

Delivering Excellence



Delivering Excellence

Silkbanks are confident in how to assure customers their financial wellbeing. With the ever-changing market dynamics, we are more than committed to cater to customers from all walks of life by staying one step ahead in giving them exactly what they want. Whether it is personal or corporate, our aim is to help our clients achieve financial freedom. We believe in customer delightment, which is why we continuously work towards remaining your choice for a superior banking experience. Silkbank is “your bank” and together we guarantee a trust for safeguarding our partnership.





Branch Banking

At Silkbank, we believe in giving the best to our customers by offering them a complete suite of diverse financial solutions. We realize that your financial needs and priorities change as you go through life. We have a world of banking products and services to cater to your requirements which include Current, Savings, Term Deposits and Bancassurance products. Our accounts are tailored to help you achieve your financial goals, that provide a perfect blend of exceptional service, expert solutions and unique benefits, to enable you to watch your money grow and build a secure future with us.





SILKBANK 
Yes we can

ADC - Alternate Delivery Channels

Silkbanks is constantly making efforts to bring innovation in the world of banking. One that is convenient, personal and most of all recognizes your financial needs. Enjoy a head start to a more rewarding banking relationship with our Internet Banking, Phone Banking, Silkbanks Visa Debit Card and Utility Bill Payment Services available to you around the clock.





SILKBANK 
Yes we can

Corporate and Investment Banking

As one of Pakistan's upcoming progressive banks, we are well positioned to help you manage your corporate needs and plan for the future with our comprehensive range of advisory services. We bring our corporate clients, local expertise with global insights in today's fastest growing markets. Take the first step to smart banking today with our capital management, debt and equity advisory, mergers and acquisitions guidance, along with trade services for corporate and middle market customers.





SILKBANK 
Yes we can

Consumer Banking

At Silkbank, we lay the foundations for a highly successful long-term partnership with you by understanding your unique financial circumstances, goals and preferences. Supported by an unwavering commitment to you and your financial goals, we help you make the most of life's opportunities and experiences, with our Personal Loan and Ready Line products. With unique features like 0% mark-up on Balance Transfer, special cardholder privileges and attractive rewards programme, we have Pakistan's most innovative Credit Cards to suit you and your lifestyle.





SILKBANK 
Yes we can

Small and Medium Enterprises

We understand that your business is unique and therefore we offer you exclusive business solutions that address all your business needs. From managing your working capital, growing your business, to protecting it and increasing your yield, we help you capitalize new opportunities. Our M'Power and SME Cash Ease products serve as your perfect business solutions.

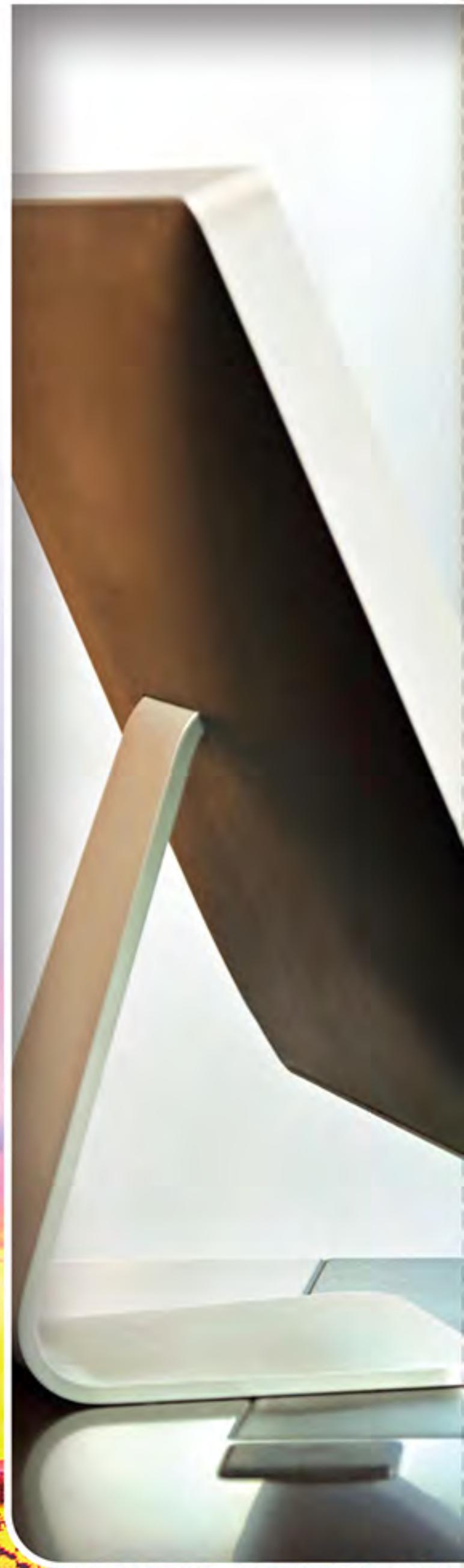




SILKBANK 
Yes we can

Emaan Islamic Banking

Our customer values, culture and beliefs are things we cherish and hold dear. Our comprehensive range of Shariah-compliant services and products are tailored to meet life's different needs and recognize what is important to you. Emaan Islamic banking products and services are not only Riba-free and Halal but are designed in accordance with Shariah rules to give you complete peace of mind.





SILKBANK 
Yes we can

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SILKBANK
Yes we can

Vision

Benchmark of Excellence in Premier Banking.

Mission

To be the leader in Premier Banking, trusted by customers for accessibility, service & innovation; be an employer of choice creating value for all stakeholders.

Core Values

Customer Focus

At Silkbank the customer remains at the core of all activities... Service Quality is our key differentiator.

Integrity

At Silkbank we are honest and upfront maintaining the highest levels of personal and corporate integrity.

Teamwork

Teamwork is our key strength... our success is in unity.

Creativity

Out-of-the-box thinking is the enabling factor for us to be recognized as an innovative organization.

Meritocracy

Merit remains our key primary criteria for rewarding performance.

Humility

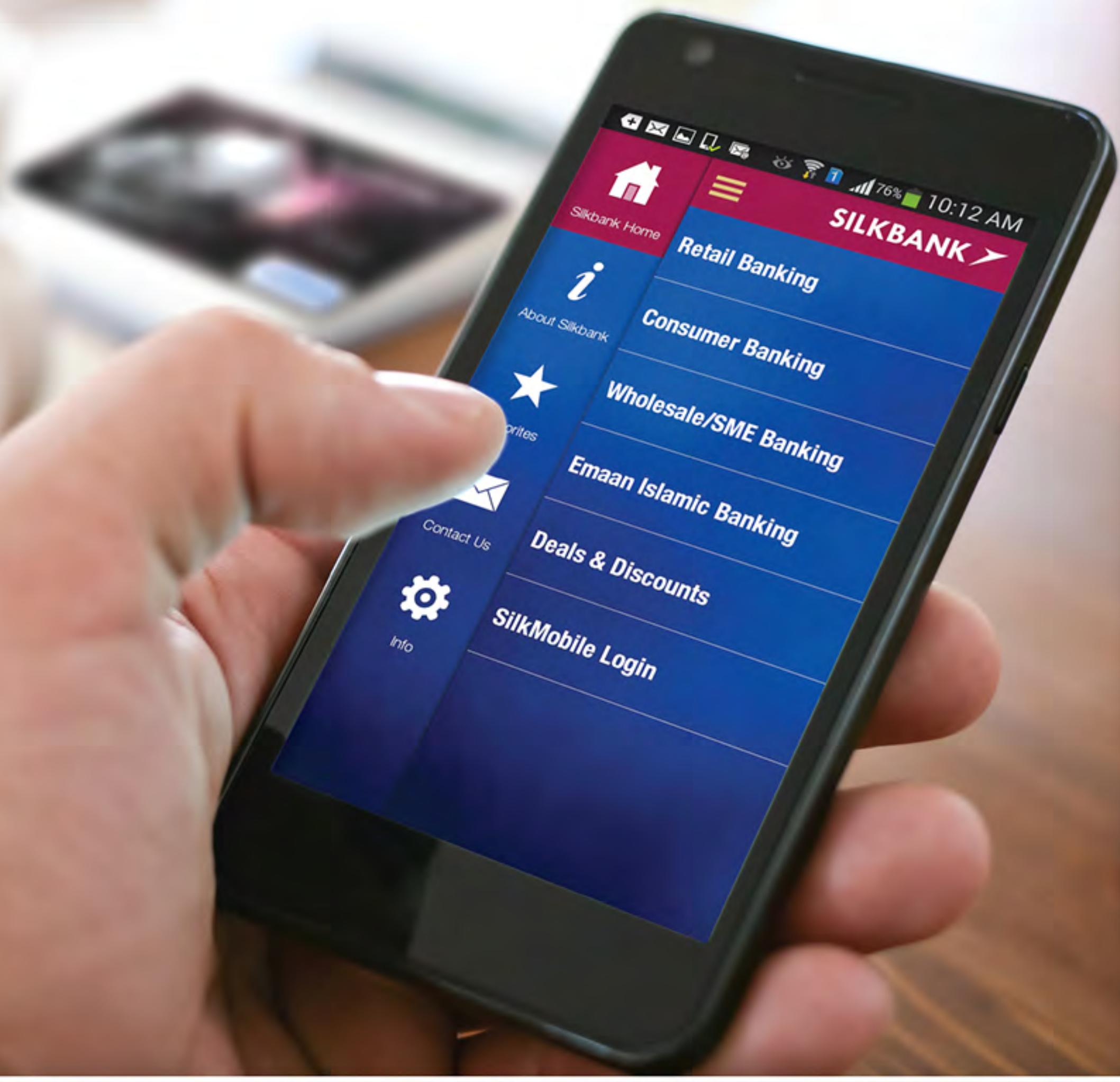
Humility remains at the core of all our relationships.



SILKBANK 
Yes we can

Products and Services





Products and Services

Branch Banking

Silkbank Current Accounts

Caters to the plethora of financial needs of a diverse customer base.

■ ALL-IN-ONE ACCOUNT

Provides ultimate protection and security to customers with amazing banking and transactional benefits.

■ BUSINESS VALUE ACCOUNT

A unique business Current Account that provides customers with protection and transactional benefits tailored for any business. It is the first account that provides comprehensive business inventory coverage for up to Rs. 10 million.

■ ONLINE EXPRESS

Online Express gives the customer complete online solutions under one roof with a variety of tier-based transactional benefits.

■ SALARY PREMIUM ACCOUNT

An exceptional Current Account offering a host of financial convenience, protection and lifestyle benefits with hassle-free salary processing.

Silkbank Savings Accounts

Silkbanks Saving products offer a host of attractive features and competitive returns with the convenience of a Current Account.

■ MUNAFA ROZANA

The only Savings Account in Pakistan that pays profit in cash daily. Profit on funds is calculated and paid into the customer's account on a daily basis.

■ PLS SAVINGS ACCOUNT

Provides the benefits of a Savings Account with the convenience of a Current Account.

■ SUPER SAVER ACCOUNT

Provides the customer with the highest monthly returns on higher deposits and profit calculation on a daily profit basis with a monthly payout.

Silkbank Term Deposit Accounts

■ SALANA MUNAFA ACCOUNT

Offers the highest profit with payout on maturity. Customers can also avail an overdraft facility of up to 90% with other transactional benefits.

■ SILKBANK MAHANA MUNAFA ACCOUNT

Offers the highest profit with monthly payout. Customers

can also avail an overdraft facility of up to 90% with other transactional benefits.

Bancassurance

Silkbank offers one window operation for its customers to enjoy assorted insurance coverage / plans through a bouquet of products: Mehfooz Har Pal, Roshan Mustaqbil, Silk Health Plan, Sunehra Kal, Silk Health Line, and Silk Secure Takaful.



Alternate Delivery Channels

Direct Internet Banking

With Silkbank Direct Internet Banking, customers can enjoy and manage their accounts anywhere, anytime.

Silkbank Phone Banking

Why walk to the bank when you can talk to the Bank! Silkbank Phone Banking officers ensure that the customer's financial needs are taken care of with ultimate accessibility, convenience and security, 24/7.



Silkbank VISA Debit Card

Silkbank VDC, with local, international acceptance allows you to enjoy discounts up to 50% on assorted merchants & outlets, nation wide.



Utility Bills Payment Service

Customers can now use their Silkbank VISA Debit Card at any Silkbank ATM to pay their utility bills or top up their mobile phones, round the clock, free of charge!



Corporate and Investment Banking

Corporate Banking

Corporate banking is a one-stop shop for clients ranging from local corporate to multinational companies. We understand customer's business needs, which is why we offer customized solutions. Our experienced team gives our corporate customers complete attention and ensures that they receive premium service always.

Investment Banking

Silkbank has an experience and professional investment banking team that has been a prominent player in the market. We provide a complete array of Debit & Equity advisory and placement services through our vast distribution network of potential investors.

Middle Markets

Upholding the motto of "Yes we can", Silkbank stretches to a nationwide network fully equipped to the vast and extensive middle market customers. Structured working capital lines are provided along with Current / Savings Accounts in order to enhance trade volumes of medium enterprises allowing them growth.

Consumer Banking

Personal Loan

Silkbank offers the best Personal Loan for all your needs. Now you can apply for a fresh loan of up to Rs. 2 million. You can also

transfer your outstanding loans from other banks and avail a wide range of benefits while enjoying the same monthly installment or even less. With Silkbank Personal Loan, you can live up to your dreams and enjoy life to the fullest. It is fast, convenient, flexible and affordable.

Silkbank Ready Line

Ready Line is an evergreen Running Finance facility specifically designed to meet your emergency financial needs with credit facility of up to Rs. 2 million. It not only provides peace of mind but also helps customers meet their emergency cash needs and that too with the utmost convenience and freedom.

Silkbank Credit Cards

The most innovative cards of the country, Silkbank Credit Cards provide customers with 0% markup for an entire year upon transfer with Card Design Personalization and Customization. Silkbank Credit Card customers can enjoy up to 50% discount on assorted merchants and outlets with the added facility of Extended Payment Plan (EPP).

Small and Medium Enterprises

M'Power

Silkbank's M'Power is a running finance facility, which is structured according to your preferences and provides the best solution to meet your financing needs with credit financing up to Rs. 15 million. It helps you to leverage every business opportunity that comes your way and gives you greater freedom to focus on every important aspect of your business's growth.

SME Cash Ease

SME Cash Ease (Local Bill Discounting Program) is a liquidity solution for SME level businesses to maintain a profitable working relationship with their client companies.

Emaan Islamic Banking

Emaan Islamic Banking inaugurated in 2012 with 10 branches nationwide is geared towards providing Shariah-compliant banking products along with high level of customer satisfaction. Emaan Islamic Banking offers an array of products to meet the financial needs of the customers, including current accounts, savings accounts, term deposits, takaful and saving plans.



Chairman's Message

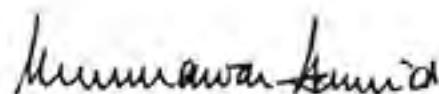
Dear Shareholders,

In spite of some recovery in spreads during the first half of the year 2014, the entire year turned out to be another subdued year for banking spreads due to downward movement in interest rates during the second half. Together with this, the troubled socio-political scenario prevailing in the country and the adverse law and order conditions, presented various challenges, but the Bank came out stronger than before, by posting profits, quarter after quarter, and the year end results are reflective of the management's effort in meeting your expectations.

In line with the strategic direction of the Board, the Silkbank team enhanced its revenue in 2014, both on the asset and the liability side of the business, rationalized expenses, re-engineered processes and used existing resources to achieve growth. The management continued to achieve high standards of service a greater automation and controls and improve efficiency, productivity and regulatory compliance.

In order to meet the Minimum Capital Requirement of the State Bank of Pakistan, the Board in its meeting held on August 27, 2014, approved the issuance of fresh right shares of Rs. 10 billion (6,410,256,410 Right Shares at Rs. 1.56 per share, a discount of Rs. 8.44 per share), under the provisions of Section 86 of the Companies Ordinance, 1984, subject to the approval of the shareholders and regulatory authorities. The Bank has already received Rs. 2.0 billion as advance against these shares and expects to close the issue shortly, as a result of which the capital base of the Bank will increase to Rs. 16 billion. Going forward, the Board has therefore set significant goals to improve profit margin and earnings in 2015.

I wish all the success to the management in making the year 2015, a better year for the Bank.



Munnawar Hamid, OBE
Chairman



SILKBANK 
Yes we can

President's Review

Dear Shareholders,

The year 2014 was a challenging year for Pakistan both on the political as well as the economic front. The security situation worsened during 2014 with increasing terrorist attacks. The continuing energy crisis further dampened the business environment.

Pakistan's macroeconomic landscape has been witnessing a gradual turnaround over the last two years. The key contributor was the steep decline in international crude oil prices, which bodes well for the external account going forward.

The SBP's foreign exchange reserves crossed the USD 15 billion mark. As a result, the Pak rupee strengthened and stabilized versus the USD with around a 5% appreciation in 2014. Consumer Price Index (CPI) reduced dramatically in 2014 leading to a 50 bps cut in the discount rates in Nov-14 and another 100 bps in Jan-15, bringing it down to 8.5%.

In 2014, we continued to work on Silkbank's Vision, to be the "Benchmark of Excellence in Premier Banking" and remained steadfast in the Bank's Mission, "To be the leader in Premier Banking, trusted by customers for accessibility, service & innovation; be an employer of choice creating value for all stakeholders".

The year 2014 was challenging for all of us. The economic, regulatory and security situation was demanding, yet as a team, through dedication and hard work, we overcame the challenges to close 2014, stronger than ever before by posting a year-end operating profit of Rs. 499 million and a profit before tax of Rs. 131 million.

Silkbank's road to profitability also included a strong recovery of non-performing advances. The Special Assets Management Group (SAMG) of the Bank once again exceeded expectations and contributed a net amount of Rs. 1.631 billion to the P&L Account. With a total NPL reduction and mark-up recovery of Rs. 2.531 billion, the SAMG team was able to reduce NPL by Rs. 1.650 billion.

Additionally, with improvement in Yield on earning assets, the spread rose from 2.24% in 2013 to 3.42% in 2014.

Your Bank also maintained a resolute focus on customer service during the year. Surveys were conducted to measure service quality through both in-house resources as well as external research agencies. Independent "Mystery Shopping Results" conducted by a leading market research consultancy has reaffirmed a continued improvement in the service quality standards, with a YTD score of 91%. Your Bank's endeavor will be to continue the Service Leadership in the banking industry and maintain a steadfast commitment towards continuous improvement and people development. Your Bank will also consistently invest in technology to ensure availability of innovative products and delivery of unmatched service to our customers.



SILKBANK 
Yes we can

President's Review

The Bank's strategy focused on reducing cost of funds by replacing high-cost deposits with low-cost CASA. Silkbanks deposit-mix in 2014 showed a positive improvement with CASA deposits increasing to 57.4% from 54.9% in the previous year.

Another 2014 strategic initiative was a continued focus on booking high-yielding consumer assets. Credit Cards registered a growth in Ending Net Receivable (ENR) of 89% vs. 2013, driven by a strong and consistent growth in new cards acquisition. The Bank's total Cards in Force (CIF) stood at 34,986 as of December 31, 2014 with an ENR of Rs. 1.88 billion against Rs. 993 million at the end of 2013. The momentum in Personal Loans & Running Finance facility was maintained with a combined year end 2014 ENR of Rs. 6.9 billion vs. Rs. 5.0 billion in 2013. The strategy followed in Personal Loans was to promote and focus on loan top-ups to customers with good credit history who have enjoyed a profitable relationship with the Bank. This aided in enhancing the product yield and diminishing customer acquisition cost. This strategy helped in strengthening ties with customers by entering into a long-term relationship and simultaneously, helped manage portfolio attrition prudently. Silkbanks Ready Line, a running finance facility, has earned a name for itself within a short span of its launch in 2011. It is, ostensibly, the most sought-after loan product in the market. Your Bank's strong portfolio of alliances with popular merchants across Pakistan has been vital in the increase of our VDC customer base by 16,509 during the year 2014. Silkbanks Visa Debit Cards reflected a growth of 45.33% over last year with a spend volume of Rs. 931.83 million. The Bank's high ATM availability and the upscale look and feel of the ATM vestibules have contributed significantly to the enhanced usage of Silkbanks ATMs, with an impressive average cash dispensed of over Rs. 1.12 billion a month.

The Alternative Delivery Channels (ADC) business continues to be an important tool in cost reduction, customer loyalty and the Bank's innovative positioning. Your Bank now provides SMS alerts to 53,384 customers. Internet Banking is now being used by over 18,085 customers while E-Statements are being sent to 30,292 account holders, ensuring timely delivery and reduction in courier costs. Silkbanks is now working towards enhancement of Mobile Banking Service, with the launch of SilkMobile. This will allow the Bank's customers to pay their bills, transfer funds, request cheque books, besides avail many other services. These ongoing developments aim at further strengthening your Bank's innovative positioning. ADC segment recorded an income of Rs. 77.56 million during 2014.

Your Bank has continued to be a major player in the Bancassurance business offering simultaneous investment & health insurance with an annual revenue of Rs. 44.38 million in 2014.

During the year, a strong focus was maintained to build non-funded trade business from the Middle Market branches along with emphasis on low-cost deposit generation. The Corporate Banking Group formed a dedicated liability team to target corporate deposits and spearhead cash management to generate funds.

In just two years since inception, Emaan Islamic Banking has efficiently managed to replace the big ticket accounts to reduce the cost of funds and increase spreads. As a result, Emaan Deposits stand at Rs. 6.6 billion as of December 31, 2014 compared to Rs. 4.0 billion on December 31, 2013, reflecting a healthy growth of 68% mainly in the current and saving accounts. The Financing position stands at Rs. 5.7 billion on December 31, 2014 compared to Rs. 3.6 billion as of December 31, 2013.

Your Bank manages its liquidity with stringent risk management and prudent liquidity management techniques. Silkbanks Treasury department continued its exceptional performance in contributing towards profitability. The Bank's total FX Income earned in 2014 was Rs. 199 million, FX Corporate Desk posting a profit of Rs. 139 million and the Money Market Desk realizing capital gains of Rs. 260 million on GOP securities during the year.

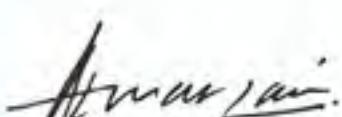
Your Bank continued to enhance its risk management capability in the Corporate, Middle Market, SME and Consumer businesses. Assessment of the Risk Acceptance Criteria (RACs) is an ongoing exercise, which enables the Bank to keep its risk appetite at acceptable levels. The Internal Control and Compliance Teams continued vigilance of the branches and other support functions, which included sharing of guidelines to educate and guide staff to ensure better control standards. Another critical initiative to steer the Bank towards profitability was to rationalize expenses. In 2014, the Bank's expense rationalization initiatives covered staff, premises and other operating costs. Synergies were created across the organization through position mergers, consolidation of units, and review of each unit's organizational structure. On the premises side, your Bank continued to renegotiate rentals and undertook relocation of premises where required, to reduce costs. Major utility saves were realized through adoption of energy-efficient practices as well as stringent monitoring. As part of the Bank's energy saving initiatives, 40 branches were converted to solar power. Other operating cost saves included telecom and hardware optimization and a constant review of major expense lines.

The Silkbanks team has always been the institution's most prized asset. The Bank dedicated more than 22,000 hours to training staff, while revamping its Learning and Development curriculum to introduce need-based programs focusing on personal and professional development.

In the coming years, your Bank will build on its strengths and reflect strong revenue growth momentum. Silkbanks will continue to optimize expenses through greater synergies and re-engineering of processes for greater efficiency and productivity. The Bank's forthcoming initiatives will aim to augment the revenue momentum to ensure that the next year closes on even stronger footings.

It is my great privilege to continue to lead the dynamic Silkbanks team. I would thank every member of the organization for their dedication, commitment and hard work during the year. I would also thank our Stakeholders, Sponsors and Directors for their continued guidance, support and patronage

Yes we can,



Azmat Tarin

President & CEO

Corporate Information

For the year ended December 31, 2014





SILKBANK 
Yes we can

Corporate Information

Board of Directors

Munnawar Hamid, OBE	Chairman
Adnan Afridi	Director
Faisal Anis Sherwani	Director
Khalid Aziz Mirza	Director
Sadeq Sayeed	Director
Shamsul Hasan	Director
Tariq Iqbal Khan, FCA	Director
Azmat Shahzad Ahmed Tarin	President & CEO
Shaukat Tarin	Advisor to the Chairman

Company Secretary

Uzman Naveed Chaudhary

Chief Financial Officer - Acting

Khurram Khan

Audit Committee

Tariq Iqbal Khan, FCA	Chairman
Adnan Afridi	Member
Faisal Anis Sherwani	Member
Wajih Zaidi	Secretary

Risk Committee

Shamsul Hasan	Chairman
Sadeq Sayeed	Member
Muhammad Atif Kauser	Secretary

Human Resources Committee

Munnawar Hamid, OBE Chairman

Khalid Aziz Mirza Member

Azmat Tarin Member

Romana Khokhar Secretary

Auditors

M. Yousuf Adil Saleem & Co.

(Deloitte Pakistan)

Chartered Accountants

Legal Advisor

Ghani Law Associates

Registered Office

Silkbank Limited

Silkbank Building, I. I. Chundrigar Road, Karachi.

Telephone No.: +92-21-111-00-7455 Ext. 413 & 414

Fax No.: +92-21-32460464 & 32462902

Email: companysecretary@silkbank.com.pk

Website: www.silkbank.com.pk

Share Registrar

Central Depository Company of Pakistan Limited (CDCPL)

Share Registrar Department

CDC House, 99-B, Block 'B',

S.M.C.H.S., Main Shahra-e-Faisal

Karachi-74400.

Tel. No.: Customer Support Services (Tol- Free) 0800-CDCPL (23275)

Fax: +92-21-34326053

Email: info@cdcpak.com

Website: www.cdcpkistan.com

Board of Directors

Khalid Aziz Mirza
Director

Tariq Iqbal Khan
Director

Azmat Tarin
President & CEO

Shaukat Tarin
Advisor to the Chairman



Munnawar Hamid, OBE
Chairman

Faisal Anis Sherwani
Director

Shamsul Hasan
Director

Adnan Afridi
Director

Sadeq Sayeed
Director



Profile of Board of Directors

Mr. Munnawar Hamid OBE, Chairman

Mr. Hamid was elected as Independent Director and Chairman of the Board, in March 2008 and was re-elected as a Independent Director by the shareholders of the Bank. Mr. Hamid was also appointed as the Chairman by the Board in August 2011 and also in August 2014 and has held this position since then. He is also the Chairman of the HR Committee of the Board. Mr. Hamid gained experience of commerce and industry while serving in a major chemicals company, ICI Pakistan Limited, as Chief Executive, as well as Chairman of a number of subsidiary companies of Global Corporations in Pakistan, which include ICI Pakistan and Pakistan PTA (now Lottee Pakistan PTA Ltd.). He has also served in London as a Global Senior Corporate Planner ICI Plc for its Pharmaceuticals, Agrochemicals and Seeds, and especially Chemical Businesses. Subsequently, he was the Advisor to the CEO of ICI Plc London, for South Asia. In addition to the Corporate sector, Mr. Hamid has been associated with a number of Boards, high-level consultative bodies, Public Sector Organizations, leading Advanced Educational Institutions and the Financial Sector of Pakistan. In October 1997, he was appointed Officer in the Most Excellent Order of the British Empire (OBE) by HM the Queen, for services to ICI and Economic Development in Pakistan. Mr. Hamid is a graduate from Punjab University, and also holds BA (Hons) and a Master's degree from Cambridge University (Gonville & Caius College), UK. He has over 45 years of experience in the fields of business & corporate management and operations. Mr. Hamid is also currently associated with the following organizations:

■ Linde Pakistan Ltd. (formerly BOC Pakistan Ltd.)	Chairman
■ The Agha Khan University, Karachi	Member Board of Trustee
■ The Aga Khan University - Gratuity Fund	Trustee
■ The Aga Khan University - Provident Fund	Trustee

Mr. Tariq Iqbal Khan - Director

Mr. Tariq Iqbal Khan was elected as an Independent Director on the Board of the Bank in December 2010 and was also re-elected as a Director by the shareholders of the Bank in August 2011 and August 2014 and has held this position since then. He is also the Chairman of the Audit Committee of the Board. Mr. Tariq Iqbal Khan is the Ex-Chairman of National Investment Trust Limited. He has also served on various positions in Federal Board of Revenue (FBR) and Securities and Exchange Commission of Pakistan (SECP). Mr. Khan has also played a significant role at Pakistan Banks Association's Chairman. Mr. Khan is a Chartered Accountant by profession, and has over 30 years of experience. He has served on

the Boards of various other banks and companies. Currently he holds directorship in the following companies:

■ Gillette Pakistan Ltd.	Director
■ International Steels Ltd.	Director
■ Packages Ltd.	Director
■ Lucky Cement Ltd.	Director
■ National Refinery Ltd.	Director
■ FFC Energy Ltd.	Director (Government Nominee)
■ Pakistan Oil Fields	Director (Government Nominee)

Mr. Sadeq Sayeed - Director

Mr. Sayeed was elected as a Non-Executive Director on the Board of the Bank in March 2008, was also re-elected as a Non-Executive Director by the shareholders of the Bank in August, 2011 and August 2014 and has held this position since then. He is also member of the Risk Committee of the Board.

Mr. Sayeed was appointed as Chairman of Metage Capital Ltd., an investment firm based in London, in March 2011. Prior to this, Mr. Sayeed was the CEO of Nomura Europe in 2008, having joined the company in 2000 as Special Advisor. This appointment followed the acquisition of the Lehman Brothers businesses in EMEA and Asia, in which Mr. Sayeed played a key role. In addition, he was the Chairman of both the European Management Committee, and the European Capital Commitments Committee at Nomura. In 2010, Mr. Sayeed retired as CEO of Nomura.

Previously Mr. Sayeed had been responsible for a number of key strategic projects globally, including the creation of Terra Firma Capital Partners, a £2 billion private equity fund. He was also responsible for creating the joint venture between Rothschild and Nomura, in respect of their global investment banking activities. Mr. Sayeed has over 30 years of experience in investment banking, including arbitrage trading, structured finance, fund management and financial advice. He has previously served as Managing Director of Credit Suisse First Boston, where he spent 15 years, and served as a member of the Operating Committee. Prior to his global investment banking career, he was Consultant to the World Bank in Washington DC. Mr. Sayeed holds an under-graduate degree in economics with concentration in electrical engineering, from Massachusetts Institute of Technology (MIT), as well as a Master's degree in finance from MIT's Sloan School. Mr. Sayeed is a visiting Associate Scholar at Pembroke College, Cambridge. He is also an Adjunct Professor at Imperial College Business School, in London. He currently holds the following positions:

■ Metage Capital Ltd.	Chairman
■ Sinthos Capital Advisors LLP	Partner

Mr. Shamsul Hasan - Director

Mr. Shamsul Hasan was appointed by the Board as a Non-Executive Director on the Board of the Bank in November 2012 and was re-elected as an Independent Director by the shareholders of the Bank in August 2014 and has held this position since then. He is also the Chairman of the Risk Committee of the Board. Mr. Hasan is a senior investment and corporate banker. Prior to his joining the Bank, Mr. Hasan was the Managing Director and Chief Executive Officer of Pakistan Kuwait Investment Company (Pvt.) Ltd., a joint venture of Governments of Pakistan and Kuwait, from November 2008 till August 2011. Through his dynamic leadership, he completely turned around the company into a profitable organization. In 2011, Pakistan Kuwait Investment Company was given a Credit Rating of "AAA" by two independent credit rating agencies; it also achieved a very high Corporate Governance Rating. Mr. Hasan has also worked as the Country Head of Corporate & Investment Banking Group of the then Saudi Pak Commercial Bank Limited. He has over 33 years of banking experience with other local and international banks, and has a proven track record of over 20 years experience in senior management. He is a graduate of Pakistan Military Academy, Kakul. Mr. Hasan has extensive banking training and has attended various international management development programs, conducted by INSEAD France, National University of Singapore, Institute of Islamic Banking London and Euro Money London.

Mr. Adnan Afridi - Director

Mr. Adnan Afridi was elected as a Director on the Board in August 2014. He is also member of the Audit Committee of the Board. Mr. Afridi has served as Chief Executive - AVA Water; Managing Director, Pakistan - Start Consult; Chief Executive Officer/Secretary General - Overseas Investors Chamber of Commerce and Industry (OICCI) and Chief Executive Officer/Managing Director - Karachi Stock Exchange (Guarantee) Limited, Karachi. He is currently working as Chief Executive Officer, Tethyan Group. Prior to join Tethyan Group, he has also served as Senior Advisor to Board Strategy and Investor Relations in Silkbank Limited.

Mr. Afridi holds J.D. (Juris Doctorate) degree from Harvard Law School Cambridge, MA, USA. Mr. Afridi has 18 years international experience in change management, business transformation, innovation and profitability in blue chip companies, private-sector and start-up situations. He had also International work experience in USA, EU (UK, Italy, Turkey, France) and UAE.

Mr. Faisal Anis Sherwani - Director

Mr. Faisal Anis Sherwani is a nominee Director of M/s. Nomura International Plc. He was re-elected as a Non-Executive Director by the shareholders of the Bank in August 2014 and has held this position since then. He is also Member of the Audit Committee of the Board.

Mr. Faisal is a Masters in Business Administration (MBA) with a major in Finance from the Institute of Business Administration (IBA),

Karachi, Pakistan. He is an experienced professional with a proven track record established over last 10 years within the institutional client base in the Gulf.

Mr. Faisal is currently working as an Executive Director in Nomura International Plc. based in Dubai International Financial Center.

Prior to joining Nomura, Mr. Faisal was working with Lehman Brothers Europe International, Dubai Branch, as Director - Middle East Capital Markets. At Lehman Brothers, he established Credit Sales and Securities Financing business in the Gulf Region.

Mr. Faisal also worked for Standard Chartered Bank for a decade in the Middle East and Pakistan. During his stay at Standard Chartered he has performed various roles in Institutional Sales, Trading and Asset Liability Management.

Mr. Khalid Aziz Mirza - Director

Mr. Khalid Aziz Mirza was elected as an Independent Director on the Board in August 2014. He is also member of the HR Committee of the Board.

Mr. Mirza is a Masters of Commerce (M.Com) from University of Punjab, Lahore, Pakistan.

Mr. Mirza has served at various positions in Investment Corporation of Pakistan (ICP), Credit & Finance Corporation - London; International Finance Corporation (IFC) (Member, World Bank Group). Beside this, he also served as Chairman - Securities & Exchange Commission of Pakistan (SECP); The World Bank - Washington DC, USA; Chairman and Chief Executive - Monopoly Control Authority, GoP; Chairman and Chief Executive - Competition Commission of Pakistan and Member - Competition Appellate Tribunal. Mr. Mirza is currently working in Lahore University of Management Sciences (LUMS), Pakistan. Mr. Mirza is also Independent Director/Chairman on the Board of Primus Investment Management.

Mr. Azmat Tarin - President & CEO

Mr. Tarin is the President & CEO of Silkbank since October 2008. Prior to which, he was the Executive Director in Silkbank. He is also member of the HR Committee of the Board. Mr. Tarin is a career banker with an experience of over 25 years. He started his career in Branch Operations in Lincoln Savings, California, in 1989.

Subsequently, he moved to Saudi American Bank in Riyadh, where he was involved in a project of centralizing operations. He has also attended the Management Associate Program at the Saudi American Bank. His first banking assignment in Pakistan was with Union Bank Ltd. from 1999 to 2006 as Head of Retail Banking, where he was a part of the core team that turned the bank into one of the most profitable banks of the country. In addition, he served on the Board of Union Leasing from 2001 to 2006. Mr. Tarin is also serving as a Director of Sinthos Capital Holding Ltd.

Mr. Tarin is a Master of Business Administration (MBA) in Management Sciences from Pepperdine University, Los Angeles, California.

Senior Management Committee



Standing L to R: Masroor Qureshi, Shuja Ahmed Alvi, Wajih Zaidi, Javed Yousuf Edhi, Junaed Rayaz Chaudhry, Uzman Naveed Chaudhary

Sitting L to R: Jawad Majid Khan, Jamil A. Khan, Goharulayn Afzal, Romana P. Khokhar



Standing L to R: Ali Kashif Rizvi, Imran Aslam, Kamran Bashir, Shahram Raza Bakhtiari, Mansoor Mukhtar, Umar Saeed Khan

Sitting L to R: Talha Saeed, Azmat Tarin, Kasim Feroze Khan, Muhammad Saqib Pal

The Management

Azmat Tarin	President & CEO
Masroor Qureshi	Group Head Wholesale Banking
Goharulayn Afzal	Group Head Support Services
Jamil A. Khan	Group Head Compliance, Legal & Internal Control Division
Jawad Majid Khan	Group Head Islamic Banking
Javed Yousuf Edhi	Head Information Technology & Operations
Kasim Feroze Khan	Group Head Special Assets Management and Islamic Banking
Muhammad Saqib Pal	Chief Risk Officer
Romana Khokhar	Head Human Resources
Talha Saeed	Group Head Retail Banking
Wajih Zaidi	Head Internal Audit
Junaed Rayaz Chaudhry	Head Consumer Risk
Shuja Ahmed Alvi	Head Investment Banking
Uzman Naveed Chaudhry	Company Secretary, Head Investor Relations & Legal Affairs
Imran Aslam	Head Branch Banking
Umar Saeed Khan	Head Corporate Banking
Shahram Raza Bakhtiari	Head Consumer Banking
Mansoor Mukhtar	Head SME Relationship
Kamran Bashir	Head Special Assets Management
Ali Kashif Rizvi	Head Treasury

Corporate Profile

Background:

Silbank is a scheduled commercial bank listed on all stock exchanges in Pakistan with its Central Office located in Karachi. On September 15, 2001, under the supervision of SBP, the institution then known as Prudential Commercial Bank Limited was acquired by Saudi Pak Industrial and Agricultural Investment Company (Pvt). Limited and renamed as Saudi Pak Commercial Bank Limited.

On March 31, 2008, a Consortium comprising International Finance Corporation, Bank Muscat S.A.O.G, Nomura European Investment Ltd. and Sinthos Capital Advisors (led by Mr. Shaukat Tarin and Mr. Sadeq Sayeed) acquired a majority stake in Saudi Pak Commercial Bank Ltd, which was subsequently rebranded as Silbank Limited on June 01, 2009.

The Consortium holds over 82% equity stake in Silbank and has an enviable track record of creating shareholders value by implementing proven business models and forming strategic business alliances around the world.

The Bank is engaged in providing financial services via 88 branches located in 33 cities throughout the country and offers a range of retail, consumer, corporate and Islamic products.

CONSORTIUM PARTNERS



A member of the World Bank Group, IFC fosters sustainable economic growth in developing countries.



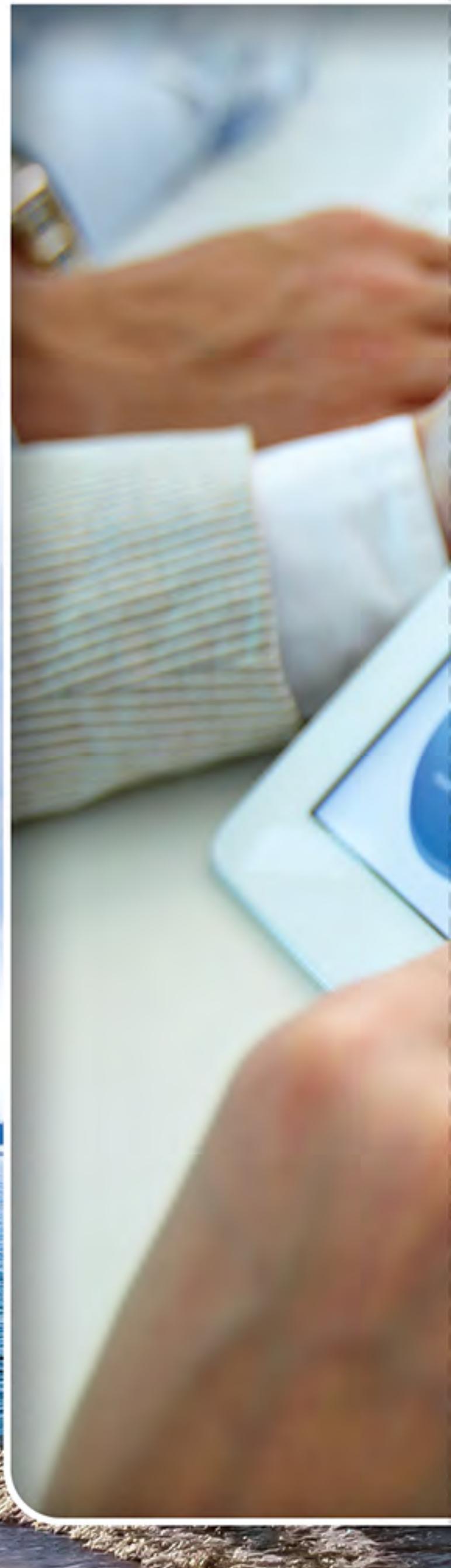
Largest bank of Oman with assets of over USD 15 billion, having significant presence in the Middle East.



A leading investment bank with network in over 30 countries and total assets of USD 221 billion. Recently acquired Lehman Brothers in Asia and Europe.

Reports and Statements to the Members

For the year ended December 31, 2014





we are looking for a new kind of revolution, which may be very true. True, because we are not only in search for a strategy, we are also looking for a new kind of revolution. Revolution is a process, not an event. We also accept that these basic yet profound notions are the foundation for a

We are visionaries and theorists while at the same daily trials as activists. We tend to lose more than we struggle itself manages to fuel us. If we have been some way for our activism to sustain us, for we've been able to muster to perceive organizational theory alone uninterrupted, for example, that accom

the spoils of apparently

"the spirit of revolt," as the slogans suggest that culture and spirit are derived from something outside us as individuals. That motion is, in fact, a social movement. That they are, it's more likely to be by the media slogan or image, and place it before us, about they are made up of icons -- or so it would

But social movements by definition can those people acknowledge the existence of us.

When we talk about revolutionary, implement common ideals in the process talking about finally acknowledging the against, as fully and wholly as possible we relate to it as an adversary. It manifests and promotes our

Director's Report

For the year ended
December 31, 2014

Dear Shareholders,

The Directors are pleased to present the 21st Annual Report and the audited financial statements for the year ended December 31, 2014.

Economic Review

Pakistan's macroeconomic landscape has been witnessing a gradual turnaround for the last two years, with fiscal consolidation and entry into IMF's Extended Fund Facility being the key factors in the year 2013. The biggest factor in the 2014 was the steep decline in international crude oil prices, which with a more than 50% dip during 2nd Half of Calendar Year 2015 bodes well for the external account going forward. The SBP's foreign exchange reserves have witnessed a remarkable turnaround in the year 2014, rising from USD 3.5 bn in Dec-13 to USD 10.5 bn in Dec-14, taking the total foreign exchange reserves to over the USD 15 bn mark, a level last witnessed more than two years ago. As a result, the Pak rupee has strengthened and stabilized versus USD with around a 5% appreciation in 2014. Also the Consumer Price Index (CPI) reduced from 8.470% in first half of 2014 to 6.170% in the second half with the monthly CPI as low as 3.96% in Nov-14, leading a 50 bps cut in the discount rates in Nov-14, and another 100 bps in Jan-15, bringing it down to 8.5%.

However, despite improvement in the external account and lower inflation economic growth continues to remain below target due to the ongoing energy crises, and a low tax to GDP ratio of around 10%, almost 5% below the average of peer countries. Although, fiscal deficit has been brought under control in the year due to one-off inflows, control over PSDP, and a reduction in power sector related subsidies, more tangible structural reforms are needed improve economic growth.



The Banking Sector

After a rather challenging previous year, during which the SBP imposed regulations adversely affecting deposit rates, the current year 2014

saw some relief for the industry. A shift in Government policy seeking to lower its rollover risk and to lock in a fixed rate on its mounting debt resulted in an unprecedented issue of longer term PIBs. All banks participated aggressively in this issue, to shield themselves, and consequently PIBs emerged as the leading investment avenue for the banking industry with investment rising from Rs. 744 billion at the end of 2013 to PKR 2,659 billion at the end of 2014. As a result, the additional yield on PIBs which is around 200 bps above the prevailing T-Bill yields, is expected to help industry protect its interest margins despite weakening spreads.

On the lending front, improvement in advances remained impressive and increased by Rs. 257 billion during the year with higher lending to the agri sector, food producers, and the transport and communication sectors. Credit costs, remained subdued in the Industry due to improving asset quality and a measured lending stance.



Silkbank's Performance During 2014 and Future Strategy

Overall Financial Performance

In the beginning of the year, the Board approved the following areas for focus by the Bank as a part of a strategic Plan to achieve profitability. Performances during the year in each were as follows:

■ CAPITAL INFLOW

The Bank successfully raised Rs. 2.2 billion through issuance of Privately Placed, Non-cumulative and Convertible Preference Shares ("PNCPS") to Institutions and private investors and its proceeds



contributed to the Tier-I Capital of the Bank. The Bank has also announced Rights issue of 6,410,256,410 shares at Rs. 1.56 per share (at a discount of Rs. 8.44 per share), subject to the approval of the Securities and Exchange Commission of Pakistan and the shareholders of the Company, against which Rs. 2 billion have already been received in the subscription account as advance. The Bank expects to successfully complete this issue by March 31, 2015 thereby increasing the capital base of the Bank to Rs. 16 billion.

■ MAINTAIN LOW COST OF FUNDS

Focus on increasing core current and saving accounts, decreasing expensive deposits and replacing them with low cost deposits in general as well as the low cost Emaan Islamic Banking Deposits, has resulted in significant reduction in cost of funds.

■ FOCUS ON BOOKING HIGH MARGIN CONSUMER ASSETS

Achieving a good Non Performing Loan history in the consumer portfolio, an effective collection system enabled higher Consumer Financing and a strong momentum to booking of cards and consequently a higher income for the Bank. The Bank also focused on expanding the rest of the high yielding products such as running finance and personal loans. New corporate assets were however booked very selectively so that the CAR could be managed successfully.

■ NON PERFORMING LOANS (NPLS) REGULARIZATION

As per strategy, the Bank has reduced the NPL portfolio by Rs. 1.650 billion in 2014.

■ EXPENSE RATIONALIZATION SAVINGS

The Bank's productivity team achieved direct cost reduction as well as rationalization of the organization during the year.



In addition to the above, it is noteworthy that the Bank is considered a pioneer of the 0% APR Credit Card, the daily profit payout savings account - Munafa Rozana, and the mark-up waiver offer on Personal Loans. The Bank's running finance facility, Ready Line, is also ostensibly the most sought after unsecured retail loan product in the market, and

the Bank as a result of the expansion of Emaan Islamic banking across the country now offers both conventional and Islamic banking products.

The economic, regulatory and security situation was demanding, but the Bank overcame the challenges to close 2014, profitability. However though the current year 2014 has been a turnaround year for the Bank, witnessing consistent growth in businesses and achieving profits not only on the margin but also on the bottom line, unfortunately the adverse socio-political conditions prevailing in the country coupled with the sharp reduction of spreads has prevented adequate profitability to declare a dividend for the year.

The comparative financial performance between 2013 and 2014 is given below:

Financial Performance 2014	Rs. In million	
	2014	2013
Net mark-up income	3,460.117	2,159.756
(Provisions) / Reversal, impairment and others	(367.613)	(633.475)
Non mark-up income	1,720.363	1,324.580
Non mark-up expense	(4,681.452)	(4,378.939)
Profit before Tax	131.415	(1,528.078)
Tax / (Reversal) of tax	(44.555)	371.516
Profit after Tax	86.860	(1,156.562)
	Rupee	
(Loss) / Earning per share	0.03	(0.43)

Future Strategy

Building on the progress during the year 2014, the Bank shall continue to pursue its goals to be the top service provider in the Banking industry as well as improve profitability with a more robust capital base. The Bank also plans to expand its footprint across Pakistan with new branch openings both in conventional as well as Islamic Banking.

I, on behalf of the Board, take pride in our Team who are well on track to achieve our Vision and Mission to be, "The Benchmark of Excellence in Premier Banking", on the strong base built during past few years.

Wholesale Banking Group

Corporate Banking & Middle Market

During the current year 2014, Corporate Banking emphasized on the generation of low cost deposits and trade financing, controlling costs and maximizing utilization of resources, and will continue to do so to improve profitability as well as reciprocal business in current year. Staff training will also be improved to enhance the effective utilization of human resource.

Investment Banking Group (IBG)

The IBG worked on a number of debt and equity transactions during 2014. It successfully closed a syndicated facility for a major hospitality business for Rs. 1.5 billion, worked closely with the Bank's Special Asset Management Group ("SAMG") to sell an OREO property, and was able to build a healthy pipeline of other transactions which it hopes to conclude during the first half of 2015. It also received the "Transaction of the Year" award from the prestigious CFA Society, Pakistan, for successfully managing a first of a kind Preference Share issue.

Director's Report

For the year ended December 31, 2014

Treasury & Financial Institution

The Treasury continued with its exceptional performance and realized a total capital gain of Rs. 405 million in fixed income as well as from equity markets. It also took full advantage of the arbitrage opportunity available in the market and was an active player in the foreign exchange market where it earned an income of Rs. 199 million. Fixed income sales of GOP securities to new and existing client remained good, and the Financial Institutions Department played a vital role in providing seamless trade and payments business flows to their Corporate, SME, and branch banking customers through their wide range of international and local correspondents.



Retail Banking Group

Branch Banking

Branch Banking remains one of the most critical businesses for the Bank, accounting for over 111,002 customers and approximately 73% of the Bank's total deposit base. Strategy during the year 2014 continued to focus on reducing cost of funds, by replacing high cost deposits with low cost CASA deposits, and favorably modifying its deposit mix. The Bank's unique products such as All-in-One, Business Value Account & Munafa Rozana achieved a high level of customer loyalty and satisfaction duly validated by mystery shopping and the internal service measures.

Silkbank Consumer Banking Products

The Banks Consumer Product offerings have proved to be good generator of stable margins for the bank over last couple of years and well devised strategies are in place for each of its products going forward.

Unsecured Portfolio

Unsecured Consumer loans which includes Personal Installment Loan, Ready Line and Credit Cards, have performed exceptionally well during



the year, and the Bank was successful in growing the book size to Rs. 8.8 billion at the end of 2014 from Rs. 6.0 billion at the end of 2013.

Personal Loan

Silkbank Personal loan, a monthly installment based loan, launched in November 2010 now has 15,873 active customers with a total receivable of Rs. 3,898 million. The Bank increased its focus during the year on Top-ups to existing customers, who have spent a considerable time with the Bank and an immaculate credit history. This has increased product yield, a buildup of the portfolio at a lower acquisition cost, and retention of good customers for longer time period, thus managing portfolio attrition on proactive basis. In 2015, this will become an integral part of the business strategy for this product.

