

2016 Annual Report



Collaboration with Innovation



National Bank of Pakistan
نیشنل بینک آف پاکستان

**COLLABORATION
WITH INNOVATION**



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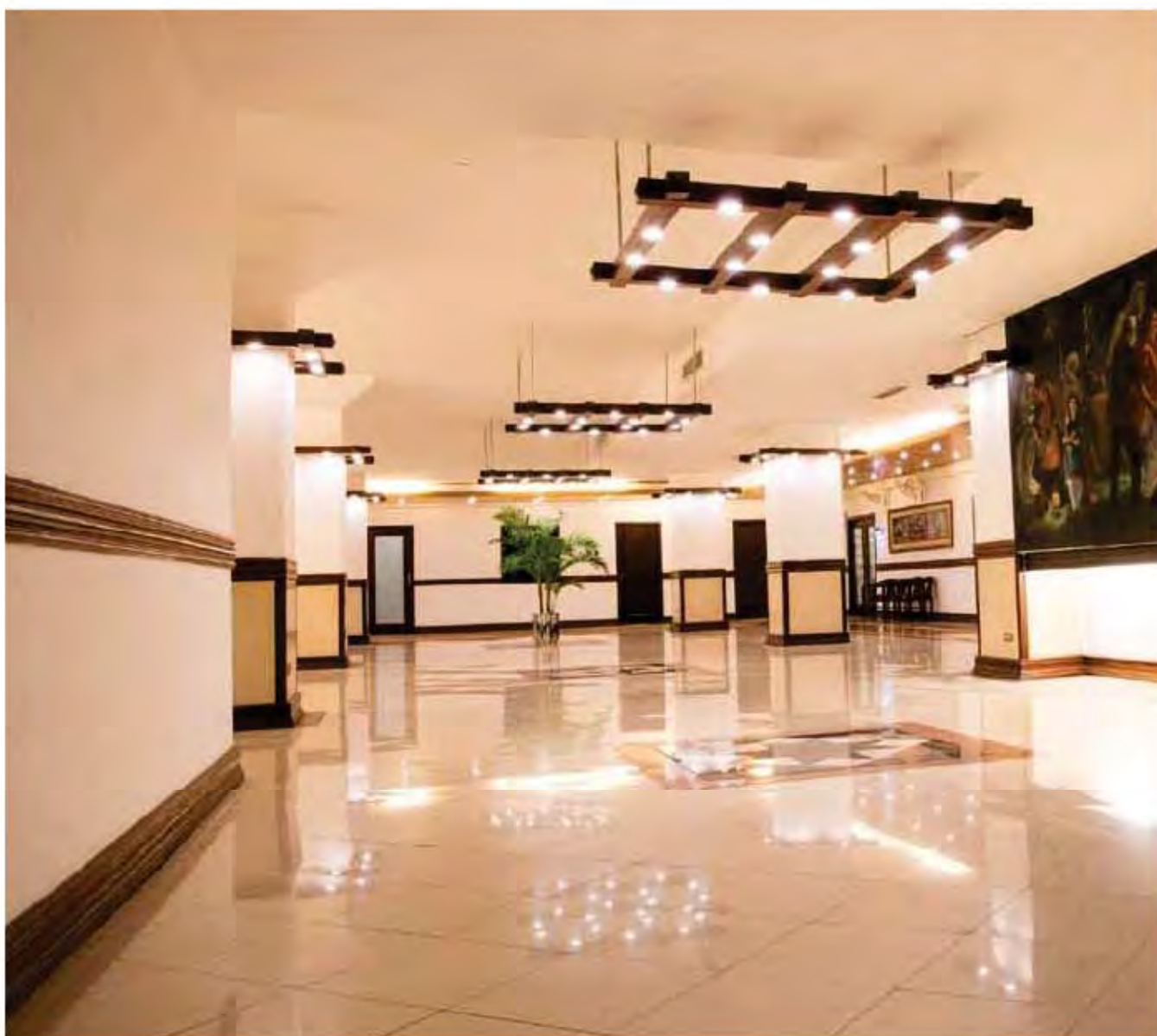
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20 Countries

1448 Domestic Branches



We

are a leading commercial bank, established on November 08, 1949 under the National Bank of Pakistan Ordinance 1949. While we have been entrusted to act as an agent to the State Bank of Pakistan; over the years, we have redefined our role into a modern growth-oriented commercial bank by expanding our business network across continents and by capturing large market share in the debt equity market, corporate investment banking, retail and consumer banking, agriculture financing and treasury services in Pakistan. We have international presence through our branches and subsidiaries in the Far East, Middle East, South Asia, Central Asia, Europe and North America.

Together, with our local and international subsidiaries, we provide commercial banking services including corporate loans, investment advisory, forex, global remittances, underwriting, asset management, agency services, brokerage, leasing, Modaraba and such other banking & financial services. We strive to promote financial inclusion of the unbanked masses in the country, creating equal employment opportunities, identifying & delivering our responsibilities as a good corporate citizen.

21 Foreign Branches

08

Local & International
Subsidiaries & Joint Venture

AAA

Rated 'AAA' by both PACRA
and JCR-VIS



CORPORATE INFORMATION

Board of Directors

Tariq Kirmani	Farrakh Qayyum	Iftikhar A. Allawala
Muhammad Naeem	A. Akbar Sharifzada	Mir Balakh Sher Marri

President (Officiating)

Masood Karim Shalkh

Chief Financial Officer

Aamir Sattar

Company Secretary

S. M. Ali Zamin

Auditors

EY Ford Rhodes
Chartered Accountants

Grant Thornton Anjum Rahman
Chartered Accountants

Registered & Head Office

NBP Building
I.I. Chundrigar Road,
Karachi, Pakistan

Legal Advisors

Mandviwalla & Zafar
Advocates & Legal Consultants

Registrar & Share Registration Office

Central Depository Co. of Pakistan (CDC),
CDC House, 99-B, Block-B, S.M.C.H.S.,
Main Shara-e-Faisal, Karachi, Pakistan
UAN: 111-111-500

Website

www.nbp.com.pk





VISION

To be a leading bank
for partnering in
financial growth
through innovation and
service

MISSION

To be a catalyst for economic
growth, serving the nation through
diversified product offering,
innovation, superior service
quality, universal banking
capabilities, multiple delivery
channels, investment in people
and processes and work
towards sustainable higher
returns for stakeholders



CORE VALUES



People - We will continue to value our people and will reward performance

Integrity - We will not compromise on integrity- zero tolerance for corruption and believe in doing the right thing

Service - Our main focus will be on providing superior service quality through diversification and development

Excellence - We will continue to strive for excellence in all that we do

Respect - We respect our customers' needs, beliefs and values, working towards their benefit

BOARD OF DIRECTORS



Mr. Farrakh Qayyum
Director

Mr. Iftikhar A. Alawala
Director

Mr. Muhammad Naeem
Director

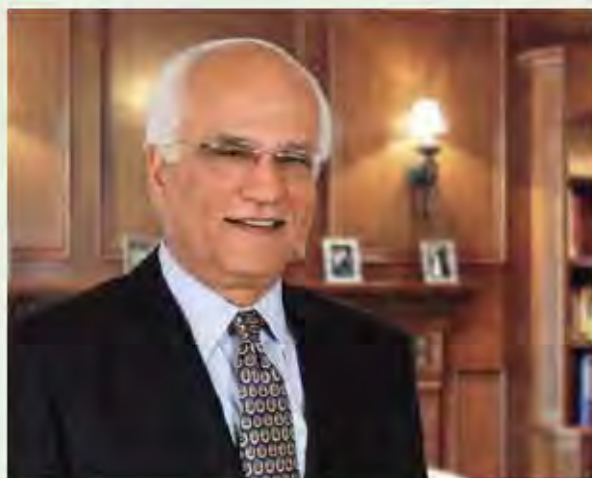
Mr. Masood Karim Shaikh
President (Officiating)



Mr. Tariq Kirmani
Director

Mir Balakh Sher Marri
Director

Mr. A. Akbar Sharifzada
Director



MR. TARIQ KIRMANI

Soon after completing his Master's in Business Administration (MBA), Mr. Tariq Kirmani started his career with a multinational oil company (Caltex - later Chevron Pakistan) in 1969 and worked for 7 years in the United States (US), United Arab Emirates (UAE) and Australia in different senior management positions in marketing, operations and finance. In 1991, Mr. Tariq Kirmani became the first Pakistani to be elected as a Director of the Company.

In April 1999, he joined Pakistan State Oil (PSO) as Deputy Managing Director and went on to become the Managing Director in July 2001. He turned around this public sector organization and converted it into a customer-focused entity, by giving it a new brand image and making it profitable, while aggressively competing with multinational companies like Shell, Chevron and TOTAL.

With PSO's successful turnaround and his 36 years of multifaceted experience in the corporate sector, both domestic and international, the Government of Pakistan (GoP) appointed Mr. Tariq Kirmani as Chairman & CEO, Pakistan International Airlines (PIA) in April 2005. He served PIA for 2 years, during which he introduced customer focus, identified and initiated implementation of programs in three key areas for improvement; (a) Aircraft Fleet Renewal, (b) Employee Rationalization, (c) Systems and Processes through Implementation of IT and Enterprise Resource Planning (ERP).

Mr. Tariq Kirmani has previously served on a number of Boards of multinational and public sector companies which includes Pakistan Refinery Limited (PRL), Pakistan Telecommunications Limited (PTCL), Pakistan Private Infrastructure Board (PPIB) and Board of Governors at LUMS, Lahore.

Currently, he is also serving as the Chairman of UBL Fund Managers, National Academy of Performing Arts (NAPA), Greenstar Social Marketing (GSM) and Punjab Energy Holding Company. He is also serving as Director on the Board of Professional Education Foundation (PEF) and Family Education Services Foundation (FESF). Due to his personal efforts, PSO and PIA became members of the World Economic Forum, Davos, Switzerland and the World Business Council for Sustainable Development, Geneva, Switzerland.



MR. FARRAKH QAYYUM

Mr. Farrakh Qayyum was appointed as Director of National Bank of Pakistan by the Government of Pakistan with effect from 9th September, 2013.

Mr. Farrakh Qayyum retired as Secretary to the Government of Pakistan. He served as Secretary Economic Affairs Division, Finance, Petroleum and Natural Resources, Telecommunications and Information Technology, Privatization and Science & Technology. Mr. Qayyum has extensive experience in policy and strategy formation and implementation, institutional development, economic and financial evaluation, in managing multi-disciplinary teams for financial and development projects, and in working closely with commercial banks and multilateral and bilateral donor agencies. Mr. Qayyum has played an instrumental role in the Government's financial sector and telecommunications sector reforms, and successful privatization of PTCL and some other financial institutions.

Mr. Qayyum holds a Master's Degree in Economics with a major in International Trade and Finance from the University of San Francisco, USA. He has received certifications from the Kennedy School of Government, Harvard University, the Overseas Economic Cooperation Fund and several other prestigious organizations.

He has represented Pakistan as Alternate Governor World Bank and Asian Development Bank in their annual meetings. He also served as Executive Director on the Board of Islamic Development Bank. He also represented the Government on the Boards of Directors of State Bank of Pakistan and PIA. He has also been on the Boards of Directors of Allied Bank Limited, Pak China Investment Company Limited and PAIR Investment Company Limited. He is currently a member of the Economic Advisory Committee, constituted by the Ministry of Finance.

Mr. Qayyum is, presently, the Chief Executive Officer of GEI Pakistan Pvt. Ltd., a subsidiary of Global Energy Holdings Group, focused on delivering affordable and clean energy, water and power solutions to developing countries.



MR. IFTIKHAR A. ALLAWALA

Mr. Iftikhar A. Allawala has over 40 years' experience in Management & Finance. After qualifying for an MBA (Master's of Business Administration) from IBA Karachi, he joined Citibank Pakistan. Within less than three years' of association with Citibank, he was promoted to Country Manager (Operations).

Later, he joined Speciality Printers Pvt. Ltd. Karachi (manufacturers of specialized flexible packaging materials) as a Director. Mr. Allawala has also served as Non-Executive Director on the Boards of various entities including:

- Director, United Bank Ltd.
- Chairman, Audit Committee - UBL.
- Member, Board of Governors - IBA.
- Member, Audit & Finance Committee - IBA.
- Chairman, The Sri Lanka - Pakistan Business Council.
- Director, State Bank of Pakistan (SBP).
- Member, Monetary Policy Committee - SBP.



MR. MUHAMMAD NAEEM

Mr. Muhammad Naeem is a Chartered Accountant by profession. He got his college education from F.C. College and Hailey College of Commerce in Lahore. He did his MBA from IBA, Karachi in 1964. He became a Chartered Accountant in 1967 after serving his Articleship with A.F. Ferguson & Co, in Karachi. He qualified as a CPA from the State of California (USA).

He has been an Executive Committee member and President of the Lahore Tax Bar Association. He has been a Council member and Vice President of the Institute of Chartered Accountants of Pakistan.

He has served as Executive Committee member and Vice President of Lahore Chamber of Commerce & Industry. He has also served as Honorary Treasurer of the Pakistan Cricket Board.

He is also Director on the Board of Pakistan Stock Exchange and National Refinery Limited.



MR. A. AKBAR SHARIFZADA

Mr. A. Akbar Sharifzada was nominated as Director on the Board of National Bank of Pakistan by the Government of Pakistan on November 17, 2015. He has a 27 years Civil Service career in the Government of Pakistan and has remained posted in different ministries, gaining wide-ranging policy making and administrative experience. Presently he is an Additional Finance Secretary in the Ministry of Finance, Islamabad. He holds Master's degrees in English Literature and Economics. He also attended a number of courses / workshops / seminars within the country and abroad.

Mr. Sharifzada has been Director on the Board of Pakistan Security Printing Corporation, PAIR Investment Company Limited, House Building Finance Corporation and Allied Bank Limited.



MIR BALAKH SHER MARRI

Mir Balakh Sher Marri comes from the noble Marri family of District Kohlu, Balochistan. The brave family is well known for their meritorious services rendered for the uplift and well-being of the downtrodden masses in the locality, as well as the overall good of the country in general and the Balochistan province in particular. Mr. Balakh Sher belongs to the prestigious Marri tribe of Pakistan and is the Chief of the renowned Pawdi Marri tribe.

Mir Balakh Sher Marri is presently Financial Advisor to M/s Bolan Security (Pvt.) Ltd; M/s Surveillance Security Solutions and M/s Index Pakistan (Pvt.) Ltd. He is also Technical Advisor to M/s SFM Hasni Traders & Industries (Pvt.) Ltd. Pakistan.

Mr. Marri's schooling was from Aitchison College, Lahore. He is a law graduate and also holds a Master's Degree from University of Balochistan. He was a Minister and held the portfolio of Local Government, Rural Development and Women Development, Government of Balochistan from 1996-1997. He also attended Corporate Governance Leadership Skill Program and Finance for Non-finance Directors and Senior Management Program from PICG.

SENIOR MANAGEMENT

Masood Karim Shaikh

President (Officiating)

Nausherwan Adil

SEVP & Group Chief
Operations Group

Tariq Jamali

SEVP & Group Chief
Assets Recovery Group

Aamir Sattar

SEVP & Chief Financial Officer

Zahid Mahmood Chaudhry

SEVP & Group Chief
Human Resources Management Group

Risha Ameen Mohyeddin

SEVP & Group Chief
Treasury & Capital Markets Group

Syed Jamal Baquar

SEVP & Group Chief
Corporate Banking Group

Abdul Wahid Sethi

SEVP & Group Chief
Audit & Inspection Group

S. H. Irtiza Kazmi

EVP & Head,
Global Home Remittance
Management Group

Ovais Asad Khan

EVP & Head
Strategic Marketing Division

S.M. Ali Zamin

EVP & Company Secretary

Wajahat A. Baqai

SEVP & Head
Credit Management Group

Sultana Naheed

SEVP & Group Chief
Risk Management Group

Mudassir H. Khan

SEVP & Group Chief
Commercial Retail Banking Group

Muhammad Faraz Haider

SEVP & Group Chief
Compliance Group

Shahid Saeed

SEVP & Chief Information Officer

Rehmat Ali Hasnie

SEVP & Group Chief
Investment Banking Group

Khawaja M. Aminul Azam

EVP & Head
Islamic Banking Group

Shahid Iqbal Dar

EVP & Head
Logistics Support Group

Aamir Zareef Khan

EVP & Head
Legal Division

Mirza Babur Baig

EVP & PSO to the President

SHARIAH BOARD PROFILE

Mufti Ehsan Waquar Ahmad is the Chairman, Shariah Board at NBP-Aitemaad, and is among the few scholars who possess a unique combination of religious and contemporary education. He graduated as a Mufti, achieving Master's in Traditional Islamic Studies and specializing in Islamic Jurisprudence from Pakistan's renowned Islamic School, Jamia-tur-Rasheed. Later he accomplished Master's in Economics from KU and Master's in Business Administration with majors in Finance from IoBM. This unique blend of educational combination gives him an edge to understand, correlate and align modern day banking practices with Shariah principles. Besides this, he is also Chairman Shariah Board at Allied Bank Limited and Soneri Bank Limited. He is also serving as Shariah Advisor / Member Shariah Board at NAFA, NBP Modaraba, AGICO, KSE and KPCCI Peshawar. Prior to this, he has served Islamic Financial Industry with institutions like ESSAC, Emirates Global Islamic Bank now Albaraka Bank Pakistan, UBL and Yasaar Ltd., UAE & UK.

Mufti Ehsan is also a member of the Technical Committee for Developing Accounting & Auditing Standard for Islamic Financial Institution at Institute of Chartered Accountants of Pakistan (ICAP). He has actively worked with SBP and was nominated to several sub-committees formed by the SBP Shariah Board for Islamic Banking matters in Pakistan. Mufti Ehsan conducts courses of Classical Jurisprudence, Islamic Finance and Risk Management at Traditional Islamic Universities (Jamia-tur-Rasheed) and Modern Business Schools (IoBM). He frequently contributes in different international and local periodicals and appears as an industry expert on local TV channels.

Dr. Mufti Khalil Aazami is the Shariah Board Member at NBP-Aitemaad, Dr. Aazami graduated from Jamia Darul Uloom, Karachi. He obtained Shahadat-ul-Aalamia (Masters in Arabic and Islamic Studies) and Al-Takhas-us-fi-a-Hftaa' (Specialisation in Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom, Karachi and holds a Doctorate degree in 'Islamic Jurisprudence' from Karachi University.

He has also served as an Advisor/Shari'ah Board Member in different financial institutions including Bank-Alfalah, Takaful Pakistan Limited (2005-2014) and Alfalah GHP Islamic Fund (2007-2014).

Dr. Aazami has 18 years of research experience related to Islamic Finance and other Shari'ah related subjects. He is an author of numerous publications. He is also an experienced lecturer and trainer in the field of Islamic Finance, Economics, Fiqh, Islamic Financial Laws and General Islamic Science. He is involved as Faculty member, — Jamia Darul Uloom, Karachi since 1999 and has been associated with the Centre For Islamic Economics, Karachi, National Institute of Banking and Finance — SBP and Sheikh Zaid Islamic Research Centre — University of Karachi.

Mufti Muhammad Imran is resident of Shariah Board Member of NBP. He is working with NBP since May 2016, is a qualified Shariah Scholar and experienced Islamic banker with knowledge of Islamic banking & finance. His educational qualification include Takhas-us-fi-Fiqh, MIBF & PGD (Islamic Banking & Finance) and M.A (Islamic Studies) and has been associated with different research, fatwa and educational institutions since 2003 and he has over 6 years of banking, Islamic Banking Trainings, Shariah Compliance, review & product development experience.

NBP Aitemaad Islamic Banking

10
YEARS

CELEBRATING 10 YEARS OF THE NATION'S AITEMAAD

NBP-Aitemaad introduced excellence in Islamic banking a decade ago. As we celebrate the trust you have put in us, we extend our sincerest gratitude to all our valued customers for taking us to the top.

DISTINCT FEATURES OF NBP-AITEMAAD

Free Online Banking | Shariah Helpline for customer facilitation
Network of branches in more than 65 cities across Pakistan



THROUGH THE YEAR 2016



World's Highest ATM

Following the CPEC route, NBP reaches new heights of excellence with the world's highest ATM running on green energy at Khunjerab Pass.



Making a History to Ourselves

We recorded a PKR 22.75 billion after-tax profit; Highest ever in history of the Bank.

Reduction in NPL

We achieved a PKR 7.8 billion reduction in NPL.



Leading the Biggest Ever Transaction

Lead PKR 100bn landmark syndicate Sukuk financing for Neelum Jhelum Hydropower Project with NBP financing being 35%.

The fund is Pakistan's biggest for a public sector entity.

Islamic Banking

Our Islamic Banking Network now stands increased to 118 branches with 260% YoY growth in Assets, taking the total to PKR 36 billion.



Trade Finance Processing Centre

Established a Trade Factory to provide smooth one-window solution to our customers in executing their trade finance transactions.



Partnering Financial Growth

PMYBL loans increased to more than 17,000 individuals.



Innovation & Renovation

We opened 45 new branches, taking the total to 1,448. Large number of Branches were renovated during the year.

We installed 300 solar powered ATMs, issued 360 thousand new ATM cards & introduced Prepaid Card



Financial Inclusion

Disbursed finance to more than 700,000 individuals under various G2P schemes.



Shareholders' Value

Shareholders' Value increased through dividend pay-out of PKR 16 billion, and 27.3% growth in share valuation.

OUR BUSINESS, OBJECTIVES & STRATEGY

Our Business

Together, with our local and foreign subsidiaries, we provide commercial banking services including loans to all types of borrowers, asset management, leasing, forex, Modarabah, global remittances, underwriting, broking, agency, investment advisory and such other services.

Key streams of our income include net mark-up income generated through commercial loans under both conventional and Islamic mode of financing. This is the residue from the mark-up income generated through lending to individual, commercial and corporate borrowers and the cost we bear on the deposits placed by the customers, borrowings and other debt obligations. We earn non mark-up income by way of fees for the financial services and other products we provide to our customers as well as the income generated through investment, dividend income, gains on equity investment, income through dealing in foreign exchange, government securities, etc. We also earn through strategic investment in other entities as well as investment in subsidiaries and associates.

We function in a highly competitive and regulated, but one of the most promising market environment that offers significant growth opportunities. By virtue of our strong branding, capital adequacy and other strengths, our aim is to capitalise the market opportunities for sustainable maximisation of shareholders value.

Our Core Objectives & Strategy

- Our strategy revolves around our ultimate target of becoming a leading bank in partnering financial growth through innovation and service
- With a premium share of financial market, NBP is better placed to strengthen its leading position as a provider of comprehensive and sustainable avenues to its customers to meet their rising credit & non-credit financial requirements
- The bank will continue to focus on all dimensions of its core business and expand into other value-adding related business segments particularly the non-fund based financial services
- The bank's ambitious programme of expanding its market footprint shall continue both in domestic as well as international markets
- Adapting with the alternative delivery channels and using innovative technologies for fast track growth, new products and services shall be added regularly to our product universe. This will play an important role in making the bank the preferred partner for large corporates as well as retail customers
- The bank shall remain dedicated towards promoting financial inclusion of unbanked masses in the country through all available strategic avenues, with particular focus on partnership opportunities in government initiated businesses

- The bank places greater emphasis on investing in people to build an efficient work force which is vital for a sustainable growth. The bank will continue to focus on its people through training & development by providing excellent work place environment, equal growth opportunities and market competitive remuneration & reward mechanism
- The bank, as a caring corporate citizen, shall continue to promote social development of the communities where it operates. The bank shall continue its endeavours by extending financial and in-kind contribution towards improving health, education, sports and environment across the country
- The bank shall remain committed to improve business returns, attain sustainable growth with a focus on integrated value creation, adding innovative solutions and ensuring quality & integrity as an integral part of its operations

Our Footprint

We have an unparalleled and one of the largest branch network amongst Pakistani banks and operating all around the country including the most remote areas where no other bank operates. We are expanding our network of both conventional and Islamic banking branches. The recent rise of urbanisation and middle class, rapid technological shift and increasing local & global business connectivity are all driving our footprint growth. Our business operations are based on a geographically diversified, composite, integrated & cohesive structure whereby the banking and non-banking financial & related services are typically provided by the Bank through its domestic and international branches, subsidiaries and associates.

Banking Business	Non-Banking Financial Services
• Pakistan • South Asia & Far East • Middle East • Central Asia • North America	• Leasing • Modaraba • Foreign Exchange • Asset Management

Our strategy; strong capital base, brand synonymous and market outreach in both domestic and international market enable us to benefit from the emerging business & growth opportunities as we focus on providing unmatched business facilities to our customers. We are circumspect and realistic about the market challenges, and appreciate that a proactive strategy will execute our strategic plans as desired thus generating greater value for our shareholders and other stakeholders.

Our Aspirations

Our aspirations come from our extensive market outreach, strong capital base, optimally diversified and strong balance sheet, customer loyalty and an ambitious team. We significantly share government/public sector business, by providing platform for lending programs in rural areas. We are the only bank rated 'AAA' by both the recognised credit rating agencies in Pakistan. We aim to be the best and most innovative bank in Pakistan meeting all business needs of all segments of economy and rapidly growing SME sectors, Islamic banking, global home remittances and cash management.

Our Priorities

We are confident of our aspirations and solid foundations, which will steer us through the challenges faced by the banking industry and we will efficiently achieve our core objectives and priorities. As the bank is moving forward through restoring its fundamental strengths, we have defined interconnected and mutually composite strategies for the years ahead. Our priorities are synchronised with our strategy for capitalising other opportunities offered by the market, and set a solid path for us to deliver our strategy towards capitalising the value addition opportunities offered by the market.

The Way Forward

Based on our strengths and ambitions, we have recently devised a strategic plan which is set to drive the bank to become more focused and technologically advanced organisation with more integrated & synergetic business processes.

1 Business Processing

- Transform organizational culture for professional attitude, behaviour and values
- Re-engineer business processes with new products and services
- Capture greater market share in financing, trade business, remittances and cash management business
- Improve service quality & distribution channels

2 Strengthen the Fundamentals

- Improve loan book quality to prevent Non-Performing Loans (NPL)
- Improve risk management function for effective risk identification and prevention
- Rehabilitation & recovery of existing NPL
- Better expense management controls
- Strengthen the internal controls

3 Invest & Innovate

- Modernise HR system and policies in line with best market practices
- Market penetration & capitalising on cross-sell potential
- New product & market development and/or modification of existing products
- Revamp of Islamic & International banking
- Image building through effective promotion and focused advertising



Trade Finance Processing Centre - South

Our Product Universe

We proactively identify our customers and their banking requirements, which are broadly categorised into four basic categories. Our diversified and comprehensive products and services package caters all credit and non-credit financial requirements across the customer and client spectrum. Individuals can benefit from a large array of our products i.e safe place to deposit their savings, government employees can obtain financing against their salary, can obtain mortgage finance as a first step towards building a home or can benefit from our home remittance service to receive cross-border funds from their family members abroad. For businesses, NBP is all there to help entrepreneurs launch a start-up, fund their balance sheet growth, manage payments timely & securely, expand internationally, manage financial risks effectively, and deal with thousands of business counterparts globally through our branches and representative offices.

	Individuals	SME	Corporates	Financial Institutions
Deposits, Cash Management	Current and Saving Deposits			
		Access to global trade and exchange markets		
	Global Home Remittance			
	Bancassurance			
	Locker & Safe Deposits			
Finance for Personal needs and Business Growth	Housing Finance	SME Financing		
	Agri. Loans	Commercial Business Loans		
	Advance Salary	Working Capital and Project Finance		
	Gold Loans	Trade Finance		
			Capital markets	
			Syndicate finance and capital advisory	
		Forex trade, Fixed income, Exchange rate hedging, Foreign bill discounting.		
Financial and Business Support	Finance under G2P and P2G		Merger & Acquisitions, Balance Sheet Restructuring	

Value Creation

Our product universe generates value for the shareholders and a broad range of other stakeholders:

Solution for Customers	Value for our People	For Shareholders	Value for Society
- Retail products - Transaction Banking - Corporate Finance - Financial Markets & Advisory	- Job Satisfaction - Remuneration - Retirement Benefits	- Income - Profits - Dividend - Capital Gains	- Job Creation - Support & Donations - Partnering economic upbringing



Our Operating Structure

The bank has developed a diversified and a customer focused delivery system to provide financial services to individuals, small & medium enterprises as well as large corporate and public sector clients. We have organised a dedicated business function for each type of clientele. Our various centralised functions at Head Office level provide support to the business groups in smooth execution of their business activities. Our Head Office control functions provide a supervisory and governance role through policy making and monitoring.



The business functions are primarily responsible for making business plans & strategies for their respective business domain and ensuring that it is coherent with the overall business strategy of the Bank. Each group defines and delivers the customer proposition and is accountable for end-to-end customer processes and products.

Support and control functions define strategy to support the business functions in achieving their business goals. The control functions extend their expertise in developing policy framework that sets route for the business groups.

Our Code of Conduct

Our Code of Conduct sets the minimum standards that we unconditionally commit to our Bank so as to create an environment desired for achieving our strategic goals. Key pillars of Code of Conduct are as follows:

Honesty & Integrity	Compliance with the Law	Respect For All	Confidentiality	Managing Conflict of Interest	Respect the Organisation
All our decision and actions shall continue to be, and seem to be, driven by the utmost level of honesty, integrity and fairness by executing right things in a right way.	We shall always continue to comply in letter & spirit with laws, rules & regulations of Pakistan and the countries where we have established our business.	We shall always extend maximum respect, kindness and fairness to all our customers, colleagues, applicants for employment, vendors and counterparties.	We shall continue to appreciate and honour the trust bestowed upon us by our customers and counterparts in regard to their personal and business information that we possess.	The sole trigger of all our decisions and actions shall be to contribute towards success of the bank, enhance its reputation and to foster its client relationship.	We respect our Organisation through adherence to its Bye-Laws, rules, policies and procedures; and by remaining committed to safeguard Assets, Reputation and Relations of the Bank.
We shall always be committed to maintain an environment that leads to achieve the highest desired level of honesty & integrity.	Our adherence to the laws shall always be evident in all our operations, transactions and activities wherever those take place.	We shall not allow or tolerate any discrimination among our stakeholders, both within and outside the organisation.	We all sign a 'Declaration of Confidentiality' to act as a trustworthy holder of information and to use it only for intended business purposes.	We manage our personal, financial and business affairs in a manner that ensures avoidance, or even appearance, of any conflict of interest.	We acknowledge our responsibility as a 'Whistle Blower' to safeguard interest of our Stakeholders by avoiding things taking place in a wrong direction.

Customer Service Quality

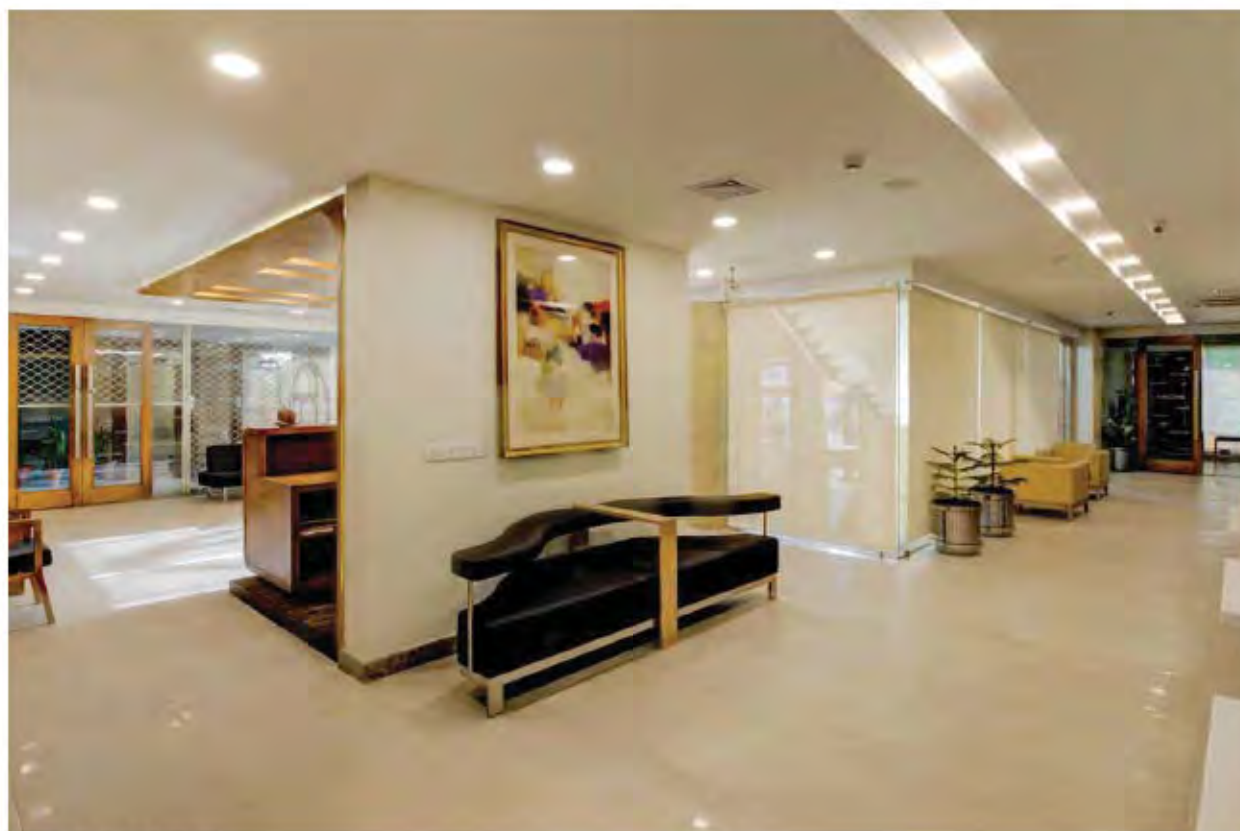
Our market share, financial results and the acclaim we receive at local and international forums are reminiscent of the continuous resolve & success towards transformation. However, in the fiercely competitive market, we are striving to develop a customer-driven Sales & Service Culture. Our Board is also keen in observing a visible change in Service Quality Standards at NBP. A separate function of Service Quality at NBP has been introduced with the sole aim & objective to reinvigorate the sales & service culture and change-over from customer satisfaction to Customer Delight.

Our team, with its vast experience of Service Quality in the financial services industry, has strategized various initiatives to be implemented at NBP in phases to ensure smooth transition towards Customer Delight. Our plans to achieve Customer Delight include employee training, improving business processes and workplace environment, and placement of service quality officers.

Investor Relations

Maximising shareholders' value is on top of our mission. We aspire to further strengthen our corporate image and instil investors' confidence in NBP by implementing business-like approach for the communication of material financial information to the shareholders and other stakeholders. We are determined to resolve our shareholders' concerns, and to discharge our obligation of providing material information about the financial position & performance of the Bank, its subsidiaries, joint venture and associates within statutory timelines.

Through this function the Bank strives to minimise investment risks, providing an effective avenue to express and resolve concerns of the stakeholders for developing a sustainable relationship.



Corporate Branch Islamabad

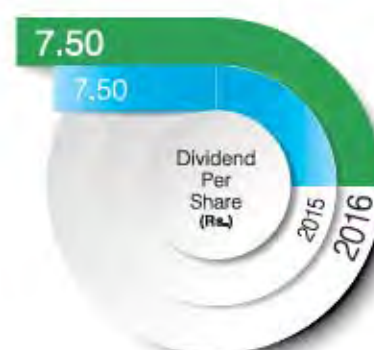
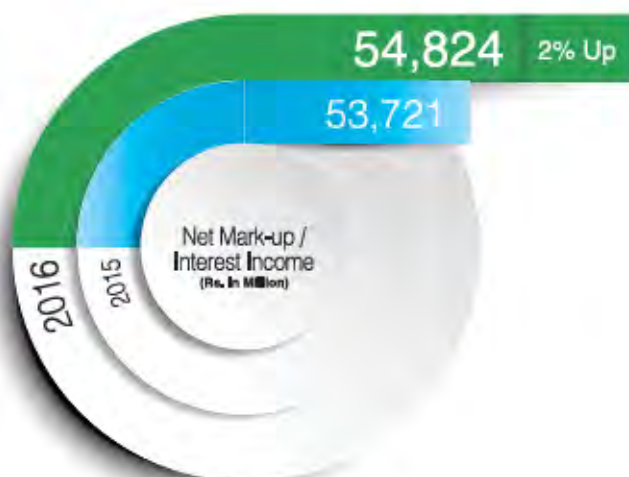
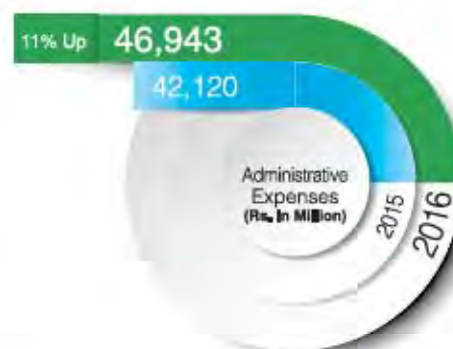
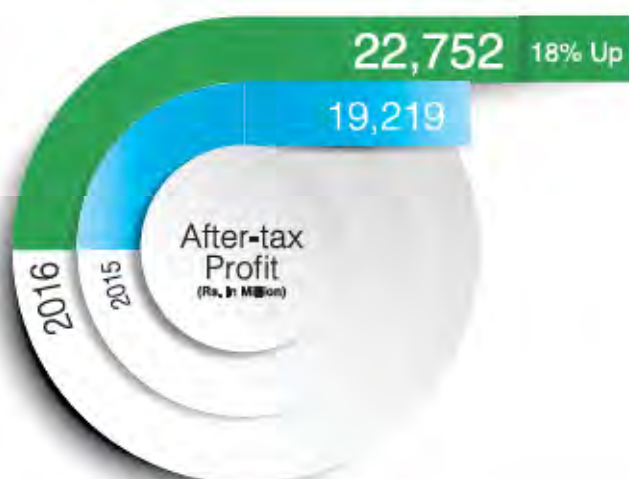
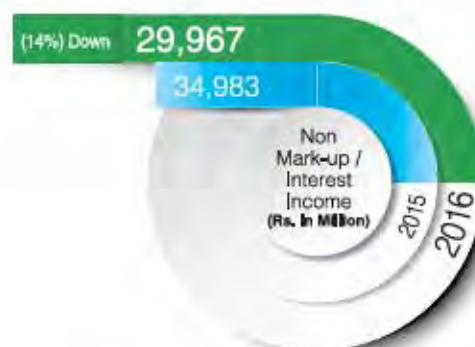
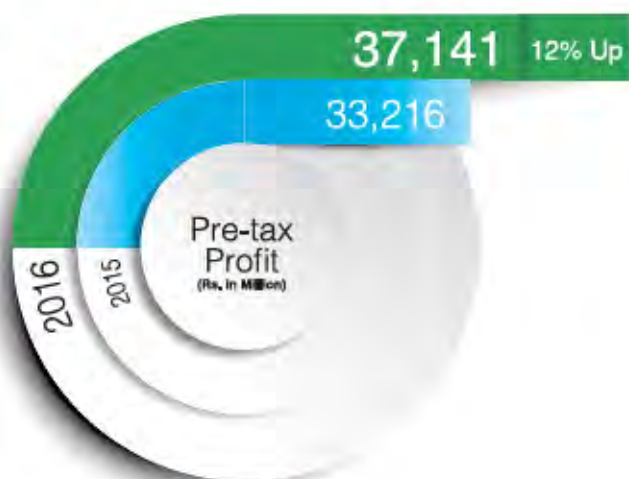
HIGHEST PROFIT EVER



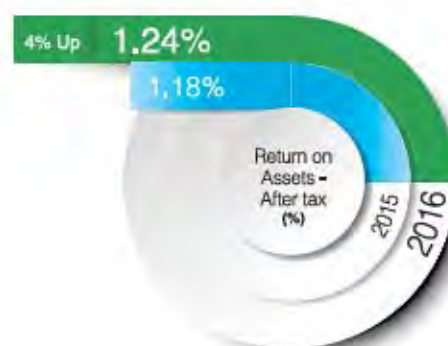
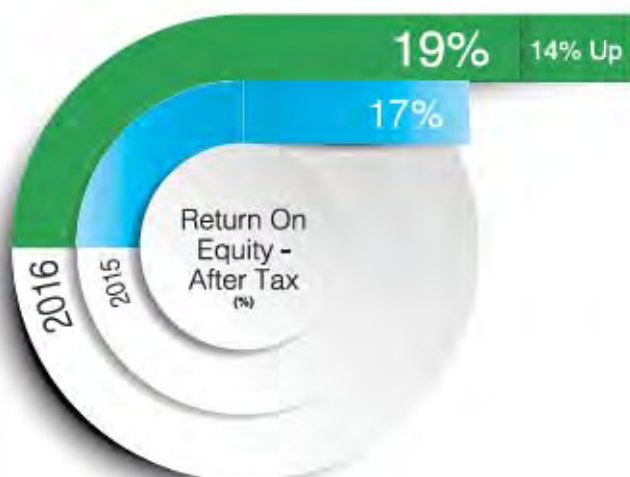
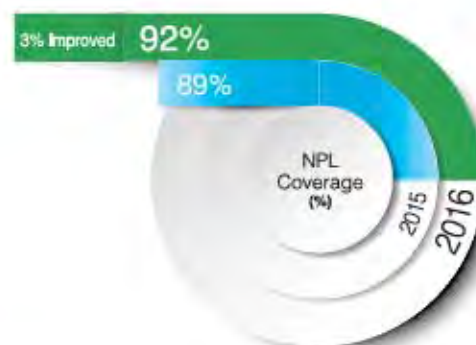
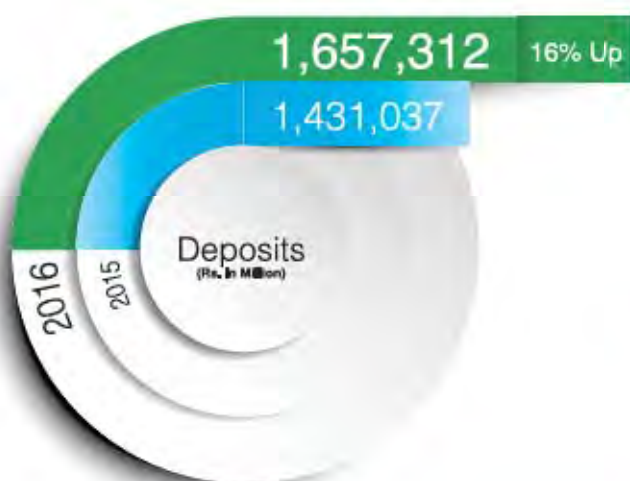
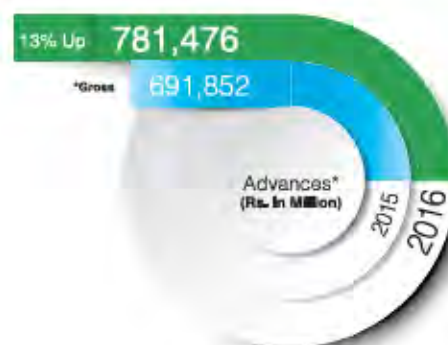
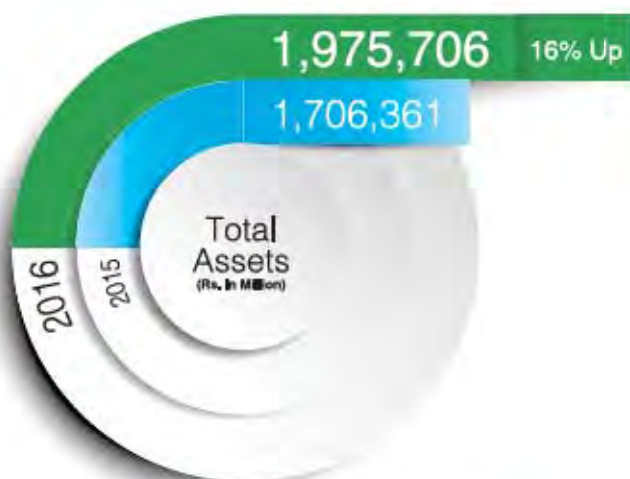


FINANCIAL HIGHLIGHTS

STRATEGIES TRANSLATING INTO NUMBERS

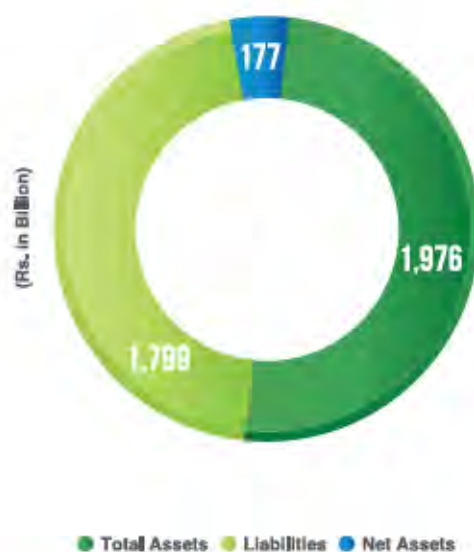


STRATEGIES TRANSLATING INTO NUMBERS

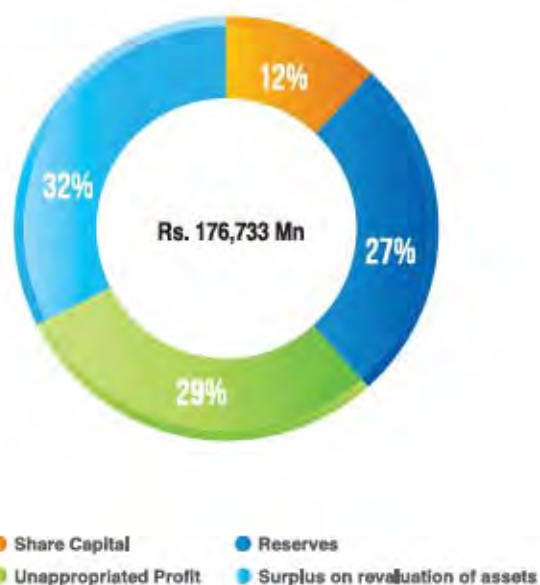


FINANCIAL POSITION & PERFORMANCE 2016 - GRAPHICAL VIEW

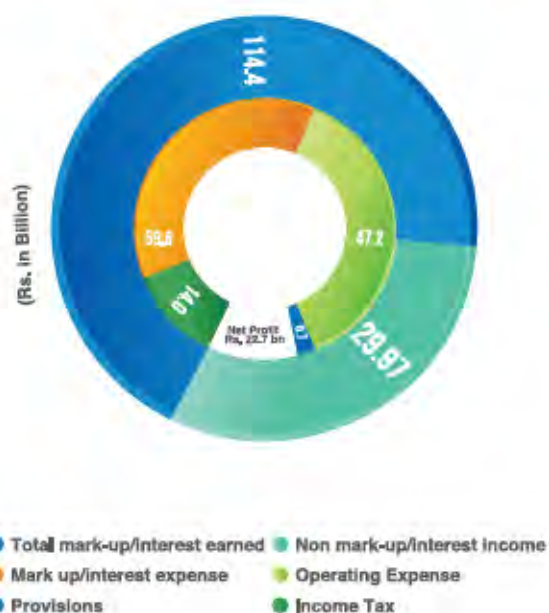
Balance Sheet Structure



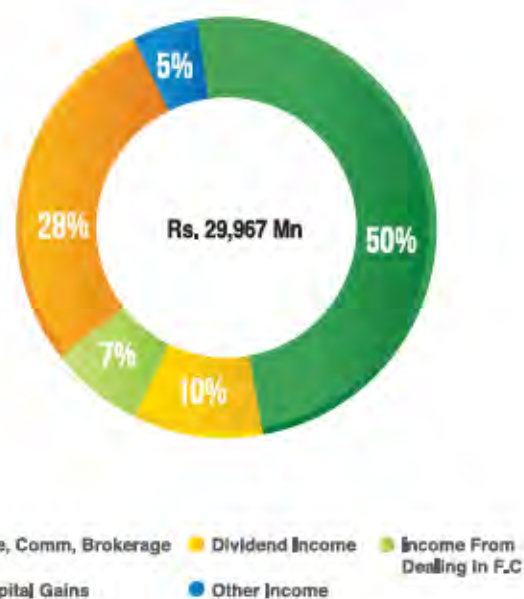
Net Assets Represented by



Income & Expenses

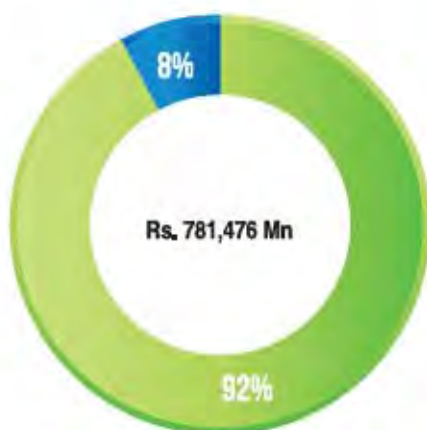


Non mark-up/Interest Income



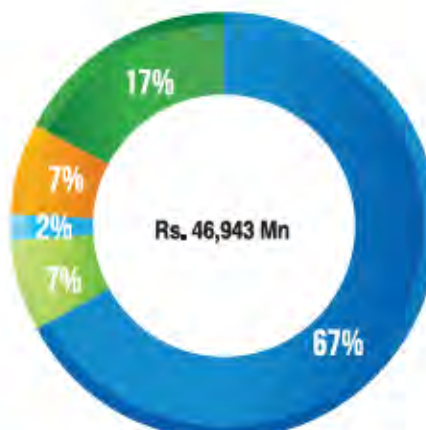
FINANCIAL POSITION & PERFORMANCE 2016 - GRAPHICAL VIEW

Gross Advances: by Region



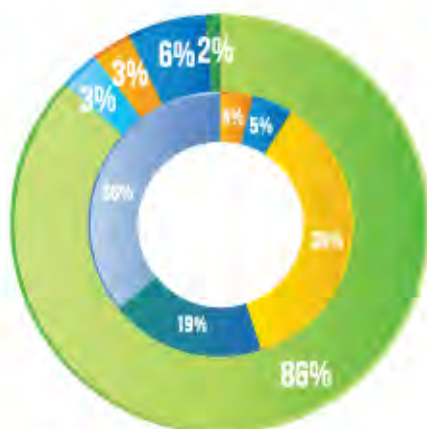
● In Pakistan ● Outside Pakistan

Administrative Expenses



● Staff Cost ● Rent, Taxes & Utilities
● Repair & Maintenance ● Security & Outsourced
● Others

Investment: by category



● Federal Government Securities ● Fully Paid up Ordinary Shares & Mutual Funds
● Foreign Government Securities ● Debt Securities
● Others represented by
● Foreign Currency Debt Securities ● Preference Shares
● Investments in Associates ● Investments in Joint Ventures
● Investments in Subsidiaries

Deposit: by category

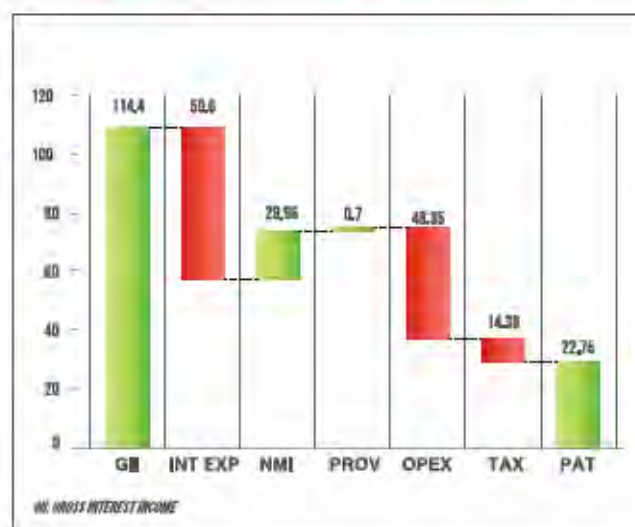


● Fixed Deposit ● Saving Deposit ● Current-Remunerative & Non Remunerative

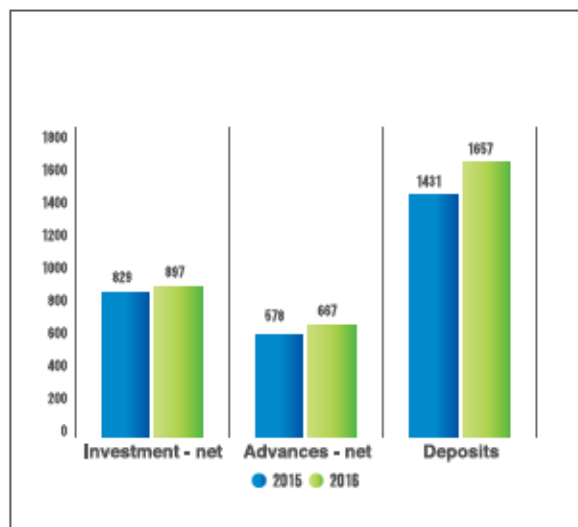
FINANCIAL HIGHLIGHTS

	Rs. in million					
	2011	2012	2013	2014	2015	2016
Total Assets	1,149,578	1,309,528	1,364,926	1,543,054	1,706,361	1,975,706
Deposits	927,421	1,036,739	1,101,139	1,233,525	1,431,036	1,657,312
Advances - net	525,046	654,690	615,420	626,704	578,122	667,389
Investment - net	319,531	343,538	397,959	561,764	829,246	897,131
Capital & Reserves	126,934	139,981	156,287	178,329	168,351	176,733
Capital Adequacy Ratios	16.10%	15.50%	15.24%	17.39%	17.59%	16.54%
Pre-Tax Profit	26,011	21,378	7,078	22,001	33,216	37,141
After-Tax Profit	17,605	14,941	5,500	15,028	19,219	22,752
Earnings Per Share (Rs.)	8.27	7.02	2.59	7.06	9.03	10.69
Break up Value per Share (Rs.)	62	66	73	84	79	83
Number of Branches	1300	1306	1365	1377	1424	1469
Number of Employees	16,924	16,921	16,619	16,190	15,548	15,793

Financial Performance (Rs. in Billion)

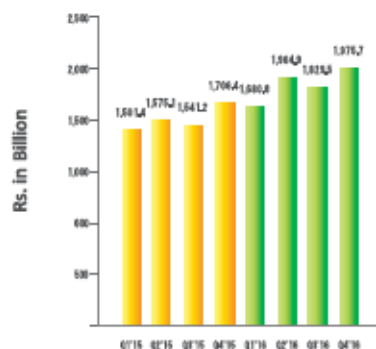


Key Balance Sheet Items (Rs. in Billion)

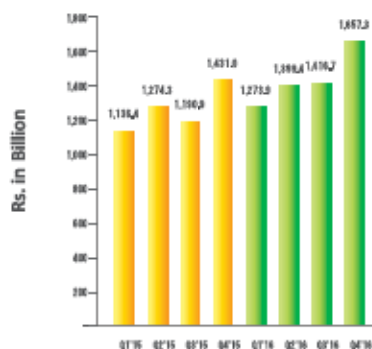


A GLIMPSE OF QUARTERLY POSITION & PERFORMANCE

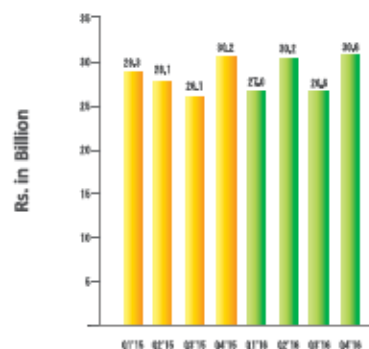
Assets



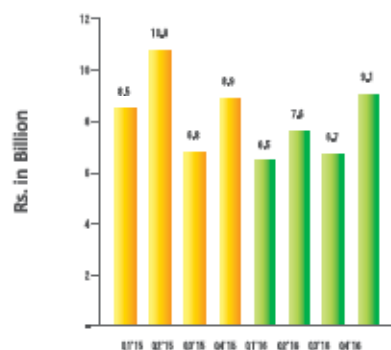
Deposits



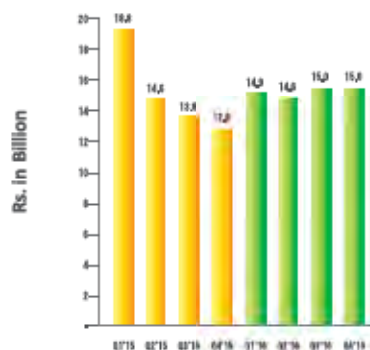
Mark-up / return / interest earned



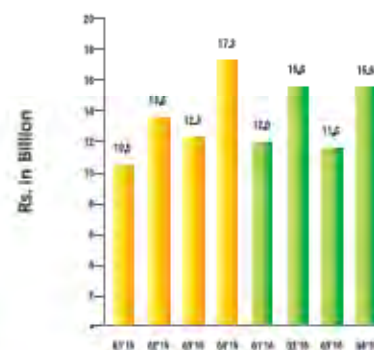
Non interest / mark-up income



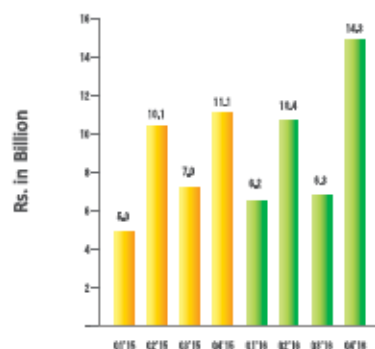
Mark-up / return / interest expensed



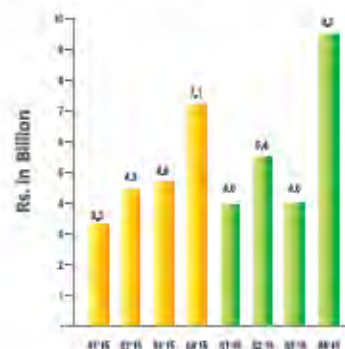
Net interest revenue



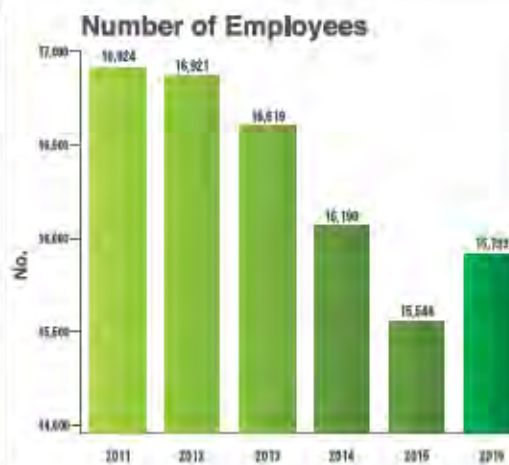
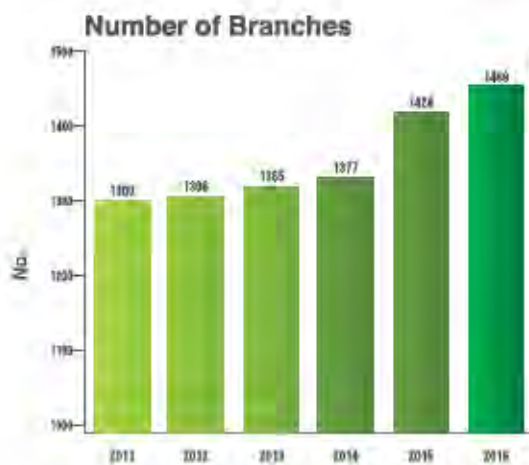
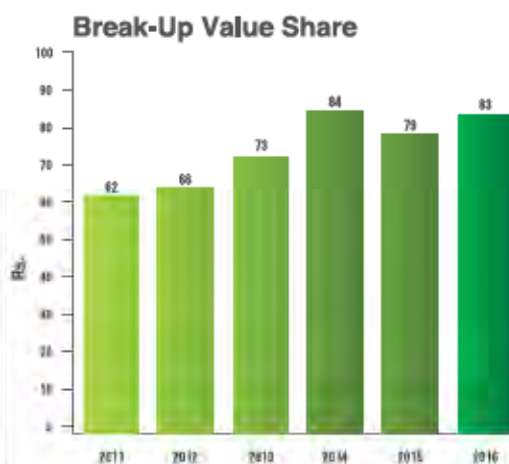
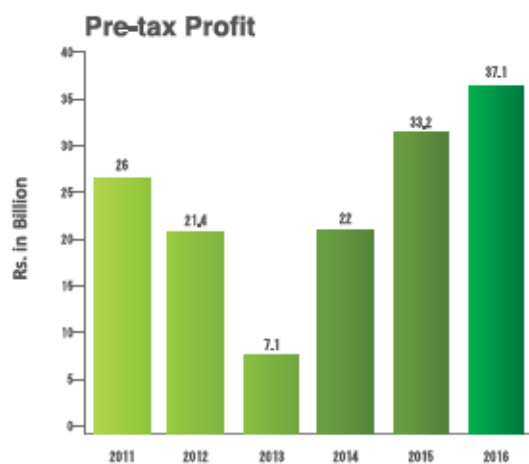
Pre-tax profit



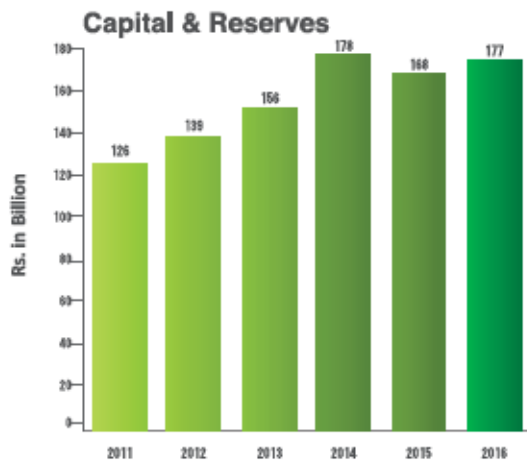
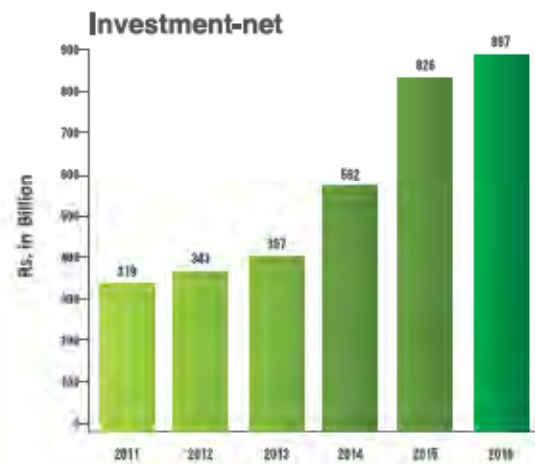
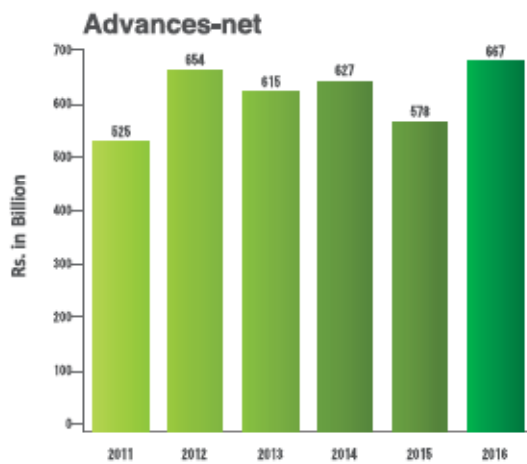
After-tax profit



6 YEARS' FINANCIAL HIGHLIGHTS



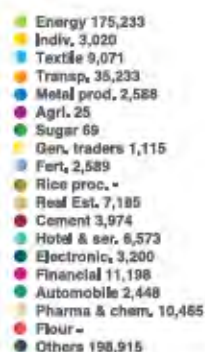
6 YEARS' FINANCIAL HIGHLIGHTS



CONCENTRATION OF ADVANCES AND CONTINGENCIES & COMMITMENTS

Category	Advances (Gross)			Contingencies & Commitments		
	2016 PKR 'Mn	2015 PKR 'Mn	YoY Change (%)	2016 PKR 'Mn	2015 PKR 'Mn	YoY Change (%)
Energy	193,266	125,086	55%	175,233	120,539	45%
Individuals	132,595	127,275	4%	3,020	4,633	(35%)
Textile	81,280	62,004	31%	9,071	7,061	28%
Transportation	61,396	63,581	(3%)	35,233	23,622	49%
Metal products	56,451	55,645	1%	2,588	1,061	144%
Agriculture	45,364	50,647	(10%)	25	502	(95%)
Sugar	27,734	21,968	26%	69	4	1466%
General traders	26,376	25,457	4%	1,115	363	207%
Fertilizer	14,384	15,909	(10%)	2,589	4,951	(48%)
Rice processing	14,322	13,818	4%	-	-	-
Real estate construction	9,105	8,491	7%	7,185	3,694	95%
Cement	8,623	8,295	4%	3,974	8,046	(51%)
Hotel and services	8,302	6,706	24%	6,573	4,928	33%
Electronics and electrical appliances	4,400	6,229	(29%)	3,200	2,241	43%
Financial	3,986	4,429	(10%)	11,198	7,009	60%
Automobile and transportation equipment	3,508	2,532	39%	2,448	2,284	7%
Chemical and pharmaceuticals	3,118	3,360	(7%)	10,465	6,822	53%
Flour	2,785	2,628	6%	-	-	-
Others	84,480	87,792	(4%)	198,915	164,629	21%
	781,476	691,852	13%	472,900	362,389	30%

Gross Advances - 2016



Contingencies & Commitments - 2016

CONCENTRATION OF DEPOSITS

Deposits			
Category	2016 PKR 'Mn	2015 PKR 'Mn	YoY Change (%)
Energy	148,577	100,788	47%
Individuals	540,139	491,575	10%
Textile	3,422	3,339	2%
Transportation	884	2,059	(57%)
Metal products	2,139	3,610	(41%)
Agriculture	38,941	33,524	16%
Sugar	607	198	207%
General traders	59,937	42,357	42%
Fertilizer	2,513	2,666	(6%)
Rice processing	861	1,368	(37%)
Real estate construction	5,696	6,600	(14%)
Cement	860	1,625	(47%)
Hotel and services	167,083	158,088	6%
Electronics and electrical appliances	703	1,524	(54%)
Financial	202,737	204,617	(1%)
Automobile and transportation equipment	4,593	5,135	(11%)
Chemical and pharmaceuticals	492	731	(33%)
Flour	168	508	(67%)
Others	476,961	370,726	29%
	1,657,312	1,431,037	16%

Deposits - 2016



Energy 148,577
Indiv. 540,139
Textile 3,422
Transp. 884
Metal prod. 2,139
Agri. 38,941
Sugar 607
Gen. traders 59,937
Fert. 2,513
Rice proc. 861
Real Est. 5,696
Cement 860
Hotel & ser. 167,083
Electronic. 703
Financial 202,737
Automobile 4,593
Pharma & chem. 492
Flour 168
Others 476,961

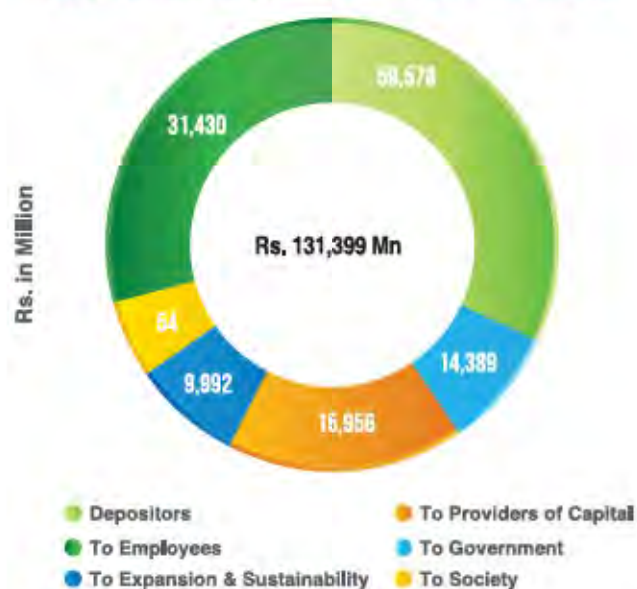
SUMMARY OF INVESTMENTS BY SEGMENT

	Rs. in million	
	2016	2015
Federal Government Securities	741,136	706,955
Foreign Government Securities	25,626	21,384
Fully Paid up Ordinary Shares & Mutual Funds	26,315	25,615
Debt Securities	58,727	36,173
Preference Shares	634	847
Joint Ventures Securities	11,132	12,021
Total Investments at Cost	863,570	802,995
Provision for diminution in value of investments	(17,405)	(19,432)
Investments (cost net of provisions)	846,165	783,563
Unrealized gain / (loss) on revaluation of HFT securities	(67)	6
Surplus on revaluation of available-for-sale securities	51,033	45,678
Total investments - at carrying value	897,131	829,247

STATEMENT OF VALUE ADDED

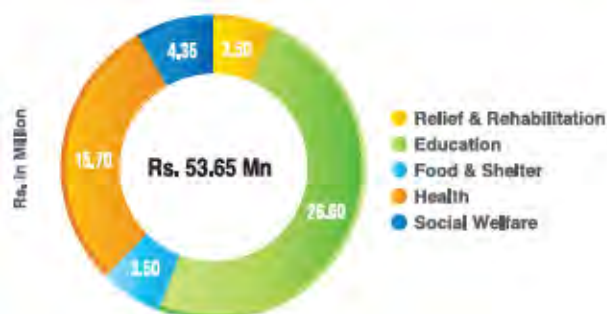
	Rs. in million			
Value Generated	2016		2015	
Mark-up / Interest Income	114,403		113,662	
Non Mark-up / Interest Income	29,967		34,983	
Operating Expenses (Exc. Staff cost, Depreciation, Amortisation)	(12,970)		(11,774)	
Total Value Generated	131,399		136,871	
Distribution of Value Generated	2016	%	2015	%
To Depositors as profit	59,578	45.4%	59,941	43.8%
To Providers of Capital: As dividend for the Year	15,956	12.2%	15,956	11.7%
To Employees: Remuneration As defined Benefit plans	26,514 4,916	20.2% 3.7%	24,056 4,367	17.6% 3.2%
	31,430	23.9%	28,423	20.8%
To Society: Donations & CSR	54	0.0%	59	0.0%
To Government: Income Tax	14,389	11.0%	13,997	10.2%
To Expansion & Sustainability: Depreciation Amortization	1,958 739	1.6% 0.6%	1,301 634	1.0% 0.5%
Value Retained	7,193	5.5%	16,560	12.1%
	9,992	7.6%	18,495	13.5%
	131,399	55%	136,871	56%

DISTRIBUTION OF VALUE GENERATED



VALUE ADDITION TO SOCIETY

	Rs. in million	
Charity & Donation	2016	2015
Relief & Rehabilitation	3.50	5.96
Education	26.60	35.42
Food & Shelter	3.50	3.67
Health	15.70	13.18
Social Welfare	4.35	0.55
Total	53.65	58.78



DUPONT ANALYSIS

Indicator	2011	2012	2013	2014	2015	2016
Net Operating Margin	26.6%	22.1%	8.6%	19.7%	21.7%	26.8%
Asset Utilisation	6.0%	5.5%	4.8%	5.2%	5.5%	4.6%
Return on Assets	1.61%	1.22%	0.41%	1.03%	1.18%	1.24%
ROE	16.43%	13.88%	5.35%	14.23%	16.98%	19.28%
Leverage Ratio / Equity Multiplier	10.21	11.42	13.01	13.77	14.35	15.46

DuPont Analysis



- Net operating margins of the Bank have improved by 5.2% from 2015 which is highest in last 5 years. Improvement in the net operating margin is mainly attributed to better spreads.
- Asset Use Efficiency has dropped to 4.6% from 5.5% in 2015. This was due to general drop in loan pricing and maturity of high yield investments.
- Improvement in equity multiplier is in line with the 16% growth in deposits achieved by the bank during the year.

