



HABIB METROPOLITAN BANK LTD.

[Subsidiary of Habib Bank AG Zurich]

CONSOLIDATED FINANCIAL STATEMENTS

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of Habib Metropolitan Bank Limited ("the Holding Company") and its subsidiary companies, namely Habib Metropolitan Financial Services and Habib Metropolitan Modaraba Management Company (Private) Limited, as at 31 December 2015 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 expressed separate opinions on the financial statements of Habib Metropolitan Bank Limited and Habib Metropolitan Financial Services Limited for the year then ended while the financial statements of Habib Metropolitan Modaraba Management Company (Private) Limited have been consolidated based on unaudited financial information of the subsidiary.

These consolidated 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 Habib Metropolitan Bank Limited and its subsidiary companies as at 31 December 2015 and the results of their operations for the year then ended.

Karachi: 26 February 2016

KPMG Taseer Hadi & Co
Chartered Accountants
Mazhar Saleem

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	2015	2014
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	8	30,645,728	18,640,853
Balances with other banks	9	13,807,806	1,870,331
Lendings to financial institutions	10	14,444,641	3,408,776
Investments	11	280,910,946	221,644,817
Advances	12	132,646,839	134,750,646
Operating fixed assets	13	3,125,478	3,025,426
Deferred tax assets	14	1,938,805	1,268,457
Other assets	15	12,365,392	13,065,511
		489,885,635	397,674,817
LIABILITIES			
Bills payable	16	6,344,461	5,201,482
Borrowings	17	31,462,822	24,883,982
Deposits and other accounts	18	403,208,597	319,948,274
Sub-ordinated loans		—	—
Liabilities against assets subject to finance lease		—	—
Deferred tax liabilities		—	—
Other liabilities	19	12,007,518	12,871,948
		453,023,398	362,905,686
NET ASSETS		36,862,237	34,769,131
REPRESENTED BY			
Share capital	20	10,478,315	10,478,315
Reserves		12,710,010	11,178,823
Unappropriated profit		9,965,906	8,559,839
		33,154,231	30,216,977
Surplus on revaluation of assets - net of tax	21	3,708,006	4,552,154
		36,862,237	34,769,131
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 45 and annexures I & II form an integral part of these consolidated financial statements.

KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

SOHAIL HASAN
Director

CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014
		Rupees in '000	
Mark-up / return / interest earned	24	36,860,192	32,288,259
Mark-up / return / interest expensed	25	(22,460,706)	(21,078,626)
Net mark-up / interest Income		14,399,486	11,209,633
Provision against non-performing loans and advances	12.6	2,116,885	1,767,199
Provision for diminution in the value of investments	11.3	109,077	11,380
Bad debts written off directly	12.8.1	—	—
		(2,225,962)	(1,778,579)
Net mark-up / interest income after provisions		12,173,524	9,431,054
Non mark-up / interest income			
Fee, commission and brokerage income		2,893,831	2,458,011
Dividend income		149,401	51,889
Income from dealing in foreign currencies		1,083,300	1,039,545
Gain on sale / redemption of securities - net	26	4,781,125	1,875,712
Unrealized gain / (loss) on revaluation of investments classified as held-for-trading		—	—
Other income	27	340,949	341,063
Total non mark-up / interest income		9,248,606	5,766,220
		21,422,130	15,197,274
Non mark-up / interest expenses			
Administrative expenses	28	8,501,276	7,406,393
Other provisions / write offs	19.1 & 15.2	14,989	299,000
Other charges	29	340,437	155,742
Total non mark-up / interest expenses		(8,856,702)	(7,861,135)
		12,565,428	7,336,139
Extraordinary / unusual items		—	—
Profit before taxation		12,565,428	7,336,139
Taxation – Current	30	(4,972,843)	(2,764,846)
– Prior years		(476,060)	(100)
– Deferred	14.1	556,958	370,957
		(4,891,945)	(2,393,989)
Profit after taxation		7,673,483	4,942,150
Unappropriated profit brought forward		8,559,839	6,693,745
Profit available for appropriation		16,233,322	11,635,895
Basic and diluted earnings per share (Rupees)	31	7.32	4.72

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Director

SOHAIL HASAN
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014
		Rupees in '000	
Profit after taxation for the year		7,673,483	4,942,150
Other comprehensive income			
Items that are not to be reclassified to profit & loss account in subsequent periods:			
Actuarial (loss) / gain on defined benefit plan	34.8	(32,288)	7,568
Related deferred tax reversal / (charge)		11,301	(2,649)
		(20,987)	4,919
Comprehensive income transferred to equity		7,652,496	4,947,069
Items that may be reclassified to profit & loss account in subsequent periods and not to be reflected in equity:			
(Deficit) / surplus arising on revaluation of available for sale securities		(946,237)	5,979,448
Related deferred tax reversal / (charge)		102,089	(2,047,006)
		(844,148)	3,932,442
Total comprehensive income		6,808,348	8,879,511

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CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015	2014
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		12,565,428	7,336,139
Less: Dividend income		(149,401)	(51,889)
		12,416,027	7,284,250
Adjustments			
Depreciation and amortization		566,561	526,187
Provision against non-performing loans and advances - net	12.6	2,116,885	1,767,199
Provision against off-balance sheet obligations	19.1	14,989	-
Provision against other assets	15.2	-	299,000
Provision for diminution in the value of investments - net	11.3	109,077	(30,804)
Net gain on sale of fixed assets	27	(59,186)	(17,447)
		2,748,326	2,544,135
		15,164,353	9,828,385
(Increase) / decrease in operating assets			
Lendings to financial institutions		(11,035,865)	(3,408,776)
Advances		(13,078)	(6,683,908)
Other assets (excluding current taxation)		261,514	(4,781,557)
		(10,787,429)	(14,874,241)
Increase / (decrease) in operating liabilities			
Bills payable		1,142,979	1,219,269
Borrowings		7,061,268	1,470,763
Deposits and other accounts		83,260,323	72,440,556
Other liabilities (excluding current taxation)		(1,625,831)	4,013,776
		89,838,739	79,144,364
		94,215,663	74,098,508
Income tax paid		(4,311,511)	(2,855,147)
Net cash generated from operating activities		89,904,152	71,243,361
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(60,048,309)	(64,860,361)
Net investments in held-to-maturity securities		(273,134)	(8,447,057)
Dividend received		151,749	49,541
Investments in operating fixed assets		(669,091)	(551,730)
Proceeds from sale of fixed assets		61,664	53,089
Net cash (used in) / generated from investing activities		(60,777,121)	73,756,518
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(4,702,253)	(2,093,344)
Net cash used in financing activities		(4,702,253)	(2,093,344)
Increase / (decrease) in cash and cash equivalents		24,424,778	(4,606,501)
Cash and cash equivalents at the beginning of the year		19,635,669	24,242,170
Cash and cash equivalents at the end of the year	32	44,060,447	19,635,669

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

		Reserves					
	Share Capital	Share Premium	Statutory Reserve	Special Reserve	Revenue Reserve	Un-appropriated Profit	Total
	Rupees in '000						
Balance as at 1 January 2014	10,478,315	2,550,985	5,902,165	240,361	1,500,000	6,693,745	27,365,571
Changes in equity for the year ended 31 December 2014							
Total comprehensive income for the year ended 31 December 2014 – profit for the year	–	–	–	–	–	4,942,150	4,942,150
Other comprehensive income – net of tax	–	–	–	–	–	4,919	4,919
Transactions with owners, recorded directly in equity							
Cash dividend (Rs. 2.00 per share) for year ended 31 December 2013	–	–	–	–	–	(2,095,663)	(2,095,663)
Transfer to statutory reserve	–	–	985,312	–	–	(985,312)	–
Balance as at 31 December 2014	10,478,315	2,550,985	6,887,477	240,361	1,500,000	8,559,839	30,216,977
Changes in equity for the year ended 31 December 2015							
Total comprehensive income for the year ended 31 December 2015 – profit for the year	–	–	–	–	–	7,673,483	7,673,483
Other comprehensive income – net of tax	–	–	–	–	–	(20,987)	(20,987)
Transactions with owners, recorded directly in equity							
Cash dividend (Rs. 2.50 per share) for year ended 31 December 2014	–	–	–	–	–	(2,619,579)	(2,619,579)
Interim cash dividend (Rs. 2.00 per share) for the period ended 30 June 2015	–	–	–	–	–	(2,095,663)	(2,095,663)
Transfer to statutory reserve	–	–	1,531,187	–	–	(1,531,187)	–
Balance as at 31 December 2015	10,478,315	2,550,985	8,418,664	240,361	1,500,000	9,965,906	33,154,231

The annexed notes 1 to 45 and annexures I & II form an integral part of these consolidated financial statements.

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Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. STATUS AND NATURE OF BUSINESS

The Group comprises of Habib Metropolitan Bank Limited (holding company), Habib Metropolitan Financial Services Limited & Habib Metropolitan Modaraba Management Company (Private) Limited (wholly owned subsidiaries). The Group is engaged in providing Commercial Banking, Brokerage Services & Modarabha Management Services.

Habib Metropolitan Bank Limited (the holding company) was incorporated in Pakistan on 3 August 1992, as a public limited company, under the Companies Ordinance, 1984 and is engaged in commercial banking and related services. Its shares are listed on Pakistan Stock Exchange Limited. The holding company operates 237 (2014: 201) branches, including 20 (2014: 10) Islamic banking branches and 39 (2014: 39) sub branches in Pakistan. The holding company is a subsidiary of Habib Bank AG Zurich - Switzerland (the ultimate parent company with 51% shares in the Bank) which is incorporated in Switzerland. The registered office of the holding company is situated at Spencer's Building I.I. Chundrigar Road, Karachi.

Habib Metropolitan Financial Services Limited (the subsidiary company) was incorporated in Pakistan on 28 September 2007 as a public limited company under the Companies Ordinance, 1984. The registered office of the subsidiary company is located at 1st Floor, GPC 2, Block 5, Kehkashan Clifton, Karachi. The subsidiary company is a corporate member of the Pakistan Stock Exchange Limited and is engaged in Equity Brokerage Services.

Habib Metropolitan Modaraba Management Company (Private) Limited (the subsidiary company) was incorporated in Pakistan on 1 June 2015 as a private limited under the companies ordinance, 1984. The registered office of the subsidiary company is located at Spencer's Building, I.I. Chundrigar Road, Karachi under Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

2. BASIS OF PRESENTATION

2.1 These consolidated financial statements comprise the financial statements of the holding company and its subsidiary companies. The assets, liabilities, income and expenses of the subsidiary companies have been consolidated on a line by line basis. Intra-group balances and transactions have been eliminated for the purpose of consolidation.

2.2 In accordance with the directives of the Federal Government regarding shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by the holding company from its customers and immediate resale to them at appropriate mark-up in price on a 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.

2.3 Key financial figures of the Islamic Banking branches are disclosed in note 43 to these consolidated financial statements.

2.4 Basis of measurement

Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except that certain investments are stated at market value and derivative financial instruments are carried at fair value as disclosed in notes 5.3 and 5.6 respectively.

3. STATEMENT OF COMPLIANCE

- 3.1** These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standard (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984 and Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan. In case the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 and Banking Companies Ordinance, 1962 and the directives issued by SBP shall prevail.
- 3.2** The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" and IAS 40 "Investment Property" for banking companies till further instructions. Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) through S.R.O. No. 411 (1) / 2008 dated 28 April 2008, 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 consolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by management in the application of accounting policies are as follows:

i) Classification of investments

- In classifying investments as "held-for-trading", the Group has determined 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.
- In classifying investments as "held-to-maturity", the Group follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity.
- The investments which are not classified as held-for-trading or held-to-maturity are classified as "available-for-sale".

ii) Provision against non performing loans and advances and debt securities classified as investments

The Group reviews its loan portfolio and debt securities classified as investments to assess amount of non-performing loans and advances and debt securities and provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrower and the forced sale value of the securities, etc. as per the requirement of the Prudential Regulations are considered. For portfolio impairment provision on consumer and SME advances, the Group follows the general provision requirement set out in Prudential Regulations. In addition the holding company also maintain a general provision against its loan portfolio discussed in note 5.4.

iii) Valuation and impairment of available for sale equity investments

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

iv) Impairment of non-financial assets (excluding deferred tax asset)

Non-financial assets are subject to impairment review if there are events or changes in circumstances that indicate that the carrying amount may not be recoverable. If any such indication exists, the Group estimates the recoverable amount of the asset and the impairment loss, if any. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of future cash flows from the asset discounted at a rate that reflects market interest rates adjusted for risks specific to the asset. If the recoverable amount of an intangible or tangible asset is less than its carrying value, an impairment loss is recognised immediately in the profit and loss account and the carrying value of the asset reduced by the amount of the loss. A reversal of an impairment loss on intangible assets is recognised as it arises provided the increased carrying value does not exceed which it would have been had no impairment loss been recognised.

v) Income taxes

In making the estimates for income taxes currently payable by the Group, the management looks, at the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Group's future taxable profits are taken into account.

vi) Fixed assets, depreciation and amortisation

In making estimates of the depreciation / amortisation 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. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

vii) Defined benefits plan

Liability is determined on the basis of actuarial advice using the Projected Unit Credit Actuarial Cost Method, as fully disclosed in note 34 to these consolidated financial statements.

viii) Compensated Absences

The Group uses actuarial valuation for the determination of its compensated absences liability. This method makes certain assumptions, which may change, thereby affecting the profit and loss account of future period.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the Group are as follows:

5.1 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash and balances with treasury banks and balances with other banks less overdrawn nostros and local bank accounts.

5.2 Lendings to / borrowings from financial institutions

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

Sale under repurchase obligation

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 investments and counter party liability is included in borrowing from financial institutions. The difference between sale and repurchase price is amortised as an expense over the term of the repo agreement.

Purchase under resale obligation

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the statement of financial position and instead amounts paid under these arrangements are included in lendings to financial institutions. The difference between purchase and resale price is accrued as income over the term of the agreement.

Other borrowings including borrowings from SBP are recorded at the proceeds received. Mark up on such borrowings' is charged to the profit and loss account on a time proportion basis.

Bai Muajjal

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

5.3 Investments

5.3.1 Investment in subsidiaries is stated at cost less provision for impairment, if any.

5.3.2 Other investments are classified as follows:

Held-for-trading

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

Held-to-maturity

These are securities with fixed or determinable payments and fixed maturities that are held with the positive intention and ability to hold till maturity.

Available-for-sale

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

5.3.3 Investments (other than held-for-trading) include transaction costs associated with the investments. In case of held-for-trading investments transaction costs are charged to profit and loss account.

In accordance with the requirements of the SBP, quoted securities, other than those classified as held-to-maturity and investment in a subsidiaries, are carried at market value. Investments classified as held-to-maturity are carried at amortised cost, if any.

Unrealised surplus / deficit arising on the revaluation of the Group's held-for-trading investment portfolio is taken to the profit and loss account. Surplus / deficit arising on revaluation of quoted securities classified as available for sale is kept in a separate account shown in the statement of financial position below equity. Surplus / deficit arising on these securities is taken to the profit and loss account when actually realised upon disposal or when the investment is considered to be impaired.

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

Provision for diminution in the value of term finance and Sukuk certificates are made as per the criteria prescribed under Prudential Regulations issued by State Bank of Pakistan.

Provision for impairment in the value of available for sale and held-to-maturity securities (other than bonds and term finance and Sukuk certificates) is made after considering objective evidence of impairment, if any, in their value (as a result of one or more events that may have an impact on the estimated future cash flows of the investments). A significant or prolonged decline in the fair value of an equity investment below its cost is also considered an objective evidence of impairment. Impairment losses are taken to profit and loss account.

All "regular way" purchases and sales of investments are recognised on the trade date, i.e., the date that the Group commits the purchase or sell the asset. Regular way purchases or sales are purchases or sales of investments that require delivery of assets within the timeframe generally established by regulation or convention in the market place.

5.4 Advances (including net investment in finance lease and ijarah arrangements)

Loans and advances

Loans and advances and net investments in finance lease are stated net of provision for loan losses against non-performing advances. Provision for loan losses is made in accordance with the Prudential Regulations issued by the SBP and is charged to profit and loss account. The holding company also maintains general provision in addition to the requirements of the Prudential Regulations on the basis of management's assessment of credit risk characteristics and general banking risk such as nature of credit, collateral type, industry sector and other relevant factors. Murabaha receivables are stated at gross amount receivable less deferred income and provisions, if any.

Finance lease receivables

Leases, where the holding company transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance lease. A receivable is recognised at an amount equal to the present value of the minimum lease payments including guaranteed residual value, if any. Finance lease receivables are included in advances to the customers.

Ijarah

In accordance with the requirements of Islamic Financial Accounting Standard (IFAS) 2 for the accounting and financial reporting of "Ijarah", Ijarah arrangements by the Islamic Banking branches are accounted for as 'Assets held under Ijarah' and are stated at cost less accumulated depreciation, residual value and impairment losses, if any. Accordingly assets subject to Ijarah have been reflected in note 12 to these consolidated financial statements under "Advances". Rental income on these Ijarah is recognised in the Group's profit and loss account on a time proportion basis, while depreciation is calculated on Ijarah assets on a straight line basis over the period of Ijarah from the date of delivery of respective assets to mustajir (lessee) up to the date of maturity / termination of ijarah agreement and is charged to the profit and loss account. The classification and provisioning of Ijarah assets is done in line with the requirements laid down in the Prudential Regulations and are recognised in the profit and loss account.

Diminishing Musharakah

In Diminishing Musharakah based financing, the holding company enters into a Musharakah based on shirkat-ul-milk for financing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers and enters into periodic profit payment agreement for the utilization of the Group's Musharaki share by the customer. Income from these transactions are recorded on an accrual basis.

Istisna

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

Al-Bai

The product is based on the Islamic Mode "Musawamah". Musawamah is a general kind of sale in which price of the commodity to be traded is agreed between seller and the buyer without any reference to the cost incurred and profit charged by the former.

Advances are written off when there are no realistic prospects of recovery.

5.5 Fixed assets

Tangible - owned (operating)

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land which are stated at cost less accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset at the rates specified in note 13.2. Depreciation on additions during the year is calculated from the date of addition. In case of disposals during the year, the depreciation is charged up till the date of disposal. Depreciation on ijarah assets referred to in note 12.3 is calculated on a straight line basis over the period of Ijarah from the date of delivery of respective assets to the mustajir (lessee) up to the date of maturity / termination of ijarah agreed.

Subsequent cost are included in the asset's carrying amount 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. All other repairs and maintenance are charged to the profit and loss account.

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

The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each statement of financial position date.

Intangible

These are stated at cost less accumulated amortisation and impairment, if any. The cost of intangible assets are amortised from the month when the assets are available for intended use, using the straight line method, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortisation method is reviewed and adjusted, if appropriate, at each statement of financial position date.

Intangible includes Trading Rights Entitlement (TRE) Certificate acquired by subsidiary on surrender of stock exchange membership card. Since the fair value of the certificate can not be determined with reasonable accuracy, the entire carrying value of Stock Exchange Membership Card has been allocated to the shares of Pakistan Stock Exchange Limited, and TRE Certificate has been stated at Nil value. This certificate has indefinite life.

Capital work-in-progress

These are stated at cost less impairment losses, if any.

5.6 Derivative financial instruments

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

5.7 Provisions

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

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

5.8 Taxation

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

Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into consideration available tax credits and rebates. The charge for the current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amount used for taxation purposes. Deferred tax is measured at the tax rate that are expected to be applied on the temporary differences when they reverse, based on the tax rates that have been enacted or substantially enacted at the reporting date.

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

The Group also recognises deferred tax asset / liability on deficit / surplus on revaluation of assets and actuarial gain / losses recognised in 'Other Comprehensive Income', which is adjusted against the related deficit / surplus.

5.9 Employees' benefits

5.9.1 Retirement benefits

Defined benefit plan

The holding company operates an approved funded gratuity scheme for all its permanent employees. Retirement benefits are payable to the members of the scheme on the completion of prescribed qualifying period of service under the scheme. Contribution is made in accordance with the actuarial recommendation. The actuarial valuation is carried out annually as at the statement of financial position date using "Projected Unit Credit Actuarial Cost Method".

All actuarial gains and losses are recognised in "Other Comprehensive Income" as they occur.

Past service cost resulting from changes to defined benefit plan is recognised in the profit and loss account.

Defined contribution plan

The holding company operates a recognised provident fund scheme for all its regular employees, which is administered by the Board of Trustees. Contributions are made by the Group and its employees, to the fund at the rate of 10% of basic salary.

5.9.2 Compensated absences

A provision is made for estimated liability for annual leaves as a result of services rendered by the employees against unavailed leaves, as per term of service contract, up to the statement of financial position date.

The actuarial valuation under the 'Projected Unit Credit Actuarial Cost Method' has been carried out by the Group for the determination of the liability for compensated absences. Liability so determined is fully recognised by the Group.

5.10 Revenue recognition

Revenue is recognised to the extent that the economic benefits will flow to the Group and the revenue can be reliably measured. These are recognised as follows:

a) Advances and investments

Mark-up / return on regular loans / advances and debt securities investments is recognised on a time proportion basis that take into account the effective yield on the asset. Where debt securities are purchased at premium or discount, the same is amortised through the profit and loss account using the effective interest rate method.

Interest or mark-up recoverable on classified loans and advances and investments is recognised on receipt basis. Interest / return / mark-up on classified rescheduled / restructured loans and advances and investments is recognised as permitted under the Prudential Regulations of the State Bank of Pakistan.

