%	November 17, 2016	3,596,432	–
Bai Mujjal - GOP Ijara Sukuk	5.99%	November 17, 2016	1,010,365	–
Pakistan International Sukuk Company Limited	6.75%	December 03, 2019	576,290	–
			5,359,754	210,000

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

9.11 QUALITY OF AVAILABLE FOR SALE SECURITIES

Rupees in '000	Note	2015		2014	
		Market Value	Rating	Market Value	Rating
Local Securities					
Market Treasury Bills	9.11.1	104,037,305	unrated	98,233,282	unrated
Pakistan Investment Bonds	9.11.1	144,466,164	unrated	102,828,035	unrated
Fully paid-up ordinary shares / units	9.11.3				
Adamjee Insurance Company Limited		63,093	AA	56,879	AA
Agritech Limited		135,410	D	112,298	D
Allied Bank Limited		56,556	AA+	98,247	AA+
Attock Petroleum Limited		81,223	–	–	–
Bank Alfalah Limited		74,932	AA	81,881	AA
Century Paper and Board Mills		60,993	A+	21,684	A+
Cherat Cement Company Limited		91,082	unrated	96,152	unrated
Crescent Steel & Allied		–	unrated	30,396	unrated
DG Khan Cement Company		–	unrated	132,636	unrated
Dawood Hercules Chemicals Limited		–	unrated	84,510	unrated
Dolmen City REIT		97,536	–	–	–
EFU General Insurance Limited		–	AA+	19,111	AA+
Engro Corporation Limited		55,878	AA-	116,293	AA-
Engro Fertilizer Limited		57,671	–	–	–
Engro Foods Limited		–	unrated	54,270	unrated
Fatima Fertilizer Co. Limited		89,796	AA-	–	–
GlaxoSmithKline (Pak) Limited		88,008	–	–	–
Gul Ahmed Textile Mills Limited		38,215	–	–	–
Hub Power Company Limited		–	AA+	47,016	AA+
Habib Metropolitan Bank Limited		70,690	–	–	–
IGI Insurance Limited		–	AA	13,529	AA
International Steel Limited		36,566	unrated	49,857	unrated
ICI Pakistan Limited		77,443	–	–	–
JDW Sugar Mills Limited		–	–	6,913	A
JS Bank Limited		–	–	13,923	A+
Jahangir Siddiqui Co. Limited		9,423	AA	–	–
Jubilee Life Insurance Co. Limited		5,040	AA+	–	–
Jubilee General Insurance Co. Limited		29,767	AA+	–	–
K- Electric Limited		44,640	AA	11,295	A+
Kohinoor Textile Mills Limited		–	–	28,040	A-
Kot Addu Power Company Limited		46,373	AA+	205,798	AA+
Lalpir Power Limited		89,294	AA	128,301	AA
Lucky Cement Limited		71,434	–	–	–
Maple Leaf Cement Factory Limited		–	–	44,250	A-
MCB Bank Limited		2,602	AAA	82,526	AAA
Meezan Bank Limited		28,113	AA	–	–
National Bank of Pakistan		83,762	AAA	90,298	AAA
Nishat Chunian Power Limited		50,949	A+	16,748	A+
Nishat (Chunian) Limited		84,677	A-	99,016	A-
Nishat Power Limited		–	–	115,300	A+
Nishat Mills Limited		–	–	96,792	AA
Oil and Gas Development Company Limited		46,936	AAA	51,468	AAA
Pak Oman Advantage Fund		–	–	75,079	A+
Pakgen Power Limited		94,176	AA	121,636	AA
Pakistan Export Finance Guarantee Agency		–	–	–	–
Pakistan Oilfields Limited		–	–	104,324	unrated
Pakistan Petroleum Limited		–	–	112,461	unrated
Pakistan Re-Insurance Company Limited		89,110	–	63,714	AA
Pakistan State Oil Company Limited		88,316	AA	71,582	AA+

Rupees in '000	Note	2015		2014	
		Market Value	Rating	Market Value	Rating
Pakistan Telecommunication Company Limited		47,623	unrated	69,320	unrated
PICIC Growth Fund		33,795	–	–	–
PICIC Investment Fund		52,601	unrated	66,344	unrated
Pioneer Cement Limited		81,774	–	–	–
Packages Limited		23,284	AA	–	–
Pakistan International Bulk Terminal Limited		47,269	–	–	–
Pak Electron Limited		56,286	A	–	–
Sui Northern Gas Company Limited		76,171	AA-	38,543	AA-
Sui Southern Gas Company Limited		63,495	AA-	–	–
Shell Pakistan Limited		26,521	–	–	–
TRG Pakistan Limited		25,416	unrated	23,296	unrated
Thal Limited		53,199	–	–	–
Tri-Pack Films Limited		–	–	32,800	unrated
Fully paid preference shares					
Agritech Limited		54,967	unrated	91,978	unrated
Chenab Limited		15,300	unrated	18,500	unrated
Masood Textile Mills Limited		25,000	unrated	25,000	unrated
First Dawood Investment Bank Limited		25,000	–	–	–
Silk Bank Limited		100,000	A-	100,000	unrated
Units of open end mutual funds					
Askari High Yield Scheme		1,243,778	A	1,242,807	A
Askari Asset Allocation Fund		119,526	3-Star	140,114	3-Star
Askari Islamic Asset Allocation Fund		58,038	2-Star	66,935	2-Star
Askari Islamic Income Fund		165,465	AA-	166,336	AA-
Askari Sovereign Yield Enhancer Fund		106,717	AA-	106,387	AA-
Askari Equity Fund		55,560	unrated	65,199	unrated
Askari Sovereign Cash Fund		120,004	AAA	121,215	AAA
NAMCO Balance Fund		941	unrated	705	unrated
NIT Islamic Equity Fund		49,325	–	–	–
Term Finance Certificates					
Agritech Limited		699,389	D	699,389	D
Azgard Nine Limited		177,990	D	186,408	D
Bank Alfalah Limited		465,144	AA-	453,749	AA-
Bunny's Limited		9,320	unrated	15,063	unrated
Engro Fertilizer Limited		457,795	AA-	672,280	AA-
NIB Bank Limited		233,500	A+	232,610	A+
Pace Pakistan Limited		185,927	D	185,927	D
Pak Hy Oils Limited		41,870	unrated	49,385	unrated
Pak Libya Holding Company (Private) Limited		16,617	AA	50,063	AA
Pakistan International Airlines Corporation Limited	9.11.1	1,749,800	unrated	249,800	unrated
Pakistan Mobile Communication Limited		90,985	AA-	198,484	AA-
Pakistan National Shipping Corporation		–	–	255,705	unrated
Pak Electron Limited		189,957	A-	–	–
Standard Chartered Bank		65,100	AAA	65,041	AAA
World Call Telecom Limited		261,481	D	227,903	D
		4,644,875		3,541,807	
Sukuk Certificates	9.11.2	2,555,467	unrated	6,716,464	unrated
Foreign securities					
Mena Transformation Fund		–	unrated	23,382	unrated
Government of Pakistan Euro Bonds	9.11.1	1,388,019	unrated	731,471	unrated
		261,858,589		217,004,143	

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

- 9.11.1 These are Government of Pakistan guaranteed securities.
- 9.11.2 These include Government of Pakistan guaranteed Sukuk Certificates of Rs. 2,000,151 thousand (2014: Rs. 6,130,791 thousand).
- 9.11.3 Ratings for these equity securities / units represent 'Entity Ratings'.
- 9.11.4 Local securities have either been rated by 'The Pakistan Credit Rating Agency Limited (PACRA)' or 'JCR-VIS Credit Rating Company Limited (JCR-VIS)', whereas foreign securities and certain local securities are unrated. These ratings reflect independent credit risk assessment by respective credit rating entities.
- 9.12 Market Treasury Bills and Pakistan Investment Bonds are securities eligible for re-discounting with the SBP.
- 9.13 Investments include Rs. 2,060,887 thousand (2014: Rs. 2,096,896 thousand) which have been placed under non-performing status and the Bank maintains provision of Rs. 1,880,196 thousand (2014: Rs. 1,534,227 thousand) against non performing investments.
- 9.14 The Bank has availed the relaxation of Rs. Nil (2014: Rs. 249,838 thousand) and Rs. Nil (2014: Rs. 121,525 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations for debt securities and impairment for equity securities respectively.

Rupees in '000	Note	2015	2014
10. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		208,161,554	176,508,166
Outside Pakistan		3,573,890	5,269,273
		211,735,444	181,777,439
Net investment in lease finance - In Pakistan	10.2	4,488,060	2,961,795
Ijarah financing - In Pakistan	10.3	91,525	96,640
Net book value of assets / investments in Ijarah under IFAS 2 in Pakistan	10.4	2,525,765	1,729,948
Advance / Inventories against Islamic Finance		913,027	180,840
Bills discounted and purchased			
Payable in Pakistan		2,979,217	5,938,714
Payable outside Pakistan		5,679,960	6,160,983
		8,659,177	12,099,697
Advances - gross		228,412,998	198,846,359
Provision against non-performing advances	10.6		
Specific provision		(28,048,973)	(27,801,250)
General provision		(196,941)	(177,555)
General provision against consumer financing		(236,272)	(190,260)
		(28,482,186)	(28,169,065)
Advances - net of provision		199,930,812	170,677,294
10.1 PARTICULARS OF ADVANCES (GROSS)			
10.1.1 In local currency		219,555,101	183,647,259
In foreign currencies		8,857,897	15,199,100
		228,412,998	198,846,359
10.1.2 Short term (for upto one year)		156,273,190	137,269,916
Long term (for over one year)		72,139,808	61,576,443
		228,412,998	198,846,359

10.2 NET INVESTMENT IN LEASE FINANCE – IN PAKISTAN

Rupees in '000	2015				2014			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
Lease rentals receivable	1,797,421	1,604,253	16,933	3,418,607	1,479,118	587,226	4,350	2,070,694
Residual value	525,005	894,299	25,732	1,445,036	622,544	440,959	5,968	1,069,471
Minimum lease payments	2,322,426	2,498,552	42,665	4,863,643	2,101,662	1,028,185	10,318	3,140,165
Finance charges for future periods	(167,628)	(206,710)	(1,245)	(375,583)	(92,577)	(85,463)	(330)	(178,370)
Present value of minimum lease payments	2,154,798	2,291,842	41,420	4,488,060	2,009,085	942,722	9,988	2,961,795

10.3 IJARAH FINANCING – IN PAKISTAN

Rupees in '000	2015				2014			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
Ijarah rentals receivable	93,354	–	–	93,354	97,113	–	–	97,113
Residual value	1,969	–	–	1,969	4,816	–	–	4,816
Minimum Ijarah payments	95,323	–	–	95,323	101,929	–	–	101,929
Profit for future periods	(3,798)	–	–	(3,798)	(5,289)	–	–	(5,289)
Present value of minimum Ijarah payments	91,525	–	–	91,525	96,640	–	–	96,640

10.4 NET BOOK VALUE OF ASSETS / INVESTMENTS IN IJARAH UNDER IFAS 2 – IN PAKISTAN

Rupees in '000	2015				2014			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
Assets acquired under Ijarah	190,427	2,920,238	115,167	3,225,832	184,172	1,280,378	609,710	2,074,260
Accumulated depreciation on Ijarah	(56,412)	(625,049)	(18,606)	(700,067)	(52,377)	(130,986)	(160,949)	(344,312)
Net assets / investments in Ijarah	134,015	2,295,189	96,561	2,525,765	131,795	1,149,392	448,761	1,729,948

10.5 Advances include Rs. 31,483,717 thousand (2014: Rs. 31,375,729 thousand) which have been placed under non-performing status as detailed below:

Category of classification	2015								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Other Assets Especially									
Mentioned - note 10.5.1	313,822	–	313,822	–	–	–	–	–	–
Substandard	1,202,328	–	1,202,328	199,079	–	199,079	199,079	–	199,079
Doubtful	596,758	–	596,758	86,097	–	86,097	86,097	–	86,097
Loss	29,370,809	–	29,370,809	27,763,797	–	27,763,797	27,763,797	–	27,763,797
	31,483,717	–	31,483,717	28,048,973	–	28,048,973	28,048,973	–	28,048,973

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Category of classification	2014								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Rupees in '000									
Other Assets Especially									
Mentioned - note 10.5.1	306,125	-	306,125	40	-	40	40	-	40
Substandard	753,536	-	753,536	51,637	-	51,637	51,637	-	51,637
Doubtful	623,341	-	623,341	178,938	-	178,938	178,938	-	178,938
Loss	29,692,727	-	29,692,727	27,570,635	-	27,570,635	27,570,635	-	27,570,635
	31,375,729	-	31,375,729	27,801,250	-	27,801,250	27,801,250	-	27,801,250

10.5.1 This represents classification made for Agricultural, Mortgage and Small Entities finances.

10.6 PARTICULARS OF PROVISION AGAINST NON-PERFORMING ADVANCES

Rupees in '000	Note	2015				2014			
		Specific	General (note 10.6.3)	Consumer financing - General	Total	Specific	General (note 10.6.3)	Consumer financing - General	Total
Opening balance		27,801,250	177,555	190,260	28,169,065	28,279,285	150,970	183,986	28,614,241
Charge for the year		1,790,206	34,687	49,966	1,874,859	1,827,110	32,988	18,808	1,878,906
Reversal for the year		(1,539,764)	(15,301)	(3,954)	(1,559,019)	(1,943,167)	(6,403)	(12,534)	(1,962,104)
Net charge / (reversal) for the year		250,442	19,386	46,012	315,840	(116,057)	26,585	6,274	(83,198)
Amounts written off	10.8	(2,719)	-	-	(2,719)	(86,238)	-	-	(86,238)
Amounts charged off- agri loans		-	-	-	-	(275,740)	-	-	(275,740)
Closing balance		28,048,973	196,941	236,272	28,482,186	27,801,250	177,555	190,260	28,169,065

10.6.1 The net FSV benefit already availed has been reduced by Rs. 415,970 thousand, which has resulted in increased charge for specific provision for the year by the same amount. Had the FSV benefit not reduced, before and after tax profit for the year would have been higher by Rs. 415,970 thousand (2014: Rs. 605,196 thousand) and Rs. 270,381 thousand (2014: Rs. 393,377 thousand) respectively. Further, at December 31, 2015, cumulative net of tax benefit availed for Forced Sale Value (FSV) was Rs. 1,181,873 thousand (December 31, 2014: Rs. 1,452,253 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

10.6.2 The Bank has availed the relaxation of Rs. 102,567 thousand (2014: Rs. 142,530 thousand) allowed by the SBP for maintaining provisions as per time based criteria of prudential regulations.

10.6.3 Provision against non-performing advances includes provision of Rs. 10,959 thousand (2014: Rs. 20,100 thousand) maintained against Secured Small Entities Finances. Further, the general provision is maintained at the rate of 0.1% on advances and other than non-performing advances and consumer/ small entities financing.

10.7 PARTICULARS OF PROVISION AGAINST NON-PERFORMING ADVANCES

Rupees in '000	2015				2014			
	Specific	General	Consumer financing - General	Total	Specific	General	Consumer financing - General	Total
In local currency	27,518,113	196,941	236,272	27,951,326	27,285,763	177,555	190,260	27,653,578
In foreign currencies	530,860	-	-	530,860	515,487	-	-	515,487
	28,048,973	196,941	236,272	28,482,186	27,801,250	177,555	190,260	28,169,065

Rupees in '000		2015	2014	
10.8	PARTICULARS OF WRITE-OFFS:			
10.8.1	Against provisions	2,719	86,238	
	Directly charged to profit and loss account	–	–	
		2,719	86,238	
10.8.2	Write offs of Rs. 500,000 and above	2,413	85,606	
	Write offs of below Rs. 500,000	306	632	
		2,719	86,238	
10.8.3	In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written off loans or any other financial relief of Rs. 500,000 or above allowed to a person(s) during the year ended December 31, 2015 is given at Annexure - 1.			
Rupees in '000		2015	2014	
10.9	PARTICULARS OF LOANS AND ADVANCES TO DIRECTORS, ASSOCIATED COMPANIES ETC.			
	Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons			
	Balance at beginning of year	2,426,961	1,953,249	
	Loans granted during the year	1,588,761	1,102,150	
	Repayments	(1,318,792)	(628,438)	
	Balance at end of year	2,696,930	2,426,961	
	Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties			
	Balance at beginning of year	3,092,645	2,937,451	
	Loans granted during the year	69,894,512	11,572,582	
	Repayments	(67,369,691)	(11,417,388)	
	Balance at end of year	5,617,466	3,092,645	
		8,314,396	5,519,606	
11.	OPERATING FIXED ASSETS			
	Capital work-in-progress	11.1	318,840	453,944
	Property and equipment	11.2	7,978,711	6,785,951
	Intangibles	11.3	977,898	1,105,270
			9,275,449	8,345,165
	Provision against operating fixed assets		(45,439)	(45,677)
			9,230,010	8,299,488
11.1	CAPITAL WORK-IN-PROGRESS			
	Advances to suppliers and contractors		318,840	453,944
			318,840	453,944

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

11.2 PROPERTY AND EQUIPMENT

Rupees in '000	2015										
	COST / REVALUED AMOUNT					DEPRECIATION				Book value	Annual
	as at January 01, 2015	Additions / revaluation	Adjustment	Deletions / transfers	as at December 31, 2015	as at January 01, 2015	Change for the year	on (deletions) / adjustment	as at December 31 2015	as at December 31 2015	rate of depreciation %
Land - freehold - note 11.4	2,445,595	-	-	-	2,445,595	-	-	-	-	2,445,595	-
Land - leasehold - note 11.4	1,076,293	-	-	-	1,076,293	-	-	-	-	1,076,293	-
Buildings on freehold land	870,064	-	-	-	870,064	316,717	27,128	-	343,845	526,219	5
Buildings on leasehold land	901,110	-	-	-	901,110	306,521	29,058	-	335,579	565,531	5
Renovation of premises	1,994,401	707,410	-	(15,255)	2,686,556	1,701,476	204,955	(15,097)	1,891,378	795,178	20
Furniture, fixtures and office equipment	705,249	226,811	93	(8,028)	924,125	307,919	50,055	(4,533)	353,406	570,719	10
Carpets	39,384	6,565	-	(3,004)	42,945	21,139	5,640	(2,172)	24,607	18,338	20
Machine and equipments	1,744,144	624,900	(1,339)	(25,815)	2,341,890	1,084,540	190,785	(20,033)	1,254,551	1,087,339	20
Computer equipments	2,126,065	286,485	202	(921)	2,411,811	1,412,399	166,710	(884)	1,578,411	833,400	20
Vehicles	149,922	41,723	74	(17,937)	173,782	115,565	15,994	(17,892)	113,683	60,099	20
Other assets	45,100	-	-	-	45,100	45,100	-	-	45,100	-	20
	12,097,327	1,893,894	(970)	(70,960)	13,919,271	5,311,376	690,325	(60,611)	5,940,560	7,978,711	
Operating lease - vehicles	1,834	-	-	(20)	1,834	1,834	-	(530)	1,834	-	20
	12,099,161	1,893,894	(970)	(70,980)	13,921,105	5,313,210	690,325	(61,141)	5,942,394	7,978,711	

Rupees in '000	2014										
	COST / REVALUED AMOUNT					DEPRECIATION				Book value	Annual
	as at January 01, 2014	Additions / revaluation	Adjustment	Deletions / transfers	as at December 31, 2014	as at January 01, 2014	Change for the year	on (deletions) / adjustment	as at December 31 2014	as at December 31 2014	rate of depreciation %
Land - freehold - note 11.4	2,445,595	-	-	-	2,445,595	-	-	-	-	2,445,595	-
Land - leasehold - note 11.4	1,472,193	-	(272,300)	(123,600)	1,076,293	-	-	-	-	1,076,293	-
Buildings on freehold land	870,064	-	-	-	870,064	288,190	28,527	-	316,717	553,347	5
Buildings on leasehold land	1,426,468	-	-	(525,358)	901,110	502,325	37,948	(233,752)	306,521	594,589	5
Renovation of premises	1,966,161	163,610	-	(134,746)	1,994,401	1,649,743	161,590	(109,670)	1,701,476	292,925	20
Furniture, fixtures and office equipment	577,315	135,307	(12)	(7,361)	705,249	275,407	36,332	(3,814)	307,919	397,330	10
Carpets	28,963	12,572	-	(2,151)	39,384	18,073	4,721	(1,655)	21,139	18,245	20
Machine and equipments	1,457,674	301,509	(7)	(13,264)	1,744,144	975,834	119,264	(10,523)	1,084,540	659,604	20
Computer equipments	2,212,879	103,644	(212)	(1,987)	2,126,065	1,399,350	159,915	(1,721)	1,412,399	713,666	20
Vehicles	158,271	31,367	-	(39,716)	149,922	148,489	6,781	(39,705)	115,565	34,357	20
Other assets	45,100	-	-	-	45,100	45,035	65	-	45,100	-	20
	12,660,683	748,009	(272,531)	(848,183)	12,097,327	5,302,446	555,143	(400,840)	5,311,376	6,785,951	
Operating lease - vehicles	1,834	-	-	(190,651)	1,834	1,834	-	(145,373)	1,834	-	20
	12,662,517	748,009	(272,531)	(1,038,834)	12,099,161	5,304,280	555,143	(546,213)	5,313,210	6,785,951	

11.2.1 Cost of fully depreciated property and equipment still in use amounts to Rs. 1,779,957 thousand (2014: Rs. 1,461,335 thousand).

11.3 INTANGIBLES

Rupees in '000	2015										
	COST					AMORTIZATION				Book value	Annual
	as at January 01, 2015	Additions / revaluation	Adjustment	Deletions / transfers	as at December 31, 2015	as at January 01, 2015	Change for the year	on (deletions) / adjustment	as at December 31 2015	as at December 31 2015	rate of depreciation %
Software	1,775,155	46,469	-	-	1,821,644	669,885	173,854	-	843,746	977,898	10
				20				7			

Rupees in '000	2014											
	COST					AMORTIZATION					Book value as at December 31 2014	Annual rate of depreciation %
	as at January 01, 2014	Additions / revaluation	Adjustment	Deletions / transfers	as at December 31, 2014	as at January 01, 2014	Change for the year	on (deletions) / adjustment	as at December 31 2014			
Software	1,540,999	45,897	-	-	1,775,155	367,279	157,651	-	669,885	1,105,270	10	
					188,259				144,955			

11.3.1 Cost of fully amortized intangible assets still in use amounts to Rs. 42,243 thousand (2014: Rs. 23,696 thousand).

11.4 The Bank's freehold and leasehold land was revalued by the valuers approved by the Pakistan Banks Association on December 31, 2013 on the basis of their professional assessment of present market value. The amount of revaluation surplus after valuation on land is Rs. 1,564,631 thousand. The information relating to location of revalued land is as follows:

City	Revalued Amount Rupees in '000	Name of Valuers
Karachi	831,154	Sadrudin Associates, Harvester Services, Sipra & Co.
Lahore	1,331,615	Gulf Consultants, SMASCO
Islamabad	191,332	SMASCO
Rawalpindi	720,000	SMASCO
Peshawar	10,807	SMASCO
Quetta	436,980	Sadrudin Associates
	3,521,888	

Had the land not been revalued, the carrying amount of land as at December 31, 2015 would have been Rs. 1,957,257 thousand.

11.5 DETAIL OF DISPOSALS OF OPERATING FIXED ASSETS

Particulars of assets	Original cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyer
Rupees in '000						
MACHINE AND EQUIPMENT						
Air Conditioner	1,391	1,094	297	189	Tender	AB Traders
Generator	1,347	1,053	294	125	Tender	RNS trading
Generator	1,299	1,121	178	140	Tender	M/s A&I Eng.
Generator	1,056	1,038	18	135	Tender	NK ENG
Generator	1,038	659	379	150	Tender	Power Plus
Generator	1,405	65	1,340	1,340	Negotiation	Generator-X Power System
VEHICLES						
Honda Civic	1,505	1,505	-	1,080	Auction	Kosar Perveen
Honda Civic	1,268	1,268	-	778	Auction	Zulfqar Ali
Honda Civic	1,096	1,096	-	532	Auction	M Bilal Khan
Toyota Corolla	1,047	1,047	-	764	Auction	Zahid Qadri
RENOVATION						
Renovations	8,148	8,148	-	-	Negotiation	National Trader
Renovations	3,096	3,096	-	50	Tender	M/s Cool care
Renovations	2,774	2,774	-	19	Tender	M/s Cool care
Other assets having book value of less than Rs. 250,000/- or cost of less than Rs. 1,000,000/- other than vehicles sold to Bank's executives / related parties	26,470	23,964	2,506	5,302		
	44,490	36,647	7,843	12,888		
2015	70,960	60,611	10,349	18,190		
2014	848,183	400,840	447,343	752,717		

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	Note	2015	2014
12. DEFERRED TAX (LIABILITIES) / ASSETS			
Deferred debits / (credits) arising due to:			
Accelerated tax depreciation and amortization		(531,201)	(481,648)
Provision against non-performing advances			
- excess of 1% of total advances		2,181,302	2,774,230
- classified in sub-standard category		71,278	71,278
		1,721,379	2,363,860
Surplus on revaluation of available for sale securities		(1,871,966)	(1,536,698)
Actuarial loss		54,183	48,173
		(96,404)	875,335
13. OTHER ASSETS			
Income / mark-up accrued in local currency	13.1	10,499,993	10,625,232
Income / mark-up accrued in foreign currencies		271,337	273,815
Advances, deposits, advance rent and other prepayments		913,255	733,476
Advance taxation (payments less provisions)		4,258,137	4,621,041
Non banking assets acquired in satisfaction of claims	13.2	3,424,591	3,683,797
Un-realised gain on forward foreign exchange contracts - net		30,257	-
Suspense account		67,100	86,289
Stationary and stamps in hand		45,208	28,465
Dividend receivable		80,853	71,096
Others		536,455	412,911
		20,127,186	20,536,122
Provision against other assets	13.3	(235,850)	(199,621)
Other assets - net of provision		19,891,336	20,336,501

13.1 This balance has been arrived at after adjusting interest in suspense of Rs. 11,528,478 thousand (2014: Rs. 11,131,862 thousand).

13.2 Market value of non banking assets acquired in satisfaction of claims is Rs. 5,017,048 thousand (2014: Rs. 4,882,286 thousand).

Rupees in '000	2015	2014
13.3 PROVISION AGAINST OTHER ASSETS		
Opening balance	199,621	201,000
Provision recognised during the year	51,905	1,279
Recovery / written off during the year	(15,676)	(2,658)
Closing balance	235,850	199,621
14. BILLS PAYABLE		
In Pakistan	6,094,885	6,855,020
15. BORROWINGS		
In Pakistan	57,316,223	13,164,408
Outside Pakistan	7,027	577,622
	57,323,250	13,742,030
15.1 PARTICULARS OF BORROWINGS WITH RESPECT TO CURRENCIES		
In local currency	57,316,223	13,164,408
In foreign currencies	7,027	577,622
	57,323,250	13,742,030

Rupees in '000	Note	2015	2014
15.2	DETAILS OF BORROWINGS - SECURED / UNSECURED		
In Pakistan - local currency			
Secured			
Borrowings from the State Bank of Pakistan:			
Export refinance scheme	15.2.1	9,314,529	7,432,761
Long term financing of export oriented projects	15.2.2	7,386	41,892
Long term financing facility	15.2.3	1,005,047	479,199
		10,326,962	7,953,852
Repo borrowings			
State Bank of Pakistan	15.2.4	42,646,764	894,753
Financial institutions	15.2.5	3,842,399	1,938,070
		46,489,163	2,832,823
Unsecured			
Call borrowings	15.2.6	500,000	1,998,235
Overdrawn balance with other banks		98	379,498
		500,098	2,377,733
		57,316,223	13,164,408
Outside Pakistan - foreign currencies			
Overdrawn nostro accounts - unsecured		7,027	577,622
		57,323,250	13,742,030

15.2.1 This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 2.5% to 4.5% (2014: 7.5%) per annum payable on a quarterly basis.

15.2.2 This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 5% (2014: 5% to 8.2%) per annum payable on a quarterly basis.

15.2.3 This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 3.0% to 6.0% (2014: 6.0% to 7.5%) per annum payable on a quarterly basis.

15.2.4 These are secured against pledge of Government Securities and carry markup of 6.16% (2014: 9.50%) per annum and have maturities upto 1 month (2014: 1 month).

15.2.5 These are secured against pledge of Government Securities and carry markup of 6.0% to 6.35% (2014: 9.40%) per annum and have maturities upto 1 month (2014: 1 month).

15.2.6 These carry mark-up rate of 6.05% (2014: 9.40%) per annum and have maturity upto 1 month (2014: 1 month).

Rupees in '000	2015	2014
16. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	87,271,214	91,328,822
Savings deposits	230,891,271	203,230,490
Current accounts - remunerative	735,829	566,193
Current accounts - non-remunerative	105,536,733	88,522,366
Special exporters' account	59,733	17,008
Margin accounts	2,724,193	2,452,708
Others	824,850	572,252
Financial institutions		
Remunerative deposits	4,959,028	603,878
Non-remunerative deposits	169,354	292,903
	433,172,205	387,586,620
16.1 PARTICULARS OF DEPOSITS		
In local currency	395,239,968	351,806,050
In foreign currencies	37,932,237	35,780,570
	433,172,205	387,586,620

Deposits include Rs. 12,335,964 thousand (2014: Rs. 12,930,439 thousand) due to related parties.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	2015	2014
17. SUB-ORDINATED LOANS		
Term Finance Certificates - III	–	2,994,000
Term Finance Certificates - IV	998,400	998,800
Term Finance Certificates - V	3,998,400	4,000,000
	4,996,800	7,992,800

- 17.1 The Bank had raised unsecured sub-ordinated loans through issuance of five separate Term Finance Certificates to improve the Bank's capital adequacy. The first two issues were fully redeemed in 2013 whereas, during the year the Bank has exercised call option and fully redeemed the third issue. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Bank including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issues are as follows:

	Term Finance Certificates - IV	Term Finance Certificates - V
Outstanding amount - Rupees in thousand	998,400	3,998,400
Issue date	December 23, 2011	September 30, 2014
Total issue	Rupees 1,000 million	Rupees 4,000 million
Rating	AA-	AA-
Listing	Unlisted	Unlisted
Rate	Payable six monthly - Base Rate plus 1.75% (after 5 years: 2.20%) Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Payable six monthly - Base Rate plus 1.20% Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.
Repayment	10 Years	10 Years
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60 months from the date of issue subject to approval by the SBP.
Redemption	6-96th month: 0.32% 97-120th month: 99.68%	6-108th month: 0.36% 108-120th month: 99.64%

Rupees in '000	2015	2014
18. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	1,628,889	2,546,173
Mark-up / return / interest payable in foreign currencies	79,794	10,560
Unearned income / commission	305,368	245,069
Accrued expenses	1,324,779	1,160,759
Advance payments	164,333	99,546
Security deposit against lease / ijarah financing	2,032,455	1,372,845
Unclaimed dividends	87,190	51,949
Branch adjustment account	251,574	531,034
Payable against purchase of listed shares	28,811	84,097
Un-realised loss on forward foreign exchange contracts - net	–	153,586
Withholding taxes payable	151,679	69,922
Federal excise duty payable	47,168	33,558
Workers' Welfare Fund	331,227	164,227
Switch fee payable	343,634	25,579
Others	553,326	650,110
	7,330,227	7,199,014

19. SHARE CAPITAL**19.1 AUTHORIZED CAPITAL**

2015		2014	2015		2014
Number of shares			Rupees in '000		
1,600,000,000	1,600,000,000	Ordinary shares of Rs. 10 each	16,000,000	16,000,000	

19.2 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2015		2014	2015		2014
Number of shares			Rupees in '000		
		Ordinary shares of Rs. 10 each:			
514,689,096	514,689,096	Fully paid in cash	5,146,891	5,146,891	
717,297,769	717,297,769	Issued as bonus shares	7,172,978	7,172,978	
28,273,315	28,273,315	Issued on Askari Leasing Limited merger	282,733	282,733	
1,260,260,180	1,260,260,180		12,602,602	12,602,602	

19.3 The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent of ordinary shares of the Bank as on December 31, 2015.

Rupees in '000		2015	2014
20. SURPLUS ON REVALUATION OF ASSETS – NET OF TAX			
Surplus on revaluation of land		1,564,631	1,564,631
Surplus / (deficit) on revaluation of available for sale securities			
i) Federal Government securities		5,358,513	4,137,811
ii) Listed shares		(108,910)	166,885
iii) Units of open end mutual funds		136,286	176,629
iv) Other securities		(37,415)	(90,760)
		5,348,474	4,390,565
Related deferred tax		(1,871,966)	(1,536,698)
		3,476,508	2,853,867
		5,041,139	4,418,498
21. CONTINGENCIES AND COMMITMENTS			
21.1 DIRECT CREDIT SUBSTITUTES			
i) Others		6,791,143	6,623,269
21.2 TRANSACTION-RELATED CONTINGENT LIABILITIES			
Money for which the Bank is contingently liable:			
a) Contingent liability in respect of guarantees given on behalf of directors or officers or any of them (severally or jointly) with any other person, subsidiaries and associated undertakings.		609,971	973,315
b) Contingent liability in respect of guarantees given, favouring:			
i) Government		64,533,613	62,583,779
ii) Banks and other financial institutions		10,575,081	2,723,312
iii) Others		12,944,217	7,820,249
		88,052,911	73,127,340
		88,662,882	74,100,655

These include guarantees amounting to Rs. 1,038,657 thousand (2014: Rs. 1,109,716 thousand) against which the Bank is contesting court proceedings and these are not likely to result in any liability against the Bank.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	2015	2014
21.3 TRADE-RELATED CONTINGENT LIABILITIES	81,107,284	63,896,465
21.4 OTHER CONTINGENCIES		
21.4.1 These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Bank.	761,444	687,056

21.4.2 The Bank is contesting a case filed against it and some of its employees in the Sindh High Court for declaration and damages. Based on outside legal advice, the case of declaration is likely to be decided in the Bank's favour. However, in case of award of damages, the potential liability of the Bank is estimated not to be more than Rs.100 million.

21.5 TAX CONTINGENCIES

For the tax years 2005 to 2008, there is a contingent liability of Rs. 681 million on account of amendment to assessments carried out by the Tax Department in the matters of taxation of commission & brokerage income at corporate tax rate instead of final tax regime and allocating financial expenses to exempt income and income taxable at a lower rate. Such issues have however been decided in the Bank's favour by the CIR (A) for the Tax Year 2008 except for the matter of allocation of financial expenses. The Bank's appeals are pending decision by the ATIR with respect to matters not decided in its favour. Refer note 30.3 for tax status.

Rupees in '000	2015	2014
21.6 COMMITMENTS IN RESPECT OF FORWARD LENDING		
Commitments against "REPO" transactions		
Purchase and resale agreements	292,361	2,020,072
Sale and repurchase agreements	46,551,819	2,851,757
21.7 COMMITMENTS IN RESPECT OF FORWARD EXCHANGE CONTRACTS		
Purchase	26,019,601	37,365,321
Sale	17,473,121	29,097,183
The above commitments have maturities falling within one year.		
21.8 COMMITMENTS FOR THE ACQUISITION OF OPERATING FIXED ASSETS	200,797	299,779
21.9 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 except for	8,789,588	11,788,818
21.10 OTHER COMMITMENTS		
This represents participation in the equity of proposed Mortgage Refinance Company	300,000	300,000
21.11 BILLS FOR COLLECTION		
Payable in Pakistan	2,280,969	898,052
Payable outside Pakistan	12,517,571	13,233,935
	14,798,540	14,131,987

Bills for collection represent bills drawn in favour of various financial institutions in Pakistan and abroad on behalf of Bank's customers. These are accepted by the Bank as an agent and the Bank does not carry any credit risk in respect of these bills.

22. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Off balance sheet financial instruments referred to as derivatives are contracts the characteristics of which are derived from those of underlying assets. These include forwards and swaps in money and foreign exchange markets. The Bank's exposure in these instruments represents forward foreign exchange contracts, on behalf of customers in imports and exports transactions, forward sales and forward purchases on behalf of customers in the inter-bank money market and with the SBP, and equity futures. The Bank also enters into repo transactions against Government Securities carrying fixed interest rates and having fixed contractual maturities. The risks associated with forward exchange contracts are managed by matching the maturities and fixing counter parties' intra-day and overnight limits. In addition, these also come under the SBP's net open position limits. The credit risk associated with repo transactions is secured through underlying Government Securities.

23. DERIVATIVE INSTRUMENTS

The Bank at present does not offer structured derivative products such as Interest Rate Swaps, Forward Rate Swap, Forward Rate Agreements or Foreign Exchange Options. The Bank's Treasury and Investments Banking Groups buy and sell derivative instruments such as forward exchange contracts and equity futures, however, the Bank does not deal in market making and foreign exchange hedging.

23.1 FORWARD EXCHANGE CONTRACTS

Forward Exchange Contract (FEC) is a product which is offered to the obligor who transacts internationally. The traders use this product to hedge themselves from unfavorable movements in a foreign currency, however, by agreeing to fix the exchange rate, they do not benefit from favorable movements in that currency.

FEC is a contract between the obligor and the Bank in which both agree to exchange an amount of one currency for another currency at an agreed forward exchange rate for settlement over more than two business days after the FEC is entered into (the day on which settlement occurs is called the value date). FEC is entered with those obligors whose credit worthiness has already been assessed, and they have underlined trade transactions.

If the relevant exchange rate moves un-favorably, the Bank will lose money, and obligor will benefit from that movement because the Bank must exchange currencies at the FEC rate. In order to mitigate this risk of adverse exchange rate movement, the Bank manages its exposure by taking forward position in inter-bank foreign exchange.

23.2 EQUITY FUTURES

An equity futures contract is a standardized contract, traded on a futures counter of the stock exchange, to buy or sell a certain underlying scrip at a certain date in the future, at a specified price.

The Bank uses equity futures as a hedging instrument to hedge its equity portfolio against equity price risk. Only selected shares are allowed to be traded on futures exchange. Equity futures give flexibility to the Bank either to take delivery on the future settlement date or to settle it by adjusting the notional value of the contract based on the current market rates. Maximum exposure limit to the equity futures is 10% of Tier I Capital of the Bank, based on prevailing SBP regulations.

The accounting policies used to recognize and disclose derivatives are given in note 5.16.

Rupees in '000	Note	2015	2014
24. MARK-UP / RETURN / INTEREST EARNED			
On loans and advances to:			
i) Customers	24.1	15,755,271	17,653,400
ii) Financial institutions		118,835	106,704
		15,874,106	17,760,104
On investments in:			
i) Available for sale securities		19,749,078	15,777,191
ii) Held to maturity securities		243,878	120,918
		19,992,956	15,898,109
On deposits with financial institutions		479,800	627,988
On securities purchased under resale agreements		245,231	318,009
		36,592,093	34,604,210

24.1 This includes an amount of Rs. 390,212 thousand (2014: Rs. 359,938 thousand) on account of income received from related parties.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	Note	2015	2014
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits	25.1	18,837,350	20,149,820
Securities sold under repurchase agreements		1,784,696	1,161,119
Sub-ordinated loans		616,965	604,079
Call money borrowings		107,993	292,493
Refinance borrowings from SBP		293,926	478,168
Long term finance for export oriented projects from SBP		46,802	25,060
Other short term borrowings		2,654	185
		21,690,386	22,710,924

25.1 This includes an amount of Rs. 825,800 thousand (2014: Rs. 900,601 thousand) on account of mark-up / interest on deposits of related parties.

Rupees in '000	Note	2015	2014
26. GAIN ON SALE OF SECURITIES - NET			
Federal Government Securities			
Market Treasury Bills		18,200	11,748
Pakistan Investment Bonds		2,520,012	304,923
Shares / units - listed		681,603	1,087,651
Others		26,479	399,522
		3,246,294	1,803,844

27. OTHER INCOME			
Rent on property	27.1	5,918	37,640
Gain on sale of operating fixed assets	27.2	7,841	305,374
Rent of lockers		27,490	20,757
Gain on sale of non-banking asset		127,108	7,913
Recovery of write/charge off assets		68,666	51,713
Recovery of expenses from customers		336,454	320,737
		573,477	744,134

27.1 This includes an amount of Rs. Nil (2014: Rs. 15,492 thousand) on account of rent received from related parties.

27.2 This includes an amount of Rs. Nil (2014: Rs. 272,300) on account of surplus on revaluation of fixed assets realized on disposal.

Rupees in '000	Note	2015	2014
28. ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		6,099,921	5,120,224
Charge for defined benefit plans	28.1	268,978	169,478
Contribution to defined contribution plan	35	211,315	163,727
Non-executive directors' fees, allowances and other expenses		6,662	4,625
Rent, taxes, insurance, electricity, etc.		1,683,852	1,515,751
Legal and professional charges		100,706	119,816
Brokerage and commission		121,600	109,237
Communications		437,366	396,917
Repairs and maintenance		595,524	979,016
Stationery and printing		158,276	120,481
Advertisement and publicity		115,843	177,054
Donations	28.2	35,000	6,140
Auditors' remuneration	28.3	7,560	33,252
Depreciation	11.2	690,325	555,143
Amortization	11.3	173,854	157,651
Travelling and entertainment		169,497	115,979
Fuel and vehicle running expenses		540,023	714,051
Security service charges		432,141	361,292
Staff training expenses		24,276	14,994
Other expenditure		141,518	216,864
		12,014,237	11,051,692

- 28.1** This includes charge for gratuity fund of Rs. 183,123 thousand (2014: Rs 127,975 thousand) and charge for leave encashment of Rs. 85,855 thousand (2014: Rs. 41,503 thousand).
- 28.2** This includes donations given to Army Relief Fund for IDPs through Fauji Foundation and Army Public School, Jutial, Gilgit of Rs. 20,000 thousand and Rs. 15,000 thousand respectively, for IDPs and construction of junior section in APS Jutial respectively. Donation was not given to any donee in which the Bank or any of its directors or their spouses had any interest.

Rupees in '000	Note	2015	2014
28.3	AUDITORS' REMUNERATION		
	Audit fee	2,800	2,800
	Fee for the audit of Wholesale Bank Branch	1,982	1,918
	Fee for the audit of provident and gratuity funds	200	200
	Special certifications, half year review, audit of consolidated financial statements and sundry advisory services	2,578	22,453
	Tax services	–	5,000
	Out-of-pocket expenses	–	881
		7,560	33,252
29.	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	49,639	5,696
	Workers' Welfare Fund	167,000	120,000
		216,639	125,696
30.	TAXATION		
	For the year		
	Current	2,329,796	1,013,637
	Deferred	642,481	752,844
		2,972,277	1,766,481
	For the prior year(s)		
	Current	30.2	416,000
		3,388,277	1,766,481
30.1	RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT		
	Profit before taxation	8,431,696	5,781,413
	Tax at applicable tax rate of 35 percent (2014: 35 percent)	2,951,094	2,023,495
	Effect of:		
	- charge for prior year	416,000	–
	- income chargeable to tax at lower rates	–	(269,720)
	- permanent differences	17,373	658
	- others	3,810	12,048
		3,388,277	1,766,481

- 30.2** In terms of the Finance Act, 2015 income of the Bank derived from dividend and capital gains is now taxed at the normal tax rate instead of previously applicable reduced rates. Further, a one time super tax at the rate of 4 percent of the taxable income has also been levied for the tax year 2015. The effect of the above amendments incorporated in these unconsolidated financial statements includes prior year tax charge of Rs. 146,672 thousand (December 31, 2014: Nil) in respect of super tax and Rs. 269,328 thousand (December 31, 2014: Nil) in respect of increased tax rates on dividend income and capital gains.

30.3 TAX STATUS

- i) The Bank has filed tax returns for and up to tax year 2015 (year ended 31 December 2014). The assessments for and up to tax year 2014 were amended by the tax authorities mainly in the matters of admissibility of provisions against doubtful debts and diminution in the value of investments, bad debts written off, apportionment of expenses to income exempt from tax or taxable at a lower rate and basis of taxation of commission and brokerage income. The matter of provision against doubtful debts has been decided in favour of the Bank for and up to tax year 2006 up to the level of Appellate Tribunal Inland Revenue [ATIR] whereas partial relief has been provided by the Commissioner Inland Revenue (Appeals) [CIR(A)] on other

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

matters. The Bank and the tax department have filed appeals and reference applications to the higher forums in relation to matters not decided in their favour.

Tax payments made in relation to the matters currently pending are being carried forward as management is confident of their realization as and when the appeals are decided.