6 YEARS' SUMMARY OF FINANCIAL POSITION AND PERFORMANCE

Rs. in Million

	2011	2012	2013	2014	2015	2016
Financial Position						
Cash and balances with treasury and other banks	131,676	158,333	157,930	97,972	150,900	159,836
Balances with other banks	27,582	30,222	17,458	12,108	20,128	13,828
Lending to financial institutions	44,380	8,273	51,939	111,789	7,695	121,709
Investments - net	319,531	343,538	397,959	561,764	829,246	897,131
Advances - net	525,046	654,690	615,420	626,704	578,122	667,389
Operating Fixed assets	27,454	27,950	32,702	31,796	31,706	32,901
Deferred tax assets - net	7,935	9,848	10,955	9,878	9,669	5,136
Other assets	65,973	76,675	80,564	91,045	78,895	77,775
Total Assets	1,149,578	1,309,528	1,364,926	1,543,054	1,706,361	1,975,706
Liabilities						
Bills payable	9,105	14,368	13,895	11,012	9,172	10,187
Borrowings	26,372	51,297	22,239	37,541	21,911	44,864
Deposits and other accounts	927,421	1,036,739	1,101,139	1,233,525	1,431,037	1,657,312
Sub-ordinated loans	-	-	-	-	-	-
Liabilities against assets subject to Finance Lease	76	30	24	13	36	26
Deferred tax liabilities	-	-	-	-	-	-
Other liabilities	53,952	67,115	71,343	82,634	75,855	86,584
Total Liabilities	1,016,926	1,169,548	1,208,639	1,364,725	1,538,010	1,798,973
Net Assets (Represented by)						
Paid-up Share Capital	16,818	18,500	21,275	21,275	21,275	21,275
Reserves	25,343	28,819	31,539	32,074	45,581	46,800
Unappropriated Profit	68,359	57,419	48,046	57,007	49,156	51,939
Equity	110,520	104,737	100,860	110,356	116,011	120,015
Surplus on revaluation of assets	22,131	35,243	55,427	67,973	52,340	56,718
Total	132,651	139,981	156,287	178,329	168,351	176,733
Summary of Financial Performance						
Mark-up / Return / Interest earned	95,325	100,092	99,028	114,174	113,662	114,403
Mark-up / Return / Interest expensed	48,516	56,418	60,823	68,370	59,941	59,578
Net Mark-up / Interest income	46,810	43,674	38,205	45,804	53,721	54,824
Fee, Commission, Brokerage and Exchange income	12,720	14,410	15,394	15,687	17,043	17,013
Capital gain & Dividend income	4,096	6,844	6,908	11,103	15,860	11,405
Other income	2,520	2,595	3,268	3,587	2,081	1,549
Non interest income	19,337	23,849	25,570	30,377	34,983	29,967
Gross Income	66,147	67,524	63,774	76,181	88,704	84,791
Operating Expenses (Non Mark-Up/Interest Expense)	30,255	35,085	36,295	41,703	42,193	47,253
Profit before provisions	35,891	32,438	27,480	34,478	46,511	37,539
Provisions	9,880	11,060	20,401	12,478	13,296	397
Profit before taxation	26,011	21,378	7,078	22,001	33,216	37,141
Taxation	8,406	6,437	1,578	6,973	13,997	14,389
Profit after taxation	17,605	14,941	5,500	15,028	19,219	22,752

PERFORMANCE RATIOS

	2011	2012	2013	2014	2015	2016
A . SIZE FACTORS (PKR 'Mn)						
1 . Total Assets	1,149,578	1,309,528	1,364,926	1,543,054	1,706,361	1,975,706
2 . Total Capital	132,651	139,981	156,287	178,329	168,351	176,733
3 . Deposits	927,421	1,036,739	1,101,139	1,233,525	1,431,037	1,657,312
4 . Profit after Tax	17,605	14,941	5,500	15,028	19,219	22,752
5 . Profit before Tax	26,011	21,378	7,078	22,001	33,216	37,141
B . ASSET QUALITY						
6 . Total Assets Growth Rate (YoY%)	10.78	13.91	4.23	13.05	10.58	15.78
7 . NPAs (Including NPLs) To Total Assets (%)	7.67	7.03	8.47	7.83	7.46	6.12
8 . Gross Advances to Deposits Ratio (%)	63.87	70.43	64.30	59.02	48.33	47.15
9 . NPL Coverage - Total provision/ NPLs (%)	76.36	81.98	80.09	83.88	89.35	92.00
10. NPL Coverage - (specific provision / NPLs (%)	72.00	78.38	77.62	81.23	87.02	90.74
C . CAPITAL ADEQUACY						
11. Tier-I Capital (PKR in Million)	97,030	104,014	87,112	91,758	91,751	95,540
12. Total Eligible Capital (PKR in Million)	113,217	131,054	125,514	135,740	129,216	133,167
13. Risk Weighted Assets -RWA (PKR in Million)	703,383	795,215	823,424	780,719	734,403	805,252
14. Tier-I to RWA (%)	13.79	13.08	10.58	11.75	12.49	11.86
15. RWA to total assets (%)	61.19	60.73	60.33	50.60	43.04	40.76
16. Capital Adequacy Ratio (%)	16.10	16.48	15.24	17.39	17.59	16.54
D . INVESTMENT / MARKET RATIOS						
17. Earning per Share and Diluted EPS (PKR)	9.52	7.02	2.59	7.06	9.03	10.69
18. Price Earning Ratio (%)	4.31	7.04	22.42	9.84	5.98	7.00
19. Market Value per Share (PKR)	41.05	49.39	58.06	69.46	54.04	74.89
20. Dividend per Share (PKR)	7.5	7	2	6.5	7.5	7.5
E . LIQUIDITY						
21. Net Loans to Total Assets (%)	45.67	49.99	45.09	40.61	33.87	33.78
22. Net Loans to Total Customer Deposits (%)	56.61	63.15	55.89	50.81	40.38	40.27
23. Net Loans to Total Deposits (%)	55.05	60.17	54.78	49.31	39.77	39.21
F . PROFITABILITY						
24. Return on Average Assets - Pre Tax(%)	2.38	1.74	0.53	1.51	2.04	2.02
25. Operating Profit to Average Assets (%)	3.28	2.64	2.05	2.37	2.86	2.04
26. Gross Income to Average Assets (%)	6.05	5.49	4.77	5.24	5.46	4.61
27. Non-Interest Income to Gross Income (%)	29.23	35.32	40.09	39.87	39.44	35.34
28. Operating Expenses to Gross Income (%)	45.74	51.96	56.91	54.74	47.57	55.73
29. Operating Expenses to Average Assets (%)	2.77	2.85	2.71	2.87	2.60	2.57
30. Loan Loss Provisioning Expense to Operating Profit (%)	27.53	34.10	74.24	36.19	28.59	1.06
31. Return on Average Equity - Pre Tax (%)	24.28	19.86	6.89	20.83	29.35	31.47
G . DuPont Analysis						
32. Net Operating Margin (%)	28.86	22.13	8.62	19.73	21.67	26.83
33. Asset Utilization (%)	6.14	5.49	4.77	5.24	5.46	4.61
34. Return on Assets (%)	1.77	1.22	0.41	1.03	1.18	1.24
35. Return on Equity (%)	17.75	13.88	5.35	14.23	16.98	19.28
RATES						
Exchange Rate (Units per USD)	89.95	97.15	105.32	100.48	104.87	104.60

6 YEARS' SUMMARY OF FINANCIAL POSITION AND PERFORMANCE (CONSOLIDATED)

Rs. in million

	2011	2012	2013	2014	2015	2016
Financial Position						
Cash and balances with treasury and other banks	131,843	158,757	158,230	98,247	151,191	160,086
Balances with other banks	28,070	30,895	18,389	12,544	20,639	14,396
Lending to financial institutions	44,361	8,281	51,942	111,794	7695	121,709
Investments - net	319,527	342,965	396,412	561,768	829,191	896,281
Advances - net	527,109	658,654	620,217	630,230	580,324	668,884
Operating Fixed assets	28,127	29,714	34,569	33,354	33,071	34,058
Deferred tax assets - net	7,973	9,834	10,969	9,884	9,672	5,172
Other assets	66,470	77,250	80,991	91,839	80,092	80,830
Total Assets	1,153,480	1,316,350	1,371,719	1,549,660	1,711,874	1,961,417
Bills payable	9,105	14,368	13,895	11,012	9,172	10,187
Borrowings	26,372	52,158	23,014	38,208	22,385	44,864
Deposits and other accounts	927,415	1,037,049	1,101,845	1,234,405	1,431,535	1,657,132
Liabilities against assets subject to Finance Lease	93	38	57	2	91	83
Other liabilities	54,701	67,855	72,243	83,439	77,036	89,011
Total Liabilities	1,017,686	1,171,468	1,211,054	1,367,066	1,540,219	1,801,278
Net Assets (Represented by)						
Paid Up Share Capital	16,818	18,500	21,275	21,275	21,275	21,275
Reserves	26,207	30,305	33,537	32,996	45,202	46,031
Unappropriated Profit	69,706	59,332	49,734	59,752	52,725	55,795
Non-controlling interest	495	791	821	717	722	738
Equity	113,226	108,928	105,367	114,740	119,924	123,840
Surplus on revaluation of assets	22,568	35,952	55,297	67,853	51,731	56,299
Shareholder Equity	135,794	144,880	160,664	182,593	171,655	180,139
Financial Performance						
Mark-up / return / interest earned	95,690	101,126	100,192	115,252	114,386	115,029
Mark-up / return / interest expensed	48,517	56,552	60,894	68,462	59,999	59,594
Net mark-up / Interest income	47,173	44,574	39,298	46,790	54,387	55,434
Fee, Commission, Brokerage and Exchange Income	13,145	14,941	16,273	16,572	18,254	18,224
Capital gain & Dividend Income	3,965	5,300	6,548	10,737	14,996	11,256
Share of profit from joint venture - net of tax	52	95	438	302	560	319
Share of loss from associates - net of tax	64	1,856	(592)	(1,060)	(923)	(333)
Other income	2,502	2,613	3,284	3,754	2,111	1,567
Non-Interest Income	19,748	24,805	25,952	30,305	34,998	31,032
Gross Income	66,921	69,379	65,250	77,095	89,385	86,467
Operating Expenses (Non Mark-Up/Interest Expense)	30,899	36,082	37,701	43,255	43,794	48,742
Profit before provisions	36,022	33,297	27,549	33,840	45,591	37,725
Provisions	9,913	11,112	20,520	10,703	11,419	130
Pre-tax profit	26,109	22,185	7,029	23,136	34,173	37,595
Taxation	8,407	6,519	1,722	7,065	14,096	14,507
After-tax profit	17,702	15,666	5,307	16,071	20,077	23,087

6 YEARS' VERTICAL ANALYSIS

	2011		2012		2013		2014		2015		2016	
	Mn	%	Mn	%	Mn	%	Mn	%	Mn	%	Mn	%
ASSETS												
Cash and balances with treasury banks	131,676	11%	158,333	12%	157,930	12%	97,972	6%	150,900	9%	159,836	8%
Balances with other banks	27,582	2%	30,222	2%	17,458	1%	12,108	1%	20,128	1%	13,828	1%
Lending to financial institutions	44,380	4%	8,273	1%	51,939	4%	111,789	7%	7695	0%	121,709	6%
Investments - net	319,531	28%	343,538	26%	397,959	29%	581,764	36%	829,246	49%	897,131	45%
Advances - net	525,046	46%	654,690	50%	615,420	45%	626,704	41%	578,122	34%	667,389	34%
Operating Fixed assets	27,454	2%	27,950	2%	32,702	2%	31,796	2%	31,706	2%	32,901	2%
Deferred tax assets - net	7,935	1%	9,848	1%	10,955	1%	9,878	1%	9,669	1%	5,136	0%
Other assets	65,973	6%	76,675	6%	80,564	6%	91,045	6%	78,895	5%	77,775	4%
Total Assets	1,149,578	100%	1,309,528	100%	1,364,926	100%	1,543,054	100%	1,706,361	100%	1,975,706	100%
Liabilities												
Bills payable	9,105	1%	14,368	1%	13,895	1%	11,012	1%	9,172	1%	10,187	1%
Borrowings	26,372	2%	51,297	4%	22,239	2%	37,541	2%	21,911	1%	44,864	2%
Deposits and other accounts	927,421	81%	1,036,739	79%	1,101,139	81%	1,233,525	80%	1,431,037	84%	1,857,312	84%
Sub-ordinated loans	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Liabilities against assets subject to Finance Lease	76	0%	30	0%	24	0%	13	0%	36	0%	26	0%
Deferred tax liabilities	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Other liabilities	53,952	5%	67,115	5%	71,343	5%	82,634	5%	75,855	4%	86,584	4%
Total Liabilities	1,016,926	88%	1,169,548	89%	1,208,639	89%	1,364,725	89%	1,538,010	90%	1,798,973	91%
NET ASSETS												
Share capital	16,818	1%	18,500	1%	21,275	2%	21,275	1%	21,275	1%	21,275	1%
Reserves	25,343	2%	28,819	2%	31,539	2%	32,074	2%	45,581	3%	46,800	2%
Unappropriated profit	68,359	6%	57,419	4%	48,046	4%	57,007	4%	49,156	3%	51,939	3%
Equity	110,520	10%	104,737	8%	100,860	7%	110,356	7%	116,011	7%	120,015	6%
Surplus on revaluation of assets	22,131	2%	35,243	3%	55,427	4%	67,873	4%	52,340	3%	56,718	3%
Total	132,651	12%	139,981	11%	156,287	11%	178,329	12%	168,351	10%	176,733	9%
PROFITABILITY												
Markup / Return / Interest earned	95,325	100%	100,092	100%	99,028	100%	114,174	100%	113,662	100%	114,403	100%
Markup / Return / Interest expensed	48,516	51%	56,416	56%	60,823	61%	68,370	60%	59,941	53%	59,578	52%
Net Markup / Interest income	46,810	49%	43,674	44%	38,205	39%	45,804	40%	53,721	47%	54,824	48%
Fee, commission and exchange income	12,720	13%	14,410	14%	15,394	16%	15,687	14%	17,043	15%	17,013	15%
Capital gains & dividend income	4,096	4%	6,847	7%	6,908	7%	11,103	10%	15,860	14%	11,405	10%
Other income	2,520	3%	2,595	3%	3,268	3%	3,587	3%	2,081	2%	1,549	1%
Non interest income	19,337	20%	23,849	24%	25,570	26%	30,377	27%	34,983	31%	29,967	26%
Gross income	65,147	69%	67,524	67%	63,774	64%	76,181	67%	88,704	78%	84,791	74%
Operating expenses	30,255	32%	35,085	35%	36,285	37%	41,703	37%	42,193	37%	47,253	41%
(Non Mark-Up/Interest Expense)	35,891	38%	32,438	32%	27,480	28%	34,478	30%	46,511	41%	37,539	33%
Profit before provisions	9,860	10%	11,060	11%	20,401	21%	12,478	11%	13,296	12%	397	0%
Provisions	26,011	27%	21,378	21%	7,078	7%	22,001	19%	33,216	29%	37,141	32%
Pretax profit	8,406	9%	6,437	6%	1,578	2%	6,973	6%	13,997	12%	14,389	13%
Taxation	-	-	-	-	-	-	-	-	-	-	-	-
After-tax profit	17,605	18%	14,941	15%	5,500	6%	15,028	13%	19,219	17%	22,752	20%

6 YEARS' HORIZONTAL ANALYSIS

	2011	YoY	2012	YoY	2013	YoY	2014	YoY	2015	YoY	2016	YoY
ASSETS												
Cash and balances with treasury banks	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%	Rs. Mn	%
Balances with other banks	131,676	14%	158,333	20%	157,930	0%	97,972	(38%)	150,900	54%	159,836	6%
Lending to financial institutions	27,562	(9%)	30,222	10%	17,458	(42%)	12,108	(31%)	20,128	66%	13,828	(31%)
Investments - net	44,380	93%	8,273	(81%)	51,939	528%	111,789	115%	7695	(93%)	121,709	1044%
Advances - net	319,531	6%	343,636	8%	397,959	16%	561,764	41%	829,246	48%	897,131	9%
Operating Fixed assets	525,046	10%	654,690	25%	615,420	(6%)	626,704	2%	578,122	(8%)	667,389	15%
Deferred tax assets - net	27,454	2%	27,950	2%	32,702	17%	31,796	(3%)	31,706	0%	32,901	3%
Other assets	7,935	14%	9,848	24%	10,955	11%	9,878	(10%)	9,669	(2%)	5,136	(47%)
Other assets	65,973	17%	76,575	16%	80,584	5%	91,045	13%	78,895	(13%)	77,775	(1%)
Total Assets	1,149,578	11%	1,309,528	14%	1,364,926	4%	1,543,054	13%	1,706,361	11%	1,975,706	16%
Liabilities												
Bills payable	9,105	14%	14,368	58%	13,895	(3%)	11,012	(21%)	9,172	(17%)	10,187	11%
Borrowings	26,372	31%	51,297	95%	22,239	(57%)	37,541	69%	21,911	(42%)	44,864	105%
Deposits and other accounts	927,421	11%	1,036,739	12%	1,101,138	6%	1,233,525	12%	1,431,037	16%	1,657,312	16%
Sub-ordinated loans	-	0%	-	0%	-	0%	-	0%	36	181%	-	0%
Liabilities against assets subject to Finance Lease	76	(28%)	30	(61%)	24	(19%)	13	(47%)	-	0%	26	(28%)
Deferred tax liabilities	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Other liabilities	53,952	10%	67,115	24%	71,343	5%	82,634	16%	75,855	(8%)	86,584	14%
Total Liabilities	1,016,926	12%	1,169,548	15%	1,208,639	3%	1,364,725	13%	1,538,010	13%	1,798,973	17%
NET ASSETS												
Share capital	16,818	25%	18,500	10%	21,275	15%	21,275	0%	21,275	0%	21,275	0%
Reserves	25,343	4%	28,819	14%	31,539	9%	32,074	2%	45,581	42%	46,800	3%
Unappropriated profit	68,359	4%	57,419	(16%)	48,046	(16%)	57,007	19%	49,156	(14%)	51,939	6%
Equity	110,520	7%	104,737	(5%)	100,860	(4%)	110,356	9%	116,011	5%	120,015	3%
Surplus on revaluation of assets	22,131	(11%)	35,243	59%	55,427	57%	67,973	23%	52,340	(23%)	56,718	8%
Total	132,651	3%	139,981	6%	156,287	12%	178,329	14%	168,351	(6%)	176,733	5%
PROFITABILITY												
Markup / Return / Interest earned	95,325	8%	100,092	5%	99,028	(1%)	114,174	15%	113,662	0%	114,403	1%
Markup / Return / Interest expensed	48,516	7%	56,418	16%	60,823	8%	68,370	12%	59,941	(12%)	59,578	(1%)
Net Markup / Interest Income	46,810	8%	43,674	(7%)	38,205	(13%)	45,804	20%	53,721	17%	54,824	2%
Fee, commission and exchange income	12,720	7%	14,410	13%	15,394	7%	15,687	2%	17,043	9%	17,013	0%
Capital gains & dividend income	4,096	13%	6,844	67%	6,908	1%	11,103	59%	15,860	45%	11,405	(28%)
Other income	2,520	16%	2,595	3%	3,268	26%	3,587	14%	2,081	(44%)	1,549	(26%)
Non Interest Income	19,337	10%	23,849	23%	25,570	7%	30,377	19%	34,983	15%	29,967	(14%)
Gross income	66,147	9%	67,524	2%	63,774	(6%)	76,181	19%	88,704	16%	84,791	(4%)
Operating expenses	30,255	15%	35,085	16%	36,295	3%	41,703	15%	42,193	1%	47,253	12%
(Non Mark-Up/Interest Expense)	35,891	4%	32,438	(10%)	27,480	(15%)	34,478	25%	46,511	35%	37,539	(19%)
Profit before provisions	9,880	(2%)	11,060	12%	20,401	84%	12,478	39%	13,296	7%	397	(97%)
Provisions	26,011	7%	21,378	(18%)	7,078	(67%)	22,001	211%	33,216	51%	37,141	12%
Pre-tax profit	8,406	23%	6,437	(23%)	1,578	(75%)	6,973	342%	13,997	101%	14,389	3%
Taxation	17,605	0%	14,941	(15%)	5,500	(63%)	15,028	173%	19,219	28%	22,752	18%
After-tax profit												

CREDIT RATINGS & AWARDS

CREDIT RATINGS

PACRA

AAA
LONG TERM

A1+
SHORT TERM

JCR-VIS

AAA
LONG TERM

A1+
SHORT TERM

AWARDS & ACHIEVEMENTS

- The Bank of the Year Award-2015 (Pakistan) - The Banker-UK
- 1-Link Certificate of Achievement 2015 - Top Three Issuing Banks
- 3rd FPCCI Achievement Award 2015 - Banking & Financial Services
- FPCCI Gold Medal Award-2015 - The Federation of Pakistan Chamber of Commerce & Industry
- 2nd FPCCI Achievement Award 2014 - Banking & Financial Services
- 37th FPCCI Award 2014 - Corporate Social Responsibility
- Domestic Technology and Operations Bank 2013: The Asian Banking & Finance Magazine
- Listed in Top-1000 Banks of the world for the year 2013 - The Banker-UK
- Domestic Retail Bank of the Year 2013 - Asian Banking & Finance Magazine
- Listed in top 1000 banks of the world for the year 2012 - The Banker-UK
- Bank of the Year 2011 - The Banker - UK
- Best Emerging Markets Bank-2011 - Awarded By Global Finance Magazine

NBP - no bank can match the distance we go!

From Coastal areas to inland borders, NBP serves the nation in every nook and corner of Pakistan, with a network of 1448 online branches.









DIRECTORS' REPORT TO SHAREHOLDERS

DIRECTORS' REPORT TO SHAREHOLDERS ON Unconsolidated Financial Statements for the year ended December 31, 2016

Dear Shareholders,

On behalf of the Board of Directors of NBP, I am pleased to present to you, the 68th Audited Annual Financial Statements of the bank for the year ended December 31, 2016.

This year your bank made the best of its strengths & market potentials and achieved commendable success in all dimensions. Strategic directions that were set in prior years have started materialising at a faster pace by translating into synergy-integration, greater market outreach in both conventional and Islamic products, uplift of customer service etc. This is paving the path to be a leading bank for partnering in financial growth through innovation and quality service and be a catalyst for economic growth. NBP will continue to serve the nation through diversified product offering, innovation, superior service quality, universal banking capabilities, multiple delivery channels, investment in people and processes for achieving sustainable higher returns for our stakeholders.

NBP through the year 2016

Despite the generally difficult market scenario for the banking industry, 2016 was a successful year for us, a year that made significant progress towards achieving our strategic goals. Year 2016 profits were highest in the history of NBP, and your bank shows the highest growth in profitability amongst its peers. This sets a solid ground for your bank in further strengthening its leadership position on multiple fronts. Our goals for the year included:

- Furthering our market outreach through more branches and adapting alternative delivery channels
- Adding more to our product & services universe
- Strengthening our controls and business processing mechanism through automation
- Improving our earning assets through minimizing non-performing loans
- Investing into our people through training & development

Your bank devised and implemented efficient business strategies during the year to achieve said strategic goals. The bank continued to maintain its market leader position by being the biggest lending institution in Pakistan with total lending of Rs. 781.5 billion (being 13% market share). Likewise previous year, in 2016 we also continued with our endeavours to maximise financial inclusion of the unbanked masses in the country. We equally value the underdeveloped areas and strive to bring prosperity to the public in such areas through offering tailored financial services and financing facilities.

Like every dynamic and progressive organization, strategic realignment is a requisite dictated by both internal assessment and external environmental factors. For this, your bank, embracing the changing industry dynamics and in recognition of its catalyst role, revised its Vision, Mission and Core Values statements, during the year 2016, thereby communicating its stakeholders the philosophy of achieving the leadership position through greater economic participation, technological improvement, product innovation, financial inclusion, enhanced service standards and employee development.

Throughout the year, the bank continued making significant improvements by deploying new technological advancements and adding more delivery channels to its domestic network. We opened 45 new branches during the year, making our network, the second largest in the country with a total 1,448 branches. This includes our Islamic banking network, which has increased to 118 branches (2015:79) and is the second largest Islamic banking window amongst the conventional banks. Making further growth in our ATM network, we now have a universe of over 1,300 ATMs, with 6 ATM centres. Over 130 ATMs are installed at different offsite locations to fulfil customer needs. We have just added to our ATM network the world's highest ATM installed 4,700 meters above the sea level at Khunjerab, Pak-China border. We are putting more efforts to become an environment-friendly bank, and have installed over 300 smart lighting, energy saving devices and solar powered ATMs.

We have set-up a separate e-Banking unit which has been instrumental in building multiple digital financial service platforms like launch of Prepaid Card, Branchless Banking and Cash Management. Multiple strategic partnerships were entered into with major local telcos and international entities like Union-Pay International, MasterCard and PayPal, etc.

We delivered on multiple government-initiated financial projects on both government-to-public and vice versa. Deployment of new technologies is swiftly enabling the bank to be at par with peer competitors. The bank delivered on multiple mandates of both Federal as well as Provincial Governments by disbursing PKR 30 billion to more than 700

thousand beneficiaries under various government schemes through real time disbursement arrangement by utilizing ATM machines, telco agents and plastic cards. The bank is offering fee collection services through digital mode. We are confident of launching multiple services on digital platforms in 2017 including traffic challans, excise & taxation, land revenue and much more. During the year we also implemented biometric account opening system.

The bank has already opened 10 Commercial and SME Centres in various cities. These commercial centres cater to the credit and non-credit financial services of the small & medium scale businesses in their jurisdiction. By the end of 2017, we will be adding 6 more Commercial Centers providing dedicated services to the SME and Commercial clients of the Bank. Since the launch of Prime Minister's Youth Business Loan scheme (PMYBL), the Bank has made significant contributions towards promoting youth entrepreneurship in the Country. The bank has extended business loans to more than 17,000 individuals.



We have been actively improving our international operations spanning over 19 countries in 3 continents. During the year we consolidated our credit operations by putting more focus on recovery and regularization of non-performing loans.

Targeting CPEC related business opportunities, we are moving in the right direction to opening of our branch in China, where we currently have a representative office. NBP has already done necessary homework for opening branch in China in 2017. The bank has a sizeable footprint on the main route of CPEC, including in Gwadar, and same will be further expanded where required. Meetings have already been initiated with Chinese companies ensuring our presence at all important seminars and road shows related to CPEC.

Since international remittances play a significant role in improving the country's forex reserves, we focused to convert 'Cash-over-the-Counter' customers to permanent account holders with the bank by offering them our specialized "NBP Foree Remittance Account". Key markets where we serve include GCC, EU, Far East and North America as the bank entered into tie-ups arrangements with large number of business counterparts.

Maintaining our leading position in financing the infrastructural projects of national interest, our Investment Bank has executed various project finance transactions, arranged syndications, and is providing structured financial solutions to large corporates in raising capital. During the year, we closed a number of landmark transactions including the successful close of PKR 100 billion (NBP contribution 35%) rated Sukuk of 10-year tenure for the Neelum Jhelum Hydropower Project. This is one of the largest Islamic transactions executed in Pakistan to date and NBP was the sole mandated Lead Advisor & Arranger and successfully arranged the placement in a consortium of 16 banks.

Our strategy for swift recovery & regularisation of the non-performing loans (NPL) was efficiently materialized this year. We achieved net reduction in NPL by PKR 7.9 billion with a reversal in provisions by PKR 1.1 billion. Provision charge against NPL was PKR 685 million as against PKR 10,625 million in the previous year. Net NPL ratio improved from 2.9% at December 31, 2015 to 1.5% at December 31, 2016. Provision coverage improved to 92% compared to 87% as of December 31, 2015.

We have moved forward in implementation of BPR/COSO framework. Effective implementation is going to streamline our operating model, transaction processing, compliance, customer service, product deployment, data accuracy & integrity and other organizational efficiencies. The bank has recently set-up a trade factory for centralised processing of trade business requirements of customers. This one-window facility shall greatly improve transaction turnaround time and will boost our non-fund based income through capturing greater import/export business. Our corporate branches in Lahore and Islamabad have moved to new premises having state of the art business facilities.

"NBP Aitemaad" Islamic banking branch network now stands at 118 (2015:79); and is targeting 192 branches by converting 34 conventional branches into Islamic and opening 40 new Islamic branches by year end 2017. NBP "Aitemaad" is offering Islamic banking services across Pakistan and is in advanced stages of launching new Islamic banking liability and asset products.

We are adding more talent to our human capital pool through trainings. Our newly established e-learning division will facilitate employees in continuous development, without leaving the workplace. Our strategic intent and moves during the year fetched multifaceted improvements for the Bank, some are as follows:

Product Universe	We established e-banking division and introduced various IT based products and services, Main being e-payment, Prepaid Cards and Cash Management.
Operating Capabilities	We have enriched our operating capabilities through deploying advanced IT infrastructure, opening of 1 st Trade factory for centralization of trade business processing etc. We have installed over 300 Solar Powered ATMs. Biometric enabled account opening system was successfully implemented for government business.
Financial Inclusion	We opened 45 new domestic branches. We delivered financial services to over 700,000 individuals under various G2P schemes.
Image Building & Service Quality	We invested in renovating number of branches and business premises. Our new corporate banking branches in Islamabad and Lahore and the Trade Factory offer excellent business environment to our customers. The bank has set-up a separate function of Service Quality with the sole aim to reinvigorate the sales & service culture.
Loan Asset Quality	Significant improvement has been made in asset quality. NPL ratio has improved to 15.4%, i.e. 3 percentage points below the prior year's 18.4%; while coverage ratio has improved to 92%.
Investing into Communities	A number of initiatives were taken for staff training & development, patronage of sports, health, education and cultural activities as part of our corporate social responsibility initiatives.
Partnering Economic Growth	More than PKR 100 billion of loans extended to support large scale infrastructural development in the Country. So far we have extended business loans to more than 17,000 individuals under PMYBL, with female borrowers being almost 13%.



Macroeconomic Indicators

With growth low and stuck at below 3%, the global economy voyaged through a yet another difficult year of stagnation; and growth outlook for 2017 shows a continuation of this trend. Geopolitical volatility remained high in 2016 as a result of the Brexit, a still-inflamed Middle East and political changes in America. Modest positive signals however emerged from the base scenario showing some strengthening in qualitative growth factors, such as advanced technology, improved labour skills and productivity etc. Stabilization in energy and commodity prices particularly oil & gas may provide a small tailwind for resource rich economies in 2017. But these potentially favourable factors may remain under pressure from ongoing political and policy uncertainties e.g. protectionism.

Locally, Pakistan's economic growth accelerated in FY'16 on the cumulative impact of structural reforms, lower oil prices and improved security conditions. Preliminary estimates put GDP growth at 4.7% in FY'16, up from 4.0% in FY'15 and higher than 4.5% initially projected. Industry grew mainly on a rebound growth in large-scale manufacturing. Improvement was particularly observed in sectors like Automobile, Fertiliser and Steel. Given a drop in exports to US, EU and China, trade deficit increased from \$17.2 billion to \$18.5 billion as exports fell by \$2.1 billion, or 8.6%. Despite a drop in exports, Foreign Reserves have increased on account of factors like remittances, FDI, issuance of Sukuk Bonds and three-year \$6.7 billion IMF loan program.

Headline inflation averaged 2.9% in FY2016, down from 4.5% a year earlier and even less than the 3.2% initial forecast. As inflation slowed during recent years, the State Bank of Pakistan eased monetary policy by reducing policy rate for 6th consecutive time, bringing it to all time low at 5.75%. Moreover, the decision by Morgan Stanley Capital International to put Pakistan in its MSCI emerging market index from May 2017 will likely spur equity portfolio inflows. Since Chinese firms have recently acquired significant stake in Pakistan Stock Exchange, the same is expected to attract greater foreign investment in local securities. CPEC is expected to attract more FDI and boost Pakistan's national output.

Trend for successive reduction in discount rates continued for the 6th consecutive time in 2016. Net interest margin of the banking industry is expected to remain under pressure because of gradual re-pricing of loans at lower rates and that a considerable portion of high cost term deposits cannot be re-priced downwards immediately. Recent reduction in discount rate coupled with loss of income on high yielding PIB is also among the major reasons behind the subdued profitability numbers.

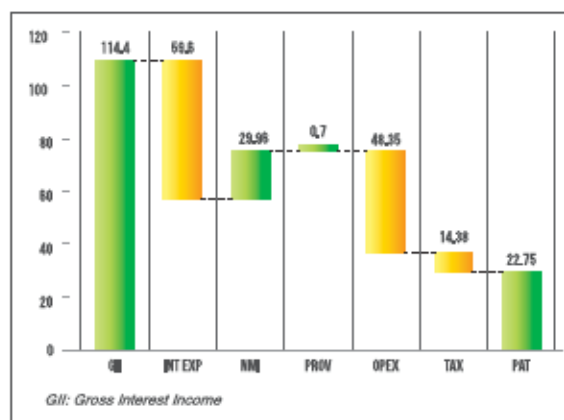
While increased liquidity and lower discount rates pose an adverse pressure on the banking industry, opportunities do exist to secure further growth. Operating environment seems stable as economic growth will accelerate driven by substantial infrastructure investment related to the CPEC projects which is expected to accelerate foreign direct investment as well as local demand for credit. However, budgetary deficit and ongoing energy shortage may hinder the pace. Risk profile of the banks will remain stable as we have witnessed a better private sector loan performance on the back of improving general economic and legal environment.

Overseas remittances and greater market penetration are mobilising low cost deposits. This is improving funding & liquidity position, strengthening core liquidity buffers. The only significant trigger to weigh on banks' performance in coming years seem to be the low interest rates, falling yields on government securities, and declining net interest margins, to which higher lending growth will only be partially off-set.

Review of Financial Performance - 2016

In 2016, NBP posted historically the highest profit, advances, deposits and assets. This shows the bank efficiently reconnoitred emerging business growth opportunities, pro-actively moved in the right direction with firm commitment and innovation, made focused efforts to boost income, maintained an effective control over expenditure, implemented improved risk-prevention measures and controls, with a focus on meeting the financial requirements of each class of consumers contributing towards economic growth. In spite of adversities such as all-time narrower interest rate spreads on the back of lower policy rates, stiff market competition and the growing cost of risk management, profit for the period under review remained fairly stable.

Your bank ended the year under review with a net profit of PKR 22,752 million, representing an increase of PKR 3,533 million or 18.4% YoY, being highest percentage growth in bottom line amongst big five banks of the country. This translates into pre-tax and after-tax return on total assets at 2.0% and 1.2% respectively. Pre-tax and after-tax return on equity was 31.5% and 19.3%, respectively. Bank's operating income for the year amounted to PKR 84,791 million, recording a growth by PKR 3,913 million or 4.4% YoY. While net mark-up/interest income was up by 2.1% to PKR 54,824 million; the non-interest income dropped by 14.3% to PKR 29,967 million as against PKR 34,983 million of prior year. Operating expenses amounted to PKR 47,253 million, i.e. 12.0% higher against prior year, but in line with the industry norms. This translates into a cost-to-income ratio 55.7%, is up against 47.6% of prior year. The increase in costs is mostly due to HR related expenses which increased during the year on account of revision in pay-package and allowances of staff etc. Our focus on regularising the non-performing loan portfolio has effectively resulted into visible reduction in both non-performing loans and provision charge for impairment loss.



Net Mark-up/Interest Income

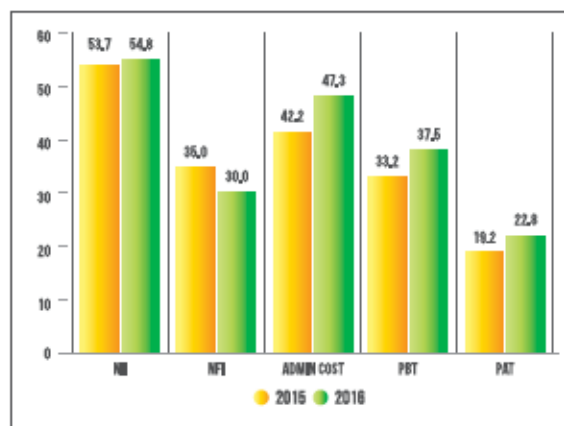
Confronted with constantly lowering interest rate regime, greater market liquidity and the fierce market competition, we constantly strengthened our earning asset portfolio mix to maintain an optimal earning stream. This included reinforcing our funding streams through adding more efficient deposit mobilisation team, a better loan-pricing structure and customer selection, lowering our liability cost.

Net interest income for the year 2016 was PKR 54,824 million i.e. PKR 1,103 million or 2% higher than that of last year; and accounted for 64% of the bank's operating income.

• Interest Income

- Interest Income on Loans and Advances

Mark-up / interest income on loans and advances to customers for the year was PKR 54,188 million, lower by PKR 2,191 million or 3.9% against that of the year 2015. As mentioned earlier, interest rates in Pakistan have been reducing ever since 2011 (13.5%) to all-time low at 5.75% in May of 2016. This cut in policy rates, coupled with greater market liquidity has forced the banks to reduce lending rates substantially. Despite the challenging market environment, we succeeded to maintain our market share of advances in an optimal manner.



- Interest Income on Investment

Interest income on investment for the year under review was PKR 58,906 million, higher by PKR 3,239 million or 5.8% compared to PKR 55,667 million of prior year. A significant portion of high yield bonds matured during the year. On the back of reducing discounts rates, yield curve of government bonds recorded a generally descending trend. To effectively manage the interest rate risks we optimally placed our funds into low-risk securities, thus increasing our income.

- Interest Income on Due from Banks and Other Financial Institutions

Mark-up/Interest income earned on deposits/due from financial institutions against deposits and repo arrangements was PKR 1,245 million i.e. PKR 302 million lower than PKR 1,547 million earned in 2015. This was primarily due to volumetric drop in placements.

- Interest Expense

Interest expense for the year was primarily driven by the deposits and amounted to PKR 50,070 million, lower by PKR 3,224 million or 6% against PKR 53,294 million of last year. Reduction in the mark-up/interest cost was achieved through a favourable shift in liability-mix as well as the pricing. We attracted more deposits at a lower mark-up rate. Given the higher transaction volumes, interest cost incurred under repo transactions and short term borrowings amounted to PKR 9,507 million as against PKR 6,647 million of prior year.

Non Mark-up/Interest Income

Year under review was yet another tough year for the banking industry as we faced multifaceted pressures on non-fund based income. Key drivers for drop in non mark-up / interest income were the lower volumes of foreign currencies and lower capital gains. With a drop by 14.3%, non mark-up/interest income for the year was PKR 29,967 million compared to PKR 34,983 million of year 2015. Non markup/interest income took up 35% of the total operating income. To mitigate the adverse impact of lower dividend income and capital gains, we pro-actively increased our fee income by capturing more services business to boost fee & commission based services. With a 19.7% YoY increase, in 2016 we earned fee & commission income of PKR 14,833 million, compared to PKR 12,395 million of previous year. Income from Investment banking advisory services was one of the key contributors towards this segment of NFI. Fee income from Government transactions also increased due to volumetric growth.



Catering to our customer requirements, the bank accelerated innovation in its products universe, services offered and delivery channels. We also propelled transformation and development of fee-based businesses, promoted the application of technological progress of financial services to benefit a wider group of customers and also improved the financial service level.

Operating Expenses

During the year, the bank implemented various measures for an optimal cost management and continued to boost its operating efficiencies. Total operating expenses for the year were PKR 48,351 million, PKR 4,683 million or 10.7% higher than that in 2015. Excluding other provision charge of PKR 1,098 million, administration expenses amounted to PKR 47,252 million. HR costs amounted to 67% of the total administrative expenses and increased by 9.8% during the year to PKR 31,430 million. Increase is very much in line with market based growth.

The bank implemented multiple measures for effective control & reduction of operating costs. This included installation of solar panels, deployment of IT systems to optimise HR utilisation and reduce travelling costs and centralisation of certain cost functions. So far we have installed solar panels at over 300 branches to run ATMs leading to reduction in power cost.

• Impairment Losses

Throughout the year we continued to strengthen our credit risk prevention and control mechanism. Better recoveries and declassification resulted into a net reduction in Non-Performing Loans (NPL) which, as of Dec '16 amounted to PKR 119,416 million, PKR 7,864 million or 6.2% lower against PKR 127,280 million at the end of year 2015.

This improvement resulted into a net reduction in specific provision for impairment against loans by PKR 1,110 million. As of Dec 2016 the non-performing loans (NPL) were covered by a 92% provision as against 87% of previous year. The provisions gap is due to NPL in categories of classification that require less than 100% provision. The bank follows a prudent policy of maintaining adequate provisions reserves to effectively cover & address any potential impairment risk of credit portfolio.

Strengthening our portfolio risk management strategy, we are in the process of revising Recovery Strategies and loan rehabilitation framework for infected portfolio. This will introduce incentive for both staff as well as borrower against recoveries and regularisation of NPL.

Net Profit and Earnings per Share

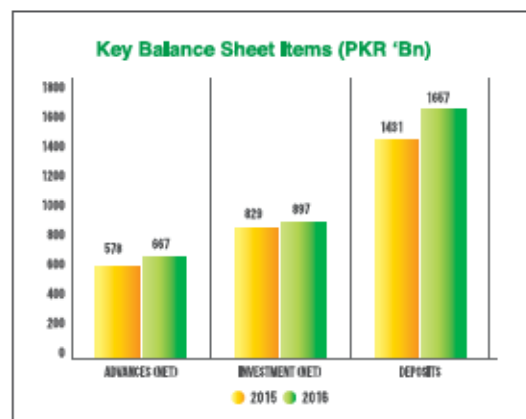
The Bank's net profit for the year 2016 amounted to PKR 22,752 million i.e. higher by 18.4% against PKR 19,219 million for 2015. This translates into basic and diluted after-tax earnings per share of Rs. 10.69, higher by Rs. 1.66 or 18.4% against that of 2015.

Review of Financial Position - 2016

In 2016, the bank continually aligned its business strategies to the changing macroeconomic environment, improved its balance sheet structure and maintained coordinated & optimal growth of earning assets mix. We equally strengthened liquidity and loan pricing management and strived to enhance the efficiency of resource allocation for both assets and liabilities. Considering the growing needs of the real economy, the bank optimized its credit structure by targeting more efficient and lucrative industrial sectors. Closely monitoring the trends of the domestic and international financial markets, the bank expanded its investment portfolio to optimise the earning yields. Furthermore, the bank actively adopted measures to mobilise greater deposits, and managed to expand the low-cost liability business, thereby ensuring a stable and sustainable source of liquidity & funding.

Assets

As of Dec '16, total assets of the bank amounted to PKR 1,976 billion, PKR 269 billion or 15.8% higher than that at the end of year 2015. Growth was optimally achieved in each type of earning asset. Net loans and advances increased by PKR 89,267 million or 15.4%. Similarly investment increased by PKR 67,885 million or 8.2%.



• Loans & advances

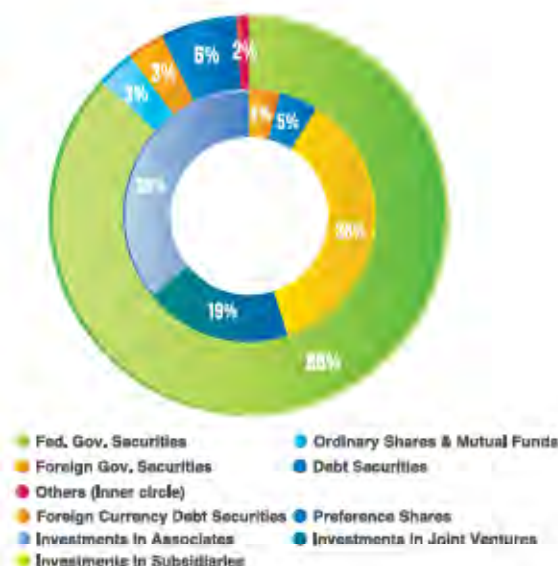
In 2016, the bank attached importance of incremental credit to existing low-risk borrowers, cross sell of non-credit financial service echoing the changes in macroeconomic environment and financial regulatory requirements. The bank continued to bolster financing for the infrastructural construction project of economic importance. The focus also remained on financing more credit to SME and retail sector for economic upbringing of the masses. The loan growth was steady and balanced. As at the end of 2016, gross loans amounted to PKR 781,476 million, PKR 89,624 million or 13% higher than that of corresponding year.

The bank's gross loan portfolio is well diversified by economic sectors, maintaining the exposure at risk well within pre-defined acceptable limits. Net NPL ratio improved from 2.9% at December 31, 2015 to 1.5% at December 31, 2016. Specific provision charge against NPL amounted to PKR 109,655 million, with provision charge improving to 92% compared to 87% of 2015.

Improvement in loan portfolio quality was achieved during the year. This represents a reduction in NPL by PKR 7,864 million. Reflecting our effective strategy and efforts towards recoveries and regularisation of loans by bank's foreign branches, overseas NPLs dropped by 3.3% i.e. PKR 1,050 million to PKR 30,846 million (2015:31,896 million).

• Investments

In 2016, the Bank maintained its investment portfolio structure in line with trends in financial markets, aptly scaled-up investment and endeavoured to improve yield on investment portfolios while efficiently managing related liquidity risk. As at the end of 2016, net investment amounted to PKR 897,131 million, PKR 67,885 million or 8.2% higher compared to that as of December 2015. While investments into 'held-for-trading securities' recorded a net increase by PKR 8,578 million, investment into 'held-to-maturity securities' recorded a net increase of PKR 99,618 million. Growth was specifically lead by Pakistan Investment Bonds (PKR 46,573 million) and Term Finance Certificate (PKR 33,654 million) issued by large scale power projects. Investments into Market Treasury Bills were lower at PKR 397,980 million (2015: PKR 421,056 million).



Bank investment into ordinary share of listed companies amounted to PKR 22,519 million (at cost) as against PKR 23,047 million in 2015. Investment portfolio is diversified in all major industrial sectors. Given above average performance by Pakistan Stock Exchange in recent years, these investments have created revaluation surplus (measured on mark-to-market basis) of PKR 37,308 million (2015: PKR 26,089 million). These investments earn substantial returns to bank by way of dividends and capital gains. The bank divests its investments into listed shares when we understand that the market has matured enough and there exist better placement opportunities.

Liabilities

As at the end of 2016, total liabilities of the Bank amounted to PKR 1,798,973 million being PKR 260,964 million or 17.0% higher than year end 2015.

• Deposits

The bank maintains its liquidity and funding profile at a satisfactory high level. The bank enjoys unmatched degree of depositor confidence as majority of bank's funding comes from its core customers deposit base.

As at the end of 2016, the deposits were PKR 1,657 billion, PKR 226 billion or 16% higher than that of 2015. The bank has devised an aggressive strategy to maximise the deposits through generating low cost current and saving (CASA) deposits. During last quarter of the year, the bank hired liability sales officers at our branches to mobile low cost deposits. To strengthen the existing relationships we have further improved our cash management services by deriving synergies from our network.

Proposed Dividend

Transferring the value generated to the shareholders, the Board of Directors have proposed a cash dividend of Rs. 7.50 per share (75%). This shall be presented for approval by the shareholders of the Bank in the 68th Annual General Meeting. This translates into 78% dividend pay-out of the bank's distributable profit for the year 2016 (after statutory reserve allocation). This high payout reflects bank's strong capital position and our commitment to enhance shareholders' value.

Capital Strength & Adequacy

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.

Calculated in accordance with the Basel - III framework, the bank's total capital to RWA's was 16.56% (2015:17.59%), which is well above the Central Bank's minimum requirement of 10.65%. CET-1 Capital ratio was also strong at 11.9% (2015:12.5%) against a required 6.00%.

Events after the Balance Sheet date

There have not been any material events that occurred subsequent to the date of the Balance Sheet that require adjustments to the enclosed financial statements, except those which have already been made or disclosed.

Change in the Board of Directors

We also would like to express our sincere gratitude to Mr. Muneer Kamal the retiring Chairman and Syed Ahmed Iqbal Ashraf the outgoing President for their vision, contribution and support towards the bank's progress.

Credit Rating

NBP is the only bank in Pakistan rated 'AAA' by both the approved credit rating agencies in Pakistan. In June 2016 M/s JCR-VIS Credit Rating Company again re-affirmed the bank's standalone rating of "AAA", one of the highest by the company for any bank in Pakistan. PACRA has also assigned a long-term entity rating of 'AAA' (Triple AAA) and short-term rating of 'A1+' (A-one Plus).

Profit & Loss Appropriation

The profit for the year 2016 after carryover of accumulated profit of 2015 is proposed to be appropriated as follows:

	(Rs. in million)
Profit Before Tax	37,141
Taxation	
- Current	9,541
- Prior year (s)	1,344
- Deferred	3,504
	14,389
After Tax Profit for the year ended December 31, 2016	22,752
Un-appropriated profit brought forward	49,156
Other comprehensive income-net of tax	(1,851)
Transfer from surplus on revaluation of fixed assets	114
Profit available for appropriations	70,171
Transfer to Statutory Reserve	(2,275)
Cash dividend paid 2015	(15,956)
Un-appropriated profit carried forward	51,939

Statement under the Code of Corporate Governance (the Code)

The Board of Directors is aware of its responsibilities under the Code of Corporate Governance; and I am pleased to report that:

- The financial statements prepared by the management of the bank present fairly the state of affairs, the results of its operations, cash flows and changes in equity;
- Proper books of account of the bank have been maintained;
- Appropriate accounting policies have consistently been applied in preparation of the financial statements. Accounting estimates are based on reasonable and prudent judgment;
- Approved accounting standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements;
- There are no doubts about the bank continuing as a going concern;
- Summarised key operating and financial data of the last six years is tabulated on the initial pages of this Annual Report;
- The value of investments of provident and pension funds are PKR 13,137 million and PKR 44,999 million respectively.
- The number of Board Meetings held during the year 2016 were 13, and attended by the Directors as follows:

No.	Name	Meetings Attended
1	Mr. Muneer Kamal	8
2	Syed Ahmed Iqbal Ashraf	13
3	Mr. Farrakh Qayyum	13
4	Mr. Tariq Kirmani	12
5	Mr. Muhammad Naeem	13
6	Mr. Iftikhar A. Allawala	12
7	Mir Balakh Sher Marri	13
8	Mr. A. Akbar Sharifzada	13

Future Outlook

Year 2017 will be another year of new opportunities and challenges for NBP as well as the banking industry. Among our strategic goals will be to maintain and further strengthen our leadership position through greater market penetration by adopting technological advancement and alternative delivery channels. We will be rebranding our product universe and adding more customers to our business network. While we continually strengthen our controls and risk-management measures, we will be all out to play our role in partnering economic development in the country, investment in our people, adapting to best practices of modern day banking. Our focus will also remain on improving assets-portfolio quality as a key element towards maximising shareholders' value.

As the CPEC related projects have already started taking-off, our Corporate and Investment Banking groups will be making the best of every emerging growth opportunity. The upcoming boost in large scale manufacturing will create greater lending opportunities, particularly in automobile, steel, cement and other construction related products. We have a very clear vision to capitalize on the CPEC related opportunities.

The bank will be moving in the right direction to capture greater business share of the ever-growing home remittance business. On one hand this will add to our non-fund based income, and on the other hand this will improve our liability cost through adding more to CASA deposits.

Our specialized products for various agriculture sub-segments dairy, horticulture, tunnel farming, mechanization, irrigations development, etc. have already started picking and further growth and product maturity is expected in the years to come. NBP will leverage its largest rural network to capitalize on these initiatives tapping growth in agriculture.

Our Islamic banking is cognizant of the growth in industry as NBP is continuously expanding its Islamic banking branches network and plans to be among the top Islamic banking windows of conventional banks. NBP will further leverage its rural franchise, technology platform and branchless banking services to cater to the banking needs of the unbanked population. The bank has undertaken a number of plans in the areas of information technology up-gradation with major projects, expansion of ATM network, and branchless banking. We intend to open new ATM facilitation centres and utility bills collection through biometric verification. Trade finance and home remittances business will be increased through targeting new customers and products.

NBP will continue to invest in enriching its human capital capacity building through acquiring talent and continued training. Efforts will also be made to improve 'expense management' and achieve greater operational efficiency. Greater emphasis is being placed on improving internal controls and regulatory compliance.

Statement of Internal Controls

The Board is pleased to endorse the statement made by management relating to internal controls including management's evaluation of ICFR. The Management's Statement on Internal Control is included in the Annual Report - 2016.

Appointment of Auditors

The Board of Directors on the recommendation of the Board Audit & Compliance Committee, has recommended M/s. Grant Thornton Anjum Rahman Chartered Accountants and M/s. EY Ford Rhodes Chartered Accountants to be the external auditors of the Bank for the year ending December 31, 2017 at existing fee paid to them in 2016 subject to approval by the shareholders in the Annual General Meeting. Both the firms are eligible and have offered themselves for re-appointment.

Annexures to the Annual Report-2016

The following are annexed to the Annual Report - 2016 and form an integral part thereof:

- Overview of the Board of Directors' Committees
- Groups' Performance Review
- Corporate & Social Responsibility Report
- Risk Overview
- Statement of Internal Control
- Statement of Compliance with Code of Corporate Governance
- Pattern of Shareholding

Conclusion & Acknowledgement

Pleased with the performance of the Bank for the year 2016 and looking forward to achieving our goals in year 2017, I appreciate and acknowledge the contributions of our Directors, senior management and our employees towards the success and achievement for the year. I would also like to express our gratitude and appreciation to the customers, shareholder and other stakeholders for their support and trust in NBP.

For and on behalf of the Board of Directors

Masood Karim Shaikh
President (Officiating)
Karachi
Dated: February 22, 2017



NBP
foree
Account

APNON SE APNON TAK

NBP **foree** Remittance Account

Being the Nation's Bank, we aim to cater to the needs of our customers throughout the country and also of the Pakistanis living abroad.

With NBP's Foree Remittance Service, you can now receive money from your loved ones anywhere in Pakistan, within minutes.

Service Features:



24/7 Cash
Accessibility



SMS Alerts



Cheque Book



Free Foree
ATM Card



1440
Branches



Account
Statement
Facility

HAR SAHULAT, AUR BHI BAA-SAHULAT

Being the Nation's Bank, we aim to cater to the needs of our customers and promise to bring convenient and innovative banking services. Introducing NBP Advanced Services, a set of facilities that will provide you with hassle-free banking solutions, anytime, anywhere.

Through our vast network of 1448 branches across the country, you can now pay your taxes online, make transactions through SMS, pay utility bills via 1 Link and take out cash from conveniently placed ATM Points.

E-Payments



SMS Alerts



Computerized
Payments Receipt



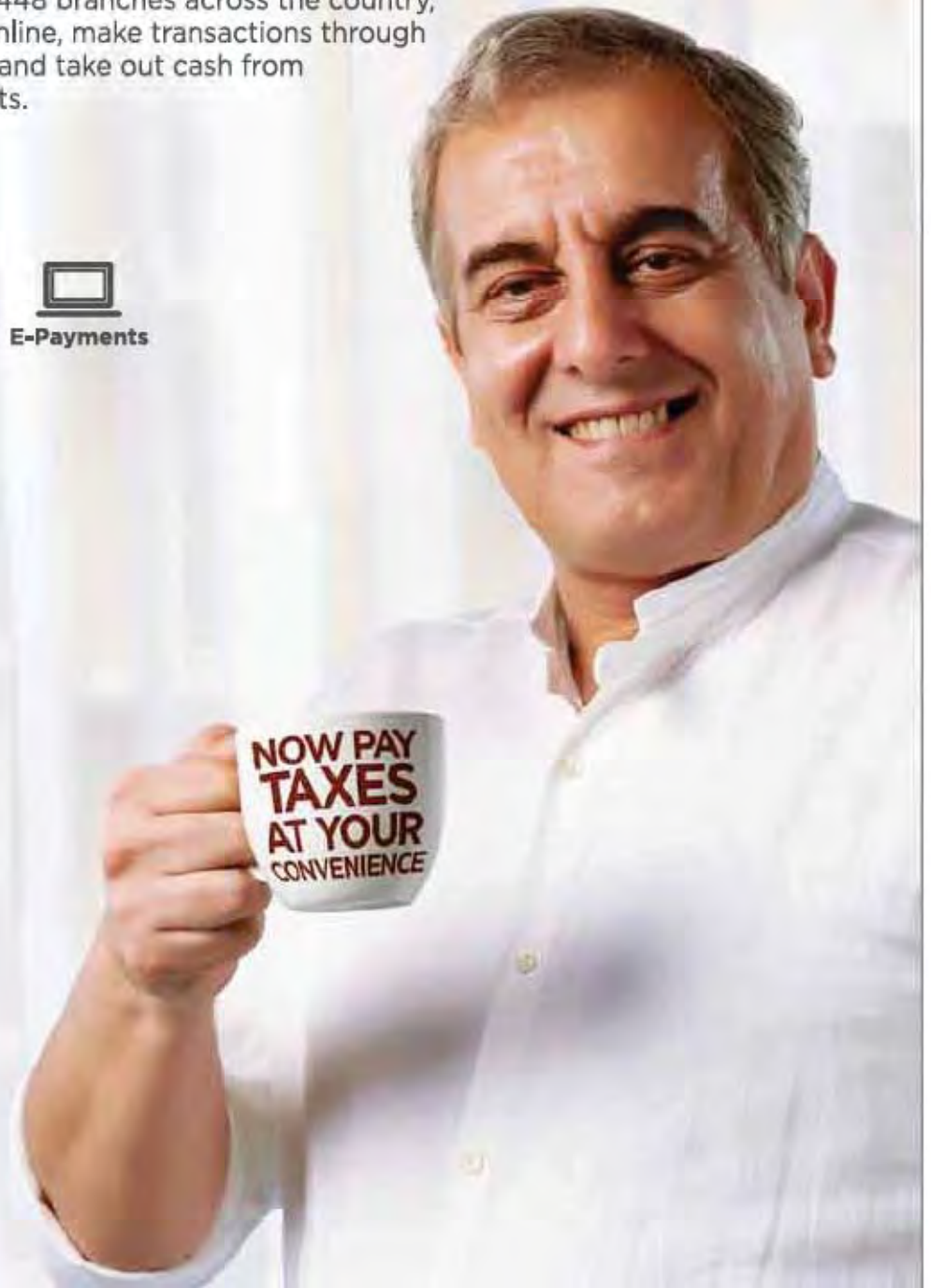
E-Payments



Pre-Scheduling
of Tax Payments



Special Handling
of Bulk Data





ATM Points



Mobile Banking



SMS
Alerts



Bank
Statements



Account
Updates



Utility Bill Payments



Hassle-Free
Convenient
Process



Automated
Receipts



Faster
Payment
System

OVERVIEW OF THE BOARD OF DIRECTORS' COMMITTEES

The Board of Directors has constituted the following committees to help in discharging its regulatory responsibilities in an effective manner. Below is the summary of the committees' structure and membership.

Members	Board Audit & Compliance Committee	Board Risk Committee	Board HR Committee	Board IT Committee
Mr. Farrakh Qayyum	●	●	■	
Mr. Iftikhar A. Allawala	●	■		●
Mr. Tariq Kirmani	●		●	■
Mir Balakh Sher Marri	●	●	●	●
Mr. A. Akbar Sharifzada	●		●	
Mr. Muhammad Naeem	■	●	●	
Syed Ahmed Iqbal Ashraf		●	●	●
No. of Meetings Held	08	04	07	10

■ Chairman ● Member

A brief of the functioning of each of the Board Committee during 2016 is summarised below:

Board Audit & Compliance Committee (BACC)

Members	Mr. Muhammad Naeem - Chairman Mr. Farrakh Qayyum Mr. Tariq Kirmani Mir Balakh Sher Marri Mr. A. Akbar Sharifzada Mr. Iftikhar A. Allawala
Meetings held	08
Performance & achievements	The Board Audit & Compliance Committee is an advisory and assurance committee which assists the Board in fulfilling its oversight responsibilities as per the approved charter. In performing its duties, the Board Audit & Compliance Committee has maintained an effective working relationship with the Board, the bank's management and the internal and external auditors. The Committee reviewed, discussed and recommended the matters for improvement in internal audit, compliance plan, regulatory issues, financial reporting, corporate governance, internal controls, risk management, compliance with laws and regulations, code of conduct and external audit. The Committee also reviewed the statement of internal controls and the bank's financial results prior to submission and approval by the Board of Directors. The Committee initiated the ACCA training program during the year. The Committee ensured that a permanent, dedicated and independent internal audit function exists in the bank which has adequate resources and staffing and is appropriately placed within the bank with related skills and up-to-date knowledge of auditing techniques and banking activities. The Committee also ensured effective coordination between internal and external auditors and recommended the appointment of the external auditors of the bank to the Board of Directors.

Members	Mr. Iftikhar A. Aliwala – Chairman Syed Ahmed Iqbal Ashraf Mr. Farrakh Qayyum Mr. Muhammad Naeem Mir Balakh Sher Marri
Meetings held	04
Performance & achievements	BRC facilitates the Board of Directors in ensuring that the bank follows & implements risk management guidelines & instructions issued by the State Bank of Pakistan. The Committee plays a vital role in improving the risk environment in the bank through active reviews of credit & investment portfolio, NPL recovery strategy, risk management frameworks/policies and other risk management models/tools/MIS, etc. BRC focuses on creation of sound risk culture across the bank. BRC continuously updates itself through orientation/training sessions on emerging risks. The Committee met 04 times during the year 2016 and ensured the implementation of overall risk management policy, review/endorsement of risk management frameworks i.e. ERM/ICAAP, risk appetite, interest rate risk management policy, value at risk framework, development/approval of risk tolerance/concentration policy and monitoring of progress of BPR & COSO project.

Board Human Resource Committee (BHRC)

Members	Mr. Farrakh Qayyum – Chairman Syed Ahmed Iqbal Ashraf Mr. Tariq Kirmani Mir Balakh Sher Marri Mr. A. Akbar Sharifzada Mr. Muhammad Naeem
Meetings held	07
Performance & achievements	The Committee is primarily responsible to review, monitor and make recommendations to the Board of Directors on NBP's human resource strategy and policies pertaining to staffing, compensation, benefits, training and related issues of strategic importance which affect NBP's ability to recruit, develop and retain qualified and experienced employees needed by the bank. Various HR decisions were taken by the Committee for improvement in compensation, institutional discipline, overseas and other HR areas. The Committee also reviewed various HR policies and recommended to the Board of Directors for approval. The Committee conducted hiring interviews for bank's key/senior positions and recommended to the Board of Directors for approval. The Committee also recommended approval of pay packages for officers, executives, clerical & non-clerical staff.

Board IT Committee (ITBC)

Members	Mr. Tariq Kirmani – Chairman Syed Ahmed Iqbal Ashraf Mr. Iftikhar A. Alawala Mir Balakh Sher Marri
Meetings held	10
Performance & achievements	IT Board Committee is a high level steering committee comprising of four (04) members that include three (03) NBP Board of Directors and NBP's CEO/President. ITBC is responsible for taking IT related strategic decisions and overseeing their execution in the bank's interest. The focus is to develop better priority setting, improved alignment with business objectives and bringing benefits to the bank like business focus, priority, transparency and accountability. ITBC is the governance body for reviewing, monitoring and prioritizing major IT projects from a cross-functional perspective for the bank. The top three activities of ITBC include: - IT project prioritization, - overseeing project implementation and execution of projects and - recommending the projects for approval to BoD. The project of Anti Money laundering systems was implemented successfully in May 2016. The project implementation was initiated in August 2015 and under ITBC's regular monitoring, successfully implemented within approximately nine months. As per the directive of above 1000 ATMs implementation, ITBC regularly monitored the progress of the project with reference to all target dates, as a result of which the ATMs network for NBP increased from 376 to over 1,300 country wide within two (02) years. Implementation of Biometric enabled ATMs is also in progress which is regularly being monitored by the Committee. Furthermore, the Committee regularly reviewed the growth of Call Center operations, and recommended valuable enhancements for improved Call Center functions. The focus of the Committee is always towards achieving enhanced service quality measures for customer facilitation. Implementation of Centralized Complaint Management Solution for the bank is one of the directives of the committee to ensure prompt and seamless complaint management process. As a result, a dedicated complaint management system is deployed and complaints from all channels are now being registered with complete follow-up process. Important initiatives have been taken based on recommendations of the Committee such as implementation of Queue Management Machines for strategically managing customer queues at Branches; deployment of employee self-service and manager self-service module, establishment of trade factory and dispute resolution unit, etc. Additionally, the Committee also regularly oversees IT budget and spend in major financial heads.



Choice Hee Sukoon Hai!



NBP
CH@ICE
CURRENT ACCOUNT

For further information, contact **NBP's**
concerned branch or our call center at:
www.nbp.com.pk

In a preoccupied life of today, only calmness can
bring happiness. This is why NBP Choice gives its
customers their serenity.

NBP Choice Current Business & Individual Account

Free Services *



Cheque Books



Online Transfers



ATM Cards



SMS Alerts



Pay Orders



Account
Statements

* Terms & Conditions apply

GROUP PERFORMANCE REVIEW – 2016

Commercial, Retail Banking

Commercial, Retail Banking Group (CRBG) essentially covers three business spectrums: distribution, product development and transaction banking. CRBG markets its products on both sides of the balance sheet being liabilities (i.e. deposit) and assets (i.e. commercial and retail loans).

NBP is industry's leading bank with approximately 55% share of personal loan market. We offer "Advance Salary" as well as "Cash n Gold Products" to meet the domestic requirement of the consumers. Beside personal loans, NBP offers Saibaan (Home Loan) and Bancassurance for housing and insurance needs of its customers.

Medium Enterprise, Commercial and Commodity Operations have been key new initiatives during the year 2016.

We have set up 10 Commercial & SME centers at various cities and plan to take the total to 16 centers providing dedicated services to the SME and Commercial clients to cater their credit and non-credit financial requirements.

Besides, there has been significant growth in non-fund based business by catering to the needs of government and private borrowers. On commodity financing, the overall industry scenario remained competitive as pricing witnessed a negative trend. It is expected that margins on this portfolio will remain subdued. Going forward, the focus will be to improve the overall quality of credit portfolio besides capacity building and venturing into new and untapped markets.

Through its e-Banking Division, CRBG has taken significant steps in building multiple "Digital Financial Service" platforms like launching of Prepaid Card, Branchless Banking and Cash Management. For this purpose, multiple strategic partnership accords were signed during the year 2016. While working with its partner entities, NBP delivered on multiple government initiated projects related to delivery of financial services from the government to individual and vice-versa; as well as deployment of new technologies to enable the bank to issue digital products that will bring the bank at par with peer competitors in 2017. The bank crossed 1,300 ATM mark

during the year with over 130 ATMs installed at different offsite locations.

CRBG made valuable contributions towards financial inclusion of unbanked masses by delivering on multiple mandates of both Federal as well as Provincial Governments. These include government initiated projects through which PKR 30 billion were disbursed to more than 700,000 individuals under various schemes. Regarding payment flow from public to the government, NBP has launched a state of the art digital system for collection of various government fees and duties. This service enables individuals to digitally pay through thousands of branchless banking agents across Pakistan. The bank surpassed SBP targets of Agri-loan disbursement.



Corporate Banking

The Corporate Banking Group (CBG) has a core focus on catering the credit and non-credit based financial requirements of large corporate customer, shaped around three product lines i.e. Working Capital Finance, Project Finance and Trade Business. CBG handles one of the largest corporate portfolio in comparison to all financial institutions operating in Pakistan. CBG is an established brand synonymous with an extensive geographical footprint in the market. The group functions through five dedicated corporate banking centers located at Karachi, Lahore, Islamabad, Faisalabad and Multan, and focuses catering credit and non-credit financial requirements of large corporate clients. The Group has been a key contributor in arranging financing facilities for various large scale projects of national interest. During the year, the group made significant improvement in its asset quality by adding quality loan portfolio to its books and improving the weighted average obligor risk rating.

Going forward, the Group is all set to materialize the business opportunities emerging out of CPEC-related projects, revival of slow moving sectors i.e. construction, transportation, etc.

Investment Banking

During 2016, Investment Banking at NBP was elevated in status to a Group in recognition of the strategic importance of the function within the bank and its contribution to the bank's financial position in terms of contribution to high-quality income generating assets and its sustained leadership position in the country's investment banking arena. The Group handles all project finance transactions, arranges syndication, provides structured solutions to cater to the bank's corporate customers' capital raising requirements (including issuance of bonds, listings, etc.).

The Group closed a number of landmark transactions in 2016 including the successful close of PKR 100 billion rated Sukuk of 10-year tenure for the Neelum Jhelum Hydropower Project. This is one of the largest Islamic transactions executed in Pakistan to date and NBP was the sole mandated lead advisor & Arranger and successfully arranged the placement in a consortium of 16 banks.

The growth in year-on-year non-fund based income contribution to NBP's income statement is indicative of the important contribution of investment banking and with its elevated position within the bank. It is expected to expand its role in structuring transactions in coordination with the other business units.

International Operations

With International branches and offices in 19 countries, NBP is one of the largest international franchises amongst Pakistani banks. Our focus is on trade finance, syndication, LC confirmation, FI business, correspondent banking and remittances business. International operations of the bank comprise of 21 branches spread over North America, Europe, Central Asian States and Middle East. NBP is the only Pakistani bank having five branches and two subsidiary banks in Central Asia.

Since 2015, global economic activity remained subdued. Growth in emerging market and developing economies which is 70% of global growth has declined for the fifth consecutive year, while a modest recovery continued in advanced economies. Despite all the challenges, global slow-down and monetary policy shifts; International Banking Group was able to show revenue growth during the year. The International branches will keep striving in providing better services to its clients and catering to banking needs of local as well of Pakistani nationals living abroad. International operations will remain focused to explore new avenues to ensure increase in deposit base and trade business to reflect improvement in its funded and non-funded income. We will continue further strengthening I.T platforms at International branches to ensure efficiency and improvement through establishing effective compliance controls. In coming years NBP will further enhance its foot print by entering potential new markets in China and Middle East.

Treasury & Capital Markets

Treasury & Capital Markets Group (TCMG) role is to optimally manage the bank's liquidity, foreign exchange, investments in money and capital markets for optimal utilization of funds consistent with the bank's strategy vis-à-vis global and domestic market outlook, currency volatilities and interest rate movements.

It is done keeping in view the socio-economic indicators that potentially and directly affects the policy rate, exchange rate and the investment climate of the country. The Group has four business units. Financial markets Trading Division is responsible for market-making, management of fixed income trading and FX trading. The ALM Division is managing liquidity and the banking book. Our Sales & Structuring Division manages the client-related activity relating to global markets and treasury products, whereas Equities Market Division manages equity investment and trading. All Divisions have met their financial and other targets for the year and continue to be a major contributor to the bank's bottom line profitability.



Corporate Branch Islamabad

Assets Recovery

In the last two years Assets Recovery Group (ARG) recorded overall significant reduction in NPLs through cash recoveries and declassification. During the year the group made structural adjustments and also segregated its portfolio for more focused recoveries.

NPL cases have been prioritized in terms of recovery prospects. Additionally performance evaluation of legal counsels is being continuously monitored to enable speedy recoveries.

Islamic Banking

During the year under review, "Aitemaad Islamic" Banking overall balance sheet size has grown by 160% increasing to Rs. 35,814 million from Rs. 13,793 million in December 2015. In line with the growth, deposit base increased by 161% reaching Rs. 33,088 million from Rs. 12,701 million in December 2015.

Islamic Banking branch network increased from 79 in December, 2015 to 118 as of December, 2016; and is targeting 192 branches by converting 34 conventional branches into Islamic and opening 40 new Islamic branches as of December, 2017. Going forward, the bank plans to launch new Islamic banking liability and asset products. To ensure provision of online facilities to the customers, all Islamic banking branches have online connectivity with entire network. Currently, Islamic branches have installed 72 ATMs and have a target of reaching one to one ratio of branches to number of ATMs by the end of 2017.

Global Home Remittances

Global Home Remittance Management Group (GHRMG) continues to provide fast, convenient, reliable and cost effective home remittances services to its customers. With our large network of overseas correspondents worldwide, customers can now send their remittances to Pakistan through National Bank of Pakistan from any part of the world. NBP facilitates millions of beneficiaries to collect their home remittances even in the most remote areas of the country where no other bank operates.

Keeping in mind the importance of financial inclusion, special focus was given to convert cash over the counter customers to account holders by offering them our specialized product "NBP Foree Remittance Account". This year, addressing customers' demand, current account version of the "Foree Remittance Account" was also launched which is showing promising results. The "NBP Foree Remittance Account" not only induced the customers to visit our ATMs to collect their remittances but also increased the deposit base of the branches.

In 2017, the bank intends to procure and roll out new robust remittance software based on state of the art technology. Further, the group has been actively involved in various marketing campaigns with some major tie-ups in KSA, UAE and other major remittance centres which attracted excellent feedback from print/ electronic media, participating agencies as well as from the customers. The bank plans to launch many technologically advanced value added products in the near future for Non-Resident Pakistanis. We are looking into diversification of our remittance distribution network through a) alternative delivery channels (mobile wallets, mobile apps) and b) distribution agents (POS terminals, petrol pumps, courier companies and telecom operators). We are also signing



agreements with the top money sending business companies across the globe to make it expeditious for the remittance customer to receive their remittances from across the globe without any hassle.

The biggest challenge facing the over-all remittance business of Pakistan is educating the customers to use legal channels for remittance and avoid using "Hawala" and "Hundi". The bank is working closely with SBP and various other stakeholders in educating the expatriates to use legal channels for sending their remittances. This will not only increase our business but will also increase the remittance volume of Pakistan.

Operations

The Group functions to achieve greater customer facilitation and increase non-fund based income. The bank has achieved automation of government pension payments by automating all related tasks including calculation of amount of pension due (with all adjustments applicable). During the year the group also achieved implementation of various projects including installation of business machines, biometric devices for account opening. The Group also set-up a trade factory.

In order to achieve greater customer facilitation and an increase in fee-based income, the bank is pursuing the goal of automating government receipts & payments process. This initiative has significantly reduced the turn-around-time (TAT) and also enhanced efficiencies besides costs savings associated with government receipts & payments.

As part of product innovation, NBP was the first bank to introduce ATM points where multiple ATMs had been installed under one roof creating more comfort for customers. The bank, for customers' facilitation, has introduced Interactive Voice Response (IVR) facility for cards' activation. Our "PEGHAAM" service promises delivery of alerts as and when a financial transaction takes place in subscriber's bank account.

Our e-payment facility, earlier available for large taxpayers, has now been made available for other taxpayers having an account with the bank for making their tax payments electronically.

Credit Management

Credit Management Group (CMG) performs a wide range of functions at the bank including assessing and approving loan applications jointly with the business groups, credit monitoring, policy formulation and conducting industrial and economic research for the bank. At its core, the goal of the CMG is to support in improving loan asset quality to prevent NPLs.

During the year 2016, the group made significant contributions towards improving asset quality by curtailing exposure on high risk loans and increasing exposure on low risk loans thus resulting in improved yields. This was achieved through setting minimum obligator risk band for fresh lending and identifying the riskier business segments and industries where the bank should avoid further exposure. Besides improving asset quality, the Group contributed towards strengthening credit management function by developing and implementing new financial institutions' credit risk policy and country risk policy.

Logistics Support

Logistic function has always been vital in progress and development of any business especially in services sector. During the year under review, major logistical milestone achieved include procurement of over 1,000 ATMs, procurement of 1600 various biometric devices to facilitate account opening and pensions payment etc. The bank also completed the project of installing alternate energy (solar power) at above 300 ATM sites, leading to more environmental friendly and energy saving work platform. A large number of branches were renovated during the year, including renovation & refurbishment of corporate centres at Lahore and Islamabad.

Risk Management

Risk Management Group (RMG) is a proactive function in the bank identifying, assessing, monitoring and controlling the risks attached to our business. RMG functions as an independent group reporting directly to the President with dotted line reporting to the Board Risk Committee (BRC). The group structure is constituted in a way so as to have a focused approach encompassing all material risks that the bank may be exposed to.



RMG acts as a second line of defence in the overall risk management structure of the bank, assuming the role of setting the overall risk management framework, development of tools & systems for effective risk management, risk oversight along with review and reporting of deviations of activities from set standards. Besides, RMG is also effectively contributing towards BPR & COSO implementation. Several initiatives taken and achieved by the Group in 2016 include establishing Enterprise Risk Management Wing, formulating & updating various policies related to interest rate risk management, internal risk rating model for borrowers, Internal Capital Adequacy Assessment Process (ICAAP), risk appetite statement etc. For year 2017, the group is targeting, inter alia, to develop facility risk rating model, equity dashboard and CPV model for portfolio stress testing.

Compliance and Audit

During 2016, Audit & Inspection Group (A&IG) conducted audit of domestic and overseas branches, controlling offices and subsidiaries as per audit plan approved by the Board Audit & Compliance Committee. Moreover A&IG also conducted special audits and snap audits of various domestic branches. The Group presented significant issues/audit observations in BACC meetings for deliberation and necessary directives to the management. The Group also apprised senior management and the Board on their finding and status of rectification of issues highlighted in its audit report. A&IG also made contributions towards identifying appropriate methodology for improvements in Internal Controls with ultimate objectives to minimize fraud incidences, costs controls and to improve operational efficiencies of the bank. The Group also contributes towards trainings & development courses offered at NBP staff colleges for improving the effectiveness and efficiency of the internal auditor as well as branch staff.

Compliance function at NBP continuously strives for improving the compliance environment and minimizing compliance risk for the institution through independently assessing compliance risk, and evaluating banks internal controls for adherence to applicable laws, rules and regulations, including identifying compliance issues and independently reporting on the state of compliance activities across the institution.

The NBP's approach towards the management of compliance risk is covered in Compliance Policy, which outlines the requirements of the compliance program, and defines roles and responsibilities related to the implementation, execution and management of the compliance program. These requirements work together to drive a comprehensive risk-based approach for proactive identification, management and escalation of compliance risks throughout the institution.

Compliance Group is committed to the highest standards of AML/CFT. In order to strengthen its AML structure compliance group has successfully implemented Safe-Watch (Name Filtering Solution) and transaction monitoring system, Financial Crime & Control Management (FCCM), one of the top ranking systems in the world. In addition, we have also appointed a team of experienced professionals in order to timely process AML alerts. At present, transactions monitoring, know your customer and case management modules are functional in FCCM.

Compliance Group is also dedicated to create value for both internal and external customers whilst meeting its regulatory obligations. This includes maintaining a fraud and corruption prevention culture. Compliance Group also revamped its Fraud Risk Management Wing and armed it with two additional units including ADC Surveillance and Detection/Prevention/Whistle blow. The bank has also successfully implemented Foreign Account Tax Compliance Act (FATCA) across its global network and also played an effective role in compliance of this international initiative.

Further, as part of its pursuit of capacity building and knowledge development of bank staff, cross functional consultation sessions on regulatory framework were conducted and regular training and testing programs were rolled out.

Information Technology

Our IT team is progressively moving from a back-office support function to a front force for strategic banking initiatives, enhancing the value and transforming the perception of the bank from branch-centric (product-focused) to multi-channel (client-centric) and ultimately to self-directed services (digital-centric). IT has taken measures such as strengthening and standardizing the bank's infrastructure in respect of security, communication and networking, achieving inter-branch connectivity, automation of existing services, introduction of value-added services, strengthening deliverables of multiple ADCs by enhancements in call centres operations, and expanding the ATM network and its functionalities.

During 2016, NBP achieved further milestone in improving functionality and output of recently rolled-out core banking application All Islamic banking branches were migrated to CBA Islamic as well.

The Bank's ATM network in 2014 comprised of 376 ATMs which has now increased to over 1,300 machines. Installation of additional ATMs is planned for next year, taking bank's ATM network to over 1500. Furthermore, progress has been made to equip the IT infrastructure to support newly introduced products for Islamic banking customers, supplementary ATM cards, online inter branch transfers through ATM, remittances, etc.

Improvements have also been made in call centre operations by integrating Islamic banking customers' data with the call centre. Our call centre functions now include SMS notifications, complaint registration, issues regarding ATM functionality, ATM card activation and deactivation.

Furthermore, customer-centric services successfully implemented include e-statement registration/sign-up service for customers enabling them to receive an electronic version of the account statement at their registered email addresses. To further strengthening operational and compliance processes of the bank, key systems have been deployed for better tracking by the management.



ENVISIONING
CHANGE



DRIVING
PROGRESS

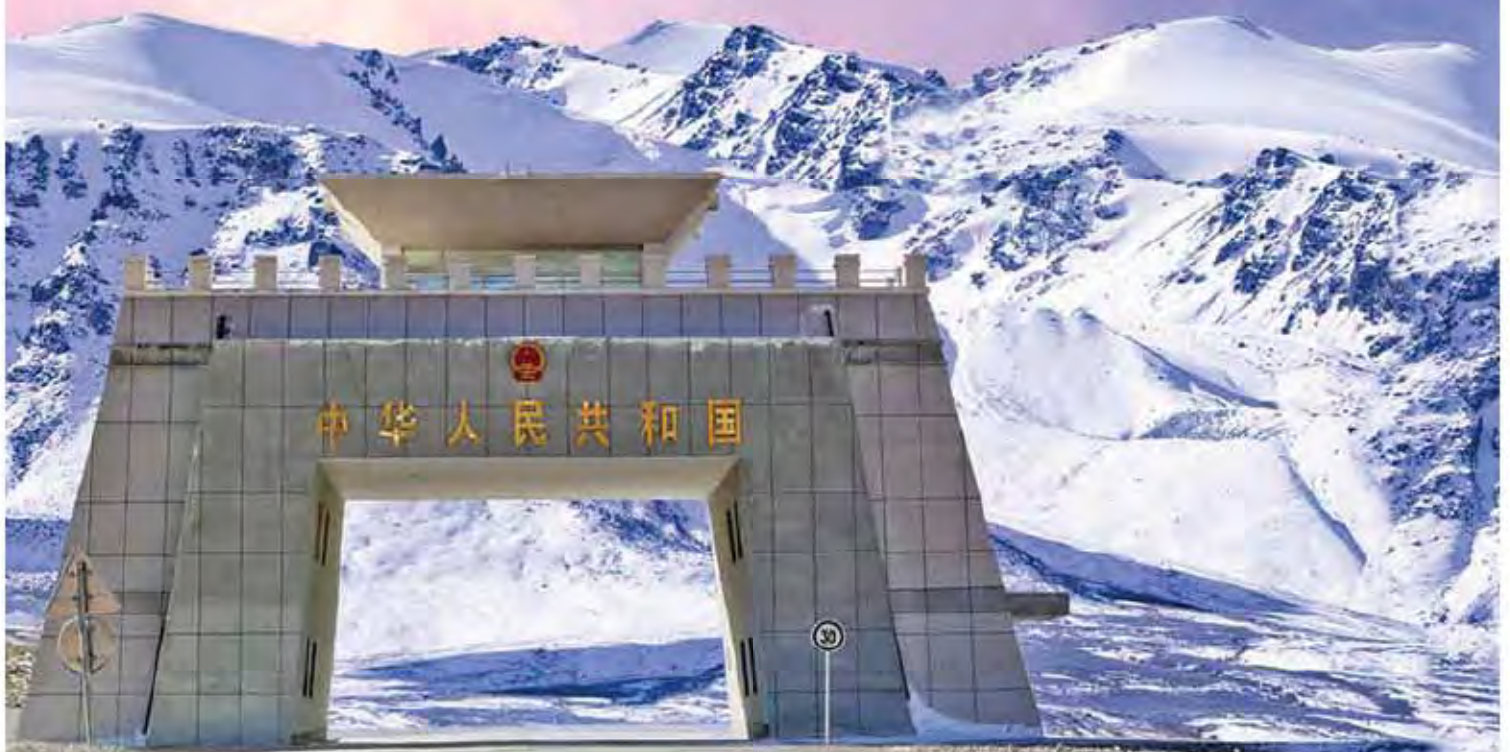


LEADING
SUCCESS

WE ARE THE
NATION'S BANK

Being the "Nation's Bank" with a AAA rating (JCR-VIS), NBP is benchmarked as a catalyst for economic growth, serving the diverse needs of the country through its large branch network, universal banking capabilities and multiple delivery channels.

BREAKING RECORDS WITH **THE WORLD'S HIGHEST ATM**



At a height of **15,397 ft.** above sea level

Following the CPEC route, NBP reaches new heights of excellence with the world's highest ATM running on green energy at Khunjerab Pass.

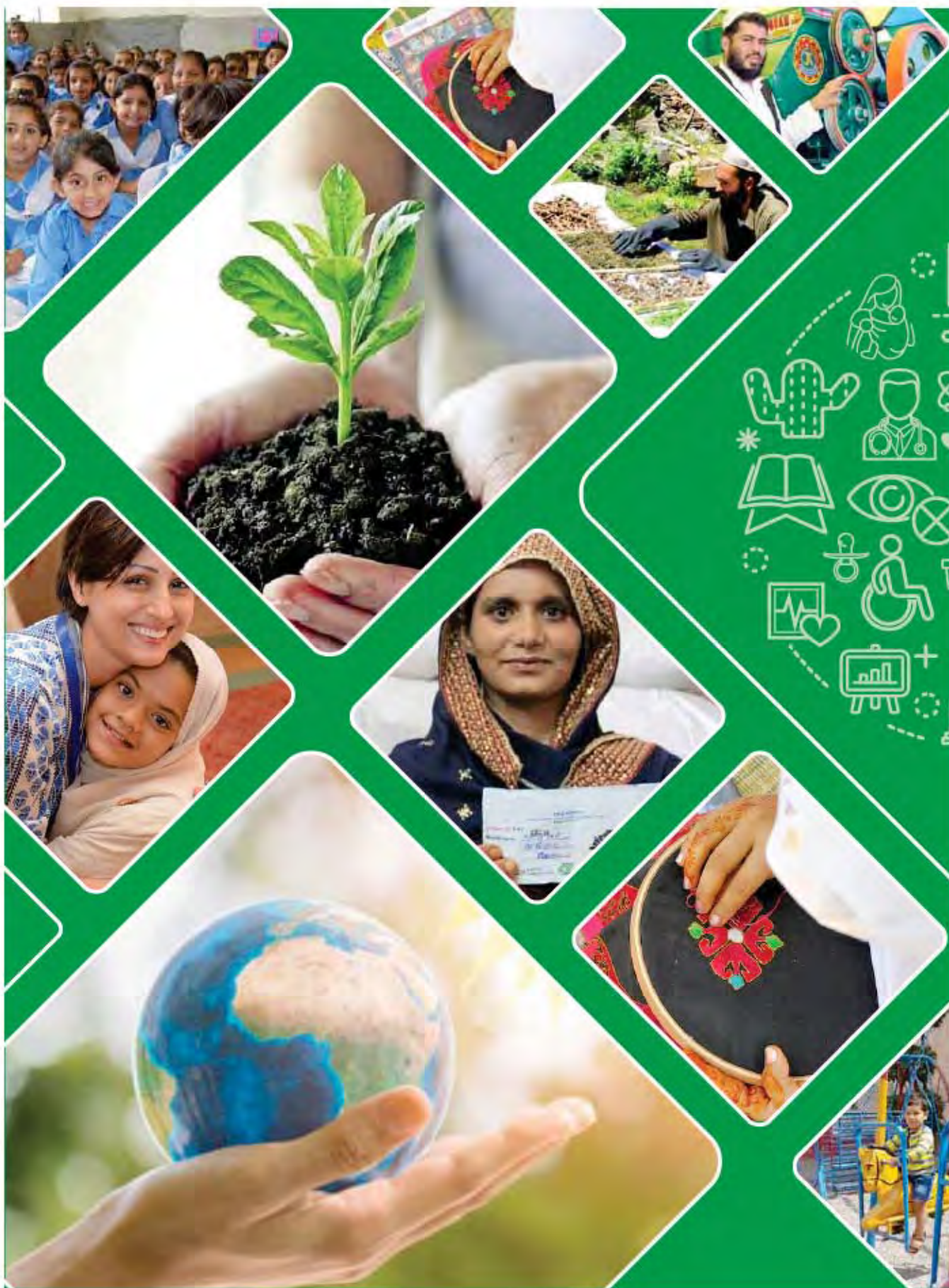
AAA Rated Bank by
PACRA and JCR-VIS

NATIONAL BANK OF PAKISTAN

 **NBP**
National Bank of Pakistan

**WORLD'S
HIGHEST
ATM
IN PAKISTAN!**







CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is an integral part of NBP's corporate policy. As a leading financial institution in the country, NBP has taken various initiatives that demonstrate its resolve towards the community at large. The bank is running a full-fledged CSR Program to bring positive changes in society by improving life quality of underprivileged ones. In addition to its demarcated and pre-defined areas of Education, Health, Special Persons, Women & Child, the bank is always there for the relief of affected people in case of any natural disaster or calamity that the country faces.