Ready Line

Silkbank Ready Line, an unsecured running finance facility is the most sought after loan facility in the market with a rapidly growing market share. It was launched in July 2011 and in a short span of time has grown tremendously, as a result of which the current outstanding balance stands at Rs. 3,014 million with 24,823 active borrowers. During the year, two successful "Spend & Win" campaigns were launched to attract more customers and multiple promos were run to enroll customers for e-billing.

Credit Cards

During the year, the second full year of the Silkbank of credit card, the total card base crossed 33,000 customers and receivables jumped by almost a billion rupee to close at Rs. 1,900 million. This has been one of the best performances in the credit card market which has been struggling to increase receivables in recent years. The offer of 0% APR, the "Surprisingly Silkbank" retail alliances and year round offers of the installment plan enabling customers to buy household goods, has created a distinct positioning for the Silkbank Credit Card.



Secured Portfolio

Silkbank M'Power, a product secured against residential and commercial property, has a total of 622 active borrowers with receivables of Rs. 3,950 million. In view of increasing delinquency trends in small and medium size businesses, fresh lending on this product was put on hold in 2014. With improved stability in 2015, the Bank will strive to achieve a major market share.

Home Remittance

Silkbank has managed to build a credible business in Home Remittance of around Rs. 19.53 billion disbursed to customers during 2014, recording a growth of 77.5% compared to the previous year. Further expansion is planned through partnerships with more Exchange Companies..

ADC Business

The Silkbank VISA Debit Card ("VDC") continued to show strong growth, and the card base increased by 21% to 94,690. Card usage over Point of Sales and ATMs showed an increase of 45.33% and 19.49%, respectively as compared to 2013, and SMS Alerts, E-statements & Silkbank Direct Internet Banking also added significant value to the Silkbank product line.

Mobile Banking was successfully launched for staff members and a general customer launch is targeted for the 1st quarter of 2015 with Mobile App features.



Emaan Islamic Banking

By the Grace of Almighty Allah, Emaan has successfully completed its second year of operation in 2014 and despite challenging economic and business environment, has performed well during the year 2014, in line with its deposit, financing and margin targets, and the team has efficiently managed replace the big ticket accounts to reduce the cost of funds and increase spreads. As a result, Emaan Deposits stand at Rs 6.6 billion as at December 31, 2014 compared to Rs 4.0 billion as at December 31, 2013, a healthy growth of 68% mainly in the current and saving accounts. During the year the Bank also acted as a lead arranger of an Islamic syndication facility of Rs 1.2 billion, provided a Diminishing Musharaka facility of Rs 200 million and arranged a funded facility of Rs. 400 million to clients, for participation in the 3G and 4G License auction. The Financing position stands at Rs 5.7 billion as at December 31, 2014 compared to Rs. 3.6 billion as at December 31, 2013.

As a result of the above, Emaan Banking has made significant turnaround at the margin level and made a profit of Rs 177 million as at December 31, 2014.

To be aligned with changing market dynamics and cater for SBP regulation on Hiba, two new liability products were launched covering both time and demand products, and two new financing products i.e., Diminishing Musharaka and Musawamah we also introduced.

Service indicators depict that Emaan is truly focused on customer services, and achieved "Very Good" rating in the last review.



Technology

Information Technology (IT) engaged in a number of technology initiatives during the year. The launch of the Silk Cash Manager (Corporate Internet Banking Portal) as mandated by SBP, and implementation of the International Bank Account Number (IBAN) in core banking system were the highlights.

Various other technology based initiatives and multiple integrated information systems were also implemented to facilitate and support the business. This includes the In-house developed SilkMobile (Mobile banking solution) to provide instant account access was successfully launched initially for staff, and a Credit Cards Verification Management System was developed to enable on field instant consumer verification, increased efficiency, reduce overall card issuance verification TAT, and improve the overall decision making process. In addition new effective collection system which provides outstanding positions to carryout day to day collection activities was also established. In terms of backend IT infrastructure, the Bank has undertaken upgrades to ensure un-interrupted & efficient services to customers.

Going forward to a number of new initiatives, including an integrated Treasury Front Office System to provide automated services for both conventional and Islamic banking, and a project to upgrade its Core Banking systems (Temenos T-24) to the latest version will be undertaken to strengthen Bank's core banking operations and enhance overall customer experience.

Human Resource

The Bank took several initiatives to enhance both professional and personal development through its Management Development Programs and relevant need-based learning interventions, and revamped its Learning & Development approach as well. Need based specific programs, to enhance productivity and efficiency in the various business segments as well as for leadership development of senior management were also introduced.

Director's Report

For the year ended December 31, 2014

Special Asset Management Group (SAMG)

The SAMG of the Bank has always been able to surpass its allocated targets despite the difficult economic conditions. As such it once again exceeded its objectives during the year, and contributed a net amount of Rs. 2,229 million to the P&L Account with a total NPL reduction and mark-up recovery of Rs. 2,531 million. The Real Estate Asset Management team has also successfully sold various Other Real Estate Owned (OREO) properties during the year worth Rs. 745 million.



Service & Quality

True to our core values, the Bank's staff maintained an unwavering customer focus. Mystery Shopping conducted by a leading independent marketing research consultancy indicated a score of 91% customer satisfaction, the highest amongst peer banks.

Corporate Social Responsibility

The Bank is committed to grow its business in a way that is profitable and sustainable for its employees & the communities it operates in. The Bank continued to provide support to a wide array of causes and this year supported programs for education & health, preservation of culture & history and promotion of youth & sports, during the year. The Bank's leadership also endorsed corporate initiatives for developing automation systems and processes for a paperless environment and energy conservation.

Board of Directors

In an Extra Ordinary General Meeting of the shareholders held on August 13, 2014, eight members were duly elected as Directors on the Board of the Bank ("Board") for the next three years, including Mr. Khalid Aziz Mirza, Mr. Adnan Afridi and Mr. Talat Mahmood Ghumman as new Directors to replace the retiring Directors Messers Humayun Bashir, Javed Hamid and Mohammad Ahmed Mannan. The Board warmly welcomes the newly elected Directors and look forward to their participation, and extends its appreciation to the retiring Directors for



their valuable contribution to the Board. The current composition of the Board is as under:

Types of Director	No. of Directors
Independent Director	4
Non-Executive Director	3
Executive Director	1

Since the election, Mr. Ghumman has expressed his inability to serve on the Board due to ill health and treatment aboard. His casual vacancy will be filled in due course upon receipt of approval from the SBP.

Directors' Training

During the year 2014, one Director, Mr. Adnan Afridi, completed the Corporate Governance Leadership Skills (CGLS) Program of the Pakistan Institute of Corporate Governance.

Corporate and Financial Reporting Framework

The Board is committed to its responsibilities under the Code of Corporate Governance of the SECP. In doing so, it wishes to make the following statements:

- a) The financial statements prepared by the management of the Bank, present fairly its state of affairs, the result of its operation, cash flow and changes in equity.
- b) Proper books of account of the Bank have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.



e) The system of internal control is sound in design and has been effectively implemented and monitored. Management's statement on internal control is enclosed herewith which is endorsed by the Board as required by the State Bank of Pakistan. The Board is ultimately responsible for the Bank's system of internal control and reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve objectives and by its nature can provide only reasonable and not absolute assurance against material misstatement or loss.

The process used by the Board to review the effectiveness of the system of internal control includes, inter alia, the following:

- i) An audit committee has been formed which has written terms of reference and reports to the Board. It reviews the approach adopted by the Bank's internal audit department, as well as the scope of and its relationship with the external auditors. It also receives reports from the internal audit, and any material control weakness that is identified is discussed and agreed actions are taken in areas of concern,
- ii) An organization structure has been established which supports clear lines of communication and tiered levels of authority with the delegation of appropriate responsibility and accountability.
- iii) Business strategies agreed at divisional level are approved by the Board. In addition there is an annual budgeting and strategic planning process. These strategies are reviewed during the year to reflect any significant changes in the business environment.
- iv) The principal features of control framework include:
 - Evaluation and approvals procedures for major capital expenditure and other transactions,
 - Regular reporting and monitoring of financial performance using operating statistics and monthly management accounts which highlight key performance indicators and variance from budget and quarterly forecasts,
 - Review of the health, safety, environment and contingency management processes and other significant policies,
 - Further, reviews of the system of internal control are also carried out by the internal audit department and management conclusions on internal control are confirmed by divisional management to the Board.
 - There are no significant doubts upon the Bank's ability to continue as a going concern.
 - There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Risk Management Framework

Concerted efforts have been carried out over the years for improvement of the Risk Management function which have resulted in better control & risk environment plus creating an overall "Risk Culture" within the Bank. With the recent shift towards Basel Implementation and enhanced focus for management of risk at an integrated basis following are some important aspects of the Risk Management Function at Silk Bank Limited:-

Credit Risk

Managing of credit risk is considered the key function at RMG. Independent Risk Management Units catering to the Corporate / Commercial / SME and Consumer segments are fully operational and

clearly follow the laid out Policies and Procedures formulated in the form of policies / Manuals and Product Programs. The Bank has developed in-house Obligor Risk Rating models / systems for Corporate, Commercial and SMEs, which are regularly reviewed/updated. Besides, RMG also has a robust EWS reporting system in place. These processes are capable of identifying problem loans at an early stage for timely remedial actions. Results for establishing these systems are now beginning to reflect in the management letter issued by the external auditors and the annual reports compiled by the SBP inspection teams through reduced instances of system and procedure failures.

Besides, various management committees of the bank, Credit Risk is also overviewed by the Risk Committee of the Board on an ongoing basis. Regular guidance is sought from the Board on credit related matters and the findings implemented in letter and spirit. Marked reduction in NPL portfolio has ensued resultantly.



Market Risk

A Middle Office function (independent of the Treasury) has been established within the Bank with the prime responsibility of monitoring the market risk function. Investment Committee (IC), Market Risk Policy Committee (MRPC) and Asset and Liabilities Committee (ALCO) are also functioning to supervise and approve Market Risk exposures. The Bank has a well-defined Liquidity Policy, duly approved by the Board. The Bank is in the process of setting up the "Web Tech system and T-Risk Module" which are capable of generating sophisticated modeling reports and independent monitoring of various treasury functions.

Operational Risk

Under Operational Risk, appropriate Operational Policies and Procedures have been documented and disseminated for managing operational risk on a bank wide basis. Operational Risk Manual has since been prepared and approved by the Board. Risk Control self-assessment questionnaires have also been sent across to various segments of the bank and based on their feedback, we will implement the process on bank wide basis during the current year.

An Internal Control Unit is also operational with the primary task of over-viewing and ensuring implementation of various operational guidelines and monitoring tools and reconciliation across the Bank. Additionally, an independent Internal Audit function is also in place within the Bank, reporting to the Audit Committee of the Board. A proper Compliance Department is also functional, inter alia, to ensure that all legal and regulatory requirements are properly addressed in addition to the implementation of Anti Money Laundering and Know your Customer (AML/KYC) Policies.

Director's Report

For the year ended December 31, 2014

Board of Director's Meetings

During the year, following Board and its Committees meetings were held. Attendances by the Directors were as follows:

Name of Attendants	Board Meetings		Audit Committee Meetings		Human Resource Committee Meetings		Risk Committee Meetings	
	Held during directorship	Attended	Held during directorship	Attended	Held during directorship	Attended	Held during directorship	Attended
Mr. Munnawar Hamid, OBE	06	06			04	04		
Mr. Sadeq Sayeed	06	06	03	02			01	01
Mr. Tariq Iqbal Khan, FCA	06	06	02	02			02	02
Mr. Shamsul Hasan	06	06					04	04
Mr. Faisal Anis Sherwani	06	05	01	01			01	01
Mr. Khalid Aziz Mirza	03	03			02	02		
Mr. Adnan Afridi	03	03	02	02				
Mr. Humayun Bashir	03	03	02	02	02	02		
Mr. Javed Hamid	03	03	02	02	02	02		
Mr. Mohammad Ahmed Mannan	03	03					02	02
Mr. Azmat Tarin	06	05			04	04		

Leave of absence was granted to the Directors who could not attend the meeting.

Pattern of Shareholding

The pattern of shareholding as required under the Companies Ordinance act 1984 and the Code of Corporate Governance is as follows:

Combined Pattern of CDC & Physical Share Holdings as at December 31, 2014

S. No.	Categories of Shareholders	Number of Shareholders	Shares held	Percentage
01	Directors and their spouse(s) and minor children	11	123,040,833	4.61
02	Associated Companies, Undertakings and Related Parties*	8	1,976,735,553	73.99
03	Executives	14	6,790,138	0.25
04	Public sector companies and corporations	5	11,858,152	0.44
05	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	7	2,449,540	0.09
06	Mutual Funds	2	19,393,004	0.72
07	Foreign Companies	3	20,715,832	0.78
08	General Public - Foreign	7	4,100,990	0.15
09	General Public - Local	6,364	269,435,774	10.09
10	Others	86	237,085,011	8.88
	Total	6,507	2,671,604,827	100.00

*This does not include, one hundred and two million (102,000,000) shares of Mr. Shaukat Tarin, kept in repo transaction.

The aggregate shares held by the Directors, Chief Executive and their spouse and minor children along with Associated Companies, Undertakings and Related Parties
As at December 31, 2014

S. No.	Categories of Shareholders	Number of Shares held	Category-wise No. of Folios / CDC Acs.	Category-wise Shares held	Percentage
S. No.	Directors , Chief Executive Officer and their Spouse and Minor Children		8	123,040,833	4.61%
01	Munnawar Hamid, OBE	3,699			
02	Azmat Tarin	20,013,115			
03	Adnan Afridi	1,000			
04	Khalid Aziz Mirza	500			
05	Sadeq Sayeed	102,817,019			
06	Tariq Iqbal Khan	5,000			
07	Shamsul Hasan	500			
08	Farah Naz Tarin w/o Mr. Azmat Tarin	200,000			
S. No.	Associated Companies, Undertakings and Related Parties. (5% & above shareholding).		4	1,976,735,553	73.99%
01	International Finance Corporation	702,689,067			26.30%
02	Shaukat Fayyaz Ahmad Tarin	601,593,175			22.52%
03	Nomura European Investment Limited	356,676,342			13.35%
04	Bank Muscat S.A.O.G	315,776,969			11.82%
S. No.	Mutual Funds		2	19,393,004	0.72%
01	MCBFSL - Trustee NAMCO Balanced Fund	5,700,000	12633-26		
02	CDC - Trustee National Investment (Unit) Trust	13,693,004	14902-21		

*This does not include, one hundred and two million (102,000,000) shares of Mr. Shaukat Tarin, kept in repo transaction.
There was no trading in Silkbanks shares carried out by any of the Directors and Executives, or their spouses and minor children during the year.

Auditors

The retiring auditors, being eligible, offer themselves for re-appointment till the conclusion of the next Annual General Meeting. The Audit Committee of the Board has recommended M/s. M. Yousuf Adil Saleem & Co. Chartered Accountants, (Deloitte Pakistan), the retiring auditors, as the statutory auditors of the Bank for the financial year 2015.

Credit Rating

The long term entity rating of the Bank is A- (Single A Minus) and the short term rating is A-2 (A-Two) as determined by "JCR VIS" Credit Rating Company Limited. The outlook on the assigned rating is "Stable".

Future Outlook

There has been a substantial improvement in the Bank's performance as evident from the decreasing loss at margin level and it is expected that with a clear strategy in place, explained above and in previous reports as well as CAR and MCR compliance assured in the short term, further improvement on profitability will be seen during 2015.

Acknowledgement

We take this opportunity to express our deepest gratitude to our customers and business partners for their continued support and trust, and our sincere appreciation to the State Bank of Pakistan for their guidance and cooperation extended to the Bank. We are also equally thankful to our associates, staff and colleagues for their committed services to the Bank, and look forward to their continued support.

For and on Behalf of the Board of
Silkbanks Limited

Azmat Tarin
President & CEO

Karachi, February 25, 2015

Statement of Compliance with the Code of Corporate Governance

for the year ended December 31, 2014

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in respective regulations of Karachi, Lahore & Islamabad Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

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

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

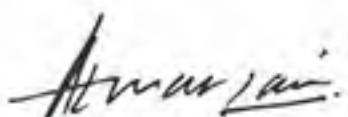
Category	Names
Independent Directors	Mr. Munawar Hamid, OBE Mr. Tariq Iqbal Khan, FCA Mr. Khalid Aziz Mirza Mr. Shamsul Hasan
Non-Executive Directors	Mr. Faisal Anis Sherwani Mr. Sadeq Sayeed Mr. Adnan Afridi
Executive Director	Mr. Azmat Tarin

The independent directors meets the criteria of independence under clause i(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank.
3. All the resident Directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year one casual vacancy occurred on the Board which shall be filled subsequent to the year end within the stipulated timeframe.
5. The Bank has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. A mechanism of Board's own performance evaluation was approved by the Board in its 124th Meeting held on August 25, 2011. Annual evaluation of the newly elected Board will be performed upon completion of one year tenure of the Board.
8. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
9. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose, and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were appropriately circulated before the meetings. The minutes of the meetings were appropriately recorded and circulated.

10. The Board has been provided with the revised Code along with briefings on various stages in order for them to properly supervise the affairs of the Bank. One Director of the Bank has obtained certification from Pakistan Institute of Corporate Governance (PICG) during the year. Further, three Directors of the Bank stand exempted, under the criteria given in Clause (xi) of the Code, from Director's Training Program. The remaining Directors will obtain required certification within the prescribed time. All the directors on the Board are fully conversant with their duties and responsibilities as directors of the Bank.
11. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
12. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
13. The financial statements of the Bank were duly endorsed by the CEO and CFO, before approval of the Board.
14. The Directors, CEO and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
15. The Bank has complied with all the corporate and financial reporting requirements of the CCG.
16. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors and the chairman of the committee is an independent director.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Bank and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The Board has formed Human Resource Committee. It comprises of three members of whom two are independent directors and other is an executive director. The chairman of the committee is also an independent director.
19. The Board has set up an internal audit function with qualified and experienced professionals, who are duly conversant with the policies and procedures of the Bank.
20. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they, or any of the partners of the firm, their spouses and minor children, do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
21. 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.
22. 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).
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on Behalf of the Board of Silkbank Limited



Azmat Tarin
President & CEO

Karachi, February 25, 2015

Management's Statement on Internal Control

as of December 31, 2014

This statement is issued in compliance with the State Bank of Pakistan (SBP) BSD Circular No: 07 of 2004 on Internal Controls.

Maintaining effective controls is an integral part of the management and accountability function in Silkbank. The focus of internal control both as a concept and a management tool has evolved over the years to a broad based risk assessment and mitigation system covering all areas of operations in the Bank.

As part of the strategy to ensure effective monitoring and improvement of internal controls, the Bank has implemented the COSO framework of internal controls, in line with regulatory guidelines (ICFR) and COSO implementation (BSD-7). With regular monitoring and improvement of the defined controls, the overall control environment in the Bank is now geared to provide reasonable assurance to the Bank's management and other stakeholders.

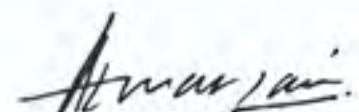
In line with ICFR guidelines, the management has implemented effective process designed to manage and mitigate the risks to achieve the Bank's business strategies and policies and to provide reasonable assurance in relation to the above mentioned objectives.

Over the years, the management has been able to adopt strategy to ensure effective monitoring and improvement of internal controls. These include the following:

- The Bank has adopted a statement of ethics and business practices that is signed by all directors and employees. Further, the compliance function also ensures Bank's compliance with all applicable laws, regulations and code of ethics.
- An organization structure has been established which supports clear lines of communication and tiered levels of authority and segregation of duties commensurate with accountability.
- The Bank has established an effective Internal Audit structure, reporting directly to the Audit Committee of the Board.
- An Internal Control Department is established to proactively monitor and validate Controls in line with Regulatory guidelines (ICFR) and COSO implementation (BSD-7).
- Earlier in June 2014, bank has submitted a detailed Long Form Report (LFR) duly prepared by External Auditors on overall assessment of bank's Internal Control over Financial Reporting (ICFR) frame work for the year ending December 2013 to SBP.
- In light of LFR 2013 recommendations, Bank has conducted the Entity Level Controls (ELC) testing. Moreover, during 2014, internal control documentations, i.e. Risk and Control Evaluation Matrices (RCEM), Control Review Checklists and Control testing reporting format were upgraded in line with COSO framework.
- The Bank has implemented various key policies and procedure guidelines/manuals covering all the areas of management and operations including those related to Branch Banking Operations, Centralized Operations, Trade Business, Treasury, Credit Risk, HR, Finance, Compliance and Administration.

- Management gives due consideration to the recommendations made by the internal and external auditors for improvements in the internal control system and takes action to implement such recommendations.
- The management has established evaluation and approval procedures for all major capital expenditure and other transactions.
- There is an annual budgeting and strategic planning process in the Bank. Financial forecasts are reviewed on a periodical basis to reflect significant change in the business environment. Regular reporting and monitoring of financial performance of the departments and the Bank as a whole has been implemented, using statistics and monthly management accounts to highlight key performance indicators and variance from budgets and forecasts.
- The Bank has implemented various significant policies covering all the areas of operations including those relating to employees welfare and contingency management processes. The policies are reviewed periodically.
- Management also emphasizes on imparting of training to enhance knowledge and understanding of the Bank's internal policies and procedures and prudential regulations. This has resulted in the strengthening of the control environment.

With the implementation of COSO framework (under the SBP guidelines on Internal controls) and regular monitoring of the defined controls, the overall control environment in the Bank is geared to provide reasonable assurance to the Bank's management, stakeholders and Board of Directors, which we believe will continue to further improve with time.



Azmat Tarin
President & CEO

Karachi, February 25, 2015

Notice of the 21st Annual General Meeting

Notice is hereby given that the Twenty First (21st) Annual General Meeting of Silkbank Limited ("Company") shall be held on Tuesday, March 24, 2015 at 10:30 a.m. at Beach Luxury Hotel, Karachi to transact the following business:

Ordinary Business:

To confirm the minutes of Extra Ordinary General Meeting held on August 13, 2014.

To receive, consider and adopt the audited financial statements of the Bank for the year ended December 31, 2014 together with the Directors' and Auditors' reports thereon.

To appoint auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. Yousuf Adil Saleem and Co, (Deloitte Pakistan), Chartered Accountants, have consented to act as auditors of the Bank.

Special Business:

To pass the following resolutions, as special resolution, with or without modifications, additions or deletions:

1. Issuance of Rights Shares at Discount

To consider and if thought fit, approve the issuance of 6,410,256,410 rights shares at Rs. 1.56 per share (at a discount of Rs. 8.44 per share) by way of a rights under the provisions of Section 86 of the Companies Ordinance, 1984, subject to the approval of the Securities and Exchange Commission of Pakistan and the shareholders of the Company, by passing the following resolutions:

Resolved that

Subject to the approval of SECP, the issuance of 6,410,256,410 right shares at Rs. 1.56 per share (at a discount of Rs. 8.44 per share) by way of a rights issue under Section 86 of the Companies Ordinance, 1984 be and is hereby approved.

Further Resolved that

the Company Secretary and Chief Executive of the Company, be and are hereby jointly and or severally authorized, to take all steps necessary, ancillary and incidental for the issuance of right shares at a discount, but not limited to obtaining all requisite regulatory approvals; engaging legal counsel, filing of all the requisite statutory forms and all other documents as may be required to be filed with SECP, submitting all such documents as may be required with the State Bank of Pakistan, executing all such certificates, applications, notices, reports, letters and any other document or instrument including any amendments or substitutions to any of the foregoing as may be required in respect of the issuance of right shares at a discount and all other matters incidental or ancillary thereto."

2. Increase in Authorized Capital of the Bank

To consider and if thought fit, approve the increase in authorized capital of the Bank from Rs. 40 billion to Rs. 105 billion to absorb the new right shares. Consequent to the increase in Authorized Capital of the Bank, the Memorandum and Articles of Association of the Bank also needs to be amended by passing the following resolutions:

Resolved that

i) The words and figures "The capital of the Bank is Rs. 40,000,000,000/- (Rupees Forty Billion) divided into, 4,000,000,000/- (Four Billion) Ordinary shares of Rs. 10/- (Rupees Ten) each" appearing in the beginning of Clause V of the Memorandum of Association of the Company be and are hereby amended and replaced with the following:

"The capital of the Company is Rs. 105,000,000,000/= (Rupees One Hundred and Five Billion)\ divided into 10,500,000,000 (Ten Billion and Five Hundred Million) Ordinary shares of Rs. 10/= (Rupees Ten) each"

ii) Article 4 of the Articles of Association of the Company be and is hereby substituted by the following Article:

"The authorized capital of the Company is Rs. 105,000,000,000/= (Rupees One Hundred and Five Billion) divided into 10,500,000,000 (Ten Billion and Five Hundred Million) Ordinary shares of Rs. 10/= (Rupees Ten) each."

Further Resolved that

the Company Secretary and Chief Executive of the Company, be and are hereby jointly and or severally authorized, to take all steps necessary, ancillary and incidental for the increase in Authorized Capital of the Bank, including but not limited to obtaining all requisite regulatory approvals; engaging legal counsel, filing of all the requisite statutory forms and all other documents as may be required to be filed with SECP, submitting all such documents as may be required with the State Bank of Pakistan, executing all such certificates, applications, notices, reports, letters and any other document or instrument including any amendments or substitutions to any of the foregoing as may be required in respect of the increase in Authorized Capital of the Bank and all other matters incidental or ancillary thereto."

3. Change of Registered Office of the Bank:

To consider and if thought fit, the registered office of the Bank will be shifted from Karachi to Islamabad Capital Territory by passing the following resolutions. This would give access to the government and regulatory offices more economical and efficient. However, the operational Head Office of the Bank will continue to remain in Karachi.

The proposed shifting of Registered Office will also cause effect by substituting the word "in the Province of Sindh" appearing in Clause - II of the Memorandum of Association of the Bank, with the word "Islamabad Capital Territory". The change in Memorandum of Association of the Bank is subject to the necessary approval from the State Bank of Pakistan and confirmation from the Securities and Exchange Commission of Pakistan.

"Resolved that

subject to the completion of all legal and regulatory requirements, including approvals from the shareholders, State Bank of Pakistan and confirmation from the Securities Exchange Commission of Pakistan (SECP), the registered office of the Bank, be shifted from Karachi to Islamabad Capital Territory".

"Further resolved that

the existing clause II of the Memorandum of Association of the Bank, be and is hereby altered and for the word "in the Province of Sindh" the words "Islamabad Capital Territory" be substituted and the clause II shall be read as under"

"The Registered Office of the Bank will be situated in the Islamabad Capital Territory"

"Further Resolved that

the Company Secretary and Chief Executive of the Company, be and are hereby jointly and or severally authorized, to take all steps necessary, ancillary and incidental for the alteration / amendment in the Memorandum of Association of the Bank and the shifting of Registered Office of the Bank from Province of Sindh to Islamabad Capital Territory, including but not limited to obtaining all requisite regulatory and shareholders' approvals, filing of all the requisite statutory forms and all other documents as may be required to be filed with SECP, submitting all such documents as may be required with the State Bank of Pakistan, executing all such certificates, applications, notices, reports, letters and any other document or instrument including any amendments or substitutions to any of the foregoing as may be required in respect of the alteration / amendment in the Memorandum of Association of the Bank and the shifting of Registered Office of the Bank, and all other matters incidental or ancillary thereto."

4. To approve the scale of fee payable to the Chairman and to Non-Executive and Independent Directors for attending Board and Committee's meeting.

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"Resolved that the scale of fee as determined by the Directors, for attending meetings of the Directors and of the Committees of the Directors be and is hereby approved on post facto basis".

Notice of the 21st Annual General Meeting

Statement of Material Facts under Section 160(1) (b) of the Companies Ordinance, 1984 relating to the said Special Business:

- 1.1 The Company is operating as a banking company in Pakistan and its authorized capital is an amount of PKR 40,000,000,000 (Pak Rupees Forty Billion only) divided into 4,000,000,000 shares having a face value of PKR 10 per share.
- 1.2 The total paid up and issued share capital of the Company is an amount of Rs. 26,716,048,270 (Pak Rupees Twenty Six Billion Seven Hundred and Sixteen Million Forty Eight Thousand two Hundred and Seventy only) divided into 2,671,604,827 (Two Billion Six Hundred and Seventy One Million Six Hundred and Four Thousand Eight Hundred and Twenty Seventy only) ordinary shares of PKR 10 each.
- 1.3 The State Bank of Pakistan (SBP) vide BSD Circular No. 7 dated April 15, 2009 set the Minimum Capital Requirement (MCR) for Banks of Rs. 10 billion (net of losses) to be achieved by December 31, 2013. The Banks are also required to maintain a Capital Adequacy Ratio (CAR) of at least 10% of the risk weighted assets of the Bank. The capital of the Bank (net of losses and discount on right shares) as of June 30, 2014 amounted to Rs. 3.982 billion excluding general reserves of Rs. 162.762 million and convertible preference shares of Rs. 2.200 billion and the Capital Adequacy ratio is 7.83%. The shortfall in MCR and CAR at period end amounted to Rs. 6.018 billion and 2.17% respectively.

In order to meet the above shortfall and improve the financial condition of the Bank, the Bank and Sponsors of the Bank have taken the following steps:

a) Issuance of Convertible Preference Shares

In March 2013, the Bank had issued 880 million Convertible Preference Shares (CPS) amounting to Rs. 2.200 billion. The SBP vide its letter No. BPRD/CS/2900/13 dated March 13, 2013 had allowed the Bank to treat CPS as Additional Tier-1 capital for CAR purpose only. As a result of this issuance, the Bank's credit rating and CAR has improved. Securities and Exchange Commission of Pakistan (SECP) has also granted the Bank a three year extension for subscription of the rights till the end of tenure of aforementioned CPS.

b) Financial Projections

The Bank had prepared five years financial projections for the purpose of setting future course of action. These projections envisage additional capital injection through equity into the Bank and reflect future profitable operations based on various core assumptions such as the sale of non-banking assets acquired in satisfaction of claims, Musharaka transactions, growth of deposits and consumer advances, investment returns, future loan losses, interest rates, cost of funds etc.

c) Communication with State Bank of Pakistan (SBP)

The SBP has granted extension to the Bank in complying with MCR and CAR requirements till December 31, 2014 vide their letter No. BPRD/BA&CP-04/644/22297/2014 dated November 20, 2014. The Bank has requested SBP for further extension of relaxation to meet the CAR and MCR requirements till March 31, 2015, reply of which is awaited.

d) The Company has received the approval of the State Bank of Pakistan pursuant to its letter bearing No. BPRD/BA&CP-04/644/15986/2014 dated August 29, 2014 to proceed with the issuance of 6,410,256,410 rights shares at a price of Rs. 1.55 per share (at a discount of Rs. 8.44 per share), under the provisions of Section 86 of the Companies Ordinance, 1984, subject to the approval of the Securities and Exchange Commission of Pakistan and the shareholders of the Company, and compliance by the Bank of the provisions of the Companies Ordinance, 1984 and Banking Companies Ordinance, 1962 and the Accounting Standards.

e) The Directors of the Bank have no interest in the Issue of Rights Share of the Bank whether directly or indirectly except to the extent of shareholding held by them in the Bank. The shares and percentage of personal shareholdings by the Directors of Silkbank Limited in proportion to the paid up capital of Silkbank Limited are as under:

S. No.	Name of Directors	No. of Shares Held	Percentage %
01.	Mr. Munnawar Hamid, OBE, Chairman	900	0.00014
02.	Mr. Sadeq Sayeed, Director	102,817,019	3.84851
03.	Mr. Tariq Iqbal Khan , Director	5,000	0.00019
04.	Mr. Adnan Afridi , Director	1,000	0.00004
05.	Mr. Shamsul Hasan, Director	500	0.00002
06.	Mr. Khalid Aziz Mirza, Director	500	0.00002
07.	Mr. Azmat Tarin, President & CEO	20,013,115	0.74910

- 2.1 The Authorized Share Capital of the Bank is currently Rs. 40,000,000,000/= (Rupees Forty Billion) divided into, 4,000,000,000/= (Four Billion) Ordinary shares of Rs. 10/= each (Rupees Ten). In order to absorb the new right shares at a discount, as announced by the Bank, the Authorized Capital of the Bank needs to be increased from Rs. 40,000,000,000/= (Rupees Forty Billion) to Rs. 105,000,000,000/= (Rupees One Hundred and Five Billion) divided into 10,500,000,000 (Ten Billion and Five Hundred Million) Ordinary shares of Rs. 10/= (Rupees Ten) each.
- 3.1 In order to effectively manage the Bank, having a majority of its branches in Punjab, Khyber Pakhtoon Khuwa (KPK) and Islamabad Regions and due to the sale of Head Office building in Karachi, it is proposed to shift the registered office from Karachi to Islamabad Capital Territory. This would give access to the government and regulatory offices more economical and efficient. However, the operational Head Office of the Bank will continue to remain in Karachi. The proposed shifting of Registered Office will also cause effect by substituting the word "in the Province of Sindh" appearing in Clause - II of the Memorandum of Association of the Bank, with the word "Islamabad Capital Territory". The change in Memorandum of Association of the Bank is subject to the necessary approval from the State Bank of Pakistan and confirmation from the Securities and Exchange Commission of Pakistan.
- 4.1 The shareholders of the Bank in their 15th Annual General Meeting held on March 30, 2009 had approved the Director's Remuneration for attending Board and Committee's meetings as follows:
- Board meeting: US\$ 5,000 for the Chairman and US\$ 3,500 for other members.
 - Sub committee meetings: US\$ 3,500 for the Chairmen as well as the members.
- The Board of Directors of the Bank, in its 142nd meeting held on August 27, 2014, revised the Director's Remuneration for attending the Board and Committees' meetings as follows:
- For attending Board meeting: US\$ 6,000/- for the Chairman and US\$ 4,500/- for other members.
 - For attending Committee's meetings: US\$ 4,500/- for the Chairmen as well as the members.

By Order of the Board

Uzman Naveed Chaudhary
Company Secretary/Head of
Investor Relations & Legal Affairs

Karachi, March 03, 2015

Notice of the 21st Annual General Meeting

Notes:

1. Closure of Share Transfer Books:

The Share Transfer Book of the Bank will remain closed from March 18th, 2015 to March 24th, 2015 (both days inclusive). Share Transfers received at M/s. Central Depository Company of Pakistan Limited (CDC), Share Registrar Department CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal Karachi-74400 by the close of business hours (5:00 PM) on Tuesday, March 17th, 2015, will be treated as being in time for the purpose of above entitlement to the transferees.

2. Participation in the meeting:

All members of the Company are entitled to attend the meeting in-person or through Proxy. A Proxy duly appointed shall have such rights as respect to the speaking and voting at the meeting as are available to a member. The proxies shall produce their original valid CNIC or original passport at the time of the meeting.

3. Proxy

A member entitled to attend and vote at the AGM is entitled to appoint another member as a proxy to attend and vote on his/her behalf. A corporation being a member may appoint its proxy or any of its official or any other person whether a member of the Bank or not. In case of corporate entity, the Board of Directors/ resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

In order to be effective, duly filed and signed Proxy Form must be received at the Registered Office of the Company i.e. Company Secretariat, Silkbank Building, I.I. Chundrigar Road, Karachi, not less than forty eight (48) hours before the time for holding the Meeting.

4. Members who have deposited their shares into CDC will further have to follow the under mentioned guidelines as laid down in circular 01 of 2000 dated January 26th, 2000, issued by the Securities and Exchange Commission of Pakistan:

For attending the Meeting:

- i) In case of individuals, the Account holder and/or Sub-account holder whose registration details are uploaded as per the CDC regulations, shall authenticate his/her identity by showing his/her original valid CNIC or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

5. Change of Address:

Members are requested to immediately notify the change, if any, in their registered address to the Share Registrar M/s. Central Depository Company of Pakistan Limited (CDC), Share Registrar Department CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400.

Auditor's Review

Deloitte.

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

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Fax +92 (21) 1234 5678
Internet www.deloitte.com

Review Report to the Members on Statement of Compliance with the Best Practices of the Code of Corporate Governance

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

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board 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 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 does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code as applicable to the Bank for the year ended December 31, 2014.

Chartered Accountants

Karachi, February 25, 2015

Independent Auditors' Report to the Members

Deloitte.

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

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Auditors' Report to the Members

We have audited the annexed statement of financial position of Silkbank Limited (the Bank) as at December 31, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for seven 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 the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, which in the case of loans and advances covered more than 60% of the total loans and advances of the Bank, we report that:

- a) in our opinion, proper books of account have been kept by the Bank as required by the 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;
 - 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies

Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at the December 31, 2014 and its true balance of profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

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

We draw attention to the following matters:

- i. Note 1.3 to the financial statements which highlights that the Bank has not been able to meet the minimum capital requirement and the capital adequacy ratio requirement prescribed by the State Bank of Pakistan (SBP). The said note also describes the plans of management to deal with the material uncertainties with respect to the capital requirements and Bank's sustainability in the future. The Bank has been allowed extension until March 31, 2015 by SBP to meet the capital requirement and had also been allowed relaxation from provisioning against investment and loans and advances as explained in notes 10.11.1, 11.3.1 and 11.3.2 to the financial statements.
- ii. Note 13 to the financial statements relating to deferred tax asset where management has disclosed that the Bank based on financial projections for taxable profits for five years, which have been approved by the Board of Directors, will be able to realise the deferred tax asset of Rs. 3,937 million. The preparation of projections involve management's assumptions regarding future business and economic conditions and capital injection and therefore any significant change in such assumptions or actual outcome that is different from assumptions, may have an effect on the realisability of the deferred tax asset in future.

Our opinion is not qualified with respect to above matters.

Chartered Accountants

Engagement Partner:
Asad Ali Shah

Karachi, February 25, 2015

Shari'a Advisor's Report Emaan Islamic Banking, Silkbank Ltd.

For the year ended December 31, 2014



February 16, 2015

The Shari'a Advisor confirms that, for the year ended 31st December 2014, he has:

- In collaboration with different departments within the Bank and in line with the expansion of Islamic banking business, reviewed and approved different Shari'a-compliant products. Furthermore, the Shari'a Advisor reviewed and endorsed all relevant documents and material that were submitted to him for approval.
- Reviewed and approved all documents and process flows for the execution of Service Ijara syndicated financing transaction with PMCL; provided Shari'a structuring and advisory services as the Lead Arranger and Shari'a Advisor for the execution of a syndicated Diminishing Musharaka facility for Avari Hotels Ltd.; and reviewed and supervised the issuance of Bank Guarantees for Frontier Works Organization and Saima Real Estate.
- Received various queries and requests from different quarters in the Bank, and responded in an adequate manner, issuing numerous Fatawa in the process.
- Reviewed the schedules of charges (SOCs) that were periodically submitted for his approval, made necessary amendments, and vetted those charges that were in compliance with the principles of Shari'a.
- Reviewed, amended where appropriate, and approved all the profits distributed on a monthly basis till date, and is of the view that the allocation of funds, weightages, profit sharing ratios, and the monthly distribution of profits amongst the shareholders and remunerative accountholders has been made in line with the principles of Shari'a.
- Designed an extensive program for the training of the Bank's staff in areas of Islamic Banking and Finance, and supervised a series of comprehensive training sessions on 'Islamic Orientation'; 'The Fundamentals of Islamic Banking'; 'Islamic Financial Contracts'; 'Mudaraba and Profit Distribution Mechanism'; 'Misconceptions about Islamic Banking'; 'An Introduction to Takaful'; and 'Issues in Islamic Banking and their Solutions', in Islamabad, Lahore and Karachi.
- Studied the financial statements of the Bank for the year 2014 in detail, and is of the opinion that the financial statements for 2014 are in order.
- Adequately expressed his opinion on all queries and matters posed by the State Bank of Pakistan.

- Supervised an extensive Shari'a Audit of the Bank's asset operations conducted by the Shari'a Department staff of the Bank in October - November 2014, and is in the process of reviewing the consequent Shari'a audit report, so that appropriate instructions are issued with respect to all areas that were found to be lacking.

The responsibility to ensure compliance with Shari'a tenets and principles that outline permissible activities and prohibitions lies principally on the management of the Bank. Nevertheless, based on the above, the findings of the Shari'a Audit, and review of all relevant documents and procedures conducted till date, the Shari'a Advisor confirms that the Bank now adequately conforms to the rules and principles of Shari'a, the rules, regulations and guidelines for Shari'a compliance and other rules issued by SBP, and the Fatawa issued by the Shari'a Advisor.



Mufti Syed Adnan Kakakhail
Shari'a Advisor
Emaan Islamic Banking
(Division of Silkbanks)
Islamabad

Mufti Syed Adnan Kakakhail
Shari'a Advisor
Emaan Islamic Banking, Silkbanks Ltd.



Financial Statements

For the year ended December 31, 2014





Six Years Financial Highlights

	Rupees in million					
	2014	2013	2012	2011	2010	2009
BALANCE SHEET						
Share capital	13,431	13,431	13,431	13,431	13,431	9,003
Reserves	180	163	163	139	-	225
Deposits and other accounts	68,770	69,433	69,050	64,072	55,706	49,610
Sub-ordinated loan	-	-	-	-	-	-
Borrowings from financial institutions	21,742	11,382	11,377	17,782	9,871	15,088
Total Assets	102,649	91,770	89,080	90,670	72,669	68,664
Gross Advances	64,417	61,470	54,079	55,309	52,925	40,592
Advances-Net of provisions	58,967	56,038	49,060	49,936	44,354	32,097
Non performing Advances	8,222	9,872	10,817	11,023	12,360	11,891
Investments - net of provisions	18,105	14,853	12,735	17,548	13,190	20,179
Equity	8,501	6,675	5,373	5,639	4,834	1,763
Provision Held	5,450	5,432	5,018	5,373	8,570	8,495
Provision Held / NPL	66.29%	55.03%	46.39%	48.74%	69.34%	71.43%
Provision Held / Total Advances	8.46%	8.84%	9.28%	9.71%	16.19%	20.93%
PROFIT AND LOSS ACCOUNT						
Mark-up/return/Interest earned	9,429	7,622	8,584	8,386	6,776	5,913
Mark-up/return/Interest expensed	(5,969)	(5,463)	(6,681)	(6,515)	(5,927)	(5,856)
Net mark-up/ interest earned	3,460	2,160	1,902	1,871	849	58
Provisions and Write off	(368)	(633)	580	2,630	(228)	(2,309)
Net mark-up / interest income/(loss) after provisions	3,093	1,526	2,483	4,501	621	(2,252)
Non-markup/interest income	1,720	1,325	1,065	847	1,185	682
Non-markup/interest expenses	(4,681)	(4,379)	(4,077)	(3,988)	(3,041)	(2,663)
(Loss)/Profit before Taxation	131	(1,528)	(529)	1,359	(1,236)	(4,252)
(Loss)/Profit After Taxation	87	(1,157)	(344)	695	(1,131)	(2,903)
FINANCIAL RATIOS						
Income / Expense Ratio	Times	1.107	0.796	0.728	0.681	0.669
Return on average Equity (ROE)	%	1.14	(19.20)	(6.25)	13.27	(34.29)
Return on average Assets (ROA)	%	0.09	(1.28)	(0.38)	0.85	(1.60)
NPLs to Gross Advances ratio	%	12.76	16.06	20.00	19.93	23.35
Earning assets to Total Assets ratio	%	78.01	77.74	75.66	77.85	80.63
Earnings per share	Rs	0.03	(0.43)	(0.13)	0.26	(0.49)
Gross spread ratio (NIM/Gross interest income)	%	36.70	28.33	22.16	22.31	12.53
NON-FINANCIAL INFORMATION						
Number of branches		88	88	85	85	82
Number of employees		2906	2886	2750	2564	2179
						1959

Value Added Statement

	2014 Rs '000	%	2013 Rs '000	%
STATEMENT OF VALUE ADDED				
Value Added				
Net Interest Income	3,460,117	118	2,159,756	188
Non Interest Income	1,720,363	59	1,324,580	115
Operating Expenses excluding staff costs, depreciation and amortization	(1,878,052)	(64)	(1,699,887)	(148)
Provision against advances, investments & others	(367,613)	(13)	(633,475)	(55)
Value added for distribution	2,934,815	100	1,150,974	100
To Employees				
Remuneration, provident fund and other benefits	2,335,456	80	2,186,478	190
To Government				
Income tax	44,555	2	(371,516)	(32)
To Expansion and growth				
Depreciation	385,732		407,075	
Amortization	82,212		85,499	
Retained Earnings	86,860		(1,156,562)	
	554,804	18	(663,988)	(58)
	2,934,815	100	1,150,974	100

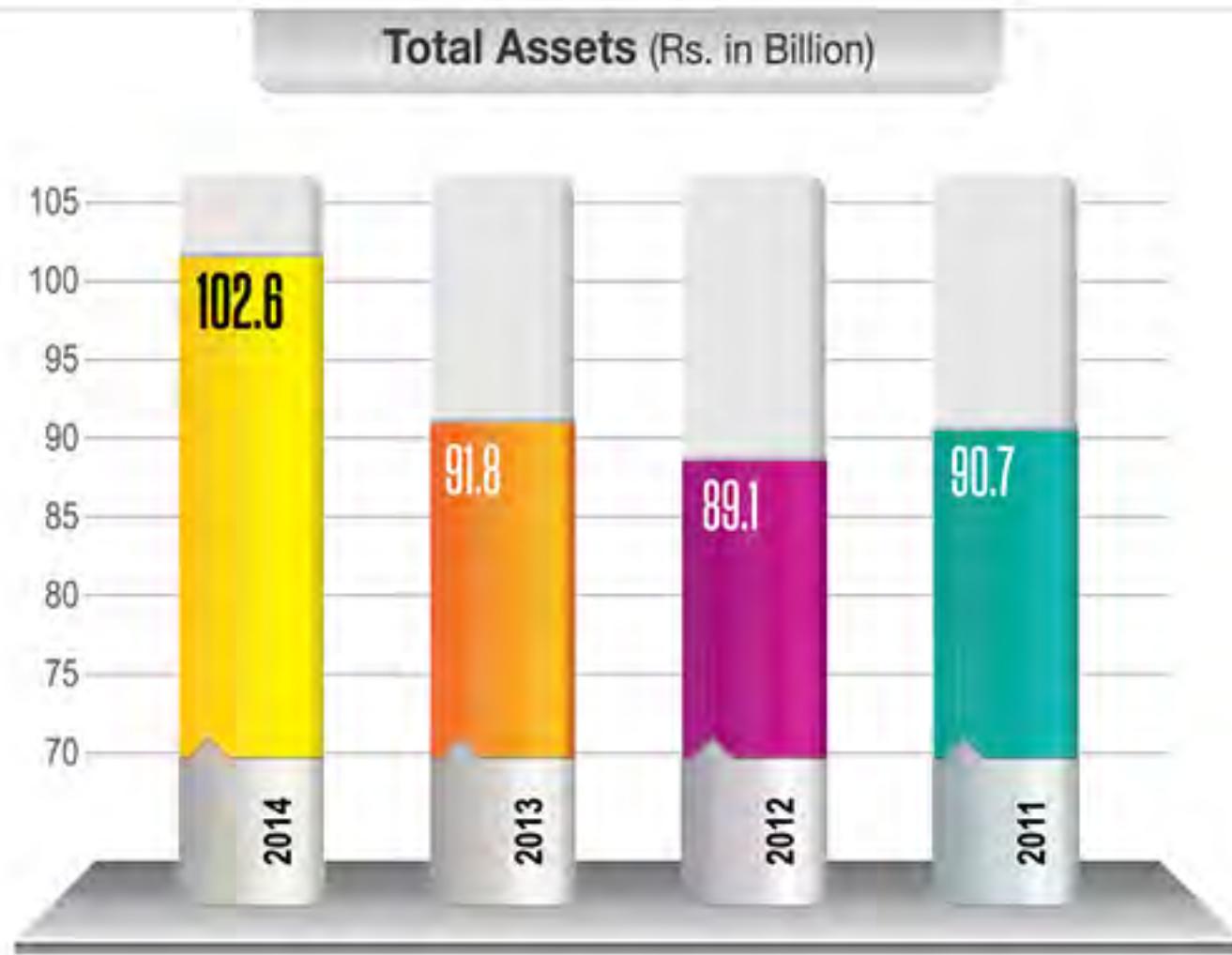
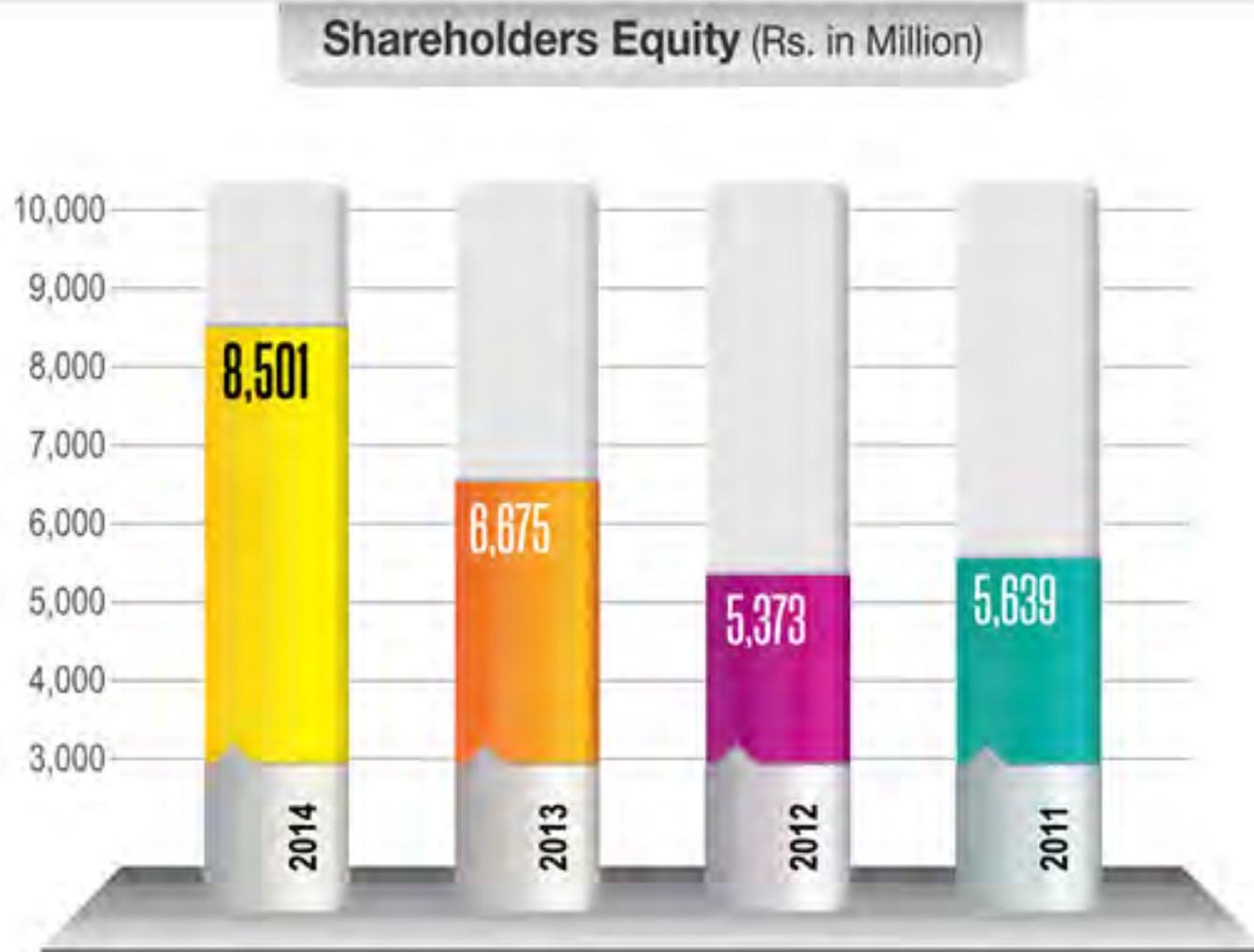
Horizontal Analysis

