SUMMIT BANK ANNUAL REPORT 2015

REACHING NEW HEIGHTS

ANNUAL REPORT 2015

Summit Bank

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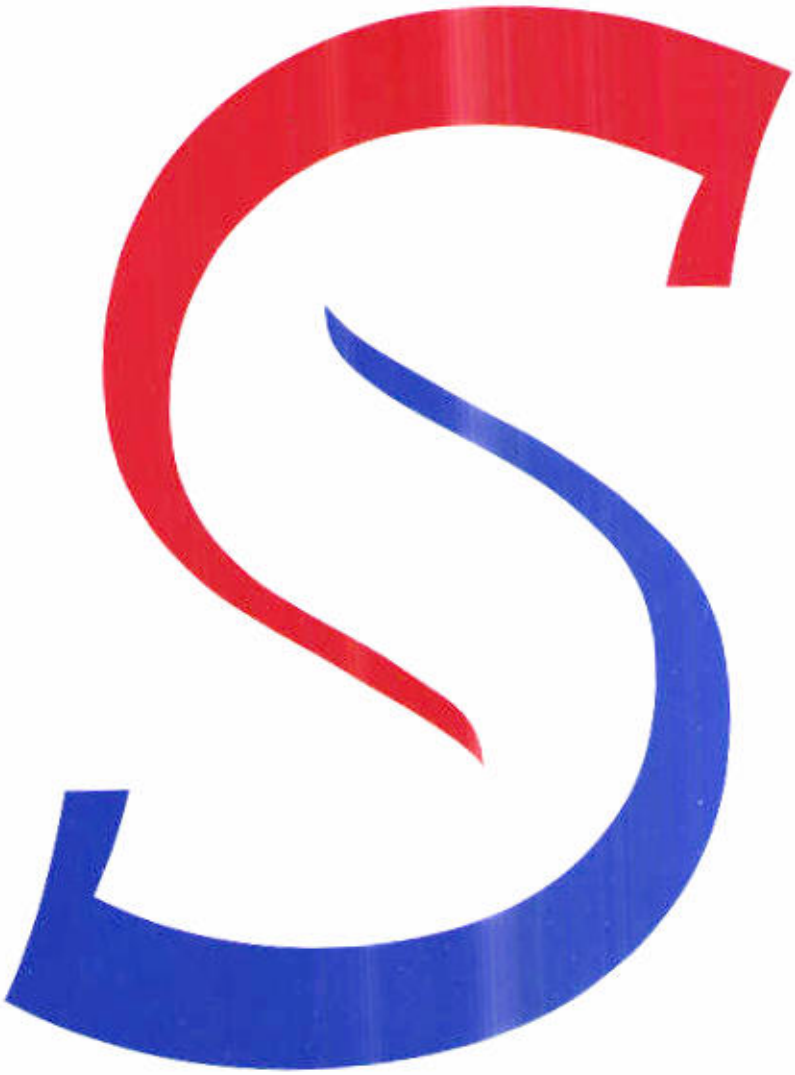

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CORPORATE INFORMATION

Board of Directors

Mr. Nasser Abdulla Hussain 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

Syed Muhammad Talib Raza

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-Quaideen, 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. 9-C, F-6 Markaz, 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,
companysecretary@summitbank.com.pk
website: www.summitbank.com.pk
Toll Free: 0800-24365

* Retired as President & CEO and appointed as Vice-Chairman w.e.f. February 22, 2016.
** Resigned w.e.f. January 19, 2016.
*** Appointed as President & CEO on February 22, 2016.

VISION

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

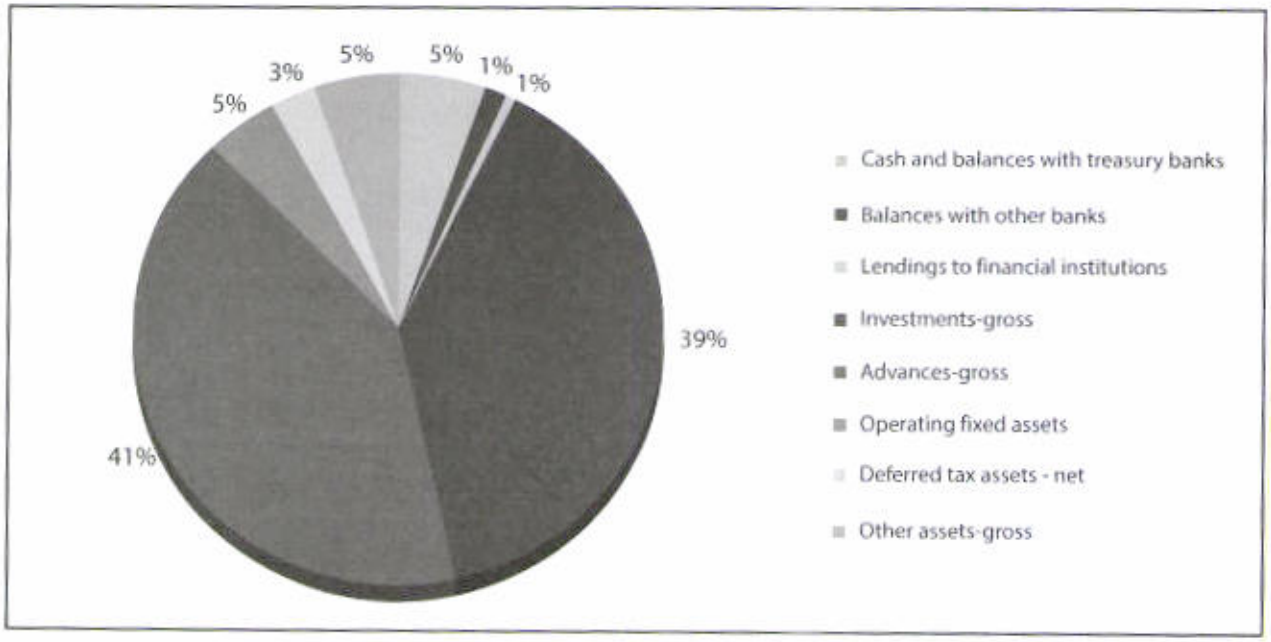
MISSION

- To be a financial institution based on Trust, Inte
  Good Governance
- To deliver financial solutions to our customers
- To provide equal opportunities & professional
  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

KEY OPERATING AND FINANCIAL DATA

DECEMBER 31	RUPEES IN MILLION					
	2015	2014	2013	2012	2011	2010
				Restated	Restated*	**
ASSETS						
Cash and balances with treasury banks	**10,540**	9,384	9,204	8,110	6,118	4,048
Balances with other banks	**2,919**	4,377	2,302	3,601	1,426	338
Lendings to financial institutions	**1,460**	650	1,555	2,039	1,070	-
Investments-gross	**79,571**	46,239	41,018	51,117	37,634	21,341
Advances-gross	**83,099**	77,804	65,568	64,942	68,399	44,495
Operating fixed assets	**9,534**	7,535	6,182	5,385	6,071	2,690
Deferred tax assets - net	**5,609**	5,645	5,800	6,042	6,298	3,203
Other assets-gross	**10,503**	9,371	7,075	6,897	6,231	2,848
Total assets-gross	**203,235**	161,005	138,704	148,133	133,247	78,963
Provision against Non Performing Loans & advances (NPLs)	**(12,545)**	(11,349)	(11,360)	(12,393)	(12,381)	(5,724)
Provision / Surplus / Deficit on revaluation of investments - net	**(1,838)**	(742)	(1,330)	(1,172)	(1,365)	(840)
Provision held against other assets	**(432)**	(457)	(454)	(182)	(153)	(131)
Total provisions	**(14,815)**	(12,548)	(13,144)	(13,747)	(13,899)	(6,695)
TOTAL ASSETS-NET OF PROVISIONS	**188,420**	148,457	125,560	134,386	119,348	72,268

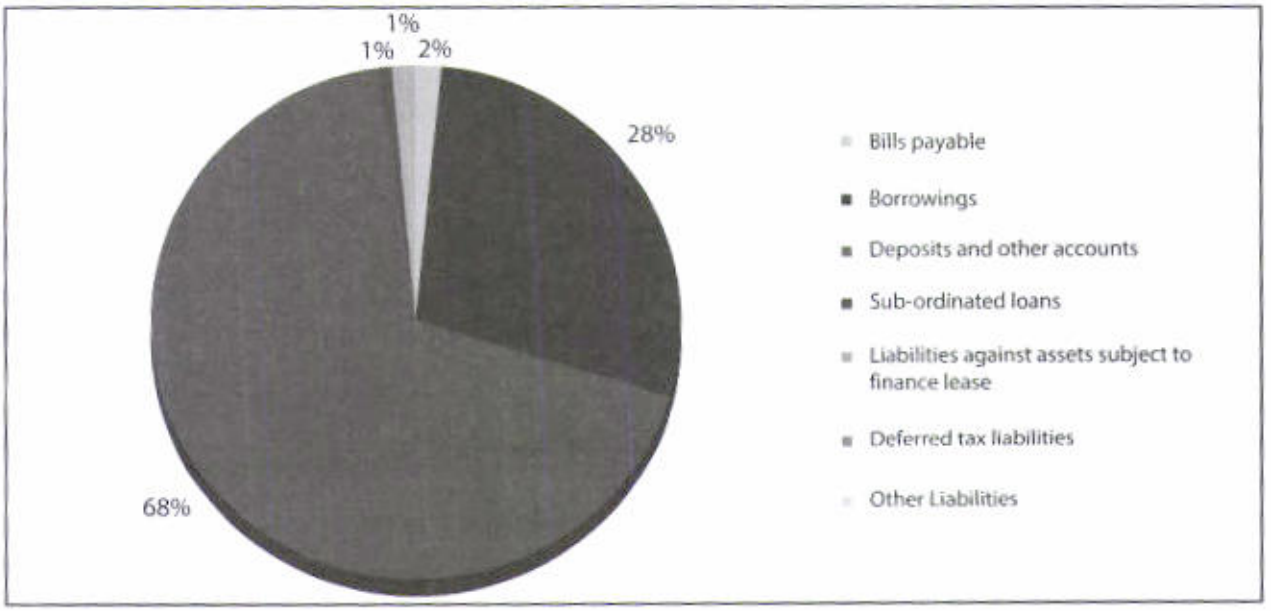
TOTAL ASSETS - GROSS 2015



KEY OPERATING AND FINANCIAL DATA

DECEMBER 31	RUPEES IN MILLION					
	2015	2014	2013	2012	2011	2010
				Restated	Restated*	**
LIABILITIES						
Bills payable	**2,729**	1,532	2,205	1,654	901	357
Borrowings	**49,756**	25,312	9,961	28,900	18,563	5,257
Deposits and other accounts	**119,854**	105,309	106,351	96,916	89,700	61,608
Sub-ordinated loans	**1,497**	1,498	1,499	1,499	1,500	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-
Other Liabilities	**2,626**	2,444	2,155	2,352	2,911	1,673
Total liabilities	**176,463**	**136,095**	**122,171**	**131,321**	**113,575**	**68,895**
NET ASSETS	**11,958**	**12,362**	**3,389**	**3,065**	**5,773**	**3,373**
REPRESENTED BY						
EQUITY						
Share capital	**10,780**	10,780	10,780	10,780	10,780	7,251
Convertible preference shares	**2,156**	2,156	2,156	-	-	-
Advance against subscription of shares	**7,007**	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)	(1,297)	-
Statutory reserves	**154**	111	65	65	65	65
Merger reserves	**(1,579)**	(1,579)	(1,579)	(1,579)	(1,579)	(2,400)
Accumulated losses	**(7,421)**	(7,660)	(7,877)	(6,071)	(3,392)	(2,322)
Total equity	**10,799**	**11,018**	**3,248**	**2,898**	**5,577**	**3,594**
Surplus / (Deficit) on revaluation of assets-net	**1,159**	1,344	141	167	196	(221)
Total	**11,958**	**12,362**	**3,389**	**3,065**	**5,773**	**3,373**

TOTAL LIABILITIES - 2015



Summit Bank
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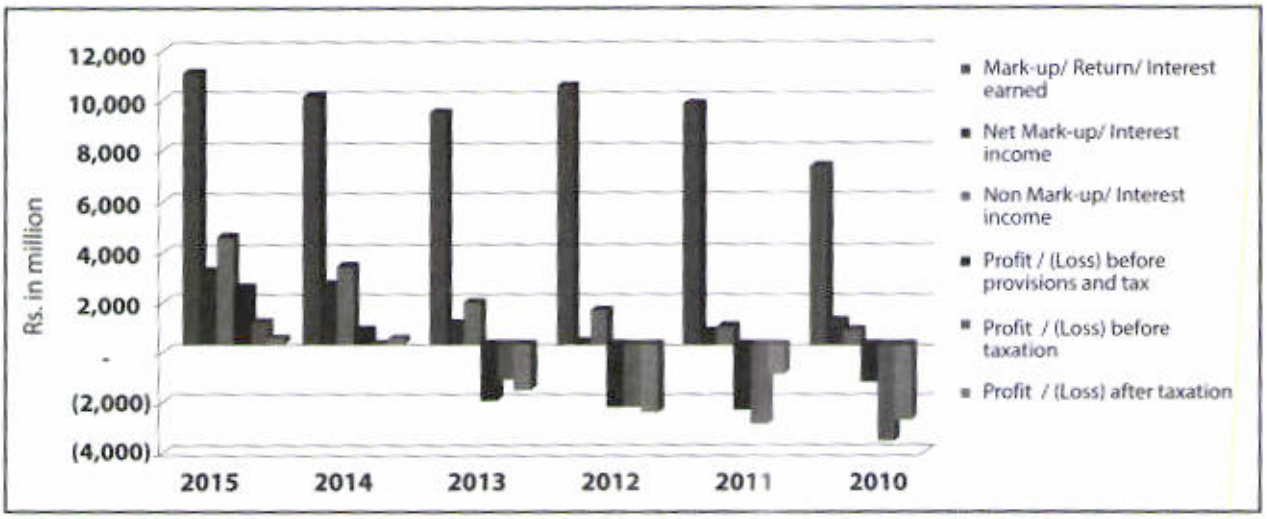
KEY OPERATING AND FINANCIAL DATA

DECEMBER 31	RUPEES IN MILLION					
	2015	2014	2013	2012	2011	2010
				Restated	Restated*	**
RESULTS OF OPERATIONS						
Mark-up/ Return/ Interest earned	**10,705**	9,827	9,178	10,265	9,552	7,071
Mark-up/ Return/ Interest expensed	**7,657**	7,401	8,330	10,138	9,021	6,102
Net Mark-up/ Interest income	**3,048**	2,426	848	127	531	969
Net Mark-up/ Interest Income after provisions	**1,473**	1,863	1,685	95	(69)	(1,361)
Non Mark-up/ Interest income	**4,320**	3,121	1,686	1,377	732	582
Non Mark-up/ Interest expense	**5,137**	4,972	4,778	3,997	3,871	3,095
Profit / (Loss) before provisions and tax	**2,231**	575	(2,244)	(2,493)	(2,608)	(1,544)
(Provision) / Reversal against NPLs & direct write offs	**(1,200)**	(87)	916	(73)	(639)	(1,937)
(Provision) / Reversal for diminution in the value of investments	**(375)**	(476)	(79)	41	39	(393)
Profit / (Loss) before taxation	**656**	12	(1,407)	(2,525)	(3,208)	(3,874)
Taxation Charge / (Reversal)	**439**	(218)	421	209	(1,999)	(857)
Profit / (Loss) after taxation	**217**	230	(1,828)	(2,734)	(1,209)	(3,017)



DECEMBER 31	2015	2014	2013	2012	2011	2010
				Restated	Restated*	**
FINANCIAL RATIOS						
Return on equity (ROE)	**2.01%**	2.09%	-56.28%	-94.34%	-21.68%	-83.95%
Return on assets (ROA)	**0.12%**	0.15%	-1.46%	-2.03%	-1.01%	-4.17%
Profit / (Loss) before tax ratio to Interest earned	**6.13%**	0.12%	-15.33%	-24.60%	-33.58%	-54.79%
Gross spread ratio	**28.47%**	24.69%	9.24%	1.24%	5.56%	13.70%
Advances to deposits ratio-Gross	**69.33%**	73.88%	61.65%	67.01%	76.25%	72.22%
Advances to deposits ratio-Net	**58.87%**	63.10%	50.97%	54.22%	62.45%	62.93%
Cost to revenue ratio	**85.15%**	95.56%	120.66%	121.41%	125.36%	120.18%
Total assets to shareholders' funds (times)	**17.45**	13.47	38.66	46.37	21.40	20.11
NPL ratio - Gross Advances	**20.68%**	19.07%	27.16%	36.05%	32.78%	25.61%
Capital adequacy ratio	**10.02%**	12.05%	4.25%	4.42%	7.52%	5.35%
SHARE INFORMATION						
Earnings / (loss) per share - Basic (Rs.)	**0.15**	0.16	(1.52)	(2.54)	(1.17)	(4.16)
Market value of shares (Rs. in Mn)	**4,236**	4,797	2,318	3,202	1,854	2,763
OTHER INFORMATION						
Non performing loans (Rs. in Mn)	**17,183**	14,838	17,809	23,410	22,418	11,394
Staff Strength	**2,852**	2,702	2,507	2,461	1,655	1,340
Number of branches (including Islamic)	**192**	188	187	186	165	80

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 2015

On behalf of the Board of Directors, we are pleased to present the annual report along with the annual audited financial statements and auditors' report thereon of Summit Bank Limited (the Bank) for the year ended December 31, 2015.

PERFORMANCE SUMMARY

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

	December 31, 2015	December 31, 2014
	—— (Rupees in '000) ——	
Profit before provisions and direct write-offs	**2,231,528**	574,996
Provision against loans and advances - net	**(1,195,844)**	(76,920)
Provision for diminution in the value of investments - net	**(375,398)**	(476,099)
Bad debts written-off directly	**(4,166)**	(10,055)
Profit before taxation	**656,120**	11,922
Taxation	**(438,898)**	217,528
Profit after taxation	**217,222**	229,450
Basic earnings per share - Rupees	**0.15**	0.16
Diluted earnings per share - Rupees	**0.09**	0.12
Transfer to Statutory Reserve	**43,444**	45,890

The Bank continued with its journey of profitability during FY-2015 and registered a strong growth in its profit before tax which increased to Rs. 656.120 million as against Rs. 11.922 million earned last year. Moreover, the Bank earned profit after tax of Rs. 217.222 million (FY-2014: Rs. 229.450 million) which was slightly lower than the last year figure due to higher tax expense during the current year.

During the year, net markup / interest income of the Bank increased to Rs. 3,048.884 million as against Rs. 2,426.245 million in FY-2014 thereby registering a healthy growth of 25.66%. Non-performing loans (NPLs) during the year have increased to Rs. 17,183.005 million (December 31, 2014: Rs. 14,838.307 million). Moreover, net provisioning expense for the year against loans and advances stood at Rs. 1,195.844 million as against Rs. 76.920 million last year. The net increase in NPLs and corresponding provision is caused mainly by re-classification of some legacy accounts (i.e. pre-merger borrowers) as these accounts failed to comply with the repayments on due dates. However, management is in constant negotiation with the defaulted companies and hopeful that they would soon start paying their due amounts, which will help in reducing net NPLs of the Bank. Apart from negative impact of provision made against fresh NPLs, the provision expense was also recognized to comply with regulatory requirements to increase the provision against NPLs on a time-based criteria (though the Bank has full value of the collateral available for recovery purposes) and downgrading of existing NPLs in line with applicable regulatory requirements. The management is committed to reduce the NPLs and untiring efforts continue on this front. On the other hand, net charge against provision for diminution in value of investments reflected a positive trend which decreased to Rs. 375.398 million as against Rs. 476.099 million charged during last year.

The management also focused on non-mark-up / interest income avenues and capitalized on the available market opportunities in that area. During the current year, net gain on sale of securities amounted to Rs. 2,417.870 million as against Rs. 1,330.012 million last year. In view of the declining interest rates scenario, the Bank built the Government Bonds portfolio, which made a major contribution towards the amount of capital gains realized during the year. Moreover, dividend income increased to Rs. 77.373 million showing healthy growth against FY-2014 when the dividend income was Rs. 35.284 million. Fee, commission and brokerage income of the Bank stood at Rs. 1,196.237 million thereby recording an increase of 6.77% as compared to FY-2014 income. Likewise, income from dealing in foreign currencies also increased which was 5.5% higher than the last year and amounted to Rs. 534.090 million.

Deposits of the Bank have shown a strong growth of 13.81% and stood at Rs. 119,854 million as against Rs. 105,309 million as of December 31, 2014. Net advances of the Bank increased by 6.17% during FY-2015, while net investments have shown a growth of 70.85% which stand at Rs. 77,732 million as of December 31, 2015. The balance sheet size of the Bank has grown to Rs. 188,420 million which reflects an increase of 26.92% since December 31, 2014.

As at December 31, 2015, the Bank has recognized an aggregate amount of deferred tax assets (net) of Rs. 5,609.015 million which represents the management's best estimate of projected tax benefits expected to be realized in future years. Moreover, deferred tax expense for the current year amounted to Rs. 313.894 million as against deferred tax income of Rs. 332.657 million during FY-2014, mainly due to the taxable profits earned by the Bank during the current year.

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

INCREASE IN SHARE CAPITAL

In order to meet the regulatory capital requirements applicable to the Bank, the Sponsor of the Bank (Suroor Investments Limited (SIL)) had injected Rs. 7,007 million as advance share subscription money during the financial year ended December 31, 2014. In this respect, the Board of Directors of the Bank in its meeting held on March 05, 2015 approved the issuance of shares to SIL equivalent to Rs. 7,007 million at par value of Rs. 10, by way of other than rights issue, subject to applicable regulatory approvals. The same was also approved by the shareholders of the Bank in their Annual General Meeting held on March 30, 2015. In this respect, after approvals of the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan, the Board of Directors through its resolution dated December 31, 2015 have allotted shares to SIL. Furthermore, subsequent to year-end, the share issuance process against the said capital increase transaction has been completed. Accordingly, the issued, subscribed and paid up ordinary share capital of the Bank has increased to Rs. 17,786.663 million after the year-end.

Moreover, to further improve the equity base of the Bank in light of BASEL III regulations and related capital requirements, the Board of directors in its meeting held on March 04, 2016 has approved further issue/injection of capital amounting to Rs. 2 billion by way of right issue of shares, subject to regulatory approvals. This is expected to further support the growth, risk tolerance and strategic initiatives of the Bank.

ISLAMIC BANKING

By the grace of Allah, after opening of first Islamic Banking Branch in March-2014, the Bank has remained focused on further increasing its outreach for Islamic Banking services. The Bank is fully committed to its target for conversion to a full-fledged Islamic Bank. As at December 31, 2015, its Islamic Banking branch network has expanded to 10 branches while more branches are planned to be opened going forward. Moreover, the Bank has two Islamic Banking Windows (IBWs). The Bank plans to expand its Islamic Banking operations by utilizing the existing network of branches through introduction of more IBWs at various geographical locations.

The results of Islamic Banking (IB) operations have been quite encouraging and it contributed Rs. 98.346 million profit during FY-2015 (FY-2014: Rs. 99.848 million). Total deposits of the IB operations increased to Rs. 3,006.535 million as of December 31, 2015 showing a remarkable growth of 137.01% over deposit base of Rs. 1,268.520 million as of December 31, 2014. Islamic financing and related assets have also increased to Rs. 2,571.319 million as against Rs. 1,607.064 million last year-end, thereby registering a sizable growth of 60%. Investments also increased by 108.5% and reached at Rs. 1,100.206 million as compared to Rs. 527.680 million as of the last year-end.

The Bank has suitably equipped itself with a range of Islamic banking products to meet the requirements of customers, which should be helpful in expansion of Islamic Banking operations. In order to enable and equip the Bank's Human Resource with required Islamic Banking skills set, due focus is being given to training & development on a continuous basis. Furthermore, the Bank embarked on conducting Customers Awareness Programmes on Islamic Banking and its proposed conversion plan.

BRANCH NETWORK AND OUTREACH

The Bank is ensuring its presence across the country with a network of 192 branches and plans to open more branches going forward. Moreover, for offering Shariah compliant banking services, the Bank has 10 Islamic Banking Branches and 2 Islamic Banking Windows as of December 31, 2015.

The Bank has a sizable countrywide network of onsite and off-site ATMs. This not only facilitates Bank's customers, but also helps the general banking industry customers in carrying out their financial transactions.

TECHNOLOGY PLATFORM

The Bank firmly believes and continues to invest in strengthening the technology platform to improve customer experience and overall efficiency of the Bank. During the year, the Bank has established new Tier-3 IT DR (Disaster Recovery) site with modern facilities and has set the challenging goal to maintain the DR Site with exact configuration and capacity planning as of IT Primary Data Centre for seamless customer experience in case of any disaster.

Moreover, the Bank has planned to replace around 100 units of old ATMs (Automated Teller Machines) with new units during the year 2016 and onwards to adopt new ATM technologies with improved efficiency in terms of performance and security.

Besides that, the Bank is fully geared up for transforming its existing core-banking systems and related technologies according to the business plan of the Bank to convert itself from conventional bank to a full-fledged Islamic bank.

PRODUCTS & SERVICES

The Bank is continuously improving its product offerings to better serve the financial needs of its existing and prospective customers.

During the year, the Bank successfully launched 'Summit Prepaid VISA Card', which provides a reliable and easy cash alternative, allowing the cardholders to perform controlled and secure transactions. Moreover, another product with the name of 'Summit Daily Stock Account' was launched. This product gives the account holder the freedom & flexibility to manage cash coupled with online access to the stock market and the Bank acting as custodian of their securities. 'Summit Senior Citizen Account' launched by the Bank is designed for the Senior Citizens to empower them to open and operate the Bank account with highest level of services apart from providing healthy return. In addition to that, this product offers a wide range of free services and benefits to our Senior Citizens.

In addition to above, the Bank also launched a new product with the name of 'Summit Asaan Account'. This product aims for easy and accessible banking for everyone, especially for those who have not yet experienced the world of hassle free banking. The product also offers certain added features to further improve the quality of banking experience.

The Bank in collaboration with NBP Fullerton Asset Management (NAFA) has achieved a milestone by launching a first of its kind product in Pakistan with the name of "Click Pay". This product is specifically tailored to offer value added features to Mutual Fund Investors of NAFA through web portal and ATMs.

The Bank has also successfully launched e-IPO Facility for its customers. With this service, Bank's customers can now apply online by logging onto Summit Bank's Internet Banking services and participate in the new shares offering with a click of a button.

CREDIT RATINGS

In June-2015, JCR-VIS Credit Rating Company Limited (JCR-VIS) re-affirmed 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). Moreover, rating of the TFC issue of the Bank was re-affirmed at A (SO) (Single A (Structured Obligation)). These ratings have been assigned stable outlook.

EARNINGS PER SHARE

The basic and diluted earnings per share have been disclosed in note 32 of the financial statements.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board of Directors confirms compliance with the Code of Corporate Governance (Code) issued by the SECP and feels 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.
- The three of the directors of the Bank are exempted from Directors' Training Program. Moreover, one of the directors of the Bank has obtained certification of "The Board Development Series" from the Pakistan Institute of Corporate Governance to become a Certified Director while another director has recently completed one module of Directors' Training Program and shall be completing the second module shortly to become a Certified Director as per the requirements 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 has duly complied with the requirement of the Code in respect of the evaluation of the performance of the Board by undertaking an online assessment through Pakistan Institute of Corporate Governance.
- 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, 2015 are:

    - Staff Provident Fund — Rs. 817.889 million
    - Staff Gratuity Fund — Rs. 210.257 million

- All the statutory liabilities, if any, have been adequately disclosed in the financial statements.

EMPLOYEES STOCK OPTION SCHEME

The shareholders of the Bank in their annual general meeting held on March 30, 2015 had approved the Employees Stock Option Scheme of the Bank (Scheme), subject to regulatory approvals. In this respect, the management is currently in the process of obtaining requisite regulatory approval(s) after which the Bank will implement the Scheme.

MEETINGS OF THE BOARD AND ITS COMMITTEES

During 2015 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- Chairman	8	3	-	-	-	-	-	-
Mr. Husain Lawai - President & CEO**	8	8	-	-	4	4	3	3
Mr. Nasim Beg*	8	8	7	7	4	4	3	3
Mr. Asadullah Khawaja	8	8	7	7	4	4	3	3
Mr. M. Farid Uddin	8	2	-	-	-	-	-	-
Mr. Shehryar Faruque	8	8	7	7	4	4	3	3
Mr. Muhammad Zahir Esmail**	8	7	-	-	-	-	-	-

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

The following changes have taken place in the Board of Directors subsequent to the year-end:

* *Mr. Nasim Beg resigned w.e.f. January 19, 2016.*
** *Mr. Muhammad Zahir Esmail has been appointed as the Chief Executive Officer & President w.e.f. February 22, 2016 in place of Mr. Husain Lawai who retired as the Chief Executive Officer & President of the Bank w.e.f. February 22, 2016 upon attaining the age of 70 years. Furthermore, Mr. Husain Lawai has been elected as the Vice Chairman on the Board of the Bank w.e.f. February 22, 2016.*

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 further strengthen risk management process, the Bank continuously updates its Risk Management Policy and Market Risk Limits. Moreover, it has 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 and efficient management of credit risks has been completed and currently in the implementation phase.

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 is 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 has adopted internationally accepted COSO-Integrated Framework and had initially 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 further strengthen the controls, enhance governance and monitoring, and continuous updation of internal control documentation as per SBP guidelines, the Bank established a separate Internal Control Unit. 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.

In accordance with SBP directives, the Bank has completed all the stages of ICFR. Upon satisfactory completion of ICFR roadmap, SBP granted exemption to the Bank in February 2015 from the submission of Long Form Report (LFR) by external auditors. Annual assessment report as of 31st December 2014 on ICFR duly approved by Board Audit Committee (BAC) was submitted to SBP on 29th May 2015.

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 endeavored to contribute towards society in all possible means. The Bank's technology driven 'Benazir Income Support Program' (BISP) (Government-to-Person solution) continues to support the Government of Pakistan in its efforts for poverty alleviation. In this respect, during FY-2015 period, the Bank has disbursed an amount of Rs. 5.00 Billion to more than 220,000 beneficiaries of BISP.

EXTERNAL AUDITORS

The present auditors M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants have completed their maximum of five years term as allowed under the Code of Corporate Governance and will stand retired on conclusion of the coming Annual General Meeting (AGM) of the shareholders. Accordingly, upon recommendation of the Audit Committee, the Board of Directors has recommended to the shareholders the name of M/s Deloitte Yousuf Adil, Chartered Accountants as the statutory auditors of the Bank for the year ending December 31, 2016 in place of the retiring auditors for their approval in the forthcoming AGM.

PATTERN OF SHAREHOLDING

The pattern of shareholding is making part of the annual report.

HOLDING AND SUBSIDIARY COMPANY

Suroor Investments Limited (SIL), a company incorporated in Mauritius, is the holding company of the Bank. As of December 31, 2015, SIL held 51.46% of the issued, subscribed and paid-up ordinary share capital of the Bank. Subsequent to the year-end, upon completion of the transaction for issue of shares to SIL by way of other than right issue, SIL's shareholding has increased to 70.58%.

The Bank has 100% shareholding in Summit Capital (Private) Limited. The Consolidated Financial Statements of the Bank and its subsidiary along with the Auditors' report thereon make part of the annual report.

ECONOMY AND ITS OUTLOOK

The major macroeconomic indicators continued to exhibit improvements in the first half of the current fiscal year. The inflationary environment stayed benign, Large Scale Manufacturing (LSM) gained traction, and fiscal consolidation remained on track. In addition, successful completion of ninth review under International Monetary Fund's Extended-Fund-Facility (IMF's EFF) and disbursements from multilateral and bilateral sources added on to country's external buffers. With the pickup in private sector credit, for fixed investment in particular, along with improving security situation reflects strengthening of investor and consumer confidence.

Average Consumer Price Index (CPI) inflation has declined to 2.1 percent during July-December 2015, with perishable food items and motor fuel leading the way. Meanwhile trend in Year-on-Year (YoY) CPI inflation has reversed; it rose for third consecutive month to 3.2 percent in December 2015. Keeping in view the benign outlook of global commodity prices, expectation of a moderate pickup in domestic demand and further ease in supply side constraints, it is expected that the average inflation in FY-2016 to remain in the range of 3 to 4 percent. However, global oil price trends and excess domestic food stocks (wheat, rice, and sugar) may exert downward pressures on inflation.

Moreover, during the calendar year (CY) ended December 31, 2015, SBP based on the declining inflation numbers and better economic indicators reduced the discount rate cumulatively by 300 bps. The reduction in interest rates has however also put pressure on the overall banking sector margins.

The credit to private sector increased by Rs. 339.8 billion during H1-FY-2016 as compared to the Rs. 224.5 billion in same period last year. The impact of monetary easing, improved financial conditions of the major corporate sector and better business environment encouraged firms to avail credit not only for working capital requirements but also for fixed investments. Going forward, the improvements in LSM, expansion plans announced by major industries and favorable monetary conditions are expected to provide continued momentum in the demand for credit.

Overall, real Gross Domestic Product (GDP) is set to maintain the previous year's growth momentum. Furthermore, the uptick in economic activity appears to continue beyond FY16 on the back of energy and infrastructure projects under China Pakistan Economic Corridor (CPEC), which is an emblem of better economic prospects for the Country going forward.

FUTURE OUTLOOK

The Bank is fully geared up to capitalize on the business opportunities available in the market. Moreover, Board of Directors' recent decision of approving a further issue of shares by way of right issue amounting to Rs. 2 billion (subject to regulatory approvals) will provide further impetus to the efforts of the management for boosting the Bank's business.

The Islamic Banking industry is rapidly growing in Pakistan. We are confident that the Bank's strategic initiative to convert to an Islamic Bank will help it to benefit from this growth opportunity. In this regard, employees, management team and the Board of Directors are fully committed to achieve the milestone of Bank's conversion to a full-fledged Islamic Bank as per the projected timelines.

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 recognizes 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, the Securities and Exchange Commission of Pakistan, other regulators and Federal and Provincial Governments in developing and strengthening the banking and financial services industry.

We 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

Muhammad Zahir Esmail
President & CEO

Husain Lawai
Vice Chairman

Karachi
March 04, 2016

Summit Bank
Committed to you

REPORT OF THE SHARIAH BOARD

FOR THE YEAR ENDED DECEMBER 31, 2015

بسم الله الرحمن الرحيم

By the grace of Allah SWT, the year under review was the 2nd year of Islamic banking branch operations of Summit Bank Limited (Islamic Banking Division of Summit Bank Limited shall be referred as 'the Bank'). The Bank established its Shariah Board on 1st October, 2015 and prior to that the Bank worked under the direct supervision of the Shariah Advisor of the Bank (who is now appointed as Resident Shariah Board Member 'RSBM').

Following were the major developments that took place during the year 2015.

Research & New Product Development

Alhamdulillah, during the year, the Bank was able to develop and successfully launched / introduced various Islamic Banking products and structures, including liability products of Young Bee Savings Account, Hamara Family Savings Account, Senior Citizens Account, Asaan Current Account, Asaan Mega Savings Account, Dolmen Loyalty Card, Rupee Travellers Cheque, Call Deposit Receipts and Summit Visa Prepaid Card.

Furthermore, the Bank also added towards range of its asset side products including Diminishing Musharakah - Housing and Auto Ijarah in addition to other existing financing products.

Training & Capacity Building

Considering the Bank's plan to convert its entire operations into Islamic and the growth in Islamic Banking operations, the most important area of any Islamic bank is to invest in Islamic Banking staff who have a key role to execute Islamic banking transactions. During the year, 201 employees were provided with dedicated Islamic banking trainings. The Bank arranged 7 batch-trainings of 8 days specialized course on Islamic Banking, attended by 177 employees. Moreover, 8 employees attended NIBAF course at SBP and 16 employees were provided 2 days training on fundamentals of Islamic Banking. The Bank also arranged 11 awareness sessions for the customers during the year at various destinations across the country. The Shariah Compliance Department of the Bank also provided the necessary support and trainings on requisite training sessions and courses in liaison with Learning & Development - HR division.

Conclusion

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

2. To form our opinion as expressed in this report, Internal Shariah audit and Shariah Compliance Department carried out reviews, on sample basis, of each class of transactions, the relevant documentation and process flows. Based on the above, we are of the view that:

   i. The Bank has complied with Shariah rules and principles and also with the specific fatawa, rulings, guidelines issued by SBP and by Shariah Advisor / SB from time to time.

   ii. The Bank has a comprehensive mechanism in place to ensure Shariah compliance in their overall operations of the Bank.

iii. The Bank has a well-defined system in place which is sound enough to ensure that any earnings realized from sources or by means prohibited by Shariah have been credited to charity account and are being properly utilized.

iv. The Bank has complied with the SBP instructions on profit and loss distribution and pool management.

v. The level of awareness, capacity and sensitization of the staff, management and the BOD is appreciating the importance of Shariah compliance in the products and processes of the Bank.

vi. The Shariah Board has been provided adequate resources enabling it to discharge its duties effectively.

vii. The Shariah Board has gone through the conversion plan of the Bank and confident that the Bank shall meet its objective timely.

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

Shariah Board on Islamic Banking

Mufti Irshad Ahmad Aijaz
Chairman Shariah Board

Dr. Noor Ahmad Shahtaz
Member Shariah Board

Mufti Bilal Ahmad Qazi
Member Shariah Board

Mufti Muhammad Najeeb Khan
Resident Shariah Board Member

Karachi
March 04, 2016

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED DECEMBER 31, 2015

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the Listing Regulation No.5.19.23(a) of the Rule Book of Pakistan Stock Exchange Limited (PSX) 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 Hussain Lootah Mr. Nasim Beg ** Mr. M. Farid Uddin

* Mr. Husain Lawai retired as President and CEO of the Bank w.e.f February 22, 2016 while Mr. Muhammad Zahir Esmail was appointed as the President and CEO of the Bank w.e.f February 22, 2016 subject to necessary regulatory approval.

** Mr. Nasim Beg resigned from the directorship of the Bank w.e.f January 19, 2016 and Mr. Saleem Zamindar was co-opted as the director for the remainder period by filling up the casual vacancy of Mr. Nasim Beg w.e.f February 11, 2016 subject to necessary regulatory approval.

The independent directors meet the criteria of independence under clause 5.19.1 (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 on the board of directors during 2015.

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

6. The 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, Company Secretary and Head of Internal Audit along with the terms and conditions of their employment. Apart from first three (3) quarters of the year under review wherein the Bank did not have a full time Company Secretary, a full-time Company Secretary of the Bank was appointed in October 2015 in place of acting Company Secretary.

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 Board 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.

