



# Annual Report 2013



*Passion Reborn*



*pushing* **BOUNDARIES**



CELEBRATING  
**25 YEARS**

**BOP**  
THE BANK OF PERSIAN  
HEAD OFFICE



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## CORPORATE INFORMATION



### Board Of Directors

Mr. Ghafoor Mirza	Chairman
Mr. Naeemuddin Khan	President/CEO
Mr. Javaid Aslam	Director
Mr. Mohammad Jehanzeb Khan	Director
Mr. Tariq Mahmood Pasha	Director
Khawaja Farooq Saeed	Director
Mr. Saeed Anwar	Director
Dr. Umar Saif	Director
Syed Maratib Ali	Director
Mr. Raza Saeed	Secretary To The Board

### Central Audit Committee (CAC)

Khawaja Farooq Saeed	Chairman
Mr. Tariq Mahmood Pasha	Member
Mr. Saeed Anwar	Member

### Board Risk Management Committee (BRMC)

Syed Maratib Ali	Chairman
Mr. Tariq Mahmood Pasha	Member
Mr. Saeed Anwar	Member

### Human Resource & Remuneration Committee (HR&RC)

Mr. Mohammad Jehanzeb Khan	Chairman
Khawaja Farooq Saeed	Member
Dr. Umar Saif	Member
Mr. Naemuddin Khan	Ex-officio Member

### Auditors

M. Yousuf Adil Saleem & Co., Chartered Accountants

### Registered Office

BOP Tower, 10-B, Block-E-II,  
Main Boulevard, Gulberg-III, Lahore.  
Telephone No.s: +92 - 042-35783700-10  
Fax No. +92 - 042 - 35783975  
UAN: 111-200-100

### Website

[www.bop.com.pk](http://www.bop.com.pk)

### Registrar

M/s. Corplink (Pvt) Limited  
Wings Arcade, 1-K, Commercial,  
Model Town, Lahore.  
Telephone No.s: +92 42 35916714, 35916719, 35839182  
Fax No. +92 042 35869037

## VISION

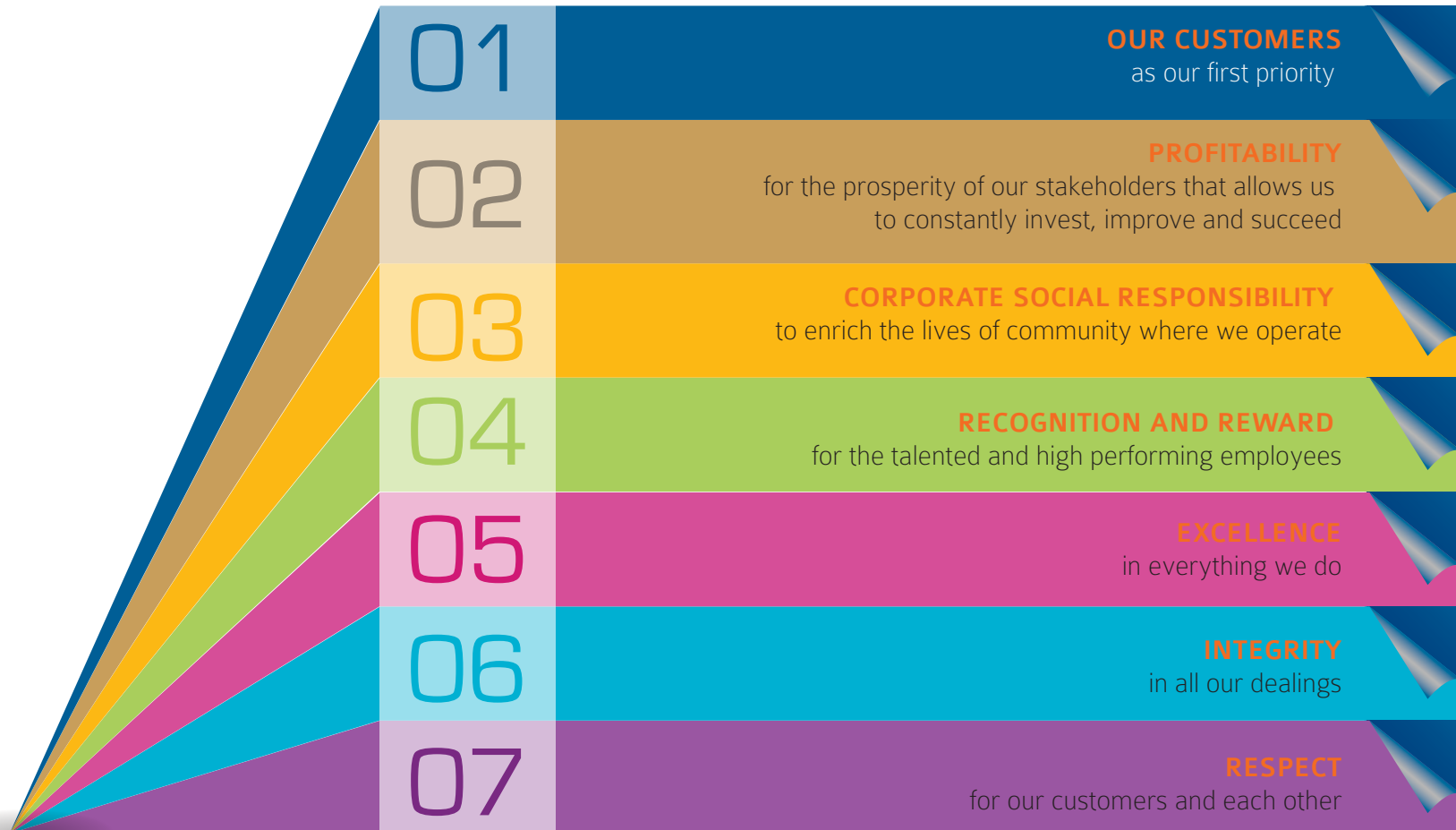
To be a customer focused bank with service excellence.

## MISSION

To exceed the expectation of our stakeholders by leveraging our relationship with the Government of Punjab and delivering a complete range of professional solutions with a focus on programme driven products and services in the agriculture and middle tier markets through a motivated team.



## CORE VALUES





# MANAGEMENT



**Naeemuddin Khan**  
President / CEO



**Khalid S. Tirmizey**  
Deputy CEO



**Shahid Waqar Mahmood**  
Group Head Retail Banking



**Sajjad Hussain**  
Group Head Special Projects



**Nadeem Amir**  
Chief Financial Officer



**Moghis Bokhari**  
Group Head Human Resource



**Tariq Maqbool**  
Chief Risk Officer



**Taimur Afzal**  
Group Head Retail Finance



**Liaquat Ali**  
Group Head Commercial  
Banking



**Mahboob ul Hassan**  
Group Head SAM



**Khalid Qaiyum**  
Head C & IBG-I



**Asim Jahangir Seth**  
Head C & IBG-II



**Mustafa Hamdani**  
Group Head Payment Services



**Ijaz ur Rehman Qureshi**  
Group Head Audit & RAR



**Irfanuddin**  
Group Head Operations



**Col (R) Sajid Ali Khan**  
Group Head Administrative  
Support



**Khalid Munir**  
Head Compliance & Internal  
Control



**Khawar S. Ansari**  
Head Treasury & ECM



**Raza Saeed**  
Secretary to the Board



## CREDIT RATING

### Entity Ratings by PACRA

Long Term: AA-

Short Term: A1+

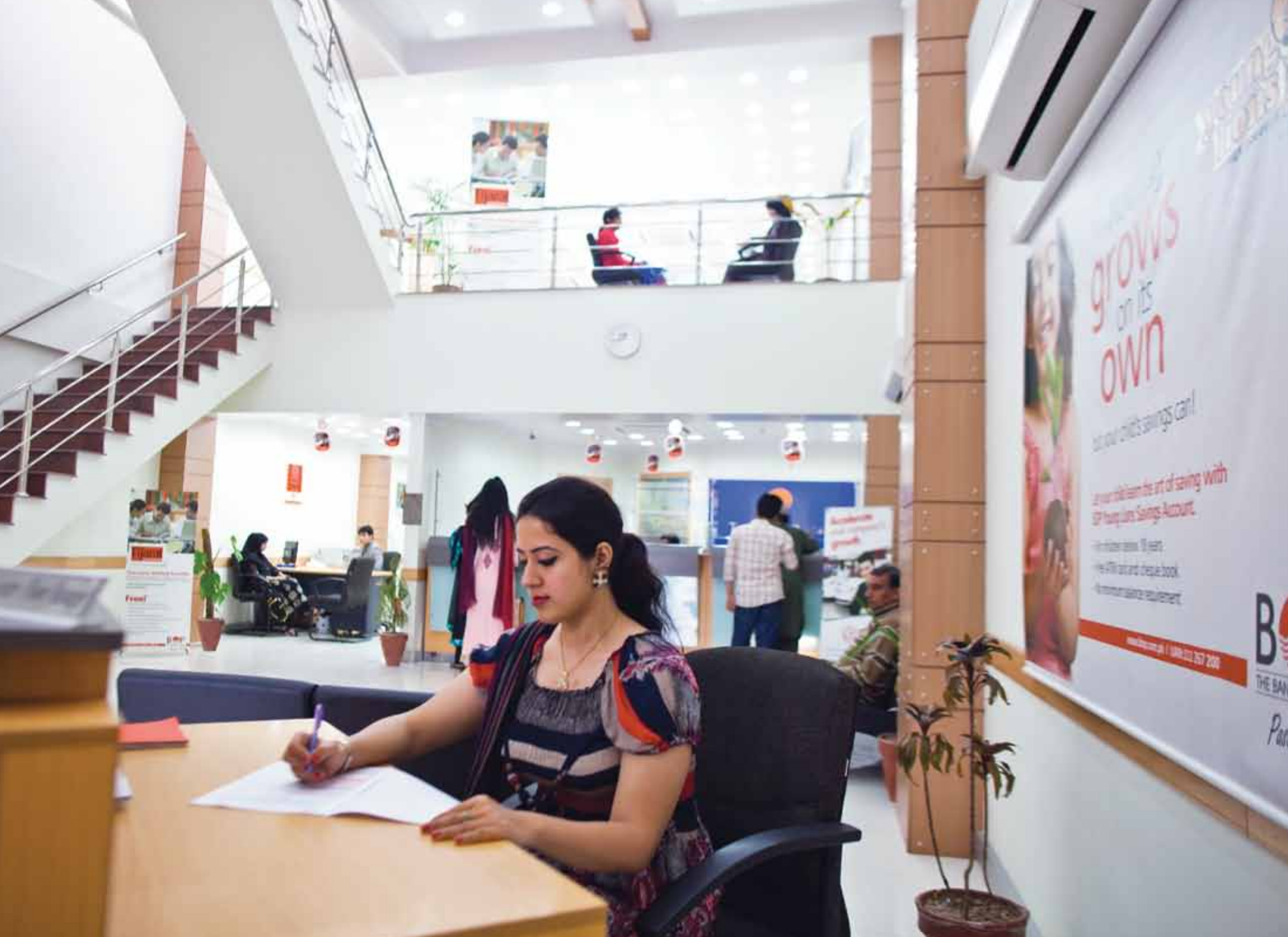
### Rating Definition

#### Long Term Rating

AA: Very High Credit Quality. AA Ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable for foreseeable events.

#### Short Term Rating

A1+: Obligations supported by the highest capacity for timely repayment.



grows on its OWN  
for your child's savings plan!

An investment plan of 10 years  
Free Will Withdrawal and Debit Book  
No minimum amount requirement

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THE BANK OF BARODA

Part

# SIX YEARS AT A GLANCE

Criteria	2013	2012	2011	2010	2009	2008	
<b>BALANCE SHEET</b>							
Total Assets	Rs in m	352,698	332,111	280,998	229,190	216,670	185,909
Advance (net)	Rs in m	157,286	149,605	127,130	120,818	121,316	131,731
Investments	Rs in m	123,956	129,519	92,581	56,403	57,960	22,712
Shareholders Equity	Rs in m	12,577	10,733	10,135	2,947	5,531	5,057
Revaluation Reserve	Rs in m	905	1,638	638	721	645	(1,313)
Deposits	Rs in m	306,561	266,056	237,897	208,177	190,858	164,073
Borrowings	Rs in m	22,802	44,684	24,964	11,527	14,040	12,279
<b>OPERATING RESULTS</b>							
Markup/ return/ interest earned	Rs in m	24,228	24,666	20,685	18,220	15,642	17,753
Markup/ return/ interest expenses	Rs in m	20,209	22,523	21,073	18,802	19,023	16,614
Net markup income	Rs in m	4,019	2,143	(388)	(582)	(3,381)	1,139
Non-markup based income	Rs in m	3,596	3,191	1,990	1,883	2,219	4,183
Non-markup based expenses	Rs in m	5,280	4,558	3,711	4,168	3,029	2,925
Provision against NPLs	Rs in m	(673)	(965)	(3,164)	560	9,242	18,864
Net profit/(Loss) before tax	Rs in m	3,001	1,404	523	(6,186)	(14,374)	(16,833)
Net profit/(Loss) after tax	Rs in m	1,938	1,634	348	(4,029)	(10,069)	(10,060)
<b>OTHER INFORMATION</b>							
EPS (Non dilutive)	Rs. Per share	2.36	2.63	0.66	(7.62)	(19.04)	(19.02)
Dividend - Cash	%	-	-	-	-	-	-
Dividend - Bonus issue-Interim	%	-	-	-	-	-	-
- Bonus issue-Final	%	-	-	-	-	-	-
No. of branches	No.	334	306	284	273	272	272
Staff Strength	No.	6,092	5,491	4,999	4,464	4,279	4,156
Break up value per share*	Rupees	5.58	4.82	4.55	1.93	3.62	9.56

\*including impact of share deposit money at par value.

With  
**BOP Debit MasterCard**  
your pocket's never too light for  
dining out



**Convenience Redefined**

- Direct purchase - no need to carry cash or locate ATM
- Buy now, pay now
- International acceptability - withdraw cash or purchase at any MasterCard POS terminal and ATM worldwide
- Higher purchase limits without any hidden charges
- 24/7 Phone Banking support

[www.bop.com.pk](http://www.bop.com.pk)

CELEBRATING  
25 YEARS

For more information,  
call our BOP Phone Banking or visit your nearest branch.  
BOP Phone Banking: 111-267-2000

# BOP Tjjarat

Current Account

Sey Milay Tjjarat ko Taraqqi

**NOW WITH  
ADDED BENEFIT OF  
FREE!**



## Cash Withdrawal Insurance

on maintaining average monthly balance of Rs. 100,000/-

## Business Assets Insurance

on maintaining average monthly balance of Rs. 1,000,000/-



## Bop Tjjarat Account:

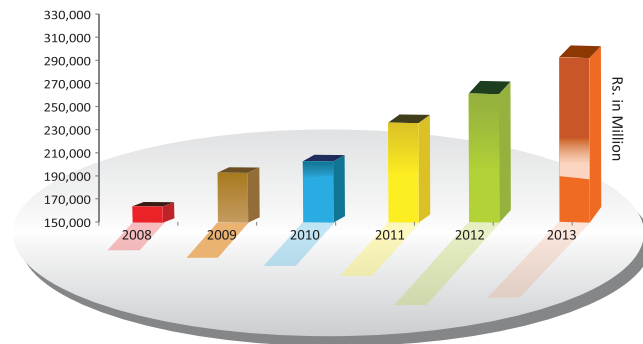
A widely acknowledged Current Deposit product of BOP, offering following value added features:

- Free ATM/ Debit Card Issuance.
- Free ATM Withdrawal.
- Free Issuance of Cheque books.
- Free Locker facility.
- Free Issuance of PO/DD/CDR.
- Free Inter-city/ within-city On-line deposit/ withdrawal.
- Funds Transfer facility through ATM network.
- Insurance coverage of amount withdrawn from ATM.
- Insurance coverage for over the counter cash withdrawal.
- E-banking.

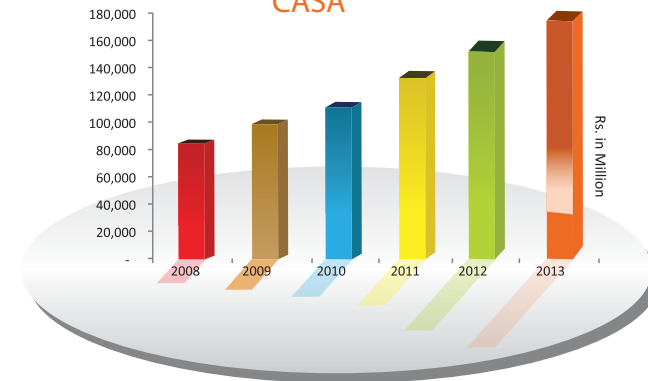
Available through its wide network of branches across Pakistan.

# GROWTH TRENDS

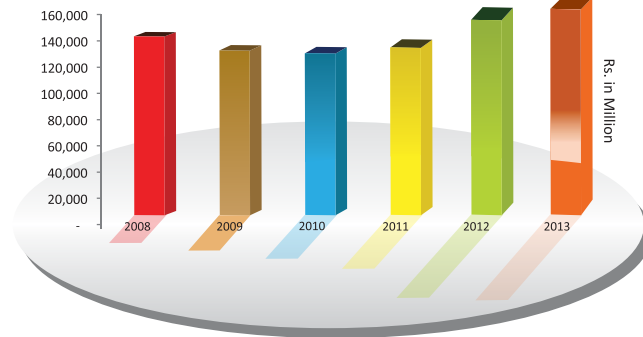
## DEPOSITS



## CASA



## ADVANCES (NET)



## INVESTMENTS





# BOP **Life** Current Account

For you  
and your  
family



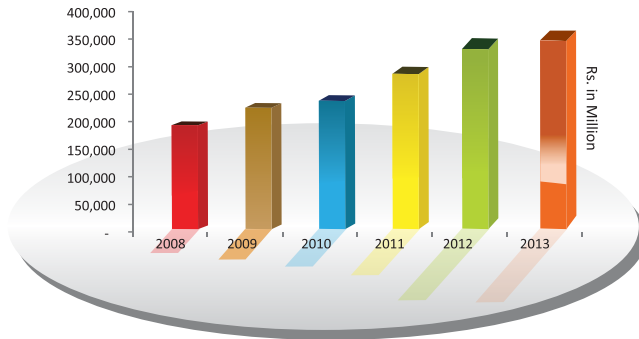
## BOP Life Current Account:

BOP Life Current Account is newly introduced current deposits product with added features of life insurance. Through this account, besides enjoying features of current account, the depositors also get an added advantage of free life insurance. Following are some of the salient features of BOP Life Current Account:

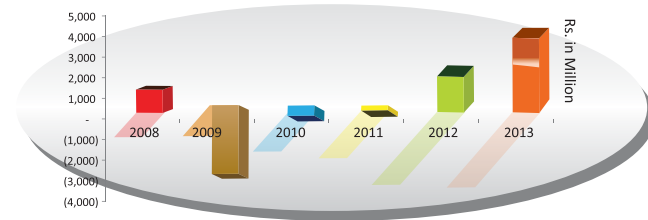
- Free Life Insurance equal to three times of last three months average balance of account with an upper Limit of Rs 2.0 Million.
- Composite Life Cover (Natural and Accidental Death) and Permanent Total Disability (Accident & Sickness Both) Cover is available to the depositors.
- Free ATM/Debit MasterCard Issuance & Renewal.
- Free ATM Withdrawal.
- Free Inter-city/ within-city On-line deposit/ withdrawal.
- Funds Transfer facility through ATM network.
- Free issuance of Payment Orders & Demand Drafts
- E-banking.

# GROWTH TRENDS

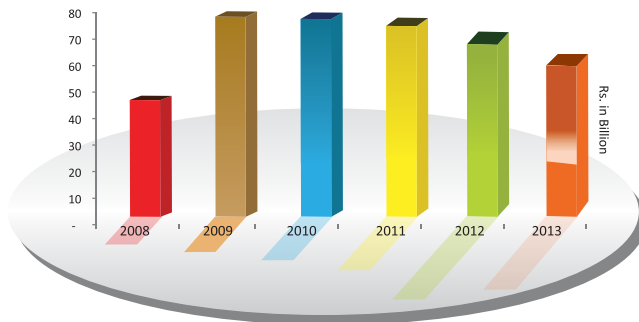
## ASSETS



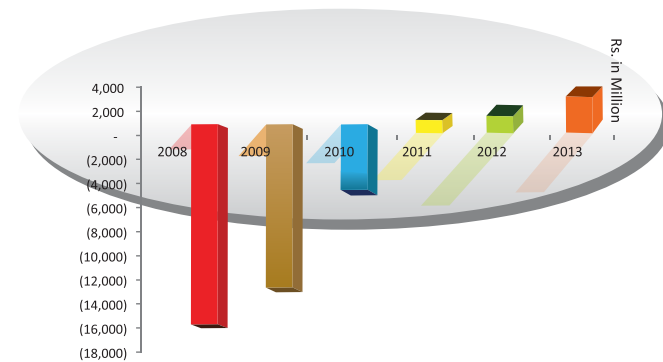
## NET INTEREST MARGIN



## NON-PERFORMING LOANS



## PROFIT BEFORE TAX



# CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank of Punjab recognises its obligations to act responsibly, ethically and with integrity in its interactions with all stakeholders be they, staff, customers, community and the environment as a whole.

The Bank, being one of the leading commercial Bank of the country and financial arm of the provincial Government of the Punjab, takes pride in actively participating in the programs and initiatives designed at the uplift of less privileged communities regardless of their geographical locations and ethnic division. The Bank primarily focuses the areas of education, sports, promotion of art & culture and social welfare under its Corporate Social Responsibility (CSR) initiative.

## Key CSR initiatives taken by the Bank:

### Uplift of Less privileged communities and areas:

The Bank keenly focuses on the uplift of less privileged areas and communities of the country. While expanding branch network, special consideration is given to less developed areas, thereby ensuring easy access of banking services to residents of those areas. During the year 2013, the bank has opened several branches in the remote areas of the country with full functionality of online connectivity and complete range of products suitably tailored for them.

The Bank also encourages participation of woman in economic and social activities. Women's Entrepreneur Finance Scheme (WEFS) has been specifically designed for empowering women and help them to contribute toward national economy. Further, in order to inculcate habit of savings among the children and housewives, products like Young Lions Saving Scheme and Gharalyoo Saving Scheme have been introduced.

The Bank of Punjab has played an instrumental role in supporting Government of Punjab initiative for providing vehicles for commercial use to educated unemployed youth of the country. In this regard, 20,000 vehicles have been financed, which are being used for commercial purposes by the un-employed youth of the country.

### Sports and culture:

The Bank fully recognizes the importance of sports and culture in the society. Accordingly, sports and cultural festivals are being sponsored throughout the year. The Bank encourages participation of the talented youth in annual youth festivals every year. The Bank also extends support to Regional cultural festivals and programs to promote local heritage of the country. Further, with a view



to promote different sports, tournaments of cricket, squash and polo etc. are also being sponsored by the Bank.

### Environment protection and energy conservation:

Considering the persistent energy crises in the country, utmost efforts are being made to minimize the consumption of electricity in the Bank. The management encourages steps for maximum

utilization of day light in the Head Office and all the Branches of the Bank. The use of generators is also strictly monitored for rational utilization and measures are taken to reduce noise pollution.

In order to encourage alternative energy resources, the Bank has introduced Solar Penal financing scheme with an objective to reduce energy woes of common man and help produce low cost environment friendly energy.

### Senior Citizens and Special Persons:

The Bank takes special care of senior citizens visiting the branches and offices of BOP. Separate counters have been established for senior citizens in line with the directives of Government of Pakistan and State Bank of Pakistan.

Besides extended employment opportunities to the special persons, the Bank also takes care of customers with disabilities. All efforts are made to extend full cooperation to provide personalized services.





## PRESIDENT'S MESSAGE

The year 2013 was marked with strenuous efforts put in by the BOP team to turnaround the Bank and make it a modern and self-reliant corporate entity. Although the economy of the country continued to suffer on account of persistent energy crises and adverse law & order situation, the Bank continued its policy of consolidation and improvement in asset quality. The introduction of state of the art products and quality personalized services remained the major focus.

Continuing the strategy of growth and to extend the outreach to every corner of the country, 28 new branches were opened during the year 2013 making the overall branch network of 334. Most of the branches have been opened in traditionally neglected areas to provide banking services and to capitalize on market potential. In order to provide 24/7 banking services to the customers, ATMs network has been increased to 166.

During the year 2013, The Bank of Punjab entered into a new era by introducing Islamic Banking Operations. Now, BOP has 7 fully functional online Islamic Banking Branches, offering a range of Shariah Compliant products and services to its clients. Besides offering deposits products, the Bank has also started financing under Murabaha, Diminishing Musharaka and Ijarah.

The current financial position of the Bank truly reflects the sign of improvement in the financial health of the institution. The Management continued to focus on enhancing the deposit base of the Bank with sizeable growth in the low cost deposits. Besides revamping existing product lines, new products have been introduced to achieve the desired objective of procuring low cost deposits. The Deposit base has pursued a consistent growth pattern this year and has increased significantly from Rs. 266.1 Billion to Rs. 306.6 Billion. Our focus on CASA deposits has resulted in procurement of low cost deposit; showing an increase of Rs.40.5 Billion over December 2012. Similarly, Advances have increased to Rs. 183.0 Billion showing an

increase of Rs. 7.0 Billion over the preceding year. Our Investments portfolio has also increased significantly with major concentration in government securities.

The Bank continued to extend its support to the Government of Punjab (GoPb) in its wheat procurement initiative. The Bank of Punjab led the consortium which provided credit to the tune of Rs.122.7 billion for disbursement of payments to wheat growers.

The Bank has been facilitating the foreign remittances made under the Government of Pakistan Remittance Initiative (PRI). Besides contributing toward national exchequer, the beneficiaries of remittances are being offered personalized services at the counters of the Bank. During the year, the Bank has managed over 1 million transactions amounting to USD 422 million.

The Management fully recognizes the importance of developing human capital. During the year, a state of the art Learning and Development Center has been established which is imparting training and refresher courses to the staff. Further, to improve the knowledge of staff and acquaint them with latest tools of modern banking, participation of staff in training sessions conducted by reputed institutions of the country is ensured.

The Management ensures that effective controls are in place for strict compliance of Guidelines and Regulations of State Bank of Pakistan and Securities

and Exchange Commission of Pakistan. It is being ensured that best international practices are adopted and code of corporate governance is fully adhered to.

The Bank continues to improve and secure its IT related technologies. All branches of the Bank are linked with online connectivity. Besides offering withdrawal facility through 166 ATM network, Inter Bank Fund Transfer Facility has been made available.

During the year , Bank has also successfully launched Debit MasterCard product with features of Point of Sale Transactions (POS) and withdrawal through local and international ATMs.

The Management is fully cognizant that there is no room for complacency and a lot of hard work is still required to withstand the challenges confronted by the Bank. Looking forward, we reaffirm our commitment to ameliorate BOP to attain its rightful place in the banking industry.

The Management of the bank fully acknowledges the enduring support of the Government of the Punjab, the State Bank of Pakistan, shareholders and customers. Also, the support of our Board of Directors and the effort put in by our staff is worth appreciation.

**Naeemuddin Khan**  
President



# BOP Advance Salary LOAN

Meet your  
financial needs

## BOP Salary Plus Account:

This deposit product has been specially designed for salaried class of the country. BOP Salary Plus Account has following salient features:

- Free Issuance of ATM/Master Debit Card.
- Free Online Transfer Facility (upto 3 Gross Salaries in a Month).
- Free Issuance of Duplicate Statement of Account.
- Free Collection of Outstation Cheques (upto 3 Gross Salaries in a

Month).

- Free Life Insurance of Rs.500,000/-(on maintaining Minimum Monthly Balance of Rs.50,000/-)
- Consumer loan facility on attractive terms.
- Facility to avail advance salary loan.

# ECONOMIC REVIEW

The economy of the country continued to struggle during major part of FY13 on account of political uncertainty and awaited change in administrative set up after general elections of May 2013. However, FY13 ended on a positive note as after smooth transition, new Government spelled out its policy with major focus on resolving energy crises, boosting investment & trade, upgrading infrastructure and addressing on-going wave of terrorism via dialogue. The persistent energy crises coupled with instability owing to terrorist activities has significantly hampered the growth of the country in last few years.

During the FY13, real GDP growth was 3.6% as compared to 4.4% in FY12 and against targeted figure of 4.3%. This was mainly on account of slowdown in agriculture sector, which posted below targeted growth of 3.3%. The main reason for this descending growth was heavy rains and flood in the provinces of Sindh and Punjab which spoiled the crops and effected the performance of agriculture and other related industries.

The signs of recovery witnessed during Q1-FY14 are due to utilization of alternate fuel sources, single-digit inflation during FY13 and a 300 bps reduction in discount rate during FY13.

The GDP grew by 5.0 percent during Q1-FY14, compared to only 2.9 percent in Q1-FY13, and a target of 4.4 percent for the full year. The major contributions in the growth came from Industry and Service Sectors while performance of agriculture sector again remained below targeted level. The below par performance of agriculture sector was mainly due to shortage of water at sowing time,

pest attack and heavy rain before the harvest season.

The major reason for good performance of industrial sector has been on account of improved energy supplies and higher capacity utilization and better supplies of natural gas and alternative fuel arrangements to fertilizer sector.

The current account posted a deficit of US\$ 1.2 billion in Q1-FY14, against a surplus of US\$ 0.4 billion in Q1-FY13. This sharp surge in current account deficit was due to delayed inflow of funds on account of Coalition Support Fund (CSF). However, the foreign remittance of Pakistani workers posted an impressive growth of 9.1%.

The Banking industry continued to suffer from the affects of adverse economic conditions. Due to low investment opportunity, worsening re-payment

capacity of borrowers and energy crises, the Non-Performing portfolio of the Banking industry witnessed a further surge. The overall volume of NPLs portfolio of the Banking industry has exceeded the level of Rs. 600 billion.

The surge in discount rate and pegging of minimum rate of return on all types of PLS Deposits with SBP Repo rate has greatly affected the already depleted Net Interest Margin (NIM) of the Banks.

The future outlook of country's economy heavily depends upon the political stability, improvement in law and order situation in the country and solution of persistent energy crises. The economy requires structural changes and revamping of Public Sector Enterprises. The tax reforms with a view to broaden tax base of the country, elimination of elements draining public finances and stability in the power sector are keys to improving economic indicators.







## DIRECTORS' REPORT

The Board of Directors is pleased to present the 24th Annual Report of The Bank of Punjab together with the audited Financial Statements and Auditors' Report thereon for the year ended December 31, 2013.

### Performance at a Glance

During the year 2013, despite challenging macroeconomic environment, our Bank has been able to maintain growth trends and an all around improvement. This you would appreciate is the result of comprehensive and effective strategies implemented by the Management. Focus remained on ensuring that the business model is sustainable and commensurate with the vision and mission of the Bank. Accordingly, the Bank was able to gain the confidence of its stakeholders and successfully achieved the performance benchmarks.

During the year, the Bank was able to post a pre tax profit of Rs. 3,001 million as against Rs. 1,404 million for year 2012, thus registering an increase of 114%.

Despite the regulatory instructions regarding pegging of minimum rate of profit on PLS deposits with SBP Repo rate and payment of profit on saving deposits on monthly average balance, your Bank successfully managed reduction in cost of deposits through hefty growth in CASA deposits. Concomitantly, the reduction in Non-Performing Loans also made significant contribution. Accordingly, the Net Interest Margin (NIM) for the year 2013 increased to Rs. 4,019 million as against Rs. 2,143 million during preceding year registering an increase of 88%.

The Bank's Treasury effectively managed the movements in interest rate scenario and money market opportunities, while earning an amount of Rs. 1,388 million on account of Capital Gains during year 2013. Besides, the Bank earned a Gain of Rs. 528 million on account of disposal of Non-Banking Assets during year 2013. Resultantly, Non-Mark-up/Interest Income of the Bank increased to Rs. 3,596 million as against Rs. 3,191 million during preceding year. The austerity measures implemented by the Management also helped in keeping the operating expenses in line with the inflationary parameters.

While vigorously pursuing the growth strategy, revamping of Bank's product lines remained in focus with a view to offer a wide range of products and services in line with market needs. Pursuing the policy of expanding the Bank's outreach, during the year, 28 new branches were opened with major chunk in remote areas of the country taking the overall tally of branch networks to 334. The above measures, coupled with dedicated efforts of staff, enabled the Bank to attain the Deposits level of Rs. 306,561 million as against Rs. 266,056 million as on December 31, 2012. Similarly, low cost CASA Deposits registered a rise of 23% during the year. Bank's Investments & Lending to FIs stood at Rs. 135,364 million as on December 31, 2013 as against Rs. 131,082 million as of December 31, 2012.

Despite macroeconomic constraints, the Bank pursued prudent lending to clients with strong credit repayment capacity, while ensuring the effective credit appraisal process. The Gross Advances of the Bank as on December 31, 2013 stood at Rs. 182,961 million as against Rs. 175,919 million as on December 31, 2012. The Bank also followed the strategies implemented for NPLs reduction and, despite numerous impediments, successfully achieved a reduction of Rs. 9,407 million during the year 2013. Resultantly, the Non-Performing Loans stood at Rs. 59,961 million as against Rs. 69,368 million last year. The Management is committed to continue its endeavours in this regard.

As at the close of the year 2013, net advances aggregating to Rs. 26,186 million requiring additional provision of Rs. 24,348 million have not been subjected to provisioning criteria as prescribed in SBP prudential regulations in view of the relaxation provided by SBP on the basis of two Letters of Comfort (LOCs) issued by the Government of the Punjab, as explained in Note 1.2 of the financial statements. The Management believes that the Bank would be able to achieve the projections based on the Business Plan currently in place.

During the year 2013, Total Assets increased to Rs.352,698 million as against Rs. 332,111 million as at close of the last year, thereby depicting a rise of 6%.



## Financial Highlights

	<b>Rs. in Million</b>
Profit after taxation	1,938
Accumulated Loss b/f	(12,742)
Transfer from surplus on revaluation of fixed assets (net of tax)	10
Transfer from surplus on revaluation of fixed assets on disposal	1
Transfer to statutory reserve	(388)
Actuarial gains on re-measurement recognized	8
Right Shares issue cost	(78)
Accumulated Losses c/f	(11,251)
Earnings per share-Rupees	2.36



## Capital Adequacy and Minimum Capital Requirements

As at December 31, 2013, paid-up capital, reserves (net of losses) and advance subscription money of the Bank stood at Rs. 12,577 million and the Capital Adequacy Ratio (CAR) remained below the prescribed level of 10%.

During the year 2011, Government of the Punjab (GOPb), being majority shareholder, in order to support capital structure of the Bank, deposited Rs. 7,000 million as advance subscription money, in addition to Rs.10,000 million deposited in year 2009 against future issue of shares by the Bank. Accord-

ingly, during the year 2013, in the first phase, the Bank issued Right Shares of Rs. 5,000 million (99.53%) at a discount of Rs 0.5 per share. Subsequently, in the second phase, the Board of Directors has approved a right issue of Rs. 5,000 million (47.39%) at par value. GOPb, while ensuring its enduring support, has again fully underwritten the 2nd right issue.

Based on the arrangements discussed above, as disclosed in Note 1.2, the SBP has granted the Bank exemption from minimum paid up capital (net of

losses) and applicable capital adequacy ratio (CAR), which should not fall below 8% during 1st two quarters and 10% during last two quarters of the year 2014.

Nevertheless, the GOPb being majority shareholder and sponsor of the Bank, has also extended its commitment to support and assist the Bank in ensuring that it remains compliant with the regulatory requirements at all times.

## Human Resource Management

The Bank of Punjab, while recognizing the importance of effective Human Resource management system, has implemented comprehensive HR policies with a view to encourage a healthy competitive working environment. Human Resource strategies of the Bank are based on the principles of merit, transparency and equal opportunity for all to help transform individual hard work of staff members into cohesive team effort. The Human Resource Policies have been formulated in a manner to ensure recruitment of best talent available in the market, continuously imparting quality training and patronage of the career of each staff member. The overall goals set in the Strategic Business Plan are broken into individual goals and communicated down the line with a comprehensive mechanism of monitoring Key Performance Indicators (KPIs). The Human Resource policies ensure that each and every staff contributing toward the achievement of organizational goals is adequately rewarded.

In order to meet their training needs, Bank has established a state of the art Learning and Development Center to ensure that each and every staff member continuously undergoes trainings to help facilitate them to improve their skills. Besides arrangements of in-house training sessions, the Bank also ensures that the staff members also participate in the training courses and seminars arranged by the reputed institutions of the country. During the year 2013, over 4,000 staff members attended various training sessions.



## Risk Management Framework

Risk management is a structured and disciplined approach aligning strategy, processes, people, technology and knowledge for evaluating and managing uncertainties that an organization faces as it creates value. The Bank's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with best practices & SBP guidelines.

The Board of Directors of the Bank is primarily responsible for laying down risk parameters and establishing an integrated risk management and control system. The Bank's Board approved Risk Management policies and has also set out exposure limits taking into account the risk appetite of the Bank and the skills available for managing the risks. The Board of Directors is supported by "Board Risk Management Committee" in this respect.

The Bank's Management has introduced a holistic approach towards implementation of effective risk management framework and has been engaged in extensive and detailed evaluation and assessment of risk management framework in all areas of banking operations in line with the strategic direction set by the Board of Directors.

The credit risk mechanism consists of policies and procedures that ensure credit risk is measured and

monitored both at account and portfolio levels. The Bank has standardized and well-defined approval processes for all credit proposals to minimize the credit risk associated with them. The Bank has also developed credit rating models and the entire credit portfolio of the bank is subject to internal credit rating. The Bank continuously monitors portfolio concentrations by borrower, groups, industry, geographic locations, etc and constantly strives to improve credit quality and maintain a risk profile that is diverse in terms of borrowers, products, industry type and geographic location.

The overall responsibility of managing the market risk rests with the Market Risk Management Committee (MRMC). The Committee meets regularly and decides on the size, mix, tenor, pricing and composition of various assets and liabilities. It is primarily involved in identification, measurement, monitoring and management of liquidity and interest rate risks. It uses tools such as Ratio analysis, Gap analysis, Interest Rate Sensitivity etc for management of liquidity and interest rate risks.

Comprehensive systems and procedures have been put in place for managing Operational Risk. All new products introduced by the Bank pass through an approval process to identify and address operational risk issues.

## Information Technology

The Bank fully acknowledges the role and importance of Information Technology in the modern

Banking. The Bank has a network of 334 online branches along with 166 ATMs to help customers enjoy the convenience of 24/7 banking services. The branch network has been provided with backup connectivity arrangements to ensure uninterrupted online services to the clients. Further, the Bank has a comprehensive IT Security Policy to ensure safety of customers' data and facilitate execution of banking transactions in a secured environment. A Disaster Recovery Site has also been established in line with the Business Continuity Plan of the Bank.

A robust Management Information System has been made available by the Bank's IT Division, providing timely and valuable information to assist the Management in decision making. In order to further strengthen its core banking operations, the process for acquiring of a state of the art core banking software is in progress.

## Special Assets Management (SAM)

The Special Assets Management Division of the Bank has been entrusted with the task of early regularization of NPLs. In this regard, a comprehensive strategy has been implemented to recover and restructure the NPLs by ensuring adherence to the Bank's Approved Credit Policy Manual, SBP guidelines & Prudential Regulations and, where applicable, prior due diligence to ensure acceptable NPV/IRR.

With a view to make the recovery exercise of NPLs result oriented, the Management, apart from



## Conforming Modern Banking to the Shariah



### BOP's 7 Islamic Banking Branches are operational

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conventional actions of resolution in and outside the Court, has also initiated search and attachment of defaulters' hidden assets to hound them to come to table of negotiations resulting into settlement. Further, apart from placement of defaulters names on ECL, the Bank has also initiated hard hitting legal action under National Accountability Ordinance, 1999 against the defaulters and in certain cases, NAB has taken cognizance for inquiry and investigation against the defaulters. During the year 2013, the Bank has filed 171 legal cases against defaulters.

### Branch Network

While pursuing the strategy to enhance the Bank's outreach and customer base, the Bank, during the year 2013, opened 28 new Branches, while 4 sub-Branches were upgraded to full-fledged Branches. The Branch network of the Bank has now reached at 334 branches, while 45 new branches have been planned for year 2014.

### Islamic Banking

During the year 2013, the Bank of Punjab entered into a new era by setting up Islamic Banking Operations. Recognizing the potential market of Islamic banking, Bank has opened 7 Islamic Banking branches offering a range of Shariah Compliant products and services to the valued customers. Although Islamic Banking Operations are quite new in BOP, however, substantial growth has been made in short period of time. Besides offering deposits products with lucrative returns, the Bank

has also started financing under Murabaha, Diminishing Musharaka and Ijarah.

The Bank shall continue to strengthen and enhance the Islamic Banking network with a view to generate low cost deposits through attractive Shariah Compliant products and services. Further, Bank will encourage financing to clients with good market reputation under Shariah Compliant products to help boost Bank's Net Interest Margin (NIM).

### Payment Services Division

The Bank is offering full range of products and services to enhance client's liquidity. These services broadly include making collections and disbursements for the companies, liquidity management, providing information (MIS) and controlling commercial electronic banking activities. Our solutions are fully customizable and enhancing client's working capital efficiency.



The Bank has also taken initiatives under Alternate Delivery Channel (ADC) to provide different services to its valuable clients. The Bank has successfully introduced following services:

- BOP Debit MasterCard
- BOP Phone Banking & Complaint Management Unit
- Enterprise wide Customer Relationship Management (CRM) solution
- CTI/Contact Centre Solution
- Implementation of Middleware (Rendezvous)

The following new initiatives/projects are in progress and are expected to be made operational during year 2014:

- SMS Banking
- Utility Bills Payment System
- POS Acquiring Network
- Branchless Banking
- Internet Banking
- Mobile Banking

### Home Remittances

The Bank is managing a huge volume of transactions related to payment of Home Remittances through its nationwide network. The Bank, through its online system, is ensuring efficient handling of transactions. During the year 2013, the Bank handled over 1 million home remittance transactions aggregating to Rs. 43 billion.



### Wheat Procurement Program

During the year 2013, the Bank successfully managed syndicated financing arrangement to the

tune of Rs 122.7 billion for wheat procurement program of the Government of the Punjab as "Lead Arranger", as against Rs.92.4 billion led by the Bank, in the preceding year.



## Financing for Self Employment Scheme for Educated Unemployed Youth

The Bank has successfully completed disbursement of 20,000 vehicles to educated unemployed youth under the Self Employment Initiative of Government of the Punjab. Owing to effective monitoring mechanism, the recovery rate is currently over 95%.

## Financing for Alternate Energy

In order to support the initiatives of the Government to develop alternate energy options, BOP became the pioneer Bank to offer financing to customers for purchase of solar power equipment on easy terms and discounted prices.

Apart from above, the Bank has been actively involved in providing finance for Bagasse based co-generation power projects, while the Bank will also act as lead arranger for financing arrangement for the proposed Quaid-e-Azam Solar Park Project of Government of the Punjab.

## Internal Controls

The Board of Directors of The Bank of Punjab has overall responsibility for ensuring existence of an adequate and effective system of internal control that is designed to manage the Bank's risks within an acceptable risk profile. The Board is pleased to endorse the Statement on Internal Controls made by the management, which is included in the annual report.

## Statement of compliance with Corporate and Financial Reporting Framework

The Directors are pleased to give the following statement in respect of Code of Corporate Governance:

- The financial statements, together with notes thereon have been prepared in conformity with the Banking Companies Ordinance, 1962 and the

Companies Ordinance, 1984. These Statements present fair state of affairs, the result of its operations, cash flows and changes in equity and comprehensive income. Proper books of account of the Bank have been maintained.

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



- International Accounting and Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there-from has been adequately disclosed in the Annual Accounts. The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt upon the Bank's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- All the statutory liabilities, if any, have been adequately disclosed in the financial statements.
- Dividend has not been declared for the year in order to strengthen the equity base and to comply with regulatory requirements.
- Value of investment of Staff Provident Fund and Staff Gratuity Fund, based on latest audited accounts is Rs. 1,574,893 thousand & Rs. 190,323 thousand, respectively.
- Statement showing pattern of shareholding as on December 31, 2013 is included in this report.



- Statement showing key operating and financial data for the last six years is disclosed on page No. 12 of the Annual Report.
  - Statement of compliance with code of corporate governance is presented at page No. 36 of the Annual Report.
- During the year, 17 meetings of Board of Directors were held with following attendance:

Name of Directors	No. of Meetings	Replaced/ Retired
Mr. Ghafoor Mirza	13	
Mr. Naeemuddin Khan	15	
Mr. Javaid Aslam	10	
Mr. Tariq Bajwa	10	Replaced
Mr. Tariq Mahmood Pasha	12	
Khawaja Farooq Saeed	16	
Mr. Junaid Ashraf Khawaja	9	Retired
Mr. Saeed Anwar	16	
Dr. Umar Saif	11	
Mr. Mohammad Jehanzeb Khan	3	
Syed Maratib Ali	5	

- During the year, 7 meetings of Central Audit Committee (CAC) of Board of Directors were held with following attendance:

**Name of Directors      No. of Meetings**

Khawaja Farooq Saeed	7
Mr. Tariq Mahmood Pasha	7
Mr. Saeed Anwar	7

- During the year, 3 meetings of Board Risk Management Committee (BRMC) of Board of Directors were held with following attendance:

**Name of Directors      No. of Meetings      Replaced/Retired**

Syed Maratib Ali	1	
Mr. Tariq Mahmood Pasha	0	
Mr. Saeed Anwar	3	
Mr. Javaid Aslam	2	Replaced

- During the year, 2 meetings of Human Resource & Remuneration Committee of Board of Directors were held with following attendance:

**Name of Directors      No. of Meetings      Replaced/Retired**

Mr. Mohammad Jehanzeb Khan	1	
Khawaja Farooq Saeed	2	
Dr. Umar Saif	1	
Mr. Saeed Anwar	1	Replaced
Mr. Naemuddin Khan	2	

### Credit Rating

Owing to the improvement in Bank’s financial health, Pakistan Credit Rating Agency (PACRA) has maintained long term and short term ratings of AA- and A1+, respectively, with stable outlook.

As per standard rating scale and definition “AA” long term rating denotes a very low expectation of credit risk. It indicates a very strong capacity for timely payment of financial commitments not significantly vulnerable to foreseeable events. Similarly, “A1+” short term rating denotes obligations supported by the highest capacity for timely repayment.

### Subsidiary

Punjab Modaraba Services (Pvt) Limited, Bank’s wholly owned subsidiary, is managing First Punjab Modaraba. The net assets of the subsidiary stood at Rs. (24.141) million as at the year-end as against Rs. (0.854) million on December 31, 2012. Necessary adjustment in carrying value of investment in subsidiary has been accounted for in the financial statements.

### Outlook for the year 2014

The Bank would continue to follow comprehensive strategies of business expansion, improvement in asset quality, procurement of low cost deposits, strengthening of internal controls, bringing efficiency to control costs, rebuilding of brand image and strengthening the capital base during year 2014.

### Auditors

The retiring auditors M/s M. Yousuf Adil Saleem & Co., Chartered Accountants, a member firm of M/s Deloitte Touche Thomatsu Ltd., being eligible, have offered themselves for reappointment for the year ending December 31, 2014.

The Board of Directors, on the suggestions of Audit Committee, recommended the above firm as statutory auditors of the Bank for year 2014.

### Acknowledgement

We would like to acknowledge and appreciate the guidance and support from Government of the Punjab and the State Bank of Pakistan. We appreciate our valued customers and respected shareholders for their support, trust and confidence reposed in our Bank. We also wish to thank all our employees for their dedicated work, commitment to their responsibilities and contribution towards the growth of the institution.

**Ghafoor Mirza**  
Chairman

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# Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance issued by the Securities & Exchange Commission of Pakistan also contained in Listing Regulations of all Stock Exchanges in Pakistan where the shares of the Bank are listed, for the purpose of establishing a framework of good governance, ensuring compliance with the best practices of corporate governance.

The Bank of Punjab (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 two independent and six non-executive directors.

Category	No.	Names
Independent Directors	2	1. Khawaja Farooq Saeed 2. Mr. Saeed Anwar
Executive Directors	1	1. Mr. Naeemuddin Khan
Non-Executive Directors	6	1. Mr. Ghafoor Mirza 2. Mr. Mohammad Jehanzeb Khan 3. Mr. Javaid Aslam 4. Mr. Tariq Mahmood Pasha 5. Dr. Umar Saif 6. Syed Maratib Ali

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank.
3. All the 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. No casual vacancy out of elected director occurred during the period.
5. Bank has prepared a Code of Conduct and appropriate steps have been taken to disseminate it throughout the Bank along with its placement on Bank's website.
6. The Board has developed a mission statement and overall corporate strategy. The Board has also developed significant policies of the Bank and 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 have been taken by the board.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose 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, except in circumstances where emergent meetings are called or where time frame does not allow to serve notice/agenda to meet seven days requirement. The minutes of the meeting were appropriately recorded and circulated.

9. The Board made appropriate training arrangements for its directors to apprise them of their duties and responsibilities. During the period, the Board planned to impart the Directors Training Program. However, no director could attend such training program due to their pre-occupation.
10. The officers having positions of CFO, Company Secretary and Head of Audit were appointed prior to the implementation of Code of Corporate Governance.
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.
12. The financial statements of the Bank were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
14. The Bank has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an Audit Committee. It comprises of three members, of whom one is non-executive director and the Chairman and other members of the Committee are independent directors.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Bank and as required by the CCG. The Terms of Reference of the Committee has been formed and approved by the Board.
17. The board has formed an HR and Remuneration Committee. It comprises of four members, of whom one is Independent director and the Chairman & one other member of the Committee are non-executive Directors. President/CEO in his Ex-Officio capacity is an Executive Director/Member.
18. The board has set up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Bank and are involved in internal audit function on full time basis.
19. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the 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 listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Bank's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with except for the following, where the corresponding provision(s) of The Bank of Punjab Act, 1989 have been complied.

Reference Clauses from Code of Corporate Governance	Corresponding Provisions of The Bank of Punjab Act - 1989
<p>(iii) Any casual vacancy in the Board of Directors of a listed company shall be filled up by the Directors within 90 days thereof.</p>	<p><b>Section 14</b> A Director appointed by the Government, other than President, shall hold office during the pleasure of Government.</p> <p><b>Section 15(1)</b> Any vacancy occurring on the Board by the death, resignation, removal or disqualification of any Director shall be filled by the remaining Directors, who shall co-opt a duly qualified person to fill the vacancy.</p> <p>Provided that where a vacancy occurs in the office of a Director appointed by the Government, the vacancy shall be filled only by appointment by the Government.</p>
<p>(vi) The Chairman shall be elected from among the non-executive directors of the listed company.</p>	<p><b>Section 10(2)</b> The Chairman of the Board shall be nominated by the Government from amongst the official Directors.</p> <p>Further, in terms of Section (10(3), the Chairman shall preside over the meetings of the Board and shall have a casting vote, but he shall not exercise any executive authority or powers.</p>

For and on behalf of the Board

**Naeemuddin Khan**  
President/CEO

## REVIEW REPORT TO THE MEMBERS

### On Statement Of Compliance With The Best Practices Of The Code Of Corporate Governance

**M. Yousuf Adil Saleem & Co**  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Sharea Faisal,  
Karachi-75350  
Pakistan

Phone: +92 (0) 21- 3454 6494-7  
Fax: +92 (0) 21- 3454 1314  
Web: [www.deloitte.com](http://www.deloitte.com)

We have reviewed the 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 The Bank of Punjab (the Bank) to comply with the Regulation G - 1 of the Prudential Regulations for Corporate / Commercial Banking issued by the State Bank of Pakistan and Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges Limited, where the Bank is listed.

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

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board'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.

Further, Sub Regulation (X) of Listing Regulation 35 notified by the Karachi, Lahore and Islamabad Stock Exchanges Limited requires the Bank to place before the Board of Directors for their consideration and approval 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, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken 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 of Corporate Governance as applicable to the Bank for the year ended December 31, 2013.

We draw attention to paragraph 9 of the statement reflecting the instance of non-compliance regarding requirements in respect of directors' training programme.

**M. Yousuf Adil Saleem & Co.**  
Chartered Accountants

**Engagement Partner:**  
Nadeem Yousuf Adil

Dated: March 14, 2014  
Place: Karachi



# SHARIAH ADVISOR'S REPORT

By the grace of Allah, The Bank of Punjab (Islamic Banking Division) has completed its first year of Islamic commercial banking. During this year, the Bank developed and executed different Islamic banking products and processes along with putting seven Islamic Banking Branches into operation.

## Islamic Banking in The Bank of Punjab:

The Bank of Punjab received approval from State Bank of Pakistan for opening of Islamic Banking Division in July, 2012, Islamic Banking Division was established in October, 2012 and approval for conversion of existing conventional banking branches into Islamic Banking was obtained in February, 2013

BOP converted its first conventional banking branch into an Islamic Banking Branch in March, 2013, followed by four more branches during the year.

In addition, BOP-IBD also opened two new Islamic Banking Branches during the year, 2013

## Training & Development:

Dedicated Islamic Banking Training to all staff members of converted branches was imparted before conversion of each branch. Another five days training was conducted for the staff of two new branches before their opening.

As the Bank plans to increase its branch network

and induct new employees, the Bank needs to ensure adequate training related to Islamic banking products and services offered by the Bank especially to those employees dealing directly with customers.

## Review of Assets:

The Bank primarily used Murabaha, Diminishing Musharaka and Sukuk for its financing/investment activities during the year. Murabaha being 14%, Diminishing Musharaka 25% and Sukuk 61% respectively.

## Review of Liabilities:

On the liability side, the Bank offered a variety of Shariah-compliant deposit products based on the modes of 'Mudarabah' & 'Qarz'.

## Charity:

An amount of Rs. 18,922 was identified as Shariah non-compliant income and transferred to the Charity Saving Account.

## Recommendations:

Based on the review of various transactions, it is recommended that:

1. BOP-IBD's IT system should be strengthened

to accommodate the new Islamic Financing Products and pool management system.

2. Due care should be taken while appointing new staff members for Islamic Banking Division and for Islamic Banking Branches ensuring that the new recruits are inclined /committed to the ideology of Islamic Banking.
3. Proper attention should be given to the training of Islamic Banking staff, so that the BOP-IBD is able to comply with the requirements of Islamic Banking in line with SBP-IBD Directives.
4. Workshop/seminars on Islamic banking may be organized for customers and general public to improve the general perception of Islamic banking.

## Shariah Audit & Compliance Reviews:

The Bank of Punjab (Islamic Banking Division) gives overriding consideration to Shariah-compliance with a policy of no compromise on Shariah principles. It is responsibility of the Bank's Management to ensure that the branches work in accordance with the rulings and principles of Islamic Shariah. Shariah audit/Review conducts examination of the operations of IBD and IBBs' transactions including but not limited to Deposit Mechanism,

profit distribution, financing products documentation and procedures on a test basis. The audit was carried out in order to obtain all information and explanations deemed necessary for the purpose of obtaining reasonable assurance that the BOP-IBD did not violate the rulings and principles of Islamic Shariah, providing a reasonable basis for a considered opinion.

### **Conclusion:**

As per the requirement of the SBP, it is mandatory for the management and employees to ensure application of Shariah principles and guidelines issued by the Shariah Advisor and to ensure Shariah-compliance in all activities of Islamic

Banking. The prime responsibility for ensuring Shariah-compliance of the Islamic Banking operations lies with the management.

Based on the Shariah Reviews of sample cases for each class of transaction, related documentation, processes, the profit distribution mechanism for the depositors and management's representation made in this regard, it is my opinion, that the affairs, activities and transactions, performed by BOP-IBD during the year, comply with the rules & principles of Islamic Shariah in light of the guidelines and directives given by the Shariah Advisor of BOP-IBD and SBP guidelines related to Shariah-compliance.

The Shariah non-compliant income identified during the year has been transferred to the Charity Account.

May Allah bless us with the best Taufeeq to accomplish His cherished tasks, make us successful in this world and in the hereafter, and forgive our mistakes.

**Dr. Muhammad Mushtaq Ahmed**

Shariah Advisor

# STATEMENT OF INTERNAL CONTROLS

The Management of The Bank of Punjab (the "Bank") acknowledges its responsibility for establishing and maintaining an adequate and effective system of internal control to provide reasonable assurance to achieve the following:

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

The internal control system encompasses policies and procedures relating to all processes, products and activities of the bank's operations. All significant policies and procedural manuals are in place, which are reviewed, revised, and improved to keep them current with latest activities and challenges.

Compliance & Internal Control Division (C&ICD) has been entrusted with remediation of internal control deficiencies and maintaining the system on an ongoing basis. C&ICD also ensures implementation of control design improvements recommended by IA & RAR, SBP and External Auditors. The Internal Audit & RAR Group (IA& RAR), independent from Management, is entrusted with the supervisory function with respect to the review of internal controls. IA & RAR evaluates, validates, monitors

and contributes to ongoing effectiveness of control systems as part of its scope. It also periodically reports, significant findings, directly to the Central Audit Committee (CAC) of the Board.

Implementing State Bank of Pakistan (the "SBP") Guidelines on Internal Controls, to place an effective internal control system has been the Bank's top priority. During the year ended 2013, walkthrough of processes and activities were conducted to update the internal control documentation and control gaps were remediated by C&ICD. The Audit & RAR Group is also entrusted with the function to review and assess adequacy and effectiveness of the control activities as well as implementation of and compliance with all the prescribed policies and procedures. The management expeditiously takes up the findings and observations of Audit Group, SBP and Bank's External Auditors to ensure implementation of control design improvements.

The Bank has put in place all stages of SBP roadmap on Internal Control over Financial Reporting (ICFR). External Auditors of the Bank have also evaluated the effectiveness of ICFR as on September 30, 2012 through a special review, and a Long Form Report (LFR) was submitted to SBP. LFR for the year ended December 31, 2013 shall be submitted to SBP by June 30, 2014 as per

regulatory requirements. During the year under review, we have endeavored to follow the guidelines issued by SBP on ICFR for evaluation and management of significant risks and shall continue further improvements in Internal Controls System.

Internal Controls System evolves continuously and hence its evaluation is an ongoing process. This statement of internal controls is based on the management's assessment towards various aspects of the Internal Controls System of the Bank. The Internal Control Systems of the Bank are designed to minimize and manage risks rather than eliminate the risk of failure to achieve the desired objectives, hence it can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control followed by the Bank is considered to be adequate in design and is being implemented and continuously monitored.

**Naeemuddin Khan**  
President

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# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of the members of the Bank of Punjab will be held at Qasar-e-Noor, Main Boulevard, Gulberg-III, Lahore on Tuesday, 29th April, 2014 at 9:30 a.m. to transact the following business:

## Ordinary Business:

- 01) To confirm the minutes of 22nd Annual General Meeting held on April 30, 2013.
- 02) To receive, consider and adopt the Annual Audited Financial Statements of the Bank of Punjab for the year ended December 31, 2013 together with the Director's and the Auditors' reports thereon.
- 03) To appoint Auditors for the year ending December 31, 2014 and to fix their remuneration.

- 04) Any other item of business with the permission of the Chair.

## Special Business:

- 01) Election of one Director U/s 10(1)(b) of The Bank of Punjab Act, 1989.

By order of the Board

**Raza Saeed**

Secretary

Lahore: April 08, 2014

## NOTES:

01. The Register of Members and the Share Transfer Books of the Bank shall remain closed for transfer from 22-04-2014 to 28-04-2014 (both days inclusive).
02. All members are entitled to attend the meeting; however, the right of vote is restricted to those who are registered as such for a period of not less than three months prior to the date of the meeting as per section 17(1) of The Bank of Punjab Act, 1989.
03. Members, whose shares are deposited with Central Depository Company of Pakistan Ltd., are requested to bring their original Computerized National Identity Card (CNIC) along with Participant ID number and their account numbers in CDC to facilitate identification at the time of the Annual General Meeting. In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature of the nominee shall be produced (if it has not been provided earlier) at the time of the meeting.

In case of proxy, an attested copy of proxy's Identity Card, Participant's ID and account number in CDC be enclosed. Proxy must be deposited at the Corporate Affairs Department of the Bank, BOP Tower, 10-B, Block-E-II, Main Boulevard, Gulberg-III, Lahore not less than 48 hours before the meeting. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless

it has been provided earlier) along with proxy form to the Company.

04. A member is entitled to appoint another member as proxy to attend to the meeting.
05. The members should quote their folio number in all correspondence with the Bank and at the time of attending the Meeting.
06. Members are requested to promptly notify any change in their addresses to our Registrar M/s. CORPLINK (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore before book closure so that entitlement, if any, be dispatched at the correct addresses.
07. Entry of the member or his/her duly authorized person will be on strict identification as per specimen signature on the Bank's record.

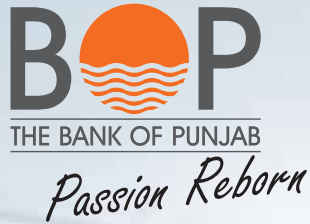
### Statement Under Bank's Bye-Laws # 18-IV(ii)

This statement set out material facts concerning the special business to be transacted at 23rd Annual General Meeting of the Bank and also deemed to be the notice under Bank's Bye-Law # 19(1) of The Bank of Punjab.

1. It is notified as follows:
  - a) The number of director(s) to be elected is one.
  - b) Name(s) of retiring director(s) is as under:
    - i) Mr. Junaid Ashraf Khawaja.  
(Retired on 30/09/2013)
2. Any person, who seeks to contest the election to the Office of Director, must be the holder, in

his own right, of unencumbered shares of the Bank of the nominal amount of Twenty Five Thousand Rupees at the least as per Section 12(1) of The Bank of Punjab Act, 1989.

3. As per Bank's Bye-law No.19(3) any person who seeks to contest an election to the Office of Director shall, file with the Bank, not later than fourteen (14) days before the date of the meeting at which election is to be held, a notice of his intention to offer himself for election of Director. Such person can at any time before holding of the election withdraw this notice.
4. Guidelines under Fit & Proper Test (FPT) shall be complied with in terms of SBP, BPRD Circular No.04 of 2007 dated April 23, 2007 in fresh appointments and/or renewals of the members of Board of Directors. All appointments in Bank/DFIs shall be subject to prior clearance from SBP and applications in this regard would be forwarded / routed through their concerned Banks/DFIs
5. All members whose names appear in the Bank's Members' Register as on 29/01/2014 and continue to be the member up to 29/04/2014 are entitled to attend and vote at the meeting as per section 17(1) of The Bank of Punjab Act, 1989.
6. The members whose shares are maintained on Central Depository System with the Central Depository Company of Pakistan Limited should follow the guidelines for attending the meetings and appointment of proxies as laid down by the Securities and Exchange Commission of Pakistan.



UNCONSOLIDATED  
FINANCIAL STATEMENTS  
for the year ended December 31, 2013



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated statement of financial position of The Bank of Punjab (the Bank) as at December 31, 2013 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 13 branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Bank's Board of Directors to establish and maintain a system of internal control and prepare and present the financial statements in conformity with approved accounting standards and the requirements of The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, which in the case of loans and advances covered more than 60% 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 Bank of Punjab Act, 1989, 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 Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for changes as stated in note 6.1 with which we concur:



- ii. the expenditure incurred during the year was for the purpose of the Bank's business; and
  - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;
- c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by The Bank of Punjab Act, 1989, 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, 2013 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.

