





## UNCONSOLIDATED FINANCIAL STATEMENTS

## AUDITORS' REPORT TO THE MEMBERS

EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza,  
Beaumont Road  
Karachi 75530, Pakistan

Grant Thornton Anjum Rahman  
Chartered Accountants  
1st & 3rd Floor, Modern Motors House  
Beaumont Road  
Karachi 75530, Pakistan

We have audited the annexed unconsolidated statement of financial position of National Bank of Pakistan ("the Bank") as at December 31, 2016 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity, together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the year then ended, in which are incorporated the unaudited certified returns from the branches except for 80 branches which have been audited by us and 8 branches audited by auditors abroad 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 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 unconsolidated statement of financial position and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes in accounting policies as mentioned in note 5.8 to the accompanying financial statements, with which we concur;
  - (ii) the expenditure incurred during the year was for the purpose of the Bank's business; and

- (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;
- (c) in our opinion and to the best of our information and according to the explanations given to us the unconsolidated statement of financial position, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at December 31, 2016 and its true balance of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

#### Emphasis of Matter

We draw attention to note 21.4.4.1 to the financial statements which explains the contingency in relation to the pension obligations of the Bank. Our opinion is not qualified in respect of this matter.

#### Other Matter

The financial statements of the Bank for the year ended December 31, 2015 were audited by EY Ford Rhodes and KPMG Taseer Hadi & Co., whose audit report dated February 19, 2016 expressed an unmodified opinion on the aforementioned financial statements.

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**EY Ford Rhodes**  
Chartered Accountants

Engagement Partner:  
Arslan Khalid

Karachi  
Dated: **February 22, 2017**

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**Grant Thornton Anjum Rahman**  
Chartered Accountants

Engagement Partner:  
Khaliq-ur-Rahman

## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

2015	2016		Note	2016	2015
US Dollars in '000				Rupees in '000	
<b>ASSETS</b>					
1,442,657	1,528,092	Cash and balances with treasury banks	6	159,836,139	150,899,778
192,434	132,205	Balances with other banks	7	13,828,477	20,128,273
73,562	1,163,586	Lendings to financial institutions	8	121,709,399	7,694,516
7,927,895	8,576,899	Investments	9	897,130,749	829,245,898
5,527,060	6,380,488	Advances	10	667,389,455	578,122,160
303,123	314,543	Operating fixed assets	11	32,900,778	31,706,237
92,443	49,099	Deferred tax assets	12	5,135,645	9,669,359
754,267	743,559	Other assets	13	77,775,122	78,895,162
16,313,441	18,888,471			1,975,705,764	1,706,361,383
<b>LIABILITIES</b>					
87,684	97,396	Bills payable	14	10,187,250	9,171,616
209,479	428,915	Borrowings	15	44,863,930	21,911,190
13,681,234	15,844,511	Deposits and other accounts	16	1,657,312,093	1,431,036,598
-	-	Sub-ordinated loans		-	-
344	245	Liabilities against assets subject to finance lease	17	25,652	35,800
-	-	Deferred tax liabilities		-	-
725,199	827,775	Other liabilities	18	86,584,063	75,854,704
14,703,940	17,198,842			1,798,972,988	1,538,009,908
1,609,501	1,689,629			176,732,776	168,351,475
<b>NET ASSETS</b>					
<b>REPRESENTED BY</b>					
203,398	203,398	Share capital	19	21,275,131	21,275,131
435,768	447,428	Reserves	19	46,800,341	45,580,712
469,945	496,557	Unappropriated profit		51,939,151	49,155,590
1,109,111	1,147,383			120,014,623	116,011,433
500,390	542,246	Surplus on revaluation of assets - net	20	56,718,153	52,340,042
1,609,501	1,689,629			176,732,776	168,351,475
<b>CONTINGENCIES AND COMMITMENTS</b> 21					

The annexed notes 1 to 45 and Annexure I to IV form an integral part of these unconsolidated financial statements.

Masood Karim Shaikh  
President (Officiating)

Tariq Kirmani  
Director

Iftikhar A. Allawala  
Director

Farrakh Qayyum  
Director



## UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2016

2015	2016		Note	2016	2015
US Dollars in '000				Rupees in '000	
183,741	217,521	Profit after taxation		22,752,285	19,218,864
		<b>Other comprehensive income:</b>			
		<i>Items to be reclassified to profit or loss in subsequent periods:</i>			
(3,965)	(10,092)	Exchange loss on translation of net assets of foreign branches		(1,055,600)	(414,780)
		<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
(23,045)	(27,226)	Actuarial loss on remeasurements of defined benefit obligation	34.1	(2,847,821)	(2,410,482)
8,066	9,529	Related tax impact	12.1	996,737	843,669
(14,980)	(17,697)			(1,851,084)	(1,566,813)
(18,946)	(27,789)	<b>Other comprehensive income / (loss) - net of tax</b>		(2,906,684)	(1,981,593)
164,796	189,732	<b>Comprehensive income transferred to equity</b>		19,845,601	17,237,271
		<b>Components of comprehensive income not reflected in equity:</b>			
		<i>Items to be reclassified to profit or loss in subsequent periods:</i>			
(110,738)	51,197	Surplus / (deficit) on revaluation of available-for-sale securities		5,355,181	(11,582,989)
(37,576)	(19,025)	Related tax impact		(1,989,989)	(3,930,386)
(148,314)	32,172			3,365,192	(15,513,375)

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President (Officiating)

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Director

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Director

# UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2016

2015	2016		2016	2015
US Dollars in '000		Note	Rupees in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
317,554	355,084		37,141,215	33,215,608
(31,164)	(28,670)		(2,998,821)	(3,259,736)
286,390	326,414		34,142,394	29,955,872
Adjustments:				
12,440	19,689		2,059,470	1,301,250
6,060	7,065	11.3	738,943	633,831
101,579	6,549	10.3	685,057	10,625,053
12,610	(13,254)	9.9	(1,386,314)	1,319,016
(1,173)	-	18.1	-	(122,686)
(57)	645	9.10	67,457	(5,924)
(88)	(1,586)	27	(165,906)	(9,224)
21	24		2,550	2,234
14,096	10,503		1,098,582	1,474,478
145,488	29,635		3,099,839	15,218,028
431,878	356,049		37,242,233	45,173,900
(Increase) / decrease in operating assets				
907,222	(1,118,705)		(117,014,883)	94,894,092
79,574	(82,657)		(8,645,827)	8,323,325
362,882	(859,977)		(89,952,352)	37,956,870
83,242	40,794		4,267,043	8,707,072
1,432,920	(2,020,545)		(211,346,019)	149,881,359
Increase in operating liabilities				
(17,593)	9,710		1,015,634	(1,840,211)
(147,105)	(5,900)		(617,180)	(15,386,971)
1,888,279	2,163,277		226,275,495	197,511,108
(92,433)	68,491		7,164,030	(9,668,386)
1,631,148	2,235,578		233,837,979	170,615,540
(133,897)	(137,503)		(14,382,617)	(14,005,367)
(21)	(24)		(2,550)	(2,234)
(133,918)	(137,527)		(14,385,167)	(14,007,601)
3,362,028	433,555		45,349,026	351,663,198
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
(2,639,756)	447,060		46,761,824	(276,114,512)
(203,103)	(952,389)		(99,618,480)	(21,244,287)
31,164	28,670		2,998,821	3,259,736
(19,272)	(33,126)		(3,464,949)	(2,015,822)
(3,965)	(10,092)		(1,055,600)	(414,780)
81,436	8,503		889,430	8,518,102
228	1,758		183,876	24,007
(2,753,268)	(509,616)		(53,305,078)	(287,987,556)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
(164)	(97)		(10,148)	(17,188)
(111,537)	(152,652)		(15,967,155)	(11,666,593)
(111,701)	(152,749)		(15,977,303)	(11,683,781)
497,059	(228,810)		(23,933,355)	51,991,861
1,131,898	1,628,957		170,386,744	118,394,883
1,628,957	1,400,147	32	146,453,389	170,386,744

The annexed notes 1 to 45 and Annexure I to IV form an integral part of these unconsolidated financial statements.

Masood Karim Shaikh  
President (Officiating)

Tariq Kirmani  
Director

Iftikhar A. Allawala  
Director

Farrakh Qayyum  
Director



## UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2016

Share capital	Reserves (refer note 19.4)				Unappropriated Profit	Total	
	Capital		Revenue				
	Exchange Translation	Statutory	General Loan Loss Reserve	General			
Rupees in '000							
Balance as at December 31, 2014	21,275,131	8,562,865	22,989,403	-	521,338	57,006,813	110,355,550
<b>Total comprehensive income for the year</b>							
Profit after tax for the year ended December 31, 2015	-	-	-	-	-	19,218,864	19,218,864
Other comprehensive income - net of tax	-	(414,780)	-	-	-	(1,566,813)	(1,981,593)
	-	(414,780)	-	-	-	17,652,051	17,237,271
<b>Transferred from surplus on revaluation of operating fixed assets</b>	-	-	-	-	-	119,934	119,934
<b>Transfer to statutory reserve</b>	-	-	1,921,886	-	-	(1,921,886)	-
<b>Transfer to general loan loss reserve</b>	-	-	-	12,000,000	-	(12,000,000)	-
<b>Transactions with owners, recorded directly in equity</b>							
Cash dividend paid for the year ended December 31, 2014 (Rs. 5.5 per share)	-	-	-	-	-	(11,701,322)	(11,701,322)
<b>Balance as at December 31, 2015</b>	<b>21,275,131</b>	<b>8,148,085</b>	<b>24,911,289</b>	<b>12,000,000</b>	<b>521,338</b>	<b>49,155,590</b>	<b>116,011,433</b>
<b>Total comprehensive income for the year</b>							
Profit after tax for the year ended December 31, 2016	-	-	-	-	-	22,752,285	22,752,285
Other comprehensive income - net of tax	-	(1,055,600)	-	-	-	(1,851,084)	(2,906,684)
	-	(1,055,600)	-	-	-	20,901,201	19,845,601
<b>Transferred from surplus on revaluation of operating fixed assets</b>	-	-	-	-	-	113,937	113,937
<b>Transfer to statutory reserve</b>	-	-	2,275,229	-	-	(2,275,229)	-
<b>Transactions with owners, recorded directly in equity</b>							
Cash dividend paid for the year ended December 31, 2015 (Rs. 7.5 per share)	-	-	-	-	-	(15,956,348)	(15,956,348)
<b>Balance as at December 31, 2016</b>	<b>21,275,131</b>	<b>7,092,485</b>	<b>27,186,518</b>	<b>12,000,000</b>	<b>521,338</b>	<b>51,939,151</b>	<b>120,014,623</b>

The annexed notes 1 to 45 and Annexure I to IV form an integral part of these unconsolidated financial statements.

Masood Karim Shaikh  
President (Officiating)

Tariq Kirmani  
Director

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Farrakh Qayyum  
Director

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 1. STATUS AND NATURE OF BUSINESS

National Bank of Pakistan (the Bank) was incorporated in Pakistan under the National Bank of Pakistan Ordinance, 1949 and is listed on all the stock exchanges in Pakistan. Its registered and head office is situated at I.I. Chundrigar Road, Karachi. The Bank is engaged in providing commercial banking and related services in Pakistan and overseas. The Bank also handles treasury transactions for the Government of Pakistan (GoP) as an agent to the State Bank of Pakistan (SBP). The Bank operates 1,448 (2015: 1,403) branches in Pakistan and 21 (2015: 21) overseas branches (including the Export Processing Zone branch, Karachi). The Bank also provides services as trustee to Long-Term Credit Fund (LTCF) and Endowment Fund for student loans scheme.

## 2. BASIS OF PRESENTATION

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

Key financial figures of the Islamic banking branches of the Bank have been disclosed in note 42 of these financial statements.

2.2 These are separate financial statements of the Bank in which the investments in subsidiaries, associates and joint ventures are stated at cost and have not been accounted for on the basis of reported results and net assets of the investees which is done in the consolidated financial statements.

2.3 The US Dollar amounts shown on the statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement are stated as additional information solely for the convenience of readers. For the purpose of conversion to US Dollars, the rate of Rs. 104,5985 to 1 US Dollar has been used for 2015 and 2016 as it was the prevalent rate as on December 31, 2016.

## 3. STATEMENT OF COMPLIANCE

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

3.2 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 Letter No. 10 dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

### 3.3 Application of new and revised International Financial Reporting Standards (IFRSs)

#### New Standards, Interpretations and Amendments

The Bank has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

#### Standard or Interpretation

IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

IAS 27 - Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

### Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 - Financial Instruments: Disclosures - Servicing contracts

IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 - Employee Benefits - Discount rate: regional market issue

IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

### 3.4 New and revised approved accounting standards not yet effective

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

Standard or Interpretation	Effective date (annual periods Beginning on or after)
IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7 - Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 - Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40 - Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2017. The Bank expects that such improvements to the standards will not have any impact on the Bank's financial statements in the period of initial application.

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

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 15 - Revenue from Contracts with Customers	01 January 2018
IFRS 16 - Leases	01 January 2019

## 4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for revaluation of land and buildings and non-banking assets acquired in satisfaction of claims which are stated at revalued amount and certain investments and derivative financial instruments that are carried at fair value.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Bank has changed its accounting policy for non-banking assets acquired in satisfaction of claims as disclosed in note 5.8 to the financial statements.

### 5.1 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks in current and deposit accounts and call money lendings, less call money borrowings and overdrawn nostro accounts.

### 5.2 Investments

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

All regular way purchases / sales of investments are recognised on the trade date, i.e., the date the Bank commits to purchase / sell the investments. Regular way purchases or sales of investments require delivery of securities within the time frame generally established by regulation or convention in the market place.

The Bank has classified its investment portfolio, except for investments in subsidiaries, associates and joint ventures, into 'held-for-trading', 'held-to-maturity' and 'available-for-sale' as follows:

- Held-for-trading – These are securities which are acquired with the intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days. These are carried at market value, with the related unrealized gain / (loss) on revaluation being taken to profit and loss account.
- Held-to-maturity – These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortised cost.
- Available-for-sale – These are investments that do not fall under the held-for-trading or held-to-maturity categories. These are carried at market value except in case of unquoted securities where market value is not available, which are carried at cost less provision for diminution in value, if any. Surplus / (deficit) on revaluation is taken to 'surplus / (deficit) on revaluation of assets' account shown below equity. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to book value of the same. On derecognition or impairment in quoted available-for-sale investments, the cumulative gain or loss previously reported as 'surplus / (deficit) on revaluation of assets' below equity is included in the profit and loss account for the period.
- Provision for diminution in value of investments in unquoted debt securities is calculated as per the SBP's Prudential Regulations.

Held-for-trading and quoted available-for-sale securities are marked to market with reference to ready quotes on Reuters page (PKRV/ PKISRV) or MUFAP or the Stock Exchanges, as the case may be.

Investments in subsidiaries, associates and joint venture companies are stated at cost. Provision is made for impairment in value, if any.

### 5.3 Repurchase and resale agreements

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

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the statement of financial position, as the Bank does not obtain control over the securities. Amounts paid under these agreements are included in lendings to financial institutions. The difference between purchase and resale price is treated as mark-up / return / interest income and accrued over the life of the reverse repo agreement using effective yield method.

### 5.4 Derivative financial instruments

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

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 5.5 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Bank becomes a party to the contractual provisions of the instrument. A financial asset is derecognised where (a) the rights to receive cash flows from the asset have expired; or (b) the Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Bank has transferred substantially all the risks and rewards of the asset, or (ii) the Bank has neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

### 5.6 Advances

Advances are stated net of specific and general provisions. Provisions are made in accordance with the requirements of Prudential Regulations issued by the SBP and charged to the profit and loss account. These regulations prescribe an age based criteria (as supplemented by subjective evaluation of advances by the banks) for classification of non-performing loans and advances and computing provision / allowance there against. Such regulations also require the Bank to maintain general provision / allowance against consumer and SME advances at specified percentage of such portfolio. General provision for loan losses of overseas branches is made as per the requirements of the respective central banks. Advances are written off where there are no realistic prospects of recovery.

### 5.7 Operating fixed assets and depreciation

#### Property and equipment

##### Owned assets

Property and equipment except land and buildings are stated at cost less accumulated depreciation and impairment losses, if any. Land is stated at revalued amount. Buildings are stated at revalued amount less accumulated depreciation and impairment, if any. Cost of operating fixed assets of foreign branches include exchange differences arising on translation at year-end rates. Depreciation is charged to profit and loss account applying the straight line method except buildings, which are depreciated on diminishing balance method at the rates stated in note 11.2. Depreciation is charged from the month in which the assets are brought into use and no depreciation is charged for the month the assets are deleted.

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

Assets are derecognised when disposed off or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are included in profit and loss account currently.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Land and buildings' valuations are carried out by professionally qualified valuers with sufficient regularity to ensure that their carrying amount does not differ materially from their fair value.

The surplus arising on revaluation of fixed assets is credited to the "Surplus on Revaluation of Assets account" shown below equity. The Bank has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the requirements of the Companies Ordinance, 1984 and SECP's SRO 45(1)/2003 dated January 13, 2003:

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and
- an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets account" to unappropriated profit through statement of changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

##### Leased assets (as lessee)

Assets subject to finance lease are accounted for by recording the asset and the related liability. These are recorded at lower of fair value and the present value of minimum lease payments at the inception of lease and subsequently stated net of accumulated depreciation. Depreciation is charged on the basis similar to the owned assets. Financial charges are allocated over the period of lease term so as to provide a constant periodic rate of financial charge on the outstanding liability.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### Ijarah (as lessor)

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

Ijarah income is recognised on a straight line basis over the period of Ijarah contract.

### Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged to income applying the straight-line method at the rates stated in note 11.3. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

### Capital work-in-progress

Capital work-in-progress is stated at cost. These are transferred to specific assets as and when assets are available for use.

### Impairment

The carrying values of operating fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, operating fixed assets are written down to their recoverable amounts.

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

### 5.8 Non-banking assets acquired in satisfaction of claims

Effective January 1, 2016, the Bank has changed its accounting policy prospectively for non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016. In line with the guidance provided in the Regulations, the non-banking assets acquired in satisfaction of claims are now carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation is credited to the 'surplus on revaluation of fixed assets' account and any deficit arising on revaluation is taken to the profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property is charged to profit and loss account and not capitalised. Previously, Non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any. Had the accounting policy not been changed, Non banking assets (included in Other Assets in the statement of financial position) would have been lower by Rs 1,163 million while surplus on revaluation of assets and deferred tax assets would have been lower by Rs 1,127 million and Rs 36 million respectively.

### 5.9 Deposits and their cost

Deposits are recorded at the fair value of proceeds received.

Deposit costs are recognised as an expense in the period in which these are incurred using effective yield method.

### 5.10 Taxation

#### Current

Provision of current taxation is based on taxable income for the year determined in accordance with the prevailing laws of taxation on income earned for local as well as foreign operations, as applicable to the respective jurisdictions. The charge for the current tax also includes adjustments wherever considered necessary relating to prior years, arising from assessments framed during the year.

#### Deferred

Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised. Deferred tax is not recognised on differences relating to investment in subsidiaries and branches to the extent the deductible temporary difference probably will not reverse in the foreseeable future.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit or deductible temporary differences will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to gain / loss recognized on surplus on revaluation of assets is charged / credited to such account.

### 5.11 Employee benefits

#### 5.11.1 Defined benefit plans

The Bank operates an approved funded pension scheme, an un-funded post retirement medical benefits scheme and an un-funded benevolent scheme for its eligible employees. The Bank also operates an un-funded gratuity scheme for its eligible contractual employees. An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method. Remeasurements of the net defined benefit liability / assets which comprise actuarial gains and losses, return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest) are recognized immediately in other comprehensive income. Past-service costs are recognized immediately in profit and loss account when the plan amendment occurs.

#### 5.11.2 Other employee benefits

##### Employees' compensated absences

The Bank also makes provision in the financial statements for its liability towards compensated absences. This liability is estimated on the basis of actuarial advice under the Projected Unit Credit method.

### 5.12 Revenue recognition

Income on loans and advances and debt security investments are recognized on a time proportion basis that takes into account effective yield on the asset. In case of advances and investments classified under the Prudential Regulations, interest / mark-up is recognized on receipt basis.

Interest / mark-up on rescheduled / restructured advances and investments is recognized in accordance with the Prudential Regulations of SBP.

Fee, brokerage and commission income other than commission on letter of credit and guarantees and remuneration for trustee services are recognized upon performance of services.

Commission on letters of credit and guarantees is recognized on time proportion basis.

Dividend income on equity investments and mutual funds is recognized when right to receive is established.

Premium or discount on debt securities classified as held-for-trading, available-for-sale and held-to-maturity securities is amortised using the effective interest method and taken to profit and loss account.

Gains and losses on disposal of investments and operating fixed assets are dealt with through the profit and loss account in the year in which they arise.

### 5.13 Foreign currencies translation

The Bank's financial statements are presented in Pak Rupees (Rs.) which is the Bank's functional and presentation currency.

Foreign currency transactions are converted into Rupees applying the exchange rate at the date of the respective transactions. Monetary assets and liabilities in foreign currencies and assets / liabilities of foreign branches are translated into Rupees at the rates of exchange prevailing at the statement of financial position date. Forward foreign exchange contracts are valued at the rates applicable to their respective maturities. All gains or losses on dealing in foreign currencies are taken to profit and loss account currently.

Profit and loss account balances of foreign branches are translated at average exchange rate prevailing during the year. Gains and losses on translation are included in the profit and loss account except gains / losses arising on translation of net assets of foreign branches, which is credited to other comprehensive income.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

Items included in the financial statements of the Bank's foreign branches are measured using the currency of the primary economic environment in which the Bank operates (the functional currency).

Commitments for outstanding forward foreign exchange contracts are disclosed in these financial statements at committed amounts. 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 statement of financial position date.

### 5.14 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations is made when the Bank has legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of amount can be made. Charge to profit and loss account is stated net of expected recoveries.

### 5.15 Off setting

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

### 5.16 Fiduciary assets

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

### 5.17 Dividend and other appropriations

Dividend and appropriation to reserves, except appropriations which are required by the law, are recognised in the Banks' financial statements in the year in which these are approved.

### 5.18 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any. There were no dilutive potential ordinary shares in issue at December 31, 2016.

### 5.19 Accounting estimates and judgments

The preparation of financial statements in conformity with Approved Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas of estimates and judgments in relation to these financial statements are as follows:

#### a) Provision against non-performing loans and advances

The Bank reviews its loan portfolio to assess amount of non-performing loans and determine provision required there against on a quarterly basis. While assessing this requirement various factors including the past dues, delinquency in the account, financial position and future business / financial plan of the borrower, value of collateral held and requirements of Prudential Regulations are considered. The Bank also considers the effect of Forced Sale Value of collaterals in determining the amount of provision, however, no benefit of FSV of collateral is taken during the year in determining provisioning amount.

General provision for loan losses of overseas branches is made as per the requirements of the respective central banks.

The amount of general provision against domestic consumer and SME advances is determined in accordance with the relevant Prudential Regulations and SBP directives. During the year, the Bank has changed its estimate for determining general provision as a result of revised Prudential Regulation for consumer financing as disclosed in note 10.4,5 to the financial statements.

#### b) Fair value of derivatives

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest and exchange rates over the term of the contract.



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

**c) Impairment of available-for-sale investments**

The Bank considers that available-for-sale equity investments and mutual funds are impaired when there has been a significant or prolonged decline in the fair value below its cost except for investments where relaxation has been allowed by SBP. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

Further the Bank has developed internal criteria according to which a decline of 30% in the market value of any scrip below its cost shall constitute as a significant decline and where market value remains below the cost for a period of one year shall constitute as a prolonged decline.

**d) Held-to-maturity investments**

The Bank follows the guidance provided in the SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments till maturity.

**e) Income taxes**

In making the estimates for current and deferred taxes, the management looks at the income tax law and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Bank's view differs with the view taken by the income tax department and such amounts are shown as contingent liability.

**f) Operating fixed assets, revaluation, depreciation and amortization**

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

The Bank also revalues its properties on a periodic basis. Such revaluations are carried out by independent valuer and involves estimates / assumptions and various market factors and conditions.

**g) Employees' benefit plans**

The liabilities for employees' benefits plans are determined using actuarial valuations. The actuarial valuations involve assumptions about discount rates, expected rates of return on assets, future salary increases, future inflation rates and future pension increases as disclosed in note 34. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

**f) Provision against contingencies**

Provision against contingencies is determined based on the management judgement regarding the probability of future out flows of resources employing economic benefits to settle an obligation arising from past events.

	Note	2016 Rupees in '000	2015
<b>6. CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency		27,512,094	22,053,710
Foreign currency		3,654,831	2,856,787
		<u>31,166,925</u>	<u>24,910,497</u>
With State Bank of Pakistan in			
Local currency current accounts	6.1	91,549,667	58,230,545
Local currency deposit account		-	-
		<u>91,549,667</u>	<u>58,230,545</u>
Foreign currency current account	6.2	3,673,920	3,992,844
Foreign currency deposit account	6.2	10,982,843	11,940,474
Foreign currency collection account		697,433	181,959
		<u>15,354,196</u>	<u>16,115,277</u>
With other central banks in			
Foreign currency current accounts	6.3	19,659,947	49,400,312
Foreign currency deposit accounts	6.3	2,105,404	2,243,147
		<u>21,765,351</u>	<u>51,643,459</u>
	32	<u>159,836,139</u>	<u>150,899,778</u>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

- 6.1 This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.
- 6.2 These represent mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.
- 6.3 These balances pertain to the foreign branches and are held with central banks of respective countries. These include balances to meet the statutory and regulatory requirements in respect of liquidity and capital requirements of respective countries. The deposit accounts carry interest at the rate of 0.15% to 4% per annum (2015: 0.00% to 6.70% per annum).

	Note	2016 Rupees in '000	2015
<b>7. BALANCES WITH OTHER BANKS</b>			
In Pakistan			
On current account		-	-
On deposit account	7.1	5,538,299	6,775,367
		5,538,299	6,775,367
Outside Pakistan			
On current accounts		3,184,502	5,800,034
On deposit accounts	7.2	5,105,676	7,552,872
		8,290,178	13,352,906
	32	13,828,477	20,128,273

- 7.1 These include various deposits with correspondent banks and carry interest at rates ranging from 3.16% to 5.9% per annum.
- 7.2 These include various deposits with correspondent banks and carry interest at rates ranging from 0.56% to 7% per annum (2015: 0.01% to 1.85% per annum).

	Note	2016 Rupees in '000	2015
<b>8. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings	8.3	61,200	3,061,200
Repurchase agreement lendings (Reverse Repo)	8.4	113,960,886	4,633,316
Bai-Muajjal with other banks	8.5	7,687,313	-
Letters of placement	8.6	173,500	173,500
	8.1	121,882,899	7,868,016
Less: Provision held against lendings	8.2	(173,500)	(173,500)
		121,709,399	7,694,516
<b>8.1 Particulars of lendings - gross</b>			
In local currency		121,882,899	7,868,016
In foreign currencies		-	-
		121,882,899	7,868,016
<b>8.2 Movement in provision held against lendings is as follows:</b>			
Opening balance		173,500	173,500
Charge for the year		-	-
Closing balance		173,500	173,500

- 8.3 This represents zero rate lending to a financial institution (2015: Rs, 61,200 million) which is guaranteed by the SBP.
- 8.4 These carry mark-up at rates ranging from 5.5% to 5.95% per annum (2015: 6.30% to 6.40% per annum) with maturities ranging from January 3, 2017 to January 6, 2017.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 8.4.1 Securities held as collateral against lendings to financial institutions

	2016			2015		
	Held by	Further	Total	Held by	Further	Total
	Bank	given as collateral		Bank	given as collateral	
Rupees in '000			Rupees in '000			
Market Treasury Bills	90,023,887	-	90,023,887	3,908,316	-	3,908,316
Pakistan Investment Bonds	23,936,999	-	23,936,999	725,000	-	725,000
	<b>113,960,886</b>	<b>-</b>	<b>113,960,886</b>	<b>4,633,316</b>	<b>-</b>	<b>4,633,316</b>

8.4.2 Market value of the securities under repurchase agreement lendings amounts to Rs.115,366 million (2015: Rs. 4,653 million).

8.5 This represents Bai Muajjal agreements entered into with other banks. These carry rate ranging from 5.6% to 6.0% per annum

8.6 These are overdue placements and full provision has been made against these placements at year-end.

## 9. INVESTMENTS

### 9.1 Investments by type:

	Note	2016			2015		
		Held by	Given as	Total	Held by	Given as	Total
		Bank	collateral		Bank	collateral	
Rupees in '000			Rupees in '000				
<b>Held-for-trading securities</b>							
Market Treasury Bills		-	-	-	29,825	-	29,825
Pakistan Investment Bonds		9,984,590	-	9,984,590	1,439,315	-	1,439,315
Ordinary shares of listed companies		62,920	-	62,920	-	-	-
<b>Total held-for-trading securities</b>		<b>10,047,510</b>	<b>-</b>	<b>10,047,510</b>	<b>1,469,140</b>	<b>-</b>	<b>1,469,140</b>
<b>Available-for-sale securities</b>							
Ordinary shares of listed companies	9.11 / 9.12	22,456,457	-	22,456,457	23,047,158	-	23,047,158
Ordinary shares of unlisted companies		2,119,982	-	2,119,982	1,118,263	-	1,118,263
Investments in mutual funds		1,212,740	-	1,212,740	986,275	-	986,275
Ordinary shares of a bank outside Pakistan	9.4	463,295	-	463,295	463,295	-	463,295
Preference shares		633,660	-	633,660	846,660	-	846,660
Market Treasury Bills		368,848,153	-	368,848,153	402,985,122	10,214,352	413,199,474
Pakistan Investment Bonds		125,111,867	4,032,484	129,144,351	161,777,009	93,031	161,870,040
GoP Foreign Currency Bonds		8,685,558	-	8,685,558	9,479,391	-	9,479,391
Foreign Government Securities		519,287	-	519,287	520,093	-	520,093
Foreign Currency Debt Securities		2,732,943	-	2,732,943	2,690,496	-	2,690,496
Term Finance Certificates / Musharika and Sukuk Bonds		64,324,362	-	64,324,362	33,651,254	-	33,651,254
<b>Total available-for-sale securities</b>		<b>597,108,304</b>	<b>4,032,484</b>	<b>601,140,788</b>	<b>637,565,016</b>	<b>10,307,383</b>	<b>647,872,399</b>
<b>Held-to-maturity securities</b>							
Pakistan Investment Bonds		178,328,918	-	178,328,918	107,575,573	-	107,575,573
Market Treasury Bills		29,131,619	-	29,131,619	7,826,760	-	7,826,760
GoP Foreign Currency Bonds		7,889,583	-	7,889,583	1,610,375	-	1,610,375
Other Federal Government Securities		-	-	-	2,944,008	-	2,944,008
Foreign Government Securities		25,106,982	-	25,106,982	20,863,694	-	20,863,694
Foreign Currency Debt Securities		405	-	405	406	-	406
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates		792,933	-	792,933	811,144	-	811,144
<b>Total held-to-maturity securities</b>	9.3	<b>241,250,440</b>	<b>-</b>	<b>241,250,440</b>	<b>141,631,960</b>	<b>-</b>	<b>141,631,960</b>
<b>Investments in associates</b>	9.5	<b>4,362,391</b>	<b>-</b>	<b>4,362,391</b>	<b>5,251,821</b>	<b>-</b>	<b>5,251,821</b>
<b>Investments in joint venture</b>	9.6	<b>2,362,433</b>	<b>-</b>	<b>2,362,433</b>	<b>2,362,433</b>	<b>-</b>	<b>2,362,433</b>
<b>Investments in subsidiaries</b>	9.8	<b>4,406,750</b>	<b>-</b>	<b>4,406,750</b>	<b>4,406,750</b>	<b>-</b>	<b>4,406,750</b>
<b>Investments at cost</b>		<b>859,537,828</b>	<b>4,032,484</b>	<b>863,570,312</b>	<b>792,687,120</b>	<b>10,307,383</b>	<b>802,994,503</b>
<b>Less: Provision for diminution in value of investments</b>	9.9	<b>(17,404,984)</b>	<b>-</b>	<b>(17,404,984)</b>	<b>(19,432,226)</b>	<b>-</b>	<b>(19,432,226)</b>
<b>Investments (cost net of provisions)</b>		<b>842,132,844</b>	<b>4,032,484</b>	<b>846,165,328</b>	<b>773,254,894</b>	<b>10,307,383</b>	<b>783,562,277</b>
Unrealized gain / (loss) on revaluation of investments classified as held-for-trading	9.10	(67,457)	-	(67,457)	5,924	-	5,924
Surplus / (deficit) on revaluation of available-for-sale securities	20.1	50,671,839	361,039	51,032,878	45,674,695	3,002	45,677,697
<b>Total investments - at carrying value</b>		<b>892,737,226</b>	<b>4,393,523</b>	<b>897,130,749</b>	<b>818,935,513</b>	<b>10,310,385</b>	<b>829,245,898</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	Note	2016 Rupees in '000	2015
<b>9.2 Investments by segments</b>			
<b>Federal Government Securities</b>			
- Market Treasury Bills		397,979,772	421,056,059
- Pakistan Investment Bonds		317,457,859	270,884,928
- GoP Foreign Currency Bonds		16,575,141	11,089,766
- Other Federal Government Securities		-	2,944,008
- Ijarah Sukuk Bonds		9,123,388	980,684
		<b>741,136,160</b>	<b>706,955,445</b>
<b>Foreign Government Securities</b>		25,626,269	21,383,787
<b>Fully Paid up Ordinary Shares</b>	9.11 / 9.12		
- Listed Companies		22,519,377	23,047,158
- Unlisted Companies		2,119,982	1,118,263
- Ordinary shares of a bank listed outside Pakistan	9.4	463,295	463,295
		<b>25,102,654</b>	<b>24,628,716</b>
<b>Debentures, Bonds, Participation Term Certificates, Term Finance Certificates, Musharika and Sukuk Bonds</b>			
- Listed		4,172,411	2,449,349
- Unlisted		51,821,496	31,032,365
		<b>55,993,907</b>	<b>33,481,714</b>
<b>Foreign Currency Debt Securities</b>		2,733,348	2,690,902
<b>Other Investments</b>			
- Investments in mutual funds		1,212,740	986,275
- Preference Shares		633,660	846,660
<b>Investments in associates</b>	9.5	4,362,391	5,251,821
<b>Investments in joint ventures</b>	9.6	2,362,433	2,362,433
<b>Investments in subsidiaries</b>	9.8	4,406,750	4,406,750
<b>Total investments at cost</b>		<b>863,570,312</b>	<b>802,994,503</b>
Provision for diminution in value of investments	9.9	(17,404,984)	(19,432,226)
<b>Investments (cost net of provisions)</b>		<b>846,165,328</b>	<b>783,562,277</b>
Unrealized gain / (loss) on revaluation of investments classified as held-for-trading	9.10	(67,457)	5,924
Surplus on revaluation of available-for-sale securities	20.1	51,032,878	45,677,697
<b>Total investments - at carrying value</b>		<b>897,130,749</b>	<b>829,245,898</b>

**9.2.1** Detailed information relating to investments in shares of listed and unlisted companies, Preference Shares, Mutual Funds, Government Securities, Bonds, Debentures, Term Finance Certificates, Participation Term Certificate, Sukuks etc. including quality of available-for-sale securities is given in Annexure-4 to the financial statements.

**9.3** Market value of held-to-maturity investments is Rs. 247,402 million (2015: Rs. 146,926 million).

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 9.4 Investment in shares of a bank incorporated outside Pakistan - Bank Al-Jazira

The Bank holds 23,333,333 (2015: 23,333,333) shares in Bank Al-Jazira (BAJ) incorporated in the Kingdom of Saudi Arabia, representing 5.83% (2015: 5.83%) holding in total equity of BAJ. The investment has been marked to market using closing price as quoted on the Saudi Stock Exchange in accordance with SBP concurrence vide letter No. BSD/SU-13/331/685/2006 dated February 17, 2006. BAJ's Viability Rating is bb+ with short term and long term IDR at F2 and A-by Fitch Rating Agency.

### 9.5 Investments in associates

Unlisted Shares	Number of shares	Percentage of holding	Note	2016	2015
				Rupees in '000	
Pakistan Emerging Venture Limited	12,500,000	33.33		50,563	50,563
Information System Associates Limited	2,300,000	-		-	1,719
National Fructose Company Limited	1,300,000	39.50		6,500	6,500
Venture Capital Fund Management	33,333	33.33		-	-
Kamal Enterprises Limited	11,000	20.37		-	-
Mehran Industries Limited	37,500	32.05		-	-
National Assets Insurance Company Limited	4,481,500	8.96		44,815	44,815
Tharparkar Sugar Mills Limited	2,500,000	21.52		-	-
Youth Investment Promotion Society	644,508	25.00		-	-
Dadabhoj Energy Supply Company Limited	9,900,000	23.11		32,105	32,105
K-Agricole Limited	5,000	20.00		-	-
New Pak Limited	200,000	20.00		-	-
Pakistan Mercantile Exchange Limited	10,653,860	38.65		106,539	90,000
Prudential Fund Management Limited	150,000	20.00		-	-
				240,522	225,702
<b>Listed Shares</b>					
First Credit and Investment Bank Limited	20,000,000	30.77		157,429	157,429
National Fibres Limited	17,030,231	20.19		-	-
Land Mark Spinning Mills Limited	3,970,859	32.79		39,710	39,710
S.G. Fibres Limited	3,754,900	25.03		218,535	218,535
Nina Industries Limited	4,906,000	20.27		49,060	49,060
Agritech Limited	105,772,510	26.95	9.5,1	3,657,133	4,561,383
				4,121,867	5,026,117
				4,362,391	5,251,821
Less: Provision for diminution in value of investments (including an amount of Rs. 2,316 million (2015: Rs. 3,346 million) against Agritech Limited)			9.9.1 / 9.9.2	(2,938,469)	(3,955,809)
				1,423,922	1,296,012

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**9.5.1** The 94,273,510 shares (2015: 120,426,432) of Agritech Limited were acquired from Azgard Nine Limited as part of multiple agreements including the Master Restructuring Agreement (MRA). These shares were acquired at an agreed price of Rs. 35 per share. The market value of these shares at December 31, 2016 amounted to Rs. 12.68 per share resulting in an impairment of Rs. 2,316 million (2015: 3,090 million) which has been fully recorded in these financial statements.

During the period 2016, the Bank has exercised its Put Option. Accordingly, the Bank sold back 26.2 million shares in Agritech Limited to various banks under the agreement.

There is also a put option available to Azgard Nine Limited, under which Azgard Nine Limited has the right to sell 58.29 million preference shares of Agritech Limited to the Bank at a price of Rs. 5.25 per share subject to the occurrence of certain events under the agreement.

**9.5.2** Aggregate market value of investments in associates (quoted) on the basis of latest available quoted prices amounts to Rs. 1,606 million (2015: Rs. 1,432 million).

**9.5.3** Associates with zero carrying amount, represent the investments acquired from former National Development Finance Corporation (NDFC) which have negative equity or whose operations were closed at the time of amalgamation.

**9.5.4** The details of break-up value based on latest available financial statements of unlisted investments in associates are as follows:

	Year / Period ended	Break-up value Rupees in '000
National Assets Insurance Limited	December 31, 2015	52,993
Pakistan Emerging Venture Limited	June 30, 2016	75,082
Information System Associates Limited	June 30, 2016	14,469
Dadabhoj Energy Supply Company Limited	June 30, 2007	103,952
Pakistan Mercantile Exchange Limited	June 30, 2015	(40,884)
	<b>Note</b>	<b>2016</b>
		<b>2015</b>
<b>9.6 Investments in joint venture</b>		<b>Rupees in '000</b>
United National Bank Limited (UNBL) (incorporated in United Kingdom)	9.6.1	2,362,433
		2,362,433

**9.6.1** Under a joint venture agreement, the Bank holds 20.25 million ordinary shares (45%) and United Bank Limited (UBL) holds 23.25 million ordinary shares (55%) in UNBL. In addition to ordinary shares, four preference shares categories as "A", "B", "C" and "D" have been issued and allotted. The "B" and "D" category shares are held by the Bank and category "A" and "C" are held by UBL. Dividends payable on "A" and "B" shares are related to the ability of the venture to utilize tax losses that have been surrendered to it on transfer of business from the Bank or UBL as appropriate. Dividends payable on "C" and "D" shares are related to loans transferred to the venture by the Bank or UBL that have been written-off or provided for at the point of transfer and the ability of the venture to realize in excess of such loan value.