We believe that looking after underprivileged communities is synonymous to serving the nation. NBP has a well-funded Corporate Social Responsibility programme focusing on education, healthcare, infrastructure development, water resource development and enhancing livelihood generation skills. During the year, NBP spent around Rs. 53 million on CSR activities.

To ensure progress, quality of work and transparency in utilization of funds under CSR schemes; NBP regularly monitors project activities. The bank has initiated a wide range of projects, including health care provision of free primary health care, hospitals, mobile dispensaries, scholarships for local students, infrastructure development and upgradation of academic institutions.



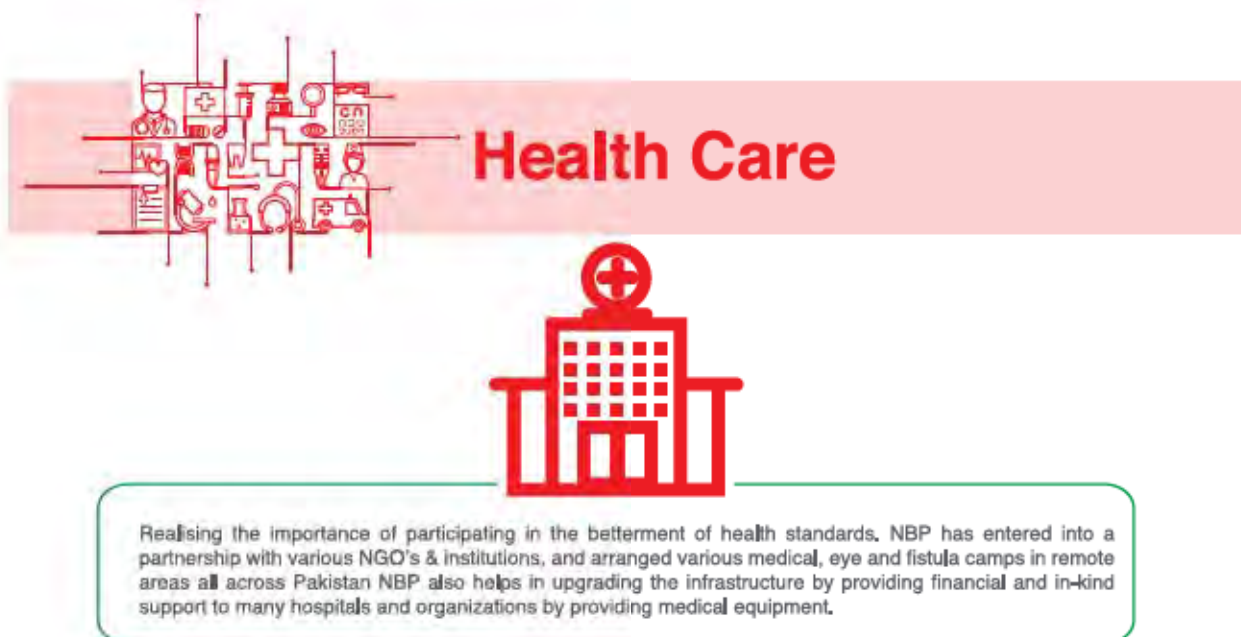
Education



At NBP, we believe that education plays a vital role in economic development and poverty alleviation in the society. Keeping that objective in mind, the bank is performing its social duty to uplift the educational standards in the country by financially supporting various educational institutions on a yearly basis assisting those in carrying out imparting education and other skills to financially constrained students. Scholarship & Adoption carried out by NBP during 2016 include:

Name	No.	Upgradation, Equipment & Educational Events.
Professional Education Foundation, Karachi	20	Development & Research at Habib University Foundation, Karachi.
Sargodhian Spirit Trust	10	
IBA Sukkur	15	Motivational Volunteer Empowerment Program-Lahore by Family Educational Service Foundation
WISE College, Lahore	3	
Namal College, Mianwali	5	88 Orphan houses for students at Roshni Homes Trust, Lahore.
Sindh Madressatul Islam University, Karachi.	20	
TCF, Nowshera KPK - One year expense for entire class		Celebrations of 7 th National Book Day.
High School Tehsil Pazzo, Baluchistan	Various	Workshop for the young minds at LUMS, Lahore.
		Sponsoring workshop "Hope Model United Nation".





Health Care initiatives by the Bank in 2016 include:

- A 3 Day Medical Camp in Pashin, Balochistan
- Adopted a female patient ward in Mary Adelaide Leprosy Centre, Karachi
- Al-Madad Welfare Society to Purchase Medicines at Saman Goth, Karachi
- Free distribution of Meal for the poor in Khana-Ghar (Food House)
- Dialysis of underprivileged kidney patient, Pak-Kidney Institute, Islamabad
- Distribution of Ramzan Food Package Packets in Lyari, Karachi
- Donated health care equipment to Gulab Devi Chest Hospital, Lahore
- Donated medical equipment to Al-Mustafa Trust Medical Centre, Lahore
- Financial support for patients at Afzaal Memorial Thalassemia Foundation, Karachi
- Financial support to Fatimid Foundation Kidney Centre, Quetta
- Financial support to 'Struggle against Disability International Association', Murree
- Infrastructure support to The Aga Khan University Hospital, Karachi
- Installation of hand water pumps in remote areas of Sindh and Punjab
- Installation of water purification plant at Koshki village, Ziarat
- Medical camp at Firdous Colony, Karachi
- Supply of Food to 10 deserving patients for 11 months at Koochi Goth Hospital, Tharparkar
- Supply of infusion pumps for NICVD, Karachi
- Supply of Wheel Chairs & Stretchers to Abbag Institute of Medical Sciences, Azad Kashmir



Special Persons



For many years, the organizations that represent people with disabilities have regarded corporate social responsibility and sustainability as suitable and appropriate arenas to spread awareness of disability. NBP rose to the occasion to provide independent opportunities, confidence and fitness to handicapped, which encourages them to take part and become active members of the society.



Infrastructure & Equipment support extended for:

- Children Programme by Special Children School (PNAD), Mauripur, Karachi
- Deaf Reach School by FESF, Karachi
- 05 Children adopted at Ida Rieu Welfare Association for Blind, Karachi
- Pakistan Association of the Blind, Karachi
- Department of Special Education Government College of Home Economics, Lahore

Wheel Chairs, Tricycle and White Cane:

- Pakistan Disabled Foundation, Karachi
- Tricycle to Karachi Ormide Emdent Living Centre
- Mach development Foundation, Ghotki
- Disabled Welfare Association, Khairpur
- Association for the Rehabilitation of Physically Disabled



Sports activities for special persons:

- 7th NBP Wheel Chairs Cricket Tournament, Islamabad
- T-20 Blind Cricket Tournament in Bahawalpur and Quetta
- Punjab disabled people-Power Lifting Championship, Lahore





Women & Child



We believe empowerment of women in developing countries is essential to reduce poverty. Economic inclusion of women can play an important role in social and economic well-being of the society. Many women and infants in remote small towns and villages face difficult economic conditions, NBP extends them a helping hand for respectable living and social uplift. NBP has taken various initiatives like organising vocational training, women sports events and supply of equipment.



Women Vocational Program:

- Vocational training sessions were organised in Abbottabad, Bhakkar, Sheikhpura, Gilgit Baltistan, Multan, Quetta and Skardu, where each training session was for 2 weeks enrolling 25 women participants. Participants were imparted with training on stitching, sewing, embroidery etc. Upon completion of training all the participants were given embroidery and sewing machines for a regular income stream

Sports events arranged:

- Sepak Takraw Team participating 31st King's Cup World Championship
- Sponsored fund raising fashion show in Islamabad by Pink Ribbon



Events sponsored include:

- Supporting 10 orphanage students at Minerva Education System, Karachi.
- Meena Bazaar by Behbud Association of Pakistan, Islamabad
- British Women Association Charity Bazaar, Karachi
- Hired a 14 year old female chess player on stipend who participated in the National Chess Championship
- Women & Child Medical Camp in Lemo Goth, Karachi





Culture Promotion



NBP is playing a commendable vital role in establishing and promoting the national and regional cultural norms. We supported & sponsored various events like:

- Conference on "Safety of Journalists & Combating Impunity", Karachi
- KONPAL Child Abuse Prevention Society Charity Drama, Karachi
- Renovation of National Police Bureau Library, Islamabad
- Theatre at Jamshed Memorial Hall, Karachi
- Theatrical Play by Make Believe Production, Karachi
- International Anti-Corruption Day Seminar & Awareness Walk by NAB, Sukkur
- Human Rights Society of Pakistan (HRCP) "Life Time Award"
- Louis Braille Talent Award Organization by "Special Children Monthly"
- Quaid-e-Azam Gold Cup Cycle Race, Karachi
- Traffic rules awareness walk in collaboration with Sindh Traffic Police
- Seminar and lectures on anti-smoking and addiction
- Sponsored a Pakistani movie named 'Salute', it's a story of a child named Aitezaz Hassan, who sacrificed his own life to save the children of his school in a terrorist attack





Sports



Our achievements in sports were as follows:



Hockey:

- Hockey Junior Team winner of National Hockey Championship
- Hockey Senior Team Runner-up of National Hockey Championship
- Hockey Senior Team winner of Chief of the Naval Staff Hockey Tournament
- Hockey Senior Team 3rd Position 9-A Side Hockey Tournament

Football:

- Runners up in PFF Football Cup, Lahore



Chess:

- Won world chess master award at World Chess Olympiad, Azerbaijan

Snooker:

- Won NBP Ranking Snooker Championship-2016



Badminton:

- Won ladies singles and doubles event "International Badminton Tournament", Islamabad
- Won men single and doubles event "International Badminton Tournament", Islamabad
- NBP's Men Team, Team event runners-up National Badminton Championship 2016
- NBP Women Team, Team event runners-up National Badminton Championship 2016
- Won National Badminton Championship 2016



Get more from your gold with **NBP Cash & Gold**

(Get instant cash by securing your gold)

Features

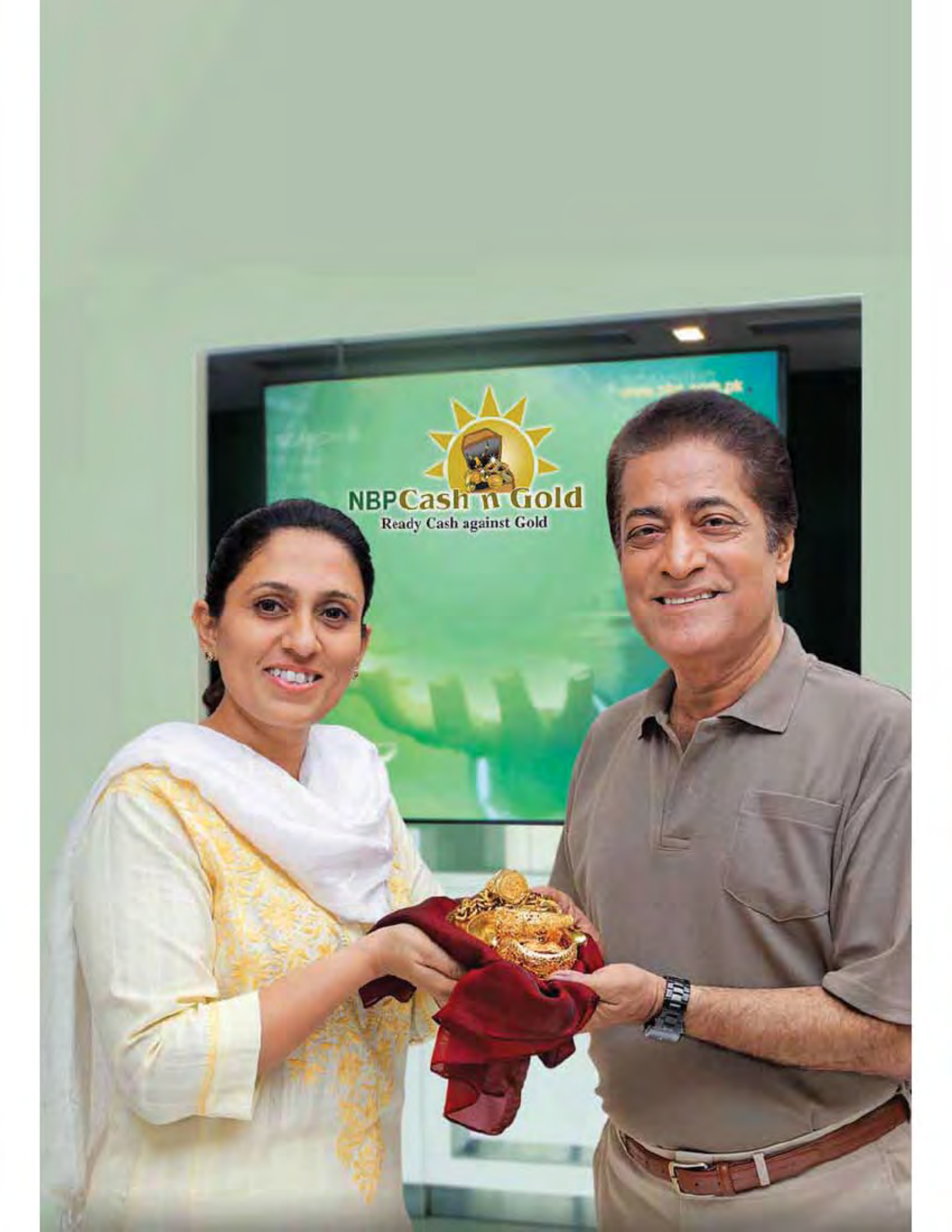
- Flexible repayment terms
- Competitive rates
- Quick & hassle-free processing
- Minimum documentation
- No early payment penalty
- No minimum income requirement
- Available at your nearest NBP Branch

Purpose

- For education, marriage and any other domestic needs

Eligibility

- Anyone aged between 21-65 years can apply



The image shows a man and a woman standing in front of a large screen. The woman, on the left, is wearing a white and yellow patterned sari. The man, on the right, is wearing a grey polo shirt and khaki trousers. They are both smiling and holding a large piece of gold jewelry, possibly a necklace or a large ring, which is wrapped in a red cloth. The screen behind them displays the logo for NBPCash n Gold, which features a stylized sun with a face and the text "NBPCash n Gold" and "Ready Cash against Gold".

NBPCash n Gold
Ready Cash against Gold

RISK MANAGEMENT

The very nature of our business transactions has associated to it, to varying extent, one or more type of risks. Our responsibility is to proactively identify & assess measure & evaluate and respond to such risks through devising effective policies for the tolerance of each risk category, or combination of risks, at each level of business activity. Maintaining our risk profile at an acceptable and appropriate level is essential to ensure our sustainable performance.

Our mission of maximising stakeholders' value through sustainable growth is achieved through informed risk decision-making and superior risk & capital management supported by a consistent risk-focused culture across the bank. Based on our approach to the risk management, the Board has approved various policy documents that set the parameters to achieve effective risk management.



The bank has in place a well-defined risk management strategy with clear objectives and deliverables through multi-pronged risk management processes. Our risk management strategy covers those risks incurred by the bank that are foreseeable, continuous and material enough to merit establishing.

At a strategic level, the bank's risk management objectives are to:

- Identify & assess significant risks to which the banks may be exposed to
- Timely respond to the identified risk through formulating bank's risk appetite
- Ensure that business profile and plans of the bank are consistent with the risk appetite
- Optimise risk/return decisions by aligning them to business objective of achieving sustainable optimum growth
- Manage the risk profile of the bank to ensure that specific financial deliverables remain achievable under a range of emergent business conditions

We follow a prudent path to risk management through effective tools to keep the bank safe, achieve corporate sustainability and minimise losses within the defined risk tolerance levels. Strategic goals, embedded into our approach to risk management, are to maintain a robust framework, identify and escalate risks and support sustainable business growth through optimum risk-reward decisions. The aim of the risk management strategy is to enable the management to identify & assess the risks, respond through formulating effective mitigating tools and monitor the effectiveness of the response.

Identify & Assess: All business groups are responsible for risk recognition & assessment and development of controls in their respective areas of operation. As part of risk assessment process, the groups ensure that not only the relevant risks are identified but their implications are considered and basis provided for managing and measuring (as far as possible) the risks.

Respond: Risk Management Group ensures that effective controls are in place to mitigate each of the identified risks considering its impact and likelihood and such controls are reviewed on a regular basis to appropriately address any new risk or risk not managed well previously. The results of risk assessment are reviewed at various levels within the bank including Executive Risk Management Committee (ERMC) with summary assessments shared with Board Risk Committee.

Monitor: Once the principal risks have been identified and measured, and mitigating controls have been put in place, progress towards objectives is tracked continuously. At NBP, risk monitoring is a proactive and ongoing process which may prompt a re-evaluation of the risks and/or changes in mitigating responses. It includes ensuring the risks are maintained within overall risk appetite, and checking that risk controls are functioning effectively without jeopardising value creation objective of the bank.

Our Approach towards Risk Management

We follow a prudent path to risk management through effective tools to keep the Bank safe, achieve corporate sustainability and minimise losses within the defined risk tolerance levels. Strategic goals, embedded into our approach to risk management are to maintain a robust framework, identify and escalate risks and support sustainable business growth through optimum risk reward decisions. Our approach to risk management evolves around the following:

Risk Appetite/ Tolerance	We have developed and implemented risk appetite/tolerance limits/levels for credit, market & operational risk areas. These are regularly analysed and reported to the Board and senior management.
Responsibility and Reward	Individuals who take or manage risks clearly understand them in order to protect the Bank from avoidable risks. Individuals related to risk activity are responsible to ensure compliance with the risk management framework.
Goal Congruence	Risk-taking decisions are in line with the corporate mission goals, and the Bank-wide strategy set by the Board allowing the Bank to undertake more productive risk-taking activities or to restrict high risk/low return activities.
Risk-Return Trade-Off	Business decisions optimize, as far as possible, the risk-return trade-off.
Capital Adequacy	Sufficient capital is always available as a buffer to absorb risks.
Value Addition	Risk avoidance does not impair our goal of increasing shareholders' value.

Risk Governance Structure

The Board is responsible to ensure active oversight over implementation of policies and frameworks so as to prevent any significant financial loss or reductions in shareholders' value that may be suffered by the Bank. Therefore, it is the responsibility of the Board to ensure that policies and frameworks are in place to recognise all significant/material risks to which the Bank is/may be exposed and that the required human resource, culture, practices and systems are adequate to address such risks. The Board and its relevant committee, i.e. BRC and the senior management along with its relevant committees i.e. Credit Committee, ERM, ALCO, etc. are responsible to ensure formulation and implementation of a comprehensive risk management framework through its committees:

Board Risk Committee (BRC)	Board Audit & Compliance Committee (BACC)	Executive Risk Management Committee (ERM)	Risk Management Group (RMG)
It comprises of the President and four non-executive directors with the Chairman being a non-executive director. BRC is essentially a Board level oversight committee to perform the risk management activities on behalf of the Board and is the highest risk related policy-making and supervising body for all types of risks faced by the Bank, notably credit, market, liquidity and operational risks. BRC monitors bank's risk profile against the agreed financial appetite.	The BACC receives regular reports on the effectiveness of internal control systems, quarterly reports on material control issues of significance, quarterly papers on accounting judgements.	ERM is a senior management body mainly covering risks from an overall perspective of strategy, policy/framework development, assessment/ measurement tools, MIS framework and Basel framework implementation, whereas routine aspects in relation to such risks shall be managed by the RMG. ERM has representation from various business and support groups.	Risk Management Group exists as an independent group, i.e. separate from approvals, reporting directly to the President with a dotted line reporting to the BRC. The group is responsible to perform the functions pertaining to development and oversight of the risk framework, methodology and other functions assigned from time to time for ensuring compliance with the local regulations.

Risk Framework Implementation

The bank implements risk management framework through a 'Three Lines of Defence' model which defines clear responsibilities and accountabilities for various offices and ensures effective & independent oversight and assurance that the activities take place as intended under the risk management framework.

- **The First Line of Defence:** Business groups, jointly with the Credit Management Group have a primary responsibility for identifying, measuring, monitoring and controlling the risks within their areas of accountability. They are required to implement effective procedures and controls to ensure compliance with the related policy requirements, to maintain appropriate risk management skills and to act within defined parameters as set and approved by the Board.
- **The Second Line of Defence:** Board Risk Committees, Risk Management Group and the Compliance Group perform integrated function of oversight and independent challenge to the effectiveness of risk management actions taken by business groups.
- **Third Line of Defence:** Board Audit & Compliance Committee and Audit & Inspection Group provide an independent, objective assurance and consulting activity designed to add value and improve risk management functions of the bank. A&IG helps the bank accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our approach to 'Risk-Opportunity Materiality'

For the bank, risk is both, a burden, and an opportunity. The most significant and critical risks that arise out of our transactions, and may materially impact on delivering against our strategic priorities in a sustainable manner broadly relate to Capital, Liquidity, Credit, Market and Operations. A risk and an earning opportunity is considered material if the same is expected to affect the financial position or financial performance of the bank.

Risk Relevance & Mitigating Approach

With our mission to capitalise on every opportunity to maximise stakeholders' value, our responsibility is to proactively identify, measure and evaluate such principal risks, and to devise mitigating policies for each risk category without losing an earning opportunity. Principal risks that the bank faces, together with their mitigating factors, are outlined below, a detailed disclosure of risk mitigating strategy is given in note-41 of the financial statements.

Capital Adequacy:

- We keep our Capital Structure strong enough by maintaining capital adequacy ratios far above the minimum national requirements set by the central bank and as required under the Basel framework.
- We carry out capital adequacy assessments on a quarterly basis to make sure that a strong capital structure is always maintained. Our capital adequacy is certified by our external auditors.
- As of December 31, 2016, our Capital to RWA ratio was 16.54% against the minimum requirement of 10.65%.

Liquidity & Market Risk:

- We enjoy a strong and diversified customer base with reliable stream of deposits. This, coupled with our strategies to maintain a sound capital structure and the optimal risk bearing asset-mix, keeps our bank liquid.
- Our balance sheet is diversified across a wide range of geographical regions, customer segments and products that serve to mitigate liquidity, concentration and market risk.

GLOBAL WHISTLE BLOW POLICY

Whistle-Blowing/Speak-Up Policy

Whistle-Blowing covers reporting of incidents of misconduct, involving or affecting an organization to enable the organization to take appropriate action. It is a window to obtain feedback on issues bordering on both corporate governance, as well as reputational risk related issues, escalated to the highest levels of the Bank.

Objective and Scope

This policy aims to set out the Bank's written, formal updated whistle blowing policy, covering local operations, global operations as well as all subsidiaries of NBP. This policy consists of responsible and effective procedures for disclosure and/or reporting of misconduct and impropriety observed by any employee, vendor or any stakeholder within the country or in our overseas operations. This policy will ensure implementation of famous saying that no one is above the law.

NBP defines whistle blowing as alerting the bank authorities that an individual or group of individuals have committed or are going to commit offences that are considered to be unethical, improper and have broken the standard norms and prevailing practices of the Bank. By escalating these potential issues, the Bank will be made aware of these concerns and is alerted that its interests and the interests of stakeholders are being compromised, or at the risk of being harmed.

This policy will be interpreted in conjunction with the Bank's Code of Conduct and it is important that all employees (local, overseas as well as subsidiaries) and all stakeholders to become familiar with both the "Global Whistle Blow/Speak-Up Policy and the Bank's "Code of Conduct" before proceeding with raising a complaint or a concern.

Implementation & Monitoring of Global Whistle Blow/Speak-Up Policy

NBP's Board Audit & Compliance Committee (BACC) will review the overall implementation and monitoring of the policy and any recommendations for action resulting from investigations lies with NBP's Board Audit & Compliance Committee (BACC), whereas day-to-day responsibility for overseeing and implementing the policy has been delegated to the Group Chief Compliance Group.

Protection to a Whistle Blower

By setting up the necessary procedures safeguarding confidentiality and offering anonymity, the interests of the whistle blower are protected from possible

harassment or victimization by those accused of misconduct. Any person who makes a disclosure or raises a concern under this policy will be protected if the person:

- Discloses the information in good faith
- Believes it to be substantially true
- Does not act maliciously or make false allegations
- Does not seek any personal or financial gain

Reporting Procedure

The Whistle Blower while ensuring that incident comes within the scope of Whistle blowing/Speak-Up and he/she has valid information that some misdoing/misconduct is being done by his/her colleague (including seniors, juniors) in any office of the Bank locally or in any overseas locations will report the same to Group Chief, Compliance Group, Head Office, Karachi using any of the below mentioned channel(s).

The Group Chief

Compliance Group
National Bank of Pakistan
2nd Floor, Head Office
11, Chundrigarh Road, Karachi
Telephone: (92-21) 99220549, Fax: (92-21) 99220650

If allegation is against the Compliance functionaries, the whistleblower will report the matter to Group Chief Audit & Inspection Group using any of the below mentioned channel(s).

The Group Chief

Audit & Inspection Group
National Bank of Pakistan
2nd Floor, Head Office
11, Chundrigarh Road, Karachi
Telephone: (92-21) 99220911-2, Fax: (92-21) 99220713

Allegations of suspected wrongdoings or complaints relating to the Bank's accounting, internal controls, auditing or financial reporting matters involving CEO and/or President or any complaint against any Group Chief are to be reported to The Chairman Board Audit & Compliance Committee (BACC) using any of the below mentioned channel(s):

The Chairman BACC c/o Secretary Board

National Bank of Pakistan
2nd Floor, Head Office
11, Chundrigarh Road, Karachi
Telephone: (92-21) 99212190, Fax: (92-21) 99220192

To make the Policy successful, it will be the responsibility of all at the helm of affairs in the HO, Regions, Branches and overseas operations to ensure that all the direct reports are aware of this policy.

کھیل



کھیلوں کی سرگرمیوں میں ہماری کامیابیاں درج ذیل ہیں:

• سیکرہا کی ٹیم، چیف نیول اسٹاف ہاکی ٹورنامنٹ کی فاتح رہی
• A سائڈ ہاکی ٹورنامنٹ میں سیکرہا کی ٹیم کی تیسری پوزیشن

• جونیئر ہاکی ٹیم نے بیٹھل ہاکی چیمپئن شپ جیتی
• سیکرہا کی ٹیم، بیٹھل ہاکی چیمپئن شپ میں دوسرے نمبر پر رہی
• سیکرہا کی ٹیم، چیف نیول اسٹاف ہاکی ٹورنامنٹ کی فاتح رہی

ہاکی



فٹ بال

• PFF فٹ بال کپ، مشرقی لاہور میں دوسری پوزیشن

شطرنج

• اولمپیاڈ، آذربائیجان میں مشرقی لاہور میں ماسٹر ایوارڈ جیتا



اسنوکر

• NBP رینگیٹ اسنوکر چیمپئن شپ 2016 جیتی

• قومی بیڈمنٹن چیمپئن شپ 2016ء میں NBP کی مردوں کی ٹیم، ٹیم ایونٹ میں دوسرے نمبر پر رہی
• قومی بیڈمنٹن چیمپئن شپ 2016ء میں NBP کی خواتین کی ٹیم، ٹیم ایونٹ میں دوسرے نمبر پر رہی
• قومی بیڈمنٹن چیمپئن شپ 2016ء کی فاتح

• انٹرنیشنل بیڈمنٹن چیمپئن شپ میں خواتین کے سنگل اور ڈبل کے مقابلے میں فاتح
• انٹرنیشنل بیڈمنٹن چیمپئن شپ میں مردوں کے سنگل اور ڈبل کے مقابلے میں فاتح

بیڈمنٹن



کلچر کی ترویج



NBP پاکستان میں قومی اور مقامی کلچر کے فروغ میں اہم کردار ادا کر رہا ہے اور اس سلسلے میں متعدد دیگر امور منعقد کیے ہیں جن کی تفصیل درج ذیل ہے:

- سیٹھی آف برٹش اینڈ کمیونٹی ایسوسی ایشن برکراچی میں کانفرنس
- کونسل جوائنٹ لیوڈ پر پوٹن سوسائٹی جیٹرنی ڈرامہ کرنا
- چشید میوڈیل ہال کرچی میں تھیٹر
- میک بلیو (Make Believe) پروڈکشن کا تھیٹر ٹیکل پلے کرچی
- تیب سکری منعقدہ انٹرنیشنل اسٹی کرچن ڈسے سیمینار اور آگاہی واک
- پروکس رائٹس سوسائٹی آف پاکستان (HRCP) کے "لائف ٹائم ایوارڈ" کی تقسیم
- لوکس بریلے ٹیلنٹ آرگنائزیشن کا "آپٹیمل چلڈرن مشن"
- قائد اعظم کونفرس سائیکل ریس کرچی
- سندھ پولیس کے اشتراک سے ٹریفک کے قوانین سے آگاہی واک
- انسداد قبا کاوشی اور عادت پر سیدھا راور چکر
- اعتراف حسن کے جان پر کھیل کر بڑی دہشت گردی روکے جانے پر پنے والی فلم میں خرچہ اٹھایا



2nd NBP TRAFFIC RULES AWARENESS

خواتین اور بچے



ہمارا مقصد ان کے کرتی چم بیکوں میں غربت میں کیے گئے خواتین کو باقاعدہ ناکارہ ادائیگہ کا حامل ہے۔ خواتین کی معاشی سرگرمیوں میں شمولیت معاشرے کی ساری اور اقتصادی بہتری کیلئے اہم کردار ادا کر سکتی ہے۔ دور دراز کے چھوٹے گاؤں اور قصبوں میں خواتین اور بچے کی شکل معاشی صورتحال سے دوچار ہوتے ہیں اور اس سلسلے میں NBP ان کے باغز دہنے اور ان کی معاشی بہتری کیلئے اپنی ذمہ داری کرتا ہے۔ اس سلسلے میں بینک نے متعدد اقدامات شروع کیے مثلاً پیشہ ورانہ تربیت کا انتظام، خواتین کی ٹیموں کی تشکیل کے مقابلے اور آمدنی پیدا کرنے والے آلات (equipment) کی فراہمی۔

خواتین کے پیشہ ورانہ پروگرامز

- ایچٹ آباد، بکھر، شیخوپورہ، گلگت، بلتستان، ملتان، کوئٹہ اور سرحد میں پیشروانہ تربیت کا انعقاد کیا گیا۔ ہر تربیتی پروگرام 2 ماہ تک چلتا جس میں 25 خواتین نے حصہ لیا۔ اس تربیتی پروگرام کی شریک خواتین کو سولائی اور انکم ایڈری کی تربیت دی گئی اور تربیت کی تکمیل پر تمام شرکاء کو سولائی اور انکم ایڈری شیشیں دی گئیں تاکہ ان کی باقاعدہ آمدنی ہو سکے۔



کھیلوں کے مقابلوں کا انعقاد

- سی پاک ناکرالمیم نے 31 ویں انگلرکپ ورلڈ چیمپئن شپ میں حصہ لیا
- پنک رین کے زیر اہتمام جمع کرنے کیلئے منعقدہ فیشن شو کا خرچہ اٹھایا



مالی سرپرستی

- ممبران ایجوکیشن سسٹم، کراچی کے 10 خیمہ جوں کی عدد
- بہبود ایسوسی ایشن آف پاکستان، اسلام آباد کو بین الاقوامی
- برٹش دو مین ایسوسی ایشن جی بی بازار، کراچی
- ایک 14 سالہ لڑکی کو خلیج کی فراہمی جس نے قومی خطرے
- خلیج میں شپ میں حصہ لیا تھا
- کیونکہ وہ گورنر اور ایسوسی ایشن کے لیے ایجنسی کے انعام



خصوصی افراد



کئی دہائیوں سے معذور افراد اور وہ ادارے جو ان کی فلاحی کوشش کرتے ہیں اور اس سے تدارک کے بارے میں آگاہی سے متعلق معاملات کو ادارتی سماجی ذمہ داری سمجھا جاتا ہے۔ NBP اس سلسلے میں معذور افراد کو اعتماد اور جسانی طور پر تندرست لوگوں کی طرح معاشرے میں زندگی گزارنے کیلئے CSR پروگرام کے تحت ضروری مدد فراہم کرتی ہے۔

بنیادی ڈھانچے اور آلات کی امداد برائے

- پاکستان ایسوسی ایشن فار بلا اینڈ، کراچی
- خصوصی بچوں کا شعبہ، گورنمنٹ کالج آف ہوم سائنس، لاہور

- آئٹس چلڈرن اسکول، ماڈی پور، کراچی کا چلڈرن پروگرام
- FESF کراچی کا ڈیف ریج اسکول
- ریوولوشنری ایسوسی ایشن فار بلا اینڈ، کراچی کے 5 بچوں کی کفالت کی ذمہ داری



ڈیجیٹل چیزیں، تین بچوں کی سائیکل اور تیار ہوا افراد کے لیے سفید چھتری

- پاکستان ڈس ابلٹی فاؤنڈیشن، کراچی
- کراچی ایمپلائمنٹ اینڈ سیکورٹیز کوآپریٹو بچوں کی سائیکل
- مایج ڈیولپمنٹ فاؤنڈیشن، کھوگی
- ڈس ابلڈ ویلفیئر ایسوسی ایشن، خیر پور
- ایسوسی ایشن فار ریوولوشن آف فزیکل ڈس ابلڈ



خصوصی بچوں کے لیے کھیلوں کی سرگرمیاں

- ساتواں NBP ڈیجیٹل کرکٹ ٹورنامنٹ، اسلام آباد
- T-20 چارنڈ کرکٹ ٹورنامنٹ، بہاولپور اور کوئٹہ
- ہفتاب کے معذور افراد کے لیے لاہور میں پاور لفٹنگ چیمپئن شپ





تعلیم



بینک سمجھتا ہے کہ تعلیم ملک میں معاشی ترقی اور غربت کے خاتمے میں انتہائی اہم کردار ادا کرتی ہے۔ ان مقاصد کو مدنظر رکھتے ہوئے بینک ملک میں تعلیمی معیار میں اضافے کیلئے اپنی سماجی ذمہ داری ادا کر رہا ہے۔ سالانہ بنیاد پر تعلیم دینے والے اداروں کا تعلیم اور ترقی مہارتوں کو دینے کی اہلیت کا اندازہ کرنے کو بھدان کی مالی مدد کی جاتی ہے اور مالی طور پر مجبور طلباء کی بھی مدد کی جاتی ہے۔ سال 2016ء میں وظائف اور تعلیمی اداروں کو گولے جانے کی تفصیل درج ذیل ہے۔

توسیع آلات اور تعلیمی پروگرامز	تعداد	وظائف
ڈیولپمنٹ اور ریسرچ، مصیب یونیورسٹی، کراچی	20	پیشہ ورانہ تعلیم فاؤنڈیشن
مونیٹرنس و انٹیکر اسپاؤرمنٹ پروگرام، لاہور بذریعہ فیملی انجیکشن سروس فاؤنڈیشن	10	سرگودھا اسپرٹ ٹرسٹ
88-تیم خانے طلباء کیلئے، روشنی ہومز ٹرسٹ، لاہور	15	سکھر IBA
ساتویں قومی کتاب دن کی تقریب	3	WISE کالج، لاہور
نوجوانوں کیلئے LUMS، لاہور میں ورکشاپ	5	نفل کالج، میانوالی
"ہوپ ماڈل یونائیٹڈ نیشن" نامی ورکشاپ کی مالی سرپرستی	20	سندھ مدرسہ الاسلام یونیورسٹی، کراچی
		TCF نوشہرہ، KPK، تمام کاسوں کا سال کا خرچ
	متحدہ	ہائی اسکول، تحصیل پازا، بلوچستان

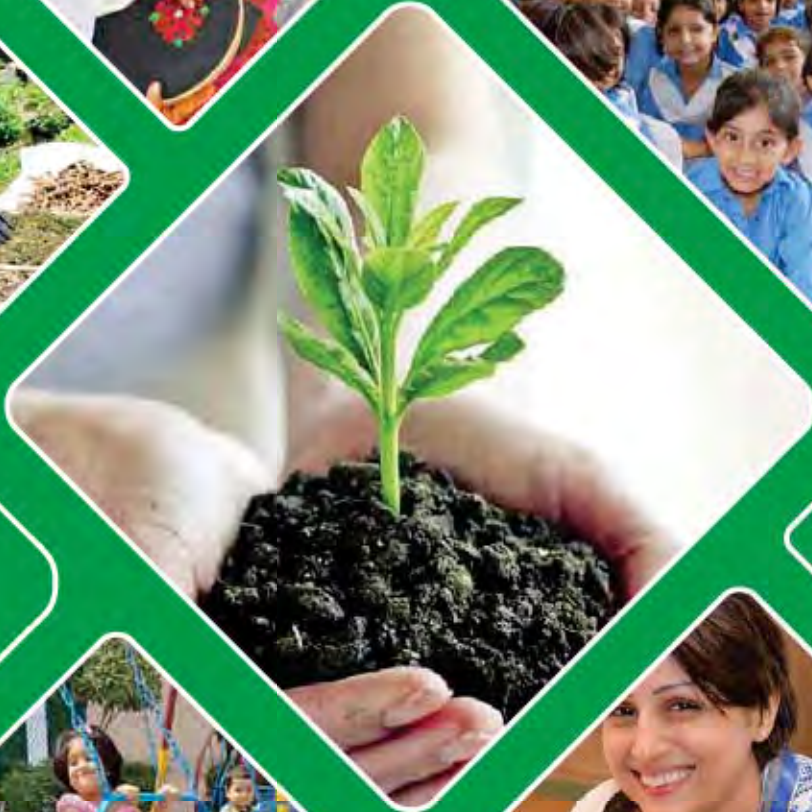


3 دن کا ایک ملٹی کیم، اینٹن، بلاجسٹن، میمری ڈیٹیل پر وی سٹو، کراچی کے خواتین کے اردو گودالیا، المدد و طبیعہ سوسائٹی، مین گولڈ کراچی کے لیے دواؤں کی خریداری کیلئے رقم کی فراہمی ”کھانہ گھر“ کراچی کے ذریعہ کھانے کی منت ختم اسلام آباد میں پاک کونی انشٹیوٹ میں پسماندہ افراد کے ڈائلاکس کا انتظام لیاری، کراچی میں رمضان فوڈ منیجمنٹ کی تقسیم گلاب دیوی ہسپتال، لاہور کو آلات (equipment) کی تحفہ فراہمی المصلحی فرسٹ مینڈیکل سینٹر کراچی کو آلات (equipment) کی تحفہ فراہمی انفصال مسود علی شعلیہ سہیلہ ڈاکٹر این، کراچی میں سرلیٹوں کی مالی مدد خا طمدہ کو ڈاکٹر این، کوئٹہ کی مالی مدد معذوری کے خلاف جدوجہد بین الاقوامی ایسوسی ایشن مری کی مالی مدد آغا خان یونیورسٹی ہسپتال، کراچی میں صحت کے بنیادی ڈھانچے میں بہتری کیلئے مالی مدد سندھ اور پنجاب کے دور دراز علاقوں میں پنڈ پمپس کی تنصیب زیارت کے گاؤں کو کھلی میں پانی صاف کرنے کے آلات انسٹیوٹ ٹیکنیکل پلانٹ کی تنصیب فردوس اتحاد کے اشترک سے فردوس کا کونی، کراچی میں ملٹی کمپک کا انعقاد کوئی گولڈ ہسپتال، ہجر بارکمر میں 10 مستحق مریموں کو 11 دھک کھانے کی فراہمی NICVD، کراچی میں انفیوژن پمپس (Infusion pump) کی فراہمی عباس انشٹیوٹ آف میڈیکل سائنسز، آزاد کشمیر میں وکیل چیئر اور اسٹریجی کی فراہمی

ادارتى سىماجى ذمى دارى

ادارتى سىماجى ذمى دارى (CSR) NBP كى ادارتى (Corporate) پالىسى كا جزو لازم هـىـ ملك كى ايك معروف مالى ادارى كى طور پر NBP سماج كى فلاح كيلئى بحىثيت مجموعى مختلف اقدامات لى چكا هـىـ بينك پسمانده لوگوں كى معيارى زندگى مىں مثبت تبدلى لانى كيلئى ايك مكمل CSR پروگرام چلا رها هـىـ اس كى علاوہ پہلے سے مقررہ شعبوں، تعلم، خصوصى افراد، خواتين اور بچوں كى متعين حدود مىں ملك مىں كسى قدرتى تباہى يا آفت كى صورت مىں بينك ان متاثرہ لوگوں كى مدد كيلئى ہميشہ موجود ہوتا هـىـ





انفارمیشن ٹیکنالوجی

ہماری IT ٹیم ہندرجیک ایک آفس سپورٹ فنکشن سے بڑھتے ہوئے بینک کے لائحہ عمل کیلئے فرنٹ فوس کے طور پر سامنے آئی ہے، جس نے بینک کی قدر اور اس کے بارے میں اس کے برانچ مینجرز (پروڈکٹ فوکسڈ) سے کثیرالوجہ (کلائنٹ مینجرز) تصور کو اپنا رہا اور بالآخر سیلف ڈائریکٹ سروسز (ڈیجیٹل مینجرز) کا حامل ہوا۔ IT کیلئے کیے جانے والے اقدامات میں بینک کی سیکورٹی، خبر رسائی (communication) اور نیٹ ورک کو معیاری بنانے کیلئے سہولتوں کی فراہمی کے بنیادی ڈھانچہ میں ضروری تبدیلی، جس سے شاخوں کے درمیان رابطہ موجودہ خدمات کی فراہمی کا خود کار نظام اور قدر بڑھانے والی خدمات کا حصارف کروانا اور کال سینٹر کے آپریشن میں اضافہ، ATMs کے نیٹ ورک میں پھیلاؤ اور اس کے تمام کاموں کے اضافے سے ADC کی کثیرالغاصر (multiple) فراہمی کی جانے والی خدمات (deliverables) کی مضبوطی شامل ہیں۔

سال 2016ء میں NBP نے پچھلی حصارف کروائی گئی بینکاری اہلیت کی فعالیت (functionality) اور اس کے ماحصل (output) میں بہتری سے ایک اور سنگ میل عبور کیا ہے۔ تمام اسلامی بینکاری کی شاخوں کو CBA اسلامی پر منتقل کر دیا گیا ہے۔ ہم یہ بھی فیصلہ کر چکے ہیں کہ جیس اور بنگلہ دیش کی شاخوں میں بھی CBA کا نفاذ مکمل کر لیں گے اور ترکمانستان اور ہانگ کانگ کی شاخوں میں خود کاری کا نظام مکمل کر لیں گے۔

سال 2014ء میں ATM کا نیٹ ورک 376 ATMs پر مشتمل تھا جواب بڑھ کر 1300 سے زیادہ مینٹین پر مشتمل ہے۔ 2016ء کیلئے اضافی ATMs کی تنصیب کا منصوبہ ہے جس سے بینک کے ATM نیٹ میں ان کی تعداد 1500 سے تجاوز کر جائے گی۔ مزید یہ کہ IT کے بنیادی ڈھانچے کو لیس کیا جا رہا ہے تاکہ وہ نئی حصارف کروائی گئی مصنوعات (products) یعنی اسلامی بینکاری کی حصارفین کیلئے ڈیجٹل گارڈ، مضنی (ATM supplementary) کا رڈز، ATM کے ڈریلے آن لائن (online) شاخوں میں رقم کی منتقلی اور ترسیل ذریعہ میں معاونت کرے۔

اسلامی بینکاری کے صارفین کے ڈیٹا کو کال سینٹر سے تسلک کرنے سے کال سینٹر کے آپریشن میں بہتری آ چکی ہے۔ ہمارے کال سینٹر کے کاموں میں شامل ہیں SMS کے ذریعہ اطلاع، شکایت، امداد، رجوع، ATM کی فعالیت (functionality) سے متعلق معاملات، ATM کو فعال یا غیر فعال کرنا۔

مزید یہ کہ صارفین پر مرکوز قیہ کی خدمات کا نفاذ کر دیا گیا ہے جن میں ای ایم اینٹ کا اندراج/ صارفین کیلئے سائن اپ خدمات شامل ہیں جس سے وہ روایتی اکاؤنٹ اینٹینٹ کی الیکٹرونک شکل میں اپنے رجوع امی میل وصولی کی چاکسں کی۔ آپریشن اور قیہ کے عمل کو مضبوط کرنے کیلئے اہم نظام کو نصب کیا گیا ہے تاکہ انتظامیہ بینک کے معاملات سے باخبر رہے۔

پاکستان کی ترسیل زر کے مجموعی کاروبار کا سب سے بڑا رجسٹریشن ہے کہ کس طرح سمجھا جائے کہ وہ قانونی ذرائع سے ترسیل زر کریں اور "حوالہ" اور "ہنڈل" سے اجتناب کریں۔ بینک، بینک دولت، پاکستان اور دیگر شرکاء (stakeholders) سے مل کر تارکین کو ترسیل زر کے قانونی فائدوں کے بارے میں آگاہی دینے میں مصروف عمل ہے۔ یہ نہ صرف ہمارے کاروبار میں اضافہ کرے گا بلکہ پاکستان کے ترسیل زر کے حجم کو بھی بڑھائے گا۔

قیہ اور احساب (Compliance and Audit)

سال 2016ء میں آڈٹ کمیٹی بورڈ کا منظور کردہ منصوبے کے تحت آڈٹ اور انسپکشن گروپ (A&IG) نے ملکی اور سمندر پار بینک کی شاخوں، کنٹرولنگ آفسز اور ذیلی اداروں کے آڈٹ کیے۔ علاوہ ازیں A&IG نے ملک کی مختلف شاخوں کے خصوصی آڈٹس اور چانک آڈٹس بھی کیے۔ گروپ نے BACC کے اجلاسوں میں آڈٹ کے مسائل/مشاہدوں کو غور و خوض اور مینجمنٹ کو ضروری ہدایات کیلئے پیش کیا۔ گروپ کے پیش کردہ مسائل پر اعلیٰ انتظامیہ اور بورڈ آگاہی اور ان کے تدارک کے اقدامات کی سٹاکس کرتا ہے۔ A&IG کا اندرونی کنٹرول میں بہتری کیلئے مناسب طریقہ کاری کی نشاندہی کا بھی حصہ ہے جس کا حتمی مقصد دھوکہ دہی کے واقعات کو کم سے کم کرنا، لاگوئوں کو قابو میں رکھنا اور بینک کی کارکردگی کی صلاحیت میں بہتری لانا ہے۔ NBP اسٹاف کالج کے پیش کردہ ٹریک اور ڈیولپمنٹ کورسز میں بھی گروپ کا حصہ ہے تاکہ انٹرئل آڈیٹرز اور برانچ اسٹاف کے کارکردگی بہتر اور موثر ہو۔

NBP میں قیہ (compliance) کا فنکشن مسلسل کوشاں ہے کہ قیہ کے ماحول (compliance environment) میں بہتری لائی جائے اور ادارے کے مسائل کا آزادانہ اندازہ لگا کر اور اندرونی کنٹرولز کی لاگوئوں کو مضبوط، قوانین، رولز اور ریگولیشن سے ہم آہنگ ہونے کو دیکھ کر بشمول قیہ کے مسائل کی نشاندہی کر کے اور ان کی پورے ادارے میں قیہ کی سرگرمیوں صورت حال آزادانہ طور پر رینگ کر کے قیہ سے متعلق خطرات کو کم سے کم کیا جاسکے۔

NBP کی خطرات کی قیہ کی مینجمنٹ کا احاطہ کمپلائنس پالیسی میں کیا گیا ہے جو قیہ کے پروگرام کے خود حال واضح کرتی ہے اور اس پروگرام کے نفاذ، اس پر عملدرآمد اور انتظام کے سلسلے میں لوگوں کے کردار اور ذمہ داریوں کی وضاحت بھی کرتی ہے۔ یہ تمام ضروریات ایک ساتھ کام کرتی ہیں تاکہ ایک جامع رسک میٹریکس پر واضح آگے بڑھ کر پورے ادارے میں قیہ سے متعلق خطرات کے بڑھانے کی نشاندہی اور ان کا انتظام کر سکے۔

کمپلائنس گروپ AML/CFT کے اعلیٰ ترین معیار کیلئے پرمزم ہے۔ گروپ نے AML کے ڈھانچے کو مضبوط کرنے کے لیے سیف-واچ (name filtering solution) کا کامیابی سے نفاذ کر دیا ہے، جو دنیا کے بہترین نظاموں میں سے ایک ہے۔ اس کے علاوہ AML آرٹس کی بروقت تکمیل کرنے کے لیے ہم نے ایک تجربہ کار پیشہ ور افراد کی ٹیم کا انتخاب کیا ہے۔ فل الحال FFCCM میں لین دین کی نگرانی، اپنے صارف کو چاہیے اور کیس مینجمنٹ موڈیول پر عملدرآمد ہو رہا ہے۔

کمپلائنس گروپ پرمزم ہے کہ اپنے ضابطوں کی پابندیوں کو پورا کرتے ہوئے وہ اندرونی اور بیرونی دونوں طرح کے صارفین کیلئے قدر (value) پیدا کرے گا۔ اس میں دھوکہ دہی اور بدعنوانی کی روک تھام کا کلچر برقرار رکھنا شامل ہے۔ کمپلائنس گروپ نے اپنے فراڈ رسک مینجمنٹ کے شعبے کی تشکیل نو کر دی ہے اور اسے دوئے اضافی یونٹس سے مزین کیا گیا ہے جن میں ADC نگرانی (surveillance) اور سراغ/روک تھام/سیٹی بھانا۔ بینک نے اپنے عالمی نیٹ ورک پر قانونی اکاؤنٹ ٹیکس کمپلائنس ایکٹ (FATCA) کا کامیابی سے نفاذ کر دیا ہے اور اس کی قیہ میں بھی اہم کردار ادا کیا ہے۔

مزید یہ کہ بینک کے عمل کی استعداد بڑھانے اور ان میں نالج کی نشوونما کیلئے ضابطے کے ڈھانچے کے سلسلے میں کراس فنکشنل مشاورت کے اجلاس منعقد ہوئے اور باقاعدگی سے ٹریک اور میٹنگ کے پروگرام پیش کیے گئے۔

آپریشنز (Operations)

ہے جو اس نے زیادہ خطرے والے قرضہ جات میں کمی اور کم خطرے والے قرضہ جات میں اضافہ کر کے حاصل کیا جس کا نتیجہ بہتر فائدہ کی صورت میں ہوا۔ اس کا حصول اس طرح سے ممکن ہوا کہ نئے قرضہ جات کے اجراء کیلئے خطرے کے ادراک کے لیے کم سے کم قانونی پابندیوں کو طے کرنے اور زیادہ دیر خطرہ کاروبار اور صنعتوں کی نشاندہی کی گئی تاکہ ان کو قرضوں کے اجراء سے اجتناب کیا جائے۔ اثاثہ جات کے معیار میں بہتری کے علاوہ گروپ نے کریڈٹ منیجمنٹ کے کاموں کو مستحکم کرنے کیلئے نئے مالیاتی اداروں کی کریڈٹ رسک پالیسی اور بینک کے F کی مکمل انضباطی ڈھانچے کے مطابق رسک پالیسی تشکیل اور ان کے نفاذ میں گروپ کا حصہ ہے۔

لوجسٹک سپورٹ (Logistic Support)

لوجسٹک سپورٹ ہمیشہ سے کسی بھی کاروبار خصوصاً خدمات سے متعلق کاروبار کی ترقی کیلئے انتہائی لازم رہا ہے۔ زبردست سال کے دوران، لوجسٹک کے چنیدہ کارناموں میں شامل ہیں اکاؤنٹ اوپننگ اور منسٹن کی ادائیگیوں کو بہتر بنانے کیلئے 1,000 سے زیادہ اے ٹی ایم اور 1,600 پائیو میٹرک ڈیوائس کی خرید۔ سال کے دوران بینک نے جو دیگر لوجسٹک سے متعلق سب سے زیادہ میل عبور کیے ان میں توانائی کے متبادل ذرائع (سولر پینل) کی تقریباً 300 اے ٹی ایم مشینز پر تنصیب جو کہ ایک بہتر اور کم خرچ کاروبار ماحول کی طرف اہم قدم ہے۔ سال کے دوران پراچہ کی بڑی تعداد کی ترمیم و آرائش کی گئی، خصوصاً ہماری اسلام آباد اور لاہور میں واقع کارپوریٹ بینکنگ کی پراچہز۔

رسک منیجمنٹ (Risk Management)

رسک منیجمنٹ گروپ (RMG) ایک فعال فنکشن ہے جو تیز اور مؤثر طور سے (efficiently) ہمارے کاروبار سے منسلک خطرات کی نشاندہی کرنا، اندازہ کرنا، نگرانی کرنا اور اس پر قابو پانا ہے۔ RMG ایک آزاد گروپ ہے جو براہ راست صدر کو جواب دہ ہے لیکن رسک کمیٹی کے بورڈ (BRD) کو بھی جواب دہ ہے۔ گروپ کی ساخت کی اس طرح سے تشکیل کی گئی کہ بینک کو جو مقام ممکنہ مادی خطرات کا سامنا ہو سکتا ہو اس کیلئے خاص توجہ کی حامل اپروچ موجود ہو۔

RMF بینک کے مجموعی خطرے کے انتظام کے ڈھانچہ (overall risk management structure) کے دفاع کی دوسری لائن ہے، جس میں اس کا کردار (role) مجموعی رسک منیجمنٹ ڈھانچے کی تشکیل، اس سے متعلق نظام اور آلات کی تیاری، خطرات کی منتقلی گرائی کے ساتھ ساتھ ان کا جائزہ اور کاروباری سرگرمیوں کی طے شدہ معیار سے انحراف کی رپورٹنگ کرنا شامل ہے۔ اس کے علاوہ RMG کا BPR اور COSO کے نفاذ میں بھی اس کا مؤثر حصہ ہے۔ سال 2016 کے دوران مسائل کے حل کیلئے متعدد اقدامات کیے گئے جن میں انٹر پرائز رسک منیجمنٹ کے شیپے کا قیام، انٹرنسٹ ریٹ رسک منیجمنٹ، قرض لینے والوں کیلئے انٹرئل رسک ریٹنگ ماڈل، انٹرئل کنٹرول اینڈ ویکسی (adequacy) اسسٹمنٹ پروسس (ICAAP)، رسک اپٹائنمنٹ اسٹینڈرڈ (Risk Appetite Estatement) وغیرہ سے متعلق مختلف پالیسیوں کی تیاری اور ان کی تجدید کا کام شامل ہیں۔ سال 2017 کیلئے دوسری چیزوں کے ساتھ ساتھ گروپ کے اہداف، رسک ریٹنگ ماڈل کی سہولت، ایکٹیو بورڈ اور پورٹ فولیو باؤ کی جانچ کے لیے CPV ماڈل کی تیاری ہیں۔

گروپ صارف کو زیادہ سے زیادہ آسانی کی سہولت کی فراہمی کرتا ہے اور گورنمنٹ کی وصولیوں اور ادائیگیوں کے خود کار عملی طریقہ کار (process) سے پیدا ہونے والی نان ٹکڑ کی بنیاد پر آمدنی کا انتظام کرتا ہے۔ بینک نے گورنمنٹ کی بعد از ملازمت وظیفہ (pension) کی ادائیگی کو گورنمنٹ کے بعد از ملازمت وظیفہ (pension) کے نظام کے ساتھ خود کاری (automation) حاصل کر چکا ہے جس نے بعد از ملازمت وظیفہ (pension) سے متعلق تمام اہم کاموں کو بشمول بعد از ملازمت وظیفہ (pension) کی جاپا جات کے حساب کتاب کو خود کار کر دیا ہے (مجموعہ تمام لاگورٹامسم جیسا کہ اضافی اضافہ، نئے الائنسز وغیرہ)۔ سال کے دوران مختلف منصوبوں کا نفاذ کیا گیا ہے بشمول کاروباری مشینوں (business machines) اور کھانہ کھولنے کیلئے پائیو میٹرک آلات کی تنصیب۔ گروپ نے تجارتی فیکٹری (trade factory)، خزانہ (treasury) کے ڈیٹا کی جانچ سے بحالی کا مرکز، شاخوں کے درمیان کمی بڑھانے کی نگرانی کے لیے ڈیٹس بورڈ کا قیام کیا ہے۔

کسی بھی کاروبار خاص طور پر خدمات کے کاروبار میں لوجسٹک فنکشن (logistic function) انتہائی اہمیت کا حامل ہوتا ہے۔ سال کے دوران لوجسٹک سے متعلق بڑے سب سے میل عبور کیے جس میں شامل ہیں 1,000 سے زیادہ ATMs، مختلف پائیو میٹرک آلات کی خریداری تاکہ کھانہ کھولنے اور بعد از ملازمت وظیفہ (pension) وغیرہ کی ادائیگی میں سہولت دی جاسکے۔ بینک نے 300 سے زیادہ ATMs کے مقامات پر متبادل توانائی کے ذرائع (شمسی توانائی) کی تنصیب مکمل کی ہے جو ماحول دوست اور توانائی کی بچت کے پلیٹ فارمز ہیں۔ شاخوں کی ایک بڑی تعداد کی ترمیم و آرائش (renovation) کی گئیں جس میں لاہور اور اسلام آباد کی ترمیم و آرائش بھی شامل ہے۔ گروپ نے 4 نئی شاخوں کیلئے جگہوں اور 39 روایتی شاخوں کی اعتماد اسلامی بینکاری کی شاخوں میں تبدیل کرنے میں مرکزی کردار ادا کیا۔

کریڈٹ منیجمنٹ (Credit Management)

کریڈٹ منیجمنٹ گروپ (CMG) بینک میں وسیع دائرہ کار میں کارروائی دکھاتا ہے جس میں شامل ہیں متعلقہ بزنس گروپ کے ساتھ مل کر قرضہ کی درخواستوں کا اندازہ لگانا اور ان کی منظوری دینا، قرضوں کی نگرانی کرنا، پالیسی سازی اور بینک کے لیے صنعتی اور معاشی تحقیقات (research) کرنا۔ CMG کے بنیادی مقصد میں قرضہ جاتی اثاثہ جات کے معیار میں بہتری کے عمل کی حمایت کرے تاکہ غیر فعال قرضہ جات (NPLs) کو روکا جاسکے۔ سال 2016ء کے دوران گروپ نے اثاثہ جات کے معیار میں بہتری دکھانے میں اس کا اہم حصہ



(overseas correspondents) کے وسیع نیٹ ورک سے اب ہمارے صارف دنیا کے کسی بھی حصے سے پاکستان میں پینٹل بینک آف پاکستان کے ذریعے ترسیل زر کر سکتے ہیں۔ NBP لاکھوں لوگوں کو یہ فائدہ فراہم کرتا ہے کہ وہ پینٹل والی ترسیل زر ملک کے دور دراز علاقوں میں بھی وصول کر لیں جہاں دوسرا کوئی بینک کام نہیں کرتا۔

مالی شمولیت کی اہمیت کو مد نظر رکھتے ہوئے کھاتے داروں کو کاؤنٹر پر کیش میں منتقل کرنے کیلئے اپنی خصوصی پروڈکٹ "NBP Foree Remittance Account" پر خصوصی توجہ دی گئی ہے۔ اس سال صارفین کے تقاضوں پر "NBP Foree Remittance Account" کے کرنٹ کھاتے (current accounts) کے بدل (version) بھی پیش کر دیے ہیں جو بہت اچھے نتائج دکھا رہے ہیں۔ "NBP Foree Remittance Account" نے نہ صرف صارفین کو راضی کیا کہ اپنی موصولہ رقم ATMs سے وصول کریں بلکہ شاخوں کی میڈیا پلانٹ کی بنیادیں بھی اضافہ کیا ہے۔

2017ء میں بینک کا ارادہ ہے کہ انٹیٹ آف دی آرٹ ٹیکنالوجی کی بنیاد پر ترسیل زر کا نیا موثر سوفٹ ویئر خرید کر پیش کیا جائے۔ مزید یہ کہ گروپ سلطنت سعودی عرب اور متحدہ عرب امارات اور ترسیل زر کے دیگر بڑے مراکز سے رابطے میں ہے اور متعدد مارکیٹنگ ہم بازاؤں میں مصروف ہے جس کے حوالے سے پرنٹ اور الیکٹرونک میڈیا، حصہ لینے والے ذرائع کے ساتھ ساتھ صارفین سے بھی اچھی آراء (feedback) آ رہی ہیں۔

بینک کا مستقبل قریب میں منصوبہ ہے کہ وہ غیر سکونت پذیر پاکستانیوں کو ترقی یافتہ ٹیکنالوجی کی بڑھی ہوئی قدر والی مصنوعات (value added products) پیش کرے۔ ہم ترسیل زر کی تقسیم کے نیٹ ورک میں تنوع (diversification) کا جائزہ لے رہے ہیں۔ (۱) قبائل فراہمی کا ذریعہ (موبائل فون، سوشل انٹرنیٹ)، (ب) تقسیم کار نمائندے (فروخت کے مراکز، پیٹرول پمپس، کوریر کمپنیاں اور مواصلاتی آپریٹرز)۔ ہم دنیا بھر میں رقوم بھیجے کا کاروبار کرنے والی بہترین کمپنیز سے بھی معاہدے کر رہے ہیں تاکہ ترسیل زر کے صارف بغیر کسی پریشانی کے برقی رقم سے رقوم وصول کر سکیں۔

پاکستان کی ترسیل زر کے مجموعی کاروبار کا سب سے بڑا اور پیش قدمی ہے کہ کس طرح سمجھایا جائے کہ وہ قانونی ذرائع سے ترسیل زر کریں اور "حوالہ اور ہنڈل" سے اجتناب کریں۔ بینک، بینک وزارت پاکستان اور دیگر شرکاء مفاد (stakeholders) سے مل کر تارکین کو ترسیل زر کے قانونی فائدوں کے بارے میں آگاہی دینے میں مصروف عمل ہے۔ یہ نہ صرف ہمارے کاروبار میں اضافہ کرے گا بلکہ پاکستان کے ترسیل زر کے حجم کو بھی بڑھائے گا۔

اثاثہ جات کی وصولیابی (Assets Recovery)

گزشتہ دو سالوں میں ایسیٹ ریکوری گروپ (ARG) نے نقد وصولی اور ان کی درجہ بندی (classification) کر کے غیر فعال قرضہ جات (NPLs) میں مجموعی کمی ریکارڈ کی ہے۔ سال کے دوران گروپ نے ساختی رد و بدل (structural adjustments) کیا اور اپنے پورٹ فولیو کو تقسیم کیا تاکہ زیادہ توجہ کی طلب رکھنے والی وصولیوں پر توجہ مرکوز کر سکے۔

غیر فعال قرضہ جات (NPLs) کی وصولیوں کے امکانات کی بنیاد پر ترجیحات بنائی جا چکی ہیں۔ اس کے علاوہ قرضہ جات کیپٹال نوٹی شیروں کی کارکردگی کو بھی مسلسل جانچا جا رہا ہے تاکہ تیزی سے وصولیوں کو ممکن بنایا جاسکے۔

اسلامی بینکاری (Islamic Banking)

زیر غور سال میں، اعتماد اسلامی بینکاری کی مجموعی بیلتس شیٹ 160 فیصد بڑھ کر سال 31 دسمبر 2015ء کے 13,793 ملین روپے سے بڑھ کر 35,814 ملین روپے ہو گئی۔ ترقی کے ساتھ ساتھ، دسمبر 2015ء کے 12,701 ملین روپے پائز میں 161 فیصد اضافے سے بڑھ کر 33,088 ملین روپے ہو گئی ہے۔

دسمبر 2015ء میں اسلامی بینکاری کی 79 شاخوں سے بڑھ کر دسمبر 2016ء میں 118 ہو گئیں اور دسمبر 2017ء تک 34 روایتی شاخوں کو اسلامی بینکاری کی شاخوں میں تبدیل کر کے اور 40 نئی اسلامی شاخوں کے ساتھ کل شاخوں کا ہدف 192 ہے۔ مزید یہ کہ بینک کا منصوبہ ہے کہ اسلامی بینکاری کی مالی ذمہ داری (liability) اور اثاثہ جات (assets) کی نئی مصنوعات (products) متعارف کروائے۔ صارفین کو آن لائن سہولت کی فراہمی کو یقینی بنانے کے لیے اسلامی بینکاری کی تمام شاخیں تمام نیٹ ورک سے منسلک ہیں۔ اس وقت تک ہم اسلامی شاخوں میں 72 ATMs لگ چکے ہیں اور 2017ء کے اختتام تک ہر شاخ میں ایک ATM لگانے کا ہدف ہے۔

عالمی ترسیل زر کا انتظام (Global Home Remittances Management)

گلوبل ہوم ریمٹنس مینجمنٹ گروپ (GHRMG) بینک کے صارفین کو حسل سے تیز و آسان، معتبر اور سستی ترسیل زر کی خدمات فراہم کرتا ہے۔ دنیا بھر میں پھیلے ہوئے سمندر پار خاندانوں



سرمایہ کارانہ بینکاری (Investment Banking)

2015 سے عالمی معاشی سرگرمیوں میں مندی رہی۔ اُبھرتی ہوئی منڈیاں اور ترقی پزیر معیشتیں جو عالمگیر ترقی 70 کا نصف ہیں مسلسل پانچویں سال گرہی ہیں جبکہ ترقی یافتہ معیشتوں کی بحالی معتدل رہی۔ باوجود تمام چیلنجز، عالمی سست روی اور مالیاتی پالیسی میں تبدیلی کے، بین الاقوامی بینکاری گروپ نے سال کے دوران مالی گزاری (revenues) میں اضافہ دکھایا۔ بین الاقوامی شاخیں مقامی اور سمندر پار پائرس پزیر پاکستانیوں کو بینکاری کی ضروریات کی بہتر طور سے فراہمی کی کوششوں کو جاری رکھیں گی۔ بین الاقوامی آپریشن اپنی توجہ نئی راہیں تلاش کرنے پر مرکوز رکھے گا تاکہ ڈیماٹ کی بنیاد اور تجارتی کاروبار میں اضافے کو یقینی بنائے تاکہ فنڈ اور نان فنڈ آمدنی میں بہتری دیکھی جا سکے۔ ہم سہیلہ ای ٹی کے نظام کو مستحکم کر چکے ہیں اور بین الاقوامی شاخوں پر IT پلیٹ فارمز کو مزید مستحکم کرنا جاری رکھیں گے تاکہ مؤثر تعمیل (compliance) کے کنٹرول کے ذریعے کارکردگی کی استعداد (efficiency) میں بہتری کو یقینی بنایا جاسکے۔ آنے والے سالوں میں NBP ممکنہ نئی منڈیوں جیتنے اور مشرق وسطیٰ میں داخل ہو کر وہاں اپنی موجودگی کو مزید بڑھائے گا۔

خزانہ اور سرمایہ کی تجارت (Treasury & Capital Markets)

خریدی اینڈ کیوٹل مارکیٹس گروپ (TCMG) کا کردار بینک کی سیالیت (liquidity)، غیر ملکی زرمبادلہ، رقوم کی سرمایہ کاری اور سرمائے کی منڈیوں کا انتہائی فائدہ مند انداز میں انتظام کرے تاکہ ان فنڈز کا بینک کے لائحہ عمل، یعنی ملکی اور عالمی منڈی کے منظر نامے، کرنسی میں فوری اتار چڑھاؤ، اور شرح سود میں تبدیلیوں کے مطابق مناسب طور سے استعمال کیا جاسکے۔

ایسا سماجی اور معاشی اشاریوں کو مزید نظر رکھ کر کیا جاتا ہے جو کہ ممکنہ طور پر براہ راست پالیسی نرخ، مبادلہ نرخ اور ملک میں سرمایہ کاری کے ماحول کو متاثر کرتے ہیں۔ گروپ کی چار کاروباری اکائیاں (units) ہیں۔ مالی مارکیٹ ڈویژن (Financial Markets Trading Division) کی ذمہ داریوں میں منڈی بناؤ (Market-Making)، بکسڈ آمدنی کی تجارت کا انتظام اور غیر ملکی زرمبادلہ کی تجارت شامل ہے۔ ALM ڈویژن سیالیت (liquidity) اور بینکاری کی بک (Banking Book) کا انتظام کر رہی ہے۔ سیلر اور اسٹریٹجک ڈویژن عالمی منڈیوں سے متعلق صارفین کی سرگرمیوں اور خزانے کی مصنوعات (treasury products) کا انتظام کرتی ہے جبکہ ایکویٹی مارکیٹ ڈویژن کی ذمہ داری ایکویٹی کی سرمایہ کاری (equity investment) اور تجارت ہے۔ تمام ڈویژنز اپنے مالی اور دیگر اہداف پورے کر چکے ہیں اور بینک کے مالی نفع بخش ہونے میں اپنا کردار ادا کرتے رہیں گے۔

سال 2016ء میں NBP میں سرمایہ کارانہ بینکاری کی خاص اہمیت کا ادراک کرتے ہوئے اور بینک کے مالی مقام کو بہتر بنانے اور بینک کیلئے بلند درجہ کے آمدنی پیدا کرنے والے معیاری اثاثہ جات کو بنانے اور بینک کا ملکی سرمایہ کاری بینکاری کے میدان میں اس کے ممتاز مقام کو برقرار رکھنے میں اس کے حصے کی وجہ سے انویسٹمنٹ بینکنگ کو الگ گروپ کا درجہ دے دیا گیا۔ گروپ تمام منصوبے کے مالی لین دین (project finance transactions)، تجارت سازی (syndication) کے معاملات سنبھالتا ہے اور بینک کے اداراتی صارفین (corporate customer) کے سرمائے میں اضافے کی ضروریات کو پورا کرنے کے لیے منظم حل (structured solutions) پیش کرتا ہے (بشمول بائڈنگ کا اجراء، لیسٹو وغیرہ)۔

گروپ نے سال 2016ء میں متعدد لین دین (transactions) کے سبب میل عبور کے بشمول نیلیم جہلم ہائیڈرو پاور پراجیکٹ کیلئے 100 ارب روپے کا دس سال کی مدت کے کامیاب سکوک کی تعمیل۔ آج تک یہ پاکستان میں سب سے بڑی اسلامک ٹرانزیکشنز ہے جس کا NBP اس کا بلا شریک غیرے مشیر اور منتظم تھا اور اس نے کامیابی سے اس کا 15 دیگر بینکس کے کنسورشیم کے ذریعے انتظام کیا۔

سال بہ سال غیر فنڈ کی بنیاد پر آمدنی میں اضافے کا بینک کے آمدنیوں میں حصہ اس بات کا مظہر ہے کہ سرمایہ کاری بینکاری میں اس کا حصہ اہم ہے۔ یہ توقع کی جاتی ہے کہ وہ اپنے دیگر کاروباری اکائیوں (business units) کے تعاون سے لین دین (transactions) کو منظم کرنے میں اس کا کردار بڑھے گا۔

بین الاقوامی آپریشن (International Banking)

19 ممالک میں بین الاقوامی شاخوں اور دفاتر کے ساتھ، NBP پاکستان کے سب سے زیادہ بین الاقوامی فریجنگز رکھنے والے بینکس میں سے ایک ہے۔ ہماری توجہ تجارت فنانس، سنڈیکیٹ سازی، ایل سی (LC) کی تصدیق، ایف آئی (FD) کاروبار، مرسل (correspondent) بینکاری اور ترسیل زمر پر ہے۔ بینک کا بین الاقوامی آپریشن 21 شاخوں پر مشتمل ہے جو شمالی امریکہ، یورپ، وسط ایشیائی ریاستوں اور مشرق وسطیٰ میں پھیلا ہوا ہے۔ NBP واحد پاکستانی بینک ہے جس کی پانچ شاخیں اور دو ذیلی بینک اور نمائندہ دفاتر بیجنگ، ٹورنٹو اور ٹامپا میں ہیں۔



Corporate Branch Islamabad

گروپ کارکردگی کا جائزہ 2016

کمرشل، ریتیل بینکاری (Commercial, Retail Banking)

کمرشل، ریتیل بینکنگ گروپ (CRBG) بنیادی طور پر تین کاروباری موضوعات/شعبہ جات (spectrums) کا احاطہ کرتا ہے: یعنی خدمات کی ترسیل و تقسیم، مصنوعات کی ترقی (Product Development) اور لین دین کی بینکاری (Banking Transaction)۔ CRBG بینک کی مالیاتی دستاویز (balance sheet) کے دونوں اطراف کی مصنوعات کی فروخت (markets) کرتا ہے یعنی، مالیاتی ذمہ داریاں (یعنی ڈپازٹس) اور اثاثہ جات (تجارتی اور ریتیل قرضہ جات وغیرہ)۔

NBP بینکاری کی صنعت کا ایک ممتاز بینک ہے جس کا ذاتی قرضہ کی منڈی (market) میں تقریباً 55 فیصد حصہ ہے۔ ہم صارفین کی گہری ضروریات کو پورا کرنے کے لیے "اینڈلس سٹری" کے ساتھ ساتھ "کیٹس این گوئلڈ پروڈکٹس" پیش کرتے ہیں۔ NBP اپنے صارفین کو ذاتی قرضہ جات کے علاوہ، سائبان (گھر کی خرید)، تعمیرات کے لیے، اور ان کی بصری ضروریات کیلئے بینک انشورنس کی خدمات پیش کرتا ہے۔ درمیانے درجے کے کاروباری تجارتی اور اجناس کی لین دین کرنے والے ادارے 2016ء میں ہماری توجہ کا خاص مرکز رہے۔ ہم کئی شعبوں میں تجارتی اور SME کے 10 مراکز قائم کر چکے ہیں اور منصوبہ ہے کہ ان کی تعداد کو 16 تک کر دیا جائے گا جو SME اور تجارتی صارفین کو قرضہ جاتی اور غیر قرضہ جاتی مالی ضروریات سے متعلق خدمات فراہم کرنے کے لیے وقف ہوں گے۔

اس کے علاوہ، گورنمنٹ اور نجی قرضہ کے طلبکاروں کی ضروریات کو پورا کر کے نان فنڈی بنیاد کے کاروبار میں بتدریج کافی ترقی ہوئی ہے۔ تجزیوں میں منفی رجحان کی وجہ سے اجناس کی سرمایہ کاری میں صنعت کا مجموعی منظر نامہ مسابقت کا رہا۔ توقع ہے کہ اس پورٹ فولیو کی لاگت اور قسبہ فروخت کا فرق (margins) کم رہے گا۔ آگے بڑھتے ہوئے، استعداد بڑھانے اور نجی اور غیر آزمودہ منڈیوں میں قسمت آزمائی کے ساتھ اصل توجہ قرضہ جاتی پورٹ فولیو کے مجموعی معیار (quality) کو بہتر بنانے پر رہے گی۔

اپنے ای-بینکاری ڈیویژن کے ذریعے CRBG متعدد "ڈیجیٹل مالیاتی خدمات" کے پلیٹ فارمز کے قائم کرنے کے سلسلے میں اہم اقدامات اٹھا چکا ہے مثلاً پری پیڈ کارڈ، برانچ لیس بینکنگ اور کیس منجمنٹ کا اجرا۔ اس مقصد کے لیے سال 2016ء میں متعدد اسٹریٹجک شراکت داری کے معاہدوں پر دستخط کئے گئے۔ ان شراکت داریوں کے ساتھ کام کرنے کے دوران NBP نے گورنمنٹ کے جاری کردہ محدود منصوبوں، گورنمنٹ سے فرد اور اس کے برعکس کو مالیاتی خدمات کی فراہمی کرنے کے ساتھ ساتھ نجی بینکانوں کی استعمال کی گئی ڈیجیٹل مصنوعات (digital products) فراہم

کر سکے اور جس کی وجہ سے سال 2017ء میں بینک کو اپنے ہم عصر مقابلہ کرنے والے ٹکنس کے ہم چلے کر دے گی۔ سال کے دوران بینک نے 1300 کمٹے ATMs گانے کا نیٹ ورک مل میوزک این میں سے 130 ATMs کی تعمیر وئی مقامات (offsite) پر ہوئیں۔ ایک اور کارنامہ مخمرب پاس پر دنیا کے بلند ترین ATM کی تنصیب تھی۔

CRBG نے وفاقی اور صوبائی گورنمنٹس کے ساتھ متعدد اختیار ناموں (mandates) کے تحت عوام کی مالیاتی نظام میں شمولیت کروانے میں اہم کردار ادا کیا۔ ان میں گورنمنٹ کے جاری کردہ منصوبوں کے تحت 700,000 سے زیادہ افراد کو 30 ارب پاکستانی روپوں کی ادائیگیاں شامل ہیں۔ جہاں تک عوام سے گورنمنٹ کو ادائیگی کے بہاء کا تعلق ہے تو اس سلسلے میں NBP گورنمنٹ کی مختلف فیس، بقایا جات اور محصولات کی وصولی کیلئے فیت کا شاہکار (art of the state) نظام روڈ شاس گروا چکا ہے۔ پاکستان بھر میں اس سروس کے ذریعے سے ہزاروں بغیر برانچ کی بینکاری کے نمائندوں کے ذریعے سے افراد ڈیجیٹل ادائیگیاں کر سکیں گے۔ بینک دولت پاکستان کے ذریعے قرضہ جات کی فراہمی کے اہداف سے بینک تہاد ذکر چکا ہے۔

کارپوریٹ بینکاری

(Corporate Banking)

کارپوریٹ بینکنگ گروپ (CBG) کی بنیادی توجہ بڑے ادارتی صارفین (customer corporate) کی قرضہ جاتی اور غیر قرضہ جاتی مالی ضروریات کو پورا کرنا ہے یعنی جو تین پروڈکٹ لائنز کی صورت میں ہیں یعنی ورکنگ کپٹل فنانس، پروڈیکٹ فنانس اور تجارتی کاروبار۔ CBG پاکستان میں کام کرنے والے تمام مالیاتی اداروں کے مقابلے میں سب سے بڑے کارپوریٹ پورٹ فولیو کا حامل ہے۔ CBG ایک تسلیم شدہ تجارتی نام (brand) ہے جو ہم معنی ہے جغرافیائی طور پر مارکیٹ کے وسیع و عریض علاقوں میں موجودگی ہے۔ گروپ بڑے ادارتی (corporate) صارفین کی قرضہ جاتی اور غیر قرضہ جاتی مالی ضروریات پوری کرنے پر اپنی توجہ مرکوز رکھتا ہے اور اس کیلئے کراچی، لاہور، اسلام آباد، فیصل آباد اور ملتان میں قائم پانچ مخصوص ادارتی بینکاری (corporate banking) کے مراکز ہیں۔ گروپ قومی مفاد کے مختلف بڑے پیمانے کے منصوبوں کے لیے سرمایہ کاری کی سہولت کی فراہمی کا اہم حصہ رہ چکا ہے۔ سال کے دوران گروپ نے اپنے کھاتوں میں معیاری قرضوں کے پورٹ فولیو کے اضافے سے کل اثاثہ جات کے معیار میں بہت بہتری دکھائی ہے اور جس سے قرضوں کی مجموعی رسک ریننگ میں بھی بہتری دکھائی ہے۔

