



Years of Excellence

Annual Report 2015



CELEBRATING SILVER JUBILEE

Serving, Contributing, Excelling with humility

Twenty-five years ago, the Bank of Khyber embarked upon the journey to fulfill the banking needs of the area and above all, with the spirit to sincerely serve the people of our country.

After the initial years of learning and consolidation as a nascent Bank, today the Bank of Khyber has emerged as one of the most reputed public sector Banks. It operates in all over the Country including Gilgit Baltistan, FATA and Azad Jammu & Kashmir, and offers conventional as well as Islamic Banking services, with most modern infrastructure of online Banking. In the recent past, the Branch Network of the Bank achieved rapid growth, hence becoming one of the dynamic Banks of the country.

A system has been developed that establishes objective, performance based measures, and aims to reward performance at all levels.

In November 2016, the Bank completes 25 years of successful journey. The ongoing year is the year of celebrations and to mark the historic event, the Bank has introduced a Silver Jubilee Logo to celebrate the moment of festivity. The cover concept of this year's annual report has been designed to convey the message of celebration and festivity. Alhamdulillah.



2015

THE YEAR OF CELEBRATION

2015

BOK'S CULTURE



WE BOW TO ALMIGHTY ALLAH IN SHEER GRATITUDE

NURTURING A CULTURE
OF ACHIEVEMENT



IMBUED WITH CONVICTION
TO PAYBACK TO THE COUNTRY

WHERE CHALLENGES ARE
AN OPPORTUNITY



WHERE EXCELLENCE IS NOT
EXCEPTION BUT A NORM

PROFESSIONALISM &
TEAMWORK IS THE STRENGTH



EXCELLING IN DELIVERING,
CONTRIBUTING & SERVING

AN ICON OF PRIDE





ENTITY RATINGS

A LONG
TERM

JCR-VIS Credit Rating Company Ltd. (JCR-VIS) has maintained the medium to long term and short term entity ratings of the Bank at "A" (Single A) and "A-1" (A One). Outlook on the assigned rating is "Stable".

The Pakistan Credit Rating Agency Limited (PACRA) has also maintained the long term and short term entity ratings of the Bank at "A" (Single A) and "A1" (A One). Rating outlook is "Stable".

The ratings denote low expectation of credit risk emanating from strong capacity for timely payment of financial commitments.

A1 SHORT
TERM

BOK AT A GLANCE

CELEBRATING 25 YEARS OF EXCELLENCE

BOK: THE SERVING LEADER BANK

THE BANK TAKES PRIDE IN STANDING SHOULDER TO SHOULDER WITH THE PEOPLE IN ALL KIND OF CHALLENGES BE IT EARTHQUAKES, FLOODS OR ANY OTHER UNFORESEEN SITUATION.



SERVICES

ISLAMIC & CONVENTIONAL BANKING



1991

BOK ESTABLISHED



RISING

PUBLIC SECTOR BANK
OF THE COUNTRY



190 INTERNATIONAL
CORRESPONDENTS



OUR PRESENCE

KPK | PUNJAB | SINDH | BALUCHISTAN
GILGIT BALTISTAN | FATA
AND AZAD JAMMU & KASHMIR



1,300+

EMPLOYEES OF THE BANK



130

BRANCHES NETWORK
& GROWING



MCR

SBP MCR
COMPLIANT BANK



FUTURISTIC

- PLANS TO OPEN BRANCHES INTERNATIONALLY
- NEW HEAD OFFICE BUILDING IN PESHAWAR
- STATE-OF-THE-ART TRAINING CENTRE



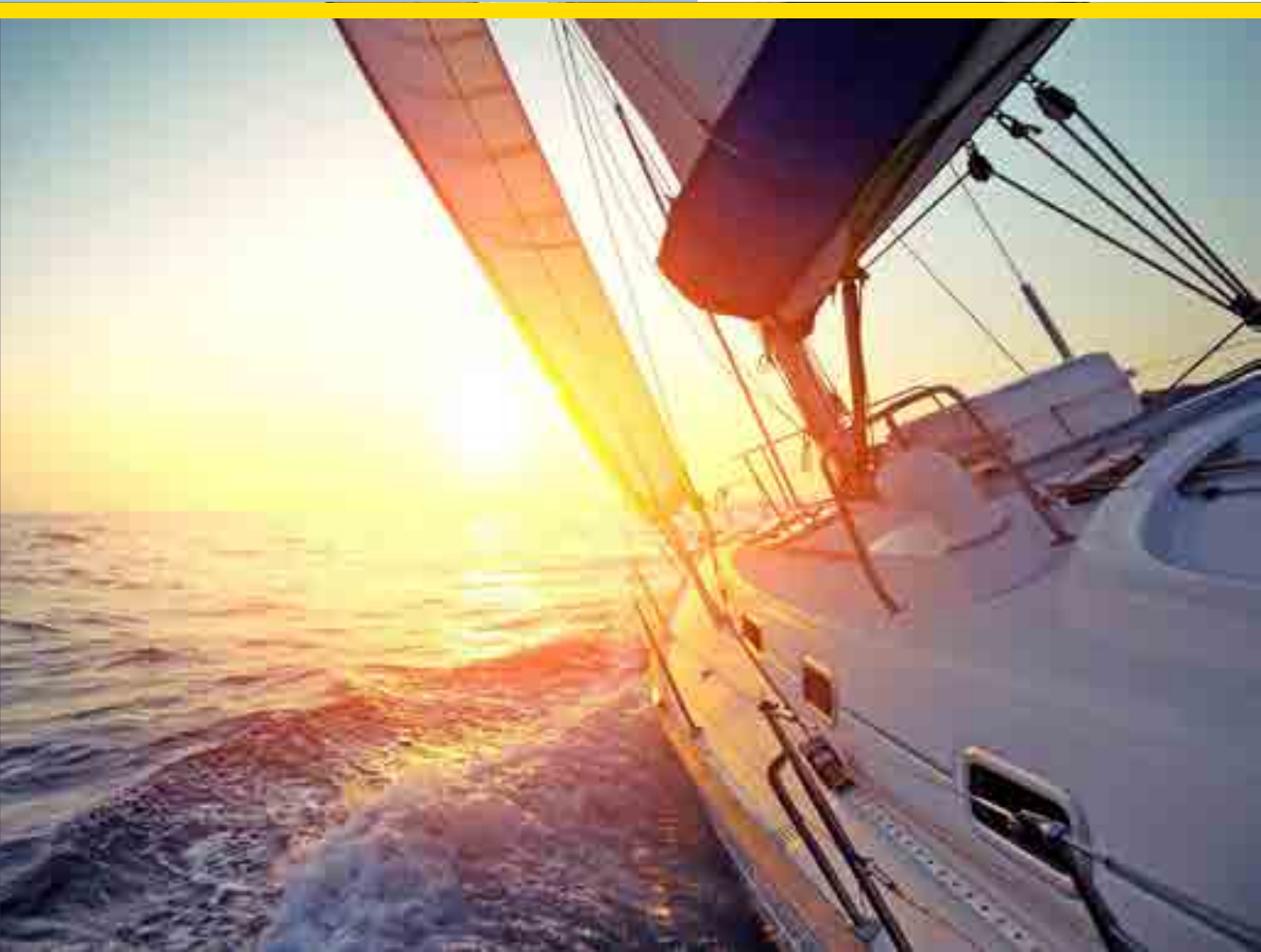
A RATED
BANK

BY | JCR-VIS
PACRA

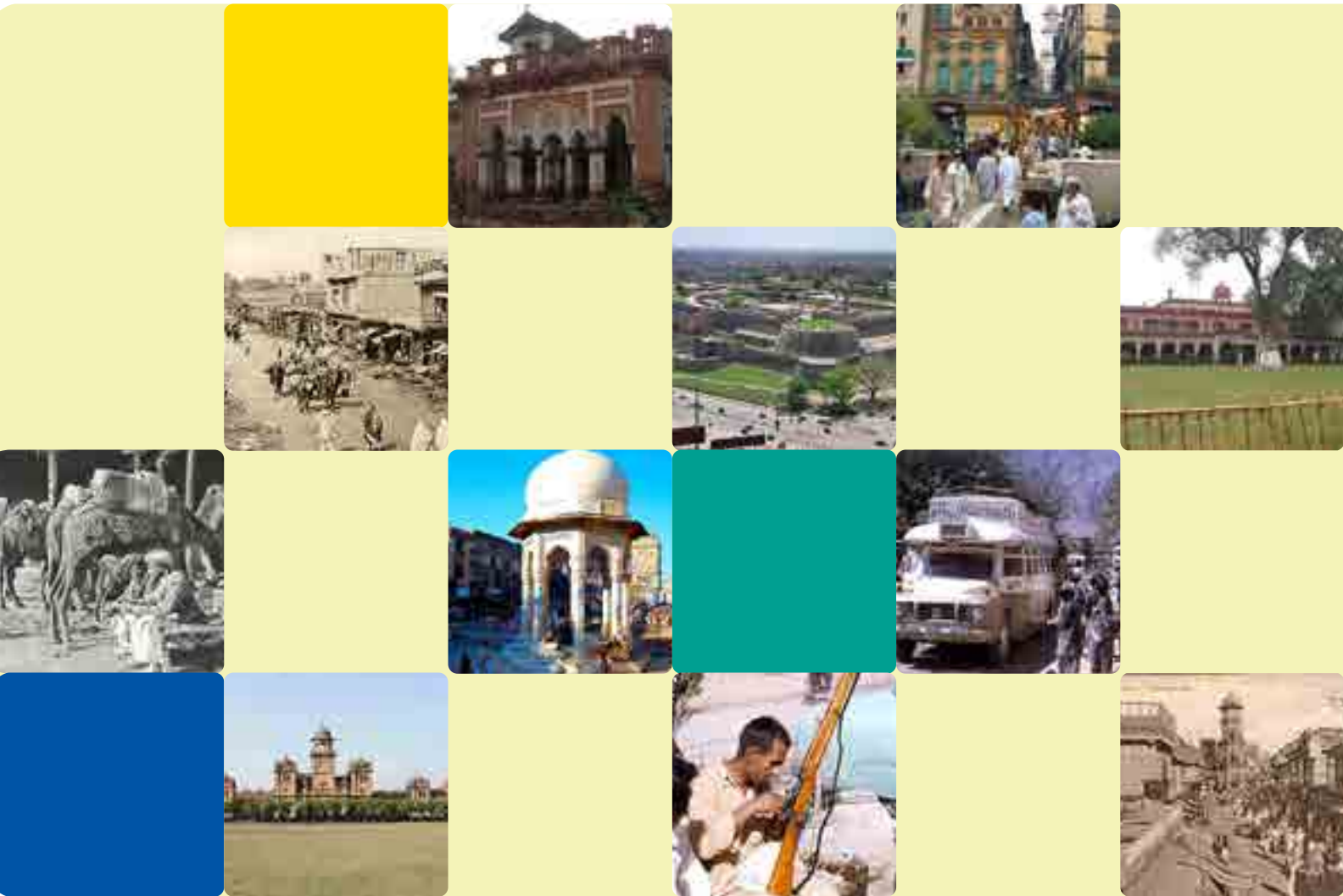
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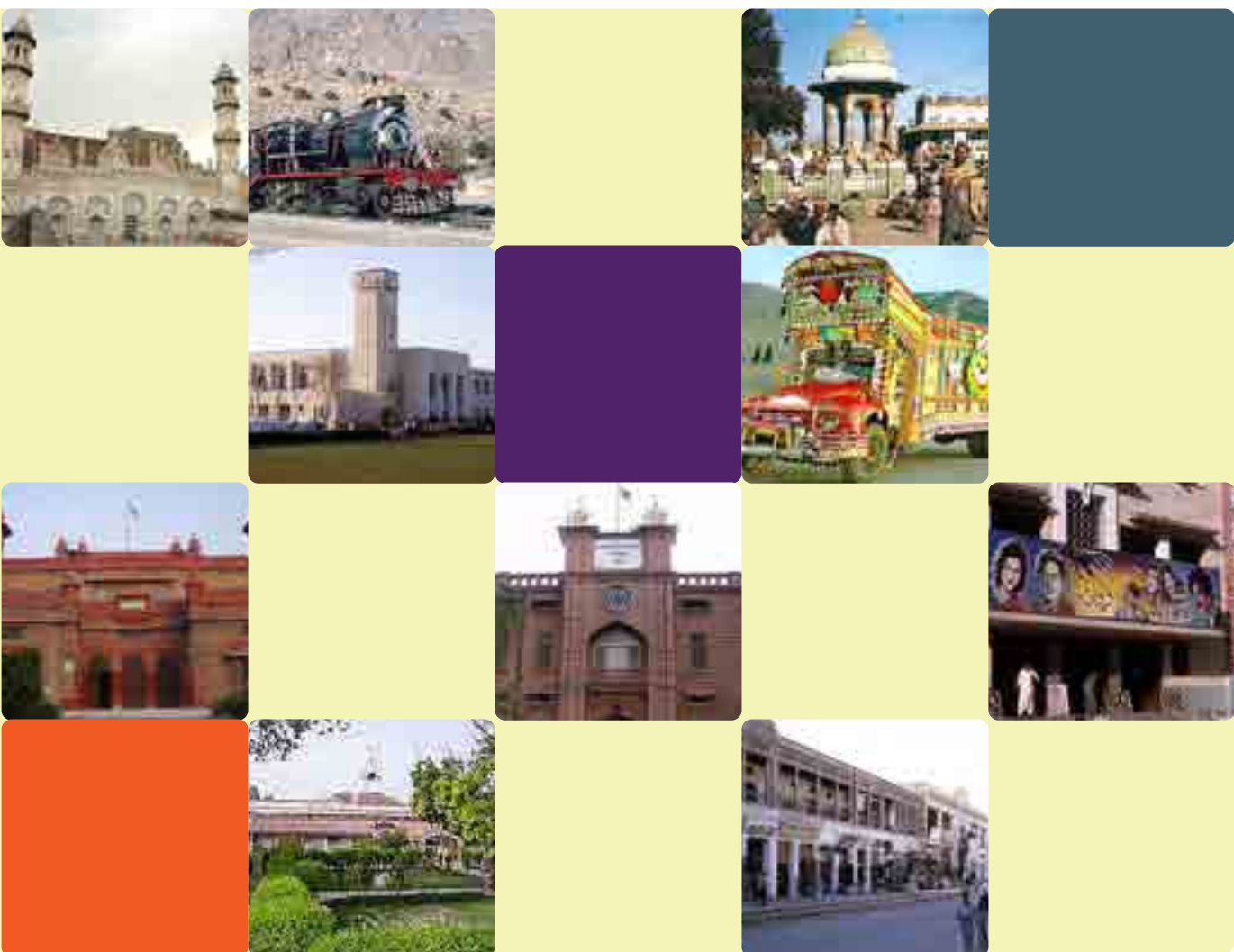


PESHAWAR & THE BOK



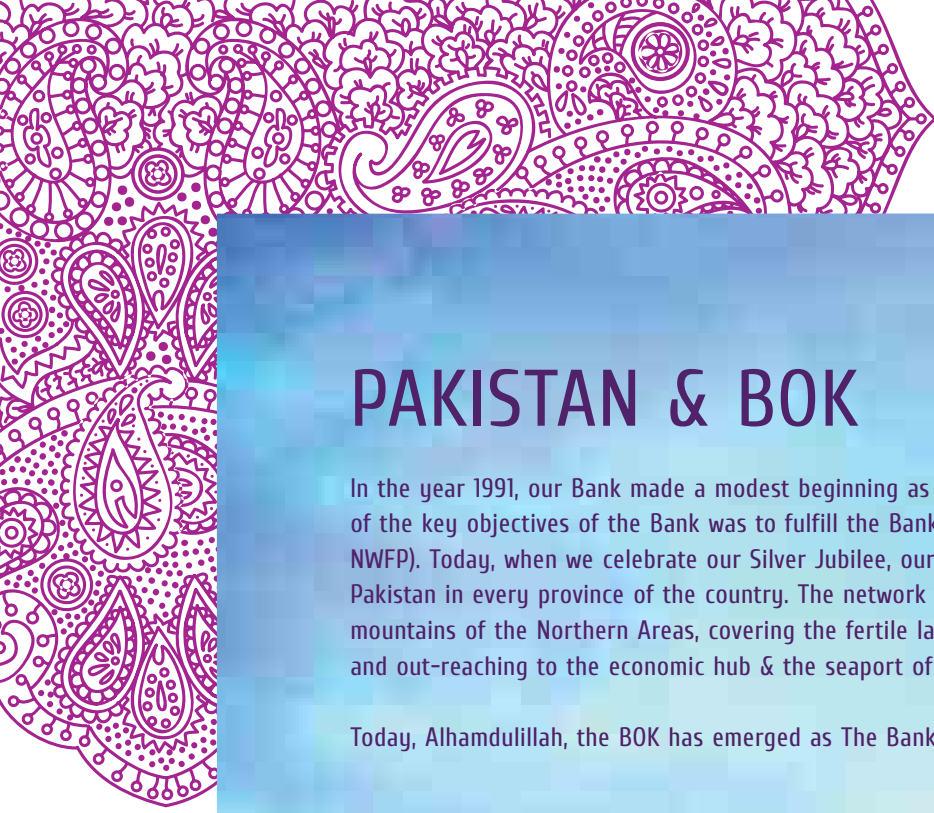
THE BANK OF KHYBER STARTED ITS JOURNEY 25 YEARS AGO, FROM THE HISTORIC CITY OF PESHAWAR BY OPENING THE FIRST BRANCH. TODAY, WITH OVER 130 BRANCHES THROUGHOUT PAKISTAN, THE BANK OF KHYBER SERVES PAKISTAN WITH DISTINCTION BY EXTENDING SERVICES IN ISLAMIC AS WELL AS CONVENTIONAL BANKING.

EMANATING FROM THE HISTORIC CITY OF PESHAWAR, THE PROVINCIAL CAPITAL OF KHYBER PAKHTUNKHWA, THE BANK IS GOING TO ADD FURTHER TO THE BEAUTY OF PESHAWAR BY BUILDING STATE-OF-THE-ART HEAD OFFICE, AT THE MALL ROAD OF THE CITY.



KNOWN AS THE CITY OF GARDENS, PESHAWAR IS ALSO KNOWN FOR ITS RICH CULTURE, GREAT HISTORY AND HOSPITALITY OF THE PEOPLE.

AFTER PASSING THROUGH THE MOST CHALLENGING TIMES IN THE RECENT PAST, NOW THE CITY IS POISED FOR GREAT BUSINESS ACTIVITY IN DIFFERENT SEGMENTS OF THE ECONOMY. THE BOND OF BANK OF KHYBER WITH PESHAWAR IS INSEPARABLE AS THE BANK TAKES GREAT PRIDE IN PROMOTING THE MUCH-CHERISHED VALUES OF KHYBER PAKHTUNKHWA AS WELL AS THE CITY OF PESHAWAR. THE EMBLEM OF THE BANK CLEARLY AND CONCISELY DEPICTS THE QUINTESSENCE AS, THE BANK OF KHYBER - CUSTODIAN OF RICH VALUES.



PAKISTAN & BOK

In the year 1991, our Bank made a modest beginning as a public sector Bank. In the beginning, one of the key objectives of the Bank was to fulfill the Banking needs of Khyber Pakhtunkhwa (then NWFP). Today, when we celebrate our Silver Jubilee, our Bank proudly serves and empowers Pakistan in every province of the country. The network of our branches is spread from the mountains of the Northern Areas, covering the fertile land of Punjab, the vast land of Baluchistan and out-reaching to the economic hub & the seaport of the country, Karachi.

Today, Alhamdulillah, the BOK has emerged as The Bank of Pakistan.



25 YEARS OF EMPOWERING PAKISTAN



INVESTMENTS RS.

BILLION

88

DEPOSITS RS.

BILLION

117

ADVANCES RS.

BILLION

40

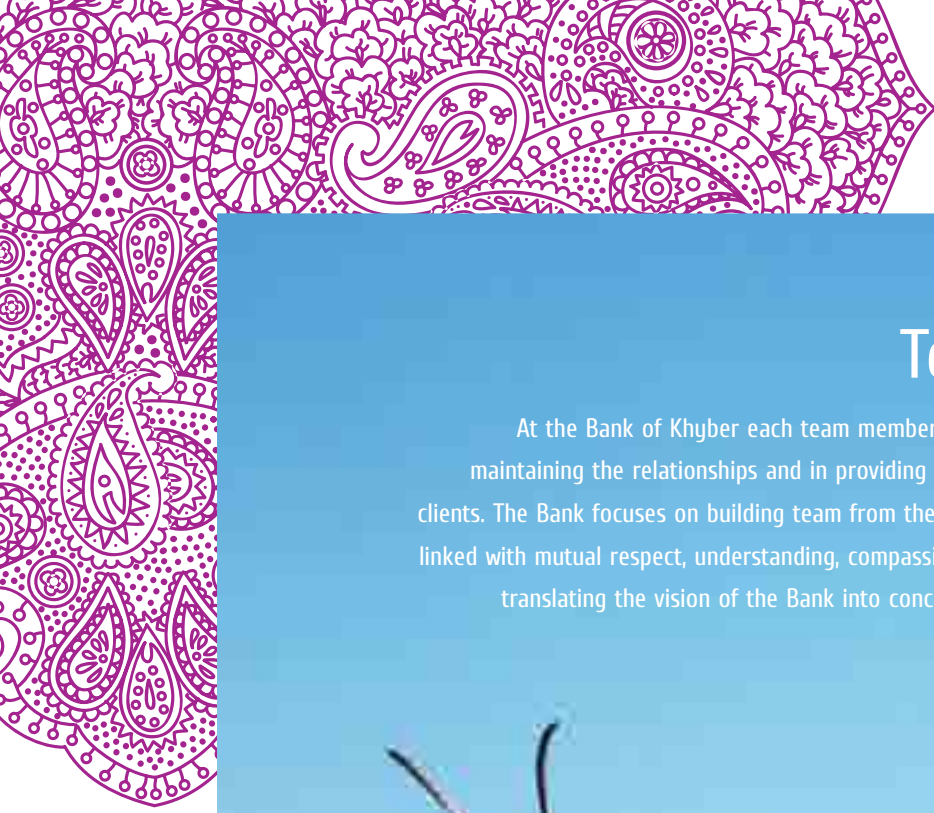
MILESTONES ACHIEVED



ASSETS RS.
BILLION
155



PROFIT AFTER TAX
BILLION
1.8



Team Spirit

At the Bank of Khyber each team member is an integral player in maintaining the relationships and in providing the best services to our clients. The Bank focuses on building team from the top to bottom that are linked with mutual respect, understanding, compassion and commitment for translating the vision of the Bank into concrete action and success.



Service Spirit

Clients and customers are at the center of everything done in business and, at the Bank of Khyber, we believe it is a sacred obligation of each and every employee of the Bank to be responsive and caring in rising above their expectations.



VISION & MISSION



Vision

To become a leading Bank providing efficient and dynamic services in both Islamic and Conventional banking through expanded nationwide network.

Mission

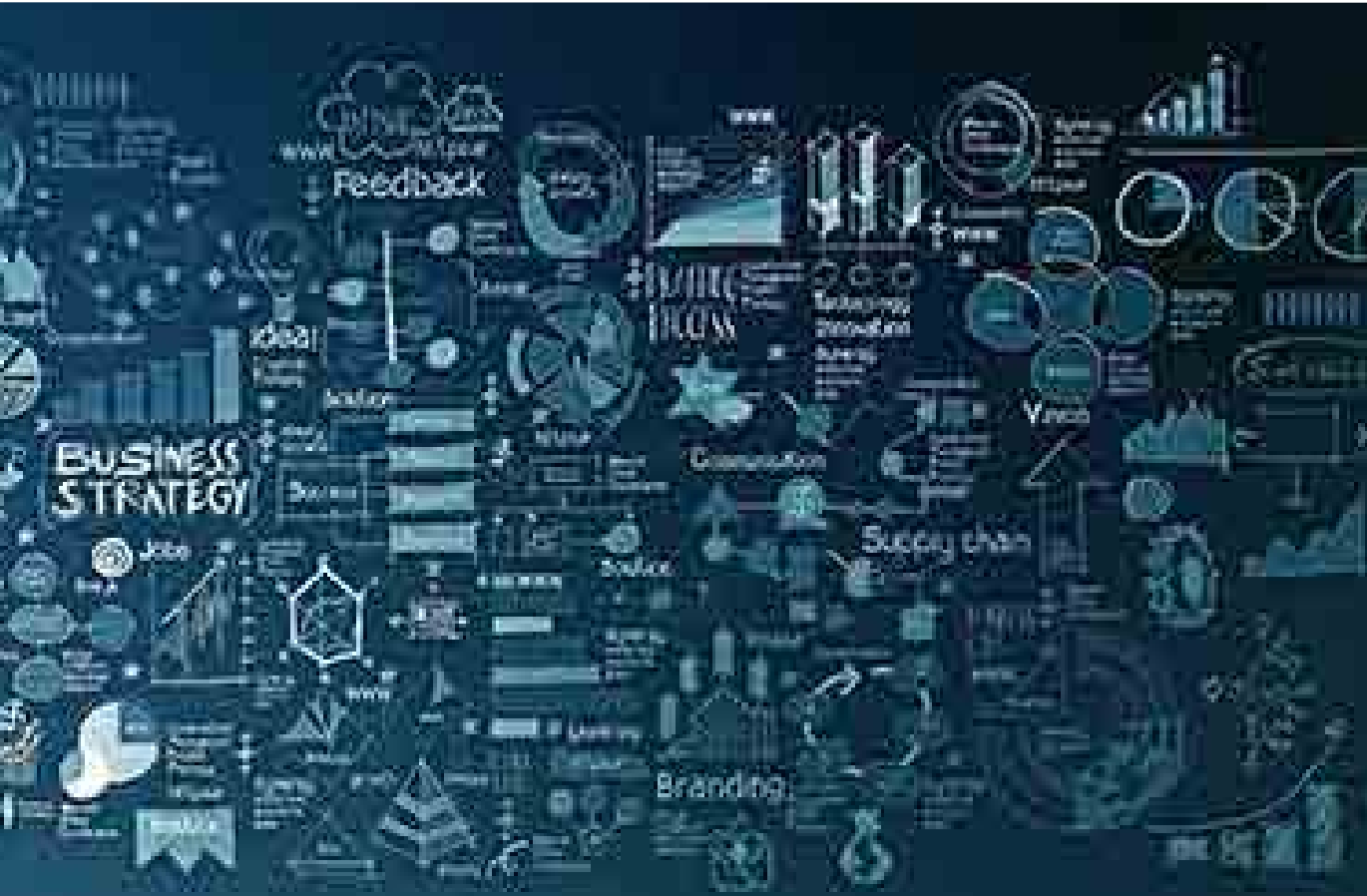
To increase shareholders' value and provide excellent service and innovative products to customers through effective corporate governance, friendly work environment & contributing towards an equitable socioeconomic growth.



Core Values

- ▶ Highest quality of service
- ▶ Professionalism
- ▶ Integrity
- ▶ Team Work
- ▶ Innovation and utilization of latest technology
- ▶ Risk Mitigation
- ▶ Corporate Social Responsibility





The management of the Bank of Khyber is taking every measure to transform the Bank through technology, innovation and best business practices



ABOUT THE COMPANY



▶ **Board of Directors**

Muhammad Azam Khan
Chairman

Ali Raza Bhutta

Maqsood Ismail Ahmad

Asad Muhammad Iqbal

Javed Akhtar

Rashid Ali Khan

▶ **Managing Director / CEO**

Shams-ul-Qayyum

▶ **Board Audit Committee**

Asad Muhammad Iqbal
Chairman

Ali Raza Bhutta

Javed Akhtar

Rashid Ali Khan

▶ **Board HR&R Committee**

Rashid Ali Khan
Chairman

Maqsood Ismail Ahmad

Asad Muhammad Iqbal

Managing Director

▶ **Board Risk Management Committee**

Maqsood Ismail Ahmad
Chairman

Rashid Ali Khan

Managing Director

▶ **Chief Financial Officer**

Rahat Gul

▶ **Company Secretary**

Zahid Sahibzada

▶ **Registered Office / Head Office**

24 - The Mall, Peshawar Cantt.

1st Floor, State Life Building

34 - The Mall, Peshawar Cantt.

UAN: 00 92 91 111 95 95 95

URL: www.bok.com.pk

▶ **Auditors**

Grant Thornton Anjum Rahman

Chartered Accountants

▶ **Legal Advisors**

Mr. Nisar Ahmed Khan
Advocate, Peshawar.

M/s. Mohsin Tayebaly & Company,
Karachi.

▶ **Registrar and Share Registration Office**

THK Associates (Pvt) Ltd.

2nd Floor, State Life Building No. 3

Dr. Ziauddin Ahmed Road

Karachi - 75530.

PRODUCTS & SERVICES





Deposit Schemes

Khyber Friendly Munafa Scheme
Current Benefit Account
Be-Baha Mahana Amadani
Foreign Currency Deposit



Advances

Financing Options
Corporate Financing
Commercial Financing
SME Financing
Consumer Financing
Micro Financing
Agriculture Financing
Project Financing



Products

Cash Finance
Running Finance
Demand Finance
Trade Finance
Export Refinance
House / Auto / Salary Loans
Letter of Credit
Letter of Guarantee
FIM
FATR



Agriculture Credit Schemes

Sada Bahar Zarai Loan Scheme
Agriculture Refinance Loan Scheme
Livestock Loan Scheme
Dairy Storage Loan Scheme
Dairy Marketing Loan Scheme
Tractor Loan Scheme
Farm Machinery Loan Scheme
Tube Well Loan Scheme



Islamic Banking

Murabaha
Musharaka
Ijara wa Iqtana
Istisna
Salam
Deposit Schemes
Bill collection under Wakala



Consumer Retail Banking

House Loan (Suhana Ghar)
Car Loan (Foree Car)
Salary Loan (Salary Sahara)



Online Banking

The Bank of Khyber offers Online Banking Facility to its customers at branches all over Pakistan.



Celebrating

25

Years of Excellence 1991-2015

Daunting Challenges have made us Stronger:
The last ten years or so have been most challenging in the history of our Bank due to security & the fight against terrorism. Khyber Paktunkhwa, where we are based, was the worst hit. Alhamdulillah, during these years, despite all odds, our bank performed exceptionally well. Indeed, all these challenges helped us become stronger & resilient.





THE BOARD



MUHAMMAD AZAM KHAN
CHAIRMAN / NON-EXECUTIVE DIRECTOR

Mr. Muhammad Azam Khan is a senior civil servant. He has diverse management experience having held positions in district administration and headed important Government Departments. Prior to appointment as Additional Chief Secretary, Mr. Azam Khan held position of Secretary, Sports & Tourism, Government of Khyber Pakhtunkhwa. Mr. Azam Khan holds Masters of Science degree in I.R and has also attended various national and international courses.



SHAMS UL QAYYUM
MANAGING DIRECTOR & CEO

Mr. Shams-ul-Qayyum has been associated with banking profession for the last 40 years. He has done his MSc Economic from University of Peshawar. He started his career with Habib Bank Limited in 1974. Till 1997 he was posted at various areas of Khyber Pakhtunkhwa as Chief Manager. From 1998 to 2005 he was posted in UAE and headed various segment of Banking in Habib Bank Limited. From 2005 to 2010, he was posted in Afghanistan, as Country Manager, Habib Bank Limited. His last posting in Habib Bank Limited was as General Manager/Senior Regional Chief and has overseen 198 branches in the Region. He remained with Habib Bank Limited till 1st October, 2014. During his service career with Habib Bank Limited, he attended various National and International courses. Due to his extra ordinary performance, he received appreciations, rewards and promotions during his tenure in Habib Bank Limited.

Government of Khyber Pakhtunkhwa has appointed him as Managing Director of the Bank of Khyber and he assumed his duties from 2nd October, 2014.



ALI RAZA BHUTTA
NON-EXECUTIVE DIRECTOR

Mr. Ali Raza Bhutta is a civil servant having served on various important positions in the Province. Presently, he is heading Finance Department, Government of Khyber Pakhtunkhwa as Secretary. Prior to appointment as Secretary Finance, Mr. Ali Raza Bhutta held position of Secretary, Energy & Power.

Mr. Ali Raza Bhutta holds M.Phil degree in Economic Development from University of Glasgow, UK, besides Masters in Business Administration and has also attended various national and international courses.



MAQSOOD ISMAIL AHMAD
NON-EXECUTIVE DIRECTOR

Mr. Maqsood Ismail is a professional businessman of the Country having diversified experience from manufacturing to power generation and commodities business. He is on the boards of different companies and remained Chairman/Presidents of different business forums viz. Federation of Pakistan Chambers of Commerce & Industry, Export Processing Zones Authority, Pakistan Yarn Merchants Association. He also represented Pakistan as a businessman in official delegations to different countries. Mr. Ismail is a Bachelor of Science in Economics and Political Science from University of Delaware, United States of America.



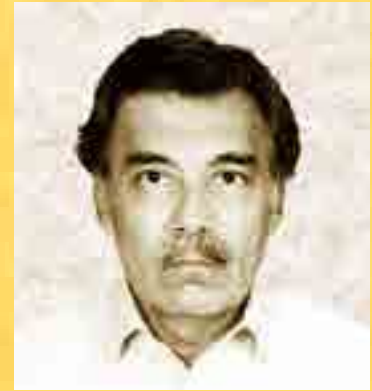
ASAD MUHAMMAD IQBAL
INDEPENDENT DIRECTOR

Mr. Asad holds a Bachelor Degree in Computer Science from Carnegie Mellon University, USA. He has diversified experience in equities, asset management and software development. He served as Vice President, Equities Division at Goldman Sacks & Company, N.Y., USA. He has also remained a Director of the Karachi Stock Exchange. Presently, he is executing his duties as Chief Executive of Streetware Systems, a software development company engaged in developing solutions for the financial institutions.



JAVED AKHTAR
INDEPENDENT DIRECTOR

Mr. Javed Akhtar is associated with the textile industry. Apart from managing his own group of companies, he is also the Chairman, Fashion Apparel Designing and Training Institute (FADIN), Member Managing Committee and currently member General Body of the Federation of Pakistan Chamber of Commerce & Industry (FPCCI). He also remained Director of Karachi Cotton Association and held the position of Chairman, Pakistan Cotton Fashion Apparel Exporters Association during 1997 - 1998 and 2001 - 2003. Mr. Javed Akhtar holds a Bachelors Degree from the University of Karachi.



RASHID ALI KHAN
INDEPENDENT DIRECTOR

Mr. Rashid Ali Khan possesses multi-tiered professional background in Banking, Finance, Consumer Marketing and Corporate Restructuring at Senior Executive level. He has vast experience in Global Finance Management and Business Development. Mr. Rashid Ali Khan has worked with Citibank as Regional Business Head (Europe / London), remained Chief Executive at Al-Faysal Investment Bank and Senior Executive Vice President at Habib Bank Limited. Mr. Rashid Ali Khan holds Masters degree in Business Administration from University of Cornell, USA, and has attended various national and international courses. Presently, he is Chairman, NayaTel & Micro Net Ltd. (Telecom Companies involved in broadband wireless delivery and optical fiber connectivity). He is also a Member/Director on the Boards of NRSP Microfinance Bank and Pakistan Engineering Company.

A WORD FROM MANAGING DIRECTOR

I wish to share with immense gratitude and sense of humility and with thankfulness to Almighty Allah that as we celebrate the Silver Jubilee of BOK this year, the Bank is scaling new highs of success and achievements. This is indeed a unique moment in the history of our Bank, which is successfully transitioning from a small to a middle size bank, ensuring its presence in the entire country, and growing.

Surmounting all kind of challenges, especially due to law and order situation in the recent past, we are successfully steering ahead with great resilience and by running against the tide of time, Alhamdulillah. Considering some of the latest positive changes going on, we see the most promising days ahead not only for our Bank, but for our entire country, Insha Allah.

The outgoing year was yet another year of persistent performance, growth and improvements. We are relentlessly working for improvement in every area. Improvement in technology and

investment in the human capital remain our top priorities. Our customer is our biggest asset and we are going all out to improve our services quality further.

The Bank is taking all measures for efficiency in workings and improvement in service quality and for this purpose the Core Banking Software has been implemented. Last year, the network of our branches touched the tally of 130 branches in the entire country. Our next target is to boost the number of branches to 200 in the near future.

I must add here that all of these achievements are a result of sincere efforts of each and every member of our team. Above all, the enabling environment provided by the government of Khyber Pakhtunkhwa helped us in a big way to move ahead with success. For all this, I am indebted to my team as well as the government of Khyber Pakhtunkhwa from the core of my heart.