	2014 Rs. M	14 Vs 13 %	2013 Rs. M	13 Vs 12 %	2012 Rs. M	12 Vs 11 %	2011 Rs. M	11 Vs 10 %	2010 Rs. M	10 Vs 09 %	2009 Rs. M	09 Vs 08 %
Balance sheet												
ASSETS												
Cash and balances with treasury banks	5,103	-5%	5,362	34%	4,007	-10%	4,436	30%	3,415	9%	3,121	2%
Balances with other banks	139	-38%	226	163%	86	-9%	94	6%	89	-41%	151	-21%
Lending to financial institutions	3,000	571%	447	-92%	5,602	81%	3,101	195%	1,051	-2%	1,068	-22%
Investments	18,105	22%	14,853	17%	12,735	-27%	17,548	33%	13,190	-35%	20,179	68%
Advances	58,967	5%	56,038	14%	49,060	-2%	49,936	13%	44,354	38%	32,097	3%
Operating fixed assets	4,563	-3%	4,692	1%	4,637	-2%	4,756	95%	2,444	-34%	3,721	24%
Deferred tax assets (net)	3,937	3%	3,839	6%	3,605	1%	3,569	-15%	4,193	5%	3,976	52%
Other assets	8,834	40%	6,314	-32%	9,348	29%	7,230	84%	3,933	-10%	4,351	90%
TOTAL ASSETS	102,649	12%	91,770	3%	89,080	-2%	90,670	25%	72,669	6%	68,664	23%
LIABILITIES												
Bills payable	2,153	-22%	2,747	39%	1,979	18%	1,679	101%	837	31%	638	48%
Borrowings from financial institutions	21,742	91%	11,382	0%	11,377	-36%	17,782	80%	9,871	-35%	15,088	73%
Deposits and other accounts	68,770	-1%	69,433	1%	69,050	8%	64,072	15%	55,706	12%	49,610	21%
Sub-ordinated loan	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	17	-	-	-	-	-	-	-	-	-100%	10	-74%
Other liabilities	1,466	-4%	1,532	18%	1,302	-13%	1,499	5%	1,421	-9%	1,555	57%
TOTAL LIABILITIES	94,148	11%	85,095	2%	83,708	-2%	85,032	25%	67,835	1%	66,901	31%
NET ASSETS	8,501	27%	6,675	24%	5,373	-5%	5,639	17%	4,834	174%	1,763	-60%
REPRESENTED BY												
Share capital	26,716	-	26,716	-	26,716	-	26,716	-	26,716	197%	9,003	0%
Advance against proposed issue of right shares	2,000	-	-	-	-	-	-	-	-	-	-	-
Reserves	180	11%	163	0%	163	17%	139	-	-	-100%	225	3%
Discount on issue of rights shares	(13,285)	0%	(13,285)	-	(13,285)	-	(13,285)	-	(13,285)	-	-	-
Accumulated loss	(9,444)	1%	(9,527)	-14%	(8,381)	-4%	(8,055)	6%	(8,614)	5%	(9,031)	-47%
Surplus on revaluation of assets (net of tax)	133	-67%	408	155%	160	30%	123	627%	17	-99%	1,566	20%
Convertible preference shares	2,200	0%	2,200	-	-	-	-	-	-	-	-	-
NET ASSETS	8,501	27%	6,675	24%	5,373	-5%	5,639	17%	4,834	174%	1,763	-60%
PROFIT AND LOSS ACCOUNT												
Mark-up/return/interest earned	9,429	24%	7,622	-11%	8,584	2%	8,386	24%	6,776	15%	5,913	29%
Mark-up/return/interest expensed	(5,969)	9%	(5,463)	-18%	(6,681)	3%	(6,515)	10%	(5,927)	1%	(5,856)	39%
Net mark-up/ interest earned	3,460	60%	2,160	14%	1,902	2%	1,871	120%	849	1369%	58	-84%
Provisions and Write off	(368)	-42%	(633)	-209%	580	-78%	2,630	-1253%	(228)	-90%	(2,309)	41%
Net mark-up / interest income/(loss) after provisions	3,093	103%	1,526	-39%	2,483	-45%	4,501	625%	621	-72%	2,252	-277%
Non-markup/Interest Income	1,720	30%	1,325	24%	1,065	26%	847	-29%	1,185	79%	662	72%
Non-markup/interest expenses	(4,681)	7%	(4,379)	7%	(4,077)	2%	(3,988)	31%	(3,041)	14%	(2,663)	37%
Profit/(Loss) before Taxation	131	-109%	(1,526)	189%	(529)	-139%	1,359	-210%	(1,236)	-71%	(4,252)	50%
Taxation	(45)	-112%	372	101%	185	-128%	(664)	-736%	104	-92%	1,350	65%
Profit/(Loss) After Taxation	87	-108%	(1,157)	236%	(344)	-150%	695	-161%	(1,131)	-61%	(2,903)	44%

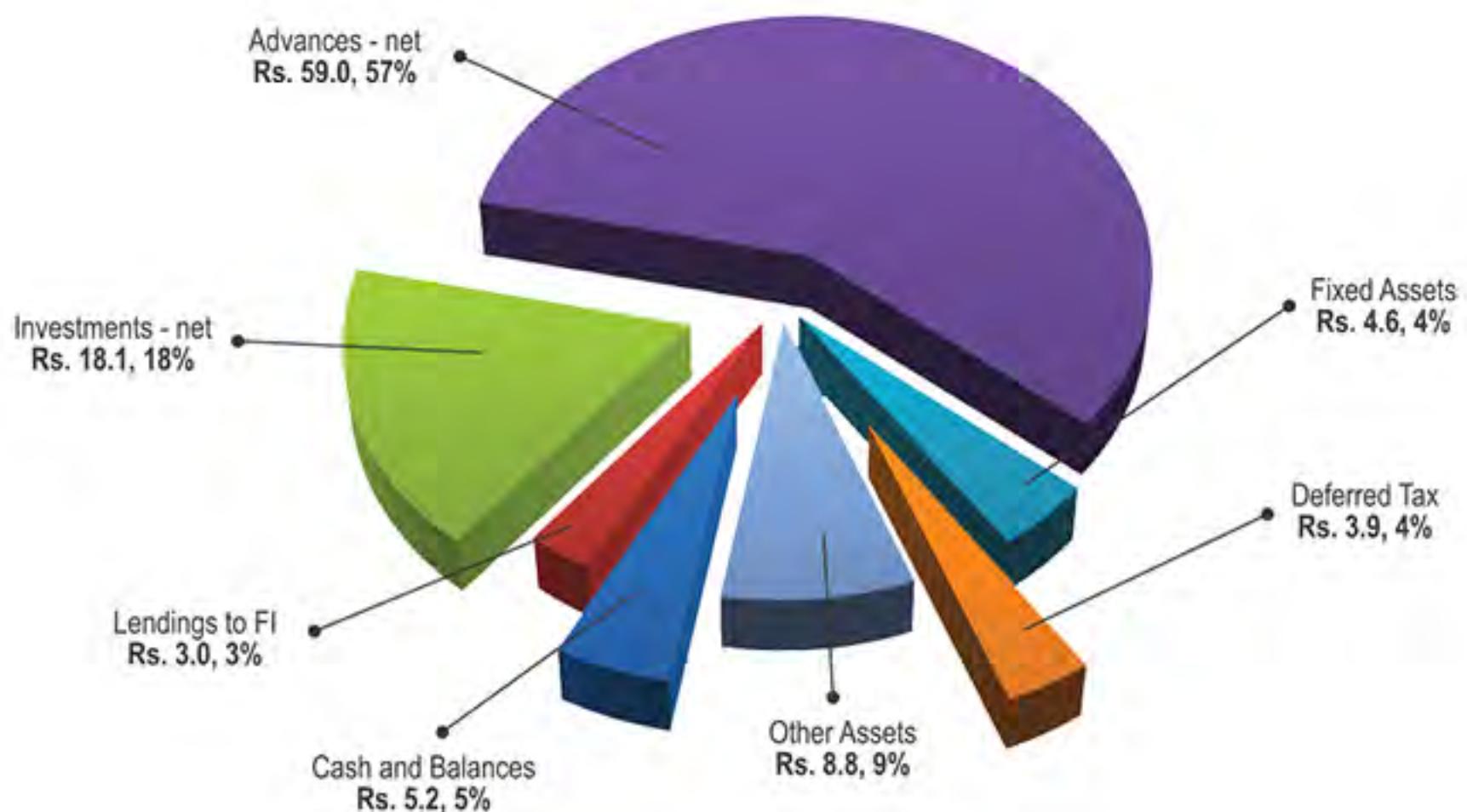
Vertical Analysis

	2014		2013		2012		2011		2010		2009	
	Rs. M	%	Rs. M	%	Rs. M	%	Rs. M	%	Rs. M	%	Rs. M	%
Balance sheet												
ASSETS												
Cash and balances with treasury banks	5,103	5%	5,362	6%	4,007	4%	4,436	5%	3,415	5%	3,121	5%
Balances with other banks	139	0%	226	0%	86	0%	94	0%	89	0%	151	0%
Lending to financial institutions	3,000	3%	447	0%	5,602	6%	3,101	3%	1,051	1%	1,068	2%
Investments	18,105	18%	14,853	16%	12,735	14%	17,548	19%	13,190	18%	20,179	29%
Advances	58,967	57%	56,038	61%	49,060	55%	49,936	55%	44,354	61%	32,097	47%
Operating fixed assets	4,563	4%	4,692	5%	4,637	5%	4,756	5%	2,444	3%	3,721	5%
Deferred tax assets (net)	3,937	4%	3,839	4%	3,605	4%	3,569	4%	4,193	6%	3,976	6%
Other assets	8,834	9%	6,314	7%	9,348	10%	7,230	8%	3,933	5%	4,351	6%
TOTAL ASSETS	102,649	100%	91,770	100%	89,080	100%	90,670	100%	72,669	100%	68,664	100%
LIABILITIES												
Bills payable	2,153	2%	2,747	3%	1,979	2%	1,679	2%	837	1%	638	1%
Borrowings from financial institutions	21,742	21%	11,382	12%	11,377	13%	17,782	20%	9,871	14%	15,088	22%
Deposits and other accounts	68,770	67%	69,433	76%	69,050	78%	64,072	71%	55,706	77%	49,610	72%
Sub-ordinated loan	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	17	-	-	-	-	-	-	-	-	-	10	-
Other liabilities	1,466	1%	1,532	2%	1,302	1%	1,499	2%	1,421	2%	1,555	2%
TOTAL LIABILITIES	94,148	92%	85,095	93%	83,708	94%	85,032	94%	67,835	93%	66,901	97%
NET ASSETS	8,501	8%	6,675	7%	5,373	6%	5,639	6%	4,834	7%	1,763	3%
REPRESENTED BY												
Share capital	26,716	26%	26,716	29%	26,716	30%	26,716	29%	26,716	37%	9,003	13%
Advance against proposed issue of right shares	2,000	2%	-	-	-	-	-	-	-	-	-	-
Reserves	180	0%	163	0%	163	0%	139	0%	-	0%	225	0%
Discount on issue of rights shares	(13,285)	-13%	(13,285)	-14%	(13,285)	-15%	(13,285)	-15%	(13,285)	-18%	-	0%
Accumulated loss	(9,444)	-9%	(9,527)	-10%	(8,381)	-9%	(8,055)	-9%	(8,614)	-12%	(9,031)	-13%
Surplus on revaluation of assets (net of tax)	133	0%	408	0%	160	0%	123	0%	17	0%	1,566	2%
Convertible preference shares	2,200	2%	2,200	2%	-	-	-	-	-	-	-	-
8,501	8%	6,675	7%	5,373	6%	5,639	6%	4,834	7%	1,763	3%	
PROFIT AND LOSS ACCOUNT												
Mark-up/return/interest earned	9,429	85%	7,622	85%	8,584	89%	8,386	91%	6,776	85%	5,913	90%
Mark-up/return/interest expensed	(5,969)	-54%	(5,463)	-61%	(6,681)	-69%	(6,515)	-71%	(5,927)	-74%	(5,856)	-89%
Net mark-up/ interest earned	3,460	31%	2,160	24%	1,902	20%	1,871	20%	849	11%	58	1%
Provisions and Write off	(368)	-3%	(633)	-7%	580	6%	2,630	28%	(228)	-3%	(2,309)	-35%
Net mark-up / interest income/(loss) after provisions	3,093	28%	1,526	17%	2,483	26%	4,501	49%	621	8%	(2,252)	34%
Non-markup/interest income	1,720	15%	1,325	15%	1,065	11%	847	9%	1,185	15%	662	10%
Non-markup/interest expenses	(4,681)	-42%	(4,379)	-49%	(4,077)	-42%	(3,988)	-43%	(3,041)	-38%	(2,663)	-41%
Profit/(Loss) before Taxation	131	1%	(1,528)	-17%	(529)	-5%	1,359	15%	(1,236)	-16%	(4,252)	-65%
Taxation	(45)	0%	372	4%	185	2%	(664)	-7%	104	1%	1,350	21%
Profit/(Loss) After Taxation	87	1%	(1,157)	-13%	(344)	-4%	695	8%	(1,131)	-14%	(2,903)	-44%

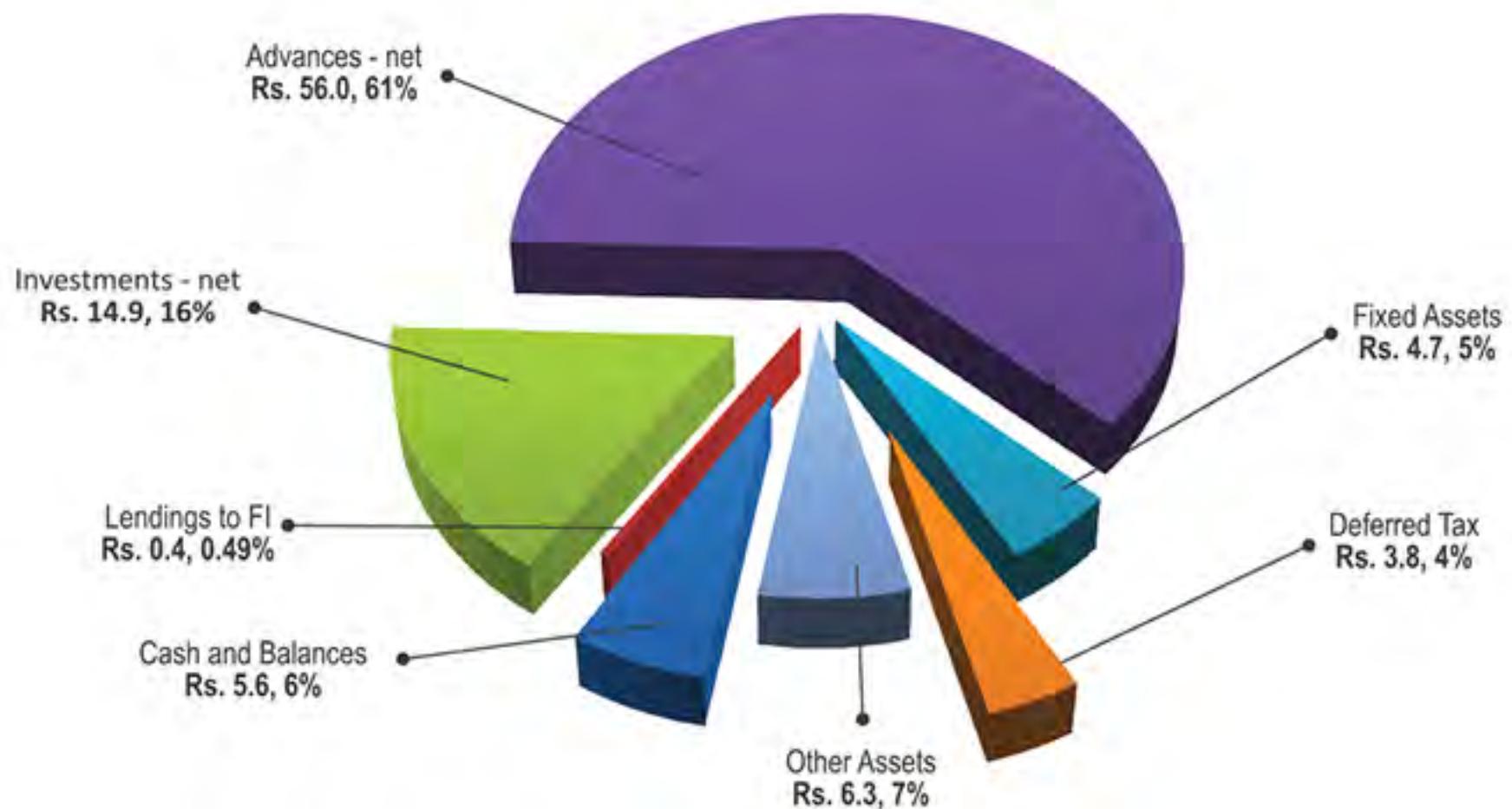
Graphical Presentation of Financial Progress



Total Assets - 2014 (Rs. in Billion)

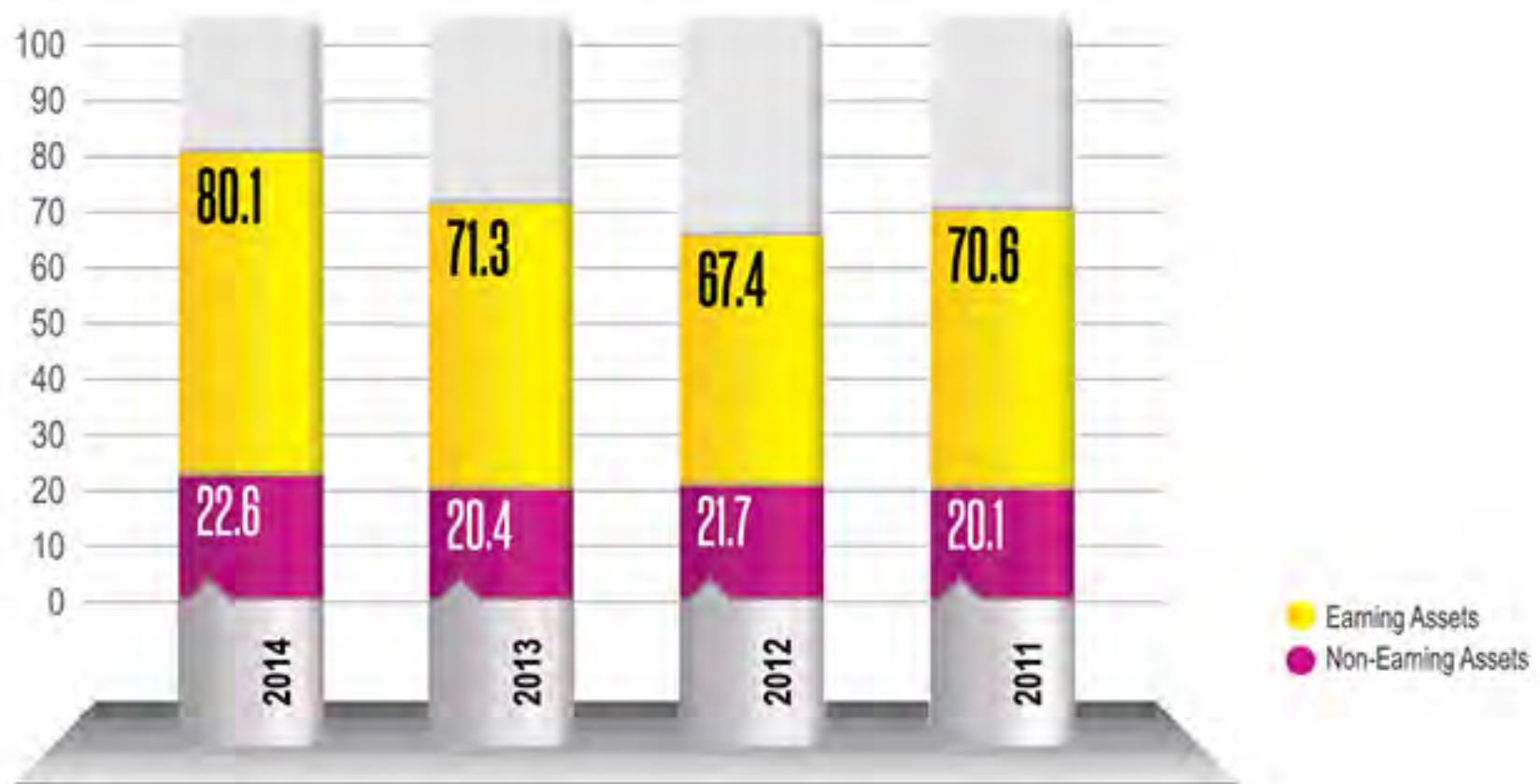


Total Assets - 2013 (Rs. in Billion)

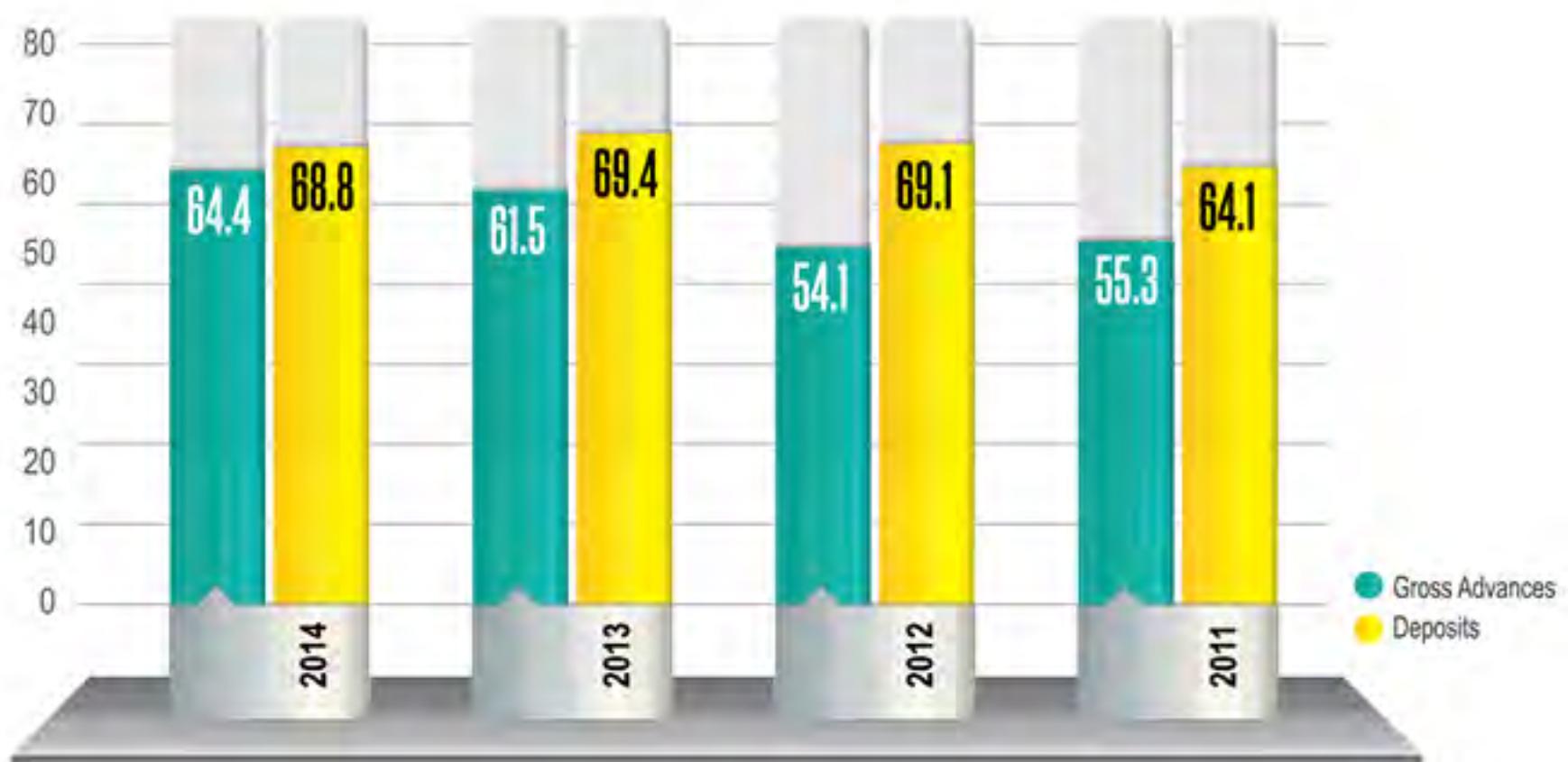


Graphical Presentation of Financial Progress

Earning Assets Vs. Non-Earning Assets (Rs. in Billion)



Gross Advances & Deposits (Rs. in Billion)



Deposit Mix - 2014 (Rs. in Billion)

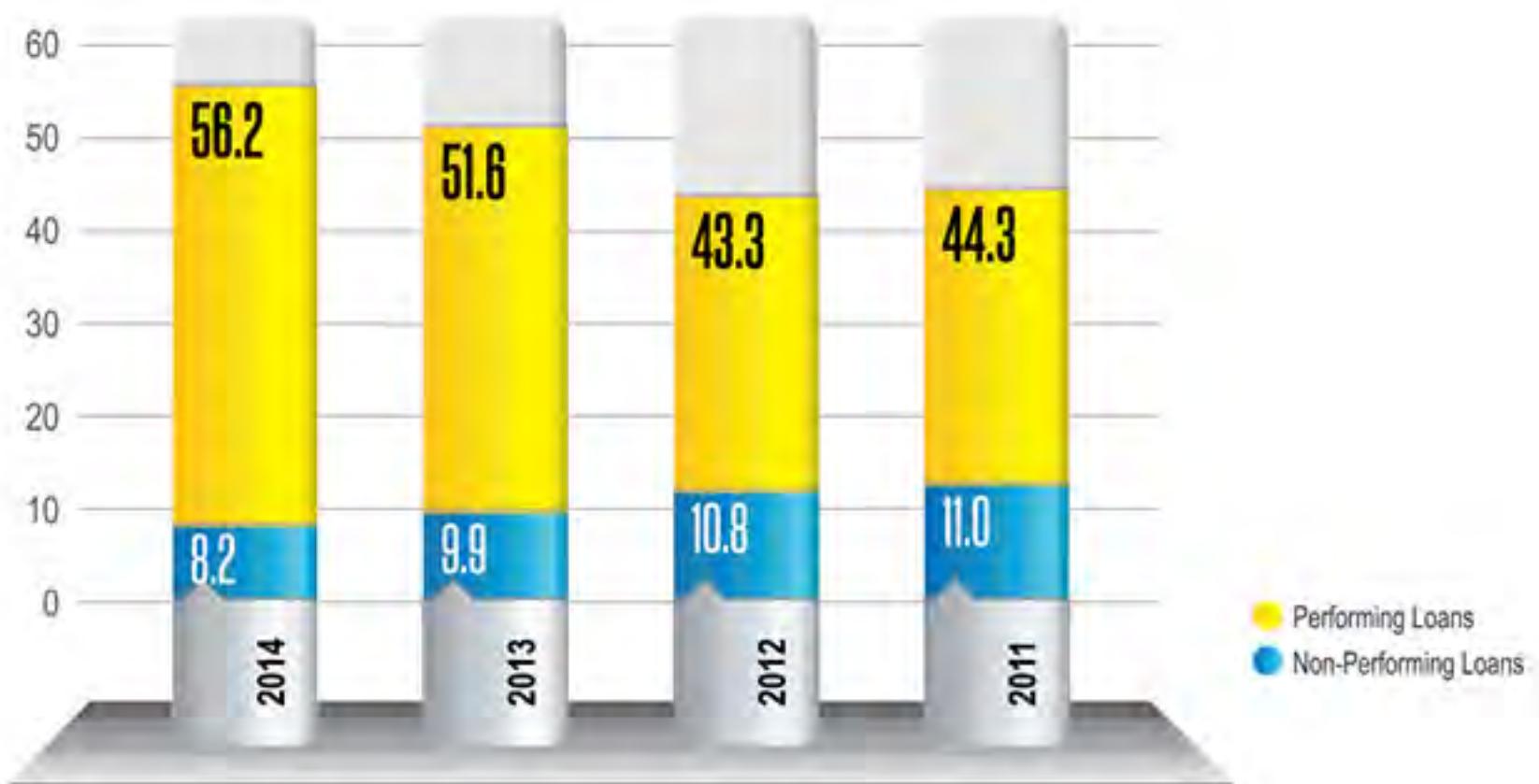


Deposit Mix - 2013 (Rs. in Billion)

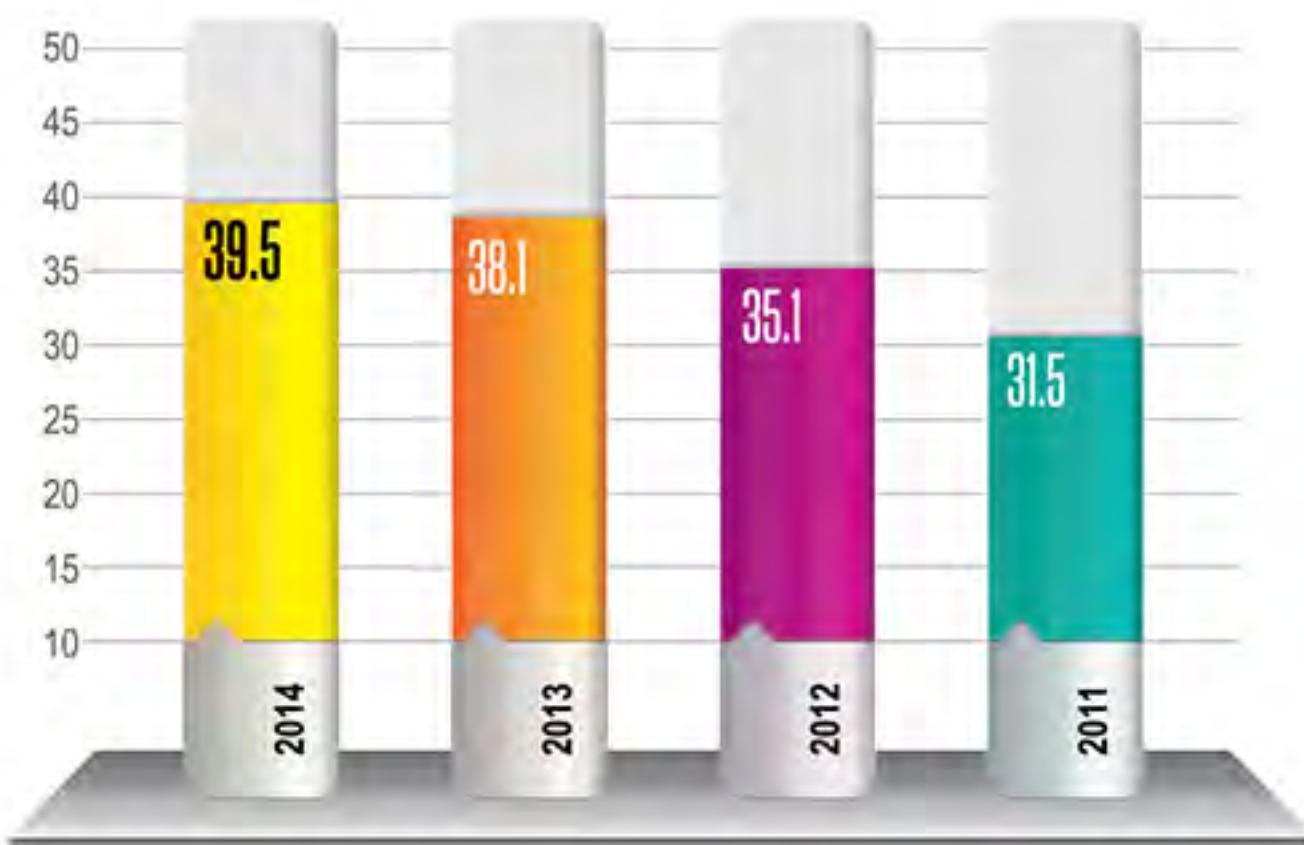


Graphical Presentation of Financial Progress

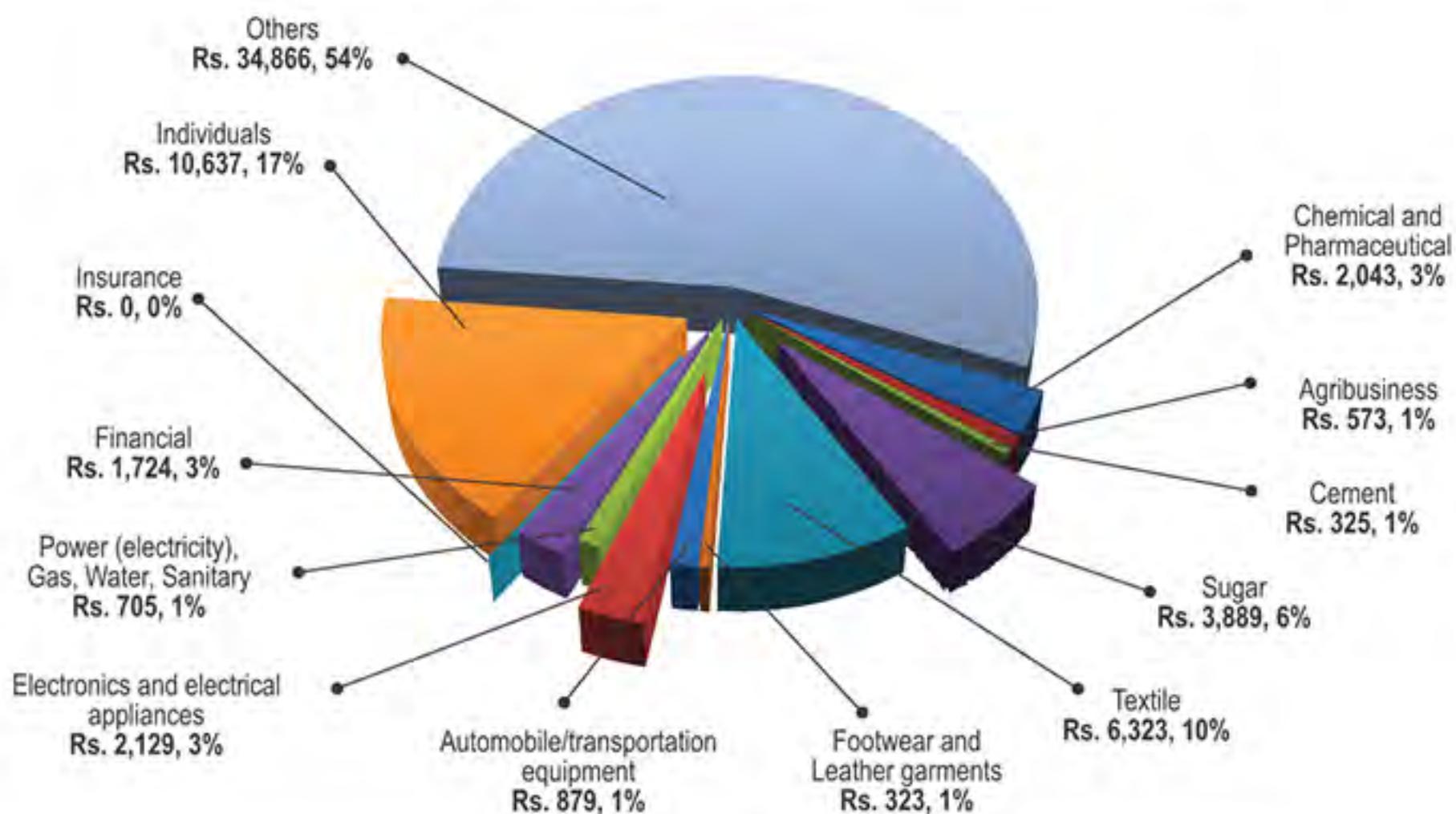
Performing Vs. Non-Performing Loans (Rs. in Billion)



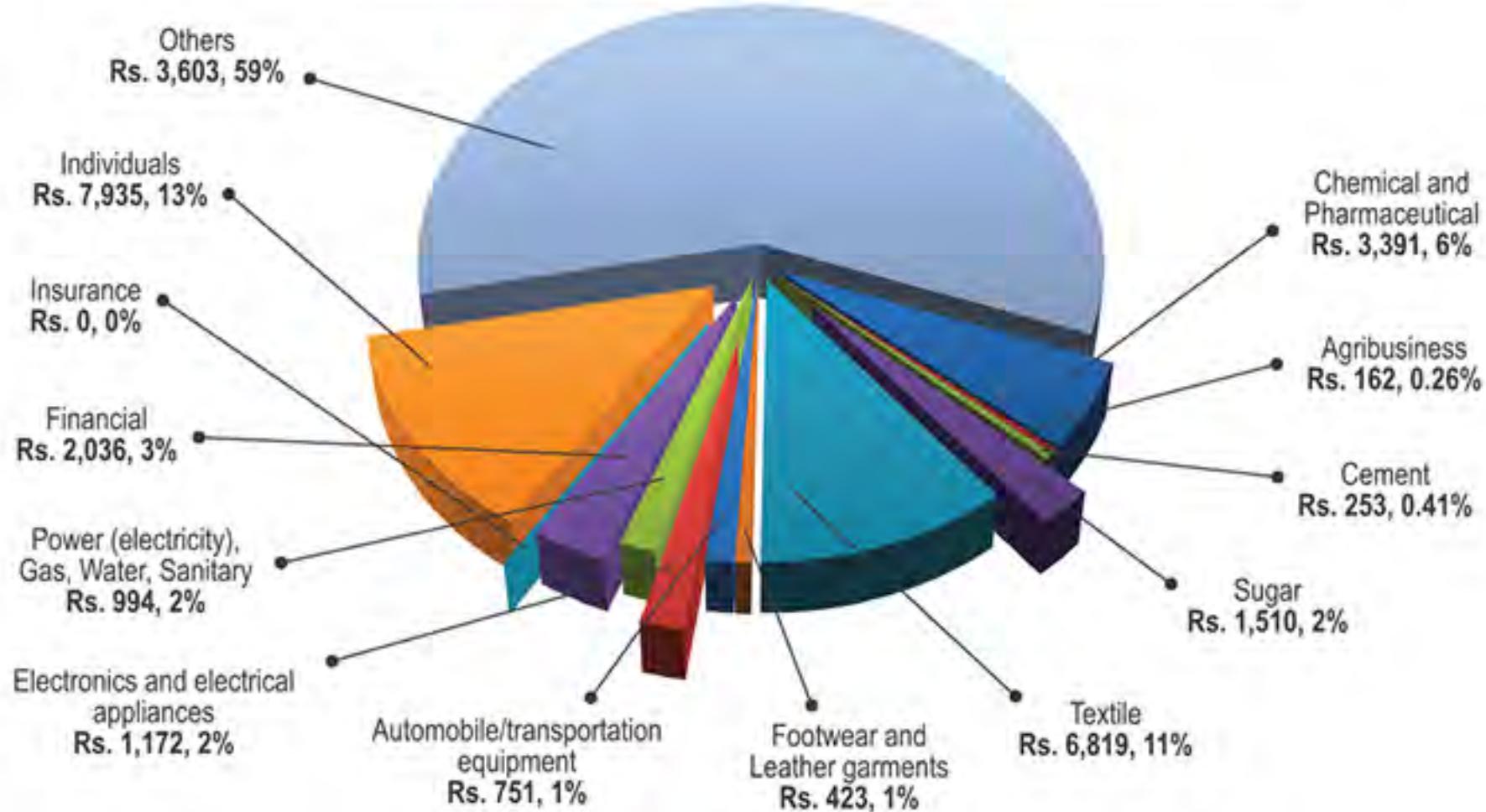
CASA (Current & Saving Deposits) (Rs. in Billion)



Sector Wise Advances - 2014 (Rs. in Million)

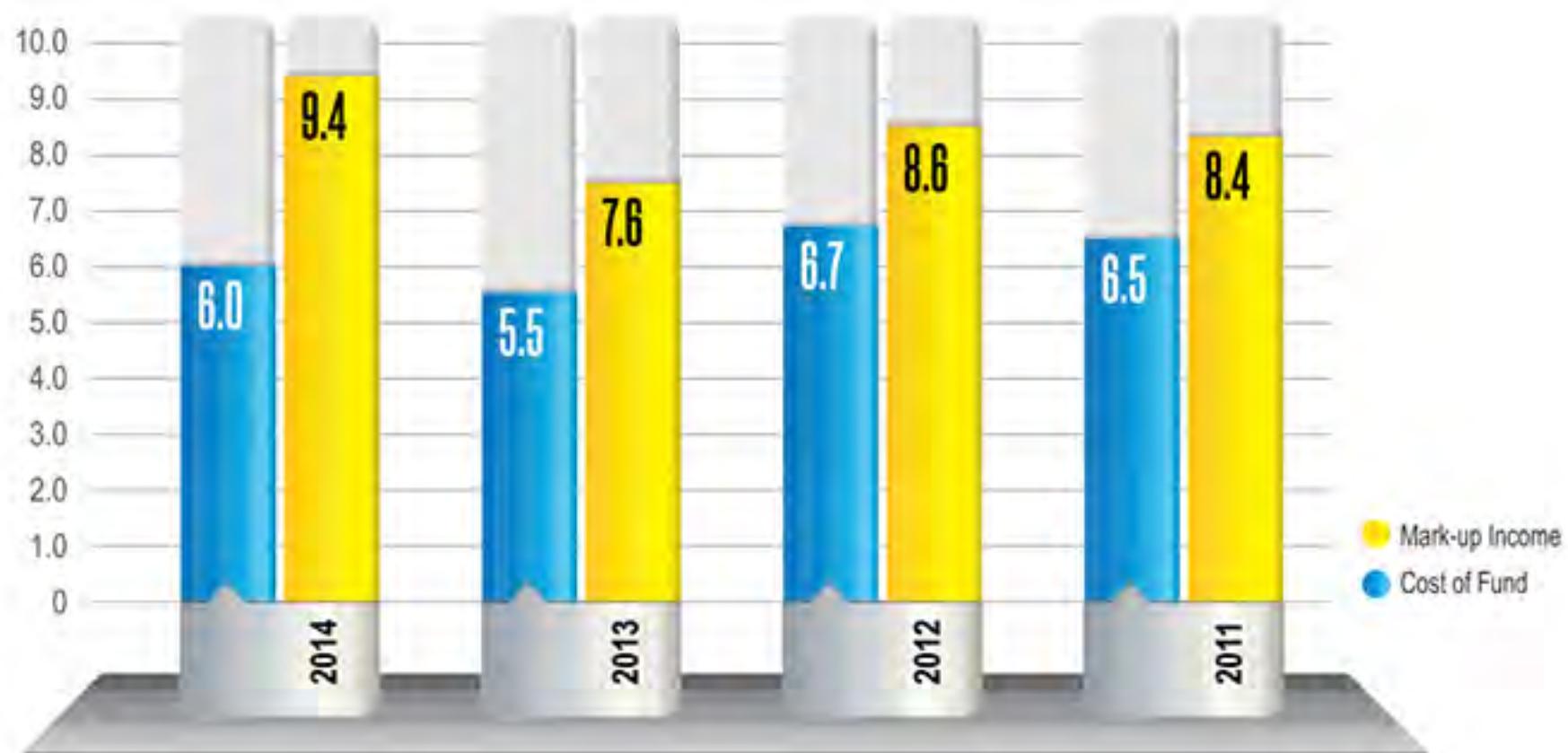


Sector Wise Advances - 2013 (Rs. in Million)

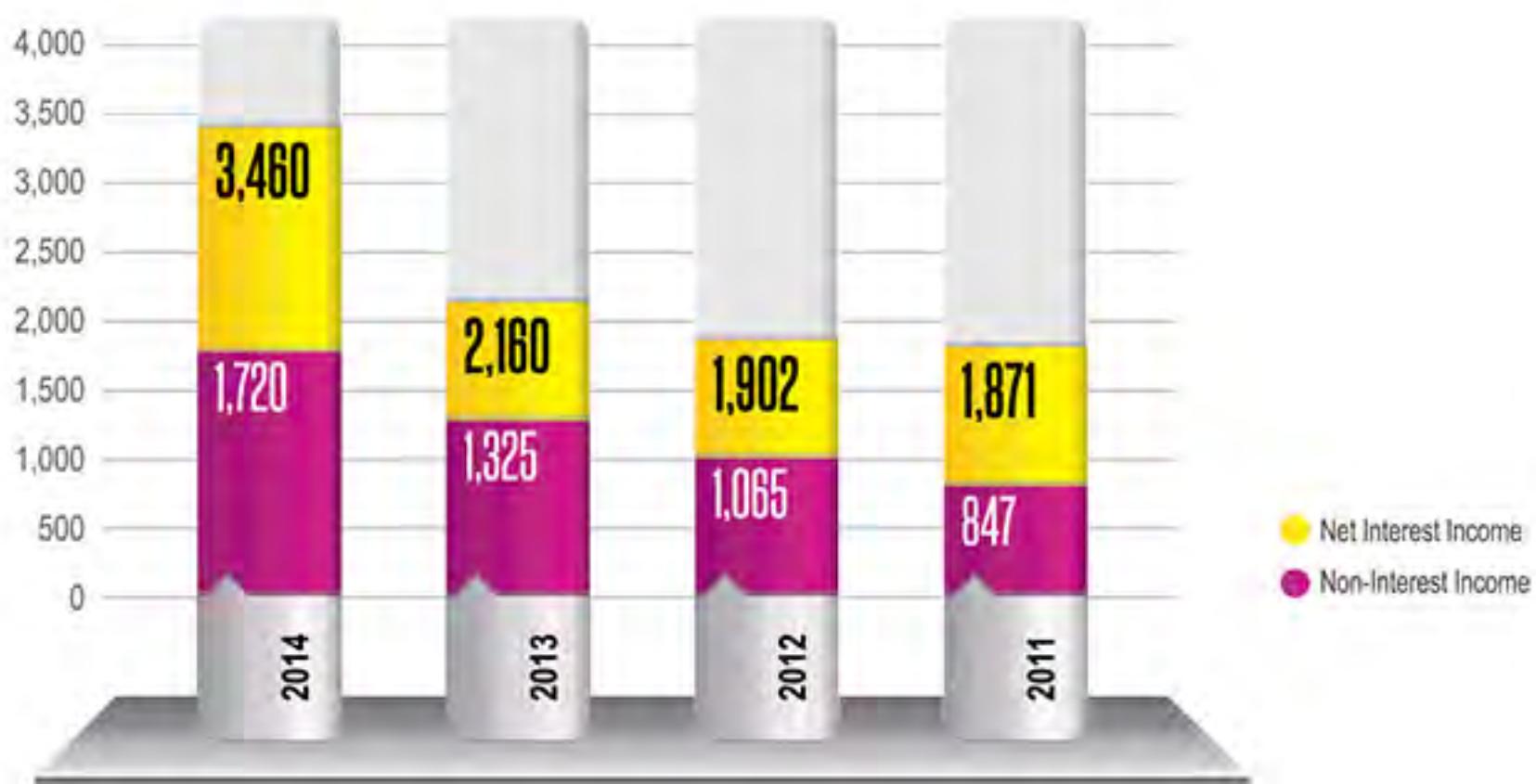


Graphical Presentation of Financial Progress

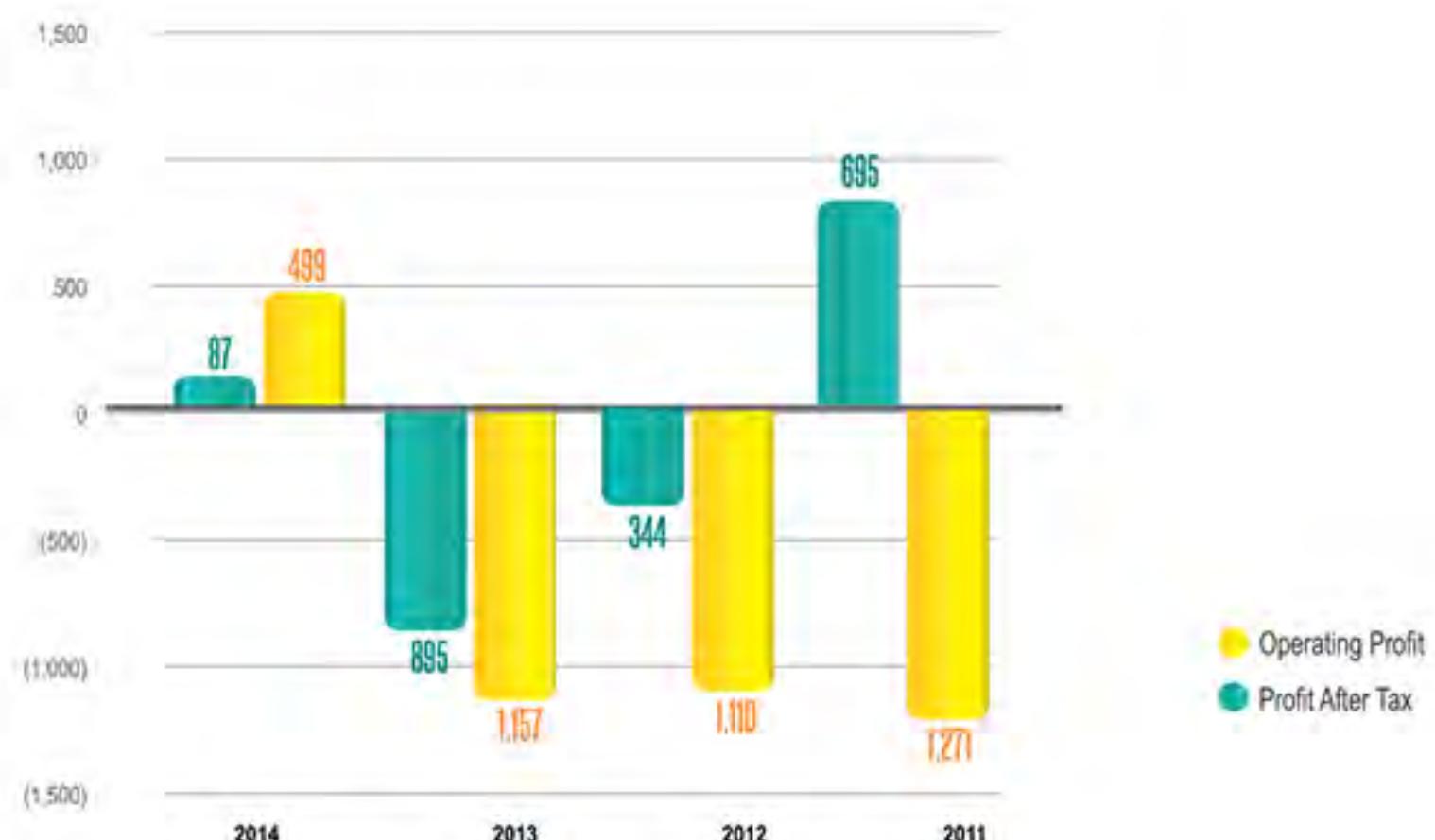
Mark-up Income Vs. Cost of Fund (Rs. in Billion)



