Summit Bank

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ADVANCING
THE WAY FORWARD

ANNUAL REPORT 2014

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CORPORATE INFORMATION

Board of Directors

Mr. Nasser Abdulla Hussian Lootah
Chairman

Mr. Husain Lawai
President and CEO

Mr. Nasim Beg
Director

Mr. Asadullah Khawaja
Director

Mr. M. Farid Uddin
Director

Mr. Shehryar Faruque
Director

Mr. Muhammad Zahir Esmail
Director

Audit Committee

Mr. Asadullah Khawaja
Chairman

Mr. Nasim Beg
Member

Mr. Shehryar Faruque
Member

Risk Management Committee

Mr. Nasim Beg
Chairman

Mr. Asadullah Khawaja
Member

Mr. Shehryar Faruque
Member

Mr. Husain Lawai
Member

HR & Compensation Committee

Mr. Shehryar Faruque
Chairman

Mr. Nasim Beg
Member

Mr. Asadullah Khawaja
Member

Mr. Husain Lawai
Member

Chief Financial Officer

Mr. Irfan Saleem Awan

Company Secretary - Acting

Syed Imran Hashmi

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisors

Tahir Ali Tayebi & Co.

Hyat & Meerjees

Share Registrar

Technology Trade (Pvt) Ltd.
Dagia House, 241-C, Block 2, PECHS
off Shahrah-e-Qaideen, Karachi-74000, Pakistan
Tel: (021) 34391316-7
Fax: (021) 34391318

Head Office

Arif Habib Centre, 23 M.T Khan Road
Karachi-74000. Pakistan
UAN: (021) 111-124-725
Fax: (021) 32435736

Registered Office

Plot No. 6-B, F-6, Supermarket,
Islamabad, Pakistan

Entity Ratings

Rated by JCR-VIS Credit Rating Company Ltd.
Medium to Long term "A (Single A)"
Short Term "A-1 (A-one)"

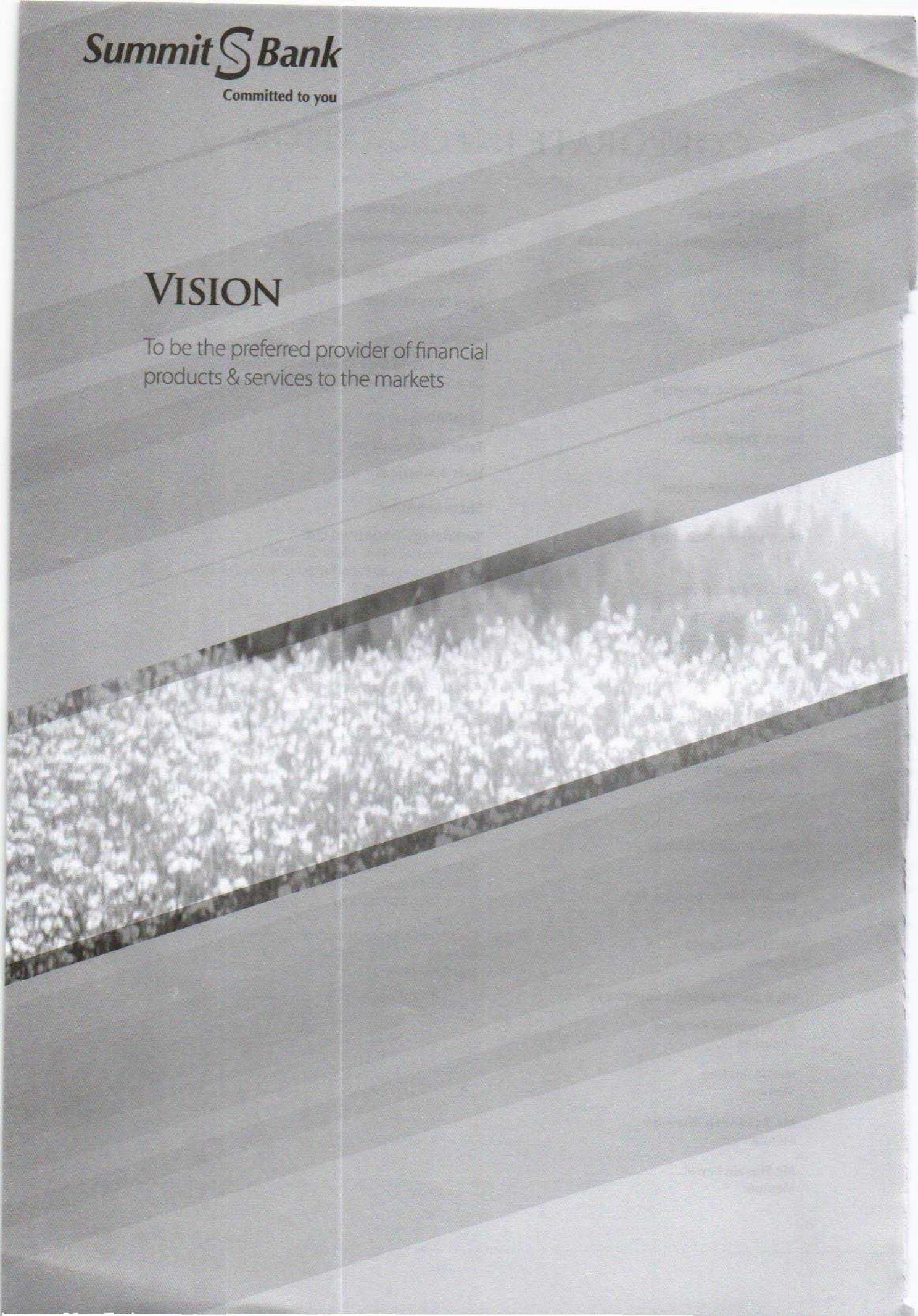
Email: info@summitbank.com.pk
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Toll Free: 0800-24365

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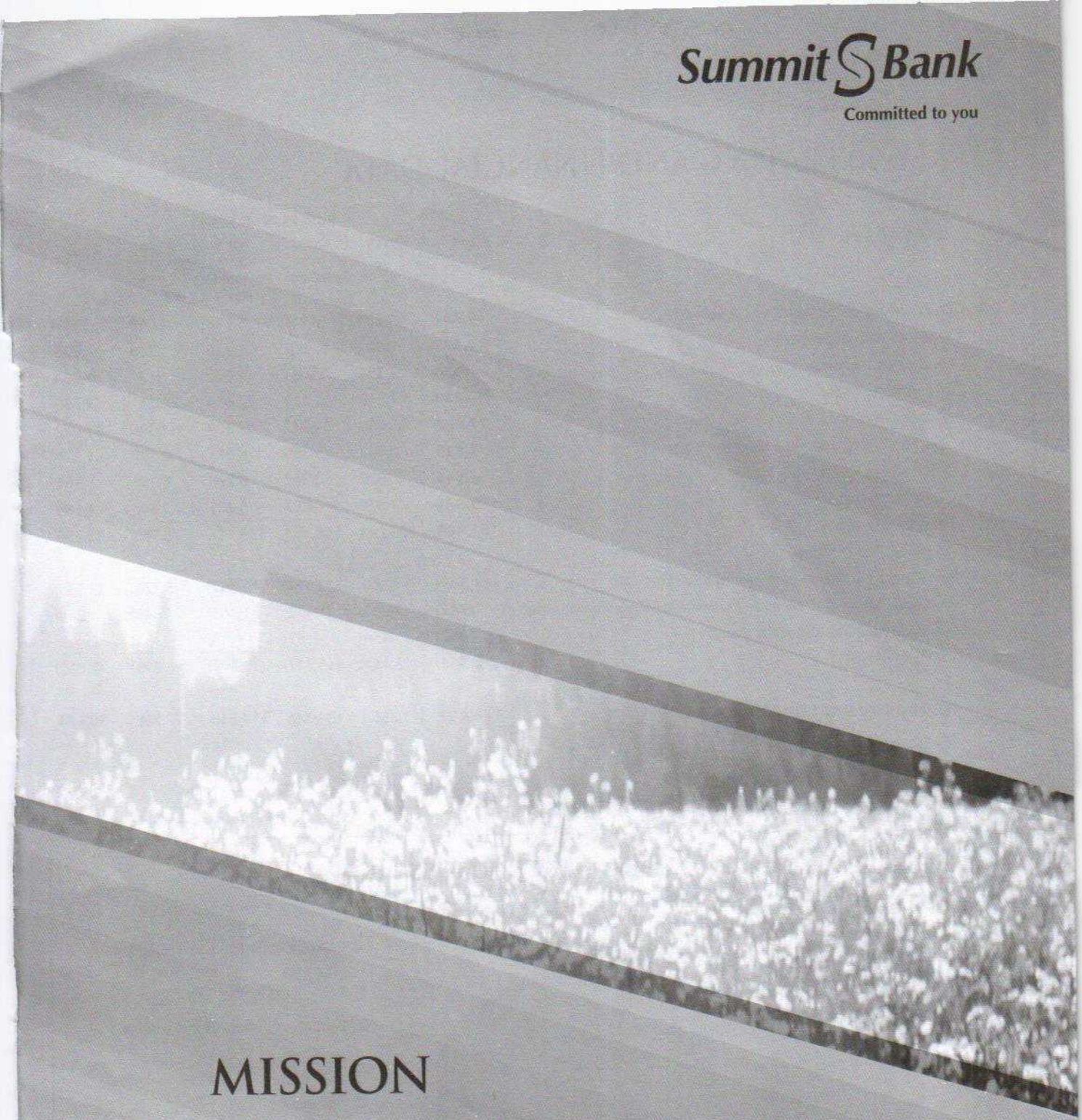
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VISION

To be the preferred provider of financial products & services to the markets



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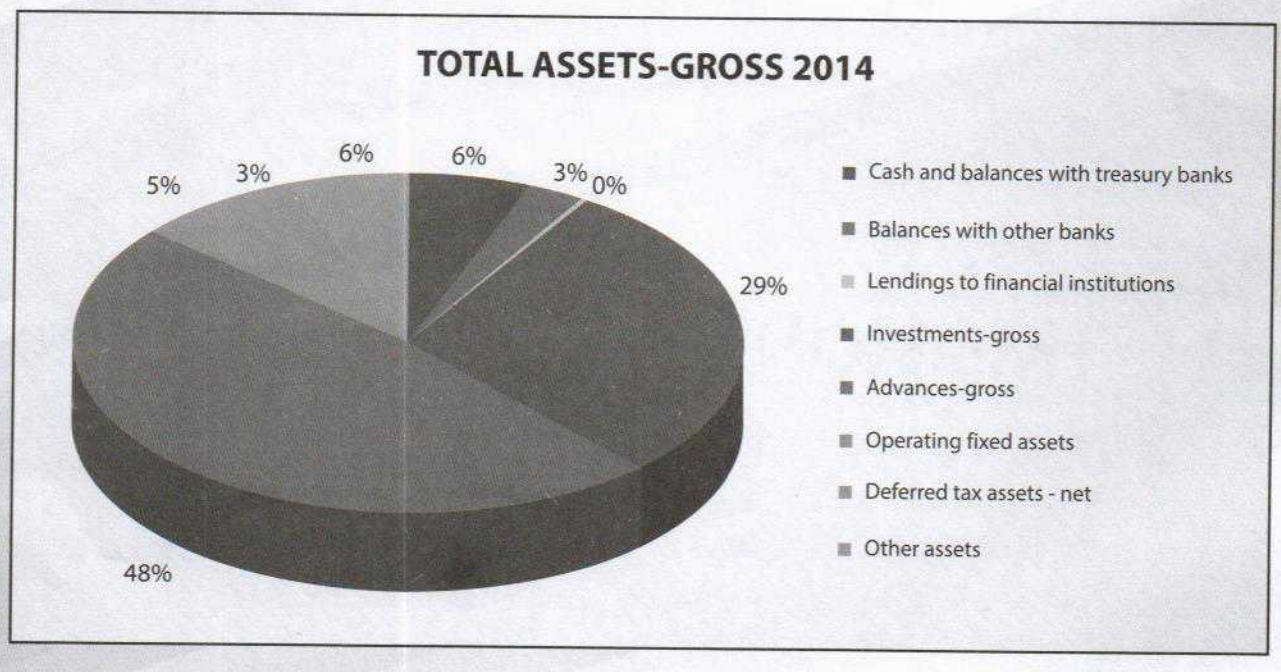
MISSION

- To be a financial institution based on Trust, Integrity and Good Governance
- To deliver financial solutions to our customers
- To provide equal opportunities & professional working environment to our employees
- To provide fair return to our shareholders on their investment
- To serve the community at large
- To discharge corporate social responsibility

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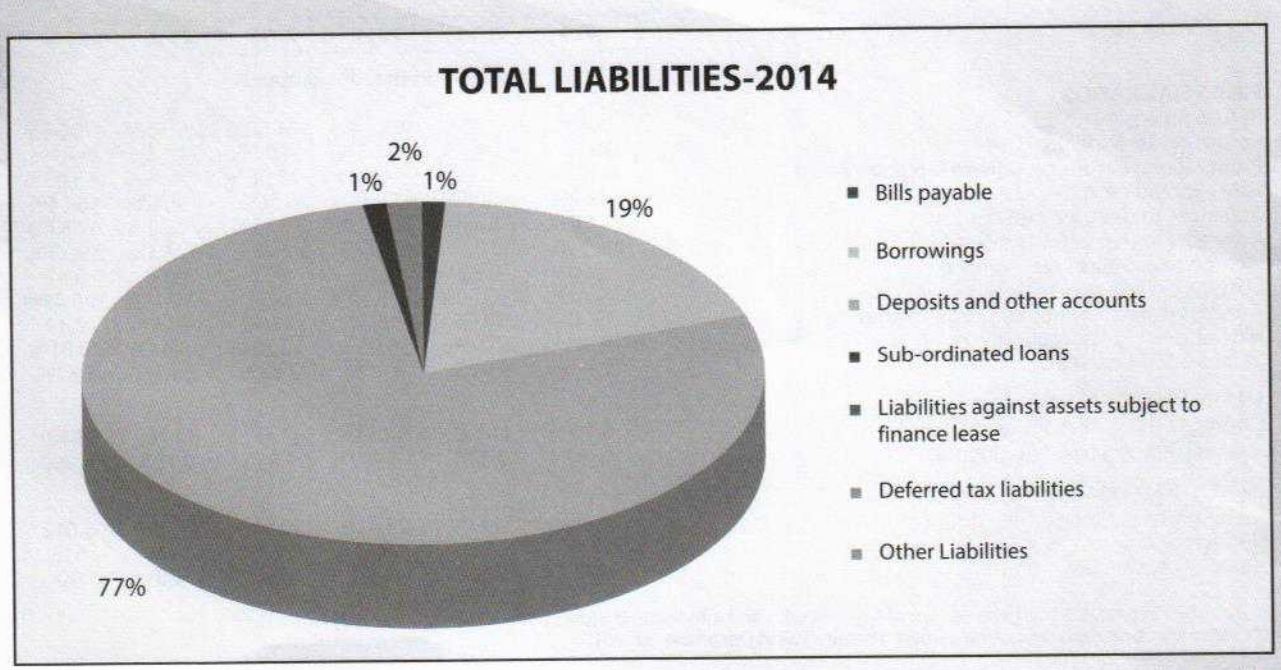
KEY OPERATING AND FINANCIAL DATA

DECEMBER 31	RUPEES IN MILLION					
	2014	2013	2012	2011	2010	2009
ASSETS			Restated	Restated*	**	
Cash and balances with treasury banks	**9,384**	9,204	8,110	6,118	4,048	1,924
Balances with other banks	**4,377**	2,302	3,601	1,426	338	725
Lendings to financial institutions	**650**	1,555	2,039	1,070	-	1,434
Investments-gross	**46,239**	41,018	51,117	37,634	21,341	12,690
Advances-gross	**77,804**	65,568	64,942	68,399	44,495	21,072
Operating fixed assets	**7,535**	6,182	5,385	6,071	2,690	1,571
Deferred tax assets - net	**5,645**	5,800	6,042	6,298	3,203	381
Other assets	**9,371**	7,075	6,897	6,231	2,848	1,189
Total assets-gross	**161,005**	138,704	148,133	133,247	78,963	40,986
Provision against non performing advances	**(11,349)**	(11,360)	(12,393)	(12,381)	(5,724)	(2,568)
Provision / Surplus/ (Deficit) on revaluation of investments - net	**(742)**	(1,330)	(1,172)	(1,365)	(840)	(244)
Provision held against other assets	**(457)**	(454)	(182)	(153)	(131)	-
Total provisions	**(12,548)**	(13,144)	(13,747)	(13,899)	(6,695)	(2,812)
TOTAL ASSETS-NET OF PROVISIONS	**148,457**	125,560	134,386	119,348	72,268	38,174



KEY OPERATING AND FINANCIAL DATA

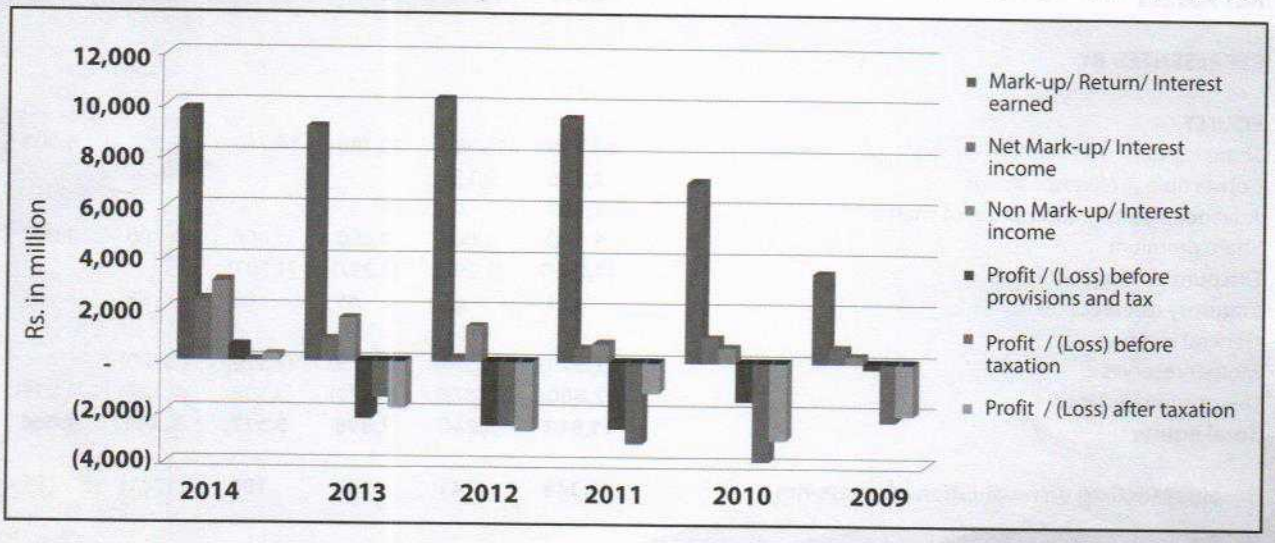
DECEMBER 31	RUPEES IN MILLION					
	2014	2013	2012	2011	2010	2009
			Restated	Restated*	**	
LIABILITIES						
Bills payable	**1,532**	2,205	1,654	901	357	213
Borrowings	**25,312**	9,961	28,900	18,563	5,257	1,555
Deposits and other accounts	**105,309**	106,351	96,916	89,700	61,608	31,307
Sub-ordinated loans	**1,498**	1,499	1,499	1,500	-	-
Liabilities against assets subject to finance lease	**-**	-	-	-	-	-
Deferred tax liabilities	**-**	-	-	-	-	-
Other Liabilities	**2,444**	2,155	2,352	2,911	1,673	1,044
Total liabilities	**136,095**	122,171	131,321	113,575	68,895	34,119
NET ASSETS	**12,362**	**3,389**	**3,065**	**5,773**	**3,373**	**4,055**
REPRESENTED BY						
EQUITY						
Share capital	**10,780**	10,780	10,780	10,780	7,251	5,000
Convertible preference shares	**2,156**	2,156	-	-	-	-
Advance against subscription of shares	**7,507**	-	-	-	-	-
Share premium	**1,000**	1,000	1,000	1,000	1,000	1,000
Discount on Issue of Shares	**(1,297)**	(1,297)	(1,297)	(1,297)	-	-
Statutory reserves	**111**	65	65	65	65	65
General reserves	**-**	-	-	-	-	-
Merger reserves	**(1,579)**	(1,579)	(1,579)	(1,579)	(2,400)	-
Unappropriated loss	**(7,660)**	(7,877)	(6,071)	(3,392)	(2,322)	(1,999)
Total equity	**11,018**	**3,248**	**2,898**	**5,577**	**3,594**	**4,066**
Surplus / (deficit) on revaluation of assets-net	**1,344**	**141**	**167**	**196**	**(221)**	**(11)**



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KEY OPERATING AND FINANCIAL DATA

DECEMBER 31	RUPEES IN MILLION					
	2014	2013	2012	2011	2010	2009
			Restated	Restated*	**	
RESULTS OF OPERATIONS						
Mark-up/ Return/ Interest earned	**9,827**	9,178	10,265	9,552	7,071	3,514
Mark-up/ Return/ Interest expensed	**7,401**	8,330	10,138	9,021	6,102	2,947
Net Mark-up/ Interest income	**2,426**	848	127	531	969	567
Net Mark-up/ Interest income after provisions	**1,863**	1,685	95	(69)	(1,361)	(1,474)
Non Mark-up/ Interest income	**3,121**	1,686	1,377	732	582	265
Non Mark-up/ Interest expense	**4,972**	4,778	3,997	3,871	3,095	1,077
Profit / (Loss) before provisions and tax	**575**	(2,244)	(2,493)	(2,608)	(1,544)	(245)
Provision against non performing loans and advances/writeoff	**(87)**	916	(73)	(639)	(1,937)	(1,817)
Provision for diminution in the value of investments	**(476)**	(79)	41	39	(393)	(224)
Profit / (Loss) before taxation	**12**	(1,407)	(2,525)	(3,208)	(3,874)	(2,286)
Taxation	**(218)**	421	209	(1,999)	(857)	(219)
Profit / (Loss) after taxation	**230**	(1,828)	(2,734)	(1,209)	(3,017)	(2,067)



DECEMBER 31	2014	2013	2012	2011	2010	2009
			Restated	Restated*	**	
FINANCIAL RATIOS						
Return on equity (ROE)	2.09%	-56.28%	-94.34%	-21.68%	-83.95%	-50.84%
Return on assets (ROA)	0.15%	-1.46%	-2.03%	-1.01%	-4.17%	-5.41%
Profit / (Loss) before tax ratio to Interest earned	0.12%	-15.33%	-24.60%	-33.58%	-54.79%	-65.05%
Gross spread ratio	24.69%	9.24%	1.24%	5.56%	13.70%	16.14%
Advances to deposits ratio-Gross	73.88%	61.65%	67.01%	76.25%	72.22%	67.31%
Advances to deposits ratio-Net	63.10%	50.97%	54.22%	62.45%	62.93%	59.10%
Income to expenses ratio (times)	1.00	0.89	0.82	0.76	0.66	0.62
Cost to revenue ratio	95.56%	120.66%	121.41%	125.36%	120.18%	106.48%
Total assets to shareholders' funds (times)	13.47	38.66	46.37	21.40	20.11	9.39
NPL ratio	19.07%	27.16%	36.05%	32.78%	25.61%	23.81%
Capital adequacy ratio	12.05%	4.42%	4.25%	7.52%	5.35%	9.83%
SHARE INFORMATION						
Earnings / (loss) per share - Basic (Rs.)	0.16	(1.52)	(2.54)	(1.17)	(4.16)	(4.13)
Market value of shares (Rs. in mn)	4,797	2,318	3,202	1,854	2,763	3,350
OTHER INFORMATION						
Non performing loans (NPL) (Rs. in mn)	14,838	17,809	23,410	22,418	11,394	5,017
Number of employees	2702	2507	2461	2289	1340	615
Number of branches	188	187	186	165	80	40

* Numbers represents merged position of Mybank with and into Summit Bank Limited from April 01, 2011.
** These numbers represents amalgamated position as at December 31, 2010.

DIRECTORS' REPORT TO THE SHAREHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 2014

On behalf of the Board of Directors, I am pleased to present the annual report along with the annual audited accounts and auditors' report thereon of Summit Bank Limited for the year ended December 31, 2014.

PERFORMANCE SUMMARY

The summarized financial highlights of the Bank for the year are as follows:

	December 31, 2014	December 31, 2013
	------ (Rupees in '000) ------	
Operating profit / (loss) before provisions and bad debts written off directly	**574,996**	(2,243,578)
(Provision) / Reversal of provision against non-performing loans and advances - net	**(76,920)**	917,704
Provision for diminution in the value of Investments	**(476,099)**	(79,412)
Bad debts written off directly	**(10,055)**	(1,866)
Profit / (loss) before tax	**11,922**	(1,407,152)
Taxation	**217,528**	(421,072)
Profit / (loss) after tax	**229,450**	(1,828,224)
Transfer to Statutory Reserve	**(45,890)**	-
Basic Earnings/ (loss) per share (Rs.)	**0.16**	(1.52)
Diluted Earnings / (loss) per share (Rs.)	**0.12**	(1.52)

FY-2014 is a landmark year for the Bank where it has reverted to profitability. The Bank achieved turnaround in its operating performance and posted a profit after tax of Rs. 229.450 million during the year. This achievement is attributable to untiring and sincere efforts of the management and employees of the Bank as well as never ending support of the shareholders, customers, regulators and all other stakeholders.

During the year, net interest income of the Bank has increased significantly to Rs. 2,426.245 million as against Rs. 848.553 million in FY-2013 thereby registering 186% healthy growth. Moreover, management has persistently worked on the following key areas, which improved the overall earnings stream:

- Reduction in the cost of deposits which was 5.66% during FY-2014 as against 6.30% in FY-2013;
- Improvement in CASA ratio (especially current accounts) and diluting the high cost and concentrated deposits;
- Improvement in the NPLs coverage ratio, whereby coverage against non-performing loans (NPLs) stood at 76.32% (December-2013: 63.66%); and
- The infection ratio has reduced to 19.07% as at December 31, 2014 from 27.16% as at December 31, 2013.

NPLs reduced to Rs. 14,838.307 million as of December-2014 (December-2013: Rs. 17,809.041 million) as a result of strenuous recovery efforts by the management. Due to this reduction in NPLs, a reversal in provisioning was recognized to the extent of Rs. 1,385.791 million. This allowed absorption of a major portion of additional provisioning amounting to Rs. 1,462.711 million, which is primarily attributable to the provisioning made under the regulation on time based criteria (though the Bank has full value of collateral available for recovery purposes) and downgrading of NPLs in line with applicable regulatory requirements.

Apart from the above factors, as a result of strong sponsor support, the Bank has achieved compliance of the regulatory Minimum Capital Requirement of Rs. 10 billion and Capital Adequacy Ratio of 10% as of December 31, 2014. During FY-2014, the Sponsor (Suroor Investments Limited) deposited Rs. 7,007 million as advance against subscription of shares which is reflective of the confidence reposed by the Sponsor in the Bank and Pakistan's Economy.

The management also focused on non-mark-up income avenues and capitalized on the available market opportunities therein. During the current year, capital gains amounting to Rs.1,330.012 million were realized as against Rs. 53.826 million last year. Moreover, fee commission and brokerage income of the Bank stood at Rs. 1,120.425 million, i.e. recording an increase of 32.29% as compared to FY-2013.

The Bank has recognized an aggregate amount of deferred tax assets (net) of Rs. 5,644.681 million which represents the management's best estimate of the probable tax benefits expected to be realised in future years.

The balance sheet size of the Bank has grown to Rs. 148,457 million which reflects an increase of 18.24% since December-2013. Deposits of the Bank closed at Rs. 105,309 million which remained slightly below the closing position of December-2013; however, this was as a result of improving the CASA ratio. Net advances increased by 22.59 % during FY-2014, while net investments have shown a growth of 14.64% which stand at Rs. 45,497 million as of December-2014. Net assets of the Bank as of December-2014 year-end increased significantly to Rs. 12,362 million as against Rs. 3,389 million last year end.

In light of the benefit of Forced Sale Value (FSV) and other relaxations availed, the Bank does not have profits that would qualify for distribution, hence no dividend has been considered for ordinary and preference shareholders.

COMPLIANCE OF MINIMUM CAPITAL REQUIREMENTS

The State Bank of Pakistan (SBP) has set a Minimum Capital Requirement (MCR) of Rs. 10 billion for banks, that was required to be achieved in a phased manner by December 31, 2013. Further, Capital Adequacy Ratio (CAR) is required to be above 10%.

During the year, with the deposit of an advance against subscription of shares by the Sponsor, Suroor Investments Limited (SIL), the Bank achieved compliance of the stipulated MCR as of December 31, 2014. Moreover, the Bank has received an additional amount of Rs. 500 million as advance against subscription of shares from an investor (who is currently not a shareholder of the Bank). In this respect, SBP has allowed the Bank to treat these amounts as share capital for the purposes of MCR and CAR till March 31, 2015 pending issue of shares.

With above deposits of advance against subscription of shares, the statutory capital of the Bank as of December 31, 2014 is Rs.10.907 billion which is above the required MCR of Rs. 10 billion. Moreover, CAR of the Bank is above the required level of 10%.

ISLAMIC BANKING

By the grace of Allah, Summit Bank Limited started its Islamic Banking Operations through its first Islamic Banking Branch in March-2014. The Bank has a target to convert itself into a full-fledged Islamic bank in three years' time.

The first year of operation for Islamic Banking is very encouraging. The Islamic Banking Segment contributed Rs. 99.848 million profit. It managed to mobilise deposits which stood at Rs. 1,268.520 million as of December 31, 2014 whereas financing remained at Rs. 1,607.064 million on the same cut-off date.The Bank has allocated Rs. 1,000 million fund for Islamic Banking operations.

The Bank plans to expand its activity of Islamic Banking Operations by utilising its existing network of branches through introduction of Islamic Banking Windows (IBW) operations at its various geographical locations. The Bank has also obtained fresh Islamic Banking licenses for certain strategic locations. In addition, the Bank has also equipped itself with a sizeable range of Islamic Banking Products to meet the requirement of customers.

In order to enable and equip the Bank's Human Resource with Islamic Banking skill sets, Training & Development is being imparted continuously. The Bank will continue such trainings and refresher courses throughout the conversion process and beyond so as to ensure delivery of solutions to customers and to keep best industry practices intact all the time.

BRANCH NETWORK AND OUTREACH

The Bank is ensuring its presence across the country with a network of 188 branches and plans to open more branches going forward. Moreover, for offering Shariah compliant banking services, the Bank has so far opened an Islamic Banking Branch each in Karachi and Lahore.

The Bank has a countrywide network of 226 ATMs including 66 Offsite ATMs with significant growth of 28% in ATM acquiring transactions during the year 2014. Currently, the Bank is at the 10th Position in 1-Link Acquiring transactions among the 31 Banks in the industry.

TECHNOLOGY PLATFORM

The Bank firmly believes in placing the best-in-class technology platform to improve customer experience and ensuring efficiency in its business activities. The robust technology platform has demonstrated its ability to restore the IT services within the shortest timeframe when a fire incident occurred in one of the premises of the Bank in August-2014.

During the year, the Bank focused on the restructuring of IT Infrastructure while implementing "Server Virtualisation Technology" which has helped the Bank in improving the operational efficiency of the overall IT services and has resulted in a significant reduction in the running cost of IT infrastructure.

PRODUCTS & SERVICES

After the successful launch of Pakistan's first co-branded card with a Shopping mall; Dolmen Loyalty Card, the Bank is all set to launch "Visa Prepaid Card" in March 2015, which will facilitate customers as well as non-customers of the Bank to use it as a payment instrument without using cash. Moreover, "Daily Stock Account" and "US Dollar Term Deposit Account" with monthly profit payment will be introduced during the current year.

CREDIT RATINGS

In December-2014, the Bank achieved an upgrade in its ratings. JCR-VIS Credit Rating Company Ltd. upgraded the medium to long term rating of the Bank to A (Single A) and the short-term rating of the Bank to A-1 (A-one). The medium to long term rating of the Bank denotes "Good credit quality; Protection factors are adequate. Risk factors may vary with possible changes in the economy". Moreover, short-term rating denotes "High certainty of timely payment; Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor".

Additionally, the rating of the Bank's outstanding TFC has also been upgraded by JCR-VIS to A (SO). The rating of the TFC denotes "Good credit quality; Protection factors are adequate. Risk factors may vary with possible changes in the economy".

The above ratings have been assigned stable outlook.

EARNINGS PER SHARE

The basic and diluted Earnings per Share have been disclosed in Note 32 to the financial statements.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board of Directors confirm compliance with the Code of Corporate Governance (Code) issued by the SECP and feel pleasure to give the following statement in respect of the Code:

- The financial statements, together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984. These statements present fairly the Bank's state of affairs, results of its operations, cash flows and changes in equity.
- Proper books of account of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements except for change in accounting policy as mentioned in note No. 5.1 of the financial statements. Accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departures there from having a material impact on the financials have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt about the Bank's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

- One of the directors of the Bank has certification of "The Board Development Series" from the Pakistan Institute of Corporate Governance. Moreover, two directors are exempted from directors' training program as per the provision to clause (xi) of the Code.
- Purchases and sales during the year, if any, in the shares of the Bank, carried out by the CEO, Directors and Executives are disclosed in the pattern of shareholding making part of the annual report.
- The Board is in the process of developing a mechanism for evaluation of Board performance as per the requirements of the Code.
- Key operating and financial data for the last six years is given in the annual report.
- Book value of investments and placements by Staff Provident Fund and Staff Gratuity Fund as at December 31, 2014 are:
    - Staff Provident Fund — Rs. 642.611 million
    - Staff Gratuity Fund — Rs. 191.840 million
- All the statutory liabilities, if any, have been adequately disclosed in the financial statements.

MEETINGS OF THE BOARD AND ITS COMMITTEES

During 2014 the following Board and sub committees meetings were held and were attended by the Directors as follows:

Name of Directors	Board of Directors Meetings		Audit Committee Meetings		Risk Management Committee Meetings		*HR & Compensation Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. Nasser Abdulla Hussain Lootah	6	2	-	-	-	-	-	-
Mr. Husain Lawai (President & CEO)	6	6	-	-	4	4	4	4
Mr. Nasim Beg	6	5	6	5	4	4	4	4
Mr. Asadullah Khawaja	6	6	6	6	4	4	4	4
Mr. M. Farid Uddin	6	-	-	-	-	-	-	-
Mr. Shehryar Faruque	6	5	6	4	4	3	4	3
Mr. Muhammad Zahir Esmail	6	6	-	-	-	-	-	-

Leave of absence was granted in case the directors were not able to attend the meeting.

**Renamed in November-2014 - Earlier named as "Human Resource (HR) Committee".*

RISK MANAGEMENT

Risk management is an integral part of the Bank's strategic decision making process which ensures that the Bank's corporate objectives are consistent with the appropriate risk return trade-off. The Bank's risk management philosophy is that all risks taken must be identified, measured, monitored and managed within a robust risk management framework.

The Board of Directors sets the risk appetite of the Bank and approves the risk management strategy and policies and determines the type and level of business risks that the Bank undertakes in achieving its corporate objectives. The Board has delegated to various Committees the authority to formulate, review and approve policies on monitoring and managing risk exposures. The major policy decisions and proposals on risk exposures approved by these Committees are subject to review by the Risk Management Committee of the Board (RMCB). The Board has appointed the RMCB to oversee senior management's activities in managing credit, market, liquidity, operational, legal and other risks to ensure existence of a robust risk management process in the Bank.

Further, the Bank has various Committees comprising of senior executives of the Bank who meet regularly to deliberate on matters relating to risk exposures in the areas under their respective supervision.

In order to strengthen risk management process, the Bank has updated its Risk Management Policy, Market Risk Limits and initiated in-house development of Operational Risk Module for collection of Operational loss data, Key Risk Indicators (KRIs) and conducting Risk Control Assessments. Effective off-site monitoring mechanism of branch operations has been put in place. In addition to this, in-house development and implementation of "Credit Initiation and Monitoring model" for effective management of credit risks is ready to be launched in the financial year 2015.

STATEMENT ON INTERNAL CONTROLS

The Bank's internal controls system is designed to achieve operational efficiency, legal and statutory compliances and reliable and accurate financial reporting.

It is the responsibility of the Bank's management to establish and maintain an adequate and effective Internal Control System. In order to have effective system of internal controls, the Bank has followed the following strategy:

- An independent Internal Audit Division reporting directly to the Audit Committee of the Board of Directors is effectively functioning.
- Compliance Division is working to ensure adherence to Laws, Regulations, and Code of ethics with a strong emphasis on KYC & AML.
- An Internal Control Unit has been established to oversee financial and operational controls, accounting system and reporting structures to ensure their adequacy and effectiveness.
- The Statement of Ethics and Business Practices has been signed and adopted by the Directors and the employees of the Bank.
- A portfolio of policies approved by the Board, are continuously updated based on the needs and requirements.
- Management responds promptly to the observations and recommendations made by the Bank's Auditors for improvements in the internal control system.
- A number of Board and Management Committees are functioning to ensure adequate communication and control.

The Bank adopted internationally accepted COSO-Integrated Framework and had hired a reputable advisory firm for providing services to Bank on effective implementation of SBP guidelines on Internal Controls over Financial Reporting (ICFR). In order to ensure consistency in the process of compliance with the SBP guidelines on Internal Controls, the Bank has followed a structured roadmap and guidelines on ICFR as issued by SBP. Accordingly, the Bank has completed a detailed documentation of bank-wide processes and controls, together with a comprehensive gap analysis of the control design and subsequent development of remediation plans for the identified gaps. Furthermore, the Bank has developed a comprehensive management testing and reporting framework for ensuring operating effectiveness of key controls and has significantly addressed the design improvement opportunities identified to complete the project related initiatives. Further, the Bank has established a separate Internal Control Unit which is looking after the updation in documentation for internal controls as per SBP guidelines on a continuous basis.

As per the requirements stipulated by SBP, special review of work performed on all completed stages of the Bank's Internal Control Program was conducted by the Bank's External Auditors and latest Long Form Report of external auditors as of December 31, 2013 was submitted to the SBP on October 15, 2014 after approval of the Audit Committee of the Board. In light of the overall infrastructure in place for internal controls, the Bank applied to SBP for exemption from submission of Long Form Report of external auditors on ICFR. Subsequent to the year-end, SBP has granted the requested exemption. Therefore, the Bank will submit the Annual Assessment Report of the Board Audit Committee on efficacy of internal controls for FY-2014 to SBP.

Moreover, the management is of the view that internal controls framework of the Bank is adequate to ensure compliance with laws and regulations and timely and accurate financial reporting. This assessment is also hereby endorsed by the Board of Directors.

CORPORATE SOCIAL RESPONSIBILITY

The Bank has always endeavoured to contribute to society in all possible means. The Bank's technology driven 'Benazir Income Support Program' (Government-To-Person Solution) continues to support Government of Pakistan in its endeavour for poverty alleviation. The Bank has successfully achieved the registration of more than 190,000 beneficiaries and disbursed more than Rs. 5 billion to beneficiaries from June-2011 till Dec-2014.

EXTERNAL AUDITORS

The retiring auditors M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, being eligible, offer themselves for re-appointment. Upon recommendation of the Audit Committee, the Board has recommended for their re-appointment for the next term.

PATTERN OF SHAREHOLDING

The pattern of shareholding has been made part of the annual report.

SUBSIDIARY

The Bank has 100% shareholding in Summit Capital (Private) Limited.

ECONOMIC REVIEW

Pakistan's economy demonstrated improvement during FY-14 despite the fact that there were several challenges obstructing the pace of economic recovery such as power/energy shortages, impacts of on-going war against terrorism, law and order situation and balance of payments issues. This year saw exceptional appreciation of Pakistani Currency as a result of improvement in Forex reserves.

The Gross Domestic Product (GDP) for the fiscal year accelerated to 4.1%. KSE-100 Index witnessed the continuous positive trend which yielded healthy returns to investors in the stock market.

With inflation trending down to low levels, the State Bank of Pakistan reduced its policy discount rate by 50 bps during the year.

For FY-15, the government has targeted a fiscal deficit of 4.9% of GDP. We believe that this target can be achieved through removal of impediments faced by the economy wherein law and order situation and power/energy shortages take the lead. Moreover, 100 bps cut in discount rate made by SBP during January-2015 is expected to boost the economic activity.

FUTURE OUTLOOK

With MCR and CAR compliance achieved during the year and strong capital base, the Bank is fully geared up to capitalise on the business opportunities available in the market. Moreover, recent upgrade in credit ratings done by JCR-VIS is also expected to provide further impetus to the efforts of the management for boosting the Bank's business.

The Islamic Banking industry is rapidly growing in Pakistan. The management is confident that the Bank's strategic initiative to convert to an Islamic Bank will help it to benefit from this growth opportunity.

The Bank is promoting a culture of excellence, leadership and customer focus to achieve high levels of operating efficiency as well as the ability to deliver outstanding services to customers. The Bank is further strengthening its compliance culture and improving all processes, procedures and systems to attain sustained growth and profitability.

The management recognises the need to invest in continuing training and development of the Bank employees at all levels and is committed to continuously improve the work environment by rewarding good performance of the employees. This also helps in retaining high quality human resource.

APPRECIATIONS AND ACKNOWLEDGMENTS

The Board would like to express its appreciation on the efforts of the Management and all employees, while acknowledging the role of the State Bank of Pakistan, other Regulators and Federal and Provincial Governments in developing and strengthening the banking and financial service industry.

I would like to take this opportunity to also thank on behalf of the Board and Management of the Summit Bank Limited, the customers and the shareholders for entrusting their confidence in us and assure them that we remain committed to maintaining high service standards and a strong culture of good corporate governance and compliance in all our endeavours.

On Behalf of the Board of Directors

Husain Lawai
President & CEO

Karachi
March 05, 2015

SHARIAH ADVISOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

ASSALAM O ALAIKUM

By the grace of Allah, the year under review was the first year of Islamic banking operations for Summit Bank Limited. During this year, the Bank developed and executed a variety of new as well as established Islamic banking products and transactions after due approval from the Shariah Advisor. During the year, countless meetings were organized with Shariah Adviser to review and approve various products, concepts, transactions, processes and for ensuring Shariah-compliance.

As part of the Shariah-compliance framework a Shariah Compliance Department (SCD) is working under supervision of Shariah Advisor. The role of this function is facilitating new research & product development activities, refining existing products & procedures, providing Islamic banking training, conducting Shariah compliance reviews of branches and departments, coordinating with the Bank's Shariah Adviser.

Following were the major developments that took place during the year 2014.

RESEARCH & NEW PRODUCT DEVELOPMENT

Alhamdulillah, during the year, the Bank was able to develop and successfully launch / introduce various Islamic Banking products and structures, including liability products, Current Account (LCY), Business Account (LCY), Margin Account (LCY), Bachat Saving Account (LCY), Daily Saving Account (LCY), Islamic Saving Certificate (LCY), Current Account (FCY), Bachat Saving Account (FCY) & Islamic Saving Certificate (FCY).

Furthermore, Bank has also developed and successfully launched Asset side Products including Murabaha, Ijarah, Diminishing Musharkah, Istisna, Tijarah and trade financing solution for Import, Export and Guarantee business. In addition, Islamic Banking was involved in the syndication transactions and further, Islamic Banking Division (IBD) of Summit Bank Ltd. also led one syndication transaction.

TRAINING & CAPACITY BUILDING

This is the most important area of any Islamic bank to invest in, the Islamic banking trained staff has a key role to execute Islamic banking transactions. Keeping in view the Bank's plan to convert its entire operation into Islamic, 379 employees were trained during the year 2014, 211 employees attended basic orientation on Islamic banking and 3 batches of 94 key employees had attended complete 08 days specialized courses on Islamic Banking. Various other orientation sessions have been arranged during FY-2014 for Head Office and Branch staff.

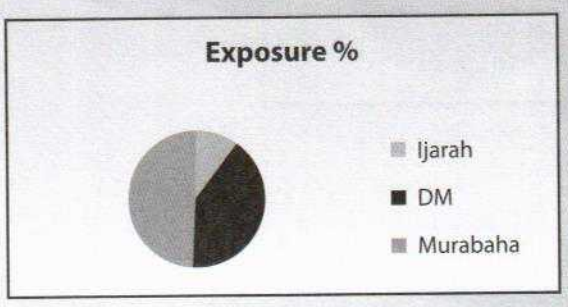
In addition, the BOD by realizing significance & importance of Shariah Compliance undertaking in entire conversion of the Bank into Islamic Banking took the initiative and provided substantive participation in training sessions. Shariah Department of the Bank also provided the necessary support on requisite training.

REVIEWS OF ASSETS

The Bank has primarily used Murabaha, Ijarah & Diminishing Musharkah for its financing activities during the year.

It is encouraging to note that the Bank has started diversification in the usage of various financing products and has reduced reliance on Murabaha, which can be evidenced by the below statistics:

Product	Exposure (%)
Ijarah	10
Diminishing Musharakah	41
Murabaha	49



RECOMMENDATIONS

Based on the reviews of various transactions and operations of the Bank, I recommend that:

- The Bank's IT system must be strengthened to facilitate internal as well as external customers. In this regard, Assets side products module needs to be enhanced.
- With the conversion and expansion in size and reach, the Bank should focus on new innovations and explore the possibilities to entering into more specialized shariah compliant financing products like Microfinance.
- Due care regarding the mindset and commitment towards the cause of Islamic banking should be taken during the process of hiring of new staff. Moreover, it is recommended to increase the scope of Islamic banking knowledge & training from Branch staff to Area and Regional Managers to Head of departments. Moreover, the Bank shall continue to conduct training sessions for customers also on regular basis.
- The Bank should continue its policy of expansion to spread Islamic banking and in this regard continue its focus on employees' training related to Islamic banking products & services offered by the Bank with specific focus on front line staff.

CONCLUSION

The primary responsibility for ensuring Shariah Compliance of the Bank's operations lies with the management. Therefore, based on the reviews on sample cases for each class of transaction, related documentation, process, profit distribution mechanism for the depositors and management's representation made in this regard, in our opinion, the affairs, activities and transactions, performed by the Islamic Banking Division of Bank during the year comply with the rules and & principles of Islamic Shariah in light of the guidelines and directives given by the Shariah Adviser of Summit Bank Ltd. and SBP Guidelines related to Shariah Compliance.

May Allah bless us the Toufeeq to accomplish his cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Walaikum As Salam Wa Rahmat-ul Allahi Wa Barakatuh

Mufti Muhammad Najeeb Khan
Shariah Advisor

Karachi
March 05, 2015

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED DECEMBER 31, 2014

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the Listing Regulation No.35 of the Karachi, Lahore & Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Summit Bank Limited (the Bank) has applied the principles contained in the Code in the following manner:

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

Category	Names
Independent Directors	Mr. Shehryar Faruque Mr. Asadullah Khawaja
Executive Directors	Mr. Husain Lawai, President & CEO Mr. Muhammad Zahir Esmail, Chief Operating Officer
Non-Executive Directors	Mr. Nasser Abdulla Hussian Lootah Mr. Nasim Beg Mr. M. Farid Uddin

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 in more than seven listed companies.

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

4. No casual vacancy occurred during 2014.

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 Bank has developed a vision/mission statement, overall corporate strategy and significant policies, which are periodically reviewed and updated. A complete record of particulars of significant policies along with the dates on which they were approved or amended is maintained.

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

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Directors on the Board of the Bank are individuals of repute and integrity with vast diversified experience of the financial and corporate affairs.

10. The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit along with the terms and conditions of their employment. During the year, the Chief Financial Officer of the Bank was appointed in place of acting CFO.

11. The Directors' Report for the 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 Chief Executive Officer and the Chief Financial Officer before approval of the Board.

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

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

15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive Directors and the Chairman of the Committee is an independent Director.

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

17. The Board has also constituted HR & Compensation Committee (HRCC) comprising of three non-executive Directors and one executive Director. The Chairman of the committee is a non- executive Director.

18. The Board has set up an effective internal audit function. Personnel of the Internal Audit department are suitably qualified and experienced 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, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.

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

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

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the Code have been complied with except, as required by the Code, the Board is working to put in place a mechanism for its annual evaluation.

Husain Lawai
President & CEO

Karachi
March 05, 2015

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Summit Bank Limited** (the Bank) for the year ended **31 December 2014** to comply with the Listing Regulations of Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited, where the Bank is listed.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board 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 the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code as applicable to the Bank for the year ended 31 December 2014.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note references where these are stated in the Statement of Compliance:

Note Reference	Description
23	The absence of a mechanism for annual evaluation of the Board's performance as per the requirements of the Code of Corporate Governance, on which the Board is currently working.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Date: March 05, 2015
Karachi

AUDITORS' REPORT TO THE MEMBERS ON UNCONSOLIDATED FINANCIAL STATEMENTS OF SUMMIT BANK LIMITED

We have audited the annexed statement of financial position of **Summit Bank Limited** (the Bank) as at **31 December 2014** and the related profit and loss account, statement of 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, in which are incorporated the unaudited certified returns from the branches except for twenty branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing 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:

(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 in accounting policies as disclosed in note 5.1 to the accompanying financial statements with which we concur;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us the statement of financial position, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at 31 December 2014 and its true balance of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Audit Engagement Partner: Shabbir Yunus

Date: March 05, 2015
Karachi



Summit Bank

Committed to you

UNCONSOLIDATED FINANCIAL STATEMENTS

Summit Bank
Committed to you

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
ASSETS			
Cash and balances with treasury banks	7	**9,383,947**	9,203,568
Balances with other banks	8	**4,377,154**	2,302,085
Lendings to financial institutions	9	**650,000**	1,555,000
Investments	10	**45,497,115**	39,688,247
Advances	11	**66,454,697**	54,208,474
Operating fixed assets	12	**7,534,996**	6,181,540
Deferred tax assets - net	13	**5,644,681**	5,799,860
Other assets	14	**8,914,751**	6,621,261
		148,457,341	125,560,035
LIABILITIES			
Bills payable	15	**1,531,639**	2,205,414
Borrowings	16	**25,312,661**	9,961,198
Deposits and other accounts	17	**105,309,434**	106,351,042
Sub-ordinated loans	18	**1,497,930**	1,498,620
Liabilities against assets subject to finance lease		**-**	-
Deferred tax liabilities		**-**	-
Other liabilities	19	**2,444,140**	2,155,018
		136,095,804	122,171,292
NET ASSETS		**12,361,537**	3,388,743
REPRESENTED BY			
Share capital	20	**10,779,796**	10,779,796
Convertible preference shares	20	**2,155,959**	2,155,959
Advance against subscription of shares	20	**7,506,867**	-
Reserves	21	**(1,765,785)**	(1,811,675)
Accumulated losses		**(7,659,513)**	(7,876,440)
		11,017,324	3,247,640
Surplus on revaluation of assets - net of deferred tax	22	**1,344,213**	141,103
		12,361,537	3,388,743
CONTINGENCIES AND COMMITMENTS	23		

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

President & Chief Executive	Director	Director	Director

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
Mark-up / return / interest earned	24	**9,826,877**	9,178,427
Mark-up / return / interest expensed	25	**(7,400,632)**	(8,329,874)
Net mark-up / interest income		**2,426,245**	848,553
(Provision) / reversal of provision against non-performing loans and advances-net	11.3.1	**(76,920)**	917,704
Provision for diminution in the value of investments - net	10.13	**(476,099)**	(79,412)
Bad debts written off directly	11.4.1	**(10,055)**	(1,866)
		(563,074)	836,426
Net mark-up / interest income after provisions		**1,863,171**	1,684,979
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		**1,120,425**	846,949
Dividend income		**35,284**	112,932
Gain from dealing in foreign currencies		**506,237**	521,843
Gain on sale of securities - net	26	**1,330,012**	53,826
Gain on disposal of operating fixed assets	12.4	**38,785**	7,863
Unrealised loss on revaluation of investments classified as held-for-trading - net	10.16	**(56)**	(1,362)
Other income	27	**89,821**	144,263
Total non-mark-up / interest income		**3,120,508**	1,686,314
		4,983,679	3,371,293
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	28	**(4,897,850)**	(4,373,951)
Other provisions / write-offs	29	**(44,219)**	(381,017)
Other charges	30	**(29,688)**	(23,477)
Total non-mark-up / interest expenses		**(4,971,757)**	(4,778,445)
		11,922	(1,407,152)
Extra-ordinary / unusual items		**-**	-
PROFIT / (LOSS) BEFORE TAXATION		**11,922**	(1,407,152)
Taxation	31		
Current		**(115,129)**	(105,658)
Prior years		**-**	-
Deferred		**332,657**	(315,414)
		217,528	(421,072)
PROFIT / (LOSS) AFTER TAXATION		**229,450**	(1,828,224)
		---------- (Rupees) ----------	
Basic earnings / (loss) per share	32.1	**0.16**	(1.52)
Diluted earnings / (loss) per share	32.2	**0.12**	(1.52)

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

President & Chief Executive	Director	Director	Director

Summit Bank
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UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

		December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
Profit / (loss) after taxation		**229,450**	(1,828,224)
Other comprehensive income - net			
Not to be reclassified to profit and loss account in subsequent periods			
Actuarial gain on defined benefit plan		**8,356**	185
Comprehensive income / (loss) transferred to equity		**237,806**	(1,828,039)
Components of comprehensive income / (loss) not reflected in equity			
Surplus / (deficit) on revaluation of 'available for sale securities' - net of tax*		**752,563**	(10,597)
Surplus on revaluation of operating fixed assets - net of tax	(i)	-	-
Total comprehensive income / (loss)		**990,369**	(1,838,618)

* Surplus / (deficit) on revaluation of 'Available-for-sale securities'-net of tax has been shown in the Statement of Comprehensive Income in order to comply with the revised "Prudential Regulations for Corporate/Commercial Banking" issued by the State Bank of Pakistan during the current year vide BPRD Circular No. 06 of 2014 on June 26, 2014.

(i) Surplus on revaluation of 'Operating Fixed assets' net of tax is presented under a separate head below equity as 'surplus / (deficit) on revaluation of assets' in accordance with the requirements of Section 235 of the Companies Ordinance 1984.

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

President & Chief Executive	Director	Director	Director

UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		**11,922**	(1,407,152)
Less: Dividend income		**(35,284)**	(112,932)
		(23,362)	(1,520,084)
Adjustments:			
Depreciation		**542,830**	555,573
Amortisation of intangible assets and deferred cost		**63,196**	77,717
Provision / (reversal of provision) against non-performing loans and advances - net		**76,920**	(917,704)
Bad debts directly written off		**10,055**	1,866
Other provisions / write offs		**44,219**	381,017
Provision for diminution in the value of investments - net		**476,099**	79,412
Unrealised loss on revaluation of investments in held-for-trading securities - net		**56**	1,362
Loss / (gain) on disposal of non-banking assets		**6,115**	(59,359)
Gain on disposal of operating fixed assets		**(38,785)**	(7,863)
		1,180,705	112,021
		1,157,343	(1,408,063)
Increase in operating assets			
Lendings to financial institutions		**905,000**	483,500
Net investments in 'held-for-trading' securities		**(1,244)**	(49,785)
Advances - net		**(12,333,198)**	(743,482)
Other assets (excluding advance taxation) - net		**(2,261,977)**	(858,483)
		(13,691,419)	(1,168,250)
Increase / (decrease) in operating liabilities			
Bills payable		**(673,775)**	551,112
Borrowings from financial institutions		**15,402,618**	(18,963,942)
Deposits and other accounts		**(1,041,608)**	9,434,612
Other liabilities		**297,478**	(195,373)
		13,984,713	(9,173,591)
		1,450,637	(11,749,904)
Income tax paid		**(151,679)**	(83,009)
Net cash inflows / (outflows) from operating activities		**1,298,958**	(11,832,913)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (investments) / realisation in 'available-for-sale' securities		**(5,780,472)**	9,876,415
Net realisation in 'held to maturity' securities		**249,256**	338,814
Dividend received		**34,759**	112,932
Investment in operating fixed assets		**(1,605,768)**	(1,456,394)
Sale proceeds of property and equipment - disposed off		**118,983**	19,880
Sale proceeds of non-banking assets - disposed off		**484,710**	555,780
Net cash (outflows) / inflows from investing activities		**(6,498,532)**	9,447,427
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts on issue of convertible preference shares		**-**	2,155,959
Advance against subscription of shares		**7,506,867**	-
Redemption of sub ordinated loan		**(690)**	(690)
Net cash flows from financing activities		**7,506,177**	2,155,269
Increase / (decrease) in cash and cash equivalents		**2,306,603**	(230,217)
Cash and cash equivalents at beginning of the year		**11,439,681**	11,669,898
Cash and cash equivalents at end of the year	33	**13,746,284**	11,439,681

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

President & Chief Executive	Director	Director	Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

	Capital reserves							Revenue reserve		
	Share capital	Convertible preference shares	Advance against subscription of shares	Share premium	Discount on issue of shares	Statutory reserve	Reserve arising on amalgamation	Accumulated losses	Total Reserves	Grand Total
	(Rupees in '000)									
Balance as at January 01, 2013	10,779,796	-	-	1,000,000	(1,297,298)	64,828	(1,579,205)	(6,069,740)	(7,881,415)	2,898,381
Issue of convertible preference shares - listed	-	2,155,959	-	-	-	-	-	-	-	2,155,959
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	-	-	-	-	21,339	21,339	21,339
Total comprehensive loss for the year										
Loss after taxation for the year ended December 31, 2013	-	-	-	-	-	-	-	(1,828,224)	(1,828,224)	(1,828,224)
Other comprehensive income	-	-	-	-	-	-	-	185	185	185
	-	-	-	-	-	-	-	(1,828,039)	(1,828,039)	(1,828,039)
Balance as at December 31, 2013	10,779,796	2,155,959	-	1,000,000	(1,297,298)	64,828	(1,579,205)	(7,876,440)	(9,688,115)	3,247,640
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	-	-	-	-	25,011	25,011	25,011
Total comprehensive income for the year										
Profit after taxation for the year ended December 31, 2014	-	-	-	-	-	-	-	229,450	229,450	229,450
Other comprehensive income	-	-	-	-	-	-	-	8,356	8,356	8,356
	-	-	-	-	-	-	-	237,806	237,806	237,806
Transfer to Statutory Reserves	-	-	-	-	-	45,890	-	(45,890)	-	-
Advance against subscription of shares	-	-	7,506,867	-	-	-	-	-	-	7,506,867
Balance as at December 31, 2014	**10,779,796**	**2,155,959**	**7,506,867**	**1,000,000**	**(1,297,298)**	**110,718**	**(1,579,205)**	**(7,659,513)**	**(9,425,298)**	**11,017,324**

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

President & Chief Executive | **Director** | **Director** | **Director**

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1. STATUS AND NATURE OF BUSINESS

1.1 Summit Bank Limited (the Bank) was incorporated in Pakistan as public company limited by shares on December 09, 2005 under the Companies Ordinance, 1984. It is listed on all the stock exchanges of Pakistan. Registered office of the Bank is situated at Plot No. 6-B, F-6, Supermarket, Islamabad, Pakistan.

1.2 The Bank is principally engaged in the business of banking through its 188 branches including 02 Islamic Banking Branches [2013: 187 Branches with no Islamic Banking Branch] in Pakistan as defined in the Banking Companies Ordinance, 1962. In December-2014, JCR-VIS credit rating company has upgraded the ratings of the Bank. Accordingly, the medium to long-term rating of the Bank is 'A (Single A)' whereas short-term rating of the Bank is 'A-1 (A-one) '. The ratings have been assigned stable outlook.

1.3 The State Bank of Pakistan (SBP) through its BSD Circular No. 7 dated April 15, 2009 has prescribed that the minimum paid-up capital (net of losses) for Banks be raised to Rs.10 billion by the year ended December 31, 2013. Further, vide its aforesaid Circular, the SBP prescribed the banks to achieve minimum Capital Adequacy Ratio (CAR) of 10% with effect from December 31, 2009 irrespective of their CAMEL-S rating, till further instructions.

During the year, the sponsor of the Bank (Suroor Investments Limited (SIL)), injected Rs.7,007 million as advance share subscription money. In addition, the Bank has received Rs.500 million from another investor (who is not a shareholder of the Bank). In this respect, the SBP vide its letters number BPRD / BA&CP / 649 / 25314 / 2014 dated 24 December 2014 and BPRD / BA&CP / 649 / 5354 / 2015 dated 3 March 2015 has allowed the Bank to treat the advance subscription money of Rs. 7,007 million and Rs. 500 million respectively as share capital for the purposes of MCR and CAR till 31 March 2015 and further advised the Bank to complete the share issuance process before 31 March 2015. The Bank is in process of completing necessary legal and regulatory formalities for issuance of shares against the advance share subscription money. Accordingly, the regulatory paid up capital of the Bank (net of losses) as of December 31, 2014 amounted to Rs.10,906.606 million and CAR stood at above 10%, as disclosed in note 41.5.

2. BASIS OF PRESENTATION

2.1 These unconsolidated financial statements have been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan's BSD Circular No. 4 dated February 17, 2006 as amended from time to time.