- ii) Consequent upon the amalgamation with and into the Bank, the outstanding tax issues relating to Askari Leasing Limited (ALL) are as follows:

Tax returns of ALL have been filed for and up to tax year 2010. The returns for the tax years 2003 to 2010 were amended by the tax authorities mainly in the matter of admissibility of initial allowance claimed on leased vehicles. On appeals filed by ALL, partial relief was provided by the CIR(A) by allowing initial allowance on commercial vehicles. Re-assessment has not yet been carried out by the tax department. A tax demand is however not likely to arise after re-assessment.

For and up to the assessment years 2002-2003, reference applications filed by the tax authorities in the matter of computation of lease income are pending decisions by the High Court. However the likelihood of an adverse decision is considered low due to a favorable decision of the High Court in a parallel case.

Rupees in '000	2015	2014
31. BASIC / DILUTED EARNINGS PER SHARE		
Profit for the year - Rupees in '000	5,043,419	4,014,932
Weighted average number of Ordinary Shares - numbers	1,260,260,180	1,260,260,180
Basic earnings per share - Rupees	4.00	3.19
There is no dilutive effect on the basic earnings per share of the Bank.		
32. CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	29,685,228	19,130,113
Balances with other banks	8,295,724	7,068,111
Call money lendings	–	1,427,753
	37,980,952	27,625,977
32.1 CASH FLOW FROM OPERATING ACTIVITIES (DIRECT METHOD)		
Mark-up / return / interest and commission receipts	42,378,033	34,454,897
Mark-up / return / interest payments	(22,538,436)	(22,217,602)
Cash payments to employees, suppliers and others	(10,585,033)	(9,245,155)
	9,254,564	2,992,140
(Increase) / decrease in operating assets		
Lendings to financial institutions	1,187,102	(496,793)
Held for trading securities	–	–
Advances	(29,310,152)	(6,631,053)
Other assets (excluding advance taxation)	(166,033)	(17,045)
	(28,289,083)	(7,144,891)
Increase / (decrease) in operating liabilities		
Bills payable	(760,135)	1,167,478
Borrowings	43,581,220	(10,803,849)
Deposits	45,585,585	52,345,593
Other liabilities	471,743	(744,075)
	88,878,413	41,965,147
Cash flow before tax	69,843,894	37,812,396
Income tax paid	(2,382,892)	(1,173,619)
Net cash from operating activities	67,461,002	36,638,777

	2015	2014
33. STAFF STRENGTH	NUMBER OF EMPLOYEES	
Permanent	6,133	5,581
Temporary / on contractual basis	648	313
Total staff strength	6,781	5,894

34. DEFINED BENEFIT PLAN**34.1 GENERAL DESCRIPTION**

The Bank operates an approved funded gratuity scheme for all its regular employees. Contributions are made in accordance with the actuarial recommendation.

The benefits under the gratuity scheme are payable on retirement at the age of 60 years or earlier cessation of service in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service or part thereof.

Rupees in '000	2015	2014
34.2 THE AMOUNTS RECOGNIZED IN THE UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION ARE AS FOLLOWS:		
Present value of defined benefit obligation	1,813,892	1,492,354
Fair value of plan assets	(1,813,892)	(1,492,354)
Net liability	–	–
34.3 THE AMOUNTS RECOGNIZED IN UNCONSOLIDATED PROFIT AND LOSS ACCOUNT ARE AS FOLLOWS:		
Current service cost	195,391	152,604
Net interest income	(12,268)	(24,629)
	183,123	127,975
34.4 ACTUAL RETURN ON PLAN ASSETS	223,109	167,478
34.5 CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATION		
Opening defined benefit obligation	1,492,354	1,173,711
Current service cost	195,391	152,604
Interest expense	176,574	145,143
Actuarial loss	51,437	135,344
Benefits paid	(101,864)	(114,448)
Closing defined benefit obligation	1,813,892	1,492,354
34.6 CHANGES IN FAIR VALUE OF PLAN ASSETS		
Opening fair value of plan assets	1,492,354	1,173,711
Interest income	188,842	169,772
Return on plan assets, excluding amounts included in interest income	34,266	(2,296)
Contributions by employer	200,294	265,615
Benefits paid	(101,864)	(114,448)
Closing fair value of plan assets	1,813,892	1,492,354

The Bank expects to contribute Rs. 246,904 thousand to its defined benefit gratuity plan in 2016.

The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the Bank, at the beginning of the period, for returns over the entire life of the related obligation.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

	2015		2014	
	Rupees '000	Percentage	Rupees '000	Percentage
34.7 BREAK-UP OF CATEGORY OF ASSETS				
Debt instruments				
-Pakistan Investment Bond	1,268,050	70	1,156,427	77
-Term Finance Certificates	241,051	13	218,387	15
	1,509,101	83	1,374,814	92
Equity instruments				
-Mutual funds	48,634	3	-	-
Cash and cash equivalents	256,157	14	117,540	8
	1,813,892	100	1,492,354	100

All Government bonds have quoted prices in active markets. All government bonds are issued by GoP.

At each reporting date the board of trustees review the fund investments and decides for strategic investments. The strategic investment policy of the gratuity fund is summarized as follows:

- strategic asset mix comprising of 5%-25% bank deposits, 70% to 90% Government bonds and 5%-25% others.
- interest risk is managed by investing 90% of funds through Government bonds.

34.8 PRINCIPAL ACTUARIAL ASSUMPTIONS

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

	2015	2014
Discount rate - per annum	10.00%	12.25%
Expected rate of increase in salaries - per annum	9.50%	11.75%
Expected rate of return on plan assets - per annum	10.00%	12.25%
Average expected remaining life of employees - years	5	5
Mortality rate	SLIC 2001 - 2005 mortality table	SLIC 2001 - 2005 mortality table

34.9 AMOUNTS FOR CURRENT AND PREVIOUS FOUR ANNUAL PERIODS ARE AS FOLLOWS:

Rupees in '000	2015	2014	2013	2012	2011
As at December 31,					
Defined benefit obligation	1,813,892	1,492,354	1,173,711	1,207,535	997,952
Plan assets	(1,813,892)	(1,492,354)	(1,173,711)	(1,072,829)	(865,358)
Deficit	-	-	-	134,706	132,594
Experience adjustments					
Actuarial (loss) / gain on obligation	(51,437)	(135,344)	104,489	14,805	28,141
Actuarial (loss) / gain on plan assets	-	-	(4,163)	(1,413)	3,015
Return on plan assets, excluding amounts included in interest income	34,266	(2,296)	-	-	-

34.10 SENSITIVITY ANALYSIS

Sensitivity analysis is performed by changing only one assumption at a time while keeping the other assumptions constant. Sensitivity analysis of key assumptions is given below:

Assumptions	Impact on Defined Benefit Obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees in '000	
Discount rate	1.00%	(192,454)	222,565
Salary increase	1.00%	228,188	(190,822)
Mortality rate change	1 year	(1,089)	1,080

35. DEFINED CONTRIBUTION PLAN

The Bank operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Bank and by the employees to the fund at the rate of 8.33% of basic salary of the employee. Payments are made to the employees as specified in the rules of the fund. The total assets of the fund as at December 31, 2014 were Rs. 2,776,823 thousand (December 31, 2013: Rs. 2,412,694 thousand) as per latest available audited financial statements of the fund.

35.1 THE DETAILS OF SIZE AND INVESTMENT OF THE PROVIDENT FUND IS AS FOLLOWS:

Rupees in '000	2015	2014
	Un-audited	Audited
Size of the Fund	3,300,123	2,776,823
Cost of investments	3,094,751	2,609,976
Fair value of investments	3,298,414	2,751,412
Percentage of investments	93.78%	93.99%

35.2 BREAKUP OF PROVIDENT FUND INVESTMENTS

	2015		2014	
	Rupees in '000	Percentage	Rupees in '000	Percentage
Pakistan Investment Bonds	2,484,018	80.26	2,416,669	92.60
Government Sukuks	99,275	3.21	99,275	3.80
Term Finance Certificates	–	0.00	1,296	0.05
Mutual Funds	321,396	10.39	92,736	3.55
Shares	190,062	6.14	–	0.00
	3,094,751	100.00	2,609,976	100.00

All the investments out of provident fund trust have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

36. COMPENSATED ABSENCES**36.1 GENERAL DESCRIPTION**

The Bank grants compensated absences to all its regular employees as per effective Service Rules. Provisions are recorded in accordance with the actuarial recommendation.

Under this unfunded scheme, regular employees are entitled to 30 days privilege leave for each completed year of service. Unutilized privilege leaves are accumulated upto a maximum of 120 days out of which 60 days are encashable at the time of separation from service on the basis of last drawn gross salary.

36.2 PRINCIPAL ACTUARIAL ASSUMPTIONS

The actuarial valuation was carried out for the year ended December 31, 2015 using "Projected Unit Credit Method". Present value of obligation as at December 31, 2015 was Rs. 280,352 thousand (2014: Rs 194,496 thousand). Expense for the year of Rs. 85,855 thousand (2014: Rs 41,503 thousand) has been included in administrative expenses. The main assumptions used for actuarial valuation are as follows:

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	2015	2014
Discount rate - per annum	9.25%	12.25%
Expected rate of increase in salaries - per annum	9.25%	11.75%
Leave accumulation factor - days	5	5

37. COMPENSATION OF DIRECTORS AND EXECUTIVES

Rupees in '000	President & Chief Executive		Directors		Executives	
	2015	2014	2015	2014	2015	2014
Fees	–	–	6,662	4,625	–	–
Managerial remuneration	38,700	20,280	–	–	1,261,037	1,126,158
Allowances	4,125	2,408	–	–	200,737	162,107
Charge for defined benefit plan	3,000	1,680	–	–	76,093	65,828
Contribution to defined contribution plan	2,999	1,219	–	–	75,613	61,290
Rent and house maintenance	10,800	6,240	–	–	438,922	357,277
Utilities	2,970	2,028	–	–	103,403	87,264
Medical	2,700	1,872	–	–	94,787	79,059
Adhoc relief / bonus	9,000	8,400	–	–	205,028	131,462
	74,294	44,127	6,662	4,625	2,455,620	2,070,445
Number of persons	1	1	10	10	689	645

Executives mean all executive employees, other than the President & Chief Executive, whose annual basic salary exceeds rupees five hundred thousand. President & Chief Executive and certain other executives are provided with the Bank maintained vehicles.

Further, senior executives are entitled to certain additional benefits in accordance with the Bank's policy.

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of quoted investments is based on quoted market prices and rates quoted at Reuters Pages (PKRV) with the exception of unlisted securities.

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposit.

Fair value of fixed term loans, staff loans, and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets / liabilities and reliable data regarding market rates for similar instruments. The provision for non-performing advances is calculated in accordance with the Bank's accounting policy as stated in note 5.5. The effective rates and maturity profile are stated in note 43.2.5 and 43.3.1 respectively.

39. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

Rupees in '000	2015						
	Corporate Financial	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Service	Total
Total income	201,500	23,559,603	1,107,319	18,337,671	48,101	27,487	43,281,681
Total expenses	18,547	18,922,802	1,153,895	14,747,783	4,428	2,530	34,849,985
Net income / (loss)	182,953	4,636,801	(46,576)	3,589,888	43,673	24,957	8,431,696
Segment Assets (Gross)	86,739	306,793,691	11,377,589	248,562,141	20,706	11,832	566,852,698
Segment Non Performing Loans	–	–	2,333,680	29,150,037	–	–	31,483,717
Segment Provision Required	–	1,422,250	2,333,573	27,230,161	–	–	30,985,984
Segment Liabilities	860	46,562,157	33,371,163	429,079,269	205	117	509,013,771
Segment Return on net Assets (ROA) (%)	0.04	4.79	0.23	3.73	0.01	0.01	
Segment Cost of funds (%)	0.00	4.06	0.25	3.16	0.00	0.00	

Rupees in '000	2014						
	Corporate Financial	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Service	Total
Total income	4,196	18,937,184	1,069,064	19,826,740	48,174	36,059	39,921,417
Total expenses	411	17,262,524	1,170,755	15,698,055	4,723	3,536	34,140,004
Net income / (loss)	3,785	1,674,660	(101,691)	4,128,685	43,451	32,523	5,781,413
Segment Assets (Gross)	1,909	247,511,504	10,841,982	218,979,732	21,917	16,406	477,373,450
Segment Non Performing Loans	–	–	2,524,600	28,851,129	–	–	31,375,729
Segment Provision Required	–	1,109,931	2,387,400	26,793,574	–	–	30,290,905
Segment Liabilities	19	5,763,815	27,361,403	390,249,874	213	160	423,375,484
Segment Return on net Assets (ROA) (%)	0.00	4.50	0.25	4.71	0.01	0.01	
Segment Cost of funds (%)	0.00	4.32	0.29	3.93	0.00	0.00	

Assumptions used:

- Administrative expenses have been allocated to segments based on respective segment income.
- Unallocatable assets representing 3.29% (2014: 3.98%) of the total assets have been allocated to segments based on their respective income.
- Unallocatable liabilities representing 1.10% (2014: 1.10%) of the total liabilities have been allocated to segments based on their respective assets.

40. TRUST ACTIVITIES

The Bank is not engaged in any significant trust activities. However, the Bank acts as security agent for some of the Term Finance Certificates it arranges and distributes on behalf of its customers.

41. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Bank's share capital at the year end. The Bank has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than normal risk (i.e. under the comparable uncontrolled price method) other than those under terms of employment.

Details of transactions with related parties and balances with them at the year end are as follows:

Rupees in '000	December 31, 2015							December 31, 2014						
	Key management		Companies with common directorship having equity			Other related parties		Key management		Companies with common directorship having equity			Other related parties	
	Parent	personnel	Directors	under 20%	Subsidiaries	Associates	parties	Parent	personnel	Directors	under 20%	Subsidiaries	Associates	parties
Balances outstanding as at														
- Advances														
Secured	1,072,623	244,938	-	4,544,842	-	-	-	572,699	167,235	-	2,519,946	-	-	-
Un-secured	-	11,343	936	-	-	-	-	-	7,572	673	-	-	-	-
- Mark-up receivable	5,670	38,220	-	40,986	-	-	-	2,288	24,560	-	103,197	-	-	-
- Deposits	5,073,778	103,803	67,078	6,285,967	42,770	-	762,568	6,904,596	54,484	100,879	3,586,117	49,954	67,563	2,166,846
- Mark-up payable	7,997	1,169	-	9,174	-	-	38	17,458	1,358	-	240	-	163	-
- Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	339,761	-	-	454,867	-	-	-	5,495,137	-	-	894,301	-	-	-
- Investment in shares / units	-	-	-	1,874,767	449,789	-	-	-	-	1,914,673	449,789	-	-	-
- Security deposits against lease	-	704	-	4,323	-	-	-	-	-	-	1,823	-	-	-
- Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	53,703	-
Transactions during the year ended														
- Net mark-up / interest earned	26,748	9,890	-	353,574	-	-	-	13,835	7,143	7	338,953	-	-	-
- Net mark-up / interest expensed	272,541	2,980	458	440,488	2,342	3,259	103,732	327,254	3,671	5,877	446,672	1,430	3,457	112,240
- Contribution to employees' funds	-	-	-	-	-	-	411,609	-	-	-	-	-	-	429,342
- Investment in units of AIML funds - purchase	-	-	-	-	-	-	-	-	-	-	116,607	-	-	-
- Investment in units of AIML funds - sale	-	-	-	-	-	-	-	-	-	-	92,786	-	-	-
- Rent of property / service charges received	-	-	-	-	-	-	-	-	-	-	8,944	566	5,982	-
- Rent of property / service charges paid	14,730	-	-	-	4,903	-	-	-	-	-	-	-	-	-
- Dividend Income	-	-	-	179,201	-	-	-	-	-	-	166,050	-	-	-
- Remuneration and allowances paid	-	324,049	-	-	-	-	2,979	-	225,460	-	-	-	-	1,598
- Post employment benefits	-	22,631	-	-	-	-	-	-	15,643	-	-	-	-	-
- Insurance premium paid	-	-	-	-	-	9,476	-	-	-	-	-	-	15,998	-
- Insurance claim received	-	-	-	-	-	673	-	-	-	-	-	-	2,803	-
- Fee, commission and brokerage income	2,361	-	-	5,481	-	-	-	1,063	-	-	3,855	-	-	-
- Fee, commission and brokerage paid	-	-	-	140	-	-	-	-	-	-	1,000	-	-	-
- Dividend paid	1,812,564	364	351	-	12	-	3,300	906,282	14	104	-	-	-	-
- Fees paid	-	365	6,662	-	-	-	-	-	-	4,625	-	-	-	-

In addition to above, rent free sub-branch is operating at FFC head office, Sona Tower.

42. CAPITAL ADEQUACY

42.1 SCOPE OF APPLICATION

Standardized Approach is used for calculating the Capital Adequacy for Market and Credit risk while Basic Indicator Approach (BIA) is used for Operational Risk.

The Bank has two subsidiaries, Askari Investment Management Limited (AIML) and Askari Securities Limited (ASL). AIML is the wholly-owned subsidiary of Askari Bank Limited while ASL is 74% owned by the Bank. Both these entities are included while calculating Capital Adequacy for the Bank using full consolidation method. Furthermore, the Bank does not enter into in any securitization activity that shields it from the risk inherent in securitization.

42.2 CAPITAL MANAGEMENT

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 shareholder's 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.

GOALS OF MANAGING CAPITAL

The goals of managing capital of the Bank are as follows:

- To be an adequately capitalised institution, considering the requirements set by the regulators of the banking markets where the Bank operates;
- Maintain strong ratings and to protect the Bank against unexpected events;
- Availability of adequate capital at a reasonable cost so as to enable the Bank to operate adequately and provide reasonable value added for the shareholders and other stakeholders;

BANK'S REGULATORY CAPITAL ANALYSED INTO THREE TIERS

Tier I capital, includes fully paid-up capital, share premium, reserves (excluding foreign exchange translation reserves) and unappropriated profits (net of losses) etc. after deductions for certain specified items such as book value of intangibles, reciprocal cross holdings in CET 1 instruments of Banking, Financial or Insurance entities, investments in mutual funds exceeding prescribed limits and 50% of other deductions e.g. majority and significant minority investments in insurance and other financial entities. Deductions that have come afresh as part of the Basel III rules such as those on account of Deferred Tax Assets are also required to be made.

Tier II capital under Basel III is subject to a maximum of 2.5% of total Risk Weighted Assets as of December 31, 2015. It includes subordinated debt issued prior to January 1, 2013 phasing out at an annual rate of 10%, Basel III compliant Tier II instruments, general provisions for loan losses (up to a maximum of 1.25 % of credit risk weighted assets), reserves on the revaluation of fixed assets and available for sale investments (on an after tax basis up to a maximum of 45 percent), foreign exchange translation reserves etc. Basel III rules however do allow for the inclusion of the remaining 55% of the revaluation reserves into Tier II capital at an inclusion rate equal to the rate of deduction specified under the transitional arrangements for the coming years uptill 2018. Tier II capital deductions comprise of the remaining 50% other deductions noted above, reciprocal cross holdings in Tier II instruments of Banking, Financial or Insurance entities etc.

As of December 2015 the Bank must meet a Tier 1 to RWA ratio and CAR including CCB of 7.5% and 10.25% respectively.

Banking operations are categorised as either trading book or banking book and risk-weighted assets are determined according to specified requirements of State Bank of Pakistan that seek to reflect the varying levels of risk attached to on-balance sheet and off-balance sheet exposures. The total risk-weighted exposures comprise the credit risk, market risk and operational risk.

On and off-balance sheet assets in the banking book are broken down to various asset classes for calculation of credit risk requirement. External ratings for assets, where available, are applied using the assessments by various External Credit Assessment Institutions (ECAIs) and aligned with appropriate risk buckets. Otherwise, the exposures are treated as unrated and relevant risk weights are applied. In addition, there are fixed risk weights for certain types of exposures such as retail portfolio and residential mortgage finance for which external ratings are not applicable. Collaterals if any, are used as credit risk mitigant after applying appropriate haircuts under the Comprehensive Approach. Risk weights notified, are hence applied at adjusted exposures, wherever credit risk mitigation is available. Collaterals used include: Government of Pakistan guarantees, cash, lien on deposits, shares, government securities, bank and corporate guarantees and other debt securities that fall within the definition of eligible collaterals and also fulfill other specified criteria under the relevant capital adequacy guidelines.

The calculation of Capital Adequacy enables the Bank to assess the long-term soundness. As the Bank carries on the business on a wide area network basis, it is critical that it is able to continuously monitor the exposure across the entire organisation and aggregate the risks so as to take an integrated approach / view.

LEVERAGE RATIO

The Bank's position under Basel III's third capital standard is as under:

Rupees in '000	2015	2014
Tier I Capital	20,417,514	17,361,803
Total Exposure	781,980,184	614,204,411
Leverage Ratio	2.61%	2.83%

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	Note	2015	2014
42.3 CAPITAL ADEQUACY RATIO (CAR)			
Common Equity Tier 1 capital (CET1): Instruments and reserves			
Fully Paid-up Capital / Capital deposited with SBP		12,602,602	12,602,602
Balance in Share Premium Account		234,669	234,669
Reserve for issue of Bonus Shares		–	–
General / Statutory Reserves		6,110,390	4,499,743
Gain / (Losses) on derivatives held as Cash Flow Hedge		–	–
Unappropriated / unremitted profit		2,763,314	1,862,223
Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)		–	–
CET 1 before Regulatory Adjustments		21,710,975	19,199,237
Total regulatory adjustments applied to CET1	42.3.1	1,293,461	1,837,434
Common Equity Tier 1		20,417,514	17,361,803
Additional Tier 1 (AT 1) Capital			
Qualifying Additional Tier-1 instruments plus any related share premium			
of which: Classified as equity		–	–
of which: Classified as liabilities		–	–
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1) of which: instrument issued by subsidiaries subject to phase out		–	–
AT1 before regulatory adjustments		–	–
Total regulatory adjustment applied to AT1 capital	42.3.2	–	–
Additional Tier 1 capital after regulatory adjustments		–	–
Additional Tier 1 capital recognized for capital adequacy		–	–
Tier 1 Capital (CET1 + admissible AT1)		20,417,514	17,361,803
Tier 2 Capital			
Qualifying Tier 2 capital instruments under Basel III plus any related share premium		3,993,600	3,995,200
Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel 3 rules		628,320	2,473,280
Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2) 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		433,213	367,815
Revaluation Reserves			
of which: Revaluation reserves on Property		1,048,303	876,193
of which: Unrealized Gains / Losses on AFS		2,329,260	1,598,166
Foreign Exchange Translation Reserves		3,377,563	2,474,359
Undisclosed / Other Reserves (if any)		100,829	89,326
T2 before regulatory adjustments		8,533,525	9,399,980
Total regulatory adjustment applied to T2 capital	42.3.3	178,269	724,448
Tier 2 capital (T2) after regulatory adjustments		8,355,256	8,675,532
Tier 2 capital recognized for capital adequacy		8,268,453	8,675,532
Portion of Additional Tier 1 capital recognized in Tier 2 capital		–	–
Total Tier 2 capital admissible for capital adequacy		8,268,453	8,675,532
TOTAL CAPITAL (T1 + admissible T2)		28,685,967	26,037,335
Total Risk Weighted Assets (RWA)	42.6	229,290,400	199,884,146

Rupees in '000	2015	2014
Capital Ratios and buffers (in percentage of risk weighted assets)		
CET1 to total RWA	8.90%	8.69%
Tier-1 capital to total RWA	8.90%	8.69%
Total capital to RWA	12.51%	13.03%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	6.25%	5.50%
of which: capital conservation buffer requirement	0.25%	–
of which: countercyclical buffer requirement	–	–
of which: D-SIB or G-SIB buffer requirement	–	–
CET1 available to meet buffers (as a percentage of risk weighted assets)	2.65%	3.19%
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	10.00%	10.00%
Total Capital plus CCB* ratio	10.25%	10.00%
*CCB: Consisting of CET1 Only		
42.3.1 Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill (net of related deferred tax liability)	–	–
All other intangibles (net of any associated deferred tax liability)	978,019	1,119,757
Reciprocal cross holdings in CET1 capital instruments	236,914	370,632
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	–	214,925
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	78,528	132,120
Total regulatory adjustments applied to CET1	1,293,461	1,837,434
42.3.2 Additional Tier 1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	–	27,416
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	78,528	104,705
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	–	–
Total regulatory adjustment applied to AT1 capital	–	–
42.3.3 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	78,528	104,705
Reciprocal cross holdings in Tier 2 instruments	99,741	619,743
Total regulatory adjustment applied to T2 capital	178,269	724,448
42.3.4 Risk weighted assets in respect of amounts subject to Pre-Basel III Treatment		
of which: recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	1,384,412	611,320
of which: deferred tax assets	–	859,618
of which: Defined-benefit pension fund net assets	–	–
Total	1,384,412	1,470,938

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	2015	2014
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financial entities	1,071,993	453,685
Significant investments in the common stock of financial entities	104,705	52,352
Deferred tax assets arising from temporary differences (net of related tax liability)	–	1,770,985
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)	433,213	367,815
Cap on inclusion of provisions in Tier 2 under standardized approach	2,147,550	1,891,315
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	–	–

	Balance sheet as in published financial statement	Under regulatory scope of consolidation
Rupees in '000	As at December 31, 2015	

42.4 CAPITAL STRUCTURE RECONCILIATION

ASSETS

Cash and balances with treasury banks	29,685,228	29,685,228
Balances with other banks	8,295,724	8,295,724
Lending to financial institutions	812,898	812,898
Investments	268,020,706	268,020,706
Advances	199,930,812	199,930,812
Operating fixed assets	9,230,010	9,230,010
Deferred tax assets	–	–
Other assets	19,891,336	19,891,336

TOTAL ASSETS

535,866,714 535,866,714

LIABILITIES & EQUITY

Bills payable	6,094,885	6,094,885
Borrowings	57,323,250	57,323,250
Deposits and other accounts	433,172,205	433,172,205
Sub-ordinated loans	4,996,800	4,996,800
Liabilities against assets subject to finance lease	–	–
Deferred tax liabilities	96,404	96,404
Other liabilities	7,330,227	7,330,227

TOTAL LIABILITIES

509,013,771 509,013,771

Share capital / Head office capital account	12,602,602	12,602,602
Reserves	6,445,888	6,445,888
Unappropriated / Unremitted profit	2,763,314	2,763,314
Minority Interest	–	–
Surplus on revaluation of assets	5,041,139	5,041,139

TOTAL LIABILITIES & EQUITY

535,866,714 535,866,714

Rupees in '000	Balance sheet as in published financial statement	Under regulatory scope of consolidation
	As at December 31, 2015	
ASSETS		
Cash and balances with treasury banks	29,685,228	29,685,228
Balances with other banks	8,295,724	8,295,724
Lending to financial institutions	812,898	812,898
Investments	268,020,706	268,020,706
of which: Mutual Funds exceeding regulatory threshold	—	—
of which: reciprocal crossholding of capital instrument CET 1	236,914	236,914
of which: reciprocal crossholding of capital instrument AT 1	—	—
of which: reciprocal crossholding of capital instrument Tier II	99,741	99,741
of which: others	267,684,051	267,684,051
Advances	199,930,812	199,930,812
shortfall in provisions / excess of total EL amount over eligible provisions under IRB	—	—
general provisions reflected in Tier 2 capital	433,213	433,213
Fixed Assets	9,230,010	9,230,010
of which: Intangibles	978,019	978,019
Deferred Tax Assets	—	—
of which: DTAs excluding those pertaining to temporary differences	—	—
of which: DTAs arising from temporary differences below the threshold	—	—
of which: DTAs arising from temporary differences exceeding regulatory threshold	—	—
Other assets	19,891,336	19,891,336
of which: Goodwill	—	—
of which: Intangibles	—	—
of which: Defined-benefit pension fund net assets	—	—
TOTAL ASSETS	535,866,714	535,866,714
LIABILITIES & EQUITY		
Bills payable	6,094,885	6,094,885
Borrowings	57,323,250	57,323,250
Deposits and other accounts	433,172,205	433,172,205
Sub-ordinated loans	4,996,800	4,996,800
of which: eligible for inclusion in AT1	—	—
of which: eligible for inclusion in Tier 2	4,621,920	4,621,920
Liabilities against assets subject to finance lease	—	—
Deferred tax liabilities	96,404	96,404
Other liabilities	7,330,227	7,330,227
TOTAL LIABILITIES	509,013,771	509,013,771
Share capital	12,602,602	12,602,602
of which: amount eligible for CET1	12,602,602	12,602,602
of which: amount eligible for AT1	—	—
Reserves	6,445,888	6,445,888
of which: portion eligible for inclusion in CET1-Balance in Share Premium Account	234,669	234,669
of which: portion eligible for inclusion in CET1-General / Statutory Reserves	6,110,390	6,110,390
of which: portion eligible for inclusion in Tier 2	100,829	100,829
Unappropriated profit	2,763,314	2,763,314
Surplus on revaluation of assets	5,041,139	5,041,139
of which: Revaluation reserves on Property	1,564,631	1,564,631
of which: Unrealized Gains / Losses on AFS	3,476,508	3,476,508
TOTAL LIABILITIES & EQUITY	535,866,714	535,866,714

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	Balance sheet as in published financial statements As at December 31, 2015
42.5 BASEL III DISCLOSURE	
COMMON EQUITY TIER 1 CAPITAL (CET1): INSTRUMENTS AND RESERVES	
Fully Paid-up Capital / Capital deposited with SBP	12,602,602
Balance in Share Premium Account	234,669
General / Statutory Reserves	6,110,390
Unappropriated profit	2,763,314
CET 1 BEFORE REGULATORY ADJUSTMENTS	21,710,975
COMMON EQUITY TIER 1 CAPITAL: REGULATORY ADJUSTMENTS	
All other intangibles (net of any associated deferred tax liability)	978,019
Reciprocal cross holdings in CET1 capital instruments	236,914
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	78,528
Total regulatory adjustments applied to CET1	1,293,461
COMMON EQUITY TIER 1	20,417,514
ADDITIONAL TIER 1 (AT 1) CAPITAL	
Qualifying Additional Tier-1 instruments plus any related share premium	-
of which: Classified as equity	-
of which: Classified as liabilities	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-
of which: instrument issued by subsidiaries subject to phase out	-
AT 1 BEFORE REGULATORY ADJUSTMENTS	-
Additional Tier 1 Capital: regulatory adjustments	
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-
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	78,528
Total of Regulatory Adjustment applied to AT1 capital	78,528
Additional Tier 1 capital	-
Additional Tier 1 capital recognized for capital adequacy	-
TIER 1 CAPITAL (CET1 + ADMISSIBLE AT1)	20,417,514
TIER 2 CAPITAL	
Qualifying Tier 2 capital instruments under Basel III	3,993,600
Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	628,320
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	433,213
Revaluation Reserves eligible for Tier 2	3,377,563
of which: portion pertaining to Property	1,048,303
of which: portion pertaining to AFS securities	2,329,260
Foreign Exchange Translation Reserves	100,829
Undisclosed / Other Reserves	-
T2 BEFORE REGULATORY ADJUSTMENTS	8,533,525

		Balance sheet as in published financial statements
Rupees in '000		As at December 31, 2015
TIER 2 CAPITAL: REGULATORY ADJUSTMENTS		
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-BaseI III treatment which, during transitional period, remain subject to deduction from tier-2 capital		78,528
Reciprocal cross holdings in Tier 2 instruments		99,741
Amount of Regulatory Adjustment applied to T2 capital		178,269
Tier 2 capital (T2)		8,355,256
Tier 2 capital recognized for capital adequacy		8,268,453
Excess Additional Tier 1 capital recognized in Tier 2 capital		-
Total Tier 2 capital admissible for capital adequacy		8,268,453
TOTAL CAPITAL (T1 + admissible T2)		28,685,967

42.6 CAPITAL ADEQUACY RATIO AS AT DECEMBER 31, 2015

The capital to risk weighted assets ratio, calculated in accordance with the State Bank of Pakistan's guidelines on capital adequacy, using standardised approaches for credit and market risks and basic indicator approach for operational risk is presented below.

RISK-WEIGHTED EXPOSURES

Rupees in '000	Capital Requirement		Risk Weighted Assets	
	2015	2014	2015	2014
PORTFOLIOS SUBJECT TO STANDARDISED APPROACH (COMPREHENSIVE APPROACH FOR CRM)				
CLAIMS ON:				
Sovereigns other than PKR claims	559,259	413,819	5,592,587	4,138,191
Public Sector Entities (PSEs)	485,619	435,935	4,856,187	4,359,355
Banks	606,197	611,720	6,061,973	6,117,198
Corporates	8,215,062	6,359,442	82,150,624	63,594,420
Retail portfolio	1,061,776	993,225	10,617,756	9,932,245
Residential mortgage finance	332,655	301,929	3,326,550	3,019,291
Listed equities and regulatory capital instruments issued by others banks	67,862	15,180	678,623	151,798
Unlisted equity investments	15,000	18,507	150,000	185,074
Significant investment and DTAs	26,176	455,809	261,762	4,558,093
Fixed Assets	825,199	717,973	8,251,985	7,179,731
Other Assets	493,660	433,799	4,936,602	4,337,994
Past Due Exposures	408,249	393,684	4,082,490	3,936,840
OFF-BALANCE SHEET				
Non-market related	4,024,156	3,890,875	40,241,556	38,908,752
Market Related	59,529	88,695	595,290	886,950
MARKET RISK				
PORTFOLIOS SUBJECT TO STANDARDIZED APPROACH				
Interest rate risk	2,329,201	1,729,540	23,292,010	17,295,400
Equity position risk	577,955	606,059	5,779,553	6,060,592
Foreign exchange risk	15,603	39,438	156,029	394,379
OPERATIONAL RISK				
	2,825,882	2,482,784	28,258,823	24,827,843
Total	22,929,040	19,988,413	229,290,400	199,884,146
Gross Total (including CCB)	23,502,266	19,988,415	229,290,400	199,884,146

CAPITAL ADEQUACY RATIO

Rupees in '000	Required		Actual	
	2015	2014	2015	2014
CET1 to total RWA	6.00%	5.50%	8.90%	8.69%
Tier-1 capital to total RWA	7.50%	7.00%	8.90%	8.69%
Total capital to total RWA	10.00%	10.00%	12.51%	13.03%
Gross Total Capital to total RWA (including CCB)	10.25%	10.00%	12.51%	13.03%

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

42.7 MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

MAIN FEATURES	COMMON SHARES	INSTRUMENT - 2 (TFC III)	INSTRUMENT- 3 (PPTFC TFC IV)	INSTRUMENT- 4 (PPTFC TFC V)
ISSUER	ASKARI BANK - PUBLIC LIMITED COMPANY			
Unique identifier	AKBL	AKBL TFC3	NA	NA
Governing law(s) of the instrument	The Companies Ordinance 1984 & Stock Exchanges Regulations	The Companies Ordinance, 1984	The Companies Ordinance, 1984	
Regulatory treatment				
Transitional Basel III rules	NA	Tier 2	Tier 2	NA
Post-transitional Basel III rules	NA	Ineligible	Ineligible	NA
Eligible at solo / group / group & solo	Solo and Group	Solo and Group	Solo and Group	Solo and Group
Instrument type	Ordinary shares	Subordinated Debt Instrument	Subordinated Debt Instrument	Subordinated Debt Instrument
Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	12,602,602	-	628,320	3,993,600
Par value of instrument	Rs. 10 per Share	Rs. 5,000 per Instrument	Rs. 1,000,000 per Instrument	Rs. 1,000,000 per Instrument
Accounting classification	Shareholder's equity	Liability - amortized cost	Liability - amortized cost	Liability - amortized cost
Original date of issuance	Year 1992	November 18, 2009	December 23, 2011	September 30, 2014
Perpetual or dated	Perpetual / no Maturity	Dated	Dated	Dated
Original maturity date	NA	November 18, 2019	December 23, 2021	September 30, 2024
Issuer call subject to prior supervisory approval	NA	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	NA	November 18, 2014	December 23, 2016	September 30, 2019, Call would be subject to SBP approval and less than 30 days.
Subsequent call dates, if applicable	NA	Yes	Yes	Yes
Coupons / dividends				
Fixed or floating dividend / coupon	NA	Floating	Floating	Floating
coupon rate and any related index / benchmark	NA	Average Ask 6 month KIBOR + 2.50% (1 to 5 Years) & Average Ask 6 month KIBOR + 2.95 % (6 to 10 Years)	Average Ask 6 month KIBOR + 1.75% (1 to 5 Years) & Average Ask 6 month KIBOR + 2.20 (6 to 10 Years)	Average Ask 6 month KIBOR + 1.20%
Existence of a dividend stopper	No	No	No	No
Fully discretionary, partially discretionary or mandatory	NA	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	No	No	No	No
Noncumulative or cumulative	Noncumulative	Cumulative	Cumulative	Cumulative
Convertible or non-convertible	NA	Nonconvertible	Nonconvertible	Convertible
If convertible, conversion trigger(s)	NA	NA	NA	As deemed to be triggered by SBP
If convertible, fully or partially	NA	NA	NA	Fully or as deemed appropriate by SBP
If convertible, conversion rate	NA	NA	NA	Dependent on target market value of equity per share on or before the date of conversion
If convertible, mandatory or optional conversion	NA	NA	NA	Mandatory
If convertible, specify instrument type convertible into	NA	NA	NA	Common Equity Tier 1
If convertible, specify issuer of instrument it converts into	NA	NA	NA	Askari Bank Limited
Write-down feature	NA	NA	NA	Yes
If write-down, write-down trigger(s)	NA	NA	NA	As deemed to be triggered by SBP.
If write-down, full or partial	NA	NA	NA	Legal basis is provided to authorities to set trigger as part of the terms of contract.
If write-down, permanent or temporary	NA	NA	NA	
If temporary write-down, description of write-up mechanism	NA	NA	NA	
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	3rd, Subordinated Debt being senior	2nd, Lenders and Depositors being senior	2nd, Lenders and Depositors being senior	2nd, Lenders and Depositors being senior
Non-compliant transitioned features	No	Yes	Yes	No
If yes, specify non-compliant features	NA	Does not meet loss absorbency requirements including conversion	Does not meet loss absorbency requirements including conversion	No NA

43. RISK MANAGEMENT

The Bank believes that effective risk management is of primary importance to achieve desired level of return while maintaining acceptable level of risk exposure. Robust risk management processes and framework are in place to achieve overall Bank's objectives through a well thought out strategy, which enable the Bank to effectively manage, credit, market, operational and liquidity risk in a proactive manner.

The Bank's approach is to ensure that risk management is deeply and firmly embedded in the culture of the Bank. All employees are therefore considered responsible for identification, measurement, monitoring and controlling risks within the scope of their assigned responsibilities. As a result of changing risk environment, the Bank continuously monitors and conducts holistic assessment of complex transactions on an integrated basis.

The Bank has a Board Risk Management Committee (BRMC) in place and is updated regularly by the Bank's Risk Management Division. BRMC is responsible to review the extent of design and adequacy of risk management framework. BRMC oversees that risks are managed within the level of tolerance and risk appetite of the Bank.

43.1 CREDIT RISK:

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability is impaired resulting in economic loss to the Bank. The Bank takes necessary measures to control such risk by monitoring credit exposures, limiting transactions with specific counter parties with increased likelihood of default and continually assessing the creditworthiness of counter parties.

The Bank has built and maintains a sound loan portfolio in terms of a well defined Credit Policy and Credit Risk Policy approved by the Board of Directors. Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for the purpose of emphasizing prudence in its lending activities and ensuring quality of asset portfolio. Advances portfolio constitutes around 40% of the total asset base and is also the largest source of credit risk for the Bank. Moreover, more than 70% of Bank's capital requirement pertains to credit risk. The Bank's advances portfolio is well diversified across various business segments, industries and geographical locations.

Risk mitigants have been put in place at all stages of credit risk cycle i.e. identification, measurement, monitoring, controlling and reporting for effective risk management. Accordingly, portfolio monitoring function is in place at the Bank with dedicated resources to ensure that risk is not only minimized but is optimized in risk / return perspective.

Credit Risk Review is conducted at obligor as well as at portfolio level to ensure adherence to regulatory as well as the Bank's policies and procedures. The review process ensures that a sound and proactive risk management culture is maintained across the Bank. Scope of Pre-Assessment Risk Review has been enhanced, covering the entire Corporate, Commercial and SME portfolios along with consumer and Agri Finance with in discretionary powers of HOCC. Audit and inspection division is reviewing the advances portfolio on a post approval basis.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

43.1.1 SEGMENT INFORMATION

Segmental Information is presented in respect of the class of business and geographical distribution of advances, deposits, contingencies and commitments.