Muhammad Zahir Esmail
President & CEO

Karachi
March 04, 2016

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 2015** to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.23 (b) of the Code of Corporate Governance, 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 2015.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Date: 04 March 2016
Karachi

AUDITORS' REPORT TO THE MEMBERS ON UNCONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed statement of financial position of **Summit Bank Limited** (the Bank) as at **31 December 2015** 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 two 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 2015 and its true balance of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

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

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

Date: 04 March 2016
Karachi

UNCONSOLIDATED FINANCIAL STATEMENTS

Summit Bank
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UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

	Note	December 31, 2015	December 31, 2014
		—— (Rupees in '000) ——	
ASSETS			
Cash and balances with treasury banks	7	**10,539,906**	9,383,947
Balances with other banks	8	**2,919,244**	4,377,154
Lendings to financial institutions	9	**1,459,868**	650,000
Investments	10	**77,732,197**	45,497,115
Advances	11	**70,554,070**	66,454,697
Operating fixed assets	12	**9,533,782**	7,534,996
Deferred tax assets - net	13	**5,609,015**	5,644,681
Other assets	14	**10,072,339**	8,914,751
		188,420,421	148,457,341
LIABILITIES			
Bills payable	15	**2,728,797**	1,531,639
Borrowings	16	**49,755,998**	25,312,661
Deposits and other accounts	17	**119,854,302**	105,309,434
Sub-ordinated loans	18	**1,497,240**	1,497,930
Liabilities against assets subject to finance lease		**-**	-
Deferred tax liabilities		**-**	-
Other liabilities	19	**2,626,418**	2,444,140
		176,462,755	136,095,804
NET ASSETS		**11,957,666**	12,361,537
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	**7,006,867**	7,506,867
Reserves	21	**(1,722,341)**	(1,765,785)
Accumulated losses		**(7,421,199)**	(7,659,513)
		10,799,082	11,017,324
Surplus on revaluation of assets - net of deferred tax	22	**1,158,584**	1,344,213
		11,957,666	12,361,537
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, 2015

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
Mark-up / return / interest earned	24	10,705,473	9,826,877
Mark-up / return / interest expensed	25	(7,656,589)	(7,400,632)
Net mark-up / interest income		3,048,884	2,426,245
Provision against non-performing loans and advances - net	11.3.1	(1,195,844)	(76,920)
Provision for diminution in the value of investments - net	10.13	(375,398)	(476,099)
Bad debts written off directly	11.4.1	(4,166)	(10,055)
		(1,575,408)	(563,074)
Net mark-up / interest income after provisions		1,473,476	1,863,171
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		1,196,237	1,120,425
Dividend income		77,373	35,284
Income from dealing in foreign currencies		534,090	506,237
Gain on sale of securities - net	26	2,417,870	1,330,012
Gain on disposal of operating fixed assets - net	12.4	2,274	38,785
Unrealised loss on revaluation of investments classified as held-for-trading - net	10.16	(13,498)	(56)
Other income	27	105,620	89,821
Total non-mark-up / interest income		4,319,966	3,120,508
		5,793,442	4,983,679
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	28	(5,113,648)	(4,897,850)
Other provisions / write-offs	29	6,573	(44,219)
Other charges	30	(30,247)	(29,688)
Total non-mark-up / interest expenses		(5,137,322)	(4,971,757)
		656,120	11,922
Extra-ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		656,120	11,922
Taxation	31		
Current		(125,004)	(115,129)
Prior years		-	-
Deferred		(313,894)	332,657
		(438,898)	217,528
PROFIT AFTER TAXATION		217,222	229,450
		(Rupees)	
Basic earnings per share	32.1	0.15	0.16
Diluted earnings per share	32.2	0.09	0.12

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, 2015

		December 31, 2015	December 31, 2014
		----- (Rupees in '000) -----	
Profit after taxation		**217,222**	229,450
Other comprehensive (loss) / income - net			
Not to be reclassified to profit and loss account in subsequent periods			
Actuarial (loss) / gain on defined benefit plan		**(4,265)**	8,356
Comprehensive income transferred to equity		**212,957**	237,806
Components of comprehensive income not reflected in equity			
(Deficit) / surplus on revaluation of 'available for sale securities' - net of tax *		**(455,487)**	752,563
Surplus on revaluation of operating fixed assets - net of tax	(i)	-	-
Total comprehensive (loss) / income		**(242,530)**	990,369

* (Deficit) / Surplus 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 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, 2015

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**656,120**	11,922
Less: Dividend income		**(77,373)**	(35,284)
		578,747	(23,362)
Adjustments:			
Depreciation		**555,778**	542,830
Amortisation		**48,308**	63,196
Provision against non-performing loans and advances - net		**1,195,844**	76,920
Bad debts written off directly		**4,166**	10,055
Other provisions / write offs		**(6,573)**	44,219
Provision for diminution in the value of investments - net		**375,398**	476,099
Unrealised loss on revaluation of investments in held-for-trading securities - net		**13,498**	56
(Gain) / loss on disposal of non-banking assets		**(1,929)**	6,115
Gain on disposal of operating fixed assets - net		**(2,274)**	(38,785)
		2,182,216	1,180,705
		2,760,963	1,157,343
Increase in operating assets			
Lendings to financial institutions		**(809,868)**	905,000
Net investments in 'held-for-trading' securities		**(79,867)**	(1,244)
Advances - net		**(5,299,383)**	(12,333,198)
Other assets (excluding advance taxation) - net		**(1,325,615)**	(2,261,977)
		(7,514,733)	(13,691,419)
Increase in operating liabilities			
Bills payable		**1,197,158**	(673,775)
Borrowings from financial institutions		**24,454,185**	15,402,618
Deposits and other accounts		**14,544,868**	(1,041,608)
Other liabilities		**178,013**	297,478
		40,374,224	13,984,713
		35,620,454	1,450,637
Income tax paid		**(198,820)**	(151,679)
Net cash inflows from operating activities		**35,421,634**	1,298,958
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in 'available-for-sale' securities		**(33,252,099)**	(5,780,472)
Net realisation in 'held to maturity' securities		**-**	249,256
Dividend received		**75,262**	34,759
Investment in operating fixed assets		**(2,329,594)**	(1,605,768)
Sale proceeds of property and equipment - disposed off		**28,688**	118,983
Sale proceeds of non-banking assets - disposed off		**265,697**	484,710
Net cash outflows from investing activities		**(35,212,046)**	(6,498,532)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance against subscription of shares		**(500,000)**	7,506,867
Redemption of sub ordinated loan		**(690)**	(690)
Net cash (outflows) / inflows from financing activities		**(500,690)**	7,506,177
(Decrease) / increase in cash and cash equivalents		**(291,102)**	2,306,603
Cash and cash equivalents at beginning of the year		**13,746,284**	11,439,681
Cash and cash equivalents at end of the year	33	**13,455,182**	13,746,284

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, 2015

	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, 2014	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
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	-	-	-	-	68,801	68,801	68,801
Total comprehensive income for the year										
Profit after taxation for the year ended December 31, 2015	-	-	-	-	-	-	-	217,222	217,222	217,222
Other comprehensive loss	-	-	-	-	-	-	-	(4,265)	(4,265)	(4,265)
	-	-	-	-	-	-	-	212,957	212,957	212,957
Transfer to Statutory Reserves	-	-	-	-	-	43,444	-	(43,444)	-	-
Advance against subscription of shares returned	-	-	(500,000)	-	-	-	-	-	-	(500,000)
Balance as at December 31, 2015	**10,779,796**	**2,155,959**	**7,006,867**	**1,000,000**	**(1,297,298)**	**154,162**	**(1,579,205)**	**(7,421,199)**	**(9,143,540)**	**10,799,082**

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, 2015

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 Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited). Registered office of the Bank was situated at Plot No. 6-B, F-6 Supermarket, Islamabad, Pakistan, however subsequent to year end, registered office of the Bank has been shifted to Plot No. 9-C, F-6 Markaz, Supermarket, Islamabad, Pakistan.

1.2 The Bank is principally engaged in the business of banking through its 192 branches including 10 Islamic Banking Branches [2014: 188 Branches with 02 Islamic Banking Branches] in Pakistan as defined in the Banking Companies Ordinance, 1962. In June 2015, JCR-VIS Credit Rating Company Limited has reaffirmed 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 In order to meet the regulatory capital requirements applicable to the Bank, the Sponsor of the Bank (Suroor Investments Limited (SIL)) injected Rs.7,007 million as advance shares subscription money during the financial year ended December 31, 2014. In this respect, the Board of Directors of the Bank in its meeting held on March 05, 2015 approved the issuance of shares to SIL equivalent to Rs.7,007 million at par value of Rs.10, by way of other than rights issue, subject to applicable regulatory approvals. The same was also approved by the shareholders of the Bank in their Annual General Meeting held on March 30, 2015. Further, the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) approved this share issue transaction vide their letter no. BPRD/BA&CP/649/28519/2015 dated December 17, 2015 and letter no. EMD/233/686/07/536 dated December 29, 2015 respectively. Moreover, SBP vide its letter no. BPRD/BA&CP/649/1168/2016 dated January 14, 2016 has allowed the Bank to treat the advance shares subscription money as part of share capital for the purposes of calculating the Minimum Capital Requirement and Capital Adequacy Ratio (CAR) requirement till January 31, 2016 or completion of share issuance process, whichever is earlier. Accordingly, the regulatory paid-up capital (free of losses) of the Bank as of December 31, 2015 amounted to Rs.10,644.920 million while CAR stood at 10.02% as disclosed in note 41.

For the above referred share issue transaction, the Board of Directors vide its resolution dated December 31, 2015 have allotted the shares amounting to Rs.7,007 million to SIL. Accordingly, the Bank has completed the share issuance process subsequent to the year end.

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 utilized 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.

2.4 The financial results of the Islamic Banking operations of the Bank have been included in these unconsolidated financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking operations are also separately disclosed in note 43 to these unconsolidated financial statements.

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 (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the 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:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 Consolidated Financial Statements and - IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor - and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for Acquisition - of Interest in Joint Operation (Amendment)	January 01, 2016
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

The above standards and amendments are not expected to have any material impact on the Bank's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after January 01, 2016. 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, 2018
IFRS 16 – Leases	January 01, 2019

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 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 accounting standards and the amendments and interpretations of IFRSs which became effective for the current year:

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

Improvements to Accounting Standards Issued by the IASB in December 2013

IFRS 2 Share-based Payment - Definitions of vesting conditions

IFRS 3 Business Combinations – Accounting for contingent consideration in a business combination

IFRS 3 Business Combinations - Scope exceptions for joint ventures

IFRS 8 Operating Segments – Aggregation of operating segments

IFRS 8 Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets

IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)

IAS16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation / amortisation

IAS 24 Related Party Disclosures - Key management personnel

IAS 40 Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any material effect on the financial statements, except for IFRS 13, which requires additional disclosures (see note 37).

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.

Bai Muajjal

The securities sold under Bai Muajjal are derecognised on the date of disposal. Receivable against such sale is recognised at the agreed sale price. The difference between the sale price and the carrying value on the date of disposal is taken to income on straight line basis.

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.

Available for sale listed equity investments are impaired when there has been a significant or prolonged decline in their fair value below their cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates, among other factors, the normal level of volatility in a share price.

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

Investments in subsidiary

Investments in subsidiary is 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-il-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.

In Istisna financing, the Bank places an order to purchase some specific goods / commodities from its customers to be delivered to the Bank within an agreed time. The goods are then sold and the amount hence financed is paid back to the Bank.

In Tijarah financing, the Bank purchases specific goods / commodities on cash basis from its customers for onward sale and on subsequent sale, the financed amount is paid back by the customer.

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 which writes 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% 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.

5.20 Earnings per share

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

6. 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);
- provisions (note 5.4, 5.5 and 5.13); and
- fair value of financial instruments (note 37).

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		**2,840,450**	2,475,963
Foreign currencies		**335,693**	391,192
		3,176,143	2,867,155
National prize bonds		**11,004**	11,766
With State Bank of Pakistan in			
Local currency current account	7.1	**4,697,529**	4,426,801
Foreign currency current account	7.2	**21,052**	17,813
Foreign currency deposit account			
- Non-remunerative	7.3	**356,916**	325,324
- Remunerative	7.4	**1,064,598**	970,978
		6,140,095	5,740,916
With National Bank of Pakistan in			
Local currency current account		**1,212,664**	764,110
		10,539,906	9,383,947

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 (FCY) cash reserve maintained with SBP to comply with statutory reserve requirement applicable to Bank's FCY deposits.

7.4 This represents account maintained with the SBP to comply with the Special Cash Reserve requirement. The return on this account is declared by the SBP on a monthly basis and as at December 31, 2015, carries no mark-up (2014: 0%) per annum.

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
8. BALANCES WITH OTHER BANKS			
In Pakistan			
On current accounts		**420,821**	41,406
On deposit accounts	8.1	**69,021**	68,245
Outside Pakistan			
On current accounts		**1,455,520**	995,007
On deposit accounts	8.2	**973,882**	3,272,496
		2,919,244	4,377,154

8.1 These represent placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 4% to 4.5% per annum (December 31, 2014: 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 0.5% to 3% per annum (December 31, 2014: 0% to 3.25% per annum).

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
9. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	9.2	**1,000,000**	500,000
Bai Muajjal receivable from State Bank of Pakistan	9.3	**459,868**	-
Repurchase agreement lendings (reverse repo)		**-**	150,000
		1,459,868	650,000
9.1 Particulars of lendings			
In local currency		**1,459,868**	650,000
In foreign currencies		**-**	-
		1,459,868	650,000

9.2 This represents call lending to a financial institution carrying mark-up at the rate of 7.25% (December 31, 2014: 13%) per annum which will mature on March 14, 2016.

9.3 These represent Bai Muajjal agreements entered into with Ministry of Finance, Government of Pakistan through SBP, whereby the Bank sold Sukuks on deferred payment basis. The average return on these transactions is 6% per annum. The balances are due to mature on November 17, 2016.

	Note	December 31, 2015			December 31, 2014		
		Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
		(Rupees in '000)					
10. INVESTMENTS							
10.1 Investments by types:							
Held-for-trading securities							
Listed ordinary shares	10.4	136,960	-	136,960	57,149	-	57,149
Available-for-sale securities							
Market treasury bills	10.3	19,925,194	10,579,493	30,504,687	4,336,824	-	4,336,824
Pakistan investment bonds	10.3	3,787,809	35,036,961	38,824,770	15,893,706	19,706,259	35,599,965
GOP ijarah sukuks	10.3	2,500,000	-	2,500,000	277,728	-	277,728
Listed ordinary shares	10.4	3,867,750	101,008	3,968,758	2,836,532	69,228	2,905,760
Unlisted ordinary shares	10.5	1,000	-	1,000	1,000	-	1,000
Units of open ended mutual funds	10.6	86,208	-	86,208	45,000	-	45,000
Preference shares	10.7	70,645	-	70,645	111,168	-	111,168
Term finance certificates - listed	10.8	94,348	-	94,348	95,177	-	95,177
Term finance certificates - unlisted	10.9	1,304,767	-	1,304,767	1,329,767	-	1,329,767
Sukuk bonds	10.10	1,681,744	-	1,681,744	1,082,444	-	1,082,444
		33,319,465	45,717,462	79,036,927	26,009,346	19,775,487	45,784,833
Subsidiary							
Unlisted ordinary shares	10.11	396,942	-	396,942	396,942	-	396,942
Investments at cost		33,853,367	45,717,462	79,570,829	26,463,437	19,775,487	46,238,924
Less: Provision for diminution in value of investments	10.13	(1,948,733)	-	(1,948,733)	(1,573,335)	-	(1,573,335)
Investments - net of provisions		31,904,634	45,717,462	77,622,096	24,890,102	19,775,487	44,665,589
Deficit on revaluation of held-for-trading securities	10.16	(13,498)	-	(13,498)	(56)	-	(56)
(Deficit) / surplus on revaluation of available-for-sale securities	22.2	(17,322)	140,921	123,599	152,957	678,625	831,582
Total investments		31,873,814	45,858,383	77,732,197	25,043,003	20,454,112	45,497,115

		Note	December 31, 2015	December 31, 2014
			(Rupees in '000)	
10.2	**Investments by segments:**			
	Federal Government Securities:			
	- Market Treasury Bills	10.3	**30,504,687**	4,336,824
	- Pakistan Investment Bonds	10.3	**38,824,770**	35,599,965
	- GOP Ijarah sukuks	10.3	**2,500,000**	277,728
	Fully paid-up Ordinary Shares / Units:			
	- Listed ordinary shares	10.4	**4,105,718**	2,962,909
	- Unlisted ordinary shares	10.5	**1,000**	1,000
	- Units of open end Mutual funds	10.6	**86,208**	45,000
	Preference shares	10.7	**70,645**	111,168
	Term Finance Certificates and Bonds:			
	- Listed Term Finance Certificates	10.8	**94,348**	95,177
	- Unlisted Term Finance Certificates	10.9	**1,304,767**	1,329,767
	- Sukuk Bonds	10.10	**1,681,744**	1,082,444
	Investment in subsidiary	10.11	**396,942**	396,942
	Total investments at cost		**79,570,829**	46,238,924
	Less: Provision for diminution in value of investments	10.13	**(1,948,733)**	(1,573,335)
	Investments - net of provisions		**77,622,096**	44,665,589
	Deficit on revaluation of held-for-trading securities	10.16	**(13,498)**	(56)
	Surplus on revaluation of available-for-sale securities	22.2	**123,599**	831,582
	Total investments		**77,732,197**	45,497,115

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 6.39% to 9.15% (December 31, 2014: 9.7% to 10.00%) per annum and will mature within 12 months. Pakistan Investment Bonds carry mark-up ranging from 8.75% to 12.00% (December 31, 2014: 9.60% to 13.00%) per annum payable on semi-annual basis and will mature within 1 to 9 years.

GOP Ijarah Sukuks are issued by the Government of Pakistan. Effective yield on these Sukuks is 5.89% (December 31, 2014: 7.01% to 9.73%) per annum and they will mature within 3 years.

Certain investments in government securities are held to comply with the statutory liquidity requirements 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, 2015	December 31, 2014		December 31, 2015	December 31, 2014
				(Rupees in '000)	
Held-for-trading securities					
Engro Corporation Limited	**195,600**	-	10	**58,876**	-
Engro Fertilizers Limited	-	50,500	10	-	3,449
Engro Foods Limited	-	100,000	10	-	10,172
MCB Bank Limited	**85,100**	-	10	**20,708**	-
Pak Elektron Limited	**250,000**	-	10	**20,694**	-
Pakistan Petroleum Limited	-	107,700	10	-	19,690
Pakistan State Oil Company Limited	-	45,000	10	-	16,409
Sui Northern Gas Pipelines Limited	-	250,000	10	-	7,429
United Bank Limited	**224,100**	-	10	**36,682**	-
				136,960	57,149
Available-for-sale securities					
Adamjee Insurance Company Limited	**200,000**	300,000	10	**11,952**	14,988
Agritech Limited - a related party	**4,130,000**	10,000,000	10	**37,174**	125,011
Agritech Limited - (Debt to Asset) (note 10.4.1) - a related party	**27,975,034**	27,975,034	10	**979,172**	979,172
Allied Bank Limited	**105,200**	25,000	10	**10,984**	2,978
Al Shaheer Corporation Limited	**1,484,341**	-	10	**104,454**	-
Arif Habib Corporation Limited - a related party	**189,063**	5,866,899	10	**6,930**	158,636
Askari Bank Limited	**183,500**	-	10	**4,242**	-
Attock Refinery Limited	-	285,000	10	-	62,494
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	**1,412,000**	-	10	**210,910**	-
Engro Corporation Limited	**237,500**	295,000	10	**75,312**	65,352
Engro Fertilizer Limited	**200,000**	-	10	**18,521**	-
Engro Foods Limited	**670,000**	500,000	10	**115,336**	61,835
Fauji Cement Company Limited	**1,700,000**	-	10	**63,012**	-
Fauji Fertilizer Bin Qasim Limited	**210,000**	-	10	**12,902**	-
Faysal Bank Limited	**500,000**	4,001,000	10	**7,489**	69,644
First Capital Securities Corporation Limited	**11,308,000**	11,308,000	10	**94,847**	94,847
Habib Bank Limited	**1,767,250**	-	10	**357,011**	-
Hascol Petroleum Limited	**125,000**	309,500	10	**20,478**	25,139
Javedan Corporation Limited	**14,239,936**	7,239,718	10	**675,296**	605,294
Javedan Corporation Limited - Letter of right	-	7,000,218	10	-	-
MCB Bank Limited	**74,000**	-	10	**18,691**	-
Metropolitan Steel Corporation Limited	**3,914,590**	3,914,590	10	**61,177**	61,177
National Bank of Pakistan	**690,000**	-	10	**41,278**	-
Nishat Chunian Limited	**1,250,000**	600,000	10	**58,639**	31,910
Nishat Mills Limited	**225,000**	-	10	**24,237**	-
Nishat Chunian Power Limited	**397,500**	-	10	**24,273**	-
Oil & Gas Development Company Limited	**163,100**	-	10	**24,411**	-
Pak Elektron Limited	**353,500**	-	10	**30,644**	-
Pakistan Oilfields Limited	**30,500**	54,000	10	**10,112**	26,991
Pakistan Petroleum Limited	**150,000**	50,000	10	**21,332**	10,569
Pakistan State Oil Company Limited	-	140,000	10	-	52,120
Pakistan Telecommunication Company Limited	**2,650,000**	450,000	10	**57,825**	10,294
Power Cement Limited - a related party	**21,283,000**	-	10	**212,852**	-
SME Leasing Limited	**902,350**	902,350	10	**9,926**	9,926
Tariq Glass Industries Limited	**4,000,000**	4,125,000	10	**288,657**	176,500
Thatta Cement Company Limited	**8,462,835**	8,462,835	10	**254,190**	254,190
United Bank Limited	**110,000**	-	10	**18,581**	-
				3,968,758	2,905,760
				4,105,718	2,962,909

10.4.1 This represents 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 company	Number of shares held		Paid-up value per share	Total book value	
	December 31, 2015	December 31, 2014		December 31, 2015	December 31, 2014
				(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, 2014: 1.29%) Net asset value per share was Rs.(2.49) as at June 30, 2015 based on audited financial statements (June 30, 2014: Rs.0.70 based on audited financial statements)					
				1,000	1,000

10.6 Particulars of investment in mutual funds

Name of funds	Number of units held		Paid-up value per unit	Total book value	
	December 31, 2015	December 31, 2014		December 31, 2015	December 31, 2014
				(Rupees in '000)	
Mutual fund (open end)					
AKD Cash Fund	**608,791**	608,791	50	**25,000**	25,000
NAFA Income Opportunity Fund - a related party	**1,134,996**	1,024,754	10	**11,208**	10,000
NIT Islamic Equity Fund	**5,004,280**	-	10	**50,000**	-
PICIC Cash Fund - a related party	-	103,609	100	-	10,000
				86,208	45,000

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, 2015	December 31, 2014		December 31, 2015	December 31, 2014
				(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	10	-	37,500
			Balance c/f.	-	37,500

Name of companies	Number of shares held		Paid-up value per share	Total book value	
	December 31, 2015	December 31, 2014		December 31, 2015	December 31, 2014
				(Rupees in '000)	
			Balance b/f.	-	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 at the option of the holder	**8,594**	408,300	10	**86**	3,227
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 at the option of the holder	**17,187**	-	10	**118**	-
				70,645	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, 2015	December 31, 2014
			(Rupees in '000)	
Azgard Nine Limited * 56,280 (December 31, 2014: 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
Invest Capital Investment Bank Limited - 2nd issue* 2,000 (December 31, 2014: 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
Telecard Limited * 26,530 (December 31, 2014: 26,530) certificates Maturity date: May 18, 2015 Chief Executive Officer: Syed Aamir Hussain	Simple average of 6 months KIBOR plus 3.75% (ask side)	Semi-annually	**41,290**	42,119
		Balance c/f.	**87,082**	87,911

Name of companies	Mark-up rate	Re-payment	Total book value	
			December 31, 2015	December 31, 2014
			(Rupees in '000)	
		Balance b/f.	87,082	87,911
Trust Investment Bank Limited - 3rd issue * 3,877 (December 31, 2014: 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
			94,348	95,177

* 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, 2015	December 31, 2014
			(Rupees in '000)	
Agritech Limited - a related party * 100,000 (December 31, 2014: 100,000) certificates Maturity date: December 14, 2015 Chief Executive Officer: Mr. Mohammad Khalid Mir	6 months KIBOR plus 1.75%	Semi-annually	**499,586**	499,586
Flying Board & Paper Products Limited ** NIL (December 31, 2014: 5,000) certificates Maturity date: July 20, 2014 Chief Executive Officer: Mr. Bader Mehmood	6 months KIBOR plus 1.5%	Semi-annually	-	25,000
Security Leasing Corporation Limited * 2,000 (December 31, 2014: 2,000) certificates Maturity date: March 28, 2014 Chief Executive Officer: Mr.S.Nauman Akhtar	1-18th month - 3% cash plus 3% accrual, 19th month onwards 1 month KIBOR	Monthly	**1,540**	1,540
Parthenon (Private) Limited * 183,689 (December 31, 2014: 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**	803,641
			1,304,767	1,329,767

* Represents non-performing certificates.
** Repaid during the year

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, 2015	December 31, 2014
			(Rupees in '000)	
Arzoo Textile Mills Limited * 40,000 (December 31, 2014: 40,000) certificates Maturity date: April 15, 2014 Chief Executive Officer: Mr. Azhar Majeed Sheikh	6 months KIBOR plus 2% for first 2 years and 1.75% for year 3 onwards	Semi-annually	**200,000**	200,000
K-Electric Limited (KE AZM Sukuk II) 48,758 (December 31, 2014: 50,000) certificates Maturity date: March 19, 2017 Chief Executive Officer: Mr. Muhammad Tayyab Tareen	3 months KIBOR plus 2.25%	Quarterly	**245,325**	246,450
K-Electric Limited (KE Sukuk-ul-shirkah) 136,253 (December 31, 2014: Nil) certificates Maturity date: June 15, 2022 Chief Executive Officer: Mr. Muhammad Tayyab Tareen	3 months KIBOR plus 1.0%	Quarterly	**681,265**	-
Pak Elektron Limited 40,000 (December 31, 2014: 40,000) certificates Maturity date: March 31, 2019 Chief Executive Officer: Mr. M. Murad Saigol	3 months KIBOR plus 1.0%	Quarterly	**175,000**	200,000
Liberty Power Tech Limited 100,000 (December 31, 2014: 100,000) certificates Maturity date: October 01, 2020 Chief Executive Officer: Mr. Ashraf Mukati	3 months KIBOR plus 3.0%	Quarterly	**380,154**	435,994
			1,681,744	1,082,444

* 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, 2015	December 31, 2014		December 31, 2015	December 31, 2014
				(Rupees in '000)	
Summit Capital (Private) Limited - unlisted Chief Executive Officer: Mr. Rahat Saeed Percentage holding 100% (December 31, 2014: 100%) Book value per share is Rs.8.64 as at December 31, 2015 (December 31, 2014: Rs.7.96) 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, 2015	December 31, 2014	December 31, 2015	December 31, 2014
				(Rupees in '000)	
Market Treasury Bills	10.12.1	**Unrated**	Unrated	**30,534,340**	4,347,375
Pakistan Investment Bonds	10.12.1	**Unrated**	Unrated	**38,972,994**	36,453,106
GOP Ijarah Sukuks	10.12.1	**Unrated**	Unrated	**2,528,250**	275,358
Listed Ordinary shares	10.12.2				
Adamjee Insurance Company Limited		**AA**	AA	**11,302**	14,839
Agritech Limited - a related party		**Unrated**	Unrated	**38,615**	77,500
Agritech Limited (Debt to Asset) a related party		**Unrated**	Unrated	**261,567**	216,807
Allied Bank Limited		**AA+, A-1+**	AA+, A-1+	**9,916**	2,839
Al Shaheer Corporation Limited		**Unrated**	Unrated	**92,296**	-
Arif Habib Corporation Limited - a related party		**Unrated**	Unrated	**9,663**	161,340
Askari Bank Limited		**AA, A-1+**	-	**3,989**	-
Attock Refinery Limited		-	AA, A-1+	-	53,514
Azgard Nine Limited		**Unrated**	Unrated	**2,210**	2,945
Bank Alfalah Limited		-	AA, A-1+	-	873
D.G. Khan Cement Company Limited		**Unrated**	-	**208,397**	-
Engro Corporation Limited		**AA, A-1+**	AA-, A-1+	**66,355**	65,345
Engro Foods Limited		**Unrated**	Unrated	**98,215**	54,270
Engro Fertilizer Limited		**AA-, A-1+**	-	**16,826**	-
Fauji Cement Limited		**Unrated**	-	**62,594**	-
Fauji Fertilizer Bin Qasim Limited		**Unrated**	-	**11,063**	-
Faysal Bank Limited		**AA, A-1+**	AA, A-1+	**7,715**	72,818
First Capital Securities Corporation Limited		**Unrated**	Unrated	**32,793**	22,729
Habib Bank Limited		**AAA, A-1+**	-	**353,662**	-
Hascol Petroleum Limited		**A+, A-1**	A+, A-1	**18,031**	22,934
Javedan Corporation Limited		**Unrated**	Unrated	**464,934**	203,798
Javedan Corporation Limited -Letter of Right		-	Unrated	-	124,534
MCB Bank Limited		**AAA, A-1+**	-	**16,047**	-
Metropolitan Steel Corporation Limited		**Unrated**	Unrated	**61,178**	73,007
National Bank of Pakistan		**AAA, A-1+**	-	**37,288**	-
Nishat Chunian Limited		**A-, A-2**	A-, A-2	**42,500**	27,252
Nishat Mills Limited		**AA, A-1+**	-	**21,346**	-
Nishat Chunian Power Limited		**A+, A-1**	-	**21,882**	-
Oil and Gas Development Company Limited		**Unrated**	-	**19,138**	-
Pak Elektron Limited		**A, A-1**	-	**22,108**	-
Pakistan Oilfields Limited		**Unrated**	Unrated	**8,175**	20,486
Pakistan Petroleum Limited		**Unrated**	Unrated	**18,272**	8,826
Pakistan State Oil Company Limited		-	AA+, A-1+	-	50,107
Pakistan Telecommunication Company Limited		**Unrated**	Unrated	**43,699**	10,363
Power Cement Limited - a related party		**Unrated**	-	**189,632**	-
SME Leasing Limited		**BB-, B**	BB+, B	**226**	902
Tariq Glass Industries Limited		**Unrated**	Unrated	**279,400**	194,125
Thatta Cement Company Limited		**Unrated**	Unrated	**219,102**	279,274
United Bank Limited		**AA+, A-1+**	-	**17,044**	-
				2,787,180	1,761,427
Unlisted Ordinary shares					
Arabian Sea Country Club Limited	10.12.4	**Unrated**	Unrated	-	-
				-	-
Preference shares					
Pak Elektron Limited		-	Unrated	-	37,500
Javedan Corporation Limited		**Unrated**	Unrated	**128,555**	101,576
Aisha Steel Mills Limited - Cumulative		**Unrated**	Unrated	**90**	2,956
Aisha Steel Mills Limited - Cumulative		**Unrated**	-	**142**	-
Aisha Steel Mills Limited - Letter of Right		-	Unrated	-	31
				128,787	142,063
			Balance c/f.	**74,951,551**	42,979,329

	Note	Ratings December 31, 2015	Ratings December 31, 2014	Market values December 31, 2015	Market values December 31, 2014
				(Rupees in '000)	
			Balance b/f.	74,951,551	42,979,329
Mutual fund units - open end	10.12.2				
AKD Cash Fund		AA+(f)	AA+(f)	31,368	31,845
NAFA Income Opportunity Fund - a related party		A-(f)	A-(f)	12,649	11,441
NIT Islamic Equity Fund		Unrated	-	49,342	-
PICIC Cash Fund - a related party		-	AA(f)	-	10,851
				93,359	54,137
Term Finance Certificates - listed					
Azgard Nine Limited	10.17	Unrated	Unrated	31,280	31,280
Invest Capital Investment Bank Limited	10.12.4	Unrated	Unrated	-	-
Telecard Limited	10.12.4	Unrated	Unrated	-	-
Trust Investment Bank Limited	10.12.4	Unrated	Unrated	-	-
				31,280	31,280
Term Finance Certificates - unlisted	10.12.3				
Agritech Limited - a related party	10.17	Unrated	Unrated	24,890	152,898
Flying Board & Paper Products Limited		-	Unrated	-	25,000
Parthenon (Private) Limited		Unrated	Unrated	803,641	803,641
Security Leasing Corporation Limited	10.12.4	Unrated	Unrated	-	1,540
				828,531	983,079
Sukuk Bonds	10.12.3				
Arzoo Textile Mills Limited	10.12.4	Unrated	Unrated	-	-
K-Electric Limited (AZM Sukuk II)		AA	AA	249,690	252,323
K-Electric Limited (Sukuk-ul-shirkah)		AA+	-	700,000	
Liberty Power Tech Limited		A+	A+	380,154	435,994
Pak Elektron Limited		A	A-	175,000	182,932
				1,504,844	871,249
			Total	77,409,565	44,919,074

10.12.1 These are Government of Pakistan guaranteed securities.

10.12.2 Ratings for these equity securities / units represent '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 risk / stability 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 risk assessment by respective credit rating entities.

10.12.4 These instruments are fully provided as at the year end.

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
10.13 Particulars of provision			
Opening balance		1,573,335	1,097,236
Add: Charge for the year		448,740	564,801
Less: Reversal during the year		(73,342)	(88,702)
		375,398	476,099
Closing balance	10.14	1,948,733	1,573,335

	Note	December 31, 2015	December 31, 2014
		------ (Rupees in '000) ------	
10.14 Particulars of provision in respect of type and segment			
Available-for-sale securities			
Ordinary shares - listed	10.17	**1,010,658**	738,978
Ordinary shares - unlisted		**1,000**	1,000
Term finance certificates - listed		**63,068**	63,897
Term finance certificates - unlisted	10.17	**476,235**	371,688
Sukuk Bonds		**200,000**	200,000
Subsidiary	10.15	**197,772**	197,772
		1,948,733	1,573,335

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 23.00% (December 31, 2014: 26.74%) 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, 2015	December 31, 2014
	------ (Rupees in '000) ------	
10.16 Deficit on revaluation of held-for-trading securities		
Engro Corporation Limited	**(4,227)**	-
Engro Foods Limited	**-**	683
Engro Fertilizers Limited	**-**	495
MCB Bank Limited	**(2,254)**	-
Pak Elektron Limited	**(5,059)**	-
Pakistan Petroleum Limited	**-**	(679)
Pakistan State Oil Company Limited	**-**	(303)
Sui Northern Gas Pipelines Limited	**-**	(252)
United Bank Limited	**(1,958)**	-
	(13,498)	(56)

10.17 The Bank has availed the FSV benefit against Azgard Nine Limited and Agritech Limited TFCs exposures to the extent of Rs.31.280 and Rs.24.890 million respectively. The impact on profitability arising from utilisation of FSV benefits shall not be available for payment of cash or stock dividend / bonus to employees.

10.18 The Bank is party to the agreement whereby put option was available to another bank (option holder) giving it the right to sell 6,031,366 ordinary shares of Agritech Limited (Agritech) at Rs.35 per share to the Bank. Subsequent to the year-end, the Bank received a letter from the option holder requesting the Bank to purchase these shares. However, the Bank, based on the opinion of its legal advisor, is of the view that there is no obligation on the part of the Bank to purchase these shares of Agritech pursuant to the aforementioned letter of option holder. Moreover, due to non-applicability of IAS-39 on banks, the management has sought guidance on the accounting for such option from SBP.

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
11. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		**76,252,284**	70,121,387
Islamic financing and related assets (Gross)	43.7	**2,571,319**	1,607,064
Net investment in finance lease - in Pakistan	11.2	**1,068,975**	775,691
Bills discounted and purchased (excluding Treasury Bills)			
Payable in Pakistan		**682,941**	2,739,686
Payable outside Pakistan		**2,523,397**	2,560,217
		3,206,338	5,299,903
Advances - gross		**83,098,916**	77,804,045
Provision against non-performing advances	11.3.1	**(12,544,846)**	(11,349,348)
Advances - net of provision		**70,554,070**	66,454,697

11.1 Particulars of advances - (Gross)

		December 31, 2015	December 31, 2014
11.1.1	In local currency	**79,624,150**	75,029,076
	In foreign currencies	**3,474,766**	2,774,969
		83,098,916	77,804,045
11.1.2	Short-term (up to one year)	**66,108,903**	62,065,939
	Long-term (over one year)	**16,990,013**	15,738,106
		83,098,916	77,804,045

11.2 Net investment in finance lease - in Pakistan

	December 31, 2015				December 31, 2014			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	(Rupees in '000)							
Lease rentals receivable	**262,154**	**584,518**	**141,126**	**987,798**	198,844	562,351	-	761,195
Residual value	**84,114**	**123,363**	**10,203**	**217,680**	45,314	101,151	-	146,465
Minimum lease payments	**346,268**	**707,881**	**151,329**	**1,205,478**	244,158	663,502	-	907,660
Financial charges for future periods	**(26,586)**	**(84,454)**	**(25,463)**	**(136,503)**	(27,652)	(104,317)	-	(131,969)
Present value of minimum lease payments	**319,682**	**623,427**	**125,866**	**1,068,975**	216,506	559,185	-	775,691

11.3 Advances include Rs.17,183.005 million (December 31, 2014: Rs.14,838.307 million) which have been placed under non-performing status as detailed below:

Category of classification	December 31, 2015			December 31, 2014		
	Classified advances	Provision required	Provision held	Classified advances	Provision required	Provision held
	(Rupees in '000)					
Other Assets Especially Mentioned (OAEM)	**26,919**	1,157	**1,157**	13,114	621	621
Substandard	**703,145**	73,175	**73,175**	459,745	40,917	40,917
Doubtful	**788,426**	88,847	**88,847**	353,367	93,718	93,718
Loss	**15,664,515**	12,356,681	**12,356,681**	14,012,081	11,189,915	11,189,915
	17,183,005	12,519,860	**12,519,860**	14,838,307	11,325,171	11,325,171

11.3.1 Particulars of provision against non-performing advances

	December 31, 2015			December 31, 2014		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	11,325,171	24,177	11,349,348	11,337,959	22,305	11,360,264
Charge for the year	2,170,860	809	2,171,669	1,460,839	1,872	1,462,711
Reversals during the year	(975,825)	-	(975,825)	(1,385,791)	-	(1,385,791)
	1,195,035	809	1,195,844	75,048	1,872	76,920
Amount written off	(346)	-	(346)	(87,836)	-	(87,836)
Closing balance	12,519,860	24,986	12,544,846	11,325,171	24,177	11,349,348

11.3.2 Particulars of provision against non-performing advances

	December 31, 2015			December 31, 2014		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	12,519,860	24,986	12,544,846	11,325,171	24,177	11,349,348
In foreign currencies	-	-	-	-	-	-
	12,519,860	24,986	12,544,846	11,325,171	24,177	11,349,348

11.3.3 Pursuant to the applicable Prudential Regulations, the Bank has availed the FSV Benefit against loans and advances amounting to Rs.4,323 million (December 31, 2014: Rs.3,193 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.2,035 million (December 31, 2014: Rs.2,817 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.1,579 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. Hence the Bank does not have the profits for the year that would qualify for distribution to the ordinary and preference shareholders.

	December 31, 2015	December 31, 2014
	(Rupees in '000)	
11.4 Particulars of write offs		
11.4.1 Against provisions	346	87,836
Directly charged to profit and loss account	4,166	10,055
	4,512	97,891
11.4.2 Write offs of Rs.500,000 and above	3,895	73,479
Write offs of below Rs.500,000	617	24,412
	4,512	97,891

11.4.3 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, 2015 is given in Annexure I.