2.2 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 comprises of purchase of goods by banks from its customers and resale to them at appropriate mark-up in price on deferred payment basis. The purchase and sale arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

2.3 Items included in unconsolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates. The unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional currency. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

3. STATEMENT OF COMPLIANCE

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

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

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

The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS)-3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. IFAS-3 shall be followed once specific instructions and uniform disclosure requirements have been notified by SBP in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard will result in certain new disclosures in the financial statements of the Bank.

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IAS 27 – Separate financial statements (Amendments)	January 01, 2015
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015

The Bank expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Bank's financial statements in the period of initial application.

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2015. The Bank expects that such improvements to the standards will not have any material impact on the Bank's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2017

4. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except that certain operating fixed assets have been stated at revalued amounts and certain investments and derivative financial instruments have been stated at fair value.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except as described below in note 5.1:

5.1 New and amended standards and interpretations

The Bank has adopted the following revised standards, amendments and interpretations of IFRSs which became effective during the current year:

IAS 32	– Financial Instruments: Presentation – (Amendment) – Offsetting Financial Assets and Financial Liabilities
IAS 36	– Impairment of Assets – (Amendment) – Recoverable Amount Disclosures for Non-Financial Assets
IFRIC 21	– Levies

5.2 Cash and cash equivalents

For the purpose of cash flow statements, cash and cash equivalents include cash and balances with treasury banks and balances with other banks (net of overdrawn nostro balances) in current and deposit accounts.

5.3 Lendings to / borrowings from financial and other institutions

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

Repurchase agreement borrowings

Securities sold subject to an agreement to repurchase at a specified future date (repos) continue to be recognised in the statement of financial position and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark-up expense and is accrued over the period of the repo agreement.

Repurchase agreement lendings

Securities purchased under agreement to resell at a specified future date (reverse repos) are not recognised in the statement of financial position. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up earned and is accrued over the period of the reverse repo agreement.

Securities purchased are not recognised in the unconsolidated financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

5.4 Investments

Investments of the Bank, other than investments in subsidiary, are classified as held-for-trading, held to maturity and available-for-sale. The management determines the appropriate classification of its investments at the time of purchase.

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 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 that the Bank has the positive intent and ability to hold till maturity.

Available-for-sale

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

Initial measurement

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

These are initially recognised at cost, being the fair value of the consideration given including, in the case of investments other than held-for-trading, the acquisition cost associated with the investments.

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 amortised cost using the effective interest rate method, less any impairment loss recognised 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 is taken to the profit and loss account when actually realised upon disposal or when the investment is considered to be impaired.

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

Provision for diminution in the value of securities (except term finance certificates and sukuks) is made for impairment, if any. Provision for diminution in the value of term finance certificates and sukuks is made as per the ageing criteria prescribed by the Prudential Regulations issued by the SBP.

Moreover, strategic investments are carried at cost less provisions for impairment.

Investments in subsidiary

Investments in subsidiary are valued at cost less impairment, if any. A reversal of an impairment loss on subsidiary is recognised as it arises provided the increased carrying value does not exceed cost.

Gain and losses arising on sale of investments during the year are taken to the profit and loss account.

5.5 Advances

Advances are stated net of general and specific provisions. The specific and general provisions for advances are made in accordance with the requirements of Prudential Regulations and other directives issued by the State Bank of Pakistan and are charged to the profit and loss account. Non-performing loans and advances in respect of which the Bank does not expect any recoveries in future years are written off.

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

Murabaha financings are reflected as receivables at the sale price. Actual sale and purchase is not reflected as the goods are purchased by the customer as an agent of the Bank and all documents relating to purchase are in customer's name. Funds are disbursed under Murabaha financing arrangements for purchase of goods are recorded as "Advance against Murabaha".

In diminishing musharaka based financing, the Bank enters into a Musharaka based on Shirkat-ul-milk for financing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers and enters into a periodic rental payment agreement for the utilization of the Bank's musharaka share by the customer.

Assets leased out under 'Ijarah' are stated at cost less accumulated depreciation and impairment losses, if any. Assets under ijarah are depreciated over the period of lease term. However, in the event the asset is expected to be available for re-ijarah, depreciation is charged over the economic life of the asset using straight line basis.

Ijarah income is recognised in income on accrual basis as and when the rental becomes due.

5.6 Operating fixed assets and depreciation

Owned

Property and equipment, other than leasehold land (which is not depreciated) and capital work-in-progress, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount less impairment losses while capital work-in-progress is stated at cost less impairment losses, if any.

Depreciation is calculated by the Bank using the straight line method to write down the cost of assets to their residual values over the estimated useful lives. The rates at which the assets are depreciated are disclosed in note 12.2 to the unconsolidated financial statements. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each statement of financial position date.

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

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future 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 as and when incurred.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation is credited to the surplus on revaluation of fixed assets account. Any deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above-mentioned surplus account as allowed under the provisions of the Companies Ordinance, 1984. The surplus on revaluation of fixed assets, to the extent of incremental depreciation, is transferred to retained earnings.

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

Assets held under operating leases

Operating lease assets are stated at cost less accumulated depreciation and impairment, if any. Repairs and maintenance are charged to profit and loss account as and when incurred.

Capital work-in-progress

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

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with finite lives are amortised using the straight line method at the rates specified in the relevant note. Intangible assets' residual values, if significant and their useful lives are reviewed at each balance sheet date and adjusted prospectively, if appropriate, at each balance sheet date.

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which that asset is disposed off.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed as an intangible asset.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is tested for impairment annually or whenever there is an indication of impairment as per the requirement of International Accounting Standard (IAS) 36, 'Impairment of Assets'. Impairment charge in respect of goodwill is recognised in the profit and loss account.

5.7 Subordinated loans

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognised separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

5.8 Assets acquired in satisfaction of claims

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

5.9 Impairment

The carrying amounts of assets are reviewed at each statement of financial position date for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The resulting impairment loss is taken to the profit and loss account.

5.10 Staff retirement and other benefits

Defined contribution plan

The Bank operates defined contribution provident fund for all its permanent employees. Equal monthly contributions are made both by the Bank and the employees to the fund at the rate of 10.00% of basic salary.

Defined benefit plan

The Bank operates a funded gratuity fund for all its permanent employees who have completed the minimum qualifying period of five years. Provision is made to meet the cost of such gratuity benefits on the basis of actuarial recommendations. The actuarial valuations are periodically carried out using the 'Projected Unit Credit Method'.

Annual contributions towards the defined benefit schemes are made on the basis of actuarial valuation carried out using the 'Projected Unit Credit Method'.

The Bank follows International Accounting Standard (IAS) 19, 'Employee Benefits'. Actuarial gains and losses are recognized in other comprehensive income (OCI) in the periods in which they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the profit and loss account.

The Bank also maintains an approved funded gratuity scheme for Ex-MyBank employees. Contribution to the said fund has been discontinued since 2002. However, the fund being a separate legal entity still exists and the members entitled to the balance of fund shall be able to draw their balance upon completion of or termination from the employment of the Bank.

Employees' compensated absences

The Bank provides its liability towards compensated absences accumulated by its employees on the basis of actuarial valuation carried out using the Projected Unit Credit Method as per the requirements given in International Accounting Standard (IAS) 19, 'Employee Benefits'.

5.11 Taxation

Current

Provision for current taxation is based on taxable income at the current rate of tax after taking with applicable tax credits, rebates and exemptions available, if any. The charge for current tax also include adjustments where considered necessary, relating to prior years which arise from assessments finalised during the year.

Deferred

Deferred tax is recognised on all major temporary differences, tax credits and unused tax losses at the statement of financial position date between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the periods when the differences will reverse, based on tax rates that have been enacted or substantially enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Bank also recognises deferred tax asset / liability on deficit / surplus on revaluation of assets which is adjusted against related deficit / surplus in accordance with the requirements of the International Accounting Standard (IAS) 12 "Income Taxes".

5.12 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognised separately as part of other liabilities and is charged to the profit and loss account on a time proportion basis.

5.13 Provisions

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

5.14 Foreign currencies

Foreign currency transactions and translations

Transactions in foreign currencies are translated into rupees at the exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupees terms at the rates of exchange ruling on the statement of financial position date. Forward foreign exchange contracts are valued at forward rates determined with reference to their respective maturities.

Translation gains and losses

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

5.15 Functional and presentation currency

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

5.16 Revenue recognition

Revenue is recognised to the extent that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following recognition criteria are used for revenue recognition:

Advances and investments

Mark-up / return on regular loans / advances and investments is recognised on time proportion basis. Where debt securities are purchased at premium or discount, the same is amortised through the profit and loss account over the remaining period using effective interest method.

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

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

Gain and loss on sale of investments are recognised in the profit and loss account.

Lease financing

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

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

Fees, brokerage and commission

Fees, brokerage and commission on letters of credit / guarantees and others are generally recognised on an accrual basis.

5.17 Off setting

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

5.18 Financial instruments

Financial assets and liabilities

Financial instruments carried on the statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain other receivables, borrowings from financial institutions, deposits and certain other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them. Financial assets are de-recognised when the contractual right to future cash flows from the asset expire or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognised when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities is recognised in the profit and loss account of the current period.

Derivative financial instruments

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

5.19 Segment reporting

A segment is a distinguishable component of the Bank that is subject to risks and rewards that are different from those of other segment. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Bank's functional structure and the guidance of SBP. The management believes that the requirements of SBP prevail over the requirements of IFRS-8 "Operating Segments". Accordingly, the Bank comprises of the following main business segments:

Business segments

- **Corporate finance**

  This includes underwriting, securitisation, investment banking, syndications, IPO related activities (excluding investments) and secondary private placements.

- **Trading and sales**

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

- **Retail banking**

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

- **Commercial banking**

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

- **Payment and settlement**

  This includes payments and collections, funds transfer, clearing and settlement with the customers.

- **Geographical segments**

  The Bank conducts all its operations in Pakistan.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Bank's accounting policies, as described in note 5, the management has made the following estimates and judgments which are significant to the financial statements:

- classification of investments (note 5.4);
- determining the residual values and useful lives of property and equipment (note 5.6);
- impairment (note 5.9);
- accounting for post employment benefits (note 5.10);
- recognition of taxation and deferred tax (note 5.11); and
- provisions (note 5.4, 5.5 and 5.13).

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		**2,475,963**	2,292,413
Foreign currencies		**391,192**	467,733
		2,867,155	2,760,146
National Prize Bonds		**11,766**	6,703
With State Bank of Pakistan in			
Local currency current account	7.1	**4,426,801**	4,092,821
Foreign currency current account	7.2	**17,813**	36,752
Foreign currency deposit account			
- Non-remunerative	7.3	**325,324**	334,406
- Remunerative	7.4	**970,978**	1,003,217
		5,740,916	5,467,196
With National Bank of Pakistan in			
Local currency current account		**764,110**	969,523
		9,383,947	9,203,568

7.1 Deposits are maintained with SBP to comply with its requirement issued from time to time.

7.2 This represents US Dollar Settlement account maintained with SBP.

7.3 This represents foreign currency special cash reserve maintained with SBP equivalent to at least 5% of the Bank's foreign currency deposits.

7.4 This represents foreign currency special cash reserve account maintained with SBP equivalent to at least 15% of the Bank's foreign currency deposits. Profit rates on this deposit are fixed on a monthly basis by SBP. These deposits currently carry no mark-up (December 31, 2013: 0%).

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
8. BALANCES WITH OTHER BANKS			
In Pakistan			
On current accounts		**41,406**	90,872
On deposit accounts	8.1	**68,245**	108,076
Outside Pakistan			
On current accounts		**995,007**	1,502,787
On deposit accounts	8.2	**3,272,496**	600,350
		4,377,154	2,302,085

8.1 These represent placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 0% to 6.50% per annum (December 31, 2013: 0% to 6.50% per annum).

8.2 These represent placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 0% to 3.25% per annum (December 31, 2013: 0.17% to 3% per annum).

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	9.2	**500,000**	1,500,000
Repurchase agreement lendings (reverse repo)	9.3 & 9.4	**150,000**	55,000
		650,000	1,555,000
9.1 Particulars of lendings			
In local currency		**650,000**	1,555,000
In foreign currencies		**-**	-
		650,000	1,555,000

9.2 This represents call lending to a financial institution carrying mark-up at the rate of 13.0% (December 31, 2013: 10.5% to 11.5%) per annum and is maturing on January 02, 2015.

9.3 These are secured against underlying securities, having fair value of Rs.214.396 million (December 31, 2013: Rs.86 million). These carry mark-up rate of 12.0% (December 31, 2013: 12.0%) per annum maturing on January 13, 2015.

	Note	December 31, 2014 Held by bank	Given as collateral	Total	December 31, 2013 Held by bank	Given as collateral	Total
		(Rupees in '000)					
9.4 Securities held as collateral against lendings to financial institutions							
Listed Ordinary shares		**150,077**	-	**150,077**	55,000	-	55,000
		150,077	-	**150,077**	55,000	-	55,000
10. INVESTMENTS							
10.1 Investments by types:							
Held-for-trading securities							
Listed Ordinary shares	10.4	**57,149**	-	**57,149**	57,267	-	57,267
Available-for-sale securities							
Market Treasury Bills	10.3	**4,336,824**	-	**4,336,824**	17,556,833	5,705,704	23,262,537
Pakistan Investment Bonds	10.3	**15,893,706**	**19,706,259**	**35,599,965**	11,419,676	-	11,419,676
GOP Ijara sukuk	10.3	**277,728**	-	**277,728**	-	-	-
Listed Ordinary shares	10.4	**2,836,532**	**69,228**	**2,905,760**	2,886,908	53,187	2,940,095
Preference shares	10.7	**111,168**	-	**111,168**	111,168	-	111,168
Unlisted Ordinary shares	10.5	**1,000**	-	**1,000**	1,000	-	1,000
Units of open ended mutual funds	10.6	**45,000**	-	**45,000**	25,000	-	25,000
Term Finance Certificates - listed	10.8	**95,177**	-	**95,177**	186,239	-	186,239
Term Finance Certificates - unlisted	10.9	**1,329,767**	-	**1,329,767**	1,503,982	-	1,503,982
Sukuk Bonds	10.10	**1,082,444**	-	**1,082,444**	864,707	-	864,707
		26,009,346	**19,775,487**	**45,784,833**	34,555,513	5,758,891	40,314,404
Held to maturity							
Pakistan Investment Bonds	10.3	-	-	-	249,256	-	249,256
Subsidiary							
Unlisted ordinary shares	10.11	**396,942**	-	**396,942**	396,942	-	396,942
Investment at cost		**26,463,437**	**19,775,487**	**46,238,924**	35,258,978	5,758,891	41,017,869
Less: Provision for diminution in value of investments	10.13	**(1,573,335)**	-	**(1,573,335)**	(1,097,236)	-	(1,097,236)
Investments - net of provisions		**24,890,102**	**19,775,487**	**44,665,589**	34,161,742	5,758,891	39,920,633
Deficit on revaluation of held-for-trading securities	10.16	**(56)**	-	**(56)**	(1,362)	-	(1,362)
Surplus / (deficit) on revaluation of available-for-sale securities	22.2	**152,957**	**678,625**	**831,582**	(216,045)	(14,979)	(231,024)
Total investments		**25,043,003**	**20,454,112**	**45,497,115**	33,944,335	5,743,912	39,688,247

		Note	December 31, 2014	December 31, 2013
			------ (Rupees in '000) ------	
10.2	**Investments by segments:**			
	Federal Government Securities:			
	- Market Treasury Bills	10.3	**4,336,824**	23,262,537
	- Pakistan Investment Bonds	10.3	**35,599,965**	11,668,932
	- GOP Ijara sukuk	10.3	**277,728**	-
	Fully paid-up Ordinary Shares / Units:			
	- Listed companies	10.4	**2,962,909**	2,997,362
	- Unlisted companies	10.5	**1,000**	1,000
	- Mutual funds - open end	10.6	**45,000**	25,000
	Preference shares	10.7	**111,168**	111,168
	Term Finance Certificates and Bonds			
	- Listed Term Finance Certificates	10.8	**95,177**	186,239
	- Unlisted Term Finance Certificates	10.9	**1,329,767**	1,503,982
	- Sukuk Bonds	10.10	**1,082,444**	864,707
	Investment in subsidiary	10.11	**396,942**	396,942
	Total investment at cost		**46,238,924**	41,017,869
	Less: Provision for diminution in value of investments	10.13	**(1,573,335)**	(1,097,236)
	Investments - net of provisions		**44,665,589**	39,920,633
	Deficit on revaluation of held-for-trading securities	10.16	**(56)**	(1,362)
	Surplus / (deficit) on revaluation of available-for-sale securities	22.2	**831,582**	(231,024)
	Total investments		**45,497,115**	39,688,247

10.3 Market Treasury Bills and Pakistan Investment Bonds are held with SBP and are eligible for rediscounting. Market Treasury Bills embody effective yield ranging from 9.7% to 10.00% (December 31, 2013: 9.23% to 9.95%) per annum and will mature within 12 months. Pakistan Investment Bonds carry mark-up ranging from 9.60% to 13.00% (December 31, 2013: 8% to 12%) per annum on semi-annual basis and will mature within 1 to 17 years.

GOP Ijarah Sukuk are issued by Government of Pakistan effective yield on these Sukuk ranges from 7.01% to 9.73% per annum and will mature within 12 months.

Certain investments in government securities are held to comply with the statutory liquidity requirement of SBP.

10.4 Particulars of investment in Ordinary shares - listed

Name of companies	Number of shares held		Paid-up value per share	Total book value	
	December 31, 2014	December 31, 2013		December 31, 2014	December 31, 2013
				(Rupees in '000)	
Held-for-trading securities					
Engro Foods Limited	**100,000**	-	10	**10,172**	-
Engro Fertilizers Limited	**50,500**	-	10	**3,449**	-
Fauji Cement Company Limited	-	100,000	10	-	1,573
MCB Bank Limited	-	75,000	10	-	21,805
Pakistan Petroleum Limited	**107,700**	-	10	**19,690**	-
Pakistan State Oil Company Limited	**45,000**	100,000	10	**16,409**	33,889
Sui Northern Gas Pipeline Limited	**250,000**	-	10	**7,429**	-
				57,149	57,267
Available-for-sale securities					
Adamjee Insurance Company Limited	**300,000**	-	10	**14,988**	-
Agritech Limited - a related party (note 10.4.1)	**37,975,034**	37,975,034	10	**1,104,183**	1,104,183
Allied Bank Limited	**25,000**	-	10	**2,978**	-
Arif Habib Corporation Limited - a related party	**5,866,899**	5,866,899	10	**158,636**	158,636
Askari Bank Limited	-	900,000	10	-	12,423
Attock Refinery Limited	**285,000**	45,000	10	**62,494**	9,683
Azgard Nine Limited	**500,000**	500,000	10	**5,911**	5,911
Bank Alfalah Limited	**25,000**	-	10	**782**	-
D.G. Khan Cement Company Limited	-	137,000	10	-	12,672
Engro Corporation Limited	**295,000**	175,000	10	**65,352**	29,473
Engro Foods Ltd	**500,000**	-	10	**61,835**	-
Faysal Bank Limited	**4,001,000**	-	10	**69,644**	-
First Capital Securities Corporation Limited	**11,308,000**	11,308,000	10	**94,847**	94,846
Hascol Petroleum Limited	**309,500**	-	10	**25,139**	-
Hub Power Company Limited	-	100,000	10	-	6,924
ICI Pakistan Limited	-	150,000	10	-	38,933
IGI Insurance Limited	-	250,000	10	-	41,248
Javedan Corporation Limited	**7,239,718**	7,239,718	10	**605,294**	605,294
Javedan Corporation Limited - Letter of right (LOR)	**7,000,218**	-	10	-	-
Maple Leaf Cement Factory Limited	-	175,000	10	-	5,158
MCB Bank Limited	-	50,000	10	-	15,655
Metropolitan Steel Corporation Limited	**3,914,590**	3,914,590	10	**61,177**	61,177
Nishat Chunian Limited	**600,000**	331,500	10	**31,910**	20,026
Nishat Power Limited	-	75,000	10	-	751
Oil & Gas Development Company Limited	-	125,000	10	-	34,964
Pak Elektron Limited	-	299,723	10	-	12,500
Pakistan Oilfields Limited	**54,000**	95,000	10	**26,991**	47,885
Pakistan Petroleum Limited	**50,000**	-	10	**10,569**	-
Pakistan State Oil Company Limited	**140,000**	275,000	10	**52,120**	95,554
Pakistan Telecommunication Company Limited	**450,000**	200,000	10	**10,294**	6,322
SME Leasing Limited	**902,350**	902,350	10	**9,926**	9,926
Sui Northern Gas Pipeline Limited	-	6,263,000	10	-	133,244
Sui Southern Gas Company Limited	-	4,569,500	10	-	98,016
Tariq Glass Industries Limited	**4,125,000**	4,175,000	10	**176,500**	66,806
Thatta Cement Company Limited	**8,462,835**	8,462,835	10	**254,190**	174,829
United Bank Limited	-	259,400	10	-	37,056
				2,905,760	2,940,095
				2,962,909	2,997,362

10.4.1 This includes 27,975,034 ordinary shares of Agritech Limited acquired as a result of the settlement reached with Azgard Nine Limited.

10.5 Particulars of investment in other Ordinary shares - unlisted

Name of companies	Number of shares held		Paid-up value per share	Total book value	
	December 31, 2014	December 31, 2013		December 31, 2014	December 31, 2013
				(Rupees in '000)	
Arabian Sea Country Club Limited	**100,000**	100,000	10	**1,000**	1,000
Chief Executive Officer: Mr. Arif Ali Khan Abbasi					
Percentage holding 1.29% (December 31, 2013: 1.29%)					
Net asset value per share was Rs. 0.70 as at June 30, 2014 based on audited financial statements (June 30, 2013: Rs.6.59 based on restated - audited financial statements)					
				1,000	1,000

10.6 Particulars of investment in mutual funds

Name of companies	Number of units held		Paid-up value per unit	Total book value	
	December 31, 2014	December 31, 2013		December 31, 2014	December 31, 2013
				(Rupees in '000)	
Mutual fund (open end)					
AKD Cash Fund	**608,791**	583,060	50	**25,000**	25,000
NAFA Income Opportunity Fund	**1,024,754**	-	10	**10,000**	-
PICIC Cash Fund	**103,609**	-	100	**10,000**	-
				45,000	25,000

10.7 Particulars of investment in preference shares

Name of companies	Number of shares held		Paid-up value per share	Total book value	
	December 31, 2014	December 31, 2013		December 31, 2014	December 31, 2013
				(Rupees in '000)	
Pak Elektron Limited	**3,750,000**	3,750,000	10	**37,500**	37,500
Rate of preference dividend: 9.5% - cumulative					
Terms of redemption: Redeemable after 6 years of date of issue					
Terms of conversion: Conversion option to be exercised after 7 years of issue and if not redeemed within 9 years of issue, convertible in 9th year					
			Balance c/f.	**37,500**	37,500

Name of companies	Number of shares held		Paid-up value per share	Total book value	
	December 31, 2014	December 31, 2013		December 31, 2014	December 31, 2013
				-------- (Rupees in '000) ----	
			Balance b/f.	37,500	37,500
Javedan Corporation Limited Rate of preference dividend: 12% - cumulative Terms of conversion: Conversion option to be exercised at the option of the holder	**7,044,100**	7,044,100	10	**70,441**	70,441
Aisha Steel Mills Limited - a related party Rate of preference dividend: 6M KIBOR+3% - cumulative Terms of conversion: Conversion option to be exercised any time	**408,300**	408,300	10	**3,227**	3,227
Aisha Steel Mills Limited - a related party - Letter of right	**204,150**	-	10	-	-
				111,168	111,168

10.8 Particulars of investment in listed Term Finance Certificates - face value of Rs.5,000 each

Name of companies	Mark-up rate	Re-payment	Total book value	
			December 31, 2014	December 31, 2013
			-------- (Rupees in '000) ----	
Allied Bank Limited Nil (December 31, 2013: 22,975) certificates Maturity date: December 06, 2014 Chief Executive Officer: Mr. Tariq Mehmood	6 months KIBOR plus 1.90%	Semi-annually	-	57,229
Engro Fertilizers Limited Nil (December 31, 2013: 5,000) certificates Maturity date: November 30, 2015 Chief Executive Officer: Mr. Ruhail Muhammad	6 months KIBOR plus 1.55%	Semi-annually	-	24,812
Azgard Nine Limited * 56,280 (December 31, 2013: 56,280) certificates Maturity date: March 31, 2017 Chief Executive Officer: Mr. Ahmed H. Shaikh	6 months KIBOR plus 1.25%	Semi-annually	**35,792**	35,792
		Balance c/f.	**35,792**	117,833

Name of companies	Mark-up rate	Re-payment	Total book value	
			December 31, 2014	December 31, 2013
			-------- (Rupees in '000) ----	
		Balance b/f.	35,792	117,833
Invest Capital Investment Bank Limited - 2nd issue* 2,000 (December 31, 2013: 2,000) certificates Maturity date: September 05, 2013 Chief Executive Officer: Mr. Muhammad Asif	Cut-off yield on the last successful SBP auction of five-years Pakistan Investment Bonds plus 2.75% with 12.00% per annum as floor and 15.75% per annum as ceiling	Semi-annually	10,000	10,000
Escorts Investment Bank Limited Nil (December 31, 2013: 5,000) certificates Maturity date: March 15, 2016 Chief Executive Officer: Ms. Shazia Bashir	6 months KIBOR plus 2.50% (floor of 8% per annum and cap of 17% per annum for first three years and 8% and 18% respectively for 4th and 5th year)	Semi-annually	-	2,498
Telecard Limited * 26,530 (December 31, 2013: 26,530) certificates Maturity date: May 18, 2015 Chief Executive Officer: Mr. Fazal Hussain	Simple average of 6 months KIBOR plus 3.75% (ask side)	Semi-annually	42,119	48,642
Trust Investment Bank Limited - 3rd issue * 3,877 (December 31, 2013: 3,877) certificates Maturity date: July 04, 2013 Chief Executive Officer: Mr. Ahsan Rafique	6 months KIBOR plus 1.85%	Semi-annually	7,266	7,266
			95,177	186,239

* Represents non-performing certificates.

10.9 Particulars of investment in unlisted Term Finance Certificates - face value of Rs.5,000 each

Name of companies	Mark-up rate	Re-payment	Total book value	
			December 31, 2014	December 31, 2013
			-------- (Rupees in '000) ----	
Agritech Limited - a related party * 100,000 (December 31, 2013: 100,000) certificates Maturity date: December 14, 2015 Chief Executive Officer: Mr. Ahmed Jaudet Bilal	6 months KIBOR plus 1.75%	Semi-annually	499,586	499,586
		Balance c/f.	499,586	499,586

Name of companies	Mark-up rate	Re-payment	Total book value	
			December 31, 2014	December 31, 2013
			-------- (Rupees in '000) ----	
		Balance b/f.	**499,586**	499,586
Avari Hotels Limited Nil (December 31, 2013: 5,000) certificates Maturity date: November 1, 2016 Chief Executive Officer: Mr. Byram D. Avari	6 months KIBOR plus 3.25%	Semi-annually	-	9,308
Bunny's Limited* Nil (December 31, 2013: 10,000) certificates Maturity date: November 30, 2013 Chief Executive Officer: Ch. Haroon Shafiq	6 months KIBOR plus 2.5%	Semi-annually	-	50,000
Flying Board & Paper Products Limited * 5,000 (December 31, 2013: 5,000) certificates Maturity date: July 20, 2014 Chief Executive Officer: Mr. Bader Mehmood	6 months KIBOR plus 1.5%	Semi-annually	**25,000**	25,000
Security Leasing Corporation Limited 2,000 (December 31, 2013: 2,000) certificates Maturity date: March 28, 2014 Chief Executive Officer: Mr. Muhammad Khalid Ali	1-18th month - 3% cash plus 3% accrual, 19th month onwards 1 month KIBOR	Monthly	**1,540**	1,642
Parthenon (Private) Limited 183,689 (December 31, 2013: 183,689) certificate Maturity date: January 31, 2018 Chief Executive Officer: Mr Muhammad Iqbal Khan Noori	3 months KIBOR plus 2.0%	Quarterly	**803,641**	918,446
			1,329,767	1,503,982

* Represents non-performing certificates.

10.10 Particulars of investment in Sukuk Bonds - face value of Rs.5,000 each

Name of companies	Mark-up rate	Re-payment	Total book value	
			December 31, 2014	December 31, 2013
			-------- (Rupees in '000) ----	
Arzoo Textile Mills Limited * 40,000 (December 31, 2013: 40,000) certificates Maturity date: April 15, 2014 Chief Executive Officer: Mr. Azhar Majeed Sheikh	6 months KIBOR plus 2% for first 2 year and 1.75% for year 3 onwards	Semi-annually	**200,000**	200,000
K-Electric (KE Azam Sukuk II) 50,000 (December 31, 2013: Nil) certificates Maturity date: March 19, 2017 Chief Executive Officer: Mr. Tayyab Tareen	3 months KIBOR plus 2.25%	Quarterly	**246,450**	-
Pak Elektron Limited 40,000 (December 31, 2013: 40,000) certificates Maturity date: March 15, 2015 Chief Executive Officer: Mr. M. Naseem Saigol	3 months KIBOR plus 1.0%	Quarterly	**200,000**	200,000
Liberty Power Tech Limited 100,000 (December 31, 2013: 100,000) certificates Maturity date: March 15, 2015 Chief Executive Officer: Mr. Ashraf Mukati	3 months KIBOR plus 3.0%	Quarterly	**435,994**	464,707
			1,082,444	864,707

* Represents non-performing bonds.

10.11 Particulars of investment in subsidiary

	Number of shares held		Paid-up value per share	Total book value	
	December 31, 2014	December 31, 2013		December 31, 2014	December 31, 2013
				-------- (Rupees in '000) ----	
Summit Capital (Private) Limited - unlisted Chief Executive Officer: Mr. Rahat Saeed Percentage holding 100% (December 31, 2013: 100%) Book value per share is Rs.7.96 as at December 31, 2014 (December 31, 2013: Rs.7.56) based on audited financial statements	**30,000,000**	30,000,000	10	**396,942**	396,942
				396,942	396,942

10.12 Quality of available-for-sale securities

	Note	Ratings		Market values	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
				-------- (Rupees in '000) ----	
Market Treasury Bills	10.12.1	**Unrated**	Unrated	**4,347,375**	23,211,212
Pakistan Investment Bonds	10.12.1	**Unrated**	Unrated	**36,453,106**	11,445,662
GOP Ijarah Sukuk	10.12.1	**Unrated**	-	**275,358**	-
Listed Ordinary shares	10.12.2				
Adamjee Insurance Company Limited		**AA**	-	**14,839**	-
Agritech Limited - a related party		**Unrated**	D	**294,307**	481,144
Allied Bank Limited		**AA+, A1+**	-	**2,839**	-
Arif Habib Corporation Limited - a related party		**Unrated**	AA, A1+	**161,340**	130,539
Askari Bank Limited		-	AA, A1+	-	12,600
Attock Refinery Limited		**AA, A1+**	AA, A1+	**53,514**	9,345
Azgard Nine Limited		**Unrated**	D	**2,945**	3,570
Bank Alfalah Limited		**AA, A1+**	AA, A1+	**873**	-
D.G. Khan Cement Company Limited		-	Unrated	-	11,745
Engro Corporation Limited		**AA-, A1+**	A, A1	**65,345**	27,717
Engro Foods Limited		**Unrated**	-	**54,270**	-
Faysal Bank Limited		**AA, A1+**	-	**72,818**	-
First Capital Securities Corporation Limited		**Unrated**	Unrated	**22,729**	32,793
Hascol Petroleum Limited		**A+, A-1**	-	**22,934**	-
Hub Power Company Limited		-	AA+, A1+	-	6,072
ICI Pakistan Limited		-	Unrated	-	37,953
IGI Insurance Limited		-	AA	-	41,095
Javedan Corporation Limited		**Unrated**	Unrated	**203,798**	495,921
Javedan Corporation Limited -Letter of Right (LOR)		**Unrated**	Unrated	**124,534**	-
Maple Leaf Cement Factory Limited		-	BB, B	-	-
MCB Bank Limited		-	AAA, A1+	-	14,059
Metropolitan Steel Corporation Limited		**Unrated**	Unrated	**73,007**	73,007
Nishat Chunian Limited		**A-, A-2**	A2, A+	**27,252**	19,956
Nishat Power Limited		-	A1, A+	-	2,255
Oil and Gas Development Company Limited		-	AAA, A1+	-	34,545
Pak Elektron Limited		-	Unrated	-	5,991
Pakistan Oilfields Limited		**Unrated**	Unrated	**20,486**	47,282
Pakistan Petroleum Limited		**Unrated**	-	**8,826**	-
Pakistan State Oil Company Limited		**AA+, A1+**	AA+, A1+	**50,107**	91,361
Pakistan Telecommunication Company Limited		**Unrated**	Unrated	**10,363**	5,688
SME Leasing Limited		**BB+, B**	BB+, B	**902**	4,512
Sui Northern Gas Pipeline Limited		-	AA, A1+	-	133,402
Sui Southern Gas Company Limited		-	AA-, A1+	-	109,942
Tariq Glass Industries Limited		**Unrated**	Unrated	**194,125**	101,035
Thatta Cement Company Limited		**Unrated**	Unrated	**279,274**	211,486
United Bank Limited		-	AA+, A1+	-	34,383
				1,761,427	2,179,398
Unlisted Ordinary shares	10.12.2				
Arabian Sea Country Club Limited		**Unrated**	Unrated	**1,000**	1,000
				1,000	1,000
Preference shares	10.12.2				
Pak Elektron Limited		**Unrated**	Unrated	**37,500**	37,500
Javedan Corporation Limited		**Unrated**	Unrated	**101,576**	84,529
Aisha Steel Mills Limited		**Unrated**	Unrated	**2,956**	3,262
Aisha Steel Mills Limited - Letter of Right (LOR)		**Unrated**	Unrated	**31**	-
				142,063	125,291
			Balance c/f.	**42,980,328**	36,962,563

	Note	Ratings December 31, 2014	Ratings December 31, 2013	Market values December 31, 2014	Market values December 31, 2013
				(Rupees in '000)	
			Balance b/f.	**42,980,328**	36,962,563
Mutual fund units - open end	10.12.2				
AKD Cash Fund		**AA+(f)**	AA+(f)	**31,845**	29,352
NAFA Income Opportunity Fund		**A-(f)**	-	**11,441**	-
PICIC Cash Fund		**AA(f)**	-	**10,851**	-
				54,137	29,352
Term Finance Certificates - listed	10.12.3				
Allied Bank Limited		-	AA	-	57,564
Azgard Nine Limited		**Unrated**	D	**33,645**	33,645
Engro Fertilizers Limited		-	A	-	24,938
Escorts Investment Bank Limited		-	BB	-	1,842
Invest Capital Investment Bank Limited		**Unrated**	Unrated	**10,000**	10,000
Telecard Limited		**Unrated**	Unrated	**31,588**	36,480
Trust Investment Bank Limited		**Unrated**	Unrated	**5,450**	5,450
				80,683	169,919
Term Finance Certificates - unlisted	10.12.3				
Agritech Limited		**Unrated**	D	**374,690**	374,690
Avari Hotels Limited		-	A-	-	9,300
Bunny's Limited		-	Unrated	-	37,500
Flying Board & Paper Products Limited		**Unrated**	Unrated	**25,000**	25,000
Parthenon (Private) Limited		**Unrated**	Unrated	**803,641**	918,446
Security Leasing Corporation Limited		**Unrated**	Unrated	**952**	1,026
				1,204,283	1,365,962
Sukuk Bonds	10.12.3				
Arzoo Textile Mills Limited		**Unrated**	Unrated	**200,000**	200,000
K-Electric (AZM Sukuk-2)		**AA**	-	**252,323**	-
Liberty Power Tech Limited		**A+**	A+	**435,994**	464,707
Pak Elektron Limited		**A-**	Unrated	**182,932**	200,000
				1,071,249	864,707
Total				**45,390,680**	39,392,503

10.12.1 These are Government of Pakistan guaranteed securities.

10.12.2 Ratings for these equity securities / units represents 'Entity / Mutual Fund Ratings' which have been rated by 'The Pakistan Credit Rating Agency Limited (PACRA) or 'JCR -VIS' Credit Rating Company Limited (JCR - VIS). These ratings reflect independent credit risk assessment by respective credit rating entities.

10.12.3 Instruments have been rated by 'The Pakistan Credit Rating Agency Limited (PACRA) or 'JCR -VIS' Credit Rating Company Limited (JCR - VIS). These ratings reflect independent credit risk assessment by respective credit rating entities.

	Note	December 31, 2014	December 31, 2013
		(Rupees in '000)	
10.13 Particulars of provision			
Opening balance		**1,097,236**	1,017,824
Add: Charge for the year		**564,801**	458,996
Less: Reversal during the year		**(88,702)**	(379,584)
		476,099	79,412
Closing balance	10.14	**1,573,335**	1,097,236

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
10.14 Particulars of provision in respect of type and segment			
Available-for-sale securities			
Ordinary shares of listed companies	10.17	**738,978**	421,830
Ordinary shares of unlisted companies		**1,000**	1,000
Term Finance Certificates - listed		**63,897**	65,907
Term Finance Certificates - unlisted	10.17	**371,688**	248,252
Sukuk Bonds		**200,000**	162,475
Subsidiary	10.15	**197,772**	197,772
		1,573,335	1,097,236

10.15 The Bank has tested the investment in its subsidiary for impairment by comparing the recoverable value to the carrying value.

For Summit Capital (Private) Limited (SCPL), the recoverable value was determined using a value in use (VIU) calculation using cash flow projections based on financial projections prepared by the management of SCPL for the forecast period.

The pre-tax discount rate of 26.74% (December 31, 2013: 29.61%) is used for determining the VIU of SCPL, which reflects SCPL management's estimate of the cost of equity applicable to SCPL. The cost of equity has been calculated using the Capital Asset Pricing Model (CAPM). Parameters used in the CAPM calculation are based on published third party data.

	December 31, 2014	December 31, 2013
	------ (Rupees in '000) ------	
10.16 Deficit on revaluation of held-for-trading securities		
Engro Foods Limited	**683**	-
Engro Fertilizers Limited	**495**	-
Fauji Cement Company Limited	**-**	22
MCB Bank Limited	**-**	(717)
Pakistan Petroleum Limited	**(679)**	-
Pakistan State Oil Company Limited	**(303)**	(667)
Sui Northern Gas Pipelines Limited	**(252)**	-
	(56)	(1,362)

10.17 The State Bank of Pakistan, vide its letter No. BPRD/BRD-(Policy)/2014-11546 dated June 27, 2014, has permitted banks to maintain provision against classified TFCs exposures as well as for the mark to market impairment loss on ordinary shares in Agritech Limited at 75% of the required provisions as of December 31, 2014.

Accordingly, the Bank has availed the benefit against required provision for Agritech TFCs exposure equivalent to Rs.115.563 million (net of FSV benefit of Rs.37.335 million availed against this exposure). Further, a benefit available against the required mark to market impairment loss for the ordinary shares of Agritech limited amounted to Rs.190.591 million.

Apart from above, the Bank has also availed the FSV benefit against Azgard Nine Limited TFCs exposure amounting to Rs.31.281 million.

Further, the SBP vide its letter No. BPRD/BRD-(Policy)/2015-5118 dated February 27, 2015, has permitted the Bank to maintain provision for impairment against ordinary shares of Javedan Corporation Limited (a strategic investment) at 10%, amounted to Rs.40.149 million. Therefore benefit available against the required impairment loss for the ordinary shares of Javedan Corporation Limited amounted to Rs.361.35 million.

The impact on profitability arising from utilisation of the above explained FSV benefits and relaxation shall not be available for payment of cash or stock dividend / bonus to employees.

		Note	December 31, 2014	December 31, 2013
			------ (Rupees in '000) ------	
11.	**ADVANCES**			
	Loans, cash credits, running finances, etc. - in Pakistan		**71,728,451**	61,369,573
	Net investment in finance lease - in Pakistan	11.2	**775,691**	319,967
	Bills discounted and purchased (excluding Treasury Bills)			
	Payable in Pakistan		**2,739,686**	1,972,577
	Payable outside Pakistan		**2,560,217**	1,906,621
			5,299,903	3,879,198
	Advances - gross		**77,804,045**	65,568,738
	Provision against non-performing advances	11.3.1	**(11,349,348)**	(11,360,264)
	Advances - net of provision		**66,454,697**	54,208,474

11.1 Particulars of advances

11.1.1	In local currency	**75,029,076**	63,633,006
	In foreign currencies	**2,774,969**	1,935,732
		77,804,045	65,568,738
11.1.2	Short-term (upto one year)	**62,065,939**	54,647,058
	Long-term (over one year)	**15,738,106**	10,921,680
		77,804,045	65,568,738

11.2 Net investment in finance lease - in Pakistan

	December 31, 2014				December 31, 2013			
	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) ----------							
Lease rentals receivable	**198,844**	**562,351**	**-**	**761,195**	99,183	185,701	-	284,884
Residual value	**45,314**	**101,151**	**-**	**146,465**	49,991	17,751	-	67,742
Minimum lease payments	**244,158**	**663,502**	**-**	**907,660**	149,174	203,452	-	352,626
Financial charges for future periods	**(27,652)**	**(104,317)**	**-**	**(131,969)**	(11,799)	(20,860)	-	(32,659)
Present value of minimum lease payments	**216,506**	**559,185**	**-**	**775,691**	137,375	182,592	-	319,967

11.3 Advances include Rs.14,838.307 million (December 31, 2013: Rs.17,809.041 million) which have been placed under non-performing status as detailed below:

Category of classification	December 31, 2014			December 31, 2013		
	Classified advances	Provision required	Provision held	Classified advances	Provision required	Provision held
	---------- (Rupees in '000) ----------					
OAEM	**13,114**	**621**	**621**	13,348	1,335	1,335
Substandard	**459,745**	**40,917**	**40,917**	483,761	39,712	39,712
Doubtful	**353,367**	**93,718**	**93,718**	597,697	151,916	151,916
Loss	**14,012,081**	**11,189,915**	**11,189,915**	16,714,235	11,144,996	11,144,996
	14,838,307	**11,325,171**	**11,325,171**	17,809,041	11,337,959	11,337,959

11.3.1 Particulars of provision against non-performing advances

	December 31, 2014			December 31, 2013		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	11,337,959	22,305	11,360,264	12,390,815	2,488	12,393,303
Charge for the year	1,460,839	1,872	1,462,711	2,336,487	19,817	2,356,304
Reversals	(1,385,791)	-	(1,385,791)	(3,274,008)	-	(3,274,008)
	75,048	1,872	76,920	(937,521)	19,817	(917,704)
Amount written off	(87,836)	-	(87,836)	(115,335)	-	(115,335)
Closing balance	11,325,171	24,177	11,349,348	11,337,959	22,305	11,360,264

11.3.2 Particulars of provision against non-performing advances

	December 31, 2014			December 31, 2013		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	11,325,171	24,177	11,349,348	11,337,959	22,305	11,360,264
In foreign currencies	-	-	-	-	-	-
	11,325,171	24,177	11,349,348	11,337,959	22,305	11,360,264

11.3.3 Pursuant to the applicable Prudential Regulations, the Bank has availed the FSV Benefit against loans and advances amounting to Rs.3,193 million (December 31, 2013: Rs.6,204 million). Had this benefit of FSV not been taken by the Bank, the specific provision against non-performing loans and advances would have been higher by Rs.2,817 million (December 31, 2013: Rs.5,339 million). Further, the Bank has availed the benefit of certain exemptions from Prudential Regulations requiring provision against non-performing loans which are given by the State Bank of Pakistan amounting to Rs.453 million at year end.

As per the Prudential Regulations for Small and Medium Enterprise (SME) financing, the Bank has maintained a general provision at 1% of secured performing portfolio and 2% of unsecured performing portfolio against small enterprises (SE) financing. Moreover, 10% specific provisioning has been held against the SE financing falling in OAEM category i.e., where the principal / mark-up is over due by 90 days. For Consumer Financing Portfolios a general provision at the rate of 1.5% of secured portfolio and 5% of the unsecured portfolio has been maintained pursuant to the Prudential Regulations for Consumer Financing.

The additional impact on profitability arising from availing the benefit of FSV shall not be available for payment of cash or stock dividend / bonus to employees and hence there are no distributable profits for the year for ordinary and preference shareholders.

	December 31, 2014	December 31, 2013
	(Rupees in '000)	
11.4 Particulars of write offs		
11.4.1 Against provisions	**87,836**	115,335
Directly charged to profit and loss account	**10,055**	1,866
	97,891	117,201
11.4.2 Write offs of Rs.500,000 and above	**73,479**	112,105
Write offs of below Rs.500,000	**24,412**	5,096
	97,891	117,201

11.5 Details of write off of Rs.500,000 and above

In terms of sub-section 3 of section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written off loans or any other financial relief of Rs.500,000 or above allowed to persons during the year ended December 31, 2014 is given in Annexure I.

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
11.6 Particulars of loans and advances to Directors, Associated Companies, etc.			
Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons			
Balance at beginning of the year		**1,353,624**	1,197,116
Loans granted during the year		**637,336**	528,764
Repayments during the year		**(397,995)**	(372,256)
Balance at end of the year		**1,592,965**	1,353,624
Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or in the case of private companies as members			
Balance at beginning of the year		**685,504**	260,517
Loans granted during the year		**2,407,714**	1,996,216
Repayments during the year		**(2,106,543)**	(1,571,229)
Balance at end of the year		**986,675**	685,504
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties			
Balance at beginning of the year		-	-
Loans granted during the year		-	-
Repayments during the year		-	-
Balance at end of the year		-	-
		2,579,640	2,039,128

12. OPERATING FIXED ASSETS

Capital work-in-progress	12.1	**2,430,572**	1,304,110
Property and equipment	12.2	**4,853,082**	4,579,309
Intangible assets	12.3	**251,342**	298,121
		7,534,996	6,181,540

12.1 Capital work-in-progress

Civil works		**1,387,333**	232,669
Advances to suppliers and contractors		**27,672**	20,131
Advance against purchase of land	12.1.1	**956,000**	956,000
Advances against computer software		**123,163**	123,165
Less: Provision there against		**(63,596)**	(27,855)
		59,567	95,310
		2,430,572	1,304,110

12.1.1 This represents advance paid for acquisition of a commercial plot at G-2, Block-2, Scheme No. 5, Clifton, Karachi, measuring 4,000 square yards for construction of head office building. The title of the said property is currently in the process of being transferred in the name of the Bank.

12.2 Property and equipment

Category of classification	Note	December 31, 2014											
		COST					ACCUMULATED DEPRECIATION					Net book value at December 31, 2014	Rate of depreciation
		At January 01, 2014	Adjustment for revaluation of assets	Additions	(Deletions) / (write off) *	At December 31, 2014	At January 01, 2014	Adjustment for revaluation of assets	Charge	(Deletion) / (write off) *	At December 31, 2014		
		(Rupees in '000)											%
Leasehold land	12.2.1	902,672	107,352	-	-	1,010,024	-	-	-	-	-	1,010,024	-
Building on leasehold land	12.2.1	2,966,808	820,341	1,299	-	3,788,448	978,968	312,105	148,924	-	1,439,997	2,348,451	5
Building improvements	12.2.1 & 12.2.2	1,388,525	86,869	42,334	(31,375) (11,385)*	1,474,968	486,766	46,319	136,632	(8,488) (6,269)*	654,960	820,008	10
Furniture and fixtures	12.2.2	445,814	-	14,274	(13,041) (1,797)*	445,250	198,001	-	42,225	(5,885) (1,126)*	233,215	212,035	10 - 15
Electrical, office and computer equipment	12.2.2	1,555,572	-	155,658	(245,610) (4,638)*	1,460,982	1,113,490	-	185,419	(196,212) (4,520) *	1,098,177	362,805	20 - 30
Vehicles		202,826	-	33,002	(15,903)	219,925	105,683	-	29,630	(15,147)	120,166	99,759	20
December 31, 2014		**7,462,217**	**1,014,562**	**246,567**	**(305,929) (17,820)***	**8,399,597**	**2,882,908**	**358,424**	**542,830**	**(225,732) (11,915)***	**3,546,515**	**4,853,082**	

12.2.1 Revaluation of properties

As at December 31, 2014, the properties of the Bank were revalued by independent professional valuer. The revaluation was carried out by M/s. Sadruddin Associates on the basis of professional assessment of present market values which has resulted in overall surplus of Rs.1,094 million (As of December 31, 2013: Rs.438 millions). Had there been no revaluation, the carrying amount of revalued assets would have been as follows:

	December 31, 2014	December 31, 2013
	------ (Rupees in '000) ------	
Leasehold land	**720,649**	720,649
Buildings on leasehold land	**1,583,779**	1,726,719
Buildings improvements	**779,458**	892,395

12.2.2 Included in cost of property and equipment are fully depreciated items still in use amounting to Rs.1,077 million (December 31, 2013: Rs.817 million).

December 31, 2013

Category of classification	Note	COST					ACCUMULATED DEPRECIATION					Net book value at December 31, 2013	Rate of depreciation
		At January 01, 2013	Adjustment for revaluation of assets	Additions	(Deletions) / (write off) *	At December 31, 2013	At January 01, 2013	Adjustment for revaluation of assets	Charge	(Deletion) / (write off) *	At December 31, 2013		
		(Rupees in '000)											%
Leasehold land	12.2.1	902,672	-	-	-	902,672	-	-	-	-	-	902,672	-
Building on leasehold land	12.2.1	2,965,509	-	1,299	-	2,966,808	827,000	-	151,968	-	978,968	1,987,840	5
Building improvements	12.2.1 & 12.2.2	1,192,982	-	213,516	(176) (17,797)*	1,388,525	367,094	-	127,878	(9) (8,197)*	486,766	901,759	10
Furniture and fixtures	12.2.2	406,426	-	47,191	(7,244) (559)*	445,814	160,444	-	41,932	(4,054) (321)*	198,001	247,813	10 - 15
Electrical, office and computer equipment	12.2.2	1,435,789	-	174,064	(52,234) (2,047)*	1,555,572	955,022	-	205,392	(45,274) (1,650)*	1,113,490	442,082	20 - 30
Vehicles		164,615	-	49,521	(11,310)	202,826	86,890	-	28,403	(9,610)	105,683	97,143	20
December 31, 2013		**7,067,993**	**-**	**485,591**	**(70,964) (20,403)***	**7,462,217**	**2,396,450**	**-**	**555,573**	**(58,947) (10,168)***	**2,882,908**	**4,579,309**	

12.3 Intangible assets

December 31, 2014

Category of classification	COST			ACCUMULATED DEPRECIATION			Net book value at December 31, 2014	Rate of amortisation
	At January 01, 2014	Additions	At December 31, 2014	At January 01, 2014	Charge for the year	At December 31, 2014		
	(Rupees in '000)							%
Computer software	338,959	16,417	355,376	297,322	26,108	323,430	31,946	20 - 30
Core deposits	209,874	-	209,874	57,685	22,704	80,389	129,485	10
Brand name	143,838	-	143,838	39,543	14,384	53,927	89,911	10
December 31, 2014	**692,671**	**16,417**	**709,088**	**394,550**	**63,196**	**457,746**	**251,342**	

December 31, 2013

Category of classification	COST			ACCUMULATED DEPRECIATION			Net book value at December 31, 2013	Rate of amortisation
	At January 01, 2013	Additions / (write offs) *	At December 31, 2013	At January 01, 2013	Charge for the year (write offs) *	At December 31, 2013		
	(Rupees in '000)							%
Computer software	396,061	4,547 (61,649)*	338,959	304,659	42,389 (49,726)*	297,322	41,637	20 - 30
Core deposits	209,874	-	209,874	36,728	20,957	57,685	152,189	10
Brand name	143,838	-	143,838	25,172	14,371	39,543	104,295	10
December 31, 2013	749,773	4,547 (61,649)*	692,671	366,559	77,717 (49,726)*	394,550	298,121	

12.4 Disposal of property and equipment

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
	(Rupees in '000)						
Building improvements							
Items having book value of more than Rs.250,000 or cost more than Rs.1,000,000							
Civil and electrical works	24,229	5,931	18,298	19,829	1,531	Insurance Claim	Jubilee General Insurance Company Limited
Civil and electrical works	3,193	1,474	1,719	167	(1,552)	Negotiation	Mr. Muhammad Ashraf
Items having book value of less than Rs.250,000 or cost less than Rs.1,000,000							
Civil and electrical works	3,517	1,015	2,502	2,674	172	Insurance Claim	Jubilee General Insurance Company Limited
Civil and electrical works	436	69	367	212	(155)	Negotiation	Mr. Muhammad Ashraf
Furniture and fixtures							
Items having book value of less than 250,000 or cost less than 1,000,000							
Furniture and fixtures	10,772	4,363	6,409	6,910	501	Insurance Claim	Jubilee General Insurance Company Limited
Furniture and fixtures	2,269	1,521	748	482	(266)	Negotiation	Various
Electrical, office and computer equipment							
Items having book value of more than 250,000 or cost more than 1,000,000							
Electrical, office and computer equipment	125,941	92,007	33,934	45,072	11,138	Insurance Claim	Jubilee General Insurance Company Limited
Generator	1,032	909	123	295	172	Auction	Dilawar & Sons
Generator	1,017	791	226	541	315		Dilawar & Sons
Generator	2,887	2,647	240	167	(73)		Dilawar Brothers
Generator	2,887	2,647	240	167	(73)		Dilawar Brothers
Generator	2,534	2,215	319	167	(152)		Dilawar Brothers
Various Items	1,284	1,156	128	191	63		Waseem Brothers
Various Items	1,284	1,156	128	191	63		Waseem Brothers
UPS	1,950	1,756	194	191	(3)		Waseem Brothers
UPS	1,950	1,756	194	191	(3)		Waseem Brothers
Items having book value of less than 250,000 or cost less than 1,000,000							
Electrical, office and computer equipment	74,713	61,282	13,431	27,194	13,763	Insurance Claim	Jubilee General Insurance Company Limited
Electrical, office and computer equipment	28,130	27,889	241	4,832	4,591	Auction	Various
Vehicles							
Items having book value of more than 250,000 or cost more than 1,000,000							
Honda Civic	1,358	1,358	-	1,058	1,058	Auction	Brothers Motors
Toyota Corolla	1,237	1,237	-	699	699	Auction	Mr. Ansar Iqbal
Toyota Corolla	1,068	1,068	-	591	591	Auction	Mr. Khalid Pervaiz
Honda Civic Prosmatic	1,859	1,859	-	10	10	Bank's Policy	Mr. Muhammad Zahir Esmail - Executive Director
Suzuki Cultus	974	260	714	900	186	Bank's Policy	Mr. Sohail Fahmi - Ex- Employee
Items having book value of less than 250,000 or cost less than 1,000,000							
Vehicles	47	5	42	35	(7)	Auction	PICIC Insurance Limited
Vehicles	9,361	9,361	-	6,216	6,216	Auction	Various
	305,929	**225,732**	**80,197**	**118,982**	**38,785**		
Details of write offs							
Building improvements	11,385	6,267	5,118	-	(5,118)		
Furniture and fixtures	1,797	1,128	669	-	(669)		
Electrical, office and computer equipment	4,638	4,520	118	-	(118)		
	17,820	**11,915**	**5,905**	**-**	**(5,905)**		

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
13. DEFERRED TAX ASSETS - net			
Deferred debits arising in respect of:			
Deficit on revaluation of available-for-sale securities		-	14,289
Provision against non performing loans		**1,397,967**	1,858,017
Provision for compensated absences		**37,786**	34,925
Provision against other assets		**182,093**	158,981
Unused tax losses		**4,566,155**	4,023,485
Provision for diminution in the value of investments		**550,667**	384,033
		6,734,668	6,473,730
Deferred credits arising in respect of:			
Surplus on revaluation of fixed assets		**(272,463)**	(87,395)
Surplus on revaluation of available-for-sale securities		**(295,754)**	-
Operating fixed assets		**(521,770)**	(586,475)
		(1,089,987)	(673,870)
	13.1	**5,644,681**	5,799,860

13.1 The Bank has an aggregate amount of deferred tax asset of Rs.5,644.681 million which represents management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in those years against losses carried forward and other taxable temporary differences relating to prior years. The management of the Bank has prepared the five years projections which have been approved by the Board of Directors of the Bank. The projections involves certain key assumptions underlying the estimation of future taxable profits projected in the plan. The determination of future profits is most sensitive to certain key assumptions such as cost to income ratio of the Bank, growth of deposits, investments and advances, investment returns and deposits costs, potential provision against assets, branch expansion plan, etc. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset. The management believes that it is probable that the Bank will be able to achieve the profits as per the projections and, consequently, the recorded deferred tax asset will be realised in the future.

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
14. OTHER ASSETS			
Income / mark-up accrued in local currency		**3,578,387**	2,061,431
Income / mark-up accrued in foreign currency		**11,372**	1,505
Advances, deposits, advance rent and other prepayments		**443,869**	419,717
Non banking assets acquired in satisfaction of claims	14.1	**3,928,367**	3,443,657
Advance taxation - net of provision		**488,971**	452,421
Receivable from MCB-Arif Habib Savings & Investments Limited - a related party		**11**	11
Stationery and stamps on hand		**16,305**	11,137
Dividend receivable		**1,283**	758
Receivable against sale of equity securities		**22,783**	31,656
Commission receivable on guarantee		**9,880**	9,880
Receivable from other banks against clearing and settlement		**24,067**	21,384
Unrealised gain on forward foreign exchange contracts		-	19,613
Commission receivable on home remittance	14.2	**434,741**	276,303
Others		**411,383**	326,018
		9,371,419	7,075,491
Less: Provision held against other assets	14.3	**(456,668)**	(454,230)
		8,914,751	6,621,261

		Note	December 31, 2014	December 31, 2013
			------ (Rupees in '000) ------	
14.1	Market value of non banking assets acquired in satisfaction of claims		5,206,988	4,299,053

14.2 This represents commission receivable from the SBP in respect of home remittances channelised through the Bank as per agreement entered into with the SBP.

14.3 Provision held against other assets

Opening balance		454,230	182,124
Add: Charge for the year		3,144	272,106
Less: Reversals for the year		(706)	-
	29	2,438	272,106
Closing Balance		456,668	454,230

15. BILLS PAYABLE

In Pakistan	1,531,639	2,205,414
Outside Pakistan	-	-
	1,531,639	2,205,414

16. BORROWINGS

In Pakistan	25,101,779	9,888,211
Outside Pakistan	210,882	72,987
	25,312,661	9,961,198

16.1 Particulars of borrowings with respect to currencies

In local currency	25,101,779	9,888,211
In foreign currencies	210,882	72,987
	25,312,661	9,961,198

16.2 Details of borrowings secured / unsecured

Secured			
Borrowings from State Bank of Pakistan under:			
Export refinance scheme	16.2.1	4,774,750	4,149,640
Long-term financing of export oriented projects	16.2.2	24,136	54,790
Long-term financing facility	16.2.3	-	1,008
Repurchase agreement borrowings (repo)	16.2.4	20,302,893	5,682,773
Foreign bills - rediscounted		196,065	7,015
		25,297,844	9,895,226
Unsecured			
Overdrawn nostro accounts		14,817	65,972
		25,312,661	9,961,198

16.2.1 These are secured against promissory notes, export documents and undertakings by the Bank granting the right to SBP to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current accounts maintained with the SBP. The effective mark-up rate on these borrowings ranges to 5.5% to 6.5% (December 31, 2013: 8.4%) per annum, payable on quarterly basis.

16.2.2 These carry mark-up rate at the rate of 5% (December 31, 2013: 5%) per annum payable on quarterly basis.

16.2.3 These carry mark-up rate of 6.5% (December 31, 2013: 6.5%) per annum payable on quarterly basis.

16.2.4 These represent borrowings from State Bank of Pakistan at mark-up 9.50% (December 31, 2013: 9.9% to 10%) per annum, maturing on January 02, 2015. Pakistan Investment Bonds amounting to Rs.19,706 million (December 31, 2013: Rs.5,706 million) have been given as collateral against these borrowings (see note 10).

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
17. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		**26,835,335**	28,734,921
Savings deposits		**36,862,293**	43,984,665
Current accounts - non-remunerative		**31,342,552**	27,460,204
Margin accounts		**2,294,731**	2,149,204
		97,334,911	102,328,994
Financial institutions			
Non-remunerative deposits		**562,073**	692,375
Remunerative deposits		**7,412,450**	3,329,673
		7,974,523	4,022,048
		105,309,434	106,351,042
17.1 Particulars of deposits			
In local currency		**98,722,763**	99,626,420
In foreign currencies		**6,586,671**	6,724,622
		105,309,434	106,351,042
18. SUB-ORDINATED LOAN			
Term Finance Certificate, Listed, Unsecured	18.1	**1,497,930**	1,498,620

18.1 In October 2011, the Bank issued listed Term Finance Certificates which are subordinated as to the payment of principal and profit to all other indebtness of the Bank including the deposits. The terms and conditions for the issue are as under:

Mark-up	:	Base rate (6 months KIBOR - ask side) plus 325 bps
Issue date	:	October 27, 2011
Rating	:	A
Tenor	:	7 years
Redemption amount	:	0.30% of the issued amount in the first 78 months and the remaining 99.70% of the issued in the 84th month
Maturity	:	October 26, 2018

	Note	December 31, 2014	December 31, 2013
19. OTHER LIABILITIES		------ (Rupees in '000) ------	
Mark-up / return / interest payable in local currency		**1,260,249**	1,349,415
Mark-up / return / interest payable in foreign currency		**8,912**	8,846
Payable to Bangladesh Bank	19.1	**41,389**	41,389
Payable to Rupali Bank - Bangladesh, a related party	19.2	**16,293**	16,293
Payable to vendors / creditors		**77,922**	62,488
Provision for compensated absences		**107,958**	99,785
Payable to Bank of Ceylon, Colombo		**20,163**	20,163
Retention money		**6,884**	8,028
Branch adjustment account		**863**	-
Advance against sale of property		**114,435**	9,500
Workers' Welfare Fund	19.3	**238**	-
Security deposits		**222,309**	88,662
Accrued expenses		**63,068**	47,033
Payable to brokers		**1,917**	2,621
Unrealised loss on forward exchange contracts		**25,113**	-
Payable to defined benefit plan	35	**22,311**	50,388
Withholding taxes and government levies payable		**18,631**	21,137
Federal excise duty payable		**14,480**	9,581
Unclaimed dividend		**2,213**	2,213
Unearned income	19.4	**32,929**	27,441
Commission payable on home remittances	19.5	**269,139**	179,582
Others		**116,724**	110,453
		2,444,140	2,155,018

19.1 This represents mark-up payable to Bangladesh Bank upto June 2006 on Fixed Deposit Receipts (FDR) maintained with the Bank.