مزید یہ کہ CBG پوری طرح تیار ہے کہ CPEC اور دیگر شعبہ جات مثلاً تعمیرات، نقل و حمل کی اور تجارت میں بہتری اور بحالی سے پیدا ہونے والے کاروباری مواقع سے بھرپور فائدہ اٹھائے۔



اندرونی کنٹرول کا بیان

اندرونی کنٹرول (Internal Control) کی رپورٹنگ

بینک کی انتظامیہ بینک کے آپریشن میں موثر اور بہتر کارکردگی کی سہولت پہنچانے کے لیے یورڈ آف ڈائریکٹرز کا منظور شدہ ایک موزوں اندرونی کنٹرول (internal control) کا نظام قائم کر چکا ہے جو تمام پالیسیز، طریقہ کار، طریقہ عمل (processes) اور مقررہ کاموں کا احاطہ کرتا ہے جو آپریشن کو موثر اور کارکردگی کو بہتر بنانے کی سہولت فراہم کرتا ہے۔ انتظامیہ اور بینک کے ہر درجے کے ملازمین پر لازم ہے کہ ان منظور شدہ اندرونی کنٹرول کے نظام کے اجزاء کے تحت کام کرے۔ کام کی ادائیگی کے سلسلے میں یہ اندرونی کنٹرول کا نظام اندرونی اور بیرونی رپورٹنگ، ریکارڈ اور طریقہ عمل (process) مناسب طور سے رکھنے، قانونی ضابطوں اور اندرونی پالیسیز کی تعمیل کو یقینی بناتے ہیں۔

انتظامیہ یقینی بناتی ہے کہ کنٹرول کے مقاصد کو مد نظر رکھ کر ایک موثر اور بہتر کارکردگی دکھانے والا اندرونی کنٹرول کا نظام موجود ہو، موجودہ مروجہ طریقہ کار اور پالیسیوں کا جائزہ لیا جاتا رہے اور جب بھی ضروری ہوا ان میں وقتاً فوقتاً ضروری ترامیم کی جاتی رہیں۔

تاہم، بینک کے اندرونی کنٹرول کے نظام کو اس طرح سے ڈیزائن کیا گیا ہے کہ مقاصد کے حصول میں درپیش خطرے (risk) کے تدارک میں ناکامی کے بجائے اس بات کا انتظام کیا جاسکے کہ انتظامیہ اور یورڈ آف ڈائریکٹرز کو نہ صرف کافی حد تک درستہ نتیجہ کی صورت میں، کسی مادی (material) غلط بیانی (misstatement) یا نقصان کے بارے میں یقین دہانی فراہم کی جاسکے۔ کیونکہ کنٹرول کے عمل کو قائم کرنا اور اس میں بہتری لانا ایک مسلسل طریقہ عمل (process) ہے جس میں بینک کو درپیش اہم خطرات کی نشاندہی، قدر پیمانی (evaluation) اور بینک کو درپیش اہم خطرات سے نمٹنے کے انتظام شامل ہیں اور اس سلسلے میں بینک کی انتظامیہ نے COSO اندرونی کنٹرولس - مربوط بنیادی ڈھانچہ کو اپنایا ہے تاکہ SBP کی اندرونی کنٹرول کی ہدایات کی تعمیل کی جاسکے۔ بینک ایک بیرونی مشیر (consultant) کو BSR اور COSO کے منصوبے کے نفاذ میں معاونت کے سلسلے میں مختص کر چکا ہے۔

BPR بنیادی طور پر کاروباری پراسس میں بہتری/یکسٹریم کرنے کے منصوبے کو شروع کرنے کے بنیادی مقاصد، ادارے کے آپریشن کے اہم لائحہ عمل، ڈھانچے، حسن کارکردگی، پروسسز، نظام اور MIS کیلئے بین الاقوامی بہترین پریکٹسز کے معیار (benchmarking) متعین کر کے اور کاروبار کے آپریشن کی کارکردگی دکھانے کی اہلیت (efficiency) اور موثر پرنسپل (effectiveness) کو یقینی بنانے تاکہ اسے مجموعی کاروبار کے مقاصد کو حاصل کرنے کے قابل بنایا جاسکے۔ اس کے بنیادی توجہ کے مراکز میں سے ایک ہے کہ پالیسیوں اور SOPs، CBA، اتحادی نظام، اور دیگر خود کاری کے اقدامات کے ساتھ ہم آہنگی کو یقینی بنایا جائے تاکہ بینکار لوہی میں سرمایہ کاری کو انتہائی بہترین طریقے سے استعمال کیا جائے۔ کیونکہ COSO کے اجزاء میں سے ایک جز ICFR بھی ہے اور انتظامیہ یہ چاہتی ہے کہ وہ اپنے موجودہ ICFR کو COSO/BRP منصوبوں کے ساتھ ہم آہنگ کرے، جو مختلف سبب حاصل کر چکا ہے جس میں بشمول پراسس انویٹری - بزنس پراسس (process inventory business process) کا جائزہ، دائرہ کاری اسٹڈی، پراسس کے مقاصد کی دستاویزات کی تیاری۔ جیسا کہ پروس ڈا کوٹیفیکیشن، مقامی اور بین الاقوامی بہترین پریکٹسز کے ساتھ بیچ مارنگ، ورنگی (remediation)، منصوبہ بندی، رسک کنٹرول میٹریز (metrics) COSO سے متعلق اور جینٹل ٹیسٹنگ پلان شامل ہیں۔

SBP مورخہ 27 مئی 2004ء کے BSD سرگرم نمبر 7 میں تمام بینکس DFIs کیلئے اندرونی کنٹرول کے رہنما اصول جاری کر چکا ہے اور ان کی تعمیل کے پراسس میں ہم آہنگی پیدا کرنے کیلئے SBP نے مورخہ 24 فروری 2009ء کے BSD سرگرم نمبر 5 کے ذریعے اندرونی کنٹرول کے پروگرام میں شامل مختلف سرگرمیوں/مراحل کی تکمیل کیلئے روڈ میپ فراہم کر چکا ہے۔

بینک، مشیر کی معاونت سے مختلف ICFR کے مختلف مراحل مکمل کر چکا ہے جس کی تکمیل کے بارے میں مکمل تفصیلات SBF کے روڈ میپ میں فراہم کی جا چکی ہیں جبکہ باقی مراحل پر مشیران کی مشاورت سے کام جاری ہے۔

اندرونی کنٹرول کی قدر پیمانی (Evaluation of Internal Control)

بینک کے پاس آڈٹ اور انسپکشن گروپ میں ایک آزادانہ آڈٹ اور معائنہ کا شعبہ بھی متعین علاقائی آڈٹ اور معائنہ کے دفاتر کے جو برانچز، رجسٹرز، ماتحت ادارے، سٹاف کالجز اور ہیڈ آفس میں گروپس کے تسلسل سے اندرونی کنٹرول کے نظام پر ان کی کارکردگی کی صلاحیت اور اس کے موثر ہونے کی قدر پیمانی کرنے کیلئے آڈٹ کرتی رہتی ہے۔ علاوہ ازیں تعمیل کا نظام مع 145 آزاد برانچ کی تعمیل کے آفیسرز جو کمپنی 3 (Category III) اور 23 رجسٹرڈ کمپنیز کنٹرول ہیڈ مع معادن سلسلے کے موجود ہے تاکہ کنٹرول کے ماحول کو مستحکم بنانے کے لیے تعمیل سے متعلق معاملات کا خیال رکھا جاسکے۔

سال 2016ء کیلئے بینک اندرونی کنٹرول کے نظام کو اس کی اصل رول کے مطابق جاری رکھے جانے کو یقینی بنانے کیلئے اپنی بہترین کوششیں کر چکا ہے۔ اندرونی/بیرونی آڈیٹرز کے ہر متعلقہ آڈٹس/معائنہ پر دیے گئے مشاہدات کا یورڈ آڈٹ اینڈ کمپلائنس کمیٹی اور انتظامیہ نے فوری طور پر ان کا جائزہ لیا ہے اور ان کی ورنگی کیلئے اقدامات کئے تاکہ بینک کے مفاد کو تحفظ کیا جاسکے۔

سال کے دوران آڈٹ گروپ اور کمپلائنس گروپ کے جائزہ سے اخذ کردہ نتائج کی بنیاد پر، انتظامیہ کا خیال ہے کہ بینک کا موجودہ اندرونی کنٹرول کا نظام مناسب ہے اور اس کا موثر نفاذ اور اس کی نگرانی کی جاتی رہی ہے۔ تاہم، جیسا کہ پہلے بیان کیا گیا تھا، یہ ایک مسلسل جاری رہنے والا پروسس ہے، اس لیے انتظامیہ اندرونی کنٹرول کی ساخت میں موجود کنٹرولز کی اثر پزیری (efficacy) کی جانچ کرتے رہیں گے تاکہ بینک کے مجموعی اندرونی کنٹرول کے نظام کو مزید مستحکم کیا جائے۔

مذکورہ بالا کی بنیاد پر یورڈ آف ڈائریکٹرز نے انتظامیہ کے اندرونی کنٹرول بشمول ICFR کی قدر پیمانی (evaluation) کی مناسب توثیق منسلک ڈائریکٹری رپورٹ کر چکی ہے۔

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کراچی
22 فروری 2017ء

بورڈ آف ٹیکنالوجی (ITBC)

جناب طارق کرمانی، چیئرمین سید احمد اقبال اشرف جناب افتخار علی اللہ والا میر علی شیر مری	ممبرز
10	مشقہ اجلاس
IT بورڈ کمیٹی ایک اونچے درجے کی اسٹریٹجک کمیٹی ہے جو چار (04) ارکان پر مشتمل ہے جس میں تین (03) NBP بورڈ آف ڈائریکٹرز کے ارکان ہیں اور ایک NBP CEO/صدر ہے۔ ITBC کی ذمہ داری IT کی حکمت عملی سے متعلق فیصلے کرنا، ان پر نظر رکھنا اور ان پر بینک کے مفاد میں عملدرآمد کرنا ہے۔ اہم یہ ہے کہ بہتر ترجیحات کی ترتیب بنائی جائے، کاروباری مقاصد سے بہتر ہم آہنگی جس سے بینک کے کاروبار، اس کی توجہ، ترجیح، شفافیت اور احتساب کے عمل میں بہتری لائی جائے۔ ITBC ایک جائزہ، نگرانی اور IT کے بڑے منصوبوں کی ترجیحات پر پورے بینک کے نقطہ نظر سے کارکردگی پر کٹے کی ایک باڈی ہے۔ ITBC کی تین بڑی سرگرمیاں درج ذیل ہیں: - IT منصوبوں کی ترجیحات طے کرنا - منصوبوں پر نظر رکھنا، ان کا نفاذ اور عملدرآمد کرنا - منصوبوں کو بورڈ آف ڈائریکٹرز کی منظوری کیلئے پیش کرنا مئی 2016 میں سی اے ڈی کو سفید کرنے کے مدارک کا نظام کامیابی سے نافذ کر دیا گیا تھا۔ منصوبے کے نفاذ کا آغاز اگست 2015ء میں ITBC کی باضابطہ نگرانی ہوا تھا اور تقریباً نو ماہ کی مدت میں مکمل ہوا۔ جیسا کہ مذکورہ بالا 1000 ATMs کی تحصیل کا معاملہ ہے، ITBC نے ان کے نفاذ کی تمام تاریخوں کے اہداف کے حوالے سے باقاعدگی سے ان کے نفاذ میں پیش رفت کی نگرانی کی، جس کے نتیجے میں دو سال میں NBP کے ATM غیر ورک میں 376 سے بڑھ کر 1300 سے زیادہ ہو گئی۔ پائیدار سفر سے استعمال ہونے والے ATMs بھی نفاذ کے مراحل میں ہیں اور اس میں پیش رفت کی نگرانی بھی ITBC باقاعدگی سے کرتی ہے۔ علاوہ ازیں، کمیٹی نے باقاعدگی سے کال سینٹرز کے آپریشنز کا جائزہ لیا، اور ان کی کارکردگی بڑھانے کیلئے قیمتی تجاویز دیں۔ کمیٹی کی توجہ ہمیشہ صارفین کو سہولتوں کی فراہمی کے اقدامات سے خدمات کے معیار میں اضافے کا حصول رہا۔ بینک کیلئے مرکزی شکایات کے انتظامی حل کا نفاذ، کمیٹی کی ہدایات میں سے ایک ہے تاکہ شکایات کے فوری اور منصفانہ ازالے کے طریقے کار کو یقینی بنایا جاسکے۔ اس کے نتیجے میں اس کیلئے مخصوص شکایت رجسٹر کا نظام نافذ کیا گیا ہے اور اب تمام ذرائع سے شکایات کا اندازہ مع مکمل جائزہ لینے کیلئے کیجھلے ہو رہا ہے۔ کمیٹی کی سفارشات کی بنیاد پر اہم اقدامات لیے جاسکے ہیں جیسا کہ کیجھلے رجسٹریشن کا نفاذ صارفین کی حکمت عملی سے براہِ عملہ میں ان کی قطار بندی، ملازمین اور شعبہ کے سیلف سروس موڈیول کی فراہمی، ٹریڈ ٹیکسٹری اور تازہ کاری کے عمل کے یونٹ وغیرہ کا قیام ہے۔ اس کے علاوہ، کمیٹی باقاعدگی سے IT کے بجٹ کی نگرانی کرتی ہے اور ان کو بڑی مالی اعداد (financial heads) میں استعمال کرتی ہے۔	کارکردگی/ کامیابیاں

بورڈ ریسک کمیٹی (BRC)

ممبرز	جناب انصار علی اللہ والا۔ چیئرمین سید احمد اقبال اشرف جناب فرخ قیوم جناب محمد فہیم میرن شیر مری
منعقدہ اجلاس	04
کارکردگی و کامیابیاں	BRC بورڈ آف ڈائریکٹرز کو بینک دولت پاکستان کی ریسک مینجمنٹ سے متعلق جاری کردہ/ دی گئی ہدایات فراہم کرتا ہے تاکہ بینک ان پر عملدرآمد اور نفاذ کو یقینی بنائے۔ کمیٹی NBP میں ریسک کے ماحول کو بہتر کرنے میں ایک اہم کردار ادا کرتی ہے جو کریڈٹ اور انویسٹمنٹ پورٹ فولیو، غیر فعال قرضہ جات (NPLs) کی وصولی کیلئے لائحہ عمل، ریسک مینجمنٹ کے ڈھانچہ/ پالیسیز اور ریسک مینجمنٹ کے موڈلز/ ٹولز/ MIS وغیرہ پر مشتمل ہے۔ BRC اپنی توجہ بینک بھر میں مضبوط ریسک کا کلچر پیدا کرنے پر مرکوز رکھتا ہے۔ BRC اپنے آپ کو ابھرتے ہوئے ریسکس سے متعارف/ تربیتی سیشنز میں شرکت کر کے اپنے آپ کو تیار رکھتا ہے۔ کمیٹی سال 2016ء میں چار (04) مرتبہ ملی اور مجموعی ریسک مینجمنٹ پالیسی، ریسک مینجمنٹ کے بنیادی ڈھانچے یعنی ICAAP/ERM کا جائزہ/ توثیق، ریسک میں اضافے کے اسباب، شرح سود سے متعلق ریسک مینجمنٹ پالیسی، ریسک کی برداشت کی حد (tolerance)/ اجتماع (concentration) پالیسی اور BPR اور COSO منصوبے پر پیش رفت کی نگرانی کی۔

بورڈ ہیومن ریسورس کمیٹی (BHRC)

ممبرز	جناب فرخ قیوم۔ چیئرمین سید احمد اقبال اشرف جناب طارق کرمانی میرن شیر مری جناب اسحاق بھٹو جناب محمد فہیم
منعقدہ اجلاس	07
کارکردگی و کامیابیاں	یہ کمیٹی بنیادی طور پر انسانی وسائل کے کاموں کے جائزے، نگرانی اور انسانی وسائل کے لائحہ عمل کے بارے میں بورڈ کو توجہ دینے کی ذمہ دار ہے اور عملے سے متعلق پالیسیز بنانا، ان کے معاوضے، فوائد، تربیت اور لائحہ عمل کی اہمیت سے متعلق معاملات جو NBP کی بھرتی، ترقی اور تعلیم یافتہ اور تجربہ کار ملازمین کو بینک سے وابستہ رکھنے کی صلاحیت کو متاثر کر سکتے ہیں۔ کمیٹی نے معاوضہ، ادائیگی، نظم و ضبط، سمندر پار اور دیگر HR معاملات کے بارے میں مختلف فیصلے کئے۔ کمیٹی نے متعدد HR پالیسیز کا جائزہ لیا اور بورڈ کی منظوری کیلئے پیش کیں۔ کمیٹی نے بینک کی اہم/ اعلیٰ عہدوں پر بھرتی کیلئے انٹرویوز کئے اور بورڈ کی منظوری کیلئے پیش کیے۔ کمیٹی نے آفیسرز، ایگزیکٹوز، مینیجرز اور نان مینیجرز کے عملے کی تنخواہ کے پیکج بھی بورڈ کی منظوری کیلئے پیش کیے۔

بورڈ آف ڈائریکٹرز کی کمیٹیوں کا طائرانہ جائزہ

بورڈ آف ڈائریکٹرز ذیل کمیٹیوں کی تشکیل دے چکا ہے تاکہ وہ اپنی دستوری ذمہ داریوں کو موثر طور پر ادا کر سکیں۔ نیچے ان کمیٹیوں کے ڈھانچے اور ان کی رکنیت کا خلاصہ پیش ہے۔

ممبرز	بورڈ آڈٹ اینڈ کمپلائنس کمیٹی	بورڈ رسک کمیٹی	بورڈ ایچ آر کمیٹی	بورڈ آئی ٹی کمیٹی
جناب فرخ قیوم	●	●	■	
جناب افتخار رائے اللہ والا	●	■		●
جناب طارق کرمانی	●		●	■
میر فتح شیری	●	●	●	●
جناب اے اکبر شریف زاوہ	●		●	
جناب محمد ضم	■	●	●	
سید اسماعیل اشرف		●	●	●
منتقدہ اجلاس کی تعداد	08	04	07	10

■ چیئر مین ● ممبر

2016ء کے دوران بورڈ کمیٹی میں سے ہر ایک کے امور کا ایک مختصر خلاصہ درج ذیل ہے:

بورڈ آڈٹ اینڈ کمپلائنس کمیٹی (BACC)

ممبرز	جناب محمد ضم چیئر مین جناب فرخ قیوم جناب طارق کرمانی میر فتح شیری جناب اے اکبر شریف زاوہ جناب افتخار رائے اللہ والا
منتقدہ اجلاس	08
کارکردگی/ کامیابیاں	بورڈ آڈٹ اینڈ کمپلائنس کمیٹی ایک مشورہ دینے اور یقین دہانی کروانے والی کمیٹی ہے جو بورڈ کو اس کی منشور میں دی گئی نگرانی کی ذمہ داریوں کو پورا کرتے ہیں اس کی معاونت کرتی ہے۔ بورڈ آڈٹ اینڈ کمپلائنس کمیٹی اپنی دستوری ذمہ داریوں کی ادائیگی میں اس نے بورڈ، بینک کی انتظامیہ اور اندرونی اور بیرونی آڈیٹرز کے ساتھ اچھے کام کے سلسلے میں موثر تعلقات برکھے ہیں۔ کمیٹی نے جائزہ، غور و خوض کے بعد انٹرنل آڈٹ، قیصل کا منصوبہ، قانونی معاملات، مالیاتی رپورٹنگ، ادارتی حسن کارکردگی (Corporate Governance)، انٹرنل کنٹرولز، رسک مینجمنٹ، قوانین اور ضوابط کی قیصل، ضابطہ اخلاق اور بیرونی آڈٹ میں بہتری کے اقدامات کی سفارش کی ہے۔ کمیٹی نے بورڈ کے پاس منظوری سے پہلے انٹرنل کنٹرولز اور بینک کے مالیاتی نتائج کی دستاویزات کا جائزہ لیا۔ سال کے دوران کمیٹی نے ACCA کے تربیتی پروگرام کا آغاز کیا۔ کمیٹی نے اس بات کو یقینی بنایا ہے کہ بینک میں ایک مستقل آزاد اور مختص انٹرنل آڈٹ تشکیل دی ہو اور اس کے پاس کافی وسائل، عملہ ہو اور ان کے پاس مطلوبہ مہارتیں اور وہ اپنے کام کے بارے میں تازہ ترین علم اور بینکاری کی سرگرمیوں کو یقینی بنائیں۔ کمیٹی نے انٹرنل اور ایکسٹرنل آڈیٹرز کے درمیان موثر تعاون کو یقینی بنایا اور بورڈ کے یکسر عمل آڈیٹرز کے انتخاب کی سفارش بھی کی ہے۔

ہماری اسلامی بینکاری، صنعت میں نموسے بخوبی آگاہ ہے اور جیسا کہ NBP اپنی اسلامی بینکاری کی شاخوں کے جال میں مسلسل اضافہ کر رہا ہے اور اس کا منصوبہ ہے کہ اسلامی بینکاری ونڈوز (windows) پیش کرنے والے روایتی بینکس میں چوٹی کے بینکس میں شامل ہو جائے۔ بینکاری کی سہولت استعمال نہ کرنے والی آبادی کی بینکاری کی ضروریات کا خیال رکھتے ہوئے بینک اپنے ویب فریجنز، ٹیکنالوجی کے پلیٹ فارم اور برانچ لیس بینکاری کی خدمات کا مزید فائدہ اٹھائے گا۔ بینک IT کی کارکردگی کو بہتر کرنے کے بڑے منصوبے، ATM میں توسیع اور برانچ لیس جیسے متعدد منصوبے پہلے ہی شروع کر چکا ہے ہمارا ارادہ ہے کہ ATM کی سہولت کے نئے مراکز کھولیں اور ہائبرڈ بینک تھدین سے یوٹیلیٹی بلز کی وصولی ہو۔ نئے گاہکوں اور نئی پروڈکٹس کی بدولت تجارتی قرضہ اور ترسیل زر کے کاروبار میں اضافہ ہوگا۔

NBP اپنے عملے کی فریٹنگ اور بہت استعداد کار کے حامل افراد کے لوگوں کے انتخاب کے ذریعے اپنے انسانی وسائل کی استعداد کی افزودگی کیلئے مزید سرمایہ کاری کرتا رہے گا۔ اپنے اخراجات کی منجمنٹ اور آپریشن کی کارکردگی کو بہتر بنانے کی کوشش کو بھی جاری رکھے گا۔ اپنے اندرونی کنٹرولز اور دستور العمل پر زیادہ زور دیا جائے گا۔

انٹرنل کنٹرول کا بیان

بورڈ انتظامیہ کے انٹرنل کنٹرول کے بیان بشمول منجمنٹ کی ICFR کی قدریمائی (evaluation) کی پیشکش توثیق کرتا ہے۔ منجمنٹ کا انٹرنل کنٹرول کا بیان سالانہ رپورٹ 2016ء میں شامل ہے۔

آڈیٹرز کا تقریر

بورڈ آڈٹ اینڈ کمپلائنس کمیٹی کے مشورے کے مطابق بورڈ آف ڈائریکٹرز کے میسرز گرانٹ تھورنٹن پاکستان، چارٹرڈ اکاؤنٹنٹ اور میسرز ارنسٹ اینڈ یٹک فورڈ روڈز چارٹرڈ اکاؤنٹنٹ کو بینک کے بیرونی آڈیٹرز کے طور پر 31 دسمبر 2017ء تک مکمل ہونے والے سال کیلئے موجودہ فیس جو 2016ء میں ادا کی گئی کے عوض تقریر کیا، یہ تقریر سالانہ اجلاس عام کے دوران حصص یافتگان کی منظوری سے مشروط ہے۔ دونوں فرمز دوبارہ تقریر کی کی اہل ہیں اور انھوں نے خود کو دوبارہ تقریر کیلئے پیش کیا ہے۔

سالانہ رپورٹ 2016ء کی منسلک دستاویزات

سال 2016ء کی سالانہ رپورٹ کے ساتھ درج ذیل منسلک ہیں اور اس کا لازمی حصہ ہیں:

- بورڈ آف ڈائریکٹرز کمیٹی کا جائزہ؛
- گروپ کی کارکردگی کا جائزہ؛
- ادارتی اور سماجی ذمہ داری رپورٹ
- بریک جوائنر
- انٹرنل کنٹرول کا بیان؛
- کارپوریٹ گورننس کے ضابطہء علاقائی عمل کا بیان؛
- حصص کی ملکیت کا جدول

اختتامیہ و اعتراف

سال 2016ء کیلئے بینک کی کارکردگی میرے لیے باعث اطمینان ہے اور میں اُمید کرتا ہوں کہ 2017ء کے اہداف بھی حاصل کر لیے جائیں گے۔ میں اپنے ڈائریکٹرز، اعلیٰ انتظامیہ اور ملازمین کی اس کامیابی میں شراکت کا معترف ہوں۔ اور میں بورڈ کی جانب سے تمام گاہکوں، حصص یافتگان اور دیگر شراکت داروں کے NBP پر اعتماد اور حمایت کیلئے اُن کا شکریہ ادا کرتا ہوں۔

از طرف بورڈ آف ڈائریکٹرز

مسعود کریم شیخ
صدر (Officiating)
کراچی
22 جنوری 2017ء

ادارتی ضابطہ اخلاق کا بیان

بورڈ آف ڈائریکٹرز ضابطہ کے مطابق اپنی ذمہ داریوں سے آگاہ ہیں اور مجھے یہ رپورٹ کرنے کی خوشی ہے کہ:

1. کمپنی کی انتظامیہ کے حیار کردہ مالیاتی گوشوارے، اس کے معاملات کی حالت، عملی امور کے نتائج، یکیش غلوا اور ایکوینیٹی میں تبدیلی پوزیشن کو صحیح طور پر پیش کرتے ہیں؛
2. کمپنی نے موزوں کھاتوں کی کتابیں (books of accounts) قائم رکھی ہوئی ہیں؛
3. مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب حکمت عملی یکساں طور پر اپنائی گئی ہے اور اکاؤنٹنگ تخمینوں کی بنیاد معقول اور حتمی طور پر رکھی گئی؛
4. پاکستان میں بینکنگ پر قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیار پر عمل کرتے ہوئے مالیاتی گوشوارے تیار کیے گئے؛
5. کمپنی کو ایک جاری رہنے والے ادارے کے طور پر مسلسل چلتے رہنے میں کوئی شبہ نہیں ہے؛
6. گزشتہ چھ برسوں کا اہم آپریٹنگ اور مالیاتی ڈیٹا اس سالانہ رپورٹ کے ابتدائی صفحات میں شامل ہے؛
7. پروڈیٹس اور پیکٹنگ فکٹرز کے سرمائے کی مالیت با ترتیب 13,137 ملین روپے اور 44,999 ملین روپے رہی۔
8. سال 2016ء میں بورڈ کے منعقدہ اجلاس کی تعداد 13 اور ان میں شرکت کی تفصیل درج ذیل ہے:

نمبر	نام	اجلاسوں میں شرکت کیں
1	جناب منیر کمال	8
2	سید احمد اقبال اشرف	13
3	جناب فرخ قیوم	13
4	جناب طارق کرمانی	12
5	جناب محمد فہیم	13
6	جناب افتخار راے اللہ والا	12
7	جناب میر فتح شیر مری	13
8	جناب اے اکبر شریف زادہ	13

مستقبل کا منظر نامہ

سال 2017ء بھی صنعت بینکاری کی طرح NBP کیلئے نئے مواقع اور چیلنجز کا سال ثابت ہوگا۔ ہمارا سٹرٹیجک مقصد اپنی قائدانہ مقام کو مضبوط و مستحکم رکھنا اور مارکیٹ میں زور و افزوں رسائی کیلئے ٹیکنالوجی میں پیش قدمی کرنا اور خدمات کی فراہمی کے متبادل ذرائع کو اپنانا ہوگا۔ ہمیں اپنی پروڈکٹ کی دنیا کی ری براڈنگ (re-branding) کرنا ہوگا اور ہم اپنے کاروباری نیٹ ورک میں مزید گاہکوں کی شمولیت کو یقینی بنائیں گے۔ کنٹرول اور ریسک مینجمنٹ کے اقدامات کو مسلسل مستحکم کرنے کے ساتھ ساتھ ہم ملک میں اقتصادی ترقی کیلئے اپنا کردار اپنے لوگوں پر مزید سرمایہ کاری کریں گے اور جدید دور کی بینکاری کے بہترین طریقوں کو اپنائیں گے۔ ہماری توجہ کارکنان خاصہ یا فنانس کے منافع کو بہترین سطح پر لانے کیلئے بنیادی طور پر اثاثہ جات کے معیار کو بہتر بنانا ہوگا۔

جیسا کہ CPEC سے متعلق منصوبوں کا پہلے ہی آغاز ہو چکا ہے، ہمارے کارپوریٹ اور انویسٹمنٹ بینک ہر اہم تجربے ہوئے ترقی کے موقع کا بھرپور فائدہ اٹھانے کی کوشش کریں گے۔ بڑے پیمانے کی صنعتی پیداوار (manufacturing) میں ہونے والے فروغ سے قرضوں کی فراہمی کے بڑے مواقع، خصوصی طور پر آٹوموبائل، فولاد، سینٹ اور تعمیراتی سرگرمیوں سے متعلق دوسری مصنوعات کی صنعتوں میں پیدا ہوں گے۔ CPEC سے متعلق مواقع سے فائدہ اٹھانے کے بارے میں ہماری بصیرت بالکل صاف اور واضح ہے۔

بینک روز افزوں ترقی پذیر تکنیکی ترسیل زر کے کاروبار میں زیادہ سے زیادہ حصہ حاصل کرنے کیلئے صحیح سمت میں اقدام اٹھائے گا۔ ایک طرف تو اس سے ہماری غیر سودی آمدنی میں اضافہ ہوگا، اور دوسری جانب اس سے ہماری مالیاتی ذمہ داریوں کی لاگت (liability cost) میں CASA واپس میں اضافے کی وجہ سے بہتری آئے گی۔

زراعت کیلئے ہمارے خصوصی پروڈکٹس برائے ذیری، باغات، مثل فارمگ، کاموں کو مشینی بنانے کا عمل، آبپاشی میں ترقی وغیرہ میں خاطر خواہ اضافہ ہو رہا ہے اور آنے والے برسوں میں مزید ترقی اور پروڈکٹس میں بچھری ہوئی ہے۔ NBP دہلی علاقوں میں اپنے وسیع نیٹ ورک کی بدولت ان اقدامات پر انحصار کرتے ہوئے تکنیکی راہنمائی میں اپنا حصہ بڑھائے گا۔

کیپٹل کا استحکام اور موزونیت (Adequacy)

بینک اپنے کیپٹل کو مضبوط بنیادوں پر مستحکم رکھنے کی پالیسی پر عمل پیرا ہے تاکہ اپنے سرمایہ کاروں، قرض خواہوں اور مارکیٹ کا اعتماد قائم رکھنے اور کاروبار کی نمو کے تسلسل کو برقرار رکھا جاسکے۔ بینک کے کیپٹل کی موزونیت کو جانچنے کیلئے، دیگر اقدامات کے علاوہ، بینک دولت پاکستان کے بنائے ہوئے قوانین اور تناسب (ratios) کو بنیاد رکھا جاتا ہے۔

2016ء کے اختتام پر Base-خرید درج کے مطابق حساب کردہ بینک کا کل کیپٹل اور RWA's کا تناسب 16.56% تھا (جو 2015ء میں 17.59% تھا)، یہ مرکزی بینک کی کم سے کم مقرر کردہ 10.65% کافی اوپر ہے۔ CET-I کیپٹل فیصد کا تناسب بھی 11.9% مستحکم تھا (جو 2015ء میں 12.5% تھا) جبکہ اس کی کم سے کم مقررہ حد 6.00% ہے۔

بیلنس شیٹ کی تاریخ کے بعد کے واقعات

بیلنس کی تاریخ کے بعد کوئی ایسے خاطر خواہ واقعات نہیں ہوئے جس کی وجہ سے منسلک مالی گوشواروں میں ترمیم کرنا پڑے ماسوائے ان کے جن میں پہلے ہی ترمیم کی جا چکی ہے یا غائب کر دی گئی ہے۔

بورڈ آف ڈائریکٹرز کی تبدیلی

ہم خلاصہ طور پر ریٹائر ہونے والے چیئرمین جناب میر کمال اور ریٹائر ہونے والے صدر سید احمد اقبال اشرف کی بعصرت اور ان کی بینک کی ترقی میں گراں قدر شمولیت اور حمایت کے خلاصہ طور پر ممنون ہیں۔

کریڈٹ ریٹنگ

NBP پاکستان کا واحد بینک ہے جس کو پاکستان کی دونوں منظور شدہ کریڈٹ ریٹنگ کی ایجنسیز نے 'AAA' ریٹنگ دی ہے۔ جون 2016ء میں ایسٹرن JCR-VIS کریڈٹ ریٹنگ ایجنسی نے بینک کی 'AAA' اسٹینڈالون (standalone) اعادہ کیا ہے، جو پاکستان میں دی جانے والی کریڈٹ ریٹنگ کی اعلیٰ ترین درجہ بندی ہے۔ اسی طرح PACRA نے بھی طویل المدتی ریٹنگ 'AAA' (ٹریبل اے) اور قلیل المدتی ریٹنگ 'A1+' (اے ون پلس) دی ہے۔

تفیع و نقصان مختصات (Appropriations)

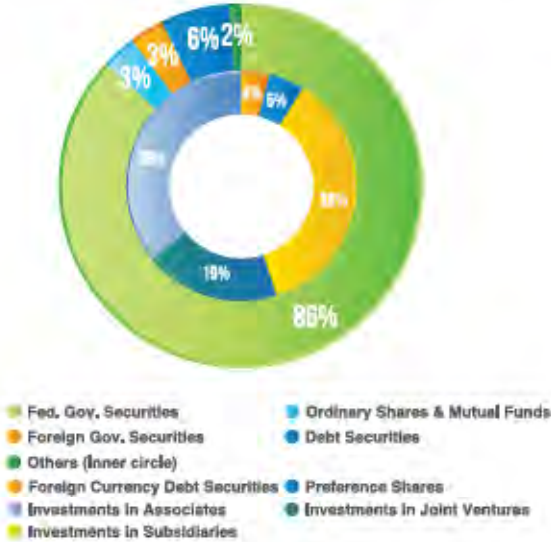
2015ء کے جمع شدہ منافع کو آگے لائے جانے (carryover) کے بعد سال 2016ء کے تجویز کردہ مختص شدہ منافع کی تفصیلات درج ذیل ہیں:

مبلغ (روپے ملین میں)	مبلغ (روپے ملین میں)
37,141	مبلغ قلمی از محصولات
	مختصولات
9,541	- حالیہ سال
1,344	- گزشتہ سال (برسوں) کا
3,504	- ملوثی شدہ
	14,389
22,752	31 دسمبر 2016ء کو اختتام پزیر سال پر مبلغ بعد از محصول
49,156	غیر مختص شدہ منافع جو آگے لایا گیا
(1,851)	دیگر جامع آمدنی - محصول کی خالص
114	غیر منظور ادا شدہ جات کی قدرتیاتی زائد از ضرورت کی منتقلی
70,171	مختصات کیلئے دستیاب منافع
(2,275)	دستوری ذخائر کو منتقلی
(15,956)	2015ء کا ادا کردہ کیش ڈیویڈنڈ
51,939	غیر مختص شدہ منافع جو آگے بڑھا یا

بینک کا مجموعی قرضہ جات کا پورٹفولیو معاشی نیکتر کے حساب سے مناسب حد تک متنوع ہے اور ان کا ریسک کا سامنا کرنے کی صلاحیت پہلے سے طے شدہ قابل قبول حدود میں ہیں۔ خالص NPL کا تناسب دسمبر 2015ء کے 2.9% سے بہتر ہو کر 1.5% ہو گیا۔ 2016ء کے اختتام پر NPL پر مخصوص پر قسطا (provision charge) 109,655 ملین روپے رہی جو کہ 2015ء کے 8.7% سے بڑھ کر دسمبر 2016ء میں 9.2% ہو گیا۔

دوران سال قرضہ جات کے معیار میں 7,864 ملین روپے کی وصولیوں کے ذریعے بہتری آئی جو کہ غیر فعال قرضہ جات کے بارے میں بینک کی بہتر حکمت عملی کا مظہر ہے۔ بینک کی غیر ملکی برانچز میں غیر فعال قرضہ جات کی مالیت 1,050 ملین روپے (3.3%) کی قابل ذکر کمی کے ساتھ 30,846 ملین روپے رہی جو (2015ء میں 31,896 ملین روپے تھی)۔ ہماری وصولیوں اور غیر فعال قرضوں کو باضابطہ کرنے کیلئے ہمارے مؤثر لائحہ عمل اور کوششوں کی عکاس ہیں۔

• سرمایہ کاری



2016ء میں بینک نے اپنے سرمایہ کاری کے پورٹفولیو کو مالیاتی منڈیوں میں ہونے والے رجحانات سے ہم آہنگ رکھا تاکہ بجا طور پر سرمایہ کاری میں اضافے اور سرمایہ کاری پورٹفولیو کی آمدنی (yield) میں اضافہ جبکہ سیالیت سے متعلق ریسک سے بہتر طور پر نمٹا جاسکے۔ دسمبر 2015ء میں سرمایہ کاری کی کل مالیت میں 67,885 ملین روپے (8.2%) کے اضافے کے ساتھ بڑھ کر اس کی مالیت 897,131 ملین روپے ہو گئی۔ جبکہ trading-for-held تسکات میں سرمایہ کاری کی مالیت میں 8,578 ملین روپے کا خالص اضافہ ہوا، held-to-maturity تسکات میں سرمایہ کاری کی مالیت میں 99,618 ملین روپے کا خالص اضافہ ریکارڈ ہوا۔ یہ اضافہ خاص طور پر پاکستان انویسٹمنٹ بورڈ (46,573 ملین روپے) اور توانائی کے بڑے منصوبوں کیلئے قرض فنانس شوقیت (33,654 ملین روپے) کے سبب ہوئی۔ مارکیٹ ٹریڈری بلز میں سرمایہ کاری 2015ء کے 421,056 ملین روپے کے مقابلے میں کم ہو کر 397,980 ملین روپے رہی۔

بینک کی لسٹیکٹیز کے عام حصص میں سرمایہ کاری کی مالیت 22,519 ملین روپے (لحاظ لاگت) جو 2015ء میں 23,047 ملین روپے تھی۔ سرمایہ کاری کا پورٹفولیو قیام بڑے صنعتی نیکتر کیلئے متنوع ہے۔ پاکستان اسٹاک ایکسچینج کی حالیہ برسوں میں اوسط سے بہتر کارکردگی کے تناظر میں اس سرمایہ کاری میں 37,308 ملین روپے (2015ء میں 26,089 ملین روپے) کی (مضانعت) revaluation (market-to-market) کی بنیاد پر کمی گئی۔ ان سرمایہ کاریوں نے ڈیویڈنڈ اور کیپٹل گین کی مدد میں کافی آمدنی ہوئی۔ بینک کے اپنے لسٹیکٹیز کے حصص میں کمی سرمایہ کاری کو جب ہم یہ سمجھتے ہیں کہ وہ کافی مدت matured ہو چکے ہیں تو ان کو فروخت کر دیا جاتا ہے اور وہاں اس سرمایہ کاری کیلئے بہتر مواقع موجود ہیں۔

مالیاتی ذمہ داریاں (Liabilities)

سال 2016ء کی اختتام پر بینک کی کل مالیاتی ذمہ داریوں کی مالیت 1,798,973 ملین روپے رہی یعنی 2015ء کے مقابلے میں 260,964 ملین روپے (17%) زیادہ۔

• ڈپازٹس

بینک نے اپنے سیالیت اور فنڈنگ کے پروفائل کو بہت اطمینان بخش بلند تر درجے پر برقرار رکھا۔ بینک کو اپنے کھاتے داروں کا بے حائل اعتماد حاصل ہے جو کہ بینک کی فنڈنگ کا مرکز ہے۔

سال 2016ء کے اختتام پر بینک میں گاہکوں کے ڈپازٹس کے بیلنس کی مالیت 1,657 ارب روپے رہی جس میں 2015ء کی مالیت کے مقابلے میں 226 ارب روپے (16%) کا اضافہ ہوا۔ بینک اپنے ڈپازٹس کو زیادہ سے زیادہ بڑھانے کیلئے کم قیمت کرنٹ اور بچت (CASA) ڈپازٹس کے حصول کیلئے جارحانہ لائحہ عمل اختیار کر چکا ہے۔ سال کی آخری سہ ماہی میں اپنی برانچز میں کم لاگت کے ڈپازٹس کو لانے کیلئے liability sale officers تعینات کیے۔ ہم اپنے موجودہ تعلقات میں استحکام کیلئے اپنے پیش کش کی خدمت کو بہت دور تک سے ہم آہنگ کر کے مزید بہتری حاصل کر چکے ہیں۔

بجوزہ ڈیویڈنڈ

کاروبار سے حاصل شدہ خالص منافعت کو حصص یافتگان کو منتقل کرنے کی بورڈ آف ڈائریکٹرز نے 7.50 روپے فی حصص کی شرح ڈیویڈنڈ (7.5%) تجویز کیا ہے۔ اس کو بینک کے 68 ویں سالانہ اجلاس عام میں منظور کیلئے پیش کیا جائے گا۔ اس طرح بینک کا سال 2016ء کا قابل تقسیم منافع کا 78% (دستوری ذخائر منہم کرنے کے بعد) حصہ ڈیویڈنڈ اور انجمنی پر استعمال ہو گیا۔ یہ بڑی ادائیگی بینک کی مضبوط پوزیشن اور ہمارے حصص یافتگان کی قدر بڑھانے کے ہمارے عزم کو ظاہر کرتی ہے۔

• Impairment کے قصائے

سال بھر ہم اپنے کریڈٹ ریسک کے مناسب تذکرہ اور کنٹرول کے میکانزم کو مستحکم کرتے رہے۔ ہمارے چوکس اقدامات کا نتیجہ غیر فعال قرضہ جات (NPL) کی کمی میں ظاہر ہوا جو سال 2015ء کے اختتام پر 127,280 ملین روپے سے 7,864 ملین روپے (6.2%) کی ساتھ دسمبر 2016ء کے مطابق 119,416 ملین روپے رہ گئے۔

اس بہتری کا نتیجہ قرضہ جات کے سلسلے میں خاص طور پر impairment کے مختص کی گئی مالیت میں 1,110 ملین روپے کی کمی آئی ہے۔ دسمبر 2016ء میں غیر فعال قرضہ جات (NPL) کیلئے خصائص 92% جبکہ پچھلے سال یہ 87% تھیں۔ خصائص اور کل NPL کا فرق NPL کی لحاظ درجہ بندی کی وجہ سے ہے جو 100% سے کم خصائص کا تقاضہ کرتی ہے۔ بینک خصائص کیلئے مناسب ذخائر رکھنے کی قیادت پالیسی پر عمل پیرا ہے تاکہ کریڈٹ پورٹفولیو کے کسی ممکنہ impairment ریسک کا فوری تحفظ اور دورنگی کی جاسکے۔

اپنے پورٹفولیو ریسک منجمنٹ کے استحکام کیلئے ہم اپنے قرضہ جات کی وصولیاتی کالانچر عمل اور بحالی غیر فعال ڈھانچے پر نظر ثانی کے مرحلے میں ہیں۔ یہ عمل ہمارے عملے اور قرضہ داروں کو NPL کی وصولیاتی اور ان کو باضابطہ بنانے کیلئے ترمیم متعارف کروائے گا۔

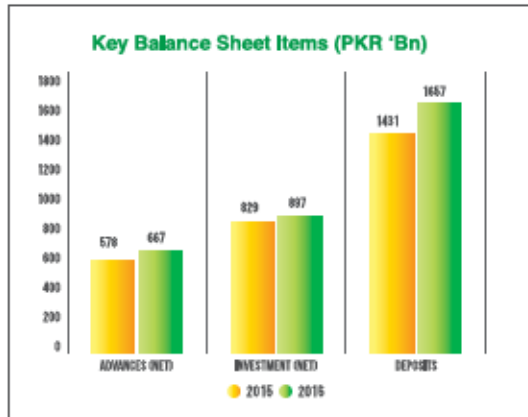
خالص منافع اور آمدنی فی حصص

2016ء کا خالص نفع 18.4% اضافے کے ساتھ 2015ء کے 19,219 ملین روپے کے مقابلے میں بڑھ کر 22,752 ملین روپے رہا۔ اس طرح بینک کی بنیادی اور منہائی بعد از ٹیکس فی حصص آمدن 10.69 روپے یعنی 2015 کے مقابلے میں 1.66 روپے یا 18.4% زیادہ۔

مالیاتی صورتحال کا جائزہ-2016ء

سال 2016ء میں بینک نے اپنے کاروباری لائحہ عمل کو مسلسل کو اختیار پذیر معاشی ماحول سے ہم آہنگ رکھا، اپنی بیلنس شیٹ کے ڈھانچے کو بہتر کیا اور اثاثہ جات کے کس سے آمدنی کے مربوط اور بہترین ممکنہ اضافے کے عمل کو برقرار رکھا۔ ہم نے مساوی طور پر سیالیت اور قیمتوں کے تعین کرنے کے طریقہ کار کو مستحکم کیا اور اثاثہ جات اور مالیاتی ذمہ داریوں (liabilities) کیلئے وسائل کو مختص کرنے کے طریقہ کار کی کارکردگی کو بہتر بنانے کیلئے جدوجہد کی۔ حقیقی معیشت کی بڑھتی ہوئی ضروریات کو مد نظر رکھتے ہوئے، منافع بخش اور اعلیٰ کارکردگی دکھانے والے صنعتی سیکٹر کو اپنے کاروبار کا چرچہ بناتے ہوئے اپنے کریڈٹ ڈھانچے کو بہتر کیا ہے۔ ملکی اور بین الاقوامی منڈیوں کے رجحانات کی قریب سے نگرانی کے بعد، بینک نے اپنی آمدنی کو بہترین کرنے کیلئے اپنے سرمایہ کاری کے پورٹفولیو میں توسیع کی ہے۔ مزید یہ کہ بینک نے زیادہ ڈپازٹ کو تحریک کرنے اور کم لاگت والی مالیاتی ذمہ داری کے کاروبار کو بڑھانے کیلئے فعال طور پر اقدامات اٹھائے ہیں جو کہ سیالیت اور فنڈنگ کے ذرائع کی پائیداری اور استحکام کو یقینی بنائے گی۔

اثاثہ جات



2016ء کے اختتام پر بینک کے کل اثاثہ جات دسمبر 2015ء کے مقابلے میں 269 ارب روپے (15.8%) اضافے کے ساتھ 1,976 ارب روپے ہو گئے۔ خالص قرضہ جات اور حقیقی اثاثہ جاتوں میں 89,267 ملین روپے (15.4%) اضافہ ہوا۔ اسی طرح سے سرمایہ کاری میں اضافہ 67,885 ملین روپے (8.2%) ہوا۔

• قرضہ جات اور حقیقی ادائیگیاں

2016ء میں بینک واکٹاک اور مالیاتی قواعد کی پابندیوں میں بہتر تبدیلی کی باوجود بینک نے اپنے موجودہ کم ریسک کے حامل قرضہ داروں کو بتدریج اضافے کے قرضوں اور غیر قرضہ جاتی خدمات کی کراس سِل (cross sell) کو بنیادی اہمیت دی۔ بینک نے اقتصادی اہمیت کے حامل بنیادی ڈھانچے کے منصوبوں میں سرمایہ کاری کی حوصلہ افزائی جاری رکھی۔ بینک نے عوام کی معاشی حالت میں بہتری لانے کیلئے اپنی توجہ SME اور ریشیل سیکٹر کو زیادہ قرضہ کی فراہمی کے ذریعے جاری رکھی۔ قرضہ جات کی ترقی مسلسل اور متوازن تھی۔ سال 2016ء کے اختتام پر مجموعی قرضہ جات کی مالیت 7814,76 ملین روپے یعنی گزشتہ سال کی مالیت میں 89,624 ملین روپے (13%) اضافہ ہوا۔

- سرمایہ کاری پر سودی آمدنی

زیر جائزہ سال میں سرمایہ کاری پر سودی آمدنی 58,906 ملین روپے تھی جو پچھلے سال کی 55,667 ملین روپے کے مقابلے میں 3,239 ملین روپے (5.8%) زیادہ تھی۔ سال کے دوران بہتر منافع دینے والے بانڈز کے بڑے حصے کی مدد سے کمائی ہوئی۔ گھٹتے ہوئے ڈسکاؤنٹ نرخ کے پس منظر میں گورنمنٹ کے بانڈز کے منافع بخشی گراف نے عام طور پر سبز لی کار رجحان دکھایا۔ سودی نرخوں سے وابستہ خطرات اور پھسل گئی موزونیت کا مؤثر طور پر انتظام کرنے کیلئے ہم نے بہترین طور سے اپنے فنڈز کو کم تر خطرے والے ترسکات میں لگا دیا اور اس طرح سے اپنی آمدنی بڑھائی۔

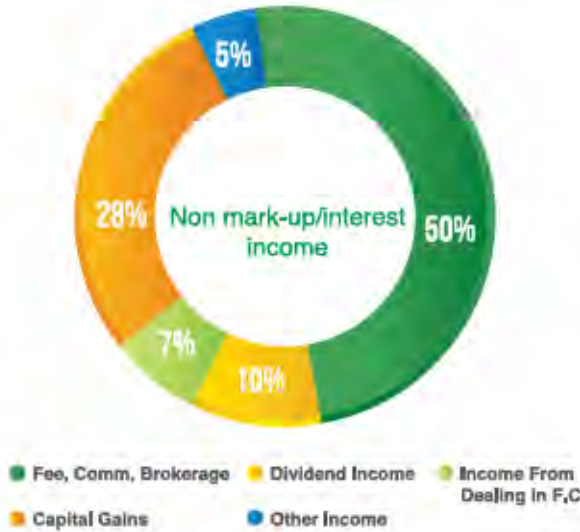
- فنکس اور دیگر مالیاتی اداروں کی جانب واجب الادا قرضہ جات پر سودی آمدنی

بینک کے ڈپازٹس اور ریپو (repo) انتظامات کے سبب فنکس اور دیگر مالیاتی اداروں کی جانب ڈپازٹس/ واجب الادا قرضہ جات پر سال 2015ء کی حاصل کردہ مارک اپ/ سودی آمدنی 1,547 ملین روپے میں 302 ملین روپے کمی کے ساتھ 2016ء میں 1,245 ملین روپے رہی۔ یہ بنیادی طور پر بھٹی جات میں کمی کے سبب ہوا۔

• ڈپازٹس پر سودی اخراجات

سال کے سودی اخراجات بنیادی طور پر ڈپازٹس کی وجہ سے ہیں جس کی کل مالیت 50,070 ملین روپے تھی جو پچھلے سال کے 53,294 ملین روپے سے 3,224 ملین روپے (6%) کم تھا۔ مارک اپ اور سودی لاگت میں کمی مالیاتی ذمہ داری (liability-mix) اور واجب الادا قرضوں میں ایک بہتر تبدیلی کی وجہ سے ممکن ہوا۔ ہم نے زیادہ ڈپازٹس کم تر مارک اپ نرخ پر کر لیے۔ لیکن دین (transactions) کے زیادہ حجم، ریپو لین دین (repo-transactions) کے تحت زیادہ خرچ ہوئی اور قلیل المدت قرضہ جات پر سودی خرچے پچھلے سال کی 6,647 ملین روپے کے مقابلے میں اس سال 9,507 ملین روپے رہا۔

غیر مارک اپ/ سودی آمدنی



زیر جائزہ سال بینکاری کی صنعت کیلئے ایک اور مشکل سال تھا جس میں نان فنڈ آمدنی کو کثیر الحجت دباؤ کا سامنا کرنا پڑا۔ نان مارک اپ/ سودی آمدنی میں کمی کے اہم محرک غیر ملکی کرنسی کے لین دین کا کم تر حجم اور کم تر capital gains تھے۔ اس سال 14.3% کی نان مارک اپ/ سودی آمدنی میں کمی کے ساتھ اس کی مالیت 29,967 ملین روپے تھی جبکہ سال 2015ء میں اس کی مالیت 34,983 ملین روپے تھی۔ نان مارک اپ/ سودی آمدنی کا کل آپریٹنگ آمدنی میں حصہ 35% ہو گیا۔ کم تر ڈیویڈنڈ آمدن اور capital gains پر ہونے والے غیر مستند اثرات کو کم کرنے کیلئے ہم نے آگے بڑھ کر اپنی خدمات کے کاروبار میں اضافہ کیا تاکہ فیس/ کمیشن کی بنیاد پر آمدنی کو بڑھایا جائے۔ سال 2016ء میں سال بہ سال 19.7% اضافے کے ساتھ فیس اور کمیشن کی مدد میں 14,833 ملین روپے آمدنی ہوئی جبکہ گزشتہ سال یہ آمدنی 12,395 ملین روپے تھی۔ بینکاری کی سرمایہ کاری کی مشیرانہ خدمات سے آمدنی، غیر مارک اپ/ سودی سیکورٹ کی آمدنی میں بڑا حصہ ڈالنے والوں میں سے ایک ہے۔ گورنمنٹ سے متعلقہ کاروبار کرنے سے ہونے والی فیس کی آمدنی اس حجم میں اضافے کی وجہ سے ہوئی۔

گاہوں کی ضروریات کو پورا کرنے کیلئے بینک نے اپنی مصنوعات کی دنیا، پیش کردہ خدمات اور فراہمی کے ذرائع میں جدت کرنے کی رفتار میں اضافہ کیا۔ ہم نے فیس کی بنیاد پر کیے جانے والے کاروبار سے بڑے حجم کے گاہوں کے فائدے کیلئے، مالیاتی خدمات میں ٹیکنالوجی کے استعمال کو فروغ اور مالیاتی خدمات کے درجے میں بہتری لانے کیلئے تہذیبی اور اس کی ترقی کو آگے بڑھایا۔

آپریٹنگ اخراجات

سال میں بینک نے آپریٹنگ کی کارکردگی کی صلاحیتوں میں بہتری کے تسلسل کیلئے اپنی مناسب ترین (optimal) کاسٹ مینجمنٹ کیلئے مختلف اقدامات کا نفاذ کیا۔ سال کے کل آپریٹنگ اخراجات سال 2015ء کے مقابلے میں 4,683 ملین روپے (10.7%) کے اضافے کے ساتھ اس سال 48,351 ملین روپے رہے۔ غیر یقینی ضروریات (contingencies) کیلئے مختص 1,098 ملین روپے کو شامل کیے بغیر، کل انتظامی اخراجات 47,252 ملین روپے رہے۔ HR سے متعلقہ اخراجات کل انتظامی اخراجات کی 67% رہے اور سال کے دوران 9.8% کے اضافے کے ساتھ 31,430 ملین روپے رہے۔ یہ اضافہ مارکیٹ میں اضافے کے رجحان کے مطابق ہے۔

بینک نے آپریٹنگ اخراجات کو مؤثر طور پر کنٹرول اور ان میں کمی کرنے کیلئے متعدد اقدامات کا نفاذ کیا ہے۔ جن میں مشینی توانائی کے مختل، HR کے بہترین کارکردگی کیلئے مؤثر IT نظام کی تنصیب اور کچھ لاگوں (cost functions) کی مرکزی کنٹرول (centralization) شامل ہیں۔ اب تک توانائی کی لاگت میں کمی کرنے کی خاطر ہم 300 سے زیادہ برانچز میں ATM کو فعال رکھنے کیلئے مشینی توانائی کے مختل کی تنصیب کر چکے ہیں جو کہ توانائی کی لاگوں کو کم کرے گا۔

بینک کی مالیاتی کارکردگی کا جائزہ-2016ء

2016 میں NBP نے سب سے زیادہ تاریخی منافع، ایڈوانسز، ڈپازٹس اور اثاثہ جات دکھائے۔ یہ اس بات کا مظہر ہے کہ بینک معیشت میں پیدا ہونے والے کاروبار کے مواقع سے مناسب طور شکب ہو چکا ہے، اس کی کاروباری سست درست ہے، تمام تر توجہ کا محور آمدنی کو بڑھانا، اخراجات پر موثر کنٹرول، ریسک کی روک تھام یا کی کیلئے موثر اقدامات کا نفاذ، ہمد اقسام کے گاہکوں کی مالیاتی ضروریات کو پورا کرنا اور اس طرح سے معیشت کی ترقی میں حصہ ڈالنا ہے۔ کم پالیسی نرخ کے تاثر میں اب تک کام تر انٹرسٹ مارجن ہوتے ہوئے سودی نرخ کا پھیلاؤ، مارکیٹ میں بڑھتی ہوئی مسابقت اور ریسک مینجمنٹ کی بڑھتی ہوئی لاگتوں جیسی مشکلات کے باوجود بینک کا زیر جائزہ مدت میں منافع قدرے مستحکم رہا۔



آپ کے بینک نے زیر جائزہ سال کا اختتام 22,752 ملین روپے کے خالص منافع سے کیا جو سال بہ سال 3,533 ملین روپے (18.4%) اضافہ ہے جو کہ ملک کے پانچ بڑے بینکس میں سب سے زیادہ فیصد شرح ترقی ہے۔ اس طرح کل اثاثہ جات پر قبل از محصول منافع اور بعد از محصول منافع بالترتیب 2% اور 1.2% رہا۔ بینک کی ایکویٹی (equity) پر قبل از محصول منافع اور بعد از محصول منافع بالترتیب 31.5% اور 19.3% رہا۔ سال کیلئے بینک کی آپریشنل آمدنی 84,791 ملین روپے رہی جس میں سال بہ سال اضافہ 3,913 ملین روپے (4.4%) رہا۔ جبکہ خاص مارک اپ/سودی آمدنی 12.1% اضافے کے ساتھ بڑھ کر 54,824 ملین روپے؛ جبکہ غیر سودی 14.3% کم ہو کر 29,967 ملین روپے رہی جو پچھلے سال کے مقابلے میں 34,983 ملین روپے تھا۔ آپریشنل اخراجات 47,253 ملین روپے رہے یعنی پچھلے سال 12.0% زیادہ جو کہ صنعت کے عام معیار کے مطابق ہے۔ اس سے خرچ اور آمدن کا تناسب گزشتہ سال کی 47.6% سے بڑھ کر 55.7% ہو گیا۔ لاگتوں میں اضافہ، زیادہ تر HR سے متعلق اخراجات کی وجہ سے ہے جو عملے کے مشاہرہ اور الاؤنسز مینجنگ وغیرہ پر نظر ثانی کرنے کی وجہ سے ہوا۔ ہمارے غیر فعال قرضہ جات کے پورٹفولیو کو باضابطہ کرنے کے موثر نتائج کا اندازہ، غیر فعال قرضہ جات اور impairment کیلئے نقص رقم میں دیکھی جانے والی کمی سے لگایا جاسکتا ہے۔

خالص مارک اپ/سودی آمدنی



مستقل کرتے ہوئے سودی نرخ، منڈی کی زیادہ سیالیت اور منڈی میں زیادہ مسابقت کا سامنا کرتے ہوئے ہم مسلسل کماتے والے اثاثہ جات کے پورٹفولیو کے استحکام کیلئے کام کرتے رہے تاکہ اپنی مناسب ترین (optimal) آمدنی کا ذریعہ برقرار رہے۔ اس میں شامل ہیں ہمارے فنڈنگ کے ذرائع کو بہتر کارکردگی دکھانے والے ڈپازٹ کو متحرک کرنے والی ٹیم کو شامل کر کے حلیہ تقویت دینا۔ قرضہ جات کی قیمتوں کا بنیادی ڈھانچہ، گاہکوں کا انتخاب اور اپنا مالیاتی ذمہ داری (liability) کی لاگت میں کمی لانا شامل ہیں۔

سال 2016 کیلئے، خالص سودی آمدنی 54,824 ملین روپے تھی جو گزشتہ سال سے 1,103 ملین روپے (2%) زیادہ رہی جو بینک کی کل آپریشنل آمدن کا 64% ہے۔

• سودی آمدنی

• قرضہ جات پر سودی آمدنی

سال کی قرضہ جات پر مارک اپ/سودی آمدنی 54,188 ملین روپے رہی جو سال 2015ء کے مقابلے میں 2,191 ملین روپے 3.9% کم ہے۔ جیسا کہ پہلے تذکرہ کیا گیا ہے کہ پاکستان میں 2011ء سے سودی نرخ (13.5%) سے کم ہوتے ہوئے مئی 2016ء میں کم ترین 5.75% کی سطح پر پہنچ گیا۔ یہ پالیسی نرخ کی کٹوتی کے ساتھ بلند تر منڈی کی سیالیت نے بینک کو مجبور کیا کہ قرضوں کے نرخوں کو کسی حد تک کم کرے۔ منڈی کے پھیلنے والے ماحول کے باوجود ہم بہتر طریقے سے اوپن منڈی میں قرضہ جات کا حصہ برقرار رکھنے میں کامیاب رہے۔

معاشی اشارے

جبکہ شرح نمو 3% سے کم کی سطح پر ٹھہری ہے، عالمی معیشت نے ایک اور محدود معاشی جھوٹکا ایک اور مشکل سال گزارا 2017ء کیلئے ترقی کا مظہر نامہ اسی رجحان کا تسلسل دکھاتا ہے۔ سال 2016ء میں جغرافیائی و سیاسی (geopolitical) تغیر پذیر بری (volatility) بلند رہی جو کہ بریگزٹ (Brexit)، سلگنا ہوا مشرق وسطیٰ اور امریکہ میں سیاسی تبدیلیوں کا نتیجہ ہیں۔ بنیادی معاشی مظہر نامے سے معمولی مثبت اشارے ابھرے ہیں جو ماحیقی (qualitative) ترقی کے عوامل میں استحکام دکھا رہے ہیں، جیسے کہ ٹیکنالوجی میں جذبہ، انسانی وسائل کی مہارتوں میں بہتری اور پیداواری قوت (productivity) وغیرہ۔ سال 2017ء میں توانائی اور اجناس کی قیمتوں خاص طور سے آئل اور گیس کی قیمتوں میں استحکام اور وسائل سے مالا مال معیشتوں کیلئے ہوسکتا ہے تازہ ہوا کا جھوٹکا ثابت ہو۔ لیکن یہ ممکنہ معاون عوامل بھی ہوسکتا ہے کہ جاری سیاسی اور پالیسی غیر یقینی کی وجہ سے دباؤ کا شکار ہیں، مثال کے طور پر تحفظ تجارت۔

مقامی طور پر، سال 2016ء میں بنیادی ڈھانچہ جاتی اصلاحات، تیل کی کمتر قیمتیں اور امن و امان کی بہتر صورتحال سے پاکستان کی ترقی میں قدرے تیزی میں اضافہ ہوا۔ ابتدائی اندازوں کے مطابق سال 2015-16ء میں مجموعی قومی پیداوار (GDP) میں 4.0% سے بڑھ کر اس سال 4.7% ہو گئی جو ابتدائی اندازے 4.5% سے زیادہ رہی۔ صنعت میں اصل اضافہ بڑے پیمانے کے صنعتی پیداواری عمل کے بہتر کارکردگی دکھانے کی وجہ سے ہوا۔ بہتری خاص طور پر آٹوموبائل، کھاد اور اسٹیل کے سیکٹرز میں دیکھی گئی۔ امریکہ، یورپی یونین اور چین کو برآمدات میں 2.1 ارب امریکی ڈالر (8.6%) کی کمی کی وجہ سے تجارتی خسارے 17 ارب امریکی ڈالر سے بڑھ کر 18.5 ارب امریکی ڈالر ہو گیا۔ برآمدات میں کمی کے باوجود ترسیل زر، غیر ملکی سرمایہ کاری، سکوک بونڈ کے اجراء اور 6.7 ارب امریکی ڈالر کے IMF کے تین سالہ قرضہ پروگرام کی وجہ سے غیر ملکی زرمبادلہ کے ذخائر بڑھ گئے۔

افراط زر گزشتہ سال 4.5 فیصد سے کم ہو کر سال 2016ء میں 2.9% ہو گیا اور وہ کہ 3.2% کے ابتدائی اندازے بھی کم ہے۔ گزشتہ برسوں میں جیسے افراط زر کم ہوا، بینک دولت پاکستان نے اپنی مالیاتی پالیسی میں بھی نرمی دکھائی اور پالیسی نرخ میں چھٹی مرتبہ کم کر کے اسے 5.75% تک کی کم ترین سطح پر لے آیا۔ اس کے علاوہ، مئی 2017ء میں مورگن اینڈ اسٹینس کیپٹل انٹرنیشنل کے فیصلے نے پاکستان کو اپنی MSCI کی اہلیت برقرار رکھنے میں شامل کیا جو ممکنہ طور پر ان کی پورٹ فولیو کے اندرونی بہاؤ بہتر کرے گا۔ کیونکہ چینی کمپنیوں نے حال ہی میں پاکستان اسٹاک ایکسچینج میں سرمایہ کاری کی ہے اور اس سے یہ توقع کی جارہی ہے یہ مقامی کمپنیوں میں غیر ملکی سرمایہ کاری کو زیادہ متوجہ کرے گی۔ توقع کی جارہی ہے کہ CPEC براہ راست غیر ملکی سرمایہ کاری کی توجہ حاصل کرے گا اور پاکستان کی مجموعی پیداوار کو بڑھائے گا۔

سال 2016ء میں ڈسکاؤنٹ ریٹ میں مسلسل کمی کارخانہ چھٹی مرتبہ جاری رہا۔ توقع کی جارہی کہ بینکاری کی صنعت کا خالص سودی مارجن دباؤ میں رہے گا جس کی وجہ قرضہ جات کا بتدریج کم نرخ پر قیمتوں کا تعین اور زیادہ لاگت کے خرم ڈپازٹس کا بڑھتا ہوا حصہ ہے جس کی قیمتوں میں فوری طور پر رد و بدل نہیں کیا جاسکتا۔ پچھلے ڈسکاؤنٹ ریٹ میں کمی کے ساتھ ساتھ زیادہ منافع دینے والی پاکستان انویسٹمنٹ بانڈز سے ہونے والی آمدن بینک کی مجموعی منافعیت میں کمی کی بنیادی وجہ ہے۔

جبکہ بڑھی ہوئی سیالیت (liquidity) اور کم تر ڈسکاؤنٹ نرخ بینکاری کی صنعت کیلئے غیر موزوں دباؤ ظاہر کرتا ہے، مگر مزید ترقی کو حاصل کرنے کے مواقع موجود ہیں۔ CPEC منصوبوں سے متعلق بنیادی ڈھانچے میں کافی سرمایہ کاری کی وجہ سے آپریٹنگ ماحول مستحکم نظر آتا ہے جس کی وجہ سے معاشی ترقی کی رفتار میں تیزی آئے گی اور توقع ہے کہ براہ راست غیر ملکی سرمایہ کاری کے ساتھ ساتھ مقامی قرضہ جات کی مانگ کی رفتار میں بھی اضافہ کرے گا۔ تاہم بجٹ کا خسارہ اور جاری توانائی کی قلت اس رفتار میں رکاوٹ ڈالے گی۔ بہتر ہوتے ہوئے عام معاشی اور قانونی ماحول کی وجہ سے بزنس کے ریسک پر دفاہل مستحکم رہیں گے۔

سمندر پار سے ترسیل زر اور منڈی میں زیادہ نفوذ (penetration) کم لاگت کے ڈپازٹس کو متحرک کر رہے ہیں۔ یہ فنڈنگ اور سیالیت (liquidity) کی صورتحال کو بہتر اور بنیادی سیالیت کے بفرز (buffers) کو مستحکم کر رہے ہیں۔ آنے والے برسوں میں بینک کی کارکردگی پر جو زیادہ بوجھ ڈالے والے عوامل ہو سکتے ہیں ان میں کم سودی نرخ، گورنمنٹ کے تحکات پر گرتی ہوئی آمدنی اور گرتے ہوئے خالص سودی مارجن جس کی زیادہ قرضہ جات کی فراہمی میں اضافہ صرف جزوی طور پر ہی تلافی کر پائے گا۔

ہم تربیت کے ذریعے اپنے انسانی وسائل اور باصلاحیت لوگوں کی تعداد میں اضافہ کر رہے ہیں۔ ہماری ای-لرننگ (e-learning) کی نئی تشکیل کردہ ڈویژن بینک کے ملازمین کو ان کی تعیناتی جگہ پر ہی مسلسل نمونے کیسوں پر فراہم کرے گی۔ سال میں ہمارے حکمت عملی کے ارادے اور اقدامات بینک کیلئے کثیرالجہت بہتری لایا ہے جن میں سے چند درج ذیل ہیں:

ہم ای-بینکاری ڈویژن (e-banking division) قائم کر چکے ہیں اور متعدد IT سے متعلق پروڈکٹس اور خدمات متعارف کروا چکے ہیں۔ اہم ترین ای-سروسز، پری پید کارڈ اور کیش منیجمنٹ ہیں۔

پروڈکٹ کی دنیا

ہم IT کے ایڈوانسڈ بنیادی ڈھانچے کی تعیناتی، مرکزی طور پر برنس کی پروسیسنگ کیلئے پہلی تجارتی فیکٹری کا آغاز کرنے سے اپنی آپریٹنگ کی استعداد کو بہت بڑھا چکے ہیں۔ ہم 300 سے زیادہ مشینی توانائی سے چلنے والے ATMس لگا چکے ہیں۔ پائید میٹرک طریقہ کار کے ذریعے سے گورنمنٹ کے کاروبار میں اکاؤنٹ کھولنے کا نظام کامیابی سے متعارف کروا چکے ہیں۔

آپریٹنگ استعداد

ہم 45 نئی ملکی برانچز کھول چکے ہیں۔ ہم ”حکومت عاموں“ (G2P) اسکیمز کے تحت 7 لاکھ سے زیادہ افراد کو مالیاتی خدمات فراہم کر چکے ہیں۔

مالی شمولیت

ہم نے کثیر رقم بینک کی متعدد برانچز اور کاروباری جگہوں کی تزئین و آرائش پر خرچ کی ہے۔ ہماری اسلام آباد اور لاہور کی نئی کارپورٹ برانچز اور تجارتی فیکٹری اپنے گاہکوں کو بہترین کاروبار ماحول فراہم کرتی ہیں۔ بینک ایک علیحدہ خدمات کے معیار (quality service) کا شعبہ (function) بنا چکا ہے جس کا بنیادی مقصد بینک کے سیکرز اور خدمات کے گچھر کا احیا ہے۔

ایچ بلڈنگ اور خدمات کا معیار

قرض افادہ کے معیار میں بہتری لائی جا چکی ہے۔ کل NPL کا تناسب میں 3% پوائنٹ بہتری کے ساتھ 15.4% پر آگیا ہے جو گزشتہ سال 18.4% تھا؛ جبکہ کوریج کا تناسب (coverage ratio) بھی بہتر ہو کر 92% ہو چکا ہے۔

قرض افادہ کا معیار

اداراتی سماجی ذمہ داری (corporate social responsibility) کے تحت عملے کی ٹریننگ اور ترقی، بحیلیوں، صحت، اور کلچرل سرگرمیوں کی سرپرستی کیلئے متعدد اقدامات کیے گئے ہیں۔

سماجی سرمایہ کاری

ملک میں بڑے پیمانے کے بنیادی ڈھانچہ جاتی ترقی کیلئے 100 ارب سے زیادہ کے قرضے فراہم کیے گئے۔ اب تک ہم 17,000 سے زیادہ افراد، جن میں تقریباً 13 فیصد خواتین ہیں کو PMYBL کے تحت قرضے فراہم کر چکے ہیں۔

سماجی ترقی میں شراکت





فوری ہیں۔ بینک ڈیجیٹل ڈریس سے فیس کی وصولی کی خدمات بھی پیش کر رہا ہے۔ ہم 2017ء میں متعدد خدمات کی فراہمی کیلئے ڈیجیٹل پلٹ فارم کو پیش کرنے کیلئے پر اعتماد ہیں جس کے ذریعے ٹریڈنگ چالان، ایکسٹرنل ڈسکیسشن، زمین کی مالگوار (land revenue) وغیرہ کی وصولیاں ہو سکیں گی۔ سال کے دوران ہم اکاؤنٹ کھولنے کیلئے بائیو میٹرک کے نظام کا بھی نفاذ کر چکے ہیں۔

بینک مختلف شہروں میں پہلے ہی 10 تجارتی اور SME مراکز قائم کر چکا ہے۔ یہ تجارتی مراکز چھوٹے اور درمیانے درجے کے کاروبار کو، ان کے دائرہ کار میں، قرضہ جاتی اور غیر قرضہ جاتی مالیاتی خدمات فراہم کرتے ہیں۔ 2017ء کے اختتام تک ہم 6 مزید تجارتی مراکز بنائیں گے جو چھوٹے اور درمیانے کے کاروباری ادارے اور بینک کے تجارتی کانوں کو مالی خدمات فراہم کرنے کیلئے مخصوص ہوں گے۔ وزیر اعظم کے نوجوانوں کیلئے کاروباری قرضہ (PMYBL) پروگرام کے آغاز سے بینک ملک کے نوجوان انٹرنیٹ پر نیورپ (entrepreneurship) کے فروغ میں خاصہ حصہ ڈال چکا ہے۔ بینک 17,000 سے زیادہ افراد کو قرضہ جات کاروبار کیلئے دے چکا ہے۔

ہم اپنے انٹرنیشنل آپریشنز میں مستعدی سے بہتری دکھا رہے ہیں جو 19 ممالک اور 3 براعظموں پر پھیلا ہوا ہے۔ سال کے دوران ہم نے اپنی توجہ وصولیاتی اور غیر فعال قرضوں کو باضابطہ بنا کر اپنے قرضہ کے آپریشن کو مستحکم کیا۔

CPEC سے متعلق کاروباری مواقع کو مد نظر رکھتے ہوئے ہم صحیح سمت میں جا رہے ہیں اور ہم چین میں بینک کی ایک برانچ کھول رہے ہیں، جہاں اس وقت ہمارا اہم بندہ دفتر ہے۔ نیشنل بینک 2017ء میں چین میں برانچ کھولنے کیلئے ضروری کام پہلے ہی کر چکا ہے۔ بینک کی CPEC کے مرکزی راستے پر خاص موجدگی ہے، بشمول گوادر اور اس میں جہاں بھی ضرورت ہوگی توسیع کی جائے گی۔ چینی کمپنیز سے ملاقاتوں کا سلسلہ شروع کیا جا چکا ہے اور CPEC سے متعلق تمام سیمینارز اور ورکشاپز وغیرہ میں موجودگی کی یقین دہانی کرائی جا رہی ہے۔

کیونکہ انٹرنیشنل رسبلز زر ملک کے غیر ملکی ذمہ دار کے ذخائر کے اضافے میں اہم کردار ادا کرتا ہے، اور اس کیلئے ہم نے اپنے مستقل کھاتے داروں کو NBP "فوری رسبلز اکاؤنٹ" پیش کیا جس کے ذریعے سے ان کی وصول شدہ رسبلز زر کی کاؤنٹر پری پاکستانی روپے میں ادائیگی کر دی جاتی ہے۔

اپنے ممتاز مقام کو برقرار رکھتے ہوئے، ہمارے سرمایہ کاری بینک نے قومی اہمیت کے بنیادی ڈھانچوں کے منصوبوں میں سرمایہ کاری کی مشترکہ قرضوں syndication کا انتظام کیا اور بڑے کارپوریٹ اداروں کیلئے سرمایہ کو بڑھانے کیلئے منظم مالیاتی حل پیش کر رہا ہے۔ سال کے دوران کئی عہد ساز منصوبے مکمل کیے جن میں خلیج، جہلم ہائیڈرو پاور پراجیکٹ کیلئے 10 سالہ مدت کیلئے 100 ارب روپے کے کامیاب سکوک کا اجراء۔ اس منصوبے کیلئے قرضے کی فراہمی میں NBP کی قیادت میں 16 بینک شامل تھے اور اس میں NBP کا حصہ 35% تھا اور اب تک یہ اسلامی سرمایہ کاری کے بڑے منصوبوں میں سے ایک ہے۔

اس سال ہمارے تیزی سے وصولی اور غیر فعال قرضہ جات (NPLs) کو باضابطہ کرنے کے لائحہ عمل نے تیزی سے حقیقت کا روپ ڈھالا۔ ہم NPL میں 7.9 ارب روپے اور اس کے خصائص (provisions) کی واپسی میں 1.1 ارب کی خالص کی حاصل کر چکے ہیں۔ اس سال NPL کیلئے خصائص کا چارج کی مالیت 685 ملین روپے تھی جبکہ گزشتہ سال یہ رقم 106,25 ملین روپے تھی۔ 31 دسمبر 2015ء پر خالص NPL کا تناسب 2.9% سے بہتر ہو کر 31 دسمبر 2016ء پر یہ تناسب 1.5% ہو گیا۔ پروویژن کوریج 31 دسمبر 2015ء کے 87% کے مقابلے میں بہتر ہو کر 92% ہو گئی ہے۔

ہم نے COSO/BPR کے بنیادی ڈھانچے کے نفاذ میں بھی پیش رفت دکھائی۔ اس کے مؤثر نفاذ سے ہمارے آپریٹنگ ماڈل، لین دین کی پروسیجرنگ، تعمیل، اخراجات، پروڈکٹ کی تعیناتی، ڈیٹا کی درستگی اور سلیٹ اور اداراتی کارکردگی کی صلاحیتوں کو جدید تقاضوں کے مطابق بنایا جا رہا ہے۔ بینک گاؤں کاروباری ضروریات کو پورا کرنے کیلئے حالیہ میں "تجارتی ٹیلیفونی" قائم کر چکا ہے۔ یہ "دن و نپ" کی سہولت لین دین کے تکنیکی ناٹم میں بہت زیادہ بہتری لائے گی اور بینک کی ٹرانزیکشنز کی آمد کی رفتار کے کاروبار کے ذرائع اضافے کا باعث ہوگی۔ ہماری لاہور اور اسلام آباد کی کارپوریٹ برانچز نئی پیمائش پر منتقل ہو چکی ہیں جس میں ہمارے گاؤں کیلئے فیس کی بے مثل کاروباری سہولیات موجود ہیں۔

NBP اعتماد اسلامی بینکاری کا بریڈنٹ ورک اب 118 پر کھڑا ہے (2015ء میں 79) اور سال 2017ء کے اختتام تک 34 مزید روایتی شاخوں کو اسلامی برانچز میں تبدیل کر کے اور 40 نئی برانچز اسلامی برانچز کھول کر اس کا ہدف 192 برانچز ہے۔ NBP اعتماد پورے پاکستان میں اسلامی بینکاری کی خدمات پیش کر رہا ہے اور نئی اسلامی مالیاتی ذمہ داریوں (liability) اور اخراجات (loan) پروڈکٹس کو پیش کرنے کے اگلے مراحل میں ہے۔

حصص یافتگان کیلئے ڈائریکٹرز کی رپورٹ

محترم حصص یافتگان،

میں NBP کے بورڈ آف ڈائریکٹرز کی جانب سے، 31 دسمبر 2016 کو ختم ہونے والے سال پر آپ کو 68 ویں آڈٹ شدہ سالانہ مالی دستاویزات پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

اس سال ہم نے اپنی بہترین توانائیاں اور منڈی کو مواقع سے بھرپور فائدہ اٹھایا، استعمال کیا اور تمام جہتوں میں قابل ستائش کامیابیاں حاصل کیں۔ گزشتہ برسوں میں جن حکمت عملی کی سمتوں کا تعین کیا تھا وہ تیز رفتاری سے باہم اتحاد عمل کا انضمام (synergy-integration)، دونوں طرح کی یعنی رواپتی اور اسلامی مصنوعات (products) کی منڈیوں میں وسیع تر پہنچ، گاہکوں کو فراہم کردہ خدمات میں بہتری وغیرہ جیسے معاملات کو حقیقت کا روپ دے رہے ہیں۔ ہماری جدت اور خدمات کی شراکت داری کا عمل ہمارے مضبوط راستہ بنا رہی ہیں کہ ہم ایک ممتاز بینک بن سکیں اور معاشی ترقی کیلئے عمل انگیز (catalyst) بن سکیں۔ NBP متنوع مصنوعات پیش کر کے، جدت، اعلیٰ خدمت کے معیار، ہمہ گیر (universal) بینکاری کی صلاحیتوں، کثیر العنصر (multiple) فراہمی کے ذرائع، لوگوں اور طریقین عمل (process) میں سرمایہ کاری اور حصص یافتگان کیلئے مسلسل جاری رہنے والی زیادہ آمدنی کے ذریعے ملک کی خدمت جاری رکھے گا۔

NBP سال 2016ء میں

بینکاری کی صنعت کیلئے کاروبار کے باہم مشکل پس منظر کے باوجود ہمارے لیے 2016ء ایک کامیاب سال رہا، جس میں ہمارے حکمت عملی کے اہداف کے حصول میں اہم پیش رفت ہوئی۔ NBP کی تاریخ کے بلند ترین منافع 2016ء میں تھے، اور آپ کے بینک نے اپنے ہم پلہ فنکس میں فائدہ مند (profitability) میں سب سے زیادہ نمو (growth) دکھائی۔ یہ آپ کے بینک کو ایک مضبوط بنیاد فراہم کرتا ہے کہ وہ اپنے ممتاز مقام کو مختلف محاذوں پر مزید مستحکم کرے۔ ہمارے سال کے اہداف میں شامل تھے:

- زیادہ برانچز اور قبائل فراہمی کے ذرائع سے اپنی منڈی تک رسائی میں توسیع
- اپنی مصنوعات اور خدمات کی دنیا میں اضافہ
- خود کاری کے ذریعے اپنے کنٹرولز اور کاروبار کے پروسس کے مکینزم میں پائیداری
- غیر فعال قرضہ جات کو کم سے کم کر کے اپنے کمانے والے اثاثہ جات میں بہتری
- اپنے لوگوں کی تربیت و ترقی میں سرمایہ کاری

سال کے دوران، حکمت عملی کے اہداف حاصل کرنے کیلئے آپ کے بینک نے بہتر کارکردگی کی حامل کاروبار کی حکمت عملیاں وضع کیں اور ان کو نافذ کیا۔ بینک نے پاکستان میں سب سے زیادہ قرضہ فراہم کرنے والے مالی ادارے کے طور پر کل 78.15 بلین روپے (کل مارکیٹ کا 13%) کا قرضہ فراہم کر کے مارکیٹ میں اپنا ممتاز مقام برقرار رکھا۔ اسی طرح پچھلے سال، 2016ء میں، ہمارے ملک میں نظام بینکاری سے غیر منسلک (unbanked) عوام کی بینکاری نظام میں مالیاتی شمولیت کو زیادہ سے زیادہ کرنے کیلئے اپنی کوششوں کو جاری رکھا۔ ہم، کم تر ترقی یافتہ علاقوں کو برابر کی اہمیت دیتے ہیں اور ان علاقوں میں لوگوں کیلئے خاص طور سے تیار کردہ (tailored made) مالیاتی خدمات اور قرضہ پیش لانے کیلئے جدوجہد کرتے ہیں۔

ہر مترحم اور ترقی ادارے اور ادارے کے لازمی شرط ہے کہ وہ اندرونی اور بیرونی ماحولیات کی حوالیہ اثرات کی وجہ سے حکمت عملی کو ان عوامل سے ہم آہنگ کرے۔ اس کیلئے، سال 2016ء میں، آپ کے بینک نے صنعت میں تبدیلی کرتی ہوئی ڈائنمکس کو سمجھنے سے لگا دیا اور اس کے عمل انگیز کردار (catalyst role) کا ادراک کرنے کے بعد اپنے نصب العین (vision)، حصول مقاصد (mission) اور مضابطہ اخلاق کے بنیاد کو تبدیل کیا ہے، اور اس طرح سے اپنے شرکا و ملحد (stakeholders) کو اپنے ممتاز مقام کے حصول اور اسے قائم رکھنے کی حکمت عملی کی اطلاع پہنچائی، جو زیادہ معاشی شریعت، بینکاروں کی بہتری، مصنوعات میں جدت، مالیاتی شمولیت، خدمات کے بڑھتے ہوئے معیار اور ملازمین کے ترقی سے ممکن ہے۔

سال بھر کے دوران بینک نے نئی بینکاروں کی حیثیت میں جدت اور اپنے مکمل نیٹ ورک میں خدمات کی فراہمی کے مزید ذرائع شامل کر کے بہتری کے عمل کو جاری رکھا۔ ہم 45 نئی برانچز کھول چکے ہیں جس سے کل 1,448 برانچز کے ساتھ ملک کا دوسرا بڑا نیٹ ورک بن چکا ہے۔ اس میں شامل ہے ہماری اسلامی بینکاری کا نیٹ ورک جو اب 118 برانچز ہو گیا (2015 میں 79) اور رواپتی بینکس میں یہ دوسرا سب سے بڑا اسلامی بینکاری ونڈ کا نیٹ ورک ہے۔ اپنے ATM نیٹ ورک میں مزید اضافہ کرتے ہوئے اب ہمارے پاس ATM کے 6 سینٹرز کے ساتھ کل 1313 ATMs ہیں۔ گاہکوں کی ضروریات پوری کرنے کیلئے 130 ATMs کی مختلف offsite مقامات پر نصب کی گئیں۔ ہم نے سطح سمندر سے 4,700 میٹر بلندی پر پاک-چین سرحد کے قریب مخمرب کے مقام پر دنیا کی بلند ترین ATM کی تنصیب کی۔ ہم ماحول دوست بینک بننے کے مزید کوششیں کر رہے ہیں اور ہم 300 سے زیادہ شاخوں پر اسمارٹ توانائی کی بجٹ کے آلات کی تنصیب، اور مٹی توانائی سے چلنے والے ATMs نصب کر چکے ہیں۔

ہم متحدہ سے ای-بینکاری کا یونٹ قائم کر چکے ہیں جو متحدہ ڈیجیٹل مالیاتی خدمات کے پلیٹ فارم مثلاً پری پید کریڈٹ کارڈ، برانچ لیس بینکاری اور کیش منیجمنٹ جیسی خدمات، کی تشکیل کرنے کا ذریعہ بنا۔ اس مقصد کیلئے مقامی ٹیکو (telcos) اور بین الاقوامی اداروں جیسا کہ یونین پی این پی، ماسٹر کارڈ اور پینے پال کے ساتھ متحدہ شریعت حکمت کار کے معاہدے کیے۔

ہم نے گورنمنٹ متحدہ شریعت آئڈاڈ کردہ متحدہ مالیاتی منصوبوں پر گورنمنٹ عوام اور اس کے برعکس کیلئے بھی خدمات فراہم کی ہیں۔ نئی بینکاروں کی تعیناتی بینک کو تیزی سے ہسر مقابلہ کرنے والے دیگر فنکس کے ہم پلہ کر رہی ہے۔ بینک نے وفاقی اور صوبائی حکومتوں کی متحدہ جاری کردہ اسکیمز کے تحت 7 لاکھ مستفید افراد کو 300 ارب روپے کی فوری ادائیگیاں بذریعہ ATMs، بیلنکو اینکسٹ اور پلاسٹک کارڈ کے ذریعے

حصص یافتگان کیلئے ڈائریکٹرز کی رپورٹ





STATEMENT OF INTERNAL CONTROL

Reporting of Internal Control System

Bank's management has established and is managing an adequate and effective system of Internal Control which encompasses the policies, procedures, processes and tasks as approved by the Board of Directors that facilitate effective and efficient operations. The management and the employees at all levels within the bank are required to perform as per these approved Internal Control System components. The Internal Control System ensures quality of external and internal reporting, maintenance of proper records and processes, compliance with applicable laws and regulations, and internal policies with respect to conduct of business.