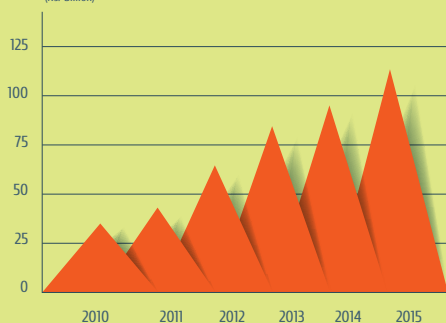




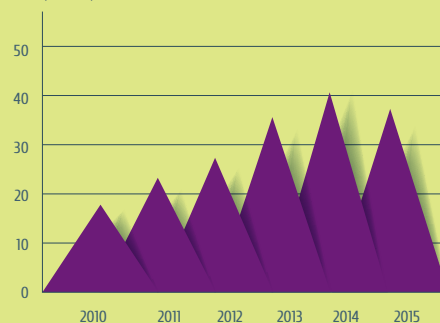
SIX YEAR FINANCIAL HIGHLIGHTS

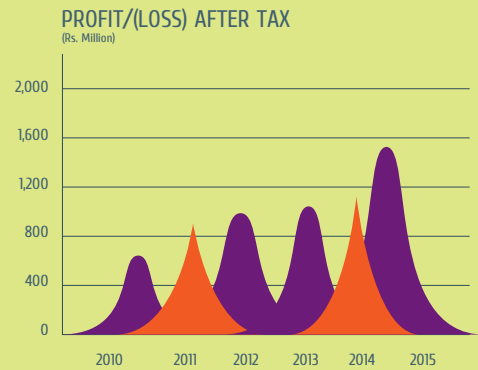
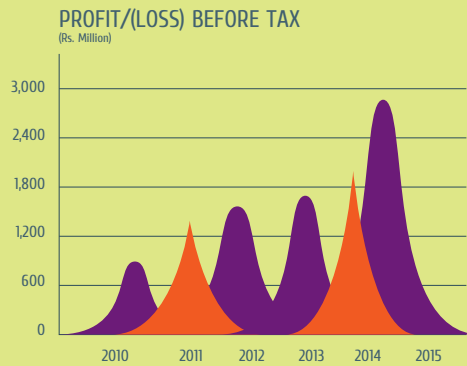
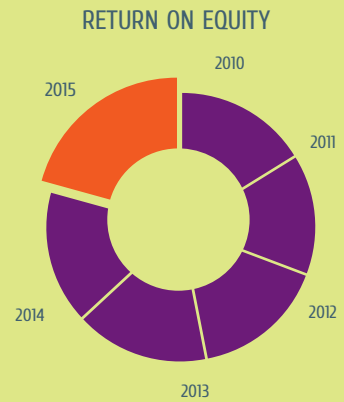
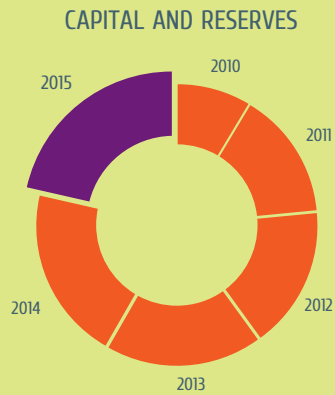
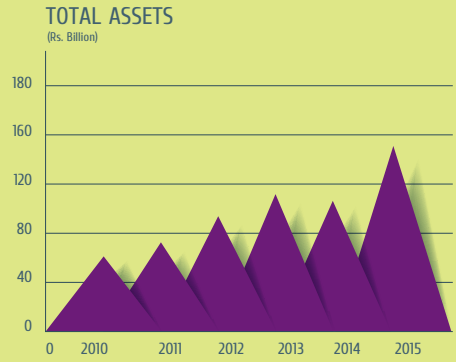
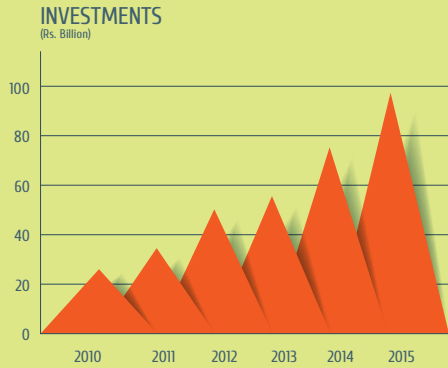
	2010	2011	2012	2013	2014	(Rs. in Million) 2015
DEPOSIT	36,981	45,548	60,043	77,218	92,264	117,292
ADVANCES (NET)	18,238	22,288	26,693	35,450	40,057	36,454
INVESTMENTS	19,853	36,685	45,672	53,363	72,431	88,296
TOTAL ASSETS	50,794	68,424	82,178	108,170	126,106	155,158
CAPITAL AND RESERVES	5,604	9,700	10,776	11,913	13,211	13,973
PROFIT/(LOSS) BEFORE TAX	713	1,285	1,572	1,669	1,901	2,959
PROFIT/(LOSS) AFTER TAX	563	872	1,078	1,154	1,309	1,789
RETURN ON EQUITY	10%	9%	10%	10	10%	12.8%

DEPOSITS
(Rs. Billion)



ADVANCES (NET)
(Rs. Billion)







Contributing with commitment

One of the objectives of the Bank of Khyber was to meet the banking needs of the local people of KP. With its Headquarter in the provincial capital, Peshawar, the Bank has been able to contribute for the people of the area in several ways. Apart from meeting the banking needs, the BOK has been one of the biggest source of repatriation of foreign exchange by bringing back the hard-earned money of the large number of people of KP, who work in the middle east. The Bank has contributed in a big way by promoting small and medium industry initially in the KP, and now in the entire country.

The Serving Leader Bank

At the Bank of Khyber, it is our strong belief to be in the forefront as the Bank that truly serves and the Bank that leads. In the recent past, the Bank has made all out efforts to transform all kind of services with customer-focused policies. The entire Branch network of the Bank has been geared-up for this purpose. This is helping the Bank in winning the trust and confidence of the business community as well as account holders of the Bank.



NOTICE OF 25TH ANNUAL GENERAL MEETING



Notice is hereby given that the Twenty Fifth Annual General Meeting of the Shareholders of The Bank of Khyber will be held on Tuesday, April 5, 2016 at 10:30 a.m. at Pearl Continental Hotel, Peshawar Cantt. to transact the following business:

▶ Ordinary Business

- To confirm the minutes of the Extra Ordinary General Meeting (EOGM) held on June 25, 2015.
- To receive, consider and adopt the Audited Accounts of the Bank for the year ended December 31, 2015, together with the Directors' and Auditors' Reports thereon.
- To appoint auditors for the year ending December 31, 2016 and fix their remuneration. Messrs. Grant Thornton Anjum Rahman, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.
- To consider, and if thought fit, approve as recommended by the Board of Directors, final cash dividend for the year 2015 @Rupees 1.25 per share i.e. 12.50% to the shareholders of the Bank.

▶ Special Business

- To grant approval for increase in fee to the non-executive Directors for attending the Board and Board Committees / Special Committees meetings.

▶ Other Business

- Any other business with the permission of the Chair. A Statement of Material Facts under Section 160 (l) (b) of the Companies Ordinance, 1984 relating to said Special Business is given hereunder.

By Order of the Board

Zahid Sahibzada
Company Secretary

Peshawar: March 14, 2016

▶ Notes:

- (i) Share Transfer Books of the Bank will remain

closed from Tuesday, March 29, 2016 to Tuesday, April 5, 2016 (both days inclusive) to determine the names of members entitled to receive the 12.50% Cash Dividend and attend and vote in the meeting.

- (ii) All members are entitled to attend and vote at the meeting.
- (iii) A member entitled to attend and vote at the Meeting, is entitled to appoint another member as a proxy to attend, speak and vote for him/her.
- (iv) An instrument of proxy applicable for the meeting is being provided with the notice sent to members. Further copies of the instrument of proxy, if required, may be obtained from the Registered Office of the Bank during normal office hours.
- (v) An instrument of proxy and a Power of Attorney or other authority (if any) under which it is signed, or notarized copy of such Power of Attorney must be valid and deposited at the Registered Office of the Bank not less than 48 hours before the time of the meeting.
- (vi) In case of Proxy for an individual beneficial owner of CDC, attested copies of beneficial owner's NIC or passport, Account and Participant's ID. numbers must be deposited along with the Form of Proxy. In case of Proxy for corporate members, he/she should bring the usual documents required for such purpose.
- (vii) Shareholders are requested to notify immediately for any change in their addresses.
- (viii) Form of Proxy, if required, should be signed on Rs.5/- Revenue Stamp.
Statement of Material Facts under Section 160 (l) (b) of the Companies Ordinance, 1984

This statement sets out the material facts concerning the Special Business, given in Agenda Item No. 5 of the Notice, to be transacted at the Twenty Fifth Annual General Meeting of the Bank of Khyber.

▶ Item No. 5

In term of Section 191 of the Companies Ordinance, 1984 and as per Para C-2 of Regulation G-1 of the Prudential Regulations of

the State Bank of Pakistan, the scale of remuneration to be paid to the non-executive Directors and Chairman for attending the Board and/or Committee meetings shall be approved by the shareholders on a pre or post facto basis in the Annual General Meeting (AGM).

Previously, the Board has approved a scale of Rs.20,000/- and Rs.10,000/- for attending meetings of the Board and Board Committees/Special Committees respectively. The shareholders had given their approval for the new scale in the 20th Annual General Meeting held on March 29, 2011.

The Board in its 132nd meeting discussed Directors' fees and was of the opinion that non-executive Directors need to be compensated appropriately for their time and efforts involved in Board meetings.

The Board was of the view that as recommended in the practices involved on the Code of Corporate Governance, the compensation of members of board of directors should be close to the fixed wage per hour paid to the Chief Executive Officer (CEO) / Executive Director, as a general principle. However, in view of the size and public nature of the Bank, the Board decided to limit the fee to Rs.50,000/- and Rs.25,000 (net of taxes) for attending Board and Board Committees / Board Special Committees meetings respectively.

In terms of Para C-2 of Regulation G-1 of the Prudential Regulations of the State Bank of Pakistan, Post-facto approval of the shareholders of the Bank is sought for the above mentioned increase in fee.

The following resolution is therefore, being proposed to be passed as an Ordinary Resolution by the shareholders:

"RESOLVED that Directors' fee for attending Board meetings is increased to Rs.50,000/- per meeting (net of taxes) and the fee for meetings of Board Committees / Board Special Committees increased to Rs.25,000/- (net of taxes) on per meeting basis and to be paid to non-executive Directors on actual attendance be and are hereby approved."

"FURTHER the fee shall be reconsidered for revision at an appropriate time."

A close-up photograph of a hand holding a pen, poised to write on a document. The background is softly blurred, showing a desk with a pen holder and a colorful striped object. The text is overlaid on the left side of the image.

2015 DIRECTORS' REPORT

► Directors' Report to the Shareholders

On behalf of the Board of Directors, I am pleased to present the 25th Annual Report of the Bank of Khyber along with audited financial statements and auditors' report for the financial year ended December 31, 2015. I am also taking this opportunity to present my heartfelt

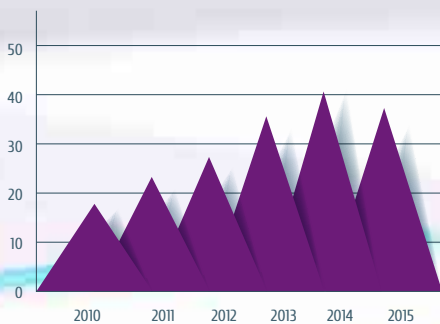
felicitations to the Government of Khyber Pakhtunkhwa, the loyal shareholders, valued customers and sincere hard working staff on the near completion of 25 years of successful operations of the Bank.

► Financial Highlights

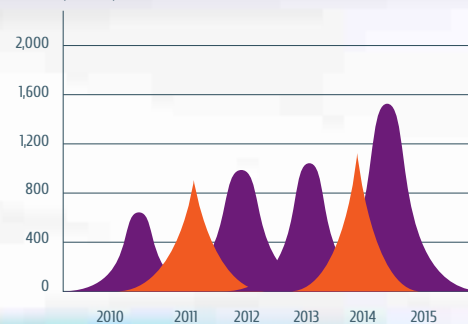
The operating results and appropriations, as recommended by the Board, are placed as under:

	RS. IN MILLIONS
Operating Profit	3,559
Provision against non-performing advances, investments & others	(601)
Profit before taxation	2,958
Taxation	(1,169)
Profit after tax	1,789
Total Assets	155,158
Advances (Gross)	40,137
Investments	88,296
Deposits	117,292

ADVANCES (NET)
(Rs. Billion)



PROFIT/(LOSS) AFTER TAX
(Rs. Million)



DIRECTORS' REPORT

Performance Review

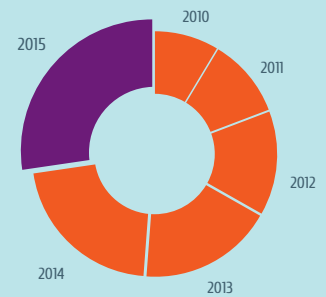
Throughout the year under review, the Bank continued its momentum of growth and achievements. This trend has been demonstrated in the financial results.

The Bank's performance during 2015 demonstrated resilience in a persistently challenging environment. Sustained focus on serving customers through integrated banking solutions, better risk management framework and investment in technology has

helped deliver another year of consistent performance.

By the grace of Almighty Allah, the year 2015 has witnessed improvements in all areas of banking operations. The Bank posted a record operating profit of Rs.3,559 million as against Rs.2,135 million in the corresponding period last year. An impressive increase of 56% has been witnessed in profit before tax which stood at Rs.2,958 million as compared

DEPOSIT



to Rs.1,900 million of the corresponding period. Profit after tax was recorded at Rs.1,789 million giving an increase of 37% as against Rs.1,309 million of the last year 2014.

The balance sheet health depicts strong base owing to smooth flow of bank's operations which comprises of better profitability, enhanced equity, widened assets base and sustained earnings. The total asset base of the Bank grew up to Rs.155,158 million from Rs.126,106 million registering healthy growth of 23%.

Deposit growth was mainly driven through new customer acquisitions and deepening of the existing portfolio base. Deposit base of the Bank witnessed consistent growth throughout the financial year 2015 and reached Rs.117,292 million showing healthy increase of 27% over the year 2014. The gross advances of the Bank after settlements showed a slight decrease of 7% and stood at Rs.40,137 million. Appetite for growth in the business sector remained sluggish as the Province is still reeling from the effects of prolonged militancy in the



region. Resultantly, advances to deposits ratio remained low. A good increase of 22% has been witnessed in the size of investments which grew to Rs.88,296 million as compared to Rs.72,431 million of the last year.

Due to opening of new branches associated costs like staff salaries, rent and renovation costs, the Administrative Expenses increased by 17%. However, the expansion shall bear fruit in the coming years.

The Bank has also strengthened its payments capabilities with institutions and implemented processes to comply with international obligations in payments processing especially with respect to FATCA regulations. The Bank became FATCA compliant during the year.

At the end of the year under review, the Bank was operating with 130 branches all over the country including Gilgit Baltistan, FATA and Azad Jammu & Kashmir with 64 branches working on the



DIRECTORS' REPORT

Performance Review

Conventional side whereas 66 branches were functioning as dedicated Islamic Banking Branches. The Bank received approval of its Annual Branch Expansion Plan for 2016 from the State Bank of Pakistan for opening of 20 new branches. Keeping in view the customers preference for Islamic Banking especially in Khyber Pakhtunkhwa, majority of new Branches will be opened in Islamic mode and will be within the Province.

The Bank's strategy for the year was focused on organic growth building on the base established over the last 24 years and making the transition from a small sized bank to a strong medium sized bank.

The key initiatives undertaken during the year were:

- I Strengthening of the Human Resource base through new hiring and realignment of the existing staff.
- I Improvement of the technology platform to allow offering of advanced technology based products.



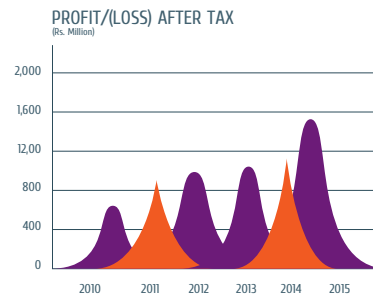
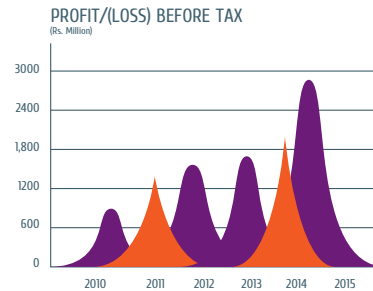


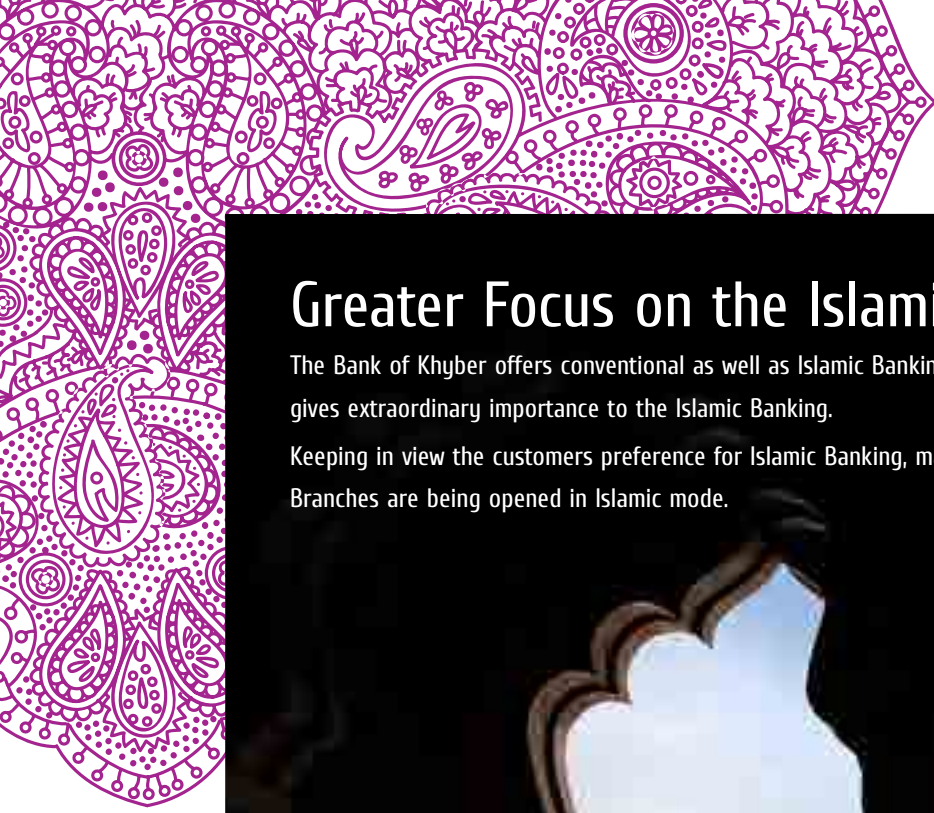
- | Improvement in service quality through establishment of a separate Service Quality Department.
- | Increase in banking spreads by decreasing cost of deposits and diversification of assets by introducing new products in retail and consumer finance.
- | Focus on staff development & training.

Achievements

Key achievements for the year included enhancement of deposit base, reduction in cost of deposits, expansion of branch network, launch of new products and major improvement in Human Resource capacity and quality.

A major impediment to growth has been better core banking application which has been source of difficulties in better monitoring and control as well as efficient services. We hope that with implementation of the new Core Banking Software in 2016, marked improvement will be achieved in service quality as well as management information systems.

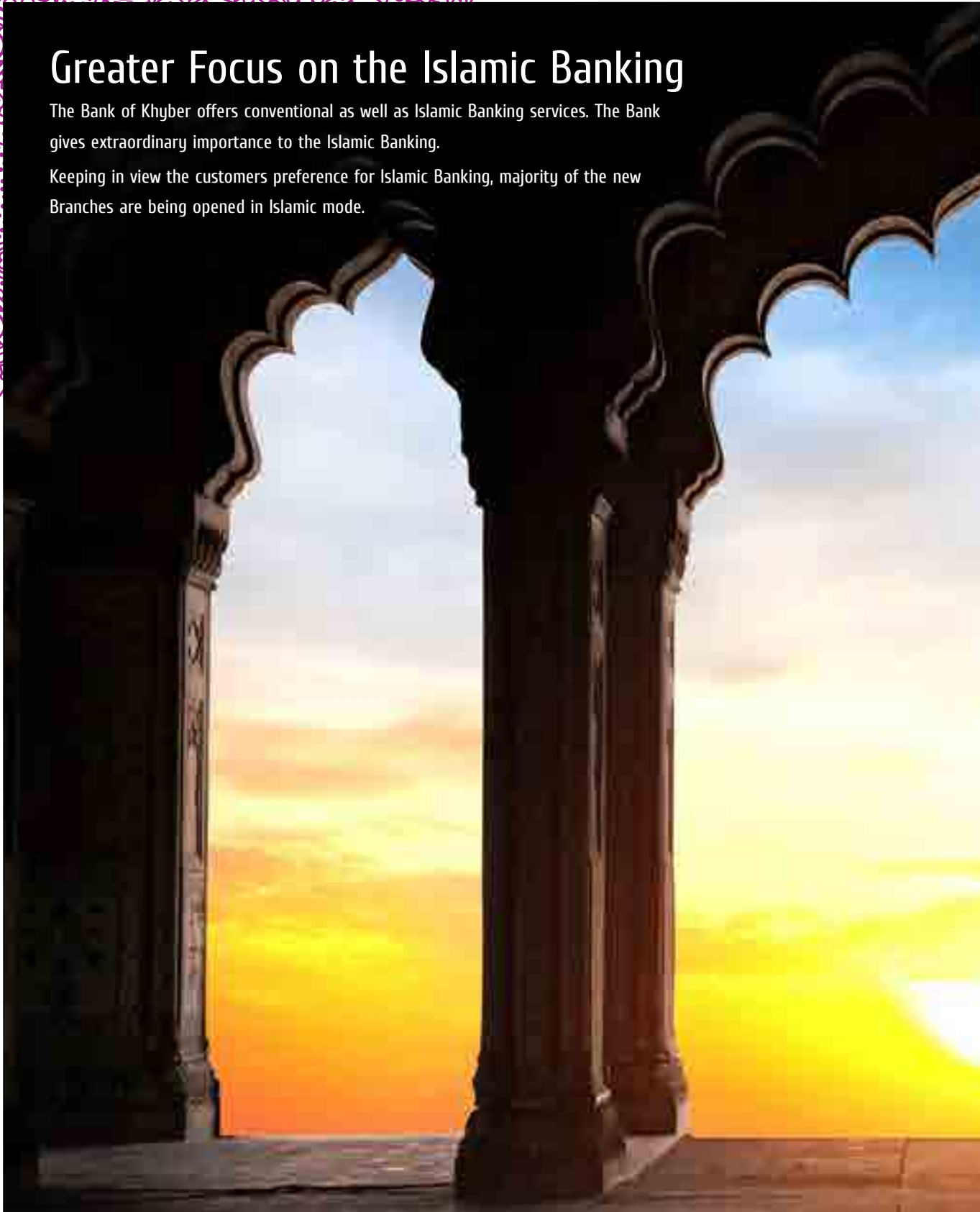




Greater Focus on the Islamic Banking

The Bank of Khyber offers conventional as well as Islamic Banking services. The Bank gives extraordinary importance to the Islamic Banking.

Keeping in view the customers preference for Islamic Banking, majority of the new Branches are being opened in Islamic mode.





66 Dedicated Islamic Banking Branches

• More Islamic Banking Branches are being opened

DIRECTORS' REPORT

Future Outlook

Goals set in the three year Strategic Action Plan for 2016 - 2018 includes the following.

- Improvement of credit rating to long term A and short term A 1.
- Increase in branch network from 130 to 200 by year end 2018.
- Enhancement of deposit base to 200 billion plus.
- Increased brand recognition.
- Improvement in systems and controls.
- Enhancement and diversification of asset base through new products.
- Bringing financial ratios in line with Industry Standards for similar sized banks.

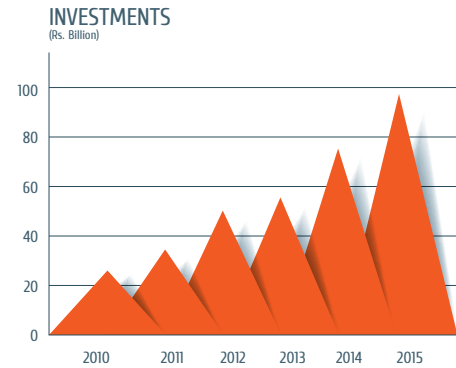


Corporate Social Responsibilities

Being a diligent corporate institution, the Bank acknowledges its corporate social responsibility and has offered its services to the Provincial Government for complete assistance in granting interest free loans to Pakistani Youth having technical education to establish their new businesses under Youth Challenge Fund.

The Bank is also dealing Khud Kafalat Scheme of the government to enable the masses to start new or enhance their already established businesses by availing interest free small loans. The very essence of these initiatives is to enable the people to participate and share in the economic uplift of the region.

Further, the Bank continues to be one of the leading taxpayers of the province with more than Rs.1 billion paid during the year 2015 to the Government as direct and indirect taxes.



DIRECTORS' REPORT

Risk Management Framework



The Bank manages risk through a framework of sound risk management principles which include an optimum organizational structure, risk review procedures and monitoring process. The Risk Management Division (RMD) is mandated to implement this framework as a function independent of commercial lines of business, working under the guidance of Board's Risk Management Committee. In addition, a Management Risk Management Committee comprising members of senior management deliberates on major risk issues.

Credit Risk in Banking Book is effectively managed by Credit Risk Management Department (CRMD) within Risk Management Division through analyzing each credit proposal. Factors such as borrowers' financial positions, its industry dynamics and quality of collateral are thoroughly evaluated and shortfall if any is communicated to the relevant stakeholder. The Bank has also kept in place an effective Customer Risk Rating Framework that further refines the

prudent credit risk management activities. Similarly Market & Liquidity Risk is managed through policy formulation, procedures development, controlling of market and liquidity related various risks including monitoring of exposures against limits and assessment of risks in new businesses. Operational Risk is also proactively managed and controlled through Risk Control Self Assessments (RCSAs) that analyze various documented process flows of various banking transactions taking place in day to day functioning of the Bank for inherent and residual risks. Operational Loss Data also helps the bank in taking corrective measures for various control lapses identified in it. In year 2015, the Bank has



revised its Credit Risk, Market Risk and Operational Risk Management policies which were subsequently approved by BoD. The implementation of these revised policies would further strengthen risk management framework in the Bank. The bank has also successfully met the Capital Adequacy Ratio (CAR) & Leverage Ratio requirements as per Basel III guidelines.

The Bank is committed to allocate considerable efforts and resources in managing the material risks to which it is exposed. The momentum attained so far will be continued in identifying, controlling and managing risk through significant investments in experienced human resource, innovative technology and required trainings.

Internal Control

The Board is pleased to endorse the statement made by management relating to internal controls. The Management's Statement on Internal Controls is included in the Annual Report.

Statement under Section XVI of the Code of Corporate Governance

The Bank's Board of Directors and the management are fully mindful of their responsibility under the Code of Corporate Governance. The following statements are a manifestation of their commitment towards high standards of Corporate Governance and continuous organizational improvement:

1. The financial statements prepared by the management of The Bank of Khyber present fairly its state of affairs, the results of its operations, cash flow and changes in equity.
2. Proper books of accounts of The Bank of Khyber have been maintained.
3. Appropriate accounting policies have been consistently

applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment except as disclosed.

4. International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.



DIRECTORS' REPORT

Internal Control

5. The system of internal control is sound in design and has been effectively implemented and monitored. The ultimate responsibility of the effectiveness of internal control system and its monitoring lies with the Board. An Audit Committee has been formed for the purpose that meets periodically and independently throughout the year with the management and also the internal and external auditors to discuss the effectiveness of internal control system and other financial reporting matters. In addition, there are financial forecasts and budgetary control procedures in place, which are reviewed and monitored throughout the year to indicate and evaluate the variances from the budget.
6. There are no doubts upon the Bank's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance other than those pointed out in the Statement of Compliance.



Board of Directors and its Meetings

The Board of Directors would like to place on record its sincere appreciation to the outgoing Chairmen and Directors Mr. Khalid Pervez, Mr. Hammad Uwais Agha, Syed Said Badshah Bukhari, Mr. Ahmad Hanif Orakzai and Mr. Sajjad Ahmad for their integrity, foresightedness and professional acumen which helped the Board in disposing off important issues appropriately.



Six meetings of the Board of Directors were held during the year 2015 and the attendance by each Director was recorded as under:

Name of Directors	Meetings attended
1. Mr. Khalid Pervez, Chairman *	1
2. Mr. Hammad Uwais Agha, Chairman *	5
3. Mr. Shams-ul-Qayyum, Managing Director	6
4. Syed Said Badshah Bukhari **	3
5. Mr. Sajjad Ahmad ***	3
6. Mr. Maqsood Ismail Ahmad	5
7. Mr. Asad Muhammad Iqbal	4
8. Mr. Javed Akhtar	3
9. Dr. Ihsanul Haq ****	2
10. Mr. Ahmad Hanif Orakzai **	2
11. Mr. Rashid Ali Khan ***	3
12. Mr. Ali Raza Bhutta **	1

* Mr. Khalid Pervez was replaced by Mr. Hammad Uwais Agha as Chairman on 12.01.2015.

** Syed Said Badshah Bukhari was replaced by Mr. Ahmad Hanif Orakzai as Director on 09.08.2015.

*** Mr. Ahmad Hanif Orakzai was replaced by Mr. Ali Raza Bhutta as Director on 17.11.2015.

**** Mr. Sajjad Ahmad was replaced by Mr. Rashid Ali Khan as Director on 12.08.2015.

***** Dr. Ihsanul Haq, a government nominee Director, tendered his resignation on December 12, 2015. As required under the BOK Act, the government of KPK shall nominate his successor. Nomination of a Director in his place is under consideration of the government.



DIRECTORS' REPORT

Dividend

The Board has recommended final Cash Dividend of Rs.1.25 per share i.e. 12.50% for the year 2015 to the shareholders of the Bank.

Credit Rating

JCR-VIS Credit Rating Company Ltd. (JCR-VIS) has maintained the medium to long term and short term entity ratings of the Bank at "A" (Single A) and "A-1" (A One). Outlook on the assigned rating is "Stable".

The Pakistan Credit Rating Agency Limited (PACRA) has also maintained the long term and short term entity ratings of the Bank at "A" (Single A) and "A-1" (A One). Rating outlook is "Stable".

The ratings denote low expectation of credit risk emanating from strong capacity for timely payment of financial commitments.

Value of Investments in Employees Retirement Benefit Funds

Book Value of Investments of Provident and Gratuity Funds as per un-audited accounts of these funds for the year ended December 31, 2015 are Rs.1,068.08 million and Rs.387.80 million respectively.

Pattern of Shareholding

The pattern and category of shareholding as at December 31, 2015 is annexed with the report.

Six Years Operating and Financial Data

The necessary information is presented in the report.

Earnings Per Share

An Earnings per share for the year 2015 is Rs.1.79.

Auditors

The present auditors M/s. Grant Thornton Anjum Rahman, Chartered Accountants have been retired and being eligible, offer themselves for reappointment.

As required under the Code of Corporate Governance, the Board Audit Committee has recommended the appointment of M/s. Grant Thornton Anjum Rahman, Chartered Accountants as statutory auditors of the Bank for the year ending December 31, 2016.





Events after the Balance Sheet date

No material events occurred subsequent to the date of the Balance Sheet that require adjustments to the enclosed financial statements, except those which have already been made or disclosed.

Acknowledgement

On behalf of the Board and management, I would like to express my sincere appreciation to the provincial government, State Bank of Pakistan, Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange Ltd. and other regulatory authorities for their continuous support and guidance. The trust of our valued shareholders and customers is greatly appreciated whereas the continued dedication, enthusiasm and loyalty of the employees are acknowledged with thanks.

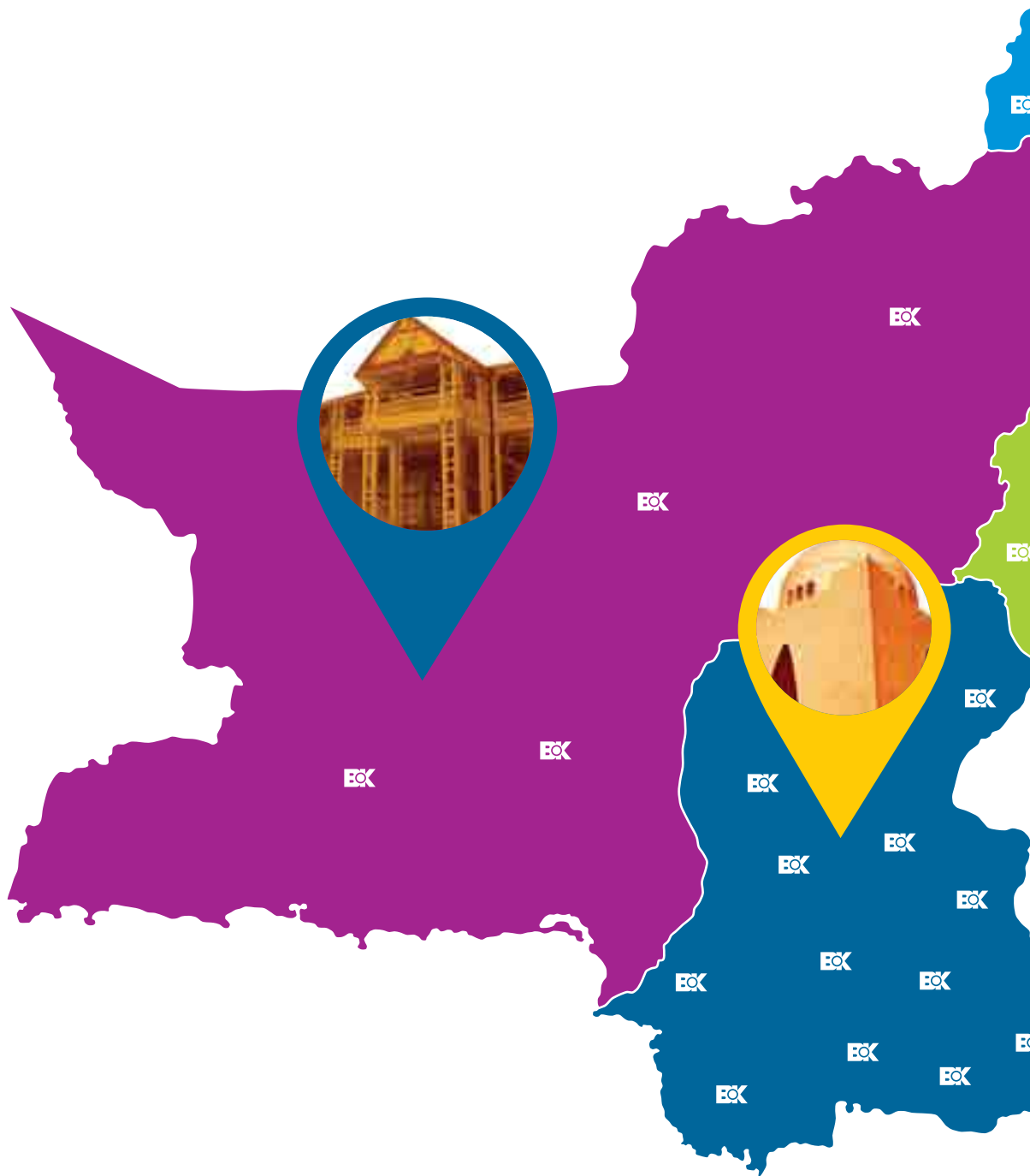
On behalf of the Board of Directors

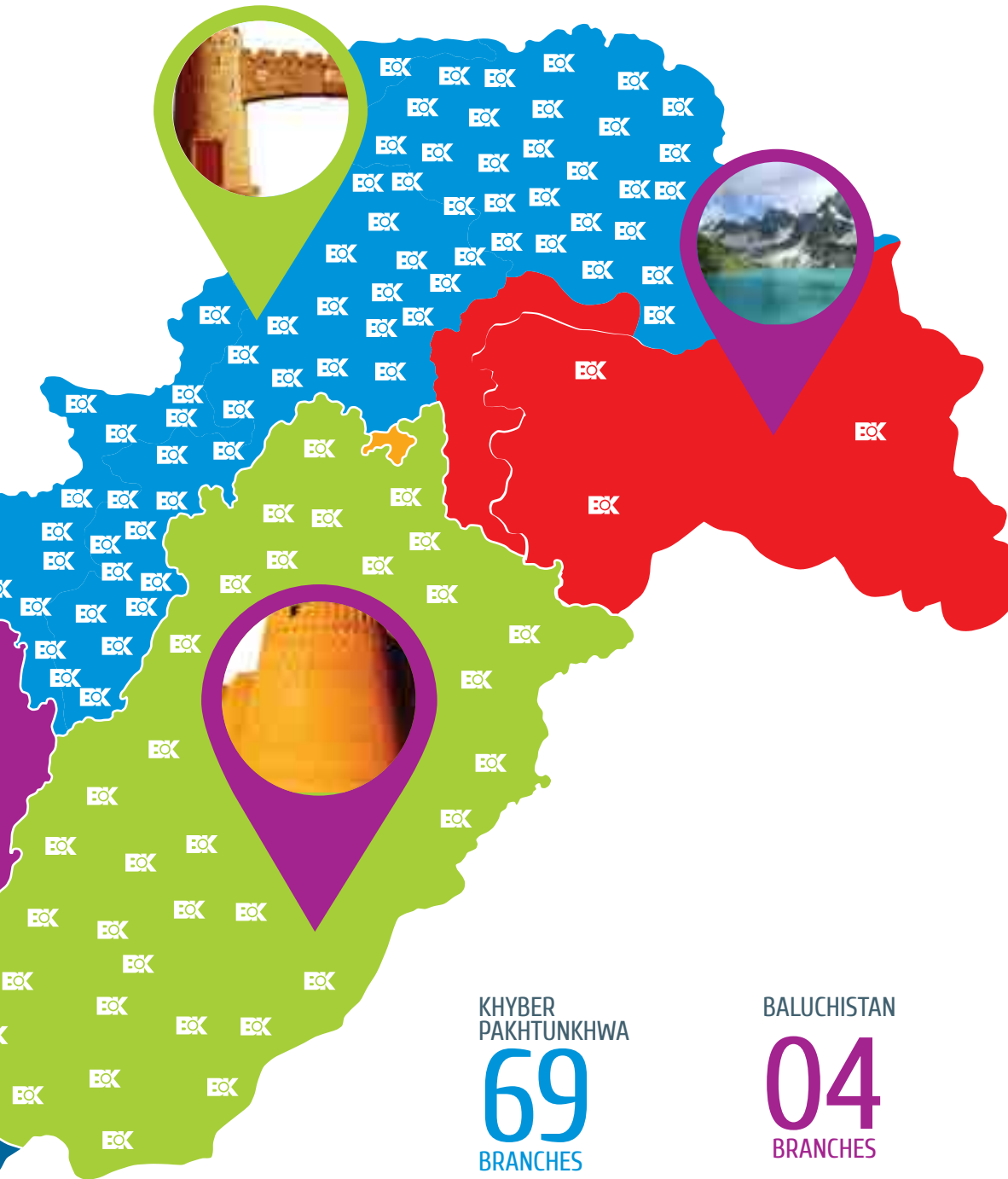


Shams-ul-Qayyum
Managing Director

March 09, 2016

NATIONWIDE NETWORK





KHYBER
PAKHTUNKHWA
69
BRANCHES

BALUCHISTAN
04
BRANCHES

SINDH
12
BRANCHES

PUNJAB
34
BRANCHES

AZAD KASHMIR
03
BRANCHES

GILGIT BALTISTAN
01
BRANCH

CAPITAL AREA
04
BRANCHES

FATA/AGENCY
03
BRANCHES

PICTURE GALLERY





Statement of Compliance

with the code of corporate governance
for the year ended December 31, 2015

This statement is being presented to comply with the Code of Corporate Governance (the Code) framed by the Securities and Exchange Commission of Pakistan for the purpose of establishing a framework of good governance, to manage a company in compliance with best practices of corporate governance, which has been made applicable to banks by the State Bank of Pakistan (SBP) through regulation G-1 of Prudential Regulations for Corporate / Commercial Banking and to listed entities through Regulation No. 35 of the Listing Regulations of the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited).