19.2 This represents amount payable in respect of share of Head office expenses of Ex-Rupali Bank Limited - Karachi Branch.

19.3 This represents provision made under the Workers' Welfare Ordinance (WWF) 1971 @ 2% of accounting profit before tax.

19.4 This represents unearned income mainly pertaining to local and foreign bills discounting.

19.5 This represents commission payable to the foreign currency dealers in respect of home remittances channelized through the Bank as per agreement entered into by the Bank with them.

20. SHARE CAPITAL

December 31, 2014	December 31, 2013		December 31, 2014	December 31, 2013
---- Number of Shares ----			------- Rupees in '000 -------	
20.1 Authorised capital				
2,000,000,000	1,500,000,000	Ordinary shares of Rs.10 each	**20,000,000**	15,000,000
20.2 Issued, subscribed and paid-up capital				
		Ordinary shares of Rs.10 each		
573,513,200	573,513,200	Fully paid in cash	**5,735,132**	5,735,132
454,466,382	454,466,382	Issued for consideration other than cash	**4,544,664**	4,544,664
50,000,000	50,000,000	Issued as bonus shares	**500,000**	500,000
1,077,979,582	1,077,979,582		**10,779,796**	10,779,796
20.3 Convertible preference shares				
215,595,916	215,595,916	Preference shares of Rs.10 each	**2,155,959**	2,155,959

20.4 During the financial year 2013, the Bank issued two classes of listed, convertible, perpetual, irredeemable, non-cumulative preference shares (CPS), eligible Tier 1 Capital, namely Class "A" 110,942,434 preference shares and Class "B" 104,653,482 preference shares both at issue price (par value) of Rs.10 per share aggregating to Rs.2,156 million having a tenor of 5 years. The terms and conditions for the issue are as under:

	Class A	Class B
Dividend	5% fixed return in the form of bonus Preference Shares.	Six Months KIBOR + 0.50% will be paid in the form of cash dividend subject to profitability and regulatory compliance. However, if the Bank is not able to pay cash dividend, then subject to profitability and regulatory compliance, the bank will issue bonus Ordinary Shares of equivalent amount at the conversion price.
	The dividends should only be paid from current year's earnings and will be subject to the condition that any payment on such instruments should not result in breach of regulatory MCR and CAR requirements set by SBP from time to time.	
Conversion option	Preference Shares including all the returns / dividends in the form of Preference Shares shall be converted into Ordinary Shares after five years from the date of issuance.	Preference shareholders will have the option to convert Preference Shares into Ordinary Shares starting from the end of 42nd month of the date of issuance and every six months thereafter in equal tranches of 25% each at the conversion price agreed. If the investors intend to exercise the conversion option, they will give one month prior notice to the Bank stating their intention to convert the Class B shares as per formula prescribed herein. The maximum number of Ordinary shares to be issued at the time of conversion must not exceed the ratio of price of the Preference shares at the time of its issuance divided by 20% of the Bank's Ordinary Shares price at the same time.
Conversion price	Shares will be issued at the audited book value as at December 31, 2012.	The par value i.e. Rs.10.00 per share or Market price per share as quoted on local stock exchanges whichever is lower. In case the market price per share is greater than par value, then the Class B shares will be converted at a 12.5% discount to market price per share. The market price used for determining the conversion price will be the three months average market price per share prior to the date of issuance of conversion notice by Class B shareholders or the completion of its tenor, whichever is earlier.

20.5 As at December 31, 2014, Suroor Investments Limited (SIL), parent company, Arif Habib Corporation Limited and Rupali Bank Limited, Bangladesh, a related party held 554,680,393 (51.46%), 1,295,355 (0.12%) and 32,777,450 (3.04%) [December 31, 2013: 554,680,393 (51.46%), 1,000,355 (0.09%) and 32,777,450 (3.04%)] issued subscribed and paid-up Ordinary shares in the Bank, respectively.

	December 31, 2014	December 31, 2013
20.6 Advance against subscription of shares	------ (Rupees in '000) ------	
-	-	
Advance against subscription of shares	**7,506,867**	-

During the year, the sponsor of the Bank (Suroor Investments Limited (SIL)), injected Rs.7,007 million as advance share subscription money. In addition, the Bank has received Rs.500 million from another investor (who is not a shareholder of the Bank). In this respect, the SBP vide its letters number BPRD / BA&CP / 649 / 25314 / 2014 dated 24 December 2014 and BPRD / BA&CP / 649 / 5354 / 2015 dated 3 March 2015 has allowed the Bank to treat the advance subscription money of Rs.7,007 million and Rs. 500 million respectively as share capital for the purposes of MCR and CAR till 31 March 2015 and further advised the Bank to complete the share issuance process before 31 March 2015.The Bank is in process of completing necessary legal and regulatory formalities for issuance of shares against the advance share subscription money.

	Note	December 31, 2014	December 31, 2013
21. RESERVES		------ (Rupees in '000) ------	
Share premium		**1,000,000**	1,000,000
Statutory reserve	21.1	**110,718**	64,828
Discount on issue of shares		**(1,297,298)**	(1,297,298)
Reserve arising on amalgamation		**(1,579,205)**	(1,579,205)
		(1,765,785)	(1,811,675)

21.1 This represents reserve created under section 21(I) (a) of the Banking Companies Ordinance, 1962.

22. SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX

Surplus / (deficit) arising on revaluation of assets - net of tax:			
Operating fixed assets	22.1	**808,385**	357,838
Available-for-sale securities	22.2	**535,828**	(216,735)
		1,344,213	141,103

22.1 Surplus on revaluation of operating fixed assets

Balance as at January 01	**452,606**	473,945
Surplus recorded during the year	**658,823**	-
Transferred to accumulated losses in respect of		
- Incremental depreciation - net of deferred tax	**(16,257)**	(14,064)
- Related deferred tax liability	**(8,754)**	(7,275)
	(25,011)	(21,339)
	1,086,418	452,606
Less: Related deferred tax liability on:		
- Revaluation as at January 01	**(94,768)**	(102,043)
- Recorded during the year	**(192,019)**	-
- Incremental depreciation	**8,754**	7,275
	(278,033)	(94,768)
	808,385	357,838

	December 31, 2014	December 31, 2013
	------ (Rupees in '000) ------	

22.2 Surplus / (deficit) on revaluation of available-for-sale securities

Federal Government Securities		
Market Treasury Bills	10,550	(51,323)
GOP Ijarah Sukuks	(2,370)	-
Pakistan Investment Bonds	853,141	25,986
Fully paid-up shares / units		
Listed companies shares	(24,947)	(267,955)
Open end mutual fund units	9,138	4,184
Term Finance Certificates and Bonds		
Term finance certificates	(2,735)	75,152
Sukuks	(11,195)	(17,068)
Total surplus / (deficit) on revaluation of securities	831,582	(231,024)
Related deferred tax (liability) / asset	(295,754)	14,289
	535,828	(216,735)

23. CONTINGENCIES AND COMMITMENTS

23.1 Direct credit substitutes

Including guarantees and standby letters of credit serving as financial guarantees for loans and securities		
Government	-	-
Financial institutions	-	-
Others	576,017	338,797
	576,017	338,797

23.2 Transaction-related contingent liabilities / commitments / guarantees issued

Contingent liability in respect of performance bonds, bid bonds, shipping guarantees and standby letters of credit favouring:		
Government	3,864,180	2,385,132
Banking companies and other financial institutions	1,237,063	838,820
Others	5,050,817	5,495,872
	10,152,060	8,719,824

23.3 Trade-related contingent liabilities

Letters of credit	10,628,838	9,753,218
Acceptances	1,133,860	694,559
	11,762,698	10,447,777

23.4 Other contingencies - claims against the Bank not acknowledged as debts

8,923,386	9,283,736

23.5 Contingent asset

There was no contingent asset as at December 31, 2014 (December 31, 2013: Nil).

		December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
23.6	**Commitments in respect of forward lending**		
	Forward documentary bills	**4,180,129**	4,705,129
	Commitments to extend credit	**18,297,212**	12,042,992
		22,477,341	16,748,121
23.7	**Commitments in respect of forward exchange contracts**		
	Purchase	**8,334,028**	9,293,081
	Sale	**10,023,327**	8,517,592
		18,357,355	17,810,673
23.8	**Commitments for capital expenditure**		
	Civil works	**321,509**	8,589
23.9	**Commitments in respect of repo transactions**		
	Repurchase government securities	**20,302,893**	5,682,773
23.10	**Other commitments**		
	Forward outright sale of government securities	**11,480,114**	10,111,189
	Outright purchase of government securities	**7,096,191**	-
		18,576,305	10,111,189
	Total contingencies and commitments	**111,449,565**	79,151,479

23.11 For tax related contingencies, refer note 31.1

24.	**MARK-UP / RETURN / INTEREST EARNED**		
	On loans and advances to:		
	Customers	**5,855,532**	5,095,745
	On investments in:		
	Available-for-sale securities	**3,588,239**	3,861,589
	Held to maturity securities	**195,594**	51,499
	On lendings to financial institutions	**142,622**	159,860
	On deposits with financial institutions	**44,890**	9,734
		9,826,877	9,178,427
25.	**MARK-UP / RETURN / INTEREST EXPENSED**		
	Deposits and other accounts	**5,646,136**	5,953,823
	Securities sold under repurchase agreements	**1,126,912**	1,674,298
	Other short-term borrowings	**338,108**	303,585
	Sub-ordinated loan	**198,148**	192,590
	Swap cost on foreign currency transactions	**91,328**	205,578
		7,400,632	8,329,874

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	

26. GAIN / (LOSS) ON SALE OF SECURITIES - net

Federal Government Securities			
- Market Treasury Bills		**(2,223)**	8,272
- Pakistan Investment Bonds		**1,007,377**	14,416
- GOP Ijarah Sukuks		**4,494**	-
Listed Ordinary shares		**312,862**	156,859
Unlisted Ordinary shares		**7,502**	5,000
Mutual Funds Units		**-**	(130,721)
		1,330,012	53,826

27. OTHER INCOME

Bad debts recovered		**2,582**	7,946
Account maintenance and other relevant charges		**37,560**	38,334
Recovery of expenses from customers		**33,951**	25,066
Rent of property / locker	27.1	**21,843**	13,558
(Loss) / gain on sale of non-banking assets		**(6,115)**	59,359
		89,821	144,263

27.1 This includes income from related party amounting to Rs.2.082 million (December 31, 2013: Rs.1.800 million).

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	

28. ADMINISTRATIVE EXPENSES

Salaries, allowances, etc.		**1,719,476**	1,542,169
Charge for defined benefit plan - gratuity	35.1.3	**53,394**	52,043
Contribution to defined contribution scheme	35.2	**65,711**	65,205
Non-executive directors' fees, allowances and other expenses		**1,225**	1,120
Brokerage and commission		**16,074**	12,327
Rent, taxes, insurance and electricity, etc.		**1,052,908**	978,357
Legal and professional		**189,736**	92,447
Fees and subscription		**57,735**	78,203
Repairs and maintenance		**167,212**	128,609
Communications		**170,613**	153,491
Stationery and printing		**94,644**	79,387
Advertisement and publicity		**179,790**	115,261
Travelling and conveyance		**188,814**	162,456
Education and training		**2,232**	2,511
Entertainment		**42,148**	33,504
Security services and charges		**190,681**	165,948
Auditors' remuneration	28.1	**13,937**	14,272
Depreciation	12.2	**542,830**	555,573
Amortisation	12.3	**63,196**	77,717
Others		**85,494**	63,351
		4,897,850	4,373,951

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
28.1 Auditors' remuneration			
Audit fee		**2,800**	2,500
Certifications, half yearly review and sundry advisory services		**8,725**	10,208
Tax services		**1,200**	564
		12,725	13,272
Out of pocket expenses		**1,212**	1,000
		13,937	14,272
29. OTHER PROVISIONS / WRITE OFFS			
Fixed assets written off	12.4	**5,905**	22,158
Provision against other assets	14.3	**2,438**	272,106
Provision for advances against computer software		**35,741**	-
Other assets written off		**135**	86,753
		44,219	381,017
30. OTHER CHARGES			
Penalties imposed by SBP		**19,991**	6,506
Bank charges		**9,459**	13,218
Provision for Workers' Welfare Fund	19.3	**238**	-
Additional tax to FBR		**-**	3,753
		29,688	23,477
31. TAXATION			
For the year			
Current	31.1	**115,129**	105,658
Deferred		**(332,657)**	315,414
		(217,528)	421,072

31.1 The Income Tax Returns of the Bank have been submitted upto and including the Bank's financial year 2013 i.e. tax year 2014.

In respect of assessments of Summit Bank Limited from tax year 2008 through tax year 2011, the tax authorities disputed Bank's treatment on certain issues and created additional tax demand of Rs.146.66 million through amended assessment orders.

In respect of assessments of ex-My Bank Limited (now Summit Bank Limited) from tax year 2003 through tax year 2011, the tax authorities disputed Bank's treatment on certain issues and created additional tax demand of Rs.456.62 million through amended assessment orders.

In respect of assessments of ex-Atlas Bank Limited (now Summit Bank Limited) from tax year 2003 through tax year 2010, the tax authorities disputed Bank's treatment on certain issues and created additional tax demand of Rs.89.74 million through amended assessment orders.

Such issues mainly includes disallowances of mark-up payable, taxation of mutual fund distribution at corporate tax rate, disallowance of provision against non-performing loans, disallowance of reversal of provisions, allocation of expenses against dividend income and capital gain etc. The additional tax demands have been paid / adjusted against available refunds as required under the law. The Bank has filed appeals before the various appellate forums against these amended assessment orders which are pending hearing.

The management of the Bank is confident about the favourable outcome of the appeals hence, no provision with regard to the above matters has been made in these financial statements.

		December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
32.	**BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE**		
	Earnings / (loss) for the year	**229,450**	(1,828,224)
		------ (Number of shares) ------	
32.1	Weighted average number of Ordinary shares - basic	**1,468,279,906**	1,203,089,549
		------ (Rupees) ------	
	Basic earnings / (loss) per share	**0.16**	(1.52)
		------ (Number of shares) ------	
32.2	Weighted average number of Ordinary shares - diluted	**1,949,186,960**	1,203,089,549
		------ (Rupees) ------	
	Diluted earnings / (loss) per share	**0.12**	(1.52)

		Note	December 31, 2014	December 31, 2013
			------ (Rupees in '000) ------	
33.	**CASH AND CASH EQUIVALENTS**			
	Cash and balances with treasury banks	7	**9,383,947**	9,203,568
	Balances with other banks	8	**4,377,154**	2,302,085
	Overdrawn nostro accounts	16.2	**(14,817)**	(65,972)
			13,746,284	11,439,681
34.	**STAFF STRENGTH**		------ (Number) ------	
	Permanent		**2,069**	1,969
	Contractual basis		**214**	159
	Bank's own staff strength at end of the year		**2,283**	2,128
	Outsourced		**419**	379
	Total staff strength		**2,702**	2,507
35.	**DEFINED BENEFIT AND CONTRIBUTION PLANS**		------ (Rupees in '000) ------	
	Defined benefit plans (funded)	35.1	**22,311**	50,388
	Defined contribution plans (funded)	35.2	**65,711**	65,205
	Compensated absences	35.3	**107,958**	99,785

35.1 Defined benefit plan

The Bank maintains a funded gratuity plan under which benefits are payable to eligible employees on retirement or on cessation of services in lump sum. The benefit is equal to one month's last drawn basic salary for each year of confirmed service, subject to a minimum of five years of service. Latest actuarial valuation was carried out as at December 31, 2014 using "Projected Unit Credit Method".

	December 31, 2014	December 31, 2013
Principal actuarial assumptions	-------- % per annum --------	
Discount rate - per annum	**10.5**	13.0
Expected rate of increase in salaries - per annum	**9.5**	12.0
Expected rate of return on plan assets - per annum	**10.5**	13.0
Withdrawal rates	**High**	High
Mortality rates	**Adjusted SLIC 2001-05**	Adjusted SLIC 2001-05
35.1.1 The amount recognised in the statement of financial position is as follows:	------ (Rupees in '000) ------	
Present value of defined benefit obligations	**214,151**	171,269
Fair value of plan assets	**(191,840)**	(120,881)
Net liability	**22,311**	50,388
35.1.2 Movement in net liability recognised by the Bank		
Opening balance	**50,388**	22,131
Charge for the year	**53,394**	52,043
Other comprehensive income	**(8,356)**	(185)
Contribution to Fund	**(73,115)**	(23,601)
Closing balance	**22,311**	50,388
35.1.3 Charge for the year		
Current service cost	**53,025**	50,855
Interest cost	**21,278**	13,404
Expected return on plan assets	**(14,728)**	(12,216)
Settlement gain	**(6,181)**	-
	53,394	52,043
35.1.4 Actual return on plan assets		
Expected return on plan assets	**14,728**	12,216
Actuarial losses on plan assets	**(1,703)**	(1,977)
	13,025	10,239
35.1.5 Movement in present value of defined benefit obligation		
Defined benefit obligation as at beginning of the year	**171,269**	123,952
Current service cost	**53,025**	50,855
Interest cost	**21,278**	13,404
Settlement gain	**(6,181)**	-
Benefits paid during the year	**(15,181)**	(14,780)
Actuarial gain on obligation	**(10,058)**	(2,162)
Defined benefit obligation as at end of the year	**214,151**	171,269
35.1.6 Changes in fair value of plan assets		
Opening fair value of plan assets	**120,881**	101,821
Expected return	**14,728**	12,216
Actuarial loss	**(1,703)**	(1,977)
Contribution by employer	**73,115**	23,601
Benefit paid	**(15,181)**	(14,780)
Closing fair value of plan assets	**191,840**	120,881

The expected charge for defined benefit scheme in FY-2015 is Rs.53.244 million (December 31, 2013: Rs.59.628 million for FY-2014) according to actuarial recommendation.

The expected return on plan assets is based on the market expectation and depends upon the asset portfolio of the Fund, at the beginning of the year, for return over the entire life of the related obligation.

	December 31, 2014		December 31, 2013	
	(Rupees in '000)	Percentage (%)	(Rupees in '000)	Percentage (%)
35.1.7 Break-up of category of assets				
Bank deposits	**191,840**	**100**	120,881	100
	191,840	**100**	120,881	100

35.1.8 Sensitivity analysis on significant actuarial assumptions

	Change in assumption	Impact on present value of DBO	
		Increase in assumption	Decrease in assumption
		------ (Rupees in '000) ------	
Discount rate	± 1 %	(14,302)	16,368
Salary increase rate	± 1 %	17,388	(15,432)
Withdrawal rate	± 10 %	38	(38)
1 year mortality age set	Back / forward	46	(104)

	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
	---------- (Rupees in '000) ----------				
35.1.9 Historical information					
Present value of defined benefit obligation	**214,151**	171,269	123,952	97,644	38,475
Plan assets	**(191,840)**	(120,881)	(101,821)	-	-
	22,311	50,388	22,131	97,644	38,475
Experience adjustments - actuarial (gain) / loss on obligation	**(10,058)**	(2,162)	3,329	(5,280)	2,526
- actuarial loss on plan assets	**1,703**	1,977	481	-	-

35.2 Defined contribution plan

An amount of Rs.65.711 million (December 31, 2013: Rs.65.205 million) has been charged during the year in respect of contributory provident fund maintained by the Bank.

35.3 Compensated absences

The Bank maintains a staff compensated scheme under which benefits are payable to permanent and contractual employees on retirement or at the time of their final settlement. The benefit is equal to a maximum of 45 days gross salary subject to availability of privilege leaves balance. The actuarial valuation of the unfunded scheme is carried out periodically. Latest actuarial valuation was carried out as at December 31, 2014 using "Projected Unit Credit Method".

	December 31, 2014	December 31, 2013
35.3.1 Principal actuarial assumptions	---------- % ----------	
Discount rate	**10.5**	13.0
Expected rate of salary increase	**9.5**	12.0
Leave accumulation factor	**10 days p.a.**	10 days p.a.
Withdrawal rates	**High**	High
Mortality rates	**Adjusted SLIC 2001-05**	Adjusted SLIC 2001-05
35.3.2 The amount recognised in the statement of financial position is as follows:	------ (Rupees in '000) ------	
Present value of defined benefit obligations	**107,958**	99,785
35.3.3 Movement in net liability recognised by the Bank		
Opening balance	**99,785**	123,326
Charge for the year	**19,193**	(14,713)
Benefits paid during the year	**(11,020)**	(8,828)
Closing balance	**107,958**	99,785
35.3.4 Charge for the year		
Current service cost	**19,193**	(14,713)
35.3.5 Movement in present value of defined benefit obligation		
Defined benefit obligation as at beginning of the year	**99,785**	123,326
Current service cost	**19,193**	(14,713)
Benefits paid during the year	**(11,020)**	(8,828)
Defined benefit obligation as at end of the year	**107,958**	99,785

35.3.6 Sensitivity analysis on significant actuarial assumptions

	Change in assumption	Impact on present value of DBO	
		Increase in assumption	Decrease in assumption
		------ (Rupees in '000) ------	
Discount rate	± 1 %	(6,649)	7,601
Salary increase rate	± 1 %	8,098	(7,197)
Withdrawal rate	± 10 %	197	(236)
Death rate	± 10 %	21	(19)
Leave accumulation factor	± 1 day	266	(305)

36. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive		Directors		Executives	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	Rupees in '000					
Fees	-	-	**1,225**	1,120	-	-
Managerial remuneration	**24,000**	24,000	**7,741**	7,201	**333,102**	293,716
Charge for defined contribution plan	**2,400**	2,400	-	-	**30,682**	26,724
Rent and house maintenance	-	-	**3,483**	3,240	**149,894**	132,171
Utilities	-	-	**774**	720	**33,308**	29,370
Dearness allowance	-	-	**1,290**	1,200	**55,525**	48,961
Medical	-	-	**774**	720	**33,308**	29,370
Conveyance allowance	-	-	**635**	628	**89,873**	74,678
Car allowance	-	-	-	-	**71,788**	63,711
General / special allowance	-	-	**2,214**	1,255	**47,294**	39,917
	26,400	26,400	**18,136**	16,084	**844,774**	738,618
Number of person(s)	**1**	1	**3**	3	**426**	329

36.1 Executive means employee, other than the chief executive and directors, whose basic salary exceeds five hundred thousand rupees in a financial year. The Chief Executive and certain executives are provided with free use of Bank maintained cars in accordance with their entitlements.

36.2 Number of persons include outgoing executives.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value of traded investments and Federal Government securities are based on quoted market prices and PKRV rates respectively. Fair value of unquoted equity investments is determined on the basis of lower of cost and breakup value of these investments as per the latest available financial statements.

Fair value of fixed term advances, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for non-performing advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.5.

The repricing profile and effective rates and maturity are stated in notes 42.4.4 and 42.5.1 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 repriced.

38. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment & settlement	Total
December 31, 2014	---------- Rupees in '000 ----------					
Total income	**64,086**	**5,509,530**	**1,667,418**	**5,604,539**	**101,812**	**12,947,385**
Total expenses	**21,159**	**2,956,120**	**1,734,459**	**8,159,662**	**64,062**	**12,935,463**
Net income / (loss) before tax	**42,927**	**2,553,410**	**(67,041)**	**(2,555,123)**	**37,750**	**11,922**
Segment assets (gross)	**105,771**	**60,362,109**	**24,185,711**	**76,552,722**	**630,379**	**161,836,692**
Segment non performing loans	**-**	**-**	**855,114**	**13,983,194**	**-**	**14,838,307**
Segment provision	**-**	**1,599,029**	**956,341**	**10,823,981**	**-**	**13,379,351**
Segment assets (net)	**105,771**	**58,763,080**	**23,229,370**	**65,728,741**	**630,379**	**148,457,341**
Segment liabilities	**167,762**	**22,872,188**	**63,925,410**	**47,300,252**	**1,830,192**	**136,095,804**
Segment return on assets (ROA) (%)	**40.58**	**4.35**	**(0.29)**	**(3.89)**	**5.99**	
Segment cost of funds (%)	**12.61**	**12.92**	**2.71**	**17.25**	**3.50**	

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment & settlement	Total
December 31, 2013	---------- Rupees in '000 ----------					
Total income	24,596	1,608,078	1,542,144	7,669,998	19,925	10,864,741
Total expenses	8,189	1,994,624	1,071,841	9,182,197	15,042	12,271,893
Net income / (loss) before tax	16,407	(386,546)	470,303	(1,512,199)	4,883	(1,407,152)
Segment assets (gross)	43,859	52,150,514	11,747,740	74,472,739	56,913	138,471,765
Segment non performing loans	-	-	996,481	16,812,560	-	17,809,041
Segment provision	-	1,097,236	963,870	10,850,624	-	12,911,730
Segment assets (net)	43,859	51,053,278	10,783,870	63,622,115	56,913	125,560,035
Segment liabilities	44,388	48,837,494	22,506,666	48,570,935	2,211,809	122,171,292
Segment return on assets (ROA) (%)	37.41	(0.76)	4.36	(2.38)	8.58	
Segment cost of funds (%)	18.45	4.08	4.76	18.90	0.68	

39. TRUST ACTIVITIES

The Bank is not engaged in any trust activities.

40. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent company, subsidiary company, employee benefit plans and its directors and executive officers (including their associates).

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

	December 31, 2014					December 31, 2013				
	Key management personnel	Directors	Parent company	Subsidiary	Other related parties	Key management personnel	Directors	Parent company	Subsidiary	Other related parties
	Rupees in '000									
Advances										
Balance at beginning of the year	134,695	11,308	-	-	685,504	109,027	8,599	-	-	260,517
Disbursements / granted during the year	271,054	1,498	-	-	2,407,714	110,022	6,997	-	-	1,996,216
Payment received during the year	(179,601)	(12,400)	-	-	(2,106,543)	(84,354)	(4,288)	-	-	(1,571,229)
Balance at end of the year	226,148	406	-	-	986,675	134,695	11,308	-	-	685,504
Deposits										
Balance at beginning of the year	31,468	54,887	-	97,401	92,359	44,192	40,612	-	103,963	68,626
Deposits during the year	640,735	7,833,460	-	7,504,525	10,454,653	606,573	1,695,371	-	6,334,599	1,051,991
Withdrawal during the year	(645,695)	(7,852,259)	-	(7,495,150)	(10,154,464)	(619,297)	(1,681,096)	-	(6,341,161)	(1,028,258)
Balance at end of the year	26,508	36,088	-	106,776	392,548	31,468	54,887	-	97,401	92,359
Other transactions / balances										
Convertible preference shares	-	-	-	-	-	-	50,000	1,109,361	-	-
Advance against subscription of shares	-	-	7,006,867	-	-	-	-	-	-	-
Investment in shares / TFC's	-	-	-	199,170	-	-	-	-	199,170	1,402,235
Purchase of investments	-	-	-	-	270,025	-	-	-	10,551	511,207
Disposal of investments	-	-	-	-	281,628	-	-	-	-	250,136
Purchase of assets	-	-	-	-	6,877	-	-	-	-	12,878
Guarantees, letters of credit and acceptances	-	-	-	-	391,465	-	-	-	-	451,369
Other receivable	-	4,500	-	-	2,486	-	-	-	12,360	9,233
Other payable	-	-	-	13,510	732	-	1,682	-	1,024	1,326
Mark-up payable	175	207	-	905	2,237	133	274	-	811	132
Mark-up receivable	-	-	-	-	35,926	-	-	-	-	15,412
Transactions, income and expenses										
Brokerage expenses	-	-	-	6,928	914	-	-	-	5,698	964
Subscription paid	-	-	-	-	3,318	-	-	-	-	3,337
Professional fees	-	-	-	-	3,110	-	-	-	-	4,220
Capital gain / (loss)	-	-	-	-	(8,238)	-	-	-	-	3,594
Dividend income	-	-	-	-	14,667	-	-	-	-	14,667
Contribution to the provident fund	-	-	-	-	65,711	-	-	-	-	65,205
Contribution to the gratuity fund	-	-	-	-	53,394	-	-	-	-	52,043
Remuneration paid	170,889	-	-	-	-	152,345	-	-	-	-
Post employment benefits	6,650	-	-	-	-	6,758	-	-	-	-
Rental income	-	-	-	2,082	-	-	-	-	1,800	-
Mark-up earned	5,647	12	-	-	61,037	3,914	275	-	8,087	63,517
Mark-up expensed	2,094	5,738	-	8,509	26,704	998	2,954	-	6,618	1,856
Other income	-	-	-	-	-	-	-	-	61	-
Repair and maintenance charges	-	-	-	-	6,216	-	-	-	-	2,817
Advance against software implementation	-	-	-	-	-	-	-	-	-	1,250
Communication	-	-	-	-	1,291	-	-	-	-	1,100
Fees paid	-	1,225	-	-	-	-	1,120	-	-	-

41. CAPITAL ASSESSMENT AND ADEQUACY - BASEL III SPECIFIC

41.1 Capital adequacy

41.1.1 Scope of Application of Basel III Framework

Summit Bank Limited is a scheduled bank regulated by the State Bank of Pakistan. The Bank has a wholly owned subsidiary Summit Capital (Private) Limited. The subsidiary is engaged in brokerage business of shares, money market and foreign exchange transactions etc.

The Basel III framework consists of three mutually reinforcing pillars:

(i) Pillar I: Minimum capital requirements for credit risk, market risk and operational risk
(ii) Pillar II: Supervisory review of capital adequacy
(iii) Pillar III: Market Discipline

Market Discipline (Pillar III) comprises of disclosures on the capital adequacy and risk management framework of the Bank. These disclosures have been set out in notes 41 to 42 to the financial statements.

Pillar III disclosures apply to Summit Bank Limited and its consolidated entity, wherein Summit Bank Limited is the controlling entity in the Group. Consolidation for capital adequacy is based on consolidated financial statements of Summit Bank Limited and its subsidiary in line with the International Accounting Standards and guidelines for consolidation. The entity considered for consolidation for capital adequacy include Summit Capital (Private) Limited being wholly owned subsidiary of the Bank, valued at its fair value.

41.1.2 Capital structure

The total capital consists of following categories:

Tier I Capital

Tier I Capital of Rs.18.286 billion comprises of Ordinary share capital / Advance against subscription of shares (CET1) with limited liability to its shareholders.

Additional Tier 1 represents issued, convertible, irredeemable, non-cumulative Preference shares amounting to Rs.2.156 billion.

Tier II Capital

Sub Ordinated Loan of Rs.1.498 billion represents issued Term Finance Certificate, listed and un-secured. These are sub ordinated as to the payment of principal and profit to all other indebtness of the Bank including the deposits.

41.1.3 Capital adequacy

The Bank was subject to the Basel II capital adequacy guidelines stipulated by the State Bank of Pakistan under BSD Circular No. 8 of 2006. The State Bank of Pakistan issued Basel III guidelines vide its BPRD Circular No. 6 of 2013 being the first part mainly pertaining to eligible capital and related deductions. These guidelines provide a transition schedule for Basel III implementation till December 31, 2019. Upon full implementation, Basel III guidelines, target minimum capital to risk weighted assets ratio would be 12.5%, minimum equity Tier 1 (CET 1) ratio would be 8.5% and minimum Tier 1 ratio would be 10%. As per the transition table, at December 31, 2014, the Bank is required to maintain minimum Common Equity capital ratio (CET 1) of 5.5%, minimum Tier 1 capital ratio of 7% and minimum total capital ratio of 10%.

As on December 31, 2014, total standalone CAR of the Bank stood at 12.05% against the regulatory minimum requirement of 10%. Tier 1 capital of the Bank stood at 10.44% and CET 1 CAR at 8.21%.

Capital management

The Bank manages its capital to meet regulatory requirement as well as for current and future business needs considering the risks in its businesses, expectation of shareholders and investors, and the available options for raising capital.

The capital management framework of the Bank is administered by the Finance Group, and Enterprise Risk Management Group under the supervision of the Board of Directors.

The Bank is fully committed to maintain capital requirements in phased manner as per the SBP's Basel III guidelines. For this purpose, all potential avenues in domestic and offshore markets will be explored and materialized.

During the year, the sponsor of the Bank (Suroor Investments Limited (SIL)), injected Rs.7,007 million as advance share subscription money. In addition, the Bank has received Rs.500 million from another investor (who is not a shareholder of the Bank). In this respect, the SBP vide its letters number BPRD / BA&CP / 649 / 25314 / 2014 dated 24 December 2014 and BPRD / BA&CP / 649 / 5354 / 2015 dated 3 March 2015 has allowed the Bank to treat the advance subscription money of Rs.7,007 million and Rs. 500 million respectively as share capital for the purposes of MCR and CAR till 31 March 2015 and further advised the Bank to complete the share issuance process before 31 March 2015.

The management of the Bank has prepared financial projections for a period of five years for the purpose of setting the future course of action for the Bank. These projections are approved by the Board and indicate continuing profitable operations based on various assumptions such as growth of deposits and advances, investment returns, recoveries against loan losses, interest rates, cost of funds, etc.

Internal assessment of capital

The Bank's capital management framework includes a comprehensive Internal Capital Adequacy Assessment Process (ICAAP) conducted annually which determines the adequate level of capitalization for the Bank to regulatory norms and current and future business needs under stress scenarios.

The ICAAP encompasses capital planning, identification and measurement of material risks and the relationship between risk and capital.

The capital management framework is complemented by the risk management framework, which includes a comprehensive assessment of material risks. Stress testing, which is a key aspect of the ICAAP and the risk management framework, provides an insight on the impact of extreme but plausible scenarios on the Bank's risk profile and capital position. Bank conducts stress tests on its various portfolios and assesses the impact on its capital ratios and adequacy.

Monitoring and reporting

The Board of Directors of Summit Bank Limited maintains an active oversight over the Bank's capital adequacy levels.

Risk exposure and assessment

As a financial intermediary, the Bank is exposed to various types of risks including credit, market, liquidity, operational, strategic, credit concentration risk, interest rate risk in banking book, legal, compliance and reputation risks. The objective of the risk management framework at the Bank is to ensure that various risks are understood, measured and monitored and that the policies and procedures established to address these risks are strictly adhered to.

Measurement of risks for capital adequacy purpose

Under Pillar 1 of the SBP Guidelines, the Bank follows the standardized approach for credit and market risk and basic indicator approach for operational risk.

41.2 Capital Adequacy Ratio (CAR) disclosure:

		December 31, 2014	December 31, 2013
	CAPITAL ADEQUACY RETURN AS OF DECEMBER 31, 2014	------ (Rupees in '000) ------	
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully paid-up capital / capital deposited with SBP	**18,286,663**	10,779,796
2	Balance in Share Premium Account	**1,000,000**	1,000,000
3	Reserve for issue of Bonus Shares	**-**	-
4	Discount on issue of shares	**(1,297,298)**	(1,297,298)
5	General / statutory reserves	**(1,468,487)**	(1,514,377)
6	Gain / (losses) on derivatives held as Cash Flow Hedge	**-**	-
7	Unappropriated / unremitted profits / (losses)	**(7,659,513)**	(7,876,440)
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**	**8,861,365**	1,091,681
10	Total regulatory adjustments applied to CET1 (Note 41.2.1)	**(1,399,993)**	(490,962)
11	**Common Equity Tier 1**	**7,461,372**	600,719
	Additional Tier 1 (AT 1) Capital		
12	Qualifying Additional Tier-1 capital instruments plus any related share premium	**2,155,959**	2,155,959
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**	**2,155,959**	2,155,959
18	Total regulatory adjustment applied to AT1 capital (Note 41.2.2)	**(79,668)**	(99,585)
19	Additional Tier 1 capital after regulatory adjustments	**2,076,291**	2,056,374
20	**Additional Tier 1 capital recognized for capital adequacy**	**2,034,920**	2,056,374
21	**Tier 1 Capital (CET1 + admissible AT1) (11+20)**	**9,496,292**	2,657,093
	Tier 2 Capital		
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	**719,006**	1,498,620
23	Tier 2 capital instruments subject to phase-out 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	**24,176**	22,305
26	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	**452,696**	161,027
27	Revaluation Reserves (net of taxes)	**300,064**	-
28	of which: Revaluation reserves on fixed assets		
29	of which: Unrealized gains/losses on AFS		

		December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
30	Foreign Exchange Translation Reserves	-	-
31	Undisclosed/Other Reserves (if any)	-	-
32	**T2 before regulatory adjustments**	**1,495,942**	1,681,952
33	**Total regulatory adjustment applied to T2 capital (Note 41.2.3)**	**(79,668)**	(99,585)
34	Tier 2 capital (T2) after regulatory adjustments	**1,416,274**	1,582,367
35	Tier 2 capital recognized for capital adequacy	**1,416,274**	1,582,367
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	**41,371**	-
37	**Total Tier 2 capital admissible for capital adequacy**	**1,457,645**	1,582,367
38	**TOTAL CAPITAL (T1 + admissible T2) (21+37)**	**10,953,937**	4,239,460
39	**Total Risk Weighted Assets (RWA) {for details refer Note 41.5}**	**90,927,265**	99,696,464
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	**CET1 to total RWA**	**8.21%**	0.60%
41	**Tier-1 capital to total RWA**	**10.44%**	2.67%
42	**Total capital to total RWA**	**12.05%**	4.25%
43	Bank specific buffer requirement (minimum CET1 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	CET1 available to meet buffers (as a percentage of risk weighted assets)	-	-
	National minimum capital requirements prescribed by SBP		
48	CET1 minimum ratio	**5.50%**	5.00%
49	Tier 1 minimum ratio	**7.00%**	6.50%
50	Total capital minimum ratio	**10.00%**	10.00%

		December 31, 2014		December 31, 2013
		Amount	Amounts subject to Pre- Basel III treatment *	Amount
		(Rupees in '000)		
	Regulatory Adjustments and Additional Information			
41.2.1	**Common Equity Tier 1 capital: Regulatory adjustments**			
1	Goodwill (net of related deferred tax liability)	-	-	-
2	All other intangibles (net of any associated deferred tax liability)	310,909	-	393,431
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)	913,231	4,566,155	-
5	Defined-benefit pension fund net assets	-	-	-
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities.	-	-	-
7	Cash flow hedge reserve	-	-	-
8	Investment in own shares/ CET1 instruments	-	-	-
9	Securitization gain on sale	-	-	-
10	Capital shortfall of regulated subsidiaries	-	-	-
11	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	-	-
12	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	97,531
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	136,019	680,096	-
16	of which: significant investments in the common stocks of financial entities	-	-	-
17	of which: deferred tax assets arising from temporary differences	-	-	-
18	National specific regulatory adjustments applied to CET1 capital	-	-	-
19	Investments in TFCs of other banks exceeding the prescribed limit	39,834	-	-
20	Any other deduction specified by SBP (mention details)	-	-	-
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-	-
22	**Total regulatory adjustments applied to CET1 (sum of 1 to 21)**	1,399,993	5,246,251	490,962
41.2.2	**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	79,668	79,668	99,585
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)**	79,668	79,668	99,585

		December 31, 2014		December 31, 2013
		Amount	Amounts subject to Pre- Basel III treatment *	Amount
		(Rupees in '000)		
41.2.3	**Tier 2 Capital: regulatory adjustments**			
31	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	79,668	79,668	99,585
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)**	**79,668**	**79,668**	99,585

		December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
41.2.4	**Additional Information**		
	Risk Weighted Assets subject to pre-Basel III treatment		
37	Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	**90,927,263**	99,696,464
(i)	of which: deferred tax assets	**3,652,924**	5,799,860
(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	-	-
39	Significant investments in the common stock of financial entities	-	-
40	Deferred tax assets arising from temporary differences (net of related tax liability)	**913,231**	1,776,375
	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)	-	-
42	Cap on inclusion of provisions in Tier 2 under standardized approach	-	-
43	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	**24,176**	22,305
44	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

41.3 Capital Structure Reconciliation

Table: 41.3.1

	December 31, 2014	
	Balance sheet of the published financial statements	Under regulatory scope of consolidation
	------ (Rupees in '000) ------	
Assets		
Cash and balances with treasury banks	9,383,947	9,383,947
Balanced with other banks	4,377,154	4,377,154
Lending to financial institutions	650,000	650,000
Investments	45,497,115	45,497,115
Advances	66,454,697	66,454,697
Operating fixed assets	7,534,996	7,534,996
Deferred tax assets	5,644,681	5,644,681
Other assets	8,914,751	8,914,751
Total assets	148,457,341	148,457,341
Liabilities & Equity		
Bills payable	1,531,639	1,531,639
Borrowings	25,312,661	25,312,661
Deposits and other accounts	105,309,434	105,309,434
Sub-ordinated loans	1,497,930	1,497,930
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	2,444,140	2,444,140
Total liabilities	136,095,804	136,095,804
Share capital	20,442,622	20,442,622
Reserves	(1,765,785)	(1,765,785)
Accumulated losses	(7,659,513)	(7,659,513)
Minority interest	-	-
Surplus on revaluation of assets - net of deferred tax	1,344,213	1,344,213
Total liabilities & equity	148,457,341	148,457,341

Table: 41.3.2	December 31, 2014		
	Balance sheet of the published financial statements	Under regulatory scope of consolidation	Reference
	------ (Rupees in '000) ------		
Assets			
Cash and balances with treasury banks	9,383,947	9,383,947	
Balanced with other banks	4,377,154	4,377,154	
Lending to financial institutions	650,000	650,000	
Investments	45,497,115	45,497,115	
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	-	-	c
of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)	-	-	d
of which: others (PIBs, T-Bills, Shares etc.)	45,497,115	45,497,115	e
Advances	66,454,697	66,454,697	
shortfall in provisions / excess of total EL amount over eligible provisions under IRB	-	-	f
general provisions reflected in Tier 2 capital	24,176	24,176	g
Fixed assets	7,534,996	7,534,996	
Deferred tax assets	5,644,681	5,644,681	
of which: DTAs that rely on future profitability excluding those arising from temporary differences	4,566,155	4,566,155	h
of which: DTAs arising from temporary differences exceeding regulatory threshold	1,078,526	1,078,526	i
Other assets	8,914,751	8,914,751	
of which: Goodwill	-	-	j
of which: Intangibles	-	-	k
of which: Defined-benefit pension fund net assets	-	-	l
Total assets	148,457,341	148,457,341	
Liabilities and equity			
Bills payable	1,531,639	1,531,639	
Borrowings	25,312,661	25,312,661	
Deposits and other accounts	105,309,434	105,309,434	
Sub-ordinated loans	1,497,930	1,497,930	
of which: eligible for inclusion in AT1	-	-	m
of which: eligible for inclusion in Tier 2	719,006	719,006	n
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	-	-	
of which: DTLs related to goodwill	-	-	o
of which: DTLs related to intangible assets	-	-	p
of which: DTLs related to defined pension fund net assets	-	-	q
of which: other deferred tax liabilities	-	-	r
Other liabilities	2,444,140	2,444,140	
Total liabilities	136,095,804	136,095,804	

Table: 41.3.2

	December 31, 2014		
	Balance sheet of the published financial statements	Under regulatory scope of consolidation	Reference
	------ (Rupees in '000) ------		
Share capital			
of which: amount eligible for CET1	18,286,663	18,286,663	s
of which: amount eligible for AT1	2,155,959	2,155,959	t
Reserves			
of which: portion eligible for inclusion in CET1 - Balance of share premium	1,000,000	1,000,000	u
of which: portion eligible for inclusion in CET1 - Statutory reserves	110,718	110,718	
of which: portion eligible for inclusion in CET1 - Discount on issue of shares	(1,297,298)	(1,297,298)	
of which: portion eligible for inclusion in CET1 - Reserve arising on amalgamation	(1,579,205)	(1,579,205)	
of which: portion eligible for inclusion in Tier 2	-	-	v
Unappropriated profit / (losses)	(7,659,513)	(7,659,513)	w
Minority Interest	-	-	
of which: portion eligible for inclusion in CET1	-	-	x
of which: portion eligible for inclusion in AT1	-	-	y
of which: portion eligible for inclusion in Tier 2	-	-	z
Surplus on revaluation of assets - net of deferred tax			
of which: Revaluation reserves on Fixed Assets	808,385	808,385	aa
of which: Unrealized Gains/Losses on AFS	535,828	535,828	
In case of Deficit on revaluation (deduction from CET1)			ab
Total liabilities and equity	148,457,341	148,457,341	

Table: 41.3.3

		Component of regulatory capital reported by bank	Source based on reference number from step 2
		(Rupees in '000)	
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully paid-up capital / capital deposited with SBP*	18,286,663	
2	Balance in Share Premium Account	1,000,000	(s)
3	Reserve for issue of bonus shares	-	
4	General / statutory reserves	(2,765,785)	
5	Gain / (losses) on derivatives held as Cash Flow Hedge	-	(u)
6	Unappropriated / unremitted profits / (losses)	(7,659,513)	(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**	8,861,365	

	Table: 41.3.3	December 31, 2014 Component of regulatory capital reported by bank (Rupees in '000)	Source based on reference number from step 2
	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)	**(310,909)**	(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)	**(913,231)**	{(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)	**(136,019)**	(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 - Investment in Subsidiary	**(39,834)**	
29	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
30	Total regulatory adjustments applied to CET1 (sum of 9 to 29)	**(1,399,993)**	
31	**Common Equity Tier 1**	**7,461,372**	
	* This includes the amount of advance against subscription of shares amount of Rs. 7,506,867 (in thousands)		
	Additional Tier 1 (AT 1) Capital		
32	Qualifying Additional Tier-1 instruments plus any related share premium	**2,155,959**	(t)
33	of which: Classified as equity	-	(m)
34	of which: Classified as liabilities	-	(y)
35	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	
36	of which: instrument issued by subsidiaries subject to phase out	**2,155,959**	
37	**AT1 before regulatory adjustments**		
	Additional Tier 1 Capital: regulatory adjustments		
38	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
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)

Table: 41.3.3

		December 31, 2014	
		Component of regulatory capital reported by bank (Rupees in '000)	Source based on reference number from step 2
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	(79,668)	
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)	-	
46	Additional Tier 1 capital	-	
47	**Additional Tier 1 capital recognized for capital adequacy**	2,034,920	
48	**Tier 1 Capital (CET1 + admissible AT1) (31+47)**	9,496,292	
	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)	719,006	
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	24,176	(g)
54	Revaluation Reserves	452,696	portion of (aa)
55	of which: Revaluation reserves on fixed assets	300,064	
56	of which: Unrealized Gains/Losses on AFS	-	(v)
57	Foreign Exchange Translation Reserves	-	
58	Undisclosed/Other Reserves (if any)	1,495,942	
59	**T2 before regulatory adjustments**		
	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	(79,668)	
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)**	(79,668)	
66	Tier 2 capital (T2)	1,495,942	
67	Tier 2 capital recognized for capital adequacy	1,416,274	
68	Excess Additional Tier 1 capital recognized in Tier 2 capital	41,371	
69	**Total Tier 2 capital admissible for capital adequacy**	1,457,645	
70	**TOTAL CAPITAL (T1 + admissible T2) (48+69)**	10,953,937	

41.4 Main Features Template of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments

	Main features	Common shares	Convertible preference shares - A	Convertible preference shares - B	Sub-ordinated debt
1	Issuer	Summit Bank Limited	Summit Bank Limited	Summit Bank Limited	Summit Bank Limited
2	Unique identifier (e.g. KSE Symbol or Bloom berg identifier etc.)	SMBL	SMBLCPSA	SMBLCPSB	SMBLTFC
3	Governing law(s) of the instrument	Capital Market Law	Capital Market Law	Capital Market Law	Capital Market Law
	Regulatory treatment				
4	Transitional Basel III rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1	-
6	Eligible at solo / group / group & solo	Solo and Group	Solo and Group	Solo and Group	Solo and Group
7	Instrument type	Ordinary shares / Advance against subscription of shares	Perpetual non-cumulative preference shares	Perpetual non-cumulative preference shares	Sub-ordinated Debt
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of December 31, 2014)	18,286,663	1,047,138	987,780	1,457,645
9	Par value of instrument	PKR 10	PKR 10	PKR 10	PKR 5,000
10	Accounting classification	Shareholders' equity	Shareholders' equity	Shareholders' equity	Liability - amortized cost
11	Original date of issuance	2005	2013	2013	2011
12	Perpetual or dated	Perpetual	Dated	Dated	Dated
13	Original maturity date	No maturity	2018	2018	2018
14	Issuer call subject to prior supervisory approval	No	No	No	No
15	Optional call date, contingent call dates and redemption amount	Not applicable	Not applicable	Not applicable	Not applicable
16	Subsequent call dates, if applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Coupons / dividends				
17	Fixed or floating dividend / coupon	Not applicable	Fixed	Floating	Floating
18	Coupon rate and any related index / benchmark	Not applicable	5% Bonus Shares	6M KIBOR +50BPS	6M KIBOR +325BPS
19	Existence of a dividend stopper	Not applicable	Yes	Yes	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Partially Discretionary	Partially Discretionary	Partially Discretionary
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Not applicable	Non-Cumulative	Non-Cumulative	Cumulative
23	Convertible or non-convertible	Not applicable	Convertible	Convertible	Non-Convertible
24	If convertible, conversion trigger (s)	Not applicable	Convertible into Ordinary Shares after five years from the date of issuance.	Convertible into Ordinary Shares starting from the end of 42nd month of the date of issuance and every six months thereafter in equal tranches of 25% or at maturity.	Not applicable

	Main features	Common shares	Convertible preference shares - A	Convertible preference shares - B	Sub-ordinated debt
25	If convertible, fully or partially	Not applicable	Always convert fully	Always convert fully	Not applicable
26	If convertible, conversion rate	Not applicable	Shares will be issued at the audited book value as at December 31, 2012.	Shares will be issued at par or at market value whichever is lower. Where if market value will be higher than par value the market value will be discounted by 12.50%	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Mandatory	Mandatory	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	Common Equity Tier 1	Common Equity Tier 1	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable	SMBL	SMBL	Not applicable
30	Write-down feature	Not applicable	No	No	Not applicable
31	If write-down, write-down trigger(s)	Not applicable	Not applicable	Not applicable	Not applicable
32	If write-down, full or partial	Not applicable	Not applicable	Not applicable	Not applicable
33	If write-down, permanent or temporary	Not applicable	Not applicable	Not applicable	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable	Not applicable	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument	Not applicable	Common Shares	Common Shares	Preference Shares
36	Non-compliant transitioned features	Not applicable	No	No	No
37	If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable	Not applicable

41.5 Risk weighted assets

The capital requirements for the banking group as per the major risk categories should be indicated in the manner given below:

	Capital requirements		Risk weighted assets	
	2014	2013	2014	2013
	(Rupees in '000)			
Credit risk				
On balance sheet				
Portfolios subject to standardized approach (Simple or Comprehensive)				
Cash and cash equivalents	**15,282**	19,390	**152,822**	193,905
Sovereign	-	-	-	-
Public sector entities	-	-	-	-
Banks	**218,175**	170,617	**2,181,749**	1,706,168
Corporate	**4,778,007**	3,983,706	**47,780,070**	39,837,061
Retail	**492,159**	427,564	**4,921,589**	4,275,636
Residential Mortgages	**60,661**	33,663	**606,610**	336,629
Past due loans	**343,505**	703,336	**3,435,047**	7,033,362
Operating fixed assets	**722,409**	578,811	**7,224,087**	5,788,109
Other assets	**774,757**	1,728,930	**7,747,571**	17,289,296
Portfolios subject to Internal Rating Based (IRB) Approach	-	-	-	-
Off balance sheet				
Non-market related				
Direct Credit Substitutes	**442,647**	302,005	**4,426,468**	3,020,052
Performance related contingencies	**261,683**	191,261	**2,616,825**	1,912,610
Trade Related contingencies	**118,881**	87,930	**1,188,809**	879,299
Market related				
Foreign Exchange contracts / derivatives etc.	**9,452**	429,672	**94,519**	4,296,718
Equity Exposure Risk in the Banking Book	-	-	-	-
Market Risk				
Capital Requirement for portfolios subject to Standardized Approach				
Interest rate risk	**104,744**	503,150	**1,309,300**	6,289,375
Equity position risk	**287,852**	269,974	**3,598,149**	3,374,675
Foreign Exchange risk	**23,818**	7,948	**297,719**	99,350
Capital Requirement for portfolios subject to Internal Models Approach				
Operational Risk				
Capital requirement for operational risks	**267,675**	269,138	**3,345,932**	3,364,219
Total	**8,921,706**	9,707,094	**90,927,265**	99,696,464

Capital Adequacy Ratios	2014		2013	
	Required	Actual	Required	Actual
CET1 to total RWA	**5.50%**	**8.21%**	5.00%	0.60%
Tier-1 capital to total RWA	**7.00%**	**10.44%**	6.50%	2.67%
Total capital to total RWA	**10.00%**	**12.05%**	10.00%	4.25%

42. RISK MANAGEMENT

The acceptance and management of financial risk is inherent to banking business activities. The Bank is exposed to numerous risks in pursuit of its business objectives. The core risks are Credit, Market and Liquidity risks. These risks arise directly through the Bank's commercial activities whilst Operational and Compliance / Legal / Regulatory risks are normal consequences of any business undertaking. We believe a sound Risk Management Framework provides principles for identifying, assessing and monitoring risk within the Bank. The Framework specifies the key elements of the risk management process in order to maximise opportunities, to minimise adversity and to achieve improved outcomes and outputs based on informed decision making.

Clearly defined risk management policies and procedures covering all activities of the Bank including general banking, trade finance, credit evaluation, credit management, treasury operations, administration and human resources management, compliance functions, risk management, central finance, audit and control are in place. The basic principles employed in formulation of the above policies and procedures involves identification, measurement, monitoring and controlling risks to ensure that:

- The Bank's risk exposure is within the limits established by Board of Directors.
- Risk taking decisions are in line with the business strategy and objectives of the Bank.
- The expected payoffs compensate the risks taken by the Bank.
- Risk taking decisions are explicit and clear.
- Sufficient capital as buffer is available to mitigate risk.

Risk responsibilities

The Board of Directors is responsible for overall supervision of the risk management process. This is discharged by distributing responsibilities at the senior management level and determining the manner in which risk authorities are set. The Board is also responsible for approval of all risk policies and ensuring that these are properly implemented. Further, the Board shall also seek appointment of senior management personnel capable of managing the risk activities conducted by the Bank.

The Board of Directors approves the policies proposed by the risk management committee of the Bank which discharge various responsibilities assigned to it by the Board.

The Risk Management is headed by a Group Head - Enterprise Risk Management responsible to set-up and implement the Framework of the Bank.

Risk management group organisation

A clear management structure has been put in place by the Bank, which clusters around three distinct groups namely, the Business Group, the Support Group and the Risk Management Group. The Business Group is responsible for generation and management of the business and acts as the front office of the Bank. The Support Group provides various services necessary for maintaining operations of the Bank on a sustainable basis. The Risk Management Group is responsible for management of the risk inherent in the Bank's operations. The Risk Management Group comprises of (i) Credit Division, (ii) Compliance Division and the (iii) Risk Management Division. Whilst the activities of the Credit Division are focused on independent risk management of the Bank's credit activities, the Compliance Division is dedicated to ensure compliance of all internal and external policies and laws and regulations. The Risk Management Division is responsible for managing all other risks emanating from various activities of the Bank. In addition to this, the management has established various committees for periodic risk review.

The Bank has acquired and installed a state of the art, hPLUS™, core banking software. hPLUS™ is a fully functional, well proven, single integrated banking application and is also capable of generating numerous standard and customised MIS reports.

42.1 Credit risk management

Credit risk is the risk that one party to financial instrument fails to discharge an obligation and cause other party to incur a financial loss. The Bank is exposed to credit risk through its lending and investment activities as well as in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees. The following objectives govern the credit policy of the Bank:

- The Bank complies with the requirements of Prudential Regulations prescribed by SBP.
- Facilities provided by the Bank are well diversified into different sectors as well as financing in different consumer products to achieve a strong market position and adequate return on capital.
- Return commensurate with the risk.
- Lending decision is based on a full appreciation for the risks inherent in the transaction and within the approved limits by the Board of Directors.
- Risk is related correctly and risk changes are identified promptly and remedial actions are taken.

The Bank creates loan loss provisions against non-performing advances in accordance with the Prudential Regulations issued by SBP. Please refer to note 11.3.1 for reconciliation in loan loss provision.

Concentrations of credit risk (whether on or off statement of financial position) that arise from financial instruments exist for counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be affected in a similar way by changes in economic or other conditions. As part of managing concentration risk, sector risk is managed on a portfolio basis. Please refer to note 42.1.1 for segment reporting.

As a matter of paramount importance the affairs of the customers enjoying credit facilities are carefully reviewed and reconsidered periodically. The facility review provides a timely signal of unfavourable developments in clients' affairs and warns of dangers before the Bank is faced with undesirable positions. For this reason, all facilities of a continuing character are only approved after the next review date, unless otherwise agreed.

Credit administration tasks include the following:

- Maintain credit, custody and security documentation files;
- Register security and collateral documents;
- Tracking of covenants;
- Administer facility fees / receipts / payments;
- Load limits into credit system; and
- Satisfy internal and external risk reporting requirements.

It is the Bank's policy to reduce or mitigate credit risk on credit facilities or exposure, as much as possible, in a given commercial environment by securing credit facilities or exposure with collateral. To correctly assess the extent to which the collateral mitigates the credit risk the collateral must be valued according to a specified valuation method and documented and monitored. The legal mechanism by which collateral is pledged and the Bank's procedures ensure that the Bank has clear rights over the collateral and may liquidate, retain or take legal possession of it in a timely manner in the event of the default, insolvency or bankruptcy or otherwise defined credit event set out in the transaction documentation, of the counterparty and, where applicable, of the custodian holding the collateral.

42.1.1 Segmental information

Segmental Information is presented in respect of the class of business and geographical distribution of Advances, Deposits, Contingencies and Commitments.