43.1.1.1 SEGMENT BY CLASS OF BUSINESS

	2015						2014					
	Advances		Deposits		Contingencies and Commitments		Advances		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Agriculture finances	3,878,666	1.70	3,425,016	0.79	654,654	0.24	4,206,470	2.12	4,029,187	1.04	319,130	0.14
Automobiles and Allied	1,044,527	0.46	1,107,919	0.26	280,101	0.10	1,297,051	0.65	1,027,479	0.27	248,655	0.11
Cables / Electronics	3,006,374	1.32	4,774,760	1.10	1,540,915	0.56	2,799,096	1.41	3,867,038	1.00	905,038	0.39
Carpets	78,080	0.03	128,971	0.03	8,250	0.00	72,598	0.04	152,749	0.04	16,618	0.01
Cement	2,334,179	1.02	464,520	0.11	1,788,668	0.65	1,012,589	0.51	425,160	0.11	3,947,273	1.72
Chemicals / Pharmaceuticals	4,148,075	1.82	2,788,100	0.64	3,093,205	1.12	3,663,370	1.84	734,638	0.19	3,230,888	1.41
Engineering	45,454	0.02	448,138	0.10	13,877,480	5.01	34,746	0.02	268,798	0.07	2,684,144	1.17
Fertilizers	2,931,671	1.28	4,286,310	0.99	2,668,838	0.96	2,420,656	1.22	5,124,581	1.32	6,749,389	2.95
Food and Allied	3,691,952	1.62	748,138	0.17	1,077,265	0.39	3,355,055	1.69	1,073,450	0.28	1,462,539	0.64
Fuel / Energy	21,725,867	9.51	962,695	0.22	19,202,001	6.93	14,766,700	7.43	1,698,401	0.44	10,928,820	4.77
Ghee and Edible Oil	2,513,308	1.10	532,983	0.12	1,885,242	0.68	2,654,001	1.33	293,867	0.08	1,341,207	0.59
Glass and Ceramics	2,056,181	0.90	54,052	0.01	693,816	0.25	2,427,470	1.22	61,261	0.02	128,175	0.06
Hotels and Restaurants	2,523,884	1.10	796,438	0.18	239,196	0.09	1,870,646	0.94	1,097,837	0.28	615,881	0.27
Individuals	17,884,178	7.83	165,874,917	38.30	439,527	0.16	15,243,264	7.67	139,348,074	35.95	463,927	0.20
Insurance	21,896	0.01	1,767,497	0.41	–	–	–	–	634,141	0.16	–	–
Financial institutions / Investment companies	1,026,667	0.45	6,291	0.00	48,343,439	17.45	479,999	0.24	5,853	0.00	56,233,823	24.54
Leasing	615,000	0.27	13,657	0.00	–	–	375,000	0.19	4,671	0.00	–	–
Leather products and Shoes	1,603,964	0.70	757,571	0.17	1,015,003	0.37	1,827,909	0.92	1,012,054	0.26	99,333	0.04
Modarabas	–	–	12	0.00	518,346	0.19	–	–	12	0.00	–	–
Paper and Board	291,017	0.13	132,290	0.03	339,570	0.12	347,798	0.17	233,683	0.06	136,047	0.06
Plastic products	415,137	0.18	206,032	0.05	290,702	0.10	426,188	0.21	157,635	0.04	356,902	0.16
Ready made garments	1,037,571	0.45	359,715	0.08	257,765	0.09	1,314,096	0.66	639,791	0.17	126,011	0.05
Real estate / Construction	4,002,861	1.75	15,413,359	3.56	45,643,775	16.47	2,481,223	1.25	17,742,599	4.58	15,517,935	6.77
Rice processing and trading	5,404,329	2.37	929,808	0.21	201,688	0.07	4,023,219	2.02	904,125	0.23	1,459,934	0.64
Rubber products	205,968	0.09	219,664	0.05	69,058	0.02	418,772	0.21	142,662	0.04	184,644	0.08
Services												
(Other than Financial, Hotelling and Travelling)	2,945,291	1.29	6,526,484	1.51	687,539	0.25	2,382,610	1.20	6,156,434	1.59	554,554	0.24
Sports goods	299,794	0.13	112,572	0.03	160,232	0.06	434,099	0.22	123,011	0.03	156,523	0.07
Sugar	5,756,270	2.52	69,869	0.02	1,777	0.01	3,422,727	1.72	83,216	0.02	47,365	0.02
Surgical equipment / Metal products	7,658,364	3.35	2,109,448	0.49	820,337	0.30	8,283,419	4.17	2,290,876	0.59	440,084	0.19
Synthetic and Rayon	1,275,791	0.56	92,524	0.02	248,338	0.09	1,390,170	0.70	111,441	0.03	76,671	0.03
Textile	31,374,438	13.74	4,239,102	0.98	8,379,726	3.02	25,463,728	12.81	4,427,090	1.14	5,385,097	2.35
Tobacco / Cigarette manufacturing	4,462	0.00	–	–	–	–	4,462	0.00	5	0.00	–	–
Transport and Communication	3,804,627	1.67	3,895,240	0.90	4,460,220	1.61	6,614,748	3.33	4,722,241	1.22	3,631,892	1.59
Travel agencies	106,492	0.05	149,849	0.03	393,396	0.14	3,230	0.00	260,615	0.07	410,418	0.18
Woolen	371,502	0.16	558,325	0.13	4,050	0.00	168,941	0.08	630,879	0.16	109,068	0.05
Public sector / Government	72,753,491	31.85	165,798,351	38.28	106,367,819	38.39	64,278,386	32.32	154,034,596	39.73	58,478,775	25.52
Others	19,575,670	8.57	43,421,588	10.03	11,398,102	4.11	18,881,923	9.49	34,066,470	8.79	52,683,615	22.99
	228,412,998	100.00	433,172,205	100.00	277,050,040	100.00	198,846,359	100.00	387,586,620	100.00	229,130,375	100.00

43.1.1.2 SEGMENT BY SECTOR

	2015						2014					
	Advances		Deposits		Contingencies and Commitments		Advances		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public sector / Government	72,753,491	31.85	165,798,351	38.28	106,367,819	38.39	64,278,386	32.32	154,034,596	39.73	58,478,775	25.52
Private	155,659,507	68.15	267,373,854	61.72	170,682,221	61.61	134,567,973	67.68	233,552,024	60.27	170,651,600	74.48
	228,412,998	100.00	433,172,205	100.00	277,050,040	100.00	198,846,359	100.00	387,586,620	100.00	229,130,375	100.00

43.1.1.3 DETAILS OF NON-PERFORMING ADVANCES AND SPECIFIC PROVISIONS BY CLASS OF BUSINESS SEGMENT

Rupees in '000	2015		2014	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
Agriculture finances	1,462,084	1,034,574	1,281,900	763,923
Automobiles and Allied	419,424	346,368	461,508	346,178
Cables / Electronics	1,100,964	1,095,936	1,103,277	1,095,778
Chemicals / Pharmaceuticals	218,670	209,284	218,357	161,267
Food and Allied	347,277	285,141	351,777	264,838
Fuel / Energy	3,007,063	2,999,853	3,341,152	3,331,299
Glass manufacturing	1,110,342	1,110,342	1,110,342	1,110,342
Individuals	2,863,940	2,625,318	3,113,787	2,781,609
Leather products and Shoes	81,554	34,227	91,172	30,128
Paper Industries	88,976	88,136	103,007	101,747
Real estate / Construction	1,295,815	1,151,734	1,713,208	1,336,769
Services (Other than Financial, Hotelling and Travelling)	260,413	183,963	483,513	265,004
Sports goods	261,563	261,563	289,378	263,117
Textile	12,654,132	11,783,120	12,448,380	11,583,518
Transport and Communication	609,935	374,379	303,094	303,094
Others	5,701,565	4,465,035	4,961,877	4,062,639
	31,483,717	28,048,973	31,375,729	27,801,250

43.1.1.4 DETAILS OF NON-PERFORMING ADVANCES AND SPECIFIC PROVISIONS BY SECTOR

Private	31,483,717	28,048,973	31,375,729	27,801,250
	31,483,717	28,048,973	31,375,729	27,801,250

43.1.1.5 GEOGRAPHICAL SEGMENT ANALYSIS

Rupees in '000	Note	2015			
		Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
Pakistan	43.1.1.5.1	7,974,977	526,198,752	26,438,763	277,029,485
Asia Pacific (including South Asia)		—	—	—	—
Europe		—	—	—	—
United States of America and Canada		—	—	—	—
Middle East	43.1.1.5.1	456,719	9,667,962	414,180	20,555
Others		—	—	—	—
		8,431,696	535,866,714	26,852,943	277,050,040

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Rupees in '000	Note	2014			
		Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
Pakistan	43.1.1.5.1	5,445,169	439,163,874	23,436,089	229,130,375
Asia Pacific (including South Asia)		–	–	–	–
Europe		–	–	–	–
United States of America and Canada		–	–	–	–
Middle East	43.1.1.5.1	336,244	7,918,671	270,972	–
Others		–	–	–	–
		5,781,413	447,082,545	23,707,061	229,130,375

43.1.1.5.1 These do not include intra bank items of Rs. 9,081,656 thousand (2014: Rs. 7,512,609 thousand) eliminated upon consolidation of Wholesale Bank branch.

43.1.1.5.2 Contingencies and commitments include amounts given in note 21 except bills for collection.

Following is the list of main types of collateral taken by the Bank.

- Government and trustee securities
- Defence saving certificates
- Fixed deposits (TDRs)
- Lien on deposits
- Cash margin
- Shares listed on main index
- Shares listed on non main index
- Government guarantees

43.2 MARKET RISK:

Market risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and credit spreads resulting in a loss to earnings and capital.

The Bank's Risk Management Process seeks to identify, measure, monitor, and control market risks in order to shield against adverse movements in market factors and to attain an efficient risk / return profile of its open positions. The Risk Management Division has developed and implemented market risk policy and risk measurement / monitoring methodology for review and reporting of market risk. The Bank makes use of the globally established Value-at-Risk (VaR) methodology to measure traded market risk.

In addition, sensitivity analysis is carried out to gauge the impact of extreme market movements on traded exposures. Meanwhile, stress testing is used to analyze the impact of both the abnormal market movements across different markets as well as to assess non-traded market risk, in particular interest rate risk in the banking book. The performance of the Bank's traded portfolios is evaluated through the use of risk / return analysis. Risk is kept under check through the revaluation of all traded market risk exposed positions on a daily basis, and controlled by ensuring that these positions do not breach regulatory limits and the Bank's own internally-established risk tolerance limits.

43.2.1 MARKET RISK - GENERAL DISCLOSURES BASEL III SPECIFIC

Basel III Standardized Approach is used for calculating the Capital Adequacy for Market Risk.

43.2.2 FOREIGN EXCHANGE RISK

Foreign exchange risk, or the risk that the Bank's earnings and / or capital can fluctuate due to changes in foreign exchange rates, arises out from the Bank's foreign exchange exposure which consists of foreign currency cash in hand, nostro / vostro accounts, forward contracts, forward bookings with exporters, foreign bills purchased, foreign currency placements with SBP and the Bank's Wholesale Bank Branch, foreign currency lendings / deposits and capital investments in offshore operations. The Bank's treasury manages consolidated foreign exchange exposure by matching foreign currency assets and liabilities in spot and forward. The foreign exchange exposure and nostro balances are maintained within regulatory limits and VaR is calculated for consolidated foreign exchange exposure on a daily basis. The impact of a change in USD / PKR parity on the net open position is also determined through daily sensitivity analysis.

2015				
(Rupees in '000)	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
Pakistan Rupees	505,731,800	470,774,633	(8,546,479)	26,410,688
U.S. Dollars	28,431,154	33,086,350	4,755,485	100,289
Pound Sterling	724,703	3,723,758	2,969,967	(29,088)
Japanese Yen	8,499	34	(7,769)	696
Euro	483,010	1,418,054	845,658	(89,386)
Other European Currencies	185,411	-	(1,561)	183,850
Other Currencies	302,137	10,942	(15,301)	275,894
	535,866,714	509,013,771	-	26,852,943

2014				
(Rupees in '000)	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
Pakistan Rupees	418,058,845	388,086,095	(8,268,138)	21,704,612
U.S. Dollars	27,283,225	30,214,510	4,102,680	1,171,395
Pound Sterling	451,812	3,564,348	3,110,137	(2,399)
Japanese Yen	3,473	38	-	3,435
Euro	758,707	1,503,263	1,055,321	310,765
Other European Currencies	93,121	-	-	93,121
Other Currencies	433,362	7,230	-	426,132
	447,082,545	423,375,484	-	23,707,061

43.2.3 EQUITY POSITION RISK

Equity position risk is the risk that the value of equity positions inside the trading book and banking book will change as a result of general and specific equity market movements. The Bank bifurcates its direct investment in equity into held for trading, available for sale, and strategic portfolios. Held for trading equity exposures are of a short term nature and are undertaken to earn profit by exploiting market imperfections and short term price fluctuations. Equities held in the available for sale portfolio are with the intent to earn profit from fundamentals. Strategic investments are undertaken in line with the long-term strategy of the Bank, i.e. to build strategic interest in other concerns. The Bank also carries indirect equity exposure through financing against shares and reverse repos against shares.

All equity positions in the trading book are subject to exposure limits established by the Bank in conformity with the general limits prescribed by the SBP. These limits include intraday limits, stop-loss limits, exposure limits, portfolio limits, and sectoral limits. The Bank carries out revaluation and calculates VaR on a daily basis for equity exposures in the trading book.

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43.2.4 YIELD / INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)-BASEL III SPECIFIC

The Bank's interest rate exposure arises out from its investment, lending, and borrowing activities. Interest rate risk in the banking book in its various forms is the risk of adverse changes in earnings and / or capital due to (i) timing differences or mismatches in the maturity / repricing period of financial assets and liabilities (repricing risk), (ii) differences in the basis used for calculating interest rates received and paid (basis risk), (iii) and options implicit or explicit in the Bank's financial assets and liabilities (options risk). The Asset and Liability Management Committee of the Bank monitors and controls mismatch of interest rate sensitive assets and liabilities on an ongoing basis through its regular meetings. Market risk and Middle Office calculate price sensitivity measures such as duration, convexity and probabilistic loss measures such as VaR for the Bank's debt investments to assess the impact of interest rate changes on value of the portfolio. Interest rate risk stress tests are carried out quarterly to assess the impact of a parallel shift in the yield curve on the Bank's capital using rate sensitive positions for on and off-balance sheet items.

43.2.5 MISMATCH OF INTEREST RATE SENSITIVE ASSETS AND LIABILITIES

Yield / interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date.

		2015										
		Effective Yield / Interest rate	Exposed to yield / interest risk								Non-interest bearing financial instruments	
Rupees in '000	Total		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years		Above 10 Years
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	29,685,228	5,660,221	-	-	-	-	-	-	-	-	-	24,025,007
Balances with other banks	5.37%	8,295,724	6,886,860	-	-	-	-	-	-	-	-	1,408,864
Lendings to financial institutions	7.00%	812,898	-	289,193	523,705	-	-	-	-	-	-	-
Investments	8.46%	268,020,706	22,143,884	51,112,982	25,612,505	49,221,233	14,454,740	30,106,538	41,459,980	28,836,421	-	5,072,423
Advances	7.52%	199,930,812	67,687,071	102,479,565	16,794,661	6,779,301	923,391	403,315	772,510	1,142,507	2,948,491	-
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	11,388,638	-	-	-	-	-	-	-	-	-	-	11,388,638
		518,134,006	102,378,036	153,881,740	42,930,871	56,000,534	15,378,131	30,509,853	42,232,490	29,978,928	2,948,491	41,894,932
Liabilities												
Bills payable		6,094,885	-	-	-	-	-	-	-	-	-	6,094,885
Borrowings	6.15%	57,323,250	54,045,475	263,444	2,983,305	-	10,342	10,342	10,341	1	-	-
Deposits and other accounts	4.64%	433,172,205	132,904,656	85,488,328	79,860,985	21,731,608	3,394,102	293,913	182,350	1,400	-	109,314,863
Sub-ordinated loans	10.15%	4,996,800	-	3,998,400	998,400	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities		6,078,880	-	-	-	-	-	-	-	-	-	6,078,880
		507,666,020	186,950,131	89,750,172	83,842,690	21,731,608	3,404,444	304,255	192,691	1,401	-	121,488,628
On-balance sheet gap		10,467,986	(84,572,095)	64,131,568	(40,911,819)	34,268,926	11,973,687	30,205,598	42,039,799	29,977,527	2,948,491	(79,593,696)
Off-balance sheet financial instruments												
Purchase and resale agreements	6.45%	292,361	292,361	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements	6.17%	46,551,819	46,551,819	-	-	-	-	-	-	-	-	-
Commitments to extend credits		8,789,588	8,789,588	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		(55,049,046)	(55,049,046)	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(139,621,141)	64,131,568	(40,911,819)	34,268,926	11,973,687	30,205,598	42,039,799	29,977,527	2,948,491	(79,593,696)
Cumulative yield / interest risk sensitivity gap				(75,489,573)	(116,401,392)	(82,132,466)	(70,158,779)	(39,953,181)	2,086,618	32,064,145	35,012,636	

MISMATCH OF INTEREST RATE SENSITIVE ASSETS AND LIABILITIES

2014												
Rupees in '000	Effective Yield / Interest rate	Total	Exposed to yield / interest risk								Non-interest bearing financial instruments	
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years		Above 10 Years
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		19,130,113	5,264,327	-	-	-	-	-	-	-	-	13,865,786
Balances with other banks	6.05%	7,068,111	6,221,980	-	-	-	-	-	-	-	-	846,131
Lendings to financial institutions	8.95%	3,427,753	2,000,000	-	1,427,753	-	-	-	-	-	-	-
Investments	9.79%	217,214,247	14,776,455	27,836,711	47,503,832	32,651,261	43,297,230	15,212,122	16,907,770	13,879,179	-	5,149,687
Advances	9.14%	170,677,294	55,496,389	90,012,601	15,201,770	4,713,886	946,435	334,045	628,187	932,305	2,411,676	-
Assets held for sale		53,703	-	-	-	-	-	-	-	-	-	53,703
Other assets		10,970,143	-	-	-	-	-	-	-	-	-	10,970,143
		428,541,364	83,759,151	117,849,312	64,133,355	37,365,147	44,243,665	15,546,167	17,535,957	14,811,484	2,411,676	30,885,450
Liabilities												
Bills payable		6,855,020	-	-	-	-	-	-	-	-	-	6,855,020
Borrowings	9.09%	13,742,030	10,587,264	2,164,473	964,379	5,710	5,054	5,054	5,054	5,042	-	-
Deposits and other accounts	5.90%	387,586,620	117,153,982	74,988,616	74,753,865	22,344,023	5,663,154	163,213	231,882	8,043	-	92,299,842
Sub-ordinated loans	12.05%	7,992,800	-	4,000,000	3,992,800	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-	-
Other liabilities		6,099,856	-	-	-	-	-	-	-	-	-	6,099,856
		422,276,326	127,741,246	81,133,089	79,711,044	22,349,733	5,668,208	168,267	236,936	13,085	-	105,254,718
On-balance sheet gap		6,265,038	(43,982,095)	36,716,223	(15,577,689)	15,015,414	38,575,457	15,377,900	17,299,021	14,798,399	2,411,676	(74,369,268)
Off-balance sheet financial instruments												
Purchase and resale agreements	9.50%	2,020,072	2,020,072	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements	9.00%	2,851,757	2,851,757	-	-	-	-	-	-	-	-	-
Commitments to extend credits		11,788,818	11,788,818	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		(12,620,503)	(12,620,503)	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(56,602,598)	36,716,223	(15,577,689)	15,015,414	38,575,457	15,377,900	17,299,021	14,798,399	2,411,676	(74,369,268)
Cumulative yield / interest risk sensitivity gap				(19,886,375)	(35,464,064)	(20,448,650)	18,126,807	33,504,707	50,803,728	65,602,127	68,013,803	

43.2.5.1 Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

43.2.5.2 Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.

43.2.5.3 Assets do not include operating fixed assets of Rs. 9,230,010 (2014: Rs. 8,299,488) thousand and other assets consisting of advances, prepaid rent and other prepayments, advance taxation, non-banking assets acquired in satisfaction of claims, unrealized gain on forward foreign exchange contracts-net, suspense account and stationary and stamps in hand of Rs. 8,502,698 (2014: 9,366,358) thousand.

43.2.5.4 Liabilities do not include other liabilities consisting of unearned income / commission, advance payments, branch adjustment account, unrealized loss on forward foreign exchange contracts-net, withholding taxes payable, federal excise duty and worker's welfare fund of Rs. 1,251,347 (2014: Rs. 1,099,158) thousand.

43.3 LIQUIDITY RISK

Liquidity risk reflects an enterprises inability in raising funds to meet commitments. The Bank's liquidity position is managed by the Asset and Liability Management Committee (ALCO). ALCO monitors the maintenance of financial position liquidity ratios, depositors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits and liquidity contingency plans. Moreover, core retail deposits (current accounts and saving accounts) form a considerable part of the Bank's overall funding and significant importance is attached to the stability and growth of these deposits.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

43.3.1 MATURITIES OF ASSETS AND LIABILITIES

		2015								
Rupees in '000	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets										
Cash and balances with treasury banks	29,685,228	29,685,228	-	-	-	-	-	-	-	-
Balances with other banks	8,295,724	8,295,724	-	-	-	-	-	-	-	-
Lendings to financial institutions	812,898	-	289,193	523,705	-	-	-	-	-	-
Investments	268,020,706	23,121,443	48,432,298	24,393,641	49,745,638	16,618,588	31,125,389	43,125,738	30,573,153	884,818
Advances	199,930,812	32,760,751	40,370,323	33,828,924	27,336,462	13,502,206	11,359,846	22,703,658	5,687,802	12,380,840
Operating fixed assets	9,230,010	386,458	132,888	194,707	373,469	687,208	629,606	1,087,225	1,196,270	4,542,169
Assets held for sale	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	19,891,336	4,655,257	-	-	-	3,103,505	3,103,505	3,009,690	3,009,690	3,009,689
	535,866,714	98,904,861	89,224,712	58,940,977	77,455,569	33,911,507	46,218,346	69,926,311	40,466,915	20,817,516
Liabilities										
Bills payable	6,094,885	2,005,936	-	369,632	3,719,317	-	-	-	-	-
Borrowings	57,323,250	54,045,475	263,444	2,983,305	-	10,342	10,342	10,342	-	-
Deposits and other accounts	433,172,205	57,076,507	31,534,061	21,179,160	21,731,608	73,892,434	70,792,245	75,031,766	40,967,912	40,966,512
Sub-ordinated loans	4,996,800	-	800	200	1,000	2,000	2,000	502,000	4,488,800	-
Deferred tax liabilities	96,404	1,871,966	-	-	(119,594)	(5,867)	(592,927)	(525,972)	(531,202)	-
Other liabilities	7,330,227	3,890,234	-	-	-	1,719,998	859,999	429,999	215,000	214,997
	509,013,771	118,890,118	31,798,305	24,532,297	25,332,331	75,618,907	71,071,659	75,448,135	45,140,510	41,181,509
Net assets	26,852,943	(19,985,257)	57,426,407	34,408,680	52,123,238	(41,707,400)	(24,853,313)	(5,521,824)	(4,673,595)	(20,363,993)
Share Capital	12,602,602									
Reserves	6,445,888									
Unappropriated profit	2,763,314									
Surplus on revaluation of assets	5,041,139									
	26,852,943									
2014										
Rupees in '000	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets										
Cash and balances with treasury banks	19,130,113	19,130,113	-	-	-	-	-	-	-	-
Balances with other banks	7,068,111	6,568,111	500,000	-	-	-	-	-	-	-
Lendings to financial institutions	3,427,753	2,000,000	-	1,427,753	-	-	-	-	-	-
Investments	217,214,247	14,929,390	23,064,688	44,376,334	37,776,093	44,161,859	17,854,112	18,288,548	15,701,261	1,061,962
Advances	170,677,294	33,409,233	40,164,133	19,372,769	22,588,652	11,077,502	9,730,261	16,689,834	9,598,951	8,045,959
Operating fixed assets	8,299,488	94,015	117,862	171,172	322,240	584,912	521,541	903,571	1,075,232	4,508,943
Assets held for sale	53,703	-	-	53,703	-	-	-	-	-	-
Deferred tax assets	875,335	(1,536,698)	-	-	118,012	5,867	719,253	1,082,826	486,075	-
Other assets	20,336,501	4,620,924	-	-	-	3,201,176	3,201,176	3,104,408	3,104,408	3,104,409
	447,082,545	79,215,088	63,846,683	65,401,731	60,804,997	59,031,316	32,026,343	40,069,187	29,965,927	16,721,273
Liabilities										
Bills payable	6,855,020	2,256,110	-	415,732	4,183,178	-	-	-	-	-
Borrowings	13,742,030	10,587,264	2,164,473	964,379	5,710	5,054	5,054	5,054	5,042	-
Deposits and other accounts	387,586,620	51,462,402	28,115,379	23,795,273	22,344,023	66,159,592	60,659,651	64,651,442	35,203,452	35,195,406
Sub-ordinated loans	7,992,800	-	800	800	1,600	3,200	3,200	2,994,400	4,988,800	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	7,199,014	3,820,597	-	-	-	1,689,209	844,604	422,302	211,151	211,151
	423,375,484	68,126,373	30,280,652	25,176,184	26,534,511	67,857,055	61,512,509	68,073,198	40,408,445	35,406,557
Net assets	23,707,061	11,088,715	33,566,031	40,225,547	34,270,486	(8,825,739)	(29,486,166)	(28,004,011)	(10,442,518)	(18,685,284)
Share Capital	12,602,602									
Reserves	4,823,738									
Unappropriated profit	1,862,223									
Surplus on revaluation of assets	4,418,498									
	23,707,061									

43.3.1.1 In compliance with the BSD circular letter No. 03 of 2011 dated February 22, 2011, all assets and liabilities with contractual maturities have been reported as per their remaining maturities, and where contractual maturities are not available, such assets and liabilities have been reported as per their expected maturities, determined on the basis of behaviour study of three years' historic data under volatility methodology. These basis have also been approved by the Asset and Liability Management Committee (ALCO) of the Bank.

43.4 OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. The Bank strives to manage operational risk within acceptable levels through sound operational risk management practices. Board Risk Management Committee defines the operational risk appetite and tolerance limits.

Operational risk governance structure adopted by Bank is embedded within three lines of defense: Strategic, Macro and Micro. Bank has recently updated its Operational Risk Management framework to align it with global / local best market practices. Moreover, the Bank has also formulated Operational Risk Management Committee (ORMC) which serves as a management level committee to oversee, supervise and direct operational risk framework across the Bank. Further, the committee is responsible for strengthening internal control environment through implementation of policies and procedure, enhancement in tools and reporting structures.

To ensure effectiveness, business continuity plan (BCP) and business continuity management (BCM) is adopted throughout the organization in a proactive manner by making use of requisite tools and strategies.

43.4.1 OPERATIONAL RISK DISCLOSURES BASEL III

Basel III Basic Indicator Approach is used for calculating the Capital Adequacy for Operational Risk.

44. RECLASSIFICATION OF COMPARATIVE FIGURES

There have been no significant reclassifications in these unconsolidated financial statements except amounts of Rs. 117,242 thousand and Rs. 180,840 thousand which were reclassified in 2014 from income from dealing in foreign currencies to administrative expenses and advances, deposits, advance rent and other prepayments to advances respectively.

45. GENERAL

45.1 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

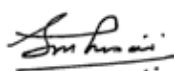
The Board of Directors in its meeting held on February 15, 2016 has proposed the following appropriations, which will be approved in the forthcoming Annual General Meeting. The unconsolidated financial statements for the year ended December 31, 2015 do not include the effect of the appropriations which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2016 as follows:

Rupees in '000	2015	2014
Transfer from unappropriated profit to:		
General reserve	1,187,989	1,862,233
Transfer from general reserve:		
Payment of final cash dividend of Rs. 1.25 per share (2014: Re. 1.00 per share)	1,575,325	1,260,260

45.2 Captions as prescribed by BSD Circular No. 4 dated February 17, 2006 issued by the SBP in respect of which there are no amounts have not been reproduced in these unconsolidated financial statements except for the unconsolidated statement of financial position and unconsolidated profit and loss account.

46. DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue on February 15, 2016 by the Board of Directors of the Bank.



Syed M. Husaini
President & Chief Executive



Nadeem Inayat
Director



Asif Reza Sana
Director



Lt Gen (R) Khalid Nawaz Khan
Chairman

ANNEXURE—1

REFERRED TO IN NOTE 10.8.3 TO THESE FINANCIAL STATEMENTS

Statement in terms of sub-section (3) of section 33-A of the Banking Companies Ordinance, 1962 in respect of written off loans or any other financial reliefs of Rs 500,000 or above allowed to a person(s) during the year ended December 31, 2015 as referred to in note 10.8.3 to these financial statements.

(Rupees in '000)

Sr. No.	Name and address of the Borrower	Name of Individuals / Partners / Directors (with NIC / CNIC 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	Irfan-ur-Rehman Flat No.6, Block E-9, G-10/3, Islamabad	Irfan-ur-Rehman 61101-7084857-1	Latif-ur-Rehman	2,837	518	983	4,338	-	518	983	1,501
2	A.S. Industries 9-KM, Multan Road, Lodhran	Akhtar Hussain 36302-0158754-5 Sheraz Hussain 36302-573570-9	Abdul Razzaq Rafique Ahmed	20,000	4,778	-	24,778	-	4,778	-	4,778
3	Sealink Automobiles A-78, S.M.C.H.S, Karachi	Farooq G. Danawala 42301-9652717-3	Abdul Ghaffar Danawala	7,940	1,659	-	9,599	-	1,258	-	1,258
4	Atif Corporation M1, M2, SC-13, Noor Square Opp Old Sabzi Mandi, University Road, Karachi	Atif Masood 42201-5353023-7	Masood Ahmed	-	2,854	-	2,854	-	2,154	-	2,154
5	Al-Samad Thread Shop No.2, B.S-8, Block-8, Sun Apartments, FB Area, Karachi	Muhammad Arif 42101-1860695-9	Noor Muhammad	-	620	-	620	-	620	-	620
6	ZIK Brothers Suit No.306, 3rd Floor, Sattar Chamber, M. Feroz Street, Jodia Bazar, Karachi.	Kashif Ghaffar 42000-6733521-7	Abdul Ghaffar	199	7,037	-	7,236	-	7,037	-	7,037
7	Star Enterprises A-738, Sector 11/A, North Karachi Township, Karachi	Malik Jamil Ahmed 42101-1379191-5 Shahid Ahmed 42101-3769564-5 Shakeel Ahmed 42101-8336298-9	Malik Abdul Jabbar Malik Jamil Ahmed Jamil Ahmed	3,060	1,144	-	4,204	-	1,144	-	1,144
8	Al-Mustafeez Darul Ehsan Tannery Plot No.468, Sector 7-A, Korangi Industrial Area, Karachi	Zafar Iqbal 42201-8010425-5 Sardar Muhammad 42201-7912934-7	Haji Muzaffar Muhammad Ali	2,999	3,261	-	6,260	-	2,889	-	2,889
9	Maj. Gen. (R) Zia Ullah Khan House No.30, Sarwar Road, Lahore Cantt.	Maj. Gen. (R) Zia Ullah Khan 54400-0344078-7	Ghulam Sarwar Khan	24,993	5,748	-	30,741	-	5,748	-	5,748
10	Saifullah Khan Chak 40/10-R, Khanewal	Saifullah Khan 36103-1370542-7	Laal Khan	2,000	1,328	-	3,328	-	1,028	-	1,028
11	Adil Iqbal Khan Fatehullah Tehsil, Hassanabdal, Attock	Adil Iqbal Khan 37103-4684019-7	Taj Mehmood Khan	-	822	-	822	-	593	-	593
12	Abdul Ghaffar Rakh Makhdooom No.1, Chak No. 11-AH, Khanewal	Abdul Ghaffar 36103-0223520-3	M. Ishaque	499	620	-	1,119	-	597	-	597
13	Nadeem Murtaza Bajwa 162-RB, Teh Chak Jhumra, Faisalabad	Nadeem Murtaza Bajwa 33101-2774825-9	Ghulam Murtaza Bajwa	2,000	1,593	-	3,593	-	1,452	-	1,452
14	Nadeem Murtaza Bajwa 162-RB, Teh Chak Jhumra, Faisalabad	Nadeem Murtaza Bajwa 33101-2774825-9	Ghulam Murtaza Bajwa	935	978	-	1,913	-	831	-	831
15	Asghar Abbas Naqvi House # 97 A Zakria Town Multan	Asghar Abbas Naqvi 36302-6806312-9	Syed Qalb e Abbass Naqvi	848	1,066	-	1,914	-	906	-	906
16	Ishtiaq Ali 190-B, Gomal Road E-7 Islamabad	Ishtiaq Ali 611013-110917-9	Sardar Ali	623	149	966	1,738	-	-	868	868

(Rupees in '000)											
Sr. No.	Name and address of the Borrower	Name of Individuals / Partners / Directors (with NIC / CNIC 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				
17	Saleem Grinding Works Plot No B-19, Sector 1-A-4, North Karachi, Karachi	Muhammad Nadeem Rasheed 42101-1615920-3	Haji Abdul Rasheed	10,052	84,000	23,833	117,885	-	3,616	21,990	25,606
18	Pioneer Flour Mill Plot # S2, Sector 5 Green Belt Korangi Industrial Area Karachi	Khuda Baksh 42000-5102917-3	Akbar Ali	9,327	1,495	20,180	31,002	-	1,346	20,077	21,423
19	Muhammad Arshad H No. 03, St, 1-A, Near Degree College Baghbanpura, Lahore	Muhammad Arshad 3540134544741	Muhammad Younas	1,348	986	-	2,334	-	748	-	748
20	Tariq Mahmood Mohalla Islampura Bikhi Road Sheikhupura	Tariq Mahmood 35404-5219964-3	Zia ul Haq Qureshi	409	54	1,061	1,524	-	54	987	1,041
21	Amir Rasheed KC-11-12 Mohalla Kashmir Colony Rwp	Amir Rasheed 37405-2807545-7	Abdul Rasheed Baba	282	127	557	966	-	15	509	524
22	Muhammad Asghar Chak # 232, P/O Khas Tehsil Jaranwala Dist Faisalabad	Muhammad Asghar 33104-6718171-3	Muhammad Ramzan	247	228	1,384	1,859	-	225	1,378	1,603
23	Shaz Engineering & Services 10/19 Shami Road Lahore Cantt	Mian Salah Ud Din Zaka 35201-3452312-3	Mian Zaka Ud Din	1,080	345	3,427	4,852	-	345	3,427	3,772
24	Noor Rice Mills Chak Chatta, 7 Km Alipur Nokhar Road Tehsil noushehra Virkan Dist Gujranwala	Khuda Baksh 42000-5102917-3	Akber Ali	-	-	624	624	-	-	564	564
25	Muzamil Traders Grain Market Rahim Yar Khan	Muzamil Hussain 31303-7451248-1	Muhammad Hussain	3,281	173	4,787	8,241	-	-	4,747	4,747
26	Ammar Asghar H # 4, Lane # 1 Sector F Phase II DHA Islamabad	Ammar Asghar 13101-7346796-9	Ali Asghar	9,106	689	475	10,270	-	689	475	1,164
27	Bhatti Transport 03, City Shopping Centre Khushab Road Sargodha	Malik M Munir Bhatti 38403-7317112-1	Malik Atta Muhammad	1,211	166	4,156	5,533	-	166	4,156	4,322
28	Abdul Khaliq Farooq Street, Old City, Sheikhupura	Abdul Khaliq 35404-3711645-7	Abdul Aziz	668	283	2,635	3,586	-	283	2,496	2,779
29	Abdul Jabbar Goth Bagho Thasil Mir Pur Sakrko Dist Thatta	Abdul Jabbar 41406-5329864-1	M Ramzan Sh	241	72	733	1,046	-	-	727	727
30	Naeem Yasin 1005 Block C Sea Breeze Plaza Sharah e Faisal Karachi	Naeem Yasin 42301-8250691-3	Yasin Qureshi	249	36	913	1,198	-	36	912	948
31	Muzamil Traders Grain Market Rahim Yar Khan	Muzamil Hussain 31303-7451248-1	Muhammad Hussain	1,427	678	3,502	5,607	-	-	3,462	3,462
32	Al Madina CNG Ashraf Town Rawalpindi Road Chakwal	Sh M Istinarat Ali Khan 37405-2491868-5	Sh Ghulam Rabbani	2,863	320	3,851	7,034	-	182	3,791	3,973
33	Ali & Sameer International 902, 903, 9th Floor, Park Avenue, Shahrah-e-Faisal, Karachi	Asif Saeed Piracha 33100-2461398-5 Arif Saeed Piracha 42301-2408172-5	Ahmed Saeed Piracha Ahmed Saeed Piracha	30,135	5,970	-	36,105	-	5,970	-	5,970

ANNEXURE—1

REFERRED TO IN NOTE 10.8.3 TO THESE FINANCIAL STATEMENTS

(Rupees in '000)

Sr. No.	Name and address of the Borrower	Name of Individuals / Partners / Directors (with NIC / CNIC 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				
34	Malhi Sports (Pvt) Ltd. Doburji Mallian, Daska Road, Sialkot	Anjum Ikram 34603-4672814-7 Amir Ikram 34603-6013096-7 Asim Ikram 34603-6003596-7 Nasim Ikram 34603-2079381-4	Sheikh Muhammad Ikram Sheikh Muhammad Ikram Sheikh Muhammad Ikram Sheikh Muhammad Ikram	23,469	5,044	-	28,513	-	3,783	-	3,783
35	Malik Mumtaz Ali Waseer Tufail Shaheed Road, Safia Street, Near Services Club, Civil Lines, Sheikhupura	Malik Mumtaz Ali Waseer 35404-1597161-7	Roshan Ali	3,425	1,977	-	5,402	-	2,051	-	2,051
36	Rao Autos Fateh Sher Road, Opp Thana Fateh Sher Sahiwal	Rao Hilal Ahmed (Late) 36502-6448530-3	Khurshid Ali Khan	4,000	1,245	-	5,245	-	902	-	902
37	Rao Brothers Filling Station Fateh Sher Road, Opp Thana Fateh Sher Sahiwal	Rao Hilal Ahmed (Late) 36502-6448530-3	Khurshid Ali Khan	6,000	1,868	-	7,868	-	1,353	-	1,353
38	Shahid Javed P-543, St. No.2, Gulbahar Colony, Sityana Road, Faisalabad	Shahid Javed 33100-7869978-5	Ilam Din	1,999	1,147	-	3,146	-	997	-	997
39	Syed Kashif Iqbal House No.R-332, Dastagir Society, Block-9, F.B. Area, Karachi	Syed Kashif Iqbal 42101-1619823-7	Iqbal Hussain	3,697	954	-	4,651	-	851	-	851
40	Al-Hadeed Industries Plot No.50-A, St. No.12, I-9/2, Industrial Area, Islamabad	Muhammad Raza Khan 61101-1864403-5 Muhammad Nasir Khan 61101-7362407-5	Haji Muhammad Umar Muhammad Umar Khan	85,629	13,338	14,797	113,764	-	9,626	15,252	24,878
41	Kissan Care (Pvt) Limited 9/C-1, Civic Centre, Faisal Town, Lahore	Ejaz Ahmad Chaudhry 35202-0710203-7 Salma Ejaz 35202-5001878-2 Usman Obaidullah Naseem 35202-0391208-5	Chaudhry Mukhtar Ahmad Ejaz Ahmad Chaudhry Muhammad Shareef Naseem	534	2,254	-	2,788	-	1,328	-	1,328
42	New Kurta Comar Shop No.88, Haron Shopping Centre, Shadman Town 1, North Nazimabad, Karachi	Jamal Hussain 42401-3689012-1	Ghulam Hussain	1,499	543	-	2,042	-	524	-	524
43	I.I. Traders I-112, JJ Centre, 1st Floor, Daryalal Street, Jodia Bazar, Karachi	Muhammad Ismail Agaria 509-54-100339	Ibrahim	3,913	4,156	-	8,069	2,413	4,156	-	6,569
44	Ansari Textile Industries C-1-112, Sector 6-B, North Karachi, Karachi	Muhammad Qasim Ansari 42101-1419982-1	Nisar Ahmed Ansari	15,300	5,458	-	20,758	-	5,311	-	5,311
45	Ali Traders Yousaf Plaza, Opp Darbar Mufti Ahmad Yar Khan, Muslim Abad, Gujrat.	Ch. Shamsair Ahmad 34201-4349963-1	Ch. Abdul Malik	10,000	715	-	10,715	-	1,005	-	1,005
46	Muhammad Tahir Shahab House No.8/B, Street No.8, Block-X, Satellite Town, Bahawalpur.	Muhammad Tahir Shahab 31202-3888559-1	Muhammad Shafi Khan	841	1,408	-	2,249	-	1,249	-	1,249

(Rupees in '000)											
Sr. No.	Name and address of the Borrower	Name of Individuals / Partners / Directors (with NIC / CNIC 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				
47	Abdullah Enterprises H. No.9-3/14, Notha Singh Street, Masjid Road, Quetta.	Abrar Ahmed 54400-9067310-1	Mukhtar Khan	8,481	3,007	-	11,488	-	1,989	-	1,989
48	Khawaja Auto Traders 22-22, Kosar Center, Main Circular Road, Badami Bagh, Lahore	Khawaja Rehan Hussain 35202-7803986-5 Khawaja Zeeshan Hussain 35202-0828354-9	Pervez Hussain Pervez Hussain	9,999	2,906	-	12,905	-	2,406	-	2,406
49	Pakland Cement Limited Trade Centre, A-14, ST/7/8, KCHS, Shahrah-e-Faisal, Karachi.	Tariq Mohsin Siddiqui 42201-1369924-7 Jamil Ahmed Siddiqui 502-50-127919 Shamim Mushtaq Siddiqui 518-92-463315 M. Salim Arif 502-58-491782 Aqeel Abbasi 502-23-064183 Sadaf Khan 516-90-164878	Muhammad Mohsin Siddiqui Not available Not available Not available Not available	-	11,801	-	11,801	-	11,801	-	11,801
50	Sher Ali Chak 23 EB PO Sardar Din Tehsil Arifwala Distt. Pakpattan	Sher Ali 36401-9092879-9	Sardar Ali	1,000	1,224	-	2,224	-	950	-	950
51	Muhammad Zahid Khan (Daultana) Moza Luddan Tehsil & Distt. Vehari House No. 12/K Gulberg II Lahore.	Muhammad Zahid Khan (Daultana) 35202-4601136-9	Riaz Ahmed Khan	2,999	1,117	-	4,116	-	1,091	-	1,091
52	Kalu Sahang Mohra Lahoram PO Sahang Nakka Tehsil & Distt. Mirpur	Kalu 81302-7013995-3	Mishri Khan	2,207	1,971	-	4,178	-	1,677	-	1,677
53	Meher Sakhawat Ali Marthanwali Mor Khunda The and Distt. Nankana	Meher Sakhawat Ali 35402-7818426-9	Noor Muhammad	1,350	630	-	1,980	-	522	-	522
54	Rana Farooq Gull Mouza Rind Jada Kehror Paka Distt. Lodhran	Rana Farooq Gull 35201-7516766-3	Gul Sher Khan Rana	990	721	-	1,711	-	577	-	577
55	Qazi Wali Mohammad Banglow # 155, Citizen Colony Hyderabad	Qazi Wali Mohammad 44202-2260704-9	Faiz Muhammad	196	10	867	1,073	-	-	777	777
56	Asrar Alam Shaikh House # B-8, Darakshan Villas, Defence Housing Authority, Phase 6, Karachi	Asrar Alam Shaikh 42301-4519983-7	Abdul Aziz	-	3,285	-	3,285	-	2,765	-	2,765
57	The Educators 61- Shah Jamal Lahore	Muhammad Ashraf Zia 33106-8022440-1	Alhazaj Hafiz Abdul Jabbar	485	71	1,714	2,270	-	71	1,608	1,679
58	Sajjad Ali House # 150, Nishtar Road Sector G Manzoor Colony Karachi	Sajjad Ali 42301-0983634-9	Qazi Asmat Ali	462	86	1,471	2,019	-	42	1,403	1,445
59	Haider Hassan SD 309 Sector A, AOHC X, Lahore	Haider Hassan 35201-7521827-1	Aziz Hassan	2,387	907	125	3,419	-	453	125	578
60	Malik Photo Trade & Color Lab Gali # 1 Mohalla SharifPura Dist Gujranwala	Malik Munir Ahmed 34101-6961971-5	Malik Bashir Ahmed	822	334	2,415	3,571	-	334	2,355	2,689

ANNEXURE—1

REFERRED TO IN NOTE 10.8.3 TO THESE FINANCIAL STATEMENTS

(Rupees in '000)

Sr. No.	Name and address of the Borrower	Name of Individuals / Partners / Directors (with NIC / CNIC 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				
61	Qadir Bux Urf Abdul Qadir Shora Muhalla Gharo Mipure Sakro Dist Thatta	Qadir Bux Urf Abdul Qadir 41406-0614415-3	M Uros Panhor	698	242	1,022	1,962	-	156	1,005	1,161
62	Sunny Flying Coach Sunny Flying Coach Hasil Pur Road Chishtian	Malik Arshad Nawaz 31102-9602629-7	Malik Muhammad Nawaz	2,305	1,320	15,883	19,508	-	955	15,755	16,710
63	Dada Bhoy Cement 6th Floor Maqbool Commercial Complex 7/8 Karachi	M Hussain Dadabhoy 42301-0923094-5	Abdul Ghani DadaBhoy	1,961	220	6,055	8,236	-	220	6,051	6,271
64	HA & SASH Constructions 112-C, New Muslim Town Lahore	Hamed Ashraf 35201-6097667-9	M A Naseem	16,201	1,769	36,806	54,776	-	1,769	36,746	38,515
65	Imran Ashraf H # 2, St 22, Ghosia Street Ibraheem Road Lahore	Imran Ashraf 35202-8607383-3	M Ashraf	205	57	543	805	-	57	451	508
66	Shah Enterprises Carriage Contractor Shahbaz Khel P.O Adam Khel Dist Peshawar	Fazal Manan 22401-0368107-3	Abdul Hanan	1,935	954	5,708	8,597	-	878	4,054	4,932
67	Moghees Ahmed OCHS H# 477 Sector A-1 Township Lahore.	Moghees Ahmed 35202-9213711-3	Faiz Ahmed Ch	-	733	-	733	-	733	-	733
68	Ibrahim Private Limited 141/S, DHA Lahore	M. Ibrahim Yaqoob 35202-7188187-3	M. Yaqoob Sh	3,435	319	17,507	21,261	-	-	13,043	13,043
69	Ali Corporation M. 16, Salim Center, Deso Hall, M.A. Jinnah Road, Karachi	Ali Raza Lakhani 42201-8323238-7	Ghulam Ali Lakhani	2,493	647	-	3,140	-	531	-	531
70	Catco Engineering Climaxabad, G.T Road, Gujranwala	Mirza Munir Ahmed 34101-1210296-9	Mirza Muhammad Sadiq	1,100	473	-	1,573	-	930	-	930
71	Shahbaz Enterprises 2-AI Noor Auto Market, Preedy Street, Karachi	Abdul Aziz Memon 42201-0395265-1	Abdul Hakeem Memon	18,736	5,665	-	24,401	-	5,665	-	5,665
72	Mobson Industries (Pvt) Limited 13 - A/3, Gulberg-III, Lahore	Muhammad Ateeq 35202-2933912-9 Ambreen Safdar 35201-6599505-6	Muhammad Mubeen Syed Safdar Hussain	-	3,031	-	3,031	-	3,031	-	3,031
73	Shahkhiz Industries (Pvt) Limited 13 - A/3, Gulberg-III, Lahore	Muhammad Ateeq 35202-2933912-9 Ambreen Safdar 35201-6599505-6	Muhammad Mubeen Syed Safdar Hussain	6,000	7,188	-	13,188	-	6,867	-	6,867
74	Liaqat Ali Fort Colony Multan	Liaqat Ali 34603-2319077-1	Noor Muhammad	6,613	1,465	365	8,443	-	652	345	997
75	Falcon Heavy Equipment Services Office & Workshop P.O Hajji Complex	M Riaz Khan 37101-1045534-1	Muhammad Inayat	-	-	-	-	-	-	4,364	4,364
76	Tasa Home Ware Plot # 1551-D, Bhangoria Town, F.B.Area Karachi	Adil Ahmed Khan 42101-5317359-9	Shah Nawaz Khan	5,347	1,413	15,512	22,272	-	1,413	15,512	16,925

(Rupees in '000)											
Sr. No.	Name and address of the Borrower	Name of Individuals / Partners / Directors (with NIC / CNIC 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				
77	Khalid Hussain Flat # 1, 1st Floor, Samad Centre, Block 13-D,111 Gulshan e Iqbal Karachi	Khalid Hussain 42201-8965786-1	Dost Muhammad Sheikh	5,091	3,082	480	8,653	-	3,082	480	3,562
78	Mipa Rice Mills Pvt Ltd Adda Billi Wala BWP Road Multan	M Asghar 36302-0286622-9	Barkat Ali	2,743	1,089	5,064	8,896	-	1,074	4,707	5,781
79	Asia Traders CNG Stations Bypass Chowk, Bahadurpur	Muhammad Akhtar 31303-2548196-5	Noor Muhammad	2,061	117	5,222	7,400	-	117	5,175	5,292
80	Iqrar Ahmed Khan House B-45-11, Gulshan e Iqbal, Karachi	Iqrar Ahmed Khan 42201-0371660-5	Hafiz Anwar Ahmed Khan	6,444	2,019	741	9,204	-	1,859	641	2,500
81	Muzafar Hussain Umrani House Azeem Shah Street Usta Muhammad Nasirabad Balochistan	Muzafar Hussain 53405-7888574-3	Allah Bux umrani	261	58	966	1,285	-	17	928	945
82	Muhammad Aslam Mouzza Qilla Saddah Singh, PO Mandi Ahmedabad Tehsil Depalpur Distt Okara	Muhammad Aslam 35301-0587988-9	Sardar Ali	800	597	-	1,397	-	621	-	621
83	Arshad Hussain Mouzza Qilla Saddah Singh, PO Mandi Ahmedabad Tehsil Depalpur Distt Okara	Arshad Hussain 35301-1321452-3	Din Muhammad	949	640	-	1,589	-	676	-	676
84	Syed Sardar Ashiq Hussain Mouza Dera Fazil PO Rangpur Tehsil & Distt. Muzaffar Garh	Syed Sardar Ashiq Hussain 36302-8189351-1	Syed Fida Hussain	2,000	1,428	-	3,428	-	625	-	625
84	Salma Naheed Mrs. H. No. 6, Tollinton Lane GOR, I Lahore	Salma Naheed Mrs. 35202-6455246-8	Nasim Skindar	908	641	-	1,549	-	595	-	595
85	Ejaz Ahmad Mouza Gegewali PO Badhomalhi The & Distt. Narowal	Ejaz Ahmad 34501-4426610-3	Muhammad Ashraf	1,000	1,146	-	2,146	-	859	-	859
TOTAL				421,829	234,287	207,330	863,446	2,413	136,424	202,326	341,163

ANNEXURE-2

ISLAMIC BANKING BUSINESS - BALANCE SHEET

AS AT DECEMBER 31, 2015

The Bank is operating 78 Islamic banking branches including 3 sub-branches at the end of 2015 as compared to 53 Islamic banking branches including 1 sub-branch at the end of 2014.