### 9.7 Summary of financial information of associates and joint venture

	Based on the financial statements as on	2016				
		Assets	Liabilities	Equity	Revenue	Profit / (loss)
		Rupees in '000				
United National Bank Limited	December 31, 2016	67,148,552	56,924,131	10,224,421	2,479,817	709,827
First Credit and Investment Bank Limited	September 30, 2016	1,040,692	322,886	717,806	17,219	5,433
Agritech Limited	September 30, 2016	49,065,040	43,323,242	5,741,798	5,521,280	(1,030,135)
		2015				
		Assets	Liabilities	Equity	Revenue	Profit / (loss)
		Rupees in '000				
United National Bank Limited	December 31, 2015	71,978,338	44,706,143	11,727,616	3,355,003	2,040,780
First Credit and Investment Bank Limited	September 30, 2015	677,261	13,956	663,305	42,157	(611)
Agritech Limited	September 30, 2015	49,349,923	41,686,908	7,663,015	1,667,212	(2,122,870)

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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9.8 Investments in subsidiaries	Note	Percentage of holding	2016 Rupees in '000	2015
NBP Leasing Limited		100.00	500,000	500,000
CJSC Subsidiary Bank of NBP in Kazakhstan		100.00	2,185,644	2,185,644
CJSC Subsidiary Bank of NBP in Tajikistan		100.00	953,783	953,783
NBP Exchange Company Limited		100.00	300,000	300,000
NBP Modaraba Management Company Limited		100.00	105,000	105,000
Taurus Securities Limited		58.32	24,725	24,725
Cast-N-Link Products Limited		76.51	1,245	1,245
NBP Fullerton Asset Management Limited		54.00	336,353	336,353
			<u>4,406,750</u>	<u>4,406,750</u>
Less: Provision for diminution in value of investments	9.9.1 / 9.9.2		<u>(1,010,186)</u>	<u>(720,420)</u>
			<u>3,396,564</u>	<u>3,686,330</u>

9.9 Particulars of provision for diminution in value of investments	Note	2016 Rupees in '000	2015
Opening balance		19,432,226	17,517,983
Charge for the year		1,447,000	2,406,249
Reversals for the year		(2,833,314)	(1,087,233)
		(1,386,314)	1,319,016
Transfer from advances	10.3	214,444	595,227
Transfer to advances	10.3	(284,000)	-
Other transfer		99,769	-
Adjustment due to settlement of put option in respect of shares of Agritech Limited (an associate)		(671,140)	-
Closing balance	9.9.1 / 9.9.2	<u>17,404,984</u>	<u>19,432,226</u>

9.9.1 Particulars of provision in respect of type	Note	2016 Rupees in '000	2015
<b>Available-for-sale securities</b>			
Ordinary shares of listed companies and mutual funds		2,737,167	3,329,066
Ordinary shares of unlisted companies		398,923	398,923
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds		9,281,816	9,962,240
Preference shares		433,444	446,444
<b>Held-to-maturity securities</b>			
Debentures, Bonds, Participation Term Certificates, and Term Finance Certificates		604,979	619,324
<b>Investments in associates</b>	9.5	2,938,469	3,955,809
<b>Investments in subsidiaries</b>	9.8 / 9.9.2.1	<u>1,010,186</u>	<u>720,420</u>
		<u>17,404,984</u>	<u>19,432,226</u>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	Note	2016 Rupees in '000	2015
<b>9.9.2 Particulars of provision in respect of segments</b>			
Fully Paid up Ordinary Shares		3,090,081	3,670,113
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds		9,886,795	10,581,564
Other investments		479,453	504,320
Investments in associates	9.5	2,938,469	3,955,809
Investments in subsidiaries	9.8 / 9.9.2.1	1,010,186	720,420
		<u>17,404,984</u>	<u>19,432,226</u>

**9.9.2.1** Provision against subsidiaries includes an amount of Rs. 661 million (2015: 661 million) against investment in CJSC Subsidiary Bank of NBP in Kazakhstan and Rs 290 million (2015: Nil) against investment in CJSC Subsidiary Bank of NBP in Tajikistan .

	2016 Rupees in '000	2015
<b>9.10 Unrealized gain / (loss) on revaluation of investments classified as held-for-trading</b>		
Ordinary shares of listed companies	1,064	-
Federal Government securities	(68,521)	5,924
	<u>(67,457)</u>	<u>5,924</u>

**9.11** The investments in shares include shares of Pakistan State Oil Company Limited, Sui Northern Gas Pipeline Limited and Pakistan Engineering Company with cost of Rs. 4,603 million (2015: Rs: 4,603 million) that have been frozen by the Government of Pakistan for sale in the equity market due to their proposed privatization.

**9.12** The investments also include shares acquired under tri-partite consent agreement dated June 29, 2011. These strategic investments comprise of the shares of Pakistan State Oil (22,022,713 shares) and shares of Sui Northern Gas Pipeline Limited (18,805,318 shares). The cost of these shares amounts to Rs. 4,601 million and market value as at December 31, 2016 amounts to Rs. 11,096 million. These shares can not be sold without concurrence of privatization commission.

### 10. ADVANCES

	Note	2016 Rupees in '000	2015
Loans, cash credits, running finances, etc.			
In Pakistan		709,791,527	620,428,973
Outside Pakistan		51,196,906	54,341,432
		<u>760,988,433</u>	<u>674,770,405</u>
Islamic financing and related assets	42.2.2	3,199,129	1,029,202
Bills discounted and purchased (excluding Government treasury bills)			
Payable in Pakistan		8,850,657	8,664,566
Payable outside Pakistan		8,437,549	7,387,939
		<u>17,288,206</u>	<u>16,052,505</u>
Advances - gross	10.1	781,475,768	691,852,112
Less: Provision against non-performing advances	10.3	114,086,313	113,729,952
Advances - net of provision		<u>667,389,455</u>	<u>578,122,160</u>
<b>10.1 Particulars of advances - gross</b>			
<b>10.1.1 In local currency</b>			
In foreign currencies		721,841,313	612,782,174
		59,634,455	78,840,388
		<u>781,475,768</u>	<u>691,852,112</u>
<b>10.1.2 Short-term (for upto one year)</b>			
Long-term (for over one year)		377,718,588	498,788,527
		403,757,180	192,834,035
		<u>781,475,768</u>	<u>691,852,112</u>



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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- 10.2 Advances include Rs. 119,416 million (2015: Rs. 127,280 million) which have been placed under non-performing status (refer note 10.4.3) as detailed below:

Category of Classification	2016								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Other Assets Especially Mentioned	1,076,998	-	1,076,998	31,804	-	31,804	31,804	-	31,804
Substandard	4,788,734	52,363	4,841,097	1,117,007	13,091	1,130,098	1,117,007	13,091	1,130,098
Doubtful	3,538,789	43,765	3,582,554	1,594,546	21,882	1,616,428	1,594,546	21,882	1,616,428
Loss	79,165,638	30,749,884	109,915,522	77,412,582	29,464,194	106,876,776	77,412,582	29,464,194	106,876,776
	88,570,159	30,846,012	119,416,171	80,155,939	29,499,167	109,655,106	80,155,939	29,499,167	109,655,106
	2015								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Other Assets Especially Mentioned	2,069,365	-	2,069,365	19,476	-	19,476	19,476	-	19,476
Substandard	7,057,274	83,227	7,140,501	1,582,057	20,807	1,602,864	1,582,057	20,807	1,602,864
Doubtful	2,610,175	152,627	2,762,802	997,687	76,358	1,074,045	997,687	76,358	1,074,045
Loss	83,647,608	31,660,021	115,307,629	78,133,816	29,935,390	108,069,206	78,133,816	29,935,390	108,069,206
	95,384,422	31,895,875	127,280,297	80,733,036	30,032,555	110,765,591	80,733,036	30,032,555	110,765,591

### 10.3 Particulars of provision against non-performing advances

Note	2016						2015		
	Specific	General	Total	Specific	General	Total			
	Rupees in '000								
Opening balance	110,765,591	2,964,361	113,729,952	98,158,511	3,201,464	101,359,975			
Foreign exchange adjustments	(286,882)	(11,381)	(298,263)	859,521	16,855	876,376			
Charge for the year	8,911,394	1,522,050	10,433,444	15,775,601	227,540	16,003,141			
Reversal during the year	(9,704,563)	(43,824)	(9,748,387)	(4,896,590)	(481,498)	(5,378,088)			
	(793,169)	1,478,226	685,057	10,879,011	(253,958)	10,625,053			
Transfer to investments	9.9	(214,444)	-	(214,444)	(595,227)	-	(595,227)		
Transfer from investments	9.9	284,000	-	284,000	-	-	-		
Transfer from off balance sheet obligations	18.1	-	-	-	1,494,692	-	1,494,692		
Other transfer		263,938	-	263,938	-	-	-		
Amount charged off	10.4.4	(97,256)	-	(97,256)	(18,227)	-	(18,227)		
Amounts written off	10.5	(266,672)	-	(266,672)	(12,690)	-	(12,690)		
Closing balance		109,655,106	4,431,206	114,086,313	110,765,591	2,964,361	113,729,952		

### 10.4 Particulars of provisions against non-performing advances

	2016						2015		
	Specific	General	Total	Specific	General	Total			
	Rupees in '000								
In local currency	79,708,258	4,269,941	83,978,199	80,733,036	2,747,891	83,480,927			
In foreign currencies	29,946,848	161,265	30,108,113	30,032,555	216,470	30,249,025			
	109,655,106	4,431,206	114,086,313	110,765,591	2,964,361	113,729,952			

- 10.4.1 As of 31 December 2016, The Bank has not availed the benefit of Forced Sale Value (FSV) of collaterals against non-performing advances. Last year, the Bank had availed the benefit of Forced Sale Value (FSV) of collaterals against non-performing advances which had resulted in decrease in provision against NPLs by Rs. 3,598 million.

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**10.4.2** The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of certain Public Sector Entities (PSEs) which are guaranteed by Government of Pakistan as non-performing loans up till December 31, 2016,

**10.4.3** The SBP has allowed specific relaxation to the Bank for non-classification of overdue loans of ASG Metals Private Limited and its associated companies till September 30, 2017. Had that relaxation not provided, the amount of non-performing loans would have been higher by Rs. 2,005 million (2015: Rs. 1,654 million) and provision would be higher by Rs.1,090 million (2015: Rs. 923 million).

**10.4.4** These represent non-performing advances for agriculture finance which have been classified as loss and fully provided for more than 3 years. These non-performing advances have been charged off by extinguishing them against the provision held in accordance with Prudential Regulations for Agriculture Financing issued by the SBP. This charge off does not, in any way, prejudice the Bank's right of recovery from these customers.

**10.4.5** During the period State Bank of Pakistan vide BPRD Circular No.10 dated August 3, 2016 has issued revised Prudential Regulations for consumer financing which amongst other things required banks to maintain general reserve at a percentage ranging from 1% to 7% based on secured and unsecured portfolio as per slab of NPL to Gross Loan Ratio for the performing portfolio only. This change resulted in the additional provision of Rs 768 million. Previously, general provision against consumer and SME loan were made at 1% to 5% of performing portfolio.

		2016	2015
	Note	Rupees in '000	
<b>10.5 Particulars of write offs</b>			
<b>10.5.1</b> Against provisions	10.3	266,672	12,690
<b>10.5.2</b> Write offs of Rs. 500,000 and above	10.6	265,486	10,948
Write offs of below Rs. 500,000		1,186	1,742
		<u>266,672</u>	<u>12,690</u>

### 10.6 Details of loans written off of Rs. 500,000 and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of Rs. 500,000 or above allowed to a person(s) during the year ended December 31, 2016 is given in Annexure II.

		2016	2015
		Rupees in '000	
<b>10.7 Particulars of loans and advances to directors, associated companies, etc.</b>			
Debts due by directors, executives, officers and staff of the Bank or any of them either severally or jointly with any other person:			
Balance at beginning of the year		31,372,520	30,839,116
Loans granted / additions during the year		4,053,881	4,341,870
Repayments		(4,913,632)	(3,808,466)
Balance at end of the year		<u>30,512,769</u>	<u>31,372,520</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		6,020,112	9,115,000
Adjustment due to retirement / appointment of directors		-	(1,154,000)
Loans granted / additions during the year		-	62,566,778
Repayments / other adjustments		(6,020,112)	(64,507,666)
Balance at end of the year		<u>-</u>	<u>6,020,112</u>
Debts due by subsidiary companies, controlled firms, managed modarabas and other related parties:			
Balance at beginning of the year		5,555,674	6,014,168
Loans granted / additions during the year		378,870	-
Repayments		(68,200)	(458,494)
Balance at end of the year		<u>5,866,344</u>	<u>5,555,674</u>

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	Note	2016 Rupees in '000	2015
<b>11. OPERATING FIXED ASSETS</b>			
Capital work-in-progress	11.1	1,545,405	1,348,323
Property and equipment	11.2	30,471,432	29,709,654
Intangible assets	11.3	883,941	648,260
		<b>32,900,778</b>	<b>31,706,237</b>

### 11.1 Capital work-in-progress

Civil works	1,477,219	1,291,009
Equipment	18,167	16,304
Advances to suppliers and contractors	50,019	41,010
	<b>1,545,405</b>	<b>1,348,323</b>

### 11.2 Property and equipment

	Cost / revalued amount			Accumulated depreciation			Book Value at December 31, 2016	Rate of depreciation
	At January 1, 2016	Additions / (deletions) / (adjustments)	At December 31, 2016	At January 1, 2016	Charge for the year / (deletions)	At December 31, 2016		
	Rupees in '000							
<b>Owned</b>								
<b>Land</b>								
- freehold	11,214,811	-	11,209,437	-	-	-	11,209,437	Nil
		(5,374)						
- leasehold	10,372,742	4,924	10,377,666	-	-	-	10,377,666	Nil
<b>Buildings on land:</b>								
- freehold	2,904,421	112,658	3,017,079	293,194	139,121	432,315	2,584,764	5% on book value
- leasehold	2,741,365	84,258	2,825,623	228,257	117,090	345,347	2,480,276	5% on book value
Furniture and fixtures	2,637,275	1,148,224 (9,600)	3,775,899	1,712,014	460,865 (5,098)	2,167,781	1,608,117	20% on cost
Computer and peripheral equipment	3,030,922	336,900 (365)	3,367,457	2,541,531	373,552 (317)	2,914,766	452,691	33.33% on cost
Electrical and office equipment	3,611,999	373,784 (1,081)	3,984,702	2,287,328	629,583 (956)	2,915,955	1,068,747	20% on cost
Vehicles	536,734	682,392 (280,581)	938,545	337,224	204,756 (267,289)	274,691 -	663,854	20% on cost
	<b>37,050,269</b>	<b>2,743,140 (291,627) (5,374)</b>	<b>39,496,408</b>	<b>7,399,548</b>	<b>1,924,967 (273,660) -</b>	<b>9,050,855</b>	<b>30,445,552</b>	
<b>Assets held under finance lease</b>								
Vehicles	172,983	- (7,730)	165,253	114,051	33,051 (7,729)	139,373	25,880	20% on cost
<b>2016</b>	<b>37,223,252</b>	<b>2,743,140 (299,357) (5,374)</b>	<b>39,661,661</b>	<b>7,513,599</b>	<b>1,958,018 (281,389) -</b>	<b>9,190,228</b>	<b>30,471,432</b>	

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	Cost / revalued amount			Accumulated depreciation			Book Value at December 31, 2015	Rate of depreciation	
	At January 1, 2015	Revaluation	Additions / (deletions) / (adjustments)	At December 31, 2015	At January 1, 2015	Charge for the year / Revaluation (deletions) / (adjustments)			At December 31, 2015
Rupees in '000									
<b>Owned</b>									
<b>Land</b>									
- freehold	11,203,348	-	11,463	11,214,811	-	-	-	11,214,811	Nil
- leasehold	10,338,464	-	34,278	10,372,742	-	-	-	10,372,742	Nil
<b>Buildings on land:</b>									
- freehold	2,867,308	-	37,113	2,904,421	147,761	145,433	-	2,931,194	5% on book value
- leasehold	2,677,796	-	63,569	2,741,365	111,672	116,585	-	2,282,257	5% on book value
Furniture and fixtures	3,352,489	-	405,387 (19,100) (1,101,501)	2,637,275	2,444,990	287,846 (15,109) (1,005,713)	-	1,712,014	20% on cost
Computer and peripheral equipment	3,807,529	-	335,707 (511) (1,111,803)	3,030,922	3,391,903	273,341 (416) (1,123,297)	-	2,541,531	33.33% on cost
Electrical and office equipment	3,900,928	-	480,922 (171) (769,680)	3,611,999	2,762,426	257,464 (113) (732,449)	-	2,287,328	20% on cost
Vehicles	1,110,287	-	159,119 (65,571) (667,101)	536,734	894,045	130,196 (57,184) (629,833)	-	337,224	20% on cost
	39,258,149	-	1,527,558 (85,353) (3,650,085)	37,050,269	9,752,797	1,210,865 (72,822) (3,491,292)	-	7,399,548	
<b>Assets held under finance lease</b>									
Vehicles	154,390	-	40,250 (28,454) 6,797	172,983	131,024	9,231 (26,204)	-	114,051	20% on cost
2015	39,412,539	-	1,567,808 (113,807) (3,643,288)	37,223,252	9,883,821	1,220,096 (99,026) (3,491,292)	-	7,513,599	

## 11.3 Intangible assets

	Cost			Accumulated amortization			Book value at December 31, 2016	Rate of amortization
	At January 1, 2016	Additions adjustments	At December 31, 2016	At January 1, 2016	Charge for the year	At December 31, 2016		
Rupees in '000								
Core Banking Application	1,700,538	524,727 77,931	2,303,196	1,052,278	718,474	1,770,752	532,444	33.33 % on cost
Computer Software	-	371,966	371,966	-	20,469	20,469	351,497	33.33 % on cost
	1,700,538	974,624	2,675,162	1,052,278	738,943	1,791,221	883,941	
Rupees in '000								
Core Banking Application	1,328,910	371,628	1,700,538	418,447	633,831	1,052,278	648,260	33.33 % on cost

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

- 11.4 Had there been no revaluation, the carrying amount of revalued assets at December 31, 2016 would have been as follows:

	Rupees in '000
Land	
freehold	1,076,005
leasehold	869,805
Building	
freehold	620,581
leasehold	670,820

- 11.5 The ljarah payments receivable from customers for each of the following periods under the terms of the respective agreements are given below:

	2016	2015
	Rupees in '000	
Not later than one year	82,029	83,926
Later than one year but not later than five years	96,848	180,236
	<u>178,877</u>	<u>264,162</u>

The rate of profit is 6 months KIBOR + 2.5% (2015: 6 months KIBOR + 2.5%).

### 11.6 Details of disposals of property and equipment

Details of disposals of property and equipment made to chief executive or a director or an executive or a shareholder holding not less than ten percent of the voting shares of the Bank or any related party, irrespective of the value, or where original cost or the book value exceeds rupees one million or two hundred fifty thousand rupees respectively, whichever is lower are given in Annexure III.

	Note	2016	2015
		Rupees in '000	
<b>12. DEFERRED TAX ASSETS - net</b>			
<b>Deductible temporary difference on:</b>			
Provision for diminution in the value of investments		3,613,099	4,098,309
Provision against non-performing advances		3,310,630	8,000,570
Other provision		2,663,371	2,278,867
Provision against defined benefits plans		12,755,946	10,807,811
Unrealised loss on derivatives		691,907	691,907
Provision against off-balance sheet obligation		116,622	116,622
		<u>23,151,575</u>	<u>25,994,086</u>
<b>Taxable temporary differences on:</b>			
Excess of accounting book value of leased assets over lease liabilities		(80)	(8,097)
Revaluation of securities	20	(17,094,125)	(15,104,136)
Non-banking assets		(36,273)	-
Operating fixed assets		(885,452)	(1,212,494)
		<u>(18,015,930)</u>	<u>(16,324,727)</u>
Net deferred tax assets		<u>5,135,645</u>	<u>9,669,359</u>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 12.1 Reconciliation of deferred tax

	January 1, 2015	Recognized in Profit and Loss Account	Recognized in Other Comprehen sive Income / Surplus on revaluation of assets	December 31, 2015	Recognized in Profit and Loss Account	Recognized in Other Comprehen sive Income / Surplus on revaluation of assets	December 31, 2016
	Rupees in '000						
<b>Deferred tax assets arising in respect of:</b>							
Provision for diminution in the value of investments	3,636,653	461,656	-	4,098,309	(485,210)	-	3,613,099
Provision against advances	7,092,841	907,729	-	8,000,570	(4,689,940)	-	3,310,630
Other provision	1,762,799	516,068	-	2,278,867	384,504	-	2,663,371
Provision against defined benefits plans	9,031,229	932,913	843,669	10,807,811	951,398	996,737	12,755,946
Unrealised loss / (gain) on derivatives	691,907	-	-	691,907	-	-	691,907
Provision against off-balance sheet obligations	116,622	-	-	116,622	-	-	116,622
	22,332,051	2,818,366	843,669	25,994,086	(3,839,248)	996,737	23,151,575
<b>Less: Deferred tax (liabilities) arising in respect of:</b>							
Excess of accounting book value of leased assets over lease liabilities	(3,720)	(4,377)	-	(8,097)	8,017	-	(80)
Revaluation of securities	(11,173,750)	-	(3,930,386)	(15,104,136)	-	(1,989,989)	(17,094,125)
Non-banking assets	-	-	-	-	-	(36,273)	(36,273)
Operating fixed assets	(1,277,072)	64,578	-	(1,212,494)	327,042	-	(885,452)
	(12,454,542)	60,201	(3,930,386)	(16,324,727)	335,059	(2,026,262)	(18,015,930)
<b>Net deferred tax assets</b>	<b>9,877,509</b>	<b>2,878,567</b>	<b>(3,086,717)</b>	<b>9,669,359</b>	<b>(3,504,189)</b>	<b>(1,029,525)</b>	<b>5,135,645</b>

**2016**                      **2015**  
**Note**                      **Rupees in '000**

### 13. OTHER ASSETS

Income / mark-up accrued in local currencies		23,224,351	28,523,593
Income / mark-up accrued in foreign currencies		1,651,422	1,572,749
Advances, deposits, advance rent and other prepayments	13.1	5,574,352	4,755,682
Advance taxation (payments less provisions)		14,062,947	10,565,071
Income tax refunds receivable		20,144,561	22,237,149
Compensation for delayed tax refunds	13.5	4,126,792	2,793,522
Assets acquired from Corporate and Industrial Restructuring Corporation (CIRC)		228,484	271,040
Branch adjustment account - net		934,495	1,498,108
Unrealized gain on forward foreign exchange contracts		672,274	1,995,434
Unrealized gain on derivatives	9.5.1	-	364,800
Commission receivable on Govt. treasury transactions		5,394,496	5,145,471
Stationery and stamps on hand		310,593	281,133
Non-banking assets acquired in satisfaction of claims		2,769,018	1,419,746
Barter trade balances		195,399	195,399
Receivable on account of Government transactions	13.2	323,172	323,172
Receivable from Government under VHS scheme	13.3	418,834	418,834
Prize bonds in hand		336,422	234,578
Receivable against sale of shares		514,066	7,143
Others		3,334,517	2,363,345
		<b>84,216,195</b>	<b>84,965,969</b>
Less: Provision held against other assets	13.4	<b>6,441,073</b>	<b>6,070,807</b>
Other assets (net of provision)		<b>77,775,122</b>	<b>78,895,162</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

- 13.1** This includes Rs. 2,325 million (2015: Rs. 2,300 million) advance against Pre-IPO placement of Term Finance Certificates.
- 13.2** This represents amount receivable from GoP on account of encashment of various instruments handled by the Bank for GoP as an agent of the SBP. Due to uncertainty about its recoverability, full amount has been provided for.
- 13.3** This represents payments made under the Voluntary Handshake Scheme (VHS), recoverable from GoP. Due to uncertainty about its recoverability, full amount has been provided for.

	Note	2016	2015
		Rupees in '000	
<b>13.4 Provision against other assets</b>			
Opening balance		6,070,807	5,557,491
Charge for the year - net	13,4,1	370,266	533,460
Write offs		-	(2,586)
Reclassifications		-	(17,558)
Closing balance		6,441,073	6,070,807
<b>13.4.1</b> This mainly includes provision made on account of financial improprieties			
<b>13.5 Reconciliation of compensation for delayed tax refunds</b>			
Opening balance		2,793,522	1,208,251
Accrued during the year	27	1,333,270	1,585,271
Closing balance		4,126,792	2,793,522
<b>14. BILLS PAYABLE</b>			
In Pakistan		10,152,968	8,958,569
Outside Pakistan		34,282	213,047
		10,187,250	9,171,616
<b>15. BORROWINGS</b>			
In Pakistan		41,341,143	18,535,140
Outside Pakistan		3,522,787	3,376,050
	15.1 & 15.2	44,863,930	21,911,190
<b>15.1 Particulars of borrowings with respect to currencies</b>			
In local currency		41,341,143	18,535,140
In foreign currencies		3,522,787	3,376,050
	15.2	44,863,930	21,911,190
<b>15.2 Details of borrowings</b>			
<b>Secured</b>			
Borrowings from State Bank of Pakistan:			
Under Export Refinance Scheme		5,018,651	4,612,557
Under Export Refinance Scheme (New Scheme)		6,397,399	2,262,393
Refinance Facility for Modernization of SMEs		13,000	20,940
Financing Facility for storage of Agriculture Produce (FFSAP)		457,805	591,625
Under Long-Term Financing Facility (LTFF)		1,633,848	348,800
		13,520,703	7,836,315
Repurchase agreement borrowings		4,000,000	10,301,568
		17,520,703	18,137,883
<b>Unsecured</b>			
Call borrowings	32	27,189,616	3,376,063
Overdrawn nostro accounts	32	82,811	326,444
Others		70,800	70,800
		27,343,227	3,773,307
		44,863,930	21,911,190

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 15.3 Mark-up / interest rates and other terms are as follows:

- The Bank has entered into agreements with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with the SBP. These borrowings carry mark-up ranging from 4.0% to 6.0% (2015: 4.5 % to 7.0 %).
- Repurchase agreement borrowings carry mark-up at the rate of 5.7% per annum (2015: 5.00% to 9.60% per annum) having maturity on January 10, 2017.
- Call borrowings carry interest ranging from 5.6% to 6% per annum (2015: 5% to 9.5% per annum).
- Unsecured borrowings "Others" carry interest at the rate of 10% per annum (2015: 10% per annum).

15.4 Borrowings from the SBP under export oriented projects refinance schemes of the SBP are secured by the Bank's cash and security balances held by the SBP.

	Note	2016	2015
		Rupees in '000	
<b>16. DEPOSITS AND OTHER ACCOUNTS</b>			
<b>Customers</b>			
Fixed deposits		438,982,984	330,346,703
Savings deposits		429,057,844	382,223,751
Current accounts - remunerative		220,938,478	183,332,050
Current accounts - non-remunerative		338,862,834	329,949,263
		1,427,842,140	1,225,851,767
<b>Financial Institutions</b>			
Remunerative deposits		51,762,798	109,610,825
Non - remunerative deposits		177,707,155	95,574,006
		229,469,953	205,184,831
	16.1	1,657,312,093	1,431,036,598
<b>16.1 Particulars of deposits</b>			
In local currency		1,498,509,452	1,198,841,189
In foreign currencies [including deposits of foreign branches of Rs. 86,312 million (2015: Rs. 158,964 million)]		158,802,641	232,195,409
		1,657,312,093	1,431,036,598

### 17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2016			2015		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
	Rupees in '000			Rupees in '000		
Not later than one year	12,576	1,427	11,149	12,702	2,590	10,112
Later than one year and but not later than five years	14,886	383	14,503	35,121	9,433	25,688
	27,462	1,810	25,652	47,823	12,023	35,800

The Bank has entered into lease agreements with First National Bank Modaraba (a related party) for lease of vehicles. Lease rentals are payable in quarterly instalments. Financial charges included in lease rentals are determined on the basis of discount factors applied at the rates ranging from KIBOR + 2.95% to KIBOR + 3.3% per annum (2015: KIBOR + 2.95% to KIBOR + 3.3% per annum). At the end of lease term, the Bank has option to acquire the assets, subject to adjustment of security deposits.



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	Note	2016 Rupees in '000	2015
<b>18. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		19,156,398	14,023,331
Mark-up / return / interest payable in foreign currencies		203,769	252,916
Unearned commission and income on Bai Muajjal and bills discounted		278,250	346,243
Accrued expenses		6,129,194	5,071,191
Advance payments		84,849	33,430
Unclaimed dividends		153,607	164,414
Unrealized loss on forward foreign exchange contracts		1,209,712	1,572,385
Unrealized loss on PUT Option		306,339	-
Provision against off balance sheet obligations	18.1	627,494	627,494
Provision against contingencies	18.2	3,546,841	2,818,525
Employee benefits:			
Pension fund	34.1.2	9,855,826	8,435,332
Post retirement medical benefits	34.1.3	13,377,650	11,268,022
Benevolent fund	34.1.4	1,977,230	1,830,831
Gratuity scheme	34.1.5	1,298,782	1,001,423
Compensated absences	34.2.1	6,262,603	5,709,230
Staff welfare fund		371,257	371,257
Liabilities relating to:			
Barter trade agreements		14,261,334	14,282,581
Payable to brokers		32,688	609
Others		7,450,240	8,045,490
		<b>86,584,063</b>	<b>75,854,704</b>

### 18.1 Provision against off balance sheet obligations

Opening balance		627,494	2,244,872
Reversal for the year		-	(122,686)
Transfer to advances		-	(1,494,692)
Closing balance		<b>627,494</b>	<b>627,494</b>

### 18.2 Provision against contingencies

Opening balance		2,818,525	1,826,821
Charge during the year	18.2.1	728,316	938,282
Reclassification		-	53,422
Closing balance		<b>3,546,841</b>	<b>2,818,525</b>

18.2.1 This represents provision made on account of regulatory violations and reported instances of financial improprieties for which investigations are in progress.

## 19. SHARE CAPITAL

### 19.1 Authorized

2015	2016		2016	2015
Number of shares			Rupees in '000	
2,500,000,000	2,500,000,000	Ordinary shares of Rs,10 each	25,000,000	25,000,000

### 19.2 Issued, subscribed and paid-up

140,388,000	140,388,000	Ordinary shares of Rs,10 each	1,403,880	1,403,880
1,987,125,026	1,987,125,026	Fully paid in cash	19,871,251	19,871,251
2,127,513,026	2,127,513,026	Issued as fully paid bonus shares	21,275,131	21,275,131

The Federal Government and the SBP held 75.60% (2015: 75.60%) shares of the Bank as at December 31, 2016.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

19.3 Shares of the Bank held by subsidiary and associates	2016	2015
	Number of shares	
Following shares were held by subsidiary and associates of the Bank as of year end:		
First Credit & Investment Bank Limited	40,000	70,000
Taurus Securities Limited	-	11,475
	<u>40,000</u>	<u>81,475</u>

### 19.4 Reserves

#### 19.4.1 Exchange translation reserve

This comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

#### 19.4.2 Statutory reserve

Every bank incorporated in Pakistan is required to transfer 20% of their profits to a statutory reserve until the reserve equals share capital, thereafter 10% of the profits of the Bank are to be transferred to this reserve.

#### 19.4.3 General loan loss reserve

The Bank is cognizant of the fact that a part of its credit or loan portfolio (funded and non-funded) which is not currently impaired as per the applicable Prudential Regulations is underperforming and therefore the potential for risk of credit losses on this part of portfolio is higher than the usual risk. Therefore, as a matter of abundant caution and in order to protect the equity base of the Bank from future contingencies in respect of the credit portfolio, the Board of Directors in their meeting held on April 29, 2015 decided to transfer an aggregate amount of Rs. 12 billion from the unappropriated profits to a "General Reserve for potential loan losses". This appropriation has been made on the basis of the management's best estimates and judgment regarding the inherent portfolio risks,

	Note	2016	2015
Rupees in '000			
<b>20. SURPLUS ON REVALUATION OF ASSETS - net</b>			
Available-for-sale securities	20.1	33,938,753	30,573,561
Operating fixed assets	20.2	21,652,544	21,766,481
Non-banking assets		1,126,856	-
		<u>56,718,153</u>	<u>52,340,042</u>
<b>20.1 Surplus / (deficit) on revaluation of available-for-sale securities - net of tax</b>			
Federal Government Securities		4,311,723	9,109,036
Term Finance Certificates and Sukuks		281,349	59,167
Shares and mutual funds		37,308,676	26,089,659
GoP Foreign Currency Bonds		306,362	288,428
Foreign Currency Debt Securities		54,677	39,306
Investment outside Pakistan		8,770,091	10,092,101
	9.1	51,032,878	45,677,697
Deferred tax liability	12	(17,094,125)	(15,104,136)
		<u>33,938,753</u>	<u>30,573,561</u>
<b>20.2 Surplus on revaluation of operating fixed assets - net of tax</b>			
Surplus on revaluation on January 1,		23,002,503	23,187,017
Surplus on revaluation of the Bank's properties during the year		-	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(113,937)	(119,934)
Related deferred tax liability		(61,351)	(64,580)
		<u>(175,288)</u>	<u>(184,514)</u>
		22,827,215	23,002,503
Less: Related deferred tax liability on:			
Revaluation as at January 1,		1,236,022	1,300,602
Revaluation of Bank's properties during the year		-	-
Incremental depreciation charged during the year transferred to profit and loss account		(61,351)	(64,580)
	12	<u>1,174,671</u>	<u>1,236,022</u>
Surplus on revaluation on December 31,		<u>21,652,544</u>	<u>21,766,481</u>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 21. CONTINGENCIES AND COMMITMENTS

#### 21.1 Direct credit substitutes

Include general guarantees of indebtedness, bank acceptance guarantees and standby letters of credit serving as financial guarantees for loans and securities issued on behalf of:

	2016	2015
	Rupees in '000	
- Government	12,013,689	7,422,663
- Financial institutions	6,075,143	6,860,358
- Others	21,866,018	24,477,771
	<u>39,954,850</u>	<u>38,760,792</u>

#### 21.2 Transaction-related contingent liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credits related to particular transactions issued on behalf of:

- Government	15,625,100	13,543,468
- Financial institutions	19,015,609	5,094,682
- Others	17,593,612	19,901,269
	<u>52,234,321</u>	<u>38,539,419</u>

#### 21.3 Trade-related contingent liabilities

Letters of credit issued on behalf of:

- Government	330,993,013	221,145,520
- Financial institutions	2,421,680	14,847,586
- Others	47,295,687	49,095,879
	<u>380,710,380</u>	<u>285,088,985</u>

#### 21.4 Other contingencies

**21.4.1** Claims against the Bank not acknowledged as debts [including SBP liabilities on Bangladesh borrowing and interest thereon amounting to Rs. 224 million (2015: Rs. 204 million), claims relating to former Mehran Bank Limited amounting to Rs. 1,597 million (2015: Rs. 1,597 million)].

<u>14,238,035</u>	<u>17,262,022</u>
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#### 21.4.2 Taxation

**21.4.2.1** The tax returns of the Bank have been filed upto Tax Year 2016 and amended by the tax authorities up to Tax Year 2015. For Azad Kashmir and Gilgit Baltistan Branches no amendment to returns filed u/s 120 of the Income Tax Ordinance, 2001 has been made, hence returns filed are deemed assessments for all the years till the tax year 2016.

**21.4.2.2** During the year, the tax department amended the tax year 2015 on the major issues i.e. charge for bad debts, provision against investments, other provision and unrealized gain on derivatives aggregating to Rs. 2,264 million against which the bank has filed Appeal before Commissioner Appeal Inland Revenue [CIR(A)]. The bank has received favorable judgement of Appellate Tribunal Inland Revenue (ATIR) for the tax years 2004, 2006, 2007, 2008, 2009 and 2010 on the similar matter during the year 2016. Therefore, no provision has been made on the opinion of tax consultant of the bank who expect favorable outcome.

In consequent of aforesaid judgement of ATIR for the aforementioned tax years, the bank has filed appeal effects before the department to obtain relief on the matter decided in bank's favor i.e. provision for non-performing loans-net vs gross advances, provision against diminution in value of investment, other provisions, reversal of provision for diminution in value of investment, other balance sheet provision and etc. However, the the Bank is in the process of filing appeal effect which will substantially increase further refunds to the Bank.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

- 21.4.2.3** Through Finance Act, 2015, for tax year 2015 and onwards, income from Dividend and income from Capital Gains taxed at the rate of thirty five percent. As the chargeability of tax imposed was retrospective from the tax year 2015, therefore, on legal grounds, the bank filed Constitution Petition (CP) before the Honourable High Court of Sindh which is pending. However, recently the Honourable High Court of Sindh has given favourable judgement on the same issue in other case against which the department has filed appeal before Supreme Court of Pakistan. The bank has made the provision on prudent basis.
- 21.4.2.4** The other matters under tax contingencies include interest credited to suspense account, allocation of common expenditure between taxable income and exempt / low tax rate income and reversal of bad debts expense. The aggregate effect of contingencies as on December 31, 2016 amounts to Rs. 14,770 million (2015: Rs. 14,622 million). No provision has been made against these contingencies based on the opinion of tax consultants of the Bank who expect favourable outcome upon decision of pending appeals.
- 21.4.2.5** The Sindh Workers Welfare Fund Act, 2015 (Sindh WWF Act) has been promulgated in the month of May 2015. Earlier as per the Workers Welfare Fund Ordinance, 1971, the Bank in which Government holds more than 51% shareholding remained exempt from levy of WWF. The Sindh WWF Act, 2015 is retrospective in its effect and it attempts to impose levy from the date even prior to its promulgation. As the chargeability of tax imposed is retrospective and the law is defective considering constitutional issues – Fee or Tax including geographical / territorial jurisdiction for bank operating in all the provinces of Pakistan as well as the Bank employees do not fall in the definition of workers, therefore, on legal grounds against the said levy bank has decided to file suit before Honourable High Court of Sindh. Hence, no provision has been made for Sindh WWF in these financial statements based on the advice of the Tax consultant.
- 21.4.2.6** In case of Sales Tax / FED, appeals have been filed before various appellate forums including reference and constitutional petitions before the High Court of Sindh; wherein apart from other legal grounds, the principal ground is levy of duty on service which are not specified in the First Schedule to the Customs Act, 1969 and specially for Tax year 2011 levy of duty by FBR on services provided in province of Sindh after promulgation of Sindh Sales Tax on Services Act, 2011.

The Bank has filed an Appeal before the Commissioner Appeals SRB on the order passed by Assistant Commissioner SRB for levy of Sindh Sales Tax on the services provided to the Federal Government through the State Bank of Pakistan for the tax period July 2011 till March 2015 amounting to Rs.358.28 million based on data provided by SBP. No provision has been made for this amount in these financial statements based on the opinion of Tax Consultants of the Bank who expect favorable outcome upon decision of filed Appeal.

### 21.4.3 Barter Trade Agreements

In order to reduce pressure on the balance of payment, the GoP had entered into barter trade agreements with various countries and designated the Bank to handle the related transactions on behalf of GoP. Accordingly, the Bank executed banking arrangements with the designated banks of these countries and opened accounts in their names. In one of the barter agreement, repayments made to the Bank by the GoP could not be utilized due to non-finalization of Letter of Exchange for its utilization after 1994 at Government level, which was required under the relevant barter agreement. The concerned bank is now demanding payment of interest on the balances in its accounts with the Bank. Since these balances are maintained in current accounts and there is also no clause for payment of any interest in the relevant banking arrangement, therefore the Bank has strongly refused such claims.

### 21.4.4 Contingencies in respect of employees benefits and related matters

The following are the detail of the contingencies arising out of the various legal cases pending adjudication in respect of employees' benefits and related matters. The Bank considers that except for Pensionary benefits (note 21.4.4.1) and Restoration of Commuted Pension (note 21.4.4.4), the financial impact of other matters is impracticable to determine with sufficient reliability.

#### 21.4.4.1 Pensionary benefits to retired employees

In 1977 the Federal Govt. vide letter No. 17 (9) 17 XI / 77 dated November 30, 1977 addressed to the Pakistan Banking Council, directed that all executives/ officers of all nationalized banks would be paid pension as calculated @ 70% of average emoluments on completion of 30 years of qualifying service and where qualifying service was less than 30 years but not less than 10 years, proportionate reduction in percentage was to be made. This pension scheme was made applicable with effect from May 01, 1977.