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

1. The Bank encourages representation of independent non-executive Directors and Directors representing minority interests on its Board of Directors (the Board). At the year ended December 31, 2015, the Board includes:

Category	Names
Non-Executive Directors	Mr. Hammad Uwais Agha (Chairman) Mr. Ali Raza Bhutta Mr. Maqsood Ismail Ahmad
Executive Director	Mr. Shams-ul-Qayyum (Managing Director)
Independent Directors	Mr. Asad Muhammad Iqbal Mr. Javed Akhtar Dr. Ihsanul Haq Mr. Rashid Ali Khan

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank.
3. All the resident directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange(s), has been declared as a defaulter by that stock exchange(s).
4. No casual vacancy occurred on the Board during the year under review. However, during the year, Syed Said Badshah Bukhari was replaced by Mr. Ahmad Hanif Orakzai which was subsequently replaced by Mr. Ali Raza Bhutta (Secretary Finance) as Government nominee. Mr. Sajjad Ahmad was also replaced by Mr. Rashid Ali Khan duly appointed as Director by the Government.
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 of the Bank 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 necessary administrative, financial and credit discretionary powers have been delegated to the management. In accordance with Section 12 of The Bank of Khyber Act, 1991 (as amended), the powers of appointment of the Managing Director and determination of the terms and conditions of such appointment rest with the Government of Khyber Pakhtunkhwa.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. A total of six meetings were held during the year. Every endeavour is made to circulate written notices of the Board meetings, along with agenda and working papers, at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors have familiarized themselves with their responsibilities under the Code. The Code requires that every year a minimum of one director on the Board shall acquire the certification under directors' training program. The SECP was approached for relaxation of the said rule but the request was not acceded to except

Mr. Maqsood Ismail Ahmad who was given exemption on the basis of his education and experience. Dr. Ihsanul Haq had obtained certification under Directors' Training Program in 2014. The Bank will however, endeavour to arrange directors' training program and orientation course next year for the Directors to acquaint them with the code, applicable laws and their duties and responsibilities.

10. The Board approved the 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 in the financial year.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Bank were duly endorsed by the Managing Director and CFO before approval of the Board.
13. The Directors, the Managing Director and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
14. The Bank has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of four members, of whom one is non-executive Director and three of the members including the Chairman are independent Directors.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Bank and as required by the Code. A total of five meetings of the Audit Committee were held during the year. 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 Remuneration Committee. It comprises of four members. Two of whom are Independent Directors including the Chairman of the Committee and one member is non-executive Director. The fourth member is the Managing Director.
18. The Board has set up an effective internal audit function. The staff in Internal Audit function is experienced and suitably qualified for the purpose and 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 Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Bank's securities, was determined and intimated to directors, employees and the Pakistan Stock Exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles enshrined in the Code have been complied with.

On behalf of The Board of Directors



Shams-ul-Qayyum
Managing Director

Peshawar: March 09, 2016



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Grant Thornton Anjum Rahman

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (“the Code”) prepared by the Board of Directors of The Bank of Khyber (“the Bank”) for the year ended December 31, 2015 to comply with the Regulation G-1 of the Prudential Regulation for Corporate/Commercial Banking issued by the State Bank of Pakistan and Listing Regulation No. 35 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 requirement of the Code. A review is limited primarily to inquiries of the Bank personnel and review of various documents prepared by the Bank to comply with the Code.

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

The Code requires the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval 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 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 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.


Grant Thornton Anjum Rahman
Chartered Accountants

Audit Engagement Partner: Nadeem Tirmizi
Islamabad
March 09, 2016

Statement of Internal Control

Our Internal Control System comprises of control environment and control procedures. The management assumes the responsibility of establishing and monitoring adequate internal controls and procedures under the policies approved by the Board. The Bank has documented procedures and manuals, which incorporate the internal controls applicable while conducting any banking transactions. The system of internal controls is designed to minimize the risk of failure to achieve the organization's aims and objectives. The management is also responsible for evaluating the effectiveness of the bank's internal control system that covers material matters by reviewing control objective, significant policies and procedures. The system of internal control being followed by the Bank is considered adequate in design and is being effectively implemented and monitored. These procedures are revised and updated as and when required and all the updates are appropriately approved by the competent authorities. Due attention is also being given to formalizing systems and enhancing the competence and knowledge of the staff.

The Internal Audit Division (IAD) of the Bank reviews the adequacy and implementation of internal controls on a regular basis and deficiencies if any are followed up until they are rectified. However, it may also be understood that, Internal Control System is designed to manage rather than eliminate the risk of failure inherent in the desired business transactions and can only provide reasonable and not absolute assurance against material misstatements in financial statement or prevention of business loss. BOK is duly observing compliance with the requirements of the State Bank of Pakistan's Internal Control Guidelines.

The Bank has adopted internationally accepted COSO Internal Control-Integrated Framework for overall set of Internal Controls for ensuring compliance with SBP guidelines. The external auditors had submitted the "Long-Form Review Report" as of December 31, 2014 which was finally submitted to SBP on April 10, 2015. The next due date for the "Long-Form Review Report" is March 31, 2016 which would be shared accordingly with SBP.

On behalf of the Board of Directors



Shams-ul-Qayyum
Managing Director

March 09, 2016

Report of Shariah Board (For the Year 2015)

In the name of Allah, the Beneficent, the Merciful

1. While the Board of Directors and Executive Management are solely responsible to ensure that the operations of **The Bank of Khyber**, Islamic Banking are conducted in a manner that comply with the Shariah principles at all times, we are required to submit a report on the overall Shariah compliance environment of **The Bank of Khyber**, Islamic Banking.

2. To form our opinion as expressed in this report, the Shariah Compliance Department carried out reviews, on test check basis, of each class of transactions, the relevant documentation and process flows etc. Further, we have also reviewed the work carried out by internal/external Shariah audit. Based on above and to the best of our knowledge we are of the view that:

- i. The IBG-BOK has complied with Shariah rules and principles in the light of Fatawas (decisions), rulings and guidelines issued by the Shariah Board.
 - ii. The IBG-BOK has complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the rulings of SBP's Shariah Board.
 - iii. BOK has a comprehensive mechanism in place to ensure Shariah compliance in its overall operations. The mechanism comprising of Internal Shariah Audit Department, a Shariah Compliance Division headed by RSBM, full time RSBM in the bank and regular / frequent in-house and external trainings for Islamic Banking staff in line with Shariah Governance Framework of SBP is in place.
 - iv. IBG-BOK has a well-defined system in place which is sound enough to ensure that any earnings realized from sources or by means prohibited by the Shariah have been credited to charity account and are being properly utilized.
 - v. Islamic Banking deposits are accepted on Musharakah basis as approved by its Shariah Board. As advised by the SB, the Bank is in process of developing / acquiring software for Islamic Banking Profit Distribution and Pool Management.
 - vi. The level of awareness, capacity and sensitization of the staff, management and BOD is high enough in appreciating the importance of Shariah compliance in the products and processes of the bank.
 - vii. The management has been providing adequate resources to SB to discharge its functions and perform its duties.
3. There are no significant Shariah related issues which are to be resolved.

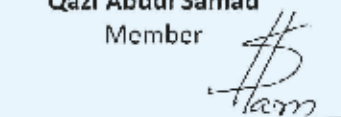

Muhammad Ayub
Member


Dr. Shams ul-Haq Hanif
Member


Qazi Abdul Samad
Member


Syed Muhammad Abbas
Member


Dr. Dost Muhammad
Member


Dr. Shahzad Iqbal Sham
Member


Mufti Muhammad Zahid
Chairman

Grant Thornton Anjum Rahman

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AUDITORS' REPORT TO THE MEMBERS

- ii. We have audited the annexed statement of financial position of The Bank of Khyber (the "Bank") as at December 31, 2015 and the related profit and loss account, statement of other comprehensive income, statement of changes in equity and cash flow statement, together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, which include the unaudited certified returns from the branches and other offices except for thirteen branches and one treasury office 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 above 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 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 sixty percent of the total loans and advances of the Bank, we report that:

3. a) in our opinion, proper books of account have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984) and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- b) in our opinion:
- (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984) and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes stated in note 6.20 with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;



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

Grant Thornton Anjum Rahman
GRANT THORNTON ANJUM RAHMAN
Chartered Accountants
Audit Engagement Partner: Nadeem Tirmizi

March 09, 2016
Islamabad

FINANCIAL HIGHLIGHTS

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Statement of Financial Position

As at December 31, 2015

	Note	2015	2014
ASSETS			
(Rupees in '000)			
Cash and balances with treasury banks	7	5,546,796	4,110,957
Balances with other banks	8	6,513,497	2,509,508
Lendings to financial institutions	9	13,205,156	2,100,000
Investments	10	88,296,124	72,431,445
Advances	11	36,453,611	40,057,170
Operating fixed assets	12	1,924,825	1,641,054
Deferred tax assets		-	-
Other assets	13	3,218,724	3,256,121
		155,158,733	126,106,255
LIABILITIES			
Bills payable	14	504,884	586,407
Borrowings	15	17,130,194	14,192,181
Deposits and other accounts	16	117,292,012	92,263,694
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities	17	469,123	315,160
Other liabilities	18	3,844,944	3,829,241
		139,241,157	111,186,683
NET ASSETS		15,917,576	14,919,572
REPRESENTED BY			
Share capital	19	10,002,524	10,002,524
Reserves		1,788,074	1,430,231
Unappropriated profit		2,182,400	1,778,056
		13,972,998	13,210,811
Surplus on revaluation of assets - net of tax	20	1,944,578	1,708,761
		15,917,576	14,919,572
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The annexed notes 1 to 44 and annexures A to D form an integral part of these financial statements.



Managing Director



Director



Director



Director

Profit and Loss Account

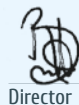
For the year ended December 31, 2015

	Note	2015	2014
		(Rupees in '000)	
Mark-up / return / interest earned	22	10,869,473	9,750,676
Mark-up / return / interest expensed	23	6,441,550	6,210,111
Net mark-up / interest income		4,427,923	3,540,565
Provision against non-performing loans and advances - net	11.5	498,132	305,884
Provision/(reversal) for diminution in the value of investments - net	10.3	82,410	(71,986)
Bad debts written off directly		-	747
		580,542	234,645
Net mark-up / interest income after provisions		3,847,381	3,305,920
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		257,522	233,055
Dividend income		100,136	83,629
Income from dealing in foreign currencies		138,862	179,002
Gain on sale of securities - net	24	1,189,397	469,586
Unrealized (loss)/gain on revaluation of investments classified as held for trading - net	10.5	(6,178)	29,962
Other income	25	119,683	70,836
Total non-mark-up / interest income		1,799,422	1,066,070
		5,646,803	4,371,990
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	26	2,821,196	2,420,493
Other provisions / write offs	27	21,207	140
Reversal of provision for WWF	18.2	(164,120)	-
Other charges	28	9,888	50,834
Total non-mark-up / interest expenses		2,688,171	2,471,467
		2,958,632	1,900,523
Extra-ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		2,958,632	1,900,523
Taxation	29		
- Current		1,014,620	602,720
- Prior years		122,147	(24,551)
- Deferred		32,651	12,934
		1,169,418	591,103
PROFIT AFTER TAXATION		1,789,214	1,309,420
Unappropriated profit brought forward		1,778,056	741,920
Profit available for appropriation		3,567,270	2,051,340
Earnings per share - Basic and Diluted (In Rupees)	30	1.79	1.31

The annexed notes 1 to 44 and annexures A to D form an integral part of these financial statements.



Managing Director



Director



Director



Director

Statement of Comprehensive Income

For the year ended December 31, 2015

	Note	2015	2014
		(Rupees in '000)	
Profit after taxation for the year		1,789,214	1,309,420
Other comprehensive income			
Items that will not be reclassified to profit and loss account			
Re-measurement of defined benefit plan - net of tax	33.7	(26,656)	(11,400)
Comprehensive income transferred to equity		<u>1,762,558</u>	<u>1,298,020</u>
Components of comprehensive income not reflected in equity			
Items that will not be reclassified to profit and loss account			
Surplus on revaluation of fixed assets		24,093	-
Items that may be reclassified to profit and loss account			
Net change in fair value of available for sale securities		1,775,897	1,428,507
Related deferred tax charge		(621,564)	(485,898)
		1,154,333	942,609
		<u>1,178,426</u>	<u>942,609</u>

The annexed notes 1 to 44 and annexures A to D form an integral part of these financial statements.



Managing Director



Director



Director



Director

Statement of Changes in Equity


For the year ended December 31, 2015

	Share Capital	Statutory Reserve	Reserve for issue of bonus shares	Unappropriated profit	Total
----- (Rupees in ' 000) -----					
Balance as at January 01, 2014	10,000,000	1,168,347	2,524	741,920	11,912,791
Total comprehensive income for the year ended December 31, 2014					
Profit after taxation	-	-	-	1,309,420	1,309,420
Other comprehensive income	-	-	-	(11,400)	(11,400)
	-	-	-	1,298,020	1,298,020
Transfer to statutory reserve	-	261,884	-	(261,884)	-
Transactions with owners recorded directly in equity					
Issue of bonus shares	2,524	-	(2,524)	-	-
Balance as at December 31, 2014	10,002,524	1,430,231	-	1,778,056	13,210,811
Transactions with owners recorded directly in equity					
Dividend for the year ended December 31, 2014 (Rs.1.00 per share)	-	-	-	(1,000,371)	(1,000,371)
Total comprehensive income for the year ended December 31, 2015					
Profit after taxation	-	-	-	1,789,214	1,789,214
Other comprehensive income	-	-	-	(26,656)	(26,656)
	-	-	-	1,762,558	1,762,558
Transfer to statutory reserve	-	357,843	-	(357,843)	-
Balance as at December 31, 2015	10,002,524	1,788,074	-	2,182,400	13,972,998

The annexed notes 1 to 44 and annexures A to D form an integral part of these financial statements.



Managing Director



Director



Director



Director

Cash Flow Statement

For the year ended December 31, 2015

	Note	2015	2014
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,958,632	1,900,523
Less: Dividend income		100,136	83,629
		2,858,496	1,816,894
Adjustments for non-cash charges			
Depreciation		182,317	157,039
Amortization		9,143	3,844
Provision against non-performing loans and advances - net		498,132	305,884
Provision/(reversal) for diminution in the value of investments - net		82,410	(71,986)
Unrealized loss/(gain) on revaluation of investments classified as held-for-trading - net		6,178	(29,962)
Gain on sale of operating fixed assets		(22,729)	(2,001)
Provision for Workers Welfare Fund		-	38,000
Other provisions / write offs		21,207	140
		776,658	400,958
		3,635,154	2,217,852
(Increase) / decrease in operating assets:			
Lendings to financial institutions		(11,105,156)	5,400,301
Net investments in held-for-trading securities		2,211,791	12,879,914
Advances - net		3,105,427	(4,912,853)
Others assets (excluding advance taxation) - net		16,190	(1,176,300)
		(5,771,748)	12,191,062
Increase / (decrease) in operating liabilities:			
Bills payable		(81,523)	65,372
Borrowings		2,938,013	(965,592)
Deposits and other accounts		25,028,318	15,045,961
Other liabilities (excluding current taxation)		(146,099)	1,296,578
		27,738,709	15,442,319
		25,602,115	29,851,233
Income tax paid		(1,023,780)	(811,736)
Net cash generated from operating activities		24,578,335	29,039,497
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(17,922,302)	(24,980,356)
Net investments in held-to-maturity securities		104,634	(5,208,762)
Dividend income received		100,136	83,629
Investments in operating fixed assets		(491,314)	(199,274)
Proceeds from sale of operating fixed assets		62,905	3,802
Net cash used in investing activities		(18,145,941)	(30,300,961)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(992,566)	-
Net cash used in financing activities		(992,566)	-
Increase/(Decrease) in cash and cash equivalents		5,439,828	(1,261,464)
Cash and cash equivalents at beginning of the year		6,620,465	7,881,929
Cash and cash equivalents at end of the year	31	12,060,293	6,620,465

The annexed notes 1 to 44 and annexures A to D form an integral part of these financial statements.


Managing Director


Director


Director


Director

Notes to the Financial Statements

For the year ended December 31, 2015

1 STATUS AND NATURE OF BUSINESS

- 1.1 The Bank of Khyber ("the Bank") was established under The Bank of Khyber Act, 1991 and is principally engaged in the business of commercial banking and related services. The Bank acquired the status of a scheduled bank in 1994 and is listed on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). The registered office of the Bank is situated at 24-the Mall, Peshawar Cantt, Peshawar. The Bank operates 130 branches including 64 Islamic banking branches (2014: 116 branches including 54 Islamic banking branches). The long term credit ratings of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS are 'A' and 'A' respectively and the short-term credit ratings assigned are 'A-1' (A-One) and 'A1' (A-One) respectively.

2 BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under the respective arrangements (except for Murabaha financings accounted for under Islamic Financial Accounting Standard - 1 "Murabaha") are not reflected in these financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of markup thereon.
- 2.2 The financial results of the Islamic Banking Group have been included in these financial statements for reporting purpose, after eliminating the effects of inter-branch transactions and balances. Key financial figures of the Islamic Banking Group are disclosed in Annexure "A" to these financial statements.
- 2.3 These financial statements have been presented in Pakistani Rupee, which is the Bank's functional and presentation currency. The figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

3 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain operating fixed assets stated at revalued amounts, certain investments and derivative financial instruments stated at fair value and the recognition of certain employee benefits at present value, as disclosed in their respective notes.

4 STATEMENT OF COMPLIANCE

- 4.1 These 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 and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, the provisions of and directives issued under the Companies Ordinance, 1984, Banking Companies Ordinance, 1962, and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the directives issued by the SECP and SBP shall prevail.
- 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 and International Accounting Standard 40, Investment Property for banking companies till further instructions. Further, according to a notification of SECP dated April 28, 2008, IFRS 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars issued by the SBP.

Notes to the Financial Statements

For the year ended December 31, 2015

- 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. Management believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these financial statements is based on the requirements laid down by the SBP.
- 4.4** IFRS10 Consolidated Financial Statements was made applicable from period beginning on or after 1 January 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 this standard has not been considered in the preparation of these financial statements.
- 4.5** SBP through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit & Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan and notified by the Securities & Exchange Commission of Pakistan (SECP), vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). The standard will result in certain new disclosures in the financial statements of the Bank as and when notified by SBP.
- 4.6** Standards, interpretations and amendments to published approved accounting standards that are not yet effective. The following other standards, amendments and interpretations of approved accounting standards are effective for accounting periods, beginning on or after January 01, 2016:

	Effective date (accounting periods beginning on or after)
- IFRS 9 - Financial Instruments: Classification and measurement	Januray 01, 2018
- IFRS 10 - Consolidated financial statements (amendments)	Januray 01, 2016
- IFRS 11 - Joint arrangements (amendment)	Januray 01, 2016
- IFRS 12 - Disclosure of interests in other entities (amendment)	Januray 01, 2016
- IFRS 14 - Regulatory deferral accounts	Januray 01, 2016
- IFRS 15 - Revenue from contracts	Januray 01, 2018
- IAS 1 - Presentation of financial statements (amendment)	Januray 01, 2016
- IAS 16 - Property, plant and equipment (amendment)	Januray 01, 2016
- IAS 27 - Separate Financial Statements (amendment)	Januray 01, 2016
- IAS 28 - Investment in associates and joint ventures (amendments)	Januray 01, 2016
- IAS 38 - Intangible assets (amendment)	Januray 01, 2016
- Annual improvements:	Januray 01, 2016
IFRS 5 - Non-current assets held for sale and discontinued operations	
IFRS 7 - Financial instruments: Disclosures	
IAS 19 - Employee benefits	
IAS 34 - Interim financial reporting	

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

The above mentioned standards, amendments and interpretations to published standards and new interpretation to existing standard are either not relevant to the Bank's operations or are not expected to have significant impact on the Bank's financial statements other than increase in disclosure in certain cases.

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 and are under consideration of relevant committee of the Institute of Chartered Accountants of Pakistan (ICAP):

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory deferral accounts
- IFRS 15 – Revenue from Customers

Implementation of IFRS 7 has been held in abeyance for Banks and nonbanking finance companies engaged in investment finance services, discounting services and housing finance services. The Implementation of IAS 39 has been held in abeyance by the SBP for banks and DFIs.

4.7 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

The following other standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2015:

- IAS 27 – Separate Financial Statements (Amendments)
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement

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

5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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:

5.1 Classification of Investments

In classifying investments the Bank follows the guidance provided in SBP circulars:

- Investments classified as 'held for trading', are 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.
- Investments classified as 'held to maturity' are 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 investment to maturity.
- The investments which are not classified as 'held for trading' or 'held to maturity' are classified as 'available for sale'.

Notes to the Financial Statements

For the year ended December 31, 2015

5.2 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 management to exercise judgment. In making this judgment, the Bank evaluates among other factors, the volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

5.3 Provision against non-performing loans and advances and debt securities classified as investments

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

5.4 Income taxes

While making the estimates for income taxes currently payable by the Bank, management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making provision for deferred taxes, estimates of the Bank's future taxable profits and expected reversal of deductible temporary differences are taken into account.

5.5 Depreciation, amortization and revaluation of operating fixed assets

In making estimates of the depreciation / amortization, management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the change in pattern. 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".

Further, the Bank estimates the revalued amount of leasehold land on a regular basis. The estimates are based on valuations carried out by independent professional valuers under the current market conditions.

5.6 Defined benefit plan

The liability of the defined benefit plan (gratuity) is determined using actuarial advice using the Projected Unit Credit Method. The actuarial valuation involves making assumptions about discount rates, expected rates of returns on assets and future salary increases, which have been disclosed in note 33.10. Actuarial assumptions are entity's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits. Changes in these assumptions in future years may affect the liability / asset under the plan in those years.

5.7 Fair value of derivatives

"The fair values 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 date of statement of financial position and the rates contracted.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for the change resulted due to adoption of a new standard noted in note 6.20 below.

6.1 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash and balances with treasury banks and balances with other banks in current and deposit accounts.

6.2 Lendings to / borrowings from financial institutions

The Bank enters into transactions of borrowing (re-purchase) from and lending (reverse re-purchase) to financial institutions, at contracted rates for a specified period of time. These are recorded as under:

a) Sale under repurchase agreements

Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the statement of financial position and are measured in accordance with accounting policies for investment and counterparty liability is included in borrowings from financial institutions. The difference between sale and repurchase price is treated as mark-up/return/interest expense and accrued over the term of the repo agreement.

b) Purchase under resale agreement

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognized in the statement of financial position, instead amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up/return/interest income and accrued over the term of the reverse repo agreement.

c) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of provision. Mark-up / interest income on such lendings is recorded on time proportion basis using effective interest rate method except mark-up on impaired/delinquent lendings, which are recognized on receipt basis.

d) Other borrowings

Other borrowings including borrowings from SBP are recorded at proceeds received. Mark-up expense on such borrowings is charged to the profit and loss account on time proportion basis using effective interest method.

6.3 Investments

6.3.1 Classification

The Bank classifies its investments as follows:

Held-for-trading

These are securities which are either acquired for generating a 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.

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity in respect of which the Bank has the positive intent and ability to hold to maturity.

Available-for-sale

These are investments that do not fall under the "held for trading" or "held-to-maturity" categories.

Associates

Investments in associated companies are stated at cost. Provision is made for impairment in value, if any.

Notes to the Financial Statements

For the year ended December 31, 2015

6.3.2 Regular way contracts

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

6.3.3 Initial measurement

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

6.3.4 Subsequent measurement

Held-for-trading

These are measured at subsequent reporting dates at fair value. Gains and losses on re-measurement are included in the profit and loss account.

Held-to-maturity

These are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

Available-for-sale

Quoted-securities classified as available-for-sale investments are measured at subsequent reporting dates at fair value. Any surplus / deficit arising thereon is kept in a separate account shown in the statement of financial position below equity and taken to the profit and loss account when actually realized upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost or break-up value. A decline in the carrying value is charged to the profit and loss account. The break-up value of these equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses.

6.3.5 Impairment

Provision for diminution in the value of securities is made after considering impairment, if any, in their value and charged to profit and loss account. Impairment is recognized when there is an objective evidence of significant or prolonged decline in the value of such securities. Provision for impairment against debt securities is made as per the aging criteria prescribed by the Prudential Regulations of SBP.

6.4 Advances

6.4.1 Conventional

Advances are stated net of specific and general provisions. Specific and general provision against advances is determined on the basis of Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account. Advances are written-off when there are no realistic prospects of recovery.

6.4.2 Murabaha

Funds disbursed for purchase of goods are recorded as 'Advance for Murabaha'. On culmination of Murabaha, i.e. sale of goods to customers, Murabaha financings are recorded at the deferred sale price net of profit. Goods that have been purchased but remained unsold are recorded as inventories. Profit is recorded at the time of sale of goods under Murabaha as deferred income and is included in the amount of murabaha financings. Profit is taken to the profit and loss account over the period of the murabaha.

6.4.3 Ijarah financings

Ijarah financings executed on or before December 31, 2008 have been accounted for under Finance method, thereafter all Ijarah financings are accounted for under IFAS-2.

- (a) Under Finance method, the present value of minimum Ijarah payments have been recognized and shown under financings. The unearned income, i.e. the excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility is deferred and then amortized over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognized as income on a receipt basis. Income on Ijarah is recognized from the date of delivery of the respective assets to the Mustajir (lessee).
- (b) Under IFAS-2 method, assets underlying Ijarah financing have been carried at cost less accumulated depreciation and impairment losses, if any, and are shown under financing. Rentals accrued from Ijarah financings net of depreciation charged are taken to profit and loss account. Depreciation on Ijarah assets is charged by applying the straight line method over the Ijarah period which is from the date of delivery of respective assets to Mustajir up to the date of maturity / termination of Ijarah agreement.

6.4.4 Diminishing Musharakah

Diminishing Musharakah represents an asset in joint ownership, whereby a partner promises to buy the equity share of the other partner until the title to the equity is totally transferred to him. The partner using the asset pays the proportionate rental of such asset to the other partner (the Bank). Profit on Diminishing Musharakah financings is recognized on accrual basis.

6.4.5 Salam

Salam is a sale transaction where the seller undertakes to supply some specific goods/commodities to the buyer at a future date against an advance price fully paid on spot. In Salam Bank financing, the Bank purchase some specific goods / commodities from its customers to be delivered to within an agreed time. The goods are then sold and the amount hence financed is received back to Bank.

6.4.6 Istisna

In Istisna financing, the Bank places an order to client (seller/manufacturer) to manufacture and deliver specific goods/commodities at an agreed price. The goods are then sold and the amount hence financed is received back to the Bank.

6.5 Inventories

The Bank values its inventories at the lower of cost or net realizable value. Cost of inventories represents the actual purchase made by the Bank / customers as an agent on behalf of the Bank for subsequent sale. The net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

6.6 Operating fixed assets and depreciation

6.6.1 Capital-work-in progress

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

6.6.2 Tangible fixed assets

Property and equipment, except land which is not depreciated, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of fixed assets. Leasehold land is carried at revalued amount while freehold land carried at cost less accumulated impairment losses, if any.

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

Notes to the Financial Statements

For the year ended December 31, 2015

Depreciation on fixed assets is charged to income over the useful life of the asset on a systematic basis by using the straight line method at the rates stated in note 12.2. Depreciation charge commences from the month when the asset is available for use and continues till the month the asset is discontinued either through disposal or retirement.

Surplus arising on revaluation of land is credited to the 'surplus on revaluation of fixed assets' account. Deficit (if any) arising on subsequent revaluation of fixed assets is adjusted against above mentioned surplus account as allowed under the provisions of the Companies Ordinance, 1984.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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

6.6.3 Intangible assets

Intangible assets having finite useful life are stated at cost less accumulated amortization and impairment losses, if any. Such Intangible assets are being amortized using the straight-line method over their useful lives as stated in note 12.3. Amortization is charged from the month of acquisition and up to the month of deletion. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

Costs associated with maintaining computer software are recognized as an expense when incurred.

6.6.4 Impairment of non-financial assets

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

6.7 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

6.7.1 Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws of taxation on income earned. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profits for the year. The charge for the current year also includes adjustments, where considered necessary relating to prior years, arising from assessments finalized during the year for such years.

6.7.2 Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is calculated at the tax rates that are expected to apply to the periods when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

6.8 Staff retirement benefits

6.8.1 Defined benefit plan

The Bank operates a funded gratuity scheme for all its permanent employees. Contributions are made to the fund by the Bank in accordance with the rules of the scheme. Employees are entitled to the benefits under the scheme which comprise of two last drawn basic salaries for each completed year of service. Contributions to the fund are made on the basis of actuarial recommendations. Actuarial valuation was carried out on December 31, 2015 using the Projected Unit Credit Method. Actuarial gains/losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in other comprehensive income.

6.8.2 Defined contribution plan

The Bank operates a recognized contributory provident fund covering all its permanent employees. Equal monthly contributions are made by the Bank and the employees to the fund at a rate of fifteen percent of basic salary.

6.9 Financial Instruments

6.9.1 Financial assets and liabilities

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

6.9.2 Derivative financial Instruments

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

6.10 Revenue recognition

6.10.1 Income on murabaha is accounted for on culmination of murabaha transaction and is recognized as revenue on a time proportionate basis. Unearned profit is accounted for by crediting deferred murabaha income, which is recorded as a liability.

6.10.2 Return / mark-up on regular loans / advances (other than murabaha) and debt securities investments is recognized on time proportion basis. Where debt securities are purchased at premium or discount, the same is amortized through the profit and loss account using the effective interest rate method.

6.10.3 Interest / return / mark-up recoverable on classified loans and advances and investments is recognized on receipt basis. Interest / return / mark-up on classified rescheduled / restructured loans and advances and investments is recognized as permitted by the regulations of the SBP.

6.10.4 For Ijarah contracts written up to December 31, 2008, the Bank follows finance method in recognizing income. Under this method the unearned finance income, i.e., the excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility, is deferred and then amortized over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognized as income on receipt basis. Income on Ijarah is recognized from the date of delivery of the respective assets to the Mustajir.

6.10.5 Rentals on Ijarah contracts written subsequent to December 31, 2008 are recognized as income on accrual basis as and when the rentals become due. Income is recognized net of depreciation charged in the profit and loss account.

Notes to the Financial Statements

For the year ended December 31, 2015

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

6.10.7 Fee, commission, liquidated damages etc. are recorded on accrual basis when the service has been provided. Fees and commission which in substance amount to an additional interest charge, are recognized over the life of the underlying transaction on a level yield basis.

6.10.8 Gain / loss on sale of investments is credited / charged to profit and loss account.

6.11 Foreign currencies

a) Foreign currency transactions and balances

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

b) Translation gains and losses

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

c) Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in the financial statements are translated at forward rates applicable to their respective maturities. 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 prevailing on the reporting date.

6.12 Segment Reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment information is presented as per the guidance of SBP.

Business Segments

The Bank comprises of following main business segments:

a) Corporate finance

This includes, services provided in connection with mergers and acquisition, underwriting, privatization, securitization, research, debts instruments, equity, syndication, IPO and secondary private placements.

b) Trading and sales

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

c) Retail banking

It includes retail lending and deposits, banking services, trust and estates, private lending and deposits, banking services and retail offered to its retail customers.

d) Commercial banking

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

Geographical segments

The Bank conducts all its operations in Pakistan.

6.13 Provisions

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

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

6.14 Borrowings / deposits and their cost

- a) Borrowings / deposits are recorded at the proceeds received.
- b) Borrowings / deposits cost are recognized as expense in the period in which these are incurred using effective mark-up / interest rate method.

6.15 Off setting

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

6.16 Assets acquired in satisfaction of claims

The Bank occasionally acquires assets in settlement of certain advances. These are stated at lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognized through profit and loss account for any initial or subsequent write down of the asset to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognized to the extent they do not exceed the cumulative impairment losses previously recorded.

6.17 Earnings per share

The Bank presents earnings per share (EPS) data for its ordinary shares. 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 year.

6.18 Dividends and appropriations to reserves

Dividend and appropriation to reserves, except appropriations which are required under the law, after the reporting date, are recognized in the Bank's financial statements in the year in which these are approved.

6.19 Fiduciary assets

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

6.20 IFRS 13 - 'Fair Value Measurement

During the year, the Bank has adopted IFRS 13 'Fair Value Measurement' which became effective for the financial periods beginning on or after 01 January 2015. IFRS 13 Fair Value Measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair values as the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs. As a result, the Bank has included the additional disclosure in this regard in note 36.1 to the financial statements. In accordance with the transitional provisions of IFRS 13, the Bank has applied the new fair value measurement guidance prospectively. The application of IFRS 13 does not have any significant impact on the financial statements of the Bank except for certain additional disclosures.

Notes to the Financial Statements

For the year ended December 31, 2015

	Note	2015	2014
7 CASH AND BALANCES WITH TREASURY BANKS		(Rupees in '000)	
In hand:			
Local currency		1,190,483	818,961
Foreign currencies		114,259	166,196
National prize bonds		896	937
		1,305,638	986,094
With State Bank of Pakistan in:			
Local currency current accounts	7.1	3,352,027	2,625,829
Foreign currency current accounts	7.1	43,048	24,921
Foreign currency deposit accounts	7.2	107,875	70,353
		3,502,950	2,721,103
With National Bank of Pakistan in:			
Local currency current accounts		727,566	353,747
Local currency deposit accounts		10,414	15,451
Foreign currency current accounts		228	34,562
		738,208	403,760
		5,546,796	4,110,957

7.1 The current accounts are maintained under the requirements of section 22 of the Banking Companies Ordinance, 1962 as amended from time to time.

7.2 These represent accounts maintained for mandatory reserve requirements with the SBP. These accounts currently carry no mark-up.

	Note	2015	2014
8 BALANCES WITH OTHER BANKS		(Rupees in '000)	
In Pakistan			
On current account		2,109,014	2,036,090
On deposit account	8.1	2,985,128	351,341
		5,094,142	2,387,431
Outside Pakistan			
On current account		41,636	-
On deposit account	8.2	1,387,747	132,105
		1,429,383	132,105
		6,523,525	2,519,536
Less: Provision for doubtful placement with a bank	8.3	(10,028)	(10,028)
		6,513,497	2,509,508

8.1 These represent short-term deposits with banks at mark-up rates ranging from 0.25% to 6.40% (2014: 4.12% to 9.00%) per annum.

8.2 These represent placements of funds with banks outside Pakistan, which have been generated through the foreign currency deposit scheme (FE-25). These placements carry no mark-up.

	Note	2015	2014
8.3	Particulars of provision for doubtful placement with a bank	(Rupees in '000)	
	Opening balance	10,028	10,028
	Charge for the year	-	-
	Reversals	-	-
	Closing balance	10,028	10,028

9 LENDINGS TO FINANCIAL INSTITUTIONS

	Call money lending	9.2	500,000	850,000
	Repurchase agreement lendings (Reverse repo)	9.3 & 9.6	1,288,824	-
	Placements with financial institutions	9.4	4,438,944	1,488,944
	Bai Muajjal receivable from State Bank of Pakistan	9.5	7,216,332	-
			13,444,100	2,338,944
	Less: Provision against lendings to financial institutions	9.6	(238,944)	(238,944)
			13,205,156	2,100,000

9.1 Particulars of lendings

	In local currency	13,205,156	2,100,000
	In foreign currency	-	-
		13,205,156	2,100,000

9.2 These represent unsecured lendings to commercial bank at the mark-up rate of 6.05% (2014: 9.25% to 9.50%) per annum and was matured on January 06, 2016.

9.3 These represent repurchase agreement lendings (reverse repo) secured against government securities carrying mark-up rate of 6.50% (2014: nil) per annum and matureable on various dates, latest by January 05, 2016.

9.4 This includes Rs. 238.944 million that is overdue and fully provided. The remaining balance with commercial banks carries interest at mark-up rates ranging between 6.00% to 6.25% (2014: 9.25% and 9.42%) per annum and matureable on various dates, latest by February 19, 2016.

9.5 This represent outright purchase of GOP Ijara Sukuk (GIS) on deferred payment basis (Bai Muajjal) at returns of 5.990% to 5.9995% per annum (December 31, 2014 : nil).

