Annual Report | 2015

0800-011-22 | www.jsbl.com
277 Branches in 138 Cities

JS BANK
BARHNA HAI AAGEY

JS BANK

BARHNA HAI AAGEY

Annual Report | 2015

Table of Contents

Company Information

Board of Directors

Mr. Jahangir Siddiqui	Chairman
Mr. Ashraf Nawabi	Independent Director
Mr. Shahab Anwar Khawaja	Independent Director
Mr. G.M. Sikander	Independent Director
Mr. Mazharul Haq Siddiqui	Non-Executive Director
Mr. Adil Matcheswala	Non-Executive Director
Mr. Kalim-ur-Rahman	Non-Executive Director
Mr. Khalid Imran	President & CEO

Audit Committee

Mr. Shahab Anwar Khawaja	Chairman
Mr. Adil Matcheswala	Member
Mr. G.M. Sikander	Member

Human Resource & Remunerations Committee

Mr. G.M. Sikander	Chairman
Mr. Mazharul Haq Siddiqui	Member
Mr. Khalid Imran	Member

Risk Management Committee

Mr. Ashraf Nawabi	Chairman
Mr. Adil Matcheswala	Member
Mr. Kalim-ur-Rahman	Member
Mr. Khalid Imran	Member

Nomination Committee

Mr. Ashraf Nawabi	Chairman
Mr. Shahab Anwar Khawaja	Member
Mr. G.M. Sikander	Member

Chief Financial Officer

Mr. Muhammad Yousuf Amanullah

Company Secretary

Mr. Ashraf Shahzad

Auditors

Deloitte Yousuf Adil
Chartered Accountants
(Member firm of Deloitte Touche Tohmatsu)

Legal Advisors

Haidermota BNR
Bawaney & Partners
Liaquat Merchant Associates

Share Registrar

Technology Trade (Pvt.) Limited
241-C, Block – 2, P.E.C.H.S, Karachi

Registered Office

JS Bank Limited
Shaheen Commercial Complex
Dr. Ziauddin Ahmed Road
P.O. Box 4847 Karachi-74200, Pakistan
UAN: +92 21 111 JS Bank (572-265)
0800-011-22 | www.jsbl.com

Profile of Board of Directors

Mr. Jahangir Siddiqui
Chairman

Mr. Jahangir Siddiqui is one of Pakistan's leading entrepreneurs. He established JS Group in 1970 and grew it to be one of Pakistan's largest conglomerates. He retired as CEO of JS Group in 1999 and has since advised and chaired the boards of some key group companies. While he was operationally leading JS Group, he was responsible for establishing joint ventures with leading global firms including in investment banking with Bear Stearns & Co. Inc. and IFC, in asset management with Invesco plc and IFC, in health insurance with Allianz AG and in Islamic banking with Dubai Bank PJSC.

He has been appointed by the Government of Pakistan as a member of the boards of a number of Government bodies including the Privatization Commission, Economic Advisory Board and the Exchange Reforms Committee. As a member of the Exchange Reforms Committee he was crucial in developing the plan through which Pakistan's capital markets were opened up to foreign investors in the early 1990s.

Mr. Siddiqui served as President of the Karachi Stock Exchange for two terms. During his terms he was able to introduce key initiatives including the establishment of the Central Depository Company of Pakistan to make securities settlements scrip-less and the modernization of the exchange's trading systems.

He dedicates a significant amount of time to philanthropic activities. In addition to his own substantial charitable grant making through his family foundations, he works with a number of other philanthropic organizations whose causes he supports. As Chairman of the Board of Trustees of the Endowment Fund Trust for Preservation of the Heritage of Sindh, he is responsible for the preservation of heritage and culture in Sindh province.

He holds a Bachelor's Degree in Commerce from the University of Sindh.

Mr. Mazharul Haq Siddiqui
Director

Mr. Mazharul Haq Siddiqui is a Non- Executive Director and also a member of Human Resource & Remuneration Committee. He retired from the Pakistan Civil Service after a distinguished career as a civil servant and educationist. He has held many senior positions with the Government of Pakistan and in the corporate sector, including Chairman of Hum Network Limited and National Insurance Corporation Limited.

Mr. Siddiqui joined the Income Tax Department in 1957 through the Central Superior Services competitive examination and served in various capacities including as the Commissioner of Income Tax. He served the Provincial Government of Sindh as Secretary Education, Finance and Services and General Administration Departments. He has served the Federal Government as Secretary Establishment, Education, Management Services, Economic Affairs & Statistics and Youth Affairs Departments.
Mr. Siddiqui was Vice Chancellor of Sindh University for three terms of four years each. In recognition of his services to education, administration and management he was awarded 'Sitara-i-Imtiaz' by the President of Pakistan in 2005.

He holds a Master's Degree in Defense & Strategic Studies from Quaid-e-Azam University, Islamabad.

Mr. Ashraf Nawabi
Director

Mr. Ashraf Nawabi is an Independent Director and also the member of Risk Management Committee of the Bank.

Mr. Ashraf Nawabi is a senior banker with over 40 years of experience. He was a founder of Prime Commercial Bank Limited and remained on its Board of Directors for three years. Since 1990, he has been the Advisor to Emirates NBD Bank PJSC which is the largest bank in the UAE. Since 1989, he has also been one of the major shareholders and Director of Alliance Insurance Co. PSC in the UAE. For five years he was a Director of Union National Bank PJSC, the fourth largest bank in the UAE. Prior to joining Emirates NBD Bank, he was the Chief Executive Officer of United Bank

Limited – Middle East for seven years.

Mr. Nawabi is also a Director and Chief Executive Officer of First Jamia Services Limited in Lahore and L & N (Private) Limited in Karachi since 1991 and 2006 respectively. Both institutions provide education related services.

He graduated from the University of Karachi.

Mr. Shahab Anwar Khawaja

Director

Mr. Shahab Anwar Khawaja is an Independent Director and also the Chairman of the Audit Committee. Mr. Khawaja was a senior civil servant and served the Government of Pakistan in various capacities for 36 years. He retired as Federal Secretary to Government of Pakistan.

As Secretary Privatization, he supervised the Privatization Ministry and Commission. He also served as Secretary of the Privatization Board and was responsible for transacting the entire privatization program of public sector enterprises in the country. Earlier he served as Secretary Ministry of Industries and Production for three years. He has served as CEO of the Competitiveness Support Fund – a JV of Government of Pakistan & USAID.

As CEO of Small and Medium Enterprises Development Authority (SMEDA), he managed all Federal Government support initiatives to this very large sector of the economy. During these years a number of developments were achieved to help SME growth especially for higher value addition through the acquisition of improved technology.

Mr. Khawaja's last engagement was in the private sector when he headed Fertilizer Manufactures of Pakistan Advisory Council as its Executive Director from June 2012 to June 2015.

He holds a Master of Science degree in Chemistry and holds Post Graduate Diploma in Development Administration from Birmingham University, UK.

Mr. Adil Matcheswala

Director

Mr. Adil Matcheswala is a Non-Executive Director and also a member of the Audit and Risk Management Committees. He is the CEO and founding Director of Speed (Private) Limited, a company incorporated in Pakistan that is a large retailer and distributor for a number of leading international brands such as Nike, Tag Heuer and Timex.

Mr. Matcheswala started his professional career in the financial services industry in 1992 and until 2002 was the Head of the Equity Sales Division of Jahangir Siddiqui & Co. Ltd. and Bear Stearns Jahangir Siddiqui Limited.

He has previously served as the Chairman of the Board and Chairman of the Audit Committee of JS Global Capital Ltd. as well as a Director of the BSJS Balanced Fund Ltd.

He graduated from Brown University with an A.B. in Economics.

Mr. Kalim-ur-Rahman

Director

Mr. Kalim-ur-Rahman was formerly President & CEO of JS Bank Limited. He is a Non-Executive Director and also a member of the Board Risk Management Committee. He holds the Director's certification from the Pakistan Institute of Corporate Governance as well as the Institute of Directors in London.

Mr. Rahman is a seasoned banker with 50 years of experience in both international and domestic banking. He has served in various leading international and domestic banks, including Grindlays Bank PLC in the UK and Pakistan, Middle East Bank Ltd. in the UAE and Pakistan as General Manager of South Asia, Emirates Investment Bank in the UAE as General Manager and Askari Commercial Bank in Pakistan as President and CEO.

He did his Senior Cambridge from Burn Hall School and B.Sc. (Hons) from Government College, Lahore. He had a first class academic career throughout, and his name is inscribed on the College Roll of Honor. He is a Fellow of the

Institute of Bankers in Pakistan as well as the Institute of Chartered Secretaries and Managers, Pakistan.

Mr. G.M. Sikander
Director

Mr. G.M Sikander is an Independent Director. He has been a career civil servant having served the Government of Pakistan in various capacities for 39 years. He retired as Federal Secretary of the Housing and Works Division.

He has served as Assistant Commissioner and Deputy Commissioner in various districts of Punjab and contributed significantly towards social sector development. While serving as Deputy Commissioner of Kasur he single handedly established a public school on self-help basis which has now become a Degree College with almost 5,000 students.

Mr. Sikander has previously served as Secretary to the Government of the Punjab and NWFP provinces and headed the departments of Services, Establishment, Information & Tourism, Housing & Physical Planning, Baitul Maal, Social Security and Cooperatives. He also served as Principal Secretary to five Chief Ministers in the Punjab for a record period of almost 10 years.

After retirement, he serves as a Director and Chairman of the Audit Committee on the Board of Directors of National Fertilizer Marketing Limited. He is also a Trustee of the Hamza Foundation in Lahore which is a foundation dedicated to supporting and educating deaf and mute students. He is also a Life Trustee of the Marafi Foundation in Kuwait which is engaged in the development of public health and education sectors in Gilgit Baltistan.

Mr. Sikander received his M.A. in Political Science from Punjab University and completed a Diploma in Development Administration from the University of Birmingham. He has also done the advanced National Management Course from the then PASC Lahore and a special course in Development Administration from NIPA Lahore for DMG officers.

Mr. Khalid Imran
President and CEO

Mr. Khalid Imran is the President and CEO of JS Bank Limited. He has over 40 years of diversified banking experience in Pakistani and foreign banks. He started his career with BCCI, where he worked for 16 years in different capacities. He was Joint General Manager of BCCI Middle East Region. He then worked for Commercial Bank of Dubai PJSC. On his return to Pakistan in 1991, he was a member of the core team which established Prime Commercial Bank Limited. He served Prime Bank in the capacity of Senior Executive Vice President and continued with Prime Bank through its acquisition by and merger into ABN Amro Bank in Pakistan and the subsequent acquisition of ABN Amro Bank in Pakistan by Royal Bank of Scotland. He joined JS Bank in 2012.

He received his BBA (Hons) and MBA from Karachi University.

Corporate Social Responsibility

As a responsible corporate citizen strive to support CSR initiatives that support economic growth, social progress and environmental protection.

JS Bank Activities

As part of its Green Energy Program, JS Bank has successfully converted 100 branches to use solar energy.

The Bank was honoured to have arranged the JS Bank Quaid-e-Azam Trophy 2015 Wheelchair Cricket Tournament.

Our annual national Ramadan meal campaign was also held and organized through JS Bank branches to facilitate the underprivileged with Iftar meals. During 2015, 89,800 iftar meals were served. This initiative acts as a catalyst for JS Bank staff to interact with underprivileged communities. We are grateful to the many JS Bank staff members and our generous clients who co-fund this campaign.

In recognition of JS Bank's extensive philanthropic initiatives, it was awarded the prestigious Social Impact Award at the 4th International Summit on Corporate Social Responsibility 2015.

Partner Activities

JS Bank carries out major philanthropic activities in partnership with the Mahvash & Jahangir Siddiqui Foundation (MJSF). We support MJSF with both financial and human resources.

The following is an overview of MJSF's activities:

Education

MJSF's educational programs focus on grant making to:

- Higher education
- Mainstream education including schools for children with special needs
- Vocational training
- Specialized programs

MJSF has provided grants to leading educational institutions of Pakistan including Lahore University of Management Sciences, Karachi School for Business and Leadership and the Institute of Business Administration. MJSF also offers interest-free education loans to students.

During 2015, the first batch of Bachelors of Arts students graduated from the JS Academy for the Deaf and the first class graduated from a new program for young professionals who are selected from across the country to attend the European Academy of Diplomacy's Summer Programs held in Poland.

Healthcare

MJSF has a deep commitment to public health and supports the existing hospitals and medical facilities by:

- Upgrading and adding specialist wards at existing hospitals
- Developing healthcare facilities in rural areas
- Providing mobile health care and surgical services in difficult-to-access areas
- Running medical camps in rural areas

MJSF is linked with numerous projects and organizations in the healthcare sector including Sindh Institute of Urology and Transplantation, Karachi National Hospital, National Institute of Cardiovascular Diseases and National Institute of Child Health.
MJSF's mobile healthcare and surgical services programs in 2015 treated 9,519 patients with regard to various matters, eye care specialist's performed 2,761 cataract surgeries, and 3,307 gastro treatments, 1,158 gynecology treatments and 1,418 skin treatments were conducted.

MJSF also collaborated with Adaptive Eyewear to provide adjustable eyeglasses to various eye care charities and organization's in Pakistan. To ensure access and distribution, free camps were set up nationwide and adjustable eyeglasses were distributed as a field trial for this promising technology.

Social Enterprise & Sustainable Development (SESD)

The SESD program funds projects that are economically productive and sustainable which remove or reduce the need for ongoing grants.

MJSF has a long established partnership with Acumen (formerly known as Acumen Fund). Through this partnership, the foundation, to date, has contributed the equivalent of US$2,000,000 to Acumen. Since 2001, Acumen has actively invested in Pakistan in building social enterprises. MJSF is also a sponsor of the Acumen Pakistan Fellows Program, a one-year program designed to train individuals leading social change initiatives dedicated to addressing Pakistan's most critical poverty problems.

MJSF's interest-free micro-finance program in Chitral in Northern Pakistan for farmers that produce high quality onion seeds entered its second successful year.

Humanitarian Relief

MJSF has a strong focus on humanitarian relief. Its activities focus on immediate relief in disasters as well as long-term rehabilitation. The Foundation has contributed with a significant humanitarian response in the following crises:

- 2005 - Earthquake in Azad Jammu & Kashmir (AJK) and Khyber Pakhtunkhwa Province
- 2008 - Swat Conflict and related Internally Displaced Persons crisis
- 2010 - Super Floods
- 2014 - Thar Drought crisis
- 2015 - Earthquake in Khyber Pakhtunkhwa and Gilgit-Baltistan provinces

MJSF is committed to providing a rapid response to natural disaster and emergencies by mobilizing its financial resources in coordination with the human resources of JS Bank and related companies to provide immediate food aid, shelter and healthcare services.

During 2015, MJSF contributed hundreds of family size tents and 1,000 winterized blankets to the Pakistan Air Force which were airlifted to the earthquake affected areas.

MJSF also provided relief goods for hundreds of earthquake-affected families through the Pakistan Army.

Notice of Tenth Annual General Meeting

Notice is hereby given that the Tenth Annual General Meeting of the shareholders of JS Bank Limited (the "Bank") will be held on Monday, March 28, 2016 at 9:30 am at Defence Hall, Defence Authority Creek Club, Karachi to transact the following business.

Ordinary Business:

1. To receive, consider and adopt the Annual Audited Standalone and Consolidated Financial Statements of the Bank for the year ended December 31, 2015 together with the Directors' and Auditors' Reports thereon.

2. To appoint the Auditors of the Bank for the year ending December 31, 2016 till the conclusion of the next Annual General Meeting and fix their remuneration. The present auditors Deloitte Yousuf Adil, Chartered Accountants (a Member of Deloitte Touche Tohmatsu) retire and in compliance of the Code of Corporate Governance cannot be re-appointed as having completed a term of five years. The Board of Directors, on the suggestion of the Audit Committee of the Bank, has recommended Ernst &Young Ford Rhodes Sidat Hyder Chartered Accountants (a Member of Ernst & Young Global Limited) as auditors for the ensuing year.

3. To consider and approve final cash dividend @ 12% p.a. (i.e. Rs. 1.20 per preference share) subject to deduction of tax, to the Preference Shareholders for the year ended December 31, 2015 as recommended by the Board of Directors.

4. To elect eight (8) directors as fixed by the Board of the Bank under Section 178(1) of the Companies Ordinance, 1984 for three years commencing from March 28, 2016. The names of retiring directors, who are eligible to offer themselves for re-election, are as follows:

Mr. Jahangir Siddiqui	Mr. Mazharul Haq Siddiqui	Mr. Ashraf Nawabi
Mr. Shahab Anwer Khawaja	Mr. Adil Matcheswala	Mr. Kalim-ur-Rahman
Mr. G.M. Sikander		

Special Business:

5. To approve the remuneration paid to the Directors of the Bank for attending Board and Board's Sub-Committees meetings on post facto basis in terms of Prudential Regulation No. G-1 C(2) by passing the following ordinary resolution:

   "**RESOLVED** that the remuneration of PKR 250,000/- per meeting payable to the Directors of the Bank for attending Board meetings and PKR 100,000 per meeting payable to the Directors for attending Board's Sub-Committees meetings, be and is hereby approved."

Karachi: March 05, 2016

By Order of the Board

Ashraf Shahzad
Company Secretary

Notes:

1. Share transfer books of the Bank will remain closed from March 21, 2016 to March 27, 2016 (both days inclusive). Transfers received in order at Bank's Independent Share Registrar, Technology Trade (Pvt.) Limited, Dagia House, 241-C, Block 2, PECHS, Karachi at the close of business on March 20, 2016 will be treated in time for purposes of payment of the final cash dividend (subject to approval of the members) and to attend and vote at the Meeting.

2. A member of the Bank entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.

3. Proxies must be received at the Registered Office of the Bank not less than 48 hours before the time of the Meeting.

4. Beneficial owners of the shares registered in the name of Central Depository Company of Pakistan (CDC) and/or their proxies will have to follow the following guidelines as laid down by the Securities and Exchange Commission of Pakistan:

   ### A. For Attending the Meeting

   a. In case of Individuals, the account holder and or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with Participant ID number and the account number at the time of attending the Meeting.

   b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

   ### B. For Appointing Proxies

   a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

   b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

   c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

   d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

   e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Bank.

5. Any person seeking to contest the election, whether retiring Director or otherwise, must file with the Company at its Registered Office the following documents not later than 14 days before the date of the meeting:

   i) The intention to offer himself/herself for the election of Directors in terms of Section 178(3) of the Companies Ordinance, 1984 along with (a) consent on Form 28 (Consent to act as a Director) under Section 184 of the Companies Ordinance, 1984; (b) a declaration under clause (ii) of the Code of Corporate Governance, 2012 that he/she is not serving as a director in more than seven (7) listed companies (including JS Bank Limited and excluding the listed subsidiaries of listed holding companies); and (c) a declaration that he/she is not ineligible to become a director in terms of Section 187 of the Companies Ordinance, 1984 or under any circular/directive of the State Bank of Pakistan or any other applicable laws and regulations.

   ii) Duly filled Proforma for Fit and Proper Test and Questionnaire in the prescribed form along with an Affidavit, recent photograph and copy of attested CNIC/passport to meet the requirement of State

Bank of Pakistan's Prudential Regulation G-1 and Fit and Proper Test for Appointment of Directors. Elected director shall remain be subject to the fit and proper test approval of the State Bank.

6. Shareholders are requested to notify immediately for any change in their address.

7. Notice to Shareholders who have not provided CNIC:

The directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(I)/2012 dated 5 July 2012 requires that the dividend warrants should bear the Computerized National Identity Card Numbers (CNIC) of the registered shareholders or the authorized person except in the case of minor(s) and corporate shareholders. CNIC number of the shareholders is, therefore, mandatory for the issuance of dividend warrants and in the absence of such information, payment of dividend may be withheld in term of SECP's above mentioned directive. Therefore, the shareholders who have not yet provided their CNICs are advised to provide the attested copies of their CNICs (if not already provided) directly to our Independent Share Registrar at the address given herein above without any further delay.

8. Placement of Financial Statements

The Bank has placed the annual Audited Financial Statements for the year ended December 31 2015, along with the Auditors and Directors Reports on its website: www.jsbl.com.

9 Mandate for E-DIVIDEND for shareholders

In order to make the process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated 5 April 2013 has advised all Listed Companies to adopt e-dividend mechanism. In view of the above, you are hereby encouraged to provide a dividend mandate in favour of e-dividend by providing dividend mandate form duly filled in and signed.

10. Deduction of Income Tax from Dividend at Revised Rates

Pursuant to the provisions of the Finance Act, 2014, deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

S. no	Nature of Shareholders	Rate of deduction
1	Filers of Income Tax Return	12.5%
2	Non- Filers of Income Tax Return	17.5%

Income Tax will be deducted on the basis of Active Tax Payers List posted on the Federal Board of Revenue website.

Members seeking exemption from deduction of income tax or eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be.

Statement Under Section 160 (1) (B) of the Companies Ordinance, 1984

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of JS Bank Limited (the "Bank") to be held on March 28, 2016.

To approve the remuneration paid to the Directors of the Bank for attending Board and Board's Sub-Committees meetings:

The remuneration paid to Directors was approved by the Board of Directors in terms of Article 64 of the Articles of Association of the Bank. The remuneration requires approval (which is permissible on post facto basis) of the shareholders in the Annual General Meeting in accordance with the requirements of the Prudential Regulations (Regulation G 1 C(2)) issued by the State Bank of Pakistan.

Statement under Regulation 4 (2) of the Companies (Investment in Associated Companies or Associated Undertaking) Regulation, 2012

The Bank in its Annual General Meeting held on March 27, 2015 had approved equity investments of up to PKR 500 million in ordinary shares of the following associated/ subsidiary companies of the Bank. The resolution is valid for a period of three years commencing from March 27, 2015.

S. No.	Name of Company	Total Investment approved up to PKR	Amount of Investment till Dec. 31,2015 PKR	Reasons for not making complete investment in the specified time	Material change in Financial Statement of Associated Companies
1	EFU Life Assurance Ltd.	500 million	190.52 million	-	No
2	EFU General Insurance Ltd.	500 million	488.98 million	-	No
3	JS Investments Ltd.	500 million	Nil	SBP approval not granted	N/A
4	JS Global Capital Ltd.	500 million	Nil	SBP approval not granted	N/A

Client Testimonials

Nizam Energy is a leading subsidiary of Nizam Group which is engaged in manufacturing & exports of Textile, Hospitality and Recycling products. Nizam Energy was established in 2012 with the core objective of providing alternate energy solutions in the country, with a focus towards Solar Energy.

Today, It is one of the largest renewable energy companies, having its network across Pakistan and is involved in execution of various landmark projects. JS, being the group's main Bank, partners with Nizam energy in providing alternate energy products & services throughout Pakistan.

CEO's Testimonial

"We found JS Bank as a very reliable banking partner, instrumental in our group's business growth."

Mr. Usman Ahmed
CEO, Nizam Energy

Avanceon Ltd. [KSE: AVN] is the leading provider of industrial automation, process control and systems integration as well as proprietary energy management solutions and support services. We have a strong market footprint through our offices in Dubai, United Arab Emirates, covering the Middle East, Lahore, Pakistan, covering South East Asia, and Exton, Pennsylvania, covering North America. Avanceon has been in the automation business for the last 25 years and has transformed into a 360-degree solution provider for automation, energy management, service and maintenance for major blue chip companies. A certified member of the select group of Control System Integrators Association and is also listed on the Control Engineering Magazine's System Integrator Hall of Fame. Going forward, Avanceon intends to strengthen its position in the Middle East by establishing offices in Qatar and Kingdom of Saudi Arabia.

CEO's Testimonial

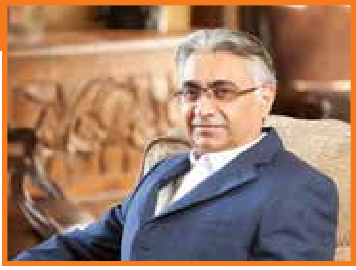
JS Bank has been a very reliable partner for over 10 years. Their customer centric approach makes us go back to them for all our needs; I wish them the best.

Mr. Bakhtiar H. Wain
CEO, Avanceonz

OBS Group, result of a management buyout of Organon Pakistan in 2006, is a leading healthcare group with a strong presence in Pakistan, Sri Lanka, and Afghanistan. Focused on bringing long-term value to the Pakistani Pharma market, OBS Group has been aggressive in fostering strategic alliances and acquisitions. Similarly, by understanding OBS's and its sponsors' needs, JS Bank facilitated them by providing structured products and services for all five acquisitions since 2007 thus helping them to grow from a marginal player to a top 10 pharmaceutical company in Pakistan.

CEO's Testimonial

"OBS has been associated with JS Bank since its inception and it is their approach towards attention to details and personalized services among many reasons that OBS group proudly values JS Bank as its trusted partner."



Mr. Tarek M. Khan
CEO, OBS Group

NRSP Micro-finance Bank Limited (NRSP MFG), founded in 2011, is a rural-focused micro-finance bank. By understanding NRSP MFB's aggressive plans to become regional leader of demand-driven financial services to low-income clientele, with a focus on small farmers, JS Bank helped them by structuring a loan offering to replace their in-house funding program. JS Bank was NRSP MFB's first lender and since then has been the largest lender not only to NRSP MFG but to the Micro Finance sector as well.

CEO's Testimonial

"NRSP MFG has grown from a small player to one of the largest in the micro-finance industry and our association with JS Bank has grown in the similar manner. JS Bank has always supported NRSP MFG by offering specialized structured products suited to our needs and goals."

Mr. Zahoor Hussain Khan
CEO, NRSP

Financial Highlights

Six Years' Horizontal Analysis

PKR million

	2015	15 Vs 14 %	2014	14 Vs 13 %	2013	13 Vs 12 %	2012	12 Vs 11 %	2011	11 Vs 10 %	2010	10 Vs 09 %
Statement of Financial Position												
Assets												
Cash and balances with treasury banks	11,159	23%	9,041	16%	7,774	55%	5,027	30%	3,881	53%	2,534	44%
Balances with other banks	584	42%	412	-20%	515	-56%	1,179	762%	137	-80%	683	-67%
Lendings to financial institutions	3,581	-68%	11,080	-49%	21,586	448%	3,941	-3%	4,073	12%	3,643	13%
Investments - net	116,030	38%	84,258	97%	42,679	-8%	46,259	104%	22,650	65%	13,702	44%
Advances - net	76,666	23%	62,433	85%	33,763	68%	20,055	11%	18,019	29%	13,978	20%
Operating fixed assets	4,574	21%	3,767	4%	3,628	15%	3,165	5%	3,021	5%	2,883	-5%
Deferred tax assets - net	-	0%	-	-100%	884	26%	699	-35%	1,082	-9%	1,185	28%
Other assets	5,882	3%	5,726	195%	1,942	56%	1,244	18%	1,057	36%	776	22%
Total Assets	**218,476**	**24%**	**176,717**	**57%**	**112,770**	**38%**	**81,570**	**51%**	**53,921**	**37%**	**39,384**	**20%**
Liabilities												
Bills payable	1,609	17%	1,380	-2%	1,415	98%	714	-43%	1,247	237%	370	15%
Borrowings	54,638	8%	50,538	151%	20,151	145%	8,222	179%	2,944	-47%	5,524	10%
Deposits and other accounts	141,840	30%	108,740	34%	80,916	29%	62,544	51%	41,487	58%	26,276	23%
Deferred tax liabilities	1,695	281%	445	100%	-	0%	-	0%	-	0%	-	0%
Other liabilities	2,724	7%	2,535	87%	1,354	21%	1,123	47%	765	-44%	1,375	143%
Total Liabilities	**202,508**	**24%**	**163,637**	**58%**	**103,836**	**43%**	**72,603**	**56%**	**46,444**	**38%**	**33,545**	**23%**
Net Assets	**15,968**	**22%**	**13,080**	**46%**	**8,934**	**0%**	**8,967**	**20%**	**7,477**	**28%**	**5,838**	**3%**
Represented by:												
Share capital	12,225	0%	12,225	14%	10,725	0%	10,725	7%	10,003	23%	8,150	33%
Discount on issue of shares	(2,105)	0%	(2,105)	0%	(2,105)	0%	(2,105)	8%	(1,945)	37%	(1,415)	0%
Reserves	919	79%	514	70%	302	30%	231	157%	90	399%	18	0%
Accumulated profits / (losses)	2,529	136%	1,071	391%	218	438%	(65)	90%	(643)	31%	(931)	78%
(Deficit) / surplus on revaluation of assets - net of tax	2,401	74%	1,376	771%	(205)	-213%	181	746%	(28)	-268%	17	48%
Total Equity	**15,968**	**22%**	**13,080**	**46%**	**8,934**	**0%**	**8,967**	**20%**	**7,477**	**28%**	**5,838**	**3%**
Profit & Loss Account												
Mark-up / return / interest earned	15,328	38%	11,113	62%	6,850	14%	6,023	40%	4,312	31%	3,300	31%
Fee, commission and brokerage income	1,124	35%	835	28%	652	15%	566	61%	351	79%	196	48%
Capital gains - net	1,799	19%	1,514	346%	339	-59%	826	240%	243	389%	50	-45%
Income from dealing in foreign currencies	288	6%	272	5%	259	26%	205	108%	99	62%	61	-32%
Dividend income	85	-37%	135	-64%	378	131%	163	700%	20	-9%	22	-14%
Other Income / (loss)	(6)	96%	(165)	-430%	50	10%	46	-7%	49	1151%	4	158%
Total Income	**18,618**	**36%**	**13,704**	**61%**	**8,528**	**9%**	**7,829**	**54%**	**5,074**	**40%**	**3,633**	**27%**
Mark-up / return / interest expensed	9,738	34%	7,259	60%	4,525	20%	3,758	45%	2,584	15%	2,255	25%
Provision/ (reversal) against non-performing loans and advances	675	-3%	658	-53%	430	6%	458	-3446%	(14)	127%	50	-86%
Provision / (reversal) of diminution in value of investments	141	12%	161	-596%	23	56%	52	-138%	(138)	259%	86	80%
Administrative & Operating Expenses	4,890	22%	4,017	32%	3,049	18%	2,582	23%	2,106	13%	1,864	7%
Total Expenses	**15,444**	**28%**	**12,095**	**51%**	**8,026**	**17%**	**6,850**	**51%**	**4,539**	**7%**	**4,255**	**-1%**
Profit Before Taxation	**3,174**	**97%**	**1,608**	**221%**	**501**	**-49%**	**980**	**83%**	**536**	**186%**	**(623)**	**-57%**
Taxation	1,148	-109%	548	-265%	150	44%	270	-54%	176	-182%	(215)	-75%
Profit After Taxation	**2,026**	**91%**	**1,060**	**202%**	**351**	**-50%**	**709**	**97%**	**360**	**188%**	**(407)**	**-32%**

Financial Highlights

Six Years' Vertical Analysis

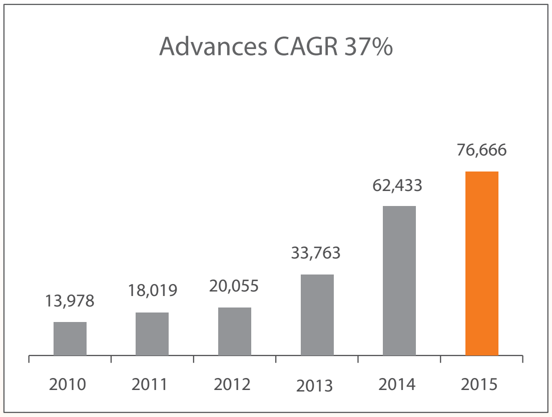
PKR million

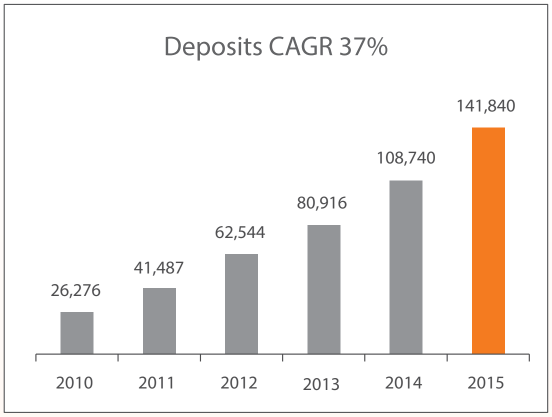
	2015	%	2014	%	2013	%	2012	%	2011	%	2010	%
Statement of Financial Position												
Assets												
Cash and balances with treasury banks	11,159	5%	9,041	5%	7,774	7%	5,027	6%	3,881	7%	2,534	6%
Balances with other banks	584	0%	412	0%	515	0%	1,179	1%	137	0%	683	2%
Lendings to financial institutions	3,581	2%	11,080	6%	21,586	19%	3,941	5%	4,073	8%	3,643	9%
Investments - net	116,030	53%	84,258	48%	42,679	38%	46,259	57%	22,650	42%	13,702	35%
Advances - net	76,666	35%	62,433	35%	33,763	30%	20,055	25%	18,019	33%	13,978	35%
Operating fixed assets	4,574	2%	3,767	2%	3,628	3%	3,165	4%	3,021	6%	2,883	7%
Deferred tax assets - net	-	0%	-	0%	884	1%	699	1%	1,082	2%	1,185	3%
Other assets	5,882	3%	5,726	3%	1,942	2%	1,244	2%	1,057	2%	776	2%
Total Assets	**218,476**	**100%**	**176,717**	**100%**	**112,770**	**100%**	**81,570**	**100%**	**53,921**	**100%**	**39,384**	**100%**
Liabilities												
Bills payable	1,609	1%	1,380	1%	1,415	1%	714	1%	1,247	2%	370	1%
Borrowings	54,638	25%	50,538	29%	20,151	18%	8,222	10%	2,944	5%	5,524	14%
Deposits and other accounts	141,840	65%	108,740	62%	80,916	72%	62,544	77%	41,487	77%	26,276	67%
Deferred tax liabilities	1,695	1%	445	0%	-	0%	-	0%	-	0%	-	0%
Other liabilities	2,724	1%	2,535	1%	1,354	1%	1,123	1%	765	1%	1,375	3%
Total Liabilities	**202,508**	**93%**	**163,637**	**93%**	**103,836**	**92%**	**72,603**	**89%**	**46,444**	**86%**	**33,545**	**85%**
Net Assets	**15,968**	**7%**	**13,080**	**7%**	**8,934**	**8%**	**8,967**	**11%**	**7,477**	**14%**	**5,838**	**15%**
Represented by:												
Share capital	12,225	6%	12,225	7%	10,725	10%	10,725	13%	10,003	19%	8,150	21%
Discount on issue of shares	(2,105)	-1%	(2,105)	-1%	(2,105)	-2%	(2,105)	-3%	(1,945)	-4%	(1,415)	-4%
Reserves	919	0%	514	0%	302	0%	231	0%	90	0%	18	0%
Accumulated profits / (losses)	2,529	1%	1,071	1%	218	0%	(65)	0%	(643)	-1%	(931)	-2%
(Deficit) / surplus on revaluation of assets - net of tax	2,401	1%	1,376	1%	(205)	0%	181	0%	(28)	0%	17	0%
Total Equity	**15,968**	**7%**	**13,080**	**7%**	**8,934**	**8%**	**8,967**	**11%**	**7,477**	**14%**	**5,838**	**15%**
Profit & Loss Account												
Mark-up / return / interest earned	15,328	82%	11,113	81%	6,850	80%	6,023	77%	4,312	85%	3,300	91%
Fee, commission and brokerage income	1,124	6%	835	6%	652	8%	566	7%	351	7%	196	5%
Capital gains - net	1,799	10%	1,514	11%	339	4%	826	11%	243	5%	50	1%
Income from dealing in foreign currencies	288	2%	272	2%	259	3%	205	3%	99	2%	61	2%
Dividend income	85	0%	135	1%	378	4%	163	2%	20	0%	22	1%
Other Income / (loss)	(6)	0%	(165)	-1%	50	1%	46	1%	49	1%	4	0%
Total Income	**18,618**	**100%**	**13,704**	**100%**	**8,528**	**100%**	**7,829**	**100%**	**5,074**	**100%**	**3,633**	**100%**
Mark-up / return / interest expensed	9,738	52%	7,259	53%	4,525	53%	3,758	48%	2,584	51%	2,255	62%
Provision/ (reversal) against non-performing loans and advances	675	4%	658	5%	430	5%	458	6%	(14)	0%	50	1%
Provision / (reversal) of diminution in value of investments	141	1%	161	1%	23	0%	52	1%	(138)	-3%	86	2%
Administrative & Operating Expenses	4,890	26%	4,017	29%	3,049	36%	2,582	33%	2,106	42%	1,864	51%
Total Expenses	**15,444**	**83%**	**12,095**	**88%**	**8,026**	**94%**	**6,850**	**87%**	**4,539**	**89%**	**4,255**	**117%**
Profit Before Taxation	**3,174**	**17%**	**1,608**	**12%**	**501**	**6%**	**980**	**13%**	**536**	**11%**	**(623)**	**-17%**
Taxation	1,148	6%	548	4%	150	2%	270	3%	176	3%	(215)	-6%
Profit After Taxation	**2,026**	**11%**	**1,060**	**8%**	**351**	**4%**	**709**	**9%**	**360**	**7%**	**(407)**	**-11%**

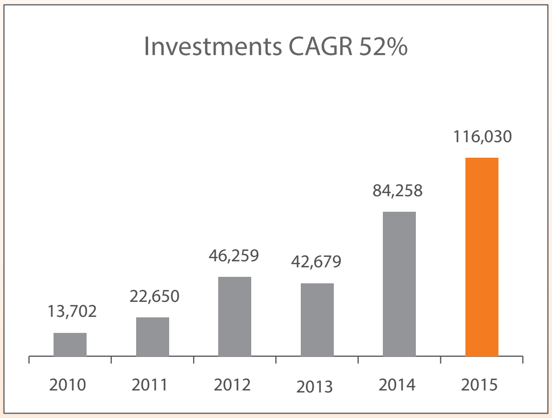
Graphical Presentation of Financial Information

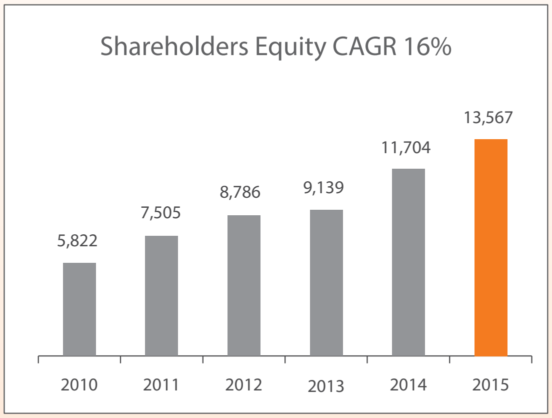
Balance Sheet

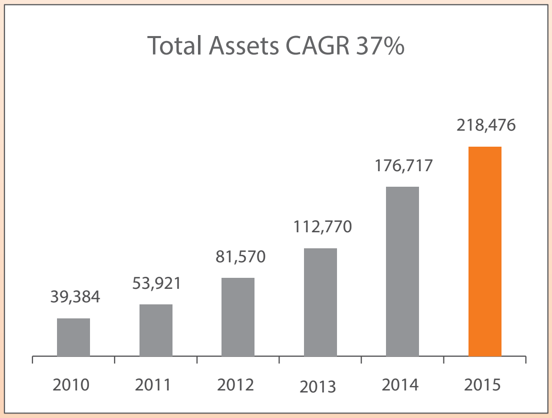
PKR million

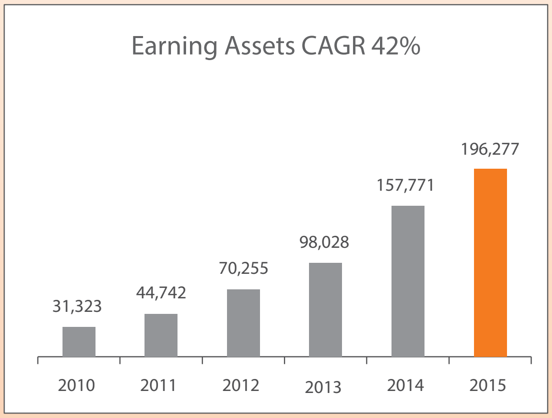








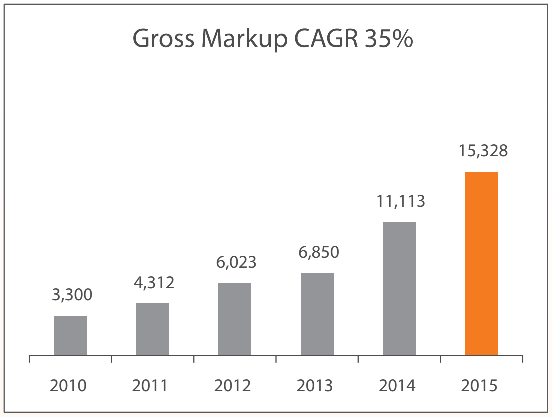


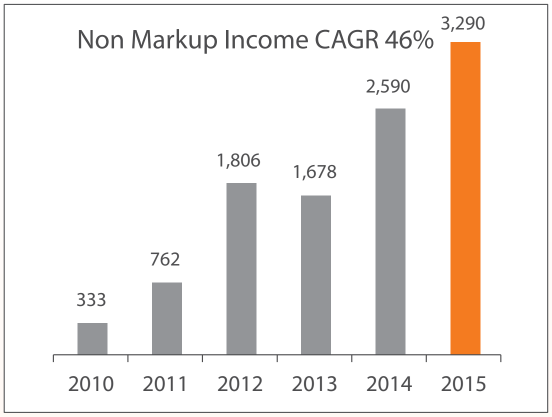


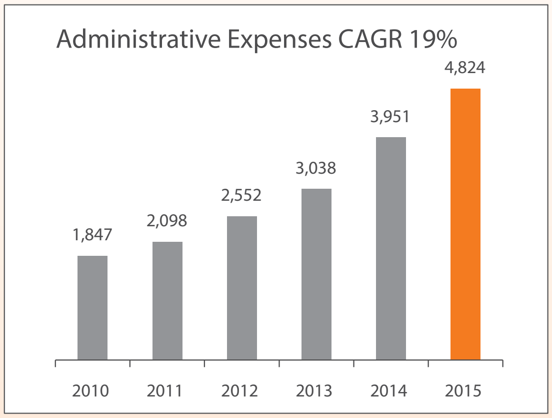
Graphical Presentation of Financial Information

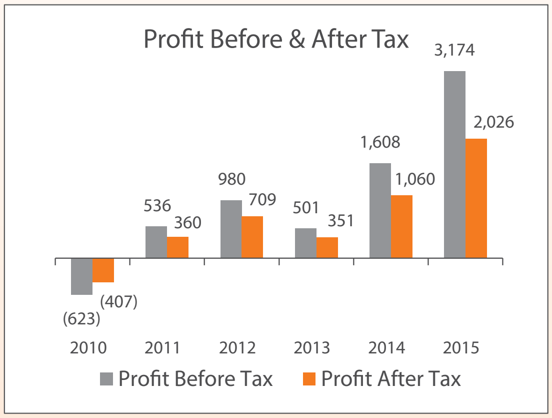
Prof it and Loss Account

PKR million

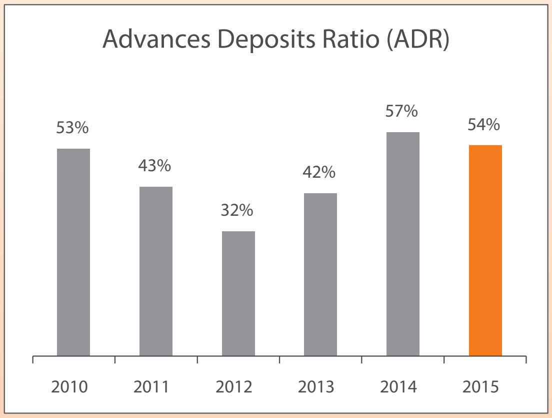


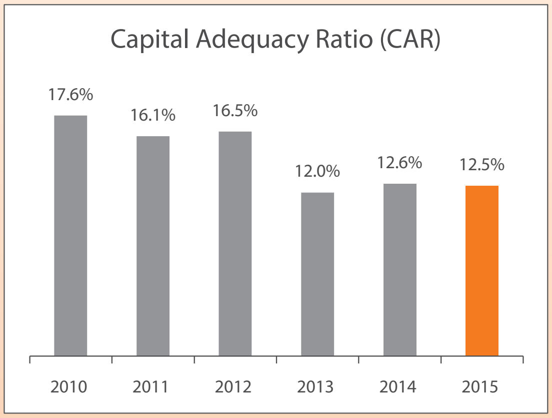






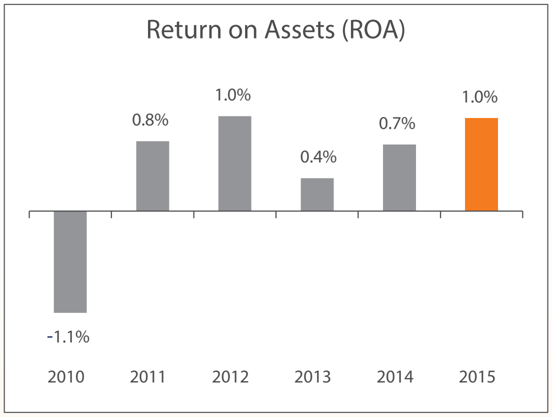
Financial Ratios

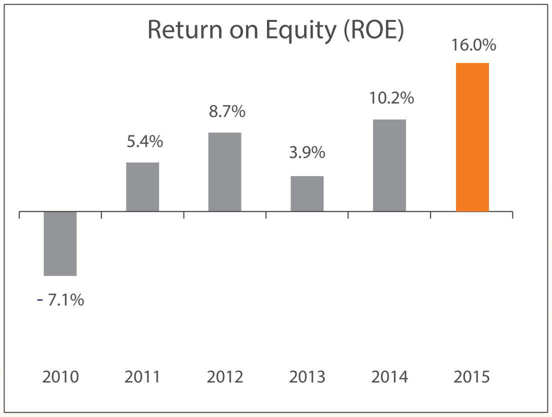


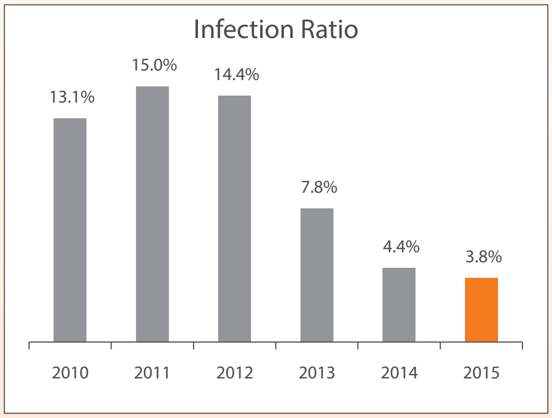


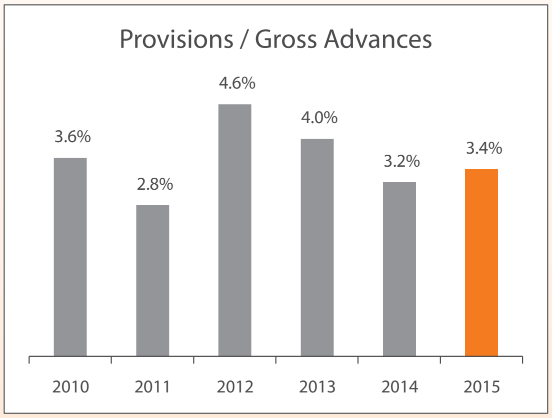
Graphical Presentation of Financial Information

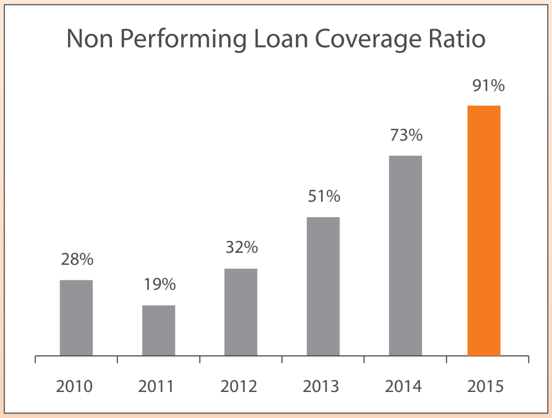
Financial Ratios

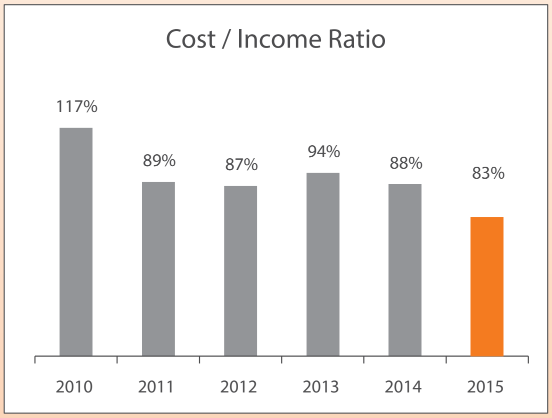








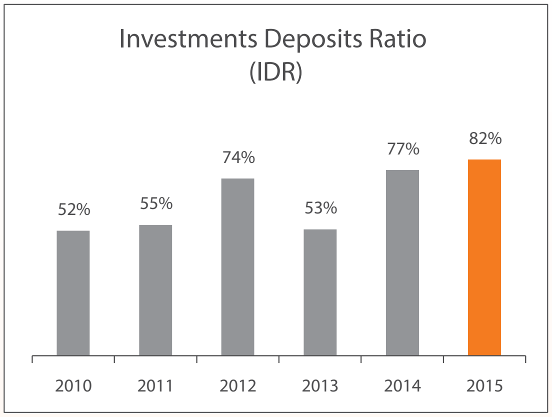


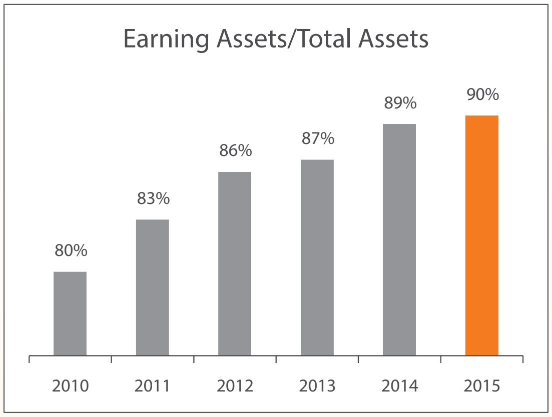


Graphical Presentation of Financial Information

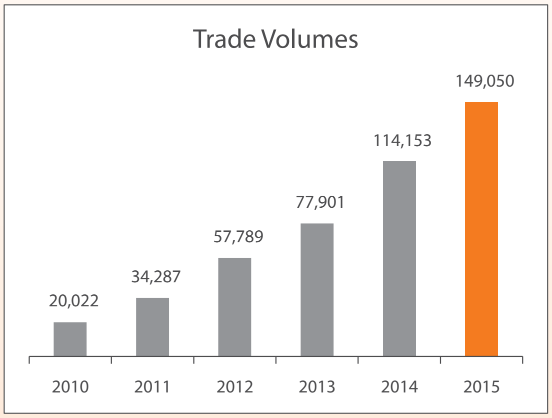
Financial Ratios

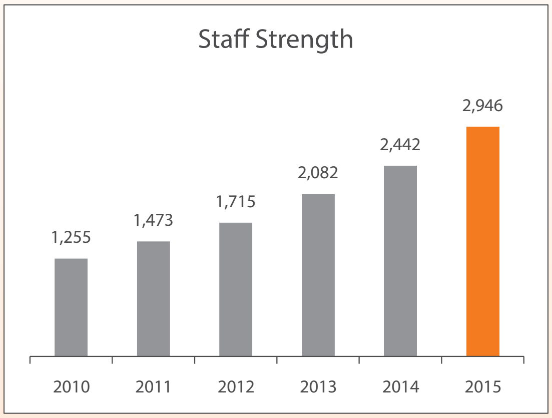
PKR million

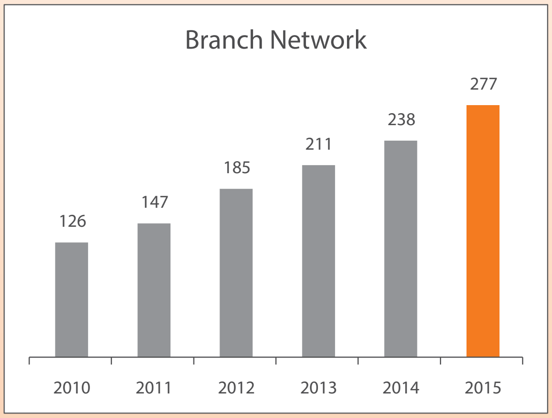


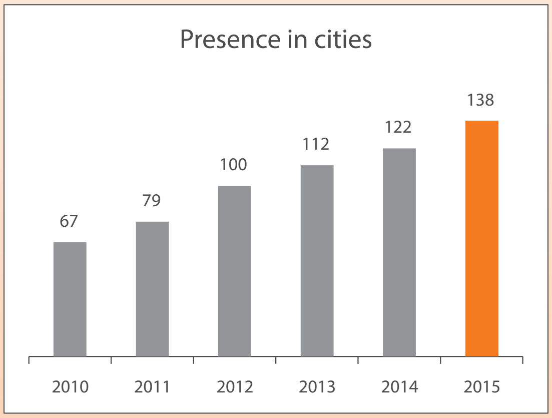


Other Information









Directors' Report

We are pleased to present the Tenth Annual Report of JS Bank Limited ("JSBL") along with the audited accounts and Auditors' report for the year ended December 31, 2015.

Economic Review

The year 2015 saw soft commodity prices, supply woes and global growth issues unravelling. Like other emerging and energy importing economies, declining petroleum prices presented a unique opportunity for Pakistan. During the year, this situation worked favorably for Pakistan's balance of payments position, with a significant improvement to an overall surplus of USD 621 million during 1HFY16. A healthy growth in home remittances of 15% YoY and foreign assistance from international donors, led to a reduction in Pakistan's current account deficit to 0.9% of GDP boosting FX reserves to USD 21 billion. However, the benefits were not enough to convert the current account deficit into surplus because of declining agricultural & commodity-based exports. GDP growth for FY15 remained at 4.2% YoY, broadly missing the target of 5.1%, despite an otherwise positive outlook for Pakistan. CPI for FY15 closed at 4.5% YoY. In expectation of continued soft inflation for FY16, 3.5% - 4.5% YoY (SBP projections), the State Bank of Pakistan carried on with monetary easing by cutting the bench-mark Policy Rate by 350 bps during 2015, bringing it down to 6.0% by November 2015. China & Pakistan inked the CPEC agreement in mid 2015 with an expected FDI inflow of US$46 billion over the next three years, focused on meeting Pakistan's energy and infrastructure needs.

Banking Sector Review

The year 2015 was a challenging one as monetary easing by the State Bank of Pakistan saw the Policy Rate at a low of 6.0%. Banking industry spreads continued the downward trajectory compressing to a multi-year low of 5.9% at 2015 end while the average spread in 2015 declined by 43 bps YoY. As borrowing for budgetary purposes from the banking sector (excluding the State Bank) increased by 47.6% YoY, surpassing PKR 1.3 trillion, private sector credit growth was adversely impacted. Resultantly, the banking industry's Investments, mainly in Government Securities grew by 36% YoY to reach PKR 7.4 trillion by end December 2015 while Gross Advances increased by only 7.3% YoY to reach PKR 4.8 trillion by year end. Total Deposits reached PKR 9.3 trillion registering a growth of 11.5% YoY Advances to Deposits Ratio (ADR) fell to 51.4% for the year ending December 31, 2015 vs 53.4 % a year earlier. Non-Performing Loans (NPLs) for the industry increased to PKR 645 billion as at September 2015 against PKR 614 billion in December 2014. However, the net NPL ratio for the sector improved from 2.80% (December 2014) to 2.59% (September 2015) because of additional provisions and a moderate increase in Total Advances.

Financial Performance

Your Bank posted excellent results for 2015 as summarized in the table below:

	2015	2014	Growth
Profit Before Tax – PKR million	3,174	1,608	97.3%
Profit After Tax – PKR million	2,026	1,060	91%
Earnings Per Share (Basic) – PKR	1.74	0.99	75.8%
Earnings Per Share (Diluted) – PKR	1.56	0.84	85.7%
Return on Assets (ROA)	1.03%	0.73%	41%
Return on Equity (ROE)	16.03%	10.17%	57.6%
Capital Adequacy Ratio (CAR)	12.50%	12.63%	-1%
Advances to Deposits Ratio (ADR)	54.05%	57.42%	-5.9%

Summarized financial data for the last six years is appended below:

PKR million

Particulars	2015	2014	2013	2012	2011	2010
Deposits	141,840	108,740	80,916	62,544	41,487	26,276
Total Assets	218,476	176,717	112,770	81,570	53,921	39,384
Investments-net	116,030	84,258	42,679	46,259	22,650	13,702
Advances-net	76,666	62,433	33,762	20,055	18,019	13,978
Gross Mark-up Income	15,328	11,113	6,850	6,023	4,312	3,300
Net Mark-up Income	5,590	3,854	2,325	2,265	1,729	1,045
Non- Mark-up Income	3,290	2,590	1,678	1,806	762	333
Profit Before Tax	3,174	1,608	501	980	536	(623)
Profit After Tax	2,026	1,060	351	709	360	(407)
Branches	277	238	211	185	147	126
Employees	2,946	2,442	2,082	1,715	1,473	1,255

Equity

Core equity of the Bank expanded to PKR 13,567 million as at December 31, 2015, a growth of 15.9% over the previous year, due to improved profitability. In addition, the Bank has a Surplus on Revaluation of Securities-net of tax of PKR 2,401 million.

Earnings per Share (EPS)

The EPS for the year ended December 31, 2015 is PKR 1.74 per share as compared to EPS of PKR 0.99 per share in 2014, an increase of 75.8%.

Capital Adequacy

As of December 31, 2015, your bank's Capital Adequacy Ratio (CAR) stood at 12.5% as compared to 12.6 % in 2014. Minimum CAR as prescribed by SBP is 10%. The Bank has maintained its CAR, by carefully monitoring and managing the risk profile of its increasing Assets portfolio and at the same time increasing its equity by retaining earnings.

Business Overview

JS Bank continues to grow its market share in terms of Deposits, Assets, Alternative Delivery Channels (ADC), Bancassurance and Home Remittances. During 2015, the Bank has embarked on several initiatives to enhance its service delivery and product lines, including the launching of JS Platinum Business Account, JS Premium Current Account, Asaan Account, Mobile Banking, Cash Management Solutions, EMV Debit & Credit Cards, Prime Minister's Youth Business Loans, Zarkhez Agriculture Credit and JS Gold Finance. With a network of 277 branches across 138 cities and a competitive set of banking products & services, the Bank is expanding its operational reach and diversifying its sources of income.

Deposits

Corporate & Retail Banking Group (CRBG) remained focused on core deposit mobilization, particularly targeting growth in low- cost deposits. Significant growth in the low-cost deposit base has been augmented by growth in the Term Deposit portfolio, providing greater diversity, stability and strength to the Bank's deposit base.

At the same time, increased emphasis on growing the low cost CASA helped reduce JS Bank's overall cost of funds, which was instrumental in sustaining reasonable margins despite several cuts in SBP's Policy Rate.

Advances

On the assets side, there was increased focus on prudent expansion in advances and building fee income streams.

In 2015, the Bank introduced JS GharApna Home Loan, to a long-term mortgage product platform. In addition, the Bank prudently developed its consumer finance portfolio through JS CarAamad Auto Loans and JS Bank Credit Cards. The Bank also continued to expand its JS GoldFinance portfolio, and extended the gold finance proposition to Agriculture Credit under JS Zarkhez GoldFinance as well.

The Bank exceeded its SBP-assigned Agriculture Credit targets, which has paved the way for sustainable expansion in the coming years. To strengthen our presence in the SME landscape, Prime Minister's Youth Business Loans and USAID's Loan Portfolio Guarantee scheme were added to the product menu.

Branch Network

The Bank continues to increase its footprint across Pakistan to enhance access and convenience for customers. In 2015, JS Bank widened its branch presence by adding 39 new branches reaching 277 branches in 138 cities across Pakistan.

Alternative Delivery Channels (ADC)

JS Bank closed 2015 with a network of 231 ATMs. Moreover, the Bank also launched an upgraded version of Mobile Banking system to further augment the Alternate Distribution Network of the Bank, and it further increased its secured EMV (Euronet Master Visa) Chip based cards portfolio throughout the year in order to accomplish 100% EMV compliance on the issuing side. The Bank also expanded the World of Privileges discount program to over 100 partner locations in several cities across Pakistan.

We also strengthened our Cash Management services for institutional customers, offering a complete range of corporate payments and collections solutions backed by the state-of-the-art online Cash Management Portal which will go a long way in developing sustainable partnerships with our corporate and commercial customers in the future.

Non funds income (NFI) from ADC grew by 43% during 2015.

Bancassurance & Banca Takaful

The Bank continued to extend its Wealth Management solutions, and introduced Family Takaful product which continue to offer value addition for customers' wealth accumulation & protection on a Shariah compliant basis. The Wealth Management business was driven by a balanced regime of aggressive targets and assertive sales promotions flowing from an increased focus by the Management on sales growth.

Banca issued business grew by 20% during 2015.

Home Remittances

The Bank is emerging as a leading player in the Home Remittance business. As one of the primary banks in the Pakistan Remittance Initiative program of the State Bank of Pakistan, JS Bank has led the way in introducing technological solutions which facilitate both remitters and beneficiaries through faster, reliable and secure transactions.