The management ensures that an efficient and effective Internal Control System is in place by identifying control objectives, reviewing existing procedures and policies and ensuring that control procedures and policies are amended from time to time wherever required.

However, the bank's Internal Control System has been designed to manage rather than eliminate risk of failure to achieve objectives and can only provide to the bank's management and Board of Directors with reasonable but not absolute assurance against material misstatement or loss. Since establishing and bringing improvement in controls are ongoing process that includes identification, evaluation and management of significant risk faced by the bank, the management of the bank has adopted COSO Internal Controls – Integrated Framework in order to comply with the SBP Internal Control Guidelines.

The bank has engaged external consultants to assist them in implementation of BPR & COSO project. BPR is essentially a Business Process Improvement/ transformation project undertaken with the core objectives of transforming the organization's key operating strategies, structure/ governance, processes, systems and MIS by benchmarking them to international best practices and ensure effectiveness and efficiency of business operations to enable the organization in meeting its overall business objectives. One of the core focus area is to ensure alignment of policies & SOPs with CBA, allied systems and other automation initiatives to optimize technology investments. Since ICFR is one of the components of COSO, the management intends to align its current ICFR with BPR/COSO project, which has achieved various mile stones including Process Inventory – Business Process Review and scoping study, documentation of Process Objectives, As Is Process documentation, Benchmarking with best local & international practices, Remediation, Planning, Development of Risk Controls Matrices (COSO Specific) and Development of Management Testing Plans (COSO Specific).

SBP vide its BSD circular no. 7 dated 27 May, 2004 has issued guidelines on the internal control for all Banks/DFIs (SBP Internal Control Guidelines) and in order to ensure consistency in the process of compliance with in the internal control guidelines, SBP vide BSD circular no. 5 dated 24 February, 2009 has provided a roadmap (the SBP roadmap) identifying various activities/ stages involved in the Internal control program.

The bank with the assistance of Consultant has completed various stages of ICFR set out in the SBP roadmap while work on remaining stages is being performed in consultation with Consultants.

Evaluation of Internal Control

The bank has an Independent Internal Audit & Inspection function in the name of Audit & Inspection Group with three Regional Audit & Inspection Offices that conduct audit of Branches, Regions, Subsidiaries, Staff Colleges and Groups at Head Office on an on-going basis to evaluate the efficiency and effectiveness of Internal Control System. In addition to that Compliance set up is also in place with 145 independent branch compliance officers in Category-III Branches and 23 Regional Compliance Control Heads with supporting staff to take care of Compliance related issues to strengthen the control environment.

For the year 2016, the Bank has made its best efforts to ensure that an effective internal control system continues to perform in letter and spirit. The observations made by the external/internal auditors and regulators in their respective audits/inspections are promptly reviewed and measures are taken by the Board, Board Audit & Compliance Committee and management for rectification of such observations to safeguard the bank's interest.

Based upon the results derived from review by Audit Group and Compliance Group during the year, the management considers that the Bank's existing Internal Control System is adequate and has been effectively implemented and monitored. However, being an ongoing process, as stated earlier, the management would continuously be evaluating efficacy of its in-built controls to enhance and further strengthen the overall Internal Control System of the Bank.

Based on the above, the Board of Directors have duly endorsed the management's evaluation of internal controls including ICFR in the attached Director's report.

Aamir Sattar
Chief Financial Officer

Abdul Wahid Sethi
Group Chief, A&IG

Muhammad Faraz Haider
Group Chief, Compliance Group

Karachi
Dated: February 22, 2017

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

For the Year Ended December 31, 2016

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the Regulation No. 5.19 of listing Regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practice of Corporate Governance.

The Bank has complied with the principles contained in the Code in the following manner.

1. The Board of Directors of the Bank are appointed as per the provisions of the Bank's (Nationalization) Act, 1974. The President/CEO is only Executive Director, the remaining Board consists of two Non – Executive Directors and four Independent Directors including one Independent Director representing minority shareholders as required by the Code. As at the year ended December 31, 2016 the Board comprised of the following Directors:

Name		Category
Mr. Muhammad Naeem	Independent Director	Appointed by Federal Government under section 11(3)(a) of The Banks (Nationalization) Act, 1974.
Mr. Farrakh Qayyum	Independent Director	
Mir Balakh Sher Marri	Independent Director	
Mr. Iftikhar A. Alawala	Non-Executive Director	
Mr. A. Akbar Sharifzada	Non-Executive Director	
Mr. Tariq Kirmani	Independent Director	Director representing Private Shareholders and Minority Interest Elected in terms of 11(b) of The Banks' (Nationalization) Act, 1974.
Syed Ahmed Iqbal Ashraf		President (refer Clause 3 below)

2. During the year Mr. Muneer Kamal, Chairman, NBP completed his tenure as Chairman, NBP Board of Directors on 8th September, 2016.
3. Syed Ahmed Iqbal Ashraf, President-NBP completed his tenure on January 20, 2017. In terms of Finance Division, Government of Pakistan's Notification No. F.1 (9) Bkg – III/2017-136 dated January 19, 2017, Mr. Masood Karim Shaikh, Senior Executive Vice President/Group Chief, International Banking Group, NBP, Head Office Karachi is looking after the work of the President/CEO NBP with effect from January, 21, 2017 till appointment of regular President/CEO of the Bank under the Banks' (Nationalization) Act, 1974.
4. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank (excluding the listed subsidiaries)
5. All directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF, or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
6. The Bank has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
7. The Directors have confirmed that neither they nor their spouses are engaged in the Business of Stock Brokerage.
8. The Bank has prepared "Statement of Ethics and Business Practice" which is already approved by the Board of Directors.
9. The Board has approved the Vision, Mission, Core Values, Objectives and NBP Strategic Plan.
10. The Bank has comprehensive framework of written policies and procedures on all major areas of Operations such as Credit, Treasury Operations, Finance, Risk, Internal Audit and Compliance, etc. Many of these policies have been approved by the Board and are being constantly reviewed.
11. There exists in the Bank a framework determining the limit of the authority of various Management levels. All the powers were exercised by the relevant authorities within the materiality thresholds.
12. All the Powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board.
13. The meetings of the Board of Directors were presided over by the Chairman. The Board met 13 times during the year. Written notices including agenda of the Board meetings were sent 7 days before the meeting except for emergent meetings. The minutes of the meetings were appropriately recorded. After completion of tenure of Mr. Muneer Kamal, the Federal Government has not appointed any Chairman of the Bank. In accordance with Section 11(8) of the Banks' (Nationalization) Act, 1974, the President shall preside over the meeting of the Board.

14. The Company Secretary attended all meetings of the Board of Directors. The CFO attended Eleven (11) meetings of the Board of Directors. The Board granted leave of absence to CFO for attending two meetings.
15. The appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment are duly approved by the Board. During the year Mr. Abdul Wahid Sethi, SEVP/Group Chief was appointed as Head of Internal Audit in place of Mr. Asif Hassan SEVP/Group Chief who has retired from the banks service.
16. The Director's Report for the year has been prepared in compliance with the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
17. The Financial Statements of the Bank were duly endorsed by CEO and CFO before approval of the Board.
18. Majority of the Board members have the prescribed education and experience required for exemption from training programs of Directors pursuant to clause 5.19.7 of CCG. The Directors, CEO and Executives do not hold any interest in the shares of the bank other than that disclosed in the pattern of shareholding.
19. The Bank has complied with all the Corporate and Financial Reporting requirements of the Code. In accordance with the requirement of 5.19.6 (b) of the listing regulations, all related party transactions have been reviewed and approved by the Board of Directors.
20. The 'closed period' prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
21. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges(s).
22. The board has formed a Board Audit & Compliance Committee comprising of 06 Members including 04 independent directors.
23. An effective Internal Audit Group is in place to ensure independence of the Group from the Bank operations. The Head of Internal Audit reports functionally to the Board Audit & Compliance Committee and administratively to the President.
24. The Board Audit & Compliance Committee held 08 (Eight) meetings as well as held meetings prior to the approval of Interim and Final Results as required by the Code. The minutes of each meeting were confirmed in the next meeting prior to circulation of the same to all members, directors, Head of Internal Audit and the CFO. The Charter of the Board Audit & Compliance Committee has been duly approved by the Board of Directors and has been advised to the Committee for compliance.
25. The Board has setup an effective Internal Audit Function. All the Internal Audit Reports are accessible to the Board Audit & Compliance Committee and important points arising out of audit are reviewed by the Board Audit & Compliance Committee and important points requiring Board's attention are brought into their notice.
26. The Bank is required to maintain register of persons having access to inside information by designated senior management officer in a timely manner and maintain proper record including basis for inclusion or exclusion of names of persons from the said list. The Bank is in the process of implementing this requirement.
27. The Board has also constituted a Board HR & Remuneration Committee comprising of 04 Independent Directors, 01 Non-Executive Director and 01 Executive Director (President/CEO). The Chairman of the Committee is an Independent Director. The Board HR & Remuneration Committee met 07 (Seven) times during the year.
28. The Statutory Auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review Program (QCRP) of the Institute of Chartered Accountants of Pakistan, that they or any partners of the firms, their spouses and minor children do not hold shares of the Bank and that the firms and all of their partners are in compliance with International Federation of Accountants (IFAC) on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
29. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the Auditors have confirmed that they observed IFAC guidelines in this regard.
30. We confirm that all other material principles contained in the code have been complied with.

For and on behalf of the Board of Directors

Masood Karim Shaikh
President (Officiating)

Karachi
Dated: February 22, 2017

AUDITOR'S REVIEW REPORT ON STATEMENT OF COMPLIANCE

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

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

We have reviewed the enclosed Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of National Bank of Pakistan (the Bank) for the year ended December 31, 2016 to comply with the requirements of Listing Regulations of the Pakistan Stock Exchange, where the Bank is listed.

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

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

The Code requires the Bank to place before the Board Audit & Compliance Committee, and upon recommendation of the Board Audit & Compliance Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of the Board Audit & Compliance Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code as applicable to the Bank for the year ended December 31, 2016.

Further, we highlight the following with respect to clause 26 in the Statement of Compliance.

The Bank is required to maintain register of persons having access to inside information by designated senior management officer in a timely manner and maintain proper record including basis for inclusion or exclusion of names of persons from the said list. The Bank is in the process of implementing this requirement.

EY Ford Rhodes
Chartered Accountants

Engagement Partner:
Arslan Khalid

Karachi
Dated: **February 22, 2017**

Grant Thornton Anjum Rahman
Chartered Accountants

Engagement Partner:
Khaliq-ur-Rahman

SHARIAH BOARD'S REPORT 'NBP-AITEMAAD' - 2016

بسم الله الرحمن الرحيم
الحمد لله رب العالمين والصلاة والسلام على سيد الانبياء والمرسلين وعلى آله وصحبه اجمعين اما بعد

The Board of Directors of NBP have entrusted the Shariah Board with the task to assess the overall Shariah compliance level and environment within the NBP Islamic Banking.

The objective of the report is to present a view about the overall Shariah compliance level and environment within the "NBP-Aitemaad".

In the Capacity of Shariah Board, we have reviewed the overall Shariah compliance level and environment within the "NBP-Aitemaad" as of December 31, 2016.

Shariah Board Opinion

While the Board of Directors and Executive Management are solely responsible to ensure that the operations of "NBP-Aitemaad" are conducted in a manner that comply with Shari'ah principles at all times, we are required to submit a report on the overall Shari'ah compliance environment of "NBP-Aitemaad".

To form our opinion as expressed in this report, the Shari'ah Compliance Department of the bank carried out reviews, on test check basis, of each class of transactions, the relevant documentation and process flows. Further, we have also reviewed the reports of the internal Shari'ah audit. Based on above, we are of the view that:

1. Compliance with Shariah Rules and Principles in the light of Fatawa and Guidelines issued by Shariah Board and SBP

The Shariah Board is of the opinion that the overall environment, products, agreements and transactions comply with the Shariah principles.

2. Shariah Compliance Mechanism

Alhamdulillah, "NBP-Aitemaad" has a comprehensive Shariah Compliance Manual developed by the Shariah Compliance Department and duly approved by the Board of Directors. The Shariah Compliance Manual is designed to ensure Shariah compliance at all levels and situations. It helps to analyze and identify weak areas and suggest relevant controls. It also helps to assess the staff training needs.

3. Mechanism ensuring prohibited Income to Charity Account

"NBP-Aitemaad" has a well-defined Charity policy approved by NBP Shariah Board and the Board of Directors. Our Shariah Compliance team conducted review of executed transactions to ensure their compliance in lines with the Shariah Board's approved processes and guidelines. In addition, all other income generating sources including investments and treasury transactions are screened by the Shariah Compliance Department. During the year, Alhamdulillah no income was generated from sources prohibited by Shariah rules and principles.

4. Profit and Loss Distribution and Pool management

The Shariah Compliance Department has reviewed Pool Management & Profit Distribution during the year 2016.

5. Staff understanding of Islamic Banking and Finance

Alhamdulillah, prior to conversion of branch and at the time of new staff induction and for refresher, "NBP-Aitemaad" imparts with collaboration of Shariah Compliance department 5 days basic Islamic Banking & Finance training sessions to abreast them with Islamic Banking basic concepts. Alhamdulillah, 356 staffs have been trained in 15 sessions in 2016, NBP had also availed the services of NIBAF to conduct this basic five-day training programs. Moreover, the Shariah Compliance Team and the Shariah Board encourages all staff of Islamic Banking Group to float their queries via Ask-Shariah portal. This provides a platform for on the job training for them and supports day-to-day processes and customer management.

6. Provision of adequate resources to Shariah Board

The Board of Directors has approved to hire adequate resources in two phases to Shariah Board. In first phase hiring on various positions has been executed. However, executive management is working to finalize the second phase of hiring for Shariah Compliance Department. We expect that the formalities will be completed soon that shall enable to discharge the duties effectively. As the Shariah Compliance Department (SCD) is an organ of Shariah Board that ensures implementation of the directives issued by Shariah Board (SB) in its letter and spirit, it is vital that Shariah Board approves all hiring and posting of SCD staff.

Other Developments

1. Approval of Branch Conversions

Alhamdulillah, "NBP-Aitemaad" has converted 39 branches during the year 2016 which lead the "NBP-Aitemaad" branch network to 118 branches. The Shariah Board has reviewed the conversion process and found the same in adherence with the approved process and guidelines. This is a milestone for "NBP-Aitemaad" as this has been the largest conversion program in Islamic Banking industry.

2. Shariah Compliance Review of Islamic Banking Branches and Departments

The Shariah Compliance teams have conducted Shariah review of one hundred and seven (107) Aitemaad Branches, Treasury, Finance and Advances in 2016 as required in SBP's Shariah Governance Framework. The Shariah Compliance teams during their visit provided guidance to staff to ensure implementation of Shariah guidelines.

3. Product Development

Alhamdulillah, two (2) asset side products were developed and approved in the current year, which after completion of all prerequisites, were submitted to SBP. These two products namely Aitemaad Zindagi Asaan (Consumer Durable) and Aitemaad Hamsafar (Consumer-Car finance) will cater the need of individual customers. In total, "NBP Aitemaad" has five (5) asset side approved products out of which three (3) products are live. Further, three (3) financing products were also reviewed and approved by the Shariah Board. The same will be rolled out after completing due formalities. On the liability side, "NBP-Aitemaad" has eighteen (18) approved products. However, only seven (7) of those products are live as at closing date.

4. Internal Shariah Audit

Alhamdulillah, NBP has established its Internal Shariah Audit Wing (ISAW) as instructed in the Shariah Governance Framework. This was informed by the concerned group that dedicated staff has been posted for conducting Shariah audit.

5. Asset Review

NBP Aitemaad's overall assets have increased by 160% to PKR 35.814 billion as compared to PKR 13.793 billion of previous year. This is mainly contributed by increase in Investments and Islamic Financing by 283% to PKR 15.758 billion & by 282% to PKR 3.199 billion respectively. However investments still contribute major chunk of 44% in the asset side followed by the Bai Muajjal (due from FIs) amounting to PKR 7.687 billion (21% of the total asset), and balances with other banks amounting to PKR 5.538 billion (15% of the total assets). Islamic Financing shares 9% in "Aitemaad" total assets with financing/deposit ratio of 10% whereas investment to deposit ratio is 48% followed by Bai Muajjal (21% deposit ratio) and balances with other banks (15% deposit ratio).

Main incremental factor for Aitemaad-investment is increase in Sukuk by PKR 12.591 billion and investment in Leasing Certificates amounting to PKR 2 billion. On the other hand, Islamic Finance is mainly contributed by an increase of PKR, 2,486 billion in Diminishing Musharakah Facility significantly lessening the impact of decline in Murabahah and Ijarah portfolios by 22% and 16% respectively.

6. Liability Review

As a consequence of record conversion of conventional branches into Islamic Banking Branches, total deposits of Islamic Banking Group have increased by 162% to PKR 34.290 as on 31-12-2016 as compared to PKR 13.089 billion last year. The growth in saving deposits from PKR 5.535 billion to PKR 14.844 billion (168% increase), plays major role in the said increase in deposits. This is followed by current and term deposits with 53% and 39% increase compared to previous year balances.

7. Recommendations

We recommend the bank on the following matters:

- To improve and strengthen the pool management and profit distribution mechanism as advised by the Shariah Board from time to time.
- Implement the changes in the HR policy as advised by the Shariah Board including employment related benefits and facilities for the staff.
- To expedite the roll out of already approved products and services.

والله سبحانه وتعالى اعلم

ربنا لا تؤاخذنا ان نسينا او اخطانا ربنا ولا تحمل علينا اصرنا كما حملته على الذين من قبلنا ربنا ولا تحملنا ما لا طاقة لنا به ج واعف عنا
وقفه واغفر لنا وقفه وارحمنا وقفه انت مولنا فانصرنا على القوم الكافرين-

We pray to Almighty ALLAH to provide us guidance to adhere to the Shari'ah principles in day-to-day operations, to absolve our mistakes and for the success of Islamic banking in Pakistan.

Mufti Muhammad Imran
Resident Shariah Board Member
NBP – Aitemaad

Mufti Ehsan Waqar Ahmad
Chairman Shariah Board
NBP – Aitemaad

Dr. Mufti Khalil Ahmad Aazami
Member Shariah Board
NBP – Aitemaad

Karachi
Dated: February 22, 2017

این بی پی اسلامی شریعہ بورڈ رپورٹ - 2016

بسم اللہ الرحمن الرحیم

الحمد لله رب العالمين والصلاة والسلام على سيد الانبياء والمرسلين وعلى آله وصحبه اجمعين اما بعد

این بی پی کے بورڈ آف ڈائریکٹرز کی طرف سے شریعہ بورڈ پر اعتماد اور بھروسہ کرتے ہوئے انہیں یہ ذمہ داری سونپی گئی کہ وہ این بی پی اسلامی بینکاری کے ماحول اور شرعی احکام کی تعمیل (شریعی کمپلائنس) کے سلسلے میں نگرانی کریں۔

اس رپورٹ کا مقصد یہ ہے کہ این بی پی اعتماد میں شرعی احکام کی تعمیل کے لحاظ سے عمومی صورتحال کے بارے میں شریعہ بورڈ کا نقطہ نظر پیش کیا جائے۔ ہم بحیثیت شریعہ بورڈ 31 دسمبر 2016ء تک بینک میں شرعی احکام کی تعمیل کے لحاظ سے عمومی صورتحال کا جائزہ لے چکے ہیں، جس کا خلاصہ پیش خدمت ہے۔

شریعی بورڈ کی رائے:

بورڈ آف ڈائریکٹرز اور اعلیٰ انتظامیہ کی حتمی ذمہ داری ہے کہ وہ اس بات کو یقینی بنائیں کہ این بی پی اعتماد کے جملہ امور مکمل طور پر شرعی اصولوں کے مطابق انجام پ رہے ہیں، جبکہ ہمارے (شریعی بورڈ) ذمہ این بی پی اعتماد کی شرعی احکام کی تعمیل (کمپلائنس) کے حوالے سے صورتحال کا ایک مکمل تجزیہ (رپورٹ) پیش کرنا ہے۔

رپورٹ میں ذکر کردہ رائے قائم کرنے کے لئے بینک کے شریعی کمپلائنس ڈپارٹمنٹ نے ہر قسم کے معاہدات، اس سے متعلق دستاویزات اور طریقہ کار میں سے چند بطور نمونے کے منتخب کئے اور ان کا تفصیلی جائزہ لیا ہے۔ مزید یہ کہ ہم نے انٹرنل شریعی آڈٹ کی رپورٹس کا بھی جائزہ لیا ہے، جس کی بنیاد پر ہماری رائے یہ ہے:

1- شریعی بورڈ اور اسٹیٹ بینک کی جانب سے جاری کردہ ہدایات اور فتاویٰ پر بینک کی تعمیل (کمپلائنس):

شریعی بورڈ کی رائے کے مطابق مجموعی صورت حال، مصنوعات، معاہدات اور معاملات شرعی اصولوں کے مطابق ہیں۔

2- شریعی کی تعمیل (کمپلائنس) کا طریقہ کار:

الحمد للہ! این بی پی اعتماد کے پاس شریعی کی تعمیل (کمپلائنس) کروانے کا ایک مکمل دستور العمل (مینول) موجود ہے جو شریعی کمپلائنس ڈپارٹمنٹ کی جانب سے مرتب کیا گیا ہے اور باقاعدہ بورڈ آف ڈائریکٹرز سے منظور شدہ ہے۔ شریعی کمپلائنس مینول اس طور پر مرتب کیا گیا ہے کہ اس کے ذریعے ہر درجہ اور ہر حالت میں شریعی کمپلائنس کو یقینی بنایا جاسکے۔ اس کے ذریعے کمزوریوں کی نشاندہی کرنے اور ان پر قابو پانے، نیز غلطی کی تربیت کی ضروریات پورا کرنے کے حوالے سے بھی ہمیں مدد ملتی ہے۔

3- ایسا طریقہ کار کہ جس سے ممنوع آمدن، چھپائی (صدقہ) کاؤنٹ میں منتقل کی جائے:

این بی پی اعتماد نے ایک واضح اور جامع چھپائی پالیسی تشکیل دی ہے جو شریعی بورڈ اور بورڈ آف ڈائریکٹرز سے منظور شدہ ہے۔ شریعی کمپلائنس کے عمل نے معاملات کا جائزہ لیا ہے تاکہ اس بات کو یقینی بنایا جائے کہ یہ معاملات شریعی بورڈ سے منظور شدہ طریقہ کار اور ہدایات کے مطابق انجام دیے گئے ہیں۔ مزید برآں شریعی کمپلائنس ڈپارٹمنٹ کی جانب سے آمدنی کے تمام دوسرے ذرائع بشمول سرمایہ کاری اور ٹریڈری کے معاملات کا جائزہ بھی لیا جا چکا ہے۔

الحمد للہ! دوران سال شرعی اصول و ضوابط کے خلاف کسی قسم کی کوئی ممنوع آمدن وصول نہیں کی گئی۔

4- نفع اور نقصان کی تقسیم اور پول مینجمنٹ:

شریعی کمپلائنس ڈپارٹمنٹ نے سال 2016 کے دوران پول مینجمنٹ اور نفع و نقصان کی تقسیم کا جائزہ لیا ہے۔

5- غلطی کی تربیت برائے اسلامی بینکاری اور سرمایہ کاری:

الحمد للہ! این بی پی اعتماد نے پانچ روزہ تربیتی پروگرام برائے اسلامی بینکاری و سرمایہ کاری ترتیب دیے، جن میں ہر سنے اور موجودہ عمل کو شرکت کرنا ضروری ہے، تاکہ ان کو اسلامی بینکاری اور سرمایہ کاری کے بنیادی تصورات سے آگاہی فراہم کی جاسکے۔ الحمد للہ! اس سال عمل کے لئے اس نوعیت کے 15 پروگرام منعقد کئے گئے جن کے ذریعے عمل کے 356 افراد کو تربیت فراہم کی گئی۔ این بی پی اعتماد کا شریعی بورڈ اور شریعی کمپلائنس ڈپارٹمنٹ بطور تربیت کاران پانچ روزہ تربیتی پروگراموں کا حصہ رہے۔ شریعی بورڈ اور شریعی کمپلائنس ڈپارٹمنٹ دوران تربیت بینک کے تمام عملے کی اس بارے میں حوصلہ افزائی کرتے رہے کہ وہ شریعی کے حوالے سے کسی بھی سوال والجنجمن کو Ask Shariah portal کے ذریعے پوچھ کر حل کریں۔ اس طریقہ کار سے بینک کے عملے کو ایک پلیٹ فارم مہیا کیا گیا ہے جس کے ذریعے نہ صرف ان کی تربیت ہوتی ہے، بلکہ ان کے روزمرہ کے کاموں اور صارفین کے انتظام (کسٹمر مینجمنٹ) میں بھی معاونت حاصل ہوتی ہے۔

6- شریعی بورڈ کو مناسب افروادی وسائل مہیا کرنا:

بورڈ آف ڈائریکٹرز نے اس بات کی منظوری دی ہے کہ شریعی بورڈ کی معاونت کے لئے دو مرحلوں میں مناسب افروادی وسائل مہیا کیے جائیں۔ پہلے مرحلے میں مختلف عہدوں کے لئے تقرری ہو چکی ہے، تاہم اعلیٰ انتظامیہ دوسرے مرحلے میں شریعی کمپلائنس ڈپارٹمنٹ کے لئے افروادی تقرری کے لئے کوشاں ہے۔ ہم امید کرتے ہیں کہ اس بارے میں تمام امور جلد از جلد مکمل ہو جائیں گے تاکہ ذمہ داریاں بہتر انداز میں ادا کی جاسکیں۔ چونکہ شریعی کمپلائنس ڈپارٹمنٹ شریعی بورڈ کا ایک ذیلی شعبہ ہے جو شریعی بورڈ کی طرف سے جاری کردہ ہدایات کے نفاذ کو یقینی بناتا ہے، لہذا اس کے جملہ افروادی تقرری اور تبادلہ باقاعدہ شریعی بورڈ کی منظوری سے ہونا چاہیے۔

دیگر تعمیری سرگرمیاں:

1- این بی پی کی مروجہ (کنٹینر) بینکاری برانچوں کی اسلامی برانچوں میں تبدیلی:

الحمد للہ! این بی پی اے نے اس سال 39 مردچہ (کنوٹشل) برانچوں کو اسلامی بینکاری برانچوں میں تبدیل کیا ہے، جس سے این بی پی اے کی کل تعداد 118 تک پہنچ گئی۔ شریعہ بورڈ نے تبدیلی کے طریقہ کار کا جائزہ لیا اور اس کو منظور شدہ طریقہ کار اور ہدایات کے مطابق پایا۔ اسلامک بینکنگ انڈسٹری میں اسے بڑے پیمانے پر کنوٹشل برانچوں کی اسلامی بینکاری برانچوں میں تبدیلی این بی پی اے کا بڑا سنگ میل ہے۔

2۔ اسلامی بینکاری برانچوں اور شعبہ جات کا شرعی جائزہ:

اسٹیٹ بینک آف پاکستان کے شریعہ گورننس فریم ورک کے مطابق شریعہ کھلائیں کے عملے نے سال 2016ء میں پورے ملک میں 107 برانچوں اور مختلف شعبہ جات مثلاً ریٹری، فنانس اور سرمایہ کاری وغیرہ کا شرعی جائزہ لیا۔ شریعہ کھلائیں کے عملے نے اپنے جائزے کے دوران متعلقہ عملے کی رہنمائی کی تاکہ وہ شرعی احکامات پر عمل درآمد کو یقینی بناسکیں۔

3۔ مصنوعات سازی (پراڈکٹ ڈیولپمنٹ):

الحمد للہ! اس سال دو (2) سرمایہ کاری (Asset side) کی مصنوعات (پراڈکٹس) بنائی اور منظور کی گئی ہیں جنہیں اپنی جملہ شرائط کے ساتھ اسٹیٹ بینک میں بھی جمع کروایا گیا ہے۔ یہ مصنوعات جن کے نام اعتماد زندگی آسان (Consumer Durable) اور اعتماد بہتر (Consumer Car finance) ہیں، انفرادی صارفین کی ضروریات کو پورا کریں گی۔ این بی پی اے کی کل پانچ (5) سرمایہ کاری مصنوعات منظور شدہ ہیں جن میں سے تین (3) صارفین کو مہیا کی جارہی ہیں، نیز تین (3) مزید سرمایہ کاری مصنوعات کا شریعہ بورڈ نے جائزہ لے کر انہیں منظور کر لیا ہے جو جملہ شرائط کی تکمیل کے بعد صارفین کو مہیا کی جائیں گی۔ این بی پی اے کی اٹھارہ (18) کھاتہ جات (Liability side) کی مصنوعات منظور شدہ ہیں، تاہم فی الحال ان میں سے صرف سات (7) صارفین کو مہیا کی جارہی ہیں۔

4۔ انٹرنل شریعہ آڈٹ:

الحمد للہ! این بی پی اے نے شریعہ گورننس فریم ورک کی ہدایات کے مطابق باقاعدہ انٹرنل شریعہ آڈٹ ونگ قائم کر لیا ہے۔ متعلقہ گروپ کی جانب سے دی گئی اطلاع کے مطابق شریعہ آڈٹ کے لئے مناسب عملے کی تقرری کر دی گئی ہے، جو صرف شریعہ آڈٹ کے لئے مخصوص ہے۔

5۔ سرمایہ کاری کا جائزہ:

گزشتہ سال 13.793 بلین روپے کی سرمایہ کاری کی نسبت این بی پی اے نے اس سال 160 کی شرح سے ترقی کرتے ہوئے 35.814 بلین روپے کی سرمایہ کاری کی، جس میں انویسٹمنٹ 283 کی شرح سے بڑھ کر 15.758 بلین روپے اور فنانسنگ 282 کی شرح سے بڑھ کر 3.199 بلین روپے رہی، جبکہ سرمایہ کاری میں زیادہ حصہ 44 کی شرح سے انویسٹمنٹ کا ہی رہا، جس میں بیج مؤجل 21 کی شرح سے 7.687 بلین روپے اور دوسرے بینکوں میں ڈپازٹ 15 کی شرح سے 5.538 بلین روپے رہے۔ این بی پی اے کی کل سرمایہ کاری میں فنانسنگ کی شرح 9% اور ڈپازٹ کے مقابلے میں شرح 10% رہی جبکہ انویسٹمنٹ کی شرح ڈپازٹ کی شرح سے 48% رہی، بیج مؤجل 21% اور دوسرے بینکوں میں ڈپازٹ 15% رہے۔

این بی پی اے کی اس سال سرمایہ کاری میں اضافے کی اہم وجہ یہ ہے کہ اس نے 12.591 بلین روپے کی صکوک اور 2 بلین روپے کی یزنگ سرٹیفیکیشن میں سرمایہ کاری کی ہے، نیز این بی پی اے نے اس سال 2.486 بلین روپے کی سرمایہ کاری شرکت متناقصہ میں کی جس کی وجہ سے مراحمہ اور اجارہ فنانسنگ میں 22% اور 16% کی شرح سے بالترتیب کمی رہی۔

6۔ کھاتہ جات (ڈپازٹس) کا جائزہ:

مردچہ (کنوٹشل) برانچوں کی اسلامی بینکاری برانچوں میں ریکارڈ تبدیلی کی وجہ سے این بی پی اے کا ڈپازٹ 2016-2017-31 تک 34.290 بلین روپے رہا جو پچھلے سال کے 13.089 بلین روپوں میں 162 کی شرح سے اضافہ ہے۔ بچت کھاتہ جات (سیونگ ڈپازٹس) پچھلے سال کے 5.535 بلین روپے کے مقابلے میں 168 کی شرح سے بڑھ کر 14.844 بلین روپے رہے جو کہ این بی پی اے کا ڈپازٹ میں اضافے کی اہم وجہ ہے، جبکہ جاری کھاتہ جات (کرنٹ ڈپازٹس) اور معیادی کھاتہ جات (ٹرم ڈپازٹس) میں پچھلے سال کے مقابلے میں بالترتیب 53% اور 39 کی شرح سے اضافہ ہوا ہے۔

7۔ سفارشات:

بینک کے لئے ہماری سفارشات درج ذیل ہیں:

1۔ پول پیچمنٹ اور فیصلے کی تقسیم کا طریقہ کار مزید بہتر اور مستحکم ہونا چاہئے جیسا کہ شریعہ بورڈ نے وقتاً فوقتاً اس سے متعلق ہدایات دی ہیں۔

2۔ ہیومن ریسورس (انجی آر) پالیسی میں بشمول ملازمین سے متعلق سہولیات اور فوائد کو شریعہ بورڈ کی ہدایات کے مطابق تبدیل کیا جائے۔

3۔ منظور شدہ مصنوعات (پراڈکٹس) اور خدمات (سروسز) جلد از جلد صارفین کو مہیا کی جائیں۔

واللہ سبحانہ و تعالیٰ اعلم

ربنا لا تؤاخذنا ان نسينا او اخطانا ربنا ولا تحمل علينا اصرا كما حملته على الدين من قبلنا ربنا ولا تحملنا ما لا طاقة لنا به واعف عنا و غفر لنا وقفه وارحمنا وقفه انت مولنا فانصرنا على القوم الكافرين۔

ہم اللہ تعالیٰ کے حضور دعا گو ہیں کہ وہ روزمرہ امور میں ہماری رہنمائی فرمائے تاکہ ہم خطاؤں سے بچ سکیں اور یہ کہ اسلامی بینکاری پاکستان میں مزید مستحکم ہو۔

ڈاکٹر مفتی خلیل احمد اعظمی

ممبر شریعہ بورڈ

این بی پی اے

مفتی محمد عمران

ریزیڈنٹ شریعہ بورڈ ممبر

این بی پی اے

مفتی احسان وقار احمد

چیرمین شریعہ بورڈ

این بی پی اے

NOTICE OF 68TH ANNUAL GENERAL MEETING

Notice is hereby given that **68th Annual General Meeting ("AGM")** of National Bank of Pakistan (the "Bank") will be held on **Thursday the 30th March, 2017 at 9:30 A.M. (PST), at Grand Ball Room, Pearl Continental Hotel, Karachi.** The following business will be transacted in the meeting:

Ordinary Business:

1. To confirm minutes of the Annual General Meeting held on 30th March, 2016, at Karachi.
2. To receive, consider and adopt the Annual Audited Financial Statements of National Bank of Pakistan and Consolidated Accounts of National Bank of Pakistan and its Subsidiaries for the year ended 31st December, 2016, together with the Directors' & Auditors' Reports thereon.
3. To appoint auditors for the year ending 31st December, 2017 and fix their remuneration. The Board of Directors has recommended appointment of Messrs EY Ford Rhodes, Chartered Accountants and Messrs Grant Thornton Anjum Rehman, Chartered Accountants to be the auditors of the Bank for the year ending 31st December, 2017, at the same fee as paid to the retiring auditors.
4. To consider and approve cash dividend at Rs.7.50 per share i.e. 75% as recommended by the Board of Directors for the year ended 31st December, 2016 (subject to Government of Pakistan's approval).
5. To elect one (01) Director from the Private Shareholders against a vacancy as fixed by the Board of Directors in accordance with Section 178 (1) of the Companies Ordinance, 1984, for a term of three years in place of Mr. Tariq Kirmani who has completed his term of office of Director. The retiring Director is eligible for re-election.

Special Business

6. To approve the transmission of the annual balance sheet, profit and loss account, auditors' report, directors report, and ancillary statement/notes/documents ("Annual Audited Accounts") along with the notice of Annual General Meeting of National Bank of Pakistan in electronic form to the shareholders through CD/DVD/USB at their registered addresses instead of transmitting the said Annual Audited Accounts in hard copy, as allowed under SRO 470(1)/2016 issued by Securities and Exchange Commission of Pakistan.
7. To transact any other business with the permission of the Chairman.

By Order of the Board

Karachi

Dated: **March 08, 2017**

Secretary (Board)

Notes:

- i) The Share Transfer Books of the Bank shall remain closed from 23-03-2017 to 30-03-2017 (both days inclusive). Transfers received at the Share Registrar of the Bank, by the close of the business on 22-03-2017 will be treated in time for attending Annual General Meeting to be held on 30-03-2017 at Karachi.
- ii) The Share Transfer Books of the Bank will now be closed from 07-04-2017 to 14-04-2017 (both days inclusive). Transfers received at the office of our share registrar Messrs Central Depository Company of Pakistan Limited, CDC House 99-B, Block "B", SMCHS, Main Shahra-e-Faisal, Karachi - 74400, at the close of the business on 06-04-2017 will be treated in time for the purpose of entitlement of 75% Cash Dividend for the year ended December 31, 2016.
- iii) A member who seeks to contest the election for the office of director must hold in his/her own right of unencumbered shares of the Bank to the nominal amount of ten thousand rupees at the least (1000 Shares of Rs.10/= each), and shall file with the Bank, not later than 14 days before the date of the meeting at which election is to be held i.e. up to 05:30 PM on March 15, 2017, a notice of his/her intention to offer himself/herself for election as a Director under Section 178(3) of the Companies Ordinance 1984. A declaration in accordance with the listing regulations, NBP Ordinance and SBP, BPRD Circular No. 4 dated 23-04-2007 is also required to be filed.

- iv) In terms of the State Bank of Pakistan ("SBP") circulars, notifications, directions, letters, instructions and other orders issued from time to time ("SBP Directives"), it is expressly required that any person who seeks to contest an election to the office of a director, should file with the Bank not later than 14 days before the date of this meeting, a specified affidavit required by the SBP, stating that he / she (i) is not / has not been associated with any illegal activity, especially related to banking business; (ii) in his / her individual capacity or a proprietary concern or any partnership firm or any private limited company or any unlisted public company or any listed public company (of which he / she has been a proprietor, partner, director or shareholder), has not been in default of payment of dues owed to any financial institution and / or in default of payment of any taxes; (such person to be a director with anomalies stated above is undesirable and against public interest in terms of the SBP Directives). Further he / she should not be a director of any other bank / DFI or working as Chairman, Director, CEO, CFO, Chief Internal Auditor, Research Analyst or trader (by whatever name / designation called) of a (a) moneychanger, (b) member of stock exchanges, (c) corporate brokerage houses and (d) any company / entity owned or controlled by the persons mentioned at (a) to (c) above.
- v) A candidate must be qualified for election under sub section (1) and not disqualified under sub section (2) of Section 17 of the NBP Ordinance 1949.
- vi) A confirmation to the effect that he / she meets the requirements of "Fit and Proper Test" prescribed for Directors under the SBP Prudential Regulations is also required to be filed along with Annexure-I & II of SBP, BPRD Circular No.4 dated April 23, 2007, candidate also required to furnish all the documents / papers / Confirmations as required SBP BPRD Circular No.05 of 2015 dated March, 12 2015.
- vii) All nomination papers after scrutiny shall immediately be submitted to SBP for clearance.
- viii) Persons not cleared by SBP to hold office as Bank's director shall not be allowed to contest in the election or assume office of the director, as the case may be.
- ix) A member eligible to attend and vote at this Annual General Meeting is entitled to appoint another member as his/her proxy to attend and vote on his / her behalf. The Government of Pakistan, State Bank of Pakistan and any Corporation(s), being a member of the Bank, may nominate any person as its representative to attend the Annual General Meeting under authority of a Power of Attorney or a Board of Directors' Resolution. However, majority shareholders like SBP and other Government shareholders shall not be entitled to cast their votes for election of Private Director(s). Proxies or nominations, in order to be effective and valid, must be received at the office of the Bank's Registrar / Share Transfer Agent, Messrs Central Depository Company of Pakistan Limited, CDC House 99-B, Block "B", SMCHS, Main Shahra-e-Faisal, Karachi – 74400, not later than 48 hours before the time fixed for holding the Meeting.
- ix) A member eligible to attend and vote at this Annual General Meeting is entitled to appoint another member as his/her proxy to attend and vote on his/her behalf. **The Government of Pakistan, State Bank of Pakistan and any Corporation(s), being a member of the Bank, may nominate any person as its representative to attend the Annual General Meeting under authority of a Power of Attorney or a Board of Directors' Resolution. However, majority shareholders like SBP and other Government shareholders shall not be entitled to cast their votes for election of Private Director(s).** Proxies or nominations, in order to be effective and valid, must be received at the office of the Bank's Registrar/Share Transfer Agent, Messrs Central Depository Company of Pakistan Limited, CDC House 99-B, Block "B", SMCHS, Main Shahra-e-Faisal, Karachi – 74400, not later than 48 hours before the time fixed for holding the Meeting.
- x) CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:
 - a. For Attending the Meeting:
 - In case of individuals, the account holder or sub-account holder shall authenticate his / her identity by showing his / her Original Computerized National Identity Card ("CNIC") or original Passport at the time of attending the meeting,
 - In case of corporate entity, the Original or duly authenticated Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

b. For Appointing Proxies:

- In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement.
 - The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be furnished with the proxy form.
 - The proxy shall produce his / her original CNIC or original passport at the time of the Meeting.
 - In case of corporate entity, the Original or duly authenticated Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) along with proxy form to Messrs Central Depository Company of Pakistan Limited.
- xi) CDC Account Holders and Sub-account Holders, whose Registration details are available in Share Book Detail Report shall have to produce respective Original Computerized National Identity Cards (CNICs) or Original Passports for the purpose of identification to participate in the Annual General Meeting. Such Account Holders and Sub Account Holders should know the CNIC Numbers and CDC Account Number of the respective partner and should bring the same along with them. In case of Proxy, the person should positively attach the attested copy of the CNIC or Passport. In case of corporate member's representative, usual documents should be accompanied for the same purpose.
- xii) Members are requested to immediately notify any change in their addresses to the Bank's Registrar / Transfer Agent, Messrs Central Depository Company of Pakistan Limited.

xiii) COMPUTERIZED NATIONAL IDENTITY CARD (CNIC)

Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 779 (1)/2011 dated August 18, 2011 has directed all listed companies to ensure that Dividend Warrants should bear the Computerized National Identity Card (CNIC) Numbers of the registered members. Members who have not yet provided attested copies of their valid CNICs / NTN (in case corporate entities) are requested to send the same directly to the Share Registrar at aforementioned address.

xiv) REVISION OF WITHHOLDING TAX ON DIVIDEND INCOME UNDER SECTION 150 OF THE FINANCE ACT 2016:

Please note that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2016 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders @ 12.5% and 20% respectively. According to clarification received from Federal Board of Revenue (FBR) withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint Holder(s) based on their shareholding proportions, in case of joint accounts. In this regard, all shareholders who hold shares jointly, are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must be reached to our Share Registrar by 06-04-2017, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

Shareholders are therefore requested to please check and ensure Filer status from Active Taxpayers List (ATL) available at FBR website <http://www.fbr.gov.pk/> as well as ensure that their CNIC / Passport number has been recorded by the Participant / Investor Account Services or by Share Registrar (in case of physical shareholding). Corporate bodies (non-Individual shareholders) should ensure that their names and National Tax Numbers (NTN) are available in ATL at FBR website and recorded by respective Participant / Investor Account Services or in case of physical shareholding by Bank's Share Registrar.

xv. DELIVERY OF THE UNCLAIMED / UNDELIVERED SHARES LYING WITH THE SHARE REGISTRAR:

As directed by SECP vide letter # SMD/CIW/Misc./14/2009 dated October 11, 2011, shareholders are requested to please contact / coordinate with Bank's Share Registrar for collection of unclaimed / undelivered Bonus Share Certificates / Dividend Warrants.

xvi. TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH EMAIL:

In pursuance of the directions given by SECP vide SRO 787 (1)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Bank's website i.e. www.nbp.com.pk and send the said form duly filled in and signed along with copy of his / her / its CNIC / Passport to the Bank's Share Registrar. Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice and, in such case, Annual Financial Statements will be sent at your registered address, as per normal practice.

xvii. DIVIDEND MANDATE (OPTIONAL):

A shareholder may, if he so desires, direct the Bank to pay dividend through his / her / its bank account. If you want to avail the facility of direct credit of dividend amount in your bank account, please provide the following information to Bank's Share Registrar and CDC Shareholders are requested to send their bank account details to their respective Participant / Investor Account Services. In pursuance of directions given by SECP, kindly authorize the bank for direct credit of cash dividend in your bank account. (Please note that giving bank mandate for dividend payments is optional, in case you do not wish to avail this facility please ignore this notice and, in such case, dividend will be paid through dividend warrant to your registered address, as per normal practice).

Dividend Mandate - Bank Account Details of Shareholder	
Title of Bank Account:	Bank Account Number:
Bank's name:	Branch name with complete address:
Cell and Landline numbers:	
Please provide full account number OR IBAN, please check with your concerned Branch. The above-mentioned information is correct and in case of any change therein, I/we will immediately intimate to my/our Participant/Investor Account Services OR our Share Registrar.	
Signature of Shareholder(s):	
Name of Shareholder(s):	
Folio Number/CDC ID & A/c Number:	
CNIC Number:	

Detailed information / formats are available at NBP's website www.nbp.com.pk

xviii. PAYMENT OF CASH DIVIDEND ELECTRONICALLY (E-DIVIDEND MECHANISM):

SECP through its letter No. 8(4)SM/CDC2008, dated April 05, 2013, has advised that the shareholders who have provided bank mandate, should be paid dividend by transferring directly to their respective bank accounts (e-dividend mechanism); therefore, the registered shareholders of the Bank, who have not yet provided us dividend mandate are requested to provide the details of their bank account including title of account, account number, bank name, branch name & code and address, in order to credit their cash dividends, as and when declared, directly to their respective bank accounts. This information is to be provided to: (i) In case of book-entry securities in Central Depository System ("CDS") to CDS Participants; and (ii) in case of physical securities to our Share Registrar and Transfer Agent at aforementioned address. The Bank encourages the shareholders to take dividend mandate option for instant credit of dividends, eliminating the chances of dividend warrants getting lost in the post, undelivered or delivered at the wrong address etc.

xix. REQUIREMENT OF VALID TAX EXEMPTION CERTIFICATE FOR CLAIM OF EXEMPTION U/S 150 OF THE INCOME TAX ORDINANCE, 2001:

Please be advised that in wake of recent judgments of respective courts of law, the exemption certificate U/S 159 of the Income Tax Ordinance, 2001, is mandatory to claim tax exemption U/S 150. Accordingly, the Bank may not be awarding exemption on the basis of Clause 47B of Part IV of Second Schedule to the Income Tax Ordinance, 2001. However, if an entity has filed a petition against the FBR, in any relevant court,

a certified true copy of the Stay Order of honorable court along with all latest court proceedings (if any) would be required in lieu of valid tax exemption certificate, for non-deduction of withholding tax. In case of non-availability of valid tax exemption, deduction of tax under relevant sections shall be made accordingly.

xx. CONSENT FOR VIDEO CONFERENCE FACILITY

In compliance of Circular No. 10 dated May 21, 2014 of the SECP, shareholders of the Bank are informed that they can also avail video conference facility. In this regard please fill the following and submit to registered address of the Bank 10 days before holding of general meeting. If the Bank receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Bank will arrange video conference facility in that city subject to availability of such facility in that city. The Bank will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

I/We, _____ of _____, being a member of National Bank of Pakistan, holding _____ Ordinary Share(s) as per Register Folio No./CDC Sub-Account No. _____ hereby opt for video conference facility at _____.

Signature of Member

“STATEMENT OF MATERIAL FACTS”

This statement sets out material facts concerning the special Business given in agenda item No.06 of the notice, to be transacted in the AGM of National Bank of Pakistan's shareholders.

Item No. 06:

CIRCULATION OF ANNUAL ACCOUNTS IN ELECTRONIC FORM

The Securities and Exchange Commission of Pakistan, vide S.R.O.470(i)/2016 dated May 31, 2016, has allowed companies to circulate their annual balance sheet, profit and loss statement, auditor's report, directors report and ancillary statement/notes/documents ("Annual Audited Account") along with notice of general meeting to its shareholders in electronic form through CD/DVD/USB at their registered address. This would result in timely delivery of Annual Accounts to the shareholders.

For the convenience of its shareholders, the Bank will place on its website a standard request form along with postal address and email address of company Share Registrar, so that shareholders may request a hard copy of the Audited Annual Accounts. The Bank will provide one hard copy free of cost to the requesting shareholders at their registered address within one week of the request. The Bank is seeking shareholders' approval to circulate the Annual Audited Accounts along with notice of general meeting in electronic form. The shareholders are requested to pass the following Resolution with or without modifications:

"RESOLVED THAT in terms of SECP S.R.O 470(i)/2016 dated 31-05-2016 proposal for transmission of annual balance sheet, profit and loss account, auditors' report, directors report, and ancillary statement/notes/documents ("Annual Audited Accounts") along with the notice of Annual General Meeting of National Bank of Pakistan in electronic form to the shareholders through CD/DVD/USB at their registered addresses instead of transmitting the said Annual Audited Accounts in hard copy be and is hereby approved."

xx) ویڈیو کانفرنس سہولت کیلئے رضامندی

ایس ای سی پی کے سرگرم نمبر 10 تا تاریخ 21 مئی 2014ء کی پیروی میں، بینک کے شیئر ہولڈرز کو اطلاع دی جاتی ہے کہ وہ ویڈیو کانفرنس سہولت بھی حاصل کر سکتے ہیں۔ اس سلسلے میں مہربانی فرما کر درج ذیل کو یاد کریں اور بینک کے رجسٹرڈ سچے پراسالانا اجلاس عام کے انعقاد سے 10 روز قبل جمع کروادیں۔ اگر بینک ارکان کی جانب سے رضامندی حاصل کرتا ہے تو مجموعی طور پر 10% کے حامل ارکان یا اس سے زیادہ کے حامل جو کہ جغرافیائی لحاظ سے کسی مقام پر ہائش پذیر ہیں اجلاس کی تاریخ سے کم از کم 10 روز قبل ویڈیو کانفرنس کے ذریعے اجلاس میں شریک ہوں گے، بینک ان کیلئے ویڈیو کانفرنس کی سہولت کا انتظام اس شہر میں کرے گا جس پر اس شہر میں ایسی سہولت کی دستیابی کا اطلاق ہوگا۔ ویڈیو کانفرنس سہولت کے متعلق مقام کے بارے میں ارکان کو اجلاس عام کی تاریخ سے کم از کم 05 روز قبل مکمل معلومات آگاہ کر دیا جائے گا کہ وہ ایسی سہولت تک باسانی رسائی حاصل کر سکیں۔

میں/ہم..... کے..... بینک آف پاکستان کے ذکن کی حیثیت سے رجسٹر فوئیو نمبر/سی ڈی سی سب اکاؤنٹ نمبر..... کے مطابق

..... آرڈری شیئر (ز) بذریعہ پڈ ویڈیو کانفرنس سہولت، مقام..... حاصل کرنا چاہتا ہوں/چاہتے ہیں۔

دستخط ذکن

(xv) شیئر رجسٹرار کے پاس موجود غیر دعویٰ شدہ/غیر وصول شدہ شیئرز کی فراہمی

سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایت کے مطابق بحوالہ لینڈ نمبر SMD/CIW/Misc./14/2009 بتاریخ 11 اکتوبر 2011 شیئر ہولڈرز سے درخواست کی جاتی ہے کہ ازراہ کرم غیر دعویٰ شدہ/غیر وصول شدہ بونس شیئرز/ٹیکس/ڈیویڈنڈ وارنٹس وصول کرنے کیلئے بینک کے شیئر رجسٹرار سے رابطہ ملاقات کریں۔

(xvi) سالانہ مالی گوشواروں کی بذریعہ ای میل ترسیل

سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے دی گئیں ہدایات بحوالہ (1) SRO 787 (1) بتاریخ 08 ستمبر 2014 کے مطابق ان شیئر ہولڈرز کو جو مستقبل میں مالی گوشوارے ڈاک کی بجائے بذریعہ ای میل وصول کرنے کے خواہشمند ہیں مشورہ دیا جاتا ہے کہ وہ بینک کی ویب سائٹ یعنی www.nbp.com.pk پر موجود معیاری درخواست فارم پر اپنی باضابطہ رضامندی مع اپنا درست ای میل ایڈریس ظاہر کریں اور مذکورہ فارم کو باقاعدہ طور پر بھرجا کر اور دستخط کر کے کمپیوٹرائزڈ قومی شناختی کارڈ/ پاسپورٹ کی نقول کے ہمراہ بینک کے شیئر رجسٹرار کو ارسال کریں۔ ازراہ کرم ذہن نشین کر لیں کہ سالانہ مالی گوشوارہ ڈاک کی بجائے بذریعہ ای میل وصول کرنا اختیاری ہے۔ اگر آپ اس سہولت سے مستفید نہیں ہونا چاہتے تو اس اطلاع کو نظر انداز کریں۔ سالانہ مالی گوشوارہ معمول کے مطابق آپ کے رجسٹرڈ پتے پر ارسال کیا جاتا رہے گا۔

(xvii) اختیار منافع جات (اختیاری)

شیئر ہولڈر، اگر چاہے تو، بینک کو ہدایت کر سکتا ہے کہ وہ اس کے بینک اکاؤنٹ کے ذریعے منافع ادا کر دے۔ اگر آپ اپنے بینک اکاؤنٹ میں منافع کی رقم براہ راست حاصل کرنے کی سہولت چاہتے ہیں تو مہربانی فرما کر بینک کے شیئر رجسٹرار کو درج ذیل معلومات فراہم کریں اور سی ڈی شیئر ہولڈرز کو درخواست کی جاتی ہے کہ وہ اپنے بینک اکاؤنٹ کی تفصیلات اپنے متعلقہ پارٹنرسٹ/انویسٹر اکاؤنٹ سروسز کو بھیج دیں۔ ایس ای سی پی کی جانب سے دی گئیں ہدایات کی پیروی میں، ازراہ کرم بینک کو اپنے بینک اکاؤنٹ میں براہ راست نقد منافع بھیجنے کا اختیار دیں۔ (برائے مہربانی ذہن نشین کر لیں کہ منافع جات کی ادائیگی کیلئے بینک کو اختیار دینا بالکل اختیاری ہے۔ اگر آپ یہ سہولت حاصل کرنا نہیں چاہتے تو اس اطلاع کو نظر انداز کریں اور ایسی صورت میں منافع ڈیویڈنڈ وارنٹ کی شکل میں آپ کے رجسٹرڈ پتے پر حسب روایت ادا کر دیا جائے گا۔)

اختیار منافع جات- شیئر ہولڈرز کے بینک اکاؤنٹ کی تفصیل	
بینک اکاؤنٹ کا عنوان:	بینک اکاؤنٹ نمبر:
بینک کا نام:	برانچ کا نام مکمل پتہ:
سیل اور لینڈ لائن نمبر:	
برائے مہربانی مکمل اکاؤنٹ نمبر یا آئی بی اے این فراہم کریں، برائے مہربانی اپنی متعلقہ بینک برانچ سے جانچ پڑتال کر لیں۔	
درج بالا معلومات درست ہیں اور اس میں کسی بھی تبدیلی کی صورت میں میں، ہم فوری طور پر میرے/ہمارے پارٹنرسٹ/انویسٹر اکاؤنٹ سروسز یا ہمارے شیئر رجسٹرار کو آگاہ کر دیں گے۔	
شیئر ہولڈر (ز) کے دستخط:	
شیئر ہولڈر (ز) کا نام:	
فولیو نمبر/سی ڈی سی ڈی اور اکاؤنٹ نمبر:	
سی این آئی سی نمبر:	

مفضل معلومات/خاکہ جات (فارم نمبر) این بی پی کی ویب سائٹ www.nbp.com.pk پر دستیاب ہیں۔

(xviii) کیس ڈیویڈنڈ کی رقم برقیاتی طور پر (ای ڈیویڈنڈ مکنوم)

ایس ای سی پی نے اپنے لینڈ نمبر SMD/CD/2008 (4) بتاریخ 05 اپریل 2013ء میں مشورہ دیا تھا کہ ایسے شیئر ہولڈرز جو بینک مینڈیٹ فراہم کر چکے ہوں ان کا منافع براہ راست ان کے بینک اکاؤنٹ میں منتقل کر دیا جائے گا (ای ڈیویڈنڈ مکنوم)۔ اسی لیے بینک کے ایسے رجسٹرڈ شیئر ہولڈرز جنہوں نے اب تک ہمیں اپنا ڈیویڈنڈ مینڈیٹ نہیں دیا ان سے التماس ہے کہ وہ اپنے بینک اکاؤنٹ کی تفصیل مع اکاؤنٹ کا نام، اکاؤنٹ نمبر، بینک کا نام، برانچ کا نام، نوڈ اور پتہ فراہم کریں۔ تاکہ ان کے منافع کا اعلان ہوتے ہی منافع براہ راست ان کے متعلقہ بینک اکاؤنٹ میں منتقل کر دیا جائے۔ یہ معلومات فراہم کی جائیں: (i) بینڈول ڈیویڈنڈ سسٹم ("CDS") میں بک اینٹری کی صورت میں CDC پارٹنرسٹ کو اور، (ii) ہمارے شیئر رجسٹرار اور ٹرانسفر اینجٹ کو درج بالا پتے پر فزیکل سکیورٹیز کی صورت میں، بینک ڈیویڈنڈ کی فوری ادائیگی کیلئے شیئر ہولڈرز کی حوصلہ افزائی کرتا ہے کہ وہ ڈیویڈنڈ مینڈیٹ آپشن اختیار کریں تاکہ ڈاک میں خطرے، گم ہونے، وصول نہ ہونے یا غلط پتے پر وصول ہونے وغیرہ کے امکانات کو ختم کیا جاسکے۔

(xix) قس سے اشتہ کے صحیح الیاد طریقہ کی ضرورت برائے دعویٰ 150 U/S انکم ٹیکس آرڈیننس 2001ء

عدالتوں کے حالیہ فیصلوں کی روشنی میں مشورہ دیا جاتا ہے کہ اشتہ کے طریقہ 159 U/S برائے انکم ٹیکس آرڈیننس 2001ء کے تحت 150 U/S قس سے اشتہ کا دعویٰ کیا جاسکتا ہے۔ اسی طرح انکم ٹیکس آرڈیننس 2001ء کے سیکشن 47B کی قس 159 کی بنیاد پر بینک اشتہ فراہم نہیں کرے گا تاہم، اگر کسی فرد نے ایف بی آر کے خلاف کسی متعلقہ عدالت میں قانونی چارہ جوئی کر رکھی ہو تو محترم عدالت کے حکم امتناعی (stay order) اصل کی مصدقہ کاپی مع عدالت کی باقی حالیہ کارروائی (اگر ہو) صحیح الیاد قس سے اشتہ کے طریقہ کے بدلے وہ ہولڈنگ قس کی عدم کٹوتی کیلئے درکار ہوگی۔ صحیح الیاد قس سے اشتہ کے طریقہ کے نہ ہونے کی صورت میں متعلقہ سیکشن کے مطابق کٹوتی عمل میں لائی جائے گی۔

(vii) جانچ کے بعد تمام کاغذات نامزدگی اسٹیٹ بینک آف پاکستان میں کلیمزٹس کیلئے جمع کروائے جائیں گے۔

(viii) اسٹیٹ بینک آف پاکستان سے بطور بینک ڈائریکٹر کیریئر س حاصل نہ کرنے والے افراد کو انکیشن لڑنے کی اجازت نہیں ہوگی یا انھیں ڈائریکٹر تسلیم نہیں کیا جائے گا، جو بھی صورت حال ہو۔

(ix) سالانہ اجلاس عام میں شرکت اور ووٹ دینے کا اہل کوئی بھی ذرکن کی دوسرے ذرکن کو شریک ہونے اور ووٹ دینے کیلئے اپنا نمائندہ مقرر کر سکتا/سکتی ہے۔ حکومت پاکستان، اسٹیٹ بینک آف پاکستان اور کارپوریشن (ز) جو بینک کے ذرکن کی حق رائے نامہ یا ایڈز آف ڈائریکٹرز کی قرارداد یا حکومت پاکستان کے معاملے میں تحریری احکام کے تحت کی گئی فیصلہ سالانہ اجلاس عام میں شرکت کیلئے حاضر کر سکتے ہیں۔ تاہم اسٹیٹ بینک آف پاکستان اور دیگر حکومتی میسر ہولڈرز یا ریویو آف ڈائریکٹرز کے انتخاب کیلئے ووٹ دینے کے اہل نہیں ہیں۔ فراہم کردہ یا نامزد کی بینک کے رجسٹرار یا میسر فرسٹریجنٹ کے دفتر میسر ریجنل یا ڈپٹی چیف آف پاکستان لیجسٹری ڈی وی سی ہاؤس، 99-B بلاک "B" SMCHS میں شارع فیصل، کراچی-74400 کو سالانہ اجلاس عام کے مقررہ وقت سے کم از کم 48 گھنٹے پہلے وصول ہونا چاہئیں۔

(x) مزید برآں سی ڈی سی اکاؤنٹس ہولڈرز کو کیسورٹیز اینڈ کنجینجیشن کمیشن آف پاکستان کے سرپر 1 مئی 2000ء کی درج ذیل ہدایات کی پیروی کرنا ہوگی:

۱۔ میٹنگ میں شرکت کیلئے:

- انفرادی حیثیت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو اجلاس میں شرکت کے وقت شناخت کی تصدیق کیلئے اپنا اصل کپیڈ پٹر انڈو قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ پیش کرنا ہوگا
- کاروباری ادارے کی صورت میں بینک کے وقت بورڈ آف ڈائریکٹرز کی معصہ قیود اور داخلہ نامہ نامزد کردہ شخص کے دستخط کے نمونے کے ساتھ (اگر پہلے فراہم نہ کیے گئے ہوں تو) پیش کرنا ہوگا

ب۔ نامزد نمائندوں کیلئے:

- انفرادی حیثیت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو درج بالا مطلوبہ شرائط پر کسی فارم جمع کروانا ہوگا
- پر کسی فارم دو افراد کے بطور گواہ دیکھنے کے ساتھ جمع کروایا جائے جس کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم میں درج ہوں
- نمائندے کو بینک میں شرکت کے وقت اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا
- کاروباری ادارے کی صورت میں پر کسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی اصل یا مصدقہ قرارداد، بخار نامہ، نامزد ممبروں کے دستخط کے نمونے کے ساتھ (اگر پہلے فراہم نہ کیے گئے ہوں تو) میسرز سینٹرل فنانسری کینی آف پاکستان لیفٹ کو چیئر کرنا ہوگا

(xi) سی ڈی سی اکاؤنٹ ہولڈرز اور سب اکاؤنٹ ہولڈرز جن کی رجسٹریشن کی تفصیلات شیئرنگ ڈیجیٹل رپورٹ میں دستیاب ہیں انھیں سالانہ اجلاس عام میں شرکت کیلئے شناخت کی غرض سے متعلقہ اصل کپیڈ راز تو فی شناختی کارڈز (CNIC) یا اصل پاسپورٹ پیش کرنا ہوں گے۔ ایسے اکاؤنٹ ہولڈرز اور سب اکاؤنٹ ہولڈرز کو ان کے متعلقہ شریک کے شناختی کارڈز کا نوٹریسی ڈی سی اکاؤنٹ ممبر معلوم ہونا اور اپنے ساتھ لانا چاہیے۔ برقی کی صورت میں فرکوائے اصل کپیڈ راز تو فی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ شکل لازماً منسلک کرنی چاہیے۔ کارپوریٹ ممبر کے نمائندے کی صورت میں اس مقصد کیلئے عمومی دستاویزات لازماً فراہم انگیں۔

(xii) ممبرز سے درخواست ہے کہ اپنے پتے میں کسی بھی تبدیلی سے بینک کے رجسٹرار اور ٹرانسفر اینڈ بینک میسرز سینٹرل ڈپازٹری سمیٹی آف پاکستان اینڈ کفورا آگاہ کریں۔

(xiii) کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC)

سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے بحوالہ 2011/1 (779 SRO) تاریخ 18 اگست 2011ء کو ایکسچینج کو ہدایت کی ہے کہ وہ اس بات کو یقینی بنائیں کہ ڈیو لیٹریڈ وارنٹس میں رجسٹرڈ ممبرز کے کپیولڈ انٹر نیشنل ڈیو لیٹریڈ (CNIC) نمبرز لازماً موجود ہوں۔ جن ممبرز نے اب تک اپنے دست کیپیولڈ انٹر نیشنل ڈیو لیٹریڈ کارڈ (این/این/این) (کارڈ ہارڈی اداروں کی صورت میں) کی تصدیق قبول فرما نہیں کی ہیں ان سے درخواست ہے کہ وہ قبول برآمدات شیڈز رجسٹرڈ کو نوٹ کر دیا جائے تاکہ برآمدات کی رسائی ہو۔

xxiv) فانس ایکٹ 2016ء کے سیکشن 150 کے تحت ڈیویڈنڈ انکم پر دوہرہ ٹیکس کی نظر ثانی

ازرا و کر و ہن فیض فرمالیں کہ انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 کے تحت اور ٹاس ایکٹ 2016ء کے مطابق دیو پٹر انکم پر ”فاکٹر“ اور ”جان فاکٹر“ شیئر ہولڈرز کیلئے دو ہولڈنگ ٹیکس پالٹریب %12.5 اور %20 کے حساب سے کالے جائیگا۔ فیڈرل بورڈ آف ریونیو (FBR) کی وصول شدہ ٹیکس فیصلے کے مطابق بنیادی شیئر ہولڈرز کے ساتھ ساتھ مشترکہ اکاؤنٹس کی حکومت میں مشترکہ ہولڈرز کے فاکٹر/ جان فاکٹر انٹیلیٹس پر دو ہولڈنگ ٹیکس ان کے شیئر ہولڈنگ حساب کی بنیاد پر علیحدہ سے مقرر کیا جائے گا۔

اس سلسلے میں اُن تمام شیئرز ہولڈرز سے جن کے شیئرز (مشترک) ہیں درخواست کی جاتی ہے کہ اُن کے پاس موجود شیئرز کے لحاظ سے بنیادی شیئرز ہولڈرز اور مشترک ہولڈرز (ز) کے شیئرز ہولڈنگ کا حساب ہمارے شیئرز رجسٹر اراکوتھری میں بطور پر درج ذیل کے مطابق فراہم کریں:

فولی/ای وی ایس اکاؤنٹ نمبر	نوش شینرز	بنیادی شینر ہولڈر	مشترک شینر ہولڈر
		نام اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر شینر ہولڈنگ کا تناسب (شینرز کی تعداد)	نام اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر شینر ہولڈنگ کا تناسب (شینرز کی تعداد)

مطلوبہ معلومات ہمارے شیئر رجسٹرز کو 06 اپریل 2017 تک لازماً پہنچانی جائیں گی ورنہ یہ سمجھا جائے گا کہ بنیادی شیئر ہولڈر اور مشترک ہولڈرز (ز) مساوی شیئرز کے حامل ہیں۔

لہذا شیئر ہولڈرز سے درخواست ہے کہ وہ اندر ذیل کمز FBR کی ویب سائٹ <http://www.fbr.gov.pk> پر دستیاب ایڈیکسٹیکسٹرز لسٹ (ATL) سے اپنے فائل نمائش کا جائزہ لیں اور اسے یقینی بنانے کے ساتھ ساتھ اس بات کو بھی یقینی بنائیں کہ ان کا کمپیوٹر اندر قومی شناختی کارڈ / پاسپورٹ نمبر شرکت کنندہ / ایویٹر کا ڈیفٹ سرورس یا شیئر رجسٹر (فونیکل شیئر ہولڈنگ کی صورت میں) کی جانب سے درج کروادیا گیا ہے۔ کارپوریٹ ہاؤز (انٹراوی شیئر ہولڈرز) اس بات کو لازماً یقینی بنائیں کہ ان کے نام اور رجسٹریشن نمبرز (NTN) فیڈرل بورڈ آف ریونیو کی ویب سائٹ پر ATL میں موجود ہیں اور متعلقہ شرکت کنندہ / ایویٹر کا ڈیفٹ سرورس یا فونیکل شیئر ہولڈنگ کی صورت میں جبکہ کے شیئر رجسٹر ادر کی جانب سے درج کروادے گئے ہیں۔

اطلاع برائے اسٹھواں سالانہ اجلاس عام

اطلاع دی جاتی ہے کہ جنٹیل بینک آف پاکستان ("بینک") کا اسٹھواں سالانہ اجلاس عام ("AGM") مورخہ 30 مارچ 2017ء بروز جمعرات (پاکستان کے معیاری وقت کے مطابق) صبح 09:30 بجے گرینڈ ہال روم، پرنسپل ہسٹل، کراچی میں منعقد کیا جائے گا۔

اجلاس میں درج ذیل امور انجام دیے جائیں گے:

عمومی کارروائی:

- 1- 30 مارچ 2016ء کو کراچی میں ہونے والے شیئر ہولڈرز کے سالانہ اجلاس عام کی کارروائی کی توثیق۔
- 2- 31 دسمبر 2016ء کو ختم ہونے والے سال کیلئے جنٹیل بینک آف پاکستان کے سالانہ آڈٹ شدہ مالی گوشواروں اور جنٹیل بینک آف پاکستان اور اس کے ذیلی اداروں کے الحاق شدہ اکاؤنٹس مع ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی اور ان پر غور اور منظوری۔
- 3- 31 دسمبر 2017ء کو ختم ہونے والے سال کیلئے آڈیٹرز کی تقرری اور ان کے معاوضوں کا تعین۔ بورڈ آف ڈائریکٹرز نے میسرز ای وائے فور ڈیوڈز، چارٹرڈ اکاؤنٹنٹس اور میسرز گرانٹ قوونٹن انجمن جن، چارٹرڈ اکاؤنٹنٹس کی 31 دسمبر 2017ء کو ختم ہونے والے سال کیلئے بینک کے آڈیٹرز کے طور پر ریٹائر ہونے والے آڈیٹرز کو دی جانے والی فیس پر ہی تقرری کی سفارش کی ہے۔
- 4- 31 دسمبر 2016ء کو ختم ہونے والے سال کیلئے بورڈ آف ڈائریکٹرز کی سفارش کے بموجب 7.50 روپے فی شیئر یعنی 75% کی شرح سے کیش ڈیویڈنڈ کے بارے میں غور اور اس کی منظوری (حکومت پاکستان کی منظوری سے مشروط)۔
- 5- 31 دسمبر 2016ء کو ختم ہونے والے سال کیلئے بورڈ آف ڈائریکٹرز کی سفارش کے بموجب 178(1) کے مطابق بورڈ آف ڈائریکٹرز کی مقرر کردہ اساسی کی رو سے ڈائریکٹر کے عہدے پر اپنی مدت پوری کرنے والے جناب طارق کرمائی کی جگہ پر انٹیمٹ شیئر ہولڈرز میں سے ایک (01) ڈائریکٹر کا عرصہ تین سال کیلئے انتخاب۔ ریٹائر ہونے والے ڈائریکٹر دہادہ انتخاب میں حصہ لینے کے اہل ہیں۔

خصوصی کارروائی:

- 6- برقی شکل میں سالانہ نیٹلس شیٹ، نفع اور نقصان کھاتہ، آڈیٹرز رپورٹ، ڈائریکٹرز رپورٹ اور مخفی گوشواروں (نوٹس) و دستاویزات ("سالانہ ڈیٹا اکائٹس") مع جنٹیل بینک آف پاکستان کے سالانہ اجلاس عام کے نوٹس کی شیئر ہولڈرز کو ان کے رجسٹرڈ پتے پر CD/DVD/USB کے ذریعے ترسیل کی منظوری برخلاف مذکور سالانہ ڈیٹا اکائٹس کی بارڈر کاپی کی ترسیل جیسا کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے SRO 470(1)/2016 میں واضح کیا گیا ہے۔
- 7- چیئرمین کی اجازت سے کسی دیگر معاملے پر کارروائی۔

محکم بورڈ
سیکرٹری (بورڈ)

کراچی
08 مارچ 2017ء

نوٹس:

- (i) بینک کی شیئر ٹرانسفرنگس 23 مارچ 2017ء سے 30 مارچ 2017ء تک (شمول دونوں ایام) بند رہیں گی۔ تاہم بینک کے رجسٹرڈ مورخہ 22 مارچ 2017ء تک کاروباری اوقات ختم ہونے سے پہلے وصول ہونے والے ٹرانسفرز کو 30 مارچ 2017ء کو منعقد ہونے والے سالانہ اجلاس میں حاضری کے سلسلے میں بروقت تصدیق کیا جائے گا۔
- (ii) بینک کی شیئر ٹرانسفرنگس 07 اپریل 2017ء سے 14 اپریل 2017ء تک (شمول دونوں ایام) بند رہیں گی۔ تاہم ہمارے شیئر رجسٹراری میسرز سیٹیلر ڈیپازٹری کمپنی آف پاکستان لمیٹڈ، سی ڈی سی ہاؤس B-99، بلاک "B" SMCHS، مین شارع فیصل، کراچی-74400 کو مورخہ 06 اپریل 2017ء تک کاروباری اوقات ختم ہونے سے پہلے وصول ہونے والے ٹرانسفرز کو 31 دسمبر 2016ء کو ختم ہونے والے سال کے 75% کیش ڈیویڈنڈ کے استحقاق کے سلسلے میں بروقت تصدیق کیا جائے گا۔
- (iii) ڈائریکٹر کے عہدے کیلئے انتخاب لڑنے کے خواہشمند فرد کیلئے ضروری ہے کہ بینک کے کم از کم دس ہزار روپے مالیت کے غیر رہن شدہ شیئر (1000 شیئرز بحساب 10 روپے فی شیئر) اس کی ذاتی ملکیت ہوں۔ ایسے شیئر ہولڈر کو چاہیے کہ انٹرنیشنل 1984ء کی حق (3) 178 کے تحت خود کو ڈائریکٹر کے انتخاب کیلئے بطور امیدوار پیش کرنے کے ارادے کا نوٹس 15 مارچ 2017ء یعنی انتخاب کیلئے منعقد ہونے والے اجلاس سے 14 دن پہلے شام 5:30 تک بینک میں جمع کروادے۔ اس حوالے سے لسٹنگ ریگولیشنز این بی پی آر ٹینس اور اسٹیٹ بینک آف پاکستان، بی پی آر ٹی سرکلر نمبر 4 بتاریخ 23 اپریل 2007ء کے مطابق ایک حلف نامہ بھی جمع کروانا ہوگا۔
- (iv) اسٹیٹ بینک آف پاکستان کے ("ایس بی پی") سرکلرز، ریگولیشنز، ڈائریکٹرز، لیٹرز، ہدایات اور دیگر قواعد جاری ہونے والے دیگر احکامات ("ایس بی پی ڈائریکٹرز") کے مطابق یہ واضح کیا جاتا ہے کہ کوئی بھی شخص جو ڈائریکٹر کے عہدے کا انکیشن لڑنا چاہتا ہے بینک کے ذریعے میٹنگ کی تاریخ سے 14 دن پہلے حلف نامے کے ساتھ کاندھاتہ حق کروادے۔ ایس بی پی کے مجوزہ حلف نامے پر درج کر کے وہ (i) کسی غیر قانونی سرگرمی خصوصاً بینک سے متعلق کسی بزنس میں ملوث نہیں ہے/نہیں رہا ہے (ii) ذاتی طور پر یا ملکی معاملات میں یا کسی شرابی فرم یا کسی یا کسی طرح سے بینک کیلئے کھلی یا کسی لسنڈ بینک کھلی یا کسی لسنڈ بینک کھلی کا حصہ دار نہیں رہا (iii) بطور مالک، پارٹنر، ڈائریکٹر یا شیئر ہولڈر، کسی مالی ادارے کا ذمہ دار نہ ہو اور یا کسی قسم کے بکنس کی ادائیگی میں تاخیر نہ ہو (iv) ڈائریکٹر کے عہدے کے خواہاں ایسے افراد جو رجسٹرڈ ایسٹ ایٹل آڈیٹر/ریسرچ ایٹل یا ٹریڈر (i) کیلئے کھلی شرائط کے مطابق معاوضہ کیلئے موزوں نہیں ہیں۔ مزید یہ کہ وہ کسی دوسرے بینک/ڈی ایف آئی کا ڈائریکٹر یا موجودہ چیئرمین/ڈائریکٹر/ای ای او/ای ایف او/چیف ایگزیکٹو آڈیٹر/ریسرچ ایٹل یا ٹریڈر (ii) کیلئے کھلی (فرم یا سول پروپرائٹرشپ) (ب) اسٹاک ایکسچینج کا ممبر (ج) کارپوریٹ بروکرنگ ہاؤس اور (د) کسی بھی کمپنی/ادارے جو مذکورہ افراد کی ملکیت ہوں یا وہ اس کے سربراہ ہوں جیسا کہ (i) تا (ج) میں واضح کیا گیا ہے نہ ہو۔
- (v) امیدوار کیلئے ضروری ہے کہ وہ این بی پی آر ٹینس 1949ء کے سیکشن 17 کے سب سیکشن (1) کے تحت انتخاب کا اہل ہو جائے اور سب سیکشن (2) کے تحت نااہل نہ ہو۔
- (vi) اس امر کا تصدیق نامہ ممبری درکار ہوگا کہ امیدوار SBP پروڈیٹل ریگولیشنز کے تحت ڈائریکٹر کیلئے مقررہ "فٹ اینڈ پرائیویٹ" کی مطلوبہ شرائط پر پورا اترتا/پوری اترتی ہیں۔ یہ تصدیق نامہ SBP کے BPRD سرکلر نمبر 4 مورخہ 23 اپریل 2007ء کے II & I Annexure کے ہمراہ جمع کرنا ہوگا۔ امیدواروں کو 2015ء کے SBP کے BPRD سرکلر نمبر 5 مورخہ 12 مارچ 2015ء کے تحت درکار تمام دستاویزات، کاندھاتہ توثیقات جمع کروانی ہوں گی۔

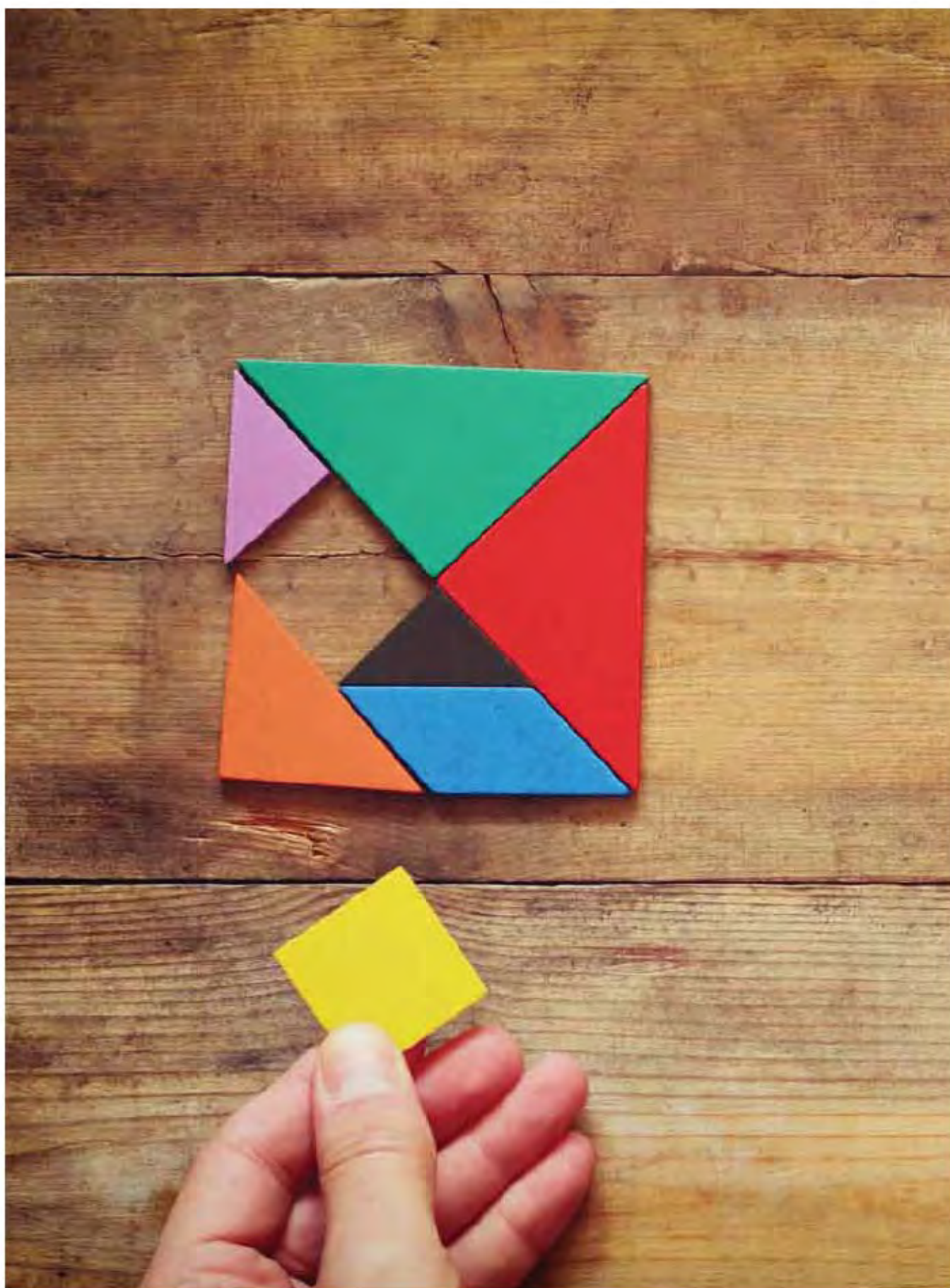
- NBP is at the nation's service with the widest branch network throughout the country

- Presence in 18 countries with 23 branches and 3 representative offices

- One of the largest trade finance banks of Pakistan

- NEP is one of the nation's most profitable financial institutions

With AAA/A-1+ (Triple A/A-One Plus) rating and 1,448 branches in Pakistan, 21 overseas branches and various representative offices worldwide, including a unique footprint in South Asia, Central Asia, the Middle East, Europe and the USA, NBP is an ideal business partner for individuals, corporates and institutions around the globe.