9.6 Particulars of provision against lendings to financial institutions

	2015	2014
	(Rupees in '000)	
	238,944	238,944
	-	-
	-	-
	-	-
	238,944	238,944

Notes to the Financial Statements

For the year ended December 31, 2015

9.7 Securities held as collateral against lending to financial institutions

	2015			2014		
	Held by bank	Further Given as collateral	Total	Held by bank	Further Given as collateral	Total
	Rupees in '000					
Pakistan Investment Bonds	1,000,000	-	1,000,000	-	-	-
Market Treasury Bills	288,824	-	288,824	-	-	-
	<u>1,288,824</u>	<u>-</u>	<u>1,288,824</u>	<u>-</u>	<u>-</u>	<u>-</u>

10 INVESTMENTS	Note	2015			2014		
		Held by bank	Further Given as collateral	Total	Held by bank	Further Given as collateral	Total
10.1 Investments by types		Rupees in '000					
Held-for-trading securities		Rupees in '000					
Market Treasury Bills	10.2.1	-	-	-	-	-	-
Pakistan Investment Bonds	10.2.1	981,181	-	981,181	1,683,720	-	1,683,720
Units of open-end mutual funds		-	-	-	-	-	-
Ordinary shares in listed companies		53,525	-	53,525	29,743	-	29,743
GOP Ijarah Sukuk	10.2.1	-	-	-	1,503,072	-	1,503,072
		<u>1,034,706</u>	<u>-</u>	<u>1,034,706</u>	<u>3,216,535</u>	<u>-</u>	<u>3,216,535</u>
Available-for-sale securities							
Market Treasury Bills	10.2.1	42,535,742	-	42,535,742	17,381,028	9,860,095	27,241,123
Pakistan Investment Bonds	10.2.1	18,419,685	13,710,642	32,130,327	23,163,871	-	23,163,871
GOP Ijarah Sukuk	10.2.1	2,500,000	-	2,500,000	8,500,124	-	8,500,124
Ordinary shares in listed companies		1,944,646	-	1,944,646	1,458,640	-	1,458,640
Ordinary shares in unlisted companies		30,487	-	30,487	30,487	-	30,487
Ordinary shares of related parties - Unlisted shares		112,500	-	112,500	112,500	-	112,500
Preference shares in listed companies	10.6	195,000	-	195,000	410,920	-	410,920
Listed term finance certificates		138,550	-	138,550	288,469	-	288,469
Unlisted term finance certificates		269,394	-	269,394	269,500	-	269,500
Units of open-end mutual funds	10.7	290,237	-	290,237	340,237	-	340,237
Units of closed-end mutual funds		-	-	-	50,000	-	50,000
Sukuk certificates		790,069	-	790,069	1,148,779	-	1,148,779
		<u>67,226,310</u>	<u>13,710,642</u>	<u>80,936,952</u>	<u>53,154,555</u>	<u>9,860,095</u>	<u>63,014,650</u>
Held-to-maturity securities							
Pakistan Investment Bonds	10.2.1	5,339,524	-	5,339,524	5,309,368	-	5,309,368
Sukuk certificates		133,333	-	133,333	268,123	-	268,123
		<u>5,472,857</u>	<u>-</u>	<u>5,472,857</u>	<u>5,577,491</u>	<u>-</u>	<u>5,577,491</u>
Investment in associate	10.1.1	40,504	-	40,504	40,504	-	40,504
Investments at cost		<u>73,774,377</u>	<u>13,710,642</u>	<u>87,485,019</u>	<u>61,989,085</u>	<u>9,860,095</u>	<u>71,849,180</u>
Less: Provision for diminution in value of investments	10.3	(958,614)	-	(958,614)	(876,204)	-	(876,204)
Investments (net of provisions)		<u>72,815,763</u>	<u>13,710,642</u>	<u>86,526,405</u>	<u>61,112,881</u>	<u>9,860,095</u>	<u>70,972,976</u>
(Deficit)/ surplus on revaluation of held-for-trading securities - net	10.5	(6,178)	-	(6,178)	29,962	-	29,962
Surplus on revaluation of available-for-sale securities - net	20	1,775,897	-	1,775,897	1,428,507	-	1,428,507
Total Investments		<u>74,585,482</u>	<u>13,710,642</u>	<u>88,296,124</u>	<u>62,571,350</u>	<u>9,860,095</u>	<u>72,431,445</u>

10.1.1 Investment In associate - unlisted shares

	Number of shares	Percentage of holding	2015	2014
			Rupees in '000	
Taurus Securities Limited	4,050,374	30%	40,504	40,504

10.1.2 Summary of financial information of associate

Based on the financials

	Assets	Liabilities	Equity	Revenue	Profit / (loss)
	Rupees in '000				
Taurus Securities Limited 30 June, 2015	490,084	177,229	312,854	68,242	13,311

10.2 Investments by segments

	Note	2015 (Rupees in '000)	2014 (Rupees in '000)
Federal Government Securities:	10.2.2		
- Market Treasury Bills	10.2.1	42,535,742	27,241,123
- Pakistan Investment Bonds	10.2.1	38,451,032	30,156,959
- Government of Pakistan - Sukuks	10.2.1	2,500,000	10,003,196
		83,486,774	67,401,278
Fully paid up ordinary shares:			
- Listed companies		1,998,171	1,488,383
- Unlisted companies		30,487	30,487
		2,028,658	1,518,870
Related parties:			
- Ordinary shares in unlisted companies		112,500	112,500
Term finance certificates:			
- Listed term finance certificates		138,550	288,469
- Unlisted term finance certificates		269,394	269,500
		407,944	557,969
Units of mutual funds:			
- Open-end mutual funds	10.7	290,237	340,237
- Closed-end mutual funds		-	50,000
		290,237	390,237
Other Investments:			
- Preference shares in listed companies	10.6	195,000	410,920
- Sukuk certificates		923,402	1,416,902
		1,118,402	1,827,822
Investment in associate		40,504	40,504
Total investments at cost		87,485,019	71,849,180
Less: Provision for diminution in value of investments	10.3	(958,614)	(876,204)
Investments - net of provisions		86,526,405	70,972,976
(Deficit)/ surplus on revaluation of held-for-trading securities - net	10.5	(6,178)	29,962
Surplus on revaluation of available-for-sale securities - net	20	1,775,897	1,428,507
Total Investments		88,296,124	72,431,445

Notes to the Financial Statements

For the year ended December 31, 2015

10.21 Principal terms of investments in Federal Government Securities

Name of Investment	Yield / Return	Maturity	Redemption	Coupon
Market Treasury Bills	6.24 % to 8.80%	07-January-2016 to 01-Sep-2016	On maturity	At maturity
Pakistan Investment Bonds	9.60 % to 12.00%	19-May-2016 to 26-Mar-2025	On maturity	Half yearly
Sukuk certificates	4.39%	25-Jun-17	On maturity	Half yearly

10.22 Federal Government Securities other than those offered as collateral, are held by the Bank to meet Statutory Liquidity Requirements (SLR) of the SBP calculated on the basis of time and demand liabilities.

10.3 Particulars of provision for diminution in value of investments

Note	2015 (Rupees in '000)	2014
Opening balance	876,204	948,190
Charge for the year	90,762	14,051
Reversal on disposals	(8,352)	(86,037)
	82,410	(71,986)
Closing balance	958,614	876,204

10.3.1 This includes impairment charge of Rs. 65.934 million (2014: Rs. 14.051 million) in respect of available-for-sale equity securities.

10.3.2 Particulars of provision in respect of type and segment

By type	2015 (Rupees in '000)	2014
Available-for-sale securities		
Ordinary shares in listed companies	351,458	80,882
Ordinary shares in unlisted companies	30,487	30,487
Ordinary shares in unlisted companies - related parties	45,405	41,760
Preference shares in listed companies	195,000	410,920
Units in open-end mutual funds	80,050	80,050
Units in closed-end mutual funds	-	500
Term finance certificates / Sukuk certificates	256,214	231,605
	958,614	876,204

By segment	Note	2015	2014
		(Rupees in '000)	
Fully paid up ordinary shares			
Listed companies		351,458	80,882
Unlisted companies		30,487	30,487
Unlisted companies - related parties		45,405	41,760
Units of open-end mutual funds		80,050	80,050
Units of closed-end mutual funds		-	500
Preference shares in listed companies	10.6	195,000	410,920
Term finance certificates / Sukuk certificates		256,214	231,605
		<u>958,614</u>	<u>876,204</u>

10.4 Information relating to investment in ordinary shares / certificates of listed and unlisted companies / mutual funds, term finance certificates, sukuk and bonds, which is required to be disclosed as part of the financial statements under State Bank of Pakistan's BSD Circular No. 04 dated February 17, 2006, is disclosed in Annexure "C" to these financial statements. Information relating to quality of available-for-sale securities is given in Annexure "D".

10.5	Unrealized (loss) / gain on revaluation of investments classified as held-for-trading	2015	2014
		(Rupees in '000)	
	Pakistan Investment Bonds	(2,755)	31,513
	Ordinary shares in listed companies	(3,423)	(1,029)
	GOP Ijarah Sukuk	-	(522)
		<u>(6,178)</u>	<u>29,962</u>

10.6 Details of investment in preference shares - listed

Name of Company	Note	Percentage of Holding	No. of shares	Paid-up Value per certificate	Total paid-up value	Total Cost December 31, 2015	Based on audited accounts as at	Name of Chief Executive / Managing Agent
						(Rupees in '000)		
Saudi Pak Leasing Company Limited	10.6.1	37%	19,500,000	10	195,000	195,000	June 30, 2015	Muhammad Tariq Masud
						<u>195,000</u>		

10.6.1 This represents 2.5% non-cumulative, non voting and non redeemable preference shares convertible at any time from the date of issue. The Bank has received these preference shares against the settlement of a debt.

10.7 This includes investment in Dawood Income Fund (DIF) amounting to Rs. 290.237 million. SECP has allowed Dawood Capital Management to carry on business in the best interest of unit holders in their decision dated January 22, 2015.

Notes to the Financial Statements

For the year ended December 31, 2015

11 ADVANCES	Note	2015 (Rupees in '000)	2014
Loans, cash credits & running finances, etc.			
In Pakistan		29,390,670	32,930,963
Outside Pakistan		-	-
		29,390,670	32,930,963
Islamic financing and related assets	11.2	9,662,199	8,798,770
Net investment in Ijarah:	11.3		
In Pakistan		730,165	830,407
Outside Pakistan		-	-
		730,165	830,407
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		189,373	320,432
Payable outside Pakistan		164,740	362,002
		354,113	682,434
Advances - gross	11.1	40,137,147	43,242,574
Less: Provision for non-performing advances	11.5	(3,683,536)	(3,185,404)
Advances - net of provision		36,453,611	40,057,170
11.1 Particulars of advances - gross			
11.1 In local currency		40,137,147	43,242,574
11.1 In foreign currencies		-	-
		40,137,147	43,242,574
11.2 Short term (for up to one year)		29,626,670	29,225,306
11.2 Long term (for over one year)		10,510,477	14,017,268
		40,137,147	43,242,574
11.2 Islamic financing and related assets (Annexure 'A')			
Murabaha financing		2,480,780	2,639,484
Diminishing Musharakah		2,467,265	1,945,182
Istisna financing		700,000	199,950
Qarz-e-Hasna		5,641	5,641
Salam		4,000,000	4,000,000
Others		8,513	8,513
		9,662,199	8,798,770
11.3 Net investment in Ijarah			
Ijarah under finance method	11.3.1	12,253	14,266
Ijarah under IFAS-2	11.3.2	717,207	811,943
		729,460	826,209
Assets/inventory		705	4,198
		730,165	830,407

11.3.1 Ijarah under finance method

	2015				2014			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	(Rupees in '000)							
Ijarah rentals receivable	8,436	2,836	-	11,272	9,799	5,075	706	15,580
Residual value	502	1,278	-	1,780	502	1,268	10	1,780
Minimum Ijarah rentals	8,938	4,114	-	13,052	10,301	6,343	716	17,360
Profit for future periods	(430)	(369)	-	(799)	(1,614)	(1,387)	(93)	(3,094)
Ijarah under finance method	8,508	3,745	-	12,253	8,687	4,956	623	14,266

11.3.2 Ijarah under IFAS-2

Ijarah assets under IFAS-2 are stated at cost of Rs. 1,076.874 million (2014: Rs. 1,059.012 million) less accumulated depreciation of Rs. 359.667 million (2014: Rs. 247.069 million) in accordance with the SBP letter No. BPRD/BLRD-04/2008-6268.

11.3.3 Ijarah Assets

	December 31, 2015				December 31, 2014			
	Vehicles	Plant & Machinery	Housing	Total	Vehicles	Plant & Machinery	Housing	Total
	(Rupees in '000)							
Cost of Ijarah	575,496	494,639	6,739	1,076,874	545,795	508,888	4,329	1,059,012
Accumulated Depreciation	(137,301)	(219,074)	(3,292)	(359,667)	(91,048)	(155,814)	(207)	(247,069)
Net book value	438,195	275,565	3,447	717,207	454,747	353,074	4,122	811,943

11.4 Advances aggregating to Rs. 5,132.863 million (2014: Rs. 4,509.496 million) have been placed under non-performing status as detailed below:

Category of classification	2015								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other Assets - Especially Mentioned *	12,636	-	12,636	-	-	-	-	-	-
Substandard	334,439	-	334,439	53,221	-	53,221	53,221	-	53,221
Doubtful	641,712	-	641,712	73,888	-	73,888	73,888	-	73,888
Loss	4,144,076	-	4,144,076	3,528,381	-	3,528,381	3,528,381	-	3,528,381
	5,132,863	-	5,132,863	3,655,490	-	3,655,490	3,655,490	-	3,655,490

Category of classification	2014								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	(Rupees in '000)								
Other Assets - Especially Mentioned *	17,262	-	17,262	1,174	-	1,174	1,174	-	1,174
Substandard	235,286	-	235,286	25,352	-	25,352	25,352	-	25,352
Doubtful	787,975	-	787,975	204,355	-	204,355	204,355	-	204,355
Loss	3,468,973	-	3,468,973	2,912,042	-	2,912,042	2,912,042	-	2,912,042
	4,509,496	-	4,509,496	3,142,923	-	3,142,923	3,142,923	-	3,142,923

* Other Assets Especially Mentioned category pertains to agricultural finance and small enterprise.

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11.4.1 State Bank of Pakistan through various circulars has allowed benefit of the forced sales value (FSV) of Plant & Machinery under charge, pledged stock & 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 forced sale values of Rs. 888.139 million (2014: Rs. 770.151 million). Increase in unappropriated profit net of tax amounting to Rs. 577.290 million is not available for the distribution of cash and stock dividend to the shareholders.

11.5 Particulars of provision against non-performing loans and advances

	Note	2015			2014		
		Specific	General	Total	Specific	General	Total
							----- (Rupees in '000) -----
Opening balance		3,142,923	42,481	3,185,404	2,863,903	24,927	2,888,830
Charge for the year		707,546	-	707,546	540,866	17,554	558,420
Reversals		(194,979)	(14,435)	(209,414)	(252,536)	-	(252,536)
		512,567	(14,435)	498,132	288,330	17,554	305,884
Amounts written off	11.6	-	-	-	(9,310)	-	(9,310)
Closing balance		3,655,490	28,046	3,683,536	3,142,923	42,481	3,185,404

11.5.1 Particulars of provision against non-performing loans and advances

	2015			2014			
	Specific	General	Total	Specific	General	Total	
							----- (Rupees in '000) -----
In local currency	3,655,490	28,046	3,683,536	3,142,923	42,481	3,185,404	
In foreign currencies	-	-	-	-	-	-	
	3,655,490	28,046	3,683,536	3,142,923	42,481	3,185,404	

11.6 Particulars of write-offs

	Note	2015	2014
		(Rupees in '000)	
11.6.1 Against provisions		-	9,310
Directly charged to profit and loss account		-	-
		-	9,310
11.6.2 Write-offs of Rs. 500,000 and above	11.6.3	-	9,310
Write-offs below Rs. 500,000		-	-
		-	9,310

11.6.3 Details of loan write-off or other financial relief of Rs. 500,000 and above:

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, a Statement in respect of written off loans or financial relief of Rs. 500,000 or above allowed to a person(s) during the year ended December 31, 2015 is given in Annexure 'B'. However, these write-offs do not affect the Bank's right to recover debts from these customers.

		Note	2015	2014
11.7	Particulars of loans and advances to directors, executives, associated companies etc.		(Rupees in '000)	
	Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons			
	Balance at beginning of year		1,399,353	1,129,621
	Loans granted during the year		353,698	377,338
	Repayments		(189,184)	(107,606)
	Balance at end of year		<u>1,563,867</u>	<u>1,399,353</u>
12	OPERATING FIXED ASSETS			
	Capital work-in-progress	12.1	308,367	108,901
	Property and equipment	12.2	1,578,902	1,526,355
	Intangible assets	12.3	37,556	5,798
			<u>1,924,825</u>	<u>1,641,054</u>
12.1	Capital work-in-progress			
	Civil work		222,477	65,660
	Intangibles		40,500	23,167
	Office equipment		29,928	15,529
	Advances to suppliers and contractors		15,462	4,545
			<u>308,367</u>	<u>108,901</u>
12.2	Property and equipment			

Description	COST / REVALUATION			ACCUMULATED DEPRECIATION			Book value as at December 31, 2015	Useful life (Number of years)
	As at January 1, 2015	Additions / (Disposals) / (Adjustments)	As at December 31, 2015	As at January 1, 2015	Charge for the year / (depreciation on disposals) / (Adjustments)	As at December 31, 2015		
(Rupees in '000)								
Leasehold land (12.2.1)	883,410	24,093	907,503	-	-	-	907,503	-
Freehold land	76,705	-	58,000	-	-	-	58,000	-
		(18,705)						
Building on leasehold land	11,620	-	11,620	11,620	-	11,620	-	10
Building on freehold land	131,267	-	93,964	26,375	11,687	21,897	72,067	10
		(37,303)			(16,165)			
Furniture and fixture	149,168	23,307	170,022	70,245	16,726	84,417	85,605	05 - 10
		(2,853)			(2,714)			
		400			160			
Office equipment	470,169	130,749	595,346	258,865	86,746	340,219	255,127	03 - 10
		(5,572)			(5,392)			
Vehicles	24,463	2,844	26,243	14,230	3,594	16,760	9,483	05
		(1,064)			(1,064)			
Library books	652	-	652	614	11	625	27	10
Leasehold Improvements	344,911	94,046	430,633	184,060	63,553	239,543	191,090	05
		(7,924)			(7,910)			
		(400)			(160)			
	<u>2,092,365</u>	<u>275,039</u>	<u>2,293,983</u>	<u>566,009</u>	<u>182,317</u>	<u>715,081</u>	<u>1,578,902</u>	
		(73,421)			(33,245)			

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Description	COST / REVALUATION			ACCUMULATED DEPRECIATION			Book value as at December 31, 2014	Useful life (Number of years)
	As at January 1, 2014	Additions / (Disposals) / (Adjustments)	As at December 31, 2014	As at January 1, 2014	Charge for the year / (depreciation on disposals) / (Adjustments)	As at December 31, 2014		
------(Rupees in '000)-----								
Leasehold land (12.2.1)	883,410	-	883,410	-	-	-	883,410	-
Freehold land	76,705	-	76,705	-	-	-	76,705	-
Building on leasehold land	11,620	-	11,620	11,620	-	11,620	-	10
Building on freehold land	131,267	-	131,267	13,445	12,930	26,375	104,892	10
Furniture and fixture	124,798	25,164	149,168	56,896	14,209	70,245	78,923	05 - 10
		(988)			(946)			
		194			86			
Office equipment	349,499	131,309	470,169	200,955	68,447	258,865	211,304	03 - 10
		(10,639)			(10,537)			
Vehicles	19,682	6,735	24,463	13,363	2,653	14,230	10,233	05
		(1,954)			(1,786)			
Library books	631	21	652	605	9	614	38	10
Leasehold Improvements	255,963	92,756	344,911	127,481	58,790	184,060	160,851	05
		(3,614)			(2,125)			
		(194)			(86)			
	<u>1,853,575</u>	<u>255,985</u>	<u>2,092,365</u>	<u>424,365</u>	<u>157,039</u>	<u>566,010</u>	<u>1,526,355</u>	
		<u>(17,195)</u>			<u>(15,394)</u>			

12.21 Revaluation of leasehold land

The land of the Bank were revalued on February 25, 2016 by independent valuer (M/s. Amir), evaluators and consultants. Revaluation was carried out on the basis of professional assessment of present market value resulted in increase of Rs. 24.093 million (2014: nil) in carrying value as on balance sheet date. The total revaluation surplus on land amounting to Rs 790.245 million (2014: 766.152 million) has been included in the carrying value of land. Had the land not been revalued, the total carrying amount of the land as at December 31, 2015 would have been Rs. 117.258 million.

12.22 The gross carrying amount (cost) of fully depreciated assets, that are still in use are as follows:

	Rupees in '000
Building on leasehold land	11,620
Building on free hold land	1,964
Furniture & fixture	31,885
Office equipment	167,833
Vehicles	10,827
Library books	598
Renovation	87,397
Intangibles	13,931

12.2.3 Details of disposals of fixed assets

The details of assets disposed off during the year are as follows:

Description	Cost	Accumulated Depreciation	Net Book Value	Sale proceeds	Mode of Disposal	Particular of Purchaser
	(Rupees in '000)					
Land & Building	56,008	16,165	39,843	60,100	Auction	Azam Khan
Furniture & fixture	2,853	2,714	139	1,398	Auction	Mr. Gul wali khan, Sher Wali Khan,
Office equipment	5,572	5,392	180	145	Auction/ buy back	National Insurance Company
						M/s Power Gen (PVT)Ltd Lahore,
						M/s HM Engineering Company,
						M/S Innovative,
Renovation	7,924	7,910	14	550	Auction/ adjustment	M/S Panasonic Peshawar
						M/s Miamaar Construction
Vehicles	1,064	1,064	-	710	Auction	M/s A.N.Brothers Iron Steel Karachi
						Mr. Malik Rehan Awan
						National Insurance Company
	<u>73,421</u>	<u>33,245</u>	<u>40,176</u>	<u>62,903</u>		

12.3 Intangible assets

Description	COST			ACCUMULATED AMORTIZATION				Amortization Rate (%)
	As at January 1, 2015	Additions	As at December 31, 2015	As at January 1, 2015	Charge for the year	As at December 31, 2015	Book Value as at December 31, 2015	
	(Rupees in '000)							
Software 2015	24,032	40,901	64,933	18,234	9,143	27,377	37,556	33.33%
Software 2014	20,965	3,067	24,032	14,390	3,844	18,234	5,798	33.33%

13 OTHER ASSETS

	Note	2015 (Rupees in '000)	2014
Income / mark-up accrued in local currency		2,988,434	2,740,102
Advances, deposits, advance rent and other prepayments		224,248	242,246
Non-banking assets acquired in satisfaction of claims - at cost	13.1	57,267	271,124
Stationery and stamps on hand		7,775	6,342
Receivables against sale of securities		101	46,742
Suspense account		1,130	2,132
Others		105,308	91,765
		<u>3,384,263</u>	<u>3,400,453</u>
Less: Provision held against other assets	13.2	(165,539)	(144,332)
		<u>3,218,724</u>	<u>3,256,121</u>

13.1 The market value of non-banking assets with carrying amounts of Rs. 40.903 million (2014: Rs. 236.296 million) amounted to Rs. 46.016 million (2014: Rs. 243.230 million).

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	Note	2015	2014
13.2 Provision held against other assets		(Rupees in '000)	
Opening balance		144,332	144,192
Charge for the year		39,671	140
Reversal for the year		(18,464)	-
		21,207	140
Amounts written off		-	-
Closing balance		165,539	144,332
14 BILLS PAYABLE			
In Pakistan		504,884	586,407
Outside Pakistan		-	-
		504,884	586,407
15 BORROWINGS			
In Pakistan		17,130,194	14,192,181
Outside Pakistan		-	-
		17,130,194	14,192,181
15.1 Particulars of borrowings with respect to currencies			
In local currency		17,130,194	14,192,181
In foreign currencies		-	-
		17,130,194	14,192,181
15.2 Details of borrowings			
Secured			
Borrowings from State Bank of Pakistan:			
Under export refinance scheme	15.2.1	1,550,582	1,533,982
Under long term financing for export oriented projects	15.2.2	39,218	61,626
SME refinance scheme	15.2.3	1,929	4,747
		1,591,729	1,600,355
Repurchase agreement borrowings	15.2.4	13,710,642	9,860,095
		15,302,371	11,460,450
Unsecured			
Call borrowing	15.2.5	1,827,823	2,731,731
Foreign credit line		-	-
		1,827,823	2,731,731
		17,130,194	14,192,181

15.2.1 The Bank has entered into agreements for financing with the SBP for extending export finance to customers. As per the agreements, the Bank has granted right to SBP to recover the outstanding amount from the Bank at the date of maturity of finance by directly debiting the current account maintained by the Bank with the SBP. These carry mark-up at the rate of 4.50% (2014: 7.50%) per annum. The borrowings are repayable within 180 days from the deal date.

- 15.22** This represents long term financing against export oriented project availed by the Bank for further extending the same to its customers for export oriented project, for a maximum period of 10 years. The loan repayments to SBP correspond the respective repayment from customers. The loan carries mark-up at the rate of 10.90% (2014: 11.90%) per annum.
- 15.23** This represents SBP refinance scheme for the modernization of SME's. Under this scheme the loan is refinanced up to 100% by SBP. It carries mark-up at the rate 6.00% per annum (2014: 6.25% per annum).
- 15.24** Repurchase agreements with State Bank of Pakistan carries interest rate of 6.15% (2014: 9.6% to 10.00%) per annum with maturities up to January 8, 2016 and are secured by way of investments given as collateral as referred in note 10.1.
- 15.25** Call borrowings from financial institutions carries interest rate ranging from 4.50% to 6.750% (2014: 9.55 % to 9.60%) per annum with maturities up to April 28, 2016.

16 DEPOSITS AND OTHER ACCOUNTS

	Note	2015 (Rupees in '000)	2014
Customers			
Fixed deposits		47,775,041	31,783,049
Savings deposits		42,552,127	39,982,105
Current accounts - Non-remunerative		24,117,056	17,909,340
Call deposits		1,326,927	1,073,632
Margin and sundry deposits		1,493,353	1,377,299
		117,264,504	92,125,425
Financial Institutions			
Remunerative deposits		26,822	136,440
Non-remunerative deposits		686	1,829
		27,508	138,269
		117,292,012	92,263,694
16.1 Particulars of deposits			
In local currency		116,734,369	91,857,056
In foreign currencies		557,643	406,638
		117,292,012	92,263,694
17 DEFERRED TAX LIABILITIES			
Deferred tax asset arising in respect of:			
Provision for balances with other banks		3,510	3,510
Deficit on revaluation of investments		-	4,724
Provision for diminution in value of investments		87,203	90,126
Provision for non performing loans		9,754	-
Provision for other assets		3,448	3,448
Provision for Workers Welfare Fund		-	57,521
Re-measurement of defined benefit plan		14,354	-
Islamic Pool Management Reserve		40,530	40,094
		158,799	199,423
Deferred tax liability arising in respect of:			
Accelerated tax depreciation		(6,358)	(23,961)
Surplus on revaluation of investment		(621,564)	(490,622)
		(627,922)	(514,583)
Deferred tax liability - net	17.1	(469,123)	(315,160)

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For the year ended December 31, 2015

17.1 Deferred tax liability - net

	Balance at January 1, 2014	Recognized in Profit and Loss Account	Recognized in Equity	Balance at December 31, 2014	Recognized in Profit and Loss Account	Recognized in Equity	Balance at January 1, 2015
Deferred tax asset arising in respect of:	----- Rupees in '000 -----						
Provision for balances with other banks	3,510	-	-	3,510	-	-	3,510
Deficit on revaluation of investments	168,000	-	(163,276)	4,724	-	(4,724)	-
Provision for diminution in value of investments	111,162	(21,036)	-	90,126	(2,923)	-	87,203
Provision for non performing loans	-	-	-	-	9,754	-	9,754
Provision for other assets	3,448	-	-	3,448	-	-	3,448
Provision for Workers Welfare Fund	44,142	13,379	-	57,521	(57,521)	-	-
Re-measurement of defined benefit plan	9,081	-	(9,081)	-	-	14,354	14,354
Islamic Pool Management Reserve	45,395	(5,301)	-	40,094	436	-	40,530
	384,738	(12,958)	(172,357)	199,423	(50,254)	9,630	158,799
Deferred tax liability arising in respect of:							
Accelerated tax depreciation	(23,985)	24	-	(23,961)	17,603	-	(6,358)
Surplus on revaluation of investment	(61,523)	-	(429,099)	(490,622)	-	(130,942)	(621,564)
	(85,508)	24	(429,099)	(514,583)	17,603	(130,942)	(627,922)
Deferred tax (liability) / asset - net	299,230	(12,934)	(601,456)	(315,160)	(32,651)	(121,312)	(469,123)

18 OTHER LIABILITIES

	Note	2015 (Rupees in '000)	2014
Mark-up / return / interest payable in local currency		1,963,496	1,995,285
Unearned commission and income on bills discounted		39,311	38,718
Accrued expenses		96,104	43,801
Branch adjustment account		221,599	547,716
Payable to gratuity fund	33.2	277,905	153,975
Share subscription money refund		1,091	1,091
Mark-up in suspense		67,671	61,859
Deferred income on murabaha		63,854	106,548
Security deposits against Ijarah		175,256	184,144
Islamic Pool Management Reserve	18.1	115,801	114,555
Payable to Worker's Welfare Fund	18.2	-	164,120
Un-earned income on Bai Maujjal sukuk		380,499	-
Unclaimed dividend		7,805	-
Current taxation (provision less payments)		249,262	136,275
Others	18.3	185,290	281,154
		3,844,944	3,829,241

- 18.1** This includes equity portion of Profit Equalization Reserve amounting to Rs. 36.271 million (2014: 36.414), which has been presented as reserve in Annexure-A.
- 18.2** During the current year the management of the Bank has reversed the provision of WWF since it believes that the Bank is exempted from the same under clause 2 f(vi) of Workers Welfare Ordinance 1971 while the amendments introduced through Finance Act 2008 invoking a charge of WWF on the Bank has already been declared ultra vires by the Honorable Peshawar High Court. The foregoing judgment of the Bank's management is also supported by the decisions given in favour of the Bank by the Commissioner Inland Revenue (Appeals) and the Appellate Tribunal Peshawar.
- 18.3** This includes Rs. 82.173 million (2014 : Rs. 167.109 million) net of expenses, received from the Government of Khyber Pakhtunkhwa for meeting the expenses of poverty reduction schemes initiated by the Government. The Bank being agent of the Government is administering the referred schemes and responsible for disbursement and collection of loans under such schemes.

19 SHARE CAPITAL

19.1 Authorized capital

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

19.2 Issued, subscribed and paid up capital Fully paid ordinary shares of Rs. 10/- each

2015	2014		2015	2014
Number	of shares	Ordinary shares	(Rupees in '000)	
722,698,448	722,698,448	Fully paid in cash	7,226,984	7,226,984
277,554,037	277,554,037	Issued as fully paid bonus shares	2,775,540	2,775,540
1,000,252,485	1,000,252,485		10,002,524	10,002,524

- 19.3** At reporting date, the Government of Khyber Pakhtunkhwa and Ismail Industries Limited held 702,208,233 (2014: 702,208,233) and 86,149,803 (2014: 86,149,803) ordinary shares respectively.

19.4 Reconciliation of number of ordinary shares of Rs 10/- each.

	2015	2014
	Number of shares	
Shares at the beginning of the year	1,000,252,485	1,000,000,000
Add: Bonus shares issued during the year	-	252,485
Shares at the end of the year	1,000,252,485	1,000,252,485

Notes to the Financial Statements

For the year ended December 31, 2015

	Note	2015	2014
20 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
		Rupees in '000	
Surplus / (Deficit) on revaluation of available-for-sale securities			
Federal Government securities			
- Market Treasury Bills		16,596	(4,169)
- Pakistan Investment Bonds		1,631,884	1,216,495
- Sukuk Certificates		-	(32,653)
Fully paid up ordinary shares - listed		38,469	159,862
Term finance certificates / Sukuk - listed		-	-
Units in open-end mutual funds		88,948	88,972
Units in closed-end mutual funds		-	-
	10.1, 10.2 & 20.1	1,775,897	1,428,507
Deferred tax liability		(621,564)	(485,898)
		1,154,333	942,609
Surplus on revaluation of fixed assets			
Leasehold land	12.2.1	790,245	766,152
		1,944,578	1,708,761
20.1			
Surplus / (deficit) on revaluation of 'Available for sale' securities and 'Fixed assets' are presented under a separate head below equity as 'surplus / (deficit) on revaluation of assets' in accordance with the requirements specified by the State Bank of Pakistan vide its BSD Circular No. 20 dated August 04, 2000 and BSD Circular No. 10 dated July 13, 2004 respectively and Companies Ordinance, 1984.			
21 CONTINGENCIES AND COMMITMENTS			
21.1 Direct credit substitutes			
Contingent liabilities in respect of guarantees given favoring:			
Banks		-	-
Others		468,909	442,206
		468,909	442,206
21.2 Transaction - related contingent liabilities			
Contingent liabilities in respect of performance bonds, bid bonds, warranties etc. given favoring:			
Government		5,601,096	5,195,334
Others		3,873,179	3,218,568
	21.2.1	9,474,275	8,413,902
21.2.1			
This includes expired letters of guarantee aggregating to Rs. 2,923.683 million (2014: Rs. 1,824.489 million) for which formalities for return of original documents are in process.			

		2015	2014
		(Rupees in '000)	
21.3	Trade-related contingent liabilities		
	Letters of credit		
	Sight	2,105,938	2,230,557
	Usance	229,324	76,396
		<u>2,335,262</u>	<u>2,306,953</u>
	Acceptances	591,321	855,778
		<u>2,926,583</u>	<u>3,162,731</u>
21.4	Commitments in respect of forward exchange contracts		
	Purchase	<u>1,412,483</u>	<u>1,657,105</u>
	Sale	<u>2,447,314</u>	<u>1,595,661</u>

21.4.1 All forward exchange contracts are backed by trade related transactions to meet the needs of the Bank's clients to generate trading revenues and, as part of its asset and liability management activity, to hedge its own exposure to currency risk. At the year end, all foreign exchange contracts have a remaining maturity of less than one year.

		2015	2014
		(Rupees in '000)	
21.5	Other commitments		
	Bills for collection		
	Inland bills	159,665	485,589
	Foreign bills	310,657	368,513
		<u>470,322</u>	<u>854,102</u>
21.6	Commitments to extend credit		

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

21.7 Commitment for the acquisition of operating fixed assets

On reporting date the Bank was Committed to Rs. 25,581 million (2014: Rs. 45.861 million).

21.8 The income tax assessments of the Bank have been finalized up to tax year 2015.

21.8.1 For tax years 2012 and 2013, the tax authorities issued assessment orders under sections 161 and 205 of the Income Tax Ordinance, 2001 (the "Ordinance") creating tax demand on alleged default in withholding of tax by the Bank. Tax demand for tax year 2012 and 2013 amounts Rs. 5.845 million and Rs. 4.060 million along with default surcharge of Rs. 0.876 million and Rs.1.776 million respectively. The Bank has filed appeals before the Commissioner Inland Revenue (Appeals), contesting the said orders. Management believes that this matter will be decided patially in favor of the Bank and consequently, provision of Rs. 2.999 million has been made in respect of demand pertaining to Tax Year 2012 and no provision has been made for Tax Year 2013.

Notes to the Financial Statements

For the year ended December 31, 2015

		2015	2014
		(Rupees in '000)	
22	MARK-UP / RETURN / INTEREST EARNED		
	On loans and advances to:		
	Customers		
	Mark-up / return / interest earned	3,285,462	3,312,174
	On investments in		
	Held-for-trading securities	120,845	290,952
	Available-for-sale securities	6,560,418	5,266,354
	Held-to-maturity securities	586,600	160,678
		7,267,863	5,717,984
	On deposits with financial institutions	269,592	437,173
	On securities purchased under resale agreements	46,556	283,345
		10,869,473	9,750,676
23	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	5,455,814	5,342,731
	Securities sold under repurchase agreement borrowings	661,749	386,378
	Other short-term borrowings	322,468	478,193
	Others	1,519	2,809
		6,441,550	6,210,111
24	GAIN ON SALE OF SECURITIES - NET		
	Federal Government Securities	1,020,308	14,209
	Ordinary shares	165,378	297,076
	Units in mutual funds	3,711	158,301
		1,189,397	469,586
25	OTHER INCOME		
	Postal, SWIFT, service and other charges	51,862	38,004
	Rent on lockers	3,830	2,332
	Gain on sale of operating fixed assets	22,729	2,001
	Gain on sale of non-banking assets acquired in satisfaction of claim	16,143	-
	Miscellaneous income	25,119	28,499
		119,683	70,836

	Note	2015	2014
26 ADMINISTRATIVE EXPENSES		(Rupees in '000)	
Salaries and allowances, etc.		1,525,015	1,309,858
Charge for defined benefit plan	33.6	82,920	60,471
Contribution to defined contribution plan - Provident Fund	34	74,297	63,755
Non-executive directors' fee, allowances and other expenses		4,874	1,237
Rent, taxes, insurance, electricity, etc.		375,746	343,037
Legal and professional charges		49,788	43,170
Communications		97,348	87,731
Repairs and maintenance		38,391	25,369
Stationery and printing		35,030	34,698
Advertisement and publicity		56,938	49,319
Auditors' remuneration	26.1	6,321	8,290
Depreciation	12.2	182,317	157,039
Amortization	12.3	9,143	3,844
Brokerage and commission		16,992	17,834
Entertainment		29,732	27,098
Travelling, boarding and lodging		56,724	48,335
Vehicle expenses		5,845	7,287
Newspapers and periodicals		1,586	1,427
Donations	26.2	190	-
Training		7,746	6,387
Sports		30	200
Software maintenance charges		2,064	3,752
Security charges		93,727	64,901
Cash transportations charges		35,304	26,003
Others		33,128	29,451
		<u>2,821,196</u>	<u>2,420,493</u>
26.1 Auditors' remuneration			
Audit fee		1,915	1,915
Fee for half-yearly review		830	830
Special certifications and sundry advisory services		3,009	4,978
Out-of-pocket expenses		567	567
		<u>6,321</u>	<u>8,290</u>
26.2 None of the directors, executives or their spouses had any interest in the donee.			
27 OTHER PROVISIONS / WRITE OFFS			
Reversal of provision against other assets - net		(18,464)	-
Provision against fraud and forgery cases		39,671	140
	13.2	<u>21,207</u>	<u>140</u>
28 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		9,888	12,834
Workers Welfare Fund		-	38,000
		<u>9,888</u>	<u>50,834</u>

Notes to the Financial Statements

For the year ended December 31, 2015

	Note	2015	2014
29 TAXATION		(Rupees in '000)	
Current - for the year		1,014,620	602,720
- for prior years	29.2	122,147	(24,551)
Deferred tax	17.1	32,651	12,934
		1,169,418	591,103
29.1 Relationship between tax expense and accounting profit			
Profit before taxation		2,958,632	1,900,523
Tax at the applicable rate of 35% (2014: 35%)		1,035,521	665,183
Effect of different tax rates used		(10,753)	(49,849)
Prior year tax		122,147	(24,551)
Tax effect of permanent differences		43,941	4,492
Others		(21,438)	(4,172)
		1,169,418	591,103
29.2	The Finance Act 2015 has introduced certain amendments relating to taxation of banking companies. As per these amendments, bank's income from dividend and capital gains are now taxed at the normal tax rates instead of previously applicable reduced rates. In addition, one-time super tax at the rate of 4 percent of the taxable income has also been levied. These amendments apply retrospectively for the tax year 2015, i.e. year ended December 31, 2014. The effects of above amendments amounting to Rs.103.527 million (December 31, 2014 : Nil) have been incorporated in these financial statements based on revised estimates as prior year tax charge.		
30 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit for the year		1,789,214	1,309,420
		2015	2014
		Number of shares	
Weighted average number of ordinary shares		1,000,252,485	1,000,252,485
		2015	2014
		(Rupees)	
Earnings per share - Basic and diluted		1.79	1.31
There is no dilution effect on basic earnings per share.			
		2015	2014
		(Rupees in '000)	
31 CASH AND CASH EQUIVALENTS			
Cash and balance with treasury banks	7	5,546,796	4,110,957
Balances with other banks	8	6,513,497	2,509,508
		12,060,293	6,620,465

		2015	2014
32	STAFF STRENGTH	Number of persons	
	Permanent	1,285	1,121
	Temporary / on contractual basis	67	126
	Daily wagers	1	1
	Bank's own staff strength at the end of the year	1,353	1,248
	Outsourced	1,095	835
	Total staff strength	2,448	2,083
33	DEFINED BENEFIT PLAN		
33.1	General description of the type of defined benefit plan and the accounting policy for recognizing actuarial gains and losses are disclosed in note 6.8.1 to these financial statements.		
	Note	2015	2014
33.2	Reconciliation of payable to defined benefit plan	(Rupees in '000)	
	Present value of defined benefit obligations	33.3 (704,742)	(559,684)
	Fair value of plan assets	33.4 426,837	405,709
		18 (277,905)	(153,975)
33.3	Movement in payable to defined benefit obligation		
	Opening balance	(559,684)	(444,411)
	Current service cost	(66,533)	(50,276)
	Interest cost	(62,029)	(57,295)
	Benefits paid during the year	16,625	7,356
	Actuarial (losses) / gain		
	- Experience adjustments	(33,121)	(15,058)
	Closing balance	(704,742)	(559,684)
33.4	Movement in fair value of plan assets		
	Opening balance	405,709	362,307
	Expected return on plan assets	45,642	47,100
	Benefits paid by the fund	(16,625)	(7,356)
	Actuarial (loss)/gain on plan assets	(7,889)	3,658
	Closing balance	426,837	405,709
33.5	Movement in payable to defined benefit plan		
	Opening balance	(153,975)	(82,104)
	Charge for the year	33.6 (82,920)	(60,471)
	Other comprehensive income	33.7 (41,010)	(11,400)
	Closing balance	(277,905)	(153,975)

Notes to the Financial Statements

For the year ended December 31, 2015

	2015	2014
33.6 Amount charged to profit and loss	(Rupees in '000)	
Current service cost	(66,533)	(50,276)
Net interest cost	(16,387)	(10,195)
	(82,920)	(60,471)
33.7 Amount charged to other comprehensive income		
Actuarial (loss) on obligation	(33,121)	(15,058)
Actuarial (loss) / gain on plan assets	(7,889)	3,658
	(41,010)	(11,400)
Tax impact	14,354	-
	(26,656)	(11,400)
33.8 Actual return on plan assets		
The actual return earned on the assets during the year are:		
Expected return on plan assets	45,642	47,100
Actuarial (loss) / gain on plan assets	(7,889)	3,658
	37,753	50,758
33.9 Components of plan assets as a percentage of total plan assets		
Debt instruments	80.60%	86.32%
Equity instruments	12.37%	12.62%
Others (including bank balances)	7.03%	1.06%
	100%	100%
33.10 Principal actuarial assumptions		
The latest actuarial valuation was carried out as at December 31, 2015. Projected unit credit actuarial cost method, using following significant assumptions was used for the valuation of the gratuity fund.		
	2015	2014
Discount rate	9.00%	11.25%
Expected rate of return on plan assets	9.00%	11.25%
Expected rate of salary increase	7.00%	9.25%
Number of employees covered under retirement benefit plan	1280	1121
33.11 Sensitivity analysis		Impact on defined benefit obligation Rupees in '000'
Description		
+1% Discount Rate		643,055
- 1% Discount Rate		776,663
+1% Salary Increase Rate		780,609
- 1% Salary Increase Rate		638,780
+10% Withdrawal Rates		705,839
- 10% Withdrawal Rates		703,626
1 Year Mortality age set back		704,742
1 Year Mortality age set forward		704,742

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied, as applied when calculating the gratuity liability recognized within the statement of financial position.