Trade Business

Another area of opportunity that was effectively enhanced during the year was Trade Business, which fulfilled the requirements of our customers at our trade branches across Pakistan. JS Bank's trade volumes exceeded PKR 149 billion, an increase of 31% over 2014.

Marketing & Sales Promotions

To ensure all core and ancillary business lines continue their growth momentum, comprehensive sales promotion programs were deployed across the Corporate and Retail Bank, which incentivized high performers for leading business growth across all business lines. In 2015, the branding and communications focus remained on radio advertising, sales promotions and localized marketing opportunities utilizing our growing branch network. The Bank has launched its first Television commercial and 360 degree campaign in January 2016.

Service Quality

Our vision to remain a bank with a Service Quality focus continued to be enhanced. Maximum focus continued on improving the level of service delivery at branch locations across Pakistan. The Bank's dedicated Service Quality team managed to continue its monitoring and controls regime that has ensured that service delivery at branches remains a cut above our competitors.

Treasury

During 2015, the Bank continued to actively participate in the Government Securities market and was ranked amongst top three Primary Dealers by the State Bank of Pakistan. Active participation in primary and secondary markets for Treasury Bills and Pakistan Investment Bonds contributed significantly to growing the Bank's institutional client base fortifying our leadership position.

Against internationally low commodity prices and a global supply glut, the Bank's focus was to facilitate and provide competitive pricing to its trade finance customers helping to increase foreign exchange trade volumes by 4% over 2014. In comparison, national exports and imports' volumes had a double digit decrease for the period ending December 31, 2015.

Additionally, the Bank also successfully completed its third Cross Currency Swap transaction in 2015.

Investment Banking

In keeping with our strategy to expand our presence beyond debt capital markets advisory, JS Bank secured four sell-side privatization mandates from the Government of Pakistan in 2015, three of which are for power distribution companies and one for a power generation company.

Additionally, the Investment Banking team successfully closed an advisory and arrangement mandate for the acquisition of a pharmaceutical company in 2015 whilst completing numerous transactions including Equity Underwritings, Privately Placed TFCs, various Syndicated and Financing facilities in the Power, Micro-finance, Financial, Refining, Technology and Real Estate sectors.

Financial Institutions

The Bank continued to expand its network of correspondent banking arrangements along with strengthening its ability to deepen business relations globally. With growing credit lines from various international banks, the correspondent banking network now covers over 90 countries and 300 customer delivery points. This allows the Bank to cater to retail, commercial and corporate clients' diverse requirements in an efficient manner.

Overseas Operations

In 2015, JS Bank received a banking license in Bahrain and our Wholesale Banking Branch was opened in Bahrain in January 2016.

Green Energy Program

In the year 2015, the Branch Solarization Project, which aims to reduce our carbon footprint continued to grow. The Bank has so far solarized a total of 100 branches of its network. In the future, as a part of our branch network expansion strategy, all new branches would be evaluated for solarization to further our strategic Green Energy Program.

Fair Treatment of Customers

In line with our Fair Treatment of Customers Policy, we ensure that charges for products and services are fair and market-competitive. Customers are provided with bilingual information with regard to all financial services including charges and other incidental expenses, if any. Our priority is to keep customer benefit in mind while designing, selling and managing products and services. The Bank ensures appropriate controls to protect customers' interest and privacy. The Bank also has an effective Complaint Resolution Process in place whereby customers have multiple channels to register complaints. All Complaints are tracked and monitored until they are resolved.

Risk Management

Your Board is committed to adopting the best risk management practices in letter and spirit. To maintain effective Risk Management practices, the Bank follows an appropriate Risk Management Framework according to the regulatory directives issued by the State Bank of Pakistan (SBP) and other related guidelines under the Basel II / III framework. In this regard, the Bank has a comprehensive set of Risk Management Policies, practices and procedures which enable the Bank to take into consideration, in an appropriate manner, all major kinds of risks including credit, market, liquidity, operational and IT security.

The overall risk management framework of the Bank is under the supervision of the Board of Directors / Board Risk Management Committee (BRMC) while the operational level day-to-day functioning is carried out by the Management of the Bank. In order to develop a holistic integrated risk management approach, a dedicated and independent Credit & Risk Management Group, staffed with professionals having diversified experience, is in place to manage various aspects of Risk Management in the Bank. To formalize and strengthen the risk management approach within the Bank, the following significant policies were developed / reviewed and approved by the Board:

- Credit Policy
- Collateral Management Policy
- Market Risk Management Policy
- Operational Risk Management Framework
- Interest Rate Risk Management Policy

BRMC keeps an eye on the overall risk profile of the Bank. The Integrated Risk Management Committee (IRMC) and Assets & Liabilities Committee (ALCO) of the Management operate within an established framework in order to monitor the Bank's activities and maintain the risk level within predefined limits, meeting on regular basis to review market developments and the level of financial risk exposure of the Bank. Market risk measurement, monitoring and management reporting is done on a regular basis.

Bank's Operational Risk management process involves a structured and uniform approach across the Bank. It includes risk identification and assessment, the monitoring of Key Risk Indicators and Risk Control Self-Assessment activities for key operational risks. In order to build a robust Operational Risk monitoring mechanism, an Operational Risk Management Committee (ORMC) has been constituted to effectively address Operational Risk issues.

Credit Risk management is an ongoing process. The overall Credit Policy and the credit risk management guidelines are issued by the Board of Directors. In this regard, a Central Credit Committee (CCC) is entrusted with the responsibility of monitoring Credit Risk in the Bank. CCC meets regularly to actively supervise credit risk across the lending portfolio. In order to maintain healthy growth of the credit portfolio and meet future challenges, the Bank has recently reorganized the Credit Risk management structure to improve decision making processes and ensure swift disposal of credit proposals. Further, in order to bolster Credit Risk management monitoring activities, Credit Risk Monitoring Unit is in the process of being established. Along with regular portfolio monitoring, this unit will formulate and implement credit risk management tools including setting up of industry, geographic and sectoral limits, and devising credit risk quantification / statistical techniques to meet SBP and Basel II/III requirements.

Recently, Information Security & IT Risk Management Unit headed by an experienced resource has been brought under the umbrella of Credit & Risk Management Group. The major responsibilities of Information Security & IT Risk Management Unit are to identify, assess, monitor, evaluate and address significant Information and IT security related risks appropriately.

On Capital management side, your Bank has been able to maintain the Capital Adequacy Ratio (CAR) well above the prescribed regulatory threshold. The Bank's practices ensure that it has sufficient capital to cover the risks associated with its activities. It is the prime objective of the Bank's capital management to ensure that the Bank complies with all regulatory capital requirements and at the same time maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

Risk Management activities remain at the forefront of all activities of the Bank which places the highest priority on conducting its business in a prudent manner in line with the laws and regulatory requirements. Accordingly, the Credit and Risk Management Group plays a key role in ensuring adherence to regulatory requirements related to risk management which is a key part of Bank's overall objectives.

Operations

The Operations Division continued to focus on operational excellence, provision of seamless services to its customers through branches and other centralized departments without compromising on controls. Departmental structures have been realigned and capacity building initiatives undertaken to cater to the growing needs of the business. In order to strengthen operation controls and efficiency the Division's focus remained on technological advancements and centralization of processes resulting in improved controls and optimization of resources. The Division continued to provide strong support to the business units in launching of new products, services and opening of new branches.

Information Technology

There has been a major development in the area of financial transaction monitoring & reporting to control the risk of breaching regulatory limits and global financial sanctions, with the implementation of world renowned Anti Money Laundry (AML) and Name Filtering systems. With these systems in place the Bank has developed the capacity to meet international standards for monitoring and filtering of financial transactions. The core banking system of the Bank has been successfully upgraded on the latest release of Temenos T24 system, which will enable smooth banking operations for next 5 years and rapid development of products and integration. The internet banking system of the Bank has been upgraded with additional features to enhance security on financial transactions. Successful pilot of the Branchless Banking system has been concluded to extend banking and payment services to the unbanked segments of the population. The network perimeter security of Branch Banking operations has been enhanced with advanced data firewall and intrusion protection systems.

Human Resources

To enhance our values and the high performance culture of the Bank, we aim to attract, retain, develop and motivate the very best people and to ensure their effective utilization based on their capabilities and skills. Our remunerations policy supports this endeavor. We continuously provide training and development opportunities to enable employees to acquire the technical and interpersonal skills needed to enhance their careers. The Bank is an equal opportunity employer, and its HR management is based on strict meritocracy without any discrimination on any basis. We are committed to a diverse and inclusive culture reflective of our customer base. We recognize the need for securing future leadership capability and achieving strategic viability. We have therefore incorporated Succession Planning as an intrinsic part of our organizational development efforts. Being business driven, HR strategy contributes significantly towards achieving the Bank's overall goal of customer satisfaction by recruiting, training and retaining the best people for the job.

Statement on Internal Controls

Internal Control System, which is a composite of various functions, is designed to achieve effectively and efficiently the organization's goals and objectives in the best interests of its shareholders and other stakeholders. At JS Bank, both the Board of Directors and the Management consider it to be pivotal in the formulation and direction of the overall business strategy. Conscious of the need for continued alignment of the internal control system with business requirements, the Board of Directors has set out a structured process for identifying, assessing, communicating and managing risks, and for it to be responsive to dynamic and changing circumstances. The Board's vigorous and efficient steering of the organization, by laying the groundwork for catering to the demands of its ever-increasing customer base, has enabled the Bank to deal successfully with changing requirements. In this regard, the Bank has adopted best industry practices and guidelines provided by the State Bank of Pakistan and other regulatory authorities to conduct business within meticulous regulatory compliance and to the highest ethical standards in business. The Board of Directors has laid down policies, setting acceptable level of risk to be taken, whereby senior management timely identifies possible major risks and puts in place necessary procedures to monitor and control the risks. Periodical review and suitable updating of policies and procedures is undertaken to cater for any changes in economic and other fields.

The senior management is responsible for establishing systems and procedures for sound internal controls across all the spheres of activity of the Bank in conformity with the broad guidelines provided by the Board. Delegation and segregation of duties is ensured in the organizational structure. Policies and procedures are disseminated throughout the organization. Management ensures that appropriately skilled and experienced staff are responsible for business processes; guidance and ongoing training is available to all staff and every employee is aware of his /her responsibilities, thereby improving the control environment at all levels of the organizational hierarchy. With the highly participative environment so created, the process of continuous review and streamlining of procedures to prevent and rectify control lapses is firmly in place.

Continuous monitoring of the internal control system operative within the Bank is a paramount requirement to establish its efficacy. This function is being performed effectively by an independent Internal Audit Department through various types of audits conducted of branches and other Units at different frequencies. Compliance with policies, procedures and regulatory directions is meticulously examined during these audits. The Audit Committee keeps the Board of Directors apprised of the major audit findings. The Management ensures, on priority basis, rectification of all significant deficiencies highlighted through internal or external audits and the implementation of any changes in procedures that may be recommended for improving operational controls. It also endeavors to ensure that repetition of deficiencies is minimal. The Compliance Department, an essential component of the internal control system, is geared to ensuring regulatory compliance across the Bank.

An effective system of internal controls ensures reliability, completeness and timeliness of financial information. The Bank's management, fully cognizant of this objective, has completed a detailed documentation of existing processes and relevant controls. The roadmap prescribed by the State Bank of Pakistan for Internal Controls over Financial Reporting (ICFR) is being diligently pursued based on the results of the ongoing testing of financial reporting controls.

The Management, under guidance of the Board of Directors, makes every effort to implement a sound and effective system of internal controls through well-defined updated policies and procedures, thereby managing identified risks.

The Management is fully confident that the internal controls framework currently in place provides an appropriate environment to realize the short-term and long-term objectives of the Bank, which is duly endorsed by the Board of Directors. However, notwithstanding the present satisfactory position, the Management will continue to further strengthen its control environment on an ongoing basis.

Corporate and Financial Reporting Framework

The Directors confirm compliance with the Corporate and Financial Reporting Framework of the Securities & Exchange Commission of Pakistan Code of Corporate Governance for the following:

1. The Financial statements prepared by the Management present fairly the state of affairs of the Bank, the results of its operations, Cash Flow Statement and Statement of Changes in Equity.

2. Proper books of accounts of the Bank have been maintained.

3. Accounting policies as stated in the notes to the accounts have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

4. International Accounting Standards as applicable in Pakistan have been followed in preparation of the financial statements.

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

6. There are no doubts about the Bank's ability as a going concern.

7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

8. The details of outstanding statutory payments, if any, have been adequately disclosed in the financial statements.

Holding Company

Jahangir Siddiqui & Company Limited, listed at the Pakistan Stock Exchange Limited, is the holding company of JS Bank Limited, with 70.4% ordinary shares and 96.9% unlisted, convertible, irredeemable, perpetual, non-cumulative preference shares.

Subsidiary Companies

JS Global Capital Limited and JS Investments Limited are subsidiaries of JS Bank with the shareholding of 51.05% and 65.16% respectively. Performance of these companies has been covered under consolidated Directors' Report.

Attendance of Directors in the Board meetings

Five meetings of the Board of Directors were held during the Year 2015. The attendance of directors at Board Meetings was as follows:

Name of Director	Eligible to attend	Meetings attended
Mr. Jahangir Siddiqui, Chairman	5	5
Mr. Mazharul Haq Siddiqui	5	5
Mr. Ashraf Nawabi	5	4
Mr. Shahab A. Khawaja	5	4
Mr. Adil Matcheswala	5	4
Mr. Kalim-ur-Rahman	5	5
Mr. G.M. Sikandar	5	5
Mr. Khalid Imran, President & CEO	5	5

The attendance of directors at Board Sub-Committees meetings was as follows:

Name of Director	Audit Committee		Risk Committee		HR Committee	
	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended
Mr. Jahangir Siddiqui	3	3	3	3	2	2
Mr. Mazharul Haq Siddiqui					3	3
Mr. Ashraf Nawabi			4	3		
Mr. Shahab A. Khawaja	4	3				
Mr. Adil Matcheswala	4	2	4	3		
Mr. Kalim-ur-Rahman			1	1	2	2
Mr. G.M. Sikandar	1	1			1	1
Mr. Khalid Imran, President & CEO			4	4	3	3

Pattern of Shareholding

The pattern of shareholding at the close of December 31, 2015 as required u/s 236 of the Companies Ordinance, 1984 is given on page number 221.

Credit Ratings

The Pakistan Credit Rating Agency Limited (PACRA) has assigned to the Bank a long-term rating of "A+" (A Plus) and a short-term rating of "A1+" (A One Plus), which is the highest possible short-term rating.

Dividend to Preference Shareholders

The Bank on February 19, 2014 issued 150 million unlisted, convertible, irredeemable, perpetual, non-cumulative preference shares at a par value of PKR 10 each with a fixed return of 12% per annum for a period of four years. The preference shares after four years will be converted into ordinary shares of the Bank at a price of PKR 6.67 per share (discount of PKR 3.33 per share). The distribution of dividend to Preference Shareholders is non-obligatory and non-cumulative and will be allowed only if the Bank has earned sufficient profit in the current year to pay dividend and is in compliance with all the regulatory capital and provisioning requirements.

Since all the conditions for payment of dividend are complied with, therefore the Board of Directors has recommended for the shareholders' approval at 10th Annual General Meeting payment of dividend of 12% p.a. to the Preference Shareholders.

Employee Benefits Schemes

The Bank operates staff Provident Fund (the Fund) and funded Gratuity Scheme (the Scheme) covering all its permanent employees.

- The contribution made toward the Fund during the year 2015 was PKR 77.3 million (2014: PKR 61.1 million).The un-audited balance as at December 31, 2015 of the Fund was PKR 607.9 million (2014: PKR 427.3 million).
- The contribution to be made in the Scheme was PKR 64 million for 2015 (2014: PKR 21.3 million). The un-audited balance of the plan assets of the Scheme as at December 31, 2015 was PKR 162.1 million (2014: PKR 128.3 million).

Auditors

The present auditors of the Bank Deloitte Yousuf Adil, Chartered Accountants (a Member of Deloitte Touche Tohmatsu) retire having completed a term of five years. The Board of Directors, on the suggestion of the Audit Committee of the Bank has recommended Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants (a Member of Ernst & Young Global Limited) as auditors for the year 2016.

Compliance with Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the Karachi Stock Exchange in its listing regulations relevant for the year ended December 31, 2015 have been adopted by the Bank and have been duly complied with. A statement to this effect is annexed with the report.

Events after the Date of Statement of Financial Position

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

Acknowledgements

On behalf of the Bank I would like to extend my deep gratitude to our customers and stakeholders for their patronage. I also like to thank the Ministry of Finance, the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan and other regulatory authorities for their support to our Bank. Finally, I extend my profound appreciation to the Management team and staff for their persistent pursuit towards success and their commitment to working together as a winning team.

For and on behalf of the Board,

Jahangir Siddiqui
Chairman

February 20, 2016

Statement of Compliance with the Code of Corporate Governance [See clause (5.19.23)

Name of company: JS Bank Limited (the 'Company')
Year ended: December 31, 2015

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in 5.19.23 of Listing of Companies and Securities Regulations in Rule Book of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Bank has applied the principles contained in the CCG in the following manner:

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

Category	Names
Independent Directors	Mr. Ashraf Nawabi Mr. Shahab Anwar Khawaja Mr. G.M Sikander
Executive Director	Mr. Khalid Imran (President & CEO)
Non-Executive Directors	Mr. Jahangir Siddiqui Mr. Mazharul Haq Siddiqui Mr. Kalim-ur-Rahman Mr. Adil Matcheswala

The independent directors meet the criteria of independence under clause 5.19.1(b) of the Rule Book of Pakistan Stock Exchange Limited.

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

3. All the resident directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFI or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board during the year 2015.

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

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

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

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the board meetings, along

with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Bank arranged an orientation course for the Board members during the year. Further, in accordance with the criteria specified in rule 5.19.7 of the Rule Book of Pakistan Stock Exchange Limited, two directors have completed training during the year and three directors of the Bank are exempt from the requirement of Directors' Training Program, All the directors on the Board are fully conversant with their duties and responsibilities as directors of the Bank.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. No new appointment has been made during the financial year.

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 two are independent directors and one is a non-executive director and the Chairman of the committee is an independent director.

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

17. The Board has formed a Human Resource and Remunerations Committee. It comprises three members, of whom one is a non-executive director and one is an independent director and the Chairman of the committee is an independent director.

18. The Board has set up an effective internal audit function comprising of suitably qualified and experienced persons who are conversant with the policies and procedures of the Bank.

19. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the 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 the Bank's securities, was determined and intimated to directors, employees and the Pakistan Stock Exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through Pakistan Stock Exchange.

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

Khalid Imran
President &
Chief Executive Officer
Dated: February 20, 2016

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahra-e-Faisal,
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21 3454 1314

www.deloitte.com

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices (the statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **JS Bank Limited** ("the bank") to comply with the Regulation G-1 of the Prudential Regulations for the Corporate/ Commercial Banking issued by the State Bank of Pakistan and respective requirements of the Pakistan Stock Exchange 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 of Compliance reflects the status of the Bank's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Code.

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

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

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

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil
Date: February 20, 2016
Place: Karachi

Member of
Deloitte Touche Tohmatsu Limited

Unconsolidated Financial Statements

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahra-e-Faisal,
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21 3454 1314

www.deloitte.com

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated statement of financial position of JS Bank Limited (the Bank) as at December 31, 2015, and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof (here-in- after referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for 6 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 Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, which in case of loans and advances covered more than 60% of the total loans and advances of the bank, we report that:

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

(b) in our opinion:

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

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

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

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

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

Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil
Date: February 20, 2016
Place: Karachi

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2015

2015	2014		Note	2015	2014
US dollars in '000				Rupees in '000	
		ASSETS			
106,543	86,320	Cash and balances with treasury banks	7	11,159,432	9,041,269
5,573	3,936	Balances with other banks	8	583,724	412,232
34,192	105,787	Lendings to financial institutions	9	3,581,329	11,080,242
1,107,778	804,437	Investments - net	10	116,029,825	84,257,568
731,960	596,072	Advances - net	11	76,666,180	62,433,128
43,666	35,963	Operating fixed assets	12	4,573,671	3,766,850
-	-	Deferred tax assets - net		-	-
56,153	54,664	Other assets	13	5,881,502	5,725,528
2,085,865	1,687,179			218,475,663	176,716,817
		LIABILITIES			
15,366	13,176	Bills payable	14	1,609,425	1,380,020
521,652	482,504	Borrowings	15	54,638,318	50,537,973
1,354,202	1,038,180	Deposits and other accounts	16	141,840,487	108,739,960
-	-	Sub-ordinated loans		-	-
-	-	Liabilities against assets subject to finance lease		-	-
16,187	4,246	Deferred tax liabilities - net	17	1,695,393	444,781
26,007	24,198	Other liabilities	18	2,724,137	2,534,537
1,933,414	1,562,304			202,507,760	163,637,271
152,451	124,875	**NET ASSETS**		15,967,903	13,079,546
		REPRESENTED BY			
102,392	102,392	Share capital	19	10,724,643	10,724,643
(20,101)	(20,101)	Discount on issue of shares		(2,105,401)	(2,105,401)
14,321	14,321	Preference shares	20	1,500,000	1,500,000
8,772	4,905	Reserves		918,816	513,707
24,146	10,223	Unappropriated profit		2,529,092	1,070,775
129,530	111,740			13,567,150	11,703,724
22,921	13,135	Surplus on revaluation of assets - net of tax	21	2,400,753	1,375,822
152,451	124,875			15,967,903	13,079,546
		CONTINGENCIES AND COMMITMENTS	22		

The annexed notes from 1 to 46 and annexure I and II form an integral part of these unconsolidated financial statements.

Chairman	President and Chief Executive Officer	Director	Director

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended December 31, 2015

2015	2014		Note	2015	2014
US dollars in '000				Rupees in '000	
146,341	106,103	Mark-up / return / interest earned	23	15,327,901	11,113,380
92,972	69,308	Mark-up / return / interest expensed	24	9,738,029	7,259,340
53,369	36,795	Net mark-up / interest income		5,589,872	3,854,040
(6,445)	(6,279)	Provision against non-performing loans and advances - net	11.4	(675,092)	(657,634)
(1,348)	(1,538)	Provision for diminution in value of investments - net	10.3	(141,149)	(161,144)
-	-	Bad debts written off directly		-	-
(7,793)	(7,817)			(816,241)	(818,778)
45,576	28,978	Net mark-up / interest income after provisions		4,773,631	3,035,262
		NON MARK-UP / INTEREST INCOME			
10,730	7,971	Fee, commission and brokerage income	25	1,123,880	834,931
808	1,289	Dividend income		84,641	134,976
2,748	2,595	Income from dealing in foreign currencies		287,859	271,827
17,109	11,205	Gain on sale of securities - net	26	1,792,036	1,173,579
-	-	Unrealised gain on revaluation of investments			
70	3,246	classified as held-for-trading - net	10.4	7,312	340,009
(57)	(1,577)	Other loss - net	27	(6,022)	(165,161)
31,408	24,729	Total non mark-up / interest income		3,289,706	2,590,161
76,984	53,707			8,063,337	5,625,423
		NON MARK-UP / INTEREST EXPENSES			
46,060	37,721	Administrative expenses	28	4,824,342	3,950,952
-	73	Other provisions / write offs	29	-	7,684
623	559	Other charges	30	65,299	58,562
46,683	38,353	Total non-mark-up / interest expenses		4,889,641	4,017,198
30,301	15,354			3,173,696	1,608,225
-	-	Extra ordinary / unusual items		-	-
30,301	15,354	PROFIT BEFORE TAXATION		3,173,696	1,608,225
		Taxation			
(4,291)	(1,167)	- Current		(449,423)	(122,201)
-	464	- Prior years		-	48,609
(6,671)	(4,531)	- Deferred	17.1	(698,726)	(474,594)
(10,962)	(5,234)		31	(1,148,149)	(548,186)
19,339	10,120	PROFIT AFTER TAXATION		2,025,547	1,060,039
10,223	2,082	Unappropriated profit brought forward		1,070,775	218,098
29,562	12,202	Profit available for appropriation		3,096,322	1,278,137
US dollar				Rupee(s)	
0.02	0.01	Basic earnings per share	32	1.74	0.99
0.01	0.01	Diluted earnings per share	32	1.56	0.84

The annexed notes from 1 to 46 and annexure I and II form an integral part of these unconsolidated financial statements.

Chairman | President and Chief Executive Officer | Director | Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2015

2015	2014		Note	2015	2014
US dollars in '000				Rupees in '000	
19,339	10,121	Profit after taxation		2,025,547	1,060,039
		Other comprehensive income			
		Items that will never be reclassified to profit and loss account			
(92)	68	Actuarial (loss) / gain on defined benefit plan	35.5	(9,670)	7,148
32	(24)	Related tax		3,385	(2,502)
(60)	44			(6,285)	4,646
19,279	10,165	Comprehensive income transferred to equity		2,019,262	1,064,685
		Component of comprehensive income not reflected in equity			
		Items that are or may be reclassified to profit and loss account			
15,054	23,222	Net change in fair value of available-for-sale securities		1,576,817	2,432,259
(5,269)	(8,128)	Related deferred tax		(551,886)	(851,291)
9,785	15,094			1,024,931	1,580,968
29,064	25,259	Total comprehensive income for the year		3,044,193	2,645,653

The annexed notes from 1 to 46 and annexure I and II form an integral part of these unconsolidated financial statements.

Chairman	President and Chief Executive Officer	Director	Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the year ended December 31, 2015

	Share capital	Discount on issue of shares	Preference share	Statutory reserve	Unappropriated profit	Total
	----------	----------	---------- Rupees in '000	----------	----------	
Balance as at January 01, 2014	10,724,643	(2,105,401)	-	301,699	218,098	9,139,039
Total comprehensive income for the year ended December 31, 2014						
Profit after taxation	-	-	-	-	1,060,039	1,060,039
Other comprehensive income - net of tax	-	-	-	-	4,646	4,646
	-	-	-	-	1,064,685	1,064,685
Transaction with owners recorded directly in equity						
Issuance of preference shares during the year (note 1.3 & 20)	-	-	1,500,000	-	-	1,500,000
Transfers						
Transfer to statutory reserve	-	-	-	212,008	(212,008)	-
Balance as at December 31, 2014	10,724,643	(2,105,401)	1,500,000	513,707	1,070,775	11,703,724
Total comprehensive income for the year ended December 31, 2015						
Profit after taxation	-	-	-	-	2,025,547	2,025,547
Other comprehensive income - net of tax	-	-	-	-	(6,285)	(6,285)
	-	-	-	-	2,019,262	2,019,262
Transaction with owners recorded directly in equity						
Preference dividend paid for the period ended December 31, 2014 @ 12% p.a	-	-	-	-	(155,836)	(155,836)
Transfers						
Transfer to statutory reserve	-	-	-	405,109	(405,109)	-
Balance as at December 31, 2015	10,724,643	(2,105,401)	1,500,000	918,816	2,529,092	13,567,150

The annexed notes from 1 to 46 and annexure I and II form an integral part of these unconsolidated financial statements.

Chairman | President and Chief Executive Officer | Director | Director

UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2015

2015	2014		Note	2015	2014
US dollars in '000				Rupees in '000	
		CASH FLOWS FROM OPERATING ACTIVITIES			
30,301	15,354	Profit before taxation		3,173,696	1,608,225
(808)	(1,289)	Less: Dividend income		(84,641)	(134,976)
29,493	14,065			3,089,055	1,473,249
		Adjustments for non-cash items:			
4,032	3,226	Depreciation	12.2	422,287	337,882
404	315	Amortisation of intangible assets	12.3	42,325	33,039
519	272	Charge for defined benefit plan	35.5	54,335	28,497
-	-	Unrealised gain on revaluation of investments			
(70)	(3,246)	classified as held-for-trading - net	10.4	(7,312)	(340,009)
6,445	6,279	Provision against non-performing advances - net	11.4	675,092	657,634
1,348	1,538	Provision for diminution in value of investments - net	10.3	141,149	161,144
-	73	Other provisions		-	7,684
606	307	Provision for Workers' Welfare Fund		63,474	32,165
392	1,736	Unrealised loss on revaluation of derivative instruments		41,047	181,796
(334)	(159)	Gain on sale of operating fixed assets		(35,025)	(16,635)
13,342	10,341			1,397,372	1,083,197
42,835	24,406			4,486,427	2,556,446
		(Increase) / decrease in operating assets			
71,595	45,622	Lendings to financial institutions		7,498,913	4,778,495
10,665	(4,397)	Held-for-trading securities		1,117,046	(460,552)
(142,333)	(225,329)	Advances		(14,908,144)	(23,601,193)
2,518	(34,487)	Other assets (excluding advance taxation)		263,706	(3,612,212)
(57,555)	(218,591)			(6,028,479)	(22,895,462)
		Increase / (decrease) in operating liabilities			
2,190	(332)	Bills payable		229,405	(34,773)
38,656	290,126	Borrowings		4,048,892	30,388,038
316,023	265,644	Deposits		33,100,527	27,823,835
405	9,381	Other liabilities		42,423	982,590
357,274	564,819			37,421,247	59,159,690
299,719	346,228			31,392,768	36,264,228
(204)	(12)	Gratuity paid		(21,349)	(1,289)
(8,265)	(1,616)	Income tax paid		(865,718)	(169,255)
334,085	369,006	**Net cash flow from operating activities**		34,992,128	38,650,130
		CASH FLOWS FROM INVESTING ACTIVITIES			
(300,229)	(367,636)	Net investment in available-for-sale securities		(31,446,323)	(38,506,577)
808	1,289	Dividend income received		84,641	134,976
(12,462)	(6,115)	Investments in operating fixed assets		(1,305,243)	(640,496)
657	263	Proceeds from sale of operating fixed assets		68,835	27,505
(311,226)	(372,199)	**Net cash used in investing activities**		(32,598,090)	(38,984,592)
		CASH FLOWS FROM FINANCING ACTIVITIES			
(1,488)	-	Dividend paid on preference shares		(155,836)	-
-	14,321	Issuance of preference shares		-	1,500,000
(1,488)	14,321	**Net cash flows (used in) / from financing activities**		(155,836)	1,500,000
21,371	11,128	**Increase in cash and cash equivalents**		2,238,202	1,165,538
90,225	79,097	Cash and cash equivalents at beginning of the year		9,450,269	8,284,731
111,596	90,225	**Cash and cash equivalents at end of the year**	33	11,688,471	9,450,269

The annexed notes from 1 to 46 and annexure I and II form an integral part of these unconsolidated financial statements.

Chairman   President and Chief Executive Officer   Director   Director

1. STATUS AND NATURE OF BUSINESS

1.1 JS Bank Limited ('the Bank' / 'JSBL'), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank's ordinary shares are listed on Pakistan Stock Exchange (PSX), formerly Karachi Stock Exchange (KSE). The Bank is a subsidiary of Jahangir Siddiqui & Co. Ltd. (JSCL). The registered office of the Bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi. The Bank operates with 277 (December 31, 2014: 238) branches / sub-branches in Pakistan. The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the short-term entity ratings of the Bank from "A1" (A One) to "A1+" (A One Plus), while maintained the long-term entity rating "A+" (Single A Plus) with stable outlook.

1.2 Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by JSCL on February 01, 1999), and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited - Pakistan Branches, (AEBL). Consequently, a new banking company, JS Bank Limited (JSBL) was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL in their respective extra ordinary general meetings held on July 31, 2006 approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

1.3 Compliance with Minimum Capital Requirement

During last year on February 19, 2014, the Bank issued 150 million un-listed, convertible, irredeemable, perpetual, non-cumulative, non-voting preference shares of Rs. 10 each which qualify for Tier I Capital under Basel III requirement. As a result of that transaction, the paid up capital of the Bank has increased by Rs. 1.5 billion and the Bank is in compliance with minimum capital requirement prescribed by the State Bank of Pakistan through its BSD Circular no. 7 dated April 15, 2009.

2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government 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 Bank from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

2.1 These financial statements are unconsolidated financial statements of the Bank in which the investments in subsidiary are stated at cost and have not been accounted for on the basis of reported results and net assets of the investees which is done in the consolidated financial statements.

2.2 The US Dollar amounts shown on the statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement are stated as additional information solely for the convenience of readers. For the purpose of conversion to US Dollars, the rate of Rs.104.741 to 1 US Dollar has been used for 2014 and 2015 as it was the prevalent rate as on December 31, 2015.

3. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except that certain assets are stated at revalued amounts / fair value as disclosed in their respective notes.

4. STATEMENT OF COMPLIANCE

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

4.2 The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking companies till further instructions. Further, according to the notification of the Securities and Exchange Commission of Pakistan (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. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

4.3 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's requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these financial statements is based on the requirements laid down by the SBP.

IFRS10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed that the requirements of consolidation under section 237 of the Companies Ordinance 1984 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure, through S.R.O 56(I) /2016 dated January 28, 2016. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

4.4 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2015

The following standards, amendments and interpretations are effective for the year ended December 31, 2015. These standards, interpretations and the amendments are either not relevant to the Bank's operations or are not expected to have significant impact on the Banks's financial statements other than certain additional disclosures.

Standards/Amendments/Interpretations

- IFRS 10 – Consolidated Financial Statements

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the 'control' assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

- IFRS 11 – Joint Arrangements

  IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties' rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

- IFRS 12 – Disclosure of Interests in Other Entities

  IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity's interest in other entities and the effects of those interests on its financial statements.

- IFRS 13 – Fair Value Measurement

  IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed. at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied.

- Amendments to IAS 19 Employee Benefits: Employee contributions

  The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contribution as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. Retrospective application is required.

- IAS 27 (Revised 2011) – Separate Financial Statements

The revised Standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised Standard are carried forward unchanged from the previous Standard. Subsequently, IASB issued amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application allowed.

- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

4.4.1 Certain annual improvements have also been made to a number of IFRSs.

4.5 Standards, interpretations and amendments to the published approved accounting standards 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. These standards, interpretations and the amendments are either not relevant to the Banks's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 1 - Disclosure initiative	Effective from on or after January 01, 2016

The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of some of the requirements in IAS 1 had in some cases been read to prevent the use of judgment. Certain key highlights in the amendments are as follows:

- An entity should not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.
- An entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material.
- In the other comprehensive income, section of a statement of profit or loss and other comprehensive income, the amendments require separate disclosures for the following terms:
    - the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will not be 'reclassified subsequently to profit or loss; and

- the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified subsequently to profit or loss.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted.

Amendments to IFRS 11 - Accounting for acquisitions of interests in joint operations	Effective from on or after January 01, 2016

The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which activities constitute a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 Income Taxes regarding recognition of deferred taxes at the time of acquisition and IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

An entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material.

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	Effective from on or after January 01, 2016

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) When the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction (for example, a contract may allow the extraction of gold mine until the total cumulative revenue from the sale of goods reaches CU 2 billion) and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortization is to be determined, the revenue that is to be generated might be an appropriate basis for amortizing the intangible asset; or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible assets are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants — Effective from on or after January 01, 2016

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.

On the initial application of the amendments, entities are permitted to use the fair value of the items of bearer plants as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognized in opening retained earnings at the beginning of the earliest period presented.

The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

Amendments to IAS 27 - Equity method in separate financial statements — Effective from on or after January 01, 2016

The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- at cost
- in accordance with IFRS 9 (or IAS 39 for entities that have not yet adopted IFRS 9); or
- Using the method as described in IAS 28 Investments in Associates and Joint ventures.

The same accounting must be applied to each category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it should account for the change from the date when the change in status occurs.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture — Effective from on or after January 01, 2016

The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. IAS 28 and IFRS 10 are amended, as follows:

IAS 28 has been amended to reflect the following:

- Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognised to the extent of unrelated investors' interests in the associate or joint venture.

- Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investor's financial statements.

IFRS 10 has been amended to reflect the following:

Gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or join venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associated or joint venture.

The amendments apply prospectively to transactions occurring in annual periods beginning on or after 1 January 2016 with earlier application permitted.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the consolidation exception	Effective from on or after January 01, 2016

The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.

The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases

5. CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINITY

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires 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 historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions in accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in application of accounting policies are as follows:

i) Classification of investments

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

ii) Provision against non performing loans and advances

The Bank reviews its loan portfolio to assess amount of non-performing loans and advances and provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers, the value of securities and the requirement of the Prudential Regulations are considered. For portfolio impairment / provision on consumer advances, the Bank follows requirements set out in Prudential Regulations.

iii) Impairment of 'available-for-sale' equity investments

The Bank determines that available-for-sale equity investments 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 making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

iv) Income taxes

In making the 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. In making the provision for deferred taxes, estimates of the Bank's future taxable profits are taken into account.

v) Fair value of derivatives

The fair value of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest rates in effect at the balance sheet date and the contracted rates.

vi) Depreciation and amortisation of operating fixed assets

In making estimates of the depreciation / amortisation method, the management uses a 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 underlying assets, the method is changed to reflect the change in pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

vii) Defined benefits plans and other benefits

Liability is determined on the basis of actuarial advice using the Projected Unit Credit Method.

viii) Impairment of investment in subsidiaries

In assessing its investment in subsidiaries for impairment the Bank determines if there is any objective evidence that investment may be impaired. Impairment loss is recognised as a difference between carrying amount of the investment and its recoverable amount which is determined as higher of value-in-use and fair value less cost to sell.

ix) Impairment of Goodwill

Impairment testing involves a number of judgmental areas which are subject to inherent significant uncertainty, including the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting and the assessment of the discount rate appropriate to the business. The carrying amount of goodwill at the balance sheet date was Rs. 1,463.624 million. The details assumptions underlying impairment testing of goodwill are given in note 12.3.3 to these unconsolidated financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 Cash and cash equivalents

Cash and cash equivalents represent cash and balances with treasury banks and balances with other banks net of any overdrawn nostro accounts.

6.2 Lendings to / borrowings from financial institutions

The Bank enters into transactions of lendings to / borrowings from financial institutions at contracted rates for a specified period of time. These are recorded as under:

(a) Sale under repurchase obligation

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and liability to counter party is included in borrowings. The difference in sale and repurchase value is accrued over the period of the contract and recorded as an expense using effective interest rate method.

(b) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of provision. Mark-up on such lendings is charged to profit and loss account on a time proportionate basis using effective interest rate method except mark-up on impaired/delinquent lendings, which are recognized on receipt basis in accordance with the requirements of the Prudential Regulations of the SBP.

(c) Purchase under resale obligation

Securities purchased under agreement to resell (reverse repo) are not included in statement of financial position as the Bank does not obtain control over the securities. Amount paid under these agreements is included in lendings to financial institutions or advances as appropriate. The difference between the contracted price and resale price is amortised over the period of the contract and recorded as income using effective interest method.

(d) Other borrowings

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at the proceeds received. Mark-up paid on such borrowings is charged to the profit and loss account over the period of borrowings on time proportionate basis using effective interest method.

6.3 Investments

The Management determines the appropriate classification of its investments at the time of purchase and classifies these investments as held-for-trading, available-for-sale or held-to-maturity. These are initially recognised at cost, being the fair value of the consideration given plus, in the case of investments not held-for-trading, directly attributable acquisition costs.

(a) Held-for-trading

These are securities which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, dealer's margin or are securities included in a portfolio in which a pattern of short-term profit taking exists. These securities are carried at fair value with any related gain or loss being recognized in profit and loss account.

(b) Held-to-maturity

These are securities with fixed or determinable payments and fixed maturities that are held with the intention and ability to hold till maturity. Investments classified as held-to-maturity are carried at amortised cost.

(c) Available-for-sale

These are investments that do not fall under the held-for-trading or held-to-maturity categories. These are initially recognised at cost, being the fair value of the consideration given including the acquisition cost.

Investments in subsidiaries and associates are stated at cost. Provision is made for any impairment in the value of investments.

All 'regular way' purchases and sales of financial assets are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Bank. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

In accordance with the requirements of the SBP, quoted securities, other than those classified as 'held-to-maturity' and investment in subsidiary, are carried at market value. Investments classified as 'held-to-maturity' are carried at amortised cost using the effective interest method (less impairment, if any).

Further, in accordance with the requirements of the SBP, gain or loss on revaluation of the Bank's held-for-trading investments is taken to the profit and loss account. The surplus or deficit on investments classified as available-for-sale is kept in a separate account shown in the statement of financial position below equity. The surplus or deficit arising on these securities is taken to the profit and loss account when actually realised upon disposal or when investment is considered to be impaired.

Premium or discount on acquisition of investments is capitalised and amortised through the profit and loss account using effective yield over the remaining period of the investment.

Provision for diminution in the value of securities (except for term finance certificates) is made after considering impairment, if any, in their value. Provision for diminution in value of term finance certificates is made in accordance with the requirements of the Prudential Regulations issued by the SBP.

6.4 Financial instruments

6.4.1 Financial assets and financial liabilities

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

6.4.2 Derivative financial instruments

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

6.5 Off-setting of financial assets and financial liabilities

Financial assets and 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 the assets and liabilities on a net basis or to realise the assets and to settle the liabilities simultaneously. Income and expenses arising from such assets and liabilities are accordingly offset.

6.6 Advances

6.6.1 Loan and advances

Advances are stated net of general and specific provisions. General and specific provisions against funded loans are determined in accordance with the requirements of the Prudential Regulations issued by the SBP and charged to the profit and loss account. Advances are written off when there are no realistic prospects of recovery.

6.6.2 Finance lease receivables

Leases, where the bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognised at an amount equal to the present value of the lease payment including any guaranteed residual value, if any. Net investment in finance lease is included in loans and advances to customers.

6.7 Operating fixed assets and depreciation

Property and equipment

Owned property and equipment are stated at cost less accumulated depreciation and impairment, if any, except land, which is stated at cost.

Depreciation is calculated and charged to profit and loss account using the straight-line method so as to write down the cost of the assets to their residual values over their estimated useful lives at the rates given in note 12. 2. A full month's depreciation is charged from the month in which assets are brought into use and no depreciation is charged for the month in which the disposal is made. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, annually.

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

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in the profit and loss account in the year the asset is derecognised.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Intangible assets are amortised from the month when the assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Bank. The useful life and amortisation method are reviewed and adjusted, if appropriate, annually.

Intangible assets having an indefinite useful life are carried at cost less any impairment in value and are not amortised. Intangible assets having an indefinite useful life are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Capital work-in-progress

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

6.8 Impairment

At each balance sheet date, the Bank reviews the carrying amounts of its assets other than deferred tax asset to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of net selling price (being fair value less cost to sell) and value-in-use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit and loss account immediately.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognized as income.

6.9 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover, whichever is higher. The charge for current tax also includes adjustments, where considered necessary, relating to prior years arising from assessments made during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognized on taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus / (deficit) arising on revaluation in accordance with the requirements of IAS-12 "Income Taxes".

6.10 Provisions

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

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists for the Bank to settle the obligation. The loss is charged to profit and loss account net of expected recovery.

6.11 Staff retirement benefits

Defined contribution plan

The Bank has established a provident fund scheme for all permanent employees effective from January 01, 2007. Equal monthly contributions are made, both by the Bank and the employees, to the fund at the rate of 10 percent of basic salary which has been revised to 7.1 percent with effect from July 01, 2015 due to change in salary structure. Contribution by the Bank is charged to profit and loss account.

Defined benefit plan

The Bank operates an approved funded gratuity scheme covering all its eligible employees who have completed minimum qualifying period. An actuarial valuation of defined benefit scheme is conducted at the end of every year or on occurrence of any significant change. The most recent valuation in this regard was carried out as at December 31, 2015, using the projected unit credit actuarial valuation method. Under this method cost of providing for gratuity is charged to profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Past-service costs are recognised immediately in profit and loss account and actuarial gains and losses are recognised immediately in other comprehensive income.

6.12 Revenue recognition

Revenue is recognized to the extent that economic benefits will flow to the Bank and the revenue can be reliably measured. These are recognized as follows;

- Mark-up / return / interest income on loans and advances and investments is recognised on accrual basis using effective interest method. Mark-up / return / interest income on non-performing loans and advances and investments is recognised on receipt basis.

- 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 period so as to produce a constant periodic rate of return on the outstanding net investment in lease.

  Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

- Commission is recognised as income at the time of affecting the transaction to which it relates. Fees are recognised when earned.

- Dividend income is recognised when the right to receive the dividend is established.

6.13 Dividend and appropriation to reserves

Dividend and appropriation to reserves except for statutory reserves are recognised in the financial statements in the periods in which these are approved.

6.14 Foreign currencies

Functional and presentation currency

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

Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the foreign exchange rates ruling on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the balance sheet date. Forward foreign exchange contracts are valued at forward rates applicable to their respective maturities.

Translation gains and losses

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

Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities/commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the balance sheet date.

6.15 Goodwill

Goodwill acquired in a business combination before July 01, 2009 is initially measured at cost, being the excess of the cost of the business combination over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Bank's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units or groups of units.

6.16 Earnings per share

The Bank presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period / 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 effects of all dilutive potential ordinary shares, if any.

6.17 Borrowings / deposits and their cost

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

6.18 Segment reporting

A segment is a distinguishable component of the Bank that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Bank's functional structure and the guidance of State Bank of Pakistan. The Bank comprises of the following main business segments:

6.18.1 Business segments

Corporate finance

This includes investment banking activities such as mergers and acquisitions, underwriting, privatization, securitization, Initial Public Offers (IPOs) and secondary private placements.

Trading and sales

This segment undertakes the Bank's treasury, money market and capital market activities.

Retail banking

Retail banking provides services to small borrowers i.e. consumers, small and medium enterprises (SMEs) and borrowers' and agricultural sector. It includes loans, deposits and other transactions with retail customers.

Commercial banking

This includes loans, deposits and other transactions with corporate customers.

Payment and settlement

This includes activities such as payment and collections, fund transfer, clearing and settlement etc.

6.18.2 Geographical segment

The Bank has 277 (2014: 238) branches / sub-branches and operates only in one geographic region which is Pakistan.

6.19 Assets acquired in satisfaction of claims

The Bank occasionally acquires assets in settlement of certain advances. These are stated at lower of the net realizable value of the related advances and the current fair value of such assets.

6.20 Fiduciary assets

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

	Note	2015	2014
		---------- Rupees in '000 ----------	
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		2,306,468	1,911,872
Foreign currencies		531,537	452,466
		2,838,005	2,364,338
With State Bank of Pakistan in:			
Local currency current account	7.1	4,636,678	4,745,145
Foreign currency current account - non remunerative	7.2	544,653	259,950
Foreign currency deposit account - remunerative	7.3	1,983,215	807,860
		7,164,546	5,812,955
With National Bank of Pakistan in:			
Local currency current accounts		1,152,820	862,559
National Prize Bonds		4,061	1,417
		11,159,432	9,041,269

7.1 These include local currency current accounts maintained with SBP as per the requirements of Section 22 of the Banking Companies Ordinance, 1962.

7.2 This represents current account maintained with the SBP under the requirements of BSD Circular No. 14 dated June 21, 2008.

7.3 This represents deposit accounts maintained with SBP under the requirements of BSD Circular No.14 dated June 21, 2008 and mandatory reserve maintained to facilitate collection and settlement to foreign currency accounts under FE-25, as prescribed by the SBP. Profit rates on this deposit account are fixed on a monthly basis by the SBP. It carries profit of 0% (2014: 0%) per annum.

		Note	2015	2014
			Rupees in '000	
8.	BALANCES WITH OTHER BANKS			
	In Pakistan			
	On current accounts		185,129	230,324
	On deposit accounts	8.1	66	65
			185,195	230,389
	Outside Pakistan			
	On current accounts		267,930	135,295
	On deposit accounts	8.2	130,599	46,548
			398,529	181,843
			583,724	412,232

8.1 These carry mark-up at the rate of 0% (2014: 0%) per annum.

8.2 This represents deposit accounts / term placements outside Pakistan, carrying mark-up rate at 0% (2014: 0%) per annum.

		Note	2015	2014
			Rupees in '000	
9.	LENDINGS TO FINANCIAL INSTITUTIONS			
	Call money lendings	9.1	628,446	391,884
	Repurchase agreement lendings (Reverse Repo)	9.2 & 9.4	2,952,883	10,688,358
			3,581,329	11,080,242

9.1 These represent unsecured call money lendings, in US Dollar, to financial institutions carrying interest at the rates 1.9% (2014: 0.03%) per annum. These are due to mature on January 28 to February 01, 2016.

9.2 These are secured short-term lendings to various financial institutions, carrying mark-up rates ranging from 6.43% to 6.55% (2014: 9.40% to 9.50%) These are due to mature between January 04, 2016 to January 22, 2016. These are collateralized by Market Treasury Bills and Pakistan Investment Bonds as shown in note 9.4 below.

		2015	2014
		Rupees in '000	
9.3	Particulars of lendings		
	In local currency	2,952,883	10,688,358
	In foreign currency	628,446	391,884
		3,581,329	11,080,242

9.4 Securities held as collateral against reverse repurchase lendings to financial institutions

Cost of securities held as collateral against reverse repurchase lendings to financial institutions are as under:

	2015			2014		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees in '000					
Market Treasury Bills	1,452,883	-	1,452,883	7,757,658	2,930,700	10,688,358
Pakistan Investment Bonds	1,500,000	-	1,500,000	-	-	-
	2,952,883	-	2,952,883	7,757,658	2,930,700	10,688,358

9.4.1 The market value of securities held as collateral against lendings to financial institutions amounted to Rs. 3,027.856 million (2014: 10,758.002 million).

10. INVESTMENTS - net

	Note	2015 Held by bank	2015 Given as collateral	2015 Total	2014 Held by bank	2014 Given as collateral	2014 Total
		Rupees in '000					
10.1 Investments by type							
Held-for-trading securities							
Market treasury bills	10.2.1 & 10.2.2	18,782,717	-	18,782,717	5,448,254	-	5,448,254
Pakistan investment bonds	10.2.1 & 10.2.2	3,698,417	49,445	3,747,862	8,525,457	9,333,905	17,859,362
		22,481,134	49,445	22,530,579	13,973,711	9,333,905	23,307,616
Available-for-sale securities							
Market treasury bills	10.2.1 & 10.2.2	5,696,991	-	5,696,991	17,478	-	17,478
Pakistan investment bonds	10.2.1 & 10.2.2	31,595,615	44,201,767	75,797,382	18,011,845	34,099,360	52,111,205
Ijara sukuk	10.2.1	-	-	-	400	-	400
Ordinary shares of listed companies	10.2.3	2,851,487	-	2,851,487	893,211	-	893,211
Ordinary shares of unlisted company	10.2.4	11,000	-	11,000	11,000	-	11,000
Preference shares of listed company	10.2.5	136,589	-	136,589	136,589	-	136,589
Term finance certificates - listed	10.2.6	266,322	-	266,322	640,742	-	640,742
Term finance certificates - unlisted	10.2.7	1,759,344	-	1,759,344	1,571,360	-	1,571,360
Sukuk certificates - unlisted	10.2.8	380,000	-	380,000	400,000	-	400,000
Open end mutual funds	10.2.9	191,159	-	191,159	91,159	-	91,159
Foreign currency bonds (US $)	10.2.10	1,322,866	-	1,322,866	1,093,673	-	1,093,673
		44,211,373	44,201,767	88,413,140	22,867,457	34,099,360	56,966,817
Investment in subsidiaries	10.2.11	1,919,121	-	1,919,121	1,919,121	-	1,919,121
Total investments at cost		68,611,628	44,251,212	112,862,840	38,760,289	43,433,265	82,193,554
Less: Provision for diminution in value of investments	10.3	(533,793)	-	(533,793)	(392,644)	-	(392,644)
Investments (net of provision)		68,077,835	44,251,212	112,329,047	38,367,645	43,433,265	81,800,910
Unrealised gain on revaluation of investments classified as held-for-trading securities	10.4	7,270	42	7,312	131,279	208,730	340,009
Surplus on revaluation of available-for-sale securities	21	1,890,171	1,803,295	3,693,466	850,576	1,266,073	2,116,649
Total investments at market value		69,975,276	46,054,549	116,029,825	39,349,500	44,908,068	84,257,568

		Note	2015	2014
			Rupees in '000	
10.2	**Investments by segments**			
	Federal Government Securities			
	Market treasury bills	10.2.1 & 10.2.2	24,479,708	5,465,732
	Pakistan investment bonds	10.2.1	79,545,244	69,970,567
	Ijara sukuk	10.2.1	-	400
			104,024,952	75,436,699
	Fully Paid Ordinary Shares			
	Listed companies	10.2.3	2,851,487	893,211
	Unlisted companies	10.2.4	11,000	11,000
			2,862,487	904,211
	Fully Paid Preference Shares			
	Listed companies	10.2.5	136,589	136,589
	Term Finance Certificates			
	Term finance certificates – listed	10.2.6	266,322	640,742
	Term finance certificates – unlisted	10.2.7	1,759,344	1,571,360
	Sukuk certificates – unlisted	10.2.8	380,000	400,000
			2,405,666	2,612,102
	Mutual Funds			
	Open end mutual funds	10.2.9	191,159	91,159
	Others			
	Foreign currency bonds (US $)	10.2.10	1,322,866	1,093,673
	Investment in subsidiaries	10.2.11	1,919,121	1,919,121
	Total investments at cost		112,862,840	82,193,554
	Less: Provision for diminution in value of investments	10.3	(533,793)	(392,644)
	Investments (net of provisions)		112,329,047	81,800,910
	Unrealized gain on revaluation of held for trading securities	10.4	7,312	340,009
	Surplus on revaluation of available-for-sale securities	21	3,693,466	2,116,649
	Total investments at market value		116,029,825	84,257,568

10.2.1 Details of investment in Federal Government Securities

	Market value 2015 Held by bank	2015 Given as collateral	2015 Total	2014 Held by bank	2014 Given as collateral	2014 Total
	------------	------------	Rupees in '000	------------	------------	------------
Held-for-trading securities						
Market treasury bills	18,782,767	-	18,782,767	5,448,088	-	5,448,088
Pakistan investment bonds	3,705,637	49,487	3,755,124	8,656,902	9,542,635	18,199,537
	22,488,404	49,487	22,537,891	14,104,990	9,542,635	23,647,625
Available-for-sale securities						
Market treasury bills	5,705,149	-	5,705,149	17,487	-	17,487
Pakistan investment bonds	32,943,889	46,005,061	78,948,950	18,748,981	35,365,433	54,114,414
Ijara sukuk	-	-	-	401	-	401
	38,649,038	46,005,061	84,654,099	18,766,869	35,365,433	54,132,302
	61,137,442	46,054,548	107,191,990	32,871,859	44,908,068	77,779,927

10.2.2 Principal terms of investment in Federal Government Securities

Name of investment	Maturity	Redemption	Coupon
Market treasury bills	January 07, 2016 to November 10, 2016	On maturity	On maturity
Pakistan investment bonds	May 19, 2016 to March 26, 2025	On maturity	Half Yearly

10.2.3 Details of investment in ordinary shares of listed companies

	Shares of Rs.10 each 2015	Shares of Rs.10 each 2014	Rating 2015	Rating 2014	Cost 2015	Cost 2014	Market value 2015	Market value 2014
	Numbers				----------	----------	Rupees in '000	----------
- United Bank Limited	3,078,100	-	AA+	-	503,671	-	476,952	-
- IGI Insurance Limited	2,395,100	241,100	AA	AA	569,705	58,790	566,609	65,237
- Ghani Glass Limited	-	7,900,029	-	Unrated	-	425,777	-	536,965
- ORIX Leasing Pakistan Limited	-	592,500	-	AA+	-	28,457	-	28,470
					1,073,376	513,024	1,043,561	630,672
Details of investment in ordinary shares of listed companies - related parties								
- EFU General Insurance Limited	3,155,100	-	AA+	-	488,978	-	452,757	-
- EFU Life Assurance	982,000	-	AA	-	190,595	-	195,418	-
- Sitara Chemical Industries Limited	1,799,500	1,417,100	A+	A+	508,227	380,187	647,820	448,314
- TRG Pakistan Limited	32,023,760	-	Unrated	-	590,311	-	1,109,623	-
					1,778,111	380,187	2,405,618	448,314
					2,851,487	893,211	3,449,179	1,078,986

10.2.4 Details of investment in ordinary shares of unlisted company

In accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (The Act), the Bank has received 3,034,603 shares of Rs. 10 each including trading right entitlement certificate (TREC) of the Pakistan Stock Exchange Limited (PSX), formerly Islamabad Stock Exchange (ISE), in lieu of its Membership card held by the Bank. In the first phase, the Bank has received 40% equity shares with trading rights i.e. 1,213,841 shares whereas the remaining 60% shares, i.e. 1,820,762 shares, are transferred to blocked CDC account maintained by PSX. Further, the management believes that the carrying value of these shares is less than face value of shares therefore, no value has been allocated to TREC. The managing director of Pakistan Stock Exchange is Mr. Nadeem Naqvi.

10.2.5 Details of investment in preference shares of listed companies

	Percentage of holding	Face value per share	Number of shares	Cost		Market value	
				2015	2014	2015	2014
				------------------- Rupees in '000 -------------------			
Available-for-sale securities							
						-	-
Agritech Limited (note 10.2.5.1 and 10.2.5.3)	3.03%	10	4,823,746	**48,236**	48,236		
Chenab Limited (note 10.2.5.2 and 10.2.5.3)	15.45%	10	12,357,000	**88,353**	88,353	-	-
				136,589	136,589	-	-

10.2.5.1 These are non-voting cumulative preference shares, carrying preference dividend @ 10% p.a and are convertible into ordinary shares at the option of the Bank after five years from the date of issuance i.e. February 2012. The investee company also has the option to redeem these preference shares plus any unpaid dividend in full or in part, within ninety days after expiry of each anniversary of the issue date . The Bank has recognised full impairment on these shares amounting to Rs. 48.236 million (2014: Rs. 48.236 million) due to weak financial position of the company.

10.2.5.2 These are cumulative preference shares, carrying preference dividend @ 9.25% p.a and are redeemable in part after four years from the date of issuance i.e. August 2008. The investee company also has an option to redeem, in part, cumulative preference shares after August 2008. The Bank has recognized full impairment on these shares amounting to Rs. 88.353 million (2014: Rs. 88.353 million) due to weak financial position of the company.

10.2.5.3 Surplus arising due to remeasurement of these shares to the market value has not been recognized as the management believes that the market value may not be realized while selling them in open market.

10.2.6 Details of investment in term finance certificates - listed *

	Number of certificates		Rating		Cost		Market value	
	2015	2014	2015	2014	2015	2014	2015	2014
Available-for-sale securities					---------- Rupees in '000 ----------			
Pakistan Mobile Communication Limited	4,200	4,200	AA-	AA-	84,000	231,000	84,035	234,147
World Call Telecommunication Limited (note 10.2.6.2)	90,650	90,650	Unrated	Unrated	182,322	194,132	-	70,823
Allied Bank Limited - 2nd Issue	-	9,600	-	AA	-	47,931	-	46,863
Askari Bank Limited - 3rd Issue	-	8,236	-	AA-	-	41,170	-	40,306
Engro Fertilizer Limited - 3rd Issue	-	35,119	-	A+	-	126,509	-	120,107
					266,322	640,742	84,035	512,246

* Secured and have a face value of Rs.5,000 each unless specified otherwise.

10.2.6.1 Other particulars of listed term finance certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity Date
Pakistan Mobile Communication Limited	Quarterly	3 Month KIBOR ask rate plus 2.00%	April 18, 2016
World Call Telecommunication Limited	Semi-annually	6 Month KIBOR ask rate plus 1.60%	October 15, 2021

10.2.6.2 Surplus arising due to remeasurement of these term finance certificates to the market value has not been recognized as management believes that the market value may not be realized while selling them in open market.

10.2.7 Details of investment in term finance certificates - unlisted, secured

Name of the company	Note	Number of certificates		Rating		Face value per certificate	Cost	
		2015	2014	2015	2014		2015	2014
						Rupees	Rupees in '000	
Agritech Limited	10.2.7.1	30,000	30,000	Unrated	Unrated	5,000	149,860	149,860
Askari Bank Limited		100,000	120,000	AA-	AA-	5,000	499,800	600,000
Askari Bank Limited - 4th Issue		75	75	AA-	AA-	1,000,000	75,103	75,157
Azgard Nine Limited (related party)	10.2.7.2	29,998	29,998	Unrated	Unrated	5,000	65,022	65,022
Bank Alfalah Limited - 4th Issue		1,440	1,440	AA-	AA-	5,000	7,210	7,224
Engro Fertilizer Limited - 2nd Issue		1,100	1,100	AA	A+	5,000	5,249	5,163
Independent Media Corporation (Pvt.) Limited		20,000	20,000	BBB-	A-	5,000	55,000	75,000
Pakistan Mobile Communication Limited		20,000	20,000	Unrated	Unrated	5,000	23,529	47,059
Water & Power Development Authority		100,000	100,000	AAA	AAA	5,000	428,571	500,000
Pak Libya Holding Co. Pvt. Ltd.		90,000	-	AA	-	5,000	450,000	-
Nishat Chunian Limited		-	50,000	-	A	5,000	-	46,875
							1,759,344	1,571,360

10.2.7.1 Due to weak financial position of the company the Bank has recognised full impairment loss (December 31, 2014: 112.395 million) on these term finance certificates.

10.2.7.2 Due to weak financial position of the company the Bank has recognised full impairment loss (December 31, 2014: 20.350 million) on these term finance certificates.