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

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

Income on bills discounted are recognised over the period of the bill.

b) Lease financing / Ijarah contracts

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

Rental income on Ijarahs executed by the Islamic Banking branches and accounted for under IFAS 2 (refer note 5.4) is recognised in the profit and loss account on a time proportion basis.

Gains / losses on termination of lease contracts and other lease income are recognised when realised.

c) Fees, commission and brokerage

Fees, brokerage and commission except income from letters of guarantee is accounted for on receipt basis. Income from letter of guarantee is recognised on an accrual basis over the period of the guarantee.

5.11 Off setting

Financial assets and financial liabilities are 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 to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

5.12 Foreign currencies

Foreign currencies transactions are translated into local currency at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the exchange rates prevailing at the statement of financial position date. Forward exchange contracts are revalued using forward exchange rates applicable to their respective remaining maturities. Exchange gains or losses are included in income currently.

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. 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 statement of financial position date.

5.13 Segment reporting

A segment is a distinguishable component of the Group that is engaged 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. the Group's primary format of reporting is based on the following business segments.

Business segments

a) Trading and sales

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

b) Retail banking

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

c) Commercial banking

This includes loans, deposits and other transactions with corporate customers; and SME customers other than those included in retail banking.

Geographical segments

The Group conducts all its operations in Pakistan.

5.14 Dividend distribution and appropriations

Bonus and cash dividend and other appropriations (except for the appropriations required by law), declared / approved subsequent to statement of financial position date are considered as non-adjusting event and are not recorded in consolidated financial statements of the current year. These are recognised in the period in which these are declared / approved.

5.15 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. 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 period. 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.

5.16 Impairment of assets (other than loans and advances and investments)

At each statement of financial position date, the Group reviews the carrying amount of its assets (other than deferred tax asset) to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of relevant asset is estimated. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. The resulting impairment loss is recognised as an expense immediately. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Details of the basis of determination of impairment against loans and advances and investments have been discussed in their respective notes.

5.17 Financial instruments

All financial assets and liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account. Financial assets carried on the statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances and certain receivables. Financial liabilities include borrowings, deposits, bills payable and other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy notes associated with them.

5.18 The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year, except for the following standards, which became effective during the year:

New, amended and revised standards and interpretations of IFRSs

- IFRS 10 'Consolidated Financial Statements' replaces the current guidance on consolidation in IAS 27 Consolidated and Separate Financial Statements. It introduces a single model of assessing control whereby an investor controls an investee when it has the power, exposure to variable returns and the ability to use its power to influence the returns of the investee. IFRS 10 also includes specific guidance on de-facto control, protective rights and the determination of whether a decision maker is acting as principal or agent, all of which influence the assessment of control. The application of IFRS 10 did not result in any investee being in control of the Group.
- IFRS 11 'Joint Arrangements' replaces IAS 31 'Interests in Joint Ventures'. It requires all joint ventures to apply equity method of accounting thereby removing the option in IAS 31 for proportionate consolidation. It also removes the IAS 31 concept to jointly controlled assets. The application of IFRS 11 did not result in identification of any associate as joint venture.
- IFRS 12 'Disclosure of Interests in Other Entities' prescribes additional disclosures around significant judgments and assumptions made in determining whether an entity controls another entity and has joint control or significant influence over another entity. The standard also requires disclosures on the nature and risks associated with interest in consolidated structured entities. The application of IFRS 12 does not have an impact on the consolidated financial statements of the Group.
- IFRS 13 'Fair Value Measurement' consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exact price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have an impact on the consolidated financial statements of the Group except for certain disclosures as mentioned in note 37.

6. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional currency. Except as indicated, financial information presented in Pakistani Rupees has been rounded to nearest thousand.

7. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations of Approved Accounting Standards will be effective for accounting periods on or after 1 January 2016:

- Amendments to IAS 38 'Intangible Assets' and IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Group's financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Group's financial statements.
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Group's financial statements.
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Group's consolidated financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Group's consolidated financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures' is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognised in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods' accounting.
- IAS 34 'Interim Financial Reporting' is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The Group expects that the above mentioned improvements will not have a material impact on the Group's financial statements in the period of initial application.

8. CASH AND BALANCES WITH TREASURY BANKS

	Note	2015	2014
		Rupees in '000	
In hand			
Local currency		4,957,548	3,893,745
Foreign currencies		1,639,651	1,184,734
		6,597,199	5,078,479
With State Bank of Pakistan in			
Local currency current accounts	8.1	12,639,136	3,886,122
Foreign currency current account	8.2	113,817	102,111
Foreign currency deposit accounts			
– cash reserve accounts	8.3	2,668,068	2,330,002
– special cash reserve accounts	8.4	7,635,515	6,865,407
		23,056,536	13,183,642
With National Bank of Pakistan in			
Local currency current accounts		978,717	366,118
National Prize Bonds		13,276	12,614
		30,645,728	18,640,853

8.1 These accounts are maintained to comply with the statutory cash reserve requirements and include Rs. 3,022,097 thousand (2014: Rs. 1,191,445 thousand) in respect of the Islamic Banking branches of the holding company.

8.2 This represents US Dollar collection / settlement account with SBP.

8.3 This represents account maintained with the SBP to comply with the Cash Reserve requirement against foreign currencies deposits and includes amount of Rs. 206,654 thousand (2014: Rs. 69,132 thousand) in respect of the Islamic Banking branches of the holding company.

8.4 This represents account maintained with the SBP to comply with the Special Cash Reserve requirement against foreign currencies deposits. The return on this account is declared by the SBP on a monthly basis and, as at 31 December 2015, carries mark-up at the rate of 0.00% (2014: 0.00%) per annum and include amount of Rs. 251,274 thousand (2014: Rs. 82,798 thousand) in respect of the Islamic Banking branches of the holding company.

9. BALANCES WITH OTHER BANKS

In Pakistan			
On current accounts		178,787	345,651
On deposit accounts	9.1	10,480,680	548,690
		10,659,467	894,341
Outside Pakistan			
On current accounts	9.2	3,148,339	975,990
		13,807,806	1,870,331

9.1 These carry mark-up rates ranging from 4.00% to 7.00% (2014: 6.50% to 9.00%) per annum.

9.2 These include balances in current accounts of Rs. 122,080 thousand (2014: Rs. 33,711 thousand) with branches of the ultimate parent company.

10. Lendings to Financial institutions

	Note	2015	2014
		Rupees in '000	
Call money lendings	10.2	2,800,000	1,500,000
Bai - Muajjal	10.3	11,644,641	–
Repurchase agreement lendings (Reverse Repo)	10.4	–	1,908,776
		<u>14,444,641</u>	<u>3,408,776</u>

10.1 Particulars of lendings

In local currency	<u>14,444,641</u>	<u>3,408,776</u>
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10.2 These carry mark-up rate 6.25% to 7.25% (2014: 10.75%) per annum, with maturity upto 13 January 2016 (2014: 14 January 2015).

10.3 This represents Bai Muajjal agreement entered into with Ministry of Finance, Government of Pakistan through SBP, whereby the holding company has sold GOP Ijarah Sukuks on deferred payment basis. The average return on these balances is 6.00% (2014: Nil) per annum and these are due to mature by 17 November 2016 (2014: Nil).

10.4 Securities held as collateral against lending to financial institutions (Reverse repo)

	Note	2015			2014		
		Held by Group	Further Given as collateral	Total	Held by Group	Further Given as collateral	Total
		(Rupees in'000)					
Market treasury bills	10.4.2	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,908,776</u>	<u>–</u>	<u>1,908,776</u>

10.4.1 These lendings carry mark-up rate ranging from 9.75% to 10.00% per annum, and having maturity upto 2 January 2015 as at 31 December 2014.

10.4.2 Market value of securities held as collateral against these lendings is Rs. 1,908,776 thousand.

11. INVESTMENTS

11.1 Investments by types

	Note	2015			2014		
		Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
(Rupees in '000)							
Available-for-sale securities							
Market treasury bills	11.5	72,409,243	3,558,874	75,968,117	85,227,313	–	85,227,313
Pakistan investment bonds	11.6	152,462,898	2,054,088	154,516,986	77,516,593	–	77,516,593
Ordinary shares of listed companies		1,062,338	–	1,062,338	973,924	–	973,924
Ordinary shares of unlisted companies		141,741	–	141,741	138,955	–	138,955
Listed term finance certificates		1,938,933	–	1,938,933	1,094,653	–	1,094,653
Unlisted term finance certificates		440,305	–	440,305	440,395	–	440,395
Sukuk certificates and bonds		12,626,088	–	12,626,088	17,314,358	–	17,314,358
Open end mutual funds		5,532,227	–	5,532,227	9,856,828	–	9,856,828
Close end mutual funds		416,409	–	416,409	31,816	–	31,816
		<u>247,030,182</u>	<u>5,612,962</u>	<u>252,643,144</u>	<u>192,594,835</u>	<u>–</u>	<u>192,594,835</u>
Held-to-maturity securities							
Pakistan investment bonds	11.7	19,532,493	–	19,532,493	22,559,359	–	22,559,359
Certificates of Investments	11.8	3,300,000	–	3,300,000	–	–	–
		<u>22,832,493</u>	<u>–</u>	<u>22,832,493</u>	<u>22,559,359</u>	<u>–</u>	<u>22,559,359</u>
Investments at cost		269,862,675	5,612,962	275,475,637	215,154,194	–	215,154,194
Provision for diminution in the value of investments	11.3	(269,257)	–	(269,257)	(160,180)	–	(160,180)
		<u>269,593,418</u>	<u>5,612,962</u>	<u>275,206,380</u>	<u>214,994,014</u>	<u>–</u>	<u>214,994,014</u>
Investments – net of provisions							
Surplus / (deficit) on revaluation of available-for-sale securities - net	21	5,709,024	(4,458)	5,704,566	6,650,803	–	6,650,803
Investments after revaluation of available-for-sale securities		<u>275,302,442</u>	<u>5,608,504</u>	<u>280,910,946</u>	<u>221,644,817</u>	<u>–</u>	<u>221,644,817</u>

	Note	2015	2014
		Rupees in '000	
11.2 Investments by segments			
Federal government securities			
– Market treasury bills		75,968,117	85,227,313
– Pakistan investment bonds		174,049,479	100,075,952
– GOP ijarah sukuk		11,130,788	15,519,169
		<u>261,148,384</u>	<u>200,822,434</u>
Fully paid up ordinary shares			
– Listed companies		1,062,338	973,924
– Unlisted companies		141,741	138,955
		<u>1,204,079</u>	<u>1,112,879</u>
Term finance certificates, sukuk certificates and bonds			
– Listed term finance certificates		1,938,933	1,094,653
– Unlisted term finance certificates		440,305	440,395
– Sukuk certificates / bonds		1,495,300	1,795,189
		<u>3,874,538</u>	<u>3,330,237</u>
Mutual funds			
– Open end		5,532,227	9,856,828
– Close end		416,409	31,816
		<u>5,948,636</u>	<u>9,888,644</u>
Certificates of investments		<u>3,300,000</u>	<u>–</u>
Investments at cost		<u>275,475,637</u>	<u>215,154,194</u>
Provision for diminution in the value of investments	11.3	<u>(269,257)</u>	<u>(160,180)</u>
Investments - net of provisions		<u>275,206,380</u>	<u>214,994,014</u>
Surplus on revaluation of available-for-sale securities – net	21	5,704,566	6,650,803
Investments after revaluation of available-for-sale securities		<u><u>280,910,946</u></u>	<u><u>221,644,817</u></u>

	2015	2014
	Rupees in '000	
11.3 Particulars of provision for diminution in the value of investments		
Opening balance	160,180	190,984
Charge for the year	118,089	24,482
Reversal for the year	(9,012)	(13,102)
Net charge for the year	109,077	11,380
Reversal of provision on disposal of investments	–	(42,184)
Closing balance	269,257	160,180

11.3.1 Provision for diminution in respect of type and segment

Available-for-sale securities

Fully paid-up ordinary shares

Listed companies	82,502	–
Unlisted companies	75,487	74,353

Term finance certificates, sukuk certificates and bonds

Listed term finance certificates	41,279	22,486
Unlisted term finance certificates	28,840	23,063
Sukuk certificates / bonds	31,267	40,278

Mutual funds

Close end	9,882	–
	269,257	160,180

11.4 Information relating to investments in federal government securities, ordinary shares of listed and unlisted companies, listed and unlisted term finance certificates, sukuk certificates / bonds and open and close end mutual funds required to be disclosed as part of the financial statements under the SBP's BSD Circular No. 4, dated 17 February 2006, is given in Annexure "I" and is an integral part of these consolidated financial statements.

11.5 These carry mark-up rates ranging from 6.39% to 8.50% (2014: 9.43% to 10.10%) per annum, with maturity upto 1 September 2016 (2014: 24 December 2015).

11.6 These carry mark-up rates ranging from 8.75% to 12.00% (2014: 11.25% to 12.00%) per annum and will mature up to 19 July 2022 (2014: 17 July 2024). These includes Rs. 132,000 thousand (2014: Rs. 158,500 thousand) pledged with State Bank of Pakistan against TT/DD discounting facilities and demand loan facilities.

11.7 These carry mark-up rates ranging from 11.50% to 12.00% (2014: 11.25% to 12.00%) per annum and will mature up to 19 July 2022 (2014: 19 July 2022).

11.8 These carry mark-up rates ranging from 6.40% to 7.50% (2014: Nil) per annum and will mature up to 28 March 2016 (2014: Nil).

	Note	2015	2014
		Rupees in '000	
12. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		123,466,791	115,546,063
Net investment in finance lease / ijarah financing			
In Pakistan	12.2	701,908	476,918
Net book value assets in ijarah under IFAS 2	12.3	171,908	247,988
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan		7,297,027	8,089,663
Payable outside Pakistan		18,438,791	26,378,556
		25,735,818	34,468,219
Advances – gross		150,076,425	150,739,188
Provision against non-performing advances			
- specific		(16,532,837)	(15,661,846)
- general		(896,749)	(326,696)
	12.6	(17,429,586)	(15,988,542)
Advances – net of provisions	12.10	132,646,839	134,750,646

12.1 Particulars of advances - gross

12.1.1	In local currency	120,399,542	110,106,076
	In foreign currencies	29,676,883	40,633,112
		150,076,425	150,739,188
12.1.2	Short term (for up to one year)	133,240,123	137,652,551
	Long term (for over one year)	16,836,302	13,086,637
		150,076,425	150,739,188

12.2 Net investment in finance lease / ijarah financing

	2015				2014			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000							
Lease rentals receivable	176,290	496,010	12,118	684,418	186,556	232,770	30,764	450,090
Residual value	28,719	78,493	476	107,688	32,066	64,487	476	97,029
Minimum lease payments	205,009	574,503	12,594	792,106	218,622	297,257	31,240	547,119
Financial charges for future periods	(23,488)	(63,730)	(2,980)	(90,198)	(25,419)	(36,127)	(8,655)	(70,201)
Present value of minimum lease payments	181,521	510,773	9,614	701,908	193,203	261,130	22,585	476,918

12.2.1 These finance lease receivables include the Ijarah contracts executed before the promulgation of IFAS 2 and written up to 31 December 2008.

12.3 Net book value of investments in Ijarah under IFAS 2 is net of depreciation of Rs. 143,395 thousand (2014: Rs. 144,141 thousand).

12.4 Advances include Rs. 18,486,982 thousand (2014: Rs.19,325,134 thousand) which have been placed under non-performing status as detailed below:

Category of classification	2015			2014		
	Classified advances	Provision required	Provision held	Classified advances	Provision required	Provision held
	Rupees in '000					
Substandard	57,324	14,331	14,331	593,749	89,580	89,580
Doubtful	286,353	127,376	127,376	1,408,214	664,454	664,454
Loss	18,143,305	16,391,130	16,391,130	17,323,171	14,907,812	14,907,812
	<u>18,486,982</u>	<u>16,532,837</u>	<u>16,532,837</u>	<u>19,325,134</u>	<u>15,661,846</u>	<u>15,661,846</u>

12.5 Consideration of forced sales value (FSV) for the purposes of provisioning against non-performing loans

During the current year, the holding company availed additional forced value (FSV) benefit under BSD Circular No. 1 of 21 October 2011. This has resulted in reduction of provision against non-performing loans and advances by Rs. 211,627 thousand. Further, as of 31 December 2015, had the benefit of FSVs (including those availed in previous years) not been taken by the Group, the specific provision against non-performing advances would have been higher by Rs. 1,767,976 thousand (2014: Rs. 2,513,871 thousand) and accumulated profit would have been lower by Rs. 1,149,184 thousand (2014: Rs. 1,634,016 thousand). This amount of Rs. 1,149,184 thousand is not available for distribution of cash and stock dividend to the shareholders and bonus to employees.

12.6 Provision against non-performing advances

	Note	2015			2014		
		Specific	General	Total	Specific	General	Total
		Rupees in '000					
Opening balance		15,661,846	326,696	15,988,542	13,455,861	854,152	14,310,013
Charge for the year		2,657,575	570,053	3,227,628	3,244,544	–	3,244,544
Reversals for the year		(1,110,743)	–	(1,110,743)	(949,889)	(527,456)	(1,477,345)
Net charge for the year		1,546,832	570,053	2,116,885	2,294,655	(527,456)	1,767,199
Amount written off	12.8	(675,841)	–	(675,841)	(88,670)	–	(88,670)
Closing balance	12.7	<u>16,532,837</u>	<u>896,749</u>	<u>17,429,586</u>	<u>15,661,846</u>	<u>326,696</u>	<u>15,988,542</u>

12.6.1 General provision includes provision of Rs. 1,824 thousand (2014: Rs. 2,178 thousand) made against consumer portfolio maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required under the Prudential Regulations issued by the State Bank of Pakistan. Moreover, general provision also includes provision of Rs. 28,806 thousand (2014: Rs. 31,041 thousand) made against small enterprises maintained at an amount equal to 1% of the fully secured performing portfolio and 2% of the unsecured performing portfolio.

12.7 Particulars of provision against non-performing advance

	2015			2014		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Against local currency exposure	16,153,105	896,749	17,049,854	15,257,998	326,696	15,584,694
Against foreign currencies exposure	379,732	–	379,732	403,848	–	403,848
	<u>16,532,837</u>	<u>896,749</u>	<u>17,429,586</u>	<u>15,661,846</u>	<u>326,696</u>	<u>15,988,542</u>

Note

	2015	2014
	Rupees in '000	Rupees in '000

12.8 Particulars of write-offs

12.8.1 Against provisions	12.6	675,841	88,670
Directly charged to profit and loss account		–	–
		<u>675,841</u>	<u>88,670</u>
12.8.2 Write-offs of Rs. 500,000/- and above		675,841	87,931
Write-offs of below Rs. 500,000/-		–	739
		<u>675,841</u>	<u>88,670</u>

12.9 Details of loan write-offs 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 the persons during the year ended 31 December 2015 is enclosed as Annexure II.

12.10 These include Islamic financing and related assets amounting to Rs.7,897,667 thousand (2014: Rs. 6,729,141 thousand).

12.11 Particulars of loans and advances to directors, associated companies etc.

Debts due by directors, executives or officers of the Group or any of them either severally or jointly with any other persons

Balance at beginning of year	1,758,827	1,216,421
Loans granted during the year	912,573	953,395
Repayments	(493,776)	(410,989)
Balance at end of year	<u>2,177,624</u>	<u>1,758,827</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 year	1,840,385	2,020,013
Loans granted during the year	44,364,667	38,405,253
Repayments	(42,237,247)	(38,584,881)
Balance at end of year	<u>3,967,805</u>	<u>1,840,385</u>

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13. OPERATING FIXED ASSETS

Capital work-in-progress	13.1	57,679	6,996
Property and equipment	13.2	3,067,707	3,017,852
Intangible assets	13.3	92	578
		<u>3,125,478</u>	<u>3,025,426</u>

13.1 Capital work-in-progress

Civil works	13.1.1	40,076	6,996
Equipments, etc.		17,603	–
		<u>57,679</u>	<u>6,996</u>

13.1.1 This represents advance against renovation being carried out at various locations of the holding company.

13.2 PROPERTY AND EQUIPMENT

	Cost			Depreciation			Book Value	Rate of depreciation %
	As at 1 January 2015	Additions / (deletions)	As at 31 December 2015	As at 1 January 2015	Charge for the year / (deletions)	As at 31 December 2015	As at 31 December 2015	
	Rupees in '000							
Leasehold land	7,488	–	7,488	1,341	112	1,453	6,035	1.49
Buildings / office premises on freehold land	634,313	4,620	638,933	180,198	23,018	203,216	435,717	4
Buildings / office premises on leasehold land	1,922,797	19,106	1,941,903	616,290	69,301	685,591	1,256,312	4
Furniture and fixtures, office and computer equipment	1,500,318	350,608 (18,695)	1,832,231	940,206	238,674 (18,227)	1,160,653	671,578	15 & 25
Vehicles	15,791	2,959 (6,373)	12,377	12,584	1,206 (4,363)	9,427	2,950	20
Leasehold improvements	1,746,352	241,115	1,987,467	1,058,588	233,764	1,292,352	695,115	20
2015	<u>5,827,059</u>	<u>618,408 (25,068)</u>	<u>6,420,399</u>	<u>2,809,207</u>	<u>566,075 (22,590)</u>	<u>3,352,692</u>	<u>3,067,707</u>	

	Cost			Depreciation			Book Value	Rate of depreciation %
	As at 1 January 2014	Additions / (deletions)	As at 31 December 2014	As at 1 January 2014	Charge for the year / (deletions)	As at 31 December 2014	As at 31 December 2014	
	Rupees in '000							
Leasehold land	7,488	–	7,488	1,229	112	1,341	6,147	1.49
Buildings / office premises on freehold land	634,313	–	634,313	156,775	23,423	180,198	454,115	4
Buildings / office premises on leasehold land	1,922,797	–	1,922,797	547,502	68,788	616,290	1,306,507	4
Furniture and fixtures, office and computer equipment	1,246,405	336,344 (82,431)	1,500,318	782,531	209,381 (51,706)	940,206	560,112	15 & 25
Vehicles	16,757	845 (1,811)	15,791	12,216	1,800 (1,432)	12,584	3,207	20
Leasehold improvements	1,503,345	247,545 (4,538)	1,746,352	836,383	222,205 –	1,058,588	687,764	20
2014	5,331,105	584,734 (88,780)	5,827,059	2,336,636	525,709 (53,138)	2,809,207	3,017,852	

13.2.1 The cost of fully depreciated assets still in use is Rs. 1,486,446 thousand (2014: Rs. 1,120,518 thousand).

13.2.2 Carrying amount of idle properties held as at 31 December 2015 is Rs. 265,213 thousand (2014: Rs. 278,386 thousand). These properties have been temporarily kept idle.