We draw attention to Note 1.2 to the financial statements in which the matters related to equity injection by the Government of Punjab (GoPb), relaxations granted by the State Bank of Pakistan (SBP) from provisioning against certain advances and regulatory capital requirements based on the undertaking by GoPb in respect of the deficiency in capital and enduring support of GoPb have been fully discussed, and also to note 13.1 wherein basis for recognizing deferred tax asset have been explained. The preparation of projections involves certain key assumptions by the management and any significant change therein may have an effect on the realisability of deferred tax asset. Our opinion is not qualified in respect of these matters.

**M. Yousuf Adil Saleem & Co.**  
Chartered Accountants

**Engagement Partner:**  
Nadeem Yousuf Adil

Dated: March 14, 2014  
Place: Karachi

Member of  
**Deloitte Touche Tohmatsu Limited**

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2013

	Note	2013 Rupees in '000	2012
<b>ASSETS</b>			
Cash and balances with treasury banks	7	23,820,864	17,298,251
Balances with other banks	8	4,265,296	3,101,170
Lendings to financial institutions	9	11,407,448	1,562,946
Investments - net	10	123,956,143	129,518,999
Advances - net	11	157,285,598	149,605,002
Operating fixed assets	12	3,514,801	3,473,491
Deferred tax assets - net	13	12,627,352	13,070,614
Other assets - net	14	15,820,643	14,480,581
		352,698,145	332,111,054
<b>LIABILITIES</b>			
Bills payable	16	1,506,335	1,500,709
Borrowings	17	22,802,482	44,683,826
Deposits and other accounts	18	306,560,767	266,055,781
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease	19	2,386	3,601
Deferred tax liabilities - net		-	-
Other liabilities	20	8,344,877	7,495,634
		339,216,847	319,739,551
<b>NET ASSETS</b>			
		13,481,298	12,371,503
<b>REPRESENTED BY</b>			
Share capital	21	10,551,132	5,287,974
Discount on issue of shares		(263,158)	-
Reserves	22	1,539,659	1,187,433
Accumulated losses		(11,250,885)	(12,742,364)
		576,748	(6,266,957)
Share deposit money	23	12,000,000	17,000,000
		12,576,748	10,733,043
Surplus on revaluation of assets - net of tax	24	904,550	1,638,460
		13,481,298	12,371,503
<b>CONTINGENCIES AND COMMITMENTS</b>			
	25		

The annexed notes from 1 to 45 and Annexures - I to IV form an integral part of these unconsolidated financial statements.

# UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2013

	Note	2013 Rupees in '000	2012
Mark-up/return/interest earned	26	24,227,721	24,666,024
Mark-up/return/interest expensed	27	20,208,687	22,522,918
Net mark-up / interest income		4,019,034	2,143,106
Reversal of provision against non-performing loans and advances - net	11.5.5	(673,081)	(965,430)
Provision for diminution in the value of investments - net	10.3	6,643	337,040
Bad debts written off directly	11.6	241	-
		(666,197)	(628,390)
Net mark-up / interest income after provisions		4,685,231	2,771,496
<b>NON MARK-UP/INTEREST INCOME</b>			
Fee, commission and brokerage income		775,622	762,490
Dividend income		137,512	220,985
Income from dealing in foreign currencies		147,417	162,980
Gain on sale and redemption of securities - net	28	1,391,874	1,449,814
Unrealized (loss) / gain on revaluation of investments classified as held for trading	10.7	(4,296)	8,620
Other income	29	1,148,097	585,856
Total non-markup/interest income		3,596,226	3,190,745
		8,281,457	5,962,241
<b>NON MARK-UP/INTEREST EXPENSES</b>			
Administrative expenses	30	5,199,782	4,430,520
Provision against other assets	14.5	32,945	168,419
Provision against off balance sheet obligations	20.1	325	-
Other charges	31	47,123	(40,590)
Total non-markup/interest expenses		5,280,175	4,558,349
		3,001,282	1,403,892
Extra ordinary/unusual items		-	-
		3,001,282	1,403,892
<b>PROFIT BEFORE TAXATION</b>			
Taxation - Current year		278,239	139,284
- Prior years		-	(722,971)
- Deferred		785,036	353,738
	32	1,063,275	(229,949)
		1,938,007	1,633,841
<b>PROFIT AFTER TAXATION</b>			
Accumulated losses brought forward		(12,742,364)	(14,067,841)
Transfer from surplus on revaluation of fixed assets - net of tax		10,352	11,604
Transfer from surplus on revaluation of fixed assets on disposal		814	6,801
Transfer to statutory reserve		(387,601)	(326,769)
Actuarial gains on remeasurement recognized	6.1	8,391	-
Right shares issue cost		(78,484)	-
		(13,188,892)	(14,376,205)
Accumulated losses carried forward		(11,250,885)	(12,742,364)
<b>Basic earnings per share - Rupees</b>	33	2.36	2.63
<b>Diluted earnings per share - Rupees</b>	34	2.36	2.63

The annexed notes from 1 to 45 and Annexures - I to IV form an integral part of these unconsolidated financial statements.

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2013

	Note	2013 Rupees in '000	2012
Profit after taxation for the year		1,938,007	1,633,841
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods:			
Actuarial gains on remeasurement recognized during the year	6.1 & 37.1.1	8,391	-
<b>Total comprehensive income</b>		<b>1,946,398</b>	<b>1,633,841</b>

The annexed notes from 1 to 45 and Annexures - I to IV form an integral part of these unconsolidated financial statements.

Chairman

President

Director

Director

# UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2013

	Note	2013 Rupees in '000	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		3,001,282	1,403,892
Less: Dividend income		(137,512)	(220,985)
		2,863,770	1,182,907
Adjustments for:			
Depreciation	12.2	328,857	330,911
Amortization on intangible assets	12.3	2,622	-
Amortization of premium / (discount) on Pakistan investment bonds		32,518	(44)
Unrealized loss / (gain) on revaluation of investments classified as held for trading	10.7	4,296	(8,620)
Reversal of provision against non-performing loans and advances - net	11.5.5	(673,081)	(965,430)
Bad debts written-off directly	11.6	241	-
Provision for diminution in the value of investments - net	10.3	6,643	337,040
Provision for employees compensated absences	37.1.3	16,558	7,342
Provision for gratuity	37.1.1	79,861	87,331
Provision against other assets	14.5	32,945	168,419
Reversal of provision for workers welfare fund	31	-	(40,720)
Provision against off balance sheet obligations	20.1	325	-
Net profit on sale of property and equipment	29	(59,167)	(32,313)
Net profit on sale of non-banking assets acquired in satisfaction of claims	29	(527,751)	(82,545)
Gain on sale and redemption of securities	28	(1,391,874)	(1,449,814)
Finance charges on leased assets	30	275	660
		(2,146,732)	(1,647,783)
		717,038	(464,876)
(Increase) / Decrease in operating assets:			
Lendings to financial institutions		(9,044,502)	5,689,429
Net investments in held for trading securities		3,369,266	(13,117,709)
Advances - net		(7,043,131)	(22,564,363)
Others assets - net		(3,382,984)	1,999,828
		(16,101,351)	(27,992,815)

	Note	2013 Rupees in '000	2012
Increase / (Decrease) in operating liabilities:			
Bills Payable		5,626	650,140
Borrowings		(21,911,655)	19,723,152
Deposits and other accounts		40,504,986	28,159,081
Other liabilities		760,890	935,406
		19,359,847	49,467,779
Financial charges paid		(275)	(660)
Income tax paid		(243,650)	(462,885)
<b>Net cash flow from operating activities</b>		3,731,609	20,546,543
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available for sale securities		1,884,181	(21,415,113)
Net investments in held to maturity securities		593,308	94,982
Dividends received		142,068	343,885
Investments in operating fixed assets		(505,963)	(261,088)
Sale proceeds of property and equipment disposed-off		192,341	86,482
Sale proceeds of non-banking assets disposed-off		2,498,583	510,412
<b>Net cash flow from / (used in) investing activities</b>		4,804,518	(20,640,440)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease obligations		(1,215)	(4,230)
Right shares issue cost		(78,484)	-
<b>Net cash used in financing activities</b>		(79,699)	(4,230)
<b>Net increase / (decrease) in cash and cash equivalents</b>		8,456,428	(98,127)
Cash and cash equivalents at beginning of the year		20,398,252	20,496,379
Cash and cash equivalents at end of the year	35	28,854,680	20,398,252

The annexed notes from 1 to 45 and Annexures - I to IV form an integral part of these unconsolidated financial statements.

Chairman

President

Director

Director

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2013

	Capital Reserves					Revenue Reserve	
	Share capital	Discount on issue of shares	Statutory reserve	Share premium	Restructuring reserve	Accumulated losses	Total
		Rupees		in	'000		
<b>Balance as at January 01, 2012</b>	5,287,974	-	69,595	37,882	1,807,479	(14,067,841)	(6,864,911)
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	11,604	11,604
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	6,801	6,801
Total comprehensive income for the year ended December 31, 2012	-	-	-	-	-	1,633,841	1,633,841
Transfer from restructuring reserve against NPLs	-	-	-	-	(1,054,292)	-	(1,054,292)
Transfer to statutory reserve	-	-	326,769	-	-	(326,769)	-
<b>Balance as at December 31, 2012</b>	5,287,974	-	396,364	37,882	753,187	(12,742,364)	(6,266,957)
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	10,352	10,352
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	814	814
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	1,946,398	1,946,398
Transfer from restructuring reserve against NPLs	-	-	-	-	(35,375)	-	(35,375)
Transfer to statutory reserve	-	-	387,601	-	-	(387,601)	-
<b>Transaction with owners, recorded directly in equity</b>							
Issue of right shares during the year	5,263,158	-	-	-	-	-	5,263,158
Discount on issue of shares	-	(263,158)	-	-	-	-	(263,158)
Right shares issue cost	-	-	-	-	-	(78,484)	(78,484)
	5,263,158	(263,158)	-	-	-	(78,484)	4,921,516
<b>Balance as at December 31, 2013</b>	10,551,132	(263,158)	783,965	37,882	717,812	(11,250,885)	576,748

The annexed notes from 1 to 45 and Annexures - I to IV form an integral part of these unconsolidated financial statements.

Chairman

President

Director

Director

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2013

## 1. STATUS AND NATURE OF BUSINESS

**1.1** The Bank of Punjab (the Bank) was constituted pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg III, Lahore. The Bank has 334 branches including 07 Islamic banking branches. (2012: 306 branches including 04 sub branches) in Pakistan and Azad Jammu and Kashmir at the year end. The Bank is listed on Lahore, Karachi and Islamabad Stock Exchanges. The majority shares of the Bank are held by Government of the Punjab (GOPb).

**1.2** The paid-up capital, reserves (net of losses) and advance subscription money of the Bank amounts to Rs. 12,576,748 thousand. The Capital Adequacy Ratio (CAR) as disclosed in note 42.6, remained below the prescribed level of 10%. Further, as at the close of the year 2013, net advances aggregating to Rs. 26,185,925 thousand (2012: Rs. 30,080,298 thousand) requiring additional provision of Rs. 24,348,207 thousand (2012: Rs. 27,055,529 thousand) there against have not been subjected to provisioning criteria as prescribed in SBP prudential regulations in view of the relaxation provided by SBP vide letter No.OSED/Div-01/SEU-03/010(01)-2014/3432 dated March 03, 2014, on the basis of two Letters of Comfort (LOCs) issued by the GOPb as explained in para 2 below.

The GOPb being the majority shareholder, in order to support the Bank, deposited Rs.10,000,000

thousand and Rs. 7,000,000 thousand as advance subscription money in the year 2009 and 2011 respectively against future issue of shares by the Bank. Further, the GOPb vide two LOCs issued on March 29, 2012 has also undertaken to inject necessary funds to make good the capital shortfall to the satisfaction of SBP up to a maximum amount of Rs. 5,800,000 thousand (net of tax @ 35%) and Rs. 12,940,000 thousand (net of tax @ 35%) within a period of 90 days after close of the year ending December 31, 2014 and December 31, 2016 respectively if the Bank fails to make provision of Rs. 28,840,000 thousand or if there is a shortfall in meeting the prevailing regulatory capital requirements as a result of the said provisioning. In addition, in terms of aforesaid LOCs, the GOPb being majority shareholder and sponsor of the Bank, has also extended its commitment to support and assist the Bank in ensuring that it remains compliant with the regulatory requirements at all times.

Based on above, the SBP has granted the Bank relaxations from provisioning requirements of SBP's prudential regulations, minimum capital requirement and capital adequacy ratio (CAR) which should not fall below 8% during first two quarters and 10% during last two quarters of the year 2014. During the year 2013, the Bank was required to record provisioning in a staggered manner aggregating to 10% by December 31, 2013 against outstanding amounts of the borrowers covered under above LOCs which condition has been duly complied with by the Bank. However, during the year 2014, the Bank will be required to record provisioning in staggered manner against

outstanding amounts of borrowers covered under above LOCs to at least 4% by June 30, 2014. Further, staggering for the quarter ending September 30, 2014 would be based on Bank's performance by June 30, 2014 so as to ensure that total staggering by end of the year would not be less than 15%. In this regard, any account adjustment following the cash recovery/settlement against these borrowers will reduce the said required provisioning covered under the LOCs. Going forward, further extension in these relaxations would be considered upon satisfactory compliance of the conditions / requirements of SBP as well as Bank's future performance.

During the year 2013 against advance subscription money-I, in 1st phase, the Bank has issued 526,315,789 right shares for Rs. 5,000,000 thousand (99.53%) at a discount of Rs 0.5 per share and in 2nd phase the Board of Directors of the Bank has declared a further right issue of Rs. 5,000,000 thousand (47.39%) at par value, the process of which will closed subsequent to the year end.

On the basis of enduring support of Government of the Punjab, the arrangements as outlined above and the business plan prepared by the management which has been approved by the Board of Directors, the Board is of the view that the Bank would have adequate resources to continue its business on a sustainable basis in the foreseeable future.

## 2. BASIS OF PREPARATION

**2.1** In accordance with the directives of the Government of Pakistan regarding the conversion of the Banking



system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the Banks from their customers and immediate resale to them at appropriate marked-up price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

**2.2** These unconsolidated financial statements are separate financial statements of the Bank in which the investment in subsidiary is stated at cost less impairment losses (if any) and has not been accounted for on the basis of reported results and net assets of the investee.

**2.3** The financial results of Islamic Banking business have been consolidated in these unconsolidated financial statements for reporting purposes, after eliminating inter-branch transactions / balances. Key financial figures of the Islamic Banking business are disclosed in Annexure-I to these unconsolidated financial statements.

### **3. STATEMENT OF COMPLIANCE**

These unconsolidated financial statements have been prepared in accordance with the directives issued by the SBP, requirements of The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan. Approved accounting standards

comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board and Islamic Financial Accounting standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the directives issued by the SBP and Securities and Exchange Commission of Pakistan (SECP), the Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 differ with the requirements of these standards, the requirements of the said directives, the Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 take precedence.

SBP as per BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and International Accounting Standard (IAS) 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, the IFRS – 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these Standards have not been considered in the preparation of these unconsolidated financial statements.

IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated

February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these unconsolidated financial statements is based on the requirements laid down by the SBP.

### **4. BASIS OF MEASUREMENT**

These unconsolidated financial statements have been prepared under the historical cost convention, except for revaluation of free hold land and buildings on free hold land, valuation of certain investments and commitments in respect of forward exchange contracts at fair value and certain staff retirement benefits at present value.

These unconsolidated financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency.

### **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of

future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Bank's unconsolidated financial statements or where judgment was exercised in the application of accounting policies are as follows:

#### 5.1 Classification of investments

In classifying investments as "held for trading" the Bank has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days.

In classifying investments as "held to maturity" the Bank follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as held for trading or held to maturity are classified as available for sale.

#### 5.2 Provision against non-performing advances

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

#### 5.3 Impairment of available for sale investments

The Bank considers that available for sale equity investments and mutual funds are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance. As of the statement of financial position date, the management has determined an impairment loss on available for sale securities and held to maturity securities as disclosed in note 10.3.2.

#### 5.4 Depreciation, amortization and revaluation of operating fixed assets

Estimates of useful life of operating fixed assets are based on management's best estimate. In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the change in pattern. Further, the Bank estimates the revalued amount of free hold land and buildings on free hold land on a regular basis. The estimates are based on valuations carried out by an independent valuation expert under the market conditions.

#### 5.5 Income taxes

In making estimates for income taxes currently payable by the Bank, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. There are various matters where the Bank's view differs with the view taken by the income tax authorities and such amounts are shown as a contingent liability.

#### 5.6 Staff retirement benefits

The amount of provision for gratuity and compensated absences is determined using actuarial valuation. The valuation involves making use of assumptions about discount rates, mortality, expected rate of salary increases, retirement rates, and average leave utilization per year. Due to the degree of subjectivity involved and long-term nature of these plans, such estimates are subject to significant uncertainty.

### 6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 6.1 Change in accounting policy

IAS 19 (Revised) was issued in 2011, effective from periods on or after January 01, 2013. The revised IAS 19 amends the accounting of defined benefit plans including actuarial gains and losses that are now required to be recognized in other comprehensive income (OCI) and permanently excluded from profit and loss account.

Adoption of the amended IAS 19 amounts to change in accounting policy as per IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Before the revision, the Bank already recognizes actuarial gains and losses directly in the profit and loss account; therefore, this change has no impact on the Bank's equity and merely results in presentational change of actuarial gains and losses from profit and loss account to other comprehensive income.

The change results in reclassification of Rs. 9,832 thousand from profit and loss account to other comprehensive income in year 2012 with no change in the Bank's equity. Therefore, the same has been considered immaterial and has been applied prospectively.

## 6.2 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks, balances with other banks and call money lendings less over drawn nostro accounts and other overdrawn bank accounts.

## 6.3 Revenue recognition

Revenue is recognized to the extent that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following recognition criteria must be met before revenue is recognized:

### 6.3.1 Mark-up/return/interest income

Mark-up/return/interest on advances and return on investments are recognized in profit and loss

account on an accrual basis, except mark-up on non-performing advances which is recognized when received.

### 6.3.2 Dividend income

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

### 6.3.3 Lease finance income

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease periods so as to produce a constant periodic rate of return on the outstanding net investment in lease. Unrealized lease income is suspended, where necessary, in accordance with the requirements of the SBP. Gain/loss on termination of lease contracts, documentation charges and other lease income are recognized as income when these are realized.

### 6.3.4 Fees and commission income

Commission income is recognized on time proportion basis.

### 6.4 Advances including net investment in finance lease

Advances and net investments in finance lease are stated net of provision for doubtful debts. Provision for doubtful debts is made in accordance with the Prudential Regulations prescribed by the SBP and

charged to profit and loss account.

Leases where risks and rewards incidental to ownership are substantially transferred to lessee are classified as finance lease. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value.

## 6.5 Investments

Investments other than those categorized as held for trading are initially recognized at fair value which includes transaction costs associated with the investments. Investments classified as held for trading are initially recognized at fair value, and transaction costs are expensed in the profit and loss account.

All regular way purchase/sale of investment are recognized on the trade date, i.e., the date the Bank commits to purchase/sell the investments. Regular way purchase or sale of investment requires delivery of securities within the time frame generally established by regulation or convention in the market place.

Investment in subsidiary is stated at cost less provision for impairment (if any). Other investments are classified as follows:

- Held for trading – These are securities which are acquired with the intention to trade by taking advantage of short-term market/interest rate movements. These are carried at market value, with the related surplus / (deficit) on revaluation being taken to profit and loss account.

- Held to maturity – These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortized cost.

- Available for sale – These are investments, other than those in subsidiaries and associates, which do not fall under the held for trading or held to maturity categories. These are carried at market value with the surplus/ (deficit) on revaluation taken to ‘Surplus/(deficit) on revaluation of assets’ shown below equity, except available for sale investments in unquoted shares, debentures, bonds, participation term certificates, term finance certificates, federal, provincial and foreign government securities (except for Treasury Bills and Pakistan Investment Bonds) which are stated at cost less provision for diminution in value of investments, if any.

Provision for diminution in the value of investments is made after considering impairment, if any, in their value and charged to profit and loss account. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to break-up value. Provision for diminution in value of investments for unquoted debt securities is calculated with reference to the time-based criteria as per the SBP’s Prudential Regulations.

Premium or discount on debt securities classified as available for sale and held to maturity securities are amortized using the effective yield method.

On de-recognition or impairment in quoted

available for sale securities the cumulative gain or loss previously reported as “Surplus/(Deficit) on revaluation of assets” below equity is included in the profit and loss account for the period.

Gain and loss on disposal of investments are dealt with through the profit and loss account in the year in which they arise.

## **6.6 Lending to/borrowing from financial institutions**

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

### **6.6.1 Sale under repurchase obligations**

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings from financial institutions. The differential in sale and repurchase price is accrued using effective yield method and recorded as interest expense over the term of the related repo agreement.

### **6.6.2 Purchase under resale obligations**

Securities purchased under agreement to resell (reverse repo) are not recognized in the financial statements as investments and the amount extended to the counter party is included in lendings to financial institutions. The differential between the contracted price and resale price is amortized over the period of the contract and recorded as interest income.

## **6.7 Operating fixed assets and depreciation**

### **Owned**

Property and equipment, other than free hold land which is not depreciated, are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses (if any). Free hold land is carried at revalued amount.

Depreciation on property and equipment is charged to income using the diminishing balance method so as to write off the historical cost/ revalued amount of the asset over its estimated useful life, except motor vehicles and computer equipment on which depreciation is charged using the straight line basis. The rates at which the depreciation is charged are given in note 12.2 to these unconsolidated financial statements. Impairment loss or its reversal, if any, is charged to income. When an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset’s revised carrying amount over its estimated useful life.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed.

Surplus / Deficit arising on revaluation of free hold land and buildings on free hold land is credited to the “Surplus/(Deficit) on Revaluation of Assets” shown below equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental

depreciation charged on the revalued assets, the related surplus on revaluation of buildings (net of deferred taxation) is transferred directly to unappropriated profit / accumulated loss.

Gains and losses on sale of operating fixed assets are included in income currently.

Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

### Leased

Property and equipment subject to finance lease are accounted for by recording the assets and the related liabilities. These are stated at fair value or present value of minimum lease payments whichever is lower at the inception of the lease less accumulated depreciation. Financial charges are allocated over the period of lease term so as to provide a constant periodic rate of financial charge on the outstanding liability. The property and equipment acquired under finance leasing contracts is depreciated over the useful life of the assets as per rates given in note 12.2 to these unconsolidated financial statements.

### Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses (if any). The cost of intangible assets is amortized over their useful lives, using the straight line method as per the rates given in note 12.3 to these unconsolidated financial statements. Amortization

on additions is charged from the month the assets are available for use while no amortization is charged in the month in which the assets are disposed.

### Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses (if any). These are transferred to specific assets as and when assets are available for use.

## 6.8 Taxation

### Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred

tax assets are recognized to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in income statement, except in the case of items credited or charged to equity in which case it is included in equity.

The Bank also recognizes deferred tax asset/liability on deficit/surplus on revaluation of operating fixed assets and available for sale securities which is adjusted against the related deficit/surplus in accordance with the requirements of International Accounting Standard (IAS)12, 'Income Taxes'.

## 6.9 Assets acquired in satisfaction of claims

The Bank acquires assets in settlement of claims. These are acquired at average value obtained from three independent approved valuers at the time of acquisition.

## 6.10 Employee retirement and other benefits

### 6.10.1 Defined contribution plan – Provident Fund

The Bank operates an approved Provident Fund Scheme, covering all permanent employees. Contributions are made monthly by the Bank and the employees at the rate of 8.33% of basic salary. Contributions by the Bank are charged to income.

### 6.10.2 Gratuity scheme

The Bank operates an approved funded gratuity scheme for all its employees. Contributions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to income. Actuarial gains and losses are charged or credited to other comprehensive income in the year in which they occur.

### 6.10.3 Employees' compensated absences

The Bank makes annual provision in the financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. Actuarial gains and losses are charged to income in the year in which they occur.

### 6.11 Foreign currencies

Transactions in foreign currency are translated to Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities and commitments for letters of credit and acceptances in foreign currencies are translated at the exchange rates prevailing at the statement of financial position date except assets and liabilities for which there are forward contracts which are translated at the contracted rates. Forward exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

All exchange differences are charged to profit and loss account.

### 6.12 Provisions

Provisions are recorded when the Bank has a present obligation as a result of a past event when it is probable that it will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

### 6.13 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations are made when the Bank has legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of amount can be made. Charge to profit and loss account is stated net of expected recoveries.

### 6.14 Dividend distribution and appropriations

Dividend distributions and appropriation to reserves are recognized as a liability in the financial statements in the period in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which they relate.

### 6.15 Impairment

The carrying amounts of assets (other than deferred tax assets) are reviewed for impairment at each statement of financial position date whenever events or changes in circumstances indicate that the carrying amounts of the assets may

not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

### 6.16 Earnings per share

The Bank presents earnings per share (EPS) for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares (if any).

### 6.17 Share Capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

### 6.18 Financial instruments

#### 6.18.1 Financial assets and liabilities

Financial instruments carried on the statement of financial position include cash and bank balances,

lending to financial institutions, investments, advances, certain receivables, borrowing from financial institutions, deposits and other payables. The particular recognition criteria adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

### 6.18.2 Offsetting

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

### 6.19 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing product

or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

### 6.19.1 Business segments

#### Trading and sales

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

#### Retail banking

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

#### Commercial banking

Commercial banking includes project finance, real estate finance, export finance, trade finance, lending, guarantees, bills of exchange and deposits.

#### Payment and settlement

It includes payments and collections, funds transfer, clearing and settlement.

#### Agency service

It includes depository receipts, securities lending (customers), issuer and paying agents.

### 6.19.2 Geographical segments

The Bank operates only in Pakistan.

### 6.20 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2013

Amendments to IAS 19  
- Actuarial gains and losses

Effective from accounting period beginning on or after January 1, 2013

The financial impact of amendments has been explained in note 6.1.

Presentations of Financial Statements IAS 1  
- Presentation of items of other comprehensive income

Effective from accounting period beginning on or after January 1, 2013

IAS 1 'Financial statements presentation' has been amended effective January 1, 2013. The main change resulting from these amendments is a requirement for entities to group items presented in 'Other Comprehensive Income' (OCI) on the basis of whether they are potentially reclassifiable to profit and loss subsequently reclassification adjustments. The specified changes have been made in the statements of other comprehensive income for the year.

### New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. The Bank considers that the following standards and interpretations are either not relevant or will not have any material

impact on its financial statements in the period of initial application other than to the extent of certain changes or enhancements in the presentation and disclosures in the financial statements provided that such changes do not conflict with the format of financial statements prescribed by the SBP for banks.

#### Standard or Interpretations

#### Effective date (accounting periods beginning on or after)

IFRS 1	First Time Adoption of International Financial Reporting Standards	January 01, 2014
IFRS 9	Financial Instruments	January 01, 2014
IFRS 10	Consolidated Financial Statements	January 01, 2014
IFRS 11	Joint Arrangements	January 01, 2014
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2014
IFRS 13	Fair Value Measurement	January 01, 2014
IAS 27 (Revised 2011)	Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11	January 01, 2014
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures due to non- adoption of IFRS 10 and IFRS 11	January 01, 2014
IAS 32	Financial instruments: Presentation - Offsetting financial assets and financial liabilities	January 01, 2014
IFAS 3	Islamic financial accounting standard on profit and loss sharing of deposits	January 01, 2014

In addition the above, amendments to various accounting standards have also been issued by IASB as result of annual improvement program 2010-2012. Such improvements are generally effective for accounting periods beginning on or after July 01, 2014.



	Note	2013 Rupees in '000	2012
<b>7. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand:			
- Local currency	7.1	4,300,888	3,283,341
- Foreign currencies		681,826	536,956
		4,982,714	3,820,297
With State Bank of Pakistan (SBP) in:			
- Local currency current account	7.2	12,369,181	8,297,588
- Foreign currency deposit account:	7.3		
- Non remunerative		297,542	264,733
- Remunerative	7.4	893,182	841,543
		13,559,905	9,403,864
With National Bank of Pakistan (NBP) in:			
- Local currency current account		5,278,245	4,074,090
- Local currency deposit account		-	-
		5,278,245	4,074,090
		23,820,864	17,298,251

**7.1** This includes National Prize Bonds of Rs. 33,027 thousand (2012: Rs. 42,091 thousand).

**7.2** This represents current account maintained with the SBP under the requirements of section 22 "Cash Reserve Requirement" of the Banking Companies Ordinance, 1962.

**7.3** These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.

**7.4** This carries mark-up as announced by the SBP on monthly basis.

	Note	2013 Rupees in '000	2012
<b>8. BALANCES WITH OTHER BANKS</b>			
In Pakistan:			
- On current account		2,057,116	2,013,045
- On deposit account	8.1	159,100	593,709
		2,216,216	2,606,754
Outside Pakistan:			
- On current account		418,359	250,530
- On deposit account	8.2	1,630,721	243,886
		2,049,080	494,416
		4,265,296	3,101,170
<b>8.1</b> These carry mark-up at rates ranging from 6.00% to 7.15% per annum (2012: 6.0% to 8.0% per annum).			
<b>8.2</b> This carries mark-up at 0.05% per annum (2012: 0.05% per annum).			
<b>9. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings		800,000	-
Reverse repurchase agreement lendings	9.2	10,030,448	-
Placements	9.3	577,000	1,562,946
		11,407,448	1,562,946

	2013	2012
	Rupees in '000	
<b>9.1 Particulars of lendings</b>		
In local currency	11,407,448	300,000
In foreign currency	-	1,262,946
	11,407,448	1,562,946

**9.2 Securities held as collateral against landings to financial institutions**

	2013			2012		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees in '000			Rupees in '000		
Market treasury bills	9,530,448	-	9,530,448	-	-	-
Pakistan investment bonds	500,000	-	500,000	-	-	-
	10,030,448	-	10,030,448	-	-	-

Market value of securities held as collateral as at December 31, 2013 amounted to Rs. 10,037,115 thousand (2012: Rs. Nil ). These carry mark-up at rate ranging from 9.45% to 11.00% per annum (2012: Nil per annum).

**9.3** These represent placements carrying profit at rate ranging from 6.00% to 10.00% per annum (2012: 0.31% to 10.30% per annum) with maturities upto February 28, 2014.

## 10. INVESTMENTS - NET

### 10.1 Investments by types:

	Note	2013			2012		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
		Rupees in '000			Rupees in '000		
<b>Held for trading securities</b>							
Ordinary shares of listed companies	Annex II - 1	22,456	-	22,456	22,447	-	22,447
Pakistan investment bonds	10.4	-	-	-	102,487	-	102,487
Market treasury bills	10.4	9,829,190	-	9,829,190	10,303,206	2,784,152	13,087,358
		9,851,646	-	9,851,646	10,428,140	2,784,152	13,212,292
<b>Available for sale securities:</b>							
Market treasury bills	10.4	89,161,279	14,759,734	103,921,013	53,284,273	34,852,255	88,136,528
Pakistan investment bonds	10.4	4,161,633	-	4,161,633	19,096,422	-	19,096,422
Ordinary shares / certificates of listed companies and modarabas	Annex II - 1	1,267,226	-	1,267,226	2,315,182	-	2,315,182
Preference shares of listed companies	Annex II - 2	495,451	-	495,451	520,451	-	520,451
Ordinary shares of unlisted company	Annex II - 3	25,000	-	25,000	25,000	-	25,000
Mutual funds units	Annex II - 4	1,123,087	-	1,123,087	2,642,873	-	2,642,873
Government of Pakistan ijara sukuk bonds		701,442	-	701,442	-	-	-
Listed term finance certificates	Annex II - 5	307,240	-	307,240	365,308	-	365,308
Unlisted term finance certificates	Annex II - 6	3,930,979	-	3,930,979	3,823,583	-	3,823,583
		101,173,337	14,759,734	115,933,071	82,073,092	34,852,255	116,925,347
<b>Held to maturity securities:</b>							
Pakistan investment bonds	10.5	1,262,832	-	1,262,832	1,888,658	-	1,888,658
WAPDA bonds		400	-	400	400	-	400
		1,263,232	-	1,263,232	1,889,058	-	1,889,058

	Note	2013			2012		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
		Rupees in '000			Rupees in '000		
<b>Subsidiary</b>							
Punjab modaraba services (private) limited	Annex II - 7	164,945	-	164,945	164,945	-	164,945
<b>Total investments at cost</b>		112,453,160	14,759,734	127,212,894	94,555,235	37,636,407	132,191,642
Provision for diminution in the value of investments - net	10.3	(3,166,697)	-	(3,166,697)	(3,660,023)	-	(3,660,023)
<b>Investments - net of provisions</b>		109,286,463	14,759,734	124,046,197	90,895,212	37,636,407	128,531,619
(Deficit) / Surplus on revaluation of available for sale securities	24.2	(85,758)	-	(85,758)	978,760	-	978,760
(Deficit) / Surplus on revaluation of held for trading securities	10.7	(4,296)	-	(4,296)	8,620	-	8,620
<b>Total investments at market value</b>		109,196,409	14,759,734	123,956,143	91,882,592	37,636,407	129,518,999

## 10.2 Investments by segments:

	Note	2013			2012		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
		Rupees in '000			Rupees in '000		
<b>Federal Government Securities:</b>							
Market treasury bills	10.4	98,990,469	14,759,734	113,750,203	63,587,479	37,636,407	101,223,886
Pakistan investment bonds	10.4	5,424,465	-	5,424,465	21,087,567	-	21,087,567
Government of Pakistan ijara sukuk bonds		701,442	-	701,442	-	-	-
<b>Ordinary shares/certificates:</b>							
Listed companies and modarabas	Annex II - 1	1,289,682	-	1,289,682	2,337,629	-	2,337,629
Unlisted company	Annex II - 3	25,000	-	25,000	25,000	-	25,000
Unlisted subsidiary company	Annex II - 7	164,945	-	164,945	164,945	-	164,945
<b>Mutual funds units</b>	Annex II - 4	1,123,087	-	1,123,087	2,642,873	-	2,642,873
<b>Preference shares - listed companies</b>	Annex II - 2	495,451	-	495,451	520,451	-	520,451
<b>Term finance certificates and bonds:</b>							
Listed term finance certificates	Annex II - 5	307,240	-	307,240	365,308	-	365,308
Unlisted term finance certificates	Annex II - 6	3,930,979	-	3,930,979	3,823,583	-	3,823,583
WAPDA bonds		400	-	400	400	-	400
<b>Total investments at cost</b>		112,453,160	14,759,734	127,212,894	94,555,235	37,636,407	132,191,642
Provision for diminution in the value of investments - net	10.3	(3,166,697)	-	(3,166,697)	(3,660,023)	-	(3,660,023)
<b>Investments - net of provisions</b>		109,286,463	14,759,734	124,046,197	90,895,212	37,636,407	128,531,619
(Deficit) / Surplus on revaluation of available for sale securities	24.2	(85,758)	-	(85,758)	978,760	-	978,760
(Deficit) / Surplus on revaluation of held for trading securities	10.7	(4,296)	-	(4,296)	8,620	-	8,620
<b>Total investments at market value</b>		109,196,409	14,759,734	123,956,143	91,882,592	37,636,407	129,518,999

	Note	2013 Rupees in '000	2012
<b>10.3 Provision for diminution in the value of investments - net</b>			
Opening balance		3,660,023	3,719,469
Charge for the year		7,787	689,622
Reversal during the year		(1,144)	(352,582)
		6,643	337,040
Adjustment during the year	10.3.1	3,666,666	4,056,509
Reversal on disposal		306,120	-
		(806,089)	(396,486)
Closing balance	10.3.2	3,166,697	3,660,023
<b>10.3.1</b> This represents impairment on term finance certificates acquired in settlement of certain investments.			
<b>10.3.2 Particulars of provision in respect of type and segment</b>			
<b>Available for sale securities:</b>			
Ordinary shares of listed companies		506,951	735,047
Preference shares		107,804	107,804
Ordinary shares of unlisted company		11,831	11,320
Mutual funds units		104,719	675,436
Term finance certificates		2,270,047	1,965,071
		3,001,352	3,494,678
<b>Held to maturity securities:</b>			
WAPDA bonds		400	400
<b>Subsidiary company</b>			
		164,945	164,945
		3,166,697	3,660,023

**10.4** Market treasury bills and Pakistan investment bonds are eligible for re-discounting with SBP.

10.5 Market value of held to maturity investments amounted to Rs. 1,210,098 thousand (2012: Rs. 1,804,468 thousand).

10.6 Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.

	Note	2013 Rupees in '000	2012
<b>10.7 Unrealized (loss) / gain on revaluation of investments classified as held for trading</b>			
Ordinary shares of listed companies		524	(557)
Pakistan investment bonds		-	(774)
Market treasury bills		(4,820)	9,951
		(4,296)	8,620
<b>11. ADVANCES - NET</b>			
Loans, cash credits, running finances etc.			
- In Pakistan		164,196,576	158,099,476
- Outside Pakistan		-	-
		164,196,576	158,099,476
Islamic financing and related assets	11.2	385,000	-
Net investment in finance lease			
- In Pakistan	11.3	14,060,985	12,145,701
- Outside Pakistan		-	-
		14,060,985	12,145,701
Bills discounted and purchased (excluding market treasury bills)			
- Payable in Pakistan		1,747,073	4,374,559
- Payable outside Pakistan		2,571,223	1,299,427
		4,318,296	5,673,986
Advances - (gross)	11.1	182,960,857	175,919,163



	Note	2013 Rupees in '000	2012
Less: Provision for non-performing loans and advances			
- Specific	11.4 & 11.5	(25,633,504)	(26,299,268)
- General	11.5	(41,755)	(14,893)
		(25,675,259)	(26,314,161)
Advances - net of provision		157,285,598	149,605,002
<b>11.1 Particulars of advances (gross)</b>			
<b>11.1.1</b> In local currency		182,533,447	175,399,131
In foreign currencies		427,410	520,032
		182,960,857	175,919,163
<b>11.1.2</b> Short-term advances upto one year		99,864,862	101,037,234
Long-term advances for over one year		83,095,995	74,881,929
		182,960,857	175,919,163
<b>11.2 Islamic financing and related assets</b>			
Against murabaha		135,000	-
Against diminishing musharaka		250,000	-
		385,000	-

### 11.3 Net investment in finance lease

	2013				2012			
	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
	(Rupees in '000)				(Rupees in '000)			
Lease rentals receivable	4,356,076	9,121,711	-	13,477,787	4,146,784	7,725,965	-	11,872,749
Add: Guaranteed residual value	9,383	3,027,003	-	3,036,386	-	1,912,790	-	1,912,790
Minimum lease payments	4,365,459	12,148,714	-	16,514,173	4,146,784	9,638,755	-	13,785,539
Less: Finance charge for future periods	1,099,846	1,353,342	-	2,453,188	740,676	899,162	-	1,639,838
Present value of minimum lease payments	3,265,613	10,795,372	-	14,060,985	3,406,108	8,739,593	-	12,145,701

11.4 Advances include Rs. 59,960,726 thousand (2012: Rs. 69,367,815 thousand) which have been placed under non-performing status as detailed below:-

Category of Classification	2013								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Other Assets Especially Mentioned	52,936	-	52,936	2,388	-	2,388	2,388	-	2,388
Substandard	8,552,333	-	8,552,333	2,041,981	-	2,041,981	2,041,981	-	2,041,981
Doubtful	707,666	-	707,666	300,763	-	300,763	300,763	-	300,763
Loss	50,647,791	-	50,647,791	23,288,372	-	23,288,372	23,288,372	-	23,288,372
	59,960,726	-	59,960,726	25,633,504	-	25,633,504	25,633,504	-	25,633,504

Category of Classification	2012								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Other Assets Especially Mentioned	60,226	-	60,226	-	-	-	-	-	-
Substandard	9,172,405	-	9,172,405	2,193,856	-	2,193,856	2,193,856	-	2,193,856
Doubtful	1,682,456	-	1,682,456	526,074	-	526,074	526,074	-	526,074
Loss	58,452,728	-	58,452,728	23,579,338	-	23,579,338	23,579,338	-	23,579,338
	69,367,815	-	69,367,815	26,299,268	-	26,299,268	26,299,268	-	26,299,268

**11.4.1** Provision against certain net advances amounting to Rs. 26,185,925 thousand (2012: Rs.30,080,298 thousand) requiring additional provision of Rs. 24,348,207 thousand (2012: Rs. 27,055,529 thousand) has not been considered necessary in these unconsolidated financial statements on the basis of undertaking given by Government of the Punjab as stated in Note 1.2.

#### 11.5 Particulars of provisions against non-performing advances

	Note	2013			2012		
		Specific	General	Total	Specific	General	Total
		Rupees in '000			Rupees in '000		
<b>11.5.1</b> Opening balance		26,299,268	14,893	26,314,161	26,303,094	20,267	26,323,361
Charge for the year		3,710,768	26,862	3,737,630	3,300,774	-	3,300,774
Reversals for the year		(4,375,336)	-	(4,375,336)	(3,206,538)	(5,374)	(3,211,912)
Amounts written off	11.5.5 11.6	(664,568)	26,862	(637,706)	94,236	(5,374)	88,862
		(1,196)	-	(1,196)	(98,062)	-	(98,062)
Closing balance		25,633,504	41,755	25,675,259	26,299,268	14,893	26,314,161
<b>11.5.2</b> In local currency		25,633,504	41,755	25,675,259	26,299,268	14,893	26,314,161
In foreign currencies		-	-	-	-	-	-
		25,633,504	41,755	25,675,259	26,299,268	14,893	26,314,161

**11.5.3** General provision represents provision against consumer financing portfolio as required by Prudential Regulations issued by the SBP.

**11.5.4** The SBP amended the prudential regulations vide BSD Circular No.1 of 2011 dated October 21, 2011 in relation to provision for loans and advances; there by allowing benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial and industrial properties (land and buildings only) and plant and machinery under charge held as collateral against non-performing advances. The FSV benefit availed in last years have been reduced by Rs. 1,982,039 thousand (net of FSV benefit availed during the period), which has resulted in increased charge for specific provision for the year by the same amount. The FSV benefit is not available for cash or stock dividend. Had the FSV benefit not recognized, before and after tax profits for the year would have been higher by Rs. 1,982,039 thousand (2012: higher by Rs. 2,241,578 thousand) and Rs. 1,288,325 thousand (2012: higher by Rs. 1,457,026 thousand) respectively.

	Note	2013 Rupees in '000	2012
<b>11.5.5 Reversal of provisions against non -performing loans and advances - charge to profit and loss account</b>			
(Reversal) / Charge of provision against non-performing loans and advances-net	11.5.1	(637,706)	88,862
Transfer from restructuring reserve	22.2	(35,375)	(1,054,292)
		(673,081)	(965,430)
<b>11.6 Particulars of write offs:</b>			
<b>11.6.1</b> Against provisions			
Directly charged to profit and loss account	11.5.1	1,196	98,062
		241	-
		1,437	98,062
<b>11.6.2</b> Write Offs of Rs. 500,000 and above			
Write Offs of below Rs. 500,000	11.7	1,196	98,062
		241	-
		1,437	98,062

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

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended December 31, 2013 is given in Annexure-III.

	Note	2013 Rupees in '000	2012
<b>11.8 Particulars of loans and advances to executives, subsidiary &amp; associated companies, etc.</b>			
Debts due by executives or officers of the Bank or any of them either severally or jointly with any other persons			
Balance at beginning of year		1,477,182	1,287,858
Loans granted during the year		694,398	420,125
Repayments received during the year		(271,665)	(230,801)
Balance at end of year	11.8.1	1,899,915	1,477,182
Debts due by subsidiary company and managed modarabas			
Balance at beginning of year		1,069,513	1,022,820
Loans granted during the year		1,726,892	1,846,313
Repayments received during the year		(1,704,430)	(1,799,620)
Balance at end of year		1,091,975	1,069,513
		2,991,890	2,546,695

**11.8.1** These represent staff loans given to executives and officers in accordance with their terms of employment and advances given under consumer finance schemes of the Bank.

	Note	2013 Rupees in '000	2012
<b>12. OPERATING FIXED ASSETS</b>			
Capital work in progress	12.1	129,034	132,650
Property and equipment	12.2	3,377,005	3,340,841
Intangible assets	12.3	8,762	-
		3,514,801	3,473,491
<b>12.1 Capital work-in-progress</b>			
Civil works		102,654	89,466
Premises	12.2.1	-	30,070
Softwares		26,380	13,114
		129,034	132,650

**12.1.1** During the year, the Bank has disposed off the premises at a gain of Rs. 8,292 thousand (2012: Nil).

## 12.2 Property and equipment

	2013									
	COST / REVALUED AMOUNT				DEPRECIATION					
	Opening balance as at 01 January 2013	Additions	(Deletions) / Transfer / Adjustment	Closing balance as at 31 December 2013	Opening balance as at 01 January 2013	Charge for the year	(Deletions) / Transfer / Adjustment	Closing balance as at 31 December 2013	Book value as at 31 December 2013	Rate of depreciation %
	Rupees	in	'000	Rupees	in	'000	Rupees	in	'000	
<b>Owned assets</b>										
Free hold land	1,110,174	-	(1,103)	1,114,521	-	-	-	-	1,114,521	-
Buildings on free hold land	1,560,444	-	(1,805)	1,553,189	76,899	73,641	(505)	150,035	1,403,154	5
Furniture, fixture and office equipment	1,984,370	392,634	(7,744)	2,369,260	1,350,835	210,663	(6,420)	1,555,078	814,182	10-33.33
Vehicles	261,703	75,491	(201,288)	135,451	150,870	43,452	(102,069)	91,798	43,653	20
			(455)				(455)			
<b>Assets held under finance lease</b>	4,916,691	468,125	(212,395)	5,172,421	1,578,604	327,756	(109,449)	1,796,911	3,375,510	
Vehicles	5,712	-	(428)	5,284	2,958	1,101	(270)	3,789	1,495	20
	4,922,403	468,125	(212,823)	5,177,705	1,581,562	328,857	(109,719)	1,800,700	3,377,005	
	2012									
	COST / REVALUED AMOUNT				DEPRECIATION					
	Opening balance as at 01 January 2012	Additions	(Deletions) / Transfer / Adjustment	Closing balance as at 31 December 2012	Opening balance as at 01 January 2012	Charge for the year	(Deletions) / Transfer / Adjustment	Closing balance as at 31 December 2012	Book value as at 31 December 2012	Rate of depreciation %
	Rupees	in	'000	Rupees	in	'000	Rupees	in	'000	
<b>Owned assets</b>										
Free hold land	1,145,174	-	(35,000)	1,110,174	-	-	-	-	1,110,174	-
Buildings on free hold land	1,574,877	-	(14,433)	1,560,444	-	78,743	(1,844)	76,899	1,483,545	5
Furniture, fixture and office equipment	1,820,611	174,100	(10,341)	1,984,370	1,155,368	204,362	(8,895)	1,350,835	633,535	10-33.33
Vehicles	214,277	37,135	(13,867)	261,703	91,023	44,913	(9,224)	150,870	110,833	20
			24,158*				24,158*			
<b>Assets held under finance lease</b>	4,754,939	211,235	(49,483)	4,916,691	1,246,391	328,018	4,195	1,578,604	3,338,087	
Vehicles	34,416	-	(4,546)	5,712	28,278	2,893	(4,055)	2,958	2,754	20
			(24,158)*				(24,158)*			
	4,789,355	211,235	(78,187)	4,922,403	1,274,669	330,911	(24,018)	1,581,562	3,340,841	

\* These represent leased vehicles transferred to owned assets on completion of finance lease.

### 12.2.1 Details of disposal of operating fixed assets

The information relating to disposal of operating fixed assets required to be disclosed as part of the financial statements by the State Bank of Pakistan is given in Annexure-IV and is an integral part of these unconsolidated financial statements.

12.2.2 Free hold land and buildings on free hold land were revalued on December 31, 2011 by M/s Indus Surveyors (Private) Limited, an independent valuer, on the basis of fair market value. This valuation resulted in surplus of Rs. 691,505 thousand and Rs. 307,312 thousand in respect of free hold land and buildings on free hold land respectively. Detailed particulars are as follows:

	Revalued Amount Rupees in '000
Free hold land	1,114,521
Buildings on free hold land	1,403,154

12.2.3 Had the free hold land and buildings on freehold land not been revalued, their carrying amounts would have been as follows:

	2013 Rupees in '000	2012
Free hold land	423,016	423,826
Buildings on free hold land	1,095,842	1,154,337

12.2.4 The gross carrying amount of fully depreciated assets that are still in use is Rs. 206,411 thousand (2012: Rs. 175,514 thousand).

### 12.3 Intangible assets

2013								
	COST			AMORTIZATION				
	Opening balance as at January 01, 2013	Additions	Closing balance as at December 31, 2013	Opening balance as at January 01, 2013	Amortization for the year	Closing balance as at December 31, 2013	Book value as at December 31, 2013	Rate of amortization %
	Rupees	in '000		Rupees	in '000		Rupees in '000	
Softwares	-	11,384	11,384	-	2,622	2,622	8,762	33.33
	-	11,384	11,384	-	2,622	2,622	8,762	
2012								
	COST			AMORTIZATION				
	Opening balance as at January 01, 2012	Additions	Closing balance as at December 31, 2012	Opening balance as at January 01, 2012	Amortization for the year	Closing balance as at December 31, 2012	Book value as at December 31, 2012	Rate of amortization %
	Rupees	in '000		Rupees	in '000		Rupees in '000	
Softwares	-	-	-	-	-	-	-	33.33
	-	-	-	-	-	-	-	



	Note	2013 Rupees in '000	2012
<b>13. DEFERRED TAX ASSET - NET</b>			
<b>Taxable temporary differences:</b>			
- Surplus on revaluation of operating fixed assets	24.1	(107,558)	(115,222)
- Surplus on available for sale securities	24.2	-	(240,635)
- Accelerated tax depreciation		(216,786)	(219,673)
<b>Deductible temporary differences:</b>			
- Deficit on available for sale securities	24.2	99,049	-
- Loan loss provision		8,026,320	8,026,320
- Business loss	13.1	4,826,327	5,619,824
		12,627,352	13,070,614

**13.1** The management has prepared a business plan on the basis of the arrangements as disclosed in Note 1.2. The business plan includes certain key assumptions such as deposit composition, growth of deposits and advances, investment returns, potential provision against assets, branch expansion plan etc. Any significant change in the key assumptions may have an impact on the projections, however, the management believes that it is probable that the Bank will be able to achieve the projections as per the business plan and future taxable income would be sufficient to allow the benefit of the deductible temporary differences.

**13.2 Reconciliation of deferred tax**

	Balance as January 01, 2012	Recognized in profit and loss account	Recognized in equity	Balance as at December 31, 2012	Recognized in profit and loss account	Recognized in equity	Balance as at December 31, 2013
Rupees in '000							
<b>Taxable temporary differences:</b>							
- Surplus on revaluation of operating fixed assets	(124,966)	6,248	3,496	(115,222)	5,574	2,090	(107,558)
- Surplus on available for sale securities	-	-	(240,635)	(240,635)	-	240,635	-
- Accelerated tax depreciation	-	(219,673)	-	(219,673)	2,887	-	(216,786)
<b>Deductible temporary differences:</b>							
- Accelerated depreciation	37,318	(37,318)	-	-	-	-	-
- Deficit on available for sale securities	121,912	-	(121,912)	-	-	99,049	99,049
- Loan loss provision	9,859,804	(1,833,484)	-	8,026,320	-	-	8,026,320
- Business loss	3,990,817	1,629,007	-	5,619,824	(793,497)	-	4,826,327
- Others	1,884	(1,884)	-	-	-	-	-
	13,886,769	(457,104)	(359,051)	13,070,614	(785,036)	341,774	12,627,352

	Note	2013 Rupees in '000	2012
<b>14. OTHER ASSETS - NET</b>			
Income/mark-up accrued in local currency		3,872,474	4,290,589
Profit paid in advance on pehlay munafa scheme		63,533	78,312
Advances, deposits, advance rent and other prepayments	14.1	229,253	188,351
Advance taxation (payments less provisions)		2,276,004	2,310,593
Non-banking assets acquired in satisfaction of claims	14.2	9,028,894	7,322,647
Branch adjustment account		87,231	63,640
Stock of stationery		28,409	16,747
Suspense account		15,927	1,269
Zakat recoverable from NITL	14.3	36,790	36,790
Claim for recovery of shares	14.4	18,570	18,570
Unrealized gain on revaluation of foreign contracts		51,159	34,415
Fraud and forgeries		44,871	39,789
Others		334,631	313,552
		16,087,746	14,715,264
Less provision against:			
Non-banking assets acquired in satisfaction of claims		(196,909)	(162,796)
Zakat recoverable from NITL		(36,790)	(36,790)
Claim for recovery of shares		(18,570)	(18,570)
Fraud and forgeries		(14,834)	(16,527)
	14.5	(267,103)	(234,683)
Other assets - net of provision		15,820,643	14,480,581

**14.1** This includes Rs. Nil. (2012: Rs. 40,015 thousand) paid as advance to M/s Pak Suzuki Motors Limited for purchase of vehicles against Self Employment Scheme for Educated Unemployed Youth.

**14.2** The market value of properties acquired in satisfaction of claims approximates their carrying value (net of provision).

**14.3** This represents zakat deducted on dividends by NIT. The Bank has filed suit against NIT for recovery of the amount. The case was decided in favour of the Bank in 1993 and intra court appeal was filed by the Zakat and Ushr Department against the decision which is still pending. As a matter of prudence, though without prejudice to the Bank's claim against NIT at the court of law, the claim amount has been fully provided for.

**14.4** This amount represents the cost of 2,785,074 shares of Sui Northern Gas Pipelines Limited (SNGPL) net of subsequent recoveries, fraudulently and unlawfully withdrawn by M/s S. H. Bukhari Securities (Private) Limited (SHB), an ex-member of Lahore Stock Exchange (Guarantee) Limited (LSE). The matter was reported to LSE and also to the Securities and Exchange Commission of Pakistan for recovery of the said shares.

The Bank has also registered an FIR with Federal Investigation Agency (FIA) to initiate criminal proceedings. The case has been transferred to National Accountability Bureau (NAB) and NAB authorities are in the process of recovery. As a matter of prudence though without prejudice to the Bank's claim against M/s S.H. Bukhari Securities (Private) Limited at various forums and the court of law, the balance claim amount has been fully provided for by the Bank.

	Note	2013 Rupees in '000	2012
<b>14.5 Provision against other assets</b>			
Opening balance		234,683	66,264
Charge for the year		34,113	168,419
Reversal		(1,168)	-
		32,945	168,419
Amount written off		(525)	-
Closing balance		267,103	234,683
<b>15. CONTINGENT ASSETS</b>			
Contingent assets		Nil	Nil
<b>16. BILLS PAYABLE</b>			
In Pakistan		1,506,335	1,500,709
Outside Pakistan		-	-
		1,506,335	1,500,709
<b>17. BORROWINGS</b>			
In Pakistan		22,771,002	44,682,657
Outside Pakistan		31,480	1,169
	17.1	22,802,482	44,683,826

	Note	2013 Rupees in '000	2012
<b>17.1 Particulars of borrowings with respect to currencies</b>			
In local currency		22,771,002	44,682,657
In foreign currencies		31,480	1,169
		22,802,482	44,683,826
<b>17.2 Details of borrowings</b>			
<b>Secured</b>			
Borrowings from SBP:			
-Export refinance (ERF)	17.2.1	6,722,490	5,775,034
-Long term financing - export oriented projects (LTF-EOP)	17.2.2	154,401	322,947
-Long term financing facility (LTFF)	17.2.2	1,161,695	962,931
Repurchase agreement borrowings	17.2.3	14,732,416	37,621,745
		22,771,002	44,682,657
<b>Unsecured</b>			
Overdrawn nostro accounts		31,480	1,169
		22,802,482	44,683,826

**17.2.1** These are secured against the Bank's cash and security balances held with the SBP. Mark-up on these borrowings is payable quarterly at rate of 8.40 % per annum. (2012: 8.50% to 10.00% per annum). Maturity of the borrowing is upto June 25, 2014.

**17.2.2** This amount is due to the SBP and have been obtained for providing long term finance to customers. As per the agreements with the SBP, the Bank has granted the SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 5.00% to 11.00% (2012: 5.00% TO 11.00%) per annum with maturity upto December 06, 2020.

**17.2.3** These are secured against market treasury bills and carry mark-up at rates ranging from 9.85% to 10.05% per annum (2012: 7.50% to 8.93% per annum) maturing on various dates latest by March 20, 2014.

		2013	2012
		Rupees in '000	
<b>18. DEPOSITS AND OTHER ACCOUNTS</b>			
	<b>Customers</b>		
	Fixed deposits	125,857,124	111,143,862
	Savings deposits	110,019,779	100,934,185
	Current accounts - non-remunerative	60,096,297	47,209,428
	Sundry deposits, margin accounts, etc.	2,320,299	2,854,198
		298,293,499	262,141,673
	<b>Financial Institutions</b>		
	Remunerative deposits	7,227,752	3,131,640
	Non-remunerative deposits	1,039,516	782,468
		8,267,268	3,914,108
		306,560,767	266,055,781
<b>18.1 Particulars of deposits</b>			
	In local currency	300,587,802	260,635,041
	In foreign currencies	5,972,965	5,420,740
		306,560,767	266,055,781

## 19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2013			2012		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	Rupees in '000			Rupees in '000		
Not later than one year	1,298	148	1,150	1,417	317	1,100
Later than one year and not later than five years	1,265	29	1,236	2,697	196	2,501
	2,563	177	2,386	4,114	513	3,601

**19.1** Financial charges, included in the lease rentals, are determined on the basis of discount factors applied at the rates ranging from 11.63% to 12.40% per annum (2012: 11.63% to 14.22% per annum). The Bank has an option to purchase the assets upon completion of lease term and has the intention to exercise the option.

**19.2** The amount of future payments of the lease and the period in which these payments will become due are as follows:

	Note	2013 Rupees in '000	2012
<b>Years</b>			
2013		-	1,417
2014		1,298	1,393
2015		1,265	1,304
		2,563	4,114
Less: Financial charges for future periods		177	513
		2,386	3,601
<b>20. OTHER LIABILITIES</b>			
Mark-up/ return/ interest payable in local currency		4,102,574	4,083,019
Mark-up/ return/ interest payable in foreign currencies		16,219	22,886
Compensation payable on share deposit money		56,931	231,459
Sundry creditors and accrued expenses		240,610	380,383
Unclaimed dividends		2,671	2,671
Payable to gratuity fund	37.1.1	71,470	87,331
Provision for employees compensated absences	37.1.3	209,961	193,464
Provision against off-balance sheet obligations	20.1	497,702	497,377
Deficit on revaluation of deposits and foreign bills purchased		21,028	-
Lease key money		3,036,386	1,912,790
Others		89,325	84,254
		8,344,877	7,495,634

	2013	2012
	Rupees in '000	
<b>20.1 Provision against off balance sheet obligations</b>		
Opening balance	497,377	497,377
Charge for the year	325	-
Reversal during the year	-	-
	325	-
Closing balance	497,702	497,377

The above provision has been made against letters of guarantee issued by the Bank.

## 21. SHARE CAPITAL

### 21.1 Authorized Capital

2013 Number	2012 Number		2013	2012
			Rupees in '000	
5,000,000,000	5,000,000,000	Ordinary / Preference shares of Rs. 10 each	50,000,000	50,000,000

The authorized capital of the Bank is fifty thousand million rupees divided into five thousand million ordinary or preference shares of ten rupees each.

## 21.2 Issued, subscribed and paid up share capital

2013 Number	2012 Number	Ordinary shares of Rs.10 each	Note	2013 Rupees in '000	2012
<b>Balance as at January 01</b>					
19,333,340	19,333,340	Ordinary shares of Rs. 10 each paid in cash		193,333	193,333
509,464,036	509,464,036	Issued as bonus shares		5,094,641	5,094,641
528,797,376	528,797,376			5,287,974	5,287,974
526,315,789	-	Issued during the year		5,263,158	-
526,315,789	-			5,263,158	-
<b>Closing balance</b>					
19,333,340	19,333,340	Ordinary shares of Rs. 10 each paid in cash		193,333	193,333
526,315,789	-	Ordinary shares of Rs. 10 issued at discount		5,263,158	-
509,464,036	509,464,036	Issued as bonus shares		5,094,641	5,094,641
1,055,113,165	528,797,376			10,551,132	5,287,974

21.3 Government of the Punjab (GOPb) held 52.67% shares in the Bank as at December 31, 2013 (2012: 51.00 %).

## 22. RESERVES

Statutory reserve	22.1	783,965	396,364
Share premium reserve		37,882	37,882
Restructuring reserve	22.2	717,812	753,187
		1,539,659	1,187,433

22.1 In accordance with the Banking Companies Ordinance, 1962, the Bank is required to transfer twenty percent of its profits each year to statutory reserve fund until the amount in such fund equals to the paid up share capital of the Bank.

22.2 This represents the effect of the up gradation of category of classification by one category upon rescheduling / restructuring of classified loans and advances in accordance with the BSD Circular No. 10 dated 20 October 2009.



	Note	2013 Rupees in '000	2012
Opening balance		753,187	1,807,479
Transfer to profit and loss account	11.5.5	(35,375)	(1,054,292)
Closing balance		717,812	753,187

### 23. SHARE DEPOSIT MONEY

Share deposit money - I		5,000,000	10,000,000
Share deposit money - II		7,000,000	7,000,000
	23.1 & 23.2	12,000,000	17,000,000

#### 23.1 Reconciliation of share deposit money

Opening balance		17,000,000	17,000,000
Right shares issued during the year		(5,000,000)	-
Closing balance		12,000,000	17,000,000

**23.2** This represents Rs. 10,000,000 thousand and Rs. 7,000,000 thousand deposited by the Government of the Punjab in 2009 & 2011 respectively. During the year in 1st phase, the Bank has issued 526,315,789 right shares at a discount of Rs.0.50 per share as explained in Note 1.2. Further, in the 2nd phase, the Board of Directors of the Bank has declared a further right issue of Rs. 5,000,000 thousand at par value.