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
11.5 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		**1,592,965**	1,353,624
Loans granted during the year		**589,123**	637,336
Repayments during the year		**(341,783)**	(397,995)
Balance at end of the year		**1,840,305**	1,592,965
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		**986,675**	685,504
Loans granted during the year		**3,679,631**	2,407,714
Repayments during the year		**(2,741,375)**	(2,106,543)
Balance at end of the year		**1,924,931**	986,675
		3,765,236	2,579,640
12. OPERATING FIXED ASSETS			
Capital work-in-progress	12.1	**3,363,615**	2,430,572
Property and equipment	12.2	**5,958,258**	4,853,082
Intangible assets	12.3	**211,909**	251,342
		9,533,782	7,534,996
12.1 Capital work-in-progress			
Civil works		**3,224,216**	1,387,333
Advances to suppliers and contractors		**84,597**	27,672
Advance against purchase of land		**-**	956,000
Advances against computer software		**123,163**	123,163
Less: Provision there against		**(68,361)**	(63,596)
		54,802	59,567
		3,363,615	2,430,572

12.2 Property and equipment

December 31, 2015

Category of classification	Note	COST					ACCUMULATED DEPRECIATION					Net book value at December 31, 2015	Rate of depreciation
		At January 01, 2015	Adjustment for revaluation of assets	Additions	(Deletions) / write off	At December 31, 2015	At January 01, 2015	Adjustment for revaluation of assets	Charge for the year	(Deletion) / write off	At December 31, 2015		
		(Rupees in '000)											%
Leasehold land	12.2.1	1,010,024	312,933	1,087,068	(10,000)	2,400,025	-	-	-	-	-	2,400,025	-
Building on leasehold land	12.2.1	3,788,448	-	649	(27,962)	3,761,135	1,439,997	-	180,432	(18,125)	1,602,304	2,158,831	5
Building improvements	12.2.1 & 12.2.2	1,474,968	-	59,997	(7,979) (26,890) *	1,500,096	654,960	-	147,285	(5,837) (17,346) *	779,062	721,034	10
Furniture and fixtures	12.2.2	445,250	-	25,270	(5,066) (10,551) *	454,903	233,215	-	42,055	(3,291) (7,160) *	264,819	190,084	10 - 15
Electrical, office and computer equipment	12.2.2	1,460,982	-	191,454	(54,776) (22,649) *	1,575,011	1,098,177	-	152,535	(52,575) (22,343) *	1,175,794	399,217	20 - 30
Vehicles		219,925	-	23,238	(11,919) (62)	231,182	120,166	-	33,471	(11,460) (62)	142,115	89,067	20
December 31, 2015		8,399,597	312,933	1,387,676	(117,702) (60,152) *	9,922,352	3,546,515	-	555,778	(91,288) (46,911) *	3,964,094	5,958,258	

12.2.1 Revaluation of properties

The detailed revaluation exercise of the properties held by the Bank was carried out as of December 31, 2014 by M/s. Sadruddin Associates, an independent professional valuer. Moreover, for an addition made to the leasehold land during the year ended December 31, 2015, the valuation was also carried out by M/s Sadruddin Associates. The revaluation for this leasehold land resulted in additional surplus of Rs.312.933 million. Accordingly, as of December 31, 2015, the total revaluation surplus on properties (net of depreciation) amounts to Rs.1,339 million (December 31, 2014: Rs.1,094 millions). Had there been no revaluations, the carrying amount of revalued assets would have been as follows:

	December 31, 2015	December 31, 2014
	(Rupees in '000)	
Leasehold land	**1,805,386**	720,649
Buildings on leasehold land	**1,458,404**	1,583,779
Buildings improvements	**677,437**	779,458

12.2.2 Included in cost of property and equipment are fully depreciated items still in use amounting to Rs.952 million (December 31, 2014: Rs.803 million).

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 for the year	(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	(245,618) (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	

12.3 Intangible assets

Category of classification	Note	December 31, 2015									
		COST				ACCUMULATED AMORTIZATION				Net book value at December 31, 2015	Rate of amortization
		At January 01, 2015	Additions	(Deletions) / (write off) *	At December 31, 2015	At January 01, 2015	Charge for the year	(Deletion) / (write off) *	At December 31, 2015		
		(Rupees in '000)									%
Computer software	12.3.1	355,376	8,875	(620)	363,631	323,430	12,936	(620)	335,746	27,885	20 - 30
Core deposits		209,874	-	-	209,874	80,389	20,988	-	101,377	108,497	10
Brand name		143,838	-	-	143,838	53,927	14,384	-	68,311	75,527	10
December 31, 2015		709,088	8,875	(620)	717,343	457,746	48,308	(620)	505,434	211,909	

12.3.1 Included in cost of intangible assets are fully amortized items still in use amounting to Rs.305 million (December 31, 2014: Rs.274 million).

Category of classification	Note	December 31, 2014									
		COST				ACCUMULATED AMORTIZATION				Net book value at December 31, 2014	Rate of amortization
		At January 01, 2014	Additions	(Deletions) / (write off)	At December 31, 2014	At January 01, 2014	Charge for the year	(Deletion) / (write off)	At December 31, 2014		
		(Rupees in '000)									%
Computer software	12.3.1	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	

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)						
leasehold land							
Items having book value of more than Rs.250,000 or cost more than Rs.1,000,000							
Leasehold land	10,000	-	10,000	6,616	(3,384)	Negotiation	M/s. Al-Musawir (Private) Limited
Building on leasehold land							
Items having book value of more than Rs.250,000 or cost more than Rs.1,000,000							
Premises	27,962	18,125	9,837	6,509	(3,328)	Negotiation	M/s. Al-Musawir (Private) Limited
Building improvements							
Items having book value of more than Rs.250,000 or cost more than Rs.1,000,000							
Civil and electrical works	6,570	4,454	2,116	187	(1,929)	Negotiation	Abdul Salam
Civil and electrical works	1,409	1,382	27	73	46	Bid	Faiz Muhammad
Furniture and fixtures							
Items having book value of less than Rs.250,000 or cost less than Rs.1,000,000							
Furniture and fixtures	228	161	67	72	5	Bid	Bhai Jan Steel Merchant
Furniture and fixtures	199	105	94	5	(89)	Negotiation	Abdul Salam
Furniture and fixtures	860	638	222	59	(163)	Bid	Dilawar & Brothers
Furniture and fixtures	533	212	321	41	(280)	Bid	Faiz Muhammad
Furniture and fixtures	43	5	38	38	-	Insurance Claim	Jubilee General Insurance Company Limited
Furniture and fixtures	234	131	103	12	(91)	Bid	M. Ahsan Brothers
Furniture and fixtures	212	133	79	15	(64)	Bid	Pakistan International SJ General Trading
Furniture and fixtures	2,039	1,362	677	140	(537)	Bid	Qaiser Interior
Furniture and fixtures	717	544	172	53	(119)	Bid	Various
Electrical, office and computer equipment							
Items having book value of more than Rs.250,000 or cost more than Rs.1,000,000							
Generator	2,964	2,964	-	1,056	1,056	Bid	Bhai Jan Steel Merchant
Items having book value of less than Rs.250,000 or cost less than Rs.1,000,000							
Electrical, office and computer equipment	6,641	5,732	909	2,087	1,178	Insurance Claim	Jubilee General Insurance Company Limited
Electrical, office and computer equipment	2,206	2,150	56	447	391	Bid	Bhai Jan Steel Merchant
Electrical, office and computer equipment	909	726	183	24	(159)	Negotiation	Abdul Salam
Electrical, office and computer equipment	2,121	2,121	-	293	293	Bid	Arif Traders
Electrical, office and computer equipment	19,224	18,744	480	1,543	1,063	Bid	Dilawar & Brothers
Electrical, office and computer equipment	1,730	1,626	104	108	4	Bid	Faiz Muhammad
Electrical, office and computer equipment	1,030	1,020	10	66	56	Bid	M. Ahsan Brothers
Electrical, office and computer equipment	3,833	3,590	43	239	196	Bid	Pakistan International SJ General Trading
Electrical, office and computer equipment	4,189	4,139	50	285	235	Bid	Qaiser Interior
Electrical, office and computer equipment	1,759	1,759	-	69	69	Bid	Syed Tanveer Afzal
Electrical, office and computer equipment	56	56	-	8	8	As per policy	Hina Maniar (Staff)
Electrical, office and computer equipment	8,316	7,950	367	1,054	687	Bid	Various

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
	(Rupees in '000)						
Vehicles							
Items having book value of more than Rs.250,000 or cost more than Rs.1,000,000							
Honda Civic	1,883	1,883	-	1,179	1,179	Bid	Salman Arshad
Suzuki Cultus	984	525	459	850	391	Insurance Claim	Asia Insurance Company Limited
Items having book value of less than Rs.250,000 or cost less than Rs.1,000,000							
Honda CD 125	63	63	-	5	5	As per policy	Abid Hussain (Staff)
Unique 70 CC	42	42	-	7	7	As per policy	Ali Akber (Staff)
Suzuki Cultus	635	635	-	474	474	As per policy	Anwar Ahmed (Staff)
Honda CD 70	50	50	-	6	6	As per policy	Jam Zahid (Staff)
Honda CD 70	54	54	-	7	7	As per policy	Rizwan (Staff)
Toyota Corolla	892	892	-	707	707	Bid	Mr. M. Islam Khan
Santro	593	593	-	400	400	Bid	M/s. Al-Raza Motors
Honda City	846	846	-	740	740	Insurance Claim	PICIC Insurance Limited
Various	5,876	5,876	-	3,214	3,214	Bid	Various
	117,702	**91,288**	26,414	**28,688**	**2,274**		
Disposal of property and equipment 2014	305,929	225,732	80,197	118,982	38,785		
Write offs 2015	**60,152**	**46,911**	13,241	-	**(13,241)**		
Write offs 2014	17,820	11,915	5,905	-	(5,905)		

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
13. DEFERRED TAX ASSETS - net			
Deferred debits arising in respect of:			
Provision against non performing loans		**1,347,315**	1,397,967
Provision for compensated absences		**34,205**	37,786
Provision against other assets		**175,157**	182,093
Unrealised loss on held for trading securities		**4,724**	-
Unused tax losses		**4,134,667**	4,566,155
Provision for diminution in the value of investments		**682,057**	550,667
		6,378,125	6,734,668
Deferred credits arising in respect of:			
Surplus on revaluation of fixed assets		**(260,402)**	(272,463)
Surplus on revaluation of available-for-sale securities - net		**(43,258)**	(295,754)
Operating fixed assets		**(465,450)**	(521,770)
		(769,110)	(1,089,987)
	13.1	**5,609,015**	5,644,681

13.1 The above net deferred tax asset has been recognized in accordance with the Bank's accounting policy. The management based on financial projections, estimates that sufficient taxable profits would be available in future against which the deferred tax asset could be realized.

		Note	December 31, 2015	December 31, 2014
			(Rupees in '000)	
14.	**OTHER ASSETS**			
	Income / mark-up accrued in local currency		**3,378,343**	3,578,387
	Income / mark-up accrued in foreign currency		**11,807**	11,372
	Advances, deposits, advance rent and other prepayments		**519,228**	443,869
	Non banking assets acquired in satisfaction of claims	14.1	**5,443,416**	3,928,367
	Advance taxation - net of provision		**562,787**	488,971
	Receivable from MCB-Arif Habib Savings & Investments Limited - a related party		**11**	11
	Stationery and stamps on hand		**8,815**	16,305
	Dividend receivable		**3,394**	1,283
	Receivable against sale of equity securities		**-**	22,783
	Receivable from other banks against clearing and settlement		**-**	24,067
	Commission receivable on home remittance	14.2	**215,365**	434,741
	Others		**361,262**	421,263
			10,504,428	9,371,419
	Less: Provision held against other assets	14.3	**(432,089)**	(456,668)
			10,072,339	8,914,751
14.1	Market value of non banking assets acquired in satisfaction of claims		**7,121,619**	5,206,988

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.

		Note	December 31, 2015	December 31, 2014
			(Rupees in '000)	
14.3	**Provision held against other assets**			
	Opening balance		**456,668**	454,230
	Add: Charge for the year		**1,134**	3,144
	Less: Reversals for the year		**(25,713)**	(706)
		29	**(24,579)**	2,438
	Closing Balance		**432,089**	456,668
15.	**BILLS PAYABLE**			
	In Pakistan		**2,728,797**	1,531,639
	Outside Pakistan		**-**	-
			2,728,797	1,531,639
16.	**BORROWINGS**			
	In Pakistan		**49,692,175**	25,101,779
	Outside Pakistan		**63,823**	210,882
			49,755,998	25,312,661
16.1	**Particulars of borrowings with respect to currencies**			
	In local currency		**49,692,175**	25,101,779
	In foreign currencies		**63,823**	210,882
			49,755,998	25,312,661
16.2	**Details of borrowings secured / unsecured**			
	Secured			
	Borrowings from State Bank of Pakistan under:			
	Export refinance scheme	16.2.1	**5,298,060**	4,774,750
	Long-term financing of export oriented projects	16.2.2	**3,922**	24,136
	Repurchase agreement borrowings (Repo)	16.2.3	**43,465,193**	20,302,893
	Foreign bills - rediscounted		**59,855**	196,065
			48,827,030	25,297,844
	Unsecured			
	Overdrawn nostro accounts		**3,968**	14,817
	Musharakah	16.2.4	**925,000**	-
			928,968	14,817
			49,755,998	25,312,661

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 from 3.00% to 4.50% (December 31, 2014: 5.50% to 6.50%) per annum, payable on quarterly basis.

16.2.2 These carry mark-up rate at the rate of 5% (December 31, 2014: 5%) per annum payable on quarterly basis.

16.2.3 These represent borrowings from State Bank of Pakistan and other bank at mark-up rate ranging from 6.11% to 6.50% (December 31, 2014: 9.50%) per annum, maturing latest by January 08, 2016.

16.2.4 These represent Musharaka based interbank acceptances / borrowings by Islamic Banking Operations of the Bank with certain Islamic Banks. Expected rate of return on these transactions ranges from 4.75% to 6.5% and is payable by January 04, 2016.

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
17. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		**29,547,378**	26,835,335
Savings deposits		**45,292,934**	36,862,293
Current accounts - non-remunerative		**34,549,191**	31,342,552
Margin accounts		**3,561,366**	2,294,731
		112,950,869	97,334,911
Financial institutions			
Non-remunerative deposits		**1,183,377**	562,073
Remunerative deposits		**5,720,056**	7,412,450
		6,903,433	7,974,523
		119,854,302	105,309,434
17.1 Particulars of deposits			
In local currency		**112,708,211**	98,722,763
In foreign currencies		**7,146,091**	6,586,671
		119,854,302	105,309,434
18. SUB-ORDINATED LOAN			
Term Finance Certificate, Listed, Unsecured	18.1	**1,497,240**	1,497,930

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(SO)' (Single A (Structured Obligation))
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, 2015	December 31, 2014
		------ (Rupees in '000) ------	
19. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		**1,239,454**	1,260,249
Mark-up / return / interest payable in foreign currency		**4,471**	8,912
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		**68,999**	77,922
Provision for compensated absences		**97,728**	107,958
Payable to Bank of Ceylon, Colombo		**20,163**	20,163
Retention money		**8,505**	6,884
Branch adjustment account		**35**	863
Advance against sale of property		**244,991**	122,994
Workers' Welfare Fund	19.3	**13,360**	238
Security deposits		**334,005**	222,309
Accrued expenses		**65,244**	63,068
Payable to brokers		**2,609**	1,917
Unrealised loss on forward exchange contracts		**60,093**	25,113
Payable to defined benefit plan	35	**58,675**	22,311
Withholding taxes and government levies payable		**34,764**	18,631
Federal excise duty and sales tax payable		**17,988**	14,480
Payable to other banks against clearing and settlement		**6,557**	-
Unclaimed dividend		**2,213**	2,213
Unearned income		**16,636**	32,929
Commission payable on home remittances	19.4	**144,488**	269,139
Others		**127,758**	108,165
		2,626,418	2,444,140

19.1 This represents mark-up payable to Bangladesh Bank up to 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 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, 2015	December 31, 2014		December 31, 2015	December 31, 2014
---- Number of Shares ----			------- Rupees in '000 -------	
20.1 Authorised capital				
2,000,000,000	2,000,000,000	Ordinary shares of Rs.10 each	**20,000,000**	20,000,000
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	Convertible preference shares	**2,155,959**	2,155,959

20.4 During the financial year ended December 31, 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, 2015, 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, 2014: 554,680,393 (51.46%), 1,295,355 (0.12%) and 32,777,450 (3.04%)] issued subscribed and paid-up Ordinary shares in the Bank, respectively.

	December 31, 2015	December 31, 2014
	(Rupees in '000)	

20.6 Advance against subscription of shares

Advance against subscription of shares	**7,006,867**	7,506,867

In order to meet the regulatory capital requirements applicable to the Bank, the Sponsor of the Bank (Suroor Investments Limited (SIL)) injected Rs.7,007 million as advance share subscription money during the financial year ended December 31, 2014. Further, the Bank had received Rs.500 million as advance share subscription money from another investor which has been returned to that investor during the current year. Subsequent to year end, the Bank has completed the share issuance process and accordingly 700.7 million shares have been issued to SIL at par value of Rs.10 each by way of otherwise than rights issue.

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	

21. RESERVES

Share premium		**1,000,000**	1,000,000
Statutory reserve	21.1	**154,162**	110,718
Discount on issue of shares		**(1,297,298)**	(1,297,298)
Reserve arising on amalgamation		**(1,579,205)**	(1,579,205)
		(1,722,341)	(1,765,785)

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

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	

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

Surplus arising on revaluation of assets - net of tax:			
Operating fixed assets	22.1	**1,078,243**	808,385
Available-for-sale securities	22.2	**80,341**	535,828
		1,158,584	1,344,213

22.1 Surplus on revaluation of operating fixed assets

Balance as at January 01	**1,086,418**	452,606
Surplus recorded during the year	**312,933**	658,823
Transferred to accumulated losses in respect of:		
- Incremental depreciation - net of deferred tax	**(39,694)**	(16,257)
- Disposal of property - net	**361**	-
- Related deferred tax liability	**(21,373)**	(8,754)
	(60,706)	(25,011)
	1,338,645	1,086,418
Less: Related deferred tax liability on:		
- Revaluation as at January 01	**(278,033)**	(94,768)
- Recorded during the year	**(3,742)**	(192,019)
- Incremental depreciation	**21,373**	8,754
	(260,402)	(278,033)
	1,078,243	808,385

		December 31, 2015	December 31, 2014
		------ (Rupees in '000) ------	
22.2	**Surplus on revaluation of available-for-sale securities**		
	Federal Government Securities		
	Market Treasury Bills	**29,653**	10,550
	GOP Ijarah Sukuks	**28,250**	(2,370)
	Pakistan Investment Bonds	**148,224**	853,141
	Fully paid-up shares / units		
	Listed companies shares	**(112,777)**	(24,947)
	Open end mutual fund units	**7,150**	9,138
	Term Finance Certificates and Bonds		
	Term finance certificates	**-**	(2,735)
	Sukuk bonds	**23,099**	(11,195)
	Total surplus on revaluation of securities	**123,599**	831,582
	Related deferred tax liability	**(43,258)**	(295,754)
		80,341	535,828
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	**485,378**	-
	Financial institutions	**62,845**	-
	Others	**37,393**	576,017
		585,616	576,017
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	**9,097,892**	3,864,180
	Banking companies and other financial institutions	**2,155,802**	1,237,063
	Others	**4,875,660**	5,050,817
		16,129,354	10,152,060
23.3	**Trade-related contingent liabilities**		
	Letters of credit	**15,586,588**	10,628,838
	Acceptances	**1,114,266**	1,133,860
		16,700,854	11,762,698
23.4	**Other contingencies - claims against the Bank not acknowledged as debts**	**7,407,473**	8,923,386

23.5 Contingent asset

There was no contingent asset as at December 31, 2015 (December 31, 2014: Nil).

		December 31, 2015	December 31, 2014
		(Rupees in '000)	
23.6	**Commitments in respect of forward lending**		
	Forward documentary bills	**5,393,486**	4,180,129
	Commitments to extend credit	**24,604,687**	18,297,212
		29,998,173	22,477,341
23.7	**Commitments in respect of forward exchange contracts**		
	Purchase	**13,634,010**	8,334,028
	Sale	**13,860,665**	10,023,327
		27,494,675	18,357,355
23.8	**Commitments for capital expenditure**		
	Civil works	**55,328**	321,509
23.9	**Commitments in respect of repo transactions**		
	Repurchase government securities	**43,465,193**	20,302,893
23.10	**Other commitments**		
	Forward outright sale of government securities	**3,195,147**	11,480,114
	Outright purchase of government securities	-	7,096,191
		3,195,147	18,576,305
	Total contingencies and commitments	**145,031,813**	111,449,565
23.11	For tax related contingencies, refer note 31.1		

24. MARK-UP / RETURN / INTEREST EARNED

On loans and advances to:		
Customers	**5,697,679**	5,855,532
On investments in:		
Available-for-sale securities	**4,888,533**	3,588,239
Held to maturity securities	-	195,594
On lendings to financial institutions	**100,278**	142,622
On deposits with financial institutions	**18,983**	44,890
	10,705,473	9,826,877

25. MARK-UP / RETURN / INTEREST EXPENSED

Deposits and other accounts	**5,131,815**	5,646,136
Securities sold under repurchase agreements	**1,948,148**	1,126,912
Other short-term borrowings	**245,556**	338,108
Sub-ordinated loan	**173,360**	198,148
Swap cost on foreign currency transactions	**157,710**	91,328
	7,656,589	7,400,632

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
26. GAIN ON SALE OF SECURITIES - net			
Federal Government Securities			
- Market Treasury Bills		**7,828**	(2,223)
- Pakistan Investment Bonds		**1,950,129**	1,007,377
- GOP Ijarah Sukuks		**5,822**	4,494
Ordinary shares - listed		**452,693**	312,862
Ordinary shares - unlisted		**-**	7,502
Mutual Funds Units		**1,398**	
		2,417,870	1,330,012
27. OTHER INCOME			
Bad debts recovered		**3,526**	2,582
Account maintenance and other relevant charges		**40,415**	37,560
Recovery of expenses from customers		**35,584**	33,951
Rent of property / locker	27.1	**24,166**	21,843
Gain / (loss) on sale of non-banking assets		**1,929**	(6,115)
		105,620	89,821

27.1 This include income from related party amounting to Rs.2.341 million (December 31, 2014: Rs.2.082 million).

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
28. ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.		**1,855,692**	1,719,476
Charge for defined benefit plan - gratuity	35.1.3	**54,410**	53,394
Contribution to defined contribution scheme	35.2	**65,257**	65,711
Non-executive directors' fees, allowances and other expenses		**2,170**	1,225
Brokerage and commission		**24,557**	16,074
Rent, taxes, insurance and electricity, etc.		**1,089,578**	1,052,908
Legal and professional		**75,695**	189,736
Fees and subscription		**67,350**	57,735
Repairs and maintenance		**169,631**	167,212
Communications		**197,561**	170,613
Stationery and printing		**100,131**	94,644
Advertisement and publicity		**242,395**	179,790
Travelling and conveyance		**182,925**	188,814
Education and training		**6,079**	2,232
Entertainment		**44,339**	42,148
Security services and charges		**220,580**	190,681
Auditors' remuneration	28.1	**15,523**	13,937
Depreciation	12.2	**555,778**	542,830
Amortisation	12.3	**48,308**	63,196
Others		**95,689**	85,494
		5,113,648	4,897,850

		Note	December 31, 2015	December 31, 2014
			(Rupees in '000)	
28.1	**Auditors' remuneration**			
	Audit fee		**3,080**	2,800
	Certifications, half yearly review and sundry advisory services		**7,304**	8,725
	Tax services		**2,746**	1,200
			13,130	12,725
	Out of pocket expenses and others		**2,393**	1,212
			15,523	13,937
29.	**OTHER PROVISIONS / WRITE OFFS**			
	Fixed assets written off	12.4	**13,241**	5,905
	(Reversal) / Provision against other assets	14.3	**(24,579)**	2,438
	Provision for advances against computer software		**4,765**	35,741
	Other assets written off		**-**	135
			(6,573)	44,219
30.	**OTHER CHARGES**			
	Penalties imposed by SBP		**4,611**	19,991
	Bank charges		**12,514**	9,459
	Provision for Workers' Welfare Fund	19.3	**13,122**	238
			30,247	29,688
31.	**TAXATION**			
	For the year			
	Current	31.1	**125,004**	115,129
	Deferred		**313,894**	(332,657)
			438,898	(217,528)

31.1 The Income Tax Returns of the Bank have been submitted up to and including the Bank's financial year 2014 i.e. tax year 2015.

In respect of assessments of Summit Bank Limited from tax year 2008 through tax year 2013, the tax authorities disputed Bank's treatment on certain issues and created additional tax demand (net of rectification) of Rs.232.11 million through amended assessment orders and the same have been paid/adjusted against available refunds.

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 and the same have been paid / adjusted against available refunds.

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 and the same have been paid/adjusted against available refunds.

Such issues mainly include 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, disallowances against non-banking assets etc. The Bank has filed appeals before the various appellate forums against these amended assessment orders which are either pending for hearing or order.

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.

		Note	December 31, 2015	December 31, 2014
			(Rupees in '000)	
32.	**BASIC AND DILUTED EARNINGS PER SHARE**			
	Profit after taxation		**217,222**	229,450
			(Number of shares)	
32.1	Weighted average number of Ordinary shares - basic		**1,470,199,596**	1,468,279,906
			(Rupees)	
	Basic earnings per share		**0.15**	0.16
			(Number of shares)	
32.2	Weighted average number of Ordinary shares - diluted		**2,447,452,262**	1,949,186,960
			(Rupees)	
	Diluted earnings per share		**0.09**	0.12
			(Rupees in '000)	
33.	**CASH AND CASH EQUIVALENTS**			
	Cash and balances with treasury banks	7	**10,539,906**	9,383,947
	Balances with other banks	8	**2,919,244**	4,377,154
	Overdrawn nostro accounts	16.2	**(3,968)**	(14,817)
			13,455,182	13,746,284
			(Number)	
34.	**STAFF STRENGTH**			
	Permanent		**2,137**	2,069
	Contractual basis		**280**	214
	Bank's own staff strength at end of the year		**2,417**	2,283
	Outsourced		**435**	419
	Total staff strength		**2,852**	2,702
			(Rupees in '000)	
35.	**DEFINED BENEFIT AND CONTRIBUTION PLANS**			
	Defined benefit plans (funded)	35.1	**58,675**	22,311
	Defined contribution plans (funded)	35.2	**65,257**	65,711
	Compensated absences	35.3	**97,728**	107,958

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, 2015 using "Projected Unit Credit Method".

	December 31, 2015	December 31, 2014
Principal actuarial assumptions		
Discount rate - per annum	**9%**	10.5%
Expected rate of increase in salaries - per annum	**8%**	9.5%
Expected rate of return on plan assets - per annum	**9%**	10.5%
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	**268,932**	214,151
Fair value of plan assets	**(210,257)**	(191,840)
Net liability	**58,675**	22,311
35.1.2 Movement in net liability recognised by the Bank		
Opening balance	**22,311**	50,388
Charge for the year	**54,410**	53,394
Other comprehensive loss / (income)	**4,265**	(8,356)
Contribution to Fund	**(22,311)**	(73,115)
Closing balance	**58,675**	22,311
35.1.3 Charge for the year		
Current service cost	**52,067**	53,025
Interest cost	**21,501**	21,278
Expected return on plan assets	**(19,158)**	(14,728)
Settlement gain	**-**	(6,181)
	54,410	53,394
35.1.4 Actual return on plan assets		
Expected return on plan assets	**19,158**	14,728
Actuarial losses on plan assets	**(4,290)**	(1,703)
	14,868	13,025
35.1.5 Movement in present value of defined benefit obligation (DBO)		
Defined benefit obligation as at beginning of the year	**214,151**	171,268
Current service cost	**52,067**	53,025
Interest cost	**21,501**	21,278
Settlement gain	**-**	(6,181)
Benefits paid during the year	**(18,762)**	(15,181)
Actuarial gain on obligation	**(25)**	(10,058)
Defined benefit obligation as at end of the year	**268,932**	214,151
35.1.6 Changes in fair value of plan assets		
Opening fair value of plan assets	**191,840**	120,881
Expected return	**19,158**	14,728
Actuarial loss	**(4,290)**	(1,703)
Contribution by employer	**22,311**	73,115
Benefit paid	**(18,762)**	(15,181)
Closing fair value of plan assets	**210,257**	191,840

The expected charge for defined benefit scheme in FY-2016 is Rs.56.294 million (December 31, 2014: Rs.53.244 million for FY-2015) 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, 2015		December 31, 2014	
	(Rupees in '000)	Percentage	(Rupees in '000)	Percentage
35.1.7 Break-up of category of assets				
Bank deposits	**210,257**	**100%**	191,840	100%

35.1.8 Sensitivity analysis on significant actuarial assumptions: Actuarial liability

		Impact on present value of DBO	
	Change in assumption	Increase in assumption	Decrease in assumption
		(Rupees in '000)	
Discount rate	± 1 %	(17,173)	19,661
Salary increase rate	± 1 %	20,881	(18,526)
Withdrawal rate	± 10 %	54	(54)
1 year mortality age set	Back / forward	134	(81)

	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
	(Rupees in '000)				
35.1.9 Historical information					
Present value of defined benefit obligation	**268,932**	214,151	171,269	123,952	97,644
Plan assets	**(210,257)**	(191,840)	(120,881)	(101,821)	-
	58,675	22,311	50,388	22,131	97,644
Experience adjustments					
- actuarial (gain) / loss on obligation	**(25)**	(10,058)	(2,162)	3,329	(5,280)
- actuarial loss on plan assets	**4,290**	1,703	1,977	481	-

35.2 Defined contribution plan

An amount of Rs.65.257 million (December 31, 2014: Rs.65.711 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, 2015 using "Projected Unit Credit Method".

	December 31, 2015	December 31, 2014
35.3.1 Principal actuarial assumptions		
Discount rate - per annum	**9%**	10.5%
Expected rate of salary increase - per annum	**8%**	9.5%
Leave accumulation factor - per annum	**10 days**	10 days
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	**97,728**	107,958
35.3.3 Movement in net liability recognised by the Bank		
Opening balance	**107,958**	99,785
(Reversal) / charge for the year	**(3,135)**	19,193
Benefits paid during the year	**(7,095)**	(11,020)
Closing balance	**97,728**	107,958
35.3.4 (Reversal) / charge for the year		
Current service cost	**(3,135)**	19,193
35.3.5 Movement in present value of defined benefit obligation		
Defined benefit obligation as at beginning of the year	**107,958**	99,785
Current service cost	**(3,135)**	19,193
Benefits paid during the year	**(7,095)**	(11,020)
Defined benefit obligation as at end of the year	**97,728**	107,958

35.3.6 Sensitivity analysis on significant actuarial assumptions: Actuarial liability

	Change in assumption	Impact on present value of DBO	
		Increase in assumption	Decrease in assumption
		—— (Rupees in '000) ——	
Discount rate	± 1 %	(5,957)	6,809
Salary increase rate	± 1 %	7,250	(6,444)
Withdrawal rate	± 10 %	166	(205)
Death rate	± 10 %	20	(19)
Leave accumulation factor	± 1 day	264	(244)

36. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive		Directors		Executives	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	Rupees in '000					
Fees	-	-	**2,170**	1,225	-	-
Managerial remuneration	**29,473**	24,000	**8,449**	7,741	**339,800**	333,102
Charge for defined contribution plan	**2,947**	2,400	-	-	**31,802**	30,682
Rent and house maintenance	-	-	**3,802**	3,483	**152,908**	149,894
Utilities	-	-	**845**	774	**33,978**	33,308
Dearness allowance	-	-	**1,408**	1,290	**56,643**	55,525
Medical	-	-	**845**	774	**33,978**	33,308
Conveyance allowance	-	-	**450**	635	**61,074**	89,873
Car allowance	-	-	-	-	**83,230**	71,788
General / special allowance	-	-	**2,835**	2,214	**54,840**	47,294
	32,420	26,400	**20,804**	18,136	**848,253**	844,774
Number of person(s)	**1**	1	**4**	3	**347**	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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair value of traded investments is based on quoted market prices, and have been disclosed in note 10.

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

The maturity and re-pricing profile and effective rates are stated in notes 42.5.1, 42.5.2 and 42.4.4 respectively.

In the opinion of 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.

37.1 On balance sheet financial instruments

	December 31, 2015								
	Carrying Amount					Fair value			
	Held-for-Trading	Available-for-Sale / Subsidiary	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)								
Financial assets measured at fair value									
Investments									
- Market Treasury Bills	-	30,504,687	-	-	30,504,687	-	30,534,340	-	30,534,340
- Pakistan Investment Bonds	-	38,824,770	-	-	38,824,770	-	38,972,994	-	38,972,994
- GOP Ijarah Sukuks	-	2,500,000	-	-	2,500,000	-	2,528,250	-	2,528,250
- Ordinary shares of listed companies	136,960	3,968,758	-	-	4,105,718	2,910,642	-	-	2,910,642
- Ordinary shares of unlisted companies	-	397,942	-	-	397,942	-	-	199,170	199,170
- Investments in mutual funds	-	86,208	-	-	86,208	93,359	-	-	93,359
- Preference shares	-	70,645	-	-	70,645	128,787	-	-	128,787
- Term Finance Certificates and Sukuk Bonds	-	3,080,859	-	-	3,080,859	980,970	1,383,685	-	2,364,655
	136,960	79,433,869	-	-	79,570,829	4,113,758	73,419,269	199,170	77,732,197
Financial assets not measured at fair value (refer note 37.2)									
Cash and bank balances with treasury banks	-	-	10,539,906	-	10,539,906	-	-	-	-
Balances with other banks	-	-	2,919,244	-	2,919,244	-	-	-	-
Lending to financial instruments	-	-	1,459,868	-	1,459,868	-	-	-	-
Advances	-	-	70,554,070	-	70,554,070	-	-	-	-
Other assets	-	-	4,171,707	-	4,171,707	-	-	-	-
	-	-	89,644,795	-	89,644,795	-	-	-	-
	136,960	79,433,869	89,644,795	-	169,215,624	4,113,758	73,419,269	199,170	77,732,197
Financial liabilities not measured at fair value (refer note 37.2)									
Deposits and other accounts	-	-	-	119,854,302	119,854,302	-	-	-	-
Bills payable	-	-	-	2,728,797	2,728,797	-	-	-	-
Borrowings	-	-	-	49,755,998	49,755,998	-	-	-	-
Sub-ordinated loans	-	-	-	1,497,240	1,497,240	-	-	-	-
Other liabilities	-	-	-	2,373,225	2,373,225	-	-	-	-
	-	-	-	176,209,562	176,209,562	-	-	-	-

	December 31, 2014								
	Carrying Amount					Fair value			
	Held-for-Trading	Available-for-Sale / Subsidiary	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)								
Financial assets measured at fair value									
Investments									
- Market Treasury Bills	-	4,336,824	-	-	4,336,824	-	4,347,375	-	4,347,375
- Pakistan Investment Bonds	-	35,599,965	-	-	35,599,965	-	36,453,106	-	36,453,106
- GOP Ijarah Sukuks	-	277,728	-	-	277,728	-	275,358	-	275,358
- Ordinary shares of listed companies	57,149	2,905,760	-	-	2,962,909	1,818,520	-	-	1,818,520
- Ordinary shares of unlisted companies	-	397,942	-	-	397,942	-	-	199,170	199,170
- Investments in mutual funds	-	45,000	-	-	45,000	54,137	-	-	54,137
- Preference shares	-	111,168	-	-	111,168	142,063	-	-	142,063
- Term Finance Certificates and Sukuk Bonds	-	2,507,388	-	-	2,507,388	283,603	1,602,005	-	1,885,608
	57,149	46,181,775	-	-	46,238,924	2,298,323	42,677,844	199,170	45,175,337
Financial assets not measured at fair value (refer note 37.2)									
Cash and bank balances with treasury banks	-	-	9,383,947	-	9,383,947	-	-	-	-
Balances with other banks	-	-	4,377,154	-	4,377,154	-	-	-	-
Lending to financial institutions	-	-	650,000	-	650,000	-	-	-	-
Advances	-	-	66,454,697	-	66,454,697	-	-	-	-
Other assets	-	-	4,561,615	-	4,561,615	-	-	-	-
	-	-	85,427,413	-	85,427,413	-	-	-	-
	57,149	46,181,775	85,427,413	-	131,666,337	2,298,323	42,677,844	199,170	45,175,337
Financial liabilities not measured at fair value (refer note 37.2)									
Deposits and other accounts	-	-	-	105,309,434	105,309,434	-	-	-	-
Bills payable	-	-	-	1,531,639	1,531,639	-	-	-	-
Borrowings	-	-	-	25,312,661	25,312,661	-	-	-	-
Sub-ordinated loans	-	-	-	1,497,930	1,497,930	-	-	-	-
Other liabilities	-	-	-	2,289,892	2,289,892	-	-	-	-
	-	-	-	135,941,556	135,941,556	-	-	-	-

37.2 The Bank has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

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 and settlement / Others	Total
December 31, 2015	(Rupees in '000)					
Total income	**55,583**	**7,603,335**	**1,275,678**	**5,975,814**	**115,029**	**15,025,439**
Total expenses	**16,913**	**4,021,202**	**4,427,487**	**5,854,544**	**49,173**	**14,369,319**
Net income / (loss) before tax	**38,670**	**3,582,133**	**(3,151,809)**	**121,270**	**65,856**	**656,120**
Segment assets (gross)	**89,823**	**95,348,384**	**23,344,409**	**83,612,051**	**951,422**	**203,346,089**
Segment non performing loans	**-**	**-**	**1,086,430**	**16,096,575**	**-**	**17,183,005**
Segment provision	**-**	**1,948,733**	**835,059**	**12,141,876**	**-**	**14,925,668**
Segment assets (net)	**89,823**	**93,399,651**	**22,509,350**	**71,470,175**	**951,422**	**188,420,421**
Segment liabilities	**33,324**	**49,024,909**	**64,064,850**	**60,380,937**	**2,958,735**	**176,462,755**
Segment return on assets (ROA) (%)	**43.05**	**3.84**	**(14.00)**	**0.17**	**6.92**	
Segment cost of funds (%)	**50.75**	**8.20**	**6.91**	**9.70**	**1.66**	

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement / Others	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	21,160	2,956,120	5,265,409	4,628,712	64,062	12,935,463
Net income / (loss) before tax	42,926	2,553,410	(3,597,991)	975,827	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	-	-	855,113	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	29,577	22,872,188	64,669,579	46,694,268	1,830,192	136,095,804
Segment return on assets (ROA) (%)	40.58	4.35	(15.49)	1.48	5.99	
Segment cost of funds (%)	71.54	12.92	8.14	9.91	3.50	

39. TRUST ACTIVITIES

The Bank is not engaged in any significant trust activities. However, it acts as trustee in certain transactions in its normal course of business.

40. RELATED PARTY TRANSACTIONS

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

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

	December 31, 2015					December 31, 2014				
	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	**226,148**	**406**	-	-	**986,675**	134,695	11,308	-	-	685,504
Disbursements / granted during the year	**50,085**	-	-	67,368	**3,679,631**	271,054	1,498	-	-	2,407,714
Payment received during the year	**(51,880)**	**(406)**	-	(67,368)	**(2,741,375)**	(179,601)	(12,400)	-	-	(2,106,543)
Balance at end of the year	**224,353**	-	-	-	**1,924,931**	226,148	406	-	-	986,675
Deposits										
Balance at beginning of the year	**26,508**	**36,088**	-	106,776	**392,548**	31,468	54,887	-	97,401	92,359
Deposits during the year	**459,303**	**188,624**	-	17,148,047	**57,799,322**	640,735	7,833,460	-	7,504,525	10,454,653
Withdrawal during the year	**(464,299)**	**(186,167)**	-	(17,152,052)	**(57,632,438)**	(645,695)	(7,852,259)	-	(7,495,150)	(10,154,464)
Balance at end of the year	**21,512**	**38,545**	-	102,771	**559,432**	26,508	36,088	-	106,776	392,548
Other transactions / balances										
Advance against subscription of shares	-	-	**7,006,867**	-	-	-	-	7,006,867	-	-
Investment in shares / TFC's	-	-	-	199,170	**529,935**	-	-	-	199,170	809,658
Purchase of investments	-	-	-	-	**189,256**	-	-	-	-	270,025
Disposal of investments	-	-	-	-	**592,960**	-	-	-	-	281,628
Purchase of assets	-	-	-	-	**23,594**	-	-	-	-	6,877
Guarantees, letters of credit and acceptances	-	-	-	-	**1,314,924**	-	-	-	-	391,465
Other receivable	-	-	**148**	-	**681**	-	4,500	-	-	2,486
Other payable	-	-	-	1,145	**1,318**	-	-	-	13,510	732
Capital work-in-progress	-	-	-	-	**56,013**	-	-	-	-	13,943
Repurchase agreement borrowing (repo)	-	-	-	**8,380,516**	-	-	-	-	782,982	-
Mark-up payable	**315**	**137**	-	123	**4,130**	175	207	-	905	2,237
Mark-up receivable	**130**	-	-	158	**35,367**	-	-	-	-	35,926
Transactions, income and expenses										
Brokerage expenses	-	-	-	8,674	-	-	-	-	6,928	914
Subscription paid	-	-	-	-	**6,649**	-	-	-	-	3,318
Professional fees	-	-	-	-	-	-	-	-	-	3,710
Capital gain / (loss)	-	-	-	-	**13,473**	-	-	-	-	(8,238)
Dividend income	-	-	-	-	**1,964**	-	-	-	-	14,647
Contribution to the provident fund	-	-	-	-	**65,257**	-	-	-	-	65,711
Contribution to the gratuity fund	-	-	-	-	**54,410**	-	-	-	-	53,394
Remuneration paid	**196,444**	-	-	-	-	170,889	-	-	-	-
Post employment benefits	**8,480**	-	-	-	-	6,650	-	-	-	-
Rental income	-	-	-	2,341	-	-	-	-	2,082	-
Mark-up earned	**9,413**	-	-	11,045	**187,345**	5,647	12	-	-	61,037
Mark-up expensed	**1,920**	**1,877**	-	2,992	**42,056**	2,094	5,738	-	8,509	26,704
Other income	-	-	-	247	-	-	-	-	-	-
Rental expense	-	-	-	-	**24,244**	-	-	-	-	-
Repair and maintenance charges	-	-	-	-	**6,820**	-	-	-	-	6,216
Provision for diminution in the value of investment	-	-	-	-	**226,326**	-	-	-	-	480,358
Communication	-	-	-	-	-	-	-	-	-	1,291
Fees paid	-	**2,170**	-	-	-	-	1,225	-	-	-

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 State Bank of Pakistan (SBP) has introduced new guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated November 05, 2014. These disclosures are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by Banks in Pakistan. Basel III instructions have become effective from December 31, 2013. However, there is a transitional phase for implementation of Basel III requirements whereas the complete requirements would become applicable with full implementation by December 31, 2019.