13.2.3 Details of fixed assets disposed off with original cost or book value in excess of Rs. 1,000 thousand or Rs. 250 thousand respectively, whichever is lower are as follows:

Particulars	Cost	Book Value	Sale Proceed	Mode of disposal	Particulars of purchaser
	Rupees in '000				
Office Equipment	1,327	–	429	Insurance Claim	Adamjee Insurance Co.
Vehicle	1,485	–	570	As per holding company's policy	Mr. Abdul Aziz Memon
Vehicle	1,491	1,485	1,828	Best available quotation	Toyota Central Motors
	<u>4,303</u>	<u>1,485</u>	<u>2,827</u>		

13.3 Intangible assets

The cost of fully amortized intangible assets (computer software) still in use of holding company is Rs. 27,875 thousand (2013: Rs. 27,875 thousand) and intangible assets of subsidiary having cost and amortization of Rs. 1,622 thousand and Rs. 1,530 thousand respectively. Intangible assets of subsidiary includes Trading Rights Entitlement (TRE) certificates at Nil value as further explained in note 5.5.

	Note	2015	2014
		Rupees in '000	
14. DEFERRED TAX ASSETS			
Deferred tax debits arising in respect of:			
– Provision against diminution in the value of investments		94,240	56,063
– Provisions against non-performing advances (including off-balance sheet obligations)	30.3	3,878,902	3,408,971
– Provision against other assets and leave encashment		201,165	201,080
– Deferred liability on defined benefit plan		80,850	69,549
		<u>4,255,157</u>	<u>3,735,663</u>
Deferred tax credits arising due to:			
– Surplus on revaluation of investment securities		(1,996,560)	(2,098,649)
– Accelerated depreciation		(319,792)	(368,557)
		<u>(2,316,352)</u>	<u>(2,467,206)</u>
Net deferred tax asset	14.1	<u>1,938,805</u>	<u>1,268,457</u>

14.1 Reconciliation of deferred tax

	Balance as at 1 January 2014	Recognised in profit & loss account	Recognised in equity	Balance as at 31 December 2014	Recognised in profit & loss account	Recognised in equity	Balance as at 31 December 2015
	Rupees in '000						
Deferred tax debits arising in respect of							
Provision against diminution in value of investments	57,255	(1,192)	–	56,063	38,177	–	94,240
Provision against non-performing advances (including off-balance sheet obligations) - note 30.3	3,131,045	277,926	–	3,408,971	469,931	–	3,878,902
Provision against other assets and leave encashment	96,250	104,830	–	201,080	85	–	201,165
Deferred liability on defined benefit plan	105,333	(33,135)	(2,649)	69,549	–	11,301	80,850
	<u>3,389,883</u>	<u>348,429</u>	<u>(2,649)</u>	<u>3,735,663</u>	<u>508,193</u>	<u>11,301</u>	<u>4,255,157</u>
Deferred tax credits arising due to							
Surplus on revaluation of investment	(51,643)	–	(2,047,006)	(2,098,649)	–	102,089	(1,996,560)
Accelerated depreciation	(391,085)	22,528	–	(368,557)	48,765	–	(319,792)
	<u>(442,728)</u>	<u>22,528</u>	<u>(2,047,006)</u>	<u>(2,467,206)</u>	<u>48,765</u>	<u>102,089</u>	<u>(2,316,352)</u>
Net deferred tax asset	<u>2,947,155</u>	<u>370,957</u>	<u>(2,049,655)</u>	<u>1,268,457</u>	<u>556,958</u>	<u>113,390</u>	<u>1,938,805</u>

	Note	2015	2014
		Rupees in '000	
15. OTHER ASSETS			
Income / mark-up / profit accrued in local currency		9,583,299	8,569,870
Income / mark-up / profit accrued in foreign currencies		31,788	68,851
Advances, deposits, advance rent and other prepayments		599,902	485,721
Advance Tax (payments less provisions)		–	436,257
Branch adjustment account		53	11,550
Unrealized gain on forward foreign exchange contracts		624,018	2,029,943
Receivable from the SBP against encashment of government securities		19,648	146,833
Stationery and stamps on hand		37,848	33,783
Dividend receivable		–	2,348
Non-banking assets acquired in satisfaction of claims	15.1	1,558,077	1,211,976
Receivable from customer against brokerage services		107,821	324,409
Others		376,938	317,970
		<u>12,939,392</u>	<u>13,639,511</u>
Provision against other assets	15.2	<u>(574,000)</u>	<u>(574,000)</u>
		<u>12,365,392</u>	<u>13,065,511</u>
15.1 Market value of non-banking assets acquired in satisfaction of claims		<u>1,882,980</u>	<u>1,406,928</u>
15.2 Provision held against other assets			
Opening balance		574,000	275,000
Charge for the year		–	299,000
Closing balance		<u>574,000</u>	<u>574,000</u>
16. BILLS PAYABLE			
In Pakistan		<u>6,344,461</u>	<u>5,201,482</u>
17. BORROWINGS			
In Pakistan		28,515,900	20,125,035
Outside Pakistan		2,946,922	4,758,947
		<u>31,462,822</u>	<u>24,883,982</u>
17.1 Particulars of borrowings in respect of currencies			
In local currency		28,515,900	20,125,035
In foreign currencies		2,946,922	4,758,947
		<u>31,462,822</u>	<u>24,883,982</u>

	Note	2015	2014
		Rupees in '000	
17.2 Details of borrowings			
Secured			
Borrowings from the State Bank of Pakistan			
– under Export Refinance Scheme		21,274,506	17,605,949
– under Long Term Financing - Export Oriented Projects		19,413	63,689
– under Long Term Financing Facility - Locally Manufactured Plant and Machinery		1,423,239	1,394,143
	17.2.1	22,717,158	19,063,781
Repurchase agreement borrowings (Repo)	17.2.2	5,603,311	–
Due against bills rediscounting	17.2.3	2,749,266	4,032,088
		31,069,735	23,095,869

Unsecured

Bai Muajjal	–	912,598
Overdrawn nostro accounts	197,656	726,859
Overdrawn local bank accounts	195,431	148,656
	393,087	1,788,113
	31,462,822	24,883,982

17.2.1 These carry mark-up rates ranging between 5.00% to 10.10% (2014: 5.00% to 11.00%) per annum payable quarterly or upon maturity of loans, whichever is earlier.

17.2.2 These carry mark-up rates ranging between 6.05% to 6.20% (2014: Nil) per annum having maturity upto 11 January 2016 (2014: Nil).

17.2.3 This represents the obligation to the corresponding Banks on the discounting of foreign documentary bills purchased by the holding company on discount. The balance carries discount rate at 1% (2014: 1.00% to 1.25%) per annum having maturity upto 1 June 2016 (2014: 9 June 2015).

	Note	2015	2014
		Rupees in '000	
18. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		169,177,912	130,176,879
Savings deposits		116,432,300	93,481,501
Current accounts (non-remunerative)		101,487,138	86,881,170
Others		2,761,126	2,268,708
		<u>389,858,476</u>	<u>312,808,258</u>
Financial institutions			
Remunerative deposits		12,420,016	5,702,486
Non-remunerative deposits		930,105	1,437,530
		<u>13,350,121</u>	<u>7,140,016</u>
		<u>403,208,597</u>	<u>319,948,274</u>
18.1 Particulars of deposits			
In local currency		351,795,265	272,529,647
In foreign currencies		51,413,332	47,418,627
		<u>403,208,597</u>	<u>319,948,274</u>
19. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		6,722,941	7,523,095
Mark-up / return / interest payable in foreign currencies		151,557	246,452
Unearned commission and income on bills discounted		117,364	133,893
Accrued expenses		620,093	481,370
Current taxation (provisions less payments)		701,135	–
Provision against off-balance sheet obligation	19.1	113,716	98,727
Unclaimed dividend		21,770	8,781
Unrealized loss on forward foreign exchange contracts		793,645	2,140,816
Workers' welfare fund	29.1	515,832	215,291
Excise duty and sales tax payable		4,124	5,149
Locker deposits		599,952	541,928
Advance against diminishing musharakah		66,466	88,987
Advance rental for ijarah		9,070	25,979
Security deposits against leases / ijarah		164,523	166,854
Sundry creditors		390,587	171,681
Withholding tax / duties		165,970	124,434
Provision for compensated absences		89,311	77,312
Deferred liability on defined benefit plan	34.3	228,105	198,712
Due to customers against brokerage transactions		51,813	93,448
Others		479,544	529,039
		<u>12,007,518</u>	<u>12,871,948</u>
19.1 Provision against off-balance sheet obligations			
Opening balance		98,727	98,727
Charge for the year		14,989	–
Closing balance		<u>113,716</u>	<u>98,727</u>

			2015	2014
			Rupees in '000	
20. SHARE CAPITAL				
20.1 Authorised capital				
	2015	2014		
	(Number of shares)			
	<u>1,200,000,000</u>	<u>1,200,000,000</u>	Ordinary shares of Rs. 10/- each	<u>12,000,000</u>
				<u>12,000,000</u>
20.2 Issued, subscribed and paid-up capital				
			Ordinary shares of Rs. 10/- each	
	30,000,000	30,000,000	– issued for cash	300,000
	92,500,000	92,500,000	– issued upon amalgamation	925,000
	925,331,480	925,331,480	– issued as bonus shares	9,253,315
	<u>1,047,831,480</u>	<u>1,047,831,480</u>		<u>10,478,315</u>
				<u>10,478,315</u>
20.3 As of the date of statement of financial position, the ultimate parent company held 534,394 thousand (2014: 534,394 thousand) ordinary shares of Rs. 10/- each (51% holding).				
21. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX				
Available-for-sale securities				
Federal government securities				
	Market treasury bills		176,491	138,859
	Pakistan investment bonds		5,214,298	5,437,770
	GOP ijarah sukuk		41,461	28,753
Fully paid-up ordinary shares and mutual funds				
	Listed shares and mutual funds		290,872	1,016,261
Term finance certificates, sukuk certificates and bonds				
	Listed term finance certificates		(6,813)	(11,332)
	Unlisted term finance certificates		4,645	9,554
	Sukuk certificates / bonds		(16,388)	30,938
			5,704,566	6,650,803
	Related deferred tax liability - net		(1,996,560)	(2,098,649)
			<u>3,708,006</u>	<u>4,552,154</u>
22. CONTINGENCIES AND COMMITMENTS				
22.1 Direct credit substitutes				
	Bank guarantees of indebtedness in favour of:			
	– Banking companies and other financial institutions		2,286	16,472

	2015	2014
	Rupees in '000	
22.2 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring:		
i) Government	17,163,286	14,820,687
ii) Banking companies and other financial institutions	436,358	36,395
iii) Others	10,077,952	6,035,569
	<u>27,677,596</u>	<u>20,892,651</u>
22.3 Trade-related contingent liabilities		
Letters of credit	63,545,499	58,279,685
Acceptances	12,554,226	12,513,947
22.4 Commitments in respect of forward exchange contracts		
Purchase	80,770,251	100,046,711
Sale	73,381,353	102,295,035
22.5 Commitments in respect of operating leases		
Not later than one year	22,355	18,884
Later than one year and not later than five years	19,893	21,354
	<u>42,248</u>	<u>40,238</u>
The Group has entered into non-cancellable lease agreements with a Modaraba which has been duly approved by the Religious Board as Ijarah transactions. The monthly rental instalments are spread over a period of 36 months. When a lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.		
22.6 Commitments for the acquisition of operating fixed assets	<u>57,582</u>	<u>9,972</u>
22.7 Claims against holding company not acknowledged as debt	<u>1,348,358</u>	<u>2,184,916</u>
22.8 Commitments in respect of forward lendings		
The holding company has made commitments to extend credit in the normal course of its business, but none of these commitments are irrevocable and do not attract any penalty if the facility is unilaterally withdrawn.		
22.9 Commitments in respect of syndicate financing	<u>1,210,595</u>	<u>1,765,188</u>
22.10 Commitments in respect of term finance certificate	<u>—</u>	<u>113,043</u>

23. DERIVATIVE FINANCIAL INSTRUMENTS

The holding company deals in derivative financial instruments namely forward foreign exchange contracts and foreign currency swaps with the principal view of hedging the risks arising from its trade business.

As per the holding company policy, these contracts are reported on their fair value at the statement of financial position date. The gains and losses from revaluation of these contracts are included under "income from dealing in foreign currencies". Unrealised gains and losses on these contracts are recorded on the statement of financial position under "other assets / other liabilities".

These products are offered to the holding company's customers to protect from unfavourable movements in foreign currencies. The holding company hedges such exposures in the inter-bank foreign exchange market.

These positions are reviewed on a regular basis by the holding company's Asset and Liability Committee (ALCO).

24. MARK-UP / RETURN / INTEREST EARNED

	2015	2014
	Rupees in '000	
On loans and advances to:		
Customers	9,565,369	11,157,916
Financial institutions	120,781	204,330
	<u>9,686,150</u>	<u>11,362,246</u>
On investments in:		
Available-for-sale securities	23,850,695	17,756,220
Held-to-maturity securities	2,731,671	2,470,273
	<u>26,582,366</u>	<u>20,226,493</u>
On Bai-Muajjal	84,224	—
On deposits with financial institutions	280,764	284,960
On securities purchased under resale agreements (reverse repo)	226,688	414,560
	<u>36,860,192</u>	<u>32,288,259</u>

25. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	16,646,920	16,631,718
Securities sold under repurchase agreements	3,006,435	1,334,443
Short term borrowings	2,677,616	2,977,392
Long term borrowings	129,735	135,073
	<u>22,460,706</u>	<u>21,078,626</u>

26. GAIN / (LOSS) ON SALE / REDEMPTION OF SECURITIES – NET

Federal government securities		
Market treasury bills	279,789	96,839
Pakistan investment bonds	3,187,069	448,634
GOP ijarah sukuk	(16,282)	4,017
Fully paid-up ordinary shares		
Listed companies	83,110	50,140
Term finance certificates, sukuk certificates and bonds	—	129,369
Mutual funds	1,247,439	1,146,713
	<u>4,781,125</u>	<u>1,875,712</u>

	Note	2015	2014
		Rupees in '000	
27. OTHER INCOME			
Rent on properties		81,084	33,271
Net gain on sale of fixed assets		59,186	17,447
Recovery of charges from customers	27.1	127,913	196,715
Incidental and service charges		65,468	72,367
Gain on sale of ijarah assets		604	1,090
Income from non-banking assets and gain on sale of such assets		4,500	830
Bad debts recovered previously written off		16	18,200
Staff notice period and other recoveries		2,178	1,143
		<u>340,949</u>	<u>341,063</u>

27.1 Includes courier, telephone and swift charges etc. recovered from customers.

28. ADMINISTRATIVE EXPENSES

Salaries, allowances etc.		4,293,902	3,528,039
Charge for defined benefit plan	34.5	123,765	132,810
Contribution to defined contribution plan		138,495	124,833
Non-executive directors' fees, allowances and other expenses		8,775	9,000
Brokerage and commission		116,624	102,530
Rent, taxes, insurance, electricity etc.		1,203,189	1,094,363
Legal and professional charges		115,173	133,663
Communication		240,437	233,094
Repairs and maintenance		282,243	267,485
Rentals of operating leases		25,626	20,587
Stationery and printing		153,069	137,166
Management fee		246,524	206,297
Advertisement and publicity		102,711	81,946
Donations	28.2	62,845	44,800
Auditors' remuneration	28.3	10,315	8,941
Depreciation and amortisation		566,561	526,187
Security charges		299,372	265,673
Travelling and conveyance		152,132	136,713
Computer software maintenance		68,319	49,735
Subscriptions		113,829	103,594
Others		177,370	198,937
		<u>8,501,276</u>	<u>7,406,393</u>

28.1 The administrative expenses includes Rs. 8,497 thousand (2014: Rs. 7,454 thousand) incurred for providing office premises and support staff to the Chairman of holding company for carrying out his duties as chairman of the Board.

	2015	2014
	Rupees in '000	

28.2 Donations paid in excess of Rs. 100,000 to a single party during the year are as follows:

DONEE

The Citizens Foundation	12,000	10,625
Habib University Foundation	12,000	6,000
Patients' Aid Foundation	10,300	300
Memon Health and Education Foundation	5,000	5,000
Sindh Institute of Urology and Transplantation Trust (SIUT)	3,000	2,500
Mohamedali Habib Welfare Trust	2,000	2,000
Masoomen Hospital Trust	1,700	—
Fatimiyah Education Network	1,000	1,000
Zehra Homes	1,000	210
Aziz Tabba Foundation	1,000	—
RahmatBai Habib Widows & Orphans Trust	960	960
Habib Medical Trust	960	960
Habib Poor Fund	960	960
Al-Sayyeda Benevolent Trust	960	960
RahmatBai Habib Food & Clothing Trust	960	960
Pakistan Memon Educational & Welfare Society	600	600
Panah Trust	500	—
M.B.J. Health Association	500	—
Abdul Sattar Edhi Foundation	500	500
Memon Educational Board	500	500
Pakistan Memon Women Educational Society	500	500
Afzaal Memorial Thalassemia Foundation	500	—
Habib Girls School Trust	500	—
Abbas-e-Alamdar Hostel	300	1,020
Vocational Welfare Society For Mentally Retarded, Markaz-e-Umeed	300	—
Dhoraji Youth Services Foundation	300	600
Marie Adelaide Leprosy Centre	300	250
Professional Education Foundation	300	—
Dhoraji Association	250	300
Al-Umeed Rehabilitation Association	250	250
Anjuman Behbood-e-Samat-e-Atfal	250	250
Bantva Memon Jamat	250	250
Dar-ul-Khushnud	250	—
Bantva Memon Rahat Committee	250	250
Publican Alumni Trust	250	250
True Worth Foundation	250	—
Caravan of Life (Pak) Trust	250	—
Pak Medical and Welfare Trust	250	—
Ahmed Abdullah Foundation	200	200
Kashmir Education Foundation	200	200
Special Children Educational Institute	150	—
Bantva Anjuman Himayat-e-Islam	150	150
Academy of Quranic Studies	120	120
Habib Charitable Trust	—	1,000
The Society for the Rehabilitation of Special Children	—	800
Institute of Business Administration	—	750

	2015	2014
	Rupees in '000	
DONEE		
Habib Education Trust	—	700
Bait-ul-Sukoon	—	500
Child Aid Association	—	500
Rotary Club of Karachi Continental	—	300
Ahmed E.H. Jaffer Foundation	—	300
Dow 86 Children Critical Care Foundation	—	290
Dar-ul-Sukun	—	250
The Indus Hospital	—	250
Al-Mustafa Welfare Society Trust	—	250

None of the directors, executives and their spouses had interest in the donations disbursed during the years 2015 and 2014, except for donations paid to :

Name of Donee	Directors	Interest in Donee as
Habib Education Trust	Mr. Ali S. Habib Mr. Mohamedali R. Habib Mr. Muhammad H. Habib	Member of the Board of Trustees Member of the Board of Trustees Member of the Board of Trustees
Habib Medical Trust	Mr. Mohamedali R. Habib	Member of the Board of Trustees
Habib Poor Fund	Mr. Mohamedali R. Habib	Member of the Board of Trustees
Habib University Foundation	Mr. Ali S. Habib Mr. Mohamedali R. Habib Mr. Mohomed Bashir Mr. Muhammad H. Habib	Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors Member of the Board of Directors
Mohamedali Habib Welfare Trust	Mr. Ali S. Habib	Member of the Board of Trustees
RahmatBai Habib Food & Clothing Trust	Mr. Mohamedali R. Habib Mr. Muhammad H. Habib	Member of the Board of Trustees Member of the Board of Trustees
RahmatBai Habib Widows & Orphans Trust	Mr. Muhammad H. Habib	Member of the Board of Trustees

28.3 Auditors' remuneration

	2015	2014
	Rupees in '000	
Audit fee	2,080	1,930
Review of half-yearly financial statements	690	640
Certifications and agreed upon procedures engagements	6,353	5,093
Out-of-pocket expenses	1,192	1,278
	<u>10,315</u>	<u>8,941</u>

	Note	2015	2014
		Rupees in '000	
29. OTHER CHARGES			
Penalties imposed by the SBP		39,896	(14,734)
Workers' welfare fund	29.1	300,541	170,476
		<u>340,437</u>	<u>155,742</u>

29.1 Under the Workers' Welfare Fund Ordinance (WWF) 1971, the Group is liable to pay workers' welfare fund @ 2% of accounting profit before tax or taxable income, whichever is higher.