Rupees in '000	Note	2015	2014
ASSETS			
Cash and balances with treasury banks		1,954,438	1,362,316
Balances with other banks		2,893,478	5,718,849
Due from financial institutions		–	1,427,753
Investments		5,873,462	5,873,828
Islamic financing and related assets	A-2.1	20,767,917	10,052,972
Operating fixed assets		536,261	306,939
Deferred tax assets		–	–
Other assets		1,332,515	855,022
TOTAL ASSETS		33,358,071	25,597,679
LIABILITIES			
Bills payable		525,144	286,036
Due to financial institutions		806,529	–
Deposits and other accounts			
- Current accounts		8,880,659	6,686,585
- Saving accounts	A-3	10,029,967	8,670,358
- Term deposits		5,142,651	5,686,258
- Others		327,526	158,892
- Deposit from financial institutions - remunerative		2,552,138	17,073
- Deposits from financial institutions - non remunerative		1,257	1,553
Due to head office		2,000,000	1,875,000
Other liabilities		779,852	880,386
		31,045,723	24,262,141
NET ASSETS		2,312,348	1,335,538
REPRESENTED BY			
Islamic Banking Fund		2,725,000	1,850,000
Reserves		–	–
Unappropriated / unremitted loss		(412,652)	(499,213)
		2,312,348	1,350,787
Deficit on revaluation of assets		–	(15,249)
		2,312,348	1,335,538
REMUNERATION TO SHARIAH ADVISOR / BOARD		2,979	1,598
CHARITY FUND			
Opening balance		2,096	677
Additions during the year		5,267	4,399
Payments / utilization during the year		(1,388)	(2,980)
Closing balance		5,975	2,096
A-2.1 ISLAMIC FINANCING AND RELATED ASSETS			
Islamic modes of financing	A-2.1.1	19,854,890	9,872,132
Advance against islamic financing		911,902	180,840
Inventories		1,125	–
		20,767,917	10,052,972
A-2.1.1 ISLAMIC MODES OF FINANCING			
Murabaha		5,070,802	2,094,546
Ijara		2,470,598	1,700,298
Musharaka		350,000	450,000
Diminishing Musharaka		6,956,471	3,257,300
Salam		4,038,196	2,333,674
Istisna		923,731	–
Other Islamic Modes		45,092	36,314
		19,854,890	9,872,132

A-3 Includes remunerative current accounts of Rs. 735,829 thousand (2014: Rs.566,193 thousand)

ANNEXURE-2

ISLAMIC BANKING BUSINESS - PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	2015	2014
Profit / return earned on financings, investments and placements	1,971,701	1,692,690
Return on deposits and other dues expensed	893,869	905,986
Net spread earned	1,077,832	786,704
Reversal of provision against non-performing financings	(20,123)	(61,538)
Provision for diminution in the value of investments	62,058	63,572
Bad debts written off directly	–	–
	41,935	2,034
Income after provisions	1,035,897	784,670
OTHER INCOME		
Fee, commission and brokerage income	80,773	40,753
Dividend income	–	–
Income from dealing in foreign currencies	8,272	2,614
Gain on sale of securities - net	13,932	50
Unrealised gain / (loss) on revaluation of investments classified as held for trading	–	–
Other income	13,089	27,984
Total other income	116,066	71,401
	1,151,963	856,071
OTHER EXPENSES		
Administrative expenses	1,065,272	791,277
Other provisions / write offs	–	–
Other charges	130	50
Total other expenses	1,065,402	791,327
	86,561	64,744
Extra ordinary / unusual items	–	–
Profit before taxation	86,561	64,744

ANNEXURE-2

ISLAMIC BANKING BUSINESS - CHARITY FUND

FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	2015	2014
OPENING BALANCE	2,096	677
ADDITIONS DURING THE PERIOD		
- Received from customers on delayed payments	4,768	3,861
- Non shariah compliant income	498	536
- Profit on charity account	1	2
	5,267	4,399
PAYMENTS / UTILIZATION DURING THE PERIOD		
- Education	(300)	-
- Relief and disaster recovery	-	(2,480)
- Health	(788)	(500)
- Orphanage	(300)	-
	(1,388)	(2,980)
CLOSING BALANCE	5,975	2,096

ANNEXURE—2

ISLAMIC BANKING BUSINESS - NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2015

DISCLOSURE FOR PROFIT AND LOSS DISTRIBUTION AND POOL MANAGEMENT

1.1 BANK GENERATES DEPOSIT ON THE BASIS OF FOLLOWING TWO MODES:

1. Qard
2. Mudaraba

Deposits taken on Qard Basis are classified as 'Current Account' and deposits generated on Mudaraba basis are classified as 'Savings Account' and 'Fixed Deposit Accounts'.

The Bank also accepted / acquired inter-bank funds, for short term liquidity requirement under Musharaka mode. Profits realized in Musharaka pools are distributed in pre agreed profit sharing ratio. Besides above, during the year Bank also, started Islamic Export Refinance Scheme under Musharaka mode. The features, risk and reward of this Musharaka pool are in accordance with the SBP IERS scheme and circulars issued from time to time.

Asset pools are created at the Bank's discretion and the Bank can add, amend, and transfer an asset to any other pool in the interest of deposit holders. During the year following three Mudaraba based pools were maintained by the Bank having below mentioned key features:

A. GENERAL POOL

The objective of the pool is to invest funds on a Shariah Compliant basis and maximize profits for the Rabb-ul-Mal on a Gross Mudarabah Basis. In this pool, portfolio diversification strategy has been used to mitigate the risk of loss. Diversification may marginally reduce returns but it also spreads risk by reducing chances of loss.

B. FOREIGN CURRENCY POOL

The objective of the pool is to invest funds on a Shariah Compliant basis and maximize profits for the Rabb-ul-Mal i.e. depositors in foreign currency: US dollars on a Gross Mudaraba Basis. Due to dearth and limitations of foreign denominated investment opportunities available to Islamic Banks operating in Pakistan, the returns would be linked with an earning assets pool comprising of Shariah compliant assets, with reliance mainly on placement(s) with other known Islamic Financial Institutions.

C. FINANCIAL INSTITUTIONS (FI) POOL

The objective of the pool is to obtain and invest funds primarily from conventional side of the Bank, on a Shariah Compliant Gross Mudaraba basis, mainly to meet liquidity needs in line with business requirements and banking norms. The FI pool is linked with an earning assets pool comprising mainly of investments in sovereign risk, i.e. GOP guaranteed SLR eligible Sukuk.

Under the above Mudaraba based pools, the Bank accepted funds on Mudaraba basis from depositors (Rabb-ul-Mal) where the Bank acted as Manager (Mudarib) and invested the funds in Shariah Compliant modes of financings, investments and placements. Also, as allowed, the Bank at its discretion comingled its own funds including current accounts as equity with the depositor's funds in all the pools. However, for investment purposes, Rabb-ul-Mal's funds were given priority over own funds (equity). Unutilized portion of equity after comingling with the deposit in a pool is mainly invested in Sukuk.

The net profit of each deposit pool is calculated on all the remunerative assets booked by utilizing the funds from the pool after deduction of direct expenses as approved by Shariah Advisor, if any. The directly related costs comprise of depreciation on Ijarah assets, Wakalah tul Istismar fee and Brokerage fee paid for placement of funds under Islamic modes. The general and specific provisions created against non-performing financings and diminution in the value of investments shall be borne by the Bank as Mudarib. However, write-offs of financings and loss on sale of investments shall be charged to respective pool(s) along with other direct expenses. Provisions / write offs shall revert to Mudarib / pool(s) to which it was originally charged. All expenses other than the above are non chargeable to pool. From the net return, profit is paid to the Mudarib in the ratio of Mudarib's equity in the pool to the total pool. The Mudarib's share is deducted from this profit to calculate distributable profit. Rabb-ul-Mal's share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

ANNEXURE-2

ISLAMIC BANKING BUSINESS - NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2015

In order to remain competitive in the industry and to retain existing customer / mobilize deposits from new customers, the Bank as a Mudarib distributed part of its share of profit to Rabb-ul-Mal as HIBA.

Income generated from banking operations (e.g. fee and commission income etc.) is not shared with depositors.

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

During the year profit rate earned is 8.11% and profit rate distributed to the depositors is 3.67% (2014:8.84% and 4.78% respectively)

1.2 THE BANK MANAGED FOLLOWING GENERAL AND SPECIFIC POOLS :

2015										
Mudaraba Pool	Currency	Profit rate and weightage announcement Period	Profit sharing Ratio	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of Mudarib share transferred through Hiba	Percentage of Mudarib share transferred through special Hiba	Amount of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through special Hiba
						Rs. / USD			Rs. / USD	Rs. / USD
General Pool	PKR	Monthly	50%	0.90	1.91	686,209,250	26%	-	180,595,583	-
Financial Institution Pool	PKR	Monthly	50%	0.50	1.20	22,593,163	13%	-	2,940,729	-
Foreign Currency Pool	USD	Monthly	50%	1.00	1.00	16,276	1%	-	140	-

2014										
Mudaraba Pool	Currency	Profit rate and weightage announcement Period	Profit sharing Ratio	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of Mudarib share transferred through Hiba	Percentage of Mudarib share transferred through special Hiba	Amount of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through special Hiba
						Rs. / USD			Rs. / USD	Rs. / USD
General Pool	PKR	Monthly	50%	0.90	1.85	608,958,405	40%	7%	242,659,342	43,520,963
Financial Institution Pool	PKR	Monthly	50%	0.50	1.20	26,489,689	-	-	-	-
Foreign Currency Pool	USD	Monthly	50%	1.00	1.00	6,638	-	-	-	-

2015										
Musharaka Pool	Currency	Profit rate and weightage announcement Period	Profit sharing Ratio	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of Mudarib share transferred through Hiba	Percentage of Mudarib share transferred through special Hiba	Amount of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through special Hiba
Interbank borrowing pool	PKR	As required	100%	-	-	-	-	-	-	-
IERS pool	PKR	Monthly	100%	-	-	-	-	-	-	-

2014										
Musharaka Pool	Currency	Profit rate and weightage announcement Period	Profit sharing Ratio	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of Mudarib share transferred through Hiba	Percentage of Mudarib share transferred through special Hiba	Amount of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through special Hiba
Interbank borrowing pool	PKR	As required	100%	-	-	-	-	-	-	-
IERS pool	PKR	-	-	-	-	-	-	-	-	-

1.3 MATURITY PROFILE OF FUNDS

Maturity profile of funds mobilised under various modes:

Rs in '000			2014									
Type	Currency	Mode	Upto 1 month	Over 1 month upto 3 month	Over 3 month upto 6 month	Over 6 month upto year 1	Over 1 years upto year 2	Over 2 years upto year 3	Over 3 years upto year 5	Over 5 years upto year 10	Over 10 years	Total
Fixed deposit account	PKR	Mudaraba	1,361,876	641,650	1,095,138	1,897,039	64,143	68,045	64,760	-	-	5,192,651
Savings account	PKR	Mudaraba	1,364,796	247,362	-	-	2,418,240	2,418,240	2,901,887	1,478,019	1,478,019	12,306,563
Savings account	USD	Mudaraba	25,015	4,533	-	-	44,318	44,318	53,183	27,087	27,087	225,541
Mudaraba funds from HO	PKR	Mudaraba	2,000,000	-	-	-	-	-	-	-	-	2,000,000
Interbank borrowing	PKR	Musharka	500,000	-	-	-	-	-	-	-	-	500,000
IERS borrowing from SBP	PKR	Musharka	-	-	306,529	-	-	-	-	-	-	306,529
			5,251,687	893,545	1,401,667	1,897,039	2,526,701	2,530,603	3,019,830	1,505,106	1,505,106	20,531,284

Rs in '000			2014									
Type	Currency	Mode	Upto 1 month	Over 1 month upto 3 month	Over 3 month upto 6 month	Over 6 month upto year 1	Over 1 years upto year 2	Over 2 years upto year 3	Over 3 years upto year 5	Over 5 years upto year 10	Over 10 years	Total
Fixed deposit account	PKR	Mudaraba	1,775,415	620,321	863,754	2,127,766	153,731	64,665	80,606	-	-	5,686,258
Savings account	PKR	Mudaraba	936,656	169,763	-	-	1,659,625	1,659,626	1,991,548	1,014,353	1,014,353	8,445,924
Savings account	USD	Mudaraba	26,779	4,854	-	-	47,457	47,458	56,948	29,006	29,005	241,507
Mudaraba funds from HO	PKR	Mudaraba	1,875,000	-	-	-	-	-	-	-	-	1,875,000
Interbank borrowing	PKR	Musharka	-	-	-	-	-	-	-	-	-	-
IERS borrowing from SBP	PKR	Musharka	-	-	-	-	-	-	-	-	-	-
			4,613,850	794,938	863,754	2,127,766	1,860,813	1,771,749	2,129,102	1,043,359	1,043,358	16,248,689

ANNEXURE-2

ISLAMIC BANKING BUSINESS - NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2015

1.4 CLASS OF ASSETS BY SOURCES OF FINANCING

Rupees in '000	2015	2014
Jointly financed by the Bank and PLS deposit account holders.		
Murabaha	5,157,382	2,178,866
Ijarah	2,611,136	1,826,588
Diminishing Musharaka	6,747,726	3,107,996
Salam	4,038,669	2,333,674
Musharaka	350,000	450,000
Istisna	923,731	–
Balances with other & treasury Banks	3,256,456	7,374,884
Sukuk	1,476,667	6,011,155
GOP - Bai Mujjal	4,606,797	–
	29,168,564	23,283,163
Exclusively financed by the Bank		
Sukuk	–	425,825
	–	425,825

1.5 SECTORS OF ECONOMY USED FOR DEPLOYMENT OF MUDARBA BASED PKR DEPOSITS ALONGWITH EQUITY.

	2015		2014	
	Rupees in '000	Percent	Rupees in '000	Percent
Agriculture / Agribusiness	933,768	3.40	664,481	2.90
Automobiles & Allied	69,930	0.25	21,476	0.09
Cables / Electronics	–	–	20,381	0.09
Cements	74,322	0.27	29,151	0.13
Chemicals / Pharmaceuticals	210,000	0.76	16,467	0.07
Engineering	–	–	32,645	0.14
Food and Allied	413,906	1.51	536,903	2.34
Fuel / Energy	3,148,701	11.46	2,031,292	8.86
Ghee and Edible Oil	174,267	0.63	125,378	0.55
GOP Ijarah Sukuk (Airport & Highway Land)	1,150,000	4.19	5,651,155	24.67
Individuals	1,616,632	5.88	936,697	4.09
Investment Banks / Scheduled Banks	1,964,057	7.15	6,224,443	27.17
Plastic products	115,972	0.42	101,994	0.45
Ready- Made garments	–	–	66,750	0.29
Real Estate / Construction	710,455	2.59	9,713	0.04
Rice Processing and trading	–	–	266,500	1.16
Services (Other than Financial, Hotelling & Traveling)	200,352	0.73	270,231	1.18
Sugar	3,129,970	11.39	1,564,804	6.83
Textile	2,970,261	10.81	1,552,074	6.77
Transport and communication	686,781	2.50	12,544	0.05
Public sector / Government	4,144,854	15.09	2,012,502	8.78
GOP Bai Muajjal	4,606,797	16.77	–	–
Others	1,150,384	4.20	767,779	3.35
	27,471,409	100.00	22,915,360	100.00

1.6 SECTORS OF ECONOMY USED FOR DEPLOYMENT OF MUDARBA BASED USD DEPOSITS ALONGWITH EQUITY.

	2015		2014	
	USD in '000	Percent	USD in '000	Percent
Ghee and Edible Oil	795	19.49	–	–
Investment Banks / Scheduled Banks	3,047	74.70	3,401	92.80
Public sector / Government	237	5.81	264	7.20
	4,079	100	3,665	100

ANNEXURE-2

REPORT OF SHARIAH BOARD FOR THE YEAR 2015

1. While the Board of Directors and Executive Management are solely responsible to ensure that the operations of Askari Bank Limited - Islamic Banking Services Division (AKBL-IBSD) are conducted in a manner that comply with the Shariah Principles at all times, we are required to submit a report on the overall Shariah compliance environment of AKBL-IBSD.
2. To form our opinion as expressed in this report, the Shariah compliance department of the Bank carried out reviews, on test check basis, of each class of transactions, the relevant documentation and process flows. Further, we have also reviewed the reports of Shariah audit.

Based on above, we are of the view that:

- i. AKBL-IBSD has complied with the Shariah rules and principles in the light of fatawa, rulings and guidelines issued by its Shariah Board.
- ii. AKBL-IBSD has complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the rulings of SBP's Shariah Board.
- iii. AKBL-IBSD has a comprehensive mechanism in place to ensure Shariah compliance in their overall operations.
- iv. AKBL-IBSD has a well-defined system in place which is sound enough to ensure that any earnings realized from sources or by means prohibited by Shariah have been credited to charity account and are being properly utilized.
- v. AKBL-IBSD has complied with the SBP instructions on profit and loss distribution and pool management.
- vi. The level of awareness, capacity and sensitization of the staff, management and the BOD in appreciating the importance of Shariah compliance in the products and processes of the bank is adequate and will be further improved through orientation sessions / trainings.
- vii. The management is in process to arrange adequate resources to Shariah board, enabling it to discharge its duties more effectively.



Mufti Muhammad Zahid
Chairman Shariah Board



Mufti Ismatullah
Member Shariah Board



Dr. Muhammad Tahir
Resident Member Shariah Board

Date of Report: January 25, 2016

CONSOLIDATED FINANCIAL STATEMENTS OF

ASKARI BANK LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2015



A.F. FERGUSON & CO.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of Askari Bank Limited (the Bank) and its subsidiary companies as at December 31, 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity, together with the notes forming part thereof (hereinafter referred to as 'consolidated financial statements') for the year then ended. These financial statements include unaudited certified returns from the branches, except for twenty five branches which have been audited by us and one branch audited by auditors abroad. We have also expressed separate opinions on the financial statements of Askari Bank Limited and its subsidiary companies Askari Investment Management Limited and Askari Securities (Pvt) Limited.

These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

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

The consolidated financial statements of the Bank for the year ended December 31, 2014 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated February 13, 2015.

Chartered Accountants
Islamabad
Engagement partner: S. Haider Abbas
Date: February 15, 2016

A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PWC network
PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan
Tel: +92 (51) 2273457-60 / 2604934-37; Fax: +92 (51) 2277924; <www.pwc.com/pk>

Karachi: State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan; Tel: +92 (21) 32426682-5/32426711-5; Fax: +92 (21) 32415007
Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O. Box 39, Lahore-54660, Pakistan; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Kabul: Apartment No 3, 3rd Floor, Doost Tower, Haji Yaqub Square, Kabul, Afghanistan; Tel +93 (779) 315320

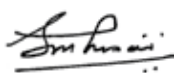
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2015

Rupees in '000	Note	2015	2014
Assets			
Cash and balances with treasury banks	6	29,685,228	19,130,113
Balances with other banks	7	8,358,930	7,121,128
Lendings to financial institutions	8	812,898	3,427,753
Investments	9	268,048,928	217,213,560
Advances	10	199,936,549	170,682,163
Operating fixed assets	11	9,278,150	8,350,849
Assets held for sale		–	201,582
Deferred tax assets	12	–	897,746
Other assets	13	20,068,057	20,586,807
		536,188,740	447,611,701
Liabilities			
Bills payable	14	6,094,885	6,855,020
Borrowings	15	57,323,250	13,742,030
Deposits and other accounts	16	433,130,465	387,534,873
Sub-ordinated loans	17	4,996,800	7,992,800
Liabilities against assets subject to finance lease		–	–
Deferred tax liabilities	12	71,590	–
Other liabilities	18	7,497,960	7,461,011
		509,114,950	423,585,734
Net assets		27,073,790	24,025,967
Represented by			
Share capital	19	12,602,602	12,602,602
Reserves		6,445,888	4,823,738
Unappropriated profit		2,948,581	2,150,029
		21,997,071	19,576,369
Non-controlling interest		35,580	32,027
		22,032,651	19,608,396
Surplus on revaluation of assets - net of tax	20	5,041,139	4,417,571
		27,073,790	24,025,967

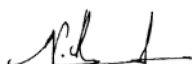
Contingencies and commitments

21

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



Syed M. Husaini
President & Chief Executive



Nadeem Inayat
Director



Asif Reza Sana
Director



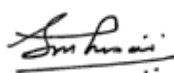
Lt Gen (R) Khalid Nawaz Khan
Chairman

CONSOLIDATED PROFIT AND LOSS ACCOUNT

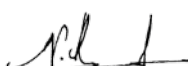
FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	Note	2015	2014
Mark-up / return / interest earned	24	36,593,889	34,621,111
Mark-up / return / interest expensed	25	21,688,045	22,712,353
Net mark-up / interest income		14,905,844	11,908,758
Provision / (reversal) against non-performing loans and advances - net	10.6.1	315,840	(83,198)
Impairment loss on available for sale investments		217,243	207,669
Provision for diminution in the value of investments - net	9.2.1	345,969	197,507
Bad debts written off directly		—	—
		879,052	321,978
Net mark-up / interest income after provisions		14,026,792	11,586,780
Non mark-up / interest income			
Fee, commission and brokerage income		1,936,571	1,611,279
Dividend income		308,270	350,810
Income from dealing in foreign currencies		834,956	1,102,565
Gain on sale of securities - net	26	3,119,834	1,812,023
Unrealised (loss) / gain on revaluation of investments classified as held for trading - net		(900)	19,123
Other income	27	581,365	748,345
Total non-markup / interest income		6,780,096	5,644,145
		20,806,888	17,230,925
Non mark-up / interest expenses			
Administrative expenses	28	12,202,734	11,234,277
Other provisions / write offs		49,671	46,956
Other charges	29	217,391	125,696
Total non-markup / interest expenses		12,469,796	11,406,929
		8,337,092	5,823,996
Share of profit of associate		—	45,095
Extra ordinary / unusual items		—	—
Profit before taxation		8,337,092	5,869,091
Taxation – current		(2,340,713)	(1,022,549)
– prior years'		(415,468)	—
– deferred		(636,924)	(752,818)
	30	(3,393,105)	(1,775,367)
Profit after taxation		4,943,987	4,093,724
Attributable to:			
Equity holders of the Bank		4,940,255	4,093,015
Non-controlling interest		3,732	709
		4,943,987	4,093,724

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



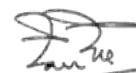
Syed M. Husaini
President & Chief Executive



Nadeem Inayat
Director



Asif Reza Sana
Director

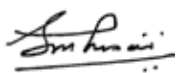


Lt Gen (R) Khalid Nawaz Khan
Chairman

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	2015	2014
Profit after taxation	4,943,987	4,093,724
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss account		
Exchange difference on translation of net investment in Wholesale Bank Branch	11,503	(9,683)
Items that will not be reclassified to profit and loss account		
Remeasurement of defined benefit plan	(16,485)	(139,069)
Related tax on remeasurement of defined benefit plan	5,770	48,173
Remeasurement of defined benefit plan - net of tax	(10,715)	(90,896)
Comprehensive income - transferred to statement of changes in equity	4,944,775	3,993,145
Components of comprehensive income not reflected in equity		
Surplus on revaluation of available for sale securities	959,292	3,990,843
Related deferred tax	(335,725)	(1,396,822)
	623,567	2,594,021
Total comprehensive income	5,568,342	6,587,166
Comprehensive income related to equity attributable to:		
Equity holders of the Bank	4,941,222	3,992,370
Non-controlling interest	3,553	775
	4,944,775	3,993,145

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



Syed M. Husaini
President & Chief Executive



Nadeem Inayat
Director



Asif Reza Sana
Director



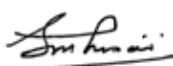
Lt Gen (R) Khalid Nawaz Khan
Chairman

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	Note	2015	2014
Cash flow from operating activities			
Profit before taxation		8,337,092	5,869,091
Less: dividend income		(308,270)	(350,810)
		8,028,822	5,518,281
Adjustments:			
Depreciation / amortization		875,567	723,884
Provision / (reversal of) against non-performing loans and advances - net		315,840	(83,198)
Impairment loss on available for sale investments		217,243	207,669
Provision for diminution in the value of investments - net		345,969	197,507
Gain on sale of asset held for sale		(67,587)	-
(Reversal of) / provision against operating fixed assets		(238)	45,677
Provision against other assets		51,905	1,279
Unrealised loss / (gain) on revaluation of investments classified as held for trading - net		900	(19,123)
Charge for defined benefit plan		281,395	181,083
Share of profit of associate		-	(45,095)
Gain on sale of operating fixed assets		(7,969)	(305,781)
		2,013,025	903,902
		10,041,847	6,422,183
(Increase) / decrease in operating assets			
Lendings to financial institutions		1,187,102	(496,793)
Held for trading securities		(41,235)	(72,459)
Advances		(29,311,020)	(6,812,765)
Other assets (excluding advance taxation)		(140,335)	(4,380,390)
		(28,305,488)	(11,762,407)
Increase / (decrease) in operating liabilities			
Bills payable		(760,135)	1,167,478
Borrowings		43,581,220	(10,803,849)
Deposits		45,595,592	52,361,495
Other liabilities		(90,969)	671,291
		88,325,708	43,396,415
Cash generated from operations		70,062,067	38,056,191
Payment made to defined benefit plan		(203,541)	(268,524)
Income tax paid		(2,398,483)	(1,179,212)
Net cash from operating activities	31.1	67,460,043	36,608,455
Cash flow from investing activities			
Net investments in available for sale securities		(44,074,172)	(47,871,071)
Net investments in held to maturity securities		(6,322,982)	76,107
Sale proceeds of asset held for sale		269,169	-
Dividend income		298,513	359,656
Investments in operating fixed assets - net of adjustment		(1,813,949)	(1,219,626)
Sale proceeds of operating fixed assets disposed off		18,318	753,901
Net cash used in investing activities		(51,625,103)	(47,901,033)
Cash flow from financing activities			
(Payments) / receipt of sub-ordinated loans - net		(2,996,000)	3,998,400
Dividend paid		(2,485,279)	(1,246,511)
Net cash (used in) / from financing activities		(5,481,279)	2,751,889
Exchange difference on translation of net investment in Wholesale Bank Branch		11,503	(9,683)
Increase / (decrease) in cash and cash equivalents		10,365,164	(8,550,372)
Cash and cash equivalents at beginning of the year		27,678,994	36,229,366
Cash and cash equivalents at end of the year	31	38,044,158	27,678,994

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



Syed M. Husaini
President & Chief Executive



Nadeem Inayat
Director



Asif Reza Sana
Director

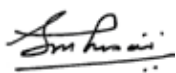


Lt Gen (R) Khalid Nawaz Khan
Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	Revenue Reserves		Sub-total	Non-controlling interest	Total
					General reserve	Un-appropriated profit / (loss)			
Balance as at January 1, 2014	12,602,602	99,009	234,669	3,899,517	1,379,866	(1,371,405)	16,844,258	31,252	16,875,510
Total comprehensive income for the year ended December 31, 2014									
Net profit for the year ended December 31, 2014	-	-	-	-	-	4,093,015	4,093,015	709	4,093,724
Other comprehensive income related to equity	-	(9,683)	-	-	-	(90,962)	(100,645)	66	(100,579)
Transfer to:									
Statutory reserve	-	-	-	802,986	-	(802,986)	-	-	-
General reserve	-	-	-	-	(1,582,626)	1,582,626	-	-	-
	-	-	-	802,986	(1,582,626)	779,640	-	-	-
Transaction with owners, recorded directly in equity									
Interim dividend 2014: Re. 1.00 per share	-	-	-	-	-	(1,260,259)	(1,260,259)	-	(1,260,259)
Balance as at January 1, 2015	12,602,602	89,326	234,669	4,702,503	(202,760)	2,150,029	19,576,369	32,027	19,608,396
Total comprehensive income for the year ended December 31, 2015									
Net profit for the year ended December 31, 2015	-	-	-	-	-	4,940,255	4,940,255	3,732	4,943,987
Other comprehensive income related to equity	-	11,503	-	-	-	(10,536)	967	(179)	788
Transfer to:									
Statutory reserve	-	-	-	1,008,684	-	(1,008,684)	-	-	-
General reserve	-	-	-	-	1,862,223	(1,862,223)	-	-	-
	-	-	-	1,008,684	1,862,223	(2,870,907)	-	-	-
Transaction with owners, recorded directly in equity									
Final dividend 2014: Re. 1.00 per share	-	-	-	-	(1,260,260)	-	(1,260,260)	-	(1,260,260)
Interim dividend 2015: Re. 1.00 per share	-	-	-	-	-	(1,260,260)	(1,260,260)	-	(1,260,260)
Balance as at December 31, 2015	12,602,602	100,829	234,669	5,711,187	399,203	2,948,581	21,997,071	35,580	22,032,651

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



Syed M. Husaini
President & Chief Executive



Nadeem Inayat
Director



Asif Reza Sana
Director



Lt Gen (R) Khalid Nawaz Khan
Chairman

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

1. STATUS AND NATURE OF BUSINESS

The Group consists of Askari Bank Limited, the holding company, Askari Investment Management Limited, a wholly owned subsidiary company and Askari Securities Limited, a partly owned subsidiary company.

- 1.1 Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange (formerly Karachi, Lahore and Islamabad Stock Exchanges). The registered office of the Bank is situated at AWT Plaza, The Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent shares of the Bank as on December 31, 2015. The ultimate parent of the Bank is Fauji Foundation. The Bank has 424 branches (2014: 321 branches); 423 in Pakistan and Azad Jammu and Kashmir, including 75 (2014: 53) Islamic Banking branches, 32 (2014: 31) sub-branches and a Wholesale Bank Branch in the Kingdom of Bahrain.

Askari Investment Management Limited (AIML) was incorporated in Pakistan on May 30, 2005 as a public limited company. AIML is a Non Banking Finance Company (NBFC), under license by the Securities and Exchange Commission of Pakistan (SECP) to undertake asset management and investment advisory services under the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (NBFC & NE Regulations). The license was obtained on September 21, 2005. AIML is a wholly owned subsidiary of the Bank with its registered office in Karachi. AIML obtained its certificate of commencement of business on September 22, 2005.

Askari Securities Limited (ASL) was incorporated in Pakistan on October 1, 1999 under the Companies Ordinance, 1984 as a public limited company. The Bank holds 74% Ordinary Shares of ASL. The principal activity includes share brokerage, investment advisory and consultancy services. The registered office of ASL is situated in Islamabad.

The financial statements of AIML and ASL have been consolidated based on their audited financial statements for the year ended December 31, 2015.

2. BASIS OF PRESENTATION

- 2.1 These consolidated financial statements have been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan's BSD Circular No. 4 dated February 17, 2006.
- 2.2 In accordance with the directives of the Federal Government regarding shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. One permissible form of trade related mode of financing comprises of purchase of goods by the Group from its customers and resale to them at appropriate mark-up in price on a deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facilities actually utilized and the appropriate portion of mark-up thereon.
- 2.3 The financial results of the Islamic banking branches have been consolidated in these consolidated financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key figures of the Islamic banking branches are disclosed in Annexure-2 to unconsolidated financial statements.
- 2.4 Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pak. Rupee, which is the Group's functional and presentation currency. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

3. STATEMENT OF COMPLIANCE

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

International Accounting Standard 39, "Financial Instruments: Recognition and Measurement", International Accounting Standard 40, "Investment Property" and International Financial Reporting Standard 7, "Financial Instruments: Disclosure" are not applicable to banking companies in Pakistan. Accordingly, the requirements of these Standards have not been considered in the preparation of these consolidated financial statements. Accordingly, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

The Securities and Exchange Commission of Pakistan vide SRO 56(1)/2016 dated January 28, 2016 has relaxed the requirement of consolidation under IFRS 10, "Consolidated Financial Statements" for companies having investment in mutual funds established under trust structure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

3.1 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

- a) The following amendments and interpretations to published accounting standards were effective during the year and have been adopted by the Group:

		EFFECTIVE DATE (ANNUAL PERIODS BEGINNING ON OR AFTER)
IFRS 3	Business Combinations (Amendments)	July 1, 2014
IFRS 8	Operating Segments (Amendments)	July 1, 2014
IAS 1	Presentation of Financial Statements (Amendments)	July 1, 2014
IAS 16	Property, Plant and Equipment (Amendments)	July 1, 2014
IAS 19	Employee Benefits (Amendments)	July 1, 2014
IAS 24	Related Party Disclosures (Amendments)	July 1, 2014
IAS 38	Intangible Assets (Amendments)	July 1, 2014

- b) Following standard has been issued by the International Accounting Standards Board (IASB), which is yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of its applicability in Pakistan:

		EFFECTIVE DATE (ANNUAL PERIODS BEGINNING ON OR AFTER)
IFRS 1	First-Time Adoption of International Financial Reporting Standards	July 1, 2009

- c) Following standards and amendments were notified by SECP for the purpose of their applicability in Pakistan from annual periods beginning on or after January 1, 2015:

IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 27	Separate Financial Statements
IAS 28	Investments in Associates and Joint Ventures
IFRS 10	Consolidated Financial Statements (Amendments)
IFRS 12	Disclosure of Interests in Other Entities (Amendments)
IFRS 13	Fair Value Measurement (Amendments)
IAS 27	Separate Financial Statements (Amendments)

- d) Following standards and amendments to published accounting standards will be effective in future periods and have not been early adopted by the Group.

		EFFECTIVE DATE (ANNUAL PERIODS BEGINNING ON OR AFTER)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	January 1, 2016
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 1, 2016
IFRS 9	Financial Instruments	January 1, 2018
IFRS 10	Consolidated Financial Statements (Amendments)	January 1, 2016
IFRS 11	Joint Arrangements (Amendments)	January 1, 2016
IFRS 12	Disclosure of interests in Other Entities (Amendments)	January 1, 2016
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2017

		EFFECTIVE DATE (ANNUAL PERIODS BEGINNING ON OR AFTER)
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 19	Employee Benefits (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements (Amendments)	January 1, 2016
IAS 28	Investments in Associates and Joint Ventures (Amendments)	January 1, 2016
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2016
IAS 38	Intangible Assets (Amendments)	January 1, 2016

The management anticipates that adoption of above standards and amendments in future periods will have no material impact on the Group's financial statements other than in presentation/disclosure.

4. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention as modified for certain investments which are carried at fair value, freehold and leasehold land which are shown at revalued amounts and staff retirement gratuity and compensated absences which are carried at present value of defined benefit obligations net of fair value of plan assets.

USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with approved accounting standards as applicable in Pakistan requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The Group uses estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

- i) classification of investments (note 5.5)
- ii) provision against investments (note 5.5), advances (note 5.6), operating fixed assets (note 5.7) and other assets (note 5.8)
- iii) valuation and impairment of available for sale securities (note 5.5)
- iv) useful life of property and equipment, intangible assets and revaluation of land (note 5.7)
- v) taxation (note 5.10)
- vi) staff retirement benefits (note 5.11)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

5.1 ASSETS HELD FOR SALE

Non-current assets and associated liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. Assets designated as held for sale are held at the lower of carrying amount at designation and fair value less costs to sell.

5.2 BASIS OF CONSOLIDATION

SUBSIDIARIES

The consolidated financial statements include the financial statements of the Bank and its subsidiary companies, AML with 100% holding (2014: 100%) and ASL with 74% holding (2014: 74%) collectively referred to as "the Group".

Subsidiaries are those enterprises in which the holding company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has the power to elect and appoint more than 50% of its directors. The financial statements of the subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

The assets and liabilities of subsidiary companies have been consolidated on a line by line basis and the carrying value of investment held by the holding company is eliminated against holding company's share in paid up capital of the subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Material intra-group balances and transactions have been eliminated.

Non-controlling interests are that part of net results of the operations and of net assets of the subsidiary attributable to interests which are not owned by the Bank. Non-controlling interests are presented as separate item in the consolidated financial statements.

ASSOCIATE

Associate is the entity in which the Group has significant influence, but not control over the financial and operating policies. Significant influence exists when the Group holds between 20 to 50 percent of the voting power of another entity. The consolidated financial statements include the Group's share of the results of the associate. Investment in associate is accounted for using equity method of accounting and was initially recognized at cost.

5.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash and balances with treasury banks, balances with other banks and call money lendings.

5.4 SALE AND REPURCHASE AGREEMENTS

Securities sold under repurchase agreement (repo) are retained in the consolidated financial statements as investments and a liability for consideration received is included in borrowings. Conversely, consideration for securities purchased under resale agreement (reverse repo) are included in lendings to financial institutions. The difference between sale and repurchase / purchase and resale price is recognised as mark-up / return expensed and earned on a time proportion basis as the case may be. Repo and reverse repo balances are reflected under borrowings from and lendings to financial institutions respectively.

5.5 INVESTMENTS

Investments are classified as follows:

HELD FOR TRADING

These represent securities acquired with the intention to trade by taking advantage of short-term market / interest rate movements. These are marked to market and surplus / deficit arising on revaluation of 'held for trading' investments is taken to profit and loss account in accordance with the requirements prescribed by the SBP through various circulars.

AVAILABLE FOR SALE

These represent securities which do not fall under 'held for trading' or 'held to maturity' categories. In accordance with the requirements of the SBP's BSD Circular No. 20 dated August 04, 2000 and BPRD circular 06 dated June 26, 2014, available for sale securities for which ready quotations are available on Reuters Page (PKRV) or Stock Exchanges are valued at market value and the resulting surplus / deficit is taken through "Statement of Comprehensive Income" and is shown below the shareholders' equity in the consolidated statement of financial position. Where the decline in prices of available for sale equity securities is significant and prolonged, it is considered impaired and included in profit and loss account. Impairment loss on available for sale debt securities is determined in accordance with the requirements of Prudential Regulations issued by the SBP.

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 as per the latest audited financial statements. If the break-up value is less than cost the difference is included in profit and loss account. Unquoted debt securities are valued using the market value of secondary market where available.

Investments in other unquoted securities are valued at cost less impairment losses, determined in accordance with the requirements of Prudential Regulations issued by the SBP.

HELD TO MATURITY

These represent securities acquired with the intention and ability to hold them upto maturity. These are carried at amortized cost less impairment, determined in accordance with the requirements of Prudential Regulations issued by the SBP.

All purchases and sale of investment that require delivery within the time frame established by regulations or market convention are recognized at the trade date, which is the date the Group commits to purchase or sell the investments.

5.6 ADVANCES

Advances are stated net of provisions for non-performing advances. Provision for advances is determined in accordance with the requirements of the Prudential Regulations issued by the SBP from time to time. In addition, a general provision is maintained for advances other than consumer and small entities advances as per details given in note 10.6.3.

The provisions against non-performing advances are charged to the consolidated profit and loss account. Advances are written off when there is no realistic prospect of recovery.

Consequent to the adoption of IFAS - 2, ijarahs booked under IFAS - 2 are stated at cost less accumulated depreciation and impairment if any, and are shown under advances.

The SBP has notified for adoption of Ijarahs under (IFAS-2 “Islamic Financial Accounting Standard 2 Ijarah” which is applicable. Consequent to the adoption of IFAS-2, such ijarahs booked on or after January 1, 2009 are stated at cost less accumulated depreciation and impairment if any, and are shown under advances.

Depreciation on Ijarah assets is charged to the consolidated profit and loss account by applying the straight line method whereby the depreciable value of Ijarah assets is written off over the Ijarah period. The Group charges depreciation from the date of delivery of respective assets to Mustajir upto the date of maturity / termination of Ijarah agreement.

Leases where the Group transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognised at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

Murabaha transactions are reflected as receivable at the invoiced amount. Actual sale and purchase are not reflected as the goods are purchased by the customer as agent of the Group and all documents relating to purchase are in customers’ name.

In Salam, the seller undertakes to supply specific goods to the Group at a future date in consideration of a price fully paid in advance at the time the contract of sale is made.

In Musharaka a relationship is established under a contract by the mutual consent of the Group and the customer for sharing of profits and losses arising from a joint enterprise or venture.

Diminishing Musharaka (DM) is a form of co-ownership in which Group and the customer share the ownership of a tangible asset in an agreed proportion and customer undertakes to buy in periodic installments the proportionate share of the Group until the title to such tangible asset is completely transferred to the customer.

In Istisna, a contract of sale is made whereby the Group places an order, to manufacture, assemble or construct, specific commodity to be delivered at a future date.

5.7 CAPITAL WORK-IN-PROGRESS, OPERATING FIXED ASSETS AND DEPRECIATION

CAPITAL WORK-IN-PROGRESS

Capital work-in-progress is stated at cost less impairment losses, if any.

TANGIBLE ASSETS

Fixed assets are stated at cost less impairment losses and accumulated depreciation except for freehold / leasehold land. Land is carried at revalued amounts which is not depreciated.

Land is revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value. Surplus / (deficit) arising on revaluation of fixed assets is credited / (debited) to the surplus on revaluation of assets account and is shown below the shareholders’ equity in the consolidated statement of financial position. Except to the extent actually realised on disposal of land which are revalued, the surplus on revaluation of land shall not be applied to set-off or reduce any deficit or loss, whether past, current or future, or in any manner applied, adjusted or treated so as to add to the income, profit or surplus of the Group or utilized directly or indirectly by way of dividend or bonus.

INTANGIBLE ASSETS

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

Trading Right Entitlement Certificates (TREC) has indefinite useful life and accordingly is not amortized however tested for impairment only. Impairment loss is recognized in profit and loss account.