	Note	2013 Rupees in '000	2012
<b>24. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Surplus / (Deficit) on revaluation of :			
Operating fixed assets - net of tax	24.1	891,259	900,335
Available for sale securities - net of tax	24.2	13,291	738,125
		904,550	1,638,460

	Note	2013 Rupees in '000	2012
<b>24.1 Surplus on revaluation of operating fixed assets - net of tax</b>			
As on January 01:		1,098,296	1,105,097
- Surplus on revaluation realized during the year		(814)	(6,801)
		1,097,482	1,098,296
Incremental depreciation:			
- Opening balance		(82,739)	(64,887)
- Transferred to accumulated losses in respect of incremental depreciation charge during the year - net of tax		(10,352)	(11,604)
- Related deferred tax liability		(5,574)	(6,248)
Accumulated incremental depreciation		(98,665)	(82,739)
As on December 31		998,817	1,015,557
Less: Related deferred tax liability			
- Opening balance		(115,222)	(124,966)
- Adjustment during the year		1,908	-
- Deferred tax on surplus realized during the year		182	3,496
- Deferred tax recorded during the year		5,574	6,248
- Closing balance	13	(107,558)	(115,222)
		891,259	900,335
<b>24.2 Surplus / (Deficit) on revaluation of available for sale securities - net of tax</b>			
Federal government securities		(383,041)	494,417
Quoted securities		220,157	145,161
Mutual funds units		66,543	299,962
Term finance certificates		10,583	39,220
		(85,758)	978,760
Less: Related deferred tax asset / (liability)	13	99,049	(240,635)
		13,291	738,125

## 25. CONTINGENCIES AND COMMITMENTS

### 25.1 Direct credit substitutes

These include general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities issued in favour of:

	2013	2012
	Rupees in '000	
- Government	-	2,568,646
- Financial institutions	-	-
- Others	1,176,561	1,225,406
	1,176,561	3,794,052

### 25.2 Transaction-related contingent liabilities

These include performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions issued in favour of:

	2013	2012
	Rupees in '000	
- Government	298,272	242,575
- Financial institutions	33,872	36,148
- Others	12,729,479	11,270,360
	13,061,623	11,549,083

### 25.3 Trade-related contingent liabilities

These include letters of credit issued in favour of:

- Government	970,207	3,688,374
- Financial institutions	-	-
- Others	7,420,631	8,378,817
	8,390,838	12,067,191

#### 25.4 Income tax related contingency

For the tax years 2010, 2011 & 2012 Income Tax Department has amended the assessment orders on the issues of separate taxation of dividend income and turnover tax against which the Bank have filed appeals before Commissioner Inland Revenue Appeals. The expected tax liability in respect of aforesaid tax years amounts to Rs 162,772 thousand and minimum tax under section 113 amounts to Rs 257,967 thousand. The management of the Bank, as per the opinion of its tax consultant, is confident that the appeal filed for the aforementioned tax years will be decided in Bank's favour.

	2013	2012
	Rupees in '000	
<b>25.5 Other contingencies</b>		
Claims against the Bank not acknowledged as debts	40,353,802	33,968,741

The amount involved in the claims filed against the Bank are yet to be adjudicated by the concern Courts as the same have been filed as outburst to our recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the Courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.

#### 25.6 Commitments to extend credit

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

	2013	2012
	Rupees in '000	
<b>25.7 Commitments in respect of forward exchange contracts</b>		
Purchase	4,433,928	3,358,739
Sale	5,382,084	3,150,622
	9,816,012	6,509,361
<b>25.8 Commitments for the acquisition of operating fixed assets</b>	18,199	45,411

	2013	2012
	Rupees in '000	
<b>26. MARK-UP/RETURN/INTEREST EARNED</b>		
a) On loans and advances to:		
i) Customers	13,406,595	13,121,312
ii) Financial institutions	18,693	18,496
b) On investments in:		
i) Available for sale securities	9,226,083	10,114,927
ii) Held for trading securities	647,946	651,971
iii) Held to maturity securities	132,396	158,701
c) On deposits with financial institutions	10,698	11,117
d) On securities purchased under resale agreements	741,050	468,201
e) On certificates of investment	7,666	84,572
f) On letters of placement	36,594	36,727
	24,227,721	24,666,024
<b>27. MARK-UP/RETURN/INTEREST EXPENSED</b>		
Deposits	18,851,135	19,812,396
Securities sold under repurchase agreements	959,046	1,695,146
Return on share deposit money	365,909	1,014,658
Other short term borrowings	32,597	718
	20,208,687	22,522,918
<b>28. GAIN ON SALE AND REDEMPTION OF SECURITIES - NET</b>		
Federal government securities :		
Market treasury bills	103,531	851,546
Pakistan investment bonds	323,382	69,795
Ijara sukuk	45	-
Shares - listed	549,926	432,454
Term finance certificates	63,073	907
Mutual funds	351,917	95,112
	1,391,874	1,449,814

	Note	2013 Rupees in '000	2012
<b>29. OTHER INCOME</b>			
Rent on lockers		27,353	24,335
Net profit on sale of property and equipment		59,167	32,313
Net profit on sale of non banking assets acquired in satisfaction of claims		527,751	82,545
Service charges		188,245	191,409
Loan processing charges		130,303	74,988
Online transaction charges		14,729	16,109
ATM transactions		112,294	86,925
Cheque return charges		14,436	19,908
Miscellaneous earnings		73,819	57,324
		1,148,097	585,856
<b>30. ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances, etc.		2,682,292	2,235,752
Contribution to defined contribution plans		80,832	89,684
Provision for gratuity	37.1.1	79,861	87,331
Provision for compensated absences	37.1.3	16,558	7,342
Non-executive directors' fees	38.	3,475	2,825
Taxes, insurance, electricity, etc.		215,402	175,359
Legal and professional charges		43,891	27,830
Communications		102,313	86,716
Repairs and maintenance		111,238	96,971
Rent for bank premises	30.1	330,283	261,201
Finance charge on leased assets		275	660
Stationery and printing		104,233	97,353
Advertisement and publicity		71,514	107,395
Auditors' remuneration	30.2	5,210	8,165
Depreciation	12.2	328,857	330,911
Amortization on intangible assets	12.3	2,622	-
Traveling		57,429	41,777

	2013	2012
	Rupees in '000	
Fuel expenses	268,856	235,926
Cash remittance charges	74,506	59,590
Entertainment expenses	52,263	40,996
Bank charges	92,034	92,088
Online connectivity charges	70,980	55,292
Fuel for generator	144,286	118,330
Commission and brokerage	68,240	25,013
Miscellaneous expenses	192,332	146,013
	5,199,782	4,430,520
<b>30.1 Operating lease</b>		
Operating lease rentals are charged in profit and loss account on a time proportion basis over the term of lease agreements.		
<b>30.2 Auditors' remuneration</b>		
Audit fee	1,750	1,750
Special certifications, half yearly review and others	2,610	5,465
Out-of-pocket expenses	850	950
	5,210	8,165
<b>31. OTHER CHARGES</b>		
Penalties imposed by SBP	39,623	130
Reversal of provision for workers welfare fund	-	(40,720)
Others	7,500	-
	47,123	(40,590)

	2013	2012
	Rupees in '000	
<b>32. TAXATION</b>		
<b>For the year</b>		
Current	278,239	139,284
Deferred	785,036	353,738
	1,063,275	493,022
<b>Prior years</b>		
Current	-	(826,337)
Deferred	-	103,366
	-	(722,971)
	1,063,275	(229,949)

**32.1** Due to carry forward business losses, numerical reconciliation between tax expense and accounting profit has not been presented. However, current liability for taxation represents minimum tax under section 113 of the Income Tax Ordinance, 2001.

	2013	2012
<b>33. BASIC EARNINGS PER SHARE</b>		
Profit for the year - Rupees in thousand	1,938,007	1,633,841
Weighted average ordinary shares - Number	820,953,647	621,264,311
Basic earnings per share - after tax - Rupees	2.36	2.63

Earning per share for the year ended December 31, 2012 have been restated to give effect of bonus element included in issuance of right shares may during the year.

#### **34. DILUTED EARNINGS PER SHARE**

There is no dilution effect on basic earnings per share.



	Note	2013 Rupees in '000	2012
<b>35. CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	7	23,820,864	17,298,251
Balance with other banks	8	4,265,296	3,101,170
Call money lendings	9	800,000	-
Overdrawn nostro accounts	17.2	(31,480)	(1,169)
		28,854,680	20,398,252

		2013 Number	2012
<b>36. STAFF STRENGTH</b>			
Permanent		3,622	3,686
Temporary/on contractual basis		1,405	1,204
Daily wagers		384	245
Bank's own staff strength at the end of the year		5,411	5,135
Outsourced		681	356
Total Staff Strength		6,092	5,491

### 37. EMPLOYEE BENEFITS

#### 37.1 Defined benefit plans

##### 37.1.1 Gratuity

The Bank operates a funded gratuity scheme for all its permanent employees. The benefits under the scheme are payable on retirement which is equal to one month's last drawn basic salary for each year of eligible service or part thereof with effect from January 01, 2008 subject to minimum of five years of service. The Bank makes annual provision in the financial statements for its liabilities on the basis of actuarial valuation.

### Principal actuarial assumptions

The most recent valuation was carried out at December 31, 2013 using the "Projected Unit Credit Method". The principal assumptions used in the valuation at December 31, 2013 were as follows:

	2013	2012
Discount rate	13.00%	11.00%
Expected rate of eligible salary increase in future years	12.00%	10.00%
Expected rate of return on plan assets during 2014	13.00%	11.00%
Average expected remaining working life (years)	10	12
	<b>2013</b>	<b>2012</b>
	<b>Rupees in '000</b>	
<b>Reconciliation of payable to defined benefit plan</b>		
Present value of defined benefit obligation	343,541	268,612
Fair value of plan assets	(283,186)	(190,322)
Benefit payments payable	11,115	9,041
	71,470	87,331
<b>Movement in payable to defined benefit plan</b>		
Opening balance	87,331	149,201
Charge for the year	79,861	87,331
Remeasurement chargeable in other comprehensive income	(8,391)	-
Contributions made by the Bank during the year	(87,331)	(149,201)
Closing balance	71,470	87,331

	2013	2012
	Rupees in '000	
<b>Changes in present value of defined benefit obligations</b>		
Opening balance	268,612	181,818
Current service cost	71,249	59,719
Interest cost	29,547	22,727
Benefits payable	(11,115)	(9,041)
Benefit paid	(6,783)	(4,460)
Actuarial loss / (gain)	(7,969)	17,849
	343,541	268,612

The effect of increase of one percent and the effect of decrease of one percent in the discount rate on the present value of defined benefit obligation at December 31, 2013 would be Rs. 311,067 thousand (2012: Rs. 243,906 thousand) and Rs. 381,792 thousand (2012: Rs. 297,618 thousand) respectively.

	2013	2012
	Rupees in '000	
<b>Changes in fair value of plan assets</b>		
Opening balance	190,322	39,580
Expected return on plan assets	20,935	4,947
Contributions made	87,331	149,201
Benefits paid	(15,824)	(11,423)
Actuarial gain / (loss)	422	8,017
	283,186	190,322
<b>Charge for defined benefit plan</b>		
Current service cost	71,249	59,719
Interest cost	29,547	22,727
Expected return on plan assets	(20,935)	(4,947)
Net actuarial losses / (gains) recognized	-	9,832
	79,861	87,331

	2013	2012
	Rupees in '000	
Actual return on plan assets	21,357	12,964
<b>Composition of fair value of plan assets</b>		
NIT Government Bond Fund	36,884	34,257
Cash at bank	246,302	156,065
	283,186	190,322

### 37.1.2 Reconciliation of net liability recognized for gratuity for the five years are as follows:

	2013	2012	2011	2010	2009
	Rupees in '000				
Present value of defined benefit obligation	343,541	268,612	181,818	129,422	87,196
Fair value of plan assets	(283,186)	(190,322)	(39,580)	(38,463)	(37,333)
Benefit payments payable	11,115	9,041	6,963	4,411	-
	71,470	87,331	149,201	95,370	49,863
Actuarial gains / (losses) on obligation	7,969	(17,849)	14,777	13,140	(1,655)
Actuarial gains / (losses) on assets	422	8,017	(583)	(1,205)	518

### 37.1.3 Compensated absences

The Bank makes annual provision in the financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. The actuary has used "Projected Unit Credit Method" for calculations. The employees of the Bank are entitled to take the leave as Leave Preparatory to Retirement (LPR) immediately before retirement. These leaves are subject to retirees' un-utilized privilege leave balance with an upper limit of 180 days. Alternatively, the retiree may receive a lump-sum cash amount equal to 180 days gross salary at the time of retirement in lieu of LPR of 180 days. Privilege leave accrues at the rate of 30 days per year. Moreover, any unutilized privilege leaves over 180 days are ignored.

### Principal actuarial assumptions

The most recent valuation was carried out at December 31, 2013 using the "Projected Unit Credit Method". The principal assumptions used in the valuation at December 31, 2013 were as follows:

	2013	2012
Discount rate	13.00%	11.00%
Expected rate of eligible salary increase in future years	12.00%	10.00%
Average number of leaves accumulated per annum by the employees (days)	7	9
	<b>2013</b>	<b>2012</b>
	<b>Rupees in '000</b>	
Present value of defined benefit obligation	209,960	193,464
<b>Movement in payable to defined benefit plan</b>		
Opening balance	193,464	186,799
Charge for the year	16,558	7,342
Benefit paid	(62)	(677)
Closing balance	209,960	193,464

The effect of increase of one percent and the effect of decrease of one percent in the discount rate on the present value of defined benefit obligation at December 31, 2013 would be Rs. 189,522 thousand (2012: Rs. 175,271 thousand) and Rs. 233,640 thousand (2012: Rs. 214,614 thousand) respectively.

	2013	2012
	<b>Rupees in '000</b>	
<b>Charge for defined benefit plan</b>		
Current service cost	18,966	17,886
Interest cost	21,281	23,350
Actuarial gains recognized	(23,689)	(33,894)
	16,558	7,342

37.1.4 Reconciliation of net liability recognized for compensated absences for the five years are as follows:

	2013	2012	2011	2010	2009
	Rupees in '000				
Opening net liability	193,464	186,799	184,041	164,352	142,518
Net charge for the year	16,496	6,665	2,758	19,689	21,834
	209,960	193,464	186,799	184,041	164,352
Actuarial gains on obligation	23,689	33,894	37,036	14,429	15,572

38. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including benefits to the Chairman, President/Chief Executive Officer, Directors and Executives of the Bank was as follows:

	Chairman		President/ Chief Executive		Directors		Executives	
	2013	2012	2013	2012	2013	2012	2013	2012
	Rupees in '000							
Fees	350	800	-	-	3,125 *	2,025	-	-
Managerial remuneration	-	-	25,816	24,175	-	-	350,549	280,312
Bonus **	-	-	4,303	4,423	-	-	57,558	50,238
Rent and house maintenance	-	-	1,991	1,865	-	-	133,492	105,565
Utilities	114	140	1,794	1,680	-	-	34,236	27,191
Medical	989	181	-	-	-	-	32,942	25,991
Other allowances	1,670	1,689	3,820	1,511	-	-	53,036	34,551
	3,123	2,810	37,724	33,654	3,125	2,025	661,813	523,848
Number of persons	1	1	1	1	9	7	400	319

\* This represents fee paid to non-executive directors for attending the Board and its committees meetings.

\*\* This represents regular bonus paid to staff on eve of Eids as per the Bank's policy.

Chairman, President/Chief Executive Officer and Executives are provided with free use of the Bank's maintained cars.

In addition to the above, contribution to defined contribution and benefit plans have been made in accordance with the Bank's policy. Further, executives are entitled to certain additional benefits in accordance with the Bank's policy.

Executive means officers, other than the chief executive and directors, whose basic salary exceeds five hundred thousand rupees in the financial year.

### 39. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair values.

Underlying the definition of fair value is the presumption that the Bank is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

	2013		2012	
	Book value	Fair value	Book value	Fair value
	Rupees in '000		Rupees in '000	
<b>On balance sheet financial instruments</b>				
<b>Assets</b>				
Cash and balances with treasury banks	23,820,864	23,820,864	17,298,251	17,298,251
Balances with other banks	4,265,296	4,265,296	3,101,170	3,101,170
Lendings to financial institutions	11,407,448	11,407,448	1,562,946	1,562,946
Investments - net	123,956,143	123,903,009	129,518,999	129,434,409
Advances - net	157,285,598	157,285,598	149,605,002	149,605,002
Other assets	4,178,623	4,178,623	4,560,099	4,560,099
	324,913,972	324,860,838	305,646,467	305,561,877

	2013		2012	
	Book value	Fair value	Book value	Fair value
	Rupees in '000		Rupees in '000	
<b>Liabilities</b>				
Bills payable	1,506,335	1,506,335	1,500,709	1,500,709
Borrowings	22,802,482	22,802,482	44,683,826	44,683,826
Deposits and other accounts	306,560,767	306,560,767	266,055,781	266,055,781
Liabilities against assets subject to finance lease	2,386	2,386	3,601	3,601
Other liabilities	7,847,175	7,847,175	6,998,257	6,998,257
	338,719,145	338,719,145	319,242,174	319,242,174
<b>Off balance sheet financial instruments</b>				
Forward purchase of foreign exchange contracts	4,433,928	4,387,467	3,358,739	3,362,150
Forward sale of foreign exchange contracts	5,382,084	5,260,228	3,150,622	3,145,377

### Investments

All quoted investments have been stated at their market values except securities classified as held to maturity, which have been valued at their amortized cost. These held to maturity securities have market value of Rs. 1,210,098 thousand (2012: Rs. 1,804,468 thousand). All unquoted investments have been stated at cost less provision for impairment if any, being their estimated fair values.

### Advances

Fair value of advances can not be determined with reasonable accuracy due to absence of current and active market. Advances are repriced frequently at market rates and are reduced for any impairment against non-performing advances determined in accordance with Prudential Regulations by the SBP.

### Deposits and other accounts

The fair value of long term fixed deposits of over one year can not be calculated with sufficient reliability due to non-availability of relevant active market. Carrying values of deposits other than long term fixed deposits approximate their fair values as they are short term in nature or are frequently repriced.

### Other financial instruments

The fair value of all other on-balance sheet financial instruments are considered to approximate their book value as they are short-term in nature.



#### 40. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
	Rupees in '000					
<b>2013</b>						
Total income	12,502,747	1,951,065	12,882,172	410,874	77,089	27,823,947
Total expenses	4,266,189	3,113,617	17,351,465	76,953	14,441	24,822,665
Inter segment revenue / (cost) transfer	(5,718,042)	1,971,967	3,746,075	-	-	-
Income taxes	-	-	-	-	-	1,063,275
Net income / (loss)	2,518,516	809,415	(723,218)	333,921	62,648	1,938,007
Segment assets (gross)	165,065,020	19,074,443	182,854,439			366,993,902
Segment non performing loans / investments	3,188,591	2,144,610	57,816,116			63,149,317
Segment provision required	3,166,697	1,734,626	23,940,633			28,841,956
Segment liabilities	42,754,128	48,878,592	247,584,127			339,216,847
Segment return on net assets (ROA) (%)	10.86%	13.73%	14.08%			
Segment cost of funds (%)	9.51%	7.97%	8.61%			

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
Rupees in '000						
<b>2012</b>						
Total income	13,408,559	1,839,004	12,134,988	402,740	71,478	27,856,769
Total expenses	4,705,378	4,063,073	17,609,180	63,906	11,340	26,452,877
Inter segment (cost) / revenue transfer	(4,383,531)	1,757,226	2,626,305	-	-	-
Income taxes	-	-	-	-	-	(229,949)
Net income / (loss)	4,319,650	(466,843)	(2,847,887)	338,834	60,138	1,633,841
Segment assets (gross)	152,091,083	16,703,931	177,156,320			345,951,334
Segment non performing loans / investments	3,759,656	2,482,409	66,885,406			73,127,471
Segment provision required	3,660,023	1,880,258	24,433,903			29,974,184
Segment liabilities	55,628,072	43,728,796	220,382,683			319,739,551
Segment return on net assets (ROA) (%)	13.99%	16.05%	16.17%			
Segment cost of funds (%)	8.47%	9.26%	10.09%			

#### 41. RELATED PARTY TRANSACTIONS

Related parties comprise subsidiary, key management personnel and entities in which key management personnel are office holders / members. The Bank in the normal course of business carries out transactions with various related parties in the normal course of business. Amounts due from and due to related parties are shown under receivables and payables. Amounts due from key management personnel are shown under receivables and remuneration of key management personnel is disclosed in Note 11.8 and Note 38 respectively. In addition key management personnel are paid terminal and short-term terminal benefits.

	2013				2012			
	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others	Key management personnel	Subsidiary company and managed modaraba	Employee funds	Others
	Rupees in '000				Rupees in '000			
<b>Advances</b>								
Opening balance	95,070	1,069,513	-	-	57,004	1,022,820	-	-
Loans granted during the period	22,983	1,726,892	-	-	54,343	1,846,313	-	-
Repayments received during the period	(32,026)	(1,704,430)	-	-	(16,277)	(1,799,620)	-	-
Closing balance	86,027	1,091,975	-	-	95,070	1,069,513	-	-
<b>Deposits</b>								
Opening balance	39,996	2,369	1,627,249	288	22,571	32,373	1,187,328	2,536
Placements made during the period	213,027	1,130,239	1,454,256	62,796	257,537	2,053,870	504,423	5,848
Withdrawals during the period	(227,931)	(1,106,412)	(2,276,159)	(33,481)	(240,112)	(2,083,874)	(64,502)	(8,096)
Closing balance	25,092	26,196	805,346	29,603	39,996	2,369	1,627,249	288
<b>Placements</b>	-	100,000	-	-	-	300,000	-	-
<b>Lease liability</b>	-	2,386	-	-	-	3,602	-	-
<b>Transactions during the year:</b>								
Mark-up/return earned	7,359	122,099	-	-	5,443	141,179	-	-
Mark-up/interest expensed	656	-	129,585	866	292	-	217,565	61
Contribution to employees funds	-	-	56,805	-	-	-	68,364	-

## 42. CAPITAL ADEQUACY

### 42.1 Scope of application

The Bank is the only entity in the Group to which Basel framework is applicable. The Bank has only one subsidiary Punjab Modaraba Services (Private) Limited, whose financial statements are included in the consolidated financial statements.

### 42.2 Capital adequacy

The Basel Framework for a capital adequacy is applicable to the Bank both at the consolidated level (including the subsidiary) and also on a stand alone basis. The Bank's policy is to maintain strong capital base so as to maintain, investor, creditor and market confidence and to sustain future business developments. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the SBP. The ratios compare the amount of eligible capital with the total of risk-weighted assets. The Bank monitors and reports its capital ratios under SBP rules, which ultimately determine the regulatory capital required to be maintained by Banks and DFIs.

In addition, the SBP requires that the paid up capital of locally incorporated banks should be raised to Rs. 10 billion by December 31, 2013 in a phased manner. The Bank plans to increase its paid up share capital, through right issue, to comply with the aforesaid requirement. The paid-up capital requirement (net of losses) as at December 31, 2013 is Rs.10.0 billion. The paid-up capital, reserves (net of losses) and advance subscription money of the Bank amounts to Rs. 12,576,748 thousand.

The SBP requires that banks doing business in Pakistan should maintain regulatory capital for credit, market, and operational risks, the amount of which should at least be equal to 10% of their risk weighted assets. The Bank's capital adequacy ratio as at December 31, 2013 on Basel III is 8.96%. The SBP has given relaxation to the Bank for minimum capital requirement and capital adequacy ratio (CAR) as explained in Note 1.2.

The capital adequacy ratio of the Bank was subject to Basel III capital adequacy guidelines stipulated by the SBP through its circular BPRD Circular No. 06 of 2013 dated August 15, 2013. These instructions are effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019. Under Basel III guidelines banks are required to maintain the following ratios on an ongoing basis.

Phase-in arrangement and full implementation of the minimum capital requirements:

Sr. No.	Ratio	Year end						As of
		2013	2014	2015	2016	2017	2018	December
1	CET1	5.00%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
2	ADT-1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	Tier-1	6.50%	7.00%	7.50%	7.50%	7.50%	7.50%	7.50%
4	Total capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
5	CCB (consisting of CET1 only)	0.00%	0.00%	0.25%	0.65%	1.275%	1.90%	2.50%
6	Total capital plus CCB	10.00%	10.00%	10.25%	11.25%	11.875%	12.50%	12.50%

The SBP's regulatory capital as managed by the Bank is analyzed into following tiers:

- Tier I capital (CET1), which comprises of highest quality capital element and include fully paid up capital, share premium, reserve for bonus shares, general reserves and accumulated losses.
- Additional Tier I capital (ADT-I), which includes perpetual non-cumulative preference shares and its premium after all regulatory adjustments applicable on ADT-I.
- Tier II capital, which includes subordinated debt / instruments and its premium, general reserve for loan losses (up to a maximum of 1.25% of CRWA), net of tax revaluation reserves up to a maximum of 45% of the balance, exchange translation reserves after all regulatory adjustments applicable on Tier-2.
- Tier III capital, which includes short term sub-ordinated debts. This capital is solely for the purpose of meeting a proportion of the capital requirements for market risk.

Various limits are applied to elements of the capital base. Qualifying tier II and tier III capital cannot exceed the tier I capital. Revaluation reserves are eligible upto 45 percent for treatment as tier II capital. There is also restriction on the amount of general reserve for loan losses upto 1.25 percent of total risk weighted assets. Subordinated debts cannot exceed 50 percent of tier I capital. Further tier III capital cannot exceed 250 percent of tier I capital.

The Bank calculates capital requirement as per regulatory framework, using the following approaches:

Credit risk  
Market risk  
Operational risk

Standardized Approach  
Standardized Approach  
Basic Indicator Approach

	2013	2013 Rupees in '000	2012*
42.3 Capital Structure	Amount- Basel III	Amounts subject to Pre - Basel III treatment	
<b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>			
1 Fully paid-up capital/ capital deposited with SBP	10,551,132		5,287,974
2 Balance in share premium account and share deposit money	12,037,882		17,037,882
3 Reserve for issue of bonus shares / discount on issue of shares	(263,158)		-
4 General / Statutory reserves	1,501,777		396,364
5 Gain / (Losses) on derivatives held as cash flow hedge	-		-
6 Accumulated losses	(11,250,885)		(12,742,364)
7 Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-		-
<b>8 CET 1 before Regulatory Adjustments</b>	<b>12,576,748</b>		<b>9,979,856</b>
<b>Common Equity Tier 1 capital: Regulatory adjustments</b>			
9 Goodwill (net of related deferred tax liability) and software in progress	26,380		13,114
10 All other intangibles (net of any associated deferred tax liability)	8,762		-
11 Shortfall of provisions against classified assets	-		232,301
12 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	4,826,327	-
13 Defined-benefit pension fund net assets	-		-
14 Reciprocal cross holdings in CET1 capital instruments	4,597		-
15 Cash flow hedge reserve	-		-
16 Investment in own shares/ CET1 instruments	1,698		-
17 Securitization gain on sale	-		-
18 Capital shortfall of regulated subsidiaries	-		-
19 Deficit on account of revaluation from bank's holdings of property / AFS	-		-
20 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		-
21 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-		-

\* Figures of 2012 are reported on Basel - II basis.

	2013	2013 Rupees in '000	2012*
	Amount- Basel III	Amounts subject to Pre - Basel III treatment	
22 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	7,030,127	-
23 Amount exceeding 15% threshold	-		-
24 of which: significant investments in the common stocks of financial entities	-		-
25 of which: deferred tax assets arising from temporary differences	-	669,070	-
26 National specific regulatory adjustments applied to CET1 capital	-		-
27 Investment in TFCs of other banks exceeding the prescribed limit	-		-
28 Any other deduction specified by SBP (mention details)	-		-
29 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-		-
30 Total regulatory adjustments applied to CET1	-		-
	41,437		245,415
<b>Common Equity Tier 1</b>	(a) 12,535,311		9,734,441
<b>Additional Tier 1 (AT 1) Capital</b>			
31 Qualifying additional Tier-1 instruments plus any related share premium	-		-
32 of which: classified as equity	-		-
33 of which: classified as liabilities	-		-
34 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-		-
35 of which: instrument issued by subsidiaries subject to phase out	-		-
<b>36 AT1 before regulatory adjustments</b>	-		-
	-		-

\* Figures of 2012 are reported on Basel - II basis.

	2013	2013 Rupees in '000	2012*
	Amount- Basel III	Amounts subject to Pre - Basel III treatment	
<b>Additional Tier 1 Capital: regulatory adjustments</b>			
37 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-		-
38 Investment in own AT1 capital instruments	-		-
39 Reciprocal cross holdings in Additional Tier 1 capital instruments	-		-
40 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		-
41 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-		-
42 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier-1 capital	-		-
43 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		-
44 Total of Regulatory Adjustment applied to AT1 capital	-		-
45 Additional Tier 1 capital	-		-
46 <b>Additional Tier 1 capital recognized for capital adequacy</b>	-		-
<b>Tier 1 Capital (CET1 + admissible AT1)</b>	(b) (c=a+b) 12,535,311		9,734,441
<b>Tier 2 Capital</b>			
47 Qualifying Tier 2 capital instruments under Basel III	-		-
48 Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-		-
49 Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-		-
50 of which: instruments issued by subsidiaries subject to phase out	-		-
51 General provisions or general reserves for loan losses-up to maximum of 1.25% of credit risk weighted assets	41,755		768,080
52 Revaluation Reserves	-		514,915
53 of which: Revaluation reserves on property	401,067		-
54 of which: Unrealized gains/losses on AFS	5,981		-
55 Foreign exchange translation reserves	-		-
56 Undisclosed/Other reserves (if any)	-		-
57 <b>T2 before regulatory adjustments</b>	448,803		1,282,995

\* Figures of 2012 are reported on Basel - II basis.



		2013	2013 Rupees in '000	2012*
		Amount- Basel III	Amounts subject to Pre - Basel III treatment	
<b>Tier 2 Capital: regulatory adjustments</b>				
58	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier-2 capital	-		-
59	Reciprocal cross holdings in Tier 2 instruments	-		-
60	Investment in own Tier 2 capital instrument	-		-
61	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		-
62	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-		-
63	Amount of regulatory adjustment applied to Tier 2 capital	-		-
64	Tier 2 capital (T2)	448,803		1,282,995
65	Tier 2 capital recognized for capital adequacy	448,803		1,282,995
66	Excess additional Tier 1 capital recognized in Tier 2 capital	-		-
67	Total Tier 2 capital admissible for capital adequacy (d)	448,803		1,282,995
<b>TOTAL CAPITAL (T1 + admissible T2)</b>				
	(e=c+d)	12,984,114		11,017,436
<b>Total Risk Weighted Assets</b>				
	(i=f+g+h)	144,887,602		142,721,678
68	Total credit risk weighted assets (f)	135,286,114		133,876,806
69	Risk weighted assets in respect of amounts subject to Pre-Basel III treatment	135,286,114		133,876,806
70	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	-		-
71	of which: deferred tax assets	-		-
72	of which: Defined-benefit pension fund net assets	-		-
73	of which: others	-		-
74	Total market risk weighted assets (g)	2,493,920		5,016,595
75	Total operational risk weighted assets (h)	7,107,568		3,828,277

\* Figures of 2012 are reported on Basel - II basis.

		2013	2013 Rupees in '000	2012*
		Amount- Basel III	Amounts subject to Pre - Basel III treatment	
<b>Capital Ratios and buffers (in percentage of risk weighted assets)</b>				
76	CET1 to total RWA	(a/i)	8.65%	6.82%
77	Tier-1 capital to total RWA	(c/i)	8.65%	6.82%
78	Total capital to RWA	(e/i)	8.96%	7.72%
79	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		-	-
80	of which: capital conservation buffer requirement		-	-
81	of which: countercyclical buffer requirement		-	-
82	of which: D-SIB or G-SIB buffer requirement		-	-
83	CET1 available to meet buffers (as a percentage of risk weighted assets)		-	-
<b>National minimum capital requirements prescribed by SBP</b>				
84	CET1 minimum ratio		5.0%	-
85	Tier 1 minimum ratio		6.5%	-
86	Total capital minimum ratio		10.0%	-
<b>Amounts below the thresholds for deduction (before risk weighting)</b>				
87	Non-significant investments in the capital of other financial entities		-	-
88	Significant investments in the common stock of financial entities		-	-
89	Deferred tax assets arising from temporary differences (net of related tax liability)		-	-
<b>Applicable caps on the inclusion of provisions in Tier 2</b>				
90	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)		41,755	768,080
91	Cap on inclusion of provisions in Tier 2 under standardized approach		-	-
92	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		-	-
93	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		-	-

\* Figures of 2012 are reported on Basel - II basis.

#### 42.4 Capital Structure Reconciliation

Step 1	As per published financial statements 2013	Under regulatory scope of consolidation 2013
	Rupees in '000	
<b>Assets</b>		
Cash and balances with treasury banks	23,820,864	23,820,864
Balances with other banks	4,265,296	4,265,296
Lendings to financial institutions	11,407,448	11,407,448
Investments - net	123,956,143	123,956,143
Advances - net	157,285,598	157,285,598
Operating fixed assets	3,514,801	3,514,801
Deferred tax assets - net	12,627,352	12,627,352
Other assets	15,820,643	15,820,643
<b>Total assets</b>	<b>352,698,145</b>	<b>352,698,145</b>
<b>Liabilities &amp; Equity</b>		
Bills payable	1,506,335	1,506,335
Borrowings	22,802,482	22,802,482
Deposits and other accounts	306,560,767	306,560,767
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	2,386	2,386
Deferred tax liabilities	-	-
Other liabilities	8,344,877	8,344,877
<b>Total liabilities</b>	<b>339,216,847</b>	<b>339,216,847</b>
Share capital	10,551,132	10,551,132
Share deposit money	12,000,000	12,000,000
Reserves	1,276,501	1,276,501
Accumulated losses	(11,250,885)	(11,250,885)
Minority interest	-	-
Surplus on revaluation of assets - net of tax	904,550	904,550
	13,481,298	13,481,298
<b>Total liabilities &amp; equity</b>	<b>352,698,145</b>	<b>352,698,145</b>

## Step 2

	As per published financial statements 2013	Under regulatory scope of consolidation 2013	Ref
	Rupees in '000		
<b>Assets</b>			
Cash and balances with treasury banks	23,820,864	23,820,864	
Balances with other banks	4,265,296	4,265,296	
Lendings to financial institutions	11,407,448	11,407,448	
Investments	123,956,143	123,956,143	
of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold	-	-	a
of which: significant capital investments in financial sector entities exceeding regulatory threshold	-	-	b
of which: Mutual Funds exceeding regulatory threshold	-	-	c
of which: reciprocal crossholding of capital instrument	4,597	4,597	d
of which: others (Investment in own shares through Mutual fund)	1,698	1,698	e
Advances	157,285,598	157,285,598	
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	-	-	f
general provisions reflected in Tier 2 capital	41,755	41,755	g
Fixed Assets	3,514,801	3,514,801	
Deferred Tax Assets	12,627,352	12,627,352	
of which: DTAs excluding those arising from temporary differences	-	4,826,327	h
of which: DTAs arising from temporary differences exceeding regulatory threshold	-	7,699,197	i
Other assets	15,820,643	15,820,643	
of which: Goodwill and software in progress	26,380	26,380	j
of which: Intangibles	8,763	8,763	k
of which: Defined-benefit pension fund net assets	-	-	l
<b>Total assets</b>	<b>352,698,145</b>	<b>352,698,145</b>	
<b>Liabilities &amp; Equity</b>			
Bills payable	1,506,335	1,506,335	
Borrowings	22,802,482	22,802,482	
Deposits and other accounts	306,560,767	306,560,767	
Sub-ordinated loans	-	-	

Step 2

	As per published financial statements 2013	Under regulatory scope of consolidation 2013	Ref
	Rupees in '000		
of which: eligible for inclusion in AT1	-	-	m
of which: eligible for inclusion in Tier 2	-	-	n
Liabilities against assets subject to finance lease	2,386	2,386	
Deferred tax liabilities	-	-	
of which: DTLs related to goodwill	-	-	o
of which: DTLs related to intangible assets	-	-	p
of which: DTLs related to defined pension fund net assets	-	-	q
of which: other deferred tax liabilities	-	-	r
Other liabilities	8,344,877	8,344,877	
<b>Total liabilities</b>	<b>339,216,847</b>	<b>339,216,847</b>	
Share capital and share deposit money	22,551,132	22,551,132	
of which: amount eligible for CET1	22,551,132	22,551,132	s
of which: amount eligible for AT1	-	-	t
Reserves	1,276,501	1,276,501	
of which: portion eligible for inclusion in CET1(provide breakup)	1,276,501	1,276,501	u
of which: portion eligible for inclusion in Tier 2	-	-	v
Accumulated losses	(11,250,885)	(11,250,885)	w
Minority Interest	-	-	
of which: portion eligible for inclusion in CET1	-	-	x
of which: portion eligible for inclusion in AT1	-	-	y
of which: portion eligible for inclusion in Tier 2	-	-	z
Surplus on revaluation of assets	904,550	904,550	
of which: Revaluation reserves on Property	891,259	891,259	aa
of which: Unrealized Gains/Losses on AFS	13,291	13,291	ab
In case of Deficit on revaluation (deduction from CET1)	-	-	
<b>Total Equity</b>	<b>13,481,298</b>	<b>13,481,298</b>	
<b>Total liabilities &amp; Equity</b>	<b>352,698,145</b>	<b>352,698,145</b>	

### Step 3

As per published  
financial  
statements  
Rupees in '000

#### Common Equity Tier 1 capital (CET1): Instruments and reserves

1	Fully paid-up capital/ capital deposited with SBP	10,551,132	
2	Balance in share premium account and share deposit money	12,037,882	(s)
3	Reserve for issue of bonus shares / discount on issue of shares	(263,158)	
4	General/ Statutory Reserves	1,501,777	
5	Gain/(Losses) on derivatives held as cash flow hedge	-	(u)
6	Accumulated losses	(11,250,885)	(w)
7	Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	(x)
<b>8</b>	<b>CET 1 before Regulatory Adjustments</b>	<b>12,576,748</b>	

#### Common Equity Tier 1 capital: Regulatory adjustments

9	Goodwill (net of related deferred tax liability) and software in progress	26,380	(j) - (o)
10	All other intangibles (net of any associated deferred tax liability)	8,763	(k) - (p)
11	Shortfall of provisions against classified assets	-	(f)
12	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	{(h) - (r)} * x%
13	Defined-benefit pension fund net assets	-	{(l) - (q)} * x%
14	Reciprocal cross holdings in CET1 capital instruments	4,597	(d)
15	Cash flow hedge reserve	-	
16	Investment in own shares/ CET1 instruments	1,698	
17	Securitization gain on sale	-	
18	Capital shortfall of regulated subsidiaries	-	
19	Deficit on account of revaluation from bank's holdings of property/ AFS	-	(ab)
20	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(a) - (ac) - (ae)
21	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(b) - (ad) - (af)
22	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	(i)
23	Amount exceeding 15% threshold	-	
24	of which: significant investments in the common stocks of financial entities	-	

### Step 3

As per published  
financial  
statements  
Rupees in '000

25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments applied to CET1 capital	-	
27	Investment in TFCs of other banks exceeding the prescribed limit	-	
28	Any other deduction specified by SBP (mention details)	-	
29	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
30	Total regulatory adjustments applied to CET1	41,438	
	<b>Common Equity Tier 1</b>	12,535,310	
	<b>Additional Tier 1 (AT 1) Capital</b>		
31	Qualifying Additional Tier-1 instruments plus any related share premium	-	
32	of which: Classified as equity	-	(t)
33	of which: Classified as liabilities	-	(m)
34	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
35	of which: instrument issued by subsidiaries subject to phase out	-	
36	<b>AT1 before regulatory adjustments</b>	-	
	<b>Additional Tier 1 Capital: regulatory adjustments</b>		
37	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
38	Investment in own AT1 capital instruments	-	
39	Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
40	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
41	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
42	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	
43	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
44	Total of Regulatory Adjustment applied to AT1 capital	-	
45	Additional Tier 1 capital	-	
46	<b>Additional Tier 1 capital recognized for capital adequacy</b>	-	

Step 3

As per published  
financial  
statements  
Rupees in '000

<b>Tier 1 Capital (CET1 + admissible AT1)</b>	12,535,310	
<b>Tier 2 Capital</b>		
47 Qualifying Tier 2 capital instruments under Basel III	-	
48 Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	(n)
49 Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
50 of which: instruments issued by subsidiaries subject to phase out	-	
51 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	41,755	(g)
52 Revaluation Reserves eligible for Tier 2		
53 of which: portion pertaining to Property	401,067	portion of (aa)
54 of which: portion pertaining to AFS securities	5,981	
55 Foreign Exchange Translation Reserves	-	(v)
56 Undisclosed/Other Reserves (if any)	-	
57 <b>T2 before regulatory adjustments</b>	448,803	
<b>Tier 2 Capital: regulatory adjustments</b>		
58 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	
59 Reciprocal cross holdings in Tier 2 instruments	-	
60 Investment in own Tier 2 capital instrument	-	
61 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ae)
62 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
63 Amount of Regulatory Adjustment applied to T2 capital	-	
64 Tier 2 capital (T2)	448,803	
65 Tier 2 capital recognized for capital adequacy	448,803	
66 Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
67 Total Tier 2 capital admissible for capital adequacy	448,803	
<b>TOTAL CAPITAL (T1 + admissible T2)</b>	12,984,114	



## 42.5 Template for main features of regulatory capital instruments

Main Features	Common Shares
1 Issuer	The Bank of Punjab
2 Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	BOP
3 Governing law(s) of the instrument	Capital Market Law
<b>Regulatory treatment</b>	
4 Transitional Basel III rules	Common equity tier 1
5 Post-transitional Basel III rules	Common equity tier 1
6 Eligible at solo/ group/ group&solo	Standalone and group
7 Instrument type	Common shares
8 Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	22,551,132
9 Par value of instrument	PKR 10
10 Accounting classification	Shareholder equity
11 Original date of issuance	1990
12 Perpetual or dated	Perpetual
13 Original maturity date	No maturity
14 Issuer call subject to prior supervisory approval	No
15 Optional call date, contingent call dates and redemption amount	Not applicable
16 Subsequent call dates, if applicable	Not applicable
<b>Coupons / dividends</b>	
17 Fixed or floating dividend/ coupon	Not applicable
18 coupon rate and any related index/ benchmark	Not applicable
19 Existence of a dividend stopper	No
20 Fully discretionary, partially discretionary or mandatory	Fully discretionary
21 Existence of step up or other incentive to redeem	No

## Main Features

## Common Shares

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22	Noncumulative or cumulative	Not applicable
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	Not applicable
31	If write-down, write-down trigger(s)	Not applicable
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable
35	Position in subordination hierarchy in liquidation	Not applicable
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not applicable

## 42.6 Capital Adequacy

The risk weighted assets to capital ratio, calculated in accordance with the SBP guidelines on capital adequacy are as follows:

	Capital Requirements		Risk Weighted Assets	
	2013	2012	2013	2012
	Rupees in '000			
<b>Credit Risk</b>				
Claim on :				
Public sector entities	70,032	139,316	700,320	1,393,160
Claim on banks	2,917	-	29,167	-
Claims denominated in foreign currency, on banks with original maturity of 3 months or less	42,280	45,229	422,804	452,287
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	176,228	133,617	1,762,282	1,336,169
Corporates	7,014,770	6,548,137	70,147,704	65,481,373
Retail portfolio	1,181,651	814,823	11,816,513	8,148,227
Loans secured by residential property	66,465	47,132	664,653	471,316
Past due loans	1,067,525	1,776,249	10,675,247	17,762,494
Investment in fixed assets	347,966	346,038	3,479,657	3,460,376
Other assets	2,844,799	2,774,869	28,447,993	27,748,690
Off balance sheet - non-market related exposure	676,017	719,289	6,760,171	7,192,892
Off balance sheet - market related exposure	3,970	3,137	39,705	31,370
Equity exposure risk held in the banking book	33,990	39,845	339,898	398,452
	13,528,610	13,387,681	135,286,114	133,876,806
<b>Market risk</b>				
Interest rate risk	24,367	88,096	304,589	1,101,200
Equity position risk	172,048	309,032	2,150,606	3,862,900
Foreign exchange risk	3,098	4,199	38,725	52,495
	199,513	401,327	2,493,920	5,016,595
<b>Operational risk</b>	568,605	306,262	7,107,568	3,828,277
<b>Total</b>	14,296,728	14,095,270	144,887,602	142,721,678

		2013	2012
		Rupees in '000	
<b>Capital Adequacy Ratio</b>			
Total eligible regulatory capital held	(e)	12,984,114	11,017,436
Total risk weighted assets	(i)	144,887,602	142,721,678
Capital adequacy ratio	(e) / (i)	8.96%	7.72%

#### 43. RISK MANAGEMENT

The principal risks associated with the Banking business are credit risk, market risk, liquidity risk and operational risk.

##### 43.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligations and cause the other party to incur a financial loss. The Bank manages its exposure to credit risk by pursuing credit policy approved by the Board of Directors and undertaking all lending activities in accordance with standard practices and procedures as laid down in the Credit Policy Manual. The Bank's credit process currently entails assessment of credit worthiness of potential customers, pre-sanction evaluation of credit proposal, adequacy and quality checks over collateral and examination of charge documents before disbursements. The Bank will also continue to keep its focus on expansion through diversified exposure. Further, to strengthen the portfolio and as a matter of prudence, adequate provisions against non-performing advances are accounted for in accordance with the requirements of the Prudential Regulations issued by the SBP.

### 43.1.1 Segments by class of business

	2013					
	Advances (Gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Agribusiness	5,633,609	3.08	13,704,976	4.47	-	-
Textile and ginning	53,812,485	29.41	2,030,577	0.66	3,549,974	15.69
Cement	4,366,488	2.39	435,506	0.14	212,410	0.94
Sugar	8,230,577	4.50	820,423	0.27	259,130	1.15
Financial	2,221,317	1.21	8,267,268	2.70	33,872	0.15
Construction and real estate	4,795,416	2.62	10,152,028	3.31	4,609,806	20.37
Oil and gas	691,536	0.38	5,335,328	1.74	1,401,882	6.20
Auto and allied	1,642,423	0.90	38,298	0.01	227,497	1.01
Food and allied	9,036,454	4.94	1,556,817	0.51	939,326	4.15
Chemical and pharmaceuticals	3,262,785	1.78	592,282	0.19	1,418,027	6.27
Fertilizers	4,650,324	2.54	5,529,907	1.80	867,891	3.84
Cable, electrical and engineering	8,763,761	4.79	984,102	0.32	2,409,038	10.65
Production and transmission of energy	3,362,408	1.84	367,855	0.12	538,807	2.38
Transport, storage and communication	2,974,449	1.63	3,373,506	1.10	629,155	2.78
Government :						
- Public sector enterprises	2,259,486	1.23	19,683,983	6.42	2,008,200	8.87
- Federal and Provincial Governments	22,224,417	12.15	133,931,178	43.69	1,268,479	5.61
Individuals	12,643,662	6.91	71,162,036	23.21	-	-
Trading and commerce	13,267,508	7.25	4,717,470	1.54	534,690	2.36
Services	6,927,940	3.79	8,245,355	2.69	198,127	0.88
Others	12,193,812	6.66	15,631,872	5.11	1,522,711	6.70
	182,960,857	100.00	306,560,767	100.00	22,629,022	100.00
<b>43.1.2 Segment by sector</b>						
Public Sector / Government	24,483,903	13.38	153,615,161	50.11	3,276,679	14.48
Private	158,476,954	86.62	152,945,606	49.89	19,352,343	85.52
	182,960,857	100.00	306,560,767	100.00	22,629,022	100.00

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

	2013		2012	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
Rupees in '000				
Agribusiness	1,464,981	1,158,029	1,536,525	1,153,217
Textile and ginning	25,317,145	9,265,043	27,959,644	9,960,215
Cement	2,366,649	2,236,923	3,706,312	2,240,744
Sugar	99,828	49,914	484,703	96,946
Financial	1,367,388	-	1,579,739	235,063
Construction and real estate	3,113,631	2,160,876	6,177,096	2,676,643
Oil and gas	167,207	79,215	171,475	76,114
Auto and allied	1,634,925	520,553	1,951,721	760,653
Food and allied	2,495,922	1,387,456	2,708,700	1,345,760
Chemical and pharmaceuticals	552,199	433,089	553,618	377,497
Fertilizers	61,072	31,305	64,285	34,901
Cable, electrical and engineering	4,033,163	540,210	4,176,594	382,252
Production and transmission of energy	1,541,080	454,909	1,540,794	454,868
Transport, storage and communication	557,414	309,065	269,828	189,571
Government:				
- Public sector enterprises	-	-	765,922	-
- Federal and Provincial Governments	-	-	-	-
Individuals	502,996	410,313	332,613	193,286
Trading and commerce	9,112,225	4,031,904	9,172,392	3,575,685
Services	2,481,270	914,194	2,537,274	949,522
Others	3,091,631	1,650,506	3,678,580	1,596,331
	59,960,726	25,633,504	69,367,815	26,299,268

#### 43.1.4 Details of non-performing advances and specific provisions by sector

Public Sector / Government	-	-	765,922	-
Private	59,960,726	25,633,504	68,601,893	26,299,268
	59,960,726	25,633,504	69,367,815	26,299,268

### 43.1.5 Geographical segment analysis

A geographical segment analysis has not been presented since the Bank's operations are restricted to Pakistan only.

### 43.1.6 Credit risk - general disclosures

The Bank follows the standardized approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit rating or type of exposure, whichever is applicable.

Under standardized approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognized by SBP for capital adequacy purposes. Bank utilizes, wherever available, the credit ratings assigned by the SBP recognized ECAIs, viz. PACRA (Pakistan Credit Rating Agency), JCR-VIS (Japan Credit Rating Company– Vital Information Systems), Fitch Moody's and Standard & Poors . Credit rating data for advances is obtained from recognized ECAIs and then mapped to SBP's rating grades.

#### Type of exposures & ECAIs used

Exposures	JCR-VIS	PACRA	S&P	Moody's	Fitch
Corporate	√	√			
Banks	√	√	√	√	√
Sovereigns		√			
PSEs	√	√			
SMEs	√	√			

#### Mapping to SBP rating grades

For all credit exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to SBP rating grades are given below:

### Long term ratings grades mapping

SBP rating grade	Fitch	Moody's	S & P	PACRA	JCR-VIS	ECA Scores
1	AAA	Aaa	AAA	AAA	AAA	0
	AA+	Aa1	AA+	AA+	AA+	1
	AA	Aa2	AA	AA	AA	
	AA-	Aa3	AA-	AA-	AA-	
2	A+	A1	A+	A+	A+	2
	A	A2	A	A	A	
	A-	A3	A-	A-	A-	
3	BBB+	Baa1	BBB+	BBB+	BBB+	3
	BBB	Baa2	BBB	BBB	BBB	
	BBB-	Baa3	BBB-	BBB-	BBB-	
4	BB+	Ba1	BB+	BB+	BB+	4
	BB	Ba2	BB	BB	BB	
	BB-	Ba3	BB-	BB-	BB-	
5	B+	B1	B+	B+	B+	5
	B	B2	B	B	B	6
	B-	B3	B-	B-	B-	
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC+ and below	CCC+ and below	7

### Short term rating grades mapping

SBP rating grade	Fitch	Moody's	S & P	PACRA	JCR-VIS
S1	F1	P-1	A-1+	A-1+	A-1+
S1	F1	P-1	A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others



Credit exposures subject to standardized approach

Exposures	Rating	2013			2012		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
		Rupees in '000			Rupees in '000		
Corporate	1	4,325,675	(1,304,271)	3,021,404	2,320,221	-	2,320,221
	2	9,062,412	-	9,062,412	9,013,519	(91,667)	8,921,852
	3,4	1,767,661	(15,236)	1,752,425	1,997,823	-	1,997,823
	5,6	735,908	-	735,908	3,776,374	-	3,776,374
	Unrated	65,382,027	(3,226,097)	62,155,930	54,601,431	(1,707,412)	52,894,019
Bank	1	19,481,265	(8,664,070)	10,817,195	8,102,156	-	8,102,156
	2,3	101,626	-	101,626	336,050	-	336,050
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
Public sector enterprises in Pakistan	1	-	-	-	-	-	-
	2,3	-	-	-	-	-	-
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	3,183,171	(1,782,532)	1,400,639	2,786,319	-	2,786,319
Sovereigns and on Government of Pakistan or Provisional Government or SBP or Cash	0	150,706,366	-	150,706,366	144,298,257	-	144,298,257
	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	-	-	-	-	-	-
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
Listed equity investments	100%	233,753	-	233,753	303,025	-	303,025
Un-listed equity Investments	150%	70,764	-	70,764	63,618	-	63,618
Non performing loans	150%	20,935,605	(18,103,276)	2,832,329	26,517,562	(20,976,137)	5,541,425
	100%	11,572,459	(5,690,726)	5,881,733	14,295,163	(5,868,439)	8,426,724
	50%	1,819,156	(729,120)	1,090,036	2,255,824	(208,557)	2,047,267
Mortgage	35%	1,899,010	-	1,899,010	1,346,617	-	1,346,617
Retail	75%	18,594,281	(2,838,931)	15,755,350	13,761,824	(2,897,522)	10,864,302
Fixed assets	100%	3,479,657	-	3,479,657	3,460,376	-	3,460,376
Deferred tax assets	100%	12,627,352	-	12,627,352	13,070,614	-	13,070,614
Others	100%	15,820,643	-	15,820,643	14,678,076	-	14,678,076
<b>Total</b>		<b>341,798,791</b>	<b>(42,354,259)</b>	<b>299,444,532</b>	<b>316,984,849</b>	<b>(31,749,734)</b>	<b>285,235,115</b>

### 43.1.7 Credit risk: Disclosures with respect to credit risk mitigation for standardized approach

The Bank has adopted comprehensive approach of credit risk mitigation for banking book. Under this approach cash, lien on deposits, government securities, and eligible securities etc. are consolidated as eligible collateral. Where the Bank's exposure to an obligor is secured by eligible collaterals, the Bank reduces its exposure for the calculation of the capital requirement by the realizable amount of the collateral, adjusted for any applicable haircuts.

#### 43.1.7.1 Credit risk: Disclosures for portfolio subject to the standardized approach

No credit risk mitigation benefit is taken in the trading book. For each asset class, the risk weights as specified by the SBP or corresponding to the SBP rating grades are applied to the net amount for the calculation of risk weighted assets.

#### 43.1.7.2 Equity position risk in the banking book

The Bank takes proprietary equity positions for both short term and long term trading purposes. As of December 31, 2013 the composition of equity investments, is as follows:

	Held for trading	Available for sale Rs. In '000	Total
Ordinary shares (listed) - net of impairment held	22,456	760,275	782,731
Ordinary shares (un-listed) - net of impairment held	-	13,169	13,169
Preference shares - net of impairment held	-	387,647	387,647
Stock funds - net of impairment held	-	22,522	22,522
Total	22,456	1,183,613	1,206,069

The Bank classify its equity investment portfolio in accordance with the directives of the SBP as follows:

- Investments - Held for trading
- Investments – Available for Sale
- Investments in subsidiaries

## 43.2 Market risk

Market risk is the risk that the value of 'on' or 'off' balance sheet positions will be adversely affected by movements in equity and interest rate markets, currency exchange rates and commodity prices.

The Bank is exposed to market risk primarily through its trading activities, which are centered in the Treasury and Equity Capital Markets. Market risk exposure also arises from market-making, facilitation of client business and proprietary positions in equities, fixed income and interest rate products and foreign exchange, which exposes bank to interest rate risk, foreign exchange risk and equity price risk.

The Bank's market risk management structure consists of Board Risk Management Committee, ALCO, Market Risk Management Committee and independent Enterprise Risk Management unit (ERM). Market risk is an independent risk management function that works in close partnership with the business segments to identify and monitor market risks throughout the Bank and to define market risk policies and procedures. ERM unit seeks to facilitate efficient risk/return decisions, reduce volatility in operating performance and provide transparency in reporting the Bank's market risk profile to the senior management, the Board of Directors and the SBP.

### 43.2.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Bank is exposed to yield/interest rate risk for its investing and/or financing activities where any major fluctuation in the market interest rate/yield can affect both the value of the financial instrument as well as the profitability of the Bank. To minimize this risk the Bank's Assets and Liabilities Committee (ALCO) keeps a constant watch on the interest rate scenario in the country and on regular intervals reviews pricing mechanism for assets and liabilities of the Bank.

#### 43.2.1.1 Mismatch of Interest Rate Sensitive Assets and Liabilities

2013												
Exposed to Yield / Interest risk												
	Effective yield / interest rate	Total	Upto 1 month	Over 1 and upto 3 months	Over 3 and upto 6 months	Over 6 months and upto 1 year	Over 1 and upto 2 years	Over 2 and upto 3 years	Over 3 and upto 5 years	Over 5 and upto 10 years	Above 10 years	Non-interest bearing financial instruments
Rupees in '000												
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
Cash and balances with treasury banks		23,820,864	893,182	-	-	-	-	-	-	-	-	22,927,682
Balances with other banks	6.00%	4,265,296	1,789,823	-	-	-	-	-	-	-	-	2,475,473
Lending to financial institutions	8.83%	11,407,448	11,307,448	100,000	-	-	-	-	-	-	-	-
Investments - net	9.13%	123,956,143	12,836,400	49,785,327	52,834,462	1,107,054	1,695,830	1,079,775	645,353	1,188,541	294,263	2,489,138
Advances - net	8.09%	157,285,598	47,157,092	109,945,835	-	-	-	-	-	-	-	182,671
Other assets		4,178,623	-	-	-	-	-	-	-	-	-	4,178,623
		324,913,972	73,983,945	159,831,162	52,834,462	1,107,054	1,695,830	1,079,775	645,353	1,188,541	294,263	32,253,587
<b>Liabilities</b>												
Bills payable		1,506,335	-	-	-	-	-	-	-	-	-	1,506,335
Borrowings	9.06%	22,802,482	14,801,748	4,979,067	2,243,417	10,696	328,710	71,947	44,502	290,915	-	31,480
Deposits and other accounts	6.94%	306,560,767	29,088,252	154,328,640	27,582,570	31,510,135	447,141	26,500	121,417	-	-	63,456,112
Liabilities against assets subject to finance lease	12.40%	2,386	98	2,288	-	-	-	-	-	-	-	-
Other liabilities		7,847,175	-	-	-	-	-	-	-	-	-	7,847,175
		338,719,145	43,890,098	159,309,995	29,825,987	31,520,831	775,851	98,447	165,919	290,915	-	72,841,102
<b>On-balance sheet gap</b>		(13,805,173)	30,093,847	521,167	23,008,475	(30,413,777)	919,979	981,328	479,434	897,626	294,263	(40,587,515)

2013												
Exposed to Yield / Interest risk												
Effective yield / interest rate	Total	Upto 1 month	Over 1 and upto 3 months	Over 3 and upto 6 months	Over 6 months and upto 1 year	Over 1 and upto 2 years	Over 2 and upto 3 years	Over 3 and upto 5 years	Over 5 and upto 10 years	Above 10 years	Non-interest bearing financial instruments	
Rupees in '000												
<b>Off-balance sheet financial instruments</b>												
Forward foreign exchange contracts												
- purchase	4,433,928	3,206,852	1,173,217	53,859	-	-	-	-	-	-	-	-
- sale	5,382,084	2,468,957	1,823,127	1,090,000	-	-	-	-	-	-	-	-
<b>Off-balance sheet gap</b>	(948,156)	737,895	(649,910)	(1,036,141)	-	-	-	-	-	-	-	-
<b>Total yield/interest risk sensitivity gap</b>		30,831,742	(128,743)	21,972,334	(30,413,777)	919,979	981,328	479,434	897,626	294,263	(40,587,515)	
<b>Cumulative yield/interest risk sensitivity gap</b>		30,831,742	30,702,999	52,675,333	22,261,556	23,181,535	24,162,863	24,642,297	25,539,923	25,834,186	(14,753,329)	

#### 43.2.2 Foreign exchange risk management

The Bank's foreign exchange exposure comprises of forward contracts, purchases of foreign bills, foreign currency cash in hand, balances with banks abroad, foreign currency placements with foreign commercial banks and foreign currency deposits. The Bank manages its foreign exchange exposure by matching foreign currency assets and liabilities. The net open position and nostro balances are managed within the statutory limits, as fixed by the SBP. Counter parties limits are also fixed to limit risk concentration.

2013				
	Assets	Liabilities	Off-balance sheet items	Net foreign currency
Rupees in '000				
Pakistan Rupee	349,030,931	333,212,402	948,156	16,766,685
United States Dollar	3,320,925	4,849,576	(1,182,815)	(2,711,466)
Great Britain Pound	224,870	446,428	-	(221,558)
Japanese Yen	866	-	-	866
Euro	97,370	677,972	234,659	(345,943)
Others	23,183	30,469	-	(7,286)
	352,698,145	339,216,847	-	13,481,298

### 43.2.3 Equity position risk

Equity position risk arises from exposure to securities that represent an ownership interest in a company in the form of ordinary shares or other equity-linked instruments. The instruments held by the Bank that would lead to this exposure include, but are not limited to, the following:

- Shares of listed and unlisted companies
- Preference shares falling on equity criteria
- Equity-based mutual funds

These investments are carried at fair market value with regular revaluations. The Bank prefers to hold long-term exposures for securities held in 'available for sale' category to avoid seasonal or cyclical downfalls in the prices of such securities.

### 43.3 Liquidity Risk

**43.3.1** Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses. The Bank's ALCO is primarily responsible to ensure adequate maintenance and monitoring of liquidity and minimization of liquidity risk. The Bank manages its liquidity risk by continuous monitoring of the maturity profiles of its assets and liabilities, strengthening of its credit recovery procedures by focusing on retail and medium-sized customers and managing open positions through effective treasury operations. Allocation of funds towards various business prepositions and pricing of assets and liabilities of the Bank are given significant importance.

### 43.3.2 Maturities of assets and liabilities - based on expected maturities

	2013									
	Total	Upto 1 month	Over 1 and upto 3 months	Over 3 and upto 6 months	Over 6 months and upto 1 year	Over 1 and upto 2 years	Over 2 and upto 3 years	over 3 and upto 5 years	Over 5 and upto 10 years	Over 10 years
	Rupees in '000									
<b>Assets</b>										
Cash and balances with treasury banks	23,820,864	23,820,864	-	-	-	-	-	-	-	-
Balances with other banks	4,265,296	4,265,296	-	-	-	-	-	-	-	-
Lendings to financial institutions	11,407,448	11,307,448	100,000	-	-	-	-	-	-	-
Investments - net	123,956,143	12,789,189	49,190,135	52,744,091	1,135,419	1,036,017	1,465,136	3,908,866	1,393,027	294,263
Advances - net	157,285,598	47,157,092	30,708,370	6,970,091	14,109,304	6,477,435	5,065,270	23,669,449	20,430,544	2,698,043
Operating fixed assets	3,514,801	19,783	39,566	59,349	118,698	237,396	237,396	474,792	1,186,980	1,140,841
Deferred tax assets - net	12,627,352	231,000	462,000	693,000	1,386,000	3,096,000	2,388,000	4,371,352	-	-
Other assets	15,820,643	4,225,425	118,386	238,341	11,238,491	-	-	-	-	-
	352,698,145	103,816,097	80,618,457	60,704,872	27,987,912	10,846,848	9,155,802	32,424,459	23,010,551	4,133,147
<b>Liabilities</b>										
Bills payable	1,506,335	1,506,335	-	-	-	-	-	-	-	-
Borrowings	22,802,482	14,833,228	4,979,067	2,243,417	10,696	328,710	71,947	44,502	290,915	-
Deposits and other accounts	306,560,767	62,249,483	58,503,528	46,700,450	51,769,045	18,229,088	17,273,089	17,363,188	17,236,450	17,236,446
Liabilities against assets subject to finance lease	2,386	98	201	311	660	1,116	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	8,344,877	4,529,358	2,333	2,852	501,899	186,193	233,778	2,842,202	46,262	-
	339,216,847	83,118,502	63,485,129	48,947,030	52,282,300	18,745,107	17,578,814	20,249,892	17,573,627	17,236,446
<b>Net assets</b>	13,481,298	20,697,595	17,133,328	11,757,842	(24,294,388)	(7,898,259)	(8,423,012)	12,174,567	5,436,924	(13,103,299)
Share capital	10,551,132									
Discount on issue of shares	(263,158)									
Reserves	1,539,659									
Accumulated losses	(11,250,885)									
Share deposit money	576,748									
	12,000,000									
Surplus on revaluation of assets - net of tax	12,576,748									
	904,550									
	13,481,298									

43.3.3 Deposit account without contractual maturities have been classified by taking into account historical trend of their withdrawal pattern, which shows that 15% of such deposits mature in each of the first two categories mentioned above and 10% mature in each of the remaining seven categories.