Under Basel III framework, Bank's regulatory capital has been analyzed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:

  a) Common Equity Tier 1 (CET1), which includes fully paid up capital, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), etc. after deductions for investments in majority owned securities (to the extent of 30%, during transition phase), threshold deductions on deferred tax assets, reciprocal crossholdings and deduction for book value of intangibles.

  b) Additional Tier 1 capital (AT1), which includes instruments issued by the Bank which meet the specified criteria.

- Tier II capital, which includes subordinated debt, general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and available for sale investments after deduction of deficit on available for sale investments (as per Basel III phase-in approach requirement).

- The sub-ordinated debt is not entirely eligible under Basel III guidelines due to introduction of loss absorbency clause. This instrument will be phased out from Tier 2 capital as per the defined phase out arrangement in the regulatory guidelines.

- The deductions from Tier II capital mainly involves reciprocal crossholdings and investment in majority owned securities (to the extent of 30%, during transition phase).

Banking operations are categorized in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

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 ratio purposes include Summit Capital (Private) Limited being wholly owned subsidiary of the Bank, valued at its fair value. Consolidated CAR disclosures make part of consolidated financial statements which are separately presented.

41.1.2 Capital structure

The total capital consists of following categories:

Tier I Capital

Tier I Capital of Rs.17.787 billion comprises of Ordinary share capital and Advance against subscription of shares (CET1) with limited liability to its shareholders.

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

Tier II Capital

Subordinated Loan of Rs.1.497 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 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, 2015, the Bank is required to maintain minimum Common Equity capital ratio (CET 1) of 6%, minimum Tier 1 capital ratio of 7.5% and minimum total capital ratio of 10.25% (inclusive of Capital Conservation Buffer of 0.25%). In this respect, SBP vide its letter no. BPRD/BA&CP/649/2754/2016 dated February 02, 2016 has allowed the Bank relaxation of the following for December 31, 2015:

- Implementation of Basel III related deduction to be restricted at 20% instead of 40%; and
- Deferment of the phase out arrangement of non-qualifying capital instruments (Bank's TFCs / Sub-ordinated debt) equal to Rs.299 million.

Further, the SBP vide its letter no. BPRD/BA&CP/649/4605/2016 dated February 23, 2016 has allowed the Bank extension for Capital requirement of 10.25% (inclusive of Capital Conservation Buffer of 0.25%) till March 30, 2016 subject to approval by the Board for capital injection of Rs.2 billion by March 31, 2016. Accordingly, Bank's CAR as of December 31, 2015 stands at 10.02%. In this respect, in order to further strengthen the capital base and to ensure compliance with increased CAR related requirements of BASEL III, the management made a plan for increase in capital by way of Rights Issue of shares amounting to Rs.2 billion and the same has been approved by the Board of Directors in their meeting held on March 04, 2016 subject to regulatory approvals.

As on December 31, 2015, total standalone CAR of the Bank stood at 10.02% while Tier 1 capital of the Bank stood at 8.71% and CET 1 CAR at 6.84%.

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.

In order to meet the regulatory capital requirements applicable to the Bank, the Sponsor of the Bank (Suroor Investments Limited (SIL)) had injected Rs.7,007 million as advance share subscription money during the financial year ended December 31, 2014. SBP vide its letter no. BPRD/BA&CP/649/1168/2016 dated January 14, 2016 has allowed the Bank to treat the advance shares subscription money as part of share capital for the purposes of calculating the Minimum Capital Requirement and Capital Adequacy Ratio (CAR) requirement till January 31, 2016 or completion of share issuance process, whichever is earlier. After seeking necessary approval of the shareholders, SECP and SBP, the Bank has completed the share issuance process against the said transaction subsequent to the year end.

Moreover, 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. In order to further strengthen the capital base of the Bank, the management has planned for further increase in share capital by Rs.2 billion through Right issue of shares. The same has been approved by the Board of Directors in their meeting held on March 04, 2016 subject to regulatory approvals.

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 comprehensive approach for credit risk, maturity method for market risk and basic indicator approach for operational risk.

41.2 Capital Adequacy Ratio (CAR) disclosure:

		December 31, 2015	December 31, 2014
	CAPITAL ADEQUACY RETURN AS OF DECEMBER 31, 2015	—— (Rupees in '000) ——	
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully paid-up capital / capital deposited with SBP	**17,786,663**	18,286,663
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	**(1,425,044)**	(1,468,487)
6	Gain / (losses) on derivatives held as Cash Flow Hedge	**-**	-
7	Unappropriated / unremitted profits / (losses)	**(7,421,199)**	(7,659,513)
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**	**8,643,122**	8,861,365
10	Total regulatory adjustments applied to CET1 **(Note 41.2.1)**	**(1,343,513)**	(1,399,993)
11	**Common Equity Tier 1**	**7,299,609**	7,461,372
	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)**	**(79,668)**	(79,668)
19	Additional Tier 1 capital after regulatory adjustments	**2,076,291**	2,076,291
20	**Additional Tier 1 capital recognized for capital adequacy**	**1,990,803**	2,034,920
21	**Tier 1 Capital (CET1 + admissible AT1) (11+20)**	**9,290,412**	9,496,292
	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 III rules	**718,227**	719,006
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	**24,986**	24,176
27	Revaluation Reserves (net of taxes)		
28	of which: Revaluation reserves on fixed assets	**603,816**	452,696
29	of which: Unrealized gains/losses on AFS	**44,991**	300,064

		December 31, 2015	December 31, 2014
		(Rupees in '000)	
30	Foreign Exchange Translation Reserves	-	-
31	Undisclosed/Other Reserves (if any)	-	-
32	**T2 before regulatory adjustments**	**1,392,020**	1,495,942
33	Total regulatory adjustment applied to T2 capital **(Note 41.2.3)**	**(79,668)**	(79,668)
34	Tier 2 capital (T2) after regulatory adjustments	**1,312,352**	1,416,274
35	Tier 2 capital recognized for capital adequacy	**1,312,352**	1,416,274
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	**85,489**	41,371
37	**Total Tier 2 capital admissible for capital adequacy**	**1,397,841**	1,457,645
38	**TOTAL CAPITAL (T1 + admissible T2) (21+37)**	**10,688,253**	10,953,937
39	**Total Risk Weighted Assets (RWA) (for details refer Note 41.5)**	**106,689,928**	90,927,266
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	**CET1 to total RWA**	**6.84%**	8.21%
41	**Tier-1 capital to total RWA**	**8.71%**	10.44%
42	**Total capital to total RWA**	**10.02%**	12.05%
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	**6.00%**	5.50%
49	Tier 1 minimum ratio	**7.50%**	7.00%
50	Total capital minimum ratio	**10.25%**	10.00%

		December 31, 2015		December 31, 2014
		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)	**266,711**	-	310,909
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)	**826,933**	**4,134,667**	913,231
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)	-	-	-
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)	**210,035**	**1,474,348**	136,019
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	**39,834**	-	39,834
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)**	**1,343,513**	**5,609,015**	1,399,993
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**	79,668
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**	79,668

		December 31, 2015		December 31, 2014
		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**	79,668
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**	79,668

		December 31, 2015	December 31, 2014
		(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)	**80,477,655**	90,927,263
(i)	of which: deferred tax assets	**3,307,734**	3,652,924
(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)	**826,933**	913,231
	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)	**24,986**	24,176
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, 2015	
	Balance sheet of the published financial statements	Under regulatory scope of consolidation
	------ (Rupees in '000) ------	
Assets		
Cash and balances with treasury banks	10,539,906	10,539,906
Balanced with other banks	2,919,244	2,919,244
Lendings to financial institutions	1,459,868	1,459,868
Investments	77,732,197	77,732,197
Advances	70,554,070	70,554,070
Operating fixed assets	9,533,782	9,533,782
Deferred tax assets - net	5,609,015	5,609,015
Other assets	10,072,339	10,072,339
Total assets	188,420,421	188,420,421
Liabilities & Equity		
Bills payable	2,728,797	2,728,797
Borrowings	49,755,998	49,755,998
Deposits and other accounts	119,854,302	119,854,302
Sub-ordinated loans	1,497,240	1,497,240
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	2,626,418	2,626,418
Total liabilities	176,462,755	176,462,755
Share capital	19,942,622	19,942,622
Reserves	(1,722,341)	(1,722,341)
Accumulated losses	(7,421,199)	(7,421,199)
Minority interest	-	-
Surplus on revaluation of assets - net of deferred tax	1,158,584	1,158,584
Total liabilities & equity	188,420,421	188,420,421

Table: 41.3.2	December 31, 2015		Reference
	Balance sheet of the published financial statements	Under regulatory scope of consolidation	
	----- (Rupees in '000) -----		
Assets			
Cash and balances with treasury banks	10,539,906	10,539,906	
Balanced with other banks	2,919,244	2,919,244	
Lendings to financial institutions	1,459,868	1,459,868	
Investments	77,732,197	77,732,197	
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.)	77,732,197	77,732,197	e
Advances	70,554,070	70,554,070	
shortfall in provisions / excess of total EL amount over eligible provisions under IRB	-	-	f
general provisions reflected in Tier 2 capital	24,986	24,986	g
Fixed assets	9,533,782	9,533,782	
Deferred tax assets	5,609,015	5,609,015	
of which: DTAs that rely on future profitability excluding those arising from temporary differences	4,134,667	4,134,667	h
of which: DTAs arising from temporary differences exceeding regulatory threshold	1,474,348	1,474,348	i
Other assets	10,072,339	10,072,339	
of which: Goodwill	-	-	j
of which: Intangibles	-	-	k
of which: Defined-benefit pension fund net assets	-	-	l
Total assets	188,420,421	188,420,421	
Liabilities and equity			
Bills payable	2,728,797	2,728,797	
Borrowings	49,755,998	49,755,998	
Deposits and other accounts	119,854,302	119,854,302	
Sub-ordinated loans	1,497,240	1,497,240	
of which: eligible for inclusion in AT1	-	-	m
of which: eligible for inclusion in Tier 2	718,227	718,227	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	2,626,418	2,626,418	
Total liabilities	176,462,755	176,462,755	

Table: 41.3.2	December 31, 2015		
	Balance sheet of the published financial statements	Under regulatory scope of consolidation	Reference
	------ (Rupees in '000) ------		
Share capital			
of which: amount eligible for CET1	**17,786,663**	**17,786,663**	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	**154,162**	**154,162**	
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)	**(7,421,199)**	**(7,421,199)**	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	**1,078,243**	**1,078,243**	aa
of which: Unrealized Gains/Losses on AFS	**80,341**	**80,341**	
In case of Deficit on revaluation (deduction from CET1)	-	-	ab
Total liabilities and equity	**188,420,421**	**188,420,421**	

Table: 41.3.3		Component of regulatory capital reported by bank (Rupees in '000)	Source based on reference number from step 2
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully paid-up capital / capital deposited with SBP*	**17,786,663**	(s)
2	Balance in Share Premium Account	**1,000,000**	
3	Reserve for issue of bonus shares	-	
4	General / statutory reserves	**(2,722,341)**	(u)
5	Gain / (losses) on derivatives held as Cash Flow Hedge	-	
6	Unappropriated / unremitted profits / (losses)	**(7,421,199)**	(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**	**8,643,123**	

	Table: 41.3.3	December 31, 2015 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)	**(266,711)**	(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)	**(826,933)**	{(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)	**(210,035)**	(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)	**(1,343,513)**	
31	**Common Equity Tier 1**	**7,299,610**	

* This includes advance against subscription of shares amounting to Rs.7,006,867 (in thousands).

	Additional Tier 1 (AT 1) Capital		
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)

	Table: 41.3.3	December 31, 2015	
		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**	1,990,803	
48	**Tier 1 Capital (CET1 + admissible AT1) (31+47)**	9,290,413	
	Tier 2 Capital		
49	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	
50	Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	718,227	(n)
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	24,986	(g)
54	Revaluation Reserves		
55	of which: Revaluation reserves on fixed assets	603,816	portion of (aa)
56	of which: Unrealized Gains/Losses on AFS	44,991	
57	Foreign Exchange Translation Reserves	-	(v)
58	Undisclosed/Other Reserves (if any)	-	
59	**T2 before regulatory adjustments**	1,392,020	
	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)	1,392,020	
67	Tier 2 capital recognized for capital adequacy	1,312,352	
68	Excess Additional Tier 1 capital recognized in Tier 2 capital	85,489	
69	**Total Tier 2 capital admissible for capital adequacy**	1,397,841	
70	**TOTAL CAPITAL (T1 + admissible T2) (48+69)**	10,688,254	

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, 2015)	17,786,663	1,109,424	1,046,535	718,227
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	
	2015	2014	2015	2014
	(Rupees in '000)			
Credit risk				
On balance sheet				
Portfolios subject to standardized approach (Simple or Comprehensive)				
Cash and cash equivalents	-	-	-	-
Sovereign	-	-	-	-
Public sector entities	-	-	-	-
Banks	**190,526**	233,457	**1,905,259**	2,334,571
Corporate	**4,858,948**	4,778,007	**48,589,479**	47,780,070
Retail	**510,817**	492,159	**5,108,165**	4,921,589
Residential Mortgages	**86,045**	60,661	**860,447**	606,610
Past due loans	**544,025**	343,505	**5,440,254**	3,435,047
Operating fixed assets	**926,707**	722,409	**9,267,070**	7,224,087
Other assets	**1,261,471**	774,757	**12,614,714**	7,747,571
Portfolios subject to Internal Rating Based (IRB) Approach	-	-	-	-
Off balance sheet				
Non-market related				
Direct Credit Substitutes	**490,329**	442,647	**4,903,292**	4,426,468
Performance related contingencies	**265,532**	261,683	**2,655,323**	2,616,825
Trade Related contingencies	**153,233**	118,881	**1,532,334**	1,188,809
Market related				
Foreign Exchange contracts / derivatives etc.	6,122	9,452	**61,222**	94,519
Equity Exposure Risk in the Banking Book	-	-	-	-
Market Risk				
Capital Requirement for portfolios subject to Standardized Approach				
Interest rate risk	**222,039**	104,744	**2,775,489**	1,309,300
Equity position risk	**426,857**	287,852	**5,335,708**	3,598,149
Foreign Exchange risk	**56,577**	23,818	**707,216**	297,719
Capital Requirement for portfolios subject to Internal Models Approach	-	-	-	-
Operational Risk				
Capital requirement for operational risks	**394,717**	267,675	**4,933,956**	3,345,932
Total	**10,393,946**	8,921,707	**106,689,928**	90,927,266

Capital Adequacy Ratios	2015		2014	
	Required	Actual	Required	Actual
CET1 to total RWA	**6.00%**	**6.84%**	5.50%	8.21%
Tier-1 capital to total RWA	**7.50%**	**8.71%**	7.00%	10.44%
Total capital to total RWA	**10.25%**	**10.02%**	10.00%	12.05%

41.6 Leverage Ratio

The State Bank of Pakistan (SBP) through its BPRD Circular No. 06 of 2013 has issued instructions regarding implementation of parallel run of leverage ratio reporting and its components from December 31, 2013 to December 31, 2017. During this period the final calibration, and any further adjustments to the definition, will be completed, with a view to set the leverage ratio as a separate capital standard on December 31, 2018 whereas the banks are required to disclose the leverage ratio from December 31, 2015.

The leverage ratio of the Bank as of December 31, 2015 stands at 3.19% (December 31, 2014: 4.30%). Tier 1 Capital as at December 31, 2015 is Rs.9,290 million (December 31, 2014: Rs.9,496 million) and total exposure as at December 31, 2015 is Rs.290,923 million (December 31, 2014: Rs.220,743 million).

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 Credit Division and Risk Management Division. Whilst the activities of the Credit Division are focused on independent risk management of the Bank's credit activities and the Risk Management Division is responsible for managing all other risks emanating from various activities of the Bank. In addition to above, Compliance and Control Division ensures compliance of all internal and external policies, laws and regulations. The management has established various committees for periodic risk review.

The Bank has 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, 2015					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Agriculture, forestry, hunting and fishing	606,306	0.73	232,829	0.19	331,813	0.23
Automobile	1,292,690	1.56	1,871,924	1.56	883,486	0.61
Banaspati and allied industries	501,177	0.60	34,238	0.03	180,810	0.12
Carpet	148,603	0.18	78,355	0.07	235,240	0.16
Cement	766,499	0.92	625,256	0.52	597,232	0.41
Chemical and pharmaceutical	2,224,158	2.68	1,097,208	0.92	1,468,167	1.01
Construction / real estate	3,605,900	4.34	1,481,649	1.24	4,484,556	3.09
Consumer / individuals / staff	3,999,351	4.81	85,408,802	71.26	3,911,040	2.70
Dairy and poultry	233,230	0.28	327,451	0.27	146,984	0.10
Education	217,735	0.26	599,912	0.50	299,056	0.21
Electric and electrical goods	2,554,688	3.07	620,859	0.52	1,006,225	0.69
Energy, oil, gas and power	5,599,242	6.74	1,763,024	1.47	15,001,559	10.34
Exports / imports	3,625,505	4.36	99,694	0.08	2,765,621	1.91
Financial	4,470,281	5.38	10,615,294	8.86	75,282,176	51.91
Food, tobacco and beverages	4,384,088	5.28	683,339	0.57	2,297,486	1.58
Furniture and allied products	207,561	0.25	27,463	0.02	26,529	0.02
Leather and footwear	613,682	0.74	64,171	0.05	1,117,033	0.77
Glass and ceramics	107,294	0.13	9,172	0.01	26,909	0.02
Health care	308,491	0.37	428,821	0.36	401,159	0.28
Hotels	946,405	1.14	110,984	0.09	89,787	0.06
Insurance	-	-	513,001	0.43	3,700	0.00
Mining and quarrying	2,119,234	2.55	118,462	0.10	59,513	0.04
Miscellaneous manufacturing	2,949,000	3.55	487,998	0.41	700,876	0.48
Printing, publishing and allied industries	219,911	0.26	135,103	0.11	90,358	0.06
Paper and allied products	39,804	0.05	5,430	0.00	228,273	0.16
Services	3,358,715	4.04	4,314,791	3.60	5,809,810	4.01
Steel and engineering	3,179,818	3.83	1,573,317	1.31	3,601,765	2.48
Sugar	8,830,121	10.63	149,676	0.12	1,450,975	1.00
Textile	13,143,763	15.82	787,094	0.66	11,461,008	7.90
Transport and communication	2,028,394	2.44	1,280,254	1.07	3,902,493	2.69
Trust	-	-	1,308,049	1.09	5,980	0.00
Wholesale and retail trade	5,097,851	6.13	1,490,331	1.24	3,081,293	2.13
Others	5,719,419	6.88	1,510,351	1.27	4,082,901	2.83
	83,098,916	100.00	119,854,302	100.00	145,031,813	100.00

	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	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	3.05
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	4,925,498	6.34	1,464,893	1.39	3,654,883	3.29
	77,804,045	100.00	105,309,434	100.00	111,449,565	100.00

42.1.1.2 Segment by sector

	December 31, 2015					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public / Government	**990,310**	1.19	**21,313,045**	**17.78**	**1,988,838**	1.37
Private	**82,108,606**	98.81	**98,541,257**	**82.22**	**143,042,975**	98.63
	83,098,916	100.00	**119,854,302**	**100.00**	**145,031,813**	100.00

	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	76,865,245	98.79	89,996,459	85.46	106,857,437	95.88
	77,804,045	100.00	105,309,434	100.00	111,449,565	100.00

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

	December 31, 2015		December 31, 2014	
	Classified advances	Specific provisions held	Classified advances	Specific provisions held
	(Rupees in '000)			
Agriculture, forestry, hunting and fishing	**4,559**	**1,433**	2,532	1,332
Automobile	**910,936**	**688,401**	920,521	687,881
Banaspati and allied industries	**185,260**	**155,029**	185,760	132,845
Carpet	**120,606**	**101,067**	125,606	98,279
Cement	**329,169**	**329,169**	329,169	329,169
Chemical and pharmaceutical	**200,514**	**120,144**	115,324	106,858
Construction / real estate	**865,783**	**732,918**	985,157	622,631
Consumer / individuals / staff	**322,285**	**101,297**	294,050	77,268
Dairy and poultry	**101,418**	**74,500**	101,418	16,368
Education	**48,907**	**37,177**	51,707	34,755
Electric and electrical goods	**91,125**	**73,725**	91,195	68,929
Energy oil, gas and power	**421,592**	**348,898**	347,237	335,998
Exports / imports	**759,639**	**623,443**	733,735	568,064
Financial	**1,180,382**	**1,102,609**	1,241,741	1,091,929
Food, tobacco and beverages	**754,851**	**510,532**	842,590	518,816
Footwear and leather garments	**48,005**	**17,456**	47,303	17,281
Furniture and allied products	**171,520**	**75,074**	171,035	26,246
Glass and ceramics	**54,460**	**39,517**	85,997	36,385
Health care	**113,609**	**91,139**	113,123	70,193
Hotels	**192,085**	**180,586**	197,714	177,629
Mining and quarrying	**4,670**	**4,670**	4,670	4,670
Miscellaneous manufacturing	**187,684**	**176,756**	223,122	177,882
Others	**428,498**	**264,442**	365,915	187,953
Paper and allied products	**7,071**	**7,071**	7,698	6,130
Printing, publishing and allied industries	**28,671**	**22,506**	28,553	19,831
Services	**534,173**	**310,545**	450,728	239,387
Steel and engineering	**410,902**	**136,932**	285,201	212,905
Sugar	**1,659,128**	**361,172**	-	-
Textile	**4,645,230**	**3,896,764**	4,037,100	3,670,184
Transport and communication	**208,803**	**206,099**	254,783	229,353
Wholesale and retail trade	**2,191,470**	**1,728,789**	2,197,623	1,558,020
	17,183,005	**12,519,860**	14,838,307	11,325,171

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

	December 31, 2015		December 31, 2014	
	Classified advances	Specific provisions held	Classified advances	Specific provisions held
	(Rupees in '000)			
Public / Government	-	-	-	-
Private	**17,183,005**	**12,519,860**	14,838,307	11,325,171
	17,183,005	**12,519,860**	14,838,307	11,325,171

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

42.1.1.5 Geographical segment analysis

December 31, 2015				
Pakistan	**656,120**	**188,420,421**	**11,957,666**	**145,031,813**
December 31, 2014				
Pakistan	11,922	148,457,341	12,361,537	111,449,565

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, 2015				
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, 2015 Amount outstanding	Deduction CRM	Net amount	December 31, 2014 Amount outstanding	Deduction CRM	Net amount
		(Rupees in '000)					
Corporate	20%	**3,219,856**	**4,281**	**3,215,575**	3,804,837	3,533	3,801,304
	50%	**3,438,541**	**65,027**	**3,373,514**	1,929,735	2,159	1,927,576
	100%	**375,525**	**272,001**	**103,524**	18,421	-	18,421
	unrated	**44,642,880**	**4,085,521**	**40,557,359**	49,397,819	4,897,266	44,500,553
	150%	**4,478,979**	-	**4,478,979**	-	-	-
Retail	75%	**8,248,803**	**1,437,917**	**6,810,886**	8,086,096	1,523,978	6,562,118
Past due loan	150%	**2,370,981**	-	**2,370,981**	1,224,523	-	1,224,523
	100%	**1,586,323**	-	**1,586,323**	940,939	-	940,939
	50%	**594,919**	-	**594,919**	1,314,647	-	1,314,647
Bank	20%	**4,171,383**	-	**4,171,383**	9,285,243	-	9,285,243
	50%	**469,497**	-	**469,497**	367,289	-	367,289
	100%	**93,420**	-	**93,420**	40,875	-	40,875
	150%	**61,911**	-	**61,911**	107,254	-	107,254
	unrated	**2,719,007**	-	**2,719,007**	184,242	-	184,242
Sovereign etc.	0%	**12,311,379**	-	**12,311,379**	11,369,013	-	11,369,013
Others	0%	-	-	-	-	-	-
	35%	**2,470,739**	**12,320**	**2,458,419**	1,745,016	11,846	1,733,170
	50%	-	-	-	-	-	-
	100%	**18,721,001**	-	**18,721,001**	13,182,194	-	13,182,194
	250%	**1,264,313**	-	**1,264,313**	942,507	-	942,507
		111,239,457	**5,877,067**	**105,362,390**	103,940,650	6,438,782	97,501,868

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, 2015			December 31, 2014		
	Held-for-trading	Available-for-sale	Investment in subsidiaries	Held-for-trading	Available-for-sale	Investment in subsidiaries
	(Rupees in '000)					
Equity investments	**123,462**	**2,787,180**	**199,170**	57,093	1,761,427	199,170
Mutual fund units - Open end	**-**	**93,359**	**-**	-	54,137	-
Total value	**123,462**	**2,880,539**	**199,170**	57,093	1,815,564	199,170

The cumulative realised gain on sale of equity securities amounted to Rs.454.09 million (December 31, 2014: Rs.312.86 million), however, unrealised loss of Rs.105.63 million (December 31, 2014: Rs.15.81 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, 2015			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan Rupee	183,242,257	169,310,777	(148,826)	13,782,654
United States Dollar	4,740,072	5,705,031	(860,810)	(1,825,769)
Great Britain Pound	196,935	892,513	310,930	(384,648)
Japanese Yen	1,084	-	-	1,084
Euro	91,565	528,789	698,706	261,482
Other currencies	148,508	25,645	-	122,863
	188,420,421	176,462,755	-	11,957,666

	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)	8,704,566
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	-	12,361,537

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, 2015										
		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	-	10,539,906	21,052	-	-	-	-	-	-	-	-	10,518,854
Balances with other banks	0.50% to 4.50%	2,919,244	-	-	-	-	-	-	-	-	-	2,919,244
Lendings to financial institutions	6.00% to 7.25%	1,459,868	-	1,000,000	-	459,868	-	-	-	-	-	-
Investments	5.48% to 14.33%	77,732,197	9,983,469	4,904,986	11,776,515	36,955,212	604,911	2,579,151	7,077,715	518,346	-	3,331,892
Advances	0% to 28.00%	70,554,070	335,526	52,732,608	2,197,747	11,087,446	334,188	631,766	1,685,400	1,298,298	-	251,091
Other assets	-	4,171,707	-	-	-	-	-	-	-	-	-	4,171,707
		167,376,992	10,340,047	58,637,594	13,974,262	48,502,526	939,099	3,210,917	8,763,115	1,816,644	-	21,192,788
Liabilities												
Bills payable	-	2,728,797	-	-	-	-	-	-	-	-	-	2,728,797
Borrowings	3% to 6.5%	49,755,998	44,705,643	3,621,512	1,368,988	-	59,855	-	-	-	-	-
Deposits and other accounts	0.0% to 18.5%	119,854,302	16,450,961	47,699,676	9,610,710	5,525,660	372,297	740,033	162,606	-	-	39,292,359
Sub-ordinated loans	9.81%	1,497,240	-	1,497,240	-	-	-	-	-	-	-	-
Other liabilities	-	2,373,225	-	-	-	-	-	-	-	-	-	2,373,225
		176,209,562	61,156,604	52,818,428	10,979,698	5,525,660	432,152	740,033	162,606	-	-	44,394,381
On-balance sheet gap		(8,832,570)	(50,816,557)	5,819,166	2,994,564	42,976,866	506,947	2,470,884	8,600,509	1,816,644	-	(23,201,593)
Off-balance sheet financial instruments												
Foreign currency forward purchase		13,634,010	4,318,877	5,354,429	3,801,271	159,433	-	-	-	-	-	
Foreign currency forward sale		13,860,665	10,899,253	2,936,363	7,157	17,892	-	-	-	-	-	
Off-balance sheet gap		(226,655)	(6,580,376)	2,418,066	3,794,114	141,541	-	-	-	-	-	
Total yield / interest risk sensitivity gap		(9,059,225)	(57,396,933)	8,237,232	6,788,678	43,118,407	506,947	2,470,884	8,600,509	1,816,644	-	
Cumulative yield / interest risk sensitivity gap		(9,059,225)	(57,396,933)	(49,159,701)	(42,371,023)	747,384	1,254,331	3,725,215	12,325,724	14,142,368	14,142,368	

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

	December 31, 2015 (Rupees in '000)
Total financial assets	167,376,992
Add: Non financial assets	
Operating fixed assets	9,533,782
Deferred tax assets	5,609,015
Other assets	5,900,632
Total assets as per statement of financial position	188,420,421
Total financial liabilities	176,209,562
Add: Non financial liabilities	
Other liabilities	253,193
Total liabilities as per statement of financial position	176,462,755

	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	4,993,192	925,325	22,293,211	2,003,828	690,391	11,465,705	-	2,603,522
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	983,436	-	84,450
Other assets	-	4,561,615	-	-	-	-	-	-	-	-	-	4,561,615
		130,924,528	1,198,470	48,500,475	7,682,995	12,909,720	22,512,326	2,314,720	2,363,786	12,449,141	-	20,992,875
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	-	2,289,892	-	-	-	-	-	-	-	-	-	2,289,892
		135,941,556	34,777,738	45,389,903	9,077,648	7,420,583	212,647	160,465	838,854	42,830	-	38,020,888
On-balance sheet gap		(5,017,028)	(33,579,268)	3,110,572	(1,394,653)	5,489,137	22,299,679	2,154,255	1,524,932	12,406,331	-	(17,028,013)
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		(6,706,327)	(36,420,021)	3,077,522	(374,124)	5,653,112	22,299,679	2,154,255	1,524,932	12,406,331	-	
Cumulative yield / interest risk sensitivity gap		(6,706,327)	(36,420,021)	(33,342,499)	(33,716,623)	(28,063,511)	(5,763,832)	(3,609,577)	(2,084,645)	10,321,686	10,321,686	

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	130,924,528
Add: Non financial assets	
Operating fixed assets	7,534,996
Deferred tax assets	5,644,681
Other assets	4,353,136
Total assets as per statement of financial position	148,457,341
Total financial liabilities	135,941,556
Add: Non financial liabilities	
Other liabilities	154,248
Total liabilities as per statement of financial position	136,095,804

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, 2015									
	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	10,539,906	10,539,906	-	-	-	-	-	-	-	-
Balances with other banks	2,919,244	2,919,244	-	-	-	-	-	-	-	-
Lendings to financial institutions	1,459,868	-	1,000,000	-	459,868	-	-	-	-	-
Investments	77,732,197	9,983,470	4,124,581	9,811,975	39,307,391	1,813,910	4,018,486	7,341,069	1,331,315	-
Advances	70,554,070	2,988,079	14,366,256	6,911,916	29,819,247	5,976,561	2,805,775	4,573,995	3,112,241	-
Operating fixed assets	9,533,782	3,394,367	61,502	92,254	184,507	314,237	270,171	439,682	4,777,062	-
Deferred tax assets	5,609,015	88,743	281,511	702,267	1,106,264	548,525	983,906	1,776,196	121,603	-
Other assets	10,072,339	1,881,614	1,698,469	-	743,408	-	-	-	5,748,848	-
	188,420,421	31,795,423	21,532,319	17,518,412	71,620,685	8,653,233	8,078,338	14,130,942	15,091,069	-
Liabilities										
Bills payable	2,728,797	2,728,797	-	-	-	-	-	-	-	-
Borrowings	49,755,998	44,705,643	3,621,512	1,368,988	-	59,855	-	-	-	-
Deposits and other accounts	119,854,302	21,790,793	9,317,500	10,902,732	5,525,660	372,297	740,033	71,205,287	-	-
Sub-ordinated loans	1,497,240	-	-	-	-	-	1,497,240	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Other liabilities	2,626,418	775,464	677,324	278,731	725,136	-	-	-	169,763	-
	176,462,755	70,000,697	13,616,336	12,550,451	6,250,796	432,152	2,237,273	71,205,287	169,763	-
Net assets	11,957,666	(38,205,274)	7,915,983	4,967,961	65,369,889	8,221,081	5,841,065	(57,074,345)	14,921,306	-
Share capital	19,942,622									
Reserves	(1,722,341)									
Accumulated loss	(7,421,199)									
Surplus on revaluation of assets - net	1,158,584									
	11,957,666									

	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	7,025,746	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	29,350,418	24,107,598	26,020,326	29,130,940	5,518,410	4,883,704	9,614,801	15,357,954	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	18,880,796	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	754,380	669,609	410,129	479,515	-	-	-	130,507	-
	136,095,804	41,752,490	11,856,486	11,013,068	7,900,098	212,647	160,465	63,027,213	173,337	-
Net assets	12,361,537	(12,402,072)	12,251,112	15,007,258	21,230,843	5,305,762	4,723,239	(53,412,412)	15,184,617	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									

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

	December 31, 2015									
	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	10,539,906	10,539,906	-	-	-	-	-	-	-	-
Balances with other banks	2,919,244	2,919,244	-	-	-	-	-	-	-	-
Lendings to financial institutions	1,459,868	-	1,000,000	-	459,868	-	-	-	-	-
Investments	77,732,197	9,983,470	4,124,581	9,811,975	39,307,391	1,813,910	4,018,486	7,341,069	1,331,315	-
Advances	70,554,070	2,988,079	14,366,256	6,911,916	29,819,247	5,976,561	2,805,775	4,573,995	3,112,241	-
Operating fixed assets	9,533,782	3,394,367	61,502	92,254	184,507	314,237	270,171	439,682	4,777,062	-
Deferred tax assets	5,609,015	88,743	281,511	702,267	1,106,264	548,525	983,906	1,776,196	121,603	-
Other assets	10,072,339	1,881,614	1,698,469	-	743,408	-	-	-	5,748,848	-
	188,420,421	31,795,423	21,532,319	17,518,412	71,620,685	8,653,233	8,078,338	14,130,942	15,091,069	-
Liabilities										
Bills payable	2,728,797	2,728,797	-	-	-	-	-	-	-	-
Borrowings	49,755,998	44,705,643	3,621,512	1,368,988	-	59,855	-	-	-	-
Deposits and other accounts	119,854,302	94,854,221	8,588,775	9,610,710	5,525,660	372,297	740,033	162,606	-	-
Sub-ordinated loans	1,497,240	-	-	-	-	-	1,497,240	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Other liabilities	2,626,418	775,464	677,324	278,731	725,136	-	-	-	169,763	-
	176,462,755	143,064,125	12,887,611	11,258,429	6,250,796	432,152	2,237,273	162,606	169,763	-
Net assets	11,957,666	(111,268,702)	8,644,708	6,259,983	65,369,889	8,221,081	5,841,065	13,968,336	14,921,306	-
Share capital	19,942,622									
Reserves	(1,722,341)									
Accumulated loss	(7,421,199)									
Surplus on revaluation of assets - net	1,158,584									
	11,957,666									

	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	6,458,808	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	297,180	483,232	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	5,716,041	1,068,234	1,068,234	1,062,242	-	-	-	-	-
	148,457,341	27,384,782	15,750,125	11,302,469	32,316,704	27,520,874	7,791,177	8,838,122	10,632,877	6,920,211
Liabilities										
Bills payable	1,531,639	1,531,639	-	-	-	-	-	-	-	-
Borrowings	25,312,661	14,834,956	5,969,207	4,477,779	30,719	-	-	-	-	-
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	754,380	669,609	410,129	479,515	-	-	-	130,507	-
	136,095,804	94,132,140	17,755,505	13,850,789	7,249,549	525,964	99,621	2,233,503	248,733	-
Net assets	12,361,537	(66,747,358)	(2,005,380)	(2,548,320)	25,067,155	26,994,910	7,691,556	6,604,619	10,384,144	6,920,211
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									

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 has adopted 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 10 branches and 2 windows as at December 31, 2015 (December 31, 2014: 02 branches).

BSD Circular letter No. 03 dated January 22, 2013 requires all Islamic Banks and Islamic 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.

The statement of financial position, profit and loss account and cash flow statement of Islamic Banking Operations as at December 31, 2015 are as follows:

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
Islamic statement of financial position as at December 31, 2015			
ASSETS			
Cash and balances with treasury banks	43.3	**379,654**	242,216
Balances with other banks		**-**	-
Due from Financial institutions		**1,037,351**	76,100
Investments		**1,100,206**	527,680
Islamic financing and related assets	43.7	**2,571,319**	1,607,064
Operating fixed assets		**121,105**	76,588
Deferred tax assets - net		**-**	-
Other assets		**127,576**	73,596
TOTAL ASSETS		**5,337,211**	2,603,244
LIABILITIES			
Bills payable		**24,301**	2,618
Due to financial institutions		**925,000**	-
Deposits and other accounts			
- Current accounts		**751,758**	186,773
- Saving accounts		**1,625,934**	740,366
- Term deposits		**628,843**	341,381
- Others		**-**	-
- Deposits from financial institutions - remunerative		**-**	-
- Deposits from financial institutions - non - remunerative		**-**	-
Due to head office		**-**	-
Deferred tax liabilities - net		**8,266**	1,226
Other liabilities		**159,564**	228,756
		4,123,666	1,501,120
NET ASSETS		**1,213,545**	1,102,124
REPRESENTED BY:			
Islamic Banking Fund		**1,000,000**	1,000,000
Reserves		**-**	-
Unappropriated profit		**198,194**	99,848
		1,198,194	1,099,848
Surplus on revaluation of assets - net of tax		**15,351**	2,276
		1,213,545	1,102,124

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	

43.2 Islamic profit and loss account for the year ended December 31, 2015

Profit / return earned on financings, investments and placements	299,665	133,120
Return on deposits and other dues expensed	(110,162)	(38,814)
Net spread earned	189,503	94,306
Other income		
Fee, commission and brokerage income	22,276	37,696
Gain from dealing in foreign currencies	1,857	1,446
Gain on sale of securities - net	108	4,493
Gain on disposal of operating fixed assets	33	-
Other income	1,609	353
Total other income	25,883	43,988
	215,386	138,294
Other expenses		
Administrative expenses	(116,752)	(38,395)
Other charges	(288)	(51)
Total other expenses	(117,040)	(38,446)
	98,346	99,848
Extra-ordinary / unusual items	-	-
Profit before taxation	98,346	99,848

43.3 Islamic cash flow statement for the year ended December 31, 2015

Cash flows from operating activities		
Profit before taxation	98,346	99,848
Adjustments:		
Depreciation	9,684	5,536
Amortisation of intangible assets	19	16
	9,703	5,552
	108,049	105,400
Increase in operating assets		
Due from Financial institutions	(961,251)	(76,100)
Islamic financings and related assets - net	(964,255)	(1,607,064)
Other assets	(53,980)	(73,596)
	(1,979,486)	(1,756,760)
Increase in operating liabilities		
Bills payable	21,683	2,618
Due to financial institutions	925,000	-
Deposits and other accounts	1,738,015	1,268,520
Other liabilities	(69,192)	228,756
	2,615,506	1,499,894
Net cash inflows / (outflows) from operating activities	744,069	(151,466)
Cash flows from investing activities		
Net investments in 'available-for-sale' securities	(552,411)	(524,178)
Investment in operating fixed assets	(54,220)	(82,140)
Net cash outflow from investing activities	(606,631)	(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	137,438	242,216
Cash and cash equivalents at beginning of the year	242,216	-
Cash and cash equivalents at end of the year	43.1 379,654	242,216

43.4 Summit Bank Limited - Islamic Banking Division operates General & Specific Pools for deposits and interbank funds accepted under Modaraba and Musharkah modes.