DEPRECIATION / AMORTIZATION

Depreciation / amortization is computed over the estimated useful lives of the related assets at the rates set out in note 11.2 and 11.3 respectively on monthly basis. The cost of assets is depreciated / amortized on the diminishing balance method, except for vehicles, carpets, renovations, other assets and intangibles which are depreciated / amortized on a straight line basis. Depreciation / amortization is charged for the full month of purchase / acquisition / availability for use of an asset while no depreciation / amortization is charged in the month of disposal of an asset. Maintenance and normal repairs are charged to the consolidated profit and loss account as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposal of operating fixed assets are taken to the consolidated profit and loss account.

In making estimates of the depreciation / amortization, the management uses useful life and residual value which reflects the pattern in which economic benefits are expected to be consumed by the Group. The useful life and the residual value are reviewed at each financial year end and any change in these estimates in future years might effect the carrying amounts of the respective item of operating fixed assets with the corresponding effect on depreciation / amortization charge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

ASSETS SUBJECT TO FINANCE LEASE

Assets held under finance lease are accounted for by recording the assets and related liabilities at the amounts determined on the basis of lower of fair value of the assets and the present value of minimum lease payments. Finance charge is allocated to the accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged on leased assets on the basis similar to that of the owned assets.

5.8 IMPAIRMENT

The carrying amount of the Group's assets are reviewed at the reporting date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognised as expense in the consolidated profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

5.9 DEPOSITS

Deposits are recorded at the fair value of proceeds received. Markup accrued on deposits is recognised separately as part of other liabilities and is charged to profit and loss account on a time proportion basis.

The Group generates deposits in two modes i.e. "Qard" and "Modaraba" under Islamic Banking Operations. Deposits taken on Qard basis are classified as 'Current Accounts' and deposits generated on Modaraba basis are classified as 'Saving Accounts' and 'Fixed Deposit Accounts'.

5.10 TAXATION

Income tax on the consolidated profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated profit and loss account, except to the extent that it relates to items recognised directly in other comprehensive income or below equity, in which case it is recognised in other comprehensive income or below equity.

CURRENT

Provision for current tax is the expected tax payable on the taxable profit for the year using tax rates applicable at the date of consolidated statement of financial position and any adjustment to tax payable for previous years.

DEFERRED

Deferred tax is provided for by using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the date of consolidated statement of financial position. A deferred tax asset is recognised only to the extent that it is probable that the future taxable profit will be available and credits can be utilized. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realised.

Deferred tax, on revaluation of investments, if any, is recognised as an adjustment to surplus / (deficit) arising on such revaluation.

5.11 STAFF RETIREMENT BENEFITS

DEFINED BENEFIT PLAN

The Bank and ASL operate an approved funded gratuity scheme for all its regular employees. Contributions are made in accordance with the actuarial recommendation. The actuarial valuation is carried out periodically using "Projected Unit Credit Method".

DEFINED CONTRIBUTION PLAN

The Bank operates a recognised provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Bank and by the employees at the rate of 8.33% of the basic salary of the employee.

AIML operates a funded staff provident fund scheme as a defined contribution plan for all eligible employees. Equal monthly contributions are made by AIML and the staff at the rate of 6% of the salary.

ASL operates funded provident fund scheme for all its regular employees for which equal monthly contributions are made by ASL and the employees at the rate of 10% of basic salary of the employee.

COMPENSATED ABSENCES

The Bank and ASL provide compensated absences to all its regular employees. Liability for unfunded scheme is recognized on the basis of actuarial valuation using the "Projected Unit Credit Method". Provision for the year is charged to the consolidated profit and loss account. The amount recognised in the consolidated statement of financial position represents the present value of defined benefit obligations.

AIML was providing compensated absences to all its regular employees. As per the Board resolution dated 26 November 2012, the compensated absences will not be encashable after 31 December 2012. All employees will have to avail leaves within a period of two years from the date of entitlement of leaves.

5.12 REVENUE RECOGNITION

Mark-up / interest on advances and return on investments is recognised on accrual basis except on classified advances and investments which is recognized on receipt basis. Mark-up / interest on rescheduled / restructured advances and investments is recognised as permitted by the regulations of the SBP or overseas regulatory authority of the country where branch operates, except where in the opinion of the management it would not be prudent to do so.

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

Dividend income is recognized when Group's right to receive the income is established.

Gains and losses on sale of investments are included in income currently.

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

Unrealised lease income is suspended on classified leases, in accordance with the requirements of the Prudential Regulations issued by the SBP. Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognised as income on receipt basis.

Profit on Murabaha sale transaction not due for the payment is deferred by recording a credit to the "Deferred Murabaha Income" account.

Profits on Musharaka and Diminishing Musharaka financings are recognized on accrual basis. Profit required to be suspended in compliance with the Prudential Regulations issued by SBP is recorded on receipt basis.

Revenue on Salam finance is recognized at the time of sale of al-muslam fihi (salam goods).

The rentals received / receivable on Ijarahs under IFAS-2 are recorded as income / revenue.

The Group recognizes revenue on Istisna finance at the time of sale of Al-Masnoo (Istisna Goods).

5.13 FOREIGN CURRENCIES

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into Pak. Rupee at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated to Pak. Rupee at the exchange rates prevailing at the reporting date. Outstanding foreign bills purchased are valued at the rates applicable to the remaining maturities. Exchange gains and losses are included in consolidated profit and loss account currently.

FOREIGN OPERATION

The assets and liabilities of Wholesale Bank Branch are translated to Pak. Rupee at exchange rates prevailing at the date of consolidated statement of financial position. The results of foreign operations are translated at the average rate of exchange for the year.

TRANSLATION GAINS AND LOSSES

Translation gains and losses arising on revaluation of net investment in foreign operations are taken to equity under "Exchange Translation Reserve" through other comprehensive income and on disposal are recognised in consolidated profit and loss account.

COMMITMENTS

Commitments for outstanding forward foreign exchange contracts are valued at the rates applicable to the remaining maturities.

5.14 PROVISIONS

Provisions are recognised when there are present, legal or constructive obligations as a result of past events, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amounts can be made. Provision for guarantee claims and other off balance sheet obligations is recognized when intimated and reasonable certainty exists to settle the obligations. Expected recoveries are recognized by debiting customer accounts. Charge to consolidated profit and loss account is stated net off expected recoveries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

5.15 OFF-SETTING

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

5.16 FINANCIAL ASSETS AND LIABILITIES

Financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provision of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognised when obligation specific in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognised in the profit and loss account of the current period. The particular recognition and subsequent measurement methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

5.17 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

5.18 APPROPRIATIONS SUBSEQUENT TO DATE OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Appropriations subsequent to year end are recognized during the year in which those appropriations are made.

5.19 SEGMENT REPORTING

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

5.19.1 BUSINESS SEGMENT

CORPORATE FINANCE

Corporate financing includes corporate and investment banking activities such as mergers and acquisition, underwriting, privatization, securitisation, IPO's related activities and secondary private placements.

TRADING AND SALES

Trading and sales includes the Group's treasury and money market activities.

RETAIL BANKING

Retail banking segment provides services to small borrowers and include loans, deposits and other transactions with retail customers and credit card business.

COMMERCIAL BANKING

Commercial banking segment provides services related to project finance, export finance, trade finance, leasing, lending, guarantees, bills of exchange and deposits from corporate customers.

PAYMENT AND SETTLEMENT

Payment and settlement includes income from payments and collections, funds transfer, clearing and settlement.

AGENCY SERVICES

Agency services include income from rent of lockers provided to customers.

RETAILS BROKERAGE

Retail brokerage provides share brokerage, share trading and corporate advisory services.

ASSET MANAGEMENT

Asset management segment represents wealth management, cash management and fund management services.

5.19.2 GEOGRAPHICAL SEGMENTS

The Group operates in two geographic regions; Pakistan and the Middle East.

Rupees in '000	Note	2015	2014
6. CASH AND BALANCES WITH TREASURY BANKS			
IN HAND:			
Local currency		6,336,493	4,967,914
Foreign currencies		1,423,204	1,276,862
		7,759,697	6,244,776
NATIONAL PRIZE BONDS			
		4,344	11,498
WITH THE STATE BANK OF PAKISTAN IN:			
Local currency current accounts	6.1	12,622,867	4,509,714
Foreign currency current account	6.1	2,271,811	2,024,792
Foreign currency deposit account	6.2	5,660,221	5,264,327
		20,554,899	11,798,833
WITH NATIONAL BANK OF PAKISTAN IN:			
Local currency current accounts		1,366,288	1,075,006
		29,685,228	19,130,113

6.1 These represent current accounts maintained with the SBP to comply with the statutory cash reserve requirements.

6.2 This represents special cash reserve maintained with the SBP and carries mark-up at the rate of 0.00% (2014: 0.00%) per annum.

Rupees in '000	Note	2015	2014
7. BALANCES WITH OTHER BANKS			
IN PAKISTAN			
On current accounts		193,887	189,385
On deposit accounts	7.1	2,235,530	5,117,061
		2,429,417	5,306,446
OUTSIDE PAKISTAN			
On current accounts		1,277,860	708,874
On deposit accounts	7.2	4,651,653	1,105,808
		5,929,513	1,814,682
		8,358,930	7,121,128

7.1 These represent placements with local banks, carrying interest rates ranging from 0.25% to 6.15% (2014: 0.05% to 9.25%) per annum.

7.2 These represent placements with international correspondent banks, carrying interest rates upto 0.36% (2014: upto 0.16%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	Note	2015	2014
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.1	–	1,427,753
Repurchase agreement lendings	8.2	289,193	2,000,000
Purchase under resale arrangement of equity securities		148,606	148,606
		437,799	2,148,606
Funded trade finance		523,705	–
		961,504	3,576,359
Provision against purchase under resale arrangement of equity securities		(148,606)	(148,606)
		812,898	3,427,753

8.1 Balance as at December 31, 2014 carried mark-up @ 8.65% to 9.35% per annum having maturity upto 2 months.

8.2 These are secured against underlying Government Securities, the differential between the contracted rate and resale price is amortised over the period of related contracts and recorded under mark-up / return / interest earned. These carry mark-up at the rate of 6.45% (2014: 9.90%) per annum and maturities of upto 2 months (2014: 1 month).

Rupees in '000	2015	2014
8.3 PARTICULARS OF LENDING		
In local currency	437,799	3,576,359
In foreign currencies	523,705	–
	961,504	3,576,359

	2015			2014		
	Held by the Group	Further given as collateral	Total	Held by the Group	Further given as collateral	Total
8.4 SECURITIES HELD AS COLLATERAL AGAINST LENDINGS TO FINANCIAL INSTITUTIONS						
Market Treasury Bills	289,193	–	289,193	–	–	–
Pakistan Investment Bonds	–	–	–	2,000,000	–	2,000,000
	289,193	–	289,193	2,000,000	–	2,000,000

Market value of securities held as collateral is Rs. 290,021 thousand (2014: Rs. 2,050,823 thousand).

9. INVESTMENTS

Rupees in '000	Note	2015			2014		
		Held by the Group	Given as collateral	Total	Held by the Group	Given as collateral	Total
9.1 INVESTMENTS BY TYPES:							
Held for trading securities							
Fully paid ordinary shares		42	–	42	38	–	38
Pakistan Investment Bonds	9.15	–	–	–	21,972	–	21,972
Units of open end mutual funds	9.4	246,263	–	246,263	162,137	–	162,137
		246,305	–	246,305	184,147	–	184,147
Available for sale securities							
Market Treasury Bills	9.15	100,118,219	3,841,766	103,959,985	95,363,586	2,840,522	98,204,108
Pakistan Investment Bonds	9.15	97,233,634	41,976,443	139,210,077	98,717,375	–	98,717,375
Fully paid ordinary shares / units		2,856,476	–	2,856,476	2,663,487	–	2,663,487
Units of open end mutual funds	9.4	1,783,068	–	1,783,068	1,733,068	–	1,733,068
Fully paid preference shares	9.6	150,100	–	150,100	264,890	–	264,890
Term Finance Certificates	9.7	4,681,860	–	4,681,860	3,631,709	–	3,631,709
Sukuk Certificates	9.8	2,544,682	–	2,544,682	6,747,181	–	6,747,181
Government of Pakistan Euro Bonds	9.9	1,374,126	–	1,374,126	718,245	–	718,245
Foreign securities		–	–	–	23,382	–	23,382
		210,742,165	45,818,209	256,560,374	209,862,923	2,840,522	212,703,445
Held to maturity securities							
Government of Pakistan Euro Bonds	9.2.4	2,420,797	–	2,420,797	1,247,569	–	1,247,569
Sukuk Certificates	9.10	5,359,754	–	5,359,754	210,000	–	210,000
		7,780,551	–	7,780,551	1,457,569	–	1,457,569
Investments at cost		218,769,021	45,818,209	264,587,230	211,504,639	2,840,522	214,345,161
Provision for diminution in value of investments	9.2.1	(1,885,876)	–	(1,885,876)	(1,539,907)	–	(1,539,907)
Investments (net of provisions)		216,883,145	45,818,209	262,701,354	209,964,732	2,840,522	212,805,254
Unrealised (deficit) / gain on revaluation of held for trading securities - net		(900)	–	(900)	19,123	–	19,123
Surplus on revaluation of available for sale securities - net		4,408,601	939,873	5,348,474	4,388,297	886	4,389,183
Total investments		221,290,846	46,758,082	268,048,928	214,372,152	2,841,408	217,213,560

Market value of held to maturity securities as at December 31, 2015 is Rs. 7,823,875 thousand (2014: Rs. 1,553,639 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	Note	2015	2014
9.2 INVESTMENTS BY SEGMENTS:			
Federal Government Securities	9.2.3		
Market Treasury Bills		103,959,985	98,204,108
Pakistan Investment Bonds		139,210,077	98,739,347
Government of Pakistan Euro Bonds	9.2.4	3,794,923	1,965,814
Sukuk Certificates		7,239,120	6,246,034
		254,204,105	205,155,303
Fully paid up ordinary shares / units			
Listed companies / funds	9.3	2,850,838	2,657,845
Unlisted companies	9.5	5,680	5,680
		2,856,518	2,663,525
Units of open end mutual funds	9.4	2,029,331	1,895,205
Fully paid preference shares	9.6		
Listed companies		25,100	139,890
Unlisted companies		125,000	125,000
		150,100	264,890
Term Finance Certificates - note 9.7			
Listed Term Finance Certificates		1,661,047	1,919,539
Unlisted Term Finance Certificates		3,020,813	1,712,170
		4,681,860	3,631,709
Foreign Securities			
Mena Transformation Fund		–	23,382
Other Investments			
Sukuk Certificates		665,316	711,147
National Investment Trust (NIT) - Units		–	–
		665,316	711,147
Total investment at cost		264,587,230	214,345,161
Provision for diminution in value of investments	9.2.1	(1,885,876)	(1,539,907)
Investments (net of provisions)		262,701,354	212,805,254
Less: Unrealised deficit on revaluation of held for trading securities - net	9.12	(900)	19,123
Surplus on revaluation of available for sale securities - net		5,348,474	4,389,183
Total investments		268,048,928	217,213,560
9.2.1 PARTICULARS OF PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS			
Opening balance		1,539,907	1,342,400
Charge for the year		380,578	253,398
Reversal of provision during the year		(34,609)	(55,891)
		345,969	197,507
Closing balance		1,885,876	1,539,907
9.2.2 PARTICULARS OF PROVISION IN RESPECT OF TYPE AND SEGMENT			
Available for sale securities			
Fully paid ordinary shares - unlisted		5,680	5,680
Preference shares - unlisted		25,000	25,000
Term finance certificates		1,245,236	961,324
Sukuk certificates		609,960	547,903
		1,885,876	1,539,907

9.2.3 PRINCIPAL TERMS OF INVESTMENTS IN FEDERAL GOVERNMENT SECURITIES

Name of investment	Maturity	Principal Payment	Rate	Coupon Payment
Market Treasury Bills	January 2016 to October 2016	On maturity	6.26% to 8.50%	at maturity
Pakistan Investment Bonds	May 2016 to March 2025	On maturity	6.38% to 14.08%	semi-annually
Government of Pakistan Euro Bonds	March 2016 to April 2019	On maturity	7.13% to 7.25%	semi-annually
Sukuk Certificates				
- Pakistan Domestic Sukuk Company Limited	June 2017	On maturity	Weighted average yield of 6 months market treasury bills minus 200 BPS	semi-annually
- Pakistan International Sukuk Company Limited	December 2019	On maturity	6.75%	semi-annually
- WAPDA	July 2017	semi-annually	6 months KIBOR minus 0.25%	semi-annually
- Bai Mujjal - GoP Ijara	November 2016	On maturity	6.00%	On maturity
- Bai Mujjal - GoP Ijara	November 2016	On maturity	5.99%	On maturity

9.2.4 These represent investments by Wholesale Bank Branch carrying mark-up at 6.75% and 7.25% and having maturities upto April 2019.

9.3 INVESTMENTS IN LISTED COMPANIES SHARES / UNITS

No. of ordinary shares / units		Average cost per share / unit	Note	2015	2014
2015	2014	2015	Name of companies / mutual funds	Rupees in '000	
		Rupees			
1,116,500	1,150,000	53.49	Adamjee Insurance Company Limited	59,719	57,552
14,490,076	14,490,076	7.95	Agritech Limited	115,196	211,012
600,000	865,000	105.83	Allied Bank Limited	63,498	95,150
160,800	-	516.04	Attock Petroleum Limited	82,979	-
200	200	210.00	Attock Refinery Limited	42	38
2,600,000	2,347,500	30.90	Bank Alfalah Limited	80,347	73,102
1,191,500	400,000	60.31	Century Paper And Board Mills Limited	71,865	21,454
1,010,000	1,400,000	87.37	Cherat Cement Company Limited	88,245	89,114
-	600,000	-	Crescent Steel & Allied	-	27,296
-	1,000,000	-	Dawood Hercules Chemicals Limited	-	71,989
-	1,200,000	-	D. G. Khan Cement Company Limited	-	113,927
9,090,000	-	11.00	Dolmen City REIT	99,990	-
-	125,000	-	EFU General Insurance Limited	-	18,411
200,000	525,000	300.88	Engro Corporation Limited	60,176	97,002
685,500	-	89.41	Engro Fertilizer Limited	61,292	-
-	500,000	-	Engro Foods Limited	-	51,636
2,007,500	-	48.52	Fatima Fertilizer Co. Limited	97,408	-
400,000	-	220.89	GlaxoSmithKline (Pak) Limited	88,354	-
1,054,500	-	44.80	Gul Ahmad Textile Mills Limited	47,246	-
-	600,000	-	Hub Power Company Limited	-	28,899
2,320,000	-	35.73	Habib Metropolitan Bank Limited	82,901	-
-	50,000	-	IGI Insurance Limited	-	11,788
160,000	-	488.16	ICI Pakistan Limited	78,106	-
1,498,000	1,959,000	26.54	International Steel Limited	39,752	48,806
3,034,603	3,034,603	1.48	Islamabad Stock Exchange (ISE)	4,505	4,505
4,007,383	4,007,383	10.00	Karachi Stock Exchange (KSE)	40,074	40,074
-	23,000	-	J. D. W. Sugar Mills Limited	-	7,672
-	1,950,000	-	JS Bank Limited	-	13,614
450,000	-	20.88	Jahangir Siddiqui Co. Limited	9,394	-
10,000	-	525.00	Jubilee Life Insurance Co. Limited	5,250	-
289,000	-	121.38	Jubilee General Insurance Co. Limited	35,080	-
6,000,000	1,225,000	8.42	K- Electric Limited	50,492	9,422
-	800,000	-	Kohinoor Textile Mills Limited	-	22,118
572,500	2,607,000	97.32	Kot Addu Power Company Limited	55,717	146,651
3,002,500	4,291,000	31.81	Lalpir Power Limited	95,506	89,573
144,300	-	546.29	Lucky Cement Limited	78,830	-
-	1,000,000	-	Maple Leaf Cement Factory Limited	-	31,417
12,000	270,000	259.42	MCB Bank Limited	3,113	77,337
614,500	-	49.15	Meezan Bank Limited	30,202	-
1,550,000	1,300,000	63.03	National Bank of Pakistan	97,701	79,642
925,500	338,000	60.58	Nishat Chunian Power Limited	56,068	13,999
2,490,500	2,180,000	41.98	Nishat (Chunian) Limited	104,545	99,235
-	2,528,500	-	Nishat Power Limited	-	80,696
-	800,000	-	Nishat Mills Limited	-	100,525
400,000	250,000	130.73	Oil and Gas Development Company Limited	52,291	51,394
-	7,583,700	-	Pak Oman Advantage Fund	-	75,515
3,200,000	4,500,000	29.53	Pakgen Power Limited	94,485	99,263
-	275,000	-	Pakistan Oilfields Limited	-	117,847
-	637,100	-	Pakistan Petroleum Limited	-	130,354
2,632,500	2,100,000	28.92	Pakistan Re-Insurance Company Limited	76,119	59,192
271,100	200,000	336.10	Pakistan State Oil Company Limited	91,117	72,278
2,888,000	3,010,000	19.82	Pakistan Telecommunication Company Limited	57,229	75,463
1,500,000	-	25.71	PICIC Growth Fund	38,570	-

9.6 PARTICULARS OF INVESTMENTS HELD IN PREFERENCE SHARES

	No. of preference shares		Paid-up value		Rate	Book Value		Market Value	
	2015	2014	per share	Investee		2015	2014	2015	2014
			Rupees		%	Rupees in '000		Rupees in '000	
Listed									
	10,000,000	10,000,000	10.00	Chenab Limited	9.25% per annum	100	100	18,500	18,500
	18,322,418	18,322,418	10.00	Agritech Limited	11.00% per annum	–	114,790	54,967	91,979
	2,500,000	2,500,000	10.00	Masood Textile Mills Limited	Average of ask side of six months KIBOR plus 2% per annum	25,000	25,000	25,000	25,000
Un-listed									
	2,500,000	2,500,000	10.00	First Dawood Investment Bank Limited	4% per annum	25,000	25,000	25,000	25,000
	40,000,000	40,000,000	2.50	Silk Bank Limited	–	100,000	100,000	100,000	100,000
						150,100	264,890	223,467	260,479

9.7 INVESTMENT IN TERM FINANCE CERTIFICATES

	No. of certificates		Company's Name	Redeemable value per certificate		
	2015	2014			2015	2014
					Rupees in '000	
Listed				Rupees		
	91,453	91,453	Bank Alfalah Limited	5,007	457,931	458,333
	37,230	37,230	Pace Pakistan Limited	4,994	185,927	185,927
	47,200	47,200	NIB Bank Limited	4,997	235,858	235,953
	1,000	1,000	Pakistan Mobile Communication Limited	20,000	20,000	55,000
	100,000	140,000	Engro Fertilizer Limited	5,000	500,000	700,000
	133,023	133,023	Worldcall Telecom Limited	1,965	261,331	284,326
	Book value as on December 31				1,661,047	1,919,539
Unlisted						
	140,000	140,000	Agritech Limited (Chief Executive: Mr. Ahmed Jaudet Bilal)	4,996	699,389	699,389
	86,000	86,000	Azgard Nine Limited (Chief Executive: Mr. Ahmed H. Shaikh)	2,070	177,990	186,408
	3,700	3,700	Bunny's Limited (Chief Executive: Mr. Haroon Shafique Chaudhary)	2,519	9,320	15,063
	10,077	10,077	Pak Hy Oils Limited (Chief Executive: Mr. Tariq Siddique Paracha)	4,155	41,870	49,385
	20,000	20,000	Pak Libya Holding Company (Private) Limited (Chief Executive: Mr. Abid Aziz)	833	16,653	49,959
	60,000	60,000	Pakistan Mobile Communication Limited (Chief Executive: Mr. Rashid Naseer Khan)	1,176	70,588	141,177
	349,960	50,000	Pakistan International Airlines Corporation Limited (Chief Executive: Mr. Nasser N. S. Jaffer)	5,000	1,749,800	249,800
	–	102,282	Pakistan National Shipping Corporation	–	–	255,705
	200	–	Pak Electron Limited - Commercial Paper (Chief Executive: Mr. M. Naseem Saigol)	949,785	189,957	–
	13,000	13,000	Standard Chartered Bank (Chief Executive: Mr. Shazad Dada)	5,019	65,246	65,284
	Book value as on December 31				3,020,813	1,712,170
					4,681,860	3,631,709

Investment in term finance certificates carry rate of return ranging from 7.26% to 11.72% (2014: 9.96% to 12.19%) per annum and having remaining maturity periods of upto 7 years (2014: upto 8 years).

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9.8 SUKUK CERTIFICATES - AVAILABLE FOR SALE

Name of Investee	Rate	Maturity	2015	2014
Rupees in '000				
Agritech Limited	Average of offer side of 6 month KIBOR plus 2% p.a.	August 6, 2019	299,963	299,963
Pak Electron Limited	Average of offer side of 3 month KIBOR plus 1.75% p.a.	September 28, 2016	5,357	10,714
Pakistan Domestic Sukuk Company Limited	Weighted average yield of 6 months market treasury bills	September 18, 2015	–	1,000,712
Pakistan Domestic Sukuk Company Limited	Weighted average yield of 6 months market treasury bills	November 21, 2015	–	1,000,040
Pakistan Domestic Sukuk Company Limited	Weighted average yield of 6 months market treasury bills	November 21, 2015	–	2,000,000
Pakistan Domestic Sukuk Company Limited	Weighted average yield of 6 months market treasury bills	November 21, 2015	–	500,403
Pakistan Domestic Sukuk Company Limited	Weighted average yield of 6 months market treasury bills minus 200bps	June 25, 2017	1,150,000	1,150,000
Shahraj Fabric Limited	Average of offer side of 6 month KIBOR plus 2.1% p.a.	December 31, 2012	150,000	150,000
Sitara Peroxide Limited	Average of offer side of 1 month KIBOR plus 1% p.a.	February 19, 2020	99,996	125,862
Pakistan International Sukuk Company Limited	6.75% p.a.	December 03, 2019	839,366	494,879
Maple Leaf Cement	Average of offer side of 3 month KIBOR plus 1% p.a.	December 03, 2018	–	14,608
			2,544,682	6,747,181

9.9 These represent investments by Wholesale Bank Branch carrying mark-up at 6.75% and 7.25% and having maturities upto April 2019.

9.10 SUKUK CERTIFICATES - HELD TO MATURITY

Name of Investee	Rate	Maturity	2015	2014
Rupees in '000				
Arzoo Textile Limited	Average of offer side of 6 month KIBOR plus 2% (for 1-2 years), 1.75% (for 3-6 years) p.a.	April 14, 2014	110,000	110,000
WAPDA	Average of offer side of 6 month KIBOR minus 0.25% p.a.	July 13, 2017	66,667	100,000
Bai Mujjal - GOP Ijara Sukuk	6%	November 17, 2016	3,596,432	–
Bai Mujjal - GOP Ijara Sukuk	5.99%	November 17, 2016	1,010,365	–
Pakistan International Sukuk Company Limited	6.75%	December 3, 2019	576,290	–
			5,359,754	210,000

9.11 QUALITY OF AVAILABLE FOR SALE SECURITIES

Rupees in '000	Note	2015		2014	
		Market Value	Rating	Market Value	Rating
Local securities					
Market Treasury Bills	9.11.1	104,037,305	unrated	98,233,282	unrated
Pakistan Investment Bonds	9.11.1	144,466,164	unrated	102,828,035	unrated
Fully paid-up ordinary shares / units	9.11.3				
Adamjee Insurance Company Limited		63,093	AA	56,879	AA
Agritech Limited		135,410	D	112,298	D
Allied Bank Limited		56,556	AA+	98,247	AA+
Attock Petroleum Limited		81,223	–	–	–
Bank Alfalah Limited		74,932	AA	81,881	AA
Century Paper and Board Mills		60,993	A+	21,684	A+
Cherat Cement Company Limited		91,082	unrated	96,152	unrated
Crescent Steel & Allied		–	unrated	30,396	unrated
DG Khan Cement Company		–	unrated	132,636	unrated
Dawood Hercules Chemicals Limited		–	unrated	84,510	unrated
Dolmen City REIT		97,536	–	–	–
EFU General Insurance Limited		–	AA+	19,111	AA+
Engro Corporation Limited		55,878	AA-	116,293	AA-
Engro Fertilizer Limited		57,671	–	–	–
Engro Foods Limited		–	unrated	54,270	unrated
Fatima Fertilizer Co. Limited		89,796	AA-	–	–
GlaxoSmithKline (Pak) Limited		88,008	–	–	–
Gul Ahmed Textile Mills Limited		38,215	–	–	–
Hub Power Company Limited		–	AA+	47,016	AA+
Habib Metropolitan Bank Limited		70,690	–	–	–
Islamabad Stock Exchange		4,505	–	4,505	–
IGI Insurance Limited		–	AA	13,529	AA
International Steel Limited		36,566	unrated	49,857	unrated
ICI Pakistan Limited		77,443	–	–	–
JDW Sugar Mills Limited		–	–	6,913	A
JS Bank Limited		–	–	13,923	A+
Jahangir Siddiqui Co. Limited		9,423	AA	–	–
Jubilee Life Insurance Co. Limited		5,040	AA+	–	–
Jubilee General Insurance Co. Limited		29,767	AA+	–	–
K- Electric Limited		44,640	AA	11,295	A+
Kohinoor Textile Mills Limited		–	–	28,040	A-
Karachi Stock Exchange		40,074	–	40,074	–
Kot Addu Power Company Limited		46,373	AA+	205,798	AA+
Lalpir Power Limited		89,294	AA	128,301	AA
Lucky Cement Limited		71,434	–	–	–
Maple Leaf Cement Factory Limited		–	–	44,250	A-
MCB Bank Limited		2,602	AAA	82,526	AAA
Meezan Bank Limited		28,113	AA	–	–
National Bank of Pakistan		83,762	AAA	90,298	AAA
Nishat Chunian Power Limited		50,949	A+	16,748	A+
Nishat (Chunian) Limited		84,677	A-	99,016	A-
Nishat Power Limited		–	–	115,300	A+
Nishat Mills Limited		–	–	96,792	AA
Oil and Gas Development Company Limited		46,936	AAA	51,468	AAA
Pak Oman Advantage Fund		–	–	75,079	A+
Pakgen Power Limited		94,176	AA	121,636	AA
Pakistan Export Finance Guarantee Agency		–	–	–	–
Pakistan Oilfields Limited		–	–	104,324	unrated
Pakistan Petroleum Limited		–	–	112,461	unrated

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Rupees in '000	Note	2015		2014	
		Market Value	Rating	Market Value	Rating
Pakistan Re-Insurance Company Limited		89,110	–	63,714	AA
Pakistan State Oil Company Limited		88,316	AA	71,582	AA+
Pakistan Telecommunication Company Limited		47,623	unrated	69,320	unrated
PICIC Growth Fund		33,795	–	–	–
PICIC Investment Fund		52,601	unrated	66,344	unrated
Pioneer Cement Limited		81,774	–	–	–
Packages Limited		23,284	AA	–	–
Pakistan International Bulk Terminal Limited		47,269	–	–	–
Pak Electron Limited		56,286	A	–	–
Sui Northern Gas Company Limited		76,171	AA-	38,543	AA-
Sui Southern Gas Company Limited		63,495	AA-	–	–
Shell Pakistan Limited		26,521	–	–	–
TRG Pakistan Limited		25,416	unrated	23,296	unrated
Thal Limited		53,199	–	–	–
Tri-Pack Films Limited		–	–	32,800	unrated
Fully paid preference shares					
Agritech Limited		54,967	unrated	91,978	unrated
Chenab Limited		15,300	unrated	18,500	unrated
Masood Textile Mills Limited		25,000	unrated	25,000	unrated
First Dawood Investment Bank Limited		25,000	–	–	–
Silk Bank Limited		100,000	A-	100,000	unrated
Units of open end mutual funds					
Askari High Yield Scheme		1,243,778	A	1,242,807	A
Askari Asset Allocation Fund		119,526	3-Star	140,114	3-Star
Askari Islamic Asset Allocation Fund		58,038	2-Star	66,935	2-Star
Askari Islamic Income Fund		165,465	AA-	166,336	AA-
Askari Sovereign Yield Enhancer Fund		106,717	AA-	106,387	AA-
Askari Equity Fund		55,560	unrated	65,199	unrated
Askari Sovereign Cash Fund		120,004	AAA	121,215	AAA
NAMCO Balance Fund		941	unrated	705	unrated
NIT Islamic Equity Fund		49,325	–	–	–
Term Finance Certificates					
Agritech Limited		699,389	D	699,389	D
Azgard Nine Limited		177,990	D	186,408	D
Bank Alfalah Limited		465,144	AA-	453,749	AA-
Bunny's Limited		9,320	unrated	15,063	unrated
Engro Fertilizer Limited		457,795	AA-	672,280	AA-
NIB Bank Limited		233,500	A+	232,610	A+
Pace Pakistan Limited		185,927	D	185,927	D
Pak Hy Oils Limited		41,870	unrated	49,385	unrated
Pak Libya Holding Company (Private) Limited		16,617	AA	50,063	AA
Pakistan International Airlines Corporation Limited	9.11.1	1,749,800	unrated	249,800	unrated
Pakistan Mobile Communication Limited		90,985	AA-	198,484	AA-
Pakistan National Shipping Corporation		–	–	255,705	unrated
Pak Electron Limited		189,957	A-	–	–
Standard Chartered Bank		65,100	AAA	65,041	AAA
World Call Telecom Limited		261,481	D	227,903	D
		4,644,875		3,541,807	
Sukuk Certificates	9.11.2	2,555,467	unrated	6,729,690	unrated
Foreign securities					
Mena Transformation Fund		–	unrated	23,382	unrated
Government of Pakistan Euro Bonds	9.11.1	1,388,019	unrated	731,471	unrated
		261,903,168		217,061,948	

- 9.11.1 These are Government of Pakistan guaranteed securities.
- 9.11.2 These include Government of Pakistan guaranteed Sukuk Certificates of Rs. 2,000,151 thousand (2014: Rs. 6,130,791 thousand).
- 9.11.3 Ratings for these equity securities / units represent 'Entity Ratings'.
- 9.11.4 Local securities have either been rated by 'The Pakistan Credit Rating Agency Limited (PACRA)' or 'JCR-VIS Credit Rating Company Limited (JCR-VIS)', whereas foreign securities and certain local securities are unrated. These ratings reflect independent credit risk assessment by respective credit rating entities.

9.12 UNREALIZED (LOSS) / GAIN ON REVALUATION OF INVESTMENTS CLASSIFIED AS HELD FOR TRADING

Rupees in '000	2015	2014
Fully paid ordinary shares / units	(900)	19,123

- 9.13 Market Treasury Bills and Pakistan Investment Bonds are securities eligible for re-discounting with the SBP.
- 9.14 Investments include Rs. 2,060,887 thousand (2014: Rs. 2,096,896 thousand) which have been placed under non-performing status and the Group maintains provision of Rs. 1,880,196 thousand (2014: Rs. 1,534,227 thousand) against non performing investments.
- 9.15 The Group has availed the relaxation of Rs. Nil (2014: Rs. 249,838 thousand) and Rs. Nil (2014: Rs. 121,525 thousand) allowed by the SBP for maintaining provisions as per time based criteria of Prudential Regulations for debt securities and impairment for equity securities respectively.

Rupees in '000	Note	2015	2014
10. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		208,167,291	176,513,035
Outside Pakistan		3,573,890	5,269,273
		211,741,181	181,782,308
Net investment in lease finance - In Pakistan	10.2	4,488,060	2,961,795
Ijarah financing - In Pakistan	10.3	91,525	96,640
Net book value of assets / investments in Ijarah under IFAS 2 in Pakistan	10.4	2,525,765	1,729,948
Advance / Inventories against Islamic Finance		913,027	180,840
Bills discounted and purchased			
Payable in Pakistan		2,979,217	5,938,714
Payable outside Pakistan		5,679,960	6,160,983
		8,659,177	12,099,697
Advances - gross		228,418,735	198,851,228
Provision against non-performing advances	10.6		
Specific provision		(28,048,973)	(27,801,250)
General provision		(196,941)	(177,555)
General provision against consumer financing		(236,272)	(190,260)
		(28,482,186)	(28,169,065)
Advances - net of provision		199,936,549	170,682,163
10.1 PARTICULARS OF ADVANCES (GROSS)			
10.1.1 In local currency		219,560,838	183,652,128
In foreign currencies		8,857,897	15,199,100
		228,418,735	198,851,228
10.1.2 Short term (for upto one year)		156,276,736	137,269,916
Long term (for over one year)		72,141,999	61,581,312
		228,418,735	198,851,228

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10.2 NET INVESTMENT IN LEASE FINANCE – IN PAKISTAN

Rupees in '000	2015				2014			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
Lease rentals receivable	1,797,421	1,604,253	16,933	3,418,607	1,479,118	587,226	4,350	2,070,694
Residual value	525,005	894,299	25,732	1,445,036	622,544	440,959	5,968	1,069,471
Minimum lease payments	2,322,426	2,498,552	42,665	4,863,643	2,101,662	1,028,185	10,318	3,140,165
Finance charges for future periods	(167,628)	(206,710)	(1,245)	(375,583)	(92,577)	(85,463)	(330)	(178,370)
Present value of minimum lease payments	2,154,798	2,291,842	41,420	4,488,060	2,009,085	942,722	9,988	2,961,795

10.3 IJARAH FINANCING – IN PAKISTAN

Rupees in '000	2015				2014			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
Ijarah rentals receivable	93,354	–	–	93,354	97,113	–	–	97,113
Residual value	1,969	–	–	1,969	4,816	–	–	4,816
Minimum Ijarah payments	95,323	–	–	95,323	101,929	–	–	101,929
Profit for future periods	(3,798)	–	–	(3,798)	(5,289)	–	–	(5,289)
Present value of minimum Ijarah payments	91,525	–	–	91,525	96,640	–	–	96,640

10.4 NET BOOK VALUE OF ASSETS / INVESTMENTS IN IJARAH UNDER IFAS 2 – IN PAKISTAN

Rupees in '000	2015				2014			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
Assets acquired under Ijarah	190,427	2,920,238	115,167	3,225,832	184,172	1,280,378	609,710	2,074,260
Accumulated depreciation on Ijarah	(56,412)	(625,049)	(18,606)	(700,067)	(52,377)	(130,986)	(160,949)	(344,312)
Net assets / investments in Ijarah	134,015	2,295,189	96,561	2,525,765	131,795	1,149,392	448,761	1,729,948

10.5 Advances include Rs. 31,483,717 thousand (2014: Rs. 31,375,729 thousand) which have been placed under non-performing status as detailed below:

Category of classification	2015								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Other Assets Especially Mentioned - note 10.5.1	313,822	–	313,822	–	–	–	–	–	–
Substandard	1,202,328	–	1,202,328	199,079	–	199,079	199,079	–	199,079
Doubtful	596,758	–	596,758	86,097	–	86,097	86,097	–	86,097
Loss	29,370,809	–	29,370,809	27,763,797	–	27,763,797	27,763,797	–	27,763,797
	31,483,717	–	31,483,717	28,048,973	–	28,048,973	28,048,973	–	28,048,973

Category of classification	2014								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Rupees in '000									
Other Assets Especially									
Mentioned - note 10.5.1	306,125	-	306,125	40	-	40	40	-	40
Substandard	753,536	-	753,536	51,637	-	51,637	51,637	-	51,637
Doubtful	623,341	-	623,341	178,938	-	178,938	178,938	-	178,938
Loss	29,692,727	-	29,692,727	27,570,635	-	27,570,635	27,570,635	-	27,570,635
	31,375,729	-	31,375,729	27,801,250	-	27,801,250	27,801,250	-	27,801,250

10.5.1 This represents classification for Agricultural, Mortgage and Small Entities finances.

10.6 PARTICULARS OF PROVISION AGAINST NON-PERFORMING ADVANCES

Rupees in '000	Note	2015				2014			
		Specific	General (note 10.6.3)	Consumer financing - General	Total	Specific	General (note 10.6.3)	Consumer financing - General	Total
Opening balance		27,801,250	177,555	190,260	28,169,065	28,279,285	150,970	183,986	28,614,241
Charge for the year		1,790,206	34,687	49,966	1,874,859	1,827,110	32,988	18,808	1,878,906
Reversal for the year		(1,539,764)	(15,301)	(3,954)	(1,559,019)	(1,943,167)	(6,403)	(12,534)	(1,962,104)
Net (reversal) / charge for the year		250,442	19,386	46,012	315,840	(116,057)	26,585	6,274	(83,198)
Amounts written off	10.8	(2,719)	-	-	(2,719)	(86,238)	-	-	(86,238)
Amounts charged off- agri loans		-	-	-	-	(275,740)	-	-	(275,740)
Closing balance		28,048,973	196,941	236,272	28,482,186	27,801,250	177,555	190,260	28,169,065

10.6.1 The net FSV benefit already availed has been reduced by Rs. 415,970 thousand, which has resulted in increased charge for specific provision for the year by the same amount. Had the FSV benefit not reduced, before and after tax profit for the year would have been higher by Rs. 415,970 thousand (2014: Rs. 605,196 thousand) and Rs. 270,381 thousand (2014: Rs. 393,377 thousand) respectively. Further, at December 31, 2015, cumulative net of tax benefit availed for Forced Sale Value (FSV) is of Rs. 1,181,873 thousand (December 31, 2014: Rs. 1,452,253 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

10.6.2 The Group has availed the relaxation of Rs. 102,567 thousand (2014: Rs. 142,530 thousand) allowed by the SBP for maintaining provisions as per time based criteria of prudential regulations.

10.6.3 Provision against non-performing advances includes provision of Rs. 10,959 thousand (2014: Rs. 20,100 thousand) maintained against Secured Small Entities Finances. Further, the general provision is maintained at the rate of 0.1% on advances other than non-performing advances and consumer/small entities financing.

10.7 PARTICULARS OF PROVISION AGAINST NON-PERFORMING ADVANCES

Rupees in '000	2015				2014			
	Specific	General	Consumer financing - General	Total	Specific	General	Consumer financing - General	Total
In local currency	27,518,113	196,941	236,272	27,951,326	27,285,763	177,555	190,260	27,653,578
In foreign currencies	530,860	-	-	530,860	515,487	-	-	515,487
	28,048,973	196,941	236,272	28,482,186	27,801,250	177,555	190,260	28,169,065

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000		2015	2014
10.8	PARTICULARS OF WRITE-OFFS:		
10.8.1	Against provisions	2,719	86,238
	Directly charged to profit and loss account	–	–
		2,719	86,238
10.8.2	Write offs of Rs. 500,000 and above	2,413	85,606
	Write offs of below Rs. 500,000	306	632
		2,719	86,238

10.8.3 In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written off loans or any other financial relief of Rs. 500,000 or above allowed to a person(s) during the year ended December 31, 2015 is given at Annexure - 1 to the unconsolidated financial statements.