#### 43.3.4 Maturities of assets and liabilities - based on contractual maturities

2013

	Total	Upto 1 month	Over 1 and upto 3 months	Over 3 and upto 6 months	Over 6 months and upto 1 year	Over 1 and upto 2 years	Over 2 and upto 3 years	over 3 and upto 5 years	Over 5 and upto 10 years	Over 10 years
Rupees in '000										
<b>Assets</b>										
Cash and balances with treasury banks	23,820,864	23,820,864	-	-	-	-	-	-	-	-
Balances with other banks	4,265,296	4,265,296	-	-	-	-	-	-	-	-
Lendings to financial institutions	11,407,448	11,307,448	100,000	-	-	-	-	-	-	-
Investments - net	123,956,143	12,789,189	49,190,135	52,744,091	1,135,419	1,036,017	1,465,136	3,908,866	1,393,027	294,263
Advances - net	157,285,598	47,157,092	30,708,370	6,970,091	14,109,304	6,477,435	5,065,270	23,669,449	20,430,544	2,698,043
Operating fixed assets	3,514,801	19,783	39,566	59,349	118,698	237,396	237,396	474,792	1,186,980	1,140,841
Deferred tax assets - net	12,627,352	231,000	462,000	693,000	1,386,000	3,096,000	2,388,000	4,371,352	-	-
Other assets	15,820,643	4,225,425	118,386	238,341	11,238,491	-	-	-	-	-
	352,698,145	103,816,097	80,618,457	60,704,872	27,987,912	10,846,848	9,155,802	32,424,459	23,010,551	4,133,147
<b>Liabilities</b>										
Bills payable	1,506,335	1,506,335	-	-	-	-	-	-	-	-
Borrowings	22,802,482	14,833,228	4,979,067	2,243,417	10,696	328,710	71,947	44,502	290,915	-
Deposits and other accounts	306,560,767	208,759,294	32,648,855	29,464,002	34,532,597	992,640	36,641	126,738	-	-
Liabilities against assets subject to finance lease	2,386	98	201	311	660	1,116	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	8,344,877	4,529,358	2,333	2,852	501,899	186,193	233,778	2,842,202	46,262	-
	339,216,847	229,628,313	37,630,456	31,710,582	35,045,852	1,508,659	342,366	3,013,442	337,177	-
<b>Net assets</b>	13,481,298	(125,812,216)	42,988,001	28,994,290	(7,057,940)	9,338,189	8,813,436	29,411,017	22,673,374	4,133,147
Share capital	10,551,132									
Discount on issue of shares	(263,158)									
Reserves	1,539,659									
Accumulated losses	(11,250,885)									
Share deposit money	576,748									
	12,000,000									
Surplus on revaluation of assets - net of tax	12,576,748									
	904,550									
	13,481,298									

#### 43.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. The Bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Bank is able to manage operational risk. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and appraisal procedures, including the use of internal audit. The Bank has established a comprehensive business continuity plan to deal with the risk of financial loss and damage to reputation arising from operational risk factors.

#### 44. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on March 14, 2014 by the Board of Directors of the Bank.

#### 45. GENERAL

45.1 These unconsolidated financial statements have been prepared in accordance with the revised forms of annual financial statements of commercial banks issued by SBP vide BSD Circular No. 04 dated 17 February 2006 and other circulars issued from time to time.

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

45.3 Corresponding figures have been re-arranged and re-classified wherever necessary, for the purpose of comparison. However no significant reclassification has been made.

Chairman

President

Director

Director



# ISLAMIC BANKING BUSINESS

Annexure I

The Bank has started Islamic banking operations during the year ended December 31, 2013. As at close of the December 2013, 07 Islamic banking branches were operating.

## STATEMENT OF FINANCIAL POSITION

As at December 31, 2013

	Note	2013 Rupees in '000	2012
<b>ASSETS</b>			
Cash and balances with treasury banks		157,253	-
Balances with other banks		19,239	-
Due from financial institutions		477,000	-
Investments		631,876	-
Islamic financing and related services	A-I.1	385,000	-
Operating fixed assets		31,218	-
Deferred tax assets		-	-
Other assets		40,200	-
<b>TOTAL ASSETS</b>		<b>1,741,786</b>	<b>-</b>
<b>LIABILITIES</b>			
Bills payable		1,422	-
Due to financial institutions		-	-
Deposit and other accounts		-	-
- Current accounts		660,556	-
- Saving accounts		425,985	-
- Term deposits		7,100	-
- Others		12,846	-
- Deposits from financial institutions - remunerative		-	-
- Deposits from financial institutions - non-remunerative		-	-
Due to head office		109,565	-
Other liabilities		5,784	-
		1,223,258	-
<b>NET ASSETS</b>		<b>518,528</b>	<b>-</b>

	2013	2012
	Rupees in '000	
<b>REPRESENTED BY</b>		
Islamic banking fund	500,000	-
Reserves	-	-
Unappropriated profit	13,095	-
	513,095	-
Surplus on revaluation of assets	5,433	-
	518,528	-
Remuneration to shariah advisor / board	2,126	-
<b>CHARITY FUND</b>		
Opening balance	-	-
Additions during the year	19	-
Payments / utilization during the year	-	-
Closing balance	19	-

# ISLAMIC BANKING BUSINESS-PROFIT AND LOSS ACCOUNT

Annexure I

For the year ended December 31, 2013

	2013	2012
	Rupees in '000	
<b>Profit/return earned on financing, investment and placements</b>	82,002	-
<b>Return on deposits and other dues expensed</b>	14,437	-
<b>Net spread earned</b>	67,565	-
Provision against non-performing advances	-	-
Provision against consumer financings	-	-
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
	-	-
Income after provisions	67,565	-
<b>Other Income</b>		
Fee, commission and brokerage income	2,486	-
Dividend income	-	-
Income from dealing in foreign currencies	2,377	-
Gain on sale and redemption of securities	-	-
Unrealized (loss) / gain on revaluation of investments classified as held for trading	-	-
Other income	1,276	-
Total other income	6,139	-
	73,704	-
<b>Other expenses</b>		
Administrative expenses	60,609	-
Other provisions/write offs/reversals	-	-
Other charges	-	-
Total other expenses	60,609	-
	13,095	-
Extra ordinary / unusual items	-	-
<b>Profit before taxation</b>	13,095	-

# NOTES TO THE ANNEXURE I

	2013	2012
	Rupees in '000	
<b>A-I.1 Islamic financing and related assets</b>		
Against murabaha	135,000	-
Against diminishing musharaka	250,000	-
	385,000	-
<b>A-I.1.1 Islamic mode of financing</b>		
Financings/Investments/Receivables	-	-
Advances	385,000	-
Assets/Inventories	-	-
Others	-	-
	385,000	-
<b>A-I.1.2 Against murabaha</b>		
Financings/Investments/Receivables	-	-
Advances	-	-
Assets/Inventories	135,000	-
Others	-	-
	135,000	-
<b>A-I.1.3 Diminishing musharakah</b>		
Financings/Investments/Receivables	-	-
Advances	250,000	-
Assets/Inventories	-	-
Others	-	-
	250,000	-

**A-I.2** BOP Islamic Banking Division is maintaining a General Pool for profit declaration and distribution.

**a) General Pool**

The General Pool comprises deposits from depositors, funds from Equity inclusive of Current Account Holders and Mudaraba Placements from BOP Head Office. The Bank acts as Manager (Mudarib) and invests the funds in Shariah Compliant modes of financings, Investments and Placements. The profit of the Pool is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the profit calculation period.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

**b) Weightages for distribution of profit in general pool**

Return on saving accounts and deposit is paid on the basis of daily products and weightages average system. Different weightages are assigned to different types of accounts.

While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period, nature and type of deposit/ fund.
- Payment cycle of profit on such deposit/ fund, i.e. monthly, quarterly or on maturity
- Magnitude of risk

**c) Identification and allocation of pool related income & expenses**

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

**d) Parameters associated with risk and rewards**

Following are the consideration attached with risk & reward of general pool:

- Period, return, safety, security and liquidity of investment
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected withdrawals of deposits according to the maturities affecting the deposit base.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organizations as regulated in Pakistan.
- Element of Risk attached to various types of investments.
- SBP rules & Shariah Clearance.

	2013	2012
	Rupees in '000	
<b>A-I.3 Avenues / Sectors of economy/business where Mudaraba based deposits have been deployed:</b>		
Federal and provincial governments	136,443	-
GOP ijara sukuk	630,443	-
Transport, storage and communication	250,000	-
Others	496,239	-
	1,513,125	-

#### A-I.4 Charging expenses

The direct expenses are being charged to the pool, while indirect expenses including the establishment cost is being borne by BOP IBD as Mudarib. The direct expenses to be charged to the pool may include cost of sales of inventories, insurance / Takaful expenses of pool assets, stamp fee or documentation charges, brokerage fee for purchase of securities/commodities etc.

#### Provisions

No provision was made in the year 2013.

	2013	
	Rupees in '000	Percentage
<b>A-I.5 Mudarib share (in amount and percentage of distributable income):</b>		
Rabbul Mal	11,509	59
Mudarib	7,996	41
Distributable income	19,505	100

## A-I.6 Amount &amp; percentage of mudarib share transferred to depositors through Hiba:

	2013	
	Rupees in '000	Percentage
Mudarib share	7,996	
Hiba	620	
Hiba percentage of mudarib share		7.75
This is not a special Hiba as such. This Hiba has been distributed across the board to all the investment account holders.		
<b>Profit rate earned vs profit rate distributed to the depositors during the year:</b>		
Profit rate earned		8.90
Profit rates distributed to depositors		5.10

## 1 Ordinary shares / certificates of listed companies and modarabas

Number of shares		Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
<b>Held for trading:</b>								
-	135,000	Nishat Mills Limited	-	8,819	-	8,620	-	-
-	42,000	Hub Power Company Limited	-	1,940	-	1,900	AA+,A1+	-
-	20,000	Pak Petroleum Limited	-	3,511	-	3,536	-	-
-	75,000	Pakistan Telecommunication Company Limited	-	1,290	-	1,301	-	-
25,000	55,000	Engro Corporation Limited	4,055	5,385	3,960	5,062	A,A1	A,A1
-	25,000	Fauji Fertilizer Bin Qasim Limited	-	962	-	965	-	-
-	50,000	Engro Polymer & Chemicals Limited	-	540	-	506	-	-
50,142	-	Adamjee Insurance Company Limited	1,467	-	1,874	-	AA	AA
200,000	-	D.G.Khan Cement Company Limited	16,934	-	17,146	-	-	-
			22,456	22,447	22,980	21,890		
<b>Available for sale:</b>								
70,500	70,500	(Colony) Sarhad Textile Mills Limited	16	16	-	-	-	-
98,000	98,000	Accord Textile Mills Limited	59	59	-	-	-	-
100,758	-	Adamjee Insurance Company Limited	3,619	-	3,765	-	AA	-
12,600	12,600	Adamjee Floorings Limited *	-	-	-	-	-	-
28,500	28,500	Adil Polypropylene Products Limited	-	-	-	-	-	-
57,700	57,700	Adamjee Paper & Board Mills Limited*	-	-	-	-	-	-
13,700	13,700	Afsar Textile Mills Limited	-	-	-	-	-	-
8,526,106	8,526,106	Agritech Limited	298,413	298,413	108,026	99,500	D	-
13,200	13,200	Al-Hussany Industries Limited *	-	-	-	-	-	-
40,500	40,500	Arag Industries Limited *	-	-	-	-	-	-
-	100,000	Al-Abbas Cement Industries Limited	-	948	-	589	-	-
243,841	243,841	Al-Abid Silk Mills Limited	10,158	10,158	3,950	4,270	-	-
68,500	68,500	Alif Textile Mills Limited *	-	-	-	-	-	-



Number of shares		Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
-	526,500	Allied Bank Limited	-	38,795	-	38,692	AA+,A1+	AA+,A1+
-	77,000	Al-Qaim Textile Mills Limited	-	85	-	-	-	-
4,500	4,500	Amazai Textile Mills Limited *	2	2	-	-	-	-
60,500	60,500	Apex Fabrics Limited *	-	-	-	-	-	-
8,500	8,500	Aslo Electronics	-	-	-	-	-	-
175,000	244,000	Asim Textile Mills Limited	455	634	4,244	-	-	-
-	4,489,500	Askari Bank Limited	-	66,565	-	77,309	AA, A1+	AA, A1+
36,200	36,200	Aswan Tentage & Canvas Mills Limited *	-	-	-	-	-	-
50,000	-	Attock Refinery Limited	10,574	-	10,384	-	AA,A1+	-
45,500	45,500	Awan Textile Mills Limited	-	-	-	-	-	-
44,500	44,500	Ayaz Textile Mills Limited	-	-	-	-	-	-
14,000	14,000	Bahawalpur Textile Mills Limited	-	-	-	-	-	-
167,500	167,500	Baluchistan Particle Board Limited	184	184	-	-	-	-
25,000	-	Bank Al-Habib Limited	1,022	-	1,039	-	AA+, A1+	AA+, A1+
57,500	57,500	Bela Engineering Limited	-	-	-	-	-	-
623,500	623,500	Bankers Equity Limited*	-	-	-	-	-	-
16,000	16,000	Baluchistan Foundation Tower Limited	-	-	-	-	-	-
18,100	18,100	Bawany Textile Mills Limited*	-	-	-	-	-	-
280,000	378,000	Burshane LPG (Pakistan) Limited	13,613	18,411	11,536	13,623	-	-
11,000	11,000	Casspak Industries Limited	-	-	-	-	-	-
7,500	7,500	Central Cotton Mills Limited*	-	-	-	-	-	-
2,000	2,000	Charsada Sugar Mills & Distillery Limited	-	-	-	-	-	-
50	50	Charsada Sugar Mills Preference Shares	-	-	-	-	-	-
9,400	9,400	Chilya C. Board *	-	-	-	-	-	-
17,500	17,500	Crescent Knitwear Limited	-	-	-	-	-	-
371	182,456	Crescent Fibers Limited	5	2,427	15	4,924	-	-
200,000	275,000	Crescent Jute Products Limited	250	344	504	498	-	-
156,000	156,000	Crescent Spinning Mills Limited	-	-	-	-	-	-
-	200,000	Crescent Steel & Allied & Products Limited	-	5,403	-	7,030	-	-
-	440,811	Crescent Textile Mills Limited	-	12,563	-	6,837	-	-
68,000	68,000	Crown Textile Mills Limited*	-	-	-	-	-	-

Number of shares		Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
15,000	15,000	Dadabhoy Construction Technology Limited	26	26	-	-	-	-
79,500	79,500	Dadabhoy Leasing Company Limited *	-	-	-	-	-	-
50,000	50,000	Data Textile Limited	21	21	25	25	-	-
-	353,996	Dawood Hercules Chemicals Limited	-	23,259	-	11,519	-	-
62,500	161,500	Emco Industries Limited	278	717	251	735	-	-
151,339	151,339	English Leasing Limited	168	168	-	98	-	-
40,000	130,000	Engro Corporation Limited	6,513	20,166	6,335	11,965	A, A1	A,A1
170,000	-	Engro Foods Limited	17,950	-	17,755	-	A+	-
4,900	4,900	Fateh Industries Limited	29	29	-	-	-	-
9,700	9,700	Fateh Sports Wear Limited	-	-	-	-	-	-
4,975	4,975	Fateh Textile Mills Limited	1,741	1,741	-	498	-	-
750,900	1,101,900	Fauji Fertilizer Company Limited	86,267	128,087	84,071	129,077	-	-
98	14,498	Fazal Textile Mills Limited	39	5,799	40	3,554	-	-
9,000	9,000	Fazal Vegetable Ghee Mills Limited	-	-	-	-	-	-
-	152,265	Ferozsos Laboratories Limited	-	11,753	-	12,198	-	-
-	1,000	First Capital Securities Corporation Limited	-	7	-	4	-	-
305,299	305,299	First IBL Modaraba	760	760	611	687	-	-
-	978,000	First National Bank Modaraba	-	9,780	-	5,477	-	A+, A1
-	230,435	First Punjab Modaraba	-	346	-	705	-	BBB,A3
110	62,610	First Tri-Star Modaraba	-	85	1	110	-	-
12,600	12,600	Greaves Airconditioning Limited*	-	-	-	-	-	-
35,300	35,300	Gypsum Corporation *	-	-	-	-	-	-
15,000	666,839	General Tyre And Rubber Company Of Pakistan Limited	402	17,860	791	17,698	-	-
-	70,000	Ghandara Nissan Limited	-	350	-	415	-	-
10,000	10,000	Ghulam Dadabhoy *	-	-	-	-	-	-
100,014	2,548,195	GlaxoSmithKline (Pakistan) Limited	6,739	188,859	13,623	186,859	-	-
14,500	14,500	Globe Textile Mills Limited	239	239	-	-	-	-
9,900	9,900	Ghaffar Textile Mills Limited	-	-	-	-	-	-
277,500	277,500	Gulistan Spinning Mills Limited	2,067	2,067	1,424	1,593	-	-
470,000	484,500	Gulistan Textile Mills Limited	11,650	12,010	7,520	7,268	-	-
21	12,611,321	Habib Metropolitan Bank Limited	-	260,180	1	237,723	AA+, A1+	AA+, A1+

Number of shares		Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
-	1,500	Hafiz Textile Mills Limited	-	23	-	-	-	-
90,000	90,000	Hajra Textile Mills Limited	57	57	-	65	-	-
55,500	55,500	Hakkim Textile Mills Limited	49	49	-	-	-	-
34,500	34,500	Hashmi Can Company Limited	207	207	-	-	-	-
-	98,000	Hinopak Motors Limited	-	17,258	-	8,599	-	-
24,200	24,200	H-Shaikh M. Hussain	-	-	-	-	-	-
590,000	1,395,000	Hub Power Company Limited	36,686	63,367	35,825	63,110	AA+, A1+	AA+, A1+
21,000	21,000	Hyderabad Electronics Industries Limited *	-	-	-	-	-	-
425	425	Industrial Development Bank of Pakistan	-	-	-	-	-	-
7,538	7,538	Innovative Invest Bank Limited	-	-	-	-	-	-
746,256	746,256	International Industries Limited	38,649	38,649	34,604	24,559	-	-
-	25,495	International Knit Wear Limited	-	293	-	164	-	-
-	1,540,000	Invest Capital Investment Bank Limited	-	2,234	-	2,618	-	-
35,500	35,500	Ittefaq Textile Mills Limited *	34	34	-	-	-	-
17,435	136,935	J. A. Textile Mills Limited	48	375	173	739	-	-
-	30,423	J. K. Spinning Mills Limited	-	234	-	756	-	-
361,097	361,097	Javed Omer Vohra And Company Limited	2,820	2,820	-	-	-	-
-	100,500	Johnson And Phillips (Pakistan) Limited	-	1,336	-	1,347	-	-
8,000	8,000	Junaid Cotton Mills Limited	-	-	-	-	-	-
8,000	8,000	Kaiser Art and Kraft Mills Limited	-	-	-	-	-	-
-	76,654	Karam Ceramics Limited	-	767	-	606	-	-
23,600	23,600	Karim Cotton Mills Limited	-	-	-	-	-	-
4,000	4,000	Karim Silk Mills Limited	-	-	-	-	-	-
-	300,000	KASB Bank Limited	-	1,344	-	729	BBB, A3	BBB, A3
34,700	34,700	Kaytex (Saleem Denim Industries Limited)*	35	35	-	-	-	-
-	100,000	Khalid Siraj Textile Mills Limited	-	118	-	255	-	-
13,500	13,500	Kohinoor Cotton Mills Limited*	-	-	-	-	-	-
-	50,000	Kohinoor Industries Limited	-	106	-	151	-	-
36,500	36,500	Kohinoor Looms Limited	-	-	-	-	-	-
130,000	400,000	Kohinoor Mills Limited	433	1,332	2,288	4,448	-	-
-	151,223	Kohinoor Sugar Mills Limited	-	752	-	832	-	-

Number of shares		Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
33,498	33,498	Karachi Pipe Mills Limited*	-	-	-	-	-	-
40,500	70,500	Land Mark Spinning Industries Limited	109	190	370	282	-	-
4,837	5,837	Leiner Pak Gelatine Limited	121	146	-	120	-	-
19,000	19,000	Lafayette Industries Synthetics Limited *	-	-	-	-	-	-
2,719,875	3,742,375	Lotte Pakistan PTA Limited	42,663	58,710	19,964	27,506	-	-
10,000	-	Lucky Cement Limited	3,023	-	2,999	-	-	-
50,000	-	Maple Leaf Cement Factory Limited	1,340	-	1,372	-	BB, B	BB,B
-	80,008	Maqbool Textile Mills Limited	-	921	-	1,537	-	-
-	753,840	Mari Gas Company Limited	-	82,814	-	74,140	-	-
10,000	-	Mari Petroleum Limited	2,429	-	2,127	-	-	-
25,300	25,300	Marr Fabrics Limited *	-	-	-	-	-	-
-	432,500	Masood Textile Mills Limited	-	10,361	-	11,310	-	-
60,000	-	MCB Bank Limited	17,440	-	16,870	-	AAA, A1+	-
158,100	158,100	Mehran Bank Limited	-	-	-	-	-	-
63,000	63,000	Medi Glass Limited	43	43	-	-	-	-
10,000	10,000	Mehr Dastgir Textile Mills Limited	-	-	-	-	-	-
26,500	26,500	Mehran Jute Mills Limited	-	-	-	-	-	-
37,500	37,500	Mian Mohammed Sugar Mills Limited	-	-	-	-	-	-
213,305	266,329	Mirpurkhas Sugar Mills Limited	8,158	12,911	8,745	10,959	-	-
-	390,000	Mohammad Farooq Textile Mills Limited	-	1,014	-	1,170	-	-
34,300	34,300	Mohib Textile Mills Limited	-	-	-	-	-	-
20,500	22,500	Moonlite (Pak) Limited	227	249	245	161	-	-
12,000	12,000	Morafco Industries Limited	-	-	-	-	-	-
12,000	12,000	Mubarik Dairies Limited	-	-	-	-	-	-
75,000	553,500	National Bank Of Pakistan	4,204	26,051	4,354	27,337	AAA, A-1+	AAA, A1+
15,100	15,100	Naveed Textile Mills Limited	-	-	-	-	-	-
300,000	-	Netsol Technology Limited	13,767	-	13,209	-	-	-
5,600	5,600	Nowshera Engineering Company Limited	-	-	-	-	-	-
-	2,225,000	NIB Bank Limited	-	9,189	-	5,852	AA-, A1+	AA-, A1+
-	810,500	Nishat (Chunian) Limited	-	19,499	-	28,400	A-, A-2	A-, A2
50,000	89,000	Nishat Mills Limited	6,185	5,298	6,362	5,683	-	AA-, A1+
156,065	156,065	Natover Lease & Refinance Limited	-	-	-	-	-	-

Number of shares		Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
5,600	5,600	National Match Industries	-	-	-	-	-	-
29,207	29,207	Norrie Textile Mills Limited	-	-	-	-	-	-
5,300	5,300	National Overseas	-	-	-	-	-	-
65,600	65,600	Nusrat Textile Mills Limited	-	-	-	-	-	-
20,000	-	Oil & Gas Development Company Limited	5,585	-	5,527	-	AAA,A-1+	-
-	22,514	Otsuka Pakistan Limited	-	889	-	850	-	-
2,935,789	2,280,789	Pak Gen Power Limited	71,915	45,553	63,736	47,988	AA, A1+	AA,A1+
-	-	Pak Datacom Limited	-	-	-	-	-	-
65,877	65,877	Pak Elektron Limited Convertible Preference Shares	-	-	-	-	-	-
12,500	12,500	Pak Ghee Industries Limited	2	2	-	-	-	-
50,000	-	Pak Petroleum Limited	10,729	-	10,698	-	-	-
197,632	197,632	Pak Elektron Limited-Non Convertible	-	-	-	-	-	-
25,050	-	Pakistan Oilfield Limited	12,099	-	12,468	-	-	-
22,200	22,200	Pakistan Paper Products Limited	-	-	-	-	-	-
220,200	391,700	Pakistan Refinery Limited	21,551	38,335	16,766	27,145	A-,A2	-
45,000	-	Pakistan Reinsurance Company Limited	1,321	-	1,280	-	AA	AA
26	170,726	Pakistan Services Limited	3	19,969	7	27,658	-	-
35,000	98,240	Pakistan State Oil Company Limited	11,685	24,115	11,628	22,812	AA+, A1+	AA+, A1+
725,000	-	Pakistan Telecommunication Company Limited	22,155	-	20,619	-	-	-
300	300	Pakistan Tobacco Company Limited	33	33	169	-	-	-
100,365	166,865	Pangrio Sugar Mills Limited	602	1,001	297	567	-	-
95,100	95,100	Punjab Building Products Limited	-	-	-	-	-	-
12,000	12,000	Punjab Cotton Mills Limited	-	-	-	-	-	-
49,200	49,200	Pearl Fabrics Company	-	-	-	-	-	-
23,100	23,100	Punjab Lamp Works Limited	-	-	-	-	-	-
15,500	15,500	Qayyum Spinning Mills Limited	-	-	-	-	-	-
500	500	Quality Steel Works Limited	-	-	-	-	-	-
12,000	12,000	Rex Baren Batteries Limited	-	-	-	-	-	-
4,200	4,200	Rcd Ball Bearings	-	-	-	-	-	-
167,500	167,500	Redco Textiles Limited	159	159	-	-	-	-
18,500	18,500	Regal Ceramics Limited	-	-	-	-	-	-
15,169	130,669	Ruby Textile Mills Limited	166	1,433	223	504	-	-

Number of shares		Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
77,000	77,000	Saitex Spinning Mills Limited	-	-	-	-	-	-
-	150,000	Samba Bank Limited	-	450	-	449	AA-, A-1	AA-A-1
-	110,000	Sanghar Sugar Mills Limited	-	1,375	-	2,409	-	-
-	31,500	Sardar Chemical Industries Limited	-	49	-	-	-	-
885	600,885	Saudi Pak Leasing Company Limited	1	721	2	1,953	-	-
55,000	55,000	Schon Textiles Limited	-	-	-	-	-	-
170,033	182,611	Security Paper Limited	6,687	8,617	11,953	9,372	AAA, A-1+	AAA, A1+
35,000	35,000	Service Industries Textile Limited	26	26	-	-	-	-
289,000	289,000	Service Fabrics Limited	72	72	-	-	-	-
95,000	347,807	Service Industries Limited (Shoes)	29,524	108,091	51,732	58,084	-	-
475,845	751,615	Shabbir Tiles And Ceramics Limited	5,200	8,644	4,235	6,501	-	-
190,180	514,180	Shahmurad Sugar Mills Limited	1,991	5,383	3,756	7,908	BBB+, A-2	BBB+, A2
74,900	74,900	Shahpur Textile Mills Limited	22	22	13	-	-	-
166,546	171,546	Shahtaj Sugar Mills Limited	13,157	13,552	14,323	13,742	-	-
16,800	16,800	Shahyar (O&E)Textile Mills Limited	-	-	-	-	-	-
143	325,643	Shakerganj Mills Limited	1	2,117	3	3,940	-	-
197,521	202,871	Siemens Pakistan Engineering Company Limited	266,478	273,696	270,406	157,160	-	-
23,500	23,500	Siftaq International Limited	24	24	-	-	-	-
-	3,717,000	Silkbank Limited	-	11,785	-	8,475	A-, A-2	A-A3
151,000	151,000	Sindh Alkalis Limited	-	-	-	-	-	-
16,500	16,500	Sindh Fine Textile Mills Limited	148	148	-	-	-	-
-	54,804	Sitara Energy Limited	-	1,178	-	1,562	-	-
94,300	94,300	Sunshine Cloth Limited	-	-	-	-	-	-
3,300	3,300	Sunrise Textile Limited	-	-	-	-	-	-
201	3,478,683	Soneri Bank Limited	1	24,317	2	24,664	AA-, A1+	AA-, A1+
47,500	47,500	Shahyar Textile Mills Limited	-	-	-	-	-	-
-	710,500	Sui Northern Gas Pipelines Limited	-	21,230	-	16,519	AA, A1+	AA, A1+
91,500	91,500	Sunshine Cotton Mills Limited	29	29	-	-	-	-
11,500	11,500	Suraj Ghee Industries Limited	-	-	-	-	-	-
20,000	20,000	Taga Pakistan Limited	-	-	-	-	-	-
301,500	301,500	Taj Textile Mills Limited	139	139	-	-	-	-
9,000	9,000	Tariq Cotton Mills Limited	-	-	-	-	-	-

Number of shares		Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
26,500	26,500	Tawakal Garments Industries Limited	-	-	-	-	-	-
24,000	24,000	Tawakkal Limited	-	-	-	-	-	-
101,000	101,000	First Tawakal Modaraba	-	-	-	-	-	-
70,063	134,563	Tristar Polyester Limited	80	153	169	303	-	-
2,700,037	3,850,537	Trust Investment Bank Limited	69,497	99,100	4,293	9,626	-	-
500	500	Trust Modaraba	6	6	2	2	-	-
37,000	37,000	Turbo Tubes Limited	-	-	-	-	-	-
150,000	350,000	United Bank Limited	19,502	29,308	19,883	29,285	AA+, A-1+	AA+, A1+
-	96,797	United Distributors Pakistan Limited	-	1,939	-	958	-	-
29,500	29,500	Uqab Breeding Farms Limited	-	-	-	-	-	-
90,000	130,000	Wah-Nobel Chemicals Limited	4,491	6,487	5,580	5,616	-	-
-	23,875	Wyeth Pak Limited	-	26,263	-	22,800	-	-
90,000	219,000	Yousuf Weaving Mills Limited	190	462	472	996	-	-
88,000	88,000	Zahur Textile Mills Limited	-	-	-	-	-	-
104,047	104,047	Zeal Pak Cement Factory Limited	-	-	-	-	-	-
4,296,556	4,296,556	Zephyr Textiles Limited	39,967	40,206	57,272	27,283	-	-
14,200	14,200	Zaffar Textile Mills Limited	-	-	-	-	-	-
			1,267,226	2,315,182	1,012,932	1,722,046		
			1,289,682	2,337,629	1,035,912	1,743,936		

\* Delisted Companies

## 2 Preference shares of listed companies

Number of shares		Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
1,545,397	1,545,397	Azgard Nine Limited	15,454	15,454	-	-	-	-
-	2,500,000	Fazal Cloth Mills Limited	-	25,000	-	25,000	-	A-, A2
8,000,000	8,000,000	Pak Elektron Limited (PEL)	80,000	80,000	40,000	40,000	-	-
7,500,000	7,500,000	Shakarganj Mills Limited	75,000	75,000	22,650	22,650	-	-
32,499,661	32,499,661	Agritech Limited**	324,997	324,997	292,497	328,246	-	-
			495,451	520,451	355,147	415,896		

\*\* Strategic Investment



## Other particulars of preference shares are as follows:

Particulars	Nominal value per share	Profit rate per annum	Profit payment	Redemption terms
Azgard Nine Limited	10	Fixed dividend at 8.95% per annum to be declared within 3-months of close of financial year on a cumulative basis.	Annually	50% of the issue amount at the end of 5th year of issuance/ allotment and remaining 50% at the end of 6th year subject to the provisions of Section 85 of the Companies Ordinance, 1984.
Fazal Cloth Mills Limited	10	Fixed dividend at 6 months KIBOR ask side + 250 bps per annum.	Annually	Issuer may redeem at its option the whole or minimum 20% of the outstanding face value at any time after completion of 3 years from the date of issue by giving at least 60 days notice.
Pak Elektron Limited (PEL)	10	Fixed dividend of 9.50% per annum payable if and when declared by the Company on a cumulative basis	Annually	Call option subject to maximum of 75% of the total issue within 90 days from the end of each financial year commencing from 3rd year and ending on 5th year and 100% of the issue size within 90 days of the end of each financial year commencing from 5th year by giving a notice of 30 days. 25% investment convertible at the option of investor exercisable after the 5th year in accordance with the formula mentioned in the prospectus.
Shakarganj Mills Limited	10	Preferred right of dividend at 8.50% per annum on a cumulative basis..	Annually	Principal will be redeemed at the end of 5th year from the issue date. Conversion option is exercisable at the end of every financial year from the date of issue at the option of holder in whole or in part or convertible by the Company in whole or part through tender. Conversion is set in the ratio of 167 ordinary shares for every 1,000 preference shares at face value of Rs. 10 each.
Agritech Limited	10	Fixed dividend of 11.00 % per annum on annual basis by the company on a cumulative basis.	Annually	The company will have the option to redeem the preference shares in full or in part with in ninety days after the expiry of the each anniversary of the completion date by giving at least thirty days notice. Preference shares can be converted in to ordinary shares from the fifth anniversary of the completion date.

### 3 Ordinary shares of unlisted company

Number of shares		Name of company	Cost		Break up Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
2,000,000	2,000,000	Bank Al Baraka (Formerly: Emirates Global Islamic Bank) (Chief Executive Officer: Shafqaat Ahmed)	25,000	25,000	13,169	13,680	-	-

### 4 Mutual funds units

Number of shares		Name of fund	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
<b>Open ended mutual funds</b>								
-	2,631,771	Faysal Assets & Allocation Fund	-	246,730	-	180,960	-	-
-	22,956	Askari Sovereign Cash Fund	-	2,165	-	2,308	-	AAA+(f)
-	297,082	Atlas Stock Market Fund	-	200,000	-	125,048	-	4-star
-	2,241,707	KASB Asset Allocation Fund	-	112,028	-	97,335	-	2-Star
-	2,005,311	MCB Dynamic Stock Fund	-	200,000	-	212,484	-	4-Star
-	16,873,263	NAFA Stock Fund	-	200,000	-	153,194	-	3-star
-	2,006,451	Pakistan International Element Islamic Fund	-	100,000	-	91,434	-	3-star
-	10,414,713	Reliance Income Fund	-	450,000	-	381,305	-	-
3,023,871	2,747,393	United Growth & Income Fund (Income)	294,234	294,234	249,808	219,847	BBB+(f)	BBB-(f)
18,442,660	17,113,202	IGI Aggressive Income Fund	776,000	750,000	791,745	747,578	A-(f)	A-(f)
<b>Close ended mutual funds</b>								
-	156,200	Atlas Fund of Funds	-	965	-	1,490	-	-
6,680,054	8,270,100	NAMCO Balance Fund	52,850	75,000	43,353	39,283	-	-
424	2,140,424	PICIC Investment Fund	2	11,751	5	15,133	-	-
			1,123,087	2,642,872	1,084,911	2,267,399		

## 5 Listed term finance certificates

Number of shares		Nominal value per certificate	Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012			2013	2012	2013	2012	2013	2012
				Rupees in '000		Rupees in '000			
10,000	10,000	5	Askari Bank Limited	49,920	49,940	50,664	55,151	AA-	AA-
7,369	7,369	5	Azgard Nine Limited	10,362	10,362	-	-	D	D
35,000	35,000	5	Bank AL Habib Limited	174,370	174,510	183,089	195,591	AA	AA
10,000	10,000	5	Engro Chemical Pak Limited	48,756	48,776	49,875	48,669	A	-
13,886	13,886	5	Financial Receivables Securities Company Class B	5,784	17,351	5,784	17,482	-	-
-	3,406	5	NIB Bank Limited	-	14,060	-	14,095	A+	A+
-	16,655	5	Pak Arab Fertilizers Limited	-	12,946	-	24,991	-	AA
-	8,782	5	United Bank Limited	-	37,364	-	38,187	AA	AA
-	10,000	5	United Bank Limited - 1st issue	-	-	-	-	-	-
1,972	-	5	Azgard Nine Limited - 5th Issue	9,860	-	9,860	-	-	-
5,500	-	5	Jahangir Siddiqui & Company	323	-	323	-	-	-
5,000	-	5	World Call Telecom Limited	7,865	-	7,866	-	D	-
				307,240	365,308	307,461	394,166		

## Other particulars of preference shares are as follows:

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Askari Bank Limited	6 months KIBOR + 250 bps without any floor or cap	Semi-annually	0.32% of principal in the first 96 months and remaining principal in four equal semi-annual installment of 24.92% each starting from the 102nd from issue date.
Azgard Nine Limited	6 months KIBOR + 125 bps without any floor or cap.	Semi-annually	In nine unequal semi-annual installments starting from 30th month.
Bank AL Habib Limited	15.50% for the first five years and 16.00% for the next three years without any floor or cap	Quarterly	0.56% of principal in the first 84 months and remaining principal in four equal quarterly installments of 24.86% each starting from 87th month from issue date
Engro Chemical Pak Limited	6 months KIBOR + 155 bps without any floor or cap	Semi-annually	0.28% of principal in the first 84 months and remaining principal in two equal semi-annual installments of 49.86% starting from 90th month.
Financial Receivables Securities Company	6 months KIBOR + 200 bps with a Floor of 8.00% and Cap of 16.00%	Semi-annually	In 12 equal semi-annual installments starting from 18th month.
NIB Bank Limited	6 months KIBOR + 115 bps without any floor or cap.	Semi-annually	0.02% of principal in the first 60th month and remaining principal in six equal semi-annual installments of 16.66% each starting from 66th month from the issue date.
Pak Arab Fertilizers Limited	6 months KIBOR + 150 bps without any floor or cap.	Semi-annually	In six stepped-up semi-annual installments starting from the 30th month.
United Bank Limited	6 months KIBOR + 85 bps for the first five year and 6 months KIBOR + 135 bps for the remaining period without any floor or cap	Semi-annually	Bullet redemption at the end of 10th year.
United Bank Limited - 1st issue	Fixed at 100 bps + trading yield of 8-year PIBs as quoted on Reuters page 'PKRV'	Semi-annually	0.25% of principal in the first 78th month and remaining principal in three equal semi-annual installments of 33.25% each starting from 84th month from the issue date.
Azgard Nine Limited - 5th Issue	Floating rate of return at Base Rate (6 months KIBOR)+2.25% p.a. with no floor and cap.	Semi-annually	0.08% of principal in the first 24 months and remaining principal in ten equal semi annual installments of 9.992% each of the issue amount respectively, starting from 30th month.
Jahangir Siddiqui & Company	6 months KIBOR +1.7%	Semi-annually	TFC has a tenor of six years i-e 2007-2013 with a call option exercisable by the company any time after one year on a coupon date by giving 30 days notice at a premium of 1.00% on the outstanding face value.
World Call Telecom Limited	Floating rate of return at Base Rate+1.60% p.a. with no floor and cap.	Semi-annually	Principal repayments of PKR 547,910,302/- each on October 07, 2014; April 07, 2015; and October 07, 2015.

## 6 Unlisted term finance certificates

Annexure II

Number of certificate		Nominal value	Name of company	Cost		Carrying Value		Rating (where available)	
2013	2012	per certificate		2013	2012	2013	2012	2013	2012
				Rupees in '000		Rupees in '000			
33,000	33,000	5	Agriotech Limited	131,843	131,843	-	-	D	D
8,516	8,516	5	Agriotech Limited	38,449	38,449	-	-	D	D
260,000	260,000	5	Agriotech Limited	1,298,924	1,298,924	-	-	D	D
-	7,000	5	Al-Abbas Sugar Mills Limited	-	5,456	-	5,456	-	A+
32,000	32,000	5	Arzoo Textile Mills Limited	160,000	160,000	-	-	-	-
100,000	100,000	5	Azgard Nine Limited	216,753	216,753	-	-	D	D
34,456	34,456	5	Azgard Nine Limited	172,280	172,280	-	172,280	D	-
10,000	10,000	5	Bank Alfalah Limited	49,920	49,938	49,920	49,938	AA-	AA-
30,000	30,000	5	Eden Housing (Sukuk)	72,753	189,003	72,753	189,003	A	-
12,521	12,521	5	Engro Chemical Pakistan Limited	48,832	48,832	48,832	48,832	A	-
-	5,000	5	Jahangir Siddiqui & Company Limited	-	21,764	-	21,764	AA+	AA
80,000	80,000	5	JDW Sugar Mills Limited	44,444	133,333	44,444	133,333	A+	A+
6,114	6,114	5	Financial Receivables Securities Company	3,817	11,450	3,817	11,450	-	-
-	20,000	5	Kohat Cement (Sukuk)	-	2,491	-	2,491	-	-
23,951	23,951	5	Maple Leaf Cement Factory Limited	92,555	104,531	92,555	104,531	BB+	D
40,000	40,000	5	Martindale Pharmaceuticals Pakistan Limited	18,400	106,720	18,400	106,720	A	-
-	798	100	Orix Leasing Pakistan Limited	-	13,203	-	13,203	AA+	AA+
-	26,000	5	Pakistan Mobile Company Limited - 3rd issue	-	21,632	-	21,632	AA-	AA-
8,000	8,000	5	Pak Elektron Limited (Sukuk)	15,483	15,483	15,483	15,483	-	-
16,000	16,000	5	Pak Elektron Limited (Sukuk)	70,743	70,743	70,743	70,743	-	-
50,000	50,000	5	Pak Elektron Limited (Sukuk)	202,381	202,381	202,381	202,381	-	-
90,000	90,000	5	Pak Elektron Limited (Sukuk)	450,000	450,000	450,000	450,000	-	-
21,000	21,000	5	Pakistan International Airlines (PIA)	74,312	74,312	74,312	74,311	-	-
10,000	10,000	5	Security Leasing (Sukuk)	12,908	14,940	9,681	11,205	-	-
15,000	15,000	5	Security Leasing (Sukuk)	16,284	18,823	12,212	14,117	-	-
-	30,000	5	Sui Southern Gas Company Limited	-	150,000	-	150,000	-	-
24,711	24,711	15,000	Syed Bhais (Pvt) Limited	100,299	100,299	-	-	-	-
60,000	-	5	Wapda Hydroelectric (Neelum Jhelum)	300,000	-	300,000	-	AAA	-
40,000	-	5	Independent Media Corporation	190,000	-	190,000	-	A+	-
6,000	-	5	Azgard Nine Limited (3rd Issue)	30,013	-	-	-	-	-
6,000	-	5	Al-Abbas Sugar Mills Limited	53	-	53	-	-	-
2,000	-	5	Al-Zamin Leasing Corporation Limited	7,500	-	-	-	-	-
2,000	-	5	Agriotech Limited	7,465	-	-	-	D	-
7,000	-	5	Agriotech Limited -3rd Issue	9,569	-	-	-	D	-
1,493	-	5	Agriotech Limited -4rd Issue	31,429	-	-	-	-	-
2,000	-	5	Bank Al-Falah-Fixed	10,708	-	10,708	-	AA-	-
5,000	-	5	Kohat Cement Sukuk	4,994	-	4,994	-	-	-
300	-	5	Pakistan Mobile Communication Limited	6	-	6	-	-	-
18,000	-	5	New Allied Electronics Industries (Pvt) Limited	17,798	-	-	-	-	-
64,000	-	5	New Allied Electronics Industries (Pvt) Limited-Sukuk	10,064	-	-	-	-	-
8,000	-	5	Dewan Cement Limited (Pre IPO Investment)	20,000	-	-	-	-	-
				3,930,979	3,823,583	1,671,294	1,868,873		

## Other particulars of unlisted TFCs are as follows:

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Agritech Limited	6 months KIBOR + 175 bps without any floor or cap	Semi-annually	0.08% of principal in the first 24th month and remaining principal in ten equal semi-annual installments of 9.992% each starting from 30th month from the issue date.
Agritech Limited	6 months KIBOR + 200 bps without any floor or cap	Semi-annually	Up to ten consecutive equal semi-annual installments starting from 30th month from the issue date.
Agritech Limited	6 months KIBOR + 175 bps without any floor or cap	Semi-annually	In twelve semi-annual installments with stepped - up repayment in the month of January and July.
Al-Abbas Sugar Mills Limited	6 months KIBOR + 175 bps without any floor or cap	Semi-annually	In 10 equal semi-annual installments starting from 18th month from the issue date.
Arzoo Textile Mills Limited	6 months KIBOR + 200 bps for the first two year and 6 months KIBOR + 175 bps for the remaining period without any floor or cap	Quarterly	In ten equal semi-annual installments starting from 18th month from the draw down date.
Azgard Nine Limited - 1st issue	6 months KIBOR + 125 bps without any floor or cap	Semi-annually	0.08% of principal in the first 24th month and remaining principal in ten equal semi-annual installments of 9.992% each starting from 30th month from the issue date.
Azgard Nine Limited	Nil	Nil	Bi Annually payments of principal starting from 24th month from the issue date.
Bank Alfalah Limited	6 months KIBOR + 250 bps with a Floor of 7.00% . and Cap of 20.00%	Semi-annually	0.56% of principal in the first 84th month and remaining principal in four equal quarterly installments of 24.86% each starting from 87th month from the issue date.
Eden Housing (Sukuk)	6 months KIBOR + 300 bps with a Floor of 12.00% . and Cap of 20.00%	Semi-annually	Not less than 8 consecutive semiannual units, the first such unit falling due not later than 18th months from last drawdown.
Engro Chemical Pakistan Limited	6 months KIBOR + 155 bps without any floor or cap	Semi-annually	0.28% of principal in the first 84th month and remaining principal in two equal semi-annual installments of 49.86% each starting from 90th month from the issue date.
Jahangir Siddiqui & Company Limited	6 months KIBOR + 170 bps without any floor or cap	Semi-annually	0.2% of principal in the first 60th month and remaining principal in two equal semi-annual installments of 49.9% each starting from 66th month from the issue date.

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
JDW Sugar Mills Limited	3 months KIBOR + 125 bps without any floor or cap	Quarterly	In eighteen unequal quarterly installments starting from 21st month of the first drawdown.
Financial Receivables Securities Company	6 months KIBOR + 200 bps with a floor 8% and Cap 16%	Semi-annually	0.2% of principal in the first 60th month and remaining principal in two equal semi-annual installments of 49.9% each starting from 66th month from the issue date.
Kohat Cement (Sukuk)	3 months KIBOR + 150 bps without any floor or cap	Quarterly	In quarterly installments with first installment due on 20 September 2011.
Maple Leaf Cement Factory Limited	3 months KIBOR + 100 bps without any floor or cap	Quarterly	In thirty six quarterly installments with first installment due on 01 March 2010.
Martin Dow Pharmaceuticals Pakistan Limited	3 months KIBOR (ask) + 380 bps without any floor or cap	Monthly	In sixteen equal quarterly installments starting from 15th month from the issue date.
Optimus Limited	6 months KIBOR + 210 bps without any floor or cap	Semi-annually	0.12% of principal in the first 36th month and remaining principal in four equal semi-annual installments of 24.97% each starting from 42th month from the issue date.
Orix Leasing Pakistan Limited	6 months KIBOR + 120 bps without any floor or cap	Semi-annually	0.08% of principal in the first 24th month and remaining principal in six equal semi-annual installments of 16.65% each starting from 30th month from the issue date.
Pakistan Mobile Company-3rd issue	6 months KIBOR (ask) + 285 bps without any floor or cap	Semi-annually	In six equal semi-annual installments starting from 54th month.
Pak Elektron Limited (Sukuk)	3 months KIBOR (ask) + 125 bps with a Floor of 10.00% and Cap of 25.00%	Quarterly	In quarterly installments with first installment due on 28 June 2013.
Pak Elektron Limited (Sukuk)	3 months KIBOR (ask) + 100 bps with a Floor of 8.00% and Cap of 16.00%	Quarterly	In quarterly installments with first installment due on 30 June 2013.
Pak Elektron Limited (Sukuk)	3 months KIBOR (ask) + 300 bps without any floor or cap	Semi-annually	In quarterly installments with first installment due on 30 June 2013.
Pak Elektron Limited (Sukuk)	3 months KIBOR (ask) + 100 bps with a Floor of 8.00% and Cap of 16.00%	Semi-annually	In quarterly installments with first installment due on 30 June 2013.
Pakistan International Airlines (PIA)	SBP discount rate + 50 bps with a Floor of 8.00% and Cap of 12.50%	Semi-annually	15.2% of principal in the first 48th month and remaining principal in six equal semi-annual installments of 14.13% each starting from 54th month from the issue date.

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Security Leasing (Sukuk)	Nil	Semi-annually	Up to eight equal semi-annual installment starting from 18th month from first drawdown date.
Security Leasing (Sukuk)	Nil	Semi-annually	In eight equal semi-annual installments starting from 18th month.
Sui Southern Gas Company Limited	3 months KIBOR (ask) + 20 bps with a Floor of 5.00% and Cap of 20.00%	Quarterly	Not less than eight consecutive quarterly units the first unit falling due not later than 33rd month from the last draw down date.
Syed Bhais (Pvt) Limited	3 months KIBOR (ask) + 380 bps without any floor or cap	Quarterly	In sixteen equal quarterly installments starting from 27th month from the issue date.
Syed Bhais (Pvt) Limited	Average ask rate of 3 months KIBOR + 300 bps with no floor or cap	Quarterly	Principal to be repaid in 16 quarterly installments after grace period of 2 years.
Wapda Hydroelectric (Neelum Jhelum)	6 months KIBOR +100 bps	Semi-annually	Principal to be repaid in 14 equal semi annual installments starting from 27-03-2015.
Independent Media Corporation	3 months KIBOR +300 bps	Quarterly	Principal to be repaid in 20 quarterly installments starting from 05-11-2013.
Azgard Nine Limited (3rd Issue)	Floating rate of return at Base Rate (6 months KIBOR)+2.25% p.a. with no floor and cap.	Semi-annually	0.08% of principal in the first 24 months and remaining principal in ten equal semi annual installments of 9.992% each of the issue amount respectively, starting from 30th month.
Al-Abbas Sugar Mills Limited	6 month KIBOR +1.75%	Semi-annually	TFC will be redeemed in 10 equal bi-annual installments of Rs.75 million each commencing from May 2009.
Al-Zamin Leasing Corporation Limited	Floating cut-off yield of last successful SBP auction of 5-year PIBs+200 bps.Floor 12% & Cap 15.75%	Semi-annually	Principal to be redeemed in 10 equal semi-annual installments commencing from the 6th month of issue date. Callable anytime in full after 18th month of issue.
Agritech Limited	6 month KIBOR +1.75%	Semi-annually	Principal to be repaid in 15 unequal semi equal installments. First two installments are just token payments due on 31 July 2010 and 31 August 2010 which have been paid, remaining installments are to be paid semi annually starting from 29 November 2013.
Agritech Limited - 3rd Issue	3 months KIBOR +3.25% p.a., payable quarterly.	Quarterly	Principal to be repaid in 28 unequal installments. First two installments are just token payments due on 31 October 2010 and 30 November 2010 which have been paid, remaining installments are to be paid quarterly starting from 01 September 2013.
Agritech Limited - 4rd Issue	Nil	Semi-annually	Principal to be redeemed in six (6) un-equal semi-annual installments starting from 01 January 2012.



Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Bank Al-Falah - Fixed	Floating rate of return at Base Rate (6 months KIBOR)+2.50% p.a.	Semi-annually	3- equal semi annual installments commencing 84th month after the issue date.
Kohat Cement Sukuk	3 months KIBOR + 1.5%	Quarterly	Principal to be redeemed in eight (8) equal quarterly installments commencing 20 September, 2012.
Pakistan Mobile Communication Limited	6 months KIBOR + 285 Baiss Points	Semi-annually	0.02% of principal redeemed semi-annually in the first 48 months and remaining amount in 6 semi annual installments.
New Allied Electronics Industries (Pvt) Limited	3 months Kibor + 220 bps with floor of 7% and Cap of 20%	Semi-annually	Maturity date is November 01, 2012.
New Allied Electronics Industries (Pvt) Limited	3 months Kibor + 220 bps	Semi-annually	Based on diminishing musharaka mechanism with maturity in December 2012.
Dewan Cement Limited (Pre IPO Investment)	6 months KIBOR + 2 % p.a.	Semi-annually	9- equal semi annual installments starting from the twenty fourth month of the issue.

## 7 Subsidiary - Punjab Modaraba Services (Private) Limited

16,495,100 (2012: 16,495,100) ordinary shares of Rs. 10 each (Holding: 100% (2012: 100%)). Break up value of investment based on latest audited financial statements is Rs. Nil (2012: Rs. Nil).

## 8 Federal government securities

	Cost		Market Value		Rating (where available)	
	2013	2012	2013	2012	2013	2012
	Rupees in '000		Rupees in '000			
<b>Held for trading:</b>						
Pakistan market treasury bills	9,829,190	13,087,358	9,824,370	13,097,309	-	-
Pakistan investment bonds	-	102,487	-	101,713	-	-
	9,829,190	13,189,845	9,824,370	13,199,022		
<b>Available for sale:</b>						
Pakistan market treasury bills	103,921,013	88,136,528	103,687,274	88,196,849	-	-
Pakistan investment bonds	4,161,633	19,096,422	4,006,339	19,530,518	-	-
Ijara sukuk	701,442	-	707,663	-	-	-
	108,784,088	107,232,950	108,401,276	107,727,367	-	-
	118,613,278	120,422,795	118,225,646	120,926,389	-	-

## STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2013

S. No.	Name and address of the borrower	Name of individuals/partners/directors with CNIC No.	Father's/husband's name	Branch name	Region	Outstanding liabilities at beginning of year					Principal written off	Interest /mark-up /other charges capitalized written-off	Interest /mark-up written-off	Other financial relief provided	Total
						Principal	Interest/mark-up /other charges capitalized	Interest/mark-up	Others	Total					
<b>Rs in '000</b>															
1	Sajid Irshad 782-1-10/2 Islamabad	Sajid Irshad (61101-1888535-9)	Muhammad Irshad	M.M Tower	Lahore	886	-	997	-	1,883	-	-	518	-	518
2	Aseer Ahmad Khan H#121-C Model Town, Lahore	Aseer Ahmad Khan (35202-6786264-9)	Ashfaq Ahmed	M.M Tower	Lahore	662	-	477	-	1,139	-	-	533	-	533
3	Amir Aziz Malik House # 144, Near Chungi # 01, New Air Port Road, Multan	Amir Aziz Malik (36302-9139512-3)	Malik Aziz ur Rehman	M.M Tower	Lahore	1,365	-	1,208	-	2,573	-	-	631	-	631
4	Tariq Mehmood Dhoke Malikan PO Khewra Teh P.D. Khan Jehlum	Tariq Mehmood (37302-7518907-9)	Muhammad Yaqoob	M.M Tower	Lahore	1,427	-	1,127	-	2,554	-	-	791	-	791
5	Syeda Seema Safdar H # 152 C-11 M.A. Johar Town, Lahore	Syeda Seema Safdar (35202-7175317-1)	Syed Safdar Raza	M.M Tower	Lahore	2,766	-	1,366	-	4,132	-	-	988	-	988
6	Aamir Iftikhar Ahmed H # 144 Block C-1 Faisal Town, Lahore	Aamir Iftikhar Ahmed (35202-2966971-9)	Qazi Iftikhar Ahmed	Main Branch	Lahore	2,008	-	1,746	-	3,754	-	-	1,136	-	1,136
7	Muhammad Anwar Ch. Surrayia Azeem Kidney Centre, First Floor, 2nd Phase Building	Muhammad Anwar Ch. (35202-7794050-9)	Umer Din	M.M Tower	Lahore	714	-	1,769	-	2,483	-	-	901	-	901
8	Famous Brands (Pvt) Ltd Plot No.52, Sector B-1, Quaid-e-Azam Town, Township, Lahore.	Syed Muhammad Jawad Ahsan (35202-6356700-9) Muhammad Yawar Irfan Khan (35202-6657307-7) Muhammad Ahmed Irfan Khan (35202-0268314-1)	Syed Muhammad Ahsan  Muhammad Irfan Ullah Khan  Muhammad Irfan Ullah Khan	M.M Tower	Lahore	20,344	-	42,872	-	63,216	-	-	17,826	-	17,826
9	Mughals Pakistan (Pvt) Ltd. 57-Main Ghazi Road, Opp. Allama Iqbal Int'l Airport, Lahore.	Muhammad Akram Mughal (35201-1606618-5) Amir Shafi Akram (35201-1524501-3)	Muhammad Shafi Mughal  Muhammad Akram Mughal	Main Branch	Lahore	445,329	-	181,257	-	626,586	-	-	57,656	-	57,656
10	Javed Enterprises 10-K.M. Raiwind Road, Lahore	Javed Iqbal (35202-8633382-5)	Chaudhry Muhammad Sharif	M.M Tower	Lahore	14,329	-	11,449	-	25,778	-	-	1,486	-	1,486

S. No.	Name and address of the borrower	Name of individuals/partners/directors with CNIC No.	Father's/husband's name	Branch name	Region	Outstanding liabilities at beginning of year					Principal written off	Interest /mark-up /other charges capitalized written-off	Interest /mark-up written-off	Other financial relief provided	Total
						Principal	Interest/mark-up /other charges capitalized	Interest/mark-up	Others	Total					
Rs in '000															
11	Mumtaz Enterprises Shop # 01, Latif Centre Aabkari Road, Lahore	Mumtaz Malik (35202-6797379-9)	Malik Abdul Karim	New Anarkali	Lahore	14,073	-	1,019	-	15,092	-	-	1,019	-	1,019
12	Ittemad Cotton Industries (Pvt) Ltd. Fareed Nagar, Depalpur Road, Pakpattan	M. Jameel Ahmed (36402-9983070-5) M. Aqeel Ahmed (36402-0462388-7) Mst. Uzma (36601-687200-0) M. Bashir Ahmed (36402-4626858-7)	Muhammad Tufail Noori Muhammad Tufail Noori Muhammad Tufail Noori Muhammad Tufail Noori	Pakpattan	Multan	4,802	-	2,494	2	7,298	-	-	2,327	-	2,327
13	Ranja Enterprises (Pvt) Ltd. 17-D-3, Model Town V, Lahore	Chaudhry Omer Nazir (35202-8280025-9) Yasmeen Omer Nazir (35202-7045331-6)	Chaudhry Imtiaz Nazir Chaudhry Omer Nazir	Main Branch	Lahore	11,803	-	1,877	-	13,680	-	-	825	-	825
14	Khan Brothers 49- Tail, Sargodha	Zafar Ullah Khan (38403-2110758-9)	Shukar Din	Shaheen Chowk Sargodha	Faisalabad	1,196	-	-	-	1,196	1,196	-	-	-	1,196
15	Fine Line Syndicate H # 17, St. # 06, Lane # V, (Ext) Cavalary Ground, Lahore	Iftikhar Ahmed Ch. (Deceased) (35201-3716271-5)	Chaudhry Muhammad Yaqoob	Cavalary Ground	Lahore	1,935	-	886	-	2,821	-	-	886	-	886
						523,639	-	250,544	2	774,185	1,196	-	87,523	-	88,719

## Detail of disposal of property and equipment:

Particulars	Cost / Revalued amount	Book value	Sale price	Profit	Mode of disposal	Particulars of purchasers
Rupees in '000						
<b>Land:</b>						
Multan Road, Muzaffargarh	1,103	1,103	5,765	4,662	Auction	Adeel Mukhtar
<b>Buildings :</b>						
Multan Road, Muzaffargarh	1,805	1,300	9,435	8,135	Auction	Adeel Mukhtar
<b>Vehicles :</b>						
Coure	529	106	537	431	Auction	Adnan Waheed
Honda City	1,322	123	367	244	As per policy	Shahid Waqar- employee
Honda City	1,312	87	404	317	As per policy	Sajid Ali Khan- employee
Honda City	1,252	396	516	120	As per policy	Asim Hafeez Butt- employee
Honda City	1,263	421	546	125	As per policy	Asim Jahangir- employee
Honda City	1,312	153	421	268	As per policy	Misbah Uddin Rizvi- employee
Honda City	1,312	87	448	361	As per policy	Tanveer ul Hassan- employee
Honda City	1,498	1,148	1,206	58	As per policy	Urooj Suhail- employee
Honda City	984	-	450	450	As per policy	Muhammad Nauman- employee
Honda City	881	-	445	445	As per policy	Nadeem Airf Butt- employee
Honda City	984	-	442	442	As per policy	Raza Saeed- employee
Honda City	984	-	423	423	As per policy	Muhammad Rauf- employee
Honda City	984	115	917	802	Auction	Sharafat Ali Awan- employee
Honda City	984	115	806	691	Auction	Akhtar Ali Malik
Honda City	872	-	820	820	Auction	Mr. Ahmad Jawad
Honda City	984	-	961	961	Auction	Mr. Zahid Ali Khan
Honda City	984	-	901	901	Auction	Mr. Riaz Toor
Honda City	984	-	750	750	Auction	Mian Nadeem Yousif
Honda City	1,583	1,583	1,627	44	As per policy	Nadeem Amir- employee
Honda City	1,498	1,398	1,443	45	As per policy	Amir Hameed- employee
Honda City	1,498	1,373	1,404	31	As per policy	Afadia Khan- employee

Particulars	Cost / Revalued amount	Book value	Sale price	Profit	Mode of disposal	Particulars of purchasers
Rupees in '000						
Honda City	1,532	1,481	1,525	44	As per policy	Muhammd Nauman- employee
Honda City	1,498	1,398	1,442	44	As per policy	Shiraz Ellahi Piracha- employee
Honda City	1,532	1,481	1,525	44	As per policy	Iqbal Shahzad- employee
Honda City	1,498	1,323	1,363	40	As per policy	Ahmed Jibran- employee
Honda Civic	2,093	1,884	2,000	116	Insurance claim	United Insurance Company Limited
Honda Civic	1,852	154	370	216	As per policy	Sajjad Hussain- employee
Honda Civic	1,757	674	807	133	As per policy	Nadeem Amir- employee
Honda Civic	1,852	176	278	102	As per policy	Shaid Waqar- employee
Honda Civic	1,712	371	556	185	As per policy	Salman Saeed- employee
Honda Civic	2,093	1,674	1,811	137	As per policy	Tahir Masood Chisty- employee
Honda Civic	1,752	146	377	231	As per policy	Ijaz ur Rehman- employee
Honda Civic	1,847	62	399	337	As per policy	Moghis Bokhari- employee
Honda Civic	1,679	364	644	280	As per policy	Tariq Maqbool- employee
Honda Civic	1,752	117	441	324	As per policy	Mustafa Hamdani- employee
Honda Civic	1,752	117	349	232	As per policy	Irfanuddin- employee
Honda Civic	2,111	2,005	2,073	68	As per policy	Amir Mumtaz- employee
Honda Civic	2,111	2,005	2,062	57	As per policy	Tariq Mir- employee
Honda Civic	1,679	308	490	182	As per policy	Mahboob ul Hassan- employee
Honda Civic	1,838	1,103	1,207	104	As per policy	Mansoor Akbar- employee
Honda Civic	2,146	2,146	2,203	57	As per policy	Waseem Malik- employee
Honda Civic	1,781	1,217	1,289	72	As per policy	Taemor Afzal- employee
Honda Civic	1,916	1,437	1,501	64	As per policy	Kamran Khalil- employee
Honda Civic	1,712	428	1,200	772	Auction	Mr. Hammaid Naseer
Honda Civic	1,764	617	1,220	603	Auction	Mr. Shahid Ahmad
Honda Civic	1,742	552	1,222	670	Auction	Mr. Riaz Toor
Honda Civic	1,622	487	986	499	Auction	Mr. Adnan Naseer
Honda Civic	2,156	2,120	2,182	62	As per policy	Saleem Nawaz - employee
Suzuki Bolan	458	53	471	418	Auction	M.Asim Mumtaz
Suzuki Cultus	850	397	850	453	Insurance claim	United Insurance Company Limited
Suzuki Cultus	840	42	116	74	As per policy	Zeeshan Yaqoob- employee
Suzuki Cultus	755	113	240	127	As per policy	Malik Barolia- employee