30. TAXATION

For the year			
Current		4,972,843	2,764,846
Deferred		(556,958)	(370,957)
		<u>4,415,885</u>	<u>2,393,889</u>
For prior years			
Current		476,060	100
	30.2	<u>4,891,945</u>	<u>2,393,989</u>

30.1 Income tax assessments of the holding company and its subsidiary have been finalised up to the tax year 2015 (corresponding to the accounting year ended 31 December 2014). Certain appeals are pending with the Commissioner of Inland Revenue (Appeal) and Appellate Tribunal Inland Revenue (ATIR). However, adequate provisions are being held by the Group.

30.2 Relationship between tax expense and accounting profit

Profit before tax	12,565,428	7,336,139
Tax at the applicable tax rate of 35% (2014: 35%)	4,397,900	2,567,649
Tax effect of income taxed at reduced rates	–	(180,617)
Prior years taxation	476,000	100
Others	18,045	6,857
Tax charge for the year	<u>4,891,945</u>	<u>2,393,989</u>

30.3 Through Finance Act, 2010 certain amendments have been introduced in Seventh Schedule to the Income Tax Ordinance, 2001. The provision for advances & off balance sheet items are allowed at 5% of total gross advances for consumer and SMEs (as defined in SBP Prudential Regulation). The provision for advances and off balance sheet items other than those falling in definition of consumer & SMEs are allowed up to 1% of such total gross advances.

Further, Rule 8(A) of Seventh Schedule allows for amounts provided for in tax year 2008 and prior to said tax year for doubtful debts, which were neither claimed nor allowed as tax deductible in any year shall be allowed as deduction in tax year in which such doubtful debts are written off.

With reference to allow ability of provision, the management has carried out an exercise at period end and concluded that full deduction of provision in succeeding years would be allowed and accordingly recognized deferred tax asset on such provision amounting to Rs. 3,878,902 thousand (2014: Rs. 3,408,971 thousand).

	Note	2015	2014
		Rupees in '000	
31. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation		<u>7,673,483</u>	<u>4,942,150</u>
		(Number in '000)	
Weighted average number of ordinary shares		<u>1,047,831</u>	<u>1,047,831</u>
		(Rupees)	
Basic and diluted earnings per share		<u>7.32</u>	<u>4.72</u>
32. CASH AND CASH EQUIVALENTS		Rupees in '000	
Cash and balances with treasury banks	8	30,645,728	18,640,853
Balances with other banks	9	13,807,806	1,870,331
Overdrawn nostro accounts	17.2	(197,656)	(726,859)
Overdrawn local bank accounts	17.2	(195,431)	(148,656)
		<u>44,060,447</u>	<u>19,635,669</u>
33. STAFF STRENGTH		(Number)	
Permanent		3,351	3,006
Temporary / on contractual basis		279	303
Group own staff strength at end of the year		<u>3,630</u>	<u>3,309</u>
Outsourced		667	625
Total staff strength		<u>4,297</u>	<u>3,934</u>

34. DEFINED BENEFIT PLAN

34.1 General description

The benefits under the funded gratuity scheme are payable on retirement at the age of 60 or earlier cessation of service. The benefit is equal to one month's last basic salary drawn for each year of eligible service subject to a maximum of 24 last drawn basic salary. The minimum qualifying period for eligibility under the plan is five years of continuous service.

34.2 Principal actuarial assumptions

The latest actuarial valuation was carried out on 31 December 2015 using "Projected Unit Credit Actuarial Cost Method". The main assumptions used for the actuarial valuation were as follows:

	Note	2015	2014
Discount rate - percent (per annum)		10.00	11.50
Expected rate of return on plan assets - percent (per annum)		10.00	11.50
Long term rate of salary increase - percent (per annum)		9.50	10.50
Mortality rates (for death in service)		Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005
Rate of employees turn over		Moderate	Moderate

———— Rupees in '000 ————

34.3 Reconciliation of payable to defined benefit plan

Fair value of plan assets	34.6	915,700	762,904
Present value of defined benefit obligations	34.7	(1,143,805)	(961,616)
Amount payable to the plan (deficit)		<u>(228,105)</u>	<u>(198,712)</u>

The above balance includes actuarial loss of Rs. 32,288 thousand (2014: actuarial gain of Rs. 7,568 thousand).

34.4 Movement in payable to defined benefit plan

Opening balance		198,712	297,624
Defined benefit charge to profit and loss account	34.5	123,765	132,810
Defined benefit charged to other comprehensive income - actuarial loss / (gain) for the year	34.8	32,288	(7,568)
Contribution to the fund	34.6	(126,660)	(224,154)
Closing balance		<u>228,105</u>	<u>198,712</u>

34.5 Charge for defined benefit plan

Current service cost	34.7	103,808	100,056
Net interest cost	34.7	107,691	103,419
Expected return on plan assets	34.6	(87,734)	(70,665)
Total charge recognised in the profit and loss account		<u>123,765</u>	<u>132,810</u>

The expected gratuity charge for the year 2016 is Rs. 142,253 thousand as per actuarial valuation.

	Note	2015	2014
		Rupees in '000	
34.6 Movement in fair value of plan assets			
Opening balance		762,904	518,394
Expected return on plan assets	34.5	87,734	70,665
Actuarial loss recognised in 'Other Comprehensive Income'	34.8	(11,253)	(9,327)
Benefits paid	34.7	(50,345)	(40,982)
Contribution to the fund	34.4	126,660	224,154
Closing balance		915,700	762,904
34.7 Movement in present value of defined benefit obligation			
Opening balance		961,616	816,018
Current service cost	34.5	103,808	100,056
Interest cost	34.5	107,691	103,419
Actuarial loss / (gain) recognised in 'Other Comprehensive Income'	34.8	21,035	(16,895)
Benefit paid	34.6	(50,345)	(40,982)
Closing balance		1,143,805	961,616
34.8 Annual actuarial loss / (gain) recognised in 'Other Comprehensive Income'			
Experience loss / (gain) on obligation	34.7	21,035	(16,895)
Experience loss on plan assets	34.6	11,253	9,327
Total loss / (gain) recognised during the year	34.4	32,288	(7,568)
34.9 Actual return on plan assets		76,481	61,338
34.10 Plan assets comprise the following:			
		2015	2014
		(Rupees in '000)	(Rupees in '000)
Bank deposits	34.10.1	290,300	450,404
Federal government securities (Pakistan Investment Bonds)		625,401	312,500
		915,701	762,904
		31.70	59.03
		68.30	40.97
		100.00	100.00

34.10.1 The amount represents balance which is deposited with the holding company.

34.11 Re-measurements recognised in 'Other Comprehensive Income' during the year

	Note	2015	2014
		Rupees in '000	
Actuarial gain / (loss) on obligation			
–Demographic assumption		–	–
–Financial assumptions		51,619	(9,613)
–Experience adjustment		(30,584)	(7,282)
Return on plan assets over interest income		(76,481)	(61,338)
Adjustment for mark-up		87,734	70,665
Total re-measurements recognised in Other Comprehensive Income	34.8	32,288	(7,568)

34.12 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

	2015
	Rupees in '000
Increase in Discount Rate by 1 %	(109,385)
Decrease in Discount Rate by 1 %	129,051
Increase in expected future increment in salary by 1%	133,948
Decrease in expected future increment in salary by 1%	(115,239)
Increase in expected withdrawal rate by 10%	458
Decrease in expected withdrawal rate by 10%	(457)
Increase in expected mortality rate by 1%	229
Decrease in expected mortality rate by 1%	(114)

Although the analysis does not take account of the full distribution of expected cash flows, it does provide an approximation of the sensitivity of the assumptions shown.

34.13 Historical information

	2015	2014	2013	2012	2011
	Rupees in '000				
Present value of defined benefit obligation	1,143,805	961,616	816,018	613,972	506,845
Fair value of plan assets	(915,700)	(762,904)	(518,394)	(512,140)	(436,189)
Deficit	228,105	198,712	297,624	101,832	70,656
Actuarial loss / (gain) on obligation	21,035	(16,895)	80,322	27,416	(2,470)
Actuarial loss / (gain) on assets	11,253	9,327	24,126	7,089	(4,071)

35. DEFINED CONTRIBUTION PLAN

The holding company operates a contributory provident fund scheme for permanent employees. The employer and employee each contribute 10% of the basic salary to the funded scheme every month. Investment made out of provident fund have been made in accordance with the provision of section 227 of the Companies Ordinance, 1984.

35.1 Following information relates to provident fund scheme based on audited accounts as of June 2015:

	Note	2015	2014
		Rupees in '000	
Size of the fund		2,277,064	1,900,536
Cost of investments made	35.1.1	1,854,256	1,785,177
Percentage of investments made		81%	94%
Fair value of investments		1,932,145	1,753,146
35.1.1 Breakup of investments made			
Pakistan Investment Bond		1,254,256	1,260,177
Term Deposits Receipts		600,000	525,000
		1,854,256	1,785,177

Number of the members participating in the fund at the end of the year as per audited accounts are 2,806 (2014: 2,526).

36. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President & Chief Executive		Directors		Executives	
	2015	2014	2015	2014	2015	2014
	Rupees in '000					
Fees	–	–	8,775	9,000	–	–
Managerial remuneration	62,700	55,500	–	–	2,125,780	1,998,279
Charge for defined benefit plan	2,575	2,718	–	–	81,987	91,361
Contribution to defined contribution plan	3,120	2,760	–	–	88,063	80,500
Utilities	5,868	5,868	783	1,832	6,597	7,507
Bonus	10,400	6,900	–	–	330,385	230,750
Others	–	–	4,136	6,675	122	591
	84,663	73,746	13,694	17,507	2,632,934	2,408,988
Number of persons	2	2	7	7	1,092	1,069

36.1 The Chief Executive, Executive Director and certain executives are provided with free use of car and household equipment in accordance with their terms of employment. The Chief Executive is also provided with leave fare assistance.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value of traded investments is based on quoted market prices except for tradable securities classified by the holding company as "held-to-maturity". These securities are being carried at amortised cost in order to comply with the requirements of BSD Circular No. 14 dated 24 September 2004, and have been disclosed in "Annexure I".

Fair values of unlisted equity investments is determined on the basis of breakup value of these investments as per the latest available financial statements.

Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the 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 5.4.

The maturity and repricing profile and effective rates are stated in notes 42.5 and 42.4 respectively.

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

37.1 Off-balance sheet financial instruments

	2015		2014	
	Contracted Value	Fair Value	Contracted Value	Fair Value
	Rupees in '000			
Forward purchase of foreign exchange contracts	<u>80,770,251</u>	<u>80,490,986</u>	<u>100,046,711</u>	<u>97,978,022</u>
Forward sale of foreign exchange contracts	<u>73,381,353</u>	<u>73,490,991</u>	<u>102,295,035</u>	<u>100,337,219</u>

37.2 The following table depicts financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2015				
	Carrying Value	Fair value			Total
		Level 1	Level 2	Level 3	
	Rupees in '000				
Financial assets measured at fair value					
– Investments					
– Available-for-sale securities					
Federal government securities	247,048,141	–	247,048,141	–	247,048,141
Sukuk securities and bonds	1,447,645	–	1,447,645	–	1,447,645
Ordinary shares of listed companies	1,081,361	1,081,361	–	–	1,081,361
Ordinary shares of unlisted companies	66,254	–	66,254	–	66,254
Mutual funds	6,128,101	6,128,101	–	–	6,128,101
Listed term finance securities	1,890,841	1,890,841	–	–	1,890,841
Unlisted term finance securities	416,110	–	416,110	–	416,110
Financial assets not measured at fair value					
– Cash and balances with treasury banks	30,645,728	–	–	–	–
– Balances with other banks	13,807,806	–	–	–	–
– Lending to financial institutions	14,444,641	–	–	–	–
– Investments					
– Held-to-maturity securities					
Federal government securities	19,532,493	–	–	–	–
Certificates of investments	3,300,000	–	–	–	–
– Advances	132,646,839	–	–	–	–
– Other assets	10,468,512	–	–	–	–
	482,924,472	9,100,303	248,978,150	–	258,078,453
Financial liabilities not measured at fair value					
– Bills Payable	6,344,461	–	–	–	–
– Borrowings	31,462,822	–	–	–	–
– Deposits and other accounts	403,208,597	–	–	–	–
– Other liabilities	10,956,965	–	–	–	–
	451,972,845	–	–	–	–
	30,951,627	9,100,303	248,978,150	–	258,078,453

	2014				
	Carrying	Fair value			Total
	Value	Level 1	Level 2	Level 3	
	Rupees in '000				
Financial assets measured at fair value					
– Investments					
- Available-for-sale securities					
Federal government securities	183,868,457	–	183,868,457	–	183,868,457
Sukuk certificates and bonds	1,785,849	–	1,785,849	–	1,785,849
Ordinary shares of listed companies	1,063,439	1,063,439	–	–	1,063,439
Ordinary shares of unlisted companies	64,602	–	64,602	–	64,602
Mutual funds	10,815,390	10,815,390	–	–	10,815,390
Listed term finance certificates	1,060,835	1,060,835	–	–	1,060,835
Unlisted term finance certificates	426,886	–	426,886	–	426,886
Financial assets not measured at fair value					
– Cash and balances with treasury banks	18,640,853	–	–	–	–
– Balances with other banks	1,870,331	–	–	–	–
– Lending to financial institutions	3,408,776	–	–	–	–
– Investments					
- Held-to-maturity securities					
Federal government securities	22,559,359	–	–	–	–
– Advances	134,750,646	–	–	–	–
– Other assets	11,185,224	–	–	–	–
	391,500,647	12,939,664	186,145,794	–	199,085,458
Financial liabilities not measured at fair value					
– Bills Payable	5,201,482	–	–	–	–
– Borrowings	24,883,982	–	–	–	–
– Deposits and other accounts	319,948,274	–	–	–	–
– Other liabilities	12,110,359	–	–	–	–
	362,144,097	–	–	–	–
	29,356,550	12,939,664	186,145,794	–	199,085,458

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

38. TRUST ACTIVITIES

The holding company is currently not engaged in any trust activities.

39. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	2015			
	Trade & Sales	Retail banking	Commercial banking	Total
	Rupees in '000			
Total income *	31,738,552	6,044,141	25,058,381	62,841,074
Total expenses *	(23,926,443)	(4,069,849)	(22,279,354)	(50,275,646)
Net income	7,812,109	1,974,292	2,779,027	12,565,428
Segment assets	318,311,435	2,274,418	169,299,782	489,885,635
Segment non performing loans	–	5,614	18,481,368	18,486,982
Segment provision required	–	5,614	16,527,223	16,532,837
Segment liabilities	9,510,942	91,433,517	352,078,939	453,023,398
Segment return on net assets (%)	9.95%	6.61%	7.12%	
Segment cost of funds (%)	7.50%	4.45%	6.33%	

	2014			
	Trade & Sales	Retail banking	Commercial banking	Total
	Rupees in '000			
Total income *	21,397,239	6,317,928	22,457,425	50,172,592
Total expenses *	(17,182,353)	(5,324,416)	(20,329,684)	(42,836,453)
Net income	4,214,886	993,512	2,127,741	7,336,139
Segment assets	235,288,770	1,881,161	160,504,886	397,674,817
Segment non performing loans	–	4,385	19,320,749	19,325,134
Segment provision required	–	4,106	15,657,740	15,661,846
Segment liabilities	6,096,507	95,126,419	261,682,760	362,905,686
Segment return on net assets (%)	9.09%	6.64%	8.58%	
Segment cost of funds (%)	7.30%	5.60%	7.77%	

* Includes Rs. 16,732,276 thousand (2014: Rs. 12,118,113 thousand) of inter-segment revenues and expenses.

40. TRANSACTIONS WITH RELATED PARTIES

The Group has related party relationships with its ultimate parent company, companies with common directorship, key management personnel, directors and employees' retirement benefit plans.

Contributions in respect of employees' retirement benefits are made in accordance with actuarial valuation and terms of contribution plan. Salaries & allowances of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

	31 December 2015					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Deposits						
At beginning of the year	294,869	19,676,536	49,180	385,250	1,098,520	21,504,355
Received during the year	23,579,657	1,346,712,261	601,770	3,069,135	1,180,760	1,375,143,589
Repaid during the year	(23,570,022)	(1,348,513,766)	(584,628)	(2,956,021)	(1,158,245)	(1,376,782,682)
At end of the year	304,504	17,875,031	66,322	498,364	1,121,035	19,865,262
Advances						
At beginning of the year	–	1,840,385	163,366	–	–	2,003,751
Disbursed during the year	–	44,364,667	69,517	–	–	44,434,184
Recovered during the year	–	(42,237,247)	(103,541)	–	–	(42,340,788)
At end of the year	–	3,967,805	129,342	–	–	4,097,147
Bank balances held by the Group	122,080	59,632	–	–	–	181,712
Mark-up / return / interest receivable	–	3,898	–	–	–	3,898
Mark-up / return / interest payable	–	322,640	856	2,352	194,406	520,254
Management fee payable for technical and consultancy services *	283,577	–	–	–	–	283,577
Prepayments / Advance deposits	–	2,563	–	–	–	2,563
Insurance premium and other payables	30,200	4,371	–	–	–	34,571
Transaction-related contingent liabilities	–	2,598,280	–	–	–	2,598,280
Trade-related contingent liabilities	–	4,342,731	–	–	–	4,342,731
Receivable/ payables against purchase / (sale) of securities	(3,216)	–	(416)	–	–	(3,632)

* Management fee is as per the agreement with the ultimate parent company.

	31 December 2014					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Deposits						
At beginning of the year	179,325	5,220,156	49,351	306,775	1,077,055	6,832,662
Received during the year	22,255,937	1,046,264,405	401,490	1,368,482	3,990,102	1,074,280,416
Repaid during the year	(22,140,393)	(1,031,808,025)	(401,661)	(1,290,007)	(3,968,637)	(1,059,608,723)
At end of the year	294,869	19,676,536	49,180	385,250	1,098,520	21,504,355
Advances						
At beginning of the year	–	2,020,013	108,546	–	–	2,128,559
Disbursed during the year	–	38,405,253	64,877	–	–	38,470,130
Recovered during the year	–	(38,584,881)	(10,057)	–	–	(38,594,938)
At end of the year	–	1,840,385	163,366	–	–	2,003,751
Bank balances held by the Group	33,711	33,719	–	–	–	67,430
Over drawn bank balances held by the Group	34,661	–	–	–	–	34,661
Mark-up / return / interest receivable	–	8,617	–	–	–	8,617
Mark-up / return / interest payable	–	295,011	1,309	3,136	159,094	458,550
Management fee payable for technical and consultancy services *	213,255	–	–	–	–	213,255
Prepayments / Advance deposits	–	4,797	–	–	–	4,797
Insurance premium and other payables	30,200	470	–	–	–	30,670
Transaction-related contingent liabilities	–	2,479,183	–	–	–	2,479,183
Trade-related contingent liabilities	–	5,637,701	–	–	–	5,637,701
Receivable/ payables against purchase / (sale) of securities	7,103	(269)	(526)	–	–	6,308

* Management fee is as per the agreement with the ultimate parent company.

Transactions during the year

	For the year ended 31 December 2015					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Mark-up / return / interest earned	–	68,824	10,200	–	–	79,024
Mark-up / return / interest expensed	–	11,440,674	3,913	27,301	162,386	11,634,274
Commission / brokerage / bank charges recovered	16,704	135,910	39	137	–	152,790
Commission / brokerage / bank charges paid	703	825	–	–	–	1,528
Rent income	21,440	–	–	–	–	21,440
Salaries and allowances	–	–	351,846	–	–	351,846
Directors' fees	–	–	–	8,775	–	8,775
Charge for defined benefit plan	–	–	–	–	123,765	123,765
Charge for defined contribution plan	–	–	–	–	138,495	138,495
Rent expenses	–	12,990	–	–	–	12,990
Insurance premium expenses	–	6,215	–	–	–	6,215
Maintenance, electricity, stationery & entertainment expenses	–	53,104	–	–	–	53,104
Management fee expense for technical and consultancy services*	246,524	–	–	–	–	246,524
Donation paid	–	17,840	–	–	–	17,840
Professional / other charges paid	–	2,087	–	–	–	2,087

* Management fee is as per the agreement with the ultimate parent company.

Transactions during the year

	For the year ended 31 December 2014					
	Ultimate parent company	Associates	Key management personnel	Directors	Retirement benefit plans	Total
	Rupees in '000					
Mark-up / return / interest earned	–	126,371	10,685	–	–	137,056
Mark-up / return / interest expensed	–	1,111,616	2,879	30,031	118,182	1,262,708
Commission / brokerage / bank charges recovered	14,412	120,580	200	–	–	135,192
Commission / brokerage / bank charges paid	419	1,240	–	–	–	1,659
Salaries and allowances	–	–	296,538	–	–	296,538
Directors' fees	–	–	–	9,000	–	9,000
Charge for defined benefit plan	–	–	–	–	132,810	132,810
Charge for defined contribution plan	–	–	–	–	124,833	124,833
Rent expenses	–	16,613	–	–	–	16,613
Insurance premium expenses	6,000	6,470	–	–	–	12,470
Maintenance, electricity, stationery & entertainment expenses	–	47,887	–	–	–	47,887
Management fee expense for technical and consultancy services*	206,297	–	–	–	–	206,297
Donation paid	–	12,540	–	–	–	12,540
Professional / other charges paid	–	1,881	–	–	–	1,881

* Management fee is as per the agreement with the ultimate parent company.