34 DEFINED CONTRIBUTION PLAN

During the year, the Bank has contributed Rs. 74.297 million (2014: Rs. 63.755 million) to the provident fund.

35 COMPENSATION OF DIRECTORS AND EXECUTIVES

	Managing Director		Directors		Executives	
	2015	2014	2015	2014	2015	2014
	(Rupees in '000)					
Fees	-	-	2,188	1,180	-	-
Managerial remuneration	12,000	2,968	-	-	59,985	51,116
Charge for defined benefit plan	-	-	-	-	8,920	7,544
Contribution to defined contribution plan	-	-	-	-	7,437	6,104
Rent and house maintenance	1,200	297	-	-	23,045	19,063
Utilities	611	36	-	-	7,437	6,252
Medical	154	185	-	-	7,437	6,104
Bonus	3,467	-	-	-	9,798	8,532
Conveyance/Car benefit allowance/Fuel	1,305	1,115	-	47	37,913	41,314
Others	2,756	2,691	2,686	10	16,130	12,898
	<u>21,493</u>	<u>7,292</u>	<u>4,874</u>	<u>1,237</u>	<u>178,102</u>	<u>158,927</u>
Number of persons	1	1	7	7	56	51

35.1 The directors were mainly paid fee for attending meetings and related travelling cost.

36 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of quoted investments other than those classified as held to maturity is based on quoted market prices. The fair value of unquoted equity investments is determined on the basis of break-up value of these investments as per their latest available audited financial statements.

The fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for these 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 6.4.

The maturity and re-pricing profile and effective rates are stated in notes 41.5.1 and 41.4.3 respectively. In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or in the case of customer loans and deposits, are frequently re-priced.

36.1 The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)."
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Notes to the Financial Statements

For the year ended December 31, 2015

	Fair Value			
	Level 1	Level 1	Level 1	Total
	----- (Rupees in '000) -----			
On balance sheet financial Instruments				
Financial assets measured at fair value				
Held for trading securities				
- Shares in listed companies	50,102	-	-	50,102
- Pakistan Investment Bonds	-	978,426	-	978,426
	50,102	978,426	-	1,028,528
Available-for-sale securities				
- Market Treasury Bills	-	42,552,338	-	42,552,338
- Pakistan Investment Bonds	-	33,762,211	-	33,762,211
- Shares in listed companies	1,906,177	-	-	1,906,177
- Mutual fund units	299,134	-	-	299,134
- Sukuk Bonds	-	-	-	-
- Term Finance Certificates (TFCs)	-	428,302	-	428,302
	2,205,311	76,742,851	-	78,948,162
Non - Financial Assets measured at fair value				
Operating fixed assets (Leasehold land)	-	907,503	-	907,503
Off balance sheet financial Instruments				
FX options purchase	-	-	-	-
FX options sale	-	-	-	-
Foreign exchange contracts purchase	-	1,412,483	-	1,412,483
Foreign exchange contracts sale	-	2,447,314	-	2,447,314

The valuation techniques used for above assets are same as disclosed in note 6.3 & 6.6 of these financial statements.

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

(a) Financial Instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares and units of mutual funds.

(b) Financial Instruments in level 2

Financial instruments included in level 2 comprise of Sukuks Bonds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance certificates, FX options and Forward Exchange Contracts.

(c) Financial Instruments in level 3

Currently, no financial instruments are classified in level 3.

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

Fully paid-up ordinary shares

Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

Units of mutual funds

Fair values of investments in units of mutual funds are determined based on redemption prices as at the close of the business day.

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

Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates (Reuters page).
Government of Pakistan (GoP) - Ijarah Sukuks	Fair values of GoP Ijarah Sukuks are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.
Term Finance, Bonds and Sukuk certificates	Investments in debt securities (comprising term finance certificates, bonds, Sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan. In the determination of the rates, the MUFAP takes into account the holding pattern of these securities and categorises these as traded, thinly traded and non-traded securities.
Operating fixed assets (Leasehold land)	Leasehold land are revalued on regular basis using professional valuers on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties.

37. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	2015				
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Total
	----- (Rupees in '000) -----				
Total income	6,661,828	1,931,344	197,164	3,878,559	12,668,895
Total expenses	5,854,090	1,202,390	112,905	3,710,296	10,879,681
Net income	807,738	728,954	84,259	168,263	1,789,214
Segment assets- Gross	100,039,160	19,407,014	6,838,458	33,930,762	160,215,394
Segment non performing loans	211,082	183,188	30,597	4,707,996	5,132,863
Segment provision required	211,082	1,341,836	44,932	3,458,811	5,056,661
Segment liabilities	73,669,005	23,600,898	1,486,521	40,484,733	139,241,157
Segment return on net assets (ROA) (%)	0.81%	4.04%	1.24%	0.55%	1.15%
Segment cost of funds (%)	7.95%	5.09%	7.60%	9.16%	7.81%
	2014				
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Total
	----- (Rupees in '000) -----				
Total income	5,684,110	1,057,813	690,302	3,384,521	10,816,746
Total expenses	5,137,030	767,542	604,760	2,997,994	9,507,326
Net income	547,080	290,271	85,542	386,527	1,309,420
Segment assets- Gross	58,557,687	25,757,568	8,628,721	37,617,191	130,561,167
Segment non performing loans	211,082	121,365	36,530	4,140,519	4,509,496
Segment provision required	211,082	1,171,348	47,023	3,017,826	4,447,279
Segment liabilities	55,724,948	11,868,818	6,834,938	36,757,979	111,186,683
Segment return on net assets (ROA) (%)	0.94%	1.18%	1.00%	1.12%	1.04%
Segment cost of funds (%)	9.22%	6.47%	8.85%	8.16%	8.55%

Notes to the Financial Statements

For the year ended December 31, 2015

38 TRUST ACTIVITIES

The Bank is not engaged in any significant trust activities.

39 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its majority shareholder (Government of Khyber Pakhtunkhwa), associates, directors, key management personnel, staff retirement benefit plan and other related parties.

Banking transactions with related parties are carried out in the normal course of business at agreed terms. Contribution to and accruals in respect of staff retirement benefit plan are made in accordance with actuarial valuations (refer note 33 to these financial statements for the details of plan). Remuneration to the executives, disclosed in note 35 to these financial statements are determined in accordance with terms of their appointments.

39.1 Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2015			2014		
	Key management personnel	Associates	Employee fund	Key management personnel	Associates	Employee fund
	----- (Rupees in '000) -----					
Advances						
At the beginning of the year	145,333	-	-	142,015	-	-
Disbursed during the year	39,712	-	-	33,057	-	-
Repaid / adjusted during the year	(27,250)	-	-	(29,739)	-	-
At end of the year	157,795	-	-	145,333	-	-
Deposits						
At the beginning of the year	9,865	14,339	49,446	11,050	11,715	15,703
Placements made during the period	179,358	69,878	540,368	213,048	113,436	255,059
Withdrawals during the period	(171,007)	(68,365)	(514,851)	(214,233)	(110,812)	(221,316)
At end of the year	18,216	15,852	74,963	9,865	14,339	49,446
Placements	-	-	-	-	-	-
Lease Liabilities	-	-	-	-	-	-
Transactions during the year						
Mark-up / return / interest earned	3,688	-	-	3,362	6,886	-
Mark-up / return / interest expensed	306	1,171	71,900	472	1,681	94,275

39.2 Although the Government of Khyber Pakhtunkhwa holds 70.20% shares of the Bank (2014: 70.20%), the transactions with it have not been treated as related party transactions for the purpose of this disclosure.

39.3 The Bank of Khyber is exempted from detailed related parties disclosure for being Government entity, and disclosed as required under IAS-24 "Related Party Disclosures". Relevant details are referred in the following notes:

Particulars	Note #
Loans & advances to directors & related parties	11.7
Share Holding	19.3
Compensation of directors & executives	35
Advances & deposits (by sector)	41.1.1.2
Detail of non-performing advances & other provisions (by sector)	41.1.1.4

40. CAPITAL - ASSESSMENT AND ADEQUACY BASEL II SPECIFIC

The Basel III Framework is applicable to the Bank whereby the Standardized approach for reporting Capital Adequacy is currently implemented. Under the said approach, Credit risk and Market risk exposure are measured using the Standardized Approach and Operational risk is measured using the Basic Indicator Approach.

The Bank's Capital Adequacy is reported using the rules and ratios provided by the State Bank of Pakistan.

The Capital Adequacy Ratio is a measure of the amount of a Bank's capital expressed as percentage of its risk weighted assets. Measuring risk weighted assets requires risk mitigants to be applied to the amount of assets shown on a Bank's balance sheet. These assets are then applied weightages according to the degrees of inherent risk.

State Bank of Pakistan vide its BPRD circular 06 of 2013 has decided to implement the BASEL III reforms issued by the Basel Committee on Banking Supervision (BCBS) to further strengthen the capital related rules. These instructions form part of transitional arrangement leading to full implementation of Basel III in 2019.

Minimum capital adequacy ratio (CAR) remains at the level of 10% however, Banks are required to raise the capital adequacy ratio to 12.5% by year end 2019. The additional 2.5% capital is termed as capital conservation buffer (CCB) to be kept in the form of common equity. At the end of the current year i-e 2015, Banks are required to hold 0.25% of Capital Conservation Buffer (CCB) in shape of Common Equity Tier I (CETI) bringing the overall Capital Adequacy Ratio (CAR) to 10.25%.

The SBP requires each Bank or Banking group to: (a) hold the minimum level of the paid up capital and (b) maintains a ratio of total regulatory capital to the risk-weighted assets at or above the required minimum of 10%. The required capital adequacy ratio (10% of the risk weighted assets) is achieved by the Bank through improvement in the asset quality at the existing volume level, raising CETI, ensuring better recovery management and striking compromise proposal and composition of asset mix with low risk.

SBP also requires Banks/DFIs to calculate quarterly leverage ratio with an aim to constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy; and reinforce the risk based requirements with an easy to understand and a non-risk based measure. It is a ratio of Bank's Tier 1 Capital (after deductions) to Total exposure (including On-Balance Sheet, Derivatives and off-Balance sheet Items without taking benefit of any Credit Risk Mitigation (CRM)). Minimum requirement for Leverage Ratio is 3% as per BPRD circular # 06 dated August 15, 2013.

Leverage Ratio of The Bank of Khyber for the period ended December 31, 2015 is 7.43% (December 31, 2014: 9.00%) with Tier 1 Capital amounting to Rs. 13.708 billion and Total exposure amounting to Rs. 184.616 billion. The reason for decrease in Leverage Ratio for the current year remains increase in exposure amount from Rs.144.43 billion to Rs. 184.616 billion. However, the Bank is still comfortably meeting the minimum requirement of 3%.

40.1 Capital management

The Bank's objectives when managing its capital are:

- a) To comply with the capital requirements set by the regulators and comparable to the peers;
- b) To actively manage the supply of capital costs and increase capital velocity;
- c) To improve the liquidity of the Bank's assets to allow for an optimal deployment of the Bank's resources;

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- d) To protect the Bank against unexpected events and maintain strong ratings;
- e) To achieve low overall cost of capital with appropriate mix of capital elements; and
- f) To safeguard the Bank's ability to continue as a going concern so that it can continue to provide adequate return to shareholders;

Bank's regulatory capital is analyzed into two tiers:

Tier I Capital, which is further divided into two tiers:

Common Equity Tier I capital (CETI), which includes fully paid up capital (including the bonus shares), balance in share premium account, general reserves, statutory reserves as per financial statements, minority interest and net unappropriated profits after all regulatory adjustments applicable on CETI.

Additional Tier I Capital (ATI), which includes perpetual non-cumulative preference shares and share regulatory adjustments applicable on ATI.

Tier II capital, which includes subordinated debt/Instruments, share premium for issuance of Subordinated debt/Instruments, general provisions for loan losses (up to a maximum of 1.25% of credit risk weighted assets), net of tax reserves on revaluation of fixed assets and equity investments up to a maximum of 45% of the balance and foreign exchange translation reserves after all regulatory adjustments applicable on Tier-II.

Deduction from the Capital.

Under the revised instructions, calculation of Basel eligible capital has been changed adding few additional deductions from capital including Bank's investments in the capital of Banking, Financial and insurance entities beyond a certain threshold from corresponding Tier of Bank's capital. Similarly, SBP has also revised treatment of Bank's investment in the units of mutual funds. Now Bank will deduct from their Common Equity Tier I amount of investment in a single mutual fund if it exceeds a certain level.

In addition to above, Goodwill & intangibles, Shortfall in provisioning, excess investment in the TFCs of other Banks, Deficit on account of revaluation are also deducted from Common Equity Tier I.

The Bank is comfortably meeting all the capital ratios as per revised Basel III guidelines. This shows strong capital base of the Bank and management commitment to meet all the regulatory requirements well above the required level.

This risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of and reflecting an estimate of credit, market and operational risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of potential future exposure.

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

40.2 CAPITAL STRUCTURE

	2015	2014
	----- (Rupees in '000) -----	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital/ Capital deposited with SBP	10,002,524	10,002,524
2 Balance in Share Premium Account	-	-
3 Reserve for issue of Bonus Shares	-	-
4 Discount on Issue of shares	-	-
5 General/ Statutory Reserves	1,788,074	1,430,231
6 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7 Unappropriated/unremitted profits/ (losses)	2,182,400	1,778,056
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	13,972,998	13,210,811
10 Total regulatory adjustments applied to CET1 (Note 40.2.1)	264,655	215,564
11 Common Equity Tier 1	13,708,343	12,995,247
Additional Tier 1 (AT 1) Capital		
12 Qualifying Additional Tier-1 capital instruments plus any related share premium	-	-
13 of which: Classified as equity	-	-
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	-	-
18 Total regulatory adjustment applied to AT1 capital (Note 40.2.2)	-	-
19 Additional Tier 1 capital after regulatory adjustments	-	-
20 Additional Tier 1 capital recognized for capital adequacy	-	-
21 Tier 1 Capital (CET1 + admissible AT1) (11+20)	13,708,343	12,995,247
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	28,046	42,481
27 Revaluation Reserves (net of taxes)	1,302,867	872,629
28 of which: Revaluation reserves on fixed assets	529,464	344,768
29 of which: Unrealized gains/losses on AFS	773,403	527,861
30 Foreign Exchange Translation Reserves	-	-
31 Undisclosed/Other Reserves (if any)	-	-
32 T2 before regulatory adjustments	1,330,913	915,110
33 Total regulatory adjustment applied to T2 capital (Note 40.2.3)	-	-
34 Tier 2 capital (T2) after regulatory adjustments	1,330,913	915,110
35 Tier 2 capital recognized for capital adequacy	1,330,913	915,110
36 Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37 Total Tier 2 capital admissible for capital adequacy	1,330,913	915,110
38 TOTAL CAPITAL (T1 + admissible T2) (21+37)	15,039,256	13,910,357
39 Total Risk Weighted Assets (RWA) (for details refer Note 40.5)	63,324,709	61,424,984

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	2015	2014
	----- (Rupees in '000) -----	
Capital Ratios and buffers (in percentage of risk weighted assets)		
40 CETI to total RWA	21.65%	21.16%
41 Tier-1 capital to total RWA	21.65%	21.16%
42 Total capital to total RWA	23.75%	22.65%
43 Bank specific buffer requirement (minimum CETI requirement plus capital conservation buffer plus any other buffer requirement)	-	-
44 of which: capital conservation buffer requirement	-	-
45 of which: countercyclical buffer requirement	-	-
46 of which: D-SIB or G-SIB buffer requirement	-	-
47 CETI available to meet buffers (as a percentage of risk weighted assets)	-	-
National minimum capital requirements prescribed by SBP		
48 CETI minimum ratio	6.00%	5.50%
49 ADT-1 minimum ratio	1.50%	1.50%
50 Tier 1 minimum ratio	7.50%	7.00%
51 Total capital minimum ratio	10.00%	10.00%
52 CCB (Consisting of CETI only)	0.25%	-
Total Capital plus CCB	10.25%	10.00%
	2015	2014
	----- (Rupees in '000) -----	
Regulatory Adjustments and Additional Information		
40.2.1 Common Equity Tier 1 capital: Regulatory adjustments		Amounts subject to Pre-Basel III treatment*
1 Goodwill (net of related deferred tax liability)	-	-
2 All other intangibles (net of any associated deferred tax liability)	78,056	28,965
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)	-	-
5 Defined-benefit pension fund net assets	-	-
6 Reciprocal cross holdings in CETI capital instruments of banking, financial and insurance entities	-	-
7 Cash flow hedge reserve	-	-
8 Investment in own shares/ CETI 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)	-	-
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 CETI capital	-	-
19 Investments in TFCs of other banks exceeding the prescribed limit	-	-
20 Any other deduction specified by SBP (mention details)	-	-
21 Adjustment to CETI due to insufficient AT1 and Tier 2 to cover deductions	186,599	186,599
22 Total regulatory adjustments applied to CETI (sum of 1 to 21)	264,655	215,564

	2015	2014
	----- (Rupees in '000) -----	
	Amounts subject to Pre-Basel III treatment*	
40.22 Additional Tier-1 & Tier-1 Capital: regulatory adjustments		
23 Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	-
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)	-	-
40.23 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)	-	-
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)	-	-
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	-	-
(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	-	-
(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	498,668	615,913
39 Significant investments in the common stock of financial entities	146,661	125,939
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)	28,046	42,481
42 Cap on inclusion of provisions in Tier 2 under standardized approach	470,987	499,761
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	-	-

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40.3 CAPITAL STRUCTURE RECONCILIATION

Step 1

Assets

Cash and balances with treasury banks
Balanced with other banks
Lending to financial institutions
Investments
Advances
Operating fixed assets
Deferred tax assets
Other assets

Total assets

Liabilities & Equity

Bills payable
Borrowings
Deposits and other accounts
Sub-ordinated loans
Liabilities against assets subject to finance lease
Deferred tax liabilities
Other liabilities

Total liabilities

Share capital/ Head office capital account
Reserves
Unappropriated/ Unremitted profit/ (losses)
Minority Interest
Surplus on revaluation of assets

Total liabilities & equity

As per published financial statements	Under regulatory scope of consolidation
(Rupees in '000)	
2015	2015
5,546,796	5,546,796
6,513,497	6,513,497
13,205,156	13,205,156
88,296,124	88,296,124
36,453,611	36,453,611
1,924,825	1,924,825
-	-
3,218,724	3,218,724
155,158,733	155,158,733
504,884	504,884
17,130,194	17,130,194
117,292,012	117,292,012
-	-
-	-
469,123	469,123
3,844,944	3,844,944
139,241,157	139,241,157
10,002,524	10,002,524
1,788,074	1,788,074
2,182,400	2,182,400
-	-
1,944,578	1,944,578
15,917,576	15,917,576
155,158,733	155,158,733

Step 2	As per published financial statements	Under regulatory scope of consolidation	Reference
	(Rupees in '000)		
	2015	2015	
Assets			
Cash and balances with treasury banks	5,546,796	5,546,796	
Balances with other banks	6,513,497	6,513,497	
Lending to financial institutions	13,205,156	13,205,156	
Investments	88,296,124	88,296,124	
of which: Non-significant investments in the capital instruments of banking, financial and insurance entities exceeding 10% threshold	-	-	a
of which: significant investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold	-	-	b
of which: Mutual Funds exceeding regulatory threshold	186,599	186,599	c
of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)	-	-	d
of which: others (mention details)	-	-	e
Advances	36,453,611	36,453,611	
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	-	-	f
general provisions reflected in Tier 2 capital	28,046	28,046	g
Fixed Assets	1,924,825	1,924,825	
Deferred Tax Assets	-	-	
of which: DTAs that rely on future profitability excluding those arising from temporary differences	-	-	h
of which: DTAs arising from temporary differences exceeding regulatory threshold	-	-	i
Other assets	3,218,724	3,218,724	
of which: Goodwill	-	-	j
of which: Intangibles	78,056	78,056	k
of which: Defined-benefit pension fund net assets	-	-	l
Total assets	155,158,733	155,158,733	

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STEP-2 (Continued)	As per published financial statements	Under regulatory scope of consolidation	Reference
	(Rupees in '000)		
	2015	2015	
Liabilities & Equity			
Bills payable	504,884	504,884	
Borrowings	17,130,194	17,130,194	
Deposits and other accounts	117,292,012	117,292,012	
Sub-ordinated loans	-	-	
of which: eligible for inclusion in ATI	-	-	m
of which: eligible for inclusion in Tier 2	-	-	n
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	469,123	469,123	
of which: DTLs related to goodwill	-	-	o
of which: DTLs related to intangible assets	-	-	p
of which: DTLs related to defined pension fund net assets	-	-	q
of which: other deferred tax liabilities	-	-	r
Other liabilities	3,844,944	3,844,944	
Total liabilities	139,241,157	139,241,157	
Share capital	10,002,524	10,002,524	
of which: amount eligible for CET1	10,002,524	10,002,524	s
of which: amount eligible for ATI	-	-	t
Reserves	1,788,074	1,788,074	
of which: portion eligible for inclusion in CET (provide breakup)	1,788,074	1,788,074	u
of which: portion eligible for inclusion in Tier 2	-	-	v
Unappropriated profit/ (losses)	2,182,400	2,182,400	w
Minority Interest	-	-	
of which: portion eligible for inclusion in CET1	-	-	x
of which: portion eligible for inclusion in ATI	-	-	y
of which: portion eligible for inclusion in Tier 2	-	-	z
Surplus on revaluation of assets	1,944,578	1,944,578	
of which: Revaluation reserves on Fixed Assets	790,245	790,245	aa
of which: Unrealized Gains/Losses on AFS	1,154,333	1,154,333	
In case of Deficit on revaluation (deduction from CET1)	-	-	ab
Total liabilities & Equity	155,158,733	155,158,733	

Step 3		Component of regulatory capital reported by bank	Source based on reference number from step 2
Common Equity Tier 1 capital (CET1): Instruments and reserves		(Rupees in '000) 2015	
1	Fully Paid-up Capital/ Capital deposited with SBP	10,002,524	(s)
2	Balance in Share Premium Account	-	
3	Reserve for issue of Bonus Shares	-	
4	General/ Statutory Reserves	1,788,074	(u)
5	Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
6	Unappropriated/unremitted profits/ (losses)	2,182,400	(w)
7	Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	(x)
8	CET 1 before Regulatory Adjustments	13,972,998	
Common Equity Tier 1 capital: Regulatory adjustments			
9	Goodwill (net of related deferred tax liability)		(j) - (o)
10	All other intangibles (net of any associated deferred tax liability)	78,056	(k) - (p)
11	Shortfall of provisions against classified assets	-	(f)
12	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	{(h) - (r)} * x%
13	Defined-benefit pension fund net assets	-	{(l) - (q)} * x%
14	Reciprocal cross holdings in CET1 capital instruments	-	(d)
15	Cash flow hedge reserve	-	
16	Investment in own shares/ CET1 instruments	-	
17	Securitization gain on sale	-	
18	Capital shortfall of regulated subsidiaries	-	
19	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	(ab)
20	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(a) - (ac) - (ae)
21	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(b) - (ad) - (af)
22	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	(i)
23	Amount exceeding 15% threshold		
24	of which: significant investments in the common stocks of financial entities	-	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments applied to CET1 capital	-	
27	of which: Investment in TFCs of other banks exceeding the prescribed limit	-	
28	of which: Any other deduction specified by SBP (mention details)	-	
29	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	186,599	
30	Total regulatory adjustments applied to CET1 (sum of 9 to 29)	264,655	
31	Common Equity Tier 1	13,708,343	
Additional Tier 1 (AT 1) Capital			
32	Qualifying Additional Tier-1 instruments plus any related share premium	-	
33	of which: Classified as equity	-	(t)
34	of which: Classified as liabilities	-	(m)
35	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
36	of which: instrument issued by subsidiaries subject to phase out	-	
37	AT1 before regulatory adjustments	-	

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STEP-3 (Continued)		Component of regulatory capital reported by bank	Source based on reference number from step 2
Additional Tier 1 Capital: regulatory adjustments			
38	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	186,599	
39	Investment in own AT1 capital instruments	-	
40	Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
41	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)
42	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
43	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	-	
44	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
45	Total of Regulatory Adjustment applied to AT1 capital (sum of 38 to 44)	186,599	
46	Additional Tier 1 capital	-	
47	Additional Tier 1 capital recognized for capital adequacy	-	
48	Tier 1 Capital (CET1 + admissible AT) (31+47)	13,708,343	
Tier 2 Capital			
49	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	(n)
50	Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	
51	Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
52	of which: instruments issued by subsidiaries subject to phase out	-	
53	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	28,046	(g)
54	Revaluation Reserves	1,302,867	
55	of which: Revaluation reserves on fixed assets	529,464	portion of (aa)
56	of which: Unrealized Gains/Losses on AFS	773,403	
57	Foreign Exchange Translation Reserves	-	(v)
58	Undisclosed/Other Reserves (if any)	-	
59	T2 before regulatory adjustments	1,330,913	
Tier 2 Capital: regulatory adjustments			
60	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	-	
61	Reciprocal cross holdings in Tier 2 instruments	-	
62	Investment in own Tier 2 capital instrument	-	
63	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ae)
64	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
65	Amount of Regulatory Adjustment applied to T2 capital (sum of 60 to 64)	-	
66	Tier 2 capital (T2)	1,330,913	
67	Tier 2 capital recognized for capital adequacy	1,330,913	
68	Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
69	Total Tier 2 capital admissible for capital adequacy	1,330,913	
70	TOTAL CAPITAL (T1 + admissible T2) (48+69)	15,039,256	

40.4 MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS

Main Features		Common Shares
1	Issuer	The Bank of Khyber
2	Unique identifier	BOK
3	Governing law(s) of the instrument	Companies Ordinance 1984, KSE Regulations, The Bank of Khyber Act, 1991"
	Regulatory treatment	
4	Transitional Basel III rules	Common Equity Tier I
5	Post-transitional Basel III rules	Common Equity Tier I
6	Eligible at solo/ group/ group&solo	Solo
7	Instrument type	Ordinary Shares
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	10,002,524
9	Par value of instrument	Rs. 10/-
10	Accounting classification	Shareholders' equity
11	Original date of issuance	25.02.2006
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N-A
16	Subsequent call dates, if applicable	N-A
	Coupons / dividends	
17	Fixed or floating dividend/ coupon	Floating
18	Coupon rate and any related index/ benchmark	N-A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cummulative
23	Convertible or non-convertible:	Non-Convertible
24	If convertible, conversion trigger (s)	N-A
25	If convertible, fully or partially	N-A
26	If convertible, conversion rate	N-A
27	If convertible, mandatory or optional conversion	N-A
28	If convertible, specify instrument type convertible into	N-A
29	If convertible, specify issuer of instrument it converts into	N-A
30	Write-down feature	N-A
31	If write-down, write-down trigger(s)	N-A
32	If write-down, full or partial	N-A
33	If write-down, permanent or temporary	N-A
34	If temporary write-down, description of write-up mechanism	N-A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument	N-A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N-A

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40.5 Capital Adequacy

Credit Risk	Capital Requirements		Risk Weighted Assets	
	2015	2014	2015	2014
Portfolio subject to standardized approach (simple or comprehensive)				
On-balance sheet	----- (Rupees in '000) -----			
Claims on other Sovereigns and on Government of Pakistan or Provincial Government or SBP denominated in currencies other than PKR	1,361	1,510	13,608	15,095
Claims on Public Sector Entities in Pakistan	227,946	227,430	2,279,461	2,274,299
Claims on Banks	45,000	-	450,000	-
Claims, denominated in foreign currency, on banks with original maturity of 3 months or less	30,921	11,818	309,214	118,179
Claims on banks with original maturity of 3 months or less denominated in PKR and funded in PKR	185,433	96,932	1,854,334	969,320
Claims on Corporate (excluding equity exposures)	1,849,954	1,922,112	18,499,544	19,221,117
Claims categorized as retail portfolio	300,987	391,604	3,009,873	3,916,041
Claims fully secured by residential property	54,137	40,983	541,373	409,834
Past Due loans:				
where specific provisions are less than 20 per cent of the outstanding amount of the past due claim	113,627	137,403	1,136,267	1,374,026
where specific provisions are no less than 20 per cent of the outstanding amount of the past due claim.	66,508	24,282	665,077	242,823
where specific provisions are more than 50 per cent of the outstanding amount of the past due claim.	4,431	11,772	44,311	117,723
Loans and claims fully secured against eligible residential mortgage that are past due by 90 days and /or impaired and specific provision held there against is more than 20% of outstanding amount.	94	110	939	1,097
Investment in the equity of commercial entities (which exceeds 10% of the issued common share capital of the issuing entity) or where the entity is an unconsolidated affiliate.	-	-	-	-
Significant investment and DTAs above 15% threshold (refer to Section 2.4.10 of Basel III instructions)	36,665	31,485	366,654	314,847
Listed Equity investments and regulatory capital instruments issued by other banks (other than those deducted from capital) held in the banking book.	-	-	-	-
Unlisted equity investments (other than that deducted from capital) held in banking book	-	-	-	-
All other assets	362,199	369,328	3,621,988	3,693,279
	3,279,263	3,266,768	32,792,643	32,667,680
Off- Balance Sheet - Non Market related Exposures				
Direct Credit Substitutes / Lending of securities or posting of securities as collateral	191,304	448,889	1,913,041	4,488,888
Performance related Contingencies	259,147	234,199	2,591,468	2,341,994
Trade Related contingencies / Other Commitments with original maturity of one year or less	34,964	42,817	349,637	428,165
	485,415	725,905	4,854,146	7,259,047
Off- Balance Sheet - Market related Exposures				
Foreign Exchange Contracts with SBP	-	-	-	-
Foreign Exchange Contract (with original maturity of less than 14 days)	-	-	-	-
Foreign Exchange Contracts*	2,036	5,413	20,362	54,126
	2,036	5,413	20,362	54,126
Total Credit Risk (A)	3,766,714	3,998,085	37,667,151	39,980,853
Market Risk				
Capital Requirement for portfolios subject to Standardized Approach				
Interest rate risk	1,404,145	1,095,233	14,041,447	10,952,333
Equity position risk etc.	351,047	352,741	3,510,470	3,527,405
Foreign exchange risk etc.	10,579	6,665	105,786	66,654
	1,765,771	1,454,639	17,657,703	14,546,392
Operational Risk	799,986	689,774	7,999,855	6,897,739
Basic Indicator Approach-Total of operational risk (C)	799,986	689,774	7,999,855	6,897,739
Total (A + B + C)	6,332,471	6,142,498	63,324,709	61,424,984
Capital Adequacy Ratio				
Total eligible regulatory capital held			15,039,256	13,910,357
Total Risk Weighted Assets			63,324,709	61,424,984
Capital Adequacy Ratio			23.75%	22.65%

41. RISK MANAGEMENT

Banks are in business of taking risk in order to earn acceptable required return. Risk management in Bank of Khyber is performed at each level of authority and is managed through an ongoing process of identification, measurement and monitoring subject to risk limits and other controls.

The Bank is exposed to credit, market, operational and liquidity risk. For mitigation of these risks, RMD is equipped with dedicated resources having expertise in various areas of risk. Credit Risk management department is responsible to assess credit risk present in a loan proposal and makes its recommendations for rectification/management of various credit risk in a loan proposal.

Market & Liquidity Risk Management Department (MRMD) is responsible for policy formulation, procedures development, controlling of market and liquidity related various risks including monitoring of exposures against limits and assessment of risks in new businesses. MRMD ensures that the bank's position in Money Market, Foreign Exchange, and Capital Market transactions remain within the assigned internal and regulatory limits. Market and liquidity Early Warning Indicators (EWI) and stop loss limits are duly reported to the management. Similarly Operational risk management assess the impact of risk of loss due to an event or action causing failure of technology, process infrastructure, personnel and other external events. Their impact is assessed through Risk Control Self Assessment (RCSAs), Key Risk Indicators (KRIs) and loss data base which are in the development phase. Owing to growing importance of regulatory reporting, a Basel II and Regulatory reporting department has also been established to keep the Bank in line with various regulatory requirements.

The Bank is fully aware that risk management could not be solely performed by a dedicated centralized department but instead to have an effective risk management framework, front line staff of the Bank, senior management and Board oversight is needed to aid in Implementation of the framework. The Bank has a dedicated Management Risk Management Committee (MRMC) and Board Risk Management Committee (BRMC). BRMC is also responsible to review the extent of design and adequacy of risk management framework. The Bank also has a management level Risk Management Committee which is responsible for the smooth implementation of risk management framework within the entire Bank.

41.1 Credit risk

Credit risk is the potential that the counterparty will cause a financial loss to the Bank due to its inability or unwillingness to meet its contractual obligations. The Bank is exposed to credit risk through its lending and investment activities as well as from contingent liabilities.

The main objective of the credit risk management process is to identify, assess, measure and monitor credit risk in all the financial exposure of the Bank. The Bank has established a credit risk management framework to manage credit risk on relationship as well as at portfolio level.

Credit risk management is governed by the Board Risk Management Committee, The Board of Directors and other instructions and guidelines outline by SBP. The Bank attempts to control risk by monitoring credit exposure, limiting non performing counter parties and continually assessing the credit worthiness of the borrowers. The Bank manages limits and controls concentrations of credit risk to individual counterparties and groups and to industries, where applicable.

The Bank has adopted standardized approach to measure credit risk regulatory charge in compliance with Basel-II requirements. The approach relies upon the assessment of external credit rating agencies. The Bank is in the process of continuously improving the system and bringing it in line with the Basel framework requirements.

The Bank has completed an exercise undertaken to revise its Customer Risk Rating (CRR) models and Facility Risk Rating (FRR) Models. The models are revised keeping in view best industry practices in the field of risk management. Each risk rating model now covers a dedicated procedural guidelines for consistent implementation within the Bank. The Bank has also approved a dedicated risk rating policy providing broad policy guidelines for minimum acceptable risk for various borrowers of the Bank.