Particulars	Cost / Revalued amount	Book value	Sale price	Profit	Mode of disposal	Particulars of purchasers
Rupees in '000						
Suzuki Cultus	937	609	633	24	As per policy	Naurin Ikram- employee
Suzuki Cultus	1,022	971	992	21	As per policy	Ahmed Khan- employee
Suzuki Cultus	770	180	340	160	As per policy	Sohaib Qureshi- employee
Suzuki Cultus	980	735	775	40	As per policy	Muhammad Latif- employee
Suzuki Cultus	1,022	954	982	28	As per policy	Muhammad Ismail- employee
Suzuki Cultus	937	609	683	74	As per policy	Muhammad Touseef- employee
Suzuki Cultus	1,017	966	987	21	As per policy	Ashraf Khan- employee
Suzuki Cultus	925	601	613	12	As per policy	Khalid Touqeer- employee
Suzuki Cultus	1,029	1,029	1,050	21	As per policy	Farrukh Ghani- employee
Suzuki Cultus	1,014	980	992	12	As per policy	Shabbir Hazari- employee
Suzuki Cultus	798	200	274	74	As per policy	Rashid Ijaz- employee
Suzuki Cultus	755	138	208	70	As per policy	Zahid Saeed Abbasi- employee
Suzuki Cultus	803	201	268	67	As per policy	Ameer Rizwan- employee
Suzuki Cultus	1,017	966	989	23	As per policy	Khawar Khalil- employee
Suzuki Cultus	1,020	884	920	36	As per policy	Athar Aziz Dogar- employee
Suzuki Cultus	937	609	681	72	As per policy	Rizwan Ali- employee
Suzuki Cultus	1,017	966	998	32	As per policy	Irfan Younas- employee
Suzuki Cultus	858	358	422	64	As per policy	Muhammad Saleem- employee
Suzuki Cultus	1,034	1,034	1,055	21	As per policy	Ali Manzar- employee
Suzuki Cultus	937	609	689	80	As per policy	Ijaz Ahmed- employee
Suzuki Cultus	1,022	954	981	27	As per policy	Riaz Chughtai- employee
Suzuki Cultus	765	166	261	95	As per policy	Mazhar Hassain- employee
Suzuki Cultus	1,029	1,029	1,056	27	As per policy	Mirza Waseem Baig- employee
Suzuki Cultus	765	166	271	105	As per policy	Syed Khawar Ashraf- employee
Suzuki Cultus	866	361	421	60	As per policy	Tariq Aziz- employee
Suzuki Cultus	858	358	479	121	As per policy	Hameed Akbar- employee
Suzuki Cultus	1,017	966	987	21	As per policy	Abid Ali- employee
Suzuki Cultus	1,017	966	995	29	As per policy	Farukh Yar Khan- employee
Suzuki Cultus	1,017	966	989	23	As per policy	Qaisar Naeem- employee
Suzuki Cultus	790	198	370	172	As per policy	Ilyas Qureshi- employee
Suzuki Cultus	980	735	763	28	As per policy	Muhammad Zubair - employee

Particulars	Cost / Revalued amount	Book value	Sale price	Profit	Mode of disposal	Particulars of purchasers
Rupees in '000						
Suzuki Cultus	980	768	791	23	As per policy	Haroon Kalim- employee
Suzuki Cultus	818	245	373	128	As per policy	Hafeez Ahmed- employee
Suzuki Cultus	835	292	402	110	As per policy	Naeem Mumtaz- employee
Suzuki Cultus	1,025	923	943	20	As per policy	Nazish Ahmed- employee
Suzuki Cultus	1,029	1,012	1,036	24	As per policy	Tahir Latif- employee
Suzuki Cultus	1,029	1,012	1,033	21	As per policy	Muhammad Faheem- employee
Suzuki Cultus	813	244	330	86	As per policy	Amir Malik- employee
Suzuki Cultus	878	454	466	12	As per policy	Kashif Suhail- employee
Suzuki Cultus	937	609	647	38	As per policy	Muhammad Baber Ayyaz- employee
Suzuki Cultus	1,029	1,012	1,033	21	As per policy	Nasir Mahmood- employee
Suzuki Cultus	937	609	678	69	As per policy	Khalid Mahmood- employee
Suzuki Cultus	858	358	394	36	As per policy	Syed Shamsul Hassan- employee
Suzuki Cultus	858	358	435	77	As per policy	Usman Shahzad- employee
Suzuki Cultus	858	358	433	75	As per policy	Abdul Hafeez- employee
Suzuki Cultus	1,017	966	993	27	As per policy	Muhammad Kahn- employee
Suzuki Cultus	858	358	397	39	As per policy	Sidra Javed- employee
Suzuki Cultus	818	245	326	81	As per policy	Mazhar Ali- employee
Suzuki Cultus	1,000	850	890	40	As per policy	Abid Zafar Warraich- employee
Suzuki Cultus	917	565	653	88	As per policy	Ibraheem Hoti- employee
Suzuki Cultus	957	686	707	21	As per policy	Sarmad Paretu- employee
Suzuki Cultus	1,022	954	981	27	As per policy	Mustansar Khalid Saeed- employee
Suzuki Cultus	1,000	850	877	27	As per policy	Shaibzada Muzaffar- employee
Suzuki Cultus	818	245	353	108	As per policy	Muhammad Iqbal- employee
Suzuki Cultus	1,017	949	978	29	As per policy	Khalid Zaheer- employee
Suzuki Cultus	1,017	966	993	27	As per policy	Mahwaish Rafique- employee
Suzuki Cultus	1,005	854	895	41	As per policy	Farrukh Naeem- employee
Suzuki Cultus	1,020	884	922	38	As per policy	Rana Muhammad Athar- employee
Suzuki Cultus	1,017	966	989	23	As per policy	Khalid Masood Hashmi- employee
Suzuki Cultus	795	225	322	97	As per policy	Muhammad Yasir Khalid- employee
Suzuki Cultus	1,017	966	994	28	As per policy	Adnan Azhar- employee
Suzuki Cultus	1,017	966	1,000	34	As per policy	Ahmed Raza Bilal- employee

Particulars	Cost / Revalued amount	Book value	Sale price	Profit	Mode of disposal	Particulars of purchasers
Rupees in '000						
Suzuki Cultus	965	756	777	21	As per policy	Muhammad Amjid Khan- employee
Suzuki Cultus	1,005	905	930	25	As per policy	Latif Ahmed Hashmi- employee
Suzuki Cultus	1,020	918	948	30	As per policy	Razi ud Din Faiz- employee
Suzuki Cultus	765	166	218	52	As per policy	Syed Mahfooz Hussain- employee
Suzuki Cultus	855	385	417	32	As per policy	Shoukat Ali Khan- employee
Suzuki Cultus	890	460	498	38	As per policy	Ilyas Sadiq- employee
Suzuki Cultus	1,044	1,044	1,044	-	As per policy	Muhammad Mansoor Khan- employee
Suzuki Cultus	1,044	1,044	1,065	21	As per policy	Muhammad Umar- employee
Suzuki Cultus	590	-	300	300	As per policy	Abid Zafar Warraich- employee
Suzuki Cultus	590	-	298	298	As per policy	Athar Aziz Dogar- employee
Suzuki Cultus	657	-	339	339	As per policy	Mirza Waseem Baig- employee
Suzuki Cultus	662	-	338	338	As per policy	M. Iqbal Shahzad - employee
Suzuki Cultus	707	141	673	532	Auction	Yasir Arfat
Suzuki Cultus	662	77	640	563	Auction	Ikram Ul Haq
Suzuki Cultus	755	214	730	516	Auction	Ch. Shafat
Suzuki Cultus	699	82	582	500	Auction	Sultan Salah Ud
Suzuki Cultus	560	-	427	427	Auction	Abid Ansar Khan
Suzuki Cultus	560	-	426	426	Auction	Abid Ansar Khan
Suzuki Cultus	590	-	530	530	Auction	Abid Ansar Khan
Suzuki Cultus	560	-	548	548	Auction	M.Adnan Waheed
Suzuki Cultus	560	-	495	495	Auction	M.Adnan Waheed
Suzuki Cultus	590	-	580	580	Auction	M.Adnan Waheed
Suzuki Cultus	590	-	593	593	Auction	Khurram Imtiaz
Suzuki Cultus	590	-	566	566	Auction	Khurram Imtiaz
Suzuki Cultus	590	-	559	559	Auction	Khurram Imtiaz
Suzuki Cultus	755	126	717	591	Auction	Mr. Zahid Ali Khan
Suzuki Cultus	840	56	482	426	Auction	Mr. Adnan Naseer
Suzuki Cultus	765	73	655	582	Auction	Mr. Rizwan Zaffar
Suzuki Cultus	590	-	431	431	Auction	Mian Nadeem Yousif
Suzuki Cultus	585	-	500	500	Auction	Hafiz Ahsan
Suzuki Cultus	590	-	455	455	Auction	Nauman Nazir



Particulars	Cost / Revalued amount	Book value	Sale price	Profit	Mode of disposal	Particulars of purchasers
Rupees in '000						
Suzuki Cultus	590	-	445	445	Auction	Yasir Nawaz
Suzuki Cultus	590	-	505	505	Auction	Muhammad Ali
Suzuki Cultus	590	-	593	593	Auction	Khalid Mehmood
Suzuki Cultus	590	-	580	580	Auction	Ahmad Hasan
Suzuki Cultus	555	-	445	445	Auction	Ahmad Hasan
Suzuki Cultus	707	-	93	93	As per policy	Aliya Javed- employee
Suzuki Cultus	707	-	58	58	As per policy	Ilyas Shah- employee
Suzuki Mehran	337	-	341	341	Auction	M. Bashir
Suzuki Mehran	337	-	247	247	Auction	Muhammad Siddiq- employee
Suzuki Mehran	444	-	372	372	Auction	Ahmad Hasan
Toyota Altis	1,809	151	394	243	As per policy	Khawar Ansari- employee
Toyota Corolla	1,548	1,271	1,525	254	Insurance claim	United Insurance Company Limited
Toyota Corolla	1,389	139	305	166	As per policy	Sajjad Hussain- employee
Toyota Corolla	1,724	345	555	210	As per policy	Liaqat Ali- employee
Toyota Corolla	1,269	127	199	72	As per policy	Najeeb Ashraf- employee
Toyota Corolla	1,390	741	874	133	As per policy	Aliya Moaaz- employee
Toyota Corolla	1,310	502	755	253	As per policy	Muhammad Ali Khan - employee
Toyota Corolla	1,555	1,244	1,325	81	As per policy	Babur Malik- employee
Toyota Corolla	1,299	411	552	141	As per policy	Amir Ali Siddiui- employee
Toyota Corolla	1,555	1,451	1,497	46	As per policy	Maqsood Ahmed- employee
Toyota Corolla	1,269	42	327	285	As per policy	Khalid Quaiyum- employee
Toyota Corolla	1,538	1,435	1,461	26	As per policy	Muhammad Ahsan Ashraf- employee
Toyota Corolla	1,570	1,491	1,526	35	As per policy	Abdul Qayyum Sukhera- employee
Toyota Corolla	1,555	1,166	1,200	34	As per policy	Asad Ullah Jahn- employee
Toyota Corolla	1,538	1,153	1,272	119	As per policy	Khurram Shahzad- employee
Toyota Corolla	1,590	1,537	1,581	44	As per policy	Raza Saeed- employee
Toyota Corolla	1,555	1,295	1,352	57	As per policy	Salman Shah- employee
Toyota Corolla	1,269	42	231	189	As per policy	Khalid Munir- employee
Toyota Corolla	1,239	186	387	201	As per policy	Ahmer Aziz- employee
Toyota Corolla	1,269	42	372	330	As per policy	Kassian Rozario- employee
Toyota Corolla	1,269	42	226	184	As per policy	Azhar Dilawari- employee

Particulars	Cost / Revalued amount	Book value	Sale price	Profit	Mode of disposal	Particulars of purchasers
Rupees in '000						
Toyota Corolla	1,279	362	611	249	As per policy	Zafar Ahmed Khan - employee
Toyota Corolla	1,310	502	632	130	As per policy	Muhammad Farooq Tarar- employee
Toyota Corolla	1,555	1,295	1,366	71	As per policy	Arbab Riaz Ahmed- employee
Toyota Corolla	1,289	365	533	168	As per policy	Saqib Sajid- employee
Toyota Corolla	1,299	411	475	64	As per policy	Chairman - Abdul Ghafoor Mirza
Toyota Corolla	1,269	106	225	119	As per policy	Naeem ul Hassan- employee
Toyota Corolla	1,269	148	244	96	As per policy	Rizwan Mehndi- employee
	201,288	99,219	136,863	37,644		
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000	8,172	1,482	1,916	434		
<b>2013</b>	212,368	103,104	153,979	50,875		
<b>2012</b>	78,187	54,169	86,482	32,313		





# CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2013

(The Bank of Punjab & Punjab Modaraba Services (Pvt) Ltd.)



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising the consolidated statement of financial position of The Bank of Punjab (the Bank) and its subsidiary company (together referred to as group) as at December 31, 2013 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 (here-in-after referred to as the 'consolidated financial statements'), for the year then ended. These consolidated financial statements include unaudited certified returns from branches of the bank, except for 13 branches, which have been audited by us. We have also expressed a separate opinion on the separate financial statements of the Bank. Its subsidiary company, Punjab Modaraba Services (Private) Limited (the company), however, was audited by another firm of Chartered Accountants, whose report has been furnished to us which explains that the company is operating continuously in losses and its current liabilities exceeded its current assets, consequently highlighting the existence of uncertainty which may cast doubt on the company's ability to continue as going concern and our opinion in so far as it relates to the amount included for such company is based, solely on the report of such auditors.

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 consider necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the group and its subsidiary company as at December 31, 2013 and the results of their operations for the year then ended.

We draw attention to Note 1.2 to the consolidated financial statements in which the matters related to equity injection by the Government of Punjab (GoPb), relaxations granted by the State Bank of Pakistan (SBP) from provisioning against certain advances and regulatory capital requirements based on the undertaking by GoPb in respect of the deficiency in capital and enduring support of GoPb have been fully discussed, and also to note 13.1 where in basis for recognizing deferred tax asset have been explained. The preparation of projections involves certain key assumptions by the management and any significant change therein may have an effect on the realisability of deferred tax asset. Our opinion is not qualified in respect of these matters.

**M. Yousuf Adil Saleem & Co.**  
Chartered Accountants

**Engagement Partner:**  
Nadeem Yousuf Adil

Dated: March 14, 2014  
Place: Karachi

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2013

	Note	2013 Rupees in '000	2012
<b>ASSETS</b>			
Cash and balances with treasury banks	7	23,820,864	17,298,251
Balances with other banks	8	4,265,296	3,101,170
Lendings to financial institutions	9	11,407,448	1,562,946
Investments - net	10	123,973,891	129,552,044
Advances - net	11	157,239,598	149,565,885
Operating fixed assets	12	3,514,801	3,473,491
Deferred tax assets - net	13	12,627,352	13,070,614
Other assets - net	14	15,825,007	14,486,073
		352,674,257	332,110,474
<b>LIABILITIES</b>			
Bills payable	16	1,506,335	1,500,709
Borrowings	17	22,802,482	44,683,826
Deposits and other accounts	18	306,560,694	266,055,761
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease	19	2,386	3,601
Deferred tax liabilities - net		-	-
Other liabilities	20	8,345,203	7,495,928
		339,217,100	319,739,825
<b>NET ASSETS</b>			
		13,457,157	12,370,649
<b>REPRESENTED BY</b>			
Share capital	21	10,551,132	5,287,974
Discount on issue of shares		(263,158)	-
Reserves	22	1,539,659	1,187,433
Accumulated losses		(11,275,026)	(12,743,218)
		552,607	(6,267,811)
Share deposit money	23	12,000,000	17,000,000
		12,552,607	10,732,189
Surplus on revaluation of assets - net of tax	24	904,550	1,638,460
		13,457,157	12,370,649
<b>CONTINGENCIES AND COMMITMENTS</b>			
	25		

The annexed notes from 1 to 45 and Annexures - I to IV form an integral part of these consolidated financial statements.

Chairman

President

Director

Director

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2013

	Note	2013 Rupees in '000	2012
Mark-up/return/interest earned	26	24,223,658	24,662,361
Mark-up/return/interest expensed	27	20,208,687	22,522,918
Net mark-up / interest income		4,014,971	2,139,443
Reversal of provision against non-performing loans and advances - net	11.5.5	(673,081)	(965,430)
Provision for diminution in the value of investments - net	10.3	21,940	215,502
Bad debts written off directly	11.6	241	-
		(650,900)	(749,928)
Net mark-up / interest income after provisions		4,665,871	2,889,371
<b>NON MARK-UP/INTEREST INCOME</b>			
Fee, commission and brokerage income		775,622	762,490
Dividend income		137,512	220,985
Income from dealing in foreign currencies		147,417	162,980
Gain on sale and redemption of securities - net	28	1,391,874	1,449,814
Unrealized (loss) / gain on revaluation of investments classified as held for trading	10.7	(4,296)	8,620
Other income	29	1,148,797	585,856
Total non-markup/interest income		3,596,926	3,190,745
<b>NON MARK-UP/INTEREST EXPENSES</b>			
Administrative expenses	30	5,204,409	4,437,680
Provision against other assets	14.5	32,945	168,419
Provision against off balance sheet obligations	20.1	325	-
Other charges	31	47,123	(40,590)
Total non-markup/interest expenses		5,284,802	4,565,509
Extra ordinary/unusual items		2,977,995	1,514,607
		-	-
<b>PROFIT BEFORE TAXATION</b>		2,977,995	1,514,607
Taxation - Current year		278,239	139,284
- Prior years		-	(722,971)
- Deferred		785,036	353,738
	32	1,063,275	(229,949)
<b>PROFIT AFTER TAXATION</b>		1,914,720	1,744,556
Accumulated losses brought forward		(12,743,218)	(14,179,410)
Transfer from surplus on revaluation of fixed assets - net of tax		10,352	11,604
Transfer from surplus on revaluation of fixed assets on disposal		814	6,801
Transfer to statutory reserve		(387,601)	(326,769)
Actuarial gains on remeasurement recognized	6.1	8,391	-
Right shares issue cost		(78,484)	-
		(13,189,746)	(14,487,774)
Accumulated losses carried forward		(11,275,026)	(12,743,218)
<b>Basic earnings per share - Rupees</b>	33	2.33	2.81
<b>Diluted earnings per share - Rupees</b>	34	2.33	2.81

The annexed notes from 1 to 45 and Annexures - I to IV form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2013

	Note	2013 Rupees in '000	2012
Profit after taxation for the year		1,914,720	1,744,556
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods:			
Actuarial gains on remeasurement recognized during the year	6.1 & 37.1.1	8,391	-
<b>Total comprehensive income</b>		<b>1,923,111</b>	<b>1,744,556</b>

The annexed notes from 1 to 45 and Annexures - I to IV form an integral part of these consolidated financial statements.

Chairman

President

Director

Director



# CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2013

	Note	2013 Rupees in '000	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		2,977,995	1,514,607
Less: Dividend income		(137,512)	(220,985)
		2,840,483	1,293,622
Adjustments for:			
Depreciation	12.2	328,857	330,911
Amortization on intangible assets	12.3	2,622	-
Amortization of premium / (discount) on Pakistan investment bonds		32,518	(44)
Unrealized loss / (gain) on revaluation of investments classified as held for trading	10.7	4,296	(8,620)
Reversal of provision against non-performing loans and advances - net	11.5.5	(673,081)	(965,430)
Bad debts written-off directly	11.6	241	-
Provision for diminution in the value of investments - net	10.3	21,940	215,502
Provision for employees compensated absences	37.1.3	16,558	7,342
Provision for gratuity	37.1.1	79,861	87,331
Provision against other assets	14.5	32,945	168,419
Reversal of provision for workers welfare fund	31	-	(40,720)
Provision against off balance sheet obligations	20.1	325	-
Net profit on sale of property and equipment	29	(59,167)	(32,313)
Net profit on sale of non-banking assets acquired in satisfaction of claims	29	(527,751)	(82,545)
Gain on sale and redemption of securities	28	(1,391,874)	(1,449,814)
Finance charges on leased assets	30	275	660
		(2,131,435)	(1,769,321)
		709,048	(475,699)
(Increase) / Decrease in operating assets:			
Lendings to financial institutions		(9,044,502)	5,689,429
Net investments in held for trading securities		3,369,266	(13,117,709)
Advances - net		(7,036,248)	(22,547,246)
Others assets - net		(3,381,856)	1,996,990
		(16,093,340)	(27,978,536)

	Note	2013 Rupees in '000	2012
Increase / (Decrease) in operating liabilities:			
Bills Payable		5,626	650,140
Borrowings		(21,911,655)	19,723,152
Deposits and other accounts		40,504,933	28,159,069
Other liabilities		760,922	931,962
		19,359,826	49,464,323
		3,975,534	21,010,088
Financial charges paid		(275)	(660)
Income tax paid		(243,650)	(462,885)
<b>Net cash flow from operating activities</b>		3,731,609	20,546,543
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available for sale securities		1,884,181	(21,415,113)
Net investments in held to maturity securities		593,308	94,982
Dividends received		142,068	343,885
Investments in operating fixed assets		(505,963)	(261,088)
Sale proceeds of property and equipment disposed-off		192,341	86,482
Sale proceeds of non-banking assets disposed-off		2,498,583	510,412
<b>Net cash flow from / (used in) investing activities</b>		4,804,518	(20,640,440)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease obligations		(1,215)	(4,230)
Right shares issue cost		(78,484)	-
<b>Net cash used in financing activities</b>		(79,699)	(4,230)
<b>Net increase / (decrease) in cash and cash equivalents</b>		8,456,428	(98,127)
Cash and cash equivalents at beginning of the year		20,398,252	20,496,379
Cash and cash equivalents at end of the year	35	28,854,680	20,398,252

The annexed notes from 1 to 45 and Annexures - I to IV form an integral part of these consolidated financial statements.

Chairman

President

Director

Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2013

	Capital Reserves		Revenue Reserve		Total		
	Share capital	Discount on issue of shares	Statutory reserve	Share premium	Restructuring reserve	Accumulated losses	Total
		Rupees		in	'000		
<b>Balance as at January 01, 2012</b>	5,287,974	-	69,595	37,882	1,807,479	(14,179,410)	(6,976,480)
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	11,604	11,604
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	6,801	6,801
Total comprehensive income for the year ended December 31, 2012	-	-	-	-	-	1,744,556	1,744,556
Transfer from restructuring reserve against NPLs	-	-	-	-	(1,054,292)	-	(1,054,292)
Transfer to statutory reserve	-	-	326,769	-	-	(326,769)	-
<b>Balance as at December 31, 2012</b>	5,287,974	-	396,364	37,882	753,187	(12,743,218)	(6,267,811)
Transfer from surplus on revaluation of fixed assets to accumulated losses - net of tax	-	-	-	-	-	10,352	10,352
Transfer from surplus on revaluation of fixed assets to accumulated losses on disposal	-	-	-	-	-	814	814
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	1,923,111	1,923,111
Transfer from restructuring reserve against NPLs	-	-	-	-	(35,375)	-	(35,375)
Transfer to statutory reserve	-	-	387,601	-	-	(387,601)	-
<b>Transaction with owners, recorded directly in equity</b>							
Issue of right shares during the year	5,263,158	-	-	-	-	-	5,263,158
Discount on issue of shares	-	(263,158)	-	-	-	-	(263,158)
Right shares issue cost	-	-	-	-	-	(78,484)	(78,484)
	5,263,158	(263,158)	-	-	-	(78,484)	4,921,516
<b>Balance as at December 31, 2013</b>	10,551,132	(263,158)	783,965	37,882	717,812	(11,275,026)	552,607

The annexed notes from 1 to 45 and Annexures - I to IV form an integral part of these consolidated financial statements.

Chairman

President

Director

Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2013

## 1. STATUS AND NATURE OF BUSINESS

**1.1** The Bank of Punjab Group comprises The Bank of Punjab (the Bank) and Punjab Modaraba Services (Private) Limited (PMSL). The Bank was constituted pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-2, Main Boulevard, Gulberg III, Lahore. The Bank has 334 branches including 07 Islamic banking branches. (2012: 306 branches including 04 sub branches) in Pakistan and Azad Jammu and Kashmir at the year end. The Bank is listed on Lahore, Karachi and Islamabad Stock Exchanges. The majority shares of the Bank are held by Government of the Punjab (GOPb).

Punjab Modaraba Services (Private) Limited is a wholly owned subsidiary of the Bank and is primarily engaged in the business of floating and managing modarabas.

**1.2** The paid-up capital, reserves (net of losses) and advance subscription money of the Group amounts to Rs. 12,552,607 thousand. The Capital Adequacy Ratio (CAR) as disclosed in note 42.6, remained below the prescribed level of 10%. Further, as at the close of the year 2013, net advances aggregating to Rs. 26,139,925 thousand (2012: Rs. 30,041,181 thousand) requiring additional provision of Rs. 24,302,207 thousand (2012: Rs. 27,016,412 thousand) there against have not been subjected to provisioning criteria as prescribed in SBP prudential regulations in view of the relaxation provided by

SBP vide letter No.OSED/Div-01/SEU-03/010(01)-2014/3432 dated March 03, 2014, on the basis of two Letters of Comfort (LOCs) issued by the GOPb as explained in para 2 below.

The GOPb being the majority shareholder, in order to support the Bank, deposited Rs.10,000,000 thousand and Rs. 7,000,000 thousand as advance subscription money in the year 2009 and 2011 respectively against future issue of shares by the Bank. Further, the GOPb vide two LOCs issued on March 29, 2012 has also undertaken to inject necessary funds to make good the capital shortfall to the satisfaction of SBP up to a maximum amount of Rs. 5,800,000 thousand (net of tax @ 35%) and Rs. 12,940,000 thousand (net of tax @ 35%) within a period of 90 days after close of the year ending December 31, 2014 and December 31, 2016 respectively if the Bank fails to make provision of Rs. 28,840,000 thousand or if there is a shortfall in meeting the prevailing regulatory capital requirements as a result of the said provisioning. In addition, in terms of aforesaid LOCs, the GOPb being majority shareholder and sponsor of the Bank, has also extended its commitment to support and assist the Bank in ensuring that it remains compliant with the regulatory requirements at all times.

Based on above, the SBP has granted the Bank relaxations from provisioning requirements of SBP's prudential regulations, minimum capital requirement and capital adequacy ratio (CAR) which should not fall below 8% during first two quarters and 10% during last two quarters of the year 2014. During the year 2013, the Bank was required to record provisioning in a staggered manner aggregating to 10% by December 31,

2013 against outstanding amounts of the borrowers covered under above LOCs which condition has been duly complied with by the Bank. However, during the year 2014, the Bank will be required to record provisioning in staggered manner against outstanding amounts of borrowers covered under above LOCs to at least 4% by June 30, 2014. Further, staggering for the quarter ending September 30, 2014 would be based on Bank's performance by June 30, 2014 so as to ensure that total staggering by end of the year would not be less than 15%. In this regard, any account adjustment following the cash recovery/settlement against these borrowers will reduce the said required provisioning covered under the LOCs. Going forward, further extension in these relaxations would be considered upon satisfactory compliance of the conditions / requirements of SBP as well as Bank's future performance.

During the year 2013 against advance subscription money-I, in 1st phase, the Bank has issued 526,315,789 right shares for Rs. 5,000,000 thousand (99.53%) at a discount of Rs 0.5 per share and in 2nd phase the Board of Directors of the Bank has declared a further right issue of Rs. 5,000,000 thousand (47.39%) at par value, the process of which will be closed subsequent to the year end.

On the basis of enduring support of Government of the Punjab, the arrangements as outlined above and the business plan prepared by the management which has been approved by the Board of Directors, the Board is of the view that the Bank would have adequate resources to continue its business on a sustainable basis in the foreseeable future.

## 2. BASIS OF PREPARATION

**2.1** Subsidiaries are those companies in which the Bank directly or indirectly controls, beneficially owns or hold more than 50% of the shares or otherwise have 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 the control commences until the date the control ceases. In preparing consolidated financial statements, the financial statements of the Bank and subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Significant intercompany transactions have been eliminated.

**2.2** These consolidated financial statements of The Bank of Punjab Group include The Bank of Punjab and its wholly owned subsidiary, Punjab Modaraba Services (Private) Limited. The consolidated financial statements have been prepared in accordance with the purchase method.

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

**2.4** The financial results of Islamic Banking business have been consolidated in these consolidated financial statements for reporting purposes, after eliminating inter-branch transactions / balances. Key financial figures of the Islamic Banking business are disclosed in Annexure-I to these consolidated financial statements.

## 3. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the directives issued by the SBP, requirements of The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board and Islamic Financial Accounting standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the directives issued by the SBP and Securities and Exchange Commission of Pakistan (SECP), the Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 differ with the requirements of these standards, the requirements of the said directives, the Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Ordinance, 1984 take precedence.

SBP as per BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement"

and International Accounting Standard (IAS) 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, the IFRS – 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these Standards have not been considered in the preparation of these consolidated financial statements.

IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these consolidated financial statements is based on the requirements laid down by the SBP.

## 4. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention, except for revaluation of free hold land and buildings on free hold land, valuation of certain investments and commitments in respect of forward exchange contracts at fair value and certain staff retirement benefits at present value.

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgment was exercised in the application of accounting policies are as follows:

### **5.1 Classification of investments**

In classifying investments as "held for trading" the Group has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days.

In classifying investments as "held to maturity" the Group follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as held for trading or held to maturity are classified as available for sale.

### **5.2 Provision against non-performing advances**

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

### **5.3 Impairment of available for sale investments**

The Group considers that available for sale equity investments and mutual funds are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance. As of the consolidated statement of financial position date, the management has determined an impairment loss on available for sale securities and held to maturity securities as disclosed in note 10.3.2.

### **5.4 Depreciation, amortization and revaluation of operating fixed assets**

Estimates of useful life of operating fixed assets are based on management's best estimate. In

making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Group. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the change in pattern. Further, the Group estimates the revalued amount of free hold land and buildings on free hold land on a regular basis. The estimates are based on valuations carried out by an independent valuation expert under the market conditions.

### **5.5 Income taxes**

In making estimates for income taxes currently payable by the Group, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. There are various matters where the Group's view differs with the view taken by the income tax authorities and such amounts are shown as a contingent liability.

### **5.6 Staff retirement benefits**

The amount of provision for gratuity and compensated absences is determined using actuarial valuation. The valuation involves making use of assumptions about discount rates, mortality, expected rate of salary increases, retirement rates and average leave utilization per year. Due to the degree of subjectivity involved and long-term nature of these plans, such estimates are subject to significant uncertainty.

## 6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 6.1 Change in accounting policy

IAS 19 (Revised) was issued in 2011, effective from periods on or after January 01, 2013. The revised IAS 19 amends the accounting of defined benefit plans including actuarial gains and losses that are now required to be recognized in other comprehensive income (OCI) and permanently excluded from profit and loss account.

Adoption of the amended IAS 19 amounts to change in accounting policy as per IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Before the revision, the Group already recognizes actuarial gains and losses directly in the profit and loss account; therefore, this change has no impact on the Group's equity and merely results in presentational change of actuarial gains and losses from profit and loss account to other comprehensive income.

The change results in reclassification of Rs. 9,832 thousand from profit and loss account to other comprehensive income in year 2012 with no change in the Group's equity. Therefore, the same has been considered immaterial and has been applied prospectively.

### 6.2 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks, balances with other banks and call money lendings less over drawn nostro accounts and other overdrawn bank accounts.

### 6.3 Revenue recognition

Revenue is recognized to the extent that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following recognition criteria must be met before revenue is recognized.

#### 6.3.1 Mark-up/return/interest income

Mark-up/return/interest on advances and return on investments are recognized in profit and loss account on an accrual basis, except mark-up on non-performing advances which is recognized when received.

#### 6.3.2 Dividend income

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

#### 6.3.3 Lease finance income

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease periods so as to produce a constant periodic rate of return on the outstanding net investment in lease. Unrealized lease income is suspended, where necessary, in accordance with the requirements of the SBP. Gain/loss on termination of lease contracts, documentation charges and other lease income are recognized as income when these are realized.

#### 6.3.4 Fees and commission income

Commission income is recognized on time proportion basis.

#### 6.4 Advances including net investment in finance lease

Advances and net investments in finance lease are stated net of provision for doubtful debts. Provision for doubtful debts is made in accordance with the Prudential Regulations prescribed by the SBP and charged to profit and loss account.

Leases where risks and rewards incidental to ownership are substantially transferred to lessee are classified as finance lease. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value.

#### 6.5 Investments

Investments other than those categorized as held for trading are initially recognized at fair value which includes transaction costs associated with the investments. Investments classified as held for trading are initially recognized at fair value, and transaction costs are expensed in the profit and loss account.

All regular way purchase/sale of investment are recognized on the trade date, i.e., the date the Group commits to purchase/sell the investments. Regular way purchase or sale of investment requires delivery of securities within the time frame generally established by regulation or convention in the market place.

Investment in subsidiary is stated at cost less provision for impairment (if any). Other investments are classified as follows:

- Held for trading – These are securities which are acquired with the intention to trade by taking advantage of short-term market/interest rate movements. These are carried at market value, with the related surplus / (deficit) on revaluation being taken to profit and loss account.
- Held to maturity – These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortized cost.
- Available for sale – These are investments, other than those in subsidiaries and associates, which do not fall under the held for trading or held to maturity categories. These are carried at market value with the surplus/ (deficit) on revaluation taken to 'Surplus/(deficit) on revaluation of assets' shown below equity, except available for sale investments in unquoted shares, debentures, bonds, participation term certificates, term finance certificates, federal, provincial and foreign government securities (except for Treasury Bills and Pakistan Investment Bonds) which are stated at cost less provision for diminution in value of investments, if any.

Provision for diminution in the value of investments is made after considering impairment, if any, in their value and charged to profit and loss account. Provision for diminution in value of investments in respect of unquoted shares is calculated

with reference to break-up value. Provision for diminution in value of investments for unquoted debt securities is calculated with reference to the time-based criteria as per the SBP's Prudential Regulations.

Premium or discount on debt securities classified as available for sale and held to maturity securities are amortized using the effective yield method.

On de-recognition or impairment in quoted available for sale securities the cumulative gain or loss previously reported as "Surplus/(Deficit) on revaluation of assets" below equity is included in the profit and loss account for the period.

Gain and loss on disposal of investments are dealt with through the profit and loss account in the year in which they arise.

## **6.6 Lending to/borrowing from financial institutions**

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

### **6.6.1 Sale under repurchase obligations**

Securities sold subject to a repurchase agreement (repo) are retained in the consolidated financial statements as investments and the counter party liability is included in borrowings from financial institutions. The differential in sale and repurchase price is accrued using effective yield method and recorded as interest expense over the term of the related repo agreement.

### **6.6.2 Purchase under resale obligations**

Securities purchased under agreement to resell (reverse repo) are not recognized in the consolidated financial statements as investments and the amount extended to the counter party is included in lendings to financial institutions. The differential between the contracted price and resale price is amortized over the period of the contract and recorded as interest income.

## **6.7 Operating fixed assets and depreciation**

### **Owned**

Property and equipment, other than free hold land which is not depreciated, are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses (if any). Free hold land is carried at revalued amount.

Depreciation on property and equipment is charged to income using the diminishing balance method so as to write off the historical cost / revalued amount of the asset over its estimated useful life, except motor vehicles and computer equipment on which depreciation is charged using the straight line basis. The rates at which the depreciation is charged are given in note 12.2 to these consolidated financial statements. Impairment loss or its reversal, if any, is charged to income. When an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

Depreciation on additions is charged from the



month the assets are available for use while no depreciation is charged in the month in which the assets are disposed.

Surplus / Deficit arising on revaluation of free hold land and buildings on free hold land is credited to the "Surplus/(Deficit) on Revaluation of Assets" shown below equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of buildings (net of deferred taxation) is transferred directly to un-appropriated profit / accumulated loss.

Gains and losses on sale of operating fixed assets are included in income currently.

Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

### Leased

Property and equipment subject to finance lease are accounted for by recording the assets and the related liabilities. These are stated at fair value or present value of minimum lease payments whichever is lower at the inception of the lease less accumulated depreciation. Financial charges are allocated over the period of lease term so as to provide a constant periodic rate of financial charge on the outstanding liability. The property and equipment acquired under finance leasing contracts is depreciated over the useful life of the assets as

per rates given in note 12.2 to these consolidated financial statements.

### Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses (if any). The cost of intangible assets is amortized over their useful lives, using the straight line method as per the rates given in note 12.3 to these consolidated financial statements. Amortization on additions is charged from the month the assets are available for use while no amortization is charged in the month in which the assets are disposed.

### Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses (if any). These are transferred to specific assets as and when assets are available for use.

## 6.8 Taxation

### Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in income statement, except in the case of items credited or charged to equity in which case it is included in equity.

The Group also recognizes deferred tax asset/liability on deficit/surplus on revaluation of operating fixed assets and available for sale securities which is adjusted against the related deficit/surplus in accordance with the requirements of International Accounting Standard (IAS)12, 'Income Taxes'.

## 6.9 Assets acquired in satisfaction of claims

The Group acquires assets in settlement of claims. These are acquired at average value obtained from three independent approved valuers at the time of acquisition.

## 6.10 Employee retirement and other benefits

### 6.10.1 Defined contribution plan – Provident Fund

The Group operates an approved Provident Fund Scheme, covering all permanent employees. Contributions are made monthly by the Bank and the employees at the rate of 8.33% of basic salary. Contributions by the Group are charged to income.

### 6.10.2 Gratuity scheme

The Group operates an approved funded gratuity scheme for all its employees of the Bank. Contributions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to income. Actuarial gains and losses are charged or credited to other comprehensive income in the year in which they occur.

### 6.10.3 Employees' compensated absences

The Bank makes annual provision in the financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. Actuarial gains and losses are charged to income in the year in which they occur.

## 6.11 Foreign currencies

Transactions in foreign currency are translated to Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities and commitments for letters of credit and acceptances in foreign currencies are translated at the exchange rates prevailing at the consolidated statement of

financial position date except assets and liabilities for which there are forward contracts which are translated at the contracted rates. Forward exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

All exchange differences are charged to profit and loss account.

## 6.12 Provisions

Provisions are recorded when the Group has a present obligation as a result of a past event when it is probable that it will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

## 6.13 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations are made when the Group has legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of amount can be made. Charge to profit and loss account is stated net of expected recoveries.

## 6.14 Dividend distribution and appropriations

Dividend distributions and appropriation to reserves are recognized as a liability in the consolidated financial statements in the period in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which they relate.

## 6.15 Impairment

The carrying amounts of assets (other than deferred tax assets) are reviewed for impairment at each statement of financial position date whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

## 6.16 Earnings per share

The Group presents earnings per share (EPS) for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares (if any).

## 6.17 Share Capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

## 6.18 Financial instruments

### 6.18.1 Financial assets and liabilities

Financial instruments are carried on the consolidated statements of financial position include cash and bank balances, lending to financial institutions, investments, advances, certain receivables, borrowing from financial institutions, deposits and other payables. The particular recognition criteria adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

### 6.18.2 Offsetting

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

## 6.20 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2013

Amendments to IAS 19  
- Actuarial gains and losses

The financial impact of amendments has been explained in note 6.1.

Presentations of Financial Statements IAS 1  
- Presentation of items of other comprehensive income

Effective from accounting period beginning on or after January 1, 2013

Effective from accounting period beginning on or after January 1, 2013

## 6.19 Segment reporting

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

### 6.19.1 Business segments

#### Trading and sales

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

#### Retail banking

It includes retail lending and deposits, banking services, private lending and deposits, trust and

estates investment advice, merchant / commercial and private labels and retail.

#### Commercial banking

Commercial banking includes project finance, real estate finance, export finance, trade finance, lending, guarantees, bills of exchange and deposits.

#### Payment and settlement

It includes payments and collections, funds transfer, clearing and settlement.

#### Agency service

It includes depository receipts, securities lending (customers), issuer and paying agents.

### 6.19.2 Geographical segments

The Group operates only in Pakistan.

IAS 1 'Financial statements presentation' has been amended effective January 1, 2013. The main change resulting from these amendments is a requirement for entities to group items presented in 'Other Comprehensive Income' (OCI) on the basis of whether they are potentially reclassifiable to profit and loss subsequently reclassification adjustments. The specified changes have been made in the statements of other comprehensive income for the year.

### New accounting standards and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. The Group considers that the following standards and interpretations are either not relevant or will not have any material impact on its consolidated financial statements in the period of

initial application other than to the extent of certain changes or enhancements in the presentation and disclosures in the consolidated financial statements provided that such changes do not conflict with the format of financial statements prescribed by the SBP for banks.

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#### Standard or Interpretations

#### Effective date (accounting periods beginning on or after)

IFRS 1	First Time Adoption of International Financial Reporting Standards	January 01, 2014
IFRS 9	Financial Instruments	January 01, 2014
IFRS 10	Consolidated Financial Statements	January 01, 2014
IFRS 11	Joint Arrangements	January 01, 2014
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2014
IFRS 13	Fair Value Measurement	January 01, 2014
IAS 27 (Revised 2011)	Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11	January 01, 2014
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures due to non- adoption of IFRS 10 and IFRS 11	January 01, 2014
IAS 32	Financial instruments: Presentation - Offsetting financial assets and financial liabilities	January 01, 2014
IFAS 3	Islamic financial accounting standard on profit and loss sharing of deposits	January 01, 2014

In addition the above, amendments to various accounting standards have also been issued by IASB as result of annual improvement program 2010-2012. Such improvements are generally effective for accounting periods beginning on or after July 01, 2014.

	Note	2013 Rupees in '000	2012
<b>7. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand:			
- Local currency	7.1	4,300,888	3,283,341
- Foreign currencies		681,826	536,956
		4,982,714	3,820,297
With State Bank of Pakistan (SBP) in:			
- Local currency current account	7.2	12,369,181	8,297,588
- Foreign currency deposit account:	7.3		
- Non remunerative		297,542	264,733
- Remunerative	7.4	893,182	841,543
		13,559,905	9,403,864
With National Bank of Pakistan (NBP) in:			
- Local currency current account		5,278,245	4,074,090
- Local currency deposit account		-	-
		5,278,245	4,074,090
		23,820,864	17,298,251

**7.1** This includes National Prize Bonds of Rs. 33,027 thousand (2012: Rs. 42,091 thousand).

**7.2** This represents current account maintained with the SBP under the requirements of section 22 "Cash Reserve Requirement" of the Banking Companies Ordinance, 1962.

**7.3** These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.

**7.4** This carries mark-up as announced by the SBP on monthly basis.

	Note	2013 Rupees in '000	2012
<b>8. BALANCES WITH OTHER BANKS</b>			
In Pakistan:			
- On current account		2,057,116	2,013,045
- On deposit account	8.1	159,100	593,709
		2,216,216	2,606,754
Outside Pakistan:			
- On current account		418,359	250,530
- On deposit account	8.2	1,630,721	243,886
		2,049,080	494,416
		4,265,296	3,101,170
<b>8.1</b> These carry mark-up at rates ranging from 6.00% to 7.15% per annum (2012: 6.0% to 8.0% per annum).			
<b>8.2</b> This carries mark-up at 0.05% per annum (2012: 0.05% per annum).			
<b>9. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings		800,000	-
Reverse repurchase agreement lendings	9.2	10,030,448	-
Placements	9.3	577,000	1,562,946
		11,407,448	1,562,946

	2013	2012
	Rupees in '000	
<b>9.1 Particulars of lendings</b>		
In local currency	11,407,448	300,000
In foreign currency	-	1,262,946
	11,407,448	1,562,946

**9.2 Securities held as collateral against landings to financial institutions**

	2013			2012		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees in '000			Rupees in '000		
Market treasury bills	9,530,448	-	9,530,448	-	-	-
Pakistan investment bonds	500,000	-	500,000	-	-	-
	10,030,448	-	10,030,448	-	-	-

Market value of securities held as collateral as at December 31, 2013 amounted to Rs. 10,037,115 thousand (2012: Rs. Nil ). These carry mark-up at rate ranging from 9.45% to 11.00% per annum (2012: Nil per annum).

**9.3** These represent placements carrying profit at rate ranging from 6.00% to 10.00% per annum (2012: 0.31% to 10.30% per annum) with maturities upto February 28, 2014.

## 10. INVESTMENTS - NET

### 10.1 Investments by types:

	Note	2013			2012		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
		Rupees in '000			Rupees in '000		
<b>Held for trading securities</b>							
Ordinary shares of listed companies	Annex II - 1	22,456	-	22,456	22,447	-	22,447
Pakistan investment bonds	10.4	-	-	-	102,487	-	102,487
Market treasury bills	10.4	9,829,190	-	9,829,190	10,303,206	2,784,152	13,087,358
		9,851,646	-	9,851,646	10,428,140	2,784,152	13,212,292
<b>Available for sale securities:</b>							
Market treasury bills	10.4	89,161,279	14,759,734	103,921,013	53,284,273	34,852,255	88,136,528
Pakistan investment bonds	10.4	4,161,633	-	4,161,633	19,096,422	-	19,096,422
Ordinary shares / certificates of listed companies and modarabas	Annex II - 1	1,432,169	-	1,432,169	2,480,125	-	2,480,125
Preference shares of listed companies	Annex II - 2	495,451	-	495,451	520,451	-	520,451
Ordinary shares of unlisted company	Annex II - 3	25,000	-	25,000	25,000	-	25,000
Mutual funds units	Annex II - 4	1,123,087	-	1,123,087	2,642,873	-	2,642,873
Government of Pakistan ijara sukuk bonds		701,442	-	701,442	-	-	-
Listed term finance certificates	Annex II - 5	307,240	-	307,240	365,308	-	365,308
Unlisted term finance certificates	Annex II - 6	3,930,979	-	3,930,979	3,823,583	-	3,823,583
		101,338,280	14,759,734	116,098,014	82,238,035	34,852,255	117,090,290
<b>Held to maturity securities:</b>							
Pakistan investment bonds	10.5	1,262,832	-	1,262,832	1,888,658	-	1,888,658
WAPDA bonds		400	-	400	400	-	400
		1,263,232	-	1,263,232	1,889,058	-	1,889,058
<b>Total investments at cost</b>							
Provision for diminution in the value of investments - net	10.3	(3,148,947)	-	(3,148,947)	(3,626,976)	-	(3,626,976)
<b>Investments - net of provisions</b>							
(Deficit) / Surplus on revaluation of available for sale securities	24.2	(85,758)	-	(85,758)	978,760	-	978,760
(Deficit) / Surplus on revaluation of held for trading securities	10.7	(4,296)	-	(4,296)	8,620	-	8,620
<b>Total investments at market value</b>							
		109,214,157	14,759,734	123,973,891	91,915,637	37,636,407	129,552,044



## 10.2 Investments by segments:

	Note	2013			2012		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
		Rupees in '000			Rupees in '000		
<b>Federal Government Securities:</b>							
Market treasury bills	10.4	98,990,469	14,759,734	113,750,203	63,587,479	37,636,407	101,223,886
Pakistan investment bonds	10.4	5,424,465	-	5,424,465	21,087,567	-	21,087,567
Government of Pakistan ijara sukuk bonds		701,442	-	701,442	-	-	-
<b>Ordinary shares/certificates:</b>							
Listed companies and modarabas	Annex II - 1	1,454,625	-	1,454,625	2,502,572	-	2,502,572
Unlisted company	Annex II - 3	25,000	-	25,000	25,000	-	25,000
<b>Mutual funds units</b>	Annex II - 4	1,123,087	-	1,123,087	2,642,873	-	2,642,873
<b>Preference shares - listed companies</b>	Annex II - 2	495,451	-	495,451	520,451	-	520,451
<b>Term finance certificates and bonds:</b>							
Listed term finance certificates	Annex II - 5	307,240	-	307,240	365,308	-	365,308
Unlisted term finance certificates	Annex II - 6	3,930,979	-	3,930,979	3,823,583	-	3,823,583
WAPDA bonds		400	-	400	400	-	400
<b>Total investments at cost</b>		112,453,158	14,759,734	127,212,892	94,555,233	37,636,407	132,191,640
Provision for diminution in the value of investments - net	10.3	(3,148,947)	-	(3,148,947)	(3,626,976)	-	(3,626,976)
<b>Investments - net of provisions</b>		109,304,211	14,759,734	124,063,945	90,928,257	37,636,407	128,564,664
(Deficit) / Surplus on revaluation of available for sale securities	24.2	(85,758)	-	(85,758)	978,760	-	978,760
(Deficit) / Surplus on revaluation of held for trading securities	10.7	(4,296)	-	(4,296)	8,620	-	8,620
<b>Total investments at market value</b>		109,214,157	14,759,734	123,973,891	91,915,637	37,636,407	129,552,044

	Note	2013 Rupees in '000	2012
<b>10.3 Provision for diminution in the value of investments - net</b>			
Opening balance		3,626,976	3,807,960
Charge for the year		23,084	568,084
Reversal during the year		(1,144)	(352,582)
		21,940	215,502
Adjustment during the year	10.3.1	3,648,916	4,023,462
Reversal on disposal		306,120	-
		(806,089)	(396,486)
Closing balance	10.3.2	3,148,947	3,626,976
<b>10.3.1</b> This represents impairment on term finance certificates acquired in settlement of certain investments.			
<b>10.3.2 Particulars of provision in respect of type and segment</b>			
<b>Available for sale securities:</b>			
Ordinary shares of listed companies		654,146	866,945
Preference shares		107,804	107,804
Ordinary shares of unlisted company		11,831	11,320
Mutual funds units		104,719	675,436
Term finance certificates		2,270,047	1,965,071
		3,148,547	3,626,576
<b>Held to maturity securities:</b>			
WAPDA bonds		400	400
		3,148,947	3,626,976

**10.4** Market treasury bills and Pakistan investment bonds are eligible for re-discounting with SBP.

10.5 Market value of held to maturity investments amounted to Rs. 1,210,098 thousand (2012: Rs. 1,804,468 thousand).

10.6 Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.

	Note	2013 Rupees in '000	2012
<b>10.7 Unrealized (loss) / gain on revaluation of investments classified as held for trading</b>			
Ordinary shares of listed companies		524	(557)
Pakistan investment bonds		-	(774)
Market treasury bills		(4,820)	9,951
		(4,296)	8,620
<b>11. ADVANCES - NET</b>			
Loans, cash credits, running finances etc.			
- In Pakistan		164,150,576	158,060,359
- Outside Pakistan		-	-
		164,150,576	158,060,359
Islamic financing and related assets	11.2	385,000	-
Net investment in finance lease			
- In Pakistan	11.3	14,060,985	12,145,701
- Outside Pakistan		-	-
		14,060,985	12,145,701
Bills discounted and purchased (excluding market treasury bills)			
- Payable in Pakistan		1,747,073	4,374,559
- Payable outside Pakistan		2,571,223	1,299,427
		4,318,296	5,673,986
Advances - (gross)	11.1	182,914,857	175,880,046

	Note	2013 Rupees in '000	2012
Less: Provision for non-performing loans and advances			
- Specific	11.4 & 11.5	(25,633,504)	(26,299,268)
- General	11.5	(41,755)	(14,893)
		(25,675,259)	(26,314,161)
Advances - net of provision		157,239,598	149,565,885
<b>11.1 Particulars of advances (gross)</b>			
11.1.1 In local currency		182,487,447	175,360,014
In foreign currencies		427,410	520,032
		182,914,857	175,880,046
<b>11.1.2</b> Short-term advances upto one year		99,818,862	100,998,117
Long-term advances for over one year		83,095,995	74,881,929
		182,914,857	175,880,046
<b>11.2 Islamic financing and related assets</b>			
Against murabaha		135,000	-
Against diminishing musharaka		250,000	-
		385,000	-

### 11.3 Net investment in finance lease

	2013				2012			
	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
	(Rupees in '000)				(Rupees in '000)			
Lease rentals receivable	4,356,076	9,121,711	-	13,477,787	4,146,784	7,725,965	-	11,872,749
Add: Guaranteed residual value	9,383	3,027,003	-	3,036,386	-	1,912,790	-	1,912,790
Minimum lease payments	4,365,459	12,148,714	-	16,514,173	4,146,784	9,638,755	-	13,785,539
Less: Finance charge for future periods	1,099,846	1,353,342	-	2,453,188	740,676	899,162	-	1,639,838
Present value of minimum lease payments	3,265,613	10,795,372	-	14,060,985	3,406,108	8,739,593	-	12,145,701

11.4 Advances include Rs. 59,914,726 thousand (2012: Rs. 69,328,698 thousand) which have been placed under non-performing status as detailed below :-

Category of Classification	2013								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Other Assets Especially Mentioned	52,936	-	52,936	2,388	-	2,388	2,388	-	2,388
Substandard	8,552,333	-	8,552,333	2,041,981	-	2,041,981	2,041,981	-	2,041,981
Doubtful	707,666	-	707,666	300,763	-	300,763	300,763	-	300,763
Loss	50,601,791	-	50,601,791	23,288,372	-	23,288,372	23,288,372	-	23,288,372
	59,914,726	-	59,914,726	25,633,504	-	25,633,504	25,633,504	-	25,633,504

	2012								
	Classified advances			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
<b>Category of Classification</b>									
Other Assets Especially Mentioned	60,226	-	60,226	-	-	-	-	-	-
Substandard	9,172,405	-	9,172,405	2,193,856	-	2,193,856	2,193,856	-	2,193,856
Doubtful	1,682,456	-	1,682,456	526,074	-	526,074	526,074	-	526,074
Loss	58,413,611	-	58,413,611	23,579,338	-	23,579,338	23,579,338	-	23,579,338
	69,328,698	-	69,328,698	26,299,268	-	26,299,268	26,299,268	-	26,299,268

**11.4.1** Provision against certain net advances amounting to Rs. 26,139,925 thousand (2012: Rs.30,041,181 thousand) requiring additional provision of Rs. 24,302,207 thousand (2012: Rs. 27,016,412 thousand) has not been considered necessary in these consolidated financial statements on the basis of undertaking given by Government of the Punjab as stated in Note 1.2.

#### 11.5 Particulars of provisions against non-performing advances

	Note	2013			2012		
		Specific	General	Total	Specific	General	Total
		Rupees in '000			Rupees in '000		
<b>11.5.1</b> Opening balance		26,299,268	14,893	26,314,161	26,303,094	20,267	26,323,361
Charge for the year		3,710,768	26,862	3,737,630	3,300,774	-	3,300,774
Reversals for the year		(4,375,336)	-	(4,375,336)	(3,206,538)	(5,374)	(3,211,912)
Amounts written off	11.5.5 11.6	(664,568)	26,862	(637,706)	94,236	(5,374)	88,862
		(1,196)	-	(1,196)	(98,062)	-	(98,062)
Closing balance		25,633,504	41,755	25,675,259	26,299,268	14,893	26,314,161
<b>11.5.2</b> In local currency		25,633,504	41,755	25,675,259	26,299,268	14,893	26,314,161
In foreign currencies		-	-	-	-	-	-
		25,633,504	41,755	25,675,259	26,299,268	14,893	26,314,161

**11.5.3** General provision represents provision against consumer financing portfolio as required by Prudential Regulations issued by the SBP.

**11.5.4** The SBP amended the prudential regulations vide BSD Circular No.1 of 2011 dated October 21, 2011 in relation to provision for loans and advances; there by allowing benefit of Forced Sale Value (FSV) of pledged stocks, mortgaged residential, commercial and industrial properties (land and buildings only) and plant and machinery under charge held as collateral against non-performing advances. The FSV benefit availed in last years have been reduced by Rs. 1,982,039 thousand (net of FSV benefit availed during the period), which has resulted in increased charge for specific provision for the year by the same amount. The FSV benefit is not available for cash or stock dividend. Had the FSV benefit not recognized, before and after tax profits for the year would have been higher by Rs. 1,982,039 thousand (2012: higher by Rs. 2,241,578 thousand) and Rs. 1,288,325 thousand (2012: higher by Rs. 1,457,026 thousand) respectively.

	Note	2013 Rupees in '000	2012
<b>11.5.5 Reversal of provisions against non -performing loans and advances - charge to profit and loss account</b>			
(Reversal) / Charge of provision against non-performing loans and advances-net	11.5.1	(637,706)	88,862
Transfer from restructuring reserve	22.2	(35,375)	(1,054,292)
		(673,081)	(965,430)
<b>11.6 Particulars of write offs:</b>			
<b>11.6.1</b> Against provisions			
Directly charged to profit and loss account	11.5.1	1,196	98,062
		241	-
		1,437	98,062
<b>11.6.2</b> Write Offs of Rs. 500,000 and above			
Write Offs of below Rs. 500,000	11.7	1,196	98,062
		241	-
		1,437	98,062

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

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended December 31, 2013 is given in Annexure-III.

	Note	2013 Rupees in '000	2012
<b>11.8 Particulars of loans and advances to executives, subsidiary &amp; associated companies, etc.</b>			
Debts due by executives or officers of the Group or any of them either severally or jointly with any other persons:			
Balance at beginning of year		1,480,183	1,290,859
Loans granted during the year		694,398	420,125
Repayments received during the year		(274,666)	(230,801)
Balance at end of year	11.8.1	1,899,915	1,480,183
Debts due by modaraba wholly owned subsidiary			
Balance at beginning of year		1,030,397	1,000,820
Loans granted during the year		1,720,007	1,824,474
Repayments received during the year		(1,704,429)	(1,794,897)
Balance at end of year		1,045,975	1,030,397
		2,945,890	2,510,580

**11.8.1** These represent staff loans given to executives and officers in accordance with their terms of employment and advances given under consumer finance schemes of the Bank.

	Note	2013 Rupees in '000	2012
<b>12. OPERATING FIXED ASSETS</b>			
Capital work in progress	12.1	129,034	132,650
Property and equipment	12.2	3,377,005	3,340,841
Intangible assets	12.3	8,762	-
		3,514,801	3,473,491
<b>12.1 Capital work-in-progress</b>			
Civil works		102,654	89,466
Premises	12.2.1	-	30,070
Softwares		26,380	13,114
		129,034	132,650

**12.1.1** During the year, the Bank has disposed off the premises at a gain of Rs. 8,292 thousand (2012: Nil).



## 12.2 Property and equipment

2013										
	COST / REVALUED AMOUNT				DEPRECIATION					
	Opening balance as at 01 January 2013	Additions	(Deletions) / Transfer / Adjustment	Closing balance as at 31 December 2013	Opening balance as at 01 January 2013	Charge for the year	(Deletions)/ Transfer/ Adjustment	Closing balance as at 31 December 2013	Book value as at 31 December 2013	Rate of depreciation %
	Rupees	in	'000		Rupees	in	'000		Rupees in '000	
<b>Owned assets</b>										
Free hold land	1,110,174	-	(1,103) 5,450	1,114,521	-	-	-	-	1,114,521	-
Buildings on free hold land	1,560,444	-	(1,805) (5,450)	1,553,189	76,899	73,641	(505)	150,035	1,403,154	5
Furniture, fixture and office equipment	1,984,370	392,634	(7,744)	2,369,260	1,350,835	210,663	(6,420)	1,555,078	814,182	10-33.33
Vehicles	261,703	75,491	(201,288) (455)	135,451	150,870	43,452	(102,069) (455)	91,798	43,653	20
<b>Assets held under finance lease</b>	4,916,691	468,125	(212,395)	5,172,421	1,578,604	327,756	(109,449)	1,796,911	3,375,510	
Vehicles	5,712	-	(428)	5,284	2,958	1,101	(270)	3,789	1,495	20
	4,922,403	468,125	(212,823)	5,177,705	1,581,562	328,857	(109,719)	1,800,700	3,377,005	
2012										
	COST / REVALUED AMOUNT				DEPRECIATION					
	Opening balance as at 01 January 2012	Additions	(Deletions) / Transfer / Adjustment	Closing balance as at 31 December 2012	Opening balance as at 01 January 2012	Charge for the year	(Deletions)/ Transfer/ Adjustment	Closing balance as at 31 December 2012	Book value as at 31 December 2012	Rate of depreciation %
	Rupees	in	'000		Rupees	in	'000		Rupees in '000	
<b>Owned assets</b>										
Free hold land	1,145,174	-	(35,000)	1,110,174	-	-	-	-	1,110,174	-
Buildings on free hold land	1,574,877	-	(14,433)	1,560,444	-	78,743	(1,844)	76,899	1,483,545	5
Furniture, fixture and office equipment	1,820,611	174,100	(10,341)	1,984,370	1,155,368	204,362	(8,895)	1,350,835	633,535	10-33.33
Vehicles	214,277	37,135	(13,867) 24,158*	261,703	91,023	44,913	(9,224) 24,158*	150,870	110,833	20
<b>Assets held under finance lease</b>	4,754,939	211,235	(49,483)	4,916,691	1,246,391	328,018	4,195	1,578,604	3,338,087	
Vehicles	34,416	-	(4,546) (24,158)*	5,712	28,278	2,893	(4,055) (24,158)*	2,958	2,754	20
	4,789,355	211,235	(78,187)	4,922,403	1,274,669	330,911	(24,018)	1,581,562	3,340,841	

\* These represent leased vehicles transferred to owned assets on completion of finance lease.

### 12.2.1 Details of disposal of operating fixed assets

The information relating to disposal of operating fixed assets required to be disclosed as part of the financial statements by the State Bank of Pakistan is given in Annexure-IV and is an integral part of these consolidated financial statements.

12.2.2 Free hold land and buildings on free hold land were revalued on December 31, 2011 by M/s Indus Surveyors (Private) Limited, an independent valuer, on the basis of fair market value. This valuation resulted in surplus of Rs. 691,505 thousand and Rs. 307,312 thousand in respect of free hold land and buildings on free hold land respectively. Detailed particulars are as follows:

	Revalued Amount Rupees in '000
Free hold land	1,114,521
Buildings on free hold land	1,403,154

12.2.3 Had the free hold land and buildings on freehold land not been revalued, their carrying amounts would have been as follows:

	2013 Rupees in '000	2012
Free hold land	423,016	423,826
Buildings on free hold land	1,095,842	1,154,337

12.2.4 The gross carrying amount of fully depreciated assets that are still in use is Rs. 206,411 thousand (2012: Rs. 175,514 thousand).