Features, risks and rewards of the pools are given below:

(i) Specific pool

Specific pools are operated for funds acquired / accepted from customers in foreign currencies / other than PKR; customers willing to invest in specific sectors / Industry / exposures for want of higher returns. These pools operates in accordance with the rules as specified under general pool disclosure, however, varies in degree of risks associated with the investments / assets. Similarly, for interbank acceptances specific pool(s) based on Musharkah are also maintained by the Bank to meet liquidity requirement of the bank.

(ii) 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 / RSBM 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 Modaraba 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, 2015	December 31, 2014
		(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 Shariah Advisor (RSBM) / Board**	4,677	4,399

* Shariah Board established from October 01, 2015

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
43.7 Islamic financing and related assets			
Financings / investments / receivables			
- Murabaha		**711,625**	731,036
- Ijarah	43.8	**488,621**	209,505
- Diminishing Musharaka		**1,073,141**	640,008
- Istisna		**25,178**	-
- Other Islamic Modes		**2,065**	-
Advances			
Advance against murabaha		**4,466**	26,515
Inventories			
Murabaha Inventory		**13,073**	-
Tijarah Inventory		**249,828**	-
Istina Inventory		**3,322**	-
43.7.1 Islamic mode of financing			
Financings / investments / receivables		**2,300,630**	1,580,549
Advances		**4,466**	26,515
Inventories		**266,223**	-
		2,571,319	1,607,064

43.8 Assets under Ijarah (IFAS-2)

a) Brief description of the Ijarah arrangement

Ijarah assets are stated at cost less depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental received / receivable on Ijarah under Islamic Financial Accounting Standard - 2 Ijarah (IFAS 2) are recorded as income / revenue.

The Bank charges depreciation from the date of recognition of Ijarah of respective assets to mustajir(lessee). Ijarah assets are depreciated over the period of Ijarah using the straight line method.

b) Movement in net book value of Ijarah assets

	December 31, 2015				
	Vehicle Consumer	Vehicle Corporate	Plant & Machinery	Equipment	Total
	(Rupees in '000)				
At January 1, 2015					
Cost	1,339	216,590	-	-	217,929
Accumulated Depreciation	(104)	(8,320)	-	-	(8,424)
Net book value	1,235	208,270	-	-	209,505
Year Ended December 31, 2015					
Opening Net Book value	1,235	208,270	-	-	209,505
Additions	1,167	327,145	-	-	328,312
Disposals					
Cost	(1,009)	(18,306)	-	-	(19,315)
Accumulated Depreciation	194	1,668	-	-	1,862
	(815)	(16,638)	-	-	(17,453)
Depreciation	(312)	(31,431)	-	-	(31,743)
Closing Net Book value	1,275	487,346	-	-	488,621
At December 31, 2015					
Cost	1,497	525,429	-	-	526,926
Accumulated Depreciation	(222)	(38,083)	-	-	(38,305)
Net book value	1,275	487,346	-	-	488,621

	December 31, 2014				
	Vehicle Consumer	Vehicle Corporate	Plant & Machinery	Equipment	Total
	(Rupees in '000)				
At January 1, 2014					
Cost	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-
Net book value	-	-	-	-	-
Year Ended December 31, 2014					
Opening Net Book value					
Additions	1,339	216,590	-	-	217,929
Disposals					
Cost	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-
	-	-	-	-	-
Depreciation	(104)	(8,320)	-	-	(8,424)
Closing Net Book value	1,235	208,270	-	-	209,505
At December 31, 2014					
Cost	1,339	216,590	-	-	217,929
Accumulated Depreciation	(104)	(8,320)	-	-	(8,424)
Net book value	1,235	208,270	-	-	209,505

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

	December 31, 2015	December 31, 2014
	(Rupees in '000)	
Chemical and pharmaceuticals	**953,500**	941,217
Agribusiness	-	-
Textile	**370,202**	174,559
GOP Ijarah Sukuk	**101,130**	275,000
Shoes and leather garments	-	-
Automobile and transportation equipment	**487,346**	208,268
Financial	-	-
Electronics and electrical appliances	-	-
Production and transmission of energy	-	-
Carpets and rugs manufacturer	-	-
Glass and ceramics	-	-
Services	-	-
Others *	**1,672,106**	527,225
	3,584,284	2,126,269

* Staff financing amounting Rs.87.240 million is not included as its financed through Islamic Banking Fund.

43.10 Basis of profit allocation

Profit of the general 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.

Profit sharing ratio of local currency deposits was 50:50 during the year. However, following profit sharing ratios were applicable for foreign currency deposits.

	January to May 2015	June to July 2015	August to October 2015	November to December 2015
	---------- % ----------			
Rabbul Maal	25	30	40	50
Mudarib	75	70	60	50

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

	December 31, 2015		December 31, 2014	
	(Rupees in '000)	%	(Rupees in '000)	%
Rabbul Maal	79,475	66	21,845	55
Mudarib	40,942	34	18,043	45
	120,417		39,888	

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

	December 31, 2015	December 31, 2014
	---- (Rupees in '000) ----	
Mudarib share	40,942	18,043
Hiba	12,614	5,311
	---------- (%) ----------	
Hiba percentage of Mudarib share	31	29

44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 04, 2016 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

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, 2015

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
				(Rupees in '000)							
1	**Razzak Brothers Rice & General Mills** : Gali/Moh Dasondi Pura Ansari House Mian Nazim Gujrat	Mian Muhammad Shahbaz (Proprietorship concern) (34201-0407286-1)	Mian Khan	6,097	-	-	6,097	2,089	1,245	-	3,334
2	**Khuram Shehzad Qureshi** H# Nk -321 New Katarain Mkt Satellite Town Rawalpindi	Khuram Shehzad Quershi (Proprietorship concern) (37405-9136233-1)	Mashkoor Ahmad Qureshi	496	-	-	496	149	437	-	586
3	**Farooq Ahmed** House #154 Tonsa House Road Garden Town Multan	Farooq Ahmed (Proprietorship concern) (36302-0461756-5)	Namat Ali Khan	1,299	-	-	1,299	351	416	-	767
4	**Akram Khurshid** H# 387 ST# 58 G-10/4 Islamabad	Akram Khurshid (Proprietorship concern) (61101-1916929-7)	Aslam Khursheed	1,099	-	-	1,099	306	377	-	683
5	**Ahsan Builders & Developers**, Murad Colony Near Commerce College, Sargodha	Muhammad Ahsan : (38403-2241023-7)	Muhammad Yousaf	1,000	680	-	1,680	1,000	680	-	1,680
				9,991	**680**	**-**	**10,671**	**3,895**	**3,155**	**-**	**7,050**

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CONSOLIDATED FINANCIAL STATEMENTS

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DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

On behalf of the Board of Directors of Summit Bank Limited, we are 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, 2015.

PERFORMANCE SUMMARY

The summarized consolidated financial highlights are as follows:

	December 31, 2015	December 31, 2014
	(Rupees in '000)	
Profit before provisions and direct write offs	**2,268,301**	598,645
Provision against loans and advances - net	**(1,195,844)**	(76,920)
Provision for diminution in the value of investments - net	**(375,398)**	(476,099)
Bad debts written-off directly	**(4,166)**	(10,055)
Profit before taxation	**692,893**	35,571
Taxation	**(454,690)**	206,049
Profit after taxation	**238,203**	241,620
Basic earnings per share (Rupees)	**0.16**	0.16
Diluted earnings per share (Rupees)	**0.10**	0.12
Transfer to Statutory Reserve	**43,444**	45,890

PATTERN OF SHAREHOLDING

The pattern of shareholding as at December 31, 2015 is making part of the annual report.

On behalf of the Board of Directors

Muhammad Zahir Esmail
President & CEO

Husain Lawai
Vice Chairman

Karachi
March 04, 2016

AUDITORS' REPORT TO THE MEMBERS ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of **Summit Bank Limited** (the Bank) as at **31 December 2015** 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 23 February 2016. 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 2015 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: 04 March 2016
Karachi

Summit Bank
Committed to you

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	7	**10,539,924**	9,383,948
Balances with other banks	8	**2,919,394**	4,377,298
Lendings to financial institutions	9	**1,459,868**	650,000
Investments	10	**77,557,913**	45,329,692
Advances	11	**70,554,280**	66,454,697
Operating fixed assets	12	**9,608,669**	7,607,167
Deferred tax assets - net	13	**5,545,433**	5,584,805
Other assets	14	**10,180,214**	9,056,687
		188,365,695	148,444,294
LIABILITIES			
Bills payable	15	**2,728,797**	1,531,639
Borrowings	16	**49,755,998**	25,312,661
Deposits and other accounts	17	**119,742,108**	105,222,446
Sub-ordinated loans	18	**1,497,240**	1,497,930
Liabilities against assets subject to finance lease		**-**	-
Deferred tax liabilities		**-**	-
Other liabilities	19	**2,693,008**	2,547,644
		176,417,151	136,112,320
NET ASSETS		**11,948,544**	12,331,974
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	**7,006,867**	7,506,867
Reserves	21	**(1,722,341)**	(1,765,785)
Accumulated losses		**(7,430,321)**	(7,689,076)
		10,789,960	10,987,761
Surplus on revaluation of assets - net of deferred tax	22	**1,158,584**	1,344,213
		11,948,544	12,331,974
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, 2015

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
Mark-up / return / interest earned	24	**10,709,851**	9,828,995
Mark-up / return / interest expensed	25	**(7,653,842)**	(7,392,589)
Net mark-up / interest income		**3,056,009**	2,436,406
Provision against non-performing loans and advances - net	11.3.1	**(1,195,844)**	(76,920)
Provision for diminution in the value of investments - net	10.12	**(375,398)**	(476,099)
Bad debts written off directly	11.4.1	**(4,166)**	(10,055)
		(1,575,408)	(563,074)
Net mark-up / interest income after provisions		**1,480,601**	1,873,332
NON MARK-UP / INTEREST INCOME			
Fee, commission and brokerage income		**1,272,680**	1,183,067
Dividend income		**79,784**	37,740
Income from dealing in foreign currencies		**534,090**	506,237
Gain on sale of securities - net	26	**2,443,376**	1,351,481
Gain on disposal of operating fixed assets - net	12.4	**2,895**	38,724
Unrealised loss on revaluation of investments classified as held-for-trading - net	10.14	**(13,498)**	(749)
Other income	27	**104,122**	88,503
Total non-mark-up / interest income		**4,423,449**	3,205,003
		5,904,050	5,078,335
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	28	**(5,188,247)**	(4,971,020)
Other provisions / write-offs	29	**8,079**	(41,573)
Other charges	30	**(30,989)**	(30,171)
Total non-mark-up / interest expenses		**(5,211,157)**	(5,042,764)
		692,893	35,571
Extra-ordinary / unusual items		**-**	-
PROFIT BEFORE TAXATION		**692,893**	35,571
Taxation	31		
Current		**(137,032)**	(122,029)
Prior years		**(57)**	(1,855)
Deferred		**(317,601)**	329,933
		(454,690)	206,049
PROFIT AFTER TAXATION		**238,203**	241,620
		(Rupees)	
Basic earnings per share	32.1	**0.16**	0.16
Diluted earnings per share	32.2	**0.10**	0.12

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 COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015

		December 31, 2015	December 31, 2014
		----- (Rupees in '000) -----	
Profit after taxation		**238,203**	241,620
Other comprehensive (loss) / income - net			
Not to be reclassified to profit and loss account in subsequent periods			
Actuarial (loss) / gain on defined benefit plan		**(4,805)**	8,262
Comprehensive income transferred to equity		**233,398**	249,882
Components of comprehensive income not reflected in equity			
(Deficit) / surplus on revaluation of 'available-for-sale securities' - net of tax *		**(455,487)**	752,563
Surplus on revaluation of operating fixed assets - net of tax	(i)	-	-
Total comprehensive (loss) / income		**(222,089)**	1,002,445

* (Deficit) / surplus 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 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, 2015

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		692,893	35,571
Less: Dividend income		(79,784)	(37,740)
		613,109	(2,169)
Adjustments:			
Depreciation		560,019	546,941
Amortisation		48,458	63,411
Provision against non-performing loans and advances - net		1,195,844	76,920
Bad debts written off directly		4,166	10,055
Other provisions / write offs		(8,079)	41,573
Provision for diminution in the value of investments - net		375,398	476,099
Unrealised loss on revaluation of investments in held-for-trading securities - net		13,498	749
(Gain) / loss on disposal of non-banking assets		(1,929)	6,115
Gain on disposal of operating fixed assets - net		(2,895)	(38,724)
		2,184,480	1,183,139
		2,797,589	1,180,970
Increase in operating assets			
Lendings to financial institutions		(809,868)	905,000
Net investments in 'held-for-trading' securities		(73,006)	4,178
Advances - net		(5,299,593)	(12,333,198)
Other assets (excluding advance taxation) - net		(1,290,585)	(2,322,280)
		(7,473,052)	(13,746,300)
Increase in operating liabilities			
Bills payable		1,197,158	(673,775)
Borrowings from financial institutions		24,454,185	15,402,618
Deposits and other accounts		14,519,662	(1,033,120)
Other liabilities		140,559	324,028
		40,311,564	14,019,751
		35,636,101	1,454,421
Income tax paid		(210,368)	(157,794)
Net cash inflows from operating activities		35,425,733	1,296,627
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in 'available-for-sale' securities		(33,252,100)	(5,780,473)
Net realisation in 'held to maturity' securities		-	249,256
Dividend received		77,673	37,215
Investment in operating fixed assets		(2,338,152)	(1,607,252)
Sale proceeds of property and equipment - disposed off		30,760	120,379
Sale proceeds of non-banking assets - disposed off		265,697	484,710
Net cash outflows from investing activities		(35,216,122)	(6,496,165)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance against subscription of shares		(500,000)	7,506,867
Redemption of sub ordinated loan		(690)	(690)
Net cash (outflows) / inflows from financing activities		(500,690)	7,506,177
(Decrease) / increase in cash and cash equivalents		(291,079)	2,306,639
Cash and cash equivalents at beginning of the year		13,746,429	11,439,790
Cash and cash equivalents at end of the year	33	13,455,350	13,746,429

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, 2015

	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, 2014	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
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred tax	-	-	-	-	-	-	-	68,801	68,801	68,801
Total comprehensive income for the year										
Profit after taxation for the year ended December 31, 2015	-	-	-	-	-	-	-	238,203	238,203	238,203
Other comprehensive loss	-	-	-	-	-	-	-	(4,805)	(4,805)	(4,805)
	-	-	-	-	-	-	-	233,398	233,398	233,398
Transfer to Statutory Reserves	-	-	-	-	-	43,444	-	(43,444)	-	-
Advance against subscription of shares returned	-	-	(500,000)	-	-	-	-	-	-	(500,000)
Balance as at December 31, 2015	**10,779,796**	**2,155,959**	**7,006,867**	**1,000,000**	**(1,297,298)**	**154,162**	**(1,579,205)**	**(7,430,321)**	**(9,152,662)**	**10,789,960**

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, 2015

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 Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited). Registered office of the Bank was situated at Plot No. 6-B, F-6 Supermarket, Islamabad, Pakistan, however subsequent to year end, registered office of the Bank has been shifted to Plot No. 9-C, F-6 Markaz, Supermarket, Islamabad, Pakistan.

1.3 The Bank is principally engaged in the business of banking through its 192 branches including 10 Islamic Banking Branches [2014: 188 Branches with 02 Islamic Banking Branches] in Pakistan as defined in the Banking Companies Ordinance, 1962. In June 2015, JCR-VIS Credit Rating Company Limited has reaffirmed 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 Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and 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 In order to meet the regulatory capital requirements applicable to the Bank, the Sponsor of the Bank (Suroor Investments Limited (SIL)) injected Rs.7,007 million as advance shares subscription money during the financial year ended December 31, 2014. In this respect, the Board of Directors of the Bank in its meeting held on March 05, 2015 approved the issuance of shares to SIL equivalent to Rs.7,007 million at par value of Rs.10, by way of other than rights issue, subject to applicable regulatory approvals. The same was also approved by the shareholders of the Bank in their Annual General Meeting held on March 30, 2015. Further, the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP) approved this share issue transaction vide their letter no. BPRD/BA&CP/649/28519/2015 dated December 17, 2015 and letter no. EMD/233/686/07/536 dated December 29, 2015 respectively. Moreover, SBP vide its letter no. BPRD/BA&CP/649/1168/2016 dated January 14, 2016 has allowed the Bank to treat the advance shares subscription money as part of share capital for the purposes of calculating the Minimum Capital Requirement and Capital Adequacy Ratio (CAR) requirement till January 31, 2016 or completion of share issuance process, whichever is earlier. Accordingly, the regulatory paid-up capital (free of losses) of the Group as of December 31, 2015 amounted to Rs.10,635.798 million while CAR stood at 10.18% as disclosed in note 41.

For the above referred share issue transaction, the Board of Directors vide its resolution dated December 31, 2015 have allotted the shares amounting to Rs.7,007 million to SIL. Accordingly, the Bank has completed the share issuance process subsequent to the year end.

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 utilized 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 Pakistani Rupees, which is the Group's functional currency. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

2.4 The financial results of the Islamic Banking operations of the Group have been included in these consolidated financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking operations are also separately disclosed in note 43 to these consolidated financial statements.

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 (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the 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 consolidated financial statements of the Group.

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:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 Consolidated Financial Statements and - IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor - and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for Acquisition - of Interest in Joint Operation (Amendment)	January 01, 2016
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016

Standard or Interpretation	Effective date (annual periods beginning on or after)
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

The above standards and amendments are not expected to have any material impact on the Group's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after January 01, 2016. 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.

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, 2018
IFRS 16 – Leases	January 01, 2019

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 accounting standards and the amendments and interpretations of IFRSs which became effective for the current year:

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

Improvements to Accounting Standards Issued by the IASB in December 2013

IFRS 2 Share-based Payment - Definitions of vesting conditions

IFRS 3 Business Combinations – Accounting for contingent consideration in a business combination

IFRS 3 Business Combinations - Scope exceptions for joint ventures

IFRS 8 Operating Segments – Aggregation of operating segments

IFRS 8 Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets

IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)

IAS16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation / amortisation

IAS 24 Related Party Disclosures - Key management personnel

IAS 40 Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any material effect on the consolidated financial statements, except for IFRS 13, which requires additional disclosures (see note 37).

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.

Bai Muajjal

The securities sold under Bai Muajjal are derecognised on the date of disposal. Receivable against such sale is recognised at the agreed sale price. The difference between the sale price and the carrying value on the date of disposal is taken to income on straight line basis.

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.

Available-for-sale listed equity investments are impaired when there has been a significant or prolonged decline in their fair value below their cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates, among other factors, the normal level of volatility in a share price.

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 an agent of the Group and all documents relating to purchase are in customer's name. Funds 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-il-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.

In Istisna financing, the Group places an order to purchase some specific goods / commodities from its customers to be delivered to the Group within an agreed time. The goods are then sold and the amount hence financed is paid back to the Group.

In Tijarah financing, the Group purchases specific goods / commodities on cash basis from its customers for onward sale and on subsequent sale, the financed amount is paid back by the customer.

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 which writes 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 both by the Bank and its employees and Summit Capital (Pvt.) Limited and its employees to the fund at the rate of 10% and 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.

5.20 Earnings per share

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

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);
- provisions / impairments (note 5.4, 5.5 and 5.13); and
- fair value of financial instruments (note 37).

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		**2,840,468**	2,475,964
Foreign currencies		**335,693**	391,192
		3,176,161	2,867,156
National prize bonds		**11,004**	11,766
With State Bank of Pakistan in			
Local currency current account	7.1	**4,697,529**	4,426,801
Foreign currency current account	7.2	**21,052**	17,813
Foreign currency deposit account			
- Non-remunerative	7.3	**356,916**	325,324
- Remunerative	7.4	**1,064,598**	970,978
		6,140,095	5,740,916
With National Bank of Pakistan in			
Local currency current account		**1,212,664**	764,110
		10,539,924	9,383,948

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 (FCY) cash reserve maintained with SBP to comply with statutory reserve requirement applicable to Bank's FCY deposits.

7.4 This represents account maintained with the SBP to comply with the Special Cash Reserve requirement. The return on this account is declared by the SBP on a monthly basis and as at December 31, 2015, carries no mark-up (December 31, 2014: 0%) per annum.

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
8. BALANCES WITH OTHER BANKS			
In Pakistan			
On current accounts		**420,869**	41,406
On deposit accounts	8.1	**69,123**	68,389
Outside Pakistan			
On current accounts		**1,455,520**	995,007
On deposit accounts	8.2	**973,882**	3,272,496
		2,919,394	4,377,298

8.1 These represent placements with correspondent banks, carrying interest rate determined with respect to underlying currency benchmark rates ranging from 4% to 4.5% per annum (December 31, 2014: 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 0.5% to 3% per annum (December 31, 2014: 0% to 3.25% per annum).

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	9.2	**1,000,000**	500,000
Bai Muajjal receivable from State Bank of Pakistan	9.3	**459,868**	-
Repurchase agreement lendings (reverse repo)		**-**	150,000
		1,459,868	650,000

9.1 Particulars of lendings

In local currency	**1,459,868**	650,000
In foreign currencies	**-**	-
	1,459,868	650,000

9.2 This represents call lending to a financial institution carrying mark-up at the rate of 7.25% (December 31, 2014: 13%) per annum which will mature on March 14, 2016.

9.3 These represent Bai Muajjal agreements entered into with Ministry of Finance, Government of Pakistan through SBP, whereby the Bank sold Sukuks on deferred payment basis. The average return on these transactions is 6% per annum. The balances are due to mature on November 17, 2016.

10. INVESTMENTS

	Note	December 31, 2015			December 31, 2014		
		Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
		(Rupees in '000)					
10.1 Investments by types:							
Held-for-trading securities							
Listed ordinary shares	10.4	**136,960**	-	**136,960**	64,703	-	64,703
Available-for-sale securities							
Market treasury bills	10.3	**19,925,194**	**10,579,493**	**30,504,687**	4,336,824	-	4,336,824
Pakistan investment bonds	10.3	**3,787,809**	**35,036,961**	**38,824,770**	15,893,706	19,706,259	35,599,965
GOP ijarah sukuks	10.3	**2,500,000**	-	**2,500,000**	277,728	-	277,728
Listed ordinary shares	10.4	**3,867,750**	**101,008**	**3,968,758**	2,836,532	69,228	2,905,760
Unlisted ordinary shares	10.5	**25,886**	-	**25,886**	25,886	-	25,886
Units of open ended mutual funds	10.6	**86,208**	-	**86,208**	45,000	-	45,000
Preference shares	10.7	**70,645**	-	**70,645**	111,168	-	111,168
Term finance certificates - listed	10.8	**94,348**	-	**94,348**	95,177	-	95,177
Term finance certificates - unlisted	10.9	**1,304,767**	-	**1,304,767**	1,329,767	-	1,329,767
Sukuk bonds	10.10	**1,681,744**	-	**1,681,744**	1,082,444	-	1,082,444
		33,344,351	**45,717,462**	**79,061,813**	26,034,232	19,775,487	45,809,719
Investments at cost		**33,481,311**	**45,717,462**	**79,198,773**	26,098,935	19,775,487	45,874,422
Less: Provision for diminution in value of investments	10.12	**(1,750,961)**	-	**(1,750,961)**	(1,375,563)	-	(1,375,563)
Investments - net of provisions		**31,730,350**	**45,717,462**	**77,447,812**	24,723,372	19,775,487	44,498,859
Deficit on revaluation of held-for-trading securities	10.14	**(13,498)**	-	**(13,498)**	(749)	-	(749)
(Deficit) / surplus on revaluation of available-for-sale securities	22.2	**(17,322)**	**140,921**	**123,599**	152,957	678,625	831,582
Total investments		**31,699,530**	**45,858,383**	**77,557,913**	24,875,580	20,454,112	45,329,692

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
10.2 Investments by segments:			
Federal Government Securities:			
- Market Treasury Bills	10.3	**30,504,687**	4,336,824
- Pakistan Investment Bonds	10.3	**38,824,770**	35,599,965
- GOP Ijarah sukuks	10.3	**2,500,000**	277,728
Fully paid-up Ordinary Shares / Units:			
- Listed ordinary shares	10.4	**4,105,718**	2,970,463
- Unlisted ordinary shares	10.5	**25,886**	25,886
- Units of open end mutual funds	10.6	**86,208**	45,000
Preference shares	10.7	**70,645**	111,168
Term Finance Certificates and Bonds			
- Listed Term Finance Certificates	10.8	**94,348**	95,177
- Unlisted Term Finance Certificates	10.9	**1,304,767**	1,329,767
- Sukuk Bonds	10.10	**1,681,744**	1,082,444
Total investments at cost		**79,198,773**	45,874,422
Less: Provision for diminution in value of investments	10.12	**(1,750,961)**	(1,375,563)
Investments - net of provisions		**77,447,812**	44,498,859
Deficit on revaluation of held-for-trading securities	10.14	**(13,498)**	(749)
Surplus on revaluation of available-for-sale securities	22.2	**123,599**	831,582
Total investments		**77,557,913**	45,329,692

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 6.39% to 9.15% (December 31, 2014: 9.7% to 10.00%) per annum and will mature within 12 months. Pakistan Investment Bonds carry mark-up ranging from 8.75% to 12.00% (December 31, 2014: 9.60% to 13.00%) per annum payable on semi-annual basis and will mature within 1 to 9 years.

GOP Ijarah Sukuks are issued by the Government of Pakistan. Effective yield on these Sukuks is 5.89% (December 31, 2014: 7.01% to 9.73%) per annum and they will mature within 3 years.

Certain investments in government securities are held to comply with the statutory liquidity requirements 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, 2015	December 31, 2014		December 31, 2015	December 31, 2014
				(Rupees in '000)	
Held-for-trading securities					
Attock Cement Company Limited	-	5,000	10	-	989
Engro Corporation Limited	195,600	-	10	58,876	-
Engro Fertilizers Limited	-	50,500	10	-	3,449
Engro Foods Limited	-	100,000	10	-	10,172
Gul Ahmed Textile Mills Limited	-	250	10	-	14
Honda Atlas Cars Pakistan Limited	-	5,000	10	-	1,105
MCB Bank Limited	85,100	-	10	20,708	-
Pak Elektron Limited	250,000	-	10	20,694	-
Pakistan Petroleum Limited	-	107,700	10	-	19,690
Pakistan State Oil Company Limited	-	45,000	10	-	16,409
Searle Pakistan Limited	-	10,000	10	-	2,637
Soneri Bank Limited	-	199,500	10	-	2,809
Sui Northern Gas Pipelines Limited	-	250,000	10	-	7,429
United Bank Limited	224,100	-	10	36,682	-
				136,960	64,703
Available-for-sale securities					
Adamjee Insurance Company Limited	200,000	300,000	10	11,952	14,988
Agritech Limited - a related party	4,130,000	10,000,000	10	37,174	125,011
Agritech Limited - (Debt to Asset) (note 10.4.1) - a related party	27,975,034	27,975,034	10	979,172	979,172
Allied Bank Limited	105,200	25,000	10	10,984	2,978
Al Shaheer Corporation Limited	1,484,341	-	10	104,454	-
Arif Habib Corporation Limited - a related party	189,063	5,866,899	10	6,930	158,636
Askari Bank Limited	183,500	-	10	4,242	-
Attock Refinery Limited	-	285,000	10	-	62,494
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	1,412,000	-	10	210,910	-
Engro Corporation Limited	237,500	295,000	10	75,312	65,352
Engro Fertilizer Limited	200,000	-	10	18,521	-
Engro Foods Limited	670,000	500,000	10	115,336	61,835
Fauji Cement Company Limited	1,700,000	-	10	63,012	-
Fauji Fertilizer Bin Qasim Limited	210,000	-	10	12,902	-
Faysal Bank Limited	500,000	4,001,000	10	7,489	69,644
First Capital Securities Corporation Limited	11,308,000	11,308,000	10	94,847	94,847
Habib Bank Limited	1,767,250	-	10	357,011	-
Hascol Petroleum Limited	125,000	309,500	10	20,478	25,139
Javedan Corporation Limited	14,239,936	7,239,718	10	675,296	605,294
Javedan Corporation Limited - Letter of right	-	7,000,218	10	-	-
MCB Bank Limited	74,000	-	10	18,691	-
Metropolitan Steel Corporation Limited	3,914,590	3,914,590	10	61,177	61,177
National Bank of Pakistan	690,000	-	10	41,278	-
Nishat Chunian Limited	1,250,000	600,000	10	58,639	31,910
Nishat Mills Limited	225,000	-	10	24,237	-
Nishat Chunian Power Limited	397,500	-	10	24,273	-
Oil & Gas Development Company Limited	163,100	-	10	24,411	-
Pak Elektron Limited	353,500	-	10	30,644	-
Pakistan Oilfields Limited	30,500	54,000	10	10,112	26,991
Pakistan Petroleum Limited	150,000	50,000	10	21,332	10,569
Pakistan State Oil Company Limited	-	140,000	10	-	52,120
Pakistan Telecommunication Company Limited	2,650,000	450,000	10	57,825	10,294
Power Cement Limited - a related party	21,283,000	-	10	212,852	-
SME Leasing Limited	902,350	902,350	10	9,926	9,926
Tariq Glass Industries Limited	4,000,000	4,125,000	10	288,657	176,500
Thatta Cement Company Limited	8,462,835	8,462,835	10	254,190	254,190
United Bank Limited	110,000	-	10	18,581	-
				3,968,758	2,905,760
				4,105,718	2,970,463

10.4.1 This represents 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, 2015	December 31, 2014		December 31, 2015	December 31, 2014
				(Rupees in '000)	
Arabian Sea Country Club Limited Chief Executive Officer: Mr. Arif Ali Khan Abbasi Percentage holding 1.29% (December 31, 2014: 1.29%) Net asset value per share was Rs.(2.49) as at June 30, 2015 based on audited financial statements (June 30, 2014: Rs.0.70 based on 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.10.16 as at June 30, 2015 based on audited financial statements (June 30, 2014: Rs.10.07 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 Chaudhry Net asset value per share was Rs.11.76 as at June 30, 2015 based on audited financial statements (June 30, 2014: Rs.11.16 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.10.91 as at June 30, 2015 based on audited financial statements (June 30, 2014: Rs.10.78 based on audited financial statements)	**3,034,603**	3,034,603	10	**14,182**	14,182
				25,886	25,886

* The 4,007,383 shares of Karachi Stock Exchange Limited have been converted into 4,007,383 shares of Pakistan Stock Exchange on January 11, 2016.

10.6 Particulars of investment in mutual funds

Name of funds	Number of units held		Paid-up value per unit	Total book value	
	December 31, 2015	December 31, 2014		December 31, 2015	December 31, 2014
				(Rupees in '000)	
Mutual fund (open end)					
AKD Cash Fund	**608,791**	608,791	50	**25,000**	25,000
NAFA Income Opportunity Fund - a related party	**1,134,996**	1,024,754	10	**11,208**	10,000
NIT Islamic Equity Fund	**5,004,280**	-	10	**50,000**	-
PICIC Cash Fund - a related party	-	103,609	100	-	10,000
				86,208	45,000

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, 2015	December 31, 2014		December 31, 2015	December 31, 2014
				(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	10	-	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 at the option of the holder	**8,594**	408,300	10	**86**	3,227
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 at the option of the holder	**17,187**	-	10	**118**	-
				70,645	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, 2015	December 31, 2014
			(Rupees in '000)	
Azgard Nine Limited * 56,280 (December 31, 2014: 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
Invest Capital Investment Bank Limited - 2nd issue* 2,000 (December 31, 2014: 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
Telecard Limited * 26,530 (December 31, 2014: 26,530) certificates Maturity date: May 18, 2015 Chief Executive Officer: Syed Aamir Hussain	Simple average of 6 months KIBOR plus 3.75% (ask side)	Semi-annually	**41,290**	42,119
		Balance c/f.	**87,082**	87,911

Name of companies	Mark-up rate	Re-payment	Total book value	
			December 31, 2015	December 31, 2014
			(Rupees in '000)	
		Balance b/f.	87,082	87,911
Trust Investment Bank Limited - 3rd issue * 3,877 (December 31, 2014: 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
			94,348	95,177

* 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, 2015	December 31, 2014
			(Rupees in '000)	
Agritech Limited - a related party * 100,000 (December 31, 2014: 100,000) certificates Maturity date: December 14, 2015 Chief Executive Officer: Mr. Mohammad Khalid Mir	6 months KIBOR plus 1.75%	Semi-annually	**499,586**	499,586
Flying Board & Paper Products Limited ** Nil (December 31, 2014: 5,000) certificates Maturity date: July 20, 2014 Chief Executive Officer: Mr. Bader Mehmood	6 months KIBOR plus 1.5%	Semi-annually	-	25,000
Security Leasing Corporation Limited ** 2,000 (December 31, 2014: 2,000) certificates Maturity date: March 28, 2014 Chief Executive Officer: Mr. S.Nauman Akhtar	1-18th month - 3% cash plus 3% accrual, 19th month onwards 1 month KIBOR	Monthly	**1,540**	1,540
Parthenon (Private) Limited * 183,689 (December 31, 2014: 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**	803,641
			1,304,767	1,329,767

* Represents non-performing certificates.
** Repaid during the year

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, 2015	December 31, 2014
			(Rupees in '000)	
Arzoo Textile Mills Limited *	6 months KIBOR plus 2% for			
40,000 (December 31, 2014:	first 2 years and 1.75% for year			
40,000) certificates	3 onwards	Semi-annually	**200,000**	200,000
Maturity date: April 15, 2014				
Chief Executive Officer:				
Mr. Azhar Majeed Sheikh				
K-Electric Limited	3 months KIBOR	Quarterly	**245,325**	246,450
(KE AZM Sukuk II)	plus 2.25%			
48,758 (December 31, 2014:				
50,000) certificates				
Maturity date: March 19, 2017				
Chief Executive Officer:				
Mr. Muhammad Tayyab Tareen				
K-Electric Limited	3 months KIBOR	Quarterly	**681,265**	-
(KE Sukuk-ul-shirkah)	plus 1.0%			
136,253 (December 31, 2014:				
NIL) certificates				
Maturity date: June 15, 2022				
Chief Executive Officer:				
Mr. Muhammad Tayyab Tareen				
Pak Elektron Limited	3 months KIBOR	Quarterly	**175,000**	200,000
40,000 (December 31, 2014:	plus 1.0%			
40,000) certificates				
Maturity date: March 31, 2019				
Chief Executive Officer:				
Mr. M. Murad Saigol				
Liberty Power Tech Limited	3 months KIBOR	Quarterly	**380,154**	435,994
100,000 (December 31, 2014:	plus 3.0%			
100,000) certificates				
Maturity date: October 01, 2020				
Chief Executive Officer:				
Mr. Ashraf Mukati			**1,681,744**	1,082,444

* Represents non-performing bonds.

10.11 Quality of available-for-sale securities

	Note	Ratings		Market values	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
				(Rupees in '000)	
Market Treasury Bills	10.11.1	**Unrated**	Unrated	**30,534,340**	4,347,375
Pakistan Investment Bonds	10.11.1	**Unrated**	Unrated	**38,972,994**	36,453,106
GOP Ijarah Sukuks	10.11.1	**Unrated**	Unrated	**2,528,250**	275,358
Listed Ordinary shares	10.11.2				
Adamjee Insurance Company Limited		**AA**	AA	**11,302**	14,839
Agritech Limited - a related party		**Unrated**	Unrated	**38,615**	77,500
Agritech Limited (Debt to Asset) - a related party		**Unrated**	Unrated	**261,567**	216,807
Allied Bank Limited		**AA+, A-1+**	AA+, A-1+	**9,916**	2,839
Al Shaheer Corporation Limited		**Unrated**	Unrated	**92,296**	-
Arif Habib Corporation Limited - a related party		**Unrated**	Unrated	**9,663**	161,340
Askari Bank Limited		**AA, A-1+**	-	**3,989**	-
Attock Refinery Limited		-	AA, A-1+	-	53,514
Azgard Nine Limited		**Unrated**	Unrated	**2,210**	2,945
Bank Alfalah Limited		-	AA, A-1+	-	873
D.G. Khan Cement Company Limited		**Unrated**	-	**208,397**	-
Engro Corporation Limited		**AA, A-1+**	AA-, A-1+	**66,355**	65,345
Engro Foods Limited		**Unrated**	Unrated	**98,215**	54,270
Engro Fertilizer Limited		**AA-, A-1+**	-	**16,826**	-
Fauji Cement Limited		**Unrated**	-	**62,594**	-
Fauji Fertilizer Bin Qasim Limited		**Unrated**	-	**11,063**	-
Faysal Bank Limited		**AA, A-1+**	AA, A-1+	**7,715**	72,818
First Capital Securities Corporation Limited		**Unrated**	Unrated	**32,793**	22,729
Habib Bank Limited		**AAA, A-1+**	-	**353,662**	-
Hascol Petroleum Limited		**A+, A-1**	A+, A-1	**18,031**	22,934
Javedan Corporation Limited		**Unrated**	Unrated	**464,934**	203,798
Javedan Corporation Limited - Letter of Right		-	Unrated	-	124,534
MCB Bank Limited		**AAA, A-1+**	-	**16,047**	-
Metropolitan Steel Corporation Limited		**Unrated**	Unrated	**61,178**	73,007
National Bank of Pakistan		**AAA, A-1+**	-	**37,288**	-
Nishat Chunian Limited		**A-, A-2**	A-, A-2	**42,500**	27,252
Nishat Mills Limited		**AA, A-1+**	-	**21,346**	-
Nishat Chunian Power Limited		**A+, A-1**	-	**21,882**	-
Oil and Gas Development Company Limited		**Unrated**	-	**19,138**	-
Pak Elektron Limited		**A, A-1**	-	**22,108**	-
Pakistan Oilfields Limited		**Unrated**	Unrated	**8,175**	20,486
Pakistan Petroleum Limited		**Unrated**	Unrated	**18,272**	8,826
Pakistan State Oil Company Limited		-	AA+, A-1+	-	50,107
Pakistan Telecommunication Company Limited		**Unrated**	Unrated	**43,699**	10,363
Power Cement Limited - a related party		**Unrated**	-	**189,632**	-
SME Leasing Limited		**BB-, B**	BB+, B	**226**	902
Tariq Glass Industries Limited		**Unrated**	Unrated	**279,400**	194,125
Thatta Cement Company Limited		**Unrated**	Unrated	**219,102**	279,274
United Bank Limited		**AA+, A-1+**	-	**17,044**	-
				2,787,180	1,761,426
			Balance c/f.	**74,822,764**	42,837,265

	Note	Ratings		Market values	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
				(Rupees in '000)	
			Balance b/f.	74,822,764	42,837,265
Unlisted Ordinary shares					
Arabian Sea Country Club Limited	10.11.4	Unrated	Unrated	-	-
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
				24,886	24,886
Preference shares					
Pak Elektron Limited		-	Unrated	-	37,500
Javedan Corporation Limited		Unrated	Unrated	128,555	101,576
Aisha Steel Mills Limited - Cumulative		Unrated	Unrated	90	2,956
Aisha Steel Mills Limited - Cumulative		Unrated	-	142	-
Aisha Steel Mills Limited - Letter of Right		-	Unrated	-	31
				128,787	142,063
Mutual fund units - open end	10.11.2				
AKD Cash Fund		AA+(f)	AA+(f)	31,368	31,845
NAFA Income Opportunity Fund - a related party		A-(f)	A-(f)	12,649	11,441
NIT Islamic Equity Fund		Unrated	-	49,342	-
PICIC Cash Fund - a related party		-	AA(f)	-	10,851
				93,359	54,137
Term Finance Certificates - listed					
Azgard Nine Limited	10.15	Unrated	Unrated	31,280	31,280
Invest Capital Investment Bank Limited	10.11.4	Unrated	Unrated	-	-
Telecard Limited	10.11.4	Unrated	Unrated	-	-
Trust Investment Bank Limited	10.11.4	Unrated	Unrated	-	-
				31,280	31,280
Term Finance Certificates - unlisted	10.11.3				
Agritech Limited - a related party	10.15	Unrated	Unrated	24,890	374,690
Flying Board & Paper Products Limited		-	Unrated	-	25,000
Parthenon (Private) Limited		Unrated	Unrated	803,641	803,641
Security Leasing Corporation Limited	10.11.4	Unrated	Unrated	-	1,540
				828,531	1,204,871
Sukuk Bonds	10.11.3				
Arzoo Textile Mills Limited	10.11.4	Unrated	Unrated	-	-
K-Electric Limited (AZM Sukuk II)		AA	AA	249,690	252,323
K-Electric Limited (Sukuk-ul-shirkah)		AA+	-	700,000	-
Liberty Power Tech Limited		A+	A+	380,154	435,994
Pak Elektron Limited		A	A-	175,000	182,932
				1,504,844	871,249
			Total	77,434,451	45,165,751

10.11.1 These are Government of Pakistan guaranteed securities.

10.11.2 Ratings for these equity securities / units represent '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 risk / stability 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 risk assessment by respective credit rating entities.