Rupees in '000		Note	2015	2014
10.9	PARTICULARS OF LOANS AND ADVANCES TO DIRECTORS, ASSOCIATED COMPANIES ETC.			
	Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons			
	Balance at beginning of year		2,426,961	1,953,249
	Loans granted during the year		1,588,761	1,102,150
	Repayments		(1,318,792)	(628,438)
	Balance at end of year		2,696,930	2,426,961
	Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties			
	Balance at beginning of year		3,092,645	2,937,451
	Loans granted during the year		69,894,512	11,572,582
	Repayments		(67,369,691)	(11,417,388)
	Balance at end of year		5,617,466	3,092,645
			8,314,396	5,519,606
11.	OPERATING FIXED ASSETS			
	Capital work-in-progress	11.1	318,840	453,944
	Property and equipment	11.2	8,008,159	6,820,193
	Intangibles	11.2	996,590	1,122,389
			9,323,589	8,396,526
	Provision against operating fixed assets		(45,439)	(45,677)
			9,278,150	8,350,849
11.1	CAPITAL WORK-IN-PROGRESS			
	Advances to suppliers and contractors		318,840	453,944
			318,840	453,944

11.2 PROPERTY AND EQUIPMENT

Rupees in '000	2015										
	COST / REVALUED AMOUNT				DEPRECIATION				Book value	Annual	
	as at January 01, 2015	Additions/ revaluation	Adjustment	Deletions/ transfers	as at December 31, 2015	as at January 01, 2015	Change for the year	on (deletions)/ adjustment	as at December 31 2015	as at December 31 2015	rate of depreciation %
Land - freehold - note 11.4	2,445,595	-	-	-	2,445,595	-	-	-	-	2,445,595	-
Land - leasehold - note 11.4	1,076,293	-	-	-	1,076,293	-	-	-	-	1,076,293	-
Buildings on freehold land	870,064	-	-	-	870,064	316,717	27,128	-	343,845	526,219	5
Buildings on leasehold land	903,510	-	-	-	903,510	306,907	29,841	-	336,067	567,443	5
Renovation of premises	2,019,722	707,481	-	(15,255)	2,711,948	1,709,991	207,554	(15,097)	1,902,492	809,456	10 - 20
Furniture, fixtures and office equipment	725,530	226,955	93	(8,028)	944,550	319,039	51,191	(4,533)	365,662	578,888	10 - 33
Carpets	39,384	6,565	-	(3,004)	42,945	21,139	5,640	(2,172)	24,607	18,338	20
Machine and equipments	1,744,145	625,542	(1,339)	(25,815)	2,342,533	1,084,540	192,568	(20,033)	1,256,383	1,086,150	20
Computer equipments	2,145,117	287,352	202	(1,367)	2,431,284	1,426,136	168,889	(1,330)	1,593,881	837,403	20 - 33
Vehicles	149,673	44,003	74	(17,937)	175,813	114,371	16,944	(17,892)	113,439	62,374	20
Other assets	45,100	-	-	-	45,100	45,100	-	-	45,100	-	20
	12,164,133	1,897,898	(970)	(71,406)	13,989,635	5,343,940	699,755	(61,057)	5,981,476	8,008,159	
Operating lease - vehicles	1,834	-	-	(20)	1,834	1,834	-	(1,162)	-	-	20
Assets held under finance lease	12,165,967	1,897,898	(970)	(71,426)	13,991,469	5,345,774	699,755	(62,219)	5,983,310	8,008,159	
Vehicles	571	-	-	-	571	571	-	-	571	-	
	12,166,538	1,897,898	(970)	(71,426)	13,992,040	5,346,345	699,755	(62,219)	5,983,881	8,008,159	

Rupees in '000	2014										
	COST / REVALUED AMOUNT				DEPRECIATION				Book value	Annual	
	as at January 01, 2014	Additions/ revaluation	Adjustment	Deletions/ transfers	as at December 31, 2014	as at January 01, 2014	Change for the year	on (deletions)/ adjustment	as at December 31 2014	as at December 31 2014	rate of depreciation %
Land - freehold - note 11.4	2,445,595	-	-	-	2,445,595	-	-	-	-	2,445,595	-
Land - leasehold - note 11.4	1,472,193	-	(272,300)	(123,600)	1,076,293	-	-	-	-	1,076,293	-
Buildings on freehold land	870,064	-	-	-	870,064	288,190	28,527	-	316,717	553,347	5
Buildings on leasehold land	1,428,868	-	-	(525,358)	903,510	502,609	38,050	(233,752)	306,907	596,603	5
Renovation of premises	1,991,280	163,812	-	(134,746)	2,019,722	1,655,534	164,314	(109,670)	1,709,991	309,731	10 - 20
Furniture, fixtures and office equipment	594,443	138,778	(12)	(7,679)	725,530	283,595	39,408	(3,958)	319,039	406,491	10 - 33
Carpets	28,963	12,572	-	(2,151)	39,384	18,073	4,721	(1,655)	21,139	18,245	20
Machine and equipments	1,457,675	301,509	(7)	(13,264)	1,744,145	975,834	119,264	(10,523)	1,084,540	659,605	20
Computer equipments	2,230,535	107,191	(212)	(4,138)	2,145,117	1,412,740	162,303	(3,762)	1,426,136	718,981	20 - 33
Vehicles	159,077	31,367	-	(40,771)	149,673	146,872	7,766	(40,267)	114,371	35,302	20
Other assets	45,100	-	-	-	45,100	45,035	65	-	45,100	-	20
	12,723,793	755,229	(272,531)	(851,707)	12,164,133	5,328,482	564,418	(403,587)	5,343,940	6,820,193	
Operating lease - vehicles	1,834	-	-	(190,651)	1,834	1,834	-	(145,373)	-	-	20
Assets held under finance lease	12,725,627	755,229	(272,531)	(1,042,358)	12,165,967	5,330,316	564,418	(548,960)	5,345,774	6,820,193	
Vehicles	571	-	-	-	571	571	-	-	571	-	
	12,726,198	755,229	(272,531)	(1,042,358)	12,166,538	5,330,887	564,418	(548,960)	5,346,345	6,820,193	

11.2.1 Cost of fully depreciated property and equipment still in use amounts to Rs. 1,779,957 thousand (2014: Rs. 1,461,335 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

11.3 INTANGIBLES

Rupees in '000	2015										Annual rate of depreciation %
	COST				AMORTIZATION					Book value as at December 31 2015	
	as at January 01, 2015	Additions / revaluation	Adjustment	Deletions / transfers	as at December 31, 2015	as at January 01, 2015	Change for the year	on (deletions) / adjustment	as at December 31 2015		
Software	1,789,044	50,000	-	-	1,839,064	681,581	175,812	-	857,400	981,664	10 - 25
Trading Right Entitlement Certificates - note 11.3.2	12,426	-	-	-	12,426	-	-	-	-	12,426	
Exchanges membership cards - note 11.3.2	2,500	-	-	-	2,500	-	-	-	-	2,500	
	1,803,970	50,000	-	-	1,853,990	681,581	175,812	-	857,400	996,590	
				20				7			

Rupees in '000	2014										Annual rate of depreciation %
	COST				AMORTIZATION					Book value as at December 31 2014	
	as at January 01, 2014	Additions / revaluation	Adjustment	Deletions / transfers	as at December 31, 2014	as at January 01, 2014	Change for the year	on (deletions) / adjustment	as at December 31 2014		
Software	1,554,888	45,897	-	-	1,789,044	377,160	159,466	-	681,581	1,107,463	10 - 25
Trading Right Entitlement Certificates - note 11.3.2	12,426	-	-	-	12,426	-	-	-	-	12,426	
Exchanges membership cards - note 11.3.2	2,500	-	-	-	2,500	-	-	-	-	2,500	
	1,569,814	45,897	-	-	1,803,970	377,160	159,466	-	681,581	1,122,389	
				188,259				144,955			

11.3.1 Cost of fully amortized intangible assets still in use amounts to Rs. 42,243 thousand (2014: Rs. 23,696 thousand).

11.3.2 This represents unquoted shares of Stock Exchanges received by the Company against surrender of membership cards in pursuance of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. The total number of shares received by the Company are 4,007,383 of Karachi Stock Exchange Limited (KSEL), and 3,034,603 shares of Islamabad Stock Exchange Limited (ISEL), with a face value of Rs. 10 each. Out of the aforementioned, 1,602,953 ordinary shares in KSEL and 1,213,841 ordinary shares of ISEL (i.e. 40%) have been received in the Company's CDC accounts, whereas 2,404,430 ordinary shares of KSEL and 1,820,762 shares of ISEL (i.e. 60%) are held in separate CDC blocked account to restrict the sale of these shares by the members. The stock exchanges will dispose off these shares under the Demutualization Act, however the proceeds of these shares and right to dividend / bonus is vested with the Company whereas voting rights attached to these shares are suspended.

KSEL through a notice instructed all TRE certificate holders to maintain / comply with Base Minimum Capital (BMC) requirement under Regulations Governing Risk Management of KSEL ("the Regulations") in the form calculated in the schedule - 1 to the above regulations. Total BMC requirement determined by the Board of Directors of KSEL was Rs. 31.302 million for each individual TRE certificate holder. Accordingly, ASL has complied with the above requirement in the following manner:

- Creating mortgage or charge over TRE certificate amounting to Rs.15 million being notional value assigned / decided by KSEL; and
- Pledging / lien marked over 40% shares (No. of shares 1,602,953) of KSEL amounting to Rs. 16.302 million.

- 11.4 The Group's freehold and leasehold land was revalued by the valuers approved by the Pakistan Banks Association on December 31, 2013 on the basis of their professional assessment of present market value. The amount of revaluation surplus after valuation on land is Rs. 1,564,631 thousand. The information relating to location of revalued land is as follows:

City	Revalued Amount Rupees in '000	Name of Valuers
Karachi	831,154	Sadrudin Associates, Harvestor Services, Sipra & Co.
Lahore	1,331,615	Gulf Consultants, SMASCO
Islamabad	191,332	SMASCO
Rawalpindi	720,000	SMASCO
Peshawar	10,807	SMASCO
Quetta	436,980	Sadrudin Associates
	3,521,888	

Had the land not been revalued, the carrying amount of land as at December 31, 2015 would have been Rs. 1,957,257 thousand.

11.5 DETAIL OF DISPOSALS OF OPERATING FIXED ASSETS

Particulars of assets	Original cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyer
Rupees in '000						
MACHINE AND EQUIPMENT						
Air Conditioner	1,391	1,094	297	189	Tender	AB Traders
Generator	1,347	1,053	294	125	Tender	RNS trading
Generator	1,299	1,121	178	140	Tender	M/s A&I Eng.
Generator	1,056	1,038	18	135	Tender	NK ENG
Generator	1,038	659	379	150	Tender	Power Plus
Generator	1,405	65	1,340	1,340	Negotiation	Generator-X Power System
VEHICLES						
Honda Civic	1,505	1,505	-	1,080	Auction	Kosar Perveen
Honda Civic	1,268	1,268	-	778	Auction	Zulfiqar Ali
Honda Civic	1,096	1,096	-	532	Auction	M Bilal Khan
Toyota Corolla	1,047	1,047	-	764	Auction	Zahid Qadri
RENOVATION						
Renovations	8,149	8,149	-	-	Negotiation	National Trader
Renovations	3,096	3,096	-	50	Tender	M/s Cool care
Renovations	2,774	2,774	-	19	Tender	M/s Cool care
	26,471	23,965	2,506	5,302		
Other assets having book value of less than Rs. 250,000/- or cost of less than Rs. 1,000,000/- other than vehicles sold to Group's executives / related parties	44,935	37,092	7,843	13,016		
2015	71,406	61,057	10,349	18,318		
2014	848,183	400,840	447,343	752,717		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	Note	2015	2014
12. DEFERRED TAX (LIABILITIES) / ASSETS			
Deferred debits / (credits) arising due to:			
Accelerated tax depreciation and amortization		(531,967)	(483,813)
Unused tax loss		22,639	20,422
Provisions		3,094	1,153
Provision against non-performing advances			
- excess of 1% of total advances		2,181,302	2,774,230
- classified in sub-standard category		71,278	71,278
		1,746,346	2,383,270
Surplus on revaluation of available for sale securities		(1,871,966)	(1,536,241)
Actuarial loss		54,030	50,717
		(71,590)	897,746
13. OTHER ASSETS			
Income / mark-up accrued in local currency	13.1	10,500,851	10,627,468
Income / mark-up accrued in foreign currencies		271,337	273,815
Advances, deposits, advance rent and other prepayments		974,263	894,992
Advance taxation (payments less provisions)		4,282,259	4,639,957
Non banking assets acquired in satisfaction of claims	13.2	3,424,591	3,683,797
Un-realised gain on forward foreign exchange contracts - net		30,257	-
Suspense account		67,100	86,289
Stationary and stamps in hand		45,209	28,465
Dividend receivable		80,853	71,096
Others	13.3	693,402	546,764
		20,370,122	20,852,643
Provision against other assets	13.4	(302,065)	(265,836)
Other assets - net of provision		20,068,057	20,586,807
13.1	This balance has been arrived at after adjusting interest in suspense of Rs. 11,528,478 thousand (2014: Rs. 11,131,862 thousand).		
13.2	Market value of non banking assets acquired in satisfaction of claims is Rs. 5,017,048 thousand (2014: Rs. 4,882,286 thousand).		
13.3	This includes an amount related to recovery of Rs 57,297 thousand from a customer of ASL. ASL had filed a case in the District Court Islamabad against the customer for the recovery of amount receivable. The District Court Islamabad vide order dated June 19, 2015 has set aside the arbitration award decided in favor of ASL by the Arbitration Committee of Islamabad Stock Exchange. ASL has filed an appeal against the decision of the District Court in the High Court Islamabad.		
Rupees in '000		2015	2014
13.4 PROVISION AGAINST OTHER ASSETS			
Opening balance		265,836	267,215
Provision recognised during the year		51,905	1,279
Recovery / written off during the year		(15,676)	(2,658)
Closing balance		302,065	265,836
14. BILLS PAYABLE			
In Pakistan		6,094,885	6,855,020
15. BORROWINGS			
In Pakistan		57,316,223	13,164,408
Outside Pakistan		7,027	577,622
		57,323,250	13,742,030
15.1 PARTICULARS OF BORROWINGS WITH RESPECT TO CURRENCIES			
In local currency		57,316,223	13,164,408
In foreign currencies		7,027	577,622
		57,323,250	13,742,030

Rupees in '000	Note	2015	2014
15.2	DETAILS OF BORROWINGS - SECURED / UNSECURED		
In Pakistan - local currency			
Secured			
Borrowings from the State Bank of Pakistan:			
Export refinance scheme	15.2.1	9,314,529	7,432,761
Long term financing of export oriented projects	15.2.2	7,386	41,892
Long term financing facility	15.2.3	1,005,047	479,199
		10,326,962	7,953,852
Repo borrowings			
State Bank of Pakistan	15.2.4	42,646,764	894,753
Financial institutions	15.2.5	3,842,399	1,938,070
		46,489,163	2,832,823
Unsecured			
Call borrowings	15.2.6	500,000	1,998,235
Overdrawn balance with other banks		98	379,498
		500,098	2,377,733
		57,316,223	13,164,408
Outside Pakistan - foreign currencies			
Overdrawn nostro accounts - unsecured		7,027	577,622
		57,323,250	13,742,030

15.2.1 This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 2.5% to 4.5% (2014: 7.5%) per annum payable on a quarterly basis.

15.2.2 This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 5% (2014: 5% to 8.2%) per annum payable on a quarterly basis.

15.2.3 This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 3.0% to 6.0% (2014: 6.0% to 7.5%) per annum payable on a quarterly basis.

15.2.4 These are secured against pledge of Government Securities and carry markup of 6.16% (2014: 9.50%) per annum and have maturities upto 1 month (2014: 1 month).

15.2.5 These are secured against pledge of Government Securities and carry markup of 6.0% to 6.35% (2014: 9.40%) per annum and have maturities upto 1 month (2014: 1 month).

15.2.6 These carry mark-up rate of 6.05% (2014: 9.40%) per annum and have maturity upto 1 month (2014: 1 month).

Rupees in '000	2015	2014
16. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	87,271,214	91,328,822
Savings deposits	230,855,326	203,230,490
Current accounts - remunerative	735,829	566,193
Current accounts - non-remunerative	105,530,938	88,516,497
Special exporters' account	59,733	17,008
Margin accounts	2,724,193	2,452,708
Others	824,850	526,374
Financial institutions		
Remunerative deposits	4,959,028	603,878
Non-remunerative deposits	169,354	292,903
	433,130,465	387,534,873
16.1 PARTICULARS OF DEPOSITS		
In local currency	395,198,228	351,754,303
In foreign currencies	37,932,237	35,780,570
	433,130,465	387,534,873

Deposits include Rs. 12,293,194 thousand (2014: Rs. 12,880,485 thousand) due to related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	2015	2014
17. SUB-ORDINATED LOANS		
Term Finance Certificates - III	–	2,994,000
Term Finance Certificates - IV	998,400	998,800
Term Finance Certificates - V	3,998,400	4,000,000
	4,996,800	7,992,800

17.1 The Group had raised unsecured sub-ordinated loans through issuance of five separate Term Finance Certificates to improve the Group's capital adequacy. The first two issues were fully redeemed in 2013 whereas, during the year the Group has exercised call option and fully redeemed the third issue. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Group including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issues are as follows:

	Term Finance Certificates - IV	Term Finance Certificates - V
Outstanding amount - Rupees in thousand	998,400	3,998,400
Issue date	December 23, 2011	September 30, 2014
Total issue	Rupees 1,000 million	Rupees 4,000 million
Rating	AA-	AA-
Listing	Unlisted	Unlisted
Rate	Payable six monthly - Base Rate plus 1.75% (after 5 years: 2.20%) Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Payable six monthly - Base Rate plus 1.20% Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.
Repayment	10 Years	10 Years
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60 months from the date of issue subject to approval by the SBP.
Redemption	6-96th month: 0.32% 97-120th month: 99.68%	6-108th month: 0.36% 108-120th month: 99.64%

Rupees in '000	2015	2014
18. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	1,628,889	2,546,173
Mark-up / return / interest payable in foreign currencies	79,794	10,560
Unearned income / commission	308,197	250,363
Accrued expenses	1,346,966	1,172,455
Advance payments	164,333	99,546
Security deposit against lease / Ijarah financing	2,032,455	1,372,845
Unclaimed dividends	87,190	51,949
Branch adjustment account	251,574	531,034
Payable to defined benefit plan	11,566	9,681
Payable against purchase of listed shares	88,816	269,267
Un-realised loss on forward foreign exchange contracts - net	–	153,586
Withholding taxes payable	151,723	69,951
Federal excise duty payable	114,868	74,294
Workers' Welfare Fund	332,817	164,227
Switch fee payable	343,634	25,579
Others	555,138	659,501
	7,497,960	7,461,011

19. SHARE CAPITAL**19.1 AUTHORIZED CAPITAL**

2015		2014	2015		2014
Number of shares			Rupees in '000		
1,600,000,000	1,600,000,000	Ordinary shares of Rs. 10 each	16,000,000	16,000,000	

19.2 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2015		2014	2015		2014
Number of shares			Rupees in '000		
514,689,096	514,689,096	Ordinary shares of Rs. 10 each:			
717,297,769	717,297,769	Fully paid in cash	5,146,891	5,146,891	
28,273,315	28,273,315	Issued as bonus shares	7,172,978	7,172,978	
		Issued on Askari Leasing Limited merger	282,733	282,733	
1,260,260,180	1,260,260,180		12,602,602	12,602,602	

19.3 The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 percent of ordinary shares of the Bank as on December 31, 2015.

Rupees in '000

20. SURPLUS ON REVALUATION OF ASSETS – NET OF TAX

	2015	2014
Surplus on revaluation of land	1,564,631	1,564,631
Surplus / (deficit) on revaluation of available for sale securities		
i) Federal Government securities	5,358,513	4,137,811
ii) Listed shares	(108,910)	165,502
iii) Units of open end mutual funds	136,286	176,629
iv) Other securities	(37,415)	(90,760)
	5,348,474	4,389,182
Related deferred tax	(1,871,966)	(1,536,241)
	3,476,508	2,852,941
	5,041,139	4,417,571

21. CONTINGENCIES AND COMMITMENTS**21.1 DIRECT CREDIT SUBSTITUTES**

i) Others	6,791,143	6,623,269
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21.2 TRANSACTION-RELATED CONTINGENT LIABILITIES

Money for which the Group is contingently liable:

a) Contingent liability in respect of guarantees given on behalf of directors or officers or any of them (severally or jointly) with any other person, subsidiaries and associated undertakings.	609,971	973,315
b) Contingent liability in respect of guarantees given, favouring:		
i) Government	64,533,613	62,583,779
ii) Banks and other financial institutions	10,575,081	2,723,312
iii) Others	12,944,217	7,820,249
	88,052,911	73,127,340
	88,662,882	74,100,655

These include guarantees amounting to Rs. 1,038,657 thousand (2014: Rs. 1,109,716 thousand) against which the Group is contesting court proceedings and these are not likely to result in any liability against the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000		2015	2014
21.3	TRADE-RELATED CONTINGENT LIABILITIES	81,107,284	63,896,465
21.4	OTHER CONTINGENCIES		
21.4.1	These represent certain claims by third parties against the Group, which are being contested in the Courts of law. The management is of the view that these relate to the normal course of business and are not likely to result in any liability against the Group.	761,459	687,056
21.4.2	The Group is contesting a case filed against it and some of its employees in the Sindh High Court for declaration and damages. Based on outside legal advice, the case of declaration is likely to be decided in the Group's favour. However, in case of award of damages, the potential liability of the Group is estimated not to be more than Rs.100 million.		
21.5	TAX CONTINGENCIES		
i)	For the tax years 2005 to 2008, there is a contingent liability of Rs. 681 million on account of amendment to assessments carried out by the Tax Department in the matters of taxation of commission & brokerage income at corporate tax rate instead of final tax regime and allocating financial expenses to exempt income and income taxable at a lower rate. Such issues have however been decided in the Bank's favour by the CIR (A) for the Tax Year 2008 except for the matter of allocation of financial expenses. The Bank's appeals are pending decision by the ATIR with respect to matters not decided in its favour. Refer note 30.3 for tax status.		
ii)	ASL appealed before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by the Commissioner Inland Revenue (Appeals) [CIR(A)] related to tax year 2006 assessing net income at Rs. 27,486,803 against the declared loss of Rs. 9,306,446 due to disallowing provision for doubtful debts and commission expense resulting in income tax demand of Rs. 9,565,724. The ATIR has directed the CIR(A) to re-examine the case and issue a fresh appellate order. The matter is pending adjudication by the CIR(A).		
Rupees in '000		2015	2014
21.6	COMMITMENTS IN RESPECT OF FORWARD LENDING		
	Commitments against "REPO" transactions		
	Purchase and resale agreements	292,361	2,020,072
	Sale and repurchase agreements	46,551,819	2,851,757
21.7	COMMITMENTS IN RESPECT OF FORWARD EXCHANGE CONTRACTS		
	Purchase	26,019,601	37,365,321
	Sale	17,473,121	29,097,183
	The above commitments have maturities falling within one year.		
21.8	COMMITMENTS IN RESPECT OF FORWARD PURCHASE / SALE OF LISTED EQUITY SECURITIES		
	Sale	30,999	96,058
21.9	COMMITMENTS FOR THE ACQUISITION OF OPERATING FIXED ASSETS	200,797	299,779
21.10	COMMITMENTS TO EXTEND CREDIT		
	The Group 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 except for	8,789,588	11,788,818
21.11	OTHER COMMITMENTS		
	This represents participation in the equity of a proposed Mortgage Refinance Company	300,000	300,000
21.12	BILLS FOR COLLECTION		
	Payable in Pakistan	2,280,969	898,052
	Payable outside Pakistan	12,517,571	13,233,935
		14,798,540	14,131,987

Bills for collection represent bills drawn in favour of various financial institutions in Pakistan and abroad on behalf of Group's customers. These are accepted by the Group as an agent and the Group does not carry any credit risk in respect of these bills.

22. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Off balance sheet financial instruments referred to as derivatives are contracts the characteristics of which are derived from those of underlying assets. These include forwards and swaps in money and foreign exchange markets. The Group's exposure in these instruments represents forward foreign exchange contracts, on behalf of customers in imports and exports transactions, forward sales and forward purchases on behalf of customers in the inter-bank money market and with the SBP equity future. The Group also enters into repo transactions against Government Securities carrying fixed interest rates and having fixed contractual maturities. The risks associated with forward exchange contracts are managed by matching the maturities and fixing counter parties' intra-day and overnight limits. In addition, these also come under the SBP's net open position limits. The credit risk associated with repo transactions is secured through underlying Government Securities.

23. DERIVATIVE INSTRUMENTS

The Group at present does not offer structured derivative products such as Interest Rate Swaps, Forward Rate Swap, Forward Rate Agreements or Foreign Exchange Options. The Group's Treasury and Investments Banking Groups buy and sell derivative instruments such as forward exchange contracts and equity futures, however, does not deal in market making and foreign exchange hedging.

23.1 FORWARD EXCHANGE CONTRACTS

Forward Exchange Contract (FEC) is a product which is offered to the obligor who transacts internationally. The traders use this product to hedge themselves from unfavorable movements in a foreign currency, however, by agreeing to fix the exchange rate, they do not benefit from favourable movements in that currency.

FEC is a contract between the obligor and the Group in which both agree to exchange an amount of one currency for another currency at an agreed forward exchange rate for settlement over more than two business days after the FEC is entered into (the day on which settlement occurs is called the value date). FEC is entered with those obligors whose credit worthiness has already been assessed, and they have underlined trade transactions.

If the relevant exchange rate moves un-favourably, the Group will lose money, and obligor will benefit from that movement because the Group must exchange currencies at the FEC rate. In order to mitigate this risk of adverse exchange rate movement, the Group manages its exposure by taking forward position in inter-bank foreign exchange.

23.2 EQUITY FUTURES

An equity futures contract is a standardized contract, traded on a futures counter of the stock exchange, to buy or sell a certain underlying scrip at a certain date in the future, at a specified price.

The Group uses equity futures as a hedging instrument to hedge its equity portfolio against equity price risk. Only selected shares are allowed to be traded on futures exchange. Equity futures give flexibility to the Group either to take delivery on the future settlement date or to settle it by adjusting the notional value of the contract based on the current market rates. Maximum exposure limit to the equity futures is 10% of Tier I Capital of the Group based on prevailing SBP regulations.

The accounting policies used to recognize and disclose derivatives are given in note 5.17.

Rupees in '000	Note	2015	2014
24. MARK-UP / RETURN / INTEREST EARNED			
On loans and advances to:			
i) Customers	24.1	15,755,271	17,653,430
ii) Financial institutions		118,899	108,201
		15,874,170	17,761,631
On investments in:			
i) Available for sale securities		19,750,810	15,792,565
ii) Held to maturity securities		243,878	120,918
		19,994,688	15,913,483
On deposits with financial institutions		479,800	627,988
On securities purchased under resale agreements		245,231	318,009
		36,593,889	34,621,111

24.1 This includes an amount of Rs. 390,212 thousand (2014: Rs. 359,938 thousand) on account of income received from related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	Note	2015	2014
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits	25.1	18,835,009	20,151,249
Securities sold under repurchase agreements		1,784,696	1,161,119
Sub-ordinated loans		616,965	604,079
Call money borrowings		107,993	292,493
Refinance borrowings from SBP		293,926	478,168
Long term finance for export oriented projects from SBP		46,802	25,060
Other short term borrowings		2,654	185
		21,688,045	22,712,353

25.1 This includes an amount of Rs. 823,458 thousand (2014: Rs. 899,171 thousand) on account of mark-up / interest on deposits of related parties.

Rupees in '000	Note	2015	2014
26. GAIN ON SALE OF SECURITIES - NET			
Federal Government Securities			
Market Treasury Bills		18,200	11,748
Pakistan Investment Bonds		2,520,012	304,923
Shares / units - listed		533,724	1,087,651
Others		47,898	407,701
		3,119,834	1,812,023

27. OTHER INCOME			
Rent on property	27.1	5,918	37,640
Gain on sale of operating fixed assets	27.2	7,969	305,781
Rent of lockers		27,490	20,757
Gain on sale of non-banking asset		127,108	7,913
Recovery of write/charge off assets		68,666	51,713
Recovery of expenses from customers		336,454	320,737
Others		7,760	3,804
		581,365	748,345

27.1 This includes an amount of Rs. Nil (2014: Rs. 15,492 thousand) on account of rent received from related parties.

27.2 This includes an amount of Rs. Nil (2014: Rs. 272,300) on account of surplus on revaluation of fixed assets realized on disposal.

Rupees in '000	Note	2015	2014
28. ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		6,194,202	5,224,382
Charge for defined benefit plans	28.1	281,395	181,083
Contribution to defined contribution plan	34	212,329	164,625
Non-executive directors' fees, allowances and other expenses		8,312	6,427
Rent, taxes, insurance, electricity, etc.		1,704,336	1,535,566
Legal and professional charges		101,883	129,140
Brokerage and commission		139,612	120,124
Communications		439,665	399,104
Repairs and maintenance		600,516	983,473
Stationery and printing		160,627	122,282
Advertisement and publicity		117,876	177,270
Donations	28.2	35,690	6,140
Auditors' remuneration	28.3	9,081	34,341
Depreciation	11.2	699,755	564,418
Amortization	11.3	175,812	159,466
Travelling and entertainment		171,909	118,215
Fuel and vehicle running expenses		540,023	714,051
Security service charges		432,994	361,292
Staff training expenses		24,276	14,994
Other expenditure		152,441	217,884
		12,202,734	11,234,277

- 28.1 This includes charge for gratuity fund amounting to Rs. 188,938 thousand (2014: 133,894 thousand) and charge for leave encashment amounting to Rs. 92,457 thousand (2014: Rs. 47,189 thousand).
- 28.2 This includes donations given to Army Relief Fund for IDPs through Fauji Foundation and Army Public School, Jutial, Gilgit of Rs. 20,000 thousand and Rs. 15,000 thousand respectively, for IDPs and construction of junior section in APS Jutial respectively. Donation was not given to any donee in which the Bank or any of its directors or their spouses had any interest.

Rupees in '000	Note	2015	2014
28.3 AUDITORS' REMUNERATION			
Audit fee - Parent		2,800	2,800
- Subsidiaries		844	760
Fee for the audit of Wholesale Bank Branch		1,982	1,918
Fee for the audit of provident and gratuity funds		200	200
Special certifications, half year review, audit of consolidated financial statements and sundry advisory services		3,070	22,782
Tax services		-	5,000
Out-of-pocket expenses		185	881
		9,081	34,341
29. OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		49,639	5,696
Workers' Welfare Fund		167,752	120,000
		217,391	125,696
30. TAXATION			
For the year			
Current		2,340,713	1,022,549
Deferred		636,924	752,818
		2,977,637	1,775,367
For the prior year(s)			
Current	30.2	415,468	-
		3,393,105	1,775,367
30.1 RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT			
Profit before taxation		8,337,092	5,869,091
Tax at applicable tax rate of 35 percent (2014: 35 percent)		2,917,982	2,054,182
Effect of:			
- charge for prior year		401,331	(25,865)
- income chargeable to tax at lower rates		(7,595)	(270,374)
- permanent differences		17,593	-
- minimum tax and alternate corporate tax		8,226	950
- others		55,568	16,474
		3,393,105	1,775,367

- 30.2 In terms of the Finance Act, 2015 income of the Bank derived from dividend and capital gains is now taxed at the normal tax rate instead of previously applicable reduced rates. Further, a one time super tax at the rate of 4 percent of the taxable income has also been levied for the tax year 2015. The effect of the above amendments incorporated in these consolidated financial statements includes prior year tax charge of Rs. 161,672 thousand (December 31, 2014: Nil) in respect of super tax and Rs. 269,328 thousand (December 31, 2014: Nil) in respect of increased tax rates on dividend income and capital gains.

30.3 TAX STATUS

- i) The Group has filed tax returns for and up to tax year 2015 (year ended 31 December 2014). The assessments for and up to tax year 2014 were amended by the tax authorities mainly in the matters of admissibility of provisions against doubtful debts and diminution in the value of investments, bad debts written off, apportionment of expenses to income exempt from tax or taxable at a lower rate and basis of taxation of commission and brokerage income. The matter of provision against doubtful debts has been decided in favour of the Group for and up to tax year 2006 up to the level of Appellate Tribunal Inland Revenue

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

[ATIR] whereas partial relief has been provided by the Commissioner Inland Revenue (Appeals) [CIR(A)] on other matters. The Group and the tax department have filed appeals and reference applications to the higher forums in relation to matters not decided in their favour.

Tax payments made in relation to the matters currently pending are being carried forward as management is confident of their realization as and when the appeals are decided.

- ii) Consequent upon the amalgamation with and into the Bank, the outstanding tax issues relating to Askari Leasing Limited (ALL) are as follows:

Tax returns of ALL have been filed for and up to tax year 2010. The returns for the tax years 2003 to 2010 were amended by the tax authorities mainly in the matter of admissibility of initial allowance claimed on leased vehicles. On appeals filed by ALL, partial relief was provided by the CIR(A) by allowing initial allowance on commercial vehicles. Re-assessment has not yet been carried out by the tax department. A tax demand is however not likely to arise after re-assessment.

For and up to the assessment years 2002-2003, reference applications filed by the Tax Authorities in the matter of computation of lease income are pending decisions by the High Court. However the likelihood of an adverse decision is considered low due to a favourable decision of the High Court in a parallel case.

Rupees in '000	2015	2014
31. CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	29,685,228	19,130,113
Balances with other banks	8,358,930	7,121,128
Call money lendings	–	1,427,753
	38,044,158	27,678,994
31.1 CASH FLOW FROM OPERATING ACTIVITIES (DIRECT METHOD)		
Mark-up / return / interest and commission receipts	42,604,592	34,524,891
Mark-up / return / interest payments	(22,536,095)	(22,219,031)
Cash payments to employees, suppliers and others	(10,642,545)	(9,643,461)
	9,425,952	2,662,399
(Increase) / decrease in operating assets		
Lendings to financial institutions	1,187,102	(496,794)
Held for trading securities	(41,235)	(72,459)
Advances	(29,311,020)	(6,631,925)
Other assets (excluding advance taxation)	(188,000)	(60,691)
	(28,353,153)	(7,261,869)
Increase / (decrease) in operating liabilities		
Bills payable	(760,135)	1,167,478
Borrowings	43,581,220	(10,803,849)
Deposits	45,595,592	52,361,495
Other liabilities	369,050	(337,987)
	88,785,727	42,387,137
Cash flow before tax	69,858,526	37,787,667
Income tax paid	(2,398,483)	(1,179,212)
Net cash flow operating activities	67,460,043	36,608,455
	2015	2014
32. STAFF STRENGTH	NUMBER OF EMPLOYEES	
Permanent	6,224	5,600
Temporary / on contractual basis	648	313
Total staff strength	6,872	5,913

33. DEFINED BENEFIT PLAN**33.1 GENERAL DESCRIPTION**

The Bank, ASL and AIML operate approved funded gratuity schemes for all its regular employees. Contributions are made in accordance with the actuarial recommendation.

The benefits under the gratuity schemes are payable on retirement at the age of 60 years or earlier cessation of service in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service or part thereof.

Rupees in '000	2015	2014
33.2 THE AMOUNTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION ARE AS FOLLOWS:		
Present value of defined benefit obligation	1,835,037	1,508,450
Fair value of plan assets	(1,823,469)	(1,498,769)
Net liability	11,568	9,681
33.3 THE AMOUNTS RECOGNIZED IN CONSOLIDATED PROFIT AND LOSS ACCOUNT ARE AS FOLLOWS:		
Current service cost	200,299	155,793
Net interest income	(11,361)	(24,040)
Past service cost	–	2,141
	188,938	133,894
33.4 ACTUAL RETURN ON PLAN ASSETS	223,466	167,579
33.5 CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATION		
Opening defined benefit obligation	1,508,455	1,184,202
Current service cost	200,300	155,793
Interest expense	178,360	146,377
Past service cost	–	2,141
Actuarial loss	50,228	135,517
Benefits paid	(102,306)	(115,580)
Closing defined benefit obligation	1,835,037	1,508,450
33.6 CHANGES IN FAIR VALUE OF PLAN ASSETS		
Opening fair value of plan assets	1,498,769	1,177,979
Interest income	189,722	170,417
Return on plan assets, excluding amounts included in interest income	33,743	(2,571)
Contributions by employer	203,541	268,524
Benefits paid	(102,306)	(115,580)
Closing fair value of plan assets	1,823,469	1,498,769

The Group expects to contribute Rs. 252,098 thousand to its defined benefit gratuity plan in 2016.

The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the Group, at the beginning of the period, for returns over the entire life of the related obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

	2015		2014	
	Rupees '000	Percentage	Rupees '000	Percentage
33.7 BREAK-UP OF CATEGORY OF ASSETS				
Debt instruments	1,509,101	82	1,374,814	92
Equity instruments	48,635	3	–	0
Cash and cash equivalents	265,735	15	123,955	8
	1,823,471	100	1,498,769	100

All Government bonds have quoted prices in active markets. All government bonds are issued by GoP.

At each reporting date the board of trustees review the fund investments and decides for strategic investments. The strategic investment policy of the gratuity fund is summarized as follows:

- strategic asset mix comprising of 5%-25% bank deposits, 70% to 90% Government bonds and 5%-25% others.
- interest risk is managed by investing 90% of funds through Government bonds.

33.8 PRINCIPAL ACTUARIAL ASSUMPTIONS

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

Rupees in '000	2015	2014
Discount rate - per annum	9% to 10%	11.25% - 12.3%
Expected rate of increase in salaries - per annum	9% to 15%	10.25% - 11.8%
Expected rate of return on plan assets - per annum	9% to 10%	12%
Average expected remaining life of employees - years	5	5
Mortality rate	SLIC 2001 - 2005 mortality table	SLIC 2001 - 2005 mortality table

33.9 AMOUNTS FOR CURRENT AND PREVIOUS FOUR ANNUAL PERIODS ARE AS FOLLOWS:

Rupees in '000	2015	2014	2013	2012	2011
As at December 31,					
Defined benefit obligation	1,835,037	1,508,450	1,184,202	1,219,552	1,001,255
Plan assets	(1,823,469)	(1,498,769)	(1,177,979)	(1,075,372)	(866,311)
Deficit	11,568	9,681	6,223	144,180	134,944
Experience adjustments					
Actuarial (loss) / gain on obligation	(50,228)	(135,517)	103,640	15,101	28,281
Actuarial (loss) / gain on plan assets	–	–	(4,247)	(3,144)	2,998
Return on plan assets, excluding amounts included in interest income	33,743	(2,571)	–	–	–

33.10 SENSITIVITY ANALYSIS

Sensitivity analysis is performed by changing only one assumption at a time while keeping the other assumptions constant. Sensitivity analysis of key assumptions is given below:

Assumptions	Impact on Defined Benefit Obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	Rupees in '000		
Discount rate	1.00%	(193,682)	224,088
Salary increase	1.00%	229,357	(191,845)
Mortality rate change	1 year	(1,089)	1,080

34. DEFINED CONTRIBUTION PLAN

The Bank operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Bank and by the employees to the fund at the rate of 8.33% of basic salary of the employee. Payments are made to the employees as specified in the rules of the fund. The total assets of the fund as at December 31, 2014 were Rs. 2,776,823 thousand (December 31, 2013: Rs. 2,412,694 thousand) as per latest available audited financial statements of the fund.

ASL operates a funded provident fund scheme for all its regular employees for which equal monthly contributions are made by the Company and the employees at the rate of 10% of basic salary of the employee.

34.1 THE DETAILS OF SIZE AND INVESTMENT OF THE PROVIDENT FUND IS AS FOLLOWS:

Rupees in '000	2015	2014
	Un-audited	Audited
Size of the Fund	3,317,934	2,792,320
Cost of investments	3,110,023	2,623,547
Fair value of investments	3,315,192	2,765,401
Percentage of investments	93.73%	93.96%

34.2 BREAKUP OF PROVIDENT FUND INVESTMENTS

	2015		2014	
	Rupees in '000	Percentage	Rupees in '000	Percentage
Government Investment Bonds	2,486,682	79.96	2,420,198	92.25
Government Sukuks	99,275	3.19	99,275	3.78
Term Finance Certificates	–	0.00	1,296	0.05
Mutual Funds	324,787	10.44	95,786	3.65
Shares	190,062	6.11	–	0.00
Balance in saving accounts with banks	9,217	0.30	6,992	0.27
	3,110,023	100.00	2,623,547	100.00

All the investments out of provident fund trust have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

35. COMPENSATED ABSENCES**35.1 GENERAL DESCRIPTION**

The Bank, AIML and ASL grants compensated absences to all its regular employees as per effective Service Rules. Provisions are recorded in accordance with the actuarial recommendation.

Under this unfunded scheme, regular employees are entitled to 30 days privilege leave for each completed year of service. Unutilized privilege leaves are accumulated upto a maximum of 120 days out of which 60 days are encashable at the time of separation from service on the basis of last drawn gross salary.

Under this unfunded scheme, regular employees of AIML are entitled to 4 weeks privilege leave for each completed year of service. Unutilized privilege leaves are accumulated upto a maximum of 8 weeks which are encashable at the time of separation from service on the basis of last drawn gross salary.

Under this unfunded scheme, category A and B employees and category C employees of ASL are entitled to 30 days and 15 days privilege leave for each completed year of service respectively. Unutilized privilege leaves are accumulated upto a maximum of 90 days and 45 days for category A and B employees and category C employees respectively which are encashable at the time of separation from service on the basis of last drawn gross salary.

35.2 PRINCIPAL ACTUARIAL ASSUMPTIONS

The actuarial valuation was carried out for the year ended December 31, 2015 using "Projected Unit Credit Method". Present value of obligation as at December 31, 2015 was Rs. 285,200 thousand (2014: Rs. 198,567 thousand). Expense for the year of Rs. 92,457 thousand (2014: Rs 47,189 thousand) has been included in administrative expenses. The main assumptions used for actuarial valuation are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	2015	2014
Discount rate - per annum	9.25% - 10%	11.25% - 12.3%
Expected rate of increase in salaries - per annum	9% - 15%	10.25% - 11.8%
Leave accumulation factor - days	5 - 11	5 - 11

36. COMPENSATION OF DIRECTORS AND EXECUTIVES

Rupees in '000	President & Chief Executive		Directors		Executives	
	2015	2014	2015	2014	2015	2014
Fees	–	–	8,522	6,374	–	–
Managerial remuneration	38,700	20,280	–	–	1,292,636	1,140,376
Allowances	4,125	2,408	–	–	215,568	165,274
Charge for defined benefit plan	3,000	1,680	–	–	76,093	65,828
Contribution to defined contribution plan	2,999	1,219	–	–	78,693	62,606
Rent and house maintenance	10,800	6,240	–	–	441,570	358,503
Utilities	2,970	2,028	–	–	103,991	87,536
Medical	2,700	1,872	–	–	94,787	78,364
Adhoc relief / bonus	9,000	8,400	–	–	207,667	131,462
	74,294	44,127	8,522	6,374	2,511,005	2,089,949
Number of persons	1	1	10	10	722	685

Executives mean all executive employees, other than the President & Chief Executive, whose annual basic salary exceeds rupees five hundred thousand. President & Chief Executive and certain other executives are provided with the Bank maintained vehicles.

Further, senior executives are entitled to certain additional benefits in accordance with the Group's policy.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of quoted investments is based on quoted market prices and rates quoted at Reuters Pages (PKRV) with the exception of unlisted securities.

Fair value of remaining financial assets and liabilities except fixed term loans, staff loans, non-performing advances and fixed term deposits is not significantly different from the carrying amounts since assets and liabilities are either short term in nature or are frequently repriced in the case of customer loans and deposits.

Fair value of fixed term loans, staff loans, and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets / liabilities and reliable data regarding market rates for similar instruments. The provision for non-performing advances is calculated in accordance with the Group's accounting policy as stated in note 5.6. The effective rates and maturity profile are stated in note 42.2.5 and 42.3.1 respectively.

38. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

Rupees in '000	2015								
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Assets Management	Retail Brokerage	Total
Total income	201,500	23,559,603	1,107,319	18,337,671	48,101	27,487	32,442	59,862	43,373,985
Total expenses	18,547	18,922,802	1,153,895	14,747,783	4,428	2,530	143,471	43,437	35,036,893
Net income / (loss)	182,953	4,636,801	(46,576)	3,589,888	43,673	24,957	(111,029)	16,425	8,337,092
Segment Assets (Gross)	86,739	306,793,691	11,377,589	248,146,054	20,706	11,832	413,827	202,474	567,052,912
Segment Non Performing Loans	–	–	2,333,680	29,150,037	–	–	–	–	31,483,717
Segment Provision Required	–	1,422,250	2,333,573	27,042,134	–	–	–	66,215	30,864,172
Segment Liabilities	860	46,562,157	33,371,163	429,043,890	205	117	66,150	70,408	509,114,950
Segment Return on net Assets (ROA) (%)	0.04	4.79	0.23	3.73	0.01	0.01	0.01	0.01	
Segment Cost of funds (%)	0.00	4.06	0.25	3.16	0.00	0.00	0.03	0.01	

Rupees in '000	2014								
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Assets Management	Retail Brokerage	Total
Total income	4,196	18,937,184	1,069,064	19,825,474	48,174	36,059	185,998	41,865	40,148,014
Total expenses	411	17,262,524	1,170,755	15,686,529	4,723	3,536	156,401	39,139	34,324,018
Net income / (loss)	3,785	1,674,660	(101,691)	4,138,945	43,451	32,523	29,597	2,726	5,823,996
Segment Assets (Gross)	1,909	247,511,504	10,841,982	218,615,897	21,917	16,406	493,240	277,939	477,780,794
Segment Non Performing Loans	–	–	2,524,600	28,851,129	–	–	–	–	31,375,729
Segment Provision Required	–	1,109,931	2,387,400	26,605,547	–	–	–	66,215	30,169,093
Segment Liabilities	19	5,763,815	27,361,403	390,196,976	213	160	183,434	79,714	423,585,734
Segment Return on net Assets (ROA) (%)	0.00	4.50	0.25	4.71	0.01	0.01	0.04	0.01	
Segment Cost of funds (%)	0.00	4.32	0.29	3.93	0.00	0.00	0.04	0.01	

Assumptions used:

- Administrative expenses have been allocated to segments based on respective segment income.
- Unallocatable assets representing 3.29% (2014: 3.98%) of the total assets have been allocated to segments based on their respective income.
- Unallocatable liabilities representing 1.11% (2014: 1.10%) of the total liabilities have been allocated to segments based on their respective assets.