### 12.3 Intangible assets

2013								
	COST			AMORTIZATION				
	Opening balance as at January 01, 2013	Additions	Closing balance as at December 31, 2013	Opening balance as at January 01, 2013	Amortization for the year	Closing balance as at December 31, 2013	Book value as at December 31, 2013	Rate of amortization %
	Rupees	in '000	Rupees	in '000	Rupees	in '000	Rupees	in '000
Softwares	-	11,384	11,384	-	2,622	2,622	8,762	33.33
	-	11,384	11,384	-	2,622	2,622	8,762	

2012								
	COST			AMORTIZATION				
	Opening balance as at January 01, 2012	Additions	Closing balance as at December 31, 2012	Opening balance as at January 01, 2012	Amortization for the year	Closing balance as at December 31, 2012	Book value as at December 31, 2012	Rate of amortization %
	Rupees	in '000	Rupees	in '000	Rupees	in '000	Rupees	in '000
Softwares	-	-	-	-	-	-	-	33.33
	-	-	-	-	-	-	-	

	Note	2013 Rupees in '000	2012
<b>13. DEFERRED TAX ASSET - NET</b>			
<b>Taxable temporary differences:</b>			
- Surplus on revaluation of operating fixed assets	24.1	(107,558)	(115,222)
- Surplus on available for sale securities	24.2	-	(240,635)
- Accelerated tax depreciation		(216,786)	(219,673)
<b>Deductible temporary differences:</b>			
- Deficit on available for sale securities	24.2	99,049	-
- Loan loss provision		8,026,320	8,026,320
- Business loss	13.1	4,826,327	5,619,824
		12,627,352	13,070,614

**13.1** The management has prepared a business plan on the basis of the arrangements as disclosed in Note 1.2. The business plan includes certain key assumptions such as deposit composition, growth of deposits and advances, investment returns, potential provision against assets, branch expansion plan etc. Any significant change in the key assumptions may have an impact on the projections, however, the management believes that it is probable that the Bank will be able to achieve the projections as per the business plan and future taxable income would be sufficient to allow the benefit of the deductible temporary differences.

**13.2 Reconciliation of deferred tax**

	Balance as January 01, 2012	Recognized in profit and loss account	Recognized in equity	Balance as at December 31, 2012	Recognized in profit and loss account	Recognized in equity	Balance as at December 31, 2013
	Rupees in '000						
<b>Taxable temporary differences:</b>							
- Surplus on revaluation of operating fixed assets	(124,966)	6,248	3,496	(115,222)	5,574	2,090	(107,558)
- Surplus on available for sale securities	-	-	(240,635)	(240,635)	-	240,635	-
- Accelerated tax depreciation	-	(219,673)	-	(219,673)	2,887	-	(216,786)
<b>Deductible temporary differences:</b>							
- Accelerated depreciation	37,318	(37,318)	-	-	-	-	-
- Deficit on available for sale securities	121,912	-	(121,912)	-	-	99,049	99,049
- Loan loss provision	9,859,804	(1,833,484)	-	8,026,320	-	-	8,026,320
- Business loss	3,990,817	1,629,007	-	5,619,824	(793,497)	-	4,826,327
- Others	1,884	(1,884)	-	-	-	-	-
	13,886,769	(457,104)	(359,051)	13,070,614	(785,036)	341,774	12,627,352

	Note	2013 Rupees in '000	2012
<b>14. OTHER ASSETS - NET</b>			
Income/mark-up accrued in local currency		3,870,354	4,289,614
Profit paid in advance on pehlay munafa scheme		63,533	78,312
Advances, deposits, advance rent and other prepayments	14.1	229,270	188,351
Advance taxation (payments less provisions)		2,282,471	2,317,060
Non-banking assets acquired in satisfaction of claims	14.2	9,028,894	7,322,647
Branch adjustment account		87,231	63,640
Stock of stationery		28,409	16,747
Suspense account		15,927	1,269
Zakat recoverable from NITL	14.3	36,790	36,790
Claim for recovery of shares	14.4	18,570	18,570
Unrealized gain on revaluation of foreign contracts		51,159	34,415
Fraud and forgeries		44,871	39,789
Others		334,631	313,552
		16,092,110	14,720,756
Less provision against:			
Non-banking assets acquired in satisfaction of claims		(196,909)	(162,796)
Zakat recoverable from NITL		(36,790)	(36,790)
Claim for recovery of shares		(18,570)	(18,570)
Fraud and forgeries		(14,834)	(16,527)
	14.5	(267,103)	(234,683)
Other assets - net of provision		15,825,007	14,486,073

**14.1** This includes Rs. Nil. (2012: Rs. 40,015 thousand) paid as advance to M/s Pak Suzuki Motors Limited for purchase of vehicles against Self Employment Scheme for Educated Unemployed Youth.

**14.2** The market value of properties acquired in satisfaction of claims approximates their carrying value (net of provision).

**14.3** This represents zakat deducted on dividends by NIT. The Bank has filed suit against NIT for recovery of the amount. The case was decided in favour of the Bank in 1993 and intra court appeal was filed by the Zakat and Ushr Department against the decision which is still pending. As a matter of prudence, though without prejudice to the Bank's claim against NIT at the court of law, the claim amount has been fully provided for.

**14.4** This amount represents the cost of 2,785,074 shares of Sui Northern Gas Pipelines Limited (SNGPL) net of subsequent recoveries, fraudulently and unlawfully withdrawn by M/s S. H. Bukhari Securities (Private) Limited (SHB), an ex-member of Lahore Stock Exchange (Guarantee) Limited (LSE). The matter was reported to LSE and also to the Securities and Exchange Commission of Pakistan for recovery of the said shares.

The Bank has also registered an FIR with Federal Investigation Agency (FIA) to initiate criminal proceedings. The case has been transferred to National Accountability Bureau (NAB) and NAB authorities are in the process of recovery. As a matter of prudence though without prejudice to the Bank's claim against M/s S.H. Bukhari Securities (Private) Limited at various forums and the court of law, the balance claim amount has been fully provided for by the Bank.

	Note	2013 Rupees in '000	2012
<b>14.5 Provision against other assets</b>			
Opening balance		234,683	66,264
Charge for the year		34,113	168,419
Reversal		(1,168)	-
		32,945	168,419
Amount written off		(525)	-
Closing balance		267,103	234,683
<b>15. CONTINGENT ASSETS</b>			
Contingent assets		Nil	Nil
<b>16. BILLS PAYABLE</b>			
In Pakistan		1,506,335	1,500,709
Outside Pakistan		-	-
		1,506,335	1,500,709
<b>17. BORROWINGS</b>			
In Pakistan		22,771,002	44,682,657
Outside Pakistan		31,480	1,169
	17.1	22,802,482	44,683,826

	Note	2013 Rupees in '000	2012
<b>17.1 Particulars of borrowings with respect to currencies</b>			
In local currency		22,771,002	44,682,657
In foreign currencies		31,480	1,169
		22,802,482	44,683,826
<b>17.2 Details of borrowings</b>			
<b>Secured</b>			
Borrowings from SBP:			
-Export refinance (ERF)	17.2.1	6,722,490	5,775,034
-Long term financing - export oriented projects (LTF-EOP)	17.2.2	154,401	322,947
-Long term financing facility (LTFF)	17.2.2	1,161,695	962,931
Repurchase agreement borrowings	17.2.3	14,732,416	37,621,745
		22,771,002	44,682,657
<b>Unsecured</b>			
Overdrawn nostro accounts		31,480	1,169
		22,802,482	44,683,826

**17.2.1** These are secured against the Bank's cash and security balances held with the SBP. Mark-up on these borrowings is payable quarterly at rate of 8.40 % per annum. (2012: 8.50% to 10.00% per annum). Maturity of the borrowing is upto June 25, 2014.

**17.2.2** This amount is due to the SBP and have been obtained for providing long term finance to customers. As per the agreements with the SBP, the Bank has granted the SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 5.00% to 11.00% (2012: 5.00% to 11.00%) per annum with maturity upto December 06, 2020.

**17.2.3** These are secured against market treasury bills and carry mark-up at rates ranging from 9.85% to 10.05% per annum (2012: 7.50% to 8.93% per annum) maturing on various dates latest by March 20, 2014.

	2013	2012
	Rupees in '000	
<b>18. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	125,857,124	111,143,862
Savings deposits	110,019,779	100,934,185
Current accounts - non-remunerative	60,096,224	47,209,408
Sundry deposits, margin accounts, etc.	2,320,299	2,854,198
	298,293,426	262,141,653
<b>Financial Institutions</b>		
Remunerative deposits	7,227,752	3,131,640
Non-remunerative deposits	1,039,516	782,468
	8,267,268	3,914,108
	306,560,694	266,055,761
<b>18.1 Particulars of deposits</b>		
In local currency	300,587,729	260,635,021
In foreign currencies	5,972,965	5,420,740
	306,560,694	266,055,761

## 19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2013			2012		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	Rupees in '000			Rupees in '000		
Not later than one year	1,298	148	1,150	1,417	317	1,100
Later than one year and not later than five years	1,265	29	1,236	2,697	196	2,501
	2,563	177	2,386	4,114	513	3,601



**19.1** Financial charges, included in the lease rentals, are determined on the basis of discount factors applied at the rates ranging from 11.63% to 12.40% per annum (2012: 11.63% to 14.22% per annum). The Bank has an option to purchase the assets upon completion of lease term and has the intention to exercise the option.

**19.2** The amount of future payments of the lease and the period in which these payments will become due are as follows:

	Note	2013 Rupees in '000	2012
<b>Years</b>			
2013		-	1,417
2014		1,298	1,393
2015		1,265	1,304
		2,563	4,114
Less: Financial charges for future periods		177	513
		2,386	3,601
<b>20. OTHER LIABILITIES</b>			
Mark-up/ return/ interest payable in local currency		4,102,574	4,083,019
Mark-up/ return/ interest payable in foreign currencies		16,219	22,886
Compensation payable on share deposit money		56,931	231,459
Sundry creditors and accrued expenses		240,936	380,677
Unclaimed dividends		2,671	2,671
Payable to gratuity fund	37.1.1	71,470	87,331
Provision for employees compensated absences	37.1.3	209,961	193,464
Provision against off-balance sheet obligations	20.1	497,702	497,377
Deficit on revaluation of deposits and foreign bills purchased		21,028	-
Lease key money		3,036,386	1,912,790
Others		89,325	84,254
		8,345,203	7,495,928

	2013	2012
	Rupees in '000	
<b>20.1 Provision against off balance sheet obligations</b>		
Opening balance	497,377	497,377
Charge for the year	325	-
Reversal during the year	-	-
	325	-
Closing balance	497,702	497,377

The above provision has been made against letters of guarantee issued by the Bank.

## 21. SHARE CAPITAL

### 21.1 Authorized Capital

	2013	2012		2013	2012
	Number	Number		Rupees in '000	
	5,000,000,000	5,000,000,000	Ordinary / Preference shares of Rs. 10 each	50,000,000	50,000,000

The authorized capital of the Bank is fifty thousand million rupees divided into five thousand million ordinary or preference shares of ten rupees each.

## 21.2 Issued, subscribed and paid up share capital

2013 Number	2012 Number	Ordinary shares of Rs.10 each	Note	2013 Rupees in '000	2012
<b>Balance as at January 01</b>					
19,333,340	19,333,340	Ordinary shares of Rs. 10 each paid in cash		193,333	193,333
509,464,036	509,464,036	Issued as bonus shares		5,094,641	5,094,641
528,797,376	528,797,376			5,287,974	5,287,974
526,315,789	-	Issued during the year		5,263,158	-
526,315,789	-			5,263,158	-
<b>Closing balance</b>					
19,333,340	19,333,340	Ordinary shares of Rs. 10 each paid in cash		193,333	193,333
526,315,789	-	Ordinary shares of Rs. 10 issued at discount		5,263,158	-
509,464,036	509,464,036	Issued as bonus shares		5,094,641	5,094,641
1,055,113,165	528,797,376			10,551,132	5,287,974

21.3 Government of the Punjab (GOPb) held 52.67% shares in the Bank as at December 31, 2013 (2012: 51.00 %).

## 22. RESERVES

Statutory reserve		22.1	783,965	396,364
Share premium reserve			37,882	37,882
Restructuring reserve		22.2	717,812	753,187
			1,539,659	1,187,433

22.1 In accordance with the Banking Companies Ordinance, 1962, the Bank is required to transfer twenty percent of its profits each year to statutory reserve fund until the amount in such fund equals to the paid up share capital of the Bank.

**22.2** This represents the effect of the up gradation of category of classification by one category upon rescheduling / restructuring of classified loans and advances in accordance with the BSD Circular No. 10 dated 20 October 2009.

	Note	2013 Rupees in '000	2012
Opening balance		753,187	1,807,479
Transfer to profit and loss account	11.5.5	(35,375)	(1,054,292)
Closing balance		717,812	753,187

### 23. SHARE DEPOSIT MONEY

Share deposit money - I		5,000,000	10,000,000
Share deposit money - II		7,000,000	7,000,000
	23.1 & 23.2	12,000,000	17,000,000

#### 23.1 Reconciliation of share deposit money

Opening balance		17,000,000	17,000,000
Right shares issued during the year		(5,000,000)	-
Closing balance		12,000,000	17,000,000

**23.2** This represents Rs. 10,000,000 thousand and Rs. 7,000,000 thousand deposited by the Government of the Punjab in 2009 & 2011 respectively. During the year in 1st phase, the Bank has issued 526,315,789 right shares at a discount of Rs.0.50 per share as explained in Note 1.2. Further, in the 2nd phase, the Board of Directors of the Bank has declared a further right issue of Rs. 5,000,000 thousand at par value.

	Note	2013 Rupees in '000	2012
<b>24. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
<b>Surplus / (Deficit) on revaluation of :</b>			
Operating fixed assets - net of tax	24.1	891,259	900,335
Available for sale securities - net of tax	24.2	13,291	738,125
		904,550	1,638,460

	Note	2013 Rupees in '000	2012
<b>24.1 Surplus on revaluation of operating fixed assets - net of tax</b>			
As on January 01:		1,098,296	1,105,097
- Surplus on revaluation realized during the year		(814)	(6,801)
		1,097,482	1,098,296
Incremental depreciation:			
- Opening balance		(82,739)	(64,887)
- Transferred to accumulated losses in respect of incremental depreciation charge during the year - net of tax		(10,352)	(11,604)
- Related deferred tax liability		(5,574)	(6,248)
Accumulated incremental depreciation		(98,665)	(82,739)
As on December 31		998,817	1,015,557
Less: Related deferred tax liability			
- Opening balance		(115,222)	(124,966)
- Adjustment during the year		1,908	-
- Deferred tax on surplus realized during the year		182	3,496
- Deferred tax recorded during the year		5,574	6,248
- Closing balance	13	(107,558)	(115,222)
		891,259	900,335
<b>24.2 Surplus / (Deficit) on revaluation of available for sale securities - net of tax</b>			
Federal government securities		(383,041)	494,417
Quoted securities		220,157	145,161
Mutual funds units		66,543	299,962
Term finance certificates		10,583	39,220
		(85,758)	978,760
Less: Related deferred tax asset / (liability)	13	99,049	(240,635)
		13,291	738,125

## 25. CONTINGENCIES AND COMMITMENTS

### 25.1 Direct credit substitutes

These include general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities issued in favour of:

	2013	2012
	Rupees in '000	
- Government	-	2,568,646
- Financial institutions	-	-
- Others	1,176,561	1,225,406
	1,176,561	3,794,052

### 25.2 Transaction-related contingent liabilities

These include performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions issued in favour of:

	2013	2012
	Rupees in '000	
- Government	298,272	242,575
- Financial institutions	33,872	36,148
- Others	12,729,479	11,270,360
	13,061,623	11,549,083

### 25.3 Trade-related contingent liabilities

These include letters of credit issued in favour of:

- Government	970,207	3,688,374
- Financial institutions	-	-
- Others	7,420,631	8,378,817
	8,390,838	12,067,191

### 25.4 Income tax related contingency

**25.4.1** For the tax years 2010, 2011 & 2012 Income Tax Department has amended the assessment orders on the issues of separate taxation of dividend income and turnover tax against which the Bank have filed appeals before Commissioner Inland Revenue Appeals. The expected tax liability in respect of aforesaid tax years amounts to Rs 162,772 thousand and minimum tax under section 113 amounts to Rs 257,967 thousand. The management of the Bank, as per the opinion of its tax consultant, is confident that the appeal filed for the aforementioned tax years will be decided in Bank's favour.

**25.4.2** The PMSL Tax Advisors has certified total refunds due from the Tax Department aggregating Rs. 6,333 thousand. Refund application of the Company for the Tax Year 2007, 2008 and 2009 amounting to Rs 1,648 thousand, Rs 1,863 thousand and Rs 426,000 respectively were rejected by the Deputy Commissioner of Inland Revenue (DCIR). The Company has filed an appeal before the Commissioner of Inland Revenue Appeals (CIR Appeals) against the said order. CIR Appeals vide its order dated June 21, 2011 has vacated the order issued by the DCIR and referred the case back for denovo proceeding which have been initiated and pending for adjudication.

## 25.5 Corporate compliance

The Registrar Modaraba Companies and Modarabas (the Registrar), vide order dated August 27, 2009, has imposed penalty of Rs. 150 (thousand) each on the Ex-Chief Executive, one Ex-Director, one existing Director and the PMSL through its Chief Executive due to violation of certain provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 and Modaraba Companies and Modaraba Rules, 1981. The PMSL has filed an appeal before the Appellate Bench Securities and Exchange Commission of Pakistan (SECP), whereby SECP vide its order dated April 23, 2012 upheld the penalty imposed by the Registrar. The PMSL has filed an appeal against the said order before Honourable Lahore High Court, which is pending adjudication.

	2013	2012
	Rupees in '000	
<b>25.6 Other contingencies</b>		
Claims against the Bank not acknowledged as debts	40,353,802	33,968,741
<p>The amount involved in the claims filed against the Bank are yet to be adjudicated by the concern Courts as the same have been filed as outburst to our recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the Courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.</p>		
<b>25.7 Commitments to extend credit</b>		
<p>The Bank makes commitments to extend credit in the normal course of business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.</p>		
	2013	2012
	Rupees in '000	
<b>25.8 Commitments in respect of forward exchange contracts</b>		
Purchase	4,433,928	3,358,739
Sale	5,382,084	3,150,622
	9,816,012	6,509,361
<b>25.9 Commitments for the acquisition of operating fixed assets</b>	18,199	45,411

	2013	2012
	Rupees in '000	
<b>26. MARK-UP/RETURN/INTEREST EARNED</b>		
a) On loans and advances to:		
i) Customers	13,402,532	13,117,649
ii) Financial institutions	18,693	18,496
b) On investments in:		
i) Available for sale securities	9,226,083	10,114,927
ii) Held for trading securities	647,946	651,971
iii) Held to maturity securities	132,396	158,701
c) On deposits with financial institutions	10,698	11,117
d) On securities purchased under resale agreements	741,050	468,201
e) On certificates of investment	7,666	84,572
f) On letters of placement	36,594	36,727
	24,223,658	24,662,361
<b>27. MARK-UP/RETURN/INTEREST EXPENSED</b>		
Deposits	18,851,135	19,812,396
Securities sold under repurchase agreements	959,046	1,695,146
Return on share deposit money	365,909	1,014,658
Other short term borrowings	32,597	718
	20,208,687	22,522,918
<b>28. GAIN ON SALE AND REDEMPTION OF SECURITIES - NET</b>		
Federal government securities :		
Market treasury bills	103,531	851,546
Pakistan investment bonds	323,382	69,795
Ijara sukuk	45	-
Shares - listed	549,926	432,454
Term finance certificates	63,073	907
Mutual funds	351,917	95,112
	1,391,874	1,449,814



	Note	2013 Rupees in '000	2012
<b>29. OTHER INCOME</b>			
Rent on lockers		27,353	24,335
Net profit on sale of property and equipment		59,167	32,313
Net profit on sale of non banking assets acquired in satisfaction of claims		527,751	82,545
Service charges		188,245	191,409
Loan processing charges		130,303	74,988
Online transaction charges		14,729	16,109
ATM transactions		112,294	86,925
Cheque return charges		14,436	19,908
Miscellaneous earnings		74,519	57,324
		1,148,797	585,856
<b>30. ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances, etc.		2,686,783	2,240,072
Contribution to defined contribution plans		80,832	89,684
Provision for gratuity	37.1.1	79,861	87,331
Provision for compensated absences	37.1.3	16,558	7,342
Non-executive directors' fees	38	3,475	2,825
Taxes, insurance, electricity, etc.		215,421	177,415
Legal and professional charges		43,926	28,530
Communications		102,313	86,716
Repairs and maintenance		111,238	96,971
Rent for bank premises	30.1	330,283	261,201
Finance charge on leased assets		275	660
Stationery and printing		104,233	97,353
Advertisement and publicity		71,514	107,395
Auditors' remuneration	30.2	5,286	8,241
Depreciation	12.2	328,857	330,911
Amortization on intangible assets	12.3	2,622	-
Traveling		57,429	41,777

	2013	2012
	Rupees in '000	
Fuel expenses	268,856	235,926
Cash remittance charges	74,506	59,590
Entertainment expenses	52,263	40,996
Bank charges	92,040	92,096
Online connectivity charges	70,980	55,292
Fuel for generator	144,286	118,330
Commission and brokerage	68,240	25,013
Miscellaneous expenses	192,332	146,013
	5,204,409	4,437,680
<b>30.1 Operating lease</b>		
Operating lease rentals are charged in profit and loss account on a time proportion basis over the term of lease agreements.		
<b>30.2 Auditors' remuneration</b>		
Audit fee	1,750	1,750
Fee for audit of subsidiary - Hameed Chaudary & Co.	55	55
Special certifications, half yearly review and others	2,621	5,475
Out-of-pocket expenses	860	961
	5,286	8,241
<b>31. OTHER CHARGES</b>		
Penalties imposed by SBP	39,623	130
Reversal of provision for workers welfare fund	-	(40,720)
Others	7,500	-
	47,123	(40,590)

	2013	2012
	Rupees in '000	
<b>32. TAXATION</b>		
<b>For the year</b>		
Current	278,239	139,284
Deferred	785,036	353,738
	1,063,275	493,022
<b>Prior years</b>		
Current	-	(826,337)
Deferred	-	103,366
	-	(722,971)
	1,063,275	(229,949)

**32.1** Due to carry forward business losses, numerical reconciliation between tax expense and accounting profit has not been presented. However, current liability for taxation represents minimum tax under section 113 of the Income Tax Ordinance, 2001.

	2013	2012
<b>33. BASIC EARNINGS PER SHARE</b>		
Profit for the year - Rupees in thousand	1,914,720	1,744,556
Weighted average ordinary shares - Number	820,953,647	621,264,311
Basic earnings per share - after tax - Rupees	2.33	2.81

Earning per share for the year ended December 31, 2012 have been restated to give effect of bonus element included in issuance of right shares may during the year.

#### **34. DILUTED EARNINGS PER SHARE**

There is no dilution effect on basic earnings per share.

	Note	2013 Rupees in '000	2012
<b>35. CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	7	23,820,864	17,298,251
Balance with other banks	8	4,265,296	3,101,170
Call money lendings	9	800,000	-
Overdrawn nostro accounts	17.2	(31,480)	(1,169)
		28,854,680	20,398,252

		2013 Number	2012
<b>36. STAFF STRENGTH</b>			
Permanent		3,622	3,686
Temporary/on contractual basis		1,406	1,205
Daily wagers		384	245
Bank's own staff strength at the end of the year		5,412	5,136
Outsourced		681	356
Total Staff Strength		6,093	5,492

### 37. EMPLOYEE BENEFITS

#### 37.1 Defined benefit plans

##### 37.1.1 Gratuity

The Bank operates a funded gratuity scheme for all its permanent employees. The benefits under the scheme are payable on retirement which is equal to one month's last drawn basic salary for each year of eligible service or part thereof with effect from January 01, 2008, subject to minimum of five years of service. The Bank makes annual provision in the financial statements for its liabilities on the basis of actuarial valuation.

### Principal actuarial assumptions

The most recent valuation was carried out at December 31, 2013 using the "Projected Unit Credit Method". The principal assumptions used in the valuation at December 31, 2013 were as follows:

	2013	2012
Discount rate	13.00%	11.00%
Expected rate of eligible salary increase in future years	12.00%	10.00%
Expected rate of return on plan assets during 2014	13.00%	11.00%
Average expected remaining working life (years)	10	12
	<b>2013</b>	<b>2012</b>
	<b>Rupees in '000</b>	
<b>Reconciliation of payable to defined benefit plan</b>		
Present value of defined benefit obligation	343,541	268,612
Fair value of plan assets	(283,186)	(190,322)
Benefit payments payable	11,115	9,041
	71,470	87,331
<b>Movement in payable to defined benefit plan</b>		
Opening balance	87,331	149,201
Charge for the year	79,861	87,331
Remeasurement chargeable in other comprehensive income	(8,391)	-
Contributions made by the Bank during the year	(87,331)	(149,201)
Closing balance	71,470	87,331

	2013	2012
	Rupees in '000	
<b>Changes in present value of defined benefit obligations</b>		
Opening balance	268,612	181,818
Current service cost	71,249	59,719
Interest cost	29,547	22,727
Benefits payable	(11,115)	(9,041)
Benefit paid	(6,783)	(4,460)
Actuarial loss / (gain)	(7,969)	17,849
	343,541	268,612

The effect of increase of one percent and the effect of decrease of one percent in the discount rate on the present value of defined benefit obligation at December 31, 2013 would be Rs. 311,067 thousand (2012: Rs. 243,906 thousand) and Rs. 381,792 thousand (2012: Rs. 297,618 thousand) respectively.

	2013	2012
	Rupees in '000	
<b>Changes in fair value of plan assets</b>		
Opening balance	190,322	39,580
Expected return on plan assets	20,935	4,947
Contributions made	87,331	149,201
Benefits paid	(15,824)	(11,423)
Actuarial gain / (loss)	422	8,017
	283,186	190,322
<b>Charge for defined benefit plan</b>		
Current service cost	71,249	59,719
Interest cost	29,547	22,727
Expected return on plan assets	(20,935)	(4,947)
Net actuarial losses / (gains) recognized	-	9,832
	79,861	87,331

	2013	2012
	Rupees in '000	
Actual return on plan assets	21,357	12,964
<b>Composition of fair value of plan assets</b>		
NIT Government Bond Fund	36,884	34,257
Cash at bank	246,302	156,065
	283,186	190,322

#### 37.1.2 Reconciliation of net liability recognized for gratuity for the five years are as follows:

	2013	2012	2011	2010	2009
	Rupees in '000				
Present value of defined benefit obligation	343,541	268,612	181,818	129,422	87,196
Fair value of plan assets	(283,186)	(190,322)	(39,580)	(38,463)	(37,333)
Benefit payments payable	11,115	9,041	6,963	4,411	-
	71,470	87,331	149,201	95,370	49,863
Actuarial gains / (losses) on obligation	7,969	(17,849)	14,777	13,140	(1,655)
Actuarial gains / (losses) on assets	422	8,017	(583)	(1,205)	518

#### 37.1.3 Compensated absences

The Bank makes annual provision in the consolidated financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. The actuary has used "Projected Unit Credit Method" for calculations. The employees of the Bank are entitled to take the leave as Leave Preparatory to Retirement (LPR) immediately before retirement. These leaves are subject to retirees' un-utilized privilege leave balance with an upper limit of 180 days. Alternatively, the retiree may receive a lump-sum cash amount equal to 180 days gross salary at the time of retirement in lieu of LPR of 180 days. Privilege leave accrues at the rate of 30 days per year. Moreover, any unutilized privilege leaves over 180 days are ignored.

### Principal actuarial assumptions

The most recent valuation was carried out at December 31, 2013 using the "Projected Unit Credit Method". The principal assumptions used in the valuation at December 31, 2013 were as follows:

	2013	2012
Discount rate	13.00%	11.00%
Expected rate of eligible salary increase in future years	12.00%	10.00%
Average number of leaves accumulated per annum by the employees (days)	7	9
	<b>2013</b>	<b>2012</b>
	<b>Rupees in '000</b>	
Present value of defined benefit obligation	209,960	193,464
<b>Movement in payable to defined benefit plan</b>		
Opening balance	193,464	186,799
Charge for the year	16,558	7,342
Benefit paid	(62)	(677)
Closing balance	209,960	193,464

The effect of increase of one percent and the effect of decrease of one percent in the discount rate on the present value of defined benefit obligation at December 31, 2013 would be Rs. 189,522 thousand (2012: Rs. 175,271 thousand) and Rs. 233,640 thousand (2012: Rs. 214,614 thousand) respectively.

	2013	2012
	<b>Rupees in '000</b>	
<b>Charge for defined benefit plan</b>		
Current service cost	18,966	17,886
Interest cost	21,281	23,350
Actuarial gains recognized	(23,689)	(33,894)
	16,558	7,342



### 37.1.4 Reconciliation of net liability recognized for compensated absences for the five years are as follows:

	2013	2012	2011	2010	2009
	Rupees in '000				
Opening net liability	193,464	186,799	184,041	164,352	142,518
Net charge for the year	16,496	6,665	2,758	19,689	21,834
	209,960	193,464	186,799	184,041	164,352
Actuarial gains on obligation	23,689	33,894	37,036	14,429	15,572

### 38. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the consolidated financial statements for remuneration, including benefits to the Chairman, President/Chief Executive Officer, Directors and Executives of the Group was as follows:

	Chairman		President / Chief Executive		Directors		Executives	
	2013	2012	2013	2012	2013	2012	2013	2012
	Rupees in '000							
Fees	350	800	-	-	3,125 *	2,025	-	-
Managerial remuneration	-	-	25,816	24,175	-	-	353,114	282,757
Bonus **	-	-	4,303	4,423	-	-	58,014	50,646
Rent and house maintenance	-	-	1,991	1,865	-	-	134,471	106,543
Utilities	114	140	1,794	1,680	-	-	34,236	27,191
Medical	989	181	-	-	-	-	33,432	26,480
Other allowances	1,670	1,689	3,820	1,511	-	-	53,036	34,551
	3,123	2,810	37,724	33,654	3,125	2,025	666,303	528,168
Number of persons	1	1	1	1	9	7	401	320

\* This represents fee paid to non-executive directors for attending the Board and its committees meetings.

\*\* This represents regular bonus paid to staff on eve of Eids as per the Group's policy.

Chairman, President/Chief Executive Officer and Executives are provided with free use of the Group's maintained cars.

In addition to the above, contribution to defined contribution and benefit plans have been made in accordance with the Bank's policy. Further, executives are entitled to certain additional benefits in accordance with the Bank's policy.

Executive means officers, other than the chief executive and directors, whose basic salary exceeds five hundred thousand rupees in the financial year.

### 39. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair values.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

	2013		2012	
	Book value Rupees in '000	Fair value	Book value Rupees in '000	Fair value
<b>On balance sheet financial instruments</b>				
<b>Assets</b>				
Cash and balances with treasury banks	23,820,864	23,820,864	17,298,251	17,298,251
Balances with other banks	4,265,296	4,265,296	3,101,170	3,101,170
Lendings to financial institutions	11,407,448	11,407,448	1,562,946	1,562,946
Investments - net	123,973,891	123,920,757	129,552,044	129,467,454
Advances - net	157,239,598	157,239,598	149,565,885	149,565,885
Other assets	4,176,503	4,176,503	4,559,124	4,559,124
	324,883,600	324,830,466	305,639,420	305,554,830

	2013		2012	
	Book value	Fair value	Book value	Fair value
	Rupees in '000		Rupees in '000	
<b>Liabilities</b>				
Bills payable	1,506,335	1,506,335	1,500,709	1,500,709
Borrowings	22,802,482	22,802,482	44,683,826	44,683,826
Deposits and other accounts	306,560,694	306,560,694	266,055,761	266,055,761
Liabilities against assets subject to finance lease	2,386	2,386	3,601	3,601
Other liabilities	7,847,501	7,847,501	6,998,551	6,998,551
	338,719,398	338,719,398	319,242,448	319,242,448
<b>Off balance sheet financial instruments</b>				
Forward purchase of foreign exchange contracts	4,433,928	4,387,467	3,358,739	3,362,150
Forward sale of foreign exchange contracts	5,382,084	5,260,228	3,150,622	3,145,377

### Investments

All quoted investments have been stated at their market values except securities classified as held to maturity, which have been valued at their amortized cost. These held to maturity securities have market value of Rs. 1,210,098 thousand (2012: Rs. 1,804,468 thousand). All unquoted investments have been stated at cost less provision for impairment if any, being their estimated fair values.

### Advances

Fair value of advances can not be determined with reasonable accuracy due to absence of current and active market. Advances are repriced frequently at market rates and are reduced for any impairment against non-performing advances determined in accordance with Prudential Regulations by the SBP.

### Deposits and other accounts

The fair value of long term fixed deposits of over one year can not be calculated with sufficient reliability due to non-availability of relevant active market. Carrying values of deposits other than long term fixed deposits approximate their fair values as they are short term in nature or are frequently repriced.

### Other financial instruments

The fair value of all other on-balance sheet financial instruments are considered to approximate their book value as they are short-term in nature.

#### 40. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
Rupees in '000						
<b>2013</b>						
Total income	12,502,747	1,951,065	12,878,809	410,874	77,089	27,820,584
Total expenses	4,281,486	3,113,617	17,356,092	76,953	14,441	24,842,589
Inter segment revenue / (cost) transfer	(5,718,042)	1,971,967	3,746,075	-	-	-
Income taxes	-	-	-	-	-	1,063,275
Net income / (loss)	2,503,219	809,415	(731,208)	333,921	62,648	1,914,720
Segment assets (gross)	165,065,020	19,074,443	182,806,334			366,945,797
Segment non performing loans / investments	3,170,841	2,144,610	57,770,116			63,085,567
Segment provision required	3,148,947	1,734,626	23,940,633			28,824,206
Segment liabilities	42,754,128	48,878,592	247,584,379			339,217,099
Segment return on net assets (ROA) (%)	10.86%	13.73%	14.08%			
Segment cost of funds (%)	9.51%	7.97%	8.61%			

	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
	Rupees in '000					
<b>2012</b>						
Total income	13,408,559	1,839,004	12,131,325	402,740	71,478	27,853,106
Total expenses	4,584,122	4,063,122	17,616,009	63,906	11,340	26,338,499
Inter segment (cost) / revenue transfer	(4,383,531)	1,757,226	2,626,305	-	-	-
Income taxes	-	-	-	-	-	(229,949)
Net income / (loss)	4,440,906	(466,892)	(2,858,379)	338,834	60,138	1,744,556
Segment assets (gross)	152,091,107	16,704,038	177,116,095			345,911,240
Segment non performing loans / investments	3,726,609	2,482,409	66,846,289			73,055,307
Segment provision required	3,626,976	1,880,258	24,433,903			29,941,137
Segment liabilities	55,628,072	43,728,796	220,382,957			319,739,825
Segment return on net assets (ROA) (%)	13.99%	16.05%	16.17%			
Segment cost of funds (%)	8.47%	9.26%	10.09%			

#### 41. RELATED PARTY TRANSACTIONS

Related parties comprise subsidiary, key management personnel and entities in which key management personnel are office holders / members. The Group carries out transactions with various related parties in the normal course of business. Amounts due from and due to related parties are shown under receivables and payables. Amounts due from key management personnel are shown under receivables and remuneration of key management personnel is disclosed in Note 11.8 and Note 38 respectively. In addition key management personnel are paid terminal and short-term terminal benefits.

	2013				2012			
	Key management personnel	Modaraba floated by the wholly owned subsidiary of the bank	Employee funds	Others	Key management personnel	Modaraba floated by the wholly owned subsidiary of the bank	Employee funds	Others
	Rupees in '000				Rupees in '000			
<b>Advances</b>								
Opening balance	95,070	1,030,397	-	-	57,004	1,000,820	-	-
Loans granted during the year	22,983	1,720,007	-	-	54,343	1,824,474	-	-
Repayments received during the year	(32,026)	(1,704,429)	-	-	(16,277)	(1,794,897)	-	-
Closing balance	86,027	1,045,975	-	-	95,070	1,030,397	-	-
<b>Deposits</b>								
Opening balance	40,179	2,352	1,627,249	288	22,728	32,365	1,187,328	2,536
Placements made during the year	227,619	1,122,655	1,454,256	62,796	268,600	2,035,939	504,423	5,848
Withdrawals during the year	(239,920)	(1,098,884)	(2,276,159)	(33,481)	(251,149)	(2,065,952)	(64,502)	(8,096)
Closing balance	27,878	26,123	805,346	29,603	40,179	2,352	1,627,249	288
<b>Placements</b>								
	-	100,000	-	-	-	300,000	-	-
<b>Lease liability</b>								
	-	2,386	-	-	-	3,602	-	-
<b>Transactions during the year:</b>								
Mark-up/return earned	7,359	118,029	-	-	5,443	141,179	-	-
Mark-up/interest expensed	656	-	129,585	866	293	-	217,565	61
Contribution to employees funds	-	-	56,805	-	-	-	68,364	-

## 42. CAPITAL ADEQUACY

### 42.1 Scope of application

The Bank is the only entity in the Group to which Basel framework is applicable. The Bank has only one subsidiary Punjab Modaraba Services (Private) Limited, whose financial statements are included in the consolidated financial statements.

### 42.2 Capital adequacy

The Basel Framework for a capital adequacy is applicable to the Bank both at the consolidated level (including the subsidiary) and also on a stand alone basis. The Bank's policy is to maintain strong capital base so as to maintain, investor, creditor and market confidence and to sustain future business developments. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the SBP. The ratios compare the amount of eligible capital with the total of risk-weighted assets. The Bank monitors and reports its capital ratios under SBP rules, which ultimately determine the regulatory capital required to be maintained by Banks and DFIs.

In addition, the SBP requires that the paid up capital of locally incorporated banks should be raised to Rs. 10 billion by December 31, 2013 in a phased manner. The Bank plans to increase its paid up share capital, through right issue, to comply with the aforesaid requirement. The paid-up capital requirement (net of losses) as at December 31, 2013 is Rs.10.0 billion. The paid-up capital, reserves (net of losses) and advance subscription money of the Bank amounts to Rs. 12,552,607 thousand.

The SBP requires that banks doing business in Pakistan should maintain regulatory capital for credit, market, and operational risks, the amount of which should at least be equal to 10% of their risk weighted assets. The Bank's capital adequacy ratio on group level as at December 31, 2013 on Basel III is 8.95%. The SBP has given relaxation to the Bank for minimum capital requirement and capital adequacy ratio (CAR) as explained in Note 1.2.

The capital adequacy ratio of the Bank was subject to Basel III capital adequacy guidelines stipulated by the SBP through its circular BPRD Circular No. 06 of 2013 dated August 15, 2013. These instructions are effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019. Under Basel III guidelines banks are required to maintain the following ratios on an ongoing basis.

Phase-in arrangement and full implementation of the minimum capital requirements:

Sr. No.	Ratio	Year end						As of
		2013	2014	2015	2016	2017	2018	December
1	CET1	5.00%	5.50%	6.00%	6.00%	6.00%	6.00%	2019
2	ADT-1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	2019
3	Tier-1	6.50%	7.00%	7.50%	7.50%	7.50%	7.50%	2019
4	Total capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	2019
5	CCB (consisting of CET1 only)	0.00%	0.00%	0.25%	0.65%	1.275%	1.90%	2019
6	Total capital plus CCB	10.00%	10.00%	10.25%	11.25%	11.875%	12.50%	2019

The SBP's regulatory capital as managed by the Bank is analyzed into following tiers:

- Tier I capital (CET1), which comprises of highest quality capital element and include fully paid up capital, share premium, reserve for bonus shares, general reserves and accumulated losses.
- Additional Tier I capital (ADT-I), which includes perpetual non-cumulative preference shares and its premium after all regulatory adjustments applicable on ADT-I.
- Tier II capital, which includes subordinated debt / instruments and its premium, general reserve for loan losses (up to a maximum of 1.25% of CRWA), net of tax revaluation reserves up to a maximum of 45% of the balance, exchange translation reserves after all regulatory adjustments applicable on Tier-2.
- Tier III capital, which includes short term sub-ordinated debts. This capital is solely for the purpose of meeting a proportion of the capital requirements for market risk.

Various limits are applied to elements of the capital base. Qualifying tier II and tier III capital cannot exceed the tier I capital. Revaluation reserves are eligible upto 45 percent for treatment as tier II capital. There is also restriction on the amount of general reserve for loan losses upto 1.25 percent of total risk weighted assets. Subordinated debts cannot exceed 50 percent of tier I capital. Further tier III capital cannot exceed 250 percent of tier I capital.

The Group calculates capital requirement as per regulatory framework, using the following approaches:

Credit risk	Standardized Approach
Market risk	Standardized Approach
Operational risk	Basic Indicator Approach



	2013	2013 Rupees in '000	2012*
<b>42.3 Capital Structure</b>			
	Amount- Basel III	Amounts subject to Pre - Basel III treatment	
<b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>			
1 Fully paid-up capital/ capital deposited with SBP	10,551,132		5,287,974
2 Balance in share premium account and share deposit money	12,037,882		17,037,882
3 Reserve for issue of bonus shares / discount on issue of shares	(263,158)		-
4 General / Statutory reserves	1,501,777		396,364
5 Gain / (Losses) on derivatives held as cash flow hedge			-
6 Accumulated losses	(11,275,026)		(12,743,218)
7 Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-		-
<b>8 CET 1 before Regulatory Adjustments</b>	12,552,607		9,979,002
<b>Common Equity Tier 1 capital: Regulatory adjustments</b>			
9 Goodwill (net of related deferred tax liability) and software in progress	26,380		13,114
10 All other intangibles (net of any associated deferred tax liability)	8,763		-
11 Shortfall of provisions against classified assets	-		232,301
12 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	4,826,327	-
13 Defined-benefit pension fund net assets	-		-
14 Reciprocal cross holdings in CET1 capital instruments	4,597		-
15 Cash flow hedge reserve	-		-
16 Investment in own shares/ CET1 instruments	1,698		-
17 Securitization gain on sale	-		-
18 Capital shortfall of regulated subsidiaries	-		-
19 Deficit on account of revaluation from bank's holdings of property / AFS	-		-
20 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		-

\* Figures of 2012 are reported on Basel - II basis.

	2013	2013 Rupees in '000	2012*
	Amount- Basel III	Amounts subject to Pre - Basel III treatment	
21 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-		-
22 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	7,032,541	-
23 Amount exceeding 15% threshold	-		-
24 of which: significant investments in the common stocks of financial entities	-		-
25 of which: deferred tax assets arising from temporary differences	-	670,639	-
26 National specific regulatory adjustments applied to CET1 capital	-		-
27 Investment in TFCs of other banks exceeding the prescribed limit	-		-
28 Any other deduction specified by SBP (mention details)	-		-
29 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-		-
30 Total regulatory adjustments applied to CET1	-		-
<b>Common Equity Tier 1</b>	41,438		245,415
(a)	12,511,169		9,733,587
<b>Additional Tier 1 (AT 1) Capital</b>			
31 Qualifying additional Tier-1 instruments plus any related share premium	-		-
32 of which: classified as equity	-		-
33 of which: classified as liabilities	-		-
34 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-		-
35 of which: instrument issued by subsidiaries subject to phase out	-		-
36 <b>AT1 before regulatory adjustments</b>	-		-
	-		-

\* Figures of 2012 are reported on Basel - II basis.

	2013	2013 Rupees in '000	2012*
	Amount- Basel III	Amounts subject to Pre - Basel III treatment	
<b>Additional Tier 1 Capital: regulatory adjustments</b>			
37 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-		-
38 Investment in own AT1 capital instruments	-		-
39 Reciprocal cross holdings in Additional Tier 1 capital instruments	-		-
40 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		-
41 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-		-
42 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier-1 capital	-		-
43 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		-
44 Total of Regulatory Adjustment applied to AT1 capital	-		-
45 Additional Tier 1 capital	-		-
46 <b>Additional Tier 1 capital recognized for capital adequacy</b>	-		-
<b>Tier 1 Capital (CET1 + admissible AT1)</b>	(b) (c=a+b)	12,511,169	9,733,587
<b>Tier 2 Capital</b>			
47 Qualifying Tier 2 capital instruments under Basel III	-		-
48 Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-		-
49 Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-		-
50 of which: instruments issued by subsidiaries subject to phase out	-		-
51 General provisions or general reserves for loan losses-up to maximum of 1.25% of credit risk weighted assets	41,755		768,080
52 Revaluation Reserves	-		514,915
53 of which: Revaluation reserves on property	401,067		-
54 of which: Unrealized gains/losses on AFS	5,981		-
55 Foreign exchange translation reserves	-		-
56 Undisclosed/Other reserves (if any)	-		-
57 <b>T2 before regulatory adjustments</b>	448,803		1,282,995

\* Figures of 2012 are reported on Basel - II basis.

		2013	2013 Rupees in '000	2012*
		Amount- Basel III	Amounts subject to Pre - Basel III treatment	
<b>Tier 2 Capital: regulatory adjustments</b>				
58	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier-2 capital	-		-
59	Reciprocal cross holdings in Tier 2 instruments	-		-
60	Investment in own Tier 2 capital instrument	-		-
61	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		-
62	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-		-
63	Amount of regulatory adjustment applied to Tier 2 capital	-		-
64	Tier 2 capital (T2)	448,803		1,282,995
65	Tier 2 capital recognized for capital adequacy	448,803		1,282,995
66	Excess additional Tier 1 capital recognized in Tier 2 capital	-		-
67	Total Tier 2 capital admissible for capital adequacy (d)	448,803		1,282,995
<b>TOTAL CAPITAL (T1 + admissible T2)</b>		(e=c+d)	12,959,972	11,016,582
<b>Total Risk Weighted Assets</b>		(i=f+g+h)	144,879,356	142,716,665
68	Total credit risk weighted assets (f)	135,244,478		133,876,226
69	Risk weighted assets in respect of amounts subject to Pre-Basel III treatment	135,244,478		133,876,226
70	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	-		-
71	of which: deferred tax assets	-		-
72	of which: Defined-benefit pension fund net assets	-		-
73	of which: others	-		-
74	Total market risk weighted assets (g)	2,529,416		5,016,595
75	Total operational risk weighted assets (h)	7,105,462		3,823,844

\* Figures of 2012 are reported on Basel - II basis.

		2013	2013 Rupees in '000	2012*
		Amount- Basel III	Amounts subject to Pre - Basel III treatment	
<b>Capital Ratios and buffers (in percentage of risk weighted assets)</b>				
76	CET1 to total RWA	(a/i)	8.64%	6.82%
77	Tier-1 capital to total RWA	(c/i)	8.64%	6.82%
78	Total capital to RWA	(e/i)	8.95%	7.72%
79	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		-	-
80	of which: capital conservation buffer requirement		-	-
81	of which: countercyclical buffer requirement		-	-
82	of which: D-SIB or G-SIB buffer requirement		-	-
83	CET1 available to meet buffers (as a percentage of risk weighted assets)		-	-
<b>National minimum capital requirements prescribed by SBP</b>				
84	CET1 minimum ratio		5.0%	-
85	Tier 1 minimum ratio		6.5%	-
86	Total capital minimum ratio		10.0%	-
<b>Amounts below the thresholds for deduction (before risk weighting)</b>				
87	Non-significant investments in the capital of other financial entities		-	-
88	Significant investments in the common stock of financial entities		-	-
89	Deferred tax assets arising from temporary differences (net of related tax liability)		-	-
<b>Applicable caps on the inclusion of provisions in Tier 2</b>				
90	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)		41,755	768,080
91	Cap on inclusion of provisions in Tier 2 under standardized approach		-	-
92	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		-	-
93	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		-	-

\* Figures of 2012 are reported on Basel - II basis.

#### 42.4 Capital Structure Reconciliation

##### Step 1

	As per published financial statements 2013	Under regulatory scope of consolidation 2013
	Rupees in '000	
<b>Assets</b>		
Cash and balances with treasury banks	23,820,864	23,820,864
Balances with other banks	4,265,296	4,265,296
Lending to financial institutions	11,407,448	11,407,448
Investments - net	123,973,891	123,973,891
Advances - net	157,239,598	157,239,598
Operating fixed assets	3,514,801	3,514,801
Deferred tax assets - net	12,627,352	12,627,352
Other assets	15,825,007	15,825,007
<b>Total assets</b>	<b>352,674,257</b>	<b>352,674,257</b>
<b>Liabilities &amp; Equity</b>		
Bills payable	1,506,335	1,506,335
Borrowings	22,802,482	22,802,482
Deposits and other accounts	306,560,694	306,560,694
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	2,386	2,386
Deferred tax liabilities	-	-
Other liabilities	8,345,203	8,345,203
<b>Total liabilities</b>	<b>339,217,100</b>	<b>339,217,100</b>
Share capital	10,551,132	10,551,132
Share deposit money	12,000,000	12,000,000
Reserves	1,276,501	1,276,501
Accumulated losses	(11,275,026)	(11,275,026)
Minority interest	-	-
Surplus on revaluation of assets - net of tax	904,550	904,550
	13,457,157	13,457,157
<b>Total liabilities &amp; equity</b>	<b>352,674,257</b>	<b>352,674,257</b>

## Step 2

	As per published financial statements 2013	Under regulatory scope of consolidation 2013	Ref
	Rupees in '000		
<b>Assets</b>			
Cash and balances with treasury banks	23,820,864	23,820,864	
Balanced with other banks	4,265,296	4,265,296	
Lending to financial institutions	11,407,448	11,407,448	
Investments	123,973,891	123,973,891	
of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold	-	-	a
of which: significant capital investments in financial sector entities exceeding regulatory threshold	-	-	b
of which: Mutual Funds exceeding regulatory threshold	-	-	c
of which: reciprocal crossholding of capital instrument	4,597	4,597	d
of which: others (Investment in own shares through Mutual fund)	1,698	1,698	e
Advances	157,239,598	157,239,598	
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	-	-	f
general provisions reflected in Tier 2 capital	41,755	41,755	g
Fixed Assets	3,514,801	3,514,801	
Deferred Tax Assets	12,627,352	12,627,352	
of which: DTAs excluding those arising from temporary differences	-	4,826,327	h
of which: DTAs arising from temporary differences exceeding regulatory threshold	-	7,703,180	i
Other assets	15,825,007	15,825,007	
of which: Goodwill and software in progress	26,380	26,380	j
of which: Intangibles	8,763	8,763	k
of which: Defined-benefit pension fund net assets	-	-	l
<b>Total assets</b>	<b>352,674,257</b>	<b>352,674,257</b>	
<b>Liabilities &amp; Equity</b>			
Bills payable	1,506,335	1,506,335	
Borrowings	22,802,482	22,802,482	
Deposits and other accounts	306,560,694	306,560,694	
Sub-ordinated loans	-	-	

Step 2

	As per published financial statements 2013	Under regulatory scope of consolidation 2013	Ref
	Rupees in '000		
of which: eligible for inclusion in AT1	-	-	m
of which: eligible for inclusion in Tier 2	-	-	n
Liabilities against assets subject to finance lease	2,386	2,386	
Deferred tax liabilities	-	-	
of which: DTLs related to goodwill	-	-	o
of which: DTLs related to intangible assets	-	-	p
of which: DTLs related to defined pension fund net assets	-	-	q
of which: other deferred tax liabilities	-	-	r
Other liabilities	8,345,203	8,345,203	
<b>Total liabilities</b>	<b>339,217,100</b>	<b>339,217,100</b>	
Share capital and share deposit money	22,551,132	22,551,132	
of which: amount eligible for CET1	22,551,132	22,551,132	s
of which: amount eligible for AT1	-	-	t
Reserves	1,276,501	1,276,501	
of which: portion eligible for inclusion in CET1(provide breakup)	1,276,501	1,276,501	u
of which: portion eligible for inclusion in Tier 2	-	-	v
Accumulated losses	(11,275,026)	(11,275,026)	w
Minority Interest	-	-	
of which: portion eligible for inclusion in CET1	-	-	x
of which: portion eligible for inclusion in AT1	-	-	y
of which: portion eligible for inclusion in Tier 2	-	-	z
Surplus on revaluation of assets	904,550	904,550	
of which: Revaluation reserves on Property	891,259	891,259	aa
of which: Unrealized Gains/Losses on AFS	13,291	13,291	
In case of Deficit on revaluation (deduction from CET1)	-	-	ab
<b>Total Equity</b>	<b>13,457,157</b>	<b>13,457,157</b>	
<b>Total liabilities &amp; Equity</b>	<b>352,674,257</b>	<b>352,674,257</b>	



Step 3

As per published  
financial  
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Rupees in '000

<b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>			
1	Fully paid-up capital/ capital deposited with SBP	10,551,132	
2	Balance in share premium account and share deposit money	12,037,882	(s)
3	Reserve for issue of bonus shares / discount on issue of shares	(263,158)	
4	General/ Statutory Reserves	1,501,777	(u)
5	Gain/(Losses) on derivatives held as cash flow hedge	-	
6	Accumulated losses	(11,275,026)	(w)
7	Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	(x)
8	<b>CET 1 before Regulatory Adjustments</b>	<b>12,552,607</b>	
<b>Common Equity Tier 1 capital: Regulatory adjustments</b>			
9	Goodwill (net of related deferred tax liability) and software in progress	26,380	(j) - (o)
10	All other intangibles (net of any associated deferred tax liability)	8,763	(k) - (p)
11	Shortfall of provisions against classified assets	-	(f)
12	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	{(h) - (r)} * x%
13	Defined-benefit pension fund net assets	-	{(l) - (q)} * x%
14	Reciprocal cross holdings in CET1 capital instruments	4,597	(d)
15	Cash flow hedge reserve	-	
16	Investment in own shares/ CET1 instruments	1,698	
17	Securitization gain on sale	-	
18	Capital shortfall of regulated subsidiaries	-	
19	Deficit on account of revaluation from bank's holdings of property/ AFS	-	(ab)
20	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(a) - (ac) - (ae)
21	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(b) - (ad) - (af)
22	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	(i)
23	Amount exceeding 15% threshold	-	
24	of which: significant investments in the common stocks of financial entities	-	

### Step 3

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25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments applied to CET1 capital	-	
27	Investment in TFCs of other banks exceeding the prescribed limit	-	
28	Any other deduction specified by SBP (mention details)	-	
29	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
30	<b>Total regulatory adjustments applied to CET1</b>	41,438	
	<b>Common Equity Tier 1</b>	12,511,169	
	Additional Tier 1 (AT 1) Capital		
31	Qualifying Additional Tier-1 instruments plus any related share premium	-	
32	of which: Classified as equity	-	(t)
33	of which: Classified as liabilities	-	(m)
34	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
35	of which: instrument issued by subsidiaries subject to phase out	-	
36	<b>AT1 before regulatory adjustments</b>	-	
	<b>Additional Tier 1 Capital: regulatory adjustments</b>		
37	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
38	Investment in own AT1 capital instruments	-	
39	Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
40	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
41	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
42	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	
43	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
44	Total of Regulatory Adjustment applied to AT1 capital	-	
45	Additional Tier 1 capital	-	
46	<b>Additional Tier 1 capital recognized for capital adequacy</b>	-	

Step 3

As per published  
financial  
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Rupees in '000

<b>Tier 1 Capital (CET1 + admissible AT1)</b>	12,511,169	
<b>Tier 2 Capital</b>		
47 Qualifying Tier 2 capital instruments under Basel III	-	
48 Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	(n)
49 Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
50 of which: instruments issued by subsidiaries subject to phase out	-	
51 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	41,755	(g)
52 Revaluation Reserves eligible for Tier 2		
53 of which: portion pertaining to Property	401,067	portion of (aa)
54 of which: portion pertaining to AFS securities	5,981	
55 Foreign Exchange Translation Reserves	-	(v)
56 Undisclosed/Other Reserves (if any)	-	
57 <b>T2 before regulatory adjustments</b>	448,803	
<b>Tier 2 Capital: regulatory adjustments</b>		
58 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	
59 Reciprocal cross holdings in Tier 2 instruments	-	
60 Investment in own Tier 2 capital instrument	-	
61 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ae)
62 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
63 Amount of Regulatory Adjustment applied to T2 capital	-	
64 Tier 2 capital (T2)	448,803	
65 Tier 2 capital recognized for capital adequacy	448,803	
66 Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
67 Total Tier 2 capital admissible for capital adequacy	448,803	
<b>TOTAL CAPITAL (T1 + admissible T2)</b>	12,959,972	

## 42.5 Template for main features of regulatory capital instruments

Main Features of the Bank	Common Shares
1 Issuer 2 Unique identifier (eg KSE Symbol or Bloomberg identifier etc.) 3 Governing law(s) of the instrument	The Bank of Punjab BOP Capital Market Law
<b>Regulatory treatment</b>	
4 Transitional Basel III rules 5 Post-transitional Basel III rules 6 Eligible at solo/ group/ group&solo 7 Instrument type 8 Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date) 9 Par value of instrument 10 Accounting classification 11 Original date of issuance 12 Perpetual or dated 13 Original maturity date 14 Issuer call subject to prior supervisory approval 15 Optional call date, contingent call dates and redemption amount 16 Subsequent call dates, if applicable	Common equity tier 1 Common equity tier 1 Group and Standalone Ordinary shares  22,551,132 PKR 10 Shareholder equity 1990 Perpetual No maturity No Not applicable Not applicable
<b>Coupons / dividends</b>	
17 Fixed or floating dividend/ coupon 18 coupon rate and any related index/ benchmark 19 Existence of a dividend stopper 20 Fully discretionary, partially discretionary or mandatory 21 Existence of step up or other incentive to redeem	Not applicable Not applicable No Fully discretionary No

## Main Features

## Common Shares

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22	Noncumulative or cumulative	Not applicable
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	Not applicable
31	If write-down, write-down trigger(s)	Not applicable
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable
35	Position in subordination hierarchy in liquidation	Not applicable
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not applicable

## 42.6 Capital Adequacy

The risk weighted assets to capital ratio, calculated in accordance with the SBP guidelines on capital adequacy are as follows:

	Capital Requirements		Risk Weighted Assets	
	2013	2012	2013	2012
	Rupees in '000			
<b>Credit Risk</b>				
Claim on :				
Public sector entities	70,032	139,316	700,320	1,393,160
Claim on banks	2,917	-	29,167	-
Claims denominated in foreign currency, on banks with original maturity of 3 months or less	42,280	45,229	422,804	452,287
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	176,228	133,617	1,762,282	1,336,169
Corporates	7,010,171	6,548,137	70,101,704	65,481,373
Retail portfolio	1,181,651	814,823	11,816,513	8,148,227
Loans secured by residential property	66,465	47,132	664,653	471,316
Past due loans	1,067,525	1,776,249	10,675,247	17,762,494
Investment in fixed assets	347,966	346,038	3,479,657	3,460,376
Other assets	2,845,236	2,774,811	28,452,357	27,748,110
Off balance sheet - non-market related exposure	676,017	719,289	6,760,171	7,192,892
Off balance sheet - market related exposure	3,970	3,137	39,705	31,370
Equity exposure risk held in the banking book	33,990	39,845	339,898	398,452
	13,524,448	13,387,623	135,244,478	133,876,226
<b>Market risk</b>				
Interest rate risk	24,367	88,096	304,591	1,101,200
Equity position risk	174,888	309,032	2,186,100	3,862,900
Foreign exchange risk	3,098	4,199	38,725	52,495
	202,353	401,327	2,529,416	5,016,595
<b>Operational risk</b>	568,437	305,908	7,105,462	3,823,844
<b>Total</b>	14,295,238	14,094,858	144,879,356	142,716,665

		2013	2012
		Rupees in '000	
<b>Capital Adequacy Ratio</b>			
Total eligible regulatory capital held	(e)	12,959,972	11,017,436
Total risk weighted assets	(i)	144,879,356	142,721,678
Capital adequacy ratio	(e) / (i)	8.95%	7.72%

### 43. RISK MANAGEMENT

The principal risks associated with the Banking business are credit risk, market risk, liquidity risk and operational risk.

#### 43.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligations and cause the other party to incur a financial loss. The Bank manages its exposure to credit risk by pursuing credit policy approved by the Board of Directors and undertaking all lending activities in accordance with standard practices and procedures as laid down in the Credit Policy Manual. The Bank's credit process currently entails assessment of credit worthiness of potential customers, pre-sanction evaluation of credit proposal, adequacy and quality checks over collateral and examination of charge documents before disbursements. The Bank will also continue to keep its focus on expansion through diversified exposure. Further, to strengthen the portfolio and as a matter of prudence, adequate provisions against non-performing advances are accounted for in accordance with the requirements of the Prudential Regulations issued by the SBP.

### 43.1.1 Segments by class of business

	2013					
	Advances (Gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Agribusiness	5,633,609	3.08	13,704,976	4.47	-	-
Textile and ginning	53,812,485	29.42	2,030,577	0.66	3,549,974	15.69
Cement	4,366,488	2.39	435,506	0.14	212,410	0.94
Sugar	8,230,577	4.50	820,423	0.27	259,130	1.15
Financial	2,175,317	1.18	8,267,195	2.70	33,872	0.15
Construction and real estate	4,795,416	2.62	10,152,028	3.31	4,609,806	20.37
Oil and gas	691,536	0.38	5,335,328	1.74	1,401,882	6.20
Auto and allied	1,642,423	0.90	38,298	0.01	227,497	1.01
Food and allied	9,036,454	4.94	1,556,817	0.51	939,326	4.15
Chemical and pharmaceuticals	3,262,785	1.78	592,282	0.19	1,418,027	6.27
Fertilizers	4,650,324	2.54	5,529,907	1.80	867,891	3.84
Cable, electrical and engineering	8,763,761	4.79	984,102	0.32	2,409,038	10.65
Production and transmission of energy	3,362,408	1.84	367,855	0.12	538,807	2.38
Transport, storage and communication	2,974,449	1.63	3,373,506	1.10	629,155	2.78
Government :						
- Public sector enterprises	2,259,486	1.24	19,683,983	6.42	2,008,200	8.87
- Federal and Provincial Governments	22,224,417	12.15	133,931,178	43.69	1,268,479	5.61
Individuals	12,643,662	6.91	71,162,036	23.21	-	-
Trading and commerce	13,267,508	7.25	4,717,470	1.54	534,690	2.36
Services	6,927,940	3.79	8,245,355	2.69	198,127	0.88
Others	12,193,812	6.67	15,631,872	5.11	1,522,711	6.70
	182,914,857	100.00	306,560,694	100.00	22,629,022	100.00
<b>43.1.2 Segment by sector</b>						
Public Sector / Government	24,483,903	13.39	153,615,161	50.11	3,276,679	14.48
Private	158,430,954	86.61	152,945,533	49.89	19,352,343	85.52
	182,914,857	100.00	306,560,694	100.00	22,629,022	100.00



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

	2013		2012	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
	Rupees in '000			
Agribusiness	1,464,981	1,158,029	1,536,525	1,153,217
Textile and ginning	25,317,145	9,265,043	27,959,644	9,960,215
Cement	2,366,649	2,236,923	3,706,312	2,240,744
Sugar	99,828	49,914	484,703	96,946
Financial	1,321,388	-	1,540,622	235,063
Construction and real estate	3,113,631	2,160,876	6,177,096	2,676,643
Oil and gas	167,207	79,215	171,475	76,114
Auto and allied	1,634,925	520,553	1,951,721	760,653
Food and allied	2,495,922	1,387,456	2,708,700	1,345,760
Chemical and pharmaceuticals	552,199	433,089	553,618	377,497
Fertilizers	61,072	31,305	64,285	34,901
Cable, electrical and engineering	4,033,163	540,210	4,176,594	382,252
Production and transmission of energy	1,541,080	454,909	1,540,794	454,868
Transport, storage and communication	557,414	309,065	269,828	189,571
Government:				
- Public sector enterprises	-	-	765,922	-
- Federal and Provincial Governments	-	-	-	-
Individuals	502,996	410,313	332,613	193,286
Trading and commerce	9,112,225	4,031,904	9,172,392	3,575,685
Services	2,481,270	914,194	2,537,274	949,522
Others	3,091,631	1,650,506	3,678,580	1,596,331
	59,914,726	25,633,504	69,328,698	26,299,268
<b>43.1.4 Details of non-performing advances and specific provisions by sector</b>				
Public Sector / Government	-	-	765,922	-
Private	59,914,726	25,633,504	68,562,776	26,299,268
	59,914,726	25,633,504	69,328,698	26,299,268

### 43.1.5 Geographical segment analysis

A geographical segment analysis has not been presented since the Group's operations are restricted to Pakistan only.