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.

EY Ford Rhodes
Chartered Accountants

Engagement Partner:
Arslan Khalid

Karachi
Dated: February 22, 2017

Grant Thornton Anjum Rahman
Chartered Accountants

Engagement Partner:
Khaliq-ur-Rahman

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

2015	2016		2016	2015	
US Dollars in '000		Note	Rupees in '000		
ASSETS					
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
LIABILITIES					
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
NET ASSETS					
REPRESENTED BY					
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	1,147,393			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
CONTINGENCIES AND COMMITMENTS					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 PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2016

2015	2016		Note	2016	2015
US Dollars in '000				Rupees in '000	
1,086,649	1,093,731	Mark-up / return / interest earned	23	114,402,671	113,661,831
573,056	569,590	Mark-up / return / interest expensed	24	59,578,235	59,940,895
513,593	524,141	Net mark-up / interest income		54,824,436	53,720,936
101,579	6,549	Provision against non-performing advances - net	10.3	685,057	10,625,053
12,610	(13,254)	(Reversal of provision) / provision for diminution in the value of investments - net	9.9	(1,386,314)	1,319,016
-	-	Bad debts written off directly		-	-
(1,173)	-	Reversal of provision against off balance sheet obligations	18.1	-	(122,686)
113,016	(6,705)			(701,257)	11,821,383
400,577	530,846	Net mark-up / interest income after provisions		55,525,693	41,899,553
		NON MARK-UP / INTEREST INCOME			
118,498	141,813	Fee, commission and brokerage income		14,833,449	12,394,723
31,164	28,670	Dividend income		2,998,821	3,259,736
44,435	20,835	Income from dealing in foreign currencies	25	2,179,289	4,647,844
120,407	81,009	Gain on sale and redemption of securities - net	26	8,473,391	12,594,424
57	(645)	Unrealized (loss) / gain on revaluation of investments classified as held-for-trading	9.10	(67,457)	5,924
19,893	14,810	Other income	27	1,549,113	2,080,776
334,454	286,492	Total non mark-up / interest income		29,966,606	34,983,427
735,031	817,338			85,492,299	76,882,980
		NON MARK-UP / INTEREST EXPENSES			
402,687	448,796	Administrative expenses	28	46,943,418	42,120,439
14,097	10,503	Other provisions / write offs	13.A / 18.2	1,099,562	1,474,478
693	2,955	Other charges	29	309,084	72,455
417,477	462,254	Total non mark-up / interest expenses		48,351,084	43,667,372
317,554	355,084			37,141,215	33,215,608
-	-	Extra ordinary / unusual items		-	-
317,554	355,084	PROFIT BEFORE TAXATION		37,141,215	33,215,608
139,360	91,215	Taxation - Current		9,540,915	14,576,847
21,974	12,847	- Prior year(s)		1,343,826	2,298,465
(27,521)	33,501	- Deferred		3,504,189	(2,878,568)
133,813	137,563		30	14,388,930	13,996,744
183,741	217,521	PROFIT AFTER TAXATION		22,752,285	19,218,864

— US Dollar —
— Rupees —

0.09	0.10	Basic and diluted earnings per share	31	10.89	9.03
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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. Alawala
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
		Other comprehensive income:			
		<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)	Other comprehensive income / (loss) - net of tax		(2,906,684)	(1,981,593)
164,796	189,732	Comprehensive income transferred to equity		19,845,601	17,237,271
		Components of comprehensive income not reflected in equity:			
		<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)

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 CASH FLOW STATEMENT

For the year ended December 31, 2016

2015	2016		2016	2015
US Dollars in '000		Note	Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES				
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
CASH FLOWS FROM INVESTING ACTIVITIES				
(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		669,430	6,518,102
228	1,758		183,876	24,007
(2,753,268)	(509,616)		(53,305,078)	(287,987,556)
CASH FLOWS FROM FINANCING ACTIVITIES				
(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
Total comprehensive income for the year							
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
Transferred from surplus on revaluation of operating fixed assets	-	-	-	-	-	119,934	119,934
Transfer to statutory reserve	-	-	1,921,886	-	-	(1,921,886)	-
Transfer to general loan loss reserve	-	-	-	12,000,000	-	(12,000,000)	-
Transactions with owners, recorded directly in equity							
Cash dividend paid for the year ended December 31, 2014 (Rs. 5.5 per share)	-	-	-	-	-	(11,701,322)	(11,701,322)
Balance as at December 31, 2015	21,275,131	8,148,085	24,911,289	12,000,000	521,338	49,155,590	116,011,433
Total comprehensive income for the year							
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
Transferred from surplus on revaluation of operating fixed assets	-	-	-	-	-	113,937	113,937
Transfer to statutory reserve	-	-	2,275,229	-	-	(2,275,229)	-
Transactions with owners, recorded directly in equity							
Cash dividend paid for the year ended December 31, 2015 (Rs. 7.5 per share)	-	-	-	-	-	(15,956,348)	(15,956,348)
Balance as at December 31, 2016	21,275,131	7,092,485	27,186,518	12,000,000	521,338	51,939,151	120,014,623

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

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. It's 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.

h) Provision against contingencies

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

	Note	2016 Rupees in '000	2015
6. CASH AND BALANCES WITH TREASURY BANKS			
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
7. BALANCES WITH OTHER BANKS			
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
8. LENDINGS TO FINANCIAL INSTITUTIONS			
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	121,862,899	7,868,016
Less: Provision held against lendings	8.2	(173,500)	(173,500)
		121,709,399	7,694,516

8.1 Particulars of lendings - gross

In local currency	121,862,899	7,868,016
In foreign currencies	-	-
	121,862,899	7,868,016

8.2 Movement in provision held against lendings is as follows:

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 Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	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
	113,960,886	-	113,960,886	4,633,316	-	4,633,316

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:

Held-for-trading securities

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	-	-	-
Total held-for-trading securities	10,047,510	-	10,047,510	1,469,140	-	1,469,140

Available-for-sale securities

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
Total available-for-sale securities		597,100,304	4,032,484	601,140,788	637,565,016	10,307,383	647,872,399

Held-to-maturity securities

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
Total held-to-maturity securities	9.3	241,250,440	-	241,250,440	141,631,960	-	141,631,960

Investments in associates

	9.5	4,362,391	-	4,362,391	5,251,821	-	5,251,821
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Investments in joint ventures	9.6	2,362,433	-	2,362,433	2,362,433	-	2,362,433
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Investments in subsidiaries	9.8	4,406,750	-	4,406,750	4,406,750	-	4,406,750
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Investments at cost		859,537,828	4,032,484	863,570,312	792,687,120	10,307,383	802,994,503
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Less: Provision for diminution in value of investments	9.9	(17,404,984)	-	(17,404,984)	(19,432,226)	-	(19,432,226)
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Investments (cost net of provisions)		842,132,844	4,032,484	846,165,328	773,254,894	10,307,383	783,562,277
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Unrealized gain / (loss) on revaluation of investments classified as held-for-trading	9.10	(67,457)	-	(67,457)	5,924	-	5,924
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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
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Total investments - at carrying value		882,737,226	4,393,523	887,130,749	818,935,513	10,310,385	829,245,898
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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	Note	2016 Rupees in '000	2015
9.2 Investments by segments			
Federal Government Securities			
- 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
		741,136,160	706,955,445
Foreign Government Securities		25,626,269	21,383,787
Fully Paid up Ordinary Shares	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
		25,102,654	24,628,716
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates, Musharika and Sukuk Bonds			
- Listed		4,172,411	2,449,349
- Unlisted		51,821,496	31,032,365
		55,993,907	33,481,714
Foreign Currency Debt Securities		2,733,348	2,690,902
Other Investments			
- Investments in mutual funds		1,212,740	986,275
- Preference Shares		633,660	846,660
Investments in associates	9.5	4,362,391	5,251,821
Investments in joint ventures	9.6	2,362,433	2,362,433
Investments in subsidiaries	9.8	4,406,750	4,406,750
Total investments at cost		863,570,312	802,994,503
Provision for diminution in value of investments	9.9	(17,404,984)	(19,432,226)
Investments (cost net of provisions)		846,165,328	783,562,277
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
Total investments - at carrying value		897,130,749	829,245,898

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

			2016	2015
			Rupees in '000	
			Note	
Unlisted Shares	Number of shares	Percentage of holding		
Pakistan Emerging Venture Limited	12,500,000	33.33		50,563
Information System Associates Limited	2,300,000	-		1,719
National Fructose Company Limited	1,300,000	39.50		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
Tharparkar Sugar Mills Limited	2,500,000	21.52		-
Youth Investment Promotion Society	644,508	25.00		-
Dadabhoi Energy Supply Company Limited	9,900,000	23.11		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		90,000
Prudential Fund Management Limited	150,000	20.00		-
			240,522	225,702
Listed Shares				
First Credit and Investment Bank Limited	20,000,000	30.77		157,429
National Fibres Limited	17,030,231	20.19		-
Land Mark Spinning Mills Limited	3,970,859	32.79		39,710
S.G. Fibres Limited	3,754,900	25.03		218,535
Nina Industries Limited	4,906,000	20.27		49,060
AgriTech Limited	105,772,510	26.95	9.5,1	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)
				1,296,012

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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
Dadabhoi Energy Supply Company Limited	June 30, 2007	103,952
Pakistan Mercantile Exchange Limited	June 30, 2015	(40,884)

	Note	2016 Rupees in '000	2015 Rupees in '000
9.6 Investments in joint venture			
United National Bank Limited (UNBL) (incorporated in United Kingdom)	9.6.1	2,162,433	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

		2016				
	Based on the financial statements as on	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	322,896	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				
	Based on the financial statements as on	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	1,687,212	(2,122,870)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

9.8 Investments in subsidiaries

	Note	Percentage of holding	2016 Rupees in '000	2015 Rupees in '000
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
			4,406,750	4,406,750
Less: Provision for diminution in value of investments	9.9.1 / 9.9.2		(1,010,186)	(720,420)
			3,396,564	3,686,330

	Note	2016 Rupees in '000	2015 Rupees in '000
9.9 Particulars of provision for diminution in value of investments			
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	17,404,984	19,432,226

	Note	2016 Rupees in '000	2015 Rupees in '000
9.9.1 Particulars of provision in respect of type			
Available-for-sale securities			
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
Held-to-maturity securities			
Debentures, Bonds, Participation Term Certificates, and Term Finance Certificates		604,979	619,324
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
		17,404,984	19,432,226

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	Note	2016 Rupees in '000	2015
9.9.2 Particulars of provision in respect of segments			
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
		17,404,984	19,432,226

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
9.10 Unrealized gain / (loss) on revaluation of investments classified as held-for-trading		
Ordinary shares of listed companies	1,064	-
Federal Government securities	(68,521)	5,924
	(67,457)	5,924

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
		760,988,433	674,770,405
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		8,850,857	8,664,566
Payable outside Pakistan		8,437,549	7,387,939
		17,288,206	16,052,505
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		667,389,455	578,122,160
10.1 Particulars of advances - gross			
10.1.1 In local currency		721,841,313	612,782,174
In foreign currencies		59,634,455	78,840,388
		781,475,768	691,852,112
10.1.2 Short-term (for upto one year)		377,718,588	498,788,527
Long-term (for over one year)		403,757,180	192,834,035
		781,475,768	691,852,112

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

- 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

Category of Classification	2015								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Other Assets Especially Mentioned	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	(286,382)	(11,381)	(297,763)	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)	-	(595,227)	-	(595,227)
Transfer from investments	9.9	284,000	-	-	-	-
Transfer from off balance sheet obligations	18.1	-	-	1,494,692	-	1,494,692
Other transfer	-	-	-	-	-	-
Amount charged off	10.4.4	(87,256)	(87,256)	(18,227)	-	(18,227)
Amounts written off	10.5	(286,672)	(286,672)	(12,690)	-	(12,690)
Closing balance	109,655,106	2,964,361	112,619,467	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	4,289,941	83,998,199	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	4,451,206	114,106,312	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.

	Note	2016 Rupees in '000	2015 Rupees in '000
10.5 Particulars of write offs			
10.5.1 Against provisions	10.3	266,672	12,690
10.5.2 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 Rupees in '000	2015 Rupees in '000
10.7 Particulars of loans and advances to directors, associated companies, etc.		
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	(4,313,632)	(3,808,486)
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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For the year ended December 31, 2016

	Note	2016 Rupees in '000	2015
11. OPERATING FIXED ASSETS			
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
		32,900,778	31,706,237

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
	1,545,405	1,348,323

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							
Owned								
Land								
- 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
Buildings on land:								
- 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
	37,050,268	2,743,140 (291,627) (5,374)	39,496,408	7,399,548	1,924,967 (273,660) -	9,050,855	30,445,552	
Assets held under finance lease								
Vehicles	172,983	- (7,730)	165,253	114,051	33,051 (7,729)	139,373	25,880	20% on cost
2016	37,223,252	2,743,140 (299,357) (5,374)	39,661,661	7,513,599	1,958,018 (281,389) -	9,190,228	30,471,432	

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	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 / (deletions) / (adjustments)	Revaluation			At December 31, 2015
Rupees in '000										
Owned										
Land										
- 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
			-							
			-							
Buildings on land:										
- freehold	2,867,308	-	37,113	2,904,421	147,761	145,433	-	293,194	2,611,227	5% on book value
			-				-			
			-							
- leasehold	2,677,796	-	63,569	2,741,365	111,672	116,585	-	228,257	2,513,108	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	925,262	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	489,391	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	1,324,671	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	199,510	20% on cost
	39,258,149	-	1,527,558 (85,353) (3,650,085)	37,050,269	9,762,797	1,210,865 (72,822) (3,491,292)	-	7,399,548	29,650,722	
Assets held under finance lease										
Vehicles	154,390	-	40,250 (28,454) 6,797	172,983	131,024	9,231 (26,204)	-	114,051	58,932	20% on cost
2015	39,412,539	-	1,567,808 (113,807) (3,643,288)	37,223,262	9,893,821	1,220,096 (99,026) (3,491,292)	-	7,513,599	29,705,664	

11.3 Intangible assets

	Cost			Accumulated amortization			Book value at	Rate of amortization
	At		At	At		At		
	January 1, 2016	Additions adjustments	December 31, 2016	January 1, 2016	Charge for the year	December 31, 2016		
	Rupees in '000							
Core Banking Application	1,700,538	524,727 77,931	2,303,196	1,052,276	716,474	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	1,052,276	738,943	1,791,221	883,941	
							-	

	Cost			Accumulated amortization			Book value at	Rate of amortization
	At		At	At		At		
	January 1, 2015	Additions	December 31, 2015	January 1, 2015	Charge for the year	December 31, 2015		
	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	
12. DEFERRED TAX ASSETS - net			
Deductible temporary difference on:			
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>
Taxable temporary differences on:			
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						
Deferred tax assets arising in respect of:							
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
Less: Deferred tax (liabilities) arising in respect of:							
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)
Net deferred tax assets	9,877,509	2,878,567	(3,086,717)	9,669,359	(3,504,189)	(1,029,525)	5,135,645

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

13. OTHER ASSETS

Income / mark-up accrued in local currencies		23,224,351	28,523,593
Income / mark-up accrued in foreign currencies		1,851,422	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
		84,216,195	84,965,969
Less: Provision held against other assets	13.4	6,441,073	6,070,807
Other assets (net of provision)		77,775,122	78,895,162

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- 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 Rupees in '000	2015
13.4 Provision against other assets			
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

13.4.1 This mainly includes provision made on account of financial improprieties

13.5 Reconciliation of compensation for delayed tax refunds

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

14. BILLS PAYABLE

In Pakistan		10,152,968	8,958,569
Outside Pakistan		34,282	213,047
		10,187,250	9,171,616

15. BORROWINGS

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

15.1 Particulars of borrowings with respect to currencies

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

15.2 Details of borrowings

Secured

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

Unsecured

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

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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 Rupees in '000	2015 Rupees in '000
16. DEPOSITS AND OTHER ACCOUNTS			
Customers			
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
Financial Institutions			
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
16.1 Particulars of deposits			
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

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	Note	2016 Rupees in '000	2015
18. OTHER LIABILITIES			
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
		86,584,063	75,854,704

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		627,494	627,494

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		3,546,841	2,818,525

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

Following shares were held by subsidiary and associates of the Bank as of year end:

First Credit & Investment Bank Limited
Taurus Securities Limited

2016
Number of shares

40,000	70,000
-	11,475
40,000	81,475

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.

20. SURPLUS ON REVALUATION OF ASSETS - net

Available-for-sale securities
Operating fixed assets
Non-banking assets

Note
2016
Rupees in '000

20.1	33,938,753	30,573,561
20.2	21,652,544	21,766,481
	1,126,856	-
	56,718,153	52,340,042

20.1 Surplus / (deficit) on revaluation of available-for-sale securities - net of tax

Federal Government Securities
Term Finance Certificates and Sukuks
Shares and mutual funds
GoP Foreign Currency Bonds
Foreign Currency Debt Securities
Investment outside Pakistan

Deferred tax liability

	4,311,723	9,109,036
	281,349	59,187
	37,308,676	26,089,659
	306,362	288,428
	54,677	39,306
	8,770,091	10,092,101
9.1	51,032,878	45,677,697
12	(17,094,125)	(15,104,136)
	33,938,753	30,573,561

20.2 Surplus on revaluation of operating fixed assets - net of tax

Surplus on revaluation on January 1,
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
Related deferred tax liability

Less: Related deferred tax liability on:

Revaluation as at January 1,
Revaluation of Bank's properties during the year
Incremental depreciation charged during the year transferred to profit and loss account

Surplus on revaluation on December 31,

	23,002,503	23,187,017
	-	-
	(113,937)	(119,934)
	(61,351)	(64,580)
	(175,288)	(184,514)
	22,827,215	23,002,503
	1,236,022	1,300,602
	-	-
	(61,351)	(64,580)
12	1,174,671	1,236,022
	21,652,544	21,766,481

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
	39,954,850	38,760,792

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
	52,234,321	38,539,419

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
	380,710,380	285,088,985

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)].

14,238,035	17,262,022
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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

For the year ended December 31, 2016

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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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 godown 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

For the year ended December 31, 2016

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	
21.5 Commitments in respect of forward exchange contracts		
Purchase	145,531,852	273,199,134
Sale	90,986,181	183,645,395
21.6 Commitments for the acquisition of operating fixed assets	1,094,029	1,999,488
21.7 Other commitments		
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

For the year ended December 31, 2016

	2016	2015
	Rupees in '000	
23. MARK-UP / RETURN / INTEREST EARNED		
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
	Rupees in '000	
26. GAIN ON SALE AND REDEMPTION OF SECURITIES - net		
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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		2016	2015
	Note	Rupees in '000	
28. ADMINISTRATIVE EXPENSES			
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
		46,943,418	42,120,439

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
29. OTHER CHARGES			
Penalties imposed by the SBP		309,084	72,455
30. TAXATION			
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
31. BASIC AND DILUTED EARNINGS PER SHARE			
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
32. CASH AND CASH EQUIVALENTS			
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

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

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

	Note	2016	2015
		Rupees in '000	
34.1.2 Net defined benefit liability - pension fund			
Present value of defined benefit obligation		54,855,012	46,819,562
Fair value of plan assets		(44,999,186)	(38,384,230)
	18	9,855,826	8,435,332

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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
Included in profit and loss						
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
Included in other comprehensive income						
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
Others						
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
Fair value of plan assets

	2016	2015
	Rupees in '000	
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

For the year ended December 31, 2016

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
Included in profit and loss						
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
Included in other comprehensive income						
- 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
Others						
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	
34.1.4 Net defined benefit liability - Benevolent Scheme			
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
Included in profit and loss						
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
Included in other comprehensive income						
- 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
Others						
Benefits paid	(106,476)	(85,986)	-	-	(106,476)	(85,986)
Balance as at December 31,	1,977,230	1,830,831	-	-	1,977,229	1,830,831

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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

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
Included in profit and loss						
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
Included in other comprehensive income						
- 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)
Others						
Benefits paid	(69,788)	(25,697)	-	-	(69,788)	(25,697)
Balance as at December 31,	1,298,782	1,001,423	-	-	1,298,782	1,001,423

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

For the year ended December 31, 2016

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

For the year ended December 31, 2016

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
	49,728	71,093	25,863	20,814	8,713,713	6,266,683
	Number					
Number of persons	1	1	7	6	2,396	1,803

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

[illegible]

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						
2016							
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%
2015							
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	264,733,701	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							
Advances								
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							
Deposits								
Key management executives	18,554	360,009	(349,287)	28,838	19,309	303,945	(310,206)	13,048
*Adjustment	(1,258)	-	-	-	5,506	-	-	5,506
	17,316	360,009	(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 (NJDA 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	
Placements with:		
Joint venture	49,541	68,450
Repo borrowing from:		
Joint venture	49,649	399,496
Mark-up receivables from subsidiaries	265,715	195,833
Mark-up receivables from associates	2,071,751	2,064,167
Other receivables from subsidiaries	87,810	84,127
Other payables to subsidiaries	8,726	5,154
Off Balance Sheet items	25,245	-
39.2 Transactions during the year		
Redemption / sale of investment in associates	-	8,518,102
Asset acquired under finance lease	-	40,250
Lease Finance liabilities paid to subsidiary	25,652	10,744
Income for the year		
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
Finance charges paid on lease assets to subsidiary	1,809	2,167
Dividend from Joint Venture	162,934	107,723
Dividend from subsidiary	38,813	428,596
Expenses for the year		
Remuneration to key management executives	260,172	284,564
Charge for defined benefit plan	29,504	41,704
Mark-up on deposits of:		
Subsidiaries	15,547	7,815
Associates	-	-
Provident fund	1,267,100	1,745,016
Pension fund	244,115	503,518
Commission paid to subsidiaries	2,891	22,992
Mark-up on Borrowing (Repo / Call):		
Joint venture	72	106
Commission paid to subsidiaries	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 91,751 Million).

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 Basel III Capital requirements. Also the Basel 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	
Rows # Common Equity Tier 1 capital (CET1): Instruments and reserves		
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 CET 1 before Regulatory Adjustments	100,922,138	95,863,348
10 Total regulatory adjustments applied to CET1 (Note 44.2.1)	5,382,317	4,112,273
11 Common Equity Tier 1	95,539,821	91,751,075
Additional Tier 1 (AT 1) Capital		
12 Qualifying Additional Tier-1 capital instruments plus any related share premium	-	-
13 of which: Classified as equity	-	-
14 of which: Classified as liabilities	-	-
15 Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	-	-
16 of which: instrument issued by subsidiaries subject to phase out	-	-
17 AT1 before regulatory adjustments	-	-
18 Total regulatory adjustment applied to AT1 capital (Note 44.2.2)	-	-
19 Additional Tier 1 capital after regulatory adjustments	-	-
20 Additional Tier 1 capital recognized for capital adequacy	-	-
21 Tier 1 Capital (CET1 + admissible AT1) (11+20)	95,539,821	91,751,075
Tier 2 Capital		
22 Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
23 Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel 3 rules	-	-
24 Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-	-
25 of which: instruments issued by subsidiaries subject to phase out	-	-
26 General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	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	7,082,485	8,148,085
31 Undisclosed/Other Reserves (if any)	-	-
32 T2 before regulatory adjustments	59,003,538	54,727,562
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 Total Tier 2 capital admissible for capital adequacy	37,627,367	37,464,612
38 TOTAL CAPITAL (T1 + admissible T2) (21+37)	133,167,188	129,215,687
39 Total Risk Weighted Assets (RWA) (for details refer Note 44.5)	806,252,356	734,402,774
Capital Ratios and buffers (in percentage of risk weighted assets)		
40 CET1 to total RWA	11.86%	12.49%
41 Tier-1 capital to total RWA	11.86%	12.49%
42 Total capital to total RWA	16.54%	17.59%
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 CET1 available to meet buffers (as a percentage of risk weighted assets)	5.21%	6.24%
National minimum capital requirements prescribed by SBP		
48 CET1 minimum ratio	6.00%	6.00%
49 Tier 1 minimum ratio	7.50%	7.50%
50 Total capital minimum ratio	10.65%	10.25%

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

		2016	Rupees in '000	2015
		Amount	subject to Pre-Base III treatment*	Amounts
Regulatory Adjustments and Additional Information				
40.2.1	Common Equity Tier 1 capital: Regulatory adjustments			
1	Goodwill (net of related deferred tax liability)	883,841	-	648,260
2	All other intangibles (net of any associated deferred tax liability)	955,320	-	-
3	Shortfall in provisions against classified assets	-	-	-
4	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-
5	Defined-benefit pension fund net assets	-	-	-
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	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
40.2.2	Additional Tier-1 & Tier-1 Capital: regulatory adjustments			
23	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	-	-
24	Investment in own AT1 capital instruments	-	-	-
25	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-	-	-
26	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
27	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
28	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Base III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-	-
29	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-
30	Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	-	-	-
40.2.3	Tier 2 Capital: regulatory adjustments			
31	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Base 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
40.2.4	Additional Information			
	Risk Weighted Assets subject to pre-Base III treatment			
37	Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Base 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	-	-	-
	Amounts below the thresholds for deduction (before risk weighting)			
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
	Applicable caps on the inclusion of provisions in Tier 2			
41	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	-	-	-
42	Cap on inclusion of provisions in Tier 2 under standardized approach	-	-	-
43	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	-
44	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-	-
Note: Rows which are not applicable for any institution should be left blank				

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

40.3 Capital Structure Reconciliation

(in thousand PKR)		Balance sheet of the published financial statements	Under regulatory scope of consolidation
		As at period end (2)	As at period end (3)
Assets	(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
Total assets		1,975,705,764	1,975,705,764
Liabilities & Equity			
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
Total liabilities		1,798,972,988	1,798,972,988
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
Total liabilities & equity		1,975,705,764	1,975,705,764

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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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)
Liabilities & Equity			
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	
Total liabilities	1,798,972,988	1,798,972,988	
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	
of which: Unrealized Gains/Losses on AFS	26,472,227	26,472,227	aa
In case of Deficit on revaluation (deduction from CET1)	-	-	ab
Total liabilities & Equity	1,975,705,763	1,975,705,763	

Basel III Disclosure Template

Table: 40.3.3		Component of regulatory capital reported by bank	Source based on reference number from step 2
Common Equity Tier 1 capital (CET1): Instruments and reserves			
1	Fully Paid-up Capital/ Capital deposited with SGP	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 profit/ (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	CET 1 before Regulatory Adjustments	100,922,138	
Common Equity Tier 1 capital: Regulatory adjustments			
9	Goodwill (net of related deferred tax liability)	-	(j) - (o)
10	All other intangibles (net of any associated deferred tax liability)	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

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 Common Equity Tier 1	95,539,821	
Additional Tier 1 (AT 1) Capital		
32 Qualifying Additional Tier-1 instruments plus any related share premium	-	
33 of which: Classified as equity	-	(t)
34 of which: Classified as liabilities	-	(m)
35 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
36 of which: instrument issued by subsidiaries subject to phase out	-	
37 AT1 before regulatory adjustments	-	
Additional Tier 1 Capital: regulatory adjustments		
38 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
39 Investment in own AT1 capital instruments	-	
40 Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
41 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
42 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
43 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Base I treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	
44 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
45 Total of Regulatory Adjustment applied to AT1 capital (sum of 38 to 44)	-	
46 Additional Tier 1 capital	-	
47 Additional Tier 1 capital recognized for capital adequacy	-	
48 Tier 1 Capital (CET1 + admissible AT1) (31+47)	95,539,821	
Tier 2 Capital		
49 Qualifying Tier 2 capital instruments under Base I plus any related share premium	-	
50 Capital instruments subject to phase out arrangement from tier 2 (Pre-Base I 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 (am)
56 of which: Unrealized Gains/Losses on AFS	26,472,227	
57 Foreign Exchange Translation Reserves	7,082,485	(v)
58 Undisclosed/Other Reserves (if any)	-	
59 T2 before regulatory adjustments	58,003,538	
Tier 2 Capital: regulatory adjustments		
60 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Base I 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)	-	(an)
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 Total Tier 2 capital admissible for capital adequacy	37,627,367	
70 TOTAL CAPITAL (T1 + admissible T2) (48+69)	133,167,188	

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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

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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	
Credit Risk				
On-Balance sheet				
<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
Off-Balance sheet				
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
Equity Exposure Risk in the Banking Book				
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
Market Risk				
<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
Operational Risk	13,819,204	12,695,385	138,192,035	126,853,850
TOTAL	80,525,238	73,440,278	805,252,357	734,402,774

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%

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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.

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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.

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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.

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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	3.82	1,114,914	0.24
Others	27,110,622	3.48	384,562,166	23.22	191,404,431	40.46
	781,475,768	100.00	1,657,312,093	100.00	472,899,551	100.00

	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	2,865,856	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
	691,852,112	100.00	1,431,036,598	100.00	362,389,196	100.00

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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
	781,475,768	100.00	1,657,312,093	100.00	472,899,551	100.00

	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
	691,852,112	100.00	1,431,036,598	100.00	362,389,196	100.00

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
	119,416,171	109,655,106	127,280,297	110,765,591

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
	119,416,171	109,655,106	127,280,297	110,765,591

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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
	37,141,215	1,975,705,764	176,732,776	472,899,551

	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
	33,215,608	1,706,361,383	168,351,475	362,389,196

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

For the year ended December 31, 2016

41.3.1 Foreign Exchange Risk

	2016			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
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
	172,603,588	174,923,094	54,545,672	52,226,167
	1,975,705,764	1,798,972,988	-	176,732,776
	2015			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
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
	191,149,155	249,212,510	89,553,739	31,490,384
	1,706,361,383	1,538,009,908	-	168,351,475

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

For the year ended December 31, 2016

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 dependent 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	2016										Non-interest bearing financial instruments	
	Exposed to Yield / Interest risk											
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
Rupees In '000												
On-balance sheet financial instruments												
Assets												
0.0%	159,836,139	13,072,796	-	762,884	-	-	-	-	-	-	146,050,459	
3.5%	13,928,477	8,341,291	1,246,652	765,746	270,286	-	-	-	-	-	3,184,502	
5.6%	121,709,359	114,022,086	-	-	7,687,313	-	-	-	-	-	-	
6.8%	887,130,718	8,638,898	102,447,478	185,775,923	146,089,779	39,675,647	93,478,576	113,067,353	136,477,898	13,837,090	76,641,206	
7.7%	667,389,456	241,779,823	170,449,119	72,629,052	22,570,477	14,664,646	18,585,357	96,530,170	19,991,223	10,189,588	-	
0.0%	56,811,157	-	-	-	-	-	-	-	-	-	56,811,157	
	1,916,705,375	365,804,994	274,143,249	240,954,805	176,617,855	54,340,293	112,063,933	209,597,523	156,468,921	24,026,678	282,667,324	
Liabilities												
0.0%	10,187,250	-	-	-	-	-	-	-	-	-	10,187,250	
5.8%	44,863,930	16,645,042	16,778,323	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	584,587	202,479	-	516,569,989	
	-	-	-	3,774	7,808	10,381	-	-	-	-	-	
8.7%	25,652	-	3,689	-	-	-	-	-	-	-	-	
0.0%	78,421,480	-	-	-	-	-	-	-	-	-	78,421,480	
	1,780,810,404	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	154,831,496	24,026,678	(322,491,395)	
On-balance sheet gap												
Off-balance sheet financial instruments												
	-	-	-	-	-	-	-	-	-	-	-	
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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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									
	Rupees in '000									
Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
Assets										
Cash and balances with treasury banks	150,899,778	13,600,070	-	765,510	-	-	-	-	-	136,534,198
Balances with other banks	20,128,273	11,481,452	243,824	2,166,790	436,173	-	-	-	-	5,800,034
Lending to financial institutions - net	7,694,516	4,633,316	3,061,200	-	-	-	-	-	-	-
Investments - net	829,245,898	173,699,005	184,596,124	41,073,781	217,122,747	29,284,117	51,024,256	43,153,655	1,155,564	65,813,754
Advances - net	578,122,180	215,070,746	96,286,529	80,401,152	48,215,687	23,072,100	26,226,926	32,416,385	7,101,669	-
Other assets	65,964,142	-	-	-	-	-	-	-	-	65,964,142
	1,852,054,767	419,484,983	284,187,577	124,407,233	265,774,607	52,356,217	77,251,182	71,653,461	8,257,233	274,112,128
Liabilities										
Borrowings	9,171,616	-	-	-	-	-	-	-	-	9,171,616
Deposits and other accounts	21,911,180	13,645,008	5,128,290	1,216,826	1,400,200	70,800	227,563	224,403	-	-
Subordinated loans	1,431,036,598	826,354,118	34,189,891	42,118,477	79,443,057	5,851,314	5,086,648	12,446,977	42,847	425,523,269
Liabilities against assets subject to finance lease	35,600	-	2,407	2,466	4,877	11,156	14,894	-	-	-
Other liabilities	69,386,743	-	-	-	-	-	-	-	-	69,386,743
	1,531,641,947	839,999,126	39,298,568	43,337,769	80,848,134	5,933,270	5,329,205	12,671,380	42,847	504,081,628
On-balance sheet gap	120,512,820	(421,514,137)	244,889,069	81,069,464	184,926,473	46,422,947	71,921,977	58,982,081	75,527,193	(229,969,500)
Off-balance sheet financial instruments										
Cross currency swaps	-	-	-	-	-	-	-	-	-	-
Forward purchase of foreign exchange	273,199,134	158,781,120	75,951,727	20,758,840	16,707,446	-	-	-	-	-
Forward sale of foreign exchange	183,645,395	156,607,154	24,618,568	3,716,729	702,914	-	-	-	-	-
Off-balance sheet gap	456,844,526	316,388,274	100,570,325	22,475,569	17,410,360	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap	577,357,346	(105,125,863)	345,459,414	113,545,033	202,336,833	46,422,947	71,921,977	58,982,081	75,527,193	(229,969,500)
Cumulative Yield / Interest Risk Sensitivity Gap		(105,125,863)	240,333,551	343,878,584	546,215,417	592,638,364	664,560,341	723,542,422	798,069,615	577,357,348

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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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									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	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	102,711,962	114,492,994	136,476,697	19,596,087
Advances - net	667,389,455	179,302,672	30,438,008	78,811,474	89,166,434	28,294,756	61,183,873	144,837,515	19,647,321	35,707,402
Operating fixed assets	32,900,778	-	-	-	1,118,864	1,118,864	2,664,269	2,302,148	2,833,497	26,652,143
Deferred tax assets - net	5,135,645	-	-	-	-	-	-	-	-	-
Other assets	77,775,122	13,372,415	14,548,813	9,664,393	1,354,744	23,215,098	13,823,876	1,795,783	-	-
	1,975,705,764	486,104,231	148,678,747	256,801,045	300,111,649	97,937,887	180,363,980	264,775,078	158,957,515	81,955,632
Liabilities										
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	1,494,944	-
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	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	25,652	-	3,689	3,774	7,808	10,381	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	86,584,063	27,044,624	11,283,037	6,847,325	1,396,753	23,428,131	3,428,164	6,670,785	3,242,622	3,242,622
	1,796,972,988	1,344,643,438	105,050,486	107,638,418	157,420,923	31,949,668	26,062,540	18,287,327	4,677,566	3,242,622
Net assets	176,732,776	(858,539,207)	43,628,261	149,162,627	142,690,726	65,988,219	154,321,440	246,487,751	154,279,949	78,713,010
Share capital										
Reserves	21,275,131									
Unappropriated profit	46,800,341									
Surplus on revaluation of assets - net	51,939,151									
	56,718,153									
	176,732,776									

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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

	2015								
	Rupees in '000								
	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
Assets									
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	56,227,042	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	-	26,711,885
Deferred tax assets - net	9,669,359	-	-	-	-	-	2,649,177	7,020,182	-
Other assets	79,895,162	17,347,374	9,895,255	1,278,245	23,933,523	10,308,505	899,263	-	-
	1,706,361,363	261,475,403	164,749,120	309,871,382	93,284,907	119,274,833	97,467,922	78,080,652	64,671,764
Liabilities									
Bills payable	9,171,616	-	-	-	-	-	-	-	-
Borrowings	21,911,190	5,126,260	1,216,826	1,400,200	70,800	227,663	224,402	-	-
Deposits and other accounts	1,431,036,598	55,369,067	99,149,119	58,158,230	16,276,238	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	68,872,133	107,245,052	60,663,144	38,734,416	10,796,701	32,222,586	2,821,212	2,821,214
Net assets	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
Assets										
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	667,369,455	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
Liabilities										
Bills payable	10,187,250	4,474,175	466,021	309,666	4,937,388	-	-	-	-	-
Borrowings	44,863,930	16,645,042	16,778,323	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
Net assets	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								
		Rupees in '000								
		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
Assets										
Cash and balances with treasury banks		150,899,778	101,898,446	3,828,810	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		829,245,998	173,701,386	184,595,963	245,727,700	32,799,063	61,579,652	23,618,507	43,153,655	22,996,191
Advances - net		578,122,160	126,632,115	69,003,000	113,464,169	36,713,841	46,725,070	71,425,548	28,775,545	15,429,823
Operating fixed assets		31,706,237	-	-	947,462	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	5,645,322	25,260,915	23,933,523	10,308,505	899,262	-	-
		1,706,361,383	434,716,139	267,378,119	340,928,890	94,393,889	120,679,462	99,625,687	78,949,382	65,137,899
Liabilities										
Bills payable		9,171,616	4,048,210	518,701	263,382	4,341,323	-	-	-	-
Borrowings		21,911,180	13,645,008	5,126,290	1,216,826	1,400,200	227,663	224,403	-	-
Deposits and other accounts		1,431,036,598	967,633,221	102,105,044	223,750,659	185,095,845	175,047,545	193,670,373	-	-
Sub-ordinated loans		-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease		35,800	-	2,407	2,466	4,877	14,894	-	-	-
Other liabilities		75,854,704	19,086,813	11,389,856	7,509,794	1,099,837	2,964,273	5,785,485	2,821,212	2,821,212
		1,538,009,908	404,413,252	119,142,298	232,743,127	206,192,089	178,254,375	199,680,261	2,821,212	2,821,212
Net assets										
Share capital		168,351,475	30,302,997	148,235,821	(28,191,211)	148,986,808	(57,574,913)	(100,054,574)	76,128,170	62,316,687
Reserves		21,275,131	-	-	-	-	-	-	-	-
Unappropriated profit		45,580,712	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net		49,155,590	-	-	-	-	-	-	-	-
		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	
42.2 Statement of Financial Position			
As at December 31, 2016			
ASSETS			
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
		35,814,030	13,792,851
LIABILITIES			
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
		34,290,154	13,089,399
NET ASSETS		1,523,876	703,452
REPRESENTED BY			
Islamic Banking Fund		1,700,000	800,000
Unappropriated profit		(381,998)	(100,147)
		1,318,002	699,853
Surplus on revaluation of assets - net		205,874	3,599
		1,523,876	703,452
Remuneration to Shariah Board		7,980	4,615
CHARITY FUND			
Opening balance		-	0.13
Additions during the period		-	-
Payment / utilisation during the period		-	(0.13)
Closing balance		-	-
42.2.1 Investments			
Sukuk		13,889,235	1,298,424
Leasing Certificate		2,000,000	-
Provision for diminution in the value of investments		(130,807)	(130,807)
		15,758,428	1,167,617

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016	2015
	Rupees in '000	
42.2.2 Islamic financing and related assets		
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	-	-
	3,390,923	1,029,202
Provision against non-performing financings	(191,794)	(191,794)
	3,199,129	837,408
42.3 Profit and Loss Account for the year ended December 31, 2016		
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)
	673,466	421,538
Provision against advances and investments	-	(3,394)
Provision reversed against advances and investments	-	20,627
	-	17,233
Profit after provision	673,466	438,771
Other income		
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	189,835	68,693
	863,301	507,464
Other expenses		
Administrative expenses	(1,245,299)	(607,611)
Loss for the year	(381,998)	(100,147)
42.4 Unconsolidated Cash Flow Statement For the year ended December 31, 2016		
Cash Flow from Operating Activities		
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)
	126,335	82,670
	(255,663)	(17,477)
(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)
	(20,545,912)	(8,819,546)
(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
	21,605,136	9,772,235
Net cash generated from operating activities	803,561	935,212

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016	2015
	Rupees in '000	
Cash Flow from Investing Activities		
Investment in operating fixed assets	(111,954)	(22,277)
Net cash used in investing activities	(111,954)	(22,277)
Cash Flow from Financing Activities		
Net Cash Flow from Financing Activities	900,000	-
(Decrease) / Increase in cash and cash equivalents	1,591,607	912,935
Cash and cash equivalents at beginning of the year	1,086,611	173,676
Cash and cash equivalents at end of the year	2,678,218	1,086,611

42.5 Allocation of Income and Expenses to Remunerative Depositors' Pool

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
Total Income	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)
Gross Distributable Income	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)
Rab-ul-Maal Share of Profit	813,159	539,216
Rab-ul-Maal Share of Profit is distributed as follows:		
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.

- General depositors pool
- Special depositors pool
- 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/Mudarbas	0.11%
Services	4.69%
Sugar	1.11%
Financial	40.80%
Federal Government	29.24%
Others	0.41%
Total	100.00%

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.

42.9 Mudarib Share	Rupees in '000
Gross distributable income	1,020,346
Mudarib (Bank) share of profit before Hiba	288,603
	Percentage
Mudarib Share	28%

42.10 Hiba from Mudarib share	Rupees in '000
Mudarib (Bank) share of profit before Hiba	288,603
Hiba from bank's share to depositors	81,416
	Percentage
Hiba from bank's share to depositors	28%

42.11 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.

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						
Held-for-trading						
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	-
			275,000	-	63,984	-
Available-for-sale						
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
Amtex 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	Unrated	AA-/A-1	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
Dadabhoi Construction Technologies Limited	Unrated	Unrated	35,390	35,390	-	-
Dadabhoi 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
Balance carried forward			95,877,932	159,874,776	5,220,397	5,564,498

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Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2016	2015	2016	2015
			Rupees in '000			
Balance brought forward			95,877,932	159,874,776	5,220,397	5,564,498
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	-	11,893
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+	-	28,776,785	-	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+	1,068,562	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 & Phillips (Pakistan) Limited	Unrated	Unrated	-	256,675	-	5,416
Js Bank Limited	Unrated	AA-/A1+	-	14,475,904	-	112,186
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	167,400	148,800
Khursheed 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
Balance carried forward			304,856,082	417,287,930	23,960,636	22,590,721

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For the year ended December 31, 2016

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2016	2015	2016	2015
			Rupees in '000			
Balance brought forward			304,858,082	417,287,930	23,960,636	22,590,721
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 - IFIC 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	72,677	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
Quefta Textile Mills Limited	Unrated	Unrated	9,686	9,686	295	381
Rishabh Metals & Chemicals Private Limited	Unrated	Unrated	-	13	-	-
Rupali 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
Balance carried forward			437,048,403	558,420,245	46,638,028	39,022,192

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For the year ended December 31, 2016

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2016	2015	2016	2015
			Rupees in '000			
Balance brought forward			437,048,403	558,420,245	46,638,028	39,022,192
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	-
			617,798,446	780,726,158	54,855,654	44,400,593

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 @ Ali Kuli 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. Zahoor Hussain
Resources and Engineering Management Corporation (Private) Limited	Unrated	Unrated	10.0%	66,125	-	-	(484,696)	June 30, 2005	Mr. Shafiqat 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
				5,790,169	19,012	19,012			

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	
Adil Polypropylene Limited	Unrated	Unrated	69,093	-	-	-	Not Available	
Afsar Textile Mills Limited	Unrated	Unrated	32,778	-	-	-	Not Available	
Al Ameen Textile	Unrated	Unrated	30,000	328	328	-	Not Available	
Al Zamin Modarba Management (Private) Limited	Unrated	Unrated	140,000	1,000	1,000	2,134	June 30, 2006	Mr. Bashir A. Chaudhry
Al-Hussany Industries Limited	Unrated	Unrated	31,514	-	-	-	Not Available	
Alif 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 Tantage 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, 1996	Mr. Arshad Ali Chaudhry
Awan Textile Mills Limited	Unrated	Unrated	108,696	-	-	-	Not Available	
Bahawalpur Textile Limited	Unrated	Unrated	33,283	-	-	-	Not Available	
Bakhtiar 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
Bankary Textile Mills Limited	Unrated	Unrated	42,972	-	-	-	Not Available	
Bela Engineers Limited	Unrated	Unrated	135,658	-	-	-	Not Available	
Bricks Private Limited	Unrated	Unrated	39,050	-	-	-	Not Available	
Byco Oil Pakistan Limited	Unrated	Unrated	149,809,523	1,000,000	-	1,319,332	30-Jun-16	Amir Abbascy
Calmar Telpa Telecom Limited	Unrated	Unrated	44	-	-	-	Not Available	
Central Cotton Mills Limited	Unrated	Unrated	17,864	-	-	-	Not Available	
Chenab Sugar Mills Limited	Unrated	Unrated	4,634	-	-	-	Not Available	
Chilys 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	
Dadabhai Leasing Company Limited	Unrated	Unrated	188,742	-	-	-	Not Available	
Dadabhai Sark 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	Eng. Mir Fateh Sultan
Fauji Akbar Port Marine Terminal Limited	Unrated	Unrated	29,188,739	321,076	321,076	212,867	30-Jun-15	Mr. Ahmed Kamal Rana
Fauji Oil Terminals and Distribution Limited	Unrated	Unrated	1,388,600	10,886	10,886	21,961	June 30, 2014	Lt. Gen @ M. Mustafa Khan
Fauzi Vegetable Ghee Mills Private Limited	Unrated	Unrated	21,486	-	-	-	Not Available	
First Women Bank Limited	Unrated	A-/A2	7,898,441	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
Glacier Textile Mills Limited	Unrated	Unrated	23,424	-	-	-	Not Available	
Gulistan Power Generation (Dadabhai Padaba)	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. Shahn Muhammad Hussain	Unrated	Unrated	57,634	-	-	-	Not Available	
Heron 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	
Indus 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	
ITI Textile Mills Limited	Unrated	Unrated	83,418	-	-	-	Not Available	
Jinnah Cotton Mills Limited	Unrated	Unrated	51,759	328	328	-	Not Available	
Kaleer Arts & Crafts Limited	Unrated	Unrated	268,959	8,395	8,395	-	Not Available	
Balance carried forward			235,567,521	1,784,038	784,038			

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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				
Balance brought forward				235,567,521	1,784,038	754,038			
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		31,835	-	-	-	Not Available	
Kohinoor Looms Limited	Unrated	Unrated		86,366	-	-	-	Not Available	
Pakistan Stock Exchange	Unrated	Unrated		4,007,383	-	-	-	June 30, 2016	Mr. Munoor A. Kamal
Lafayette Industries Synth.	Unrated	Unrated		46,755	-	-	-	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	
Mohib 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	1,525	1,525	28,030	June 30, 2012	Mr. Haider Wahab
National Investment Trust Limited	Unrated	AM2+		79,200	100	100	1,796	June 30, 2016	Mr. Sharif Ghaffar
National Match Ind.	Unrated	Unrated		13,358	-	-	-	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	
Nowshera 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		1,152,838	11,528	11,528	1,152	Dec 31, 2009	Not available
Pakistan Paper Corporation Limited	Unrated	Unrated		37,250	373	373	-	Not Available	
Pakistan Telephone Cables	Unrated	Unrated		45,869	143	143	-	Not Available	
Pakistan Textile City	Unrated	Unrated		10,000,000	100,000	100,000	33,812	June 30, 2015	Mr. Musammas Hanif Kasheer
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		36,663	-	-	-	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. I.T. Qian @ Ali @ & Khan
Rex Baren Battery	Unrated	Unrated		28,554	-	-	-	Not Available	
Rousch Power Pakistan Limited	Unrated	Unrated		39,729,000	132,888	132,888	670,969	June 30, 2013	Mr. Naeem Akhtar
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
Sillaq (International) Textile Mills	Unrated	Unrated		54,709	-	-	-	Not Available	
Sindh Alkalies Limited	Unrated	Unrated		359,399	-	-	-	Not Available	
SME Bank Limited	Unrated	B / B		6,121,086	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		7,958	-	-	-	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 Burti
Turbo Tec Limited (Tubes)	Unrated	Unrated		86,788	-	-	-	Not Available	
Union Insurance Company of Pakistan	Unrated	Unrated		150	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	
Zulshan Engineering Works Limited	Unrated	Unrated		3,300	330	330	-	Not Available	
Information System Associates Limited	Unrated	Unrated		2,300,000	1,719	-	-	Not Available	
				313,191,016	2,100,970	1,099,251			
				318,981,187	2,119,982	1,118,263			

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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
			35,812,371	30,523,523	3,386,658	2,397,209

1.3 Particulars of Investments held in Preference shares

	Rating PACRA	Cumulative/ Non- cumulative	Rate	No. of certificates held		Market Value / Cost	
				2016	2015	2016	2015
						Rupees in '000	
Listed:							
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	-	-
Summil 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
				44,373,842	44,373,842	343,065	328,553
Unlisted:							
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
				19,242,000	100,542,000	192,420	405,420

* 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)			
Listed								
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	353,626	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
Unlisted								
Afroze Textile Industries	3 month Kibor+5% + (Floor 8.50%)	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 Cotres 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	8,000	8,000	30,000	30,000
Colony Textile Mills Limited	Fixed 7%	Annually	December 31, 2017	Unrated	240	240	118,536	118,536
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
Dannerman Fabrics Limited	22.00%	Overdue	Overdue	Unrated	14	14	1,283	1,283
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	-	?	2	359,170	227,136
General Dairies & Food Limited	22.00%	Overdue	Overdue	Unrated	6	6	1,350	1,350
Gorex 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 31, 2018	B	1	1	487,474	868,890
Janana De Majucho Textile Mills Limited	Zero Markup	Annually	January 1, 2017	Unrated	-	11	-	-
Balance carried forward							2,508,085	3,058,646

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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)			
Balance brought forward						2,508,085	3,058,646	
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	385,227	595,227
Malk 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 + 1.6%	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
Rand 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
Slagkot 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
Siri Textile Industries Limited	22.00%	Overdue	Overdue	Unrated	15	15	7,445	7,445
Sinsey Enterprises Limited	22.00%	Overdue	Overdue	Unrated	2	2	4,302	4,302
Star Sika International	22.00%	Overdue	Overdue	Unrated	16	16	1,799	1,799
Standard Chartered Bank Limited	Six Months Kibor +6.75%	Half yearly	AAA	AAA	86,730	86,730	334,985	434,319
Sunda Juices Limited	22.00%	Overdue	Overdue	Unrated	28	28	748	748
Tanocraft Limited	22.00%	Overdue	Overdue	Unrated	22	22	-	-
Tirex Mill Garments Industries Limited	22.00%	Overdue	Overdue	Unrated	16	16	759	759
Tharpekar 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
Wahed 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
							23,306,037	28,152,364
							26,752,151	29,861,616

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.

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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
				187,229	187,229

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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
				208,300	241,389

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	-
				22,382,641	2,956,089

Islamic Banking

Other Islamic Sukuk

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	-
				6,559,974	314,141

GoP Ijara Sukuk

GoP Ijara Sukuk	On Maturity	Bi-Annual	6 M T-bills	9,329,262	980,684
Total Islamic Banking				15,889,236	1,294,825
				38,271,877	4,250,914

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	-
				2,748,064	2,693,387

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)

Sr. 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 Dhakam Pura Post office Mannu Abad, Muridke, Distt Sheikhupura	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 Sheikhupura	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 Saidan Post Office Khas Tehsil Ferozewala District Sheikhupura	Ijaz Ahmed Khan 35401-4597059-5	Karim Dad Khan	0,279	0,511	0,055	0,845	-	-	0,511	0,511
5	M/s Shiwali Graphic Industry, 143-B Small Industries Estate Sahiwal	Hameed Raza Sheikh 36502-6424210-3	Sh. 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 36402-8480735-3	Nawab Ali	-	3,692	0,186	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	4,299	-	1,462	5,941	-	-	1,562	1,562
9	Muhammad Younas R/O Daska, Sialkot	Muhammad Younas s/o Muhammad Ismail 34601-3382659-5	Muhammad Ismail	1,636	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	-	2,285	0,086	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	315,746	70,529	1,371	387,146	265,486	-	71,9	332,380
12	M/s Nidus Pvt Ltd, House No.8-B, Street No.63, F-7/3, Islamabad	Ali Siddique 61101-1870166-6 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	-	86,516	351,386

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	Ataullah 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 Khatt	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 Alqotoshi	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 Jokhlo	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	Islamuddin	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.Reid,Ahmed Nehal Jafri	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	Khurshed ahmed	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	830	-	465	465	Auction	Iftekhar 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 Iftekhar	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	Sarrr 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	556	-	392	391	Auction	Mehmood Asif	Auctioneer
Motor Vehicles	830	-	554	553	Auction	Muhammad Siddique	Auctioneer
Motor Vehicles	630	-	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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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	1,050	-	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 Anwer 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 Ull 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 Ull 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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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	Shelkh 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.Jmran 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

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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	1,269	-	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
	280,581	13,292	178,426	165,133			
Lease Vehicles	7,730	-	773	773	As per entitlement	Khalid B Shaheen	Ex-Employee
Total Amount	299,357	17,968	183,876	165,906			

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 (Rupees in '000)	2015
Donations include following amounts exceeding Rs 0.1 million:		
Fatimid Foundation Kidney Centre Quetta.	450	300
	450	300
Contributions for Corporate & Social Responsibilities include following amounts exceeding Rs 0.1 million:		
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-Mazooran 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 Taxisla.	-	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 College 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
Balance carried forward	-	36,387

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	2016 (Rupees in '000)	2015 (Rupees in '000)
Balance brought forward	-	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	-
Balance carried forward	10,938	43,377

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016 (Rupees in '000)	2015 (Rupees in '000)
Balance brought forward	10,938	43,377
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 Widoe 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 Madressat Islami 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 Installment 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	-
Scholarship 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
	52,084	57,887





CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT TO SHAREHOLDERS ON Consolidated Financial Statements for the year ended December 31, 2016

I am pleased to present, on behalf of the Board of Directors, the consolidated financial statements of the Bank and its Subsidiaries for the financial year ended December 31, 2016.

These consolidated financial statements have been prepared in accordance with the approved International Financial Reporting Standards and Islamic Financial Accounting Standards and such other applicable directives.

For the year under review, pre-tax profit is higher by 10% and amounted to Rs. 37.6 billion. After-tax profit also significantly increased by 15% to Rs. 23.1 billion as against Rs. 20.1 billion of prior year. Net income contributed for the year by our group companies amounted to Rs. 335 million, compared to Rs. 857 million for the corresponding period last year. Our subsidiaries cumulatively add Rs. 5,711 million to our total assets and Rs. 3,406 million to our net assets.

The consolidated operating results and appropriations of profit as recommended by the Board of Directors are given below:

	(Rs. in Million)
Pre-tax profit for the year ended December 31, 2016	37,595
Taxation:	
- Current	9,687
- Prior Year(s)	1,344
- Deferred	3,476
	14,507
After-tax profit for the year ended December 31, 2016	23,088
Un-appropriated profit brought forward	52,725
Other comprehensive income - net of tax	(1,851)
Transfer from surplus on revaluation of fixed assets	114
Non-controlling interest	(49)
Profit available for appropriations	74,027
Transfer to Statutory Reserve	(2,276)
Cash dividend paid – 2015	(15,956)
Un-appropriated profit carried forward	55,795
 Basic & diluted earnings per share	 Rs. 10.83

For and on behalf of the Board of Directors,

Masood Karim Shaikh
President (Officiating)
Karachi

Date: **February 22, 2017**

حصص یافتگان کے لیے ڈائریکٹرز کی رپورٹ

انضمام شدہ مالیاتی گوشوارے برائے 2016

میں، NBP کی بورڈ آف ڈائریکٹرز کی جانب سے، 31 دسمبر 2016 کو ختم ہونے والے سال کے لیے آپ کو انضمام شدہ مالیاتی گوشوارے دستاویزات پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔
یہ انضمام شدہ گوشوارے انٹرنیشنل مالیاتی رپورٹنگ اسٹینڈرڈز اور اسلامی مالیاتی اکاؤنٹنگ اسٹینڈرڈز اور دیگر لاگو ہدایات کی روشنی میں تیار تیار دیے گئے ہیں۔

زیر جائزہ مدت میں قبل از محصول نفع پچھلے سال کے مقابلے میں 10 فیصد زیادہ ہے اور اس مالیت 37.6 ارب روپے ہے۔ بعد از محصول منافع بھی پچھلے سال کے مقابلے میں 15 فیصد بڑھ کر 23.1 ارب روپے ہو گیا جو پچھلے سال 20.1 ارب روپے تھا۔ سال 2016 کے دوران ہماری گروپ کمپنیوں نے 335 ملین روپے مالیت کا خالص آمدنی کا حصہ ڈالا جبکہ پچھلے سال اسی مدت کے دوران یہ مالیت 857 ملین روپے تھی۔ ہمارے ذیلی اداروں نے مجموعی طور پر 5,711 ملین روپے کل اثاثہ جات میں اور 3,406 ملین روپے خالص اثاثہ جات کی مد میں اضافہ کیا۔

2015 کے جمع شدہ منافع کو آگے لے جانا (carry over) کے بعد سال 2016 کا تجویز کردہ مختص شدہ منافع کی تفصیلات درج ذیل گا:

31 دسمبر 2016 کو اختتام سال پر منافع قبل از محصول	(روپے ملین میں)
محصول	37,595
موجودہ	9,687
گذشتہ سال (سالوں) کا	1,344
ملتوی شدہ (deferred)	3,476
31 دسمبر کو اختتام پذیر سال پر منافع بعد از محصول	14,507
غیر مختص شدہ منافع جو آگے بڑھایا	23,088
دیگر جامع آمدنی۔ محصول کی خالص	52,725
غیر منقولہ اثاثہ جات کی دوبارہ قدر پیمائی (revaluation) زائد از ضرورت کی منتقلی	(1,851)
نان کنٹریولنگ سود	114
مختصات کے لیے دستیاب منافع	(49)
دستوری ذخائر میں منتقلی	74,027
2015 کو آکر وہ کیش ڈیویڈنڈ	(2,276)
غیر مختص شدہ منافع جو آگے بڑھایا	(15,956)
بہادوی اور مختص ہوئی کمائی فی حصص	55,795
بورڈ آف ڈائریکٹرز کی جانب سے اور ان کے لیے	10.83 روپے

مسعود کریم شیخ

صدر (Officiating)

کراچی

بتاریخ: 22 فروری 2017

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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 consolidated financial statements comprising consolidated statement of financial position of National Bank of Pakistan and its subsidiary companies (the Group) as at December 31, 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also audited / reviewed the financial statements of National Bank of Pakistan and its subsidiary companies namely NBP Leasing Limited, Taurus Securities Limited, NBP Exchange Limited, NBP Fullerton Asset Management Limited, NBP Modaraba Management Company Limited and CJSB Subsidiary Bank of NBP in Tajikistan. The subsidiaries CJSB Subsidiary Bank of NBP in Kazakhstan and First National Bank Modaraba have been consolidated based on un-audited financial information of the subsidiaries. These financial statements are responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of National Bank of Pakistan and its subsidiary companies as at December 31, 2016 and the results of their operations for the year then ended.

Emphasis of Matter

We draw attention to note 21.4.4.1 to the consolidated 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 consolidated 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.

EY Ford Rhodes
Chartered Accountants

Engagement Partner:
Arslan Khalid

Karachi
Dated: February 22, 2017

Grant Thornton Anjum Rahman
Chartered Accountants

Engagement Partner:
Khaliq-ur-Rahman

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

2015 US Dollars in '000	2016 US Dollars in '000		Note	2016 Rupees in '000	2015 Rupees in '000
ASSETS					
1,445,440	1,530,477	Cash and balances with treasury banks	6	160,085,598	151,190,845
197,320	137,629	Balances with other banks	7	14,395,805	20,639,421
73,562	1,163,586	Lendings to financial institutions	8	121,709,399	7,694,515
7,927,368	8,568,773	Investments	9	896,280,784	829,190,763
5,548,106	6,394,776	Advances	10	668,883,928	580,323,536
316,172	325,610	Operating fixed assets	11	34,058,289	33,071,124
92,470	49,451	Deferred tax assets	12	5,172,496	9,672,251
765,706	772,767	Other assets	13	80,830,263	80,091,712
16,366,144	18,943,069			1,981,416,562	1,711,874,167
LIABILITIES					
87,684	97,394	Bills payable	14	10,187,250	9,171,616
214,008	428,916	Borrowings	15	44,863,930	22,384,853
13,686,003	15,842,793	Deposits and other accounts	16	1,657,132,405	1,431,535,397
-	-	Sub-ordinated loans		-	-
872	794	Liabilities against assets subject to finance lease	17	83,007	91,188
-	-	Deferred tax liabilities		-	-
736,493	850,981	Other liabilities	18	89,011,304	77,036,022
14,725,060	17,220,878			1,801,277,896	1,540,219,076
1,641,084	1,722,191			180,138,666	171,655,092
NET ASSETS					
REPRESENTED BY					
203,399	203,398	Share capital	19	21,275,131	21,275,131
432,151	440,074	Reserves	19	46,031,075	45,202,342
504,066	533,424	Unappropriated profit		55,795,351	52,724,525
1,139,616	1,176,896			123,101,557	119,201,998
6,901	7,055	Non-controlling interest		737,972	721,816
1,146,517	1,183,951			123,839,529	119,923,814
494,567	538,240	Surplus on revaluation of assets - net	20	56,299,137	51,731,278
1,641,084	1,722,191			180,138,666	171,655,092
CONTINGENCIES AND COMMITMENTS 21					

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

Masood Karim Shaikh
President (Officiating)

Tariq Kirmani
Director

Iftekhar A. Allawala
Director

Farrakh Qayyum
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2016

2015 US Dollars in '000	2016 US Dollars in '000		Note	2016 Rupees in '000	2015 Rupees in '000
1,093,576	1,099,718	Mark-up / return / interest earned	23	115,028,828	114,386,364
573,616	569,744	Mark-up / return / interest expensed	24	59,594,350	59,999,374
519,960	529,974	Net mark-up / interest income		55,434,478	54,386,990
103,859	6,767	Provision against non-performing advances - net	10.4	707,870	10,863,528
(7,613)	(16,024)	Reversal of provision for diminution in the value of investments - net	9.9	(1,676,066)	(796,300)
-	-	Bad debts written off directly		-	-
(1,173)	-	Reversal of provision against off balance sheet obligations	18.1	-	(122,686)
95,073	(9,257)			(968,196)	9,944,542
424,887	539,231	Net mark-up / interest income after provisions		56,402,674	44,442,448
NON MARK-UP / INTEREST INCOME					
128,687	152,095	Fee, commission and brokerage income		15,908,884	13,460,415
25,878	26,747	Dividend income		2,797,675	2,706,794
45,833	22,131	Income from dealing in foreign currencies	25	2,314,852	4,794,070
117,428	81,507	Gain on sale and redemption of securities - net	26	8,525,471	12,282,801
		Unrealized (loss) / gain on revaluation of investments classified as held-for-trading	9.10	(67,457)	5,924
57	(645)	Share of profit from joint venture - net of tax	9.7.1	319,422	560,031
5,354	3,054	Share of loss from associates - net of tax	9.7.1	(333,276)	(922,747)
(8,822)	(3,186)	Other income	27	1,566,568	2,111,119
20,183	14,977	Total non-markup / interest income		31,032,139	34,998,407
334,598	296,680			87,434,813	79,440,855
759,485	835,911				
NON MARK-UP / INTEREST EXPENSES					
417,981	463,032	Administrative expenses	28	48,432,410	43,720,204
14,095	10,499	Other provisions / write offs	13.4/18.2	1,098,216	1,474,345
705	2,958	Other charges	29	309,450	73,749
432,781	476,489	Total non-markup / interest expenses		49,840,076	45,268,298
326,704	359,422			37,594,737	34,172,557
-	-	Extra ordinary / unusual items		-	-
326,704	359,422	PROFIT BEFORE TAXATION		37,594,737	34,172,557
140,272	92,609	Taxation - Current		9,686,755	14,672,221
21,974	12,849	- Prior year(s)		1,344,024	2,298,465
(27,483)	33,239	- Deferred		3,476,698	(2,874,712)
134,763	138,697		30	14,507,477	14,095,974
191,941	220,725	PROFIT AFTER TAXATION		23,087,260	20,076,583
Attributable to:					
191,620	220,269	Shareholders of the bank		23,039,549	20,043,034
321	456	Non-controlling interest		47,710	33,549
191,941	220,725			23,087,260	20,076,583
..... US Dollar					
0.09	0.10	Basic and diluted earnings per share	31	10.83	9.42
..... Rupees					

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

Masood Karim Shaikh
President (Officiating)Tariq Kirmani
DirectorIftikhar A. Allawala
DirectorFarrah Qayyum
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2016

2015 US Dollars in '000	2016 US Dollars in '000	Note	2016 Rupees in '000	2015 Rupees in '000
191,941	220,725		23,087,260	20,076,583
(16,406)	(13,829)		(1,446,496)	(1,716,040)
(23,045)	(27,226)	34.1	(2,847,821)	(2,410,482)
8,066	9,529	12.1	996,737	843,669
(14,979)	(17,697)		(1,851,084)	(1,566,813)
(31,385)	(31,526)		(3,297,580)	(3,282,853)
160,556	189,199		19,789,680	16,793,730
160,235	188,743		19,741,969	16,760,181
321	456		47,710	33,549
160,556	189,199		19,789,680	16,793,730
(110,738)	51,227		5,358,227	(11,582,989)
(37,576)	(19,025)		(1,989,989)	(3,930,386)
(148,314)	32,202		3,368,238	(15,513,375)

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

Masood Karim Shaikh
President (Officiating)

Tariq Kirmani
Director

Ittikhar A. Allawala
Director

Farrakh Qayyum
Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2016

2015 US Dollars in ' 000	2016 US Dollars in ' 000	Note	2016 Rupees in '000	2015 Rupees in '000
CASH FLOWS FROM OPERATING ACTIVITIES				
326,702	359,419		37,594,737	34,172,557
(25,878)	(26,747)		(2,797,675)	(2,706,794)
300,824	332,672		34,797,062	31,465,764
15,755	21,854		2,285,940	1,647,993
6,067	7,082		740,763	634,555
103,859	6,767	11.3	707,870	10,863,528
(7,613)	(16,024)	10.4	(1,676,066)	(796,300)
(1,173)	-	9.9	-	(122,686)
(57)	645	18.1	67,457	(5,924)
(4,840)	(518)	9.10	(54,188)	(506,224)
(5,354)	(3,054)	9.7.1	(319,422)	(560,031)
8,822	3,186	9.7.1	333,276	922,747
(143)	(1,621)	27	(169,553)	(15,009)
92	64		6,719	9,590
14,095	10,499		1,098,216	1,474,345
129,510	28,880		3,021,012	13,546,583
430,334	361,552		37,818,074	45,012,347
907,275	(1,118,705)		(117,014,884)	94,899,611
72,879	(84,237)		(8,811,113)	7,623,059
373,261	(853,437)		(89,268,262)	39,042,585
29,513	18,479		1,932,919	3,086,991
1,382,928	(2,037,900)		(213,161,340)	144,652,246
(17,593)	9,710		1,015,634	(1,840,211)
(148,953)	(10,429)		(1,090,843)	(15,580,224)
1,884,638	2,156,790		225,597,009	197,130,348
(41,276)	103,447		10,820,433	(4,317,447)
1,676,816	2,259,518		236,342,233	175,392,466
(137,317)	(140,374)		(14,682,961)	(14,363,166)
(92)	(64)		(6,719)	(9,590)
(137,409)	(140,438)		(14,689,680)	(14,372,756)
3,352,669	442,732		46,309,287	350,684,302
CASH FLOWS FROM INVESTING ACTIVITIES				
(2,640,702)	446,020		46,653,061	(276,213,498)
(192,191)	(949,194)		(99,284,218)	(20,102,846)
25,878	26,747		2,797,675	2,706,794
(23,563)	(37,465)		(3,918,797)	(2,464,634)
-	-		(1,446,496)	(1,716,040)
(16,406)	(13,829)		734,367	10,803,927
103,289	7,021		255,229	100,686
963	2,440		(54,209,178)	(286,885,612)
(2,742,732)	(519,260)			
CASH FLOWS FROM FINANCING ACTIVITIES				
(471)	(193)		(20,181)	(49,244)
(111,537)	(152,954)		(15,998,709)	(11,666,593)
(112,008)	(153,147)		(16,018,890)	(11,715,837)
497,929	(228,675)		(23,918,783)	52,082,854
1,138,698	1,636,629		171,188,959	119,106,104
1,636,627	1,407,954	32	147,270,176	171,188,959

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

Masood Karim Shaikh
President (Officiating)Tariq Kirmani
DirectorIftikhar A. Allawala
DirectorFarrakh Qayyum
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2016

Share capital	Attributable to the shareholders of the bank					Unappropriated profit	Sub Total	Non Controlling Interest	Total
	Reserves (refer note 19.4)								
	Capital		Revenue						
	Exchange Translation	Statutory	General Loan Loss Reserve	General					
(Rupees in '000)									
Balance as at January 1, 2015	21,275,131	9,388,710	23,086,448	-	521,338	59,751,578	114,023,205	717,017	114,740,222
Total Comprehensive income for the year									
Profit after tax for the year ended December 31, 2015	-	-	-	-	-	20,043,034	20,043,034	33,549	20,076,583
Other comprehensive income - net of tax	-	(1,716,040)	-	-	-	(1,566,813)	(3,282,853)	-	(3,282,853)
	-	(1,716,040)	-	-	-	18,476,221	16,760,181	33,549	16,793,730
Transferred from surplus on revaluation of operating fixed assets	-	-	-	-	-	119,934	119,934	-	119,934
Transfer to statutory reserve	-	-	1,921,886	-	-	(1,921,886)	-	-	-
Transfer to general loan loss reserve	-	-	-	12,000,000	-	(12,000,000)	-	-	-
Transactions with owners, recorded directly in equity									
Cash dividend paid for the year ended December 31, 2014 (Rs. 5.5 per share)	-	-	-	-	-	(11,701,322)	(11,701,322)	-	(11,701,322)
Cash dividend paid / profit distribution by Subsidiaries	-	-	-	-	-	-	-	(28,750)	(28,750)
Balance as at December 31, 2015	21,275,131	7,672,670	25,008,334	12,000,000	521,338	52,724,525	119,201,998	721,816	119,923,814
Balance as at January 1, 2016	21,275,131	7,672,670	25,008,334	12,000,000	521,338	52,724,525	119,201,998	721,816	119,923,814
Total Comprehensive income for the year									
Profit after tax for the year ended December 31, 2016	-	-	-	-	-	23,039,549	23,039,549	47,710	23,087,260
Other comprehensive income - net of tax	-	(1,446,496)	-	-	-	(1,851,084)	(3,297,580)	-	(3,297,580)
	-	(1,446,496)	-	-	-	21,188,466	19,741,969	47,710	19,789,680
Transferred from surplus on revaluation of operating fixed assets	-	-	-	-	-	113,937	113,937	-	113,937
Transfer to statutory reserve	-	-	2,275,229	-	-	(2,275,229)	-	-	-
Transfer to general loan loss reserve	-	-	-	-	-	-	-	-	-
Transactions with owners, recorded directly in equity									
Cash dividend paid for the year ended December 31, 2015 (Rs. 7.5 per share)	-	-	-	-	-	(15,956,348)	(15,956,348)	-	(15,956,348)
Cash dividend paid / profit distribution by Subsidiaries	-	-	-	-	-	-	-	(31,554)	(31,554)
Balance as at December 31, 2016	21,275,131	6,226,174	27,283,563	12,000,000	521,338	55,795,351	123,101,557	737,972	123,839,529

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

Masood Karim Shaikh
President (Officiating)

Tariq Kirmani
Director

Iftekhar A. Allawala
Director

Farrakh Qayyum
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- National Bank of Pakistan (the Bank)

Subsidiary Companies

	Percentage Holding	
	2016	2015
	%	%
- NBP Leasing Limited, Pakistan	100.00	100.00
- CJSC Subsidiary Bank of NBP in Kazakhstan	100.00	100.00
- CJSC Subsidiary Bank of NBP in Tajikistan	100.00	100.00
- NBP Exchange Company Limited, Pakistan	100.00	100.00
- NBP Modaraba Management Company Limited, Pakistan	100.00	100.00
- First National Bank Modaraba, Pakistan	30.00	30.00
- Taurus Securities Limited, Pakistan	58.32	58.32
- NBP Fullerton Asset Management Limited, Pakistan	54.00	54.00
- Cast-N-Link Products Limited (Note 9.8)	76.51	76.51

The subsidiary company of the Group, NBP Modaraba Management Company Limited, Pakistan exercises control over First National Bank Modaraba, Pakistan as its management company and also has a direct economic interest in it. The Group has consolidated the financial statements of the modaraba as the ultimate holding company.