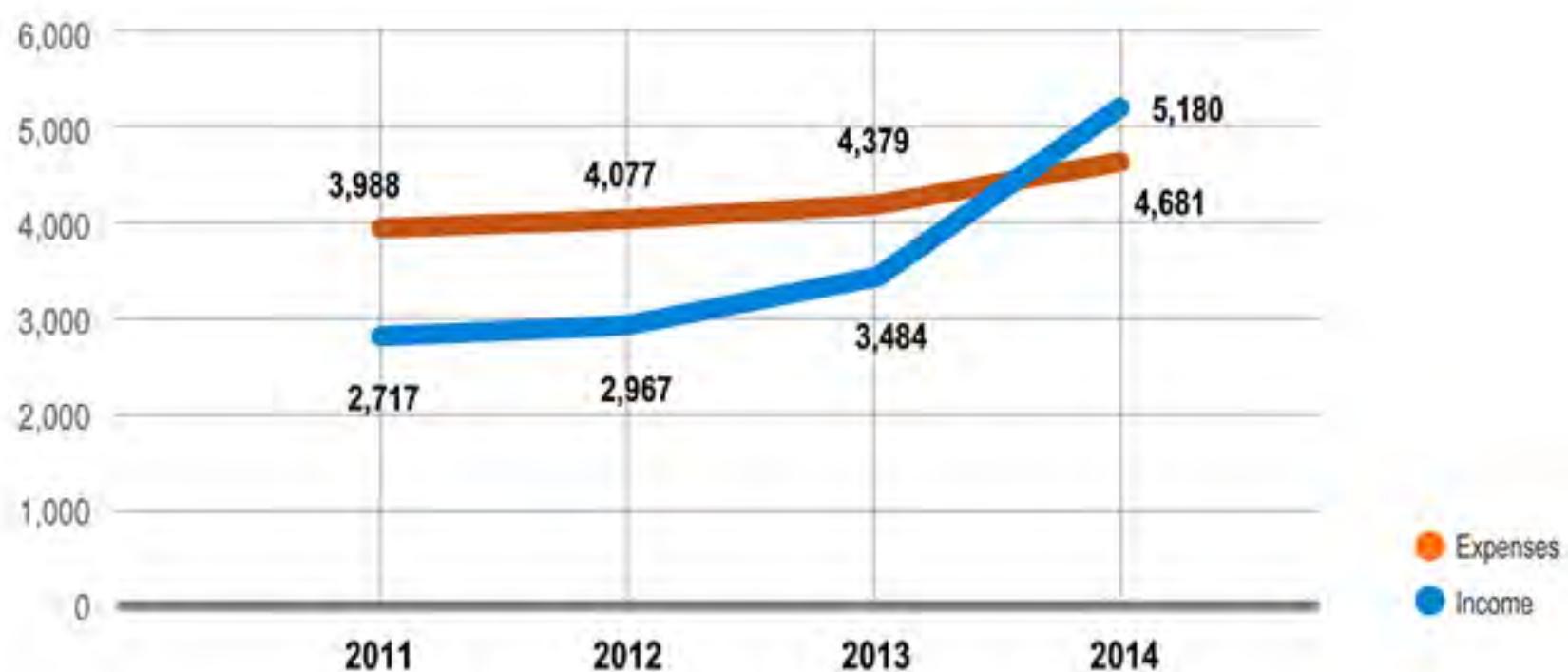
Revenue Composition (Rs. in Million)



Operating Profit & Profit After Tax (Rs. in Million)



Income & Expenses (Rs. in Million)



Statement of Financial Position

as at December 31, 2014

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	7	5,102,984	5,361,695
Balances with other banks	8	139,478	226,184
Lendings to financial institutions	9	3,000,000	446,859
Investments - net	10	18,105,414	14,853,257
Advances - net	11	58,966,877	56,037,522
Operating fixed assets	12	4,563,290	4,691,552
Deferred tax assets - net	13	3,937,182	3,839,078
Other assets	14	8,833,892	6,314,048
		102,649,117	91,770,195
LIABILITIES			
Bills payable	15	2,153,091	2,747,400
Borrowings	16	21,742,246	11,381,975
Deposits and other accounts	17	68,770,255	69,433,452
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease	18	17,105	-
Deferred tax liabilities	19	-	-
Other liabilities		1,465,593	1,532,180
		94,148,290	85,095,007
NET ASSETS			
		8,500,827	6,675,188
REPRESENTED BY			
Share capital	20	26,716,048	26,716,048
Discount on issue of right shares		(13,284,674)	(13,284,674)
Reserves		180,134	162,762
Advance against shares subscription	20.5	2,000,000	-
Convertible preference shares	21	2,200,000	2,200,000
Accumulated loss		(9,444,123)	(9,526,849)
		8,367,385	6,267,287
Surplus on revaluation of assets - net of tax	22	133,442	407,901
		8,500,827	6,675,188
CONTINGENCIES AND COMMITMENTS			
	23		

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

Azmat Tarin
President & CEO

Tariq Iqbal Khan
Director

Adnan Afridi
Director

Shamsul Hasan
Director

Profit And Loss Account

for the year ended December 31, 2014

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
Mark-up / return / interest earned	25	9,429,216	7,622,425
Mark-up / return / interest expensed	26	(5,969,099)	(5,462,669)
Net mark-up / interest income		3,460,117	2,159,756
Provision against non-performing loans and advances - net	11.3	(79,077)	(420,346)
Provision against consumer financing - net	11.3	(127,402)	(142,041)
Recovery against written off loans		4,004	6,214
Reversal for diminution in the value of investments - net	10.14	2,537	-
Impairment in the value of investment	10.11.1 / 10.11.2	(167,675)	(76,879)
Bad debts written off directly	11.7	-	(423)
Net mark-up / interest income after provisions		(367,613)	(633,475)
NON MARK-UP / INTEREST INCOME		3,092,504	1,526,281
Fee, commission and brokerage income		868,263	684,378
Dividend income		47,168	63,401
Income from dealing in foreign currencies		196,672	219,589
Gain on sale of securities - net	27	346,592	169,917
Unrealised gain / (loss) on revaluation of investments - held-for-trading	10.1	169,053	(1,431)
Other income	28	92,615	188,726
Total non-mark-up / interest income		1,720,363	1,324,580
		4,812,867	2,850,861
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	29	(4,692,044)	(4,407,927)
Other reversals / (provisions) / (write offs) - net	30	38,019	112,449
Other charges	31	(27,427)	(83,461)
Total non-mark-up / interest expenses		(4,681,452)	(4,378,939)
		131,415	(1,528,078)
Extra ordinary / unusual items		-	-
PROFIT / (LOSS) BEFORE TAXATION		131,415	(1,528,078)
Taxation - Current		-	-
- Prior		-	-
- Deferred		(44,555)	371,516
	32	(44,555)	371,516
PROFIT / (LOSS) AFTER TAXATION		86,860	(1,156,562)
			Rupee
Basic earnings / (loss) per share	33	0.03	(0.43)
Diluted earnings / (loss) per share	33	0.02	(0.43)

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

Azmat Tarin
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Director

Shamsul Hasan
Director

Statement of Comprehensive Income

for the year ended December 31, 2014

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
Profit / (loss) after taxation		86,860	(1,156,562)
Other comprehensive income			
Items that will not be reclassified to profit and loss account			
Remeasurement of defined benefit plan	36.1.2	14,643	11,452
Related tax effect		(5,125)	(4,008)
		9,518	7,444
Comprehensive income transferred to equity		96,378	(1,149,118)
Components of comprehensive income not reflected in equity			
(Deficit) / Surplus on revaluation of assets - net		(422,243)	381,348
Deferred tax asset / (liability) on revaluation of assets		147,784	(133,471)
		(274,459)	247,877

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

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Shamsul Hasan
Director

Statement of Changes in Equity

for the year ended December 31, 2014

	Share Capital	Discount on Issue of Shares	*Statutory Reserves	Advance against shares subscription	Convertible Preference shares	Accumulated Loss	Total Equity
Note	Rupees in '000						
Balance as at January 01, 2013	26,716,048	(13,284,674)	162,762	-	-	(8,381,451)	5,212,685
Total comprehensive income for the year 2013							
Loss after tax for the year ended December 31, 2013	-	-	-	-	-	(1,156,562)	(1,156,562)
Other comprehensive income	-	-	-	-	-	7,444	7,444
Total comprehensive income for the year 2013						(1,149,118)	(1,149,118)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation- net of tax	22.3	-	-	-	-	3,720	3,720
Convertible preference shares issued	21	-	-	-	2,200,000	-	2,200,000
Balance as at December 31, 2013	26,716,048	(13,284,674)	162,762	-	2,200,000	(9,526,849)	6,267,287
Total comprehensive income for the year 2014							
Profit after tax for the year ended December 31, 2014	-	-	-	-	-	86,860	86,860
Other comprehensive income	-	-	-	-	-	9,518	9,518
Total comprehensive income for the year 2014	-	-	-	-	-	96,378	96,378
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	22.3	-	-	-	-	3,720	3,720
Advance against shares subscription	20.5	-	-	2,000,000	-	-	2,000,000
Transfer to statutory reserves	-	-	17,372	-	-	(17,372)	-
Balance as at December 31, 2014	26,716,048	(13,284,674)	180,134	2,000,000	2,200,000	(9,444,123)	8,367,385

* Statutory reserves represent amount set aside as per requirements of section 21 of the Banking Companies Ordinance, 1962.

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

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Director

Adnan Afridi
Director

Shamsul Hasan
Director

Cash Flow Statement

for the year ended December 31, 2014

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		131,415	(1,528,078)
Less: Dividend income		(47,168)	(63,401)
		<u>84,247</u>	<u>(1,591,479)</u>
Adjustments for non-cash items			
Depreciation	12.2	385,732	407,075
Amortisation of intangible assets	12.3	82,212	85,499
Amortisation of (discount) / premium on investments		(2,724)	16,305
Provision against non-performing loans and advances - net	11.3	79,077	420,346
Provision against consumer financing	11.3	127,402	142,041
Impairment in the value of investments		167,675	76,879
Unrealised (gain) / loss on revaluation of investments - held-for-trading	10.1	(169,053)	1,431
Share of profit from associate	28	(9,392)	(14,548)
Other reversals / (provisions) / (write offs) - net	30	(38,019)	(112,449)
Loss / (gain) on sale of property and equipment	12.5	70	(56,276)
		<u>622,980</u>	<u>966,303</u>
		<u>707,227</u>	<u>(625,176)</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(2,553,141)	5,155,564
Net investments in held-for-trading securities		(43,576)	(994,643)
Advances		(3,135,834)	(5,032,268)
Other assets		(2,343,318)	366,815
		<u>(8,075,869)</u>	<u>(504,532)</u>
(Decrease) / increase in operating liabilities			
Bills payable		(594,309)	768,851
Borrowings		10,360,271	5,194
Deposits		(663,197)	383,005
Other liabilities		(66,587)	230,172
		<u>9,036,178</u>	<u>1,387,222</u>
Income tax paid		1,667,536	257,514
		<u>(127,141)</u>	<u>(100,578)</u>
Net cash flows from operating activities		1,540,395	156,936
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(3,612,922)	(818,715)
Dividend received		49,714	61,546
Proceeds from sale of property and equipment	12.5	79,055	152,879
Net investment in operating fixed assets		(398,607)	(257,338)
Net cash flows from investing activities		(3,882,760)	(861,628)

Azmat Tarin
President & CEO

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Director

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Director

Shamsul Hasan
Director

Cash Flow Statement

for the year ended December 31, 2014

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
CASH FLOWS FROM FINANCING ACTIVITIES			
Convertible preference shares issued		-	2,200,000
Advance against shares subscription		2,000,000	-
Finance lease obligation paid		(3,052)	-
Net cash flows from financing activities		1,996,948	2,200,000
(Decrease) / increase in cash and cash equivalents		(345,417)	1,495,308
Cash and cash equivalents at the beginning of the year		5,587,879	4,092,571
Cash and cash equivalents at the end of the year	34	5,242,462	5,587,879

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

Azmat Tarin
President & CEO

Tariq Iqbal Khan
Director

Adnan Afridi
Director

Shamsul Hasan
Director

Notes to the Financial Statements

for the year ended December 31, 2014

1 STATUS AND NATURE OF BUSINESS

- 1.1 Silkbank Limited ("the Bank") was incorporated in Pakistan on April 04, 1994 as a public limited company under the Companies Ordinance, 1984. The Bank commenced commercial operations on May 07, 1995. The Bank's shares are quoted on all the Stock Exchanges in Pakistan. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank operates through 88 branches (2013: 88 branches) including 10 (2013: 10) Islamic Banking branches in Pakistan with the registered office located at Silkbank Building, I. I. Chundrigar Road, Karachi. The short term and long term credit rating of the Bank rated by JCR-VIS Credit Rating Company Limited in December 2014 is 'A-2' and 'A-', respectively.
- 1.2 Majority shareholding (82.406%) in the Bank as on December 31, 2014 is held by a consortium comprising of International Finance Corporation (IFC), Nomura European Investment Limited, Bank Muscat S.A.O.G and executives of the Sinthos Capital Advisors Limited. As a result of possible conversion of convertible preference shares (as described below and in note 21), issue of right shares for advance against share subscription (as described below and in note 20.5) and unsubscribed rights issue (as described in note 20.4), the majority shareholding in the Bank may change at the time of conversion of preference shares to ordinary shares and / or subscription of right shares.
- 1.3 The State Bank of Pakistan (SBP) vide BSD Circular No. 7 dated April 15, 2009 has set the Minimum Capital Requirement (MCR) for Banks of Rs. 10 billion (net of losses) to be achieved by December 31, 2013. The Banks are also required to maintain a Capital Adequacy Ratio (CAR) of at least 10% of the risk weighted assets of the Bank. The capital of the Bank (net of losses and discount on shares) as of December 31, 2014, including 'Advance against Shares Subscription' as allowed by SBP and excluding general reserves of Rs.180.13 million and convertible preference shares of Rs. 2.20 billion, amounted to Rs. 5.99 billion. The shortfall at year end amounted to Rs. 4.01 billion. Further, the CAR of the Bank, as disclosed in note 41, remained below the prescribed level of 10%. The Bank had issued right shares at a discount in 2010 to generate net capital of Rs. 7 billion, however, the right issue had partly remained unsubscribed and at present the Bank has unpaid rights of Rs. 2.572 billion.

In order to meet the above shortfall and improve the financial condition of the Bank, the Bank and Sponsors of the Bank have taken the following steps:

Advance against Shares Subscription

The Bank has raised advance against proposed issue of right shares amounting to Rs. 2.00 billion from four prospective investors. The SBP vide its letter No. BPRD/BA&CP/644/24214/2014 dated December 10, 2014 has allowed the Bank to consider this advance money for MCR and CAR purposes subject to certain conditions. SBP has further allowed the Bank to comply with two conditions including conversion of this advance into paid-up capital by March 31, 2015.

Issuance of Convertible Preference Shares

In March 2013, the Bank issued 880 million Convertible Preference Shares (CPS) amounting to Rs. 2.20 billion subject to conditions as fully disclosed in note 21 to the financial statements. SBP vide its letter No. BBRD /CS / 2900 / 13 dated March 13, 2013 has allowed the Bank to treat CPS as Tier-1 capital for CAR purpose only. As a result of this issuance, the Bank's credit rating and CAR has improved. Securities and Exchange Commission of Pakistan (SECP) has also granted the Bank a three year extension for subscription of the rights, in line with the tenor of the convertible preference shares.

Further Issue of Shares

The Bank is planning a right shares issue and in this respect a Memorandum of Understanding has been signed between one of the Sponsor shareholders and a Foreign Investor who may participate in the right issue along with the current sponsors of the Bank, subject to the approval of the regulatory authorities.

Financial Projections

The Bank has prepared five years financial projections for the purpose of setting future course of action. These projections envisage additional capital injection through equity and subordinated debt into the Bank and reflect future profitable operations based on various core assumptions such as the sale of non-banking assets acquired in satisfaction of claims, Musharaka transactions, growth of deposits and consumer advances, investment returns, future loan losses, interest rates, cost of funds etc.

Relaxation by State Bank of Pakistan (SBP)

The SBP has granted extension to the Bank in complying with MCR and CAR requirements until March 31, 2015 vide

Notes to the Financial Statements

for the year ended December 31, 2014

their letter No. BPRD / BA&CP-04/644/4736/2015 dated February 25, 2015.

Based on above, the Bank's management and the Board have made an assessment and are satisfied that the Bank has adequate resources to continue its business in the foreseeable future and therefore, have prepared these financial statements on a going concern basis. In making such assessment, the Board has taken into account material uncertainties with respect to events or conditions that may impact the recapitalization plan of the Bank and consequently, its sustainability in the future.

2 BASIS OF PRESENTATION

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

The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan and notified under the provisions of the Companies Ordinance, 1984.

- 2.2 These financial statements have been prepared in Pakistani Rupee which is the reporting and functional currency.

- 2.3 The financial results of the Islamic Banking branches have been included in these financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in Annexure II to these financial statements.

3 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) 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 Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by SBP and the Securities and Exchange Commission of Pakistan (SECP). In case requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by SBP and SECP shall prevail.

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. Further, the SECP has deferred the applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) / 2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

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

4 STANDARDS, AMENDMENTS AND INTERPRETATIONS OF APPROVED ACCOUNTING STANDARDS

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

The SECP has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the ICAP. IFAS 3 shall be followed with effect from the financial periods beginning on or after January 1, 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the financial statements of the Bank as disclosed in Annexure II to these Financial Statements.

Notes to the Financial Statements

for the year ended December 31, 2014

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2014 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore are not detailed in these financial statements.

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

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 01, 2015. However, these are either not relevant to the Bank's operations or are not expected to have significant impact on the Bank's financial statements other than certain additional disclosures:

	Effective from accounting period beginning on or after
- Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation	January 01, 2016
- Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants	January 01, 2016
- Amendments to IAS 19 Employee Benefits – Employee Contributions	July 01, 2014
- IAS 27 (Revised 2011) – Separate Financial Statements	January 01, 2015
- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 01, 2015
- IFRS 10 – Consolidated Financial Statements	January 01, 2015
- IFRS 11 – Joint Arrangements	January 01, 2015
- IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
- IFRS 13 – Fair Value Measurement	January 01, 2015

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the SECP:

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

5 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except that certain fixed assets are stated at revalued amounts less accumulated depreciation and accumulated impairment losses (where applicable) and certain investments and derivative financial instruments have been measured at fair value.

5.1 Use of critical accounting estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

Notes to the Financial Statements

for the year ended December 31, 2014

5.1.1 Provision against non-performing loans and advances and debt securities

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

5.1.2 Fair value of derivatives

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

5.1.3 Classification of investments

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

- Investments classified as 'held-for-trading' are securities which are acquired with an intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days of acquisition.
- Investments classified as 'held-to-maturity' are non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investment to maturity.
- The investments which are not classified as 'held-for-trading' or 'held-to-maturity' are classified as 'available-for-sale'.

5.1.4 Impairment of 'available-for-sale' equity investments

The Bank determines that 'available-for-sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates, among other factors, the normal volatility in share price. In addition, the impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational / financial cash flows.

5.1.5 Defined benefit plan

The liability of the defined benefit plan (gratuity) is determined using actuarial advice using the Projected Unit Credit Method. The actuarial valuation involves making certain actuarial assumptions as disclosed in note 36. Actuarial assumptions are entity's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits. Changes in these assumptions in future years may affect the liability / asset under the plan in those years.

5.1.6 Income taxes

In making the estimates for income taxes currently payable by the Bank, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past. For recovery of deferred tax asset recognised on unused tax losses, management projects and determines future taxable profits that are probable and will be available against which these unused tax losses can be utilised.

5.1.7 Depreciation, amortisation and revaluation of operating fixed assets

In making estimates of the depreciation / amortisation method, management uses the method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year-end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method is changed to reflect the change in pattern. Such change is accounted for as change in accounting estimate in accordance with International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors". Further, the Bank estimates the revalued amount of land and buildings on a regular basis. The estimates are based on valuations carried out by independent professional valuers under the market conditions.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all years presented.

6.1 Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with treasury banks, balances with other banks in current and deposit accounts.

Notes to the Financial Statements

for the year ended December 31, 2014

6.2 Lendings to / borrowings from financial institutions

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

6.2.1 Sale under repurchase obligations (repo)

Securities sold subject to a re-purchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings. The differential in sale and re-purchase value is accrued over the period of the agreement and recorded as expense.

6.2.2 Purchase under resale obligations (reverse repo)

Securities purchased under agreement to resell (reverse repo) are included in lendings to financial institutions. The differential between the contracted price and resale price is amortised over the period of the agreement and recorded as income.

6.2.3 Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions.

All lendings are stated net of provision, if any. Mark-up / interest income on such lendings is recorded on time proportion basis using effective interest rate method except mark-up on impaired / delinquent lendings, which are recognised on receipt basis.

6.2.4 Other borrowings

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

6.3 Trade and settlement date accounting

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e., the date that the Bank commits to purchase or sell the assets. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

6.4 Investments

The Bank classifies its investments as follows:

a) Held-for-trading

These are securities which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, dealers' margin or are securities included in a portfolio in which a pattern of short-term profit taking exists.

b) Held-to-maturity

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

c) Available-for-sale

These are investments, other than investment in associate, that do not fall under the "held-for-trading" or "held-to-maturity" categories.

6.4.1 Initial measurement

Investments are initially recognised at acquisition cost which in case of investments other than "held-for-trading" includes transaction costs associated with the investments.

6.4.2 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.

Notes to the Financial Statements

for the year ended December 31, 2014

Available-for-sale

Quoted securities classified as available-for-sale investments are measured at subsequent reporting dates at fair value. Any surplus / deficit arising thereon is kept in a separate account shown in the statement of financial position below equity and taken to the profit and loss account when actually 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 equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. A decline in the carrying value is charged to the profit and loss account. A subsequent increase in the carrying value, upto the cost of investment, is credited to the profit and loss account. Investments in other unquoted securities are valued at cost less impairment losses, if any.

Investments in other unquoted securities are valued at cost less impairment losses, if any.

6.4.3 Investment in associates

Investment in associates in which the Bank has significant influence, but not control, over the financial and operating policies are accounted for using the equity method.

Companies where there are common directors but the Bank does not have significant influence are accounted for as ordinary investments.

6.4.4 Gains or losses on disposal of investments

are included in the profit and loss account.

6.4.5 Provision for diminution in the value of securities

(except Participation Term Certificates and Term Finance Certificates) is made after considering impairment, if any, in their value. Impairment is recognised when there is an objective evidence of significant and prolonged decline in the value of such securities. Provisions for diminution in the value of debentures, Participation Term Certificates and Term Finance Certificates are made as per the requirements of the Prudential Regulations issued by the SBP.

6.5 Advances

Advances including Islamic financings are stated net of specific and general provisions. Specific and general provisions against advances are determined on the basis of Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses. Provisions against unidentified losses include general provision maintained at 1.5% of the fully secured consumer portfolio and 5% of the unsecured consumer portfolio. Further, the Bank maintains provision at 1% of the secured Small Enterprise (SE) portfolio and 2% of the unsecured SE portfolio. Advances are written off when there are no realistic prospects of recovery.

6.5.1 Murabaha

Murabaha financings are reflected as receivables at the invoiced amount. The profit on that sale revenue not due for payment is deferred by recording a credit to the "Deferred Murabaha Income" account. Profit is taken to the profit and loss account over the period of the Murabaha.

6.5.2 Musharaka

This is a partnership whereby two or more persons commingle either their money or work or obligations to earn a profit or a yield or appreciation in value according to a mutually agreed profit sharing formula and to share the loss, if any, according to their proportionate shares in the Musharaka. One or more partner(s) may be assigned the responsibility of management of the Musharaka against a higher share in the profits.

6.5.3 Diminishing musharaka

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

6.6 Operating fixed assets

6.6.1 Property and equipment

a) Owned assets

An item of property and equipment is initially recognised at cost which is equal to the fair value of consideration paid at the time of acquisition or construction of the asset.

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Measurement subsequent to initial recognition

Property and equipment other than land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of fixed assets.

Land is stated at its revalued amount whereas buildings are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to the profit and loss account as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Surplus arising on revaluation is credited to the "Surplus on Revaluation of Fixed Assets" account. 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 charged on the related assets is transferred to equity.

Gains or losses on disposal of assets are taken to income currently, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to unappropriated profit / accumulated loss.

Depreciation

Depreciation is computed over the useful lives of the related assets using straight line method so as to write down the cost of assets to their residual values over their estimated useful lives at the rates given in note 12 to these financial statements. Depreciation on additions during the year is charged from the month of acquisition. Depreciation on disposals during the year is charged for the proportionate period with respect to number of months during which the assets remained in use. Same basis and estimates for depreciation are applied to owned assets and assets subject to finance lease.

Useful lives and residual values of assets are reviewed at each reporting date and adjusted if impact on depreciation is significant.

b) Leased assets

Assets held under finance lease are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The outstanding obligations under the lease arrangements are shown as a liability net of finance charges allocable to future periods. Depreciation on assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Bank.

Finance charges are allocated to accounting periods so as to provide a constant periodic rate of return on the outstanding liability.

6.6.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. These are transferred to relevant category of property and equipment as and when the assets become available for use.

6.6.3 Intangible assets

These include computer software and are recorded initially at cost and subsequently stated at cost less any accumulated amortisation and accumulated impairment losses, if any.

These are amortised over their finite useful lives and amortisation is charged to the profit and loss account using the straight line method so as to write down the cost of the assets to their residual values over their estimated useful lives at the rates given in note 12 to these financial statements. Amortisation is charged from the month of acquisition. The useful lives and amortisation method are reviewed and adjusted, if appropriate, at each reporting date.

Costs associated with maintenance of computer software are recognised as an expense as and when incurred.

6.7 Income taxes

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

6.7.1 Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income earned. The current tax expense is calculated using prevailing tax rates or tax rates expected to

Notes to the Financial Statements

for the year ended December 31, 2014

apply to the taxable profits for the year at enacted tax rates. The charge for the current tax also includes adjustments, where considered necessary, relating to prior years arising from assessments made during the year for such years.

6.7.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. In addition, the Bank also records deferred tax assets on available tax losses. Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted at the date of statement of financial position.

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 fixed assets and securities which is adjusted against the related deficit / surplus in accordance with the requirements of IAS 12 "Income Taxes".

6.8 Impairment of non-financial assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets other than deferred tax asset to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of assets is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the greater of net selling price and value in use. Whenever the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation.

6.9 Provisions

Provisions are recognised when the Bank has a legal or constructive obligation 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 reporting date and are adjusted to reflect the current best estimates.

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

6.10 Staff retirement benefits

6.10.1 Defined contribution plan

The Bank operates an approved funded provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Bank and its employees, to the fund at the rate of 8.33 percent of basic salaries of employees.

6.10.2 Defined benefit plan

The Bank operates an approved gratuity scheme for all its regular employees. Beginning from January 01, 2005, the entitlement of the employees commences on the completion of five years of service with the Bank. Projected Unit Credit Actuarial Cost Method has been used for actuarial valuation.

Re-measurement component, which is the net of actuarial gains and losses, is immediately recognised in other comprehensive income, whereas, service costs and net interest income / (expense) are charged to the profit and loss account.

6.10.3 Benefits for outsourced staff

The entitlement of outsourced employees is based on number of years of service. Upon completion of 1 year of service, gratuity expense equivalent to a month's salary (withdrawn) is accrued. After the first year, expense equivalent to a month's salary is further accrued in each year if the employee remains in service for major part of the year (181 days or more). Payments against liability are made to outsourcing agencies when eligible employee leaves service. Unpaid expense is included in "Other Liabilities".

6.11 Revenue recognition

Mark-up / return / interest on advances and investments is recognised on accrual basis that takes into account effective yield on the assets except in case of advances classified under the Prudential Regulations issued by the SBP (as amended from time to time) on which mark-up / return / interest is recognised on receipt basis. Mark-up / return / interest on

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for the year ended December 31, 2014

rescheduled / restructured advances and investments is recognised in accordance with the directives of the SBP.

Profit on Diminishing Musharakah financings is recognised on accrual basis.

Profit on Sukuk is recognised on accrual basis.

Fees, brokerage and commission on letters of credit / guarantee and other services are amortised over the tenure of the respective facility, whereas account maintenance and service charges are recognised when realised.

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

Gain / (loss) on sale of investments is credited / charged to the profit and loss account currently.

6.12 Non-Banking Assets acquired in satisfaction of claims / Other real estate owned (OREO)

At the time of loan settlement, non-banking assets are recognised at settlement value (including transfer charges). The settlement value is determined after obtaining three valuations from the professional valuers included in the approved panel of Pakistan Banks Association (PBA).

Provision against non-performing advances and suspended mark-up / return / interest is reversed on acquisition of non-banking assets to the extent of recoveries made. Further, recoveries against previously written off loans through OREO are recognised as income in the profit and loss account.

Subsequent to initial recognition, these are stated at the lower of the carrying value or current fair value / agreed price of such assets.

Gains and losses on disposal of non-banking assets are recognised in the profit and loss account when the risks and rewards are transferred to the buyer.

6.13 Foreign currencies

6.13.1 Foreign currency transactions

Transactions in foreign currencies are translated to Rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing on the reporting date. Non-monetary assets and liabilities are translated using exchange rates that prevailed when the values were determined.

Translation gains and losses are included in income currently.

6.13.2 Contingencies and commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at forward rates applicable to their respective maturities. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the date of the statement of financial position.

6.14 Financial instruments

6.14.1 Financial assets and liabilities

Financial assets and financial liabilities carried on the statement of financial position include cash and balances with treasury banks, balances with other banks, lendings to financial institutions, investments (excluding investment in associate), advances, certain other assets, borrowings from financial institutions, deposits, bills payable, liabilities against assets subject to finance lease, and other liabilities. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

6.14.2 Derivative financial instruments

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

6.15 Off-setting

Financial assets and financial liabilities are set-off and the net amount is reported in the financial statements when there

Notes to the Financial Statements

for the year ended December 31, 2014

is legally enforceable right to set-off and the Bank intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

6.16 Segment reporting

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

6.16.1 Business segments

Wholesale Banking

Deposits, trade and other lending activities for corporates and financial institutions.

Treasury

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

Treasury manages the asset and liability mix of the Bank and provides customers with products that meet their demand for management of liquidity, cash flow, interest rate fluctuations and foreign exchange risks.

Consumer / SME Banking

Wealth management, deposits, mortgages, auto finance, unsecured lendings and SME lendings (including SME trade).

All assets, liabilities, off balance sheet items, and items of income and expenses are distributed in primary segments in accordance with the core functions performed by the business groups.

6.16.2 Geographical segment

The Bank conducts all its operations in Pakistan.

6.17 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 time proportion basis.

6.18 Earnings per share

The Bank presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year in accordance with IAS 33, "Earnings Per Share".

6.19 Fiduciary assets

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

7	CASH AND BALANCES WITH TREASURY BANKS	Note	December 31,	December 31
			2014	2013
Rupees in '000				
	In hand			
	Local currency		1,004,683	890,875
	Foreign currencies		432,336	422,495
	National prize bonds		5,051	2,033
	With State Bank of Pakistan (SBP) in	7.1		
	Local currency - current account		2,329,060	2,418,403
	Foreign currency - current account		332,722	402,812
	Foreign currency - deposit account		937,905	1,165,017
	With National Bank of Pakistan (NBP) in			
	Local currency - current account		61,227	60,060
			5,102,984	5,361,695

Notes to the Financial Statements

for the year ended December 31, 2014

- 7.1** Deposits with SBP are maintained to comply with the statutory requirements of SBP issued from time to time.

		Note	December 31, 2014	December 31, 2013
			Rupees in '000	
8	BALANCES WITH OTHER BANKS			
	In Pakistan			
	On Current accounts		66,654	37,058
	Outside Pakistan			
	On Current accounts		72,824	189,126
			<u>139,478</u>	<u>226,184</u>
9	LENDINGS TO FINANCIAL INSTITUTIONS			
	Repurchase agreement lendings (Reverse repo)	9.2	<u>3,000,000</u>	<u>446,859</u>
9.1	PARTICULARS OF LENDING			
	In local currency		3,000,000	446,859
	In foreign currencies		-	-
			<u>3,000,000</u>	<u>446,859</u>
9.2	Securities held as collateral against lending to financial institutions			

	2014			2013		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	Note		Rupees in '000			
Pakistan Investment Bonds	9.2.1/ 9.2.2	3,000,000	-	3,000,000	446,859	-

- 9.2.1** These have been purchased under the resale agreements at the mark-up rates ranging from 9.75% to 10.00% (2013: 10.00% to 10.05%) per annum with maturities in January and April 2015.
- 9.2.2** The market value of collateral held against reverse repurchase agreement lendings as of December 31, 2014 is Rs. 3,131 million (2013: Rs. 448 million).

Notes to the Financial Statements

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10 INVESTMENTS - NET

10.1 INVESTMENTS BY TYPES:	Note	December 31, 2014			December 31, 2013		
		Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
		Rupees in '000					
Held-for-Trading Securities							
Market Treasury Bills	10.3	-	-	-	2,457,524	-	2,457,524
Pakistan Investment Bonds	10.4	-	2,500,368	2,500,368	-	-	-
		-	2,500,368	2,500,368	2,457,524	-	2,457,524
Available-for-Sale Securities							
Market Treasury Bills	10.3	3,522,238	6,342,179	9,864,417	6,079,584	1,178,797	7,258,381
Pakistan Investment Bonds	10.4	586,897	2,887,536	3,474,433	833,018	-	833,018
GOP Ijara Sukuk	10.5	1,106,265	-	1,106,265	2,074,627	-	2,074,627
Units of Mutual fund - Closed end	10.6	-	-	-	5,405	-	5,405
Preference Shares - Listed	10.7	-	-	-	5,000	-	5,000
Term Finance Certificates - Listed	10.8	25,000	-	25,000	169,695	-	169,695
- Unlisted	10.9	12,215	-	12,215	316,716	-	316,716
Sukuk	10.10	-	-	-	11,775	-	11,775
Ordinary Shares - Listed		788,736	-	788,736	1,151,015	-	1,151,015
- Unlisted	10.12	5,680	-	5,680	5,680	-	5,680
	10.11	6,047,031	9,229,715	15,276,746	10,652,515	1,178,797	11,831,312
Held-to-Maturity Securities							
Shares repurchase (fully provided)		74,910	-	74,910	74,910	-	74,910
Investment in Associate	10.13	71,961	-	71,961	62,580	-	62,580
Investments at Cost							
Less : Provisions for diminution in value of Investments	10.14	(84,026)	-	(84,026)	(86,563)	-	(86,563)
Investments - net of provision							
Unrealized gain / (loss) on revaluation of investments - held-for-trading	10.4.1	-	169,053	169,053	(1,431)	-	(1,431)
(Deficit) / Surplus on revaluation of Available- for-sale securities	22.1	(22,217)	118,619	96,402	514,925	-	514,925
Total Investments at Market Value		6,087,659	12,017,755	18,105,414	13,674,460	1,178,797	14,853,257

Notes to the Financial Statements

for the year ended December 31, 2014

		Note	December 31, 2014	December 31, 2013
			Rupees in '000	
10.2 INVESTMENTS BY SEGMENTS				
Federal Government Securities				
Market Treasury Bills	10.3		9,864,417	9,715,905
Pakistan Investment Bonds	10.4		5,974,801	833,018
GOP Ijara Sukuk	10.5		1,106,265	2,074,627
			16,945,483	12,623,550
Fully paid-up ordinary shares				
Listed companies			788,736	1,151,015
Unlisted companies	10.12		5,680	5,680
			794,416	1,156,695
Term Finance Certificate, Debentures, Bonds and Participation Term Certificates				
Term Finance certificates - Listed	10.8		25,000	169,695
- Unlisted	10.9		12,215	316,716
Sukuk	10.10		-	11,775
			37,215	498,186
Other Investments				
Units of Mutual fund - Closed end	10.6		-	5,405
Preference shares - Listed	10.7		-	5,000
Investment in Associate	10.13		71,961	62,580
Shares repurchase (fully provided)			74,910	74,910
			146,871	147,895
Investments at Cost				
Less : Provision for diminution in the value of investments	10.14		(84,026)	(86,563)
Investments - net of provision			17,839,959	14,339,763
Unrealized gain / (loss) on revaluation of Held-for-trading investments			169,053	(1,431)
Surplus on revaluation of Available-for-sale securities	22.1		96,402	514,925
Total Investments at Market Value			18,105,414	14,853,257
10.2.1 Strategic Investments				
Available-for-sale securities				
Preference Shares - Listed	10.7		-	5,000
Ordinary shares - Unlisted	10.12		5,680	5,680
Associates	10.13		71,961	62,580
			77,641	73,260

Name of investment	Maturity period	Principal payment	Yield	Coupon mark-up / payment
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10.3	Market Treasury Bills	January 2015 to December 2015	On maturity	9.49% to 9.99%	At maturity
10.3.1 These include securities having face value of Rs. 110 million (2013 : Rs. 245.20 million) pledged with various financial institutions. Out of these, securities having face value of Rs. Nil (2013 : Rs.47.70 million) have been pledged with SBP and National Bank of Pakistan as security to facilitate T.T. discounting facility to branches of the Bank. Furthermore, securities having face value of Rs.110 million (2013 : 197.50 million) have been pledged with United Bank Limited on account of issuance of letter of guarantee (for guarantee commission) favoring Arif Habib Corporation Limited being the guarantor for issuance of Bank's convertible preference shares (refer note 21).					

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	Name of investment	Maturity period	Principal payment	Coupon rate	Coupon mark-up / payment
10.4	Pakistan Investment Bonds	July 2016 to July 2024	On maturity	10.00% to 12.00%	Semi-annually
10.4.1	On December 31, 2014, the Bank, after obtaining the approval of ALCO (as required under BSD circular No. 10 of 2014), has reclassified Pakistan Investment Bonds having total face value of Rs. 2,500 million from 'Available-for-Sale' category to 'Held-for-Trading' category. A revaluation gain of Rs. 169.05 million was recognised in the profit and loss account.				
10.4.2	These include securities having face value of Rs. 47.70 million (2013: Rs. nil) pledged with SBP and National Bank of Pakistan as security to facilitate T.T. discounting facility to branches of the Bank.				

	Name of investment	Maturity period	Principal payment	Coupon rate	Coupon mark-up / payment
10.5	GOP Ijara Sukuk	November 2015 to June 2017	On maturity	7.49% to 9.98%	Semi-annually
				December 31, 2014	December 31, 2013
			Note	Credit rating	Credit rating
				Amount	Amount
				Rupees in '000	Rupees in '000
10.6	Units of Mutual fund - Closed end				
	Asian Stock Fund Limited	10.1	-	-	Unrated 5,405
10.7	Preference Shares-Listed				
	Masood Textile Mills Limited	10.2.1	-	-	Unrated 5,000
10.8	Term Finance Certificates - Listed				
	Escort Investment Bank Limited		-	-	BB 999
	Jahangir Siddiqui & Co. Ltd.		AA+	25,000	AA+ 37,500
	Pakistan Mobile Communication Limited		-	-	AA- 62,400
	Engro Fertilizer Limited		-	-	A+ 68,796
				25,000	169,695

10.8.1 Particulars of Listed Term Finance Certificates

	Particulars	Redemption Terms	Profit Rate per annum	Profit Payment	Maturity
	Jahangir Siddiqui & Company Limited	In 8 semi annual installments starting from April 2013	6M kibor + 2.4%	Semi - annually	30-Oct-16
				December 31, 2014	December 31, 2013
				Credit rating	Credit rating
				Amount	Amount
				Rupees in '000	Rupees in '000
10.9	Term Finance Certificates - Unlisted				
	Avari Hotels		-	-	A- 210,349
	Gharibwal Cement Limited (fully provided) *		D	3,435	D 5,973
	Azgard Nine Limited	10.9.1	D	8,780	D 8,780
	Pak Libya Holding Company		-	-	AA 91,614
				12,215	316,716

* This represents investment in Non-performing TFC's as per Mutual Funds association of Pakistan (MUFAP).

10.9.1 This represents zero coupon Privately Placed TFCs of Azgard Nine Limited acquired against markup settlement of Rs. 8.8 million on the credit facilities provided to Azgard Nine Limited.

10.9.2 Particulars of Unlisted Term Finance Certificates

	Particulars	Redemption Terms	Profit Rate per annum	Profit Payment	Maturity
	Azgard Nine Limited (note 10.9.1)	7 semi annual installments commencing from the 24th month ending after March 31, 2012	Zero coupon	Semi - annually	31-March-17

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for the year ended December 31, 2014

	Note	December 31, 2014		December 31, 2013	
		Credit rating	Amount	Credit rating	Amount
			Rupees in '000		Rupees in '000
10.10 Sukuk		-	-	A-	11,775
Engro Fertilizer Limited TFC Sukuk					
10.11 Quality of 'Available-for-Sale' securities					
December 31, 2014					
Note	Credit rating	Market Value	Credit rating	Market Value	
		Rupees in '000		Rupees in '000	
Market Treasury Bills	Unrated	9,879,711	Unrated	7,254,046	
Pakistan Investment Bonds	Unrated	3,607,122	Unrated	783,276	
GOP Ijara Sukuk	Unrated	1,103,931	Unrated	2,089,554	
Units of Mutual Fund - Closed end	-	-	Unrated	12,540	
Asian Stock Fund Limited					
Listed Term Finance Certificates					
Engro Fertilizer Limited	-	-	A+	69,795	
Escort Investment Bank Limited	-	-	Unrated	737	
Pakistan Mobile Communication Limited	-	-	AA-	62,959	
Jahangir Siddiqui & Co. Ltd.	AA+	25,004	AA+	38,275	
		25,004		171,766	
Sukuks					
Engro Fertilizer Limited-TFC Sukuk	-	-	A-	11,690	
Unlisted Term Finance Certificates					
Avari Hotel	-	-	Unrated	210,164	
Gharibwal Cement Limited	D	3,435	D	5,973	
Pak Libya Holding Company Limited	-	-	AA	91,419	
Azgard Nine Limited	Unrated	8,780	Unrated	6,692	
		12,215		314,248	
Shares in Listed Companies					
Adamjee Insurance Co. Limited	AA	24,730	AA	-	
AgriTech Limited	D	67,461	D	110,288	
AKD Capital Limited	Unrated	15,065	AM3 -	16,927	
Arif Habib Corporation Limited	AA	-	AA	12,238	
Attock Cement Limited	Unrated	20,883	-	-	
Bank Alfalah Limited	AA	22,532	AA	62,192	
Bank Al-Habib Limited	AA+	-	AA+	9,318	
BIAFO Chemical Industries Limited	-	-	Unrated	47,750	
Century Paper Board Mills Limited	A+	8,132	-	-	
D.G.Khan Cement	Unrated	15,474	-	-	
Engro Corporation Limited	AA-	28,796	-	-	
Fauji Fertilizer Bin Qasim Limited	Unrated	35,038	Unrated	32,858	
Fauji Fertilizer Co. Limited	-	-	Unrated	64,377	
Gharibwal Cement Limited	-	-	Unrated	796,950	
Hub Power Company Limited	AA+	7,836	AA+/A1+	42,504	
Habib Metro Bank Limited	AA+	-	-	10,028	

Notes to the Financial Statements

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Note	December 31, 2014			December 31, 2013		
	Credit rating	Market Value		Credit rating	Market Value	
		Rupees in '000			Rupees in '000	
ICI Pakistan Limited	Unrated	6,289	-	-	-	-
JS Bank Limited	A+	-		Unrated	7,875	
Javedan Corporation Limited	10.11.2	Unrated	89,348	-	124,433	
MCB Bank Limited		AAA	-	AAA/A-1+	16,870	
National Bank of Pakistan		AAA	-	Unrated	8,709	
NIB Bank Limited		AA-	-	AA-/A1+	2,768	
Nishat Chunian Limited		A-	18,168	A-/A-2	20,339	
Nishat Chunian Power Limited		A+	-	A/A-2	23,303	
Nishat Mills Limited		AA	13,309	AA-/A1+	12,724	
Nishat Power Limited		A+	-	A+/A1	25,551	
National Refinery Limited		AA+	-	AAA/A1+	10,776	
Oil and Gas Development Company Limited		AAA	-	-	17,190	
Pak Elektron Limited		A-	14,326	AA/A1+	-	
PakGen Power Limited		AA	-	Unrated	25,509	
Pakistan Oilfields Limited		Unrated	37,936	Unrated	21,650	
Pakistan State Oil Limited		AA+	25,770	AA+/A1+	-	
Pakistan Telecommunication Company Limited		Unrated	13,933	Unrated	-	
Shakarganj Mills Limited		Unrated	1,429	Unrated	1,785	
Shell Pakistan Limited		Unrated	24,594	Unrated	-	
Singer Pakistan Limited		Unrated	7,701	AA/A1+	7,106	
Sui Northern Gas Co. Limited		AA	89,801	AA-/A1+	66,623	
Sui Southern Gas Co. Limited		AA-	10,296	A-/A-2	6,388	
Summit Bank Limited		A	114,365	A-/A2	55,255	
United Bank Limited		AA+	22,601	A+/A1	27,703	
Masood Textile Mills Limited		-	-	AA+/A-1+	5,000	
Chenab Limited		Unrated	3,672	Unrated	10,450	
			739,485		1,703,437	
Shares in Unlisted Companies						
Pakistan Export Finance Guarantee Limited	10.12	Unrated	5,680	Unrated	5,680	
			15,373,148		12,346,237	

10.11.1 During the year ended December 31, 2012, 8,704,640 shares of Agritech Limited were acquired from Azgard Nine Limited as part of multiple agreements including Master Restructuring Agreements (MRA). These shares were acquired at an agreed price of Rs. 35 per share. The market value of these shares is Rs. 7.75 per share as at December 31, 2014 resulting in an impairment loss of Rs. 237.201 million.

The Bank had recorded total impairment of Rs. 97.187 million as on December 31, 2013 as per the revised SBP letter No. BPRD / BRD-(Policy) / 2013-11339 dated July 25, 2013. However, as per the revised SBP letter No. BPRD / BRD-(Policy) / 2014-11546 dated June 27, 2014, 75% of the required impairment / provision is recorded up to December 31, 2014 resulting in further impairment of Rs. 80.68 million. Remaining provision will be recorded in the revised phased manner up to December 31, 2015. Had this relaxation not been availed, profit before tax for the year would have been lower by Rs. 59.3 million.

10.11.2 During the year ended December 31, 2014, the Bank recorded impairment on these shares amounting to Rs. 86.995 million (2013: nil).

Note	December 31, 2014			December 31, 2013		
	Name of CEO	Credit rating	Amount	Credit rating	Amount	
			Rupees in '000		Rupees in '000	
10.12 Ordinary Shares-Unlisted	10.2.1					
Pakistan Export Finance Guarantee Limited (fully provided)	Mr. S.M Zaeem	Unrated	5,680	Unrated	5,680	

Notes to the Financial Statements

for the year ended December 31, 2014

10.13 Investment in Associate

Name of Associate	Chief Executive Officer	Proportion of ownership interest	Place of incorporation	Principal activity
SPI Insurance Company Limited	Mian M. A. Shahid	23.07% (2013: 23.07%)	Pakistan	General Insurance

Summarized financial information in respect of associate based on latest available financial statements as at September 30, 2014 is set out below:

	September 30, 2014	September 30, 2013
Rupees in '000		
Total assets	645,444	540,540
Total liabilities	333,614	269,363
Net assets	<u>311,830</u>	<u>271,177</u>
Net premium revenue	<u>302,215</u>	<u>210,948</u>
Profit for the period (after tax)	<u>22,455</u>	<u>13,688</u>

10.14 Particulars of provision

	December 31, 2014	December 31, 2013
Rupees in '000		
Opening balance	86,563	106,871
Charge for the year	-	-
Reversals for the year	<u>(2,537)</u>	<u>-</u>
Write off	-	-
Closing balance	10.14.1 <u>84,026</u>	<u>86,563</u>

10.14.1 Particulars of Provision in respect of Type and Segment

	December 31, 2014	December 31, 2013
Rupees in '000		
Available-for-Sale securities		
Ordinary shares - Unlisted	5,680	5,680
Term Finance Certificates - Unlisted	3,436	5,973
Held-to-Maturity Securities		
Shares repo	74,910	74,910
	<u>84,026</u>	<u>86,563</u>

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for the year ended December 31, 2014

10.15 Investments in Un-listed Shares, Term Finance Certificates and Bonds.

10.15.1 Investments in fully paid up ordinary shares - unlisted

December 31, 2014 No. of ordinary shares	December 31, 2013 No. of ordinary shares	Paid-up value per share (Rupees)	Name of investee	December 31, 2014 Rupees in '000	December 31, 2013 Rupees in '000
568,000	568,000	10	Pakistan Export Finance Guarantee Limited Chief Executive Mr. S.M. Zaeem	5,680	5,680

10.15.2 Term Finance Certificates - listed

Name of investee	No. of certificates held	Paid-up value per certificate (Rupees)	December 31, 2014 Rupees in '000	December 31, 2013 Rupees in '000
Escort Investment Bank Limited	-	-	-	999
Jahangir Siddiqui & Co. Ltd.	10,000	5,000	25,000	37,500
Pakistan Mobile Communication Ltd.	-	-	-	62,400
Engro Fertilizer Limited	-	-	-	68,796
			25,000	169,695

10.15.3 Term Finance Certificates - unlisted

Name of investee	No. of certificates held	Paid-up value per certificate (Rupees)	December 31, 2014 Rupees in '000	December 31, 2013 Rupees in '000
Avari Hotels	-	-	-	210,349
Gharibwal Cement Limited (fully provided)	1,195	5,000	3,435	5,973
Azgard Nine Limited	1,756	5,000	8,780	8,780
Pak Libya Holding Company (Pvt.) Limited	-	5,000	-	91,614
			12,215	316,716

11 ADVANCES - NET

	Note	December 31, 2014 Rupees in '000	December 31, 2013 Rupees in '000
Loans, cash credits, running finances, etc.			
In Pakistan		57,868,559	57,117,990
Outside Pakistan		57,868,559	57,117,990
Islamic financing and related assets	11.1.3	5,745,328	3,637,082
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		134,761	92,246
Payable outside Pakistan		668,491	622,411
		803,252	714,657
Advances - Gross		64,417,139	61,469,729
Provision against non-performing advances - specific	11.3	(5,022,650)	(5,131,997)
Provision against consumer finance - general	11.3	(427,612)	(300,210)
Advances - net of provision		58,966,877	56,037,522

Notes to the Financial Statements

for the year ended December 31, 2014

		Note	December 31, 2014	December 31, 2013
			Rupees in '000	
11.1	Particulars of advances (Gross)			
11.1.1	In local currency		64,209,096	61,469,729
	In foreign currencies		208,043	-
			64,417,139	61,469,729
11.1.2	Short Term (for upto one year)		32,342,726	29,447,422
	Long Term (for over one year)		32,074,413	32,022,307
			64,417,139	61,469,729
11.1.3	Islamic Financing and related assets	Annexure II		
	Murabaha financing		2,095,181	454,935
	Musharaka financing	11.1.3.1 / 11.1.3.2	3,450,147	3,182,147
	Diminishing Musharaka		200,000	-
			5,745,328	3,637,082

11.1.3.1 It includes Musharaka arrangements amounting to Rs. 2,507 million (2013: Rs. 2,507 million) entered into by the Bank against which Bank's equity contribution in Musharaka is in the form of land transferred from non-banking assets, which the Bank had previously received against settlement of loans and advances. The Islamic Banking Department (IBD) of SBP approved such arrangements through its letter no. IBD-SD-15(18) / 11347 / 2013 dated July 25, 2013. On September 11, 2014, SBP vide its letter no. IBD-SD-15(18) / 17013 / 2014 has condoned the accrual of profit amounting to Rs. 309 million recognised by the Bank on these Musharaka arrangements until August 20, 2014. Additionally, SBP has advised the Bank not to accrue further profits on such Musharaka arrangements unless it is realised in cash.