10.2.7.2 Other particulars of unlisted term finance certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Agritech Limited (Chief Executive: Mr. Ahmed Jaudet Bilal)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	May 29, 2019
Askari Bank Limited (Chief Executive: Syed Majeedullah Husaini)	Semi-annually	6 Month KIBOR ask rate plus 1.20%.	September 30, 2024
Askari Bank Limited - 4th issue (Chief Executive: Syed Majeedullah Husaini)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	December 23, 2021
Azgard Nine Limited - related party (Chief Executive: Mr. Ahmed H. Shaikh)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	December 04, 2017
Bank Alfalah Limited (Chief Executive: Mr. Atif Bajwa)	Semi-annually	6 Month KIBOR ask rate plus 2.50%.	December 02, 2017
Engro Fertilizer Limited (Chief Executive: Mr. Ruhail Mohammad)	Semi-annually	6 Month KIBOR ask rate plus 2.10%.	March 18, 2018
Independent Media Corporation (Pvt.) Limited (Chief Executive: Mr. Mir Ibrahim Rahman)	Quarterly	3 Month KIBOR ask rate plus 3.00%.	August 05, 2018
Pakistan Mobile Communication Limited (Chief Executive: Mr. Rashid Naseer Khan)	Quarterly	3 Month KIBOR ask rate plus 2.00%	October 13, 2016
Water & Power Development Authority (Chairman: Mr. Zafar Mahmood)	Semi-annually	6 Month KIBOR ask rate plus 1.00%.	September 27, 2021
Pak Libya Holding Co. Pvt. Ltd. (Chief Executive: Mr. Abid Aziz)	Quarterly	3 Month KIBOR ask rate plus 1.50%	February 24, 2020

10.2.8 **Sukuk certificates - unlisted**

Name of the company	Number of certificates 2015	Number of certificates 2014	Rating 2015	Rating 2014	Face value per certificate	Cost 2015	Cost 2014
					Rupees	Rupees in '000	
Available-for-sale securities							
Engro Fertilizer Limited	80,000	80,000	AA-	A+	5,000	380,000	400,000

10.2.9 **Open End Mutual Funds**

Fund	Net asset 2015	Net asset 2014	Rating 2015	Rating 2014	Net asset value per per unit	Cost 2015	Cost 2014	Market value 2015	Market value 2014
						------------------- Rupees in '000 -------------------			
Available-for-sale									
JS Islamic Government Securities Fund -related parties	1,011,315	1,011,315	AA-(f)	AA-(f)	Rs. 101.82	91,159	91,159	102,972	103,073
NAFA Govt. Securities Liquid Fund	9,325,314	-	AAA(f)	-	Rs. 10.42	100,000	-	97,186	-
						191,159	91,159	200,158	103,073

10.2.10 **Foreign currency bonds (US $)**

Name of Bond	Rating 2015	Rating 2014	Coupon Rate p.a	Date of Maturity	Cost 2015	Cost 2014	Market Value 2015	Market Value 2014
Available for sale					--------------------- Rupees in '000 ---------------------			
Yapi Kredi Bankasi	BBB	BBB	4.00%	January 22, 2020	104,438	100,128	101,065	93,826
Turkiye Halk Bankasi	BBB-	BBB-	3.88%	February 5, 2020	65,018	62,281	61,503	60,572
Bank Pozitif	BBB-	BBB-	5.00%	February 7, 2018	109,978	105,507	106,954	103,925
IDBI Bank Ltd	BBB-	BBB-	4.13%	April 23, 2020	105,121	100,922	105,129	100,836
Emirates NBD PJSC	A	A	5.00%	November 27, 2023	103,218	98,876	100,168	104,251
FLR NTS Emirates NBD PJSC	Baa1	Baa1	3.91%	March 29, 2017	104,741	100,483	107,001	102,328
SB Capital SA (Sber Bank)	BB+	BBB-	5.13%	October 29, 2022	104,741	197,706	96,885	152,735
Gazprombank (OJSC)	BB+	BBB-	4.96%	September 5, 2019	69,862	67,022	66,509	51,607
Samarco Mineracao SA	BB-	BBB	5.38%	September 26, 2024	52,371	50,242	18,487	46,222
ICICI BANK LTD/ DUBAI	BBB-	-	3.13%	August 12, 2020	20,865	-	20,941	-
BCO BTG PACTUAL	BB-	-	4.00%	January 16, 2020	29,714	-	21,717	-
BCO BTG PACTUAL	BB-	-	4.00%	January 16, 2020	30,919	-	24,003	-
AFRICA FINANCE CORP	A3	-	4.38%	April 29, 2020	53,132	-	52,423	-
AFRICA FINANCE CORP	A3	-	4.38%	April 29, 2020	159,780	-	157,269	-
IBQ FINANCE LTD.	A+	-	3.50%	November 25, 2020	208,968	-	209,826	-
Banco BTG Pactual S.A	-	Baa3	4.00%		-	57,711	-	54,562
African Export-Import Bank (AFREXIMBANK)	-	Baa2	4.75%		-	50,149	-	49,770
Russian Federation	-	Baa2	5.00%		-	102,646	-	93,967
					1,322,866	1,093,673	1,249,880	1,014,601

	Rating		Number of shares	Percentage holding	Cost	
	2015	2014			2015	2014
10.2.11 Investment in subsidiaries					Rupees in '000	
JS Global Capital Limited (JSGCL)	AA	AA	25,525,169	51.05%	1,357,929	1,357,929
JS Investments Limited (JSIL) -note 10.2.11.1	A+	A+	52,236,978	65.16%	561,192	561,192
					1,919,121	1,919,121

10.2.11.1 During the year, JSIL has bought back its 19,828,182 ordinary shares out of its 100 million ordinary shares, resultantly percentage holding is increased from 52.24% to 65.16% without changing in the cost of investment.

10.2.11.2 The Bank also controls JS ABAMCO Commodities Limited (JSACL) indirectly through its subsidiary JS Investments Limited which has 100% holding in JSACL.

	Note	2015	2014
		Rupees in '000	
10.3 Particulars of provision for diminution in value of investments			
Opening balance		392,644	231,500
Charge for the year		152,959	229,360
Reversal on disposal of investments		(11,810)	(68,216)
		141,149	161,144
Closing balance		533,793	392,644
10.3.1 Particulars of provision for diminution in value of investments by type and segment			
Preference shares of listed company		136,589	136,589
Term finance certificates - unlisted		214,882	132,745
Term finance certificates - listed		182,322	123,310
		533,793	392,644
10.4 Unrealized gain / (loss) on revaluation of investments classified as held-for-trading securities -net			
Market treasury bills		50	(166)
Pakistan investment bonds		7,262	340,175
		7,312	340,009

11. ADVANCES - net

	Note	2015	2014
		Rupees in '000	
Loans, cash credit, running finances, etc.			
In Pakistan		72,795,661	60,730,542
Outside Pakistan		-	-
		72,795,661	60,730,542
Net investment in finance lease in Pakistan	11.2	3,226,785	1,618,581
Bills discounted and purchased (excluding treasury bills)			
payable in Pakistan		1,266,902	866,117
payable outside Pakistan		2,100,013	1,276,707
		3,366,915	2,142,824
Advances - gross	11.1	79,389,361	64,491,947
Provision against non-performing advances - specific	11.4	(2,705,929)	(2,051,035)
Provision against non-performing advances - general	11.4	(17,252)	(7,784)
		(2,723,181)	(2,058,819)
Advances - net of provision		76,666,180	62,433,128

11.1 Particulars of advances (gross)

		2015	2014
11.1.1	In local currency	76,762,337	61,206,816
	In foreign currency	2,627,024	3,285,131
		79,389,361	64,491,947
11.1.2	Short term (for upto one year)	68,483,699	57,503,639
	Long term (for over one year)	10,905,662	6,988,308
		79,389,361	64,491,947

11.2 Particulars of net investment in finance lease

	2015			2014		
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
	Rupees in '000					
Lease rentals receivable	1,142,904	1,682,078	2,824,982	610,926	954,622	1,565,548
Guaranteed residual value	59,353	701,002	760,355	21,012	297,724	318,736
Minimum lease payments	1,202,257	2,383,080	3,585,337	631,938	1,252,346	1,884,284
Finance charges for future periods	(191,239)	(167,313)	(358,552)	(138,487)	(127,216)	(265,703)
Present value of minimum lease payments	1,011,018	2,215,767	3,226,785	493,451	1,125,130	1,618,581

11.3 Advances include Rs.2,982.825 million (2014: Rs.2,812.617 million) which have been placed under non-performing status as detailed below:

		2015				
Category of classification	Note	Domestic	Overseas	Total	Provision required	Provision held
		Rupees in '000				
Other assets especially mentioned		-	-	-	-	-
Substandard		1,533	-	1,533	383	383
Doubtful		181,136	-	181,136	32,984	32,984
Loss		2,800,156	-	2,800,156	2,672,562	2,672,562
	11.4.1	2,982,825	-	2,982,825	2,705,929	2,705,929

	2014				
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000				
Other assets especially mentioned	-	-	-	-	-
Substandard	4,159	-	4,159	-	-
Doubtful	158,122	-	158,122	2,065	2,065
Loss	2,650,336	-	2,650,336	2,048,970	2,048,970
	2,812,617	-	2,812,617	2,051,035	2,051,035

11.4 Particulars of provision against non-performing advances

	Note	2015 Specific	2015 General	2015 Total	2014 Specific	2014 General	2014 Total
		----------	----------	Rupees in '000	----------	----------	----------
Opening balance		2,051,035	7,784	2,058,819	1,398,195	2,990	1,401,185
Charge for the year		796,552	9,468	806,020	749,436	4,794	754,230
Reversals		(130,928)	-	(130,928)	(96,596)	-	(96,596)
		665,624	9,468	675,092	652,840	4,794	657,634
Amount written off from the opening balance	11.5	(10,730)	-	(10,730)	-	-	-
Closing balance		2,705,929	17,252	2,723,181	2,051,035	7,784	2,058,819

11.4.1 Particulars of provision against non-performing advances

	2015 Specific	2015 General	2015 Total	2014 Specific	2014 General	2014 Total
	----------	----------	Rupees in '000	----------	----------	----------
In local currency	2,705,929	17,252	2,723,181	2,051,035	7,784	2,058,819
In foreign currencies	-	-	-	-	-	-
	2,705,929	17,252	2,723,181	2,051,035	7,784	2,058,819

11.4.2 The general provision includes maintaining of general reserves against small medium enterprise and consumer portfolio in accordance with the prudential regulations issued by SBP at 1% and 1.5% of fully secured portfolio respectively, and at 5% of unsecured portfolio.

11.4.3 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at December 31, 2015, the Bank has availed cumulative benefit of FSV of Rs.155.863 million (2014: 432.601 million) under the directives of the SBP. Had the benefit not been taken the unappropriated profit after tax would have been reduced by Rs. 101.311 million (2014: Rs. 281.190 million). Further, as required by the SBP directives, this unappropriated profit will not be available for distribution as dividend or other appropriations.

		2015	2014
		Rupees in '000	
11.5	**Particulars of Write Offs:**		
11.5.1	Against Provisions	10,730	-
	Directly charged to Profit & Loss account	-	-
		10,730	-
11.5.2	Write Offs of Rs. 500,000 and above	10,730	-
	Write Offs of Below Rs. 500,000	-	-
		10,730	-

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

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

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

	Note	2015	2014
		Rupees in '000	
Balance at the beginning of the year		1,084,189	871,927
Loans granted during the year		470,285	380,657
Repayments		(235,450)	(168,395)
Balance at the end of the year		1,319,024	1,084,189

Debts due by subsidiaries and associates are disclosed in note 40.

12. OPERATING FIXED ASSETS

	Note	2015	2014
Capital work-in-progress	12.1	238,343	82,777
Property and equipment	12.2	2,567,248	1,983,329
Intangible assets	12.3	1,768,080	1,700,744
		4,573,671	3,766,850

12.1 Capital work-in-progress

	2015	2014
Civil works	119,555	23,965
Advance for purchase of land	51,000	-
Advance for purchase of furniture and fixtures	4,632	2,128
Advance for purchase of vehicles	6,809	13,453
Advance for purchase of equipment and software	56,347	43,231
	238,343	82,777

12.2 Property and equipment

	COST				ACCUMULATED DEPRECIATION					
	As at January 01, 2015	Additions	Deletions	As at December 31, 2015	As at January 01, 2015	Depreciation on deletions	Charge for the year	As at December 31, 2015	Book value as at December 31, 2015	Rate %
	Rupees in '000									
Leasehold land	215,500	155,000	-	370,500	-	-	-	-	370,500	-
Building on free hold land	51,716	-	-	51,716	2,742	-	522	3,264	48,452	1.01
Building on lease hold land	382,461	276,562	-	659,023	51,250	-	13,575	64,825	594,198	1.02 - 4.78
Lease hold improvements	647,294	100,238	-	747,532	284,684	-	69,265	353,949	393,583	10
Furniture and fixture	279,181	44,926	(1,222)	322,885	136,808	(28)	35,635	172,415	150,470	12.5
Electrical, office and computer equipment	1,358,746	311,287	(32,482)	1,637,551	773,608	(24,620)	197,923	946,911	690,640	12.5- 33.3
Vehicles	504,251	152,003	(85,925)	570,329	206,728	(61,171)	105,367	250,924	319,405	20
	3,439,149	1,040,016	(119,629)	4,359,536	1,455,820	(85,819)	422,287	1,792,288	2,567,248	

	COST				ACCUMULATED DEPRECIATION					
	As at January 01, 2014	Additions	Deletions	As at December 31, 2014	As at January 01, 2014	Depreciation on deletions / (adjustments)	Charge for the year	As at December 31, 2014	Book value as at December 31, 2014	Rate %
	Rupees in '000									
Leasehold land	119,367	215,500 (119,367)	-	215,500	-	-	-	-	215,500	-
Building on free hold land	51,716	-	-	51,716	2,220	- (1,067)	1,589	2,742	48,974	1.01
Building on lease hold land	347,599	34,862	-	382,461	42,817	- 1,087	7,346	51,250	331,211	1.02 - 4.78
Lease hold improvements	557,493	90,098 (202)	(95)	647,294	224,785	(68) (609)	60,576	284,684	362,610	10
Furniture and fixture	237,664	43,637	(2,120)	279,181	108,159	(1,847) 255	30,241	136,808	142,373	12.5
Electrical, office and computer equipment	1,146,517	223,978 (687)	(11,062)	1,358,746	630,752	(7,393) 59	150,190	773,608	585,138	12.5- 33.3
Vehicles	404,614	133,448	(33,811)	504,251	145,677	(26,910) 21	87,940	206,728	297,523	20
	2,864,970 -	741,523 (120,256)	(47,088) -	3,439,149 -	1,154,410 -	(36,218) (254)	337,882 -	1,455,820 -	1,983,329 -	

12.2.1 Included in cost of property and equipment are fully depreciated items still in use having cost of Rs. 440.675 million (2013: Rs. 375.587 million).

12.2.2 The details of disposals of assets whose original cost or book value exceeds one million rupees or two hundred and fifty thousand rupees respectively, whichever is lower, are given in Annexure I of these unconsolidated financial statements.

12.3 Intangible assets

	Note	COST			ACCUMUATED AMORTISATION					
		As at January 01, 2015	Additions	As at December 31, 2015	As at January 01, 2015	Deletions	Charge for the year	As at December 31, 2015	Book value as at December 31, 2015	Rate %
		---------- Rupees in '000 ----------								
Computer software		362,926	109,661	472,587	125,806	-	42,325	168,131	304,456	10
Goodwill	12.3.1	1,463,624	-	1,463,624	-	-	-	-	1,463,624	-
		1,826,550	109,661	1,936,211	125,806	-	42,325	168,131	1,768,080	

	Note	COST			ACCUMUALATED AMORTISATION					
		As at January 01, 2014	Additions	As at December 31, 2014	As at January 01, 2014	Deletions / adjustment	Charge for the year	As at December 31, 2014	Book value as at December 31, 2014	Rate %
		---------- Rupees in '000 ----------								
Computer software		267,864	94,121	362,926	92,540	-	33,039	125,806	237,120	10
			941			227				
Goodwill	12.3.1	1,463,624	-	1,463,624	-	-	-	-	1,463,624	-
		1,731,488	95,062	1,826,550	92,540	227	33,039	125,806	1,700,744	

12.3.1 For impairment testing, goodwill has been allocated to 'Trading and Sales' Segment as Cash Generating Unit (CGU), which is also a reportable segment.

12.3.2 Key assumptions used in value in use calculation

The recoverable amount of the CGU has been determined based on value in use calculation, using cash flow projections based on business plan approved by the Board of Directors of the Bank covering a five year period. The discount rates applied to cash flows beyond five years are extrapolated using a terminal growth rate. The following rates are used by the Bank.

	2015	2014
	Percentages	
Discount rate	21.24	23.18
Terminal growth rate	10.00	10.00

The calculation of value in use is most sensitive to following assumptions:

a) Interest margins

Interest margins are based on prevailing industry trends and anticipated market conditions.

b) Discount rates

Discount rates reflect management estimates of the rate of return required for each business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using cost of equity of the Bank.

c) **Key business assumptions**

The assumptions are important as they represent management assessment of how the unit's position might change over the projected period. Based on the expansion plans, management expects aggressive growth in advances, investments and deposits during the projected periods and thereafter stablisation in line with industry trends.

Management believes that any significant change in key assumptions, on which CGU's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value in use calculation of the CGU are sensitive to changes in assumptions for interest rate spreads, Non Funded Income (NFI), long term growth rates and discount rates.

d) **Sensitivity to changes in assumption**

The estimated recoverable amount of the 'Trading and Sales' CGU exceeds its carrying amount by approximately Rs. 1,906.9 million. Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal recoverable amount	
	2015	2014
	Percentages	
- Discount rate	**4.72**	4.08
- Terminal growth rate	**(9.73)**	(7.98)

13. OTHER ASSETS

	Note	**2015**	2014
		Rupees in '000	
Mark-up / income accrued in local currency	13.1	**4,564,934**	4,787,016
Mark-up / income accrued in foreign currency		**22,770**	39,535
Advances, deposits, advance rent and other prepayments		**266,836**	271,608
Taxation (payments less provision)		**478,954**	59,274
Receivable against bancassurance / bancatakaful	13.2	**27,530**	17,604
Stationery and stamps in hand		**8,105**	6,574
Receivable from other banks in respect of remittance	13.3	**164,119**	331,905
Non-banking assets acquired in satisfaction of claims	13.4 & 13.5	**182,455**	141,900
Others	13.6	**176,660**	80,973
		5,892,363	5,736,389
Less: Provision held against other assets	13.7	**(10,861)**	(10,861)
Other assets (net of provisions)		**5,881,502**	5,725,528

13.1 This includes an amount of Rs. 40.167 million (2014: 39.217 million) due from related parties.

13.2 This includes an amount of Rs. 23.546 million (2014: 12.637 million) due from related parties.

13.3 This includes an amount of Rs.129.316 million (2014: 284.675 million) receivable from State Bank of Pakistan in respect of home remittance services provided by the Bank.

13.4 This includes an amount of Rs.119.367 million (2014: Nil) which is subsequently received on account of sale proceeds of property through court auction.

		2015	2014
		Rupees in '000	
13.5	Non banking assets acquired in satisfaction of claims		
	Market value of non-banking assets acquired in satisfaction of claims	245,275	200,600

13.6 This includes an amount of Rs.63.170 million represent the deposit of residual amount with the honourable Lahore High Court (LHC) in respect of property acquired in satisfaction of claims.

		Note	2015	2014
			Rupees in '000	
13.7	**Provision held against other assets**			
	Opening balance		10,861	3,177
	Charge for the year		-	7,684
	Reversal for the year		-	-
	Net charge for the year		-	7,684
	Closing balance		10,861	10,861
14.	**BILLS PAYABLE**			
	In Pakistan		1,607,100	1,376,150
	Outside Pakistan		2,325	3,870
			1,609,425	1,380,020
15.	**BORROWINGS**			
	In Pakistan		54,583,633	50,534,741
	Outside Pakistan		54,685	3,232
			54,638,318	50,537,973
15.1	**Particulars of borrowings with respect to currencies**			
	In local currency		54,583,633	50,534,741
	In foreign currencies		54,685	3,232
			54,638,318	50,537,973
15.2	**Details of borrowings from financial institutions**			
	Secured			
	Borrowings from SBP under export refinancing scheme	15.2.1	5,246,052	3,657,927
	Repurchase agreement borrowings	15.2.2	45,837,581	46,876,814
			51,083,633	50,534,741
	Unsecured			
	Call borrowings	15.2.3	3,500,000	-
	Overdrawn nostro accounts	15.2.4	54,685	3,232
			3,554,685	3,232
			54,638,318	50,537,973

15.2.1 The Bank has entered into agreement with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable on a quarterly basis and carry mark-up at the rate ranging from 3% to 4.5% (2014: 6.50% to 8.4%) per annum.

15.2.2 This represents collateralised borrowing from SBP against Pakistan Investment Bonds carrying mark-up at the rate of 6.5% (2014: 9.70% to 10.30%) per annum and would mature on January 04, 2016 (2014: January 02, 2015 to February 27, 2015). The carrying value of securities given as collateral against these borrowing is given in note 10.1

15.2.3 These represent call money borrowings from financial institutions, carrying interest at the rate of 6.05% (2014: Nil) per annum.

	2015	2014
	Rupees in '000	
16. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	61,877,181	46,411,555
Savings deposits	32,635,288	25,558,374
Current accounts - non-remunerative	34,570,446	27,371,408
Margin accounts	1,557,573	566,583
	130,640,488	99,907,920
Financial Institutions		
Remunerative deposits	10,996,136	8,750,749
Non-remunerative deposits	203,863	81,291
	11,199,999	8,832,040
	141,840,487	108,739,960

	2015	2014
16.1 Particulars of deposits		
In local currency	130,091,091	103,233,699
In foreign currencies	11,749,396	5,506,261
	141,840,487	108,739,960

17. DEFERRED TAX LIABILITIES - net

	Note	2015	2014
		Rupees in '000	
Deferred tax (debits) arising from:			
Unused tax losses		-	(429,467)
Provision against investments		(57,149)	(137,425)
Provision against loans and advances		(94,246)	(119,970)
Minimum tax	31.5	-	(194,148)
Unrealized loss on revaluation of derivative Instruments		(14,366)	(63,629)
Provision for Workers' Welfare Fund		(48,362)	(26,145)
		(214,123)	(970,784)
Deferred tax credits arising due to:			
Operating fixed assets		152,922	145,640
Goodwill		461,322	410,095
Unrealised gain on revaluation of investment classified as held for trading		2,559	119,003
Surplus on revaluation of investment classified assets as available for sale		1,292,713	740,827
		1,909,516	1,415,565
		1,695,393	444,781

17.1 Movement in temporary differences during the year:

	Balance as at January 01, 2014	Recognised in profit and loss account account	Recognised in equity / OCI	Balance as at December 31, 2014	Recognised in profit and loss account account	Recognised in equity / OCI	Balance as at December 31, 2015
	Rupees in '000						
Deferred tax debits arising from:							
Unused tax losses	(995,771)	563,802	(2,502)	(429,467)	429,467	-	-
Provision against investments	(81,025)	(56,400)	-	(137,425)	80,276	-	(57,149)
Provision against loans and advances	(96,754)	(23,216)	-	(119,970)	25,724	-	(94,246)
Minimum tax	(160,075)	(34,073)	-	(194,148)	194,148	-	-
Unrealized gain / (loss) on revaluation of derivative financial instruments	3,589	(67,218)	-	(63,629)	49,263	-	(14,366)
Provision for Workers' Welfare Fund	(14,888)	(11,257)	-	(26,145)	(22,217)	-	(48,362)
	(1,344,924)	371,638	(2,502)	(970,784)	756,661	-	(214,123)
Deferred tax credits arising due to:							
Operating fixed assets	172,216	(26,576)	-	145,640	7,282	-	152,922
Goodwill	358,588	51,507	-	410,095	51,227	-	461,322
Unrealised gain of revaluation of investment classified as held for trading	40,978	78,025	-	119,003	(116,444)	-	2,559
(Deficit) / surplus on revaluation of investment classified assets as available for sale	(110,464)	-	851,291	740,827	-	551,886	1,292,713
	461,318	102,956	851,291	1,415,565	(57,935)	551,886	1,909,516
	(883,606)	474,594	848,789	444,781	698,726	551,886	1,695,393

	Note	2015	2014
		Rupees in '000	
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency	18.1	858,162	1,120,464
Mark-up / return / interest payable in foreign currency		26,498	4,118
Accrued expenses		386,872	327,069
Payable in respect of defined benefit obligation - net	35.5	64,005	21,349
Customer insurance payable		-	1,128
Unrealised loss on revaluation of derivative instruments	27	41,047	181,796
Unclaimed dividends		4,207	4,207
Government duties		68,534	52,982
Donation payable	28.1	63,473	32,000
Lease key money deposit		753,823	314,768
Provision for Workers' Welfare Fund	18.2	138,176	74,702
Payable against remittance		179,975	270,157
Visa debit card payable		22,463	38,218
Retention money payable		11,373	11,918
Payable against maintenance of IT equipment		2,016	6,811
Others		103,513	72,850
		2,724,137	2,534,537

18.1 Included herein is a sum of Rs. 16.708 million (2014: Rs. 17.915 million) payable to related parties.

18.2 Aggrieved by the amendments made through the Finance Act, certain stakeholders filed petition against the changes in the Lahore and Peshawar High Courts, which struck down the aforementioned amendments to the Ordinance in 2011. However, some stakeholders also filed the petition in the Sindh High Court which, in 2013, decided the petition against the stakeholders. The Bank is in process to file the petition in the Supreme Court against the changes.

Sindh Worker's Welfare Fund has been promulgated making it effective on income accruing from January 1, 2014. The Bank contests the applicability of law principally for the reasons that the Bank's operations are spared all over Pakistan and Azad Kashmir and that levy under the law cannot be exclusively decided under the domain of Sindh law. The management is consulting with lawyers about the basis the levy can be contested by way of filing a writ or suit in the high court.

Therefore, until the matter is decided, on prudent basis, the Bank has recognized aggregate provision in these unconsolidated financial statements.

19. SHARE CAPITAL

19.1 Authorised capital

2015	2014		2015	2014
Number of shares			Rupees in '000	
1,350,000,000	1,350,000,000	Ordinary shares of Rs.10 each	13,500,000	13,500,000

19.2 Issued, subscribed and paid-up capital

2015	2014		2015	2014
Number of shares			Rupees in '000	
538,558,965	538,558,965	Issued for cash	5,385,590	5,385,590
533,905,297	533,905,297	Issued for consideration other than cash	5,339,053	5,339,053
1,072,464,262	1,072,464,262		10,724,643	10,724,643

19.3 As at December 31, 2015, Jahangir Siddiqui Co. Ltd (the parent company) held 755,245,007 ordinary shares of Rs. 10 each (70.42% holding).

20. PREFERENCE SHARES

20.1 Authorised capital

2015	2014			2015	2014
Number of shares			Note	Rupees in '000	
150,000,000	150,000,000	Convertible preference shares of Rs.10 each	1.3	1,500,000	1,500,000

20.2 On February 19, 2014, the Bank has issued 150 million preference shares of Rs. 10 each. As a result of this transaction, the paid-up capital of the Bank has increased by Rs 1.5 billion. The major terms and conditions of the preference shares are as follows:

Instrument:	Un-listed, convertible, irredeemable, perpetual, non-cumulative, non-voting preference shares.
Issue Price:	Issued at par value of Rs. 10 per shares.
Tenure:	Four years from the date of issuance of preference shares.
Conversion ratio:	For every one preference share, 1.5 ordinary shares will be issued i.e. 1:1.5
Dividend:	Non-cumulative at the fixed rate of 12% per annum. No compensation would be available to the preference shareholders other than the agreed return i.e. 12% p.a. which will be paid in the form of cash dividend. The distribution of dividend is not obligatory and will be allowed only if the Bank has earned sufficient profit in the current year to pay dividend and is in compliance with all the regulatory capital (MCR and CAR) and provisioning requirements.

20.3 As at December 31, 2015, Jahangir Siddiqui Co. Ltd (the parent company) held 145,374,878 preference shares of Rs. 10 each (96.92% holding).

	Note	2015	2014
		Rupees in '000	
21. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - net of tax			
Available-for-sale securities:			
Government securities		3,159,726	2,003,219
Ordinary shares - listed		597,692	185,775
Term Finance Certificates - listed		35	(5,187)
Open end mutual funds		8,999	11,914
Foreign currency bonds (US $)		(72,986)	(79,072)
		3,693,466	2,116,649
Related deferred tax liability	17	(1,292,713)	(740,827)
		2,400,753	1,375,822

22. CONTINGENCIES AND COMMITMENTS

22.1 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, warranties,

	2015	2014
i) Government	13,374,471	4,733,516
ii) Banking companies and other financial institutions	590,642	362,326
iii) Others	2,888,172	1,387,650
	16,853,285	6,483,492

22.1.1 Included herein the outstanding guarantees of Rs. 47.902 million (2014: Rs. 30.654 million) of related parties.

22.2 Trade-related contingent liabilities

	2015	2014
Documentary credits	11,134,071	7,828,275

22.2.1 Included herein the outstanding letter of credits of Rs.3.080 million (2014: Rs. 40.530 million) of related parties.

22.3 Other contingencies

	2015	2014
Claims not acknowledged as debts	66,884	66,791

22.4 Commitments in respect of forward lending

	2015	2014
Forward commitment to extend credit	1,396,767	2,420,850

22.4.1 Included herein the commitment of Rs. 600 million (2014: Rs. 900 million) of related parties.

		2015	2014
		Rupees in '000	
22.5	Commitment in respect of capital expenditure	616,466	88,872
22.6	Commitments in respect of derivative instruments		
22.6.1	Forward exchange contracts		
	Purchase	9,076,271	6,110,485
	Sale	5,218,707	7,142,322

The Bank utilises foreign exchange instruments to meet the need of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At year end, all foreign exchange contracts have a remaining maturity of less than one year.

		2015	2014
		Rupees in '000	
22.6.2	Forward government securities		
	Purchase	-	834,171
	Sale	267,151	5,875,879
22.6.3	Cross currency swaps (notional principal)	2,627,850	1,588,850

Derivative instruments, such as Forward Rate Agreement, Interest Rate Swaps, Cross Currency Swaps and FX Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business provides risk solutions for the existing and potential customers of the Bank. All derivative transactions are governed by the Financial Derivatives Business Regulations (FDBR) issued by the State Bank of Pakistan (SBP).

The Bank has entered into a Cross Currency Swap transaction with its customer on back-to-back basis with an Authorized Derivative Dealer (ADD) without carrying any open position in its books. Specific approvals for the transactions have been granted by State Bank of Pakistan. Policies in line with SBP instructions have been formulated and are operative.

The transaction carries credit risk which is the risk that a party to a derivative contract will fail to perform its obligation. There are two types of credit risk associated with derivative transactions; 1) settlement, and 2) pre-settlement risk. Bank's Central Credit Committee is responsible for reviewing and managing associated Counterparty Credit Risks of the transaction.

Accounting policies in respect of derivative financial instruments are described in note 6.4.2.

22.6.3.1 Product Analysis

Counterparties	2015 Cross currency swaps Number of contracts	2015 Cross currency swaps Notional principal Rupees '000	2014 Cross currency swaps Number of contracts	2014 Cross currency swaps Notional principal Rupees '000
With Banks for				
Hedging	-	-	-	-
Market Making	6	2,627,850	4	1,588,850
	6	2,627,850	4	1,588,850

At the exchange rate prevailing at the end of the reporting period.

22.6.3.2 Maturity Analysis

Remaining maturity	2015 Number of contracts	2015 Notional principal	2015 Mark to market Positive	2015 Mark to market Negative	2015 Mark to market Net
		Rupees '000			
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 month to 1 year	2	1,084,500	555,445	(554,227)	1,218
1 to 2 year	2	504,350	262,745	(259,521)	3,224
2 to 3 years	-	-	-	-	-
3 to 5 years	2	1,039,000	594,765	(588,814)	5,951
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-

Remaining maturity	2014 Number of contracts	2014 Notional principal	2014 Mark to market Positive	2014 Mark to market Negative	2014 Mark to market Net
		Rupees in '000			
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 month to 1 year	-	-	-	-	-
1 to 2 year	2	1,084,500	568,355	(565,682)	2,673
2 to 3 years	2	504,350	267,030	(262,335)	4,695
3 to 5 years	-	-	-	-	-
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-

		Note	2015	2014
			Rupees in '000	
23.	**MARK-UP / RETURN / INTEREST EARNED**			
	On loans and advances to:			
	Customers		5,942,382	4,957,184
	Financial institutions		9,297	91,114
			5,951,679	5,048,298
	On investments in:			
	Held-for-trading securities		742,726	1,472,409
	Available-for-sale securities		8,464,227	4,033,390
			9,206,953	5,505,799
	On deposits with financial institutions		106	84
	On securities purchased under resale agreements		169,163	559,199
			15,327,901	11,113,380
24.	**MARK-UP / RETURN / INTEREST EXPENSED**			
	Deposits		6,446,462	5,580,361
	Securities sold under repurchase agreements		2,891,267	1,458,414
	Borrowings		400,300	220,565
			9,738,029	7,259,340
25.	**FEE, COMMISSION AND BROKERAGE INCOME**			
	Advisory fee		103,206	69,903
	Trustee fee		5,908	6,185
	Other fees, commission and charges	25.1	1,014,766	758,843
			1,123,880	834,931

25.1 This includes Rs. 56.633 million (2014: Rs. 71.862 million) in respect of commission income from home remittance services provided by the Bank. The amount is received from State Bank of Pakistan at the rate of Saudi Riyal 20 (2014: Saudi Riyal 25) per transaction over USD 200 (2014: USD 100) and is shared between the Bank and various exchange companies as per terms of agreement with them.

		Note	2015	2014
			Rupees in '000	
26.	**GAIN / (LOSS) ON SALE OF SECURITIES - net**			
	Federal Government Securities			
	- Market Treasury Bills		47,353	16,698
	- Pakistan Investment Bonds		1,228,845	826,360
	- Ijara Sukuk Certificates		553	180
	Ordinary shares - listed		532,189	232,594
	Term finance certificates		-	6
	Foreign currency bonds		(17,005)	23,716
	Mutual fund units	26.1	101	74,025
			1,792,036	1,173,579

26.1 This represents gain arising on sale of units of a related party.

27. OTHER LOSS - net

	2015	2014
	Rupees in '000	
Gain on sale of operating fixed assets	35,025	16,635
Unrealised loss on revaluation of derivative instruments		
Forward Government securities - net	(77)	(207,223)
Forward foreign exchange contracts - net	(51,363)	18,059
Cross currency swaps - net	10,393	7,368
	(41,047)	(181,796)
	(6,022)	(165,161)

28. ADMINISTRATIVE EXPENSES

	Note	2015	2014
		Rupees in '000	
Salaries, wages, allowances, etc.		1,922,035	1,474,768
Contractor wages		252,772	168,767
Charge for defined benefit plan - net	35.5	54,335	28,497
Contribution to defined contribution plan		77,365	61,087
Non-executive directors' fee, allowances and other expenses	37.1	5,631	1,836
Brokerage, fee and commission		18,391	30,241
Rent, taxes, insurance, electricity, etc.		768,034	652,850
Legal and professional charges		67,119	63,465
Donations	28.1	63,473	32,000
Communications		88,847	65,618
Repairs and maintenance		364,900	404,642
Travel, conveyance and other related expenses		36,037	24,608
Stationery and printing		103,786	113,900
Advertisement and publicity		152,138	95,016
Postage and courier service		33,635	30,718
Stamp duty		15,975	4,537
CDC and other charges		3,559	6,371
Bank and clearing house charges		52,697	49,359
Consultancy fee		12,915	44,694
Security services charges		173,943	148,742
Fees and subscription		24,770	22,401
Auditors' remuneration	28.2	5,625	5,369
Depreciation	12.2	422,287	337,882
Amortisation	12.3	42,325	33,039
Staff training		10,929	8,580
Others		50,819	41,965
		4,824,342	3,950,952

28.1 This represents donation to Future Trust, wherein Mr. Ali Jehangir Siddiqui and Mr. Suleman Lalani are trustees who are Director and Chief Executive Officer respectively of the Jahangir Siddiqui & Co. Ltd, the parent company of the Bank (2014: Mahvash and Jahangir Siddiqui Foundation, wherein Mrs. Mahvash Jahangir Siddiqui is the Chairperson who is spouse of Mr. Jahangir Siddiqui, the Chairman of the Board of the Bank). The registered offices of the donees are located at 7th Floor, The Forum, Block 9, Clifton, Karachi.

28.2 Auditors' remuneration

	2015	2014
	Rupees in '000	
Audit fee	1,450	1,450
Half-yearly review	500	500
Special certification and sundry advisory services	2,327	2,327
Taxation services	350	350
Out of pocket expenses and sales tax on services	998	742
	5,625	5,369

29. OTHER PROVISIONS / WRITE OFFS

29.1 This represents provision held against other assets.

30. OTHER CHARGES

	Note	2015	2014
Penalties imposed by State Bank of Pakistan		1,348	26,397
Provision for Workers' Welfare Fund	18.2 & 30.1	63,474	32,165
Others		477	-
		65,299	58,562

30.1 Provision held @ 2% of the higher of profit before tax or taxable income under Workers Welfare Ordinance, 1971.

31. TAXATION

31.1 In view of tax losses of the Bank tax provision has been made @ 35% after the adjustment of those tax losses (2014: minimum taxation @ 1% under section 113 of the Income Tax Ordinance, 2001).

31.2 Relationship between income tax expense and accounting profit

	2015	2014
	Rupees in '000	
Accounting profit for the year	3,173,696	1,608,225
Tax on income @ 35% (2014: 35%)	(1,110,794)	(562,879)
Effect of permanent differences	(472)	(9,237)
Adjustments in respect of tax at reduced rates	-	33,744
Effects of prior year deferred taxation	(36,883)	(58,423)
Effects of prior year current taxation	-	48,609
Tax charge for the year	(1,148,149)	(548,186)

31.3 Income Tax

The Bank has filed income tax returns under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2009 through 2015. The said returns so filed were deemed to be assessed in terms of the returns filed under the provisions of prevailing income tax laws as applicable in Pakistan. However, the Officers of Inland Revenue Services (OIR) conducted the proceedings for making certain amendments in the deemed assessments for tax years 2008 to 2013. This was done by taking recourse of conducting tax audit or alternatively a direct amendment in the assessment contending that certain matters in the deemed assessments were not admissible as not conforming to the law and prejudiced the interest of revenue.

Based on the amended assessments in tax year 2008 to tax year 2013, the department has made certain disallowances of expenses and tax deductible claims besides creating minimum tax and Workers' Welfare Fund liabilities in the tax years 2010 & 2011 and tax years 2009 & 2012 respectively. The Bank has not accepted the amendments and have filed appeals before the Commissioner Inland Revenue-Appeals (the CIRA). With regard to appeals filed for tax year 2009 to 2013, the CIRA has decided the appeals accepting the Bank's contentions in respect of significant issues. Whereas, the contentious matter of levy of workers welfare fund and disallowance of amortization claim of goodwill have been decided in favor of department. The exposures related to WWF and Goodwill have already been taken care of in the books of the Bank. However, the Bank is contesting the matters in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for hearing.

For tax year 2008, CIRA has admitted the contention of the Bank that the amended order is barred by time and, decided that any addition made in impugned order is annulled and not required to be further adjudicated. However, the department has filed an appeal against the decision of CIRA in ATIR where it is pending for hearing and decision.

For the tax year 2013, the ATIR has decided appeal filed by tax department in respect of calculating the amount of provisions against advances as allowable under Rule 1(c) of Seventh Schedule to the Income Tax Ordinance, 2001 and has maintained the CIRA decision that allowability of provision for advances to be calculated at 1% of gross amount of advances as against the tax department contention that the same is to be calculated on net advances after deducting the amount of provisions created and allowed against advances.

The management of the Bank is confident that the decision in respect of the above matters will be in the Bank's favour and accordingly no demand for payment would arise.

The Bank has commenced its operations in Azad Jammu & Kashmir from tax year 2009 and it has filed separate returns for the tax years 2009 to 2014 with the tax authorities of such region. The Commissioner has issued notice to select the return filed for the Tax Year 2011 for imitating audit proceeding which are finalised during the year and no additional demand has been raised.

31.4 Sales Tax

The Bank as a registered person under Sindh Sales Tax on Services Act, 2011 has been issued a Sales Tax Order from the Sindh Revenue Board (SRB) charging tax on certain non-fund based services provided by the Bank from the period ended July 01 2011 to December 31, 2013. The Bank is contesting the taxability of such incomes. The total amount involved of these services is of Rs. 277.488 million on which liability of Rs. 48.838 million has been determined as tax besides Rs. 4.440 million is charged as penalty.

The Bank has not accepted the adjudication so made and has filed an appeal before the Commissioner (Appeals) which is pending for hearing and decision.

31.5 Minimum tax

Adjustability of minimum tax (in future years) has been provided under section 113(2)(c) of the Income Tax Ordinance, 2001 (the Ordinance). The said sub-section provides that the excess of minimum tax over actual is carried forward for adjustment against tax liability (up to five years). However, the Sindh High Court (the Court) passed a judgement against the issue which had arisen where actual tax payable for the year is nil, and whole amount of minimum tax was considered for adjustment in future. The Court passed an order that actual tax payable should be an absolute amount, and cannot be zero or nil; therefore minimum tax paid in such a situation is not eligible for adjustment in future, in terms of section 113(2)(c) of the Ordinance. The aforesaid decision of the Court has been further appealed, and issue is now sub judice before the Supreme Court of Pakistan (SCP). Management and their tax advisors are of the opinion that, based on valid legal grounds, favorable outcome is expected. Accordingly, the Bank has taken the benefit of carry forward minimum tax which was paid in prior years of Rs. 252.548 million against current tax charge.

32. EARNINGS PER SHARE - BASIC AND DILUTED

		2015	2014
		Rupees in '000	
Profit after taxation for the year - attributable to ordinary equity holders of the Bank for diluted		**2,025,547**	1,060,039
Preference dividend for the period ended December 31, 2014 @ 12% p.a		**(155,836)**	-
Profit after taxation for the year - attributable to ordinary equity holders of the Bank for basic		**1,869,711**	1,060,039
Weighted average number of basic outstanding ordinary shares during the year	Numbers	**1,072,464,262**	1,072,464,262
Weighted average number of diluted outstanding ordinary shares during the year	Numbers	**1,297,464,262**	1,267,258,783
Basic earnings per share	Rupee(s)	**1.74**	0.99
Diluted earnings per share	Rupee(s)	**1.56**	0.84

32.1 The shareholders of the Bank in their meeting held on March 27, 2015 approved non-cumulative preference dividend of Rs. 155.836 million for the preference shareholders. Since it was not recognised as a liability at reporting period as of December 31, 2014 due to non-adjusting event in accordance with International Accounting Standard - IAS 10 "Events after the Reporting Period", the basic earnings per share of the current period has been adjusted accordingly.

33. CASH AND CASH EQUIVALENTS

	Note	2015	2014
		Rupees in '000	
Cash and balances with treasury banks	7	**11,159,432**	9,041,269
Balances with other banks	8	**583,724**	412,232
Overdrawn nostro account	15.2	**(54,685)**	(3,232)
		11,688,471	9,450,269

	2015	2014
	Rupees in '000	
34. STAFF STRENGTH		
Permanent	1,778	1,522
Temporary / on contractual basis	102	51
Bank's own staff strength at the end of the year	1,880	1,573
Third party contract	1,066	869
	2,946	2,442

35. DEFINED BENEFIT PLAN

35.1 General description

The Bank operates a recognized gratuity fund for all employees who opted for this scheme introduced by the management with effect from January 01, 2007.

The defined benefit is administered by a separate fund that is legally separate from the Bank. The plan is governed by the trust deed dated September 01, 2007. The trustees of the gratuity fund are composed of representatives from employers. The trustees of the gratuity fund are required by the trust deed to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees and employers. The trustees of the gratuity fund are responsible for the investment policy with regard to the assets of the fund.

35.2 The plan in Pakistan typically exposes the Bank to actuarial risks such as: salary risk, discount rate risk, mortality risk and investment risk defined as follow:

- **Salary increase risk:**

  This is the risk that the salary at the time of cessation of service is higher than that assumed by us. This is a risk to the Bank because the benefits are based on the final salary; if the final salary is higher than what we have assumed, the benefits will also be higher.

- **Discount rate risk**

  The discount rate is based on the yield on government bonds. If the market yield of bonds varies, the discount rate would vary in the same manner and would affect the present value of obligation and fair value of assets.

- **Mortality / withdrawal risk:**

  This is the risk that the actual mortality/withdrawal experience is different than that assumed by us.

- **Longevity Risk**

  This is the risk that when actulal lifetime of retires is longer than expectation. The risk is measured at plan level over the entire population.

- **Investment risk**

  This is the risk that the assets are under performing and are not sufficient to meet the liabilities.

- **Maturity profile**

  The weighted average duration of the defined benefit obligation works out to 8.97 years.

35.3 Number of employees under the schemes

The number of employees covered under defined benefit scheme is 1,778 (2014: 1,522).

35.4 Principal actuarial assumptions

Principal actuarial assumptions at the end of the reporting period expressed as weighted averages. The actuarial valuations were carried out on December 31, 2015 based on the Projected Unit Credit Method, using the following significant assumptions:

		2015	2014
Valuation discount rate based on high yield corporate bonds	per annum	9.00%	11.25%
Expected return on plan assets	per annum	9.00%	11.25%
Future salary increase rate			
Short term	per annum	9.00%	10.00%
Long term	per annum	9.00%	11.25%
Normal retirement age	years	60	60

35.5 Movement in defined benefit obligations, fair value of plan assets and their components

	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability (asset)	
	2015	2014	2015	2014	2015	2014
	---------- Rupees in '000 ----------					
Balance as at January 01,	154,368	116,676	133,019	115,387	21,349	1,289
Included in profit or loss						
Current service cost	44,657	28,416	-	-	44,657	28,416
Negative past service cost	(30,465)	-	-	-	(30,465)	-
Past service cost	38,942	-	-	-	38,942	-
Interest cost / income	17,256	14,478	16,055	14,397	1,201	81
Curtailment gains	-	-	-	-	-	-
	70,390	42,894	16,055	14,397	54,335	28,497
Included in other comprehensive income						
Actuarial gains / losses arising from:						
- financial assumptions	255	(4,734)	-	-	255	(4,734)
- experience adjustments	12,519	1,241	3,104	3,655	9,415	(2,414)
	12,774	(3,493)	3,104	3,655	9,670	(7,148)
Other movements						
Contribution made during the year	-	-	21,349	1,289	(21,349)	(1,289)
Benefits paid during the year	(1,960)	(1,709)	(1,960)	(1,709)	-	-
	(1,960)	(1,709)	19,389	(420)	(21,349)	(1,289)
Balance as at December 31	235,572	154,368	171,567	133,019	64,005	21,349

35.6 **The composition of the plan assets at the end of the reporting period for each category, are as follows:**

	Fair value of plan assets			
	2015	2014	**2015**	2014
	Rupees in '000		Percentage	
Cash and cash equivalent	**39,177**	5,446	**22.8%**	4.1%
Debt securities - note 35.6.1	**132,390**	127,574	**77.2%**	95.9%
	171,567	133,020	**100%**	100%

35.6.1 This represents investments held in Pakistan Investments Bonds (PIBs), the fair values of the above securities are determined based on quoted market prices in active markets having a cost of Rs. 122.900 million (2014: 122.900 million). The actual return on plan assets was Rs. 16.055 million (2014: Rs.14.397 million).

35.7 **Maturity profile**

35.7.1 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity fund is as follows:

	Up to one year	Over 1-2 years	Over 2- 5 years	Over 6-10 years	Over 10 and above years	Total
	---------- Rupees in '000 ----------					
Balance as at December 31, 2015	10,033	11,291	49,895	130,088	457,725	659,032

35.8 **Sensitivity analysis**

35.8.1 Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Particulars	Rate	Present value of defined benefit obligation	Fair value of any plan assets	Net defined benefit liability
		Rupees in '000		
Current results	-	235,572	171,567	64,005
Discount rate				
1% Increase	10%	215,186	169,521	45,665
1% Decrease	8%	258,958	173,669	85,289
Salary Rate				
1% Increase	10%	259,913	171,567	88,346
1% Decrease	8%	214,023	171,567	42,456
Withdrawal rate				
10% Increase	Moderate + one year	227,769	171,567	56,202
10% Decrease	Moderate - one year	243,916	171,567	72,349
Mortality rate				
One year age set back	Adjusted SLIC 2001-05 - one year	235,862	171,567	64,295
One year age set forward	Adjusted SLIC 2001-05 + one year	235,283	171,567	63,716

Furthermore in presenting the above sensitivity analysis, the present value of the define benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in this unconsolidated statement of financial position.

35.9 Experience Adjustments

The remeasurement gains / (losses) arise due to actual experience varying from the acturial assumptions for the year

	2015	2014	2013	2012
	Rupees in '000			
Defined benefit obligation	235,572	154,368	116,676	91,269
Fair value of plan assets	(171,567)	(133,019)	(115,387)	(79,911)
Net defined benefit liability	64,005	21,349	1,289	11,358
Remeasurement gain /(loss) on obligation	12,774	3,493	(740)	(133)
Remeasurement gain /(loss) on plan assets	(3,104)	3,655	2,408	(3,260)
Other comprehensive income	9,670	7,148	1,668	(3,393)

35.10 The average duration of the benefit obligation at December 31, 2015 is with in one year.

35.11 The Bank expects to make a contribution of Rs. 64.005 million (2015: Rs. 21.349 million) to the defined benefit plans during the next financial year.

35.12 The Bank contributes to the gratuity fund as per actuarial's expected charge for the next financial year. Based on actuarial advice and management estimates, the charge in respect of defined benefit obligation for the next one year works out to be Rs. 58.053 million. The amount of remeasurements to be recognised in other comprehensive income for year ending December 31, 2016 will be worked out as at the next valuation.

36. DEFINED CONTRIBUTION PLAN

The Bank operates a contributory provident fund for all permanent employees. The employer and employee both contribute 10% of the basic salaries from January 01, 2015 to June 30, 2015 which later changed to 7.1% of basic salaries from July 2015 and onwards (2014: 10% of the basic salaries) to the funded scheme every month. Number of employees covered under this plan are 1,477 (2014: 1,233). During the year, employees made a contribution of Rs. 77.365 million (2014: Rs. 61.087 million) to the fund. The Bank has also made a contribution of equal amount to the fund.

37. COMPENSATION OF DIRECTORS AND EXECUTIVES

37.1 The aggregate amount charged in these unconsolidated financial statements for the year in respect of the remuneration and benefits to the President and Chief Executive Officer, Directors and Executives are as follows:

		President and CEO		Non-executive directors		Executives	
		2015	2014	**2015**	2014	**2015**	2014
	Note	----------	----------	---------- Rupees in '000	----------	----------	----------
Managerial remuneration		**13,522**	10,065	**-**	-	**769,884**	428,617
Defined contribution plan		**-**	-	**-**	-	**47,263**	47,027
Charge for defined benefit plan		**-**	-	**-**	-	**47,545**	32,396
Rent and house maintenance		**2,526**	4,529	**-**	-	**140,914**	192,878
Utilities allowance		**561**	1,006	**-**	-	**31,314**	42,862
Medical allowance		**791**	21	**-**	-	**48,584**	6,101
Conveyance and vehicle maintenance		**-**	-	**-**	-	**75,234**	77,429
Performance bonus		**7,500**	5,000	**-**	-	**209,325**	155,960
Fees, allowances and other expenses	37.2	**-**	-	**5,631**	1,836	**-**	-
	37.3	**24,900**	20,621	**5,631**	1,836	**1,370,063**	983,270
Number of persons		**1**	1	**7**	7	**630**	376

37.2 This represents meeting fees, allowances and other expenses paid to independent or non-executive directors for attending the meetings of the Board of Directors, Audit Committees and other Board Committees held during the year.

37.3 The President and certain executives are also provided with other facilities, including free use of the Bank maintained cars.

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 6.8 to these unconsolidated financial statements.

The repricing profile, effective rates and maturity are stated in note 42.3.4 to these unconsolidated financial statements.

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

Fair value hierarchy

IFRS 13 requires the Bank to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

- **Level 1** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- **Level 2** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3** Unobservable inputs for the asset or liability.

38.1 The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	As at December 31, 2015			
	Level 1	Level 2	Level 3	Total
	------------------------ Rupees in '000 ------------------------			
On balance sheet financial instruments				
Financial assets classified as 'held-for-trading securities'				
Government Securities				
Market treasury bills	-	18,782,767	-	18,782,767
Pakistan investment bonds	-	3,755,124	-	3,755,124
	-	22,537,891	-	22,537,891
Financial assets classified as 'available-for-sale securities'				
Government Securities				
Market treasury bills	-	5,705,149	-	5,705,149
Pakistan investment bonds	-	78,948,950	-	78,948,950
Ijara sukuk	-	-	-	-
	-	84,654,099	-	84,654,099
Ordinary Shares				
Ordinary shares of listed companies	3,449,179	-	-	3,449,179
Ordinary shares of unlisted company	-	11,000	-	11,000
	3,449,179	11,000	-	3,460,179
Term Finance Certificates and Sukuks				
Term finance certificates - listed	84,035	-	-	84,035
Term finance certificates - unlisted	-	1,544,462	-	1,544,462
Sukuk certificates - unlisted	380,000	-	-	380,000
	464,035	1,544,462	-	2,008,497
Open end mutual funds	200,158	-	-	200,158
Foreign currency bonds (US $)	-	1,249,880	-	1,249,880
	4,113,372	109,997,332	-	114,110,704
Off balance sheet financial instruments				
Forward exchange contracts				
Purchase	-	9,010,743	-	9,010,743
Sale	-	5,232,871	-	5,232,871
Forward government securities				
Purchase	-	-	-	-
Sale	-	267,074	-	267,074
Cross currency swaps (notional principal)	-	2,638,243	-	2,638,243

	As at December 31, 2014			
	Level 1	Level 2	Level 3	Total
	------------------------ (Rupees in '000) ------------------------			
Financial assets classified as 'held-for-trading securities'				
Market treasury bills	-	5,448,088	-	5,448,088
Pakistan investment bonds	-	18,199,537	-	18,199,537
Government Securities	-	23,647,625	-	23,647,625
Financial assets classified as 'available-for-sale securities'				
Market treasury bills	-	17,487	-	17,487
Pakistan investment bonds	-	54,114,414	-	54,114,414
Ijara sukuk	-	401	-	401
Government Securities	-	54,132,302	-	54,132,302
Ordinary shares of listed companies	1,078,986	-	-	1,078,986
Ordinary shares of unlisted company	-	11,000	-	11,000
Ordinary Shares	1,078,986	11,000	-	1,089,986
Term finance certificates - listed	512,246	-	-	512,246
Term finance certificates - unlisted	-	1,438,615	-	1,438,615
Sukuk certificates - unlisted	-	400,000	-	400,000
Term Finance Certificates and Sukuks	512,246	1,838,615	-	2,350,861
Open end mutual funds	103,073	-	-	103,073
Foreign currency bonds (US $)	-	1,014,601	-	1,014,601
	1,694,305	80,644,143	-	82,338,448
For market making	1,596,218	-	-	1,596,218

39. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	2015						
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others	Total
	Rupees in '000						
Total income - external	140,319	11,456,435	3,259,262	3,557,427	169,139	35,025	18,617,607
Inter-segment revenues - net	-	(4,014,317)	3,776,315	238,002	-	-	-
Total income	140,319	7,442,118	7,035,577	3,795,429	169,139	35,025	18,617,607
Total expenses	(18,678)	(3,375,138)	(7,217,639)	(3,487,578)	(69,529)	(459,108)	(14,627,670)
Provisions	-	(143,037)	(19,589)	(653,615)	-	-	(816,241)
Current taxation	-	-	-	-	-	(449,423)	(449,423)
Deferred tax	-	-	-	-	-	(698,726)	(698,726)
Net income / (loss)	121,641	3,923,943	(201,651)	(345,764)	99,610	(1,572,232)	2,025,547
Segment assets (gross)	-	127,893,217	36,295,844	47,088,403	-	10,466,034	221,743,498
Segment non performing assets	-	533,793	108,493	2,874,332	-	10,861	3,527,479
Segment provision required	-	(533,793)	(74,626)	(2,648,555)	-	(10,861)	(3,267,835)
Segment liabilities	-	49,392,266	97,650,140	49,436,399	1,609,425	4,419,530	202,507,760
Segment return on net assets (ROA) (%)		9.77%	9.28%	9.21%			
Segment cost of funds (%)		7.35%	4.58%	6.92%			

	2014						
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others	Total
	Rupees in '000						
Total income - external	88,795	7,588,458	2,694,097	3,118,233	155,672	58,286	13,703,541
Inter-segment revenues - net	-	(3,831,606)	4,300,867	(469,261)	-	-	-
Total income	88,795	3,756,852	6,994,964	2,648,972	155,672	58,286	13,703,541
Total expenses	(4,692)	(1,726,415)	(6,716,655)	(2,391,720)	(60,266)	(369,106)	(11,268,854)
Provisions	-	(161,144)	(19,012)	(638,622)	-	(7,684)	(826,462)
Current taxation	-	-	-	-	-	(122,201)	(122,201)
Prior year charge						48,609	48,609
Deferred tax	-	-	-	-	-	(474,594)	(474,594)
Net income / (loss)	84,103	1,869,293	259,297	(381,370)	95,406	(866,690)	1,060,039
Segment assets (gross)	-	102,795,430	27,961,546	38,892,979	-	9,529,187	179,179,142
Segment non performing assets	-	545,603	119,049	2,693,568	-	10,861	3,369,081
Segment provision required	-	(392,644)	(63,872)	(1,994,946)	-	(10,861)	(2,462,323)
Segment liabilities	-	46,880,046	74,300,903	38,096,985	1,380,020	2,979,318	163,637,272
Segment return on net assets (ROA) (%)	-	10.7%	11.6%	11.3%	-	-	-
Segment cost of funds (%)	-	10.0%	5.5%	8.5%	-	-	-

40. RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its associates, parent, subsidiaries, companies having common directors, companies in which parent holds more than 20% shares, employee benefit plans, and its key management personnel (including their associates). The details of investments in subsidiaries and associates are stated in note 10.2.11 to these unconsolidated financial statements.

Contributions to the accounts in respect of staff retirement benefits are made in accordance with terms of the contribution plans. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are carried out as per agreed terms.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

	December 31, 2015				
	Opening balance	Disbursements / Deposits	Repayments / withdrawals	Closing balance	Mark-up earned / expense
	Rupees in '000				
Advances					
Key management personnel	252,004	217,429	(73,794)	395,639	14,246
Subsidiary companies	-	375,017	(375,017)	-	4,164
Companies having common directorship	362,267	1,157,367	(1,123,871)	395,763	26,075
Other related parties	1,435,534	5,746,165	(5,137,035)	2,044,664	199,600
Total	2,049,805	7,495,978	(6,709,717)	2,836,066	244,085
Borrowings					
Companies in which parent company holds 20% or more	-	67,800,000	(64,300,000)	3,500,000	125,142
Deposits					
Parent	152,442	29,822,405	(27,958,235)	2,016,612	130,037
Key management personnel	43,061	863,036	(829,563)	76,534	2,005
Subsidiary companies	1,310,303	398,176,310	(398,001,290)	1,485,323	59,339
Companies having common directorship	49,987	7,762,799	(6,704,218)	1,108,568	20,092
Companies in which parent company holds 20% or more	2,085,915	13,813,555	(13,671,813)	2,227,657	93,176
Other related parties	3,122,210	47,036,332	(47,578,126)	2,580,416	190,122
Total	6,763,918	497,474,437	(494,743,245)	9,495,110	494,771

	December 31, 2014				
	Opening balance	Disbursements / Deposits	Repayments / withdrawals	Closing balance	Mark-up earned / expense
	Rupees in '000				
Advances					
Key management personnel	169,529	193,227	(110,752)	252,004	13,156
Subsidiary companies	-	433	(433)	-	-
Companies having common directorship	392,926	656,063	(686,722)	362,267	11,558
Other related parties	1,140,295	2,843,222	(2,547,983)	1,435,534	111,826
Total	1,702,750	3,692,945	(3,345,890)	2,049,805	136,540
Deposits					
Parent	1,557,270	3,479,843	(4,884,671)	152,442	43,163
Key management personnel	23,012	1,027,652	(1,007,603)	43,061	1,336
Subsidiary companies	860,851	234,972,473	(234,523,021)	1,310,303	74,859
Companies having common directorship	26,445	2,458,895	(2,435,353)	49,987	5,101
Companies in which parent company holds 20% or more	2,037,120	14,383,119	(14,334,324)	2,085,915	25,911
Other related parties	3,891,782	53,128,686	(53,898,258)	3,122,210	248,264
Total	8,396,480	309,450,668	(311,083,230)	6,763,918	398,634

The related party status of outstanding receivables and payables as at December 31, 2015 is included in respective notes to the financial statements. Material transactions with related parties are given below:

Nature of transactions	Subsidiary companies 2015	Subsidiary companies 2014	Companies having common directorship 2015	Companies having common directorship 2014	Companies in which parent company holds 20% or more 2015	Companies in which parent company holds 20% or more 2014	Other related parties 2015	Other related parties 2014	Total 2015	Total 2014
	---- Rupees in '000 ----									
Sale of Government Securities	5,801,026	1,672,175	21,457	3,081,561	36,193,117	77,827,864	1,199,816	3,237,689	43,215,416	85,819,289
Purchase of Government Securities	1,525,412	1,584,850	-	287,325	11,924,561	35,582,421	699,072	1,498,848	14,149,045	38,953,444
Sale of Sukuk	-	-	-	-	15,260	-	-	-	15,260	-
Issuance of Preference Shares	-	-	-	-	-	-	-	12,257	-	12,257
Sale of shares / units	-	-	-	-	-	-	-	179,244	-	179,244
Sale of forward foreign exchange contracts	-		-		9,715,600		-		9,715,600	-
Purchase of forward foreignexchange contracts	-	-	-	-	7,112,125	-	-	-	7,112,125	-
Rent received / receivable	2,596	2,389	-	-	-	-	-	-	2,596	2,389
Letter of credit	-	-	21,937	4,829	1,049	35,702	33,090	-	56,076	40,531
Letter of guarantees	-	30,000	-	584	7,748	-	99,875	36,280	107,623	66,864
Rent expense paid / accrued	1,136	1,387	-	-	-	-	-	-	1,136	1,387
Reimbursement of expenses	1,289	746	-	-	-	-	7,345	3,017	8,634	3,763
Expenses incurred on behalf	2,511	2,582	-	-	-	-	-	-	2,511	2,582
Services rendered	1,815	1,650	-	-	-	-	-	-	1,815	1,650
Insurance claim received	-	-	-	14,271	-	-	8,592	-	8,592	14,271
Payment to staff benefit plan	-	-	-	-	-	-	21,349	1,289	21,349	1,289
Payment to staff contribution plan	-	-	-	-	-	-	77,365	61,087	77,365	61,087
Remuneration of key management personnel	-	-	-	-	-	-	324,335	200,240	324,335	200,240
Director fees and allowances	-	-	-	-	-	-	4,350	2,196	4,350	2,196
Payment of insurance premium	-	-	30,328	44,333	18,568	18,293	57,457	-	106,353	62,626
Commission paid / accrued	2,871	4,014	-	-	-	-	-	-	2,871	4,014
Commission income	-	60	44	9	85,663	67,657	11,575	-	97,282	67,726
Dividend income	-	102,101	-	-	1,964	-	45,080	-	47,044	102,101
Advisory Fee	-	-	-	-	-	-	18,000	18,000	18,000	18,000
Donation paid/ payable	-	-	-	-	-	-	62,000	32,000	62,000	32,000
Sale proceeds of operating fixed assets	-	-	-	-	-	-	2,285	-	2,285	-
Services received	-	-	-	-	-	-	228	-	228	-

Nature of transactions	Parent company 2015	Parent company 2014
	Rupees in '000	
Issuance of Preference Shares	-	1,453,749
Sale of Government Securities	5,597,020	736,641
Purchase of Government Securities	3,623,500	223,915
Rent expense paid / accrued	925	1,175
Reimbursement of expenses	6,874	4,701
Underwriting commission in preference shares	-	3,056

41. CAPITAL ASSESSMENT AND ADEQUACY

41.1 Scope of Application

SBP Capital Adequacy Frameworks (Basel II and III) are applicable to JS Bank Limited on Standalone basis as well as on Consolidated basis by consolidating its partly owned subsidiaries - JS Global Capital Limted and JS Investments Limited. Standardised Approach is used for calculating the Capital Adequacy for Credit and Market risk, whereas, Basic Indicator Approach (BIA) is used for Operational Risk Capital Adequacy purposes.