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41.1.1 SEGMENTAL INFORMATION

41.1.1.1 Segments by class of business

	2015					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Acrylic fabrics	-	-	-	-	-	-
Agriculture, forestry, hunting and fishing	2,720,991	6.78	1,443,985	1.23	135,817	1.06
Automobile and transportation equipment	945,330	2.36	-	-	306,623	2.38
Cement	78,469	0.20	-	-	-	-
Chemical and pharmaceuticals	652,219	1.62	-	-	329,085	2.56
Contractors / construction	1,614,349	4.02	8,678,788	7.40	6,786,133	52.73
CNG stations	177,408	0.44	-	-	624,069	4.85
Education and health	-	-	1,704,561	1.45	-	-
Financial	281,915	0.70	388,576	0.33	-	-
Fisheries	295,224	0.74	-	-	138,095	1.07
Food and beverages	726,009	1.81	-	-	63,848	0.50
Ghee / cooking oil	305,361	0.76	-	-	243,597	1.89
Individuals	2,028,212	5.05	18,657,371	15.91	9,718	0.08
Manufacturing of match	-	-	-	-	35,160	0.27
Miscellaneous manufacturing	4,141,012	10.32	1,625,060	1.39	783,242	6.09
Petrochemicals	207,603	0.52	-	-	30,935	0.24
Production and transmission of energy	1,013,473	2.53	202,382	0.17	335,538	2.61
Services	1,717,704	4.28	2,525,008	2.15	395,862	3.08
Sugar	2,862,969	7.13	-	-	14,916	0.12
Textile	4,446,389	11.08	-	-	411,389	3.20
Trading	3,429,512	8.54	-	-	849,115	6.60
Commodity operation	1,110,388	27.68	-	-	-	-
Others	1,382,610	3.44	82,066,281	69.97	1,376,625	10.70
	<u>40,137,147</u>	<u>100.00</u>	<u>117,292,012</u>	<u>100.00</u>	<u>12,869,767</u>	<u>100.00</u>
	2014					
	Advances (Gross)		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Acrylic fabrics	-	-	-	-	-	-
Agriculture, forestry, hunting and fishing	829,125	1.92	881,966	0.96	102,812	0.86
Automobile and transportation equipment	1,263,085	2.92	-	-	517,590	4.31
Cement	220,263	0.51	-	-	43,348	0.36
Chemical and pharmaceuticals	728,462	1.68	-	-	287,711	2.39
Contractors / construction	1,895,267	4.38	6,307,577	6.84	5,400,144	44.93
CNG stations	361,152	0.84	-	-	518,258	4.31
Education and health	7,929	0.02	70,854	0.08	463,769	3.86
Financial	221,387	0.51	1,428,973	1.55	-	-
Fisheries	295,224	0.68	-	-	138,095	1.15
Food and beverages	724,692	1.68	-	-	224,325	1.87
Ghee / cooking oil	253,728	0.59	-	-	166,624	1.39
Individuals	1,772,650	4.10	15,391,560	16.68	1,107	0.01
Manufacturing of match	118,295	0.27	-	-	48,690	0.41
Miscellaneous manufacturing	3,497,273	8.09	1,503,974	1.63	1,183,008	9.84
Petrochemicals	319,781	0.74	-	-	357,819	2.98
Production and transmission of energy	1,084,128	2.51	185,263	0.20	878,597	7.31
Services	1,702,998	3.94	4,445,735	4.82	311,062	2.59
Sugar	3,971,092	9.18	-	-	12,253	0.10
Textile	4,888,171	11.30	-	-	349,317	2.91
Trading	3,390,968	7.84	-	-	500,822	4.17
Commodity operation	12,451,534	28.79	-	-	-	-
Others	3,245,370	7.51	62,047,792	67.25	513,488	4.27
	<u>43,242,574</u>	<u>100.00</u>	<u>92,263,694</u>	<u>100.00</u>	<u>12,018,839</u>	<u>100.00</u>

4.1.1.2 Segment by sector

	2015					
	Advances		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public / Government	11,469,588	28.58	71,262,273	60.76	490,150	3.81
Private	28,667,559	71.42	46,029,739	39.24	12,379,617	96.19
	<u>40,137,147</u>	<u>100.00</u>	<u>117,292,012</u>	<u>100.00</u>	<u>12,869,767</u>	<u>100.00</u>

	2014					
	Advances		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public / Government	12,800,132	29.60	55,337,100	59.98	1,595,661	13.28
Private	30,442,442	70.40	36,926,594	40.02	10,423,178	86.72
	<u>43,242,574</u>	<u>100.00</u>	<u>92,263,694</u>	<u>100.00</u>	<u>12,018,839</u>	<u>100.00</u>

4.1.1.3 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) -----			
Agriculture, forestry, hunting and fishing	16,906	4,035	23,069	18,788
Automobile and transportation equipment	179,760	179,573	180,007	180,007
Cement	-	-	-	-
Chemical and Pharmaceuticals	454,947	243,778	647,730	191,692
Contractors / Construction	198,700	185,066	254,492	206,593
Financial	164,790	164,790	164,790	116,284
Fisheries	281,856	281,856	281,856	281,856
Food and beverages	186,272	186,272	247,502	203,532
Footwear and Leather garments	108,684	108,684	108,684	108,684
Ghee / cooking oil	43,169	43,169	43,169	43,169
Individuals	77,185	71,767	76,789	16,344
Miscellaneous manufacturing	1,792,239	1,059,161	1,175,892	796,675
Services	38,224	23,814	50,326	14,664
Textile	700,663	677,630	678,906	570,049
Trading	504,743	326,125	463,264	338,088
Others	384,725	99,770	113,020	56,495
	<u>5,132,863</u>	<u>3,655,490</u>	<u>4,509,496</u>	<u>3,142,923</u>

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

Public / Government	-	-	-	-
Private	5,132,863	3,655,490	4,509,496	3,142,923
	<u>5,132,863</u>	<u>3,655,490</u>	<u>4,509,496</u>	<u>3,142,923</u>

Notes to the Financial Statements

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41.2 Credit Risk - General Disclosures

The Bank is following standardized approach for all its Credit Risk Exposures.

41.2.1 Credit Risk: Disclosures for portfolio subject to the Standardised Approach-Basel II Specific
Under standardized approach, the capital requirement is based on the credit rating assigned to the counter parties by the External Credit Assessment Institutions (ECAIs) duly recognized by SBP for capital adequacy purposes. In this connection, ECAIs recommended by the State Bank of Pakistan (SBP), namely Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS) were used for domestic claims. The SBP allows to use Fitch, S&P & Moody's ratings in case of claims on foreign entities but the Bank currently does not have any such claim.

Type of exposures for which each agency is used in the year ended 2015 is presented below:

Exposures	2015				
	JCR - VIS	PACRA	Moody's	Fitch	S & P
Corporate	✓	✓	-	-	-
Banks	✓	✓	✓	✓	✓
Sovereigns other than PKR claims	-	-	✓	-	-
PSEs	✓	✓	-	-	-
Securitisation	-	-	-	-	-
Others	-	-	-	-	-

Credit Risk: Disclosures with respect to Credit Risk Mitigation for Standardized Approach

Eligible cash collaterals under standardized approach are used for credit risk mitigation. The forms of collateral that are deemed to be eligible collateral under the 'Simple Approach' to Credit Risk Mitigation (CRM) as per SBP guidelines are used by the Bank and primarily includes cash, government and rated debt securities.

Exposures	Rating Category Number	Credit Exposures subject to Standardised approach					
		2015			2014		
		Amount Outstanding	Deduction CRM*	Net Amount	Amount Outstanding	Deduction CRM *	Net Amount
Rupees in '000							
Corporate	1	53,292	-	53,292	68,012	-	68,012
	2	1,601,306	-	1,601,306	1,747,805	-	1,747,805
	3 & 4	-	-	-	29,999	-	29,999
	5 & 6	-	-	-	-	-	-
	Unrated-I	19,525,477	975,857	18,549,620	17,488,574	55,959	17,432,615
	Unrated-II	5,667,793	20,173	5,647,620	3,475,027	-	3,475,027
Banks	1	1,000,000	-	1,000,000	-	-	-
	2 & 3	500,000	-	500,000	-	-	-
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
With maturity 3 months or less (PKR)		10,310,918	1,039,249	9,271,669	5,846,337	966,676	4,879,661
With maturity 3 months or less (FCY)	1,2,3	294,796	-	294,796	89,948	-	89,948
	4,5	77,641	-	77,641	-	-	-
	6	-	-	-	65,266	-	65,266
	Unrated	1,057,174	-	1,057,174	11,453	-	11,453
Retail		7,494,905	752,999	6,741,906	7,449,132	1,273	7,447,859
Claims subject to Residential Mortgage		1,546,781	-	1,546,781	5,221,387	-	5,221,387
Public Sector Entities	1	-	-	-	-	-	-
	2 & 3	-	-	-	-	-	-
	Unrated	5,340,154	33,336	5,306,818	5,348,725	-	5,348,725
Past Due		1,513,086	-	1,513,086	1,396,479	-	1,396,479
Others		41,605,675	-	41,605,675	33,856,521	14,113	33,842,408

*CRM = Credit Risk Mitigation

41.2 Equity position risk in the banking book - Basel II specific

Investments in equity were classified as trading book as Market related exposure.

41.3 Geographical segment analysis

	2015			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
------(Rupees in '000)-----				
Pakistan	2,958,632	155,158,733	15,917,576	12,869,767
Outside Pakistan	-	-	-	-
	<u>2,958,632</u>	<u>155,158,733</u>	<u>15,917,576</u>	<u>12,869,767</u>

	2014			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
------(Rupees in '000)-----				
Pakistan	1,900,523	126,106,255	14,919,572	12,018,839
Outside Pakistan	-	-	-	-
	<u>1,900,523</u>	<u>126,106,255</u>	<u>14,919,572</u>	<u>12,018,839</u>

41.4 Market risk

It is the risk that the value of the on and off-balance sheet positions of the Bank will be adversely affected by movements in market rates or prices such as interest rates, equity prices and / or commodity prices resulting in a loss of earnings and capital. Market risks arise generally from trading activities, open foreign currency positions, holding common equity, and other products. All such instruments and transactions are exposed to general and specific market movements.

The Bank's Market Risk Management structure consists of BRMC for Board oversight, MRMC and Asset and Liabilities Committee (ALCO) at the senior management level and dedicated Market and Liquidity Risk Management Department (MRMD) reporting directly to Head Risk Management Division. MRMD is responsible for policy formulation, procedures development, controlling of market risks including monitoring of exposures against limits and assessment of risks in new businesses. Market risk authority, including both approval of market risk limits and approval of market risks is vested in ALCO.

The Bank seeks to mitigate market risk by employing strategies that correlate price, rate and spread movements of its earning assets, liabilities and trading activities. Various relevant limits are set and approved by ALCO for proper management of Market risk. The intra-day positions are managed by treasury division through stop loss / dealers limits. Stress testing is carried out for both banking and trading books as per SBP guidelines.

The Bank has adopted standardized approach to measure market risk regulatory charge in compliance with Basel-II and III requirements. MRMD is preparing Stress testing report and market risk capital charge on quarterly basis.

The market risk is further divided into various sub-categories, which are defined as follows:

41.4.1 Foreign exchange risk

Foreign exchange risk / currency risk is defined as risk of loss to earnings and capital arising from adverse movements in currency exchange rates. The Bank undertakes currency risk mostly to support its trade services and maintains overall foreign exchange risk position to the extent of statutory foreign exchange exposure limit prescribed by SBP.

Exposure limits such as counterparty, gap, currency-wise net open position, portfolio-wise management action triggers, dealer and product limits are also in place in accordance with the Bank's approved policies to limit risk and concentration to the acceptable tolerance levels. ALCO is regularly informed through reports issued on regular frequencies for required monitoring. Hedging strategies and mark-to-market valuations are used to mitigate exchange risk resulting from open positions, where required.

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	2015			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- (Rupees in '000) -----			
Pakistan rupee	153,516,020	139,630,064	(4,071,084)	9,814,872
US Dollar	1,510,437	(677,027)	3,056,770	5,244,234
Pound Sterling	69,308	77,578	146,244	137,974
Japanese Yen	284	-	459,260	459,544
Euro	61,043	210,542	408,810	259,311
Other Currencies	1,641	-	-	1,641
	<u>155,158,733</u>	<u>139,241,157</u>	<u>-</u>	<u>15,917,576</u>

	2014			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- (Rupees in '000) -----			
Pakistan rupee	125,216,630	110,614,707	(4,012,177)	10,589,746
US Dollar	632,315	462,679	2,837,337	3,006,973
Pound Sterling	77,803	64,894	47,980	60,889
Japanese Yen	3,496	-	645,157	648,653
Euro	170,868	44,403	481,703	608,168
Other Currencies	5,143	-	-	5,143
	<u>126,106,255</u>	<u>111,186,683</u>	<u>-</u>	<u>14,919,572</u>

41.2 Equity position risk

It is the risk of loss to earnings or capital as a result from unfavorable fluctuations in prices of shares in which the Bank carries long and / or short positions, in its trading book.

ALCO is responsible for making investment decisions in the capital market and setting limits that are a component of the risk management framework. Portfolio, Sector and Scrip wise limits are assigned by the ALCO to guard against concentration risk and these limits are reviewed and revised periodically along with results of different stress tests. The Treasury division ensures compliance of concentration limits set by ALCO. Limit breaches if any are promptly reported to ALCO for approval.

41.3 Yield / interest rate risk

Yield Curve risk is the risk that a financial instrument will suffer either a decline because future changes in prevailing interest rates impact assets more or less than they impact liabilities.

The Interest rate risk of the Bank arises when there is a mismatch between contractual maturities, which are subject to interest rate adjustment within a specified period or re-pricing of on- and off-balance sheet assets and liabilities. The bank's ALCO is primary responsible for the oversight of the interest rate risk. In order to ensure risk is managed within acceptable limits, Market & Liquidity Risk Management Department of RMD and ALCO monitors various gap limits, portfolio-wise management action triggers and re-pricing of the assets and liabilities on a regular basis.

Major sources of Interest rate risk are;

- i) differences between the timing of rate changes and the timing of cash flows (re-pricing risk);
- ii) changing rate relationships among different yield curves affecting bank activities (basis risk);
- iii) changing rate relationships across the range of maturities (yield curve risk); and
- iv) interest-related options embedded in bank products (options risk).

Yield Curve Risk is addressed by ALCO that reviews the interest rate dynamics at regular intervals and decides re-pricing of assets and liabilities to ensure that the spread of the Bank remains at an acceptable level.

41.4.4 Mismatch of interest rate sensitive assets and liabilities

The Bank's yield / interest rate sensitivity position based on the maturity date is as follows:

Effective Yield/ Interest Rate	2015										Non-interest bearing financial instruments	
	Total	Exposed to Yield/ Interest risk					Over 5 to 10 Years	Over 10 Years				
		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
Rupees in '000												
0.00%	5,546,796	108,103	-	-	-	-	-	-	-	-	-	5,438,693
2.32%	6,513,497	4,372,875	-	-	-	-	-	-	-	-	-	2,140,622
6.18%	13,205,156	1,288,824	-	7,216,332	-	-	-	-	-	-	-	4,700,000
6.49%	88,296,124	7,443,008	24,935,881	5,957,047	6,741,086	5,354,432	2,786,680	246,244,988	-	-	-	7,199,886
8.26%	36,453,611	3,525,567	2,579,442	20,363,664	1,681,780	954,815	733,164	1,902,999	18,962,717	-	-	3,218,724
0.00%	153,233,908	16,738,377	26,975,323	9,556,449	33,537,043	5,514,386	6,270,247	26,527,497	18,962,717	18,962,717	27,697,925	
0.00%	5,048,884	-	-	-	-	-	-	-	-	-	-	5,048,884
6.15%	17,130,194	16,071,669	541,896	211,929	298,700	-	-	-	-	-	-	-
5.44%	117,292,022	30,227,080	4,504,413	40,046,629	4,242,927	814,918	1,461,956	8,319,259	736,808	-	-	26,938,022
0.00%	3,844,944	-	-	-	-	-	-	-	-	-	-	3,844,944
	138,772,034	46,304,749	5,046,309	40,298,558	4,541,627	814,918	1,461,956	8,319,259	736,808	-	-	31,287,850
	14,461,874	(29,566,372)	21,929,014	(6,721,515)	5,014,822	4,699,468	4,808,291	(4,798,015)	25,790,689	18,962,717	(8,589,925)	
	1,412,483	-	-	-	-	-	-	-	-	-	-	1,412,483
	2,447,314	-	-	-	-	-	-	-	-	-	-	2,447,314
	(1,034,831)	-	-	-	-	-	-	-	-	-	-	(1,034,831)
		(29,566,372)	21,929,014	5,014,822	(6,721,515)	4,699,468	4,808,291	(4,798,015)	25,790,689	18,962,717	(8,589,925)	
		(29,566,372)	(7,637,358)	(2,622,536)	(9,344,051)	(4,644,588)	163,708	(4,635,071)	21,155,582	23,051,799		

Notes to the Financial Statements

For the year ended December 31, 2015

Effective Yield/Interest Rate	2014 Exposed to Yield/Interest risk										Non-interest bearing financial instruments	
	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	Over 10 Years		
	-----Rupees in '000-----											
	4,110,957	104,915	-	-	-	-	-	-	-	-	-	4,006,042
	2,509,508	483,446	-	-	-	-	-	-	-	-	-	2,026,062
	2,100,000	-	-	-	-	-	-	-	-	-	-	2,100,000
	72,431,445	231,605	8,709,665	19,443,429	-	2,897,758	6,347,595	9,820,138	11,548,913	-	-	13,450,352
	40,057,170	3,033,942	4,156,356	5,220,717	15,467,349	1,909,772	1,577,038	4,672,505	1,237,878	2,781,613	-	3,256,121
	124,465,201	3,853,908	12,926,021	24,664,146	15,467,349	4,723,530	7,924,623	14,492,643	12,786,791	2,781,613	-	24,838,577
	586,407	-	-	-	-	-	-	-	-	-	-	586,407
	14,892,181	11,869,772	1,732,837	209,000	317,233	1,714	-	-	6,125	-	-	-
	92,263,694	39,324,785	3,609,118	5,546,345	18,788,107	952,657	247,435	2,662,463	15,0963	618,721	-	20,362,100
	3,829,241	-	-	-	-	-	-	-	-	-	-	3,829,241
	110,871,523	51,94,557	5,341,955	5,755,345	19,105,340	954,371	247,435	2,662,463	20,588	618,721	-	24,777,748
	13,593,678	(47,340,649)	7,584,066	18,908,801	(3,637,991)	3,775,159	7,677,188	11,829,180	12,574,203	2,162,892	-	60,829
	1,657,105	-	-	-	-	-	-	-	-	-	-	1,657,105
	1,595,660	-	-	-	-	-	-	-	-	-	-	1,595,660
	61,444	-	-	-	-	-	-	-	-	-	-	61,444
		(47,340,649)	7,584,066	18,908,801	(3,637,991)	3,775,159	7,677,188	11,829,180	12,574,203	2,162,892	-	
		(47,340,649)	(39,756,583)	(20,847,782)	(24,485,773)	(20,710,614)	(13,039,426)	(1,204,246)	11,369,957	13,532,849	-	

41.45 Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities

	2015 (Rupees in '000)	2014
Reconciliation of total assets		
Total financial assets	153,233,908	124,465,201
Add: Non financial assets		
Operating fixed assets	1,924,825	1,641,054
Deferred tax asset	-	-
Other assets	-	-
	1,924,825	1,641,054
Balance as per balance sheet	155,158,733	126,106,255
Reconciliation of total liabilities		
Total financial liabilities	138,772,034	110,871,523
Add: Non financial liabilities		
Deferred tax liabilities	469,123	315,160
Other liabilities	-	-
	469,123	315,160
Balance as per balance sheet	139,241,157	111,186,683

41.5 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due, and to replace funds when they are withdrawn. Liquidity risk is governed by the liquidity management policy of the Bank and is managed by Market and Liquidity risk management department under the supervision of ALCO.

The Bank's Asset & Liability Committee (ALCO) manages the liquidity position on a regular basis and is primarily responsible for the formulation of the overall strategy and oversight of the asset and liability function. ALCO monitors the maintenance of liquidity ratios, both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits. The BOD has approved comprehensive Liquidity Risk Management Policy which stipulates the early warning indicators (EWI) of liquidity risk and maintenance of various ratios according to comfortable, acceptable, warning, and stress zones. Moreover, Bank also has Contingency Funding Plan (CFP) in place to address liquidity issues in times of stress / crisis situation. Further the Bank has designed different scenarios of cash outflows to stress test efficiency of its liquid assets and its impact on profit and loss. Bank performs regular liquidity stress tests as part of its liquidity monitoring activities. The purpose of the liquidity stress tests is intended to ensure sufficient liquidity for the Bank under both idiosyncratic and systemic market stress conditions. The results are regularly reviewed by ALCO for taking appropriate measures.

Bank's liquidity risk management approach involves intraday liquidity management, managing funding sources and evaluation of structural imbalances in balance sheet structure. The Bank's large and stable base of customer deposits, along with Bank's strong capital base supplemented underlying strength and strong liquidity position during the year. Bank also has a substantial portfolio of marketable securities that can be realized in the event of liquidity stress. The level of liquidity reserves as per regulatory requirements also mitigates liquidity risk.

As a part of liquidity management the Bank maintains borrowing relationships to ensure the continued access to diverse market of funding sources. The Bank's credit rating together with market reputation has enabled it to secure ample call lines with local and foreign Banks and can fulfill its liquidity gap if a need arises.

Notes to the Financial Statements

For the year ended December 31, 2015

41.5.1 Maturities of assets and liabilities – based on expected maturity

		2015									
		Rupees in '000									
Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Over 10 Years		
Assets											
	5,546,796	5,546,796	-	-	-	-	-	-	-	-	-
Cash and balances with treasury banks	6,53,497	6,53,497	-	-	-	-	-	-	-	-	-
Balances with other banks	13,20,515	4,988,824	1,000,000	72,633	-	-	-	-	-	-	-
Lendings to financial - institutions	88,29,624	7,589,456	25,918,568	7,800,246	6,857,761	6,563,249	2,029,782	25,883,628	-	-	-
Investments	36,453,601	3,52,557	2,579,442	20,363,664	1,681,780	954,815	733,764	1,902,999	18,96,277	-	-
Advances	1,924,825	-	-	246,255	213,280	1,64,199	250,773	1,050,918	-	-	-
Operating fixed assets	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-
Other assets	3,218,724	2,491,770	504,042	100,227	-	-	-	-	-	-	-
	155,158,733	30,583,330	30,002,052	8,74,082	35,726,724	8,75,221	3,013,719	28,87,545	18,96,277	-	-
Liabilities											
	504,884	504,884	-	-	-	-	-	-	-	-	-
Bills payable	17,130,194	16,077,669	502,678	21,929	-	-	-	39,278	-	-	-
Borrowings	117,292,022	57,165,102	4,504,413	40,046,629	814,918	1,461,956	8,319,259	736,808	-	-	-
Deposits and other accounts	469,123	-	-	-	469,123	-	-	-	-	-	-
Deferred tax liabilities	3,844,944	3,142,501	-	424,538	-	-	-	-	-	-	-
Other liabilities	139,24,157	76,890,156	5,007,091	4,88,532	1,284,041	1,461,956	8,319,259	776,026	-	-	-
Net assets / (liabilities)	15,917,576	(46,30,684)	24,954,961	3,894,550	(49,56,372)	7,468,780	6,220,307	(5,30,540)	28,01,519	18,96,277	-
Represented by:											
	10,002,524										
Share capital	1,788,074										
Reserves	2,182,400										
Unappropriated profit	1,944,578										
Surplus on revaluation of assets	15,917,576										

2014

	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	Over 10 Years
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-----Rupees in '000-----

Assets

Cash and balances with treasury banks	4,110,957	-	-	-	-	-	-	-	-
Balances with other banks	2,509,508	-	-	-	-	-	-	-	-
Lendings to financial - institutions	2,100,000	-	-	-	-	-	-	-	-
Investments	72,431,445	9,326,443	19,238,311	6,420,196	4,791,694	10,174,718	10,770,388	11,577,970	-
Advances	40,057,170	4,062,210	9,291,296	13,404,189	2,209,979	23,601,945	3,659,070	844,260	1,870,400
Operating fixed assets	1,641,054	-	-	-	506	3,077	330,937	346,419	960,715
Deferred tax assets	-	-	-	-	-	-	-	-	-
Other assets	3,256,121	-	-	-	-	-	-	-	-
Total	126,106,255	16,124,521	28,529,607	19,824,385	7,002,779	12,538,740	14,760,395	12,768,649	2,830,515

Liabilities

Bills payable	586,407	-	-	-	-	-	-	-	-
Borrowings	14,192,181	1,724,837	205,000	317,233	1,714	-	-	61,625	-
Deposits and other accounts	92,263,694	3,609,118	5,546,345	18,788,107	952,657	247,435	2,663,463	150,963	618,721
Deferred tax liabilities	315,160	-	-	-	315,160	-	-	-	-
Other liabilities	3,829,241	-	-	-	-	-	-	-	-
Net assets / (liabilities)	111,816,683	75,972,305	5,755,345	19,105,340	1,269,531	247,435	2,663,463	212,588	618,721
	14,919,572	(59,847,784)	22,774,262	719,045	5,732,648	12,291,305	12,096,932	12,556,061	2,217,94

Represented by:

Share capital	10,002,524
Reserves	1,430,231
Unappropriated profit	1,778,056
Surplus on revaluation of assets	1,708,761
Total	14,919,572

Notes to the Financial Statements

For the year ended December 31, 2015

41.5.2 Maturities of assets and liabilities - based on contractual maturity

		2015									
		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	Over 10 Years	
		Rupees in '000									
Assets											
	Cash and balances with treasury banks	5,546,796	-	-	-	-	-	-	-	-	-
	Balances with other banks	6,913,497	-	-	-	-	-	-	-	-	-
	Lendings to financial - institutions	13,205,156	1,000,000	-	7,216,332	-	-	-	-	-	-
	Investments	88,296,124	7,589,456	5,713,434	7,800,246	6,857,761	6,562,249	2,027,782	25,883,628	-	
	Advances	36,453,611	2,579,442	2,815,363	20,363,664	1,687,780	954,815	733,764	1,902,999	1,896,217	
	Operating fixed assets	-	-	-	246,255	213,280	164,199	250,173	1,050,918	-	
	Deferred tax assets	-	-	-	-	-	-	-	-	-	
	Other assets	3,288,724	504,042	195,285	100,227	-	-	-	-	-	
	Total	151,587,733	30,583,310	8,714,082	35,726,724	8,752,821	7,682,263	3,013,719	28,787,545	1,896,217	
Liabilities											
	Bills payable	504,884	-	-	-	-	-	-	-	-	
	Borrowings	17,130,194	502,678	2,987,700	211,929	-	-	-	39,278	-	
	Deposits and other accounts	117,292,012	4,504,413	4,242,927	40,046,629	814,918	1,461,956	83,192,259	756,808	-	
	Deferred tax Liabilities	469,123	-	-	-	469,123	-	-	-	-	
	Other liabilities	3,844,944	3,142,501	277,905	424,538	-	-	-	-	-	
	Total	139,241,157	76,890,156	5,007,091	40,683,096	1,284,041	1,461,956	83,192,259	776,026	-	
	Net assets / (liabilities)	15,917,576	(46,306,846)	3,694,550	(4,956,372)	7,468,780	6,220,307	(5,305,540)	28,011,519	1,896,217	
Represented by:											
	Share capital	10,002,524	-	-	-	-	-	-	-	-	
	Reserves	1,788,074	-	-	-	-	-	-	-	-	
	Unappropriated profit	2,182,400	-	-	-	-	-	-	-	-	
	Surplus on revaluation of assets	1,944,578	-	-	-	-	-	-	-	-	
	Total	15,917,576	-	-	-	-	-	-	-	-	

2014

-----Rupees in '000-----

Assets

	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	Over 10 Years
Cash and balances with treasury banks	410,957	410,957	-	-	-	-	-	-	-
Balances with other banks	2,509,508	-	-	-	-	-	-	-	-
Lendings to financial - institutions	2,100,000	-	-	-	-	-	-	-	-
Investments	72,431,445	9,325,443	19,238,311	6,420,196	4,791,694	10,174,718	10,770,388	11,571,970	1,870,400
Advances	40,057,170	4,016,210	9,291,296	13,404,189	2,209,979	23,601,945	3,659,070	844,260	960,115
Operating fixed assets	1,641,054	-	-	-	506	3,077	330,197	346,419	-
Deferred tax assets	-	-	-	-	-	-	-	-	-
Other assets	3,256,121	2,756,409	-	6,342	513,370	-	-	-	-
Total	126,106,255	15,604,809	11,727,264	19,880,727	7,515,549	12,538,740	14,760,395	12,768,649	2,880,515

Liabilities

Bills payable	586,407	586,407	-	-	-	-	-	-	-
Borrowings	14,921,811	11,869,772	1,732,837	317,233	1,714	-	-	61,625	-
Deposits and other accounts	92,263,694	60,602,262	3,609,118	18,788,077	952,657	247,435	2,663,463	150,963	68,872
Deferred tax Liabilities	395,160	-	-	-	395,160	-	-	-	-
Other liabilities	3,829,241	2,854,123	-	-	-	353,639	167,109	300,395	-
Net assets / (liabilities)	11,186,688	75,912,564	5,341,955	19,105,340	17,695,531	601,074	2,880,572	52,988	618,721
	14,919,572	(60,307,755)	6,385,309	725,387	6,246,018	11,917,666	11,928,823	12,255,666	2,217,794

Represented by:

Share capital	10,002,524
Reserves	1,480,231
Unappropriated profit	1,778,056
Surplus on revaluation of assets	1,708,761
Total	14,919,572

Notes to the Financial Statements

For the year ended December 31, 2015

41.6 Country risk

Typically, it is defined as the risks that counterparty is unable to meet its foreign currency obligations as a result of adverse economic conditions or actions taken by governments in the relevant country. Country risk is governed by the Country Risk management policy of the Bank and is managed by Market and Liquidity Risk Management Department under the supervision of ALCO.

41.7 Operational risk

The Bank, like all financial institutions, is exposed to many types of operational risks, including the potential losses arising from internal activities or external events caused by breakdowns in information, communication, physical safeguards, business continuity, supervision, transaction processing, settlement systems and procedures and the execution of legal, fiduciary and agency responsibilities.

BOK defines Operational Risk as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk"

The Bank maintains a system of internal controls designed to keep operational risk at appropriate levels keeping in view the Bank's financial strength and the characteristics of the activities and market in which it operates. These internal controls are periodically updated and tested.

The Bank has also in place the Business Continuity Plan and appropriate outsourcing measures to cater related operational risks.

Currently the Bank uses the Basic Indicator Approach (BIA) for assessing its operational risk capital charge. However, migration to Standardized Approach is planned for future. In this regard, the Bank has already in place an approved Operational Risk Policy. As part of pro-active operational risk management, The Operational Risk Management Department (ORMD) has already reviewed process flow pertaining to General Banking Operations & Consumer Financing. Developed under the exercise of Business Process Improvement. The process were thoroughly discussed with relevant stakeholders for any control failures/lapses. Based on the results of RCSAs, adequate Key Risk Indicators (KRIs) for various business lines would be developed.

41.7.1 Operational Risk-Disclosures Basel II Specific

Basic Indicator Approach (BIA) is used for Operational Risk under Basel II.

42 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on March 09, 2016 has proposed a cash dividend in respect of 2015 of Rs 1.25 per share (2014: Rs.1 per share). These appropriations will be approved in the forthcoming Annual General Meeting. These financial statements for the year ended December 31, 2015 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending December 31, 2016.

43 DATE OF AUTHORIZATION FOR ISSUE

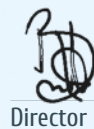
The financial statements were authorized for issue on March 09, 2016 by the Board of Directors of the Bank.

44 GENERAL

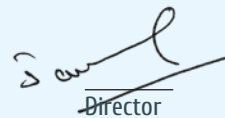
- 44.1** These financial statements have been prepared in accordance with the revised format for the financial statements of banks issued by the State Bank of Pakistan through BSD Circular No. 4 dated February 17, 2006.
- 44.2** Comparative information has been reclassified, rearranged or additionally incorporated in these financial statements for the purposes of better presentation. No major reclassifications were made during the year.



Managing Director



Director



Director



Director

Statement of Financial Position – Islamic Operations
As at December 31, 2015
Annexure 'A' to the Financial Statements as Referred to in Note 2.2

The Bank is operating 66 Islamic banking branches at the end of current year (2014: 54).

	Note	2015	2014
ASSETS			
(Rupees in '000)			
Cash and balances with treasury banks		1,958,691	1,461,758
Balances with other banks		3,541,824	851,231
Due from Financial Institutions		11,916,332	2,100,000
Investments		3,358,687	10,828,036
Islamic Financing and Related Assets - net	A-2.1	10,195,524	9,501,809
Operating fixed assets		249,149	205,306
Deferred tax assets		-	-
Other assets		623,301	391,866
		31,843,508	25,340,006
LIABILITIES			
Bills payable		148,025	139,860
Due to Financial Institutions		300,000	-
Deposits and other accounts			
- Current accounts		9,565,471	7,715,823
- Saving accounts		11,770,298	9,464,920
- Term deposits		2,871,111	2,148,936
- Others		1,244,035	882,621
Deposit from Financial Institutions - Remunerative		283	111,927
Deposit from Financial Institutions - Non - Remunerative		-	-
Other liabilities		2,308,600	1,703,464
		28,207,823	22,167,551
NET ASSETS		3,635,685	3,172,455
REPRESENTED BY			
Islamic Banking Fund		460,000	460,000
Profit equalization reserves	A-2.2	36,271	36,414
Unappropriated profit		3,147,440	2,712,586
		3,643,711	3,209,000
(Deficit) on revaluation of assets		(8,026)	(36,545)
		3,635,685	3,172,455
REMUNERATION TO SHARIAH ADVISOR		2,821	2,586
CHARITY FUND			
Opening balance		-	-
Additions during the year		1,255	3,227
Payments during the year		(1,255)	(3,227)
Closing balance		-	-

Profit and Loss Account - Islamic Operations
For the year ended December 31, 2015
Annexure 'A' to the Financial Statements as Referred to in Note 2.2

	2015	2014
	(Rupees in '000)	
Income / return / profit earned	1,870,237	1,719,574
Income / return / profit expensed	(583,195)	(592,737)
	1,287,042	1,126,837
Provision against non-performing financing	69,472	68,943
Reversal of provision for diminution in value of investments	-	(25,000)
	69,472	43,943
Net Income / return / profit after provisions	1,217,570	1,082,894
OTHER INCOME		
Fee, commission and brokerage income	83,620	67,762
Dividend income	5,851	6,651
Income from dealing of foreign currency	90,340	119,533
Net gain on stock exchange operations (capital gain)	2,543	8,767
Capital gain on sale of investment	379	3,500
(Loss) / gain on trading shares	(1,560)	639
Other income	32,467	17,308
	213,640	224,160
OTHER EXPENSES		
Administrative expenses	996,348	845,241
Other provision / write offs	-	-
Other charges	8	2,699
Total other expenses	996,356	847,940
Profit before taxation	434,854	459,114
Unappropriated profit brought forward	2,712,586	2,253,472
Profit available for appropriation	3,147,440	2,712,586

Notes to the Annexure 'A' For the year ended December 31, 2015

A-1 The Bank of Khyber, Islamic Banking Group is operating following Pools / Sub-pools.

General pool

Sub-pools

- i. Riba free special deposit pool
- ii. Riba free special deposit pool - Banks
- iii. Riba free special deposit pool - Corporate
- iv. Riba free special deposit pool - Mutual fund / FI
- v. Riba free special deposit pool - Staff provident fund
- vi. Riba free special deposit pool - Profit Equalization Reserves (PER)
- vii. Riba free special deposit pool - Investment Risk Reserves (IRR)

Features of General Pool

In this pool all types of deposits are accepted on Musharakah basis against all types of assets and income from all types of assets. Certificates can also be issued for a fixed period.

Deposits received in this Pool are invested in Islamic assets like Murabaha, Ijarah, Diminishing Musharakah, Istisna, Islamic Sukuks and any other Shariah Compliant Investment which are duly approved by the Shariah Advisor. Deposits are accepted through all BOK Islamic branches, as well as, Islamic desks established in Conventional branches of the Bank.

Key features

- No restriction on minimum deposit to share profit. However, nominal minimum amount may be required to open account.
- Profit payment on monthly / six monthly / annually / at maturity.
- Profit calculated on daily average balance for the month.
- Investment for six months to five years.
- Pre-mature termination allowed subject to adjustment of profit.

Features of Sub-pools

In sub pools, deposits are accepted on Musharakah basis against specific assets and are offered expected profit rates. Certificates can also be issued for a fixed period.

Deposits received in this Pool are invested in Islamic assets like Ijarah, Diminishing Musharakah, Islamic Sukuks and any other Shariah Compliant Investment which are duly approved by the Shariah Advisor. Deposits are accepted through all Islamic branches of the Bank as well as Islamic desks established in conventional branches of the Bank.

These deposits are tagged with specific assets and deposits are accepted only when there is some opportunity of investment. These deposits require approval before acceptance.

Key features

- Minimum investment is prescribed by the Bank for each sub-pool.
- Profit payment on monthly basis.
- Profit calculated on daily average balance for the month.
- Investment as deposit and certificate for 1 month, 3 months and 6 months etc.
- Pre-mature termination is allowed without any adjustment if expected profit reduces for the coming months.

Notes to the Annexure 'A'
For the year ended December 31, 2015

Risks of the Special Sub - Pools

All Special Pools are created as Sub Pools of the General Pool. All administrative expenses of the pools are borne by the General Pool as equity contributor. However, depositors bear the risk of all direct losses and expenses of the pool. All residual income of the Pool is transferred to the General Pool being equity holders.

Profit sharing and weightages for distribution of profit

Assignment of weightage for profit distribution to different types of profit bearing sources of funds is as follows:

- While considering weightages emphasis shall be given to the quantum, type and the period of risk assessed by following factors:
 - i. Period of investment (number of months, years etc.)
 - ii. Profit payment option (monthly, quarterly, maturity etc.)
 - iii. Purpose of Deposit (Hajj, Umrah etc.)
 - iv. Type of customer (pensioners, widows, corporate, individual etc.)
- Weightages are declared five days before start of each month.
- As per policy of the Bank, No gift (Hiba) is given in favor of any particular customer or a particular class or category of customers/investors. However, bank reduced its own share of the bank's additional profit which is less than 60% of the Bank's additional profit ratio.

Brief highlights of profit earned and distributed to depositors and retained by IBG are as under:

	2015	2014
	-----Rupees-----	
Gross profit earned	2,083,877	1,943,734
Administrative expenses	996,356	847,940
Distributable share	1,087,521	1,095,794
Profit paid to IAH/PLS depositors	583,195	592,737
Bank's equity share - net	143,720	308,013
Bank's additional profit	291,134	151,101
Total	434,854	459,114
Return on average earning assets	9.38%	11.23%
Return on average PLS deposits	4.36%	6.37%

Charging Expenses

All types of administrative expenses are shared with the depositors. However, equity holders have the option to absorb all or part of administrative expenses.

All general and specific provisions created against non-performing financing and diminution in the value of investment as under prudential regulations and other SBP directives have not been passed on to the PLS deposits as expense. However, income reversals due to classification of assets and losses due to actual write-off of any facility have been considered expenses of the pool.