11.1.3.2 It also includes Musharaka arrangements amounting to Rs. 943 million (2013: Rs. 675 million) entered into by the Bank against which the Bank's equity contribution in Musharaka is in the form of land which was externally purchased by the Bank solely for entering into such Musharaka arrangements. The Bank had obtained irrevocable undertaking from these Musharaka partners whereby the principal and estimated profits thereon have been effectively guaranteed by such partners. Accordingly, the Bank has accrued profit of Rs. 141.37 million (2013: Rs. 43.07 million) in these financial statements on such arrangements. Subsequent to the year end, the Bank has converted these Musharaka arrangements into Deferred Payment Musawammah arrangement.

11.2 Advances include Rs. 8,222 million (2013: Rs.9,872 million) which have been placed under non-performing status as detailed below.

Category of classification - specific	December 31, 2014			December 31, 2013		
	Classified Advances	Provision required (Domestic)	Provision held	Classified Advances	Provision required (Domestic)	Provision held
	Rupees in '000					
Sub-standard	364,371	39,445	39,445	247,811	25,751	25,751
Doubtful	545,927	62,005	62,005	1,047,890	152,394	152,394
Loss	7,311,649	4,921,200	4,921,200	8,576,285	4,953,852	4,953,852
	8,221,947	5,022,650	5,022,650	9,871,986	5,131,997	5,131,997

11.3 Particulars of provision against non-performing advances

Note	December 31, 2014			December 31, 2013		
	Specific	General	Total	Specific	General	Total
Opening Balance						
	5,131,997	300,210	5,432,207	4,860,099	158,169	5,018,268
Charge for the year	1,105,665	127,402	1,233,067	1,434,974	142,653	1,577,627
Reversals	(1,026,588)	-	(1,026,588)	(1,014,628)	(612)	(1,015,240)
Net (reversals) / charge	79,077	127,402	206,479	420,346	142,041	562,387
Amounts written off	(188,424)	-	(188,424)	(148,448)	-	(148,448)
Closing Balance	5,022,650	427,612	5,450,262	5,131,997	300,210	5,432,207

Notes to the Financial Statements

for the year ended December 31, 2014

11.3.1 The State Bank of Pakistan through its various circulars / letters has allowed relaxation to the Bank in maintaining provision against exposure of Dewan Group. The relaxation resulted in reduction of Rs. 224 million (2013: Rs. 224 million) in provision against loans and advances.

11.3.2 SBP vide various circulars has amended Prudential Regulations in respect of provisioning against non performing advances under which the benefit of Forced Sale Value (FSV) has been allowed for plant and machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties held as collateral against non-performing advances for five years from the date of classification.

In case of the Bank, SBP further allowed to avail FSV benefits on mortgaged residential, commercial and industrial properties upto December 31, 2012 at 100% for 1st and 2nd year, 90% for 3rd year, 75% for the 4th year and 50% for the 5th and 6th year of classification. The Bank had availed the enhanced FSV benefit of Rs. 1,158 million due to special relaxation allowed by SBP against the non-performing advances that were classified till December 31, 2012.

SBP through letter No BPRD/BRD-05/Silk/2013/12339 dated August 20, 2013 has allowed the Bank further relaxation, subject to certain conditions. According to the letter, the provision shortfall of Rs. 1,158 million availed under enhanced FSV benefit against classified corporate / commercial and SME loans as of December 31, 2012 has to be provided in phases in the following manner:

- Minimum provision required to be made up to 10% of the enhanced FSV benefit availed in each quarter for next 8 quarters from quarters ending September 30, 2013 to June 30, 2015; and
- The balance 20% of the enhanced FSV benefit is to be provided in the quarter ending September 30, 2015.

FSV benefit availed on loans and advances classified after December 31, 2012 is calculated under Prudential Regulations R-8.

As of December 31, 2014, enhanced FSV benefit allowed in accordance with abovementioned SBP letter has an after tax impact of Rs. 301 million (2013: Rs. 602 million) on accumulated losses, which shall not be available for payment of cash or stock dividend.

As of December 31, 2014, total FSV benefit taken against all loans and advances including enhanced FSV benefit is Rs. 1,351 million - net of tax (2013: Rs. 1,967 million), which shall not be available for payment of cash or stock dividend.

11.4 General provision represents provision made equal to 1.5% of the consumer secured performing portfolio, 5% of the consumer unsecured performing portfolio and 1% on small enterprises performing portfolio as required by the Prudential Regulations issued by the State Bank of Pakistan for Consumer and Small Enterprises Financing.

	December 31, 2014	December 31, 2013
	Rupees in '000	
11.5 Particulars of provision for consumer financing - general		
Opening balance	300,210	158,169
Charge for the year	127,402	142,653
Reversals	-	(612)
Closing balance	<u>427,612</u>	<u>300,210</u>

11.6 These include an amount of Rs. 250 million reversed on the basis of Plea Bargain approved by Chairman, National Accountability Bureau (NAB) for a borrower who has surrendered properties to the NAB as a full and final settlement under the Plea Bargain. These properties can either be sold by NAB or by the Bank through an irrevocable General Power of Attorney in favor of the Bank, which is the choice of NAB. Management believes that the properties will be transferred in Bank's name shortly and accordingly, the provision has been reversed in these financial statements.

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
11.7 Particulars Of Write-Offs			
11.7.1 Against provision		188,424	148,448
Directly charged to profit and loss account		-	423
		<u>188,424</u>	<u>148,871</u>
11.7.2 Write-offs of Rs. 500,000 and above	Annexure I	174,234	145,611
Write-offs of Below Rs. 500,000		14,190	3,260
		<u>188,424</u>	<u>148,871</u>

Notes to the Financial Statements

for the year ended December 31, 2014

11.7.3 Details of loan write-off of Rs. 500,000 and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended December 31, 2014 is given in Annexure - I. However, this write-off do not affect the Bank's right to recover the debts from these customers.

		December 31, 2014	December 31, 2013
		Rupees in '000	
11.8	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	1,113,505	1,070,247
	Loans granted during the year	1,241,370	134,531
	Repayments / adjustment	(549,345)	(91,273)
	Balance at end of the year	<u>1,805,530</u>	<u>1,113,505</u>
	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	778,814	57,918
	Loans granted during the year	4,320,967	3,844,544
	Repayments / adjustment	(3,909,499)	(3,123,648)
	Balance at end of the year	<u>1,190,282</u>	<u>778,814</u>
	Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties		
	Balance at beginning of the year	-	-
	Loans granted during the year	-	-
	Repayments / adjustment	-	-
	Balance at end of the year	<u>-</u>	<u>-</u>

Details of loans and advances to associates, subsidiary and other related parties are given in note 40.

		December 31, 2014	December 31, 2013
		Note	Rupees in '000
12	OPERATING FIXED ASSETS		
	Capital work-in-progress	12.1	265,312
	Property and equipment	12.2	3,969,454
	Intangible assets	12.3	328,524
			<u>4,563,290</u>
12.1	Capital work-in-progress		
	Civil works		67,074
	Advances to suppliers and contractors		198,238
			<u>265,312</u>
12.1.1	Movement in capital work-in-progress		
	Opening balance		35,112
	Additions during the year		416,332
	Transferred to property and equipment		(186,132)
	Closing balance		<u>265,312</u>

Notes to the Financial Statements

for the year ended December 31, 2014

12.2 Property and equipment

	December 31, 2014											
	Cost / Revaluation				Accumulated Depreciation							
	As at January 01, 2014	Adjustments	Additions	Disposals	As at December 31, 2014	As at January 01, 2014	Adjustments	Charge for the year	Disposals	As at December 31, 2014	Net Book value as at December 31, 2014	Rates of depreciation
Rupees in '000												
Freshold Land - 12.2.1	326,484	-	-	-	326,484	-	-	-	-	326,484	-	
Leasehold Land - 12.2.1	1,907,321	-	-	-	1,907,321	-	-	-	-	1,907,321	-	
Buildings on leasehold land	979,316	670	-	(22,525)	957,461	127,394	-	48,437	(1,502)	174,329	783,132	5%
Buildings on freehold land	10,976	(670)	-	-	10,306	2,841	-	515	-	3,356	6,950	5%
Leasehold Improvements	877,328	-	6,594	-	883,922	448,326	-	79,802	-	527,928	355,994	10%
Furniture & Fixture	268,875	-	4,134	-	273,010	135,794	-	22,785	-	158,589	114,421	10%
Other Equipment	408,291	-	16,380	-	427,651	310,442	-	42,401	-	352,843	74,808	20%
Computers & MIS Equipment	872,505	(410)	5,095	(1,452)	876,739	665,527	-	102,290	(1,398)	766,422	109,317	20% - 33.33%
Vehicles	488,831	-	133,755	(133,525)	489,161	202,116	-	88,717	(75,480)	215,353	273,808	20%
	6,141,029	(410)	167,938	(157,502)	6,151,055	1,892,440	-	384,757	(78,377)	2,198,820	3,952,235	
Assets held under finance lease:												
Other Equipment	-	-	16,194	-	16,194	-	-	975	-	975	17,219	20%
December 31, 2014	6,141,029	(410)	166,132	(157,502)	6,169,249	1,892,440	-	385,732	(78,377)	2,199,795	3,969,454	

12.2.1 These include land and buildings revalued in 2008 by Habib Associates, an independent valuer. The revaluation resulted in a surplus of Rs. 118.67 million. Had there been no revaluation, the carrying value of the revalued land and buildings would have been lower by Rs. 96.35 million (2013: Rs.100.07 million). The Bank's land and buildings were again revalued on various dates from June 25, 2010 to December 28, 2014, however, no revaluation surplus or deficit was recorded as the revalued amounts were not materially different from carrying values.

	December 31, 2013											
	Cost / Revaluation				Accumulated Depreciation							
	As at January 01, 2013	Adjustments	Additions	Disposals	As at December 31, 2013	As at January 01, 2013	Adjustments	Charge for the year	Disposals	As at December 31, 2013	Net Book value as at December 31, 2013	Rates of depreciation
Rupees in '000												
Freshold Land - 12.2.1	146,484	-	180,000	-	326,484	-	-	-	-	326,484	-	
Leasehold Land - 12.2.1	1,907,321	-	-	-	1,907,321	-	-	-	-	1,907,321	-	
Buildings on leasehold land	779,259	-	206,057	-	979,316	71,236	8,894	47,264	-	127,394	851,922	5%
Buildings on freehold land	81,373	-	-	(70,397)	10,976	25,087	-	2,881	(25,127)	2,841	6,135	5%
Leasehold Improvements	862,201	(22,166)	37,293	-	877,328	382,425	(16,226)	82,127	-	448,326	429,002	10%
Furniture & Fixture	250,839	-	18,037	-	268,876	112,278	-	23,516	-	135,794	133,082	10%
Other Equipment	391,837	-	17,454	-	409,291	263,248	(5,087)	52,281	-	310,442	98,849	20%
Computers & MIS Equipment	805,374	-	67,619	(487)	872,806	553,889	5,087	107,038	(487)	665,527	206,979	20% - 33.33%
Vehicles	892,511	-	129,968	(133,548)	488,931	192,364	-	91,868	(82,216)	202,116	286,815	20%
December 31, 2013	5,711,199	(22,166)	656,429	(204,433)	6,141,029	1,600,527	(7,332)	407,075	(107,830)	1,892,440	4,248,589	

12.3 Intangible assets

	December 31, 2014									
	Cost				Accumulated Amortisation					
	As at January 01, 2014	Additions	As at December 31, 2014	As at January 01, 2014	Amortisation for the year	As at December 31, 2014	As at December 31, 2014	Net Book value as at December 31, 2014	Rates of Amortisa-	
Rupees in '000										
Computer software	740,851	2,885	743,736	333,000	82,212	415,212	328,524	14.28% - 25%		
December 31, 2014	740,851	2,885	743,736	333,000	82,212	415,212	328,524	14.28% - 25%		

	December 31, 2013									
	Cost				Accumulated Amortisation					
	As at January 01, 2013	Additions	As at December 31, 2013	As at January 01, 2013	Amortisation for the year	As at December 31, 2013	As at December 31, 2013	Net Book value as at December 31, 2013	Rates of Amortisa-	
Rupees in '000										
Computer software	726,222	14,629	740,851	247,501	85,499	333,000	407,851	14.28% - 25%		
December 31, 2013	726,222	14,629	740,851	247,501	85,499	333,000	407,851	14.28% - 25%		

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for the year ended December 31, 2014

December 31,
2014 December 31,
2013
Rupees in '000

12.4 The gross carrying amount of fully depreciated assets that are still in use is as follows:

Furniture, electrical, office, computer equipment and others	686,505	537,212
Leasehold improvements	87,308	84,833
Vehicles	38,421	40,011
Intangible Assets	80,141	65,521
	892,375	727,577

12.5 Details of disposal of fixed assets - By negotiations / Bank policy

Description	Date of capitalization	Date of disposal	Cost	Accumulated depreciation	Book value	Sale proceeds / insurance claim	Gain / (Loss)	Mode of disposal	Particulars of purchaser
Rupees in '000									
Assets having cost of Rs. 500,000 and above									
Beacon Group, Shops # 38,39 & 47	27-Mar-13	11-Jul-14	22,525	1,502	21,023	18,000	(3,023)	Negotiation	Haj Fateh Muhammad
Suzuki Cultus VXR	29-May-12	21-Jan-14	950	317	633	649	16	Bank employee	Ali Hassan
Toyota Corolla XLi	26-Jan-12	23-Jan-14	1,156	462	694	713	19	Bank employee	Shirley Ann Osouza
Toyota Corolla GLi	26-Jun-12	31-Jan-14	1,176	392	784	784	-	Bank employee	Khawaja Usman Nasir
Suzuki Cultus VXRI Registration # VJ-617	12-Sep-12	6-Jan-14	950	253	697	728	31	Bank employee	Muhammad Arshad Karim
Suzuki Cultus VXRI Reg # AXV-934	21-Jul-12	22-Jan-14	970	291	679	695	16	Bank employee	Ali Salman
Suzuki Swift RS413	30-Mar-12	8-Jan-14	1,176	431	745	784	39	Bank employee	Rehman Fakhar
Toyota Delta Reg # AYA-204	27-Aug-12	28-Jan-14	1,211	343	868	888	20	Bank employee	Syed Farhan Jawed
Suzuki Cultus VXL	31-Dec-08	8-Jan-14	889	889	-	-	-	Bank employee	Muhammad Naushad
Suzuki Cultus SF410 VXR	7-Oct-10	28-Jan-14	600	390	210	220	10	Bank employee	Ahmed Nawaz Janjua
Toyota Premio X Reg# AXT-918	16-Jul-12	28-Jan-14	2,178	653	1,523	1,559	36	Bank employee	Syed Javaid Akhter
Honda City I-Dsi Registration # ANN-947	15-Dec-09	28-Feb-14	1,000	834	166	183	17	Bank employee	Ahmed Hasne
Toyota Corolla GLi	30-Jun-10	28-Feb-14	925	664	261	276	15	Bank employee	Ahmed Atzalullah
Honda Civic Vti Prosmatec Oriel Reg # ARM-571	3-Dec-08	28-Feb-14	1,859	1,859	-	-	-	Bank employee	Khawla Usmani
Honda Civic Reg No AHX-354	9-Jan-07	24-Feb-14	944	944	-	800	800	Tender	Signal Motors
Toyota Land Cruiser Prado Reg # NO-050	4-Mar-10	18-Feb-14	2,500	1,959	541	541	-	Bank employee	Abdul Mateen Khan
Toyota Corolla GLi Reg # ASK-192	21-May-13	17-Mar-14	1,251	208	1,043	1,043	-	Bank employee	Syed Naveed Ali
Suzuki Cultus VXRI REG # AXV-487	30-Jul-12	4-Mar-14	970	323	647	647	-	Bank employee	Qaimar Shah
Honda City 30-Jul-12	18-Mar-14	970	323	647	647	-	-	Bank employee	Muhammad Usman Rashid
Toyota Corolla XLi REG # ASP - 527	30-Jul-12	11-Apr-14	1,176	412	764	764	-	Bank employee	Khalid Sami Usmani
Suzuki Cultus VXRI	9-May-13	22-Apr-14	1,010	165	825	842	17	Bank employee	Aamer Ud Din
Toyota Corolla GLi Registration # LEC-08-6313	30-Sep-12	25-Apr-14	1,211	383	828	828	-	Bank employee	Saqib Hussain Butt
Suzuki Swift DLX Reg # BBC-078	6-Feb-14	28-Apr-14	1,302	43	1,259	1,259	-	Claim	SPI Insurance Company Ltd.
Toyota Corolla GLi	13-Jul-11	11-Apr-14	1,400	770	630	530	-	Bank employee	Hermith Ramesh
Suzuki Cultus VXRI	30-Jul-12	15-May-14	970	358	614	614	-	Bank employee	Syed Rasheed Munir
Suzuki Swift DLX Reg # AZW-261	31-Jul-13	28-May-14	1,262	210	1,052	1,115	63	Bank employee	Muhammad Idrees Khan
Toyota Corolla GLi Reg# ASB-525	17-Nov-11	12-May-14	1,000	500	500	550	50	Bank employee	Bilal Siddique
Suzuki Cultus VXRI	30-Mar-12	15-May-14	930	403	527	527	-	Bank employee	Sardar M-Saleem
BMW 545i Reg # MT545	31-Dec-08	13-May-14	4,716	4,716	-	-	-	Bank employee	Talha Saeed
Mercedes Benz Kompressor E-200	15-May-09	7-May-14	5,181	5,181	-	-	-	Bank employee	Ghoarulayn Afzal
Mercedes Benz Car E 200CGI	29-Jan-13	29-May-14	4,004	1,069	2,935	3,002	67	Bank employee	Adnan Afridi
Toyota Vitz REG # AWF-169	10-Oct-13	12-May-14	1,019	120	899	984	85	Bank employee	Muhammad Rizwan Siddique
Toyota Corolla GLi Reg # ATQ-796	18-Dec-13	5-Jun-14	1,034	103	931	931	-	Bank employee	Syed Fazil Haider Burney
Suzuki Swift DLX Reg No AYH-521	12-Oct-12	19-Jun-14	1,291	410	821	821	-	Bank employee	Pervaiz Siddiqui
Toyota Corolla GLi	26-Jun-12	6-Jun-14	1,176	470	706	706	-	Bank employee	Muhammad Kashif Khan
Suzuki Cultus VXRI	26-Jul-13	2-Jun-14	1,019	187	832	832	-	Bank employee	Gulzar Hussain
Honda Civic I-VTEC	29-Jul-11	5-Jun-14	1,400	817	583	583	-	Bank employee	Kamal Muhiuddin
Toyota Corolla GLi Reg # AXS-734	30-Jul-12	2-Jun-14	1,607	616	991	991	-	Bank employee	Zahid Ilyas Abbasi
Suzuki Swift Registration # LEA-12-4329	27-Feb-12	2-Jun-14	1,158	539	617	617	-	Bank employee	Naveed Mushtaq
Honda Civic VTi	26-Apr-13	17-Jun-14	1,690	395	1,295	1,295	-	Bank employee	Anwar Ul Haq Majeed
Toyota Passo Saloon Reg# AWD-834	13-Jul-11	10-Jun-14	500	350	250	250	-	Bank employee	Ali Sikander Siddiqui
Honda Civic Vti Prosmatec Orial	14-Jun-09	16-Jun-14	1,860	1,860	-	-	-	Bank employee	Ahmed Qureshi
Suzuki Liana Emilia	8-Jul-09	2-Jun-14	1,000	984	16	16	-	Bank employee	Farmerz Baria
Daihatsu Cuore	13-Aug-09	15-Jun-14	600	580	20	20	-	Bank employee	Jahangir Khanzada
Toyota Corolla XLi Reg # AST-380	14-Nov-09	9-Jun-14	1,000	917	83	83	-	Bank employee	Naeem Usman Gadi
Honda City I-Dsi Vario Registration # APZ-547	15-Jul-10	18-Jun-14	1,000	784	216	216	-	Bank employee	Sheikh Fawad Hamid
Toyota Corolla GLi	15-Dec-10	12-Jun-14	600	420	180	180	-	Bank employee	Shenzad Rafique
Suzuki Liana Reg # MF-356	1-Sep-10	30-Jun-14	600	450	150	290	140	Bank employee	Qazi Abdul Naem
Suzuki Cultus VXRI	29-Nov-12	26-Jun-14	950	301	649	649	-	Bank employee	Fakhar Uddin Siddiqui
Suzuki Cultus VXR	7-Oct-09	22-Jul-14	600	570	30	39	9	Bank employee	Mr. Ikramullah
Toyota Altis, Reg # LE-11-8242	11-Feb-11	9-Jul-14	1,880	1,286	594	625	31	Bank employee	Mian Asif Said
Toyota Corolla GLi	12-Oct-11	10-Jul-14	1,000	550	450	450	-	Bank employee	Mr. Zameer Ahmed Memon
Suzuki Cultus VXRI Reg # AZL-379	21-May-13	9-Jul-14	1,010	236	774	774	-	Bank employee	Mr. Sajid Irfan
Toyota Corolla GLi	14-Jun-10	8-Jul-14	1,400	1,144	256	256	-	Bank employee	Mr. Aman Kotak
Suzuki Cultus Reg# ARN-949	1-Dec-10	4-Jul-14	600	430	170	170	-	Bank employee	Mr. Neveed Butt
Toyota Corolla GLi, Reg # LEA-12-8242	30-Mar-12	9-Jul-14	1,756	820	936	936	-	Bank employee	Mian Asif Said
BMW 5231 Limousine Registration # ANC-555	17-Dec-12	25-Jul-14	2,332	738	1,594	1,594	-	Bank employee	Jawad Majid Khan
Suzuki Cultus VXRI Reg# VZ-154	7-Aug-12	29-Aug-14	970	389	581	630	49	Bank employee	Muhammad Taimoor Khan
Suzuki Alto VXR Reg # LED-08-8818	13-Aug-09	18-Aug-14	600	600	-	-	-	Bank employee	Adil Latif
Toyota Corolla GLi Reg# AWB-852	23-Apr-12	19-Aug-14	1,176	549	827	827	-	Bank employee	Aitzaz Dawood
Toyota Corolla Altis	29-Jun-12	8-Aug-14	1,608	697	911	911	-	Bank employee	Abid Sultan Chaudhry

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for the year ended December 31, 2014

12.5 Details of disposal of fixed assets - By negotiations / Bank policy

Description	Date of capitalization	Date of disposal	Cost	Accumulated depreciation	Book value	Sale proceeds / Insurance claim	Gain / (Loss)	Mode of disposal	Particulars of purchaser
Rupees in '000									
Assets having cost of Rs. 500,000 and above									
Honda City Reg # AXX-061	27-Jul-12	8-Aug-14	1,638	682	956	956	-	Bank employee	Muhammad Sharif Rasheed
Mercedes Benz Saloon Reg#AWB-108	20-Dec-11	11-Aug-14	19,472	7,185	6,287	6,287	-	Bank employee	M.A. Mannan
Toyota Land Cruiser Registration # BF-1008	2-Mar-12	11-Aug-14	6,528	3,155	3,373	3,373	-	Bank employee	M.A. Mannan
Suzuki Cultus VXR EiI	26-Sep-12	5-Aug-14	970	372	598	598	-	Bank employee	Atif Aziz Soomro
Suzuki Cultus VXRI	30-Jul-12	4-Aug-14	970	404	566	566	-	Bank employee	Aamir Hamid Cheema
Toyota Corolla GL	26-Jul-13	2-Sep-14	1,262	294	968	968	-	Bank employee	Khurram Hanif
Toyota Corolla XLI Reg # AQG-506	25-Jul-11	2-Sep-14	800	380	220	220	-	Bank employee	Mr. Arif Irfan
Toyota Hilux Surf BD-2999	24-Feb-12	29-Sep-14	1,869	1,017	952	952	-	Bank employee	Syed Salman Hasari
Suzuki Cultus VXRI	30-Jul-12	18-Sep-14	970	420	550	550	-	Bank employee	Mr. Nazimuddin Soomro
Honda Civic Reg # LEF-08-1100	16-Aug-09	29-Sep-14	1,700	1,700	-	-	-	Bank employee	Kasim Feroze Khan
Honda Civic VII Prosmatec	4-Nov-09	2-Oct-14	1,400	1,377	23	23	-	Bank employee	Raza Ali
Toyota Corolla XLI Registration # LX-071	4-Sep-12	2-Oct-14	970	404	566	566	-	Bank employee	Sonia Usman
Honda City Reg# LEC-09-7107	7-Oct-09	3-Oct-14	1,000	1,000	-	-	-	Bank employee	Ali Bokhary
Toyota Corolla XLI Reg # LEC-09-7786	7-Oct-09	3-Oct-14	1,000	1,000	-	-	-	Bank employee	Faisal Saeed
Toyota Land Cruiser Prado Reg # LEC-06	7-Oct-09	22-Oct-14	2,500	2,500	-	-	-	Bank employee	Kamran Basil
Toyota Axio G, Reg # AYH-261	29-Nov-13	14-Nov-14	1,282	258	1,026	1,026	-	Bank employee	Muhammad Farhan Khan
Honda City Aspire	24-Dec-12	13-Nov-14	1,231	472	759	800	41	Bank employee	Mohammad Waseem
Toyota Corolla GL Reg # ASA-386	7-Nov-13	10-Nov-14	1,282	256	1,026	1,026	-	Bank employee	Muhammad Imtiaz Shaikh
Suzuki Cultus VXR Reg # LED-09-2223	4-Nov-09	6-Nov-14	600	600	-	-	-	Bank employee	Mr. Sohail Akram Joya
Toyota Corolla GL Reg # LED-09-3337	4-Nov-09	6-Nov-14	1,000	1,000	-	-	-	Bank employee	Mr. Malik Omar Hayat
Honda City Reg # LED-09-5115	6-Nov-09	6-Nov-14	1,322	1,322	-	-	-	Bank employee	Ms. Ayesha Rauf
Daihatsu Cuore Reg # LED-08-7842	22-Nov-09	7-Nov-14	600	600	-	-	-	Bank employee	Mr. Omar Hayat
Toyota Corolla GL Reg # AXX-814	23-Jul-12	12-Nov-14	1,673	780	893	893	-	Bank employee	Muhammad Raees Khan
Toyota Corolla GL	21-Mar-13	20-Nov-14	1,890	563	1,127	1,127	-	Bank employee	Brig. Javed Iqbal
Suzuki Swift RS413 DX STD	25-Aug-11	26-Dec-14	1,000	668	332	350	18	Bank employee	Meamor Amjad
Suzuki Cultus VXL Reg # MRAA-016	5-Feb-03	2-Dec-14	609	609	-	285	285	Tender	Bashir Hussain
Honda City I-V tech, REG # LE-11-1426	21-Jun-12	26-Dec-14	970	485	485	517	32	Bank employee	Muhammad Azam Saroya
Suzuki Swift DLX	27-Jun-12	26-Dec-14	1,178	588	588	588	-	Bank employee	TalFur Hamid
Honda City I-Vtec Reg # LED-10-4358	13-Aug-13	5-Dec-14	868	452	516	534	18	Bank employee	Naveed Ahmad
Total			155,186	76,118	79,068	77,999	(1,069)		
Assets having cost of less than Rs. 500,000									
Suzuki Cultus VXL Reg # AKC-917	9-Jan-07	23-Jul-14	497	497	-	499	499	Tender	Sarwat Sameem
Suzuki Bolan Reg # CN8109	28-Mar-05	23-Jul-14	367	367	-	384	384	Tender	Sarwat Sameem
Toshiba Tecra A7 Laptop Serial # 26182279Q	28-Dec-06	28-Jan-14	74	74	-	7	7	Bank employee	Asia Aslam
Sony Vaio Laptop Serial # 7004538	2-Jul-08	7-Feb-14	93	93	-	7	7	Bank employee	Noor Akram Syed
Toshiba Laptop Satellite L-500-S59/Q Serial # 9224763Q	4-Jan-10	7-Feb-14	79	79	-	7	7	Bank employee	Ahsan Amjad
Toshiba Notebook Laptop	1-Dec-11	13-Mar-14	168	128	40	51	11	Bank employee	Aurengzeb Afridi
Toshiba Laptop Satellite Serial # 58319165Q	2-Jul-08	20-Mar-14	97	57	-	7	7	Bank employee	Abdul Majeen Khan
Toshiba Laptop Satellite Serial # 38191088Q	2-Jun-08	28-Mar-14	57	57	-	7	7	Bank employee	Farooq Nasim
Toshiba Laptop Satellite Serial # Y9224930Q	12-Feb-10	11-Apr-14	79	79	-	7	7	Bank employee	Mutahir Ali
Toshiba Notebook Computer S No. XA157610H	13-Jul-11	29-May-14	192	151	11	16	5	Bank employee	Adrian Afridi
Toshiba Laptop Satellite Serial # 99284860Q	14-Nov-09	30-Jun-14	79	79	-	7	7	Bank employee	Hermith Manz
Toshiba Notebook Computer S/N 48096035H	30-Sep-11	12-Aug-14	170	154	6	14	8	Bank employee	Mian Asif Said
Toshiba Notebook Computer Serial # XA112618W	2-Dec-10	12-Nov-14	82	82	-	14	14	Bank employee	Raees Khan
Toshiba Notebook Laptop S/No. 4B070757H	1-Aug-11	13-Nov-14	168	158	-	10	10	Bank employee	Uzmen Chaudhry
Toshiba Notebook Computer S/N 2B219878Q	24-Jun-11	21-Nov-14	77	77	-	7	7	Bank employee	Ziahsan Anwar
Toshiba Notebook Computer	28-Aug-11	31-Dec-14	77	77	-	12	12	Bank employee	Muhammad Sheriq
Total			2,316	2,259	57	1,050	899		
Grand Total			157,502	78,377	79,126	79,055	(70)		

- 12.5.1** Disposals to Bank's employees are made as per their terms of employment. Disposals during the year have been made to former Executive Director, other Executives (as defined in note 37) and other staff. These include both resigned and active staff of the Bank.

December 31,
2014 December 31,
2013

13 DEFERRED TAX ASSETS - NET

Deferred tax debits arising in respect of

- Provision for diminution / impairment in the value of investments
- Provision against non-performing advances
- Unabsorbed tax depreciation
- Unused tax losses

Rupees in '000

99,546	41,748
2,161,928	2,104,316
818,567	818,567
1,120,313	1,340,549
4,200,354	4,305,180

Notes to the Financial Statements

for the year ended December 31, 2014

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
Deferred tax credits arising due to			
Accelerated tax depreciation		(184,534)	(244,805)
Surplus on revaluation of investments	22.1	(33,741)	(180,223)
Surplus on revaluation of property	22.2	(25,574)	(26,876)
Remeasurement of defined benefit plan		(19,323)	(14,198)
		(263,172)	(466,102)
Net deferred tax asset		3,937,182	3,839,078

13.1 Movement in temporary differences

	Balance at January 01, 2013	Recognised in profit and loss		Balance at December 31, 2013	Recognised in profit and loss		Balance at December 31, 2014
	Rupees in '000						
Deductible / (taxable) temporary differences on:							
Provision against non-performing advances	1,914,913	189,403	-	2,104,316	57,612	-	2,161,928
Provision for diminution in the value of investments	14,840	26,908	-	41,748	57,798	-	99,546
Unused tax losses	1,475,871	(135,322)	-	1,340,549	(220,236)	-	1,120,313
Provision held against other assets	7,350	(7,350)	-	-	-	-	-
Unabsorbed tax depreciation	474,446	344,121	-	818,567	-	-	818,567
Accelerated tax depreciation	(196,561)	(46,244)	-	(244,805)	60,271	-	(184,534)
Surplus on revaluation of investments	(45,450)	-	(134,773)	(180,223)	-	146,482	(33,741)
Surplus on revaluation of property	(28,178)	-	1,302	(26,876)	-	1,302	(25,574)
Remeasurement of defined benefit plan	(10,190)	-	(4,008)	(14,198)	-	(5,125)	(19,323)
Deferred Tax	3,805,041	371,516	(137,479)	3,839,078	(44,555)	142,659	3,937,182

13.2 The Bank has an aggregate amount of deferred tax asset of Rs. 3,937 million which represents management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in those years against losses carried forward and other taxable temporary differences relating to prior years. The Bank has prepared five years financial projections for future taxable profits, which have been approved by the Board of Directors, to assess the recoverability of deferred tax assets. The projections involve certain key management assumptions underlying the estimation of future taxable profits projected in the projections. The determination of future taxable profits is most sensitive to certain key assumptions such as capital injection, growth of low cost deposits, growth in high yield consumer advances, real estate Musharaka financing transactions, investment returns, potential provision against assets, interest rates, cost of funds and expected recoveries of classified loans. Any significant change in such assumptions may have an effect on the recoverability of the deferred tax asset. Management believes that it is probable that the Bank will be able to achieve the profits projected in the projections and consequently the deferred tax asset will be fully realised in future.

13.3 Status of tax and other details are disclosed in notes 32.2 and 32.3 to these financial statements.

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
14 OTHER ASSETS			
Mark-up / return / interest accrued in local currency		2,528,453	1,636,815
Mark-up / return / interest accrued in foreign currencies		2,715	2
Advances, deposits, advance rent and other prepayments		561,426	420,929
Advance taxation		368,918	241,777
Net defined benefit asset	36.1.1	55,209	40,565
Non-banking assets acquired in satisfaction of claims	14.1 / 14.2 / 14.3	4,822,227	2,931,946
Non-banking assets acquired in satisfaction of claims with buy back option with customers	14.1 / 14.2	334,914	926,831
		5,157,141	3,858,777

Notes to the Financial Statements

for the year ended December 31, 2014

		Note	December 31, 2014	December 31, 2013
			Rupees in '000	
	Branch adjustment account		-	30,303
	Unrealized gain on derivative financial instruments	14.5	49,655	29,471
	Others		220,530	165,564
			8,944,047	6,424,203
	Less: Provision held against other assets	14.4	(110,155)	(110,155)
	Other Assets (net of provision)		8,833,892	6,314,048
14.1	Aggregate market value of non-banking assets acquired in satisfaction of claims		5,979,958	4,401,449
14.2	These includes un-developed properties which have been evaluated based on valuation reports from valuers on Pakistan Banks Association's list of approved valuers.			
14.3	These include properties amounting to Rs. 723.259 million not transferred in the name of the Bank for which legal transfer procedure has been initiated and registration charges have been paid. These would be transferred in Bank's name in due course of time.			
		Note	December 31, 2014	December 31, 2013
			Rupees in '000	
14.4	Provisions against other assets			
	Opening balance		110,155	229,155
	Charge for the year		-	-
	Reversals		-	(119,000)
	Net reversal for the year	30	-	(119,000)
	Amounts written off		-	-
	Closing balance		110,155	110,155
14.5	Unrealized gain on derivative financial instruments			
		Contract / Notional amount	Unrealised gain	
		December 31, 2014	December 31, 2014	December 31, 2013
		December 31, 2013	December 31, 2014	December 31, 2013
		Rupees in '000		
	Forward foreign exchange contracts	5,154,542	3,105,208	48,923
	Equity futures	47,802	-	732
		5,202,344	3,105,208	49,655
		December 31, 2014	December 31, 2013	
		Rupees in '000		
15	BILLS PAYABLE			
	In Pakistan		2,153,091	2,747,400
	Outside Pakistan		-	-
			2,153,091	2,747,400
16	BORROWINGS			
	In Pakistan		21,379,547	10,624,954
	Outside Pakistan		362,699	757,021
			21,742,246	11,381,975
16.1	Particulars of borrowings with respect to currencies			
	In local currency		21,379,547	10,624,954
	In foreign currencies		362,699	757,021
			21,742,246	11,381,975

Notes to the Financial Statements

for the year ended December 31, 2014

		Note	December 31, 2014	December 31, 2013
			Rupees in '000	
16.2	Details of borrowings secured / unsecured			
	Secured			
Borrowings from State Bank of Pakistan (re-finance)		16.2.1	3,199,470	3,384,177
Export refinance scheme		16.2.1	382	4,652
Long term finance - export oriented projects		16.2.1	-	20,466
Long term financing facility		16.2.2	11,979,695	1,178,797
Repurchase agreement borrowings			15,179,547	4,588,092
	Unsecured			
Call borrowings		16.2.3	6,200,000	6,030,000
Borrowing from other financial institutions		16.2.4	185,866	441,915
Overdrawn Nostro accounts			176,833	315,106
Overdrawn local bank accounts			-	6,862
			6,562,699	6,793,883
			21,742,246	11,381,975

- 16.2.1** These borrowings carry mark-up at the rates ranging from 5.5% to 6.50% (2013: 5% to 8.40%) per annum.
- 16.2.2** These represent funds borrowed from the local interbank money market against government securities carrying interest rates of 9.50% (2013: 10%) per annum with maturities up to January 2015.
- 16.2.3** These represent unsecured borrowings from the local money market carrying interest rates ranging from 9.9% to 13% (2013: 10% to 12%) per annum with maturities in January and March 2015.
- 16.2.4** These represent borrowing in foreign currency and carry interest rates ranging from 2.77% to 2.87% (2013: 2.75% to 2.87%) per annum.

		Note	December 31, 2014	December 31, 2013
			Rupees in '000	
17	DEPOSITS & OTHER ACCOUNTS			
	Customers			
Fixed deposits			28,655,490	30,051,389
Savings deposits			18,265,332	20,028,542
Current accounts - non - remunerative			17,889,766	16,499,952
Margin accounts - non - remunerative			719,372	713,559
Others			370,250	203,581
			65,900,210	67,497,023
	Financial institutions			
Remunerative deposits			2,802,189	1,849,745
Non-remunerative deposits			67,856	86,684
			2,870,045	1,936,429
			68,770,255	69,433,452
17.1	Particulars of deposits			
In local currency			62,028,488	61,637,212
In foreign currencies			6,741,767	7,796,240
			68,770,255	69,433,452

Notes to the Financial Statements

for the year ended December 31, 2014

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2014		2013	
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments
Rupees in '000				
Not later than one year	5,097	2,243	2,854	-
Later than one year and not later than five years	18,255	4,004	14,251	-
Over five years	-	-	-	-
	23,352	6,247	17,105	-

- 18.1** The Bank has acquired solar panels (disclosed in note 12.2) under finance lease from NBP Leasing Limited. The lease term is 5 years and the discounting factor used is 6 months Kibor + 4%.

		Note	December 31, 2014	December 31, 2013
			Rupees in '000	
19 OTHER LIABILITIES				
Mark-up/ return / interest payable in local currency			583,088	639,522
Mark-up/ return / interest payable in foreign currencies			2,325	7,929
Un-earned commission and income on bills discounted			58,661	58,974
Accrued expenses			86,702	99,679
Unrealized loss on derivative financial instruments	19.1		144,015	198,505
Branch adjustment account			38,135	-
Workers' Welfare Fund (WWF)			36,975	34,293
Advance received against future sale of Non Banking Assets			91,506	225,016
Gratuity payable to outsource staff	29.2		20,946	-
Others			403,240	268,262
			1,465,593	1,532,180

19.1 Unrealized loss on derivative financial instruments

	Contract / Notional amount		Unrealised loss	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Rupees in '000				
Forward foreign exchange contracts	10,659,164	9,667,792	144,015	198,505

20 SHARE CAPITAL

20.1 Authorised capital

December 31, 2014	December 31, 2013	No. of shares in '000	December 31, 2014	December 31, 2013
4,000,000	4,000,000	Ordinary shares of Rs.10 each	40,000,000	40,000,000

20.2 Issued, subscribed and paid up capital

December 31, 2014	December 31, 2013	No. of shares in '000	Ordinary shares of Rs.10 each Fully paid in cash	December 31, 2014	December 31, 2013
800,315	800,315		Ordinary shares of Rs.10 each Fully paid in cash	8,003,150	8,003,150
100,000	100,000		Ordinary shares of Rs.10 each Fully paid in cash and issued at a discount of Rs. 2.5 per share	1,000,000	1,000,000
1,771,290	1,771,290		Ordinary shares of Rs.10 each Fully paid in cash and issued at a discount of Rs.2.5 per share	17,712,898	17,712,898
2,671,605	2,671,605			26,716,048	26,716,048

Notes to the Financial Statements

for the year ended December 31, 2014

20.3 The SBP requires each commercial bank to: (a) hold the minimum level of the regulatory capital (net of losses) to be raised to Rs. 10 billion (net of losses and share discount) by December 31, 2013 and (b) maintain a ratio of total regulatory capital to the risk-weighted asset (the "Basel ratio") at or above the internationally agreed minimum of 10% (refer note 1.3).

20.4 The Bank approved issuance of right shares @ 311.00226% on December 2, 2009 at a discount of Rs. 7.5 per share having face value of Rs. 10 each to generate net additional capital of Rs. 7 billion. Out of these right shares, an amount of Rs. 2.572 billion is unsubscribed. SECP has granted three years extension for subscription of the rights, in line with tenor of convertible preference shares.

20.5 The Bank received deposit of Rs. 2.00 billion from four investors on account of Right Shares Subscription on December 10, 2014. Accordingly, the Bank applied to the SBP to treat the deposit received as advance against issue of shares for the purpose of calculating MCR and CAR of the Bank. SBP vide its letter no. BPRD / BA&CP / 644 / 24214 / 2014 dated December 10, 2014 granted the said permission subject to fulfilment of certain terms and conditions with the time period for compliance of two conditions till March 31, 2015. Management believes that these conditions will be met before the stipulated time.

20.6 CAPITAL ADEQUACY

	December 31, 2014	December 31, 2013
Total Capital Adequacy Ratio	9.14%	6.93%

21 CONVERTIBLE PREFERENCE SHARES

The Bank has issued 880 million Convertible Preference Shares (CPS) in March 2013 at issue price of Rs. 2.50 per share aggregating to paid-up amount of Rs. 2,200 million. The CPS are subordinated to all other liabilities including deposits of the Bank. These CPS have 3 years tenor and are convertible into ordinary shares of the Bank at the conversion ratio of 1:1. There is no voting right and dividend on these CPS. The subscribers will have an option to exercise the put option at the end of the tenor through which they can sell their CPS to Arif Habib Corporation Limited (the Guarantor) at the strike price of Rs. 3.70 per CPS. The Bank is entitled to exercise Call Option, which is exercisable in full or in parts at any time after one year from the issue date subject to subscription of unsubscribed right shares. Any partial redemption will be on a pro rata basis. The SBP has restricted the utilization of the funds received to investment in papers of Government of Pakistan and the amount will not be considered towards the compliance of applicable statutory liquidity requirement (SLR).

Subsequently, SBP through letter No.BPRD/BA&CP-04/644/4692/2014 dated March 26, 2014 has allowed to consider the investment in government papers held against the proceeds of CPS for SLR purposes.

SBP has given approval of CPS as Tier-I capital for Capital Adequacy Ratio (CAR) purpose only. Further, the SBP vide their letter no. BPRD/BA&CP-04/15690/2013 dated October 24, 2013 allowed the Bank to disclose CPS in the "Capital Section" of its financial statements till the remaining maturity or earlier redemption, whichever is earlier.

	December 31, 2014	December 31, 2013
	Note	Rupees in '000
22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus on revaluation of securities	22.1	62,661
Surplus on revaluation of properties	22.2	70,781
		133,442
		407,901

22.1 Surplus / (deficit) on revaluation of securities

Federal Government securities

Market Treasury Bills	15,294	(4,283)
Pakistan Investment Bonds	132,689	(49,742)
GOP Ijara Sukuk	(2,334)	14,926

Fully paid-up ordinary shares

Listed companies	(49,251)	547,422
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Term Finance Certificate, Debentures, Bonds and Participation Term Certificates

Term Finance certificates - Listed	4	2,098
- Unlisted	-	(2,546)
Sukuk	-	(85)

Other Investments

Units of Mutual fund - closed end	10.1	96,402	514,925
Deferred tax liability recognised	13	(33,741)	(180,223)
		62,661	334,702

Notes to the Financial Statements

for the year ended December 31, 2014

		Note	December 31, 2014	December 31, 2013
			Rupees in '000	
22.2	Surplus on revaluation of properties			
	Surplus on revaluation of properties	22.3	96,355	100,075
	Deferred tax liability recognised	13	(25,574)	(26,876)
			70,781	73,199
22.3	Reconciliation of surplus on revaluation of properties			
	At the beginning of the year		100,075	103,795
	Surplus realized on account of incremental depreciation - net of tax		(3,720)	(3,720)
	At the end of the year	12.2.1	96,355	100,075
23	CONTINGENCIES AND COMMITMENTS			
23.1	Direct credit substitutes			
23.2	Transaction-related contingent liabilities			
	Guarantees favouring			
	Government		7,033,057	7,897,923
	Banking companies and other financial institutions		779,376	484,069
	Others		1,594,841	2,262,787
23.3	Trade-related contingent liabilities			
	Letters of Credit & Acceptances		4,714,168	3,015,850
23.4	Claims against the bank not acknowledged as debt		195,088	267,532
23.4.1	These represent recovery suits filed by various parties in which the Bank is a direct or indirect defendant.			
23.4.2	Suits for damages of Rs. 872 billion (2013: Rs. 872 billion) have been filed against the Bank by various borrowers / employees in respect of certain disputes relating to loans and advances. The management of the Bank and its legal counsel consider that the suits are a counterblast in response to the recovery suits filed by the Bank. The Bank and its legal counsel are confident that the cases will be dismissed as actual damages have to be proven in such suits.			
	Out of these, two suits amounting to Rs. 847.55 billion filed in response to recovery suits previously filed by the Bank stood decreed in favor of the Bank and the defendants' appeal in respect thereof was dismissed by the High Court. Thereafter the defendants filed appeal in the Honorable Supreme Court which was subsequently withdrawn by the defendants themselves. At the date of the financial statements, execution application has been filed by Bank's counsel in the High Court of Sindh.			
			December 31, 2014	December 31, 2013
			Rupees in '000	
23.5	Commitments in respect of forward contracts			
	Forward foreign Exchange contracts with State Bank of Pakistan, banks and other institutions			
	Sale		5,092,390	3,156,947
	Purchase		10,461,691	9,616,053
23.6	Claims against the bank by Competition Commission of Pakistan & Others		35,640	35,000
23.7	Commitments in respect of			
	Property, civil work & equipment		66,419	8,510
	Purchase of Hardware / Software		35,801	36,772
			102,220	45,282
23.8	Other commitments			
	Forward sale of listed equity securities		48,534	-
23.9	The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.			

Notes to the Financial Statements

for the year ended December 31, 2014

24 DERIVATIVE INSTRUMENTS

A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices. The principal derivatives used by the Bank are forward foreign exchange contracts, foreign exchange swaps and equity futures. The Bank at present does not engage in structured derivative products such as Interest Rate Swaps, Forward Rate Agreements and Foreign Exchange Options.

A forward foreign exchange contract is an agreement to buy or sell a specified amount of foreign currency on a specified future date at an agreed rate. Equity futures are exchange traded contractual agreements to either buy or sell a specified security at a specific price and date in the future. A foreign exchange swap is used by the Bank if it has a need to exchange one currency for another currency on one day and then re-exchange those currencies at a later date.

The Bank enters into these contracts for the purpose of squaring currency / equity positions.

All derivatives are recognized at their fair value. Fair values are obtained from quoted market prices in active markets. Derivatives are carried in the balance sheet as assets when their fair value is positive and as liabilities when their fair value is negative.

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations. The principal amount of the derivative contract does not represent real exposure to credit risk, which is limited to the positive fair value of instrument.

The details of commitments under forward foreign exchange contracts and equity futures contracts outstanding at year-end have been given in notes 23.5 and 23.8 respectively.

The accounting policies used to recognise and disclose derivative instruments are given in note 6.14.2. The risk management framework of derivative instruments is given in note 42.