41.2 Capital Structure- Basel III

Bank's regulatory capital is analyzed into two tiers:

Tier I capital (going concern capital) Which comprises of:

a. Common equity Tier I which includes fully issued, subscribed and paid up capital, balance in share premium account, reserve for bonus issue, general reserves as per the financial statements and net un-appropriated profits etc. after deductions of investments in equity of subsidiary companies engaged in banking and financial activities, goodwill & other intangible assets and deficit on revaluation of available for sale investments due to insufficiency of Additional Tier I and Tier II to cover deductions.

b. Additional Tier I which includes Instruments issued in the form of perpetual non-cumulative preference shares by the banks, share premium resulting from the issuance of the instruments after deduction of goodwill & other intangible assets, deficit on revaluation of available for sale investments and deferred tax assets.

Tier II capital (gone concern or supplementary capital) , which includes general provision for loan losses (up to maximum of 1.25% of risk weighted assets), reserve on the revaluation of fixed assets ,equity investments and foreign exchange translation reserve and subordinated debt.

41.3 Capital Adequacy

Capital Management

The primary objective of the Bank's capital management is to ensure that the Bank complies with all regulatory capital requirements and at the same time maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

Statutory Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR)

The State Bank of Pakistan (SBP) through its BSD Circular no. 7 dated April 15, 2009 require Banks / Development Finance Institutions (DFIs) to raise & maintain their paid up capital (net of losses) equivalent to Rs.10 billion. The paid-up capital (free of losses) of the Bank as at December 31, 2015 stood at Rs.10.119 billion including un-listed, convertible, irredeemable, perprtual, non-cumulative, non-voting perference shares of Rs. 1.5 billion. In addition banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10% of their risk weighted exposure. The Bank's CAR as at December 31, 2015 was approximately 12.50% of its risk weighted assets.

Basel III transition

The Basel III instructions issued by SBP has been adopted by the banks as per the phase-in arrangements prescribed by SBP, starting from December 31, 2013, with full implementation of capital ratios by the year-end 2019. During the transition period banks shall maintain the required capital ratios in following manner;

Phase-in Arrangement and Full implementation of the minimum capital requirements

		Year End						As of Dec 31
Sr	Ratio	2013	2014	**2015**	2016	2017	2018	2019
1	CET1	5.0%	5.5%	**6.0%**	6.0%	6.0%	6.0%	6.0%
2	ADT-1	1.5%	1.5%	**1.5%**	1.5%	1.5%	1.5%	1.5%
3	Tier 1	6.5%	7.0%	**7.5%**	7.5%	7.5%	7.5%	7.5%
4	Total Capital	10.0%	10.0%	**10.0%**	10.0%	10.0%	10.0%	10.0%
5	CCB (Consisting of CETI only)	-	-	**0.25%**	0.65%	1.275%	1.900%	2.5%
6	Total Capital plus CCB	10.0%	10.0%	**10.25%**	10.65%	11.275%	11.90%	12.5%

The Phase in arrangement for regulatory capital adjustment required under Basel III Instructions has started from December 31, 2014 at 20% per annum with full deduction from CET1 to take effect from December, 2018. During the transition period, the part which is not deducted from CET1/ Additional Tier 1/ Tier 2 will attract existing treatment. The regulatory Capital Deductions are mostly applied at the level of common equity tier-1. In this regard, following is the transitional arrangement as prescribed by SBP;

Phase-in of all deductions from CET1 (in percentage terms)	Year End						As of Dec 31
	2012	2013	2014	**2015**	2016	2017	2018
	-	-	20%	**40%**	60%	80%	100%

Note 41.4 Capital Adequacy Ratio (CAR) disclosure:

CAPITAL ADEQUACY RETURN AS OF DECEMBER 31, 2015

		2015	2014
		Rupees in '000	
		Amount	Amount
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully Paid-up Capital/ Capital deposited with SBP	10,724,643	10,724,643
2	Balance in Share Premium Account	-	-
3	Reserve for issue of Bonus Shares	-	-
4	Discount on Issue of shares	(2,105,401)	(2,105,401)
5	General/ Statutory Reserves	918,816	513,707
6	Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7	Unappropriated/unremitted profits/ (losses)	2,529,092	1,070,775
8	Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	
9	**CET 1 before Regulatory Adjustments**	12,067,150	10,203,724
10	Total regulatory adjustments applied to CET1 (Note 41.4.1)	2,401,287	2,215,792
11	**Common Equity Tier 1**	9,665,863	7,987,932
	Additional Tier 1 (AT 1) Capital		
12	Qualifying Additional Tier-1 capital instruments plus any related share premium		
13	of which: Classified as equity	1,500,000	1,500,000
14	of which: Classified as liabilities		
15	Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)		
16	of which: instrument issued by subsidiaries subject to phase out		
17	**AT1 before regulatory adjustments**	1,500,000	1,500,000
18	Total regulatory adjustment applied to AT1 capital (Note 41.4.2)	640,721	820,296
19	Additional Tier 1 capital after regulatory adjustments	859,279	679,704
20	**Additional Tier 1 capital recognized for capital adequacy**	859,279	679,704
21	**Tier 1 Capital (CET1 + admissible AT1) (11+20)**	10,525,142	8,667,636
	Tier 2 Capital		
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium		
23	Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel 3 rules		
24	Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)		
25	of which: instruments issued by subsidiaries subject to phase out		
26	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	17,252	7,784
27	Revaluation Reserves (net of taxes)		
28	of which: Revaluation reserves on fixed assets		
29	of which: Unrealized gains/losses on AFS	1,608,505	770,460
30	Foreign Exchange Translation Reserves		
31	Undisclosed/Other Reserves (if any)		
32	**T2 before regulatory adjustments**	1,625,757	778,244
33	Total regulatory adjustment applied to T2 capital (Note 41.4.3)	752,388	830,892
34	Tier 2 capital (T2) after regulatory adjustments	873,369	
35	Tier 2 capital recognized for capital adequacy	873,369	
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	
37	**Total Tier 2 capital admissible for capital adequacy**	873,369	
38	**TOTAL CAPITAL (T1 + admissible T2) (21+37)**	11,398,511	8,667,636
39	**Total Risk Weighted Assets (RWA) {for details refer Note 41.7}**	91,188,557	68,627,129
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	**CET1 to total RWA**	10.60%	11.64%
41	**Tier-1 capital to total RWA**	11.54%	12.63%
42	**Total capital to total RWA**	12.50%	12.63%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	6.25%	5.50%
44	of which: capital conservation buffer requirement	0.25%	0.00%
45	of which: countercyclical buffer requirement	0.00%	0.00%
46	of which: D-SIB or G-SIB buffer requirement	0.00%	0.00%
47	CET1 available to meet buffers (as a percentage of risk weighted assets)	10.60%	11.64%
	National minimum capital requirements prescribed by SBP		
48	**CET1 minimum ratio**	6.00%	5.50%
49	**Tier 1 minimum ratio**	7.50%	7.00%
50	**Total capital minimum ratio**	10.00%	10.00%

Regulatory Adjustments and Additional Information		2015 Amount	2015 Amounts subject to Pre- Basel III treatment*	2014 Amount
		Rupees in '000		
Note 41.4.1	**Common Equity Tier 1 capital: Regulatory adjustments**			
1	Goodwill (net of related deferred tax liability)	1,279,095		1,463,624
2	All other intangibles (net of any associated deferred tax liability)	360,803		267,254
3	Shortfall in provisions against classified assets	-		-
4	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	72,269
5	Defined-benefit pension fund net assets	-	-	-
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	-	-	-
7	Cash flow hedge reserve	-	-	-
8	Investment in own shares/ CET1 instruments	-		-
9	Securitization gain on sale	-		-
10	Capital shortfall of regulated subsidiaries	-		-
11	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-		-
12	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	383,548	958,869	-
13	Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	377,841	944,603	221,594
14	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-
15	Amount exceeding 15% threshold	-	-	-
16	of which: significant investments in the common stocks of financial entities	-	-	-
17	of which: deferred tax assets arising from temporary differences	-	-	-
18	National specific regulatory adjustments applied to CET1 capital	-		191,051
19	Investments in TFCs of other banks exceeding the prescribed limit	-	-	191,051
20	Any other deduction specified by SBP (mention details)	-	-	-
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-		-
22	Total regulatory adjustments applied to CET1 (sum of 1 to 21)	2,401,287		2,215,792
Note 41.4.2	**Additional Tier-1 & Tier-1 Capital: regulatory adjustments**			
23	Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	64,984		-
24	Investment in own AT1 capital instruments	-		-
25	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-		-
26	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
27	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
28	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	575,736	-	767,648
29	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		52,648
30	Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	640,721		820,296
Note 41.4.3	**Tier 2 Capital: regulatory adjustments**			
31	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	575,736	-	767,648
32	Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-		-
33	Investment in own Tier 2 capital instrument	-		-
34	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	176,652	441,629	63,244
35	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
36	Total regulatory adjustment applied to T2 capital (sum of 31 to 35)	752,388		830,892

Note 41.4.4	Additional Information	2015 Amount	2014 Amount
		Rupees in '000	
	Risk Weighted Assets subject to pre-Basel III treatment		
37	Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)		
(i)	of which: deferred tax assets	-	216,805
(ii)	of which: Defined-benefit pension fund net assets	-	-
(iii)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	575,321	-
(iv)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	566,762	664,783
	Amounts below the thresholds for deduction (before risk weighting)		
38	Non-significant investments in the capital of other financial entities	-	-
39	Significant investments in the common stock of financial entities	-	-
40	Deferred tax assets arising from temporary differences (net of related tax liability)	-	
	Applicable caps on the inclusion of provisions in Tier 2		
41	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	17,252	7,784
42	Cap on inclusion of provisions in Tier 2 under standardized approach	964,784	676,201
43	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	
44	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	

41.5 Capital Structure Reconciliation

Step : 1	As Per Balance Sheet	Under regulatory scope of consolidation
	December 31, 2015	
	Rupees in '000	
Assets		
Cash and balances with treasury banks	11,159,432	11,159,432
Balances with other banks	583,724	583,724
Lending to financial institutions	3,581,329	3,581,329
Investments	116,029,825	116,029,825
Advances	76,666,180	76,666,180
Operating fixed assets	4,573,671	4,573,671
Deferred tax assets	-	-
Other assets	5,881,502	5,881,502
Total assets	218,475,663	218,475,663
Liabilities & Equity		
Bills payable	1,609,425	1,609,425
Borrowings	54,638,318	54,638,318
Deposits and other accounts	141,840,487	141,840,487
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	1,695,393	1,695,393
Other liabilities	2,724,137	2,724,137
Total liabilities	202,507,760	202,507,760
Share capital/ Head office capital account	10,119,242	10,119,242
Reserves	918,816	918,816
Unappropriated/ Unremitted profit/ (losses)	2,529,092	2,529,092
Minority Interest	-	-
Surplus on revaluation of assets	2,400,753	2,400,753
Total Equity	15,967,903	15,967,903
Total liabilities & equity	218,475,663	218,475,663

Step : 2

	As Per Balance Sheet	Under regulatory scope of consolidation
	December 31, 2015 Rupees in '000	
Assets		
Cash and balances with treasury banks	11,159,432	11,159,432
Balances with other banks	583,724	583,724
Lending to financial institutions	3,581,329	3,581,329
Investments	116,029,825	116,029,825
of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold	560,199	560,199
of which: significant capital investments in financial sector entities exceeding regulatory threshold	377,841	377,841
of which: Mutual Funds exceeding regulatory threshold	64,984	64,984
of which: reciprocal crossholding of capital instrument		-
of which: Investment in TFCs of other banks exceeding the precribed limit	-	-
Advances	76,666,180	76,666,180
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB		-
general provisions reflected in Tier 2 capital	17,252	17,252
Fixed Assets	4,573,671	4,573,671
Deferred Tax Assets	-	-
of which: DTAs excluding those arising from temporary differences		-
of which: DTAs arising from temporary differences exceeding regulatory threshold		-
Other assets	5,881,502	5,881,502
of which: Goodwill	1,279,095	1,279,095
of which: Intangibles	360,803	360,803
of which: Defined-benefit pension fund net assets		-
Total assets	218,475,663	218,475,663

	As Per Balance Sheet	Under regulatory scope of consolidation
	December 31, 2015	
	Rupees in '000	
Liabilities & Equity		
Bills payable	1,609,425	1,609,425
Borrowings	54,638,318	54,638,318
Deposits and other accounts	141,840,487	141,840,487
Sub-ordinated loans	-	-
of which: eligible for inclusion in AT1	-	-
of which: eligible for inclusion in Tier 2	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	1,695,393	1,695,393
of which: DTLs related to goodwill	(184,529)	(184,529)
of which: DTLs related to intangible assets	-	-
of which: DTLs related to defined pension fund net assets	-	-
of which: other deferred tax liabilities	(1,510,864)	(1,510,864)
Other liabilities	2,724,137	2,724,137
Total liabilities	202,507,760	202,507,760
Share capital	10,119,242	10,119,242
of which: amount eligible for CET1	8,619,242	10,119,242
of which: amount eligible for AT1	1,500,000	1,500,000
Reserves	918,816	918,816
of which: portion eligible for inclusion in CET1(provide breakup)	918,816	918,816
of which: portion eligible for inclusion in Tier 2	-	-
Unappropriated profit/ (losses)	2,529,092	2,529,092
Minority Interest	-	-
of which: portion eligible for inclusion in CET1	-	-
of which: portion eligible for inclusion in AT1	-	-
of which: portion eligible for inclusion in Tier 2	-	-
Surplus on revaluation of assets	2,400,753	2,400,753
of which: Revaluation reserves on Property	-	-
of which: Unrealized Gains/Losses on AFS	-	-
In case of Deficit on revaluation (deduction from CET1)	-	-
Total liabilities & Equity	218,475,663	218,475,663

	Component of regulatory capital reported by bank (Rupees in '000)	Reference
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully Paid-up Capital/ Capital deposited with SBP	10,724,643	(s)
Balance in Share Premium Account	-	
Reserve for issue of Bonus Shares	-	
Discount on issue of Shares (enter negative number)	(2,105,401)	
General/ Statutory Reserves	918,816	(u)
Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
Unappropriated/unremitted profits/(losses)	2,529,092	(w)
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)
CET 1 before Regulatory Adjustments	12,067,150	
Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill (net of related deferred tax liability)	1,279,095	(j) - (o)
All other intangibles (net of any associated deferred tax liability)	360,803	(k) - (p)
Shortfall of provisions against classified assets	-	(f)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	{(h) - (r} * x%
Defined-benefit pension fund net assets	-	{(l) - (q)} * x%
Reciprocal cross holdings in CET1 capital instruments	-	(d)
Cash flow hedge reserve	-	
Investment in own shares/ CET1 instruments	-	
Securitization gain on sale	-	
Capital shortfall of regulated subsidiaries	-	
Deficit on account of revaluation from bank's holdings of property/ AFS	-	(ab)
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)	383,548	(a) - (ac) - (ae)
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)	377,841	(b) - (ad) - (af)
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	(i)
Amount exceeding 15% threshold	-	
of which: significant investments in the common stocks of financial entities	-	
of which: deferred tax assets arising from temporary differences	-	
National specific regulatory adjustments applied to CET1 capital	-	
Investment in TFCs of other banks exceeding the prescribed limit	-	
Any other deduction specified by SBP (mention details)	-	
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
Total regulatory adjustments applied to CET1 (sum of 9 to 25)	2,401,287	
Common Equity Tier 1	9,665,863	

	Component of regulatory capital reported by bank (Rupees in '000)	Reference
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 instruments plus any related share premium	1,500,000	
of which: Classified as equity	1,500,000	(t)
of which: Classified as liabilities	-	(m)
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
of which: instrument issued by subsidiaries subject to phase out	-	
AT1 before regulatory adjustments	1,500,000	
Additional Tier 1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	64,984	
Investment in own AT1 capital instruments	-	
Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
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	575,736	
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
Total of Regulatory Adjustment applied to AT1 capital	640,721	
Additional Tier 1 capital	859,279	
Additional Tier 1 capital recognized for capital adequacy	859,279	
Tier 1 Capital (CET1 + admissible AT1)	10,525,142	
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III	-	
Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	(n)
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
of which: instruments issued by subsidiaries subject to phase out	-	
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	17,252	(g)
Revaluation Reserves eligible for Tier 2	1,608,505	
of which: portion pertaining to Property	-	portion of (aa)
of which: portion pertaining to AFS securities	1,608,505	
Foreign Exchange Translation Reserves	-	(v)
Undisclosed/Other Reserves (if any)	-	
T2 before regulatory adjustments	1,625,757	

	Component of regulatory capital reported by bank (Rupees in '000)	Reference
Tier 2 Capital: regulatory adjustments		
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	575,736	
Reciprocal cross holdings in Tier 2 instruments	-	
Investment in own Tier 2 capital instrument	-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	176,652	(ae)
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
Amount of Regulatory Adjustment applied to T2 capital	752,388	
Tier 2 capital (T2)	752,388	
Tier 2 capital recognized for capital adequacy	873,369	
Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
Total Tier 2 capital admissible for capital adequacy	873,369	
TOTAL CAPITAL (T1 + admissible T2)	11,398,511	

41.6 Main Features of Regulatory Capital Instruments

	Main Features	Common Shares	Preference Shares
1	Issuer	JS Bank	JS Bank
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	JSB	JSB
3	Governing law(s) of the instrument	SECP	SECP
4	Regulatory treatment		
5	Transitional Basel III rules	Common Equity Tier-1	Additional Tier-1
6	Post-transitional Basel III rules	Common Equity Tier-1	Additional Tier-1
7	Eligible at solo/ group/ group&solo	Solo and Group	Solo and Group
8	Instrument type	Ordinary Shares	Preference Shares
9	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	8,619,242	1,500,000
10	Par value of instrument	10	10
11	Accounting classification	Shareholders Equity	Shareholders Equity
12	Original date of issuance	2006	2014
13	Perpetual or dated	NA	NA
14	Original maturity date	NA	NA
15	Issuer call subject to prior supervisory approval	No	No
16	Optional call date, contingent call dates and redemption amount	NA	NA
17	Subsequent call dates, if applicable	NA	NA
18	Coupons / dividends	NA	Dividends
19	Fixed or floating dividend/ coupon	NA	Fixed
20	coupon rate and any related index/ benchmark	NA	NA
21	Existence of a dividend stopper	NA	NA
22	Fully discretionary, partially discretionary or mandatory	NA	NA
23	Existence of step up or other incentive to redeem	NA	NA
24	Noncumulative or cumulative	NA	Non-Cumulative
25	Convertible or non-convertible	NA	Convertible
26	If convertible, conversion trigger (s)	NA	NA
27	If convertible, fully or partially	NA	Fully
28	If convertible, conversion rate	NA	1:1.5
29	If convertible, mandatory or optional conversion	NA	Mandatory
30	If convertible, specify instrument type convertible into	NA	Ordinary Shares
31	If convertible, specify issuer of instrument it converts into	NA	NA
32	Write-down feature	NA	NA
33	If write-down, write-down trigger(s)	NA	NA
34	If write-down, full or partial	NA	NA
35	If write-down, permanent or temporary	NA	NA
36	If temporary write-down, description of write-up mechanism	NA	NA
37	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument	NA	NA
38	Non-compliant transitioned features	NA	NA
39	If yes, specify non-compliant features	NA	NA

41.7 Capital Adequacy

	Capital Requirements		Risk Weighted Assets	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	---------- Rupees in '000 ----------			
Credit Risk				
On balance sheet				
Corporate	4,799,982	3,577,338	47,999,823	35,773,377
Retail	342,088	326,664	3,420,876	3,266,638
Banks and DFIs	197,973	154,000	1,979,729	1,539,998
Public sector entity	49,244	17,251	492,437	172,512
Sovereign (include GoP and SBP)	4,226	-	42,259	-
Residential mortgage finance	39,575	32,726	395,753	327,260
Past due loans	32,054	70,296	320,537	702,959
Fixed assets	274,924	203,597	2,749,244	2,035,972
Other assets	72,107	45,459	721,065	454,590
	5,812,173	4,427,331	58,121,723	44,273,306
Off balance sheet				
Non market related	1,482,153	810,221	14,821,530	8,102,211
Market related	14,021	16,688	140,212	166,881
	1,496,174	826,909	14,961,742	8,269,092
Equity Exposure Risk in the Banking Book				
Listed	339,229	83,107	3,392,289	831,066
Unlisted	70,693	72,262	706,933	722,618
	409,922	155,369	4,099,222	1,553,684
Total Credit Risk	7,718,269	7,718,269	7,718,269	7,718,269
Market Risk				
Interest rate risk	131,531	413,395	1,315,312	4,133,946
Equity position risk etc.	180,830	225,128	1,808,303	2,251,278
Foreign exchange risk	28,058	8,810	280,582	88,098
Total Market Risk	340,419	647,334	3,404,197	6,473,322
Operational Risk				
Capital Requirement for operational risks	1,060,167	805,773	10,601,673	8,057,725
TOTAL	9,118,855	6,862,716	91,188,557	68,627,129

Capital Adequacy Ratio

		2015	2014
Total eligible common equity tier 1 capital held	(e)	9,665,863	7,987,933
Total eligible tier 1 capital held	(f)	10,525,142	8,667,635
Total eligible regulatory capital held	(e)	11,398,511	8,667,635
Total Risk Weighted Assets	(i)	91,188,557	68,627,129

	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	10.60%	5.50%	11.64%
Tier-1 capital to total RWA	7.50%	11.54%	7.00%	12.63%
Total capital to total RWA	10.00%	12.50%	10.00%	12.63%

41.8 Leverage Ratio

Total eligible tier 1 capital held	10,525,142	8,667,635
Total Exposure	256,287,552	207,784,986
Leverage Ratio	4.11%	4.17%

42. RISK MANAGEMENT

Risk Management is a discipline at the core of every financial institution and encompasses all the activities that affect its risk profile. At the Bank, it involves identification, measurement, monitoring and controlling risks to ensure that:

a) The individuals who take or manage risks clearly understand it;

b) The Bank's Risk exposure is within the limits established by Board of Directors (BoD);

c) Risk taking decisions are in line with the business strategy and objectives set by BoD;

d) The expected payoffs compensate for the risks taken;

e) Risk taking decisions are explicit and clear;

f) Sufficient capital as a buffer is available to take risk; and

g) Risk management function is independent of risk taking unit.

Bank has a comprehensive set of Risk Management Policies, practices and procedures which enable the Bank to take into consideration, in an appropriate manner, all major kinds of risks mainly credit, market, liquidity, operational and IT security risks. Keeping in view the dynamics of internal and external environment, we regularly review and update our Risk Management policies and procedures in accordance with regulatory environment and international standards.

Risk Management activities remain at the forefront of all activities of the Bank which places the highest priority on conducting its business in a prudent manner in line with the relevant laws and regulatory requirements.

Risk management framework of Bank includes:

a) Clearly defined risk management policies and procedures covering risk identification, acceptance, measurement, monitoring, reporting and control;

b) Well constituted organizational structure, defining clearly roles and responsibilities of individuals involved in risk taking as well as managing it. The bank, in addition to risk management functions for various risk categories, has instituted an Integrated Risk Management Committee (IRMC) as well as Central Credit Committee (CCC). IRMC oversees the overall risk management at the bank and provide guidance in setting strategic targets as well as concentration limits and monitor progress related to earnings growth, keeping in view the capital constraints and also adhere to the concentration limits. The IRMC monitors the strategic target and aggregate limits at the Business Group level and concentration limits (by industry, geography, size, tenor) so that one category of assets or dimension of risk cannot materially harm the performance of the Bank. Whereas, Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the bank. CCC meets regularly to actively supervise credit risk across its lending portfolio.

c) An effective management information system that ensures flow of information from operational level to top management and a system to address any exceptions observed; and

d) A mechanism to ensure an ongoing review of systems, policies and procedures for risk management and procedures to adopt changes.

While the overall responsibility of risk management rests with the BoD, it is the duty of Senior Management to devise risk management strategy by setting up well defined policies and procedures for mitigating / controlling risks, duly approved by the Board.

Giving due consideration to the above, the Bank has put in place the following hierarchy of Risk Management:

- Board Risk Management Committee (BRMC);
- Integrated Risk Management Committee (IRMC) which comprises of the President / Chief Executive Officer (CEO), Group Head Credit & Risk Management, Chief Financial Officer, Business Heads, and Other Functional Heads.
- Asset - Liability Committee which comprises of the President / Chief Executive Officer (CEO), Treasurer, Group Head Credit & Risk Management, Other Business Heads.
- Central Credit Committee comprising of the President / CEO, Group Head Credit & Risk Management, Group Head Agri & CAD, Chief Financial Officer and Other Business Group Heads.
- Operational Risk Management Committee which comprises of the Group Head, Credit & Risk Management, Head of Operations, Head of Information Technology and Other Functional Heads.
- Risk Management Group (RMG) which comprises of Risk Managers for Credit, Market and Operational Risks and Treasury Middle Office.

RMG is managed by Group Head Credit & Risk Management to supervise the following Divisions:

a) Credit Risk Management (CRM) covering Corporate / Commercial and Retail Banking Risks

b) Operational Risk Management

c) Market Risk Management (MRM)

d) Treasury Middle Office

e) Basel II / III Implementation Unit

e) IT Security / Risk Management Unit

The Bank's RMG generates the requisite risk reporting for the different tiers of management. These are also subjected to internal audit review.

Risk Matrix / Categories

Bank, in common with other banks, generates its revenues by accepting Country, Credit, Liquidity, Interest Rate Risk in the Banking Book, Market, Operational and other risks. Effective management of these risks is the decisive factor in the Bank's profitability.

Risk Appetite

The Bank's risk appetite is reflected in its endeavours to maintain a favourable credit rating and encompasses the following:

- The business strategy
- The expectations of stakeholders at different time horizons
- The characteristics of the risk-bearing entities
- The nature and characteristics of the risks undertaken
- The possible spread of risk situations across organizational units, assets-at-risk, and future time horizons.

Risk appetite drives business activity. It combines anticipations in risk and profitability with management preferences to control capital and resource allocation, as well as the distribution of exposure across activities and portfolios.

Bank's hedging strategy is embedded in its risk management practices for addressing material categories of risk.

42.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Credit risk is managed in terms of credit policies, approved by the BoD and regulations issued by the SBP. The bank is exposed to credit risk on loans and advances, fund placements with financial institutions and certain investments.

Credit risk management is an ongoing process. The overall credit policy and the credit risk instructions are issued by the Board of Directors. In this regards, a Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the bank. In order to maintain healthy growth of the credit portfolio and meet future challenges, the Bank has recently reorganized the Credit Risk management structure to improve process efficiency in decision making and ensure swift disposal of credit proposals.

The Bank's strategy is to minimise credit risk through product, geography, industry and customer diversification. Credit limits are established for all counter-parties after a careful assessment of their credit worthiness. An effective credit granting procedure, which requires pre-sanction evaluation of credit proposal, adequacy of security and pre-disbursement examination of charge documents has been established and managed by Risk Management Group (RMG) & Credit Administration Department (CAD). The Bank maintains a sound portfolio diversified in nature to counter the risk of credit concentration and further limits risk through diversification of its assets by geographical and industrial sector. For managing impaired assets in the portfolio, the Bank follows the Prudential Regulations and Risk Management guidelines issued by SBP and the Remedial Management Policy approved by the Board.

	2015					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Mining and quarrying	61,460	0.08	1,785,801	1.26	980,404	2.07
Textile	9,109,117	11.47	1,956,387	1.38	1,161,381	2.46
Chemical and pharmaceuticals	4,106,028	5.17	900,716	0.64	592,122	1.25
Fertilizer and pesticides	2,064,016	2.60	3,084,841	2.17	606,315	1.28
Agri finance	737,883	0.93	-	-	-	-
Automobile and transportation equipment	1,429,447	1.80	1,350,658	0.95	515,635	1.09
Tyre, Rubber and Plastic	1,167,412	1.47	33,893	0.02	155,438	0.33
Electronics and electrical appliances	118,399	0.15	2,534,942	1.79	121,997	0.26
Construction and real estate	2,642,184	3.33	2,787,343	1.97	1,079,572	2.28
Ship breaking	2,574,844	3.24	-	-	-	-
Power and water, Oil and Gas	2,794,337	3.52	2,741,868	1.93	368,923	0.78
Metal and steel	1,405,162	1.77	30,573	0.02	168,364	0.36
Paper / board / furniture	577,514	0.73	328,561	0.23	874,607	1.85
Food / confectionery / beverages	22,072,862	27.80	1,318,351	0.93	197,802	0.42
Trust and non-profit organisations	194,596	0.25	17,106,842	12.06	10,165	0.02
Wholesale and retail trade	2,333,592	2.94	-	-	3,115,692	6.59
Transport, storage and communication	3,189,083	4.02	6,507,658	4.59	1,266,713	2.68
Financial	5,020,953	6.32	11,631,441	8.20	18,154,274	38.42
Insurance and Security	44,689	0.06	2,924,520	2.06	676	-
Engineering, IT and other services	7,559,660	9.52	9,469,822	6.68	115,445	0.24
Sugar	2,600,367	3.28	263,460	0.19	4,704	0.01
Individuals	5,041,720	6.35	59,807,265	42.17	1,723,903	3.65
Others	2,544,036	3.20	15,275,545	10.77	16,043,320	33.95
	79,389,361	100	141,840,487	100	47,257,452	100

	2014					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Mining and quarrying	56,354	0.09	140,969	0.13	521,109	1.36
Textile	8,466,792	13.13	561,645	0.52	715,002	1.86
Chemical and pharmaceuticals	3,501,811	5.43	633,295	0.58	407,050	1.06
Fertilizer and pesticides	1,419,306	2.20	546,982	0.50	1,249,796	3.25
Automobile and transportation equipment	1,191,384	1.85	902,617	0.83	721,655	1.88
Tyre, Rubber and Plastic	-	-	-	-		-
Electronics and electrical appliances	356,357	0.55	952,084	0.88	21,444	0.06
Construction and real estate	930,940	1.44	2,014,274	1.85	567,357	1.48
Ship breaking	2,347,380	3.64	-	-	-	-
Power and water, Oil and Gas	948,085	1.47	2,044,984	1.88	1,335,802	3.48
Metal and steel	1,242,633	1.93	-	-	174,125	0.45
Paper / board / furniture	234,193	0.36	88,577	0.08	225,218	0.59
Food / confectionery / beverages	19,403,063	30.09	1,207,253	1.11	487,318	1.27
Trust and non-profit organisations	98,207	0.15	22,979,369	21.13	43,674	0.11
Sole proprietorships	1,615,832	2.51	31,908,876	29.34	2,973,741	7.74
Transport, storage and communication	1,353,475	2.10	2,264,672	2.08	247,504	0.64
Financial	5,727,062	8.88	7,682,331	7.06	22,172,358	57.68
Insurance and Security	11,427	0.02	2,675,546	2.46	36,569	0.10
Engineering, IT and other services	5,542,113	8.59	5,597,403	5.15	341,217	0.89
Sugar	2,933,129	4.55	119,872	0.11	278,767	0.73
Individuals	4,142,409	6.42	23,083,203	21.23	132,569	0.34
Others	2,969,995	4.61	3,336,008	3.07	5,787,712	15.06
	64,491,947	100	108,739,960	100	38,439,987	100

43.1.1.2 Segment by sector

	2015					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Public / Government	14,999,709	18.89	27,646,303	19.49	-	-
Private	64,389,652	81.11	114,194,184	80.51	47,257,452	100
	79,389,361	100	141,840,487	100	47,257,452	100

	2014					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Public / Government	13,998,818	23.82	19,512,772	17.94	-	-
Private	44,766,067	76.18	89,227,188	82.06	38,439,987	100.00
	58,764,885	100	108,739,960	100	38,439,987	100

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

	2015		2014	
	Classified advances	Specific provisions held	Classified advances	Specific provisions held
	------------------------------ Rupees in '000 ------------------------------			
Textile	691,655	658,344	781,153	660,870
Automobile and transportation equipment	97,745	97,745	71,858	61,875
Chemical and pharmaceutical	-	-	-	-
Food / confectionery / beverages	120,216	120,216	122,807	116,653
Financial	-	-	185,575	185,575
Paper / board / furniture	-	-	-	-
Engineering, IT and other services	167,596	167,596	-	-
Metal and steel	20,000	-	-	-
Tyre, Rubber and Plastic	100,823	46,612	-	-
Fertilizer and pesticides	1,260,179	1,260,440	1,035,420	740,469
Ship breaking	157,925	32,363	-	-
Services	22,375	22,375	67,233	12,235
Individuals	304,431	260,358	253,400	67,440
Others	39,880	39,880	295,171	205,918
	2,982,825	2,705,929	2,812,617	2,051,035

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

Public / Government	-	-	-	-
Private	2,982,825	2,705,929	2,812,617	2,051,035
	2,982,825	2,705,929	2,812,617	2,051,035

43.1.1.5 Geographical segment analysis

	2015		2014	
	Total assets employed	Net assets employed	Total assets employed	Net assets employed
	------------------------------ Rupees in '000 ------------------------------			
Pakistan	218,475,663	15,967,903	176,716,817	13,079,546

	2015		2014	
	Profit before taxation	Contingencies and commitments	Profit before taxation	Contingen-cies and commitments
	------------------------------ Rupees in '000 ------------------------------			
Pakistan	3,173,696	47,257,452	1,608,225	38,439,987

42.1.2 Credit risk: Standardised approach

The Bank has adopted the Standardised Approach of Basel II for risk weighing its Credit Risk Exposures.

The following table illustrates the approved External Credit Assessment Institutions (ECAIs) whose ratings are being utilised by the Bank with respect to material categories of exposures:

Exposures	JCR-VIS	PACRA	MOODY'S	FITCH	S&P
Corporate	✓	✓	-	-	-
Banks	✓	✓	✓	✓	✓
SME's (retail exposures)	✓	✓	-	-	-
Sovereigns	-	-	✓	-	-
Securitisations	N/A	N/A	N/A	N/A	N/A
Others (specify)	N/A	N/A	N/A	N/A	N/A

The Bank has used Issue Specific Ratings for rating / risk weighing Issue Specific Exposures and Entity Ratings for rating / risk weighing claims against specific counterparties. Both short and long term ratings have been used to rate corresponding short and long term exposures. For this purpose, Bank uses the mapping grid provided by SBP as given below:

Long - Term Ratings Grades Mapping

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

Short - Term Ratings Grades Mapping

SBP Rating Grade	PACRA	JCR-VIS	Fitch	Moody's	S&P
S1	A-1	A-1	F-1	P-1	A-1+, A-1
S2	A-2	A-2	F-2	P-2	A-2
S3	A-3	A-3	F-3	P-3	A-3
S4	Others	Others	Others	Others	Others

41.1.2.1 Credit exposures and comparative figures subject to the standardised approach

Exposures	Rating category No.	Rating risk weighted	2015 Amount outstanding	Deduction CRM	Net amount	Risk weighted asset
			----------------- Rupees in '000			
Cash and Cash Equivalents		0%	2,842,066	-	2,842,066	-
Corporate	0	0%	-	3,987,288	3,987,288	-
	1	20%	2,645,255	1,689	2,646,944	529,389
	2	50%	483,706	(3,427)	480,279	240,139
	3,4	100%	2,004,082	(1,265,455)	738,628	738,628
	5,6	150%	19,237	-	19,237	28,856
	Unrated	100%	39,926,676	(2,081,236)	37,845,440	37,845,440
	Unrated-2	125%	7,532,756	(638,859)	6,893,897	8,617,371
			52,611,712	-	52,611,713	47,999,823
Retail		0%	-	1,152,104	1,152,104	-
		20%	-	19,636	19,636	3,927
		50%	-	-	-	-
		75%	5,727,672	(1,171,740)	4,555,932	3,416,949
			5,727,672	-	5,727,672	3,420,876
Banks						
- Over 3 Months		0%	-	1,206,030	1,206,030	-
	1	20%	1,208,162	-	1,208,162	241,632
	2,3	50%	2,361,744	(1,206,030)	1,155,713	577,857
	4,5	100%	76,201	-	76,201	76,201
	6	150%	-	-	-	-
	Unrated	50%	169,037	-	169,037	84,519
			3,815,144	-	3,815,143	980,209
- Maturity Upto and under 3 Months in FCY		0%	-	-	-	-
	1,2,3	20%	919,668	-	919,668	183,934
	4,5	50%	11,117	-	11,117	5,559
	6	150%	22,612	-	22,612	33,918
	unrated	20%	748,620	-	748,620	149,724
			1,702,017	-	1,702,017	373,135
- Maturity Upto and under 3 Months in PKR		0%	-	-	-	-
		20%	3,131,924	-	3,131,924	626,385
			3,131,924	-	3,131,924	626,385
Residential Mortgage Finance		35%	1,130,723	-	1,130,723	395,753
Public Sector Entity						
		0%				
	1	20%	1,589,958	-	1,589,958	317,992
	2,3	50%	-	-	-	-
	4,5	100%	-	-	-	-
	6	150%	-	-	-	-
	Unrated	50%	15,403,256	(15,054,365)	348,891	174,445
			16,993,214	-	1,938,849	492,437
Sovereigns (SBP / GoP)		0%	95,842,113	-	95,842,113	-
		20%	211,295	-	211,295	42,259
			96,053,408	-	96,053,408	42,259
Equity Investments - Listed		100%	2,417,771	-	2,417,771	2,417,771
- Unlisted		150%	471,289	-	471,289	706,933
Significant Investment and DTA		250%	389,807	-	389,807	974,518
			3,278,867	-	3,278,867	4,099,222
Past Due Loans (Not Secured by Residential Mortgages)	S.P less than 20%	150%	88,309	-	88,309	132,463
	S.P between 20% to 50%	100%	187,553	-	187,553	187,553
	S.P greater than 50%	50%	1,041	-	1,041	521
			276,903	-	276,903	320,537
Investment in fixed assets		100%	2,749,244	-	2,749,244	2,749,244
Other assets		100%	721,065	-	721,065	721,065
Total			191,033,959	-	175,979,594	62,220,945

* Credit Risk Mitigation (CRM)

Credit exposures subject to Standardised approach

Exposures	Rating category No.	Rating risk weighted	2014 Amount outstanding	Deduction CRM	Net amount	Risk weighted asset
			Rupees in '000			
Cash and Cash Equivalents		0%	2,364,338	-	2,364,338	-
Corporate	0	0%	-	14,764,431	14,764,431	-
	1	20%	3,305,215	310,991	3,616,206	723,241
	2	50%	944,003	(9)	943,994	471,997
	3,4	100%	833,629	-	833,629	833,629
	5,6	150%	-	-	-	-
	Unrated	100%	44,406,432	(14,870,603)	29,535,829	29,535,829
	Unrated-2	115%	3,864,532	(204,810)	3,659,722	4,208,680
			53,353,811	-	53,353,811	35,773,377
Retail		0%	-	675,421	675,421	-
		20%	-	26,569	26,569	5,314
		50%	-	-	-	-
		75%	5,050,422	(701,990)	4,348,432	3,261,324
			5,050,422	-	5,050,422	3,266,638
Banks						
- Maturity over 3 Months		0%	-	2,601,417	2,601,417	-
	1	20%	692,821	-	692,821	138,564
	2,3	50%	4,507,722	(2,601,417)	1,906,305	953,152
	4,5	100%	56,842	-	56,842	56,842
	6	150%	-	-	-	-
	Unrated	50%	124,651	-	124,651	62,326
			5,382,036	-	5,382,036	1,210,884
- Maturity Upto and under 3 Months in FCY		0%	-	-	-	-
	1,2,3	20%	447,211	-	447,211	89,442
	4,5	50%	12,029	-	12,029	6,015
	6	150%	54,276	-	54,276	81,414
	unrated	20%	51,805	-	51,805	10,361
			565,321	-	565,321	187,232
- Maturity upto and under 3 months in PKR		0%	-	10,757,973	10,757,973	-
		20%	11,467,386	(10,757,973)	709,412	141,881
			11,467,386	-	11,467,385	141,881
Residential Mortgage Finance		35%	935,028	-	935,028	327,260
Public Sector Entity		0%				
	1	20%	862,559	-	862,559	172,512
	2,3	50%	-	-	-	-
	4,5	100%	-	-	-	-
	6	150%	-	-	-	-
	Unrated	50%	-	-	-	-
			862,559	-	862,559	172,512
Sovereigns (SBP / GoP)		0%	63,850,340	-	63,850,340	-
Equity Investments - Listed		100%	425,491	-	425,491	425,491
- Unlisted		150%	481,746	-	481,746	722,618
Significant Investment and DTA		250%	162,230	-	162,230	405,575
			1,069,467	-	1,069,467	1,553,684
Past Due Loans	S.P less than 20%	150%	194,552	-	194,552	291,829
(Not Secured by Residential Mortgages)	S.P between 20% to 50%	100%	255,229	-	255,229	255,229
	S.P greater than 50%	50%	311,801	-	311,801	155,901
			761,582	-	761,582	702,959
Investment in fixed assets		100%	2,035,972	-	2,035,972	2,035,972
Other assets		100%	454,590	-	454,590	454,590
Total			148,152,852	-	148,152,851	45,826,990

* Credit Risk Mitigation (CRM)

42.1.3 Policies and processes for collateral valuation and management as regards Basel II:

For Credit Risk Mitigation purposes the Bank uses only the eligible collaterals under Simple Approach of Credit Risk Mitigation under Standardised Approach as prescribed by SBP under Circular No. 8 of 2006, which includes Cash and Cash Equivalent Securities including Government Securities (like Cash Margins, Lien on Bank Accounts, Foreign Deposit Receipts, Term Deposit Receipts, Pledge of Defense Saving Certificates, Regular Income Certificates, Special Saving Certificates, T-Bills and Pakistan Investment Bonds etc.) and Shares Listed on the Main Index.

Under Bank's policy all collaterals are subject to periodic valuations to monitor the adequacy of margins held. Shares / Marketable securities are valued by the Bank on daily basis to calculate the Drawing Power (DP). In case of any shortfall in the requisite margins, the DP is adjusted to the appropriate level and the business units are informed to take appropriate action as per the agreement with the customer.

42.2 Equity position risk in the banking book

Equity positions in the banking book include Investment in equities that are available-for-sale or held for strategic investment purposes. These investments are generally regarded as riskier relative to fixed income securities owing to the inherent volatility of stock market prices. The Bank mitigates these risks through diversification and capping maximum exposures in a single company, compliance with regulatory requirement, following the guidelines laid down in the Bank's Investment Policy as set by the Board of Directors (BoD). The Bank follows a delivery versus payment settlement system thereby minimizing risk available in relation to settlement risk.

42.3 Market risk

42.3.1 Market risk is the risk of loss due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. From the perspective of a Bank, market risk comprises of interest rate risk, foreign exchange risk and equity position risk, which the Bank is exposed to in its trading book.

The Bank has an approved market risk policy wherein the governance structure for managing market risk, measurement tools used and the market risk exposure limits have been addressed. The Bank's strategy for managing market risk is to relate the level of risk exposures to their risk appetite and the capital at hand.

The Board of Directors (BoD) and the Asset and Liability Committee (ALCO) are responsible for addressing market risk from a strategic perspective and are assisted by the market risk function in meeting these objectives.

The Market Risk function is also supported by personnel in the Middle Office function and directly report to Group Head Risk Management. Its responsibility includes ensuring the implementation of the market risk policy above in line with the Bank's strategy.

Risk reporting undertaken by the Market Risk function includes:

a) Portfolio Reports
b) Limit monitoring reports
c) Sensitivity analysis ; and
d) Stress testing of the portfolio

Hedging measures are undertaken to maintain limits set out in the risk management policy.

Currently, the Bank is using the Market Risk standardised approach for the purpose of computing regulatory capital, the details of which are set out above.

42.3.2 Foreign exchange risk

Main objective of foreign exchange risk management is to ensure that the foreign exchange exposure of the Bank lies within the defined appetite of the Bank.

Daily reports are generated to monitor the internal and regulatory limits with respect to the overall foreign currency exposures. The overall net open position, whether short or long has the potential to negatively impact the profit and loss depending upon the direction of movement in foreign exchange rates.

Foreign exchange open and mismatched positions are marked to market on a daily basis.

Currency risk arises where the value of financial instruments changes due to changes in foreign exchange rates. In order to manage currency risk exposure the bank enters into ready / spot, forward and swap transactions with SBP and in the interbank market. The Bank's foreign exchange exposure comprises of forward contracts, foreign currencies cash in hand, balances with banks abroad, foreign placement with SBP and foreign currencies assets and liabilities. The net open position is managed within the statutory limits, as fixed by SBP. Counter parties limit are also fixed to limit risk concentration. Appropriate segregation of duties exists between the front and back office functions while compliance with the net open position limit is independently monitored on an ongoing basis.

	2015			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupee	210,489,592	190,712,112	(3,728,224)	16,049,256
United States Dollar	7,249,574	8,871,704	1,345,104	(277,026)
Great Britain Pound	196,164	1,671,370	1,471,940	(3,266)
Euro	337,368	1,252,429	922,740	7,679
Other currencies	202,965	145	(11,560)	191,260
	7,986,071	11,795,648	3,728,224	(81,353)
	218,475,663	202,507,760	-	15,967,903

	2014			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupee	170,204,456	158,150,768	1,090,344	13,144,032
United States Dollar	6,070,367	4,486,025	(1,665,751)	(81,409)
Great Britain Pound	275,974	667,659	384,917	(6,768)
Euro	146,299	332,350	194,030	7,979
Other currencies	19,721	469	(3,540)	15,712
	6,512,361	5,486,503	(1,090,344)	(64,486)
	176,716,817	163,637,271	-	13,079,546

43.3.3 Equity position risk in trading book

The Bank's objective with regard to holding equity investments in its trading book is to earn income from favourable market movements. Positions in the equity market are substantiated by sound fundamental and technical research.

Equity price risk is managed by applying trading limit and scrip-wise and portfolio wise nominal limits.

43.3.4 **Mismatch of interest rate sensitive assets and liabilities**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Bank is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark up based assets and liabilities that mature or re-price in a given period. The Bank manages this risk by matching/re-pricing of assets and liabilities. The Bank is not excessively exposed to interest / mark-up rate risk as its assets and liabilities are repriced frequently. The assets and liabilities committee (ALCO) of the Bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Bank.

	2015											
	Effective yield interest rate - %	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instrument
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	11,159,432	1,983,215	-	-	-	-	-	-	-	-	9,176,217
Balances with other banks	-	583,724	130,665	-	-	-	-	-	-	-	-	453,059
Lendings to financial institutions	1.90 - 6.55	3,581,329	3,267,106	314,223	-	-	-	-	-	-	-	-
Investments	3.13 - 12.00	114,110,704	15,888,144	9,525,445	2,809,372	9,902,594	36,366,431	16,398,354	6,636,706	12,923,322	-	3,660,336
Advances	4.00 - 21.25	76,666,180	58,049,871	6,208,083	6,176,951	1,696,528	1,111,324	1,072,337	840,454	88,639	1,037,723	384,270
Other assets	-	5,424,106	-	-	-	-	-	-	-	-	-	5,424,106
		211,525,475	79,319,001	16,047,751	8,986,323	11,599,122	37,477,755	17,470,691	7,477,160	13,011,961	1,037,723	19,097,988
Liabilities												
Bills payable	-	1,609,425	-	-	-	-	-	-	-	-	-	1,609,425
Borrowings	3 - 6.5	54,638,318	49,413,265	1,918,432	3,291,300	3,214	5,970	6,137	-	-	-	-
Deposits and other accounts	0.10 - 9.00	141,840,487	53,303,085	21,765,038	20,205,170	9,539,648	55,410	5,800	634,454	-	-	36,331,882
Other liabilities	-	2,683,090	-	-	-	-	-	-	-	-	-	2,683,090
		200,771,320	102,716,350	23,683,470	23,496,470	9,542,862	61,380	11,937	634,454	-	-	40,624,397
On-balance sheet financial instruments		10,754,155	(23,397,349)	(7,635,719)	(14,510,147)	2,056,260	37,416,375	17,458,754	6,842,706	13,011,961	1,037,723	(21,526,409)
Commitments in respect of forward purchase contacts and commitments to extent credits		11,786,964	4,888,867	4,877,999	955,929	292,494	356,075	207,800	207,800	-	-	-
Commitments in respect of forward exchange contracts - Sale		(6,799,782)	(4,300,719)	(1,185,138)	(271,125)	(271,125)	(356,075)	(207,800)	(207,800)	-	-	-
Off-balance sheet gap		4,987,182	588,148	3,692,861	684,804	21,369	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(22,809,201)	(3,942,858)	(13,825,343)	2,077,629	37,416,375	17,458,754	6,842,706	13,011,961	1,037,723	(21,526,409)
Cumulative yield / interest risk sensitivity gap			(22,809,201)	(26,752,059)	(40,577,402)	(38,499,773)	(1,083,398)	16,375,356	23,218,062	36,230,023	37,267,746	

	Effective yield interest rate - %	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instrument
	2014											
			Rupees in '000									
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	9,041,269	807,860	-	-	-	-	-	-	-	-	8,233,409
Balances with other banks	-	412,232	46,612	-	-	-	-	-	-	-	-	365,620
Lendings to financial institutions	0.03 - 14.68	11,080,242	6,195,742	4,884,500	-	-	-	-	-	-	-	-
Investments	3.56 - 13.15	82,338,447	3,824,565	21,221,385	288,024	88,676	19,792,651	25,727,820	6,506,895	3,695,373	-	1,193,058
Advances	2.5 - 23.00	62,433,128	36,591,046	8,950,249	10,552,329	2,244,850	1,079,520	281,491	1,038,964	55,587	877,357	761,735
Other assets	-	5,304,982	-	-	-	-	-	-	-	-	-	5,304,982
		170,610,300	47,465,825	35,056,134	10,840,353	2,333,526	20,872,171	26,009,311	7,545,859	3,750,960	877,357	15,858,804
Liabilities												
Bills payable	-	1,380,020	-	-	-	-	-	-	-	-	-	1,380,020
Borrowings	6.50 - 10.30	50,537,973	41,942,046	6,438,467	2,157,460	-	-	-	-	-	-	-
Deposits and other accounts	0.5 - 11.5	108,739,960	44,248,723	9,239,130	19,918,303	7,197,358	78,919	5,620	32,625	-	-	28,019,282
Other liabilities	-	2,352,741	-	-	-	-	-	-	-	-	-	2,352,741
		163,010,694	86,190,769	15,677,597	22,075,763	7,197,358	78,919	5,620	32,625	-	-	31,752,043
On-balance sheet financial instruments		7,599,606	(38,724,944)	19,378,537	(11,235,410)	(4,863,832)	20,793,252	26,003,691	7,513,234	3,750,960	877,357	(15,893,239)
Commitments in respect of forward exchange contracts - Purchase		10,159,931	3,525,687	3,877,673	1,420,036	542,110	542,250	252,175	-	-	-	-
Commitments in respect of forward exchange contracts - Sale		(13,812,627)	(10,124,619)	(2,274,933)	(618,650)	-	(542,250)	(252,175)	-	-	-	-
Off-balance sheet gap		(3,652,696)	(6,598,932)	(1,602,740)	801,386	542,110	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(45,323,876)	20,981,277	(10,434,024)	(4,321,722)	20,793,252	26,003,691	7,513,234	3,750,960	877,357	(15,893,239)
Cumulative yield / interest risk sensitivity gap			(45,323,876)	(24,342,599)	(34,776,623)	(39,098,345)	(18,305,093)	7,698,598	15,211,832	18,962,792	19,840,149	

	2015	2014
	Rupees in '000	
Reconciliation to total assets		
Balance as per balance sheet	**218,475,663**	176,716,817
Less: Non financial assets		
Investments - net	**1,919,121**	1,919,121
Operating fixed assets	**4,573,671**	3,766,850
Deferred tax assets	**-**	-
Other assets	**457,396**	420,546
	6,950,188	6,106,517
	211,525,475	170,610,300

	2015	2014
	Rupees in '000	
Reconciliation to total liabilities		
Balance as per balance sheet	**202,507,760**	163,637,271
Less: Non financial liabilities		
Other liabilities	**41,047**	181,796
Deferred tax liabilities - net	**1,695,393**	444,781
	1,736,440	626,577
	200,771,320	163,010,694

42.4 Liquidity risk

Liquidity risk is the risk that the Bank will not be able to raise funds to meet its commitments. The Bank's Asset and Liability Committee (ALCO) manages the liquidity position on a continuous basis.

Bank's policy to liquidity management is to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet our contractual and potential payment obligations without incurring additional and unacceptable cost to the business.

Treasury is responsible for the managing liquidity risk under the guidance of Asset-Liability Committee of the Bank. The Bank's liquidity risk management approach starts at the intraday level (operational liquidity) managing the daily payments queue and factoring in our access to the qualifying securities of State Bank of Pakistan. It then covers tactical liquidity risk management dealing with the access to unsecured funding sources and the liquidity characteristics of our asset inventory (asset liquidity). Finally, the strategic perspective comprises the maturity profile of all assets and liabilities on our statement of financial position.

For monitoring and controlling liquidity risk, the Bank generates a scenario sensitive maturity statement of financial position, and run controlled mismatches that are monitored and discussed by ALCO members regularly. The Bank prepares various types of reports and analysis for assisting ALCO in taking necessary strategic actions for managing liquidity risk in the Bank.

Maturity of assets and liabilities

	2015									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	11,159,432	11,159,432	-	-	-	-	-	-	-	-
Balances with other banks	583,724	583,724	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,581,329	3,267,106	314,223	-	-	-	-	-	-	-
Investments	116,029,825	19,056,604	9,137,588	2,787,186	9,972,476	36,542,680	16,643,551	6,957,100	13,013,519	1,919,121
Advances	76,666,180	47,006,284	7,660,112	7,326,283	3,767,839	2,635,032	3,191,236	3,593,252	429,901	1,056,241
Operating fixed assets	4,573,671	41,490	320,064	120,666	230,189	410,282	317,253	430,135	430,812	2,272,780
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	5,881,502	2,445,262	-	8,283	317,231	1,734,445	560,800	191,175	624,306	-
	218,475,663	83,559,902	17,431,987	10,242,418	14,287,735	41,322,439	20,712,840	11,171,662	14,498,538	5,248,142
Liabilities										
Bills payable	1,609,425	1,609,425	-	-	-	-	-	-	-	-
Borrowings	54,638,318	49,413,266	1,918,431	3,291,300	3,214	5,970	6,137	-	-	-
Deposits and other accounts	141,840,487	89,634,955	21,765,050	20,205,170	9,539,648	55,410	5,800	634,454	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject	-	-	-	-	-	-	-	-	-	-
to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	1,695,393	-	-	-	-	-	1,695,393	-	-	-
Other liabilities	2,724,137	1,906,309	64,005	-	-	-	-	753,823	-	-
	202,507,760	142,563,955	23,747,486	23,496,470	9,542,862	61,380	1,707,330	1,388,277	-	-
Net assets	15,967,903	(59,004,053)	(6,315,499)	(13,254,052)	4,744,873	41,261,059	19,005,510	9,783,385	14,498,538	5,248,142
Share capital	10,724,643									
Discount on issue of shares	(2,105,401)									
Preference Share	1,500,000									
Statutory reserve	918,816									
Accumulated profits	2,529,092									
Surplus on revaluation of assets - net	2,400,753									
	15,967,903									

	2014									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	9,041,269	9,041,269	-	-	-	-	-	-	-	-
Balances with other banks	412,232	412,232	-	-	-	-	-	-	-	-
Lending to financial institutions	11,080,242	6,195,742	4,884,500	-	-	-	-	-	-	-
Investments	84,257,568	4,343,907	20,599,841	83,986	340,765	20,115,088	25,903,899	7,074,109	3,876,852	1,919,121
Advances	62,433,128	34,635,983	7,666,514	7,225,935	5,916,388	2,226,867	1,444,247	2,163,466	258,266	895,462
Operating fixed assets	3,766,850	33,907	150,456	100,471	197,861	363,131	292,641	360,917	299,422	1,968,044
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-
Other assets	5,725,528	5,353,295	62,699	66,584	223,823	19,127	-	-	-	-
	176,716,817	60,016,335	33,364,010	7,476,976	6,678,837	22,724,213	27,640,787	9,598,492	4,434,540	4,782,627
Liabilities										
Bills payable	1,380,020	1,380,020	-	-	-	-	-	-	-	-
Borrowings	50,537,973	41,942,046	6,438,467	2,157,460	-	-	-	-	-	-
Deposits and other accounts	108,739,960	72,268,005	9,239,130	19,918,303	7,197,358	78,919	5,620	32,625	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	444,781	-	-	-	-	-	444,781	-	-	-
Other liabilities	2,534,537	2,198,420	21,349	-	-	-	-	314,768	-	-
	163,637,271	117,788,491	15,698,946	22,075,763	7,197,358	78,919	450,401	347,393	-	-
Net assets	13,079,546	(57,772,156)	17,665,064	(14,598,787)	(518,521)	22,645,294	27,190,386	9,251,099	4,434,540	4,782,627
Share capital	10,724,643									
Discount on issue of shares	(2,105,401)									
Preference shares	1,500,000									
Statutory reserve	513,707									
Unappropriated profit	1,070,775									
Deficit on revaluation of assets - net	1,375,822									
	13,079,546									

Maturity of assets and liabilities - Based on working prepared by the Asset and Liability Committee (ALCO) of the Bank

	2015									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	---------- Rupees in '000 ----------									
Assets										
Cash and balances with treasury banks	11,159,432	11,159,432	-	-	-	-	-	-	-	-
Balances with other banks	583,724	583,724	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,581,329	3,267,106	314,223	-	-	-	-	-	-	-
Investments	116,029,825	19,056,604	9,137,588	2,787,186	9,972,476	36,542,680	16,643,551	6,957,100	13,013,519	1,919,121
Advances	76,666,180	11,738,117	16,614,630	20,666,265	17,335,010	2,497,523	2,742,393	3,586,100	429,901	1,056,241
Operating fixed assets	4,573,671	41,490	320,064	120,666	230,189	410,282	317,253	430,135	430,812	2,272,780
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	5,881,502	2,445,262	-	8,283	317,231	1,734,445	560,800	191,175	624,306	-
	218,475,663	48,291,735	26,386,505	23,582,400	27,854,906	41,184,930	20,263,997	11,164,510	14,498,538	5,248,142
Liabilities										
Bills payable	1,609,425	1,609,425	-	-	-	-	-	-	-	-
Borrowings	54,638,318	49,413,265	1,918,432	3,291,300	3,214	5,970	6,137	-	-	-
Deposits and other accounts	141,840,487	18,395,484	24,656,201	24,087,704	13,182,885	5,116,392	6,029,418	50,372,403	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	1,695,393	-	-	-	-	-	1,695,393	-	-	-
Other liabilities	2,724,137	1,906,309	64,005	-	-	-	-	753,823	-	-
	202,507,760	71,324,483	26,638,638	27,379,004	13,186,099	5,122,362	7,730,948	51,126,226	-	-
Net assets	15,967,903	(23,032,748)	(252,133)	(3,796,604)	14,668,807	36,062,568	12,533,049	(39,961,716)	14,498,538	5,248,142
Share capital	10,724,643									
Discount on issue of shares	(2,105,401)									
Preference Share	1,500,000									
Statutory reserve	918,816									
Accumulated profits	2,529,092									
Surplus on revaluation of assets - net	2,400,753									
	15,967,903									

"To identify the behavioural maturities of non-contractual assets and liabilities, the Bank has used the following methodology:

-For determining the core portion of non contractual liabilities (non-volatile portion), the bank has used the average method whereby average balance maintained over past five year has been classified as core and has been placed in 'over 3 to 5 years' maturity bucket. Non contractual assets & remaining volatile portion of non contractual liabilities have been stratified in relevant maturity bucket using bucket wise percentages determined by using average volatility in respective period/bucket."