41. CAPITAL ASSESSMENT AND ADEQUACY

41.1 Scope of Applications

The State Bank of Pakistan (SBP) through its BPRD Circular No 6 dated 15 August 2013 has issued Basel III Capital instructions for Banks / DFIs. The revision to the previously applicable Capital Adequacy regulations pertain to components of eligible capital and related deductions. The amendments have been introduced with an aim to further strengthen the existing capital related rules. Basel III instructions have become effective from 31 December 2013; however, there is a transitional phase during which the complete requirements would become applicable with full implementation by 31 December 2019. This Capital Adequacy framework is applicable to the Group.

The Group's capital adequacy is reported using the rules and ratios provided by the State Bank of Pakistan. The capital adequacy ratio is a measure of the amount of a Group's capital expressed as a percentage of its risk weighted assets (RWAs). Banking operations are categorized as either Trading Book or Banking Book and RWAs are determined according to specific treatments as per the requirement of SBP that measure the varying levels of risk attached to on-balance sheet and off-balance sheet exposures. Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardized Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigates are also applied against the Bank's exposures based on eligible collateral.

41.1.1 Capital Management

The objective of managing capital is to safeguard the Group's ability to continue as a going concern. It is the policy of the Group to maintain a strong capital base so as to maintain investor, depositor and market confidence and to sustain future development of the business. The Group aims to maintain an optimum level of capital along with maximizing shareholders' return.

Statutory minimum capital requirement and capital adequacy ratio

The SBP through its BSD Circular No. 07 dated 15 April 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for Banks to be raised to Rs.10 billion by the year ending 31 December 2013. The paid-up capital of the Bank for the year ended 31 December 2015 stood at Rs. 10,478 million (2014: Rs. 10,478 million) and is in compliance with SBP requirements.

Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10% of the risk weighted exposures of the Bank. Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 5.50% and 7.00%, respectively, as at 31 December 2015. As at 31 December 2015, the Group is fully compliant with prescribed ratios as the Group's CAR was 18.45% whereas CET 1 and Tier 1 ratios both stood at 16.72%. The Group and its individually regulated operations have complied with all capital requirements throughout the year.

Tier 1 capital comprises of Common Equity Tier 1 (CET 1) and Additional Tier 1 (AT 1) capital.

CET 1 capital includes fully paid-up capital, balance in share premium account, general reserves as per the financial statements and net un-appropriated profits meeting the eligibility criteria.

AT 1 capital includes instruments meeting the prescribed SBP criteria e.g. perpetual non-cumulative preference shares.

The deductions from Tier 1 capital include mainly;

- i) Book value of goodwill / intangibles;
- ii) Deficit on revaluation of available for sale investments;
- iii) Reciprocal cross holdings in equity capital instruments of other banks, financial institutions and insurance companies;
- iv) Investment in mutual funds above a prescribed ceiling;
- v) Threshold deductions applicable from 2014 on deferred tax assets and certain investments;
- vi) 40% of investments in majority owned securities or other financial subsidiaries not consolidated in the statement of financial position, during transition phase.

Tier 2 capital includes general provisions for loan losses, surplus on the revaluation of assets - net of tax, foreign exchange translation reserves and subordinated debts (meeting the revised eligibility criteria). The deductions from Tier 2 include mainly:

- i) Reciprocal cross holdings in other capital instruments of other banks, financial institution and insurance companies;
- ii) 40% of investments in majority owned securities or other financial subsidiaries not consolidated in the statement of financial position, during transition phase.

41.2 Capital Structure

Capital Structure	Note	2015	2014	Source based on reference number from Note 41.3.2
		Rupees in '000		
Common Equity Tier 1 capital (CET1): Instruments and reserves				
Fully Paid-up Capital / Capital deposited with SBP		10,478,315	10,478,315	(s)
Balance in Share Premium Account		2,550,985	2,550,985	
Reserve for issue of Bonus Shares		—	—	
Discount on Issue of shares		—	—	
General / Statutory Reserves		10,159,025	8,627,838	(u)
Gain / (losses) on derivatives held as Cash Flow Hedge		—	—	
Unappropriated / unremitted profits / (losses)		9,965,906	8,559,839	(w)
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)
CET 1 before Regulatory Adjustments		33,154,231	30,216,977	
Total regulatory adjustments applied to CET1	41.2.1	(522,654)	(285,922)	
Common Equity Tier 1		32,631,577	29,931,055	
Additional Tier 1 (AT 1) Capital				
Qualifying Additional Tier-1 instruments plus any related share premium		—	—	
of which: Classified as equity		—	—	(t)
of which: Classified as liabilities		—	—	(m)
Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)		—	—	
of which: instrument issued by subsidiaries subject to phase out		—	—	(y)
AT1 before regulatory adjustments		—	—	
Total regulatory adjustment applied to AT1 capital	41.2.2	—	—	
Additional Tier 1 capital after regulatory adjustments		—	—	
Additional Tier 1 capital recognized for capital adequacy		—	—	
Tier 1 Capital (CET1 + admissible AT1) (A)		32,631,577	29,931,055	

	Note	2015	2014	Source based on reference number from Note 41.3.2
		Rupees in '000		
Tier 2 Capital				
Qualifying Tier 2 capital instruments under Basel III plus any related share premium		—	—	(n)
Tier 2 capital instruments subject to phase out arrangement issued under pre-Basel III Rules		—	—	
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)		—	—	(z)
of which: instruments issued by subsidiaries subject to phase out General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets		896,749	326,696	(g)
Revaluation Reserves (net of taxes)		—	—	
of which: Revaluation reserves on fixed assets		—	—	
of which: Unrealized Gains / Losses on AFS		2,484,364	2,549,206	(aaa)
Foreign Exchange Translation Reserves		—	—	(v)
Undisclosed / Other Reserves (if any)		—	—	
T2 before regulatory adjustments		3,381,113	2,875,902	
Total regulatory adjustment applied to T2 capital	41.2.3	—	—	
Tier 2 capital (T2) after regulatory adjustments		3,381,113	2,875,902	
Tier 2 capital recognized for capital adequacy		3,381,113	2,875,902	
Portion of Additional Tier 1 capital recognized in Tier 2 capital		—	—	
Total Tier 2 capital admissible for capital adequacy (B)		3,381,113	2,875,902	
TOTAL CAPITAL (T1 + admissible T2) (A+B)		36,012,690	32,806,957	
Total Risk Weighted Assets (RWA)	41.5	195,165,364	188,668,194	
Capital Ratios and buffers (in percentage of risk weighted assets)				
CET1 to total RWA		16.72%	15.86%	
Tier-1 capital to total RWA		16.72%	15.86%	
Total capital to total RWA		18.45%	17.39%	
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		6.00%	5.50%	
of which: capital conservation buffer requirement		—	—	
of which: countercyclical buffer requirement		—	—	
of which: D-SIB or G-SIB buffer requirement		—	—	
CET1 available to meet buffers (as a percentage of risk weighted assets)		10.72%	10.36%	
National minimum capital requirements prescribed by SBP				
CET1 minimum ratio		6.00%	5.50%	
Tier 1 minimum ratio		7.50%	7.00%	
Total capital minimum ratio		10.00%	10.00%	

41.2.1 Common Equity Tier 1 capital: Regulatory adjustments

	2015	Amounts subject to Pre-Basel III treatment	2014	Source based on reference number from Note 41.3.2
	Rupees in '000			
Goodwill (net of related deferred tax liability)	-	-	-	(j) - (o)
All other intangibles (net of any associated deferred tax liability)	92	-	535	(k) - (p)
Shortfall in provisions against classified assets	-	-	-	(f)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-	{(h) - (r)} * x%
Defined-benefit pension fund net assets	-	-	-	{(l) - (q)} * x%
Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	522,562	-	285,387	(d)
Cash flow hedge reserve	-	-	-	
Investment in own shares/ CET1 instruments	-	-	-	
Securitization gain on sale	-	-	-	
Capital shortfall of regulated subsidiaries	-	-	-	
Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	-	-	(ab)
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)
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)
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-	(i)
Amount exceeding 15% threshold	-	-	-	
of which: significant investments in the common stocks of financial entities	-	-	-	
of which: deferred tax assets arising from temporary differences	-	-	-	
National specific regulatory adjustments applied to CET1 capital	-	-	-	
Investment in TFCs of other banks exceeding the prescribed limit	-	-	-	
Any other deduction specified by SBP	-	-	-	
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-	-	
Total regulatory adjustments applied to CET1	522,654	-	285,922	

41.2.2 Additional Tier 1 Capital: regulatory adjustments

Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	-	-	
Investment in own AT1 capital instruments	-	-	-	
Reciprocal cross holdings in Additional Tier 1 capital instruments	-	-	-	
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)
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	(ad)
Portion of deduction applied 50:50 to Tier 1 and Tier 2 capital I based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional Tier 1 capital	-	-	-	
Adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	
Total of Regulatory Adjustment applied to AT1 capital	-	-	-	

	2015	Amounts subject to Pre-Basel III treatment	2014	Source based on reference number from Note 41.3.2
	Rupees in '000			
41.2.3 Tier 2 Capital: regulatory adjustments				
Portion of deduction applied 50:50 to Tier 1 and Tier 2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 2 capital	-	-	-	
Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-	-	-	
Investment in own Tier 2 capital instrument	-	-	-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	(ae)
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	(af)
Amount of Regulatory Adjustment applied to T2 capital	-	-	-	

	2015	2014
	Rupees in '000	
41.2.4 Additional Information		
Risk weighted assets in respect of amounts subject to Pre-Basel III Treatment		
Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)		
of which: deferred tax assets	-	-
of which: Defined-benefit pension fund net assets	-	-
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	-	-
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)		
Non-significant investments in the capital of other financial entities	2,577,212	1,775,729
Significant investments in the common stock of financial entities	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	1,938,805	1,268,457
Applicable caps on the inclusion of provisions in Tier 2		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	896,749	326,696
Cap on inclusion of provisions in Tier 2 under standardized approach	1,971,367	1,873,357
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

41.3 Capital Structure Reconciliation

41.3.1 Step 1

The accounting consolidation is identical to the scope of regulatory consolidation.

41.3.2 Step 2

	2015		
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Ref.
	Rupees in '000		
ASSETS			
Cash and balances with treasury banks	30,645,728	30,645,728	
Balances with other banks	13,807,806	13,807,806	
Lendings to financial institutions	14,444,641	14,444,641	
Investments	280,910,946	280,910,946	
of which: Non-significant investments in 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)	522,562	522,562	d
of which: others	–	–	e
Advances	132,646,839	132,646,839	
Shortfall in provisions / excess of total EL amount over eligible provisions under IRB	–	–	f
General provisions reflected in Tier 2 capital	896,749	896,749	g
Fixed Assets	3,125,478	3,125,478	
Deferred Tax Assets	1,938,805	1,938,805	
of which: DTAs that rely on future profitability excluding those arising from temporary differences	–	–	h
of which: DTAs arising from temporary differences exceeding regulatory threshold	–	–	i
Other assets	12,365,392	12,365,392	
of which: Goodwill	–	–	j
of which: Intangibles	–	–	k
of which: Defined-benefit pension fund net assets	–	–	l
Total assets	489,885,635	489,885,635	

	2015		
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Ref.
	Rupees in '000		
LIABILITIES & EQUITY			
Bills payable	6,344,461	6,344,461	
Borrowings	31,462,822	31,462,822	
Deposits and other accounts	403,208,597	403,208,597	
Sub-ordinated loans	-	-	m
of which: eligible for inclusion in AT1	-	-	n
of which: eligible for inclusion in Tier 2	-	-	
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	-	-	o
of which: DTLs related to goodwill	-	-	p
of which: DTLs related to intangible assets	-	-	q
of which: DTLs related to defined pension fund net assets	-	-	r
of which: other deferred tax liabilities	-	-	
Other liabilities	12,007,518	12,007,518	
Total liabilities	453,023,398	453,023,398	
Share capital	13,029,300	13,029,300	s
of which: amount eligible for CET1	13,029,300	13,029,300	t
of which: amount eligible for AT1	-	-	
Reserves	10,159,025	10,159,025	u
of which: portion eligible for inclusion in CET1 (statutory reserve, special reserve 			

41.4 Main features template of regulatory capital instruments

1	Issuer	Habib Metropolitan Bank Ltd.
2	Unique identifier (e.g PSX Symbol or Bloomberg identifier etc.)	HMB
3	Governing law(s) of the instrument	Capital Market Law
	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 & standalone
7	Instrument type	Common Shares
8	Amount recognized in regulatory capital (Currency in PKR thousand, as of reporting date)	36,012,690
9	Par value of instrument	PKR 10
10	Accounting classification	Shareholder equity
11	Original date of issuance	1992
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Not Applicable
15	Optional call date, contingent call dates and redemption amount	Not Applicable
16	Subsequent call dates, if applicable	
	Coupons / dividends	Not Applicable
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	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Not Applicable
23	Convertible or non-convertible	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	Not Applicable
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

41.5 Risk Weighted Assets

The risk weighted assets to capital ratio, calculated in accordance with the SBP's guidelines on capital adequacy is as follows:

Credit risk	Capital Requirements		Risk Weighted Assets	
	2015	2014	2015	2014
Portfolios subject to standardised approach (Simple)	Rupees in '000			
On-balance sheet				
Cash and cash equivalents	—	—	—	—
Government of Pakistan and SBP	—	—	—	—
Public sector entities	189,604	123,341	1,896,038	1,233,414
Banks	867,792	667,438	8,677,918	6,674,383
Corporate	8,939,024	9,025,235	89,390,240	90,252,345
Retail	320,244	315,192	3,202,441	3,151,916
Residential mortgage finance	61,222	49,234	612,217	492,344
Past due loans	194,565	347,433	1,945,650	3,474,325
Operating fixed assets	312,539	302,485	3,125,386	3,024,850
Other assets	689,628	597,952	6,896,280	5,979,521
	11,574,618	11,428,310	115,746,170	114,283,098
Off-balance sheet				
Non market related	3,808,244	3,124,160	38,082,444	31,241,595
Market related	97,895	174,474	978,954	1,744,740
	3,906,139	3,298,634	39,061,398	32,986,335
Equity Exposure Risk in the Banking Book				
Under simple risk weight method				
e.g. Listed, Unlisted	290,182	259,915	2,901,817	2,599,149
Under Internal models approach	—	—	—	—
	290,182	259,915	2,901,817	2,599,149
Total Credit Risk	15,770,939	14,986,859	157,709,385	149,868,582
Market risk				
Capital requirement for portfolios subject to Standardised Approach				
Interest rate risk	149,566	371,785	1,869,575	4,647,313
Equity position risk	506,991	552,266	6,337,388	6,903,325
Foreign exchange risk	13,929	161,439	174,112	2,017,988
Total Market risk	670,486	1,085,490	8,381,075	13,568,626
Operational risk				
Capital requirement for operational risks subject to Basic Indicator Approach	2,325,992	2,018,479	29,074,904	25,230,987
Total Risk Weighted Assets	18,767,417	18,090,828	195,165,364	188,668,194
Capital adequacy ratio				
	2015		2014	
	Required	Actual	Required	Actual
	%		%	
CET1 to total RWA	6.00	16.72	5.50	15.86
Tier-1 capital to total RWA	7.50	16.72	7.00	15.86
Total capital to total RWA	10.00	18.45	10.00	17.39

41.6 Credit risk: General disclosures

The Group uses the 'Standardised Approach' in calculation of credit risk and capital requirements.

The Group uses reputable and SBP approved rating agencies for deriving risk weight to specific credit exposures. These are applied consistently across the Bank credit portfolio for both on - balance sheet and off - balance sheet exposures. The methodology applied for using External Credit Assessment Institutions (ECAI's) inclusive of the alignment of alpha numerical scale of each agency used with risk bucket is as per SBP guidelines as is given below:

Types of exposures and ECAI's used

Exposures	2015				
	JCR-VIS	PACRA	S & P	Fitch	Moody's
Corporate	✓	✓	–	–	–
Banks	✓	✓	✓	✓	✓
Sovereigns	–	–	–	–	–
SME's	✓	✓	–	–	–
Securitisation	–	–	–	–	–
Others	–	–	–	–	–

41.7 Credit Exposures subject to Standardized Approach

Exposures	Rating category	2015			2014		
		Amount outstanding	Deduction CRM	Net amount	Amount outstanding	Deduction CRM	Net amount
		Rupees in '000					
Corporate	1	8,444,231	37,503	8,406,728	4,981,054	747,080	4,233,974
	2	4,001,131	830,135	3,170,996	4,532,043	47,104	4,484,939
	3,4	–	–	–	968,327	–	968,327
	5,6	–	–	–	–	–	–
Claims on banks with original maturity of 3 months or less		8,671,285	–	8,671,285	9,287,755	786,811	8,500,944
Retail		8,576,628	2,502,144	6,074,484	8,099,938	1,855,982	6,243,956
Public sector entities	1	12,653,222	13,638	12,639,584	14,567,858	5,744,866	8,822,992
	2,3	–	–	–	–	–	–
Others		359,530,736	9,407,000	350,123,736	259,933,029	–	259,933,029
Unrated		128,990,367	13,823,401	115,166,966	125,491,115	9,828,968	115,662,147

The forms of collateral that are deemed eligible under the 'Simple Approach' to credit risk mitigation as per SBP guidelines are used by the Group and primarily includes cash, government and rated debt securities.

The Group applies SBP specified haircut to collateral for credit risk mitigation. Collateral management is embedded in the Group's risk taking and risk management policy and procedures. A standard credit granting procedure exists which has been well-disseminated down the line, ensuring proper pre-sanction evaluation, adequacy of security, pre-examination of charge / control documents and monitoring of each exposure on an ongoing basis.

Collateral information is recorded diligently in the Group's main processing systems by type of collateral, amount of collateral against relevant credit exposures. A cohesive accounting / risk management system facilitates effective collateral management for Basel II reporting.

41.8 Leverage Ratio

The Basel III leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage. As at December 31, 2015 the Group's Leverage ratio stood at 5.48% (2014: 6.07%) which is well above the minimum requirement of 3.0%.

	Note	2015	2014
		Rupees in '000	
Total assets		489,885,635	397,674,817
Less: Total regulatory adjustments applied to CET1	41.2.1	522,654	285,922
Total assets net of regulatory adjustments		489,362,981	397,388,895
Commitments in respect of derivatives - off balance sheet items		1,334,860	1,782,627
Total off-balance sheet commitments excluding derivatives	22	105,099,683	93,631,196
Total exposures (A)		595,797,524	492,802,718
Tier-1 Capital (B)	41.2	32,631,577	29,931,055
Leverage Ratio (B/A)		5.48%	6.07%

42. RISK MANAGEMENT

Risk management aspects are embedded in the Group's strategy, organization structure and processes. The Group has adopted a cohesive risk management structure for credit, operations, liquidity, market risk with an integrated approach to strengthen the process and system from the foundation as controls are more effective and valuable when built into the process. Effective risk management is considered essential in the preservation of the assets and long-term profitability of the Group. Clear guidelines and limits, which are under regular review, are backed by a system of internal controls and independent audit inspections. Internal reporting / MIS are additional tools for measuring and controlling risks. Separation of duties is also embedded in the Group's system and organization.

42.1 Credit risk

Credit risk arises from the possibility that the counterparty in a transaction may default. It arises principally in relation to the lending and trade finance business carried out by the Group.

As per Basel II methodology the gross credit risk weighted exposure incorporating relevant credit conversion factor is Rs. 157,709,385 thousand (2014: Rs. 149,868,582 thousand) as depicted in note 41.5.

The holding company's strategy is to minimize credit risk through a strong pre-disbursement credit analysis, approval and risk measurement process added with product, geography and customer diversification. The holding company, as its strategic preference, extends trade and working capital financing, so as to keep the major portion of exposure (funded and non-funded) on a short-term, self-liquidating basis. Major portion of the holding company's credit portfolio is priced on flexible basis with pricing reviewed on periodic basis.

Centralized credit and trade processing centres staffed with experienced resource provide strength to post-disbursement aspect of credit risk management.

The holding company's credit policy / manual defines the credit extension criteria, the credit approval and monitoring process, the loan classification system and provisioning policy.

The holding company continually assesses and monitors credit exposures. The holding company follows both objective and subjective criteria of SBP regarding loans classification. The subjective assessment process is based on management's judgment with respect to the borrower's character, activity, cash flow, capital structure, security, quality of management and delinquency.