39. TRUST ACTIVITIES

The Group is not engaged in any significant trust activities. However, the Group acts as security agent for some of the Term Finance Certificates it arranges and distributes on behalf of its customers.

40. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Bank's share capital at the year end. The Bank has related party relationships with entities under common directorship, its directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' funds.

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than normal risk (i.e. under the comparable uncontrolled price method) other than those under terms of employment.

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Details of transactions with related parties and balances with them at the year end were as follows:

Rupees in '000	December 31, 2015						December 31, 2014					
	Parent	Key management personnel	Directors	Companies with common directorship having equity under 20%	Associates	Other related funds	Parent	Key management personnel	Directors	Companies with common directorship having equity under 20%	Associates	Other related funds
BALANCES OUTSTANDING AT THE YEAR END												
- Advances												
- Secured	1,072,623	244,938	-	4,544,842	-	-	572,699	167,235	-	2,519,946	-	-
- Un-secured	-	11,343	936	-	-	-	-	7,572	673	-	-	-
- Mark-up receivable	5,670	38,220	-	40,986	-	-	2,288	24,560	-	103,197	-	-
- Deposits	5,073,778	103,803	67,078	6,285,967	-	762,568	6,904,596	54,484	100,879	3,586,117	67,563	2,166,846
- Mark-up payable	7,997	1,169	-	9,174	-	38	17,458	1,358	-	240	163	-
- Outstanding commitments and contingent liabilities for irrevocable commitments and contingencies	339,761	-	-	454,867	-	-	5,495,137	-	-	894,301	-	-
- Investment in shares / units	-	-	-	2,115,291	-	-	-	-	-	1,912,169	-	-
- Security deposits against lease	-	704	-	4,323	-	-	-	-	-	1,823	-	-
- Assets held for sale	-	-	-	-	-	-	-	-	-	-	201,582	-
- Reimbursable expenses on behalf of Askari High Yield Scheme	-	-	-	31,702	-	-	-	-	-	14,812	-	-
- Management fee and commission receivable from Askari High Yield Scheme	-	-	-	6,176	-	-	-	-	-	428	-	-
- Reimbursable expenses on behalf of Askari Asset Allocation Fund	-	-	-	2,853	-	-	-	-	-	1,627	-	-
- Management fee and commission receivable from Askari Asset Allocation Fund	-	-	-	500	-	-	-	-	-	334	-	-
- Reimbursable expenses on behalf of Askari Islamic Income Fund	-	-	-	2,765	-	-	-	-	-	1,683	-	-
- Management fee and commission receivable from Askari Islamic Income Fund	-	-	-	461	-	-	-	-	-	31	-	-
- Reimbursable expenses on behalf of Askari Islamic Asset Allocation Fund	-	-	-	1,662	-	-	-	-	-	1,081	-	-
- Management fee and commission receivable from Askari Islamic Asset Allocation Fund	-	-	-	241	-	-	-	-	-	16	-	-
- Reimbursable expenses on behalf of Askari Sovereign Cash Fund	-	-	-	19,661	-	-	-	-	-	15,121	-	-
- Management fee and commission receivable from Askari Sovereign Cash Fund	-	-	-	1,093	-	-	-	-	-	200	-	-
- Reimbursable expenses on behalf of Askari Equity Fund	-	-	-	2,116	-	-	-	-	-	1,051	-	-
- Management fee and commission receivable from Askari Equity Fund	-	-	-	383	-	-	-	-	-	20	-	-
- Management fee and commission receivable from Askari Sovereign Yield Enhancer	-	-	-	1,689	-	-	-	-	-	39	-	-
- Reimbursable expenses on behalf of Askari Sovereign Yield Enhancer	-	-	-	6,517	-	-	-	-	-	3,882	-	-
- Pre-paid insurance premium by AIML	-	-	-	-	1,355	-	-	-	-	-	1,155	-
- Payable to employee funds by AIML	-	-	-	-	-	10,596	-	-	-	-	-	7,895
TRANSACTIONS DURING THE YEAR												
- Net mark-up / interest earned	26,748	9,890	-	353,574	-	-	13,835	7,143	7	338,953	-	-
- Net mark-up / interest expensed	272,541	2,980	458	440,488	3,259	103,732	327,254	3,671	5,877	446,672	3,457	112,240
- Contribution to employees' funds	-	-	-	-	-	419,991	-	-	-	-	-	437,080
- Investment in units of AIML funds - purchase	-	-	-	-	-	-	-	-	-	-	116,607	-
- Investment in units of AIML funds - sale	-	-	-	-	-	-	-	-	-	-	92,786	-
- Rent of property / service charges received	-	-	-	-	-	-	-	-	-	8,944	5,982	-
- Rent of property / service charges paid	14,730	-	-	-	-	-	-	-	-	-	-	-
- Remuneration paid	-	324,049	-	-	-	2,979	-	225,460	-	-	-	1,598
- Post employment benefits	-	22,631	-	-	-	-	-	15,643	-	-	-	-
- Insurance claim received	-	-	-	-	673	-	-	-	-	-	1,507	-
- Insurance premium paid	-	-	-	-	11,648	-	-	-	-	-	17,966	-
- Dividend Income	-	-	-	179,201	-	-	-	-	-	166,050	-	-
- Security services costs	-	-	-	853	-	-	-	-	-	772	-	-
- Fee, commission and brokerage income	2,361	-	-	149,597	-	-	1,063	-	-	132,788	-	-
- Fee, commission and brokerage paid	-	-	-	140	-	-	-	-	-	1,000	-	-
- Dividend paid	1,812,564	364	351	-	-	3,300	906,282	14	104	-	-	-
- Fees paid	-	365	8,522	-	-	-	-	-	4,625	-	-	-

41. CAPITAL ADEQUACY

41.1 SCOPE OF APPLICATION

Standardized Approach is used for calculating the Capital Adequacy for Market and Credit risk while Basic Indicator Approach (BIA) is used for Operational Risk.

The Bank has two subsidiaries, Askari Investment Management Limited (AIML) and Askari Securities Limited (ASL). AIML is the wholly-owned subsidiary of Askari Bank Limited while ASL is 74% owned by the Bank. Both these entities are included while calculating Capital Adequacy for the Bank using full consolidation method. Furthermore, the Group does not enter into in any securitization activity that shields it from the risk inherent in securitization.

41.2 CAPITAL MANAGEMENT

The objective of managing capital is to safeguard the Group'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 Group 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 shareholder's return is also recognised and the Group 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.

GOALS OF MANAGING CAPITAL

The goals of managing capital of the Group are as follows:

- To be an adequately capitalised institution, considering the requirements set by the regulators of the banking markets where the Group operates;
- Maintain strong ratings and to protect the Group against unexpected events;
- Availability of adequate capital at a reasonable cost so as to enable the Group to operate adequately and provide reasonable value added for the shareholders and other stakeholders.

GROUP'S REGULATORY CAPITAL ANALYSED IN TWO TIERS

Tier I capital, includes fully paid-up capital, share premium, reserves (excluding foreign exchange translation reserves) and unappropriated profits (net of losses) etc. after deductions for certain specified items such as book value of intangibles, reciprocal cross holdings in CET 1 instruments of Banking, Financial or Insurance entities, investments in mutual funds exceeding prescribed limits and 50% of other deductions e.g. majority and significant minority investments in insurance and other financial entities. Deductions that have come afresh as part of the Basel III rules such as those on account of Deferred Tax Assets are also required to be made.

Tier II capital under Basel III is subject to a maximum of 2.5% of total Risk Weighted Assets as of Dec 2015. It includes subordinated debt issued prior to Jan 1, 2013 phasing out at an annual rate of 10%, Basel III compliant Tier II instruments, general provisions for loan losses (up to a maximum of 1.25 % of credit risk weighted assets), reserves on the revaluation of fixed assets and available for sale investments (on an after tax basis up to a maximum of 45 percent), foreign exchange translation reserves etc. Basel III rules however do allow for the inclusion of the remaining 55% of the revaluation reserves into Tier II capital at an inclusion rate equal to the rate of deduction specified under the transitional arrangements for the coming years up till 2018. Tier II capital deductions comprise of the remaining 50% other deductions noted above, reciprocal cross holdings in Tier II instruments of Banking, Financial or Insurance entities etc.

As of Dec 2015 the Group must meet a Tier 1 to RWA ratio and CAR including CCB of 7.5% and 10.25% respectively.

Group's operations are categorised as either trading book or banking book and risk-weighted assets are determined according to specified requirements of State Bank of Pakistan that seek to reflect the varying levels of risk attached to on-balance sheet and off-balance sheet exposures. The total risk-weighted exposures comprise the credit risk, market risk and operational risk.

On and off-balance sheet assets in the banking book are broken down to various asset classes for calculation of credit risk requirement. External ratings for assets, where available, are applied using the assessments by various External Credit Assessment Institutions (ECAIs) and aligned with appropriate risk buckets. Otherwise, the exposures are treated as unrated and relevant risk weights are applied. In addition, there are fixed risk weights for certain types of exposures such as retail portfolio and residential mortgage finance for which external ratings are not applicable. Collaterals if any, are used as credit risk mitigant after applying appropriate haircuts under the Comprehensive Approach. Risk weights notified, are hence applied at adjusted exposures, wherever credit risk mitigation is available. Collaterals used include: Government of Pakistan guarantees, cash, lien on deposits, shares, government securities, bank and corporate guarantees and other debt securities that fall within the definition of eligible collaterals and also fulfill other specified criteria under the relevant capital adequacy guidelines.

The calculation of Capital Adequacy enables the Group to assess the long-term soundness. As the Group carries on the business on a wide area network basis, it is critical that it is able to continuously monitor the exposure across the entire organisation and aggregate the risks so as to take an integrated approach / view.

LEVERAGE RATIO

The Group's position under Basel III's third capital standard is as under:

Rupees in '000	2015	2014
Tier I Capital	20,598,833	17,719,450
Total Exposure	782,272,246	614,775,739
Leverage Ratio	2.63%	2.88%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	Note	2015	2014
41.3 CAPITAL ADEQUACY RATIO (CAR)			
Common Equity Tier 1 capital (CET1): Instruments and reserves			
Fully Paid-up Capital / Capital deposited with SBP		12,602,602	12,602,602
Balance in Share Premium Account		234,669	234,669
Reserve for issue of Bonus Shares		–	–
General / Statutory Reserves		6,110,390	4,499,098
Gain / (Losses) on derivatives held as Cash Flow Hedge		–	–
Unappropriated / unremitted profit		2,948,581	2,150,715
Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)		23,731	27,422
CET 1 before Regulatory Adjustments		21,919,973	19,514,506
Total regulatory adjustments applied to CET1	41.3.1	1,323,092	1,794,960
Common Equity Tier 1		20,596,881	17,719,546
Additional Tier 1 (AT 1) Capital			
Qualifying Additional Tier-1 instruments plus any related share premium			
of which: Classified as equity		–	–
of which: Classified as liabilities		–	–
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)		420	303
of which: instrument issued by subsidiaries subject to phase out		–	–
AT1 before regulatory adjustments		420	303
Total regulatory adjustment applied to AT1 capital	41.3.2	–	–
Additional Tier 1 capital after regulatory adjustments		–	–
Additional Tier 1 capital recognized for capital adequacy		–	–
Tier 1 Capital (CET1 + admissible AT1)		20,596,881	17,719,546
Tier 2 Capital			
Qualifying Tier 2 capital instruments under Basel III plus any related share premium		3,993,600	3,995,200
Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel 3 rules		628,320	2,473,280
Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)		701	504
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		433,213	367,815
Revaluation Reserves			
of which: Revaluation reserves on Property		1,048,303	876,193
of which: Unrealized Gains / Losses on AFS		2,329,260	1,597,646
		3,377,563	2,473,839
Foreign Exchange Translation Reserves		100,829	89,326
Undisclosed / Other Reserves (if any)		–	–
T2 before regulatory adjustments		8,534,226	9,399,964
Total regulatory adjustment applied to T2 capital	41.3.3	99,741	619,743
Tier 2 capital (T2) after regulatory adjustments		8,434,485	8,780,221
Tier 2 capital recognized for capital adequacy		8,342,524	8,780,221
Portion of Additional Tier 1 capital recognized in Tier 2 capital		–	–
Total Tier 2 capital admissible for capital adequacy		8,342,524	8,780,221
TOTAL CAPITAL (T1 + admissible T2)		28,939,405	26,499,767
Total Risk Weighted Assets (RWA)	41.6	229,929,632	201,123,049

Rupees in '000	2015	2014
Capital Ratios and buffers (in percentage of risk weighted assets)		
CET1 to total RWA	8.96%	8.81%
Tier-1 capital to total RWA	8.96%	8.81%
Total capital to RWA	12.59%	13.18%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	6.25%	5.50%
of which: capital conservation buffer requirement	0.25%	0.00%
of which: countercyclical buffer requirement	–	–
of which: D-SIB or G-SIB buffer requirement	–	–
CET1 available to meet buffers (as a percentage of risk weighted assets)	2.71%	3.31%
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	10.00%	10.00%
Total Capital plus CCB ratio	10.25%	10.00%
*CCB: Consisting of CET1 Only		
41.3.1 Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill (net of related deferred tax liability)	–	–
All other intangibles (net of any associated deferred tax liability)	996,712	1,136,876
Reciprocal cross holdings in CET1 capital instruments	236,914	370,632
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	–	209,339
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	89,466	78,113
Total regulatory adjustments applied to CET1	1,323,092	1,794,960
41.3.2 Additional Tier 1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	89,887	78,416
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 regulatory adjustment applied to AT1 capital	–	–
41.3.3 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	99,741	619,743
Total regulatory adjustment applied to T2 capital	99,741	619,743
41.3.4 Risk weighted assets in respect of amounts subject to Pre-Basel III Treatment		
of which: recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	1,384,412	611,230
of which: deferred tax assets	–	837,354
of which: Defined-benefit pension fund net assets	–	–
	1,384,412	1,448,584

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Rupees in '000	2015	2014
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financial entities	1,071,993	453,685
Significant investments in the common stock of financial entities	—	—
Deferred tax assets arising from temporary differences (net of related tax liability)	—	1,798,815
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)	433,213	367,815
Cap on inclusion of provisions in Tier 2 under standardized approach	2,147,321	1,896,620
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	Balance sheet as in published financial statement	Under regulatory scope of consolidation
	As at December 31, 2015	

41.4 CAPITAL STRUCTURE RECONCILIATION

ASSETS

Cash and balances with treasury banks	29,685,228	29,685,228
Balances with other banks	8,358,930	8,358,930
Lending to financial institutions	812,898	812,898
Investments	268,048,928	268,048,928
Advances	199,936,549	199,936,549
Operating fixed assets	9,278,150	9,278,150
Deferred tax assets	—	—
Other assets	20,068,057	20,068,057

TOTAL ASSETS	536,188,740	536,188,740
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LIABILITIES & EQUITY

Bills payable	6,094,885	6,094,885
Borrowings	57,323,250	57,323,250
Deposits and other accounts	433,130,465	433,130,465
Sub-ordinated loans	4,996,800	4,996,800
Liabilities against assets subject to finance lease	—	—
Deferred tax liabilities	71,590	71,590
Other liabilities	7,497,960	7,497,960

TOTAL LIABILITIES	509,114,950	509,114,950
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Share capital / Head office capital account	12,602,602	12,602,602
Reserves	6,445,888	6,445,888
Unappropriated / Unremitted profit	2,948,581	2,948,581
Non-controlling interest	35,580	35,580
Surplus on revaluation of assets	5,041,139	5,041,139

TOTAL LIABILITIES & EQUITY	536,188,740	536,188,740
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	Balance sheet as in published financial statement	Under regulatory scope of consolidation
Rupees in '000	As at December 31, 2015	
ASSETS		
Cash and balances with treasury banks	29,685,228	29,685,228
Balances with other banks	8,358,930	8,358,930
Lending to financial institutions	812,898	812,898
Investments	268,048,928	268,048,928
of which: Mutual Funds exceeding regulatory threshold	89,887	89,887
of which: reciprocal crossholding of capital instrument CET 1	236,914	236,914
of which: reciprocal crossholding of capital instrument AT 1	–	–
of which: reciprocal crossholding of capital instrument Tier II	99,741	99,741
of which: others	267,622,386	267,622,386
Advances	199,936,549	199,936,549
shortfall in provisions / excess of total EL amount over eligible provisions under IRB	–	–
general provisions reflected in Tier 2 capital	433,213	433,213
Fixed Assets	9,278,150	9,278,150
of which: Intangibles	996,711	996,711
Deferred Tax Assets	–	–
of which: DTAs excluding those pertaining to temporary differences	–	–
of which: DTAs arising from temporary differences below the threshold	–	–
of which: DTAs arising from temporary differences exceeding regulatory threshold	–	–
Other assets	20,068,057	20,068,057
of which: Goodwill	–	–
of which: Intangibles	–	–
of which: Defined-benefit pension fund net assets	–	–
TOTAL ASSETS	536,188,740	536,188,740
LIABILITIES & EQUITY		
Bills payable	6,094,885	6,094,885
Borrowings	57,323,250	57,323,250
Deposits and other accounts	433,130,465	433,130,465
Sub-ordinated loans	4,996,800	4,996,800
of which: eligible for inclusion in AT1	–	–
of which: eligible for inclusion in Tier 2	4,621,920	4,621,920
Liabilities against assets subject to finance lease	–	–
Deferred tax liabilities	71,590	71,590
Other liabilities	7,497,960	7,497,960
TOTAL LIABILITIES	509,114,950	509,114,950
Share capital	12,602,602	12,602,602
of which: amount eligible for CET1	12,602,602	12,602,602
of which: amount eligible for AT1	–	–
Reserves	6,445,888	6,445,888
of which: portion eligible for inclusion in CET1-Balance in Share Premium Account	234,669	234,669
of which: portion eligible for inclusion in CET1-General / Statutory Reserves	6,110,390	6,110,390
of which: portion eligible for inclusion in Tier 2	100,829	100,829
Unappropriated profit	2,948,581	2,948,581
Non-controlling interest	35,580	35,686
of which: portion eligible for inclusion in CET1	23,731	23,731
of which: portion eligible for inclusion in AT1	420	420
of which: portion eligible for inclusion in Tier 2	701	701
Surplus on revaluation of assets	5,041,139	5,041,139
of which: Revaluation reserves on Property	1,564,631	1,564,631
of which: Unrealized Gains / Losses on AFS	3,476,508	3,476,508
Total liabilities & Equity	536,188,740	536,188,740

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	Balance sheet as in published financial statements
Rupees in '000	As at December 31, 2015
41.5 BASEL III DISCLOSURE	
Common Equity Tier 1 capital (CET1): Instruments and reserves	
Fully Paid-up Capital / Capital deposited with SBP	12,602,602
Balance in Share Premium Account	234,669
General / Statutory Reserves	6,110,390
Unappropriated / unremitted profit	2,948,581
Minority Interest	23,731
CET 1 BEFORE REGULATORY ADJUSTMENTS	21,919,973
COMMON EQUITY TIER 1 CAPITAL: REGULATORY ADJUSTMENTS	
All other intangibles (net of any associated deferred tax liability)	996,712
Reciprocal cross holdings in CET1 capital instruments	236,914
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	89,466
TOTAL REGULATORY ADJUSTMENTS APPLIED TO CET 1	1,323,092
COMMON EQUITY TIER 1	20,596,881
ADDITIONAL TIER 1 (AT 1) CAPITAL	
Qualifying Additional Tier-1 instruments plus any related share premium	-
of which: Classified as equity	-
of which: Classified as liabilities	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	420
of which: instrument issued by subsidiaries subject to phase out	-
AT 1 BEFORE REGULATORY ADJUSTMENTS	420
Additional Tier 1 Capital: regulatory adjustments	
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	89,887
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	-
Total of Regulatory Adjustment applied to AT1 capital	89,887
Additional Tier 1 capital	-
Additional Tier 1 capital recognized for capital adequacy	-
TIER 1 CAPITAL (CET 1 + ADMISSIBLE AT 1)	20,596,881
TIER 2 CAPITAL	
Qualifying Tier 2 capital instruments under Basel III	3,993,600
Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	628,320
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	701
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	433,213
Revaluation Reserves eligible for Tier 2	3,377,563
of which: portion pertaining to Property	1,048,303
of which: portion pertaining to AFS securities	2,329,260
Foreign Exchange Translation Reserves	100,829
Undisclosed / Other Reserves	-
T2 BEFORE REGULATORY ADJUSTMENTS	8,534,226

	Balance sheet as in published financial statements
Rupees in '000	As at December 31, 2015
TIER 2 CAPITAL: REGULATORY ADJUSTMENTS	
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-BaseI III treatment which, during transitional period, remain subject to deduction from tier-2 capital	–
Reciprocal cross holdings in Tier 2 instruments	99,741
Amount of Regulatory Adjustment applied to T2 capital	99,741
Tier 2 capital (T2)	8,434,485
Tier 2 capital recognized for capital adequacy	8,342,524
Excess Additional Tier 1 capital recognized in Tier 2 capital	–
Total Tier 2 capital admissible for capital adequacy	8,342,524
TOTAL CAPITAL (T1 + admissible T2)	28,939,405

41.6 CAPITAL ADEQUACY RATIO AS AT DECEMBER 31, 2015

The capital to risk weighted assets ratio, calculated in accordance with the State Bank of Pakistan's guidelines on capital adequacy, using standardised approaches for credit and market risks and basic indicator approach for operational risk is presented below.

RISK-WEIGHTED EXPOSURES

Rupees in '000	Capital Requirement		Risk Weighted Assets	
	2015	2014	2015	2014
PORTFOLIOS SUBJECT TO STANDARDISED APPROACH (COMPREHENSIVE APPROACH FOR CRM)				
CLAIMS ON:				
Sovereigns other than PKR claims	559,259	413,819	5,592,587	4,138,191
Public Sector Entities (PSEs)	485,619	435,936	4,856,187	4,359,355
Banks	607,461	612,780	6,074,614	6,127,802
Corporates	8,219,520	6,365,223	82,195,203	63,652,226
Retail portfolio	1,062,211	993,846	10,622,112	9,938,460
Residential mortgage finance	332,655	301,929	3,326,550	3,019,291
Listed equities and regulatory capital instruments issued by others banks	67,862	15,180	678,623	151,798
Unlisted equity investments	15,000	18,507	150,000	185,074
Significant investment and DTAs	–	449,704	–	4,497,037
Fixed Assets	828,143	721,397	8,281,433	7,213,973
Other Assets	508,894	471,372	5,088,937	4,713,720
Past Due Exposures	408,259	393,694	4,082,588	3,936,938
OFF-BALANCE SHEET				
Non-market related	4,024,156	3,890,875	40,241,556	38,908,752
Market Related	59,529	88,695	595,290	886,950
MARKET RISK				
PORTFOLIOS SUBJECT TO STANDARDIZED APPROACH				
Interest rate risk	2,352,427	1,731,923	23,524,274	17,319,225
Equity position risk	590,161	647,820	5,901,607	6,478,195
Foreign exchange risk	15,603	39,438	156,029	394,379
OPERATIONAL RISK	2,856,204	2,520,168	28,562,042	25,201,683
Total	22,992,963	20,112,306	229,929,632	201,123,049
Gross Total (including CCB)	23,567,787	20,112,305	229,929,632	201,123,049

CAPITAL ADEQUACY RATIO

	Required		Actual	
	2015	2014	2015	2014
CET1 to total RWA	6.00%	5.50%	8.96%	8.81%
Tier-1 capital to total RWA	7.50%	7.00%	8.96%	8.81%
Total capital to total RWA	10.00%	10.00%	12.59%	13.18%
Gross Total Capital to total RWA (including CCB)	10.25%	10.00%	12.59%	13.18%

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41.7 MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

MAIN FEATURES	COMMON SHARES	INSTRUMENT - 2 (TFC III)	INSTRUMENT- 3 (PPTFC TFC IV)	INSTRUMENT- 4 (PPTFC TFC V)
ISSUER				
ASKARI BANK - PUBLIC LIMITED COMPANY				
Unique identifier	AKBL	AKBL TFC3	NA	NA
Governing law(s) of the instrument	The Companies Ordinance 1984 & Stock Exchanges Regulations	The Companies Ordinance, 1984	The Companies Ordinance, 1984	
Regulatory treatment				
Transitional Basel III rules	NA	Tier 2	Tier 2	NA
Post-transitional Basel III rules	NA	Ineligible	Ineligible	NA
Eligible at solo / group / group&solo	Solo and Group	Solo and Group	Solo and Group	Solo and Group
Instrument type	Ordinary shares	Subordinated Debt Instrument	Subordinated Debt Instrument	Subordinated Debt Instrument
Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	12,602,602	-	628,320	3,993,600
Par value of instrument	Rs. 10 per Share	Rs. 5,000 per Instrument	Rs. 1,000,000 per Instrument	Rs. 1,000,000 per Instrument
Accounting classification	Shareholder's equity	Liability - amortized cost	Liability - amortized cost	Liability - amortized cost
Original date of issuance	Year 1992	November 18, 2009	December 23, 2011	September 30, 2014
Perpetual or dated	Perpetual / no Maturity	Dated	Dated	Dated
Original maturity date	NA	November 18, 2019	December 23, 2021	September 30, 2024
Issuer call subject to prior supervisory approval	NA	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	NA	November 18, 2014	December 23, 2016	September 30, 2019, Call would be subject to SBP approval and less than 30 days.
Subsequent call dates, if applicable	NA	Yes	Yes	Yes
Coupons / dividends				
Fixed or floating dividend / coupon	NA	Floating	Floating	Floating
coupon rate and any related index / benchmark	NA	Average Ask 6 month KIBOR + 2.50% (1 to 5 Years) & Average Ask 6 month KIBOR + 2.95 % (6 to 10 Years)	Average Ask 6 month KIBOR + 1.75% (1 to 5 Years) & Average Ask 6 month KIBOR + 2.20 (6 to 10 Years)	Average Ask 6 month KIBOR + 1.20%
Existence of a dividend stopper	No	No	No	No
Fully discretionary, partially discretionary or mandatory	NA	Mandatory	Mandatory	Mandatory
Existence of step up or other incentive to redeem	No	No	No	No
Noncumulative or cumulative	Noncumulative	Cumulative	Cumulative	Cumulative
Convertible or non-convertible	NA	Nonconvertible	Nonconvertible	Convertible
If convertible, conversion trigger(s)	NA	NA	NA	As deemed to be triggered by SBP
If convertible, fully or partially	NA	NA	NA	Fully or as deemed appropriate by SBP
If convertible, conversion rate	NA	NA	NA	Dependent on target market value of equity per share on or before the date of conversion
If convertible, mandatory or optional conversion	NA	NA	NA	Mandatory
If convertible, specify instrument type convertible into	NA	NA	NA	Common Equity Tier 1
If convertible, specify issuer of instrument it converts into	NA	NA	NA	Askari Bank Limited
Write-down feature				
If write-down, write-down trigger(s)	NA	NA	NA	As deemed to be triggered by SBP.
If write-down, full or partial	NA	NA	NA	Legal basis is provided to authorities to set trigger as part of the terms of contract.
If write-down, permanent or temporary	NA	NA	NA	
If temporary write-down, description of write-up mechanism	NA	NA	NA	
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	3rd, Subordinated Debt being senior	2nd, Lenders and Depositors being senior	2nd, Lenders and Depositors being senior	2nd, Lenders and Depositors being senior
Non-compliant transitioned features				
If yes, specify non-compliant features	NA	Does not meet loss absorbency requirements including conversion	Does not meet loss absorbency requirements including conversion	No NA

42. RISK MANAGEMENT

The Group believes that effective risk management is of primary importance to achieve desired level of return while maintaining acceptable level of risk exposure. Robust risk management processes and framework are in place to achieve overall Group's objectives through a well thought out strategy, which enable the Group to effectively manage, Credit, Market, Operational and Liquidity risk in a proactive manner.

The Group's approach is to ensure that risk management is deeply and firmly embedded in the culture of the Group. All employees are therefore considered responsible for identification, measurement, monitoring and controlling risks within the scope of their assigned responsibilities. As a result of changing risk environment, the Group continuously monitors and conducts holistic assessment of complex transactions on an integrated basis.

The Group has a Board Risk Management Committee (BRMC) in place and is updated regularly by the Bank's Risk Management Division. BRMC is responsible to review the extent of design and adequacy of risk management framework. BRMC oversees that risks are managed within the level of tolerance and risk appetite of the Group.

42.1 CREDIT RISK:

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability is impaired resulting in economic loss to the Group. The Group takes necessary measures to control such risk by monitoring credit exposures, limiting transactions with specific counter parties with increased likelihood of default and continually assessing the creditworthiness of counter parties.

The Group has built and maintains a sound loan portfolio in terms of a well defined Credit Policy and Credit Risk Policy approved by the Board of Directors. Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for the purpose of emphasizing prudence in its lending activities and ensuring quality of asset portfolio. Advances portfolio constitutes around 40% of the total asset base and is also the largest source of credit risk for the Group. Moreover, more than 70% of Group's capital requirement pertains to credit risk. The Group's advances portfolio is well diversified across various business segments, industries and geographical locations.

Risk mitigants have been put in place at all stages of credit risk cycle i.e. identification, measurement, monitoring, controlling and reporting for effective risk management. Accordingly, portfolio monitoring function is in place at the Group with dedicated resources to ensure that risk is not only minimized but is optimized in risk / return perspective.

Credit Risk Review is conducted at obligor as well as at portfolio level to ensure adherence to regulatory as well as the Group's policies and procedures. The review process ensures that a sound and proactive risk management culture is maintained across the Group. Scope of Pre-Assessment Risk Review has been enhanced, covering the entire Corporate, Commercial and SME portfolios alongwith consumer and Agri Finance with in discretionary powers of HOCC. Audit and inspection division is reviewing the advances portfolio on a post approval basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

42.1.1 SEGMENT INFORMATION

Segmental Information is presented in respect of the class of business and geographical distribution of advances, deposits, contingencies and commitments.

42.1.1.1 SEGMENT BY CLASS OF BUSINESS

	2015						2014					
	Advances		Deposits		Contingencies and Commitments		Advances		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Agriculture finances	3,878,666	1.70	3,425,016	0.79	654,654	0.24	4,206,470	2.12	4,029,187	1.04	319,130	0.14
Automobiles and Allied	1,044,527	0.46	1,107,919	0.26	280,101	0.10	1,297,051	0.65	1,027,479	0.27	248,655	0.11
Cables / Electronics	3,006,374	1.32	4,774,760	1.10	1,540,915	0.56	2,799,096	1.41	3,867,038	1.00	905,038	0.39
Carpets	78,080	0.03	128,971	0.03	8,250	0.00	72,598	0.04	152,749	0.04	16,618	0.01
Cement	2,334,179	1.02	464,520	0.11	1,788,668	0.65	1,012,589	0.51	425,160	0.11	3,947,273	1.72
Chemicals / Pharmaceuticals	4,148,075	1.82	2,788,100	0.64	3,093,205	1.12	3,663,370	1.84	734,638	0.19	3,230,888	1.41
Engineering	45,454	0.02	448,138	0.10	13,877,480	5.01	34,746	0.02	268,798	0.07	2,684,144	1.17
Fertilizers	2,931,671	1.28	4,286,310	0.99	2,668,838	0.96	2,420,656	1.22	5,124,581	1.32	6,749,389	2.95
Food and Allied	3,691,952	1.62	748,138	0.17	1,077,265	0.39	3,355,055	1.69	1,073,450	0.28	1,462,539	0.64
Fuel / Energy	21,725,867	9.51	962,695	0.22	19,202,001	6.93	14,766,700	7.43	1,698,401	0.44	10,928,820	4.77
Ghee and Edible Oil	2,513,308	1.10	532,983	0.12	1,885,242	0.68	2,654,001	1.34	293,867	0.08	1,341,207	0.59
Glass and Ceramics	2,056,181	0.90	54,052	0.01	693,816	0.25	2,427,470	1.22	61,261	0.02	128,175	0.06
Hotels and Restaurants	2,523,884	1.10	796,438	0.18	239,196	0.09	1,870,646	0.94	1,097,837	0.28	615,881	0.27
Individuals	17,884,178	7.83	165,874,917	38.30	439,527	0.16	15,243,264	7.67	139,348,074	35.96	463,927	0.20
Insurance	21,896	0.01	1,767,497	0.41	–	–	–	–	634,141	0.16	–	–
Financial institutions / Investment companies	1,026,667	0.45	6,291	0.00	48,343,439	17.45	479,999	0.24	5,853	0.00	56,233,823	24.54
Leasing	615,000	0.27	13,657	0.00	–	–	375,000	0.19	4,671	0.00	–	–
Leather products and Shoes	1,603,964	0.70	757,571	0.17	1,015,003	0.37	1,827,909	0.92	1,012,054	0.26	99,333	0.04
Modarabas	–	–	12	0.00	518,346	0.19	–	–	12	0.00	–	–
Paper and Board	291,017	0.13	132,290	0.03	339,570	0.12	347,798	0.18	233,683	0.06	136,047	0.06
Plastic products	415,137	0.18	206,032	0.05	290,702	0.10	426,188	0.21	157,635	0.04	356,902	0.16
Ready- Made garments	1,037,571	0.45	359,715	0.08	257,765	0.09	1,314,096	0.66	639,791	0.17	126,011	0.05
Real Estate / Construction	4,002,861	1.75	15,413,359	3.56	45,643,775	16.47	2,481,223	1.25	17,742,599	4.58	15,517,935	6.77
Rice processing and Trading	5,404,329	2.37	929,808	0.21	201,688	0.07	4,023,219	2.03	904,125	0.23	1,459,934	0.64
Rubber Products	205,968	0.09	219,664	0.05	69,058	0.02	418,772	0.21	142,662	0.04	184,644	0.08
Services												
(Other than Financial, Hotelling and Travelling)	2,945,291	1.29	6,526,484	1.51	687,539	0.25	2,382,610	1.20	6,156,434	1.59	554,554	0.24
Sports goods	299,794	0.13	112,572	0.03	160,232	0.06	434,099	0.22	123,011	0.03	156,523	0.07
Sugar	5,756,270	2.52	69,869	0.02	1,777	0.00	3,422,727	1.72	83,216	0.02	47,365	0.02
Surgical equipment / Metal products	7,658,364	3.35	2,109,448	0.49	820,337	0.30	8,283,419	4.17	2,290,876	0.59	440,084	0.19
Synthetic and Rayon	1,275,791	0.56	92,524	0.02	248,338	0.09	1,390,170	0.70	111,441	0.03	76,671	0.03
Textile	31,374,438	13.74	4,239,102	0.98	8,379,726	3.02	25,463,728	12.81	4,427,090	1.14	5,385,097	2.35
Tobacco / Cigarette manufacturing	4,462	0.00	–	–	–	–	4,462	0.00	5	0.00	–	–
Transport and communication	3,804,627	1.67	3,895,240	0.90	4,460,220	1.61	6,614,748	3.33	4,722,241	1.22	3,631,892	1.59
Travel Agencies	106,492	0.05	149,849	0.03	393,396	0.14	3,230	0.00	260,615	0.07	410,418	0.18
Woolen	371,502	0.16	558,325	0.13	4,050	0.00	168,941	0.09	630,879	0.16	109,068	0.05
Public sector / Government	72,753,491	31.84	165,798,351	38.28	106,367,818	38.39	64,278,386	32.32	154,034,596	39.75	58,478,775	25.52
Others	19,581,407	8.58	43,379,848	10.03	11,398,118	4.11	18,886,792	9.49	34,014,723	8.76	52,679,673	22.99
	228,418,735	100.00	433,130,465	100.00	277,050,055	100.00	198,851,228	100.00	387,534,873	100.00	229,126,433	100.00

42.1.1.2 SEGMENT BY SECTOR

	2015						2014					
	Advances		Deposits		Contingencies and Commitments		Advances		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public sector / Government	72,753,491	31.84	165,798,351	38.28	106,367,818	38.39	64,278,386	32.32	154,034,596	39.75	58,478,775	25.52
Private	155,665,244	68.16	267,332,114	61.72	170,682,237	61.61	134,572,842	67.68	233,500,277	60.25	170,647,658	74.48
	228,418,735	100.00	433,130,465	100.00	277,050,055	100.00	198,851,228	100.00	387,534,873	100.00	229,126,433	100.00

42.1.1.3 DETAILS OF NON-PERFORMING ADVANCES AND SPECIFIC PROVISIONS BY CLASS OF BUSINESS SEGMENT

Rupees in '000	2015		2014	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
Agriculture finances	1,462,084	1,034,574	1,281,900	763,923
Automobiles and Allied	419,424	346,368	461,508	346,178
Cables / Electronics	1,100,964	1,095,936	1,103,277	1,095,778
Chemicals / Pharmaceuticals	218,670	209,284	218,357	161,267
Food and Allied	347,277	285,141	351,777	264,838
Fuel / Energy	3,007,063	2,999,853	3,341,152	3,331,299
Glass manufacturing	1,110,342	1,110,342	1,110,342	1,110,342
Individuals	2,863,940	2,625,318	3,113,787	2,781,609
Leather products and Shoes	81,554	34,227	91,172	30,128
Paper industries	88,976	88,136	103,007	101,747
Real estate / Construction	1,295,815	1,151,734	1,713,208	1,336,769
Services (Other than Financial, Hotelling and Travelling)	260,413	183,962	483,513	265,004
Sports goods	261,563	261,563	289,378	263,117
Textile	12,654,132	11,783,120	12,448,380	11,583,518
Transport and Communication	609,935	374,379	303,094	303,094
Others	5,701,565	4,465,036	4,961,877	4,062,639
	31,483,717	28,048,973	31,375,729	27,801,250

42.1.1.4 DETAILS OF NON-PERFORMING ADVANCES AND SPECIFIC PROVISIONS BY SECTOR

Private	31,483,717	28,048,973	31,375,729	27,801,250
	31,483,717	28,048,973	31,375,729	27,801,250

42.1.1.5 GEOGRAPHICAL SEGMENT ANALYSIS

Rupees in '000	Note	2015			
		Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
Pakistan	42.1.1.5.1	7,880,373	526,520,778	26,659,610	277,029,500
Asia Pacific (including South Asia)		—	—	—	—
Europe		—	—	—	—
United States of America and Canada		—	—	—	—
Middle East	42.1.1.5.1	456,719	9,667,962	414,180	20,555
Others		—	—	—	—
		8,337,092	536,188,740	27,073,790	277,050,055

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Rupees in '000	Note	2014			
		Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
Pakistan	42.1.1.5.1	5,532,847	439,693,030	23,755,143	229,126,433
Asia Pacific (including South Asia)		–	–	–	–
Europe		–	–	–	–
United States of America and Canada		–	–	–	–
Middle East	42.1.1.5.1	336,244	7,918,671	270,972	–
Others		–	–	–	–
		5,869,091	447,611,701	24,026,115	229,126,433

42.1.1.5.1 These do not include intra group items of Rs. 9,081,656 thousand (2014: Rs. 7,512,609 thousand) eliminated upon consolidation of wholesale bank branch.

42.1.1.5.2 Contingencies and commitments include amounts given in note 21 except bills for collection.

Following is the list of main types of collateral taken by the Group.

- Government and trustee securities
- Defence saving certificates
- Fixed deposits (TDR)
- Lien on deposits
- Cash margin
- Shares listed on main index
- Shares listed on non main index
- Government guarantees

42.2 MARKET RISK:

Market risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and credit spreads resulting in a loss to earnings and capital.

The Group's Risk Management Process seeks to identify, measure, monitor, and control market risks in order to shield against adverse movements in market factors and to attain an efficient risk/return profile of its open positions. The Risk Management Division has developed and implemented market risk policy and risk measurement /monitoring methodology for review and reporting of market risk. The Group makes use of the globally established Value-at-Risk (VaR) methodology to measure traded market risk.

In addition, sensitivity analysis is carried out to gauge the impact of extreme market movements on traded exposures. Meanwhile, stress testing is used to analyze the impact of both the abnormal market movements across different markets as well as to assess non-traded market risk, in particular interest rate risk in the banking book. The performance of the Group's traded portfolios is evaluated through the use of risk / return analysis. Risk is kept under check through the revaluation of all traded market risk exposed positions on a daily basis, and controlled by ensuring that these positions do not breach regulatory limits and the Group's own internally-established risk tolerance limits.

42.2.1 MARKET RISK - GENERAL DISCLOSURES BASEL III SPECIFIC

Basel III Standardized Approach is used for calculating the Capital Adequacy for Market Risk.

42.2.2 FOREIGN EXCHANGE RISK

Foreign exchange risk, or the risk that the Group's earnings and / or capital can fluctuate due to changes in foreign exchange rates, arises out from the Group's foreign exchange exposure which consists of foreign currency cash in hand, nostro / vostro accounts, forward contracts, forward bookings with exporters, foreign bills purchased, foreign currency placements with SBP and the Group's Wholesale Group Branch, foreign currency lendings / deposits and capital investments in offshore operations. The Group's treasury manages consolidated foreign exchange exposure by matching foreign currency assets and liabilities in spot and forward. The foreign exchange exposure and nostro balances are maintained within regulatory limits and VaR is calculated for consolidated foreign exchange exposure on a daily basis. The impact of a change in USD / PKR parity on the net open position is also determined through daily sensitivity analysis.

2015				
(Rupees in '000)	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
Pakistan Rupees	506,053,826	470,875,812	(8,546,479)	26,631,535
U.S. Dollars	28,431,154	33,086,350	4,755,485	100,289
Pound Sterling	724,703	3,723,758	2,969,967	(29,088)
Japanese Yen	8,499	34	(7,769)	696
Euro	483,010	1,418,054	845,658	(89,386)
Other European Currencies	185,411	–	(1,561)	183,850
Other Currencies	302,137	10,942	(15,301)	275,894
	536,188,740	509,114,950	–	27,073,790

2014				
(Rupees in '000)	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
Pakistan Rupees	418,588,001	388,296,345	(9,134,112)	21,157,544
U.S. Dollars	27,283,225	30,214,510	5,510,524	1,171,395
Pound Sterling	451,812	3,564,348	2,483,477	(2,399)
Japanese Yen	3,473	38	–	3,435
Euro	758,707	1,503,263	1,159,428	310,765
Other European Currencies	93,121	–	11,751	93,121
Other Currencies	433,362	7,230	(31,068)	426,132
	447,611,701	423,585,734	–	23,159,993

42.2.3 EQUITY POSITION RISK

Equity position risk is the risk that the value of equity positions inside the trading book and banking book will change as a result of general and specific equity market movements. The Group bifurcates its direct investment in equity into held for trading, available for sale, and strategic portfolios. Held for trading equity exposures are of a short term nature and are undertaken to earn profit by exploiting market imperfections and short term price fluctuations. Equities held in the available for sale portfolio are with the intent to earn profit from fundamentals. Strategic investments are undertaken in line with the long-term strategy of the Group, i.e. to build strategic interest in other concerns. The Group also carries indirect equity exposure through financing against shares and reverse repos against shares.

All equity positions in the trading book are subject to exposure limits established by the Group in conformity with the general limits prescribed by the SBP. These limits include intraday limits, stop-loss limits, exposure limits, portfolio limits, and sectoral limits. The Group carries out revaluation and calculates VaR on a daily basis for equity exposures in the trading book.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

42.2.4 YIELD / INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)-BASEL III SPECIFIC

The Group's interest rate exposure arises out from its investment, lending, and borrowing activities. Interest rate risk in the banking book in its various forms is the risk of adverse changes in earnings and/or capital due to (i) timing differences or mismatches in the maturity/repricing period of financial assets and liabilities (repricing risk), (ii) differences in the basis used for calculating interest rates received and paid (basis risk), (iii) and options implicit or explicit in the Group's financial assets and liabilities (options risk). The Asset and Liability Management Committee of the Group monitors and controls mismatch of interest rate sensitive assets and liabilities on an ongoing basis through its regular meetings. Market risk and Middle Office calculate price sensitivity measures such as duration, convexity and probabilistic loss measures such as VaR for the Group's debt investments to assess the impact of interest rate changes on value of the portfolio. Interest rate risk stress tests are carried out quarterly to assess the impact of a parallel shift in the yield curve on the Group's capital using rate sensitive positions for on and off-balance sheet items.