In the year 1997, the Banks Nationalization Act, 1974 ("BNA, 1974") was substantially amended whereby the Pakistan Banking Council was dissolved and the Board of Directors of the nationalized banks were empowered/ mandated respectively to determine personnel policies with the President of the Bank deciding the remuneration and benefits of the employees in accordance with policies determined by the Board. In the year 1999, by virtue of the said amendments in BNA, the Board of Directors of the Bank approved the Revised Pay Structure for the

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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officers/ executives of the bank with effect from January 01, 1999 vide Circular No.37/1999, whereby the Basic salary was increased by 110 % to 140% and besides giving multifarious benefits to its employees, formula for monthly gross pension was revised. However, the amount of gross pension on the basis of existing Basic Pay and existing formula was protected.

A number of the bank employees, after attaining the age of superannuation filed Writ Petitions before the Lahore High Court, Lahore and the Peshawar High Court, Peshawar, praying for re-calculation of their pensionary benefits and increases in accordance with the Bank circular No. 228 ( C ) dated December 26, 1977 and furthermore, for allowing the increases in their pension as per the increases allowed by the Federal Government to its employees. This litigation started in the year 2010 & 2011.

The Peshawar High Court, Peshawar, in terms of judgment dated June 03, 2014, dismissed the petition while observing that the petition was hit by laches and that the Petitioners could not claim the benefits granted to the similarly placed employees of other institutions who were governed through different Statutes and Service Rules. The said order has been assailed by the pensioners before the honorable Supreme Court of Pakistan where the matter is pending adjudication.

Lahore High Court, Lahore, through its judgment dated January 15, 2016, allowed the Writ Petitions on the same matter and the Bank was directed to release the pensionary benefits of the Petitioners, The said order was assailed by the Bank by filing Intra Court Appeals in January 2016 which were dismissed by Lahore High Court, Lahore, through its judgment dated January 16 2017.

Based on the opinion of legal counsel on this matter, the Bank believes the judgment dated January 16, 2017 can be challenged on merits and legal grounds in the Supreme Court of Pakistan, therefore, the Bank will file appeal before the Supreme Court of Pakistan against the said order and is confident about the favorable outcome of the case.

In case this matter is decided unfavorably, as per the advice of the Actuaries, the Bank might have a financial impact of Rs.47.7 billion approximately as at year ended 31 December 2016, arising out of the additional pension liability exclusive of any penalties or additional profit due to delayed payment, Pension expense for the year 2017 and onwards may also increase. No provision was made in the financial statements for the said amount as prima-facie the Bank has a strong case on merits and legal grounds,

### 21.4.4.2 Encashment of unavailed leave

Some of the employees of the Bank filed Writ Petitions before Lahore High Court after their retirement, in September 2012, praying the Court for issuance of directions to the bank for encashing their entire un-availed leave balance frozen in terms of Bank's Circular 37/1999 and 57/ 1999.

The Bank revised rules of leave encashment with effect from January 1, 1999. As per revised rules, leave balances accumulated under old rules were marked as "Frozen Leave" to differentiate it with subsequent leaves to be accumulated. There was no bar on employees to avail these leaves, which would lapse on retirement.

The Lahore High Court dismissed the petitions of the subject ex-employees in April 2014 while observing that claim of the petitioners was hit by laches as the Petitions were filed in the year 2012 and that all the petitioners filed the petitions after having availed all retirement benefits when all outstanding dues were paid at the time of retirement at which point no claim for any amount was made, The Petitioners have filed Intra Court appeals against the aforesaid judgment which are pending adjudication.

Another Constitution Petition No. D-3445/ 2012 titled as Iffat Aara Hassan & others vs. NBP etc. filed before the High Court, of Sindh, Karachi, on the matter was dismissed by a Division Bench vide order dated January 11, 2017, while concluding that the issue which was subject matter of the Petition was passed and closed transaction, hence, the same could not be agitated through this Constitution Petition.

### 21.4.4.3 Post retirement medical facilities

On March 14, 1995 on the instructions of Pakistan Banking Council the Bank issued Circular 19/95. In terms of the said Circular the Bank was to provide relief to the retired employees regarding increase of medical ceiling on the increase of salary. It was decided that the Bank would re-determine the monetary ceiling of retired officers/executives after every revision of pay scale on the basis of notional re-fixation in revised scale on point to point basis. In 2003 two retired employees moved Federal Service Tribunal for increase of post-retirement medical ceiling in the light of the said Circular. The Bank contested the case but a representative of Establishment Division stated before the FST that Bank had adopted the said Circular and the two appeals were accepted by the FST. The Bank's appeals before the Supreme Court failed and even review petitions were dismissed,

Later on in September, 2011 Ch. Muhammad Qasim and 5 others who had opted for separation from service under GHS/ VHS filed Writ Petition for availing similar relief of post-retirement medical ceiling while citing the

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respective judgments of the FST and Supreme Court. The Bank contested the Writ Petition on the Grounds that the petitioners had opted for separation from the service of the Bank under GHS AND VHS after receiving payment of compensation as contemplated under the said Schemes. With regard to medical ceiling for such optees, it was contended by the bank before the Court that option was given to such employees either to accept the present medical ceiling for 10 years in lump sum or to continue with the present payment as if they had retired on attaining the age of superannuation. The petitioners had opted for continuing with the present ceiling as prevalent at the time of the separation scheme floated by the Bank therefore, they were not entitled for any benefit under the said circular. It was also urged by the Bank that in view of judgment of Apex Court in Naseem Arif Abbasi case, the petitioners, after having signed a disclaimer at the time of receipt of benefits under GHS, were not entitled to any further payment. The High Court while disregarding these arguments allowed the Writ Petition. The Bank has filed an Intra Court Appeal against the order of the single bench which is still pending adjudication.

#### 21.4.4.4 Restoration of Commuted Pension

The portion of pension of an employee commuted at the time of retirement is restored after the lapse of period for which the commutation was made. However, that restoration is made without applying any increase granted in pension during that period. Some of the retired employees filed Writ Petitions before Lahore High Court while praying the court for restoration of the commuted portion of their pension with application of all the increments granted during the period for which the pension was commuted.

In one of such Writ Petitions, the Honorable Lahore High Court, without issuing notices to the bank disposed of the same vide order dated January 13, 2015 while observing that the Petitioner was also entitled to be treated at par with the pensioners whose cases had already been decided in a case titled as "Additional Accountant General Pakistan Revenue, Lahore vs. A.A.Zuberi" which had attained finality up to the level of Supreme Court of Pakistan

The judgment referred in the case was given by a Division Bench of Lahore High Court in which restoration of pension after period of commutation was directed to be allowed at the rate prevailing at the time of restoration and not at the rate of pension prevailing at the time of commutation. High Court in the subject case came to the conclusion that an employee was given restored pension at the rate prevailing fifteen years ago and that such an action on the part of the employer would be a violation of Article 9 of the Constitution and would also be contrary to the test of economic justice. In the above mentioned case the Bank has filed an Intra Court Appeal as the matter was decided without summoning the Bank. The Bank is of the view that the A.A. Zubari's judgment pertains to Civil servants and the Bank employees are not civil servants. The matter is still pending adjudication.

In case this matter is decided unfavorably, the bank estimates based on the actuarial advice that the financial impact arising from the additional liability would be approximately Rs. 3,404 million excluding any penal interest/profit payment due to delayed payment in case of unfavorable decision. Pension expense for 2017 onward will also increase due to this decision. No provision has been made in these financial statements for the above-mentioned amount as the Bank is confident about the favorable outcome of the matter.

#### 21.4.4.5 Regularizing of temporary hires/outsourced workers

A practice was prevalent in the Bank for hiring temporary godown keepers for keeping watch over the pledged stocks of the borrowers. Letters of appointment to be issued by the Bank to such temporary employees for a period of less than 90 days and after short breaks they would be re-hired for similar short periods. In 2001-2002 the temporary godown staff filed Appeals before the FST for regularization of their services. The Bank pointed out that such employees were not on the pay roll of the Bank and their temporary employment did not entitle them for regular absorption in the Bank. Subsequently in terms of President office circular No. 10/2003 dated August 1, 2003 a formula was evolved that if such temporary employee had completed three years' service as on the date of the circular with breaks of not more than 15 days, they would be eligible for the absorption on regular bases (with certain other conditions). Subsequently the FST while accepting the appeals of the temporary hires adopted almost the same criterion as given in the said circular. The honorable Supreme court also upheld the decision of the FST (2005 SCMR 100). The Bank had obtained permission from Government to absorb 1500 godwon staff in the Bank. All who fulfilled the criteria were absorbed. Some Petitions are still pending before High Courts as well as NIRC in terms of which the Petitioners have sought regularization of service in terms of the Ikram Bari judgment.

Under the SBP Guidelines, in terms of a policy decision the bank outsourced certain noncore jobs to various service provider companies after entering into contract with them. The sources deployed by the service provider companies are actually their employees and the said companies have the sole administrative control over those resources. However some of those resources filed writ petitions before various benches of High Courts and NIRC while praying for issuance of directions to the Bank for absorbing them in the regular service of the Bank while alleging that actually they were employees of the Bank. Petitions filed before the Peshawar High Court, Abbotabad and Mardan Bench were allowed. Appeals filed by the Bank before the honorable Supreme Court of Pakistan against the order of the Peshawar High Court, Abbotabad Bench were disposed of on March 03, 2016

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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and the Bank was directed to decide the cases of the Respondents after engaging them through personal hearings. Subsequently all the Respondents who had been hired through a service provider company (80 in numbers) were heard in person and their cases for regularization in Bank's service were declined through speaking orders duly communicated to them. Many of those Petitioners again approached High Court and NIRC for redress of their grievance. Some of those Petitioners also filed contempt petitions before the honorable Supreme court which were decided in terms of order dated November 25, 2016 and the Bank was directed to regularize the services of all those Petitioners. The Bank has filed a Review Petition against the said order which is still pending adjudication.

Appeal filed by the Bank against the order of Peshawar High Court, Mardan Bench in the matter of Mr. Talimand and 23 others was dismissed by the honorable Supreme Court of Pakistan vide order dated May 25, 2016 and Bank was directed to regularize all the Respondents in Bank's service. The Bank has filed a Review Petition against the said order.

Some Petitions filed by the employees of service provider companies are pending adjudication before NIRC Islamabad Bench. Moreover in the mid of August 2016, some service provider companies terminated the services of some resources deployed at various Bank Branches/offices. Almost all of those employees (around 150 in number) have filed petitions before various benches of NIRC for their absorption in Bank's service.

The Bank believes that the financial impact of this matter is not expected to be material.

### 21.4.4.6 Golden Handshake (GHS)

The Bank had introduced the Golden Hand Shake Scheme in 1997 with a cut-off date, however, some of the employees who had opted for separation under the said scheme were not relieved on the said date and continued to perform their duties. Subsequently some of those employees filed Petitions before various high courts for additional payment of certain pensionary benefits beyond the cut off date and also for increase in the salaries announced by the Bank after the cut off date as mentioned in the scheme but the Apex Court held that after having received the payments and signed disclaimer no further payment could be claimed by such optees under this scheme. Most of the cases have been disposed of on the basis of Apex Court judgment in Naseem Arif Abbasi case (2011 SCMR 446). There are still some pending Petitions, however, keeping in view the said Judgment prima facie the Bank has a good case.

### 21.4.4.7 Foreign Exchange repatriation case

While adjudicating Foreign Exchange repatriation cases of exporter namely: M/S Fateh Textile Mills Limited, the Foreign Exchange Adjudicating Court of the State Bank of Pakistan has also adjudicated penalty of Rs. 1,020 million, arbitrarily on the Bank. The Bank has filed appeals before the Appellate Board and Constitutional Petitions in the Honorable High Court of Sindh against the said judgments. The Honorable High Court has granted relief to the Bank by way of interim orders. Based on merits of the appeals management is confident that these appeals shall be decided in favor of the Bank and therefore no provision has been made against the impugned penalty.

	2016	2015
	Rupees in '000	
<b>21.5 Commitments in respect of forward exchange contracts</b>		
Purchase	145,531,852	273,199,134
Sale	90,986,181	183,645,395
<b>21.6 Commitments for the acquisition of operating fixed assets</b>	<b>1,094,029</b>	1,999,488
<b>21.7 Other commitments</b>		
Professional services to be received	12,670	81,095

## 22. DERIVATIVE INSTRUMENTS

The Bank enters into foreign exchange forward contracts to manage its foreign currency exposure. The Bank is also party to put option held by Agritech Limited for purchase of its shares. The accounting policy for derivative is disclosed in note 5.4 to the financial statements.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	2016	2015
	Rupees in '000	
<b>23. MARK-UP / RETURN / INTEREST EARNED</b>		
On loans and advances to:		
Customers	54,187,761	56,378,888
Financial institutions	63,023	68,209
	<u>54,250,784</u>	<u>56,447,097</u>
On investments in:		
Held-for-trading securities	558,036	402,136
Available-for-sale securities	40,925,166	38,925,217
Held-to-maturity securities	17,423,234	16,340,078
	<u>58,906,436</u>	<u>55,667,431</u>
On deposits with financial institutions	568,994	465,426
On securities purchased under resale agreements	676,457	1,081,877
	<u>114,402,671</u>	<u>113,661,831</u>

### 24. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	50,070,280	53,294,048
Securities sold under repurchase agreements	8,250,159	5,551,365
Short-term borrowings	1,257,796	1,095,482
	<u>59,578,235</u>	<u>59,940,895</u>

### 25. INCOME FROM DEALING IN FOREIGN CURRENCIES

This includes Rs. 3,377 million (2015: Rs. 6,614 million) on account of interest on Cross Currency Swap transactions charged by Foreign Exchange department to Treasury Department.

	2016	2015
Note	Rupees in '000	
<b>26. GAIN ON SALE AND REDEMPTION OF SECURITIES - net</b>		
Federal government securities:		
Market Treasury Bills	153,795	189,081
Pakistan Investment Bonds	3,084,430	6,633,083
GoP Ijarah Sukuks	650	2,370
	<u>3,238,875</u>	<u>6,824,534</u>
Shares and mutual funds	5,222,494	4,904,874
Foreign Government / debt securities	919	24,734
Associates - mutual funds	11,103	840,282
	<u>8,473,391</u>	<u>12,594,424</u>

### 27. OTHER INCOME

Rent on property / lockers	31,028	33,766
Gain on sale of property and equipment	165,906	9,224
Compensation for delayed tax refunds	1,333,270	1,585,271
Net un-realized gain on derivatives - put option in respect of Agritech Limited (an associate)	-	364,800
Others	18,909	87,715
	<u>1,549,113</u>	<u>2,080,776</u>



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28. ADMINISTRATIVE EXPENSES	Note	2016	2015
		Rupees in '000	
Salaries and allowances		26,514,424	24,056,169
Charge for defined benefit plans		4,916,058	4,368,714
Non-executive directors' fee, allowances and other expenses	35	25,863	20,814
Rent, taxes, insurance, electricity and other utilities	28.1	3,315,326	3,197,075
Legal and professional charges		612,038	286,998
Communications		1,037,922	917,365
Repairs and maintenance		1,124,733	1,044,086
Financial charges on leased assets		2,550	2,234
Books, stationery, printing and other computer accessories		997,018	831,098
Advertisement, sponsorship and publicity		540,158	771,441
Donations	28.2	450	300
Contributions for other Corporate and Social Responsibility	28.2	53,200	58,659
Auditors' remuneration	28.3	171,597	156,570
Depreciation	11.2	1,958,018	1,220,096
Depreciation on Ijarah Assets		67,046	81,154
Amortization	11.3	738,943	633,831
Depreciation on Non-banking Assets		34,406	-
Conveyance		247,707	254,407
Entertainment		117,223	85,713
Travelling		512,824	542,943
Security services		2,066,618	1,976,468
Outsourcing and janitorial services		1,096,187	869,542
Clearing, verification, licence fee charges		273,025	235,661
Subscription		61,370	43,522
Brokerage		94,127	84,306
Training		67,787	59,910
Fixed assets charged off		-	133,793
Non-banking asset deficit		111,538	-
Miscellaneous operating expenses		185,262	187,570
		<b>46,943,418</b>	<b>42,120,439</b>

28.1 This includes Rs. 1.800 million (2015: Rs.1.800 million) insurance premium against directors' liability insurance.

28.2 Donations and Contributions for Corporate & Social Responsibilities exceeding Rs. 0.1 million have been disclosed in Annexure IV.

Note : None of the directors / executives or their spouses have any interest in the donees, except Mr. Tariq Kirmani (director) who is member of the director Professional Education Foundation, Karachi and Director.Family Education Services Foundation (FESF).

28.3 Auditors' remuneration	Grant Thornton Anjum Rahman	EY Ford Rhodes	2016 Total	2015 Total
	Rupees in '000			
Audit fee	6,226	6,226	12,452	12,452
Review of interim financial statements	2,178	2,178	4,356	4,356
Fee for audit of domestic branches	5,060	5,060	10,120	10,120
Fee for special certifications and tax advisory services	14,136	4,336	18,472	17,470
Sales Tax	2,208	1,424	3,632	2,220
Out-of-pocket expenses	4,500	4,500	9,000	7,800
	34,308	23,724	58,032	54,418
Fee for audit of overseas branches including advisory services and out-of-pocket expenses	-	-	113,565	102,152
	34,308	23,724	171,597	156,570

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	Note	2016 Rupees in '000	2015
<b>29. OTHER CHARGES</b>			
Penalties imposed by the SBP		309,084	72,455
<b>30. TAXATION</b>			
For the year			
Current	30.1	9,540,915	14,576,847
Deferred	12.1	3,504,189	(2,878,568)
		13,045,104	11,698,279
For prior year			
Current	30.3	1,343,826	2,298,465
Deferred		-	-
		1,343,826	2,298,465
	30.2	14,388,930	13,996,744

**30.1** Current taxation includes Rs. 321 million (2015: Rs. 267 million) of overseas branches.

**30.2 Relationship between tax expense and accounting profit**

Accounting profit before tax		37,141,215	33,215,608
Income tax at statutory rate @ 35% (2015: 35%)		12,999,425	11,625,463
Inadmissible items		108,179	25,359
Prior year tax effects	30.3	1,343,826	2,298,465
Others		(62,500)	47,457
Tax charge for current and prior years		14,388,930	13,996,744

**30.3** The Federal Government has extended onetime super tax at the rate of 4% on income of banks for the year ended December 31, 2015 (Tax Year 2016). This tax has been levied for financing the rehabilitation of internally displaced persons affected by the ongoing war on terror. Accordingly, provisions of Rs. 1.3 billion for Super tax have been made for the year ended 31 December 2015.

		2016	2015
<b>31. BASIC AND DILUTED EARNINGS PER SHARE</b>			
Profit after tax for the year	Rupees in '000	22,752,285	19,218,864
Weighted average number of ordinary shares	Numbers in '000	2,127,513	2,127,513
Basic earnings per share	Rupees	10.69	9.03
Basic and diluted earnings per share are same.			

	Note	2016 Rupees in '000	2015
<b>32. CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	6	159,836,139	150,899,778
Balances with other banks	7	13,828,477	20,128,273
Call money lendings	8	61,200	3,061,200
Call borrowings	15.2	(27,189,616)	(3,376,063)
Overdrawn nostros	15.2	(82,811)	(326,444)
		146,453,389	170,386,744

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	2016	2015
	Numbers	
<b>33. STAFF STRENGTH</b>		
Permanent	12,453	12,944
Temporary / on contractual basis	3,340	2,604
<b>Total Staff Strength</b>	<b>15,793</b>	<b>15,548</b>

**33.1** In addition to the above, the Bank is utilizing the services of other companies including security services and the number of persons deployed by such companies as at year end are 9,898 (2015: 9,254).

### 34. EMPLOYEE BENEFITS

#### 34.1 Defined benefit plans

##### 34.1.1 General description

General description of the type of defined benefit plan and accounting policy for remeasurements of the net defined liability / asset is disclosed in note 5.11 to the financial statements.

##### Principal actuarial assumptions

The financial assumptions used in actuarial valuation at December 31, 2016 of pension fund, post retirement medical benefits, benevolent fund and gratuity scheme are as follows:

	2016	2015
	per annum	
Salary increase rate	9.50%	10.00%
Discount rate	9.50%	10.00%
Expected rate of return on plan assets	9.50%	10.00%
Pension indexation rate	5.00%	5.50%
Rate of inflation in the cost of medical benefits	9.50%	8.00%
Mortality table	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005
Number of employees covered under retirement benefit plan	12,048	12,539

	2016	2015
	Rupees in '000	
<b>34.1.2 Net defined benefit liability - pension fund</b>		
Present value of defined benefit obligation	54,855,012	46,819,562
Fair value of plan assets	(44,999,186)	(38,384,230)
	<b>9,855,826</b>	<b>8,435,332</b>
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## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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### 34.1.2.1 Reconciliation of net defined benefit liability - pension fund

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability for pension fund and its components.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2016	2015	2016	2015	2016	2015
	Rupees in '000					
Balance as at January 01,	46,819,560	43,052,540	38,384,229	35,520,891	8,435,331	7,531,649
<b>Included in profit and loss</b>						
Current service cost	1,456,524	1,145,592	-	-	1,456,524	1,145,592
Interest cost / income	4,544,815	4,727,058	3,753,224	3,931,706	791,591	795,352
	6,001,339	5,872,650	3,753,224	3,931,706	2,248,115	1,940,944
<b>Included in other comprehensive income</b>						
Remeasurement loss / (gain)						
- Actuarial loss / (gain) arising on financial assumptions		(37,127)		(2,387,548)	-	2,350,421
demographic assumptions				-	-	-
experience adjustments	4,776,940		3,265,357	-	1,511,583	-
- Return on plan assets excluding interest income	-	-	-	-	-	-
	4,776,940	(37,127)	3,265,357	(2,387,548)	1,511,583	2,350,421
<b>Others</b>						
Benefits paid	(2,742,827)	(2,068,503)	(2,742,827)	(2,068,503)	-	-
Benefits paid on behalf of fund		-	1,300,353	2,463,964	(1,300,353)	(2,463,964)
Contributions paid by the employer		-	1,038,850	923,719	(1,038,850)	(923,719)
	(2,742,827)	(2,068,503)	(403,624)	1,319,180	(2,339,203)	(3,387,683)
Balance as at December 31,	54,855,012	46,819,560	44,999,186	38,384,229	9,855,826	8,435,331

### 34.1.2.2 Plan assets

The composition and the fair value of the plan assets of the fund are as follows:

	2016	2015
	Rupees in '000	
Pakistan Investment Bonds	1,608,503	6,693,178
Term Finance Certificates	558,259	641,445
Mutual Funds / Shares	14,688,924	10,758,737
Term Deposit Receipts	8,912,713	2,419,036
Defence Saving Certificates	6,287,332	16,740,033
Special Saving Certificates	12,406,141	-
Cash at Bank	537,315	1,131,801
	44,999,186	38,384,231

### 34.1.3 Net defined benefit liability - post retirement medical scheme

Present value of defined benefit obligation	13,377,650	11,268,022
Fair value of plan assets	-	-
	13,377,650	11,268,022

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## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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### 34.1.3.1 Reconciliation of net defined benefit liability - post retirement medical scheme

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability for post retirement medical scheme and its components.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2016	2015	2016	2015	2016	2015
	Rupees in '000					
Balance as at January 01,	11,268,022	10,220,524	-	-	11,268,022	10,220,524
<b>Included in profit and loss</b>						
Current service cost	237,642	183,580	-	-	237,642	183,580
Interest cost / (income)	1,104,088	1,130,492	-	-	1,104,088	1,130,492
	1,341,730	1,314,072	-	-	1,341,730	1,314,072
<b>Included in other comprehensive income</b>						
- Actuarial loss / (gain) arising on financial assumptions	1,057,432	76,834	-	-	1,057,432	76,834
demographic assumptions	-	-	-	-	-	-
experience adjustments	164,747	-	-	-	164,747	-
	1,222,179	76,834	-	-	1,222,179	76,834
<b>Others</b>						
Benefits paid	(454,281)	(343,408)	-	-	(454,281)	(343,408)
Balance as at December 31,	13,377,650	11,268,022	-	-	13,377,650	11,268,022

	Note	2016	2015
		Rupees in '000	
<b>34.1.4 Net defined benefit liability - Benevolent Scheme</b>			
Present value of defined benefit obligation		1,977,230	1,830,831
Fair value of plan assets		-	-
	18	1,977,230	1,830,831

### 34.1.4.1 Reconciliation of net defined benefit liability - Benevolent Scheme

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability for Benevolent Scheme and its components.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2016	2015	2016	2015	2016	2015
	Rupees in '000					
Balance as at January 01,	1,830,831	1,624,009	-	-	1,830,831	1,624,009
<b>Included in profit and loss</b>						
Current service cost	61,464	28,239	-	-	61,464	28,239
Interest cost / (income)	177,759	181,153	-	-	177,759	181,153
	239,223	209,392	-	-	239,223	209,392
<b>Included in other comprehensive income</b>						
- Actuarial loss / (gain) arising on financial assumptions	18,906	83,416	-	-	18,906	83,416
demographic assumptions	-	-	-	-	-	-
experience adjustments	(5,255)	-	-	-	(5,255)	-
	13,651	83,416	-	-	13,651	83,416
<b>Others</b>						
Benefits paid	(106,476)	(85,986)	-	-	(106,476)	(85,986)
Balance as at December 31,	1,977,230	1,830,831	-	-	1,977,230	1,830,831

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	Note	2016	2015
Rupees in '000			
<b>34.1.5 Net defined benefit liability - Gratuity scheme</b>			
Present value of defined benefit obligation		1,298,782	1,001,423
Fair value of plan assets		-	-
	18	<u>1,298,782</u>	<u>1,001,423</u>

### 34.1.5.1 Reconciliation of net defined benefit liability - Gratuity scheme

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability for gratuity scheme and its components.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2016	2015	2016	2015	2016	2015
Rupees in '000						
Balance as at January 01,	1,001,423	892,157	-	-	1,001,423	892,157
<b>Included in profit and loss</b>						
Current service cost	166,694	136,230	-	-	166,694	136,230
Interest cost / (income)	96,653	98,922	-	-	96,653	98,922
	263,347	235,152	-	-	263,347	235,152
<b>Included in other comprehensive income</b>						
- Actuarial loss / (gain) arising on						
financial assumptions	(2,756)	(100,189)	-	-	(2,756)	(100,189)
demographic assumptions	-	-	-	-	-	-
experience adjustments	106,556	-	-	-	106,556	-
	103,800	(100,189)	-	-	103,800	(100,189)
<b>Others</b>						
Benefits paid	(69,788)	(25,697)	-	-	(69,788)	(25,697)
Balance as at December 31,	<u>1,298,782</u>	<u>1,001,423</u>	<u>-</u>	<u>-</u>	<u>1,298,782</u>	<u>1,001,423</u>

### 34.1.6 Duration

As at December 31, 2016, the weighted average duration of the defined benefit obligations was as follows:

	Years
Pension Fund	12.0
Post retirement medical fund	12.0
Benevolent fund	12.0
Gratuity fund	12.0

### 34.1.7 Sensitivity Analysis

Reasonably possible changes at the reporting date due to one of the relevant actuarial assumptions, holding other assumptions constant would have effected the defined benefit obligation by the amounts shown below:

Effect of discount rate on present value of defined benefit obligation	Increase by 1%	Original Liability	Decrease by 1%
Discount rate (%)	10.50%	9.50%	8.50%
Rupees in '000			
Pension Fund	49,037,064	54,855,012	61,983,039
Post Retirement Medical Scheme	11,535,988	13,377,650	15,723,773
Benevolent Scheme	1,830,831	1,977,230	1,830,831
Gratuity Scheme	1,151,766	1,298,782	1,475,957

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Effect of salary increase rate on present value of defined benefit obligation	Increase by 1%	Original Liability	Decrease by 1%
Salary increase rate (%)	10.50%	9.50%	8.50%
————— Rupees in '000 —————			
Pension Fund	57,946,191	54,855,012	52,102,885
Post Retirement Medical Scheme	14,104,158	13,377,650	12,735,137
Benevolent Scheme	1,997,002	1,977,230	1,957,458
Gratuity Scheme	1,480,502	1,298,782	1,145,680
Effect of medical inflation rate on present value of defined benefit obligation	Increase by 1%	Original Liability	Decrease by 1%
Medical inflation rate (%)	10.50%	9.50%	8.50%
————— Rupees in '000 —————			
Post Retirement Medical Scheme	14,243,870	13,377,650	12,652,150

### 34.1.8 Expected contributions for 2017

Rupees in '000

The expected contributions to be paid to the funds in the next financial year are as follows:

- Pension Fund 1,116,906

The expected expense to be recognized for the schemes in the next financial year are as follows:

- Post Retirement Medical Scheme 1,676,804

- Benevolent Scheme 244,591

- Gratuity Scheme 319,611

### 34.2 Other employee benefits

#### 34.2.1 Reconciliation of net liability recognized for compensated absences

	Note	2016 Rupees in '000	2015
Opening net liability		5,709,230	5,364,523
Charge for the year		820,252	669,143
Benefits paid during the year		(266,879)	(324,436)
Closing net liability	18	6,262,603	5,709,230

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Reconciliation of net liability recognized for compensated absences for the five years is as follows:

	2016	2015	2014	2013	2012
	Rupees in '000				
Opening net liability	5,709,230	5,364,523	4,341,871	3,795,006	3,148,005
Net charge for the year	553,373	344,707	1,022,652	546,865	647,001
Closing net liability	6,262,603	5,709,230	5,364,523	4,341,871	3,795,006

### 34.2.1.1 Experience adjustment on obligation

	2016	2015
	Rupees in '000	
Present value of defined benefit obligations	6,262,603	5,709,230
Fair value of plan assets	-	-
Deficit	6,262,603	5,709,230

### 34.2.1.2 Working of sensitivity analysis (Discount rate effect)

	1% Increase	Original Liability	1% Decrease
Discount rate	10.50%	9.50%	8.50%
	Rupees in '000		
Present value of defined benefit obligations	5,816,700	6,262,603	6,771,378

### 34.2.1.3 Working of sensitivity analysis (Salary increase rate effect)

	1% Increase	Original Liability	1% Decrease
Salary increase rate	10.50%	9.50%	8.50%
	Rupees in '000		
Present value of defined benefit obligations	6,796,257	6,262,603	5,787,280



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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### 35. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President		Directors		Executives	
	2016	2015	2016	2015	2016	2015
	Rupees in '000					
Fees	-	-	25,863	20,814	-	-
Managerial remuneration	42,000	42,000	-	-	3,214,110	2,245,538
Charge for defined benefit plan	3,500	3,500	-	-	1,418,513	1,187,011
Rent and house maintenance	-	-	-	-	1,474,544	1,026,378
Utilities	1,421	2,304	-	-	494,335	335,373
Medical	117	295	-	-	550,739	404,492
Conveyance	-	-	-	-	868,404	503,061
Bonus and others	2,690	22,994	-	-	693,068	564,830
	<b>49,728</b>	<b>71,093</b>	<b>25,863</b>	<b>20,814</b>	<b>8,713,713</b>	<b>6,266,683</b>
	Number					
Number of persons	<b>1</b>	<b>1</b>	<b>7</b>	<b>6</b>	<b>2,396</b>	<b>1,803</b>

The President and certain executives are also provided with free use of Bank's cars, household equipment, mobile phones and free membership of clubs.

Executives mean executives, other than the chief executive and directors, whose basic salary exceeds five hundred thousand rupees in the financial year.

Performance Bonus is accounted for on payment / approval basis.

### 36. FAIR VALUE OF ASSETS AND LIABILITIES

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

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

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

The fair value of traded investments is based on quoted market prices, and have been disclosed in note 9.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.6.

The maturity and re-pricing profile and effective rates are stated in notes 41.4.1, 41.4.2 and 41.3.3 respectively.

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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## 36.1 On balance sheet financial instruments

	2016						Fair value			
	Carrying Amount					Total	Level 1	Level 2	Level 3	Total
	HFT	Available for Sale	HTM	Loans and Receivables	Other financial Liabilities					
Rupees in '000										
<b>Financial assets measured at fair value</b>										
<b>Investments</b>										
- Market Treasury Bills	-	368,807,791	-	-	-	368,807,791	-	368,807,791	-	368,807,791
- Pakistan Investment Bonds	9,916,069	133,496,436	-	-	-	143,412,505	-	143,412,505	-	143,412,505
- GoP Foreign Currency Bonds	-	8,991,920	-	-	-	8,991,920	-	8,991,920	-	8,991,920
- Ordinary shares of listed companies	63,984	54,524,341	-	-	-	54,588,325	54,588,325	-	-	54,588,325
- Ordinary shares of unlisted companies	-	1,721,069	-	-	-	1,721,069	-	1,721,069	-	1,721,069
- Investments in mutual funds	-	3,716,365	-	-	-	3,716,365	-	3,716,365	-	3,716,365
- Ordinary shares of a bank outside Pakistan	-	9,300,843	-	-	-	9,300,843	9,300,843	-	-	9,300,843
- Listed preference shares	-	200,216	-	-	-	200,216	200,216	-	-	200,216
- Foreign Currency Debt Securities	-	573,964	-	-	-	573,964	-	573,964	-	573,964
- Foreign Government Securities	-	2,732,943	-	-	-	2,732,943	-	2,732,943	-	2,732,943
- Term Finance Certificates / Musharaka and Sukuk Bonds	-	55,323,895	-	-	-	55,323,895	-	55,323,895	-	55,323,895
	9,980,053	639,389,773	-	-	-	649,369,826	64,089,384	585,280,442	-	649,369,826
<b>Financial assets not measured at fair value (refer note 36.2)</b>										
Cash and bank balances with SBP and NBP	-	-	-	159,836,139	-	159,836,139	-	-	-	-
Balances with other banks	-	-	-	13,828,477	-	13,828,477	-	-	-	-
Lending to financial instruments	-	-	-	121,709,399	-	121,709,399	-	-	-	-
<b>Investments</b>										
- Market Treasury Bills	-	-	29,131,619	-	-	29,131,619	-	-	-	-
- Pakistan Investment Bonds	-	-	178,329,916	-	-	178,329,916	-	-	-	-
- GoP Foreign Currency Bonds	-	-	7,889,583	-	-	7,889,583	-	-	-	-
- Foreign Government Securities	-	-	25,106,982	-	-	25,106,982	-	-	-	-
- Foreign Currency Debt Securities	-	-	405	-	-	405	-	-	-	-
- Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	-	-	187,954	-	-	187,954	-	-	-	-
Advances	-	-	-	667,389,455	-	667,389,455	-	-	-	-
Other assets	-	-	-	77,775,122	-	77,775,122	-	-	-	-
	-	-	240,646,461	1,040,538,592	-	1,281,184,053	-	-	-	-
	9,980,053	639,389,773	240,646,461	1,040,538,592	-	1,930,653,879	64,089,384	585,280,442	-	649,369,826
<b>Financial liabilities not measured at fair value</b>										
Deposits and other accounts payable	-	-	-	-	1,657,312,093	1,657,312,093	-	-	-	-
Borrowings	-	-	-	-	10,187,250	10,187,250	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	44,853,930	44,853,930	-	-	-	-
Other liabilities (excluding Liabilities against assets subject to finance lease)	-	-	-	-	25,652	25,652	-	-	-	-
	-	-	-	-	86,584,063	86,584,063	-	-	-	-
	-	-	-	-	1,798,072,898	1,798,072,898	-	-	-	-
Rupees in '000										
<b>2015</b>										
	Carrying Amount					Total	Fair value			
	HFT	Available for Sale	HTM	Loans and Receivables	Other financial Liabilities		Level 1	Level 2	Level 3	Total
Rupees in '000										
<b>Financial assets measured at fair value</b>										
<b>Investments</b>										
- Market Treasury Bills	29,822	413,356,391	-	-	-	413,386,213	-	413,386,213	-	413,386,213
- Pakistan Investment Bonds	1,445,242	177,690,281	-	-	-	179,135,523	-	179,135,523	-	179,135,523
- GoP Foreign Currency Bonds	-	8,194,746	-	-	-	8,194,746	-	8,194,746	-	8,194,746
- Ordinary shares of listed companies	-	44,342,717	-	-	-	44,342,717	44,342,717	-	-	44,342,717
- Ordinary shares of unlisted companies	-	719,340	-	-	-	719,340	-	719,340	-	719,340
- Investments in mutual funds	-	2,455,085	-	-	-	2,455,085	-	2,455,085	-	2,455,085
- Ordinary shares of a bank outside Pakistan	-	10,555,396	-	-	-	10,555,396	10,555,396	-	-	10,555,396
- Preference shares	-	396,440	-	-	-	396,440	396,440	-	-	396,440
- Foreign Currency Debt Securities	-	4,822,968	-	-	-	4,822,968	-	4,822,968	-	4,822,968
- Term Finance Certificates / Musharaka and Sukuk Bonds	-	23,748,181	-	-	-	23,748,181	-	23,748,181	-	23,748,181
	1,475,064	686,281,545	-	-	-	687,756,609	55,294,553	632,462,056	-	687,756,609
<b>Financial assets not measured at fair value</b>										
Cash and bank balances with SBP and NBP	-	-	-	150,899,778	-	150,899,778	-	-	-	-
Balances with other banks	-	-	-	20,128,273	-	20,128,273	-	-	-	-
Lending to financial instruments	-	-	-	7,694,516	-	7,694,516	-	-	-	-
<b>Investments</b>										
- Market Treasury Bills	-	-	7,826,760	-	-	7,826,760	-	-	-	-
- Pakistan Investment Bonds	-	-	107,575,573	-	-	107,575,573	-	-	-	-
- GoP Foreign Currency Bonds	-	-	1,610,375	-	-	1,610,375	-	-	-	-
- Foreign Government Securities	-	-	20,863,694	-	-	20,863,694	-	-	-	-
- Foreign Currency Debt Securities	-	-	406	-	-	406	-	-	-	-
- Debentures, Bonds, Sukuks, Participation Term and Term Finance Certificates	-	-	191,820	-	-	191,820	-	-	-	-
Advances	-	-	-	578,122,160	-	578,122,160	-	-	-	-
Other assets	-	-	-	78,895,162	-	78,895,162	-	-	-	-
	-	-	138,068,628	835,739,889	-	973,808,517	-	-	-	-
	1,475,064	686,281,545	138,068,628	835,739,889	-	1,861,585,126	55,294,553	632,462,056	-	687,756,609
<b>Financial liabilities not measured at fair value (refer note 36.2)</b>										
Deposits and other accounts payable	-	-	-	-	1,431,036,598	1,431,036,598	-	-	-	-
Borrowings	-	-	-	-	9,171,616	9,171,616	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	21,911,190	21,911,190	-	-	-	-
Other liabilities (excluding Liabilities against assets subject to finance lease)	-	-	-	-	35,800	35,800	-	-	-	-
	-	-	-	-	78,854,704	78,854,704	-	-	-	-
	-	-	-	-	1,538,009,908	1,538,009,908	-	-	-	-

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

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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### 37. Segment Details with respect to Business Activities

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

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Agency Services	Total
	Rupees in '000						
<b>2016</b>							
Total income	887,555	632,382	11,885,965	61,287,936	2,397,950	7,699,254	84,791,042
Inter segment revenue	-	(499,736)	23,771,307	(22,568,016)	-	(703,555)	-
Total expenses	27,079	-	18,107,934	21,074,593	2,022,538	6,417,683	47,649,827
Net income	860,476	132,646	17,549,338	17,645,327	375,412	578,016	37,141,215
Segment assets	-	10,047,510	232,405,933	1,716,770,489	-	16,481,832	1,975,705,764
Segment non-performing loans	-	-	12,118,626	107,297,545	-	-	119,416,171
Segment provision required	-	-	11,061,457	103,024,856	-	-	114,086,313
Segment liabilities	-	-	505,940,367	1,293,032,621	-	-	1,798,972,988
Segment return on net assets (ROA) (%)	0.00%	1.57%	3.70%	1.08%	0.00%	4.17%	2.04%
Segment cost of funds (%)	0.00%	0.00%	3.08%	3.98%	0.00%	0.00%	4.07%
<b>2015</b>							
Total income	524,932	411,500	11,606,790	67,675,368	2,274,313	6,211,460	88,704,363
Inter segment revenue	-	(366,347)	24,814,918	(23,474,559)	-	(974,012)	-
Total expenses	25,155	-	16,161,877	32,607,305	1,823,741	4,870,677	55,488,755
Net income	499,777	45,153	20,259,831	11,593,504	450,572	366,771	33,215,608
Segment assets	-	1,469,140	254,733,701	1,425,041,690	-	25,116,852	1,706,361,383
Segment non-performing loans	-	-	12,650,076	114,630,221	-	-	127,280,297
Segment provision required	-	-	9,160,372	104,569,580	-	-	113,729,952
Segment liabilities	-	-	451,014,240	1,086,995,668	-	-	1,538,009,908
Segment return on net assets (ROA) (%)	0.00%	0.85%	4.72%	0.74%	0.00%	2.66%	2.00%
Segment cost of funds (%)	0.00%	0.00%	3.65%	4.94%	0.00%	0.00%	4.54%

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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### 37.1 Segment reporting

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

#### 37.1.1 Business segments

##### Corporate finance

Corporate banking includes, services provided in connection with mergers and acquisition, underwriting, privatization, securitization, research, debts (government, high yield), equity, syndication, IPO and secondary private placements.