42.1.1.1 Segments by class of business

	December 31, 2014					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Agriculture, forestry, hunting and fishing	705,931	0.91	150,001	0.14	164,571	0.15
Automobile	1,346,568	1.73	206,928	0.20	309,055	0.28
Banaspati and allied industries	380,315	0.49	7,679	0.01	120,454	0.11
Carpet	131,137	0.17	27,434	0.03	279,710	0.25
Cement	707,794	0.91	85,142	0.08	655,614	0.59
Chemical and pharmaceutical	2,323,846	2.99	1,138,946	1.08	1,404,636	1.26
Construction / real estate	3,689,619	4.74	1,048,357	1.00	2,890,244	2.59
Consumer / individuals / staff	3,537,454	4.55	79,968,827	75.94	8,675,953	7.78
Dairy and poultry	247,656	0.32	334,886	0.32	566,723	0.51
Education	249,359	0.32	788,366	0.75	310,839	0.28
Electric and electrical goods	2,307,762	2.97	67,462	0.06	569,191	0.51
Energy, oil, gas and power	5,890,830	7.57	1,949,025	1.85	4,910,152	4.40
Exports / imports	2,382,338	3.06	90,334	0.09	2,051,604	1.84
Financial	5,422,181	6.97	7,974,523	7.57	59,241,697	53.16
Food, tobacco and beverages	3,228,635	4.15	518,452	0.49	2,209,907	1.98
Furniture and allied products	217,131	0.28	20,587	0.02	13,769	0.01
Leather and footwear	616,819	0.79	52,512	0.05	610,105	0.55
Glass and ceramics	97,256	0.13	10,744	0.01	18,821	0.02
Health care	190,239	0.24	131,415	0.12	75,737	0.07
Hotels	1,088,623	1.40	121,372	0.12	64,974	0.06
Insurance	-	-	-	-	3,700	-
Mining and quarrying	1,020,295	1.31	181,188	0.17	283,517	0.25
Miscellaneous manufacturing	2,942,084	3.78	511,238	0.49	2,822,106	2.53
Printing, publishing and allied industries	165,664	0.21	184,340	0.18	28,860	0.03
Paper and allied products	54,310	0.07	9,472	0.01	61,349	0.06
Services	2,607,684	3.35	4,032,159	3.83	3,395,067	3.04
Steel and engineering	3,575,057	4.59	366,513	0.35	1,399,486	1.26
Sugar	6,561,359	8.43	183,726	0.17	829,692	0.74
Textile	13,108,452	16.85	571,277	0.54	8,486,091	7.61
Transport and communication	1,169,411	1.50	720,296	0.68	2,554,548	2.29
Trust	-	-	585,705	0.56	8,507	0.01
Wholesale and retail trade	6,912,738	8.88	1,805,635	1.71	2,778,003	2.49
Others	4,925,497	6.34	1,464,893	1.38	3,654,883	3.29
	77,804,044	100.00	105,309,434	100.00	111,449,565	100.00

	December 31, 2013					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Agriculture, forestry, hunting and fishing	24,940	0.05	617,441	0.57	124,966	0.16
Automobile	1,727,585	2.63	301,061	0.28	339,313	0.43
Banaspati and allied industries	224,853	0.34	510	0.00	62,781	0.08
Carpet	141,709	0.22	26,816	0.03	357,459	0.45
Cement	789,708	1.20	28,605	0.03	408,674	0.52
Chemical and pharmaceutical	2,326,845	3.55	945,565	0.89	1,037,097	1.31
Construction / real estate	2,769,286	4.22	4,089,316	3.85	2,639,820	3.34
Consumer / individuals / staff	2,601,717	3.97	59,482,624	55.93	3,545,233	4.48
Dairy and poultry	158,328	0.24	590,542	0.56	93,493	0.12
Education	273,313	0.42	1,026,923	0.97	344,826	0.44
Electric and electrical goods	1,524,410	2.32	198,549	0.19	451,086	0.57
Energy, oil, gas and power	5,266,956	8.03	2,521,755	2.37	4,953,825	6.26
Exports / imports	1,862,989	2.84	205,354	0.19	1,159,847	1.47
Financial	2,801,909	4.27	4,549,906	4.28	34,795,921	43.96
Food, tobacco and beverages	3,080,973	4.70	194,227	0.18	931,910	1.18
Furniture and allied products	150,515	0.23	51,194	0.05	18,154	0.02
Leather and footwear	366,081	0.56	180,034	0.17	1,209,089	1.53
Glass and ceramics	86,151	0.13	20,950	0.02	13,894	0.02
Health care	143,472	0.22	268,548	0.25	68,505	0.09
Hotels	631,601	0.96	758,996	0.71	92,318	0.12
Insurance	-	-	873,396	0.82	3,700	0.00
Mining and quarrying	739,205	1.13	110,716	0.10	176,353	0.22
Miscellaneous manufacturing	1,536,099	2.34	679,337	0.64	1,941,637	2.45
Printing, publishing and allied industries	449,003	0.68	180,760	0.17	1,361,924	1.72
Paper and allied products	58,004	0.09	25,014	0.02	48,442	0.06
Services	3,403,985	5.19	6,080,849	5.72	3,511,235	4.44
Steel and engineering	3,031,937	4.62	300,978	0.28	1,368,824	1.73
Sugar	3,930,397	5.99	304,511	0.29	1,716,533	2.17
Textile	11,800,749	18.00	760,884	0.72	9,307,189	11.76
Transport and communication	1,092,687	1.67	1,423,501	1.34	2,385,889	3.01
Trust	-	-	14,785,952	13.90	7,738	0.01
Wholesale and retail trade	9,238,776	14.09	1,927,437	1.81	2,126,922	2.69
Others	3,334,555	5.10	2,838,791	2.67	2,546,882	3.19
	65,568,738	100.00	106,351,042	100.00	79,151,479	100.00

42.1.1.2 Segment by sector

	December 31, 2014					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public / Government	**938,800**	**1.21**	**15,312,975**	**14.54**	**4,592,128**	**4.12**
Private	**76,865,244**	**98.79**	**89,996,459**	**85.46**	**106,857,437**	**95.88**
	77,804,044	**100.00**	**105,309,434**	**100.00**	**111,449,565**	**100.00**

	December 31, 2013					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public / Government	5,384,800	8.21	19,520,103	18.35	80,602	0.10
Private	60,183,938	91.79	86,830,939	81.65	79,070,877	99.90
	65,568,738	100.00	106,351,042	100.00	79,151,479	100.00

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

	December 31, 2014		December 31, 2013	
	Classified advances	Specific provisions held	Classified advances	Specific provisions held
	------ (Rupees in '000) ------		------ (Rupees in '000) ------	
Agriculture, forestry, hunting and fishing	**2,532**	**1,332**	23,915	23,915
Automobile	**920,521**	**687,881**	968,918	739,526
Banaspati and allied industries	**185,760**	**132,845**	170,635	102,613
Carpet	**125,606**	**98,279**	114,238	82,057
Cement	**329,169**	**329,169**	329,169	329,169
Chemical and pharmaceutical	**115,324**	**106,858**	253,988	146,288
Construction / real estate	**985,157**	**622,631**	1,103,638	449,599
Consumer / individuals / staff	**294,050**	**77,268**	191,641	74,169
Dairy and poultry	**101,418**	**16,368**	1,418	1,418
Education	**51,707**	**34,755**	58,293	21,634
Electric and electrical goods	**91,195**	**68,929**	87,351	46,760
Energy oil, gas and power	**347,237**	**335,998**	499,905	332,767
Exports / imports	**733,735**	**568,064**	836,682	631,179
Financial	**1,241,741**	**1,091,929**	1,632,844	1,249,160
Food, tobacco and beverages	**842,590**	**518,816**	928,702	381,556
Footwear and leather garments	**47,303**	**17,281**	43,478	13,553
Furniture and allied products	**171,035**	**26,246**	12,320	8,255
Glass and ceramics	**85,997**	**36,385**	85,997	49,851
Health care	**113,123**	**70,193**	100,835	58,974
Hotels	**197,714**	**177,629**	241,798	166,037
Mining and quarrying	**4,670**	**4,670**	4,670	3,718
Miscellaneous manufacturing	**223,122**	**177,882**	-	-
Others	**365,915**	**187,953**	692,153	360,066
Paper and allied products	**7,698**	**6,130**	6,258	6,258
Printing, publishing and allied industries	**28,553**	**19,831**	230,689	136,527
Services	**450,728**	**239,387**	790,696	376,825
Steel and engineering	**285,201**	**212,905**	1,053,900	297,137
Sugar	-	-	-	-
Textile	**4,037,100**	**3,670,184**	4,405,358	3,554,339
Transport and communication	**254,783**	**229,353**	298,526	225,714
Wholesale and retail trade	**2,197,623**	**1,558,020**	2,641,026	1,468,895
	14,838,307	**11,325,171**	17,809,041	11,337,959

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

	December 31, 2014		December 31, 2013	
	Classified advances	Specific provisions held	Classified advances	Specific provisions held
	------ (Rupees in '000) ------		------ (Rupees in '000) ------	
Public / Government	-	-	-	-
Private	**14,838,307**	**11,325,171**	17,809,041	11,337,959
	14,838,307	**11,325,171**	17,809,041	11,337,959

	Profit / (loss) before taxation	Total assets employed	Net assets employed	Contingencies & commitments
	------ (Rupees in '000) ------		------- (Rupees in '000) ------	

42.1.1.5 Geographical segment analysis

December 31, 2014				
Pakistan	**11,922**	**148,457,341**	**12,361,537**	**111,449,565**
December 31, 2013				
Pakistan	(1,407,152)	125,560,035	3,388,743	79,151,479

Total assets employed shown above include mean total assets shown on the statement of financial position and intra group items. Net assets employed mean net assets shown on the statement of financial position.

42.2 Credit risk - general disclosure Basel II specific

42.2.1 Credit risk - general disclosures

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

42.2.1.1 Credit Risk: Disclosures for portfolio subject to standardised approach and supervisory risk weights in IRB approach Basel II specific

Under standardised approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by SBP for capital adequacy purposes. In this connection, the Bank utilises the credit ratings assigned by ECAIs and has recognised agencies such as Pakistan Credit Rating Agency (PACRA), Japan Credit Rating Company – Vital Information Systems (JCR-VIS), Fitch, Moody's and Standard and Poors (S&P) which are also recognised by the SBP. The Bank also utilises rating scores of Export Credit Agencies (ECA) participating in the "Arrangement on Officially Supported Export Credits".

The Standardised Approach to credit risk sets out fixed risk weights corresponding, where appropriate, to external credit assessment levels or for unrated claims.

Selection of ECAIs

The Bank selects particular ECAI(s) for each type of claim. Amongst the ECAIs that have been recognised as eligible by SBP, the following are being used against each respective claim type.

Sovereign Exposures: For foreign currency claims on sovereigns, the Bank uses country risk scores of Export Credit Agencies (ECA) participating in the "Arrangement on Officially Supported Export Credits" available on Organisation for Economic Co-operation and Development (OECD) website.

Exposures to Multilateral Development Banks (MDBs): For exposures on MDBs not eligible for a 0% risk weight, ratings of Moody's, S&P and Fitch are being used to calculate risk-weighted assets.

Exposures to Public Sector Entities (PSEs): For PSE exposures, ratings of PACRA and JCR-VIS are used to arrive at risk weights.

Bank Exposures: For foreign banks (i.e., incorporated outside Pakistan), ratings of Moody's, S&P and Fitch are being used to arrive at risk weights. However, for local banks (i.e. incorporated in Pakistan) ratings of PACRA and JCR-VIS are used.

Corporate Exposures: Ratings assigned by PACRA and JCR-VIS are used for claims on Corporate (excluding equity exposures).

Use of ECAI ratings

The Bank prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings as compared to unsolicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

Mapping to SBP rating grades

The selected final ratings (after application of the principles stated above) for all exposures need to be translated to the standard rating grades given by the SBP. In this regard, the mapping tables to be used for converting ECAI ratings to SBP rating grades are given below:

Long-Term Rating Grades Mapping

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

Short-Term Rating Grades Mapping

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

Types of exposures and ECAI's used

	December 31, 2014				
Exposures	**Fitch**	**Moody's**	**S&P**	**PACRA**	**JCR-VIS**
Corporate	-	-	-	Yes	Yes
Banks	Yes	Yes	Yes	Yes	Yes
Sovereigns	-	-	-	-	-
SME's	-	-	-	-	-
Securitisations	-	-	-	-	-
Others	-	-	-	Yes	Yes

Exposure	Rating category	December 31, 2014 Amount outstanding	Deduction CRM	Net amount	December 31, 2013 Amount outstanding	Deduction CRM	Net amount
		(Rupees in '000)					
Corporate	20%	**3,804,837**	**3,533**	**3,801,304**	1,363,180	-	1,363,180
	50%	**1,929,735**	**2,159**	**1,927,576**	2,244,433	1,180	2,243,253
	100%	**18,421**	-	**18,421**	29,527	-	29,527
	unrated	**49,397,819**	**4,897,266**	**44,500,553**	38,924,242	1,780,955	37,143,287
	150%	-	-	-	339,907	-	339,907
Retail	75%	**8,086,096**	**1,523,978**	**6,562,118**	6,493,228	792,380	5,700,848
Past due loan	150%	**1,224,523**	-	**1,224,523**	3,025,280	-	3,025,280
	100%	**940,939**	-	**940,939**	1,699,205	-	1,699,205
	50%	**1,314,647**	-	**1,314,647**	1,851,558	-	1,851,558
Bank	20%	**9,285,243**	-	**9,285,243**	7,322,912	-	7,322,912
	50%	**367,289**	-	**367,289**	620,278	-	620,278
	100%	**40,875**	-	**40,875**	125,351	-	125,351
	150%	**107,254**	-	**107,254**	-	-	-
	unrated	**184,242**	-	**184,242**	-	-	-
Sovereign etc.	0%	**11,369,013**	-	**11,369,013**	8,483,301	-	8,483,301
Others	0%	-	-	-	-	-	-
	35%	**1,745,016**	**11,846**	**1,733,170**	963,797	2,000	961,797
	50%	-	-	-	-	-	-
	100%	**13,182,194**	-	**13,182,194**	9,650,426	-	9,650,426
	250%	**942,507**	-	**942,507**	5,628,513	-	5,628,513
		103,940,650	**6,438,782**	**97,501,868**	88,765,138	2,576,515	86,188,623

42.2.1.2 Credit Risk: Disclosures with respect to Credit Risk Mitigation for standardised approach

The Bank has adopted the simple approach of Credit Risk Mitigation for the Banking Book. Since the trading book of the Bank only comprises equity investments; therefore no Credit Risk Mitigation benefit is taken in the trading book. In instances where the Bank's exposure on an obligor is secured by collateral that conforms with the eligibility criteria under the Simple Approach of CRM, then the Bank reduces its exposure under that particular transaction by taking into account the risk mitigating effect of the collateral for the calculation of capital requirement i.e. risk weight of the collateral instrument securing the exposure is substituted for the risk weight of the counter party.

The Bank accepts cash, lien on deposits, government securities and eligible guarantees etc. under the simple approach of Credit Risk Mitigation. The Bank has in place detailed guidelines with respect to valuation and management of various collateral types. In order to obtain the credit risk mitigation benefit, the Bank uses realizable value of eligible collaterals to the extent of outstanding exposure.

Since no specific asset is available by way of security in the context of unfunded credit protection, the creditworthiness and reliability of the provider and the validity and enforceability of that party's obligations is of paramount importance. Therefore, unfunded credit protection is only "eligible" if it is provided by an appropriate counterparty which may include National Government, Central Bank etc.

42.3 Equity position risk in the banking book

The Bank makes investment for variety of purposes. Some of the investment positions of equity holding are made for revenue generation, while certain other equity holdings are held as part of strategic initiatives to support the Bank's long term business activities.

Classification of investments

Under SBP's directives, equity investment may be classified as "Held-for-Trading (HFT)", "Available-for-Sale (AFS)" or "Investment in Subsidiaries and Associates". Some of the equity investments are listed and traded in public through stock exchanges, while other investments are unlisted and therefore illiquid.

Policies, valuation and accounting of equity investments

In accordance with the requirements of the SBP, quoted securities are carried at market value whereas strategic investments are accounted for in accordance with the directives of SBP.

The unrealised surplus / (deficit) arising on revaluation of the Bank's held-for-trading investment portfolio is taken to the profit and loss account. The surplus / (deficit) arising on revaluation of quoted securities classified as available-for-sale is kept in a separate account shown in the statement of financial position below equity. The surplus / (deficit) arising on these securities is taken to the profit and loss account on disposal.

Unquoted equity securities are valued at the lower of cost and break-up value. Subsequent increases or decreases in the carrying value are credited / charged to profit and loss account. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses, if any. Provision for diminution in the value of securities is made after considering impairment, if any, in their value.

Profit and loss on sale of investments is included in income.

Composition of equity investments - market values

	December 31, 2014			December 31, 2013		
	Held-for-trading	Available-for-sale	Investment in subsidiaries	Held-for-trading	Available-for-sale	Investment in subsidiaries
	(Rupees in '000)					
Equity investments	**57,093**	**1,762,427**	**199,170**	55,905	2,180,398	199,170
Mutual fund units - Open end	-	**54,137**	-	-	29,352	-
Total value	**57,093**	**1,816,564**	**199,170**	55,905	2,209,750	199,170

The cumulative realised gain on sale of equity securities amounted to Rs.320.36 million (December 31, 2013: Rs.31.138 million), however, unrealised loss of Rs.15.81 million (December 31, 2013: Rs.263.771 million) was recognised in the statement of financial position in respect of available-for-sale securities.

42.4 Market risk

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

The Bank is primarily exposed to interest rate risk which is reflected in the level of future income and expense produced by these positions versus levels that would be generated by current levels of interest rates. Other risks include exposures to foreign exchange rates, as well as mortgage, equity market and issuer credit risk factors. The Bank is in the process of developing Value at Risk (VAR) and stress testing models for management of such risks.

42.4.1 Interest rate risk

Interest rate risk is the potential impact on a bank's earnings and asset values with variation in interest rates. Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specified period. These positions include loans, debt securities, certain trading-related assets and liabilities, deposits and borrowings. The Bank's overall goal is to manage interest rate sensitivity so that movements in interest rates do not adversely affect net interest income. Interest rate risk is measured as the potential volatility in the net interest income caused by changes in market interest rates. The Bank seeks to mitigate interest rate risk in a variety of ways including taking offsetting positions and other asset and liability management process. Whilst the Treasury and the Risk Management Division of the Bank monitor and manage the interest rate risk on a daily basis, the overall interest rate risk position and strategies are reviewed on an ongoing basis by Asset and Liability Committee (ALCO).

42.4.2 Foreign exchange risk

The Bank has set the following objectives for managing the inherent risk on foreign currency exposures:

- Maximise profitability with minimum risk by keeping the exposure at desirable levels in view of strict compliance of regulatory / international standards and the Bank's internal guidelines.
- Manage appropriate maturity mismatch gaps.
- Identify warning and stress zones for mismatch gaps.
- Usage of different tools to manage the inherent risk of product and market, such as compliance of credit limit, monitoring of foreign exchange exposure limit, review of mark to market portfolio and safe settlement, etc.

Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in foreign currencies. The potential for loss arises from the process of revaluing foreign currency positions in rupee terms. The Bank's foreign exchange risk is presently limited to future cash flows in foreign currencies arising from foreign exchange transactions and translation of net open position in foreign currencies. The Bank is carefully monitoring the net foreign currency exposure as well as utilizing the currency swap and forward contract to hedge the related exposure.

	December 31, 2014			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan Rupee	139,683,539	129,292,254	(1,686,719)	8,704,567
United States Dollar	8,237,703	5,595,546	2,409,545	5,051,702
Great Britain Pound	146,941	667,159	(528,018)	(1,048,236)
Japanese Yen	2,436	-	-	2,436
Euro	323,292	432,704	(121,027)	(230,439)
Other currencies	63,430	108,141	(73,781)	(118,492)
	148,457,341	136,095,804	-	12,361,538

	December 31, 2013			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan Rupee	119,894,694	115,331,321	(2,717,774)	1,845,599
United States Dollar	5,307,239	5,504,071	1,901,083	1,704,251
Great Britain Pound	162,772	608,552	435,549	(10,231)
Japanese Yen	31	1,869	3,009	1,171
Euro	121,003	531,018	279,213	(130,802)
Other currencies	74,296	194,461	98,920	(21,245)
	125,560,035	122,171,292	-	3,388,743

42.4.3 Equity position risk

Equity market risk is risk to earnings on capital that results from adverse changes in the value of equity related portfolios. Equity market risk arises from exposure to securities that represent an ownership interest in a company. The Bank is exposed to the equity market risk on its equity portfolio. Apart from on statement of financial position exposure, some off statement of financial position equity exposure also comes from the future contracts. Bank is in the process of instituting measures to mitigate the risk associated with the trading equity portfolio through future contracts and active trading on stop loss basis. The strategic equity portfolio however remains exposed to market variations. The Board with the recommendations of ALCO approves exposure limits applicable to investments in trading book.

42.4.4 Mismatch of interest rate sensitive assets and liabilities

	Effective yield / interest rate	December 31, 2014										
		Exposed to yield / interest risk										
		Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	9,383,947	17,813	-	-	-	-	-	-	-	-	9,366,134
Balances with other banks	0.10% to 3.00%	4,377,154	-	-	-	-	-	-	-	-	-	4,377,154
Lendings to financial institutions	12.00% to 13.00%	650,000	650,000	-	-	-	-	-	-	-	-	-
Investments	9.70% to 17.45%	45,497,115	-	521,941	4,993,191	925,325	22,293,211	2,003,828	690,391	11,465,705	-	2,603,523
Advances	0% to 28.00%	66,454,697	530,657	47,978,534	2,689,803	11,984,395	219,115	310,892	1,673,395	983,456	-	84,450
Other assets	-	8,914,751	-	-	-	-	-	-	-	-	-	8,914,751
		135,277,664	1,198,470	48,500,475	7,682,994	12,909,720	22,512,326	2,314,720	2,363,786	12,449,161	-	25,346,012
Liabilities												
Bills payable	-	1,531,639	-	-	-	-	-	-	-	-	-	1,531,639
Borrowings	5% to 10%	25,312,661	20,585,675	2,830,565	1,891,893	4,528	-	-	-	-	-	-
Deposits and other accounts	0.0% to 18.5%	105,309,434	14,192,063	41,061,408	7,185,755	7,416,055	212,647	160,465	838,854	42,830	-	34,199,357
Sub-ordinated loans	13.44%	1,497,930	-	-	1,497,930	-	-	-	-	-	-	-
Other liabilities	-	2,444,140	-	-	-	-	-	-	-	-	-	2,444,140
		136,095,804	34,777,738	43,891,973	10,575,578	7,420,583	212,647	160,465	838,854	42,830	-	38,175,136
On-balance sheet gap		(818,140)	(33,579,268)	4,608,502	(2,892,584)	5,489,137	22,299,679	2,154,255	1,524,932	12,406,331	-	(12,829,126)
Off-balance sheet financial instruments												
Foreign currency forward purchase		8,334,028	3,951,038	2,801,603	1,417,412	163,975	-	-	-	-	-	
Foreign currency forward sale		10,023,327	6,791,791	2,834,653	396,883	-	-	-	-	-	-	
Off-balance sheet gap		(1,689,299)	(2,840,753)	(33,050)	1,020,529	163,975	-	-	-	-	-	
Total yield / interest risk sensitivity gap		(2,507,439)	(36,420,021)	4,575,452	(1,872,055)	5,653,112	22,299,679	2,154,255	1,524,932	12,406,331	-	
Cumulative yield / interest risk sensitivity gap		(2,507,439)	(36,420,021)	(31,844,569)	(33,716,624)	(28,063,512)	(5,763,833)	(3,609,578)	(2,084,646)	10,321,685	10,321,685	

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

	December 31, 2014 (Rupees in '000)
Total financial assets	135,277,664
Add: Non financial assets	
Operating fixed assets	7,534,996
Deferred tax assets	5,644,681
Other assets	-
Total assets as per statement of financial position	148,457,341
Total financial liabilities	136,095,804
Add: Non financial liabilities	
Other liabilities	-
Total liabilities as per statement of financial position	136,095,804

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	Effective yield / interest rate	December 31, 2013										
		Exposed to yield / interest risk										
		Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	9,203,568	1,003,217	-	-	-	-	-	-	-	-	8,200,351
Balances with other banks	0.17% to 3%	2,302,085	600,350	-	-	-	-	-	-	-	-	1,701,735
Lendings to financial institutions	10.5% to 12%	1,555,000	1,555,000	-	-	-	-	-	-	-	-	-
Investments	6.45% to 17.49%	39,688,247	500,107	7,269,277	17,936,416	-	-	453,031	694,373	10,155,264	-	2,679,779
Advances	0%to 28%	54,208,474	2,151,642	37,805,491	1,808,644	10,230,722	154,986	132,203	898,944	941,392	-	84,450
Other assets	-	6,913,810	-	-	-	-	-	-	-	-	-	6,913,810
		113,871,184	5,810,316	45,074,768	19,745,060	10,230,722	154,986	585,234	1,593,317	11,096,656	-	19,580,125
Liabilities												
Bills payable	-	2,205,414	-	-	-	-	-	-	-	-	-	2,205,414
Borrowings	5% to 10%	9,961,198	5,837,945	2,349,040	1,762,124	12,089	-	-	-	-	-	-
Deposits and other accounts	0.0% to 18.5%	106,351,042	17,787,778	42,935,388	7,033,956	6,805,973	531,166	100,607	742,849	119,395	-	30,293,930
Sub-ordinated loans	13.03%	1,498,620	-	1,498,620	-	-	-	-	-	-	-	-
Other liabilities	-	2,155,018	-	-	-	-	-	-	-	-	-	2,155,018
		122,171,292	23,625,723	46,783,048	8,796,080	6,818,062	531,166	100,607	742,849	119,395	-	34,654,362
On-balance sheet gap		(8,300,108)	(17,815,407)	(1,708,280)	10,948,980	3,412,660	(376,180)	484,627	850,468	10,977,261	-	(15,074,237)
Off-balance sheet financial instruments												
Foreign currency forward purchase		9,293,081	6,229,136	2,350,542	713,403	-	-	-	-	-	-	
Foreign currency forward sale		8,517,592	3,221,555	3,401,359	1,894,678	-	-	-	-	-	-	
Off-balance sheet gap		775,489	3,007,581	(1,050,817)	(1,181,275)	-	-	-	-	-	-	
Total yield / interest risk sensitivity gap		(7,524,619)	(14,807,826)	(2,759,097)	9,767,705	3,412,660	(376,180)	484,627	850,468	10,977,261	-	
Cumulative yield / interest risk sensitivity gap		(7,524,619)	(14,807,826)	(17,566,923)	(7,799,218)	(4,386,558)	(4,762,738)	(4,278,111)	(3,427,643)	7,549,618	7,549,618	

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

	December 31, 2013 (Rupees in '000)
Total financial assets	113,871,184
Add: Non financial assets	
Operating fixed assets	6,181,540
Deferred tax assets	5,799,860
Other assets	(292,549)
Total assets as per statement of financial position	125,560,035
Total financial liabilities	122,171,292
Add: Non financial liabilities	
Other liabilities	-
Total liabilities as per statement of financial position	122,171,292

42.5 Liquidity risk

Liquidity risk is the risk caused, among others, by the inability of the Bank to settle liabilities at due date. The Liquidity Risk Policy is formulated keeping in view State Bank's guidelines on risk management and best market practice.

Objectives of Bank's liquidity management is to ensure that the Bank is able to honour all its financial commitments on an ongoing basis without (i) affecting the Bank's cost of funds (ii) adversely affecting ability to raise funds and (iii) resorting to sale of assets.

Asset and Liability Committee (ALCO), Risk Management Division, Treasury and the Finance Division each have a role in management of liquidity risk.

42.5.1 Maturities of assets and liabilities - based on historical behavioural pattern of the assets and liabilities of the Bank

Maturity gaps of all assets and liabilities are based on contractual maturities, in addition to the expected maturities which have been determined based on the behavioural study of non contractual deposits. The Bank has used VAR methodology which excludes 5% extreme volatilities thus leaving 95% confidence results.

	December 31, 2014									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	9,383,947	9,383,947	-	-	-	-	-	-	-	-
Balances with other banks	4,377,154	4,377,154	-	-	-	-	-	-	-	-
Lendings to financial institutions	650,000	650,000	-	-	-	-	-	-	-	-
Investments	45,497,115	569,957	8,633,925	18,311,254	2,760,933	477,227	764,080	2,100,164	11,651,061	228,514
Advances	66,454,697	7,025,747	14,052,284	5,870,393	24,300,014	4,057,949	2,425,488	4,950,079	2,705,842	1,066,902
Operating fixed assets	7,534,996	1,515,892	84,849	127,273	254,546	431,303	368,895	595,769	978,695	3,177,774
Deferred tax assets	5,644,681	111,681	268,306	643,172	753,205	551,931	1,325,241	1,968,789	22,356	-
Other assets	8,914,751	5,716,041	1,068,234	1,068,234	1,062,242	-	-	-	-	-
	148,457,341	29,350,419	24,107,598	26,020,326	29,130,941	5,518,410	4,883,704	9,614,800	15,357,953	4,473,190
Liabilities										
Bills payable	1,531,639	1,531,639	-	-	-	-	-	-	-	-
Borrowings	25,312,661	20,585,675	2,830,565	1,891,893	4,528	-	-	-	-	-
Deposits and other accounts	105,309,434	18,880,795	8,356,312	8,711,046	7,416,055	212,647	160,465	61,529,283	42,830	-
Sub-ordinated loans	1,497,930	-	-	-	-	-	-	1,497,930	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Other liabilities	2,444,140	2,444,140	-	-	-	-	-	-	-	-
	136,095,804	43,442,249	11,186,877	10,602,939	7,420,583	212,647	160,466	61,529,283	1,540,760	-
Net assets	12,361,537	(14,091,829)	12,920,720	15,417,387	21,710,358	5,305,762	4,723,239	(51,914,483)	13,817,193	4,473,190
Share capital	20,442,622									
Reserves	(1,765,785)									
Accumulated loss	(7,659,513)									
Surplus on revaluation of assets - net	1,344,213									
	12,361,537									

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	December 31, 2013									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	9,203,568	9,203,568	-	-	-	-	-	-	-	-
Balances with other banks	2,302,085	2,302,085	-	-	-	-	-	-	-	-
Lendings to financial institutions	1,555,000	1,555,000	-	-	-	-	-	-	-	-
Investments	39,688,247	496,767	7,525,223	15,993,412	2,406,395	415,919	665,963	1,830,477	10,154,921	199,170
Advances	54,208,474	5,705,812	11,468,602	4,791,051	19,832,164	3,312,286	1,979,533	4,039,947	2,208,340	870,739
Operating fixed assets	6,181,540	1,243,604	69,608	104,412	208,824	353,831	302,633	488,755	802,899	2,606,974
Deferred tax assets	5,799,860	122,911	326,490	785,281	372,555	26,140	484,051	819,764	1,910,250	952,418
Other assets	6,621,261	4,240,675	793,529	793,529	793,528	-	-	-	-	-
	125,560,035	24,870,422	20,183,452	22,467,685	23,613,466	4,108,176	3,432,180	7,178,943	15,076,410	4,629,301
Liabilities										
Bills payable	2,205,414	2,205,414	-	-	-	-	-	-	-	-
Borrowings	9,961,198	5,837,945	2,349,040	1,762,124	12,089	-	-	-	-	-
Deposits and other accounts	106,351,042	22,210,692	11,226,643	9,051,532	6,805,973	531,166	100,607	56,305,034	119,395	-
Sub-ordinated loans	1,498,620	-	-	-	-	-	-	-	1,498,620	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Other liabilities	2,155,018	2,155,018	-	-	-	-	-	-	-	-
	122,171,292	32,409,069	13,575,683	10,813,656	6,818,062	531,166	100,607	56,305,034	1,618,015	-
Net assets	3,388,743	(7,538,647)	6,607,769	11,654,029	16,795,404	3,577,010	3,331,573	(49,126,091)	13,458,395	4,629,301
Share capital	12,935,755									
Reserves	(1,811,675)									
Accumulated loss	(7,876,440)									
Surplus on revaluation of assets - net	141,103									
	3,388,743									

42.5.2 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Bank

	December 31, 2014									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	---------- Rupees in '000 ----------									
Assets										
Cash and balances with treasury banks	9,383,947	9,383,947	-	-	-	-	-	-	-	-
Balances with other banks	4,377,154	4,377,154	-	-	-	-	-	-	-	-
Lendings to financial institutions	650,000	650,000	-	-	-	-	-	-	-	-
Investments	45,497,115	45,892	609,689	3,030,588	3,773,537	22,843,164	2,301,119	1,368,351	8,218,174	3,306,601
Advances	66,454,697	4,695,173	13,736,119	6,458,809	26,524,387	3,779,838	3,867,637	5,017,750	1,585,217	789,768
Operating fixed assets	7,534,996	2,404,894	67,777	101,667	203,333	345,941	297,181	483,231	807,130	2,823,842
Deferred tax assets	5,644,681	111,681	268,306	643,172	753,205	551,931	1,325,241	1,968,789	22,356	-
Other assets	8,914,751	8,914,751	-	-	-	-	-	-	-	-
	148,457,341	30,583,492	14,681,891	10,234,235	31,254,463	27,520,873	7,791,178	8,838,121	10,632,877	6,920,210
Liabilities										
Bills payable	1,531,639	1,531,639	-	-	-	-	-	-	-	-
Borrowings	25,312,661	14,834,955	5,969,207	4,477,779	30,720	-	-	-	-	-
Deposits and other accounts	105,309,434	77,011,165	11,116,689	8,962,881	6,739,315	525,964	99,621	735,573	118,226	-
Sub-ordinated loans	1,497,930	-	-	-	-	-	-	1,497,930	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Other liabilities	2,444,140	2,444,140	-	-	-	-	-	-	-	-
	136,095,804	95,821,898	17,085,896	13,440,660	6,770,035	525,964	99,621	735,573	1,616,156	-
Net assets	12,361,537	(65,238,406)	(2,404,005)	(3,206,425)	24,484,428	26,994,910	7,691,556	8,102,548	9,016,722	6,920,210
Share capital	20,442,622									
Reserves	(1,765,785)									
Accumulated loss	(7,659,513)									
Surplus on revaluation of assets - net	1,344,213									
	12,361,537									

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	December 31, 2013									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	9,203,568	9,203,568	-	-	-	-	-	-	-	-
Balances with other banks	2,302,085	2,302,085	-	-	-	-	-	-	-	-
Lendings to financial institutions	1,555,000	1,555,000	-	-	-	-	-	-	-	-
Investments	39,688,247	496,767	7,525,223	15,993,412	2,406,395	415,919	665,963	1,830,477	10,154,921	199,170
Advances	54,208,474	5,705,812	11,468,602	4,791,051	19,832,164	3,312,286	1,979,533	4,039,947	2,208,340	870,739
Operating fixed assets	6,181,540	1,243,604	69,608	104,412	208,824	353,831	302,633	488,755	802,899	2,606,974
Deferred tax assets	5,799,860	122,911	326,490	785,281	372,555	26,140	484,051	819,764	1,910,250	952,418
Other assets	6,621,261	6,621,261	-	-	-	-	-	-	-	-
	125,560,035	27,251,008	19,389,923	21,674,156	22,819,938	4,108,176	3,432,180	7,178,943	15,076,410	4,629,301
Liabilities										
Bills payable	2,205,414	2,205,414	-	-	-	-	-	-	-	-
Borrowings	9,961,198	5,837,945	2,349,040	1,762,124	12,089	-	-	-	-	-
Deposits and other accounts	106,351,042	77,772,877	11,226,643	9,051,532	6,805,973	531,166	100,607	742,849	119,395	-
Sub-ordinated loans	1,498,620	-	-	-	-	-	-	-	1,498,620	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Other liabilities	2,155,018	2,155,018	-	-	-	-	-	-	-	-
	122,171,292	87,971,254	13,575,683	10,813,656	6,818,062	531,166	100,607	742,849	1,618,015	-
Net assets	3,388,743	(60,720,246)	5,814,240	10,860,500	16,001,876	3,577,010	3,331,573	6,436,094	13,458,395	4,629,301
Share capital	12,935,755									
Reserves	(1,811,675)									
Accumulated loss	(7,876,440)									
Surplus on revaluation of assets - net	141,103									
	3,388,743									

42.6 Operational risk management

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.

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

The Bank seeks to manage the operational risk from two perspectives, firstly by way of ensuring compliance of standard operating procedures including defined processes for prevention and detection of any fraud and forgery, and work place safety and security, secondly through contingency planning to ensure continuity of business. Policies and procedures covering all activities in Bank are in place.

The Bank is currently in the process of implementing internationally accepted Internal Control-Integrated Framework published by the Committee of Sponsoring Organisations of the Tread way Commission (COSO), with a view to consolidate and enhance the existing internal control processes.

The Bank has implemented the Internal Control Guidelines issued by the State Bank of Pakistan and followed the road map issued with respect to internal controls over financial reporting. Moreover, a separate Internal Control Unit has been setup to continuously monitor the implementation of sound internal controls within the Bank.

43. KEY ISLAMIC BANKING OPERATIONS

43.1 The Bank commenced its Islamic Banking Operations in Pakistan on March 07, 2014 and is operating with 02 branches as at December 31, 2014 (December 31, 2013: Nil). The statement of financial position, profit and loss account and cash flow statement of Islamic branches as at December 31, 2014 are as follows:

BSD Circular letter No. 03 dated January 22, 2013 requires all Islamic Banks and Banking Branches to present all financing and advances for assets under Islamic modes of financing and any other related item pertaining to Islamic mode of financing under the caption "Islamic Financing and Related Assets" in the statement of financial position.

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
Islamic statement of financial position as at December 31, 2014			
ASSETS			
Cash and balances with treasury banks	43.3	242,216	-
Balances with other banks		-	-
Due from Financial institutions		76,100	-
Investments		527,680	-
Islamic financing and related assets	43.7	1,607,064	-
Operating fixed assets		76,588	-
Deferred tax assets - net		-	-
Other assets		73,596	-
TOTAL ASSETS		2,603,244	-
LIABILITIES			
Bills payable		2,618	-
Due to financial institutions		-	-
Deposits and other accounts			
- Current accounts		186,773	-
- Saving accounts		740,366	-
- Term deposits		341,381	-
- Others		-	-
- Deposits from financial institutions - remunerative		-	-
- Deposits from financial institutions - non - remunerative		-	-
Due to head office		-	-
Deferred tax liabilities - net		1,226	-
Other liabilities		228,756	-
		1,501,120	-
NET ASSETS		1,102,124	-
REPRESENTED BY:			
Islamic Banking Fund		1,000,000	-
Reserves		-	-
Unappropriated profit		99,848	-
		1,099,848	-
Surplus on revaluation of assets - net of tax		2,276	-
		1,102,124	-

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
43.2 Islamic profit and loss account for the year ended December 31, 2014			
Profit / return earned on financings, investment and placements		133,120	-
Return on deposits and other dues expensed		(38,814)	-
Net spread earned		94,306	-
Other income			
Fee, commission and brokerage income		37,696	-
Gain from dealing in foreign currencies		1,446	-
Gain on sale of securities - net		4,493	-
Other income		353	-
Total other income		43,988	-
		138,294	-
Other expenses			
Administrative expenses		(38,395)	-
Other charges		(51)	-
Total other expenses		(38,446)	-
		99,848	-
Extra-ordinary / unusual items		-	-
Profit before taxation		99,848	-
43.3 Islamic cash flow statement for the year ended December 31, 2014			
Cash flows from operating activities			
Profit before taxation		99,848	-
Adjustments:			
Depreciation		5,536	-
Amortisation of intangible assets		16	-
		5,552	-
		105,400	-
Increase in operating assets			
Lendings to financial institutions		(76,100)	-
Islamic financings and related assets - net		(1,607,064)	-
Other assets		(73,596)	-
		(1,756,760)	-
Increase in operating liabilities			
Bills payable		2,618	-
Deposits and other accounts		1,268,520	-
Other liabilities		228,756	-
		1,499,894	-
Net cash outflow from operating activities		(151,466)	-
Cash flows from investing activities			
Net (investments) / realisation in 'available-for-sale' securities		(524,178)	-
Investment in operating fixed assets		(82,140)	-
Net cash outflow from investing activities		(606,318)	-
Cash flows from financing activities			
Islamic Banking Fund		1,000,000	-
Net cash inflow from financing activities		1,000,000	-
Increase in cash and cash equivalents		242,216	-
Cash and cash equivalents at beginning of the year		-	-
Cash and cash equivalents at end of the year	43.1	242,216	-

ISLAMIC BANKING BUSINESS

43.4 Summit Bank Limited - Islamic Banking Division is maintaining General Pool for profit declaration and distribution. Features, risks and rewards of the pool are given below:

(i) General pool

General pool is the basket in which all the deposits from depositors is placed along with the Bank's own equity and funds from other financial institutions. The general pool is based on the principle of unrestricted Modaraba. An unrestricted Modaraba contract is a contract in which the depositor permits the Bank to administer the funds without any restrictions. In this case, the Bank has a wide range of trade or business freedom on the basis of trust and the business expertise the Bank has acquired. However, such unrestricted business freedom in an unrestricted Modaraba must be exercised only in accordance with the interests of the parties and the objectives of the Modaraba contract, which is making profit. Therefore, the actions of the Bank must be in accordance with the business customs relating to the Banking operations.

(a) Priority of utilization of funds in the general pool shall be

- Depositor Funds.
- Equity Funds.
- Placement / Investments of Other IBI.
- Modaraba Placement of SBL (Counterpart).

(b) Weightages for distribution of profit in general pool

The weightages are calculated and declared monthly as the pool is constructively liquidated at end of each month and created simultaneously. The Bank declares such weightages at least 3 days before the beginning of the month, after the approval of the Shariah Advisor of the Bank. The maximum weightage to the Modaraba based deposit of any nature, tenor and amount does not exceed 3 times of the weightages assigned to normal saving deposits (minimum balance category).

The weightages assigned to all categories of pool deposits are assigned uniformly on a consistent basis, based on the following parameters / criteria (but not limited to):

- contracted period of deposits;
- frequency of profit distribution, monthly, quarterly or on maturity;
- volume of the deposit;
- product structure; and
- management discretion.

(c) Identification and allocation of pool related income and expenditure

The allocation of income and expenses to different pools is based on pre-defined basis and accounting principles / standards. According to Shariah rules and principles, all direct expenses are expensed out of the total profit i.e. always charged to the pool.

The direct expenses to be charged to the pool shall include all the direct cost of transaction including the following:

- depreciation of Ijarah assets;
- cost of sales of inventories;
- Takaful expenses of pool assets;
- taxes (sales tax and service tax levied by the provincial government);
- stamp fee or documentation charges;
- other costs / foreign exchange losses (if ascertainable);
- brokerage fee for purchase of securities/commodities etc.; and
- impairment / losses due to physical damages to specific assets in pools etc.

Indirect expenses can be categorized as those which are agreed with the saving and deposit account holders to be borne by the Mudarib.

All income pertaining to specific assets for specific periods should be allocated to the pool to which the assets are tagged during the period. Due care should be taken while recognizing revenue from assets. Revenue recognition for each type / class of assets should be in-line with the respective Shariah principles. Further, the financing will be diversified across different sectors and in compliance with the prudential regulation for exposure of individual and corporate clients. Income generated from non-financing activities (fee / commission / service charges) that were not relevant to the general pool were not credited to the pool and relevant expenses were also not charged to the pool.

(d) Parameters associated with risk and rewards

(i) The risks related to any pool depend upon the nature of the pool and the purpose for which the pool has been created. Considering the low risk tolerance of the investors of the profit and loss distribution pool, the key objective remained to earn competitive returns while containing the risk (volatility) of the returns to a minimum.

(ii) Risks to which the financing assets of the Bank may be exposed to are:

- Credit risk which is generally defined as the potential that a counter party fails to meet its obligations in accordance with agreed terms. Therefore, the Bank should have sound credit risk management policies to protect the depositors' / Investment Account Holders (IAH) from loss due to credit risk;

- Market risk is generally defined as defined as the risk of losses in on- and off-balance sheet positions arising from movements in market prices i.e. fluctuations in values in tradable or marketable assets (including Sukuks) and in off-balance sheet individual portfolios (for example restricted investment accounts). The risks relate to the current and future volatility of market values of specific assets and of foreign exchange rates; and

- Equity Investment Risk is generally defined as risk associated with holding equity investments during unfavorable situations, where decline in investment caused by market conditions in turn gives volatility of earnings of Musharaka and Mudaraba investments.

(iii) Risks to which the profit and loss distribution pool may be exposed to are:

- Liquidity risk which is the potential loss to the Bank arising from their inability either to meet their obligations or to fund increases in assets as they fall due without incurring unacceptable costs or losses. In order to mitigate the liquidity risk the Bank should invest in a combination of liquid and illiquid assets to be able to meet their obligations towards the depositors' / investment account holder; and

- Rate of return risk to which the Bank may be exposed to in the context of its overall balance sheet exposures. An increase in benchmark rates may result in saving account holders having expectations of a higher rate of return. A consequence of rate of return risk may be displaced commercial risk. Therefore, the Bank employ a gapping method for allocating positions into time bands with remaining maturities or re-pricing dates, whichever is earlier.

		December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
43.5	**Charitable fund**		
	Opening balance	-	-
	Addition during the period / year	-	-
	Payment / utilization during the period / year	-	-
	Closing balance	-	-
43.6	**Remuneration to Sharia Advisor / Board**	**4,399**	-
43.7	**Islamic financing and related assets**		
	Financings / investments / receivables		
	- Murabaha	**731,036**	-
	Advances		
	Advance against murabaha	**26,515**	-
	Advance against ijarah	**205,320**	-
	Advance against diminishing musharika	**640,008**	-
	Advance against other Islamic modes	**4,185**	-
		876,028	-
		1,607,064	-
43.7.1	**Islamic mode of financing**		
	Financings / investments / receivables	**731,036**	-
	Advances	**876,028**	-
		1,607,064	-

	December 31, 2014	December 31, 2013
	------ (Rupees in '000) ------	

43.8 Avenues / sectors of economy / business where Modaraba based deposits have been deployed

Chemical and pharmaceuticals	**941,217**	-
Agribusiness	-	-
Textile	**174,559**	-
GOP Ijarah Sukuk	**275,000**	-
Shoes and leather garments	-	-
Automobile and transportation equipment	**208,268**	-
Financial	-	-
Electronics and electrical appliances	-	-
Production and transmission of energy	-	-
Carpets and rugs manufacturer	-	-
Glass and ceramics	-	-
Services	-	-
Others *	**527,225**	-
	2,126,269	-

* Staff financing amounting Rs.34.820 million is not included as its financed through Islamic Banking Fund.

43.9 Basis of profit allocation

Profit of the pool has been distributed between Mudarib and Rabbul Maal by using pre-agreed profit sharing ratio. The profit was distributed between Mudarib and Rabbul Maal on the under mentioned profit sharing ratios based upon Gross Income Level less Direct Expenses.

	March to April 2014	May to June 2014	July 2014	August to September 2014	October to December 2014
	---------- % ----------				
Rubbul Maal	69%	63%	63%	55%	50%
Mudarib	31%	37%	37%	45%	50%

43.10 Mudarib share (in amount and percentage of distributable income)

	December 31, 2014		December 31, 2013	
	(Rupees in '000)	%	(Rupees in '000)	%
Rubbul Maal	**21,845**	**55%**	-	0%
Mudarib	**18,043**	**45%**	-	0%
	39,888		-	

	December 31, 2014	December 31, 2013
	------ (Rupees in '000) ------	

43.11 Amount and percentage of Mudarib share transferred to depositors through Hiba

Mudarib share	**18,043**	-
Hiba	**5,311**	-
Hiba percentage of Mudarib share	**29%**	-

43.12 Profit rate earned vs profit rate distributed to the depositors during the year ended December 31, 2014

Profit rate earned	**10.01%**	-
Profit rate distributed to depositors	**6.33%**	-

44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 05, 2015 by the Board of Directors of the Bank.

45. GENERAL

45.1 Figures have been re-arranged and re-classified, wherever necessary, for the purpose of better presentation.

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

President & Chief Executive	Director	Director	Director

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2014

S. No.	Name and address of the borrower	Name of individuals / partners/ directors (with N.I.C. No)	Father's / husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest / mark-up written-off	Other financial relief provided	Total (9+10+11)
				Principal	Interest / mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
1	**Muhammad Ramzan Shahid Ramzan** Weaving Factory Laqitabad No 1 St # 3 Faisalabad	Muhammad Ramzan Shahid 33100-2302334-9	Muhammad Ali	1,097	469	-	1,566	214	469	-	684
2	**Imran Traders** Imran Traders Ghalla Mandi Burewala Dist. Vehari	Sheikh Abdul Majeed 36601-1731193-9	Abdul Ghani	3,900	1,115	-	5,015	100	1,115	-	1,215
3	**Anees Ahmad Khan Minhas** Old Chungi # 8 Lmq Rd Multan	Anees Ahmad Khan Minhas 36302-3215849-1	Sajad Ahmad Minhas	1,494	275	-	1,769	441	275	-	715
4	**Syed Mumtaz Mehdi** Farah Arcade 40 Commercial Zone Allama Iqbal Town Lahore	Syed Mumtaz Mehdi 35202-2896614-9	Syed Hashim Nawab	1,194	514	-	1,708	414	514	-	927
5	**Syed Sajjad Hussain Zaidi** Suite 3,4,5 Building 65-C 12th Commercial St Phase II Ext DHA	Syed Sajjad Hussain Zaidi 42201-9584604-7	Syed Hashim Ali Zaidi	1,936	1,141	-	3,076	518	1,141	-	1,659
6	**Liaqat Hussain** P-27 St# 10/3 Near Jamia Masjid Raja Zulifqar Colony Faisalabad	Liaqat Hussain 33100-1000034-9	Muhammad Hussain	999	349	-	1,348	299	349	-	648
7	**Ali Raza** Shop # 11, Commercial Mkt Ex Factory Area Faisalabad	Ali Raza 33100-2498597-1	Zil-e-Dar Khan	500	559	-	1,059	150	559	-	709
8	**Khan Abrar ullah Khan** H # 6 St # 1 Karmnagar Khokhar Road Badami Bag Lahore	Khan Abrar ullah Khan 35202-2819868-7	Altaf Hussain	1,000	534	-	1,534	300	534	-	834
9	**Muhammad Rashid Bhatti** H No. E-9 Zero Point Nadir Abad Badian Road Lahore	Muhammad Rashid Bhatti 35201-2920780-9	Bashir Ahmed Bhatti	500	451	-	951	120	451	-	571
10	**Nasir Mehmood Khan** Main Peco Rd Faisal Town Main Raiwind Rd Thokar Naiz Baig Lahore	Nasir Mehmood Khan 35202-7001010-7	Muhammad Idrees Khan	1,495	917	-	2,412	745	917	-	1,662
11	**Muhammad Mobeen** Shop#13,14,15,16 Sulemania Center 15 Dil Muhammad Rd Lahore	Muhammad Mobeen 35201-2104588-7	Muhammad Asif	1,499	973	-	2,473	375	973	-	1,348
12	**Rockland** Plot No.15-C, South Park Avenue, Phase-II, DHA, Karachi	Mr. Mansoor Cheema Not Available	Choudhry Iqbal Cheema	2,593	-	-	2,593	2,593	-	-	2,593
13	**Usama Harris Khan & CO.** Plot # 27, Sector 15, Korangi Industrial Area, Karachi	Mr. Khalid Abbas Khan Niazi 42301-6523721-3	Lutfullah Khan Niazi	15,559	11,946	-	27,505	1,448	11,946	-	13,394
14	**Haji Mohammad Haleem** C-19 Railway Housing Socity Quetta	Mr. Muhammad Haleem 54400-8121930-7	Eid Aghahi	20,000	2,175	-	22,175	-	1,675	-	1,675
15	**Elite Publishers Limited** D-118-SITE Karachi	Mr. Ahmed Mirza Jamil 42201-4027981-3 Mr. Khalid Jamil 42301-876679-8 Mr.Owais Mirza Jamil 42201-4027981-3	Noor Ahmed Jamil, Ahmed Mirza Jamil Respectivly.	199,923	127,556	-	327,479	-	127,556	-	127,556
16	**Sherani Engineering** Plot # 1 &2 Sector # 12-A Industrial Area, North Karachi Township Karachi	Mr. Mehmood Alam Sherani 42000-0364826-3	Muhammad Umer Khan	8,446	826	10,844	20,116	1,446	826	10,844	13,116
17	**Muhammad Naseem** H # C197-1-G Area Scheme 1-A Karachi	Mr. Muhammad Naseem 42201-0804036-3	Muhammad Ibrahim	25,000	8,508	-	33,508	-	6,008	-	6,008
18	**Yasmin Malik** Flat No. J-114, 1st Floor, Chapal Garden, Abul Hassan Isphani Road, Karachi and 56/II, 12th Lane, Phase VII, D.H.A, Karachi	Ms. Yasmin Malik 42301-8422905-6	Khurshid Malik	9,000	2,450	-	11,450	-	2,450	-	2,450
19	**Saleem Board Factory** Suit # 58/24 Sector 11 F North Karachi	Mr. Muhammad Saleem 42101-2196520-9	Muhammad Suleman	1,250	-	-	1,250	1,250	-	-	1,250

S. No.	Name and address of the borrower	Name of individuals / partners/ directors (with N.I.C. No)	Father's / husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest / mark-up written-off	Other financial relief provided	Total (9+10+11)
				Principal	Interest / mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
20	**Karim Associates** Plot # 118-D, Main Rashid Minhas Road, Karachi	Mr. Muhammad Saleem 42201-9051358-1 Mr. Muhammad Zakariya 42201-1716276-3 Ms. Salma Bai 33100-0727989-6 Ms. Rukhsana Bano 42201-7579767-0 Mr. Muhammad Haroon 42000-0486876-5 Ms. Hawa Bai 42301-7334050-8 Ms. Fatima Bai 42301-0954370-4 Ms. Kulsoom Bai 42201-8739028-8	1. S/O Haji Abdul Karim 2. S/O Haji Abdul Karim 3. D/O Haji Abdul Karim 4. W/O Muhammad Saleem 5. S/O Haji Abdul Karim 6. W/O Haji Abdul Karim 7. W/O Haji Abdul Karim 8. D/O Haji Abdul Karim	46,084	14,899	-	60,982	-	14,899	-	14,899
21	**New Pak Traders** Killi Huramzai Killa Abdullah Pashin 87300	Mr. Syed Muhammad Ramzan 54400-3629376-7	Syed Abdul Nabi	8,996	2,066	-	11,062	-	2,066	-	2,066
22	**Golden Textile Mills** 213-214, Uni Plaza I.I. Chundrigar Road Karachi and 46-K.M. Multan Road, Bhai Pheru, District Kasur	Mr. Karim Hassan Ali Chatoor 35200-6742103-9	Hassan Ali Chatoor	22,312	4,057	-	26,370	11,312	4,057	-	15,370
23	**J P Plastic Industries** Office at Kisan Street, 59-Circular Road, Lahore	Mr. Rehan Malik 35202-2969462-1	Malik Pervaiz	28	602	-	630	28	602	-	630
24	**M/s Royal Rayban** 34-Palace Arcade, Liberty Market, Gulberg-III, Lahore	Mr. Ijaz. Ali Siddqui 35202-2856948-3	Irntiaz Ali Siddique	10,780	4,252	-	15,032	-	4,032	-	4,032
25	**Akbar Brothers** Khawaja House, 3-1st Floor, Chowk BCG, Multan	Mr. Khawaja Azhar Ahmad 37405-8925293-7	Muhammad Akbar Khawaja	48,158	10,265	-	58,423	-	7,265	-	7,265
26	**Al-Muqeet International (Pvt) Ltd ;** 40, Hurmaz Plaza, Jamrud Road, Peshawar	Mr. Munawar Saeed 135-90-017840 Mr. Addul Manan 135-92-017836 Mr Ahmed Saeed 135-91-017839	Mr. Abdul Hameed	41,629	5,977	-	47,606	30,829	3,845	-	34,674
27	**Khan Saab Agrochemical;** 40, Hurmaz Plaza, Jamrud Road, Peshawar	Mr. Ali Asghar Alwi 502-53-195412 Mr. Tariq Wahab 329-92-061723 Mr. Mohd Azhar Toqir 123-89-700039 Mr. Aurangzeb 504-56-143823 Mr. Syed Sintain Hussain 501-42-249916	Jahandad Khan Abdul Wahab Muhammad Humayun Jahandad Khan Syed Ali Hussain	18,865	1,964	-	20,829	18,865	1,964	-	20,829
28	**Mr. A. Karim Mushtaq** Chunian Kasur	Mr. A. Karim Mushtaq 275-90-481585	M Afzal	507	285	-	792	507	-	-	507
29	**Mr. M. Bilal** Jamshed Kalan Post Office Sham Kot Nau Tehsil Chunian Dist Kasur	Mr. M. Bilal 279-56-476899	M Hayat	514	251	-	764	514	-	-	514
30	**Mr. Asad Riaz Sherazi** 60 Footy Road H.No 27 Y Block Tariq Bin Ziad Colony Tehsil and District Sahiwal	Mr. Syed Asad Riaz Sherazi 36502-4050764-1	Syed Riaz Hussain Sherazi	507	336	-	843	507	-	-	507
31	**Mr. Mubashir Hassan** 32 Eb Tehsil And District Sahiwal	Mr. Mubashir Hassan 36401-8924107-7	Adalat Khan	507	315	-	821	506	-	-	506
				496,270	206,028	10,844	713,142	73,479	196,490	10,844	280,813

Summit Bank

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CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

On behalf of the Board of Directors of Summit Bank Limited ("the Bank"), I am pleased to present the consolidated annual financial statements of Summit Bank Limited (holding company) and Summit Capital (Pvt.) Limited (subsidiary company) together with the Auditor's Report thereon for the year ended December 31, 2014.

PERFORMANCE SUMMARY

The Consolidated Financial Statements of the Group for the year ended December 31, 2014 are summarized as follows:

	December 31, 2014	December 31, 2013
	------ (Rupees in '000) ------	
Operating profit / (loss) before provisions and bad debts written off directly	**598,645**	(2,222,203)
(Provision) / Reversal of provisions and bad debts written off directly	**(563,074)**	836,426
Profit / (loss) before taxation	**35,571**	(1,385,777)
Provision for taxation	**206,049**	(427,698)
Profit / (loss) after taxation	**241,620**	(1,813,475)
Incremental Depreciation - net of tax	**25,011**	21,339
Actuarial gain on defined benefit plan	**8,262**	103
Accumulated loss brought forward	**(7,918,079)**	(6,126,046)
Transfer to Statutory Reserve	**(45,890)**	-
Accumulated loss carried forward	**(7,689,076)**	(7,918,079)
Basic earnings / (loss) per share (Rupees)	**0.16**	(1.51)
Diluted earnings / (loss) per share (Rupees)	**0.12**	(1.51)

PATTERN OF SHAREHOLDING

The pattern of shareholding as at December 31, 2014 is annexed with these financial statements of Summit Bank Limited.

For and on the behalf of the Board of Directors

Husain Lawai
President and Chief Executive

Karachi
March 05, 2015

AUDITORS' REPORT TO THE MEMBERS ON CONSOLIDATED FINANCIAL STATEMENTS OF SUMMIT BANK LIMITED

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of **Summit Bank Limited** (the Bank) as at **31 December 2014** and the related consolidated profit and loss account, consolidated cash flow statement, consolidated statement of comprehensive income and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Summit Capital (Private) Limited, a subsidiary company, dated 11 February 2015. These financial statements are responsibility of the Bank's management. Our responsibility is to express our opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan and accordingly included such tests of accounting records and such other audit procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Bank and its subsidiary company as at 31 December 2014 and the results of their operations for the year then ended.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Audit Engagement Partner: Shabbir Yunus

Date: March 05, 2015
Karachi

Summit Bank
Committed to you

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
ASSETS			
Cash and balances with treasury banks	7	**9,383,948**	9,203,573
Balances with other banks	8	**4,377,298**	2,302,189
Lendings to financial institutions	9	**650,000**	1,555,000
Investments	10	**45,329,692**	39,526,939
Advances	11	**66,454,697**	54,208,474
Operating fixed assets	12	**7,607,167**	6,258,010
Deferred tax assets - net	13	**5,584,805**	5,742,710
Other assets	14	**9,056,687**	6,702,886
		148,444,294	125,499,781
LIABILITIES			
Bills payable	15	**1,531,639**	2,205,414
Borrowings	16	**25,312,661**	9,961,198
Deposits and other accounts	17	**105,222,446**	106,255,566
Sub-ordinated loans	18	**1,497,930**	1,498,620
Liabilities against assets subject to finance lease		**-**	-
Deferred tax liabilities		**-**	-
Other liabilities	19	**2,547,644**	2,231,879
		136,112,320	122,152,677
NET ASSETS		**12,331,974**	3,347,104
REPRESENTED BY			
Share capital	20	**10,779,796**	10,779,796
Convertible preference shares	20	**2,155,959**	2,155,959
Advance against subscription of shares	20	**7,506,867**	-
Reserves	21	**(1,765,785)**	(1,811,675)
Accumulated losses		**(7,689,076)**	(7,918,079)
		10,987,761	3,206,001
Surplus on revaluation of assets - net of deferred tax	22	**1,344,213**	141,103
		12,331,974	3,347,104
CONTINGENCIES AND COMMITMENTS	23		

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

President & Chief Executive	Director	Director	Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	December 31, 2014	December 31, 2013
		------- (Rupees in '000) ------	
Mark-up / return / interest earned	24	9,828,995	9,173,938
Mark-up / return / interest expensed	25	(7,392,589)	(8,323,255)
Net mark-up / interest income		2,436,406	850,683
(Provision) / reversal of provision against non-performing loans and advances-net	11.3.1	(76,920)	917,704
Provision for diminution in the value of investments - net	10.12	(476,099)	(79,412)
Bad debts written off directly	11.4.1	(10,055)	(1,866)
		(563,074)	836,426
Net mark-up / interest income after provisions		1,873,332	1,687,109
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		1,183,067	895,833
Dividend income		37,740	135,541
Gain from dealing in foreign currencies		506,237	521,843
Gain on sale of securities - net	26	1,351,481	52,847
Gain on disposal of operating fixed assets	12.4	38,724	7,927
Unrealised loss on revaluation of investments classified as held-for-trading - net	10.15	(749)	(1,894)
Other income	27	88,503	143,477
Total non-mark-up / interest income		3,205,003	1,755,574
		5,078,335	3,442,683
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	28	(4,971,020)	(4,429,293)
Other provisions / write-offs	29	(41,573)	(375,249)
Other charges	30	(30,171)	(23,918)
Total non-mark-up / interest expenses		(5,042,764)	(4,828,460)
		35,571	(1,385,777)
Extra-ordinary / unusual items		-	-
PROFIT / (LOSS) BEFORE TAXATION		35,571	(1,385,777)
Taxation	31		
Current		(122,029)	(110,213)
Prior years		(1,855)	-
Deferred		329,933	(317,485)
		206,049	(427,698)
PROFIT / (LOSS) AFTER TAXATION		241,620	(1,813,475)
		---------- (Rupees) ----------	
Basic earnings / (loss) per share	32.1	0.16	(1.51)
Diluted earnings / (loss) per share	32.2	0.12	(1.51)

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

President & Chief Executive	Director	Director	Director

Summit Bank
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014

		December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
Profit / (loss) after taxation		241,620	(1,813,475)
Other comprehensive income - net			
Not to be reclassified to profit and loss account in subsequent periods			
Actuarial gain on defined benefit plan		8,262	103
Comprehensive income / (loss) transferred to equity		249,882	(1,813,372)
Components of comprehensive income / (loss) not reflected in equity			
Surplus / (deficit) on revaluation of 'available for sale securities' - net of tax*		752,563	(10,597)
Surplus on revaluation of operating fixed assets - net of tax	(i)	-	-
Total comprehensive income / (loss)		1,002,445	(1,823,969)

* Surplus / (deficit) on revaluation of 'Available-for-sale securities' - net of tax has been shown in the Statement of Comprehensive Income in order to comply with the revised "Prudential Regulations for Corporate/Commercial Banking" issued by the State Bank of Pakistan during the current year vide BPRD Circular No. 06 of 2014 on June 26, 2014 .