	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years
Weighted average	3%	4%	5%	5%	7%	8%	68%

	2014									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
		Rupees in '000								
Assets										
Cash and balances with treasury banks	9,041,269	9,041,269	-	-	-	-	-	-	-	-
Balances with other banks	412,232	412,232	-	-	-	-	-	-	-	-
Lending to financial institutions	11,080,242	6,195,742	4,884,500	-	-	-	-	-	-	-
Investments	84,257,568	4,343,907	20,599,841	83,986	340,765	20,115,088	25,903,899	7,074,109	3,876,852	1,919,121
Advances	62,433,128	9,545,920	15,673,434	16,514,116	13,769,498	2,226,867	1,386,099	2,163,466	258,266	895,462
Operating fixed assets	3,766,850	33,907	150,456	100,471	197,861	363,131	292,641	360,917	299,422	1,968,044
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-
Other assets	5,725,528	5,353,295	62,699	66,584	223,823	19,127	-	-	-	-
	176,716,817	34,926,272	41,370,930	16,765,157	14,531,947	22,724,213	27,582,639	9,598,492	4,434,540	4,782,627
Liabilities										
Bills payable	1,380,020	1,380,020	-	-	-	-	-	-	-	-
Borrowings	50,537,973	41,942,046	6,438,467	2,157,460	-	-	-	-	-	-
Deposits and other accounts	108,739,960	16,859,087	12,015,864	22,980,500	9,507,812	3,507,564	6,987,567	5,619,952	31,261,614	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	444,781	-	-	-	-	-	444,781	-	-	-
Other liabilities	2,534,537	2,198,419	21,349	-	-	-	-	314,769	-	-
	163,637,271	62,379,572	18,475,680	25,137,960	9,507,812	3,507,564	7,432,348	5,934,721	31,261,614	-
Net assets	13,079,546	(27,453,300)	22,895,250	(8,372,803)	5,024,135	19,216,649	20,150,291	3,663,771	(26,827,074)	4,782,627
Share capital	10,724,643									
Discount on issue of shares	(2,105,401)									
Preference shares	1,500,000									
Statutory reserve	513,707									
Accumulated profits	1,070,775									
Deficit on revaluation of assets - net	1,375,822									
	13,079,546									

	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years
Weighted average	5%	5%	5%	4%	6%	12%	10%	53%

42.5 . Operational risk

"The Bank currently uses Basic Indicator Approach to Operational Risk for regulatory capital calculations. We define the operational risk as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. With the evolution of Operations Risk Management into a separate distinct discipline, the Bank's strategy is to further strengthen its risk management system along new industry standards. Accordingly the Bank has set up a separate Operational Risk Management (ORM) Unit. ORM Unit resides within Risk Management Group (RMG). Its responsibility is to implement Operational Risk management tools across the Bank for effective measurement and monitoring of operational risk faced by different areas of the Bank.

Bank's operational risk management process involves a structured and uniform approach across the Bank. It includes risk identification and assessments, the monitoring of Key Risk Indicators and Risk Control Self-Assessment activities for key operational risks. In order to build a robust Operational Risk Monitoring mechanism, an Operational Risk Management Committee (ORMC) has been constituted to effectively address Operational Risk issues.

The Bank has implemented a comprehensive "Operational Risk Management Framework" which has also been approved by the Board of Directors. The purpose of bank-wide Operational Risk Management Framework is aimed at laying out clearly defined roles and responsibilities of individuals/units across different functions of the bank that are involved in performing various Operational Risk Management tasks. Operational risk is much more pervasive in a financial institution and every operating unit is exposed to operational risk, regardless of whether it is a business or a support function. This Framework has been devised to explain the various building blocks of the Operational Risk Management processes, and their inter-relationships. The framework also captures both qualitative and quantitative guidelines for managing and quantifying operational risks across the bank.

The ORM Unit conducts Operational risk profiling for all major operational areas of the bank and assists various functions of the bank in developing Key Risk Indicators (KRIs) which are monitored against predefined thresholds. Findings from KRIs are used as predictive indicators of potential operational risks.

Operation Risk loss data collection is governed by Bank's TID Policy which has been developed and implemented to collate operational losses and near misses in a systematic and organized way.

The Bank's Business Continuity Policy (BCP) includes risk management strategies to mitigate inherent risk and prevent interruption of mission critical services caused by disaster event. The resilience of BCP is tested and rehearsed on an annual basis by the bank.

Recently, Information Security & IT Risk Management Unit has been brought under the umbrella of Credit & Risk Management Group. The major responsibilities of Information Security & IT Risk Management Unit are to identify, assess, monitor, evaluate and address significant Information and IT security related risks appropriately."

43. RECLASSIFICATION

Corresponding figures have been re-arranged and re-classified to reflect more appropriate presentation of events and transactions for the purpose of comparison, which are as follows:

Description	Rupees in (000)	Reclassified	
		From	To
Lendings to financial institutions	5,727,062	Lendings to financial institutions	Advances - net

44. GENERAL

44.1 These accounts have been prepared in accordance with the revised forms of annual financial statements of the banks issued by the State Bank of Pakistan through its BSD Circular No. 04 dated February 17, 2006.

44.2 The figures in the unconsolidated financial statements have been rounded off to the nearest thousand.

45. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors have proposed cash preference dividend of 12% (December 31, 2014 : 12%) amounting to 180 million (December 31, 2014: 155.836 million) and in their meeting held on ____________________. This appropriation will be approved in the forthcoming Annual General Meeting.

46. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on ______________ .

Chairman	President and Chief Executive Officer	Director	Director

Consolidated Financial Statements

Directors' Report
On Consolidated Financial Statement

For the year ended December 31, 2015

On behalf of the Board of Directors I am pleased to present the consolidated annual report of JS Bank Limited (holding company), JS Global Capital Limited and JS Investments Limited (subsidiary companies).

Consolidated financial highlights

			2015	2014
			(PKR Million)	
Profit before taxation			3,767.9	2,589.0
Taxation			(1,302.6)	(690.7)
Profit after taxation			2,465.3	1,898.3
Profit attributable to non-controlling interest			(213.1)	(452.4)
Profit attributable to equity holders of the Bank			2,252.3	1,445.8
Earnings per share	- Basic	(Rupees)	1.95	1.35
	- Diluted	(Rupees)	1.74	1.14
Investments – net			116,885.0	85,761.5
Total assets			220,806.7	179,381.1
Deposits			140,355.2	107,429.8
Shareholders' equity			16,056.5	14,153.4

Pattern of Shareholding

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

Subsidiary Companies

JS Global Capital Limited

JS Global Capital Limited is one of the largest securities brokerage and investment banking firms in Pakistan with a leadership position in the domestic capital markets. It is in the business of equity, fixed income, currencies and commodities brokerage and investment banking. It was incorporated in Pakistan in the year 2000 under the Companies Ordinance, 1984 and is the successor to the securities business of Jahangir Siddiqui & Co. Ltd. and Bear Stearns Jahangir Siddiqui Limited. JS Bank has 51% ownership in the company.

JS Global has a paid up capital of PKR 500 million and shareholder equity of PKR 2,885.3 million as at December 31, 2015. It is listed on the Pakistan Stock Exchange.

The Pakistan Credit Rating Agency (PACRA) has assigned long-term and short-term entity ratings to JS Global of "AA" (Double A) and "A1+" (A One plus), respectively. The ratings denote a very low expectation of credit risk emanating from very strong capacity for timely payment of financial commitments.

Summarized results of the company are set out below:

PKR Million

Particulars	December 31,2015 (Audited)	December 31,2014 (Audited)
Profit Before Tax	376	410
Profit After Tax	251	283
EPS (Rupees)	5.03	5.65

JS Investments Limited

JS Investments has a paid up capital of PKR 801.7 million and shareholder equity of PKR 2,107.6 million as on December 31, 2015. It is listed on the Pakistan Stock Exchange. JS Bank has 65.2% ownership in the company. The Bank acquired effective controlling interest in JSIL on November 01, 2012 and December 22, 2015 of 52.2% and 12.9% respectively. The ownership interest has increased by 12.9%, without changing in the cost of investment, due to the fact that JSIL has bought back its 19,828,182 ordinary shares out of its 100 million ordinary shares during the year.

The Company has a Management Quality Rating of "AM2 -, with stable outlook" assigned by JCR-VIS and Credit Rating of "A+/A1" (Long/Short - term) assigned by PACRA.

The Company has the license of an Investment Adviser and Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Company is also a licensed Pension Fund Manager under the Voluntary Pension System Rules, 2005, to manage voluntary pension schemes.

Summarized results of the Company are set out below:

PKR Million

Particulars	December 31,2015 (Audited)	December 31,2014 (Audited)
Profit Before Tax	199	661
Profit After Tax	174	650
EPS (Rupees)	1.75	6.49

For and on behalf of the Board,

Jahangir Siddiqui
Chairman

February 20, 2016

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahra-e-Faisal,
Karachi-75350
Pakistan

Tel: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21 3454 1314

www.deloitte.com

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of JS Bank Limited (the Bank) and its subsidiary companies (together, the Group) as at December 31, 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. These financial statements include unaudited certified returns from the branches except for 6 branches which have been audited by us. We have also expressed separate opinions on the financial statements of the Bank and its subsidiary companies namely JS Global Capital Limited, JS Investments Limited and JS ABAMCO Commodities Limited. These financial statements are responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil
Date: February 20, 2016
Place: Karachi

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2015

2015	2014		Note	2015	2014
US dollars in '000				Rupees in '000	
		ASSETS			
106,550	86,323	Cash and balances with treasury banks	8	11,160,169	9,041,590
6,009	4,141	Balances with other banks	9	629,407	433,697
34,192	105,787	Lendings to financial institutions	10	3,581,329	11,080,242
1,115,943	818,796	Investments - net	11	116,884,984	85,761,502
732,081	596,164	Advances - net	12	76,678,864	62,442,853
45,170	37,357	Operating fixed assets	13	4,731,135	3,912,851
-	-	Deferred tax assets - net		-	-
68,176	64,048	Other assets	14	7,140,798	6,708,376
2,108,121	1,712,616			220,806,686	179,381,111
		LIABILITIES			
15,366	13,176	Bills payable	15	1,609,425	1,380,020
521,652	482,504	Borrowings	16	54,638,318	50,537,973
1,340,021	1,025,671	Deposits and other accounts	17	140,355,175	107,429,838
-	-	Sub-ordinated loans		-	-
-	-	Liabilities against assets subject to finance lease		-	-
15,001	2,905	Deferred tax liabilities - net	18	1,571,252	304,257
34,603	33,725	Other liabilities	19	3,624,371	3,532,454
1,926,643	1,557,981			201,798,541	163,184,542
181,478	154,635	**NET ASSETS**		19,008,145	16,196,569
		REPRESENTED BY			
102,392	102,392	Share capital	20	10,724,643	10,724,643
(20,101)	(20,101)	Discount on issue of shares		(2,105,401)	(2,105,401)
14,321	14,321	Preference shares	21	1,500,000	1,500,000
8,772	4,905	Reserves		918,815	513,706
29,274	13,223	Unappropriated profit		3,066,149	1,384,998
134,658	114,740			14,104,206	12,017,946
18,639	20,388	Non-controlling interest		1,952,266	2,135,442
153,297	135,128			16,056,472	14,153,388
28,181	19,507	Surplus on revaluation of assets - net of tax	22	2,951,673	2,043,181
181,478	154,635			19,008,145	16,196,569
		Contingencies and Commitments	23		

The annexed notes from 1 to 47 and annexure I and II form an integral part of these consolidated financial statements.

Chairman	President and Chief Executive Officer	Director	Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2015

2015	2014		Note	2015	2014
US dollars in '000				Rupees in '000	
147,645	107,443	Mark-up / return / interest earned	24	15,464,522	11,253,707
92,426	68,595	Mark-up / return / interest expensed	25	9,680,803	7,184,674
55,219	38,848	Net mark-up / interest income		5,783,719	4,069,033
(6,445)	(6,279)	Provision against non-performing loans and advances - net	12.4	(675,092)	(657,634)
(411)	2,263	(Provision) / reversal of diminution in value of investments - net	11.3	(43,061)	236,985
-	-	Bad debts written off directly		-	-
(6,856)	(4,016)			(718,153)	(420,649)
48,363	34,832	Net mark-up / interest income after provisions		5,065,566	3,648,384
		NON MARK-UP / INTEREST INCOME			
17,041	13,839	Fee, commission and brokerage income	26	1,784,854	1,449,560
1,721	641	Dividend income		180,209	67,148
2,747	2,595	Income from dealing in foreign currencies		287,742	271,765
19,047	14,813	Gain on sale of securities - net	27	1,995,047	1,551,557
-	-	Unrealised gain on revaluation of investments			
129	3,367	classified as held-for-trading - net	11.4	13,511	352,667
345	(1,105)	Other income / (loss) - net	28	36,118	(115,770)
41,030	34,150	Total non mark-up / interest income		4,297,481	3,576,927
89,393	68,982			9,363,047	7,225,311
		NON MARK-UP / INTEREST EXPENSES			
52,679	43,266	Administrative expenses	29	5,517,631	4,531,755
3	230	Other provisions / write offs	30	363	24,074
736	769	Other charges	31	77,111	80,497
53,418	44,265	Total non-mark-up / interest expenses		5,595,105	4,636,326
35,975	24,717			3,767,942	2,588,985
-	-	Extra ordinary / unusual items		-	-
35,975	24,717	PROFIT BEFORE TAXATION		3,767,942	2,588,985
		Taxation			
(5,745)	(2,371)	- Current		(601,716)	(248,366)
86	498	- Prior years		8,982	52,166
(6,778)	(4,721)	- Deferred	18.1	(709,884)	(494,518)
(12,437)	(6,594)		32	(1,302,618)	(690,718)
23,538	18,123	PROFIT AFTER TAXATION		2,465,324	1,898,267
		Attributable to:			
21,504	13,804	Equity holders of the Bank		2,252,256	1,445,843
2,034	4,319	Non-controlling interest		213,068	452,424
23,538	18,123			2,465,324	1,898,267
US Dollar				Rupees	
0.02	0.01	Basic earnings per share	33	1.95	1.35
0.02	0.01	Diluted earnings per share	33	1.74	1.14

The annexed notes from 1 to 47 and annexure I and II form an integral part of these consolidated financial statements.

Chairman	President and Chief Executive Officer	Director	Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2015

2015	2014		Note	2015	2014
US dollars in '000				Rupees in '000	
23,537	18,123	Profit after tax for the year		2,465,324	1,898,267
		Other comprehensive income			
		Items that will not be reclassified to profit and loss account			
(92)	68	Actuarial (loss) / gain on defined benefit plan	36	(9,670)	7,148
32	(24)	Related tax		3,385	(2,502)
(60)	44			(6,285)	4,646
23,477	18,167	Comprehensive income transferred to equity		2,459,039	1,902,913
		Component of comprehensive income not reflected in equity			
		Items that are or may be reclassified subsequently to profit and loss account			
13,993	25,040	Net change in fair value of available-for-sale securities		1,465,603	2,622,686
(5,319)	(8,213)	Related deferred tax		(557,111)	(860,196)
8,674	16,827			908,492	1,762,490
32,151	34,994	Total comprehensive income for the year		3,367,531	3,665,403
		Attributable to:			
31,307	29,839	Equity holders of the Bank		3,279,143	3,125,413
844	5,155	Non-controlling interest		88,388	539,990
32,151	34,994			3,367,531	3,665,403

The annexed notes from 1 to 47 and annexure I and II form an integral part of these consolidated financial statements.

Chairman	President and Chief Executive Officer	Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2015

	Attributable to shareholders of the Bank							
	Share capital	Discount on issue of shares	Preference shares	Statutory reserve	Unappropri-ated (loss) / profit	Sub-total	Non-con-trolling interest	Total
	Rupees in '000							
Balance as at January 01, 2014	10,724,643	(2,105,401)	-	301,698	239,766	9,160,706	1,866,171	11,026,877
Total comprehensive income for the year ended December 31, 2014								
Profit after taxation	-	-	-	-	1,445,843	1,445,843	452,424	1,898,267
Other comprehensive income	-	-	-	-	4,646	4,646	-	4,646
	-	-	-	-	1,450,489	1,450,489	452,424	1,902,913
Transaction with owners recorded directly in equity								
Pre-acquisition surplus (net) on available-for-sale investments realised during the year	-	-	-	-	(93,249)	(93,249)	(85,253)	(178,502)
Interim dividend for year 2014 @ Rs. 4 per ordinary share paid to non-controlling interest	-	-	-	-	-	-	(97,900)	(97,900)
Issuance of preference shares during the period (note 1.2 & 21)	-	-	1,500,000	-	-	1,500,000	-	1,500,000
Transfers								
Transfer to statutory reserve	-	-	-	212,008	(212,008)	-	-	-
Balance as at December 31, 2014	10,724,643	(2,105,401)	1,500,000	513,706	1,384,998	12,017,946	2,135,442	14,153,388
Total comprehensive income for the year ended December 31, 2015								
Profit after taxation	-	-	-	-	2,252,256	2,252,256	213,068	2,465,324
Other comprehensive income	-	-	-	-	(6,285)	(6,285)	-	(6,285)
	-	-	-	-	2,245,971	2,245,971	213,068	2,459,039
Transaction with owners recorded directly in equity								
Buy-back of shares by subsidiary	-	-	-	-	-	-	(385,603)	(385,603)
Surplus arised on buy back of shares by subsidiary	-	-	-	-	18,699	18,699	9,997	28,696
Pre-acquisition surplus (net) on available-for-sale investments realised during the year	-	-	-	-	(22,574)	(22,574)	(20,638)	(43,212)
Preference dividend for the year ended December 31, 2014	-	-	-	-	(155,836)	(155,836)	-	(155,836)
Transfers								
Transfer to statutory reserve	-	-	-	405,109	(405,109)	-	-	-
Balance as at December 31, 2015	10,724,643	(2,105,401)	1,500,000	918,815	3,066,149	14,104,206	1,952,266	16,056,472

The annexed notes from 1 to 47 and annexure I and II form an integral part of these consolidated financial statements.

Chairman	President and Chief Executive Officer	Director	Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2015

2015	2014		Note	2015	2014
US dollars in '000				Rupees in '000	
		CASH FLOWS FROM OPERATING ACTIVITIES			
35,975	24,717	Profit before taxation		3,767,942	2,588,985
(1,721)	(641)	Less: Dividend income		(180,209)	(67,148)
34,254	24,076			3,587,733	2,521,837
		Adjustments:			
4,310	3,425	Depreciation	13.2	451,400	358,733
445	339	Amortisation of intangible assets	13.3	46,618	35,481
519	272	Charge for defined benefit plan	36.5	54,335	28,497
6,445	6,279	Provision against non-performing advances - net	12.4	675,092	657,634
-	-	Unrealised gain on revaluation of investments			
(129)	(3,367)	classified as held-for-trading		(13,511)	(352,667)
411	(2,263)	Provision / (reversal) of diminution in value of investments - net	11.3	43,061	(236,985)
3	230	Other provisions / write offs	30	363	24,074
719	517	Provision for Workers' Welfare Fund	31	75,286	54,100
353	1,604	Unrealised loss on revaluation of derivative instruments	28	36,945	167,917
(355)	(245)	Gain on sale of operating fixed assets	28	(37,158)	(25,681)
12,721	6,791			1,332,431	711,103
46,975	30,867			4,920,164	3,232,940
		Decrease / increase) in operating assets			
71,595	45,622	Lendings to financial institutions		7,498,913	4,778,495
13,243	(2,176)	Held-for-trading securities		1,387,066	(227,881)
(142,362)	(225,360)	Advances		(14,911,103)	(23,604,417)
24	(38,976)	Other assets (excluding advance taxation)		2,464	(4,082,425)
(57,500)	(220,890)			(6,022,660)	(23,136,228)
		Increase / (decrease) in operating liabilities			
2,190	(332)	Bills payable		229,405	(34,773)
38,656	290,126	Borrowings		4,048,892	30,388,038
314,350	261,355	Deposits		32,925,337	27,374,562
(601)	13,672	Other liabilities		(62,970)	1,432,069
354,595	564,821			37,140,664	59,159,896
297,095	343,931			31,118,004	36,023,668
(204)	(12)	Payment to defined benefit plan	36.5	(21,349)	(1,289)
(9,694)	(2,587)	Income tax paid		(1,015,339)	(271,006)
334,172	372,199	**Net cash flows from operating activities**		35,001,480	38,984,313
		CASH FLOW FROM INVESTING ACTIVITIES			
(297,092)	(368,954)	Net investment in available-for-sale securities		(31,117,707)	(38,644,592)
1,632	641	Dividend income received		170,950	67,148
(12,903)	(6,568)	Investments in operating fixed assets		(1,351,458)	(687,984)
690	363	Proceeds from sale of operating fixed assets		72,314	38,017
(307,673)	(374,518)	**Net cash used in investing activities**		(32,225,901)	(39,227,411)
		CASH FLOW FROM FINANCING ACTIVITIES			
(3,408)	-	Cash paid on share bought back		(356,907)	-
(1,488)	-	Dividend paid on preference shares		(155,836)	-
-	14,321	Issuance of preference shares		-	1,500,000
-	(935)	Dividend paid to non-controlling interest		-	(97,900)
(4,896)	13,386	**Net cash flows (used in) / from financing activities**		(512,743)	1,402,100
21,603	11,067	**Increase in cash and cash equivalents**		2,262,836	1,159,002
90,433	79,368	Cash and cash equivalents at beginning of the year		9,472,055	8,313,053
112,036	90,435	**Cash and cash equivalents at end of the year**	34	11,734,891	9,472,055

The annexed notes from 1 to 47 and annexure I and II form an integral part of these consolidated financial statements.

Chairman	President and Chief Executive Officer	Director	Director

1. STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

1.1.1 Holding Company

JS Bank Limited ('the Bank' / 'JSBL'), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank's ordinary shares are listed on Pakistan Stock Exchange (PSX), formerly Karachi Stock Exchange in Pakistan. The Bank is a subsidiary of Jahangir Siddiqui & Co. Ltd. (JSCL). The registered office of the Bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi. The Bank operates with 277 (December 31, 2014: 238) branches / sub-branches in Pakistan. The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the short-term entity ratings of the Bank from "A1" (A One) to "A1+" (A One Plus), while maintained the long-term entity rating "A+" (Single A Plus) with stable outlook.

Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by Jahangir Siddiqui & Co. Ltd., JSCL, on February 01, 1999) and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited (AEBL) Pakistan Operations. Consequently, a new banking company, JS Bank Limited (JSBL) was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006 between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL in their respective extra ordinary general meetings held on July 31, 2006 approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

The ultimate parent of the Group is Jahangir Siddiqui & Co. Ltd. which holds 70.42% shares of the Bank.

1.1.2 Composition of the group

The group has three subsidiaries having composition as follows:

	Ownership interest and voting power held by			
	The Group	NCI	The Group	NCI
	2015		2014	
Name of Subsidiary				
JS Global Capital Limited	51.05%	48.95%	51.05%	48.95%
JS Investment Limited	65.16%	34.84%	52.24%	47.76%
JS ABAMCO Commodities Limited	65.16%	34.84%	52.24%	47.76%

Change in Group's ownership interest in the subsidiary

During the year, JSIL bought back its 19,828,182 ordinary shares out of its 100 million ordinary shares, resultantly percentage holding is increased from 52.24% to 65.16% without changing in the cost of investment.

1.1.3 Subsidiary Companies

JS Global Capital Limited (JSGCL)

JS Global Capital Limited, JSGCL, is principally owned by the Bank, holding 51.05% of its equity interest. The Bank acquired effective controlling interest in JSGCL on December 21, 2011. JSGCL is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984. The shares of the JSGCL are listed on Pakistan Stock Exchange (PSX), formerly Karachi and Islamabad stock exchanges. Further, the JSGCL is a corporate member of PSX and member of Pakistan Mercantile Exchange. The principal business of the JSGCL is to carry out share brokerage, money market, forex and commodity brokerage, advisory and consultancy services. Other activities include investment in a mix of listed and unlisted equity and debt securities and reverse repurchase transactions. The registered office of the JSGCL is situated at 6th floor, Faysal House, Shahra-e-Faisal, Karachi, Pakistan.

JS Investments Limited (JSIL)

JS Investments Limited, JSIL, is principally owned by the Bank, holding 65.16% of its equity interest. The Bank acquired effective controlling interest in JSIL on November 01, 2012 and December 22, 2015 of 52.24% and 12.92% respectively. The ownership interest has increased by 12.92%, without changing in the cost of investment, due to the fact that JSIL has bought back its 19,828,182 ordinary shares out of its 100 million ordinary shares during the year. JSIL is a public listed company incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. The shares of the JSIL are listed on the Pakistan Stock Exchange (PSX), formerly Karachi Stock Exchange since April 24, 2007. The registered office of the JSIL is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi.

The JSIL has obtained the license of an "Investment Advisor" and "Asset Management Company" (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Company has also obtained registration to act as Pension Fund Manager under the Voluntary Pension System Rules, 2005.

- At year end, JSIL is an asset management company of the following funds:

Open end funds:

- JS Growth Fund
- JS Value Fund
- JS Large Cap Fund
- JS Islamic Fund
- Unit Trust of Pakistan
- JS Fund of Funds
- JS Islamic Government Securities
- JS Cash Fund
- JS Income Fund

At year end, JSIL is a pension fund manager of the following funds:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

These funds have been treated as related parties in these consolidated financial statements.

JS ABAMCO Commodities Limited

JS Bank owns JS ABAMCO Commodities Limited, JSACL, indirectly through its subsidiary JS Investment Limited (JSIL) which has 100% holding in JSACL. JSACL was incorporated on September 25, 2007 as a public unlisted company under the Companies Ordinance, 1984 and is a wholly owned subsidiary company of JSIL (a subsidiary of Holding Company). The principal activities of JSACL are to deal and effectuate commodity contracts; to become member of commodity exchange including National Commodity Exchange Limited (NCEL) and to carry on the business as brokers, advisory and consultancy services, dealers and representative of all kinds of commodity contracts and commodity backed securities. The registered office of the Company is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The Company has not commenced its commercial operations up to the balance sheet date.

1.2 Compliance with Minimum Capital Requirement

During last year on February 19, 2014, the Bank issued 150 million un-listed, convertible, irredeemable, perpetual, non-cumulative, non-voting preference shares of Rs. 10 each which qualify for Tier I Capital under Basel III requirement. As a result of that transaction, the paid up capital of the Bank has increased by Rs. 1.5 billion and the Bank is in compliance with minimum capital requirement prescribed by the State Bank of Pakistan through its BSD Circular no. 7 dated April 15, 2009.

2. BASIS OF CONSOLIDATION

- The consolidated financial statements include the financial statements of the Bank (holding company) and its subsidiary companies together - "the Group".
- Subsidiary companies are fully consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control the company is established and excluded from consolidation from the date of disposal or when the control is lost.
- The financial statements of the subsidiary companies are prepared for the same reporting year as the holding company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Non-controlling interest in equity of the subsidiary companies is measured at proportionate share of net assets of the acquiree as of the acquisition date.
- Material intra-group balances and transactions have been eliminated.

3. BASIS OF PRESENTATION

3.1 In accordance with the directives of the Federal Government regarding the shifting 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 Bank from their customers and immediate resale to them at an appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

3.2 The US Dollar amounts shown on the statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement are stated as additional information solely for the convenience of readers. For the purpose of conversion to US Dollars, the rate of Rs.104.741 to 1 US Dollar has been used for 2014 and 2015 as it was the prevalent rate as on December 31, 2015.

4. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except that certain assets are stated at revalued amounts / fair value as disclosed in their respective notes.

5. STATEMENT OF COMPLIANCE

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

5.2 The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking companies till further instructions. Further, according to the notification of the Securities and Exchange Commission of Pakistan (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. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

5.3 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's requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these financial statements is based on the requirements laid down by the SBP.

5.4 IFRS10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed that the requirements of consolidation under section 237 of the Companies Ordinance 1984 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure, through S.R.O 56(I) /2016 dated January 28, 2016. Accordingly, these requirements have not been considered in the preparation of these consolidated financial statements.

5.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2015

The following standards, amendments and interpretations are effective for the year ended December 31, 2015. These standards, interpretations and the amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures.

Standards/Amendments/Interpretations

- IFRS 10 – Consolidated Financial Statements

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the 'control' assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

- IFRS 11 – Joint Arrangements

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties' rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

- IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity's interest in other entities and the effects of those interests on its financial statements.

- IFRS 13 – Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed.

at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied.

- **Amendments to IAS 19 Employee Benefits: Employee contributions**

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contribution as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. Retrospective application is required.

- **IAS 27 (Revised 2011) – Separate Financial Statements**

The revised Standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised Standard are carried forward unchanged from the previous Standard. Subsequently, IASB issued amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application allowed.

- **IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures**

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

5.5.1 Certain annual improvements have also been made to a number of IFRSs.

5.6 Standards, interpretations and amendments to the published approved accounting standards 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. These standards, interpretations and the amendments are either not relevant to the Banks's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 1 - Disclosure initiative	**Effective from on or after January 01, 2016**

The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of some of the requirements in IAS 1 had in some cases been read to prevent the use of judgment. Certain key highlights in the amendments are as follows:

- An entity should not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

- An entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material.

- In the other comprehensive income, section of a statement of profit or loss and other comprehensive income, the amendments require separate disclosures for the following terms:

- the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will not be reclassified subsequently to profit or loss; and
- the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified subsequently to profit or loss.

The amendments to IAS 1 are effective for annual periods beginning on or after January 01, 2016 with earlier application permitted.

Amendments to IFRS 11 - Accounting for acquisitions of interests in joint operations

Effective from on or after January 01, 2016

The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which activities constitute a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 Income Taxes regarding recognition of deferred taxes at the time of acquisition and IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

An entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material.

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization

Effective from on or after January 01, 2016

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) When the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction (for example, a contract may allow the extraction of gold mine until the total cumulative revenue from the sale of goods reaches CU 2 billion) and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortization is to be determined, the revenue that is to be generated might be an appropriate basis for amortizing the intangible asset; or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible assets are highly correlated.

The amendments apply prospectively for annual periods beginning on or after January 01, 2016 with earlier application permitted.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	**Effective from on or after January 01, 2016**

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.

On the initial application of the amendments, entities are permitted to use the fair value of the items of bearer plants as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognized in opening retained earnings at the beginning of the earliest period presented.

The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

Amendments to IAS 27 - Equity method in separate financial statements	**Effective from on or after January 01, 2016**

The amendments focus on separate financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- at cost
- in accordance with IFRS 9 (or IAS 39 for entities that have not yet adopted IFRS 9); or
- Using the method as described in IAS 28 Investments in Associates and Joint ventures.

The same accounting must be applied to each category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it should account for the change from the date when the change in status occurs.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with earlier application permitted.

Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture	**Effective from on or after January 01, 2016**

The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. IAS 28 and IFRS 10 are amended, as follows:

IAS 28 has been amended to reflect the following:

- Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognised to the extent of unrelated investors' interests in the associate or joint venture.

- Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investor's financial statements.

IFRS 10 has been amended to reflect the following:

Gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or join venture. similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associated or joint venture.
The amendments apply prospectively to transactions occurring in annual periods beginning on or after January 01, 2016 with earlier application permitted.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the consolidation exception — **Effective from on or after January 01, 2016**

The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.

The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries.

Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities.

The amendments apply retrospectively for annual periods beginning on or after January 01, 2016 with earlier application permitted.

5.6.1 Certain annual improvements have also been made to a number of IFRSs.

5.6.2 Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases

6. CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINITY

The preparation of consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions in accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

i) Classification of investments

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

- 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'.

ii) Provision against non performing loans and advances

The Bank reviews its loan portfolio to assess amount of non-performing loans and advances and provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers, the value of securities and the requirement of the Prudential Regulations are considered.

iii) Impairment of 'available-for-sale' equity investments

The Group determines that available-for-sale equity investments 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 making this judgment, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

iv) Income taxes

In making the 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. In making the provision for deferred taxes, estimates of the Group's future taxable profits are taken into account.

v) Fair value of derivatives

The fair value of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest rates in effect at the balance sheet date and the contracted rates.

vi) Depreciation and amortisation of operating fixed assets

In making estimates of the depreciation / amortisation method, the management uses a 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 underlying assets, the method is changed to reflect the change in pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

vii) Impairment of Goodwill

Impairment testing involves a number of judgmental areas which are subject to inherent significant uncertainty, including the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting and the assessment of the discount rate appropriate to the business. The carrying amount of goodwill at the balance sheet date was Rs. 1,463.624 million. The details assumptions underlying impairment testing of goodwill are given in note 13.3.3 to these consolidated financial statements.

viii) Defined benefits plans and other benefits

Liability is determined on the basis of actuarial advice using the Projected Unit Credit Method.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1 Basis of Consolidation

Subsidiary

Subsidiary is an entity controlled by the Group. Control exists when the Group has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases.

Acquisition of business not under common control

Acquisitions of businesses not under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the bank, liabilities incurred by the bank to the former owners of the acquiree and the equity interests issued by the bank in exchange for control of the acquiree. Acquisition-related costs are recognised in profit and loss account as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill on acquisition after July 01, 2009 is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill acquired in a business combination before July 1, 2009 is initially measured at cost, being the excess of the cost of business combination over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation is measured at proportionate share of net assets of the acquiree at the date of the acquisition.

Acquisition of business under common control

Acquisition of business under common control are accounted for under 'pooling of interest method'. The assets and liabilities of the combining businesses for the period in which the combination occurs are merged on the date of combination at their respective book values. Appropriate adjustments are made to the book values to reflect application consistent accounting policies in the combining businesses. Any difference between the amount of net assets merged and consideration transferred in form of cash or other assets are adjusted against equity.

Expenditure incurred in relation to the business combination are recognized as expenses in the period in which they are incurred.

7.2 Cash and cash equivalents

Cash and cash equivalents represent cash and balances with treasury banks, balances with other banks net of any overdrawn nostro accounts.

7.3 Lendings to / borrowings from financial institutions

The Group enters into transactions of lendings to / borrowings from financial institutions at contracted rates for a specified period of time. These are recorded as under:

(a) Sale under repurchase obligation

Securities sold subject to a re-purchase agreement (repo) are retained in the consolidated financial statements as investments and the counter party liability is included in borrowings. The difference in sale and re-purchase value is accrued over the period of the contract and recorded as an expense using effective interest rate method.

(b) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of provision. Mark-up on such lendings is charged to profit and loss account on a time proportionate basis using effective interest rate method except mark-up on impaired / delinquent lendings, which are recognized on receipt basis.

(c) Purchase under resale obligation

Securities purchased under agreement to resell (reverse repo) are not included in consolidated statement of financial position as the Group does not obtain control over the securities. Amount paid under these agreements is included in lendings to financial institutions or advances as appropriate. The difference between the contracted price and resale price is amortised over the period of the contract and recorded as income using effective interest method.

(d) Other borrowings

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at the proceeds received. Mark-up paid on such borrowings is charged to the profit and loss account over the period of borrowings on time proportionate basis using effective interest method.

7.4 Trade date accounting

All 'regular way' purchases and sales of financial assets are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Group. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

7.5 Investments

The management determines the appropriate classification of its investments at the time of purchase and classifies these investments as held-for-trading, available-for-sale or held-to-maturity. These are initially recognised at cost, being the fair value of the consideration given plus, in the case of investments not held-for-trading, directly attributable acquisition costs.

(a) Held-for-trading

These are securities which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, dealer's margin or are securities in a portfolio in which a pattern of short-term profit taking exists. These securities are carried at fair value.

(b) Held-to-maturity

These are securities with fixed or determinable payments and fixed maturities that are held with the intention and ability to hold to maturity. Investments classified as held-to-maturity are carried at amortised cost.

(c) Available-for-sale

These are securities, other than those in associate and subsidiary, which do not fall under the held for trading or held to maturity categories. These are initially recognised at cost, being the fair value of the consideration given including the acquisition cost.

Associates – Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for under the equity method of accounting. However, in case where associates are considered as fully impaired and financial statements are not available these investments are stated at cost less provision.

Under the equity method, the Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated profit and loss account, its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

In accordance with the requirements of the SBP, quoted securities, other than those classified as held to maturity, are carried at market value. Investments classified as held to maturity are carried at amortised cost (less impairment, if any).

Further, in accordance with the requirements of the SBP, gain or loss on revaluation of the Group's held-for-trading investments is taken to the consolidated profit and loss account. The surplus or deficit on investments classified as available-for-sale is kept in a separate account shown in the consolidated statement of financial position below equity. The surplus or deficit arising on these securities is taken to the consolidated profit and loss account when actually realised upon disposal or when investment is considered to be impaired. The unrealised surplus or deficit arising on revaluation of quoted securities which are classified as 'held-for-trading' is taken to the consolidated profit and loss account.

Premium or discount on acquisition of investments is capitalised and amortised through the consolidated profit and loss account using effective yield over the remaining period till maturities.

Provision for diminution in the value of securities (except for term finance certificates) is made after considering impairment, if any, in their value. Provision for diminution in value of term finance certificates is made in accordance with the requirements of the Prudential Regulations issued by the SBP.

7.6 Financial instruments

7.6.1 Financial assets and financial liabilities

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

7.6.2 Derivative financial instruments

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

7.7 Off-setting of financial assets and financial liabilities

Financial assets and liabilities are set off and the net amount is reported in the consolidated financial statements when there exists a legally enforceable right to set off and the Group intends either to settle the assets and liabilities on a net basis or to realise the assets and to settle the liabilities simultaneously. Income and expenses arising from such assets and liabilities are accordingly offset.

7.8 Advances (including net investment in finance lease)

Loan and advances

Advances are stated net of general and specific provision. General and specific provisions against funded loans are determined in accordance with the requirements of the Prudential Regulations issued by the SBP and charged to the profit and loss account. Advances are written off when there are no realistic prospects of recovery.

Leases, where the Group transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognised at an amount equal to the present value of the lease payment including any guaranteed residual value, if any.

7.9 Operating fixed assets and depreciation

Property and equipment

Owned assets are stated at cost less accumulated depreciation and impairment, if any, except land, which is stated at cost.

Depreciation is calculated and charged to consolidated profit and loss account using the straight-line method so as to write down the cost of the assets to their residual values over their estimated useful lives at the rates given in note 13. A full month's depreciation is charged from the month in which assets are brought into use and no depreciation is charged for the month in which the disposal is made. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each balance sheet date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated profit and loss account during the period in which they are incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in the consolidated profit and loss account in the year the asset is derecognised.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Intangible assets are amortised from the month when the assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortisation method are reviewed and adjusted, if appropriate, at each balance sheet date.

Intangible assets having an indefinite useful life are carried at cost less any impairment in value and are not amortised. Intangible assets having an indefinite useful life are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Capital work-in-process

Capital work-in-process is stated at cost less impairment losses, if any. These are transferred to specified assets as and when assets are available for use.

7.10 Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of net selling price (being fair value less cost to sell) and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. Impairment losses are recognised as an expense in consolidated profit and loss account immediately.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognized as income.

7.11 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income. For income covered under final tax regime, taxation is based on applicable tax rate under such regime. The charge for current tax also includes adjustments, where considered necessary, relating to prior years arising from assessments made during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the consolidated financial statements. Deferred tax liability is recognized on taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the consolidated profit and loss account.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus / (deficit) arising on revaluation in accordance with the requirements of IAS-12 "Income Taxes".

7.12 Provisions

Provisions are recognised when the Group has a 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 the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists for the Group to settle the obligation. The loss is charged to consolidated profit and loss account net of expected recovery.

7.13 Staff retirement benefits

Defined contribution plan - the Group

The Group has established a provident fund scheme for all its eligible empyees in accordance with the trust deed and rules made there under. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate defined below of basic salary. Contribution by the Group is charged to profit and loss account.

- The Bank (Holding Company)	7.1%
- JS Global Capital Limited (Subsidiary)	10%
- JS Investment Limited (Subsidiary)	8%

Defined benefit plan as revised (Holding Company)

The Bank operates an approved funded gratuity scheme covering all its eligible employees who have completed minimum qualifying period. An actuarial valuation of defined benefit scheme is conducted at the end of every year or on occurrence of any significant change. The most recent valuation in this regard was carried out as at December 31, 2015, using the projected unit credit actuarial valuation method. Under this method cost of providing for gratuity is charged to profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Past-service costs are recognised immediately in profit and loss account and actuarial gains and losses are recognised immediately in other comprehensive income.

7.14 Revenue recognition

Revenue is recognized to the extent that economic benefits will flow to the Group and the revenue can be reliably measured. These are recognized as follows;

- Mark-up / return / interest income on loans and advances, investments and continuous funding system transactions is recognised on accrual basis using effective interest method. Mark-up / return / interest income on non-performing loans and advances and investments is recognised on receipt basis.

- 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 period so as to produce a constant periodic rate of return on the outstanding net investment in lease.

  Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

- Commission is generally recognised as income at the time of affecting the transaction to which it relates, except on guarantees on which the commission is recognised as income over the period of the guarantee. Fees are recognised when earned.

- Dividend income is recognised when the right to receive the dividend is established.

- Remuneration for management services and asset investment advisory services are recognized when services are rendered.

- Commission income from open end funds is recognised at the time of sale of units.

- Commission income and share of profit from management of discretionary client portfolios is recognised when services are rendered.

- Brokerage, consultancy and advisory fee, commission on foreign exchange dealings and government securities etc. are recognised as and when such services are provided.

- Gains and losses arising on revaluation of derivatives to fair value are taken to profit and loss account.

- Late payment surcharge on overdue balance of trade debts is recognised on receipt basis.

7.15 Dividend and appropriation to reserves

Dividend and appropriation to reserves except for statutory reserves are recognised in the consolidated financial statements in the periods in which these are approved.

7.16 Foreign currencies

Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the foreign exchange rates ruling on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the balance sheet date. Forward foreign exchange contracts are valued at forward rates applicable to their respective maturities.

Translation gains and losses

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

Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these consolidated financial statements are translated at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the consolidated statement of financial position date.

7.17 Goodwill

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Bank's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

7.18 Segment reporting

A segment is a distinguishable component of the Group that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Group's functional structure and the guidance of State Bank of Pakistan. The Group comprises of the following main business segments:

7.18.1 Business segments:

Corporate finance

This includes investment banking activities such as mergers and acquisitions, underwriting, privatization, securitization, Initial Public Offers (IPOs) and secondary private placements.

Trading and sales

This segment undertakes the Group's treasury, money market and capital market activities.

Retail banking

Retail banking provides services to small borrowers i.e. consumers, small and medium enterprises (SMEs) and borrowers' and agricultural sector. It includes loans, deposits and other transactions with retail customers.

Commercial banking

This includes loans, deposits and other transactions with corporate customers.

Payment and settlement

This includes activities such as payment and collections, fund transfer, clearing and settlement etc.

Brokerage

This includes brokerage commission earned on transactions in capital, money, foreign exchange and commodity markets.

Asset management

This includes fee for services rendered in connection with the management of mutual funds.

7.18.2 Geographical segment

The Group has 277 (2014: 238) branches / sub-branches and operates only in one geographic region which is Pakistan.

7.19 Assets acquired in satisfaction of claims

The Bank occasionally acquires assets in settlement of certain advances. These are stated at lower of the net realizable value of the related advances and the current fair value of such assets.

7.20 Fiduciary assets

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

7.21 Operating leases / ijarah

Operating leases / Ijarah in which a significant portion of the risks and rewards of ownership are retained by the lessor / Muj'ir are classified as operating leases / Ijarah. Payments made during the period are charged to profit and loss account on straight-line basis over the period of the lease / Ijarah.

7.22 Borrowings / deposits and their cost

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

7.23 Earnings per share

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

8. CASH AND BALANCES WITH TREASURY BANKS

	Note	2015	2014
		Rupees in '000	
In hand			
Local currency		2,307,205	1,912,193
Foreign currencies		531,537	452,466
		2,838,742	2,364,659
With State Bank of Pakistan in:			
Local currency current account	8.1	4,636,678	4,745,145
Foreign currencies current account - non remunerative	8.2	544,653	259,950
Foreign currencies deposit account - remunerative	8.3	1,983,215	807,860
		7,164,546	5,812,955
With National Bank of Pakistan in:			
Local currency current accounts		1,152,820	862,559
National Prize Bonds		4,061	1,417
		11,160,169	9,041,590

8.1 These include local currency current accounts maintained with SBP as per the requirements of Section 22 of the Banking Companies Ordinance, 1962.

8.2 This represents current account maintained with the SBP under the requirements of BSD Circular No. 14 dated June 21, 2008.

8.3 This represents deposit accounts maintained with SBP under the requirements of BSD Circular No.14 dated June 21, 2008 and mandatory reserve maintained to facilitate collection and settlement to foreign currency accounts under FE-25, as prescribed by the SBP. Profit rates on this deposit account are fixed on a monthly basis by the SBP. It carries profit of 0% (2014: 0%) per annum.

	Note	2015	2014
		Rupees in '000	

9. BALANCES WITH OTHER BANKS

	Note	2015	2014
In Pakistan			
On current accounts		187,650	231,953
On deposit accounts	9.1	43,228	19,901
		230,878	251,854
Outside Pakistan			
On current accounts		267,930	135,295
On deposit accounts	9.2	130,599	46,548
		398,529	181,843
		629,407	433,697

9.1 These carry mark-up at the rate of 0% to 6% (2014: 0% to 6%) per annum.

9.2 This represents deposit accounts outside Pakistan, carrying mark-up rate at 0% (2014: 0%) per annum.

10. LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2015	2014
		Rupees in '000	
Call money lendings	10.1	628,446	391,884
Repurchase agreement lendings (Reverse Repo)	10.2	2,952,883	10,688,358
		3,581,329	11,080,242

10.1 These represent unsecured call money lendings, in US Dollar to financial institutions carrying interest at the rates 1.9% (2014: 0.03%) per annum. These are due to mature on January 28, and February 01, 2016.

10.2 These are secured short-term lendings to various financial institutions, carrying mark-up rates ranging from 6.43% to 6.55% (2014: 9.40% to 9.50%) These are due to mature between January 04, 2016 to January 22, 2016. These are collateralized by Market Treasury Bills and Pakistan Investment Bonds as shown in note 10.4 below.

10.3 Particulars of lendings

	Note	2015	2014
		Rupees in '000	
In local currency		2,952,883	10,688,358
In foreign currency		628,446	391,884
		3,581,329	11,080,242

10.4 Securities held as collateral against lendings to financial institutions

Cost of securities held as collateral against reverse repurchase lendings to financial institutions are as under:

	2015			2014		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
	Rupees in '000					
Market Treasury Bills	1,452,883	-	1,452,883	7,757,658	2,930,700	10,688,358
Pakistan Investment Bonds	1,500,000	-	1,500,000	-	-	-
	2,952,883	-	2,952,883	7,757,658	2,930,700	10,688,358

10.4.1 The market value of securities held as collateral against lendings to financial institutions amounted to Rs. 3,027.856 million (2014: 10,758.002 million).

11. INVESTMENTS - net

	Note	2015			2014		
		Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
		Rupees in '000					
11.1 Investments by type							
Held-for-trading securities							
Market Treasury Bills	11.2.1	18,782,717	-	18,782,717	5,448,254	-	5,448,254
Pakistan Investment Bonds	11.2.1	3,698,417	49,445	3,747,862	8,525,457	9,333,905	17,859,362
Ordinary shares of listed companies	11.2.2	699,255	-	699,255	708,326	-	708,326
Term finance certificates - listed	11.2.5	32,652	-	32,652	19,512	-	19,512
Term finance certificates - unlisted	11.2.6	-	-	-	82,469	-	82,469
Sukuk certificates - listed	11.2.7	10,646	-	10,646	10,715	-	10,715
Sukuk certificates - unlisted	11.2.8	-	-	-	43,000	-	43,000
Open end mutual funds	11.2.9	263,696	-	263,696	399,587	-	399,587
		23,487,383	49,445	23,536,828	15,237,320	9,333,905	24,571,225
Available-for-sale securities							
Market Treasury Bills	11.2.1	5,696,991	-	5,696,991	17,478	-	17,478
Pakistan Investment Bonds	11.2.1	31,595,615	44,201,767	75,797,382	18,223,989	34,099,360	52,323,349
Ijara Sukuk	11.2.1	-	-	-	400	-	400
Ordinary shares of listed companies	11.2.2	2,858,942	-	2,858,942	893,211	-	893,211
Ordinary shares of unlisted companies	11.2.3	26,273	-	26,273	26,273	-	26,273
Preference shares of listed company	11.2.4	136,589	-	136,589	136,589	-	136,589
Term finance certificates - listed	11.2.5	266,322	-	266,322	664,805	-	664,805
Term finance certificates - unlisted	11.2.6	2,085,800	-	2,085,800	1,897,816	-	1,897,816
Sukuk Certificates - unlisted	11.2.8	380,000	-	380,000	400,000	-	400,000
Open end mutual funds	11.2.9	1,504,704	-	1,504,704	1,504,568	-	1,504,568
Foreign currency bonds (US $)	11.2.10	1,322,866	-	1,322,866	1,093,673	-	1,093,673
		45,874,102	44,201,767	90,075,869	24,858,802	34,099,360	58,958,162
Total investments at cost		69,361,485	44,251,212	113,612,697	40,096,122	43,433,265	83,529,387
Less: Provision for diminution in value of investments	11.3	(1,080,118)	-	(1,080,118)	(1,037,057)	-	(1,037,057)
Investments (net of provision)		68,281,367	44,251,212	112,532,579	39,059,065	43,433,265	82,492,330
Unrealized gain on revaluation of securities classified as held-for-trading	11.4	13,469	42	13,511	143,937	208,730	352,667
Surplus on revaluation of available-for-sale securities - net	11.1.1	2,535,599	1,803,295	4,338,894	1,650,432	1,266,073	2,916,505
Total investments at market value		70,830,435	46,054,549	116,884,984	40,853,434	44,908,068	85,761,502

11.1.1 This includes surplus on revaluation of available for sale investments of subsidiaries amounting to Rs. 80.378 million (2014: Rs. 123.592 million) which represents the pre-acquisition surplus and has been included here only for meeting with requirement of the prescribed format of Banks / DFIs issued by the State Bank of Pakistan.

11.2 Investments by segments

	Note	2015	2014
		Rupees in '000	
Federal Government Securities			
Market treasury bills	11.2.1	24,479,708	5,465,732
Pakistan investment bonds	11.2.1	79,545,244	70,182,711
Ijara sukuk	11.2.1	-	400
		104,024,952	75,648,843
Fully Paid Ordinary Shares			
Listed companies	11.2.2	3,558,197	1,601,537
Unlisted companies	11.2.3	26,273	26,273
		3,584,470	1,627,810
Fully Paid Preference Shares			
Listed companies	11.2.4	136,589	136,589
Term Finance / Sukuk Certificates			
Term finance certificates – listed	11.2.5	298,974	684,317
Term finance certificates – unlisted	11.2.6	2,085,800	1,980,285
Sukuk certificates - listed	11.2.7	10,646	10,715
Sukuk certificates - unlisted	11.2.8	380,000	443,000
		2,775,420	3,118,317
Mutual Funds			
Open end mutual funds	11.2.9	1,768,400	1,904,155
Others			
Foreign currency bonds (US $)	11.2.10	1,322,866	1,093,673
Total investments at cost		113,612,697	83,529,387
Less: Provision for diminution in value of investments	11.3	(1,080,118)	(1,037,057)
Investments (net of provisions)		112,532,579	82,492,330
Unrealized gain on revaluation of held-for-trading securities - net	11.4	13,511	352,667
Surplus on revaluation of available-for-sale securities - net	11.1.1	4,338,894	2,916,505
Total investments at market value		116,884,984	85,761,502

11.2.1 Details of investment in Federal Government Securities

	Market value					
	2015			2014		
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
	---------- Rupees in '000 ----------					
Held-for-trading securities						
Market treasury bills	18,782,767	-	18,782,767	5,448,088	-	5,448,088
Pakistan investment bonds	3,705,637	49,487	3,755,124	8,656,902	9,542,635	18,199,537
	22,488,404	49,487	22,537,891	14,104,990	9,542,635	23,647,625
Available-for-sale securities						
Market treasury bills	5,705,149	-	5,705,149	17,487	-	17,487
Pakistan investment bonds	32,943,889	46,005,061	78,948,950	18,973,187	35,365,433	54,338,620
Ijara sukuk	-	-	-	401	-	401
	38,649,038	46,005,061	84,654,099	18,991,075	35,365,433	54,356,508
	61,137,442	46,054,548	107,191,990	33,096,065	44,908,068	78,004,133

11.2.1.1 Principal terms of investment in Federal Government Securities

Name of investment	Maturity	Redemption period	Coupon
Market Treasury Bills	January 07, 2016 to November 10, 2016	On maturity	at maturity
Pakistan Investment Bonds	May 19, 2016 to March 26, 2025	On maturity	Half Yearly

11.2.2 Details of investment in ordinary shares of listed companies

Name of the company	Number of shares of Rs. 10 each		Rating		Cost		Market value	
	2015	2014	2015	2014	2015	2014	2015	2014
					---- Rupees in '000 ----			
Held-for-trading securities								
Adamjee Insurance Company Limited	908,000	922,000	AA	AA	51,804	45,791	51,311	45,602
Askari Bank Limited	74,000	-	AA	-	1,592	-	1,609	-
Attock Refinery Limited	14,500	101,500	AA	AA	3,014	19,004	3,072	19,059
Engro Fertilizer Limited	464,500	-	AA-	-	39,105	-	39,078	-
D.G. Khan Cement Limited	353,500	754,000	Unrated	Unrated	50,259	84,248	52,173	83,340
Engro Foods Limited	113,500	257,500	Unrated	Unrated	16,638	26,891	16,638	27,949
Engro Corporation Limited	728,000	473,500	AA	AA-	202,667	103,863	203,396	104,885
Fauji Fertilizer Bin Qasim Limited	-	54,500	-	Unrated	-	2,438	-	2,464
Fauji Fertilizer Company Limited	68,500	5,500	Unrated	Unrated	7,655	645	8,082	644
Fatima Fertilizer Limited	-	28,000	-	AA-	-	957	-	1,002
Fauji Cement Company Limited	1,284,500	98,500	Unrated	Unrated	46,617	2,429	47,295	2,545
K-Electric Limited	-	10,000	-	A+	-	93	-	92
Maple Leaf Cement Factory Limited	309,000	280,000	A	A-	21,953	12,047	23,045	12,390
National Bank of Pakistan Limited	72,000	847,000	AAA	AAA	3,852	55,862	3,891	58,833
Nishat Mills Limited	224,500	209,000	AA	A-	21,112	24,910	21,298	25,287
Oil and Gas Development Company Limited	620,500	177,000	Unrated	Unrated	71,758	37,593	72,809	36,438
Pakistan Petroleum Limited	183,000	200,500	Unrated	Unrated	21,831	16,538	22,291	17,165
Pakistan State Oil Limited	92,500	616,000	AA	AA+	31,122	111,040	30,134	108,736
Pak Elektron Limited	1,281,000	-	A	-	85,699	-	80,114	-
Sui Northern Gas Pipeline Limited	838,500	-	AA-	-	21,957	-	20,158	-
Pakistan Telecommunication Company Limited	-	334,000	-	Unrated	-	120,697	-	119,542
Pioneer Cement Limited	-	310,500	-	Unrated	-	7,025	-	7,151
The Bank of Punjab	-	125,000	-	AA-	-	1,345	-	1,369
United Bank Limited	4,000	200,000	AA+	AA+	620	34,910	620	35,342
					699,255	708,326	697,014	709,835

Name of the company	Number of shares of Rs. 10 each		Rating		Cost		Market value	
	2015	2014	2015	2014	2015	2014	2015	2014
					-------------- Rupees in '000 ---------------			
Available-for-sale securities								
Ghani Glass Limited	-	7,900,029	-	Unrated	-	425,777	-	536,965
IGI Insurance Limited	2,395,100	241,100	AA	AA	569,705	58,790	566,609	65,237
Orix Leasing Pakistan Limited	-	592,500	-	AA+	-	28,457	-	28,470
United Bank Limited	3,078,100	-	AA+	-	503,671	-	476,952	-
Investment in related parties								
EFU General Insurance Limited	3,155,100	-	AA+	-	488,978	-	452,757	-
EFU Life Assurance	982,000	-	AA	-	190,595	-	195,418	-
Sitara Chemical Industries Limited	1,799,500	1,417,100	A+	A+	508,227	380,187	647,820	448,314
TRG Pakistan Limited	32,769,237	-	Unrated	-	597,766	-	1,135,454	-
					2,858,942	893,211	3,475,010	1,078,986
					3,558,197	1,601,537	4,172,024	1,788,821

11.2.3 Details of investment in ordinary shares of unlisted companies

Name of the company	Number of shares of Rs. 10 each		Rating		Cost	
	2015	2014	2015	2014	2015	2014
Pakistan Stock Exchange Limited (PSX)	7,041,986	7,041,986	Unrated	Unrated	26,273	26,273

11.2.3.1 Pursuant to demutualization of the Pakistan Stock Exchange Limited (PSX), formerly Islamabad Stock Exchange Limited (ISE) and Karachi Stock Exchange Limited (KSE), the ownership rights in Stock Exchanges were segregated from the right to trade on an exchange. As a result of such demutualization, the Group received shares and Trading Right Entitlement Certificate (TREC) from the PSX against its membership card which was carried at Rs. 32 million in the books of the Group.

Out of total shares issued by the PSX, the Group has received 40% equity shares i.e. 2,816,794 shares in its CDC account. The remaining 60% shares (4,225,192 shares) have been transferred to CDC sub-account in the Bank's and JSGCL's name under the PSX participants IDs with the CDC which will remain blocked until these are divested/sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Bank and JSGCL. The managing director of Pakistan Stock Exchange is Mr. Nadeem Naqvi.

11.2.4 Details of investment in preference shares of listed companies

Name of the company	Percentage of holding	Face value per share	Number of shares	Cost		Market value	
				2015	2014	2015	2014
				------------------- Rupees in '000 -------------------			
Available-for-sale securities							
Agritech Limited (note 11.2.4.1 & 11.2.4.3)	3.03%	10	4,823,746	48,236	48,236	-	-
Chenab Limited (note 11.2.4.2 & 11.2.4.3)	15.45%	10	12,357,000	88,353	88,353	-	-
				136,589	136,589	-	-

11.2.4.1 These are non-voting cumulative preference shares, carrying preference dividend @ 10% p.a and are convertible into ordinary shares at the option of the Bank after five years from the date of issuance i.e. February 2012. The investee company also has the option to redeem these preference shares plus any unpaid dividend in full or in part, within ninety days after expiry of each anniversary of the issue date . The Bank has recognised full impairment on these shares amounting to Rs. 48.236 million (2014: Rs. 48.236 million) due to weak financial position of the company.

11.2.4.2 These are cumulative preference shares, carrying preference dividend @ 9.25% p.a and are redeemable in part after four years from the date of issuance i.e. August 2008. The investee company also has an option to redeem, in part, cumulative preference shares after August 2008. The Bank has recognized full impairment on these shares amounting to Rs. 88.353 million (2014: Rs. 88.353 million) due to weak financial position of the company.

11.2.4.3 Surplus arising due to remeasurement of these shares to the market value has not been recognized as the management believes that the market value may not be realized while selling them in open market.

11.2.5 Details of investment in term finance certificates - listed *

Name of the company	Number of certificates		Rating		Cost		Market value	
	2015	2014	2015	2014	2015	2014	2015	2014
					---------------- Rupees in '000		----------------	
Held-for-trading securities								
Allied Bank Limited - 2nd Issue	-	400	-	AA	-	1,913	-	1,953
Engro Fertilizers Pakistan Limited - 4th Issue	-	400	-	A+	-	1,465	-	1,368
Pakistan Mobile Communication Limited - 7th Issue	200	200	AA-	AA	4,150	10,721	4,002	11,150
Jahangir Siddiqui Co. Ltd. - 7th issue - related party	2,100	2,100	AA+	AA+	2,626	5,413	2,567	5,251
Jahangir Siddiqui Co. Ltd. - 8th issue - related party	6,000	-	AA+		25,876	-	25,898	-
					32,652	19,512	32,467	19,722
Available-for-sale securities								
Allied Bank Limited - 2nd Issue	-	9,600	-	AA	-	47,931	-	46,863
Askari Bank Limited - 3rd Issue	-	8,236	-	AA-	-	41,170	-	40,306
Engro Fertilizer Limited - 3rd Issue	-	35,119	-	A+	-	126,509	-	120,107
Jahangir Siddiqui Co. Ltd. - 7th issue - related party	-	5,000	-	AA+	-	24,063	-	24,821
Pakistan Mobile Communication Limited	4,200	4,200	AA-	AA-	84,000	231,000	84,035	234,147
World Call Telecommunication Limited (note 11.2.5.1)	90,650	90,650	Unrated	Unrated	182,322	194,132	-	70,822
					266,322	664,805	84,035	537,066
					298,974	684,317	116,502	556,788

* Secured and have a face value of Rs.5,000 each unless specified otherwise.