##### Trading and sales

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

##### Retail banking

It includes retail lending and deposits, banking services, trust and estates, private lending and deposits, trust and estates investment advice, merchant / commercial and private labels and retail.

##### Commercial banking

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

##### Payment and settlement

It includes payments and collections, funds transfer, clearing and settlement.

##### Agency services

It includes escrow, depository receipts, securities lending (customers), corporate actions, issuer and paying agents.

## 38. TRUST ACTIVITIES

### 38.1 Long-Term Credit Fund (LTCF)

Consequent upon the NDFC's amalgamation, the Bank manages on behalf of the GoP, LTCF established from the proceeds of loans disbursed by various international funding agencies for financing private sector energy development projects. Fund assets are accounted for separately from those of the Bank and amounted to Rs. 51,907 million on December 31, 2016 (2015: Rs. 54,516 million).

### 38.2 Endowment Fund

Students Loan Scheme was launched by Government of Pakistan with collaboration with the major commercial banks with a view to extend financial help by way of mark-up free loan to the meritorious students without sufficient resources for pursuing scientific technical and professional education within Pakistan.

The Scheme is being administered by a high powered committee headed by the Deputy Governor, State Bank of Pakistan and the President's of NBP, HBL, UBL, MCB, ABL and the Deputy Secretary, Ministry of Finance as member and Senior Director of SMEFD (Infra Housing & SME Finance Department) as a secretary of the Committee. The State Bank of Pakistan has assigned National Bank of Pakistan to operate the scheme.

The Committee in its meeting held on August 7, 2001 approved creation of Endowment Fund initially at an amount of Rs. 500 million, Rs.396 million were transferred from the old Qarz-e-Hasna Fund, Rs. 50 million contributed by Government of Pakistan and Rs. 54 million were contributed by participating banks (HBL, NBP and UBL 25% each, MCB 17.5% and ABL 7.5%),

The amount of the endowment fund in investments stands at Rs. 668 million as at December 31, 2016 (2015 Rs. 667 million).

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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### 39. RELATED PARTY TRANSACTIONS AND BALANCES

The Bank has related party relationship with its associated undertakings, subsidiary companies, employee benefit plans, and its key management personnel (including their associates). The details of investments in subsidiary companies and associated undertakings are stated in note 9.

Transactions between the Bank and its related parties are carried out under normal course of business, except employees staff loans, employees sale of assets and provident fund that are as per agreement.

Details of loans and advances to the companies or firms, in which the directors of the Bank are interested as directors, partners or in case of private companies as members, are given in note 10.7. There are no transactions with key management personnel other than under advance salary. Contributions in respect of staff retirement and other benefit plans are disclosed in note 34. Remuneration to the executives and disposal of assets are disclosed in notes 35 and annexure to the financial statements.

#### 39.1 Balances

	2016				2015			
	At January 01,	Given during the year	Received during the year	At December 31,	At January 01,	Given during the year	Received during the year	At December 31,
	Rupees in '000							
<b>Advances</b>								
Subsidiaries	230,333	313,814	(50,000)	494,147	407,723	-	(177,417)	230,333
Associates	3,065,368	250,000	(18,200)	3,297,168	3,346,445	-	(281,077)	3,065,368
Key management executives	193,530	49,469	(62,294)	180,705	186,667	-	(27,556)	159,111
*Adjustment	5,125	-	-	5,125	34,419	-	-	34,419
	198,655	49,469	(62,294)	185,830	221,086	-	(27,556)	193,530
	3,494,356	613,283	(130,494)	3,977,145	3,975,254	-	(486,050)	3,489,231

	2016				2015			
	At January 01,	Received during the year	Withdrawals during the year	At December 31,	At January 01,	Received during the year	Withdrawals during the year	At December 31,
	Rupees in '000							
<b>Deposits</b>								
Key management executives	18,554	360,809	(349,287)	28,838	19,309	303,945	(310,206)	13,048
* Adjustment	(1,238)	-	-	-	5,506	-	-	5,506
	17,316	360,809	(349,287)	28,838	24,815	303,945	(310,206)	18,554
Subsidiaries	2,301,513	278,326	(1,301,507)	1,278,332	411,597	1,893,022	(3,106)	2,301,513
Associates	-	-	-	-	26,038	-	(26,038)	-
Pension Fund (Current)	3,371	8,715,538	(8,717,546)	1,363	4,248	27,290,824	(27,291,701)	3,371
Pension Fund (Fixed Deposit)	2,300,000	8,800,000	(2,300,000)	8,800,000	7,300,000	2,300,000	(7,300,000)	2,300,000
Pension Fund (N.J.D.A.A/c)	1,128,437	7,481,029	(7,573,507)	1,035,959	1,056,675	13,584,552	(13,512,790)	1,128,437
Provident Fund	13,391,708	2,788,345	(3,043,008)	13,137,045	13,123,803	2,400,226	(2,132,321)	13,391,708
	19,142,345	28,424,047	(23,284,855)	24,281,537	21,947,176	47,772,569	(50,576,162)	19,143,583

\* Adjustments due to retirement / appointment of directors and changes in key management executives.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	2016	2015
	Rupees in '000	
<b>Placements with:</b>		
Joint venture	49,541	68,450
<b>Repo borrowing from:</b>		
Joint venture	49,649	399,496
<b>Mark-up receivables from subsidiaries</b>	265,715	195,833
<b>Mark-up receivables from associates</b>	2,071,751	2,064,167
<b>Other receivables from subsidiaries</b>	87,810	84,127
<b>Other payables to subsidiaries</b>	8,726	5,154
<b>Off Balance Sheet items</b>	25,245	-
<b>39.2 Transactions during the year</b>		
<b>Redemption / sale of investment in associates</b>	-	8,518,102
<b>Asset acquired under finance lease</b>	-	40,250
<b>Lease Finance liabilities paid to subsidiary</b>	25,652	10,744
<b>Income for the year</b>		
On advances / placements with:		
Subsidiaries	9,280	18,117
Joint ventures	1,138	1,863
Companies in which directors of the Bank are interested as director	157	812,534
<b>Finance charges paid on lease assets to subsidiary</b>	1,809	2,167
<b>Dividend from Joint Venture</b>	162,934	107,723
<b>Dividend from subsidiary</b>	38,813	428,596
<b>Expenses for the year</b>		
Remuneration to key management executives	260,172	284,564
Charge for defined benefit plan	29,504	41,704
<b>Mark-up on deposits of:</b>		
Subsidiaries	15,547	7,815
Associates	-	-
Provident fund	1,287,100	1,745,016
Pension fund	244,115	503,518
Commission paid to subsidiaries	2,891	22,992
<b>Mark-up on Borrowing (Repo / Call):</b>		
Joint venture	72	106
<b>Commission paid to subsidiaries</b>	2,891	22,992

### 39.3 Transactions with Government-related entities

The Federal Government through State Bank of Pakistan holds controlling interest (75.60% shareholding) in the Bank and therefore entities which are owned and / or controlled by the Federal Government, or where the Federal Government may exercise significant influence, are related parties of the Bank.

The Bank in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking service to Government-related entities.

The Bank also earned commission on handling treasury transactions on behalf of the Government of Pakistan amounting to Rs. 7,318 million for the year ended December 31, 2016. As at the Statement of Financial Position date the loans and advances, deposits and contingencies relating to Government-related entities amounted to Rs. 274,135 million, Rs. 605,009 million and Rs. 358,632 million respectively and income earned on advances and profit paid on deposits amounted to Rs. 12,467 million and Rs. 17,443 million respectively.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 40. CAPITAL ASSESSMENT AND ADEQUACY

#### 40.1 Statutory minimum capital requirement and management of capital

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- to comply with the capital requirements set by the regulators of the banking markets where the Bank operates;
- to safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

The SBP has issued instructions for Base-III Implementation vide BPRD Circular No. 06 of 2013 dated August 15, 2013. These instructions are effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019.

Base-III instructions comprises of the following three capital standards:

i. Minimum Capital Requirement (MCR):

The MCR standard sets the nominal amount of capital banks/ DFIs are required to hold. Currently the MCR for banks and DFIs is Rs. 10 billion as prescribed by SBP.

ii. Capital Adequacy Ratio:

The Capital Adequacy Ratio (CAR) assesses the capital requirement based on the risks faced by the banks/ DFIs. The banks/ DFIs are required to comply with the minimum requirements as specified by the SBP on standalone as well as consolidated basis. Currently the required CAR for banks is 10.65%.

iii. Leverage Ratio:

Tier-1 Leverage Ratio of 3% is introduced in response to Basel III Accord as the third capital standard. Bank level disclosure of the leverage ratio and its components has started from December 31, 2015. The bank has a leverage ratio of 3.84% in the year December 31, 2016 (2015 : 4.45%) and Tier-1 capital of Rs 95,539 Million (2015: Rs 91,751Million).

The SBP's regulatory capital as managed by the Bank is analysed into following tiers:

1. Tier 1 Capital (going-concern capital)

- Common Equity Tier 1
- Additional Tier 1

2. Tier 2 Capital (gone-concern capital)

- Tier I capital, which comprises highest quality capital element and include fully paid up capital, balance in share premium account, reserve for issue of bonus shares, general reserves and un-appropriate profits (net of accumulated losses, if any).
- Tier II capital, which includes general reserve for loan losses, revaluation reserve, exchange translation reserve and subordinated debt.
- Tier III capital, has been eliminated in Base III Capital requirements. Also the Base III capital rules requires bank to make certain deductions from the capital before arriving at the Capital Adequacy Ratio (CAR). These deductions are being done in phased manner starting from 2014, with full deductions in 2018.

Risk weighted assets are measured according to the nature and reflect an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off balance sheet exposures, with some adjustments to reflect more contingent nature of potential losses.

The Bank's policy is to maintain strong capital base so as to maintain, investor, creditor and market confidence and to sustain future development of the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the SBP. The ratios compare the amount of eligible capital with the total of risk-weighted assets. The Bank monitors and reports its capital ratio under the SBP rules, which ultimately determines the regulatory capital, required to be maintained by Banks and DFIs.

The paid-up capital of the Bank for the year ended December 31, 2016 stood at Rs. 21,275 billion (2015 : Rs. 21,275 billion) and is in compliance with the SBP requirement for the said year. In addition the Bank has maintained minimum Capital Adequacy Ratio (CAR) of 16.54% (2015: 17.59%).

There have been no material changes in the Bank's management of capital during the year.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 40.2 Capital Adequacy Ratio (CAR)

	2016	2015
	Rupees in '000	
<b>Rows # Common Equity Tier 1 capital (CET1): Instruments and reserves</b>		
1 Fully Paid-up Capital/ Capital deposited with SBP	21,275,131	21,275,131
2 Balance in Share Premium Account	-	-
3 Reserve for issue of Bonus Shares	-	-
4 Discount on Issue of shares	-	-
5 General/ Statutory Reserves	27,707,856	25,432,627
6 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7 Unappropriated/unremitted profits/ (losses)	51,939,151	49,155,590
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 <b>CET 1 before Regulatory Adjustments</b>	<b>100,922,138</b>	<b>95,863,348</b>
10 Total regulatory adjustments applied to CET1 (Note 44.2.1)	5,382,317	4,112,273
11 <b>Common Equity Tier 1</b>	<b>95,539,821</b>	<b>91,751,075</b>
<b>Additional Tier 1 (AT 1) Capital</b>		
12 Qualifying Additional Tier-1 capital instruments plus any related share premium	-	-
13 of which: Classified as equity	-	-
14 of which: Classified as liabilities	-	-
15 Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	-	-
16 of which: instruments issued by subsidiaries subject to phase out	-	-
17 <b>AT1 before regulatory adjustments</b>	<b>-</b>	<b>-</b>
18 Total regulatory adjustment applied to AT1 capital (Note 44.2.2)	-	-
19 Additional Tier 1 capital after regulatory adjustments	-	-
20 <b>Additional Tier 1 capital recognized for capital adequacy</b>	<b>-</b>	<b>-</b>
21 <b>Tier 1 Capital (CET1 + admissible AT1) (11+20)</b>	<b>95,539,821</b>	<b>91,751,075</b>
<b>Tier 2 Capital</b>		
22 Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
23 Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel 3 rules	-	-
24 Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-	-
25 of which: instruments issued by subsidiaries subject to phase out	-	-
26 General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	7,670,894	7,099,806
27 Revaluation Reserves (net of taxes)	-	-
28 of which: Revaluation reserves on fixed assets	17,767,932	14,917,268
29 of which: Unrealized gains/losses on AFS	26,472,227	24,562,403
30 Foreign Exchange Translation Reserves	7,092,485	8,148,085
31 Undisclosed/Other Reserves (if any)	-	-
32 <b>T2 before regulatory adjustments</b>	<b>59,003,538</b>	<b>54,727,562</b>
33 Total regulatory adjustment applied to T2 capital (Note 44.2.3)	1,741,226	1,860,863
34 Tier 2 capital (T2) after regulatory adjustments	57,262,312	52,866,698
35 Tier 2 capital recognized for capital adequacy	37,627,367	37,464,612
36 Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37 <b>Total Tier 2 capital admissible for capital adequacy</b>	<b>37,627,367</b>	<b>37,464,612</b>
38 <b>TOTAL CAPITAL (T1 + admissible T2) (21+37)</b>	<b>133,167,188</b>	<b>129,215,687</b>
39 <b>Total Risk Weighted Assets (RWA) (for details refer Note 44.5)</b>	<b>805,252,356</b>	<b>734,402,774</b>
<b>Capital Ratios and buffers (in percentage of risk weighted assets)</b>		
40 <b>CET1 to total RWA</b>	<b>11.86%</b>	<b>12.49%</b>
41 <b>Tier-1 capital to total RWA</b>	<b>11.86%</b>	<b>12.49%</b>
42 <b>Total capital to total RWA</b>	<b>16.54%</b>	<b>17.59%</b>
43 Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	6.65%	6.25%
44 of which: capital conservation buffer requirement	0.65%	0.25%
45 of which: countercyclical buffer requirement	-	-
46 of which: D-SIB or G-SIB buffer requirement	-	-
47 <b>CET1 available to meet buffers (as a percentage of risk weighted assets)</b>	<b>5.21%</b>	<b>6.24%</b>
<b>National minimum capital requirements prescribed by SBP</b>		
48 <b>CET1 minimum ratio</b>	<b>6.00%</b>	<b>6.00%</b>
49 <b>Tier 1 minimum ratio</b>	<b>7.50%</b>	<b>7.50%</b>
50 <b>Total capital minimum ratio</b>	<b>10.65%</b>	<b>10.25%</b>



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

		2016	Rupees in '000	2015
		Amount	subject to Pre- Basel III treatment*	Amounts
<b>Regulatory Adjustments and Additional Information</b>				
<b>40.2.1</b>	<b>Common Equity Tier 1 capital: Regulatory adjustments</b>			
1	Goodwill (net of related deferred tax liability)		-	648,260
2	All other intangibles (net of any associated deferred tax liability)	883,941	-	-
3	Shortfall in provisions against classified assets	955,320	-	-
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	1,743,180	-	1,050,247
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)	-	-	357,366
13	Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-
14	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	136,887
15	Amount exceeding 15% threshold	-	-	-
16	of which: significant investments in the common stocks of financial entities	-	-	-
17	of which: deferred tax assets arising from temporary differences	-	-	-
18	National specific regulatory adjustments applied to CET1 capital	-	-	-
19	Investments in TFCs of other banks exceeding the prescribed limit	58,650	-	58,650
20	Any other deduction specified by SBP (mention details)	-	-	-
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	1,741,226	-	1,860,863
22	Total regulatory adjustments applied to CET1 (sum of 1 to 21)	5,382,317	-	4,112,273
<b>40.2.2</b>	<b>Additional Tier-1 &amp; Tier-1 Capital: regulatory adjustments</b>			
23	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	-	-
24	Investment in own AT1 capital instruments	-	-	-
25	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-	-	-
26	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
27	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
28	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-	-
29	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-
30	Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	-	-	-
<b>40.2.3</b>	<b>Tier 2 Capital: regulatory adjustments</b>			
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	1,741,226	-	1,860,863
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)	1,741,226	-	1,860,863
<b>40.2.4</b>	<b>Additional Information</b>			
	<b>Risk Weighted Assets subject to pre-Basel III treatment</b>			
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	-	-	205,329
(ii)	of which: Defined-benefit pension fund net assets	-	-	-
(iii)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-	536,049
(iv)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-	-
	<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
38	Non-significant investments in the capital of other financial entities	8,165,587	-	9,416,484
39	Significant investments in the common stock of financial entities	4,019,350	-	2,681,137
40	Deferred tax assets arising from temporary differences (net of related tax liability)	5,135,645	-	9,327,143
	<b>Applicable caps on the inclusion of provisions in Tier 2</b>			
41	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	-	-	-
42	Cap on inclusion of provisions in Tier 2 under standardized approach	-	-	-
43	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	-
44	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-	-
	<i>Note: Rows which are not applicable for any institution should be left blank</i>			

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 40.3 Capital Structure Reconciliation

Table: 40.3.1		Balance sheet of the published financial statements	Under regulatory scope of consolidation
(in thousand PKR)		As at period end (2)	As at period end (3)
<b>Assets</b>	(1)		
Cash and balances with treasury banks		159,836,139	159,836,139
Balanced with other banks		13,828,477	13,828,477
Lending to financial institutions		121,709,399	121,709,399
Investments		897,130,749	897,130,749
Advances		667,389,455	667,389,455
Operating fixed assets		32,900,778	32,900,778
Deferred tax assets		5,135,645	5,135,645
Other assets		77,775,122	77,775,122
<b>Total assets</b>		<b>1,975,705,764</b>	<b>1,975,705,764</b>
<b>Liabilities &amp; Equity</b>			
Bills payable		10,187,250	10,187,250
Borrowings		44,863,930	44,863,930
Deposits and other accounts		1,657,312,093	1,657,312,093
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		25,652	25,652
Deferred tax liabilities		-	-
Other liabilities		86,584,063	86,584,063
<b>Total liabilities</b>		<b>1,798,972,988</b>	<b>1,798,972,988</b>
Share capital/ Head office capital account		21,275,131	21,275,131
Reserves		46,800,341	46,800,341
Unappropriated/ Unremitted profit/ (losses)		51,939,151	51,939,151
Minority Interest		-	-
Surplus on revaluation of assets		56,718,153	56,718,153
<b>Total liabilities &amp; equity</b>		<b>1,975,705,764</b>	<b>1,975,705,764</b>

Table: 40.3.2		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
(1)		As at period end (2)	As at period end (3)	(4)
<b>Assets</b>				
Cash and balances with treasury banks		159,836,139	159,836,139	
Balanced with other banks		13,828,477	13,828,477	
Lending to financial institutions		121,709,399	121,709,399	
Investments		897,130,749	897,130,749	
<i>of which: Non-significant investments in the capital instruments of banking, financial and insurance entities exceeding 10% threshold</i>		-	-	a
<i>of which: significant investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold</i>		-	-	b
<i>of which: Mutual Funds exceeding regulatory threshold</i>		-	-	c
<i>of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)</i>		5,382,317	5,382,317	d
<i>of which: others (mention details)</i>		-	-	e
Advances		667,389,455	667,389,455	
<i>shortfall in provisions/ excess of total EL amount over eligible provisions under IRB</i>		-	-	f
<i>general provisions reflected in Tier 2 capital</i>		7,670,894	7,670,894	g
Fixed Assets		32,900,778	32,900,778	
Deferred Tax Assets		5,135,645	5,135,645	
<i>of which: DTAs that rely on future profitability excluding those arising from temporary differences</i>		5,135,645	5,135,645	h
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>		-	-	i
Other assets		77,775,122	77,775,122	
<i>of which: Goodwill</i>		-	-	j
<i>of which: Intangibles</i>		-	-	k
<i>of which: Defined-benefit pension fund net assets</i>		-	-	l
<b>Total assets</b>		<b>1,975,705,764</b>	<b>1,975,705,764</b>	

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

Table: 40.3.2	(1)	Balance sheet as in	Under regulatory scope of	Reference
		published financial statements	consolidation	
		As at period end	As at period end	(4)
		(2)	(3)	
<b>Liabilities &amp; Equity</b>				
Bills payable		10,187,250	10,187,250	
Borrowings		44,863,930	44,863,930	
Deposits and other accounts		1,657,312,093	1,657,312,093	
Sub-ordinated loans				
of which: eligible for inclusion in AT1		-	-	m
of which: eligible for inclusion in Tier 2		-	-	n
Liabilities against assets subject to finance lease		25,652	25,652	
Deferred tax liabilities				
of which: DTLs related to goodwill		-	-	o
of which: DTLs related to intangible assets		-	-	p
of which: DTLs related to defined pension fund net assets		-	-	q
of which: other deferred tax liabilities		-	-	r
Other liabilities		86,584,063	86,584,063	
<b>Total liabilities</b>		<b>1,798,972,988</b>	<b>1,798,972,988</b>	
Share capital		21,275,131	21,275,131	
of which: amount eligible for CET1		21,275,131	21,275,131	s
of which: amount eligible for AT1		-	-	t
Reserves		46,800,341	46,800,341	
of which: portion eligible for inclusion in CET1 (provide breakup)		27,707,856	27,707,856	u
of which: portion eligible for inclusion in Tier 2		7,092,485	7,092,485	v
Unappropriated profit/ (losses)		51,939,151	51,939,151	w
Minority Interest				
of which: portion eligible for inclusion in CET1		-	-	x
of which: portion eligible for inclusion in AT1		-	-	y
of which: portion eligible for inclusion in Tier 2		-	-	z
Surplus on revaluation of assets		56,718,153	56,718,153	
of which: Revaluation reserves on Fixed Assets		17,767,932	17,767,932	aa
of which: Unrealized Gains/Losses on AFS		26,472,227	26,472,227	
In case of Deficit on revaluation (deduction from CET1)		-	-	ab
<b>Total liabilities &amp; Equity</b>		<b>1,975,705,763</b>	<b>1,975,705,763</b>	

## Basel III Disclosure Template

Table: 40.3.3	Component of regulatory capital reported by bank	Source based on reference number from step 2
<b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>		
1 Fully Paid-up Capital/ Capital deposited with SBP	21,275,131	
2 Balance in Share Premium Account	-	(s)
3 Reserve for issue of Bonus Shares	-	
4 General/ Statutory Reserves	27,707,856	
5 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	(u)
6 Unappropriated/unremitted profits/ (losses)	51,939,151	(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 <b>CET 1 before Regulatory Adjustments</b>	<b>100,922,138</b>	
<b>Common Equity Tier 1 capital: Regulatory adjustments</b>		
9 Goodwill (net of related deferred tax liability)	-	(j) - (o)
10 All other intangibles (net of any associated deferred tax liability)	883,941	(k) - (p)
11 Shortfall of provisions against classified assets	955,320	(f)
12 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	((h) - (r)) * x%
13 Defined-benefit pension fund net assets	-	((l) - (q)) * x%
14 Reciprocal cross holdings in CET1 capital instruments	1,743,180	(d)
15 Cash flow hedge reserve	-	
16 Investment in own shares/ CET1 instruments	-	
17 Securitization gain on sale	-	
18 Capital shortfall of regulated subsidiaries	-	
19 Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	(ab)
20 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(a) - (ac) - (ae)
21 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(b) - (ad) - (af)
22 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	(i)
23 Amount exceeding 15% threshold	-	
24 of which: significant investments in the common stocks of financial entities	-	
25 of which: deferred tax assets arising from temporary differences	-	

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

		Basel III Disclosure Template (with added column)	
Table: 40.3.3		Component of regulatory capital reported by bank	Source based on reference number from step 2
26	National specific regulatory adjustments applied to CET1 capital	-	
27	of which: Investment in TFCs of other banks exceeding the prescribed limit	58,650	
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	1,741,226	
30	Total regulatory adjustments applied to CET1 (sum of 9 to 29)	5,382,317	
31	<b>Common Equity Tier 1</b>	95,539,821	
	<b>Additional Tier 1 (AT 1) Capital</b>		
32	Qualifying Additional Tier-1 instruments plus any related share premium	-	
33	of which: Classified as equity	-	(t)
34	of which: Classified as liabilities	-	(m)
35	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
36	of which: instrument issued by subsidiaries subject to phase out	-	
37	<b>AT1 before regulatory adjustments</b>	-	
	<b>Additional Tier 1 Capital: regulatory adjustments</b>		
38	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
39	Investment in own AT1 capital instruments	-	
40	Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
41	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
42	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
43	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	
44	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
45	Total of Regulatory Adjustment applied to AT1 capital (sum of 38 to 44)	-	
46	Additional Tier 1 capital	-	
47	<b>Additional Tier 1 capital recognized for capital adequacy</b>	-	
48	<b>Tier 1 Capital (CET1 + admissible AT1) (31+47)</b>	95,539,821	
	<b>Tier 2 Capital</b>		
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	7,670,894	(g)
54	Revaluation Reserves	-	
55	of which: Revaluation reserves on fixed assets	17,767,932	portion of (aa)
56	of which: Unrealized Gains/Losses on AFS	26,472,227	
57	Foreign Exchange Translation Reserves	7,092,485	(v)
58	Undisclosed/Other Reserves (if any)	-	
59	<b>T2 before regulatory adjustments</b>	59,003,538	
	<b>Tier 2 Capital: regulatory adjustments</b>		
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	1,741,226	
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)	1,741,226	
66	Tier 2 capital (T2)	57,262,312	
67	Tier 2 capital recognized for capital adequacy	37,627,367	
68	Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
69	<b>Total Tier 2 capital admissible for capital adequacy</b>	37,627,367	
70	<b>TOTAL CAPITAL (T1 + admissible T2) (48+69)</b>	133,167,188	

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 40.4 Main Features of Regulatory Capital Instruments

#### Disclosure template for main features of regulatory capital instruments

Main Features	Common Shares
1 Issuer	NATIONAL BANK OF PAKISTAN
2 Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	NBP
3 Governing law(s) of the instrument	THROUGH GOVERNMENT ACT
Regulatory treatment	
4 Transitional Basel III rules	Common Equity Tier 1
5 Post-transitional Basel III rules	Common Equity Tier 1
6 Eligible at solo/ group/ group&solo	Group and Standalone
7 Instrument type	Ordinary Shares
8 Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	PKR 21,275,131
9 Par value of instrument	PKR 10
10 Accounting classification	Shareholders Equity
11 Original date of issuance	N/A
12 Perpetual or dated	N/A
13 Original maturity date	N/A
14 Issuer call subject to prior supervisory approval	No
15 Optional call date, contingent call dates and redemption amount	Not Applicable
16 Subsequent call dates, if applicable	Not Applicable
Coupons / dividends	
17 Fixed or floating dividend/ coupon	Not Applicable
18 coupon rate and any related index/ benchmark	Not Applicable
19 Existence of a dividend stopper	No
20 Fully discretionary, partially discretionary or mandatory	N/A
21 Existence of step up or other incentive to redeem	No
22 Noncumulative or cumulative	Not Applicable
23 Convertible or non-convertible	
24 If convertible, conversion trigger (s)	Not Applicable
25 If convertible, fully or partially	Not Applicable
26 If convertible, conversion rate	Not Applicable
27 If convertible, mandatory or optional conversion	Not Applicable
28 If convertible, specify instrument type convertible into	Not Applicable
29 If convertible, specify issuer of instrument it converts into	Not Applicable
30 Write-down feature	
31 If write-down, write-down trigger(s)	Not Applicable
32 If write-down, full or partial	Not Applicable
33 If write-down, permanent or temporary	Not Applicable
34 If temporary write-down, description of write-up mechanism	Not Applicable
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not Applicable
36 Non-compliant transitioned features	Not Applicable
37 If yes, specify non-compliant features	Not Applicable

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 40.5 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	
	2016	2015	2016	2015
	Rupees in '000		Rupees in '000	
<b>Credit Risk</b>				
<b>On-Balance sheet</b>				
<u>Portfolios subject to standardized approach (Simple or Comprehensive)</u>				
Sovereign	6,180,564	4,440,417	61,805,639	44,404,173
Public Sector entities	836,089	227,508	8,360,894	2,275,075
Banks	1,887,398	852,227	18,873,981	8,522,270
Corporate	18,282,534	15,847,412	182,825,337	158,474,122
Retail	11,778,158	11,326,990	117,781,578	113,269,895
Residential Mortgages	818,158	811,093	8,181,581	8,110,934
Past Due loans	1,250,103	2,088,073	12,501,025	20,880,727
Operating Fixed Assets	3,201,684	3,128,753	32,016,837	31,287,527
Other assets	1,629,604	2,337,596	16,296,042	23,375,962
	45,864,292	41,060,069	458,642,914	410,600,685
<b>Off-Balance sheet</b>				
Non-market related	4,981,522	5,490,493	49,815,221	54,904,925
Market related	61,166	54,333	611,655	543,327
	5,042,688	5,544,826	50,426,876	55,448,252
<b>Equity Exposure Risk in the Banking Book</b>				
Under simple risk weight method	10,460,174	10,193,553	104,601,737	101,935,533
	61,367,154	56,798,448	613,671,527	567,984,470
<b>Market Risk</b>				
<u>Capital Requirement for portfolios subject to Standardized Approach</u>				
Interest rate risk	799,437	512,936	7,994,366	5,129,360
Equity position risk	42,747	363,871	427,470	3,638,713
Foreign Exchange risk	4,496,696	3,069,638	44,966,959	30,696,381
	5,338,880	3,946,445	53,388,795	39,464,454
<b>Operational Risk</b>	13,819,204	12,695,385	138,192,035	126,953,850
<b>TOTAL</b>	<b>80,525,238</b>	<b>73,440,278</b>	<b>805,252,357</b>	<b>734,402,774</b>

Capital Adequacy Ratios	2016		2015	
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	12.15%	6.00%	12.49%
Tier-1 capital to total RWA	7.50%	12.15%	7.50%	12.49%
Total capital to total RWA	10.65%	16.54%	10.25%	17.59%

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 40.5 Risk Weighted Assets

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

### 41. RISK MANAGEMENT

Effective risk management plays a vital role to the success of the Bank and is recognized as a fundamental factor in the Bank's overall approach to strategy management. In Pakistani banking industry, Risk Management further gained its importance with the introduction of Basel framework in 2006. The regulator has been actively introducing various guidelines for implementation of Basel to strengthen internal risk management environment of Banks.

NBP, being one of the country's leading Bank, has always been determined to attain best practices in Risk Management standards. The Bank's Risk Management Group identifies and assesses these risks and presents them regularly for analysis to senior management and the Board, which undertake suitable measures and strategize accordingly. Primary goals of our risk management framework are to ensure that the outcomes of holistic risk-taking activities are consistent with the Bank's strategies and to provide tools where Bank can safely perform its business activities and ultimately achieve its goals.

Risk Management Group (RMG) has a continuously evolving framework, which incorporates the instructions issued by SBP along with the needs of the volatile local and global markets. Since the introduction and implementation of Basel framework, the overall Risk Management of the Bank has gone through several significant improvements and changes, which have further strengthened the Risk Management Framework.

The Bank has also undertaken a comprehensive BPR and COSO exercise aimed at overall business process improvement, risk management and strengthening of the overall control environment. Furthermore, Bank has also introduced Enterprise Risk Management Wing for integrated risk management activities addressing the full spectrum of its material risks and managing overall risk faced by the Bank.

#### 41.1 Overall Structure and broad initiatives

Risk Management Group is committed to support Bank's growth objectives by keeping them consistent with its risk tolerance and risk appetite level. Specialized functions of Risk Management Group are Credit Risk Architecture, Market & Liquidity Risk, Operational Risk and Enterprise Risk.

An Executive Risk Management Committee (ERMC) also exists within the Bank comprising of relevant Group Chiefs/ Divisional Heads. ERMC along with BRC (Board Risk Committee) are provided periodic updates via MIS and progress reports by RMG to ensure that the Board and senior management remain aware of the various risk management initiatives and provide oversight and guidance.

Bank's Risk Management Policy ensures the following:

- Setting Risk Management objectives of the Bank which includes establishing most appropriate course of action under uncertainty by identifying, assessing, understanding, acting on and communicating risk issues.
- Implementation of Risk Management Process at Strategic, Macro and Micro Level.
- Integrated Risk Management i.e. quantifying various risks by using different measurement methodologies and aggregating all the risks to keep the total risk within the capital.
- Alignment of Risk management approach with the regulatory requirements and the Bank's Risk Management Policy

The structure of RMG with dedicated Wings for specific responsibilities has been implemented as follows:

#### 41.1.1 Credit Risk Architecture

Credit Risk Architecture Wing is responsible for ensuring that there is a framework in place for effective assessment/ measurement and reporting of credit risks. The Wing functions with a view to architecturally improve credit risk environment in Bank and introduce tools, models, policies and framework for all asset classes.

During couple of years the Wing has performed several functions successfully, which include:

- Building the process for development of credit risk rating models to determine the key parameters to measure credit and transaction risks, complying the Basel framework and best practices in Risk Management.
- Conducted review of existing Internal Risk Rating Model for Corporate / Commercial Borrowers of Bank.
- Developed Credit Portfolio Management Framework to standardize the portfolio management review activities.
- Revised Credit Risk Tolerance limits & Concentration Policy using methodological approach to ensure better analysis.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

Perseverance towards improved credit portfolio analytics and review of existing tools / models is a benchmark set by the Wing for effective management of credit risks, at a portfolio level.

### 41.1.2 E-CIB and Data Management

E-CIB & Data Management Wing manages collection & consolidation of borrower's information in two separate databases on monthly / quarterly basis for e-CIB reporting and various risk related analysis for credit portfolio management/MIS respectively and reviews the quality and integrity of credit and advances related data. Such data is utilized by various groups, divisions and field functionaries.

The Wing is responsible for handling e-CIB related matters and performing periodic review and generate reports of advances data, highlighting inconsistencies and errors and issuing instructions to the relevant data entry points for rectification. The Wing has taken several initiatives for data accuracy and identification of data discrepancies which improved the quality of data significantly and carried out additional data collection exercises for Basel Models requirements.

### 41.1.3 Operational Risk Management

Operational Risk Management Wing has been developed to help align the Bank with the sound practices of operational risk set by the Basel Committee and provide guidance for setting Operational Risk Strategy of the Bank, selection and adoption of risk and loss measurement tools, reporting & communication and establishment of operational risk management process.

For further strengthening the operational risk in the Bank, Operational Risk Management Wing has achieved the following milestones.

#### 41.1.3.1 Implementation of Operational Risk Management tools - Risk & Control Self Assessment (RCSA)

For identification and assessment of operational risk across the Bank, the Bank has adopted risk assessment methodology known as Risk & Control self Assessment.

#### 41.1.3.2 Mapping of Bank's activities into Basel Defined Business Lines

One of the qualifying criteria of the SBP, for allowing the banks to move towards next level approaches (The Standardised Approach (TSA)/ Alternative Standardised Approach (ASA)) in order to get benefit of the capital, is mapping of Bank's activities into Basel defined business lines. RMG has developed Business Line Mapping Policy & segregates Banks Business activities into Basel Defined Business lines. These business lines include Corporate Finance, Trading and Sales, Retail Banking, Commercial Banking, Payment and Settlement, Agency Services, Asset Management, Retail Brokerage etc.

#### 41.1.3.3 Monitoring of ORM Tolerance limit and updation

Bank has identified the limits for various operational risk categories and now Bank would monitor its operational losses against those defined limits and apprise the Senior Management / Board,

#### 41.1.3.4 Training to field functionaries on Operational Risk Management & its tools

Training is also being imparted to the field functionaries on Operational Risk Management and its various tool such as Risk & Control Self Assessment (RCSA), Key Risk Indicators (KRIs), Operational Loss Data Collection Mechanism etc.

#### 41.1.3.5 Key Risk Indicators & Its Reporting

Key Risk Indicators (KRIs) act as early warning signals by providing the capability to indicate changes in an organization's risk profile. Currently, the Bank has initiated KRI exercise on pilot run basis whereby the relevant stakeholders report their specific KRI reports to RMG and on the basis of data received from relevant stakeholders, RMG has developed the KRI thresholds which the Group is using for variance reporting.

### 41.1.4 Market & Liquidity Risk Management

The Wing is engaged in identification, measurement and monitoring of Market and Liquidity Risks with the support and involvement of respective Business and Support Groups / Divisions, and in line with the regulatory requirements and internal policies. Market & Liquidity Risk Wing is responsible for formulation of Market Risk Management (MRM) Framework (which includes Asset Liability Management (ALM) Policy & Procedures, Investment Policy of the Bank, Interest Rate Risk Management (IRRM) Policy, VaR & Back Testing Policy etc.)

An array of MIS and dashboards are used to monitor/ assess Treasury, Equity Investment portfolio, Liquidity & Interest Rate Risk. Market Risk Wing is also coordinating with other wings for ICAAP, Risk Appetite, Stress Testing and other Risk functionalities.



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 41.1.5 BPR & COSO Implementation Project

The Business Process Review and COSO Implementation Project commenced from March 2014 to effectively implement BPR & COSO, in order to achieve CBA optimization by streamlining the operating model (including best practice centralization), improving regulatory compliance as well as improving the platform for customer service and product/ service deployment. This also includes aligning the existing documentation with resultant improved processes as a tool for effective operations. Furthermore, it will enable MIS reporting and decision making and improve TATs resulting from process and organizational efficiencies.

The Project Management Office (PMO) – BPR & COSO Implementation ensures smooth coordination amongst various stakeholders i.e. Consultants, IT vendors and the BPR & COSO Project Implementation Team. Further, PMO assists the BPR & COSO Steering Committee by providing project updates and escalating all relevant issues for appropriate resolution/ disposition in timely manner.

### 41.1.6 Credit Administration

Credit Administration Wing (CAD) ensures proper credit discipline in the Bank by adopting standardized practices with respect to Credit Administration.

In line with the best market practices, the Wing is responsible for preparation of finance documents, supervision of registration of charge with relevant authorities, safe keeping of the security documents, maintenance of shadow credit files, disbursements of finances as per sanction etc. Besides, Post disbursement functions including visits of pledge sites, monitoring of limits, insurances, deferrals expiries and other relevant matters pertaining to the credit portfolio of the Bank are also being performed by CAD. It also monitors the performances of vendors including Mucaddam companies & Bank's Legal Advisors.

### 41.1.7 Enterprise Risk Management

An entity may be exposed to multiple risks. To be effective, risk management should look at all risks to which the entity is exposed, so that no material risk is ignored. Hence, a new wing, namely Enterprise Risk Management (ERM) has been established for systematic application of risk management across the enterprise to address all material risks that affect the achievement of an entity's business objectives. Viewed in this manner, ERM will become an integral part of how an entity manages its business and takes decisions.

#### 41.1.7.1 Internal Capital Adequacy Assessment Process (ICAAP)

The ICAAP process evaluates the bank's resilience under stressed conditions. Stress testing and scenario analysis are used to assess the bank's ability to maintain operations during the periods of severe but plausible stress conditions, and to simulate a set of feasible management actions and their impact on the bank's earning, risk profile and capital position, should such conditions materialize. These conditions may arise from strategy, reputation, liquidity, or physical events, or from materialization of risks that are unique to the bank, which are evaluated under Pillar 2. Based on the evaluation performed, it was indicated that the bank was able to meet the minimum capital requirements during the 3-years simulated for the stress testing exercise.