	Note	2015	2014
		-----Rupees-----	
A-2.1 Islamic Financing and Related Assets - net			
Murabaha financings	A-2.1.1	2,480,780	2,639,484
Net investment in Ijarah	A-2.1.2	12,253	14,266
Ijarah under IFAS-II	A-2.1.2	717,912	816,141
Diminishing Musharakah	A-2.1.3	2,467,265	1,945,182
Istisna work in progress	A-2.1.4	700,000	199,950
Salam	A-2.1.5	4,000,000	4,000,000
Qarz-e-Hasna		5,641	5,641
Others		8,513	8,513
		10,392,364	9,629,177
Less: Provision held against non-performing facilities		(196,840)	(127,368)
		10,195,524	9,501,809
A-2.1.1 Murabaha			
Murabaha receivable		2,229,091	2,424,664
Advances / Inventories		251,689	214,820
		2,480,780	2,639,484
A-2.1.2 Ijarah			
Net investment in Ijarah		12,253	14,266
Ijarah under IFAS-II:			
- Ijarah		717,207	811,943
- Advances		705	4,198
		717,912	816,141
		730,165	830,407
A-2.1.3 Diminishing Musharakah			
Diminishing musharakah		2,410,137	1,820,442
Advances		57,128	124,740
		2,467,265	1,945,182
A-2.1.4 Istisna Financing			
Istisna work in progress		700,000	199,950
Advances		-	-
		700,000	199,950
A-2.1.5 Salam Financing			
Advance against salam		-	1,000,000
Salam financing		4,000,000	3,000,000
		4,000,000	4,000,000

Notes to the Annexure 'A'
For the year ended December 31, 2015

A.22 Profit Equalization Reserve of Rs. 36.271 million (December 31, 2014:Rs. 36.414 million) is not available for the distribution of cash and stock dividend to the shareholders.

A.23 Classification of assets , revenues, expenses , gain and loss on the basis of sources of finance:

All earning assets of Islamic banking group are jointly financed by Unrestricted Investments/PLS deposits account holders and the bank. Detail of jointly financed earning assets is:

	2015	2014
	-----Rupees-----	
Financings		
Agribusiness	403,592	102,510
Chemical and Pharmaceuticals	126,880	92,751
Textile	140,616	138,616
Salary Loan	-	153
Automobile and transportation equipment	173,048	155,406
Petro Chemical	9	259
Housing	64,845	133,344
Misc. Manufacturing	796,370	347,797
Personal	343,827	252,157
Contractors	133,571	169,001
Tradings	1,013,170	1,085,458
Services	509,665	792,639
Consumer Financings	173,542	201,482
Auto Loans	473,868	507,169
Commodity Finance	5,110,388	4,651,934
Telecommunication	80,126	101,013
CNG station/GAS	105,927	277,297
Others	742,920	620,191
	10,392,364	9,629,177
GOP Ijarah Sukuk	2,500,000	9,468,771
Power /Electric/Gas	774,609	976,484
Fertilizer	-	143,609
Chemical	24,776	22,450
Others	59,302	216,722
	3,358,687	10,828,036
	13,751,051	20,457,213

Annexure 'B' to the Financial Statements as Referred to in Note 11.5.3
Statement Showing written-off loans or any other financial
relief of Rs.500,000 or above provided during the year ended December 31, 2015

(Rs. in million)

S. No.	Name and address of the borrower	Name of individual/ partners/ directors (with NIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of the year				Principal Written-off	Interest/ Mark-up Written-off	Other Financial Relief / Waiver of Undebited Markup	Total (9+10 +11)
				Principal	Interest/ Mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
1.	Asad Ahmad Phase-IV, Hayatabad Peshawar.	Asad Ahmad CNIC 16202-4379393-5	Ishfaq Ahmad	0.914	0.614	-	1.528	-	0.604	0.176	0.780
2.	Lacta Organica (Pvt) Ltd Plot # 8, Industrial Estate, Risalpur, Tehsil & District, Nowshera.	1. Mr. Amir Tughral CNIC 17301-9277534-1 2. Mst. Ayesha Rauf CNIC 17301-7440681-0 3. Mr. Amir Taimur Khan CNIC 17301-9036956-9	1. Jamil Ahmad 2. W/o Amir Tughral 3. Jamil Ahmad	13.985	3.683	-	17.668	-	2.668	2.624	5.292
3.	Saudi Pak Leasing Company Limited 6th Floor, Lakson Square Building # 1, Sarwar Shaheed Road, Saddar, Karachi.	1. Mr. Ahsanullah Khan CNIC 42301-2962308-3 2. Mr. Hazrat Wali CNIC 42301-9969260-5 3. Ms. Parveen A. Malik CNIC 61101-7575482-4 4. Mr. Niaz Ahmad Khan CNIC 61101-2439056-9 5. Muhammad Tariq Masud CNIC 37405-4534377-9 6. Arsalan Iftikhar CNIC 47405-5757846-3	1. Mr. Maseetullah 2. Mr. Mani Khan 3. Mr. Malik M. Sharif 4. Mr. Wisal M. Khan 5. Sharif Ahmad 6. Khalid Ismail Khan	17.000	106.375	-	123.375	-	106.375	-	106.375
4.	Ansari Brothers 160/2-R Defense Housing Society, Lahore Cantt (old), 98-D, Faisal Town Lahore.	1. Rab Nawaz Shahid CNIC 35202-7673520-5 2. Shahid Hussain CNIC 35201-7035538-1 3. Jawad Hussain Ansari CNIC 12101-6202730-7	1. Zawar Hussain 2. Jawad Hussain 3. Ahmad Hussain	0.465	-	-	0.465	-	-	1.308	1.308
5.	Myka Steel (Pvt) Ltd 33-C, Industrial Estate, Jamrud Road, Peshawar	1. Abdul Rasheed CNIC 37405-3336454-7 2. Jibrin Khan CNIC 37405-5173135-9 3. Kamran Khan CNIC 37405-3431359-7	1. Ghulam Habib Khan 2. Abdul Rasheed 3. Abdul Rasheed	0.495	7.185	-	7.680	-	6.685	3.160	9.845
6.	Raheel Traders Cooperative Center Opposite Abasyn CNG, Sheru Jangi, Charsadda Road, Peshawar.	Tahir Masood (Late) CNIC 17301-9924104-3	Masood-ur-Rehman	6.839	0.497	-	7.336	-	0.336	0.526	0.862
7.	Sikandari Woolemn Mills (Pvt) Ltd House No. 12-A, Malbari Road, University Town, Peshawar	1. Ahmed Nawaz Khan CNIC 17301-0772563-3 2. Faheem Ahmed Khan CNIC 17301-1590765-1 3. Asmat jahan CNIC 17301-9098608-0	1. Muhammad Nawaz Khan 2. Ahmed Nawaz Khan 3. W/o Ahmed Nawaz Khan	-	1.610	-	1.610	-	1.610	12.459	14.069
8.	Venus Match Industries (Pvt) Ltd. Plot # 97, F-1, Industrial Estate Hayatabad, Peshawar.	1. Said Karim CNIC 13302-8403200-5 2. Khyber Khan CNIC 17301-138233-1	1. Zardad Khan 2. Syed Ahmad Mohmand	6.000	10.741	-	16.741	-	4.626	2.003	6.629
9.	Iftikhar The Mall Complex Plot # 38-D, Near AVON Super Store, University Town, Jamrud Road, Peshawar	Mr. M. Iftikhar Khan CNIC 17301-4053104-9	M. Sher Bahadur Khan	45.000	7.638	-	52.638	-	4.118	9.934	14.052
10.	Javed Iqbal Khada Banda, Moza Takht Nasrati, Karak	Javed Iqbal CNIC 17301-9503386-9	Gul Nawaz	-	-	-	-	-	-	0.760	0.760
11.	Nauman Engineering (Pvt) Ltd. 192-A, Industrial Estate, Jamrud Road, Peshawar.	1. Said Shah CNIC 17301-1340925-3 2. Khadim Shah CNIC 17301-1340923-7 3. Mst. Zakia CNIC 17301-1254293-0	1. Ghulam Shah 2. Ghulam Shah 3. W/o Said Shah	0.580	0.187	-	0.767	-	-	0.825	0.825

Annexure 'C' to the Financial Statements as referred to in Note 10.4

	2015	2014	2015	2014
	Number of shares		Cost Rupees in '000	
1. Particulars of Investments held in ordinary shares of listed companies				
Available for sale				
Adam Jee Insurance Company Limited	-	100,000	-	4,772
AL-Ghazi Tractors Limited	18,100	-	8,029	-
Allied Bank Limited	300,000	779,545	33,473	86,979
Askari Bank Limited	1,000,000	1,500,000	23,528	33,534
Attock Cement Pakistan Limited	300,000	-	64,366	-
Attock Petroleum Limited	125,000	90,000	71,002	50,489
Atlas Battery Limited	73,950	60,000	64,960	55,727
Bank Al-Habib Limited	2,500,000	2,500,000	67,039	67,039
Business and Industrial Insurance Company Limited	500,000	500,000	5,000	5,000
Carvan East Fabrics Limited	948,700	948,700	9,487	9,487
Cherat Cement Pak Limited	250,000	-	23,589	-
Colony Sarhad Textile Mills Limited	7,273	7,273	3	3
Century Paper and Board Mills Limited	752,000	-	50,801	-
D.G Khan Cement Company Limited	175,000	-	24,645	-
Dawood Capital Management Limited	2,246,055	2,246,055	22,461	22,461
Dawood Equities Limited	3,750,000	3,750,000	37,500	37,500
Engro Chemical Pakistan Limited	75,000	50,000	20,790	6,958
Eastern Federal Union General Insurance Limited	1,000,000	1,000,000	125,720	125,720
Engro Fertilizer Limited	225,000	-	18,430	-
First Dawood Investment Bank Limited	16,911,944	-	140,920	-
Fauji Cement Company Limited	1,600,000	-	57,718	-
Fauji Fertilizer Bin Qasim Limited	-	100,000	-	4,353
Fauji Fertilizer Company Limited	360,000	600,000	46,268	68,608
Globe Textile Mills Limited	1,458	1,458	23	23
Habib Bank Limited	-	350,000	-	75,384
Habib Metropolitan Bank Limited	1,200,000	1,200,000	25,355	25,355
Hafiz Textile Mills Limited	315	315	5	5
Hub Power Company Limited	-	125,000	-	9,435
I.C.I Pakistan Limited	140,000	50,000	69,666	27,200
Indus Motors Company Limited	-	80,000	-	69,717
Khohat Cement Company Limited	-	300,000	-	38,158
Kot Addu Power Company Limited	500,000	-	43,047	-
Lafarge Cement Limited	-	1,750,000	-	26,953
Lotte Chemical Limited	1,100,000	-	9,349	-
Lucky Cement Limitd	50,000	100,000	24,500	41,870
Millat Tractors Limited	-	105,000	-	67,779
Meezan Bank Limited	149,000	207,500	6,674	10,319
National Bank of Pakistan	250,000	-	13,730	-
National Refinery Limited	-	310,000	-	70,874
Nishat Mills Limited	500,000	260,000	56,478	30,854
Oil and Gas Development Company	225,000	207,300	49,877	53,840
Packages Limited	100,000	38,000	60,196	17,415
Pakistan Oil fields Limited	185,000	125,000	81,669	62,315
Pakistan Petroleum Limited	355,000	121,900	55,570	24,991
Pak Suzuki Motors Co Limited	200,000	150,000	90,403	44,691
Packages Power Limited	-	250,000	-	6,744
Pak Reinsurance Limited	-	100,000	-	33,165
Pakistan State Oil Company Limited	-	90,000	-	31,094

	2015	2014	2015	2014
	Number of shares		Cost	
			Rupees in '000	
ANNEXURE 'C' (continued)				
Sardar Chemical Industries Limited	3,000	3,000	5	5
Searle Pakistan Limited	193,500	50,000	51,926	1,128
Security Paper Limited	-	12,540	-	845
Service Industries Limited	15,000	15,000	4,078	4,078
Shell Pakistan Limited	100,000	-	26,653	-
Siemens Pakistan Engineering Company Limited	10,000	10,000	9,755	9,755
Sui Nothern Gas Pipelines Limited	-	200,000	-	4,677
Sui Southeren Gas Company Limited	1,000,000	-	39,291	-
Syed Saigol Industries Limited	500	500	7	7
Taj Textile Mills Limited	32,363	32,363	12	12
Trust Investment Bank Limited	7,500,000	-	75,000	-
Thal Limited	85,000	50,000	24,777	11,374
Treet Corporation Limited	200,000	11,877	12,785	97
United Bank Limited	975,000	300,000	176,473	58,239
Wyeth Pakistan Limited	6,417	2,557	21,616	21,616
			<u>1,944,646</u>	<u>1,458,640</u>
Held for Trading				
Attock Refienary Limited	-	32,200	-	6,258
Fauji Fertilizer Company Limited	-	53,100	-	6,345
Lucky Cement Limited	85,000	-	44,216	-
Milat Tracktors Limited	-	22,700	-	15,269
Pak Petroleum Limited	-	10,000	-	1,870
Pakistan Telecommunication Company Limited	195,000	-	3,220	-
Sui Notheren Gas Company Limited	200,000	-	6,089	-
			<u>53,525</u>	<u>29,743</u>
			<u>1,998,171</u>	<u>1,488,383</u>

The paid-up value of each share in listed companies is Rs. 10 per share (2014: Rs. 10 per share).

As at December 31, 2015, the aggregate market value of listed shares is Rs. 1,956.279 million (2014: Rs. 1,537.620 million).

ANNEXURE 'C' (continued)	2015		2014	
	Number of shares		Cost	
			Rupees in '000	
2. Particulars of investments held in ordinary shares of unlisted companies				
Asian Housing Finance Limited	500,000	500,000	5,000	5,000
Mohib Textile Mills Limited	1,190,500	1,190,500	25,000	25,000
Mohib Exports Limited	25,300	25,300	487	487
Industrial Development Bank of Pakistan	20	20	0.20	0.20
			<u>30,487</u>	<u>30,487</u>

The paid-up value of each share in unlisted companies is Rs. 10 per share (2014: Rs. 10 per share).

3. Particulars of investments held in ordinary shares of related parties:

Unlisted shares

Dawood Family Takaful Limited	11,250,000	11,250,000	112,500	112,500
			<u>112,500</u>	<u>112,500</u>

The paid-up value of each share in unlisted companies is Rs. 10 per share (2014: Rs. 10 per share).

4. Particulars of investments held in listed term finance certificates (TFC)

Available for sale	Terms of Interest	Date of Maturity	2015		2014	
			Number of certificates held	Cost (Rupees in '000)	Number of certificates held	Cost (Rupees in '000)
Askari Bank Limited	6 months KIBOR + 250 BPS	November 18, 2019	-	-	30,000	149,700
Pace Pakistan Limited *	6 months KIBOR + 200 BPS	February 15, 2017	20,000	99,880	20,000	99,880
Saudi Pak Leasing Company *	Fixed at 3%	March 13, 2017	10,000	27,548	10,000	27,548
Telecard Limited *	6 months KIBOR + 375 BPS	May 27, 2015	7,000	11,122	7,000	11,341
				<u>138,550</u>		<u>288,469</u>

The paid-up value of each TFC held is Rs. 5,000 per certificate (2014: Rs. 5,000 per certificate).

The market value of these listed TFCs amounted to Rs. 138.550 million as at December 31, 2015 (2014: Rs. 228.468 million).

* These have been classified as non performing.

Annexure 'C' (continued)

5. Particulars of investments held in unlisted term finance certificates (TFCs)

Available for sale	Terms of Interest	Date of Maturity	2015	2014	2015	2014
			Number of certificates held		Cost (Rupees in '000)	
Bank Al-Falah Limited	Fixed at 15%	December 2, 2017	38,000	38,000	189,544	189,620
Dewan Farooq Spinning Mills	Non-performing	Over due	4,000	4,000	5,000	5,000
Faysal Bank Limited	6 months KIBOR + 225 BPS	October 11, 2017	15,000	15,000	74,850	74,880
					<u>269,394</u>	<u>269,500</u>

The paid-up value of each TFC held is Rs. 5,000 per certificate (2014: Rs. 5,000 per certificate)

6. Particulars of investments held in units of mutual funds

Available-for-sale	2015	2014	2015	2014
Open-ended mutual funds				
Dawood Money Market Fund	4,194,990	4,194,990	290,237	290,238
NAFA Money Market Fund	-	4,784,048	-	50,000
			<u>290,237</u>	<u>340,238</u>
Closed-end mutual funds				
Pak Oman Advantage Fund	-	5,000,000	-	50,000
			<u>-</u>	<u>50,000</u>
			<u>290,237</u>	<u>390,238</u>

The market value of these mutual funds amounts to Rs. 379.184 million as at December 31, 2015 (2014: Rs. 398.658 million).

7. Particulars of investments held in Sukuks

Available for sale	Terms of Interest	Date of Maturity	2015	2014	2015	2014
			Number of certificates held		Cost Rupees in '000	
Al-Razi Health Care Limited	3 months KIBOR + 250 BPS	November 4, 2017	10,000	10,000	31,945	35,333
Engro Fertilizers Limited	6 months KIBOR + 150 BPS	September 6, 2015	-	19,900	-	98,781
Engro Fertilizers Limited	6 months KIBOR + 211 BPS	June 30, 2017	-	15,000	-	44,828
Ghani Glass Limited	3 months KIBOR + 175 BPS	December 27, 2017	-	30,000	-	91,914
Quetta Textile Mill Limited	6 months KIBOR + 150 BPS	June 26, 2019	20,000	20,000	49,655	60,690
Security Leasing Company Limited	Fixed at 0%	Over due	10,000	10,000	12,836	12,836
Liberty Power Tech Limited	3 months KIBOR + 300 BPS	Various dates latest by January 13, 2021	2,198,840	2,198,840	152,062	174,397
Sui Southern Gas Company	3 months KIBOR + 70 BPS	May 28, 2018	60,000	60,000	250,000	300,000
Three Star Hoisery Limited	Non-performing	Over due	15,000	15,000	75,000	75,000
WAPDA III	3 months KIBOR + 175 BPS	October 14, 2021	51,000	51,000	218,571	255,000
					<u>790,069</u>	<u>1,148,779</u>
Held to maturity						
BRR Guardian Modarba	6 months KIBOR + 130 BPS	December 7, 2016	-	20,000	-	68,123
WAPDA II	6 months KIBOR - 25 BPS	June 12, 2017	80,000	80,000	133,333	200,000
					<u>133,333</u>	<u>268,123</u>
					<u>923,402</u>	<u>1,416,902</u>

The paid-up value of each Sukuk certificate held is Rs. 5,000 per certificate (2014: Rs. 5,000 per certificate).

Annexure 'D' to the Financial Statements as referred to in Note 10.4

Quality of Available for Sale Securities	2015			2014		
	Market Value/ Cost Rs in '000	Rating	Credit rating Agency	Market Value/ Cost Rs in '000	Rating	Credit rating Agency
Government Securities						
Market Treasury Bills	42,552,338	Unrated	-	27,236,954	Unrated	-
Pakistan Investment Bonds	33,762,211	Unrated	-	24,380,366	Unrated	-
Government of Pakistan Ijarah Sukuks	2,500,000	Unrated	-	8,500,124	Unrated	-
Ordinary shares in listed companies						
Adam Jee Insurance Company Limited	-	N/A	-	4,946	N/A	-
AL-Ghazi Tractors Limited	7,475	N/A	-	-	N/A	-
Allied Bank Limited	28,278	AA+	PACRA	88,541	AA+	PACRA
Askari Bank Limited	21,740	AA	JCR	34,605	N/A	-
Attock Cement Company Limited	50,325	N/A	-	-	N/A	-
Attock Petroleum Limited	63,140	N/A	-	48,562	N/A	-
Atlas Battery Limited	56,424	N/A	-	54,000	N/A	-
Al-Qaim Textile Mills Limited	5	N/A	-	5	N/A	-
Asim Textile Mills Limited	162	N/A	-	276	N/A	-
Attock Refinery Limited	-	N/A	-	6,046	N/A	-
Accord Textile Limited	-	N/A	-	4	N/A	-
Bank Al-Habib Limited	104,000	AA+	PACRA	121,375	AA+	PACRA
Business and Industrial Insurance Company Limited	-	N/A	-	-	N/A	-
Carvan East Fabrics Limited	-	N/A	-	-	N/A	-
Cherat Cement Pakistan Limited	22,545	N/A	-	-	-	-
Colony Sarhad Textile Mills Limited	16	N/A	-	16	N/A	-
Centuray Paper Board Limited	38,495	AA	JCR	-	AA	JCR
D.G Khan Cement Limited	26,159	N/A	-	-	N/A	-
Dawood Capital Management Limited	4,829	AM3-	PACRA	4,829	AM3-	PACRA
Dawood Equities Limited	11,738	BB+	JCR	9,863	BB+	JCR
Eastern Federal Union Insurance Limited	143,500	AA+	PACRA	152,890	N/A	-
Engro Chemicals Pakistan Limited	20,954	A	PACRA	11,076	A	PACRA
Engro Fertilizer Limited	18,929	AA-	PACRA	1,562	N/A	-
First Dawood Investment Bank Limited	22,493	N/A	-	-	-	-
Fauji Cement Company Limited	58,912	N/A	-	-	N/A	-
Fauji Fertilizer Bin Qasim Limited	-	N/A	-	4,521	N/A	-
Fauji Fertilizer Company Limited	42,473	N/A	-	70,266	N/A	-
Fateh Industries Limited	112	N/A	-	112	N/A	-
Globe Textile Mills Limited	13	N/A	-	13	N/A	-
Habib Bank Limited	-	AAA	JCR	75,691	AAA	JCR
Habib Metropolitan Bank Limited	36,564	AA+	PACRA	44,760	AA+	PACRA
Hafiz Textile Mills Limited	22	N/A	-	26	N/A	-
Hub Power Company Limited	-	AA+	PACRA	10,091	AA+	PACRA
I.C.I. Pakistan Limited	67,763	N/A	-	23,123	N/A	-
Indus Motors Company Limited	-	N/A	-	70,426	N/A	-
Kohat Cement Limited	-	N/A	-	57,261	N/A	-
Kot Addu Power Company Limited	40,500	AA+	JCR	-	AA+	JCR
Lafarge Pakistan Cement Limited	-	N/A	-	30,363	N/A	-
Lotte Chemical Limited	7,150	N/A	-	-	-	-
Lucky Cement Limited	24,752	N/A	-	50,028	N/A	-
Millat Tractors Limited	-	N/A	-	67,920	N/A	-
Meezan Bank Limited	6,817	AA	JCR	9,753	AA	JCR
National Bank of Pakistan	13,510	AAA	PACRA	-	AAA	JCR
National Refinery Limited	-	AA+	PACRA	57,304	N/A	-
Nishat Mills Limited	47,435	AA	PACRA	31,457	AA	PACRA
Oil and Gas Development Company	26,402	N/A	-	42,676	AAA	JCR
Packages Limited	58,211	AA	PACRA	25,775	AA	PACRA
Pakistan Oilfields Limited	49,584	N/A	-	47,420	N/A	-
Pakistan Petroleum Limited	43,243	N/A	-	21,518	N/A	-
Pakistan Suzuki Motors Company Limited	99,060	N/A	-	55,668	N/A	-
Packgen Power Limited	-	N/A	-	6,758	N/A	-
Pakistan Reinsurance Company	-	N/A	-	30,340	N/A	-

Annexure 'D' (continued)

Quality of Available for Sale Securities	2015			2014		
	Market Value/ Cost Rs in '000	Rating	Credit rating Agency	Market Value/ Book Value Rs in '000	Rating	Credit rating Agency
Pakistan State Oil Company Limited	-	AA	PACRA	32,212	AA+	PACRA
Sardar Chemical Industries Limited	22	N/A	-	26	N/A	-
Searle Pakistan Limited	76,574	N/A	-	12,092	N/A	-
Security Paper Limited	-	N/A	-	971	N/A	-
Service Industries Limited	12,750	N/A	-	14,619	N/A	-
Shell Pak Limited	22,824	N/A	-	-	-	-
Siemens Pakistan Engineering Company Limited	9,000	N/A	-	11,146	N/A	-
Sui Northern Gas Pipelines Limited	-	AA-	PACRA	5,742	AA	PACRA
Sui Southern Gas Company Limited	37,350	AA-	PACRA	-	AA-	PACRA
Syed Saigol Industries Limited	7	N/A	-	7	N/A	-
Taj Textile Mills Limited	13	N/A	-	13	N/A	-
Trust Investment Bank Limited	9,300	N/A	-	-	-	-
Thall Limited	21,533	N/A	-	13,452	N/A	-
Treet Corporation Limited	12,592	AA-	JCR	1,567	N/A	-
United Bank Limited	151,076	AA+	JCR	53,013	AA+	JCR
Wyeth Pakistan Limited	14,887	N/A	-	26,945	N/A	-
Ordinary shares in unlisted companies						
Asian Housing Finance Limited	5,000	N/A	-	5,000	N/A	-
Mohib Textile Mills Limited	25,000	N/A	-	25,000	N/A	-
Mohib Exports Limited	487	N/A	-	487	N/A	-
Industrial Development Bank of Pakistan						
Ordinary shares in unlisted companies related parties						
Dawood Family Takaful Limited	77,158	A-	PACRA	112,500	A-	PACRA
Term Finance Certificates - Listed						
Askari Bank Limited	-	AA-	PACRA	149,700	AA-	PACRA
Pace Pakistan Limited	99,880	N/A	-	99,880	N/A	-
Saudi Pak Leasing Limited	27,548	N/A	-	10,192	N/A	-
Telecard Limited	11,122	N/A	-	8,669	N/A	-
Term Finance Certificates - Unlisted						
Bank Al-Falah Limited	189,544	AA-	PACRA	189,620	AA-	PACRA
Dewan Farooq Spinning Mills Limited	5,000	N/A	-	5,000	N/A	-
Faysal Bank Limited	74,850	AA-	JCR	74,880	AA-	JCR
Open ended mutual funds						
Dawood Money Market Fund	290,237	A+(f)	PACRA	299,134	N/A	-
Closed end mutual funds						
Pak Oman Advantage Fund	-	A+(f)	PACRA	49,500	-	PACRA

Annexure 'D' (continued)

Quality of Available for Sale Securities

	2015			2014		
	Market Value/ Cost Rs in '000	Rating	Credit rating Agency	Market Value/ Cost Rs in '000	Rating	Credit rating Agency
Sukuk certificates						
House Building Finance Company Limited	-	N/A	-	-	N/A	-
Quetta Textile Mills Limited	49,655	N/A	-	60,690	N/A	-
Liberty Power Tech Limited	152,061	A+	PACRA	174,397	A+	PACRA
Security Leasing Sukuk	12,836	N/A	-	12,836	N/A	-
Ghani Glass	-	N/A	-	91,914	N/A	-
Three Star Hoisery	75,000	N/A	-	75,000	N/A	-
Al Razi Health Care	31,944	N/A	-	35,333	N/A	-
Sui Sourthern Gas Company	250,000	N/A	-	300,000	N/A	-
WAPDA III	218,571	N/A	-	255,000	N/A	-
BRR Guardian Modarba	-	N/A	-	68,125	N/A	-
WAPDA II	133,333	N/A	-	200,000	N/A	-
Preference shares						
First Dawood Investment Bank Limited	-	N/A	-	140,920	N/A	-
Trust Investment Bank Limited	-	N/A	-	75,000	N/A	-
Saudi Pak Leasing	195,000	N/A	-	195,000	N/A	-

Pattern of Shareholding

As of December 31, 2015

NO. OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	FROM	TO		
887	1	100	36139	0.0036
10080	101	500	1839437	0.1839
16089	501	1000	14603987	1.4599
2765	1001	5000	5810612	0.5808
190	5001	10000	1326875	0.1326
57	10001	15000	684467	0.0684
53	15001	20000	897862	0.0898
22	20001	25000	492228	0.0492
9	25001	30000	242401	0.0242
4	30001	35000	128298	0.0128
4	35001	40000	151176	0.0151
1	40001	45000	42000	0.0042
3	45001	50000	142941	0.0143
7	50001	55000	379496	0.0379
3	55001	60000	174877	0.0175
1	65001	70000	67268	0.0067
1	70001	75000	73000	0.0073
2	75001	80000	156881	0.0157
2	80001	85000	166454	0.0166
2	90001	95000	186588	0.0187
1	95001	100000	100000	0.0100
1	105001	110000	109400	0.0109
1	115001	120000	119021	0.0119
1	135001	140000	136760	0.0137
1	150001	155000	152976	0.0153
1	175001	180000	175673	0.0176
1	210001	215000	211000	0.0211
1	240001	245000	243130	0.0243
1	275001	280000	278840	0.0279
1	295001	300000	295426	0.0295
1	340001	345000	345000	0.0345
1	595001	600000	596000	0.0596
1	695001	700000	700000	0.0700
1	1075001	1080000	1075172	0.1075
1	4370001	4375000	4370332	0.4369
1	20010001	20015000	20012186	2.0005
1	241635001	241640000	241639031	24.1549
1	702205001	702210000	702208233	70.1948
<u>30200</u>		Company Total	<u>1000371167</u>	<u>100.0000</u>

Category of Shareholders

As of 31.12.2015

	No of Shareholders	Share Held	Percentage
Directors, CEO & Children	4	58,624	0.00
Banks, DFI & NBF	5	51,009	0.00
Insurance Companies	3	24,901	0.00
Modarabas & Mutual Funds	1	15,195	0.00
General Public (Local)	30,098	49,272,246	4.93
General Public (Foreign)	37	117,909	0.01
Others	48	244,165,218	24.41
Government of Khyber Pakhtunkhwa	1	702,208,233	70.19
Foreign Companies	3	4,457,832	0.46
Total	30,200	1,000,371,167	100.00

Shareholding of Directors, CEO & Children

Maqsood Ismail Ahmad	12,156
Asad Muhammad Iqbal	18,234
Javed Akhtar	18,234
Rashid Ali Khan	10,000

Shareholding of Banks, DFI & NBF

Pakistan Industrial & Commercial Leasing Ltd.	2,431
NIB Bank Limited	184
Soneri Bank Limited	15,279
Pakistan Industrial & Comm. Leasing Ltd.	21,881
Escorts Investment Bank Limited	11,234

Shareholding of Insurance Companies

The Pakistan General Insurance Co. Limited	6,667
TPL Direct Insurance Limited	15,195
The Pakistan General Ins.Co. Ltd	3,039

Shareholding of Modarabas & Mutual Funds

Prudential Stocks Fund Ltd.	15,195
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Major Shareholders

Government of Khyber Pakhtunkhwa	702,208,233
Ismail Industries Ltd.	241,639,031

Branch Network

Sr. No.	Branch Name	Complete Address of Branch	Branch Code	Branch Mode	District/Agency	Tehsil/Taluka	Telephone Number	Fax Number	ATM Installed
Province Khyber Pakhtunkhwa (69 Branches)									
1	Abbottabad, Jinnah Road	Jinnah Road, Abbottabad	0113	Islamic	ABBOTTABAD	ABBOTTABAD	0992-341444, 341431	0992-341430	Yes
2	Abbottabad, Mansehra Road	934-A, Mansehra Road, Abbottabad	0043	Conventional	ABBOTTABAD	ABBOTTABAD	0992-331913, 331914	0992-331916	Yes
3	Havelian, Bank Square	Property # 4242, Bank Square Havelian	0040	Conventional	ABBOTTABAD	HAVELIAN	0992-810732-3	0992-810736	No
District Number of Branches (1 Islamic & 2 Conventional) 3									
4	Bannu, Lakki Gate	Outside Lakki Gate Bannu	0103	Islamic	BANNU	BANNU	0928-613394, 612202	0928-620039	No
5	Bannu, D.I.Khan Road	University Plaza, D.I.Khan Road, Bannu	0075	Conventional	BANNU	BANNU	0928-611172-5	0928-611174	No
District Number of Branches (1 Islamic & 1 Conventional) 2									
6	Batagram	Khasra No.3149/971, Haji Nazir Plaza, Shahrah-e-Qaraqurum, Batagram	0134	BATAGRAM Islamic	BATAGRAM (AT BANA)	0997-310154-5 (BANNA)	0997-310156		No
District Number of Branches (1 Islamic & 0 Conventional) 1									
7	Swari Branch (Buner)	Nisar Market, Pir Paba Road, Swari, Buner	0131	Islamic	BUNER	DAGGAR/BUNER	0939-555289, 555279	0939-555229	No
District Number of Branches (1 Islamic & 0 Conventional) 1									
8	Charsadda Branch	Main Bazar Charsadda Mardan Road, Charsadda	0111	Islamic	CHARSADDA	CHARSADDA	091-9220100-1	091-9220102	Yes
9	Charsadda, Tangi Branch	Khasra No.1633, Malak Plaza, Shabqadar Road, Tangi (District Charsadda)	0158	Islamic	CHARSADDA	TANGI	091-6555527-28-30	091-6555529	Yes
10	Shabqadar	Khasra No.4244/159-162, Opposite Shabqadar Fort Gate, Shabqadar	0145	Islamic	CHARSADDA	SHABQADAR	091-6281101-2	091-6289333	Yes
District Number of Branches (3 Islamic & 0 Conventional) 3									
11	Chitral Ataliq Bazar	Ataliq Bazar, Chitral.	0011	Conventional	CHITRAL	CHITRAL	0943-412473	0943-412220	Yes
12	Chitral Chew Bazar, Chew Bazar, Chitral	Shop No.1-4, Qazafi Market,	0137	Islamic	CHITRAL	CHITRAL	0943-414571-2	0943-414573	No
District Number of Branches (1 Islamic & 1 Conventional) 2									
13	D. I. Khan Circular Road	Circular Road, D.I.Khan	0004	Conventional	DERA ISMAIL KHAN	DERA ISMAIL KHAN	0966-719017	0966-718099	Yes
14	D. I. Khan, Tank Adda	Shop No.01-10, Block 13, Tank Adda, Dera Ismail Khan	0129	Islamic	DERA ISMAIL KHAN	DERA ISMAIL KHAN	0966-850724-5	0966-850727	No
District Number of Branches (1 Islamic & 1 Conventional) 2									
15	Hangu Branch	Opposite DCO Office, Main Bazar, Kohat Road Hangu	0107	Islamic	HANGU	HANGU	0925-620744	0925-623744	No
16	Thall, Main Bazar	Al-Murtaza Market, Bannu Chowk, Main Bazar Thall District Hangu	0130	Islamic	HANGU	TALL	0925-510740, 511741	0925-511741	No
District Number of Branches (2 Islamic & 0 Conventional) 2									
17	Haripur Branch	Shahrah-e-Hazara, Haripur.	0019	Conventional	HARIPIUR	HARIPIUR	0995-616800,610728, 612292	0995-611285	Yes
18	Hattar Branch	Industrial Estate Hattar, Haripur	0014	Conventional	HARIPIUR	HARIPIUR	0995-617231	0995-617631	Yes
District Number of Branches (0 Islamic & 2 Conventional) 2									
19	Karak Branch	Khasra No. 1327/1364, Mian Muqadess Gul Market, Main Bazar, Karak	0049	Conventional	KARAK	KARAK	0927-218110 & 2	0997-218113	No
District Number of Branches (0 Islamic & 1 Conventional) 1									
20	Kohat, Bannu Road	Cantonment Plaza Bannu Road, Kohat	0003	Conventional	KOHAT	KOHAT	0922-9260146	0922-9260156	Yes
21	Kohat, Main Bazaar	Shop No.T-147, T-148, Main Bazaar, Kohat	0138	Islamic	KOHAT	KOHAT	0922-522013-4	0922-522015	Yes
District Number of Branches (1 Islamic & 1 Conventional) 2									
22	Seral Naurang Branch	Khasra No 438, Sahibzada Kabir Plaza GT Road, Seral Naurang, Lakki Marwat	0127	Islamic	LAKKI MARWAT	NAURANG	0969-352963	0969-352964	No
District Number of Branches (1 Islamic & 0 Conventional) 1									
23	Chakdara	Shop No.1 to 10, Zaman Market, Adjacent UBL & NBP, Main Bazar, Chakdara (Lower Dir)	0149	Islamic	LOWER DIR (AT TEMERGARA)	ADENZAI	0945-762532-3	0945-762534	Yes
24	Kambur, Lower Dir	City Market, Main Road, Kambur, Lower Dir	0144	Islamic	LOWER DIR (AT TEMERGARA)	LAL QILA	0945-885322	0945-886322	Yes
25	Timergara Branch	Shaheed Plaza, Alam Zeb Shaheed Chowk, Timergara	0105	Islamic	LOWER DIR (AT TEMERGARA)	LAL QILA	0945-9250232, 822090	0945-822690	Yes
District Number of Branches (3 Islamic & 0 Conventional) 3									
26	Bathkela Branch	Near Government High School, Main Bazar, Bathkela	0108	Islamic	MALAKAND P.A.	SAM RANIZAI	0932-414851 & 3	0932-414853	Yes
27	Dargai Branch	Amin Plaza, Main Bazar, Dargai.	0136	Islamic	MALAKAND P.A.	SAM RANIZAI	0932-331447-8	0936-331449	Yes
District Number of Branches (2 Islamic & 0 Conventional) 2									
28	Mansehra, Abbottabad Road	Main Bazar, Opposite GTS Stand Mansehra.	0117	Islamic	MANSEHRA	MANSEHRA	0997-920181 & 4	0997-920182	Yes
29	Mansehra, Shahrah-e-Resham	Shahrah-e-Resham, Opposite Petroleum Filling Stations Mansehra	0122	Islamic	MANSEHRA	MANSEHRA	0997-303271, 303273	0997-303272	No
District Number of Branches (2 Islamic & 0 Conventional) 2									
30	Mardan, Khwaja Gunj Bazaar	Property No.26/591-592, 27593-628, Haji Khan Gul Trunk House, Khwaja Gunj Bazaar, Mardan	0139	Islamic	MARDAN	MARDAN	0937-870823-4	0937-870825	Yes
31	Mardan, Shahr-e-Qazi Bashir	Opposite Cantonment Plaza, Shahr-e-Qazi Bashir, Mardan	0007	Conventional	MARDAN	MARDAN	0937-9230505 & 7, 874899	0937-9230606	Yes