10.11.4 These instruments are fully provided as at the year end.

	Note	December 31, 2015	December 31, 2014
		—— (Rupees in '000) ——	
10.12 Particulars of provision			
Opening balance		**1,375,563**	899,464
Add: Charge for the year		**448,740**	564,801
Less: Reversal during the year		**(73,342)**	(88,702)
		375,398	476,099
Closing balance	10.13	**1,750,961**	1,375,563
10.13 Particulars of provision in respect of type and segment			
Available-for-sale securities			
Ordinary shares - listed	10.15	**1,010,658**	738,978
Ordinary shares - unlisted		**1,000**	1,000
Term finance certificates - listed		**63,068**	63,897
Term finance certificates - unlisted	10.15	**476,235**	371,688
Sukuk Bonds		**200,000**	200,000
		1,750,961	1,375,563

	December 31, 2015	December 31, 2014
	(Rupees in '000)	

10.14 Deficit on revaluation of held-for-trading securities

Attock Cement Company Limited	-	(13)
Engro Corporation Limited	**(4,227)**	-
Engro Foods Limited	-	683
Engro Fertilizers Limited	-	495
Gul Ahmed Textile Mills Limited	-	2
Honda Atlas Cars Pakistan Limited	-	(114)
MCB Bank Limited	**(2,254)**	-
Pak Elektron Limited	**(5,059)**	-
Pakistan Petroleum Limited	-	(679)
Pakistan State Oil Company Limited	-	(303)
Searle Pakistan Limited	-	(219)
Soneri Bank Limited	-	(349)
Sui Northern Gas Pipelines Limited	-	(252)
United Bank Limited	**(1,958)**	-
	(13,498)	(749)

10.15 The Group has availed the FSV benefit against Azgard Nine Limited and Agritech Limited TFCs exposures to the extent of Rs.31.280 and Rs.24.890 million respectively. The impact on profitability arising from utilisation of FSV benefits shall not be available for payment of cash or stock dividend / bonus to employees.

10.16 The Group is party to the agreement whereby put option was available to another bank (option holder) giving it the right to sell 6,031,366 ordinary shares of Agritech Limited (Agritech) at Rs.35 per share to the Group. Subsequent to the year-end, the Group received a letter from the option holder requesting the Group to purchase these shares. However, the Group, based on the opinion of its legal advisor, is of the view that there is no obligation on the part of the Group to purchase these shares of Agritech pursuant to the aforementioned letter of option holder. Moreover, due to non-applicability of IAS-39 on banks, the management has sought guidance on the accounting for such option from SBP.

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
11. ADVANCES			
Loans, cash credits, running finances, etc. - in Pakistan		**76,252,494**	70,121,387
Islamic financing and related assets (Gross)	43.7	**2,571,319**	1,607,064
Net investment in finance lease - in Pakistan	11.2	**1,068,975**	775,691
Bills discounted and purchased (excluding Treasury Bills)			
Payable in Pakistan		**682,941**	2,739,686
Payable outside Pakistan		**2,523,397**	2,560,217
		3,206,338	5,299,903
Advances - gross		**83,099,126**	77,804,045
Provision against non-performing advances	11.3.1	**(12,544,846)**	(11,349,348)
Advances - net of provision		**70,554,280**	66,454,697

11.1 Particulars of advances - (Gross)

11.1.1	In local currency	**79,624,360**	75,029,076
	In foreign currencies	**3,474,766**	2,774,969
		83,099,126	77,804,045
11.1.2	Short-term (up to one year)	**66,109,113**	62,065,939
	Long-term (over one year)	**16,990,013**	15,738,106
		83,099,126	77,804,045

11.2 Net investment in finance lease - in Pakistan

	December 31, 2015				December 31, 2014			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	(Rupees in '000)							
Lease rentals receivable	**262,154**	**584,518**	**141,126**	**987,798**	198,844	562,351	-	761,195
Residual value	**84,114**	**123,363**	**10,203**	**217,680**	45,314	101,151	-	146,465
Minimum lease payments	**346,268**	**707,881**	**151,329**	**1,205,478**	244,158	663,502	-	907,660
Financial charges for future periods	**(26,586)**	**(84,454)**	**(25,463)**	**(136,503)**	(27,652)	(104,317)	-	(131,969)
Present value of minimum lease payments	**319,682**	**623,427**	**125,866**	**1,068,975**	216,506	559,185	-	775,691

11.3 Advances include Rs.17,183.005 million (December 31, 2014: Rs.14,838.307 million) which have been placed under non-performing status as detailed below:

Category of classification	December 31, 2015			December 31, 2014		
	Classified advances	Provision required	Provision held	Classified advances	Provision required	Provision held
	(Rupees in '000)					
Other Assets Especially Mentioned (OAEM)	**26,919**	**1,157**	**1,157**	13,114	621	621
Substandard	**703,145**	**73,175**	**73,175**	459,745	40,917	40,917
Doubtful	**788,426**	**88,847**	**88,847**	353,367	93,718	93,718
Loss	**15,664,515**	**12,356,681**	**12,356,681**	14,012,081	11,189,915	11,189,915
	17,183,005	**12,519,860**	**12,519,860**	14,838,307	11,325,171	11,325,171

11.3.1 Particulars of provision against non-performing advances

	December 31, 2015			December 31, 2014		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	11,325,171	24,177	11,349,348	11,337,959	22,305	11,360,264
Charge for the year	2,170,860	809	2,171,669	1,460,839	1,872	1,462,711
Reversals during the year	(975,825)	-	(975,825)	(1,385,791)	-	(1,385,791)
	1,195,035	809	1,195,844	75,048	1,872	76,920
Amount written off	(346)	-	(346)	(87,836)	-	(87,836)
Closing balance	12,519,860	24,986	12,544,846	11,325,171	24,177	11,349,348

11.3.2 Particulars of provision against non-performing advances

	December 31, 2015			December 31, 2014		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	12,519,860	24,986	12,544,846	11,325,171	24,177	11,349,348
In foreign currencies	-	-	-	-	-	-
	12,519,860	24,986	12,544,846	11,325,171	24,177	11,349,348

11.3.3 Pursuant to the applicable Prudential Regulations, the Group has availed the FSV Benefit against loans and advances amounting to Rs.4,323 million (December 31, 2014: Rs.3,193 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.2,035 million (December 31, 2014: Rs.2,817 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.1,579 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. Hence the Group does not have the profits for the year that would qualify for distribution to the ordinary and preference shareholders.

	December 31, 2015	December 31, 2014
	(Rupees in '000)	

11.4 Particulars of write offs

11.4.1 Against provisions	**346**	87,836
Directly charged to profit and loss account	**4,166**	10,055
	4,512	97,891
11.4.2 Write offs of Rs.500,000 and above	**3,895**	73,479
Write offs of below Rs.500,000	**617**	24,412
	4,512	97,891

11.4.3 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, 2015 is given in Annexure I.

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	

11.5 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	**1,592,965**	1,353,624
Loans granted during the year	**589,333**	637,336
Repayments during the year	**(341,783)**	(397,995)
Balance at end of the year	**1,840,515**	1,592,965

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	**986,675**	685,504
Loans granted during the year	**3,679,631**	2,407,714
Repayments during the year	**(2,741,375)**	(2,106,543)
Balance at end of the year	**1,924,931**	986,675
	3,765,446	2,579,640

12. OPERATING FIXED ASSETS

Capital work-in-progress	12.1	**3,366,115**	2,433,072
Property and equipment	12.2	**6,024,129**	4,916,087
Intangible assets	12.3	**218,425**	258,008
		9,608,669	7,607,167

	December 31, 2015	December 31, 2014
	(Rupees in '000)	

12.1 Capital work-in-progress

Civil works	**3,226,716**	1,387,333
Advances to suppliers and contractors	**84,597**	30,172
Advance against purchase of land	**-**	956,000
Advances against computer software	**123,163**	123,163
Less: Provision there against	**(68,361)**	(63,596)
	54,802	59,567
	3,366,115	2,433,072

12.2 Property and equipment

December 31, 2015

Category of classification	Note	COST: At January 01, 2015	Adjustment for revaluation of assets	Additions	(Deletions) / (write off) *	At December 31, 2015	ACCUMULATED DEPRECIATION: At January 01, 2015	Adjustment for revaluation of assets	Charge for the year	(Deletion) / (write off) *	At December 31, 2015	Net book value at December 31, 2015	Rate of depreciation
		(Rupees in '000)											%
Leasehold land	12.2.1	1,010,024	312,933	1,087,068	(10,000)	2,400,025	-	-	-	-	-	2,400,025	-
Building on leasehold land	12.2.1	3,836,148	-	649	(27,962)	3,808,835	1,442,609	-	180,848	(18,125)	1,605,332	2,203,503	5
Building improvements	12.2.1 & 12.2.2	1,476,208	-	59,997	(7,979) (26,890)*	1,501,336	655,617	-	147,344	(5,837) (17,346)*	779,778	721,558	10
Furniture and fixtures	12.2.2	446,731	-	25,270	(5,066) (10,551)*	456,384	234,079	-	42,117	(3,291) (7,160)*	265,745	190,639	10-15
Electrical, office and computer equipment	12.2.2	1,487,661	-	193,163	(54,776) (22,649)*	1,603,399	1,118,897	-	153,489	(52,575) (22,343)*	1,197,468	405,931	10-30
Vehicles		237,640	-	30,086	(15,412) (62)	252,252	127,123	-	36,220	(13,502) (62)	149,779	102,473	20
December 31, 2015		8,494,412	312,933	1,396,233	(121,195) (60,152)*	10,022,231	3,578,325	-	560,018	(93,330) (46,911)*	3,998,102	6,024,129	

12.2.1 Revaluation of properties

The detailed revaluation exercise of the properties held by the Group was carried out as of December 31, 2014 by M/s. Sadruddin Associates, an independent professional valuer. Moreover, for an addition made to the leasehold land during the year ended December 31, 2015, the valuation was also carried out by M/s. Sadruddin Associates. The revaluation for this leasehold land resulted in additional surplus of Rs.312.933 million. Accordingly, as of December 31, 2015, the total revaluation surplus on properties (net of depreciation) amounts to Rs.1,339 million (2014: Rs.1,094 millions). Had there been no revaluations, the carrying amount of revalued assets would have been as follows:

	December 31, 2015	December 31, 2014
	(Rupees in '000)	
Leasehold land	**1,805,386**	720,649
Buildings on leasehold land	**1,503,076**	1,583,779
Buildings improvements	**677,961**	779,458

12.2.2 Included in cost of property and equipment are fully depreciated items still in use amounting to Rs.952 million (December 31, 2014: Rs.803 million).

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 for the year	(Deletions) / (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	987,354	312,185	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	190,435	-	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	

12.3 Intangible assets

December 31, 2015

Category of classification	Note	COST				ACCUMULATED AMORTISATION				Net book value at December 31, 2015	Rate of amortisation
		At January 01, 2015	Additions	(Deletions) / (write off) *	At December 31, 2015	At January 01, 2015	Charge for the year	(Deletion) / (write off) *	At December 31, 2015		
		(Rupees in '000)									%
Computer software	12.3.1	360,735	8,875	(620)	368,990	328,288	13,086	(620)	340,754	28,236	20 - 30
Trading Rights Entitlement Certificate (TREC)		6,165	-	-	6,165	-	-	-	-	6,165	
Core deposits		209,874	-	-	209,874	80,389	20,988	-	101,377	108,497	10
Brand name		143,838	-	-	143,838	53,927	14,384	-	68,311	75,527	10
December 31, 2015		720,612	8,875	(620)	728,867	462,604	48,458	(620)	510,442	218,425	

12.3.1 Included in cost of intangible assets are fully amortized items still in use amounting to Rs.305 million (December 31, 2014: Rs.274 million).

December 31, 2014

Category of classification	Note	COST				ACCUMULATED AMORTISATION				Net book value at December 31, 2014	Rate of amortisation
		At January 01, 2014	Additions	(Deletions) / (write off)	At December 31, 2014	At January 01, 2014	Charge for the year	(Deletion) / (write off)	At December 31, 2014		
		(Rupees in '000)									%
Computer software	12.3.1	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	

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)						
leasehold land							
Items having book value of more than Rs.250,000 or cost more than Rs.1,000,000							
Leasehold land	10,000	-	10,000	6,616	(3,384)	Negotiation	M/s. Al-Musawir (Private) Limited
Building on leasehold land							
Items having book value of more than Rs.250,000 or cost more than Rs.1,000,000							
Premises	27,962	18,125	9,837	6,509	(3,328)	Negotiation	M/s. Al-Musawir (Private) Limited
Building improvements							
Items having book value of more than Rs.250,000 or cost more than Rs.1,000,000							
Civil and electrical works	6,570	4,454	2,116	187	(1,929)	Negotiation	Abdul Salam
Civil and electrical works	1,409	1,382	27	73	46	Bid	Faiz Muhammad
Furniture and fixtures							
Items having book value of less than Rs.250,000 or cost less than Rs.1,000,000							
Furniture and fixtures	228	161	67	72	5	Bid	Bhai Jan Steel Merchant
Furniture and fixtures	199	105	94	5	(89)	Negotiation	Abdul Salam
Furniture and fixtures	860	638	222	59	(163)	Bid	Dilawar & Brothers
Furniture and fixtures	533	212	321	41	(280)	Bid	Faiz Muhammad
Furniture and fixtures	43	5	38	38	-	Insurance Claim	Jubilee General Insurance Company Limited
Furniture and fixtures	234	131	103	12	(91)	Bid	M. Ahsan Brothers
Furniture and fixtures	212	133	79	15	(64)	Bid	Pakistan International SJ General Trading
Furniture and fixtures	2,039	1,362	677	140	(537)	Bid	Qaiser Interior
Furniture and fixtures	717	544	172	53	(119)	Bid	Various
Electrical, office and computer equipment							
Items having book value of more than Rs. 250,000 or cost more than Rs.1,000,000							
Generator	2,964	2,964	-	1,056	1,056	Bid	Bhai Jan Steel Merchant
Items having book value of less than Rs.250,000 or cost less than Rs.1,000,000							
Electrical, office and computer equipment	6,641	5,732	909	2,087	1,178	Insurance Claim	Jubilee General Insurance Company Limited
Electrical, office and computer equipment	2,206	2,150	56	447	391	Bid	Bhai Jan Steel Merchant
Electrical, office and computer equipment	909	726	183	24	(159)	Negotiation	Abdul Salam
Electrical, office and computer equipment	2,121	2,121	-	293	293	Bid	Arif Traders
Electrical, office and computer equipment	19,224	18,744	480	1,543	1,063	Bid	Dilawar & Brothers
Electrical, office and computer equipment	1,730	1,626	104	108	4	Bid	Faiz Muhammad
Electrical, office and computer equipment	1,030	1,020	10	66	56	Bid	M. Ahsan Brothers
Electrical, office and computer equipment	3,633	3,590	43	239	196	Bid	Pakistan International SJ General Trading

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
	(Rupees in '000)						
Electrical, office and computer equipment	4,189	4,139	50	285	235	Bid	Qaiser Interior
Electrical, office and computer equipment	1,759	1,759	-	69	69	Bid	Syed Tanveer Afzal
Electrical, office and computer equipment	56	56	-	8	8	As per policy	Hina Maniar (Staff)
Electrical, office and computer equipment	8,316	7,950	367	1,054	687	Bid	Various
Vehicles							
Items having book value of more than Rs.250,000 or cost more than Rs.1,000,000							
Honda Civic	1,883	1,883	-	1,179	1,179	Bid	Salman Arshad
Honda Civic	1,839	1,107	732	732	-	As per policy	Mr. Rahat Saaed (Staff)
Suzuki Cultus	1,025	409	616	850	234	Negotiation	Mr. Irfan Nabi
Suzuki Cultus	984	525	459	849	390	Insurance Claim	Asia Insurance Company Ltd.
Items having book value of less than Rs.250,000 or cost less than Rs.1,000,000							
Honda CD 125	63	63	-	5	5	As per policy	Abid Hussain (Staff)
Unique 70 CC	42	42	-	7	7	As per policy	Ali Akber (Staff)
Suzuki Cultus	635	635	-	474	474	As per policy	Anwar Ahmed (Staff)
Honda CD 70	50	50	-	6	6	As per policy	Jam Zahid (Staff)
Honda CD 70	54	54	-	7	7	As per policy	Rizwan (Staff)
Toyota Corolla	892	892	-	707	707	Bid	Mr. M. Islam Khan
Santro	593	593	-	400	400	Bid	M/s. Al-Raza Motors
Suzuki Cultus	629	526	103	490	387	Negotiation	Mr. Ayaz Aslam (Ex Employee)
Honda City	846	846	-	740	740	Insurance Claim	PICIC Insurance Limited
Various	5,876	5,876	-	3,215	3,215	Bid	Various
	121,195	**93,330**	**27,865**	**30,760**	**2,895**		
Disposal of property and equipment 2014	307,718	226,063	81,655	120,379	38,724		
Write offs 2015	**60,152**	**46,911**	**13,241**	-	**(13,241)**		
Write offs 2014	17,820	11,915	5,905	-	(5,905)		

	Note	December 31, 2015	December 31, 2014
		------ (Rupees in '000) ------	
13. DEFERRED TAX ASSETS - net			
Deferred debits arising in respect of:			
Provision against non performing loans		**1,347,315**	1,397,967
Provision for compensated absences		**34,636**	38,250
Provision against other assets		**175,157**	182,093
Unrealised loss on held-for-trading securities		**4,724**	-
Unused tax losses		**4,137,555**	4,574,947
Minimum tax		**396**	552
Alternative corporate tax		**2,453**	-
Provision for diminution in the value of investments		**612,836**	481,447
		6,315,072	6,675,256
Deferred credits arising in respect of:			
Surplus on revaluation of fixed assets		**(260,931)**	(272,927)
Surplus on revaluation of available-for-sale securities - net		**(43,258)**	(295,754)
Operating fixed assets		**(465,450)**	(521,770)
		(769,639)	(1,090,451)
	13.1	**5,545,433**	5,584,805

13.1 The above net deferred tax asset has been recognized in accordance with the Group's accounting policy. The management based on financial projections, estimates that sufficient taxable profits would be available in future against which the deferred tax asset could be realized.

	Note	December 31, 2015	December 31, 2014
		------ (Rupees in '000) ------	
14. OTHER ASSETS			
Income / mark-up accrued in local currency		**3,378,343**	3,578,387
Income / mark-up accrued in foreign currency		**11,807**	11,372
Advances, deposits, advance rent and other prepayments		**670,563**	631,128
Non banking assets acquired in satisfaction of claims	14.1	**5,443,416**	3,928,367
Advance taxation - net of provision		**578,793**	505,514
Receivable from MCB-Arif Habib Savings & Investments Limited - a related party		**11**	11
Stationery and stamps on hand		**8,815**	16,305
Dividend receivable		**3,394**	1,283
Receivable against sale of equity securities		**-**	22,783
Receivable from other banks against clearing and settlement		**-**	24,067
Commission receivable on home remittance	14.2	**215,365**	434,741
Others		**362,921**	422,028
		10,673,428	9,575,986
Less: Provision held against other assets	14.3	**(493,214)**	(519,299)
		10,180,214	9,056,687

		December 31, 2015	December 31, 2014
		(Rupees in '000)	
14.1	Market value of non banking assets acquired in satisfaction of claims	**7,121,619**	5,206,988

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

		Note	December 31, 2015	December 31, 2014
			(Rupees in '000)	
14.3	**Provision held against other assets**			
	Opening balance		**519,299**	519,507
	Add: Charge for the year		**1,134**	3,144
	Less: Reversals for the year		**(27,219)**	(3,352)
		29	**(26,085)**	(208)
	Closing Balance		**493,214**	519,299
15.	**BILLS PAYABLE**			
	In Pakistan		**2,728,797**	1,531,639
	Outside Pakistan		**-**	-
			2,728,797	1,531,639
16.	**BORROWINGS**			
	In Pakistan		**49,692,175**	25,101,779
	Outside Pakistan		**63,823**	210,882
			49,755,998	25,312,661
16.1	**Particulars of borrowings with respect to currencies**			
	In local currency		**49,692,175**	25,101,779
	In foreign currencies		**63,823**	210,882
			49,755,998	25,312,661
16.2	**Details of borrowings secured / unsecured**			
	Secured			
	Borrowings from State Bank of Pakistan under:			
	Export refinance scheme	16.2.1	**5,298,060**	4,774,750
	Long-term financing of export oriented projects	16.2.2	**3,922**	24,136
	Repurchase agreement borrowings (Repo)	16.2.3	**43,465,193**	20,302,893
	Foreign bills - rediscounted		**59,855**	196,065
			48,827,030	25,297,844
	Unsecured			
	Overdrawn nostro accounts		**3,968**	14,817
	Musharakah	16.2.4	**925,000**	-
			928,968	14,817
			49,755,998	25,312,661

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 from 3.00% to 4.50% (December 31, 2014: 5.50% to 6.50%) per annum, payable on quarterly basis.

16.2.2 These carry mark-up rate at the rate of 5% (December 31, 2014: 5%) per annum payable on quarterly basis.

16.2.3 These represent borrowings from State Bank of Pakistan and other bank at mark-up rate ranging from 6.11% to 6.50% (December 31, 2014: 9.50%) per annum, maturing latest by January 08, 2016.

16.2.4 These represent Musharaka based interbank acceptances / borrowings by Islamic Banking Operations of the Bank with certain Islamic Banks. Expected rate of return on these transactions ranges from 4.75% to 6.5% and is payable by January 04, 2016.

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
17. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		**29,547,378**	26,835,335
Savings deposits		**45,292,934**	36,775,381
Current accounts - non-remunerative		**34,549,191**	31,342,476
Margin accounts		**3,561,366**	2,294,731
		112,950,869	97,247,923
Financial institutions			
Non-remunerative deposits		**1,129,619**	562,073
Remunerative deposits		**5,661,620**	7,412,450
		6,791,239	7,974,523
		119,742,108	105,222,446
17.1 Particulars of deposits			
In local currency		**112,596,017**	98,635,775
In foreign currencies		**7,146,091**	6,586,671
		119,742,108	105,222,446
18. SUB-ORDINATED LOAN			
Term Finance Certificate, Listed, Unsecured	18.1	**1,497,240**	1,497,930

18.1 In October 2011, the Group 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(SO)' (Single A (Structured Obligation))
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, 2015	December 31, 2014
		(Rupees in '000)	
19. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		**1,239,454**	1,259,344
Mark-up / return / interest payable in foreign currency		**4,471**	8,912
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		**120,318**	172,523
Provision for compensated absences		**100,551**	110,763
Payable to Bank of Ceylon, Colombo		**20,163**	20,163
Retention money		**8,505**	6,884
Branch adjustment account		**35**	863
Advance against sale of property		**244,991**	114,435
Workers' Welfare Fund	19.3	**14,517**	721
Security deposits		**334,590**	222,910
Accrued expenses		**71,107**	68,989
Payable to brokers		**2,609**	1,917
Unrealised loss on forward exchange contracts		**60,093**	25,113
Payable to defined benefit plan	35	**58,675**	22,311
Withholding taxes and government levies payable		**34,764**	18,631
Federal excise duty and sales tax payable		**17,988**	14,480
Payable to other banks against clearing and settlement		**11,401**	-
Unclaimed dividend		**2,213**	2,213
Unearned income		**16,636**	32,929
Commission payable on home remittances	19.4	**144,488**	269,139
Others		**127,757**	116,722
		2,693,008	2,547,644

19.1 This represents mark-up payable to Bangladesh Bank up to 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 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, 2015	December 31, 2014		December 31, 2015	December 31, 2014
---- Number of Shares ----			------- Rupees in '000 -------	
20.1 Authorised capital				
2,000,000,000	2,000,000,000	Ordinary shares of Rs.10 each	**20,000,000**	20,000,000
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
		Issued for consideration		
454,466,382	454,466,382	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	Convertible preference shares	**2,155,959**	2,155,959

20.4 During the financial year ended December 31, 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, 2015, 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, 2014: 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, 2015	December 31, 2014
	------ (Rupees in '000) ------	

20.6 Advance against subscription of shares

Advance against subscription of shares	**7,006,867**	7,506,867

In order to meet the regulatory capital requirements applicable to the Bank, the Sponsor of the Bank (Suroor Investments Limited (SIL)) injected Rs.7,007 million as advance share subscription money during the financial year ended December 31, 2014. Further, the Bank had received Rs.500 million as advance share subscription money from another investor which has been returned to that investor during the current year. Subsequent to year end, the Bank has completed the share issuance process and accordingly 700.7 million shares have been issued to SIL at par value of Rs.10 each by way of otherwise than rights issue.

	Note	December 31, 2015	December 31, 2014
		------ (Rupees in '000) ------	

21. RESERVES

Share premium		**1,000,000**	1,000,000
Statutory reserve	21.1	**154,162**	110,718
Discount on issue of shares		**(1,297,298)**	(1,297,298)
Reserve arising on amalgamation		**(1,579,205)**	(1,579,205)
		(1,722,341)	(1,765,785)

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

	Note	December 31, 2015	December 31, 2014
		------ (Rupees in '000) ------	

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	**1,078,243**	808,385
Available-for-sale securities	22.2	**80,341**	535,828
		1,158,584	1,344,213

22.1 Surplus on revaluation of operating fixed assets

Balance as at January 01	**1,086,418**	452,606
Surplus recorded during the year	**312,933**	658,823
Transferred to accumulated losses in respect of:		
- Incremental depreciation - net of deferred tax	**(39,694)**	(16,257)
- Disposal of property - net	**361**	-
- Related deferred tax liability	**(21,373)**	(8,754)
	(60,706)	(25,011)
	1,338,645	1,086,418
Less: Related deferred tax liability on:		
- Revaluation as at January 01	**(278,033)**	(94,768)
- Recorded during the year	**(3,742)**	(192,019)
- Incremental depreciation	**21,373**	8,754
	(260,402)	(278,033)
	1,078,243	808,385

		December 31, 2015	December 31, 2014
		(Rupees in '000)	
22.2	**Surplus on revaluation of available-for-sale securities**		
	Federal Government Securities		
	Market Treasury Bills	**29,653**	10,550
	GOP Ijarah Sukuks	**28,250**	(2,370)
	Pakistan Investment Bonds	**148,224**	853,141
	Fully paid-up shares / units		
	Listed companies shares	**(112,777)**	(24,947)
	Open end mutual fund units	**7,150**	9,138
	Term Finance Certificates and Bonds		
	Term finance certificates	**-**	(2,735)
	Sukuk bonds	**23,099**	(11,195)
	Total surplus on revaluation of securities	**123,599**	831,582
	Related deferred tax liability	**(43,258)**	(295,754)
		80,341	535,828
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	**485,378**	-
	Financial institutions	**62,845**	-
	Others	**37,393**	576,017
		585,616	576,017
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	**9,097,892**	3,864,180
	Banking companies and other financial institutions	**2,155,802**	1,237,063
	Others	**4,875,660**	5,050,817
		16,129,354	10,152,060
23.3	**Trade-related contingent liabilities**		
	Letters of credit	**15,586,588**	10,628,838
	Acceptances	**1,114,266**	1,133,860
		16,700,854	11,762,698
23.4	**Other contingencies - claims against the Group not acknowledged as debts**	**7,407,473**	8,923,386

23.5 Contingent asset

There was no contingent asset as at December 31, 2015 (December 31, 2014: Nil).

		December 31, 2015	December 31, 2014
		—— (Rupees in '000) ——	
23.6	**Commitments in respect of forward lending**		
	Forward documentary bills	**5,393,486**	4,180,129
	Commitments to extend credit	**24,604,687**	18,297,212
		29,998,173	22,477,341
23.7	**Commitments in respect of forward exchange contracts**		
	Purchase	**13,634,010**	8,334,028
	Sale	**13,860,665**	10,023,327
		27,494,675	18,357,355
23.8	**Commitments for capital expenditure**		
	Civil works	**55,328**	321,509
23.9	**Commitments in respect of repo transactions**		
	Repurchase government securities	**43,465,193**	20,302,893
23.10	**Other commitments**		
	Forward outright sale of government securities	**3,195,147**	11,480,114
	Outright purchase of government securities	**-**	7,096,191
		3,195,147	18,576,305
	Total contingencies and commitments	**145,031,813**	111,449,565
23.11	For tax related contingencies, refer note 31.1		
24.	**MARK-UP / RETURN / INTEREST EARNED**		
	On loans and advances to:		
	Customers	**5,696,913**	5,852,109
	On investments in:		
	Available-for-sale securities	**4,888,533**	3,588,239
	Held to maturity securities	**-**	199,397
	Held-for-trading securities	**12,575**	-
	On lendings to financial institutions	**90,018**	142,622
	On deposits with financial institutions	**21,812**	46,628
		10,709,851	9,828,995
25.	**MARK-UP / RETURN / INTEREST EXPENSED**		
	Deposits and other accounts	**5,128,283**	5,638,089
	Securities sold under repurchase agreements	**1,948,148**	1,126,916
	Other short-term borrowings	**246,341**	338,108
	Sub-ordinated loan	**173,360**	198,148
	Swap cost on foreign currency transactions	**157,710**	91,328
		7,653,842	7,392,589

	Note	December 31, 2015	December 31, 2014
		---- (Rupees in '000) ----	

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

Federal Government Securities		
- Market Treasury Bills	**7,828**	(2,223)
- Pakistan Investment Bonds	**1,974,503**	1,007,377
- GOP Ijarah Sukuks	**5,822**	4,494
Ordinary shares - listed	**453,450**	334,331
Ordinary shares - unlisted	**-**	7,502
Mutual Funds Units	**1,398**	-
Term finance certificates	**375**	-
	2,443,376	1,351,481

27. OTHER INCOME

Bad debts recovered	**3,526**	2,582
Account maintenance and other relevant charges	**40,168**	37,515
Recovery of expenses from customers	**35,584**	33,951
Rent of property / locker	**22,915**	20,570
Gain / (loss) on sale of non-banking assets	**1,929**	(6,115)
	104,122	88,503

28. ADMINISTRATIVE EXPENSES

Salaries, allowances, etc.		**1,904,861**	1,760,810
Charge for defined benefit plan - gratuity	35.1.3 & 35.4.5	**55,015**	53,723
Contribution to defined contribution scheme	35.2 & 35.6	**67,313**	67,573
Non-executive directors' fees, allowances and other expenses		**2,170**	1,225
Brokerage and commission		**14,613**	9,253
Rent, taxes, insurance and electricity, etc.		**1,093,090**	1,062,211
Legal and professional		**78,469**	194,760
Fees and subscription		**74,358**	58,640
Repairs and maintenance		**173,711**	171,603
Communications		**201,956**	174,609
Stationery and printing		**101,259**	95,431
Advertisement and publicity		**243,914**	179,790
Travelling and conveyance		**183,392**	189,321
Education and training		**6,079**	2,232
Entertainment		**46,156**	43,467
Security services and charges		**220,580**	190,681
Auditors' remuneration	28.1	**16,903**	14,710
Depreciation	12.2	**560,019**	546,941
Amortisation	12.3	**48,458**	63,411
Others		**95,931**	90,629
		5,188,247	4,971,020

	Note	December 31, 2015	December 31, 2014
		----- (Rupees in '000) -----	
28.1 Auditors' remuneration			
Audit fee		**3,368**	3,050
Certifications, half yearly review and sundry advisory services		**7,464**	8,984
Tax services		**3,561**	1,400
		14,393	13,434
Out of pocket expenses and others		**2,510**	1,276
		16,903	14,710
29. OTHER PROVISIONS / WRITE OFFS			
Fixed assets written off	12.4	**13,241**	5,905
Reversal against other assets	14.3	**(26,085)**	(208)
Provision for advances against computer software		**4,765**	35,741
Other assets written off		**-**	135
		(8,079)	41,573
30. OTHER CHARGES			
Penalties imposed by SBP		**4,611**	19,991
Bank charges		**12,521**	9,459
Provision for Workers' Welfare Fund	19.3	**13,857**	721
		30,989	30,171
31. TAXATION			
For the year			
Current	31.1	**137,032**	122,029
Prior		**57**	1,855
Deferred		**317,601**	(329,933)
		454,690	(206,049)

31.1 The Income Tax Returns of the Bank and its subsidiary have been submitted up to and including the financial year 2014 i.e. tax year 2015.

In respect of assessments of Summit Bank Limited from tax year 2008 through tax year 2013, the tax authorities disputed Bank's treatment on certain issues and created additional tax demand (net of rectification) of Rs.232.11 million through amended assessment orders and the same have been paid / adjusted against available refunds.

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 and the same have been paid / adjusted against available refunds.

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 and the same have been paid/adjusted against available refunds.

Such issues mainly include 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, disallowances against non-banking assets etc. The Bank has filed appeals before the various appellate forums against these amended assessment orders which are either pending for hearing or order.

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.

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	

32. BASIC AND DILUTED EARNINGS PER SHARE

	Profit after taxation	238,203	241,620
		(Number of shares)	
32.1	Weighted average number of Ordinary shares - basic	1,470,199,596	1,468,279,906
		(Rupees)	
	Basic earnings per share	0.16	0.16
		(Number of shares)	
32.2	Weighted average number of Ordinary shares - diluted	2,447,452,262	1,949,186,960
		(Rupees)	
	Diluted earnings per share	0.10	0.12

33. CASH AND CASH EQUIVALENTS

		(Rupees in '000)	
Cash and balances with treasury banks	7	10,539,924	9,383,948
Balances with other banks	8	2,919,394	4,377,298
Overdrawn nostro accounts	16.2	(3,968)	(14,817)
		13,455,350	13,746,429

34. STAFF STRENGTH

	(Number)	
Permanent	2,191	2,120
Contractual basis	282	216
Group's own staff strength at end of the year	2,473	2,336
Outsourced	435	419
Total staff strength	2,908	2,755

35. DEFINED BENEFIT AND CONTRIBUTION PLANS

		(Rupees in '000)	
Defined benefit plans (funded - Bank)	35.1	58,675	22,311
Defined contribution plans (funded - Bank)	35.2	65,257	65,711
Compensated absences (Bank)	35.3	97,728	107,958
Defined benefit scheme (funded - subsidiary)	35.4	-	-
Defined contribution scheme (funded - subsidiary)	35.6	2,056	1,862
Compensated absences (subsidiary)	35.5	2,823	2,805

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, 2015 using "Projected Unit Credit Method".

	December 31, 2015	December 31, 2014
Principal actuarial assumptions		
Discount rate - per annum	**9%**	10.5%
Expected rate of increase in salaries - per annum	**8%**	9.5%
Expected rate of return on plan assets - per annum	**9%**	10.5%
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	**268,932**	214,151
Fair value of plan assets	**(210,257)**	(191,840)
Net liability	**58,675**	22,311
35.1.2 Movement in net liability recognised by the Bank		
Opening balance	**22,311**	50,388
Charge for the year	**54,410**	53,394
Other comprehensive loss / (income)	**4,265**	(8,356)
Contribution to Fund	**(22,311)**	(73,115)
Closing balance	**58,675**	22,311
35.1.3 Charge for the year		
Current service cost	**52,067**	53,025
Interest cost	**21,501**	21,278
Expected return on plan assets	**(19,158)**	(14,728)
Settlement gain	**-**	(6,181)
	54,410	53,394
35.1.4 Actual return on plan assets		
Expected return on plan assets	**19,158**	14,728
Actuarial losses on plan assets	**(4,290)**	(1,703)
	14,868	13,025
35.1.5 Movement in present value of defined benefit obligation (DBO)		
Defined benefit obligation as at beginning of the year	**214,151**	171,269
Current service cost	**52,067**	53,025
Interest cost	**21,501**	21,278
Settlement gain	**-**	(6,181)
Benefits paid during the year	**(18,762)**	(15,181)
Actuarial gain on obligation	**(25)**	(10,058)
Defined benefit obligation as at end of the year	**268,932**	214,151
35.1.6 Changes in fair value of plan assets		
Opening fair value of plan assets	**191,840**	120,881
Expected return	**19,158**	14,728
Actuarial loss	**(4,290)**	(1,703)
Contribution by employer	**22,311**	73,115
Benefit paid	**(18,762)**	(15,181)
Closing fair value of plan assets	**210,257**	191,840

The expected charge for defined benefit scheme in FY-2016 is Rs.56.294 million (December 31, 2014: Rs.53.244 million for FY-2015) 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, 2015		December 31, 2014	
	(Rupees in '000)	Percentage	(Rupees in '000)	Percentage
35.1.7 Break-up of category of assets				
Bank deposits	**210,257**	**100%**	191,840	100%

35.1.8 Sensitivity analysis on significant actuarial assumptions: Actuarial liability

	Change in assumption	Impact on present value of DBO	
		Increase in assumption	Decrease in assumption
		(Rupees in '000)	
Discount rate	± 1 %	(17,173)	19,661
Salary increase rate	± 1 %	20,881	(18,526)
Withdrawal rate	± 10 %	54	(54)
1 year mortality age set	Back / forward	134	(81)

	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
	(Rupees in '000)				
35.1.9 Historical information					
Present value of defined benefit obligation	**268,932**	214,151	171,269	123,952	97,644
Plan assets	**(210,257)**	(191,840)	(120,881)	(101,821)	-
	58,675	22,311	50,388	22,131	97,644
Experience adjustments					
- actuarial (gain) / loss on obligation	**(25)**	(10,058)	(2,162)	3,329	(5,280)
- actuarial loss on plan assets	**4,290**	1,703	1,977	481	-

35.2 Defined contribution plan

An amount of Rs.65.257 million (December 31, 2014: Rs.65.711 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, 2015 using "Projected Unit Credit Method".

	December 31, 2015	December 31, 2014
35.3.1 Principal actuarial assumptions		
Discount rate - per annum	**9%**	10.5%
Expected rate of salary increase - per annum	**8%**	9.5%
Leave accumulation factor - per annum	**10 days**	10 days
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	**97,728**	107,958
35.3.3 Movement in net liability recognised by the Bank		
Opening balance	**107,958**	99,785
(Reversal) / charge for the year	**(3,135)**	19,193
Benefits paid during the year	**(7,095)**	(11,020)
Closing balance	**97,728**	107,958
35.3.4 Charge for the year		
Current service cost	**(3,135)**	19,193
35.3.5 Movement in present value of defined benefit obligation		
Defined benefit obligation as at beginning of the year	**107,958**	99,785
Current service cost	**(3,135)**	19,193
Benefits paid during the year	**(7,095)**	(11,020)
Defined benefit obligation as at end of the year	**97,728**	107,958

35.3.6 Sensitivity analysis on significant actuarial assumptions: Actuarial liability

	Change in assumption	Impact on present value of DBO	
		Increase in assumption	Decrease in assumption
		(Rupees in '000)	
Discount rate	± 1 %	(5,957)	6,809
Salary increase rate	± 1 %	7,250	(6,444)
Withdrawal rate	± 10 %	166	(205)
Death rate	± 10 %	20	(19)
Leave accumulation factor	± 1 day	264	(244)

35.4 Gratuity payable - defined benefit plan (subsidiary)

35.4.1 General description

The Subsidiary 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 Projected Unit Credit method, with actuarial valuation being carried as at balance sheet date. The latest valuation was carried out as at December 31, 2015.