11.2.5.1 Surplus arising due to remeasurement of these term finance certificates to the market value has not been recognised as management believes that the market value may not be realized while selling them in open market.

11.2.5.2 Other particulars of listed term finance certificates are as follows:

Name of the company	Repayment frequency	Rate per annum	Maturity date
Held-for-trading securities			
Pakistan Mobile Communication Limited	Quarterly	3 Month KIBOR ask rate plus 2.65%	April 18, 2016
Jahangir Siddiqui Co. Ltd. 7th issue - related party	Semi-annually	6 Months KIBOR ask rate plus 2.40%	October 30, 2016
Jahangir Siddiqui Co. Ltd. 8th issue - related party	Semi-annually	6 Months KIBOR ask rate plus 1.75%	April 08, 2019
Available-for-sale securities			
Pakistan Mobile Communication Limited	Quarterly	3 Month KIBOR ask rate plus 2.00%	April 18, 2016
World Call Telecommunication Limited	Semi-annually	6 Month KIBOR ask rate plus 1.60%	October 15, 2021

11.2.6 Details of investment in term finance certificates - unlisted, secured

Name of the company		Number of certificates			Rating	Face value per certificate	Cost	
		2015	2014				2015	2014
						Rupees	Rupees in '000	
Held-for-trading securities								
Bank Al Habib Limited - 4th Issue		-	7,000	-	AA	5,000	-	37,469
Askari Bank Limited - 5th Issue		-	9,000	-	AA-	5,000	-	45,000
							-	82,469
Available-for-sale securities								
Agritech Limited	11.2.6.1	30,000	30,000	Unrated	Unrated	5,000	149,860	149,860
Askari Bank Limited		100,000	120,000	AA-	AA-	5,000	499,800	600,000
Askari Bank Limited - 4th Issue		75	75	AA-	AA-	1,000,000	75,103	75,157
Azgard Nine Limited (related party)	11.2.6.2	29,998	29,998	Unrated	Unrated	5,000	65,022	65,022
Azgard Nine Limited (related party) (privately placed TFCs)	11.2.6.3	12	12	Unrated	Unrated	N/A	326,456	326,456
Bank Alfalah Limited		1,440	1,440	AA-	AA-	5,000	7,210	7,224
Engro Fertilizer Limited - 2nd Issue		1,100	1,100	AA	A	5,000	5,249	5,163
Independent Media Corporation (Pvt.) Limited		20,000	20,000	BBB-	A-	5,000	55,000	75,000
Nishat Chunian Limited		-	50,000	-	A	5,000	-	46,875
Pakistan Mobile Communication Limited		20,000	20,000	Unrated	Unrated	5,000	23,529	47,059
Pak Libya Holding Co. Pvt. Ltd.		90,000	-	AA	-	5,000	450,000	-
Water & Power Development Authority		100,000	100,000	AAA	AAA	5,000	428,571	500,000
							2,085,800	1,897,816
							2,085,800	1,980,285

11.2.6.1 Due to weak financial position of the company the Bank has recognised full impairment loss (December 31, 2014: 112.395 million) on these term finance certificates.

11.2.6.2 Due to weak financial position of the company the Bank has recognised full impairment loss (December 31, 2014: 20.350 million) on these term finance certificates.

11.2.6.3 These PPTFCs are held by JS Global Capital Limited (subsidiary, the Company) has recognised full provision considering the financial position of the issuer amounting to Rs. 326.456 million (2014: Rs. 326.456 million).

11.2.6.4 Other particulars of unlisted term finance certificates are as follows:

Name of the company	Repayment frequency	Rate per annum	Maturity date
Held-for-trading securities			
Bank Al Habib Limited - 4th Issue (Chief Executive: Mr. Abbas D. Habib)	Semi-annually	Fixed at 15%	June 30, 2021
Askari Bank Limited - 5th Issue (Chief Executive: Mr. Syed.Majeedullah Husaini)	Semi-annually	6 Month KIBOR ask rate plus 1.2%.	September 30, 2024
Available-for-sale securities			
Agritech Limited (Chief Executive: Mr. Ahmed Jaudet Bilal)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	May 29, 2019
Askari Bank Limited (Chief Executive: Syed Majeedullah Husaini)	Semi-annually	6 Month KIBOR ask rate plus 1.20%.	September 30, 2024
Askari Bank Limited - 4th issue (Chief Executive: Syed Majeedullah Husaini)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	December 23, 2021
Azgard Nine Limited - related party (Chief Executive: Mr. Ahmed H. Shaikh)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	December 04, 2017
Bank Alfalah Limited (Chief Executive: Mr. Atif Bajwa)	Semi-annually	6 Month KIBOR ask rate plus 2.50%.	December 02, 2017
Engro Fertilizer Limited (Chief Executive: Mr. Ruhail Mohammad)	Semi-annually	6 Month KIBOR ask rate plus 2.1%.	March 18, 2018
Independent Media Corporation (Pvt.) Limited (Chief Executive: Mr. Mir Ibrahim Rahman)	Quarterly	3 Month KIBOR ask rate plus 3.00%.	August 05, 2018
Pakistan Mobile Communication Limited (Chief Executive: Mr. Rashid Naseer Khan)	Quarterly	3 Month KIBOR ask rate plus 2.00%	October 13, 2016
Water & Power Development Authority (Chairman: Mr. Zafar Mahmood)	Semi-annually	6 Month KIBOR ask rate plus 1.00%.	September 27, 2021
Pak Libya Holding Co. Pvt. Ltd. (Chief Executive: Mr. Abid Aziz)	Quarterly	3 Month KIBOR ask rate plus 1.50%	February 24, 2020

11.2.7 Sukuk certificates - listed

Name of the company	Number of certificates		Rating		Cost		Market value	
	2015	2014	2015	2014	2015	2014	2015	2014
					---------------- Rupees in '000 ----------------			
Held-for-trading securities								
Engro Corporation Limited - Islamic Rupiya I	1,505	1,505	AA+	AA	7,993	7,940	8,072	7,993
Engro Corporation Limited - Islamic Rupiya II	500	505	AA+	AA	2,653	2,775	2,864	2,680
					10,646	10,715	10,936	10,673

11.2.7.1 Details of investments in unlisted sukuk certificate

Name of the company	Repayment frequency	Rate per annum	Maturity date
Held-for-trading securities			
Engro Corporation Limited - Islamic Rupiya I	Semi-annually	Fixed at 13%	July 10, 2017
Engro Corporation Limited - Islamic Rupiya II	Semi-annually	Fixed at 13%	July 10, 2019

11.2.8 Sukuk certificates - unlisted

Name of the company	Number of certificates 2015	Number of certificates 2014	Rating	Face value per certificate	Cost 2015	Cost 2014
				Rupees	------ Rupees in '000 -----	
Held-for-trading securities						
Engro Fertilizer Limited	-	8,000	A+	5,000	-	40,000
Al Baraka Bank Limited	-	3	AA-	1,000,000	-	3,000
					-	43,000
Available-for-sale securities						
Engro Fertilizer Limited	80,000	80,000	AA-	5,000	380,000	400,000
					380,000	443,000

11.2.8.1 Details of investment in unlisted sukuk certificates

Name of the company	Repayment frequency	Rate per annum	Maturity date
Available-for-sale securities			
Engro Fertilizer Limited	Semi-annually	6 Month KIBOR ask rate plus 1.75 %.	July 9, 2019

11.2.9 Details of investment in units of open end mutual funds

Name of fund	Number of units 2015	Number of units 2014	Rating 2015	Rating 2014	Net asset value per unit	Cost 2015	Cost 2014	Market value 2015	Market value 2014
					Rupees	---------------------------- Rupees in '000		----------------------------	
Held-for-trading securities - related parties									
JS Cash Fund	1,113,672	3,403,767	AA+	AA+(f)	105.37	113,884	357,080	117,348	363,454
JS Income Fund	1,591,713	512,226	A+(f)	A+(f)	97.18	149,812	42,507	154,683	47,115
						263,696	399,587	272,031	410,569
Available-for-sale securities									
NAFA Govt. Securities Liquid Fund	9,325,314		AAA(f)	AAA(f)	10.42	100,000	-	97,186	-
Available-for-sale - related parties (note: 10.2.9.1)									
JS Value Fund	2,732,054	2,683,692	3-Star	4-Star	188.82	355,993	419,689	515,866	489,801
JS Growth Fund	4,727,934	4,705,607	3-Star	4-Star	158.56	517,647	589,329	749,661	746,121
JS Fund of Funds	2,160,949	2,088,869	3-Star	4-Star	50.51	107,951	87,907	109,150	104,297
JS Islamic Government Securities Fund	1,011,315	1,345,478	AA-(f)	AA-(f)	101.82	91,159	124,200	102,972	137,131
JS Islamic Pension Savings Fund - Equity	200,000	200,000	Unrated	Unrated	539.05	18,170	20,000	107,810	102,062
JS Islamic Pension Savings Fund - Debt	213,852	213,852	Unrated	Unrated	183.83	21,385	21,385	39,312	37,191
JS Islamic Pension Savings Fund - Money Market	222,303	222,303	Unrated	Unrated	161.94	22,230	22,230	36,000	34,175
JS Pension Savings Fund - Money Market	177,463	177,463	Unrated	Unrated	173.75	17,746	17,746	30,834	29,251
JS Pension Savings Fund - Debt	177,761	177,761	Unrated	Unrated	213.23	17,776	17,776	37,904	35,536
JS Pension Savings Fund - Equity	240,000	240,000	Unrated	Unrated	392.46	14,777	24,000	94,190	98,282
JS Income Fund	-	1,866,852	A+(f)	A+(f)	-	-	160,306	-	171,713
						1,184,834	1,504,568	1,823,699	1,985,560
						1,548,530	1,904,155	2,192,916	2,396,129

11.2.9.1 The Group has recognised impairment on these units amounting to Rs. 219.869 million (2014: Rs. 317.957) due to weak financial position of the funds.

11.2.10 Details of investment in foreign currency bonds

Name of Bond	Rating 2015	Rating 2014	Coupon Rate %	Date of maturity	Cost 2015	Cost 2014	Market value 2015	Market value 2014
					Rupees in '000			
Available for sale								
Yapi Kredi Bankasi	BBB	BBB	4.00%	January 22, 2020	104,438	100,128	101,065	93,826
Turkiye Halk Bankasi	BBB-	BBB-	3.88%	February 5, 2020	65,018	62,281	61,503	60,572
Bank Pozitif	BBB-	BBB-	5.00%	February 7, 2018	109,978	105,507	106,954	103,925
IDBI Bank Ltd	BBB-	BBB-	4.13%	April 23, 2020	105,121	100,922	105,129	100,836
Emirates NBD PJSC	A	A	5.00%	November 27, 2023	103,218	98,876	100,168	104,251
FLR NTS Emirates NBD PJSC	Baa1	Baa1	3.91%	March 29, 2017	104,741	100,483	107,001	102,328
SB Capital SA (Sber Bank)	BB+	BBB-	5.13%	October 29, 2022	104,741	197,706	96,885	152,735
Gazprombank (OJSC)	BB+	BBB-	4.96%	September 5, 2019	69,862	67,022	66,509	51,607
Samarco Mineracao SA	BB-	BBB	5.38%	September 26, 2024	52,371	50,242	18,487	46,222
ICICI BANK LTD/ DUBAI	BBB-	-	3.13%	August 12, 2020	20,865	-	20,941	-
BCO BTG PACTUAL	BB-	-	4.00%	January 16, 2020	29,714	-	21,717	-
BCO BTG PACTUAL	BB-	-	4.00%	January 16, 2020	30,919	-	24,003	-
African Finance Corp	A3	-	4.38%	April 29, 2020	53,132	-	52,423	-
African Finance Corp	A3	-	4.38%	April 29, 2020	159,780	-	157,269	-
IBQ FINANCE LTD.	A+	-	3.50%	November 25, 2020	208,968	-	209,826	-
Banco BTG Pactual S.A	-	Baa3	4.00%	-	-	57,711	-	54,562
African Export-Import Bank (AFREXIMBANK)	-	Baa2	4.75%	-	-	50,149	-	49,770
Russian Federation	-	Baa2	5.00%	-	-	102,646	-	93,967
					1,322,866	1,093,673	1,249,880	1,014,601

	2015	2014
	Rupees in '000	
11.3 Particulars of provision for diminution in value of investments		
Opening balance	1,037,057	1,274,042
Charge for the year	152,959	229,360
Reversal on disposal of investments	(109,898)	(466,345)
	43,061	(236,985)
Closing balance	1,080,118	1,037,057
11.3.1 Particulars of provision for diminution in value of investments by type and segment		
Available-for-sale		
Ordinary shares of listed companies	-	-
Preference shares of listed company	136,589	136,589
Open end mutual funds	219,869	317,957
Term Finance Certificates - unlisted	541,338	459,201
Term Finance Certificates - listed	182,322	123,310
	1,080,118	1,037,057

	2015	2014
	Rupees in '000	

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

	2015	2014
Market Treasury Bills	50	(166)
Pakistan Investment Bonds	7,262	340,175
Ordinary shares of listed companies	(2,240)	1,509
Term finance certificates - listed	105	209
Open end mutual funds	8,334	10,982
Sukuk certificates - listed	-	(42)
	13,511	352,667

11.5 Details of non-wholly owned subsidiaries that have material non-controlling interest to the Group

The table below shows Non-wholly owned subsidiaries that have material non-controlling interest to the Group based on quantum of NCI

Name of Subsidiary	Ownership Interests Held by Non Controlling Interest
JS Global Capital Limited	48.95%
JS Investment Limited	34.84%

The following is summarized financial information for JSGCL and JSIL, prepared in accordance with approved accounting standards as applicable in Pakistan, modified for differences in group accounting policies. The information is before inter-company eliminations with other companies in the group.

	JSGCL		JSIL	
	2015	2014	2015	2014
	---------------------- Rupees' in 000 ----------------------			
Total income	863,195	799,288	439,005	902,110
Profit after tax	254,617	279,245	182,216	656,859
Profit attributable to NCI	124,634	136,689	87,026	313,716
Total Assets	3,532,095	3,424,046	2,300,204	2,627,551
Total Liabities	646,755	801,107	192,629	177,848
Net Assets	2,885,340	2,622,939	2,107,575	2,449,703
Net Assets attributable to NCI	1,399,013	1,274,378	543,318	861,065
Cash Flow from Operating activities	(114,512)	316,895	(43,580)	7,598
Cash Flow from investing activities	294,692	343,664	400,094	(28,067)
Cash Flow from financing activities	(181)	(199,644)	(356,949)	(4,580)
Net increase in cash and cash equivalents	179,999	460,915	(435)	(25,049)
Dividends paid to NCI during the year	-	97,900	-	-

12. ADVANCES

	Note	2015	2014
		Rupees in '000	
Loans, cash credit, running finances, etc.			
In Pakistan		72,808,345	60,740,267
Outside Pakistan		-	-
		72,808,345	60,740,267
Net investment in finance lease in Pakistan	12.2	3,226,785	1,618,581
Bills discounted and purchased (excluding market treasury bills)			
payable in Pakistan		1,266,902	866,117
payable outside Pakistan		2,100,013	1,276,707
		3,366,915	2,142,824
Financing in respect of margin trading system		-	-
Advances - gross		79,402,045	64,501,672
Provision against non-performing advances - specific	12.3	(2,705,929)	(2,051,035)
Provision against non-performing advances - general	12.4	(17,252)	(7,784)
		(2,723,181)	(2,058,819)
Advances - net of provision		76,678,864	62,442,853

12.1 Particulars of advances (gross)

	2015	2014
12.1.1 In local currency	77,302,032	61,216,541
In foreign currency	2,100,013	3,285,131
	79,402,045	64,501,672
12.1.2 Short term (for upto one year)	68,496,383	57,513,364
Long term (for over one year)	10,905,662	6,988,308
	79,402,045	64,501,672

12.2 Particulars of net investment in finance lease

	2015			2014		
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
	------- Rupees in '000 -------					
Lease rentals receivable	1,142,904	1,682,078	2,824,982	610,926	954,622	1,565,548
Guaranteed residual value	59,353	701,002	760,355	21,012	297,724	318,736
Minimum lease payments	1,202,257	2,383,080	3,585,337	631,938	1,252,346	1,884,284
Finance charges for future periods	(191,239)	(167,313)	(358,552)	(138,487)	(127,216)	(265,703)
Present value of minimum lease payments	1,011,018	2,215,767	3,226,785	493,451	1,125,130	1,618,581

12.3 Advances include Rs.2,982.825 million (2014: Rs.2,812.617 million) which have been placed under non-performing status as detailed below:

Category of classification	2015 Domestic	Overseas	Total	Provision required	Provision held
	---------- Rupees in '000 ----------				
Other assets especially mentioned	-	-	-	-	-
Substandard	1,533	-	1,533	383	383
Doubtful	181,136	-	181,136	32,984	32,984
Loss	2,800,156	-	2,800,156	2,672,562	2,672,562
	2,982,825	-	2,982,825	2,705,929	2,705,929

Category of classification	2014 Domestic	Overseas	Total	Provision required	Provision held
	---------- Rupees in '000 ----------				
Other assets especially mentioned	-	-	-	-	-
Substandard	4,159	-	4,159	-	-
Doubtful	158,122	-	158,122	2,065	2,065
Loss	2,650,336	-	2,650,336	2,048,970	2,048,970
	2,812,617	-	2,812,617	2,051,035	2,051,035

12.4 Particulars of provision against non-performing advances

	2015 Specific	2015 General	2015 Total	2014 Specific	2014 General	2014 Total
	---------- Rupees in '000 ----------					
Opening balance	2,051,035	7,784	2,058,819	1,398,195	2,990	1,401,185
Charge for the year (note 12.4.1)	796,552	9,468	806,020	749,436	4,794	754,230
Amounts written off / reversals	(130,928)	-	(130,928)	(96,596)	-	(96,596)
	665,624	9,468	675,092	652,840	4,794	657,634
Amount written off from the opening balance	(10,730)	-	(10,730)	-	-	-
Closing Balance	2,705,929	17,252	2,723,181	2,051,035	7,784	2,058,819
In local currency	2,705,929	17,252	2,723,181	2,051,035	7,784	2,058,819
In foreign currencies	-	-	-	-	-	-
	2,705,929	17,252	2,723,181	2,051,035	7,784	2,058,819

12.4.1 The general provision includes maintaining of general reserves against small medium enterprise and consumer portfolio in accordance with the prudential regulations issued by SBP at 1% and 1.5% of fully secured portfolio respectively, and at 5% of unsecured portfolio.

12.5 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at December 31, 2015, the Bank has availed cumulative benefit of FSV of Rs.155.863 million (2014: 432.601 million) under the directives of the SBP. Had the benefit not been taken the unappropriated profit after tax would have been reduced by Rs. 101.311 million (2014: Rs. 281.190 million). Further, as required by the SBP directives, this unappropriated profit will not be available for distribution as dividend or other appropriations.

		Note	2015	2014
			Rupees in '000	
12.6	Particulars of Write Offs:			
12.6.1	Against Provisions		10,730	-
	Directly charged to Profit & Loss account		-	-
			10,730	-
12.6.2	Write Offs of Rs. 500,000 and above		10,730	-
	Write Offs of Below Rs. 500,000		-	-
			10,730	-

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

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

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

		Note	2015	2014
			Rupees in '000	
	Balance at the beginning of the year		1,093,914	878,428
	Loans granted during the year		476,316	384,854
	Repayments		(238,522)	(169,368)
	Balance at the end of the year		1,331,708	1,093,914
13.	OPERATING FIXED ASSETS			
	Capital work-in-progress	13.1	244,595	91,701
	Property and equipment	13.2	2,701,094	2,101,667
	Intangible assets	13.3	1,785,446	1,719,483
			4,731,135	3,912,851
13.1	Capital work-in-progress			
	Property and equipment			
	Civil works		125,807	32,889
	Advances for purchase of building		51,000	-
	Advances for purchase of furniture & fixtures		4,632	2,128
	Advance for purchase of vehicles		6,809	13,453
	Advance for purchase of equipment		56,347	43,231
			244,595	91,701

13.2 Property and equipment

	COST				ACCUMULATED DEPRECIATION					
	As at January 01, 2015	Additions	Deletions	As at December 31, 2015	As at January 01, 2015	Depreciation on deletions	Charge for the year	As at December 31, 2015	Book value as at December 31, 2015	Rate
	Rupees in '000									%
Land, freehold	215,500	155,000	-	370,500	-	-	-	-	370,500	-
Building on free hold land	51,716	-	-	51,716	2,742	-	522	3,264	48,452	1.01
Building on lease hold land	521,092	276,562	-	797,654	126,146	-	20,069	146,215	651,439	1.02 - 4.78
Lease hold improvements	650,725	100,238	-	750,963	288,062	-	69,319	357,381	393,582	10
Furniture and fixture	319,876	48,192	(1,222)	366,846	170,259	(28)	37,652	207,883	158,963	10 - 12.5
Electrical, office and computer equipment	1,526,102	334,822	(33,222)	1,827,702	916,599	(25,187)	209,399	1,100,811	726,891	12.5 - 33.3
Vehicles	542,174	171,169 -	(91,296)	622,047	221,710	(65,369)	114,439	270,780	351,267	20
	3,827,185	1,085,982	(125,740)	4,787,427	1,725,518	(90,584)	451,400	2,086,334	2,701,094	

	COST				ACCUMULATED DEPRECIATION					
	As at January 01, 2014	Additions / (adjustments)	Deletions	As at December 31, 2014	As at January 01, 2014	Depreciation on deletions / (adjustments)	Charge for the year	As at December 31, 2014	Book value as at December 31, 2014	Rate
	Rupees in '000									%
Land, Freehold	119,367	215,500 (119,367)	-	215,500	-	-	-	-	215,500	-
Building on free hold land	51,716	- -	-	51,716 -	2,220	- (1,067)	1,589	2,742	48,974	1.01
Building on lease hold land	486,230	34,862 -	-	521,092 -	111,303	- 1,087	13,756	126,146	394,946	1.02 - 4.78
Lease hold improvements	560,924	90,098 (202)	(95)	650,725 -	228,020	(68) (609)	60,719	288,062	362,663	10
Furniture and fixture	276,552	45,444 -	(2,120)	319,876 -	138,750	(1,847) 255	33,101	170,259	149,617	10 - 12.5
Electrical, office and computer equipment	1,297,002	242,022 (687)	(12,235)	1,526,102 -	768,883	(8,538) 59	156,195	916,599	609,503	12.5 - 33.3
Vehicles	436,613	145,770 -	(40,209)	542,174	160,186	(31,870) 21	93,373	221,710	320,464	20
	3,228,404	773,696 (120,256)	(54,659) -	3,827,185	1,409,362	(42,323) (254)	358,733 -	1,725,518 -	2,101,667	

13.2.1 Included in cost of property and equipment are fully depreciated items still in use having cost of Rs.594.335 million (2014: Rs. 527.22 million).

13.2.2 The details of disposals of assets whose original cost or book value exceeds one million rupees or two hundred and fifty thousand rupees respectively, whichever is lower, are given in annexure I of these financial statements.

13.3 Intangible assets

	Note	COST				ACCUMULATED AMORTISATION				Book value	
		As at January 01, 2015	Additions	Deletions	As at December 31, 2015	As at January 01, 2015	Amortisation on deletions	Charge for the year	As at December 31, 2015	as at December 31, 2015	Rate
		Rupees in '000									%
Trading right entitlement certificate (TREC)	11.2.3	5,727	-	-	5,727	-	-	-	-	5,727	-
Membership card - Pakistan Mercantile Exchange Limited	13.3.1	3,500	-	-	3,500	-	-	-	-	3,500	-
Computer software		406,002	112,581	-	518,583	159,370	-	46,618	205,988	312,595	10 - 33.34
Goodwill	13.3.3	1,463,624	-	-	1,463,624	-	-	-	-	1,463,624	-
		1,878,853	112,581	-	1,991,434	159,370	-	46,618	205,988	1,785,446	

	Note	COST				ACCUMULATED AMORTISATION				Book value	
		As at January 01, 2014	Additions / adjustment	Additions / transfer	As at December 31, 2014	As at January 01, 2014	Amortisation on deletions / adjustment	Charge for the year	As at December 31, 2014	as at December 31, 2014	Rate
		Rupees in '000									%
Trading right entitlement certificate (TREC)	11.2.3	5,727	-	-	5,727	-	-	-	-	5,727	-
Membership card - Pakistan Mercantile Exchange Limited	13.3.1	3,500	-	-	3,500	-	-	-	-	3,500	-
Computer software		299,475	105,586	-	406,002	123,662	-	35,481	159,370	246,632	10 - 50
			941				227				
Goodwill	13.3.3	1,463,624	-	-	1,463,624	-	-	-	-	1,463,624	-
		1,772,326	105,586	-	1,878,853	123,662	-	35,481	159,370	1,719,483	
		-	941	-	-	-	227	-	-	-	

13.3.1 This represents membership cards of Pakistan Mercantile Exchange. It has an indefinite useful life and is carried at cost.

13.3.2 For impairment testing, goodwill has been allocated to 'Trading and Sales' segment as Cash Generating Unit (CGU), which is also a reportable segment.

13.3.3 Key assumptions used in value in use calculation

The recoverable amount of the CGU has been determined based on value in use calculation, using cash flow projections based on business plan approved by the Board of Directors of the Bank covering a five year period. The discount rates applied to cash flows beyond five years are extrapolated using a terminal growth rate. The following rates are used by the Bank.

	2015	2014
	Percentages	
Discount rate	21.24	23.18
Terminal growth rate	10.00	10.00

The calculation of value in use is most sensitive to following assumptions:

a) Interest margins

Interest margins are based on prevailing industry trends and anticipated market conditions.

b) Discount rates

Discount rates reflect management estimates of the rate of return required for each business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using cost of equity of the Bank.

c) Key business assumptions

The assumptions are important as they represent management assessment of how the unit's position might change over the projected period. Based on the expansion plans, management expects aggressive growth in advances, investments and deposits during the projected periods and thereafter stablisation in line with industry trends.

Management believes that any significant change in key assumptions, on which CGU's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value in use calculation of the CGU are sensitive to changes in assumptions for interest rate spreads, Non Funded Income (NFI), long term growth rates and discount rates.

d) Sensitivity to changes in assumption

The estimated recoverable amount of the 'Trading and Sales' CGU exceeds its carrying amount by approximately Rs. 1,906.9 million. Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

	Changes required for carrying amount to equal recoverable amount (%)	
	2015	2014
- Discount rate	4.72	4.08
- Terminal growth rate	(9.73)	(7.98)

		Note	2015	2014
			Rupees in '000	
14.	**OTHER ASSETS**			
	Mark-up / income accrued in local currency	14.1	4,566,527	4,804,886
	Mark-up / income accrued in foreign currencies		22,770	39,535
	Trade receivable from brokerage & advisory business - net	14.2	1,227,919	1,060,556
	Advances, deposits, advance rent and other prepayments		478,990	412,007
	Taxation (payments less provision)		578,580	152,590
	Receivable against bancassurance / bancatakaful	14.3	27,530	17,604
	Stationery and stamps in hand		8,105	6,574
	Prepaid exchange risk fee		-	463
	Balances due from funds under management		94,534	66,463
	Receivable from other banks in respect of remittance	14.4	164,119	331,905
	Non-banking assets acquired in satisfaction of claims	14.5 & 14.6	182,455	141,900
	Others	14.7	214,557	98,817
			7,566,086	7,133,300
	Less: Provision held against other assets	14.8	(425,288)	(424,924)
			7,140,798	6,708,376

14.1 Included herein is a sum of Rs. 36.190 million (2014: 39.217 million) receivable from related parties.

14.2 Included herein is a sum of Rs. 1.109 million (2014: Rs. 0.838 million) receivable from related parties.

14.3 Included herein is a sum of Rs. 23.546 million (2014: 12.637 million) receivable from related parties.

14.4 This includes an amount of Rs.129.316 million (2014: 284.675 million) receivable from State Bank of Pakistan in respect of home remittance services provided by the Bank.

14.5 This includes an amount of Rs.119.367 million (2014: Nil) which is subsequently received on account of sale proceeds of property through court auction.

		2015	2014
		Rupees in '000	
14.6	Non banking assets acquired in satisfaction of claims		
	Market value of non-banking assets acquired in satisfaction of claims	245,275	200,600

14.7 This includes an amount of Rs.63.170 million represent the deposit of residual amount with the Honorable Lahore High Court (LHC) in respect of property acquired in satisfaction of claims.

14.8 Provision held against other assets

	2015	2014
Opening balance	424,924	400,850
Charged during the year	364	24,074
Reversed during the year	-	-
	364	24,074
Closing balance	425,288	424,924

2015	2014

15. BILLS PAYABLE

	Note	Rupees in '000	
In Pakistan		1,607,100	1,376,150
Outside Pakistan		2,325	3,870
		1,609,425	1,380,020

16. BORROWINGS

In Pakistan		54,583,633	50,534,741
Outside Pakistan		54,685	3,232
		54,638,318	50,537,973

16.1 Particulars of borrowings with respect to currencies

In local currency		54,583,633	50,534,741
In foreign currencies		54,685	3,232
		54,638,318	50,537,973

16.2 Details of borrowings from financial institutions

Secured			
Borrowings from SBP under export refinancing scheme	16.2.1	5,246,052	3,657,927
Repurchase agreement borrowings	16.2.2	45,837,581	46,876,814
		51,083,633	50,534,741
Unsecured			
Call borrowings	16.2.3	3,500,000	-
Overdrawn nostro accounts	16.2.4	54,685	3,232
		3,554,685	3,232
		54,638,318	50,537,973

16.2.1 The Bank has entered into agreement with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable on a quarterly basis and carry mark-up at the rate ranging from 3% to 4.5% (2014: 6.50% to 8.4%) per annum.

16.2.2 This represents collateralised borrowing from SBP against Pakistan Investment Bonds carrying mark-up at the rate of 6.5% (2014: 9.70% to 10.30%) per annum and would mature on January 04, 2016 (2014: January 02, 2015 to February 27, 2015). The carrying value of securities given as collateral against these borrowing is given in note 11.1

16.2.3 These represent call money borrowings from financial institutions, carrying interest at the rate of 6.05% (2014: Nil) per annum.

16.2.4 This represents borrowings from financial institutions outside Pakistan.

		2015	2014
		Rupees in '000	
17.	**DEPOSITS AND OTHER ACCOUNTS**		
	Customers		
	Fixed deposits	61,877,181	46,411,555
	Savings deposits	32,635,288	25,558,374
	Current accounts - non-remunerative	34,570,446	27,371,408
	Margin accounts	1,557,573	566,583
		130,640,488	99,907,920
	Financial Institutions		
	Remunerative deposits	9,511,034	7,440,938
	Non-remunerative deposits	203,653	80,980
		9,714,687	7,521,918
		140,355,175	107,429,838
17.1	**Particulars of deposits**		
	In local currency	128,605,779	101,923,577
	In foreign currencies	11,749,396	5,506,261
		140,355,175	107,429,838
18.	**DEFERRED TAX LIABILITIES - net**		
	Deferred tax debits arising from:		
	Unused tax losses	(9,532)	(433,682)
	Provision against investments	(57,149)	(137,425)
	Provision against loans, advances and trade debts	(213,679)	(259,380)
	Minimum tax	-	(194,148)
	Unrealized loss on derivative instruments	(14,366)	(83,796)
	Provision for donation	(1,067)	(4,639)
	Provision for Workers' Welfare Fund	(66,938)	(24,127)
		(362,731)	(1,137,197)
	Deferred tax credits arising due to:		
	Operating fixed assets	162,221	156,214
	Goodwill	461,110	410,095
	Unrealized gain on revaluation of investment classified as held for trading	3,809	125,413
	Deficit on revaluation of investment classified assets as available for sale	1,306,843	749,732
		1,933,983	1,441,454
		1,571,252	304,257

18.1 Movement in temporary differences during the year:

	Balance as at January 01, 2014	Recognised in profit and loss account	Recognised in equity / OCI	Balance as at December 31, 2014	Recognised in profit and loss account	Recognised in equity / OCI	Balance as at December 31, 2015
	------------	------------	------------	'Rupees in '000	------------	------------	------------
Deferred tax debits arising from:							
Unused tax losses	(1,019,506)	583,323	(2,501)	(433,682)	424,150	-	(9,532)
Provision against investments	(81,025)	(56,400)	-	(137,425)	80,276	-	(57,149)
Provision against loans and trade debts	(236,343)	(23,037)	-	(259,380)	45,701	-	(213,679)
Minimum tax	(160,075)	(34,073)	-	(194,148)	194,148	-	-
Unrealized loss on derivative instruments	3,589	(87,385)	-	(83,796)	69,430	-	(14,366)
Provision for donation	-	(4,639)	-	(4,639)	3,572	-	(1,067)
Provision for Workers' Welfare Fund	(31,648)	7,521	-	(24,127)	(42,811)	-	(66,938)
	(1,525,008)	385,310	(2,501)	(1,137,197)	774,466	-	(362,731)
Deferred tax credits arising due to:							
Fixed assets	182,948	(26,734)	-	156,214	6,007	-	162,221
Goodwill	358,588	51,507	-	410,095	51,015	-	461,110
Unrealized gain of revaluation of		-			-		
investment classified as held for trading	40,978	84,435	-	125,413	(121,604)	-	3,809
(Surplus) / deficit on revaluation of investment		-			-		
classified assets as available for sale	(110,464)	-	860,196	749,732	-	557,111	1,306,843
	472,050	109,208	860,196	1,441,454	(64,582)	557,111	1,933,983
	(1,052,958)	494,518	857,695	304,257	709,884	557,111	1,571,252

19. OTHER LIABILITIES

	Note	2015	2014
		Rupees in '000	
Mark-up / return / interest payable in local currency	19.1	878,512	1,120,483
Mark-up / return / interest payable in foreign currencies		26,498	4,118
Accrued expenses		538,005	453,131
Trade payable from brokerage business	19.2	448,218	641,683
Payable in respect of defined benefit plan	36.5	64,005	21,349
Customer insurance payable		-	1,128
Unrealised loss on revaluation of derivative instruments		36,945	167,917
Unclaimed dividends		10,759	10,968
Donation payable	29.2	67,030	45,255
Lease key money deposit		753,823	314,768
Provision for Workers' Welfare Fund	19.3	227,636	152,414
Government duties	19.4	160,672	116,575
Payable against remittance		179,975	270,157
Retention money payable		11,373	11,918
Payable against maintenance of IT equipment		2,016	6,811
Visa debit card payable		22,463	38,218
Others		196,441	155,561
		3,624,371	3,532,454

19.1 Included herein is a sum of Rs. 50.904 million (2014: Rs. 17.915 million) payable to related parties.

19.2 Included herein is a sum of Rs. 3.684 million (2014: Rs. 3.684 million) payable to related parties.

19.3 Aggrieved by the amendments made through the Finance Act, certain stakeholders filed petition against the changes in the Lahore and Peshawar High Courts, which struck down the aforementioned amendments to the Ordinance in 2011. However, some stakeholders also filed the petition in the Sindh High Court which, in 2013, decided the petition against the stakeholders. The Bank is in process to file the petition in the Supreme Court against the changes.

Sindh Worker's Welfare Fund has been promulgated making it effective on income accruing from January 01, 2014. The Bank contests the applicability of law principally for the reasons that the Bank's operations are spared all over Pakistan and Azad Kashmir and that levy under the law cannot be exclusively decided under the domain of Sindh law. The management is consulting with lawyers about the basis the levy can be contested by way of filing a writ or suit in the high court.

Therefore, until the matter is decided, on prudent basis, the Bank has recognized aggregate provision in these consolidated financial statements.

19.4 This represents amount payable against Federal Excise Duty (FED) on management fees received/receivable from the funds under management. The amount is being held for payment to Federal Board of Revenue on the basis of stay order of the Honorable High Court of Sindh dated September 04, 2013. The stay order was granted a result of petition filed by asset management companies on the forum of MUFAP against the amendment in Finance Act, 2013 which levied FED on the fees received by asset management companies from funds under management.

20. SHARE CAPITAL

20.1 Authorised capital

2015	2014		2015	2014
Number of shares			Rupees in '000	
1,350,000,000	1,350,000,000	Ordinary shares of Rs.10 each	13,500,000	13,500,000

20.2 Issued, subscribed and paid-up capital

2015	2014		2015	2014
Number of shares			Rupees in '000	
538,558,965	538,558,965	Issued for cash	5,385,590	5,385,590
533,905,297	533,905,297	Issued for consideration other than cash	5,339,053	5,339,053
1,072,464,262	1,072,464,262		10,724,643	10,724,643

20.3 As at December 31, 2015, Jahangir Siddiqui Co. Ltd (the parent company) held 755,245,007 ordinary shares of Rs. 10 each (70.42% holding).

21. PREFERENCE SHARES

21.1 Authorised capital

2015	2014		Note	2015	2014
Number of shares				Rupees in '000	
150,000,000	150,000,000	Convertible preference shares of Rs.10 each	1.3	1,500,000	1,500,000

21.2 On February 19, 2014, the Bank has issued 150 million preference shares of Rs. 10 each. As a result of this transaction, the paid-up capital of the Bank has increased by Rs 1.5 billion. The major terms and conditions of the preference shares are as follows:

Instrument:	Un-listed, convertible, irredeemable, perpetual, non-cumulative, non-voting preference shares.
Issue Price:	Issued at par value of Rs.10 per shares.
Tenure:	Four years from the date of issuance of preference shares.
Conversion ratio:	For every one preference share, 1.5 ordinary shares will be issued i.e. 1:1.5
Dividend:	Non-cumulative at the fixed rate of 12% per annum. No compensation would be available to the preference shareholders other than the agreed return i.e. 12% p.a. which will be paid in the form of cash dividend. The distribution of dividend is not obligatory and will be allowed only if the Bank has earned sufficient profit in the current year to pay dividend and is in compliance with all the regulatory capital (MCR and CAR) and provisioning requirements.

21.3 As at December 31, 2015, Jahangir Siddiqui Co. Ltd (the parent company) held 145,374,878 preference shares of Rs. 10 each (96.92% holding).

	2015	2014
	Rupees in '000	
22. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - net of tax		
Available-for-sale securities:		
Term Finance Certificates - listed	35	(4,428)
Ordinary shares - listed	616,068	185,775
Open end mutual funds	555,673	675,357
Foreign currency bonds (US $)	(72,986)	(79,072)
Government securities	3,159,726	2,015,281
	4,258,516	2,792,913
Related deferred tax liability	(1,306,843)	(749,732)
	2,951,673	2,043,181
Group's share	2,757,529	1,724,357
Non-controlling interest	194,144	318,824
	2,951,673	2,043,181
23. CONTINGENCIES AND COMMITMENTS		
23.1 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions.		
i) Government	13,374,471	4,733,516
ii) Banking companies and other financial institutions	590,642	362,326
iii) Others	2,888,172	1,387,650
	16,853,285	6,483,492

23.1.1 Included herein the outstanding guarantees of Rs. 47.902 million (2014: Rs. 30.654 million) of related parties.

	2015	2014
	Rupees in '000	
23.2 Trade-related contingent liabilities		
Documentary credits	11,134,071	7,828,275
23.2.1 Included herein the outstanding letter of credits of Rs.3.080 million (2014: Rs. 40.530 million) of related parties.		
23.3 Other contingencies		
Claims not acknowledged as debts	66,884	66,791

		2015	2014
		Rupees in '000	
23.4	**Commitments in respect of forward lending**		
	Forward commitments to extend credit	1,396,767	2,420,850

23.4.1 Included herein the commitment of Rs. 600 million (2014: Rs. 900 million) of related parties.

		2015	2014
23.5	**Other commitments**		
	Commitment in respect of capital expenditure	616,466	88,872
23.6	**Commitments in respect of derivative instruments**		
23.6.1	**Commitments in respect of forward exchange contracts**		
	Purchase	9,076,271	6,110,485
	Sale	5,218,707	7,142,322

The Bank utilises foreign exchange instruments to meet the need of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At year end, all foreign exchange contracts have a remaining maturity of less than one year.

		2015	2014
		Rupees in '000	
23.6.2	**Forward government and equity securities**		
	Purchase	-	834,171
	Sale	969,327	5,426,041
23.6.3	**Cross currency swaps (notional principal)**	2,627,850	1,588,850

Derivative instruments, such as Forward Rate Agreement, Interest Rate Swaps, Cross Currency Swaps and FX Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business provides risk solutions for the existing and potential customers of the Bank. All derivative transactions are governed by the Financial Derivatives Business Regulations (FDBR) issued by the State Bank of Pakistan (SBP).

The Bank has entered into a Cross Currency Swap transaction with its customer on back-to-back basis with an Authorized Derivative Dealer (ADD) without carrying any open position in its books. Specific approvals for the transactions have been granted by State Bank of Pakistan. Policies in line with SBP instructions have been formulated and are operative.

The transaction carries credit risk which is the risk that a party to a derivative contract will fail to perform its obligation. There are two types of credit risk associated with derivative transactions; 1) settlement, and 2) pre-settlement risk. Bank's Central Credit Committee is responsible for reviewing and managing associated Counterparty Credit Risks of the transaction.

Accounting policies in respect of derivative financial instruments are described in note 7.6.2.

23.6.3.1 Product Analysis

	2015		2014	
	Cross currency swaps			
	Number of contracts	Notional principal Rupees '000	Number of contracts	Notional principal Rupees '000
Counterparties				
With Banks for				
Hedging	-	-	-	-
Market Making	6	2,627,850	4	1,588,850
	6	2,627,850	4	1,588,850

At the exchange rate prevailing at the end of the reporting period.

23.6.3.2 Maturity Analysis

2015

-------------------------- Rupees in '000 --------------------------

Remaining maturity	Number of contracts	Notional principal	Mark to market		
			Negative	Positive	Net
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 month to 1 year	2	1,084,500	555,445	(554,227)	1,218
1 to 2 year	2	504,350	262,745	(259,521)	3,224
2 to 3 years	-	-	-	-	-
3 to 5 years	2	1,039,000	594,765	(588,814)	5,951
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-

2014

-------------------------- Rupees in '000 --------------------------

Remaining maturity	Number of contracts	Notional principal	Mark to market		
			Negative	Positive	Net
Upto 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 month to 1 year	-	-	-	-	-
1 to 2 year	2	1,084,500	568,355	(565,682)	2,673
2 to 3 years	2	504,350	267,030	(262,335)	4,695
3 to 5 years	-	-	-	-	-
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-

	Note	2015	2014
		Rupees in '000	
24. MARK-UP / RETURN / INTEREST EARNED			
On loans and advances to:			
Customers		6,021,068	4,983,472
Financial institutions		9,297	91,114
		6,030,365	5,074,586
On investments in:			
Held-for-trading securities		789,705	1,528,863
Available-for-sale securities		8,473,250	4,087,926
		9,262,955	5,616,789
On deposits with financial institutions		2,039	3,133
On securities purchased under resale agreements		169,163	559,199
		15,464,522	11,253,707
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		6,382,574	5,504,989
Securities sold under repurchase agreements		2,893,953	1,458,414
Borrowings		404,276	220,866
Mark-up and other charges of securitisation of management fee receivables		-	405
		9,680,803	7,184,674
26. FEE, COMMISSION AND BROKERAGE INCOME			
Advisory fee		145,075	142,020
Brokerage income		450,054	331,187
Trustee fee		5,908	6,185
Management fee		168,695	211,313
Other fees, commission and charges	26.1	1,015,122	758,855
		1,784,854	1,449,560

26.1 This includes Rs. 56.633 million (2014: Rs. 71.862 million) in respect of commission income from home remittance services provided by the Bank. The amount is received from State Bank of Pakistan at the rate of Saudi Riyal 20 (2014: Saudi Riyal 25) per transaction over USD 200 (2014: USD 100) and is shared between the Bank and various exchange companies as per terms of agreement with them.

	Note	2015	2014
		Rupees in '000	
27. GAIN / (LOSS) ON SALE OF SECURITIES - net			
Federal Government Securities			
- Market Treasury Bills		47,755	16,995
- Pakistan Investment Bonds		1,288,560	863,289
- Ijara Sukuk Certificates		553	180
Ordinary shares - listed		551,858	260,181
Term finance certificates		5,047	5,956
Foreign currency bonds		(17,005)	23,716
Mutual fund units / certificates	27.1	118,279	381,240
		1,995,047	1,551,557

		Note	2015	2014
			Rupees in '000	
27.1	This represents gain arising on sale of units of a related party.			
28.	**OTHER INCOME / (LOSS)- net**			
	Unrealised gain / (loss) on revaluation of derivative instruments - net			
	Equity futures		4,102	(2,077)
	Forward Government securities - net		(77)	(191,267)
	Forward foreign exchange contracts - net		(51,363)	18,059
	Cross currency swaps - net		10,393	7,368
			(36,945)	(167,917)
	Others			
	Gain on sale of fixed assets		37,158	25,681
	Rental income from properties		17,761	16,340
	Others		18,144	10,126
			73,063	52,147
			36,118	(115,770)
29.	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages, allowances, etc.		2,263,668	1,734,295
	Charge for defined benefit plan	36.5	54,335	28,497
	Contribution to defined contribution plan		88,539	69,525
	Non-executive directors' fee, allowances and other expenses		8,631	3,736
	Contractor wages		254,587	170,417
	Brokerage, fee and commission		28,329	47,470
	Royalty	29.1	20,000	20,000
	Rent, taxes, insurance, electricity, etc.		857,485	732,592
	Legal and professional charges		85,252	80,957
	Donations	29.2	67,030	45,255
	Communication		100,572	74,039
	Ijarah rentals		-	304
	Repairs and maintenance		389,337	454,931
	Travel and other related expenses		65,966	45,542
	Stationery and printing		113,361	122,275
	Advertisement and publicity		174,510	123,318
	Postage and courier service		35,129	32,265
	Stamp duty		15,975	4,537
	CDC and other charges		3,559	6,371
	Bank charges and clearing house charges		84,639	69,524
	Consultancy fee		18,615	50,394
	Security services		175,449	122,656
	Fees and subscription		39,913	35,637
	Auditors' remuneration	29.3	8,201	7,598
	Depreciation	13.2	451,400	358,733
	Amortisation of intangible assets	13.3	46,618	35,481
	Staff training		12,347	10,158
	Others		54,184	45,248
			5,517,631	4,531,755

29.1 Royalty represents amounts payable to Mr. Jahangir Siddiqui, chairman of the Board of the Bank, on account of use of name in the subsidiaries of the Bank.

29.2 This represents donation to Future Trust, wherein Mr. Ali Jehangir Siddiqui and Mr. Suleman Lalani are trustees who are Director and Chief Executive Officer respectively of the Jahangir Siddiqui & Co. Ltd, the parent company of the Bank (2014: Mahvash and Jahangir Siddiqui Foundation, wherein Mrs. Mahvash Jahangir Siddiqui is the Chairperson who is spouse of Mr. Jahangir Siddiqui, the Chairman of the Board of the Bank). The registered offices of the donees are located at 7th Floor, The Forum, Block 9, Clifton, Karachi.

	Note	2015	2014
		Rupees in '000	
29.3 Auditors' remuneration			
Audit fee		2,758	2,757
Half-yearly review		950	900
Special certification and sundry advisory services		2,652	2,642
Taxation services		350	350
Out of pocket expenses and sales tax on services		1,491	949
		8,201	7,598
30. OTHER PROVISIONS / WRITE OFFS			
Provision held against other assets		-	7,684
Provision for sales tax on forex and advisory	14.8	363	16,390
		363	24,074
31. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		1,348	26,397
Provision for Workers' Welfare Fund	19.3	75,286	54,100
Others		477	-
		77,111	80,497

31.2 Provision held @ 2% of the higher of profit before tax or taxable income under Workers' Welfare Ordinance, 1971.

	Note	2015	2014
		Rupees in '000	
32. TAXATION			
32.1 Relationship between income tax expense and accounting profit			
Accounting profit before taxation		3,767,942	2,588,985
Tax on income	32.1.1	(1,299,158)	(920,170)
Effect of permanent differences		(1,523)	149,852
Tax effect of income charged at reduce rate		21,505	71,168
Tax effect of exempt income		55,362	
Effect of prior year deferred taxation		(84,129)	(58,423)
Effect of prior year current taxation		9,054	52,166
Others		(3,729)	14,689
		(1,302,618)	(690,718)
Group's share		(1,228,378)	(621,132)
Non-controlling interest		(74,240)	(69,586)
		(1,302,618)	(690,718)

32.1.1 The Group has recognised taxation impact on the basis of deemed tax return to be file on applicable tax rate with tax authorities, which are as follows:

	Tax Rate	
	2015	2014
JS Bank Limited	35%	35%
JS Investments Limited	32%	33%
JS Global Capital Limited	32%	33%
JS ABAMCO Commodities limited	32%	33%

32.2 JS Bank Limited (Holding Company, the Bank)

32.2.1 Income Tax

The Bank has filed income tax returns under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2009 through 2015. The said returns so filed were deemed to be assessed in terms of the returns filed under the provisions of prevailing income tax laws as applicable in Pakistan. However, the Officers of Inland Revenue Services (OIR) conducted the proceedings for making certain amendments in the deemed assessments for tax years 2008 to 2013. This was done by taking recourse of conducting tax audit or alternatively a direct amendment in the assessment contending that certain matters in the deemed assessments were not admissible as not conforming to the law and prejudiced the interest of revenue.

Based on the amended assessments in tax year 2008 to tax year 2013, the department has made certain disallowances of expenses and tax deductible claims besides creating minimum tax and Workers' Welfare Fund liabilities in the tax years 2010 & 2011 and tax years 2009 & 2012 respectively. The Bank has not accepted the amendments and have filed appeals before the Commissioner Inland Revenue-Appeals (the CIRA). With regard to appeals filed for tax year 2009 to 2013, the CIRA has decided the appeals accepting the Bank's contentions in respect of significant issues. Whereas, the contentious matter of levy of workers welfare fund and disallowance of amortization claim of goodwill have been decided in favor of department. The exposures related to WWF and Goodwill have already been taken care of in the books of the Bank. However, the Bank is contesting the matters in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for hearing.

For tax year 2008, CIRA has admitted the contention of the Bank that the amended order is barred by time and, decided that any addition made in impugned order is annulled and not required to be further adjudicated. However, the department has filed an appeal against the decision of CIRA in ATIR where it is pending for hearing and decision.

For the tax year 2013, the ATIR has decided appeal filed by tax department in respect of calculating the amount of provisions against advances as allowable under Rule 1(c) of Seventh Schedule to the Income Tax Ordinance, 2001 and has maintained the CIRA decision that allowability of provision for advances to be calculated at 1% of gross amount of advances as against the tax department contention that the same is to be calculated on net advances after deducting the amount of provisions created and allowed against advances.

The management of the Bank is confident that the decision in respect of the above matters will be in the Bank's favour and accordingly no demand for payment would arise.

The Bank has commenced its operations in Azad Jammu & Kashmir from tax year 2009 and it has filed separate returns for the tax years 2009 to 2014 with the tax authorities of such region. The Commissioner has issued notice to select the return filed for the Tax Year 2011 for imitating audit proceeding which are finalised during the year and no additional demand has been raised.

32.2.2 Sales Tax

The Bank as a registered person under Sindh Sales Tax on Services Act, 2011 has been issued a Sales Tax Order from the Sindh Revenue Board (SRB) charging tax on certain non-fund based services provided by the Bank from the period ended July 01 2011 to December 31, 2013. The Bank is contesting the taxability of such incomes. The total amount involved of these services is of Rs. 277.488 million on which liability of Rs. 48.838 million has been determined as tax besides Rs. 4.440 million is charged as penalty.

The Bank has not accepted the adjudication so made and has filed an appeal before the Commissioner (Appeals) which is pending for hearing and decision.

32.2.3 Minimum tax

Adjustability of minimum tax (in future years) has been provided under section 113(2)(c) of the Income Tax Ordinance, 2001 (the Ordinance). The said sub-section provides that the excess of minimum tax over actual is carried forward for adjustment against tax liability (up to five years). However, the Sindh High Court (the Court) passed a judgement against the issue which had arisen where actual tax payable for the year is nil, and whole amount of minimum tax was considered for adjustment in future. The Court passed an order that actual tax payable should be an absolute amount, and cannot be zero or nil; therefore minimum tax paid in such a situation is not eligible for adjustment in future, in terms of section 113(2)(c) of the Ordinance. The aforesaid decision of the Court has been further appealed, and issue is now sub judice before the Supreme Court of Pakistan (SCP). Management and their tax advisors are of the opinion that, based on valid legal grounds, favorable outcome is expected. Accordingly, the Bank has taken the benefit of carry forward minimum tax which was paid in prior years of Rs. 252.548 million against current tax charge.

32.3 JS Global Capital Limited (Subsidiary, the Company)

32.3.1 Except for tax year 2005 and tax year 2009, income tax assessments have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001 unless selected by taxation authorities for audit purposes. Furthermore, monitoring proceedings were initiated for tax years 2013 and 2014 for which no order has been passed, however, all the requested details have been submitted.

Tax year 2005 has been selected for audit and proceedings are pending in the Regional Tax Office (RTO). There is no progress in this regard in current period.

32.3.2 For tax year 2009, the ITRA no. 07/2013 filed by the Commissioner Inland Revenue against an order passed by the Learned Appellate Tribunal Inland Revenue in ITA no. 923/KB/2011 dated August 28, 2011 relating to apportionment of expenses, allowability of expenses and claiming of tax deducted at source amounting to Rs. 61.16 million which is pending for hearing before the Honorable High Court of Sindh at Karachi. The case was fixed for hearing on December 18, 2015, and various other dates during the period but on all dates, the case was discharged for want of time.

32.3.3 During 2013, the Company received a show cause notice from the Sindh Revenue Board (SRB) demanding payment of sales tax amounting to Rs. 19.65 million for the period from July 2011, to June 2012, under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently an order was passed reducing the demand to Rs. 9.86 million along with default surcharge. The Company filed an appeal against the said order which was decided against it. The Company has also filed an appeal before tribunal which is pending adjudication and no order has been passed in this regard. During 2014, the Company paid an amount of Rs. 7.15 million before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption of penalty and 75% of default surcharge.

During 2014, the Company also received another show cause notice from SRB demanding payment of sales tax amounting to Rs. 34.69 million for the period from July 2012 to December 2013 under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently, an order was passed reducing demand to Rs. 10.77 million. The Company has filed an appeal against the order with Commissioner Inland Revenue (Appeals) which is pending. Further, in respect of the same, rectification application has also been filed with the department. The Company and other stock brokers have also filed petition with the High Court and has been granted interim stay against recovery of demand. However, the Company has paid an amount of Rs. 9.24 million before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption of penalty and 75% of default surcharge.

On prudent basis, the Company has made a provision against the amount paid to SRB in these financial statements.

32.3.4 During 2015, the Deputy Commissioner Inland Revenue has issued an order to the Company (among other brokerage houses), for tax demand amounting to Rs. 78 million on account of non-payment of Federal Excise Duty (FED) for tax period from 2010 to 2013. The Company had filed a rectification appeal amounting to Rs. 54.3 million against the said order on account of certain computational errors. The Company has also filed an appeal in the Sindh High Court, through KSE Stockbrokers Association (of which the Company is also a member) against the aforementioned order on the grounds that after 18th amendment to the Constitution the services that were previously subject to FED under the federal laws are now subject to provincial sales tax and the Company has accordingly discharged its tax obligations in the respective provinces. The Sindh High Court has stayed Federal Board of Revenue from demanding sales tax on services from stock brokers. Further, management of the Company and its tax advisors are of the view that because provincial sales tax on services has already been paid after constitutional dispensation, no further charge is expected to arise in respect of this matter.

32.4 JS Investments Limited (Subsidiary, the Company)

32.4.1 In respect of the appeals filed by the Company before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] against orders passed for tax years 2006 and 2009 against demand of Rs.162 million and 66 million respectively, the CIR (Appeals) had not accepted the basis of additions by tax authorities and set aside both the orders in respect of allocation of expenses between various sources of income for fresh proceedings with the directions to apportion the common expenditure according to actual incurrence of expenditure to the various sources of income.

In respect of above said order of CIR (Appeals) for tax year 2006 and 2009, the Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of apportionment of expenses, which is currently pending for adjudication.

The tax authorities issued orders giving effect (hereinafter referred collectively as 'appeal effect orders') to the order of CIR (Appeals) for both tax year 2006 and 2009 whereby demands for these tax years were reduced at Rs 77.33 million and Rs 59.93 million respectively. As the allocation of expenditure in the said appeal effect orders were not made according to actual incurrence of expenditure to the various sources of income, therefore, the Company again filed appeals before the CIR (Appeals) against the said orders.

In respect of second appeal filed by the Company before CIR (Appeals) against appeal effect orders for tax year 2006 and 2009, the CIR (Appeals) for tax year 2006 confirmed apportionment of expenditure made by the tax authorities in appeal effect order, however, adjustment of allowable expenses were set aside. For tax year 2009, CIR (Appeals) had set aside the appeal effect order in entirety for fresh assessment, which is yet to be made by tax authorities.

The Company has filed second appeal for tax year 2006 in the Appellate Tribunal Inland Revenue (ATIR) in respect of apportionment of expenditure made by tax authorities in appeal effect order earlier confirmed by CIR (Appeals). The said appeal before ATIR is currently pending for adjudication.

The CIR (Appeals) also rectified the order passed by his predecessor for tax Year 2006, whereby the addition regarding the portion of capital gain included in dividend received from mutual funds was held deleted. Resulted appeal effect order reflects refund of Rs. 29 million. The tax authorities have filed an appeal before ATIR against said order of CIR (Appeals) in respect of deletion of addition regarding the portion of capital gain included in dividend, which is pending for adjudication.

In respect of tax year 2006, management contends, based on views of its tax advisor, that amendment of assessment for such tax year by tax authorities is time barred. Accordingly, the Company has filed an appeal before the Appellate Tribunal Inland Revenue in this respect which is pending for adjudication.

Management, based on views of its legal counsel, is confident of a favorable outcome in respect of above matters.

32.4.2 The Company has filed an appeal before the Appellate Tribunal, Sindh Revenue Board against the order of Commissioner (Appeals), Sindh Revenue Board in respect of levy of Sindh Sales tax amounting to Rs. 1.288 million on certain disallowance of input taxes and Rs. 0.054 million on levy of sales tax on certain heads of income, for the tax periods from July, 2011 to December, 2012. However, the appeal is pending before Honorable Tribunal, SRB is not formed.

Management and tax advisors are confident that good grounds exist to contest these disallowances and other points at appellate forums and these additions cannot be maintainable and eventually outcome will come in favor of the Company. Hence no provisions have been made in the financial statements.

33. EARNINGS PER SHARE - BASIC AND DILUTED

		2015	2014
Profit after taxation for the year - attributable to ordinary equity holders of the Bank for diluted earnings per share	Rupees in '000	2,252,256	1,445,843
Preference dividend for the period ended December 31, 2014 @ 12% p.a	Rupees in '000	(155,836)	-
Profit after taxation for the year - attributable to ordinary equity holders of the Bank for basic earnings per share	Rupees in '000	2,096,420	1,445,843
Weighted average number of basic outstanding ordinary shares during the year	Numbers	1,072,464,262	1,072,464,262
Weighted average number of diluted outstanding ordinary shares during the year	Numbers	1,297,464,262	1,267,258,783
Basic earnings per share	Rupees	1.95	1.35
Diluted earnings per share	Rupees	1.74	1.14

33.1 The shareholders of the Bank in their meeting held on March 27, 2015 approved non-cumulative preference dividend of Rs. 155.836 million for the preference shareholders. Since it was not recognised as a liability at reporting period as of December 31, 2014 due to non-adjusting event in accordance with International Accounting Standard - IAS 10 "Events after the Reporting Period", the basic earnings per share of the current period has been adjusted accordingly.

	Note	2015	2014
		Rupees in '000	
34. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks		11,160,169	9,041,590
Balances with other banks		629,407	433,697
Overdrawn nostro account	17.2	(54,685)	(3,232)
		11,734,891	9,472,055
35. STAFF STRENGTH			
Permanent		2,029	1,737
Temporary / on contractual basis		148	91
Group's own staff strength at the end of the year		2,177	1,828
Third party contract		1,066	869
		3,243	2,697

36. DEFINED BENEFIT PLAN

36.1 General description

The Bank operates a recognized gratuity fund for all employees who opted for this scheme introduced by the management with effect from January 01, 2007.

The defined benefit is administered by a separate fund that is legally separate from the Bank. The plan is governed by the trust deed dated September 01, 2007. The trustees of the gratuity fund are composed of representatives from employers. The trustees of the gratuity fund are required by the trust deed to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees and employers. The trustees of the gratuity fund are responsible for the investment policy with regard to the assets of the fund.

36.2 The plan in Pakistan typically exposes the Bank to actuarial risks such as: salary risk, discount rate risk, mortality risk and investment risk defined as follow:

- **Salary increase risk:**

  This is the risk that the salary at the time of cessation of service is higher than that assumed by us. This is a risk to the Bank because the benefits are based on the final salary; if the final salary is higher than what we have assumed, the benefits will also be higher.

- **Discount rate risk**

  The discount rate is based on the yield on government bonds. If the market yield of bonds varies, the discount rate would vary in the same manner and would affect the present value of obligation and fair value of assets.

- **Mortality / withdrawal risk:**

  This is the risk that the actual mortality/withdrawal experience is different than that assumed by us.