42.1.1 Segmental information

Segment by class of business	2015					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rs. in '000)	%	(Rs. in '000)	%	(Rs. in '000)	%
Agriculture, forestry, hunting and fishing	595,349	0.40	12,151,159	3.01	472,369	0.18
Automobile and transportation equipment	1,729,006	1.15	15,598,510	3.87	4,307,884	1.65
Cement	518,797	0.35	11,267,160	2.79	4,319,477	1.66
Chemicals and pharmaceuticals	6,335,454	4.22	15,455,095	3.83	7,150,275	2.74
Construction	1,900,528	1.27	16,337,389	4.05	1,874,112	0.72
Commodity Finance	9,407,000	6.27	—	—	—	—
Electronic and electrical appliances	3,879,566	2.59	14,250,171	3.53	4,057,902	1.56
Exports / imports	6,982,747	4.65	10,810,414	2.68	14,968,324	5.74
Financial	1,343,684	0.90	11,635,488	2.89	119,088,849	45.70
Footwear and leather garments	548,067	0.37	8,632,130	2.14	165,346	0.06
Individuals	2,279,972	1.52	87,794,491	21.77	87,782	0.03
Insurance	—	—	319,013	0.08	—	—
Mining and quarrying	1,246	0.00	18,061,704	4.48	4,000	0.00
Power (electricity), gas, water, sanitary	23,388,787	15.58	15,661,485	3.88	19,550,430	7.50
Services	1,239,233	0.83	21,589,579	5.35	2,120,333	0.81
Sugar	2,052,583	1.37	1,756,469	0.44	479,643	0.18
Textile	62,253,019	41.48	27,166,567	6.74	49,992,470	19.18
Transport, storage and communication	1,460,549	0.97	14,358,598	3.56	1,804,014	0.69
Wholesale and retail trade	4,334,848	2.89	8,079,554	2.00	1,977,776	0.76
Others	19,825,990	13.21	92,283,621	22.89	28,169,008	10.81
	<u>150,076,425</u>	<u>100.00</u>	<u>403,208,597</u>	<u>100.00</u>	<u>260,589,994</u>	<u>100.00</u>

Segment by sector	2015					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rs. in '000)	%	(Rs. in '000)	%	(Rs. in '000)	%
Public / Government	26,557,471	17.70	48,445,347	12.01	13,567,215	5.21
Private	123,518,954	82.30	354,763,250	87.99	247,022,779	94.79
	<u>150,076,425</u>	<u>100.00</u>	<u>403,208,597</u>	<u>100.00</u>	<u>260,589,994</u>	<u>100.00</u>

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

	2015		2014	
	Classified advances	Specific provision held	Classified advances	Specific provision held
	Rupees in '000			
Automobile and transportation equipment	1,514,514	1,514,514	1,436,203	1,139,178
Chemical and pharmaceuticals	366,002	296,909	238,577	147,854
Construction	194,060	29,764	219,894	13,851
Electronics and electrical appliances	529,272	527,022	659,520	655,150
Exports / imports	981,241	864,839	1,185,080	1,024,221
Footwear and leather garments	23,428	17,668	11,907	11,907
Individuals	7,138	5,863	4,779	4,779
Power (electricity), gas, water, sanitary	245,504	52,867	245,504	41,136
Services	87,377	51,135	139,254	73,360
Textile	12,095,339	11,314,648	12,671,379	11,112,778
Transport, storage and communication	9,201	6,823	4,782	1,883
Wholesale and retail trade	778,827	471,751	897,911	492,034
Others	1,655,079	1,379,034	1,610,344	943,715
	<u>18,486,982</u>	<u>16,532,837</u>	<u>19,325,134</u>	<u>15,661,846</u>

Details of non-performing advances and specific provisions by sector

	2015		2014	
	Classified advances	Specific provision held	Classified advances	Specific provision held
	Rupees in '000			
Private	18,486,982	16,532,837	19,325,134	15,661,846

Geographical segment analysis

	2015			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	Rupees in '000			
Pakistan	12,565,428	489,885,635	36,862,237	260,589,994

Total assets employed include intra group items of Rs. 122,080 thousand.

42.2 Market risk

Market Risk is the risk of loss in earnings and capital due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions.

The Board of Directors oversees the Group's strategy for market risk exposures. Asset and Liability Committee (ALCO) which comprises of senior management oversees the statement of financial position of the Group, assesses the impact of interest rate change on Group's investment portfolio through stress testing, and performs oversight function to ensure sound asset quality, liquidity and pricing. The investment policy amongst other aspects covers the Group asset allocation guidelines inclusive of equity investments. While market risk limits are in place and are monitored effectively, the Group has also formalized liquidity and market risk management policies which contain action plans to strengthen the market risk management system and a middle office function oversees limit adherence. Market risk can be categorised into Interest Rate Risk, Foreign Exchange Risk and Equity Position Risk.

42.3 Foreign exchange risk

Foreign exchange risk is the probability of loss resulting from adverse movement in exchange rates. The Group's business model for foreign exchange risk is to serve trading activities of its clients in an efficient and cost effective manner. The Group is not in the business of actively trading and market making activities and all FX exposures are backed by customer's trade transaction. A conservative risk approach backed by Group's business strategy to work with export oriented clients gives the ability to meet its foreign exchange needs.

2015				
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupee	444,968,808	398,553,555	(9,471,367)	36,943,886
United States Dollar	41,771,205	49,348,050	7,440,081	(136,764)
Euro	1,802,589	1,173,106	(648,859)	(19,376)
Great Britain Pound	774,760	3,441,155	2,674,339	7,944
Asian Currency Unit	468,845	486,817	–	(17,972)
Japanese Yen	25,726	19,005	(1,038)	5,683
Arab Emirates Dirham	30,510	17	–	30,493
Canadian Dollar	5,601	–	8,935	14,536
Australian Dollar	2,579	–	–	2,579
Saudi Riyal	9,048	–	–	9,048
Other currencies	25,964	1,693	(2,091)	22,180
	44,916,827	54,469,843	9,471,367	(81,649)
	489,885,635	453,023,398	–	36,862,237

2014				
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupee	345,563,620	310,676,496	74,452	34,961,576
United States Dollar	48,374,408	47,571,178	(9,030)	794,200
Euro	2,241,468	1,252,992	(7,973)	980,503
Great Britain Pound	1,015,506	2,645,638	10,453	(1,619,679)
Asian Currency Unit	365,732	721,289	–	(355,557)
Japanese Yen	63,184	835	(68,470)	(6,121)
Arab Emirates Dirham	16,859	58	–	16,801
Canadian Dollar	–	1,909	129	(1,780)
Australian Dollar	2,666	–	–	2,666
Saudi Riyal	6,357	–	–	6,357
Other currencies	25,017	35,291	439	(9,835)
	52,111,197	52,229,190	(74,452)	(192,445)
	397,674,817	362,905,686	–	34,769,131

42.4 Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Interest rate risk is also controlled through flexible credit pricing mechanism and variable deposit rates. Duration analysis and stress testing are being carried out regularly to estimate the impact of adverse changes in the interest rates on Group's fixed income portfolio. Optimization of yield is achieved through the Group's investment strategy which aims on attaining a balance between yield and liquidity under the strategic guidance of ALCO. The advances and deposits of the Group are repriced on a periodic basis, based on interest rates scenario. Details of the interest rate profile of the Group based on the earlier of contractual repricing or maturity date is as follows:

2015											
Effective yield/ interest rate %	Exposed to yield / interest risk										
	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years	Non-interest bearing financial instruments
Rupees in '000											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	30,645,728	-	-	-	-	-	-	-	-	-	30,645,728
Balances with other banks	13,807,806	6,830,679	3,650,000	-	-	-	-	-	-	-	3,327,127
Lendings to financial institutions	14,444,641	2,800,000	-	-	11,644,641	-	-	-	-	-	-
Investments	280,910,946	3,428,782	34,213,453	14,570,039	138,490,657	1,124,299	45,977,920	12,158,894	23,503,314	-	7,443,588
Advances	132,646,839	19,742,865	90,771,215	16,755,236	1,266,613	547,502	648,447	897,877	1,456,723	560,361	-
Other assets	10,468,512	-	-	-	-	-	-	-	-	-	10,468,512
	482,924,472	32,802,326	128,634,668	31,325,275	151,401,911	1,671,801	46,626,367	13,056,771	24,960,037	560,361	51,884,955
Liabilities											
Bills payable	6,344,461	-	-	-	-	-	-	-	-	-	6,344,461
Borrowings	31,462,822	10,509,424	10,834,254	8,353,574	76,657	171,797	221,019	371,980	531,030	-	393,087
Deposits and other accounts	403,208,597	99,471,276	66,998,936	97,342,642	24,648,915	2,287,939	1,941,682	4,768,636	570,200	-	105,178,371
Other liabilities	10,956,965	-	-	-	-	-	-	-	-	-	10,956,965
	451,972,845	109,980,700	77,833,190	105,696,216	24,725,572	2,459,736	2,162,701	5,140,616	1,101,230	-	122,872,884
On-balance sheet gap											
	30,951,627	(77,178,374)	50,801,478	(74,370,941)	126,676,339	(787,935)	44,463,666	7,916,155	23,858,807	560,361	(70,987,929)
Off-balance sheet financial instruments											
Forward purchase	80,770,251	-	-	-	-	-	-	-	-	-	80,770,251
Forward sale	(73,381,353)	-	-	-	-	-	-	-	-	-	(73,381,353)
Off-balance sheet gap	7,388,898	-	-	-	-	-	-	-	-	-	7,388,898
Total yield / interest risk sensitivity gap	38,340,525	(77,178,374)	50,801,478	(74,370,941)	126,676,339	(787,935)	44,463,666	7,916,155	23,858,807	560,361	(63,599,031)
Cumulative yield / interest risk sensitivity gap	38,340,525	(77,178,374)	(26,376,896)	(100,747,837)	25,928,502	25,140,567	69,604,233	77,520,388	101,379,195	101,939,556	38,340,525

2014											
Effective yield / interest rate %	Exposed to yield/interest risk										
	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years	Non-interest bearing financial instruments
Rupees in '000											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	18,640,853	-	-	-	-	-	-	-	-	-	18,640,853
Balances with other banks	1,870,331	48,690	500,000	-	-	-	-	-	-	-	1,321,641
Lendings to financial institutions	3,408,776	3,408,776	-	-	-	-	-	-	-	-	-
Investments	221,644,817	1,012,067	14,533,454	37,558,377	56,096,093	35,587,570	3,846,350	14,890,620	46,176,857	-	11,943,429
Advances	134,750,646	12,537,083	101,032,761	14,104,975	2,129,241	1,162,832	1,264,066	1,332,317	881,311	306,060	-
Other assets	11,185,224	-	-	-	-	-	-	-	-	-	11,185,224
	391,500,647	17,006,616	116,066,215	51,663,352	58,225,334	36,750,402	5,110,416	16,222,937	47,058,168	306,060	43,091,147
Liabilities											
Bills payable	5,201,482	-	-	-	-	-	-	-	-	-	5,201,482
Borrowings	24,883,982	3,242,790	11,969,757	7,442,074	214,575	420,973	265,278	357,926	95,094	-	875,515
Deposits and other accounts	319,948,274	85,814,365	41,360,615	71,890,097	17,288,321	2,185,331	2,270,893	5,614,188	2,875,590	-	90,648,874
Other liabilities	12,110,359	-	-	-	-	-	-	-	-	-	12,110,359
	362,144,097	89,057,155	53,330,372	79,332,171	17,502,896	2,606,304	2,536,171	5,972,114	2,970,684	-	108,836,230
On-balance sheet gap											
	29,356,550	(72,050,539)	62,735,843	(27,668,819)	40,722,438	34,144,098	2,574,245	10,250,823	44,087,484	306,060	(65,745,083)
Off-balance sheet financial instruments											
Forward purchase	100,046,711	-	-	-	-	-	-	-	-	-	100,046,711
Forward sale	(102,295,035)	-	-	-	-	-	-	-	-	-	(102,295,035)
Off-balance sheet gap	(2,248,324)	-	-	-	-	-	-	-	-	-	(2,248,324)
Total yield / interest risk sensitivity gap											
	27,108,226	(72,050,539)	62,735,843	(27,668,819)	40,722,438	34,144,098	2,574,245	10,250,823	44,087,484	306,060	(67,993,407)
Cumulative yield / interest risk sensitivity gap											
	27,108,226	(72,050,539)	(9,314,696)	(36,983,515)	3,738,923	37,893,021	40,457,266	50,708,089	94,795,573	95,101,633	27,108,226

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

	2015 (Rupees in '000)	2014 (Rupees in '000)
Reconciliation to total assets		
Total financial assets	482,924,472	391,500,647
Add: non financial assets		
Operating fixed assets	3,125,478	3,025,426
Deferred tax assets	1,938,805	1,268,457
Other assets	1,896,880	1,880,287
	6,961,163	6,174,170
Balance as per statement of financial position	489,885,635	397,674,817
Reconciliation to total liabilities		
Total financial liabilities	451,972,845	
Add: non financial liabilities		
Other liabilities	1,050,553	761,589
Balance as per statement of financial position	453,023,398	362,144,097

42.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to raise funds to meet its commitments. ALCO manages the liquidity position on a continuous basis.

The holding company's liquidity model is based on "self-reliance" with an extensive branch network to diversify the holding company deposit base. The Group as a policy invests significantly in highly liquid government securities that can be readily converted into cash to meet unforeseen liquidity requirements, besides yielding attractive returns. Furthermore, long term loans are generally kept at an amount lower than the Group's capital / reserves.

The contractual maturities of assets and liabilities at the year-end have been determined on the basis of the remaining period at the statement of financial position date to the contractual maturity date. Assets and liabilities that do not have contractual time / payable on demand have been classified in the first bucket, except that investments in equity securities, certain other liabilities and other assets are assumed to mature on the expected date on which the assets / liabilities will be realized / settled.

42.5.1 Maturities of assets and liabilities - based on contractual maturity of assets and liabilities of the Group

The maturity profile set out below has been prepared as required by IAS on the basis of contractual maturities, except for products that do not have a contractual maturity which are shown in the manner as explained above.

2015

	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years
Rupees in '000										
Assets										
Cash and balances with treasury banks	30,645,728	30,645,728	-	-	-	-	-	-	-	-
Balances with other banks	13,807,806	10,157,806	3,650,000	-	-	-	-	-	-	-
Lendings to financial institutions	14,444,641	2,800,000	-	-	11,644,641	-	-	-	-	-
Investments	280,910,946	9,700,085	33,249,053	9,254,735	138,593,380	5,482,770	46,596,706	12,969,364	25,030,103	34,750
Advances	132,646,839	33,635,372	38,371,992	29,820,237	13,982,936	4,170,190	3,636,952	4,995,139	3,316,462	717,559
Operating fixed assets	3,125,478	130,156	144,954	217,430	434,242	467,848	103,484	206,866	516,820	903,678
Deferred tax assets	1,938,805	1,334,101	769,879	684,117	(514,443)	21,167	(238,327)	18,047	(60,023)	(75,713)
Other assets	12,365,392	9,939,044	356,001	220,700	1,763,925	54,145	22,453	2,647	3,792	2,685
	489,885,635	98,342,292	76,541,879	40,197,219	165,904,681	10,196,120	50,121,268	18,192,063	28,807,154	1,582,959
Liabilities										
Bills payable	6,344,461	6,344,461	-	-	-	-	-	-	-	-
Borrowings	31,462,822	10,902,511	10,834,254	8,353,574	76,657	171,797	221,019	371,980	531,030	-
Deposits and other accounts	403,208,597	271,966,473	66,998,936	30,025,815	24,648,916	2,287,939	1,941,682	4,768,636	570,200	-
Other liabilities	12,007,518	5,236,974	2,192,766	1,111,805	2,084,233	85,435	74,804	775,549	445,952	-
	453,023,398	294,450,419	80,025,956	39,491,194	26,809,806	2,545,171	2,237,505	5,916,165	1,547,182	-
Net assets / (liabilities)	36,862,237	(196,108,127)	(3,484,077)	706,025	139,094,875	7,650,949	47,883,763	12,275,898	27,259,972	1,582,959
Share capital	10,478,315									
Reserves	12,710,010									
Unappropriated profit	9,965,906									
Surplus on revaluation of assets - net of tax	3,708,006									
	36,862,237									

2014

[illegible]

42.5.2 Maturities of assets and liabilities - based on historical pattern of assets and liabilities of the Group

The maturity profile set out below has been prepared as determined by the ALCO, keeping in view the historical pattern of those current and saving deposit accounts which do not have contractual maturity.

2015											
		Rupees in '000									
	Total	Upto 1 month	Over 1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years	
Assets											
Cash and balances with treasury banks	30,645,728	30,645,728	-	-	-	-	-	-	-	-	-
Balances with other banks	13,807,806	10,157,806	3,650,000	-	-	-	-	-	-	-	-
Lendings to financial institutions	14,444,641	2,800,000	-	-	11,644,641	-	-	-	-	-	-
Investments	280,910,946	9,700,085	33,249,053	9,254,735	138,593,380	5,482,770	46,596,706	12,969,364	25,030,103	34,750	34,750
Advances	132,646,839	33,635,372	38,371,992	29,820,237	13,982,936	4,170,190	3,636,952	4,995,139	3,316,462	717,559	717,559
Operating fixed assets	3,125,478	130,156	144,954	217,430	434,242	467,848	103,484	206,866	516,820	903,678	903,678
Deferred tax assets	1,938,805	1,334,101	769,879	684,117	(514,443)	21,167	(238,327)	18,047	(60,023)	(75,713)	(75,713)
Other assets	12,365,392	9,939,044	356,001	220,700	1,763,925	54,145	22,453	2,647	3,792	2,685	2,685
	489,885,635	98,342,292	76,541,879	40,197,219	165,904,681	10,196,120	50,121,268	18,192,063	28,807,154	1,582,959	1,582,959
Liabilities											
Bills payable	6,344,461	6,344,461	-	-	-	-	-	-	-	-	-
Borrowings	31,462,822	10,902,511	10,834,254	8,353,574	76,657	171,797	221,019	371,980	531,030	-	-
Deposits and other accounts	403,208,597	47,010,614	89,494,524	52,521,403	137,126,854	36,031,318	35,685,048	4,768,636	570,200	-	-
Other Liabilities	12,007,518	5,236,974	2,192,766	1,111,805	2,084,233	85,435	74,804	775,549	445,952	-	-
	453,023,398	69,494,561	102,521,544	61,986,782	139,287,744	36,288,550	35,980,871	5,916,165	1,547,182	-	-
Net assets / (liabilities)	36,862,237	28,847,731	(25,979,665)	(21,789,563)	26,616,937	(26,092,430)	14,140,397	12,275,898	27,259,972	1,582,959	1,582,959
Share capital	10,478,315										
Reserves	12,710,010										
Unappropriated profit	9,965,906										
Surplus on revaluation of assets - net of tax	3,708,006										
	36,862,237										

42.6 Operational risk

The Group operates in a controlled manner and operational risk is generally managed effectively. With the evolution of operation risk management into a separate distinct discipline, the Group's strategy is to further strengthen risk management system along new industry standards.

The Group's operational risk management strategy takes guidance from Basel – II, Committee of Sponsoring Organization of Treadway Commission (COSO) publications, the SBP guidelines and standard industry practices. The operational risk management manual addresses enterprise wide risk drivers inclusive of technology infrastructure, software hardware and I.T. security.

The Group's ORM framework includes Risk Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), Operational Risk Events Management, and Operational Risk Reporting. The ORM unit engages with Group's business / support units and regularly collaborates in determining and reviewing the risks, and assessment of residual risk leading to improved quality of control infrastructure and strengthening of the processes (sub processes) & management information.

The Group's business continuity plan includes risk management strategies to mitigate inherent risk and prevent interruption of mission critical services caused by disaster event. The Group's operational risk management infrastructure has been further strengthened through the establishment of a separate operational and risk control unit.

42.7 Operational risk - Disclosures Basel II specific

The Group uses Basic Indicator Approach (BIA) for regulatory capital at risk calculation for operational risk. Under BIA the capital charge for operational risk is a fixed percentage of average positive annual gross income of the Group over the past three years. Figures of capital charge of operation risk for the year is Rs. 2,325,992 thousand (2014: Rs. 2,018,479 thousand).