(i) Surplus on revaluation of 'Operating Fixed assets' net of tax is presented under a separate head below equity as 'surplus / (deficit) on revaluation of assets' in accordance with the requirements of Section 235 of the Companies Ordinance 1984.

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

President & Chief Executive	Director	Director	Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		35,571	(1,385,777)
Less: Dividend income		(37,740)	(135,541)
		(2,169)	(1,521,318)
Adjustments:			
Depreciation		546,941	559,571
Amortisation of intangible assets and deferred cost		63,411	78,024
Provision / (reversal of provision) against non-performing loans and advances - net		76,920	(917,704)
Bad debts directly written off		10,055	1,866
Other provisions / write offs		41,573	375,249
Provision for diminution in the value of investments - net		476,099	79,412
Unrealised loss on revaluation of investments in held-for-trading securities - net		749	1,894
Loss / (gain) on disposal of non-banking assets		6,115	(59,359)
Gain on disposal of operating fixed assets		(38,724)	(7,927)
		1,183,139	111,026
		1,180,970	(1,410,292)
Increase in operating assets			
Lendings to financial institutions		905,000	483,500
Net investments in 'held-for-trading' securities		4,178	(62,761)
Advances - net		(12,333,198)	(743,482)
Other assets (excluding advance taxation) - net		(2,322,280)	(869,070)
		(13,746,300)	(1,191,813)
Increase / (decrease) in operating liabilities			
Bills payable		(673,775)	551,112
Borrowings from financial institutions		15,402,618	(18,963,942)
Deposits and other accounts		(1,033,120)	9,440,194
Other liabilities		324,028	(179,829)
		14,019,751	(9,152,465)
		1,454,421	(11,754,570)
Income tax paid		(157,794)	(91,168)
Net cash inflows / (outflows) from operating activities		1,296,627	(11,845,738)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (investments) / realisation in 'available-for-sale' securities		(5,780,473)	9,876,028
Net realisation in 'held to maturity' securities		249,256	338,814
Dividend received		37,215	135,541
Investment in operating fixed assets		(1,607,252)	(1,468,208)
Sale proceeds of property and equipment - disposed off		120,379	22,187
Sale proceeds of non-banking assets - disposed off		484,710	555,780
Net cash (outflows) / inflows from investing activities		(6,496,165)	9,460,142
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts on issue of convertible preference shares		-	2,155,959
Advance against subscription of shares		7,506,867	-
Redemption of sub ordinated loan		(690)	(690)
Net cash flows from financing activities		7,506,177	2,155,269
Increase / (decrease) in cash and cash equivalents		2,306,639	(230,327)
Cash and cash equivalents at beginning of the year		11,439,790	11,670,117
Cash and cash equivalents at end of the year	33	13,746,429	11,439,790

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

President & Chief Executive	Director	Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

	Share capital	Convertible preference shares	Advance against subscription of shares	Capital reserves: Share premium	Capital reserves: Discount on issue of shares	Capital reserves: Statutory reserve	Capital reserves: Reserve arising on amalgamation	Revenue reserve: Accumulated losses	Total Reserves	Grand Total
	(Rupees in '000)									
Balance as at January 01, 2013	10,779,796	-	-	1,000,000	(1,297,298)	64,828	(1,579,205)	(6,126,046)	(7,937,721)	2,842,075
Issue of Convertible preference shares - listed	-	2,155,959	-	-	-	-	-	-	-	2,155,959
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	-	-	-	-	21,339	21,339	21,339
Total comprehensive loss for the year										
Loss after taxation for the year ended December 31, 2013	-	-	-	-	-	-	-	(1,813,475)	(1,813,475)	(1,813,475)
Other comprehensive income	-	-	-	-	-	-	-	103	103	103
	-	-	-	-	-	-	-	(1,813,372)	(1,813,372)	(1,813,372)
Balance as at December 31, 2013	10,779,796	2,155,959	-	1,000,000	(1,297,298)	64,828	(1,579,205)	(7,918,079)	(9,729,754)	3,206,001
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	-	-	-	-	25,011	25,011	25,011
Total comprehensive income for the year										
Profit after taxation for the year ended December 31, 2014	-	-	-	-	-	-	-	241,620	241,620	241,620
Other comprehensive income	-	-	-	-	-	-	-	8,262	8,262	8,262
	-	-	-	-	-	-	-	249,882	249,882	249,882
Transfer to Statutory Reserves	-	-	-	-	-	45,890	-	(45,890)	-	-
Advance against subscription of shares	-	-	7,506,867	-	-	-	-	-	-	7,506,867
Balance as at December 31, 2014	**10,779,796**	**2,155,959**	**7,506,867**	**1,000,000**	**(1,297,298)**	**110,718**	**(1,579,205)**	**(7,689,076)**	**(9,454,861)**	**10,987,761**

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

President & Chief Executive

Director

Director

Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1. STATUS AND NATURE OF BUSINESS

1.1 The Group comprises of Summit Bank Limited - the holding company (the Bank) and Summit Capital (Private) Limited (SCPL) - a wholly owned subsidiary. The ultimate holding company of the Group is Suroor Investments Limited, (SIL) a company incorporated in Mauritius.

1.2 Summit Bank Limited (the Bank) was incorporated in Pakistan as public company limited by shares on December 09, 2005 under the Companies Ordinance, 1984. It is listed on all the stock exchanges of Pakistan. Registered office of the Bank is situated at Plot No. 6-B, F-6, Supermarket, Islamabad, Pakistan.

1.3 The Bank is principally engaged in the business of banking through its 188 branches including 02 Islamic Banking Branches [2013: 187 Branches with no Islamic Banking Branch] in Pakistan as defined in the Banking Companies Ordinance, 1962. In December-2014, JCR-VIS credit rating company has upgraded the ratings of the Bank. Accordingly, the medium to long-term rating of the Bank is 'A (Single A)' whereas short-term rating of the Bank is 'A-1 (A-one) '. The ratings have been assigned stable outlook.

1.4 SCPL, the subsidiary company was incorporated in Pakistan on March 08, 2006 under the Companies Ordinance, 1984. The subsidiary company is a corporate member of Karachi Stock Exchange Limited, Lahore Stock Exchange Limited, Islamabad Stock Exchange Limited and Pakistan Mercantile Exchange Limited (formerly National Commodity Exchange Limited). The principal activities of the subsidiary company are equity and money market brokerage, advisory and consultancy services. The Group acquired interest in SCPL by virtue of amalgamation of Atlas Bank Limited.

1.5 The State Bank of Pakistan (SBP) through its BSD Circular No. 7 dated April 15, 2009 has prescribed that the minimum paid-up capital (net of losses) for Banks be raised to Rs.10 billion by the year ended December 31, 2013. Further, vide its aforesaid Circular, the SBP prescribed the banks to achieve minimum Capital Adequacy Ratio (CAR) of 10% with effect from December 31, 2009 irrespective of their CAMEL-S rating, till further instructions.

During the year, the sponsor of the Bank (Suroor Investments Limited (SIL)), injected Rs. 7,007 million as advance share subscription money. In addition, the Bank has received Rs. 500 million from another investor (who is not a shareholder of the Bank). In this respect, the SBP vide its letters number BPRD / BA&CP / 649 / 25314 / 2014 dated December 24, 2014 and BPRD / BA&CP / 649 / 5354 / 2015 dated March 03, 2015 has allowed the Bank to treat the advance subscription money of Rs. 7,007 million and Rs. 500 million respectively as share capital for the purposes of MCR and CAR till March 31, 2015 and further advised the Bank to complete the share issuance process before March 31, 2015.The Bank is in process of completing necessary legal and regulatory formalities for issuance of shares against the advance share subscription money. Accordingly, the regulatory paid up capital of the Bank (net of losses) as of December 31, 2014 amounted to Rs. 10,877.043 million and CAR stood at above 10%, as disclosed in note 41.5.

2. BASIS OF PRESENTATION

2.1 These consolidated financial statements have been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan's BSD Circular No. 4 dated February 17, 2006 as amended from time to time.

2.2 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 comprises of purchase of goods by banks from its customers and resale to them at appropriate mark-up in price on deferred payment basis. The purchase and sale arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

2.3 Items included in consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pak. Rupees, which is the Group's functional currency. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

3. STATEMENT OF COMPLIANCE

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

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

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

The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS)-3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. IFAS-3 shall be followed once specific instructions and uniform disclosure requirements have been notified by SBP in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard will result in certain new disclosures in the financial statements of the Bank.

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IAS 27 – Separate financial statements (Amendments)	January 01, 2015
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015

The Group expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Group's financial statements in the period of initial application.

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2015. The Group expects that such improvements to the standards will not have any material impact on the Group's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 15 – Revenue from Contracts with Customers	January 01, 2017

4. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except that certain operating fixed assets have been stated at revalued amounts and certain investments and derivative financial instruments have been stated at fair value.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except as described below in note 5.1:

5.1 New and amended standards and interpretations

The Group has adopted the following revised standards, amendments and interpretations of IFRSs which became effective during the current year:

IAS 32 – Financial Instruments: Presentation – (Amendment)
– Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment)
– Recoverable Amount Disclosures for Non-Financial Assets

IFRIC 21 – Levies

5.2 Cash and cash equivalents

For the purpose of cash flow statements, cash and cash equivalents include cash and balances with treasury banks and balances with other banks (net of overdrawn nostro balances) in current and deposit accounts.

5.3 Lendings to / borrowings from financial and other institutions

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

Repurchase agreement borrowings

Securities sold subject to an agreement to repurchase at a specified future date (repos) continue to be recognised in the statement of financial position and are measured in accordance with accounting policies for investment securities. The counterparty liability for amounts received under these agreements is included in borrowings. The difference between sale and repurchase price is treated as mark-up expense and is accrued over the period of the repo agreement.

Repurchase agreement lendings

Securities purchased under agreement to resell at a specified future date (reverse repos) are not recognised in the statement of financial position. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up earned and is accrued over the period of the reverse repo agreement.

Securities purchased are not recognised in the consolidated financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

5.4 Investments

Investments of the Group are classified as held-for-trading, held to maturity and available-for-sale. The management determines the appropriate classification of its investments at the time of purchase.

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 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 that the Group has the positive intent and ability to hold till maturity.

Available-for-sale

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

Initial measurement

All purchases and sales of investments that require delivery within time frame established by regulations or market conventions are recognised at the trade date. Trade date is the date on which the Group commits to purchase or sell the investment.

These are initially recognised at cost, being the fair value of the consideration given including, in the case of investments other than held-for-trading, the acquisition cost associated with the investments.

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 amortised cost using the effective interest rate method, less any impairment loss recognised 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 is taken to the profit and loss account when actually realised upon disposal or when the investment is considered to be impaired.

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

Provision for diminution in the value of securities (except term finance certificates and sukuks) is made for impairment, if any. Provision for diminution in the value of term finance certificates and sukuks is made as per the ageing criteria prescribed by the Prudential Regulations issued by the SBP.

Moreover, strategic investments are carried at cost less provisions for impairment.

5.5 Advances

Advances are stated net of general and specific provisions. The specific and general provisions for advances are made in accordance with the requirements of Prudential Regulations and other directives issued by the State Bank of Pakistan and are charged to the profit and loss account. Non-performing loans and advances in respect of which the Group does not expect any recoveries in future years are written off.

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

Murabaha financings are reflected as receivables at the sale price. Actual sale and purchase is not reflected as the goods are purchased by the customer as agent of the Group and all documents relating to purchase in customer's name. Funds are disbursed under Murabaha financing arrangements for purchase of goods are recorded as "Advance against Murabaha".

In diminishing musharaka based financing, the Group enters into a Musharaka based on Shirkat-ul-milk for financing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers and enters into a periodic rental payment agreement for the utilization of the Group's musharaka share by the customer.

Assets leased out under 'Ijarah' are stated at cost less accumulated depreciation and impairment losses, if any. Assets under ijarah are depreciated over the period of lease term. However, in the event the asset is expected to be available for re-ijarah, depreciation is charged over the economic life of the asset using straight line basis.

Ijarah income is recognised in income on accrual basis as and when the rental becomes due.

5.6 Operating fixed assets and depreciation

Owned

Property and equipment, other than leasehold land (which is not depreciated) and capital work-in-progress, are stated at cost or revalued amount less accumulated depreciation and accumulated impairment losses, if any. Land is carried at revalued amount less impairment losses while capital work-in-progress is stated at cost less impairment losses, if any.

Depreciation is calculated by the Group using the straight line method to write down the cost of assets to their residual values over the estimated useful lives. The rates at which the assets are depreciated are disclosed in note 12.2 to the consolidated financial statements. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each statement of financial position date.

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

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future 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 as and when incurred.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation is credited to the surplus on revaluation of fixed assets account. Any deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above-mentioned surplus account as allowed under the provisions of the Companies Ordinance, 1984. The surplus on revaluation of fixed assets, to the extent of incremental depreciation, is transferred to retained earnings.

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

Assets held under operating leases

Operating lease assets are stated at cost less accumulated depreciation and impairment, if any. Repairs and maintenance are charged to profit and loss account as and when incurred.

Capital work-in-progress

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

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with finite lives are amortised using the straight line method at the rates specified in the relevant note. Intangible assets' residual values, if significant and their useful lives are reviewed at each balance sheet date and adjusted prospectively, if appropriate, at each balance sheet date.

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which that asset is disposed off.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed as an intangible asset.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is tested for impairment annually or whenever there is an indication of impairment as per the requirement of International Accounting Standard (IAS) 36, 'Impairment of Assets'. Impairment charge in respect of goodwill is recognised in the profit and loss account.

5.7 Subordinated loans

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognised separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

5.8 Assets acquired in satisfaction of claims

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

5.9 Impairment

The carrying amounts of assets are reviewed at each statement of financial position date for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The resulting impairment loss is taken to the profit and loss account.

5.10 Staff retirement and other benefits

Defined contribution plan

The Group operates defined contribution provident fund for all its permanent employees. Equal monthly contributions are made by the Bank and its employees and Summit Capital (Pvt.) Limited and its employees to the fund at the rate of 10.00% & 8.33% of basic salary respectively.

Defined benefit plan

The Group operates a funded gratuity fund for all its permanent employees who have completed the minimum qualifying period of five years. Provision is made to meet the cost of such gratuity benefits on the basis of actuarial recommendations. The actuarial valuations are periodically carried out using the 'Projected Unit Credit Method'.

Annual contributions towards the defined benefit schemes are made on the basis of actuarial valuation carried out using the 'Projected Unit Credit Method'.

The Group follows International Accounting Standard (IAS) 19, 'Employee Benefits'. Actuarial gains and losses are recognized in other comprehensive income (OCI) in the periods in which they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognized directly in other comprehensive income with no subsequent recycling through the profit and loss account.

The Group also maintains an approved funded gratuity scheme for Ex-MyBank employees. Contribution to the said fund has been discontinued since 2002. However, the fund being a separate legal entity still exists and the members entitled to the balance of fund shall be able to draw their balance upon completion of or termination from the employment of the Bank.

Employees' compensated absences

The Group provides its liability towards compensated absences accumulated by its employees on the basis of actuarial valuation carried out using the Projected Unit Credit Method as per the requirements given in International Accounting Standard (IAS) 19, 'Employee Benefits'.

5.11 Taxation

Current

Provision for current taxation is based on taxable income at the current rate of tax after taking with applicable tax credits, rebates and exemptions available, if any. The charge for current tax also include adjustments where considered necessary, relating to prior years which arise from assessments finalised during the year.

Deferred

Deferred tax is recognised on all major temporary differences, tax credits and unused tax losses at the statement of financial position date between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the periods when the differences will reverse, based on tax rates that have been enacted or substantially enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group also recognises deferred tax asset / liability on deficit / surplus on revaluation of assets which is adjusted against related deficit / surplus in accordance with the requirements of the International Accounting Standard (IAS) 12 "Income Taxes".

5.12 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognised separately as part of other liabilities and is charged to the profit and loss account on a time proportion basis.

5.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

5.14 Foreign currencies

Foreign currency transactions and translations

Transactions in foreign currencies are translated into rupees at the exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupees terms at the rates of exchange ruling on the statement of financial position date. Forward foreign exchange contracts are valued at forward rates determined with reference to their respective maturities.

Translation gains and losses

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

5.15 Functional and presentation currency

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

5.16 Revenue recognition

Revenue is recognised to the extent that the economic benefits will flow to the Group and the revenue can be reliably measured. The following recognition criteria are used for revenue recognition:

Advances and investments

Mark-up / return on regular loans / advances and investments is recognised on time proportion basis. Where debt securities are purchased at premium or discount, the same is amortised through the profit and loss account over the remaining period using effective interest method.

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

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

Gain and loss on sale of investments are recognised in the profit and loss account.

Lease financing

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

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

Fees, brokerage and commission

Fees, brokerage and commission on letters of credit / guarantees and others are generally recognised on an accrual basis.

5.17 Off setting

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

5.18 Financial instruments

Financial assets and liabilities

Financial instruments carried on the statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain other receivables, borrowings from financial institutions, deposits and certain other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them. Financial assets are de-recognised when the contractual right to future cash flows from the asset expire or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognised when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities is recognised in the profit and loss account of the current period.

Derivative financial instruments

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

5.19 Segment reporting

A segment is a distinguishable component of the Group that is subject to risks and rewards that are different from those of other segment. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Group's functional structure and the guidance of SBP. The management believes that the requirements of SBP prevail over the requirements of IFRS-8 "Operating Segments". Accordingly, the Group comprises of the following main business segments:

Business segments

- **Corporate finance**

  This includes underwriting, securitisation, investment banking, syndications, IPO related activities (excluding investments) and secondary private placements.

- **Trading and sales**

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

- **Retail banking**

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

- **Commercial banking**

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

- **Payment and settlement**

  This includes payments and collections, funds transfer, clearing and settlement with the customers.

- **Geographical segments**

  The Group conducts all its operations in Pakistan.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, as described in note 5, the management has made the following estimates and judgments which are significant to the financial statements:

- classification of investments (note 5.4);
- determining the residual values and useful lives of property and equipment (note 5.6);
- impairment (note 5.9);
- accounting for post employment benefits (note 5.10);
- recognition of taxation and deferred tax (note 5.11); and
- provisions (note 5.4, 5.5 and 5.13).

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		**2,475,964**	2,292,418
Foreign currencies		**391,192**	467,733
		2,867,156	2,760,151
National Prize Bonds		**11,766**	6,703
With State Bank of Pakistan in			
Local currency current account	7.1	**4,426,801**	4,092,821
Foreign currency current account	7.2	**17,813**	36,752
Foreign currency deposit account			
- Non-remunerative	7.3	**325,324**	334,406
- Remunerative	7.4	**970,978**	1,003,217
		5,740,916	5,467,196
With National Bank of Pakistan in			
Local currency current account		**764,110**	969,523
		9,383,948	9,203,573

7.1 Deposits are maintained with SBP to comply with its requirement issued from time to time.

7.2 This represents US Dollar Settlement account maintained with SBP.

7.3 This represents foreign currency special cash reserve maintained with SBP equivalent to at least 5% of the Bank's foreign currency deposits.

7.4 This represents foreign currency special cash reserve account maintained with SBP equivalent to at least 15% of the Group's foreign currency deposits. Profit rates on this deposit are fixed on a monthly basis by SBP. These deposits currently carry no mark-up (December 31, 2013: 0%).

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
8. BALANCES WITH OTHER BANKS			
In Pakistan			
On current accounts		**41,406**	90,916
On deposit accounts	8.1	**68,389**	108,136
Outside Pakistan			
On current accounts		**995,007**	1,502,787
On deposit accounts	8.2	**3,272,496**	600,350
		4,377,298	2,302,189

8.1 These represent placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 0% to 6.50% per annum (December 31, 2013: 0% to 6.50% per annum).

8.2 These represent placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 0% to 3.25% per annum (December 31, 2013: 0.17% to 3% per annum).

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	9.2	**500,000**	1,500,000
Repurchase agreement lendings (reverse repo)	9.3 & 9.4	**150,000**	55,000
		650,000	1,555,000
9.1 Particulars of lendings			
In local currency		**650,000**	1,555,000
In foreign currencies		**-**	-
		650,000	1,555,000

9.2 This represents call lending to a financial institution carrying mark-up at the rate of 13.0% (December 31, 2013: 10.5% to 11.5%) per annum and is maturing on January 02, 2015.

9.3 These are secured against underlying securities, having fair value of Rs.214.396 million (December 31, 2013: Rs.86 million). These carry mark-up rate of 12.0% (December 31, 2013: 12.0%) per annum maturing on January 13, 2015.

	Note	December 31, 2014			December 31, 2013		
		Held by group	Given as collateral	Total	Held by group	Given as collateral	Total
		(Rupees in '000)					
9.4 Securities held as collateral against lendings to financial institutions							
Listed Ordinary shares		150,077	-	150,077	55,000	-	55,000
		150,077	-	150,077	55,000	-	55,000

10. INVESTMENTS

10.1 Investments by types:

	Note						
Held-for-trading securities							
Listed Ordinary shares	10.4	64,703	-	64,703	70,775	-	70,775
Available-for-sale securities							
Market Treasury Bills	10.3	4,336,824	-	4,336,824	17,556,833	5,705,704	23,262,537
Pakistan Investment Bonds	10.3	15,893,706	19,706,259	35,599,965	11,419,676	-	11,419,676
GOP Ijara sukuk	10.3	277,728	-	277,728	-	-	-
Listed Ordinary shares	10.4	2,836,532	69,228	2,905,760	2,886,908	53,187	2,940,095
Preference shares	10.7	111,168	-	111,168	111,168	-	111,168
Unlisted Ordinary shares	10.5	25,886	-	25,886	25,886	-	25,886
Units of open ended mutual funds	10.6	45,000	-	45,000	25,000	-	25,000
Term Finance Certificates - listed	10.8	95,177	-	95,177	186,239	-	186,239
Term Finance Certificates - unlisted	10.9	1,329,767	-	1,329,767	1,503,982	-	1,503,982
Sukuk Bonds	10.10	1,082,444	-	1,082,444	864,707	-	864,707
		26,034,232	19,775,487	45,809,719	34,580,399	5,758,891	40,339,290
Held to maturity							
Pakistan Investment Bonds	10.3	-	-	-	249,256	-	249,256
Investment at cost		26,098,935	19,775,487	45,874,422	34,900,430	5,758,891	40,659,321
Less: Provision for diminution in value of investments	10.12	(1,375,563)	-	(1,375,563)	(899,464)	-	(899,464)
Investments - net of provisions		24,723,372	19,775,487	44,498,859	34,000,966	5,758,891	39,759,857
Deficit on revaluation of held-for-trading securities	10.15	(749)	-	(749)	(1,894)	-	(1,894)
Surplus / (deficit) on revaluation of available-for-sale securities	22.2	152,957	678,625	831,582	(216,045)	(14,979)	(231,024)
Total investments		24,875,580	20,454,112	45,329,692	33,783,027	5,743,912	39,526,939

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
10.2 Investments by segments:			
Federal Government Securities:			
- Market Treasury Bills	10.3	**4,336,824**	23,262,537
- Pakistan Investment Bonds	10.3	**35,599,965**	11,668,932
- GOP Ijara sukuk	10.3	**277,728**	-
Fully paid-up Ordinary Shares / Units:			
- Listed companies	10.4	**2,970,463**	3,010,870
- Unlisted companies	10.5	**25,886**	25,886
- Mutual funds - open end	10.6	**45,000**	25,000
Preference shares	10.7	**111,168**	111,168
Term Finance Certificates and Bonds			
- Listed Term Finance Certificates	10.8	**95,177**	186,239
- Unlisted Term Finance Certificates	10.9	**1,329,767**	1,503,982
- Sukuk Bonds	10.10	**1,082,444**	864,707
Total investment at cost		**45,874,422**	40,659,321
Less: Provision for diminution in value of investments	10.12	**(1,375,563)**	(899,464)
Investments - net of provisions		**44,498,859**	39,759,857
Deficit on revaluation of held-for-trading securities	10.15	**(749)**	(1,894)
Surplus / (deficit) on revaluation of available-for-sale securities	22.2	**831,582**	(231,024)
Total investments		**45,329,692**	39,526,939

10.3 Market Treasury Bills and Pakistan Investment Bonds are held with SBP and are eligible for rediscounting. Market Treasury Bills embody effective yield ranging from 9.7% to 10.00% (December 31, 2013: 9.23% to 9.95%) per annum and will mature within 12 months. Pakistan Investment Bonds carry mark-up ranging from 9.60% to 13.00% (December 31, 2013: 8% to 12%) per annum on semi-annual basis and will mature within 1 to 17 years.

GOP Ijara Sukuk are issued by Government of Pakistan effective yield on these Sukuk ranges from 7.01% to 9.73% per annum and will mature within 12 months.

Certain investments in government securities are held to comply with the statutory liquidity requirement of SBP.

10.4 Particulars of investment in Ordinary shares - listed

Name of companies	Number of shares held		Paid-up value per share	Total book value	
	December 31, 2014	December 31, 2013		December 31, 2014	December 31, 2013
				(Rupees in '000)	
Held-for-trading securities					
Attock Cement Company Limited	5,000	-	10	989	-
Attock Refinery Limited	-	6,000	10	-	1,246
D.G. Khan Cement Company Limited	-	25,500	10	-	2,159
Engro Foods Limited	100,000	18,500	10	10,172	2,106
Engro Fertilizers Limited	50,500	-	10	3,449	-
Fauji Cement Company Limited	-	140,000	10	-	2,236
Gul Ahmed Textile Mills Limited	250	-	10	14	-
Honda Atlas Cars Pakistan Limited	5,000	-	10	1,105	-
Lafarage Pakistan Cement Limited	-	100,000	10	-	1,064
Lucky Cement Limited	-	2,000	10	-	606
Maple Leaf Cement Factory Limited	-	14,000	10	-	404
MCB Bank Limited	-	75,000	10	-	21,805
Nishat Chunian Limited	-	18,500	10	-	1,107
Oil & Gas Development Company Ltd.	-	5,000	10	-	1,400
Pakistan Petroleum Limited	107,700	-	10	19,690	-
Pakistan State Oil Company Limited	45,000	108,000	10	16,409	36,458
Searle Pakistan Limited	10,000	-	10	2,637	-
Soneri Bank Limited	199,500	-	10	2,809	-
Sui Northern Gas Pipeline Limited	250,000	-	10	7,429	-
				64,703	70,591
Available-for-sale securities					
Adamjee Insurance Company Limited	300,000	-	10	14,988	-
Agritech Limited - a related party (note 10.4.1)	37,975,034	37,975,034	10	1,104,183	1,104,183
Allied Bank Limited	25,000	-	10	2,978	-
Arif Habib Corporation Limited - a related party	5,866,899	5,866,899	10	158,636	158,636
Askari Bank Limited	-	900,000	10	-	12,423
Attock Refinery Limited	285,000	45,000	10	62,494	9,683
Azgard Nine Limited	500,000	500,000	10	5,911	5,911
Bank Alfalah Limited	25,000	-	10	782	-
D.G. Khan Cement Company Limited	-	137,000	10	-	12,672
Engro Corporation Limited	295,000	175,000	10	65,352	29,473
Engro Foods Ltd	500,000	-	10	61,835	-
Faysal Bank Limited	4,001,000	-	10	69,644	-
First Capital Securities Corporation Limited	11,308,000	11,308,000	10	94,847	94,846
Hascol Petroleum Limited	309,500	-	10	25,139	-
Hub Power Company Limited	-	100,000	10	-	6,924
ICI Pakistan Limited	-	150,000	10	-	38,933
IGI Insurance Limited	-	250,000	10	-	41,248
Javedan Corporation Limited	7,239,718	7,239,718	10	605,294	605,294
Javedan Corporation Limited - Letter	7,000,218	-	10	-	-
Maple Leaf Cement Factory Limited	-	175,000	10	-	5,158
MCB Bank Limited	-	50,000	10	-	15,655
Metropolitan Steel Corporation Limited	3,914,590	3,914,590	10	61,177	61,177
Nishat Chunian Limited	600,000	331,500	10	31,910	20,026
Nishat Power Limited	-	75,000	10	-	751
Oil & Gas Development Company Limited	-	125,000	10	-	34,964
Pak Elektron Limited	-	299,723	10	-	12,500
Pakistan Oilfields Limited	54,000	95,000	10	26,991	47,885
Pakistan Petroleum Limited	50,000	-	10	10,569	-
Pakistan State Oil Company Limited	140,000	275,000	10	52,120	95,554
Pakistan Telecommunication Company Limited	450,000	200,000	10	10,294	6,322
SME Leasing Limited	902,350	902,350	10	9,926	9,926
Sui Northern Gas Pipeline Limited	-	6,263,000	10	-	133,244
Sui Southern Gas Company Limited	-	4,569,500	10	-	98,016
Tariq Glass Industries Limited	4,125,000	4,175,000	10	176,500	66,806
Thatta Cement Company Limited	8,462,835	8,462,835	10	254,190	174,829
United Bank Limited	-	259,400	10	-	37,056
				2,905,760	2,940,095
				2,970,463	3,010,686

10.4.1 This includes 27,975,034 ordinary shares of Agritech Limited acquired as a result of the settlement reached with Azgard Nine Limited.

10.5 Particulars of investment in other Ordinary shares - unlisted

Name of companies	Number of shares held		Paid-up value per share	Total book value	
	December 31, 2014	December 31, 2013		December 31, 2014	December 31, 2013
				(Rupees in '000)	
Arabian Sea Country Club Limited Chief Executive Officer: Mr. Arif Ali Khan Abbasi Net asset value per share was Rs.0.70 as at June 30, 2014 based on audited financial statements (June 30, 2013: Rs.6.59 based on restated - audited financial statements)	**100,000**	100,000	10	**1,000**	1,000
Karachi Stock Exchange Limited Managing Director: Mr. Nadeem Naqvi Net asset value per share was Rs. 10.08 as at June 30, 2014 based on audited financial statements (June 30, 2013: Rs. 10.08 based on audited financial statements)	**4,007,383**	4,007,383	10	**4,360**	4,360
Lahore Stock Exchange Limited Managing Director / CEO: Mr. Aftab Ahmad Ch. Net asset value per share was Rs. 11.17 as at June 30, 2014 based on audited financial statements (June 30, 2013: Rs. 10.60 based on audited financial statements)"	**843,975**	843,975	10	**6,344**	6,344
Islamabad Stock Exchange Limited Managing Director: Mr. Mian Ayyaz Afzal Net asset value per share was Rs. 10.78 as at June 30, 2014 based on audited financial statements (June 30, 2013: Rs. 10.67 based on audited financial statements)	**3,034,603**	3,034,603	10	**14,182**	14,182
				25,886	25,886

10.6 Particulars of investment in mutual funds

Name of companies	Number of units held		Paid-up value per unit	Total book value	
	December 31, 2014	December 31, 2013		December 31, 2014	December 31, 2013
				(Rupees in '000)	
Mutual fund (open end)					
AKD Cash Fund	**608,791**	583,060	50	**25,000**	25,000
NAFA Income Opportunity Fund	**1,024,754**	-	10	**10,000**	-
PICIC Cash Fund	**103,609**	-	100	**10,000**	-
				45,000	25,000

10.7 Particulars of investment in preference shares

Name of companies	Number of shares held		Paid-up value per share	Total book value	
	December 31, 2014	December 31, 2013		December 31, 2014	December 31, 2013
				-------- (Rupees in '000) ----	
Pak Elektron Limited Rate of preference dividend: 9.5% - cumulative Terms of redemption: Redeemable after 6 years of date of issue Terms of conversion: Conversion option to be exercised after 7 years of issue and if not redeemed within 9 years of issue, convertible in 9th year	**3,750,000**	3,750,000	10	**37,500**	37,500
Javedan Corporation Limited Rate of preference dividend: 12% - cumulative Terms of conversion: Conversion option to be exercised at the option of the holder	**7,044,100**	7,044,100	10	**70,441**	70,441
Aisha Steel Mills Limited - a related party Rate of preference dividend: 6M KIBOR+3% - cumulative Terms of conversion: Conversion option to be exercised any time	**408,300**	408,300	10	**3,227**	3,227
Aisha Steel Mills Limited - a related party - Letter of right	**204,150**	-	10	-	-
				111,168	111,168

10.8 Particulars of investment in listed Term Finance Certificates - face value of Rs.5,000 each

Name of companies	Mark-up rate	Re-payment	Total book value	
			December 31, 2014	December 31, 2013
			-------- (Rupees in '000) ----	
Allied Bank Limited Nil (December 31, 2013: 22,975) certificates Maturity date: December 06, 2014 Chief Executive Officer: Mr. Tariq Mehmood	6 months KIBOR plus 1.90%	Semi-annually	-	57,229
Engro Fertilizers Limited Nil (December 31, 2013: 5,000) certificates Maturity date: November 30, 2015 Chief Executive Officer: Mr. Ruhail Muhammad	6 months KIBOR plus 1.55%	Semi-annually	-	24,812
Azgard Nine Limited * 56,280 (December 31, 2013: 56,280) certificates Maturity date: March 31, 2017 Chief Executive Officer: Mr. Ahmed H. Shaikh	6 months KIBOR plus 1.25%	Semi-annually	**35,792**	35,792
		Balance c/f.	**35,972**	117,833

Name of companies	Mark-up rate	Re-payment	Total book value	
			December 31, 2014	December 31, 2013
			-------- (Rupees in '000) ----	
		Balance b/f.	35,972	117,833
Invest Capital Investment Bank Limited - 2nd issue* 2,000 (December 31, 2013: 2,000) certificates Maturity date: September 05, 2013 Chief Executive Officer: Mr. Muhammad Asif	Cut-off yield on the last successful SBP auction of five-years Pakistan Investment Bonds plus 2.75% with 12.00% per annum as floor and 15.75% per annum as ceiling	Semi-annually	**10,000**	10,000
Escorts Investment Bank Limited Nil (December 31, 2013: 5,000) certificates Maturity date: March 15, 2016 Chief Executive Officer: Ms. Shazia Bashir	6 months KIBOR plus 2.50% (floor of 8% per annum and cap of 17% per annum for first three years and 8% and 18% respectively for 4th and 5th year)	Semi-annually	-	2,498
Telecard Limited * 26,530 (December 31, 2013: 26,530) certificates Maturity date: May 18, 2015 Chief Executive Officer: Mr. Fazal Hussain	Simple average of 6 months KIBOR plus 3.75% (ask side)	Semi-annually	**42,119**	48,642
Trust Investment Bank Limited - 3rd issue * 3,877 (December 31, 2013: 3,877) certificates Maturity date: July 04, 2013 Chief Executive Officer: Mr. Ahsan Rafique	6 months KIBOR plus 1.85%	Semi-annually	**7,266**	7,266
			95,177	186,239

* Represents non-performing certificates.

10.9 Particulars of investment in unlisted Term Finance Certificates - face value of Rs.5,000 each

Name of companies	Mark-up rate	Re-payment	Total book value	
			December 31, 2014	December 31, 2013
			-------- (Rupees in '000) ----	
Agritech Limited - a related party * 100,000 (December 31, 2012: 100,000) certificates Maturity date: December 14, 2015 Chief Executive Officer: Mr. Ahmed Jaudet Bilal	6 months KIBOR plus 1.75%	Semi-annually	**499,586**	499,586
Avari Hotels Limited Nil (December 31, 2013: 5,000) certificates Maturity date: November 1, 2016 Chief Executive Officer: Mr. Byram D. Avari	6 months KIBOR plus 3.25%	Semi-annually	-	9,308
Bunny's Limited* Nil (December 31, 2013: 10,000) certificates Maturity date: November 30, 2013 Chief Executive Officer: Ch. Haroon Shafiq	6 months KIBOR plus 2.5%	Semi-annually	-	50,000
		Balance c/f.	499,586	558,894

Name of companies	Mark-up rate	Re-payment	Total book value	
			December 31, 2014	December 31, 2013
			-------- (Rupees in '000) ----	
		Balance b/f.	499,586	558,894
Flying Board & Paper Products Limited * 5,000 (December 31, 2013: 5,000) certificates Maturity date: July 20, 2014 Chief Executive Officer: Mr. Bader Mehmood	6 months KIBOR plus 1.5%	Semi-annually	**25,000**	25,000
Security Leasing Corporation Limited 2,000 (December 31, 2013: 2,000) certificates Maturity date: March 28, 2014 Chief Executive Officer: Mr. Muhammad Khalid Ali	1-18th month - 3% cash plus 3% accrual, 19th month onwards 1 month KIBOR	Monthly	**1,540**	1,642
Parthenon (Private) Limited 183,689 (December 31, 2013: 183,689) certificate Maturity date: January 31, 2018 Chief Executive Officer: Mr Muhammad Iqbal Khan Noori	3 months KIBOR plus 2.0%	Quarterly	**803,641**	918,446
			1,329,767	1,503,982

* Represents non-performing certificates.

10.10 Particulars of investment in Sukuk Bonds - face value of Rs.5,000 each

Name of companies	Mark-up rate	Re-payment	Total book value	
			December 31, 2014	December 31, 2013
			-------- (Rupees in '000) ----	
Arzoo Textile Mills Limited * 40,000 (December 31, 2013: 40,000) certificates Maturity date: April 15, 2014 Chief Executive Officer: Mr. Azhar Majeed Sheikh	6 months KIBOR plus 2% for first 2 year and 1.75% for year 3 onwards	Semi-annually	**200,000**	200,000
K-Electric (KE Azam Sukuk II) 50,000 (December 31, 2013: Nil) certificates Maturity date: March 19, 2017 Chief Executive Officer: Mr. Tayyab Tareen	3 months KIBOR plus 2.25%	Quarterly	**246,450**	-
Pak Elektron Limited 40,000 (December 31, 2013: 40,000) certificates Maturity date: March 15, 2015 Chief Executive Officer: Mr. M. Naseem Saigol	3 months KIBOR plus 1.0%	Quarterly	**200,000**	200,000
Liberty Power Tech Limited 100,000 (December 31, 2013: 100,000) certificates Maturity date: March 15, 2015 Chief Executive Officer: Mr. Ashraf Mukati	3 months KIBOR plus 3.0%	Quarterly	**435,994**	464,707
			1,082,444	864,707

* Represents non-performing bonds.

10.11 Quality of available-for-sale securities

	Note	Ratings		Market values	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
				-------- (Rupees in '000) ----	
Market Treasury Bills	10.11.1	**Unrated**	Unrated	**4,347,375**	23,211,212
Pakistan Investment Bonds	10.11.1	**Unrated**	Unrated	**36,453,106**	11,445,662
GOP Ijarah Sukuk	10.11.1	**Unrated**	-	**275,358**	-
Listed Ordinary shares	10.11.2				
Adamjee Insurance Company Limited		**AA**	-	**14,839**	-
Agritech Limited - a related party		**Unrated**	D	**294,307**	481,144
Allied Bank Limited		**AA+, A1+**	-	**2,839**	-
Arif Habib Corporation Limited - a related party		**Unrated**	AA, A1+	**161,340**	130,539
Askari Bank Limited		-	AA, A1+	-	12,600
Attock Refinery Limited		**AA, A1+**	AA, A1+	**53,514**	9,345
Azgard Nine Limited		**Unrated**	D	**2,945**	3,570
Bank Alfalah Limited		**AA, A1+**	AA, A1+	**873**	-
D.G. Khan Cement Company Limited		-	Unrated	-	11,745
Engro Corporation Limited		**AA-, A1+**	A, A1	**65,345**	27,717
Engro Foods Limited		**Unrated**	-	**54,270**	-
Faysal Bank Limited		**AA, A1+**	-	**72,818**	-
First Capital Securities Corporation Limited		**Unrated**	Unrated	**22,729**	32,793
Hascol Petroleum Limited		**A+, A-1**	-	**22,934**	-
Hub Power Company Limited		-	AA+, A1+	-	6,072
ICI Pakistan Limited		-	Unrated	-	37,953
IGI Insurance Limited		-	AA	-	41,095
Javedan Corporation Limited		**Unrated**	Unrated	**203,798**	495,921
Javedan Corporation Limited - Letter of Right (LOR)		**Unrated**	Unrated	**124,534**	-
Maple Leaf Cement Factory Limited		-	BB, B	-	4,800
MCB Bank Limited		-	AAA, A1+	-	14,059
Metropolitan Steel Corporation Limited		**Unrated**	Unrated	**73,007**	73,007
Nishat Chunian Limited		**A-, A-2**	A2, A+	**27,252**	19,956
Nishat Power Limited		-	A1, A+	-	2,255
Oil and Gas Development Company Limited		-	AAA, A1+	-	34,545
Pak Elektron Limited		-	Unrated	-	5,991
Pakistan Oilfields Limited		**Unrated**	Unrated	**20,486**	47,282
Pakistan Petroleum Limited		**Unrated**	-	**8,826**	-
Pakistan State Oil Company Limited		**AA+, A1+**	AA+, A1+	**50,107**	91,361
Pakistan Telecommunication Company Limited		**Unrated**	Unrated	**10,363**	5,688
SME Leasing Limited		**BB+, B**	BB+, B	**902**	4,512
Sui Northern Gas Pipeline Limited		-	AA, A1+	-	133,402
Sui Southern Gas Company Limited		-	AA-, A1+	-	109,942
Tariq Glass Industries Limited		**Unrated**	Unrated	**194,125**	101,035
Thatta Cement Company Limited		**Unrated**	Unrated	**279,274**	211,486
United Bank Limited		-	AA+, A1+	-	34,383
				1,761,426	2,184,198
Unlisted Ordinary shares	10.11.2				
Arabian Sea Country Club Limited		**Unrated**	Unrated	**1,000**	1,000
Karachi Stock Exchange Limited		**Unrated**	Unrated	**4,360**	4,360
Lahore Stock Exchange Limited		**Unrated**	Unrated	**6,344**	6,344
Islamabad Stock Exchange Limited		**Unrated**	Unrated	**14,182**	14,182
				25,886	25,886
Preference shares	10.11.2				
Pak Elektron Limited		**Unrated**	Unrated	**37,500**	37,500
Javedan Corporation Limited		**Unrated**	Unrated	**96,856**	84,529
Aisha Steel Mills Limited		**Unrated**	Unrated	**2,956**	3,262
Aisha Steel Mills Limited - Letter of Right (LOR)		**Unrated**	Unrated	**31**	-
				137,343	125,291
			Balance c/f.	**43,000,495**	36,992,249

	Note	Ratings		Market values	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
				(Rupees in '000)	
			Balance c/f.	43,000,495	36,992,249
Mutual fund units - open end	10.11.2				
AKD Cash Fund		AA+(f)	AA+(f)	31,845	29,352
NAFA Income Opportunity Fund		A-(f)	-	11,441	-
PICIC Cash Fund		AA(f)	-	10,851	-
				54,137	29,352
Term Finance Certificates - listed	10.11.3				
Allied Bank Limited		-	AA	-	57,564
Azgard Nine Limited		Unrated	D	33,645	33,645
Engro Fertilizers Limited		-	A	-	24,938
Escorts Investment Bank Limited		-	BB	-	1,842
Invest Capital Investment Bank Limited		Unrated	Unrated	10,000	10,000
Telecard Limited		Unrated	Unrated	31,588	36,480
Trust Investment Bank Limited		Unrated	Unrated	5,450	5,450
				80,683	169,919
Term Finance Certificates - unlisted	10.11.3				
Agritech Limited		Unrated	D	374,690	374,690
Avari Hotels Limited		-	A-	-	9,300
Bunny's Limited		-	Unrated	-	37,500
Flying Board & Paper Products Limited		Unrated	Unrated	25,000	25,000
Parthenon (Private) Limited		Unrated	Unrated	803,641	918,446
Security Leasing Corporation Limited		Unrated	Unrated	952	1,026
				1,204,283	1,365,962
Sukuk Bonds	10.11.3				
Arzoo Textile Mills Limited		Unrated	Unrated	200,000	200,000
K-Electric (AZM Sukuk-2)		AA	-	252,323	-
Liberty Power Tech Limited		A+	A+	435,994	464,707
Pak Elektron Limited		A-	Unrated	182,932	200,000
				1,071,249	864,707
			Total	45,410,847	39,422,189

10.11.1 These are Government of Pakistan guaranteed securities.

10.11.2 Ratings for these equity securities / units represents 'Entity / Mutual Fund Ratings' have been rated by 'The Pakistan Credit Rating Agency Limited (PACRA) or 'JCR -VIS' Credit Rating Company Limited (JCR - VIS). These ratings reflect independent credit risk assessment by respective credit rating entities.

10.11.3 Instruments have been rated by 'The Pakistan Credit Rating Agency Limited (PACRA) or 'JCR -VIS' Credit Rating Company Limited (JCR - VIS). These ratings reflect independent credit risk assessment by respective credit rating entities.

	Note	December 31, 2014	December 31, 2013
		(Rupees in '000)	
10.12 Particulars of provision			
Opening balance		899,464	820,052
Add: Charge for the year		564,801	458,996
Less: Reversal during the year		(88,702)	(379,584)
		476,099	79,412
Closing balance	10.13	1,375,563	899,464

	December 31, 2014	December 31, 2013
	------ (Rupees in '000) ------	
10.13 Particulars of provision in respect of type and segment		
Available-for-sale securities		
Ordinary shares of listed companies	**738,978**	421,830
Ordinary shares of unlisted companies	**1,000**	1,000
Term Finance Certificates - listed	**63,897**	65,907
Term Finance Certificates - unlisted	**371,688**	248,252
Sukuk Bonds	**200,000**	162,475
	1,375,563	899,464
10.14 Deficit on revaluation of held-for-trading securities		
Attock Cement Company Limited	**(13)**	-
Attock Refinery Limited	**-**	(183)
D.G. Khan Cement Company Limited	**-**	27
Engro Foods Limited	**683**	(174)
Engro Fertilizers Limited	**495**	-
Fauji Cement Company Limited	**-**	(3)
Gul Ahmed Textile Mills Limited	**2**	-
Honda Atlas Cars Pakistan Limited	**(114)**	-
Lafarage Pakistan Cement Limited	**-**	(228)
Lucky Cement Limited	**-**	(6)
Maple Leaf Cement Factory Limited	**-**	(20)
MCB Bank Limited	**-**	(718)
Nishat Chunain Limited	**-**	7
Oil & Gas Development Company Limited	**-**	(18)
Pakistan Petroleum Limited	**(679)**	-
Pakistan State Oil Company Limited	**(303)**	(578)
Searle Pakistan Limited	**(219)**	
Soneri Bank Limited	**(349)**	
Sui Northern Gas Pipelines Limited	**(252)**	-
	(749)	(1,894)

10.15 The State Bank of Pakistan, vide its letter No. BPRD/BRD-(Policy)/2014-11546 dated June 27, 2014, has permitted banks to maintain provision against classified TFCs exposures as well as for the mark to market impairment loss on ordinary shares in Agritech Limited at 75% of the required provisions as of December 31, 2014.

Accordingly, the Group has availed the benefit against required provision for Agritech TFCs exposure equivalent to Rs.115.563 million (net of FSV benefit of Rs.37.335 million availed against this exposure). Further, a benefit available against the required mark to market impairment loss for the ordinary shares of Agritech limited amounted to Rs.190.591 million.

Further, the SBP vide its letter No. BPRD/BRD-(Policy)/2015-5118 dated February 27, 2015, has permitted the Bank to maintain provision for impairment against ordinary shares of Javedan Corporation Limited (a strategic investment) at 10% amounting to Rs.40.149 million. Therefore benefit available against the required impairment loss for the ordinary shares of Javedan Corporation Limited amounted to Rs.361.35 million.

The impact on profitability arising from utilisation of the above explained FSV benefits and relaxation shall not be available for payment of cash or stock dividend / bonus to employees.

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
11. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		**71,728,451**	61,369,573
Net investment in finance lease - in Pakistan	11.2	**775,691**	319,967
Bills discounted and purchased (excluding Treasury Bills)			
Payable in Pakistan		**2,739,686**	1,972,577
Payable outside Pakistan		**2,560,217**	1,906,621
		5,299,903	3,879,198
		77,804,045	65,568,738
Advances - gross			
Provision against non-performing advances	11.3.1	**(11,349,348)**	(11,360,264)
Advances - net of provision		**66,454,697**	54,208,474

11.1 Particulars of advances

11.1.1 In local currency	**75,029,076**	63,633,006
In foreign currencies	**2,774,969**	1,935,732
	77,804,045	65,568,738
11.1.2 Short-term (upto one year)	**62,065,939**	54,647,058
Long-term (over one year)	**15,738,106**	10,921,680
	77,804,045	65,568,738

11.2 Net investment in finance lease - in Pakistan

	December 31, 2014				December 31, 2013			
	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) ----------							
Lease rentals receivable	**198,844**	**562,351**	**-**	**761,195**	99,183	185,701	-	284,884
Residual value	**45,314**	**101,151**	**-**	**146,465**	49,991	17,751	-	67,742
Minimum lease payments	**244,158**	**663,502**	**-**	**907,660**	149,174	203,452	-	352,626
Financial charges for future periods	**(27,652)**	**(104,317)**	**-**	**(131,969)**	(11,799)	(20,860)	-	(32,659)
Present value of minimum lease payments	**216,506**	**559,185**	**-**	**775,691**	137,375	182,592	-	319,967

11.3 Advances include Rs.14,838.307 million (December 31, 2013: Rs.17,809.041 million) which have been placed under non-performing status as detailed below:

Category of classification	December 31, 2014			December 31, 2013		
	Classified advances	Provision required	Provision held	Classified advances	Provision required	Provision held
	---------- (Rupees in '000) ----------					
OAEM	**13,114**	**621**	**621**	13,348	1,335	1,335
Substandard	**459,745**	**40,917**	**40,917**	483,761	39,712	39,712
Doubtful	**353,367**	**93,718**	**93,718**	597,697	151,916	151,916
Loss	**14,012,081**	**11,189,915**	**11,189,915**	16,714,235	11,144,996	11,144,996
	14,838,307	**11,325,171**	**11,325,171**	17,809,041	11,337,959	11,337,959

11.3.1 Particulars of provision against non-performing advances

	December 31, 2014			December 31, 2013		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	11,337,959	22,305	11,360,264	12,390,815	2,488	12,393,303
Charge for the year	1,460,839	1,872	1,462,711	2,336,487	19,817	2,356,304
Reversals	(1,385,791)	-	(1,385,791)	(3,274,008)	-	(3,274,008)
	75,048	1,872	76,920	(937,521)	19,817	(917,704)
Amount written off	(87,836)	-	(87,836)	(115,335)	-	(115,335)
Closing balance	11,325,171	24,177	11,349,348	11,337,959	22,305	11,360,264

11.3.2 Particulars of provision against non-performing advances

	December 31, 2014			December 31, 2013		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	11,325,171	24,177	11,349,348	11,337,959	22,305	11,360,264
In foreign currencies	-	-	-	-	-	-
	11,325,171	24,177	11,349,348	11,337,959	22,305	11,360,264

11.3.3 Pursuant to the applicable Prudential Regulations, the Group has availed the FSV Benefit against loans and advances amounting to Rs.3,192 million (December 31, 2013: Rs.6,204 million). Had this benefit of FSV not been taken by the Group, the specific provision against non-performing loans and advances would have been higher by Rs.2,817 million (December 31, 2013: Rs.5,339 million). Further, the Group has availed the benefit of certain exemptions from Prudential Regulations requiring provision against non-performing loans which are given by the State Bank of Pakistan amounting to Rs.453 million at year end.

As per the Prudential Regulations for Small and Medium Enterprise (SME) financing, the Group has maintained a general provision at 1% of secured performing portfolio and 2% of unsecured performing portfolio against small enterprises (SE) financing. Moreover, 10% specific provisioning has been held against the SE financing falling in OAEM category i.e., where the principal / mark-up is over due by 90 days. For Consumer Financing Portfolios a general provision at the rate of 1.5% of secured portfolio and 5% of the unsecured portfolio has been maintained pursuant to the Prudential Regulations for Consumer Financing.

The additional impact on profitability arising from availing the benefit of FSV shall not be available for payment of cash or stock dividend/bonus to employees and hence there are no distributable profits for the year for ordinary and preference shareholders.

		December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
11.4	**Particulars of write offs**		
11.4.1	Against provisions	**87,836**	115,335
	Directly charged to profit and loss account	**10,055**	1,866
		97,891	117,201
11.4.2	Write offs of Rs.500,000 and above	**73,479**	112,105
	Write offs of below Rs.500,000	**24,412**	5,096
		97,891	117,201

11.5 Details of write off of Rs.500,000 and above

In terms of sub-section 3 of section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written off loans or any other financial relief of Rs.500,000 or above allowed to persons during the year ended December 31, 2014 is given in Annexure I.

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
11.6 Particulars of loans and advances to Directors, Associated Companies, etc.			
Debts due by directors, executives or officers of the Group or any of them either severally or jointly with any other persons			
Balance at beginning of the year		**1,353,624**	1,197,116
Loans granted during the year		**637,336**	528,764
Repayments during the year		**(397,995)**	(372,256)
Balance at end of the year		**1,592,965**	1,353,624
Debts due by companies or firms in which the directors of the Group are interested as directors, partners or in the case of private companies as members			
Balance at beginning of the year		**685,504**	260,517
Loans granted during the year		**2,407,714**	1,996,216
Repayments during the year		**(2,106,543)**	(1,571,229)
Balance at end of the year		**986,675**	685,504
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties			
Balance at beginning of the year		-	-
Loans granted during the year		-	-
Repayments during the year		-	-
Balance at end of the year		-	-
		2,579,640	2,039,128

12. OPERATING FIXED ASSETS

Capital work-in-progress	12.1	**2,433,072**	1,306,610
Property and equipment	12.2	**4,916,087**	4,646,398
Intangible assets	12.3	**258,008**	305,002
		7,607,167	6,258,010

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
12.1 Capital work-in-progress			
Civil works		**1,387,333**	232,669
Advances to suppliers and contractors		**30,172**	22,631
Advance against purchase of land	12.1.1	**956,000**	956,000
Advances against computer software		**123,163**	123,165
Less: Provision there against		**(63,596)**	(27,855)
		59,567	95,310
		2,433,072	1,306,610

12.1.1 This represents advance paid for acquisition of a commercial plot at G-2, Block-2, Scheme No. 5, Clifton, Karachi, measuring 4,000 square yards for construction of head office building. The title of the said property is currently in the process of being transferred in the name of the Bank.

12.2 Property and equipment

December 31, 2014

Category of classification	Note	COST					ACCUMULATED DEPRECIATION					Net book value at December 31, 2014	Rate of depreciation
		At January 01, 2014	Adjustment for revaluation of assets	Additions	(Deletions) / (write off) *	At December 31, 2014	At January 01, 2014	Adjustment for revaluation of assets	Charge	(Deletion) / (write off) *	At December 31, 2014		
		(Rupees in '000)											%
Leasehold land	12.2.1	902,672	107,352	-	-	1,010,024	-	-	-	-	-	1,010,024	-
Building on leasehold land	12.2.1	3,014,508	820,341	1,299	-	3,836,148	981,154	312,105	149,350	-	1,442,609	2,393,539	5
Building improvements	12.2.1 & 12.2.2	1,389,765	86,869	42,334	(31,375) (11,385)*	1,476,208	487,358	46,319	136,697	(8,488) (6,269)*	655,617	820,591	10
Furniture and fixtures	12.2.2	447,295	-	14,274	(13,041) (1,797)*	446,731	198,797	-	42,293	(5,885) (1,126)*	234,079	212,652	10 - 15
Electrical, office and computer equipment	12.2.2	1,581,856	-	156,053	(245,610) (4,638)*	1,487,661	1,133,194	-	186,435	(196,212) (4,520)*	1,118,897	368,764	20 - 30
Vehicles		221,240	-	34,092	(17,692)	237,640	110,435	-	32,166	(15,478)	127,123	110,517	20
December 31, 2014		7,557,336	1,014,562	248,052	(307,718) (17,820)	8,494,412	2,910,938	358,424	546,941	(226,063) (11,915)	3,578,325	4,916,087	

12.2.1 Revaluation of properties

As at December 31, 2014, the properties of the Group were revalued by independent professional valuers. The revaluation was carried out by M/s. Sadruddin Associates on the basis of professional assessment of present market values which has resulted in overall surplus of Rs.1,094 million (As of December 31, 2013: Rs.438 millions). Had there been no revaluation, the carrying amount of revalued assets would have been as follows:

	December 31, 2014	December 31, 2013
	------ (Rupees in '000) ------	
Leasehold land	**720,649**	720,649
Buildings on leasehold land	**1,583,779**	1,726,719
Buildings improvements	**779,458**	892,395

12.2.2 Included in cost of property and equipment are fully depreciated items still in use amounting to Rs.1,077 million (December 31, 2013: Rs. 817 million).