	December 31, 2014	December 31, 2013
	Rupees in '000	

25 MARK-UP / RETURN / INTEREST EARNED

On loans and advances to:

i) Customers	7,834,980	6,160,622
ii) Financial Institutions	-	-

On investments in:

i) Held-for-Trading Securities	121,306	37,939
ii) Available-for-Sale Securities	1,327,841	1,303,095
iii) Held-to-Maturity Securities	-	116

On deposits with financial institutions

315

578

On call money lendings

437

3,861

On securities purchased under resale agreements

144,337

116,214

9,429,216

7,622,425

26 MARK-UP / RETURN / INTEREST EXPENDED

Deposits	4,626,246	4,196,462
Securities sold under repurchase agreements	493,272	295,213
Call borrowings	333,536	365,493
Borrowing from State Bank of Pakistan under export refinance scheme	231,192	264,313
SWAP money market expense	278,407	330,487
Others	6,446	10,701
	<u>5,969,099</u>	<u>5,462,669</u>

27 GAIN / (LOSS) ON SALE OF SECURITIES - NET

Federal government securities -		
Market treasury bills	15,294	15,702
Pakistan Investment Bonds	64,146	(24,533)
GOP Ijara Sukuk Bonds	19,119	25,059
Shares - Listed	244,751	151,618
Term finance certificates (TFCs)	(8,687)	1,384
Mutual funds	11,969	687
	<u>346,592</u>	<u>169,917</u>

28 OTHER INCOME

Rent on property	3,373	15,074
Rent on lockers	10,366	9,499

Notes to the Financial Statements

for the year ended December 31, 2014

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
(Loss) / gain on sale of property and equipment - net	12.5	(70)	56,276
Income from non-banking assets and profit from sale of or dealing with such assets	28.1	15,180	44,475
Postage, telex and other service charges recovered		21,892	26,643
Share of profit from Associate		9,392	14,548
Early loan termination charges		32,482	22,211
		92,615	188,726

28.1 In the current year, the Bank sold properties having aggregate book value of Rs. 577 million for Rs. 592 million.

29 ADMINISTRATIVE EXPENSES

Salaries, allowances and other benefits		2,176,932	2,049,788
Charge for defined benefit plan	36.1.3 / 29.2	73,909	50,445
Contribution to defined contribution plan	36.2	60,904	59,960
Non-executives directors' fees, allowances and other expenses		23,711	26,285
Rent, taxes, insurance, electricity, etc.		605,561	610,504
Guarantee commission paid in respect of CPS	21	81,400	61,050
Legal and professional charges		230,928	224,006
Communications		190,642	162,772
Financial charges on leased assets		1,048	-
Repairs and maintenance		241,148	215,120
Stationery and printing		65,249	52,309
Security charges		72,128	66,744
Advertisement and publicity		91,991	64,902
Depreciation	12.2	385,732	407,075
Amortisation of intangible assets	12.3	82,212	85,499
Auditors' remuneration	29.1	10,598	7,611
Fuel and travelling expenses		144,982	133,478
Brokerage and commission		8,373	8,106
Subscriptions and newspapers		10,117	10,971
Entertainment		34,753	34,509
Others		99,726	76,793
		4,692,044	4,407,927

29.1 Auditors' remuneration

Annual audit fee		3,000	2,090
Half yearly review		1,150	880
Special certifications		5,378	3,865
Out-of-pocket expenses		1,070	776
		10,598	7,611

29.2 It includes gratuity accrued pertaining to outsourced staff amounting to Rs. 28.09 million (2013: 0.579 million).

30 OTHER (REVERSALS) / PROVISIONS / WRITE OFFS

Reversal of Provision - net	30.1	(38,019)	(119,000)
Write-offs		-	6,551
		(38,019)	(112,449)

30.1 During 1996, the Bank issued two Letters of Credit (LCs) for supply of palm oil (from Malaysia) on behalf of a customer against the documentary credit facility available to the customer. The Bank received the documents but the same were discrepant and were returned back to the Malaysian supplier without payment. Feeling aggrieved, the Malaysian supplier filed a recovery suit for LC amount plus 20% liquidated damages along with interest at 2% against the Bank before the Honorable Peshawar High Court, (Banking Jurisdiction), which was decreed in favor of the Malaysian supplier on April 6, 2006. The Bank, feeling aggrieved from the above judgment, filed Regular First Appeal (RFA) before the Honorable Division Bench of Peshawar High Court, which is pending adjudication. The Bank filed a recovery suit against the customer before Honorable Peshawar High Court and the customer also filed a suit against the Bank, which have been consolidated by the Court and are pending adjudication.

Notes to the Financial Statements

for the year ended December 31, 2014

On December 23, 2014, the Customer and the Bank have entered into a settlement agreement (which will be submitted in the Court) whereby the Customer has agreed to indemnify the Bank for the claims of the Supplier arising from the judgment and decree dated April 6, 2006. However, the Bank will not withdraw its appeal against the Supplier till the withdrawal of Supplier's claim under the judgment and decree.

In the view of management, due to discrepancies in the documents, it is highly unlikely that the Bank will have to make any payment to Malaysian supplier. Management and the legal advisor believe that the Bank has a strong case and the case will eventually be settled in favor of the Bank. Hence, the provision made earlier of Rs. 38.019 million has been reversed in these financial statements.

		December 31, 2014	December 31, 2013
	Note	Rupees in '000	
31 OTHER CHARGES			
Penalties imposed by SBP	31.1	5,687	62,483
Operational loss		1,875	709
Worker's Welfare Fund (WWF)		2,682	-
Impairment in value of Non-Banking Assets		<u>17,183</u>	20,269
		<u>27,427</u>	83,461
31.1	These represents penalties imposed by SBP on various non-compliances related to rules and regulations.		
32 TAXATION			
Current			
- for the year		-	-
- prior year		-	-
Deferred			
- for the year		(44,555)	371,516
- prior year		-	-
		<u>(44,555)</u>	<u>371,516</u>
		<u>(44,555)</u>	<u>371,516</u>
32.1 Relationship between tax expense and accounting profit			
Profit / (loss) before tax		131,415	(1,528,078)
Tax rate		35%	35%
Tax at applicable rate		45,995	(534,827)
Permanent difference		1,990	28,963
Deferred tax asset written off / adjusted		-	119,542
Other		(3,430)	14,806
		<u>45,555</u>	<u>(371,516)</u>
32.2	The income tax returns of the Bank have been submitted up to tax year 2014. The Bank has filed appeals before (ATIR) against certain disallowances amounting to Rs. 1,996 million made by Tax officer for assessment / tax year(s) 2000-2001, 2001-2002, 2002-2003 and 2004. The disallowances amounting to Rs. 682 million in respect of tax year 2003 and 2006 are pending at CIR (A). Management is confident that the outcome of these appeals would be in favor of the Bank.		
32.3	The Bank's return in respect of AJK operations have been submitted up to and including tax year 2014. Certain appeals were filed before the various appellate forums which are pending for adjudication. Management is confident that the outcome of these appeals would be in favor of the Bank.		

		December 31, 2014	December 31, 2013
		Rupees in '000	
33 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED			
Profit after taxation for the year - attributable to ordinary equity holder of the bank for basic and diluted (Rupees in '000)		<u>86,860</u>	<u>(1,156,562)</u>
Weighted average number of basic outstanding ordinary shares during the year (Numbers in '000)		<u>2,741,854</u>	<u>2,671,605</u>
Weighted average number of diluted outstanding ordinary shares during the year (Numbers in '000)		<u>3,621,854</u>	<u>2,671,605</u>
Basic earnings / (loss) per share (Rupee)		<u>0.03</u>	<u>(0.43)</u>
Diluted earnings / (loss) per share (Rupee)		<u>0.02</u>	<u>(0.43)</u>

Notes to the Financial Statements

for the year ended December 31, 2014

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
34 CASH AND CASH EQUIVALENTS			
Cash and Balances with Treasury Banks	7	5,102,984	5,361,695
Balances with other banks	8	139,478	226,184
		5,242,462	5,587,879

		December 31, 2014	December 31, 2013
		Number of persons	
35 STAFF STRENGTH			
Permanent		1,205	1,211
Temporary / Contractual basis		27	28
Bank's own staff strength at the end of the year		1,232	1,239
Outsourced	35.1	1,674	1,647
Total staff strength		2,906	2,886

35.1 This excludes outsourced security guards and commission based agents.

36 STAFF RETIREMENT BENEFITS

36.1 Defined Benefit Plan

As disclosed in note 6.10.2, the Bank operates an approved gratuity scheme for all its regular employees through a Gratuity Fund (the fund). The entitlement of the employees commences on completion of five years with the Bank beginning from January 01, 2005. Projected Unit Credit Actuarial Cost Method has been used for actuarial valuation dated December 31, 2014. The financial statements of the fund are separately prepared and audited and are not included as a part of these financial statements. Contribution funds are placed in bank account maintained with Silkbank in fixed deposits and Super Saver Scheme at the rate of 10% (2013: 10%).

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
36.1.1 Amount recognized in the balance sheet:			
Present value of the defined benefit obligation	36.1.2	307,802	251,241
Less: Fair value of the plan assets	36.1.2	(363,011)	(291,806)
Net defined benefit asset	14	(55,209)	(40,565)

36.1.2 Movement of present value of defined benefit obligation and fair value of plan assets

	2014		
	Present value of defined benefit obligation	Fair value of plan assets	Total
	Rupees in '000		
As at January 1, 2014	251,241	(291,806)	(40,565)
Current service cost	49,355	-	49,355
Interest cost / (income)	33,010	(36,547)	(3,537)
Company contributions	-	(45,819)	(45,819)
Benefits paid	(25,898)	25,898	-
Remeasurements recognised in other comprehensive income:			
Gain due to change in financial assumptions	(3,503)	-	(3,503)
Loss due to changes in experience adjustment	3,597	-	3,597
Return on plan assets excluding amounts included in interest income	-	(14,737)	(14,737)
As at December 31, 2014	94	(14,737)	(14,643)
	307,802	(363,011)	(55,209)

Notes to the Financial Statements

for the year ended December 31, 2014

	2013		
	Present value of defined benefit obligation	Fair value of plan assets	Total
	Rupees in '000		
As at January 1, 2013	233,640	(262,753)	(29,113)
Current service cost	53,162	-	53,162
Interest cost / (income)	30,024	(33,320)	(3,296)
Company contributions	-	(49,866)	(49,866)
Benefits paid	(33,227)	33,227	-
Remeasurements recognised in other comprehensive income:			
Loss due to change in financial assumptions	940	-	940
Loss due to change in demographic assumptions	687	-	687
Gain due to changes in experience adjustment	(33,985)	-	(33,985)
Return on plan assets excluding amounts included in interest income	-	20,906	20,906
	(32,358)	20,906	(11,452)
As at December 31, 2013	<u>251,241</u>	<u>(291,806)</u>	<u>(40,565)</u>

	Note	December 31, 2014		December 31, 2013
		Rupees in '000		
36.1.3 Amount recognised in the profit and loss account:				
Current service cost		49,355	53,162	
Net interest		<u>(3,537)</u>	<u>(3,296)</u>	
	29	<u>45,818</u>	<u>49,866</u>	
36.1.4 Movement of defined benefit asset:				
Net defined benefit asset at the beginning of the year		(40,565)	(29,113)	
Charge for the year	36.1.3	45,818	49,866	
Remeasurements - gains recognized in OCI during the year	36.1.2	(14,643)	(11,452)	
Contribution by bank	36.1.2	(45,819)	(49,866)	
Net defined benefit asset at the end of the year		(55,209)	(40,565)	
36.1.5 Actual return on plan assets		<u>51,284</u>	<u>12,414</u>	
36.1.6 Principal actuarial assumption				
Discount factor used (% per annum)		10.50%	12.75%	
Expected increase in eligible pay (% per annum)*		9.50%	11.75%	
Normal retirement age (years)		60 years	60 years	

* Salary increments were assumed to be given on 1st January each year.

- 36.1.7** The discount rate of 10.50% (per annum compound) is representative of yields on Pakistan Investment Bonds and high quality term finance certificates.
- 36.1.8** The expected charge for the year 2015 is Rs. 53.32 million.
- 36.1.9** The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	Rupees in '000		
Discount rate	1%	(291,175)	326,320
Salary growth rate	1%	327,807	(289,554)

Notes to the Financial Statements

for the year ended December 31, 2014

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the Projected Unit Credit Actuarial Cost Method at the end of the reporting period) has been applied as when calculating net defined benefit asset recognised within the statement of financial position.

	December 31, 2014	December 31, 2013
	Rupees in '000	
36.1.10 Composition of fair value of plan assets		
Pakistan Investment Bonds	44,500	204,592
Term Finance Certificate	26,183	37,773
Cash and cash equivalents	49,445	40,842
Term Deposits	231,465	8,599
National Investment Trust Units	11,418	-
	363,011	291,806

36.2 Defined Contribution Plan

As disclosed in note 6.10.1, the Bank operates an approved funded contributory provident fund (the fund) for all its permanent employees to which equal monthly contributions are made both by the Bank and the employees at the rate of 8.33% of basic salary. The financial statements of the fund are separately prepared and audited and are not included as part of these financial statements. Contribution funds are placed in bank account maintained with Silkbank in fixed deposits and Super Saver Scheme at the rates of 15% and 10% (2013: 15% and 10%), respectively.

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
Bank's contribution for the year	29	60,904	59,960

37 COMPENSATION OF DIRECTORS AND EXECUTIVES

	2014	2013	2014	2013	2014	2013
	President / Chief Executive		Executive Directors		Executives	
	Rupees in '000					
Managerial remuneration	32,727	30,556	15,699	25,667	519,140	497,451
Charge for defined benefit plan	2,726	2,545	1,255	2,138	39,309	41,438
Contribution to defined contribution plan	2,726	2,545	1,255	2,138	39,309	41,438
Rent and house maintenance	16,363	15,278	7,850	12,833	259,571	248,727
Medical	3,273	3,056	1,570	2,567	51,913	49,745
Conveyance	6,545	6,111	3,140	5,133	103,827	99,490
Bonus and others	8,559	2,479	3,831	1,924	161,186	95,950
	72,919	62,570	34,600	52,400	1,174,255	1,074,239
Number of persons remained at the end of the year	1	1	-	1	387	370

The Chief Executive, Executive Director and Executives are provided with free use of bank provided cars. Executive means employees, other than Chief Executive Officer and directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

*This represents bank's executive director other than president who resign during the current year.

38 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Notes to the Financial Statements

for the year ended December 31, 2014

The fair value of traded investments is based on quoted market price. Fair value of unquoted equity investments is determined on the basis of break-up value of these investments as per the latest available audited financial statements, less impairment, if any.

The fair value of fixed term loans and advances, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for similar assets and liabilities. Loans and advances are reduced for any impairment against non-performing advances determined in accordance with the Bank's accounting policy and Prudential Regulations as detailed in notes 6.5 and 11.3.

The effective yield / interest rates, maturity and repricing profile are stated in notes 42.2.3 and 42.3.1 respectively.

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

39

SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

For management purposes the Bank is organized into following major business segments:

- Wholesale Banking
- Treasury *
- Consumer / SME Banking *

All assets, liabilities, off balances sheet items, and items of income and expense are distributed in primary segments in accordance with the core functions performed by the business groups.

2014	Wholesale Banking	Treasury	Consumer/SME Banking	Total
				Rupees in '000
Total income - net	755,161	1,007,648	3,417,671	5,180,480
Total expenses	(644,594)	(269,244)	(4,135,227)	(5,049,065)
Net income / (loss) before taxation	110,567	738,404	(717,556)	131,415
Taxation				(44,555)
Net Income after taxation				86,860
Segment Assets (Gross)	41,084,035	23,653,685	43,555,840	108,293,560
Segment Non Performing Advances	4,874,843	-	3,347,104	8,221,947
Segment Provision Required	3,244,330	-	2,400,113	5,644,443
Segment Liabilities	11,078,404	19,166,437	63,903,449	94,148,290
Segment Return on net Assets (ROA) (%)	0.49%	7.34%	-2.32%	
Segment Cost of funds (%)	7.03%	13.21%	6.15%	
2013				
Total income - net	526,617	611,269	2,346,450	3,484,336
Total expenses	(933,249)	(168,737)	(3,910,428)	(5,012,414)
Net (loss) / income before taxation	(406,632)	442,532	(1,563,978)	(1,528,078)
Taxation				371,516
Net Income after taxation				(1,156,562)
Segment Assets (Gross)	42,540,974	16,862,578	37,995,568	97,399,120
Segment Non Performing Advances	6,236,754	-	3,635,232	9,871,986
Segment Provision Required	3,725,666	-	1,903,259	5,628,925
Segment Liabilities	13,159,390	9,581,491	62,354,126	85,095,007
Segment Return on net Assets (ROA) (%)	-1.42%	5.37%	-5.19%	
Segment Cost of funds (%)	6.71%	13.28%	5.92%	

* These includes Islamic banking business (for details refer Annexure II).

39.1 As disclosed in note 6.16.1, the Bank has presented segment information in three different segments. Segment named "Treasury" was introduced in the current year and accordingly comparative figures were also rearranged.

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for the year ended December 31, 2014

40 RELATED PARTY TRANSACTIONS

Related parties comprise directors, major shareholders of the Bank and the companies owned by such shareholders, entities owned by the directors of Bank, companies where directors of the Bank also hold directorship, associates, key employees, entities that have key management personnel in common, defined benefit plan and defined contribution plan.

Transactions with related parties are carried out in the normal course of business at agreed terms other than those transactions which are made under the terms of employment. Majority of the transactions with related parties comprise of loans and advance, deposits, issuance of letter of credits and guarantees.

Advances for house building, conveyance and for personal use have also been provided to the staff and executives at reduced rates in accordance with the employment and pay policy and such advances have not been disclosed in the following schedule. Facility of group life insurance and hospitalization insurance is also provided to staff and executives. In addition to this, executives of the Bank have been provided with Bank maintained cars.

Transactions with associate and key management personnel are also executed substantially on the same terms or as per the employment terms (note 12.5.1).

Details of transactions with related parties and balances with them as at the year-end, are as follows:

	December 31, 2014			December 31, 2013		
	CEO & Directors	Key management personnel & Others	Associated companies & common directorship	CEO & Directors	Key management personnel & Others	Associated companies & common directorship
Rupees in '000						
Balances						
Loans						
Loans outstanding at beginning of the year	1,996	4,009	778,814	1,871	20,560	57,918
Loans given during the year	1,868	20,316	4,320,967	250	29,393	3,844,544
Loans repaid / adjusted during the year	(265)	(21,583)	(3,909,499)	(125)	(45,944)	(3,123,648)
Loans outstanding at the end of the year	3,599	2,742	1,190,282	1,996	4,009	778,814
Deposits						
Deposits at beginning of the year	38,022	248,339	109,568	13,726	178,411	142,790
Deposits received during the year	494,707	1,062,221	2,654,874	509,817	1,647,050	1,268,140
Deposits repaid / adjusted during the year	(518,883)	(1,174,443)	(1,272,061)	(485,521)	(1,577,122)	(1,301,362)
Deposits at the end of the year	13,846	136,117	1,492,381	38,022	248,339	109,568
Investments - Shares						
Investments at the beginning of the year	-	-	207,475	-	-	-
Investment made during the year	-	-	67,502	-	-	284,354
Investments redeemed / impaired / adjusted during the year	-	-	(98,229)	-	-	(76,879)
Investments at the end of the year	-	-	176,748	-	-	207,475
Transactions						
Short term employment benefits	99,556	344,282	-	105,532	372,771	-
Termination benefits	7,963	22,579	-	9,367	28,360	-
Mark-up earned on advances	256	831	93,104	250	1,754	105,256
Mark-up paid on deposits	1,404	5,133	60,098	2,155	5,945	7,823
Services rendered / goods received	-	132,410	68,272	-	124,815	138,410
Meeting fee of Non-executive directors	23,711	-	-	26,285	-	-
Share of profit from Associate	-	-	9,392	-	-	14,548

40.1 Deposits of employees' Provident Fund and employees' Gratuity Fund amount to Rs. 776 million (2013: 84 million) and carry mark-up at the rates ranging from 10% to 15% (2013: 10% to 15%).

40.2 Balances pertaining to parties that were related at the beginning of the year but ceased to be so related during any part

Notes to the Financial Statements

for the year ended December 31, 2014

of the current year are not reflected as part of the closing balance of the current period. The same are accounted for through the movement presented above.

41 CAPITAL ASSESSMENT AND ADEQUACY

41.1 Scope of Applications

The Basel-III Framework is applicable to the Bank on a stand alone basis and the Bank has adopted the Standardised approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk while using the simple approach for Credit Risk Mitigation as per SBP guidelines. Saudi Pak Insurance Company Limited (SPICL) is an associate of the Bank which has not been considered for consolidation both under accounting and regulatory scope of consolidation. The Bank owns 23.07% investment in shares of SPICL due to which the Bank has acquired significant influence, but not control, over financial and operating policies of SPICL.

41.1.1 Capital management

Objective of Capital Management:

The Bank manages its capital to attain following objectives and goals:

- To comply with statutory capital requirements set by regulators and comparable with peers;
- Ensuring sufficient liquidity to support its financial obligations and execute its operating and strategic plans;
- Maintaining healthy liquidity reserves and access to capital;
- To mitigate all expected and un expected losses to keep institution a going concern so it can continue to provide adequate return to shareholders; and
- To extend credit to support growth in business even in adverse and stressed economic environment.

The State Bank of Pakistan (SBP) vide BSD Circular No. 7 dated April 15, 2009 has set the Minimum Capital Requirement (MCR) for Banks of Rs. 10 billion (net of losses) for all locally incorporated banks to be achieved up to December 31, 2013. The Banks are also required to maintain a Capital Adequacy Ratio (CAR) of at least 10% of the risk weighted assets of the Bank. The capital of the Bank (net of losses and discount on shares) as of December 31, 2014, including 'Advance against Shares Subscription' as allowed by SBP and excluding general reserves of Rs.180.13 million and convertible preference shares of Rs. 2.20 billion, amounted to Rs. 5.99 billion and CAR of 9.14%.

In order to meet the shortfall from required CAR of 10% and MCR of Rs.10 billion and to improve the financial condition of the Bank, the Bank and Sponsors of the Bank have taken the steps as mentioned in note 1.3.

The Capital Adequacy Ratio of the Bank is subject to the Basel III capital adequacy guidelines stipulated by the State Bank of Pakistan through its circular BPRD Circular No. 06 of 2013 dated August 15, 2013 (as amended). These Instructions are effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019. Under Basel III guidelines, banks are required to maintain the following ratios on an ongoing basis.

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

Ratio	Year						As on Dec 31
	2013	2014	2015	2016	2017	2018	
CET 1	5.00%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
ADT 1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Tier 1	6.50%	7.00%	7.50%	7.50%	7.50%	7.50%	7.50%
Total Capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
*CCB	-	-	0.25%	0.65%	1.275%	1.90%	2.50%
Total Capital plus CCB	10.00%	10.00%	10.25%	10.65%	11.28%	11.90%	12.50%

^{*}(Consisting of CET1 only)

Bank's regulatory capital is analyzed into three tiers.

Common Equity Tier 1 capital (CET1), which includes fully paid up capital, balance in share premium account / discount on issue of shares, general reserves, statutory reserves as per the financial statements and net unappropriated profits after all regulatory adjustments applicable on CET1.

Additional Tier 1 Capital (AT1), which includes perpetual non-cumulative preference shares (which are allowed to be included in Tier 1 Capital as per BPRD/CS/2900/13 dated March 13th, 2013) and Share premium resulting from the issuance of preference shares balance in share premium account after all regulatory adjustments applicable on AT1.

Tier 2 capital, which includes Subordinated debt Instruments, share premium of issuance of Subordinated debt Instruments, general provisions for loan losses (up to a maximum of 1.25 % of credit risk weighted assets), Net of tax reserves on

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for the year ended December 31, 2014

revaluation of fixed assets and securities up to a maximum of 45% of the balance and (20% of the remaining revaluation reserves of 55%) and foreign exchange translation reserves after all regulatory adjustments applicable on Tier-2.

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

The Bank uses reputable and SBP approved rating agencies for deriving risk weight to specific credit exposures. These are applied consistently across the Bank credit portfolio for both on-balance sheet and off-balance sheet exposures.

For domestic claims, External Credit Assessment Institutions (ECAs) recommended by the State Bank of Pakistan (SBP), namely Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS) are used. For claims on foreign entities, ratings assigned by Standard and Poor's, Fitch and Moody's are used. Foreign exposures not rated by any of the aforementioned rating agencies were categorized as unrated.

Exposures	2014				
	JCR	PACRA	S&P	FITCH	Moody's
Corporate Banks	✓	✓	-	-	-
	✓	✓	✓	✓	✓

SBP indicative mapping process as instructed in SBP circular "Minimum Capital Requirements for Banks and DFIs" (indicated in table below) was used to map alphanumeric ratings of PACRA, JCR-VIS, S&P's, Moody's, Fitch Ratings, and numeric scores of ECAs, to SBP rating grades.

Mapping to SBP Rating Grades

long-term rating grade mapping

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

Short-term ratings grades mapping

SBP Rating Grade	PACRA	JCR-VIS	FITCH	S&P	MOODY'S
S1	A-1	A-1	F1	A-1+, A-1	P-1
S2	A-2	A-2	F2	A-2	P-2
S3	A-3	A-3	F3	A-3	P-3
S4	Others	Others	Others	Others	Others

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for the year ended December 31, 2014

	Note	December 31, 2014	December 31, 2013		
		Rupees in '000			
Note 41.2 Capital Adequacy Ratio (CAR)					
Rows # Common Equity Tier 1 capital (CET1): Instruments and reserves					
1 Fully Paid-up Capital		28,716,048	26,716,048		
2 Balance in Share Premium Account		-	-		
3 Reserve for issue of Bonus Shares		-	-		
4 Discount on Issue of shares		(13,284,674)	(13,284,674)		
5 General/ Statutory Reserves		180,134	162,762		
6 Gain/(Losses) on derivatives held as Cash Flow Hedge		-	-		
7 Unappropriated/unremitted profits/ (losses)	41.2.5	(10,322,060)	(10,404,786)		
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		5,289,448	3,189,350		
10 Total regulatory adjustments applied to CET1	41.2.1	1,116,038	586,207		
11 Common Equity Tier 1		4,173,410	2,603,143		
Additional Tier 1 (AT 1) Capital					
12 Qualifying Additional Tier-1 capital instruments plus any related share premium		2,200,000	2,200,000		
13 of which: Classified as equity		2,200,000	2,200,000		
14 of which: Classified as liabilities		-	-		
15 Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)		-	-		
16 of which: Instrument issued by subsidiaries subject to phase out		-	-		
17 AT1 before regulatory adjustments		2,200,000	2,200,000		
18 Total regulatory adjustment applied to AT1 capital	41.2.2	28,785	31,290		
19 Additional Tier 1 capital after regulatory adjustments		2,171,215	2,168,710		
20 Additional Tier 1 capital recognised for capital adequacy		1,138,203	780,943		
21 Tier 1 Capital (CET1 + admissible AT1) (11+20)		5,311,613	3,384,086		
Tier 2 Capital					
22 Qualifying Tier 2 capital instruments under Basel III plus any related share premium		-	-		
23 Tier 2 capital instruments subject to phase-out arrangement issued under pre-Basel 3 rules		-	-		
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		427,612	300,210		
27 Revaluation Reserves (net of taxes)		-	-		
28 of which: Revaluation reserves on fixed assets		531,282	440,105		
29 of which: Unrealised gains / losses on AFS		35,090	231,716		
30 Foreign Exchange Translation Reserves		-	-		
31 Undisclosed/Other Reserves (if any)		-	-		
32 T2 before regulatory adjustments		993,984	972,031		
33 Total regulatory adjustment applied to T2 capital	41.2.3	28,785	31,290		
34 Tier 2 capital (T2) after regulatory adjustments		965,199	940,741		
35 Tier 2 capital recognised for capital adequacy		965,199	940,741		

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for the year ended December 31, 2014

		Note	December 31, 2014	December 31, 2013
			Rupees in '000	
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital		1,033,013	881,459
37	Total Tier 2 capital admissible for capital adequacy		1,998,212	1,822,200
38	TOTAL CAPITAL (T1 + admissible T2) (21+37)		<u>7,309,825</u>	<u>5,206,286</u>
39	Total Risk Weighted Assets (RWA)	41.5	79,961,633	75,175,172
	Capital Ratios and buffers (in percentage of risk weighted assets)			
40	CET1 to total RWA		5.22%	3.46%
41	Tier-1 capital to total RWA		6.64%	4.50%
42	Total capital to total RWA		9.14%	6.93%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)			
44	of which: capital conservation buffer requirement			
45	of which: countercyclical buffer requirement			
46	of which: D-SIB or G-SIB buffer requirement			
47	CET1 available to meet buffers (as a percentage of risk weighted assets)			
	National minimum capital requirements prescribed by SBP			
48	CET1 minimum ratio		5.50%	5.00%
49	Tier 1 minimum ratio		7.00%	6.50%
50	Total capital minimum ratio		10.00%	10.00%

		2014	2013
		Rupees in '000	
Regulatory Adjustments and Additional Information	Amount	Amount subject to Pre - Basel III treatment*	Amount

Note 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)
- 3 Shortfall in provisions against classified assets
- 4 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)
- 5 Defined-benefit pension fund net assets
- 6 Reciprocal cross holdings in 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)

	2014	2013
328,524	407,851	
-	178,356	
224,063	1,120,313	
45,134	-	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	

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for the year ended December 31, 2014

	Note	December 31, 2014	December 31, 2013
		Rupees in '000	
		Amount	Amount subject to Pre - Basel III treatment*
14. Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)		487,464	-
15. Amount exceeding 15% threshold		-	-
16. of which: significant investments in the common stocks of financial entities		1,163	-
17. of which: deferred tax assets arising from temporary differences		29,690	-
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)		1,116,038	586,207

Note 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		28,785	31,290
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)		28,785	31,290

Note 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		28,785	31,290
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)		28,785	31,290

Notes to the Financial Statements

for the year ended December 31, 2014

	Note	December 31, 2014	December 31, 2013
		Rupees in ' 000	
		Amount	Amount subject to Pre - Basel III treatment*
Note 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)	-	-
(i)	of which: deferred tax assets	896,250	1,035,135
(ii)	of which: Defined-benefit pension fund net assets	-	-
(iii)	of which: Recognised 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	154,159	-
(iv)	of which: Recognised 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)	487,464	-
Applicable caps on the inclusion of provisions in Tier 2			
41	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised 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)	-	-
44	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

41.2.5 In view of the repurchase of the property, State Bank of Pakistan while recognising the sale as a sale, vide their letter dated August 24, 2011, has advised the Bank to reclassify 50% of the gain realised on sale of the said property (including amount transferred from revaluation surplus to accumulated loss) for capital adequacy calculation purposes as part of Tier-2 capital with treatment similar to revaluation reserves. Initially revaluation reserves upto 45% were allowed, however since the B-3 deductions has commenced from December 2014, the recognition of the remaining revaluation (55%) has been gradually allowed. On Dec 2014, the bank has also recognised (20% of the remaining revaluation reserves of 55%). Accordingly, an amount of Rs. 877.937 million has been transferred from accumulated loss to revaluation reserve as Tier II Capital for capital adequacy calculation.

Notes to the Financial Statements

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	Balance sheet of the published financial statements	Under regulatory scope of consolidation
	As at December 31, 2014	
	Rupees in '000	
Step I		
NOTE 41.3 Capital Structure Reconciliation		
Assets		
Cash and balances with treasury banks	5,102,984	5,102,984
Balanced with other banks	139,478	139,478
Lending to financial institutions	3,000,000	3,000,000
Investments	18,105,414	18,105,414
Advances-net	58,966,877	58,966,877
Operating fixed assets	4,563,290	4,563,290
Deferred tax assets	3,937,182	3,937,182
Other assets	8,833,892	8,833,892
Total assets	102,649,117	102,649,117
Liabilities and Equity		
Bills payable	2,153,091	2,153,091
Borrowings	21,742,246	21,742,246
Deposits and other accounts	68,770,255	68,770,255
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	17,105	17,105
Deferred tax liabilities	-	-
Other liabilities	1,465,593	1,465,593
Total liabilities	94,148,290	94,148,290
Share capital/ Head office capital account	26,716,048	26,716,048
Advance against proposed issue of right shares	2,000,000	2,000,000
Discount on issue of right shares	(13,284,674)	(13,284,674)
Reserves	180,134	180,134
Convertible preference shares	2,200,000	2,200,000
Unappropriated/ Unremitted profit/ (losses)	(9,444,123)	(9,444,123)
Total Equity	8,367,385	8,367,385
Surplus on revaluation of assets	133,442	133,442
Total liabilities and equity	102,649,117	102,649,117

Step II

Assets		
Cash and balances with treasury banks	5,102,984	5,102,984
Balanced with other banks	139,478	139,478
Lending to financial institutions	3,000,000	3,000,000
Investments	18,105,414	18,105,414
of which: Non-significant investments in the capital instruments of banking, financial and insurance entities exceeding 10% threshold	-	-
of which: significant investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold	-	-
of which: Mutual Funds exceeding regulatory threshold	-	-
of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)	45,134	45,134
of which: others (mention details)		

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for the year ended December 31, 2014

Step II

	Balance sheet of the published financial statements	Under regulatory scope of consolidation
	As at December 31, 2014	
	Rupees in '000	
Advances	58,966,877	58,966,877
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	-	-
general provisions reflected in Tier 2 capital	427,612	427,612
Fixed Assets	4,563,290	4,563,290
Deferred Tax Assets	3,937,182	3,937,182
of which: DTAs that rely on future profitability excluding those arising from temporary differences	1,120,313	1,120,313
of which: DTAs arising from temporary differences exceeding regulatory threshold	2,816,869	2,816,869
Other assets	8,833,892	8,833,892
of which: Goodwill	-	-
of which: Intangibles	-	-
of which: Defined-benefit pension fund net assets	-	-
Total assets	102,649,117	102,649,117
Liabilities & Equity		
Bills payable	2,153,091	2,153,091
Borrowings	21,742,246	21,742,246
Deposits and other accounts	68,770,255	68,770,255
Sub-ordinated loans	-	-
of which: eligible for inclusion in AT1	-	-
of which: eligible for inclusion in Tier 2	-	-
Liabilities against assets subject to finance lease	17,105	17,105
Deferred tax liabilities	-	-
of which: DTLs related to goodwill	-	-
of which: DTLs related to intangible assets	-	-
of which: DTLs related to defined pension fund net assets	-	-
of which: other deferred tax liabilities	-	-
Other liabilities	1,465,593	1,465,593
Total liabilities	94,148,290	94,148,290
Share capital	28,716,048	28,716,048
of which: amount eligible for CET1	28,716,048	28,716,048
of which: amount eligible for AT1	-	-
Discount on issue of right shares	(13,284,674)	(13,284,674)
Reserves	180,134	180,134
of which: portion eligible for inclusion in CET1(provide breakup)	180,134	180,134
of which: portion eligible for inclusion in Tier 2	-	-
Convertible preference shares	2,200,000	2,200,000
Unappropriated profit/ (losses)	(9,444,123)	(9,444,123)
Minority Interest	-	-
of which: portion eligible for inclusion in CET1	-	-
of which: portion eligible for inclusion in AT1	-	-
of which: portion eligible for inclusion in Tier 2	-	-
Surplus on revaluation of assets	133,442	133,442
of which: Revaluation reserves on Fixed Assets	62,661	62,661
of which: Unrealised Gains / Losses on AFS	70,781	70,781
In case of Deficit on revaluation (deduction from CET1)	-	-
Total liabilities & Equity	102,649,117	102,649,117

Notes to the Financial Statements

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Basel III Disclosure Template (with added column)	Component of regulatory capital reported by bank	Source based on reference number from step 2
	Rupees in '000	
Step III		
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital/ Capital deposited with SBP	28,716,048	(s)
2 Balance in Share Premium Account	(13,284,674)	
3 Reserve for issue of Bonus Shares	-	
4 General/ Statutory Reserves	180,134	(u)
5 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
6 Unappropriated/unremitted profits/ (losses)	(10,322,060)	(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	5,289,448	
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)	328,524	(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)	224,063	{(h) - (r)} * x%
13 Defined-benefit pension fund net assets	-	{(l) - (q)} * x%
14 Reciprocal cross holdings in CET1 capital instruments	45,194	(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)	487,464	(l)
23 Amount exceeding 15% threshold	-	
24 of which: significant investments in the common stocks of financial entities	1,163	
25 of which: deferred tax assets arising from temporary differences	29,690	
26 National specific regulatory adjustments applied to CET1 capital	-	
27 of which: Investment in TFCs of other banks exceeding the prescribed limit	-	
28 of which: Any other deduction specified by SBP (mention details)	-	
29 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
30 Total regulatory adjustments applied to CET1 (sum of 9 to 29)	1,116,038	
31 Common Equity Tier 1	4,173,410	
Additional Tier 1 (AT 1) Capital		
32 Qualifying Additional Tier-1 instruments plus any related share premium	2,200,000	(t)
33 of which: Classified as equity	-	(m)
34 of which: Classified as liabilities	-	
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	2,200,000	

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Basel III Disclosure Template (with added column)	Component of regulatory capital reported by bank	Source based on reference number from step 2
	Rupees in '000	
Step III		
Additional Tier 1 Capital: regulatory adjustments		
38 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	(ac)
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)	-	
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	28,785	
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)	28,785	
46 Additional Tier 1 capital	2,171,215	
47 Additional Tier 1 capital recognised for capital adequacy	1,138,203	
48 Tier 1 Capital (CET1 + admissible AT1) (31+47)	5,311,613	
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)	-	(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	427,612	(g)
54 Revaluation Reserves	566,372	
55 of which: Revaluation reserves on fixed assets	531,282	portion of (aa)
56 of which: Unrealised Gains / Losses on AFS	35,090	
57 Foreign Exchange Translation Reserves		(v)
58 Undisclosed/Other Reserves (if any)		
59 T2 before regulatory adjustments	993,984	
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	28,785	
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)	28,785	
66 Tier 2 capital (T2)	965,199	
67 Tier 2 capital recognised for capital adequacy	965,199	
68 Excess Additional Tier 1 capital recognized in Tier 2 capital	1,033,013	
69 Total Tier 2 capital admissible for capital adequacy	1,998,212	
70 TOTAL CAPITAL (T1 + admissible T2) (48+69)	7,309,825	

Notes to the Financial Statements

for the year ended December 31, 2014

Note 41.4 MAIN FEATURES TEMPLATE OF REGULATORY CAPITAL INSTRUMENTS

Disclosure template for main features of regulatory capital instruments

	Main Features	Common Shares	Instrument - 2
1	Issuer	Silk Bank	Silk Bank
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	SILK	
3	Governing law(s) of the instrument	SECP	SECP
	Regulatory treatment:		
4	Transitional Basel III rules	Common Equity Tier I	Additional Tier-1
5	Post-transitional Basel III rules	Common Equity Tier I	Additional Tier-1
6	Eligible at solo/ group / group & solo	-	-
7	Instrument type	Ordinary Shares	PNCPS
8	Amount recognised in regulatory capital (Currency in PKR thousands, as of reporting date)	Rs. (Thousand) 28,716,048	Rs. (Thousand) 2,200,000
9	Par value of instrument	PKR 10	PKR 2.50
10	Accounting classification	Shareholders' Equity	Shareholders' Equity
11	Original date of issuance	1994	28-Mar-13
12	Perpetual or dated		
13	Original maturity date	-	3 years after issuance
14	Issuer call subject to prior supervisory approval		Yes
15	Optional call date, contingent call dates and redemption amount	-	After one year
16	Subsequent call dates, if applicable	-	-
	Coupons / dividends		
17	Fixed or floating dividend/ coupon	-	Fixed
18	coupon rate and any related index/ benchmark	-	-
19	Existence of a dividend stopper	-	-
20	Fully discretionary, partially discretionary or mandatory	-	-
21	Existence of step up or other incentive to redeem	-	-
22	Noncumulative or cumulative	-	Noncumulative
23	Convertible or non-convertible	-	Convertible
24	If convertible, conversion trigger (s)	-	Upon expiry of 3 years
25	If convertible, fully or partially	-	-
26	If convertible, conversion rate	-	3.7
27	If convertible, mandatory or optional conversion	-	Optional
28	If convertible, specify instrument type convertible into	-	Common Equity
29	If convertible, specify issuer of instrument if converts into	-	-
30	Write-down feature	-	-
31	If write-down, write-down trigger(s)	-	-
32	If write-down, full or partial	-	-
33	If write-down, permanent or temporary	-	-
34	If temporary write-down, description of write-up mechanism	-	-
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	-	-
36	Non-compliant transitioned features	-	-
37	If yes, specify non-compliant features	-	-

Notes to the Financial Statements

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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	
	December 31 2014	December 31 Year	December 31 Year	December 31 Year

Credit Risk

On-Balance sheet

Portfolios subject to standardized approach (Simple or Comprehensive)

e.g.	Cash & cash equivalents			
	Sovereign			
	Public Sector entities			
	Banks	29,638	30,221	296,375
	Corporate	3,350,375	3,018,818	33,503,750
	Retail	1,298,159	1,114,361	12,981,585
	Residential Mortgages	57,927	57,660	579,270
	Past Due loans	341,253	550,342	3,412,529
	Deferred tax asset	90,772	-	907,718
	Operating Fixed Assets	423,477	428,370	4,234,766
	Other assets	1,065,963	1,013,233	10,659,625
				302,205
				30,188,183
				11,143,607
				576,598
				5,503,419
				-
				4,283,701
				10,132,331

Portfolios subject to Internal Rating Based (IRB) Approach

e.g. Corporate, Sovereign, Corporate, Retail, Securitization etc.

Off-Balance sheet				
Non-market related				
e.g. Financial guarantees, acceptances, performance related commitments, trade related etc.	363,464	345,913	3,634,643	3,459,131
Market related				
e.g. Foreign Exchange contracts/ derivatives etc.	4,984	4,721	49,838	47,212
Equity Exposure Risk in the Banking Book				
Under simple risk weight method				
e.g. Listed, Unlisted	367	1,545	3,672	15,450
Under Internal models approach				

Market Risk

Capital Requirement for portfolios subject to Standardised Approach

Interest rate risk	136,316	53,495	1,363,163	534,954
Equity position risk	138,135	340,105	1,381,348	3,401,051
Foreign Exchange risk	4,366	4,108	43,663	41,076

Capital Requirement for portfolios subject to Internal Models Approach

Operational Risk	690,969	554,625	6,909,688	5,546,254
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Capital Requirement for operational risks

TOTAL

	7,996,163	7,517,517	79,961,633	75,175,172
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Capital Adequacy Ratios	December 31, 2014		December 31, 2013	
	Required	Actual	Required	Actual
CET1 to total RWA	5.50%	5.22%	5.00%	3.47%
Tier-1 capital to total RWA	7.00%	6.64%	6.50%	4.50%
Total capital to total RWA	10.00%	9.14%	10.00%	7.65%

Notes to the Financial Statements

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RISK MANAGEMENT

The business of banking is dependent upon acceptance and management of financial risk. It involves identification, measurement, monitoring and controlling risks with a view to ensure that:

- adequate capital is available as a buffer;
- exposures remain within the limits prescribed by the Board of Directors; and
- risk taking decisions are in line with business strategy and objectives set by the Board.

The Bank is exposed to a number of risks, which it manages at different levels.

The main categories of risks are:

Credit risk

The risk of losses because counterparties fail to meet all or part of their obligations towards the Bank.

The Bank has established an appropriate credit risk structure and culture whereby policies are reviewed and revamped to maintain sound credit granting procedures, maintaining appropriate credit administration, measurement, monitoring processes and adequate controls.

Risk Management structure includes Credit Approval, Credit Administration, Centralised Processing, Credit Monitoring and Basel III functions reporting to the Risk Management Group Head. Senior and experienced officials are heading each risk category.

The Bank manages credit risk through:

- establishment of acceptable risk levels;
- sound procedures and controls for the management of risk assets and credit documentation;
- target market planning and overall market intelligence; and
- accurate and detailed information about the borrower, its financial position and operations of the Bank.

Market risk

The risk of losses because the market value of the Bank's assets and liabilities will vary with changes in market conditions.

Market risk measures and controls are applied at the portfolio level and limits and other controls are applied to particular books and to specific portfolios. Controls and established parameters are applied to prevent any undue risk concentrations in the trading book and include controls on exposure to individual market risk factors and on positions in securities of individual issuers.

Treasury Middle Office (TMO) performs market risk management activities. TMO is jointly responsible with Treasury Front Office for drawing, reviewing market risk policies (fund management, treasury investment) and processes, monitoring and implementation; and escalating any deviation to ALCO / MRPC.

Operational risk

The risk of losses from inadequate or failed internal processes, people and systems or external events. This definition includes legal risks but excludes strategic and reputational risks.

The Bank has in place robust, duly approved various policies, procedures and a Business Continuity Plan. These are continuously reviewed to strengthen operational controls.

Risk policy sets minimum standards and requires all business units to identify and assess risks. The business units are responsible for day-to-day monitoring of operational risks and for limiting losses as a result thereof. The business units must report operational risk events in the management reporting system. Risk Management Unit has developed a loss database for recording of these events which will be utilised towards building a database to mitigate operational risk.

Liquidity risk

The risk of losses because the Bank's normal liquidity reserves are not sufficient to meet its obligations.

The Bank's approach to liquidity risk management is to ensure, as far as possible, that it will always have sufficient liquidity

Notes to the Financial Statements

for the year ended December 31, 2014

to meet its liabilities when due. The Fund Management Policy is formulated keeping in view SBP's guidelines on risk management and Basel III principles on sound liquidity management.

The ALCO/ MRPC is responsible for managing the composition of assets and liabilities; management of liquidity, timely identification of sources of market and liquidity risk, pricing of deposits and advances, deciding on the required maturity profile and the mix of incremental assets and liabilities, defining the interest rate view of the Bank and deciding on future strategies for treasury, reviewing and articulating the funding policy; and evaluating the market and liquidity risks involved in launching of new products.

42.1 Credit risk

42.1.1 Credit risk management objectives and policies

Credit risk is the risk that a counterparty will not settle its obligation in accordance with the terms of approval or agreed terms.

Credit exposures include both individual borrowers and groups of connected counterparties and portfolios in the banking and trading books.

Credit Risk Policy and Management Group (CRP&MG) is structured to effectively analyse, monitor and manage credit risk through its policies and procedures that are closely aligned with the Bank's business plan, SBP's Prudential Regulations and Basel III requirements.

Sanctioning authority and approval levels for all facilities is conferred by the Board of Directors upon various functionaries of the Bank and is circulated for information of all concerned through circulars issued by CRP&MG. Credit Sanctioning Powers / Authority Levels in terms of BOD approval, as enhanced / amended from time to time, relate to the total exposure of a customer or a customer group and not to specific loans.

42.1.2 Credit risk rating

Credit risk rating is an important tool in monitoring and controlling credit risk. In order to facilitate early identification of changes in risk profiles, credits with deteriorating ratings will be subject to additional oversight and monitoring, for example, through more frequent visits from Relationship Managers and inclusion on a watch list that is regularly reviewed by senior management. The internal risk ratings can be used by line management in different departments to track the current characteristics of the credit portfolio.

In the light of the requirements specified by SBP and in view of Basel III Accord, the Bank has to assess soundness and appropriateness of internal credit risk measurement and management system. The Bank needs to build the foundation for the IRB (Internal Rating Based) Approach and construct data warehouse confirming to the data criteria of Basel III.

In the absence of standard and reliable financial statements to realistically evaluate the strength of a company for assigning ORR, the Bank has to resort to other pragmatically emphasised quantitative / qualitative factors, which have traditionally been considered for extending credit. The Quantitative Evaluation is based on financial indicators, while Qualitative Evaluation is based on subjective factors.

42.1.3 Objectives of Internal Credit Risk Rating (ORR)

Usually credit ratings are aimed at achieving one or more of the following:

- Internal capital allocation
- Internal risk reporting
- Portfolio management
- The setting of credit risk concentration limits
- Developing risk-based pricing benchmarks

The Bank's initial objective of ORR is to generate accurate and consistent ratings for credit portfolio of the Bank. Credit / Obligor risk ratings are summary indicators of the degree of risk inherent in the Bank's individual credit exposures. A credit rating represents an assessment of the probability of default attached to a given counterparty to meet debt servicing and other repayment obligations on a timely basis. At the Bank, a system has been developed and successfully implemented to assign Credit / Obligor Risk Ratings to each borrower.

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42.1.4 Segmental information

42.1.4.1 Segments by class of business

	December 31, 2014					
	Advances (Gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
	(Note 11)		(Note 17)		(Note 23)	
Chemical and pharmaceuticals	2,042,953	3.2%	533,689	0.8%	310,957	1.0%
Agribusiness	572,939	0.9%	25,110	0.0%	12,081	0.0%
Cement	325,486	0.5%	565,609	0.8%	294,239	1.0%
Sugar	3,889,493	6.0%	1,707	0.0%	323,493	1.1%
Textile	6,322,766	9.8%	238,242	0.4%	1,205,754	4.0%
Footwear and leather garments	323,096	0.5%	4,235	0.0%	86,968	0.3%
Automobile / transportation equipment	879,024	1.4%	180,862	0.3%	61,066	0.2%
Electronics and electrical appliances	2,128,747	3.3%	16,388	0.0%	1,082,616	3.6%
Power (electricity), Gas, Water, Sanitary	705,433	1.1%	2,515,782	3.7%	850,322	2.8%
Financial	1,723,958	2.7%	2,582,283	3.8%	16,418,974	54.6%
Insurance	-	0.0%	287,763	0.4%	-	0.0%
Individuals	10,636,834	16.5%	37,262,355	54.2%	-	0.0%
Exports / Imports & Trading	2,738,894	4.3%	603,899	0.9%	783,206	2.6%
Hotel & Resorts	1,159,613	1.8%	23,987	0.0%	70,859	0.2%
Telecommunications	918,204	1.4%	550,946	0.8%	236,019	0.8%
Real estate	5,115,996	7.9%	1,404,010	2.0%	1,939,192	6.5%
Others	24,933,703	38.7%	21,973,388	32.0%	6,381,259	21.2%
	64,417,139	100%	68,770,255	100%	30,057,005	100%
December 31, 2013						
Chemical and pharmaceuticals	3,391,110	5.5%	1,255,933	1.8%	223,015	0.8%
Agribusiness	161,593	0.3%	22,525	0.0%	14,778	0.1%
Cement	253,180	0.4%	773,252	1.1%	287,099	1.1%
Sugar	1,509,782	25%	2,577	0.0%	235,186	0.9%
Textile	6,819,295	11.1%	278,338	0.4%	539,003	2.0%
Footwear and leather garments	423,023	0.7%	291,871	0.4%	38,829	0.1%
Automobile / transportation equipment	751,265	1.2%	13,867	0.0%	199,111	0.7%
Electronics and electrical appliances	1,172,063	1.9%	21,887	0.0%	354,058	1.3%
Power (Electricity), Gas, Water, Sanitary	994,226	1.6%	98,690	0.1%	445,384	1.7%
Financial	2,036,306	3.3%	1,538,091	2.2%	13,257,069	49.5%
Insurance	-	0.0%	398,816	0.6%	-	0.0%
Individuals	7,935,064	12.9%	37,013,455	53.3%	-	0.0%
Exports / Imports & Trading	3,440,163	5.6%	451,300	0.6%	604,218	2.3%
Hotel & Resorts	1,450,441	2.4%	365,496	0.5%	74,868	0.3%
Telecommunications	683,240	1.1%	583,229	0.8%	355,521	1.3%
Real Estate	3,687,999	6.0%	-	0.0%	-	0.0%
Others	26,760,979	43.5%	26,324,125	37.9%	10,153,304	37.9%
	61,469,729	100%	69,433,452	100%	26,781,443	100%

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42.1.4.2 Segment by sector

	December 31, 2014					
	Advances (Gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
	(Note 11)		(Note 17)		(Note 23)	
Public / Government	-	0%	8,631,045	13%	7,033,057	23%
Private	64,417,139	100%	60,139,210	87%	23,023,948	77%
	64,417,139	100%	68,770,255	100%	30,057,005	100%
December 31, 2013						
Public / Government	-	0%	10,434,405	15%	7,897,923	29%
Private	61,469,729	100.0%	58,999,047	85%	18,883,520	71%
	61,469,729	100%	69,433,452	100%	26,781,443	100%

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

	December 31, 2014		December 31, 2013	
	Classified Advances	Specific Provision	Classified Advances	Specific Provision
	Rupees in ' 000			
Agribusiness	104,316	46,767	190,916	134,759
Textile	1,652,153	1,307,324	2,449,761	1,354,349
Chemical and pharmaceuticals	553,825	413,308	624,364	396,723
Cement	54,289	48,860	54,289	48,860
Footwear and leather garments	143,554	113,125	150,302	109,361
Automobile and transportation equipment	767,052	501,336	1,079,091	519,031
Electronics and electrical appliances	836,110	538,836	817,352	719,071
Exports / Imports	558,573	300,835	703,213	292,136
Financial	81,373	81,373	89,520	89,520
Services	216,661	120,358	544,851	221,040
Individuals	1,412,450	753,924	1,155,793	488,159
Others	1,841,591	796,604	2,012,534	758,988
	8,221,947	5,022,650	9,871,986	5,131,997

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

	December 31, 2014		December 31, 2013	
	Classified Advances	Specific Provision	Classified Advances	Specific Provision
	Rupees in ' 000			
Public / Government	-	-	-	-
Private	8,221,947	5,022,650	9,871,986	5,131,997
	8,221,947	5,022,650	9,871,986	5,131,997

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42.1.4.5 Geographical segment analysis

	Profit/(Loss) before taxation	Total assets employed	Net assets employed	December 31, 2014	
				Rupees in '000	
				Contingencies and commitments	
Pakistan		131,415	102,649,117	8,500,827	30,057,005
<hr/>					
December 31, 2013					
Pakistan		(1,528,078)	91,770,195	6,675,188	26,781,443

42.2 Market Risk

Market risk is defined as the potential loss in market value of a given portfolio that can be expected to be incurred arising from changes in market prices, namely interest rates, foreign exchange rates and equity prices.