43 KEY ISLAMIC BANKING OPERATIONS

43.1 The holding company is operating 20 (2014: 10) Islamic banking branches in Pakistan. The statement of financial position and profit and loss account of these branches as at 31 December 2015 and for the year are as follows:

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	2015	2014
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks		3,842,878	1,491,819
Balances with other banks		10,450,000	500,000
Due from financial institutions		14,552,272	7,896,317
Investments		14,949,345	16,233,976
Islamic financing and related assets	A-2	7,897,667	6,729,141
Operating fixed assets		76,730	39,502
Deferred tax assets		—	—
Other assets		3,460,038	654,199
		<u>55,228,930</u>	<u>33,544,954</u>
LIABILITIES			
Bills payable		228,456	147,596
Due to financial institutions		966,307	373,400
Deposits and other accounts			
— Current accounts		6,918,381	4,721,766
— Saving deposits		19,962,616	8,793,428
— Term deposits		15,390,612	15,077,307
— Others		84,674	64,145
— Deposits from financial institutions - remunerative		9,709,697	1,940,922
— Deposits from financial institutions - non - remunerative		1,303	122,495
		<u>52,067,283</u>	<u>30,720,063</u>
Due to head office		—	175,989
Other liabilities		575,043	678,791
		<u>53,837,089</u>	<u>32,095,839</u>
NET ASSETS		<u>1,391,841</u>	<u>1,449,115</u>
REPRESENTED BY			
Islamic banking fund		1,002,619	1,002,512
Reserves		—	—
Unappropriated profit		363,957	387,874
		<u>1,366,576</u>	<u>1,390,386</u>
Surplus on revaluation of assets		25,265	58,729
		<u>1,391,841</u>	<u>1,449,115</u>

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015

2015 2014
Rupees in '000

Profit / return on financing, investments and placements earned	2,723,686	2,305,636
Profit / return on deposit & other dues expensed	(2,116,829)	(1,800,022)
Net spread earned	606,857	505,614
Provision against non performing financing	81,577	145,932
Provision for diminution in the value of investments	—	—
Provision for consumer financing ljarah	—	—
Bad debts written off directly	—	—
	(81,577)	(145,932)
Net spread after provisions	525,280	359,682

OTHER INCOME

Fee, commission and brokerage income	33,188	30,883
Dividend income	—	—
Income from dealing in foreign currencies	14,829	13,127
Gain on sale / redemption of securities	13,803	139,370
Unrealized gain / (loss) on revaluation of investments classified as 'held-for-trading'	—	—
Other income	61,681	45,395
Total other income	123,501	228,775
	648,781	588,457

OTHER EXPENSES

Administrative expenses	284,824	200,583
Other provisions / write offs	—	—
Other charges	—	—
Total other expenses	(284,824)	(200,583)
	363,957	387,874
Extra-ordinary / unusual items	—	—

PROFIT BEFORE TAXATION

	363,957	387,874
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43.2 Remuneration to Shariah Advisor / Board

	2,794	2,494
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43.3 Charity Fund

Opening balance	—	—
Additions during the year	491	23
Payments / utilization during the year	—	(23)
Closing balance	491	—

	Note	2015	2014
		Rupees in '000	
A-2 Islamic financing and related assets			
Financings / investments / receivables			
– Murabaha	A-2.2	3,721,229	4,214,607
– Ijarah		192,459	271,260
– Diminishing musharakah		2,707,767	1,271,564
– Export refinance murabaha		127,374	396,700
– Istisna		32,500	–
– AlBai Fianancing		25,088	–
		<u>6,806,417</u>	<u>6,154,131</u>
Advances			
– Advance against murabaha		79,898	245,789
– Advance against ijarah		23,854	4,941
– Advance against diminishing musharakah		44,324	219,544
– Advacne against Istisna		102,275	85,000
– Advance against Murabaha IERF		5,899	–
– Advance against Istisna IERF		835,000	–
		<u>1,091,250</u>	<u>555,274</u>
Assets / Inventories			
– Istisna Goods		–	19,736
		<u>7,897,667</u>	<u>6,729,141</u>
A-2.1 Islamic mode of financing			
Financings / investments / receivables		6,806,417	6,154,131
Advances		1,091,250	555,274
Assets / Inventories		–	19,736
		<u>7,897,667</u>	<u>6,729,141</u>
A-2.2 Murabaha financing			
Murabaha receiveable - gross		4,218,831	4,590,152
Less: Deferred murabaha income		(166,802)	(197,427)
Provision against murabaha financing		(330,800)	(178,118)
		<u>3,721,229</u>	<u>4,214,607</u>

43.4 Following pools are maintained by the holding company's Islamic Banking Division (IBD)

- **General pool - local currency and foreign currency**
Deposit accepted in general pool local and foreign currency is based on Modaraba. Profit distributed to depositors as per pre agreed weightages.
- **Specific pool**
Deposit accepted in special pools are based on Modaraba. Profit distributed to depositors as per pre-agreed profit sharing ratio.
- **Islamic Export Refinance Scheme musharika pool**
The IERS Pool caters to the 'Islamic Export Refinance' requirements based on the guidelines issued by the SBP.

43.4.1 Nature of general/specific pools local and foreign currencies

- a) Consideration attached with risk and reward
- Period, return, safety, security and liquidity of investment
 - All financing proposals under process at various stages and likely to be extended in near future
 - Expected withdrawal of deposits according to the maturities affecting the deposit base
 - Maturities of funds obtained under modaraba arrangement from HabibMetro (head office), Islamic Banking financial institutions
 - Element of risk associated with different kind of investments
 - Regulatory requirement
 - Shari'ah compliance

- b) Priority of utilization of funds
- Depositors' funds
 - Equity funds
 - Placement / investments of other IBI
 - Modaraba placement of HabibMetro (head office)

- c) Weightages for distribution of profits

Profits are calculated on the basis of weightages assigned to different tiers and tenors (General pool). These weightages are announced at the beginning of the period, while considering weightages emphasis shall be given to the quantum, type and the period of risk assessed by applying following factors.

- Contracted period, nature and type of deposit / fund.
- Payment cycle of profit on such deposit / fund, i.e. monthly, quarterly or on maturity
- Magnitude of risk

Any change, if any, in profit sharing weightages of any category of deposit / fund providers is applicable from the next month.

- d) Identification and allocation of pool related income and expenditure:

The allocation of income and expenditure to different pools is being done based on pre-defined basis and accounting principles as mentioned below:

The direct expenditure shall be charged to respective pool, while indirect expenses including the establishment cost shall be borne by Habib Metro IBD as Mudarib. The direct expenses to be charged to the pool may include depreciation of ijarah assets, insurance / takaful expenses of pool assets, stamp fee or documentation charges, brokerage fee for purchase of securities, impairment / losses due to physical damages to specific assets in pools etc. However, this is not an exhaustive list; Habib Metro IBD pool management framework and the respective pool creation memorandum may identify and specify these and other similar expenses to be charged to the pool.

43.4.2 Islamic Export Refinance Scheme musharaka pool

All the features and other details of this pool are in accordance with the SBP IERS Scheme and all circulars and instructions issued from time to time in this regard.

43.5 Avenues / sectors of economy / business where modaraba based deposits have been deployed

- Agriculture, forestry, hunting and fishing
- Automobile and transportation equipment
- Chemical and pharmaceuticals
- Electronic and electrical appliances
- Financials
- Production and transmission of energy
- Footwear and leather garments
- Textile
- Cement
- Others

43.6 Parameters used for allocation of profit, charging of expenses and provisions etc.

a) Basis of profit allocation

	From January 01, 2015 to December 31, 2015	
	Local Currency	Foreign Currency
	%	
- Rabbul Maal	50	10
- Mudarib	50	90

b) Charging expenses

The direct expenses are charged to respective pool, while indirect expenses including the establishment costs is borne by the Islamic Banking Division as Mudarib.

c) Provisions

Specific provision amounting to Rs. 81,577 thousand has been made during the year 2015.

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

	2015		2014	
	Rupees in '000	%	Rupees in '000	%
Rabbul Maal	1,168,534	42.64	1,067,958	42.32
Mudarib	1,572,008	57.36	1,455,796	57.68
Distributable Income	2,740,542	100.00	2,523,754	100.00

43.8 Amount and percentage of mudarib share transferred to depositors through Hiba

	2015	2014
	Rupees in '000	
Mudarib share	1,572,008	1,455,796
Hiba	626,854	661,152
Hiba percentage of mudarib share	39.88%	45.42%

43.9 Profit rate earned vs. profit rate distributed to depositors during the year

	2015	2014
	%	
Profit rate earned	7.35	9.10
Profit rate distributed to depositors	5.67	6.80

44 GENERAL

44.1 Non adjusting event after statement of financial position date

The Board of Directors in its meeting held on 26 February 2016 has proposed a final cash dividend of Rs. 2.00 per share amounting to Rs. 2,095,663 thousand (2014: final cash dividend of Rs. 2.50 per share amounting to Rs. 2,619,579 thousand), in addition to interim - dividend of Rs. 2.00 per share amounting to Rs. 2,095,663 thousand (2014: Nil) for approval by the members of the Group in the forthcoming Annual General Meeting.

44.2 These financial statements have been prepared in accordance with the revised forms of annual financial statements of the banks issued by the State Bank of Pakistan through its BSD Circular No. 04 dated 17 February 2006.

44.3 Corresponding figures pertaining to "Islamic and related financing" have been reclassified from "Other assets" to "Advances".

45. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 26 February 2016 by the Board of Directors of the holding company.

KASSIM PAREKH
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

SOHAIL HASAN
Director

These securities have a maturity period of 1 year, with yield ranging between 6.39% to 8.50% (2014: 9.43% to 10.10%) per annum.

These securities have a maturity period of 3 to 10 years with interest rates ranging between 8.75% to 12.00% (2014: 11.25% to 12.00%) per annum.

	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	No. of shares of Rs. 10/- each	Paid up value	Market Value		Cost		Rating			
			Rupees in '000							
Allied Bank Limited	640,000	6,400	60,326	75,531	73,186	76,045	AA+	AA+	AA+	AA+
Amreli Steel Limited	1,375,000	13,750	82,596	-	71,563	-	A-	A-	-	-
Bank Al Habib Limited	2,295,737	22,957	95,503	55,140	99,235	46,987	AA+	AA+	AA+	AA+
Bank Alfalah Limited	1,382,500	13,825	39,844	77,887	37,264	60,030	AA	AA	AA	AA
Cherat Cement Company Limited	521,160	5,212	46,998	24,358	41,679	22,571	A	A	A	A-
DG Khan Cement Limited	505,000	5,050	74,533	100,361	50,506	75,569	**	**	**	**
Engro Food Limited	62,000	620	9,089	37,164	9,079	35,586	A+	A+	**	**
Engro Polymer Company Limited	-	-	-	14,094	-	17,532	-	-	-	A
Fatima Fertilizers Company Limited	1,718,500	17,185	76,869	63,849	49,499	50,352	AA-	AA-	AA-	AA-
Fauji Fertilizers Bin Qasim Limited	1,552,000	15,520	81,759	78,869	70,744	74,916	**	**	**	**
Fauji Fertilizers Company Limited	662,200	6,622	78,126	76,379	74,818	72,798	**	**	**	**
Habib Bank Limited	71,960	720	14,401	-	12,090	-	AAA	AAA	-	-
HUB Power Company Limited	1,028,625	10,286	105,537	92,240	66,072	74,563	AA+	AA+	AA+	AA+
Kot Addu Power Company Limited	1,032,500	10,325	83,632	73,690	74,084	60,632	AA+	AA+	AA+	AA+
Lucky Cement Limited	38,000	380	18,811	-	19,520	-	**	**	-	-
MCB Bank Limited	263,000	2,630	57,032	58,410	70,354	50,179	AAA	AAA	AAA	AAA
Meezan Bank Limited	8,000	80	366	18,189	337	15,844	AA	AA	AA	AA
Oil and Gas Development Corporation Limited	414,700	4,147	48,661	85,374	105,592	105,592	**	**	***	***
Pakistan Petroleum Limited	250,000	2,500	30,453	44,130	56,024	56,024	**	**	**	**
Pakistan Oilfield Limited	40,000	400	10,721	-	12,636	-	**	**	-	-
Pak Gen Power Limited	-	-	-	5,406	-	4,369	-	-	-	AA
United Bank Limited	426,618	4,266	66,104	82,367	68,056	74,335	AA+	AA+	AA+	AA+
			1,081,361	1,063,438	1,062,338	973,924				

**Ratings are not available

4. FULLY PAID-UP ORDINARY SHARES - UNLISTED

	Percentage of holding	Number of shares held	Cost	Breakup value of investment	Based on audited financial statements	Name of Chief Executive	Credit rating
			— Rupees in '000	—			
Pakistan Export Finance Guarantee Limited	5.26%	1,136,088	11,361	—	Under liquidation		**
DHA Cogen Limited	1.77%	5,000,000	50,000	(167,594)	31 December 2014	Mr. Waqas Mohsin	**
Dawood Family Takaful Limited	4.67%	3,500,000	35,000	20,874	31 December 2014	Mr. Rizwan Ahmed Farid	**
Society for World Wide Inter Bank Fund Transfer (SWIFT)	—	43	10,630	12,906	31 December 2014	Mr. Gottfried Liebbrandt	**
Pakistan Stock Exchange	0.50%	4,007,383	34,750	40,755	30 June 2015	Mr. Nadeem Naqvi	**
			<u>141,741</u>				

** Ratings are not available

5. TERM FINANCE CERTIFICATES - LISTED

	2015	2014	2015	2014	2015	2014	2015	2014
	No. of certificates of Rs. 5,000/- each		Market Value		Cost		Rating	
			Rupees in '000					
Allied Bank Limited II	—	59,839	—	292,087	—	298,597	—	AA
Askari Bank Limited III	—	15,000	—	73,413	—	74,850	—	AA-
Askari Bank Limited V	50,000	50,000	249,350	250,000	249,900	250,000	AA-	AA-
Bank Al Habib Limited II	—	10,000	—	24,950	—	24,930	—	AA
Bank Alfalah Limited V	7,350	7,350	37,381	36,471	36,714	36,728	AA-	AA-
Engro Fertilizer Limited - Perpetual	24,000	24,000	119,904	119,400	119,787	119,708	AA	AA-
Habib Bank Limited	10,000	—	1,000,000	—	1,000,000	—	AAA	—
NIB Bank Limited	40,000	40,000	197,881	197,121	199,880	199,960	A+	A+
Soneri Bank Limited	50,000	—	244,950	—	250,000	—	A+	—
World Call Telecom Limited III	41,996	41,996	82,652	89,880	82,652	89,880	**	**
			<u>1,932,118</u>	<u>1,083,322</u>	<u>1,938,933</u>	<u>1,094,653</u>		

**Ratings are not available

5.1 Other particulars of listed term finance certificates are as follows:

	Coupon rate	Payment	Maturity date
Askari Bank Limited V	6 months KIBOR plus 120 bps	Semi annually	30-Sep-21
Bank Alfalah Limited V	6 months KIBOR plus 125 bps	Semi annually	20-Feb-21
Engro Fertilizer Limited - Perpetual	6 months KIBOR plus 170 bps	Semi annually	18-Nov-18
Habib Bank Limited	6 months KIBOR plus 50 bps	Semi annually	21-Dec-25
NIB Bank Limited	6 months KIBOR plus 115 bps	Semi annually	19-Jun-22
Soneri Bank Limited	6 months KIBOR plus 135 bps	Semi annually	31-Mar-23
World Call Telecom Limited III	6 months KIBOR plus 160 bps	Semi annually	7-Oct-21

6. TERM FINANCE CERTIFICATES - UNLISTED

	2015	2014	2015	2014	2015	2014
	No. of certificates of Rs. 5,000/- each		Cost Rupees in '000		Rating	
New Allied Electronics Industries (Private) Limited (Chief Executive: Mr. Mian Pervaiz Akhtar)	10,000	10,000	21,139	21,139	**	**
Pakistan International Airlines Corporation Limited (Managing Director: Mr. Muhammad Junaid Yunus)	27,411	27,411	136,945	136,945	**	**
Bank Alfalah Limited IV (Chief Executive: Mr. Atif Bajwa)	15,000	15,000	74,820	74,850	AA-	AA-
Faysal Bank Limited III (Chief Executive: Mr. Noman Ansari)	30,000	30,000	149,700	149,760	AA-	AA-
Security Leasing Corporation Limited (Chief Executive: Mr. S. Nauman Akhtar)	10,000	10,000	7,701	7,701	**	**
Standard Chartered Bank Limited II (Chief Executive: Mr. Shahzad Dada)	10,000	10,000	50,000	50,000	AAA	AAA
			440,305	440,395		

**Ratings are not available

6.1 Other particulars of unlisted term finance certificates are as follows:

	Coupon rate	Payment	Maturity date
New Allied Electronics Industries (Private) Limited	3 months KIBOR plus 275 bps	Quarterly	14-Feb-15
Pakistan International Airlines Corporation Limited	6 months KIBOR plus 85 bps	Semi annually	20-Feb-20
Bank Alfalah Limited IV	6 months KIBOR plus 250 bps	Semi annually	2-Dec-17
Faysal Bank Limited III	6 months KIBOR plus 225 bps	Semi annually	27-Dec-17
Security Leasing Corporation Limited	Fixed at the rate 6% per annum	Monthly	28-Jan-22
Standard Chartered Bank Limited II	6 months KIBOR plus 75 bps	Semi annually	18-May-22

7. SUKUK CERTIFICATES AND BONDS

	2015	2014	2015	2014	2015	2014
	No. of certificates of Rs. 5,000/- each				Cost Rupees in '000	Rating
Al-Baraka Bank Limited (Sukuk Rs 1,000,000/- each)	250	250	214,285	250,000	A	**
Amreli Steel (Private) Limited	16,000	16,000	30,400	60,800	A-	A-
Engro Corporation Limited - I (formerly Engro Chemical Pakistan Limited)	-	20,000	-	100,000	-	**
Engro Corporation Limited - II (formerly Engro Chemical Pakistan Limited)	-	10,000	-	29,885	-	**
Engro Foods Limited	20,000	20,000	92,500	100,000	**	**
GOP Ijarah Sukuk - 9th Issue	-	60,000	-	300,000	-	**
GOP Ijarah Sukuk - 10th Issue	-	745,453	-	3,727,264	-	**
GOP Ijarah Sukuk - 11th Issue	-	200,000	-	1,000,000	-	**
GOP Ijarah Sukuk - 13th Issue	-	450,000	-	2,250,000	-	**
GOP Ijarah Sukuk - 14th Issue	1,452,200	1,452,200	7,261,000	7,261,000	**	**
GOP Ijarah Sukuk - 15th Issue	200,000	200,000	988,589	980,905	**	**
GOP Ijarah Sukuk - 16th Issue	570,000	-	2,881,199	-	**	-
Liberty Power Technology Limited	109,942	109,942	380,154	435,994	A+	A+
Maple Leaf Cement Limited - I	21,000	21,000	35,655	55,810	A	BB+
Pakistan Mobile Communication Limited	17,391	17,391	200,000	86,957	AA	AA
Sitara Per Oxide Limited	20,000	20,000	51,853	66,243	**	**
Three Star Hosiery Mills Limited	1,900	1,900	9,500	9,500	**	**
WAPDA Sukuk Bonds - 2nd Issue	70,000	70,000	116,667	175,000	AAA	AAA
WAPDA Sukuk Bonds - 3rd Issue	85,000	85,000	364,286	425,000	AAA	AAA
			12,626,088	17,314,358		

**Ratings are not available

7.1 Other particulars of Sukuk Certificates / Bonds are as follows:

	Coupon rate	Payment	Maturity date
Al-Barka Bank Limited	6 months KIBOR plus 125 bps	Semi annually	26-Sep-24
Amreli Steel (Private) Limited	3 months KIBOR plus 250 bps	Quarterly	9-Dec-16
Engro Foods Limited	6 months KIBOR plus 69 bps	Semi annually	13-Jan-17
GOP Ijarah Sukuk - 14th Issue	6 months T Bills minus 30 bps	Semi annually	28-Mar-16
GOP Ijarah Sukuk - 15th Issue	6 months T Bills minus 200 bps	Semi annually	25-Jun-17
GOP Ijarah Sukuk - 16th Issue	6 months T Bills minus 50 bps	Semi annually	18-Dec-18
Liberty Power Technology Limited	3 months KIBOR plus 300 bps	Quarterly	18-Mar-21
Maple Leaf Cement Limited - I	3 months KIBOR plus 100 bps	Quarterly	3-Dec-18
Pakistan Mobile Communication Limited	3 months KIBOR plus 210 bps	Quarterly	22-Dec-19
Sitara Per Oxide Limited	3 months KIBOR plus 110 bps	Quarterly	19-Feb-20
Three Star Hosiery Mills Limited	6 months KIBOR plus 325 bps	Semi annually	4-Aug-15
WAPDA Sukuk Bonds - 2nd Issue	6 months KIBOR minus 25 bps	Semi annually	13-Jul-17
WAPDA Sukuk Bonds - 3rd Issue	6 months KIBOR plus 100 bps	Semi annually	14-Oct-21

8. OPEN END MUTUAL FUNDS

ABL Cash Fund	33,248,169	—	347,912	—	312,272	—	AA(f)
	7,974,800	302,863	85,916	—	80,000	A(f)	A+(f)
ABL Income Fund	2,592,098	—	28,119	—	25,000	—	**
ABL Islamic Principal Preservation Fund	7,041,262	101,545	91,688	—	80,000	**	**
ABL Stock Fund	34,748,516	—	378,700	—	339,783	—	AA(f)
ABL Government Securities Fund	4,053,840	46,925	43,789	—	40,000	CP2	**
ABL Islamic Principal Preservation Fund II	—	100,031	—	—	100,000	A(f)	—
ABL Islamic Income Fund	911,504	71,633	59,840	—	50,000	5 Star	AA(f)
AKD Opportunity Fund	—	48,062	—	—	50,000	3 Star	—
Atlas Stock Fund	—	50,000	—	—	50,000	AA-(f)	—
Al-Ameen Islamic Sovereign Fund	—	45,000	—	—	45,000	**	—
Al-Ameen Islamic Aggressive Income Fund	—	—	—	—	—	—	—
Alfalah GHP Cash Fund	24,363	—	12,769	—	11,454	—	AAA(f)
Alfalah GHP Income Multiplier Fund	3,332,029	—	171,940	—	160,000	—	BBB+(f)
Askari Sovereign Cash Fund	2,515,395	—	263,599	—	237,463	—	AAA(f)
Askari High Yield Scheme	3,313,812	205,100	353,488	—	200,000	A(f)	A(f)
Atlas Money Market Fund	651,460	—	341,704	—	315,072	—	AA+(f)
Atlas Income Fund	397,336	204,709	213,822	—	200,000	AA-(f)	AA+(f)
Faysal Savings Growth Fund	421,652	—	45,682	—	40,794	—	AA-(f)
First Habib Cash Fund	2,634,152	—	275,164	—	256,941	—	AA(f)
HBL Mustaheikum Sarmaya Fund	—	50,651	—	—	50,000	**	—
HBL Money Market Fund	667,952	—	69,916	—	—	—	AA(f)
Lakson Equity Fund	996,197	262,660	127,180	—	303,063	3 Star	AA(f)
IGI Income Fund	1,110,802	—	118,654	—	—	—	A+(f)
IGI Money Market Fund	1,329,972	—	140,057	—	—	—	AA+(f)
JS Cash Fund	1,208,843	—	129,104	—	—	—	AA+(f)
Lakson Asset Allocation Developed Market Fund	432,266	30,791	47,556	—	28,080	**	**
Lakson Income Fund	997,978	—	106,577	—	—	—	A+(f)
Lakson Money Market Fund	4,034,155	—	421,269	—	—	—	AA(f)
MCB Cash Management Optimizer	2,250,296	—	234,746	—	—	—	AA(f)
MCB Dynamic Cash Fund	7,213,238	—	781,052	—	—	—	A+(f)
MCB Stock Fund	—	252,987	—	—	226,400	**	—
Meezan Cash Fund	5,779,233	—	300,000	—	—	—	AA(f)
Meezan Islamic Income Fund	—	850,160	—	—	850,000	A-(f)	—
Meezan Sovereign Fund	3,861,749	850,000	200,000	—	850,000	AA(f)	AA(f)
MSF Perpetual	4,425,947	—	241,214	—	—	—	AA-(f)
NAFA Asset Allocation Fund	12,573,661	—	169,358	—	—	—	**
NAFA Income Opportunity Fund	37,074,336	519,944	413,931	—	500,000	A-(f)	AA(f)
NAFA Financial Sector Income Fund	18,617,449	—	199,255	—	—	—	A+(f)
NAFA Government Securities Liquid Fund	35,203,445	—	369,386	—	—	—	AAA(f)