#### 41.1.7.2 Basel Implementation

This Wing is responsible for managing and facilitating Basel II project in close coordination with the Basel II consultants and with the active support and involvement of other functions within the bank. The Wing is also responsible to perform project management and support services in relation to evaluation, selection and implementation of suitable risk management applications, as required by the bank.

A comprehensive diagnostic exercise was conducted on a bank-wide basis and the relevant areas for improvement were identified. This exercise encompassed all possible aspects that impacted the bank's risk management environment including the assessment of its existing risk management structure, policies and procedures, overall system architecture from a risk perspective and data availability and quality required for comprehensive risk management.

Based on the areas identified during the diagnostic exercise, detailed remediation plans have been developed proposing various structured initiatives that the bank needs to undertake. These remediation plans contain the initiatives, action steps and related guidelines for enhancement in policies and procedures.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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### 41.1.8 SEGMENTAL INFORMATION

#### 41.1.8.1 Segment by class of business

	2016					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Chemical and pharmaceuticals	3,118,208	0.40	492,249	0.03	10,465,280	2.21
Agriculture	45,363,639	5.80	38,940,905	2.35	25,000	0.01
Textile	81,280,217	10.40	3,422,133	0.21	9,070,681	1.92
Cement	8,623,088	1.10	859,958	0.05	3,974,360	0.84
Sugar	27,734,458	3.55	606,646	0.04	68,897	0.01
Flour	2,784,787	0.36	168,199	0.01	-	0.00
Rice processing	14,322,371	1.83	861,127	0.05	-	0.00
Shoes and leather garments	945,416	0.12	534,266	0.03	60,321	0.01
Automobile and transportation equipment	3,507,925	0.45	4,592,701	0.28	2,447,509	0.52
Financial	3,986,208	0.51	202,737,167	12.23	11,197,645	2.37
Insurance	350,456	0.04	13,653,717	0.82	3,151	0.00
Transportation	61,395,800	7.86	884,188	0.05	35,232,501	7.45
Real estate construction	9,105,300	1.17	5,695,680	0.34	7,184,749	1.52
Electronics and electrical appliances	4,399,537	0.56	702,602	0.04	3,200,474	0.68
Production and transmission of energy	193,265,680	24.73	148,576,904	8.96	175,232,999	37.06
Food and tobacco	2,303,745	0.29	2,331,213	0.14	57,554	0.01
Fertilizer	14,383,791	1.84	2,513,423	0.15	2,588,510	0.55
Metal products	56,451,326	7.22	2,138,978	0.13	2,588,275	0.55
Telecommunication	5,261,061	0.67	69,759,660	4.21	6,618,440	1.40
Hotel and services	8,302,086	1.06	167,083,160	10.08	6,573,329	1.39
Public sector commodity operations	48,508,261	6.21	6,119,684	0.37	770,665	0.16
Individuals	132,595,460	16.97	540,138,643	32.59	3,019,866	0.64
General traders	26,376,326	3.38	59,936,724	3.62	1,114,914	0.24
Others	27,110,622	3.48	384,562,166	23.22	191,404,431	40.46
	<b>781,475,768</b>	<b>100.00</b>	<b>1,657,312,093</b>	<b>100.00</b>	<b>472,899,551</b>	<b>100.00</b>

	2015					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Chemical and pharmaceuticals	3,360,418	0.49	730,593	0.05	6,822,114	1.88
Agriculture	50,646,577	7.32	33,523,874	2.34	501,992	0.14
Textile	62,004,381	8.96	3,338,990	0.23	7,060,796	1.95
Cement	8,294,705	1.20	1,624,918	0.11	8,046,294	2.22
Sugar	21,967,678	3.18	197,704	0.01	4,399	0.00
Flour	2,628,323	0.38	508,225	0.04	-	0.00
Rice processing	13,818,038	2.00	1,368,188	0.10	-	0.00
Shoes and leather garments	545,355	0.08	149,623	0.01	84,299	0.02
Automobile and transportation equipment	2,532,056	0.37	5,135,158	0.36	2,284,055	0.63
Financial	4,429,054	0.64	204,616,538	14.30	7,008,570	1.93
Insurance	361,839	0.05	568,293	0.04	3,154	0.00
Transportation	63,580,619	9.19	2,058,782	0.14	23,622,221	6.52
Real estate construction	8,490,767	1.23	6,599,622	0.46	3,693,670	1.02
Electronics and electrical appliances	6,229,452	0.90	1,523,571	0.11	2,241,055	0.62
Production and transmission of energy	125,085,736	18.08	100,788,152	7.04	120,538,973	33.26
Food and tobacco	2,358,530	0.34	1,540,655	0.11	1,102,705	0.30
Fertilizer	15,909,181	2.30	2,665,856	0.19	4,950,538	1.37
Metal products	55,645,359	8.04	3,609,941	0.25	1,060,524	0.29
Telecommunication	5,120,981	0.74	71,609,912	5.00	4,159,840	1.15
Hotel and services	6,705,519	0.97	158,088,352	11.05	4,928,030	1.36
Public sector commodity operations	48,314,784	6.98	7,704,730	0.54	768,600	0.21
Individuals	127,275,291	18.40	491,575,374	34.35	4,633,175	1.28
General traders	25,457,349	3.68	42,356,940	2.96	363,496	0.10
Others	31,090,120	4.49	289,152,607	20.22	158,510,696	43.73
	<b>691,852,112</b>	<b>100.00</b>	<b>1,431,036,598</b>	<b>100.00</b>	<b>362,389,196</b>	<b>100.00</b>

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### 41.1.8.2 Segment by sector

	2016					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Public / Government	274,134,886	35.08	605,009,388	36.51	358,631,802	75.84
Private	507,340,882	64.92	1,052,302,705	63.49	114,267,749	24.16
	<b>781,475,768</b>	<b>100.00</b>	<b>1,657,312,093</b>	<b>100.00</b>	<b>472,899,551</b>	<b>100.00</b>
	2015					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Public / Government	227,531,350	32.89	532,737,226	37.23	242,038,580	66.79
Private	464,320,762	67.11	898,299,372	62.77	120,350,616	33.21
	<b>691,852,112</b>	<b>100.00</b>	<b>1,431,036,598</b>	<b>100.00</b>	<b>362,389,196</b>	<b>100.00</b>

### 41.1.8.3 Details of non-performing advances and specific provision by class of business segment

	2016		2015	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
	Rupees in '000			
Chemical and pharmaceuticals	2,305,597	2,279,424	2,574,630	2,496,560
Agriculture	4,798,659	2,795,310	5,285,971	2,286,443
Textile	30,013,414	29,595,719	31,824,180	30,782,783
Cement	2,548,432	2,548,432	2,696,585	2,694,675
Sugar	3,853,432	3,428,628	4,063,911	3,762,502
Flour	595,924	567,952	499,507	493,938
Rice processing	4,037,375	4,018,215	3,510,261	3,196,494
Shoes and leather garments	518,371	518,371	362,212	352,516
Automobile and transportation equipment	926,390	926,390	958,273	956,681
Financial	480,315	479,065	703,465	690,363
Transportation	4,123,557	3,490,541	3,985,890	3,825,351
Real estate construction	3,189,967	3,189,967	3,424,063	3,378,209
Electronics and electrical appliances	3,680,489	3,532,273	4,011,073	3,783,073
Production and transmission of energy	4,280,543	3,937,322	6,511,343	5,298,938
Food and tobacco	3,454,113	2,781,166	1,892,513	1,703,138
Fertilizer	3,107,771	3,101,654	3,090,327	3,076,673
Metal products	16,481,474	15,958,668	18,319,159	14,694,459
Hotel and services	3,424,230	3,421,683	4,263,956	4,247,129
Individuals	6,882,747	4,195,129	6,750,680	3,900,375
General traders	9,906,959	9,852,958	10,419,731	10,347,312
Others	10,806,412	9,036,239	12,132,567	8,797,979
	<b>119,416,171</b>	<b>109,655,106</b>	<b>127,280,297</b>	<b>110,765,591</b>

### 41.1.8.4 Details of non-performing advances and specific provision by sector

Public / Government	3,079,250	3,079,250	4,890,641	2,223,867
Private	116,336,921	106,575,856	122,389,656	108,541,724
	<b>119,416,171</b>	<b>109,655,106</b>	<b>127,280,297</b>	<b>110,765,591</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 41.1.8.5 Geographical segment analysis

	2016			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	Rupees in '000			
Pakistan	35,910,526	1,858,686,380	151,267,012	423,693,925
Asia Pacific (including South Asia)	132,012	67,538,948	18,295,696	26,701,275
Europe	(380,134)	5,320,507	1,564,522	2,044,756
United States of America	(139,158)	9,625,944	2,709,719	5,290,880
Middle East	1,617,969	34,533,985	2,895,827	15,168,715
	<b>37,141,215</b>	<b>1,975,705,764</b>	<b>176,732,776</b>	<b>472,899,551</b>

  

	2015			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	Rupees in '000			
Pakistan	36,207,109	1,518,209,399	143,896,831	316,093,757
Asia Pacific (including South Asia)	(2,464,926)	133,160,434	16,743,094	19,571,314
Europe	(802,045)	7,700,105	2,358,259	2,811,056
United States of America	124,900	11,546,802	3,070,262	4,553,469
Middle East	150,570	35,744,643	2,283,029	19,359,600
	<b>33,215,608</b>	<b>1,706,361,383</b>	<b>168,351,475</b>	<b>362,389,196</b>

### 41.2 Operational Risk

A comprehensive Operational Risk Management Framework has been developed to help align the bank with the sound practices for operational risk set by Basel, provide guidance for setting the operational risk strategy of the bank, selection and adoption of risk and loss measurement tools, reporting, communication and establishment of operational risk management processes.

Currently, the Bank has a Board Approved Operational Risk Strategy Document which also includes Operational Risk Tolerance limits as per Basel II Loss Event Categories. Furthermore, the Bank has already rolled out Operational Loss Data Collection Mechanism whereby field functionaries are responsible to report operational losses under their jurisdiction.

Moreover, the Bank has also completed Risk & Control Self Assessment (RCSA) exercise, whereas 40 RCDAs have been developed which include but not limited to various cross functional team meetings held with the relevant stakeholders. In addition, on the basis of high risks, identified from RCSA exercise, the Bank has initiated the Key Risk Indicators (KRIs) reporting on pilot run basis. Based on KRI data reported by relevant stakeholders, KRI thresholds have been set which we are using for variance reporting.

### 41.3 Market and Liquidity Risk

The Bank has developed Market Risk Management (MRM) Framework comprising of related Policies / Procedures. The Framework aims to formalize and enhance the existing documentation that governs the market risk management of the Bank through policies and procedures.

RMG in coordination with the other groups is also working on devising improved criteria for various market risk limits on VaR models and policy framework have been approved, whereas VaR limits are being monitored pilot run. Going forward VaR will be used for capital calculation under IMA approach.

Proprietary market risk stress testing scenarios have been developed (in addition to the regulatory ones) and testing is being performed on the same to assess subsequent impact on CAR for ICAAP

Limits / zones and Management Action Triggers & Management Action Plans corresponding to Liquidity Ratio, Balance Sheet Duration Gap, Government Securities PVBP and Duration have been developed. These triggers are used for proposing/ recommending actions by ALCO.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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### 41.3.1 Foreign Exchange Risk

	<b>2016</b>			
	<b>Assets</b>	<b>Liabilities</b>	<b>Off-balance sheet items</b>	<b>Net foreign currency exposure</b>
	<b>Rupees in '000</b>			
Pakistan Rupee	1,803,102,176	1,624,049,894	(54,545,672)	124,506,609
United States Dollar	106,984,885	125,775,008	33,359,565	14,569,442
Great Britain Pound	3,721,128	2,344,061	5,419,102	6,796,169
Japanese Yen	6,607,024	20,215,658	7,773,153	(5,835,480)
Euro	5,925,541	8,688,265	6,295,228	3,532,504
Other currencies	49,365,010	17,900,102	1,698,624	33,163,532
	<b>172,603,588</b>	<b>174,923,094</b>	<b>54,545,672</b>	<b>52,226,167</b>
	<b>1,975,705,764</b>	<b>1,798,972,988</b>	<b>-</b>	<b>176,732,776</b>
	<b>2015</b>			
	<b>Assets</b>	<b>Liabilities</b>	<b>Off-balance sheet items</b>	<b>Net foreign currency exposure</b>
	<b>Rupees in '000</b>			
Pakistan Rupee	1,515,212,228	1,288,797,398	(89,553,739)	136,861,091
United States Dollar	108,345,433	119,431,806	4,614,616	(6,471,757)
Great Britain Pound	3,810,668	7,784,448	8,421,739	4,447,959
Japanese Yen	23,480,826	92,427,156	68,606,897	(339,433)
Euro	8,058,143	10,367,711	6,643,117	4,333,549
Other currencies	47,454,085	19,201,389	1,267,370	29,520,066
	<b>191,149,155</b>	<b>249,212,510</b>	<b>89,553,739</b>	<b>31,490,384</b>
	<b>1,706,361,383</b>	<b>1,538,009,908</b>	<b>-</b>	<b>168,351,475</b>

Currency Risk arises where the value of a financial instrument changes due to changes in foreign exchange rates. In order to manage currency risk exposure the Bank enters into ready, spot, forward and swaps transactions with the SBP and in the interbank market, financial institutions and corporate.

The Bank's foreign exchange exposure comprises forward contracts, purchases of foreign bills, foreign currencies cash in hand, balances with banks abroad, foreign placements with the SBP and foreign currencies assets and liabilities. The net open position is managed within the statutory limits, as fixed by the SBP. Appropriate segregation of duties exists between the front, middle and back office functions

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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### 41.3.2 Equity Position Risk

Investments in equity are inherent to volatility of stock market prices. The risks from various factors include, but are not limited to:

Changes in business cycle affecting the business of the company in which the investment is made, Change in business circumstances (i.e. fundamentals) of the company, its business sector, industry and / or economy in general;

Fluctuation in the shares' prices resulting from their dependence on market sentiment, speculative activity, supply and demand of shares and liquidity in the market;

Possibility of defaults by participant or failure of the stock exchanges, the depositories, the settlement or the clearing system on discharging their fiduciary responsibilities; and

Any government or court order restraining payment of dividend by a company to its shareholders.

The Bank mitigates the aforesaid risks as follows:

Compliance with the SBP regulations for equity exposure / investments and compliance with the SECP Corporate Governance Rules by the investee company prudent investing practices (focus on dividend payout history);

Through diversification and capping maximum exposure through internal limits. Additionally, continuous follow up of these sectors and companies through self-monitoring and fundamentals research conducted internally and from reputable brokerage houses;

Investments are made as per the guidelines on liquidity and growth as per investment policy manual or guidelines set by Senior Management and the Board of Directors; and

The Bank follows a delivery versus payment settlement system thereby minimizing risk in relation to settlement risk.

### 41.3.3 Mismatch of Interest Rate Sensitive Assets and Liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the mark-up / interest rates. The Bank is exposed to interest / mark-up rate risk as a result of mismatches or gaps in interest / mark-up based assets and liabilities that mature or re-price in a given period. The Bank manages this risk by matching / re-pricing of assets and liabilities. Assets and Liabilities Committee (ALCO) / Executive Risk Management Committee (ERMC) of the Bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Bank.

Management of interest rate risk is one of the critical components of market risk management in banks. The Bank's net interest income or net interest margin is also depends on the movement of interest rates and mismatches in the cash flows or re-pricing dates. Interest rate risk management includes establishing and monitoring various risk mitigating / quantifying limits such as PVBP, duration, balance sheet DGAP and other money market and interest rate sensitivity limits.

As part of the risk reporting, an interest rate sensitivity statement is prepared on a quarterly basis. This statement classifies the interest rate-sensitive assets and liabilities into various maturity groups enabling the management to monitor the impact of interest rate movements on the Statement of Financial Position.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

Effective Yield / Interest rate	Total	2016 Exposed to Yield / Interest risk										Non-interest bearing financial instruments	
		Rupees in '000											
		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			
<b>On-balance sheet financial instruments</b>													
<b>Assets</b>													
0.0%	159,836,139	13,022,796	-	762,884	-	-	-	-	-	-	-	-	146,050,459
3.9%	13,028,477	8,341,281	1,246,652	785,746	270,286	-	-	-	-	-	-	-	3,184,502
5.8%	121,709,369	114,022,086	-	-	7,687,313	-	-	-	-	-	-	-	-
6.9%	887,130,749	8,638,988	102,447,478	166,776,923	146,089,779	39,675,647	83,478,576	113,067,353	136,477,698	13,837,090	76,841,206	-	
7.7%	667,389,455	241,775,823	170,449,119	72,629,052	22,570,477	14,664,646	18,585,357	96,530,170	19,991,223	10,189,588	56,811,157	-	
0.0%	56,811,157	-	-	-	-	-	-	-	-	-	-	-	56,811,157
	1,916,705,375	385,004,994	274,143,249	240,954,605	176,617,655	54,340,293	112,063,933	209,597,523	156,466,921	24,026,678	282,667,324	-	
<b>Liabilities</b>													
0.0%	10,187,250	-	-	-	-	-	-	-	-	-	-	-	10,187,250
5.8%	44,863,930	16,645,042	16,776,323	9,251,572	54,513	147,490	388,212	163,833	1,434,944	-	-	-	
3.3%	1,657,312,093	904,633,801	43,240,617	53,399,873	115,521,718	10,805,528	12,373,493	584,597	202,479	-	-	-	516,569,989
8.7%	25,652	-	3,689	3,774	7,808	10,381	-	-	-	-	-	-	-
0.0%	78,421,480	-	-	-	-	-	-	-	-	-	-	-	78,421,480
	1,790,810,404	921,278,843	60,022,629	62,655,219	115,584,039	10,963,397	12,761,705	728,430	1,637,423	-	605,178,719	-	
	125,894,971	(535,473,849)	214,120,620	178,299,386	61,033,616	43,376,896	99,302,228	208,869,093	154,831,498	24,026,678	(322,491,395)	-	
<b>Off-balance sheet financial instruments</b>													
	-	-	-	-	-	-	-	-	-	-	-	-	-
	145,531,852	51,596,056	64,971,717	24,196,414	4,767,665	-	-	-	-	-	-	-	-
	90,986,182	37,261,002	37,189,074	16,457,873	78,233	-	-	-	-	-	-	-	-
	236,518,034	88,857,058	102,160,791	40,654,287	4,845,898	-	-	-	-	-	-	-	-
	382,413,005	(446,616,791)	316,281,411	218,953,673	65,879,714	43,376,896	99,302,228	208,869,093	154,831,498	24,026,678	(322,491,395)	-	
<b>Total Yield / Interest Risk Sensitivity Gap</b>													
	(446,616,791)	(130,335,380)	(130,335,380)	88,618,293	154,498,007	197,874,903	297,177,131	506,046,224	660,877,722	684,904,400	362,413,005	-	
<b>Cumulative Yield / Interest Risk Sensitivity Gap</b>													

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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## 41.3.3 Mismatch of Interest Rate Sensitive Assets and Liabilities - (continued)

Effective Yield / Interest rate	2015										Non-Interest bearing financial instruments
	Exposed to Yield / Interest risk										
	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
	Rupees in '000										
	<b>Total</b>										
	150,899,778	13,600,070	765,510	436,173	-	-	-	-	-	-	136,534,198
0.1%	20,128,273	11,481,452	2,166,790	436,173	-	-	-	-	-	-	5,800,034
2.7%	7,694,516	4,633,316	-	-	-	-	-	-	-	-	-
6.1%	829,245,898	173,699,405	184,596,124	217,122,747	29,284,117	51,024,256	22,322,495	43,153,655	1,155,564	65,813,754	-
8.4%	578,122,160	215,070,746	80,401,152	48,215,887	23,072,100	26,226,926	49,330,968	32,416,385	7,101,669	-	-
8.2%	65,964,142	-	-	-	-	-	-	-	-	-	65,964,142
0.0%	1,652,054,767	418,494,989	284,187,677	124,407,233	265,774,607	52,356,217	71,653,461	75,570,040	8,257,233	274,112,128	-
	<b>On-balance sheet financial instruments</b>										
	<b>Assets</b>										
	Cash and balances with treasury banks	13,600,070	765,510	-	-	-	-	-	-	-	136,534,198
	Balances with other banks	11,481,452	2,166,790	-	-	-	-	-	-	-	5,800,034
	Lending to financial institutions - net	4,633,316	-	-	-	-	-	-	-	-	-
	Investments - net	173,699,405	184,596,124	41,073,781	217,122,747	29,284,117	22,322,495	43,153,655	1,155,564	65,813,754	-
	Advances - net	578,122,160	215,070,746	80,401,152	48,215,887	23,072,100	49,330,968	32,416,385	7,101,669	-	-
	Other assets	65,964,142	-	-	-	-	-	-	-	-	65,964,142
	<b>Liabilities</b>										
	Bills payable	-	-	-	-	-	-	-	-	-	9,171,616
	Borrowings	13,645,008	5,126,290	1,216,826	1,400,200	70,800	227,663	224,403	-	-	-
	Deposits and other accounts	826,354,118	34,169,891	42,118,477	79,443,057	5,851,314	12,446,977	42,847	-	-	425,523,269
	Sub-ordinated loans	-	2,407	2,466	4,877	11,156	-	-	-	-	-
	Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
	Other liabilities	35,800	-	-	-	-	-	-	-	-	69,386,743
	<b>On-balance sheet gap</b>	1,531,541,947	839,899,126	39,298,588	80,848,134	5,933,270	12,671,380	42,847	-	-	504,081,628
		(421,514,137)	244,889,089	81,069,464	184,926,473	46,422,947	58,982,081	75,527,193	8,257,233	(229,969,500)	-
	<b>Off-balance sheet financial instruments</b>										
	Cross currency swaps	-	-	-	-	-	-	-	-	-	-
	Forward purchase of foreign exchange	159,781,120	75,951,727	20,758,840	16,707,446	-	-	-	-	-	-
	Forward sale of foreign exchange	183,645,395	156,607,154	1,716,729	702,914	-	-	-	-	-	-
	<b>Off-balance sheet gap</b>	456,844,526	316,388,274	100,570,325	17,410,360	-	-	-	-	-	-
	<b>Total Yield / Interest Risk Sensitivity Gap</b>	577,357,348	(105,125,863)	345,459,414	202,336,833	46,422,947	58,982,081	75,527,193	8,257,233	(229,969,500)	-
	<b>Cumulative Yield / Interest Risk Sensitivity Gap</b>	(105,125,863)	240,333,551	343,878,584	546,215,417	592,638,364	723,542,422	799,069,615	807,326,848	577,357,348	-



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## 41.4

### Liquidity Risk

Liquidity risk is the risk that the Bank will be unable to meet its liability when they fall due. To mitigate this risk, management has arranged diversified funding sources, manages specific assets with liquidity in mind and monitors liquidity on daily basis. In addition, the Bank maintains statutory deposits with central banks inside and outside Pakistan.

The purpose of liquidity management is to ensure that there are sufficient cash flows to meet all of the Bank's liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking sustained damage to the Bank's reputation, as well as to capitalize on opportunities for business expansion and profitability. This includes the Bank's ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature and to make new loans and investments as opportunities arise.

ALCO is responsible for ensuring that the Bank has adequate liquidity and monitors liquidity gaps, to execute this responsibility. Regulatory stress as well as proprietary stress testing and ratio based liquidity assessments are performed to proactively identify and manage liquidity position, needs /requirements. Bank has various limits / ratios, triggers and management actions in place to monitor and mitigate liquidity risk.

## 41.4.1

### Maturities of Assets and Liabilities (based on contractual maturity)

	2016							Above 10 Years		
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years		Over 3 to 5 Years	Over 5 to 10 Years
Rupees in '000										
<b>Assets</b>										
Cash and balances with treasury banks	159,836,139	159,073,255	-	762,884	-	-	-	-	-	-
Balances with other banks	13,828,477	11,525,793	1,246,652	785,746	270,286	-	-	-	-	-
Lending to financial institutions - net	121,709,399	114,022,086	-	-	7,687,313	-	-	-	-	-
Investments - net	897,130,749	8,808,010	102,445,274	166,776,548	200,514,008	45,309,169	114,492,994	136,476,697	19,696,087	19,696,087
Advances - net	667,389,455	179,302,672	30,438,008	78,811,474	89,186,434	28,294,756	144,837,515	19,647,321	35,707,402	35,707,402
Operating fixed assets	32,900,778	-	-	-	1,118,864	1,118,864	2,654,269	1,346,638	2,833,497	26,652,143
Deferred tax assets - net	5,135,645	-	-	-	-	-	2,302,148	-	-	-
Other assets	71,775,122	13,372,415	14,548,813	9,664,393	1,354,744	23,215,098	13,823,876	1,795,763	158,957,515	81,955,632
	1,975,705,764	486,104,231	148,678,747	256,801,045	300,111,649	97,937,887	180,383,980	264,775,078	158,957,515	81,955,632
<b>Liabilities</b>										
Bills payable	10,187,250	10,187,250	-	-	-	-	-	-	-	-
Borrowings	44,863,930	16,645,042	16,778,323	9,251,572	54,513	147,490	388,213	163,833	1,434,944	-
Deposits and other accounts	1,657,312,093	1,290,766,522	76,985,437	91,535,747	155,961,849	8,363,666	22,246,163	11,452,709	-	-
Sub-ordinated loans	-	-	-	-	-	3,774	-	-	-	-
Liabilities against assets subject to finance lease	25,652	-	3,689	-	7,808	10,381	-	-	-	-
Deferred tax liabilities	-	-	-	6,847,325	1,396,753	23,428,131	3,428,164	6,670,785	3,242,622	3,242,622
Other liabilities	86,584,063	27,044,624	11,283,037	107,638,418	157,420,923	31,949,668	26,052,540	18,287,327	4,677,566	3,242,622
	1,796,972,988	1,344,643,438	105,050,486	149,162,627	142,690,726	65,988,219	154,321,440	246,487,751	154,279,949	78,713,010
<b>Net assets</b>	176,732,776	(88,539,207)	43,628,261	107,638,418	157,420,923	31,949,668	26,052,540	18,287,327	4,677,566	3,242,622
Share capital	21,275,131	-	-	-	-	-	-	-	-	-
Reserves	46,800,341	-	-	-	-	-	-	-	-	-
Unappropriated profit	51,939,151	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	56,718,153	-	-	-	-	-	-	-	-	-
	176,732,776	-	-	-	-	-	-	-	-	-

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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## 41.4.1 Maturities of Assets and Liabilities (based on contractual maturity) - (continued)

	2015								
	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000									
<b>Assets</b>									
Cash and balances with treasury banks	150,134,268	-	765,510	-	-	-	-	-	-
Balances with other banks	17,281,486	243,824	2,166,790	436,173	-	-	-	-	-
Lending to financial institutions - net	4,633,316	3,061,200	-	-	-	-	-	-	-
Investments - net	173,701,386	184,595,963	41,073,781	245,727,700	32,799,063	61,579,652	23,618,507	43,153,655	22,996,191
Advances - net	578,122,160	156,501,947	110,847,784	61,481,802	35,604,859	45,090,891	69,497,332	27,906,815	14,963,688
Operating fixed assets	31,706,237	-	-	947,462	947,462	2,295,785	803,643	-	26,711,865
Deferred tax assets - net	9,669,359	-	-	-	-	-	2,649,177	7,020,182	-
Other assets	78,895,162	17,347,374	9,895,255	1,278,245	23,933,523	10,308,505	899,263	-	-
	1,706,361,383	261,475,403	164,749,120	309,871,382	93,284,907	119,274,833	97,467,922	78,080,652	64,671,764
<b>Liabilities</b>									
Bills payable	9,171,616	-	-	-	-	-	-	-	-
Borrowings	21,911,190	5,126,290	1,216,826	1,400,200	70,800	227,663	224,402	-	-
Deposits and other accounts	1,431,036,598	55,389,067	99,149,119	58,158,230	18,276,238	7,589,871	26,212,699	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	35,800	2,407	2,466	4,877	11,156	14,894	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	75,854,704	9,354,369	6,876,641	1,099,837	22,376,222	2,964,273	5,785,485	2,821,212	2,821,214
	1,538,009,908	69,872,133	107,245,052	60,663,144	38,734,416	10,796,701	32,222,586	2,821,212	2,821,214
<b>Net assets</b>	168,351,475	191,603,270	57,504,068	249,208,238	54,550,491	108,478,132	65,245,336	75,259,440	61,850,550
Share capital	21,275,131	-	-	-	-	-	-	-	-
Reserves	45,580,712	-	-	-	-	-	-	-	-
Unappropriated profit	49,155,590	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	52,340,042	-	-	-	-	-	-	-	-
	168,351,475	-	-	-	-	-	-	-	-

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 41.4.2

### Maturities of Assets and Liabilities (based on behavioural study)

The Bank has assets and liabilities that have contractual and non-contractual maturities. The Bank conducts statistical study to assess the expected maturity of assets and liabilities with non-contractual maturities. The behavioral maturities are determined on the basis of statistical study conducted by the Bank, based on the past seven years of data. The attrition rate of deposits is determined based on historically observed weekly data of all Current and Saving Deposit accounts using VaR based approach. The approach considers the tendency of variation among the respective time bands for selected deposit types and drives the portion of volatility of such time bands based on 99% confidence interval on the variation data so calculated. The remaining portion of the deposit which marked as core is accordingly shifted to higher time bands.

	2016									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
<b>Assets</b>										
Cash and balances with treasury banks	159,836,139	99,082,674	4,286,845	28,233,310	28,233,310	-	-	-	-	-
Balances with other banks	13,828,477	11,525,793	1,246,652	785,746	270,286	-	-	-	-	-
Lending to financial institutions - net	121,709,399	114,022,086	-	-	7,687,313	-	-	-	-	-
Investments - net	897,130,749	8,808,010	102,445,274	166,776,548	200,514,008	45,309,169	102,711,962	114,492,994	136,476,697	19,596,087
Advances - net	667,389,455	221,912,333	26,455,682	22,575,434	94,930,764	30,605,144	66,178,605	156,665,171	21,250,337	26,815,985
Operating fixed assets	32,900,778	-	-	-	1,118,864	1,118,864	2,664,269	1,346,638	-	26,652,143
Deferred tax assets - net	5,135,645	-	-	-	-	-	-	2,302,148	2,833,497	-
Other assets	77,775,122	20,971,423	8,050,639	8,563,559	1,354,744	23,215,098	13,823,876	1,795,783	-	-
	1,975,705,764	476,322,319	142,485,092	226,934,597	334,109,289	100,248,275	185,378,712	276,602,734	160,560,531	73,064,215
<b>Liabilities</b>										
Bills payable	10,187,250	4,474,175	466,021	309,666	4,937,388	-	-	-	-	-
Borrowings	44,863,930	16,645,042	16,776,323	9,251,572	54,513	147,490	388,212	163,833	1,434,945	-
Deposits and other accounts	1,657,312,093	414,199,039	115,101,387	229,887,811	303,164,007	192,662,770	206,545,266	195,751,813	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	25,652	-	3,689	3,774	7,808	10,381	-	-	-	-
Other liabilities	86,584,063	23,040,937	14,242,700	7,891,349	1,396,753	23,428,131	3,428,163	6,670,785	3,242,623	3,242,622
	1,798,972,988	458,359,193	146,592,120	247,344,172	309,560,469	216,248,772	210,361,641	202,586,431	4,677,568	3,242,622
<b>Net assets</b>	176,732,776	17,963,126	(4,107,026)	(20,409,575)	24,548,820	(116,000,497)	(24,982,929)	74,016,303	155,882,963	69,821,593
Share capital	21,275,131									
Reserves	46,800,341									
Unappropriated profit	51,939,151									
Surplus on revaluation of assets - net	56,718,153									
	176,732,776									

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 41.4.2 Maturities of Assets and Liabilities (based on behavioural study) - (continued)

	2015								
	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	Rupees in '000								
<b>Assets</b>									
Cash and balances with treasury banks	150,899,778	101,898,446	3,828,810	22,586,261	22,586,261	22,586,261	-	-	-
Balances with other banks	20,128,273	17,281,486	243,824	436,173	436,173	-	-	-	-
Lending to financial institutions - net	7,694,516	4,633,316	3,061,200	-	-	-	-	-	-
Investments - net	829,245,898	173,701,386	184,595,963	41,073,781	245,727,700	61,579,652	23,618,507	43,153,655	22,996,191
Advances - net	578,122,160	126,632,115	69,003,000	113,484,169	69,953,049	46,725,070	71,425,548	28,775,545	15,429,823
Operating fixed assets	31,706,237	-	-	-	947,462	2,066,235	1,033,193	-	26,711,885
Deferred tax assets - net	9,669,359	-	-	-	-	-	2,649,177	7,020,182	-
Other assets	78,895,162	10,589,390	6,645,322	25,260,915	1,278,245	10,308,505	899,262	-	-
	1,706,361,383	434,716,139	267,378,119	204,551,916	340,928,890	120,679,462	99,625,687	78,949,382	65,137,899
<b>Liabilities</b>									
Bills payable	9,171,616	4,048,210	518,701	263,382	4,341,323	-	-	-	-
Borrowings	21,911,190	13,645,008	5,126,290	1,216,826	1,400,200	70,800	224,403	-	-
Deposits and other accounts	1,431,036,598	367,633,221	102,105,044	223,750,659	185,095,845	183,733,911	175,047,545	193,670,373	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	35,800	-	2,407	2,466	4,877	11,156	-	-	-
Other liabilities	75,854,704	19,086,813	11,989,856	7,509,794	1,099,837	22,376,222	2,964,273	2,821,212	2,821,212
	1,538,009,908	404,413,252	119,142,298	232,743,127	191,942,082	206,192,089	178,254,375	199,680,261	2,821,212
<b>Net assets</b>	168,351,475	30,302,887	148,235,821	(28,191,211)	148,986,808	(111,798,200)	(57,574,913)	(100,054,574)	62,316,687
Share capital	21,275,131	-	-	-	-	-	-	-	-
Reserves	45,580,712	-	-	-	-	-	-	-	-
Unappropriated profit	49,155,590	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	52,340,042	-	-	-	-	-	-	-	-
	168,351,475	-	-	-	-	-	-	-	-

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 42. ISLAMIC BANKING BUSINESS

The Bank is operating 118 Islamic banking branches as at December 31, 2016 (December 31, 2015: 79 branches).

#### 42.1 Profit Distribution Policy for Islamic Banking Division

The profit distribution mechanism during the year complies with the rules and principles of Islamic Shariah and is in the light of guidelines approved by the Shariah Advisor of the Bank's Islamic Banking Division and the SBP guidelines related to Shariah Compliance.

The non-compliant income identified during the year is transferred to the charity account.

	Note	2016	2015
Rupees in '000			
<b>42.2 Statement of Financial Position</b>			
<b>As at December 31, 2016</b>			
<b>ASSETS</b>			
Cash and balances with treasury banks		2,678,218	1,086,611
Balances with other banks		5,538,299	3,900,000
Due from financial institutions		7,687,313	5,819,375
Investments	42.2.1	15,758,428	1,167,617
Islamic financing and related assets	42.2.2	3,199,129	837,408
Operating fixed assets		114,611	61,946
Due from Head Office		-	304,234
Other assets		838,032	615,660
		<b>35,814,030</b>	<b>13,792,851</b>
<b>LIABILITIES</b>			
Bills payable		58,567	37,588
Deposits and other accounts			
-Current accounts		8,812,377	5,743,529
-Saving accounts		14,843,662	5,535,023
-Term deposits		1,982,014	1,422,749
-Deposit from financial institutions-Remunerative		7,450,000	-
Due to Head Office		732,188	-
Other liabilities		411,346	350,510
		<b>34,290,154</b>	<b>13,089,399</b>
<b>NET ASSETS</b>		<b>1,523,876</b>	<b>703,452</b>
<b>REPRESENTED BY</b>			
Islamic Banking Fund		1,700,000	800,000
Unappropriated profit		(381,998)	(100,147)
		<b>1,318,002</b>	<b>699,853</b>
Surplus on revaluation of assets - net		205,874	3,599
		<b>1,523,876</b>	<b>703,452</b>
<b>Remuneration to Shariah Board</b>		<b>7,980</b>	<b>4,615</b>
<b>CHARITY FUND</b>			
Opening balance		-	0.13
Additions during the period		-	-
Payment / utilisation during the period		-	(0.13)
Closing balance		-	-
<b>42.2.1 Investments</b>			
Sukuk		13,889,235	1,298,424
Leasing Certificate		2,000,000	-
Provision for diminution in the value of investments		(130,807)	(130,807)
		<b>15,758,428</b>	<b>1,167,617</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016	2015
	Rupees in '000	
<b>42.2.2 Islamic financing and related assets</b>		
Murabaha	499,314	588,400
Diminishing Musharaka	2,697,160	211,252
Ijarah assets	169,383	229,550
Advance against Ijarah assets	25,066	-
Advance against Murabaha	-	-
	<u>3,390,923</u>	<u>1,029,202</u>
Provision against non-performing financings	(191,794)	(191,794)
	<u>3,199,129</u>	<u>837,408</u>
<b>42.3 Profit and Loss Account for the year ended December 31, 2016</b>		
Profit / return earned on financings, investments and placements	1,207,083	712,350
Profit / return expensed on deposit	(466,571)	(209,658)
Net spread earned	740,512	502,692
Depreciation on assets given on Ijarah	(67,046)	(81,154)
	<u>673,466</u>	<u>421,538</u>
Provision against advances and investments	-	(3,394)
Provision reversed against advances and investments	-	20,627
	<u>-</u>	<u>17,233</u>
Profit after provision	673,466	438,771
<b>Other income</b>		
Fee, commission and brokerage income	167,673	83,421
Income from dealing in foreign currencies	2,739	302
Other income	19,423	(15,030)
Total other income	<u>189,835</u>	<u>68,693</u>
	<u>863,301</u>	<u>507,464</u>
<b>Other expenses</b>		
Administrative expenses	(1,245,299)	(607,611)
Loss for the year	<u>(381,998)</u>	<u>(100,147)</u>
<b>42.4 Unconsolidated Cash Flow Statement For the year ended December 31, 2016</b>		
<b>Cash Flow from Operating Activities</b>		
Loss for the year	(381,998)	(100,147)
Adjustments :		
Depreciation - Own assets	59,289	18,749
Depreciation - Ijarah assets	67,046	81,154
Reversal of provision against non performing financings and investments	-	(17,233)
	<u>126,335</u>	<u>82,670</u>
	<u>(255,663)</u>	<u>(17,477)</u>
(Increase) / decrease in operating assets		
Balance with other banks	(1,638,299)	(3,899,734)
Due from financial institutions	(4,811,946)	(5,819,375)
Financings	(13,873,295)	1,341,442
Other assets	(222,372)	(441,879)
	<u>(20,545,912)</u>	<u>(8,819,546)</u>
(Increase) / decrease in operating liabilities		
Bills payable	20,979	25,488
Deposits and other accounts	20,386,752	10,211,354
Borrowings from Head Office	1,136,569	(752,430)
Other liabilities	60,836	287,823
	<u>21,605,136</u>	<u>9,772,235</u>
<b>Net cash generated from operating activities</b>	<u>803,561</u>	<u>935,212</u>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016	2015
	Rupees in '000	
<b>Cash Flow from Investing Activities</b>		
Investment in operating fixed assets	(111,954)	(22,277)
<b>Net cash used in investing activities</b>	(111,954)	(22,277)
<b>Cash Flow from Financing Activities</b>		
Net Cash Flow from Financing Activities	900,000	-
<b>(Decrease) / Increase in cash and cash equivalents</b>	1,591,607	912,935
Cash and cash equivalents at beginning of the year	1,086,611	173,676
<b>Cash and cash equivalents at end of the year</b>	2,678,218	1,086,611
<b>42.5 Allocation of Income and Expenses to Remunerative Depositors' Pool</b>		
Income from financing activities	216,375	161,536
Income from investments	567,756	314,588
Income from placements with Financial Institutions	424,729	236,226
<b>Total Income</b>	1,208,860	712,350
Less: Administrative expenses directly attributable to the Pool	(67,046)	(81,154)
Less: Profit distributed to other Special Pools	(121,468)	(2,276)
<b>Gross Distributable Income</b>	1,020,346	628,920
Mudarib (Bank) share of profit before Hiba	(288,603)	(135,599)
Less: Hiba from bank's share to depositors	81,416	45,895
Net Mudarib (Bank) share of profit	(207,187)	(89,704)
<b>Rab-ul-Maal Share of Profit</b>	813,159	539,216
<b>Rab-ul-Maal Share of Profit is distributed as follows:</b>		
Remunerative depositors' share in Mudarabah pool	389,783	207,887
Bank's equity in Mudarabah pool	423,376	331,329
	813,159	539,216

Note: Administrative and operating expenses are paid by the Bank and not charged to the depositors' pool as per guidelines of Mudarabah.