The Bank is exposed to market risk in its trading investment portfolio because the values of its trading positions are sensitive to changes in market prices and rates.

The Bank has a well established framework for market risk management with the Treasury Investment Policy, Liquidity Policy and Market Risk Management Policy. The Bank has major objective of protecting and increasing net interest income in the short run and market value of the equity in the long run for enhancing the shareholders wealth. Further, it defines the contours of the way the Bank's market risk is managed within defined parameters and with prescriptive guidelines on the tools, techniques and processes.

The Asset Liability Committee (ALCO), Market Risk Policy Committee (MRPC) and Investment Committee is entrusted with key decision making in establishing market risk related strategies and monitoring there-against. The Committee decides on product pricing, mix of assets, liabilities, stipulates liquidity and interest rate risk limits, monitors them, articulates the Bank's interest rate view and determines the business strategy of the Bank.

Management of interest rate risk of the Banking Book is primarily focused on interest and fair value through Re-pricing Gap Analysis, Analysis of the Net Interest Income Sensitivity, Duration, Value-at-Risk (VaR) and Fair Value Sensitivity. The management of interest rate risk of the trading book is achieved through mark-to-market practice and exposure analysis. On a periodic basis, risk monitoring reports are prepared for senior management to gain an accurate understanding of Bank's risk position. Mathematical model like Stress-Testing is carried out at least biannually.

The Middle Office in Risk Management Group has an independent reporting structure on risk aspects and helps management in determining compliance in terms of exposure analysis, tracking of limits, funding and various other risk sensitive market parameters.

42.2.1 Foreign exchange risk

Currency risk is the risk of loss arising from the fluctuation of exchange rates. Bank's currency risk is first controlled through a substantially matched funding policy. We utilise appropriate hedging instruments, such as forward foreign exchange (FX) contracts, currency swaps to effectively hedge and manage currency risks.

The majority of foreign currency exposure is in the US dollar. Bank is carefully monitoring the net foreign currency exposure and the effect of exchange rate fluctuation by conducting mark to market sensitivity and stress testing on a regular basis as well as utilizing the currency forward FX contracts to control the risk. Beside that, the Bank has Foreign Exchange Stop Loss Limit based on Daily Value-at-Risk (VaR) to manage the loss absorption capacity of the Bank.

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	December 31, 2014			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
Rupees in '000				
Pakistan Rupee	100,639,770	86,936,412	(5,246,092)	8,457,266
United States Dollar	1,713,963	5,815,137	4,135,161	33,987
Great Britain Pound	231,098	813,618	583,196	676
Japanese Yen	669	-	-	669
Euro	57,403	583,123	527,735	2,015
Other currencies	6,214	-	-	6,214
	102,649,117	94,148,290		8,500,827
December 31, 2013				
Rupees in '000				
Pakistan Rupee	89,589,810	76,516,226	(6,440,428)	6,633,156
United States Dollar	1,853,136	6,958,576	5,121,350	15,910
Great Britain Pound	195,213	844,011	664,074	15,276
Japanese Yen	-	1,135	2,006	871
Euro	126,986	775,059	652,998	4,925
Other currencies	5,050	-	-	5,050
	91,770,195	85,095,007		6,675,188

42.2.2 Equity Position Risk

The Bank is exposed to equity price changes on its investments in Trading Book. These equity exposures are primarily related to market price movements in local equity market index. Changes in the overall value of equity trading book are recorded through profit and loss account. Bank's Investment Committee approves the investment stocks and their limits. It also reviews the portfolio with mark to market position on regular basis. Stop loss limits have been approved and are monitored on a regular basis.

42.2.3 Mismatch of interest rate sensitive assets and liabilities

On-balance sheet financial instruments	Effective Yield / Interest rate	Total	December 31, 2014										Not exposed to yield / interest risk	
			Exposed to Yield / Interest risk											
			Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years			
Rupees in '000														
Assets														
Cash and balances with treasury banks	0.00%	5,102,984	1,270,627	-	-	-	-	-	-	-	-	-	3,832,357	
Balances with other banks		139,478	-	-	-	-	-	-	-	-	-	-	139,478	
Lendings to financial institutions	10.08%	3,000,000	2,400,000	-	600,000	-	-	-	-	-	-	-	15,276	
Investments - net	0.39%	18,121,708	265,846	91,285	4,557,921	6,123,956	2,446,688	206,801	55,449	3,566,636	-	-	817,126	
Advances - net	12.40%	58,966,877	1,936,913	33,071,354	9,114,813	5,390,259	617,346	96,552	583,104	3,565,396	1,031,882	3,840,848	8,833,892	
Other assets		8,833,892	-	-	-	-	-	-	-	-	-	-		
		94,164,839	5,872,985	33,152,639	14,272,534	11,514,215	3,264,034	303,353	545,553	7,132,032	1,031,882	15,972,701		
Liabilities														
Bills payable		2,153,091	-	-	-	-	-	-	-	-	-	-	2,153,091	
Borrowings	9.45%	21,742,246	18,411,661	4,574,939	578,813	-	-	-	-	-	-	-	176,833	
Deposits and other accounts	5.27%	68,770,255	5,535,540	26,438,944	7,736,802	9,839,483	44,123	79,532	54,485	-	-	-	10,030,846	
Liabilities against assets subject to finance lease		17,105	285	570	865	1,711	3,421	3,421	6,842	-	-	-		
Other liabilities		1,465,593	-	-	-	-	-	-	-	-	-	-	1,465,593	
		94,164,839	21,947,486	31,014,453	8,317,970	9,841,194	47,544	82,953	81,327				22,835,363	
On-balance sheet gap		15,649	(16,074,500)	2,138,186	5,954,564	1,673,021	3,216,480	220,400	587,226	7,132,032	1,031,882	(5,982,662)		
Total Yield / Interest Risk Sensitivity Gap		15,649	(16,074,500)	2,138,186	5,954,564	1,673,021	3,216,480	220,400	587,226	7,132,032	1,031,882	(5,982,662)		
Cumulative Yield / Interest Risk Sensitivity gap														
			(16,074,500)	(13,936,314)	(7,981,750)	(6,308,729)	(3,592,230)	(2,871,839)	(2,284,513)	4,847,419	5,870,311	15,940		

Notes to the Financial Statements

for the year ended December 31, 2014

Effective Yield / Interest rate	Total	December 31, 2013									
		Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Not exposed to yield / interest risk
Rupees in '000											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	0.00%	5,861,685	1,567,829	—	—	—	—	—	—	—	3,793,866
Balances with other banks		226,184	—	—	—	—	—	—	—	—	226,184
Lendings to financial institutions	9.47%	416,859	416,859	—	—	—	—	—	—	—	—
Investments - net	8.43%	14,853,257	1,188,798	6,386,345	2,127,498	228,806	289,603	472,815	140,442	162,886	1,856,264
Advances - net	10.95%	58,037,522	2,069,039	29,270,129	8,034,200	6,431,998	98,560	98,560	180,120	3,463,007	952,050
Other assets		8,314,048	—	—	—	—	—	—	—	—	8,314,048
		43,238,565	6,072,525	37,656,474	10,161,698	6,600,804	388,163	508,176	333,362	3,625,893	952,050
Liabilities											
Bills payable		2,147,400	—	—	—	—	—	—	—	—	2,147,400
Borrowings	8.09%	11,351,978	4,923,626	5,389,022	659,907	76,853	—	—	—	—	321,838
Deposits and other accounts	5.94%	69,433,452	6,358,505	26,715,430	6,726,798	12,013,125	65,325	3,835	1,192	42,142	17,583,039
Other liabilities		1,532,180	—	—	—	—	—	—	—	—	1,532,180
		85,006,007	11,322,130	32,086,052	7,426,715	12,040,039	65,325	3,835	1,192	42,142	22,107,587
On-balance sheet gap		(1,855,442)	(5,249,605)	5,570,422	2,734,903	(5,379,235)	320,838	565,340	332,370	8,583,751	982,850
Total Yield / Interest Risk Sensitivity Gap		(1,855,442)	(5,249,605)	5,570,422	2,734,903	(5,379,235)	320,838	565,340	332,370	8,583,751	982,850
Cumulative Yield / Interest Risk Sensitivity gap											(1,855,442)

42.3 Liquidity Risk

The risk of losses because the Bank's normal liquidity reserves are not sufficient to meet its obligations.

Bank's approach to liquidity risk management is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due. The Fund Management Policy is formulated keeping in view SBP's guidelines on risk management and Basel II principles on sound liquidity management.

The Bank has an Asset and Liability Management Committee (ALCO) and a Market Risk Policy Committee (MRPC) that are part of the framework for management of risk.

The ALCO / MRPC is responsible for managing the composition of assets and liabilities, management of liquidity, timely identification of sources of market and liquidity risk, pricing of deposits and advances, deciding on the required maturity profile and the mix of incremental assets and liabilities, defining the interest rate view of the Bank and deciding on future strategies for treasury, reviewing and articulating the funding policy; and evaluating the market and liquidity risks involved in launching of new products.

Liquidity contingency funding plans have been drawn up to ensure that alternative funding strategies are in place when any of the indicators being monitored enter into the warning or stress zone and can be implemented on a timely basis to minimise the liquidity risks that may arise upon the occurrence of an unanticipated change in market conditions.

42.3.1 Maturities of assets and liabilities - based on working prepared by the Asset and Liability Management Committee (ALCO) of the Bank

The maturities of Deposits and Cash and Balances with Treasury Banks are determined on the basis of study conducted by the Bank based on past years data and the analysis reviewed by the ALCO from time to time.

Notes to the Financial Statements

for the year ended December 31, 2014

December 31, 2014

	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	5,102,984	977,320	30,415	163,842	3,901,407	-	-	-	-	-
Balances with other banks	139,478	139,478	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,000,000	2,400,000	-	600,000	-	-	-	-	-	-
Investments - net	18,105,414	257,599	24,973	4,357,921	6,785,302	2,471,692	313,781	127,410	3,566,536	-
Advances - net	58,968,877	4,870,252	7,046,421	8,207,775	6,727,644	10,928,787	2,165,944	7,101,373	4,203,377	1,707,303
Operating fixed assets	4,563,290	570,411	570,411	-	570,411	570,411	570,411	1,140,824	-	-
Deferred tax assets - net	3,937,162	-	-	-	778,660	743,750	1,386,000	1,030,762	-	-
Other assets	8,833,892	3,134,412	820,546	4,780,566	298,368	-	-	-	-	-
	102,649,117	12,358,572	8,294,786	15,910,515	19,059,782	25,714,640	4,436,136	9,400,389	7,770,013	1,707,303
Liabilities										
Bills payable	2,153,091	2,153,091	-	-	-	-	-	-	-	-
Borrowings	21,742,248	16,448,887	4,714,748	578,814	-	-	-	-	-	-
Deposits and other accounts	68,770,255	8,890,231	7,453,188	8,856,026	11,469,555	2,301,130	6,012,362	11,820,145	5,834,497	5,933,111
Liabilities against assets subject to finance lease	17,105	286	571	856	1,711	3,420	3,420	6,841	-	-
Other liabilities	1,465,593	908,853	314,404	97,675	48,838	48,837	48,908	-	-	-
	94,148,290	28,389,146	12,482,918	9,533,371	11,320,104	2,353,387	6,064,768	11,926,986	5,834,497	5,933,111
Net assets										
Share capital	26,716,046	-	-	-	-	-	-	-	-	-
Discount on issue of shares	(13,264,674)	-	-	-	-	-	-	-	-	-
Reserves	182,782	-	-	-	-	-	-	-	-	-
Advance against shares subscription	2,000,000	-	-	-	-	-	-	-	-	-
Convertible preference shares	2,200,000	-	-	-	-	-	-	-	-	-
Accumulated loss	(9,444,123)	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	133,442	-	-	-	-	-	-	-	-	-
	8,500,827	(16,049,576)	(4,168,152)	6,377,145	7,539,676	21,361,253	11,628,632	(7,526,597)	1,835,516	(4,225,808)

December 31, 2013

	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	5,361,695	1,023,328	32,121	202,161	1,104,085	-	-	-	-	-
Balances with other banks	226,184	226,184	-	-	-	-	-	-	-	-
Lendings to financial institutions	448,859	448,859	-	-	-	-	-	-	-	-
Investments - net	14,853,257	3,051,185	8,429,732	2,120,698	209,609	281,269	466,287	136,491	157,597	-
Advances - net	56,037,522	5,580,288	7,778,775	3,953,089	6,708,634	16,304,207	3,140,110	7,003,047	4,276,043	1,293,329
Operating fixed assets	4,691,552	586,444	586,444	586,444	586,444	586,444	586,444	1,172,888	-	-
Deferred tax assets - net	3,839,078	-	-	-	-	959,769	959,769	1,919,540	-	-
Other assets	8,314,048	1,810,297	304,062	3,509,302	697,307	-	-	-	-	-
	91,770,195	12,717,588	17,131,134	10,371,624	12,305,219	16,131,688	5,152,610	10,231,986	4,434,040	1,293,329
Liabilities										
Bills payable	2,747,400	2,747,400	-	-	-	-	-	-	-	-
Borrowings	11,381,975	5,286,593	5,369,822	699,907	26,863	-	-	-	-	-
Deposits and other accounts	69,433,452	9,819,734	7,510,792	7,820,944	13,613,586	2,206,584	6,726,319	11,488,300	5,724,258	5,722,932
Other liabilities	1,532,160	931,881	386,581	97,886	18,807	48,928	49,077	-	-	-
	85,096,007	18,584,578	13,266,075	8,818,707	13,659,246	2,255,512	5,775,396	11,488,303	5,724,258	5,722,932
Net assets										
Share capital	26,716,046	-	-	-	-	-	-	-	-	-
Discount on issue of shares	(13,264,674)	-	-	-	-	-	-	-	-	-
Reserves	182,782	-	-	-	-	-	-	-	-	-
Convertible preference shares	2,200,000	-	-	-	-	-	-	-	-	-
Accumulated loss	(8,526,849)	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of deferred tax	407,901	-	-	-	-	-	-	-	-	-
	6,675,188	(5,866,590)	3,365,059	1,752,917	(1,353,027)	5,876,173	(822,786)	(1,256,337)	(1,290,218)	(4,429,603)

Notes to the Financial Statements

for the year ended December 31, 2014

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

	December 31, 2014									
	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	5,102,984	5,102,984	-	-	-	-	-	-	-	-
Balances with other banks	138,478	138,478	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,000,000	2,400,000	-	600,000	-	-	-	-	-	-
Investments - net	15,105,414	257,699	24,973	4,557,921	6,785,302	2,471,892	313,781	127,410	3,586,636	-
Advances - net	58,986,877	4,876,252	7,048,421	5,207,776	6,727,844	19,928,787	2,185,944	7,101,373	4,203,377	1,707,939
Operating fixed assets	4,863,280	570,411	570,411	570,411	570,411	570,411	570,411	1,140,834	-	-
Deferred tax assets - net	3,937,182	-	-	-	-	384,296	384,296	1,968,590	-	-
Other assets	8,833,892	3,134,412	620,546	4,780,586	298,388	-	-	-	-	-
Total assets	102,649,117	15,481,236	8,264,351	15,716,674	14,391,725	23,355,186	4,034,432	10,338,187	7,770,013	1,707,939
Liabilities										
Bills payable	2,153,091	2,153,091	-	-	-	-	-	-	-	-
Borrowings	21,742,246	18,448,887	4,714,745	578,814	-	-	-	-	-	-
Deposits and other accounts	66,770,255	45,011,790	8,002,570	7,738,382	9,839,483	44,123	79,532	54,545	-	-
Liabilities against assets subject to finance lease	(7,105	286	571	856	1,711	3,420	3,420	8,841	-	-
Other liabilities	1,465,893	806,853	314,404	37,676	48,838	48,837	48,837	-	-	-
Total liabilities	94,148,250	64,520,617	11,032,290	8,415,847	9,890,032	96,380	131,938	81,306	7,770,013	1,707,939
Net assets	8,500,827	(8,039,381)	(2,767,939)	7,301,027	4,491,693	23,355,186	3,002,494	10,279,811	7,770,013	1,707,939
Share capital	26,716,048	-	-	-	-	-	-	-	-	-
Discount on issue of shares	(13,284,674)	-	-	-	-	-	-	-	-	-
Reserves	180,134	-	-	-	-	-	-	-	-	-
Advance against shares subscription	2,000,000	-	-	-	-	-	-	-	-	-
Convertible preference shares	2,200,000	-	-	-	-	-	-	-	-	-
Accumulated loss	(8,444,123)	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	133,442	-	-	-	-	-	-	-	-	-
Total assets	8,500,827	(8,039,381)	(2,767,939)	7,301,027	4,491,693	23,355,186	3,002,494	10,279,811	7,770,013	1,707,939

	December 31, 2013									
	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	5,361,685	5,361,685	-	-	-	-	-	-	-	-
Balances with other banks	228,184	228,184	-	-	-	-	-	-	-	-
Lendings to financial institutions	446,899	446,899	-	-	-	-	-	-	-	-
Investments - net	14,853,257	3,051,188	8,429,732	2,120,628	209,680	281,265	456,287	136,491	457,997	-
Advances - net	56,037,522	5,500,285	7,697,738	3,953,089	6,789,671	16,304,207	3,140,111	7,003,047	4,276,043	1,293,328
Operating fixed assets	4,691,552	506,444	506,444	506,444	506,444	586,444	586,444	1,172,888	-	-
Deferred tax assets - net	3,839,078	-	-	-	-	958,789	958,789	1,919,540	-	-
Other assets	6,814,048	1,803,297	364,978	3,509,302	646,471	-	-	-	-	-
Total assets	91,770,195	17,055,955	17,055,952	10,169,463	8,232,255	18,131,685	5,152,611	10,231,966	4,434,040	1,293,328
Liabilities										
Bills payable	2,747,400	2,747,400	-	-	-	-	-	-	-	-
Borrowings	11,381,975	6,285,583	5,369,622	899,907	26,853	-	-	-	-	-
Deposits and other accounts	59,433,452	44,495,981	6,084,932	6,725,798	12,013,186	55,325	9,308	43,336	-	-
Other liabilities	1,532,180	931,851	385,661	97,856	18,807	48,928	48,927	-	-	-
Total liabilities	86,085,007	51,480,825	11,810,084	7,524,561	12,088,967	118,253	52,972	43,336	-	-
Net assets	6,675,188	(36,404,870)	5,255,798	2,644,902	(3,866,712)	18,017,432	5,099,639	10,188,831	4,434,040	1,293,328
Share capital	26,716,048	-	-	-	-	-	-	-	-	-
Discount on issue of shares	(13,284,674)	-	-	-	-	-	-	-	-	-
Reserves	162,762	-	-	-	-	-	-	-	-	-
Convertible preference shares	2,200,000	-	-	-	-	-	-	-	-	-
Accumulated loss	9,526,848	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	407,901	-	-	-	-	-	-	-	-	-
Total assets	6,675,188	(36,404,870)	5,255,798	2,644,902	(3,866,712)	18,017,432	5,099,639	10,188,831	4,434,040	1,293,328

42.4 Operational risk

The risk of losses owing to deficient or erroneous internal procedures, human or system errors, or external events.

The Bank has in place robust, duly approved various policies, procedures and a Business Continuity Plan. These are continuously reviewed to strengthen operational controls.

Risk policy sets minimum standards and requires all business units to identify and assess risks. The business units are responsible for day-to-day monitoring of operational risks and for limiting losses as a result thereof. They also report operational risk events in the management reporting system.

Operational risk tolerance levels, however, have not been established but a broad strategic operational risk direction is in place. This process will move further with the implementation of Internal Control Systems (COSO compliant in process) and Operational Risk Management. Presently, this risk is effectively managed through robust operational policies and procedures.

Notes to the Financial Statements

for the year ended December 31, 2014

43 Trust Activities

The Bank is not engaged in any significant trust activities. However, the Bank acts as security agent of investment portfolio services as custodian on behalf of its customers.

44 Islamic Banking Business (IBB)

In order to meet the guidelines for Sharia compliance in Islamic Banking Institutions (IBIs), statement of financial position and profit and loss account of IBB as at December 31, 2014 are given in Annexure - II. Further detailed disclosures are also given in the said annexure to comply with instructions issued by SBP to improve transparency and standardisation in IBIs' profit and loss distribution policies and practices. Instructions in this regard were issued by the SBP vide IBD Circular No. 3 dated November 19, 2012 and BSD Circular No.3 dated January 22, 2013.

45. RECLASSIFICATIONS

45.1 Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison, which are as follows:

Statement	Rupees in (000)	Reclassified	
		From	To
Statement of financial position	50,917	Advances - net	Other assets
Statement of financial position	30,121	Other liabilities	Other assets
Profit and loss account	90,884	Other income	Fee, commission and brokerage income

46 Date Of Authorization For Issue

The financial statements were authorized for issue on February 25, 2015 by the Board of Directors of the Bank.

47 General

47.1 These financial statements have been prepared in accordance with the revised format for financial statements of banks issued by the SBP through BSD circular letter No.4 dated February 17, 2006.

47.2 Captions in respect of which no amounts exist may not be reproduced in the financial statements except in case of statement of financial position and Profit and Loss account.

47.3 Figures have been rounded off to the nearest thousand rupee except stated otherwise.

Azmat Tarin
President & CEO

Tariq Iqbal Khan
Director

Adnan Afridi
Director

Shamsul Hasan
Director

Statement of Written-off Loan

for the year ended December 31, 2014

SILKBANK LIMITED

ANNEXURE - I

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

Rupees in '000

Date	Party Name	Address	Name of the Individuals / Partners/Directors (with C.N.I.C. No.)	Father's / Husband Name	Amount Outstanding at the beginning of the year				Principal Written-off	Interest / Mark-up Written-off	Other Financial Relief Provided	Total (9+10+11=12)
					Principal	Interest / Mark-up	Other	Total 5+6+7=8				
1	2	3	4	5	6	7	8	9	10	11	12	
Write Off of Rs. 500,000 and above												
7-Jan-14	DOSSANI STEEL IMPEX	51-NISHTER ROAD, (BRANDRETH ROAD), LAHORE	MUHAMMAD ARIF DOSSANI CNIC: 35202-2677917-1	S/O YOUNUS QASIM	1,183	5,086	-	6,219	-	5,086	-	6,086
7-Jan-14	FINE BEARING STORE	51- NISHTER ROAD, (BRANDRETH ROAD), LAHORE	MIAN SAGHEER ASLAM CNIC: 35200-1427448-9	MIAN MUHAMMAD ASLAM	5,000	869	-	5,869	-	869	-	869
20-Jan-14	GREENER MACHINES	20-KM MAIN SHEIKHPURA ROAD LAHORE	MAJEEN YASIN CNIC: 35202-6099420-1 GAULIA MAQEEN YASIN CNIC: 35202-3877385-4	MUHAMMAD YASEEN W/O MAJEEN YASIN	8,400	1,604	-	11,004	-	1,504	-	1,504
3-Feb-14	ANIMAR TEXTILE PVT LTD.	18-KM, MULTAN ROAD, LAHORE	KHAWAJA BELAL AHMAD CNIC: 270-49-062190 MST. SAMEENA BELAL CNIC: 270-54-176953	S/O KH. GHULLAM MOHYUDDIN W/O KHAWAJA BELAL AHMED	22,312	4,526	-	26,838	-	4,526	-	4,526
24-Mar-14	SHEIKHO COOKING OIL MILLS (PVT) LTD	CHEEHONKI MALIYAN JOYIAN WALA MORE, SHEIKHPURA ROAD LAHORE	NAWAB UMAIR ALI KHAN CNIC: 35201-3903173-5 MRS ROSHNA QASIM CNIC: 35202-3951070-4 MRS. PERVEEN RASHEED MR. ISHRAT ALI QURESHI CNIC: 276-92-104359 MRS. NAYYAR QURESHI CNIC: 276-92-407943	NAWAB JEHANGIR ALI KHAN SYED ALI QASIM Gilani MUHAMMAD RASHEED SHARAFAT ALI QURESHI ISHRAT ALI QURESHI	10,891	841	-	11,732	1,891	841	-	2,732
31-Mar-14	ABDUL MAJID KHAKWANI	HOUSE # 109, STREET # 12, CALVARY GROUND, LAHORE,	ABDUL MAJID KHAKWANI CNIC: 35201-1632034-7	S/O ABDUL MAALIK KHAKWANI	9,499	3,700	-	13,199	2,999	3,700	-	6,899
30-Apr-14	KASHIF OIL MILLS	SURAJ KUND ROAD, MULTAN	MIAN ABDUL MAJEED CNIC: 36302-0483300-9	HAJI UMAR DIN	759	565	-	1,324	-	530	-	530
30-Jun-14	CARVAN GOODS TRANSPORT	159 - CIRCULAR ROAD, OUTSIDE AKBARI GATE, LAHORE	NAUMAN MALIK CNIC: 35202-2969453-9	S/O MALIK PERVAIZ	19,895	1,869	-	21,864	-	1,869	-	1,869
30-Jun-14	AZIZ UL HAQ QURESHI	AWAN-E-KARKUNAN-E-TEHRIK-E-PAKISTAN, SHAHRAH-E QUAD-E-AZAM, LAHORE	AZIZ UL HAQ QURESHI CNIC: 35201-6762478-7	MUHAMMAD SAEEED QURESHI	14,278	3,715	-	17,993	778	3,715	-	4,493
30-Jun-14	J.P. PLASTIC	9-KM, SHEIKHPURA ROAD, LAHORE HOTEL STOP	REHAN MALIK CNIC: 35202-2969462-1 SHAHEENA REHAN MALIK CNIC: 35202-6449644-4 ZEESHAN MALIK CNIC: 35202-9596129-9	S/O MALIK PERVAIZ W/O REHAN MALIK S/O MALIK PERVAIZ	33,967	4,867	-	38,634	-	4,867	-	4,867
00-Jun-14	SANA ULLAH PVT LTD.	T NO. 4-BUND ROAD SANDA KALAN LAHORE	SANA ULLAH CNIC: 35201-53789367 SHANAZ QAISARA CNIC: 35202-88633960 KHALID RASHID CNIC: 34301-17370891	S/O ABDUL RASHID W/O SANA ULLAH S/O ABDUL RASHID	49,639	14,730	-	64,369	-	19,370	-	19,370
30-Jun-14	CARVAN ENTERPRISES	66-H, GULBERG III, LAHORE	ZEESHAN MALIK CNIC: 35202-9396129-9	S/O MALIK PERVAIZ	51,000	4,387	-	54,387	33,962	4,387	-	38,349
30-Jun-14	TOYOTA GUJRANWALA MOTORS	OPP. JALLI TOWN, QILA CHNO BY PASS, G.T. ROAD, GWA.	JAVED MUZAFFAR BUTT CNIC: 35202-2370549-1 MUZAFFAR JAVED BUTT CNIC: 35202-7374922-7 RAHEEM MUZAFFER CNIC: 35202-2388756-7 IMTIAZ AFTAB CNIC: 35202-9741060-9 AYSHA BAWAR HAYAT CNIC: 35202-2949041-4 YASMIN JAVED CNIC: 35202-6097768-2	S/O MUZAFFAR HUSSAIN S/O JAVED MUZAFFAR BUTT S/O AFTAB MUZAFFAR S/O AFTAB MUZAFFAR W/O BAWAR HAYAT W/O JAVED MUZAFFAR BUTT	299,973	49,383	-	349,356	-	35,830	-	38,830
12-Aug-14	AL-QAIM PETROLEUM SERVICE	MAIN BHIMBER ROAD OPPOSITE MINI AIRPORT GUJRAT	MUHAMMAD NAEEM CNIC: 34201-0601671-7 MUHAMMAD NADEEM CNIC: 34201-0530545-9	MR. MUHAMMAD YOUNUS MR. MUHAMMAD YOUNUS	9,996	1,811	-	11,807	-	1,811	-	1,811

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Statement of Written-off Loan

for the year ended December 31, 2014

Rupees in '000

Date	Party Name	Address	Name of the individuals / Partners/Directors (with C.N.I.C. No.)	Father's / Husband Name	Amount Outstanding at the beginning of the year				Principal Written-off	Interest / Mark-up written-off	Other Financial Relief Provided	Total (B+D+E+F)
					Principal	Interest / Mark-up	Other	Total 5+6+7=8				
1	2	3	4	5	6	7	8	9	10	11	12	
Write Off of Rs. 500,000 and above												
20-Aug-14	ALI & SAMEER INTERNATIONAL	HEAD OFF: 2, KARACHI CHAMBER, 1ST FLOOR, HASRAT MOHANI ROAD, KARACHI.	MOIZ ALI ASIF CNIC: 33100-1064338-3 ARIF SAEED PARACHA CNIC: 42301-2406172-5	ASIF SAEED PARACHA AHMED SAEED PARACHA	30,301	13,238	-	43,539	27,801	13,238	-	41,039
2-Sep-14	MULTICORE CABLE	136 ABID CHAMBERS, TEMPLE ROAD, LAHORE	SHEIKHTAHR AHMAD MUNIR CNIC: 20027-5257254-6	SHEIKH NOOR AHMAD MUNIR	5,865	-	-	5,866	2,866	-	-	2,866
30-Oct-14	UNION INDUSTRIES PVT LTD.	B-16, ESTATE AVENUE, SITE, KARACHI.	MUHAMMAD JAVED HABIB CNIC: I2301-1176752-3 MIRZA KAMRAN ALI KHAN CNIC: 42301-1791582-5	ABDUL HABIB AHMED ZULFIQAR ALI KHAN	30,495	3,041	-	33,536	30,495	3,041	-	33,536
28-Nov-14	FARHAN TRADING	SUITE # 36- 37, 1ST FLOOR, GULBERG CENTRE, MAIN BOULEVARD, GULBERG-III, LAHORE	FARHAN RAZZAQ (PROPRIETOR) CNIC: 35201-5305777-7	ABDUL RAZZAQ	28,800	12,083	-	40,883	28,800	12,083	-	40,883
28-Dec-14	TAYYBA TRADERS	27-C/1, DAVIS ROAD, LAHORE	MUHAMMAD ASGHAR SHEIKH CNIC: 35200-1457444-7 MRS. ASMA ASGHAR CNIC: 35200-1405943-6	HAJI MUHAMMAD ISMAIL W/D MUHAMMAD ASGHAR SHEIKH	8,489	1,034	-	9,523	-	1,033	-	1,033
30-Dec-14	MEHAR DASTGIR LEATHER & FOOTWEAR INDUSTRY	SHAHEED YOUNIS ROAD, MULTAN	KHAWAJA MUHAMMAD YOUSAF CNIC 36302-0459568-3 KHAWAJA M. ABDULLAH CNIC: 36302-8279957-8 KHAWAJA M. ABDUL REHMAN JAMI CNIC: 36302-3799833-7	KHAWAJA GHULAM DASTGIR KHAWAJA GHULAM DASTGIR KHAWAJA MUHAMMAD YOUNUS	1,865	562	-	2,417	1,355	562	-	1,817
31-Dec-14	ARIF RAHIM	E/28 MAIN WALTON ROAD, LAHORE	ARIF RAHIM CNIC: 35201-6265777-6	MIRZA ABDUL RAHIM	10,988	3,671	-	14,659	-	926	-	926
31-Dec-14	BEADON HYGIENIC PRODUCTS PVT LTD	527-B, SUNDER INDUSTRIAL ESTATE, RAINWIND ROAD, LAHORE	SYED AATHER CNIC 35201-1587734-3 SYED TAHIR ALI CNIC: 35201-1587760-3 SYED AZFAR ALI CNIC: 35201-1587751-3 SYED KAMRAN ALI CNIC: 35201-3202378-1 SYED MOHSIN ALI CNIC: 35201-1444261-7 SYED SARWAT ALI CNIC: 35201-1587735-1 UME-FARWA CNIC: 35201-3163141-8 UME-LAILA AZHAR CNIC: 35201-1272407-8	SYED AZHAR ALI SYED AZHAR ALI SYED AZHAR ALI SYED AZHAR ALI SYED SARWAT ALI SYED IMAD ALI W/D MUHAMMAD TAQI AKBAR D/O SYED AZHAR ALI	95,864	17,478	-	113,342	-	17,342	-	17,342
31-Dec-14	HARJUM TEXTILE	REGISTERED OFFICE: 145-E, GULBERG-III, LAHORE HOUSE # 24-K, MODEL TOWN, LAHORE	CH. NAEEM GULZAR CNIC: 35202-3020481-3 CH. MAZHAR SHAKEEL CNIC: 34603-6324577-9 MRS. SHAKEELA NAEEM CNIC: 35202-3263963-8 MR. GULRAIZ BHALLI CNIC: 34603-3801110-1 MRS. REHANA ABBAS CNIC: 35202-2460452-8 MRS. SEERAT ZAINAB BHALLI CNIC: 34603-5410998-8	S/O CH. GULZAR MUHAMMAD S/O CH. INAYAT ULLAH BHALLI W/O CH. NAEEM GULZAR S/O CH. INAYAT ULLAH BHALLI W/O GHULAM ABBAS W/D MUHAMMAD HAQ BHALLI	41,545	26,954	-	68,499	-	26,954	-	26,954
31-Oct-14	SUMERA KULSOOM / AYESHA TRADERS	H # 15, WALITABAD COLONY, MULTAN	SUMAIRA KULSOOM CNIC: 36302-3182050-2	NAVEED HUSSAIN	5,399	2,982	-	8,381	-	3,111	-	3,111
30-Dec-14	HAJI AYYUB NOOR & SONS	STREET # 2-ALLAH DITTA STREET #2, PEDO ROAD, KOT LAKHPAT, LAHORE	AYUB NOOR CNIC: 35202-1806127-8 RUKHSANA AYUB CNIC: 35202-7017149-6	NOOR MUHAMMAD MUHAMMAD AYUB	65,485	3,807	-	69,292	-	5,578	-	5,578
25-Feb-14	SAEED BUKSH (PVT) LIMITED	3-R MM ALAM ROAD, GULBERG II	ASIM A BUKSH CNIC: 35202-8702980-9	SAEED AHMED BUKSH	12,500	3,897	-	16,397	-	1,569	-	1,569
31-Oct-14	ADVANT ENTERPRISES	256-E, SATELLITE TOWN, RAWALPINDI	MUHAMMAD ILYAS QURESHI CNIC: 37405-0520882-1	MUHAMMAD ILYAS	500	133	-	633	500	133	-	633

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Statement of Written-off Loan

for the year ended December 31, 2014

Rupees in '000

Date 1	Party Name 2	Address 3	Name of the individuals / Partners/Directors (with C.N.I.C. No.) 4	Father's / Husband Name 5	Amount Outstanding at the beginning of the year 6+6+7=8				Principal Written- off 9	Interest / Mark- up written- off 10	Other Financial Relief Provided 11	Total (6+10+11=12) 12
					Principal 6	Interest / Mark-up 8	Other 7	Total 8				
Write Off of Rs. 500,000 and above												
18-Dec-14	SAK ENTERPRISES	655-G, FAISAL TOWN, LAHORE	SHAFAT ALI KHAN CNIC: 35202-9901915-1	KANWAR LIAQUAT ALI KHAN	5,987	3,393	-	9,390	997	3,293	-	4,390
26-Mar-14	WALI LIVESTOCK & AGRA PRODUCTS	DELIWALA CENTRE, DO-2, BLOCK-B, KEHKASHAN, CLIFTON, KARACHI	SYED Pervaiz Hussain CNIC: 42301-0964858-5	SYED DILQAR HUSSAIN	1,233	938	-	2,171	-	585	-	585
22-Mar-14	BHATTI TRADING COMPANY	MAIN SHEIKHPURA ROAD NAZD KHIALI PULI MOHALLAH SALAMAT PURA GUJRANWALA	MR. IKRAM BHATTI CNIC: 34101-6645687-5	GULZAR AHMED	2,700	1,043	-	3,743	-	973	-	973
7-Mar-14	FRONTIER PHARMACEUTICALS (PVT) LTD	INDUSTRIAL ESTATE, JAMRUD ROAD, PESHAWAR.	MR. RIAZ AHMED CNIC: 17301-7394957-9	MUHAMMAD AHMED	-	541	-	541	-	541	-	541
14-May-14	FABRILINE	PECO ROAD LAHORE OPPOSITE	AZHAR MUZAFFAR CNIC: 35202-8550251-5	SIO M. MUZAFFAR	-	3,245	-	3,245	-	3,245	-	3,245
29-Apr-14	MAONI MOTORS	OFFICE NO.910, 9TH FLOOR, TOWER-B,	GULSHAN FARAZ CNIC: 42101-1839247-5	ABDUL HAMEED GULSHAN	-	1,550	-	1,550	-	1,550	-	1,550
10-Feb-14	R. IDEA SHOES	MUSHTAQ COLONY, KOTLI PIR REHMAN ROAD, BEGUM PURA PAKISTAN MINT, LAHORE	MUHAMMAD RASHID HANIF CNIC: 35202-2190512-9	MUHAMMAD HANIF	7,664	3,161	-	10,825	4,084	2,808	-	7,272
14-Feb-14	Riaz Ul Hassan Siddique	HOUSE # C-141 BLOCK # B BLK-10 NEAR AISHA MANZIL STREET F B AREA KARACHI	Riaz Ul Hassan Siddique CNIC: 42101-1624733-1	MUHAMMAD ABDUL SALAM SIDDIQUE	1,449	308	-	1,757	1,449	308	-	1,757
6-Feb-14	FAISAL MEHMOOD	H # 01 BLOCK # 1 RIVER VIEW COOPERATIVE STREET LAHORE	FAISAL MEHMOOD CNIC: 37302-7214421-1	MEHMOOD AKHTER ARMAL	1,368	544	-	1,912	241	544	-	785
4-Jun-14	M SAEED	167 KAREEM STREET, ALLAMA IQBAL TOWN, LAHORE	M SAEED CNIC: 35202-5715051-7	MIAN ALLAH DIN	1,543	496	-	2,039	294	496	-	760
23-May-14	RAJA FAISAL AZIZ BHATTI	HOUSE# 28-A, CIVIL LINES,	RAJA FAISAL AZIZ BHATTI CNIC: 37405-8771787-5	RAJA ABDUL AZIZ BHATTI	-	1,958	-	1,958	-	1,958	-	1,958
24-Jun-14	HAJI KARIM BAKSH	39 A, COMMERCIAL ZONE ALLAMA IQBAL TOWN LAHORE	HAJI KARIM BAKSH CNIC: 35202-3723020-5	MEHMOOD AHMED BAKSH	-	8,483	-	8,483	-	8,483	-	8,483
3-Oct-14	ZAHID LATIF	528 B, STATE LIFE HOUSING SOCIETY, LAHORE.	ZAHID LATIF CNIC: 35201-1613082-3	MUHAMMAD LATIF	1,377	529	-	2,006	177	529	-	806
31-Dec-14	MIRZA NADEEM MUNAWAR BAIG	H# 3 STREET No 1 CAVALARY GROUND LAHORE	MIRZA NADEEM MUNAWAR BAIG CNIC: 35201-6900485-5	MIRZA MUNAWAR	1,240	337	6	1,583	1,240	337	-	1,577
31-Dec-14	SYED NAFEES UL HASSAN ZAIKI	H# 17 MOHNI ROAD LAHORE	SYED NAFEES UL HASSAN ZAIKI CNIC: 35202-3432858-7	SYED MUZAHIR HUSSAIN ZAIKI	624	93	5	521	624	93	-	516
31-Dec-14	SAJJAD MEHDI	R-755, BLOCK 18, FB AREA, KARACHI	SAJJAD MEHDI CNIC: 42101-8012058-7	MEHDI NAWAZ	631	126	6	763	631	126	-	767
31-Dec-14	LAEEQ AHMED	FLAT # 25-G ASKARI-Y MALIR CANTT KARACHI	LAEEQ AHMED CNIC: 42101-3621683-8	MUHAMMAD SAEED KHAN	481	179	9	660	481	179	-	660
31-Dec-14	SYED TAHR AHMED	R-366 SHAMSI VILLA LANDHI-2 KARACHI	SYED TAHR AHMED CNIC: 42201-4724241-9	SYED MANZOOR AHMED	501	175	8	684	501	175	-	676
31-Dec-14	PARVEEN AFZAAL	84-K, MUSA PARK, GARI SHAO, LAHORE	PARVEEN AFZAAL CNIC: 35202-8497319-0	MUHAMMAD AFZAAL	470	98	10	578	470	98	-	568
31-Dec-14	ZAHID AZHAR SIDDIQUE	470, BLOCK-L, JOHAR TOWN, LAHORE	ZAHID AZHAR SIDDIQUE CNIC: 35302-5650713-3	MUHAMMAD AZHAR UD DIN	612	78	10	700	612	78	-	680
31-Dec-14	MUHAMMAD NAWEED ASLAM	27 STREET-1 QAYUMABAD KORANGI ROAD KARACHI	MUHAMMAD NAWEED ASLAM CNIC: 38401-0198726-7	MUHAMMAD ASLAM	670	51	9	733	670	51	-	724
28-Oct-14	Iqtaebar Ali	539 . . . BLOCK H, PHASE 5,	Iqtaebar Ali CNIC: 35202-1653694-7	CHUAHDHY BARKAT ALI	-	10,283	-	10,283	-	10,283	-	10,283
21-Nov-14	Muhammad Kashif	177/12 STREET, NABI BUXSH, GULSHANABAD	Muhammad Kashif CNIC: 34101-6901838-1	MUHAMMAD HANIF BUTT	-	5,495	-	5,495	-	5,495	-	5,495
13-Nov-14	Mian Kashif Zubair	H# 68, . . . BLOCK V,	Mian Kashif Zubair CNIC: 35201-1225713-3	MIAN MOHAMMAD ZUBAIR	-	7,917	-	7,917	-	7,917	-	7,917

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Statement of Written-off Loan

for the year ended December 31, 2014

Rupees in '000

Date	Party Name	Address	Name of the individuals / Partners/Directors (with C.N.I.C. No.)	Father's / Husband Name	Amount Outstanding at the beginning of the year				Principal Written-off	Interest / Mark-up written-off	Other Financial Relief Provided	Total (B+10+11=12)
					Principal	Interest / Mark-up	Other	Total 5+6+7=8				
1	2	3	4	5	6	7	8	9	10	11	12	
Write Off of Rs. 500,000 and above												
11-Dec-14	Sharjeel Ahmed	218, STREET # 2 B, JUDICIAL COLONY, (ECHS)	Sharjeel Ahmed CNIC: 37405-5400918-1	MUHAMMAD SHAFIQUE	-	563	-	563	-	563	-	563
30-Dec-14	Haji Ijaz Ahmed Nadeem	580, B, SETTELLITE, TOWN	Haji Ijaz Ahmed Nadeem CNIC: 34101-2339829-3	HAJI MUHAMMAD SHARIF	-	1,103	-	1,103	-	1,038	-	1,000
30-Dec-14	Bina Yameen Zubair	A-371, BLOCK 5, KDA SCHEME 24, GULSHAN-E-IQBAL	Bina Yameen Zubair CNIC: 42201-0510160-0	MOHAMMAD YAMIN ZUBERI	-	1,259	-	1,259	-	1,228	-	1,228
30-May-14	T.P Corporation	C-01, Tech Town, Canal Road, Faisalabad	Tariq Hameed Puri CNIC: 33100-2210978-7	Abdul Hameed Puri	29,652	1,026	-	30,678	-	2,407	-	2,407
6-Aug-14	Towellers Limited	WSA-30 & 31, Block 1 Federal B Area Karachi	Ms Mahjabeen Obaid CNIC: 42301-6191762-2	Obaid Ali	150,501	-	-	150,501	30,963	-	-	30,363
					1,089,265	240,685	63	1,330,013	174,234	225,973	-	400,207

Emaan Islamic Banking Business

for the year ended December 31, 2014

Islamic Banking Business 

Annexure - II

The Bank is operating 10 Islamic Banking branches at the end of 2014 (2013 : 10)

		Note	December 31, 2014	December 31, 2013
			Rupees in ' 000	
A) STATEMENT OF FINANCIAL POSITION				
ASSETS				
Cash and balances with treasury banks			471,030	267,001
Balances with other banks			4,036	5,447
Due from financial institutions			510,194	1,476,641
Investments			800,202	740,697
Islamic financing and related assets	A-2.1		5,745,328	3,637,083
Operating fixed assets			109,688	127,745
Other assets			2,233,585	707,962
Total Assets			9,874,063	6,962,576
LIABILITIES				
Bills payable			104,464	72,091
Due to financial institutions			26,888	-
Deposits and other accounts				
-Current accounts			1,839,729	923,636
-Saving accounts			1,410,190	822,502
-Term deposits			2,313,292	1,824,708
-Others			35,000	-
-Deposit from financial institutions - remunerative			1,041,647	379,876
-Deposits from financial institutions - non - remunerative			204	3,069
Due to head office			2,507,147	2,507,147
Other liabilities			56,901	62,774
Total Liabilities			9,335,462	6,595,803
NET ASSETS			538,601	366,773
REPRESENTED BY				
Islamic banking fund			425,000	425,000
Reserves			-	-
Accumulated profit / (loss)			114,821	(62,525)
(Deficit) / Surplus on revaluation of assets / net			539,821	362,475
			(1,220)	4,298
			538,601	366,773
A-2.1 Islamic financing and related assets				
Financing / Investment Receivables				
Murahaba			2,095,181	454,936
Musharaka			3,450,147	3,182,147
Diminishing Musharaka			200,000	-
			5,745,328	3,637,083
A-2.2 CONTINGENCIES AND COMMITMENTS				
Guarantees favouring				
- Government			-	-
- Banking companies and other financial institutions			-	-
- Others			350,000	-
Commitments in respect of forward exchange contracts				
Forward exchange contracts with State Bank of Pakistan, banks and other institutions			-	-
- Sale			-	-
- Purchase			251,297	-

Emaan Islamic Banking Business

for the year ended December 31, 2014

Annexure - II

		December 31, 2014	December 31, 2013
		Rupees in ' 000	
B)	REMUNERATION TO SHARIA ADVISOR / BOARD	2,623	2,420
C)	During the period no charity credited to Charity Fund Account nor any payment made out of it.		
D)	PROFIT AND LOSS ACCOUNT	Note	December 31, 2014
	Profit / return earned on financings, investments and placements		708,063
	Return on deposits and others dues expensed		(316,425)
	Net spread earned		391,638
	Other Income		
	Fees, commission and brokerage income		13,439
	Income / (loss) from dealing in foreign currencies		1,593
	Gain on sale of securities		11,965
	Other income		1,285
	Total other income		28,282
	Other Expenses		
	Administrative expenses		(242,541)
	Other charges	31	(33)
	Total other expenses		(242,574)
	Profit / (loss) before taxation		177,346
			(236,943)
			(99)
			(237,042)
			(36,942)
E)	DISCLOSURES		

The number and nature of pools maintained by the IBI along with their key features and risk & reward characteristics are as follows:

Emaan Islamic Banking, the Islamic Banking Division (IBD) of Silkbank Ltd., has a well-defined profit and loss distribution and pool management framework for creation of one or more pools of assets to be financed by different types of deposits. Currently, the IBD has the policy of maintaining a single Mudaraba Pool. All funds obtained through Islamic Banking operations are being invested in this Common Mudaraba Pool. The key features and risk/reward features of the same are given below.

Key Features

The Account Holder, in his capacity as the fund provider (called Rabbul Mal in Fiqh terminology) authorizes the IBD acting as the investment manager (called Mudarib in Fiqh terminology) to invest the Account Holder's funds on the basis of an unrestricted Mudaraba agreement in line with rules and principles of Shari'a.

Under the unrestricted Mudaraba agreement, the IBD in its capacity as the fund manager invests the funds accepted from Account Holders in Shari'a compliant financing and investments. The IBD receives a pre-agreed percentage (Mudarib Share) of the profit generated from these activities.

In line with the principles of commingling Mudaraba, where the Mudarib is permitted to commingle its own funds with the funds received on the basis of the Mudaraba, and to comply with the regulations of the SBP on creation of an Islamic Banking Fund (the "IBF"), Silk Bank has created an Islamic Banking Fund of Rs. 425 Million and deposited the same in its common Mudaraba pool.