December 31, 2013

Category of classification	Note	COST					ACCUMULATED DEPRECIATION					Net book value at December 31, 2013	Rate of depreciation
		At January 01, 2013	Adjustment for revaluation of assets	Additions	(Deletions) / (write off) /* (adjustments)*	At December 31, 2013	At January 01, 2013	Adjustment for revaluation of assets	Charge	(Deletions) / (write off) /* (adjustments)*	At December 31, 2013		
		(Rupees in '000)											%
Leasehold land	12.2.1	902,672	-	-	-	902,672	-	-	-	-	-	902,672	-
Building on leasehold land	12.2.1	3,013,209	-	1,299	-	3,014,508	828,751	-	152,403	-	981,154	2,033,354	5
Building improvements	12.2.1 & 12.2.2	1,194,222	-	213,516	(176) (17,797)*	1,389,765	367,614	-	127,950	(9) (8,197) *	487,358	902,407	10
Furniture and fixtures	12.2.2	407,772	-	47,191	(7,244) (559) * 135 **	447,295	161,029	-	42,008	(4,054) (321) * 135 **	198,797	248,498	10 - 15
Electrical, office and computer equipment	12.2.2	1,459,235	-	174,506	(52,234) (2,083) * 2,432 **	1,581,856	971,154	-	206,543	(45,274) (1,661) * 2,432 **	1,133,194	448,662	20 - 30
Vehicles		178,167	-	60,893	(17,819) - (1)**	221,240	93,645	-	30,667	(13,876) - (1)**	110,435	110,805	20
December 31, 2013		7,155,277	-	497,405	(77,473) (20,439) * 2,566 **	7,557,336	2,422,193	-	559,571	(63,213) (5,631)	2,910,938	4,646,398	

12.3 Intangible assets

December 31, 2014

Category of classification	COST			ACCUMULATED DEPRECIATION			Net book value at December 31, 2014	Rate of amortisation
	At January 01, 2014	Additions	At December 31, 2014	At January 01, 2014	Charge for the year	At December 31, 2014		
	(Rupees in '000)							%
Computer software	344,318	16,417	360,735	301,965	26,323	328,288	32,447	20 - 30
Trading Rights Entitlement Certificate (TREC)	6,165	-	6,165	-	-	-	6,165	
Core deposits	209,874	-	209,874	57,685	22,704	80,389	129,485	10
Brand name	143,838	-	143,838	39,543	14,384	53,927	89,911	10
December 31, 2014	704,195	16,417	720,612	399,193	63,411	462,604	258,008	

December 31, 2013

Category of classification	COST			ACCUMULATED DEPRECIATION			Net book value at December 31, 2013	Rate of amortisation
	At January 01, 2013	Additions / (write offs) *	At December 31, 2013	At January 01, 2013	Charge for the year (write offs) *	At December 31, 2013		
	(Rupees in '000)							%
Computer software	401,420	4,547 (61,649)*	344,318	308,995	42,696 (49,726)*	301,965	42,353	20 - 30
Trading Rights Entitlement Certificate (TREC)	6,165	-	6,165	-	-	-	6,165	
Core deposits	209,874	-	209,874	36,728	20,957	57,685	152,189	10
Brand name	143,838	-	143,838	25,172	14,371	39,543	104,295	10
December 31, 2013	761,297	4,547 (61,649)*	704,195	370,895	78,024 (49,726)*	399,193	305,002	

12.4 Disposal of property and equipment

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
	(Rupees in '000)						
Building improvements							
Items having book value of more than Rs.250,000 or cost more than Rs.1,000,000							
Civil and electrical works	24,229	5,931	18,298	19,829	1,531	Insurance Claim	Jubilee General Insurance Company Limited
Civil and electrical works	3,193	1,474	1,719	167	(1,552)	Negotiation	Mr. Muhammad Ashraf
Items having book value of less than Rs.250,000 or cost less than Rs.1,000,000							
Civil and electrical works	3,517	1,015	2,502	2,674	172	Insurance Claim	Jubilee General Insurance Company Limited
Civil and electrical works	436	69	367	212	(155)	Negotiation	Mr. Muhammad Ashraf
Furniture and fixtures							
Items having book value of less than 250,000 or cost less than 1,000,000							
Furniture and fixtures	10,772	4,363	6,409	6,910	501	Insurance Claim	Jubilee General Insurance Company Limited
Furniture and fixtures	2,269	1,521	748	482	(266)	Negotiation	Various
Electrical, office and computer equipment							
Items having book value of more than 250,000 or cost more than 1,000,000							
Electrical, office and computer equipment	125,941	92,007	33,934	45,072	11,138	Insurance Claim	Jubilee General Insurance Company Limited
Generator	1,032	909	123	295	172	Auction	Dilawar & Sons
Generator	1,017	791	226	541	315		Dilawar & Sons
Generator	2,887	2,647	240	167	(73)		Dilawar Brothers
Generator	2,887	2,647	240	167	(73)		Dilawar Brothers
Generator	2,534	2,215	319	167	(152)		Dilawar Brothers
Various Items	1,284	1,156	128	191	63		Waseem Brothers
Various Items	1,284	1,156	128	191	63		Waseem Brothers
UPS	1,950	1,756	194	191	(3)		Waseem Brothers
UPS	1,950	1,756	194	191	(3)		Waseem Brothers
Items having book value of less than 250,000 or cost less than 1,000,000							
Electrical, office and computer equipment	74,713	61,282	13,431	27,194	13,763	Insurance Claim	Jubilee General Insurance Company Limited
Electrical, office and computer equipment	28,130	27,889	241	4,832	4,591	Auction	Various
Vehicles							
Items having book value of more than 250,000 or cost more than 1,000,000							
Honda Civic	1,358	1,358	-	1,058	1,058	Auction	Brothers Motors
Toyota Corolla	1,237	1,237	-	699	699	Auction	Mr. Ansar Iqbal
Toyota Corolla	1,068	1,068	-	591	591	Auction	Mr. Khalid Pervaiz
Honda Civic Prosmatic	1,859	1,859	-	10	10	Group's Policy	Mr. Muhammad Zahir Esmail - Executive Director
Suzuki Cultus	974	260	714	900	186	Group's Policy	Mr. Sohail Fahmi
Honda City	1,668	247	1,421	1,360	(61)	Group's Policy	Mr. Amir Saeed Bhatti
Items having book value of less than 250,000 or cost less than 1,000,000							
Vehicles	47	5	42	35	(7)	Auction	PICIC Insurance Limited
Vehicles	9,482	9,445	37	6,253	6,216	Auction	Various
	307,718	**226,063**	**81,655**	**120,379**	**38,724**		
Details of write offs							
Building improvements	11,385	6,267	5,118	-	(5,118)		
Furniture and fixtures	1,797	1,128	669	-	(669)		
Electrical, office and computer equipment	4,638	4,520	118	-	(118)		
	17,820	**11,915**	**5,905**	**-**	**(5,905)**		

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
13. DEFERRED TAX ASSETS - net			
Deferred debits arising in respect of:			
Deficit on revaluation of available-for-sale securities		-	14,289
Provision against non performing loans		1,397,967	1,858,017
Provision for compensated absences		38,250	35,416
Provision against other assets		182,093	158,981
Unused tax losses		4,574,947	4,035,003
Minimum tax		552	541
Provision for diminution in the value of investments		481,447	314,813
		6,675,256	6,417,060
Deferred credits arising in respect of:			
Surplus on revaluation of fixed assets		(272,927)	(87,395)
Surplus on revaluation of available-for-sale securities		(295,754)	-
Operating fixed assets		(521,770)	(586,955)
		(1,090,451)	(674,350)
	13.1	5,584,805	5,742,710

13.1 The Group has an aggregate amount of deferred tax asset of Rs.5,584.805 million which represents management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Group would be able to set off the profits earned in those years against losses carried forward and other taxable temporary differences relating to prior years. The management of the Group has prepared a five years projections which have been approved by the Board of Directors of the Group. The projections involves certain key assumptions underlying the estimation of future taxable profits projected in the plan. The determination of future profits is most sensitive to certain key assumptions such as cost to income ratio of the Group, growth of deposits, investments and advances, investment returns and deposits costs, potential provision against assets, branch expansion plan, etc. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset. The management believes that it is probable that the Group will be able to achieve the profits as per the projections and, consequently, the recorded deferred tax asset will be realised in the future.

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
14. OTHER ASSETS			
Income / mark-up accrued in local currency		3,578,387	2,061,431
Income / mark-up accrued in foreign currency		11,372	1,505
Advances, deposits, advance rent and other prepayments		631,128	549,291
Non banking assets acquired in satisfaction of claims	14.1	3,928,367	3,443,657
Advance taxation - net of provision		505,514	469,749
Receivable from MCB-Arif Habib Saving & Investments Limited - a related party		11	11
Stationery and stamps on hand		16,305	11,137
Dividend receivable		1,283	758
Receivable against sale of equity securities		22,783	31,656
Commission receivable on guarantee		9,880	9,880
Receivable from other banks against clearing and settlement		24,067	21,384
Unrealised gain on forward foreign exchange contracts		-	19,613
Commission receivable on home remittance	14.2	434,741	276,303
Others		412,148	326,018
		9,575,986	7,222,393
Less: Provision held against other assets	14.3	(519,299)	(519,507)
		9,056,687	6,702,886

		Note	December 31, 2014	December 31, 2013
			------ (Rupees in '000) ------	
14.1	Market value of non banking assets acquired in satisfaction of claims		**5,206,988**	4,299,053

14.2 This represents commission receivable from the State Bank of Pakistan in respect of home remittances channelised through the Group as per agreement entered into with the SBP.

14.3 Provision held against other assets

	Note		
Opening balance		**519,507**	253,194
Add: Charge for the year		**3,144**	266,313
Less: Reversals for the year		**(3,352)**	-
	29	**(208)**	266,313
Closing Balance		**519,299**	519,507

15. BILLS PAYABLE

In Pakistan	**1,531,639**	2,205,414
Outside Pakistan	**-**	-
	1,531,639	2,205,414

16. BORROWINGS

In Pakistan	**25,101,779**	9,888,211
Outside Pakistan	**210,882**	72,987
	25,312,661	9,961,198

16.1 Particulars of borrowings with respect to currencies

In local currency	**25,101,779**	9,888,211
In foreign currencies	**210,882**	72,987
	25,312,661	9,961,198

16.2 Details of borrowings secured / unsecured

	Note		
Secured			
Borrowings from State Bank of Pakistan under:			
Export refinance scheme	16.2.1	**4,774,750**	4,149,640
Long-term financing of export oriented projects	16.2.2	**24,136**	54,790
Long-term financing facility	16.2.3	**-**	1,008
Repurchase agreement borrowings (repo)	16.2.4	**20,302,893**	5,682,773
Foreign bills - rediscounted		**196,065**	7,015
		25,297,844	9,895,226
Unsecured			
Overdrawn nostro accounts		**14,817**	65,972
		25,312,661	9,961,198

16.2.1 These are secured against promissory notes, export documents and undertakings by the Bank granting the right to SBP to recover the outstanding amount from the Group at the date of maturity of the finance by directly debiting the current accounts maintained with the SBP. The effective mark-up rate on these borrowings ranges to 5.5% to 6.5% (December 31, 2013: 8.4%) per annum, payable on quarterly basis.

16.2.2 These carry mark-up rate at the rate of 5% (December 31, 2013: 5%) per annum payable on quarterly basis.

16.2.3 These carry mark-up rate of 6.5% (December 31, 2013: 6.5%) per annum payable on quarterly basis.

16.2.4 These represent borrowings from State Bank of Pakistan at mark-up 9.50% (December 31, 2013: 9.9% to 10%) per annum, maturing on January 02, 2015. Pakistan Investment Bonds amounting to Rs.19,706 million (December 31, 2013: Rs.5,706 million) have been given as collateral against these borrowings (see note 10).

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
17. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		**26,835,335**	28,734,921
Savings deposits		**36,775,381**	43,984,665
Current accounts - non-remunerative		**31,342,476**	27,460,204
Margin accounts		**2,294,731**	2,149,204
		97,247,923	102,328,994
Financial institutions			
Non-remunerative deposits		**562,073**	692,343
Remunerative deposits		**7,412,450**	3,234,229
		7,974,523	3,926,572
		105,222,446	106,255,566
17.1 Particulars of deposits			
In local currency		**98,635,775**	99,530,944
In foreign currencies		**6,586,671**	6,724,622
		105,222,446	106,255,566
18. SUB-ORDINATED LOAN			
Term Finance Certificate, Listed, Unsecured	18.1	**1,497,930**	1,498,620

18.1 In October 2011, The Bank issued listed Term Finance Certificates which are subordinated as to the payment of principal and profit to all other indebtness of the Group including the deposits. The terms and conditions for the issue are as under:

Mark-up	:	Base rate (6 months KIBOR - ask side) plus 325 bps
Issue date	:	October 27, 2011
Rating	:	A
Tenor	:	7 years
Redemption	:	0.30% of the issued amount in the first 78 months and the remaining 99.70% of the issued amount in the 84th month
Maturity	:	October 26, 2018

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
19. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		**1,259,344**	1,348,609
Mark-up / return / interest payable in foreign currency		**8,912**	8,846
Payable to Bangladesh Bank	19.1	**41,389**	41,389
Payable to Rupali Bank - Bangladesh, a related party	19.2	**16,293**	16,293
Payable to vendors / creditors		**172,523**	135,510
Provision for compensated absences		**110,763**	102,229
Payable to Bank of Ceylon, Colombo		**20,163**	20,163
Retention money		**6,884**	8,028
Branch adjustment account		**863**	-
Advance against sale of property		**114,435**	9,500
Workers' Welfare Fund	19.3	**721**	-
Security deposits		**222,910**	88,962
Accrued expenses		**68,989**	49,958
Payable to brokers		**1,917**	1,597
Unrealised loss on forward exchange contracts		**25,113**	-
Payable to defined benefit plan	35	**22,310**	50,388
Withholding taxes and government levies payable		**18,631**	21,137
Federal excise duty payable		**14,480**	-
Unclaimed dividend		**2,213**	2,213
Unearned income	19.4	**32,929**	27,441
Commission payable on home remittances	19.5	**269,139**	179,582
Others		**116,723**	120,034
		2,547,644	2,231,879

19.1 This represents mark-up payable to Bangladesh Bank upto June 2006 on Fixed Deposit Receipts (FDR) maintained with the Group.

19.2 This represents amount payable in respect of share of Head office expenses of Ex-Rupali Bank Limited - Karachi Branch.

19.3 This represents provision made under the Workers' Welfare Ordinance (WWF) 1971 @ 2% of accounting profit before tax.

19.4 This represents unearned income mainly pertaining to local and foreign bills discounting.

19.5 This represents commission payable to the foreign currency dealers in respect of home remittances channelized through the Bank as per agreement entered into by the Group with them.

20. SHARE CAPITAL

December 31, 2014	December 31, 2013		December 31, 2014	December 31, 2013
---- Number of Shares ----			-------- Rupees in '000 --------	
20.1 Authorised capital				
2,000,000,000	1,500,000,000	Ordinary shares of Rs.10 each	**20,000,000**	15,000,000
20.2 Issued, subscribed and paid-up capital				
573,513,200	573,513,200	Ordinary shares of Rs.10 each Fully paid in cash	**5,735,132**	5,735,132
454,466,382	454,466,382	Issued for consideration other than cash	**4,544,664**	4,544,664
50,000,000	50,000,000	Issued as bonus shares	**500,000**	500,000
1,077,979,582	1,077,979,582		**10,779,796**	10,779,796
20.3 Convertible preference shares				
215,595,916	215,595,916	Preference shares of Rs.10 each	**2,155,959**	2,155,959

20.4 During the financial year 2013, the Bank issued two classes of listed, convertible, perpetual, irredeemable, non-cumulative preference shares (CPS), eligible Tier 1 Capital, namely Class "A" 110,942,434 preference shares and Class "B" 104,653,482 preference shares both at issue price (par value) of Rs.10 per share aggregating to Rs.2,156 million having a tenor of 5 years. The terms and conditions for the issue are as under:

	Class A	Class B
Dividend	5% fixed return in the form of bonus Preference Shares.	Six Months KIBOR + 0.50% will be paid in the form of cash dividend subject to profitability and regulatory compliance. However, if the Bank is not able to pay cash dividend, then subject to profitability and regulatory compliance, the bank will issue bonus Ordinary Shares of equivalent amount at the conversion price.
	The dividends should only be paid from current year's earnings and will be subject to the condition that any payment on such instruments should not result in breach of regulatory MCR and CAR requirements set by SBP from time to time.	
Conversion option	Preference Shares including all the returns / dividends in the form of Preference Shares shall be converted into Ordinary Shares after five years from the date of issuance.	Preference shareholders will have the option to convert Preference Shares into Ordinary Shares starting from the end of 42nd month of the date of issuance and every six months thereafter in equal tranches of 25% each at the conversion price agreed. If the investors intend to exercise the conversion option, they will give one month prior notice to the Bank stating their intention to convert the Class B shares as per formula prescribed herein. The maximum number of Ordinary shares to be issued at the time of conversion must not exceed the ratio of price of the Preference shares at the time of its issuance divided by 20% of the Bank's Ordinary Shares price at the same time.
Conversion price	Shares will be issued at the audited book value as at December 31, 2012.	The par value i.e. Rs.10.00 per share or Market price per share as quoted on local stock exchanges whichever is lower. In case the market price per share is greater than par value, then the Class B shares will be converted at a 12.5% discount to market price per share. The market price used for determining the conversion price will be the three months average market price per share prior to the date of issuance of conversion notice by Class B shareholders or the completion of its tenor, whichever is earlier.

20.5 As at December 31, 2014, Suroor Investments Limited (SIL), parent company, Arif Habib Corporation Limited and Rupali Bank Limited, Bangladesh, a related party held 554,680,393 (51.46%), 1,295,355 (0.12%) and 32,777,450 (3.04%) [December 31, 2013: 554,680,393 (51.46%), 1,000,355 (0.09%) and 32,777,450 (3.04%)] issued subscribed and paid-up Ordinary shares in the Bank, respectively.

		December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
20.6 Advance against subscription of shares			
-	-	Advance against subscription of shares	**7,506,867**	-

During the year, the sponsor of the Bank (Suroor Investments Limited (SIL)), injected Rs. 7,007 million as advance share subscription money. In addition, the Bank has received Rs.500 million from another investor (who is not a shareholder of the Bank). In this respect, the SBP vide its letters number BPRD / BA&CP / 649 / 25314 / 2014 dated December 24, 2014 and BPRD / BA&CP / 649 / 5354 / 2015 dated March 03, 2015 has allowed the Bank to treat the advance subscription money of Rs. 7,007 million and Rs.500 million respectively as share capital for the purposes of MCR and CAR till March 31, 2015 and further advised the Bank to complete the share issuance process before March 31, 2015.The Bank is in process of completing necessary legal and regulatory formalities for issuance of shares against the advance share subscription money.

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
21. RESERVES			
Share premium		**1,000,000**	1,000,000
Statutory reserve	21.1	**110,718**	64,828
Discount on issue of shares		**(1,297,298)**	(1,297,298)
Reserve arising on amalgamation		**(1,579,205)**	(1,579,205)
		(1,765,785)	(1,811,675)

21.1 This represents reserve created under section 21(I) (a) of the Banking Companies Ordinance, 1962.

22. SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX

Surplus / (deficit) arising on revaluation of assets - net of tax:			
Operating fixed assets	22.1	**808,385**	357,838
Available-for-sale securities	22.2	**535,828**	(216,735)
		1,344,213	141,103

22.1 Surplus on revaluation of operating fixed assets

Balance as at January 01	**452,606**	473,945
Surplus recorded during the year	**658,823**	-
Transferred to accumulated losses in respect of		
- Incremental depreciation - net of deferred tax	**(16,257)**	(14,064)
- Related deferred tax liability	**(8,754)**	(7,275)
	(25,011)	(21,339)
	1,086,418	452,606
Less: Related deferred tax liability on:		
- Revaluation as at January 01	**(94,768)**	(102,043)
- Recorded during the year	**(192,019)**	-
- Incremental depreciation	**8,754**	7,275
	(278,033)	(94,768)
	808,385	357,838

		December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
22.2	**Surplus / (deficit) on revaluation of available-for-sale securities**		
	Federal Government Securities		
	Market Treasury Bills	**10,550**	(51,323)
	GOP Ijarah Sukuk	**(2,370)**	-
	Pakistan Investment Bonds	**853,141**	25,986
	Fully paid-up shares / units		
	Listed companies shares	**(24,947)**	(267,955)
	Open end mutual fund units	**9,138**	4,184
	Term Finance Certificates and Bonds		
	Term finance certificates	**(2,735)**	75,152
	Sukuks	**(11,195)**	(17,068)
	Total surplus / (deficit) on revaluation of securities	**831,582**	(231,024)
	Related deferred tax (liability) / asset	**(295,754)**	14,289
		535,828	(216,735)
23.	**CONTINGENCIES AND COMMITMENTS**		
23.1	**Direct credit substitutes**		
	Including guarantees and standby letters of credit serving as financial guarantees for loans and securities		
	Government	-	-
	Financial institutions	-	-
	Others	**576,017**	338,797
		576,017	338,797
23.2	**Transaction-related contingent liabilities / commitments / guarantees issued favouring**		
	Contingent liability in respect of performance bonds, bid bonds, shipping guarantees and standby letters of credit favouring:		
	Government	**3,864,180**	2,385,132
	Banking companies and other financial institutions	**1,237,063**	838,820
	Others	**5,050,817**	5,495,872
		10,152,060	8,719,824
23.3	**Trade-related contingent liabilities**		
	Letters of credit	**10,628,838**	9,753,218
	Acceptances	**1,133,860**	694,559
		11,762,698	10,447,777
23.4	**Other contingencies - claims against Group not acknowledged as debts**	**8,923,386**	9,283,736

23.5 Contingent asset

There was no contingent asset as at December 31, 2014 (December 31, 2013: Nil).

		December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
23.6	**Commitments in respect of forward lending**		
	Forward documentary bills	**4,180,129**	4,705,129
	Commitments to extend credit	**18,297,212**	12,042,992
		22,477,341	16,748,121
23.7	**Commitments in respect of forward exchange contracts**		
	Purchase	**8,334,028**	9,293,081
	Sale	**10,023,327**	8,517,592
		18,357,355	17,810,673
23.8	**Commitments for capital expenditure**		
	Civil works	**321,509**	8,589
23.9	**Commitments in respect of repo transactions**		
	Repurchase government securities	**20,302,893**	5,682,773
23.10	**Other commitments**		
	Forward outright sale of government securities	**11,480,114**	10,111,189
	Outright purchase of government securities	**7,096,191**	-
		18,576,305	10,111,189
	Total contingencies and commitments	**111,449,565**	79,151,479
23.11	For tax related contingencies, refer note 31.1		
24.	**MARK-UP / RETURN / INTEREST EARNED**		
	On loans and advances to:		
	Customers	**5,852,109**	5,097,481
	On investments in:		
	Available-for-sale securities	**3,588,239**	3,861,589
	Held to maturity securities	**199,397**	51,499
	On lendings to financial institutions	**142,622**	151,834
	On deposits with financial institutions	**46,628**	11,535
		9,828,995	9,173,938
25.	**MARK-UP / RETURN / INTEREST EXPENSED**		
	Deposits and other accounts	**5,638,089**	5,947,204
	Securities sold under repurchase agreements	**1,126,916**	1,674,298
	Other short-term borrowings	**338,108**	303,585
	Sub-ordinated loan	**198,148**	192,590
	Swap cost on foreign currency transactions	**91,328**	205,578
		7,392,589	8,323,255

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
26. GAIN / (LOSS) ON SALE OF SECURITIES - net			
Federal Government Securities			
- Market Treasury Bills		**(2,223)**	8,272
- Pakistan Investment Bonds		**1,007,377**	14,416
- GOP Ijarah Sukuks		**4,494**	-
Listed Ordinary shares		**334,331**	156,025
Unlisted Ordinary shares		**7,502**	4,855
Mutual Funds Units		**-**	(130,721)
		1,351,481	52,847
27. OTHER INCOME			
Bad debts recovered		**2,582**	7,946
Account maintenance and other relevant charges		**37,515**	38,447
Recovery of expenses from customers		**33,951**	25,066
Rent of property / locker		**20,570**	12,659
(Loss) / gain on sale of non-banking assets		**(6,115)**	59,359
		88,503	143,477
28. ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		**1,761,139**	1,577,058
Charge for defined benefit plan - gratuity	35.1.3	**53,394**	52,426
Contribution to defined contribution scheme	35.2	**67,573**	66,847
Non-executive directors' fees, allowances and other expenses		**1,225**	1,120
Brokerage and commission		**9,253**	6,629
Rent, taxes, insurance and electricity, etc.		**1,062,211**	986,222
Legal and professional		**194,760**	93,081
Fees and subscription		**58,640**	78,749
Repairs and maintenance		**171,603**	132,579
Communications		**174,609**	157,202
Stationery and printing		**95,431**	79,849
Advertisement and publicity		**179,790**	115,261
Travelling and conveyance		**189,321**	163,034
Education and training		**2,232**	2,511
Entertainment		**43,467**	34,598
Security services and charges		**190,681**	165,948
Auditors' remuneration	28.1	**14,710**	14,983
Depreciation	12.2	**546,941**	559,571
Amortisation	12.3	**63,411**	78,024
Others		**90,629**	63,601
		4,971,020	4,429,293

		Note	December 31, 2014	December 31, 2013
			------ (Rupees in '000) ------	
28.1	**Auditors' remuneration**			
	Audit fee		**3,050**	2,725
	Certifications, half yearly review and sundry advisory services		**8,984**	10,357
	Tax services		**1,400**	825
			13,434	13,907
	Out of pocket expenses		**1,276**	1,076
			14,710	14,983
29.	**OTHER PROVISIONS / WRITE OFFS**			
	Fixed assets written off	12.4	**5,905**	22,183
	Provision against other assets	14.3	**(208)**	266,313
	Provision for advances against computer software		**35,741**	-
	Other assets written off		**135**	86,753
			41,573	375,249
30.	**OTHER CHARGES**			
	Penalties imposed by State Bank of Pakistan		**19,991**	6,506
	Bank charges		**9,459**	13,220
	Provision for Workers' Welfare Fund	19.3	**721**	439
	Additional tax to FBR		**-**	3,753
			30,171	23,918
31.	**TAXATION**			
	For the year			
	Current	31.1	**122,029**	110,213
	Prior		**1,855**	-
	Deferred		**(329,933)**	317,485
			(206,049)	427,698

31.1 The Income Tax Returns of the Group have been submitted upto and including the Group's financial year 2013 i.e. tax year 2014.

In respect of assessments of Summit Bank Limited from tax year 2008 through tax year 2011, the tax authorities disputed Bank's treatment on certain issues and created additional tax demand of Rs.146.66 million through amended assessment orders.

In respect of assessments of ex-My Bank Limited (now Summit Bank Limited) from tax year 2003 through tax year 2011, the tax authorities disputed Bank's treatment on certain issues and created additional tax demand of Rs.456.62 million through amended assessment orders.

In respect of assessments of ex-Atlas Bank Limited (now Summit Bank Limited) from tax year 2003 through tax year 2010, the tax authorities disputed Bank's treatment on certain issues and created additional tax demand of Rs.89.74 million through amended assessment orders.

Such issues mainly includes disallowances of mark-up payable, taxation of mutual fund distribution on corporate tax rate, disallowance of provision against non-performing loans, disallowance of reversal of provisions, allocation of expenses against dividend income and capital gain etc. The additional tax demands have been paid / adjusted against available refunds as required under the law. The Bank has filed appeals before the various appellate forums against these amended assessment orders which are pending hearing.

The management of the Group is confident about the favourable outcome of the appeals hence, no provision with regard to the above matters has been made in these financial statements.

		December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
32.	**BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE**		
	Earnings / (loss) for the year	**241,620**	(1,813,475)
		------- (Number of shares) ------	
32.1	Weighted average number of Ordinary shares - basic	**1,468,279,906**	1,203,089,549
		------ (Rupees) ------	
	Basic earnings / (loss) per share	**0.16**	(1.51)
		------- (Number of shares) ------	
32.2	Weighted average number of Ordinary shares - diluted	**1,949,186,960**	1,203,089,549
		------ (Rupees) ------	
	Diluted earnings / (loss) per share	**0.12**	(1.51)

		Note	December 31, 2014	December 31, 2013
			------ (Rupees in '000) ------	
33.	**CASH AND CASH EQUIVALENTS**			
	Cash and balances with treasury banks	7	**9,383,948**	9,203,573
	Balances with other banks	8	**4,377,298**	2,302,189
	Overdrawn nostro accounts	16.2	**(14,817)**	(65,972)
			13,746,429	11,439,790
34.	**STAFF STRENGTH**		------ (Number) ------	
	Permanent		**2,120**	2,018
	Contractual basis		**216**	159
	Group's own staff strength at end of the year		**2,336**	2,177
	Outsourced		**419**	379
	Total staff strength		**2,755**	2,556
35.	**DEFINED BENEFIT AND CONTRIBUTION PLANS**		------ (Rupees in '000) ------	
	Defined benefit plans (funded)	35.1	**22,310**	50,388
	Defined contribution plans (funded)	35.2	**65,711**	66,847
	Compensated absences	35.3	**107,958**	102,229
	Defined benefit scheme (funded - subsidiary)	35.4	**-**	-
	Defined contribution scheme (funded - subsidiary)	35.6	**1,862**	2,444
	Compensated absences (subsidiary)	35.5	**2,805**	1,642

35.1 Defined benefit plan

The Bank maintains a funded gratuity plan under which benefits are payable to eligible employees on retirement or on cessation of services in lump sum. The benefit is equal to one month's last drawn basic salary for each year of confirmed service, subject to a minimum of five years of service. Latest actuarial valuation was carried out as at December 31, 2014 using "Projected Unit Credit Method".

	December 31, 2014	December 31, 2013
Principal actuarial assumptions	------- % per annum -------	
Discount rate - per annum	**10.5**	13.0
Expected rate of increase in salaries - per annum	**9.5**	12.0
Expected rate of return on plan assets - per annum	**10.5**	13.0
Withdrawal rates	**High**	High
Mortality rates	**Adjusted SLIC 2001-05**	Adjusted SLIC 2001-05
35.1.1 The amount recognised in the statement of financial position is as follows:	------ (Rupees in '000) ------	
Present value of defined benefit obligations	**214,151**	171,269
Fair value of plan assets	**(191,840)**	(120,881)
Net liability	**22,311**	50,388
35.1.2 Movement in net liability recognised by the Bank		
Opening balance	**50,388**	22,131
Charge for the year	**53,393**	52,043
Other comprehensive income	**(8,356)**	(185)
Contribution to Fund	**(73,115)**	(23,601)
Closing balance	**22,310**	50,388
35.1.3 Charge for the year		
Current service cost	**53,024**	50,855
Interest cost	**21,278**	13,404
Expected return on plan assets	**(14,728)**	(12,216)
Settlement gain	**(6,181)**	-
	53,393	52,043
35.1.4 Actual return on plan assets		
Expected return on plan assets	**14,728**	12,216
Actuarial losses on plan assets	**(1,703)**	(1,977)
	13,025	10,239
35.1.5 Movement in present value of defined benefit obligation		
Defined benefit obligation as at beginning of the year	**171,269**	123,952
Current service cost	**53,024**	50,855
Interest cost	**21,278**	13,404
Settlement gain	**(6,181)**	-
Benefits paid during the year	**(15,181)**	(14,780)
Actuarial gain on obligation	**(10,058)**	(2,162)
Defined benefit obligation as at end of the year	**214,151**	171,269
35.1.6 Changes in fair value of plan assets		
Opening fair value of plan assets	**120,881**	101,821
Expected return	**14,728**	12,216
Actuarial loss	**(1,703)**	(1,977)
Contribution by employer	**73,115**	23,601
Benefit paid	**(15,181)**	(14,780)
Closing fair value of plan assets	**191,840**	120,881

The expected charge for defined benefit scheme in FY-2015 is Rs.53.244 million (December 31, 2013: Rs.59.628 million for FY-2014) according to actuarial recommendation.

The expected return on plan assets is based on the market expectation and depends upon the asset portfolio of the Fund, at the beginning of the year, for return over the entire life of the related obligation.

	December 31, 2014		December 31, 2013	
	(Rupees in '000)	Percentage (%)	(Rupees in '000)	Percentage (%)
35.1.7 Break-up of category of assets				
Bank deposits	**191,840**	**100**	120,881	100
	191,840	**100**	120,881	100

35.1.8 Sensitivity analysis on significant actuarial assumptions

	Change in assumption	Impact on present value of DBO	
		Increase in assumption	Decrease in assumption
		------ (Rupees in '000) ------	
Discount rate	± 1 %	(14,302)	16,368
Salary increase rate	± 1 %	17,388	(15,432)
Withdrawal rate	± 10 %	38	(38)
1 year mortality age set	Back / forward	46	(104)

	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
	---------- (Rupees in '000) ----------				
35.1.9 Historical information					
Present value of defined benefit obligation	**214,151**	171,269	123,952	97,644	38,475
Plan assets	**(191,840)**	(120,881)	(101,821)	-	-
	22,311	50,388	22,131	97,644	38,475
Experience adjustments					
- actuarial (gain) / loss on obligation	**(10,058)**	(2,162)	3,329	(5,280)	2,526
- actuarial loss on plan assets	**1,703**	1,977	481	-	-

35.2 Defined contribution plan

An amount of Rs.65.711 million (December 31, 2013: Rs.65.205 million) has been charged during the year in respect of contributory provident fund maintained by the Bank.

35.3 Compensated absences

The Bank maintains a staff compensated scheme under which benefits are payable to permanent and contractual employees on retirement or at the time of their final settlement. The benefit is equal to a maximum of 45 days gross salary subject to availability of privilege leaves balance. The actuarial valuation of the unfunded scheme is carried out periodically. Latest actuarial valuation was carried out as at December 31, 2014 using "Projected Unit Credit Method".

	December 31, 2014	December 31, 2013
	-------- % per annum --------	
35.3.1 Principal actuarial assumptions		
Discount rate	**10.5**	13.0
Expected rate of salary increase	**9.5**	12.0
Leave accumulation factor	**10 days p.a.**	10 days p.a.
Withdrawal rates	**High**	High
Mortality rates	**Adjusted SLIC 2001-05**	Adjusted SLIC 2001-05
	------ (Rupees in '000) ------	
35.3.2 The amount recognised in the statement of financial position is as follows:		
Present value of defined benefit obligations	**107,958**	99,785
35.3.3 Movement in net liability recognised by the Bank		
Opening balance	**99,785**	123,326
Charge for the year	**19,193**	(14,713)
Benefits paid during the year	**(11,020)**	(8,828)
Closing balance	**107,958**	99,785
35.3.4 Charge for the year		
Current service cost	**19,193**	(14,713)
35.3.5 Movement in present value of defined benefit obligation		
Defined benefit obligation as at beginning of the year	**99,785**	123,326
Current service cost	**19,193**	(14,713)
Benefits paid during the year	**(11,020)**	(8,828)
Defined benefit obligation as at end of the year	**107,958**	99,785

35.3.6 Sensitivity analysis on significant actuarial assumptions

	Change in assumption	Impact on present value of DBO	
		Increase in assumption	Decrease in assumption
		------ (Rupees in '000) ------	
Discount rate	± 1 %	(6,649)	7,601
Salary increase rate	± 1 %	8,098	(7,197)
Withdrawal rate	± 10 %	197	(236)
Death rate	± 10 %	20	(19)
Leave accumulation factor	± 1 day	266	(305)

35.4 Gratuity payable - defined benefit plan (subsidiary)

35.4.1 General description

The Company has a gratuity scheme that has been recognised by the Income Tax Authorities under Part III of Sixth Schedule to the Income Tax Ordinance, 2001 on November 03, 2007. The trust deed for the scheme has been duly executed on July 12, 2007.

The cost of providing benefits under each gratuity scheme is determined using the Project Unit Credit method, with actuarial valuation being carried out at statement of financial position date. The latest valuation was carried out for the year ended December 31, 2014.

	December 31, 2014	December 31, 2013
	------ (Rupees in '000) ------	

35.4.2 Principal actuarial assumption

The following principal assumptions were used for the valuation:

Estimated rate of increase in salary of the employees - percent, per annum (%)	**11.50**	12.50
Expected rate of return on plan assets - percent, per annum (%)	**11.50**	12.50
Discount rate - per annum (%)	**11.50**	12.50

35.4.3 Reconciliation of payable to / (receivable from) defined benefit plan

Present value of defined benefit obligation	**4,722**	3,911
Fair value of plan assets	**(4,722)**	(5,072)
from Summit Bank Limited - Staff Gratuity Fund	**-**	(3,036)
Payable to Summit Bank Limited - Staff Gratuity Fund	**-**	4,197
Liability recognised in statement of financial position	**-**	-

35.4.4 Movement in payable to defined benefit plan

Opening balance	**329**	(314)
Charge for the year	**94**	383
Other Comprehensive Income (OCI)	**(423)**	82
Contributions paid to the fund during the year	**-**	(151)
Closing balance	**-**	-

35.4.5 Expense recognised in the profit and loss account

Current service cost	**501**	590
Interest cost	**(172)**	(207)
	329	383

35.5 Provision for staff compensated absences (subsidiary)

Opening balance	**2,444**	2,385
Charge for the year	**623**	396
Encashment during the year	**(262)**	(337)
Closing balance	**2,805**	2,444

35.6 Defined contribution scheme (subsidiary)

An amount of Rs.1.862 (December 31, 2013: Rs.1.642) million has been charged during the year in respect of contributory provident fund maintained by the Company.

36. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive		Directors		Executives	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	Rupees in '000					
Fees	-	-	**1,725**	1,120	-	-
Managerial remuneration	**26,297**	26,089	**7,741**	7,201	**342,447**	301,030
Charge for defined contribution plan	**2,630**	2,609	-	-	**31,616**	27,536
Rent and house maintenance	**1,264**	1,149	**3,483**	3,240	**154,743**	136,174
Utilities	-	-	**774**	720	**33,308**	29,370
Dearness allowance	-	-	**1,290**	1,200	**55,525**	48,961
Medical	-	-	**774**	720	**33,699**	29,655
Conveyance allowance	-	-	**635**	628	**89,873**	74,678
Car allowance	-	-	-	-	**71,788**	63,711
General / special allowance	-	-	**2,214**	1,255	**47,294**	39,917
Others	**662**	630	-	-	**5,363**	4,324
	30,853	30,477	**18,636**	16,084	**865,656**	755,356
Number of person(s)	**2**	2	**3**	3	**437**	339

36.1 Executive means employee, other than the chief executive and directors, whose basic salary exceeds five hundred thousand rupees in a financial year. The Chief Executive and certain executives are provided with free use of Group maintained cars in accordance with their entitlements.

36.2 Number of persons include outgoing executives.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value of traded investments and Federal Government securities are based on quoted market prices and PKRV rates respectively. Fair value of unquoted equity investments is determined on the basis of lower of cost and breakup value of these investments as per the latest available financial statements.

Fair value of fixed term advances, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for non-performing advances has been calculated in accordance with the Group's accounting policy as stated in note 5.5.

The repricing profile and effective rates and maturity are stated in notes 42.4.4 and 42.5.1 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 repriced.

38. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment & settlement	Total
December 31, 2014	Rupees in '000					
Total income	**64,086**	**5,596,143**	**1,667,418**	**5,604,539**	**101,812**	**13,033,998**
Total expenses	**21,159**	**3,019,085**	**1,734,459**	**8,159,661**	**64,062**	**12,998,426**
Net income / (loss) before tax	**42,927**	**2,577,058**	**(67,041)**	**(2,555,123)**	**37,750**	**35,571**
Segment assets (gross)	**105,771**	**60,213,922**	**24,185,711**	**76,552,721**	**630,379**	**161,688,505**
Segment non performing loans	**-**	**-**	**855,114**	**13,983,194**	**-**	**14,838,307**
Segment provision	**-**	**1,463,888**	**956,341**	**10,823,981**	**-**	**13,244,210**
Segment assets (net)	**105,771**	**58,750,034**	**23,229,370**	**65,728,741**	**630,379**	**148,444,295**
Segment liabilities	**167,762**	**22,888,706**	**63,925,410**	**47,300,250**	**1,830,192**	**136,112,322**
Segment return on assets (ROA) (%)	**40.58**	**4.39**	**(0.29)**	**(3.89)**	**5.99**	
Segment cost of funds (%)	**12.61**	**13.19**	**2.71**	**17.25**	**3.50**	

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment & settlement	Total
December 31, 2013	Rupees in '000					
Total income	24,596	1,672,849	1,542,144	7,669,998	19,925	10,929,512
Total expenses	8,189	2,038,020	1,071,841	9,182,197	15,042	12,315,289
Net income / (loss) before tax	16,407	(365,171)	470,303	(1,512,199)	4,883	(1,385,777)
Segment assets (gross)	43,859	51,957,765	11,747,740	74,472,739	56,913	138,279,016
Segment non performing loans	-	-	996,481	16,812,560	-	17,809,041
Segment provision	-	964,741	963,870	10,850,624	-	12,779,235
Segment assets (net)	43,859	50,993,024	10,783,870	63,622,115	56,913	125,499,781
Segment liabilities	44,388	48,818,879	22,506,666	48,570,935	2,211,809	122,152,677
Segment return on assets (ROA) (%)	37.41	(0.72)	4.36	(2.38)	8.58	
Segment cost of funds (%)	18.45	4.17	4.76	18.90	0.68	

39. TRUST ACTIVITIES

The Group is not engaged in any trust activities.

40. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent company, employee benefit plans and its directors and executive officers (including their associates).

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

	December 31, 2014				December 31, 2013			
	Key management personnel	Directors	Parent company	Other related parties	Key management personnel	Directors	Parent company	Other related parties
	Rupees in '000							
Advances								
Balance at beginning of the year	134,695	11,308	-	685,504	109,027	8,599	-	260,517
Disbursements / granted during the year	271,054	1,498	-	2,407,714	110,022	6,997	-	1,996,216
Payment received during the year	(179,601)	(12,400)	-	(2,106,543)	(84,354)	(4,288)	-	(1,571,229)
Balance at end of the year	226,148	406	-	986,675	134,697	11,308	-	685,504
Deposits								
Balance at beginning of the year	31,468	54,887	-	92,359	44,192	40,612	-	68,626
Deposits during the year	640,735	7,833,460	-	10,454,653	606,573	1,695,371	-	1,051,991
Withdrawal during the year	(645,695)	(7,852,259)	-	(10,154,464)	(619,297)	(1,681,096)	-	(1,028,258)
Balance at end of the year	26,508	36,088	-	392,548	31,468	54,887	-	92,359
Other transactions / balances								
Convertible preference shares	-	-	-	-	-	50,000	1,109,361	-
Advance against subscription of shares	-	-	7,006,867	-	-	-	-	-
Investment in shares / TFC's	-	-	-	-	-	-	-	1,402,235
Purchase of investments	-	-	-	270,025	-	-	-	511,207
Disposal of investments	-	-	-	281,628	-	-	-	250,136
Purchase of assets	-	-	-	6,877	-	-	-	12,878
Guarantees, letters of credit and acceptances	-	-	-	391,465	-	-	-	451,369
Other receivable	-	4,500	-	2,486	-	-	-	9,233
Other payable	-	-	-	732	-	1,682	-	1,326
Mark-up payable	175	207	-	2,237	133	274	-	132
Mark-up receivable	-	-	-	35,926	-	-	-	15,412
Transactions, income and expenses								
Brokerage expenses	-	-	-	914	-	-	-	964
Brokerage income	-	-	-	414	-	-	-	90
Subscription paid	-	-	-	3,318	-	-	-	3,337
Professional fees	-	-	-	3,11[illegible]	-	-	-	4,220
Capital gain / (loss)	-	-	-	(8,236,	-	-	-	3,594
Dividend income	-	-	-	14,667	-	-	-	14,667
Contribution to the provident fund	-	-	-	67,573	-	-	-	66,847
Contribution to the gratuity fund	-	-	-	53,394	-	-	-	52,426
Remuneration paid	170,889	-	-	-	152,345	-	-	-
Post employment benefits	6,650	-	-	-	6,758	-	-	-
Rental income	-	-	-	-	-	-	-	-
Mark-up earned	5,647	12	-	61,037	3,914	275	-	63,517
Mark-up expensed	2,094	5,738	-	26,704	998	2,954	-	1,856
Other income	-	-	-	-	-	-	-	-
Repair and maintenance charges	-	-	-	6,216	-	-	-	2,817
Advance against software implementation	-	-	-	-	-	-	-	1,250
Communication	-	-	-	1,291	-	-	-	1,100
Fees paid	-	1,725	-	-	-	1,120	-	-

41. CAPITAL ASSESSMENT AND ADEQUACY - BASEL III SPECIFIC

41.1 Capital Adequacy

41.1.1 Scope of Application of Basel III Framework

Summit Bank Limited is a scheduled bank regulated by the State Bank of Pakistan. The Bank has a wholly owned subsidiary Summit Capital (Private) Limited. The subsidiary is engaged in brokerage business of shares, money market and foreign exchange transactions etc.

The Basel III framework consists of three mutually reinforcing pillars:
(i) Pillar I: Minimum capital requirements for credit risk, market risk and operational risk
(ii) Pillar II: Supervisory review of capital adequacy
(iii) Pillar III: Market Discipline

Market Discipline (Pillar III) comprises of disclosures on the capital adequacy and risk management framework of the Bank. These disclosures have been set out in notes 41 to 42 to the financial statements.

Pillar III disclosures apply to Summit Bank Limited and its consolidated entity, wherein Summit Bank Limited is the controlling entity in the Group. Consolidation for capital adequacy is based on consolidated financial statements of Summit Bank Limited and its subsidiary in line with the International Accounting Standards and guidelines for consolidation. The entity considered for consolidation for capital adequacy include Summit Capital (Private) Limited being wholly owned subsidiary of the Bank, valued at its fair value.

41.1.2 Capital Structure

The total capital consists of following categories:

Tier I Capital

Tier I Capital of Rs.18.286 billion comprises of Ordinary share capital / Advance against subscription of shares (CET1) with limited liability to its shareholders.

Additional Tier 1 represents issued, convertible, irredeemable, non-cumulative Preference shares amounting to Rs.2.156 billion.

Tier II Capital

Sub Ordinated Loan of Rs.1.499 billion represents issued Term Finance Certificate, listed and un-secured. These are sub ordinated as to the payment of principal and profit to all other indebtness of the Bank including the deposits.

41.1.3 Capital Adequacy

Summit Bank Ltd was subject to the Basel II capital adequacy guidelines stipulated by State Bank of Pakistan under BSD Circular 8 of 2006. State Bank of Pakistan issued Basel III guidelines vide its BPRD Circular No. 6 of 2013 being the first part mainly pertaining to eligible capital and related deductions. These guidelines provide a transition schedule for Basel III implementation till December 31, 2019. Upon full implementation, Basel III guidelines, target minimum capital to risk weighted assets ratio would be 12.5%, minimum equity Tier 1 (CET 1) ratio would be 8.5% and minimum Tier 1 ratio would be 10%. As per the transition table, at December 31, 2014, the Bank is required to maintain minimum Common Equity capital ratio (CET 1) of 5.5%, minimum Tier 1 capital ratio of 7% and minimum total capital ratio of 10%.

As on December 31, 2014, total standalone CAR of the Bank stood at 12.05% against the regulatory minimum requirement of 10%. Tier 1 capital of the Bank stood at 10.44% and CET 1 CAR at 8.21%.

As on December 31, 2014, total consolidated CAR of the Bank stood at 12.22%, which was above the regulatory minimum requirement of 10%. Tier 1 capital of the Bank stood at 10.45% and CET 1 CAR at 8.21%.

Capital Management

The Bank manages its capital to meet regulatory requirement as well as for current and future business needs considering the risks in its businesses, expectation of shareholders and investors, and the available options for raising capital.

The capital management framework of the Bank is administered by the Finance Group, and Enterprise Risk Management Group under the supervision of the Board of Directors.

The Bank is fully committed to maintain capital requirements in phased manner as per the SBP's Basel III guidelines. For this purpose, all potential avenues in domestic and offshore markets will be explored and materialized.

During the year, the sponsor of the Bank (Suroor Investments Limited (SIL)), injected Rs.7,007 million as advance share subscription money. In addition, the Bank has received Rs.500 million from another investor (who is not a shareholder of the Bank). In this respect, the SBP vide its letters number BPRD / BA&CP / 649 / 25314 / 2014 dated December 24, 2014 and BPRD / BA&CP / 649 / 5354 / 2015 dated March 03, 2015 has allowed the Bank to treat the advance subscription money of Rs.7,007 million and Rs.500 million respectively as share capital for the purposes of MCR and CAR till March 31, 2015 and further advised the Bank to complete the share issuance process before March 31, 2015.

The management of the Bank has prepared financial projections for a period of five years for the purpose of setting the future course of action for the Bank. These projections are approved by the Board and indicate continuing profitable operations based on various assumptions such as growth of deposits and advances, investment returns, recoveries against loan losses, interest rates, cost of funds, etc.

Internal Assessment of Capital

The Bank's capital management framework includes a comprehensive internal capital adequacy assessment process (ICAAP) conducted annually which determines the adequate level of capitalization for the Bank to regulatory norms and current and future business needs under stress scenarios.

The ICAAP encompasses capital planning, identification and measurement of material risks and the relationship between risk and capital.

The capital management framework is complemented by the risk management framework, which includes a comprehensive assessment of material risks. Stress testing, which is a key aspect of the ICAAP and the risk management framework, provides an insight on the impact of extreme but plausible scenarios on the Bank's risk profile and capital position. Bank conducts stress tests on its various portfolios and assesses the impact on its capital ratios and adequacy.

Monitoring and reporting

The Board of Directors of Summit Bank Limited maintains an active oversight over the Bank's capital adequacy levels.

Risk Exposure and Assessment

As a financial intermediary, the Bank is exposed to various types of risks including credit, market, liquidity, operational, strategic, credit concentration risk, interest rate risk in banking book, legal, compliance and reputation risks. The objective of the risk management framework at the Bank is to ensure that various risks are understood, measured and monitored and that the policies and procedures established to address these risks are strictly adhered to.

Measurement of risks for capital adequacy purpose

Under Pillar 1 of the SBP Guidelines, the Bank follows the standardized approach for credit and market risk and basic indicator approach for operational risk.

41.2 Capital Adequacy Ratio (CAR) disclosure:

		December 31, 2014	December 31, 2013
	CAPITAL ADEQUACY RETURN AS OF DECEMBER 31, 2014	------ (Rupees in '000) ------	
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully paid-up capital / capital deposited with SBP	**18,286,663**	10,779,796
2	Balance in Share Premium Account	**1,000,000**	1,000,000
3	Reserve for issue of Bonus Shares	**-**	-
4	Discount on issue of shares	**(1,297,298)**	(1,297,298)
5	General / statutory reserves	**(1,468,487)**	(1,514,377)
6	Gain / (losses) on derivatives held as Cash Flow Hedge	**-**	-
7	Unappropriated / unremitted profits / (losses)	**(7,689,076)**	(7,918,079)
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**	**8,831,802**	1,050,042
10	Total regulatory adjustments applied to CET1 (Note 41.2.1)	**(1,355,750)**	(497,843)
11	**Common Equity Tier 1**	**7,476,052**	552,199
	Additional Tier 1 (AT 1) Capital		
12	Qualifying Additional Tier-1 capital instruments plus any related share premium		
13	of which: Classified as equity	**2,155,959**	2,155,959
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**	**2,155,959**	2,155,959
18	Total regulatory adjustment applied to AT1 capital (Note 41.2.2)	**-**	-
19	Additional Tier 1 capital after regulatory adjustments	**2,155,959**	2,155,959
20	Additional Tier 1 capital recognized for capital adequacy	**2,038,923**	2,155,959
21	**Tier 1 Capital (CET1 + admissible AT1) (11+20)**	**9,514,975**	2,708,158
	Tier 2 Capital		
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium		
23	Tier 2 capital instruments subject to phase-out arrangement issued under pre-Basel 3 rules	**719,006**	1,498,620
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	**24,176**	22,305
27	Revaluation Reserves (net of taxes)		
28	of which: Revaluation reserves on fixed assets	**452,696**	161,027
29	of which: Unrealized gains/losses on AFS	**300,064**	-
30	Foreign Exchange Translation Reserves	**-**	-
31	Undisclosed/Other Reserves (if any)	**-**	-

		December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
32	**T2 before regulatory adjustments**	**1,495,942**	1,681,952
33	Total regulatory adjustment applied to T2 capital (Note 41.2.3)	-	-
34	Tier 2 capital (T2) after regulatory adjustments	**1,495,942**	1,681,952
35	Tier 2 capital recognized for capital adequacy	**1,495,942**	1,681,952
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	**117,036**	-
37	**Total Tier 2 capital admissible for capital adequacy**	**1,612,978**	1,681,952
38	**TOTAL CAPITAL (T1 + admissible T2) (21+37)**	**11,127,953**	4,390,110
39	**Total Risk Weighted Assets (RWA) {for details refer Note 41.5}**	**91,094,504**	99,804,222
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	**CET1 to total RWA**	**8.21%**	0.55%
41	**Tier-1 capital to total RWA**	**10.45%**	2.71%
42	**Total capital to total RWA**	**12.22%**	4.40%
43	Bank specific buffer requirement (minimum CET1 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	CET1 available to meet buffers (as a percentage of risk weighted assets)	-	-
	National minimum capital requirements prescribed by SBP		
48	**CET1 minimum ratio**	**5.50%**	5.00%
49	**Tier 1 minimum ratio**	**7.00%**	6.50%
50	**Total capital minimum ratio**	**10.00%**	10.00%

		December 31, 2014		December 31, 2013
		Amount	Amounts subject to Pre- Basel III treatment *	Amount
		(Rupees in '000)		
	Regulatory Adjustments and Additional Information			
41.2.1	**Common Equity Tier 1 capital: Regulatory adjustments**			
1	Goodwill (net of related deferred tax liability)	-	-	-
2	All other intangibles (net of any associated deferred tax liability)	**317,575**	-	400,312
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)	**914,989**	**4,574,947**	-
5	Defined-benefit pension fund net assets	-	-	-
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities.	-	-	-
7	Cash flow hedge reserve	-	-	-
8	Investment in own shares/ CET1 instruments	-	-	-
9	Securitization gain on sale	-	-	-
10	Capital shortfall of regulated subsidiaries	-	-	-
11	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	-	97,531
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)	**123,186**	**615,930**	-
15	Amount exceeding 15% threshold	-	-	-
16	of which: significant investments in the common stocks of financial entities	-	-	-
17	of which: deferred tax assets arising from temporary differences	-	-	-
18	National specific regulatory adjustments applied to CET1 capital	-	-	-
19	Investments in TFCs of other banks exceeding the prescribed limit	-	-	-
20	Any other deduction specified by SBP (mention details)	-	-	-
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-	-
22	**Total regulatory adjustments applied to CET1 (sum of 1 to 21)**	**1,355,750**	**5,190,877**	497,843
41.2.2	**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)**	-	-	-

		December 31, 2014		December 31, 2013
		Amount	Amounts subject to Pre- Basel III treatment *	Amount
		(Rupees in '000)		
	Regulatory Adjustments and Additional Information			
41.2.3	**Tier 2 Capital: regulatory adjustments**			
31	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-	-
32	Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-	-	-
33	Investment in own Tier 2 capital instrument	-	-	-
34	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
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)**	-	-	-

		December 31, 2014	December 31, 2013
		(Rupees in '000)	
41.2.4	**Additional Information**		
	Risk Weighted Assets subject to pre-Basel III treatment		
37	Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	**91,094,504**	99,804,222
(i)	of which: deferred tax assets	**3,659,958**	5,742,710
(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	-	-
39	Significant investments in the common stock of financial entities	-	-
40	Deferred tax assets arising from temporary differences (net of related tax liability)	**886,672**	1,776,375
	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)	-	-
42	Cap on inclusion of provisions in Tier 2 under standardized approach	-	-
43	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	**24,176**	22,305
44	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

41.3 Capital Structure Reconciliation

Table: 41.3.1

	December 31, 2014	
	Balance sheet of the published financial	Under regulatory scope of consolidation
	------ (Rupees in '000) ------	
Assets		
Cash and balances with treasury banks	9,383,948	9,383,948
Balanced with other banks	4,377,298	4,377,298
Lending to financial institutions	650,000	650,000
Investments	45,329,692	45,329,692
Advances	66,454,697	66,454,697
Operating fixed assets	7,607,167	7,607,167
Deferred tax assets	5,584,805	5,584,805
Other assets	9,056,687	9,056,687
Total assets	148,444,294	148,444,294
Liabilities & Equity		
Bills payable	1,531,639	1,531,639
Borrowings	25,312,661	25,312,661
Deposits and other accounts	105,222,446	105,222,446
Sub-ordinated loans	1,497,930	1,497,930
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	2,547,644	2,547,644
Total liabilities	136,112,320	136,112,320
Share capital	20,442,622	20,442,622
Reserves	(1,765,785)	(1,765,785)
Accumulated losses	(7,689,076)	(7,689,076)
Minority interest	-	-
Surplus on revaluation of assets - net of deferred tax	1,344,213	1,344,213
Total liabilities & equity	148,444,294	148,444,294

Table: 41.3.2	December 31, 2014		
	Balance sheet of the published financial statements	Under regulatory scope of consolidation	Reference
	------ (Rupees in '000) ------		
Assets			
Cash and balances with treasury banks	9,383,948	9,383,948	
Balanced with other banks	4,377,298	4,377,298	
Lending to financial institutions	650,000	650,000	
Investments	45,329,692	45,329,692	
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	-	-	*c*
of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)	-	-	*d*
of which: others (PIBs, T-Bills, Shares etc.)	45,329,692	45,329,692	e
Advances	66,454,697	66,454,697	
shortfall in provisions / excess of total EL amount over eligible provisions under IRB	-	-	*f*
general provisions reflected in Tier 2 capital	24,176	24,176	g
Fixed assets	7,607,167	7,607,167	
Deferred tax assets	5,584,805	5,584,805	
of which: DTAs that rely on future profitability excluding those arising from temporary differences	4,574,947	4,574,947	h
of which: DTAs arising from temporary differences exceeding regulatory threshold	1,009,858	1,009,858	i
Other assets	9,056,687	9,056,687	
of which: Goodwill	-	-	j
of which: Intangibles	-	-	k
of which: Defined-benefit pension fund net assets	-	-	l
Total assets	148,444,294	148,444,294	
Liabilities and equity			
Bills payable	1,531,639	1,531,639	
Borrowings	25,312,661	25,312,661	
Deposits and other accounts	105,222,446	105,222,446	
Sub-ordinated loans	1,497,930	1,497,930	
of which: eligible for inclusion in AT1	-	-	m
of which: eligible for inclusion in Tier 2	719,006	719,006	n
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	-	-	
of which: DTLs related to goodwill	-	-	o
of which: DTLs related to intangible assets	-	-	p
of which: DTLs related to defined pension fund net assets	-	-	q
of which: other deferred tax liabilities	-	-	r
Other liabilities	2,547,644	2,547,644	
Total liabilities	136,112,320	136,112,320	

Table: 41.3.2	December 31, 2014 Balance sheet of the published financial statements	Under regulatory scope of consolidation	Reference
	------ (Rupees in '000) ------		
Share capital			
of which: amount eligible for CET1	**18,286,663**	**18,286,663**	s
of which: amount eligible for AT1	**2,155,959**	**2,155,959**	t
Reserves			
of which: portion eligible for inclusion in CET1 - Balance of share premium	**1,000,000**	**1,000,000**	u
of which: portion eligible for inclusion in CET1 - Statutory reserves	**110,718**	**110,718**	
of which: portion eligible for inclusion in CET1 - Discount on issue of shares	**(1,297,298)**	**(1,297,298)**	
of which: portion eligible for inclusion in CET1 - Reserve arising on amalgamation	**(1,579,205)**	**(1,579,205)**	
of which: portion eligible for inclusion in Tier 2	-	-	v
Unappropriated profit / (losses)	**(7,689,076)**	**(7,689,076)**	w
Minority Interest	-	-	
of which: portion eligible for inclusion in CET1	-	-	x
of which: portion eligible for inclusion in AT1	-	-	y
of which: portion eligible for inclusion in Tier 2	-	-	z
Surplus on revaluation of assets - net of deferred tax			
of which: Revaluation reserves on Fixed Assets	**808,385**	**808,385**	aa
of which: Unrealized Gains/Losses on AFS	**535,828**	**535,828**	
In case of Deficit on revaluation (deduction from CET1)			ab
Total liabilities and equity	**148,444,294**	**148,444,294**	

	Table: 41.3.3	Component of regulatory capital reported by bank	Source based on reference number from step 2
		(Rupees in '000)	
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully paid-up capital / capital deposited with SBP*	**18,286,663**	(s)
2	Balance in Share Premium Account	**1,000,000**	
3	Reserve for issue of bonus shares	-	
4	General / statutory reserves	**(2,765,785)**	(u)
5	Gain / (losses) on derivatives held as Cash Flow Hedge	-	
6	Unappropriated / unremitted profits / (losses)	**(7,689,076)**	(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**	**8,831,802**	

	Table: 41.3.3	December 31, 2014	
		Component of regulatory capital reported by bank	Source based on reference number from step 2
		(Rupees in '000)	
	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)	**(317,575)**	(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)	**(914,989)**	{(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)	**(123,186)**	(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 - Investment in Subsidiary	-	
29	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
30	Total regulatory adjustments applied to CET1 (sum of 9 to 29)	**(1,355,751)**	
31	**Common Equity Tier 1**	**7,476,051**	

* This includes the amount of advance against subscription of shares amount of Rs. 7,506,867 (in thousands)

Table: 41.3.3

		December 31, 2014	
		Component of regulatory capital reported by bank (Rupees in '000)	Source based on reference number from step 2
32	Qualifying Additional Tier-1 instruments plus any related share premium		
33	of which: Classified as equity	2,155,959	(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**	**2,155,959**	
	Additional Tier 1 Capital: regulatory adjustments		
38	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
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)	-	
46	Additional Tier 1 capital	-	
47	**Additional Tier 1 capital recognized for capital adequacy**	**2,038,923**	
48	**Tier 1 Capital (CET1 + admissible AT1) (31+47)**	**9,514,974**	
	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)	**719,006**	
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	**24,176**	(g)
54	Revaluation Reserves		
55	of which: Revaluation reserves on fixed assets	**452,696**	portion of (aa)
56	of which: Unrealized Gains/Losses on AFS	**300,064**	
57	Foreign Exchange Translation Reserves	-	(v)
58	Undisclosed/Other Reserves (if any)	-	
59	**T2 before regulatory adjustments**	**1,495,942**	
	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)	**1,495,942**	
67	Tier 2 capital recognized for capital adequacy	**1,495,942**	
68	Excess Additional Tier 1 capital recognized in Tier 2 capital	**117,036**	
69	Total Tier 2 capital admissible for capital adequacy	**1,612,978**	
70	**TOTAL CAPITAL (T1 + admissible T2) (48+69)**	**11,127,952**	

41.4 Main Features Template of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments

	Main features	Common shares	Convertible preference shares - A	Convertible preference shares - B	Sub-ordinated debt
1	Issuer	Summit Bank Limited	Summit Bank Limited	Summit Bank Limited	Summit Bank Limited
2	Unique identifier (e.g. KSE Symbol or Bloomberg identifier etc.)	SMBL	SMBLCPSA	SMBLCPSB	SMBLTFC
3	Governing law(s) of the instrument	Capital Market Law	Capital Market Law	Capital Market Law	Capital Market Law
	Regulatory treatment				
4	Transitional Basel III rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1	-
6	Eligible at solo / group / group & solo	Solo and Group	Solo and Group	Solo and Group	Solo and Group
7	Instrument type	Ordinary shares / Advance against subscription of shares	Perpetual non-cumulative preference shares	Perpetual non-cumulative preference shares	Sub-ordinated Debt
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of December 31, 2014)	18,286,663	1,049,198	989,724	1,612,978
9	Par value of instrument	PKR 10	PKR 10	PKR 10	PKR 5,000
10	Accounting classification	Shareholders' equity	Shareholders' equity	Shareholders' equity	Liability - amortized cost
11	Original date of issuance	2005	2013	2013	2011
12	Perpetual or dated	Perpetual	Dated	Dated	Dated
13	Original maturity date	No maturity	2018	2018	2018
14	Issuer call subject to prior supervisory approval	No	No	No	No
15	Optional call date, contingent call dates and redemption amount	Not applicable	Not applicable	Not applicable	Not applicable
16	Subsequent call dates, if applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Coupons / dividends				
17	Fixed or floating dividend / coupon	Not applicable	Fixed	Floating	Floating
18	Coupon rate and any related index / benchmark	Not applicable	5% Bonus Shares	6M KIBOR +50BPS	6M KIBOR +325BPS
19	Existence of a dividend stopper	Not applicable	Yes	Yes	Yes
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Partially Discretionary	Partially Discretionary	Partially Discretionary
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Not applicable	Non-Cumulative	Non-Cumulative	Cumulative
23	Convertible or non-convertible	Not applicable	Convertible	Convertible	Non-Convertible
24	If convertible, conversion trigger (s)	Not applicable	Convertible into Ordinary Shares after five years from the date of issuance.	Convertible into Ordinary Shares starting from the end of 42nd month of the date of issuance and every six months thereafter in equal tranches of 25% or at maturity.	Not applicable

41.4 Main Features Template of Regulatory Capital Instruments

Disclosure template for main features of regulatory capital instruments

	Main features	Common shares	Convertible preference shares - A	Convertible preference shares - B	Sub-ordinated debt
25	If convertible, fully or partially	Not applicable	Always convert fully	Always convert fully	Not applicable
26	If convertible, conversion rate	Not applicable	Shares will be issued at the audited book value as at December 31, 2012.	Shares will be issued at par or at market value whichever is lower. Where if market value will be higher than par value the market value will be discounted by 12.50%	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable	Mandatory	Mandatory	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable	Common Equity Tier 1	Common Equity Tier 1	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable	SMBL	SMBL	Not applicable
30	Write-down feature	Not applicable	No	No	Not applicable
31	If write-down, write-down trigger(s)	Not applicable	Not applicable	Not applicable	Not applicable
32	If write-down, full or partial	Not applicable	Not applicable	Not applicable	Not applicable
33	If write-down, permanent or temporary	Not applicable	Not applicable	Not applicable	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable	Not applicable	Not applicable	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument	Not applicable	Common Shares	Common Shares	Preference Shares
36	Non-compliant transitioned features	Not applicable	No	No	No
37	If yes, specify non-compliant features	Not applicable	Not applicable	Not applicable	Not applicable

41.5 Risk weighted assets

The capital requirements for the banking group as per the major risk categories should be indicated in the manner given below:

	Capital requirements		Risk weighted assets	
	2014	2013	2014	2013
	(Rupees in '000)			
Credit risk				
On balance sheet				
Portfolios subject to standardized approach (Simple or Comprehensive)				
Cash and cash equivalents	**15,282**	19,390	**152,822**	193,905
Sovereign	**-**	-	**-**	-
Public sector entities	**-**	-	**-**	-
Banks	**218,175**	170,617	**2,181,749**	1,706,168
Corporate	**4,778,007**	3,983,706	**47,780,070**	39,837,061
Retail	**492,159**	427,564	**4,921,589**	4,275,636
Residential Mortgages	**60,661**	33,663	**606,610**	336,629
Past due loans	**343,505**	703,336	**3,435,047**	7,033,362
Operating fixed assets	**728,959**	585,520	**7,289,592**	5,855,198
Other assets	**774,041**	1,725,311	**7,740,412**	17,253,107
Portfolios subject to Internal Rating Based (IRB) Approach	-	-	-	-
Off balance sheet				
Non-market related				
Direct Credit Substitutes	**442,647**	302,005	**4,426,468**	3,020,052
Performance related contingencies	**261,683**	191,261	**2,616,825**	1,912,610
Trade Related contingencies	**118,881**	87,930	**1,188,809**	879,299
Market related				
Foreign Exchange contracts / derivatives etc.	**9,452**	429,672	**94,519**	4,296,718
Equity Exposure Risk in the Banking Book	-	-	-	-
Market Risk				
Capital Requirement for portfolios subject to Standardized Approach				
Interest rate risk	**104,744**	505,226	**1,309,300**	6,315,327
Equity position risk	**292,931**	269,974	**3,661,643**	3,374,675
Foreign Exchange risk	**23,817**	7,948	**297,718**	99,350
Capital Requirement for portfolios subject to Internal Models Approach				
Operational Risk				
Capital requirement for operational risks	**271,307**	273,210	**3,391,333**	3,515,124
Total	**8,936,251**	9,716,333	**91,094,504**	99,804,222

Capital Adequacy Ratios	2014		2013	
	Required	Actual	Required	Actual
CET1 to total RWA	**5.50%**	**8.21%**	5.00%	0.55%
Tier-1 capital to total RWA	**7.00%**	**10.45%**	6.50%	2.71%
Total capital to total RWA	**10.00%**	**12.22%**	10.00%	4.40%

42. RISK MANAGEMENT

The acceptance and management of financial risk is inherent to banking business activities. The Bank is exposed to numerous risks in pursuit of its business objectives. The core risks are Credit, Market and Liquidity risks. These risks arise directly through the Bank's commercial activities whilst Operational and Compliance / Legal / Regulatory risks are normal consequences of any business undertaking. We believe a sound Risk Management Framework provides principles for identifying, assessing and monitoring risk within the Bank. The Framework specifies the key elements of the risk management process in order to maximise opportunities, to minimise adversity and to achieve improved outcomes and outputs based on informed decision making.