The Group is principally engaged in commercial banking, modaraba management, brokerage, leasing, foreign currency remittances, asset management, exchange transactions and investment advisory asset. Brief profile of the holding company and subsidiaries is as follows:

National Bank of Pakistan

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. It's 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.

NBP Leasing Limited, Pakistan

NBP Leasing Limited (NBPLL) was incorporated in Pakistan on November 7, 1995 as a public limited unquoted company under the Companies Ordinance, 1984. The registered office of NBPLL is situated at 4th Floor, P.R.C. Towers, M.T. Khan Road, Karachi. NBPLL is principally engaged in the business of leasing as licensed under the Non-Banking Finance Companies Rules, 2003 (the NBFC Rules).

CJSC Subsidiary Bank of NBP in Kazakhstan

CJSC Subsidiary Bank of NBP in Kazakhstan (JSCK) is a joint-stock bank, which was incorporated in the Republic of Kazakhstan in 2001. JSCK conducts its business under license number 25 dated October 29, 2005 (initial license was dated December 14, 2001) and is engaged in providing commercial banking services. The registered office of JSCK is located at 105, Dostyk Ave, 050051, Almaty.

CJSC Subsidiary Bank of NBP in Tajikistan

CJSC Subsidiary Bank of NBP in Tajikistan (JSCT) is a joint-stock bank, which was incorporated in the Republic of Tajikistan in 2012. JSCT obtained its license on March 20, 2012 and is engaged in providing commercial banking services. The registered office of JSCT is located at 48 Ainy Street, Dushanbe, Republic of Tajikistan.

NBP Exchange Company Limited, Pakistan

NBP Exchange Company Limited (NBPECL) is a public unlisted company, incorporated in Pakistan on September 24, 2002 under the Companies Ordinance, 1984. NBPECL obtained license for commencement of operations from State Bank of Pakistan (SBP) on November 25, 2002 and commencement of business certificate on December 26, 2003 from the Securities and Exchange Commission of Pakistan (SECP). The registered office of NBPECL is situated at Shaheen Complex, M.R. Khyani Road, Karachi. NBPECL is engaged in foreign currency remittances and exchange

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

transactions. NBPECL has 18 branches (2015: 19 branches).

NBP Modaraba Management Company Limited, Pakistan

NBP Modaraba Management Company Limited (NBPMML) is a public unlisted company, incorporated in Pakistan on August 6, 1992. Its registered office is 26 - Mc Lagon Road, Lahore. The principal purpose of the NBPMML is to float and manage modarabas. NBPMML at present is managing First National Bank Modaraba.

First National Bank Modaraba, Pakistan

First National Bank Modaraba ("the Modaraba") is a multi-purpose, perpetual and multi-dimensional Modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Rules framed thereunder. The Modaraba is managed by National Bank Modaraba Management Company Limited (a wholly owned subsidiary of National Bank of Pakistan), incorporated in Pakistan under the Companies Ordinance, 1984 and registered with the Registrar of Modaraba Companies. The registered office of the Modaraba is situated at 5th Floor, National Bank of Pakistan, Regional Headquarters Building, 26-Mc Lagon Road, Lahore. The Modaraba is listed at Pakistan Stock Exchange Limited. It commenced its operations on December 04, 2003 and is currently engaged in various Islamic modes of financing and operations including ijarah, musharakah and murabaha arrangements.

Taurus Securities Limited, Pakistan

Taurus Securities Limited (TSL) is a public unquoted company, incorporated in Pakistan on June 27, 1993 under the Companies Ordinance, 1984. The registered office of TSL is situated at 6th Floor, Progressive Plaza, Beaumont Road, Civil Lines, Karachi. It is engaged in the business of stock brokerage, investment counselling, and fund placements. TSL holds a Trading Rights Entitlement (TRE) Certificate from Pakistan Stock Exchange Limited.

NBP Fullerton Asset Management Limited, Pakistan

NBP Fullerton Asset Management Limited, (NBP Fullerton), was incorporated in Pakistan as public limited company on August 24, 2005 under the Companies Ordinance, 1984 and obtained certificate for commencement of business on December 19, 2005. The main sponsors of NBP Fullerton are National Bank of Pakistan and Alexandra Fund Management Pte. Ltd. (a member of Fullerton Fund Management Group, Singapore). NBP Fullerton is mainly involved in the business of asset management and investment advisory services. NBP Fullerton has been issued license by the Securities and Exchange Commission of Pakistan (SECP) to carry on business of asset management services and investment advisory services as a Non-Banking Finance Company (NBFC) under section of 282C of the Companies Ordinance, 1984 and under the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The registered / principal office of the company is situated at 7th Floor, Clifton Diamond Building, Block No. 4, Scheme No. 5, Clifton, Karachi.

As at December 31, 2016 NBP Fullerton is managing the following funds and discretionary portfolio;

	Type of Fund
- NAFA Income Opportunity Fund	Open end Fund
- NAFA Income Fund	Open end Fund
- NAFA Islamic Aggressive Income Fund, formerly NAFA Islamic Income Fund	Open end Fund
- NAFA Islamic Asset Allocation Fund	Open end Fund
- NAFA Multi Asset Fund	Open end Fund
- NAFA Stock Fund	Open end Fund
- NAFA Government Securities Liquid Fund	Open end Fund
- NAFA Savings Plus Fund	Open end Fund
- NAFA Riba Free Savings Fund	Open end Fund
- NAFA Asset Allocation Fund	Open end Fund
- NAFA Financial Sector Income Fund	Open end Fund
- NAFA Money Market Fund	Open end Fund
- NAFA Pension Fund	Open end Fund
- NAFA Islamic Pension Fund	Open end Fund
- NAFA Islamic Stock Fund	Open end Fund
- NAFA Government Securities Savings Fund	Open end Fund
- NAFA Islamic Principal Protected Fund	Open end Fund
- NAFA Islamic Principal Preservation Fund	Open end Fund
- NAFA Islamic Active Allocation Plan	Open end Fund
- NAFA Active Allocation Riba Free Savings Fund	Open end Fund
- NAFA Islamic Active Allocation Equity Fund	Open end Fund
- NAFA Islamic Energy Fund	Open end Fund
- Discretionary Portfolio	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

1.2 BASIS OF CONSOLIDATION

- The consolidated financial statements include the financial statements of the Bank (holding company) and its subsidiary companies together - "the Group".
- Subsidiary companies are fully consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control the company is established and excluded from consolidation from the date of disposal or when the control is lost.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Income and expenses of subsidiaries acquired during the year are included in the consolidated statement of the comprehensive income from the effective date of acquisition.
- Non-Controlling interest / (minority interest) in equity of the subsidiary companies are measured at fair value for all the subsidiaries acquired from period beginning on or after January 1, 2010 whereas minority interest of previously acquired subsidiaries are measured at the proportionate net assets of subsidiary companies attributable to interest which is not owned by holding company.
- Material intra-group balances and transactions have been eliminated.

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 Group 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 consolidated 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 to these financial statements.

- 2.2** The US Dollar amounts shown on the statement of consolidated financial position, consolidated profit and loss account, consolidated statement of comprehensive income and consolidated 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 consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board 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 Group 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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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)

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 consolidated 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 Group's financial statements in the period of initial application.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

Standard	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 consolidated financial statements have been prepared under the historical cost convention except for revaluation of land and buildings which are stated at revalued amount and certain investments and derivative financial instruments that are carried at fair value.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Group has changed its accounting policy for non-banking assets acquired in satisfaction of claims as disclosed in note 5.10 to the financial statements.

5.1 Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit and loss account as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation is measured at fair value at the date of the acquisition.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss account.

5.2 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the subsidiary company.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or entities of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit and loss account. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

5.3 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

5.4 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 Group 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 Group has classified its investment portfolio, except for investment in subsidiaries, associates and joint venture, 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.

Associates — Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for under the equity method of accounting. However, in case where associates are considered as fully impaired and financial statements are not available these investments are stated at cost less provision.

Under the equity method, the Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated profit and loss account, its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Joint venture - The Group has interests in joint venture which is jointly controlled entity. A joint venture is contractual arrangement whereby two or more parties undertake in economic activity that is subject to a joint control and includes a jointly controlled entity that involves the establishment of separate entity in which each venturer has an interest. The Group accounts for its interest in joint venture using the equity method of accounting.

The carrying values of investments are reviewed for impairment when indications exist that the carrying value may exceed the estimated recoverable amount. Provision is made for impairment in value, if any.

5.5 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 Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

5.6 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.

5.7 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Group 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 Group 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 Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group 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.

5.8 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 Group 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.

5.9 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 Group 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 Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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.

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.

Intangible assets with indefinite useful life are carried at cost less impairment losses, if any.

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.

5.10 Non-banking assets acquired in satisfaction of claims

Effective January 1, 2016, the Goup 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.

5.11 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.

5.12 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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.

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, branches and associates and interest in joint arrangements to the extent the deductible temporary difference probably will not reverse in the foreseeable future.

The carrying amount of deferred income 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 income 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 in surplus on revaluation of assets is charged / credited to such account.

5.13 Employee benefits

5.13.1 Defined benefit plans

The Group 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 Group 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.

5.13.2 Other employee benefits

Employees' compensated absences

The Group 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.

5.13.3 Defined contribution plan

The Group also operates an approved funded provident fund scheme covering all its employees. Equal monthly contributions are made by the Group and employees to the fund in accordance with the fund rules.

5.13.4 Retirement and other benefit obligations -

In respect of CJSC Subsidiary Bank of NBP in Kazakhstan (CJSC)

The CJSC withholds amounts of pension contributions from employee salaries and pays them to state pension fund. The requirements of the Kazakhstan's legislation state pension system provides for the calculation of current payments by the employer as a percentage of current total payments to staff. This expense is charged in the period the related salaries are earned. Upon retirement all retirement benefit payments are made by pension funds selected by employees.

5.14 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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.

The Group follows the 'financing method' in accounting for recognition of finance lease. At the commencement of a lease, the total unearned finance income i.e. the excess of aggregate installment contract receivables plus residual value over the cost of the leased asset is amortized over the term of the lease, applying the annuity method, so as to produce a constant periodic rate of return on the net investment in finance leases. Initial direct costs are deferred and amortized over the lease term as a yield adjustment.

Processing, front end and commitment fees and commission are recognized as income when received.

Rental income from operating leases / Ijarah is recognized on a straight-line basis over the term of the relevant lease.

Profit on trading and revaluation of financial instruments is recognised on trade date basis and is taken to profit and loss account.

5.15 Net investment in lease finance

Leases where the Group transfers substantially all the risk and rewards incidental to ownership of the assets to the lessee are classified as finance leases. Net investment in lease finance is recognised at an amount equal to the aggregate of minimum lease payment including any guaranteed residual value and excluding unearned finance income, write-offs and provision for doubtful lease finances, if any. The provision against lease finance is made in accordance with the requirements of the NBFC Regulations and the internal criteria as approved by the Board of Directors of NBPL.

5.16 Foreign currencies translation

The Group's financial statements are presented in Pak Rupees (Rs.) which is the Group'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 and subsidiaries are translated at average exchange rate prevailing during the year. Gains and losses on translation are included in the profit and loss account except gain / losses arising on translation of net assets of foreign branches and subsidiaries, which is credited to other comprehensive income.

Items included in the consolidated financial statements of the Group's foreign branches and subsidiaries are measured using the currency of the primary economic environment in which the Group 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 ruling on the consolidated financial position date.

5.17 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations is made when the Group 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.

5.18 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 Group intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

5.19 Fiduciary assets

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

5.20 Dividend and other appropriations

Dividend and appropriation to reserves, except appropriation which are required by the law, are recognised as liability in the Group's consolidated financial statements in the year in which these are approved.

5.21 Earnings per share

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

5.22 Related party transactions

Transactions between the Group and its related parties are carried out on an arm's length basis other than pension fund and other staff loans.

5.23 Accounting estimates and judgments

The preparation of consolidated 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 Group'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 advances

The Group 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 Group 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 against non-performing advances of the Group.

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 Group has changed its estimate for determining general provision as a result of revised Prudential Regulation for consumer financing as disclosed in note 10.5.6 to the consolidated 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.

c) Impairment of available-for-sale investments

"The Group 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 Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

d) Held-to-maturity investments

The Group 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 Group 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 Group's view differs with the view taken by the income tax department and such amounts are shown as contingent liability.

f) Operating fixed assets, 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 Group. 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 Group 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) Employee 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.

h) Provision against contingencies

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

i) Determination of control over investees

The Group's management applies its judgement to determine whether the control exists over the investee entities.

6. CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency
Foreign currency

With State Bank of Pakistan in

Local currency current accounts
Local currency deposit account

Foreign currency current account
Foreign currency deposit account
Foreign currency collection account

With other central banks in

Foreign currency current accounts
Foreign currency deposit accounts

Note	2016 Rupees in '000	2015
	27,856,843	22,164,971
	3,759,429	3,036,469
	31,416,272	25,201,440
6.1	91,549,779	58,230,669
	—	—
	91,549,779	58,230,669
6.2	3,673,920	3,992,844
6.2	10,982,843	11,940,474
	697,433	181,959
	15,354,196	16,115,277
6.3	19,659,947	49,400,312
6.3	2,105,404	2,243,147
	21,765,351	51,643,459
32	160,085,598	151,190,845

6.1 This includes statutory liquidity reserves maintained with the SBP under Section 22 of the Banking Companies Ordinance, 1962.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

- 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: 0.01% to 6.70% per annum).

	Note	2016 Rupees in '000	2015 Rupees in '000
7. BALANCES WITH OTHER BANKS			
In Pakistan			
On current account		58,103	16,272
On deposit account	7.1	6,038,732	7,054,244
		6,096,836	7,070,516
Outside Pakistan			
On current accounts		3,193,293	6,016,033
On deposit accounts	7.2	5,105,676	7,552,872
		8,298,969	13,568,905
	32	14,395,805	20,639,421

- 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 Rupees in '000
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	8.3	61,200	3,061,200
Repurchase agreement lendings (Reverse Repo)	8.4	113,960,886	4,633,315
Bai-Muajjal with other banks	8.5	7,687,313	-
Letters of placement	8.6	173,500	173,500
Lendings to financial institutions - gross	8.1	121,882,899	7,868,015
Less: Provision held against lendings	8.2	(173,500)	(173,500)
lendings to financial institutions - net		121,709,399	7,694,515

8.1 Particulars of lendings - gross

In local currency	121,882,899	7,868,015
In foreign currencies	-	-
	121,882,899	7,868,015

8.2 Movement in provision for held against lendings is as follows:

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 CONSOLIDATED 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 bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	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
	113,960,886	-	113,960,886	4,633,316	-	4,633,316

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

Note	2016			2015		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	Rupees in '000			Rupees in '000		
9.1 Investments by type:						
Held-for-trading securities						
Market Treasury Bills	902,307	-	902,307	631,277	-	631,277
Pakistan Investment Bonds	9,984,590	-	9,984,590	1,439,315	-	1,439,315
Investment in mutual funds	338,731	-	338,731	320,352	-	320,352
Ordinary shares of listed companies	211,157	-	211,157	167,271	-	167,271
Total Held-for-trading securities	11,436,785	-	11,436,785	2,558,215	-	2,558,215
Available-for-sale securities						
Ordinary shares of listed companies	22,465,681	-	22,465,681	23,056,382	-	23,056,382
Ordinary shares of unlisted companies	2,130,982	-	2,130,982	1,129,263	-	1,129,263
Investments in mutual funds	1,212,740	-	1,212,740	1,143,984	-	1,143,984
Ordinary shares of a bank outside Pakistan	463,295	-	463,295	463,295	-	463,295
Preference shares	633,660	-	633,660	846,660	-	846,660
Market Treasury Bills	369,114,625	-	369,114,625	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	8,685,555	-	8,685,555	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	64,346,064	-	64,346,064	33,672,956	-	33,672,956
Total available-for-sale securities	597,416,702	4,032,484	601,449,186	637,764,651	10,307,383	648,072,034
Held-to-maturity securities						
Pakistan Investment Bonds	178,328,918	-	178,328,918	107,575,573	-	107,575,573
Market Treasury Bills	29,278,178	-	29,278,178	8,307,581	-	8,307,581
GoP Foreign Currency Bonds	7,889,583	-	7,889,583	1,610,375	-	1,610,375
Other Federal Government Securities	-	-	-	2,944,005	-	2,944,005
Foreign Government Securities	25,106,982	-	25,106,982	20,863,694	-	20,863,694
Foreign Government Debt Securities	405	-	405	406	-	406
Debentures, Bonds, Sukuks, Participation Term Certificates and Term Finance Certificates	792,933	-	792,933	811,144	-	811,144
Total Held to maturity securities	241,396,999	-	241,396,999	142,112,781	-	142,112,781
Investments in associates	1,231,806	-	1,231,806	1,751,323	-	1,751,323
Investments in joint venture	4,306,138	-	4,306,138	4,507,135	-	4,507,135
Investments in subsidiaries	1,245	-	1,245	1,245	-	1,245
Investments at cost	855,789,676	4,032,484	859,822,160	788,695,350	10,307,383	799,002,733

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	Note	2016			2015		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
		Rupees in '000'					
Less: Provision for diminution in value of Investments	9.9	(14,467,703)	-	(14,467,703)	(15,453,451)	-	(15,453,451)
Investments (cost net of provisions)		841,321,973	4,032,484	845,354,457	773,241,899	10,307,383	783,549,282
Unrealized gain / (loss) on revaluation of investments classified as held-for-trading	9.10	(67,457)	-	(67,457)	5,924	-	5,924
Surplus on revaluation of available-for-sale securities	20.1	50,632,745	361,039	50,993,784	45,632,555	3,002	45,635,557
Total investments - at carrying value		891,887,261	4,393,523	896,280,784	818,880,378	10,310,385	829,190,763

		Note	2016 Rupees in '000	2015
9.2 Investments by segments				
Federal Government Securities				
- Market Treasury Bills			399,295,110	422,138,332
- 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
			742,451,498	708,037,717
Foreign Government Securities			25,626,269	21,383,787
Fully Paid up ordinary shares		9.11/9.12		
- Listed companies			22,676,838	23,223,653
- Unlisted companies			2,130,982	1,129,263
- Ordinary shares of a bank listed outside Pakistan		9.4	463,295	463,295
			25,271,115	24,816,211
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates, Musharika and Sukuk Bonds				
- Listed			3,213,061	2,471,051
- Unlisted			52,802,548	31,032,365
			56,015,609	33,503,416
Foreign Currency Debt Securities			2,733,348	2,690,902
Other Investments				
- Investments in mutual funds			1,551,471	1,464,336
- Preference Shares			633,660	846,660
Investments in associates		9.5	1,231,806	1,751,323
Investments in joint ventures		9.6	4,306,138	4,507,135
Investments in subsidiaries		9.8	1,245	1,245
Total investments at cost			859,822,160	799,002,733
Less: Provision for diminution in value of investments		9.9	(14,467,703)	(15,453,451)
Investments (cost net of provisions)			845,354,457	783,549,282
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	50,993,784	45,635,557
Total Investments - at carrying value			896,280,784	829,190,763

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-I to the consolidated financial statements.

9.3 Market value of held-to-maturity investments is Rs. 247,549 million (2015: Rs. 147,047 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

9.4 Investment in shares of company 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

			2016	2015
	Number of shares	Percentage of holding	Rupees in '000	Rupees in '000
Unlisted				
Pakistan Emerging Venture Limited	12,500,000	33.33	50,565	50,565
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	-	-
Dadabhoi 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	9,000,000	32.65	106,539	90,000
Prudential Fund Management	150,000	20.00	-	-
			240,524	225,704
Listed				
First Credit and Investment Group Limited	20,000,000	30.77	206,172	204,086
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	477,806	1,014,228
			991,283	1,525,619
			1,231,806	1,751,323
Less: Provision for diminution in value of investments		9.9.1/9.9.2	(981,730)	(609,530)
			250,076	1,141,793

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.

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.

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 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 of bank's share Rs. 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
Dadabhoi Energy Supply Company Limited	June 30, 2007	103,952
Pakistan Mercantile Exchange Limited	June 30, 2015	(40,884)

	2016	2015
Note	Rupees in '000	

United National Bank Limited (UNBL)
(incorporated in United Kingdom)

9.6.1	4,306,138	4,507,135
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9.7 Summary of financial information of associates and joint ventures

		2016				
	Based on the financial statements as on	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				
	Based on the financial statements as on	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)

9.7.1 Movement Schedule for Associates and Joint Venture

2016								
Opening Balance	Addition	Disposal	Dividend paid	Share of profit / (loss) for the year - net of tax	Exchange Translation Reserve	Surplus (Deficit) on Revaluation Properties	Surplus (Deficit) on Revaluation Securities	Closing Balance
Rupees in '000'								
Joint Venture								
United National Bank Limited	4,507,135	-	-	(162,934)	319,422	(544,186)	-	4,306,138
	4,507,135	-	-	(162,934)	319,422	(544,186)	-	4,306,138
Associates								
Unlisted								
Pakistan Emerging Venture Limited	50,565	-	-	-	-	-	-	50,565
Information System Associates Limited	1,719	-	(1,719)	-	-	-	-	-
National Fructose Company Limited	6,500	-	-	-	-	-	-	6,500
National Assets Insurance Company	44,815	-	-	-	-	-	-	44,815
Dadabhai Energy Supply Company Limited	32,105	-	-	-	-	-	-	32,105
Pakistan Mercantile Exchange Limited	50,000	16,539	-	-	-	-	-	106,539
Listed								
First Credit and Investment Bank Limited	204,086	-	-	-	2,086	-	-	206,172
Land Mark Spinning Mills Limited	38,710	-	-	-	-	-	-	38,710
S.G. Fibres Limited	218,935	-	-	-	-	-	-	218,935
Nira Industries Limited	49,060	-	-	-	-	-	-	49,060
Agritech Limited	1,014,226	-	(201,060)	-	(335,362)	-	-	477,806
	1,751,321	16,539	(202,779)	-	(333,276)	-	-	1,231,805

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2015									
Opening Balance	Addition	Disposal	Dividend paid	Share of profit / (loss) for the year - net of tax	Exchange Translation Reserve	Surplus (deficit) on Revaluation Properties	Surplus (deficit) on Revaluation Securities	Closing Balance	
Rupees in '000'									
Joint Venture									
United National Bank Limited	4,489,187	-	-	(107,723)	560,031	(22,617)	-	(411,743)	4,507,135
	4,489,187	-	-	(107,723)	560,031	(22,617)	-	(411,743)	4,507,135
Associates									
Unlisted									
Pakistan Emerging Venture Limited	50,565	-	-	-	-	-	-	-	50,565
Information System Associates Limited	1,719	-	-	-	-	-	-	-	1,719
National Fructose Company Limited	6,500	-	-	-	-	-	-	-	6,500
National Assets Insurance Company	44,815	-	-	-	-	-	-	-	44,815
Dadabhai Energy Supply Company Limited	32,105	-	-	-	-	-	-	-	32,105
Pakistan Mercantile Exchange Limited	90,000	-	-	-	-	-	-	-	90,000
Listed									
First Credit and Investment Bank Limited	199,732	-	-	-	7,425	-	-	(3,071)	204,086
Taha Spinning Mills Limited	2,501	-	(2,501)	-	-	-	-	-	-
Land Mark Spinning Mills Limited	39,710	-	-	-	-	-	-	-	39,710
S.G. Fibres Limited	218,535	-	-	-	-	-	-	-	218,535
Nine Industries Limited	49,060	-	-	-	-	-	-	-	49,060
AgriTech Limited	1,862,079	-	-	-	(847,851)	-	-	-	1,014,228
Listed Mutual Funds									
NAFA Riba Free Saving Fund	512,350	-	(481,238)	(33,390)	2,278	-	-	-	-
NAFA Income Opportunity Fund	44,978	-	(44,459)	(1,166)	647	-	-	-	-
NAFA Multi Asset Fund	72,271	-	(77,082)	(2,128)	6,939	-	-	-	-
NAFA Financial Sector Income Fund	737,307	-	(692,415)	(53,508)	8,616	-	-	-	-
NAFA Islamic Aggressive Income Fund	78,409	-	(74,926)	(5,701)	2,218	-	-	-	-
NAFA Islamic Multi Asset Fund	126,050	-	(136,430)	(11,618)	21,998	-	-	-	-
NAFA Government Securities Liquid Fund	4,022,805	-	(3,738,261)	(271,389)	(12,955)	-	-	-	-
NAFA Money Market Fund	3,542,657	-	(3,425,785)	-	(116,872)	-	-	-	-
NAFA Savings Plus Fund	476,534	-	(444,783)	(36,559)	4,808	-	-	-	-
	12,210,482	-	(9,117,880)	(415,459)	(922,747)	-	-	(3,071)	1,781,323

	Note	Percentage holding	2016 Rupees in '000	2015 Rupees in '000
9.8 Investments in subsidiaries				
Cast-N-Link Products Limited	9.8.1	76.51	1,245	1,245
			1,245	1,245
Less: Provision for diminution in value of investments			(1,245)	(1,245)
			-	-

9.8.1 The consolidated financial statements of Cast-N-Link Products Limited (CNL) are not available since the year 1997. Accordingly, the management of the Group had applied to the Securities and Exchange Commission of Pakistan (SECP) for the exemption from the requirements of section 237 of the Companies Ordinance, 1984 in respect of consolidating its subsidiary CNL. The SECP, vide its letter EMD/233/627/2002-539 dated November 05, 2014 under Section 237(8) of the Companies Ordinance, 1984, based on the fact that investments of the Group in CNL are not material and comprise of 0.00015% of the total assets of the Bank and the investment have been fully provided for, granted the exemption from consolidation of CNL in its consolidated financial statements for the year ended December 31, 2016.

	Note	2016 Rupees in '000	2015
9.9 Particulars of provision for diminution in value of investments			
Opening balance		15,453,451	15,668,377
Charge for the year		1,447,914	1,055,831
Reversals for the year		(3,123,080)	(1,852,131)
		(1,676,066)	(796,300)
Transfer from advances	10.4	214,444	595,227
Transfer advances	10.4	(284,000)	-
Other transfers		99,769	-
Others		660,104	(13,853)
Closing Balance	9.9.1/9.9.2	14,467,703	15,453,451

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Note	2016 Rupees in '000	2015
9.9.1 Particulars of provision in respect of type			
Available-for-sale securities			
Ordinary shares of listed companies and mutual funds		2,743,863	3,394,043
Ordinary shares of unlisted companies		398,923	398,923
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds		9,303,518	9,983,942
Preference shares		433,444	446,444
Held-to-maturity securities			
Debentures, Bonds, Participation Term Certificates, and Term Finance Certificates		604,979	619,324
Investments in associates	9.5	981,730	609,530
Investments in subsidiaries	9.8	1,245	1,245
		14,467,703	15,453,451
9.9.2 Particulars of provision in respect of segments			
Fully Paid up Ordinary Shares		3,142,786	3,735,090
Debentures, Bonds, Participation Term Certificates, Term Finance Certificates and Sukuk Bonds		9,908,497	10,603,266
Other investments		433,445	504,320
Investments in associates	9.5	981,730	609,530
Investments in subsidiaries	9.8	1,245	1,245
		14,467,703	15,453,451
9.10 Unrealized (loss) / gain on revaluation of investments classified as Held-for-trading			
Ordinary shares of listed companies		1,064	-
Federal Government securities		(68,521)	5,924
		(67,457)	5,924
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.		

	Note	2016 Rupees in '000	2015
10. ADVANCES			
Loans, cash credits, running finances, etc.,			
In Pakistan		709,766,336	621,615,397
Outside Pakistan		52,266,377	54,635,448
		762,032,713	676,250,845
Islamic financing and related assets	42.2.2	3,199,129	1,026,891
Net investment in finance lease			
In Pakistan	10.2	1,030,538	1,270,081
Bills discounted and purchased (excluding Government treasury bills)			
Payable in Pakistan		8,855,145	8,678,788
Payable outside Pakistan		8,437,549	7,387,939
		17,292,694	16,066,727
Advances - gross	10.1	783,555,074	694,614,544
Less: Provision against non-performing advances	10.4	114,671,146	114,291,008
Advances - net of provision		668,883,928	580,323,536

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2016
Rupees in '000

2015

10.1 Particulars of advances - gross

10.1.1 In local currency	722,851,148	615,480,140
In foreign currencies	60,703,926	79,134,404
	783,555,074	694,614,544
10.1.2 Short-term (for upto one year)	378,754,941	386,234,580
Long-term (for over one year)	404,800,132	308,379,964
	783,555,074	694,614,544

10.2 Net investment in finance lease

	2016				2015			
	Later than				Later than			
	Not later than one year	one and less than five years	Over five years	Total	Not later than one year	one and less than five years	Over five years	Total
	Rupees in '000							
Lease rentals receivable	525,510	375,069	-	900,579	629,224	487,422	-	1,116,645
Residual value	140,838	142,125	-	282,963	172,738	151,716	-	324,455
Minimum lease payments	666,348	517,194	-	1,183,542	801,962	639,138	-	1,441,100
Financial charges for future periods	107,536	45,468	-	153,004	118,617	52,402	-	171,019
	558,812	471,726	-	1,030,538	683,346	586,736	-	1,270,081

The leases executed are for a term of 1 to 7 years. Security deposit is generally obtained upto 10% of the cost of leased assets at the time disbursement. The Group requires the lessees to insure the leased assets in favour of the Group and maintained financial ratios, as required under the SECP Prudential Regulations for Non-Banking Finance Companies. Additional surcharge is charged on delayed rentals. The average return implicit ranges from 9.06% to 13.65% (2015: 12.53% to 15.70%) per annum.

10.3 Advances include Rs. 120,562 million (2015: Rs. 128,277 million) which have been placed under non-performing status (refer note 10.5.3) as detailed below:

	2016								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Category of Classification									
Other Assets Especially									
Mentioned	1,082,036	-	1,082,036	31,804	-	31,804	31,804	-	31,804
Substandard	4,843,374	52,363	4,895,737	1,128,619	13,091	1,141,710	1,128,619	13,091	1,141,710
Doubtful	3,561,908	43,765	3,605,673	1,614,012	21,882	1,635,894	1,614,012	21,882	1,635,894
Loss	79,531,756	31,446,649	110,978,405	77,723,512	29,707,018	107,430,530	77,723,512	29,707,018	107,430,530
	89,019,074	31,542,777	120,561,851	80,497,947	29,741,991	110,239,938	80,497,947	29,741,991	110,239,938
	2015								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Category of Classification									
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	84,644,181	31,660,021	116,304,202	78,694,872	29,935,390	108,630,262	78,694,872	29,935,390	108,630,262
	96,380,995	31,895,875	128,276,870	81,294,092	30,032,555	111,326,647	81,294,092	30,032,555	111,326,647

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

10.4 Particulars of provision against non-performing advances:

Note	2016			2015		
	Specific	General	Total	Specific	General	Total
	Rupees in '000'					
Opening balance	111,326,647	2,964,361	114,291,008	98,549,185	3,201,465	101,750,650
Foreign exchange adjustments	(287,596)	(11,380)	(298,976)	859,521	16,854	876,375
Charge for the year	8,984,211	1,522,050	10,506,261	16,062,482	227,540	16,290,022
Reversal during the year	(9,754,567)	(43,824)	(9,798,391)	(4,944,996)	(481,498)	(5,426,494)
	(770,356)	1,478,226	707,870	11,117,486	(253,958)	10,863,528
Transfer to investments	9.9	(214,444)	-	(595,227)	-	(595,227)
Transfer from investments	9.9	284,000	-	-	-	-
Transfer from off balance sheet obligations	18.1	-	-	1,494,692	-	1,494,692
Other transfer		263,938	-	-	-	-
Amount charged off	10.5.4	(97,256)	-	(18,228)	-	(18,228)
Amounts written off	10.6	(266,672)	-	(12,690)	-	(12,690)
Other adjustments		1,677	-	(68,091)	-	(68,091)
Closing balance		110,239,938	4,431,207	111,326,647	2,964,361	114,291,008

10.5 Particulars of provision against non-performing advances:

	2016			2015		
	Specific	General	Total	Specific	General	Total
	Rupees in '000'					
In local currency	80,050,285	4,269,942	84,320,207	81,294,092	2,747,891	84,041,983
In foreign currencies	30,189,673	161,265	30,350,939	30,032,555	216,470	30,249,025
	110,239,938	4,431,207	114,671,146	111,326,647	2,964,361	114,291,008

10.5.1 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 Group 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.

10.5.2 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.

10.5.3 The SBP has allowed specific relaxation to the Group 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).

10.5.4 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.

10.5.6 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Note	2016 Rupees in '000	2015
10.6 Particulars of write offs:			
10.6.1 Against provisions	10.4	266,672	12,690
		<u>266,672</u>	<u>12,690</u>
10.6.2 Write offs of Rs. 500,000 and above	10.7	265,486	10,948
Write offs of below Rs. 500,000		1,186	1,742
		<u>266,672</u>	<u>12,690</u>

10.7 Details of loan write off 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.

	Note	2016 Rupees in '000	2015
10.8 Particulars of loans and advances to directors, associated companies, etc. :			
Debts due by directors, executives or officers & staff of the Bank or any of them either severally or jointly with any other persons			
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 Group 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 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>

11. OPERATING FIXED ASSETS

Capital work-in-progress	11.1	1,545,405	1,365,006
Property and equipment	11.2	31,062,696	30,490,562
Intangible assets	11.3	1,450,188	1,215,556
		<u>34,058,289</u>	<u>33,071,124</u>
11.1 Capital work-in-progress			
Civil works		1,477,219	1,291,008
Equipments		18,167	16,304
Advances to suppliers and contractors		50,019	57,694
		<u>1,545,405</u>	<u>1,365,006</u>

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11.2 Property and equipment

	Cost / revalued amount			Accumulated depreciation				
	At January 1, 2016	Additions/ (deletions)/ adjustments	At December 31, 2016	At January 1, 2016	Charge for the year/ (deletions) / adjustments	At December 31, 2016	Book Value at December 31, 2016	Rate of depreciation
Rupees in '000								
Owned								
Land								
- freehold	11,214,811	- - (5,374)	11,209,437	-	-	-	11,209,437	Nil
- leasehold	10,372,742	4,924 - -	10,377,666	-	-	-	10,377,666	Nil
Buildings on land:								
- freehold	2,904,419	112,658 - 1,593	3,018,670	293,514	139,201 - 158	432,873	2,585,797	5% on book value
- leasehold	2,747,943	84,333 - 10,797	2,843,073	230,471	118,440 - 5,472	354,383	2,488,690	5% on book value
Furniture and fixtures	2,724,075	1,181,459 (25,843) 9,658	3,889,350	1,771,658	469,441 (16,144) (8,528)	2,216,427	1,672,924	20% on cost
Computer & peripheral equipments	3,025,025	359,679 (19,087) 72,051	3,437,667	2,651,403	382,804 (14,215) (57,603)	2,962,389	475,278	33.33% on cost
Electrical & office equipments	3,667,546	384,629 (7,920) (6,787)	4,037,468	2,320,797	634,477 (5,797) (3,186)	2,946,292	1,091,176	20% on cost
Vehicles	963,330	701,245 (296,115) (358,213)	1,010,247	290,286	216,342 (280,305) 74,054	300,377	709,870	20% on cost
	37,619,891	2,828,927 (348,965) (276,275)	39,823,577	7,558,129	1,960,704 (318,461) 10,367	9,212,740	30,610,838	
Assets held under finance lease								
Vehicles	342,657	12,000 (16,256) (88,520)	249,881	213,552	49,821 (12,385) (76,070)	175,018	74,863	20% on cost
Office equipment	13,304	- (1,200) (10,254)	1,850	12,436	250 (836) (10,475)	1,375	475	20% on book value
Assets held underjarah								
Machinery	1,395,154	- (141,857) (787,371)	465,926	1,096,326	83,291 (125,923) (769,095)	284,600	161,326	25% to 33% on cost
Vehicles	714,594	6 (197,126) 82,554	600,027	714,593	90,322 (153,976) (246,107)	404,832	195,195	20% on book value
2016	40,085,599	2,840,932 (705,404) (1,079,866)	41,141,261	9,575,037	2,184,488 (609,580) (1,091,380)	10,078,565	31,062,696	

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	Cost / revalued amount			Accumulated depreciation				
	At January 1, 2015	Additions/ (deletions)/ adjustments	At December 31, 2015	At January 1, 2015	Charge for the year/ (deletions) / adjustments	At December 31, 2015	Book Value at December 31, 2015	Rate of depreciation
	Rupees in '000							
Owned								
Land								
- 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
Buildings on land:								
- freehold	2,867,306	37,113	2,904,419	148,001	145,513	293,514	2,610,905	5% on book value
		-			-			
- leasehold	2,681,061	67,398 (516)	2,747,943	112,688	117,916 (133)	230,471	2,517,472	5% on book value
Furniture and fixtures	3,433,918	416,740 (25,082) (1,101,501)	2,724,075	2,499,573	295,829 (18,031) (1,005,713)	1,771,658	952,418	20% on cost
Computer & peripheral equipments	3,874,422	269,952 (7,546) (1,111,803)	3,025,025	3,447,606	334,000 (6,906) (1,123,297)	2,651,403	373,622	33.33% on cost
Electrical & office equipments	3,956,737	485,709 (5,220) (769,680)	3,667,546	2,795,242	261,979 (3,975) (732,449)	2,320,797	1,346,749	20% on cost
Vehicles	1,518,258	191,377 (79,204) (667,101)	963,330	850,089	135,574 (65,544) (629,833)	290,288	673,044	20% on cost
	39,873,514	1,514,030 (117,568) (3,650,085)	37,619,891	9,853,199	1,290,811 (94,588) (3,491,292)	7,558,129	30,061,762	
Assets held under finance lease								
Vehicles	317,903	68,717 (50,763) 6,800	342,657	228,011	26,073 (40,532) -	213,552	129,105	20% on cost
Office equipment	13,304	-	13,304	12,131	305	12,436	868	20% on book value
Assets held under Ijarah								
Machinery	1,492,773	280,891 (378,510)	1,395,154	1,175,453	249,650 (326,044) (2,733)	1,096,326	299,627	25% to 33% on cost
Vehicles	792,565	- (77,971) -	714,594	792,565	- (77,971)	714,593	1	20% on book value
2015	42,490,059	1,863,638 (624,812) (3,643,285)	40,085,599	12,061,359	1,566,639 (539,136) (3,494,025)	9,595,037	30,490,562	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

11.3 Intangible assets

	Cost		Accumulated amortisation			Book Value at December 31, 2016	Rate of amortisation	
	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								
Computer software	153,883	372,156	526,039	150,652	22,227	172,879	353,160	33.33% on cost
Core Banking Application	1,700,538	524,727	2,303,196	1,052,278	718,475	1,770,753	532,443	33.33% on cost
		77,931						
Website	1,041	-	1,041	1,041	-	1,041	-	33.33% on cost
Room and Membership Card	-	-	-	-	-	-	-	
Trading right entitlement certificate (TREC) - (11.7)	-	-	-	-	-	-	-	
Goodwill on NAFA Acquisition	655,146	-	655,146	92,593	-	92,593	562,553	
Others	4,192	582	4,774	2,681	61	2,742	2,032	
	2,514,800	975,396	3,490,196	1,299,245	740,763	2,040,008	1,450,188	

	Cost		Accumulated amortisation			Book Value at December 31, 2015	Rate of amortisation	
	At January 1, 2015	Additions / (Disposal)	At December 31, 2015	At January 1, 2015	Charge for the year			At December 31, 2015
Rupees in '000								
Computer software	154,990	(1,107)	153,883	149,928	724	150,652	3,232	33.33% on cost
Core Banking Application	1,328,910	371,628	1,700,538	418,447	633,831	1,052,278	648,260	33.33% on cost
Website	1,041	-	1,041	1,041	-	1,041	-	33.33% on cost
Room and Membership Card	-	-	-	-	-	-	-	-
Trading right entitlement certificate (TREC) - (11.7)	-	-	-	-	-	-	-	-
Goodwill on NAFA Acquisition	655,146	-	655,146	92,593	-	92,593	562,553	-
Others	4,192	-	4,192	2,681	-	2,681	1,511	-
	2,144,279	370,521	2,514,800	664,690	634,555	1,299,245	1,215,556	-

11.4 Revaluation of properties

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

- 11.5** The Ijarah 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
	178,877	264,162

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 Group 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.

- 11.7** The TRE Certificate acquired on surrender of Stock Exchange Membership Card is stated at Nil value.

According to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once to a company intending to carry out shares brokerage business in the manner to be prescribed. Upto December 31, 2019, a Stock Exchange shall offer for issuance of 15 TRE Certificate each year in the manner prescribed. After 2019, no restriction shall be placed on issuance of TRE Certificate.

	Note	2016	2015
		Rupees in '000	
12. DEFERRED TAX ASSETS - net			
Deductible temporary differences on :			
Provision for diminution in the value of investments		3,842,117	4,117,499
Provision against non-performing advances		3,312,021	8,000,570
Other provision		2,666,050	2,262,569
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
Others		4,358	-
		23,169,021	25,996,978
Taxable temporary differences on :			
Excess of accounting book value of leased assets over lease liabilities		(85)	(8,097)
Revaluation of securities	20.1	(17,094,125)	(15,104,136)
Non-banking assets		(36,273)	-
Operating fixed assets		(886,042)	(1,212,494)
		(18,016,525)	(16,324,727)
Net deferred tax assets		5,172,496	9,672,251

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

12.1 Reconciliation of deferred tax

	January 1, 2015	Recognize d in Profit and Loss Account	Recognized in Other Comprehensi ve Income / Surplus on revaluation of assets	December 31, 2015	Recognized in Profit and Loss Account	Recognized in Other Comprehensiv e Income / Surplus on revaluation of assets	December 31, 2016
Rupees in '000							
Deferred tax assets arising in respect of:							
Provision for diminution in the value of investments	3,636,653	480,846	-	4,117,499	(475,382)	-	3,642,117
Provision against advances	7,092,841	907,729	-	8,000,570	(4,688,549)	-	3,312,021
Other provision	1,769,167	493,402	-	2,262,569	403,481	-	2,666,050
Charge against defined benefits plans	9,031,229	932,913	843,669	10,807,811	944,930	996,737	12,755,946
Unrealised gain / loss on derivatives	691,907	-	-	691,907	-	-	691,907
Provision against off-balance sheet obligations	116,622	-	-	116,622	-	-	116,622
Others	-	-	-	-	4,358	-	4,358
	22,338,419	2,814,891	843,669	25,996,978	(3,811,162)	996,737	23,189,021
Less: Deferred tax (liabilities) arising in respect of:							
Excess of accounting book value of leased assets over lease liabilities	(3,720)	(4,377)	-	(8,097)	8,012	-	(85)
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)
Revaluation of fixed assets	(1,276,693)	64,199	-	(1,212,494)	326,452	-	(886,042)
	(12,454,163)	59,822	(3,930,386)	(16,324,727)	334,464	(2,026,262)	(18,016,525)
Net deferred tax assets	9,884,256	2,874,712	(3,086,717)	9,672,251	(3,476,698)	(1,029,525)	5,172,496

	Note	2016 Rupees in '000	2015
13. OTHER ASSETS			
Income / mark-up accrued in local currencies		23,234,508	28,528,306
Income / mark-up accrued in foreign currencies		1,651,422	1,573,224
Advances, deposits, advance rent and other prepayments	13.1	5,707,385	4,885,084
Advance taxation (payments less provisions)		14,632,950	10,980,767
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 on hand		336,422	234,578
Receivable against sale of shares		695,511	7,143
Others		5,500,386	3,015,959
		87,276,702	86,168,870
Less: Provision held against other assets	13.4	6,446,439	6,077,158
Other assets (net of provision)		80,830,263	80,091,712

NOTES TO THE CONSOLIDATED 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 Group 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 Rupees in '000	2015
13.4 Provisions against other assets			
Opening balance		6,077,158	5,557,491
Charge for the year	13.4.1	370,266	389,917
Reversals		(366)	(17,559)
		369,900	372,358
Write offs		(620)	(2,586)
Reclassifications		-	149,895
Closing balance		6,446,439	6,077,158

13.4.1 This mainly includes provision made on account of financial improprieties.

13.5 Movement in compensation for delayed refund

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

14. BILLS PAYABLE

In Pakistan		10,152,968	8,958,569
Outside Pakistan		34,282	213,047
		10,187,250	9,171,616

15. BORROWINGS

In Pakistan		41,341,143	19,008,803
Outside Pakistan		3,522,787	3,376,050
	15.1 & 15.2	44,863,930	22,384,853

15.1 Particulars of borrowings with respect to currencies

In local currency		41,341,143	19,008,803
In foreign currencies	15.2	3,522,787	3,376,050
		44,863,930	22,384,853

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	Note	2016 Rupees in '000	2015
15.2 Details of borrowings			
Secured			
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
Unsecured			
Call borrowings	32	27,189,616	3,376,063
Overdrawn nostro accounts	32	82,811	326,444
Others		70,800	544,463
		27,343,227	4,246,970
		44,863,930	22,384,853

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

- The Group has entered into agreements with the SBP for extending export finance to customers. As per the terms of the agreement, the Group has granted SBP the right to recover the outstanding amount from the Group at the date of maturity of finances by directly debiting the current account maintained by the Group 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 ranging from January 10, 2017 to 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 Group's cash and security balances held by the SBP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	Note	2016 Rupees in '000	2015 Rupees in '000
16. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		439,084,115	330,551,976
Savings deposits		429,137,018	382,255,071
Current accounts - remunerative		220,938,478	183,332,050
Current accounts - non-remunerative		339,780,994	332,225,875
		1,428,940,606	1,228,364,972
Financial Institutions			
Remunerative deposits		51,136,254	109,257,412
Non - remunerative deposits		177,055,545	93,913,013
		228,191,799	203,170,425
	16.1	1,657,132,405	1,431,535,397
16.1 Particulars of deposits			
In local currency		1,498,329,764	1,199,339,988
In foreign currencies [including deposits of foreign branches of Rs. 86,312 million (2015: Rs. 158,964 million)]		158,802,641	232,195,409
		1,657,132,405	1,431,535,397

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	36,708	4,864	31,844	33,779	6,232	27,547
Later than one year and not later than five years	54,183	3,020	51,163	75,652	12,011	63,641
	90,891	7,884	83,007	109,431	18,243	91,188

The Group 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 Group has option to acquire the assets, subject to adjustment of security deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	Note	2016 Rupees in '000	2015
18. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		19,163,528	14,041,877
Mark-up / return / interest payable in foreign currencies		203,769	252,916
Unearned commission and income on Bai Muajjal and bills discounted		310,604	392,023
Accrued expenses		6,217,050	5,114,789
Advance payments		117,361	56,960
Unclaimed dividends		153,607	164,414
Un-realized 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
Employment 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	1,385,322	1,067,622
Compensated absences	34.2.1	6,262,603	5,709,230
Staff welfare fund		389,343	371,257
Liabilities relating to:			
Barter trade agreements		14,261,334	14,282,581
Payable to brokers		32,688	610
Others		9,613,003	9,029,154
		89,011,304	77,036,022

18.1 Provision against off balance sheet obligations

Opening balance	627,494	2,244,872
Reversal of provision for the year	-	(122,686)
Transfer to advances	-	(1,494,692)
Closing balance	627,494	627,494

18.2 Provision against contingencies

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

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 Capital

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

19.2 Issued, subscribed and paid up capital

2015	2016		2016	2015
Number			Rupees in '000	
140,388,000	140,388,000	Ordinary shares of Rs.10 each		
1,987,125,026	1,987,125,026	Fully paid in cash	1,403,880	1,403,880
2,127,513,026	2,127,513,026	Issued as fully paid bonus shares	19,871,251	19,871,251
			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.

19.3 Shares of the Bank held by subsidiary and associates

Following shares were held by the associates of the Bank as of year end:

First Credit & Investment Bank Limited
Taurus Securities Limited

2016	2015
Number of shares	
40,000	70,000
-	11,475
40,000	81,475

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 Group are to be transferred to this reserve.

19.4.3 General loan loss reserve

The Group 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 Group 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.

20. SURPLUS ON REVALUATION OF ASSETS - net

	Note	2016	2015
		Rupees in '000	
Available-for-sale securities	20.1	33,117,837	29,562,898
Operating fixed assets	20.2	22,054,443	22,168,380
Non-banking assets		1,126,857	-
		56,299,137	51,731,278

20.1 Surplus / (deficit) on revaluation of available-for-sale securities - net of tax

Federal Government Securities	4,311,723	9,109,036
Term Finance Certificates and Sukus	281,349	59,167
Shares and mutual funds	37,269,582	26,047,519
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	50,993,784
Deferred tax liability	12	(17,094,125)
Share of revaluation loss on securities of associates		(781,822)
		33,117,837
		29,562,898

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	Note	2016 Rupees in '000	2015 Rupees in '000
20.2 Movement in surplus on revaluation of fixed assets - net of tax			
Surplus on revaluation on January 1,		23,002,503	23,187,017
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)
		(175,288)	(184,514)
		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 Group's properties during the year		-	-
Incremental depreciation charged during the year transferred to profit and loss account		(61,351)	(64,580)
	12	1,174,671	1,236,022
Share of surplus on revaluation of fixed assets of joint venture		401,899	401,899
Surplus on revaluation on December 31,		22,054,443	22,168,380

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 Rupees in '000	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
	39,954,850	38,760,792

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
	52,234,321	38,539,419

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
	380,710,380	285,088,985

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)).

	14,238,035	17,262,022
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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 filling appeal effect which will substantially increase further refunds to the Bank.

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.

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.

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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 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.

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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 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.Zubari" 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

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For the year ended December 31, 2016

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 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	
21.5 Commitments in respect of forward exchange contracts		
Purchase	145,531,852	273,199,134
Sale	90,986,181	183,645,395
21.6 Commitments for the acquisition of operating fixed assets	1,094,029	1,999,488
21.7 Other commitments		
Professional services to be received	12,670	81,095
Commitments for sale of quoted securities under future contracts under counter commitments	-	174,985

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22. DERIVATIVE INSTRUMENTS

The Group enters into foreign exchange forward contracts to manage its foreign currency exposure. The Group is also party to put option held by Agritech Limited for purchase of its shares. The accounting policy for derivative is disclosed in note 5.6 to the financial statements.

23. MARK-UP / RETURN / INTEREST EARNED

On Loans and advances to:

Customers

Financial institutions

On Investments in:

Held-for-trading securities

Available-for-sale securities

Held-to-maturity securities

On deposits with financial institutions

On securities purchased under resale agreements

2016 2015
Rupees in '000

54,559,229	56,954,514
37,698	68,209
54,596,927	57,022,723
667,347	450,240
40,937,305	38,925,217
17,445,504	16,359,970
59,050,156	55,735,428
596,455	482,468
785,291	1,145,745
115,028,828	114,386,364

24. MARK-UP / RETURN / INTEREST EXPENSED

Deposits

Securities sold under repurchase agreements

Short-term borrowings

50,051,476	53,275,394
8,250,159	5,551,365
1,292,715	1,172,615
59,594,350	59,999,374

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.

26. GAIN ON SALE & REDEMPTION OF SECURITIES - net

Federal Government Securities

Market Treasury Bills

Pakistan Investment Bonds

GoP Ijarah Sukuks

Shares and mutual funds

Foreign Government / debt securities

Associates

2016 2015
Rupees in '000

153,795	189,081
3,084,430	6,633,083
650	2,370
3,238,875	6,824,534
5,231,490	4,922,735
919	24,734
54,188	510,798
8,525,471	12,282,801

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Note	2016 Rupees in '000	2015
27. OTHER INCOME			
Rent on property / lockers		31,028	33,766
Gain on sale of property and equipment		169,553	15,009
Compensation for delayed tax refunds	13.5	1,333,270	1,585,271
Net unrealized gain on derivatives-put option in respect of Agritech Limited (an associate)		-	364,800
Others		32,717	112,273
		<u>1,566,568</u>	<u>2,111,119</u>
28. ADMINISTRATIVE EXPENSES			
Salaries and allowances		27,234,174	24,637,535
Charge for defined benefit plans		4,974,977	4,416,670
Non-executive directors' fees, allowances and other expenses	35	25,863	20,814
Non-executive directors' fees, allowances and other expenses - Subsidiaries		3,690	4,567
Rent, taxes, insurance, electricity and other utilities	28.1	3,461,073	3,329,064
Legal and professional charges		645,202	314,997
Communications		1,070,678	942,385
Repairs and maintenance		1,140,537	1,067,320
Financial charges on leased assets		6,719	9,590
Books, stationery, printing and other computer accessories		1,027,852	848,112
Advertisement, sponsorship and publicity		585,618	809,914
Donations	28.2	950	931
Contributions for other Corporate and Social Responsibility	28.2	54,317	58,659
Auditors' remuneration	28.3	177,277	162,623
Depreciation	11.2	2,184,488	1,566,839
Depreciation on Ijarah Assets		67,046	81,154
Amortization	11.3	740,763	634,555
Depreciation on Non-banking Assets		34,406	-
Conveyance		275,030	279,588
Entertainment		129,649	100,045
Travelling		534,696	558,207
Security services		2,090,662	1,994,719
Outsourcing and janitorial services		1,096,187	870,705
Clearing, verification, licence fee charges		273,025	238,507
Subscription		61,370	43,522
Brokerage		181,706	325,567
Training		67,985	72,704
Fixed Assets charged off		-	133,793
Non-banking asset revaluation deficit		111,538	-
Miscellaneous operating expenses		174,932	197,117
		<u>48,432,410</u>	<u>43,720,204</u>

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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
	Rs. in '000			
Audit fee - Annual	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 taxation, special certifications and sundry 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
Fee for audit of subsidiaries including out-of-pocket expenses			5,680	6,053
	34,308	23,724	177,277	162,623

29. OTHER CHARGES

Penalties imposed by the SBP / regulatory authorities

Note	2016 Rupees in '000	2015
	309,450	73,749
	309,450	73,749

30. TAXATION

For the year

Current

Deferred

30.1	9,686,755	14,672,221
	3,476,698	(2,874,712)
	13,163,453	11,797,509

For prior year

Current

Deferred

30.1	1,344,024	2,298,465
	-	-
	1,344,024	2,298,465
30.2	14,507,477	14,095,974

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

Income tax at statutory rate @ 35% (2015: 35%)

Increase / (decrease) in taxes resulting from:

Prior year tax effects

Others

Tax charge for current year

	37,594,737	34,172,557
	13,158,158	11,960,395
	1,344,024	2,298,465
	5,295	(162,886)
	14,507,477	14,095,974

30.3 The Federal Government has extended one time 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 prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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		2016	2015
31. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after tax for the year	Rupees in '000	23,039,549	20,043,034
Weighted average number of ordinary shares	Numbers '000	2,127,513	2,127,513
Basic earnings per share	Rupees	10.83	9.42
Basic and diluted earnings per share are same.			

	Note	2016 Rupees in '000	2015
32. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	160,085,598	151,190,845
Balance with other banks	7	14,395,805	20,639,421
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)
		147,270,176	171,188,959

		2016 Number	2015
33. STAFF STRENGTH			
Permanent		12,371	13,289
Temporary / on contractual basis		3,723	2,882
Total Staff Strength		16,094	16,171

33.1 In addition to the above, the Group 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 recognising actuarial gains and losses is disclosed in note 5 to the consolidated 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:

	Note	2016	2015
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
		Rupees in '000	

Number of employees covered under retirement benefit plan

34.1.2 Net defined benefit liability - pension fund

Present value of defined benefit obligations		54,855,012	46,819,562
Fair value of plan assets		(48,752,410)	(38,384,230)
	18	6,102,602	8,435,332

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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 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
Included in profit and loss						
Current service cost	1,456,522	1,145,592	-	-	1,456,522	1,145,592
Interest cost / income	4,544,817	4,727,058	3,753,224	3,931,706	791,593	795,352
	6,001,339	5,872,650	3,753,224	3,931,706	2,248,115	1,940,944
Included in other comprehensive income						
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	-	-	3,753,224	-	(3,753,224)	-
	4,776,940	(37,127)	7,018,581	(2,387,548)	(2,241,641)	2,350,421
Others						
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	48,752,410	38,384,229	6,102,602	8,435,331

34.1.2.2 Plan assets

Note 2016 2015
Rupees in '000

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

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	12,406,140	-
Cash at Bank	537,315	1,131,801
	44,999,186	38,384,230

34.1.3 Net defined benefit liability - post retirement medical scheme

Present value of defined benefit obligations

Fair value of plan assets

13,377,650	11,268,022
-	-
13,377,650	11,268,022

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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 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
Included in profit and loss						
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
Included in other comprehensive income						
▪ 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
Others						
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

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For the year ended December 31, 2016

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

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 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
Included in profit and loss						
Current service cost	61,464	28,239	-	-	61,464	28,239
Interest cost / (income)	177,760	181,153	-	-	177,760	181,153
	239,224	209,392	-	-	239,224	209,392
Included in other comprehensive income						
- 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
Others						
Benefits paid	(106,476)	(85,986)	-	-	(106,476)	(85,986)
Balance as at December 31,	<u>1,977,230</u>	<u>1,830,831</u>	<u>-</u>	<u>-</u>	<u>1,977,230</u>	<u>1,830,831</u>

	Note	2016 Rupees in '000	2015 Rupees in '000
34.1.5 Net defined benefit liability - Gratuity Fund			
Present value of defined benefit obligations		1,298,782	1,001,423
Fair value of plan assets		-	-
Holding Company	18	1,298,782	1,001,423
Subsidiaries		86,540	66,199
		<u>1,385,322</u>	<u>1,067,622</u>

34.1.5.1 Reconciliation of net defined benefit liability - Gratuity fund

The following table shows a reconciliation from the opening balances to the closing balances for net defined liability for gratuity 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,	1,001,423	892,157	-	-	1,001,423	892,157
Included in profit and loss						
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
Included in other comprehensive income						
- 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)
Others						
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>

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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
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 2016

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

- Pension Fund	1,116,906
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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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	Note	2016 Rupees in '000	2015 Rupees in '000
34.2 Other employee benefits			
34.2.1 Reconciliation of net liability recognized for compensated absences			
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

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

34.2.1.2 Experience adjustment on obligation	2016 Rupees in '000	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

34.2.1.3 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

34.2.1.4 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 CONSOLIDATED 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
	49,728	71,093	25,863	20,814	8,713,713	6,266,683
	Number					
Number of persons	1	1	7	6	2,396	1,803

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.

The above information does not include particulars of directors, chief executives and executives of subsidiaries.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated 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 Group's accounting policy as stated in note 5.

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.

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36.1 On balance sheet financial instruments

	2016						Fair value			
	Carrying Amount									
	HFT	Available for Sale	HTM	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)									
Financial assets measured at fair value										
Investments										
• Market Treasury Bills	802,307	388,674,263	-	-	-	388,976,570	-	388,976,570	-	388,976,570
• Pakistan Investment Bonds	9,916,069	133,486,436	-	-	-	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	212,221	54,487,775	-	-	-	54,699,996	54,699,996	-	-	54,699,996
• Ordinary shares of unlisted companies	-	1,732,059	-	-	-	1,732,059	-	1,732,059	-	1,732,059
• Investments in mutual funds	338,731	3,716,365	-	-	-	4,055,096	-	4,055,096	-	4,055,096
• Ordinary shares of a bank outside Pakistan	-	9,233,386	-	-	-	9,233,386	9,233,386	-	-	9,233,386
• 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
Financial assets not measured at fair value (refer note 36.2)										
Cash and bank balances with SBP	-	-	-	160,085,598	-	160,085,598	-	-	-	-
Balances with other banks	-	-	-	14,395,805	-	14,395,805	-	-	-	-
Lending to financial instruments	-	-	-	121,709,399	-	121,709,399	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-
• Market Treasury Bills	-	-	29,278,178	-	-	29,278,178	-	-	-	-
• Pakistan Investment Bonds	-	-	178,328,918	-	-	178,328,918	-	-	-	-
• 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, Sukuk, Participation Term Certificates and Term Finance Certificates	-	-	187,954	-	-	187,954	-	-	-	-
Advances	-	-	-	668,883,928	-	668,883,928	-	-	-	-
Other assets	-	-	-	80,830,263	-	80,830,263	-	-	-	-
	11,369,328	639,563,222	240,792,028	1,045,994,993	-	1,937,629,553	64,133,598	586,796,952	-	650,932,550
Financial liabilities not measured at fair value										
Deposits and other accounts	-	-	-	1,857,132,465	1,857,132,465	-	-	-	-	-
Bills payable	-	-	-	10,187,250	10,187,250	-	-	-	-	-
Borrowings	-	-	-	44,863,930	44,863,930	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	83,067	83,067	-	-	-	-	-
Other liabilities (excluding liabilities against assets subject to finance lease)	-	-	-	89,011,304	89,011,304	-	-	-	-	-
	-	-	-	1,881,277,896	1,881,277,896	-	-	-	-	-
	2015						Fair value			
	Carrying Amount									
	HFT	Available for Sale	HTM	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)									
Financial assets measured at fair value										
Investments										
• Market Treasury Bills	631,277	413,359,391	-	-	-	413,987,668	-	413,987,668	-	413,987,668
• Pakistan Investment Bonds	1,045,238	179,822,139	-	-	-	172,267,398	-	172,267,398	-	172,267,398
• GoP Foreign Currency Bonds	-	9,767,819	-	-	-	9,767,819	-	9,767,819	-	9,767,819
• Ordinary shares of listed companies	167,271	44,240,864	-	-	-	44,407,735	44,407,735	-	-	44,407,735
• Ordinary shares of unlisted companies	-	730,340	-	-	-	730,340	-	730,340	-	730,340
• Investments in mutual funds	307,362	2,617,154	-	-	-	2,937,506	-	2,937,506	-	2,937,506
• Ordinary shares of a bank outside Pakistan	-	10,555,396	-	-	-	10,555,396	10,555,396	-	-	10,555,396
• Preference shares	-	395,440	-	-	-	395,440	395,440	-	-	395,440
• Foreign Government Securities	-	520,093	-	-	-	520,093	-	520,093	-	520,093
• Foreign Currency Debt Securities	-	2,729,802	-	-	-	2,729,802	-	2,729,802	-	2,729,802
• Term Finance Certificates / Musharaka and Sukuk Bonds	-	23,748,181	-	-	-	23,748,181	-	23,748,181	-	23,748,181
Financial assets not measured at fair value										
Cash and bank balances with SBP	-	-	-	151,190,845	-	151,190,845	-	-	-	-
Balances with other banks	-	-	-	20,639,421	-	20,639,421	-	-	-	-
Lending to financial instruments	-	-	-	7,894,515	-	7,894,515	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-
• Market Treasury Bills	-	-	8,307,581	-	-	8,307,581	-	-	-	-
• Pakistan Investment Bonds	-	-	107,670,573	-	-	107,670,573	-	-	-	-
• GoP Foreign Currency Bonds	-	-	1,810,375	-	-	1,810,375	-	-	-	-
• Other Federal Government Securities	-	-	2,944,098	-	-	2,944,098	-	-	-	-
• Foreign Government Securities	-	-	20,863,094	-	-	20,863,094	-	-	-	-
• Foreign Currency Debt Securities	-	-	406	-	-	406	-	-	-	-
• Debentures, Bonds, Sukuk, Participation Term Certificates and Term Finance Certificates	-	-	191,020	-	-	191,020	-	-	-	-
Advances	-	-	-	580,323,536	-	580,323,536	-	-	-	-
Other assets (excluding markup accrued)	-	-	-	80,091,712	-	80,091,712	-	-	-	-
	2,164,138	679,464,219	141,493,467	839,340,028	-	1,663,481,854	55,239,671	620,695,807	-	675,935,478
Financial liabilities not measured at fair value										
Deposits and other accounts	-	-	-	1,431,536,397	1,431,536,397	-	-	-	-	-
Bills payable	-	-	-	9,171,616	9,171,616	-	-	-	-	-
Borrowings	-	-	-	22,384,853	22,384,853	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	91,188	91,188	-	-	-	-	-
Other liabilities (excluding liabilities against assets subject to finance lease)	-	-	-	77,036,022	77,036,022	-	-	-	-	-
	-	-	-	1,540,219,076	1,540,219,076	-	-	-	-	-

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

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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	Assets Management	Retail Brokerage	Total
	Rupees in '000								
2016									
Total income	887,555	632,382	11,885,965	61,614,088	2,397,950	7,699,254	1,236,361	113,062	86,466,617
Inter segment revenue	-	(499,736)	23,771,307	(22,568,016)	-	(703,555)	-	-	-
Total expenses	27,079	-	18,107,934	21,158,011	2,022,538	6,417,683	1,027,514	111,121	48,871,880
Net income	860,476	132,646	17,549,338	17,888,061	375,412	578,016	208,847	1,941	37,594,737
Segment assets (Gross)	-	10,047,510	232,405,933	1,718,728,704	-	16,481,832	2,578,001	1,174,582	1,981,416,563
Segment non-performing loans	-	-	12,118,626	108,125,260	-	-	317,965	-	120,561,851
Segment provision required	-	-	11,061,457	103,357,043	-	-	252,646	-	114,671,146
Segment liabilities (Gross)	-	-	505,940,367	1,292,652,738	-	-	1,807,737	877,054	1,801,277,896
Segment Return on net Assets (ROA) (%)	0.00%	1.57%	3.70%	1.08%	0.00%	4.17%	27.11%	0.65%	2.04%
Segment cost of funds (%)	0.00%	0.00%	3.08%	3.98%	0.00%	0.00%	16.68%	16.00%	4.07%
2015									
Total income	524,932	254,177	11,606,790	67,117,290	2,274,313	6,211,461	1,273,774	122,660	89,385,397
Inter segment revenue	-	(91,821)	10,769,393	(10,677,572)	-	-	-	-	-
Total expenses	24,930	-	14,171,954	32,149,955	1,829,924	5,786,862	1,150,406	98,808	55,212,839
Net income	500,002	162,356	8,204,229	24,289,763	444,389	424,599	123,368	23,852	34,172,558
Segment assets (Gross)	-	1,469,140	254,733,701	1,427,546,756	-	25,116,852	2,530,715	477,004	1,711,874,168
Segment non-performing loans	-	-	11,292,671	116,984,199	-	-	-	-	128,276,870
Segment provision required	-	-	5,640,502	108,650,506	-	-	-	-	114,291,008
Segment liabilities (Gross)	-	-	452,321,601	1,085,887,018	-	-	1,850,508	159,951	1,540,219,076
Segment Return on net Assets (ROA) (%)	0.00%	11.05%	3.44%	1.65%	0.00%	3.32%	18.14%	7.52%	2.00%
Segment cost of funds (%)	0.00%	0.00%	3.65%	4.84%	0.00%	0.00%	16.68%	16.00%	4.54%

37.1 Segment reporting

A segment is a distinguishable component of the Group 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.

Assets management

It includes asset and modaraba management and investment advisory services.

Retail brokerage

It includes business of stock brokerage, investment counselling and fund placements.

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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).

39. RELATED PARTY TRANSACTIONS AND BALANCES

The Group 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 Group 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 10.8. 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							
Advances								
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
	3,264,023	299,469	(60,494)	3,482,998	3,567,531	-	(308,633)	3,258,898
	Rupees in '000							
Deposits								
Key management executives	16,554	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
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)	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
	16,840,032	28,145,721	(21,983,348)	23,003,205	21,535,579	45,879,547	(50,573,056)	16,842,070

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

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	2016	2015
	Rupees in '000	
Placements with:		
Joint venture	49,541	68,450
Repo borrowing from:		
Joint venture	49,649	399,496
Mark-up receivables from associates	2,071,751	2,064,167
Off Balance Sheet items	25,245	-
39.2 Transactions during the year		
Redemption / sale of investment in associates	-	8,878,813
Income for the year		
On advances / placements with:		
Joint ventures	1,138	1,863
Companies in which directors of the Group are interested as director	157	812,534
Dividend from Joint Venture	162,934	107,723
Expenses for the year		
Remuneration to key management executives	260,172	284,564
Charge for defined benefit plan	29,504	41,704
Mark-up on deposits of:		
Provident fund	1,287,100	1,745,016
Pension fund	244,115	503,518
Mark-up on Borrowing (Repo / Call):		
Joint venture	72	106

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 Group.

The Group 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 Group 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 Consolidated 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.

40. CAPITAL ASSESSMENT AND ADEQUACY

40.1 Statutory minimum capital requirement and management of capital

The Group'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 Grouping markets where the Group operates;
- to safeguard the Group'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 Basel-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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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 4.00% in the year December 31, 2016 (2015 : 4.64%) and Tier-1 capital of Rs 99,721 Million (2015: Rs 95,874 Million).

The SBP's regulatory capital as managed by the Group 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 Basel III Capital requirements. Also the Basel III capital rules requires group 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 Group'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 Group'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 Group monitors and reports its capital ratio under the SBP rules, which ultimately determines the regulatory capital, required to be maintained by Groups 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 17.15% (2015: 18.38%).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

40.2 Capital Adequacy Ratio (CAR) disclosure

CAPITAL ADEQUACY RETURN AS OF DECEMBER 31, 2016 CONSOLIDATED

		2016	2015
		Rupees in '000	
Rows #		Amount	Amount
Common Equity Tier 1 capital (CET1): Instruments and reserves			
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	27,833,627	25,529,672
6	Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7	Unappropriated/unremitted profits/ (losses)	55,766,625	52,724,525
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)	374,250	301,940
9	CET 1 before Regulatory Adjustments	105,249,633	99,831,268
10	Total regulatory adjustments applied to CET1 (Note 44.2.1)	5,528,709	3,957,576
11	Common Equity Tier 1	99,720,924	95,873,692
Additional Tier 1 (AT 1) Capital			
12	Qualifying Additional Tier-1 capital instruments plus any related share premium	-	-
13	of which: Classified as equity	-	-
14	of which: Classified as liabilities	-	-
15	Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	-	-
16	of which: instrument issued by subsidiaries subject to phase out	-	-
17	AT1 before regulatory adjustments	-	-
18	Total regulatory adjustment applied to AT1 capital (Note 44.2.2)	-	-
19	Additional Tier 1 capital after regulatory adjustments	-	-
20	Additional Tier 1 capital recognized for capital adequacy	-	-
21	Tier 1 Capital (CET1 + admissible AT1) (11+20)	99,720,924	95,873,692
Tier 2 Capital			
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
23	Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel 3 rules	-	-
24	Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-	-
25	of which: instruments issued by subsidiaries subject to phase out	-	-
26	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	7,712,655	7,079,604
27	Revaluation Reserves (net of taxes)	-	-
28	of which: Revaluation reserves on fixed assets	18,081,413	14,917,268
29	of which: Unrealized gains/losses on AFS	25,831,913	24,307,519
30	Foreign Exchange Translation Reserves	6,226,174	7,672,870
31	Undisclosed/Other Reserves (if any)	-	-
32	T2 before regulatory adjustments	57,652,156	53,977,061
33	Total regulatory adjustment applied to T2 capital (Note 44.2.3)	1,321,372	1,405,867
34	Tier 2 capital (T2) after regulatory adjustments	56,330,784	52,571,194
35	Tier 2 capital recognized for capital adequacy	39,353,680	39,182,045
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37	Total Tier 2 capital admissible for capital adequacy	39,353,680	39,182,045
38	TOTAL CAPITAL (T1 + admissible T2) (21+37)	139,074,604	135,055,737
39	Total Risk Weighted Assets (RWA) (for details refer Note 44.5)	811,091,256	734,713,959
Capital Ratios and buffers (in percentage of risk weighted assets)			
40	CET1 to total RWA	12.29%	13.05%
41	Tier-1 capital to total RWA	12.29%	13.05%
42	Total capital to total RWA	17.15%	18.38%
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	0.66%	0.25%
45	of which: countercyclical buffer requirement	-	-
46	of which: D-SIB or G-SIB buffer requirement	-	-
47	CET1 available to meet buffers (as a percentage of risk weighted assets)	5.64%	6.80%
National minimum capital requirements prescribed by SBP			
48	CET1 minimum ratio	6.00%	6.00%
49	Tier 1 minimum ratio	7.50%	7.50%
50	Total capital minimum ratio	10.65%	10.25%

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		2016	Rupees in '000	2015
		Amount	subject to Pre-Base I treatment*	Amounts
Regulatory Adjustments and Additional Information				
40.2.1	Common Equity Tier 1 capital: Regulatory adjustments			
1	Goodwill (net of related deferred tax liability)	-	-	562,553
2	All other intangibles (net of any associated deferred tax liability)	1,450,188	-	653,003
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	1,743,179	-	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)	-	-	227,256
13	Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-
14	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-
15	Amount exceeding 15% threshold	-	-	-
16	of which: significant investments in the common stocks of financial entities	-	-	-
17	of which: deferred tax assets arising from temporary differences	-	-	-
18	National specific regulatory adjustments applied to 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	1,321,372	-	1,405,867
22	Total regulatory adjustments applied to CET1 (sum of 1 to 21)	5,528,709	-	3,957,576
40.2.2	Additional Tier-1 & Tier-1 Capital: regulatory adjustments			
23	Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	-	-
24	Investment in own AT1 capital instruments	-	-	-
25	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-	-	-
26	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
27	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
28	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Base I treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-	-
29	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-
30	Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	-	-	-
40.2.3	Tier 2 Capital: regulatory adjustments			
31	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Base I treatment which, during transitional period, remain subject to deduction from tier-2 capital	1,321,372	-	1,405,867
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)	1,321,372	-	1,405,867
		2016	2015	
		Rupees in '000		
		Amount	Amount	
40.2.4	Additional Information			
Risk Weighted Assets subject to pre-Base I treatment				
37	Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Base I Treatment)	-	-	-
(i)	of which: deferred tax assets	-	-	-
(ii)	of which: Defined-benefit pension fund net assets	-	-	-
(iii)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-	340,884
(iv)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-	-
Amounts below the thresholds for deduction (before risk weighting)				
38	Non-significant investments in the capital of other financial entities	8,165,587	-	9,741,759
39	Significant investments in the common stock of financial entities	4,019,350	-	2,074,475
40	Deferred tax assets arising from temporary differences (net of related tax liability)	5,172,496	-	9,672,251
Applicable caps on the inclusion of provisions in Tier 2				
41	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	-	-	-
42	Cap on inclusion of provisions in Tier 2 under standardized approach	-	-	-
43	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	-
44	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-	-
Note: Rows which are not applicable for any institution should be left blank				

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40.3 Capital Structure Reconciliation

Table: 40.3.1

(in thousand PKR)		Balance sheet of the published financial statements	Under regulatory scope of consolidation
		As at period end (2)	As at period end (3)
Assets	(1)		
Cash and balances with treasury banks		160,085,598	160,085,598
Balanced with other banks		14,395,805	14,395,805
Lending to financial institutions		121,709,399	121,709,399
Investments		896,280,784	896,280,784
Advances		668,883,928	668,883,928
Operating fixed assets		34,058,289	34,058,289
Deferred tax assets		5,172,496	5,172,496
Other assets		80,830,263	80,830,263
Total assets		1,981,416,561	1,981,416,561
Liabilities & Equity			
Bills payable		10,187,250	10,187,250
Borrowings		44,863,930	44,863,930
Deposits and other accounts		1,657,132,405	1,657,132,405
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		83,007	83,007
Deferred tax liabilities		-	-
Other liabilities		89,011,304	89,011,304
Total liabilities		1,801,277,896	1,801,277,896
Share capital/ Head office capital account		21,275,131	21,275,131
Reserves		46,059,801	46,059,801
Unappropriated/ Unremitted profit/ (losses)		55,766,625	55,766,625
Minority Interest		737,972	737,972
Surplus on revaluation of assets		56,299,136	56,299,136
Total liabilities & equity		1,981,416,561	1,981,416,561

Table: 40.3.2

		Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
		As at period end (2)	As at period end (3)	(4)
Assets	(1)			
Cash and balances with treasury banks		160,085,598	160,085,598	
Balanced with other banks		14,395,805	14,395,805	
Lending to financial institutions		121,709,399	121,709,399	
Investments		896,280,784	896,280,784	
of which: Non-significant investments in the capital instruments of banking, financial and insurance entities exceeding 10% threshold		-	-	a
of which: significant investments in the capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold		-	-	b
of which: Mutual Funds exceeding regulatory threshold		-	-	c
of which: reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)		5,528,709	5,528,709	d
of which: others (mention details)		-	-	e
Advances		668,883,928	668,883,928	
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB		-	-	f
general provisions reflected in Tier 2 capital		7,712,655	7,712,655	g
Fixed Assets		34,058,289	34,058,289	
Deferred Tax Assets		5,172,496	5,172,496	
of which: DTAs that rely on future profitability excluding those arising from temporary differences		5,172,496	5,172,496	h
of which: DTAs arising from temporary differences exceeding regulatory threshold		-	-	i
Other assets		80,830,263	80,830,263	
of which: Goodwill		-	-	j
of which: Intangibles		-	-	k
of which: Defined-benefit pension fund net assets		-	-	l
Total assets		1,981,416,561	1,981,416,561	

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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)
Liabilities & Equity			
Bills payable	10,187,250	10,187,250	
Borrowings	44,863,930	44,863,930	
Deposits and other accounts	1,657,132,405	1,657,132,405	
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	83,007	83,007	
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	89,011,304	89,011,304	
Total liabilities	1,801,277,896	1,801,277,896	
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	46,059,801	46,059,801	
of which: portion eligible for inclusion in CET1(provide breakup)	27,833,627	27,833,627	u
of which: portion eligible for inclusion in Tier 2	6,226,174	6,226,174	v
Unappropriated profit/ (losses)	55,766,625	55,766,625	w
Minority Interest	737,972	737,972	
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	56,299,136	56,299,136	
of which: Revaluation reserves on Fixed Assets	18,081,413	18,081,413	
of which: Unrealized Gains/Losses on AFS	25,831,913	25,831,913	aa
In case of Deficit on revaluation (deduction from CET1)			ab
Total liabilities & Equity	1,981,416,560	1,981,416,560	

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Table: 40.3.3		Component of regulatory capital reported by bank	Source based on reference number from step 2
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
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	27,833,627	(u)
5	Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
6	Unappropriated/unremitted profits/ (losses)	55,766,625	(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)	374,250	(x)
8	CET 1 before Regulatory Adjustments	105,249,633	
	Common Equity Tier 1 capital: Regulatory adjustments		
9	Goodwill (net of related deferred tax liability)	-	(j) - (o)
10	All other intangibles (net of any associated deferred tax liability)	1,450,188	(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	1,743,179	(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	-	

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For the year ended December 31, 2016

Basel III Disclosure Template

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	1,321,372	
30	Total regulatory adjustments applied to CET1 (sum of 9 to 29)	5,528,709	
31	Common Equity Tier 1	99,720,924	
32	Additional Tier 1 (AT1) Capital		
32	Qualifying Additional Tier-1 instruments plus any related share premium	-	
33	of which: Classified as equity	-	(t)
34	of which: Classified as liabilities	-	(m)
35	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
36	of which: instrument issued by subsidiaries subject to phase out	-	
37	AT1 before regulatory adjustments	-	
38	Additional Tier 1 Capital: regulatory adjustments		
38	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
39	Investment in own AT1 capital instruments	-	
40	Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
41	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
42	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
43	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	
44	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
45	Total of Regulatory Adjustment applied to AT1 capital (sum of 38 to 44)	-	
46	Additional Tier 1 capital	-	
47	Additional Tier 1 capital recognized for capital adequacy	-	
48	Tier 1 Capital (CET1 + admissible AT1) (31+47)	99,720,924	
49	Tier 2 Capital		
49	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	
50	Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	(n)
51	Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
52	of which: instruments issued by subsidiaries subject to phase out	-	
53	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	7,712,655	(g)
54	Revaluation Reserves	-	
55	of which: Revaluation reserves on fixed assets	18,081,413	portion of (aa)
56	of which: Unrealized Gains/Losses on AFS	25,831,913	
57	Foreign Exchange Translation Reserves	6,226,174	(v)
58	Undisclosed/Other Reserves (if any)	-	
59	T2 before regulatory adjustments	57,852,156	
60	Tier 2 Capital: regulatory adjustments		
60	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	1,321,372	
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)	-	(ab)
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)	1,321,372	
66	Tier 2 capital (T2)	56,530,784	
67	Tier 2 capital recognized for capital adequacy	39,353,680	
68	Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
69	Total Tier 2 capital admissible for capital adequacy	39,353,680	
70	TOTAL CAPITAL (T1 + admissible T2) (48+69)	139,074,604	

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40.4 Main Features Template 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

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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	
Credit Risk				
On-Balance sheet				
Portfolios subject to standardized approach (Simple or Comprehensive)				
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	1,913,758	815,049	19,137,576	8,150,487
Corporate	18,379,082	14,458,586	183,790,821	144,585,861
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	1,306,187	2,088,073	13,061,873	20,880,727
Operating Fixed Assets	3,260,810	3,208,512	32,608,101	32,085,119
Other assets	1,855,511	4,022,479	18,555,112	40,224,788
	46,328,317	41,398,706	463,283,174	413,987,059
Off-Balance sheet				
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	5,544,825	50,426,876	55,448,252
Equity Exposure Risk in the Banking Book				
Under simple risk weight method	10,330,235	9,693,299	103,302,354	96,932,991
	61,701,240	56,636,830	617,012,405	566,368,302
Market Risk				
<u>Capital Requirement for portfolios subject to Standardized Approach</u>				
Interest rate risk	823,216	514,440	8,232,162	5,144,396
Equity position risk	127,655	363,871	1,276,549	3,638,713
Foreign Exchange risk	4,496,696	3,069,638	44,966,959	30,696,381
	5,447,567	3,947,949	54,475,670	39,479,490
Operational Risk	13,960,318	12,886,617	139,603,181	128,866,167
TOTAL	81,109,126	73,471,396	811,091,256	734,713,958

Capital Adequacy Ratios	2016		2015	
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	12.29%	6.00%	13.05%
Tier-1 capital to total RWA	7.50%	12.29%	7.50%	13.05%
Total capital to total RWA	10.65%	17.15%	10.25%	18.38%

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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.