### 42.6 Pools maintained by National Bank of Pakistan Islamic Bank Group (NBP-IBG)

NBP-IBG has managed following pools for profit and loss distribution.

- a) General depositors pool
- b) Special depositors pool
- c) Equity pool

#### Key features and risk & reward characteristics

Deposits are accepted from customers on the basis of Qard (current accounts) and Mudarabah (Saving and term deposits). No profit or loss is passed on to current account depositors.

For deposits accepted on Mudarabah basis from depositors (Rab ul Maal) the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financings. Rab ul Maal share is distributed among depositors according to weightages declared for a month before start of the period.

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investment.

Equity pool includes IBG's fund and current account deposits. The equity pool may have constructive liquidation every month and risk associated with assets of pool includes operational, market, equity, return and Shariah.

The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. The risk associated with each pool is thus equally distributed among the pools.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 42.7 Sectors of economy where Mudaraba based deposits have been deployed

Sector	Percentage
Fertilizer	3.08%
Textile composite	1.32%
Fuel & energy	19.24%
Leasing/Modarbas	0.11%
Services	4.69%
Sugar	1.11%
Financial	40.80%
Federal Government	29.24%
Others	0.41%
<b>Total</b>	<b>100.00%</b>

### 42.8 Parameters for profit allocation and charging expenses

Profit of the pools has been distributed between Mudarib and Rab-ul-Mall by using pre-agreed profit sharing ratios. The share of Rab-ul-Mall's profit has been distributed among different customers using various weightages assigned to the different categories of the pool.

No provision against any non performing asset of the pool is passed on to the pool except on the actual loss / write off of such non performing asset. Administrative expense are borne by mudarib and not charged to Mudaraba pool.

	Rupees in '000
<b>42.9 Mudarib Share</b>	
Gross distributable income	1,020,346
Mudarib (Bank) share of profit before Hiba	288,603
	<b>Percentage</b>
Mudarib Share	28%
	<b>Rupees in '000</b>
<b>42.10 Hiba from Mudarib share</b>	
Mudarib (Bank) share of profit before Hiba	288,603
Hiba from bank's share to depositors	81,416
	<b>Percentage</b>
Hiba from bank's share to depositors	28%
<b>42.11</b> During the year the average profit rate earned by the Islamic Banking Group is 5.79% and the profit rate distributed to the depositors is 3.30%.	

### 43. SUBSEQUENT EVENT

The Board of Directors has proposed a cash dividend of Rs.7.5 per share (2015: Rs. 7.5 per share) amounting to Rs.15,956 million (2015: Rs. 15,956 million) at its meeting held on February 22, 2017 for approval of the members at the annual general meeting to be held on March 30, 2017. These financial statements do not reflect this appropriation as explained in note 5.17.

### 44. GENERAL

**44.1** During the year, SBP issued BSD Circular letter No. 05 dated February 29, 2016 whereby banks having Islamic Banking Branches (IBBs) were advised to classify Islamic Financing and Related Assets under the head of "Advances" in their financial statements. Further the banks were advised to classify the Bai Muajjal of Government of Pakistan Sukuk with State Bank of Pakistan and other Financial Institutions under the head "Lendings to Financial Institutions", however Bai Muajjal transactions with Government of Pakistan are required to be reported under "Investments" as "Other Federal Government Securities".

The above requirements have resulted in change in the presentation of Islamic Financing and Related Assets and Bai Muajjal transactions in the financial statements and as a result corresponding figures have also been reclassified in these financial statements as follows:

- Bai Muajjal of Rs.2,944 million has been reclassified from "Lending to financial institutions" to "Investments".
- Assets given on Ijarah of Rs. 230 million (net) have been reclassified from "Operating fixed assets" to "Advances".

**44.2** Figures have been rounded off to the nearest thousand rupees.

### 45. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on February 22, 2017 by the Board of Directors of the Bank.

Masood Karim Shaikh  
President (Officialina)

Tariq Kirmani  
Director

Iftikhar A. Alawala  
Director

Farrakh Qayyum  
Director



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## Annexure I as referred to in Note 9.2.1 to the unconsolidated financial statements

### 1.1 Particulars of investments held in listed companies and modarabas

#### 1.1.1 Ordinary shares

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2016	2015	2016	2015
Rupees in '000						
<b>Held-for-trading</b>						
Habib Bank Limited	AAA/A-1+	Unrated	75,000	-	20,494	-
United Bank Limited	AAA/A-1+	Unrated	100,000	-	23,890	-
Crescent Steel & Allied Product Limited	Unrated	Unrated	50,000	-	7,709	-
MCB Bank Limited	Unrated	AAA/A1+	50,000	-	11,891	-
			<b>275,000</b>	<b>-</b>	<b>63,984</b>	<b>-</b>
<b>Available-for-sale</b>						
Abbott Laboratories (Pakistan) Limited	Unrated	Unrated	34,750	-	33,259	-
Adamjee Insurance Company Limited	Unrated	AA+	5,285,307	8,036,307	391,853	454,132
Adil Textile Mills Limited	Unrated	Unrated	47,696	47,696	-	-
Ados Pakistan Limited	Unrated	Unrated	575,500	575,500	26,617	20,171
Agriauto Industries Limited	Unrated	Unrated	484,000	567,047	173,267	117,379
Aisha Steel Mills Limited	Unrated	Unrated	-	10,000,000	-	87,100
Akzo Nobel Pakistan Limited	Unrated	Unrated	881,000	-	206,172	-
Al Abbas Sugar Mills Limited	Unrated	A/A1	727,285	727,285	239,277	152,850
Al Abid Silk Mills Limited	Unrated	Unrated	583,570	583,570	8,170	11,753
Al-Shaheer Corporation Limited	Unrated	Unrated	4,025,000	-	231,035	-
Allied Bank Limited	Unrated	AA+/A1+	4,999,950	6,136,450	596,044	578,422
Amtext Limited	Unrated	Unrated	23,172,472	23,172,472	74,152	44,259
Amreli Steels Limited	Unrated	Unrated	902,000	-	60,064	-
Archroma Pakistan (Formerly Clariant Pakistan Limited)	Unrated	Unrated	289,720	289,720	232,219	133,506
Arif Habib Corporation Limited	AA-/A-1	Unrated	1,135,500	-	49,962	-
Asim Textile Mills Limited	Unrated	Unrated	-	504,737	-	3,079
Askari Bank Limited	Unrated	AA+/A1+	-	19,145,344	-	416,220
Atlas Insurance Limited	Unrated	Unrated	394,000	-	33,372	-
Attock Petroleum Limited	Unrated	Unrated	1,048,651	1,011,151	717,927	510,753
Attock Refinery Limited	Unrated	AA/A1+	400,900	911,885	170,503	193,210
Ayaz Textile Mills Limited	Unrated	Unrated	107,432	107,432	-	-
Azgard Nine Limited	Unrated	Unrated	22,169,691	22,169,691	182,678	97,990
Babri Cotton Mills Limited	Unrated	Unrated	-	321,778	-	12,871
Balochistan Particle Board Limited	Unrated	Unrated	-	850	-	4
Baluchistan Wheels Limited	Unrated	Unrated	328,000	684,357	42,696	41,910
Bank Al Habib Limited	Unrated	AA+/A1+	5,516,366	11,037,866	325,410	459,175
Bank Alfalah Limited	Unrated	AA/A1+	3,410,000	30,689,567	129,444	884,473
Bank of Punjab	Unrated	AA/A1+	1,322,479	1,322,479	23,342	12,180
BankIslami Pakistan Limited	Unrated	A+/A1	-	2,210,107	-	25,416
Berger Paints Pakistan Limited	Unrated	Unrated	-	203,429	-	19,956
BOC Pakistan Limited (Linde Pakistan Limited)	Unrated	Unrated	-	281,585	-	32,734
Bolan Casting Limited	Unrated	Unrated	1,100,000	1,144,649	71,786	61,697
Burshane LPG Pakistan Limited	Unrated	Unrated	1,816,238	1,816,238	122,578	142,211
CASS PAK Industries Limited	Unrated	Unrated	27,384	27,384	-	-
Century Insurance Company Limited	A+	Unrated	1,147,500	1,147,500	34,173	28,974
Cherat Packaging Limited	Unrated	Unrated	31,600	-	10,680	-
Colony Textile Mills Limited	Unrated	Unrated	471,316	471,316	2,738	1,419
Colony Sarhad Textile Mills Limited	Unrated	Unrated	167,677	167,677	-	-
Imperial Sugar Limited (Formerly Colony Sugar Mills Limited)	Unrated	Unrated	181,491	181,491	1,608	907
Crescent Knitwear Limited	Unrated	Unrated	42,130	42,130	-	-
Crescent Steel & Allied Product Limited	Unrated	Unrated	2,599,960	2,473,606	400,862	307,642
Crescent Textile Mills Limited	Unrated	Unrated	900,000	1,049,799	24,750	19,978
Wyeth Pakistan Limited	Unrated	Unrated	-	57,788	-	134,068
D.S Industries Limited	Unrated	Unrated	-	540,339	-	1,626
Dadabhoy Construction Technologies Limited	Unrated	Unrated	35,390	35,390	-	-
Dadabhoy Cement Industries Limited	Unrated	Unrated	5,004,500	5,004,500	-	-
Dawood Capital Management Limited	Unrated	Unrated	328,285	328,285	-	-
Dawood Hercules Corporation Limited	Unrated	AA-/A1+	4,183,192	4,512,992	603,760	537,678
Dawood Lawrencepur Limited	Unrated	Unrated	-	135,387	-	18,953
<b>Balance carried forward</b>			<b>95,877,932</b>	<b>159,874,776</b>	<b>5,220,397</b>	<b>5,564,498</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

Investee	JCR/VIS	PACRA	No. of shares held		Market Value	
			2016	2015	2016	2015
Rupees in '000						
<b>Balance brought forward</b>			<b>95,877,932</b>	<b>159,874,776</b>	<b>5,220,397</b>	<b>5,564,498</b>
Dewan Salman Fibres Limited	Unrated	Unrated	-	2,740,202	-	5,672
DG Khan Cement Company Limited	Unrated	Unrated	50,000	-	11,087	-
Dolmen City REIT	Unrated	Unrated	40,375,450	40,375,450	438,881	433,229
EFU General Insurance Company Limited	AA+	AA+	595,586	274,549	89,933	39,398
English Leasing Limited	Unrated	Unrated	360,416	360,416	-	-
Engro Corporation Limited	Unrated	AA/A1+	3,035,823	3,059,823	959,593	854,884
Engro Fertilizers Limited	Unrated	AA-/A1+	4,100,000	648,652	278,718	54,571
Engro Foods Limited 2	Unrated	Unrated	13,661,421	10,347,488	2,622,173	1,516,838
Engro Foods Limited 1	Unrated	Unrated	4,347,488	13,826,421	834,457	2,026,815
Engro Polymer & Chemicals Limited	Unrated	Unrated	-	2,645,333	-	27,617
ESCORTS Investment Bank Limited	Unrated	BB/B	1,221,067	1,221,067	4,884	2,870
Faran Sugar Mills Limited	Unrated	Unrated	-	381,883	-	29,649
Fateh Industries Limited	Unrated	Unrated	11,712	11,712	-	2,068
Fateh Sports Wear Limited	Unrated	Unrated	23,003	23,003	-	1,349
Fateh Textile Mills Limited	Unrated	Unrated	11,847	11,847	-	-
Fatima Enterprises Limited	Unrated	Unrated	109	109	-	-
Fatima Fertilizer Company Limited	AA-/A-1	AA-/A1+	4,700,000	6,240,614	173,383	279,143
Fauji Cement Company Limited	Unrated	Unrated	7,986,500	-	360,031	-
Fauji Fertilizer Co Limited	Unrated	Unrated	1,551,500	-	161,930	-
Fauji Fertilize Bin Qasim Limited	Unrated	Unrated	3,969,000	-	203,252	-
First Capital Securities Corporation Limited	Unrated	Unrated	2,048,345	2,048,345	12,003	5,940
First Equity Modarba Limited	Unrated	Unrated	68,435	68,435	441	359
First National Equities Limited	Unrated	Unrated	-	191,637	-	617
Gadoon Textile Mills Limited	Unrated	Unrated	67,518	67,518	18,293	9,037
General Tyre & Rubber Company Limited	Unrated	Unrated	363,900	158,900	101,361	27,264
Ghani Global Glass Limited	Unrated	Unrated	2,535,500	-	59,432	-
Glaxosmithkline Pakistan Limited	Unrated	Unrated	3,896,808	3,896,808	909,125	857,376
Globe Textile Mills Limited	Unrated	Unrated	33,704	33,704	-	-
Grays Of Cambridge Pakistan Limited	Unrated	Unrated	-	160,985	-	11,993
Greaves Aircondition Private Limited	Unrated	Unrated	30,080	30,080	-	-
Gulistan Spinning Mills Limited	Unrated	Unrated	148,828	148,828	-	327
Gulistan Textile Mills Limited	Unrated	Unrated	374,355	374,355	-	-
Gulshan Spinning Mills Limited	Unrated	Unrated	313,190	313,190	-	642
GOC (Pak) Limited	Unrated	Unrated	160,985	-	11,591	-
Habib Bank Limited	AAA/A-1+	Unrated	3,175,000	4,066,538	867,569	813,796
Habib Metropolitan Bank Limited	Unrated	AA+/A1+	-	29,776,785	-	907,299
Habib Sugar Mills Limited	Unrated	Unrated	6,546,806	6,546,806	314,901	248,844
Haji Mohammad Ismail Mills Limited	Unrated	Unrated	1,089,149	1,594,650	6,426	5,517
Hakkim Textile Mills Limited	Unrated	Unrated	131,445	131,445	-	-
Hashimi Can Company Limited	Unrated	Unrated	82,154	82,154	-	-
Hinopak Motors Limited	Unrated	Unrated	-	16,262	-	16,717
Hub Power Company Limited	Unrated	AA+/A1+	55,734,200	57,740,000	6,882,059	5,924,124
First IBL Modaraba	Unrated	Unrated	-	727,077	-	2,988
Ibrahim Fibers Limited	Unrated	AA-/A1+	1,069,562	1,076,062	72,730	46,432
ICI Pakistan Limited	Unrated	Unrated	150,000	-	149,060	-
IGI Insurance Limited	Unrated	AA	4,000,000	4,586,385	1,231,560	1,085,001
IGI Life Insurance Limited	Unrated	AA	3,022,900	2,500,000	259,728	345,325
Indus Dyeing & Manufacturing Company Limited	A+/A-1	Unrated	267,362	267,362	192,958	249,270
Innovative Investment Bank Limited	Unrated	Unrated	17,952	17,952	-	-
International Industries Limited	Unrated	Unrated	4,149,728	6,312,636	845,424	388,227
International KnitWear Limited	Unrated	Unrated	-	13,616	-	250
International Steel Limited	Unrated	Unrated	272	2,915,478	27	71,167
Javed Omer Vohra & Company Limited	Unrated	Unrated	859,960	859,960	-	-
Jehangir Siddiqui & Company Limited	Unrated	AA/A1+	317,000	-	8,049	-
Johnson & Philips (Pakistan) Limited	Unrated	Unrated	-	256,675	-	5,416
Js Bank Limited	Unrated	AA-/A1+	-	14,475,904	-	112,188
Karim Cotton Mills Limited	Unrated	Unrated	56,285	56,285	-	-
KASB Bank (Platinum Bank Limited)	Unrated	Unrated	-	918,280	-	2,057
K-Electric Limited	Unrated	AA/A1+	20,000,000	20,000,000	187,400	148,800
Khurshed Spinning Mills Limited	Unrated	Unrated	53,900	53,900	-	-
Kohat Textiles Mills Limited	Unrated	Unrated	2,078,554	2,078,554	35,959	20,578
Kohinoor Energy Limited	Unrated	Unrated	10,135,351	10,135,351	435,820	435,820
Kohinoor Mills Limited	Unrated	Unrated	-	545,683	-	8,747
<b>Balance carried forward</b>			<b>304,858,082</b>	<b>417,287,930</b>	<b>23,960,636</b>	<b>22,590,721</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

Investee	JCRVIS	PACRA	No. of shares held		Market Value		
			2016	2015	2016	2015	
							Rupees in '000
<b>Balance brought forward</b>			<b>304,858,082</b>	<b>417,287,930</b>	<b>23,960,636</b>	<b>22,590,721</b>	
Kohinoor Textile Mills Limited	Unrated	Unrated	-	310,823	-	22,224	
Kot Addu Power Company Limited	AA+/A-1+	Unrated	5,584,500	1,742,644	440,059	141,154	
KSB Pumps Company Limited	Unrated	Unrated	654,400	1,087,818	267,159	277,905	
Leiner Pak, Gelatine Limited	Unrated	Unrated	-	13,900	-	266	
Linde Pakistan Limited (BOC)	Unrated	Unrated	281,585	-	55,013	-	
Lotte Chemical Pakistan Limited	Unrated	Unrated	-	1,800,000	-	11,700	
Maple Leaf Cement Factory Limited	Unrated	A+/A1	125,500	-	16,011	-	
Mari Petroleum Company Limited	Unrated	Unrated	2,500,000	3,648,500	3,437,275	2,543,515	
Masood Textile Mills Limited	Unrated	Unrated	4,542,262	4,543,662	733,439	908,687	
Mcb Bank Limited	Unrated	AAA/A1+	1,000,000	-	237,820	-	
Meezan Bank Limited	Unrated	Unrated	2,273,500	-	154,848	-	
Mehar Dastgir Textile Limited	Unrated	Unrated	24,856	24,856	-	-	
Mehran Jute Limited	Unrated	Unrated	61,931	61,931	-	-	
Metropolitan Steel Corporation Limited	Unrated	Unrated	50,204	50,204	-	-	
Millat Tractors Limited	Unrated	Unrated	327,250	-	296,050	-	
Mirpurkhas Sugar Mills Limited	Unrated	Unrated	400,000	802,353	85,580	63,386	
Moonlite Pakistan Limited	Unrated	Unrated	58,846	58,846	-	-	
Morafo industries Limited	Unrated	Unrated	29,069	29,069	-	-	
National Foods Limited	AA-/A-1	Unrated	1,016,400	1,224,200	381,150	388,059	
National Over Limited	Unrated	Unrated	12,471	12,471	-	-	
National Refinery Limited	Unrated	AA+/A1+	840,054	869,554	479,772	194,050	
Nestle Pakistan Limited	Unrated	Unrated	-	4,980	-	38,844	
NIB (NDLC - FIC Bank) Limited	Unrated	AA-/A1+	12,862,190	12,862,190	23,281	24,438	
Nishat Chunian Limited	Unrated	AA-/A1+	2,400,000	2,258,638	149,832	76,794	
Nishat Chunian Power Limited	Unrated	Unrated	120,000	-	6,658	-	
Nishat Mills	Unrated	AA/A1+	861,000	-	131,104	-	
Oil And Gas Company Limited	Unrated	Unrated	2,785,481	2,015,581	460,579	236,508	
Orix Leasing Pakistan Limited	Unrated	AA+/A1+	1,100,000	1,689,793	52,008	102,232	
Packages Limited	Unrated	AA/A1+	1,000,000	1,016,263	850,050	591,577	
Pak Datacom Limited	Unrated	Unrated	750,791	750,791	12,677	59,125	
Pak Electron Limited	Unrated	A+/A1	782,000	-	55,741	-	
Pakgen Power Limited	Unrated	AA/A1+	3,406,500	3,406,500	91,192	100,253	
Pakistan Engineering Company Limited	Unrated	Unrated	135,242	135,242	46,118	25,696	
Pakistan International Airlines Corporation	Unrated	Unrated	5,843,500	15,836,011	53,526	133,973	
Pakistan National Shipping Corporation Limited	Unrated	AA-/A1+	608,707	608,707	98,233	54,175	
Pakistan Oil Fields Limited	Unrated	Unrated	180,000	64,150	96,232	17,193	
Pakistan Paper Products Limited	Unrated	Unrated	-	13,000	-	867	
Pakistan Petroleum Limited	Unrated	Unrated	1,494,384	1,144,384	281,213	139,397	
Pakistan Reinsurance Company Limited	Unrated	Unrated	12,083,770	12,083,770	502,564	409,036	
Pakistan Services Limited	Unrated	Unrated	418,460	418,460	369,709	230,153	
Pakistan State Oil 1	Unrated	AA/A1+	2,573,547	3,062,447	1,117,460	997,653	
Pakistan State Oil 2	Unrated	AA/A1+	22,022,713	22,022,713	9,562,482	7,174,339	
Pakistan Telecommunication Company Limited	Unrated	Unrated	34,861,854	34,361,854	598,927	566,627	
Pakistan Tobacco Company Limited	Unrated	Unrated	-	1,100	-	1,226	
Pan Islamic Steamship Company Limited	Unrated	Unrated	421	421	-	-	
Paramount Spinning Mills Limited	Unrated	Unrated	994,301	994,301	-	2,704	
Pervez Ahmed Securities Limited	Unrated	Unrated	-	301,925	-	607	
Premium Textile Mills Limited	Unrated	Unrated	27,000	167,389	3,240	14,890	
Quetta Textile Mills Limited	Unrated	Unrated	9,686	9,686	295	381	
Rishabh Metals & Chemicals Private Limited	Unrated	Unrated	-	13	-	-	
Rupal Polyester Limited	Unrated	Unrated	816,483	816,483	16,493	9,569	
S.G. Power Limited	Unrated	Unrated	164,692	164,692	-	-	
Sadoon Textile Mills	Unrated	Unrated	421	421	-	-	
Samba Bank Limited	AA-/A-1	Unrated	-	3,469,974	-	20,820	
Samin Textile Mills	Unrated	Unrated	1,604,838	1,604,838	14,299	12,839	
Schon Textiles Mills	Unrated	Unrated	131,446	131,446	-	-	
The Searle Company Limited	Unrated	Unrated	119,100	1,502	77,866	594	
Security Investment Bank Limited	BBB+/A-2	Unrated	-	1,160,703	-	2,658	
Security Papers Limited	Unrated	Unrated	1,346,415	1,346,415	132,810	118,633	
Service Industries Limited	Unrated	Unrated	819,976	842,126	1,227,594	715,807	
Service Textile Mills	Unrated	Unrated	82,575	82,575	1,032	917	
<b>Balance carried forward</b>			<b>437,048,403</b>	<b>558,420,245</b>	<b>46,638,028</b>	<b>39,022,192</b>	

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2016	2015	2016	2015
			Rupees in '000			
<b>Balance brought forward</b>			<b>437,048,403</b>	<b>558,420,245</b>	<b>46,638,028</b>	<b>39,022,192</b>
Shabbir Tiles & Ceramics Limited	Unrated	Unrated	1,316,989	1,316,989	14,698	10,878
Shahtaj Sugar Mills Limited	Unrated	Unrated	328,039	408,539	54,294	27,703
Shell Pakistan Limited	Unrated	Unrated	-	218,750	-	49,928
Silk Bank Limited	A-/A-2	Unrated	2,751,788	1,810,788	5,091	3,296
Sitara Chemical Limited	A+/A-1	Unrated	164,800	520,814	95,584	187,493
Sitara Energy Limited	Unrated	Unrated	1,550,000	1,130,517	65,255	36,357
SME Leasing Limited	BB+/B	B+/B	910,477	1,230,477	3,460	308
Soneri Bank Limited	Unrated	AA-/A1+	-	25,026,394	-	378,649
Sui Northern Gas Pipeline Limited 1	Unrated	AA-/A1+	14,300,000	18,805,318	1,166,451	452,080
Sui Northern Gas Pipeline Limited 2	Unrated	AA-/A1+	18,805,318	16,701,835	1,533,950	401,512
Sui Southern Gas Pipeline Limited	Unrated	A-/A1	10,277,174	10,320,674	373,575	385,477
Summit Bank Limited	A-/A-1	Unrated	32,308,297	48,908,297	142,157	192,210
Sunshine Cotton Mills Limited	Unrated	Unrated	498,220	498,220	-	-
Suraj Ghee Limited	Unrated	Unrated	27,384	27,384	-	-
Taj Textile Mills Limited	Unrated	Unrated	763,513	763,513	-	-
Telecard Limited	Unrated	Unrated	-	10,782,876	-	31,055
Thal Limited	Unrated	Unrated	5,307,500	6,197,498	2,699,023	1,570,012
Thatta Cement Company Limited	Unrated	Unrated	-	9,859,862	-	255,272
TPL Direct Insurance Limited	Unrated	Unrated	816,878	1,157,378	15,504	27,546
TPL Trakker Limited	Unrated	A-/A2	5,500,000	9,298,597	96,965	138,828
Treet Corporation Limited	AA-/A-1	Unrated	2,144,725	1,703,660	140,222	107,262
TRG Pakistan Limited	Unrated	Unrated	750,000	-	33,195	-
First Tri-Star Modaraba	Unrated	Unrated	-	151,492	-	833
Twakkal Garments Industries Limited	Unrated	Unrated	172,325	172,325	-	-
United Bank Limited	AAA/A-1+	Unrated	5,314,900	6,657,940	1,269,730	1,031,648
Wah Noble Chemicals Limited	Unrated	Unrated	-	324,421	-	16,195
WorldCall Telecom	Unrated	Unrated	47,435,914	47,435,914	130,923	72,103
Wyeth Pakistan Limited	Unrated	Unrated	57,788	-	272,860	-
Yousuf Weaving Mills Limited	Unrated	Unrated	-	627,427	-	1,757
Zahur Cotton Mills Limited	Unrated	Unrated	225	225	-	-
Zeal Pak Cement Limited	Unrated	Unrated	247,789	247,789	-	-
First Dawood Investment Bank Limited	Unrated	Unrated	29,000,000	-	104,690	-
			<b>617,798,446</b>	<b>780,726,158</b>	<b>54,855,654</b>	<b>44,400,593</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 1.1.2 Particulars of Investments held in un-listed companies

### 1.1.2.1 Ordinary Shares - Holding 10% and above

Investee	Rating		Percentage of holding	No. of Shares held	Cost of Investment		Break-up value of investment	Based on accounts as at	Name of Chief Executive
	JCRVIS	PACRA			2016	2015			
					Rupees in '000				
Digri Sugar Mills Limited	Unrated	Unrated	9.94%	2,000,000	4,063	4,063	129,796	30-Sep-15	Mr. Naveed Ahmad Javeri
JDM Textile Mills Limited	Unrated	Unrated	10.00%	478,444	4,784	4,784	11,639	June 30, 2012	Mr. LT, Gen @ Aji Kul Khan
Gelcaps Pakistan Limited	Unrated	Unrated	14.6%	2,000,000	4,665	4,665	25,340	30-Jun-06	Mr. Sadruddin Hashwani
INTECH International Incorporation	Unrated	Unrated	18.6%	275,000	-	-	..... Not Available.....		Mr. Hassan Zaidi
Pakistan Agriculture Storage Service Corporation (Face value: Rs.1,000 each)	Unrated	Unrated	18.3%	5,500	5,500	5,500	109,831	31-Mar-03	Maj. General Fahim Akhter Khan
Precision Engineering Complex	Unrated	Unrated	16.8%	15,100	-	-	..... Not Available.....		Mr. Zaheer Hussain
Resources and Engineering Management Corporation (Private) Limited	Unrated	Unrated	10.0%	96,125	-	-	(484,696)	June 30, 2005	Mr. Shafiq Ahmed
Safa Rice Mills Limited	Unrated	Unrated	15.8%	450,000	-	-	..... Not Available.....		Mr. Pervaiz Alam
Sigma Knitting Mills (Private) Limited	Unrated	Unrated	14.1%	500,000	-	-	(6,793)	June 30, 1999	..... Not Available.....
				<b>5,790,169</b>	<b>19,012</b>	<b>19,012</b>			

### 1.1.2.2 Ordinary Shares - Holding below 10%

Investee	Rating		No. of Shares held	Cost of Investment		Break-up value of investment	Based on accounts as at	Name of Chief Executive
	JCRVIS	PACRA		2016	2015			
					Rupees in '000			
Accord Textile Mills Limited	Unrated	Unrated	233,400	-	-	..... Not Available.....		
Adamjee Floorings Limited	Unrated	Unrated	30,080	-	-	..... Not Available.....		
Adamjee Papers & Board Mills Limited	Unrated	Unrated	137,597	-	-	..... Not Available.....		
Adi Polypropylene Limited	Unrated	Unrated	69,093	-	-	..... Not Available.....		
Afsar Textile Mills Limited	Unrated	Unrated	32,778	-	-	..... Not Available.....		
Aj Ameen Textile	Unrated	Unrated	30,000	328	328	..... Not Available.....		
Aj Zamin Modarba Management (Private) Limited	Unrated	Unrated	140,000	1,000	1,000	2,134	June 30, 2006	Mr. Bashir A. Chaudhry
Ah-Hussain Industries Limited	Unrated	Unrated	31,514	-	-	..... Not Available.....		
Aif Textile Mills Limited	Unrated	Unrated	163,464	-	-	..... Not Available.....		
Amazal Textile Limited	Unrated	Unrated	10,111	-	-	..... Not Available.....		
AMZ Venture Limited Class A	Unrated	Unrated	200,000	122	122	..... Not Available.....		
Apex Fabrics Limited	Unrated	Unrated	144,506	-	-	..... Not Available.....		
Arabian Sea Country Club	Unrated	Unrated	650,000	6,500	6,500	..... Not Available.....		
Arag Industries Limited	Unrated	Unrated	96,478	-	-	..... Not Available.....		
Aslo Electronics Limited	Unrated	Unrated	20,054	-	-	..... Not Available.....		
Aswan Tarjate Limited	Unrated	Unrated	86,030	-	-	..... Not Available.....		
Atlas Power Limited	Unrated	Unrated	37,500,000	375,000	375,000	653,823	30-Jun-13	Maqsood A. Basra
Attock Textile Mills Limited	Unrated	Unrated	100,000	200	200	(1,412)	Sept. 30, 1998	Mr. Arshad Ali Chaudhry
Awan Textile Mills Limited	Unrated	Unrated	108,696	-	-	..... Not Available.....		
Behawalpur Textile Limited	Unrated	Unrated	33,283	-	-	..... Not Available.....		
Baluchistan Foundry (Tower)	Unrated	Unrated	37,664	-	-	..... Not Available.....		
Bankers Equity Limited	Unrated	Unrated	1,485,925	-	-	5,646	30-Jun-16	Amjad Aziz Khan
Bankers Equity Limited	Unrated	Unrated	251,022	-	-	5,646	30-Jun-16	Amjad Aziz Khan
Bawany Textile Mills Limited	Unrated	Unrated	42,972	-	-	..... Not Available.....		
Bela Engineers Limited	Unrated	Unrated	135,658	-	-	..... Not Available.....		
Brikis Private Limited	Unrated	Unrated	39,050	-	-	..... Not Available.....		
Byco Oil Pakistan Limited	Unrated	Unrated	148,809,523	1,000,000	-	1,319,332	30-Jun-16	Amir Abbasscy
Callmate Telpe Telecom Limited	Unrated	Unrated	44	-	-	..... Not Available.....		
Central Cotton Mills Limited	Unrated	Unrated	17,864	-	-	..... Not Available.....		
Charsada Sugar Mills Limited	Unrated	Unrated	4,634	-	-	..... Not Available.....		
Chilya Corrugated Board Limited	Unrated	Unrated	22,076	-	-	..... Not Available.....		
Crescent Spinning Mills Limited	Unrated	Unrated	370,744	-	-	..... Not Available.....		
Crown Textile Mills Limited	Unrated	Unrated	161,948	-	-	..... Not Available.....		
Dadabhoy Leasing Company Limited	Unrated	Unrated	188,742	-	-	..... Not Available.....		
Dadabhoy Sack Limited	Unrated	Unrated	25,102	-	-	..... Not Available.....		
Engine System	Unrated	Unrated	788,500	-	-	..... Not Available.....		
F.T.C. Management Company Private Limited	Unrated	Unrated	50,000	250	250	34,657	June 30, 2012	Engg. Mir Fateh Sultan
Fauji Akbar Portia Marines Terminal Limited	Unrated	Unrated	29,188,739	321,076	321,076	212,867	30-Jun-15	Mr. Ahmed Kamel Rana
Fauji Oil Terminals and Distribution Limited	Unrated	Unrated	1,088,630	10,886	10,886	21,961	June 30, 2014	Lt. Gen @ M. Mustafa Khan
Fazal Vegetable Ghee Mills Private Limited	Unrated	Unrated	21,486	-	-	..... Not Available.....		
First Women Bank Limited	Unrated	A-/A2	7,698,441	21,100	21,100	68,275	Dec. 31, 2015	Ms. Tahira Raza
Fortune Securities Limited	Unrated	Unrated	500,000	5,000	5,000	8,334	June 30, 2012	Mr. Qasim Lakhani
Frontier Textile Mills Limited	Unrated	Unrated	50,000	500	500	272	Sept. 30, 2002	Not available
Ghosefor Textile Mills Limited	Unrated	Unrated	23,424	-	-	..... Not Available.....		
Ghulam M. Dadabhoy (Dadabhoy Padube)	Unrated	Unrated	25,278	-	-	..... Not Available.....		
Gulistan Power Generation Limited	Unrated	Unrated	220,000	2,200	2,200	8,096	June 30, 2000	Mr. Abdul Shakoor
Gypsum Corporation	Unrated	Unrated	84,176	-	-	..... Not Available.....		
H. Shaikh Muhammad Hussain	Unrated	Unrated	57,634	-	-	..... Not Available.....		
Harum Textile Mills Limited	Unrated	Unrated	29,683	-	-	..... Not Available.....		
Hazara Woolen Mills Limited	Unrated	Unrated	20,000	200	200	..... Not Available.....		
Hyderabad Electronic	Unrated	Unrated	50,135	-	-	..... Not Available.....		
Industrial Development Bank of Pakistan	Unrated	Unrated	1,011	107	107	..... Not Available.....		
Indus Bank Limited	Unrated	Unrated	76	-	-	..... Not Available.....		
Indus Polyester Company Limited	Unrated	Unrated	3	-	-	..... Not Available.....		
Insecta Pakistan Limited	Unrated	Unrated	50,000	-	-	315	June 30, 1997	Mr. Syed Tauqeer Haider
Inter Asia Leasing Company Limited	Unrated	Unrated	50,000	500	500	..... Not Available.....		
Investec Securities Limited	Unrated	Unrated	50,205	-	-	..... Not Available.....		
Islamabad Stock Exchange Limited	Unrated	Unrated	3,034,603	30,346	30,346	..... Not Available.....		
Islamic Investment Bank	Unrated	Unrated	71,339	-	-	..... Not Available.....		
ITTI Textile Mills Limited	Unrated	Unrated	83,418	-	-	..... Not Available.....		
Junaid Cotton Mills Limited	Unrated	Unrated	51,759	328	328	..... Not Available.....		
Kaiser Arts & Crafts Limited	Unrated	Unrated	868,959	8,395	8,395	..... Not Available.....		
<b>Balance carried forward</b>			<b>235,567,521</b>	<b>1,784,038</b>	<b>784,038</b>			

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

Investee	Rating		Percentage of holding	No. of Shares held	Cost of Investment		Breakup value of Investment	Based on accounts as at	Name of Chief Executive
	JCRVBS	PACRA			2016	2015			
					Rupees in '000				
<b>Balance brought forward</b>				235,567,521	1,784,038	784,038			
Karachi Pipes	Unrated	Unrated		79,710	-	-	-	Not Available	
Karim Silk Mills Limited	Unrated	Unrated		9,690	-	-	-	Not Available	
Kaytex Mills (Saleem Denim Ind.)	Unrated	Unrated		82,575	-	-	-	Not Available	
Kaytex Mills Limited	Unrated	Unrated		377,800	3,778	3,778	-	Not Available	
Kohinoor Cotton Mills Private Limited	Unrated	Unrated		31,935	-	-	-	Not Available	
Kohinoor Looms Limited	Unrated	Unrated		86,366	-	-	-	Not Available	
Pakistan Stock Exchange	Unrated	Unrated		4,007,383	-	-	-	June 30, 2016	Mr. Muneeb A. Kamal
Lafayette Industries Synth.	Unrated	Unrated		46,765	-	-	-	Not Available	
Marr Fabrics Limited	Unrated	Unrated		60,246	-	-	-	Not Available	
Medi Glass Limited	Unrated	Unrated		150,404	-	-	-	Not Available	
Mehran Bank Limited	Unrated	Unrated		376,390	-	-	-	Not Available	
Mian Mohammad Sugar Mills Limited	Unrated	Unrated		87,830	15	15	-	Not Available	
Mchib Textile Mills Limited	Unrated	Unrated		507,080	-	-	-	Not Available	
Mubark Dairies Limited	Unrated	Unrated		28,227	-	-	-	Not Available	
Muslim Ghee Mills Limited	Unrated	Unrated		181,000	1,810	1,810	-	Not Available	
Myflp Video Industries Limited	Unrated	Unrated		537,300	5,373	5,373	-	Not Available	
National Asset Leasing Corporation Limited	Unrated	Unrated		135,050	14	14	-	Not Available	
National Construction Limited	Unrated	Unrated		149,999	250	250	597	June 30, 2005	Mr. Ali Mohammad Shaikh
National Film Development Corporation Limited	Unrated	Unrated		10,000	-	-	(1,825)	June 30, 2000	Mr. Sajjad Haider
National Industry Cooperative Bank of Gujrat	Unrated	Unrated		1	-	-	-	Not Available	
National Institution of Facilitation Technology (Private) Limited	Unrated	Unrated		2,266,607	1,526	1,526	28,030	June 30, 2012	Mr. Haider Wahab
National Investment Trust Limited	Unrated	AM2+		79,200	100	100	1,796	June 30, 2016	Mr. Shahid Ghaffar
National Match Ind.	Unrated	Unrated		13,398	-	-	-	Not Available	
National Wooden Mills Limited	Unrated	Unrated		18,300	183	183	-	Not Available	
Natover Lease & Refinance	Unrated	Unrated		371,674	2,602	2,602	-	Not Available	
Naveed Textile Mills	Unrated	Unrated		35,979	-	-	-	Not Available	
Newyork Poly Clinic of Karachi	Unrated	Unrated		220,133	-	-	(241)	June 30, 1998	Mr. Akhter Aziz Khan
Norie Textile Mills	Unrated	Unrated		69,557	-	-	-	Not Available	
Newshehra Engineering Works Limited	Unrated	Unrated		18,179	41	41	-	Not Available	
Nusrat Textile Mills	Unrated	Unrated		156,134	-	-	-	Not Available	
Pak Ghee Limited	Unrated	Unrated		29,491	-	-	-	Not Available	
Pak Paper Corporation	Unrated	Unrated		52,831	-	-	-	Not Available	
Pakistan Export Finance Guarantee Agency Limited	Unrated	Unrated		1,152,938	11,529	11,529	1,152	Dec 31, 2009	Not available
Pakistan Paper Corporation Limited	Unrated	Unrated		37,250	373	373	-	Not Available	
Pakistan Telephone Cables	Unrated	Unrated		45,969	143	143	-	Not Available	
Pakistan Textile City	Unrated	Unrated		10,000,000	100,000	100,000	33,812	June 30, 2015	Mr. Muhammad Hanif Kasbi
Pakistan Tourism Development Corporation	Unrated	Unrated		10,000	100	100	24,983	June 30, 1996	Not available
Pearl Fabrics Limited	Unrated	Unrated		117,121	-	-	-	Not Available	
People Steel Mills Limited	Unrated	Unrated		1,076,880	3,276	3,276	-	Not Available	
Polyron Limited	Unrated	Unrated		76	-	-	-	Not Available	
Prudential Investment Bank	Unrated	Unrated		166,278	-	-	-	Not Available	
Punjab Building Limited	Unrated	Unrated		226,070	-	-	-	Not Available	
Punjab Cotton	Unrated	Unrated		28,648	-	-	-	Not Available	
Punjab Lamps	Unrated	Unrated		55,274	-	-	-	Not Available	
Qadri Textile Mills Limited	Unrated	Unrated		50,000	500	500	-	Not Available	
Qayyum Spinning	Unrated	Unrated		36,653	-	-	-	Not Available	
Quality Steel Works	Unrated	Unrated		1,685	-	-	-	Not Available	
RCD Bell	Unrated	Unrated		10,027	-	-	-	Not Available	
Refrigerator Manufacturing Company Limited	Unrated	Unrated		45,737	4,589	4,589	-	Not Available	
Regal Ceramics Limited	Unrated	Unrated		45,501	-	-	-	Not Available	
Rehman Cotton Mills Limited	Unrated	Unrated		1,695,800	16,958	16,958	107,895	June 30, 2011	Mr. LT. Gen @ Ali Kuli Khan
Rex Baren Battery	Unrated	Unrated		28,564	-	-	-	Not Available	
Rousch Power Pakistan Limited	Unrated	Unrated		39,729,000	132,888	132,888	870,989	June 30, 2013	Mr. Naseem Akhter
Ruby Rice and General Mills Limited	Unrated	Unrated		75,000	750	750	-	Not Available	
Sahrish Textile Mills	Unrated	Unrated		10,043	20	20	-	Not Available	
Saltax Spinning Mills	Unrated	Unrated		182,423	-	-	-	Not Available	
Shahpur Textile Mills	Unrated	Unrated		200,527	-	-	-	Not Available	
Shahyar (Oe) Textile Mills	Unrated	Unrated		40,023	-	-	-	Not Available	
Shahyar Textile Mills	Unrated	Unrated		113,161	-	-	-	Not Available	
Shoab Capital	Unrated	Unrated		100,000	271	271	544	June 30, 2000	Not available
Sitfaq (International) Textile Mills	Unrated	Unrated		54,789	-	-	-	Not Available	
Sindh Alkalies Limited	Unrated	Unrated		359,369	-	-	-	Not Available	
SME Bank Limited	Unrated	B / B		6,121,095	26,950	26,950	50,986	31-12-2010	Mr. R. A Chughtai
South Asia Regional Fund	Unrated	Unrated		5,000	287	287	-	Dec 31, 07	Mr. Jean Fondamiers
Star Salica Industries Limited	Unrated	Unrated		26,650	267	267	-	Not Available	
Sunrise Textile Mills	Unrated	Unrated		7,668	-	-	-	Not Available	
Sunshine Cloth Mills	Unrated	Unrated		150,000	-	-	-	Not Available	
Sunshine Cloth Mills	Unrated	Unrated		374,721	-	-	-	Not Available	
Syed Match Ind.	Unrated	Unrated		162	2	2	-	Not Available	
Taga Pakistan Limited	Unrated	Unrated		48,450	-	-	-	Not Available	
Tariq Cotton Mills	Unrated	Unrated		21,907	-	-	-	Not Available	
Tawakkal Limited	Unrated	Unrated		57,297	-	-	-	Not Available	
Tawakkal Modaraba (Ist)	Unrated	Unrated		241,827	-	-	-	Not Available	
Transmobile Limited	Unrated	Unrated		644,508	-	-	(44)	June 30, 1997	Mr. Javed Burki
Turbo Tec Limited (Tubes)	Unrated	Unrated		86,788	-	-	-	Not Available	
Union Insurance Company of Pakistan	Unrated	Unrated		156	4	4	-	Not Available	
Unity Modaraba	Unrated	Unrated		1,000,000	28	28	-	Not Available	
Uqab Breeding Farms	Unrated	Unrated		70,778	-	-	-	Not Available	
Zafar Textiles Mills Limited	Unrated	Unrated		247,100	256	256	-	Not Available	
Zafar Textiles Mills Limited	Unrated	Unrated		34,041	-	-	-	Not Available	
Zahur Textile Mills	Unrated	Unrated		210,229	-	-	-	Not Available	
Zulsham Engineering Works Limited	Unrated	Unrated		3,300	330	330	-	Not Available	
Information System Associates Limited	Unrated	Unrated		2,300,000	1,719	-	-	Not Available	
				313,191,018	2,100,970	1,099,251			
				318,981,187	2,119,982	1,118,263			