Clearly defined risk management policies and procedures covering all activities of the Bank including general banking, trade finance, credit evaluation, credit management, treasury operations, administration and human resources management, compliance functions, risk management, central finance, audit and control are in place. The basic principles employed in formulation of the above policies and procedures involves identification, measurement, monitoring and controlling risks to ensure that:

- The Bank's risk exposure is within the limits established by Board of Directors.
- Risk taking decisions are in line with the business strategy and objectives of the Bank.
- The expected payoffs compensate the risks taken by the Bank.
- Risk taking decisions are explicit and clear.
- Sufficient capital as buffer is available to mitigate risk.

Risk responsibilities

The Board of Directors is responsible for overall supervision of the risk management process. This is discharged by distributing responsibilities at the senior management level and determining the manner in which risk authorities are set. The Board is also responsible for approval of all risk policies and ensuring that these are properly implemented. Further, the Board shall also seek appointment of senior management personnel capable of managing the risk activities conducted by the Bank.

The Board of Directors approves the policies proposed by risk management committee of the Bank which discharge various responsibilities assigned to it by the Board.

The Risk Management is headed by a Group Head - Enterprise Risk Management responsible to set-up and implement the Framework of the Bank.

Risk management group organisation

A clear management structure has been put in place by the Bank, which clusters around three distinct groups namely, the Business Group, the Support Group and the Risk Management Group. The Business Group is responsible for generation and management of the business and acts as the front office of the Bank. The Support Group provides various services necessary for maintaining operations of the Bank on a sustainable basis. The Risk Management Group is responsible for management of the risk inherent in the Bank's operations. The Risk Management Group comprises of (i) Credit Division, (ii) Compliance Division and the (iii) Risk Management Division. Whilst the activities of the Credit Division are focused on independent risk management of the Bank's credit activities, the Compliance Division is dedicated to ensure compliance of all internal and external policies and laws and regulations. The Risk Management Division is responsible for managing all other risks emanating from various activities of the Bank. In addition to this, the management has established various committees for periodic risk review.

The Bank has acquired and installed a state of the art, hPLUS™, core banking software. hPLUS™ is a fully functional, well proven, single integrated banking application and is also capable of generating numerous standard and customised MIS reports.

42.1 Credit risk management

Credit risk is the risk that one party to financial instrument fails to discharge an obligation and cause other party to incur a financial loss. The Bank is exposed to credit risk through its lending and investment activities as well as in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees. The following objectives govern the credit policy of the Bank:

- The Bank complies with the requirements of Prudential Regulations prescribed by SBP.
- Facilities provided by the Bank are well diversified into different sectors as well as financing in different consumer products to achieve a strong market position and adequate return on capital.
- Return commensurate with the risk.
- Lending decision is based on a full appreciation for the risks inherent in the transaction and within the approved limits by the Board of Directors.
- Risk is related correctly and risk changes are identified promptly and remedial actions are taken.

The Bank creates loan loss provisions against non-performing advances in accordance with Prudential Regulations issued by SBP. Please refer to note 11.3.1 for reconciliation in loan loss provision.

Concentrations of credit risk (whether on or off statement of financial position) that arise from financial instruments exist for counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be affected in a similar way by changes in economic or other conditions. As part of managing concentration risk, sector risk is managed on a portfolio basis. Please refer to note 42.1.1 for segment reporting.

As a matter of paramount importance the affairs of the customers enjoying credit facilities are carefully reviewed and reconsidered periodically. The facility review provides a timely signal of unfavourable developments in clients' affairs and warns of dangers before the Bank is faced with undesirable positions. For this reason, all facilities of a continuing character are only approved after the next review date, unless otherwise agreed.

Credit administration tasks include the following:

- Maintain Credit, Custody and Security documentation files;
- Register Security and Collateral documents;
- Tracking of covenants;
- Administer facility fees / receipts / payments;
- Load limits into credit system; and
- Satisfy internal and external risk reporting requirements.

It is the Bank's policy to reduce or mitigate credit risk on credit facilities or exposure, as much as possible, in a given commercial environment by securing credit facilities or exposure with collateral. To correctly assess the extent to which the collateral mitigates the credit risk the collateral must be valued according to a specified valuation method and documented and monitored. The legal mechanism by which collateral is pledged and the Bank's procedures ensure that the Bank has clear rights over the collateral and may liquidate, retain or take legal possession of it in a timely manner in the event of the default, insolvency or bankruptcy or otherwise defined credit event set out in the transaction documentation, of the counterparty and, where applicable, of the custodian holding the collateral.

42.1.1 Segmental information

Segmental Information is presented in respect of the class of business and geographical distribution of Advances, Deposits, Contingencies and Commitments.

42.1.1.1 Segments by class of business

	December 31, 2014					
	Advances (Gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Agriculture, forestry, hunting and fishing	705,931	0.91	150,001	0.14	164,571	0.15
Automobile	1,346,568	1.73	206,928	0.20	309,055	0.28
Banaspati and allied industries	380,315	0.49	7,679	0.01	120,454	0.11
Carpet	131,137	0.17	27,434	0.03	279,710	0.25
Cement	707,794	0.91	85,142	0.08	655,614	0.59
Chemical and pharmaceutical	2,323,846	2.99	1,138,946	1.08	1,404,636	1.26
Construction / real estate	3,689,619	4.74	1,048,357	1.00	2,890,244	2.59
Consumer / individuals / staff	3,537,454	4.55	79,968,827	76.00	8,675,953	7.78
Dairy and poultry	247,656	0.32	334,886	0.32	566,723	0.51
Education	249,359	0.32	788,366	0.75	310,839	0.28
Electric and electrical goods	2,307,762	2.97	67,462	0.06	569,191	0.51
Energy, oil, gas and power	5,890,830	7.57	1,949,025	1.85	4,910,152	4.40
Exports / imports	2,382,338	3.06	90,334	0.09	2,051,604	1.84
Financial	5,422,181	6.97	7,887,535	7.50	59,241,697	53.16
Food, tobacco and beverages	3,228,635	4.15	518,452	0.49	2,209,907	1.98
Furniture and allied products	217,131	0.28	20,587	0.02	13,769	0.01
Leather and footwear	616,819	0.79	52,512	0.05	610,105	0.55
Glass and ceramics	97,256	0.13	10,744	0.01	18,821	0.02
Health care	190,239	0.24	131,415	0.12	75,737	0.07
Hotels	1,088,623	1.40	121,372	0.12	64,974	0.06
Insurance	-	-	-	-	3,700	0.00
Mining and quarrying	1,020,295	1.31	181,188	0.17	283,517	0.25
Miscellaneous manufacturing	2,942,084	3.78	511,238	0.49	2,822,106	2.53
Printing, publishing and allied industries	165,664	0.21	184,340	0.18	28,860	0.03
Paper and allied products	54,310	0.07	9,472	0.01	61,349	0.06
Services	2,607,684	3.35	4,032,159	3.83	3,395,067	3.04
Steel and engineering	3,575,057	4.59	366,513	0.35	1,399,486	1.26
Sugar	6,561,359	8.43	183,726	0.17	829,692	0.74
Textile	13,108,452	16.85	571,277	0.54	8,486,091	7.61
Transport and communication	1,169,411	1.50	720,296	0.68	2,554,548	2.29
Trust	-	-	585,705	0.56	8,507	0.01
Wholesale and retail trade	6,912,738	8.88	1,805,635	1.72	2,778,003	2.49
Others	4,925,497	6.34	1,464,893	1.38	3,654,883	3.29
	77,804,044	100.00	105,222,446	100.00	111,449,565	100.00

	December 31, 2013					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Agriculture, forestry, hunting and fishing	24,940	0.05	617,441	0.57	124,966	0.16
Automobile	1,727,585	2.63	301,061	0.28	339,313	0.43
Banaspati and allied industries	224,853	0.34	510	0.00	62,781	0.08
Carpet	141,709	0.22	26,816	0.03	357,459	0.45
Cement	789,708	1.20	28,605	0.03	408,674	0.52
Chemical and pharmaceutical	2,326,845	3.55	945,565	0.89	1,037,097	1.31
Construction / real estate	2,769,286	4.22	4,089,316	3.85	2,639,820	3.34
Consumer / individuals / staff	2,601,717	3.97	59,482,624	55.98	3,545,233	4.48
Dairy and poultry	158,328	0.24	590,542	0.56	93,493	0.12
Education	273,313	0.42	1,026,923	0.97	344,826	0.44
Electric and electrical goods	1,524,410	2.32	198,549	0.19	451,086	0.57
Energy, oil, gas and power	5,266,956	8.03	2,521,755	2.37	4,953,825	6.26
Exports / imports	1,862,989	2.84	205,354	0.19	1,159,847	1.47
Financial	2,801,909	4.27	4,454,430	4.19	34,795,921	43.96
Food, tobacco and beverages	3,080,973	4.70	194,227	0.18	931,910	1.18
Furniture and allied products	150,515	0.23	51,194	0.05	18,154	0.02
Leather and footwear	366,081	0.56	180,034	0.17	1,209,089	1.53
Glass and ceramics	86,151	0.13	20,950	0.02	13,894	0.02
Health care	143,472	0.22	268,548	0.25	68,505	0.09
Hotels	631,601	0.96	758,996	0.71	92,318	0.12
Insurance	-	-	873,396	0.82	3,700	0.00
Mining and quarrying	739,205	1.13	110,716	0.10	176,353	0.22
Miscellaneous manufacturing	1,536,099	2.34	679,337	0.64	1,941,637	2.45
Printing, publishing and allied industries	449,003	0.68	180,760	0.17	1,361,924	1.72
Paper and allied products	58,004	0.09	25,014	0.02	48,442	0.06
Services	3,403,985	5.19	6,080,849	5.72	3,511,235	4.44
Steel and engineering	3,031,937	4.62	300,978	0.28	1,368,824	1.73
Sugar	3,930,397	5.99	304,511	0.29	1,716,533	2.17
Textile	11,800,749	18.00	760,884	0.72	9,307,189	11.76
Transport and communication	1,092,687	1.67	1,423,501	1.34	2,385,889	3.01
Trust	-	-	14,785,952	13.92	7,738	0.01
Wholesale and retail trade	9,238,776	14.09	1,927,437	1.81	2,126,922	2.69
Others	3,334,555	5.10	2,838,791	2.67	2,546,882	3.19
	65,568,738	100.00	106,255,566	100.00	79,151,479	100.00

42.1.1.2 Segment by sector

	December 31, 2014					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public / Government	**938,800**	**1.21**	**15,312,975**	**14.55**	**4,592,128**	**4.12**
Private	**76,865,244**	**98.79**	**89,909,471**	**85.45**	**106,857,437**	**95.88**
	77,804,044	**100.00**	**105,222,446**	**100.00**	**111,449,565**	**100.00**

	December 31, 2013					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public / Government	5,384,800	8.21	19,520,103	18.37	80,602	0.10
Private	60,183,938	91.79	86,735,463	81.63	79,070,877	99.90
	65,568,738	100.00	106,255,566	100.00	79,151,479	100.00

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

	December 31, 2014		December 31, 2013	
	Classified advances	Specific provisions held	Classified advances	Specific provisions held
	------ (Rupees in '000) ------		------ (Rupees in '000) ------	
Agriculture, forestry, hunting and fishing	**2,532**	**1,332**	23,915	23,915
Automobile	**920,521**	**687,881**	968,918	739,526
Banaspati and allied industries	**185,760**	**132,845**	170,635	102,613
Carpet	**125,606**	**98,279**	114,238	82,057
Cement	**329,169**	**329,169**	329,169	329,169
Chemical and pharmaceutical	**115,324**	**106,858**	253,988	146,288
Construction / real estate	**985,157**	**622,631**	1,103,638	449,599
Consumer / individuals / staff	**294,050**	**74,622**	191,641	74,169
Dairy and poultry	**101,418**	**16,368**	1,418	1,418
Education	**51,707**	**34,755**	58,293	21,634
Electric and electrical goods	**91,195**	**68,929**	87,351	46,760
Energy oil, gas and power	**347,237**	**335,998**	499,905	332,767
Exports / imports	**733,735**	**568,064**	836,682	631,179
Financial	**1,241,741**	**1,094,575**	1,632,844	1,249,160
Food, tobacco and beverages	**842,590**	**518,816**	928,702	381,556
Footwear and leather garments	**47,303**	**17,281**	43,478	13,553
Furniture and allied products	**171,035**	**26,246**	12,320	8,255
Glass and ceramics	**85,997**	**36,385**	85,997	49,851
Health care	**113,123**	**70,193**	100,835	58,974
Hotels	**197,714**	**177,629**	241,798	166,037
Mining and quarrying	**4,670**	**4,670**	4,670	3,718
Miscellaneous manufacturing	**223,122**	**177,882**	-	-
Others	**365,915**	**187,953**	692,153	360,066
Paper and allied products	**7,698**	**6,130**	6,258	6,258
Printing, publishing and allied industries	**28,553**	**19,831**	230,689	136,527
Services	**450,728**	**239,387**	790,696	376,825
Steel and engineering	**285,201**	**212,905**	1,053,900	297,137
Sugar	-	-	-	-
Textile	**4,037,100**	**3,670,184**	4,405,358	3,554,339
Transport and communication	**254,783**	**229,353**	298,526	225,714
Wholesale and retail trade	**2,197,623**	**1,558,020**	2,641,026	1,468,895
	14,838,307	**11,325,171**	17,809,041	11,337,959

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

	December 31, 2014		December 31, 2013	
	Classified advances	Specific provisions held	Classified advances	Specific provisions held
	------ (Rupees in '000) ------		------ (Rupees in '000) ------	
Public / Government	-	-	-	-
Private	**14,838,307**	**11,325,171**	17,809,041	11,337,959
	14,838,307	**11,325,171**	17,809,041	11,337,959

	Profit / (loss) before taxation	Total assets employed	Net assets employed	Contingencies & commitments
	------ (Rupees in '000) ------		------ (Rupees in '000) ------	

42.1.1.5 Geographical segment analysis

December 31, 2014				
Pakistan	**35,571**	**148,444,294**	**12,331,974**	**111,449,565**
December 31, 2013				
Pakistan	(1,385,777)	125,499,781	3,347,104	79,151,479

Total assets employed shown above include mean total assets shown on the statement of financial position and intra group items. Net assets employed mean net assets shown on the statement of financial position.

42.2 Credit risk - general disclosure Basel II specific

42.2.1 Credit risk - general disclosures

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

42.2.1.1 Credit Risk: Disclosures for portfolio subject to Standardised Approach and supervisory risk weights in IRB approach Basel II specific

Under standardised approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by SBP for capital adequacy purposes. In this connection, the Bank utilises the credit ratings assigned by ECAIs and has recognised agencies such as PACRA (Pakistan Credit Rating Agency), JCR-VIS (Japan Credit Rating Company – Vital Information Systems), Fitch, Moody's and Standard and Poors which are also recognised by the SBP. The Bank also utilises rating scores of Export Credit Agencies (ECA) participating in the "Arrangement on Officially Supported Export Credits".

The Standardised Approach to credit risk sets out fixed risk weights corresponding, where appropriate, to external credit assessment levels or for unrated claims.

Selection of ECAIs

The Bank selects particular ECAI(s) for each type of claim. Amongst the ECAIs that have been recognised as eligible by SBP, the following are being used against each respective claim type.

Sovereign Exposures: For foreign currency claims on sovereigns, the Bank uses country risk scores of Export Credit Agencies (ECA) participating in the "Arrangement on Officially Supported Export Credits" available on Organisation for Economic Co-operation and Development (OECD) website.

Exposures to Multilateral Development Banks (MDBs): For exposures on MDBs not eligible for a 0% risk weight, ratings of Moody's, S&P and Fitch are being used to calculate risk-weighted assets.

Exposures to Public Sector Entities (PSEs): For PSE exposures, ratings of PACRA and JCR-VIS are used to arrive at risk weights.

Bank Exposures: For foreign banks (i.e., incorporated outside Pakistan), ratings of Moody's, S&P and Fitch are being used to arrive at risk weights. However, for local banks (i.e. incorporated in Pakistan) ratings of PACRA and JCR-VIS are used.

Corporate Exposures: Ratings assigned by PACRA and JCR-VIS are used for claims on Corporate (excluding equity exposures).

Use of ECAI ratings

The Bank prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings as compared to unsolicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

Mapping to SBP rating grades

The selected final ratings (after application of the principles stated above) for all exposures need to be translated to the standard rating grades given by the SBP. In this regard, the mapping tables to be used for converting ECAI ratings to SBP rating grades are given below:

Long-Term Rating Grades Mapping

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

Short-Term Rating Grades Mapping

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

Types of exposures and ECAI's used

	December 31, 2014				
Exposures	**Fitch**	**Moody's**	**S&P**	**PACRA**	**JCR-VIS**
Corporate	-	-	-	Yes	Yes
Banks	Yes	Yes	Yes	Yes	Yes
Sovereigns	-	-	-	-	-
SME's	-	-	-	-	-
Securitisations	-	-	-	-	-
Others	-	-	-	Yes	Yes

Exposure	Rating category	December 31, 2014 Amount outstanding	Deduction CRM	Net amount	December 31, 2013 Amount outstanding	Deduction CRM	Net amount
		(Rupees in '000)					
Corporate	20%	**3,804,837**	**3,533**	**3,801,304**	1,363,180	-	1,363,180
	50%	**1,929,735**	**2,159**	**1,927,576**	2,244,433	1,180	2,243,253
	100%	**18,421**	**-**	**18,421**	29,527	-	29,527
	unrated	**49,397,819**	**4,897,266**	**44,500,553**	38,881,204	1,737,917	37,143,287
	150%	-	-	-	339,909	-	339,909
Retail	75%	**8,086,096**	**1,523,978**	**6,562,118**	6,493,228	792,380	5,700,848
Past due loan	150%	**1,180,859**	**-**	**1,180,859**	3,019,943	-	3,019,943
	100%	**940,939**	**-**	**940,939**	1,577,668	-	1,577,668
	50%	**1,357,648**	**-**	**1,357,648**	1,851,558	-	1,851,558
Bank	20%	**9,285,243**	**-**	**9,285,243**	7,322,912	-	7,322,912
	50%	**367,289**	**-**	**367,289**	620,278	-	620,278
	100%	**40,875**	**-**	**40,875**	125,351	-	125,351
	150%	**107,254**	**-**	**107,254**	-	-	-
	unrated	**184,242**	**-**	**184,242**	-	-	-
Sovereign etc.	0%	**11,369,013**	**-**	**11,369,013**	8,483,301	-	8,483,301
Others	0%	-	-	-	-	-	-
	35%	**1,745,016**	**11,846**	**1,733,170**	963,797	2,000	961,797
	50%	-	-	-	-	-	-
	100%	**14,155,775**	**-**	**14,155,775**	9,337,878	-	9,337,878
	250%	-	-	-	5,799,860	-	5,799,860
		103,971,061	**6,438,782**	**97,532,279**	88,454,027	2,533,477	85,920,550

42.2.1.2 Credit Risk: Disclosures with respect to Credit Risk Mitigation for Standardised Approach

The Bank has adopted the Simple Approach of Credit Risk Mitigation for the Banking Book. Since the trading book of the Bank only comprises equity investments; therefore no Credit Risk Mitigation benefit is taken in the trading book. In instances where the Bank's exposure on an obligor is secured by collateral that conforms with the eligibility criteria under the Simple Approach of CRM, then the Bank reduces its exposure under that particular transaction by taking into account the risk mitigating effect of the collateral for the calculation of capital requirement i.e. risk weight of the collateral instrument securing the exposure is substituted for the risk weight of the counter party.

The Bank accepts cash, lien on deposits, government securities and eligible guarantees etc. under the simple approach of Credit Risk Mitigation. The Bank has in place detailed guidelines with respect to valuation and management of various collateral types. In order to obtain the credit risk mitigation benefit, the Bank uses realizable value of eligible collaterals to the extent of outstanding exposure.

Since no specific asset is available by way of security in the context of unfunded credit protection, the creditworthiness and reliability of the provider and the validity and enforceability of that party's obligations is of paramount importance. Therefore, unfunded credit protection is only "eligible" if it is provided by an appropriate counterparty which may include National Government, Central Bank etc.

42.3 Equity position risk in the banking book

The Group makes investment for variety of purposes. Some of the investment positions of equity holding are made for revenue generation, while certain other equity holdings are held as part of strategic initiatives to support the Group's long term business activities.

Classification of investments

Under SBP's directives, equity investment may be classified as "Held-for-Trading (HFT)", "Available-for-Sale (AFS)" or "Investment in Subsidiaries and Associates". Some of the equity investments are listed and traded in public through stock exchanges, while other investments are unlisted and therefore illiquid.

Policies, valuation and accounting of equity investments

In accordance with the requirements of the SBP, quoted securities are carried at market value whereas strategic investments are accounted for in accordance with the directives of SBP.

The unrealised surplus / (deficit) arising on revaluation of the Group's held-for-trading investment portfolio is taken to the profit and loss account. The surplus / (deficit) arising on revaluation of quoted securities classified as available-for-sale is kept in a separate account shown in the statement of financial position below equity. The surplus / (deficit) arising on these securities is taken to the profit and loss account on disposal.

Unquoted equity securities are valued at the lower of cost and break-up value. Subsequent increases or decreases in the carrying value are credited / charged to profit and loss account. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses, if any. Provision for diminution in the value of securities is made after considering impairment, if any, in their value.

Profit and loss on sale of investments is included in income.

Composition of equity investments - market values

	December 31, 2014			December 31, 2013		
	Held-for-trading	Available-for-sale	Investment in subsidiaries	Held-for-trading	Available-for-sale	Investment in subsidiaries
	Rupees in '000					
Equity investments	**63,954**	**1,787,312**	-	68,881	1,580,399	-
Mutual fund units - Open end	-	**54,137**	-	-	29,352	-
Total value	**63,954**	**1,841,449**	-	68,881	1,609,751	-

The cumulative realised gain on sale of equity securities amounted to Rs. 341.833 million (December 31, 2013: Rs. 30.159 million), however, unrealised loss of Rs. 15.81 million (December 31, 2013: Rs. 263.771 million) was recognised in the statement of financial position in respect of available-for-sale securities.

42.4 Market risk

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

The Group is primarily exposed to interest rate risk which is reflected in the level of future income and expense produced by these positions versus levels that would be generated by current levels of interest rates. Other risks include exposures to foreign exchange rates, as well as mortgage, equity market and issuer credit risk factors. The Bank is in the process of developing Value at Risk (VAR) and stress testing models for management of such risks.

42.4.1 Interest rate risk

Interest rate risk is the potential impact on a Group's earnings and asset values with variation in interest rates. Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specified period. These positions include loans, debt securities, certain trading-related assets and liabilities, deposits and borrowings. The Group's overall goal is to manage interest rate sensitivity so that movements in interest rates do not adversely affect net interest income. Interest rate risk is measured as the potential volatility in the net interest income caused by changes in market interest rates. The Group seeks to mitigate interest rate risk in a variety of ways including taking offsetting positions and other asset and liability management process. Whilst the Treasury and the Risk Management Division of the Group monitor and manage the interest rate risk on a daily basis, the overall interest rate risk position and strategies are reviewed on an ongoing basis by Asset and Liability Committee (ALCO).

42.4.2 Foreign exchange risk

The Group has set the following objectives for managing the inherent risk on foreign currency exposures:

- Maximise profitability with minimum risk by keeping the exposure at desirable levels in view of strict compliance of regulatory / international standards and the Group's internal guidelines.
- Manage appropriate maturity mismatch gaps.
- Identify warning and stress zones for mismatch gaps.
- Usage of different tools to manage the inherent risk of product and market, such as compliance of credit limit, monitoring of foreign exchange exposure limit, review of mark to market portfolio and safe settlement, etc.

Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in foreign currencies. The potential for loss arises from the process of revaluing foreign currency positions in rupee terms. The Group's foreign exchange risk is presently limited to future cash flows in foreign currencies arising from foreign exchange transactions and translation of net open position in foreign currencies. The Group is carefully monitoring the net foreign currency exposure as well as utilizing the currency swap and forward contract to hedge the related exposure.

	December 31, 2014			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan rupee	139,670,490	129,308,770	(1,686,719)	8,675,003
United States dollar	8,237,703	5,595,546	2,409,545	5,051,702
Great Britain pound	146,941	667,159	(528,018)	(1,048,236)
Japanese yen	2,436	-	-	2,436
Euro	323,292	432,704	(121,027)	(230,439)
Other currencies	63,430	108,141	(73,781)	(118,492)
	148,444,294	136,112,320	-	12,331,974

	December 31, 2013			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan rupee	119,834,440	115,312,706	(2,717,774)	1,803,960
\United States dollar	5,307,239	5,504,071	1,901,083	1,704,251
Great Britain pound	162,772	608,552	435,549	(10,231)
Japanese yen	31	1,869	3,009	1,171
Euro	121,003	531,018	279,213	(130,802)
Other currencies	74,296	194,461	98,920	(21,245)
	125,499,781	122,152,677	-	3,347,104

42.4.3 Equity position risk

Equity market risk is risk to earnings on capital that results from adverse changes in the value of equity related portfolios. Equity market risk arises from exposure to securities that represent an ownership interest in a company. The Group is exposed to the equity market risk on its equity portfolio. Apart from on statement of financial position exposure, some off statement of financial position equity exposure also comes from the future contracts. The Group is in the process of instituting measures to mitigate the risk associated with the trading equity portfolio through future contracts and active trading on stop loss basis. The strategic equity portfolio however remains exposed to market variations. The Board with the recommendations of ALCO approves exposure limits applicable to investments in trading book.

42.4.4 Mismatch of Interest Rate Sensitive Assets and Liabilities

	Effective Yield / Interest rate	December 31, 2014										
		Exposed to Yield / Interest rate										
		Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	9,383,948	17,813	-	-	-	-	-	-	-	-	9,366,135
Balances with other banks	0.10% to 3.00%	4,377,298	-	-	-	-	-	-	-	-	-	4,377,298
Lendings to financial institutions	12.00% to 13.00%	650,000	650,000	-	-	-	-	-	-	-	-	-
Investments	9.70% to 17.45%	45,329,692	-	521,941	5,031,682	925,325	22,293,211	2,003,828	690,391	11,259,791	-	2,603,521
Advances	0% to 28.00%	66,454,697	496,145	47,978,535	2,689,803	11,984,395	253,627	310,892	1,673,395	983,456	-	84,450
Other assets	-	9,056,687	-	-	-	-	-	-	-	-	-	9,056,687
		135,252,322	1,163,958	48,500,476	7,721,485	12,909,720	22,546,839	2,314,720	2,363,786	12,243,247	-	25,488,091
Liabilities												
Bills payable	-	1,531,639	-	-	-	-	-	-	-	-	-	1,531,639
Borrowings	5.00% to 9.50%	25,312,661	20,585,675	2,830,565	1,891,893	4,528	212,647	160,465	838,854	42,830	-	34,199,357
Deposits and other accounts	0.0% to 18.5%	105,222,446	14,105,075	41,061,408	7,185,755	7,416,055	-	-	-	-	-	-
Sub-ordinated loans	13.44%	1,497,930	-	-	1,497,930	-	-	-	-	-	-	2,547,645
Other liabilities	-	2,547,644	-	-	-	-	-	-	-	-	-	38,278,641
		136,112,320	34,690,750	43,891,973	10,575,578	7,420,583	212,647	160,465	838,854	42,830	-	(12,790,550)
On-balance sheet gap		(859,998)	(33,526,792)	4,608,503	(2,854,093)	5,489,137	22,334,191	2,154,255	1,524,932	12,200,417	-	
Off-balance sheet financial instruments												
Foreign currency forward purchase		8,334,028	3,951,038	2,801,603	1,417,412	163,975	-	-	-	-	-	
Foreign currency forward sale		10,023,327	6,791,791	2,834,653	396,883	-	-	-	-	-	-	
Off-balance sheet gap		(1,689,299)	(2,840,753)	(33,050)	1,020,529	163,975	-	-	-	-	-	
Total yield / interest risk sensitivity gap		(2,549,297)	(36,367,545)	4,575,453	(1,833,564)	5,653,112	22,334,191	2,154,255	1,524,932	12,200,417	-	
Cumulative yield / interest risk sensitivity gap		(2,549,297)	(36,367,545)	(31,792,092)	(33,625,656)	(27,972,544)	(5,638,353)	(3,484,098)	(1,959,166)	10,241,251	10,241,251	

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

	December 31, 2014 (Rupees in '000)
Total financial assets	135,252,324
Add: Non financial assets	7,607,167
Operating fixed assets	5,584,805
Deferred tax assets	(1)
Other assets	148,444,295
Total assets as per statement of financial position	
Total financial liabilities	136,112,322
Add: Non financial liabilities	-
Other liabilities	136,112,322
Total liabilities as per statement of financial position	

	Effective Yield / Interest rate	December 31, 2013										
		Exposed to Yield / Interest rate										
		Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	9,203,573	1,003,217	-	-	-	-	-	-	-	-	8,200,356
Balances with other banks	0.17% to 3%	2,302,189	600,410	-	-	-	-	-	-	-	-	1,701,779
Lendings to financial institutions	10.5% to 12%	1,555,000	1,555,000	-	-	-	-	-	-	-	-	-
Investments	6.45% to 17.49%	39,526,939	500,107	7,269,277	17,936,416	-	-	453,031	694,373	9,993,956	-	2,679,779
Advances	0%to 28%	54,208,474	2,151,642	37,805,491	1,808,644	10,230,722	154,986	132,203	898,944	941,392	-	84,450
Other assets	-	6,913,810	-	-	-	-	-	-	-	-	-	6,913,810
		113,709,985	5,810,376	45,074,768	19,745,060	10,230,722	154,986	585,234	1,593,317	10,935,348	-	19,580,174
Liabilities												
Bills payable	-	2,205,414	-	-	-	-	-	-	-	-	-	2,205,414
Borrowings	5% to 10%	9,961,198	5,837,945	2,349,040	1,762,124	12,089	-	-	-	-	-	-
Deposits and other accounts	0.0% to 18.5%	106,255,566	17,787,778	42,935,388	6,938,480	6,805,973	531,166	100,607	742,849	119,395	-	30,293,930
Sub-ordinated loans	13.03%	1,498,620	-	1,498,620	-	-	-	-	-	-	-	-
Other liabilities	-	2,231,879	-	-	-	-	-	-	-	-	-	2,231,879
		122,152,677	23,625,723	46,783,048	8,700,604	6,818,062	531,166	100,607	742,849	119,395	-	34,731,223
On-balance sheet gap		(8,442,692)	(17,815,347)	(1,708,280)	11,044,456	3,412,660	(376,180)	484,627	850,468	10,815,953	-	(15,151,049)
Off-balance sheet financial instruments												
Foreign currency forward purchase		9,293,081	6,229,136	2,350,542	713,403	-	-	-	-	-	-	
Foreign currency forward sale		8,517,592	3,221,555	3,401,359	1,894,678	-	-	-	-	-	-	
Off-balance sheet gap		775,489	3,007,581	(1,050,817)	(1,181,275)	-	-	-	-	-	-	
Total yield / interest risk sensitivity gap		(7,667,203)	(14,807,766)	(2,759,097)	9,863,181	3,412,660	(376,180)	484,627	850,468	10,815,953	-	
Cumulative yield / interest risk sensitivity gap		(7,667,203)	(14,807,766)	(17,566,863)	(7,703,682)	(4,291,022)	(4,667,202)	(4,182,575)	(3,332,107)	7,483,846	7,483,846	

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

	December 31, 2013 (Rupees in '000)
Total financial assets	113,709,985
Add: Non financial assets	
Operating fixed assets	6,258,010
Deferred tax assets	5,742,710
Other assets	(210,924)
Total assets as per statement of financial position	125,499,781
Total financial liabilities	122,152,677
Add: Non financial liabilities	
Other liabilities	-
Total liabilities as per statement of financial position	122,152,677

42.5 Liquidity risk

Liquidity risk is the risk caused, among others, by the inability of the Group to settle liabilities at due date. The Liquidity Risk Policy is formulated keeping in view State Bank's guidelines on risk management and best market practice.

Objectives of Group's liquidity management is to ensure that the Group is able to honour all its financial commitments on an ongoing basis without (i) affecting the Group's cost of funds (ii) adversely affecting ability to raise funds and (iii) resorting to sale of assets.

Asset and Liability Committee (ALCO), Risk Management Division, Treasury and the Finance Division each have a role in management of liquidity risk.

42.5.1 Maturities of assets and liabilities - based on historical behavioural pattern of the assets and liabilities of the Group

Maturity gaps of all assets and liabilities are based on contractual maturities, in addition to the expected maturities which have been determined based on the behavioural study of non contractual deposits. The Bank has used VAR methodology which excludes 5% extreme volatilities thus leaving 95% confidence results.

	December 31, 2014									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	9,383,948	9,383,948	-	-	-	-	-	-	-	-
Balances with other banks	4,377,298	4,377,298	-	-	-	-	-	-	-	-
Lendings to financial institutions	650,000	650,000	-	-	-	-	-	-	-	-
Investments	45,329,692	569,956	8,633,925	18,349,745	2,760,933	477,227	764,080	2,100,164	11,445,146	228,514
Advances	66,454,697	6,991,234	14,052,284	5,870,394	24,334,527	4,057,948	2,425,488	4,950,078	2,705,842	1,066,902
Operating fixed assets	7,607,167	1,515,893	84,849	127,273	254,546	431,303	368,895	595,769	978,695	3,249,945
Deferred tax assets	5,584,805	111,681	268,306	643,172	753,205	551,931	1,325,241	1,908,913	22,356	-
Other assets	9,056,687	5,708,716	1,117,988	1,117,988	1,111,996	-	-	-	-	-
	148,444,294	29,308,726	24,157,351	26,108,572	29,215,207	5,518,408	4,883,704	9,554,924	15,152,039	4,545,361
Liabilities										
Bills payable	1,531,639	1,531,639	-	-	-	-	-	-	-	-
Borrowings	25,312,661	20,585,674	2,830,565	1,891,893	4,528	-	-	-	-	-
Deposits and other accounts	105,222,446	18,793,807	8,356,312	8,711,046	7,416,055	212,647	160,465	61,529,283	42,830	-
Sub-ordinated loans	1,497,930	-	-	-	-	-	-	1,497,930	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Other liabilities	2,547,646	2,547,646	-	-	-	-	-	-	-	-
	136,112,322	43,458,766	11,186,877	10,602,939	7,420,583	212,647	160,465	63,027,213	42,830	-
Net assets	12,331,972	(14,150,040)	12,970,474	15,505,632	21,794,625	5,305,761	4,723,239	(53,472,289)	15,109,209	4,545,361
Share capital	20,442,622									
Reserves	(1,765,785)									
Accumulated loss	(7,689,076)									
Surplus on revaluation of assets - net	1,344,213									
	12,331,974									

	December 31, 2013									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	9,203,573	9,203,573	-	-	-	-	-	-	-	-
Balances with other banks	2,302,189	2,302,189	-	-	-	-	-	-	-	-
Lendings to financial institutions	1,555,000	1,555,000	-	-	-	-	-	-	-	-
Investments	39,526,939	496,767	7,525,223	15,993,412	2,406,395	415,919	665,963	1,669,169	10,154,921	199,170
Advances	54,208,474	5,705,812	11,468,602	4,791,051	19,832,164	3,312,286	1,979,533	4,039,947	2,208,340	870,739
Operating fixed assets	6,258,010	1,243,604	77,255	112,059	214,942	408,889	302,633	488,755	802,899	2,606,974
Deferred tax assets	5,742,710	122,911	326,490	785,281	315,405	26,140	484,051	819,764	1,910,250	952,418
Other assets	6,702,886	4,240,675	820,737	820,737	820,737	-	-	-	-	-
	125,499,781	24,870,531	20,218,307	22,502,540	23,589,643	4,163,234	3,432,180	7,017,635	15,076,410	4,629,301
Liabilities										
Bills payable	2,205,414	2,205,414	-	-	-	-	-	-	-	-
Borrowings	9,961,198	5,837,945	2,349,040	1,762,124	12,089	-	-	-	-	-
Deposits and other accounts	106,255,566	22,210,692	11,226,643	9,051,532	6,805,973	531,166	100,607	56,209,558	119,395	-
Sub-ordinated loans	1,498,620	-	-	-	-	-	-	-	1,498,620	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
	2,231,879	2,231,879	-	-	-	-	-	-	-	-
	122,152,677	32,485,930	13,575,683	10,813,656	6,818,062	531,166	100,607	56,209,558	1,618,015	-
Net assets	3,347,104	(7,615,399)	6,642,624	11,688,884	16,771,581	3,632,068	3,331,573	(49,191,923)	13,458,395	4,629,301
Share capital	12,935,755									
Reserves	(1,811,675)									
Accumulated loss	(7,918,079)									
Surplus on revaluation of assets - net	141,103									
	3,347,104									

42.5.2 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Bank

	December 31, 2014									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	9,383,948	9,383,948	-	-	-	-	-	-	-	-
Balances with other banks	4,377,298	4,377,298	-	-	-	-	-	-	-	-
Lendings to financial institutions	650,000	650,000	-	-	-	-	-	-	-	-
Investments	45,329,692	45,892	609,689	3,030,588	3,773,537	22,675,741	2,301,119	1,368,351	8,218,174	3,306,601
Advances	66,454,697	4,661,200	13,736,118	6,458,808	26,524,387	3,813,812	3,867,637	5,017,750	1,585,217	789,768
Operating fixed assets	7,607,167	2,404,894	67,778	101,667	203,334	345,941	297,181	483,231	807,130	2,896,012
Deferred tax assets	5,584,805	111,681	268,306	643,172	753,205	551,931	1,325,241	1,908,913	22,356	-
Other assets	9,056,687	9,056,687	-	-	-	-	-	-	-	-
	148,444,294	30,691,600	14,681,892	10,234,235	31,254,463	27,387,424	7,791,178	8,778,245	10,632,877	6,992,381
Liabilities										
Bills payable	1,531,639	1,531,639	-	-	-	-	-	-	-	-
Borrowings	25,312,661	14,834,954	5,969,207	4,477,779	30,720	-	-	-	-	-
Deposits and other accounts	105,222,446	76,924,177	11,116,689	8,962,881	6,739,315	525,964	99,622	735,573	118,226	-
Sub-ordinated loans	1,497,930	-	-	-	-	-	-	1,497,930	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
	2,547,646	2,547,646	-	-	-	-	-	-	-	-
	136,112,322	95,838,417	17,085,896	13,440,660	6,770,035	525,964	99,622	2,233,503	118,226	-
Net assets	12,331,973	(65,146,817)	(2,404,004)	(3,206,425)	24,484,428	26,861,460	7,691,556	6,544,741	10,514,652	6,992,381
Share capital	20,442,622									
Reserves	(1,765,785)									
Accumulated loss	(7,689,076)									
Surplus on revaluation of assets - net	1,344,213									
	12,331,974									

	December 31, 2013									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	---------- Rupees in '000 ----------									
Assets										
Cash and balances with treasury banks	9,203,573	9,203,573	-	-	-	-	-	-	-	-
Balances with other banks	2,302,189	2,302,189	-	-	-	-	-	-	-	-
Lendings to financial institutions	1,555,000	1,555,000	-	-	-	-	-	-	-	-
Investments	39,526,939	496,767	7,525,223	15,993,412	2,406,395	415,919	665,963	1,669,169	10,154,921	199,170
Advances	54,208,474	5,705,812	11,468,602	4,791,051	19,832,164	3,312,286	1,979,533	4,039,947	2,208,340	870,739
Operating fixed assets	6,258,010	1,243,604	77,255	112,059	214,942	408,889	302,633	488,755	802,899	2,606,974
Deferred tax assets	5,742,710	122,911	326,490	785,281	315,405	26,140	484,051	819,764	1,910,250	952,418
Other assets	6,702,886	6,702,886	-	-	-	-	-	-	-	-
	125,499,781	27,332,742	19,397,570	21,681,803	22,768,906	4,163,234	3,432,180	7,017,635	15,076,410	4,629,301
Liabilities										
Bills payable	2,205,414	2,205,414	-	-	-	-	-	-	-	-
Borrowings	9,961,198	5,837,945	2,349,040	1,762,124	12,089	-	-	-	-	-
Deposits and other accounts	106,255,566	77,772,877	11,226,643	8,956,056	6,805,973	531,166	100,607	742,849	119,395	-
Sub-ordinated loans	1,498,620	-	-	-	-	-	-	-	1,498,620	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
	2,231,879	2,231,879	-	-	-	-	-	-	-	-
	122,152,677	88,048,115	13,575,683	10,718,180	6,818,062	531,166	100,607	742,849	1,618,015	-
Net assets	3,347,104	(60,715,373)	5,821,887	10,963,623	15,950,844	3,632,068	3,331,573	6,274,786	13,458,395	4,629,301
Share capital	12,935,755									
Reserves	(1,811,675)									
Accumulated loss	(7,918,079)									
Surplus on revaluation of assets - net	141,103									
	3,347,104									

42.6 Operational risk management

The Group, 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.

The Group maintains a system of internal controls designed to keep operational risk at appropriate levels, in view of the Group's financial strength and the characteristics of the activities and market in which it operates. These internal controls are periodically updated to conform to the industry best practices.

The Group seeks to manage the operational risk from two perspectives, firstly by way of ensuring compliance of standard operating procedures including defined processes for prevention and detection of any fraud and forgery, and work place safety and security, secondly through contingency planning to ensure continuity of business. Policies and procedures covering all activities in Group are in place.

The Group is currently in the process of implementing internationally accepted Internal Control-Integrated Framework published by the Committee of Sponsoring Organisations of the Tread way Commission (COSO), with a view to consolidate and enhance the existing internal control processes.

The Group has implemented the Internal Control Guidelines issued by the State Bank of Pakistan and followed the road map issued w.r.t. internal controls over financial reporting. Moreover, a separate Internal Control Unit has been setup to continuously monitor the implementation of sound internal controls within the Bank.

43. KEY ISLAMIC BANKING OPERATIONS

43.1 The Group commenced its Islamic Banking Operations in Pakistan on March 07, 2014 and is operating with 02 branches as at December 31, 2014 (December 31, 2013: Nil). The statement of financial position, profit and loss account and cash flow statement of Islamic branches as at December 31, 2014 are as follows:

BSD Circular Letter No. 03 dated January 22, 2013 requires all Islamic Banks and Banking Branches to present all financing and advances for assets under Islamic modes of financing and any other related item pertaining to Islamic mode of financing under the caption "Islamic Financing and Related Assets" in the statement of financial position.

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
Islamic statement of financial position as at December 31, 2014			
ASSETS			
Cash and balances with treasury banks	43.3	242,216	-
Balances with other banks		-	
Due from Financial institutions		76,100	-
Investments		527,680	-
Islamic financing and related assets	43.7	1,607,064	-
Operating fixed assets		76,588	-
Deferred tax assets - net		-	-
Other assets		73,596	-
TOTAL ASSETS		2,603,244	-
LIABILITIES			
Bills payable		2,618	-
Due to financial institutions		-	-
Deposits and other accounts			
- Current accounts		186,773	-
- Saving accounts		740,366	-
- Term deposits		341,381	-
- Others		-	-
- Deposits from financial institutions - remunerative		-	-
- Deposits from financial institutions - non - remunerative		-	-
Due to head office		-	-
Deferred tax liabilities - net		1,226	-
Other liabilities		228,756	-
		1,501,120	-
NET ASSETS		1,102,124	-
REPRESENTED BY:			
Islamic Banking Fund		1,000,000	-
Reserves		-	-
Unappropriated profit		99,848	-
		1,099,848	-
Surplus on revaluation of assets - net of tax		2,276	-
		1,102,124	-

	Note	December 31, 2014	December 31, 2013
		------ (Rupees in '000) ------	
43.2 Islamic profit and loss account for the year ended December 31, 2014			
Profit / return earned on financings, investments and placements		133,120	-
Return on deposits and other dues expensed		(38,814)	-
Net spread earned		94,306	-
Other income			
Fee, commission and brokerage income		37,696	-
Gain from dealing in foreign currencies		1,446	-
Gain on sale of securities - net		4,493	-
Other income		353	-
Total other income		43,988	-
		138,294	-
Other expenses			
Administrative expenses		(38,395)	-
Other charges		(51)	-
Total other expenses		(38,446)	-
		99,848	-
Extra-ordinary / unusual items		-	-
Profit before taxation		99,848	-
43.3 Islamic cash flow statement for the year ended December 31, 2014			
Cash flows from operating activities			
Profit before taxation		99,848	-
Adjustments:			
Depreciation		5,536	-
Amortisation of intangible assets		16	-
		5,552	-
		105,400	-
Increase in operating assets			
Lendings to financial institutions		(76,100)	-
Islamic financings and related assets - net		(1,607,064)	-
Other assets		(73,596)	-
		(1,756,760)	-
Increase in operating liabilities			
Bills payable		2,618	-
Deposits and other accounts		1,268,520	-
Other liabilities		228,756	-
		1,499,894	-
Net cash outflow from operating activities		(151,466)	-
Cash flows from investing activities			
Net (investments) / realisation in 'available-for-sale' securities		(524,178)	-
Investment in operating fixed assets		(82,140)	-
Net cash outflow from investing activities		(606,318)	-
Cash flows from financing activities			
Islamic Banking Fund		1,000,000	-
Net cash inflow from financing activities		1,000,000	-
Increase in cash and cash equivalents		242,216	-
Cash and cash equivalents at beginning of the year		-	-
Cash and cash equivalents at end of the year	43.1	242,216	-

ISLAMIC BANKING BUSINESS

43.4 Summit Bank Limited - Islamic Banking Division is maintaining General Pool for profit declaration and distribution.

Features, risks and rewards of the pool are given below:

(i) General pool

General pool is the basket in which all the deposits from depositors is placed along with the Bank's own equity and funds from other financial institutions. The general pool is based on the principle of unrestricted Modaraba. An unrestricted Modaraba contract is a contract in which the depositor permits the Bank to administer the funds without any restrictions. In this case, the Bank has a wide range of trade or business freedom on the basis of trust and the business expertise the Bank has acquired. However, such unrestricted business freedom in an unrestricted Modaraba must be exercised only in accordance with the interests of the parties and the objectives of the Modaraba contract, which is making profit. Therefore, the actions of the Bank must be in accordance with the business customs relating to the Banking operations.

(a) Priority of utilization of funds in the general pool shall be

- Depositor Funds.
- Equity Funds.
- Placement / Investments of Other IBI.
- Modaraba Placement of SBL (Counterpart).

(b) Weightages for distribution of profit in general pool

The weightages are calculated and declared monthly as the pool is constructively liquidated at end of each month and created simultaneously. The Bank declares such weightages at least 3 days before the beginning of the month, after the approval of the Shariah Advisor of the Bank. The maximum weightage to the Modaraba based deposit of any nature, tenor and amount does not exceed 3 times of the weightages assigned to normal saving deposits (minimum balance category).

The weightages assigned to all categories of pool deposits are assigned uniformly on a consistent basis, based on the following parameters / criteria (but not limited to):

- contracted period of deposits;
- frequency of profit distribution, monthly, quarterly or on maturity;
- volume of the deposit;
- product structure; and
- management discretion.

(c) Identification and allocation of pool related income and expenditure

The allocation of income and expenses to different pools is based on pre-defined basis and accounting principles / standards. According to Shariah rules and principles, all direct expenses are expensed out of the total profit i.e. always charged to the pool.

The direct expenses to be charged to the pool shall include all the direct cost of transaction including the following:

- depreciation of Ijarah assets;
- cost of sales of inventories;
- Takaful expenses of pool assets;
- taxes (sales tax and service tax levied by the provincial government);
- stamp fee or documentation charges;
- other costs / foreign exchange losses (if ascertainable);
- brokerage fee for purchase of securities/commodities etc.; and
- impairment / losses due to physical damages to specific assets in pools etc.

Indirect expenses can be categorized as those which are agreed with the saving and deposit account holders to be borne by the Mudarib.

All income pertaining to specific assets for specific periods should be allocated to the pool to which the assets are tagged during the period. Due care should be taken while recognizing revenue from assets. Revenue recognition for each type / class of assets should be in-line with the respective Shariah principles. Further, the financing will be diversified across different sectors and in compliance with the prudential regulation for exposure of individual and corporate clients. Income generated from non-financing activities (fee / commission / service charges) that were not relevant to the general pool were not credited to the pool and relevant expenses were also not charged to the pool.

(d) Parameters associated with risk and rewards

(i) The risks related to any pool depend upon the nature of the pool and the purpose for which the pool has been created. Considering the low risk tolerance of the investors of the profit and loss distribution pool, the key objective remained to earn competitive returns while containing the risk (volatility) of the returns to a minimum.

(ii) Risks to which the financing assets of the Bank may be exposed to are:

- Credit risk which is generally defined as the potential that a counter party fails to meet its obligations in accordance with agreed terms. Therefore, the Bank should have sound credit risk management policies to protect the depositors' / Investment Account Holders (IAH) from loss due to credit risk;
- Market risk is generally defined as defined as the risk of losses in on- and off-balance sheet positions arising from movements in market prices i.e. fluctuations in values in tradable or marketable assets (including Sukuks) and in off-balance sheet individual portfolios (for example restricted investment accounts). The risks relate to the current and future volatility of market values of specific assets and of foreign exchange rates; and
- Equity Investment Risk is generally defined as risk associated with holding equity investments during unfavorable situations, where decline in investment caused by market conditions in turn gives volatility of earnings of Musharaka and Mudaraba investments.

(iii) Risks to which the profit and loss distribution pool may be exposed to are:

- Liquidity risk which is the potential loss to the Bank arising from their inability either to meet their obligations or to fund increases in assets as they fall due without incurring unacceptable costs or losses. In order to mitigate the liquidity risk the Bank should invest in a combination of liquid and illiquid assets to be able to meet their obligations towards the depositors' / IAH; and
- Rate of return risk to which the Bank may be exposed to in the context of its overall balance sheet exposures. An increase in benchmark rates may result in saving account holders having expectations of a higher rate of return. A consequence of rate of return risk may be displaced commercial risk. Therefore, the Bank employ a gapping method for allocating positions into time bands with remaining maturities or re-pricing dates, whichever is earlier.

	December 31, 2014	December 31, 2013
	------ (Rupees in '000) ------	
43.5 Charitable fund		
Opening balance	-	-
Addition during the period / year	-	-
Payment / utilization during the period / year	-	-
Closing balance	-	-
43.6 Remuneration to Sharia Advisor / Board	**4,399**	-
43.7 Islamic financing and related assets		
Financings / investments / receivables		
- Murabaha	**731,036**	-
Advances		
Advance against murabaha	**26,515**	-
Advance against ijarah	**205,320**	-
Advance against diminishing musharika	**640,008**	-
Advance against other Islamic modes	**4,185**	-
	876,028	-
	1,607,064	-
43.7.1 Islamic mode of financing		
Financings / investments / receivables	**731,036**	-
Advances	**876,028**	-
	1,607,064	-

	December 31, 2014	December 31, 2013
	------ (Rupees in '000) ------	

43.8 Avenues / sectors of economy / business where Modaraba based deposits have been deployed

Chemical and pharmaceuticals	941,217	-
Agribusiness	-	-
Textile	174,559	-
GOP Ijarah Sukuk	275,000	-
Shoes and leather garments	-	-
Automobile and transportation equipment	208,268	-
Financial	-	-
Electronics and electrical appliances	-	-
Production and transmission of energy	-	-
Carpets and rugs manufacturer	-	-
Glass and ceramics	-	-
Services	-	-
Others *	527,225	-
	2,126,269	-

* Staff financing amounting Rs.34.820 million is not included as its financed through equity.

43.9 Basis of profit allocation

Profit of the pool has been distributed between Mudarib and Rabbul Maal by using pre-agreed profit sharing ratio. The profit was distributed between Mudarib and Rabbul Maal on the under mentioned profit sharing ratios based upon Gross Income Level less Direct Expenses.

	March to April 2014	May to June 2014	July 2014	August to September 2014	October to December 2014
	---------- % ----------				
Rubbul Maal	69%	63%	63%	55%	50%
Mudarib	31%	37%	37%	45%	50%

43.10 Mudarib share (in amount and percentage of distributable income)

	December 31, 2014		December 31, 2013	
	(Rupees in '000)	%	(Rupees in '000)	%
Rubbul Maal	21,845	55%	-	0%
Mudarib	18,043	45%	-	0%
	39,888		-	

	December 31, 2014	December 31, 2013
	------ (Rupees in '000) ------	

43.11 Amount and percentage of Mudarib share transferred to depositors through Hiba

Mudarib share	**18,043**	-
Hiba	**5,311**	-
Hiba percentage of Mudarib share	**29%**	-

43.12 Profit rate earned vs profit rate distributed to the depositors during the year ended December 31, 2014

Profit rate earned	**10.01%**	-
Profit rate distributed to depositors	**6.33%**	-

44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 05, 2015 by the Board of Directors of the Group.