### 43.1.6 Credit risk - general disclosures

The Group follows the standardized approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit rating or type of exposure, whichever is applicable.

Under standardized approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognized by SBP for capital adequacy purposes. The Group utilizes, wherever available, the credit ratings assigned by the SBP recognized ECAIs, viz. PACRA (Pakistan Credit Rating Agency), JCR-VIS (Japan Credit Rating Company–Vital Information Systems), Fitch Moody's and Standard & Poors . Credit rating data for advances is obtained from recognized ECAIs and then mapped to SBP's rating grades.

#### Type of exposures & ECAIs used

Exposures	JCR-VIS	PACRA	S&P	Moody's	Fitch
Corporate	√	√			
Banks	√	√	√	√	√
Sovereigns		√			
PSEs	√	√			
SMEs	√	√			

#### Mapping to SBP rating grades

For all credit exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to SBP rating grades are given below:

### Long term ratings grades mapping

SBP rating grade	Fitch	Moody's	S & P	PACRA	JCR-VIS	ECA Scores
1	AAA AA+ AA AA-	Aaa Aa1 Aa2 Aa3	AAA AA+ AA AA-	AAA AA+ AA AA-	AAA AA+ AA AA-	0 1
2	A+ A A-	A1 A2 A3	A+ A A-	A+ A A-	A+ A A-	2
3	BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-	3
4	BB+ BB BB-	Ba1 Ba2 Ba3	BB+ BB BB-	BB+ BB BB-	BB+ BB BB-	4
5	B+ B B-	B1 B2 B3	B+ B B-	B+ B B-	B+ B B-	5 6
6	CCC+ and below	Caa1 and below	CCC+ and below	CCC+ and below	CCC+ and below	7

### Short term rating grades mapping

SBP rating grade	Fitch	Moody's	S & P	PACRA	JCR-VIS
S1	F1	P-1	A-1+	A-1+	A-1+
S1	F1	P-1	A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others

Credit exposures subject to standardized approach

Exposures	Rating	2013			2012		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
Rupees in '000							
Corporate	1	4,325,675	(1,304,271)	3,021,404	2,320,221	-	2,320,221
	2	9,062,412	-	9,062,412	9,013,519	(91,667)	8,921,852
	3,4	1,721,661	(15,235)	1,706,426	1,997,823	-	1,997,823
	5,6	735,908	-	735,908	3,776,374	-	3,776,374
	Unrated	65,382,027	(3,226,097)	62,155,930	54,601,431	(1,707,412)	52,894,019
Bank	1	19,481,265	(8,664,070)	10,817,195	8,102,156	-	8,102,156
	2,3	101,626	-	101,626	336,050	-	336,050
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
Public sector enterprises in Pakistan	1	-	-	-	-	-	-
	2,3	-	-	-	-	-	-
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	3,183,171	(1,782,532)	1,400,639	2,786,319	-	2,786,319
Sovereigns and on Government of Pakistan or Provisional Government or SBP or Cash	0	150,706,366	-	150,706,366	144,298,257	-	144,298,257
	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	-	-	-	-	-	-
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
Unrated	-	-	-	-	-	-	
Listed equity investments	100%	233,753	-	233,753	303,025	-	303,025
Un-listed equity Investments	150%	70,764	-	70,764	63,618	-	63,618
Non performing loans	150%	20,935,605	(18,103,276)	2,832,329	26,517,562	(20,976,137)	5,541,425
	100%	11,572,459	(5,690,726)	5,881,733	14,295,163	(5,868,439)	8,426,724
	50%	1,819,156	(729,120)	1,090,036	2,255,824	(208,557)	2,047,267
Mortgage	35%	1,899,010	-	1,899,010	1,346,617	-	1,346,617
Retail	75%	18,594,281	(2,838,931)	15,755,350	13,761,824	(2,897,522)	10,864,302
Fixed assets	100%	3,479,657	-	3,479,657	3,460,376	-	3,460,376
Deferred tax assets	100%	12,627,352	-	12,627,352	13,070,614	-	13,070,614
Others	100%	15,825,007	-	15,825,007	14,677,494	-	14,677,494
<b>Total</b>		<b>341,757,155</b>	<b>(42,354,258)</b>	<b>299,402,897</b>	<b>316,984,267</b>	<b>(31,749,734)</b>	<b>285,234,533</b>

### 43.1.7 Credit risk: Disclosures with respect to credit risk mitigation for standardized approach

The Group has adopted comprehensive approach of credit risk mitigation for banking book. Under this approach cash, lien on deposits, government securities, and eligible securities etc. are consolidated as eligible collateral. Where the Group's exposure to an obligor is secured by eligible collaterals, the Group reduces its exposure for the calculation of the capital requirement by the realizable amount of the collateral, adjusted for any applicable haircuts.

#### 43.1.7.1 Credit risk: Disclosures for portfolio subject to the standardized approach

No credit risk mitigation benefit is taken in the trading book. For each asset class, the risk weights as specified by the SBP or corresponding to the SBP rating grades are applied to the net amount for the calculation of risk weighted assets.

#### 43.1.7.2 Equity position risk in the banking book

The Group takes proprietary equity positions for both short term and long term trading purposes. As of December 31, 2013 the composition of equity investments, is as follows:

	Held for trading	Available for sale Rs. In '000	Total
Ordinary shares (listed) - net of impairment held	22,456	778,023	800,479
Ordinary shares (un-listed) - net of impairment held	-	13,169	13,169
Preference shares - net of impairment held	-	387,647	387,647
Stock funds - net of impairment held	-	22,522	22,522
Total	22,456	1,201,361	1,223,817

The Group classify its equity investment portfolio in accordance with the directives of the SBP as follows:

- Investments - Held for trading
- Investments – Available for Sale
- Investments in subsidiaries

## 43.2 Market risk

Market risk is the risk that the value of 'on' or 'off' balance sheet positions will be adversely affected by movements in equity and interest rate markets, currency exchange rates and commodity prices.

The Group is exposed to market risk primarily through its trading activities, which are centered in the Treasury and Equity Capital Markets. Market risk exposure also arises from market-making, facilitation of client business and proprietary positions in equities, fixed income and interest rate products and foreign exchange, which exposes Group to interest rate risk, foreign exchange risk and equity price risk.

The Group's market risk management structure consists of Board Risk Management Committee, ALCO, Market Risk Management Committee and independent Enterprise Risk Management unit (ERM). Market risk is an independent risk management function that works in close partnership with the business segments to identify and monitor market risks throughout the Group and to define market risk policies and procedures. ERM unit seeks to facilitate efficient risk/return decisions, reduce volatility in operating performance and provide transparency in reporting the Group's market risk profile to the senior management, the Board of Directors and the SBP.

### 43.2.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group is exposed to yield/interest rate risk for its investing and/or financing activities where any major fluctuation in the market interest rate/yield can affect both the value of the financial instrument as well as the profitability of the Group. To minimize this risk the Group's Assets and Liabilities Committee (ALCO) keeps a constant watch on the interest rate scenario in the country and on regular intervals reviews pricing mechanism for assets and liabilities of the Group.

#### 43.2.1.1 Mismatch of Interest Rate Sensitive Assets and Liabilities

2013												
Exposed to Yield / Interest risk												
Effective yield / interest rate	Total	Upto 1 month	Over 1 and upto 3 months	Over 3 and upto 6 months	Over 6 months and upto 1 year	Over 1 and upto 2 years	Over 2 and upto 3 years	Over 3 and upto 5 years	Over 5 and upto 10 years	Above 10 years	Non-interest bearing financial instruments	
Rupees in '000												
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
Cash and balances with treasury banks		23,820,864	893,182	-	-	-	-	-	-	-	-	22,927,682
Balances with other banks	6.00%	4,265,296	1,789,823	-	-	-	-	-	-	-	-	2,475,473
Lending to financial institutions	8.83%	11,407,448	11,307,448	100,000	-	-	-	-	-	-	-	-
Investments - net	9.13%	123,973,891	12,836,400	49,785,327	52,834,462	1,107,054	1,695,830	1,079,775	645,353	1,188,541	294,263	2,506,886
Advances - net	8.09%	157,239,598	47,157,092	109,899,835	-	-	-	-	-	-	-	182,671
Other assets		4,176,503	-	-	-	-	-	-	-	-	-	4,176,503
		324,883,600	73,983,945	159,785,162	52,834,462	1,107,054	1,695,830	1,079,775	645,353	1,188,541	294,263	32,269,215
<b>Liabilities</b>												
Bills payable		1,506,335	-	-	-	-	-	-	-	-	-	1,506,335
Borrowings	9.06%	22,802,482	14,801,748	4,979,067	2,243,417	10,696	328,710	71,947	44,502	290,915	-	31,480
Deposits and other accounts	6.94%	306,560,694	29,088,178	154,328,640	27,582,570	31,510,135	447,141	26,500	121,417	-	-	63,456,113
Liabilities against assets subject to finance lease	12.40%	2,386	98	2,288	-	-	-	-	-	-	-	-
Other liabilities		7,847,501	-	-	-	-	-	-	-	-	-	7,847,501
		338,719,398	43,890,024	159,309,995	29,825,987	31,520,831	775,851	98,447	165,919	290,915	-	72,841,429
<b>On-balance sheet gap</b>		(13,835,798)	30,093,921	475,167	23,008,475	(30,413,777)	919,979	981,328	479,434	897,626	294,263	(40,572,214)

2013												
Exposed to Yield / Interest risk												
Effective yield / interest rate	Total	Upto 1 month	Over 1 and upto 3 months	Over 3 and upto 6 months	Over 6 months and upto 1 year	Over 1 and upto 2 years	Over 2 and upto 3 years	Over 3 and upto 5 years	Over 5 and upto 10 years	Above 10 years	Non-interest bearing financial instruments	
Rupees in '000												
<b>Off-balance sheet financial instruments</b>												
Forward foreign exchange contracts												
- purchase	4,433,928	3,206,852	1,173,217	53,859	-	-	-	-	-	-	-	-
- sale	5,382,084	2,468,957	1,823,127	1,090,000	-	-	-	-	-	-	-	-
<b>Off-balance sheet gap</b>	(948,156)	737,895	(649,910)	(1,036,141)	-	-	-	-	-	-	-	-
<b>Total yield/interest risk sensitivity gap</b>		30,831,816	(174,743)	21,972,334	(30,413,777)	919,979	981,328	479,434	897,626	294,263	(40,572,214)	
<b>Cumulative yield/interest risk sensitivity gap</b>		30,831,816	30,657,073	52,629,407	22,215,630	23,135,609	24,116,937	24,596,371	25,493,997	25,788,260	(14,783,954)	

#### 43.2.2 Foreign exchange risk

The Group's foreign exchange exposure comprises of forward contracts, purchases of foreign bills, foreign currency cash in hand, balances with banks abroad, foreign currency placements with foreign commercial banks and foreign currency deposits. The Group manages its foreign exchange exposure by matching foreign currency assets and liabilities. The net open position and nostro balances are managed within the statutory limits, as fixed by the SBP. Counter parties limits are also fixed to limit risk concentration.

2013				
	Assets	Liabilities	Off-balance sheet items	Net foreign currency
Rupees in '000				
Pakistan Rupee	349,007,043	333,212,655	948,156	16,742,544
United States Dollar	3,320,925	4,849,576	(1,182,815)	(2,711,466)
Great Britain Pound	224,870	446,428	-	(221,558)
Japanese Yen	866	-	-	866
Euro	97,370	677,972	234,659	(345,943)
Others	23,183	30,469	-	(7,286)
	352,674,257	339,217,100	-	13,457,157

### 43.2.3 Equity position risk

Equity position risk arises from exposure to securities that represent an ownership interest in a company in the form of ordinary shares or other equity-linked instruments. The instruments held by the Group that would lead to this exposure include, but are not limited to, the following:

- Shares of listed and unlisted companies
- Preference shares falling on equity criteria
- Equity-based mutual funds

These investments are carried at fair market value with regular revaluations. The Group prefers to hold long-term exposures for securities held in 'available for sale' category to avoid seasonal or cyclical downfalls in the prices of such securities.

### 43.3 Liquidity Risk

**43.3.1** Liquidity risk is the potential for loss to an institution arising from either its inability to meet its obligations or to fund increase in assets as they fall due without incurring unacceptable cost or losses. The Group's ALCO is primarily responsible to ensure adequate maintenance and monitoring of liquidity and minimization of liquidity risk. The Group manages its liquidity risk by continuous monitoring of the maturity profiles of its assets and liabilities, strengthening of its credit recovery procedures by focusing on retail and medium-sized customers and managing open positions through effective treasury operations. Allocation of funds towards various business prepositions and pricing of assets and liabilities of the Group are given significant importance.



### 43.3.2 Maturities of assets and liabilities - based on expected maturities

2013

	Total	Upto 1 month	Over 1 and upto 3 months	Over 3 and upto 6 months	Over 6 months and upto 1 year	Over 1 and upto 2 years	Over 2 and upto 3 years	Over 3 and upto 5 years	Over 5 and upto 10 years	Over 10 years
<b>Rupees in '000</b>										
<b>Assets</b>										
Cash and balances with treasury banks	23,820,864	23,820,864	-	-	-	-	-	-	-	-
Balances with other banks	4,265,296	4,265,296	-	-	-	-	-	-	-	-
Lendings to financial institutions	11,407,448	11,307,448	100,000	-	-	-	-	-	-	-
Investments - net	123,973,891	12,789,189	49,190,135	52,744,091	1,135,419	1,036,017	1,465,136	3,908,866	1,393,027	312,011
Advances - net	157,239,598	47,157,092	30,708,370	6,970,091	14,063,304	6,477,435	5,065,270	23,669,449	20,430,544	2,698,043
Operating fixed assets	3,514,801	19,783	39,566	59,349	118,698	237,396	237,396	474,792	1,186,980	1,140,841
Deferred tax assets - net	12,627,352	231,000	462,000	693,000	1,386,000	3,096,000	2,388,000	4,371,352	-	-
Other assets	15,825,007	4,229,789	118,386	238,341	11,238,491	-	-	-	-	-
	352,674,257	103,820,461	80,618,457	60,704,872	27,941,912	10,846,848	9,155,802	32,424,459	23,010,551	4,150,895
<b>Liabilities</b>										
Bills payable	1,506,335	1,506,335	-	-	-	-	-	-	-	-
Borrowings	22,802,482	14,833,228	4,979,067	2,243,417	10,696	328,710	71,947	44,502	290,915	-
Deposits and other accounts	306,560,694	62,249,409	58,503,528	46,700,450	51,769,045	18,229,088	17,273,089	17,363,188	17,236,450	17,236,446
Liabilities against assets subject to finance lease	2,386	98	201	311	660	1,116	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	8,345,203	4,529,684	2,333	2,852	501,899	186,193	233,778	2,842,202	46,262	-
	339,217,100	83,118,754	63,485,129	48,947,030	52,282,300	18,745,107	17,578,814	20,249,892	17,573,627	17,236,446
<b>Net assets</b>	13,457,157	20,701,707	17,133,328	11,757,842	(24,340,388)	(7,898,259)	(8,423,012)	12,174,567	5,436,924	(13,085,551)
Share capital	10,551,132									
Discount on issue of shares	(263,158)									
Reserves	1,539,659									
Accumulated losses	(11,275,026)									
Share deposit money	552,607									
	12,000,000									
Surplus on revaluation of assets - net of tax	12,552,607									
	904,550									
	13,457,157									

43.3.3 Deposit account without contractual maturities have been classified by taking into account historical trend of their withdrawal pattern, which shows that 15% of such deposits mature in each of the first two categories mentioned above and 10% mature in each of the remaining seven categories.

### 43.3.4 Maturities of assets and liabilities - based on contractual maturities

	2013									
	Total	Upto 1 month	Over 1 and upto 3 months	Over 3 and upto 6 months	Over 6 months and upto 1 year	Over 1 and upto 2 years	Over 2 and upto 3 years	over 3 and upto 5 years	Over 5 and upto 10 years	Over 10 years
	Rupees in '000									
<b>Assets</b>										
Cash and balances with treasury banks	23,820,864	23,820,864	-	-	-	-	-	-	-	-
Balances with other banks	4,265,296	4,265,296	-	-	-	-	-	-	-	-
Lendings to financial institutions	11,407,448	11,307,448	100,000	-	-	-	-	-	-	-
Investments - net	123,973,891	12,789,189	49,190,135	52,744,091	1,135,419	1,036,017	1,465,136	3,908,866	1,393,027	312,011
Advances - net	157,239,598	47,157,092	30,708,370	6,970,091	14,063,304	6,477,435	5,065,270	23,669,449	20,430,544	2,698,043
Operating fixed assets	3,514,801	19,783	39,566	59,349	118,698	237,396	237,396	474,792	1,186,980	1,140,841
Deferred tax assets - net	12,627,352	231,000	462,000	693,000	1,386,000	3,096,000	2,388,000	4,371,352	-	-
Other assets	15,825,007	4,229,789	118,386	238,341	11,238,491	-	-	-	-	-
	352,674,257	103,820,461	80,618,457	60,704,872	27,941,912	10,846,848	9,155,802	32,424,459	23,010,551	4,150,895
<b>Liabilities</b>										
Bills payable	1,506,335	1,506,335	-	-	-	-	-	-	-	-
Borrowings	22,802,482	14,833,228	4,979,067	2,243,417	10,696	328,710	71,947	44,502	290,915	-
Deposits and other accounts	306,560,694	208,759,220	32,648,855	29,464,002	34,532,597	992,640	36,641	126,738	-	-
Liabilities against assets subject to finance lease	2,386	98	201	311	660	1,116	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	8,345,203	4,529,684	2,333	2,852	501,899	186,193	233,778	2,842,202	46,262	-
	339,217,100	229,628,565	37,630,456	31,710,582	35,045,852	1,508,659	342,366	3,013,442	337,177	-
<b>Net assets</b>	13,457,157	(125,808,104)	42,988,001	28,994,290	(7,103,940)	9,338,189	8,813,436	29,411,017	22,673,374	4,150,895
Share capital	10,551,132									
Discount on issue of shares	(263,158)									
Reserves	1,539,659									
Accumulated losses	(11,275,026)									
	552,607									
Share deposit money	12,000,000									
	12,552,607									
Surplus on revaluation of assets - net of tax	904,550									
	13,457,157									

#### 43.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. The Group cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Group is able to manage operational risk. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and appraisal procedures, including the use of internal audit. The Group has established a comprehensive business continuity plan to deal with the risk of financial loss and damage to reputation arising from operational risk factors.

#### 44. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on March 14, 2014 by the Board of Directors of the Bank.

#### 45. GENERAL

45.1 These consolidated financial statements have been prepared in accordance with the revised forms of annual financial statements of commercial banks issued by SBP vide BSD Circular No. 04 dated 17 February 2006 and other circulars issued from time to time.

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

45.3 Corresponding figures have been re-arranged and re-classified wherever necessary, for the purpose of comparison. However no significant reclassification has been made.

Chairman

President

Director

Director

# ISLAMIC BANKING BUSINESS

The Group has started Islamic banking operations during the year ended December 31, 2013. As at close of the December 2013, 07 Islamic banking branches were operating.

## STATEMENT OF FINANCIAL POSITION

As at December 31, 2013

	Note	2013 Rupees in '000	2012
<b>ASSETS</b>			
Cash and balances with treasury banks		157,253	-
Balances with other banks		19,239	-
Due from financial institutions		477,000	-
Investments		631,876	-
Islamic financing and related services	A-I.1	385,000	-
Operating fixed assets		31,218	-
Deferred tax assets		-	-
Other assets		40,200	-
<b>TOTAL ASSETS</b>		<b>1,741,786</b>	<b>-</b>
<b>LIABILITIES</b>			
Bills payable		1,422	-
Due to financial institutions		-	-
Deposit and other accounts		-	-
- Current accounts		660,556	-
- Saving accounts		425,985	-
- Term deposits		7,100	-
- Others		12,846	-
- Deposits from financial institutions - remunerative		-	-
- Deposits from financial institutions - non-remunerative		-	-
Due to head office		109,565	-
Other liabilities		5,784	-
		1,223,258	-
<b>NET ASSETS</b>		<b>518,528</b>	<b>-</b>

	2013	2012
	Rupees in '000	
<b>REPRESENTED BY</b>		
Islamic banking fund	500,000	-
Reserves	-	-
Unappropriated profit	13,095	-
	513,095	-
Surplus on revaluation of assets	5,433	-
	518,528	-
Remuneration to shariah advisor / board	2,126	-
<b>CHARITY FUND</b>		
Opening balance	-	-
Additions during the year	19	-
Payments / utilization during the year	-	-
Closing balance	19	-

# ISLAMIC BANKING BUSINESS-PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2013

Annexure I

	2013	2012
	Rupees in '000	
<b>Profit/return earned on financing, investment and placements</b>	82,002	-
<b>Return on deposits and other dues expensed</b>	14,437	-
<b>Net spread earned</b>	67,565	-
Provision against non-performing advances	-	-
Provision against consumer financings	-	-
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
Income after provisions	67,565	-
<b>Other Income</b>		
Fee, commission and brokerage income	2,486	-
Dividend income	-	-
Income from dealing in foreign currencies	2,377	-
Gain on sale and redemption of securities	-	-
Unrealized (loss) / gain on revaluation of investments classified as held for trading	-	-
Other income	1,276	-
Total other income	6,139	-
<b>Other expenses</b>	73,704	-
Administrative expenses	60,609	-
Other provisions/write offs/reversals	-	-
Other charges	-	-
Total other expenses	60,609	-
Extra ordinary / unusual items	13,095	-
	-	-
<b>Profit before taxation</b>	13,095	-

# NOTES TO THE ANNEXURE I

Annexure I

	2013	2012
	Rupees in '000	
<b>A-I.1 Islamic financing and related assets</b>		
Against murabaha	135,000	-
Against diminishing musharaka	250,000	-
	385,000	-
<b>A-I.1.1 Islamic mode of financing</b>		
Financings/Investments/Receivables	-	-
Advances	385,000	-
Assets/Inventories	-	-
Others	-	-
	385,000	-
<b>A-I.1.2 Against murabaha</b>		
Financings/Investments/Receivables	-	-
Advances	-	-
Assets/Inventories	135,000	-
Others	-	-
	135,000	-
<b>A-I.1.3 Diminishing musharakah</b>		
Financings/Investments/Receivables	-	-
Advances	250,000	-
Assets/Inventories	-	-
Others	-	-
	250,000	-

**A-I.2** BOP Islamic Banking Division is maintaining a General Pool for profit declaration and distribution.

**a) General Pool**

The General Pool comprises deposits from depositors, funds from Equity inclusive of Current Account Holders and Mudaraba Placements from BOP Head Office. The Bank acts as Manager (Mudarib) and invests the funds in Shariah Compliant modes of financings, Investments and Placements. The profit of the Pool is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the profit calculation period.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

**b) Weightages for distribution of profit in general pool**

Return on saving accounts and deposit is paid on the basis of daily products and weightages average system. Different weightages are assigned to different types of accounts.

While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period, nature and type of deposit/ fund.
- Payment cycle of profit on such deposit/ fund, i.e. monthly, quarterly or on maturity
- Magnitude of risk

**c) Identification and allocation of pool related income & expenses**

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

**d) Parameters associated with risk and rewards**

Following are the consideration attached with risk & reward of general pool:

- Period, return, safety, security and liquidity of investment
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected withdrawals of deposits according to the maturities affecting the deposit base.
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organizations as regulated in Pakistan.
- Element of Risk attached to various types of investments.
- SBP rules & Shariah Clearance.



	2013	2012
	Rupees in '000	
<b>A-I.3 Avenues / Sectors of economy/business where Mudaraba based deposits have been deployed:</b>		
Federal and provincial governments	136,443	-
GOP ijara sukuk	630,443	-
Transport, storage and communication	250,000	-
Others	496,239	-
	1,513,125	-

#### A-I.4 Charging expenses

The direct expenses are being charged to the pool, while indirect expenses including the establishment cost is being borne by BOP IBD as Mudarib. The direct expenses to be charged to the pool may include cost of sales of inventories, insurance / Takaful expenses of pool assets, stamp fee or documentation charges, brokerage fee for purchase of securities/commodities etc.

#### Provisions

No provision was made in the year 2013.

	2013	
	Rupees in '000	Percentage
<b>A-I.5 Mudarib share (in amount and percentage of distributable income):</b>		
Rabbul Mal	11,509	59
Mudarib	7,996	41
<b>Distributable income</b>	19,505	100

## A-I.6 Amount &amp; percentage of mudarib share transferred to depositors through Hiba:

	2013	
	Rupees in '000	Percentage
Mudarib share	7,996	
Hiba	620	
Hiba percentage of mudarib share		7.75
This is not a special Hiba as such. This Hiba has been distributed across the board to all the investment account holders.		
<b>Profit rate earned vs profit rate distributed to the depositors during the year:</b>		
Profit rate earned		8.90
Profit rates distributed to depositors		5.10

## 1 Ordinary shares / certificates of listed companies and modarabas

Number of shares		Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
<b>Held for trading:</b>								
-	135,000	Nishat Mills Limited	-	8,819	-	8,620	-	-
-	42,000	Hub Power Company Limited	-	1,940	-	1,900	AA+,A1+	-
-	20,000	Pak Petroleum Limited	-	3,511	-	3,536	-	-
-	75,000	Pakistan Telecommunication Company Limited	-	1,290	-	1,301	-	-
25,000	55,000	Engro Corporation Limited	4,055	5,385	3,960	5,062	A,A1	A,A1
-	25,000	Fauji Fertilizer Bin Qasim Limited	-	962	-	965	-	-
-	50,000	Engro Polymer & Chemicals Limited	-	540	-	506	-	-
50,142	-	Adamjee Insurance Company Limited	1,467	-	1,874	-	AA	AA
200,000	-	D.G.Khan Cement Company Limited	16,934	-	17,146	-	-	-
			22,456	22,447	22,980	21,890		
<b>Available for sale:</b>								
70,500	70,500	(Colony) Sarhad Textile Mills Limited	16	16	-	-	-	-
98,000	98,000	Accord Textile Mills Limited	59	59	-	-	-	-
100,758	-	Adamjee Insurance Company Limited	3,619	-	3,765	-	AA	-
12,600	12,600	Adamjee Floorings Limited *	-	-	-	-	-	-
28,500	28,500	Adil Polypropylene Products Limited	-	-	-	-	-	-
57,700	57,700	Adamjee Paper & Board Mills Limited*	-	-	-	-	-	-
13,700	13,700	Afsar Textile Mills Limited	-	-	-	-	-	-
8,526,106	8,526,106	Agritech Limited	298,413	298,413	108,026	99,500	D	-
13,200	13,200	Al-Hussany Industries Limited *	-	-	-	-	-	-
40,500	40,500	Arag Industries Limited *	-	-	-	-	-	-
-	100,000	Al-Abbas Cement Industries Limited	-	948	-	589	-	-
243,841	243,841	Al-Abid Silk Mills Limited	10,158	10,158	3,950	4,270	-	-
68,500	68,500	Alif Textile Mills Limited *	-	-	-	-	-	-

Number of shares		Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
-	526,500	Allied Bank Limited	-	38,795	-	38,692	AA+,A1+	AA+,A1+
-	77,000	Al-Qaim Textile Mills Limited	-	85	-	-	-	-
4,500	4,500	Amazai Textile Mills Limited *	2	2	-	-	-	-
60,500	60,500	Apex Fabrics Limited *	-	-	-	-	-	-
8,500	8,500	Aslo Electronics	-	-	-	-	-	-
175,000	244,000	Asim Textile Mills Limited	455	634	4,244	-	-	-
-	4,489,500	Askari Bank Limited	-	66,565	-	77,309	AA, A1+	AA, A1+
36,200	36,200	Aswan Tentage & Canvas Mills Limited *	-	-	-	-	-	-
50,000	-	Attock Refinery Limited	10,574	-	10,384	-	AA,A1+	-
45,500	45,500	Awan Textile Mills Limited	-	-	-	-	-	-
44,500	44,500	Ayaz Textile Mills Limited	-	-	-	-	-	-
14,000	14,000	Bahawalpur Textile Mills Limited	-	-	-	-	-	-
167,500	167,500	Baluchistan Particle Board Limited	184	184	-	-	-	-
25,000	-	Bank Al-Habib Limited	1,022	-	1,039	-	AA+, A1+	AA+, A1+
57,500	57,500	Bela Engineering Limited	-	-	-	-	-	-
623,500	623,500	Bankers Equity Limited*	-	-	-	-	-	-
16,000	16,000	Baluchistan Foundation Tower Limited	-	-	-	-	-	-
18,100	18,100	Bawany Textile Mills Limited*	-	-	-	-	-	-
280,000	378,000	Burshane LPG (Pakistan) Limited	13,613	18,411	11,536	13,623	-	-
11,000	11,000	Casspak Industries Limited	-	-	-	-	-	-
7,500	7,500	Central Cotton Mills Limited*	-	-	-	-	-	-
2,000	2,000	Charsada Sugar Mills & Distillery Limited	-	-	-	-	-	-
50	50	Charsada Sugar Mills Preference Shares	-	-	-	-	-	-
9,400	9,400	Chilya C. Board *	-	-	-	-	-	-
17,500	17,500	Crescent Knitwear Limited	-	-	-	-	-	-
371	182,456	Crescent Fibers Limited	5	2,427	15	4,924	-	-
200,000	275,000	Crescent Jute Products Limited	250	344	504	498	-	-
156,000	156,000	Crescent Spinning Mills Limited	-	-	-	-	-	-
-	200,000	Crescent Steel & Allied & Products Limited	-	5,403	-	7,030	-	-
-	440,811	Crescent Textile Mills Limited	-	12,563	-	6,837	-	-
68,000	68,000	Crown Textile Mills Limited*	-	-	-	-	-	-

Number of shares		Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
15,000	15,000	Dadabhoy Construction Technology Limited	26	26	-	-	-	-
79,500	79,500	Dadabhoy Leasing Company Limited *	-	-	-	-	-	-
50,000	50,000	Data Textile Limited	21	21	25	25	-	-
-	353,996	Dawood Hercules Chemicals Limited	-	23,259	-	11,519	-	-
62,500	161,500	Emco Industries Limited	278	717	251	735	-	-
151,339	151,339	English Leasing Limited	168	168	-	98	-	-
40,000	130,000	Engro Corporation Limited	6,513	20,166	6,335	11,965	A, A1	A,A1
170,000	-	Engro Foods Limited	17,950	-	17,755	-	A+	-
4,900	4,900	Fateh Industries Limited	29	29	-	-	-	-
9,700	9,700	Fateh Sports Wear Limited	-	-	-	-	-	-
4,975	4,975	Fateh Textile Mills Limited	1,741	1,741	-	498	-	-
750,900	1,101,900	Fauji Fertilizer Company Limited	86,267	128,087	84,071	129,077	-	-
98	14,498	Fazal Textile Mills Limited	39	5,799	40	3,554	-	-
9,000	9,000	Fazal Vegetable Ghee Mills Limited	-	-	-	-	-	-
-	152,265	Ferozsons Laboratories Limited	-	11,753	-	12,198	-	-
-	1,000	First Capital Securities Corporation Limited	-	7	-	4	-	-
305,299	305,299	First IBL Modaraba	760	760	611	687	-	-
-	978,000	First National Bank Modaraba	-	9,780	-	5,477	-	A+, A1
13,320,694	13,551,129	First Punjab Modaraba	164,943	165,289	17,748	33,750	-	BBB,A3
110	62,610	First Tri-Star Modaraba	-	85	1	110	-	-
12,600	12,600	Greaves Airconditioning Limited*	-	-	-	-	-	-
35,300	35,300	Gypsum Corporation *	-	-	-	-	-	-
15,000	666,839	General Tyre And Rubber Company Of Pakistan Limited	402	17,860	791	17,698	-	-
-	70,000	Ghandara Nissan Limited	-	350	-	415	-	-
10,000	10,000	Ghulam Dadabhoy *	-	-	-	-	-	-
100,014	2,548,195	GlaxoSmithKline (Pakistan) Limited	6,739	188,859	13,623	186,859	-	-
14,500	14,500	Globe Textile Mills Limited	239	239	-	-	-	-
9,900	9,900	Ghaffar Textile Mills Limited	-	-	-	-	-	-
277,500	277,500	Gulistan Spinning Mills Limited	2,067	2,067	1,424	1,593	-	-
470,000	484,500	Gulistan Textile Mills Limited	11,650	12,010	7,520	7,268	-	-
21	12,611,321	Habib Metropolitan Bank Limited	-	260,180	1	237,723	AA+, A1+	AA+, A1+

Number of shares		Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
-	1,500	Hafiz Textile Mills Limited	-	23	-	-	-	-
90,000	90,000	Hajra Textile Mills Limited	57	57	-	65	-	-
55,500	55,500	Hakkim Textile Mills Limited	49	49	-	-	-	-
34,500	34,500	Hashmi Can Company Limited	207	207	-	-	-	-
-	98,000	Hinopak Motors Limited	-	17,258	-	8,599	-	-
24,200	24,200	H-Shaikh M. Hussain	-	-	-	-	-	-
590,000	1,395,000	Hub Power Company Limited	36,686	63,367	35,825	63,110	AA+, A1+	AA+, A1+
21,000	21,000	Hyderabad Electronics Industries Limited *	-	-	-	-	-	-
425	425	Industrial Development Bank of Pakistan	-	-	-	-	-	-
7,538	7,538	Innovative Invest Bank Limited	-	-	-	-	-	-
746,256	746,256	International Industries Limited	38,649	38,649	34,604	24,559	-	-
-	25,495	International Knit Wear Limited	-	293	-	164	-	-
-	1,540,000	Invest Capital Investment Bank Limited	-	2,234	-	2,618	-	-
35,500	35,500	Ittefaq Textile Mills Limited *	34	34	-	-	-	-
17,435	136,935	J. A. Textile Mills Limited	48	375	173	739	-	-
-	30,423	J. K. Spinning Mills Limited	-	234	-	756	-	-
361,097	361,097	Javed Omer Vohra And Company Limited	2,820	2,820	-	-	-	-
-	100,500	Johnson And Phillips (Pakistan) Limited	-	1,336	-	1,347	-	-
8,000	8,000	Junaid Cotton Mills Limited	-	-	-	-	-	-
8,000	8,000	Kaiser Art and Kraft Mills Limited	-	-	-	-	-	-
-	76,654	Karam Ceramics Limited	-	767	-	606	-	-
23,600	23,600	Karim Cotton Mills Limited	-	-	-	-	-	-
4,000	4,000	Karim Silk Mills Limited	-	-	-	-	-	-
-	300,000	KASB Bank Limited	-	1,344	-	729	BBB, A3	BBB, A3
34,700	34,700	Kaytex (Saleem Denim Industries Limited)*	35	35	-	-	-	-
-	100,000	Khalid Siraj Textile Mills Limited	-	118	-	255	-	-
13,500	13,500	Kohinoor Cotton Mills Limited*	-	-	-	-	-	-
-	50,000	Kohinoor Industries Limited	-	106	-	151	-	-
36,500	36,500	Kohinoor Looms Limited	-	-	-	-	-	-
130,000	400,000	Kohinoor Mills Limited	433	1,332	2,288	4,448	-	-
-	151,223	Kohinoor Sugar Mills Limited	-	752	-	832	-	-

Number of shares		Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
33,498	33,498	Karachi Pipe Mills Limited*	-	-	-	-	-	-
40,500	70,500	Land Mark Spinning Industries Limited	109	190	370	282	-	-
4,837	5,837	Leiner Pak Gelatine Limited	121	146	-	120	-	-
19,000	19,000	Lafayette Industries Synthetics Limited *	-	-	-	-	-	-
2,719,875	3,742,375	Lotte Pakistan PTA Limited	42,663	58,710	19,964	27,506	-	-
10,000	-	Lucky Cement Limited	3,023	-	2,999	-	-	-
50,000	-	Maple Leaf Cement Factory Limited	1,340	-	1,372	-	BB, B	BB,B
-	80,008	Maqbool Textile Mills Limited	-	921	-	1,537	-	-
-	753,840	Mari Gas Company Limited	-	82,814	-	74,140	-	-
10,000	-	Mari Petroleum Limited	2,429	-	2,127	-	-	-
25,300	25,300	Marr Fabrics Limited *	-	-	-	-	-	-
-	432,500	Masood Textile Mills Limited	-	10,361	-	11,310	-	-
60,000	-	MCB Bank Limited	17,440	-	16,870	-	AAA, A1+	-
158,100	158,100	Mehran Bank Limited	-	-	-	-	-	-
63,000	63,000	Medi Glass Limited	43	43	-	-	-	-
10,000	10,000	Mehr Dastgir Textile Mills Limited	-	-	-	-	-	-
26,500	26,500	Mehran Jute Mills Limited	-	-	-	-	-	-
37,500	37,500	Mian Mohammed Sugar Mills Limited	-	-	-	-	-	-
213,305	266,329	Mirpurkhas Sugar Mills Limited	8,158	12,911	8,745	10,959	-	-
-	390,000	Mohammad Farooq Textile Mills Limited	-	1,014	-	1,170	-	-
34,300	34,300	Mohib Textile Mills Limited	-	-	-	-	-	-
20,500	22,500	Moonlite (Pak) Limited	227	249	245	161	-	-
12,000	12,000	Morafco Industries Limited	-	-	-	-	-	-
12,000	12,000	Mubarik Dairies Limited	-	-	-	-	-	-
75,000	553,500	National Bank Of Pakistan	4,204	26,051	4,354	27,337	AAA, A-1+	AAA, A1+
15,100	15,100	Naveed Textile Mills Limited	-	-	-	-	-	-
300,000	-	Netsol Technology Limited	13,767	-	13,209	-	-	-
5,600	5,600	Nowshera Engineering Company Limited	-	-	-	-	-	-
-	2,225,000	NIB Bank Limited	-	9,189	-	5,852	AA-, A1+	AA-, A1+
-	810,500	Nishat (Chunian) Limited	-	19,499	-	28,400	A-, A-2	A-, A2
50,000	89,000	Nishat Mills Limited	6,185	5,298	6,362	5,683	-	AA-, A1+
156,065	156,065	Natover Lease & Refinance Limited	-	-	-	-	-	-

Number of shares		Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
5,600	5,600	National Match Industries	-	-	-	-	-	-
29,207	29,207	Norrie Textile Mills Limited	-	-	-	-	-	-
5,300	5,300	National Overseas	-	-	-	-	-	-
65,600	65,600	Nusrat Textile Mills Limited	-	-	-	-	-	-
20,000	-	Oil & Gas Development Company Limited	5,585	-	5,527	-	AAA,A-1+	-
-	22,514	Otsuka Pakistan Limited	-	889	-	850	-	-
2,935,789	2,280,789	Pak Gen Power Limited	71,915	45,553	63,736	47,988	AA, A1+	AA,A1+
-	-	Pak Datacom Limited	-	-	-	-	-	-
65,877	65,877	Pak Elektron Limited Convertible Preference Shares	-	-	-	-	-	-
12,500	12,500	Pak Ghee Industries Limited	2	2	-	-	-	-
50,000	-	Pak Petroleum Limited	10,729	-	10,698	-	-	-
197,632	197,632	Pak Elektron Limited-Non Convertible	-	-	-	-	-	-
25,050	-	Pakistan Oilfield Limited	12,099	-	12,468	-	-	-
22,200	22,200	Pakistan Paper Products Limited	-	-	-	-	-	-
220,200	391,700	Pakistan Refinery Limited	21,551	38,335	16,766	27,145	A-,A2	-
45,000	-	Pakistan Reinsurance Company Limited	1,321	-	1,280	-	AA	AA
26	170,726	Pakistan Services Limited	3	19,969	7	27,658	-	-
35,000	98,240	Pakistan State Oil Company Limited	11,685	24,115	11,628	22,812	AA+, A1+	AA+, A1+
725,000	-	Pakistan Telecommunication Company Limited	22,155	-	20,619	-	-	-
300	300	Pakistan Tobacco Company Limited	33	33	169	-	-	-
100,365	166,865	Pangrio Sugar Mills Limited	602	1,001	297	567	-	-
95,100	95,100	Punjab Building Products Limited	-	-	-	-	-	-
12,000	12,000	Punjab Cotton Mills Limited	-	-	-	-	-	-
49,200	49,200	Pearl Fabrics Company	-	-	-	-	-	-
23,100	23,100	Punjab Lamp Works Limited	-	-	-	-	-	-
15,500	15,500	Qayyum Spinning Mills Limited	-	-	-	-	-	-
500	500	Quality Steel Works Limited	-	-	-	-	-	-
12,000	12,000	Rex Baren Batteries Limited	-	-	-	-	-	-
4,200	4,200	Rcd Ball Bearings	-	-	-	-	-	-
167,500	167,500	Redco Textiles Limited	159	159	-	-	-	-
18,500	18,500	Regal Ceramics Limited	-	-	-	-	-	-
15,169	130,669	Ruby Textile Mills Limited	166	1,433	223	504	-	-



Number of shares		Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
77,000	77,000	Saitex Spinning Mills Limited	-	-	-	-	-	-
-	150,000	Samba Bank Limited	-	450	-	449	AA-, A-1	AA-A-1
-	110,000	Sanghar Sugar Mills Limited	-	1,375	-	2,409	-	-
-	31,500	Sardar Chemical Industries Limited	-	49	-	-	-	-
885	600,885	Saudi Pak Leasing Company Limited	1	721	2	1,953	-	-
55,000	55,000	Schon Textiles Limited	-	-	-	-	-	-
170,033	182,611	Security Paper Limited	6,687	8,617	11,953	9,372	AAA, A-1+	AAA, A1+
35,000	35,000	Service Industries Textile Limited	26	26	-	-	-	-
289,000	289,000	Service Fabrics Limited	72	72	-	-	-	-
95,000	347,807	Service Industries Limited (Shoes)	29,524	108,091	51,732	58,084	-	-
475,845	751,615	Shabbir Tiles And Ceramics Limited	5,200	8,644	4,235	6,501	-	-
190,180	514,180	Shahmurad Sugar Mills Limited	1,991	5,383	3,756	7,908	BBB+, A-2	BBB+, A2
74,900	74,900	Shahpur Textile Mills Limited	22	22	13	-	-	-
166,546	171,546	Shahtaj Sugar Mills Limited	13,157	13,552	14,323	13,742	-	-
16,800	16,800	Shahyar (O&E)Textile Mills Limited	-	-	-	-	-	-
143	325,643	Shakerganj Mills Limited	1	2,117	3	3,940	-	-
197,521	202,871	Siemens Pakistan Engineering Company Limited	266,478	273,696	270,406	157,160	-	-
23,500	23,500	Siftaq International Limited	24	24	-	-	-	-
-	3,717,000	Silkbank Limited	-	11,785	-	8,475	A-, A-2	A-A3
151,000	151,000	Sindh Alkalis Limited	-	-	-	-	-	-
16,500	16,500	Sindh Fine Textile Mills Limited	148	148	-	-	-	-
-	54,804	Sitara Energy Limited	-	1,178	-	1,562	-	-
94,300	94,300	Sunshine Cloth Limited	-	-	-	-	-	-
3,300	3,300	Sunrise Textile Limited	-	-	-	-	-	-
201	3,478,683	Soneri Bank Limited	1	24,317	2	24,664	AA-, A1+	AA-, A1+
47,500	47,500	Shahyar Textile Mills Limited	-	-	-	-	-	-
-	710,500	Sui Northern Gas Pipelines Limited	-	21,230	-	16,519	AA, A1+	AA, A1+
91,500	91,500	Sunshine Cotton Mills Limited	29	29	-	-	-	-
11,500	11,500	Suraj Ghee Industries Limited	-	-	-	-	-	-
20,000	20,000	Taga Pakistan Limited	-	-	-	-	-	-
301,500	301,500	Taj Textile Mills Limited	139	139	-	-	-	-
9,000	9,000	Tariq Cotton Mills Limited	-	-	-	-	-	-

Number of shares		Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
26,500	26,500	Tawakal Garments Industries Limited	-	-	-	-	-	-
24,000	24,000	Tawakkal Limited	-	-	-	-	-	-
101,000	101,000	First Tawakal Modaraba	-	-	-	-	-	-
70,063	134,563	Tristar Polyester Limited	80	153	169	303	-	-
2,700,037	3,850,537	Trust Investment Bank Limited	69,497	99,100	4,293	9,626	-	-
500	500	Trust Modaraba	6	6	2	2	-	-
37,000	37,000	Turbo Tubes Limited	-	-	-	-	-	-
150,000	350,000	United Bank Limited	19,502	29,308	19,883	29,285	AA+, A-1+	AA+, A1+
-	96,797	United Distributors Pakistan Limited	-	1,939	-	958	-	-
29,500	29,500	Uqab Breeding Farms Limited	-	-	-	-	-	-
90,000	130,000	Wah-Nobel Chemicals Limited	4,491	6,487	5,580	5,616	-	-
-	23,875	Wyeth Pak Limited	-	26,263	-	22,800	-	-
90,000	219,000	Yousuf Weaving Mills Limited	190	462	472	996	-	-
88,000	88,000	Zahur Textile Mills Limited	-	-	-	-	-	-
104,047	104,047	Zeal Pak Cement Factory Limited	-	-	-	-	-	-
4,296,556	4,296,556	Zephyr Textiles Limited	39,967	40,206	57,272	27,283	-	-
14,200	14,200	Zaffar Textile Mills Limited	-	-	-	-	-	-
			1,432,169	2,480,125	1,030,680	1,755,091		
			1,454,625	2,502,572	1,053,660	1,776,981		

\* Delisted Companies

## 2 Preference shares of listed companies

Number of shares		Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
1,545,397	1,545,397	Azgard Nine Limited	15,454	15,454	-	-	-	-
-	2,500,000	Fazal Cloth Mills Limited	-	25,000	-	25,000	-	A-, A2
8,000,000	8,000,000	Pak Elektron Limited (PEL)	80,000	80,000	40,000	40,000	-	-
7,500,000	7,500,000	Shakarganj Mills Limited	75,000	75,000	22,650	22,650	-	-
32,499,661	32,499,661	Agritech Limited**	324,997	324,997	292,497	328,246	-	-
			495,451	520,451	355,147	415,896		

\*\* Strategic Investment

## Other particulars of preference shares are as follows:

Particulars	Nominal value per share	Profit rate per annum	Profit payment	Redemption terms
Azgard Nine Limited	10	Fixed dividend at 8.95% per annum to be declared within 3-months of close of financial year on a cumulative basis.	Annually	50% of the issue amount at the end of 5th year of issuance/ allotment and remaining 50% at the end of 6th year subject to the provisions of Section 85 of the Companies Ordinance, 1984.
Fazal Cloth Mills Limited	10	Fixed dividend at 6 months KIBOR ask side + 250 bps per annum.	Annually	Issuer may redeem at its option the whole or minimum 20% of the outstanding face value at any time after completion of 3 years from the date of issue by giving at least 60 days notice.
Pak Elektron Limited (PEL)	10	Fixed dividend of 9.50% per annum payable if and when declared by the Company on a cumulative basis	Annually	Call option subject to maximum of 75% of the total issue within 90 days from the end of each financial year commencing from 3rd year and ending on 5th year and 100% of the issue size within 90 days of the end of each financial year commencing from 5th year by giving a notice of 30 days. 25% investment convertible at the option of investor exercisable after the 5th year in accordance with the formula mentioned in the prospectus.
Shakarganj Mills Limited	10	Preferred right of dividend at 8.50% per annum on a cumulative basis..	Annually	Principal will be redeemed at the end of 5th year from the issue date. Conversion option is exercisable at the end of every financial year from the date of issue at the option of holder in whole or in part or convertible by the Company in whole or part through tender. Conversion is set in the ratio of 167 ordinary shares for every 1,000 preference shares at face value of Rs. 10 each.
Agritech Limited	10	Fixed dividend of 11.00 % per annum on annual basis by the company on a cumulative basis.	Annually	The company will have the option to redeem the preference shares in full or in part with in ninety days after the expiry of the each anniversary of the completion date by giving at least thirty days notice. Preference shares can be converted in to ordinary shares from the fifth anniversary of the completion date.

### 3 Ordinary shares of unlisted company

Number of shares		Name of company	Cost		Break up Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
2,000,000	2,000,000	Bank Al Baraka (Formerly: Emirates Global Islamic Bank) (Chief Executive Officer: Shafqaat Ahmed)	25,000	25,000	13,169	13,680	-	-

### 4 Mutual funds units

Number of shares		Name of fund	Cost		Market Value		Rating (where available)	
2013	2012		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000			
<b>Open ended mutual funds</b>								
-	2,631,771	Faysal Assets & Allocation Fund	-	246,730	-	180,960	-	-
-	22,956	Askari Sovereign Cash Fund	-	2,165	-	2,308	-	AAA+(f)
-	297,082	Atlas Stock Market Fund	-	200,000	-	125,048	-	4-star
-	2,241,707	KASB Asset Allocation Fund	-	112,028	-	97,335	-	2-Star
-	2,005,311	MCB Dynamic Stock Fund	-	200,000	-	212,484	-	4-Star
-	16,873,263	NAFA Stock Fund	-	200,000	-	153,194	-	3-star
-	2,006,451	Pakistan International Element Islamic Fund	-	100,000	-	91,434	-	3-star
-	10,414,713	Reliance Income Fund	-	450,000	-	381,305	-	-
3,023,871	2,747,393	United Growth & Income Fund (Income)	294,234	294,234	249,808	219,847	BBB+(f)	BBB-(f)
18,442,660	17,113,202	IGI Aggressive Income Fund	776,000	750,000	791,745	747,578	A-(f)	A-(f)
<b>Close ended mutual funds</b>								
-	156,200	Atlas Fund of Funds	-	965	-	1,490	-	-
6,680,054	8,270,100	NAMCO Balance Fund	52,850	75,000	43,353	39,283	-	-
424	2,140,424	PICIC Investment Fund	2	11,751	5	15,133	-	-
			1,123,087	2,642,873	1,084,911	2,267,399		

## 5 Listed term finance certificates

Number of shares		Nominal value	Name of company/modaraba	Cost		Market Value		Rating (where available)	
2013	2012	per certificate		2013	2012	2013	2012	2013	2012
			Rupees in '000		Rupees in '000				
10,000	10,000	5	Askari Bank Limited	49,920	49,940	50,664	55,151	AA-	AA-
7,369	7,369	5	Azgard Nine Limited	10,362	10,362	-	-	D	D
35,000	35,000	5	Bank AL Habib Limited	174,370	174,510	183,089	195,591	AA	AA
10,000	10,000	5	Engro Chemical Pak Limited	48,756	48,776	49,875	48,669	A	-
13,886	13,886	5	Financial Receivables Securities Company Class B	5,784	17,351	5,784	17,482	-	-
-	3,406	5	NIB Bank Limited	-	14,060	-	14,095	A+	A+
-	16,655	5	Pak Arab Fertilizers Limited	-	12,946	-	24,991	-	AA
-	8,782	5	United Bank Limited	-	37,364	-	38,187	AA	AA
-	10,000	5	United Bank Limited - 1st issue	-	-	-	-	-	-
1,972	-	5	Azgard Nine Limited - 5th Issue	9,860	-	9,860	-	-	-
5,500	-	5	Jahangir Siddiqui & Company	323	-	323	-	-	-
5,000	-	5	World Call Telecom Limited	7,865	-	7,866	-	D	-
				307,240	365,308	307,461	394,166		

## Other particulars of preference shares are as follows:

Annexure II

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Askari Bank Limited	6 months KIBOR + 250 bps without any floor or cap	Semi-annually	0.32% of principal in the first 96 months and remaining principal in four equal semi-annual installment of 24.92% each starting from the 102nd from issue date.
Azgard Nine Limited	6 months KIBOR + 125 bps without any floor or cap.	Semi-annually	In nine unequal semi-annual installments starting from 30th month.
Bank AL Habib Limited	15.50% for the first five years and 16.00% for the next three years without any floor or cap	Quarterly	0.56% of principal in the first 84 months and remaining principal in four equal quarterly installments of 24.86% each starting from 87th month from issue date
Engro Chemical Pak Limited	6 months KIBOR + 155 bps without any floor or cap	Semi-annually	0.28% of principal in the first 84 months and remaining principal in two equal semi-annual installments of 49.86% starting from 90th month.
Financial Receivables Securities Company	6 months KIBOR + 200 bps with a Floor of 8.00% and Cap of 16.00%	Semi-annually	In 12 equal semi-annual installments starting from 18th month.
NIB Bank Limited	6 months KIBOR + 115 bps without any floor or cap.	Semi-annually	0.02% of principal in the first 60th month and remaining principal in six equal semi-annual installments of 16.66% each starting from 66th month from the issue date.
Pak Arab Fertilizers Limited	6 months KIBOR + 150 bps without any floor or cap.	Semi-annually	In six stepped - up semi-annual installments starting from the 30th month.
United Bank Limited	6 months KIBOR + 85 bps for the first five year and 6 months KIBOR + 135 bps for the remaining period without any floor or cap	Semi-annually	Bullet redemption at the end of 10th year.
United Bank Limited - 1st issue	Fixed at 100 bps + trading yield of 8-year PIBs as quoted on Reuters page 'PKRV'	Semi-annually	0.25% of principal in the first 78th month and remaining principal in three equal semi-annual installments of 33.25% each starting from 84th month from the issue date.
Azgard Nine Limited - 5th Issue	Floating rate of return at Base Rate (6 months KIBOR)+2.25% p.a. with no floor and cap.	Semi-annually	0.08% of principal in the first 24 months and remaining principal in ten equal semi annual installments of 9.992% each of the issue amount respectively, starting from 30th month.
Jahangir Siddiqui & Company	6 months KIBOR +1.7%	Semi-annually	TFC has a tenor of six years i-e 2007-2013 with a call option exercisable by the company any time after one year on a coupon date by giving 30 days notice at a premium of 1.00% on the outstanding face value.
World Call Telecom Limited	Floating rate of return at Base Rate+1.60% p.a. with no floor and cap.	Semi-annually	Principal repayments of PKR 547,910,302/- each on October 07, 2014; April 07, 2015; and October 07, 2015.

## 6 Unlisted term finance certificates

Annexure II

Number of certificate		Nominal value	Name of company	Cost		Carrying Value		Rating (where available)	
2013	2012	per certificate		2013	2012	2013	2012	2013	2012
				Rupees in '000		Rupees in '000			
33,000	33,000	5	AgriTech Limited	131,843	131,843	-	-	D	D
8,516	8,516	5	AgriTech Limited	38,449	38,449	-	-	D	D
260,000	260,000	5	AgriTech Limited	1,298,924	1,298,924	-	-	D	D
-	7,000	5	Al-Abbas Sugar Mills Limited	-	5,456	-	5,456	-	A+
32,000	32,000	5	Arzoo Textile Mills Limited	160,000	160,000	-	-	-	-
100,000	100,000	5	Azgard Nine Limited	216,753	216,753	-	-	D	D
34,456	34,456	5	Azgard Nine Limited	172,280	172,280	-	172,280	D	-
10,000	10,000	5	Bank Alfalah Limited	49,920	49,938	49,920	49,938	AA-	AA-
30,000	30,000	5	Eden Housing (Sukuk)	72,753	189,003	72,753	189,003	A	-
12,521	12,521	5	Engro Chemical Pakistan Limited	48,832	48,832	48,832	48,832	A	-
-	5,000	5	Jahangir Siddiqui & Company Limited	-	21,764	-	21,764	AA+	AA
80,000	80,000	5	JDW Sugar Mills Limited	44,444	133,333	44,444	133,333	A+	A+
6,114	6,114	5	Financial Receivables Securities Company	3,817	11,450	3,817	11,450	-	-
-	20,000	5	Kohat Cement (Sukuk)	-	2,491	-	2,491	-	-
23,951	23,951	5	Maple Leaf Cement Factory Limited	92,555	104,531	92,555	104,531	BB+	D
40,000	40,000	5	Martindow Pharmaceuticals Pakistan Limited	18,400	106,720	18,400	106,720	A	-
-	798	100	Orix Leasing Pakistan Limited	-	13,203	-	13,203	AA+	AA+
-	26,000	5	Pakistan Mobile Company Limited - 3rd issue	-	21,632	-	21,632	AA-	AA-
8,000	8,000	5	Pak Elektron Limited (Sukuk)	15,483	15,483	15,483	15,483	-	-
16,000	16,000	5	Pak Elektron Limited (Sukuk)	70,743	70,743	70,743	70,743	-	-
50,000	50,000	5	Pak Elektron Limited (Sukuk)	202,381	202,381	202,381	202,381	-	-
90,000	90,000	5	Pak Elektron Limited (Sukuk)	450,000	450,000	450,000	450,000	-	-
21,000	21,000	5	Pakistan International Airlines (PIA)	74,312	74,312	74,312	74,311	-	-
10,000	10,000	5	Security Leasing (Sukuk)	12,908	14,940	9,681	11,205	-	-
15,000	15,000	5	Security Leasing (Sukuk)	16,284	18,823	12,212	14,117	-	-
-	30,000	5	Sui Southern Gas Company Limited	-	150,000	-	150,000	-	-
24,711	24,711	15,000	Syed Bhais (Pvt) Limited	100,299	100,299	-	-	-	-
60,000	-	5	Wapda Hydroelectric (Neelum Jhelum)	300,000	-	300,000	-	AAA	-
40,000	-	5	Independent Media Corporation	190,000	-	190,000	-	A+	-
6,000	-	5	Azgard Nine Limited (3rd Issue)	30,013	-	-	-	-	-
6,000	-	5	Al-Abbas Sugar Mills Limited	53	-	53	-	-	-
2,000	-	5	Al-Zamin Leasing Corporation Limited	7,500	-	-	-	-	-
2,000	-	5	AgriTech Limited	7,465	-	-	-	D	-
7,000	-	5	AgriTech Limited -3rd Issue	9,569	-	-	-	D	-
1,493	-	5	AgriTech Limited -4rd Issue	31,429	-	-	-	-	-
2,000	-	5	Bank Al-Falah-Fixed	10,708	-	10,708	-	AA-	-
5,000	-	5	Kohat Cement Sukuk	4,994	-	4,994	-	-	-
300	-	5	Pakistan Mobile Communication Limited	6	-	6	-	-	-
18,000	-	5	New Allied Electronics Industries (Pvt) Limited	17,798	-	-	-	-	-
64,000	-	5	New Allied Electronics Industries (Pvt) Limited-Sukuk	10,064	-	-	-	-	-
8,000	-	5	Dewan Cement Limited (Pre IPO Investment)	20,000	-	-	-	-	-
				3,930,979	3,823,583	1,671,294	1,868,873		



## Other particulars of unlisted TFCs are as follows:

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Agritech Limited	6 months KIBOR + 175 bps without any floor or cap	Semi-annually	0.08% of principal in the first 24th month and remaining principal in ten equal semi-annual installments of 9.992% each starting from 30th month from the issue date.
Agritech Limited	6 months KIBOR + 200 bps without any floor or cap	Semi-annually	Up to ten consecutive equal semi-annual installments starting from 30th month from the issue date.
Agritech Limited	6 months KIBOR + 175 bps without any floor or cap	Semi-annually	In twelve semi-annual installments with stepped - up repayment in the month of January and July.
Al-Abbas Sugar Mills Limited	6 months KIBOR + 175 bps without any floor or cap	Semi-annually	In 10 equal semi-annual installments starting from 18th month from the issue date.
Arzoo Textile Mills Limited	6 months KIBOR + 200 bps for the first two year and 6 months KIBOR + 175 bps for the remaining period without any floor or cap	Quarterly	In ten equal semi-annual installments starting from 18th month from the draw down date.
Azgard Nine Limited - 1st issue	6 months KIBOR + 125 bps without any floor or cap	Semi-annually	0.08% of principal in the first 24th month and remaining principal in ten equal semi-annual installments of 9.992% each starting from 30th month from the issue date.
Azgard Nine Limited	Nil	Nil	Bi Annually payments of principal starting from 24th month from the issue date.
Bank Alfalah Limited	6 months KIBOR + 250 bps with a Floor of 7.00% . and Cap of 20.00%	Semi-annually	0.56% of principal in the first 84th month and remaining principal in four equal quarterly installments of 24.86% each starting from 87th month from the issue date.
Eden Housing (Sukuk)	6 months KIBOR + 300 bps with a Floor of 12.00% . and Cap of 20.00%	Semi-annually	Not less than 8 consecutive semiannual units, the first such unit falling due not later than 18th months from last drawdown.
Engro Chemical Pakistan Limited	6 months KIBOR + 155 bps without any floor or cap	Semi-annually	0.28% of principal in the first 84th month and remaining principal in two equal semi-annual installments of 49.86% each starting from 90th month from the issue date.
Jahangir Siddiqui & Company Limited	6 months KIBOR + 170 bps without any floor or cap	Semi-annually	0.2% of principal in the first 60th month and remaining principal in two equal semi-annual installments of 49.9% each starting from 66th month from the issue date.

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
JDW Sugar Mills Limited	3 months KIBOR + 125 bps without any floor or cap	Quarterly	In eighteen unequal quarterly installments starting from 21st month of the first drawdown.
Financial Receivables Securities Company	6 months KIBOR + 200 bps with a floor 8% and Cap 16%	Semi-annually	0.2% of principal in the first 60th month and remaining principal in two equal semi-annual installments of 49.9% each starting from 66th month from the issue date.
Kohat Cement (Sukuk)	3 months KIBOR + 150 bps without any floor or cap	Quarterly	In quarterly installments with first installment due on 20 September 2011.
Maple Leaf Cement Factory Limited	3 months KIBOR + 100 bps without any floor or cap	Quarterly	In thirty six quarterly installments with first installment due on 01 March 2010.
Martin Dow Pharmaceuticals Pakistan Limited	3 months KIBOR (ask) + 380 bps without any floor or cap	Monthly	In sixteen equal quarterly installments starting from 15th month from the issue date.
Orix Leasing Pakistan Limited	6 months KIBOR + 120 bps without any floor or cap	Semi-annually	0.08% of principal in the first 24th month and remaining principal in six equal semi-annual installments of 16.65% each starting from 30th month from the issue date.
Pakistan Mobile Company-3rd issue	6 months KIBOR (ask) + 285 bps without any floor or cap	Semi-annually	In six equal semi-annual installments starting from 54th month.
Pak Elektron Limited (Sukuk)	3 months KIBOR (ask) + 125 bps with a Floor of 10.00% and Cap of 25.00%	Quarterly	In quarterly installments with first installment due on 28 June 2013.
Pak Elektron Limited (Sukuk)	3 months KIBOR (ask) + 100 bps with a Floor of 8.00% and Cap of 16.00%	Quarterly	In quarterly installments with first installment due on 30 June 2013.
Pak Elektron Limited (Sukuk)	3 months KIBOR (ask) + 300 bps without any floor or cap	Semi-annually	In quarterly installments with first installment due on 30 June 2013.
Pak Elektron Limited (Sukuk)	3 months KIBOR (ask) + 100 bps with a Floor of 8.00% and Cap of 16.00%	Semi-annually	In quarterly installments with first installment due on 30 June 2013.
Pakistan International Airlines (PIA)	SBP discount rate + 50 bps with a Floor of 8.00% and Cap of 12.50%	Semi-annually	15.2% of principal in the first 48th month and remaining principal in six equal semi-annual installments of 14.13% each starting from 54th month from the issue date.
Security Leasing (Sukuk)	Nil	Semi-annually	Up to eight equal semi-annual installment starting from 18th month from first drawdown date.