32	Takht Bhai	Khasra No.785, Shaukat Mansion, Ground & 1st Floor, Opposite Takht Bhai Mega Market, Takht Bhai, Mardan	0150	Islamic	MARDAN	TAKHT BHAI	0937-553682, 553684	0937-553683	Yes
District Number of Branches (2 Islamic & 1 Conventional) 3									
33	Jehangira	Ground & 1st Floor, Behram Khan Centre, G.T. Road, Jehangira (Nowshera)	0151	Islamic	NOWSHERA	JAHANGIRA	0923-510056	0923-510045	Yes
34	Nowshera, Saddar Road	Saad Plaza, Saddar Road, Nowshera Cantt.	0104	Islamic	NOWSHERA	NOWSHERA	0923-9220035 & 38	0923-9220035	Yes
35	Pabbi, G.T.Road	Ajun Market, G.T.Road, Pabbi (District Nowshera)	0159	Islamic	NOWSHERA	PABBI	0923-527071, 527073, 527075	0923-527079	Yes
36	Saleh Khan (Pubbi)	Khasra No.169&183, Main Bazar, Moza Saleh Khana, Tehsil Pubbi, Nowshera	0147	Islamic	NOWSHERA	PABBI	0923-651094-5	0923-651091	Yes
37	Nowshera, Manki Sharif	Khasra No.805, Malak Jameen Market, Soorya Khel, Manki Sharif, Tehsil District Nowshera	0162	Islamic	NOWSHERA	NOWSHERA	0923-626071-2 & 626074	0923-626073	Yes
District Number of Branches (5 Islamic & 0 Conventional) 5									
38	Peshawar, Asamai Gate (LHR)	Tariq Sultan Building, Asamai Gate, Lady Reading Hospital Road Peshawar	0119	Islamic	PESHAWAR	PESHAWAR	091-2561511	091-2561512	Yes
39	Peshawar, Ashraf Road	New Rampura Gate, Ashraf Road, Peshawar.	0025	Conventional	PESHAWAR	PESHAWAR	091-2593262, 2553007	091-2552497	Yes
40	Peshawar, Chowk Nasir Khan	Al-Rehmat Plaza, Property No. CB/637/2027/755 & CB/637/2028/754/F-1 F-2, Ground Floor, Peepal Mandi, Chowk Nasir Khan, Peshawar.	0154	Islamic	PESHAWAR	PESHAWAR	091-8592015	091-2592014	Yes
41	Peshawar, Civil Secretariat	Civil Secretariat , Peshawar	0015	Conventional	PESHAWAR	PESHAWAR	091-9211710	091-9212680	Yes
42	Peshawar, Dalazak Road	Nawaz Plaza, Taxation No. 4988 to 5008, Ground Floor, Dalazak Road, Peshawar.	0073	Conventional	PESHAWAR	PESHAWAR	091-2608216, 2608217	091-2608218	Yes
43	Peshawar, G. T. Road	Ground floor, Afandi Tower, Bilal Town, G.T. Road, Peshawar	0010	Conventional	PESHAWAR	PESHAWAR	091-2263409	091-2263410	Yes
44	Peshawar, Garhi Qamar Din	Khata Khatoni No.418/ 915 to 937, Khasra No. Qata (41), Ground Floor, Arbab Maket, Garhi Qamar Din, Near Mujaddad CNG station, North side Ring Road, Peshawar.	0155	Islamic	PESHAWAR	PESHAWAR	091-2322815, 2325223, 2325225	091-2322715	Yes
45	Peshawar, Gulbahar Branch	Plot No.4-A & 4-B, Sameer Square, Anam Sanam Chowk, Gulbahar Road, Hussainabad, Peshawar	0156	Islamic	PESHAWAR	PESHAWAR	091-2606391-93-94	091-2606392	Yes
46	Peshawar, Hayat Abad Chowk	Saif Shopping Mall, Hayatabad Chowk, Jamrud Road, Peshawar	0128	Islamic	PESHAWAR	PESHAWAR	091-5853283-4	091-5853285	Yes
47	Peshawar, High Court Branch	High Court Branch Peshawar	0048	Conventional	PESHAWAR	PESHAWAR	091-5274368, 5274168	091-5274168	Yes
48	Peshawar, Kharkhano Market Hayat Abad	Royal Plaza, Hayatabad Kharkhano Market, Jamrud Road, Peshawar	0101	Islamic	PESHAWAR	PESHAWAR	091-5824927, 5825430	091-5815194	Yes
49	Peshawar, Khyber Bazar	Shop No.12 & 3, Saadat Market, Suikarno Square, Khyber Bazar, Peshawar	0016	Conventional	PESHAWAR	PESHAWAR	091-2593705, 2568782	091-2211170	Yes
50	Peshawar, KTH Branch	Khyber Teaching Hospital (University Road) Peshawar	0121	Islamic	PESHAWAR	PESHAWAR	091-9218016	091-9218016	No
51 Peshawar, Main Corporate Branch									
52	Peshawar, Saddar Road	Shop No.1 to 6 (Ground Floor) and Office No.1 to 3 (First Floor), Olympic Plaza, Qayyum Stadium, Bara Road, Peshawar Cantt. Shop No.9,10 & 11, at Super Market, Adjacent State Bank of Pakistan Peshawar,	0001	Conventional	PESHAWAR	PESHAWAR	091-5271758, 5278284	091-5279791	Yes
53	Peshawar, Shami Road	Saddar Road, Peshawar Shop No.6-10, Garrison Park, Shami Road, Peshawar	0013	Conventional	PESHAWAR	PESHAWAR	091-5273912, 5276485	091-5277278	Yes
54	Peshawar, University Road	Ghaffar Plaza, Adjacent to Sheraz Restaurant, University Road, Peshawar	0068	Conventional	PESHAWAR	PESHAWAR	091-5270270-71	091-5613913	Yes
55	Peshawar, Warsak Road	Khasra No.6184/2893, Shop No.1, Sabir Business Center, Warsak Road, Peshawar	0002	Conventional	PESHAWAR	PESHAWAR	091-5700227, 9216951	091-9216959	Yes
56	Peshawar, Charsadda Road	*Khasra No.1615/832, Adjacent Khayali CNG Station, Shero Jhangli, Charsadda Road, Peshawar.	0066	Conventional	PESHAWAR	PESHAWAR	091-5201301-2	091-5201341	Yes
57	Peshawar, Achini Payan	Muhammad Arcade, Achini Payan, Ring Road, Near Hayatabad, Peshawar	0074	Conventional	PESHAWAR	PESHAWAR	091-2246684-5	091-2246683	Yes
0166				Islamic	PESHAWAR	PESHAWAR	091-5811280, 5811265	091-5811320	No
District Number of Branches (8 Islamic & 12 Conventional) 20									
58	Alpuri, Shangla Branch	Khasra No.1283,84 & 86, Munir Plaza, Adjacent MCB, Basement & Ground Floor, Besham Road, Alpuri Shangla.	0160	Islamic	SHANGLA(AT ALPURI)	ALPURI	0996-850140-1, 850143	0996-850142	Yes
District Number of Branches (1 Islamic & 0 Conventional) 1									
59	Swabi Branch	Jamil Khan Market, Mardan Road, Swabi	0118	Islamic	SWABI	SWABI	0938-222513, 223423	0938-222512	Yes
60	Topi Branch	Sher Khan Market, Main Bazar, Tarbela Road, Topi, Distt Swabi.	0135	Islamic	SWABI	TOPI	0938271546-8	0938-271547	Yes
District Number of Branches (2 Islamic & 0 Conventional) 2									
61	Barikot Branch	Khasra No.1333, Iqbal Khan Plaza, Pir Baba Road, Barikot, Swat	0157	Islamic	SWAT (AT MINGORA)	BARIKOT	0946-751781-2	0946-751783	Yes
62	Khwaza Khela, Swat	Irfan Plaza, Main Bazaar, Khwaza Khela, Swat	0143	Islamic	SWAT (AT MINGORA)	KHWAZA KHELA	0946-744661-64	0946-744662	Yes
63	Mingora, Main Bazar	Shop No. 01, Bank Square, Main Bazar, Mingora, Swat.	0132	Islamic	SWAT (AT MINGORA)	BABUZA(SWAT)	0946-9240460,62	0946-9240461	No
64	Mingora, Saidu Sharif Road	Basement & Ground Floor, Yousaf Plaza, Khasra No.318, Makan Bagh, Saidu Sharif Road, Mingora, Swat.	0012	Conventional	SWAT (AT MINGORA)	BABUZA(SWAT)	0946-9240045 & 7	0946-9240046	Yes
65	Mingora, Matta (Swat)	Malak Tahir Market, Mouza Main Bazar, Matta, Mingora, Swat	0164	Islamic	SWAT (AT MINGORA)	MATTA SHAMZAI	0946-790840-1	0946-790842	No
District Number of Branches (4 Islamic & 1 Conventional) 5									
66	Tank Branch	Adda Bazar, Tank	0106	Islamic	TANK	TANK	0963-510068	0963-510400	No

District Number of Branches (1 Islamic & 0 Conventional) 1										
67 Upper Dir	Main Bazar , Upper Dir	0126	Islamic	UPPER DIR (AT DIR)	DIR	0944-890021	0944-890022	No		
68 Wari (Upper Dir)	Ittehand Plaza, Lower Basement and Ground Floor, Wari Bazaar, Dir Chitral Road, Upper Dir.	0161	Islamic	UPPER DIR (AT DIR)	WARI	0944-841511, 841611	0944-841711	No		
District Number of Branches (2 Islamic & 0 Conventional) 2										
69 Tor Ghar Branch	Quarter No.1, District Head Quarter Tor Ghar Judba, District Tor Ghar, KPK	0165	Islamic	TOR GHAR (AT OGH)	TOR GHAR (F.R.KALA DHAKA)	0997-209705-6		No		
District Number of Branches (1 Islamic & 0 Conventional) 1										
Province Sindh (12 Branches)										
70 Hyderabad Branch	Plot No.41/444,445,446,447,448 & 449, Main Bohri Bazar, Near Blair Hospital, Saddar Cantt., Hyderabad.	0047	Conventional	HYDERABAD	HYDERABAD	022-2731200, 2731209-10	022-2731211	Yes		
District Number of Branches (1 Conventional) 1										
71Karachi, Bahadurabad	Shop No.4 & Flat No.2, Survery No.SNCC/30, Qazi Court, Karachi Cooperative Housing Society, Bahadurabad, Karachi	0067	Conventional	KARACHI EAST	JAMSHED QUARTER SUB-DIVISION	021-34946751-2-4-5	021-34946753	Yes		
72Karachi, Shahrah-e-Faisal	Ebrahim Alibhai Tower, Shop No.02, Plot No.03, Block-7/8 Modern Cooperative Housing Society (MCHS), Shahrah-e-Faisal, Karachi	0024	Conventional	KARACHI EAST	JAMSHED QUARTER SUB-DIVISION	021-34389037-8	021-34389039	Yes		
District Number of Branches (2 Conventional) 2										
73 Karachi, Clifton Branch	Shop No.7,8 & 9 Plot # G-10, Garnet Centre, Block-8, Main Road, KDA Scheme # 5, Clifton Cantonment, Karachi	0046	Conventional	KARACHI SOUTH	SADDAR SUB-DIVISION	021-35296291-8	021-35296291	Yes		
74Karachi, DHA, Phase-II	Plot No.69-C, 11th Commercial Building, DHA, Phase II, Karachi	0063	Conventional	KARACHI SOUTH	CIVIL LINE SUB-DIVISION	021-35890171-4	021-35890175	Yes		
75 Karachi, Stock Exchange Branch	1st Floor, Karachi Stock Exchange, Karachi	0036	Conventional	KARACHI SOUTH	SADDAR SUB-DIVISION	021-32465804 & 7	021-32465805	No		
76 Karachi, Napier Road	Shop No.07 & Office No.117, Yousuf Trader Centre, Plot No.26, SR-7, Ground & 1st Floor, Napier Road, Karachi	0072	Conventional	KARACHI SOUTH	ARAM BAHG SUB-DIVISION	021-32601371-2, 32601374-5	021-32601373	Yes		
District Number of Branches (4 Conventional)										
77Karachi, Metroville		4								
78 Karachi, Shireen Jinnah Colony	KDA Scheme, Project No.1, Metroville, SITE, Karachi.	0123	Islamic	KARACHI WEST	SITE SUB-DIVISION	021-36754233-4	021-36754236	Yes		
79 Karachi, SITE	Block-1, Clifton, Shireen Jinnah Colony Karachi	0034	Conventional	KARACHI WEST	MAURIPUR SUB-DIVISION	021-35873264-5	021-35873267	Yes		
	B-78, Allied Plaza Estate Avenue, S.I.T.E., Karachi	0109	Islamic	KARACHI WEST	SITE SUB-DIVISION	021-32565102 & 4	021-32565105	Yes		
District Number of Branches (2 Islamic & 1 Conventional) 3										
80 Karachi, Sohrah Goth	Shops No.A-7/A, A-7/B, A-8/A, A-8/B, Ground Floor, Block "A" Plot No.1-B-2, Sub Plot No.1-A, Azam Plaza Scheme 33, Sohrah Goth, Super Market, Main Super Highway Karachi	0110	Islamic	MALIR	GADAB SUB-DIVISION	021-36830070 & 2	021-36830067	Yes		
District Number of Branches (1 Islamic) 1										
81 Sukkur	Property No.D-986, D-987, D-971, Hussaini Road, Sukkur	0058	Conventional	SUKKUR	NEW SUKKUR	071-5617057-8-9	071-5617056	Yes		
District Number of Branches (1 Conventional) 1										
Province Punjab (34 Branches)										
82 Attock City	Property No.B-V-99, Committee No.E-3, ailway Park Chowk, Attock City	0065	Conventional	ATTOCK	ATTOCK	057-2602378-9	057-2701378	Yes		
District Number of Branches (1 Conventional) 1										
83 Bahawalpur	Property No.1605/15, Circular Road, Library Chowk, Bahawalpur	0050	Conventional	BAHAWALPUR	BAHAWALPUR CITY	062-2887533, 2887532	062-2887532	Yes		
District Number of Branches (1 Conventional) 1										
84 Chiniot	Khasra No.12104/9423, Ehsan Plaza, Shahrah-e-Quaid-e-Azam, Chiniot	0044	Conventional	CHINIOT	CHINIOT	047-6333394-6	047-6333397	No		
District Number of Branches (1 Conventional) 1										
85 D.G. Khan	Plot No.5, Dawood Plaza, Railway Road, Dera Ghazi Khan	0056	Conventional	DERA GHAZI KHAN	DERA GHAZI KHAN	0642-470871-4	0642-470875	Yes		
District Number of Branches (1 Conventional) 1										
86 Faisalabad, Kotwali Road	Opposite M.C. College, Kotwali Road Faisalabad	0116	Islamic	FAISALABAD	FAISALABAD CITY	041-2412116-7-8	041-2412120	Yes		
87 Faisalabad, Sosaan Road	Plot No.245-C, Ground & 1st Floor, Madina Town, Sosaan Road, Faisalabad	0038	Conventional	FAISALABAD	FAISALABAD CITY	041-8556200-1-2	041-8556203	Yes		
District Number of Branches (1 Islamic & 1 Conventional) 2										
88 Gujranwala, G.T. Road	Property No.8XII-75-157, Bank Square, Main G. T. Road Gujranwala	0039	Conventional	GUJRANWALA	GUJRANWALA CITY	055-3730917-8	055-3730918	Yes		
District Number of Branches (1 Conventional) 1										
89 Gujrat, G. T. Road	Property No.1157/527, Ground Floor, Empire Centre, G.T. Road Gujrat	0037	Conventional	GUJRAT	GUJRAT	053-3525555, 3530380	0533-520370, 530390	Yes		
District Number of Branches (1 Conventional) 1										
90 Jhang	Khata No. 710, Yousaf Shah Building, Ground Floor, Kachary Road , Jhang	0070	Conventional	JHANG	JHANG	047-7622180-1, 7622183	047-7622182	Yes		
District Number of Branches (1 Conventional) 1										
91 Jhelum	225/226, Koh-I-Noor Plaza, Old GTS Road, Jhelum Cantt.	0042	Conventional	JHELUM	JHELUM	0544-9270164 & 6	0544-9270165	Yes		

District Number of Branches (1 Conventional) 1

92	Khanewal	Property No.32, Paracha Hospital, Adjacent JS Bank, College Road, Khanewal	0060	Conventional	KHANEWAL	KHANEWAL	065-2556431-2	065-2556433	Yes
93	Mian Channu	Property No.17/24, Shadab Market, G.T. Road, Mian Channu, District Khanewal	0061	Conventional	KHANEWAL	MIAN CHANNU	065-2661871-2	065-2661870	Yes

District Number of Branches (2 Conventional) 2

94	Lahore, Davis Road	Davis Hynes, Davis Road, Lahore	0114	Islamic	LAHORE	LAHORE CITY	042-36304873, 36367407	042-36307079	Yes
95	Lahore, DHA	Plot No.178, Block-Y, DHA, Lahore Cantt.	0052	Conventional	LAHORE	LAHORE CANTT	042-35741073 & 5	042-35741077	Yes
96	Lahore, Faysal Town	Plot No.811, Block C, Faysal Town, Lahore	0057	Conventional	LAHORE	LAHORE CITY	042- 35160472, 35160474-8	042-35160473	Yes
97	Lahore, Johar Town	Block -R-1, M.A. Johar Town, Lahore	0031	Conventional	LAHORE	LAHORE CITY	042-35316744-5	042-35316746	Yes
98	Lahore, M.M. Alam Road	Gulberg-III, M.M. Alam Road, Lahore	0023	Conventional	LAHORE	LAHORE CITY	042-35872013, 35752038	042-35872013	Yes
99	Lahore, Rawl Road	Property No.82-84, Amarpak Building, Main Ravi Road, Lahore	0141	Islamic	LAHORE	LAHORE CITY	042-37947581-2	042-37947583	Yes
100	Lahore, Shah Alam Gate	Shop #E/36, Alamgir Market, Inside Shah Alam Gate, Lahore.	0124	Islamic	LAHORE	LAHORE CITY	042-37641834 & 6	042-37641837	Yes
101	Lahore, Badami Bagh	Plot No.119, Auto Market, Badami Bagh, Lahore	0069	Conventional	LAHORE	LAHORE CITY	042-37731631-2-3	042-37731634	Yes

District Number of Branches (3 Islamic & 5 Conventional) 8

102	Multan, Abdali Road	Lower Ground, Khan Centre, Main Market, Abdali Road Multan Cantt.	0033	Conventional	MULTAN	MULTAN SADDAR	061-4545139-40	061-4545143	Yes
103	Multan, Vehari Road	Plot No.12-B & 13-B, Haq Nawaz Plaza, Main Gate Shah Shams Colony, Vehari Road, Multan	0142	Islamic	MULTAN	MULTAN CITY	061-6241251-3	061-6241254	Yes

District Number of Branches (1 Islamic & 1 Conventional) 2

104	Okara, Jinnah Road	Ground Floor & 1st Floor, Iftikhar Children Hospital, M.A. Jinnah Road, Okara	0140	Islamic	OKARA	OKARA	0442-511079-80	0442-511081	Yes
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District Number of Branches (1 Islamic) 1

105	Rahim Yar Khan	Plot No.15, Opposite Town Hall, Model Town, Rahim Yar Khan	0051	Conventional	RAHIM YAR KHAN	RAHIM YAR KHAN	068-5870182-3	068-5870185	Yes
106	Sadiqabad	Shop No.10, Masood Plaza, Bank Road, Sadiqabad	0059	Conventional	RAHIM YAR KHAN	SADIQABAD	068-5801261-2-3	068-5801264	Yes

District Number of Branches (2 Conventional) 2

107	Gujar Khan	Shop No.6-8, Ward No.5, Near Ali Hospital, Main G.T. Road, Gujar Khan	0062	Conventional	RAWALPINDI	GUJAR KHAN	051-3511822-3	051-3511824	Yes
108	Rawalpindi, City Saddar Road	No.A/308- Jinnah Road (City Saddar Road) Rawalpindi	0030	Conventional	RAWALPINDI	RAWALPINDI	051-5540420 & 2, 5540486	051-5540482	Yes
109	Rawalpindi, Saddar Adam Jee Road	Adam Jee Road, Saddar, Rawalpindi	0115	Islamic	RAWALPINDI	RAWALPINDI	051-5120194-7	051-5120198	Yes
110	Taxila	Gudwaal Plaza, Khawat No. 599, Khatooni No. 906-913, Ground & 1st Floor, Main Bazaar, Taxila.	0153	Islamic	RAWALPINDI	TAXILA	051-4545402-3	051-4545404	Yes

District Number of Branches (2 Islamic & 2 Conventional) 4

111	Sahiwal Branch	272/B-2 High Street, Sahiwal.	0045	Conventional	SAHIWAL	SAHIWAL	040-4222404, 4222448	040-4222403	Yes
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District Number of Branches (1 Conventional) 1

112	Sargodha	63/5/2/1 VIP Complex, Niazi Square, Club Road, Sargodha	0041	Conventional	SARGODHA	SARGODHA	048-3740892-3	048-37408912	Yes
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District Number of Branches (1 Conventional) 1

113	Sheikhpura	Khasra No.80, Adjacent Singer Branch, Sargodha Road, Sheikhpura	0152	Islamic	SHEIKHPURA	SHEIKHPURA	056-3614182	056-3614184	Yes
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District Number of Branches (1 Islamic) 1

114	Sialkot Branch	Industrial Area, Shahabpura, Ugoki Road Near Masjid Mohajirin, Sialkot	0032	Conventional	SIALKOT	SIALKOT	052-3559225 & 7	052-3559224	Yes
115	Daska	Property No.8.9.90, Ground & 1st Floor, Bank Road, Daska, Sialkot	0071	Conventional	SIALKOT	DASKA	052-6612324-6	052-6612327	Yes

District Number of Branches (2 Conventional) 2

116	Province Balochistan (4 Branches) Chaman Branch	Khasra No.451, Old Mahal 404 Abdali Bazar, Chaman	0120	Islamic	KILLA ABDULLAH	CHAMAN	0826-614012, 614027	0826-614012	No
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District Number of Branches (1 Islamic) 1

117	Quetta, Jinnah Road	Jinnah Road, Quetta.	0102	Islamic	QUETTA	QUETTA	081-2843203, 2822141	081-2829469	Yes
118	Quetta, Shahrah-e-Iqbal	Shop No.2-7/35, Khyber Plaza, Shahra-e-Iqbal (Qandhari Bazar) Quetta	0054	Conventional	QUETTA	QUETTA	081-2834950-55	081-2834952	No
119	Quetta, Sirki Road	Khasra No.1807/16, Kaasi Building Ground & 1st Floor, Sirki Road, Quetta.	0148	Islamic	QUETTA	QUETTA	081-2443637, 2447377	081-2447388	Yes

District Number of Branches (2 Islamic & 1 Conventional) 3

120	Capital Territory Area (4 Branches) Islamabad, Blue area	Zahoor Plaza, Blue Area, Islamabad.	0022	Conventional	Islamabad	Islamabad	051-2824691, 2826111	051-2271139	Yes
121	Islamabad, F-10 Markaz	Plot No.8. F-10 Markaz, Islamabad	0133	Islamic	Islamabad	Islamabad	051-2222994-5	051-2222997	Yes
122	Islamabad, PWD Society	Plot No.786-G, Block-C, PWD Society, Islamabad	0055	Conventional	Islamabad	Islamabad	051-5170901-2 & 4	051-5170903	Yes
123	Tarnol	Khasra No.781, Geo Madina Tower, Main G.T. Road, Tarnol	0146	Islamic	Islamabad	Islamabad	051-2226781-2	051-2226783	Yes

District Number of Branches (2 Islamic & 2 Conventional) 4

124	Gilgit Baltistan (1 Branch) Gilgit, Jutial Cantt.	Shop No.1 to 6, ZS Plaza, Opposite Radio Pakistan, Shahrah-e-Quaid-e-Azam, Jutial Cantt. Gilgit	0053	Conventional	GILGIT	GILGIT	05811-922082-3	05811-922084	Yes
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District Number of Branches (1 Conventional) 1
FATA /Agency (3 Branch)

125	Jamrud Road Branch	Adjacent Caltex Petrol Pump, Jamrud Bazar, Jamrud (Khyber Agency)	0125	Islamic	KHYBER (AT PESHAWAR)	JAMRUD	091-5602013,5830147-8	091-5830149	No
126	Torkham Branch	Ground Floor, Masoom Building, Near PTDC and Tehsildar Office, Peshawar Torkham Road, Torkham	0167	Islamic	Khyber Agency		0924-240044-6	0924-240047	No

Agency Number of Branches (2 Islamic) 2

127	Khar Bajaur Branch	Abid City Centre, Ground Floor, Lt. Sajjad Khan Shaheed Bypass Road, Khar Bazaar, Bajaur Agency.	0163	Islamic	BAJAUR(AT KHAR BAJAUR)	KHAR BAJAUR	0942-221263-4	0942-221266	No
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Agency Number of Branches (1 Islamic) 1

Azad Jammu Kashmir (3 Branches)

128	Kotli (AJ&K)	Commercial Property, Khasra No.579, Bank Road, Kotli	0064	Conventional	KOTLI	KOTLI	05826-448673-4-5	05826-448679	Yes
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District Number of Branches (1 Conventional) 1

129	Mirpur Branch (AJ&K)	Plot No.3, Sector B/3, Allama Iqbal Road, Mirpur, Azad Jammu Kashmir	0035	Conventional	MIRPUR	MIRPUR	05827-447686-8	05827-447685	Yes
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District Number of Branches (1 Conventional) 1

130	Muzaffar Abad (AJ&K)	Secretariat Road, Muzaffarabad, Azad Jammu & Kashmir	0027	Conventional	MUZAFFARABAD	MUZAFFARABAD	05822-920492	05822-920499	Yes
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Province / Area	Conventional Branches	Islamic Branches	Total Number of Branches
KPK	23	46	69
Sindh	9	3	12
Punjab	25	9	34
Balochistan	1	3	4
Capital Area	2	2	4
Gilgit Baltistan	1	0	1
FATA/Agency	0	3	3
AJ&K	3	0	3
Total	64	66	130

Foreign Correspondent Banks

Afghanistan	Habib Bank Limited National Bank of Pakistan		Industrial and Commercial Bank of China Intesa Sanpaolo SpA Jiangsu Jiangnan Rural Commercial Bank Co. Ltd Jiangsu Zhangjiagang Rural Commercial Bank Co. Ltd Mizuho Bank (China) Ltd Qilu Bank Co Ltd Shengjing Bank The Bank of New York Mellon The Export Import Bank of China UniCredit SpA Wells Fargo Bank NA Woori Bank (China) Ltd Yantai Bank Company Limited Zhejiang Nanxun Rural Commercial Bank Co Ltd Zhejiang Pinghu Rural Cooperative Bank Zhejiang Tailong Commercial Bank Co. Ltd Zhejiang Xiaoshan Rural Cooperative Bank
American Samoa	ANZ Guam Inc		
Argentina	Bank of Tokyo Mitsubishi UFJ Ltd, The Deutsche Bank SA		
Australia	Australia and New Zealand Banking Group Limited		
Bahrain	Al Baraka Islamic Bank BSC Arab Investment Company, The Bank Al Habib Limited Bank of Tokyo Mitsubishi UFJ Ltd, The Habib Bank Limited United Bank Limited Woori Bank		
Bangladesh	Habib Bank Limited National Bank of Pakistan Social Islami Bank Limited Woori Bank		
Belgium	Commerzbank AG Habib Bank Limited KBC Bank NV The Bank of New York Mellon SA/NV	Cook Islands	Australia and New Zealand Banking Group Limited
Brazil	Deutsche Bank SA – Banco Alemao	Czech Republic	Commerzbank AG UniCredit Bank Czech Republic and Slovakia as
Cambodia	ANZ Royal Bank (Cambodia) Limited Shinhan Khmer Bank Limited	Denmark	Danske Bank A/S Sparekassen S jaelland
Canada	Deutsche Bank AG Habib Canadian Bank	Egypt	Mashreqbank PSC
Cayman Islands	Commerzbank AG Deutsche Bank AG	Ethiopia	Dashen Bank SC
Chile Deutsche	Bank of Tokyo Mitsubishi UFJ Ltd, The Bank Chile	Fiji	Australia and New Zealand Banking Group Limited
China	Agricultural Development Bank of China Australia and New Zealand (China) Company Limited Bank of China Limited Bank of Jiangsu Co. Ltd Bank of Shanghai Co. Ltd Bank of Tokyo Mitsubishi UFJ (China), The China Citic Bank Corporation Limited CNCB Commerzbank AG	Finland	Danske Bank PLC Pohjola Bank PLC
		France	Commerzbank AG Credit Mutuel Arkea Habib Bank Limited Intesa Sanpaolo SpA Mizuho Bank Ltd National Bank of Pakistan Union de Banques Arabes et Francaises (U.B.A.F)

Germany	Australia and New Zealand Banking Group Limited Comdirect Bank AG Commerzbank AG Danske Bank A/S Deutsche Bank AG Deutsche Bank Privat-und Geschäftskunden Aktiengesellschaft European Bank for Financial Services GmbH (ebase) Intesa Sanpaolo SpA National Bank of Pakistan Shinhan Bank Europe GmbH Sparkasse Westmunsterland The Bank of New York Mellon		Intesa Sanpaolo SpA Mizuho Bank Ltd The Bank of New York Mellon (Luxembourg) SA UniCredit Banca Di Roma SpA Unione di Banche Italiane ScpA
Gibraltar	Bank J Safra Sarasin (Gibraltar) Ltd	Japan	Bank of Tokyo Mitsubishi UFJ Ltd, The Commerzbank AG Deutsche Bank AG Intesa Sanpaolo SpA Mizuho Bank Ltd National Bank of Pakistan Shinhan Bank The Bank of New York Mellon Union de Banques Arabes et Francaises (U.B.A.F) Wells Fargo Bank NA Woori Bank
Greece	Attica Bank SA	Kenya	Habib Bank Limited
Hong Kong	ABN AMRO Bank NV Bank of America NA Commerzbank AG Habib Finance International Ltd Intesa Sanpaolo SpA Mashreqbank PSC National Bank of Pakistan The Bank of New York Mellon UBAF (Hong Kong) Limited Wells Fargo Bank NA Woori Bank	Korea (South) Group Limited	Australia and New Zealand Banking Bank of Tokyo Mitsubishi UFJ Ltd, The Busan Bank Industrial Bank of Korea KB Kookmin Bank Korea Exchange Bank Mizuho Bank Ltd National Bank of Pakistan National Federation of Fisheries Cooperatives Shinhan Bank Standard Chartered Bank Korea Limited The Bank of New York Mellon Union de Banques Arabes et Francaises (U.B.A.F) Wells Fargo Bank NA Woori Bank
Hungary	Commerzbank ZRT		
India	Australia and New Zealand Banking Group Limited Bank of Tokyo Mitsubishi UFJ Ltd, The Mashreqbank PSC Mizuho Bank Ltd Shinhan Bank		
Indonesia	Bank of Tokyo Mitsubishi UFJ Ltd, The PT Bank ANZ Indonesia PT Bank Woori Indonesia PT Pan Indonesia Bank TBK	Kuwait	Mashreqbank PSC
Ireland	Danske Bank A/S Intesa Sanpaolo Bank Ireland PLC	Kyrgyzstan	National Bank of Pakistan
Italy	Banca Dell' Adriatico SpA Banca Popolare dell'Emilia Romagna Società Cooperativa Banca UBAE SpA Banco di Desio e della Brianza SpA Banco di Napoli SpA Bank of Tokyo Mitsubishi UFJ Ltd, The Cassa dei Risparmi di Forli e della Romagna SpA Commerzbank AG	Lebanon	Habib Bank Limited
		Luxembourg	Commerzbank AG Danske Bank International SA The Bank of New York Mellon (Luxembourg) SA
		Macau	Banco Comercial Portugues SA
		Malaysia	Bank Al Habib Limited Bank of Tokyo Mitsubishi UFJ (Malaysia) Berhad CIMB Bank Berhad Citibank Berhad Mizuho Bank (Malaysia) Berhad

Mauritius	Bank of Baroda The Mauritius Commercial Bank Ltd	Russia	Commerzbank (Eurasija) SAO ZAO Danske Bank ZAO Woori Bank
Monaco	Banque J Safra Sarasin (Monaco) SA	Samoa	ANZ Bank (Samoa) Ltd
Netherlands	Commerzbank AG Deutsche Bank AG Habib Bank Limited ING Bank NV Intesa Sanpaolo SpA	Saudi Arabia	Bank Al-Jazira National Bank of Pakistan National Commercial Bank, The Saudi Hollandi Bank
New Zealand	ANZ Bank New Zealand Limited	Serbia	UniCredit Bank Serbia ad Beograd
Norway	Danske Bank A/S	Seychelles	Bank Al Habib Limited
Oman	Bank Sohar SAOG Habib Bank Limited	Singapore	ABN AMRO Bank NV Australia and New Zealand Banking Group Limited Bank of Tokyo Mitsubishi UFJ Ltd, The Commerzbank AG Habib Bank Limited HSH Nordbank AG Intesa Sanpaolo SpA Mizuho Bank Ltd PT Bank Mandiri (Persero) TBK Shinhan Bank The Bank of New York Mellon Union de Banques Arabes et Francaises (U.B.A.F) Woori Bank
Pakistan	Al Baraka Bank (Pakistan) Limited Allied Bank Limited Askari Bank Limited Bank Al Habib Limited Bank Alfalah Limited Bank of Punjab (The) BankIslami Pakistan Limited Deutsche Bank AG Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Industrial and Commercial Bank of China	Slovakia	Commerzbank AG
JS Bank Limited	MCB Bank Limited Meezan Bank Limited National Bank of Pakistan NIB Bank Limited Silk Bank Limited Sindh Bank Limited Soneri Bank Limited Summit Bank Limited United Bank Limited	Slovenia	UniCredit Banka Slovenija dd
Papua New Guinea Group (PNG) Limited	Australia and New Zealand Banking	Solomon Islands Group Limited	Australia and New Zealand Banking
Philippines Group Limited	Australia and New Zealand Banking Bank of Tokyo Mitsubishi UFJ Ltd, The Mizuho Bank Ltd	South Africa	HBZ Bank Ltd
Poland	Danske Bank A/S	Spain	CaixaBank SA Commerzbank AG Intesa Sanpaolo SpA NCG Banco SA
Qatar	Doha Bank Mashreqbank PSC United Bank Limited	Sri Lanka	Habib Bank Limited Sampath Bank PLC
Romania	UniCredit Tiriac Bank SA	Sweden	Danske Bank A/S Svenska Handelsbanken AB (publ)
		Switzerland	Bank J Safra Sarasin Ltd Habib Bank AG Zurich UBL (Switzerland) AG
		Taiwan	ANZ Bank (Taiwan) Limited Bank of Tokyo Mitsubishi UFJ Ltd, The Mizuho Bank Ltd The Bank of New York Mellon Wells Fargo Bank NA

Thailand	Bank of Tokyo Mitsubishi UFJ Ltd, The Mizuho Bank Ltd		Intesa Sanpaolo SpA Manufacturers and Traders Trust Company
Timor-Leste	Australia and New Zealand Banking Group Limited		Mashreqbank PSC Mizuho Bank Ltd
Tonga	Australia and New Zealand Banking Group Limited		National Bank of Pakistan Shinhan Bank America Stifel Nicolaus & Company Incorporated
Turkey	Akbank TAS Habib Bank Limited HSBC Bank AS		The Bank of New York Mellon The Royal Bank of Scotland Plc United Bank Limited Wells Fargo Bank NA Woori Bank
UAE	Habib Bank AG Zurich Habib Bank Limited Mashreqbank PSC MCB Bank Limited United Bank Limited	Vanuatu	ANZ Bank (Vanuatu) Ltd
UK	Australia and New Zealand Banking Group Limited Bank J Safra Sarasin (Gibraltar) Ltd Commerzbank AG Danske Bank A/S Habib Bank AG Zurich Habib Bank UK PLC Intesa Sanpaolo SpA Lloyds Bank PLC Mashreqbank PSC Mizuho Bank Ltd Northern Bank Limited Shinhan Bank Svenska Handelsbanken AB (publ) The Bank of New York Mellon United Bank UK Wells Fargo Bank NA Woori Bank	Vietnam	ANZ Bank (Vietnam) Ltd Mizuho Bank Ltd Shinhan Bank Vietnam Limited Woori Bank
Ukraine	Public Joint Stock Company 'Kontrakt Bank'		
USA	Australia and New Zealand Banking Group Limited Branch Banking and Trust Company Commerzbank AG Deutsche Bank AG Deutsche Bank Trust Company Americas First Tennessee Bank National Association Golden Bank National Association Habib American Bank Habib Bank Limited		

Form of Proxy

Folio No. _____ CDC Participant Identity Card No. _____ CDC A/C No. _____ I/We _____
of _____ a member /members of The Bank of Khyber, and holder of _____
shares do hereby appoint _____ of _____ or failing him /
her _____ of _____ who is also a member of the Company, vide Registered
Folio No. _____ as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the 25th
Annual General Meeting of the Bank to be held on Tuesday, April 5, 2016 at 10:30 a.m. at Pearl Continental Hotel,
Peshawar Cantt.

As witness my/our hand this _____ day of _____ 2016.

Signature on
Five-Rupees
Revenue Stamp

Dated:

Place:

The Signature should
agree with the
Specimen registered
with the Bank

Notes

A. General

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and vote instead him/her. No person shall act as a proxy, who is not a member of the bank except that Government of Pakistan/Provincial Government/State Bank of Pakistan/ Corporation may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporation (other than Government of Pakistan and State Bank of Pakistan), its common seal should be affixed on the instrument.
3. The instrument appointing a proxy, together with the Power of Attorney, if any, under which it is signed or a nationally certified copy thereof, should be deposited, with our Registrar/Transfer Agents, Messrs THK Associates (Pvt) Ltd. 2nd Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi 75530 Pakistan, not less than 48 hours before the time of holding meeting.
4. If a member appoints more than one proxy, and more than one instrument of proxy are deposited by a member with the Bank, all such instruments of proxy shall be rendered invalid.

B. For CDC Account Holders

1. The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
2. Attested copies of CNIC or the passport of the beneficial owners and proxy shall be furnished with the proxy form.
3. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
4. In case of Government of Pakistan/Provincial Government/State Bank of Pakistan/Corporate entity, the Board of Director's resolution/power of attorney with specimen signature shall be submitted along with proxy to the Bank.



24-The Mall,
Peshawar Cantt.



1st Floor, State Life Building
34 -The Mall, Peshawar Cantt.



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