Risk & Rewards Characteristics

The profit is shared between the Rabbul Mal and the Mudarib as per the agreed ratio, while the loss, if any, is borne by the Rabbul Mal in proportion to his invested amount unless the Mudarib is found to be negligent or in breach of the terms and conditions of the Mudaraba Agreement.

In case of commingling of the Mudarib's own funds with the funds of the Account Holders, the Mudarib shall get the full profit of its own funds and bear the entire loss thereof.

Profit (or loss) for the Account Holder is calculated on the basis of a weightage system which takes into consideration the size of funds, its period and profit payment frequency (details of the weightages are available in all the branches and website). The bigger the size of the fund and the longer the tenor, the higher would be the weightage allocated to the fund for profit distribution.

Emaan Islamic Banking Business

for the year ended December 31, 2014

Avenues/sectors of economy/business where Mudaraba-based deposits have been deployed.

Mudaraba based funds have been deployed to diversified sectors and avenues of the economy/business mainly to Government, Financial Institutions, Construction, Telecommunication, Manufacturing and Services sector.

Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components.

The profit of deposit pool is calculated on the earning assets booked by utilizing the funds from the pool. No general or administrative nature of expense is charged to the pool. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period.

Profit and Loss distribution in Common Mudaraba Pool

2014

General Depositors Pool	Mudarib Share - net of Hiba and including the Mudarib Fee (000)	Mudarib Share - net of Hiba and including the Mudarib Fee (%)	Amount of Mudarib share transferred to depositors through Hiba (000)	Net Mudarib Share transferred to depositors through Hiba (%)	Profit Rate and Weightages announcement period	Mudarib share transferred to depositors through Hiba (%)	Profit Rate earned (%)	Profit Rate distributed (%)
Common Mudaraba Pool	150,556	32.24%	35,834	23.80%	Monthly	19.23%	11.64%	8.18%

2013

General Depositors Pool	Mudarib Share - net of Hiba and including the Mudarib Fee (000)	Mudarib Share - net of Hiba and including the Mudarib Fee (%)	Amount of Mudarib share transferred to depositors through Hiba (000)	Net Mudarib Share transferred to depositors through Hiba (%)	Profit Rate and Weightages announcement period	Mudarib share transferred to depositors through Hiba (%)	Profit Rate earned (%)	Profit Rate distributed (%)
Common Mudaraba Pool	102,792	31.56%	31,608	30.75%	Monthly	23.52%	10.02%	7.66%



Highlights and Achievements

For the year ended December 31, 2014





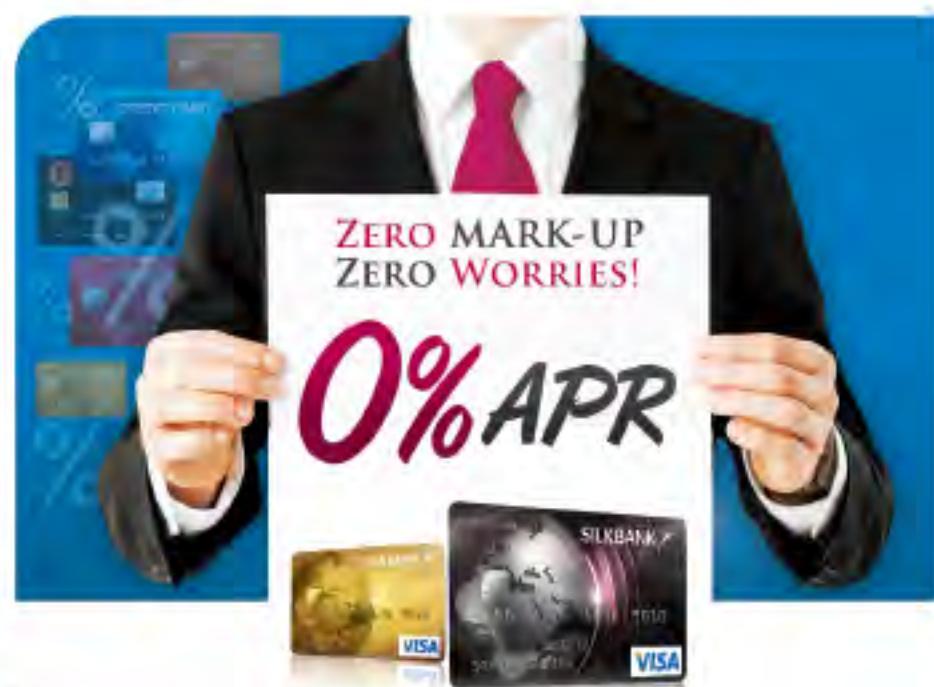
Milestones and Achievements



Business Growth

- The Bank declared an Operating Profit of **Rs. 499 million** and a profit before tax of **Rs. 131 million** in 2014
- The total earnings of Silkbank increased by **49%** over the last year, with net mark-up income higher by **60%** over the previous year
- Silkbank's deposit mix showed a positive improvement with CASA deposit's increasing to **57.4%** from 54.9% in the previous year
- The Bank's balance sheet spread improved from 2.24% in 2013 to **3.42%** in 2014
- Silkbank was also successful in reducing its non-performing loans portfolio by **Rs. 1.6 billion** from the previous year-end figures

- 2014 ENR growth of **Rs. 1.9 billion** against a target of **Rs. 1.75 billion**
- Margin at **Rs. 751 million** vs. budget target of **Rs. 726 million**
- Non-Funded Income at **Rs. 98 million** against budget of **Rs. 76 million**



Consumer Banking

- The momentum in Personal Loans & Running Finance facility was maintained with a combined year end 2014 ENR of **Rs. 6.9 billion** vs. **Rs. 5.0 billion** in 2013



Credit Cards

- In 2014 Ending Net Receivable (ENR) registered a growth of **89%** with ENR of **Rs. 1.88 billion** against **Rs. 993 million** at the end of 2013
- Strong and consistent growth in new cards acquisition. The total Cards in Force (CIF) stood at **34,986** as of December 31, 2014
- Focus remained on "Balance Transfer at 0% APR", Booked **Rs. 783 million** in 2014
- Discounts at key merchant outlets enhanced card presence, boosting Retail spend and building brand image
- Growth in key performance indicators for Credit Cards business translated into a **21%** positive variance for EBIT against the budgeted figure for 2014

Emaan Islamic Banking

- Grew the deposit portfolio by **Rs. 1.6 billion (21%)** in 2014 vs last year
- Funded facility of **Rs. 400 million** to our client for participation in 3G and 4G auction
- Advances stand at **Rs. 6.3 billion** in 2014 vs. Rs. 3.6 billion in 2013
- Funded facilities increased by **Rs. 2.7 billion**, a growth of **75%** in 2014



Now Stay on
top of things
with SMS Alerts

Alternate Delivery Channels

- Increase of VDC customer-base by **16,509** for the year 2014
- VISA Debit Card retail spending increased by **45.3%** to **Rs. 931.83 million** in 2014
- ATM transactions increased by **10.93%** from **Rs. 1.30 million** in 2013 to **Rs. 1.44 million** in 2014
- ADC Services Enrolments for the year:
 - SMS Enrolments: **8,054**
 - E-statement Enrolments: **1,269**
 - Internet Banking Enrolments: **3,209**

Investment Banking

- Successfully closed **Rs. 1.5 billion** syndicated facility for Avari Hotel
- Received CFA Society, Pakistan's "**Transaction of the Year**" award for Preference share issue



Special Assets Management

- The Special Assets Management Group (SAMG) of the Bank once again exceeded expectations and contributed a net amount of **Rs. 1.631 billion** to the P&L Account. With a total NPL reduction and mark-up recovery of **Rs. 2.531 billion**, the SAMG team was able to reduce NPL by **Rs. 1.650 billion**

People Management

- Dedicated approximately **22,000 hours** to training
- Revamped the Learning and Development curriculum to introduce needs-specific programmes
- Participated in Banking Forum's Compensation & Benefits Survey to align Bank's compensation and grading structure with the industry

Customer Service & Quality

- The Mystery Shopping Programme score, a nationwide independent survey of customer frontline experience in top banks of Pakistan, stands at **91%**



Productivity

- Renegotiated rentals and undertook relocation of premises to rationalize costs
- Process re-engineering led to head count saves in Bank operations
- Utility expense saves through energy efficiency, solar initiatives and ongoing monitoring

Operations and Technology

- SilkMobile - Mobile Banking Platform
- Customer Call Back Confirmation (CBC) & recording setup for branches
- Outbound Calling & Recording setup – Sales & Marketing
- Computer Based Training (CBT) & Staff Examination system
- Tab based Verification Management System
- Collections System for Consumer Products
- Expansion in Bank's ATM Network

Fulfilling our Responsibility

As a part of our commitment towards a better society and a better country, we at Silkbanks recognize our social responsibilities and aim to play a leading role within the bank. We measure our success not only in terms of financial criteria, but also by supporting the community that we serve. Our thinking and implementation of CSR objective is evident from our balanced approach, which integrates CSR elements into our strategic planning and our day-to-day business activities.



TCF Career counseling session

At Silkbanks, we recognize our social responsibilities and aim to play a leading role in making a genuine and tangible difference in people's lives. Silkbanks gives special attention to the Education front, helping the underprivileged children of Pakistan reach their full potential. In collaboration with The Citizens Foundation (TCF), which is a professionally managed, non-profit organization working to improve education in Pakistan, Silkbanks participated in its Career Counseling Sessions. It was heartening to see that more than 22 Silkbanks staff members volunteered for the same and made this a huge success.



SOS Children's Village

To help the community of thousands of deprived children and parents, Silkbanks supports and aids Healthcare Facilities at SOS Children's Village.



Children Health & Education foundation

Nothing satisfies our sense of Corporate Social Responsibility more than empowering women and providing education opportunities for children. To fulfill our goals of women empowerment and education, Silkbanks feels extremely proud to work hand in hand with Children Health and Education Foundation (CHAEF) in providing exclusive primary healthcare services and quality primary education to the underprivileged people of Pakistan.



Karachi Women's Swimming Association

Silkbanks has also been an avid supporter of promoting sports across the country. Silkbanks sponsored the Karachi Women's Swimming Championship held at Karachi Gymkhana in 2014.



St. Anthony Church

Silkbanks participated in this year's St. Anthony Church charity event, as our aim is to provide financial assistance to underprivileged people.



AIESEC, Youth to business forum

AIESEC is a global, non-political, independent, not-for-profit organization run by students and fresh graduates from institutions of higher education. Silkbanks is proud to have worked with AIESEC for addressing world issues through management of its members. This helped the youth turn theory into a global network of like minded



AIESEC

Marie Adelaide Leprosy Centre

Silkbanks in collaboration with Marie Adelaide Leprosy (MALC) supported a Fund Raiser Gala on November 30, 2014 for community development, curing leprosy, blindness and tuberculosis.



The Patients Aid Foundation

The Patient Aid Foundation hopes to institutionalize its efforts to provide a committed structure within the largest government hospital, aiming towards restoring and revamping wards and medical equipment. They aim to create channels through which affordable and free tests, scans and medicines are made available to under-privileged. We supported their charity musical event in 2014.



Lahore Gymkhana Golf Club

Silkbanks is keen in supporting sports activities across the country. Silkbanks participated in Golf Championship at the Lahore Gymkhana Golf Club in 2014.



British Women Association

Silkbanks participated in this year's Annual Charity Bazaar giving its proceeds to KASHIF THALESSEMIA CARE CENTRE to enhance public awareness towards eradicating thalassemia.



Bahria Town Pvt. Ltd. Cricket Tournament

Silkbanks being a keen promoter of sports, specially sponsored Bahria Town Cricket Tournament to support regional cricket in Pakistan.



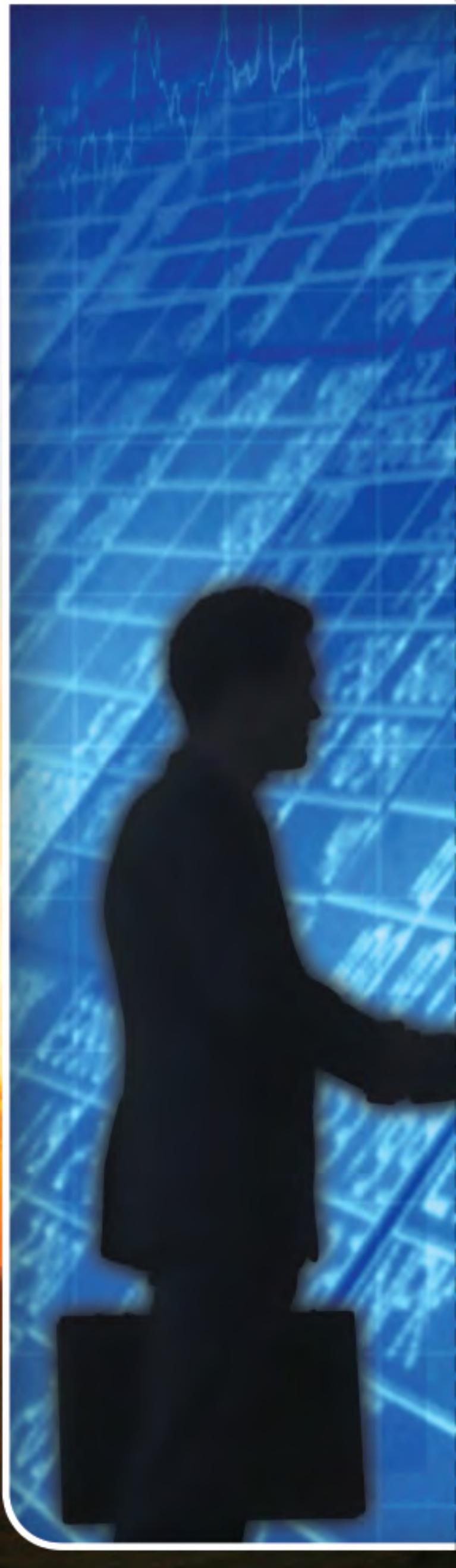
Blood Donation Drive

A joint effort was made by Silkbanks and Fatimid Foundation to run a blood donation drive in Karachi. Blood Donation Camps were established in Silkbanks Head Offices at I. I. Chundrigar Road and Shahrah-e-Faisal in 2014. It was encouraging to see terrific turnover of Silkbanks staff to support the cause of blood donation for the thalassemia patients.



Shareholding Information

For the year ended December 31, 2014





Additional Shareholders' Information

as at December 31, 2014

COMBINED PATTERN OF CDC & PHYSICAL SHAREHOLDINGS AS AT DECEMBER 31, 2014

No.	Categories/Sub-Categories of Shareholders	Number of Shares Held	Category-Wise No. of Folios/ CDC	Category-Wise Shares Held	Percentage
01	DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN		11	123,040,833	4.61
	Munnawar Hamid, OBE	3,699			
	Azmat Tarin	20,013,115			
	Adnan Afridi	1,000			
	Khalid Aziz Mirza	500			
	Sadeq Sayeed	102,817,019			
	Tariq Iqbal Khan	5,000			
	Shamsul Hasan	500			
	Farah Naz Tarin w/o Mr. Azmat Tarin	200,000			
02	ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES		8	1,976,735,553	73.99
	NOMURA EUROPEAN INVESTMENT LIMITED	356,676,342			
	BANK MUSCAT S.A.O.G.	315,776,969			
	INTERNATIONAL FINANCE CORPORATION	702,689,067			
	'SHAUKAT FAYAZ AHMAD TARIN	601,593,175			
03	EXECUTIVES		14	6,790,138	0.25
04	PUBLIC SECTOR COMPANIES AND CORPORATIONS		5	11,858,152	0.44
05	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS		7	2,449,540	0.09
06	MUTUAL FUNDS		2	19,393,004	0.72
07	FOREIGN COMPANIES		3	20,715,832	0.78
08	GENERAL PUBLIC - Foreign		7	4,100,990	0.15
09	GENERAL PUBLIC - Local		6364	269,435,774	10.09
10	OTHERS		86	237,085,011	8.87
	TOTAL		6,507	2,671,604,827	100
	SHAREHOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE BANK				
	TOTAL PAID-UP CAPITAL OF THE BANK	2,671,604,827 shares			
	10% OF THE PAID-UP CAPITAL OF THE BANK	267,160,483 shares			
	NAME(S) OF SHAREHOLDER(S)	NO. OF SHARES HELD	PERCENTAGE		
	'SHAUKAT FAYAZ AHMAD TARIN	601,593,175	22.52%		
	INTERNATIONAL FINANCE CORPORATION	702,689,067	26.30%		
	NOMURA EUROPEAN INVESTMENT LIMITED	356,676,342	13.35%		
	BANK MUSCAT S.A.O.G	315,776,969	11.82%		

*This does not include one hundred and two million (102,000,000) shares of Mr. Shaukat Tarin, kept in repo transaction.

Pattern of Shareholding

as at December 31, 2014

No. of Shareholders	Shareholdings' Slab	Total Shares Held	No. of Shareholders	Shareholdings' Slab	Total Shares Held
490	1 to 100	15,191	3	155001 to 160000	478,730
640	101 to 500	250,241	5	160001 to 165000	817,242
658	501 to 1000	612,346	5	165001 to 170000	840,544
1688	1001 to 5000	5,215,285	3	170001 to 175000	518,710
904	5001 to 10000	7,610,033	5	175001 to 180000	879,971
333	10001 to 15000	4,324,182	5	180001 to 185000	911,924
281	15001 to 20000	5,291,810	5	185001 to 190000	943,149
228	20001 to 25000	5,372,172	2	190001 to 195000	382,000
109	25001 to 30000	3,133,809	34	195001 to 200000	6,791,000
77	30001 to 35000	2,567,020	5	200001 to 205000	1,015,868
77	35001 to 40000	2,978,558	7	205001 to 210000	1,456,000
55	40001 to 45000	2,356,716	6	210001 to 215000	1,286,228
171	45001 to 50000	8,494,752	2	215001 to 220000	436,686
27	50001 to 55000	1,429,563	2	220001 to 225000	450,000
53	55001 to 60000	3,133,038	2	225001 to 230000	458,000
20	60001 to 65000	1,260,426	2	230001 to 235000	462,095
26	65001 to 70000	1,788,384	3	235001 to 240000	716,000
31	70001 to 75000	2,292,073	1	240001 to 245000	242,000
15	75001 to 80000	1,186,679	8	245001 to 250000	1,998,000
19	80001 to 85000	1,572,267	2	250001 to 255000	508,500
11	85001 to 90000	981,097	3	265001 to 270000	807,100
7	90001 to 95000	649,093	5	270001 to 275000	1,367,544
130	95001 to 100000	12,984,174	2	275001 to 280000	557,951
19	100001 to 105000	1,941,668	1	280001 to 285000	281,000
16	105001 to 110000	1,740,742	2	285001 to 290000	574,930
8	110001 to 115000	906,938	2	290001 to 295000	582,892
13	115001 to 120000	1,548,608	12	295001 to 300000	3,600,000
12	120001 to 125000	1,486,783	3	300001 to 305000	907,469
10	125001 to 130000	1,283,094	3	305001 to 310000	927,000
6	130001 to 135000	803,900	2	310001 to 315000	628,500
8	135001 to 140000	1,111,080	2	325001 to 330000	653,309
5	140001 to 145000	713,886	1	335001 to 340000	336,936
31	145001 to 150000	4,624,030	4	345001 to 350000	1,400,000
5	150001 to 155000	772,000	1	355001 to 360000	358,500

Pattern of Shareholding

as at December 31, 2014

No. of Shareholders	Shareholdings' Slab	Total Shares Held	No. of Shareholders	Shareholdings' Slab	Total Shares Held
2	365001 to 370000	736,175	2	710001 to 715000	1,423,465
2	370001 to 375000	750,000	1	725001 to 730000	727,000
8	395001 to 400000	3,200,000	1	745001 to 750000	750,000
3	400001 to 405000	1,206,961	2	765001 to 770000	1,540,000
1	405001 to 410000	405,500	1	785001 to 790000	790,000
2	410001 to 415000	822,002	1	790001 to 795000	795,000
1	415001 to 420000	416,244	3	795001 to 800000	2,400,000
1	430001 to 435000	435,000	1	810001 to 815000	815,000
3	445001 to 450000	1,350,000	1	845001 to 850000	850,000
1	450001 to 455000	454,059	1	855001 to 860000	856,000
2	460001 to 465000	925,082	1	860001 to 865000	861,781
2	465001 to 470000	935,500	1	865001 to 870000	866,000
1	470001 to 475000	475,000	1	895001 to 900000	900,000
1	475001 to 480000	480,000	1	910001 to 915000	915,000
1	485001 to 490000	486,500	1	955001 to 960000	960,000
22	495001 to 500000	10,997,500	1	960001 to 965000	964,000
2	500001 to 505000	1,003,292	1	970001 to 975000	975,000
1	515001 to 520000	516,441	5	995001 to 1000000	5,000,000
1	530001 to 535000	532,248	2	1000001 to 1005000	2,001,681
1	540001 to 545000	543,000	1	1020001 to 1025000	1,025,000
2	545001 to 550000	1,100,000	1	1075001 to 1080000	1,076,041
1	550001 to 555000	552,608	1	1095001 to 1100000	1,100,000
1	565001 to 570000	570,000	1	1125001 to 1130000	1,128,477
1	570001 to 575000	575,000	1	1145001 to 1150000	1,150,000
3	575001 to 580000	1,733,737	1	1195001 to 1200000	1,200,000
4	595001 to 600000	2,400,000	1	1200001 to 1205000	1,200,475
1	605001 to 610000	610,000	1	1205001 to 1210000	1,206,000
1	625001 to 630000	630,000	1	1255001 to 1260000	1,259,833
1	645001 to 650000	650,000	2	1320001 to 1325000	2,649,943
2	650001 to 655000	1,304,056	1	1335001 to 1340000	1,338,000
2	670001 to 675000	1,341,313	1	1345001 to 1350000	1,346,905
1	695001 to 700000	700,000	1	1365001 to 1370000	1,367,000
3	700001 to 705000	2,109,644	1	1470001 to 1475000	1,474,500
1	705001 to 710000	709,000	1	1500001 to 1505000	1,500,100

No. of Shareholders	Shareholdings' Slab		Total Shares Held	No. of Shareholders	Shareholdings' Slab		Total Shares Held		
1	1515001	to	1520000	1,516,727	1	16585001	to	16590000	16,587,000
1	1550001	to	1555000	1,552,921	1	19215001	to	19220000	19,216,691
1	1570001	to	1575000	1,573,445	1	19865001	to	19870000	19,868,500
1	1610001	to	1615000	1,611,559	1	36225001	to	36230000	36,228,668
1	1645001	to	1650000	1,650,000	1	53020001	to	53025000	53,020,288
1	1745001	to	1750000	1,747,116	1	77335001	to	77340000	77,335,346
1	1810001	to	1815000	1,810,788	1	86345001	to	86350000	86,349,442
1	1825001	to	1830000	1,829,000	1	101995001	to	102000000	102,000,000
1	2040001	to	2045000	2,042,791	1	252060001	to	252065000	252,061,010
1	2045001	to	2050000	2,048,500	1	253995001	to	254000000	254,000,000
1	2135001	to	2140000	2,136,000	1	315775001	to	315780000	315,776,969
1	2285001	to	2290000	2,287,756	1	356675001	to	356680000	356,676,342
1	2370001	to	2375000	2,374,752	1	702685001	to	702690000	702,689,067
1	2405001	to	2410000	2,409,000	6507		2,671,604,827		
1	2895001	to	2900000	2,900,000					
1	2990001	to	2995000	2,991,000					
1	3105001	to	3110000	3,108,500					
1	3295001	to	3300000	3,300,000					
1	3310001	to	3315000	3,314,733					
1	3560001	to	3565000	3,565,000					
1	3655001	to	3660000	3,659,500					
1	3685001	to	3690000	3,690,000					
1	4065001	to	4070000	4,065,500					
1	5695001	to	5700000	5,700,000					
1	6175001	to	6180000	6,179,000					
1	6280001	to	6285000	6,283,209					
1	6835001	to	6840000	6,838,154					
1	6995001	to	7000000	7,000,000					
1	7000001	to	7005000	7,000,432					
1	7195001	to	7200000	7,200,000					
2	9995001	to	10000000	20,000,000					
1	13170001	to	13175000	13,174,061					
1	13690001	to	13695000	13,693,004					
1	16465001	to	16470000	16,467,577					

Branch Network

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 Tel: (021) 34829590, 34829591
 Fax: (021) 34829592

Saleem Ahmed Siddiqui
Branch Manager
 Hyderi Branch,
 Showroom No. G-3-5,
 Ground Floor, Ajwa Residency,
 Plot No. B-1, Block-L,
 North Nazimabad, Karachi.
 Tel: (021) 36643280, 36643275-76
 Fax: (021) 36643263

Priority Banking Branch
Muhammad Khalid Choudhry
Branch Manager
 M. A. Jinnah Road Branch,
 Plot No. 4B, Sheet No. 7,
 Situated on Serial Quarters,
 Off. M. A. Jinnah Road, Karachi.
 Tel: (021) 32601308-09
 Fax: (021) 32601310

Mohammad Nasir Jamal
Acting Branch Manager
 Sohrab Goth Branch,
 Al-Asif Square, Sohrab Goth, Karachi.
 Tel: (021) 36340874, 36342889
 Fax: (021) 36343704

Mohammad Hassan Riaz
Branch Manager
 P.E.C.H.S. Branch,
 Shop No. 11, Business Arcade,
 Plot No. 27-A, Block-6, P.E.C.H.S.,
 Shahrah-e-Faisal, Karachi.
 Tel: (021) 34392041-42
 Fax: (021) 34392040

Mahmood Ahmed
Branch Manager
 Port Qasim Branch
 Shop No. 5, Port Trade Centre,
 Plot No. CP-1/20, Commercial Area,
 Phase-II, Port Qasim, Karachi.
 Tel: (021) 34720215, 34720217
 Fax: (021) 34720216

Priority Banking Branch
Ch. Zafar Iqbal
Branch Manager
 Khalid Bin Waleed Road Branch,
 Shop No. 1, 2, 3 & 4, Plot No. 151-A,
 Khalid Bin Waleed Road, Block-2,
 P.E.C.H.S., Karachi.
 Tel: (021) 34306526, 34306521-23
 Fax: (021) 34306524

Zahid Nosharwani
Branch Manager
 F. B. Area Branch,
 Plot No. C-31/A, Ground Floor, Block-6,
 F. B. Area, K.D.A. Scheme 16, Karachi.
 Tel: (021) 36342985, 36342805-8
 Fax: (021) 36342904

ISLAMABAD REGION

Syed Qasim Rizvi
Regional General Manager
 13-L, F-7 Markaz, Islamabad
 Tel: (051) 2608025, 2608028
 Fax: (051) 2608027

Muhammad Farooq Sarwar
Area/Branch Manager
 Islamabad Main Branch,
 93-Riazia Sharif Plaza, Blue Area,
 Islamabad.
 Tel: (051) 2344663, 2344662,
 2802061-63
 Fax: (051) 234464

Priority Banking Branch
Sajid Hassan Khan
Area/Branch Manager
 Rawalpindi Main Branch, Aslam Plaza,
 60 Main Adamjee Road, Saddar,
 Rawalpindi Cantt.
 Tel: (051) 5794165, 5512104-6
 Fax: (051) 5524560

Asad Sajjad
Area/Branch Manager
 Peshawar Main Branch,
 Larney Arcade, 1-C,
 Fakhar-e-Alam Road, Peshawar Cantt.
 Tel: (091) 5278280, 5278122, 5278938
 Fax: (091) 5278414

Muhammad Faizal
Branch Operation Manager
 Mirpur (Azad Kashmir) Branch,
 82-D, Alama Iqbal Road, Sector B-4,
 Mirpur, Azad Kashmir.
 Tel: (05827) 446415, 446414, 446559
 Fax: (05827) 445145

Abdul Haseeb Jan
Branch Manager
 Khyber Bazaar Branch,
 Haji Khan Building, Sulaiman Square,
 Khyber Bazaar, Peshawar.
 Tel: (091) 9213683, 2552632
 Fax: (091) 2552481

Khurram Hanif
Area/Branch Manager
 I-8 Markaz Branch, Plot No. 8,
 Lariba Plaza, Sector I-8 Markaz,
 Islamabad.
 Tel: (051) 4861302-4, 4102163
 Fax: (051) 4861300

Fakhar Uddin Siddiqui
Branch Manager
 F-11 Markaz Branch,
 Plot No. 25-D, F-11 Markaz, Islamabad.
 Tel: (051) 2228170, 2228169,
 2228005-06
 Fax: (051) 2210587

Tahir Ayub Khan
Branch Manager
 G-9 Markaz Branch,
 4-B Karachi Company,
 G-9 Markaz, Islamabad.
 Tel: (051) 2855826, 2855824-5
 Fax: (051) 2855827

Naveed Amjad
Branch Manager
 Rawalpindi Satellite Town Branch,
 D-321, Fifth Road, Satellite Town,
 Rawalpindi.
 Tel: (051) 4850676-8
 Fax: (051) 4850674

Irfan Anwar
Branch Manager
 Attock Branch,
 B-2, Pleader Lane, Attock City,
 Tehsil & District Attock.
 Tel: (057) 2702201-02, 2613646
 Fax: (057) 2613466

Zaheer Anwar Iqbal
Branch Manager
 Gujjar Khan Branch,
 Ward No. 5, Main G. T. Road,
 Gujjar Khan.
 Tel: (0513) 510026, 512866-71
 Fax: (0513) 512872

Raja Qamar Uz Zaman
Branch Manager
 Dina Branch,
 Chaudhary Street, Mangla Road, Dina.
 Tel: (0544) 635011, 635013-16
 Fax: (0544) 636987

Muhammad Umer Sana
Branch Manager
 Raja Bazar Branch
 C-235-36, Chemist Chowk,
 Bohar Bazar, Rawalpindi.
 Tel: (051) 5777600, 6777601
 Fax: (051) 5777608

Priority Banking Branch
Kibria Sana
Branch Manager
 F-7 Markaz Branch,
 Building No. 13-L, F-7 Markaz,
 Islamabad.
 Tel: (051) 2608116, 2608075,
 2608077-79
 Fax: (051) 2653987

Zainab Khan
Branch Manager
 E-11 Markaz Branch,
 Plot No. 3, E-11/3 Markaz, Islamabad.
 Tel: (051) 2228750, 2228746-48
 Fax: (051) 2228749

Atif Kamal
Branch Manager
 Dadyal Branch,
 Plot No. 315, Raput Plaza,
 Main Rawalpindi Road,
 Opp. Old Tensil Headquarter Hospital,
 Dadyal (AJK).
 Tel: (05827) 465741, 465736-8
 Fax: (05827) 465738

Muhammad Bilal Zahoor
Branch Manager
 Jhelum Branch,
 Plot No. 8, Paswal Plaza,
 G.T.S. Square, Jhelum City, Jhelum.
 Tel: (0544) 624871, 623873-75
 Fax: (0544) 623876

Ammar Ahmed
Branch Manager
 Westridge Branch,
 Plot No. 488-491,
 Westridge Bazar Road,
 Westridge-1, Rawalpindi.
 Tel: (051) 5491544, 5491540-2
 Fax: (051) 5491543

Asif Siddique Butt
Area/Branch Manager
 Bahria Town Branch,
 Plot No. 91, Civic Centre, Bahria Town,
 Rawalpindi.
 Tel: (051) 5731705, 5731702-3
 Fax: (051) 5731704

Naveed Qaiser
Branch Manager
 Hazro Branch,
 Plot No. B-III, 382/A,
 Allah Wala Chowk,
 Circular Road, Mohallah Abdul Hazro.
 Tel: (057) 2313296, 2313292-94
 Fax: (057) 2313295

LAHORE EAST

Izhar-ul-Haq
Regional General Manager
 Silkbank House,
 14-Egerton Road, Lahore.
 Tel: (042) 36302317
 Fax: (042) 36279272

Muhammad Naeem Dar
Area/Chief Manager
 Main Branch,
 Silkbank House,
 14-Egerton Road, Lahore.
 Tel: (042) 36309055
 Fax: (042) 36279272

Najam Faiz
Area/Branch Manager
 Peco Road Branch,
 57-1, B/1 Township,
 Peco Road, Lahore.
 Tel: (042) 35125404-6, 35125400,
 35125401
 Fax: (042) 35125403

Haider Rehman
Branch Manager
 Allama Iqbal Town Branch,
 6-Hunza Block, Allama Iqbal Town,
 Lahore.
 Tel: (042) 37809309, 37809014-18
 Fax: (042) 37805866

Sheikh Mobin Rafiq
Branch Manager
 Thokar Naz Baig Branch,
 7-B, Judicial Colony, Railwind Road,
 Thokar Naz Baig, Lahore.
 Tel: (042) 35314045-46, 35314049
 Fax: (042) 35314048

Muhammad Ahmed Khan Malik
Area/Branch Manager
 Shadman Town Branch,
 119-A, Colony No. 1,
 Shadman Town, Lahore.
 Tel: (042) 37420045-47, 37420098
 Fax: (042) 37420048

Aqeel Mirza
Branch Manager
Shahalam Market Branch,
15-B, Shahalam Market, Lahore.
Tel: (042) 37376186, 37376780-82
Fax: (042) 37376183

Ghulam Rasool
Branch Manager
Raiwind Branch,
Railway Road,
Adjacent Red Chili Restaurant,
Raiwind.
Tel: (042) 35393815, 35393811-13
Fax: (042) 35393814

Liaquat Ali
Branch Manager
Pull-111 Branch (Sargodha),
Pull-111, Sargodha/Faisalabad
Road, Sargodha.
Tel: (048) 3791980-82
Fax: (048) 3791983

Mahmood A. Sheikh
Branch Manager
WAPDA Town Branch,
11-G, PIA Housing Society,
(WAPDA Town Roundabout),
Lahore.
Tel: (042) 35188525, 35188520
Fax: (042) 35188527

LAHORE WEST

Sardar Kamran Nakai
Regional General Manager
R. G. M. Office, 97-A/D-1,
PEC Building, Liberty Market,
Gulberg, Lahore.
Mob: 0333-4211383
Tel: (042) 3578010-11, 35784402
Fax: (042) 35878012

Nawazish Ali Hashmi
Branch Manager
Gujranwala Branch
Plot No.100 & 102,
Mohallah Bhatia Nagar,
Near PSO Petrol Pump, G.T. Road,
Gujranwala.
Tel: (055) 3250214, 3731269,
3856268-70
Fax: (055) 3856271

Nadeem Khawaja
Area/Branch Manager
Sialkot Branch,
70, Paris Road, Sialkot.
Tel: (052) 4266778, 4597489,
4597491
Fax: (052) 4589002

Chaudhary Gulzar Hussain
Branch Manager
Gujrat Branch,
B-17/1553-R-R,
Near Eidgah Masjid,
G. T. Road, Gujrat.
Tel: (053) 3531466, 3536262,
3535144, 3531472
Fax: (053) 3531732

Ayesha Hameed
Branch Manager
Gulberg Branch,
97-A/D-1, P.E.C. Building,
Liberty Roundabout,
Gulberg-III, Lahore.
Tel: (042) 35878010-11, 35878351
Fax: (042) 35878012

Taifur Hamid
Area/Branch Manager
Garden Town Branch,
Flat 1-4, Usman Block,
New Garden Town, Lahore.
Tel: (042) 35940306-9, 35940300
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Priority Banking Branch
Sajjad Ahmad Qureshi
Area/Branch Manager
Defence Branch,
320, Block-Z, Commercial Area,
Phase-III, Lahore.
Tel: (042) 35693080, 35692930-33
Fax: (042) 35693010

M. Taqi Raza
Branch Manager
Model Town Branch,
16, Bank Square Market,
Model Town, Lahore.
Tel: (042) 35915580-81, 35915587
Fax: (042) 35915583

Tausif Ul Islam
Branch Manager
Mandi Bahauddin Branch,
7/40, Sultan Plaza,
Chowk Bab-e-Farooq
Mandi Bahauddin.
Tel: (0546) 507060, 507054-55
Fax: (0546) 507059

Ali Bokhary
Branch Manager
Fortress Stadium Branch,
13, Bridge Shop, Fortress Stadium,
Lahore Cantt., Lahore.
Tel: (042) 36623384-86, 36623380
Fax: (042) 36623143

Ramiz Hassan Farooqui
Branch Manager
L-Block Gulberg Branch,
52-L, Gulberg-III,
Kalma Chowk, Lahore.
Tel: (042) 35857131-33, 35857245
Fax: (042) 35857262

Asif Kamal
Branch Manager
Cavalry Ground Branch,
20-Commercial Area,
Cavalry Ground, Lahore.
Tel: (042) 36610273-6, 36610280
Fax: (042) 36610277

Imran Ejaz
Branch Manager
Batapur Branch,
Main G. T. Road,
Batapur Lahore Lines, Lahore.
Tel: (042) 36580381-83
Direct: (042) 36580387
Fax: (042) 36580384

MULTAN REGION

Muhammad Raza Ali
Regional General Manager
10-A, Bosan Road,
Gulgasht, Multan.
Tel: (061) 6750260
Fax: (061) 6750253

Amjad Altaf
Branch Manager
Bahawalpur Branch,
Near Fawara Chowk,
Off. Ahmedpur East Road,
Bahawalpur.
Tel: (062) 2876184, 2877520-21
Fax: (062) 2877531

Afshan Noreen
Branch Manager
Dera Ghazi Khan Branch,
Block-13, Hospital Chowk,
Opp. DHQ Hospital, Railway Road,
Dera Ghazi Khan.
Tel: (064) 2466682
Fax: (064) 2466683

Rouf Jamal
Area Manager
Multan Branch,
10-A, Bosan Road,
Gulgasht, Multan.
Tel: (061) 6750251, 6750255,
6750256
Fax: (061) 6750253

Zulfiqar Ali Nasir
Branch Manager
Sahiwal Branch,
Khasra No. 4998, Khawet No. 07,
Kharooni No. 07, Jail Road,
Civil Lines, Sahiwal.
Tel: (040) 4222642, 4224184
Fax: (040) 4222915

Adil Jatoi
Branch Manager
Sukkur Branch,
Husaini Road, Sukkur.
Tel: (071) 5619141-43
Fax: (071) 5619151

Muhammad Arif Irfan
Area Manager
Larkana Branch,
Pakistan Chowk, Larkana.
Tel: (074) 4059499
Fax: (074) 4059599

Mustafa Haider
Branch Manager
Qasim Branch (Multan),
78, Qasim Road,
S. P. Chowk, Multan.
Tel: (061) 4587711
Fax: (061) 4586680

ISLAMIC BANKING BRANCHES

Sohail Rana Janjua
Branch Manager
Shahrah-e-Faisal Branch,
47-A, Dar-ul-Aman Housing
Society, P.E.C.H.S., Block-7/8,
Shahrah-e-Faisal, Karachi.
Mob: 0332-2432004
Tel: (021) 34533106-9, 34523099,
34521766
Fax: (021) 34533110

Abdul Basit Siddiqui
Branch Manager
Clifton Branch,
Showroom No. 1, Plot No. D-69,
Block-7, Clifton, Karachi.
Mob: 0333-2136906
Tel: (021) 35371841-42
Fax: (021) 35371839

Anjum Rafiq
Branch Manager
Madina Town Branch,
6C-Z-101, Susan Road,
Madina Town, Faisalabad.
Mob: 0300-8668591
Tel: (041) 8503411-13, 8503414
Fax: (041) 8503416

Muhammad Kaleem Sabir
Area Manager
T-Block, D.H.A.,
88 Sector CCA, Block-T,
Phase-II C, D.H.A., Lahore.
Mob: 0332-4420230
Tel: (042) 35748849, 35748850,
35707636
Fax: (042) 35707637

Khawaja Mansoor
Branch Manager
Gulberg Mini Market, Q Block
6-Q Block, Gulberg-II, Lahore.
Mob: 0321-8463969
Tel: (042) 35751538-7, 35752855
Fax: (042) 35764076

Sonia Usman
Branch Manager
F-8 Markaz Branch,
Plot No. 18-C, Kaghan Road,
Islamabad.
Mob: 0302-5001500
Tel: (051) 2287450, 2287455-57
Fax: (051) 2287454

Mohsin Ali
Branch Manager
Chaklala Scheme-III Branch,
Plot No. 46, Commercial Area,
Chaklala Scheme-III, Rawalpindi.
Mob: 0331-5049497
Tel: (051) 5766147, 5766151-52,
5153953
Fax: (051) 5766150

Junaid Waheed
Branch Operation Manager
Quetta Branch,
M. A. Jinnah Road, Quetta.
Mob: 0333-7801152
Tel: (081) 2866201-03
Fax: (081) 2866204

Qazi Basharat-ul-Haq
Branch Manager
Abbottabad Branch,
Plot No. 7838,
Opp. Daewoo Terminal, Mandian,
Mansehra Road, Abbottabad, KPK.
Mob: 0345-9553384
Dir: (0992) 385975
PABX: (0992) 385978-79
Fax: (0992) 385976

Junaid Ali Durrani
Branch Manager
Mardan Branch,
Silkbank Building, Mall Road,
Saddar Bazar, Mardan.
Mob: 0300-5776345
Tel: (0937) 867555, 867554, 867455
Fax: (0937) 867556



Foreign Correspondents

Afghanistan

Habib Bank Ltd.

Argentina

The Royal Bank of Scotland
Deutsche Bank AG

Australia

JP Morgan
Westpac Banking Corp.

Austria

The Royal Bank of Scotland
Raiffeisen Bank International AG
Unicredit Bank Austria
Deutsche Bank AG
Commerzbank

Bahrain

Arab Investment Bank
Al Baraka Islamic Bank
BMI Bank Bsc
Habib Bank Ltd
United Bank Ltd
National Bank of Pakistan

Bangladesh

Habib Bank Ltd.
Bank Al Falah

Belgium

Habib Bank Ltd
Commerzbank Ag
KBC Bank Nv
Fortis Bank SA/NV
Royal Bank of Scotland
Deutsche Bank AG

Brazil

Deutsche Bank AG

Bulgaria

Citibank
United Bulgarian Bank

Canada

Habib Canadian Bank
Royal Bank of Scotland

China

Agricultural Bank of China
Commerzbank Ag
Bank of Jiangsu Co Ltd
Royal Bank of Scotland
Bank of China
China Construction Bank
China Ever Bright Bank
Industrial and Comm'l Bank of China
Laihang Bank Co. Ltd
JP Morgan
Shenzhen Development Bank Co Ltd
Bank of New York Mellon
Wells Fargo Bank
West LB AG

Czech Republic

Commerzbank Ag
Royal Bank of Scotland

Denmark

Danske Bank A/S

Egypt

Mashreqbank Psc
Al Baraka Bank Egypt

Finland

Skandinaviska Enskilda Banken

France

Commerzbank
National Bank of Pakistan
UBAF
Habib Bank Ltd
BNP Paribas SA

Germany

Commerzbank Ag
Danske Bank
Deutsche Bank AG
National Bank of Pakistan
SEB AG
Landesbank Baden-Wurttemberg
Suedwestbank AG
Unicredit
JP Morgan

Hungary

K and H Bank Zrt
Magyarorszagi Volksbank RT
Deutsche Bank Rt.
CIB Bank Ltd
Commerzbank AG
Deutsche Bank AG

Hong Kong

BNP Paribas Fortis Bank
DBS Bank
Citibank N.A.
Deutsche Bank AG
Habib Finance Int'l Ltd
HBZ Finance Ltd
Intesa Sanpaolo
National Bank Of Pakistan
Mashreqbank psc
JP Morgan
Royal Bank of Scotland
UBAF
Wells Fargo
West LB AG

India

Mashreqbank
Royal Bank of Scotland
Deutsche Bank AG
JP Morgan

Indonesia

Royal Bank of Scotland
JP Morgan
Deutsche Bank AG

Ireland

National Irish Bank

Italy

Commerzbank Ag
Royal Bank of Scotland
Banca Di Roma S.P.A.
Banco Di Napoli S.P.A.
Banco Popolare SOC
Banco Popolare Di Novara S.P.A.
Banco Popolare Di Verona SGSP

Japan

Banca Monte Parma
Banca Carige S.P.A
Banca UBAE
Iccrea Banca
Deutsche Bank AG
Intesa Sanpaolo
Mizuho Corporate Bank Ltd
Unicredit Banca SPA
Unicredit Corporate Banking SPA
UBI Banca
Cassa di Risparmio In Bologna
Veneto Banca SPCA

Japan

National Bank of Pakistan
Citibank
Bank of New York
JP Morgan
Mizuho Corporate Bank Ltd
Sumitomo Mitsui Banking Corp
UBAF
Royal Bank of Scotland
Wells Fargo Bank

Kazakhstan

BTA Bank JSC

Kuwait

Gulf Bank K.S.C.
Alahli Bank of Kuwait K.S.C.
National Bank of Kuwait
Citibank NA
Mashreqbank psc

Korea

Deutsche Bank AG
Korea Exchange Bank
Korea Development Bank
Kookmin Bank
JP Morgan
National Bank of Pakistan
Shinhan Bank
Suhyup Bank
UBAF
Royal Bank of Scotland
Busan Bank
Wells Fargo Bank
Woori Bank

Kosovo

Raiffeisen Bank

Lebanon

Habib Bank Ltd

Malaysia

Citibank NA
Royal Bank of Scotland
JP Morgan

Mexico

Banco Del Bajio S.A

Mauritius

Habib Bank Ltd
Mauritius Commercial Bank Ltd

Morocco

Attijariwafa Bank

Nepal

Himalayan Bank Ltd

Netherlands

Commerzbank
Royal Bank of Scotland
Deutsche Bank AG
Habib Bank Ltd.
Hollandsche Bank Unie NV
Royal Bank of Scotland
BNP Paribas Fortis Nederland NV

Norway

Nordea Bank Norge Asa
DNB Nor Bank ASA

New Zealand

Westpac Banking Corporation

Oman

Habib Bank Ltd
Oman International Bank
Bank Muscat

Poland

Nordea Bank Poliska SA
Royal Bank of Scotland
Deutsche Bank AG

Philippines

JP Morgan
Mizuho Corporate Bank

Portugal

Banco BPI SA
Deutsche Bank AG

Qatar

United Bank Limited
Doha Bank
BNP Paribas Fortis
Mashreqbank Psc

Romania

Piraeus Bank

Russia

Citibank
Commerzbank

Saudi Arabia

JP Morgan
National Commercial Bank
Saudi Hollandi Bank
Deutsche Bank AG
Bank Muscat
National Bank of Pakistan

Singapore

Royal Bank Of Scotland
Bank of America
DBS Bank
Commerzbank AG
Deutsche Bank AG
Citibank NA
BNP Paribas Fortis Bank
Habib Bank Ltd
J P Morgan

Mizuho Corporate Bank
National Bank of Kuwait
Rabo bank
Sumitomo Mitsui Banking Corporation
Ltd
West LB AG
UBAF

South Africa

Habib Overseas Bank Ltd
HBZ Bank Ltd
FirstRand Bank

Serbia

Unicredit Bank

Slovakia

Commerzbank AG

Spain

Commerzbank
Fortis Bank S.A.
Banco Popular Espanol, S.A.
Bankinter SA
Caja de Ahorres del Mediterraneo
Banco de Caja Espana
Caixa Bank SA
Banco Sabadell

Sri Lanka

Muslim Commercial Bank Ltd
Deutsche Bank
Habib Bank Ltd
Hatton National Bank

Sweden

Nordea Bank
Skandinaviska Enskilda Banken
Svenska Handelsbanken

Royal Bank of Scotland
Danske Bank

Switzerland

Banque Cantonale Voudoise
Habib Bank AG Zurich
BNP Paribas Fortis Bank
Credit Agrocole (Suisse) SA
Habibsons Bank
Royal Bank of Scotland
United Bank AG
Citibank NA
Commerzbank AG

Taiwan

Bank of New York
Bank of America
Deutsche Bank AG
Royal Bank of Scotland
JP Morgan
Wells Fargo

Thailand

Bank of Ayudha Public Company Ltd
Export Import Bank of Thailand
Royal Bank of Scotland
Citibank N.A.
Deutsche Bank AG
JP Morgan

Turkey

Royal Bank of Scotland
Habib Bank Ltd
Deutsche Bank AG
Turkiye Vakiflar Bankasi T.A.O
Turkiye Garanti Bankasi AS
Turk Ekonomi Bankasi AS

U.A.E.

Citibank NA
Dubai Islamic Bank
Deutsche Bank AG
Emirates NBD Bank
Emirates Islamic Bank
United Bank Ltd
Habib Bank Ltd
Mashreq Bank Psc
Royal Bank of Scotland
National Bank of Fujairah
Habib Bank AG Zurich
Noor Islamic Bank
Commerzbank AG

U.K.

ABC International bank plc
Bank Of America
Clydesdale Bank
Deutsche Bank
Habib Bank AG Zurich
Habib UK
Commerzbank AG
Mashreq Bank Psc
Northern Bank
JP Morgan
Royal Bank Of Scotland
Citibank N.A.
United National Bank

U.S.A.

Royal Bank of Scotland
Bank of America
Bank of New York Mellon
Bank of the West
Citibank NA
Commerzbank AG
Deutsche Bank Trust Co.
Doha Bank
Habib American Bank

Habib Bank Ltd
Intesa Sanpaolo SPA
JP Morgan
Mashreqbank psc
Mizuho Corporate Bank Ltd
M & I Bank
National Bank Of Pakistan
Sumitomo Mitsui Banking Corporation
TD Bank NA
Union Bank of California
Valley National Bank
US Bank Minneapolis
Union Bank NA
United Bank Ltd
Wells Fargo NA

Vietnam

JP Morgan
Deutsche Bank AG

Notes

Affix
Correct
Postage

SILKBANK 

Form of Proxy
Annual General Meeting

SILKBANK 

I/We _____
of _____
being member(s) of **Silkbank Limited** holding _____
ordinary shares hereby appoint _____
of _____ or failing him/her _____
of _____ as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at Annual General
Meeting of the Bank to be held on Tuesday, March 24, 2015 and/or adjournment thereof.

As witness my/our hand(s) seal this on the _____ day of _____ 2015.

Signed by the said _____

In presence of 1 _____

2 _____

Folio No. CDC Account No.:

Signature on
Revenue Stamp
of Appropriate Value

Important:

1. The Proxy Form, duly completed and signed, must be received at the Company's Shares Registrar Office not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/she himself/herself is a member of the Company, except that a corporate entity may appoint any person who is not a member.
3. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. In case of proxy for an individual CDC shareholder, attested copies of CNIC or the passport, account and participant's ID number of the beneficial owner along with the proxy is required to be furnished with the Proxy Form.
5. In case of corporate entity, the Board of Directors' resolution/power of attorney with the specimen signature shall be submitted (unless it has been provided earlier) along with the Proxy Form of the Company.



Silkbanks Building, I. I. Chundrigar Road, Karachi.
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