	December 31, 2015	December 31, 2014
35.4.2 Principal actuarial assumption		
The following principal assumptions were used for the valuation:		
Estimated rate of increase in salary of the employees - per annum	**9.25%**	11.50%
Expected rate of return on plan assets - per annum	**9.25%**	11.50%
Discount rate - per annum	**9.25%**	11.50%
35.4.3 Reconciliation of payable to / (receivable from) defined benefit plan	**(Rupees in '000)**	
Present value of defined benefit obligation	**5,982**	4,722
Fair value of plan assets	**(5,982)**	(4,722)
Assets / Liability recognised in statement of financial position	**-**	-
35.4.4 Movement in payable to defined benefit plan		
Opening balance	**-**	-
Charge for the year	**605**	329
Other Comprehensive Income	**540**	94
Contributions paid to the fund during the year	**(1,145)**	(423)
Closing balance	**-**	-
35.4.5 Expense recognised in the profit and loss account		
Current service cost	**649**	501
Interest cost	**(44)**	(172)
	605	329
35.5 Provision for staff compensated absences (subsidiary)		
Opening balance	**2,805**	2,444
Charge for the year	**290**	623
Encashment during the year	**(272)**	(262)
Closing balance	**2,823**	2,805

35.6 Defined contribution scheme (subsidiary)

An amount of Rs.2.056 (December 31, 2014: Rs.1.862) million has been charged during the year in respect of contributory provident fund maintained by the subsidiary.

36. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive		Directors		Executives	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	Rupees in '000					
Fees	-	-	**2,170**	1,725	-	-
Managerial remuneration	**32,000**	26,297	**8,449**	7,741	**348,950**	342,447
Charge for defined contribution plan	**3,200**	2,630	-	-	**32,717**	31,616
Rent and house maintenance	**1,390**	1,264	**3,802**	3,483	**157,941**	154,743
Utilities	-	-	**845**	774	**33,978**	33,308
Dearness allowance	-	-	**1,408**	1,290	**56,643**	55,525
Medical	**18**	-	**845**	774	**34,248**	33,699
Conveyance allowance	-	-	**450**	635	**61,074**	89,873
Car allowance	-	-	-	-	**83,230**	71,788
General / special allowance	-	-	**2,835**	2,214	**54,840**	47,294
Others	**815**	662	-	-	**8,489**	5,363
	37,423	30,853	**20,804**	18,636	**872,110**	865,656
Number of person(s)	**2**	2	**4**	3	**356**	340

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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The fair value of traded investments is based on quoted market prices, and have been disclosed in note 10.

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

The maturity and re-pricing profile and effective rates are stated in notes 42.5.1, 42.5.2 and 42.4.4 respectively.

In the opinion of 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.

37.1 On balance sheet financial instruments

	December 31, 2015								
	Carrying Amount					Fair value			
	Held-for-Trading	Available-for-Sale	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)								
Financial assets measured at fair value									
Investments									
- Market Treasury Bills	-	30,504,687	-	-	30,504,687	-	30,534,340	-	30,534,340
- Pakistan Investment Bonds	-	38,824,770	-	-	38,824,770	-	38,972,994	-	38,972,994
- GOP Ijarah Sukuks	-	2,500,000	-	-	2,500,000	-	2,528,250	-	2,528,250
- Ordinary shares of listed companies	136,960	3,968,758	-	-	4,105,718	2,910,642	-	-	2,910,642
- Ordinary shares of unlisted companies	-	25,886	-	-	25,886	-	-	24,886	24,886
- Investments in mutual funds	-	86,208	-	-	86,208	93,359	-	-	93,359
- Preference shares	-	70,645	-	-	70,645	128,787	-	-	128,787
- Term Finance Certificates and Sukuk Bonds	-	3,080,859	-	-	3,080,859	980,970	1,383,685	-	2,364,655
	136,960	79,061,813	-	-	79,198,773	4,113,758	73,419,269	24,886	77,557,913
Financial assets not measured at fair value (refer note 37.2)									
Cash and bank balances with treasury banks	-	-	10,539,924	-	10,539,924	-	-	-	-
Balances with other banks	-	-	2,919,394	-	2,919,394	-	-	-	-
Lending to financial institutions	-	-	1,459,868	-	1,459,868	-	-	-	-
Advances	-	-	70,554,280	-	70,554,280	-	-	-	-
Other assets	-	-	4,197,593	-	4,197,593	-	-	-	-
	-	-	89,671,059	-	89,671,059	-	-	-	-
	136,960	79,061,813	89,671,059	-	168,869,832	4,113,758	73,419,269	24,886	77,557,913
Financial liabilities not measured at fair value (refer note 37.2)									
Deposits and other accounts	-	-	-	119,742,108	119,742,108	-	-	-	-
Bills payable	-	-	-	2,728,797	2,728,797	-	-	-	-
Borrowings	-	-	-	49,755,998	49,755,998	-	-	-	-
Sub-ordinated loans	-	-	-	1,497,240	1,497,240	-	-	-	-
Other liabilities	-	-	-	2,422,876	2,422,876	-	-	-	-
	-	-	-	176,147,019	176,147,019	-	-	-	-

	December 31, 2014								
	Carrying Amount					Fair value			
	Held-for-Trading	Available-for-Sale	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)								
Financial assets measured at fair value									
Investments									
- Market Treasury Bills	-	4,336,824	-	-	4,336,824	-	4,347,375	-	4,347,375
- Pakistan investment Bonds	-	35,599,965	-	-	35,599,965	-	36,453,106	-	36,453,106
- GOP Ijarah Sukuks	-	277,728	-	-	277,728	-	275,358	-	275,358
- Ordinary shares of listed companies	64,703	2,905,760	-	-	2,970,463	1,825,380	-	-	1,825,380
- Ordinary shares of unlisted companies	-	25,886	-	-	25,886	-	-	24,886	24,886
- Investments in mutual funds	-	45,000	-	-	45,000	54,137	-	-	54,137
- Preference shares	-	111,168	-	-	111,168	142,063	-	-	142,063
- Term Finance Certificates and Sukuk Bonds	-	2,507,388	-	-	2,507,388	283,603	1,602,005	-	1,885,608
	64,703	45,809,719	-	-	45,874,422	2,305,183	42,677,844	24,886	45,007,913
Financial assets not measured at fair value (refer note 37.2)									
Cash and bank balances with treasury banks	-	-	9,383,948	-	9,383,948	-	-	-	-
Balances with other banks	-	-	4,377,298	-	4,377,298	-	-	-	-
Lending to financial instruments	-	-	650,000	-	650,000	-	-	-	-
Advances	-	-	66,454,697	-	66,454,697	-	-	-	-
Other assets	-	-	4,588,038	-	4,588,038	-	-	-	-
	-	-	85,453,981	-	85,453,981	-	-	-	-
	64,703	45,809,719	85,453,981	-	131,328,403	2,305,183	42,677,844	24,886	45,007,913
Financial liabilities not measured at fair value (refer note 37.2)									
Deposits and other accounts	-	-	-	105,222,446	105,222,446	-	-	-	-
Bills payable	-	-	-	1,531,639	1,531,639	-	-	-	-
Borrowings	-	-	-	25,312,661	25,312,661	-	-	-	-
Sub-ordinated loans	-	-	-	1,497,930	1,497,930	-	-	-	-
Other liabilities	-	-	-	2,393,396	2,393,396	-	-	-	-
	-	-	-	135,958,072	135,958,072	-	-	-	-

37.2 The Group has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

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 and settlement / Others	Total
December 31, 2015	(Rupees in '000)					
Total income	**55,583**	**7,603,335**	**1,275,678**	**6,083,675**	**115,029**	**15,133,300**
Total expenses	**16,913**	**4,021,202**	**4,427,487**	**5,925,632**	**49,173**	**14,440,407**
Net income / (loss) before tax	**38,670**	**3,582,133**	**(3,151,809)**	**158,043**	**65,856**	**692,893**
Segment assets (gross)	**89,823**	**95,348,384**	**23,344,409**	**83,420,678**	**951,422**	**203,154,716**
Segment non performing loans	**-**	**-**	**1,086,430**	**16,096,575**	**-**	**17,183,005**
Segment provision	**-**	**1,948,733**	**835,059**	**12,005,229**	**-**	**14,789,021**
Segment assets (net)	**89,823**	**93,399,651**	**22,509,350**	**71,415,449**	**951,422**	**188,365,695**
Segment liabilities	**33,324**	**49,024,909**	**64,064,850**	**60,335,333**	**2,958,735**	**176,417,151**
Segment return on assets (ROA) (%)	**43.05**	**3.84**	**(14.00)**	**0.22**	**6.92**	
Segment cost of funds (%)	**50.75**	**8.20**	**6.91**	**9.82**	**1.66**	

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement / Others	Total
December 31, 2014	(Rupees in '000)					
Total income	64,086	5,509,530	1,667,418	5,691,152	101,812	13,033,998
Total expenses	21,160	2,956,120	5,265,409	4,691,676	64,062	12,998,427
Net income / (loss) before tax	42,926	2,553,410	(3,597,991)	999,476	37,750	35,571
Segment assets (gross)	105,771	60,362,109	24,185,711	76,404,534	630,379	161,688,504
Segment non performing loans	-	-	855,113	13,983,194	-	14,838,307
Segment provision	-	1,599,029	956,341	10,688,840	-	13,244,210
Segment assets (net)	105,771	58,763,080	23,229,370	65,715,695	630,379	148,444,294
Segment liabilities	29,577	22,872,188	64,669,579	46,710,783	1,830,192	136,112,320
Segment return on assets (ROA) (%)	40.58	4.35	(15.49)	1.52	5.99	
Segment cost of funds (%)	71.54	12.92	8.14	10.04	3.50	

39. TRUST ACTIVITIES

The Group is not engaged in any significant trust activities. However, it acts as trustee in certain transactions in its normal course of business.

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

	December 31, 2015				December 31, 2014			
	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	226,148	406	-	986,675	134,695	11,308	-	685,504
Disbursements / granted during the year	50,085	-	-	3,679,631	271,054	1,498	-	2,407,714
Payment received during the year	(51,880)	(406)	-	(2,741,375)	(179,601)	(12,400)	-	(2,106,543)
Balance at end of the year	224,353	-	-	1,924,931	226,148	406	-	986,675
Deposits								
Balance at beginning of the year	26,508	36,088	-	392,548	31,468	54,887	-	92,359
Deposits during the year	459,303	188,624	-	57,799,322	640,735	7,833,460	-	10,454,653
Withdrawal during the year	(464,299)	(186,167)	-	(57,632,438)	(645,695)	(7,852,259)	-	(10,154,464)
Balance at end of the year	21,512	38,545	-	559,432	26,508	36,088	-	392,548
Other transactions / balances								
Advance against subscription of shares	-	-	7,006,867	-	-	-	7,006,867	-
Investment in shares / TFC's	-	-	-	529,935	-	-	-	809,658
Purchase of investments	-	-	-	189,256	-	-	-	270,025
Disposal of investments	-	-	-	592,960	-	-	-	281,628
Purchase of assets	-	-	-	23,594	-	-	-	6,877
Guarantees, letters of credit and acceptances	-	-	-	1,314,924	-	-	-	391,465
Other receivable	-	-	148	681	-	4,500	-	2,486
Other payable	-	-	-	1,318	-	-	-	732
Capital work-in-progress	-	-	-	56,013	-	-	-	13,943
Mark-up payable	315	137	-	4,130	175	207	-	2,237
Mark-up receivable	130	-	-	35,367	-	-	-	35,926
Transactions, income and expenses								
Brokerage expenses	-	-	-	-	-	-	-	914
Brokerage income	722	-	-	-	414	-	-	-
Subscription paid	-	-	-	6,649	-	-	-	3,318
Professional fees	-	-	-	-	-	-	-	3,110
Capital gain / (loss)	-	-	-	13,473	-	-	-	(8,238)
Dividend income	-	-	-	1,964	-	-	-	14,667
Contribution to the provident fund	-	-	-	67,313	-	-	-	67,573
Contribution to the gratuity fund	-	-	-	55,015	-	-	-	53,723
Remuneration paid	201,194	-	-	-	170,889	-	-	-
Post employment benefits	8,733	-	-	-	6,650	-	-	-
Mark-up earned	9,413	-	-	187,345	5,647	12	-	61,037
Mark-up expensed	1,920	1,877	-	42,056	2,094	5,738	-	26,704
Other income	-	-	-	-	-	-	-	-
Rental expense	-	-	-	24,244	-	-	-	-
Repair and maintenance charges	-	-	-	6,820	-	-	-	6,216
Provision for diminution in the value of Investments	-	-	-	226,326	-	-	-	480,358
Communication	-	-	-	-	-	-	-	1,291
Fees paid	-	2,170	-	-	-	1,725	-	-

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 State Bank of Pakistan (SBP) has introduced new guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated November 05, 2014. These disclosures are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by Banks in Pakistan. Basel III instructions have become effective from December 31, 2013. However, there is a transitional phase for implementation of Basel III requirements whereas the complete requirements would become applicable with full implementation by December 31, 2019.

Under Basel III framework, Bank's regulatory capital has been analyzed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:

  a) Common Equity Tier 1 (CET1), which includes fully paid up capital, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), etc. after deductions for investments in majority owned securities (to the extent of 30%, during transition phase), threshold deductions on deferred tax assets, reciprocal crossholdings and deduction for book value of intangibles.

  b) Additional Tier 1 capital (AT1), which includes instruments issued by the Bank which meet the specified criteria.

- Tier II capital, which includes subordinated debt, general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and available for sale investments after deduction of deficit on available for sale investments (as per Basel III phase-in approach requirement).

- The sub-ordinated debt is not entirely eligible under Basel III guidelines due to introduction of loss absorbency clause. This instrument will be phased out from Tier 2 capital as per the defined phase out arrangement in the regulatory guidelines.

- The deductions from Tier II capital mainly involves reciprocal crossholdings and investment in majority owned securities (to the extent of 30%, during transition phase).

Banking operations are categorized in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

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 ratio purposes 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.17.787 billion comprises of Ordinary share capital and Advance against subscription of shares (CET1) with limited liability to its shareholders.

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

Tier II Capital

Subordinated Loan of Rs.1.497 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 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, 2015, the Bank is required to maintain minimum Common Equity capital ratio (CET 1) of 6%, minimum Tier 1 capital ratio of 7.5% and minimum total capital ratio of 10.25% (inclusive of Capital Conservation Buffer of 0.25%). In this respect, SBP vide its letter no. BPRD/BA&CP/649/2754/2016 dated February 02, 2016 has allowed the Bank relaxation of the following for December 31, 2015:

- Implementation of Basel III related deduction to be restricted at 20% instead of 40%; and
- Deferment of the phase out arrangement of non-qualifying capital instruments (Bank's TFCs / Sub-ordinated debt) equal to Rs.299 million.

Further, the SBP vide its letter no. BPRD/BA&CP/649/4605/2016 dated February 23, 2016 has allowed the Bank extension for Capital requirement of 10.25% (inclusive of Capital Conservation Buffer of 0.25%) till March 30, 2016 subject to approval by the Board for capital injection of Rs.2 billion by March 31, 2016. Accordingly, Bank's consolidated CAR as of December 31, 2015 stands at 10.18%. In this respect, in order to further strengthen the capital base and to ensure compliance with increased CAR related requirements of BASEL III, the management made a plan for increase in capital by way of Rights Issue of shares amounting to Rs.2 billion and the same has been approved by the Board of Directors in their meeting held on March 04, 2016 subject to regulatory approvals.

As on December 31, 2015, total consolidated CAR of the Bank stood at 10.18% while Tier 1 capital stood at 8.74% and CET 1 CAR at 6.86%.

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.

In order to meet the regulatory capital requirements applicable to the Bank, the Sponsor of the Bank (Suroor Investments Limited (SIL)) had injected Rs.7,007 million as advance share subscription money during the financial year ended December 31, 2014. SBP vide its letter no. BPRD/BA&CP/649/1168/2016 dated January 14, 2016 has allowed the Bank to treat the advance shares subscription money as part of share capital for the purposes of calculating the Minimum Capital Requirement and Capital Adequacy Ratio (CAR) requirement till January 31, 2016 or completion of share issuance process, whichever is earlier. After seeking necessary approval of the shareholders, SECP and SBP, the Bank has completed the share issuance process against the said transaction subsequent to the year end.

Moreover, 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. In order to further strengthen the capital base of the Bank, the management has planned for further increase in share capital by Rs.2 billion through Right issue of shares. The same has been approved by the Board of Directors in their meeting held on March 04, 2016 subject to regulatory approvals.

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 comprehensive approach for credit risk, maturity method for market risk and basic indicator approach for operational risk.

41.2 Capital Adequacy Ratio (CAR) disclosure:

		December 31, 2015	December 31, 2014
	CAPITAL ADEQUACY RETURN AS OF DECEMBER 31, 2015	—— (Rupees in '000) ——	
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully paid-up capital / capital deposited with SBP	**17,786,663**	18,286,663
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	**(1,425,044)**	(1,468,487)
6	Gain / (losses) on derivatives held as Cash Flow Hedge	-	-
7	Unappropriated / unremitted profits / (losses)	**(7,430,321)**	(7,689,076)
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**	**8,634,000**	8,831,802
10	Total regulatory adjustments applied to CET1 **(Note 41.2.1)**	**(1,297,849)**	(1,355,750)
11	**Common Equity Tier 1**	**7,336,151**	7,476,052
	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**	**2,000,768**	2,038,923
21	**Tier 1 Capital (CET1 + admissible AT1) (11+20)**	**9,336,919**	9,514,975
	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 III rules	**718,227**	719,006
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	**24,986**	24,176
27	Revaluation Reserves (net of taxes)		
28	of which: Revaluation reserves on fixed assets	**603,816**	452,696
29	of which: Unrealized gains/losses on AFS	**44,991**	300,064
30	Foreign Exchange Translation Reserves	-	-
31	Undisclosed/Other Reserves (if any)	-	-

		December 31, 2015	December 31, 2014
		(Rupees in '000)	
32	**T2 before regulatory adjustments**	**1,392,020**	1,495,942
33	Total regulatory adjustment applied to T2 capital (**Note 41.2.3**)	-	-
34	Tier 2 capital (T2) after regulatory adjustments	**1,392,020**	1,495,942
35	Tier 2 capital recognized for capital adequacy	**1,392,020**	1,495,942
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	**155,191**	117,036
37	**Total Tier 2 capital admissible for capital adequacy**	**1,547,211**	1,612,978
38	**TOTAL CAPITAL (T1 + admissible T2) (21+37)**	**10,884,130**	11,127,953
39	**Total Risk Weighted Assets (RWA) (for details refer Note 41.5)**	**106,879,263**	91,094,504
	Capital Ratios and buffers (in percentage of risk weighted assets)		
40	**CET1 to total RWA**	**6.86%**	8.21%
41	**Tier-1 capital to total RWA**	**8.74%**	10.45%
42	**Total capital to total RWA**	**10.18%**	12.22%
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**	**6.00%**	5.50%
49	**Tier 1 minimum ratio**	**7.50%**	7.00%
50	**Total capital minimum ratio**	**10.25%**	10.00%

		December 31, 2015		December 31, 2014
		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)	273,227	-	317,575
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)	827,511	4,137,555	914,989
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)	-	-	-
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)	197,111	1,407,878	123,186
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)**	1,297,849	5,545,433	1,355,750
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, 2015		December 31, 2014
		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, 2015	December 31, 2014
		(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)	**80,501,021**	91,094,504
(i)	of which: deferred tax assets	**3,310,044**	3,659,958
(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)	**827,511**	886,672
	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)	**24,986**	24,176
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, 2015	
	Balance sheet of the published financial statements	Under regulatory scope of consolidation
	------ (Rupees in '000) ------	
Assets		
Cash and balances with treasury banks	10,539,924	10,539,924
Balanced with other banks	2,919,394	2,919,394
Lendings to financial institutions	1,459,868	1,459,868
Investments	77,557,913	77,557,913
Advances	70,554,280	70,554,280
Operating fixed assets	9,608,669	9,608,669
Deferred tax assets - net	5,545,433	5,545,433
Other assets	10,180,214	10,180,214
Total assets	188,365,695	188,365,695
Liabilities & Equity		
Bills payable	2,728,797	2,728,797
Borrowings	49,755,998	49,755,998
Deposits and other accounts	119,742,108	119,742,108
Sub-ordinated loans	1,497,240	1,497,240
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	2,693,008	2,693,008
Total liabilities	176,417,151	176,417,151
Share capital	19,942,622	19,942,622
Reserves	(1,722,341)	(1,722,341)
Accumulated losses	(7,430,321)	(7,430,321)
Minority interest	-	-
Surplus on revaluation of assets - net of deferred tax	1,158,584	1,158,584
Total liabilities & equity	188,365,695	188,365,695

Table: 41.3.2	December 31, 2015		
	Balance sheet of the published financial statements	Under regulatory scope of consolidation	Reference
	----- (Rupees in '000) -----		
Assets			
Cash and balances with treasury banks	10,539,924	10,539,924	
Balanced with other banks	2,919,394	2,919,394	
Lendings to financial institutions	1,459,868	1,459,868	
Investments	77,557,913	77,557,913	
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.)	77,557,913	77,557,913	e
Advances	70,554,280	70,554,280	
shortfall in provisions / excess of total EL amount over eligible provisions under IRB	-	-	f
general provisions reflected in Tier 2 capital	24,986	24,986	g
Fixed assets	9,608,669	9,608,669	
Deferred tax assets	5,545,433	5,545,433	
of which: DTAs that rely on future profitability excluding those arising from temporary differences	4,137,555	4,137,555	h
of which: DTAs arising from temporary differences exceeding regulatory threshold	1,407,878	1,407,878	i
Other assets	10,180,214	10,180,214	
of which: Goodwill	-	-	j
of which: Intangibles	-	-	k
of which: Defined-benefit pension fund net assets	-	-	l
Total assets	188,365,695	188,365,695	
Liabilities and equity			
Bills payable	2,728,797	2,728,797	
Borrowings	49,755,998	49,755,998	
Deposits and other accounts	119,742,108	119,742,108	
Sub-ordinated loans	1,497,240	1,497,240	
of which: eligible for inclusion in AT1	-	-	m
of which: eligible for inclusion in Tier 2	718,227	718,227	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	2,693,008	2,693,008	
Total liabilities	176,417,151	176,417,151	

Table: 41.3.2	December 31, 2015		
	Balance sheet of the published financial statements	Under regulatory scope of consolidation	Reference
	------ (Rupees in '000) ------		
Share capital			
of which: amount eligible for CET1	17,786,663	17,786,663	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	154,162	154,162	
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)	(7,430,321)	(7,430,321)	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	1,078,243	1,078,243	aa
of which: Unrealized Gains/Losses on AFS	80,341	80,341	
In case of Deficit on revaluation (deduction from CET1)			ab
Total liabilities and equity	188,365,695	188,365,695	

Table: 41.3.3		Component of regulatory capital reported by Group	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*	17,786,663	(s)
2	Balance in Share Premium Account	1,000,000	
3	Reserve for issue of bonus shares	-	
4	General / statutory reserves	(2,722,342)	(u)
5	Gain / (losses) on derivatives held as Cash Flow Hedge	-	
6	Unappropriated / unremitted profits / (losses)	(7,430,321)	(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**	8,634,000	

	Table: 41.3.3	December 31, 2015 Component of regulatory capital reported by Group (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)	**(273,227)**	(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)	**(827,511)**	{(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)	**(197,111)**	(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)	**(1,297,849)**	
31	**Common Equity Tier 1**	**7,336,151**	

* This includes advance against subscription of shares amounting to Rs.7,006,867 (in thousands).

Table: 41.3.3

		December 31, 2015	
		Component of regulatory capital reported by Group (Rupees in '000)	Source based on reference number from step 2
	Additional Tier 1 (AT 1) Capital		
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**	2,000,768	
48	**Tier 1 Capital (CET1 + admissible AT1) (31+47)**	9,336,919	
	Tier 2 Capital		
49	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	
50	Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	718,227	(n)
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	24,986	(g)
54	Revaluation Reserves		
55	of which: Revaluation reserves on fixed assets	603,816	portion of (aa)
56	of which: Unrealized Gains/Losses on AFS	44,991	
57	Foreign Exchange Translation Reserves	-	(v)
58	Undisclosed/Other Reserves (if any)	-	
59	**T2 before regulatory adjustments**	1,392,020	
	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)	1,392,020	
67	Tier 2 capital recognized for capital adequacy	1,392,020	
68	Excess Additional Tier 1 capital recognized in Tier 2 capital	155,191	
69	Total Tier 2 capital admissible for capital adequacy	1,547,211	
70	**TOTAL CAPITAL (T1 + admissible T2) (48+69)**	10,884,130	

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, 2015)	17,786,663	1,109,424	1,046,535	718,227
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	
	2015	2014	2015	2014
	(Rupees in '000)			
Credit risk				
On balance sheet				
Portfolios subject to standardized approach (Simple or Comprehensive)				
Cash and cash equivalents	-	-	-	-
Sovereign	-	-	-	-
Public sector entities	-	-	-	-
Banks	**190,529**	233,457	**1,905,289**	2,334,571
Corporate	**4,858,948**	4,778,007	**48,589,479**	47,780,069
Retail	**510,817**	492,159	**5,108,165**	4,921,589
Residential Mortgages	**86,045**	60,661	**860,447**	606,609
Past due loans	**544,025**	343,505	**5,440,254**	3,435,047
Operating fixed assets	**933,544**	728,959	**9,335,442**	7,289,592
Other assets	**1,257,199**	774,041	**12,571,989**	7,740,412
Portfolios subject to Internal Rating Based (IRB) Approach	-	-	-	-
Off balance sheet				
Non-market related				
Direct Credit Substitutes	**490,329**	442,647	**4,903,292**	4,426,468
Performance related contingencies	**265,532**	261,683	**2,655,323**	2,616,825
Trade Related contingencies	**153,233**	118,881	**1,532,334**	1,188,809
Market related				
Foreign Exchange contracts / derivatives etc.	**6,122**	9,452	**61,222**	94,519
Equity Exposure Risk in the Banking Book	-	-	-	-
Market Risk				
Capital Requirement for portfolios subject to Standardized Approach				
Interest rate risk	**222,039**	104,744	**2,775,489**	1,309,300
Equity position risk	**430,838**	292,931	**5,385,480**	3,661,643
Foreign Exchange risk	**56,577**	23,817	**707,216**	297,718
Capital Requirement for portfolios subject to Internal Models Approach	-	-	-	-
Operational Risk				
Capital requirement for operational risks	**403,827**	271,307	**5,047,842**	3,391,333
Total	**10,409,604**	8,936,251	**106,879,263**	91,094,504

Capital Adequacy Ratios	2015		2014	
	Required	Actual	Required	Actual
CET1 to total RWA	**6.00%**	**6.86%**	5.50%	8.21%
Tier-1 capital to total RWA	**7.50%**	**8.74%**	7.00%	10.45%
Total capital to total RWA	**10.25%**	**10.18%**	10.00%	12.22%

41.6 Leverage Ratio

The State Bank of Pakistan (SBP) through its BPRD Circular No. 06 of 2013 has issued instructions regarding implementation of parallel run of leverage ratio reporting and its components from December 31, 2013 to December 31, 2017. During this period the final calibration, and any further adjustments to the definition, will be completed, with a view to set the leverage ratio as a separate capital standard on December 31, 2018 whereas the banks are required to disclose the leverage ratio from December 31, 2015.

The leverage ratio of the Group as of December 31, 2015 stands at 3.21% (December 31, 2014: 4.31%). Tier 1 Capital as at December 31, 2015 is Rs.9,337 million (December 31, 2014: Rs.9,515 million) and total exposure at December 31, 2015 is Rs.290,992 million (December 31, 2014: Rs.220,847 million).

42. RISK MANAGEMENT

The acceptance and management of financial risk is inherent to Group's business activities. The Group 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 Group'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 Group. 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 Group 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 etc. 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 Group'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 Group.
- The expected payoffs compensate the risks taken by the Group.
- 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 Group.

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 Credit Division and Risk Management Division. Whilst the activities of the Credit Division are focused on independent risk management of the Bank's credit activities and the Risk Management Division is responsible for managing all other risks emanating from various activities of the Bank. In addition to above, Compliance and Control Division ensures compliance of all internal and external policies, laws and regulations. The management has established various committees for periodic risk review.

The Bank has 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, 2015					
	Advances (Gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Agriculture, forestry, hunting and fishing	606,306	0.73	232,829	0.19	277,243	0.19
Automobile	1,292,690	1.56	1,871,924	1.56	945,345	0.65
Banaspati and allied industries	501,177	0.60	34,238	0.03	180,810	0.12
Carpet	148,603	0.18	78,355	0.07	235,240	0.16
Cement	766,499	0.92	625,256	0.52	597,232	0.41
Chemical and pharmaceutical	2,224,158	2.68	1,097,208	0.92	1,321,453	0.91
Construction / real estate	3,605,900	4.34	1,481,649	1.24	4,151,129	2.86
Consumer / individuals / staff	3,999,351	4.81	85,408,802	71.33	5,157,393	3.56
Dairy and poultry	233,230	0.28	327,451	0.27	146,984	0.10
Education	217,735	0.26	599,912	0.50	299,056	0.21
Electric and electrical goods	2,554,688	3.07	620,859	0.52	628,128	0.43
Energy, oil, gas and power	5,599,242	6.74	1,763,024	1.47	14,219,683	9.80
Exports / imports	3,625,505	4.36	99,694	0.08	2,705,940	1.87
Financial	4,470,281	5.38	10,503,100	8.77	75,282,176	51.91
Food, tobacco and beverages	4,384,088	5.28	683,339	0.57	2,307,019	1.59
Furniture and allied products	207,561	0.25	27,463	0.02	20,704	0.01
Leather and footwear	613,682	0.74	64,171	0.05	1,060,793	0.73
Glass and ceramics	107,294	0.13	9,172	0.01	26,909	0.02
Health care	308,491	0.37	428,821	0.37	383,734	0.26
Hotels	946,405	1.14	110,984	0.09	89,787	0.06
Insurance	-	-	513,001	0.43	3,700	0.00
Mining and quarrying	2,119,234	2.55	118,462	0.10	59,513	0.04
Miscellaneous manufacturing	2,949,000	3.55	487,998	0.41	2,212,163	1.54
Printing, publishing and allied industries	219,911	0.26	135,103	0.11	90,358	0.06
Paper and allied products	39,804	0.05	5,430	0.00	71,564	0.05
Services	3,358,715	4.04	4,314,791	3.60	5,518,283	3.80
Steel and engineering	3,179,818	3.83	1,573,317	1.31	3,470,047	2.39
Sugar	8,830,121	10.63	149,676	0.12	1,450,975	1.00
Textile	13,143,763	15.82	787,094	0.66	11,281,674	7.79
Transport and communication	2,028,394	2.44	1,280,254	1.08	3,752,548	2.59
Trust	-	-	1,308,049	1.09	5,980	0.00
Wholesale and retail trade	5,097,851	6.13	1,490,331	1.24	3,496,181	2.41
Others	5,719,629	6.88	1,510,351	1.27	3,582,069	2.48
	83,099,126	100.00	119,742,108	100.00	145,031,813	100.00

	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	-	-	-	0.00	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	3.05
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	4,925,498	6.34	1,464,893	1.39	3,654,883	3.29
	77,804,045	100.00	105,222,446	100.00	111,449,565	100.00

42.1.1.2 Segment by sector

	December 31, 2015					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public / Government	**990,310**	**1.19**	**21,313,045**	**17.80**	**1,988,838**	**1.37**
Private	**82,108,816**	**98.81**	**98,429,063**	**82.20**	**143,042,975**	**98.63**
	83,099,126	**100.00**	**119,742,108**	**100.00**	**145,031,813**	**100.00**

	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	76,865,245	98.79	89,909,471	85.45	106,857,437	95.88
	77,804,045	100.00	105,222,446	100.00	111,449,565	100.00

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

	December 31, 2015		December 31, 2014	
	Classified advances	Specific provisions held	Classified advances	Specific provisions held
	(Rupees in '000)			
Agriculture, forestry, hunting and fishing	4,559	1,433	2,532	1,332
Automobile	910,936	688,401	920,521	687,881
Banaspati and allied industries	185,260	155,029	185,760	132,845
Carpet	120,606	101,067	125,606	98,279
Cement	329,169	329,169	329,169	329,169
Chemical and pharmaceutical	200,514	120,144	115,324	106,858
Construction / real estate	865,783	732,918	985,157	622,631
Consumer / individuals / staff	322,285	101,297	294,050	77,268
Dairy and poultry	101,418	74,500	101,418	16,368
Education	48,907	37,177	51,707	34,755
Electric and electrical goods	91,125	73,725	91,195	68,929
Energy oil, gas and power	421,592	348,898	347,237	335,998
Exports / imports	759,639	623,443	733,735	568,064
Financial	1,180,382	1,102,609	1,241,741	1,091,929
Food, tobacco and beverages	754,851	510,532	842,590	518,816
Footwear and leather garments	48,005	17,456	47,303	17,281
Furniture and allied products	171,520	75,074	171,035	26,246
Glass and ceramics	54,460	39,517	85,997	36,385
Health care	113,609	91,139	113,123	70,193
Hotels	192,085	180,586	197,714	177,629
Mining and quarrying	4,670	4,670	4,670	4,670
Miscellaneous manufacturing	187,684	176,756	223,122	177,882
Others	428,498	264,442	365,915	187,953
Paper and allied products	7,071	7,071	7,698	6,130
Printing, publishing and allied industries	28,671	22,506	28,553	19,831
Services	534,173	310,545	450,728	239,387
Steel and engineering	410,902	136,932	285,201	212,905
Sugar	1,659,128	361,172	-	-
Textile	4,645,230	3,896,764	4,037,100	3,670,184
Transport and communication	208,803	206,099	254,783	229,353
Wholesale and retail trade	2,191,470	1,728,789	2,197,623	1,558,020
	17,183,005	12,519,860	14,838,307	11,325,171

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

	December 31, 2015		December 31, 2014	
	Classified advances	Specific provisions held	Classified advances	Specific provisions held
	(Rupees in '000)			
Public / Government	-	-	-	-
Private	17,183,005	12,519,860	14,838,307	11,325,171
	17,183,005	12,519,860	14,838,307	11,325,171

	Profit before taxation	Total assets employed	Net assets employed	Contingencies & commitments
	(Rupees in '000)			
42.1.1.5 Geographical segment analysis				
December 31, 2015				
Pakistan	**692,893**	**188,365,695**	**11,948,544**	**145,031,813**
December 31, 2014				
Pakistan	35,571	148,444,294	12,331,974	111,449,565

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, 2015				
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, 2015 Amount outstanding	Deduction CRM	Net amount	December 31, 2014 Amount outstanding	Deduction CRM	Net amount
		(Rupees in '000)					
Corporate	20%	**3,219,856**	**4,281**	**3,215,575**	3,804,837	3,533	3,801,304
	50%	**3,438,541**	**65,027**	**3,373,514**	1,929,735	2,159	1,927,576
	100%	**375,525**	**272,001**	**103,524**	18,421	-	18,421
	unrated	**44,642,880**	**4,085,521**	**40,557,359**	49,397,819	4,897,266	44,500,553
	150%	**4,478,979**	-	**4,478,979**	-	-	-
Retail	75%	**8,248,803**	**1,437,917**	**6,810,886**	8,086,096	1,523,978	6,562,118
Past due loan	150%	**2,370,981**	-	**2,370,981**	1,180,859	-	1,180,859
	100%	**1,586,323**	-	**1,586,323**	940,939	-	940,939
	50%	**594,919**	-	**594,919**	1,357,648	-	1,357,648
Bank	20%	**4,171,533**	-	**4,171,533**	9,285,243	-	9,285,243
	50%	**469,497**	-	**469,497**	367,289	-	367,289
	100%	**93,420**	-	**93,420**	40,875	-	40,875
	150%	**61,911**	-	**61,911**	107,254	-	107,254
	unrated	**2,719,007**	-	**2,719,007**	184,242	-	184,242
Sovereign etc.	0%	**12,330,441**	-	**12,330,441**	11,369,013	-	11,369,013
Others	0%	-	-	-	-	-	-
	35%	**2,470,739**	**12,320**	**2,458,419**	1,745,016	11,846	1,733,170
	50%	-	-	-	-	-	-
	100%	**18,880,513**	-	**18,880,513**	14,155,775	-	14,155,775
	250%	**1,210,767**	-	**1,210,767**	-	-	-
		111,364,635	**5,877,067**	**105,487,568**	103,971,061	6,438,782	97,532,279

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, 2015		December 31, 2014	
	Held-for-trading	Available-for-sale	Held-for-trading	Available-for-sale
	(Rupees in '000)			
Equity investments	**123,462**	**2,787,180**	63,954	1,761,426
Mutual fund units - Open end	-	**93,359**	-	54,137
Total value	**123,462**	**2,880,539**	63,954	1,815,563

The cumulative realised gain on sale of equity securities amounted to Rs.454.85 million (December 31, 2014: Rs.334.33 million), however, unrealised loss of Rs.105.63 million (December 31, 2014: Rs.15.81 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, 2015			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan Rupee	183,187,531	169,265,173	(148,826)	13,773,532
United States Dollar	4,740,072	5,705,031	(860,810)	(1,825,769)
Great Britain Pound	196,935	892,513	310,930	(384,648)
Japanese Yen	1,084	-	-	1,084
Euro	91,565	528,789	698,706	261,482
Other currencies	148,508	25,645	-	122,863
	188,365,695	176,417,151	-	11,948,544

	December 31, 2014			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan rupee	139,670,492	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

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, 2015										
		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	-	10,539,924	21,052	-	-	-	-	-	-	-	-	10,518,872
Balances with other banks	0% to 4.50%	2,919,394	-	-	-	-	-	-	-	-	-	2,919,394
Lendings to financial institutions	6.00% to 7.25%	1,459,868	-	1,000,000	-	459,868	-	-	-	-	-	-
Investments	5.48% to 14.33%	77,557,913	9,961,085	4,893,988	11,750,110	36,872,354	603,556	2,573,368	7,061,846	517,184	-	3,324,422
Advances	0% to 28.00%	70,554,280	335,527	52,732,766	2,197,754	11,087,479	334,189	631,768	1,685,405	1,298,302	-	251,090
Other assets	-	4,197,593	-	-	-	-	-	-	-	-	-	4,197,593
		167,228,972	10,317,664	58,626,754	13,947,864	48,419,701	937,745	3,205,136	8,747,251	1,815,486	-	21,211,371
Liabilities												
Bills payable	-	2,728,797	-	-	-	-	-	-	-	-	-	2,728,797
Borrowings	3% to 6.50%	49,755,998	44,705,643	3,621,512	1,368,988	-	59,855	-	-	-	-	-
Deposits and other accounts	0.0% to 18.5%	119,742,108	16,435,562	47,655,026	9,601,713	5,520,488	371,949	739,339	162,453	-	-	39,255,578
Sub-ordinated loans	9.81%	1,497,240	-	1,497,240	-	-	-	-	-	-	-	-
Other liabilities	-	2,422,876	-	-	-	-	-	-	-	-	-	2,422,876
		176,147,019	61,141,205	52,773,778	10,970,701	5,520,488	431,804	739,339	162,453	-	-	44,407,251
On-balance sheet gap		(8,918,047)	(50,823,541)	5,852,976	2,977,163	42,899,213	505,941	2,465,797	8,584,798	1,815,486	-	(23,195,880)
Off-balance sheet financial instruments												
Foreign currency forward purchase		13,634,010	4,318,877	5,354,429	3,801,271	159,433	-	-	-	-	-	
Foreign currency forward sale		13,860,665	10,899,253	2,936,363	7,157	17,892	-	-	-	-	-	
Off-balance sheet gap		(226,655)	(6,580,376)	2,418,066	3,794,114	141,541	-	-	-	-	-	
Total yield / interest risk sensitivity gap		(9,144,702)	(57,403,917)	8,271,042	6,771,277	43,040,754	505,941	2,465,797	8,584,798	1,815,486	-	
Cumulative yield / interest risk sensitivity gap		(9,144,702)	(57,403,917)	(49,132,875)	(42,361,598)	679,156	1,185,097	3,650,894	12,235,692	14,051,178	14,051,178	