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 1.2 Particulars of Investments held in units of mutual funds

	Rating		No. of units held		Market value	
	JCRVIS	PACRA	2016	2015	2016	2015
					..... Rupees in '000 .....	
AKD Cash Fund	Unrated	AA+(f)	1,023,413	970,683	52,470	50,010
AKD Aggressive Income Fund	Unrated	BBB+(f)	1,452,715	-	77,401	-
Atlas Money Market Fund	Unrated	AA(f)	102,626	96,281	52,796	50,015
BMA Chundrigar Road Saving Fund	Unrated	Unrated	6,070,318	-	51,234	-
Dominion Stock Fund	Unrated	Unrated	80,326	80,326	-	-
First Dawood Mutual Fund	Unrated	Unrated	1,157,674	1,157,674	-	-
HBL Money Market Fund	AA(f)	Unrated	503,777	481,029	52,378	49,974
Investec Mutual Fund	Unrated	Unrated	87,858	87,858	-	-
J.S Income Fund	Unrated	Unrated	784,354	-	78,090	-
Lakson Money Market Fund	Unrated	AA(f)	485,902	485,902	49,995	50,014
Lakson Income Fund	Unrated	A+(f)	494,374	-	51,380	-
Meezan Balanced Fund	Unrated	Unrated	-	3,543,409	-	52,797
NIT-Equity Market Opportunity Fund	Unrated	Unrated	10,045,493	10,045,493	2,746,337	2,008,898
NIT- Islamic Equity Fund	Unrated	Unrated	12,523,541	12,523,541	160,677	123,482
PICIC Energy Fund	Unrated	Unrated	-	51,327	-	590
PICIC Investment Fund	Unrated	Unrated	1,000,000	1,000,000	13,900	11,430
			<b>35,812,371</b>	<b>30,523,523</b>	<b>3,386,658</b>	<b>2,397,209</b>

### 1.3 Particulars of Investments held in Preference shares

	Rating		Cumulative/ Non- cumulative	Rate	No. of certificates held		Market Value / Cost		
	PACRA				2016	2015	2016	2015	
							..... Rupees in '000 .....		
<b>Listed:</b>									
Agritech Limited	Unrated	Cumulative	9.25%	3,458,756	3,458,756	6,918	10,376		
Aisha Steel Mills Limited	Unrated	Cumulative	0.00%	273,699	273,699	4,434	2,264		
Chenab Textile Mills Limited	Unrated	Cumulative	9.25%	10,000,000	10,000,000	31,100	15,300		
Charsada Sugar Mills Limited	Unrated	Cumulative	6.00%	105	105	-	-		
Summit Bank Limited	Unrated	Non-Cumulative	10.00%	14,997,640	14,997,640	149,976	149,976		
Masood Textile Limited	Unrated	Floating	12.65%	5,000,000	5,000,000	44,200	44,200		
Pak Elektron Limited	A+/A1	Cumulative	9.50%	10,643,642	10,643,642	106,436	106,436		
				<b>44,373,842</b>	<b>44,373,842</b>	<b>343,065</b>	<b>328,553</b>		
<b>Unlisted:</b>									
Pakistan Mercantile Exchange Limited	Unrated	-	-	-	1,300,000	-	13,000		
Moro Textile Mills	Unrated	Non-Cumulative	-	19,242,000	19,242,000	192,420	192,420		
Silk Bank Limited	Unrated	Non-Cumulative	-	-	80,000,000	-	200,000		
				<b>19,242,000</b>	<b>100,542,000</b>	<b>192,420</b>	<b>405,420</b>		

\* Cost of the above investment amounted to Rs. 633.660 million (2015: Rs. 846.66 million)

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## 1.4 Debentures, Bonds, Participation Term Certificates and Term finance certificates

### 1.4.1 Term finance certificates

Investee	Rate of interest	Profit payment	Maturity	Long Term Rating	No. of certificates held		Market value / Cost	
					2016	2015	2016	2015
(Rupees in '000)								
<b>Listed</b>								
Bank AL Habib Limited	6 months Kibor + 0.75%	Half yearly	March 17, 2026	AA	107,000	-	541,265	-
Azgard Nine Limited	6 month Kibor + 2.4%	Half yearly	Overdue	Unrated	20,000	20,000	32,538	32,538
Bank Al-Falah Limited	15% (Fixed)	Half yearly	December 2, 2017	AA-	10,850	10,850	38,062	59,265
Faysal Bank Limited	6 months Kibor + 2.25%	Half yearly	December 27, 2017	AA-	1,000	14,200	2,515	72,452
NBS Bank Limited	3 months Kibor + 1.15%	Half yearly	June 19, 2022	A+	70,000	80,000	363,626	395,762
Saudi Pak Leasing Company Limited	6 months Kibor + 1.50%	Half yearly	March 13, 2017	Unrated	10,000	10,000	27,948	27,948
Habib Bank Limited	6 months Kibor + 0.5%	Half yearly	February 19, 2026	AAA	15,500	-	1,553,564	-
Summit Bank Limited	6 months Kibor + 3.25%	Half yearly	October 27, 2018	A-(SO)	23,898	44,898	120,346	229,862
Javedan Corporation Limited	6 month Kibor + 2.25%	Half yearly	June 7, 2017	Unrated	14,000	14,000	776,250	891,425
							3,446,114	1,709,252
<b>Unlisted</b>								
Afroze Textile Industries	3 month Kibor+5% + (Floor6,50%)	Quarterly	December 29, 2019	Unrated	12	12	-	284,000
AgriTech Limited	6 months Kibor + 1.75%	Half yearly	January 14, 2019	D	95,273	95,273	336,368	336,368
AKD Securities Limited	6 month Kibor + 2.5%	Half yearly	December 31, 2015	D	4	4	458,796	458,796
Al-Azhar Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	5,168	5,168
Al-Qaim Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	16	16	357	357
Apex Fabrics Limited	22.00%	Overdue	Overdue	Unrated	16	16	2,640	2,640
Aqma Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,549	3,549
Aswan Tentage & Canvas Mills Limited	22.00%	Overdue	Overdue	Unrated	1	1	3,643	3,643
Azgard Nine Limited	Zero Markup	-	March 31, 2017	D	122,697	122,697	613,485	613,485
Babri Cotton Mills	Zero Markup	Annually	December 30, 2016	Unrated	-	5	-	-
Bachani Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	28	28	15,870	23,696
Baluchistan Cotras Limited	22.00%	Overdue	Overdue	Unrated	22	22	-	-
Bankers Equity Limited	22.00%	Overdue	Overdue	Unrated	10	10	31,335	31,335
Bela Chemical Limited	22.00%	Overdue	Overdue	Unrated	24	24	24,595	24,595
Bentonite Pak Limited	22.00%	Overdue	Overdue	Unrated	31	31	3,417	3,417
Blue Star Spinning Mills Limited	22.00%	Overdue	Overdue	Unrated	17	17	2,252	2,252
Brother Steel Limited	22.00%	Overdue	Overdue	Unrated	17	17	-	-
Bunny's Limited	3 months Kibor + 2.5%	Overdue	December 6, 2012	Unrated	6,000	6,000	30,000	30,000
Colony Textile Mills Limited	Fixed 7%	Annually	December 31, 2017	Unrated	240	240	119,536	119,536
Cash-N-Link Product Limited	22.00%	Overdue	Overdue	Unrated	16	16	2,549	2,549
Chiniot Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,185	1,185
Danneman Fabrics Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,263	3,263
Engro Fertilizer Limited	6 months Kibor + 1.7%	Half yearly	December 17, 2016	A+	-	8,291	-	-
Engro Fertilizer Limited	6 months Kibor + 2.4%	Half yearly	December 17, 2016	A+	-	2,000	-	9,447
Fauji Akbar Portia Marine Terminal Limited	Zero Markup	Half yearly	October 15, 2024		7	2	359,170	227,126
General Dairies & Food Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,350	1,350
Corex Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	1	1	924	924
Gypsum Corporation Limited	22.00%	Overdue	Overdue	Unrated	-	-	900	900
Hospitex International Limited	22.00%	Overdue	Overdue	Unrated	-	-	239	239
Independent News Paper Corporation Limited	3 month Kibor	Quarterly	March 30, 2018	B	1	1	487,474	868,806
Janana De Majucho Textile Mills Limited	Zero Markup	Annually	January 1, 2017	Unrated	-	11	-	-
<b>Balance carried forward</b>							<b>2,508,085</b>	<b>3,058,646</b>



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

Investee	Rate of Interest	Profit payment	Maturity	Long Term Rating	No. of certificates held		Market value / Cost	
					2016	2015	2016	2015
							(Rupees in '000)	
<b>Balance brought forward</b>							<b>2,508,085</b>	<b>3,058,646</b>
JDW Sugar Mills Limited	3 month Kibor + 1.25%	Quarterly	June 23, 2014	A+	-	-	-	-
Kamal Ghee & Allied Industries Limited	22.00%	Overdue	Overdue	Unrated	14	14	4,238	4,238
Kiran Sugar Mills Limited*	3 month Kibor + 3.00%	Quarterly	July 6, 2016	Unrated	PENDING RECEIPT		120,000	120,000
Kiran Sugar Mills Limited	3 month Kibor + 3.00%	Quarterly	January 26, 2027	Unrated	144	144	395,227	595,227
Maik Food Industries Limited	22.00%	Overdue	Overdue	Unrated	11	11	1,401	1,401
Minaco Fabrics Limited	22.00%	Overdue	Overdue	Unrated	14	14	1,640	1,640
Moro Textile Mills Limited	8% for first 3 years and 3 month KIBOR+3%	Quarterly	January 10, 2021	Unrated	20	20	188,613	188,613
Munalsa Fruit Juices	-	-	-	Unrated	2	2	1,500	1,500
Munawar Engineering Company Limited	22.00%	Overdue	Overdue	Unrated	28	28	1,306	1,306
National Sugar Industries Limited	3 month Kibor + 3.00%	Quarterly	September 3, 2016	Unrated	20	20	-	-
National Tiles & Ceramics Limited	22.00%	Overdue	Overdue	Unrated	16	16	-	-
New Allied Electronic Industries Limited.	3 month Kibor + 1.50 %	Quarterly	December 31, 2020	Unrated	1	1	1,308,738	1,308,738
Oil & Gas Investment Limited.	6 month Kibor + 2%	Half yearly	May 14, 2015	Unrated	188,700	188,700	751,800	815,800
Pakistan International Airlines Corp. Limited	6 month Kibor + 1.25%	Half yearly	February 18, 2011	Unrated	594,976	594,976	12,149,456	15,035,805
Pakistan Laminates Limited	22.00%	Overdue	Overdue	Unrated	-	-	95	95
Pak Elektron Limited	3 month Kibor + 2%	Quarterly	February 24, 2020	AA	26	26	2,723,614	2,976,229
Pak Libya Holding Company Private Limited	6 month Kibor + 1.8%	Half yearly	February 7, 2016	AA	50,000	50,000	-	41,545
Parthenon Private Limited	3 month Kibor + 2%	Quarterly	December 30, 2017	Unrated	10	10	1,631,635	1,631,635
Pirjee Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	16	16	401	401
Pak Hy-Oil Limited	6 months Kibor + 2.25%	Overdue	December 6, 2013	Unrated	1	1	130,000	200,000
Rehman Cotton Mills	Zero Markup	Annually	December 30, 2016	Unrated	11	11	7,511	22,533
Gand Ghar Private Limited	22.00%	Outstanding	Overdue	Unrated	22	22	2,092	2,092
Raja Weaving Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	3,831	3,831
Regency Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	24	24	3,404	6,748
Sarela Cement Limited	22.00%	Overdue	Overdue	Unrated	32	32	6,033	6,033
Seri Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	24	24	5,422	5,422
Shazeb Industries Limited	22.00%	Overdue	Overdue	Unrated	14	14	1,840	1,840
Sialkot Dairies Limited	22.00%	Overdue	Overdue	Unrated	13	13	1,323	1,323
Silverland Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,035	1,035
Sind Textile Industries Limited	22.00%	Overdue	Overdue	Unrated	15	15	7,445	7,445
Sinsas Enterprises Limited	22.00%	Overdue	Overdue	Unrated	2	2	4,302	4,302
Star Sica International	22.00%	Overdue	Overdue	Unrated	16	16	1,799	1,799
Standard Chartered Bank Limited	Six Month Kibor +0.75%	Half yearly		AAA	86,730	86,730	334,985	434,319
Sunflo Juices Limited	22.00%	Overdue	Overdue	Unrated	28	28	748	748
Tanocraft Limited	22.00%	Overdue	Overdue	Unrated	22	22	-	-
Tawakkal Garments Industries Limited	22.00%	Overdue	Overdue	Unrated	16	16	759	759
Tharparkar Sugar Mills Limited	22.00%	Overdue	Overdue	Unrated	5	5	5,237	8,412
Turbo Tubes Limited	22.00%	Overdue	Overdue	Unrated	2	2	67	67
Ultra Engineering Industries Limited	22.00%	Overdue	Overdue	Unrated	16	16	1,126	1,126
Water and Power Development Authority	6 months Kibor + 1.75%	Half yearly	September 27, 2021	AAA	385,000	385,000	999,617	1,649,999
Washed Leather Industries Limited	22.00%	Overdue	Overdue	Unrated	38	38	2,196	2,196
Zamir Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	14	14	7,516	7,516
							<b>23,306,037</b>	<b>28,152,364</b>
							<b>26,752,151</b>	<b>29,861,616</b>

All term finance certificates have a face value of Rs. 5,000 each unless otherwise mentioned.

\* Certificates of Kiran Sugar Mills have not received yet

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 1.4.2 Debentures

Investee	Terms of Redemption		Rate of Interest	Cost	
	Principal	Interest		2016	2015
(Rupees in '000)					
Aaj Textile Mills Limited	Outstanding	Outstanding	14%	1,005	1,005
Aaj Textile Mills Limited	Outstanding	Outstanding	12.5%	270	270
Ajax Industries Limited	Overdue	Overdue	11%	1,397	1,397
Ajax Industries Limited	Overdue	Overdue	14%	269	269
Ali Asbestose Industries Limited	Overdue	Overdue	14%	175	175
Ali Asbestose Industries Limited	Overdue	Overdue	11%	1,510	1,510
Allied Marbles Industries	Overdue	Overdue	14%	23	23
Allied Marbles Industries	Overdue	-	Interest free	15	15
Azad Kashmir Mineral & Industrial Development Corporation	Overdue	Overdue	12%	3,286	3,286
Azad Kashmir Mineral & Industrial Development Corporation	Overdue	Overdue	14%	1,998	1,998
Azad Kashmir Mineral & Industrial Development Corporation	Overdue	Overdue	12.5%	2,336	2,336
Carbon Dioxide Limited	Outstanding	Outstanding	11%	495	495
Carbon Dioxide Limited	Outstanding	Outstanding	14%	95	95
Chillya Corrugated Board	Overdue	Overdue	14%	317	317
Consolidated Spinning & Textile Mills Limited	Overdue	Overdue	14%	180	180
Consolidated Sugar Mills	Overdue	Overdue	14%	1,875	1,875
Damaan Oil Mills	Overdue	Overdue	14%	204	204
Effef Industries Limited	Overdue	Overdue	14%	1,799	1,799
Effef Industries Limited	Overdue	-	Interest free	3,828	3,828
Electric Lamp Manufacturing	Outstanding	Outstanding	11%	75	75
Electric Lamp Manufacturing	Overdue	Overdue	14%	150	150
Hassan Tanneries Limited	Outstanding	Outstanding	14%	437	437
Hassan Tanneries Limited	Outstanding	Outstanding	12.5%	58	58
Hazara Woolen Mills	Overdue	Overdue	14%	1,148	1,148
Hydri Gas Limited	Outstanding	Outstanding	11%	47	47
Hydri Gas Limited	Outstanding	Outstanding	14%	50	50
Junaid Cotton Mills Limited	Overdue	Overdue	12.5%	165	165
Junaid Cotton Mills Limited	Overdue	Overdue	14%	470	470
Karachi Development Authority	Overdue	Overdue	12.5%	156,034	156,034
Khyber Textile Mills Limited	Overdue	Overdue	14%	1,000	1,000
Lahore Dyeing & Printing Mill	Outstanding	Outstanding	11%	1,013	1,013
Mansoor Textile Mills	Outstanding	Outstanding	14%	510	510
Morgah Valley Limited	Overdue	Overdue	11%	400	400
Morgah Valley Limited	Overdue	Overdue	14%	160	160
National Woolen Mills	Overdue	Overdue	14%	66	66
Pakistan Paper Corporation	Overdue	Overdue	11%	506	506
Progressive Tobacco Co.	Overdue	Overdue	14%	144	144
Qadri Textile Mills Limited	Outstanding	Outstanding	14%	489	489
Regal Ceramics Limited	Overdue	Overdue	14%	105	105
Rising Sun Knitwear Industries	Overdue	Overdue	14%	57	57
Rose Textile Mills Limited	Overdue	Overdue	14%	740	740
Sarhad Bricks Limited	Outstanding	Outstanding	11%	543	543
Sarhad Bricks Limited	Outstanding	Outstanding	14%	102	102
Shafaq Lamp Manufacturing Corporation	Outstanding	Outstanding	11%	368	368
Shafaq Lamp Manufacturing Corporation	Outstanding	Outstanding	14%	83	83
Shahdin Limited	Overdue	Overdue	14%	163	163
Shahyar Textile Mills Limited	Overdue	Overdue	14%	280	280
Spinzer Towel Industries Limited	Outstanding	Outstanding	12.5%	200	200
Spinzer Towel Industries Limited	Outstanding	Outstanding	14%	175	175
Sun Publications Limited	Overdue	Overdue	13.5%	178	178
Zulsham Engineering Works Limited	Overdue	Overdue	14%	236	236
				<b>187,229</b>	<b>187,229</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 1.4.3 Participation Term Certificate

Investee	Number of certificate(s)	Rate of interest	Paid - up value per certificate Rupees	Cost	
				2016 (Rupees in '000)	2015
Ali Paper Industries Limited	13	17%	261,000	3,393	3,393
Alipure Jute Mills Limited	53	17%	172,113	7,081	7,081
American Marbals Limited	12	17%	104,167	448	448
Azmat Oil Industries Limited	1	17%	226,000	226	226
Annis Garments Limited	12	17%	32,917	395	395
Bhawalpur Board Mills Limited	14	17%	137,000	1,918	1,918
Bela Chemicals Limited	1	17%	10,500,000	10,500	10,500
Calcium Limited	1	17%	300,000	300	300
Dadabhoy Cement Limited	1	17%	11,601,000	7,303	7,303
Delta Tyre & Rubber Company Limited.	7	17%	268,714	1,118	1,118
Gypsum Corporation Limited	32	17%	32,594	1,043	1,043
Ittehad Industries Limited	1	17%	600,000	451	451
Jubilee Paper Board Mills	16	17%	431,938	4,415	4,415
Kamal Enterprises Limited	17	17%	64,294	1,093	1,093
Khattak Edible Oil Limited	15	17%	82,467	1,237	1,237
Meditex International Limited	15	17%	87,800	508	508
Morgah Valley Limited	16	17%	29,250	468	468
National Fructose Limited	11	17%	550,818	3,215	3,215
Pak Belt Industries Limited	13	17%	94,692	757	757
Pangrio Sugar Mills Limited	29	17%	442,586	4,433	4,433
Punjab Building Products	12	17%	121,500	1,458	1,458
Punjab Cables Mills Limited	12	17%	388,667	3,833	3,833
Rainbow Packages Limited	23	17%	122,174	2,223	2,223
Sampak Paper Board Mills	11	17%	14,909	165	165
Sarela Cement Limited	35	17%	406,629	14,232	14,232
Shafi Woolen Industries Limited	11	17%	89,455	490	490
Sindh Glass Industries Limited	17	17%	598,765	9,457	9,457
Star Silica Industries Limited	15	17%	137,467	1,803	1,803
United Wood (Veener) Limited	15	17%	51,000	727	727
Waziristan Oil Industries Limited	13	17%	88,385	1,094	1,094
Zafar Oil Industries Limited	11	17%	65,455	720	720
Treet Corporation Limited	7,729,500	6.95 perTCLTC	33	121,796	154,885
				<b>208,300</b>	<b>241,389</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 1.4.4 Investment in Sukuk

Investee	Terms of Redemption		Rate of Interest %	Market Value / Cost	
	Principal	Interest		2016	2015
				(Rupees in '000)	
Water and Power Development Authority	Bi-Annual	Bi-Annual	6 month Kibor - 0.25%	77,637	152,242
Quetta Textile Mills Limited	Quarterly	Quarterly	3 month Kibor + 1.75%	193,652	198,622
Pakistan International Airline Corp. Limited	Bi-Annual	Bi-Annual	6 month Kibor + 1.75%	550,000	550,000
K- Electric Limited	Quarterly	Quarterly	3 month Kibor + 1%	2,061,352	2,055,000
Maple Leaf Cement Limited	Quarterly	Quarterly	3 months Kibor + 1.7%	-	225
Neelum Jhelum Hydropower Ltd	Bi-Annual	Bi-Annual	6 month Kibor + 1.13%	19,500,000	-
				<b>22,382,641</b>	<b>2,956,089</b>
<b>Islamic Banking</b>					
<b>Other Islamic Sukuk</b>					
Water and Power Development Authority	Bi-Annual	Bi-Annual	6 Month Kibor - 0.25%	4,167	8,334
Security Leasing Limited	Monthly	Monthly	0%	30,807	30,807
Fatima Fertilizer Limited	Bi-Annual	Bi-Annual	6 month Kibor + 1.10%	1,000,000	-
Arzoo Textile Limited	Bi-Annual	Bi-Annual	6 month Kibor + 2.0%	100,000	100,000
Neelum-Jhelum Hydropower Plant	Bi-Annual	Bi-Annual	6 month Kibor + 1.13%	3,250,000	-
Pakistan International Airline Corp. Limited	On Maturity	Bi-Annual	6 month Kibor + 1.75%	175,000	175,000
Sui Sothem Gas Company Limited	Bi-Annual	Bi-Annual	6 month Kibor + 0.50%	2,000,000	-
				<b>6,559,974</b>	<b>314,141</b>
<b>GoP Ijara Sukuk</b>					
GoP Ijara Sukuk	On Maturity	Bi-Annual	6 M T-bills	9,329,262	980,684
<b>Total Islamic Banking</b>				<b>15,889,236</b>	<b>1,294,825</b>
				<b>38,271,877</b>	<b>4,250,914</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 1.4.5 Foreign Currency Debt Securities

Investee	Terms of Redemption		Rate of Interest %	Market Value / Cost	
	Principal	Interest		2016	2015
(Rupees in '000)					
Goldman Sachs Group	On Maturity	Bi-Annual	3.63%	-	105,107
Goldman Sachs Group	On Maturity	Bi-Annual	5.35%	-	104,975
Goldman Sachs Group	On Maturity	Bi-Annual	7.50%	231,769	240,152
Goldman Sachs Group	On Maturity	Bi-Annual	6.15%	440,192	227,947
Merrill Lynch & Co.	On Maturity	Bi-Annual	6.50%	105,294	109,090
Merrill Lynch & Co.	On Maturity	Bi-Annual	6.40%	323,617	336,480
Bank of America	On Maturity	Quarterly	6.88%	122,353	127,229
Lloyds TSB Bank	On Maturity	Quarterly	2.00%	208,779	209,638
CitiGroup Inc.	On Maturity	Bi-Annual	1.85%	209,615	209,680
CitiGroup Inc.	On Maturity	Bi-Annual	6.13%	217,314	224,939
CitiGroup Inc.	On Maturity	Bi-Annual	1.75%	208,751	-
Morgan Stanley	On Maturity	Bi-Annual	4.75%	200,248	206,240
Bank of America	On Maturity	Bi-Annual	5.63%	115,011	116,327
Bank of America	On Maturity	Bi-Annual	6.88%	255,899	265,463
Lloyds TSB Bank	On Maturity	Bi-Annual	4.88%	-	210,121
JP Morgan Chase & Co.	On Maturity	Bi-Annual	6.00%	109,222	-
				<b>2,748,064</b>	<b>2,693,387</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## Annexure II as referred to in Note 10.6 to the unconsolidated financial statements

### Statement Showing Written-off Loans Or Any Other Financial Relief Of Five Hundred Thousand Rupees Or Above Provided From January To December 2016

(Rupees in Millions)

Sl. No.	Name & Address of the borrower	Name of Individuals/Partners/ Directors with NIC No.	Fathers/Husband's name.	Outstanding liabilities at beginning of year				Principal written-off	Interest/ Mark-up written off.	Other financial relief/waiver provided.	Total (9+10+11)
				Principal	Interest/ mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12
1	Khalid Rasheed Dar G,T Road Near Noori Masjid Kot Shahab Din Shahdara Lahore	Khalid Rasheed Dar 35202-5865803-9	Abdul Rashid Dar	0,445	1,229	0,069	1,743	-	-	1,212	1,212
2	Muhammad Nawaz Dhakkam Pura Post office Mannu Abad, Muridke, Distt Sheikhpura	Muhammad Nawaz 35401-4195225-9	Muhammad Hayat	0,400	0,707	0,060	1,167	-	-	0,687	0,687
3	Ashraf Ali P.O Faiz Pur Khurd Feroz Wala Sheikhpura	Ashraf Ali 35401-2941955-7	Rehmat Ali Sattar	0,475	0,913	0,067	1,455	-	-	0,913	0,913
4	Ijaz Ahmed Khan Village Nangal Saldan Post Office Khas Tehsil Ferozewala District Sheikhpura	Ijaz Ahmed Khan 35401-6597059-5	Karim Dad Khan	0,279	0,511	0,055	0,845	-	-	0,511	0,511
5	M/s Shiwalk Graphic Industry, 143-B Small Industries Estate Sahawal	Hameed Raza Sheikh 36502-6424210-3	St. Abdul Hameed	0,449	1,694	0,066	2,209	-	-	0,664	0,664
6	M/s Ghulam Safdar & Brothers	Ghulam Sarwar 36402-8774802-3  Ghulam Safdar 364028480735-3	Nawab Ali	-	3,592	0,166	3,778	-	-	0,773	0,773
7	Muhammad Yousaf Cheema R/o New Cheema Wala, Sialkot	Muhammad Yousaf Cheema 34603-2204275-5	Ghulam Hussain	1,815	-	1,354	3,169	-	-	1,091	1,091
8	Zeeshan Nazeer R/o College Road , Daska Sialkot	Zeeshan Nazeer 34601-9574517-5	Nazeer Ahmed	4,289	-	1,642	5,941	-	-	1,562	1,562
9	Muhammad Younas R/O Daska , Sialkot	Muhammad Younas s/o Muhammad Ismail 34601-3382659-5	Muhammad Ismail	1,836	0,128	1,088	3,052	-	-	0,902	0,902
10	M/s BNN Enterprises Room No. Mes Inspection, Banglow 4-T, R4 Road, Quetta Cantt.	Col. (Ret.) Bashir Ahmed 37405-5042557-5	Haji Lal Mir Khan	-	2,295	0,066	2,361	-	-	2,295	2,295
11	M/s Ammar Textiles (Pvt) Limited 15-Km Mullan Road, Lahore	Khawaja Bilal Ahmad 35202-2969902-7 Mrs. Sameena Bilal 35200-1448248-4	Kh. Ghulam Mohiuddin  Khawaja Bilal Ahmad	315,246	70,529	1,371	387,146	265,486	-	71,9	337,386
12	M/s Nidus Pvt Ltd, House No.8-B, Street No.63, F-7/3, Islamabad	Ajif Siddique 61101-1870166-5 Mrs. Farhat Sohai 61101-1751066-2	Muhammad Siddique  W/o Sohai Siddique	22,712	0,214	7,771	30,697	-	-	4,000	4,000
				347,956	81,812	13,815	443,583	265,486	-	86,510	351,996

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

## Annexure ■ as referred to in Note 11.6 to the unconsolidated financial statements

### Details of disposals of property and equipment

Particulars of property and equipment	Original Cost	Book Value	Sale Proceeds	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser
(Rupees in '000)						
Furniture & Fixtures	125	65	65	-	As per Service Rules	Syed Abdul Qadir, Ex-Employee
Furniture & Fixtures	125	62	62	-	As per Service Rules	Sayed Aqueel Hussain Ex-Employee
Furniture & Fixtures	125	2	2	-	As per Service Rules	Zahoor Ahmed Gishkori Ex-Employee
Furniture & Fixtures	150	75	75	-	As per Service Rules	Liaquat Hussain Seyal Ex-Employee
Furniture & Fixtures	125	73	73	-	As per Service Rules	Muhammad Ashraf Ex-Employee
Furniture & Fixtures	125	3	3	-	As per Service Rules	Jehngir Khan Ex-Employee
Furniture & Fixtures	125	27	27	-	As per Service Rules	Muhammad Javed Khan Ex-Employee
Furniture & Fixtures	125	115	115	-	As per Service Rules	Ataulah Malik Ex-Employee
Furniture & Fixtures	125	102	102	-	As per Service Rules	Shahid Ahmed Siddiqui Ex-Employee
Furniture & Fixtures	125	20	20	-	As per Service Rules	Azhar Hussain Zuberi Ex-Employee
Furniture & Fixtures	150	75	75	-	As per Service Rules	Raja Sheraz Akhtar Ex-Employee
Furniture & Fixtures	125	70	70	-	As per Service Rules	Nisar Ahmed Ex-Employee
Furniture & Fixtures	125	60	60	-	As per Service Rules	Mahar Shoukat Hussain Ex-Employee
Furniture & Fixtures	125	20	20	-	As per Service Rules	Syed Rizwan Shahid Ex-Employee
Furniture & Fixtures	125	80	80	-	As per Service Rules	Javed Iqbal Ex-Employee
Furniture & Fixtures	300	5	5	-	As per Service Rules	Tariq Taj Ex-Employee
Furniture & Fixtures	125	73	73	-	As per Service Rules	Abdul Rasheed Ex-Employee
Furniture & Fixtures	150	13	13	-	As per Service Rules	Farouq Anwar Khawaja Ex-Employee
Furniture & Fixtures	125	48	48	-	As per Service Rules	Ali Asghar Ex-Employee
Furniture & Fixtures	125	18	18	-	As per Service Rules	Rao Muhammad Qadeer Ex-Employee
Furniture & Fixtures	125	88	88	-	As per Service Rules	Ashraf Hussain Khan Ex-Employee
Furniture & Fixtures	125	90	90	-	As per Service Rules	Sajjad Hussain Khan Ex-Employee
Furniture & Fixtures	125	73	73	-	As per Service Rules	Muhammad Ayyaz Khan Ex-Employee
Furniture & Fixtures	150	23	23	-	As per Service Rules	Muhammad Irshad Hussain Ex-Employee
Furniture & Fixtures	125	90	90	-	As per Service Rules	Abdul Sattar Ex-Employee
Furniture & Fixtures	125	75	75	-	As per Service Rules	Muhammad Bashir Ex-Employee
Furniture & Fixtures	125	79	79	-	As per Service Rules	Munir Ahmed Awan Ex-Employee
Furniture & Fixtures	125	98	98	-	As per Service Rules	Raja Jamil Ahmed Ex-Employee
Furniture & Fixtures	125	123	123	-	As per Service Rules	Anwer Zeb Ex-Employee
Furniture & Fixtures	125	98	98	-	As per Service Rules	Muhammad Munir Ex-Employee
Furniture & Fixtures	150	73	73	-	As per Service Rules	Zahid Iqbal Ex-Employee
Furniture & Fixtures	125	123	123	-	As per Service Rules	Taj Muhammad Ex-Employee
Furniture & Fixtures	125	123	123	-	As per Service Rules	Muhammad Izhar Khan Ex-Employee
Furniture & Fixtures	125	23	23	-	As per Service Rules	Ghulam Qadir Khatti Ex-Employee
Furniture & Fixtures	125	94	94	-	As per Service Rules	Mohammad Javaid Ex-Employee
Furniture & Fixtures	125	57	57	-	As per Service Rules	Mohammad Rauf Tahir Ex-Employee
Furniture & Fixtures	125	28	28	-	As per Service Rules	Abdul Razzaque Ex-Employee
Furniture & Fixtures	150	71	71	-	As per Service Rules	M. Akhtar Abbasi Ex-Employee
Furniture & Fixtures	125	125	125	-	As per Service Rules	Shafqat Mahmood Ex-Employee
Furniture & Fixtures	175	-	-	-	As per Service Rules	Gulzar A. Sanghar Ex-Employee
Furniture & Fixtures	125	94	94	-	As per Service Rules	Abdul Saeed Khan Ex-Employee
Furniture & Fixtures	125	94	94	-	As per Service Rules	Asad Iqbal Ex-Employee
Furniture & Fixtures	125	90	90	-	As per Service Rules	Javed Iqbal Ex-Employee
Furniture & Fixtures	125	115	115	-	As per Service Rules	Zaheer Uddin Ex-Employee
Furniture & Fixtures	125	43	43	-	As per Service Rules	Asrar Ahmed Ex-Employee
Furniture & Fixtures	125	21	21	-	As per Service Rules	A.Razzaq Khan Ex-Employee
Furniture & Fixtures	125	15	15	-	As per Service Rules	Munawar Ali Soomro Ex-Employee
Furniture & Fixtures	125	100	100	-	As per Service Rules	Nasir Ud Din Aliqotoshi Ex-Employee
Furniture & Fixtures	125	125	125	-	As per Service Rules	Muhammad Ashfaq Ex-Employee
Furniture & Fixtures	125	24	24	-	As per Service Rules	Muhammad Yaseen Ex-Employee
Furniture & Fixtures	125	57	57	-	As per Service Rules	Muhammad Saeed Ex-Employee
Furniture & Fixtures	125	53	53	-	As per Service Rules	Muhammad Akram Khan Ex-Employee
Furniture & Fixtures	150	42	42	-	As per Service Rules	Amanullah Malik Ex-Employee
Furniture & Fixtures	125	35	35	-	As per Service Rules	M.Nasir Khan Ex-Employee
Furniture & Fixtures	150	83	83	-	As per Service Rules	Rao Muhammad Tariq Saqib Ex-Employee
Furniture & Fixtures	125	15	15	-	As per Service Rules	Muhammad Ilyas Sheikh Ex-Employee
Furniture & Fixtures	125	69	69	-	As per Service Rules	Shabbir Ahmed Ex-Employee
Furniture & Fixtures	125	96	96	-	As per Service Rules	Khawar Karim Ex-Employee
Furniture & Fixtures	125	15	15	-	As per Service Rules	Aftab Ahmed Baig Ex-Employee
Furniture & Fixtures	125	52	52	-	As per Service Rules	Sardar Muhammad Ex-Employee
Furniture & Fixtures	125	92	92	-	As per Service Rules	Rashid Ahmed Ex-Employee
Furniture & Fixtures	125	53	53	-	As per Service Rules	Ajmal Hussain Jokhio Ex-Employee