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.

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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 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.

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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.

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41.1.8 SEGMENTAL INFORMATION

41.1.8.1 Segments 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	3,175,190	0.41	492,249	0.03	10,465,280	2.21
Agribusiness	45,363,639	5.79	38,940,923	2.35	25,000	0.01
Textile	81,728,135	10.43	3,685,882	0.22	9,070,681	1.92
Cement	8,699,220	1.11	863,003	0.05	3,974,360	0.84
Sugar	27,871,009	3.56	627,018	0.04	68,897	0.01
Flour	2,878,362	0.37	168,199	0.01	-	-
Rice processing	14,322,371	1.83	861,127	0.05	-	-
Shoes & leather garments	945,416	0.12	534,266	0.03	60,321	0.01
Automobile and transportation equipment	3,596,855	0.46	4,592,786	0.28	2,447,509	0.52
Financial	3,870,193	0.49	201,771,304	12.18	11,197,645	2.37
Insurance	353,086	0.05	13,653,719	0.82	3,151	0.00
Transportation	61,430,992	7.84	891,407	0.05	35,232,501	7.45
Real estate construction	9,129,532	1.17	5,703,144	0.34	7,184,749	1.52
Electronics and electrical appliances	4,402,480	0.56	702,602	0.04	3,200,474	0.68
Production and transmission of energy	193,337,654	24.67	148,577,079	8.97	175,232,999	37.06
Food and tobacco	2,396,690	0.31	2,331,674	0.14	57,554	0.01
Fertilizer	14,383,791	1.84	2,513,423	0.15	2,588,510	0.55
Metal products	56,463,116	7.21	2,138,982	0.13	2,588,275	0.55
Telecommunication	5,261,061	0.67	69,774,078	4.21	6,618,440	1.40
Hotel and services	8,329,919	1.06	167,083,190	10.08	6,573,329	1.39
Public sector commodity operations	48,508,261	6.19	6,119,684	0.37	770,665	0.16
Individuals	132,767,928	16.94	540,354,826	32.61	3,019,866	0.64
General traders	26,452,997	3.38	59,957,169	3.62	1,114,914	0.24
Others	27,887,178	3.56	384,794,670	23.22	191,404,431	40.47
	783,555,074	100.00	1,657,132,405	100.00	472,899,551	100.00

	2015					
	Advances (Gross)		Deposits		Contingencies & Commitments	
	Rupees in '000	Percentage %	Rupees in '000	Percentage %	Rupees in '000	Percentage %
Chemical and pharmaceuticals	2,953,103	0.43	730,669	0.05	6,822,114	1.88
Agribusiness	50,646,577	7.29	33,523,894	2.34	501,992	0.14
Textile	62,305,139	8.97	3,338,992	0.23	7,060,796	1.95
Cement	8,436,466	1.21	1,624,918	0.11	8,046,294	2.22
Sugar	22,210,108	3.20	197,704	0.01	4,399	0.00
Flour	2,723,340	0.39	508,225	0.04	-	-
Rice processing	13,825,538	1.99	1,368,188	0.10	-	-
Shoes & leather garments	545,355	0.08	149,623	0.01	84,299	0.02
Automobile and transportation equipment	2,658,595	0.38	5,140,798	0.36	2,284,055	0.63
Financial	4,873,762	0.70	204,903,745	14.31	7,008,570	1.93
Insurance	365,782	0.05	568,293	0.04	3,154	0.00
Transportation	63,654,368	9.16	2,058,782	0.14	23,622,221	6.52
Real estate construction	8,532,279	1.23	6,709,768	0.47	3,693,670	1.02
Electronics and electrical appliances	6,237,969	0.90	1,523,571	0.11	2,241,055	0.62
Production and transmission of energy	125,229,341	18.03	102,115,195	7.13	120,538,973	33.26
Food and tobacco	2,959,822	0.43	1,540,862	0.11	1,102,705	0.30
Fertilizer	15,909,181	2.29	2,665,856	0.19	4,850,538	1.37
Metal products	55,653,597	8.01	3,609,941	0.25	1,060,524	0.29
Telecommunication	5,121,866	0.74	71,809,919	5.00	4,159,840	1.15
Hotel and services	6,757,980	0.97	165,700,402	11.58	4,928,030	1.36
Public sector commodity operations	48,314,784	6.96	93,417	0.01	768,600	0.21
Individuals	127,545,545	18.36	491,838,943	34.36	4,633,175	1.28
General traders	25,473,372	3.67	42,427,287	2.96	363,496	0.10
Others	31,680,674	4.56	287,586,604	20.09	158,510,896	43.74
	694,614,544	100.00	1,431,535,397	100.00	362,389,196	100.00

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41.1.8.2 Segment by sector

		2016					
		Advances (Gross)		Deposits		Contingencies & Commitments	
		Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Public/ Government		274,492,545	35.03	605,009,388	36.51	358,631,802	75.84
Private		509,062,528	64.97	1,052,123,017	63.49	114,267,749	24.16
		783,555,074	100.00	1,657,132,405	100.00	472,899,551	100.00
		2015					
		Advances (Gross)		Deposits		Contingencies & Commitments	
		Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Public/ Government		227,531,350	32.76	532,737,226	37.21	242,038,580	66.79
Private		467,083,194	67.24	898,798,171	62.79	120,350,616	33.21
		694,614,544	100.00	1,431,535,397	100.00	362,389,196	100.00

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

	2016		2015	
	Classified Advances	Specific Provisions Held	Classified Advances	Specific Provisions Held
	Rupees in '000			
Chemical and pharmaceuticals	2,308,916	2,279,424	2,574,630	2,496,560
Agribusiness	4,798,659	2,795,310	5,605,763	2,286,443
Textile	30,323,790	29,836,834	31,907,985	30,782,783
Cement	2,624,564	2,550,624	2,744,483	2,694,675
Sugar	3,873,804	3,447,393	4,104,998	3,762,502
Flour	689,499	567,952	594,524	493,938
Rice processing	4,037,375	4,018,215	3,517,761	3,196,494
Shoes & leather garments	518,371	518,371	362,212	352,516
Automobile and transportation equipment	954,519	932,398	985,917	956,681
Financial	480,315	479,065	703,465	690,363
Transportation/Karobar	4,153,621	3,510,359	4,037,131	3,825,351
Real estate construction	3,192,549	3,192,549	3,473,607	3,378,209
Electronics and electrical appliances	3,682,097	3,533,881	4,012,681	3,783,073
Production & Transmission of Energy	4,280,543	3,937,322	1,897,997	1,703,138
Food and tobacco	3,503,041	2,788,550	3,090,327	3,076,673
Fertilizer	3,107,771	3,101,654	18,319,159	14,694,459
Metal products	16,481,474	15,958,668	6,543,060	5,298,938
Hotel and services	3,424,230	3,421,683	4,263,956	4,247,129
Individuals	6,955,825	4,200,199	6,824,717	3,900,375
General traders	9,929,755	9,855,371	10,419,731	10,347,312
Others	11,241,134	9,314,116	12,292,766	9,359,035
	120,561,851	110,239,938	128,276,870	111,326,647

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

Public/ Government	3,152,118	3,152,118	4,891,816	4,891,816
Private	117,409,733	107,087,820	123,385,054	106,434,831
	120,561,851	110,239,938	128,276,870	111,326,647

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41.1.8.5 Geographical Segment Analysis

	2016			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies & commitments
	Rupees in '000			
Pakistan	36,362,154	1,861,103,162	152,448,624	423,693,925
Asia Pacific (including South Asia)	133,906	70,832,963	20,519,974	26,701,275
Europe	(380,134)	5,320,507	1,564,522	2,044,756
United States of America and Canada	(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
	37,594,737	1,981,416,562	180,138,666	472,899,551
	2015			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies & commitments
	Rupees in '000			
Pakistan	38,033,563	1,564,556,531	151,191,109	316,093,756
Asia Pacific (including South Asia)	(3,654,571)	73,747,274	13,872,877	19,571,315
Europe	(184,782)	9,152,966	2,378,541	2,811,056
United States of America and Canada	(160,262)	29,918,934	2,080,106	4,553,469
Middle East	138,609	34,498,463	2,132,459	19,359,600
	34,172,557	1,711,874,167	171,655,092	362,389,196

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 & Liquidity Risk Wing

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.

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41.3.1 Foreign Exchange Risk

Foreign Exchange Risk	2016			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupee	1,805,441,422	1,625,274,778	(54,545,672)	125,620,973
United States Dollar	107,660,998	126,422,863	33,359,565	14,597,700
Great Britain Pound	3,724,592	2,344,061	5,419,102	6,799,633
Japanese Yen	6,607,372	20,215,658	7,773,153	(5,835,133)
Euro	5,927,829	8,688,265	6,295,228	3,534,792
Other currencies	52,054,348	18,332,271	1,698,624	35,420,701
	175,975,139	176,003,118	54,545,672	54,517,693
	1,981,416,562	1,801,277,896	-	180,138,666
			</	

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 Group'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

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 Group mitigates the aforesaid risk 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 Group follows a delivery versus payment settlement system thereby minimizing risk in relation to settlement risk.

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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 Group 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 Group manages this risk by matching / re-pricing of assets and liabilities. Assets and Liabilities Committee (ALCO) / Executive Risk Management Committee (ERMC) of the Group monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Group.

Management of interest rate risk is one of the critical components of market risk management in banks. The Group'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.

	Effective Yield / Interest rate	2016										Non-interest bearing financial instruments
		Exposed to Yield / Interest risk										
		Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.0%	160,085,598	13,109,211	-	762,894	-	-	-	-	-	-	146,213,502
Balances with other banks	3.9%	14,395,805	8,902,074	1,246,652	785,746	270,286	-	-	-	-	-	3,191,047
Lending to financial institutions	5.8%	121,709,399	114,022,066	-	-	7,687,313	-	-	-	-	-	-
Investments	6.9%	836,280,784	9,411,120	102,538,016	166,599,992	146,089,779	39,675,647	93,478,576	113,067,353	134,744,334	13,837,090	76,838,877
Advances	7.7%	668,880,928	241,801,014	170,584,463	73,075,312	22,781,657	14,966,656	18,787,887	96,666,650	20,004,458	10,203,438	2,393
Other assets	0.0%	58,574,798	1,073,139	12,460	7,783	-	-	-	-	-	-	57,481,416
		1,919,930,311	388,318,844	274,361,581	241,231,718	176,829,035	54,672,303	112,266,463	209,734,003	154,748,792	24,040,528	283,727,235
Liabilities												
Bills payable	0.0%	10,187,250	-	-	-	-	-	-	-	-	-	10,187,250
Borrowings	5.8%	44,863,930	16,645,040	16,778,323	9,251,572	54,513	147,490	388,212	163,833	1,434,947	-	-
Deposits and other accounts	3.3%	1,657,132,405	903,632,672	43,291,064	53,317,405	115,596,897	10,882,506	12,439,924	597,024	202,479	-	517,172,432
Subordinated loans	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	8.7%	83,007	394	3,688	3,774	28,201	10,381	-	36,568	-	-	-
Other liabilities	0.0%	90,520,954	1,223,003	20,372	32,435	3,097	40,460	2,094	1,467	-	-	79,298,027
		1,732,887,547	921,501,109	60,093,448	82,805,186	115,682,709	11,080,837	12,830,230	798,892	1,637,426	-	606,657,709
		127,042,764	(533,182,466)	214,268,143	178,626,531	61,146,326	43,591,466	99,436,233	208,935,112	153,111,366	24,040,528	(322,930,474)
On-balance sheet gap												
Off-balance sheet financial instruments												
Cross currency swaps	-	-	-	-	-	-	-	-	-	-	-	-
Forward purchase of foreign exchange	-	145,531,852	51,596,056	64,971,717	24,196,414	4,767,665	-	-	-	-	-	-
Forward sale of foreign exchange	-	90,966,181	37,261,002	37,189,074	16,457,873	78,233	-	-	-	-	-	-
		236,518,033	88,857,058	102,160,791	40,654,287	4,845,898	-	-	-	-	-	-
Off-balance sheet gap												
Total Yield / Interest Risk Sensitivity Gap		363,560,797	(444,325,408)	310,428,934	219,280,518	65,992,224	43,591,466	99,436,233	208,935,112	153,111,366	24,040,528	(322,930,474)
Cumulative Yield / Interest Risk Sensitivity Gap		-	(444,325,408)	(127,896,474)	91,384,344	157,376,567	200,968,033	300,404,266	509,339,378	662,450,744	686,491,272	363,560,797

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

Effective Yield / Interest rate	Total	2015								Non-interest bearing financial instruments	
		Exposed to Yield / Interest risk									
		Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years		Above 10 Years
		Rupees in '000									
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	151,190,645	13,665,770	2	765,510	-	-	-	-	-	136,759,563	
Balances with other banks	20,639,421	9,619,949	400,325	2,424,353	436,173	-	-	-	-	7,758,611	
Lending to financial institutions	7,094,515	4,633,315	3,081,200	-	-	-	-	-	-	-	
Investments	829,150,763	177,632,537	184,596,124	41,235,572	217,485,209	29,593,046	51,024,256	22,322,495	43,153,655	65,992,305	
Advances	540,323,536	214,861,468	96,376,346	60,484,568	49,088,294	23,857,874	26,594,866	49,520,629	32,416,385	7,101,669	
Other assets	67,150,893	859,190	-	-	-	-	-	-	-	66,301,403	
	1,656,198,773	416,292,329	294,434,046	124,910,003	267,009,676	53,450,920	77,619,122	71,843,124	75,570,040	276,813,280	
Liabilities											
Borrowings	9,171,616	-	-	-	-	-	-	-	-	9,171,616	
Deposits and other accounts	22,384,653	14,066,671	5,126,290	1,241,826	1,425,200	70,800	227,663	224,403	-	-	
Sub-ordinated loans	1,431,535,397	823,973,302	34,198,650	42,714,588	79,468,045	6,061,090	5,169,629	12,504,338	42,847	427,402,909	
Liabilities against assets subject to finance lease	91,188	-	2,407	2,466	21,966	11,156	19,737	-	-	-	
Other liabilities	70,668,060	739,744	-	-	-	-	-	-	-	69,828,316	
	1,533,751,114	838,761,718	39,327,347	43,958,880	80,915,211	6,143,046	5,417,029	12,728,741	42,847	506,456,297	
On-balance sheet gap	122,448,659	(422,469,389)	245,108,700	80,951,123	186,094,465	47,307,873	72,202,093	59,114,383	75,527,193	(229,623,077)	
Off-balance sheet financial instruments											
Cross currency swaps	-	-	-	-	-	-	-	-	-	-	
Forward purchase of foreign exchange	273,199,134	159,781,121	75,951,727	20,758,840	16,707,446	-	-	-	-	-	
Forward sale of foreign exchange	183,645,395	156,607,154	24,618,598	1,716,729	702,914	-	-	-	-	-	
Off-balance sheet gap	456,844,529	316,388,275	100,570,325	22,475,569	17,410,360	-	-	-	-	-	
Total Yield / Interest Risk Sensitivity Gap	579,283,188	(106,101,114)	345,677,025	103,226,692	203,504,825	47,307,873	72,202,093	59,114,383	75,527,193	(229,623,077)	
Cumulative Yield / Interest Risk Sensitivity Gap	(106,101,114)	239,575,911	343,002,603	546,507,429	593,815,302	666,017,395	725,131,779	808,916,205	808,916,205	579,283,188	

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41.4 Liquidity Risk

Liquidity risk is the risk that the Group 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 Group 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 Group's liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking sustained damage to the Group's reputation, as well as to capitalize on opportunities for business expansion and profitability. This includes the Group'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 Group 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. Group 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

	Rupees in '000								
Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets									
Cash and balances with treasury banks	160,085,596	159,322,713	782,884	-	-	-	-	-	-
Balances with other banks	44,395,805	12,083,121	785,747	270,266	-	-	-	-	-
Lending to financial institutions - net	121,708,399	114,022,086	-	7,687,313	-	-	-	-	-
Investments - net	896,280,784	9,436,003	166,923,107	200,532,317	45,309,169	102,711,962	114,492,994	134,743,333	19,596,087
Advances - net	668,863,928	179,566,243	79,257,734	89,377,612	28,626,766	61,396,402	144,973,995	19,660,556	35,481,268
Operating fixed assets	34,054,289	222,524	56,015	1,186,436	1,207,482	2,731,643	1,393,538	21,621	27,214,695
Deferred tax assets - net	5,172,496	-	21,974	12,320	1,533	1,533	2,302,148	2,832,987	-
Other assets	80,830,283	15,456,584	9,652,943	1,515,831	23,175,994	13,823,876	2,645,488	6,581	6,581
	1,981,416,562	490,119,274	257,460,405	300,582,114	98,320,944	180,655,416	265,808,163	157,258,497	82,298,631
Liabilities									
Bills payable	10,187,250	10,187,250	-	-	-	-	-	-	-
Borrowings	44,863,930	16,645,042	9,251,572	54,511	147,490	388,213	163,833	1,434,946	-
Deposits and other accounts	1,657,132,405	1,290,257,149	91,553,968	156,037,028	8,440,646	22,312,594	11,485,136	-	-
Subordinated loans	83,007	-	3,774	28,201	10,381	-	36,568	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	89,011,304	29,111,106	6,666,417	1,434,540	23,494,471	3,477,334	6,710,977	3,242,622	3,237,329
	1,801,277,896	1,346,200,547	107,885,731	157,554,281	32,092,988	26,178,141	18,396,514	4,677,568	3,237,329
Net assets	180,138,666	(856,081,273)	149,774,673	143,027,834	66,227,956	154,477,275	247,411,649	152,580,929	79,061,302
Share capital	21,275,131	-	-	-	-	-	-	-	-
Reserves	46,031,075	-	-	-	-	-	-	-	-
Unappropriated profit	55,795,351	-	-	-	-	-	-	-	-
Minority interest	737,972	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	56,299,137	-	-	-	-	-	-	-	-
	180,138,667	-	-	-	-	-	-	-	-

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

	2015									
	Rupees in '000									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets										
Cash and balances with treasury banks	151,190,845	150,425,335	-	765,510	-	-	-	-	-	-
Balances with other banks	20,639,421	17,535,071	243,824	2,424,353	436,173	-	-	-	-	-
Lending to financial institutions - net	7,694,615	4,633,315	3,061,200	-	-	-	-	-	-	-
Investments - net	829,190,763	173,019,752	184,595,963	41,235,572	246,668,844	32,799,063	61,579,652	23,618,507	43,153,654	22,519,756
Advances - net	580,323,636	156,537,800	56,317,406	111,069,272	62,310,102	36,299,911	45,461,097	69,457,445	27,906,815	14,963,688
Operating fixed assets	33,071,124	4,236	-	-	717,912	948,745	2,297,665	1,041,995	784,780	27,275,791
Deferred tax assets - net	9,672,251	-	-	19,190	(1,817)	-	-	2,649,177	7,020,182	(14,481)
Other assets	80,081,712	16,229,977	17,347,844	9,885,255	1,357,548	23,933,523	10,308,505	952,770	-	66,491
	1,711,874,167	518,385,485	261,566,037	165,409,152	311,488,762	93,981,242	119,646,919	97,719,894	78,865,431	64,811,245
Liabilities										
Bills payable	9,171,616	9,171,616	-	-	-	-	-	-	-	-
Borrowings	22,364,853	13,484,093	5,126,290	1,241,826	2,009,779	70,800	227,663	224,402	-	-
Deposits and other accounts	1,431,535,397	1,167,807,879	55,417,826	99,298,558	58,466,813	16,601,412	7,672,852	26,270,058	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	91,188	-	2,407	2,466	21,966	11,156	53,193	-	-	-
Other liabilities	77,036,022	22,561,482	9,354,369	6,876,641	1,199,393	22,376,222	2,964,273	5,839,105	2,821,212	3,043,325
	1,540,219,076	1,213,025,069	69,900,892	107,419,491	61,697,951	39,059,590	10,917,981	32,333,565	2,821,212	3,043,325
Net assets	171,655,092	(694,639,584)	191,665,145	57,989,661	249,790,811	54,921,652	108,728,938	65,386,329	76,044,219	61,767,920
Share capital	21,275,131									
Reserves	45,202,342									
Unappropriated profit	52,724,525									
Minority Interest	721,816									
Surplus on revaluation of assets	51,731,278									
	171,655,092									

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

	2015									
	Rupees in '000									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Assets										
Cash and balances with treasury banks	151,190,845	102,189,514	3,828,809	22,586,261	22,586,261	23,933,523	10,308,505	99,877,660	79,734,162	65,277,381
Balances with other banks	20,639,421	17,535,071	243,824	2,424,353	436,173	-	-	-	-	-
Lending to financial institutions - net	7,594,515	4,633,315	3,061,200	-	-	32,799,063	61,579,652	23,618,507	43,153,655	22,519,757
Investments - net	829,130,763	173,019,751	104,595,952	41,235,572	246,668,845	37,408,893	46,865,726	71,615,211	28,775,545	15,429,823
Advances - net	580,323,536	126,697,967	69,093,965	113,685,657	70,781,349	948,745	2,297,665	1,041,995	784,780	27,275,791
Operating fixed assets	35,071,124	4,236	-	-	717,912	-	-	2,649,177	7,020,182	(14,481)
Deferred tax assets - net	9,672,251	11,566,366	6,645,593	19,190	(1,817)	23,933,523	10,308,505	952,770	-	66,491
Other assets	80,091,712	435,616,222	267,462,753	25,260,915	1,357,547	95,090,224	121,051,548	99,877,660	79,734,162	65,277,381
1,711,974,167				205,211,948	342,546,270					
Liabilities										
Bills payable	9,171,616	4,048,210	518,701	263,382	4,341,323	-	-	-	-	-
Borrowings	22,384,853	13,484,092	5,126,290	1,241,826	2,009,779	70,800	227,663	224,403	-	-
Deposits and other accounts	1,431,535,397	367,179,723	102,133,803	223,900,098	185,404,428	184,059,085	175,130,526	193,727,734	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	91,188	-	2,407	2,466	21,966	11,156	53,193	-	-	-
Other liabilities	77,036,022	19,892,843	11,389,856	7,509,794	1,199,393	22,376,222	2,964,273	5,839,104	2,821,212	3,043,325
1,540,219,076		404,604,868	119,171,057	232,917,566	192,976,889	206,517,263	178,375,655	199,791,241	2,821,212	3,043,325
171,655,092		31,011,354	148,297,696	(27,705,618)	149,569,381	(111,427,039)	(57,324,107)	(99,913,581)	76,912,950	62,234,056
Net assets										
Share capital	21,275,131									
Reserves	45,202,342									
Unappropriated profit	52,724,525									
Minority Interest	721,816									
Surplus on revaluation of assets	51,731,278									
171,655,092										

NOTES TO THE CONSOLIDATED 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.

42.2 Statement of Financial Position As at December 31, 2016

	Note	2016 Rupees in '000	2015
ASSETS			
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
		35,814,030	13,792,851
LIABILITIES			
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
		34,290,154	13,089,399
NET ASSETS		1,523,876	703,452
REPRESENTED BY			
Islamic Banking Fund		1,700,000	800,000
Unappropriated profit		(381,998)	(100,147)
		1,318,002	699,853
Surplus on revaluation of assets - net		205,874	3,599
		1,523,876	703,452
Remuneration to Shariah Board		7,980	4,615
CHARITY FUND			
Opening balance		-	0.13
Additions during the period		-	-
Payment / utilisation during the period		-	(0.13)
Closing balance		-	-
42.2.1 Investments			
Sukuk		13,869,235	1,298,424
Leasing Certificate		2,000,000	-
Provision for diminution in the value of investments		(130,807)	(130,807)
		15,758,428	1,167,617

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016	2015
	Rupees in '000	
42.2.2 Islamic financing and related assets		
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	-	-
	3,390,923	1,029,202
Provision against non-performing financings	(191,794)	(191,794)
	3,199,129	837,408
42.3 Profit and Loss Account for the year ended December 31, 2016		
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)
	673,466	421,538
Provision against advances and investments	-	(3,394)
Provision reversed against advances and investments	-	20,627
	-	17,233
Profit after provision	673,466	438,771
Other income		
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	189,835	68,693
	863,301	507,464
Other expenses		
Administrative expenses	(1,245,299)	(607,611)
(Loss) / Profit for the year	(381,998)	(100,147)
42.4 Cash Flow Statement For the year ended December 31, 2016		
Cash Flow from Operating Activities		
(Loss) / Profit 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)
	126,335	82,670
	(255,663)	(17,477)
(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)
	(20,545,912)	(8,819,546)
(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
	21,605,136	9,772,235
Net cash generated operating activities	803,561	935,212
Cash Flow from Investing Activities		
Investment in operating fixed assets	(111,954)	(22,277)
Net cash used in investing activities	(111,954)	(22,277)
Cash Flow from Financing Activities		
Net Cash Flow from Financing Activities	900,000	-
Increase in cash and cash equivalents	1,591,607	912,935
Cash and cash equivalents at beginning of the year	1,086,611	173,676
Cash and cash equivalents at end of the year	2,678,218	1,086,611

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016	2015
	Rupees in '000	
42.5 Allocation of Income and Expenses to Remunerative Depositors' Pool		
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
Total Income	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)
Gross Distributable Income	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)
Rab-ul-Maal Share of Profit	813,159	539,216
Rab-ul-Maal Share of Profit is distributed as follows:		
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 Banking Group (NBP-IBG)

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

- General depositors pool
- Special depositors pool
- 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 CONSOLIDATED 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/Mudarbas	0.11%
Services	4.69%
Sugar	1.11%
Financial	40.80%
Federal Government	29.24%
Others	0.41%
Total	100.00%

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

42.9 Mudarib Share

Gross distributable income	1,020,346
Mudarib (Bank) share of profit before Hiba	288,603

Percentage

Mudarib Share	28%
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Rupees in '000

42.10 Hiba from Mudarib share

Mudarib (Bank) share of profit before Hiba	288,603
Hiba from bank's share to depositors	81,416

Percentage

Hiba from bank's share to depositors	28%
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42.11 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 5.20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

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

Masood Karim Shaikh
President (Officiating)

Tariq Kirmani
Director

Iftikhar A. Allawala
Director

Farrakh Qayyum
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

Annexure I as referred to in Note 9.2.1 to the consolidated 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						
Held-for-trading						
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	-
Pakistan State Oil Company Limited	Unrated	AAA	3,000	54,000	1,303	17,591
Oil & Gas Development Co Limited	Unrated	Unrated	-	444,000	-	52,098
Pak Elektron Limited	Unrated	BBB	185,000	1,357,000	13,187	84,866
Engro Fertilizer Limited	Unrated	AA-	117,000	5,000	7,954	420
TRG Pakistan Limited	Unrated	Unrated	2,779,000	-	122,999	-
Fauji Cement Company Limited	Unrated	Unrated	62,000	-	2,795	-
Engro Corporation Limited	Unrated	A	-	44,000	-	12,293
			3,421,000	1,904,000	212,220	167,268
Available-for-sale						
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	152,650
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
Amrli 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-	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 (Unde Pakistani 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
Dadabhoi Construction Technologies Limited	Unrated	Unrated	35,390	35,390	-	-
Dadabhoi 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
Balance carried forward			95,877,932	159,874,776	5,220,397	5,564,498

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For the year ended December 31, 2016

Investee	JCRVIS	PACRA	No. of shares held		Market Value	
			2016	2015	2016	2015
			Rupees in '000			
Balance brought forward			95,877,932	159,874,776	5,220,397	5,564,498
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	1,594,850	6,426	5,517
Hakim 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 & Phillips (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	35,958	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
Balance carried forward			304,858,082	417,287,930	23,960,636	22,590,721

NOTES TO THE CONSOLIDATED 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			
Balance brought forward			304,858,082	417,287,930	23,960,636	22,590,721
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	-	-
Milat 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	-	-
Morafa 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 - IFIC 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	72,677	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
Balance carried forward			437,048,403	558,420,245	46,638,028	39,022,192

NOTES TO THE CONSOLIDATED 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			
Balance brought forward			437,048,403	558,420,245	46,638,028	39,022,192
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	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	-
Agritech Limited	Unrated	Unrated	242,055	242,055	3,069	2,263
Jahangir Siddiqui & Company Limited	Unrated	AA	13,400	13,400	752	752
			618,053,901	780,961,613	54,859,476	44,403,608

NOTES TO THE CONSOLIDATED 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 @ Ali Kuli 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	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	Muhammad Khan Khichi	
Precision Engineering	Unrated	Unrated	16.8%	15,100	-	-		Not Available.....	Mr. Zaheer Hussain	
Resources and Engineering Management Corporation	Unrated	Unrated	10.0%	66,125	-	-	(484,696)	June 30, 2005	Mr. Shafaat 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.....
				5,790,169	19,012	19,012				

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	
Al Ameen Textile	Unrated	Unrated	30,000	328	328	-	Not Available	
Al Zamin Modarba Management (Private) Limited	Unrated	Unrated	140,000	1,000	1,000	2,134	June 30, 2006	Mr. Bashir A. Chaudhry
Al-Hussany Industries Limited	Unrated	Unrated	31,514	-	-	-	Not Available	
Alif 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	
Asas Electronics Limited	Unrated	Unrated	20,054	-	-	-	Not Available	
Aswan Tarlaga 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
Awari Textile Mills Limited	Unrated	Unrated	108,696	-	-	-	Not Available	
Bahawalpur 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
Bakery Textile Mills Limited	Unrated	Unrated	42,972	-	-	-	Not Available	
Bajaj Engineers Limited	Unrated	Unrated	135,658	-	-	-	Not Available	
Birkis Private Limited	Unrated	Unrated	39,050	-	-	-	Not Available	
Byco Oil Pakistan Limited	Unrated	Unrated	148,609,523	1,000,000	-	1,319,332	30-Jun-16	Amir Abbasszady
Calmar Textile Industries Limited	Unrated	Unrated	44	-	-	-	Not Available	
Central Cotton Mills Limited	Unrated	Unrated	17,864	-	-	-	Not Available	
Chenab Sugar Mills Limited	Unrated	Unrated	4,634	-	-	-	Not Available	
Chilka Computed 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	
Dadabhai Leasing Company Limited	Unrated	Unrated	188,742	-	-	-	Not Available	
Dadabhai Sack Limited	Unrated	Unrated	25,102	-	-	-	Not Available	
Engine System	Unrated	Unrated	788,500	-	-	-	Not Available	
E.T.C. Management Company Private Limited	Unrated	Unrated	50,000	250	250	34,857	June 30, 2012	Engr. Mir Fatah Sultan
Fauji Akbar Port Marine Terminal Limited	Unrated	Unrated	28,188,739	321,076	321,076	212,867	30-Jun-15	Mr. Ahmed Kamal Rana
Fauji Oil Terminal and Distribution Limited	Unrated	Unrated	1,088,600	10,886	10,886	21,981	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	7,658,441	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	Sep. 30, 2002	Not available
Ghafoor Textile Mills Limited	Unrated	Unrated	23,424	-	-	-	Not Available	
Ghulam M. Dastgheer (Dadabhai Padshah)	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. Sheikh Muhammad Hussain	Unrated	Unrated	57,634	-	-	-	Not Available	
Harun Textile Mills Limited	Unrated	Unrated	29,683	-	-	-	Not Available	
Hazara Woollen 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	
Islamic 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	
Jinnah Cotton Mills Limited	Unrated	Unrated	61,759	328	328	-	Not Available	
Kaleem Arts & Crafts Limited	Unrated	Unrated	868,959	8,395	8,395	-	Not Available	
Balances carried forward			235,567,521	1,784,038	784,038			

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For the year ended December 31, 2016

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				
Balance brought forward			235,567,521	1,784,038	784,038			
Karachi Pipes	Unrated	Unrated	79,710	-	-	-	Not Available	
Karim Silk Mills Limited	Unrated	Unrated	9,680	-	-	-	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	87,630	15	15	-	Not Available	
Mohib 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	
Myfp 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	149,998	250	250	597	June 30, 2006	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	-	-	-	-	Not Available	
National Institution of Facilitation Technology (Private) Limited	Unrated	Unrated	2,266,607	1,526	1,526	25,030	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	13,388	-	-	-	Not Available	
National Woollen 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	35,978	-	-	-	Not Available	
Newyork Poly Clinic of Karachi	Unrated	Unrated	220,133	-	-	(241)	June 30, 1988	Mr. Akhtar Aziz Khan
Norrie Textile Mills	Unrated	Unrated	69,557	-	-	-	Not Available	
Nowshera 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 Kassabi
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	28,646	-	-	-	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	1,686	-	-	-	Not Available	
RCD Ball	Unrated	Unrated	10,027	-	-	-	Not Available	
Refrigerator Manufacturing Company Limited	Unrated	Unrated	45,737	4,588	4,588	-	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. Gan B. Ali Kuli Khatt
Rex Baren Battery	Unrated	Unrated	28,564	-	-	-	Not Available	
Roush Power Pakistan Limited	Unrated	Unrated	39,729,000	132,888	132,888	670,989	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	
Saltex 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
Silfaq (International) Textile Mills	Unrated	Unrated	54,769	-	-	-	Not Available	
Sindh Alkalis Limited	Unrated	Unrated	359,369	-	-	-	Not Available	
SME Bank Limited	Unrated	B / B	6,121,005	25,950	25,950	50,986	31-12-2010	Mr. R. A. Chughtai
South Asia Regional Fund	Unrated	Unrated	5,000	267	267	-	Dec 31, 07	Mr. Jean Fontaunere
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	644,506	-	-	(44)	June 30, 1987	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	210,228	-	-	-	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	
Pakistan Stock Exchange Limited	Unrated	Unrated	6,411	11,000	11,000	-	Not Available	
			313,197,429	2,111,970	1,110,251			
			318,967,598	2,130,982	1,129,263			

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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	-	-
HLB 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
NAFA Government Securities Liquid Fund	Unrated	Unrated	-	15,551,135	-	162,069
NAFA Pension Fund	Unrated	Unrated	155,412	564,861	42,957	82,510
NAFA Islamic Pension Fund	Unrated	Unrated	143,487	569,824	39,757	79,281
NAFA Islamic Stock Fund	Unrated	Unrated	3,608,882	10,504,650	53,824	115,795
NAFA Money Market Fund	Unrated	AA(f)	16,630	-	168	-
NAFA Islamic Energy Fund	Unrated	Unrated	10,194,849	-	143,071	-
NAFA Government Securities Savings Fund	Unrated	AA-(f)	5,593,008	-	58,954	-
NAFA Government Securities Liquid Fund	Unrated	AAA(f)	-	4,103,580	-	42,767
			55,524,640	61,817,573	3,725,389	2,879,631

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						
Listed:							
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 Mills	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
				44,373,842	44,373,842	343,065	328,553
Unlisted:							
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
				19,242,000	100,542,000	192,420	405,420

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

NOTES TO THE CONSOLIDATED 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
Listed								
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	353,626	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
Telecard Limited	3 months Kibor	Quarterly	December 31, 2020	Unrated	7,000	7,000	10,894	10,894
Azgard Nine Limited	6 months Kibor +1.75%	Half yearly	September 20, 2017	Unrated	4,000	4,000	6,506	6,506
							3,463,514	1,726,652
Unlisted								
	3 month Kibor+5% + (Floor/5.50%)	Quarterly	December 29, 2019	Unrated	12	12	-	284,000
Afroze Textile Industries								
AgriTech Limited	6 month 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
Bajichistan Cotres Limited	22.00%	Overdue	Overdue	Unrated	22	22	-	-
Bankers Equity Limited	22.00%	Overdue	Overdue	Unrated	10	10	31,335	31,335
Beja 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	8,000	8,000	30,000	30,000
Colony Textile Mills Limited	Fixed 7%	Annually	December 31, 2017	Unrated	240	240	119,536	119,536
Cast-N-Link Product Limited	22.00%	Overdue	Overdue	Unrated	16	16	2,548	2,548
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+	-	6,291	-	-
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
Glorix Textile Mills Limited	22.00%	Overdue	Overdue	Unrated	1	1	694	694
Gypsum Corporation Limited	22.00%	Overdue	Overdue	Unrated	-	-	900	900
Hospitex International Limited	22.00%	Overdue	Overdue	Unrated	-	-	239	239
Independent News Paper Corp. Limited	3 month Kibor	Quarterly	March 30, 2018	B	1	1	487,474	868,836
Janana De Majocho Textile Mills Limited	Zero Markup	Annually	January 1, 2017	Unrated	-	11	-	-
Balance carried forward							2,508,085	3,058,615

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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)	
Balance brought forward						2,508,085	3,058,646	
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	385,227	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	15,035,895
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 + 1.6%	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 Limited	Zero Markup	Annually	December 30, 2016	Unrated	11	11	7,511	22,533
Rand 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
Slagkot 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
Siri Textile Industries Limited	22.00%	Overdue	Overdue	Unrated	15	15	7,445	7,445
Sinsea Enterprises Limited	22.00%	Overdue	Overdue	Unrated	2	2	4,302	4,302
Star Socks International	22.00%	Overdue	Overdue	Unrated	16	16	1,799	1,799
Standard Chartered Bank Limited	Six Months Kibor + 0.75%	Half yearly		AAA	86,730	86,730	334,985	434,319
Sunda Juices Limited	22.00%	Overdue	Overdue	Unrated	28	28	748	748
Tanocraft Limited	22.00%	Overdue	Overdue	Unrated	22	22	-	-
Tirex Mill Garments Industries Limited	22.00%	Overdue	Overdue	Unrated	16	16	759	759
Tharpekar 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
Wahed 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
Azgard Nine Limited	Zero Markup	-	September 20, 2017	Unrated	860	860	4,300	4,300
							23,310,337	28,156,664
							26,773,851	29,883,316

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

** Certificate of Kiran Sugar Mills have not received yet.

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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	Overdue	Overdue	14%	1,005	1,005
Aaj Textile Mills Limited	Overdue	Overdue	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	Overdue	Overdue	11%	495	495
Carbon Dioxide Limited	Overdue	Overdue	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	Overdue	Overdue	11%	75	75
Electric Lamp Manufacturing	Overdue	Overdue	14%	150	150
Hassan Tanneries Limited	Overdue	Overdue	14%	437	437
Hassan Tanneries Limited	Overdue	Overdue	12.5%	58	58
Hazara Woolen Mills	Overdue	Overdue	14%	1,148	1,148
Hydri Gas Limited	Overdue	Overdue	11%	47	47
Hydri Gas Limited	Overdue	Overdue	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	Overdue	Overdue	11%	1,013	1,013
Mansoor Textile Mills	Overdue	Overdue	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	Overdue	Overdue	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	Overdue	Overdue	11%	543	543
Sarhad Bricks Limited	Overdue	Overdue	14%	102	102
Shafaq Lamp Manufacturing Corporation	Overdue	Overdue	11%	368	368
Shafaq Lamp Manufacturing Corporation	Overdue	Overdue	14%	83	83
Shahdin Limited	Overdue	Overdue	14%	163	163
Shahyar Textile Mills Limited	Overdue	Overdue	14%	280	280
Spinzer Towel Industries Limited	Overdue	Overdue	12.5%	200	200
Spinzer Towel Industries Limited	Overdue	Overdue	14%	175	175
Sun Publications Limited	Overdue	Overdue	13.5%	178	178
Zulsham Engineering Works Limited	Overdue	Overdue	14%	236	236
				187,229	187,229

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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
				208,300	241,389

NOTES TO THE CONSOLIDATED 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 (Rupees in '000)	2015
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 Airlines 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 Limited	Bi-Annual	Bi-Annual	6 month Kibor + 1.13%	19,500,000	-
				22,382,641	2,956,089
Islamic Banking					
Other Islamic Sukuk					
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 Airlines Corp. Limited	On Maturity	Bi-Annual	6 month Kibor + 1.75%	175,000	175,000
Sui Sothom Gas Company Limited	Bi-Annual	Bi-Annual	6 month Kibor + 0.50%	2,000,000	-
				6,559,974	314,141
GoP Ijara Sukuk					
GoP Ijara Sukuk	On Maturity	Bi-Annual	6 M T-bills	9,329,262	980,684
Total Islamic Banking				15,889,236	1,294,825
				38,271,877	4,250,914

NOTES TO THE CONSOLIDATED 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	-
				2,748,064	2,693,387

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

Annexure II as referred to in Note 10.7 to the consolidated 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 35202-8965803-8	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 Sheikhupura	Muhammad Nawaz 35401-4195225-8	Muhammad Hayat	0,400	0,707	0,060	1,167	-	-	0,687	0,687
3	Ashraf Ali P.O Faiz Pur Khurd Feroz Wala Sheikhupura	Ashraf Ali 35401-2941955-7	Rohmat Ali Sattar	0,475	0,913	0,067	1,455	-	-	0,913	0,913
4	Ijaz Ahmed Khan Village Nangal Saidan Post Office Khas Tehsil Ferozewala District Sheikhupura	Ijaz Ahmed Khan 35401-6597059-5	Karim Dad Khan	0,279	0,511	0,055	0,845	-	-	0,511	0,511
5	M/s Shiwali Graphic Industry, 143-B Small Industries Estat Sahiwal	Hameed Raza Sheikh 36502-6424210-3	Sh. Abdul Hameed	0,449	1,694	0,066	2,209	-	-	0,664	0,664
6	M/s Ghulam Saffar & Brothers	Ghulam Sanwar 36402-8774802-3 Ghulam Saffar 36402-8480735-3	Nawab Ali	-	3,992	0,186	3,778	-	-	0,773	0,773
7	Muhammad Yousaf Cheema R/o New Cheema Wala, Sialkot	Muhammad Yousaf Cheema 34603-2204275-5	Ghulam Hussain	1,215	-	1,354	3,150	-	-	1,081	1,081
8	Zeesha Nazeer R/o College Road, Daska Sialkot	Zeesha Nazeer 34601-9574517-5	Nazeer Ahmad	1,299	-	1,842	5,841	-	-	1,582	1,582
9	Muhammad Younas R/O Daska, Sialkot	Muhammad Younas s/o Muhammad Jansal 34601-3382659-5	Muhammad Jansal	1,339	0,128	1,088	3,052	-	-	0,902	0,902
10	M/s BNN Enterprises Room No/Mes Inspection, Banglow 44, R4 Road, Quetta Cantt.	Col. (Retd.) Bashir Ahmed 37405-6042557-5	Haji Lal Mir Khan	-	2,295	0,069	2,381	-	-	2,265	2,265
11	M/s Ammar Textiles (Pvt) Limited 18-Km Multan Road, Lahore	Khawaja Bilal Ahmad 35202-2969902-7 Mrs. Sameena Bilal 35200-1448248-4	M/Ghulam Mohiuddin Khawaja Bilal Ahmed	316,246	70,529	1,371	387,146	265,465	-	71,920	337,386
12	M/s Nilus Pvt Ltd, House No.5-B, Street No.53, F-7/3, Islamabad	Ali Siddique 61101-1870166-5 Mrs. Farhat Sohail 61101-1751066-2	Muhammadi Siddique W/o Sohail Siddique	22,712	0,214	7,771	30,697	-	-	4,000	4,000
				347,998	81,812	13,619	443,393	265,465	-	86,810	351,596

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

Annexure ■ as referred to in Note 11.6 to the consolidated 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 Seyyal 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 Izzar Khan Ex-Employee
Furniture & Fixtures	125	23	23	-	As per Service Rules	Ghulam Qadir Khattai 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 Alqotoshi 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
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

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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)						
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
Furniture & Fixtures	12,734	5,019	5,019	-	Insurance Claim	Adamjee Insurance Company Limited
Furniture & Fixtures	1,813	21	21	-	Insurance Claim	Adamjee Insurance Company Limited
	24,147	9,542	9,542	-		
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
Computer Equipment	4,862	2,117	2,117	-	Insurance Claim	Adamjee Insurance Company Limited
Computer Equipment	1,901	-	-	-	Insurance Claim	Adamjee Insurance Company Limited
Computer Equipment	4,437	862	862	-	Insurance Claim	Adamjee Insurance Company Limited
Computer Equipment	1,567	498	498	-	Insurance Claim	Adamjee Insurance Company Limited
Computer Equipment	1,019	472	472	-	Insurance Claim	Adamjee Insurance Company Limited
Computer Equipment	1,010	572	572	-	Insurance Claim	Adamjee Insurance Company Limited
	15,161	4,569	4,569	-		
Electrical Installations	680	-	-	-	As per entitlement	M. Nusrat Vohra Ex-Employee
Electrical Installations	728	347	347	-	Insurance Claim	Adamjee Insurance Company Limited
Electrical Installations	1,008	469	469	-	Insurance Claim	Adamjee Insurance Company Limited
Electrical Installations	3,128	805	805	-	Insurance Claim	Adamjee Insurance Company Limited
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
	5,945	1,747	1,747	-		
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	Islamuddin 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	584	-	530	530	Auction	Ali Aaghar Auctioneer
Motor Vehicles	879	-	790	790	Auction	Shahed 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 Mahboob Ahmed Auctioneer
Motor Vehicles	555	-	460	460	Auction	M. Umer Auctioneer
Motor Vehicles	627	-	495	495	Auction	Col. Reid Ahmed Nehal Jafri 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	Mahtab 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	Khurshid ahmed Auctioneer
Motor Vehicles	830	-	465	465	Auction	Wahid Ahmad 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

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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	-	465	465	Auction	Muhammad Farrukh,
Motor Vehicles	829	-	450	450	Auction	Tabish Hyder Sheikh
Motor Vehicles	830	-	560	560	Auction	Shakil Ahmed,
Motor Vehicles	830	-	550	550	Auction	M.Ejaz ul Haq Siddiqui
Motor Vehicles	830	-	575	575	Auction	Muhammad Sohail Zaman
Motor Vehicles	753	-	315	315	Auction	Mubashir Nasir Siddiqui
Motor Vehicles	1,239	-	970	970	Auction	Muhammad Gulzar Khan
Motor Vehicles	602	-	560	560	Auction	Fayyaz Ahmed
Motor Vehicles	77	-	40	40	Auction	Muhammad Hussain
Motor Vehicles	54	-	36	36	Auction	Asgher Ali Rizvi
Motor Vehicles	54	-	34	34	Auction	M.Ayazuddin
Motor Vehicles	54	-	34	34	Auction	Latif Ahmed
Motor Vehicles	54	-	33	33	Auction	Muhammad Iftikhar
Motor Vehicles	54	-	39	39	Auction	Rahimullah Khan
Motor Vehicles	77	-	37	37	Auction	Hassan
Motor Vehicles	54	-	36	36	Auction	Faiz A.Bashir
Motor Vehicles	54	-	41	41	Auction	Faiz A.Bashir
Motor Vehicles	830	-	459	459	Auction	Sharif Mughal
Motor Vehicles	830	-	468	468	Auction	Mubeen
Motor Vehicles	830	-	464	463	Auction	Awais Lateef
Motor Vehicles	830	-	522	522	Auction	Muhammad Hussain
Motor Vehicles	830	-	567	567	Auction	Khuda Dad
Motor Vehicles	829	-	464	463	Auction	Noor-UI-Ameen
Motor Vehicles	555	-	369	369	Auction	Habib Ur Rehman
Motor Vehicles	434	-	306	306	Auction	Zafar Abbas
Motor Vehicles	830	-	509	508	Auction	Khalid Mehmood
Motor Vehicles	830	-	581	580	Auction	Faisal Hayat
Motor Vehicles	830	-	477	477	Auction	Fahd Khan
Motor Vehicles	830	-	473	472	Auction	Muhammad Ali Khan
Motor Vehicles	830	-	504	504	Auction	Aftab Ahmed
Motor Vehicles	830	-	527	526	Auction	Abrar Hussain
Motor Vehicles	906	-	572	571	Auction	Farooq Naeem
Motor Vehicles	830	-	477	477	Auction	Muhammad Jaffer
Motor Vehicles	906	-	567	567	Auction	Sarrrd Ullah Akbar
Motor Vehicles	906	-	522	522	Auction	Khalid Mehmood
Motor Vehicles	830	-	450	450	Auction	Raja Jahangir
Motor Vehicles	830	-	580	589	Auction	Muhammad Zubair
Motor Vehicles	906	-	500	499	Auction	Mubeen Ur Rehman
Motor Vehicles	906	-	513	513	Auction	Shamsher Hussain
Motor Vehicles	906	-	491	490	Auction	Muhammad Siddique
Motor Vehicles	555	-	392	391	Auction	Mehmood Asif
Motor Vehicles	830	-	554	553	Auction	Muhammad Siddique
Motor Vehicles	830	-	464	463	Auction	Mohsin Ali Raza
Motor Vehicles	434	-	450	450	Auction	Muhammad Shehzad
Motor Vehicles	1,900	-	180	180	Auction	Habibur Rehman
Motor Vehicles	678	-	450	450	Auction	Muhammad Irfan
Motor Vehicles	297	-	311	310	Auction	Habibur Rehman
Motor Vehicles	1,040	-	797	796	Auction	Zeeshan Baig
Motor Vehicles	830	-	545	544	Auction	Muhammad Naeem
Motor Vehicles	830	-	491	490	Auction	Nafees Ahmed Satti
Motor Vehicles	830	-	441	441	Auction	Muhammad Ejaz Khan
Motor Vehicles	906	-	621	621	Auction	Muhammad Hussain Khan
Motor Vehicles	434	-	342	342	Auction	Muhammad Hussain Khan
Motor Vehicles	830	-	554	554	Auction	Muhammad Ayaz
Motor Vehicles	830	-	419	418	Auction	Umer Junaid Baig
Motor Vehicles	830	-	459	459	Auction	Tariq Zaman Abbasi
Motor Vehicles	906	-	603	603	Auction	Raza Khan
Motor Vehicles	830	-	468	468	Auction	Muhammad Siddique
Motor Vehicles	830	-	468	468	Auction	Hujhat Badshah
Motor Vehicles	830	-	468	468	Auction	Junaid James Khokhar
Motor Vehicles	906	-	495	495	Auction	Sajid Gondal
Motor Vehicles	1,050	-	630	630	Auction	Shamshair Hussain
Motor Vehicles	906	-	495	495	Auction	Mohsin Ali
Motor Vehicles	1,239	-	765	765	Auction	Abrar Hussain
Motor Vehicles	906	-	473	472	Auction	Munnawar Tariq
Motor Vehicles	830	-	495	495	Auction	Naheed Gul
Motor Vehicles	906	-	504	504	Auction	Muhammad Anwer Jarra
Motor Vehicles	906	-	495	495	Auction	Abdul Saeed Jan
Motor Vehicles	829	-	500	499	Auction	Raza Khan
Motor Vehicles	906	-	608	607	Auction	Nasir Iftikhar Janjua
Motor Vehicles	906	-	491	490	Auction	Muhammad Shahbaz
Motor Vehicles	906	-	563	562	Auction	Muhammad Hussain
Motor Vehicles	906	-	495	495	Auction	Raja Jahangir Ali
Motor Vehicles	906	-	482	481	Auction	Ehsan Ul Haq

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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	906	-	603	603	Auction	Abrar Hussain	Auctioneer
Motor Vehicles	906	-	549	549	Auction	Ishfaq Ahmed	Auctioneer
Motor Vehicles	906	-	495	495	Auction	Khan Baz Jarra	Auctioneer
Motor Vehicles	906	-	608	607	Auction	Khuram 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 Furgan	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
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 Farukh	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	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 Isam 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	-	580	580	Auction	Farhan Abbas	Auctioneer
Motor Vehicles	935	-	550	550	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
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	-	585	585	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	609	-	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

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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	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 Raoof	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
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	Saif Ur Rehman	Auctioneer
Motor Vehicles	1,269	-	750	750	Auction	Sh. Muhammad Raliq	Auctioneer
Motor Vehicles	969	-	925	925	Auction	Rizwan Suhail	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	Imraz 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	Ajaz Ahmed	Auctioneer
Motor Vehicles	1,712	341	341	-	As per policy	Feroz Ahmed	Employee
Motor Vehicles	4,272	611	611	-	As per policy	Zain Hussain	Employee
Motor Vehicles	1,514	361	361	-	As per policy	Adeel Ahmed	Employee
Motor Vehicles	1,467	293	290	(3)	As per policy	Syad Muhammad Nasrullah	Employee
Motor Vehicles	1,060	550	544	(6)	As per policy	S.M Faraz Naseem	Employee
Motor Vehicles	1,317	-	1,125	1,125	Auction	Mr.Shakeeb Shafiq	Auctioneer
Motor Vehicles	1,418	-	140	140	As per policy	Mr.Shahzad Enver Munir	Ex - Employee
	293,342	15,447	181,838	166,390			
Assets held under finance lease							
Vehicles	7,730	-	773	773	As per entitlement	Khalid B Shaheen	Ex-Employee
Vehicles	1,025	465	636	171	As per Service Rules	Salman Ahmad	Employee
Vehicles	2,100	570	686	116	As per Service Rules	Muhammad Ali Bhabha	Employee
Vehicles	1,773	996	1,523	527	Insurance Claim	Adanjee Insurance Company Limited	
Vehicles	1,814	850	1,277	427	As per Service Rules	Sohail Ahmed	Ex - Employee
Vehicles	1,814	989	1,510	521	As per Service Rules	Ahmad Nauman	Ex - Employee
	16,256	3,870	6,405	2,535			
Office Equipment	1,200	363	250	(113)	Negotiation	Qureshi Engineering	

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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)						
Assets held underjarah						
Machinery	18,100	1,962	1,527	(435)	As per agreement	Epct (Pvt) Limited
Machinery	7,500	1,125	1,114	(11)	As per agreement	Sheikhpura Textile Mills Limited
Machinery	35,444	3,544	3,544	-	As per agreement	Comfort Knitwears (Pvt) Limited
Machinery	51,142	5,682	5,109	(572)	As per agreement	Hira Textile Mills Limited
Machinery	7,258	1,089	1,089	-	As per agreement	Sheikhpura Textile Mills Limited
Machinery	2,900	290	283	(7)	As per agreement	Precision Forging (Pvt) Ltd
Machinery	5,056	506	506	-	As per agreement	Synthetic Products Enterprises Limited
Machinery	1,410	141	141	-	As per agreement	Sheikhpura Textile Mills Limited
Machinery	11,133	1,392	1,114	(277)	As per agreement	Netsol Technologies Limited
	139,942	15,730	14,426	(1,304)		
Vehicle	1,625	341	250	(91)	As per agreement	Infogistic (Private) Limited
Vehicle	1,176	412	412	-	As per agreement	Abdul Bari Rashid
Vehicle	1,625	325	363	38	As per agreement	Tariq Glass Industries Limited
Vehicle	2,040	234	204	(30)	As per agreement	Hira Terry Mills Limited
Vehicle	1,096	438	438	-	As per agreement	Mrs Asia Saleem
Vehicle	737	321	321	-	As per agreement	ICC Pakistan
Vehicle	1,096	244	219	(24)	As per agreement	Infogistic (Private) Limited
Vehicle	12,500	2,778	2,500	(278)	As per agreement	Faraz Ahmed Chaudhry
Vehicle	3,497	699	699	-	As per agreement	United Track System (Pvt) Ltd
Vehicle	560	294	319	25	As per agreement	Muhammad Shafiq
Vehicle	1,679	252	249	(3)	As per agreement	Tariq Baig
Vehicle	12,500	2,778	2,503	(275)	As per agreement	Netsol Technologies Limited
Vehicle	970	301	300	-	As per agreement	Ihsan Cotton Products (Private) Limited
Vehicle	965	264	313	49	As per agreement	Khalid Javed
Vehicle	6,157	1,220	1,230	10	As per agreement	United Track System (Pvt) Ltd
Vehicle	1,690	1,215	1,269	54	As per agreement	Suhail Anwar S/O Ch. Muhammad Anwar
Vehicle	2,438	488	486	(1)	As per agreement	H Karim Buksh & Sons
Vehicle	4,352	1,050	1,104	54	As per agreement	Performance Automotive (Pvt) Limited
Vehicle	6,391	959	959	-	As per agreement	Tariq Zaman
Vehicle	5,599	931	840	(91)	As per agreement	Performance Automotive (Pvt) Limited
Vehicle	3,500	350	350	-	As per agreement	Adbistan-E-Soophia
Vehicle	2,438	1,357	1,381	24	As per agreement	Imran Hafeez
Vehicle	2,093	209	209	-	As per agreement	Synthetic Products Enterprises Limited
Vehicle	1,555	920	1,023	103	As per agreement	Khawaja Akbar Butt
Vehicle	1,010	202	201	(1)	As per agreement	Tariq Glass Industries Limited
Vehicle	34,000	1,700	1,700	-	As per agreement	National Bank Of Pakistan
Vehicle	1,005	314	333	20	As per agreement	Mian Mohammad Almas
Vehicle	1,791	1,094	1,154	60	As per agreement	Khalid Ahmad Hashmi
Vehicle	1,646	1,390	1,407	17	As per agreement	Tariq Saeed Butt S/O Muhammad Shafi
Vehicle	690	345	453	108	As per agreement	City News
Vehicle	2,800	531	1,988	1,454	As per agreement	Shah G Coal
Vehicle	2,600	646	305	(343)	As per agreement	Coleta Traders
Vehicle	1,845	1,008	1,000	(8)	As per agreement	Abdul Aziz Khan
Vehicle	1,646	1,321	1,315	(6)	As per agreement	Shahid Mahmood Khan
Vehicle	18,220	3,220	3,220	-	As per agreement	United Track System (Pvt) Ltd
Vehicle	3,502	809	700	(108)	As per agreement	Khawas Khan Niazi
Vehicle	1,498	906	900	(6)	As per agreement	Sohail Nasir
Vehicle	1,498	1,005	1,000	(5)	As per agreement	Ahmed Imran
Vehicle	1,200	585	732	147	As per agreement	Asif Ali
Vehicle	1,804	862	940	78	As per agreement	Amir Rashid
Vehicle	1,625	431	425	(6)	As per agreement	Al-Saleem Khan Kakar Enterpris
Vehicle	2,207	1,293	1,145	(147)	As per agreement	Man Diesel & Turbo Pakistan
Vehicle	2,524	588	977	410	As per agreement	Man Diesel & Turbo Pakistan
Vehicle	1,605	914	975	(37)	As per agreement	Muhammad Iqbal Shahid
Vehicle	695	592	637	46	As per agreement	Muhammad Idrees Shah
Vehicle	1,532	153	81	(73)	As per agreement	Precision Forging (Pvt) Ltd
Vehicle	2,404	516	481	(37)	As per agreement	H Karim Buksh & Sons
Vehicle	24,800	3,890	4,218	528	As per agreement	Al-Saleem Khan Kakar Enterpris
	162,418	42,474	44,126	1,652		
	688,412	93,743	262,904	169,160		
Other Assets (having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000)	16,992	2,081	2,472	392		
	705,404	95,824	265,376	169,553		

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For the year ended December 31, 2016

Annexure IV as referred to in Note 28.2 to the consolidated financial statements

2016 2015
(Rupees in '000)

Donations include following amounts exceeding Rs 0.1 million:

Fatimid Foundation Kidney Centre Quetta.
The Kidney Centre PGTI
The Citizens Foundation

450	300
-	200
500	286
950	786

Contributions for Corporate & Social Responsibilities include following amounts exceeding Rs 0.1 million:

Lifetime Support Single Unit TCF School Nawabshah
Pakistan Disabled Foundation, Karachi
Disabled Welfare Association, Karachi,
Make-A-Wish Foundation, Karachi
Adoption of Non Formal School Child Care Foundation for Elimination of Child Labor
Adoption of Taleem Foundation Schools in Kila Saifullah & Muslim Bagh, Baluchistan
Help International Welfare Trust-Karachi.
Development & Research to Habib University Foundation, Karachi
SOS Children's Village Islamabad.
Family Ramzan Package (Ration) Interior Sind & Suburb area, Sindh
Sponsor Repair of Auto Wheelchairs Saaya Association, Islamabad
Anjuman-e-Mazoorran Liyari, Karachi
Society for Special Persons, AJK.
Society for Special Persons, Multan.
Govt-Girls School Gizri Campus, Raavian Educational Trust.
Cadet College, Larkana.
Poor Patients Aid Society, Karachi
Sukkur Blood & Drug Donating Society.
Women Vocational Program in Gilgit Tala,
Orphan Students Educational Expenses Roshni Homes, Lahore
Rising Sun Education & Welfare Society, Lahore.
Interior Sindh by Dar-ul-Sukun.
MPRC at Azad Kashmir.
Sindh Disabled Association, in Khairpur.
Chair to Grace Association, in Skardu (GB)
Food Students of Sujawal
Govt. Degree College Mehmoodabad Karachi.
SOS Children's Village Quetta.
Al-Umeed Rehabilitation Association at Karachi.
Karachi Independent Living Centre,
Nargis Khatoon Hearing Impairment School Skardu.
Shigar & Skardu.
Patient Care Karachi.
Al-Qadir Model School Lyari.
Int-Grammar School Karachi.
Poor Students Baluchistan Schools..
Poor Dialysis Patients at Pak Kidney Int ISLD
Balance carried forward

-	3,750
-	155
-	225
-	100
-	2,925
-	7,000
-	188
-	3,330
-	3,000
-	7,113
-	320
-	218
-	186
-	110
-	400
-	395
-	200
-	200
-	500
-	420
-	200
-	260
-	133
-	126
-	267
-	285
-	299
-	200
-	200
-	150
-	115
-	500
-	300
-	312
-	305
-	250
-	500
-	35,136

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016 (Rupees in '000)	2015
Balance brought forward	-	35,136
Begum Noor M-Hospital, Chakwal.	-	476
NICH by SADA Welfare Foundation	-	475
Medical Aid Foundation (Cancer Division).	-	300
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 (Rwpd & 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 Welfare 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 Pajza, 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 Edu-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 Koochi 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	-
Balance carried forward	10,938	43,377

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

	2016	2015
	(Rupees in '000)	
Balance brought forward	10,938	43,377
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 Sheikhupura 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 Koochi 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 Widoe 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 Madressat al 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
Patient Aid Foundation	500	-
Professional Education Foundation	120	-
	52,704	57,887

PATTERN OF SHAREHOLDING

As of December 31, 2016

Government			
Federal Government of Pakistan	1	6,238,919	0.29
Pakistan Atomic Energy Commission	1	679,424	0.03
Privatisation Commission, Ministry of Privatization & Investment	1	1,656,788	0.08
Associated companies, undertakings and related parties			
First Credit & Investment Bank Limited	1	50,000	0.00
State Bank of Pakistan	1	1,599,845,728	75.20
Mutual Funds	27	17,598,125	0.83
Director, Chief Executive, and their spouse and minor children			
Syed Ahmed Iqbal Ashraf	1	50,000	0.00
Tariq Kirmani	1	44,168	0.00
Executives	4	18,745	0.00
Public Sector Companies and Corporations	13	108,862,828	5.12
Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful Companies and Modarabas	22	32,242,346	1.52
General Public			
Local	10,998	86,229,977	4.05
Foreign	57	740,624	0.03
Foreign Companies	99	223,521,888	10.51
Others	174	49,733,466	2.34
TOTAL	11,401	2,127,513,026	100.00

Shareholders holding five percent or more voting rights in the bank.

State Bank of Pakistan	1,599,845,728	75.20
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PATTERN OF SHAREHOLDING

As of December 31, 2016

No. of Shareholders	Shareholdings' Slab			Total Shares Held
1300	1	to	100	50,926
1918	101	to	500	601,570
1410	501	to	1000	1,143,355
3233	1001	to	5000	8,285,879
2040	5001	to	10000	13,484,813
471	10001	to	15000	5,835,209
213	15001	to	20000	3,770,548
117	20001	to	25000	2,701,354
96	25001	to	30000	2,649,993
56	30001	to	35000	1,812,320
42	35001	to	40000	1,617,780
32	40001	to	45000	1,360,970
53	45001	to	50000	2,583,697
29	50001	to	55000	1,548,398
14	55001	to	60000	801,585
13	60001	to	65000	817,977
15	65001	to	70000	1,012,586
17	70001	to	75000	1,249,789
9	75001	to	80000	707,343
10	80001	to	85000	820,778
10	85001	to	90000	872,375
10	90001	to	95000	925,016
24	95001	to	100000	2,381,953
10	100001	to	105000	1,026,813
6	105001	to	110000	653,011
9	110001	to	115000	1,023,183
4	115001	to	120000	467,500
5	120001	to	125000	618,400
7	125001	to	130000	894,237
1	130001	to	135000	130,247
4	135001	to	140000	551,877
6	140001	to	145000	858,716
4	145001	to	150000	599,950
2	150001	to	155000	305,983
2	155001	to	160000	315,415
5	160001	to	165000	815,618
6	165001	to	170000	1,012,659
2	170001	to	175000	347,150
3	175001	to	180000	536,149
2	180001	to	185000	369,272
2	185001	to	190000	375,500
2	190001	to	195000	385,104

PATTERN OF SHAREHOLDING

As of December 31, 2016

No. of Shareholders	Shareholdings' Slab			Total Shares Held
5	195001	to	200000	997,656
2	200001	to	205000	401,182
2	205001	to	210000	414,456
1	215001	to	220000	216,500
2	220001	to	225000	446,330
2	225001	to	230000	459,349
2	230001	to	235000	464,985
1	235001	to	240000	235,288
2	245001	to	250000	495,093
2	250001	to	255000	502,374
1	255001	to	260000	259,500
2	265001	to	270000	535,200
1	275001	to	280000	279,968
1	285001	to	290000	288,601
4	290001	to	295000	1,171,435
4	295001	to	300000	1,199,984
1	300001	to	305000	302,530
1	310001	to	315000	313,550
1	315001	to	320000	320,000
2	320001	to	325000	646,000
1	325001	to	330000	329,233
1	330001	to	335000	330,397
1	340001	to	345000	345,000
6	345001	to	350000	2,094,500
1	355001	to	360000	355,119
3	360001	to	365000	1,087,578
1	370001	to	375000	375,000
2	390001	to	395000	786,144
5	395001	to	400000	1,992,071
1	400001	to	405000	400,001
1	405001	to	410000	406,500
2	430001	to	435000	865,100
1	440001	to	445000	443,000
2	445001	to	450000	893,391
2	450001	to	455000	907,996
3	465001	to	460000	1,372,500
1	465001	to	470000	469,000
2	495001	to	500000	1,000,000
1	500001	to	505000	501,487
1	505001	to	510000	508,000
1	515001	to	520000	519,000
2	520001	to	525000	1,048,500

PATTERN OF SHAREHOLDING

As of December 31, 2016

No. of Shareholders	Shareholdings' Slab			Total Shares Held
1	530001	to	535000	533,643
1	545001	to	550000	550,000
1	555001	to	560000	560,000
3	595001	to	600000	1,799,500
1	600001	to	605000	603,000
1	605001	to	610000	607,500
1	615001	to	620000	617,500
2	630001	to	635000	1,269,000
1	640001	to	645000	640,511
1	650001	to	655000	654,512
1	655001	to	660000	655,097
2	670001	to	675000	1,346,540
2	675001	to	680000	1,357,924
2	695001	to	700000	1,400,000
1	705001	to	710000	707,609
1	730001	to	735000	734,683
2	745001	to	750000	1,497,140
1	810001	to	815000	812,508
1	815001	to	820000	815,912
1	830001	to	835000	830,282
1	835001	to	840000	840,000
1	840001	to	845000	842,000
1	875001	to	880000	877,500
1	880001	to	885000	882,596
1	910001	to	915000	912,887
1	920001	to	925000	925,000
1	925001	to	930000	927,004
2	955001	to	960000	1,915,404
1	970001	to	975000	971,000
3	995001	to	1000000	3,000,000
1	1045001	to	1050000	1,050,000
1	1050001	to	1055000	1,055,000
1	1055001	to	1060000	1,060,000
1	1075001	to	1080000	1,075,332
2	1120001	to	1125000	2,245,097
1	1140001	to	1145000	1,144,026
1	1145001	to	1150000	1,145,500
2	1160001	to	1165000	2,329,000
1	1165001	to	1170000	1,165,500
1	1260001	to	1265000	1,263,737
2	1310001	to	1315000	2,624,465
1	1315001	to	1320000	1,318,612

PATTERN OF SHAREHOLDING

As of December 31, 2016

No. of Shareholders	Shareholdings' Slab			Total Shares Held
1	1345001	to	1350000	1,350,000
1	1395001	to	1400000	1,400,000
1	1460001	to	1465000	1,462,500
1	1515001	to	1520000	1,518,000
1	1565001	to	1570000	1,566,906
1	1570001	to	1575000	1,571,563
1	1590001	to	1595000	1,593,758
1	1655001	to	1660000	1,656,788
1	1705001	to	1710000	1,705,767
1	1750001	to	1755000	1,753,766
1	1795001	to	1800000	1,796,223
1	1840001	to	1845000	1,843,737
1	1920001	to	1925000	1,922,404
1	2000001	to	2005000	2,002,000
1	2185001	to	2190000	2,189,208
1	2230001	to	2235000	2,232,000
1	2320001	to	2325000	2,323,901
1	2455001	to	2460000	2,459,547
1	2480001	to	2485000	2,483,000
1	2610001	to	2615000	2,615,000
1	2785001	to	2790000	2,787,500
1	2865001	to	2890000	2,889,500
1	2920001	to	2925000	2,924,000
1	3265001	to	3270000	3,265,500
1	3280001	to	3285000	3,282,626
1	3450001	to	3455000	3,454,000
1	3500001	to	3505000	3,503,100
1	3695001	to	3700000	3,700,000
1	3805001	to	3810000	3,805,731
2	4870001	to	4875000	9,741,032
1	4945001	to	4950000	4,949,110
1	5285001	to	5270000	5,270,000
1	5665001	to	5670000	5,666,578
1	5685001	to	5690000	5,685,450
1	5795001	to	5800000	5,795,444
1	5830001	to	5835000	5,835,000
1	6100001	to	6105000	6,103,500
2	6235001	to	6240000	12,478,819
1	6480001	to	6485000	6,480,500
1	6755001	to	6760000	6,758,385
1	8695001	to	8700000	8,697,900
1	8780001	to	8785000	8,781,661

PATTERN OF SHAREHOLDING

As of December 31, 2016

No. of Shareholders	Shareholdings' Slab			Total Shares Held
1	11320001	to	11325000	11,322,500
1	14265001	to	14270000	14,266,768
1	15890001	to	15895000	15,891,470
1	22540001	to	22545000	22,545,000
1	26580001	to	26585000	26,580,956
1	66375001	to	66380000	66,378,420
1	68515001	to	68520000	68,515,763
1	1599845001	to	1599850000	1,599,845,728
11,401				2,127,513,026

SYMBOLIZING EXCELLENCE



UNPARALEDLED MARKET OUTREACH



DOMESTIC OUTREACH
1448
BRANCHES

DOMESTIC SUBSIDIARIES

- Taurus Securities Limited
- NBP Fullerton Asset Management Limited
- NBP Exchange Company Limited
- NBP Leasing Limited
- NBP Modaraba Management Company Limited

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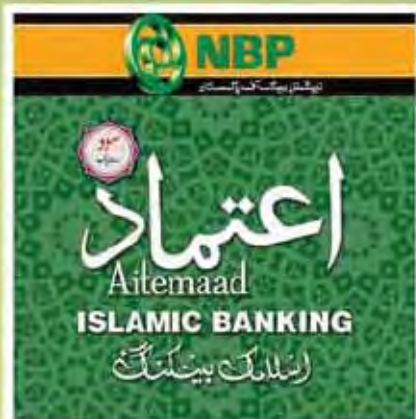
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NBP Aitemaad is growing!

NBP has established a network of 128 Islamic Banking branches

Serving Pakistanis across the nation, NBP is continually increasing access to its Islamic Banking products and services for its valued customers. With a wide network of 128 branches across Pakistan, we thank our customers for their continued patronage, and their faith in us to serve them better.

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Hyderabad | Islamabad | Jamrud
Jaranwala | Jhang | Jhelumi | Karachi
Kasur | Khanewal | Lahore | Layyah
Manshera | Mardan | Mianwali
Mingora | Mirpur A.K | Mirpur Khas
Multan | Muzaffarabad A.K | Nowshera
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Rawalpindi | Sahiwal | Sargodha
Sheikhupura | Sialkot | Sukkur | Swabi
Taxila | Timergara, Lower Dir | Tulamba
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Kharian | Samundri | Vehari | Sadiqabad
Muzaffargarh | Dadyal | Kotli | Abbotabad
Gujar Khan | Hangu | Swat



68TH ANNUAL GENERAL MEETING OF NATIONAL BANK OF PAKISTAN

Form of Proxy

Folio No. _____ of CDC participant identity No. _____
 CDC A/c No. _____
 I/We _____
 of _____
 being a member (s) of the National Bank of Pakistan holding shares No. _____
 Hereby appoint _____ of _____
 also a member of National Bank of Pakistan (Folio No. _____) or failing him/her _____ of _____
 also a member of National Bank of Pakistan (Folio No. _____) as my/our Proxy to vote for me/us and on my/our
 behalf at the 68th Annual General meeting of National Bank of Pakistan. To be held at 9.30 A.M. on Thursday, March
 2017, 30 at Grand Ball Room, Pearl Continental Hotel, Karachi and at any adjournment thereof.

Signed this _____ day of _____ 2017

Witnesses:

1. Name: _____
 Address: _____
 CNIC No. _____

2. Name: _____
 Address: _____
 CNIC No. _____

**Affix Revenue Stamp
Of Five Rupees**

Signature _____
 (Signature should agree with the
 specimen signature registered
 with the Bank).

NOTE:

A. General:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. No person shall act as a Proxy, who is not a member of the bank except that Government of Pakistan/State Bank of Pakistan/Corporation may appoint a person who is not a member.
2. The instrument appointing a Proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporation (other than Government of Pakistan and State Bank of Pakistan), its common seal should be affixed on the instrument.
3. The instrument appointing a Proxy, together with the power of Attorney, if any, under which it is signed or a notariably certified copy thereof, should be deposited, with our Registrar/Transfer Agents, Messrs Central Depository Company of Pakistan Limited, CDC House, -99B, Block "B", SMCHS, Main Shahr-e-Faisal Karachi not less than 48 hours before the time of holding the meeting.
4. If a member appoints more than one Proxy, and more than one instrument of Proxy are deposited by a member with the Bank, all such instruments of Proxy shall be rendered invalid.

B. For CDC Account Holder:

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



National Bank of Pakistan

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