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

	December 31, 2015 (Rupees in '000)
Total financial assets	167,228,972
Add: Non financial assets	
Operating fixed assets	9,608,669
Deferred tax assets	5,545,433
Other assets	5,982,621
Total assets as per statement of financial position	188,365,695
Total financial liabilities	176,147,019
Add: Non financial liabilities	
Other liabilities	270,132
Total liabilities as per statement of financial position	176,417,151

	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	11,259,792	-	2,603,522
Advances	0% to 28.00%	66,454,697	496,146	47,978,534	2,689,803	11,984,394	253,627	310,892	1,673,395	983,456	-	84,450
Other assets	-	4,588,038	-	-	-	-	-	-	-	-	-	4,588,038
		130,783,673	1,163,959	48,500,475	7,721,485	12,909,719	22,546,838	2,314,720	2,363,786	12,243,248	-	21,019,443
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	-	-	-	-	-	-
Deposits and other accounts	0.0% to 18.5%	105,222,446	14,105,075	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	-	2,393,396	-	-	-	-	-	-	-	-	-	2,393,396
		135,958,072	34,690,750	43,891,973	10,575,578	7,420,583	212,647	160,465	838,854	42,830	-	38,124,392
On-balance sheet gap		(5,174,399)	(33,526,791)	4,608,502	(2,854,093)	5,489,136	22,334,191	2,154,255	1,524,932	12,200,418	-	(17,104,949)
Off-balance sheet financial instruments												
Foreign currency forward purchase		8,334,028	3,991,038	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		(6,863,698)	(36,367,544)	4,575,452	(1,833,564)	5,653,111	22,334,191	2,154,255	1,524,932	12,200,418	-	
Cumulative yield / interest risk sensitivity gap		(6,863,698)	(36,367,544)	(31,792,092)	(33,625,656)	(27,972,545)	(5,638,354)	(3,484,099)	(1,959,167)	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	130,783,673
Add: Non financial assets	
Operating fixed assets	7,607,167
Deferred tax assets	5,584,805
Other assets	4,468,649
Total assets as per statement of financial position	148,444,294
Total financial liabilities	135,958,072
Add: Non financial liabilities	
Other liabilities	154,248
Total liabilities as per statement of financial position	136,112,320

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, 2015									
	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	10,539,924	10,539,924	-	-	-	-	-	-	-	-
Balances with other banks	2,919,394	2,919,394	-	-	-	-	-	-	-	-
Lendings to financial institutions	1,459,868	-	1,000,000	-	459,868	-	-	-	-	-
Investments	77,557,913	9,961,085	4,115,333	9,789,976	39,219,260	1,809,843	4,009,476	7,324,610	1,328,330	-
Advances	70,554,280	2,988,088	14,366,299	6,911,936	29,819,335	5,976,579	2,805,784	4,574,008	3,112,251	-
Operating fixed assets	9,608,669	3,421,029	61,986	92,978	185,957	316,706	272,294	443,134	4,814,585	-
Deferred tax assets	5,545,433	87,738	278,320	694,307	1,093,724	542,307	972,753	1,756,061	120,223	-
Other assets	10,180,214	1,812,248	1,698,469	-	2,004,623	-	-	-	4,664,874	-
	188,365,695	31,729,506	21,520,407	17,489,197	72,782,767	8,645,435	8,060,307	14,097,813	14,040,263	-
Liabilities										
Bills payable	2,728,797	2,728,797	-	-	-	-	-	-	-	-
Borrowings	49,755,998	44,705,643	3,621,512	1,368,988	-	59,855	-	-	-	-
Deposits and other accounts	119,742,108	21,770,395	9,308,778	10,892,526	5,520,488	371,949	739,339	71,138,633	-	-
Sub-ordinated loans	1,497,240	-	-	-	-	-	1,497,240	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Other liabilities	2,693,008	763,202	677,324	335,913	742,828	-	-	-	173,741	-
	176,417,151	69,968,037	13,607,614	12,597,427	6,263,316	431,804	2,236,579	71,138,633	173,741	-
Net assets	11,948,544	(38,238,531)	7,912,793	4,891,770	66,519,451	8,213,631	5,823,728	(57,040,820)	13,866,522	-
Share capital	19,942,622									
Reserves	(1,722,341)									
Accumulated loss	(7,430,321)									
Surplus on revaluation of assets - net	1,158,584									
	11,948,544									

	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	2,760,934	477,227	764,080	2,100,165	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	254,545	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	1,111,995	-	-	-	-	-
	148,444,294	29,308,726	24,157,352	26,108,572	29,215,206	5,518,409	4,883,704	9,554,925	15,152,039	4,545,361
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	105,222,446	18,793,807	8,356,312	8,711,046	7,416,056	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	2,547,644	753,927	669,156	510,651	480,116	-	-	-	133,794	-
	136,112,320	41,665,048	11,856,033	11,113,590	7,900,700	212,647	160,465	63,027,213	176,624	-
Net assets	12,331,974	(12,356,322)	12,301,319	14,994,982	21,314,506	5,305,762	4,723,239	(53,472,288)	14,975,415	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									

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

	December 31, 2015									
	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	10,539,924	10,539,924	-	-	-	-	-	-	-	-
Balances with other banks	2,919,394	2,919,394	-	-	-	-	-	-	-	-
Lendings to financial institutions	1,459,868	-	1,000,000	-	459,868	-	-	-	-	-
Investments	77,557,913	9,961,085	4,115,333	9,789,976	39,219,260	1,809,843	4,009,476	7,324,610	1,328,330	-
Advances	70,554,280	2,988,088	14,366,299	6,911,936	29,819,335	5,976,579	2,805,784	4,574,008	3,112,251	-
Operating fixed assets	9,608,669	3,421,029	61,986	92,978	185,957	316,706	272,294	443,134	4,814,585	-
Deferred tax assets	5,545,433	87,738	278,320	694,307	1,093,724	542,307	972,753	1,756,061	120,223	-
Other assets	10,180,214	1,812,248	1,698,469	-	2,004,623	-	-	-	4,664,874	-
	188,365,695	31,729,506	21,520,407	17,489,197	72,782,767	8,645,435	8,060,307	14,097,813	14,040,263	-
Liabilities										
Bills payable	2,728,797	2,728,797	-	-	-	-	-	-	-	-
Borrowings	49,755,998	44,705,643	3,621,512	1,368,988	-	59,855	-	-	-	-
Deposits and other accounts	119,742,108	94,765,431	8,580,735	9,601,713	5,520,488	371,949	739,339	162,453	-	-
Sub-ordinated loans	1,497,240	-	-	-	-	-	1,497,240	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Other liabilities	2,693,008	763,202	677,324	335,913	742,828	-	-	-	173,741	-
	176,417,151	142,963,073	12,879,571	11,306,614	6,263,316	431,804	2,236,579	162,453	173,741	-
Net assets	11,948,544	(111,233,567)	8,640,836	6,182,583	66,519,451	8,213,631	5,823,728	13,935,360	13,866,522	-
Share capital	19,942,622									
Reserves	(1,722,341)									
Accumulated loss	(7,430,321)									
Surplus on revaluation of assets - net	1,158,584									
	11,948,544									

	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	6,458,809	26,524,387	3,813,811	3,867,637	5,017,750	1,585,217	789,768
Operating fixed assets	7,607,167	2,404,893	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	1,969,142	1,818,945	-	1,092,054	-	-	-	4,176,546	-
	148,444,294	23,604,054	16,500,836	10,234,236	32,346,517	27,387,424	7,791,178	8,778,245	14,809,423	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	30,721	-	-	-	-	-
Deposits and other accounts	105,222,446	76,924,177	11,116,689	8,962,881	6,739,314	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	2,547,644	753,927	669,156	510,651	480,116	-	-	-	133,794	-
	136,112,320	94,044,697	17,755,052	13,951,311	7,250,151	525,964	99,622	2,233,503	252,020	-
Net assets	12,331,974	(70,440,643)	(1,254,216)	(3,717,075)	25,096,366	26,861,460	7,691,556	6,544,742	14,557,403	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									

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 Bank are in place.

The Group has adopted 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 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 10 branches and 2 windows as at December 31, 2015 (December 31, 2014: 02 branches).

BSD Circular letter No. 03 dated January 22, 2013 requires all Islamic Banks and Islamic 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.

The statement of financial position, profit and loss account and cash flow statement of Islamic Banking Operations as at December 31, 2015 are as follows:

	Note	December 31, 2015	December 31, 2014
Islamic statement of financial position as at December 31, 2015		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	43.3	**379,654**	242,216
Balances with other banks		**-**	-
Due from Financial institutions		**1,037,351**	76,100
Investments		**1,100,206**	527,680
Islamic financing and related assets	43.7	**2,571,319**	1,607,064
Operating fixed assets		**121,105**	76,588
Deferred tax assets - net		**-**	-
Other assets		**127,576**	73,596
TOTAL ASSETS		**5,337,211**	2,603,244
LIABILITIES			
Bills payable		**24,301**	2,618
Due to financial institutions		**925,000**	-
Deposits and other accounts			
- Current accounts		**751,758**	186,773
- Saving accounts		**1,625,934**	740,366
- Term deposits		**628,843**	341,381
- Others		**-**	-
- Deposits from financial institutions - remunerative		**-**	-
- Deposits from financial institutions - non - remunerative		**-**	-
Due to head office		**-**	-
Deferred tax liabilities - net		**8,266**	1,226
Other liabilities		**159,564**	228,756
		4,123,666	1,501,120
NET ASSETS		**1,213,545**	1,102,124
REPRESENTED BY:			
Islamic Banking Fund		**1,000,000**	1,000,000
Reserves		**-**	-
Unappropriated profit		**198,194**	99,848
		1,198,194	1,099,848
Surplus on revaluation of assets - net of tax		**15,351**	2,276
		1,213,545	1,102,124

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
43.2 Islamic profit and loss account for the year ended December 31, 2015			
Profit / return earned on financings, investments and placements		**299,665**	133,120
Return on deposits and other dues expensed		**(110,162)**	(38,814)
Net spread earned		**189,503**	94,306
Other income			
Fee, commission and brokerage income		**22,276**	37,696
Gain from dealing in foreign currencies		**1,857**	1,446
Gain on sale of securities - net		**108**	4,493
Gain on disposal of operating fixed assets		**33**	-
Other income		**1,609**	353
Total other income		**25,883**	43,988
		215,386	138,294
Other expenses			
Administrative expenses		**(116,752)**	(38,395)
Other charges		**(288)**	(51)
Total other expenses		**(117,040)**	(38,446)
		98,346	99,848
Extra-ordinary / unusual items		**-**	-
Profit before taxation		**98,346**	99,848
43.3 Islamic cash flow statement for the year ended December 31, 2015			
Cash flows from operating activities			
Profit before taxation		**98,346**	99,848
Adjustments:			
Depreciation		**9,684**	5,536
Amortisation of intangible assets		**19**	16
		9,703	5,552
		108,049	105,400
Increase in operating assets			
Due from Financial institutions		**(961,251)**	(76,100)
Islamic financings and related assets - net		**(964,255)**	(1,607,064)
Other assets		**(53,980)**	(73,596)
		(1,979,486)	(1,756,760)
Increase in operating liabilities			
Bills payable		**21,683**	2,618
Due to financial institutions		**925,000**	-
Deposits and other accounts		**1,738,015**	1,268,520
Other liabilities		**(69,192)**	228,756
		2,615,506	1,499,894
Net cash inflows / (outflows) from operating activities		**744,069**	(151,466)
Cash flows from investing activities			
Net investments in 'available-for-sale' securities		**(552,411)**	(524,178)
Investment in operating fixed assets		**(54,220)**	(82,140)
Net cash outflow from investing activities		**(606,631)**	(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		**137,438**	242,216
Cash and cash equivalents at beginning of the year		**242,216**	-
Cash and cash equivalents at end of the year	43.1	**379,654**	242,216

43.4 Summit Bank Limited - Islamic Banking Division operates General & Specific Pools for deposits and interbank funds accepted under Modaraba and Musharkah modes.

Features, risks and rewards of the pools are given below:

(i) Specific pool

Specific pools are operated for funds acquired / accepted from customers in foreign currencies / other than PKR; customers willing to invest in specific sectors / Industry / exposures for want of higher returns. These pools operates in accordance with the rules as specified under general pool disclosure, however, varies in degree of risks associated with the investments / assets. Similarly, for interbank acceptances specific pool(s) based on Musharkah are also maintained by the Bank to meet liquidity requirement of the bank.

(ii) 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 / RSBM 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 Modaraba 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.

		Note	December 31, 2015	December 31, 2014
			(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 Shariah Advisor (RSBM) / Board***		**4,677**	4,399
	* Shariah Board established from October 01, 2015			
43.7	**Islamic financing and related assets**			
	Financings / investments / receivables			
	- Murabaha		**711,625**	731,036
	- Ijarah	43.8	**488,621**	209,505
	- Diminishing Musharaka		**1,073,141**	640,008
	- Istisna		**25,178**	-
	- Other Islamic Modes		**2,065**	-
	Advances			
	Advance against murabaha		**4,466**	26,515
	Inventories			
	Murabaha Inventory		**13,073**	-
	Tijarah Inventory		**249,828**	-
	Istina Inventory		**3,322**	-

	December 31, 2015	December 31, 2014
	(Rupees in '000)	

43.7.1 Islamic mode of financing

Financings / investments / receivables	**2,300,630**	1,580,549
Advances	**4,466**	26,515
Inventories	**266,223**	-
	2,571,319	1,607,064

43.8 Assets under Ijarah (IFAS-2)

a) Brief description of the Ijarah arrangement

Ijarah assets are stated at cost less depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental received / receivable on Ijarah under Islamic Financial Accounting Standard - 2 Ijarah (IFAS 2) are recorded as income / revenue.

The Bank charges depreciation from the date of recognition of Ijarah of respective assets to mustajir(lessee). Ijarah assets are depreciated over the period of Ijarah using the straight line method.

b) Movement in net book value of Ijarah assets

	December 31, 2015				
	Vehicle Consumer	Vehicle Corporate	Plant & Machinery	Equipment	Total
	(Rupees in '000)				
At January 1, 2015					
Cost	1,339	216,590	-	-	217,929
Accumulated Depreciation	(104)	(8,320)	-	-	(8,424)
Net book value	1,235	208,270	-	-	209,505
Year Ended December 31, 2015					
Opening Net Book value	1,235	208,270	-	-	209,505
Additions	1,167	327,145	-	-	328,312
Disposals					
Cost	(1,009)	(18,306)	-	-	(19,315)
Accumulated Depreciation	194	1,668	-	-	1,862
	(815)	(16,638)	-	-	(17,453)
Depreciation	(312)	(31,431)	-	-	(31,743)
Closing Net Book value	1,275	487,346	-	-	488,621
At December 31, 2015					
Cost	1,497	525,429	-	-	526,926
Accumulated Depreciation	(222)	(38,083)	-	-	(38,305)
Net book value	1,275	487,346	-	-	488,621

	December 31, 2014				
	Vehicle Consumer	Vehicle Corporate	Plant & Machinery	Equipment	Total
	(Rupees in '000)				
At January 1, 2014					
Cost	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-
Net book value	-	-	-	-	-
Year Ended December 31, 2014					
Opening Net Book value					
Additions	1,339	216,590	-	-	217,929
Disposals					
Cost	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-
	-	-	-	-	-
Depreciation	(104)	(8,320)	-	-	(8,424)
Closing Net Book value	1,235	208,270	-	-	209,505
At December 31, 2014					
Cost	1,339	216,590	-	-	217,929
Accumulated Depreciation	(104)	(8,320)	-	-	(8,424)
Net book value	1,235	208,270	-	-	209,505

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

	December 31, 2015	December 31, 2014
	(Rupees in '000)	
Chemical and pharmaceuticals	**953,500**	941,217
Agribusiness	-	-
Textile	**370,202**	174,559
GOP Ijarah Sukuk	**101,130**	275,000
Shoes and leather garments	-	-
Automobile and transportation equipment	**487,346**	208,268
Financial	-	-
Electronics and electrical appliances	-	-
Production and transmission of energy	-	-
Carpets and rugs manufacturer	-	-
Glass and ceramics	-	-
Services	-	-
Others *	**1,672,106**	527,225
	3,584,284	2,126,269

* Staff financing amounting Rs.87.240 million is not included as its financed through Islamic Banking Fund.

43.10 Basis of profit allocation

Profit of the general 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.

Profit sharing ratio of local currency deposits was 50:50 during the year. However, following profit sharing ratios were applicable for foreign currency deposits.

	January to May 2015	June to July 2015	August to October 2015	November to December 2015
	---------- % ----------			
Rabbul Maal	25	30	40	50
Mudarib	75	70	60	50

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

	December 31, 2015		December 31, 2014	
	(Rupees in '000)	%	(Rupees in '000)	%
Rabbul Maal	79,475	66	21,845	55
Mudarib	40,942	34	18,043	45
	120,417		39,888	

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

	December 31, 2015	December 31, 2014
	---- (Rupees in '000) ----	
Mudarib share	40,942	18,043
Hiba	12,614	5,311
	---------- (%) ----------	
Hiba percentage of Mudarib share	31	29

44. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on March 04, 2016 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 consolidated 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, 2015

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
				(Rupees in '000)							
1	**Razzak Brothers Rice & General Mills :** Gali/Moh Qasondi Pura Ansari House Mian Nazim Gujrat	Mian Muhammad Shahbaz (Proprietorship concern) (34201-0407286-1)	Mian Khan	6,097	-	-	6,097	2,089	1,245	-	3,334
2	**Khuram Shehzad Qureshi :** H# Nk - 121 New Katarain Mkt Satelite Town Rawalpindi	Khuram Shehzad Qureshi (Proprietorship concern) (37405-9136233-1)	Mashkoor Ahmad Qureshi	496	-	-	496	149	437	-	586
3	**Farooq Ahmed :** House #154 Tonsa House Road Garden Town Multan	Farooq Ahmed (Proprietorship concern) (36302-0461756-5)	Namat Ali Khan	1,299	-	-	1,299	351	416	-	767
4	**Akram Khurshid :** H# 387 ST# 58 G-10/4 Islamabad	Akram Khurshid (Proprietorship concern) (61101-1916929-7)	Aslam Khursheed	1,099	-	-	1,099	306	377	-	683
5	**Ahsan Builders & Developers.** Murad Colony Near Commerce College, Sargodha	Muhammad Ahsan (38403-2241023-7)	Muhammad Yousaf	1,000	680	-	1,680	1,000	680	-	1,680
				9,991	**680**	**-**	**10,671**	**3,895**	**3,155**	**-**	**7,050**

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CATEGORIES OF SHAREHOLDERS
AS AT DECEMBER 31, 2015

	NUMBER OF SHARHOLDERS	SHARES HELD	
		Number	%
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES			
SUROOR INVESTMENTS LIMITED		554,680,393	51.46
RUPALI BANK LIMITED		32,777,450	3.04
ARIF HABIB CORPORATION LIMITED		1,295,355	0.12
SUB TOTAL	**3**	**588,753,198**	**54.62**
SHAREHOLDERS HOLDING FIVE PERCENT OR MORE (EXCLUDING SIL)			
SHIRAZI CAPITAL (PVT) LIMITED	**1**	**56,041,429**	**5.20**
DIRECTORS,			
NASIM BEG		3,777	0.00
HUSAIN LAWAI		1,000,000	0.09
MUHAMMAD ZAHIR ESMAIL		17	0.00
ASADULLAH KHAWAJA		74	0.00
SUB TOTAL	**4**	**1,003,868**	**0.09**
BANKS DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS,	**20**	**92,256,677**	**8.56**
NATIONAL INVESTMENT TRUST & INVESTMENT CORPORATON OF PAKISTAN	-	-	-
FOREIGN SHAREHOLDERS	**9**	**9,925,747**	**0.92**
INDIVIDUALS	**45,567**	**224,712,222**	**20.85**
OTHERS	**107**	**105,286,434**	**9.77**
TOTAL	**45,711**	**1,077,979,575**	**100.00**

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2015

No. of Shareholders	Shareholdings From	To	Total Shares Held
8252	1	100	356,423
3956	101	500	1,079,774
23759	501	1000	13,508,048
7431	1001	5000	14,988,695
995	5001	10000	7,263,320
365	10001	15000	4,476,487
204	15001	20000	3,639,957
142	20001	25000	3,302,957
74	25001	30000	2,041,228
47	30001	35000	1,542,552
48	35001	40000	1,823,186
22	40001	45000	946,813
79	45001	50000	3,912,501
14	50001	55000	728,875
18	55001	60000	1,037,131
15	60001	65000	937,361
18	65001	70000	1,234,209
15	70001	75000	1,086,217
8	75001	80000	633,431
5	80001	85000	411,974
4	85001	90000	355,225
2	90001	95000	187,777
39	95001	100000	3,893,044
6	100001	105000	608,024
7	105001	110000	757,460
7	110001	115000	782,111
4	115001	120000	476,397
7	120001	125000	870,130
4	125001	130000	518,471
2	135001	140000	276,149
3	140001	145000	430,603
10	145001	150000	1,495,388
6	150001	155000	923,002
3	155001	160000	476,049
2	160001	165000	322,559
1	165001	170000	166,666
7	170001	175000	1,216,575
5	175001	180000	887,855
12	195001	200000	2,395,444
1	200001	205000	204,988
2	205001	210000	415,372
2	220001	225000	447,824
1	225001	230000	225,975
2	245001	250000	497,890
1	255001	260000	256,288
1	265001	270000	270,000
1	270001	275000	275,000

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PATTERN OF SHAREHOLDING
AS AT DECEMBER 31, 2015

No. of Shareholders	Shareholdings From	To	Total Shares Held
3	275001	280000	837,000
1	285001	290000	286,000
1	290001	295000	292,000
5	295001	300000	1,496,000
1	300001	305000	300,314
1	305001	310000	307,343
1	310001	315000	310,500
1	325001	330000	327,600
1	335001	340000	338,885
1	360001	365000	361,500
3	365001	370000	1,103,535
1	370001	375000	372,000
1	375001	380000	380,000
1	385001	390000	389,000
1	390001	395000	393,600
3	395001	400000	1,200,000
1	400001	405000	405,000
1	405001	410000	406,000
1	410001	415000	415,000
2	420001	425000	849,500
1	430001	435000	432,000
2	435001	440000	878,990
1	455001	460000	455,591
1	465001	470000	467,500
2	495001	500000	1,000,000
1	500001	505000	500,885
1	505001	510000	506,000
1	510001	515000	510,500
1	515001	520000	518,400
1	525001	530000	528,212
1	530001	535000	531,978
1	535001	540000	538,903
1	575001	580000	580,000
1	580001	585000	581,000
1	585001	590000	587,777
1	595001	600000	599,913
1	615001	620000	617,000
1	635001	640000	639,555
1	645001	650000	650,000
1	655001	660000	656,000
1	695001	700000	700,000
2	700001	705000	1,404,202
1	755001	760000	755,555
1	770001	775000	772,000
1	915001	920000	916,326
1	920001	925000	924,500

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2015

No. of Shareholders	Shareholdings From	To	Total Shares Held
1	945001	950000	948,500
3	995001	1000000	3,000,000
1	1070001	1075000	1,070,710
1	1095001	1100000	1,100,000
1	1195001	1200000	1,200,000
1	1200001	1205000	1,205,000
1	1250001	1255000	1,253,444
1	1295001	1300000	1,295,355
1	1340001	1345000	1,344,717
1	1370001	1375000	1,374,754
1	1555001	1560000	1,556,000
1	1595001	1600000	1,600,000
1	1780001	1785000	1,784,659
1	1880001	1885000	1,881,996
1	1920001	1925000	1,921,003
1	1995001	2000000	2,000,000
1	2195001	2200000	2,200,000
1	2600001	2605000	2,600,555
1	2730001	2735000	2,730,350
1	2990001	2995000	2,990,500
1	3710001	3715000	3,712,000
1	3770001	3775000	3,773,600
1	4095001	4100000	4,100,000
1	4360001	4365000	4,362,000
1	4555001	4560000	4,557,692
1	4650001	4655000	4,655,000
1	5495001	5500000	5,496,526
1	6475001	6480000	6,477,069
1	6795001	6800000	6,800,000
1	9700001	9705000	9,702,503
1	11870001	11875000	11,872,585
1	23695001	23700000	23,695,019
1	25695001	25700000	25,700,000
1	27220001	27225000	27,225,000
1	32775001	32780000	32,777,450
1	47300001	47305000	47,302,000
1	48475001	48480000	48,476,500
1	48905001	48910000	48,908,297
1	56040001	56045000	56,041,429
1	554680001	554685000	554,680,393
45,711			**1,077,979,575**

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NOTICE OF THE 10TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS

NOTICE is hereby given that the Tenth Annual General Meeting of the Shareholders (the **"Shareholders"**) of Summit Bank Limited (the **"Bank"**) will be held on March 30, 2016 at11:00 a.m. at Serena Hotel, Islamabad to transact the following business:

AGENDA

Ordinary Business:

1. To confirm the minutes of the Ninth Annual General Meeting of the Bank held on March 30, 2015.

2. To receive, consider and adopt the audited financial statements of the Bank together with the Directors' and Auditors' Reports for the year ended December 31, 2015.

3. To appoint the new external auditors of the Bank for the year ending December 31, 2016 and fix their remuneration thereof.

(The present auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants have completed their five years term of audit engagement services with the Bank and are not eligible for re-appointment in accordance with the requirements of the Code of Corporate Governance, 2012 as applicable on Banks in Pakistan).

4. To elect seven directors as fixed by the Board in accordance with the relevant provisions of the Companies Ordinance, 1984 for a period of three years commencing from April 1, 2016. The following retiring directors being eligible have offered themselves for re-election:

   I. Mr. Nasser Abdulla Hussain Lootah
   II. Mr. Husain Lawai
   III. Mr. Muhammad Zahir Esmail
   IV. Mr. Asadullah Khawaja
   V. Mr. Shehryar Faruque
   VI. Mr. M. Farid Uddin
   VII. Mr. Saleem Zamindar

Special Business:

5. To consider and if deemed fit, pass the following resolution as a 'Special Resolution' with or without modification, addition or deletion, authorizing the alteration in the object clause of the Memorandum of Association of the Bank by addition of clauses in terms of section 21 of the Companies Ordinance, 1984.

   'RESOLVED THAT subject to the approval of the Securities and Exchange Commission of Pakistan as required under section 21 of the Companies Ordinance, 1984, the Memorandum of Association of the Bank be and is hereby altered by addition of new clauses before the existing sub-clauses of the object clause of the Memorandum of Association.

   'FURTHER RESOLVED THAT after addition of the new clauses the existing sub-clauses in the object clause III of the Memorandum of Association of the Bank shall be renumbered accordingly as 2 to 26.

   'FURTHER RESOLVED THAT the Chief Executive Officer and/or the Company Secretary of the Bank be and hereby authorized singly to file a petition along with the other required documents and papers before the Securities and Exchange Commission of Pakistan and to undertake all such steps, acts and deeds necessary, ancillary and incidental for the purposes of altering the Memorandum of Association complying with other regulatory requirements so as to effectuate the alteration in the Memorandum of Association while implementing the aforesaid resolution'.

   (The new clauses detailed below pertain to the Islamic Banking scope of business of the Bank and are necessitated in order to align the existing object clauses of the Bank with its long term strategic objective of conversion of whole of the Bank from Conventional to Islamic mode of banking in near future).

6. To consider and approve the increase in the Authorized Share Capital of the Bank together with the necessary changes in the relevant clauses of the Memorandum and Articles of Association of the Bank by passing the following resolutions, with or without modification, as a Special Resolution:

'RESOLVED THAT in compliance with the section 92 of the Companies Ordinance, 1984 read with other applicable provisions, the Authorized Capital of the Bank be and is hereby increased from PKR 20,000,000,000/- (Rupees Twenty Billion Only) divided into 2,000,000,000 shares of Rs.10/- (Rupees Ten) each to PKR 25,000,000,000/- (Rupees Twenty Five Billion Only) divided into 2,500,000,000 shares of Rs.10/- (Rupees Ten) each and the Memorandum and Articles of Association be amended and read as under:

Clause V of the Memorandum of Association:

The Share Capital of the Bank is Rs.25,000,000,000/- (Rupees Twenty Five Billion Only) divided into 2,500,000,000 shares of Rs.10/- (Rupees Ten) each with power to the Bank from time to time increase, reduce or reorganize its capital or to sub-divide the shares in the capital for the time being into several classes. The share capital shall comprise of one or more kinds of shares and different classes of shares under each kind as permitted by the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000 as amended from time to time, with such rights and privileges attached thereto as may be approved by the members from time to time by a Special Resolution.

Article 6 of the Articles of Association:

The Capital of the Bank is PKR 25,000,000,000/- (Rupees Twenty Five Billion Only) divided into 2,500,000,000 shares of PKR 10/- (Rupees Ten) each with power to increase or reduce the capital and to divide the share in the capital for the time being into several classes provided however, that rights as between various classes of ordinary shares (if any) as to profits, votes and other benefits shall be strictly proportionate to the paid-up value of the shares.

(A statement under section 160(1)(b) of the Companies Ordinance, 1984 pertaining to the Special Business referred to above is annexed to this Notice of Meeting.)

Other Business:

7. To transact any other business with the permission of the chair.

By order of the Board

Karachi
Date: **March 9, 2016**

Syed Muhammad Talib Raza
Company Secretary

Notes:

1. The share transfer books of the Bank will be closed from March 24, 2016 to March 30, 2016 (both days inclusive). Transfers received by our Shares Registrar's, M/s. Technology Trade (Pvt.) Ltd at Dagia House, 241-C, Block-2, P.E.C.H.S, Off. Shahrah-e-Quaideen, Karachi at the close of business i.e. March 22, 2016 shall be treated in time for the purpose of entitlement to attend the said AGM.

2. Any member desirous to contest the election of directors shall file with the Company Secretary of the Bank the following documents not later than fourteen days before the Annual General Meeting.

   a. His/her intention to offer himself/herself for the election in terms of section 178(3) of the Companies Ordinance, 1984 wherein he/she should confirm that:

      i. He/she is not ineligible to become a director of the Bank under any applicable laws and regulations (including Listing Regulations of the Pakistan Stock Exchange)

      ii. Neither he/she nor his/her spouse is engaged in the business of brokerage or is a sponsor, director or officer of a corporate brokerage house.

      iii. He/she is not serving as a director in more than seven listed companies simultaneously. Provided that this limit shall not include the directorships in the listed subsidiaries of a listed holding company.

   b. Consent to act as a director on Form-28 under section 184 of the Companies Ordinance, 1984.

   c. Affidavits, Annexure and Questionnaire in terms of State Bank of Pakistan's BPRD Circular No. 04 dated April 23, 2007 and BPRD Circular No.05 dated March 12, 2015.

A copy of relevant documents may be downloaded from the websites of the Securities and Exchange Commission of Pakistan and State Bank of Pakistan or may be obtained from the office of the Company Secretary of the Bank.

3. 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 the Share Registrar of the Bank, M/s. Technology Trade (Pvt.) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Off. Shahrah-e-Quaideen, Karachi duly stamped, signed and witnessed no later than 48 hours before the meeting.

4. 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.

5. Members are requested to notify any change in their addresses immediately.

6. 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.

STATEMENT UNDER SECTION 160 (1) (B) OF THE COMPANIES ORDINANCE 1984

This statement is annexed to the Notice of the Tenth Annual General Meeting of the Bank to be held on March 30, 2016 at which certain special business items are to be transacted, and the purpose of this statement is to set out all material facts concerning such special business in terms of section 160(1)(b) of the Companies Ordinance, 1984.

FOR AGENDA ITEM NO.5

The change in the Memorandum of Association by addition of below mentioned clauses is necessitated for aligning the object clauses of the Bank with its long term strategic objective of conversion of whole of the Bank from Conventional to Islamic mode of banking. The proposed clauses are:

a) To commence Islamic Banking business by establishing Islamic Banking Branches / Windows, opening of Islamic Banking subsidiaries and/or through conversion of existing conventional banking branches into Islamic Banking Branches as decided by the Bank from time to time subject to the approval of the concerned regulatory authorities.

b) To conduct Islamic Banking Business by way of accepting deposits in the shape of current accounts on the basis of Qard, Wadiah and savings and Investments or accounts on the basis of Modarbah, general or specific/ special Modarabah, Musharaka, Wakalah or through other permissible modes, in accordance with the avenues, products, investments and procedures under the directives issued by the regulatory authorities from time to time.

c) To establish setups in the bank for Sharia Advisory services and other segments as per the directives, provisions and permissions whether provided in the constitution, laws and/or through act(s) of legislative bodies and/ or other regulatory authorities.

d) To undertake the business of commencement and acquisition of any Islamic Banking institution performing business of funds management, Modaraba Company and Asset Management Company duly approved by regulatory authorities.

e) To enter into the trading activities of buying for the purpose of reselling as permissible under law for any banking business in Pakistan or anywhere else, whether named and styled in any manner including but not limited to Islamic banking, Sharia Compliant banking and/or ethical banking etc.

f) To enter into contracts, arrangements, undertakings on behalf of depositors of the bank or for its own sake, independently or in participation, including syndicate arrangements established on the basis and in order to invest or enter into financing arrangements in the Sharia Compliant banking business through permissible modes of investment & finance.

g) To undertake the business of such undertakings, exposures, businesses permissible under law of the land and as applicable on banking companies operating with the provision and recognized in the name including but not limited to Modarbah, Musharkah, Running & or Term Musharkah, Diminishing Musharkah, Istijrar, Ijarah, Istisnah, Salam, Tijarah, Bai Muajjal, commodity Murabaha, Tawarruq etc.

h) To perform recovery, collection & distribution of charitable funds collected on the basis and allowed provisions of Islamic Banking operations as per procedure and manner permitted by the regulatory authorities.

Therefore in view of the above, it has been decided to alter the object clause of the Memorandum of Association of the Bank with the approval of the shareholders and the concerned regulators as required under section 21 of the Companies Ordinance, 1984 by the addition of the above new clauses which explicitly clarifies the object of the Bank to convert from Conventional to Islamic mode of Banking enabling it to attain its objectives more efficiently and advantageously. The existing sub-clauses in the object clause III of the Memorandum of Association of the Bank shall be renumbered as 2 to 26 accordingly.

FOR AGENDA ITEM NO.6

The increase in authorized capital of the bank is necessitated to facilitate the absorption of any future issue of further share capital to the paid-up capital of the Bank in accordance with the upcoming Capital Injection Plans of the Board of Directors.

The proposed increase in the authorized capital of the bank shall be followed with the changes in the relevant capital clauses of the Memorandum and Articles of Association of the Bank.

All of the above proposed amendments have the recommendation / approval of the Board of Directors.

Interest of Directors

The directors of the bank have no direct or indirect interest in the Special Resolution, except and to the extent of their shareholding in the Bank.

Inspection of Documents

The copies of the Memorandum and Articles of Association and Statement under section 160 (1)(b) of the Companies Ordinance, 1984 may be inspected / procured during the business hours on any working day from the registered office of the Bank from the date of publication of the accompanying notice till the conclusion of the Annual General Meeting.

Summit Bank
Committed to you

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

Garden East Branch
Shop No. 4, 5 & 6, Jumani Centre
Plot No. 177-B, Garden East, Karachi
Tel: 021-32243311-13
Fax: 021-32243314

BRANCH NETWORK

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

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 1 - Uni Tower Branch
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 Daryalal Street,
Jodia Bazar, Karachi
Tel: 021-32500121-5
Fax: 021-32500128

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

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

Summit Bank
Committed to you

BRANCH NETWORK

North Napier Road Branch
18-19, North Napier Road, Karachi
Tel: 021-32766477 & 32766755
Fax: 021-32766487

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

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

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

Shahrah-e-Faisal /
IBL Building Centre, Branch
Ground Floor IBL Building Centre at
Plot No. 1, Block 7 & 8, D.M.C.H.S,
Shahrah-e-Faisal, Karachi
Tel: 021-32368002-4
Fax #. 021 - 32368005

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

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 Pizza Max 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

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

BRANCH NETWORK

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

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
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 Phase VI Branch
Property No. 16-MB, Block MB,
Phase VI, DHA Lahore
Tel: 042 37189650-52
Fax: 042-37189653

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

Empress Road Branch
Plot # 29, Empress Road, Lahore
Tel: 042-36300670-3
Fax: 042-36310362

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/1 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

Summit Bank
Committed to you

BRANCH NETWORK

Shah Alam Gate Branch
12-A, Shah Alam 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

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 - Al- 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

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. 9, Block-C, F-6 Markaz, 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

Bahria Town Branch Phase-IV
Plot # 1, Bahria Town, Civic Centre,
Phase IV, Rawalpindi
Tel: 051-5733945-46
Fax: 051-5733967

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 Aminpur
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

BRANCH NETWORK

MULTAN

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

Vehari Road Branch
Plot # 2227-A, Chowk Shah Abbas,
Vehari Road, Multan
Tel: 061-6241015-17
Fax: 061-6241014

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/11-57/103, 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 , 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 Stadium,
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

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BRANCH NETWORK

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

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 & 1324 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
Main 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

BRANCH NETWORK

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: 0513-516431-4 & 516436
Fax: 0513-516435

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, Zia ul 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, S/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,
Qasimabad, Hyderabad
Tel: 022-2650742-43 & 2652204-5
Fax: 022-2650745

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

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BRANCH NETWORK

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

MANSEHRA

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

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

BRANCH NETWORK

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, 165, 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: 0514-542157, 542167,
542279, 902238-39
Fax: 0514-542140

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BRANCH NETWORK

ISLAMIC BANKING BRANCHES

KARACHI

Fish Harbour Branch
Plot No. L - 2, Block L
Fish Harbour, Dockyard Road,
West Wharf, Karachi
PABX: 021-32312166-68
Fax: 021-32312165

I. I. Chundrigar Road Branch 2
5-Business & Finance Centre,
Opposite State Bank of Pakistan,
Karachi.
Tel: 021-32438212, 32472176, 32471796
Fax: 021-32438218

Super Highway Branch
Shop No. 29 & 30, Plot # 1-B/3,
Sub Sector 1-A, Scheme No. 33,
Main Super Highway, Karachi.
Tel: 021 - 36830161-3

Zamzama Branch
Shop No. 3, 4, 5, 6 & 7, Plot No. 16-C,
2nd Zamzama Commercial Lane DHA - Karachi
Tel: 021 - 35373135-7
Fax: 021 - 35373138

LAHORE

PIA Society Branch
Plot # 40, Block-D,
Main Boulevard PIA Society,
Opp Wapda Town Roundabout, Lahore
Tel: 042-35189957 - 59
Fax: 042-35210895

ISLAMABAD

Naval Anchorage Branch
Plot # 19, Commercial No. 2,
Naval Officers' Housing Scheme Anchorage,
Islamabad
Tel: 051 - 5159126 - 28
Fax: 051 - 5159129

HUB

Hub Branch
Shop No. 12 - 14, Khasra No. 106/4,
Int. Shopping Mall Hotel, Mouza Berot,
Tehsil Hub, Lasbella, Baluchistan
Tel: 0852 - 363056 - 058
Fax: 0852 - 363050

CHILAS

Chilas Branch
Khasra No. 02, Bazar Area, Chilas,
District Baltistan
Tel: 05812 - 450702-3
Fax: 05812-450704

SKARDU

Skardu Branch
Khasra No. 1265/39, Yadgar Chowk,
Tehsil Skardu, District Baltistan
Tel: 05815 - 456693-94
Fax: 05815-456696

CHITRAL

Chitral Branch
Attalique Bazar, Bank Square,
Opp: NBP Building, Chitral
Tel: 0943 - 412536-37
Fax: 0943 - 414352

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FORM OF PROXY

10th Annual General Meeting

The Company Secretary
Summit Bank Limited
2nd Mezzanine Floor,
5-Business & Finance Centre,
Opp. State Bank of Pakistan
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 10th Annual General Meeting of the Bank to be held on March 30, 2016 and /or any adjournment thereof.

Signed this _____ day of _____ 2016.

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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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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