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

Particulars of property and equipment	Original Cost	Book Value	Sale Proceeds	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser
(Rupees in '000)						
Furniture & Fixtures	125	35	35	-	As per Service Rules	Akhtar Ali Javed Ex-Employee
Furniture & Fixtures	125	94	94	-	As per Service Rules	Iqbal Masood Ex-Employee
Furniture & Fixtures	150	12	12	-	As per Service Rules	Abid Hussain Siddiqui Ex-Employee
Furniture & Fixtures	125	13	13	-	As per Service Rules	Syde Raees Ahmed Ex-Employee
Furniture & Fixtures	125	67	67	-	As per Service Rules	Abdul Salam Ex-Employee
Furniture & Fixtures	125	17	17	-	As per Service Rules	Sarir Ud Din Ex-Employee
Furniture & Fixtures	125	88	88	-	As per Service Rules	Muhammad Ilyas Ex-Employee
Furniture & Fixtures	125	67	67	-	As per Service Rules	Ghulam Mustafa Khan Ex-Employee
Furniture & Fixtures	150	52	52	-	As per Service Rules	Tanvir Hussain Ex-Employee
Furniture & Fixtures	125	52	52	-	As per Service Rules	Gul Muhammad Khan Ex-Employee
Furniture & Fixtures	125	69	69	-	As per Service Rules	Rana Muhammad Ikram Ex-Employee
	9,600	4,502	4,502	-		
Computer Equipment	122	31	31	-	As per entitlement	Akbar Hassan Khan Ex-Employee
Computer Equipment	100	18	18	-	As per entitlement	Akbar Hassan Khan Ex-Employee
Computer Equipment	143	-	-	-	As per entitlement	M. Nusrat Vohra Ex-Employee
	365	48	48	-		
Electrical Installations	680	-	-	-	As per entitlement	M. Nusrat Vohra Ex-Employee
Office Equipment	73	53	53	-	As per entitlement	Raza Mohsin Qizilbash Ex-Employee
Office Equipment	101	-	-	-	As per entitlement	Malik Aamir Sultan Ex-Employee
Office Equipment	134	22	22	-	As per entitlement	Raza Mohsin Qizilbash Ex-Employee
Office Equipment	94	51	51	-	As per entitlement	M. Nusrat Vohra Ex-Employee
	1,081	126	126	-		
Motor Vehicles	1,673	781	781	-	As per entitlement	Pir Muhammad Ex-Employee
Motor Vehicles	1,538	589	589	-	As per entitlement	Malik Amir Sultan Ex-Employee
Motor Vehicles	424	-	335	335	Auction	Mr.Asif Auctioneer
Motor Vehicles	664	-	540	540	Auction	S.Abdul Qadir Auctioneer
Motor Vehicles	550	-	410	410	Auction	M Shafiq Auctioneer
Motor Vehicles	550	-	435	435	Auction	Isjamuddin Auctioneer
Motor Vehicles	550	-	430	430	Auction	Shahid Salman Auctioneer
Motor Vehicles	699	-	490	490	Auction	Asif Ali Abro Auctioneer
Motor Vehicles	790	-	505	505	Auction	M Shuja Hussain Auctioneer
Motor Vehicles	790	-	530	530	Auction	Anjum Auctioneer
Motor Vehicles	863	-	585	585	Auction	Rashid Baig Auctioneer
Motor Vehicles	564	-	530	530	Auction	Ali Asghar Auctioneer
Motor Vehicles	879	-	790	790	Auction	Shakeel Auctioneer
Motor Vehicles	879	-	805	805	Auction	Anjum Auctioneer
Motor Vehicles	879	-	930	930	Auction	A. Kabir Khan Auctioneer
Motor Vehicles	910	-	900	900	Auction	Shahrukh Hussain Auctioneer
Motor Vehicles	910	-	830	830	Auction	Mohd. Hanif Auctioneer
Motor Vehicles	910	-	815	815	Auction	Shahrukh Hussain Auctioneer
Motor Vehicles	1,239	-	855	855	Auction	M/S Anis Traders Auctioneer
Motor Vehicles	1,875	-	1,030	1,030	Auction	Jawed Khan Auctioneer
Motor Vehicles	1,039	-	1,380	1,380	Auction	Rashid Khan Auctioneer
Motor Vehicles	1,559	-	1,340	1,340	Auction	Asif Ali Abro Auctioneer
Motor Vehicles	434	-	435	435	Auction	Muhammad Abbas Auctioneer
Motor Vehicles	830	-	490	490	Auction	M.Shahbaz Auctioneer
Motor Vehicles	830	-	490	490	Auction	Nawaz Khan Auctioneer
Motor Vehicles	555	-	440	440	Auction	Haji Mehboob Ahmed Auctioneer
Motor Vehicles	555	-	460	460	Auction	M,Umer Auctioneer
Motor Vehicles	627	-	495	495	Auction	Col.Retd.Ahmed Nehal Jaffri Auctioneer
Motor Vehicles	627	-	565	565	Auction	Abdul Khalid Auctioneer
Motor Vehicles	627	-	455	455	Auction	A.Kaleem Auctioneer
Motor Vehicles	627	-	490	490	Auction	Mehtab khattak Auctioneer
Motor Vehicles	829	-	550	550	Auction	Muhammad Saleem Auctioneer
Motor Vehicles	829	-	575	575	Auction	Muhammad Hanif Auctioneer
Motor Vehicles	829	-	580	580	Auction	Muhammad Ishaq Auctioneer
Motor Vehicles	830	-	560	560	Auction	Rana Abdul Samad Auctioneer
Motor Vehicles	830	-	610	610	Auction	Furqan Ahmed Siddiqi Auctioneer
Motor Vehicles	680	-	605	605	Auction	Hassanuddin Auctioneer
Motor Vehicles	680	-	580	580	Auction	Muhammad Hanif Auctioneer
Motor Vehicles	680	-	655	655	Auction	Saad Bin Khalid Auctioneer
Motor Vehicles	879	-	765	765	Auction	Muhammad Saleem Auctioneer
Motor Vehicles	1,899	-	1,200	1,200	Auction	Syed Azhar Hussain Kazmi Auctioneer
Motor Vehicles	1,559	-	1,450	1,450	Auction	Khursheed ahmed Auctioneer



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

Particulars of property and equipment	Original Cost	Book Value	Sale Proceeds	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser
	(Rupees in '000)					
Motor Vehicles	830	-	465	465	Auction	Iftikhar Ahmed Auctioneer
Motor Vehicles	627	-	470	470	Auction	Faisal Khan Auctioneer
Motor Vehicles	829	-	465	465	Auction	Ahmed Ali Auctioneer
Motor Vehicles	829	-	510	510	Auction	Imran Mushtaq Auctioneer
Motor Vehicles	829	-	530	530	Auction	Naveed Muhammad Hanif Auctioneer
Motor Vehicles	829	-	465	465	Auction	Muhammad Farrukh, Auctioneer
Motor Vehicles	829	-	450	450	Auction	Tabish Hyder Sheikh Auctioneer
Motor Vehicles	830	-	560	560	Auction	Shakil Ahmed, Auctioneer
Motor Vehicles	830	-	550	550	Auction	M.Eijaz ul Haq Siddiqui Auctioneer
Motor Vehicles	830	-	575	575	Auction	Muhammad Sohail Zaman Auctioneer
Motor Vehicles	753	-	315	315	Auction	Mubashir Nasir Siddiqui Auctioneer
Motor Vehicles	1,239	-	970	970	Auction	Muhammad Gulzar Khan Auctioneer
Motor Vehicles	602	-	560	560	Auction	Fayyaz Ahmed Auctioneer
Motor Vehicles	77	-	40	40	Auction	Muhammad Hussain Auctioneer
Motor Vehicles	54	-	36	36	Auction	Asgher Ali Rizvi Auctioneer
Motor Vehicles	54	-	34	34	Auction	M.Ayazuddin Auctioneer
Motor Vehicles	54	-	34	34	Auction	Latif Ahmed Auctioneer
Motor Vehicles	54	-	33	33	Auction	Muhammad Iftikhar Auctioneer
Motor Vehicles	54	-	39	39	Auction	Rahimullah Khan Auctioneer
Motor Vehicles	77	-	37	37	Auction	Hassan Auctioneer
Motor Vehicles	54	-	36	36	Auction	Faiz A.Bashir Auctioneer
Motor Vehicles	54	-	41	41	Auction	Faiz A.Bashir Auctioneer
Motor Vehicles	830	-	459	459	Auction	Sharif Mughal Auctioneer
Motor Vehicles	830	-	468	468	Auction	Mubeen Auctioneer
Motor Vehicles	830	-	464	463	Auction	Awais Lateef Auctioneer
Motor Vehicles	830	-	522	522	Auction	Muhammad Hussain Auctioneer
Motor Vehicles	830	-	567	567	Auction	Khuda Dad Auctioneer
Motor Vehicles	829	-	464	463	Auction	Noor-Ul-Ameen Auctioneer
Motor Vehicles	555	-	369	369	Auction	Habib Ur Rehman Auctioneer
Motor Vehicles	434	-	306	306	Auction	Zafar Abbas Auctioneer
Motor Vehicles	830	-	509	508	Auction	Khalid Mehmood Auctioneer
Motor Vehicles	830	-	581	580	Auction	Faisal Hayat Auctioneer
Motor Vehicles	830	-	477	477	Auction	Fahd Khan Auctioneer
Motor Vehicles	830	-	473	472	Auction	Muhammad Ali Khan Auctioneer
Motor Vehicles	830	-	504	504	Auction	Aftab Ahmed Auctioneer
Motor Vehicles	830	-	527	526	Auction	Abrar Hussain Auctioneer
Motor Vehicles	906	-	572	571	Auction	Farooq Naeem Auctioneer
Motor Vehicles	830	-	477	477	Auction	Muhammad Jaffer Auctioneer
Motor Vehicles	906	-	567	567	Auction	Sarrd Ullah Akbar Auctioneer
Motor Vehicles	906	-	522	522	Auction	Khalid Mehmood Auctioneer
Motor Vehicles	830	-	450	450	Auction	Raja Jahangir Auctioneer
Motor Vehicles	830	-	590	589	Auction	Muhammad Zubair Auctioneer
Motor Vehicles	906	-	500	499	Auction	Mubeen Ur Rehman Auctioneer
Motor Vehicles	906	-	513	513	Auction	Shamsher Hussain Auctioneer
Motor Vehicles	906	-	491	490	Auction	Muhammad Siddique Auctioneer
Motor Vehicles	555	-	392	391	Auction	Mehmood Asif Auctioneer
Motor Vehicles	830	-	554	553	Auction	Muhammad Siddique Auctioneer
Motor Vehicles	830	-	464	463	Auction	Mohsin Ali Raza Auctioneer
Motor Vehicles	434	-	450	450	Auction	Muhammad Shehzad Auctioneer
Motor Vehicles	1,900	-	180	180	Auction	Habibur Rehman Auctioneer
Motor Vehicles	678	-	450	450	Auction	Muhammad Irfan Auctioneer
Motor Vehicles	297	-	311	310	Auction	Habibur Rehman Auctioneer
Motor Vehicles	1,040	-	797	796	Auction	Zeeshan Baig Auctioneer
Motor Vehicles	830	-	545	544	Auction	Muhammad Naeem Auctioneer
Motor Vehicles	830	-	491	490	Auction	Nafees Ahmed Satti Auctioneer
Motor Vehicles	830	-	441	441	Auction	Muhammad Ejaz Khan Auctioneer
Motor Vehicles	906	-	621	621	Auction	Muhammad Hussain Khan Auctioneer
Motor Vehicles	434	-	342	342	Auction	Muhammad Hussain Khan Auctioneer
Motor Vehicles	830	-	554	554	Auction	Muhammad Ayaz Auctioneer
Motor Vehicles	830	-	419	418	Auction	Umer Junaid Baig Auctioneer
Motor Vehicles	830	-	459	459	Auction	Tariq Zaman Abbasi Auctioneer
Motor Vehicles	906	-	603	603	Auction	Raza Khan Auctioneer
Motor Vehicles	830	-	468	468	Auction	Muhammad Siddique Auctioneer
Motor Vehicles	830	-	468	468	Auction	Hujhat Badshah Auctioneer
Motor Vehicles	830	-	468	468	Auction	Junaid James Khokhar Auctioneer
Motor Vehicles	906	-	495	495	Auction	Sajid Gondal Auctioneer

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Particulars of property and equipment	Original Cost	Book Value	Sale Proceeds	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser	
	(Rupees in '000)						
Motor Vehicles	1,050	-	630	630	Auction	Shamshair Hussain	Auctioneer
Motor Vehicles	906	-	495	495	Auction	Mohsin Ali	Auctioneer
Motor Vehicles	1,239	-	765	765	Auction	Abrar Hussain	Auctioneer
Motor Vehicles	906	-	473	472	Auction	Munnawar Tariq	Auctioneer
Motor Vehicles	830	-	495	495	Auction	Naheed Gul	Auctioneer
Motor Vehicles	906	-	504	504	Auction	Muhammad Anwar Jarra	Auctioneer
Motor Vehicles	906	-	495	495	Auction	Abdul Saeed Jan	Auctioneer
Motor Vehicles	829	-	500	499	Auction	Raza Khan	Auctioneer
Motor Vehicles	906	-	608	607	Auction	Nasir Iftikhar Janjua	Auctioneer
Motor Vehicles	906	-	491	490	Auction	Muhammad Shahbaz	Auctioneer
Motor Vehicles	906	-	563	562	Auction	Muhammad Hussain	Auctioneer
Motor Vehicles	906	-	495	495	Auction	Raja Jahangir Ali	Auctioneer
Motor Vehicles	906	-	482	481	Auction	Ehsan Ul Haq	Auctioneer
Motor Vehicles	906	-	603	603	Auction	Abrar Hussain	Auctioneer
Motor Vehicles	906	-	549	549	Auction	Ishtiaq Ahmed	Auctioneer
Motor Vehicles	906	-	495	495	Auction	Khan Baz Jarra	Auctioneer
Motor Vehicles	906	-	608	607	Auction	Khurram Memboob	Auctioneer
Motor Vehicles	627	-	500	499	Auction	Abrar	Auctioneer
Motor Vehicles	678	-	374	373	Auction	Umer Latif	Auctioneer
Motor Vehicles	664	-	554	553	Auction	Abdul Qayum	Auctioneer
Motor Vehicles	906	-	477	477	Auction	Raza Khan	Auctioneer
Motor Vehicles	906	-	576	576	Auction	Muhammad Shehzad	Auctioneer
Motor Vehicles	906	-	560	559	Auction	Karamat Hussain	Auctioneer
Motor Vehicles	906	-	540	540	Auction	Muhammad Anwar Jarra	Auctioneer
Motor Vehicles	906	-	594	594	Auction	Shehzad Iqbal	Auctioneer
Motor Vehicles	906	-	558	558	Auction	Shamshair Hussain	Auctioneer
Motor Vehicles	1,720	-	900	900	Auction	Muhammad Irfan	Auctioneer
Motor Vehicles	906	-	545	544	Auction	Muhammad Asghar	Auctioneer
Motor Vehicles	906	-	567	567	Auction	Usaman Ahmed	Auctioneer
Motor Vehicles	830	-	531	531	Auction	Muhammad Rashid	Auctioneer
Motor Vehicles	1,239	-	990	990	Auction	Syed Anjum Naseer	Auctioneer
Motor Vehicles	830	-	599	598	Auction	Muhammad Shehzad	Auctioneer
Motor Vehicles	10	-	13	13	Auction	Shaukat Ali	Auctioneer
Motor Vehicles	1,239	-	887	886	Auction	Muhammad Hussain	Auctioneer
Motor Vehicles	555	-	680	680	Insurance Claim	National Insurance Co.Ltd	
Motor Vehicles	555	-	705	705	Insurance Claim	National Insurance Co.Ltd	
Motor Vehicles	555	-	510	510	Insurance Claim	National Insurance Co.Ltd	
Motor Vehicles	1,384	277	277	-	As per entitlement	M.Tariq Khattak	Employee
Motor Vehicles	2,088	591	591	-	As per entitlement	Asif Hassan	Ex-Employee
Motor Vehicles	1,269	127	127	-	As per entitlement	Yasir Ishaq Ansari	Employee
Motor Vehicles	1,269	127	127	-	As per entitlement	Pervez Rahim	Employee
Motor Vehicles	1,424	285	285	-	As per entitlement	Imran Jaffery	Employee
Motor Vehicles	1,424	285	285	-	As per entitlement	Wajahat A Malik	Employee
Motor Vehicles	1,480	148	148	-	As per entitlement	Mohsin Furqan	Employee
Motor Vehicles	1,424	285	285	-	As per entitlement	Farooq Hassan	Employee
Motor Vehicles	1,300	130	130	-	As per entitlement	Ahmed Nehal Jafri	Ex-Employee
Motor Vehicles	1,399	275	275	-	As per entitlement	Saeed Habib	Employee
Motor Vehicles	1,269	127	127	-	As per entitlement	Dr Qadir Baksh	Employee
Motor Vehicles	890	89	89	-	As per entitlement	Mukhtiar A Mangi	Ex-Employee
Motor Vehicles	999	124	124	-	As per entitlement	Farooq Anwar Khawaja	Employee
Motor Vehicles	1,608	322	322	-	As per entitlement	Akbar Hassan Khan	Ex-Employee
Motor Vehicles	1,269	124	124	-	As per entitlement	Zahid Iqbal	Employee
Motor Vehicles	1,608	322	322	-	As per entitlement	Aamir Sattar	Employee
Motor Vehicles	1,424	332	332	-	As per entitlement	Suleman Nanji	Employee
Motor Vehicles	1,050	124	124	-	As per entitlement	Imtiaz Ul Haq	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Tariq Hassan	Employee
Motor Vehicles	1,538	272	272	-	As per entitlement	Hamid Masood	Employee
Motor Vehicles	965	165	482	317	Insurance Claim	National Insurance Co.Ltd	
Motor Vehicles	542	-	1,312	1,312	Auction	Auctioneer	Auctioneer
Motor Vehicles	542	-	1,250	1,250	Auction	Auctioneer	Auctioneer
Motor Vehicles	367	-	450	450	Auction	Auctioneer	Auctioneer
Motor Vehicles	350	-	365	365	Auction	Auctioneer	Auctioneer
Motor Vehicles	555	-	580	580	Auction	Auctioneer	Auctioneer
Motor Vehicles	502	-	440	440	Auction	Auctioneer	Auctioneer
Motor Vehicles	502	-	575	575	Auction	Auctioneer	Auctioneer
Motor Vehicles	502	-	475	475	Auction	Auctioneer	Auctioneer
Motor Vehicles	502	-	470	470	Auction	Auctioneer	Auctioneer

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For the year ended December 31, 2016

Particulars of property and equipment	Original Cost	Book Value	Sale Proceeds	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser	
(Rupees in '000)							
Motor Vehicles	502	-	475	475	Auction	Auctioneer	Auctioneer
Motor Vehicles	502	-	421	421	Auction	Auctioneer	Auctioneer
Motor Vehicles	502	-	440	440	Auction	Auctioneer	Auctioneer
Motor Vehicles	502	-	600	600	Auction	Auctioneer	Auctioneer
Motor Vehicles	502	-	485	485	Auction	Auctioneer	Auctioneer
Motor Vehicles	502	-	510	510	Auction	Auctioneer	Auctioneer
Motor Vehicles	879	-	975	975	Auction	Auctioneer	Auctioneer
Motor Vehicles	1,660	-	635	635	Auction	Auctioneer	Auctioneer
Motor Vehicles	502	-	465	465	Auction	Auctioneer	Auctioneer
Motor Vehicles	555	-	420	420	Auction	Auctioneer	Auctioneer
Motor Vehicles	350	-	280	280	Auction	Auctioneer	Auctioneer
Motor Vehicles	555	-	455	455	Auction	Auctioneer	Auctioneer
Motor Vehicles	555	-	535	535	Auction	Auctioneer	Auctioneer
Motor Vehicles	555	-	585	585	Auction	Auctioneer	Auctioneer
Motor Vehicles	555	-	425	425	Auction	Auctioneer	Auctioneer
Motor Vehicles	555	-	545	545	Auction	Auctioneer	Auctioneer
Motor Vehicles	540	-	350	350	Auction	Muhammad Asif	Auctioneer
Motor Vehicles	829	-	470	470	Auction	Muhammad Akram Khan	Auctioneer
Motor Vehicles	829	-	520	520	Auction	Muhammad Akram Khan	Auctioneer
Motor Vehicles	829	-	485	485	Auction	Muhammad Farrukh	Auctioneer
Motor Vehicles	829	-	480	480	Auction	Muhammad Yousuf	Auctioneer
Motor Vehicles	830	-	610	610	Auction	Shah Fahad,	Auctioneer
Motor Vehicles	830	-	580	580	Auction	Sheikh Rehan Ali	Auctioneer
Motor Vehicles	830	-	620	620	Auction	Muhammad Farrukh	Auctioneer
Motor Vehicles	830	-	600	600	Auction	Muhammad Farrukh	Auctioneer
Motor Vehicles	830	-	590	590	Auction	Nadeem	Auctioneer
Motor Vehicles	830	-	590	590	Auction	Shamim Iqbal	Auctioneer
Motor Vehicles	906	-	675	675	Auction	Azmat Mioz	Auctioneer
Motor Vehicles	906	-	620	620	Auction	Ishtiaq Ahmed	Auctioneer
Motor Vehicles	906	-	625	625	Auction	Shah Fahad,	Auctioneer
Motor Vehicles	906	-	600	600	Auction	Shahid Ali Khan	Auctioneer
Motor Vehicles	906	-	640	640	Auction	Muhammad Islam Khan	Auctioneer
Motor Vehicles	906	-	610	610	Auction	Kamran Jan	Auctioneer
Motor Vehicles	906	-	650	650	Auction	Ayub Ali	Auctioneer
Motor Vehicles	602	-	490	490	Auction	Abdul Khalid	Auctioneer
Motor Vehicles	1,239	-	900	900	Auction	ammad Farrukh	Auctioneer
Motor Vehicles	1,239	-	1,000	1,000	Auction	Azim ullah Khan	Auctioneer
Motor Vehicles	1,239	-	710	710	Auction	Muhammad Hussain	Auctioneer
Motor Vehicles	1,269	-	770	770	Auction	Aurangzeb Khan	Auctioneer
Motor Vehicles	1,619	-	1,030	1,030	Auction	Saeed Ahmed Qureshi	Auctioneer
Motor Vehicles	1,790	-	1,450	1,450	Auction	Syed Mohammad Ali	Auctioneer
Motor Vehicles	1,877	250	250	-	As per entitlement	M. Nusrat Vohra,	Ex-Employee
Motor Vehicles	1,658	1,492	1,492	-	As per entitlement	Pir Muhammad	Ex-Employee
Motor Vehicles	1,538	538	538	-	As per entitlement	Malik Amir Sultan,	Ex-Employee
Motor Vehicles	939	375	375	-	As per entitlement	Uzma Bashir,	Ex-Employee
Motor Vehicles	1,858	1,531	1,531	-	As per entitlement	Tabraiz Hussain Butt	Ex-Employee
Motor Vehicles	829	-	500	500	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	935	-	600	600	Auction	M.Aqib Zahoor	Auctioneer
Motor Vehicles	829	-	585	585	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	829	-	560	560	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	829	-	680	680	Auction	Farhan Abbas	Auctioneer
Motor Vehicles	935	-	650	650	Auction	Shahid Latif	Auctioneer
Motor Vehicles	935	-	560	560	Auction	Shahid Mukhtar	Auctioneer
Motor Vehicles	829	-	625	625	Auction	Mirza Sohail Baig	Auctioneer
Motor Vehicles	829	-	605	605	Auction	Mumtaz Ahmed Farooq	Auctioneer
Motor Vehicles	829	-	580	580	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	540	-	705	705	Auction	Khadim Hussain	Auctioneer
Motor Vehicles	1,239	-	1,060	1,060	Auction	Khurram Ayub	Auctioneer
Motor Vehicles	1,239	-	975	975	Auction	M,Razzaq	Auctioneer
Motor Vehicles	1,239	-	1,050	1,050	Auction	Mian Abrar Abid	Auctioneer
Motor Vehicles	1,018	-	1,105	1,105	Auction	M.Aqib Zahoor	Auctioneer
Motor Vehicles	1,269	-	1,080	1,080	Auction	M.Imran Hashmi	Auctioneer
Motor Vehicles	54	-	14	14	Auction	Mumtaz Ahmed Farooq	Auctioneer
Motor Vehicles	829	-	219	219	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	829	-	515	515	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	829	-	530	530	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	829	-	525	525	Auction	Manzoor Qadir	Auctioneer

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Particulars of property and equipment	Original Cost	Book Value	Sale Proceeds	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser	
(Rupees in '000)							
Motor Vehicles	829	-	535	535	Auction	Zafar Iqbal Sial	Auctioneer
Motor Vehicles	829	-	605	605	Auction	Mirza Sohail Baig	Auctioneer
Motor Vehicles	829	-	530	530	Auction	Muhammad Waheed	Auctioneer
Motor Vehicles	829	-	555	555	Auction	Saeed Ahmed Khan	Auctioneer
Motor Vehicles	829	-	625	625	Auction	Zulfiqar Ali	Auctioneer
Motor Vehicles	829	-	600	600	Auction	Abid Ansar	Auctioneer
Motor Vehicles	829	-	600	600	Auction	Muhammad Yousuf	Auctioneer
Motor Vehicles	829	-	435	435	Auction	Khalid Rasool Butt	Auctioneer
Motor Vehicles	829	-	630	630	Auction	Muhammad Yousuf	Auctioneer
Motor Vehicles	829	-	650	650	Auction	Muhammad Irfan	Auctioneer
Motor Vehicles	829	-	670	670	Auction	Muhammad Yousuf	Auctioneer
Motor Vehicles	829	-	705	705	Auction	Manzoor Ahmed	Auctioneer
Motor Vehicles	829	-	680	680	Auction	Yousaf Ahsan	Auctioneer
Motor Vehicles	829	-	555	555	Auction	Waqar Ahmed	Auctioneer
Motor Vehicles	829	-	570	570	Auction	Muhammad Usman	Auctioneer
Motor Vehicles	829	-	600	600	Auction	Abid Ansar	Auctioneer
Motor Vehicles	829	-	700	700	Auction	Muhammad Waheed	Auctioneer
Motor Vehicles	935	-	665	665	Auction	Shahid Ali Shafi	Auctioneer
Motor Vehicles	829	-	655	655	Auction	S.Hassan Raza Naqvi	Auctioneer
Motor Vehicles	829	-	600	600	Auction	Muhammad Ahmed	Auctioneer
Motor Vehicles	829	-	595	595	Auction	Sajid Ali	Auctioneer
Motor Vehicles	829	-	660	660	Auction	Muhammad Ahmed	Auctioneer
Motor Vehicles	829	-	690	690	Auction	S.Hassan Raza Naqvi	Auctioneer
Motor Vehicles	829	-	605	605	Auction	Muhammad Amin	Auctioneer
Motor Vehicles	809	-	575	575	Auction	Imran Yousaf Minhas	Auctioneer
Motor Vehicles	54	-	30	30	Auction	Kashif Ali	Auctioneer
Motor Vehicles	54	-	30	30	Auction	Waseem Shaukat	Auctioneer
Motor Vehicles	54	-	30	30	Auction	Kashif Ali	Auctioneer
Motor Vehicles	54	-	34	34	Auction	Shahid Ali Shafi	Auctioneer
Motor Vehicles	54	-	35	35	Auction	Kashif Ali	Auctioneer
Motor Vehicles	54	-	37	37	Auction	Muhammad Imran	Auctioneer
Motor Vehicles	54	-	27	27	Auction	Muhammad Ramzan	Auctioneer
Motor Vehicles	54	-	32	32	Auction	Kashif Ali	Auctioneer
Motor Vehicles	54	-	31	31	Auction	Waseem Shaukat	Auctioneer
Motor Vehicles	54	-	32	32	Auction	Kashif Ali	Auctioneer
Motor Vehicles	829	-	485	485	Auction	Adnan Naseer Ahmed	Auctioneer
Motor Vehicles	829	-	490	490	Auction	Asif Nazir	Auctioneer
Motor Vehicles	829	-	615	615	Auction	Mirza Sohail Baig	Auctioneer
Motor Vehicles	829	-	585	585	Auction	Muhammad Zar Khan	Auctioneer
Motor Vehicles	829	-	570	570	Auction	Muhammad Usman Siddiqui	Auctioneer
Motor Vehicles	829	-	475	475	Auction	Muhammad Farooq Bajwa	Auctioneer
Motor Vehicles	829	-	605	605	Auction	Saeed Ahmed Saleem	Auctioneer
Motor Vehicles	829	-	437	437	Auction	Mirza Sohail Baig	Auctioneer
Motor Vehicles	829	-	405	405	Auction	Suleman Nanji	Auctioneer
Motor Vehicles	829	-	450	450	Auction	Khadim Hussain	Auctioneer
Motor Vehicles	829	-	910	910	Auction	Adnan Naseer Ahmed	Auctioneer
Motor Vehicles	829	-	465	465	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	829	-	435	435	Auction	Yawar Ali	Auctioneer
Motor Vehicles	829	-	340	340	Auction	Manzoor Qadir	Auctioneer
Motor Vehicles	829	-	570	570	Auction	Waqas Rashid	Auctioneer
Motor Vehicles	829	-	570	570	Auction	Adnan Naseer Ahmed	Auctioneer
Motor Vehicles	829	-	620	620	Auction	Adil Arshad	Auctioneer
Motor Vehicles	829	-	710	710	Auction	Qaisar Nawaz	Auctioneer
Motor Vehicles	54	-	17	17	Auction	Muhammad Ashraf	Auctioneer
Motor Vehicles	1,673	335	335	-	As per entitlement	S.M Ali Zamin	Employee
Motor Vehicles	1,538	308	308	-	As per entitlement	Amin Qazi	Employee
Motor Vehicles	1,608	482	482	-	As per entitlement	Sahibzada Raouf	Employee
Motor Vehicles	1,269	617	617	-	Insurance Claim	Insurance Claim	
Motor Vehicles	1,269	254	254	-	As per entitlement	Farooq Abbas	Employee
Motor Vehicles	1,538	615	1,495	880	Insurance Claim	Insurance Claim	
Motor Vehicles	1,448	290	290	-	As per entitlement	Taslim Haider	Ex-Employee
Motor Vehicles	1,749	-	1,160	1,160	Auction	Abrar Hussain	Auctioneer
Motor Vehicles	1,749	-	1,085	1,085	Auction	Muhammad Javed Butt	Auctioneer
Motor Vehicles	1,749	-	1,300	1,300	Auction	Aftab Ali Khan	Auctioneer
Motor Vehicles	1,259	-	1,110	1,110	Auction	Hamza Khan	Auctioneer
Motor Vehicles	1,259	-	1,200	1,200	Auction	Abrar Hussain	Auctioneer
Motor Vehicles	1,269	-	1,040	1,040	Auction	Arshad Ali	Auctioneer

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

Particulars of property and equipment	Original Cost	Book Value	Sale Proceeds	Gain / Loss on disposal	Mode of disposal	Particulars of Purchaser	
(Rupees in '000)							
Motor Vehicles	1,269	-	1,025	1,025	Auction	Abdul Ghafoor	Auctioneer
Motor Vehicles	1,269	-	955	955	Auction	Ali Jawad	Auctioneer
Motor Vehicles	1,269	-	800	800	Auction	Sail Ur Rehman	Auctioneer
Motor Vehicles	1,269	-	750	750	Auction	Sh. Muhammad Rafiq	Auctioneer
Motor Vehicles	969	-	925	925	Auction	Rizwan Suhaib	Auctioneer
Motor Vehicles	1,269	-	800	799	Auction	Muhammad Javed Butt	Auctioneer
Motor Vehicles	1,269	-	995	995	Auction	Shaukat Ullah	Auctioneer
Motor Vehicles	879	-	555	555	Auction	Abrar Hussain	Auctioneer
Motor Vehicles	938	-	585	585	Auction	Imtiaz Hussain	Auctioneer
Motor Vehicles	879	-	540	540	Auction	Muhammad Arshad	Auctioneer
Motor Vehicles	938	-	675	675	Auction	Malik Zahid	Auctioneer
Motor Vehicles	938	-	715	715	Auction	Shehzad Iqbal	Auctioneer
Motor Vehicles	1,040	-	850	850	Auction	Zafar Abbas	Auctioneer
Motor Vehicles	379	-	280	280	Auction	Muhammad Siddique	Auctioneer
Motor Vehicles	305	-	305	305	Auction	Aijaz Ahmed	Auctioneer
	<u>280,581</u>	<u>13,292</u>	<u>178,426</u>	<u>165,133</u>			
Lease Vehicles	7,730	-	773	773	As per entitlement	Khalid B Shaheen	Ex-Employee
<b>Total Amount</b>	<u><b>299,357</b></u>	<u><b>17,968</b></u>	<u><b>183,876</b></u>	<u><b>165,906</b></u>			

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

### Annexure IV as referred to in Note 28.2 to the unconsolidated financial statements

	2016	2015
	(Rupees in '000)	
<b>Donations include following amounts exceeding Rs 0.1 million:</b>		
Fatimid Foundation Kidney Centre Quetta.	450	300
	<b>450</b>	<b>300</b>
<b>Contributions for Corporate &amp; Social Responsibilities include following amounts exceeding Rs 0.1 million:</b>		
Lifetime Support Single Unit TCF School Nawabshah	-	3,750
Pakistan Disabled Foundation, Karachi	-	155
Disabled Welfare Association, Karachi.	-	225
Make-A-Wish Foundation, Karachi	-	100
Adoption of Non Formal School Child Care Foundation for Elimination of Child Labor	-	2,925
Adoption of Taleem Foundation Schools in Kila Saifullah & Muslim Bagh, Balochistan	-	7,000
Help International Welfare Trust-Karachi.	-	188
Development & Research to Habib University Foundation, Karachi	-	3,330
SOS Children's Village Islamabad.	-	3,000
Family Ramzan Package (Ration)Interior Sind & Suburb area, Sindh	-	7,113
Sponsor Repair of Auto Wheelchairs Saaya Association, Islamabad	-	320
Anjuman-e-Mazoorran Liyari, Karachi	-	218
Society for Special Persons, A.J.K.	-	186
Society for Special Persons, Multan.	-	110
Govt-Girls School Gizri Campus,Raavian Educational Trust.	-	400
Cadet College, Larkana.	-	395
Poor Patients Aid Society, Karachi	-	200
Sukkur Blood & Drug Donating Society.	-	200
Women Vocational Program in Gilgit Taxila.	-	500
Orphan Students Educational Expenses Roshni Homes,Lahore	-	420
Rising Sun Education & Welfare Society,Lahore.	-	200
Interior Sindh by Dar-ul-Sukun.	-	260
MPRC at Azad Kashmir.	-	133
Sindh Disabled Association, in Khairpur.	-	126
Chair to Grace Association, in Skardu(GB)	-	267
Poor Students of Sujawal.	-	285
Govt. Degree Collage Mehmoodabad Karachi.	-	299
SOS Children's Village Quetta.	-	200
Al-Umeed Rehabilitation Association at Karachi.	-	200
Karachi Independent Living Centre.	-	150
Nargis Khatoon Hearing Impairment School Skardu.	-	115
Shigar & Skardu.	-	500
Patient Care karachi.	-	300
Al-Qadir Model School Lyari.	-	312
Int-Grammar School.Karachi.	-	305
Poor Students Baluchistan Schools..	-	250
Poor Dialysis Patients at Pak Kidney Int ISLD	-	500
Begum Noor M-Hospital,Chakwal.	-	476
NICH by SADA Welfare Foundation	-	475
Medical Aid Foundation (Cancer Division).	-	300
<b>Balance carried forward</b>	<b>-</b>	<b>36,387</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016	2015
	(Rupees in '000)	
<b>Balance brought forward</b>	-	36,387
Model Welfare Medical Center Malir.	-	100
Al-Mustafa Trust Chakwal Rawalpindi.	-	100
Shaukat Khanum Memorial Cancer Hospital Peshawar.	-	500
Gulab Devi Charity Hospital Lahore.	-	450
National Institute of Cardio Vascular Karachi.	-	400
Poor Patients Treatment Pakistan Kidney Institute Islamabad	-	450
British Women Association Chairty Bazar.	-	100
College for Disabilities Person at Pindi.	-	500
Deprived student Education Expenses.	-	242
Deprived student Education Expenses.	-	209
DEWA Trust.	-	400
suburban area by TCF.	-	400
Earth quick victim in KPK.	-	2,300
Kaus-e-Kazah in (Rwlpd & Jhang).	-	500
Firdous Ittehad Social Welfare Orgaiz Karachi	38	140
Patient Welfare Dept at Awn-e-Tijarat-o-Sanat Hospital Trust Karachi.	100	200
Adoption of 05 Children at Ida Rieu Walfare Association for Blind.Karachi	120	-
Scholarship of 15 Children for one year by Education fund for Sindh(EFS).	126	-
NBP Scholarship Program,252 Children at High School Pazza, Distt,Kohlu Baluchistan	126	-
50 Sewing Machines,Hafizaan Bibi Training Center Bilal Ganj, Sheikhpura Punjab.	127	-
Bed of Life at Fatima kidney Care Hospital Karachi.	141	-
Ghurki Trust Teaching Hospital Jallo Morr, Lahore.	150	-
Uniform & Shose for students at ABB Gulshan-e-Iqbal,Karachi	150	-
10 Student at Minerva Education System, Karachi.	180	-
Prevention of Blindness Trust.	183	-
S-Machine to Women Residing in Adara-e-Behbood-e-Umat Rasida Old Age Home Quetta,	187	-
Patients Treatment at The Indus Hospital, Karachi.	200	-
Cancer Care Hospital & Research Centre, Lahore.	200	-
Support a child Program by Sp-Children School(PNAD) Mauripur	202	-
Wheel Chairs & Stretchers at Abbas Institute of Medical Sciences AJK.	239	-
NBP Women V- Training Programe by Kaus-e-Kazah Bhakkar.	250	-
NBP Women V- Training Programe by Kaus-e-Kazah Abbottabad.	250	-
Vocation Training + 20 Sewing Machine in Distt Multan By Kaus-e-Kazah.	250	-
Thar Relief Appeal 2016 "Installation of Hands Pumps" Tharparkar.	260	-
Vocation Training in Collaboration with Fatima Ali Joo Welfare Foundation (FAWF).	271	-
10 Fowler Bed/Incubator to Hazrat Abbas Hospital at Skardu.	272	-
Child Aid Association at National Institute of Child Health Karachi.	300	-
Blood Bank run by Sada Welfare Foundation at (NICH) Karachi.	300	-
Department of Special Education Govt. College of Home Economics Lahore.	300	-
The Kidney Center Institute Islamabad.	300	-
Equipment for Patients Welfare Society MAYO Hospital,Lahore.	300	-
Sundas Foundation, Lahore	350	-
05 Student Scholarship to Deaf Reach School by Family Education Services Foundation.	360	-
01 Class Education-Expences,One Year at Nowshera KPK,The Citizen Foundation	360	-
Treatment Poor Patients by Transparent Hands ,Lahore.	373	-
15 Water Hand Pump in Villages of Sindh by Children Health & Education Welfare Foundation,Karachi	375	-
Infusion Pumps for NICVD at Karachi.	375	-
Equipment Koohi Goth Hospital, Karachi.	375	-
Medical Equipment at Al Mustafa Trust Medical Centre Lahore.	390	-
Govt.Girls Sec-School Gizri Ravians Educational Services Trust.	400	-
Rehabilitation-Street Childrens Program AAS Trust Karachi.	400	-
Afzaal Memorial Thalassemia Foundation Karachi.	400	-
Various Equipment in Association for the Rehabilitation of Physically Disabled, Khyber Pakhtunkhwa.	407	-
Uniform & Shose for Students Studying at AAB,Karachi.	419	-
06 Student Studying at Deaf Reach School .	432	-
<b>Balance carried forward</b>	<b>10,938</b>	<b>43,377</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016	2015
	(Rupees in '000)	
	10,938	43,377
<b>Balance brought forward</b>		
Treatment for Dialysis Patients at Pak Kidney Institute, Islamabad	450	-
Adaptation of MALC Triple Merger Centre at ,Swabi,KPK.	450	-
Equipment-Gulab Devi Chest Hospital,Lahore.	450	-
Medical Equipment-Surriya Khaliq Free Medical Center Sheikhpura Punjab.	470	-
NBP Scholarship Programme for the students of Boys&Girls High School Teh Pazza Balochistan.	479	-
NBP Female Ward in MALC.	495	990
Food for 10 Patients for 11 month Koohi Goth Hospital,Sindh.	495	-
Re-Adaption of Female Ward in Marie Adelaide Leprosy Centre Karachi.	495	-
Jammia Masjid at Distt Kohlu Baluchistan.	500	500
Financial Grant to Widoes of Deceased Police Constable Died During On-Duty.	500	-
Renovation of National Police Bureau Library Islamabad.	500	-
NBP Scholarship at Centre for Development Social Services ,Karachi.	673	-
2nd Inst NBP Scholarship for 17 students-Centre for Devel Social Services Karachi.	673	-
NBP Scholarship Program Sindh Madressatia Islam University.	720	720
Marie Adelaide Leprosy Centre, Karachi	990	-
20 Students Scholarship,through Professional Education Foundation, Karachi	1,200	1,200
NBP Scholarship Program Namal College Mianwali	1,500	1,500
Aman Ambulance to Aman Foundation .	2,000	-
Institute of Business Administration (IBA)	2,100	2,100
Distribution of Ramzan Food Package Packets for Lyari Town,Karachi.	2,276	-
3rd Install 15 non-formal Schools Adopted by NBP in Collab with CCF Lahore	3,150	-
2nd Instal Habib University Foundation to Faculty Development & Research Fund Karachi.	3,330	-
Solorship for 10 students of Sargodhian Spirit Trust Tandoallyar.	3,750	-
3rd & Final Installment-Taaleem Foundation School in Kila Siafullah & Muslim Bagh.	6,000	-
The Aga Khan University Hospital	7,500	7,500
	<b>52,084</b>	<b>57,887</b>