- **Longevity Risk**

  This is the risk that when actulal lifetime of retires is longer than expection. The risk is measured at plan level over the entiree population.

- **Investment risk**

  This is the risk that the assets are underperforming and are not sufficient to meet the liabilities.

- **Maturity profile**

The weighted average duration of the defined benefit obligation works out to 8.97 years.

36.3 Number of employees under the schemes

The number of employees covered under defined benefit scheme is 1,778 (2014: 1,522).

36.4 Principal actuarial assumptions

Principal actuarial assumptions at the end of the reporting period expressed as weighted averages. The actuarial valuations were carried out on December 31, 2015 based on the Projected Unit Credit Method, using the following significant assumptions:

		2015	2014
Valuation discount rate based on high yield corporate bonds	per annum	9.00%	11.25%
Expected return on plan assets	per annum	9.00%	11.25%
Future salary increase rate			
Short term	per annum	9.00%	10.00%
Long term	per annum	9.00%	11.25%
Normal retirement age	years	60	60

36.5 Movement in defined benefit obligations, fair value of plan assets and their components

	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability (asset)	
	2015	2014	2015	2014	2015	2014
	---- Rupees in '000 ----					
Balance as at January 01,	154,368	116,676	133,019	115,387	21,349	1,289
Included in profit or loss						
Current service cost	44,657	28,416	-	-	44,657	28,416
Negative past service cost	(30,465)	-	-	-	(30,465)	-
Past service cost	38,942	-	-	-	38,942	-
Interest cost / income	17,256	14,478	16,055	14,397	1,201	81
Curtailment gains	-	-	-	-	-	-
	70,390	42,894	16,055	14,397	54,335	28,497
Included in other comprehensive income						
Actuarial gains / losses arising from:						
- financial assumptions	255	(4,734)	-	-	255	(4,734)
- experience adjustments	12,519	1,241	3,104	3,655	9,415	(2,414)
	12,774	(3,493)	3,104	3,655	9,670	(7,148)
Other movements						
Contribution made during the year	-	-	21,349	1,289	(21,349)	(1,289)
Benefits paid during the year	(1,960)	(1,709)	(1,960)	(1,709)	-	-
	(1,960)	(1,709)	19,389	(420)	(21,349)	(1,289)
Balance as at December 31	235,572	154,368	171,567	133,019	64,005	21,349

36.6 The composition of the plan assets at the end of the reporting period for each category, are as follows:

	Note	Fair value of plan assets 2015	2014	2015	2014
		Rupees in '000		Percentage	
Cash and cash equivalent		39,177	5,446	22.8%	4.1%
Debt securities	36.6.1	132,390	127,574	77.2%	95.9%
		171,567	133,020	100%	100%

36.6.1 This represents investments held in Pakistan Investments Bonds (PIBs), the fair values of the above securities are determined based on quoted market prices in active markets having a cost of Rs. 122.900 million (2014: 122.900 million). The actual return on plan assets was Rs. 16.055 million (2014: Rs.14.397 million).

36.7 Maturity profile

36.7.1 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity fund is as follows:

	Up to one year	Over 1-2 years	Over 2- 5 years	Over 6-10 years	Over 10 and above years	Total
	Rupees in '000					
Balance as at December 31, 2015	10,033	11,291	49,895	130,088	457,725	659,032

36.8 Sensitivity analysis

36.8.1 Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Particulars	Rate	Present value of defined benefit obligation	Fair value of any plan assets	Net defined benefit liability
		Rupees in '000		
Current results	-	235,572	171,567	64,005
Discount rate				
1% Increase	1%	215,186	169,521	45,665
1% Decrease	-1%	258,958	173,669	85,289
Salary Rate				
1% Increase	1%	259,913	171,567	88,346
1% Decrease	-1%	214,023	171,567	42,456
Withdrawal rate				
10% Increase	Moderate + one year	227,769	171,567	56,202
10% Decrease	Moderate - one year	243,916	171,567	72,349
Mortality rate				
One year age set back	Adjusted SLIC 2001-05 - one year	235,862	171,567	64,295
One year age set forward	Adjusted SLIC 2001-05 + one year	235,283	171,567	63,716

Furthermore in presenting the above sensitivity analysis, the present value of the define benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in this unconsolidated statement of financial position.

36.9 Experience Adjustments

The remeasurement gains / (losses) arise due to actual experience varying from the acturial assumptions for the year

Particulars	2015	2014	2013	2012
	---------- Rupees in '000 ----------			
Defined benefit obligation	235,572	154,368	116,676	91,269
Fair value of plan assets	(171,567)	(133,019)	(115,387)	(79,911)
Net defined benefit liability	64,005	21,349	1,289	11,358
Remeasurement gain /(loss) on obligation	12,774	3,493	(740)	(133)
Remeasurement gain /(loss) on plan assets	(3,104)	3,655	2,408	(3,260)
Other comprehensive income	9,670	7,148	1,668	(3,393)

36.10 The average duration of the benefit obligation at December 31, 2015 is with in one year.

36.11 The Bank expects to make a contribution of Rs. 64.005 million (2015: Rs. 21.349 million) to the defined benefit plans during the next financial year.

36.12 The Bank contributes to the gratuity fund as per actuarial's expected charge for the next financial year. Based on actuarial advice and management estimates, the charge in respect of defined benefit obligation for the next one year works out to be Rs. 58.053 million. The amount of remeasurements to be recognised in other comprehensive income for year ending December 31, 2016 will be worked out as at the next valuation.

37. DEFINED CONTRIBUTION PLAN

The Group operates a contributory provident fund scheme for all permanent employees. The employer and employee both make a contribution of equal amount to the fund as follows:

	Contribution basic salary	Number of employees		Contribution made during the year	
		2015	2014	2015	2014
	Percentages	Numbers		Rs. in (000)	
JS Bank (Holding Company, the Bank)	7.10%	1,477	1,233	77,365	61,087
JS Global Capital Limited (Subsidiary, the Company)	10%	165	105	7,008	4,785
JS Investments Limited (Subsidiary, the Company)	8%	86	70	4,160	3,250

38. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements for the year in respect of the remuneration and benefits to the President and Chief Executive Officer, Directors and Executives are as follows:

		President and Chief Executive officer		Directors		Executives	
		2015	2014	2015	2014	2015	2014
	Note	Rupees in '000					
Managerial remuneration		27,322	23,015	-	-	835,881	476,952
Defined contribution plan		1,380	1,232	-	-	53,344	51,284
Charge for defined benefit plan		-	-	-	-	47,545	32,396
Rent and house maintenance		7,546	9,094	-	-	165,012	209,792
Utilities		1,962	2,126	-	-	38,204	47,695
Medical		1,529	858	-	-	51,163	8,868
Conveyance and vehicle maintenance		-	944	-	-	82,404	86,034
Performance bonus		24,000	20,000	-	-	229,121	161,663
Non-executive directors' fee, allowances and other expenses		-	-	8,631	3,736	-	-
		63,739	57,269	8,631	3,736	1,502,654	1,074,684
Number of persons	38.1	3	3	12	13	692	426

38.1 The Presidents and certain executives are also provided with other facilities, including free use of the Bank and/or Company maintained cars.

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 7.10 to these consolidated financial statements.

The repricing profile, effective rates and maturity are stated in note 43.3.4 to these consolidated financial statements.

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

Fair value hierarchy

IFRS 13 requires the Bank to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Unobservable inputs for the asset or liability.

39.1 The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	As at December 31, 2015			
	Level 1	Level 2	Level 3	Total
	------------------------ Rupees in '000 ------------------------			
On balance sheet financial instruments				
Financial assets classified as 'held-for-trading securities'				
Government Securities				
Market treasury bills	-	18,782,767	-	18,782,767
Pakistan investment bonds	-	3,755,124	-	3,755,124
	-	22,537,891	-	22,537,891
Financial assets classified as 'available-for-sale securities'				
Government Securities				
Market treasury bills	-	5,705,149	-	5,705,149
Pakistan investment bonds	-	78,948,950	-	78,948,950
	-	84,654,099	-	84,654,099
Ordinary Shares				
Ordinary shares of listed companies	4,172,024	-	-	4,172,024
Ordinary shares of unlisted company	-	26,273	-	26,273
	4,172,024	26,273	-	4,198,297
Term Finance Certificates and Sukuks				
Term finance certificates - listed	127,437	-	-	127,437
Term finance certificates - unlisted	-	1,544,462	-	1,544,462
Sukuk certificates - unlisted	380,000	-	-	380,000
	507,437	1,544,462	-	2,051,899
Open end mutual funds	2,192,918	-	-	2,192,918
Foreign currency bonds (US $)	-	1,249,880	-	1,249,880
	6,872,379	110,012,605	-	116,884,984
Off balance sheet financial instruments				
Forward exchange contracts				
Purchase	-	9,010,743	-	9,010,743
Sale	-	5,232,871	-	5,232,871
Forward government and equity securities				
Purchase	-	-	-	-
Sale	706,278	267,074	-	973,352
Cross currency swaps (notional principal)	-	2,638,243	-	2,638,243

40. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	2015								
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Brokerage	Asset Management	Others	Total
	Rupees in '000								
Total income - external	140,319	11,456,435	3,259,262	3,557,427	169,139	802,767	341,629	35,025	19,762,003
Inter-segment revenues - net	-	(4,014,317)	3,776,315	238,002	-	-	-	-	-
Total income	140,319	7,442,118	7,035,577	3,795,429	169,139	802,767	341,629	35,025	19,762,003
Total expenses	(18,678)	(3,375,138)	(7,149,744)	(3,487,578)	(69,529)	(487,559)	(228,210)	(459,108)	(15,275,544)
Provisions for the year	-	(143,037)	(19,589)	(653,615)	-	(363)	98,088	-	(718,516)
Current Taxation	-	-	-	-	-	-	-	(601,716)	(601,716)
Prior year charge	-	-	-	-	-	-	-	8,982	8,982
Deferred tax	-	-	-	-	-	-	-	(709,884)	(709,884)
Net income / (loss)	121,641	3,923,943	(133,756)	(345,764)	99,610	314,845	211,507	(1,726,701)	2,465,325
Attributable to:									
Equity holders of the Bank									2,252,256
Non-controlling interest									213,068
Segment assets (gross)	-	127,893,217	36,295,844	45,131,782	-	2,828,092	2,563,482	10,322,818	225,035,235
Segment non performing assets	-	533,793	108,493	2,874,332	-	740,883	219,869	10,861	4,488,231
Segment total provisions	-	(533,793)	(74,626)	(2,648,555)	-	(740,883)	(219,869)	(10,861)	(4,228,587)
Segment liabilities	-	49,392,266	96,164,828	49,436,399	1,609,425	658,411	231,015	4,306,158	201,798,502
Segment return on net assets (ROA) (%)		9.77%	9.28%	9.21%					
Segment cost of funds		7.35%	4.58%	6.92%					

	2014								
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Brokerage	Asset Management	Others	Total
	Rupees in '000								
Total income - external	88,795	7,486,357	2,618,725	3,118,233	155,672	795,211	508,646	58,995	14,830,634
Inter-segment revenues - net	-	(3,831,606)	4,300,867	(469,261)	-	-	-	-	-
Total income	88,795	3,654,751	6,919,592	2,648,972	155,672	795,211	508,646	58,995	14,830,634
Total expenses	(4,692)	(1,722,400)	(6,716,655)	(2,391,720)	(60,266)	(308,273)	(223,810)	(369,110)	(11,796,926)
Provisions for the year	-	(161,144)	(19,012)	(638,622)	-	(16,390)	398,130	(7,684)	(444,722)
Current Taxation	-	-	-	-	-	-	-	(248,366)	(248,366)
Prior year charge	-	-	-	-	-	-	-	52,166	52,166
Deferred tax	-	-	-	-	-	-	-	(494,519)	(494,519)
Net income / (loss)	84,103	1,771,207	183,925	(381,370)	95,406	470,548	682,966	(1,008,518)	1,898,267
Attributable to:									
Equity holders of the Bank									1,445,843
Non-controlling interest									452,424
Segment assets (gross)	-	100,838,809	27,961,546	38,892,979	-	2,704,065	2,975,323	9,529,189	182,901,911
Segment non performing loans	-	545,603	119,049	2,693,568	-	740,519	317,957	10,861	4,427,557
Segment total provisions	-	(392,644)	(63,872)	(1,994,946)	-	(740,519)	(317,957)	(10,861)	(3,520,799)
Segment liabilities	-	46,880,046	73,008,285	38,096,985	1,380,020	622,352	168,032	3,028,821	163,184,541
Segment return on net assets (ROA)		10.7%	11.6%	11.3%					
Segment cost of funds		10.0%	5.5%	8.5%					

41. RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its associates, parent, subsidiaries, companies having common directors, companies in which parent holds more than 20% shares, employee benefit plans, and its key management personnel (including their associates).

Contributions to the accounts in respect of staff retirement benefits are made in accordance with terms of the contribution plans. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are carried out as per agreed terms.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

	2015				
	Opening balance	Disbursements / Deposits	Repayments / withdrawals	Closing balance	Mark-up earned / expense
	Rupees in '000				
Advances					
Key management personnel	253,800	217,429	(73,794)	397,435	14,246
Companies having common directorship	362,267	1,157,367	(1,123,871)	395,763	26,075
Other related parties	1,438,716	5,746,165	(5,137,035)	2,047,846	199,600
Total	2,054,783	7,120,961	(6,334,700)	2,841,044	239,921
Borrowings					
Companies in which parent company holds 20% or more	-	67,800,000	(64,300,000)	3,500,000	125,142
Deposits					
Parent	152,442	29,822,405	(27,958,235)	2,016,612	130,037
Key management personnel	43,061	863,036	(829,563)	76,534	2,005
Companies having common directorship	49,987	7,762,799	(6,704,218)	1,108,568	20,092
Companies in which parent company holds 20% or more	2,085,915	13,813,555	(13,671,813)	2,227,657	93,176
Other related parties	3,122,210	47,036,332	(47,578,126)	2,580,416	190,122
Total	5,453,615	99,298,127	(96,741,955)	8,009,787	435,432

	2014				
	Opening balance	Disbursements / Deposits	Repayments / withdrawals	Closing balance	Mark-up earned / expense
	Rupees in '000				
Advances					
Key management personnel	170,572	194,945	(111,717)	253,800	13,156
Companies having common directorship	392,926	656,063	(686,722)	362,267	11,558
Other related parties	1,140,295	2,846,404	(2,547,983)	1,438,716	111,826
Total	1,703,793	3,697,412	(3,346,422)	2,054,783	136,540
Deposits					
Parent	1,557,270	3,479,843	(4,884,671)	152,442	43,163
Key management personnel	23,012	1,027,652	(1,007,603)	43,061	1,336
Subsidiary companies	860,851	234,972,473	(234,523,021)	1,310,303	74,859
Companies having common directorship	26,445	2,458,895	(2,435,353)	49,987	5,101
Companies in which parent company holds 20% or more	2,037,120	14,383,119	(14,334,324)	2,085,915	25,911
Other related parties	3,891,782	53,128,686	(53,898,258)	3,122,210	248,264
Total	8,396,480	309,450,668	(311,083,230)	6,763,918	398,634

The related party status of outstanding receivables and payables as at December 31, 2015 is included in respective notes to the financial statements. Material transactions with related parties are given below:

	Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Nature of transactions	Rupees in '000							
Sale of Government Securities	21,457	3,081,561	36,193,117	77,827,864	1,199,816	3,237,689	37,414,390	84,147,114
Purchase of Government Securities	-	287,325	11,924,561	35,582,421	699,072	1,498,848	12,623,633	37,368,594
Purchase of Sukuk	-	-	-	-	-	-	-	-
Sale of Sukuk / Ijara	-	-	15,260	-	-	-	15,260	-
Sale of shares / Units	-	-	-	-	1,594,427	4,124,047	1,594,427	4,124,047
Purchase of shares / Units	-	-	-	-	1,230,261	3,493,716	1,230,261	3,493,716
Issuance of Preference Shares	-	-	-	-	-	12,257	-	12,257
Purchase of forward foreign exchange contracts	-	-	7,112,125	-	-	-	7,112,125	-
Sale of forward foreign exchange contracts	-	-	9,715,600	-	-	-	9,715,600	-
Letter of credits	21,937	4,829	1,049	35,702	33,090	-	56,076	40,531
Letter of guarantees	-	584	7,748	-	99,875	36,280	107,623	36,864
Payment to staff benefit plan	-	-	-	-	21,349	1,289	21,349	1,289
Payment to staff contribution plan	-	-	-	-	88,539	69,120	88,539	69,120
Remuneration of key management personnel	-	-	-	-	372,062	236,942	372,062	236,942
Director fees and allowances	-	-	-	-	7,350	3,071	7,350	3,071
Insurance claim received	-	14,271	-	-	8,592	-	8,592	14,271
Rent received / receivables	-	-	-	-	16,217	-	16,217	-
Reimbursement of expenses	-	726	-	-	12,315	15,504	12,315	16,230
Expenses incurred on behalf	186	622	-	-	11,738	13,079	11,924	13,701
Payment of insurance premium	30,328	44,333	19,461	18,293	59,727	3,012	109,516	65,638
Services rendered	-	-	-	-	228	-	228	-
Rent and other expense paid / accrued	-	-	-	-	-	399	-	399
Commission income	44	9	93,976	67,657	23,558	16,088	117,578	83,754
Dividend income	-	-	1,964	-	64,062	-	66,026	-
Advisory Fee	-	-	-	-	18,000	18,000	18,000	18,000
Royalty	-	-	-	-	10,000	20,000	10,000	20,000
Sale proceeds of operating fixed assets	-	-	-	-	2,285	-	2,285	-
Remunerative income	-	-	-	-	159,722	201,675	159,722	201,675
Payment againts buy back of shares	-	-	-	-	1,313	-	1,313	-

	Parent company	
	2015	2014
	Rupees in '000	
Nature of transactions		
Issuance of Preference Shares	-	1,453,749
Sale of Government Securities	5,597,020	736,641
Purchase of Government Securities	3,623,500	223,915
Purchase of term finance certificate	-	25,000
Sale of term finance certificate	2,500	938
Markup / commission income	11,664	2,164
Rent expense paid / accrued	925	43,240
Expenses incurred on behalf	61	64
Reimbursement of expenses	58,912	4,718
Underwriting commision in preference shares	-	3,056

42. CAPITAL ASSESSMENT AND ADEQUACY

42.1 Scope of Application

SBP Capital Adequacy Frameworks (Basel II and III) are applicable to JS Bank Limited on Standalone basis as well as on Consolidated basis by consolidating its partly owned subsidiaries - JS Global Capital Limted and JS Investments Limited. Standardised Approach is used for calculating the Capital Adequacy for Credit and Market risk, whereas, Basic Indicator Approach (BIA) is used for Operational Risk Capital Adequacy purposes.

42.2 Capital Structure- Basel III

Bank's regulatory capital is analyzed into two tiers:

Tier I capital (going concern capital) Which comprises of:

a. Common equity Tier I which includes fully issued, subscribed and paid up capital, balance in share premium account, reserve for bonus issue, general reserves as per the financial statements and net un-appropriated profits etc. after deductions of investments in equity of subsidiary companies engaged in banking and financial activities, goodwill & other intangible assets and deficit on revaluation of available for sale investments due to insufficiency of Additional Tier I and Tier II to cover deductions.

b. Additional Tier I which includes Instruments issued in the form of perpetual non-cumulative preference shares by the banks, share premium resulting from the issuance of the instruments after deduction of goodwill & other intangible assets, deficit on revaluation of available for sale investments and deferred tax assets.

Tier II capital (gone concern or supplementary capital) , which includes general provision for loan losses (up to maximum of 1.25% of risk weighted assets), reserve on the revaluation of fixed assets ,equity investments and foreign exchange translation reserve and subordinated debt.

42.3 Capital Adequacy

Capital Management

The primary objective of the Bank's capital management is to ensure that the Bank complies with all regulatory capital requirements and at the same time maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

Statutory Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR)

The State Bank of Pakistan (SBP) through its BSD Circular no. 7 dated April 15, 2009 require Banks / Development Finance Institutions (DFIs) to raise & maintain their paid up capital (net of losses) equivalent to Rs.10 billion. The paid-up capital (free of losses) of the Bank as at December 31, 2015 stood at Rs.10.119 billion including un-listed, convertible, irredeemable, perprtual, non-cumulative, non-voting perference shares of Rs. 1.5 billion. In addition banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10% of their risk weighted exposure. The Bank's CAR as at December 31, 2015 was approximately 15.23% of its risk weighted assets.

Basel III transition

The Basel III instructions issued by SBP has been adopted by the banks as per the phase-in arrangements prescribed by SBP, starting from December 31, 2013, with full implementation of capital ratios by the year-end 2019. During the transition period banks shall maintain the required capital ratios in following manner;

Phase-in Arrangement and Full implementation of the minimum capital requirements

		Year End						As of Dec 31
Sr	Ratio	2013	2014	2015	2016	2017	2018	2019
1	CET1	5.0%	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%
2	ADT-1	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
3	Tier 1	6.5%	7.0%	7.5%	7.5%	7.5%	7.5%	7.5%
4	Total Capital	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
5	CCB (Consisting of CETI only)	-	-	0.25%	0.65%	1.275%	1.900%	2.5%
6	Total Capital plus CCB	10.0%	10.0%	10.25%	10.65%	11.275%	11.90%	12.5%

The Phase in arrangement for regulatory capital adjustment required under Basel III Instructions has started from December 31, 2014 at 20% per annum with full deduction from CET1 to take effect from December, 2018. During the transition period, the part which is not deducted from CET1/ Additional Tier 1/ Tier 2 will attract existing treatment. The regulatory Capital Deductions are mostly applied at the level of common equity tier-1. In this regard, following is the transitional arrangement as prescribed by SBP;

Phase-in of all deductions from CET1 (in percentage terms)	Year End						As of Dec 31
	2012	2013	2014	2015	2016	2017	2018
	-	-	20%	40%	60%	80%	100%

Note 42.4 Capital Adequacy Ratio (CAR) disclosure:

CAPITAL ADEQUACY RETURN AS OF DECEMBER 31, 2015

		2015	2014
		Rupees in '000	
		Amount	Amount
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully Paid-up Capital/ Capital deposited with SBP	10,724,643	10,724,643
2	Balance in Share Premium Account	-	-
3	Reserve for issue of Bonus Shares	-	-
4	Discount on Issue of shares	(2,105,401)	(2,105,401)
5	General/ Statutory Reserves	918,815	513,706
6	Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7	Unappropriated/unremitted profits/ (losses)	3,066,149	1,384,998
8	Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	1,381,386	1,720,195
9	CET 1 before Regulatory Adjustments	13,985,592	12,238,141
10	Total regulatory adjustments applied to CET1 (Note 41.4.1)	2,125,487	1,937,349
11	Common Equity Tier 1	11,860,105	10,300,792
	Additional Tier 1 (AT 1) Capital		
12	Qualifying Additional Tier-1 capital instruments plus any related share premium		
13	of which: Classified as equity	1,500,000	1,500,000
14	of which: Classified as liabilities		-
15	Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	19,030	8,490
16	of which: instrument issued by subsidiaries subject to phase out		
17	AT1 before regulatory adjustments	1,519,030	1,508,490
18	Total regulatory adjustment applied to AT1 capital (Note 41.4.2)	450,603	307,202
19	Additional Tier 1 capital after regulatory adjustments	1,068,427	1,201,288
20	Additional Tier 1 capital recognized for capital adequacy	1,068,427	1,201,288
21	Tier 1 Capital (CET1 + admissible AT1) (11+20)	12,928,532	11,502,080
	Tier 2 Capital		
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium		
23	Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel 3 rules		
24	Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	142,380	16,960
25	of which: instruments issued by subsidiaries subject to phase out		
26	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	17,252	7,784
27	Revaluation Reserves (net of taxes)		
28	of which: Revaluation reserves on fixed assets		
29	of which: Unrealized gains/losses on AFS	1,977,621	1,144,181
30	Foreign Exchange Translation Reserves		
31	Undisclosed/Other Reserves (if any)		
32	T2 before regulatory adjustments	2,137,253	1,168,925
33	Total regulatory adjustment applied to T2 capital (Note 41.4.3)	203,817	104,714
34	Tier 2 capital (T2) after regulatory adjustments	1,933,436	1,064,211
35	Tier 2 capital recognized for capital adequacy	1,933,436	1,064,211
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37	Total Tier 2 capital admissible for capital adequacy	1,933,436	1,064,211
38	TOTAL CAPITAL (T1 + admissible T2) (21+37)	14,861,969	12,566,291
39	Total Risk Weighted Assets (RWA) {for details refer Note 41.7}	97,562,933	75,128,227
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	CET1 to total RWA	12.16%	13.71%
41	Tier-1 capital to total RWA	13.25%	15.31%
42	Total capital to total RWA	15.23%	16.73%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	6.25%	5.50%
44	of which: capital conservation buffer requirement	0.25%	0.00%
45	of which: countercyclical buffer requirement	0.00%	0.00%
46	of which: D-SIB or G-SIB buffer requirement	0.00%	0.00%
47	CET1 available to meet buffers (as a percentage of risk weighted assets)	12.16%	13.71%
	National minimum capital requirements prescribed by SBP		
48	CET1 minimum ratio	6.00%	5.50%
49	Tier 1 minimum ratio	7.50%	7.00%
50	Total capital minimum ratio	10.00%	10.00%

	Regulatory Adjustments and Additional Information	2015 Amount	2015 Amounts subject to Pre- Basel III treatment*	2014 Amount
		Rupees in '000		
Note 42.4.1	**Common Equity Tier 1 capital: Regulatory adjustments**			
1	Goodwill (net of related deferred tax liability)	1,279,180		1,463,624
2	All other intangibles (net of any associated deferred tax liability)	377,169		285,993
3	Shortfall in provisions against classified assets	-		
4	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,813	9,532	80,284
5	Defined-benefit pension fund net assets	-	-	
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	-	-	
7	Cash flow hedge reserve	-	-	
8	Investment in own shares/ CET1 instruments	-		
9	Securitization gain on sale	-		
10	Capital shortfall of regulated subsidiaries	-		
11	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-		-
12	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	465,325	1,163,312	26,533
13	Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-
14	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	
15	Amount exceeding 15% threshold	-	-	
16	of which: significant investments in the common stocks of financial entities	-	-	
17	of which: deferred tax assets arising from temporary differences	-	-	
18	National specific regulatory adjustments applied to CET1 capital	-		80,915
19	Investments in TFCs of other banks exceeding the prescribed limit	-	-	80,915
20	Any other deduction specified by SBP (mention details)	-	-	
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-		-
22	Total regulatory adjustments applied to CET1 (sum of 1 to 21)	2,125,487		1,937,349
Note 42.4.2	**Additional Tier-1 & Tier-1 Capital: regulatory adjustmentS**			
23	Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	450,603		307,202
24	Investment in own AT1 capital instruments	-		
25	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-		
26	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	
27	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	
28	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-	-
29	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		-
30	Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	450,603		307,202

Regulatory Adjustments and Additional Information		2015 Amount	2015 Amounts subject to Pre- Basel III treatment*	2014 Amount
		Rupees in '000		
Note 42.4.3	**Tier 2 Capital: regulatory adjustments**			
31	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-	-
32	Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-		
33	Investment in own Tier 2 capital instrument	-		
34	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	203,817	509,544	104,714
35	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	
36	Total regulatory adjustment applied to T2 capital (sum of 31 to 35)	203,817		104,714
Note 42.4.4	**Additional Information**			
	Risk Weighted Assets subject to pre-Basel III treatment			
37	Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)			
(i)	of which: deferred tax assets	5,719		240,854
(ii)	of which: Defined-benefit pension fund net assets	-		
(iii)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	697,987		79,597
(iv)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-		-
	Amounts below the thresholds for deduction (before risk weighting)			
38	Non-significant investments in the capital of other financial entities	-		-
39	Significant investments in the common stock of financial entities	-		-
40	Deferred tax assets arising from temporary differences (net of related tax liability)	-		
	Applicable caps on the inclusion of provisions in Tier 2			
41	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	17,252		7,784
42	Cap on inclusion of provisions in Tier 2 under standardized approach	969,653		685,179
43	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-		
44	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-		

42.5 Capital Structure Reconciliation

Step : 1	As Per Balance Sheet	Under regulatory scope of consolidation
	December 31, 2015	
	Rupees in '000	
Assets		
Cash and balances with treasury banks	11,160,169	11,160,169
Balances with other banks	629,407	629,407
Lending to financial institutions	3,581,329	3,581,329
Investments	116,884,984	116,884,984
Advances	76,678,864	76,678,864
Operating fixed assets	4,731,135	4,731,135
Deferred tax assets	-	-
Other assets	7,140,798	7,140,798
Total assets	220,806,686	220,806,686
Liabilities & Equity		
Bills payable	1,609,425	1,609,425
Borrowings	54,638,318	54,638,318
Deposits and other accounts	140,355,175	140,355,175
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	1,571,252	1,571,252
Other liabilities	3,624,371	3,624,371
Total liabilities	201,798,541	201,798,541
Share capital/ Head office capital account	10,119,242	10,119,242
Reserves	918,815	918,815
Unappropriated/ Unremitted profit/ (losses)	3,066,149	3,066,149
Minority Interest	1,952,266	1,952,266
Surplus on revaluation of assets	2,951,673	2,951,673
Total Equity	19,008,145	19,008,145
Total liabilities & equity	220,806,686	220,806,686

Step : 2

	As Per Balance Sheet	Under regulatory scope of consolidation	Reference
	December 31, 2015 Rupees in '000		
Assets			
Cash and balances with treasury banks	11,160,169	11,160,169	
Balances with other banks	629,407	629,407	
Lending to financial institutions	3,581,329	3,581,329	
Investments	116,884,984	116,884,984	
of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold	669,142	669,142	a
of which: significant capital investments in financial sector entities exceeding regulatory threshold	-	-	b
of which: Mutual Funds exceeding regulatory threshold	450,603	450,603	c
of which: reciprocal crossholding of capital instrument		-	d
of which: Investment in TFCs of other banks exceeding the precribed limit	-	-	e
Advances	76,678,864	76,678,864	
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	-	-	f
general provisions reflected in Tier 2 capital	17,252	17,252	g
Fixed Assets	4,731,135	4,731,135	
Deferred Tax Assets	-	-	
of which: DTAs excluding those arising from temporary differences	-	-	h
of which: DTAs arising from temporary differences exceeding regulatory threshold	-	-	i
Other assets	7,140,798	7,140,798	
of which: Goodwill	1,279,180	1,279,180	j
of which: Intangibles	377,169	377,169	k
of which: Defined-benefit pension fund net assets	-	-	l
Total assets	220,806,686	220,806,686	

	As Per Balance Sheet	Under regulatory scope of consolidation	Reference
	December 31, 2015 Rupees in '000		
Liabilities & Equity			
Bills payable	1,609,425	1,609,425	
Borrowings	54,638,318	54,638,318	
Deposits and other accounts	140,355,175	140,355,175	
Sub-ordinated loans	-	-	
of which: eligible for inclusion in AT1	-	-	m
of which: eligible for inclusion in Tier 2	-	-	n
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	1,571,252	1,571,252	
of which: DTLs related to goodwill	(184,444)	(184,444)	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	(1,386,808)	(1,386,808)	r
Other liabilities	3,624,371	3,624,371	
Total liabilities	201,798,541	201,798,541	
Share capital	10,119,242	10,119,242	
of which: amount eligible for CET1	8,619,242	8,619,242	s
of which: amount eligible for AT1	1,500,000	1,500,000	t
Reserves	918,815	918,815	
of which: portion eligible for inclusion in CET1(provide breakup)	918,815	918,815	u
of which: portion eligible for inclusion in Tier 2	-	-	v
Unappropriated profit/ (losses)	3,066,149	3,066,149	w
Minority Interest	1,952,266	1,952,266	
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	2,951,673	2,951,673	
of which: Revaluation reserves on Property	-	-	aa
of which: Unrealized Gains/Losses on AFS	-	-	
In case of Deficit on revaluation (deduction from CET1)	-	-	ab
Total liabilities & Equity	220,806,686	220,806,686	

	Component of regulatory capital reported by bank (Rupees in '000)	Reference
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully Paid-up Capital/ Capital deposited with SBP	10,724,643	(s)
Balance in Share Premium Account	-	
Reserve for issue of Bonus Shares	-	
Discount on issue of Shares (enter negative number)	(2,105,401)	
General/ Statutory Reserves	918,815	(u)
Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
Unappropriated/unremitted profits/(losses)	3,066,149	(w)
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	1,381,386	(x)
CET 1 before Regulatory Adjustments	13,985,592	
Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill (net of related deferred tax liability)	1,279,180	(j) - (o)
All other intangibles (net of any associated deferred tax liability)	377,169	(k) - (p)
Shortfall of provisions against classified assets	-	(f)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,813	{(h) - (r} * x%
Defined-benefit pension fund net assets	-	{(l) - (q)} * x%
Reciprocal cross holdings in CET1 capital instruments	-	(d)
Cash flow hedge reserve	-	
Investment in own shares/ CET1 instruments	-	
Securitization gain on sale	-	
Capital shortfall of regulated subsidiaries	-	
Deficit on account of revaluation from bank's holdings of property/ AFS	-	(ab)
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)	465,325	(a) - (ac) - (ae)
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)
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	(i)
Amount exceeding 15% threshold	-	
of which: significant investments in the common stocks of financial entities	-	
of which: deferred tax assets arising from temporary differences	-	
National specific regulatory adjustments applied to CET1 capital	-	
Investment in TFCs of other banks exceeding the prescribed limit	-	
Any other deduction specified by SBP (mention details)	-	
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
Total regulatory adjustments applied to CET1 (sum of 9 to 25)	2,125,486	
Common Equity Tier 1	11,860,106	
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 instruments plus any related share premium	1,500,000	
of which: Classified as equity	1,500,000	(t)
of which: Classified as liabilities	-	(m)
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	19,030	(y)
of which: instrument issued by subsidiaries subject to phase out	-	
AT1 before regulatory adjustments	1,519,030	

	Component of regulatory capital reported by bank (Rupees in '000)	Reference
Additional Tier 1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	450,603	
Investment in own AT1 capital instruments	-	
Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
Total of Regulatory Adjustment applied to AT1 capital	450,603	
Additional Tier 1 capital	1,068,427	
Additional Tier 1 capital recognized for capital adequacy	1,068,427	
Tier 1 Capital (CET1 + admissible AT1)	12,928,532	
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III	-	
Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	(n)
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	142,380	(z)
of which: instruments issued by subsidiaries subject to phase out	-	
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	17,252	(g)
Revaluation Reserves eligible for Tier 2	1,977,621	
of which: portion pertaining to Property	-	portion of (aa)
of which: portion pertaining to AFS securities	1,977,621	
Foreign Exchange Translation Reserves	-	(v)
Undisclosed/Other Reserves (if any)	-	
T2 before regulatory adjustments	2,137,253	
Tier 2 Capital: regulatory adjustments		
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	
Reciprocal cross holdings in Tier 2 instruments	-	
Investment in own Tier 2 capital instrument	-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	203,817	(ae)
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
Amount of Regulatory Adjustment applied to T2 capital	203,817	
Tier 2 capital (T2)	203,817	
Tier 2 capital recognized for capital adequacy	1,933,436	
Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
Total Tier 2 capital admissible for capital adequacy	1,933,436	
TOTAL CAPITAL (T1 + admissible T2)	14,861,968	

42.6 Main Features of Regulatory Capital Instruments

	Main Features	Common Shares	Preference Shares
1	Issuer	JS Bank	JS Bank
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	JSB	JSB
3	Governing law(s) of the instrument	SECP	SECP
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier-1	Additional Tier-1
5	Post-transitional Basel III rules	Common Equity Tier-1	Additional Tier-1
6	Eligible at solo/ group/ group&solo	Solo and Group	Solo and Group
7	Instrument type	Ordinary Shares	Preference Shares
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	8,619,242	1,500,000
9	Par value of instrument	10	10
10	Accounting classification	Shareholders Equity	Shareholders Equity
11	Original date of issuance	2006	2014
12	Perpetual or dated	No Maturity	NA
13	Original maturity date	NA	NA
14	Issuer call subject to prior supervisory approval	No	No
15	Optional call date, contingent call dates and redemption amount	NA	NA
16	Subsequent call dates, if applicable	NA	NA
	Coupons / dividends	NA	Dividends
17	Fixed or floating dividend/ coupon	NA	Fixed
18	coupon rate and any related index/ benchmark	NA	NA
19	Existence of a dividend stopper	NA	NA
20	Fully discretionary, partially discretionary or mandatory	NA	NA
21	Existence of step up or other incentive to redeem	NA	NA
22	Noncumulative or cumulative	NA	Non-Cumulative
23	Convertible or non-convertible	NA	Convertible
24	If convertible, conversion trigger (s)	NA	NA
25	If convertible, fully or partially	NA	Fully
26	If convertible, conversion rate	NA	1:1.5
27	If convertible, mandatory or optional conversion	NA	Mandatory
28	If convertible, specify instrument type convertible into	NA	Ordinary Shares
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	NA	NA
31	If write-down, write-down trigger(s)	NA	NA
32	If write-down, full or partial	NA	NA
33	If write-down, permanent or temporary	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA	NA
36	Non-compliant transitioned features	NA	NA
37	If yes, specify non-compliant features	NA	NA

42.7 Capital Adequacy

	Capital Requirements		Risk Weighted Assets	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	Rupees in '000			
Credit Risk				
On balance sheet				
Corporate	4,807,992	3,577,338	48,079,919	35,773,377
Retail	342,996	327,197	3,429,960	3,271,972
Banks and DFIs	200,656	154,429	2,006,555	1,544,292
Public sector entity	59,050	23,374	590,495	233,743
Sovereign (include GoP and SBP)	4,226	-	42,259	-
Residential mortgage finance	39,700	32,817	397,004	328,174
Past due loans	32,054	70,296	320,537	702,959
Fixed assets	289,034	216,323	2,890,342	2,163,234
Other assets	167,353	121,061	1,673,527	1,210,607
	5,943,060	4,522,836	59,430,598	45,228,358
Off balance sheet				
Non market related	1,482,157	810,221	14,821,565	8,102,211
Market related	16,452	19,174	164,516	191,740
	1,498,608	829,395	14,986,081	8,293,951
Equity Exposure Risk in the Banking Book				
Listed	243,482	41,210	2,434,821	412,097
Unlisted	72,077	87,992	720,772	879,922
	315,559	129,202	3,155,593	1,292,019
Total Credit Risk	7,757,227	5,481,433	77,572,272	54,814,328
Market Risk				
Interest rate risk	135,359	430,792	1,353,588	4,307,915
Equity position risk etc.	575,224	629,091	5,752,241	6,290,906
Foreign exchange risk	28,057	8,810	280,569	88,098
Total Market Risk	738,640	1,068,692	7,386,398	10,686,919
Operational Risk				
Capital Requirement for operational risks	1,260,426	962,698	12,604,263	9,626,980
TOTAL	9,756,293	7,512,823	97,562,933	75,128,227

Capital Adequacy Ratio

		2015	2014
Total eligible common equity tier 1 capital held	(e)	11,860,106	10,300,792
Total eligible tier 1 capital held	(f)	12,928,531	11,502,080
Total eligible regulatory capital held	(e)	14,861,967	12,566,292
Total Risk Weighted Assets	(i)	97,562,933	75,128,227

	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	12.16%	5.50%	13.71%
Tier-1 capital to total RWA	7.50%	13.25%	7.00%	15.31%
Total capital to total RWA	10.00%	15.23%	10.00%	16.73%

42.8 Leverage Ratio

	2015	2014
Total eligible tier 1 capital held	12,928,531	11,502,080
Total Exposure	257,221,808	210,701,823
Leverage Ratio	5.03%	5.46%

43. RISK MANAGEMENT

Risk Management is a discipline at the core of every financial institution and encompasses all the activities that affect its risk profile. At the Bank, it involves identification, measurement, monitoring and controlling risks to ensure that:

a) The individuals who take or manage risks clearly understand it;

b) The Bank's Risk exposure is within the limits established by Board of Directors (BoD);

c) Risk taking decisions are in line with the business strategy and objectives set by BoD;

d) The expected payoffs compensate for the risks taken;

e) Risk taking decisions are explicit and clear;

f) Sufficient capital as a buffer is available to take risk; and

g) Risk management function is independent of risk taking unit.

Bank has a comprehensive set of Risk Management Policies, practices and procedures which enable the Bank to take into consideration, in an appropriate manner, all major kinds of risks mainly credit, market, liquidity, operational and IT security risks. Keeping in view the dynamics of internal and external environment, we regularly review and update our Risk Management policies and procedures in accordance with regulatory environment and international standards.

Risk Management activities remain at the forefront of all activities of the Bank which places the highest priority on conducting its business in a prudent manner in line with the relevant laws and regulatory requirements.

Risk management framework of Bank includes:

a) Clearly defined risk management policies and procedures covering risk identification, acceptance, measurement, monitoring, reporting and control;

b) Well constituted organizational structure, defining clearly roles and responsibilities of individuals involved in risk taking as well as managing it. The bank, in addition to risk management functions for various risk categories, has instituted an Integrated Risk Management Committee (IRMC) as well as Central Credit Committee (CCC). IRMC oversees the overall risk management at the bank and provide guidance in setting strategic targets as well as concentration limits and monitor progress related to earnings growth, keeping in view the capital constraints and also adhere to the concentration limits. The IRMC monitors the strategic target and aggregate limits at the Business Group level and concentration limits (by industry, geography, size, tenor) so that one category of assets or dimension of risk cannot materially harm the performance of the Bank. Whereas, Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the bank. CCC meets regularly to actively supervise credit risk across its lending portfolio.

c) An effective management information system that ensures flow of information from operational level to top management and a system to address any exceptions observed; and

d) A mechanism to ensure an ongoing review of systems, policies and procedures for risk management and procedures to adopt changes.

While the overall responsibility of risk management rests with the BoD, it is the duty of Senior Management to devise risk management strategy by setting up well defined policies and procedures for mitigating / controlling risks, duly approved by the Board.

Giving due consideration to the above, the Bank has put in place the following hierarchy of Risk Management:

- Board Risk Management Committee (BRMC);
- Integrated Risk Management Committee (IRMC) which comprises of the President / Chief Executive Officer (CEO), Group Head Operations, Group Head Credit & Risk Management, Business Heads, and Other Functional Heads.
- Asset - Liability Committee which comprises of the President / Chief Executive Officer (CEO), Treasurer, Group Head Risk Management, Other Business Heads.
- Central Credit Committee comprising of the President / CEO, Group Head Credit & Risk Management, Group Head Agri & CAD, Chief Financial Officer and Other Business Group Heads.
- Operational Risk Management Committee which comprises of the Group Head, Credit & Risk Management, Head of Operations, Head of Information Technology and Other Functional Heads.
- Risk Management Group (RMG) which comprises of Risk Managers for Credit, Market and Operational Risks and Treasury Middle Office.

RMG is managed by Group Head Credit & Risk Management to supervise the following Divisions:

a) Credit Risk Management (CRM) covering Corporate / Commercial and Retail Banking Risks

b) Operational Risk Management

c) Market Risk Management (MRM)

d) Treasury Middle Office

e) Basel II / III Implementation Unit

e) IT Security / Risk Management Unit

The Bank's RMG generates the requisite risk reporting for the different tiers of management. These are also subjected to internal audit review.

Risk Matrix / Categories

Bank, in common with other banks, generates its revenues by accepting Country, Credit, Liquidity, Interest Rate Risk in the Banking Book, Market, Operational and other risks. Effective management of these risks is the decisive factor in the Bank's profitability.

Risk Appetite

The Bank's risk appetite is reflected in its endeavours to maintain a favourable credit rating and encompasses the following:

- The business strategy
- The expectations of stakeholders at different time horizons
- The characteristics of the risk-bearing entities
- The nature and characteristics of the risks undertaken
- The possible spread of risk situations across organizational units, assets-at-risk, and future time horizons.

Risk appetite drives business activity. It combines anticipations in risk and profitability with management preferences to control capital and resource allocation, as well as the distribution of exposure across activities and portfolios.

Bank's hedging strategy is embedded in its risk management practices for addressing material categories of risk.

43.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Credit risk is managed in terms of credit policies, approved by the BoD and regulations issued by the SBP. The bank is exposed to credit risk on loans and advances, fund placements with financial institutions and certain investments.

Credit risk management is an ongoing process. The overall credit policy and the credit risk instructions are issued by the Board of Directors. In this regards, a Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the bank. In order to maintain healthy growth of the credit portfolio and meet future challenges, the Bank has recently reorganized the Credit Risk management structure to improve process efficiency in decision making and ensure swift disposal of credit proposals.

The Bank's strategy is to minimise credit risk through product, geography, industry and customer diversification. Credit limits are established for all counter-parties after a careful assessment of their credit worthiness. An effective credit granting procedure, which requires pre-sanction evaluation of credit proposal, adequacy of security and pre-disbursement examination of charge documents has been established and managed by Risk Management Group (RMG) & Credit Administration Department (CAD). The Bank maintains a sound portfolio diversified in nature to counter the risk of credit concentration and further limits risk through diversification of its assets by geographical and industrial sector. For managing impaired assets in the portfolio, the Bank follows the Prudential Regulations and Risk Management guidelines issued by SBP and the Remedial Management Policy approved by the Board.

43.1.1 Segmental Information

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

43.1.1.1 Segment by class of business

	2015					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Mining and quarrying	61,460	0.08	1,785,801	1.27	980,404	2.07
Textile	9,109,117	11.47	1,956,387	1.39	1,161,381	2.46
Chemical and pharmaceuticals	4,106,028	5.17	900,716	0.64	592,122	1.25
Fertilizer and pesticides	2,064,016	2.60	3,084,841	2.20	606,315	1.28
Agri finance	737,883	0.93	-	-	-	-
Automobile and transportation equipment	1,429,447	1.80	1,350,658	0.96	515,635	1.09
Tyre, Rubber and Plastic	1,167,412	1.47	33,893	0.02	155,438	0.33
Electronics and electrical appliances	118,399	0.15	2,534,942	1.81	121,997	0.26
Construction and real estate	2,642,184	3.33	2,787,343	1.99	1,079,572	2.28
Ship breaking	2,574,844	3.24	-	-	-	-
Power and water, Oil and Gas	2,794,337	3.52	2,741,868	1.95	368,923	0.78
Metal and steel	1,405,162	1.77	30,573	0.02	168,364	0.36
Paper / board / furniture	577,514	0.73	328,561	0.23	874,607	1.85
Food / confectionery / beverages	22,072,862	27.80	1,318,351	0.94	197,802	0.42
Trust and non-profit organisations	194,596	0.25	17,106,842	12.19	10,165	0.02
Sole proprietorships	2,333,592	2.94	-	-	3,115,692	6.59
Transport, storage and communication	3,189,083	4.02	6,507,658	4.64	1,266,713	2.68
Financial	5,020,953	6.32	10,146,129	7.23	18,154,274	38.45
Insurance and Security	44,689	0.06	2,924,520	2.08	676	-
Engineering, IT and other services	7,559,660	9.52	9,469,822	6.75	115,445	0.24
Sugar	2,600,367	3.27	263,460	0.19	4,704	0.01
Individuals	5,041,720	6.35	59,807,265	42.61	1,723,903	3.65
Others	2,556,720	3.21	15,275,545	10.89	16,043,320	33.93
	79,402,045	100	140,355,175	100	47,257,452	100

	2014					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Mining and quarrying	56,354	0.10	140,969	0.13	521,109	1.37
Textile	8,466,792	14.41	561,645	0.52	715,002	1.88
Chemical and pharmaceuticals	3,501,811	5.96	633,295	0.59	407,050	1.07
Fertilizer and pesticides	1,419,306	2.41	546,982	0.51	1,249,796	3.29
Automobile and transportation equipment	1,191,384	2.03	902,617	0.84	721,655	1.90
Electronics and electrical appliances	356,357	0.61	952,084	0.89	21,444	0.06
Construction and real estate	930,940	1.58	2,014,274	1.87	567,357	1.49
Ship breaking	2,347,380	-	-	-	-	-
Power and water, Oil and Gas	948,085	1.61	2,044,984	1.90	1,335,802	3.52
Metal and steel	1,242,633	2.11	-	-	174,125	0.46
Paper / board / furniture	234,193	0.40	88,577	0.08	225,218	0.59
Food / confectionery / beverages	19,403,063	33.01	1,207,253	1.12	487,318	1.28
Trust and non-profit organisations	98,207	0.17	22,979,369	21.39	43,674	0.11
Sole proprietorships	1,615,832	2.75	31,908,876	29.70	2,973,741	7.83
Transport, storage and communication	1,353,475	2.30	2,264,672	2.11	247,504	0.65
Financial	5,727,062	-	6,372,209	5.93	21,722,520	57.18
Insurance and Security	11,427	0.02	2,675,546	2.49	36,569	0.10
Engineering, IT and other services	5,542,113	9.43	5,597,403	5.21	341,217	0.90
Sugar	2,933,129	4.99	119,872	0.11	278,767	0.73
Individuals	4,152,085	7.06	23,083,203	21.49	132,569	0.35
Others	2,970,044	9.05	3,336,008	3.12	5,787,712	15.24
	64,501,672	100	107,429,838	100	37,990,149	100

43.1.1.2 Segment by sector

	2015					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Public / Government	14,999,709	18.89	27,646,303	19.49	-	-
Private	64,402,336	81.11	114,194,184	80.51	47,257,452	100
	79,402,045	100	141,840,487	100	47,257,452	100

	2014					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Public / Government	13,998,818	21.70	19,512,772	18.16	-	-
Private	50,502,854	78.30	87,917,066	81.84	37,990,149	100.00
	64,501,672	100	107,429,838	100	37,990,149	100

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

	2015		2014	
	Classified advances	Specific provisions held	Classified advances	Specific provisions held
	------------------------------ Rupees in '000 ------------------------------			
Textile	691,655	658,344	781,153	660,870
Automobile and transportation equipment	97,745	97,745	71,858	61,875
Chemical and pharmaceutical	-	-	-	-
Food / confectionery / beverages	120,216	120,216	122,807	116,653
Financial	-	-	-	-
Paper / board / furniture	-	-	185,575	185,575
Engineering, IT and other services	167,596	167,596	-	-
Metal and steel	20,000	-	1,035,420	740,469
Tyre, Rubber and Plastic	100,823	46,612	67,233	12,235
Fertilizer and pesticides	1,260,179	1,260,440	253,400	67,440
Ship breaking	157,925	32,363	-	-
Services	22,375	22,375	-	-
Individuals	304,431	260,358	-	-
Others	39,880	39,880	295,171	205,918
	2,982,825	2,705,929	2,812,617	2,051,035

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

Public / Government	-	-	-	-
Private	2,982,825	2,705,929	2,812,617	2,051,035
	2,982,825	2,705,929	2,812,617	2,051,035

43.1.1.5 Geographical segment analysis

	2015		2014	
	Total assets employed	Net assets employed	Total assets employed	Net assets employed
	Rupees in '000			
Pakistan	220,806,686	19,008,145	179,138,111	16,196,569

	2015		2014	
	Profit before taxation	Contingencies and commitments	Profit before taxation	Contingencies and commitments
	Rupees in '000			
Pakistan	3,767,942	47,257,452	2,588,985	37,990,149

43.1.2 Credit risk: Standardised approach

The Bank has adopted the Standardised Approach of Basel II for risk weighing its Credit Risk Exposures.

The following table illustrates the approved External Credit Assessment Institutions (ECAIs) whose ratings are being utilised by the Bank with respect to material categories of exposures:

Exposures	JCR-VIS	PACRA	MOODY'S	FITCH	S&P
Corporate	✓	✓	-	-	-
Banks	✓	✓	✓	✓	✓
SME's (retail exposures)	✓	✓	-	-	-
Sovereigns	N/A	N/A	N/A	N/A	N/A
Securitisations	N/A	N/A	N/A	N/A	N/A
Others (specify)	N/A	N/A	N/A	N/A	N/A

The Bank has used Issue Specific Ratings for rating / risk weighing Issue Specific Exposures and Entity Ratings for rating / risk weighing claims against specific counterparties. Both short and long term ratings have been used to rate corresponding short and long term exposures. For this purpose, Mapping Grid provided by SBP as given below:

Long - Term Ratings Grades Mapping

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

Short - Term Ratings Grades Mapping

SBP Rating Grade	PACRA	JCR-VIS	Fitch	Moody's	S&P
S1	A-1	A-1	F-1	P-1	A-1+, A-1
S2	A-2	A-2	F-2	P-2	A-2
S3	A-3	A-3	F-3	P-3	A-3
S4	Others	Others	Others	Others	Others

43.1.2.1 Credit exposures and comparative figures subject to the standardised approach

Exposures	Rating category No.	Rating risk weighted	2015 Amount outstanding	Deduction CRM	Net amount	Risk weighted asset
			---------- Rupees in '000 ----------			
Cash and Cash Equivalents		0%	2,842,803	-	2,842,803	-
Corporate	0	0%	-	3,916,446	3,916,446	-
	1	20%	2,645,577	419	2,645,996	529,199
	2	50%	483,706	-	483,706	241,853
	3,4	100%	2,004,082	(1,265,455)	738,628	738,628
	5,6	150%	19,237	-	19,237	28,856
	Unrated	100%	39,936,563	(2,012,551)	37,924,012	37,924,012
	Unrated-2	125%	7,532,756	(638,859)	6,893,897	8,617,371
			52,621,921	-	52,621,922	48,079,919
Retail		0%	-	1,149,101	1,149,101	-
		20%	-	19,636	19,636	3,927
		50%	-	-	-	-
		75%	5,736,781	(1,168,737)	4,568,044	3,426,033
			5,736,781	-	5,736,781	3,429,960
Banks						
- Over 3 Months		0%	-	1,170,982	1,170,982	-
	1	20%	1,208,162	-	1,208,162	241,632
	2,3	50%	2,361,744	(1,170,982)	1,190,762	595,381
	4,5	100%	76,201	-	76,201	76,201
	6	150%	-	-	-	-
	Unrated	50%	169,037	-	169,037	84,519
			3,815,144	-	3,815,144	997,733
- Maturity Upto and under		0%	-	-	-	-
3 Months in FCY	1,2,3	20%	919,668	-	919,668	183,934
	4,5	50%	11,117	-	11,117	5,559
	6	150%	22,612	-	22,612	33,918
	unrated	20%	748,641	-	748,641	149,728
			1,702,038	-	1,702,038	373,139
- Maturity Upto and under 3 Months in PKR		0%	-	-	-	-
		20%	3,178,414	-	3,178,414	635,683
			3,178,414	-	3,178,414	635,683
Residential Mortgage Finance		35%	1,134,298	-	1,134,298	397,004
Public Sector Entity						
		0%				
	1	20%	1,589,958	-	1,589,958	317,992
	2,3	50%	-	-	-	-
	4,5	100%	-	-	-	-
	6	150%	-	-	-	-
	Unrated	50%	15,599,371	(15,054,365)	545,006	272,503
			17,189,329	-	2,134,964	590,495
Sovereigns (SBP / GoP)		0%	96,153,092	-	96,153,092	42,259
Equity Investments - Listed		100%	2,434,821	-	2,434,821	2,434,821
- Unlisted		150%	480,514	-	480,514	720,772
Significant Investment and DTA		250%	-	-	-	-
			2,915,335	-	2,915,335	3,155,593
Past Due Loans (Not Secured by Residential Mortgages)	S.P less than 20%	150%	88,309	-	88,309	132,463
	S.P between 20% to 50%	100%	187,553	-	187,553	187,553
	S.P greater than 50%	50%	1,041	-	1,041	521
			276,903	-	276,903	320,537
Investment in fixed assets		100%	2,890,342	-	2,890,342	2,890,342
Other assets		100%	1,673,527	-	1,673,527	1,673,527
Total			192,129,927	-	177,075,563	62,586,191

* Credit Risk Mitigation (CRM)

Credit exposures subject to Standardised approach

Exposures	Rating category No.	Rating risk weighted	2014 Amount outstanding	Deduction CRM	Net amount	Risk weighted asset
			---- Rupees in '000 ----			
Cash and Cash Equivalents		0%	2,364,595	-	2,364,595	-
Corporate	0	0%	-	14,764,431	14,764,431	-
	1	20%	3,305,215	310,991	3,616,206	723,241
	2	50%	944,003	(9)	943,994	471,997
	3,4	100%	833,629	-	833,629	833,629
	5,6	150%	-	-	-	-
	Unrated	100%	44,406,432	(14,870,603)	29,535,829	29,535,829
	Unrated-2	115%	3,864,532	(204,810)	3,659,722	4,208,681
			53,353,811	-	53,353,811	35,773,377
Retail		0%	-	675,421	675,421	-
		20%	-	26,569	26,569	5,314
		50%	-	-	-	-
		75%	5,057,535	(701,990)	4,355,544	3,266,658
			5,057,535	-	5,057,534	3,271,972
Banks						
- Maturity over 3 Months		0%	-	2,601,417	2,601,417	-
	1	20%	692,821	-	692,821	138,564
	2,3	50%	4,507,722	(2,601,417)	1,906,305	953,152
	4,5	100%	56,842	-	56,842	56,842
	6	150%	-	-	-	-
	Unrated	50%	124,651	-	124,651	62,326
			5,382,036	-	5,382,036	1,210,884
- Maturity Upto and under 3 Months in FCY		0%	-	-	-	-
	1,2,3	20%	447,211	-	447,211	89,442
	4,5	50%	12,029	-	12,029	6,015
	6	150%	54,276	-	54,276	81,414
	unrated	20%	51,849	-	51,849	10,370
			565,365	-	565,365	187,241
- Maturity upto and under 3 months in PKR		0%	-	10,757,973	10,757,973	-
		20%	11,488,807	(10,757,973)	730,834	146,167
			11,488,807	-	11,488,807	146,167
Residential Mortgage Finance		35%	937,640	-	937,640	328,174
Public Sector Entity		0%				
	1	20%	862,559	-	862,559	172,512
	2,3	50%	-	-	-	-
	4,5	100%	-	-	-	-
	6	150%	-	-	-	-
	Unrated	50%	122,462	-	122,462	61,231
			985,021	-	985,021	233,743
Sovereigns (SBP / GoP)		0%	63,954,770	-	63,954,770	-
Equity Investments - Listed		100%	412,097	-	412,097	412,097
- Unlisted		150%	586,615	-	586,615	879,922
			998,712	-	998,712	1,292,019
Past Due Loans	S.P less than 20%	150%	194,552	-	194,552	291,829
(Not Secured by Residential Mortgages)	S.P between 20% to 50%	100%	255,229	-	255,229	255,229
	S.P greater than 50%	50%	311,801	-	311,801	155,901
			761,582	-	761,582	702,959
Investment in fixed assets		100%	2,163,234	-	2,163,234	2,163,234
Other assets		100%	1,210,607	-	1,210,607	1,210,607
Total			149,223,715	-	149,223,714	46,520,377

* Credit Risk Mitigation (CRM)

43.1.3 Policies and processes for collateral valuation and management as regards Basel II:

For Credit Risk Mitigation purposes the Bank uses only the eligible collaterals under Simple Approach of Credit Risk Mitigation under Standardised Approach as prescribed by SBP under Circular No. 8 of 2006, which includes Cash and Cash Equivalent Securities including Government Securities (like Cash Margins, Lien on Bank Accounts, Foreign Deposit Receipts, Term Deposit Receipts, Pledge of Defense Saving Certificates, Regular Income Certificates, Special Saving Certificates, T-Bills and Pakistan Investment Bonds etc.) and Shares Listed on the Main Index.

Under Bank's policy all collaterals are subject to periodic valuations to monitor the adequacy of margins held. Shares / Marketable securities are valued by the Bank on daily basis to calculate the Drawing Power (DP). In case of any shortfall in the requisite margins, the DP is adjusted to the appropriate level and the business units are informed to take appropriate action as per the agreement with the customer.

43.2 Equity position risk in the banking book

Equity positions in the banking book include Investment in equities that are available-for-sale or held for strategic investment purposes. These investments are generally regarded as riskier relative to fixed income securities owing to the inherent volatility of stock market prices. The Bank mitigates these risks through diversification and capping maximum exposures in a single company, compliance with regulatory requirement, following the guidelines laid down in the Bank's Investment Policy as set by the Board of Directors (BoD). The Bank follows a delivery versus payment settlement system thereby minimizing risk available in relation to settlement risk.

43.3 Market risk

43.3.1 Market risk is the risk of loss due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. From the perspective of a Bank, market risk comprises of interest rate risk, foreign exchange risk and equity position risk, which the Bank is exposed to in its trading book.

The Bank has an approved market risk policy wherein the governance structure for managing market risk, measurement tools used and the market risk exposure limits have been addressed. The Bank's strategy for managing market risk is to relate the level of risk exposures to their risk appetite and the capital at hand.

The Board of Directors (BoD) and the Asset and Liability Committee (ALCO) are responsible for addressing market risk from a strategic perspective and are assisted by the market risk function in meeting these objectives.

The Market Risk function is also supported by personnel in the Middle Office function and directly report to Group Head Risk Management. Its responsibility includes ensuring the implementation of the market risk policy above in line with the Bank's strategy.

Risk reporting undertaken by the Market Risk function includes:

a) Portfolio Reports
b) Limit monitoring reports
c) Sensitivity analysis ; and
d) Stress testing of the portfolio

Hedging measures are undertaken to maintain limits set out in the risk management policy.

Currently, the Bank is using the Market Risk standardised approach for the purpose of computing regulatory capital, the details of which are set out above.

43.3.2 Foreign exchange risk

Main objective of foreign exchange risk management is to ensure that the foreign exchange exposure of the Bank lies within the defined appetite of the Bank.