42.2.5 MISMATCH OF INTEREST RATE SENSITIVE ASSETS AND LIABILITIES

Yield / interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date.

Rupees in '000	2015												
	Effective Yield / Interest rate	Total	Exposed to yield / interest risk								Non-interest bearing financial instruments		
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years		Above 10 Years	
Assets													
Cash and balances with treasury banks		29,685,228	5,660,220	-	-	-	-	-	-	-	-	-	24,025,008
Balances with other banks	5.37%	8,358,930	6,887,182	-	-	-	-	-	-	-	-	-	1,471,748
Lendings to financial institutions	7.00%	812,898	-	289,193	523,705	-	-	-	-	-	-	-	-
Investments	8.46%	268,048,928	22,206,560	51,175,658	25,675,181	49,221,233	14,454,740	30,106,538	41,459,980	28,836,421	-	-	4,912,617
Advances	7.52%	199,936,549	67,688,615	102,482,482	16,795,923	6,779,314	923,391	403,315	772,510	1,142,507	2,948,492	-	-
Assets held for sale		-	-	-	-	-	-	-	-	-	-	-	-
Other assets		11,547,165	-	-	-	-	-	-	-	-	-	-	11,547,165
		518,389,698	102,442,577	153,947,333	42,994,809	56,000,547	15,378,131	30,509,853	42,232,490	29,978,928	2,948,492	-	41,966,538
Liabilities													
Bills payable		6,094,885	-	-	-	-	-	-	-	-	-	-	6,094,885
Borrowings	6.15%	57,323,250	54,045,475	263,444	2,983,305	-	10,342	10,342	10,342	-	-	-	-
Deposits and other accounts	4.64%	433,130,465	132,886,683	85,479,342	79,851,999	21,731,608	3,394,102	293,913	182,350	1,400	-	-	109,309,068
Sub-ordinated loans	10.15%	4,996,800	-	3,998,400	998,400	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities		6,332,492	-	-	-	-	-	-	-	-	-	-	6,332,492
		507,877,892	186,932,158	89,741,186	83,833,704	21,731,608	3,404,444	304,255	192,692	1,400	-	-	121,736,445
On-balance sheet gap		10,511,806	(84,489,581)	64,206,147	(40,838,895)	34,268,939	11,973,687	30,205,598	42,039,798	29,977,528	2,948,492	-	(79,779,907)
Off-balance sheet financial instruments													
Purchase and resale agreements	6.45%	292,361	292,361	-	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements	6.17%	46,551,819	46,551,819	-	-	-	-	-	-	-	-	-	-
Commitments to extend credits		8,789,588	8,789,588	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		(55,049,046)	(55,049,046)	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(139,538,627)	64,206,147	(40,838,895)	34,268,939	11,973,687	30,205,598	42,039,798	29,977,528	2,948,492	-	(79,779,907)
Cumulative yield / interest risk sensitivity gap				(75,332,480)	(116,171,375)	(81,902,436)	(69,928,749)	(39,723,151)	2,316,647	32,294,175	35,242,667	-	-

MISMATCH OF INTEREST RATE SENSITIVE ASSETS AND LIABILITIES

Rupees in '000	Effective Yield / Interest rate	2014										Non-interest bearing financial instruments	
		Total	Exposed to yield / interest risk										
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
Assets													
Cash and balances with treasury banks	0.00%	19,130,113	5,264,327	-	-	-	-	-	-	-	-	-	13,865,786
Balances with other banks	6.05%	7,121,128	6,222,869	-	-	-	-	-	-	-	-	-	898,259
Lendings to financial institutions	8.95%	3,427,753	2,000,000	-	1,427,753	-	-	-	-	-	-	-	-
Investments	9.79%	217,213,560	14,776,455	27,836,711	47,503,832	32,651,261	43,297,230	15,212,122	16,907,770	13,879,179	-	-	5,149,000
Advances	9.14%	170,682,163	55,496,389	90,012,601	15,201,770	4,713,886	946,435	334,045	628,187	932,305	2,416,545	-	-
Assets held for sale		201,582	-	-	-	-	-	-	-	-	-	-	201,582
Other assets		10,970,143	-	-	-	-	-	-	-	-	-	-	10,970,143
		428,746,442	83,760,040	117,849,312	64,133,355	37,365,147	44,243,665	15,546,167	17,535,957	14,811,484	2,416,545	-	31,084,770
Liabilities													
Bills payable		6,855,020	-	-	-	-	-	-	-	-	-	-	6,855,020
Borrowings	9.09%	13,742,030	10,587,264	2,164,473	964,379	5,710	5,054	5,054	5,054	5,042	-	-	-
Deposits and other accounts	5.90%	387,534,873	117,153,982	74,968,616	74,753,865	22,344,023	5,663,154	163,213	231,882	8,044	-	-	92,248,094
Sub-ordinated loans	12.05%	7,992,800	-	4,000,000	3,992,800	-	-	-	-	-	-	-	-
Other liabilities		6,099,856	-	-	-	-	-	-	-	-	-	-	6,099,856
		422,224,579	127,741,246	81,133,089	79,711,044	22,349,733	5,668,208	168,267	236,936	13,086	-	-	105,202,970
On-balance sheet gap		6,521,863	(43,981,206)	36,716,223	(15,577,689)	15,015,414	38,575,457	15,377,900	17,299,021	14,798,398	2,416,545	-	(74,118,200)
Off-balance sheet financial instruments													
Purchase and resale agreements	9.50%	2,020,072	2,020,072	-	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements	9.00%	2,851,757	2,851,757	-	-	-	-	-	-	-	-	-	-
Commitments to extend credits		11,788,818	11,788,818	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		(12,620,503)	(12,620,503)	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(56,601,709)	36,716,223	(15,577,689)	15,015,414	38,575,457	15,377,900	17,299,021	14,798,398	2,416,545	-	(74,118,200)
Cumulative yield / interest risk sensitivity gap				(19,885,486)	(35,463,175)	(20,447,761)	18,127,696	33,505,596	50,804,617	65,603,015	68,019,560	-	-

42.2.5.1 Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

42.2.5.2 Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.

42.2.5.3 Assets do not include operating fixed assets of Rs. 9,278,150 (2014: Rs. 8,350,849) thousand and other assets consisting of advances, prepaid rent and other prepayments, advance taxation, non-banking assets acquired in satisfaction of claims, unrealized gain on forward foreign exchange contracts-net, suspense account and stationary and stamps in hand of Rs. 8,520,892 (2014: 9,616,664) thousand.

42.2.5.4 Liabilities do not include other liabilities consisting of unearned income / commission, advance payments, branch adjustment account, unrealized loss on forward foreign exchange contracts-net, withholding taxes payable, federal excise duty and worker's welfare fund of Rs. 1,165,468 (2014: Rs. 1,361,007) thousand.

42.3 LIQUIDITY RISK

Liquidity risk reflects an enterprises inability in raising funds to meet commitments. The Group's liquidity position is managed by the Asset and Liability Management Committee (ALCO). ALCO monitors the maintenance of financial position liquidity ratios, depositors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits and liquidity contingency plans. Moreover, core retail deposits (current accounts and saving accounts) form a considerable part of the Group's overall funding and significant importance is attached to the stability and growth of these deposits.

42.3.1.1 In compliance with the BSD circular letter No. 03 of 2011 dated February 22, 2011, all assets and liabilities with contractual maturities have been reported as per their remaining maturities, and where contractual maturities are not available, such assets and liabilities have been reported as per their expected maturities, determined on the basis of behaviour study of three years' historic data under volatility methodology. These basis have also been approved by the Asset and Liability Management Committee (ALCO) of the Group.

42.4 OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. The Group strives to manage operational risk within acceptable levels through sound operational risk management practices. Board Risk Management Committee defines the operational risk appetite and tolerance limits.

Operational risk governance structure adopted by Group is embedded within three lines of defense: Strategic, Macro and Micro. Group has recently updated its Operational Risk Management framework to align it with global / local best market practices. Moreover, the Group has also formulated Operational Risk Management Committee (ORMC) which serves as a management level committee to oversee, supervise and direct operational risk framework across the Group. Further, the committee is responsible for strengthening internal control environment through implementation of policies and procedure, enhancement in tools and reporting structures.

To ensure effectiveness, business continuity plan (BCP) and business continuity management (BCM) is adopted throughout the organization in a proactive manner by making use of requisite tools and strategies.

42.4.1 OPERATIONAL RISK DISCLOSURES BASEL III

Basel III Basic Indicator Approach is used for calculating the Capital Adequacy for Operational Risk.

43. RECLASSIFICATION OF COMPARATIVE FIGURES

There have been no significant reclassifications in these consolidated financial statements except amounts of Rs. 117,242 thousand and Rs. 180,840 thousand which were reclassified in 2014 from income from dealing in foreign currencies to administrative expenses and advances, deposits, advance rent and other prepayments to advances respectively.

44. GENERAL

44.1 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

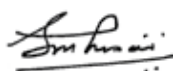
The Board of Directors in its meeting held on February 15, 2016 has proposed the following appropriations, which will be approved in the forthcoming Annual General Meeting. The consolidated financial statements for the year ended December 31, 2015 do not include the effect of the appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2016 as follows:

Rupees in '000	2015	2014
Transfer from unappropriated profit to:		
General reserve	1,187,989	1,862,233
Transfer from general reserve:		
Payment of final cash dividend of Rs. 1.25 per share (2014: Re. 1.00 per share)	1,575,325	1,260,260

44.2 Captions as prescribed by BSD Circular No. 4 dated February 17, 2006 issued by the SBP in respect of which there are no amounts have not been reproduced in these consolidated financial statements except for the consolidated statement of financial position and consolidated profit and loss account.

45. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on February 15, 2016 by the Board of Directors of the Group.



Syed M. Husaini
President & Chief Executive



Nadeem Inayat
Director



Asif Reza Sana
Director



Lt Gen (R) Khalid Nawaz Khan
Chairman

PATTERN OF SHAREHOLDING AS AT DECEMBER 31, 2015

Number of shareholders	Shareholding		Total shares held
	From	To	
2,036	1	100	81,150
3,124	101	500	901,042
2,277	501	1,000	1,760,310
4,968	1,001	5,000	12,720,502
2,176	5,001	10,000	16,105,405
1,038	10,001	15,000	13,067,547
929	15,001	50,000	24,442,064
440	50,001	525,000	62,184,535
28	545,001	1,000,000	21,474,617
37	1,030,001	19,150,000	152,135,868
2	22,925,001	27,585,000	50,506,754
1	90,425,001	90,430,000	90,429,653
1	271,880,001	271,885,000	271,884,009
1	542,565,001	542,570,000	542,566,724
17,058			1,260,260,180

Categories of shareholders

Particulars	Number of shareholders	Shares held	Percent
Directors, CEO, Children - Note 1	7	225,567	0.0179
Associated Companies	5	906,281,917	71.9123
NIT/ICP	8	27,598,899	2.1899
Banks, DFI & NBFI	36	26,331,468	2.0894
Insurance companies	12	24,361,802	1.9331
Modaraba and Mutual Funds	22	7,712,966	0.6120
General Public (Local)	16,578	174,986,019	13.8849
General Public (Foreign)	193	4,668,466	0.3704
Others	182	63,207,594	5.0154
Foreign investors (Foreign Companies)	15	24,885,482	1.9746
TOTAL	17,058	1,260,260,180	100.00

Held by

Particulars	Number of shareholders	Shares held	Percentage
ASSOCIATED COMPANIES	5	906,281,917	71.9124
FAUJI FOUNDATION CONSORTIUM			
Fauji Foundation	2	90,629,884	7.1914
Fauji Fertilizer Company Limited	2	543,768,024	43.1473
Fauji Fertilizer Bin Qasim Limited	1	271,884,009	21.5737
NIT / ICP			
National Investment (Unit) Trust	4	27,589,328	2.1892
Investment Corporation of Pakistan	4	9,571	0.0008
	8	27,598,899	2.1900
NOTE 1 - BOARD OF DIRECTORS SHAREHOLDING			
Lt Gen Muhammad Haroon Aslam, HI (M) (Retd)	1	500	0.0000
Mr. Qaiser Javed	1	500	0.0000
Dr. Nadeem Inayat	1	500	0.0000
Mr. Asif Reza Sana	1	500	0.0000
Mr. Zaffar Ahmad Khan	1	200,000	0.0159
Mr. Tariq Hafeez Malik	1	500	0.0000
Mr. Muhammad Ghous	1	23,067	0.0018
Shareholding Board of Directors	7	225,567	0.01770
EXECUTIVES OF THE BANK	24	401,674	0.0319
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS (EXCLUDING NIT & ICP)	70	58,406,236	4.6345
GENERAL PUBLIC (LOCAL) - INDIVIDUALS	16554	174,584,345	13.85304
GENERAL PUBLIC (FOREIGN) - INDIVIDUALS	193	4,668,466	0.37044
FOREIGN COMPANIES	15	24,885,482	1.97463
OTHERS	182	63,207,594	5.01544
	16,944	267,345,887	21.2135
TOTAL	17,058	1,260,260,180	100.00

NOTE 1: Board of Directors include 7 directors holding 225,567 shares, 3 directors are sponsor / nominee directors of Fauji Consortium and 4 other directors are independent directors.

NOTE 2: Mr. Zaffar Ahmad Khan, an Independent Director purchased 100,000 shares. Except this, there have been no trades in the shares of the Bank, carried out by its Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouses and minor children.

CORRESPONDENT NETWORK

<p>1. Algeria</p> <p>Banque de l' Agriculture et du Development Rural</p>	<p>14. Chile</p> <p>Banco Bilbao Vizcaya Argentaria Chile Banco Security</p>	<p>23. Finland</p> <p>Nordea Bank Finland plc Danske Bank Plc, Finland Pohjola Bank plc</p>
<p>2. Argentina</p> <p>Banco Credicoop Cooperativo Ltda Banco Macro SA Banco Patagonia SA</p>	<p>15. China</p> <p>Agricultural Bank of China Bank of Beijing Co. Ltd Bank of Changsha Bank of China Ltd Bank of Communications Co Ltd Bank of Jiangsu Co Ltd Bank of Nanjing Bank of Qingdao Co Ltd China Citic Banking Corporation China Construction Bank Corporation China Everbright Bank China Guangfa Bank Co Ltd China Merchants Bank Co Ltd China Minsheng Banking Corporation Ltd China Zhesang Bank Co Ltd Citibank (China) Co Ltd Deutsche Bank (China) Co Ltd Evergrowing Bank Co Ltd Export Import Bank of China (EXIM Bank) Hua Xia Bank Co Ltd Huishang Bank Corporation Ltd Industrial Bank Co Ltd Industrial and Commercial Bank of China Ltd Jiangsu Jianyin Rural Commercial Bank Co Ltd Jiangsu Zijin Rural Commercial Bank Co Ltd Mizuho Bank (China) Ltd Ningbo Cixi Rural Cooperative Bank Co Ltd Royal Bank of Scotland (China) Co Ltd Shinhan Bank (China) Ltd Shengjing Bank Co Ltd Standard Chartered Bank (China) Ltd Sumitomo Mitsui Banking Corporation (China) Limited The Agricultural Development of China The Bank of Tokyo Mitsubishi UFJ (China) Xiamen Commercial Co Ltd Yinzhou Bank</p>	<p>24. France</p> <p>Banque Fédérative du Crédit Mutuel Banque Palatine BNP Paribas SA Crédit Lyonnais Crédit Agricole SA Crédit Agricole CIB Crédit Du Nord Crédit Industriel et Commercial Crédit Mutuel Arkéa Societe Generale Union de Banques et de Francaises (UBAF)</p>
<p>3. Australia</p> <p>Citigroup Pty Limited Commonwealth Bank of Australia National Australia Bank Ltd WestPac Banking Corporation</p>	<p>16. Côte d'Ivoire</p> <p>Citibank Côte d'Ivoire SA</p>	<p>25. Germany</p> <p>Bayerische Landesbank BHF-BANK Aktiengesellschaft Commerzbank A.G Deutsche Bank AG Deutsche Bank Privat-und Geschäftskunden Aktiengesellschaft DZ Bank AG Deutsche Zentral-Genosschaftsbank HSH Nordbank AG Kreissparkasse Birkenfeld Kreissparkasse Esslingen-Nuertingen Kreissparkasse Heilbronn Kreissparkasse Köln Kreissparkasse Steinfurt Landesbank Baden-Württemberg Landesbank Hessen-Thüringen Girozentrale Norddeutsche Landesbank Girozentrale SEB AG Sparkasse Aachen Sparkasse Kraichgau Bruchsal-Bretten-Sinsheim Sparkasse Neuss-Zweckverbandssparkasse des Rhein-Kreises Neuss, der Stadt Neuss, Stadt Korschenbroich und der Stadt Kaarst Sparkasse Osnabrück Stadtsparkasse Düsseldorf Unicredit Bank AG WGZ-Bank AG Westdeutsche Genossenschafts</p>
<p>4. Austria</p> <p>Erste Group Bank AG Oberbank AG Raiffeisen Bank International AG Raiffeisenlandesbank Oberösterreich Aktiengesellschaft Raiffeisen-Landesbank Steiermark AG Salzburger Sparkasse Bank AG UniCredit Bank Austria AG Vorarlberger Landes-und Hypothekenbank Aktiengesellschaft</p>	<p>17. Croatia</p> <p>Privredna banka Zagreb dd Societe Generale-Splitska banka dd Zagrebacka Banka dd</p>	<p>26. Greece</p> <p>Alpha Bank AE Piraeus Bank SA</p>
<p>5. Azerbaijan</p> <p>The International Bank of Azerbaijan Republic</p>	<p>18. Cyprus</p> <p>Bank of Cyprus Public Company Limited Hellenic Bank Public Company Ltd.</p>	<p>27. Hong Kong</p> <p>CTBC Bank Co Ltd HBZ Finance Limited Habib Finance International Limited Standard Chartered Bank (Hong Kong) Limited UBAF (Hong Kong) Ltd</p>
<p>6. Bahrain</p> <p>Al Baraka Islamic Bank BSC BMI Bank BSC ©</p>	<p>19. Czech Republic</p> <p>Ceska Sporitelna as Ceskoslovenska Obchodni Banka as Raiffeisenbank as UniCredit Bank Czeck Republic and Slovakia A.S</p>	<p>28. Hungary</p> <p>Bank of China (Hungária) Hitelintézet Zrt Budapest Hitel-és Fejlesztési Bank Zrt CIB Bank Zrt Commerzbank Zrt Erste Bank Hungary Zrt OTP Bank Nyrt Raiffeisen Bank Zrt UniCredit Bank Hungary Zrt</p>
<p>7. Bangladesh</p> <p>City Bank Ltd Export Import Bank of Bangladesh Prime Bank Ltd Rupali Bank Ltd Southeast Bank Ltd</p>	<p>20. Denmark</p> <p>Danske Andelskassers Bank A/S Danske Bank A/S Jyske Bank A/S Nordea Bank Denmark A/S</p>	<p>29. India</p> <p>HDFC Bank ICICI Bank Ltd Karur Vysya Bank Ltd., The Punjab National Bank Tamilnad Mercantile Bank Limited</p>
<p>8. Belgium</p> <p>Belfius Bank SA/NV Beobank NV/SA BNP Paribas Fortis NV/S.A Byblos Bank Europe SA CBC Banque SA KBC Bank NV</p>	<p>21. Egypt</p> <p>Ahli United Bank Egypt Ltd Arab International Bank Bank of Alexandria The United Bank</p>	<p>30. Indonesia</p> <p>PT Bank CIMB Niaga TBK PT Bank CTBC Indonesia PT Bank Danamon Indonesia, TBK PT Bank Mandiri (Persero) Tbk PT Bank Negara Indonesia (Persero) Tbk (BNI) PT Bank SBI</p>
<p>9. Brazil</p> <p>Banco Citibank SA Banco Do Brasil S.A. Banco do Estado do Rio Grande do Sul SA Banco Industrial e Comercial SA Deutsche Bank SA Banco Alemão</p>	<p>22. Ethiopia</p> <p>Dashen Bank Debut Global Bank S.C</p>	
<p>10. Brunei Darussalam</p> <p>Bank Islam Brunei Darussalam Berhad</p>		
<p>11. Bulgaria</p> <p>UniCredit Bulbank AD</p>		
<p>12. Cameroon</p> <p>Citybank Cameroon</p>		
<p>13. Canada</p> <p>Canadian Imperial Bank of Commerce Habib Candaïn Bank Korea Exchange Bank of Canada La Caisse centrale Desjardins du Quebec National Bank of Canada Royal Bank of Canada Toronto-Dominion Bank</p>		

CORRESPONDENT NETWORK

<p>31. Iraq</p> <hr/> <p>Trade Bank of Iraq</p>	<p>Korea Exchange Bank National Federation of Fisheries Cooperatives Nonghyup Bank Shinhan Bank Standard Chartered Bank Korea Limited The Export-Import Bank of Korea Woori Bank</p>	<p>55. Oman</p> <hr/> <p>Bank Muscat SAOG Bank Dhofar (S.A.O.G.) National Bank of Oman S.A.O.G.</p>
<p>32. Ireland</p> <hr/> <p>Bank of Ireland</p>	<p>39. Kuwait</p> <hr/> <p>Al-Ahli Bank of Kuwait KSC Burgan Bank Commercial Bank of Kuwait Gulf Bank KSC National Bank of Kuwait</p>	<p>56. Pakistan</p> <hr/> <p>AI – Baraka Bank (Pakistan) Limited Allied Bank of Pakistan Bank Al-Habib Limited Bank Alfalah Limited Bank Islami (Pakistan) Limited The Bank of Khyber The Bank of Punjab Burj Bank Ltd Dubai Islamic Bank Pakistan Ltd Faysal Bank Limited First Women Bank Ltd Habib Bank Ltd. Habib Metropolitan Bank Limited JS Bank Limited MCB Bank Ltd. Meezan Bank Limited National Bank of Pakistan NIB Bank Limited SAMBA Bank Ltd Silk Bank Pakistan Soneri Bank Limited Standard Chartered Bank (Pakistan) Ltd SUMMIT Bank Limited United Bank Limited</p>
<p>33. Italy</p> <hr/> <p>Banca del Piemonte SpA Banca Dell'Adriatico SpA Banca delle Marche SpA Banca Etruria Soc Coop Banca Monte Dei Paschi Di Siena SPA. Intesa Sanpaolo SPA. Banca Nuoa SPA Banca Popolare dell'Emilia Romagna Società Cooperativa Banca Popolare di Sondrio Società Cooperativa per Azioni Banca Popolare di Vicenza Società Cooperativa Per Azioni Banca Popolare FriulAdria SpA Banca UBAE SpA Banca Versilia Lunigiana e Garfagnana Credito Cooperativo Società Cooperativa Banco di Desio e della Brianza SpA Banco di Napoli SpA Banco Popolare Società Cooperativa BIVERBANCA - Cassa di Risparmio di Biella e Vercelli SpA Cassa Centrale Banca Credito Cooperativo del Nord Est SpA Cassa dei Risparmi di Forlì e della Romagna SpA Cassa di Risparmio del Veneto SpA Cassa di Risparmio di Ferrara SpA Cassa di Risparmio di Parma e Piacenza SpA Cassa di Risparmio di Rieti SpA Cassa di Risparmio in Bologna SpA Casse di Risparmio dell'Umbria SpA Credito Emiliano SpA Credito Valtellinese Società Cooperativa ICCREA Banca - Istituto Centrale del Credito Cooperativo UniCredit SPA Unione di Banche Italiane ScpA Veneto Banca Scpa</p>	<p>40. Latvia</p> <hr/> <p>Nordea Bank AB (publ)</p>	<p>57. Poland</p> <hr/> <p>Bank BPH SA Bank Handlowy Warszawa SA Bank Polska Kasa Opieki SA Bank Zachodni WBK SA Deutsche Bank Polska SA mBank SA Powszechna Kasa Oszczednosci Bank Polski Spolka Akcyjna</p>
<p>34. Japan</p> <hr/> <p>Bank of Tokyo - Mitsubishi UFJ Ltd (The) Citibank Japan Ltd Mizuho Bank Ltd Resona Bank Limited Saitama Resona Bank Ltd Sumitomo Mitsui Banking Corp. Tama Shinkin Bank</p>	<p>41. Lebanon</p> <hr/> <p>Byblos Bank SAL Fransabank SAL</p>	<p>58. Portugal</p> <hr/> <p>Banco BPI S.A Banco Comercial Português SA Caixa Central de Credito Agricola Mutuo Caixa Económica Montepio Geral</p>
<p>35. Jordan</p> <hr/> <p>The Housing Bank for Trade & Finance</p>	<p>42. Lithuania</p> <hr/> <p>AB SEB bankas</p>	<p>59. Qatar</p> <hr/> <p>Doha Bank Ltd. International Bank of Qatar Qatar National Bank</p>
<p>36. Kazakhstan</p> <hr/> <p>Alliance Bank Joint Stock Company Citibank Kazakhstan JSC</p>	<p>43. Luxemburg</p> <hr/> <p>BGL BNP Paribas Danske Bank International SA</p>	<p>60. Romania</p> <hr/> <p>Banca Comerciala Romana SA UniCredit Tiriac Bank SA</p>
<p>37. Kenya</p> <hr/> <p>Dubai Bank Kenya Ltd Kenya Commercial Bank Middle East Bank Kenya Ltd CFC Stanbic Bank Kenya Ltd Standard Chartered Bank Kenya Ltd</p>	<p>44. Malaysia</p> <hr/> <p>Bank of America Malaysia Berhad Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad CIMB Bank Berhad Citibank Berhad Malayan Banking Berhad Public Bank Berhad RHB Bank Berhad Standard Chartered Bank Malaysia Bhd Hong Leong Bank Berhad</p>	<p>61. Russia</p> <hr/> <p>Bank of Moscow Credit Bank of Moscow Promsvyazbank Public Joint-Stock Company Zao Citibank</p>
<p>38. Korea (South)</p> <hr/> <p>Busan Bank SA Citibank Korea Inc Daegu Bank Ltd Hana Bank Industrial Bank of Korea KB Kookmin Bank Korea Development Bank</p>	<p>45. Maldives</p> <hr/> <p>Bank of Maldives</p>	<p>62. Saudi Arabia</p> <hr/> <p>Al Inma Bank Arab National Bank Al-Rajhi Banking and Investment Corporation Banque Saudi Fransi Bank Al-Jazira National Commercial Bank Ltd. (The) Riyad Bank Samba Financial Group Saudi Hollandi Bank</p>
<p>39. Kuwait</p> <hr/> <p>Al-Ahli Bank of Kuwait KSC Burgan Bank Commercial Bank of Kuwait Gulf Bank KSC National Bank of Kuwait</p>	<p>46. Malta</p> <hr/> <p>FIM Bank IIG BANK (MALTA) LTD</p>	<p>63. Serbia</p> <hr/> <p>Erste Bank ad Novi Sad UniCredit Bank Serbia ad Beograd</p>
<p>40. Latvia</p> <hr/> <p>Nordea Bank AB (publ)</p>	<p>47. Mauritius</p> <hr/> <p>Mauritius Post and Cooperative Bank The Mauritius Commercial Bank Ltd</p>	<p>64. Singapore</p> <hr/> <p>Bank of America Singapore Ltd DBS Bank Limited Standard Chartered Bank (Singapore) Limited</p>
<p>41. Lebanon</p> <hr/> <p>Byblos Bank SAL Fransabank SAL</p>	<p>48. Mexico</p> <hr/> <p>Banco del Bajío SA Banco Santander (Mexico) S.A.</p>	
<p>42. Lithuania</p> <hr/> <p>AB SEB bankas</p>	<p>49. Morocco</p> <hr/> <p>Attijariwafa Bank Attijari International Bank s.a. - Banque off shore Tanger Citibank Maghreb Credit Du Maroc</p>	
<p>43. Luxemburg</p> <hr/> <p>BGL BNP Paribas Danske Bank International SA</p>	<p>50. Nepal</p> <hr/> <p>Laxmi Bank Limited</p>	
<p>44. Malaysia</p> <hr/> <p>Bank of America Malaysia Berhad Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad CIMB Bank Berhad Citibank Berhad Malayan Banking Berhad Public Bank Berhad RHB Bank Berhad Standard Chartered Bank Malaysia Bhd Hong Leong Bank Berhad</p>	<p>51. Netherlands</p> <hr/> <p>ABN AMRO BANK N.V Credit Europe Bank N.V. Garanti Bank International N.V.</p>	
<p>45. Maldives</p> <hr/> <p>Bank of Maldives</p>	<p>52. New Zealand</p> <hr/> <p>Bank of New Zealand</p>	
<p>46. Malta</p> <hr/> <p>FIM Bank IIG BANK (MALTA) LTD</p>	<p>53. Nigeria</p> <hr/> <p>Citibank Nigeria Ltd</p>	
<p>47. Mauritius</p> <hr/> <p>Mauritius Post and Cooperative Bank The Mauritius Commercial Bank Ltd</p>	<p>54. Norway</p> <hr/> <p>DNB Bank ASA Nordea Bank Norge ASA</p>	
<p>48. Mexico</p> <hr/> <p>Banco del Bajío SA Banco Santander (Mexico) S.A.</p>		
<p>49. Morocco</p> <hr/> <p>Attijariwafa Bank Attijari International Bank s.a. - Banque off shore Tanger Citibank Maghreb Credit Du Maroc</p>		
<p>50. Nepal</p> <hr/> <p>Laxmi Bank Limited</p>		
<p>51. Netherlands</p> <hr/> <p>ABN AMRO BANK N.V Credit Europe Bank N.V. Garanti Bank International N.V.</p>		
<p>52. New Zealand</p> <hr/> <p>Bank of New Zealand</p>		
<p>53. Nigeria</p> <hr/> <p>Citibank Nigeria Ltd</p>		
<p>54. Norway</p> <hr/> <p>DNB Bank ASA Nordea Bank Norge ASA</p>		

<p>65. Slovakia</p> <p>Ceskoslovenska Obchodna Banka AS</p>	<p>76. Turkey</p> <p>Akbank TAS Albaraka Türk Katılım Bankası AS Anadolubank AS Asya Katılım Bankası AS Citibank AS Denizbank AS Finansbank AS Türkiye Cumhuriyeti Ziraat Bankası AS Türk Ekonomi Bankası AS Türkiye Finans Katılım Bankası AS Türkiye Garanti Bankası AS Türkiye Halk Bankası AS Kuveyt Türk Katılım Bankası AS Türkiye is Bankası AS Türkiye Vakıflar Bankası TAO Turkland Bank AS Yapi ve Kredi Bankası AS</p>	<p>Santander Bank NA TD Bank NA The Bank of New York Mellon The Huntington National Bank UMB Bank NA US Bank NA Wells Fargo Bank NA Woori America Bank</p>
<p>66. Slovenia</p> <p>Banka Celje dd Nova Ljubljanska Banka D.D. UniCredit Banka Slovenija dd</p>	<p>77. Ukraine</p> <p>Public Joint Stock Company "Citibank" PUBLIC JOINT STOCK COMPANY "BANK CREDIT DNEPR" Public Joint Stock Company "First Ukrainian International Bank" PUBLIC JOINT STOCK COMPANY UKRSOTSBANK Raiffeisen Bank Aval Public Joint Stock Company UKREXIMBANK</p>	<p>82. Vietnam</p> <p>AN BINH Bank Joint Stock Commercial Bank Foreign Trade of Vietnam</p>
<p>67. South Africa</p> <p>Firststrand Bank Limited HBZ Bank Limited Habib Overseas Bank Limited Standard Bank of South Africa</p>	<p>78. United Arab Emirates</p> <p>Abu Dhabi Commercial Bank Commercial Bank of Dubai Credit Europe Bank (Dubai) Ltd Dubai Bank PJSC Dubai Islamic Bank Emirates Islamic Bank PJSC Emirates NBD PJSC First Gulf Bank MashreqBank Psc National Bank of Fujairah Noor Bank pjsc Union National Bank United Arab Bank</p>	<p>83. Yemen Arab Republic</p> <p>International Bank of Yemen YSC Islamic Bank of Yemen for Finance & Investment National Bank of Yemen Saba Islamic Bank Tadhamon International Islamic Bank Yemen Gulf Bank Yemen Bank for Reconstruction and Development Yemen Commercial Bank</p>
<p>68. Spain</p> <p>Banco Cooperativo Español SA Banco de Sabadell SA Banco Santander S.A. Banco Popular Espanol Bankinter SA CaixaBank SA Caja Laboral Popular Coop. de Crédito Catalunya Banc SA</p>	<p>79. United Kingdom</p> <p>Bank Mandiri (Europe) Ltd Bank of Ceylon (UK) Ltd Bank of Cyprus UK Limited Bank of Ireland (UK) Plc Clydesdale Bank PLC Habibsons Bank Ltd. National Westminster Bank plc Northern Bank Limited Royal Bank of Scotland Plc Standard Chartered Bank United National Bank Ltd</p>	
<p>69. Sri Lanka</p> <p>Bank of Ceylon Hatton National Bank Sampath Bank PLC Seylan Bank PLC Union Bank of Colombo Limited</p>	<p>80. Uruguay</p> <p>Banco Bilbao Vizcaya Argentaria Uruguay SA</p>	
<p>70. Sweden</p> <p>Nordea Bank AB (Publ) Skandinaviska Enskilda Banken Svenska Handelsbanken AB (publ)</p>	<p>81. U S A</p> <p>Associated Bank NA Bank of New York Mellon Bank of America NA BOKF NA Capital One NA Citibank NA Cathay Bank City National Bank Compass Bank Comerica Bank Deutsche Bank Trust Company Americas East West Bank First Tennessee Bank NA Intrust Bank NA JP Morgan Chase Bank KeyBank National Association National Penn Bank New York Commercial Bank PNC Bank NA Regions Bank</p>	
<p>71. Switzerland</p> <p>Arab Bank Switzerland Bank CIC (Schweiz) AG Banque Cantonale de Genève Banque Cantonale Vaudoise Banque de Comm. et de Placements SA Citibank (Switzerland) AG Habib Bank AG Zurich Schwyzer Kantonalbank (SZKB) UBL (Switzerland) AG Zuercher Kantonal Bank</p>		
<p>72. Taiwan</p> <p>Citibank Taiwan Limited CTBC Bank Co Ltd Far Eastern International Bank Huanan Commercial Bank Mega International Commercial Bank Co Ltd Standard Chartered Bank (Taiwan) Limited Taiwan Cooperative Bank Taipei Fubon Commercial Bank Co Ltd Taiwan Shin Kong Commercial Bank Co Ltd Taichung Commercial Bank Ltd Union Bank of Taiwan</p>		
<p>73. Tanzania</p> <p>Citibank Tanzania Ltd</p>		
<p>74. Thailand</p> <p>Bangkok Bank Public Co. Export – Import Bank of Thailand Standard Chartered Bank (Thai) Public Company Limited</p>		
<p>75. Tunisia</p> <p>Bank Franco Tunisienne Societe Tunisienne de Banque Tunis International Bank</p>		

**(470 BANKS OF
83 COUNTRIES
OF ORIGIN, AS ON
DECEMBER 31, 2015)**

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION IN US\$ AS AT DECEMBER 31, 2015

2015		2014		2015		2014	
US \$ in '000				Rupees in '000			
Assets							
283,416	190,381	Cash and balances with treasury banks		29,685,228		19,130,113	
79,202	70,341	Balances with other banks		8,295,724		7,068,111	
7,761	34,113	Lendings to financial institutions		812,898		3,427,753	
2,558,890	2,161,699	Investments		268,020,706		217,214,247	
1,908,811	1,696,767	Advances		199,930,812		170,496,454	
88,122	82,596	Operating fixed assets		9,230,010		8,299,488	
–	534	Assets held for sale		–		53,703	
–	8,712	Deferred tax assets		–		875,335	
189,910	204,188	Other assets		19,891,336		20,517,341	
5,116,112	4,449,331			535,866,714		447,082,545	
Liabilities							
58,190	68,221	Bills payable		6,094,885		6,855,020	
547,286	136,760	Borrowings		57,323,250		13,742,030	
4,135,651	3,857,232	Deposits and other accounts		433,172,205		387,586,620	
47,706	79,544	Sub-ordinated loans		4,996,800		7,992,800	
–	–	Liabilities against assets subject to finance lease		–		–	
920	–	Deferred tax liabilities		96,404		–	
69,984	71,643	Other liabilities		7,330,227		7,199,014	
4,859,737	4,213,400			509,013,771		423,375,484	
256,375	235,931	Net Assets		26,852,943		23,707,061	
Represented By							
120,322	125,420	Share capital/ Head office capital account		12,602,602		12,602,602	
61,541	48,005	Reserves		6,445,888		4,823,738	
26,382	18,533	Unappropriated profit		2,763,314		1,862,223	
208,245	191,958			21,811,804		19,288,563	
48,130	43,973	Surplus on revaluation of assets - net of tax		5,041,139		4,418,498	
256,375	235,931			26,852,943		23,707,061	

Note:

The above is for information only and conversion have been made @ 1US\$=Pak Rs. 104.7410 as at December 31, 2015. (1US\$=Pak Rs. 100.4831 as at December 31, 2014)

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT IN US\$

AS AT DECEMBER 31, 2015

2015		2014			
US \$ in '000		Rupees in '000			
349,358	344,378	Mark-up / return / interest earned	36,592,093	34,604,210	
207,086	226,017	Mark-up / return / interest expensed	21,690,386	22,710,924	
142,272	118,361	Net mark-up / interest income	14,901,707	11,893,286	
3,015	(828)	Provision / (reversal) against non-performing loans and advances - net	315,840	(83,198)	
2,074	2,067	Impairment loss on available for sale investments	217,243	207,669	
3,303	1,966	Provision for diminution in the value of investments	345,969	197,507	
-	-	Bad debts written off directly	-	-	
8,392	3,205		879,052	321,978	
133,880	115,156	Net mark-up / interest income after provisions	14,022,655	11,571,308	
		Non mark-up / interest income			
16,537	14,283	Fee, commission and brokerage income	1,732,140	1,435,180	
2,890	3,470	Dividend income	302,721	348,726	
7,972	10,973	Income from dealing in foreign currencies	834,956	1,102,565	
30,994	17,952	Gain on sale of investments - net	3,246,294	1,803,844	
-	-	Unrealised gain / (loss) on revaluation of investments classified as held for trading - net	-	-	
-	-	Other income	573,477	744,134	
5,475	7,406				
63,868	54,084	Total non-markup / interest income	6,689,588	5,434,449	
197,748	169,240		20,712,243	17,005,757	
		Non mark-up/interest expenses			
114,704	109,986	Administrative expenses	12,014,237	11,051,692	
474	467	Other provisions / write offs	49,671	46,956	
2,068	1,251	Other charges	216,639	125,696	
117,246	111,704	Total non-markup / interest expenses	12,280,547	11,224,344	
80,502	57,536		8,431,696	5,781,413	
-	-	Extra ordinary / unusual items	-	-	
80,502	57,536	Profit before taxation	8,431,696	5,781,413	
(22,243)	(10,088)	Taxation – current	(2,329,796)	(1,013,637)	
(3,972)	-	– prior years'	(416,000)	-	
(6,134)	(7,492)	– deferred	(642,481)	(752,844)	
(32,349)	(17,580)		(3,388,277)	(1,766,481)	
48,153	39,956	Profit after taxation	5,043,419	4,014,932	
17,779	(15,750)	Unappropriated profit / (loss) brought forward	1,862,223	(1,582,626)	
65,932	24,206	Profit available for appropriation	6,905,642	2,432,306	
0.04	0.03	Basic earnings per share	4.00	3.19	

Note:

The above is for information only and conversion have been made @ 1US\$=Pak Rs.104.7410 as at December 31, 2015. (1US\$=Pak Rs. 100.4831 as at December 31, 2014)

NOTES

AGM

Wednesday, March 30, 2016 at 10:00 am

at Pearl Continental Hotel, Rawalpindi

FORM OF PROXY

ASKARI BANK LIMITED

I / We _____ of _____ being member(s) of **ASKARI BANK LIMITED** ("the Bank"), holding _____ ordinary shares, do hereby appoint _____ of _____ or failing him / her _____, who is also me / us, and on my / our behalf at the 24th Annual General Meeting of the Bank to be held on **WEDNESDAY, MARCH 30, 2016 AT 10:00 AM** at Pearl Continental Hotel, Rawalpindi and at any adjournment thereof.

As witness my / our hand this _____ day of _____ 2016.



(Member's signature on
Rs. 5/- Revenue Stamp)

Witnesses No. 1: _____

Name: _____

C.N.I.C. No. / Passport No.: _____

Address: _____

Witnesses No. 2: _____

Name: _____

C.N.I.C. No. / Passport No.: _____

Address: _____

NOTES:

A. General:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him/her. No person shall act as a proxy, who is not a member of the Bank except that Government of Pakistan / State Bank of Pakistan / corporate entity may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity (other than Government of Pakistan and State Bank of Pakistan), its common seal should be affixed on the instrument.
3. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited, with the Company Secretary, Askari Bank Limited, 1st Floor, AWT Plaza, The Mall, P. O. Box No. 1084, Rawalpindi not less than 48 hours before the time of holding the meeting.
4. If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.

B. For CDC Account Holders

1. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
2. Copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
3. The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
4. In case of Government of Pakistan / State Bank of Pakistan / Corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Bank.

THE COMPANY SECRETARY:

ASKARI BANK LIMITED

AWT PLAZA, THE MALL, P.O. BOX NO. 1084,
RAWALPINDI – PAKISTAN.

نمائندگی کا فارم:

میں / ہم _____ کا / کے _____ بحیثیت ممبر عسکری بینک لمیٹڈ حاصل _____ عام شیئرز / مسماة _____ کا / کے _____ کو یا ناکامی کی صورت میں _____ کا / کے _____ جو کہ بینک کے ممبر ہیں، بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ / میری طرف سے بینک کے اجلاس عام منعقدہ بروز بدھ، 30 مارچ 2016ء کو صبح دس بجے، بمقام پرل کانٹی نینٹل ہوٹل، راولپنڈی اور اس کے کسی ملتی شدہ اجلاس میں ووٹ ڈالے۔
آج بروز _____ بتاریخ _____ 2016ء کو بطور گواہ دستخط کیے

ممبر کے دستخط

5 روپے کارسیدی ٹکٹ

گواہ نمبر: 2

گواہ نمبر: 1

نام: _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____
پتہ: _____

نام: _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____
پتہ: _____

نوٹ:

۱۔ جو ممبر اجلاس میں شرکت اور ووٹ ڈالنے کا اہل ہے وہ اپنی جگہ اجلاس میں شرکت یا ووٹ ڈالنے کے لیے نمائندہ مقرر کر سکتا ہے۔ گورنمنٹ آف پاکستان، سٹیٹ بینک آف پاکستان یا کاروباری ادارے کے علاوہ کوئی ایسا شخص نمائندہ کے طور پر کام نہیں کر سکتا، اگر وہ بینک کا ممبر نہیں ہے۔

۲۔ نمائندہ مقرر کرنے کی دستاویز ممبر یا اس کے تحریری طور پر با اختیار ائرانے سے دستخط شدہ ہونی چاہیے۔ اگر ممبر (گورنمنٹ آف پاکستان یا سٹیٹ بینک آف پاکستان کے علاوہ) ایک کاروباری ادارہ ہے تو اس کی عام مہر دستاویز پر لگی ہونی چاہیے۔

۳۔ پراکسی مقرر کیے جانے سے متعلق دستاویزات بنام کمپنی سیکرٹری عسکری بینک لمیٹڈ، فرسٹ فلور، اے ڈبلیو پلازہ، دی مال پی او بکس 1084 راولپنڈی پر اجلاس سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانا چاہیے۔

۴۔ اگر کوئی ممبر ایک سے زیادہ نمائندہ مقرر کرے گا تو نمائندگی کی تمام دستاویزات کا عدم تصور ہوں گی۔

THE COMPANY SECRETARY:

ASKARI BANK LIMITED

AWT PLAZA, THE MALL, P.O. BOX NO. 1084,
RAWALPINDI – PAKISTAN.

In compliance with the Securities and Exchange Commission of Pakistan's SRO 924(1)/2015 dated September 9, 2015, investors' attention is invited to the following informational message:

www.jamapunji.pk



**Jama
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