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Security Leasing (Sukuk)	Nil	Semi-annually	In eight equal semi-annual installments starting from 18th month.
Sui Southern Gas Company Limited	3 months KIBOR (ask) + 20 bps with a Floor of 5.00% and Cap of 20.00%	Quarterly	Not less than eight consecutive quarterly units the first unit falling due not later than 33rd month from the last draw down date.
Syed Bhais (Pvt) Limited	3 months KIBOR (ask) + 380 bps without any floor or cap	Quarterly	In sixteen equal quarterly installments starting from 27th month from the issue date.
Syed Bhais (Pvt) Limited	Average ask rate of 3 months KIBOR + 300 bps with no floor or cap	Quarterly	Principal to be repaid in 16 quarterly installments after grace period of 2 years.
Wapda Hydroelectric (Neelum Jhelum)	6 months KIBOR +100 bps	Semi-annually	Principal to be repaid in 14 equal semi annual installments starting from 27-03-2015.
Independent Media Corporation	3 months KIBOR +300 bps	Quarterly	Principal to be repaid in 20 quarterly installments starting from 05-11-2013.
Azgard Nine Limited (3rd Issue)	Floating rate of return at Base Rate (6 months KIBOR)+2.25% p.a. with no floor and cap.	Semi-annually	0.08% of principal in the first 24 months and remaining principal in ten equal semi annual installments of 9.992% each of the issue amount respectively, starting from 30th month.
Al-Abbas Sugar Mills Limited	6 month KIBOR +1.75%	Semi-annually	TFC will be redeemed in 10 equal bi-annual installments of Rs.75 million each commencing from May 2009.
Al-Zamin Leasing Corporation Limited	Floating cut-off yield of last successful SBP auction of 5-year PIBs+200 bps.Floor 12% & Cap 15.75%	Semi-annually	Principal to be redeemed in 10 equal semi-annual installments commencing from the 6th month of issue date. Callable anytime in full after 18th month of issue.
Agritech Limited	6 month KIBOR +1.75%	Semi-annually	Principal to be repaid in 15 unequal semi equal installments. First two installments are just token payments due on 31 July 2010 and 31 August 2010 which have been paid, remaining installments are to be paid semi annually starting from 29 November 2013.
Agritech Limited - 3rd Issue	3 months KIBOR +3.25% p.a., payable quarterly.	Quarterly	Principal to be repaid in 28 unequal installments. First two installments are just token payments due on 31 October 2010 and 30 November 2010 which have been paid, remaining installments are to be paid quarterly starting from 01 September 2013.
Agritech Limited - 4rd Issue	Nil	Semi-annually	Principal to be redeemed in six (6) un-equal semi-annual installments starting from 01 January 2012.
Bank Al-Falah - Fixed	Floating rate of return at Base Rate (6 months KIBOR)+2.50% p.a.	Semi-annually	3- equal semi annual installments commencing 84th month after the issue date.

Particulars	Mark-up rate per annum	Mark-up payment	Redemption terms
Kohat Cement Sukuk	3 months KIBOR + 1.5%	Quarterly	Principal to be redeemed in eight (8) equal quarterly installments commencing 20 September, 2012.
Pakistan Mobile Communication Limited	6 months KIBOR + 285 Baiss Points	Semi-annually	0.02% of principal redeemed semi-annually in the first 48 months and remaining amount in 6 semi annual installments.
New Allied Electronics Industries (Pvt) Limited	3 months Kibor + 220 bps with floor of 7% and Cap of 20%	Semi-annually	Maturity date is November 01, 2012.
New Allied Electronics Industries (Pvt) Limited	3 months Kibor + 220 bps	Semi-annually	Based on diminishing musharaka mechanism with maturity in December 2012.
Dewan Cement Limited (Pre IPO Investment)	6 months KIBOR + 2 % p.a.	Semi-annually	9- equal semi annual installments starting from the twenty fourth month of the issue.

## 7 Federal government securities

	Cost		Market Value		Rating (where available)	
	2013	2012	2013	2012	2013	2012
	Rupees in '000		Rupees in '000			
<b>Held for trading:</b>						
Pakistan market treasury bills	9,829,190	13,087,358	9,824,370	13,097,309	-	-
Pakistan investment bonds	-	102,487	-	101,713	-	-
	9,829,190	13,189,845	9,824,370	13,199,022		
<b>Available for sale:</b>						
Pakistan market treasury bills	103,921,013	88,136,528	103,687,274	88,196,849	-	-
Pakistan investment bonds	4,161,633	19,096,422	4,006,339	19,530,518	-	-
Ijara sukuk	701,442	-	707,663	-	-	-
	108,784,088	107,232,950	108,401,276	107,727,367	-	-
	118,613,278	120,422,795	118,225,646	120,926,389	-	-

# STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2013

*Annexure III*

S. No.	Name and address of the borrower	Name of individuals/partners/directors with CNIC No.	Father's/husband's name	Branch name	Region	Outstanding liabilities at beginning of year					Principal written off	Interest /mark-up /other charges capitalized written-off	Interest /mark-up written-off	Other financial relief provided	Total
						Principal	Interest/mark-up /other charges capitalized	Interest/mark-up	Others	Total					
<b>Rs in '000</b>															
1	Sajid Irshad 782-1-10/2 Islamabad	Sajid Irshad (61101-1888535-9)	Muhammad Irshad	M.M Tower	Lahore	886	-	997	-	1,883	-	-	518	-	518
2	Aseer Ahmad Khan H#121-C Model Town, Lahore	Aseer Ahmad Khan (35202-6786264-9)	Ashfaq Ahmed	M.M Tower	Lahore	662	-	477	-	1,139	-	-	533	-	533
3	Amir Aziz Malik House # 144, Near Chungi # 01, New Air Port Road, Multan	Amir Aziz Malik (36302-9139512-3)	Malik Aziz ur Rehman	M.M Tower	Lahore	1,365	-	1,208	-	2,573	-	-	631	-	631
4	Tariq Mehmood Dhoke Malikan PO Khewra Teh P.D. Khan Jehlum	Tariq Mehmood (37302-7518907-9)	Muhammad Yaqoob	M.M Tower	Lahore	1,427	-	1,127	-	2,554	-	-	791	-	791
5	Syeda Seema Safdar H # 152 C-11 M.A. Johar Town, Lahore	Syeda Seema Safdar (35202-7175317-1)	Syed Safdar Raza	M.M Tower	Lahore	2,766	-	1,366	-	4,132	-	-	988	-	988
6	Aamir Iftikhar Ahmed H # 144 Block C-1 Faisal Town, Lahore	Aamir Iftikhar Ahmed (35202-2966971-9)	Qazi Iftikhar Ahmed	Main Branch	Lahore	2,008	-	1,746	-	3,754	-	-	1,136	-	1,136
7	Muhammad Anwar Ch. Surrayia Azeem Kidney Centre, First Floor, 2nd Phase Building	Muhammad Anwar Ch. (35202-7794050-9)	Umer Din	M.M Tower	Lahore	714	-	1,769	-	2,483	-	-	901	-	901
8	Famous Brands (Pvt) Ltd Plot No.52, Sector B-1, Quaid-e-Azam Town, Township, Lahore.	Syed Muhammad Jawad Ahsan (35202-6356700-9) Muhammad Yawar Irfan Khan (35202-6657307-7) Muhammad Ahmed Irfan Khan (35202-0268314-1)	Syed Muhammad Ahsan  Muhammad Irfan Ullah Khan Muhammad Irfan Ullah Khan	M.M Tower	Lahore	20,344	-	42,872	-	63,216	-	-	17,826	-	17,826
9	Mughals Pakistan (Pvt) Ltd. 57-Main Ghazi Road, Opp. Allama Iqbal Int'l Airport, Lahore.	Muhammad Akram Mughal (35201-1606618-5) Amir Shafi Akram (35201-1524501-3)	Muhammad Shafi Mughal  Muhammad Akram Mughal	Main Branch	Lahore	445,329	-	181,257	-	626,586	-	-	57,656	-	57,656
10	Javed Enterprises 10-K.M. Raiwind Road, Lahore	Javed Iqbal (35202-8633382-5)	Chaudhry Muhammad Sharif	M.M Tower	Lahore	14,329	-	11,449	-	25,778	-	-	1,486	-	1,486

S. No.	Name and address of the borrower	Name of individuals/partners/directors with CNIC No.	Father's/husband's name	Branch name	Region	Outstanding liabilities at beginning of year					Principal written off	Interest /mark-up /other charges capitalized written-off	Interest /mark-up written-off	Other financial relief provided	Total
						Principal	Interest/mark-up /other charges capitalized	Interest/ mark-up	Others	Total					
<b>Rs in '000</b>															
11	Mumtaz Enterprises Shop # 01, Latif Centre Aabkari Road, Lahore	Mumtaz Malik (35202-6797379-9)	Malik Abdul Karim	New Anarkali	Lahore	14,073	-	1,019	-	15,092	-	-	1,019	-	1,019
12	Ittemad Cotton Industries (Pvt) Ltd. Fareed Nagar, Depalpur Road, Pakpattan	M. Jameel Ahmed (36402-9983070-5) M. Aqeel Ahmed (36402-0462388-7) Mst. Uzma (36601-687200-0) M. Bashir Ahmed (36402-4626858-7)	Muhammad Tufail Noori Muhammad Tufail Noori Muhammad Tufail Noori Muhammad Tufail Noori	Pakpattan	Multan	4,802	-	2,494	2	7,298	-	-	2,327	-	2,327
13	Ranja Enterprises (Pvt) Ltd. 17-D-3, Model Town V, Lahore	Chaudhry Omer Nazir (35202-8280025-9) Yasmeen Omer Nazir (35202-7045331-6)	Chaudhry Imtiaz Nazir Chaudhry Omer Nazir	Main Branch	Lahore	11,803	-	1,877	-	13,680	-	-	825	-	825
14	Khan Brothers 49- Tail, Sargodha	Zafar Ullah Khan (38403-2110758-9)	Shukar Din	Shaheen Chowk Sargodha	Faisalabad	1,196	-	-	-	1,196	1,196	-	-	-	1,196
15	Fine Line Syndicate H # 17, St. # 06, Lane # V, (Ext) Cavalary Ground, Lahore	Iftikhar Ahmed Ch. (Deceased) (35201-3716271-5)	Chaudhry Muhammad Yaqoob	Cavalary Ground	Lahore	1,935	-	886	-	2,821	-	-	886	-	886
						523,639	-	250,544	2	774,185	1,196	-	87,523	-	88,719

## Detail of disposal of property and equipment:

Particulars	Cost / Revalued amount	Book value	Sale price	Profit	Mode of disposal	Particulars of purchasers
Rupees in '000						
<b>Land:</b>						
Multan Road, Muzaffargarh	1,103	1,103	5,765	4,662	Auction	Adeel Mukhtar
<b>Buildings :</b>						
Multan Road, Muzaffargarh	1,805	1,300	9,435	8,135	Auction	Adeel Mukhtar
<b>Vehicles :</b>						
Coure	529	106	537	431	Auction	Adnan Waheed
Honda City	1,322	123	367	244	As per policy	Shahid Waqar- employee
Honda City	1,312	87	404	317	As per policy	Sajid Ali Khan- employee
Honda City	1,252	396	516	120	As per policy	Asim Hafeez Butt- employee
Honda City	1,263	421	546	125	As per policy	Asim Jahangir- employee
Honda City	1,312	153	421	268	As per policy	Misbah Uddin Rizvi- employee
Honda City	1,312	87	448	361	As per policy	Tanveer ul Hassan- employee
Honda City	1,498	1,148	1,206	58	As per policy	Urooj Suhail- employee
Honda City	984	-	450	450	As per policy	Muhammad Nauman- employee
Honda City	881	-	445	445	As per policy	Nadeem Airf Butt- employee
Honda City	984	-	442	442	As per policy	Raza Saeed- employee
Honda City	984	-	423	423	As per policy	Muhammad Rauf- employee
Honda City	984	115	917	802	Auction	Sharafat Ali Awan- employee
Honda City	984	115	806	691	Auction	Akhtar Ali Malik
Honda City	872	-	820	820	Auction	Mr. Ahmad Jawad
Honda City	984	-	961	961	Auction	Mr. Zahid Ali Khan
Honda City	984	-	901	901	Auction	Mr. Riaz Toor
Honda City	984	-	750	750	Auction	Mian Nadeem Yousif
Honda City	1,583	1,583	1,627	44	As per policy	Nadeem Amir- employee
Honda City	1,498	1,398	1,443	45	As per policy	Amir Hameed- employee
Honda City	1,498	1,373	1,404	31	As per policy	Afadia Khan- employee

Particulars	Cost / Revalued amount	Book value	Sale price	Profit	Mode of disposal	Particulars of purchasers
Rupees in '000						
Honda City	1,532	1,481	1,525	44	As per policy	Muhammd Nauman- employee
Honda City	1,498	1,398	1,442	44	As per policy	Shiraz Ellahi Piracha- employee
Honda City	1,532	1,481	1,525	44	As per policy	Iqbal Shahzad- employee
Honda City	1,498	1,323	1,363	40	As per policy	Ahmed Jibran- employee
Honda Civic	2,093	1,884	2,000	116	Insurance claim	United Insurance Company Limited
Honda Civic	1,852	154	370	216	As per policy	Sajjad Hussain- employee
Honda Civic	1,757	674	807	133	As per policy	Nadeem Amir- employee
Honda Civic	1,852	176	278	102	As per policy	Shaid Waqar- employee
Honda Civic	1,712	371	556	185	As per policy	Salman Saeed- employee
Honda Civic	2,093	1,674	1,811	137	As per policy	Tahir Masood Chisty- employee
Honda Civic	1,752	146	377	231	As per policy	Ijaz ur Rehman- employee
Honda Civic	1,847	62	399	337	As per policy	Moghis Bokhari- employee
Honda Civic	1,679	364	644	280	As per policy	Tariq Maqbool- employee
Honda Civic	1,752	117	441	324	As per policy	Mustafa Hamdani- employee
Honda Civic	1,752	117	349	232	As per policy	Irfanuddin- employee
Honda Civic	2,111	2,005	2,073	68	As per policy	Amir Mumtaz- employee
Honda Civic	2,111	2,005	2,062	57	As per policy	Tariq Mir- employee
Honda Civic	1,679	308	490	182	As per policy	Mahboob ul Hassan- employee
Honda Civic	1,838	1,103	1,207	104	As per policy	Mansoor Akbar- employee
Honda Civic	2,146	2,146	2,203	57	As per policy	Waseem Malik- employee
Honda Civic	1,781	1,217	1,289	72	As per policy	Taemor Afzal- employee
Honda Civic	1,916	1,437	1,501	64	As per policy	Kamran Khalil- employee
Honda Civic	1,712	428	1,200	772	Auction	Mr. Hammaid Naseer
Honda Civic	1,764	617	1,220	603	Auction	Mr. Shahid Ahmad
Honda Civic	1,742	552	1,222	670	Auction	Mr. Riaz Toor
Honda Civic	1,622	487	986	499	Auction	Mr. Adnan Naseer
Honda Civic	2,156	2,120	2,182	62	As per policy	Saleem Nawaz - employee
Suzuki Bolan	458	53	471	418	Auction	M.Asim Mumtaz
Suzuki Cultus	850	397	850	453	Insurance claim	United Insurance Company Limited
Suzuki Cultus	840	42	116	74	As per policy	Zeeshan Yaqoob- employee
Suzuki Cultus	755	113	240	127	As per policy	Malik Barolia- employee



Particulars	Cost / Revalued amount	Book value	Sale price	Profit	Mode of disposal	Particulars of purchasers
Rupees in '000						
Suzuki Cultus	937	609	633	24	As per policy	Naurin Ikram- employee
Suzuki Cultus	1,022	971	992	21	As per policy	Ahmed Khan- employee
Suzuki Cultus	770	180	340	160	As per policy	Sohaib Qureshi- employee
Suzuki Cultus	980	735	775	40	As per policy	Muhammad Latif- employee
Suzuki Cultus	1,022	954	982	28	As per policy	Muhammad Ismail- employee
Suzuki Cultus	937	609	683	74	As per policy	Muhammad Touseef- employee
Suzuki Cultus	1,017	966	987	21	As per policy	Ashraf Khan- employee
Suzuki Cultus	925	601	613	12	As per policy	Khalid Touqeer- employee
Suzuki Cultus	1,029	1,029	1,050	21	As per policy	Farrukh Ghani- employee
Suzuki Cultus	1,014	980	992	12	As per policy	Shabbir Hazari- employee
Suzuki Cultus	798	200	274	74	As per policy	Rashid Ijaz- employee
Suzuki Cultus	755	138	208	70	As per policy	Zahid Saeed Abbasi- employee
Suzuki Cultus	803	201	268	67	As per policy	Ameer Rizwan- employee
Suzuki Cultus	1,017	966	989	23	As per policy	Khawar Khalil- employee
Suzuki Cultus	1,020	884	920	36	As per policy	Athar Aziz Dogar- employee
Suzuki Cultus	937	609	681	72	As per policy	Rizwan Ali- employee
Suzuki Cultus	1,017	966	998	32	As per policy	Irfan Younas- employee
Suzuki Cultus	858	358	422	64	As per policy	Muhammad Saleem- employee
Suzuki Cultus	1,034	1,034	1,055	21	As per policy	Ali Manzar- employee
Suzuki Cultus	937	609	689	80	As per policy	Ijaz Ahmed- employee
Suzuki Cultus	1,022	954	981	27	As per policy	Riaz Chughtai- employee
Suzuki Cultus	765	166	261	95	As per policy	Mazhar Hassain- employee
Suzuki Cultus	1,029	1,029	1,056	27	As per policy	Mirza Waseem Baig- employee
Suzuki Cultus	765	166	271	105	As per policy	Syed Khawar Ashraf- employee
Suzuki Cultus	866	361	421	60	As per policy	Tariq Aziz- employee
Suzuki Cultus	858	358	479	121	As per policy	Hameed Akbar- employee
Suzuki Cultus	1,017	966	987	21	As per policy	Abid Ali- employee
Suzuki Cultus	1,017	966	995	29	As per policy	Farukh Yar Khan- employee
Suzuki Cultus	1,017	966	989	23	As per policy	Qaisar Naeem- employee
Suzuki Cultus	790	198	370	172	As per policy	Ilyas Qureshi- employee
Suzuki Cultus	980	735	763	28	As per policy	Muhammad Zubair - employee

Particulars	Cost / Revalued amount	Book value	Sale price	Profit	Mode of disposal	Particulars of purchasers
Rupees in '000						
Suzuki Cultus	980	768	791	23	As per policy	Haroon Kalim- employee
Suzuki Cultus	818	245	373	128	As per policy	Hafeez Ahmed- employee
Suzuki Cultus	835	292	402	110	As per policy	Naeem Mumtaz- employee
Suzuki Cultus	1,025	923	943	20	As per policy	Nazish Ahmed- employee
Suzuki Cultus	1,029	1,012	1,036	24	As per policy	Tahir Latif- employee
Suzuki Cultus	1,029	1,012	1,033	21	As per policy	Muhammad Faheem- employee
Suzuki Cultus	813	244	330	86	As per policy	Amir Malik- employee
Suzuki Cultus	878	454	466	12	As per policy	Kashif Suhail- employee
Suzuki Cultus	937	609	647	38	As per policy	Muhammad Baber Ayyaz- employee
Suzuki Cultus	1,029	1,012	1,033	21	As per policy	Nasir Mahmood- employee
Suzuki Cultus	937	609	678	69	As per policy	Khalid Mahmood- employee
Suzuki Cultus	858	358	394	36	As per policy	Syed Shamsul Hassan- employee
Suzuki Cultus	858	358	435	77	As per policy	Usman Shahzad- employee
Suzuki Cultus	858	358	433	75	As per policy	Abdul Hafeez- employee
Suzuki Cultus	1,017	966	993	27	As per policy	Muhammad Kahn- employee
Suzuki Cultus	858	358	397	39	As per policy	Sidra Javed- employee
Suzuki Cultus	818	245	326	81	As per policy	Mazhar Ali- employee
Suzuki Cultus	1,000	850	890	40	As per policy	Abid Zafar Warraich- employee
Suzuki Cultus	917	565	653	88	As per policy	Ibraheem Hoti- employee
Suzuki Cultus	957	686	707	21	As per policy	Sarmad Paretu- employee
Suzuki Cultus	1,022	954	981	27	As per policy	Mustansar Khalid Saeed- employee
Suzuki Cultus	1,000	850	877	27	As per policy	Shaibzada Muzaffar- employee
Suzuki Cultus	818	245	353	108	As per policy	Muhammad Iqbal- employee
Suzuki Cultus	1,017	949	978	29	As per policy	Khalid Zaheer- employee
Suzuki Cultus	1,017	966	993	27	As per policy	Mahwaish Rafique- employee
Suzuki Cultus	1,005	854	895	41	As per policy	Farrukh Naeem- employee
Suzuki Cultus	1,020	884	922	38	As per policy	Rana Muhammad Athar- employee
Suzuki Cultus	1,017	966	989	23	As per policy	Khalid Masood Hashmi- employee
Suzuki Cultus	795	225	322	97	As per policy	Muhammad Yasir Khalid- employee
Suzuki Cultus	1,017	966	994	28	As per policy	Adnan Azhar- employee
Suzuki Cultus	1,017	966	1,000	34	As per policy	Ahmed Raza Bilal- employee

Particulars	Cost / Revalued amount	Book value	Sale price	Profit	Mode of disposal	Particulars of purchasers
Rupees in '000						
Suzuki Cultus	965	756	777	21	As per policy	Muhammad Amjid Khan- employee
Suzuki Cultus	1,005	905	930	25	As per policy	Latif Ahmed Hashmi- employee
Suzuki Cultus	1,020	918	948	30	As per policy	Razi ud Din Faiz- employee
Suzuki Cultus	765	166	218	52	As per policy	Syed Mahfooz Hussain- employee
Suzuki Cultus	855	385	417	32	As per policy	Shoukat Ali Khan- employee
Suzuki Cultus	890	460	498	38	As per policy	Ilyas Sadiq- employee
Suzuki Cultus	1,044	1,044	1,044	-	As per policy	Muhammad Mansoor Khan- employee
Suzuki Cultus	1,044	1,044	1,065	21	As per policy	Muhammad Umar- employee
Suzuki Cultus	590	-	300	300	As per policy	Abid Zafar Warraich- employee
Suzuki Cultus	590	-	298	298	As per policy	Athar Aziz Dogar- employee
Suzuki Cultus	657	-	339	339	As per policy	Mirza Waseem Baig- employee
Suzuki Cultus	662	-	338	338	As per policy	M. Iqbal Shahzad - employee
Suzuki Cultus	707	141	673	532	Auction	Yasir Arfat
Suzuki Cultus	662	77	640	563	Auction	Ikram Ul Haq
Suzuki Cultus	755	214	730	516	Auction	Ch. Shafat
Suzuki Cultus	699	82	582	500	Auction	Sultan Salah Ud
Suzuki Cultus	560	-	427	427	Auction	Abid Ansar Khan
Suzuki Cultus	560	-	426	426	Auction	Abid Ansar Khan
Suzuki Cultus	590	-	530	530	Auction	Abid Ansar Khan
Suzuki Cultus	560	-	548	548	Auction	M.Adnan Waheed
Suzuki Cultus	560	-	495	495	Auction	M.Adnan Waheed
Suzuki Cultus	590	-	580	580	Auction	M.Adnan Waheed
Suzuki Cultus	590	-	593	593	Auction	Khurram Imtiaz
Suzuki Cultus	590	-	566	566	Auction	Khurram Imtiaz
Suzuki Cultus	590	-	559	559	Auction	Khurram Imtiaz
Suzuki Cultus	755	126	717	591	Auction	Mr. Zahid Ali Khan
Suzuki Cultus	840	56	482	426	Auction	Mr. Adnan Naseer
Suzuki Cultus	765	73	655	582	Auction	Mr. Rizwan Zaffar
Suzuki Cultus	590	-	431	431	Auction	Mian Nadeem Yousif
Suzuki Cultus	585	-	500	500	Auction	Hafiz Ahsan
Suzuki Cultus	590	-	455	455	Auction	Nauman Nazir

Particulars	Cost / Revalued amount	Book value	Sale price	Profit	Mode of disposal	Particulars of purchasers
Rupees in '000						
Suzuki Cultus	590	-	445	445	Auction	Yasir Nawaz
Suzuki Cultus	590	-	505	505	Auction	Muhammad Ali
Suzuki Cultus	590	-	593	593	Auction	Khalid Mehmood
Suzuki Cultus	590	-	580	580	Auction	Ahmad Hasan
Suzuki Cultus	555	-	445	445	Auction	Ahmad Hasan
Suzuki Cultus	707	-	93	93	As per policy	Aliya Javed- employee
Suzuki Cultus	707	-	58	58	As per policy	Ilyas Shah- employee
Suzuki Mehran	337	-	341	341	Auction	M. Bashir
Suzuki Mehran	337	-	247	247	Auction	Muhammad Siddiq- employee
Suzuki Mehran	444	-	372	372	Auction	Ahmad Hasan
Toyota Altis	1,809	151	394	243	As per policy	Khawar Ansari- employee
Toyota Corolla	1,548	1,271	1,525	254	Insurance claim	United Insurance Company Limited
Toyota Corolla	1,389	139	305	166	As per policy	Sajjad Hussain- employee
Toyota Corolla	1,724	345	555	210	As per policy	Liaqat Ali- employee
Toyota Corolla	1,269	127	199	72	As per policy	Najeeb Ashraf- employee
Toyota Corolla	1,390	741	874	133	As per policy	Aliya Moaaz- employee
Toyota Corolla	1,310	502	755	253	As per policy	Muhammad Ali Khan - employee
Toyota Corolla	1,555	1,244	1,325	81	As per policy	Babur Malik- employee
Toyota Corolla	1,299	411	552	141	As per policy	Amir Ali Siddiui- employee
Toyota Corolla	1,555	1,451	1,497	46	As per policy	Maqsood Ahmed- employee
Toyota Corolla	1,269	42	327	285	As per policy	Khalid Quaiyum- employee
Toyota Corolla	1,538	1,435	1,461	26	As per policy	Muhammad Ahsan Ashraf- employee
Toyota Corolla	1,570	1,491	1,526	35	As per policy	Abdul Qayyum Sukhera- employee
Toyota Corolla	1,555	1,166	1,200	34	As per policy	Asad Ullah Jahn- employee
Toyota Corolla	1,538	1,153	1,272	119	As per policy	Khurram Shahzad- employee
Toyota Corolla	1,590	1,537	1,581	44	As per policy	Raza Saeed- employee
Toyota Corolla	1,555	1,295	1,352	57	As per policy	Salman Shah- employee
Toyota Corolla	1,269	42	231	189	As per policy	Khalid Munir- employee
Toyota Corolla	1,239	186	387	201	As per policy	Ahmer Aziz- employee
Toyota Corolla	1,269	42	372	330	As per policy	Kassian Rozario- employee
Toyota Corolla	1,269	42	226	184	As per policy	Azhar Dilawari- employee

Particulars	Cost / Revalued amount	Book value	Sale price	Profit	Mode of disposal	Particulars of purchasers
Rupees in '000						
Toyota Corolla	1,279	362	611	249	As per policy	Zafar Ahmed Khan - employee
Toyota Corolla	1,310	502	632	130	As per policy	Muhammad Farooq Tarar- employee
Toyota Corolla	1,555	1,295	1,366	71	As per policy	Arbab Riaz Ahmed- employee
Toyota Corolla	1,289	365	533	168	As per policy	Saqib Sajid- employee
Toyota Corolla	1,299	411	475	64	As per policy	Chairman - Abdul Ghafoor Mirza
Toyota Corolla	1,269	106	225	119	As per policy	Naeem ul Hassan- employee
Toyota Corolla	1,269	148	244	96	As per policy	Rizwan Mehndi- employee
	201,288	99,219	136,863	37,644		
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000	8,172	1,482	1,916	434		
<b>2013</b>	212,368	103,104	153,979	50,875		
<b>2012</b>	78,187	54,169	86,482	32,313		

# PATTERN OF SHAREHOLDING OF SHARES

As on 31-12-2013

No. of Shareholders			Shareholdings				Total Shares Held			Percentage
Physical	CDC	Total				Physical	CDC	Total		
1058	1438	2496	From	1	To	100	38,663	59,202	97,865	0.0093
1524	2263	3787	From	101	To	500	404,276	828,129	1,232,405	0.1168
636	2276	2912	From	501	To	1000	473,269	2,058,471	2,531,740	0.2399
1008	5577	6585	From	1001	To	5000	2,113,855	16,049,954	18,163,809	1.7215
166	2185	2351	From	5001	To	10000	1,135,702	17,732,807	18,868,509	1.7883
51	840	891	From	10001	To	15000	613,674	10,886,384	11,500,058	1.0899
38	672	710	From	15001	To	20000	665,983	12,537,142	13,203,125	1.2513
20	412	432	From	20001	To	25000	438,555	9,626,392	10,064,947	0.9539
67	281	348	From	25001	To	30000	1,776,894	8,014,397	9,791,291	0.9280
9	158	167	From	30001	To	35000	287,180	5,233,538	5,520,718	0.5232
5	174	179	From	35001	To	40000	190,184	6,725,611	6,915,795	0.6555
5	103	108	From	40001	To	45000	214,285	4,439,084	4,653,369	0.4410
2	218	220	From	45001	To	50000	96,122	10,724,628	10,820,750	1.0256
11	73	84	From	50001	To	55000	576,355	3,864,888	4,441,243	0.4209
2	78	80	From	55001	To	60000	113,377	4,597,411	4,710,788	0.4465
1	41	42	From	60001	To	65000	60,362	2,597,926	2,658,288	0.2519
	60	60	From	65001	To	70000	-	4,126,775	4,126,775	0.3911
	59	59	From	70001	To	75000	-	4,369,056	4,369,056	0.4141
2	43	45	From	75001	To	80000	159,074	3,374,525	3,533,599	0.3349
	21	21	From	80001	To	85000	-	1,735,485	1,735,485	0.1645
	33	33	From	85001	To	90000	-	2,931,474	2,931,474	0.2778
1	19	20	From	90001	To	95000	91,457	1,768,617	1,860,074	0.1763
	146	146	From	95001	To	100000	-	14,578,500	14,578,500	1.3817
1	26	27	From	100001	To	105000	101,710	2,651,602	2,753,312	0.2609
	31	31	From	105001	To	110000	-	3,379,383	3,379,383	0.3203
1	14	15	From	110001	To	115000	114,528	1,586,470	1,700,998	0.1612
	14	14	From	115001	To	120000	-	1,655,007	1,655,007	0.1569
	26	26	From	120001	To	125000	-	3,215,080	3,215,080	0.3047
1	19	20	From	125001	To	130000	127,406	2,440,636	2,568,042	0.2434
	12	12	From	130001	To	135000	-	1,607,353	1,607,353	0.1523
	11	11	From	135001	To	140000	-	1,518,337	1,518,337	0.1439
	11	11	From	140001	To	145000	-	1,580,465	1,580,465	0.1498
	40	40	From	145001	To	150000	-	5,987,946	5,987,946	0.5675

No. of Shareholders			Shareholdings			Total Shares Held			Percentage	
Physical	CDC	Total				Physical	CDC	Total		
	3	3	From	150001	To	155000	-	452,772	452,772	0.0429
	16	16	From	155001	To	160000	-	2,531,371	2,531,371	0.2399
	6	6	From	160001	To	165000	-	988,500	988,500	0.0937
	6	6	From	165001	To	170000	-	1,010,110	1,010,110	0.0957
	7	7	From	170001	To	175000	-	1,225,000	1,225,000	0.1161
	5	5	From	175001	To	180000	-	895,500	895,500	0.0849
	4	4	From	180001	To	185000	-	735,316	735,316	0.0697
1	9	10	From	185001	To	190000	189,640	1,693,473	1,883,113	0.1785
	4	4	From	190001	To	195000	-	770,150	770,150	0.0730
	37	37	From	195001	To	200000	-	7,379,744	7,379,744	0.6994
	4	4	From	200001	To	205000	-	810,056	810,056	0.0768
	8	8	From	205001	To	210000	-	1,661,127	1,661,127	0.1574
	2	2	From	210001	To	215000	-	428,417	428,417	0.0406
	6	6	From	215001	To	220000	-	1,316,366	1,316,366	0.1248
	7	7	From	220001	To	225000	-	1,563,525	1,563,525	0.1482
	5	5	From	225001	To	230000	-	1,146,213	1,146,213	0.1086
	1	1	From	230001	To	235000	-	235,000	235,000	0.0223
	3	3	From	235001	To	240000	-	714,312	714,312	0.0677
	3	3	From	240001	To	245000	-	732,354	732,354	0.0694
	10	10	From	245001	To	250000	-	2,499,500	2,499,500	0.2369
	5	5	From	250001	To	255000	-	1,255,461	1,255,461	0.1190
	2	2	From	255001	To	260000	-	520,000	520,000	0.0493
	2	2	From	260001	To	265000	-	526,657	526,657	0.0499
	1	1	From	270001	To	275000	-	275,000	275,000	0.0261
	3	3	From	275001	To	280000	-	837,284	837,284	0.0794
	5	5	From	280001	To	285000	-	1,412,044	1,412,044	0.1338
	4	4	From	285001	To	290000	-	1,150,568	1,150,568	0.1090
	3	3	From	290001	To	295000	-	882,399	882,399	0.0836
	17	17	From	295001	To	300000	-	5,096,500	5,096,500	0.4830
	3	3	From	300001	To	305000	-	911,397	911,397	0.0864
	2	2	From	305001	To	310000	-	616,000	616,000	0.0584
	2	2	From	320001	To	325000	-	646,000	646,000	0.0612

No. of Shareholders			Shareholdings				Total Shares Held			Percentage
Physical	CDC	Total				Physical	CDC	Total		
	3	3	From	325001	To	330000	-	982,751	982,751	0.0931
	4	4	From	330001	To	335000	-	1,332,646	1,332,646	0.1263
	2	2	From	335001	To	340000	-	678,000	678,000	0.0643
	1	1	From	340001	To	345000	-	345,000	345,000	0.0327
	3	3	From	345001	To	350000	-	1,050,000	1,050,000	0.0995
	1	1	From	350001	To	355000	-	353,000	353,000	0.0335
	1	1	From	365001	To	370000	-	365,322	365,322	0.0346
	2	2	From	380001	To	385000	-	761,005	761,005	0.0721
	1	1	From	385001	To	390000	-	389,500	389,500	0.0369
	13	13	From	395001	To	400000	-	5,198,961	5,198,961	0.4927
	1	1	From	405001	To	410000	-	406,030	406,030	0.0385
	4	4	From	410001	To	415000	-	1,652,388	1,652,388	0.1566
	1	1	From	415001	To	420000	-	415,522	415,522	0.0394
	1	1	From	420001	To	425000	-	425,000	425,000	0.0403
	8	8	From	425001	To	430000	-	3,424,653	3,424,653	0.3246
	3	3	From	430001	To	435000	-	1,304,157	1,304,157	0.1236
	2	2	From	435001	To	440000	-	874,899	874,899	0.0829
	1	1	From	440001	To	445000	-	443,000	443,000	0.0420
	3	3	From	445001	To	450000	-	1,349,647	1,349,647	0.1279
	2	2	From	450001	To	455000	-	905,500	905,500	0.0858
	1	1	From	455001	To	460000	-	458,500	458,500	0.0435
	1	1	From	460001	To	465000	-	465,000	465,000	0.0441
	2	2	From	470001	To	475000	-	950,000	950,000	0.0900
	1	1	From	475001	To	480000	-	478,500	478,500	0.0454
	1	1	From	480001	To	485000	-	484,000	484,000	0.0459
	1	1	From	490001	To	495000	-	492,361	492,361	0.0467
	14	14	From	495001	To	500000	-	6,996,812	6,996,812	0.6631
	2	2	From	500001	To	505000	-	1,004,057	1,004,057	0.0952
	1	1	From	510001	To	515000	-	514,500	514,500	0.0488
	1	1	From	540001	To	545000	-	543,500	543,500	0.0515
	1	1	From	545001	To	550000	-	550,000	550,000	0.0521
	2	2	From	550001	To	555000	-	1,109,000	1,109,000	0.1051



No. of Shareholders			Shareholdings				Total Shares Held			Percentage
Physical	CDC	Total					Physical	CDC	Total	
	1	1	From	565001	To	570000	-	569,500	569,500	0.0540
	1	1	From	570001	To	575000	-	575,000	575,000	0.0545
	3	3	From	575001	To	580000	-	1,739,139	1,739,139	0.1648
	2	2	From	580001	To	585000	-	1,168,500	1,168,500	0.1107
	8	8	From	595001	To	600000	-	4,795,320	4,795,320	0.4545
	1	1	From	605001	To	610000	-	607,000	607,000	0.0575
	1	1	From	615001	To	620000	-	619,534	619,534	0.0587
	1	1	From	625001	To	630000	-	627,500	627,500	0.0595
	1	1	From	670001	To	675000	-	673,507	673,507	0.0638
	1	1	From	690001	To	695000	-	691,395	691,395	0.0655
	2	2	From	695001	To	700000	-	1,400,000	1,400,000	0.1327
	1	1	From	705001	To	710000	-	705,386	705,386	0.0669
	1	1	From	730001	To	735000	-	733,000	733,000	0.0695
	1	1	From	800001	To	805000	-	803,998	803,998	0.0762
	1	1	From	805001	To	810000	-	806,018	806,018	0.0764
	1	1	From	850001	To	855000	-	855,000	855,000	0.0810
	2	2	From	875001	To	880000	-	1,752,500	1,752,500	0.1661
	4	4	From	895001	To	900000	-	3,600,000	3,600,000	0.3412
	1	1	From	945001	To	950000	-	950,000	950,000	0.0900
	1	1	From	955001	To	960000	-	959,000	959,000	0.0909
	1	1	From	965001	To	970000	-	966,818	966,818	0.0916
	2	2	From	995001	To	1000000	-	2,000,000	2,000,000	0.1896
	1	1	From	1035001	To	1040000	-	1,040,000	1,040,000	0.0986
	1	1	From	1090001	To	1095000	-	1,092,000	1,092,000	0.1035
	2	2	From	1095001	To	1100000	-	2,200,000	2,200,000	0.2085
	1	1	From	1120001	To	1125000	-	1,125,000	1,125,000	0.1066
	1	1	From	1125001	To	1130000	-	1,125,155	1,125,155	0.1066
	1	1	From	1235001	To	1240000	-	1,238,500	1,238,500	0.1174
	2	2	From	1245001	To	1250000	-	2,500,000	2,500,000	0.2369
	1	1	From	1285001	To	1290000	-	1,290,000	1,290,000	0.1223
	1	1	From	1320001	To	1325000	-	1,322,479	1,322,479	0.1253
	2	2	From	1495001	To	1500000	-	2,995,666	2,995,666	0.2839
	1	1	From	1535001	To	1540000	-	1,537,500	1,537,500	0.1457

No. of Shareholders			Shareholdings			Total Shares Held			Percentage	
Physical	CDC	Total				Physical	CDC	Total		
	1	1	From	1575001	To	1580000	-	1,577,500	1,577,500	0.1495
	1	1	From	1665001	To	1670000	-	1,666,336	1,666,336	0.1579
	1	1	From	1700001	To	1705000	-	1,704,413	1,704,413	0.1615
	1	1	From	1740001	To	1745000	-	1,743,000	1,743,000	0.1652
	1	1	From	1760001	To	1765000	-	1,761,000	1,761,000	0.1669
	1	1	From	1970001	To	1975000	-	1,970,621	1,970,621	0.1868
	1	1	From	2195001	To	2200000	-	2,195,588	2,195,588	0.2081
	2	2	From	2330001	To	2335000	-	4,669,000	4,669,000	0.4425
	1	1	From	2515001	To	2520000	-	2,518,564	2,518,564	0.2387
	1	1	From	2570001	To	2575000	-	2,570,014	2,570,014	0.2436
	1	1	From	2995001	To	3000000	-	3,000,000	3,000,000	0.2843
	1	1	From	3615001	To	3620000	-	3,619,946	3,619,946	0.3431
	1	1	From	3725001	To	3730000	-	3,725,235	3,725,235	0.3531
	1	1	From	4695001	To	4700000	-	4,700,000	4,700,000	0.4454
	1	1	From	4915001	To	4920000	-	4,917,500	4,917,500	0.4661
	1	1	From	5000001	To	5005000	-	5,004,445	5,004,445	0.4743
	1	1	From	5370001	To	5375000	-	5,374,500	5,374,500	0.5094
	1	1	From	6195001	To	6200000	-	6,200,000	6,200,000	0.5876
	1	1	From	7070001	To	7075000	-	7,070,434	7,070,434	0.6701
	1	1	From	8925001	To	8930000	-	8,928,383	8,928,383	0.8462
	1	1	From	9095001	To	9100000	-	9,100,000	9,100,000	0.8625
	1	1	From	13635001	To	13640000	-	13,639,975	13,639,975	1.2927
	1	1	From	20950001	To	20955000	-	20,950,724	20,950,724	1.9856
	1	1	From	70695001	To	70700000	-	70,697,465	70,697,465	6.7005
1		1	From	556655001	To	556660000	556,657,554	-	556,657,554	52.7581
4611	17731	22342					566,640,105	488,473,060	1,055,113,165	100.0000

## CATEGORIES OF SHAREHOLDERS

As on 31-12-2013

Shareholder Category	No. of Shareholders			Total No. of Shares Held			Percentage
	Physical	CDC	Total	Physical	CDC	Total	
DIRECTORS	1	2	3	2,502	8,985	11,487	0.0011%
PROVINCIAL GOVERNMENT	1	0	1	556,657,554	0	556,657,554	52.7581%
ASSOCIATED COMPANIES	0	0	0	0	0	0	0.0000%
FOREIGN FUNDS	30	9	39	78,469	45,771,430	45,849,899	4.3455%
INDIVIDUALS (FOREIGN)	0	14	14	0	327,824	327,824	0.0311%
INDIVIDUALS (LOCAL)	4,542	17,494	22,036	9,741,340	313,495,027	323,236,367	30.6352%
BANK/NBFI/FIN.INST./INSURANCE CO./MODARABAS MUTUAL FUNDS	20	34	54	98,557	23,188,661	23,287,218	2.2071%
LEASING COMPANIES	0	3	3	0	3,981	3,981	0.0004%
CHARITABLE TRUSTS	0	4	4	0	170,447	170,447	0.0162%
COOPERATIVE SOCIETITES	0	0	0	0	0	0	0.0000%
NIT	0	0	0	0	0	0	0.0000%
ICP	1	1	2	975	4,464	5,439	0.0005%
JOINT STOCK COMPANIES	16	156	172	60,708	31,836,306	31,897,014	3.0231%
OTHERS	0	14	14	0	73,665,935	73,665,935	6.9818%
<b>TOTAL</b>	<b>4,611</b>	<b>17,731</b>	<b>22,342</b>	<b>566,640,105</b>	<b>488,473,060</b>	<b>1,055,113,165</b>	<b>100.0000%</b>

## CATEGORIES OF SHAREHOLDING REQUIRED UNDER CODE OF CORPORATE GOVERNANCE (CCG )

As on December 31, 2013

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
<b>Mutual Funds (Name Wise Detail):</b>			
1	GROWTH MUTUAL FUND LIMITED	3,061	0.0003%
2	PRUDENTIAL STOCK FUND LTD.	546	0.0001%
3	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND LIMITED	99,859	0.0095%
4	PAK ASIAN FUND LIMITED	6,000	0.0006%
5	PAK ASIAN FUND LIMITED	20,000	0.0019%
6	PAK ASIAN FUND LIMITED	5,000	0.0005%
7	CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	1,577,500	0.1495%
8	CDC - TRUSTEE AKD INDEX TRACKER FUND	61,718	0.0058%
9	CDC - TRUSTEE KASB INCOME OPPORTUNITY FUND - MT	289,000	0.0274%
10	CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	64,000	0.0061%
11	MCBFSL - TRUSTEE NAMCO BALANCED FUND	5,374,500	0.5094%
12	MCBFSL - TRUSTEE NAMCO BALANCED FUND - MT	1,125,000	0.1066%
13	TRUSTEE - BMA CHUNDRIGAR ROAD SAVINGS FUND - MT	875,500	0.0830%
<b>Directors and their Spouse and Minor Children (Name Wise Detail):</b>			
1	MR. JAVED ASLAM	2,502	0.0002%
2	MR. SAEED ANWAR (CDC)	3,000	0.0003%
3	KH. FAROOQ SAEED (CDC)	5,985	0.0006%
<b>Executives:</b>			
		-	-
<b>Public Sector Companies &amp; Corporations (Government Holding):</b>		556,657,554	52.7581%
<b>Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:</b>		13,789,515	1.3069%

Sr. No.	Name	No. of Shares Held	Percentage
<b>Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)</b>			
1	GOVERNMENT OF THE PUNJAB	556,657,554	52.7581%
2	EMPLOYEE'S OLD-AGE BENEFITS INSTITUTION	70,697,465	6.7005%

All trades in the shares of the listed company, carries out by its Directors, Executives and their spouses

spouses and minor children shall also be disclosed:

S. No.	NAME	Purchase (Right)	SALE
1	KH. FAROOQ SAEED	2,985	-

## LIST OF FOREIGN CORRESPONDENT BANKS

### (1) Australia

Australia & New Zealand Banking Group Ltd  
JP Morgan Chase Bank N.A

### (2) Austria

Bank Austria Creditans Anstalt AG  
Citi Bank  
Raiffisenland Bank Niederoesterreich  
Raiffeisen Central Bank Oesterreich  
Raiffeisenland Bank Oberoesterreich

### (3) Bahrain

United Bank Ltd  
Bank Al Habib Ltd  
BNP Paribas Manama  
Mashreq Bank

### (4) Bangladesh

Habib Bank Ltd  
Social Investment Bank Ltd  
Woori Bank, Dhaka

### (5) Belgium

Citi Bank Belgium NV/SA  
BNP Paribas Fortis Belgium  
Commerzbank AG,  
Credit Europe Bank N.V  
Dexia Bank SA  
Habib Bank Ltd  
ING Belgium NV/SA  
KBC Bank NV  
The Royal Bank of Scotland

### (6) Brazil

Banco Santander Central Hispano S.A.  
Deutsche Bank S.A

### (7) Bulgaria

United Bulgarian Bank

### (8) Canada

National Bank of Canada  
Royal Bank Of Canada

### (9) China

The Royal Bank Of Scotland N.V.  
Abn Amro Bank (China) Co., Ltd  
Agricultural Bank of china  
Bank Of China (Head Office)  
Bank of Communications  
Bank Of Jiangsu Co Ltd  
Bank Of New York Shanghai Branch  
The Bank of Tokyo Mitsubishi Ltd  
China Construction Bank Corporation  
China Merchants Bank  
Citi Bank, N.A  
DBS Bank (Hong Kong) Ltd  
Deutsche Bank AG  
Guangdong Development Bank  
HBZ Finance Ltd  
Industrial and Commercial Bank of China  
JP Morgan Chase Bank N.A  
Laiwu City Commercial Bank  
Mashreq Bank  
Nanjing City Commercial Bank  
National Bank of Pakistan

Standard Chartered Bank  
The Bank of Nova Scotia  
Toronto Dominion Bank  
Union De Banques Et Francaises  
Habib Bank Ltd  
Wing Hang Bank Ltd  
Yinzhou Bank

### (10) Cyprus

Bank of Cyprus Ltd  
Marfin Popular Bank Public Co Ltd  
Hellenic Bank Public Company Ltd

### (11) Croatia

Zagrebacka Banka DD

### (12) Czech Republic

Citi Bank  
HVB Bank Czech Republic A.S.  
Commerzbank AG  
Raiffeisenbank A.S.

### (13) Denmark

Amagerbanken A/S  
Danske Bank  
Nordea Bank Denmark A/S  
SYD Bank A/S

### (14) Egypt

Citi Bank  
Mashreq Bank  
National Bank of Egypt

**(15) Ethiopia**

Dashen Bank

**(16) Eritrea**

Commercial Bank of Eritrea

**(17) Finland**

Danske Bank

Nordea Bank Finland PLC

OKO Osuuspankkien Keskuspankki OYJ

Skandinaviska Enskilda Bank

**(18) Fiji**

Bank of South Pacific Ltd

**(19) France**

BNP-Paribas SA Bank

Citi Bank

Commerz Bank AG

Credit Industriel ET Commercial

Habib Bank Limited UK-PLC

National Bank of Pakistan

Union De Banques Et Francaises

**(20) Germany**

The Royal Bank Of Scotland N.V. (Germany)

Bank Of America, N.A.

The Bank of Tokyo Mitsubishi Ltd

Bayerische Hypovereins Bank

Commerz Bank AG

Deutsche Bank AG

HSBC Trinkaus UND Burkhardt AG

HSB Nordbank AG

Kreissparkasse Koeln

Landesbank Baden-Wuerttemberg

M.M.warburg

National Bank AG

National Bank of Pakistan

SEB AG (Skandinaviska Enskilda Bank)

Shinhan Bank Europe GMBH

Sparkasse Pforzheim Calw

Sparkasse Westmunsterland

Standard Chartered Bank Ltd

Suedwest Bank

Westlb AG

**(21) Greece**

Alpha Bank

National Bank of Greece

Bank Of Cyprus Public Company Ltd

**(22) Hungary**

Citi Bank

Unicredit Bank Hungary Zrt.

Raiffisen Bank ZRT.

Central-European International Bank Ltd.

**(23) Ice Land**

Landsbanki Islands

**(24) India**

The Royal Bank Of Scotland N.V. (India)

The Bank of Tokyo Mitsubishi Ltd

Canara Bank

Central Bank of India

Citibank N.A

Deutsche Bank AG

JP Morgan Chase Bank N.A

Mashreq Bank

Punjab National Bank

Shinan Bank

Standard Chartered Bank

BNP Paribas India

**(25) Indonesia**

Abn Amro Bank

Bank Mandiri

JP Morgan Chase Bank N.A

NISP Bank

Standard Chartered Bank

Woori Bank, Indonesia P.T

Bank Sinarmas

**(26) Ireland**

Citi Bank

Bank of Scotland

**(27) Italy**

Veneto Banca Holding

Banca Agricola Mantovana SPA

Banca Antonveneta Spa

Banca Di Roma S.P.A.

Banca Intesa SPA

Banca Monte Dei Paschi Di Siena S.P.A.

Banca Popolare Di Milano S.C.A.R.L.

Banca Popolare Di Vicenza

Banca Popolare Friuladria SPA

Banca Toscana S.P.A

Banca Ubae Spa

Banco Popolare Di Verona E Novera  
Banco Popolare  
Bayerische Hypo Und Vereinsbank  
Bipop-Carire SPA  
Capitalia SPA (Banca De Roma S.P.A)  
Cassa Di Risparmio Di Firenze S.P.A.  
Commerzbank AG  
Credito bergamasco S.P.A  
Iccrea Banca, Milano Branch  
Intesa Sanpaolo SPA  
Sanpaolo Banco Di Napoli Spa  
UBI Banca  
Unicredito Italiano SPA  
Veneto Banca S.C.A.R.L.

**(28) Jordan**

Standard Chartered Bank

**(29) Japan**

The Royal Bank Of Scotland Plc  
(Former ABN Amro Bank N.V.)  
The Bank of Tokyo Mitsubishi Ltd  
Calyon  
Bayerische Hypo-Und Vereinsbank AG  
JP Morgan Chase Bank N.A  
National Bank of Pakistan  
Standard Chartered Bank  
Sumitomo Mitsui Banking  
Union De Banques Et Francaises

**(30) Kenya**

Standard Chartered Bank

**(31) Kazakhstan**

Citi Bank  
Bank Turanalem

**(32) Kuwait**

Alahli Bank Of Kuwait K.S.C.  
Commercial Bank of Kuwait SAK  
National Bank of Kuwait

**(33) Korea**

The Royal Bank Of Scotland N.V  
The Bank of Tokyo Mitsubishi Ltd  
JP Morgan Chase Bank N.A  
Kookmin Bank  
Korea Development Bank  
Korea Exchange Bank  
National Bank of Pakistan  
Pusan Bank  
Shinhan Bank  
Standard Chartered Bank  
(U.B.A.F)Union De Banques Et Francaises  
Woori Bank  
Bank Of Tokyo-Mitsubishi UFJ, Ltd.,  
Daegu Bank, Ltd.,The

**(34) Lebanon**

Citi Bank  
Credit Libanais S.A.L.  
Habib Bank Ltd

**(35) Malaysia**

The Royal Bank Of Scotland Berhad  
Alliance Bank Malaysia Berhad

JP Morgan Chase Bank N.A  
Standard Chartered Bank  
Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad

**(36) Morocco**

Attijariwafa Bank(Formerly Banque Comm. DU Maroc)  
Citi Bank

**(37) Mauritius**

Mauritius Commercial Bank  
Mauritius Post & Co-operative Bank

**(38) Myanmar**

Mayanmar Investment & Comm. Bank

**(39) Macao**

BNP Paribas Macau Branch

**(40) Norway**

Den Norske Bank  
Nordea Bank Norge  
Fokus Bank, Part Of Danske Bank Group

**(41) Netherlands**

Abn Amro Bank  
BNP Paribas S.A.  
Citi Bank  
Commerz Bank AG  
Credit Europe Bank NV  
Fortis Bank (Netherland) N.V.  
Habib Bank Limited UK PLC  
Hollandsche Bank  
ING Bank N.V.  
Korea Exchange Bank, Amsterdam Branch



**(42) Newzealand**

Australia and New Zealand Bank

**(43) Nigeria**

Citi Bank

**(44) Oman**

Bank Muscat SAOG

Bank Nizwa Oman

Standard Chartered Bank

Habib Bank Ltd

**(45) Romania**

HVB Bank Romania SA

**(46) Pakistan**

Allied Bank Ltd

Askari Commercial Bank Ltd

Bank Al Falah Ltd.

Bank Al Habib Ltd.

Bank Islami Pakistan Ltd.

Bank of Tokyo-Mitsubishi UFJ Ltd.

Burj Bank Limited

Citi Bank

Deutsche Bank AG

Dubai Islamic Bank Pakistan Ltd.

Faysal Bank Ltd.

Habib Bank Ltd.

Habib Metropolitan Bank Ltd.

JS Bank Ltd

KASB Bank Ltd.

Meezan Bank Ltd.

MCB Bank Ltd.

National Bank of Pakistan

NIB Bank Ltd

Silk Bank Ltd.

Soneri Bank Ltd.

Standard Chartered Bank

Summit Bank Limited

The Bank Of Khyber

United Bank Ltd.

Albaraka Islamic Bank

**(47) Philippines**

Banco De Oro Universal Bank

Development Bank of Philippines

Equitable PCI Bank, INC.

Asian Development Bank

**(48) Portugal**

Banco BPI SA

Fortis Bank

**(49) Poland**

Bank Handlowy w Warszawie SA

ING Bank Slaski I SA

Nordea Bank Polska S.A.

**(50) Papua New Guinea**

Bank Of South Pacific Ltd.

**(51) Qatar**

United Bank Ltd.

Doha Bank

Mashreq Bank

BNP Paribas, Doha

**(52) Russia**

Citi Bank

MDM Bank (Open Joint-Stock Company)

**(53) Saudi Arabia**

Alinma Bank

Bank Al-Jazira

Banque Saudi Fransi

Islamic Development Bank

Samba Financial Group

JP Morgan Chase

Saudi Hollandi Bank

Bank Al Bilad

National Bank of Pakistan

**(54) Singapore**

The Royal Bank Of Scotland N.V. (Singapore)

Bank Mandiri(Persero) PT

Bank of America

The Bank of Tokyo Mitsubishi Limited

Bayerische Hypo-Und Vereinsbank

BNP Paribas SA

Citi Bank

Commerz Bank AG

Deutsche Bank AG

Fortis Bank

Habib Bank Limited

JP Morgan Chase Bank N.A

ING Bank Singapore

KBC Bank Singapore Branch

Shinan Bank

Skandinaviska Enskilda

Standard Chartered Bank

Sumitomo Mitsui Banking Corporation  
Union De Banques Et Francaises

**(55) Slovenia**

Bank Austria Creditans Anstalt

**(56) Sudan**

Blue Nile Mashreg Bank

**(57) Spain**

Banco De Sabadell S.A.  
Bankinter,S.A  
BNP Paribas S.A. Sucursal En Espana  
Caixa D'Estalvis De Catalunya  
Caixa D'Estalvis I Pensions De Barcelona  
Caja Espana De Inversiones  
Caja de Ahorros de Galicia  
Caja De Ahorros Del Mediterraneo  
Citibank Espana S.A  
Commerz Bank AG  
Fortis Bank

**(58) Sri Lanka**

NDB Bank Ltd.  
Hatton National Bank Ltd.  
Habib Bank Ltd  
Bank of Ceylon

**(59) South Africa**

First Rand Bank  
HBZ Bank Ltd.

**(60) Sweden**

The Royal Bank Of Scotland N.V. (Nordic)  
Citi Bank  
Nordea Bank Sweden  
Skandinaviska Enskilda  
Svenska Handelsbanken

**(61) Switzerland**

The Royal Bank Of Scotland N.V.  
Abn Amro Bank (Switzerland) A.G.  
Banque Cantonale Vaudoise  
Banque De Commerce Et De Placements S.A.  
BNP Paribas (Suisse) SA  
Commerz Bank AG  
Credit Agricole (Suisse)SA  
Credit Suisse  
HSBC Guyerzeller Bank AG  
United Bank Ltd.  
Zuercher Kantonal Bank  
Habibsons Bank Ltd  
Habib Bank AG Zurich

**(62) Scotland**

Bank of Scotland  
Citibank Europe PLC

**(63)Slovakia**

Unibanka, A.S.,(Unicredito Italiano Group)  
Commerzbank AG

**(64) Taiwan**

Australia And New Zealand Banking Group  
Bank Of New York

The Bank of Tokyo Mitsubishi Limited  
Citibank N.A., Taipei Branch  
JP Morgan Chase Bank N.A  
Standard Chartered Bank  
Sumitomo Mitsui Banking Corporation

**(65) Tunisia**

Arab Banking Corporation  
Banque International Arabe De Tunisie

**(66) Thailand**

The Bank of Tokyo Mitsubishi Ltd.  
Export-Import Bank of Thailand  
JP Morgan Chase Bank N.A  
Standard Chartered Bank  
Sumitomo Mitsui Banking Corporation

**(67) Turkey**

Habib Bank UK-PLC  
Oyak Bank A.S.  
Tekstil BankasI A.S.  
Turkiye Garanti Bankasi  
Kuwait Turkish Participation Bank Inc  
Turkiye IS Bankasi  
Yapi Ve kredi bankasi  
Denizbank Turkey  
T Bank-Turk land Bank A.S.  
Fortis Bank A.S.

**(68) United Arab Emirates**

BNP Paribas  
Citi Bank  
Commercial Bank of Dubai

Doha Bank  
Emirates Bank International PJSC  
Emirates Islamic Bank  
First Gulf Bank  
Habib Bank A.G. Zurich  
Mashreq Bank  
National Bank of Fujairah  
Standard Chartered Bank  
Union National Bank  
United Bank Ltd  
Habib Bank Ltd

#### (69) United Kingdom

Bank Leumi UK-PLC  
Bank Of America, N.A.  
Bank Of Cyprus UK  
The Bank of Tokyo Mitsubishi Ltd  
Citi Bank  
Commerz Bank AG  
EFG Private Bank Ltd  
Habib Bank AG Zurich  
Habib Bank UK-PLC  
JP Morgan Chase Bank  
KBC Bank NV  
Mashreq Bank  
National Westminster Bank  
Nordea Bank Finland Plc London Branch  
Northern Bank (Part Of Danske Bank Group)  
Shinhan Bank London Branch  
Standard Chartered Bank  
United National Bank  
Habibsons Bank Ltd

#### (70) United States

The Royal Bank of Scotland N.V.  
Bank of America, N.A.  
Bank of Newyork  
The Bank of Tokyo Mitsubishi Ltd  
BNP Paribas U.S.A  
Citi Bank  
Commerz Bank AG  
Credit Suisse Bank  
Deutsche Bank Trust Company Americas  
Doha Bank  
First Commercial Bank  
Habib American Bank  
Habib Bank Limited  
JP Morgan Chase Bank  
Keybank National Association  
Mashreq Bank  
National Bank of Pakistan  
National City Bank Cleveland  
Regions Bank  
Standard Chartered Bank  
State Bank of India(California)  
Sumitomo Mitsui Banking Corporation  
Sterling National Bank  
U.S Bank  
UMB Bank, N.A.  
United Bank Ltd  
Washington Mutual Bank  
Wells Fargo Bank  
Woori Bank  
China Construction Bank New York Branch

#### (71) Vietnam

Standard Chartered Bank  
Shinavina Bank

#### (72) Zambia

Standard Chartered Bank

# FORM OF PROXY

I/We \_\_\_\_\_  
(Name and Folio No./Participant Account No. & Sub-Account No.)

of \_\_\_\_\_  
(Place)  
being a member(s) of THE BANK OF PUNJAB hereby appoint

\_\_\_\_\_

(Name and Folio No./Participant Account No. & Sub-Account No.)

of \_\_\_\_\_  
(Place)

another member of the Bank as my / our proxy to attend, speak and vote on my / our behalf at the 23<sup>rd</sup> Annual General Meeting of the Bank to be held on Tuesday, 29<sup>th</sup> April, 2014 at 9:30 a.m. at Qasar-e-Noor, Main Boulevard, Gulberg-III, Lahore and at any adjournment thereof.

Signed this \_\_\_\_\_ Day \_\_\_\_\_ 2014.

## WITNESSES:

Signature of Member(s)

1. Signature: \_\_\_\_\_

2. Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

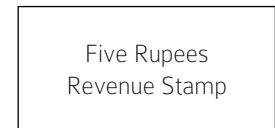
Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

CNIC or  
Passport No. \_\_\_\_\_

CNIC or  
Passport No. \_\_\_\_\_



## NOTE:

This form of proxy duly completed must be deposited at Corporate Affairs Department of the Bank at BOP Tower, 10-B, Block-E-II, Main Boulevard, Gulberg-III, Lahore by not less than 48 hours before the time fixed for the Meeting.



The Company Secretary

**THE BANK OF PUNJAB**  
BOP Tower, 10-B, Block-E-II,  
Main Boulevard, Gulberg-III,  
Lahore.  
Ph: 35783700-10

AFFIX  
CORRECT  
POSTAGE



*Passion Reborn*

**Head Office**  
*BOP Tower, 10-B Block E/II,  
Main Boulevard, Gulberg-III, Lahore  
UAN: 111-200-100  
[www.bop.com.pk](http://www.bop.com.pk)*