Daily reports are generated to monitor the internal and regulatory limits with respect to the overall foreign currency exposures. The overall net open position, whether short or long has the potential to negatively impact the profit and loss depending upon the direction of movement in foreign exchange rates.

Foreign exchange open and mismatched positions are marked to market on a daily basis.

Currency risk arises where the value of financial instruments changes due to changes in foreign exchange rates. In order to manage currency risk exposure the bank enters into ready / spot, forward and swap transactions with SBP and in the interbank market. The Bank's foreign exchange exposure comprises of forward contracts, foreign currencies cash in hand, balances with banks abroad, foreign placement with SBP and foreign currencies assets and liabilities. The net open position is managed within the statutory limits, as fixed by SBP. Counter parties limit are also fixed to limit risk concentration. Appropriate segregation of duties exists between the front and back office functions while compliance with the net open position limit is independently monitored on an ongoing basis.

	2015			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	---- Rupees in '000 ----			
Pakistan Rupee	212,820,600	190,002,893	(3,728,224)	19,089,483
United States Dollar	7,249,589	8,871,704	1,345,104	(277,011)
Great Britain Pound	196,164	1,671,370	1,471,940	(3,266)
Euro	337,368	1,252,429	922,740	7,679
Other currencies	202,965	145	(11,560)	191,260
	7,986,086	11,795,648	3,728,224	(81,338)
	220,806,686	201,798,541	-	19,008,145

	2014			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	---- Rupees in '000 ----			
Pakistan Rupee	172,868,707	157,698,039	1,090,344	16,261,012
United States Dollar	6,070,410	4,486,025	(1,665,751)	(81,366)
Great Britain Pound	275,974	667,659	384,917	(6,768)
Euro	146,299	332,350	194,030	7,979
Other currencies	19,721	469	(3,540)	15,712
	6,512,404	5,486,503	(1,090,344)	(64,443)
	179,381,111	163,184,542	-	16,196,569

43.3.3 Equity position risk in trading book

The Bank's objective with regard to holding equity investments in its trading book is to earn income from favourable market movements. Positions in the equity market are substantiated by sound fundamental and technical research.

Equity price risk is managed by applying trading limit and scrip-wise and portfolio wise nominal limits.

43.3.4 Mismatch of interest rate sensitive assets and liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Group is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark up based assets and liabilities that mature or re-price in a given period. The Group manages this risk by matching/re-pricing of assets and liabilities. The Group is not excessively exposed to interest / mark-up rate risk as its assets and liabilities are repriced frequently. The assets and liabilities committee (ALCO) of the Group monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Group.

	2015											
	Effective yield interest rate - %	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instrument
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	11,160,169	1,983,215	-	-	-	-	-	-	-	-	9,176,954
Balances with other banks	-	629,407	173,617	-	-	-	-	-	-	-	-	455,790
Lendings to financial institutions	1.90 - 6.55	3,581,329	3,267,106	314,223	-	-	-	-	-	-	-	-
Investments	3.13 - 12.00	116,884,984	15,931,548	9,525,445	2,809,372	9,902,594	36,366,431	16,398,354	6,636,706	12,923,322	-	6,391,212
Advances	4.00 - 21.25	76,678,864	58,062,555	6,208,083	6,176,951	1,696,528	1,111,324	1,072,337	840,454	88,639	1,037,723	384,270
Other assets	-	6,473,766	-	-	-	-	-	-	-	-	-	6,473,766
		215,408,519	79,418,041	16,047,751	8,986,323	11,599,122	37,477,755	17,470,691	7,477,160	13,011,961	1,037,723	22,881,992
Liabilities												
Bills payable	-	1,609,425	-	-	-	-	-	-	-	-	-	1,609,425
Borrowings	3 - 6.5	54,638,318	49,413,265	1,918,432	3,291,300	3,214	5,970	6,137	-	-	-	-
Deposits and other accounts	0.10 - 9.00	140,355,175	51,817,554	21,765,038	20,205,170	9,539,648	55,410	5,800	634,454	-	-	36,332,101
Other liabilities	-	3,583,324	-	-	-	-	-	-	-	-	-	3,583,324
		200,186,242	101,230,819	23,683,470	23,496,470	9,542,862	61,380	11,937	634,454	-	-	41,524,850
On-balance sheet financial instruments		15,222,277	(21,812,778)	(7,635,719)	(14,510,147)	2,056,260	37,416,375	17,458,754	6,842,706	13,011,961	1,037,723	(18,642,858)
Commitments in respect of forward exchange contracts - Purchase		11,786,964	4,888,867	4,877,999	955,929	292,494	356,075	207,800	207,800	-	-	-
Commitments in respect of forward exchange contracts - Sale		(6,799,782)	(4,300,719)	(1,185,138)	(271,125)	(271,125)	(356,075)	(207,800)	(207,800)	-	-	-
Off-balance sheet gap		4,987,182	588,148	3,692,861	684,804	21,369	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(21,224,630)	(3,942,858)	(13,825,343)	2,077,629	37,416,375	17,458,754	6,842,706	13,011,961	1,037,723	(18,642,858)
Cumulative yield / interest risk sensitivity gap			(21,224,630)	(25,167,488)	(38,992,831)	(36,915,202)	501,173	17,959,927	24,802,633	37,814,594	38,852,317	

	2014											
	Effective yield interest rate - %	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instrument
			Rupees in '000									
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	9,041,590	807,860	-	-	-	-	-	-	-	-	8,233,730
Balances with other banks	-	433,697	66,076	-	-	-	-	-	-	-	-	367,621
Lendings to financial institutions	9.65 - 13.56	11,080,242	6,195,742	4,884,500	-	-	-	-	-	-	-	-
Investments	3.55 - 12.58	85,761,502	3,824,565	21,377,959	288,024	113,498	19,792,651	25,765,883	6,598,912	3,788,788	-	4,211,222
Advances	2.5 - 23.00	62,442,853	36,600,771	8,950,249	10,552,329	2,244,850	1,079,520	281,491	1,038,964	55,587	877,357	761,735
Other assets	-	6,147,432	-	-	-	-	-	-	-	-	-	6,147,432
		174,907,316	47,495,014	35,212,708	10,840,353	2,358,348	20,872,171	26,047,374	7,637,876	3,844,375	877,357	19,721,740
Liabilities												
Bills payable	-	1,380,020	-	-	-	-	-	-	-	-	-	1,380,020
Borrowings	8.20 - 10.5	50,537,973	41,942,046	6,438,467	2,157,460	-	-	-	-	-	-	-
Deposits and other accounts	0.2 - 15.00	107,429,838	42,938,601	9,239,130	19,918,303	7,197,358	78,919	5,620	32,625	-	-	28,019,282
Other liabilities	-	3,350,658	-	-	-	-	-	-	-	-	-	3,350,658
		162,698,489	84,880,647	15,677,597	22,075,763	7,197,358	78,919	5,620	32,625	-	-	32,749,960
On-balance sheet financial instruments		12,208,827	(37,385,633)	19,535,111	(11,235,410)	(4,839,010)	20,793,252	26,041,754	7,605,251	3,844,375	877,357	(13,028,220)
Commitments in respect of forward exchange contracts - Purchase		10,159,931	3,525,687	3,877,673	1,420,036	542,110	542,250	252,175	-	-	-	-
Commitments in respect of forward exchange contracts - Sale		(13,362,789)	(9,674,781)	(2,274,933)	(618,650)	-	(542,250)	(252,175)	-	-	-	-
Off-balance sheet gap		(3,202,858)	(6,149,094)	1,602,740	801,386	542,110	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			(43,534,727)	21,137,851	(10,434,024)	(4,296,900)	20,793,252	26,041,754	7,605,251	3,844,375	877,357	(13,028,220)
Cumulative yield / interest risk sensitivity gap			(43,534,727)	(22,396,876)	(32,830,900)	(37,127,800)	(16,334,548)	9,707,206	17,312,457	21,156,832	22,034,189	

	2015	2014
	Rupees in '000	
Reconciliation to total assets		
Balance as per balance sheet	220,806,686	179,381,111
Less: Non financial assets		
Operating fixed assets	4,731,135	3,912,851
Deferred tax assets	-	-
Other assets	667,032	560,944
	5,398,167	4,473,795
	215,408,519	174,907,316

	2015	2014
	Rupees in '000	
Reconciliation to total liabilities		
Balance as per balance sheet	201,798,541	163,184,542
Less: Non financial liabilities		
Other liabilities	41,047	181,796
Deferred tax liabilities - net	1,571,254	304,257
	1,612,301	486,053
	200,186,240	162,698,489

43.4 Liquidity risk

Liquidity risk is the risk that the Bank will not be able to raise funds to meet its commitments. The Bank's Asset and Liability Committee (ALCO) manages the liquidity position on a continuous basis.

Group's policy to liquidity management is to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet our contractual and potential payment obligations without incurring additional and unacceptable cost to the business.

Treasury is responsible for the managing liquidity risk under the guidance of Asset-Liability Committee of the Bank. The Group's liquidity risk management approach starts at the intraday level (operational liquidity) managing the daily payments queue and factoring in our access to the qualifying securities of State Bank of Pakistan. It then covers tactical liquidity risk management dealing with the access to unsecured funding sources and the liquidity characteristics of our asset inventory (asset liquidity). Finally, the strategic perspective comprises the maturity profile of all assets and liabilities on our statement of financial position.

For monitoring and controlling liquidity risk, the Group generates a scenario sensitive maturity statement of financial position, and run controlled mismatches that are monitored and discussed by ALCO members regularly. The Group prepares various types of reports and analysis for assisting ALCO in taking necessary strategic actions for managing liquidity risk in the Bank.

Maturity of assets and liabilities

	2015									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	11,160,169	11,160,169	-	-	-	-	-	-	-	-
Balances with other banks	629,407	629,407	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,581,329	3,267,106	314,223	-	-	-	-	-	-	-
Investments	116,884,984	19,911,763	9,137,588	2,787,186	9,972,476	36,542,680	16,643,551	6,957,100	13,013,519	1,919,121
Advances	76,678,864	47,018,968	7,660,112	7,326,283	3,767,839	2,635,032	3,191,236	3,593,252	429,901	1,056,241
Operating fixed assets	4,731,135	198,954	320,064	120,666	230,189	410,282	317,253	430,135	430,812	2,272,780
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	7,140,798	3,704,558	-	8,283	317,231	1,734,445	560,800	191,175	624,306	-
	220,806,686	85,890,925	17,431,987	10,242,418	14,287,735	41,322,439	20,712,840	11,171,662	14,498,538	5,248,142
Liabilities										
Bills payable	1,609,425	1,609,425	-	-	-	-	-	-	-	-
Borrowings	54,638,318	49,413,266	1,918,431	3,291,300	3,214	5,970	6,137	-	-	-
Deposits and other accounts	140,355,175	88,149,643	21,765,050	20,205,170	9,539,648	55,410	5,800	634,454	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	1,571,252	-	-	-	-	-	1,571,252	-	-	-
Other liabilities	3,624,371	2,806,374	64,005	-	-	-	-	753,823	-	-
	201,798,541	141,978,708	23,747,486	23,496,470	9,542,862	61,380	1,583,189	1,388,277	-	-
Net assets	19,008,145	(56,087,783)	(6,315,499)	(13,254,052)	4,744,873	41,261,059	19,129,651	9,783,385	14,498,538	5,248,142
Share capital	10,724,643									
Discount on issue of shares	(2,105,401)									
Preference Share	1,500,000									
Statutory reserve	918,815									
Accumulated profits	3,066,149									
Non-controlling interest	1,952,266									
Surplus on revaluation of assets - net	2,951,673									
	19,008,145									

	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	2014									
	Rupees in '000									
Assets										
Cash and balances with treasury banks	9,041,590	9,041,590	-	-	-	-	-	-	-	-
Balances with other banks	433,697	433,697	-	-	-	-	-	-	-	-
Lending to financial institutions	11,080,242	6,195,742	4,884,500	-	-	-	-	-	-	-
Investments	85,761,502	5,116,129	20,756,416	83,986	2,611,528	20,115,088	25,941,962	7,166,126	3,970,267	-
Advances	62,442,853	34,645,708	7,666,514	7,225,935	5,916,388	2,226,867	1,444,247	2,163,466	258,266	895,462
Operating fixed assets	3,912,851	55,628	160,258	107,492	212,081	389,312	311,178	380,110	328,748	1,968,044
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	6,708,376	6,336,143	62,699	66,584	223,823	19,127	-	-	-	-
	179,381,111	61,824,637	33,530,387	7,483,997	8,963,820	22,750,394	27,697,387	9,709,702	4,557,281	2,863,506
Liabilities										
Bills payable	1,380,020	1,380,020	-	-	-	-	-	-	-	-
Borrowings	50,537,973	41,942,046	6,438,467	2,157,460	-	-	-	-	-	-
Deposits and other accounts	107,429,838	70,957,883	9,239,130	19,918,303	7,197,358	78,919	5,620	32,625	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	304,257	-	-	-	-	-	304,257	-	-	-
Other liabilities	3,532,454	3,163,302	21,349	-	-	-	-	314,768	-	33,035
	163,184,542	117,443,251	15,698,946	22,075,763	7,197,358	78,919	309,877	347,393	-	33,035
Net assets	16,196,569	(55,618,614)	17,831,441	(14,591,766)	1,766,462	22,671,475	27,387,510	9,362,309	4,557,281	2,830,471

Share capital	10,724,643
Discount on issue of right shares	(2,105,401)
Preference Share	1,500,000
Statutory reserve	513,706
Accumulated profits	1,384,998
Non-controlling interest	2,135,442
Surplus on revaluation of assets - net	2,043,181
	16,196,569

Maturity of assets and liabilities - Based on working prepared by the Asset and Liability Committee (ALCO) of the Bank

	2015									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	11,160,169	11,160,169	-	-	-	-	-	-	-	-
Balances with other banks	629,407	629,407	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,581,329	3,267,106	314,223	-	-	-	-	-	-	-
Investments	116,884,984	19,911,763	9,137,588	2,787,186	9,972,476	36,542,680	16,643,551	6,957,100	13,013,519	1,919,121
Advances	76,678,864	11,750,801	16,614,630	20,666,265	17,335,010	2,497,523	2,742,393	3,586,100	429,901	1,056,241
Operating fixed assets	4,731,135	198,954	320,064	120,666	230,189	410,282	317,253	430,135	430,812	2,272,780
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	7,140,798	3,704,558	-	8,283	317,231	1,734,445	560,800	191,175	624,306	-
	220,806,686	50,622,758	26,386,505	23,582,400	27,854,906	41,184,930	20,263,997	11,164,510	14,498,538	5,248,142
Liabilities										
Bills payable	1,609,425	1,609,425	-	-	-	-	-	-	-	-
Borrowings	54,638,318	49,413,265	1,918,432	3,291,300	3,214	5,970	6,137	-	-	-
Deposits and other accounts	140,355,175	16,910,172	24,656,201	24,087,704	13,182,885	5,116,392	6,029,418	50,372,403	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject		-	-	-	-	-	-	-	-	-
to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	1,571,252	-	-	-	-	-	1,571,252	-	-	-
Other liabilities	3,624,371	2,806,374	64,005	-	-	-	-	753,823	-	-
	201,798,541	70,739,236	26,638,638	27,379,004	13,186,099	5,122,362	7,606,807	51,126,226	-	-
Net assets	19,008,145	(20,116,478)	(252,133)	(3,796,604)	14,668,807	36,062,568	12,657,190	(39,961,716)	14,498,538	5,248,142
Share capital	10,724,643									
Discount on issue of shares	(2,105,401)									
Preference Share	1,500,000									
Statutory reserve	918,815									
Accumulated profits	3,066,149									
Non-controlling interest	1,952,266									
Surplus on revaluation of assets - net	2,951,673									
	19,008,145									

To identify the behavorial maturities of non-contractual assets and liabilities, the Bank has used the follwing methodology:

-For determining the core portion of non contractual liabilities (non- volatile portion), the bank has used the Average method whereby average balance maintained over past five year has been classified as core and has been placed in the farthest maturity bucket. Non contractual assets and remaining volatile portion of non contractual liabilites have been stratified in relevant maturity bucket using bucket wise percentages determined by using value at risk (VAR) methodology at 99% confidence interval.

	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years
Weighted average	3%	4%	5%	5%	7%	8%	68%

	2014									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	9,041,590	9,041,590	-	-	-	-	-	-	-	-
Balances with other banks	433,697	433,697	-	-	-	-	-	-	-	-
Lending to financial institutions	11,080,242	6,195,742	4,884,500	-	-	-	-	-	-	-
Investments	85,761,502	5,116,129	20,756,416	83,986	2,611,528	20,115,088	25,941,962	7,166,126	3,970,267	-
Advances	62,442,853	9,555,645	15,673,434	16,514,116	13,769,498	2,226,867	1,386,099	2,163,466	258,266	895,462
Operating fixed assets	3,912,851	55,628	160,258	107,492	212,081	389,312	311,178	380,110	328,748	1,968,044
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	6,708,376	6,336,143	62,699	66,584	223,823	19,127	-	-	-	-
	179,381,111	36,734,574	41,537,307	16,772,178	16,816,930	22,750,394	27,639,239	9,709,702	4,557,281	2,863,506
Liabilities										
Bills payable	1,380,020	1,380,020	-	-	-	-	-	-	-	-
Borrowings	50,537,973	41,942,046	6,438,467	2,157,460	-	-	-	-	-	-
Deposits and other accounts	107,429,838	70,957,883	9,239,130	19,918,303	7,197,358	78,919	5,620	32,625	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	304,257	-	-	-	-	-	304,257	-	-	-
Other liabilities	3,532,454	3,163,302	21,349	-	-	-	-	314,768	-	33,035
	163,184,542	117,443,251	15,698,946	22,075,763	7,197,358	78,919	309,877	347,393	-	33,035
Net assets	16,196,569	(80,708,677)	25,838,361	(5,303,585)	9,619,572	22,671,475	27,329,362	9,362,309	4,557,281	2,830,471
Share capital	10,724,643									
Discount on issue of right shares	(2,105,401)									
Preference Shares	1,500,000									
Statutory reserve	513,706									
Unappropriated profit	1,384,998									
Non-controlling interest	2,135,442									
Surplus on revaluation of assets - net	2,043,181									
	16,196,569									

	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years
Weighted average	5%	5%	5%	4%	6%	12%	10%	53%

43.5 Operational risk

The Bank currently uses Basic Indicator Approach to Operational Risk for regulatory capital calculations. We define the operational risk as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. With the evolution of Operations Risk Management into a separate distinct discipline, the Bank's strategy is to further strengthen its risk management system along with new industry standards. Accordingly the Bank has set up a separate Operational Risk Management Unit (ORM).

ORM Unit resides within Risk Management Group (RMG). Its responsibility is to implement Operational Risk management tools across the Bank for effective measurement and monitoring of operational risk faced by different areas of the Bank.

During the year, bank has formulated a comprehensive document of "Operational Risk Management Framework" which has also been approved by the Board Risk Management Committee. The purpose of bank-wide Operational Risk Management Framework is to guide implementation of Operational Risk Policy. The framework aims at laying out clearly defined roles and responsibilities of individuals/units across different functions of the bank that are / would be involved in performing various Operational Risk Management tasks. Operational risk is much more pervasive in a financial institution and every operating unit is exposed to operational risk, regardless of whether it is a business unit or a support unit. This Framework has been devised to explain the various building blocks of the Operational Risk Management processes, and their inter-relationships.

During the year, the management has also been in the process of conducting an overall review and updating / consolidation of systems and procedures with the objective of further improving internal controls so as to be fully compliant with the established benchmarks including the framework envisaged by the Committee of Sponsoring Organizations (COSO) and the requirements of relevant international benchmarks (PCAOB Standards) for evaluating the results of testing activities. A Steering Committee is actively functioning to oversee the formulation, design and implementation of the requirements under the COSO framework. Special emphasis is being laid on the expeditious completion of the roadmap pertaining to ICFR (Internal Controls over Financial Reporting) certification as per SBP Guidelines and requirements.

The bank has conducted Operational risk profiling for all major operational areas and developed Key Risk Indicators (KRIs) which are monitored against predefined thresholds. Findings from KRIs are used as predictive indicators of potential operational risks.

Operational Loss data collection is governed by Bank's TID Policy which has been developed and implemented to collate operational losses and near misses in a systematic and organized way. Moreover, the Bank has put in place comprehensive IT Security Policy which addresses enterprise wide risk drivers inclusive of technology infrastructure, software hardware and IT security.

The Bank's Business Continuity Policy (BCP) includes risk management strategies to mitigate inherent risk and prevent interruption of mission critical services caused by disaster event.

44. RECLASSIFICATION

Corresponding figures have been re-arranged and re-classified to reflect more appropriate presentation of events and transactions for the purpose of comparison, which as follows:

Description	Rupees in (000)	Reclassified From	Reclassified To
Lendings to financial institutions	5,727,062	Lendings to financial institutions	Advances - net

45. GENERAL

45.1 These consolidated financial statements have been prepared in accordance with the revised forms of annual financial statements of the banks issued by the State Bank of Pakistan through its BSD Circular No. 04 dated February 17, 2006.

45.2 The figures in these consolidated financial statements have been rounded off to the nearest thousand.

46. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors have proposed cash preference dividend of 12% (December 31, 2014 : 12%) amounting to 180 million (December 31, 2014: 155.836 million) and in their meeting held on February 20, 2016. This appropriation will be approved in the forthcoming Annual General Meeting.

47. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on February 20, 2016.

Chairman	President and Chief Executive Officer	Director	Director

ANNEXURES I

As referred to in notes 12.2.2 to the consolidated financial statements

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal		Buyers' particulars and relationship with Bank (if any)
	------------------------------------ Rupees in '000 ------------------------------------							
Vehicles								
Honda Civic	1,820	1,414	406	1,047	641	Negotiation	Name: Address:	Mahvash Jahangir Siddiqui Foundation -related party 7th Floor the Forum, Clifton, Karachi
Honda Civic	2,111	1,083	1,028	1,577	549	Negotiation	Name: CNIC: Address:	Muhammad Ahmer 42201-9568198-7 Flat No E-10 Block 13 D Gulshan e Iqbal Karachi
Honda Civic	1,891	1,083	808	1,166	358	Negotiation	Name: CNIC: Address:	Muhammad Altaf 35201-5100624-1 House No 68 B Railway Officer Colony Boltan Lahore
Honda Civic	1,820	1,474	346	1,113	767	Negotiation	Name: CNIC: Address:	Muhammad Ali Akber 42101-1549210-7 House No A-171 F B Area Block 12 Karachi
Honda Civic	2,102	1,083	1,019	1,577	558	Negotiation	Name: CNIC: Address:	Ghulam Asghar 37405-0398104-7 House no. 115 Street 63 Sector G-7/2-4 Islamabad
Honda Civic	1,941	1,197	744	1,183	439	Negotiation	Name: CNIC: Address:	Wasim Mirza 44204-4438942-7 House No 292 Shahdadpur
Honda Civic	1,908	1,276	632	1,373	741	Negotiation	Name: CNIC: Address:	Wasim Mirza 44204-4438942-7 House No 292 Shahdadpur
Honda Civic	2,000	1,528	472	1,342	870	Negotiation	Name: CNIC: Address:	UsmanShahid 42101-1044964-1 House No B-6 North Karachi Sector 11 B Karachi
Honda Civic	1,864	1,678	186	1,035	849	Negotiation	Name: CNIC: Address:	Irfan Ali Kalyar
Toyota Corolla	1,608	1,125	483	1,212	729	Negotiation	Name: CNIC: Address:	Muhammad Jaffer 37405-4342605-1 House no. 957/2-19 Street No 2 Rawalpindi
Toyota Corolla	1,414	1,414	-	987	987	Negotiation	Name: CNIC: Address:	Nusrat Iqbal 42101-3395059-1 House No B 1/2 North Nazimabad 4 Karachi
Toyota Corolla	1,529	1,147	382	1,161	779	Negotiation	Name: CNIC: Address:	Shayan Shohail 42101-8854313-7 House No C-51 F B Area Block 4 Karachi
Toyota Corolla	1,524	1,041	483	1,078	595	Negotiation	Name: CNIC: Address:	Ghulam Asghar 37405-0398104-7 House no. 115 Street 63 Sector G-7/2-4 Islamabad
Toyota Corolla	1,673	446	1,227	1,500	273	Insurance	Name: Address:	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Toyota Corolla	1,683	280	1,403	1,683	280	Negotiation	Name: Address:	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Toyota Corolla	1,426	1,283	143	1,000	857	Negotiation	Name: Address:	Margalla Mortors 166/A,Block 3 PECHS Sir Syed Road Khalid BinSaeed Karachi.
Toyota Corolla	1,920	640	1,280	1,238	(42)	Negotiation	Name: Address:	Mahvash Jahangir Siddiqui Foundation -related party 7th Floor the Forum, Clifton, Karachi
Toyota Corolla	1,529	1,223	306	1,119	813	Negotiation	Name: CNIC: Address:	Muhammad Islam 42101-200001-7 House No E-92 Block R North Nazimabad Karachi
Toyota Corolla	1,673	920	753	1,195	442	Negotiation	Name: CNIC: Address:	Humayun Azam 42101-1683054-5 House No A-140 Yaseenabad F B Area Block 9 Karachi
Toyota Corolla	1,608	991	617	1,153	536	Negotiation	Name: CNIC: Address:	Muhammad Ali Akber 42101-1549210-7 House No A-171 F B Area Block 12 Karachi
Toyota Corolla	1,529	1,198	331	1,165	834	Negotiation	Name: CNIC: Address:	Shayan Shohail 42101-8854313-7 House No C-51 F B Area Block 4 Karachi
Toyota Corolla	1,911	988	923	1,159	236	Negotiation	Name: CNIC: Address:	Wasim Mirza 44204-4438942-7 House No 292 Shahdadpur
Balance c/f	**38,484**	**24,512**	**13,972**	**27,063**	**13,091**			

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal		Buyers' particulars and relationship with Bank (if any)
	------------	------------	Rupees in '000	------------	------------			
Balance b/f	38,484	24,512	13,972	27,063	13,091			
Toyota Corolla	1,578	1,052	526	1,199	673	Negotiation	Name: CNIC: Address:	Imran Qaiser 33102-0149455-5 House No 207 Rab Gali No 6 Faisalabad City
Toyota Corolla	1,384	1,384	-	1,073	1,073	Negotiation	Name: CNIC: Address:	Wasim Mirza 44204-4438942-7 House No 292 Shahdadpur
Toyota Corolla	1,529	1,249	280	1,123	843	Negotiation	Name: CNIC: Address:	UsmanShahid 42101-1044964-1 House No B-6 North Karachi Sector 11 B Karachi
Toyota Corolla	1,608	991	617	1,155	538	Negotiation	Name: CNIC: Address:	Hashim Memon 41101-7533070-9 House No 01 Apara Park Badin
Toyota Corolla	1,608	991	617	1,083	466	Negotiation	Name: CNIC: Address:	Muhammad Ali Akber 42101-1549210-7 House No A-171 F B Area Block 12 Karachi
Toyota Corolla	1,482	1,186	296	1,189	893	Negotiation	Name: CNIC: Address:	Naseer Uddin 31104-2208514-3 House No 149/6 R Haroonabad Bahawalnagar
Toyota Corolla	1,414	1,367	47	965	918	Negotiation	Name: CNIC: Address:	Ghulam Asghar 37405-0398104-7 House no. 115 Street 63 Sector G-7/2-4 Islamabad
Toyota Corolla	2,750	2,750	-	1,273	1,273	Negotiation	Name: Address:	M/S Anjum Motors Shop no. 150/J Block 2 Khalid Bin Waleed Road Karachi
Toyota Corolla	1,426	1,426	-	1,073	1,073	Negotiation	Name: CNIC: Address:	Ahmed 42401-7357485-1 House No B-243 Sector $ metrowell Site Karachi
Toyota Corolla	1,462	1,365	97	1,008	911	Negotiation	Name: CNIC: Address:	Noman Hasan 42101-1620434-1 House No A-908 Block 12 Ancholi F B Area Karachi
Toyota Corolla	1,900	1,172	728	1,407	679	Negotiation	Name: CNIC: Address:	Shayan Sohail Nisar
Suzuki Cultus	970	513	457	754	297	Negotiation	Name: CNIC: Address:	Abdul Allem 42101-2556537-5 House No 2-F-6/ 14 Nazimabad No 2 Karachi
Suzuki Cultus	965	510	455	780	325	Negotiation	Name: CNIC: Address:	Wasim Mirza 44204-4438942-7 House No 292 Shahdadpur
Suzuki Cultus	942	597	345	761	416	Negotiation	Name: CNIC: Address:	Shayan Nasir 42101-8854313-7 House no. C-51 F B Area Block 4 Karachi.
Suzuki Cultus	930	617	313	728	415	Negotiation	Name: CNIC: Address:	UsmanShahid 42101-1044964-1 House No B-6 North Karachi Sector 11 B Karachi
Suzuki Cultus	970	593	377	551	174	Negotiation	Name: CNIC: Address:	Shayan Nasir 42101-8854313-7 House no. C-51 F B Area Block 4 Karachi.
Suzuki Cultus	942	597	345	743	398	Negotiation	Name: CNIC: Address:	Shayan Nasir 42101-8854313-7 House no. C-51 F B Area Block 4 Karachi.
Suzuki Cultus	1,010	449	561	797	236	Negotiation	Name: CNIC: Address:	Shayan Nasir 42101-8854313-7 House no. C-51 F B Area Block 4 Karachi.
Suzuki Cultus	942	612	330	699	369	Negotiation	Name: CNIC: Address:	Nusrat Iqbal 42101-3395059-1 House No 4-A,11/7 Nazimabad 4 Karachi
Suzuki Cultus	965	574	391	832	441	Negotiation	Name: CNIC: Address:	Hassan Ali 42101-6574838-3 House No A-1 62 Block 12 F B Area Karachi
Suzuki Cultus	1,010	449	561	838	277	Negotiation	Name: CNIC: Address:	Hassan Ali 42101-6574838-3 House No A-1 62 Block 12 F B Area Karachi
Suzuki Cultus	1,010	466	544	838	294	Negotiation	Name: CNIC: Address:	Hassan Ali 42101-6574838-3 House No A-1 62 Block 12 F B Area Karachi
Suzuki Cultus	1,019	369	650	838	188	Negotiation	Name: CNIC: Address:	Hassan Ali 42101-6574838-3 House No A-1 62 Block 12 F B Area Karachi
Suzuki Cultus	965	606	359	683	324	Negotiation	Name: CNIC: Address:	Hassan Ali 42101-6574838-3 House No A-1 62 Block 12 F B Area Karachi
Balance c/f	**69,265**	**46,397**	**22,868**	**49,453**	**26,585**			

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal		Buyers' particulars and relationship with Bank (if any)
	------------------------------------ Rupees in '000 ------------------------------------							
Balance b/f	69,265	46,397	22,868	49,453	26,585			
Suzuki Cultus	1,010	482	528	770	242	Negotiation	Name: CNIC: Address:	Shayan Nasir 42101-8854313-7 House no. C-51 F B Area Block 4 Karachi.
Suzuki Cultus	1,019	420	599	744	145	Negotiation	Name: CNIC: Address:	Noman Hasan 42101-1620434-1 House No A-908 Block 12 Ancholi F B Area Karachi
Suzuki Cultus	970	625	345	725	380	Negotiation	Name: CNIC: Address:	Muhammad Altaf 35201-6100624-1 House No 68-b Railway officer Colony Walton Lahore
Suzuki Cultus	1,010	499	511	712	201	Negotiation	Name: CNIC: Address:	Muhammad Jaffer 37405-4342605-1 House no. 957/2-19 Street No 2 Rawalpindi
Electrical, office and computer equipment								
Signage	437	164	273	35	(238)	Negotiation	Name: Address:	Signsnow 10C Mezzannine Floor,5th St. Badar Commercial Area, Phase V-Ext DHA Karachi
Generator	592	296	296	443	147	Insurance	Name: Address:	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Others (note 12.2.3)	51,437	41,701	9,736	19,432	9,696			
	125,740	90,584	35,156	72,314	37,158			

12.2.3 Other represent disposal whose original cost or book value is not in excess of Rs. 1.0 million or Rs. 0.25 million respectively.

ANNEXURES II

Detail of written-Of Loans for the year 2015 for Rs. 0.5 million and above

S.No.	Name of Bank / DFI	Full Name of Borrower/ Company Name	Status of Borrower (Individual/ Company/ Firm)	Name of Director/ Partner/Proprietor	Father/Husband Name	Address of Borrower	Province	Director Status (Nominee or Elected or Sponsor etc.)	NIC No. of Borrower/ Director		Year of write off	Outstanding liabilities Before Adjustments				Amount Written - Off			
									New CNIC	Old NIC		Principal	Accrued Mark up	Others	Total (13+14+15)	Principal	Interest/ Markup	Others	Total (17+18+19)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	JS Bank LTD	VANCOUVER ENTER-PRISES	PARTNERSHIP FIRM	RAZI KHAN	ABDUL SATTAR	ROOM NO 208 2ND FLOOR IMPERIAL BUILDING M.T KHAN ROAD KARACHI	SINDH	PARTNERSHIP	42301-4242098-5	-	2015	23,979,758	6,783,510	-	30,763,268	7,479,758	6,783,510	-	14,263,268
				SADAF ZEHRA	ABU HASSAN				42301-7319544-8	-	2015								
2	JS Bank LTD	NEW ITALIAN KITCHEN & INTERIORS	SOLE PROPRI-ETOR SHIP	MUHAMMAD KHURRAM ABBAS	MUHAMMAD NAWAZ ABBAS	PLOT-6C STREET 33 TAUHEED COMMERCIAL PHASE V DHA KARACHI.	SINDH	SOLE PROPRIETOR SHIP	42501-9283786-5	-	2015	22,000,000	4,614,280	-	26,614,280	3,249,999	4,614,280		7,864,279
3	JS Bank LTD	MADNI COTTON GINNING PRESSING & OIL MILLS	PARTNERSHIP FIRM	GORDHAN	SAWAI MAL	SANGHAR ROAD SHAHDADPUR SANGHAR SINDH	SINDH	PARTNERSHIP	44303-7864163-3	-	2015	1,014,955	568,681	-	1,583,636	-	568,681	-	568,681
				MUHAMMAD IBRAHIM	BACHU BAHI				42301-1100045-3	-	2015								
				NASEEMA BANO	MUHAMMAD RIAZ				42301-0999696-8	-	2015								
												46,994,713	11,966,471	-	58,961,184	10,729,757	11,966,471	-	22,696,228

Branch Network

SINDH
Karachi

Shaheen Complex Branch
Tel: 111 - 572 - 265, 3227 2569 - 80

Karachi Stock Exchange Branch
Tel: 021 - 3246 2851 - 4

S.I.T.E. Branch
Tel: 021 - 3255 0080 - 4

Khy-e-Ittehad, DHA Phase II Ext, Branch
Tel: 021 - 3531 3811 - 4

Park Towers Clifton Branch
Tel: 021 - 3583 2011 - 9

Teen Talwar Branch
Tel: 021 - 3583 4127, 3583 6974

Gulshan-e-Iqbal Branch
Tel: 021 - 3482 9055 - 60

Shahrah-e-Faisal Branch
Tel: 021 - 3437 3240 - 4

North Nazimabad Branch
Tel: 021 - 3672 1010 - 2

Gulistan-e-Jauhar Branch
Tel: 021 - 3466 2002 - 5

Safoora Goth Branch
Tel: 021 - 3466 1805 - 9

Jheel Park Branch
Tel: 021 - 3454 4831 - 5

Nazimabad Branch
Tel: 021 - 3661 2325

Korangi Industrial Area Branch
Tel: 021 - 35055826, 3505 2773

Zamzama Branch
Tel: 021 - 3529 5224 - 5

F.B. Area Branch
Tel: 021 - 3631 6229

Khy-e-Shahbaz, DHA Phase VI Branch
Tel: 021 - 3524 3415 - 9

Gulshan Chowrangi Branch
Tel: 021 - 3483 3290 - 3

Dhoraji Branch
Tel: 021 - 3494 6280 - 2

Shah Faisal Colony Branch
Tel: 021 - 3468 6191 - 4

Islamia College Branch
Tel: 021 - 3492 4021 - 4

M.A. Jinnah Road Branch
Tel: 021 - 3274 2006 - 8

Lucky Star Branch
Tel: 021 - 3562 2431 - 9

Gulshan-e-Hadeed Branch
Tel: 021 - 3471 5201 - 3

Cloth Market Branch
Tel: 021 - 3246 4042 - 8

Hawks Bay Branch
Tel: 021 - 3235 4060 - 3

Garden West Branch
Tel: 021 - 3224 0093 - 7

Timber Market Branch
Tel: 021 - 3276 3079

Abul Hasan Isphahani Road Branch
Tel: 021 - 3469 354 - 9

Jodia Bazar Branch
Tel: 021 - 3243 5304 -6

New Challi Branch
Tel: 021 - 3260 210 - 3

North Napier Rd. Branch
Tel: 021- 3246 7791 - 94

Electronic Market Branch
Tel: 021 - 3270 0430 - 33

Urdu Bazar Branch
Tel: 021- 3260 3075 - 77

Bahadarabad Branch
Tel: 021 - 3492 2802 - 05

Sohrab Goth Branch
Tel: 021 - 3469 0612 - 17

North Karachi Industrial Area Branch
Tel: 021 - 3696 2910 - 11

UP Morr Branch
Tel: 021 - 3694 8010 - 15

Orangi Town Branch
Tel: 021 - 3669 7927 - 30
IBA City Campus Branch
Tel: 021 - 3229 4811 - 13

26th Street DHA Phase V Branch
Tel: 021 - 3505 5826

Landhi Branch
Tel: 021 - 3504 6923 - 25

Progressive Centre, Shahrah-e-Faisal Branch
Tel: 021 - 3432 4682 - 5

Khy-e-Bokhari DHA Phase IV Branch
Tel: 021 - 3534 0353 - 60

Korangi Road, DHA Phase I Branch
Tel: 021 - 3580 3541

Hayderi Market Branch
Tel: 021 - 3667 7904

Shershah Branch
Tel: 021 - 3251 013 - 17

Malir Cantt Branch
Tel: 021 - 3449 0225 - 27/29

Ocean Mall Branch
Tel: 021 - 3516 601-02

Regal Chowk Saddar Branch
Tel: 021 - 3563 0591 - 99

Marriott Road Branch
Tel: 021 - 32469609-11

The Center Saddar Branch

DHA Phase 8 Branch

Bohara Pir Branch

Khadda Market DHA Phase V Branch

Delhi Colony Branch

Hyderabad

Saddar Branch
Tel: 022 - 2730925 - 7

Latifabad Branch
Tel: 022 - 3817971 - 4

Cloth Market Branch
Tel: 022 - 26182700 - 13

Qasimabad Branch
Tel: 022 - 2652191

Citizen Colony Branch
Tel: 022 - 2100 892 - 95

SITE Branch
Tel: 022 - 388 5192

DHA Branch

Anaj Mandi Branch

Sanghar

Sanghar Branch
Tel: 0235 - 800162 - 5

Chak 41 Jamrao Road Branch

Jamshoro Branch
Tel: 022 - 3878101 - 4

Mirpurkhas Branch
Tel: 0233 - 876 001 - 4

Sukkur

Shaheed Gunj Branch
Tel: 071 - 5627481 - 2

IBA Campus Branch
Tel: 071 - 5633826

Military Road Branch
Tel: 071 - 5630830 - 31

Larkana Branch
Tel: 074 - 405 8603 - 5

Khairpur Branch
Tel: 024 - 3715316 - 8

Maatli Branch Badin
Tel: 029 - 7841514

Nawabshah Branch
Tel: 024 - 4330 561 - 4

Sultanabad Branch
Tel: 0233 - 500498

Tando Allahyar Branch
Tel: 0223 - 892001 - 4

Chambar Branch
Tel: 0223 - 897033 - 35

Moro Branch
Tel: 0242 - 413200 - 3

Kunri Branch
Tel: 0238 - 558163 - 6

Tando Mohammad Khan Branch
Tel: 022 - 3340617 - 8

Digri Branch
Tel: 023 - 3870305 - 7

Sehwan Sharif Branch
Tel: 025 - 4620305 - 7

Pano Aqil Branch
Tel: 071 - 5690403

Ghotki Branch
Tel: 072 - 3600484 - 85

Kandhkot Branch Kashmore
Tel: 072 - 2573048

Shahdadkot Branch
Tel: 074 - 4013160

Shahdadpur Branch
Tel: 0235 - 84317475

Mithi Branch
Tel: 0232 - 261651

Tando Adam Branch
Tel: 0235 - 571880 - 81

Mehar Branch
Tel: 025 - 4730186

Dadu Branch
Tel: 025 - 471160102

Jacobabad Branch
Tel: 0722 - 652677

Badin Branch
Tel: 0297 - 861201

Tando Jam Branch
Tel: 022 - 2765612 - 14

Thatta Branch
Tel: 029 - 8550934

UmerKot Branch
Tel: 0238 - 570157 - 59

Sheikh Berkiyo Branch
Tel: 0335 - 2929824 - 23

Behar Colony Kotri Branch
Tel: 022 - 3871401 - 03 - 06

Bhiria City Branch
Tel: 0242 - 432131 - 35

Shikarpur Branch

Khipro Branch

BALOCHISTAN
Quetta

M.A. Jinnah Road Branch
Tel: 081 - 286 5501 - 4

Zarghoon Road Branch
Tel: 081 - 2472985

Chamman Branch
Tel: 0826 - 618069

Dera Murad Jamali Branch Nairabad

Usta Muhammad Branch Jafarabad

PUNJAB
Lahore

Upper Mall Branch
Tel: 042 - 111 - 572 - 265

Allama Iqbal Town Branch
Tel: 042 - 35434253 - 5

Azam Cloth Market Branch
Tel: 042 - 37671195 - 6

Shadman Branch
Tel: 042 - 37503701 - 8

College Road Township Branch
Tel: 042 - 35117491 - 94

Branch Network

Devine Mega Mall Branch
Tel: 042 - 35700081 - 85

Bhagbanpura Branch
Tel: 042 - 36858873 - 74

Chowburji Branch
Tel: 042 - 37362981 - 8

Wapda Town Branch
Tel: 042 - 35211557 - 64

M.M. Alam Road Branch
Tel: 042 - 35778721 - 30

Model Town Branch
Tel: 042 - 35915614 - 8

Circular Road Branch
Tel: 042 -37379325 - 8

Brandreth Road Branch
Tel: 042 - 37381316 - 9

DHA Phase II Branch
Tel: 042 - 35707651 - 9

Shah Alam Market Branch
Tel: 042 - 37375734 - 7

Cavalry Branch
Tel: 042 - 366 10282 - 4

Raiwind Road Branch
Tel: 042 - 529 1247 - 8

Urdu Bazar Branch
Tel: 042 - 37115918

Badami Bagh Branch
Tel: 042 - 37946853

Bahria Town Branch
Tel: 042 - 35976212

Ichra Bazar Branch
Tel: 042 - 37428406

Shahdara Branch
Tel: 0423 - 7931903-5

Shadbagh Branch
Tel: 042 - 37604549-51

DHA Phase VI Branch
Tel: 042 - 37180747

Johar Town Branch
Tel: 042 - 35241084-90

Zarar Shaheed Road Branch
Tel: 042 - 36639902-05

DHA Z - Block Branch
Tel: 042 - 35692957 - 59

Ferozepur Road Branch
Tel: 042 - 35402151 - 3

The Mall Branch
Tel: 042 - 36285673 - 7

DHA Lahore Branch
Tel: 042 - 35692953 - 61

Qaboola Branch

Gulberg Branch

Mughalpura Branch

Jauharabad Branch
Tel: 045 - 4723319 - 20 - 22

Muridke Branch
Tel: 042 - 37951054 - 7

Sadiqabad Branch
Tel: 068 - 5803933 - 38

Agrow Warburton
Tel: 056 - 2794065 - 8

Gujranwala

G.T. Road Branch
Tel: 055 - 3257363, 055 - 3257365
055 - 3257617

Bank Square Branch
Tel: 055 - 4234401 - 3

Sheikhupura Road Branch
Tel: 055 - 4233854 - 57

Kamoki Branch

Faisalabad
Grain Market Branch
Tel: 041 - 2633382 - 84

Karkhana Bazar Branch
Tel: 041 - 2624501 - 3

Liaquat Road Branch
Tel: 041 - 241 2263 - 65

Satiana Road Branch

Millat Chowk Gulistan Colony Branch

Rabwa Branch
Tel: 047 - 6214042 - 5

Narowal Branch
Tel: 054 - 2411271 - 73

Multan

Abdali Road Branch
Tel: 061 - 4574496

Vehari Road Branch
Tel: 061 - 6241101 - 02

Bosan Road Branch
Tel: 061 - 6223416

Gagoo Mandi Branch
Tel: 067 - 3501071 - 76

Depalpur Branch
Tel: 044 - 454 2246 - 9

Agrow Allahabad Theeng Morr Branch
Tel: 049 - 201 6310, 049 - 2016312

Jhang Branch
Tel: 047 -7652941 - 43

Haroonabad Branch
Tel: 063 - 2250614 - 15

Sialkot

Cantt Branch
Tel: 052 - 427 2351 - 4

Shahab Pura Branch
Tel: 052 - 4242681

Nekapura Branch

Daska Branch
Tel: 052 - 6610461 - 4

Bhakkar Branch
Tel: 0453 - 510407- 409

Rahim Yar Khan Branch
Tel: 068 - 5879511 - 4

Kasur

Kasur Branch
Tel: 049 - 276158 - 4

Agrow Kasur Branch
Tel: 049 - 2771308 - 9

Sheikhupura Branch
Tel: 056 - 3810273 - 6

Agrow Sheikhupura Branch
Tel: 056 - 3035790

Gujrat

Gujrat Branch
Tel: 053 - 353 8091 - 4

Jalalpur Jattan Branch
Tel: 05827 - 404389-91

Dinga Branch
Tel: 0537 - 401368

Kacheri Chowk Branch
Tel: 053 - 3600583

Gulyana Branch

Sahiwal

Sahiwal Branch
Tel: 040 - 422 2733 - 5

Chichawatni Branch
Tel: 040 - 5481792

Chak No. 89 Branch

Okara Branch
Tel: 044 - 252872 - 30

Mandi Bahauddin Branch
Tel: 0546 - 509452 -3

Sargodha Branch
Tel: 048 - 3768286 - 90

Bhawalpur Branch
Tel: 062 - 2889176 - 78

DG Khan Branch
Tel: 064 - 2470954

Arifwala Branch
Tel: 0457- 835 477 - 81

Vehari Branch
Tel: 067-336 0715¬- 8

Pak Pattan Branch
Tel: 0457- 352591-4

Agrow Pak Pattan Branch
Tel: 0457 - 419629

Khanewal Branch
Tel: 065 - 2557491 –3

Dina Branch
Tel: 054 - 4634273 - 5

Jehlum Branch
Tel: 054 - 4611840 - 3

Agrow Chishtian Branch
Tel: 063 - 2023490

Kharian Branch
Tel: 0537 - 534211

Toba Tek Singh Branch
Tel: 046 - 2512052 - 5

Burewala Branch
Tel: 067 - 3351359

Lala Musa Branch
Tel: 0537 - 519656 - 8

Hafizabad Branch
Tel: 0547 - 526407 - 10

Sambrial Branch
Tel: 0526 - 524105

Muzaffargarh Branch
Tel: 066 - 2424691 - 2

Wazirabad Branch
Tel: 055 - 6605841 - 4

Gojra Branch
Tel: 046 - 3513637

Pirmahal Branch
Tel: 046 - 3367406 - 7

Chakwal Branch
Tel: 054 - 3554317

Hasilpur Branch
Tel: 062 - 2441305 - 8

Layyah Branch
Tel: 060 - 6415045

Mian Chunnoo Branch
Tel: 065 - 2661282 - 85

Rawalpindi

PWD/DHA Ph - 2 Branch
Tel: 051 - 5170584-5

Satellite Town Branch
Tel: 051 - 4842984 - 6

Bank Road Branch
Tel: 051 - 5120731 - 5

Raja Bazar Branch
Tel: 051 - 5778560 - 3

Bahria Town Branch
Tel: 051 - 5731351 - 4

Saidpur Road Branch
Tel: 051 - 5768049

Peshawar Road Branch
Tel: 051 - 5492873 - 4

Taxila Branch
Tel: 051 - 4535315

Jinnah Road Branch
Tel: 051 - 5778560 - 3
Chaklala III / Airport housing Society Branch
Tel: 051 - 5497012 - 15

Chakri Road Branch

Range Road Branch

Kurri Road Branch

Khayaban-e-Sir Syed Branch

Islamabad

Blue Area Branch
Tel: 051 - 111 – 572 - 265

Branch Network

I-9 Markaz Branch
Tel: 051 - 4431296 - 8

F-8 Markaz Branch
Tel: 051 - 2818296 - 8

F-7 Markaz Branch
Tel: 051 - 2608402 - 5

I-8 Markaz Branch
Tel: 051 - 4864523 - 6

F-10 Markaz Branch
Tel: 051 - 2112957 - 58

Islamabad Stock Exchange Branch
Tel: 051 - 2894407 - 10

DHA Phase II Branch
Tel: 051 - 4358882

Khanna Pul Branch
Tel: 051 - 4478006 - 07

G-11 Markaz Branch
Tel: 051 - 2830601

E-11 Markaz Branch
Tel: 051 - 2304993

G -15 Markaz Branch

G - 13 Markaz Branch

Tarlai Branch

Chiniot Branch
Tel: 047 - 6332713 - 14

Lodhran Branch
Tel: 0608 - 361892 - 93

Bahawalnagar Branch
Tel: 063 - 2279434 - 38

Nankana Sahab Branch
Tel: 056 - 2877503 - 4

Mandi Faizabad Branch
Tel: 0423 - 7931903 - 5

Ugoki Branch
Tel: 052 - 3513952

Gohad Pur Branch
Tel: 0524 - 265499 - 98

Chah Chand Wala Branch Rajanpur

Mouza Kachi Jaml Branch Khanpur

KHYBER PAKHTOONKHWA
Peshawar

Cantt Branch
Tel: 091 - 5279981

University Road Branch
Tel: 091 - 5711572 - 5

Karkhano Market Branch
Tel: 091 - 5893134 - 7

G.T. Road Branch
Tel: 091 - 2593901 - 4

Dabgari Gardens Branch
Tel: 091 - 2591422 - 7

Grain Market Branch

Topi Branch
Tel: 0938 - 272003 - 4

Mardan Branch
Tel: 0937 - 873445 - 873452

D I Khan Branch
Tel: 0966 - 733216 -19

Mingora Branch
Tel: 0946 - 711740 - 43

Abbottabad Branch
Tel: 099 - 233 1491 - 4

Saleh Khana Branch
Tel: 0923 - 651113 - 17

Timergara Branch
Tel: 0945 - 821921

HariPur Branch
Tel: 0995 - 627370

AZAD JAMMU &
KASHMIR (AJK)

Attock Branch
Tel: 0572 - 610500

Chaksawari Branch
Tel: 05827 - 454790

Mirpur Branch
Tel: 05827 - 437281 - 4

Jatlan Branch
Tel: 05827 - 404388

Dadyal Branch
Tel: 0586 - 3044668 - 70

Naarr Branch
Tel: 05826 - 420784 - 85

Muzaffarabad Branch
Tel: 05822 - 929765 - 7

Kotli Branch
Tel: 05826 - 448228 -30

Khui Ratta Branch
Tel: 05826 - 414906 -7

Shensa Branch
Tel: 05826 - 422779 - 422300

Rawalakot Branch
Tel: 05824 - 445961 - 63

Charroi Branch
05826 - 415474 - 76

Bafa Branch Mansehra
0997 - 5110024 - 6

Hattian Muzaffarabad Branch

Seri Branch

Mouza Parhar Branch Muzzaffar Garh

GILGIT BALTISTAN

Gilgit Branch
Tel: 0581-150615 - 7

Chitral Branch

PATTERN OF SHAREHOLDING

No. of Shareholders	Shareholdings				Total Shares Held
671	Shareholding From	1	To	100	9,221
685	Shareholding From	101	To	500	276,297
708	Shareholding From	501	To	1000	669,444
2619	Shareholding From	1001	To	100000	30,710,080
109	Shareholding From	100001	To	500000	22,496,757
25	Shareholding From	500001	To	1000000	18,938,482
1	Shareholding From	1005001	To	1010000	1,008,000
1	Shareholding From	1065001	To	1070000	1,068,000
2	Shareholding From	1295001	To	1300000	2,600,000
1	Shareholding From	1425001	To	1430000	1,425,500
1	Shareholding From	1495001	To	1500000	1,500,000
1	Shareholding From	1540001	To	1545000	1,545,000
1	Shareholding From	1585001	To	1590000	1,588,541
1	Shareholding From	1845001	To	1850000	1,850,000
1	Shareholding From	1870001	To	1875000	1,872,400
2	Shareholding From	1995001	To	2000000	4,000,000
2	Shareholding From	2075001	To	2080000	4,152,822
1	Shareholding From	2110001	To	2115000	2,111,748
1	Shareholding From	2300001	To	2305000	2,300,500
1	Shareholding From	2565001	To	2570000	2,569,500
1	Shareholding From	2675001	To	2680000	2,677,000
1	Shareholding From	2765001	To	2770000	2,768,000
2	Shareholding From	2995001	To	3000000	6,000,000
1	Shareholding From	3680001	To	3685000	3,683,500
1	Shareholding From	3735001	To	3740000	3,740,000
1	Shareholding From	3870001	To	3875000	3,871,000
1	Shareholding From	4805001	To	4810000	4,807,000
1	Shareholding From	4945001	To	4950000	4,949,000
1	Shareholding From	5130001	To	5135000	5,130,500
1	Shareholding From	5595001	To	5600000	5,600,000
1	Shareholding From	10200001	To	10205000	10,204,661
1	Shareholding From	12995001	To	13000000	12,997,500
1	Shareholding From	13285001	To	13290000	13,288,204
1	Shareholding From	13880001	To	13885000	13,882,000
1	Shareholding From	14475001	To	14480000	14,475,904
1	Shareholding From	14810001	To	14815000	14,810,500
1	Shareholding From	19500001	To	19505000	19,504,194
1	Shareholding From	19995001	To	20000000	20,000,000
1	Shareholding From	24755001	To	24760000	24,758,000
1	Shareholding From	27375001	To	27380000	27,380,000
1	Shareholding From	755245001	To	755250000	755,245,007
4,856					1,072,464,262

Categories of Shareholders	Shares Held	Percentage %
Banks Development Financial Institutions, Non Banking Financial Institutions.	14,730,755	1.37
Insurance Companies	19,666,694	1.83
Directors, Chief Executive Officer, and their Spouse and Minor Children		
Mr. Jahangir Siddiqui	1,588,542	
Mr. Mazharul Haq Siddiqui	630,001	
Mr. Adil Matcheswala	200,000	
Mr. Ashraf Nawabi	1	
Mr. Kalim-ur-Rahman	1	
Mr. Shahab Anwar Khawaja	1	
Mr. G. M. Sikandar	1	
Mrs. Akhter Jabeen (W/o Mr. Mazharul Haq Siddiqui)	218,700	
Sub-Totals:	2,637,247	0.25
Associated Companies, Undertaking and Related Parties.		
Jahangir Siddiqui & Co. Limited	755,245,007	70.42
Modarabas and Mutual Funds.	853,732	0.08
NIT and ICP		
Investment Corp. of Pakistan	972	0.00
Foreign Investors	48,515,666	4.52
Others	111,603,578	10.41
Local - Individuals	119,210,611	11.12
G-Totals:	1,072,464,262	100.00

Details of the transactions carried out by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouse and minor children during the period from January 01, 2015 to December 31, 2015 None of Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouse and minor children during the period from January 01, 2015 to December 31, 2015 carried out transactions in the shares of the Bank except the following:

Mr. Mazharul Haq Siddiqui sold 150,000 ordinary shares of JS Bank.

پراکسی فارم

دسواں سالانہ اجلاس عام

کمپنی سیکریٹری

جے ایس بینک لمیٹڈ

شاہین کمرشل کمپلیکس

ڈاکٹر ضیاءالدین احمد روڈ

پی او باکس نمبر 4847، کراچی 74200، پاکستان

میں/ہم_______از__________جے ایس بینک لمیٹڈ کے ممبران اور بمطابق رجسٹرڈ فولیو نمبر/سی ڈی سی/اکاؤنٹ نمبر__________، __________عمومی حصص کے مالکان ہیں، جناب_______از__________یا ان کی عدم دستیابی کی صورت میں جناب_______از__________کو بینک کے دسویں سالانہ اجلاس عام منعقدہ 28 مارچ 2016 یا کسی ملتوی شدہ تاریخ پر اپنی جانب سے حاضر ہونے، حصہ لینے اور ووٹ دینے کیلئے عوضی (Proxy) مقرر کرتا ہوں/کرتے ہیں۔

گواہان (نام اور پتے) کی موجودگی میں آج بروز______، _____ماہ_____2016 کو میں نے ذاتی طور پر دستخط کیئے/مہر ثبت کی

گواہ:

1۔ نام:___________________________________

دستخط:___________________________________

پتہ:___________________________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر:_______________

2۔ نام:___________________________________

دستخط:___________________________________

پتہ:___________________________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر:_______________

5 روپے کی ریونیو اسٹیمپ پر دستخط کیئے جائیں

دستخط بینک میں موجود نمونے کے دستخط کے مطابق ہونا چاہیئں

اہم نوٹ:

1۔ بینک کا کوئی ممبر کسی دوسرے ممبر کو اپنی جگہ اجلاس میں حاضر ہونے، حصہ لینے اور ووٹ دینے کیلئے عوضی مقرر کر سکتا ہے۔

2۔ با قاعدہ مکمل اور دستخط شدہ پراکسی فارم اجلاس عام کے انعقاد سے کم از کم 48 گھنٹے قبل بینک کے دفتر بمقام شاہین کمرشل کمپلیکس، ڈاکٹر ضیاء الدین احمد روڈ، پی او باکس نمبر 4847، کراچی 74200، پاکستان پر موصول ہو جانا چاہیں۔

3۔ ایسا کوئی شخص بطور عوضی اجلاس میں شریک نہیں ہو سکتا جو بینک کا ممبر نہ ہو، ماسوائے کوئی کارپوریشن کسی غیر ممبر کو اپنا عوضی مقرر کر سکتی ہے۔

4۔ اگر کوئی ممبر ایک سے زائد عوضی مقرر کرتا ہے اور ایک سے زائد عوضی فارم بینک کو موصول ہوتے ہیں تو ایسے تمام فارم منسوخ تصور کئے جائیں گے۔

5۔ فزیکل حصص کے مالکان اور سی ڈی سی میں رجسٹرڈ حصص کے مالکان اور/ یا ان کے عوضی کو اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ شناختی مقاصد کیلئے پیش کرنا ہوگا۔ باقاعدہ مکمل اور دستخط شدہ پراکسی فارم بینک میں مقررہ وقت پر جمع کروا دیا جائے، جس پر دو گواہوں کے دستخط، نام، پتہ، کمپیوٹرائزڈ قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر درج ہو۔ اس کے ہمراہ بینیفشل مالک اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل بھی منسلک ہونا ضروری ہے۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی بمعہ نمونے کے دستخط جمع کروائی جائے (اگر پہلے سے پراکسی فارم کے ہمراہ جمع نہیں کروائی گئی)

FORM OF PROXY

10th Annual General Meeting

The Company Secretary
JS Bank Limited
Shaheen Commercial Complex
Dr. Ziauddin Ahmed Road
P.O. Box 4847 Karachi 74200 Pakistan

I/We _______________of _______________being member(s) of JS Bank Limited holding _______________ordinary shares as per Register Folio No./CDC /A/c No. _______________hereby appoint _______________ of _______________ or failing him _______________ of _______________as my / our proxy to attend, act and vote for me / us and on my / our behalf at the 10th Annual General Meeting of the Bank to be held on March 28, 2016 and / or any adjournment thereof.

As witness my / our hand / seal this ____ day of _______________ 2016 signed by _________________________ in the presence of (name & address)

Witness:

1. Name: __________________________

Address _________________________

CNIC or _________________________

Passport No. _____________________

Signature _______________________

Signature on Rs. 5/-
Revenue Stamp

The signature should
agree with the specimen
registered with the Bank

Witness:

2. Name: __________________________

Address _________________________

CNIC or _________________________

Passport No. _____________________

Signature _______________________

Important:

1. A member of the Bank entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her.

2. The proxy form, duly completed and signed, must be received at the Office of the Bank situated at Shaheen Commercial Complex Dr. Ziauddin Ahmed Road, Karachi 74200 not less than 48 hours before the time of holding the meeting.

3. No person shall act as proxy unless he / she himself is a member of the Bank, except that a corporation may appoint a person who is not a member.

4. If a member appoints more than one proxy and / or more than one instruments of proxy are deposited by a member with the Bank, all such instruments of proxy shall be rendered invalid.

5. Beneficial Owner of the physical shares and the shares registered in the name of Central Depositary Company of Pakistan Ltd (CDC) and / or their proxies are required to produce their original Computerized National Identity Card (CNIC) or Passport for identification purposes at the time of attending meeting. The Form of proxy must be submitted with the Bank within the stipulated time, duly witnessed by two persons whose names, address and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or the Passport of the beneficial owner and the proxy. In case of a corporate entity, the Board of Directors' Resolution / Power of Attorney along with the specimen signature shall be submitted (unless it has been provided earlier along with the proxy form to the Bank).

Annual Report | 2015

JS BANK

Shaheen Commercial Complex,
Dr. Ziauddin Ahmed Road, P.O. Box 4847,
Karachi-74200, Pakistan.
UAN: +92 21 111 JS BANK (572-265)