45. GENERAL

45.1 Figures have been re-arranged and re-classified, wherever necessary, for the purpose of better presentation.

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

President & Chief Executive	Director	Director	Director

ANNEXURE I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2014

S. No.	Name and address of the borrower	Name of individuals / partners/ directors (with N.I.C. No)	Father's / husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest / mark-up written-off	Other financial relief provided	Total (9+10+11)
				Principal	Interest / mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
1	**Muhammad Ramzan Shahid Ramzan** Weaving Factory Laqitabad No 1 St # 3 Faisalabad	Muhammad Ramzan Shahid 33100-2302334-9	Muhammad Ali	1,097	469	-	1,566	214	469	-	684
2	**Imran Traders** Imran Traders Ghalla Mandi Burewala Dist. Vehari	Sheikh Abdul Majeed 36601-1731193-9	Abdul Ghani	3,900	1,115	-	5,015	100	1,115	-	1,215
3	**Anees Ahmad Khan Minhas** Old Chungi # 8 Lmq Rd Multan	Anees Ahmad Khan Minhas 36302-3215849-1	Sajad Ahmad Minhas	1,494	275	-	1,769	441	275	-	715
4	**Syed Mumtaz Mehdi** Farah Arcade 40 Commercial Zone Allama Iqbal Town Lahore	Syed Mumtaz Mehdi 35202-2896614-9	Syed Hashim Nawab	1,194	514	-	1,708	414	514	-	927
5	**Syed Sajjad Hussain Zaidi** Suite 3,4,5 Building 65-C 12th Commercial St Phase II Ext DHA	Syed Sajjad Hussain Zaidi 42201-9584604-7	Syed Hashim Ali Zaidi	1,936	1,141	-	3,076	518	1,141	-	1,659
6	**Liaqat Hussain** P-27 St# 10/3 Near Jamia Masjid Raja Zulifqar Colony Faisalabad	Liaqat Hussain 33100-1000034-9	Muhammad Hussain	999	349	-	1,348	299	349	-	648
7	**Ali Raza** Shop # 11, Commercial Mkt Ex Factory Area Faisalabad	Ali Raza 33100-2498597-1	Zil-e-Dar Khan	500	559	-	1,059	150	559	-	709
8	**Khan Abrar ullah Khan** H # 6 St # 1 Karmnagar Khokhar Road Badami Bag Lahore	Khan Abrar ullah Khan 35202-2819868-7	Altaf Hussain	1,000	534	-	1,534	300	534	-	834
9	**Muhammad Rashid Bhatti** H No. E-9 Zero Point Nadir Abad Badian Road Lahore	Muhammad Rashid Bhatti 35201-2920780-9	Bashir Ahmed Bhatti	500	451	-	951	120	451	-	571
10	**Nasir Mehmood Khan** Main Peco Rd Faisal Town Main Raiwind Rd Thokar Naiz Baig Lahore	Nasir Mehmood Khan 35202-7001010-7	Muhammad Idrees Khan	1,495	917	-	2,412	745	917	-	1,662
11	**Muhammad Mobeen** Shop#13,14,15,16 Sulemania Center 15 Dil Muhammad Rd Lahore	Muhammad Mobeen 35201-2104588-7	Muhammad Asif	1,499	973	-	2,473	375	973	-	1,348
12	**Rockland** Plot No.15-C, South Park Avenue, Phase-II, DHA, Karachi	Mr. Mansoor Cheema Not Available	Choudhry Iqbal Cheema	2,593	-	-	2,593	2,593	-	-	2,593
13	**Usama Harris Khan & CO.** Plot # 27, Sector 15, Korangi Industrial Area, Karachi	Mr. Khalid Abbas Khan Niazi 42301-6523721-3	Lutfullah Khan Niazi	15,559	11,946	-	27,505	1,448	11,946	-	13,394
14	**Haji Mohammad Haleem** C-19 Railway Housing Socity Quetta	Mr. Muhammad Haleem 54400-8121930-7	Eid Aghahi	20,000	2,175	-	22,175	-	1,675	-	1,675
15	**Elite Publishers Limited** D-118-SITE Karachi	Mr. Ahmed Mirza Jamil 42201-4027981-3 Mr. Khalid Jamil 42301-876679-8 Mr.Owais Mirza jamil 42201-4027981-3	Noor Ahmed Jamil, Ahmed Mirza Jamil Respectivly.	199,923	127,556	-	327,479	-	127,556	-	127,556
16	**Sherani Engineering** Plot # 1 &2 Sector # 12-A Industrial Area, North Karachi Township Karachi	Mr. Mehmood Alam Sherani 42000-0364826-3	Muhammad Umer Khan	8,446	826	10,844	20,116	1,446	826	10,844	13,116
17	**Muhammad Naseem** H # C197-1-G Area Scheme 1-A Karachi	Mr. Muhammad Naseem 42201-0804036-3	Muhammad Ibrahim	25,000	8,508	-	33,508	-	6,008	-	6,008
18	**Yasmin Malik** Flat No. J-114, 1st Floor, Chapal Garden, Abul Hassan Isphani Road, Karachi and 56/II, 12th Lane, Phase VII, D.H.A, Karachi	Ms. Yasmin Malik 42301-8422905-6	Khurshid Malik	9,000	2,450	-	11,450	-	2,450	-	2,450
19	**Saleem Board Factory** Suit # 58/24 Sector 11 F North Karachi	Mr. Muhammad Saleem 42101-2196520-9	Muhammad Suleman	1,250	-	-	1,250	1,250	-	-	1,250

S. No.	Name and address of the borrower	Name of individuals / partners/ directors (with N.I.C. No)	Father's / husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest / mark-up written-off	Other financial relief provided	Total (9+10+11)
				Principal	Interest / mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
20	**Karim Associates** Plot # 118-D, Main Rashid Minhas Road, Karachi	Mr. Muhammad Saleem 42201-9051358-1 Mr. Muhammad Zakariya 42201-1716276-3 Ms. Salma Bai 33100-0727989-6 Ms. Rukhsana Bano 42201-7579767-0 Mr. Muhammad Haroon 42000-0486876-5 Ms. Hawa Bai 42301-7334050-8 Ms. Fatima Bai 42301-0954370-4 Ms. Kulsoom Bai 42201-8739028-8	1. S/O Haji Abdul Karim 2. S/O Haji Abdul Karim 3. D/O Haji Abdul Karim 4. W/O Muhammad Saleem 5. S/O Haji Abdul Karim 6. W/O Haji Abdul Karim 7. W/O Haji Abdul Karim 8. D/O Haji Abdul Karim	46,084	14,899	-	60,982	-	14,899	-	14,899
21	**New Pak Traders** Killi Huramzai Killa Abdullah Pashin 87300	Mr. Syed Muhammad Ramzan 54400-3629376-7	Syed Abdul Nabi	8,996	2,066	-	11,062	-	2,066	-	2,066
22	**Golden Textile Mills** 213-214, Uni Plaza I.I. Chundrigar Road Karachi and 46-K.M. Multan Road, Bhai Pheru, District Kasur	Mr. Karim Hassan Ali Chatoor 35200-6742103-9	Hassan Ali Chatoor	22,312	4,057	-	26,370	11,312	4,057	-	15,370
23	**J P Plastic Industries** Office at Kisan Street, 59-Circular Road, Lahore	Mr. Rehan Malik 35202-2969462-1	Malik Pervaiz	28	602	-	630	28	602	-	630
24	**M/s Royal Rayban** 34-Palace Arcade, Liberty Market, Gulberg-III, Lahore	Mr. Ijaz. Ali Siddqui 35202-2856948-3	Imtiaz Ali Siddique	10,780	4,252	-	15,032	-	4,032	-	4,032
25	**Akbar Brothers** Khawaja House, 3-1st Floor, Chowk BCG, Multan	Mr. Khawaja Azhar Ahmad 37405-8925293-7	Muhammad Akbar Khawaja	48,158	10,265	-	58,423	-	7,265	-	7,265
26	**Al-Muqeet International (Pvt) Ltd ;** 40, Hurmaz Plaza, Jamrud Road, Peshawar	Mr. Munawar Saeed 135-90-017840 Mr. Addul Manan 135-92-017836 Mr Ahmed Saeed 135-91-017839	Mr. Abdul Hameed	41,629	5,977	-	47,606	30,829	3,845	-	34,674
27	**Khan Saab Agrochemical;** 40, Hurmaz Plaza, Jamrud Road, Peshawar	Mr. Ali Asghar Alwi 502-53-195412 Mr. Tariq Wahab 329-92-061723 Mr. Mohd Azhar Toqir 123-89-700039 Mr. Aurangzeb 504-56-143823 Mr. Syed Sintain Hussain 501-42-249916	Jahandad Khan Abdul Wahab Muhammad Humayun Jahandad Khan Syed Ali Hussain	18,865	1,964	-	20,829	18,865	1,964	-	20,829
28	**Mr. A. Karim Mushtaq** Chunian Kasur	Mr. A. Karim Mushtaq 275-90-481585	M Afzal	507	285	-	792	507	-	-	507
29	**Mr. M. Bilal** Jamshed Kalan Post Office Sham Kot Nau Tehsil Chunian Dist Kasur	Mr. M. Bilal 279-56-476899	M Hayat	514	251	-	764	514	-	-	514
30	**Mr. Asad Riaz Sherazi** 60 Footy Road H.No 27 Y Block Tariq Bin Ziad Colony Tehsil and District Sahiwal	Mr. Syed Asad Riaz Sherazi 36502-4050764-1	Syed Riaz Hussain Sherazi	507	336	-	843	507	-	-	507
31	**Mr. Mubashir Hassan** 32 Eb Tehsil And District Sahiwal	Mr. Mubashir Hassan 36401-8924107-7	Adalat Khan	507	315	-	821	506	-	-	506
				496,270	206,028	10,844	713,142	73,479	196,490	10,844	280,813

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CATEGORIES OF SHAREHOLDERS
AS AT DECEMBER 31, 2014

	SHARES HELD	
	..... Number	..... % .....
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES		
SUROOR INVESTMENTS LIMITED (SIL)	554,680,393	51.46
RUPALI BANK LIMITED	32,777,450	3.04
ARIF HABIB CORPORATION LIMITED	1,295,355	0.12
SHAREHOLDERS HOLDING FIVE PERCENT OR MORE (EXCLUDING SIL)		
SHIRAZI CAPITAL (PVT.) LIMITED	56,041,429	5.20
DIRECTORS		
MR. NASIM BEG	3,777	0.00
MR. ASADULLAH KHAWAJA	74	0.00
MR. HUSAIN LAWAI	1,000,000	0.09
MR. MUHAMMAD ZAHIR ESMAIL	17	0.00
INVESTMENT CORPORATON OF PAKISTAN	113	0.00
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS	109,124,283	10.12
FOREIGN SHAREHOLDERS	11,995,747	1.11
INDIVIDUALS	208,069,080	19.30
OTHERS	102,991,857	9.55
TOTAL	**1,077,979,575**	**100.00**

CATEGORIES OF SHAREHOLDERS
AS AT DECEMBER 31, 2014

	NUMBER OF SHARHOLDERS	SHARES HELD	
		..... Number	..... % .....
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES			
SUROOR INVESTMENTS LIMITED (SIL)	1	554,680,393	51.46
RUPALI BANK LIMITED	1	32,777,450	3.04
ARIF HABIB CORPORATION LIMITED	1	1,295,355	0.12
SHAREHOLDERS HOLDING FIVE PERCENT OR MORE (EXCLUDING SIL)			
SHIRAZI CAPITAL (PVT.) LIMITED	1	56,041,429	5.20
DIRECTORS	4	1,003,868	0.09
INVESTMENT CORPORATON OF PAKISTAN	1	113	0.00
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS	21	109,124,283	10.12
FOREIGN SHAREHOLDERS	9	11,995,747	1.11
INDIVIDUALS	47,538	208,069,080	19.30
OTHERS	125	102,991,857	9.55
TOTAL	**47,702**	**1,077,979,575**	**100.00**

TRADE IN THE SHARES OF THE BANK BY THE CEO / DIRECTORS / EXECUTIVES

S. No.	Name	Purchase	Sale
1	Mr. Husain Lawai, President & CEO	581,500	-
2	Mr. Gulrays Khan, Group Head Human Resource & Administration and Compliance & Control	50,000	95,000

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Committed to you

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2014

No. of Shareholders	Shareholdings From	To	Total Shares Held
12322	1	500	1,467,627
32560	501	5000	30,520,822
2572	5001	100000	50,900,049
185	100001	500000	40,259,854
22	500001	1000000	15,228,514
11	1000001	1500000	13,455,967
1	1565001	1570000	1,567,692
1	1785001	1790000	1,788,055
1	1830001	1835000	1,833,641
1	1845001	1850000	1,850,000
1	1880001	1885000	1,881,996
1	2195001	2200000	2,200,000
1	2730001	2735000	2,730,350
1	3145001	3150000	3,150,000
1	3890001	3895000	3,890,478
1	3995001	4000000	4,000,000
1	4170001	4175000	4,173,600
1	5475001	5480000	5,478,500
1	5650001	5655000	5,655,000
1	6475001	6480000	6,477,069
1	6795001	6800000	6,800,000
1	7230001	7235000	7,231,026
1	7495001	7500000	7,500,000
1	8640001	8645000	8,640,500
1	11625001	11630000	11,628,659
1	11675001	11680000	11,677,003
1	11870001	11875000	11,872,585
1	13095001	13100000	13,100,000
1	20305001	20310000	20,309,000
1	25005001	25010000	25,009,000
1	25695001	25700000	25,700,000
1	32775001	32780000	32,777,450
1	37595001	37600000	37,595,019
1	48905001	48910000	48,908,297
1	56040001	56045000	56,041,429
1	554680001	554685000	554,680,393
47702			**1,077,979,575**

NOTICE OF THE 9TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS

Notice is hereby given that the 9th Annual General Meeting of the Shareholders (the **"Shareholders"**) of Summit Bank Limited (the **"Bank"**), will be held on March 30, 2015 at 11.00 a.m. at Serena Hotel, Islamabad to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 8th Annual General Meeting of the Bank held on April 07, 2014.
2. To receive, consider and adopt the stand alone and consolidated Audited Financial Statements of the Bank for the year ended December 31, 2014 along with the Directors' and Auditors' Reports thereon.
3. To appoint External Auditors of the Bank for the year ending December 31, 2015 till the conclusion of next Annual General Meeting and fix their remuneration (present Auditors', M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants being eligible, offer themselves for re-appointment).

Special Business:

4. To consider and if thought fit, to pass with or without modification, addition or deletion, the following resolution as special resolution:

   Resolved that subject to applicable regulatory approvals, in order to ensure continued compliance with the Minimum Capital Requirement of State Bank of Pakistan through its BSD Circular No.7 dated April 15, 2009 and subject to the provisions of Section 86(1) of the Companies Ordinance, 1984, the Bank be and is hereby authorized (acting through the authorized representative) to issue further share capital of the Bank, to the extent of PKR. 7,006,867,280/- (Pak Rupees Seven billion six million eight hundred sixty seven thousand two hundred eighty only) by the issuance of 700,686,728 shares (seven hundred million six hundred eighty six thousand seven hundred twenty eight shares) by way of other than Rights Issue at PKR 10 (Pak Rupees Ten only) to M/s. Suroor Investments Limited and that such new shares shall rank pari passu with the existing shares of the Bank.

   Further Resolved that the President and CEO and/or the Company Secretary of the Bank, be and are hereby jointly and / or severally authorized, to take all steps necessary, ancillary and incidental for the issuance of further shares of the Bank, including but not limited to obtaining all requisite regulatory approvals; filing of all the requisite statutory forms and all other documents as may be required to be filed with the Companies Registration Office of the Securities and Exchange Commission of Pakistan, submitting all such documents as may be required with the State Bank of Pakistan, executing all such certificates, applications, notices, reports, letters and any other document or instrument including any amendments or substitutions to any of the foregoing as may be required in respect of the issue of shares by way of other than Rights Issue under Section 86 (1) of the Companies Ordinance and all other matters incidental or ancillary thereto.

5. To consider and approve Employees Stock Option Scheme (ESOS) of the Bank, subject to such amendments as the Board of Directors may approve in accordance with the directions of the Securities and Exchange Commission of Pakistan (the **"SECP"**)for obtaining the SECP's approval to the ESOS, and to pass the following Special Resolution:

   Resolved that the Summit Bank Limited - Employees Share Option Scheme (the **"ESOS"**) as recommended by the Board of Directors, and as presented before the shareholders, be and is hereby approved and adopted, subject to such amendments as the Board of Directors may approve in accordance with the directions of the SECP for obtaining the SECP's approval to the ESOS, and the Bank is hereby authorized to implement the ESOS, subject to procurement of other regulatory approval(s) required for the implementation of ESOS.

   Further Resolved that the Board of Directors is hereby authorized to make such modifications to the **ESOS** as may be directed by the SECP and such modifications (if any) shall also be deemed to have been approved by the shareholders through this resolution.

6. To grant post facto approval for increase in payment of remuneration to Independent / Non- Executive Directors for attending Board and Sub- Committees' Meetings of Board.

   Resolved that post facto approval for increase in payment of remuneration from Rs. 35,000/- to Rs. 50,000/-, per meeting, to the Independent / Non- Executive Directors on attending Board and Sub- Committees' Meetings of Board is hereby granted.

Other Business:

7. To transact any other business with the permission of the chair.

By order of the Board

Syed Imran Hashmi
Company Secretary - Acting

Karachi
Date: March 09, 2015

Notes:

1. The share transfer books of the Bank will be closed from March 24, 2015 to March 30, 2015 (both days inclusive).

2. A member entitled to attend and vote at this meeting may appoint another member as his / her proxy to attend and vote on his / her behalf. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially certified copy of the power of attorney must be valid and received at the office of theShare Registrar of the Bank, M/s. Technology Trade (Pvt.) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Off. Shahrah-e-Quideen, Karachi duly stamped, signed and witnessed no later than 48 hours before the meeting.

3. Shareholders whose shares are deposited with Central Depository Company of Pakistan Limited (CDC) are requested to bring their computerized National Identity Card (CNIC) along with their CDC Account Number for verification. In case of corporate entity, the Board's resolution / power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting. For appointing proxies, in case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form accordingly. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.In case of corporate entity, the Board's resolution / power of attorney with specimen signatures shall be submitted along with proxy form to the company.

4. Members are requested to notify any change in their addresses immediately.

5. In accordance with SECP's directives, it is mandatory for all the shareholders to have their valid CNIC number recorded with the company. Members who have not yet submitted photocopies of their CNICs to the Registrar are requested once again submit a valid attested copy of their CNICs with our Share Registrar M/s. Technology Trade (Pvt.) Ltd.

6. Deduction Of Withholding Tax On The Amount Of Dividend:

   Pursuant to the provisions of Finance Act 2014, in Section 150 of the Income Tax Ordinance, 2001, whereby different rates are prescribed for deduction of withholding of tax on dividend income.

   - Filer 10%
   - Non-Filer 15%.

   Shareholders are therefore requested to please check and ensure Filer status from Active Tax Payer List (ATL) available at FBR website www.fbr.gov.pk/as well as ensure that their CNIC / Passport number has been recorded by the Participant / Investor Account Services, in case your shareholding is in book entry form. Please inform Bank's Share Registrar in case your shareholding is in physical form. Corporate bodies (non-Individual shareholders) should ensure that their names and National Tax Numbers (NTN) are available in Active Tax Payer List at FBR website and recorded by respective Participant / Investor Account Services or in case of physical shareholding by Bank's Share Registrar.

7. Electronic Transmission Of Annual Financial Statements and Notices:

   Pursuant to Notification vide SRO.787 (1)/2014 of September 08, 2014, the Securities and Exchange Commission of Pakistan's (SECP) has directed to facilitate the members of the Bank receiving Annual Financial Statements and Notices through electronic mail system (e-mail).We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Bank through email in future. In this respect members are hereby requested to send their consent on a standard request form which is available at the Bank's website www.summitbank.com.pk duly signed along with copy of his / her / its CNIC / PoA to the Bank's Share Registrar .

Statement of Material Facts under Section 160 (1) (B) of the Companies Ordinance 1984 relating to Special Business

Agenda item No. 4

In order to ensure continued compliance with the Capital Adequacy Ratio and the paid-up capital requirement as required by State Bank of Pakistan, and for issuance of further share capital, in accordance with the Capital Injection Plan, the Board, in its meeting held on March 05, 2015, had recommended to the Shareholders to consider in their Annual General Meeting the proposal for issuance of 700,686,720 ordinary shares at par value of Rs.10/- each valuing Rs.7,006,867,200/- to M/s. Suroor Investments Limited (Sponsor) represent approximately 70.58% of the total issued and paid up share capital after the issue of these shares by way of other than Rights Issue.

The paid up capital of the Bank as at December 31, 2014 stood at PKR. 10,779,795,820/- divided into 1,077,979,582 ordinary shares of Rs.10/- each.

Paid-up capital of the Bank after the proposed issue of ordinary shares to M/s. Suroor Investments Ltd will be as under:

	Number of Shares	Amount (PKR)
Paid up Capital - Current	1,077,979,582	10,779,795,820
Issue of Ordinary Shares to M/s. Suroor Investments Ltd	700,686,720	7,006,867,200
Paid up Capital after issue of new ordinary shares	1,778,666,302	17,786,663,020

Issuance of Shares is subject to all applicable regulatory approval:

The shares to be issued to M/s. Suroor Investments Ltd shall be subject to all applicable laws and regulatory approvals.

Justification for Issue of Shares Otherwise than Right Shares:

The justification for the issuance of shares is as follows:

a. The enhancement in the capital base will provide additional comfort to the various stakeholders of the Bank as to the commitment of the sponsor of the Bank;

b. Strong equity base would lead to better credit rating for the Bank;

c. Availability of further equity will enable to explore permissible business avenues for ultimate increase in earnings of the Bank which shall result in more returns to the shareholders;

d. Additional capital will strengthen the liquidity position of the bank which is an important indicator for the regulators to monitor the bank's performance and stability;

e. Strengthen the balance sheet, thereby providing additional comfort to other banks, financial institutions and other stakeholders; and

f. Facilitate the Bank in expanding its branch network.

Price at which Shares will be issued:

The shares will be issued at par value of PKR 10/- per share. The break-up value per share of the Bank as of December 31, 2014 as follow:-

	Rupees
Break-up Value (excluding surplus on revaluation of Assets)	1.26
Break-up Value (including surplus on revaluation of Assets)	2.50 *

** this includes surplus on revaluation of fixed assets and available for sale securities (both net of deferred tax).*

The market price of the share of the Bank as per closing rate on The Karachi Stock Exchange Limited as of December 31, 2014 was Rs.4.45/-.

Shareholdings of M/s. Suroor Investments Ltd:

M/s. Suroor Investments Ltd. currently hold 554,680,393 ordinary shares is 51.46% of the total current paid up capital after the proposed issue 700,686,720 ordinary shares would be 70.58% of the total paid up capital.

Consent of M/s. Suroor Investments Ltd:

M/s. Suroor Investments Ltd has consented by depositing the advance against subscription of shares amount for the proposed issuance of shares subject to all applicable laws and regulations.

Share shall rank pari passu:

The ordinary shares to be issued to M/s. Suroor Investments Ltd shall rank pari passu in all respect with the existing shares of the Company

Agenda item No.5

The Board of Directors of Summit Bank Limited (SMBL) has approved the 'Employee Share Option Scheme' (the Scheme). The Scheme has been structured in accordance with the Public Companies (Employees Stock Option Scheme) Rules, 2001 (the ESOS Rules). Subject to the shareholders of SMBL adopting the Scheme vide the passage of special resolution; the scheme will be presented to the SECP for approval and the Board of Directors will be authorized to approve such amendments to the Scheme as they may deem fit in accordance with the directions of the SECP.

The purpose of the Scheme is to reward, motivate and retain high performance executives and employees of SMBL.

The Scheme will be administered and superintended by a Compensation Committee constituted from amongst the Board of Directors, who are neither on the payroll nor are employees of SMBL (the Compensation Committee).

1. All capitalised terms used in this paragraph 1 shall have the meaning given to them in the ESOS. The salient features of the Scheme include:

(i) Total number of Options to be granted:

a) Subject to the adjustments to the entitlement pool allowed under the Scheme, the total number of Options issued pursuant to the Scheme will be subject to a maximum of 50 Million Options.

b) The minimum number of Options that can be granted under the ESOS are zero.

c) On Exercise of the Option in accordance with this ESOS, one ordinary share for each Option held by the Employee will be issued by the Bank.

(ii) Identification of classes of employees entitled to participate in the Scheme:

a) Employee shall mean any permanent/regular employee of the Bank and executive directors of the Bank who are on the payroll of the Bank but not on the Compensation Committee (including the Chief Executive), if any (either on the date of this Scheme or thereafter), and shall include any employee of the Bank who has joined on the request of the Bank the employment of any company which is a subsidiary or an affiliate company or sister concern of the Bank.

b) All Employees are eligible for the Grant of the Options.

c) All Employees to whom the Compensation Committee has resolved that the aforesaid Options be granted would be informed of the same by way of individual communication which may include letter or electronic mail.

d) An Employee of the Bank (including a Director) who is a promoter or belongs to the promoter group shall not be eligible to participate in the ESOS.

e) A Director of the Bank either by himself or through his relative or through any body corporate directly or indirectly holds more than 10 % of the outstanding ordinary shares of the Bank shall not be eligible to participate in the ESOS.

(iii) Requirements of Vesting and period of Vesting and maximum period within which any Option shall be vested:

Options are to be granted periodically according to the eligibility criteria as determined by the Compensation Committee over the life of the ESOS.

The Options granted to the Employees pursuant to this ESOS shall commence vesting two years following the date of the Grant of such Options in the following manner:

a. On the second anniversary of the date of the Grant of such Options: 25% of total Options granted on that date of Grant;

b. On the third anniversary of the date of the Grant of such Options: further 25% of total Options granted on that date of Grant;

c. On the fourth anniversary after the date of the Grant of such Options: further 25% of total Options granted on that date of Grant; and

d. On the fifth anniversary after the date of the Grant of such Options: further 25% of total Options granted on that date of Grant.

(iv) Exercise Price or pricing formula:

The Price shall be determined in accordance with the Market price of the Shares on the date of grant of Options.

On Exercise of the Options the Employee shall forthwith pay to the Bank the Price which includes the Price plus any other amount which the Bank has an option to recover from its past and present employees. The Bank shall be entitled to recover the Price by debiting the salary/saving/other account of the employees with the Bank. The Employee shall issue necessary authorizations to the Bank in this regard. In case the Employee does not have an account with the Bank then the Bank shall accept the Exercise Price by such other means acceptable to the Bank.

(v) Exercise Period and process of exercise:

Once the Options have been vested, the Exercise Period for such vested option shall subsist for a period of 10 years from the date of Vesting. Notwithstanding the foregoing, the Exercise Period shall terminate upon the expiry of 6 months from the date of termination of employment of an Employee.

(vi) Appraisal process for determining eligibility of an employee to the Scheme:

While Granting the Options, the Compensation Committee shall inter alia take into consideration the grade, performance, merit, future potential contribution, conduct of the Employee and such other appropriate relevant factors including whether the Employee has been offered a golden handshake at the time employment was offered to him/her.

(vii) Maximum number of options to be issued per Employee:

No single Employee/executive director of the Bank shall be granted options under the ESOS entitling such Employee/executive director to ordinary shares in the Bank which would represent more than 1% of the paid-up share capital of the Bank as on the date of grant of options or 10% of the total number of options granted under the Scheme.

(viii) The accounting treatment of the Scheme in the SMBL's books of account will be in accordance with accounting policies specified in the ESOS Rules.

2. Under rule 3 of the ESOS Scheme, the Scheme is required to be approved by the shareholders of SMBL by passing a special resolution in the general meeting. The Annual General Meeting of the shareholders of SMBL for the above purpose will be held at Serena Hotel, Islamabad on the March 30, 2015 to consider and if thought fit, agree, approve, and adopt the Scheme by passage of a special resolution.

3. A copy of the said Employees Stock Option Scheme is being sent to the members along with this Notice of AGM.

Agenda item No.6

The Board of Directors of Summit Bank Limited (SMBL) has approved for increase in payment of remuneration from Rs.35,000/- to Rs.50,000/- per meeting to Independent / Non- Executive Directors for attending Board and Sub- Committees' Meetings of Board.

Post-facto approval of the shareholders of the Bank is sought in terms of State Bank of Pakistan's Prudential Regulation G-1(C)(2) for the above mentioned fee.

The Board has no interest in the special business and / or special resolution that would need a further disclosure.

Summit Bank
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BRANCH NETWORK

KARACHI

Abdullah Haroon Road Branch
282/3, Abdullah Haroon Road, Area, Saddar, Karachi
Tel: 021-35685269, 35685393,35685940
Fax: 021-35683991

Adamjee Nagar Branch
115-A/Z, Block 7/8, Tipu Sultan Road, Karachi
Tel: 021- 34312984-9
Fax: 021-34312980

Atrium Mall Branch
Shop No. 6 and 21 Ground floor,Plot No. 249, Atrium Mall, Staff Lines, Zaibunnisa Street, Saddar, Karachi
Tel: 021-35641001-7
Fax: 021-35641008

Badar Commercial Branch
Plot No. 41-C, Badar Commercial, Street No. 10, Phase-V Extension, DHA Karachi
Tel: 021-35348501-3
Fax: 021-35348504

Bahadur Shah Center Branch
Bahadur Shah Center, Urdu Bazar,
Off: M.A. Jinnah Road, Karachi
Tel: 021-32768547, 32768559
Fax: 021-32765083

Bahadurabad Branch
Plot # C-23, Shop # 1&2 Block-3, BMC Commercial Area Bahadurabad, Karachi
Tel: 021-34913447 & 49
Fax: 021-34913453

Barkat-e- Hyderi Branch
Almas Square, Block-G, North Nazimabad, Karachi
Tel: 021-36628931, 36706896-7
Fax: 021-36723165

Burns Road Branch
Plot No. 55-A, Survey Sheet A.M., Artillery Maidan Quarters (Burns Road), Karachi.
Tel: 021-32215174,75 & 76
Fax: 021-32215289

Clifton Branch
Pearl Heaven Apartments, Khayaban-e-Roomi, Block No-5, Clifton, Karachi
Tel: 021-35823469, 35824171, 35823619
Fax: 021-35821463

Cloth Market Branch
41, Saleh Muhammad Street, Cloth Market, Karachi
Tel: 021-32461601-03 & 32461605
Fax: 021-32461608

Defence Branch
55-C, Phase-II, D.H.A, Opp Toyota Motors, Main Korangi Road, Karachi.
Tel: 021-35387809-35396263 - 35312592
Fax: 021-35387810

DHA Phase I Branch
101-C, Commercial Area 'B', Phase-1 DHA, Karachi
Tel: 021- 35314061, 35314063-67, 35314105
Fax: 021-35314070

DHA Phase IV Branch
Plot # 129, 9th Commercial Street, Phase IV, DHA, Karachi
Tel: 021-35313068-70
Fax: 021-35313071

Dhoraji Colony Branch
Plot No. 133, Block No. 7 & 8 Dhoraji Colony, C.P & Berar Co- operative Housing Society, Karachi
Tel: 021-34860773-75
Fax: 021-34860772

Dolmen City Branch
Ground Floor Harbor Front, Triangular Towers, Dolmen City Marine Drive Phase IV, Clifton, Karachi
Tel: 021-35297611-15
Fax: 021-35297610

Electronic Market (Abdullah Haroon Road) Branch
Shop No 1 & 2, Plot # 19, Ghafoor Chambers, Preedy Quarters, Saddar, Karachi
Tel: 021-32711614-8
Fax: 021-32716113

Fish Harbour Branch
K - 3, Export Zone, Adjacent Main Auction Hall, Fish Harbour, Karachi
PABX: 021-32315383 - 85
Fax: 021-32315386

Fish Harbour Sub - Branch
Plot No. L - 2, Block "L"
Fish Harbour, Dockyard Road,
West Wharf, Karachi
PABX: 021-32312166-68
Fax: 021-32312165

Garden East Branch
Shop No. 4, 5 & 6, Jumani Centre Plot No. 177-B, Garden East, Karachi
Tel: 021-32243311-13
Fax: 021-32243314

Gulistan-e-Jauhar - Branch 1
Plot # 118/A-B, Shop # 02, 03, 04 Ground Floor Rufi Paradise Block-18 Gulistan-e-Jauhar, Karachi
Tel: 021-34621281-4
Fax: 021-34621285

BRANCH NETWORK

Gulistan-e-Jauhar - Branch 2
Shop No. 5, 6,7 & Office No. D-2, Farhan Centre Block No. 1.
Gulistan-e-Jauhar, Karachi
Tel: 021-34022259, 34613674, 34016488-9
Fax: 021-34022639

Gulshan-e-Iqbal - Branch 1
Ground Floor, Hasan Center, Block-16,
Main University Road, Karachi
Tel: 021-34829024-27
Fax: 021-34829023

Gulshan-e-Iqbal - Branch 2
B-44, Block 13/A, Main University Road,
Gulshan-e-Iqbal, Karachi
Tel: 021-34987688, 34987739-40
Fax: 021-34987689

Hyderi Branch
D-10 Block-F, North Nazimabad, Hyderi, Karachi.
Tel: 021-36724991-4
Fax: 021-36724972

I. I. Chundrigar Road Branch 1
Uni Towers, I.I. Chundrigar Road, Karachi.
Tel: 021-32466410-13
Fax: 021-32466500

Jami Commercial, DHA Branch
64 C, Jami Commercial Phase VII, 7th Street, DHA, Karachi
Tel: 021-35316200-07
Fax: 021-35316199

Jamshed Quarters Branch
Showroom no. 3 & 4, AB Arcade Plot # 714-6-1 Block A,
New M.A. Jinnah Road, Karachi
Tel: 021-34860422-23, 34860425
Fax: 021-34860424

Jodia Bazar - Branch 1
A/25/28 Darayalal Street, Jodia Bazar, Karachi
Tel: 021-32500121-5
Fax: 021-32500128

Jodia Bazar - Branch 2
Ram Bharti Street, Ismail Trade Centre, Karachi
Tel: 021-32437991-3 - 32471120
Fax: 021-32437994

Karachi Stock Exchange Branch
Office No. 52, 52-A, 52-B, (1st Floor) KSE Building, Karachi
Tel: 021-32462850, 32462844-9
Fax: 021-32462843

Karimabad Branch
Plot No BS-16, Block 1, FB Area, Karimabad, Karachi
Tel: 021- 36826646-48
Fax: 021-36826649

Khayaban-e-Shahbaz Branch
Plot No. 21-C Khayaban-e-Shahbaz, Phase VI, DHA, Karachi
Tel: 021-35344952, 353444957 & 35344963
Fax: 021-35344942

Khayaban-e-Tanzeem Branch
C 4-C, Tauheed Commercial, Khayaban-e-Tanzeem,
Phase-5, DHA, Karachi
Tel: 021-35869147-35810977 & 35871640
Fax: 021-35869342

Korangi Industrial Area Branch
33/1, Sector-15, Korangi Industrial Area, Karachi
Tel: 021-35114290, 35121294, 35122231-32
Fax: 021-35114282

M. A. Jinnah Road Branch
Mezzanine & Ground Floor, Plot Survey # 19, Street #
R.B.6. Shop # 3, 4, Ram Bagh Quarters 166 M.A. Jinnah
Road, Karachi
Tel: 021- 32218395, 32218409,32218428
Fax: 021-32218376

Manzoor Colony Branch
Plot No. 23, Sector I, Street No. 02, Manzoor Colony,
Jamshed Town, karachi
Tel: 021-35393829-31
Fax: 021-35393832

Muhammad Ali Society Branch
Plot# 4-C Commercial Area, Muhammad Ali
Co-Operative Housing Society, Karachi
Tel: 021-34168036-37
Fax: 021-34186045

Nazimabad (Gol Market) Branch
Plot # 7, Sub Block 'E', in Block # III (III-E-7), Nazimabad
(Gole Market), Karachi
Tel: 021-36620261-63 & 36620267
Fax: 021-36620264

New Challi Branch
Ground Floor, Trade Tower, Altaf Hussain Road, New
Challi, Karachi
Tel: 021-32422071, 32422027, 32422096, 32422069
Fax: 021-32422051

North Karachi Industrial Area Branch
Plot No. R-14, Gabol Town, North Karachi Industrial Area,
Karachi
Tel: 021-32015919, 36995925 & 36963445
Fax: 021-36975919

North Napier Road Branch
18-19, North Napier Road, Karachi
Tel: 021-32766477 & 32766755
Fax: 021-32766487

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BRANCH NETWORK

PAF-Base Faisal Branch
Camp-2, Faisal Arcade, PF-I, Market
PAF-Base Faisal, Karachi
PABX: 021-34601360-62
Fax: 021-34601363

Paper Market Branch
Al-Abbas Centre, Paper Market,
Shahrah-e-Liaquat, Karachi
Tel: 021-32639671-2 & 32634135
Fax: 021-32639670

Plaza Quarters Branch
Al-Shafi Building Noman Street,
Off: M.A. Jinnah Road, Karachi
Tel: 021-32771515-16-18
Fax: 021-32771517

Ranchore Line Branch
R.C. 11, Old Survey # E-7/143, Ranchore Line, New
Lakhpati Hotel, Karachi
Tel: 021-32767234-36
Fax: 021-32767460

Rizvia Society Branch
B-12, Rizvia Cooperative Society, Nazimabad, Karachi
Tel: 021-36600956-57
Fax: 021-36600958

Saeedabad Branch
Plot # 1004/1 & 1004-A/1 (5G/102-A & 5G/012-A/2),
Saeedabad, Baldia, Mahajir Camp, Karachi
Tel: 021-32815092-94
Fax: 021-32815095

Shahra-e-Faisal - Branch -1
44/A-Nice Trade Orbit, Shop 8, Blk-6, PECHS,
Shahrah-e-Fasial, Karachi
Tel: 021-34328426-7 & 34328438
Fax: 021-34386180

Shahrah-e-Faisal - Branch II
Business Avenue Block-6, P.E.C.H.S., Karachi
Tel: 021-34386417-18 & 34374476
Fax: 021-34531819

Shershah Branch
Plot # D-175, Industrial Trading Estate Area, Trans Lyari
Qrtrs, Shershah, Karachi
Tel: 021-32588191-93
Fax: 021-32588195

S.I.T.E. Branch
B/9-B/3, Near Metro Chowrangi, S.I.T.E., Area, Karachi
Tel: 021-32586801-4, 32587166-8
Fax: 021-32586806

Soldier Bazar Branch
Shop # 4, 5 & 6, Plot No 14, Survey # 13-B-2, Soldier Bazar
Quarters, Karachi
Tel: 021-32231559-60
Fax: 021-32231556

Steel Market Branch
Ground Floor, Shop # G-13, 14, 32, 33 Steel Market,
Ranchore lines Quarters, Karachi
Tel: 021-32763001- 07
Fax: 021-32763009

Tariq Road Branch
C-51, Central Commercial Area, Near KFC Tariq Road,
P.E.C.H.S., Karachi
Tel: 021-34556486, 34556682
Fax: 021-34555478

Timber Market Branch
Siddique Wahab Road, Karachi
Tel: 021-32732729, 32766995
Fax: 021-32733214

Truck Stand Branch
Truck Stand, K-28, Hawksbay Road,
Trans Lyari, Karachi
Tel: 021-32373023-24
Fax: 021-32373025

Water Pump Branch
Lateef Square, Block-16, Federal 'B' Area, Main
Water Pump Market, Karachi
Tel: 021-36321387, 36314817
Fax: 021-36314848

Zaibunnisa Street Branch
B-6/16-A, Sadar Bazar Quarters, Zaibun Nisa
Street, Karachi
Tel: 021-35210084, 35660611-13, 35215033
Fax: 021-35224761

LAHORE

Airport Road Branch
M. M. Arcade, 192-B, New Air Port Road, Lahore
Tel: 042-35700336, 35700338-9
Fax: 042-35700323

Allama Iqbal Town Branch
56/12, Karim Block, Allama Iqbal Town, Lahore
Tel: 042-35434160-61, 35434163
Fax: 042-35434164

Azam Cloth Market Branch
285-286, Punjab Block, Azam Cloth Market, Lahore
Tel: 042-37661686, 37660341 & 37660298
Fax: 042-37661863

Badami Bagh Branch
25 - Peco Road Badami Bagh Lahore
Tel: 042-37724583, 37720382, 37705036
Fax: 042-37730867

Bahria Town Branch
Plot No. 31 - B, Sector 'C', Bahria Town, Lahore
Tel: 042 - 37862380 - 82
Fax: 042-37862379

BRANCH NETWORK

Bedian Road Branch
Plot No. 2512/1, Phase-VI, Bedian Road,
Talal Medical Center, Lahore
Tel: 042-37165300-03
Fax: 042-37165304

Circular Road Branch Branch
Babar Centre, 51, Circular Road, Lahore
Tel: 042-37379371 - 75
Fax: 042-37379370

Darogawala Branch
Near Shalimar Garden G.T. Road Darogawala Lahore
Tel: 042-36520681-83
Fax: 042-36520684

DHA G Block Branch
Plot # 13 G, Commercial Zone DHA,
Phase-I, Lahore Cantt.
Tel: 042-35691173-78
Fax: 042-35691171

DHA Y Block Branch
163, Block Y, Phase III, DHA Lahore Cantt
Tel: 042-35692531-36
Fax: 042-35692690

Egerton Road Branch
27-Ajmal House, Egerton Road, Lahore
Tel: 042-36364522, 36364532
Fax: 042-36364542

Faisal Town Branch
853/D, Akbar Chowk, Faisal Town, Lahore
Tel: 042-35204101-3
Fax: 042-35204104

Ferozepur Road Branch
Siza Farmer Factory, Sufiabad, Lahore
Tel: 042-35800092-93 &96
Fax: 042-35800094

Gulberg Branch
132-E/I Main Boulevard, Gulberg-III, Lahore
Tel: 042-35870832-3, 35870975-6
Fax: 042-35870834

Ichra More Branch
House # 146, Muhallah Ferozpur Road, Ichra More, Lahore
Tel: 042-37572090-93
Fax: 042-37572089

Johar Town Branch
Plot # 85, Block G/1, M.A Johar Town-Lahore
Tel: 042-35291172-74
Fax: 042-35171047

Kashmir Block, Allama Iqbal Town Branch
Plot # 1, Kashmir Block, Allama Iqbal Town Scheme, Lahore
Tel: 042-37809021-24
Fax: 042-37809026

Lahore- Cantt Branch
Day building 1482/A, Abdul Rehman Road, Lahore Cantt
Tel: 042- 36603061-63
Fax: 042-36603065

Lahore Stock Exchange Branch
Office No. 5, LSE Building, 19, Aiwan e Iqbal Road, Lahore
Tel: 042-36280853-7
Fax: 042-36280851

Liberty Market Branch
26/C, Commercial Zone, Liberty Market, Gulberg, Lahore
Tel: 042-35784321, 35784328,
35717273, 35763308
Fax: 042-35763310

Mall Road Branch
56, Ground Floor, Sh-e-Quaid-e-Azam (The Mall), Lahore
Tel: 042-36284801-3
Fax: 042-36284805

Model Town Branch
14-15, Central Commercial Market, Model Town, Lahore
Tel: 042-35915540-42 & 35915548
Fax: 042-35915549

New Garden Town Branch
19-A, Ali Block, New Garden Town, Lahore
Tel: 042-35911361-4
Fax: 042-35911365

Pasco House Branch
PASSCO House,11, Kashmir Road, Adjacent LDA Plaza, Lahore
Tel: 042-36300670-1
Fax: 042-36310362

ShahAlam Gate Branch
12-A, ShahAlam Gate, Lahore
Tel: 042-37666854 - 57
Fax: 042-37663488

Urdu Bazar Branch
S - 38-R, Urdu Bazar Chowk - 205, Circular Road, Lahore
Tel: 042-37116001-3
Fax: 042-37116004

Wahdat Road Branch
Mauza Ichra, Wahdat Road, Lahore
Tel: 042-37503001-3
Fax: 042-37503004

Z Block DHA Branch
323-Z, DHA, Phase-3, Lahore
Tel: 042-35693112-5
Fax: 042-35693117

Summit Bank
Committed to you

BRANCH NETWORK

ISLAMABAD

Bahria Town Branch
Plot # 3-4, Express Way, Sufiyan Plaza,
Phase VII, Bahria Town, Islamabad
Tel: 051- 5707360 – 63-65
Fax: 051-5707358

Barah Koh Branch
Murree Road, Tehsil / District, Islamabad
Tel: 051- 2321712- 13
Fax: 051-2321714

Blue Area Branch
20 - AI- Asghar Plaza, Blue Area, Islamabad
Tel: 051-2823204, 2872913
Fax: 051-2274276

F-10 Markaz Branch
Plot No. 08, Maroof Hospital, F-10 Markaz, Islamabad
Tel: 051-2222860-62
Fax: 051-2222863

F-11 Markaz Branch
Plot # 29, Select Center, F-11 Markaz, Islamabad
Tel: 051-2228027-28
Fax: 051-2228365

F-6 Markaz Branch
2-Fateh Plaza, Block C, Super Market,
F-6 Markaz, Islamabad
Tel: 051-2601701-3
Fax: 051-2601710

G-11 Markaz Branch
Shop #. 25-34, Plot # 23, Sajid Sharif
plaza, G-11 Markaz, Islamabad
Tel: 051-2220973-6
Fax: 051-2220977

I-9 Markaz Branch
Plot # 3/L, Shops Nos. 6, 7, 13, & 14, I-9,
Markaz, Islamabad
Tel: 051-4449832-35
Fax: 051-4449836

Stock Exchange Branch
Plot # 109, East F-7/G-7, Jinnah Avenue,
Blue Area, Islamabad
Tel: 051-2806281-83
Fax: 051-2806284

Super Market Branch
Plot No. 6B, F-6, Super Market, Islamabad
Tel: 051-2279168-70, 051-2824533-34
Fax: 051-2279166

RAWALPINDI

Bank Road Branch 1
60, Bank Road, Rawalpindi
Tel: 051-5564123, 051-5120777-80
Fax: 051-5528148

Bank Road Branch 2
Saddar Bazar, Rawalpindi Cantt.
Tel: 051-5523840-41
Fax: 051-5523837

Raja Bazar Branch
Raja Bazar, Rawalpindi
Tel: 051-5553504, 5557244 & 5777707 - 5534173-5557244
Fax: 051-5559544

Shamsabad Muree Road Branch
DD/29, Shamsabad Murree Road, Ojri Kalan, Rawalpindi
Tel: 051-4854400, 4854401-03
Fax: 051-4854404

FAISALABAD

Aminpur Bazar Branch
Plot # 183, Street No.2, Between Amipur
Bazar & Chiniot Bazar, Faisalabad
Tel: 041-2636783, 2626783 & 2649277
Fax: 041-2611363

Jail Road Branch
House No. P-62, opposite Punjab Medical College,
Jail Road, Faisalabad
Tel: 041-8813541-43
Fax: 041-8813544

Kotwali Road Branch
P-12, Kotwali Road, Faisalabad
Tel: 041-2412151-53
Fax: 041-2412154

Liaquat Road Branch
Liaquat Road, Chak # 212, Faisalabad
Tel: 041-2541257-59
Fax: 041-2541255

Susan Road Branch
Chak No. 213/RB Susan Road, Faisalabad
Tel: 041-8502367-69
Fax: 041-8502371

MULTAN

Vehari Road Branch
Plot # 2227-A, Chowk Shah Abbas, Vehari Road, Multan
Tel: 061-6241015-17
Fax: 061-6241014

Abdali Road Branch
Plot No. 66-A & 66-B/9, Abdali Road, Multan
Tel: 061-4588171, 4588172 & 4588175-78
Fax: 061-4516762

Hussain Agahi Road Branch
2576, Hussain Agahi Road, Multan
Tel: 061-4548083, 4583268, 4583168 & 4584815
Fax: 061-4543794

Qadafi Chowk Branch
Plot # 43, Block T, New Multan Road, Qadafi Chowk-Multan
Tel: 061-6770882-84
Fax: 061-6770889

BRANCH NETWORK

SUKKUR

Marich Bazar Branch
B – 885, Marich Bazar, Sukkur
Tel: 071-5627781-2
Fax: 071-5627755

Shikarpur Road Branch
Shop # D-195, Ward D, Near A Section Police Station
Shikarpur Road, Sukkur
Tel: 071-5617142-44
Fax: 071-5617145

Workshop Road Branch
City Survey # 3403/2/1 and C.S # 3403/2M/6,
Ward-B Tooba Tower Workshop Road, Sukkur
Tel: 071-5616663, 5616664, 5616582
Fax: 071-5616584

GUJRANWALA

GT Road Branch
B/11-S7/103, G. T. Road, Gujranwala
Tel: 055-3842751-3842729
Fax: 055-3842890

Gujranwala Branch
G.T. Rd., Opp. General Bus Stand, Gujranwala
Tel: 055-3820401-3
Fax: 055-3820404

Wapda Town Branch
Plot # B - III, MM - 53, Hamza Centre,
Wapda Town, Gujranwala
Tel: 055-4800204-06
Fax: 055-4800203

GUJRAT

GT Road Branch
Small Estate, G. T. Road (Next to Mybank), Gujrat
Tel: 053-3534208, 3533949 & 3534208
Fax: 053-3533934

Gujrat Branch
Main GT Road Tehsil & Distt., Gujrat
Tel: 053-3517051-54
Fax: 053-3516756

Katchery Chowk Branch
Shop #. 1263 & 1270 B-II, Katchery Chowk, Opp. Zahoor Elahi
Satadium, Near New Narala Bakers, Gujrat
Tel: 053-3601021-24
Fax: 053-3601025

PESHAWAR

Deans Trade Center Branch
Deans Trade Centre, Islamia Road, Peshawar
Tel: 091-5253081 -3 & 5
Fax: 091-5253080

Fruit Market Branch
Near Fruit Market, G.T. Road, Peshawar
Tel: 091-2260373-4
Fax: 091-2260375

Hayatabad Branch
Shop# 1, Hayatabad Mall, Baghee-Naran Road,
Phase II, Sector J-I Hayatabad Peshawar.
Tel: 091-5822923-25
Fax: 091-5822926

Main University Road Branch
Tehkal Payan, Main University Road-Peshawar
Tel: 091-5850540-41 & 5850548-9
Fax: 091-5850546

Milad Chowk Branch
Milad Chowk, New Gate, Peshawar City
Tel: 091-2550477, 2550466, 2217131
Fax: 091-2550488

QUETTA

Fatima Jinnah Road Branch
Plot No. Khasra No.134 & 138, Ward No. 19,
Urban # 1, Fatima Jinnah Road, Quetta
Tel: 081-2301094-95
Fax: 081-2301096

Liaquat Bazar Branch
Ainuddin Street, Quetta
Tel: 081-2837300-1
Fax: 081-2837302

M. A. Jinnah Road Branch
Ground Floor, Malik Plaza, Near Adara-e-Saqafat,
M.A. Jinnah Road, Quetta.
Tel: 081-2865590-95
Fax: 081-2865587

Regal Chowk Branch
Regal Chowk, Jinnah Road, Quetta
Tel: 081-2837028-29
Fax: 081-2825065

ABBOTTABAD

Abbottabad Branch
Sitara Market, Mansehra Road, Abbottabad
Tel: 0992- 385931-34
Fax: 0992-385935

ATTOCK

Attock Branch
Hamam Road, Attock
Tel: 057-2703120
Fax: 057-2703117

Fateh Jang Branch
Main Rawalpindi Road, Fateh Jang Distt Attock
Tel: 057-2210321-23
Fax: 057-2210324

AZAD KASHMIR

Dadyal Branch
Choudhary Centre, Ara Jattan, Dadyal, Azad Kashmir
Tel: 05827-463475
Fax: 05827-465316

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BRANCH NETWORK

Mirpur Azad Kashmir - Branch 1
NS Tower 119 F/1, Kotli Road Mirpur, Azad Kashmir
Tel: 05827- 437193-97
Fax: 05827-437192

Mirpur Azad Kashmir Branch (2)
Ghazi Archade, 6-B/3, Part II, Allama Iqbal Road,
Mirpur, Azad Kashmir
Tel: 05827-446405, 446407-9
Fax: 05827-446406

Muzzafarabad Branch
Sangam Hotel, Muzzafarabad - Azad Jammu Kashmir (AJK)
Tel: 05822-924203-5
Fax: 05822-924206

Shaheed Chowk Branch
Deen Plaza, Shaheed Chowk, Kotli, Azad Kashmir
Tel: 05826-448453-54
Fax: 05826-448455

CHAK GHANIAN

Chak Ghanian Branch
Plot No. 547-548, Iqbal Mandi, G. T. Road, Sarai Alamgir.
Tel: 0544-654402-03, 655155
Fax: 0544-654401

CHAKWAL

Chakwal Branch
Al- Noor Plaza Sabzi Mandi, Talagang Road, Chakwal
Tel: 0543-554796, 540650-51
Fax: 0543-554797

Dalwal Branch
Village & Post Office Dalwal, Tehsil
Choha, Saidan Shah, Distt Chakwal
Tel: 0543-582834
Fax: 0543-582842

CHAMMAN

Chamman Branch
Khashra No. 1323 & 2324 Abdali Bazar, Dola Ram Road,
Tehsil Chaman, District Qila Abdullah, Baluchistan
Tel: 0826- 618137-39
Fax: 0826-618143

DADU

Dadu Branch
CS No. 1036/2, Ward 'B', Station Road, Dadu, Sindh
Tel: 0254-711471-3
Fax: 0254-711474

DINA

Dina Branch
Mian G.T. Road Dina
Tel: 0544-634471 -3, Fax: 0544-636675

GAWADAR

Gawadar Branch
Plot Askani Hotel, Mullah Faazul Chowk, Gawadar
Tel: 0864-212144- 212146, Fax: 0864-212147

GHOTKI

Ghotki Branch
CS # 395 & 407, Muhallah Machhi Bazar,
Opp: Sarkari Bagh, Ghotki, Sindh
Tel: 0723-681571 - 73
Fax: 0723-681574

GILGIT

Gilgit Branch
Khasra# 1103, 1112, 1113, Haji Ghulam Hussain Building
Raja Bazar Gilgit
Tel: 05811-457366-68
Fax: 05811-457369

GUJJAR KHAN

Gujjar Khan Branch
Plot # 58-D, 59-C, Sector/Block Area Development,
Scheme # 1, Akbar Kayani Plaza, G. T, Road, Gujjar Khan
Tel: 051-3516431-4 & 3516436
Fax: 051-3516435

HARIPUR

Haripur Branch
Ground Floor, Akbar Arcade, Main G.T. Road, Haripur
Tel: 0995- 610832 - 34
Fax: 0995-610829

HAZRO

Hazro Branch
Plot # B -386, 386-A, Dawood Centre, Bank Square,
Ziaul Haq Road, Hazro
Tel: 057-2313283 - 85
Fax: 057-2313286

HYDERABAD

Bohri Bazar Hyderabad Branch
41/364, Saddar, Bohri Bazar-Hyderabad
Tel: 022-2730911-14
Fax: 022-2730910

Hala Naka Branch
Plot # 1 & 2, Deh. Gajoo, Near Masjid Siddiq-e-Akbar,
Malka Nagar, Hala Naka, Hyderabad - Sindh.
Tel: 022-2032991-93
Fax: 022-2032994

Latifabad No. 7 Branch
Latifabad # 7, 5/D Unit # 7, Hyderabad
Tel: 022-3810524 & 3810525
Fax: 022-3810515

Market Chowk Branch
Shop CS # A/2772/2, Ward -A, Market Road, Hyderabad
Tel: 022-2638451-54, Fax: 022-2638450

Qasimabad Branch
Shop No. 23, 24 & 25, Rani Arcade, Qasiamabad, Hyderabad
Tel: 022-2650742-43 & 2652204-5
Fax: 022-2650745

BRANCH NETWORK

JACOBABAD

Jacobabad Branch
C.S. No. 480, Ward # 5, Town, Jacobabad - Sindh
Tel: 0722-650071 - 73
Fax: 0722-650074

JEHLUM

Jhelum Branch
Plot # 89, Mehfooz Plaza, Kazim Kamal Road, Jhelum Cantt.
Tel: 0544-720216 - 18
Fax: 0544-720219

KAMBAR

Shahdad Kot Branch
C.S. No. 1048, 1051, 1052, 1054, Ward 'B',
Taluqa Shahdad Kot, District Kambar, Sindh
Tel: 074-4014461-63
Fax: 074-4014464

KAMOKE

Kamoke - GT Road Branch
Madni Trade Centre, G.T Road, Kamoke
Tel: 055- 6815175-76
Fax: 055-6815184

KANDH KOT

Kandh Kot Branch
Registry # 505 & 520, Mukhi Muhallah,
Adjacent: Press Club, Kandh Kot, Sindh
Tel: 0722-572604 - 6
Fax: 0722-572607

KASUR

Kasur Branch
Near Pul Qatal Gahri, Kutchery Road, Kasur.
Tel: 049-2721993
Fax: 049-2721994

KHAIRPUR

Pacca Chang Branch
CS No. 418/1-08, Deh. Pacca Chang, Taluqa Faiz Ganj,
District Khairpur, Sindh
Tel: 0243-557403-5
Fax: 0243-557406

KOT ADDU

Kot Addu Branch
Property # 43, RH, 48/A-49-50, Ward B-III,
Kot Addu District, Muzaffar Garh
Tel: 066-2240206-07
Fax: 066-2240208

LALAMUSA

Lalamusa Branch
G. T. Road, Lalamusa
Tel: 0537 -515694,515699, 515697,519977
Fax: 0537-515685

LARKANA

Larkana Branch
C.S. No. 1808, Pakistan Chowk, Larkana , Sindh
Tel: 074-4053608-10
Fax: 074-4053611

MANDI BAHAUDDIN

Mandi Bahauddin Branch
Khasra # 143/112, Chak #51, Bank Road, Off Railway Road,
Ghalla Mandi, Mandi Bahauddin
Tel: 0546-600901, 600903-4-5, Fax: 0546-600902

MANESHRA

Mansehra Branch
Al- Hadeed Corporation Market Shahrah Resham, Mansehra
Tel: 0997-303186, 303180
Fax: 0997-303135

MARDAN

The Mall Branch
Plot No. 337, 337-A, The Mall, Mardan.
Tel: 0937-865344-45
Fax: 0937-865342

MIRPURKHAS

Khipro Bus Stand Branch
Plot No. 92-93, Samanabad, Khipro District,
Ghumanabad Chowk, Khipro Bus Stand - Mirpurkhas
Tel: 0233-876384 & 874518
Fax: 0233-875925

Umer Kot Road Branch
Plot No : 988 to 991 Umerkot Gharibabad, Mirpur Khas
Tel: 0233- 875113-7
Fax: 0233-875118

MURIDKE

Muridke Branch
774, G.T. Road Muridke
Tel: 042-37950456,37994711-12
Fax: 042-37994713

NAROWAL

Katchery Road Branch
Katchery Road, Narowal
Tel: 0542-414105-7
Fax: 0542-414089

NAWABSHAH

Nawabshah Branch
Survey No. 77, Masjid Road, Nawabshah, Sindh
Tel: 0244 - 372042 - 44, Fax: 0244-372045

JAMSHORO

Nooriabad Branch
Ground Floor, SITE Office Building Nooriabad,
Dist, Jamshoro, Sindh
Tel: 025-4670433-8
Fax: 025-4670434

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BRANCH NETWORK

OKARA

Ravi Road Branch
23/A, Ravi Road, Okara.
Tel: 044-2528755, 2525355
Fax: 044-2525356

RABWAH

Rabwah Branch
Plot No-9-10, Block-14, Darul Sadar, Gol Bazar,
(Chenab Nagar) Rabwah
Tel: 047-6213795-97 & 6213792
Fax: 047-621 3797

RAHIM YAR KHAN

Rahim Yar Khan Branch
31/34 Shahi Road, Rahimyar Khan
Tel: 068-5877821-5883876
Fax: 068-5876776

SADIQABAD

Sadiqabad Branch
Mozzah Khuda Bux Dehar, Macchi Goth, KLP Road, Sadiqabad
Tel: 068- 5951303 & 5951301-2
Fax: 068-5951300

SAHIWAL

High Street Branch
558/8-1, Navid, Plaza, High Street Sahiwal.
Tel: 040-4229247, 4221615,4229247
Fax: 040-4460960

SARGODHA

Sargodha Branch
Prince Cinema Market Railway Road, Sargodha
Tel: 048-3768113-5
Fax: 048-3768116

Satellite Town Branch
Satellite Town, Ground Floor, Afzal Towers,
Plot # 302-A, Main Satellite Town, Sargodha.
Tel: 048-3221025-28
Fax: 048-3221029

SHIKARPUR

Shikarpur Branch
C.S. No.52/33/1, Ward 'B', Lakhi Gate, Shikarpur , Sindh
Tel: 0726-522057-59
Fax: 0726-522060

SIALKOT

Kashmir Road Branch
Address: Block 'A', ZHC, Kashmir Road, Sialkot
Tel: 052-3573304-7
Fax: 052-3573310

Paris Road Branch
B1, 16S, 71/A/1, Paris Road, Sialkot
Tel: 052-4602712-17
Fax: 052-4598849

Small Industrial Area Branch
Plot No. 32 / A, S.I.E -1, Small Industrial Estate, UGOKE Road, Sialkot
Tel: 052-3242690 - 92
Fax: 052-3242695

SWABI

Swabi Branch
Property bearing No. 3361, Main Mardan Road, Swabi
Tel: 0938-222968 - 69
Fax: 0938-221572

TANDO ALLAH YAR

Tando Allah Yar Branch
C-1, Survey # 274, Main Road, Tando Allah Yar - Sindh
Tel: 022-2763181-83
Fax: 022-2763184

TURBAT

Main Bazar Branch
Main Bazar, Turbat
Tel: 0852-413874 & 411606
Fax: 0852-414048

WAH CANTT

Wah Cantt Branch
Plot No. 17/37, Civic Center, Aslam Market, Wah Cantt
Tel: 051-4542157, 4542167, 4542279, 4902238-39
Fax: 051-4542140

ISLAMIC BANKING BRANCHES

KARACHI

I. I. Chundrigar Road Branch 2 (Islamic Banking)
5-Business & Finance Centre,
Opposite State Bank of Pakistan, Karachi.
Tel: 021-32438212, 32472176, 32471796
Fax: 021-32438218

LAHORE

PIA Society Islamic Banking Branch
Plot # 40, Block-D, Main Boulevard PIA Society,
Opp Wapda Town Roundabout, Lahore
Tel: 042-35189957 - 59
Fax: 042-35210895

Summit Bank
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FORM OF PROXY

The Company Secretary
Summit Bank Limited
Summit Bank Plaza
Plot # 8/C-1, Mumtaz Hasan Road
Off. I. I. Chundrigar Road
Karachi- Pakistan

I/We _____ of _____ being a member(s) of Summit Bank Limited holding _____ ordinary shares as per CDC A/c. No _____ hereby appoint Mr./Mrs./Miss _____ of (full address) _____ or failing him/her _____ Mr./Mrs./Miss _____ of (full address) _____ (being member of the Bank) as my/our Proxy to attend, act and vote for me/us and on my/our behalf at the 9th Annual General Meeting of the Bank to be held on March 30, 2015 and /or any adjournment thereof.

Signed this _____ day of _____ 2015.

Witnesses:

1. Name : _____
   Address : _____
   NIC No. : _____
   Signature : _____

2. Name : _____
   Address : _____
   NIC No. : _____
   Signature : _____

Signature on Rs. 5/- Revenue Stamp

NOTICE:

(i) A member entitled to attend and vote at the meeting may appoint another member as his / her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.

(ii) The account holders, sub-account holders, proxy or nominee shall authenticate his/her identity by showing his/her original national identity card (NIC) or original passport and bring his/her folio number at the time of attending the meeting.

(iii) In the case of corporate entity Board of Directors' resolution/power of attorney with specimen signature of the nominee shall also be produced (unless provided earlier) at the time of meeting.

(iv) In order to be effective, the proxy forms must be received at the office of our registrar M/s. Technology Trade (Pvt.) Ltd; Dagia House 241-C Block-2, PECHS off Shahrah-e-Quaideen Karachi not later than 48 hours before the meeting duly signed and stamped and witnessed by two persons with their names, addresses and NIC numbers mentioned on the form.

(v) In the case of individuals attested copies of NIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(vi) In the case of proxy by a corporate entity, Board of Directors resolution/power of attorney with specimen signature and attested copies of the NIC or passport of the proxy shall be submitted along with proxy form.

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Summit Bank

Committed to you

Please affix
Correct
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REGISTRAR

Technology Trade (Pvt) Ltd
Dagia House, 241 - C, Block 2, PECHS,
Off Shahrah - e - Qauideen,
Karachi - 74000, Pakistan.
Tel: (021) 34391316-7
Fax: (021) 34391318

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Summit Bank

Committed to you

Arif Habib Center, 23 M.T. Khan Road, Karachi - 74000.
UAN : 111-124-725, Toll Free: 0800-24365
www.summitbank.com.pk | info@summitbank.com.pk

CORPORATE