	Number of Units		Net Asset Value		Rupees in '000		Cost		Rating	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
NAFA Stock Fund	35,170,139	14,063,538	436,134	171,242	401,408	151,408	5 Star	4 Star		
NAFA Money Market Fund	-	83,166,187	-	869,627	-	809,069	-	AA(f)		
NAFA Multi Asset Fund	8,339,051	8,116,751	125,785	114,968	100,000	100,000	4 Star	4 Star		
National Investment (Unit) Trust	-	1,519,295	-	100,319	-	100,000	-	**		
Pakistan Stock Market Fund	-	1,231,866	-	90,591	-	76,400	-	3 Star		
Pakistan Income Enhancement Fund	-	1,960,784	-	107,843	-	100,000	-	A+(f)		
PIIC Cash Fund	-	1,534,980	-	160,765	-	142,959	-	AA(f)		
PIIC Energy Fund	-	1,214,607	-	13,585	-	12,726	-	**		
PIIC Income Fund	-	949,212	-	101,535	-	91,719	-	A+(f)		
PIML Income Fund (Formerly Primus Cash Fund)	5,411,825	4,897,806	582,258	532,587	565,597	507,958	A+	-		
PIML Value Equity Fund	103,847	-	10,599	-	10,000	-	**	-		
Primus Daily Reserve Fund	1,732,939	1,086,884	177,904	113,938	176,774	101,228	AA+(f)	AA+(f)		
Primus Strategic Multi Asset Fund	185,097	-	21,012	-	22,000	-	**	-		
UBL Asset Allocation Fund	399,473	361,566	48,231	44,004	37,927	37,927	**	**		
UBL Liquidity Plus Fund	-	7,559,093	-	791,327	-	724,870	-	AA(f)		
UBL Money Market Fund (Formerly: UBL Savings Income Fund)	-	1,283,887	-	134,457	-	123,470	-	AA(f)		
UBL Islamic Income Fund	296,954	281,314	29,894	27,935	25,000	25,000	**	**		
UBL Government Securities Fund	-	4,517,821	-	492,285	-	450,915	-	A+(f)		
United Stock Fund	2,578,721	2,550,598	155,703	140,997	125,860	125,860	**	**		
United Growth Fund	1,758,006	-	148,986	-	145,118	-	BBB+(f)	-		
			5,729,567	10,791,392	5,532,227	9,856,828				

**Ratings are not available

9. CLOSE END MUTUAL FUNDS

	No. of Units		Market Value		Rupees in '000		Cost		Rating	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Dolmen City RIET	35,097,833	-	376,600	-	384,593	-	**	-	**	-
PIIC Growth Fund	973,500	973,500	21,934	23,997	31,816	31,816	**	**	**	**
			398,534	23,997	416,409	31,816				

**Ratings are not available

**ANNEXURE "II" AS REFERRED TO IN NOTE 12.9 OF THE CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RS. 500,000/- OR ABOVE
PROVIDED DURING THE YEAR ENDED 31 DECEMBER 2015**

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC / NIC Number)	Father's / Husband's Name	Outstanding liabilities at beginning of the year			Principal written-off	Interest / mark-up written-off	Total
				Principal	Interest / mark-up	Total			
1	2	3	4	5	6	7	8	9	10
				Rupees in '000					
1	DHA Cogen Ltd D-35, Block-5, Clifton, Karachi	Col (R) Ather Ali Khan 42301-0993999-5 Najam ul Islam Rishi 42301-1108277-3 Haseeb Khan 35201-1261577-3	Mukaram Ali Khan Nasir Ahmed Rishi Sardar Abdul Muqit Khan	149,973	90,706	240,679	149,973	102,449	252,422
2	Dewan Salman Fiber Ltd Dewan Centre 3-A Lalazar, Beach Luxury Hotel Road, Lalazar, Karachi	Dewan Abdullah Ahmed 42301-7511974-1 Dewan Zia Ur Rehman Farooqui 61101-1738570-1 Dewan Ghulam Mustafa Khalid 42201-7707647-9 Dewan Mohammad Yousaf Farooqui 42301-6948978-9 Dewan Mohammad Ayub Khalid 42201-9975110-3 Dewan Abdul Rehman Farooqui 42301-0862043-3 Dewan Aslam Mushfiq Farooqui 42301-4927084-9	Dewan Muhammad Omer Farooqui Dewan Muhammad Omer Farooqui Dewan Muhammad Khalid Farooqui Dewan Muhammad Omer Farooqui Dewan Muhammad Khalid Farooqui Dewan Muhammad Omer Farooqui Dewan Muhammad Omer Farooqui	150,711	-	150,711	150,711	191,561	342,272

S. No.	Name and address of the borrower	Name of Individuals / partners / directors (with CNIC No.)	Father's / Husband's Name	Outstanding liabilities at beginning of the year				Principal written-off	Interest / mark-up written-off	Total
				Principal	Interest / mark-up	Total	Rupees in '000			
1	2	3	4	5	6	7	8	9	10	
3	Angora Textile Industries 96, I/C, New Muslim Town, Lahore	Neelam Awais 35202-2798129-2 Awais Mazhar Hussain 35202-3003329-7 Fadiah Ali 35202-2798131-2 Shahryar Hussain 35202-3003331-7	Awais Mazhar Hussain Muhammad Mazhar Hussain Awais Mazhar Hussain Awais Mazhar Hussain	46,650	5,368	52,018	46,650	74,354	121,004	
4	ARC Knitwear 72-U, Phase-II, L.C.C.H.S, Lahore	Rifat Zehra Zaidi 35201-2710544-2 Syed Aziz Alam Zaidi 35201-6266762-9	Syed Aziz Alam Zaidi Syed Ali Jafer Zaidi	155,106	9,224	164,330	45,081	9,224	54,305	
5	Al Habib Asia Traders AH-Habib CNG Station, 355-356, Block-N, Shaikat Khanum Road, Johar Town, Lahore	Muhammad Sadiq 35202-3838846-3	Aziz Ur Rehman	9,591	2,931	12,522	-	10,923	10,923	
6	Excellent Garments F-387/E, SITE, Karachi	Abdul Razzak Lakhani 42101-1636432-7 Sumera Lakhani 42101-1633252-2	Abu Bakar Lakhani Abdul Razzak Lakhani	99,255	753	100,008	99,255	46,290	145,545	
7	XARA Textile Plot# F-537, SITE, Karachi	Salman Lakhani 42000-0466126-3 Noman Lakhani 42301-7101124-1	Abdul Razzak Lakhani Abdul Razzak Lakhani	3,806	-	3,806	3,806	1,957	5,763	

S. No.	Name and address of the borrower	Name of Individuals / partners / directors (with CNIC No.)	Father's / Husband's Name	Outstanding liabilities at beginning of the year				Principal written-off	Interest / mark-up written-off	Total
				Principal	Interest / mark-up	Total				
1	2	3	4	5	6	7	8	9	10	
Rupees in '000										
8	Chemi Viscos Fiber D-4, South Avenue, SITE, Karachi	Usman Ghani Khatri 42201-2168505-3 Haji Abdul Rehman 42301-0880571-7 Ghulam Mustafa Khatri 35202-3022772-5 Abdul Shakoor Khatri 42301-1015565-5 Abdul Hai 42201-6425490-1 Kashif Bari M.Bux 431-77-305263 Arifa M.Bux 431-74-011685	Late Haji Mohammad Late Haji Mohammad Late Haji Mohammad Late Haji Mohammad Usman Ghani Mohammad Bux Mohammad Bux	79,996	17,194	97,190	79,996	57,511	137,507	
9	Tradesmen International (Pvt.) Ltd Suit No 4, 2nd Floor, Dean Arcade Schon Circle, Scheme-5 Clifton, Karachi.	Haroon Suleman 42301-1053785-9 Lubna Haroon 42401-1813624-4	Suleman Aziz Haroon Suleman	40,000	10,228	50,228	15,000	29,208	44,208	
10	Astor International Office No. 412, Uni Centre, II. Chundrigar Road, Karachi	Abid Nisar 42301-0356348-1	Nisar Ahmed	78,000	40,456	118,456	23,000	63,191	86,191	
11	Fayyaz Woollen Industries (Pvt) Ltd Imtiaz Plaza, Suit No. 15, 2nd Floor, The Mall, Lahore.	Fayyaz Hussain 35201-7321783-3 Nasim Abbas 35201-6971777-9 Mst Rafaqat Bano 35201-0576573-4	Riaz Hussain Niaz Ali Niaz Ali Ansari	21,760	151	21,911	-	1,290	1,290	
12	Al-Sadiq Industries, New Wan Market, Near Sonari Masjid, Rang Mahal, Lahore.	Sheikh Shahzad Sadiq 35201-6117025-9	Sheikh Shahid Pervez Magoon	22,729	2,526	25,255	-	4,547	4,547	
13	Cotton Comfort (SMC-Pvt) Ltd 3-KM Rohi Nala Link 22-KM Ferozepur Road, Lahore.	Nadeem Kamal 35201-7730141-1	Sheikh Abdul Ghaffar	7,961	509	8,470	-	3,567	3,567	

S. No.	Name and address of the borrower	Name of Individuals / partners / directors (with CNIC No.)	Father's / Husband's Name	Outstanding liabilities at beginning of the year			Principal written-off	Interest / mark-up written-off	Total
				Principal	Interest / mark-up	Total			
1	2	3	4	5	6	7	8	9	10
				Rupees in '000					
14	Satalliance (Pvt.) Ltd. 88, Shadman-II, Lahore	Humayun Aslam 35202-8871005-8 Azeem Bakhtiar 35202-2836295-9 Muhammad Faisal Younus 35201-1538115-1 Muhammad Ali Qadri 42201-9012247-9	Muhammad Aslam Muhammad Bakhtiar Ahmed Khan Muhammad Younas Zahid Syed Aslam Hameed Qadri	5,995	1,644	7,639	–	1,337	1,337
15	Naxes Construction Co. C-89 D, 11th Commercial Street Phase-II Ext., DHA, Karachi	Nadeem Ahmed 42301-6495618-3	Sabihuddin	7,933	2,723	10,656	–	5,062	5,062
16	Twins International Marketing DP-62/A, Sector 12-D, NKIA, Karachi.	Rizwan Mohammad Qureshi 42101-5964348-5	Idrees Nabi Qureshi	12,442	1,896	14,338	2,370	3,060	5,430
17	Stone Styla B-5, Marble Point, Manghopir Road, Karachi.	Muhammad Muneer 42101-6351021-3	Muhammad Latif	2,999	953	3,952	–	652	652
18	Mubashar Impex P-3312, Lakar Mandi, Jhang Road, Faisalabad.	Aamir Danish 33100-3639605-7 Bilal Danish 33100-4001802-5	Khawaja Danish Mand Khawaja Danish Mand	59,999	6,683	66,682	59,999	37,686	97,685
19	Chaudhary International Corporation P-806, Imran Shaheed Road, Street No. 05, Jamilabad Chowk, Mughal Pura No. 2, Faisalabad.	Attig-ur-Rehman 33101-2018002-1	Ch. Mushtaq Ahmad Rahi	2,496	348	2,844	–	1,699	1,699
20	Crystal Petroleum Services Plot # 01, Block 7/8, M.C.H.S, Tipu Sultan Road, Shahrah-e-Faisal, Karachi.	Faisal Akif 42301-5774922-9	Akif	23,629	6,771	30,400	–	6,094	6,094
21	N.A Textile Industries Plot No. C I / 124, Sec 6-B, North Karachi, Industrial Area, Karachi.	Muhammad Naeem Ansari 42101-1419984-1	Muhammad Qasim Ansari	11,763	1,760	13,523	–	1,760	1,760
				992,794	202,824	1,195,618	675,841	653,422	1,329,263

BRANCH NETWORK

Registered Office and Head Office

Ground Floor, Spencer's Building, G.P.O. Box 1289,
I.I. Chundrigar Road, Karachi-74200, Pakistan
U.A.N.: (92-21) 111-14-14-14 Fax: (92-21) 32630404-05

HMB Connect: 0800HABIB (42242)

For information / query: info@habibmetro.com

SOUTHERN REGION

KARACHI

Main Branch

Abul Hassan Isphani Road Branch
(Sub Branch of University Road)

Aisha Manzil Branch
(Sub Branch of Hussainabad)

Alamgir Road Branch

Allama Iqbal Road Branch

Bahadurabad Branch

Bilal Chowrangi Branch
(Sub Branch of Korangi)

Block-M, North Nazimabad
(Sub Branch of Hyderi)

Block-N, North Nazimabad
(Sub Branch of UP More)

Boat Basin Branch

Bohri Bazar Branch

Bombay Bazar Branch
(Sub Branch of Jodia Bazar)

Business Avenue Branch

Ceramic Market Branch

Chandni Chowk Branch

Chartered Accountants Avenue
(Sub Branch of Gizri)

City Court Branch

Civil Lines Branch

Clifton Block 2 Branch

Clifton Branch

Cloth Market Branch

D.H.A Branch

Dalmia Road Branch

Dastagir Branch
(Sub Branch of Hussainabad)

DHA Phase I Branch

DHA Phase II Branch

DHA Phase IV Branch
(Sub Branch of Khayaban-e-Sehar)

DHA Phase VI Branch
(Sub Branch of Khayaban-e-Shahbaz)

Dhoraji Colony Branch

DMCHS Branch

Eidgah Branch
(Sub Branch of City Court)

Falcon Complex Branch

Garden East Branch

Gizri Branch

Gulistan-e-Johar Branch

Gulshan Chowrangi Branch

Gulshan-e-Ali Branch
(Sub Branch of Water Pump)

Gulshan-e-Iqbal 13-C Branch
(Sub Branch of Hasan Square)

Gulshan-e-Iqbal Branch

Gulshan-e-Maymar Branch

Hasrat Mohani Road
(Sub Branch of Paper Market)

Hassan Square Branch

HBZ Plaza Branch

Hussainabad Branch

Hyderi Branch

Industrial Area Korangi Branch

Itehad Branch

Jodia Bazar Branch

Juna Market Branch

Karimabad Branch

Khalid Bin Walid Road Branch

Khayaban-e-Bukhari Branch

Khayaban-e-Sehar Branch

Khayaban-e-Shahbaz Branch

Khayaban-e-Tanzeem Branch

Korangi Branch

Kutchi Gali Branch

Landhi Industrial Area Branch

Liaquatabad Branch

Lines Area Branch

M.A. Jinnah Road Branch

Malir Cantt Branch

Malir City Branch

Manghopir Road Branch

Marriot Road Branch

Mereweather Branch

Mission Road Branch

Mithadar Branch

Navel Housing Society Branch
(Sub Branch of Gizri)

Nazimabad No.1 Branch

Nazimabad No.3 Branch
(Sub Branch of North Nazimabad)

NHS Complex Karsaz Branch

Nishtar Road Branch

North Karachi Industrial Area Branch

North Napier Road Branch

North Nazimabad Branch

Paper Market Branch

PaposhNagar Branch

PIB Colony Branch

Philips Chowrangi Branch

Plaza Square Branch

Port Qasim Branch

Preedy Street Branch

Progressive Plaza Branch

Saba Avenue Branch

Saddar Branch

Safoora Goth Branch

Samanabad Gulberg Branch

Sehba Akhtar Road Branch
(Sub Branch of Gulshan Chowrangi)

Shahbaz Commercial Branch
(Sub Branch of Khayaban-e-Bukhari)

Shahrah-e-Faisal Branch

Shahrah-e-Liaquat Branch

Shahrah-e-Quaideen Branch

Sharfabad Branch
(Sub Branch of Alamgir Road)

Shershah Branch

Shireen Jinnah Colony Branch
(Sub Branch of Clifton)

Sindhi Muslim Society Branch
(Sub Branch of Shahrah-e-Quaideen)

S.I.T.E. Branch

S.I.T.E. - II Branch

Soldier Bazar Branch

South Park Avenue Branch
(Sub Branch of Ittehad)

Stadium Road Branch

Star Gate Branch

Stock Exchange Branch

Sunset Boulevard Branch
(Sub Branch of Gizri)

Textile Plaza Branch

Timber Market Branch

Tipu Sultan Road Branch
(Sub Branch of Stadium Road)

University Road Branch

UP More Branch

Water Pump Branch

West Wharf Branch

Zamzama Branch

HYDERABAD

Hyderabad Branch

Latifabad Branch

OTHER SOUTHERN REGION CITIES

Daharki Branch

Hub Chowki Branch

Gwadar Branch

Kandhkot Branch

Mirpurkhas Branch

Quetta Branch

Shikarpur Branch

Sukkur Branch

Tandoadam Branch

NORTHERN REGION

LAHORE

Lahore Main Branch

Azam Cloth Market Branch
(Sub Branch of Badami Bagh)

Badami Bagh Branch

Badian Road Branch
(Sub Branch of DHA Lahore)

Baghbanpura Branch

Brandreth Road Branch

Cantt. Branch

Circular Road Branch

Davis Road Branch

DHA Branch

DHA Phase IV Branch

DHA Phase V Branch
(Sub Branch of Walton Road)

EME Society Branch
(Sub Branch of Raiwind Road)

Faisal Town Branch
(Sub Branch of Model Town Link Road)

Ferozepur Road Branch

Fruit & Sabzi Market Branch
(Sub Branch of Ravi Road)

Garden Town Branch

Gulberg Branch

Gulshan-e-Ravi Branch

Iqbal Town Branch

Johar Town Branch

Main Boulevard Branch

Mcleod Road Branch
(Sub Branch of Brandreth Road)

Misri Shah Branch
(Sub Branch of Badami Bagh)

Model Town Link Road Branch

Muslim Bazar Branch

Raiwind Road Branch

Ravi Road Branch

Samanabad Branch
(Sub Branch of Iqbal Town)

Shadman Branch

Shahalam Market Branch

Shahdara Branch
 Shahrah-e-Quaid-e-Azam Branch
 Sheikhpura Road Branch
 Township Branch
 Urdu Bazar Branch
 Valencia Town Branch
 (Sub Branch of Raiwind Road)
 Wahadat Road Branch
 (Sub Branch of Shadman)
 Walton Road Branch
 WAPDA Town Branch
 (Sub Branch of Johar Town)

FAISALABAD

Faisalabad Main Branch
 Karkhana Bazar Branch
 Peoples Colony Branch
 Sargodha Road Branch
 Susan Road Branch
 University of Faisalabad
 (Sub Branch of Faisalabad)

MULTAN

Ghalla Mandi Branch
 Gulgasht Colony Branch
 (Sub Branch of Multan)
 Hussain Agahi Branch
 Multan Main Branch

SIALKOT

Do-Burji Malhiyan Branch
 Pasrur Road Branch
 Sialkot Cantt. Branch
 Sialkot Main Branch
 Small Industrial Estates Branch
 Sohawa Branch
 Ugoki Branch

ISLAMABAD

Bahria Town Branch
 E-11 Branch
 (Sub Branch of F-10 Markaz)
 F-7 Markaz Branch
 F-8 Markaz Branch
 F-10 Markaz Branch
 F-11 Markaz Branch
 I-9 Markaz Branch
 I-10 Markaz Branch
 Islamabad Main Branch

RAWALPINDI

Dhamial Camp Branch
 Iqbal Road Branch
 Kallar Syedan Branch
 Kashmir Road Branch
 Khanna Branch
 Muree Road Branch
 PWD Commercial Area Branch
 Raja Bazar Branch
 Rawalpindi Main Branch

PESHAWAR

Peshawar Branch
 Karkhano Bazar Branch
 Khyber Bazar Branch
 Rampura Branch

AZAD KASHMIR

Arra Jattan Branch
 Mirpur (A.K) Branch
 Pang Peeran Branch

GILGIT BALTISTAN

Aliabad Branch
 Chillas Branch
 Dassu Branch
 Danyore Branch
 Gilgit Branch
 Jutial Branch
 Khaplu Branch
 Skardu Branch

FATA / PATA

Khawazakhela Branch
 Mingora Branch
 Parachinar Branch

OTHER NORTHERN REGION CITIES

Abbottabad Branch
 Bahawalpur Branch
 Bhalwal Branch
 Chakwal Branch
 Chiniot Branch
 D. G. Khan Branch
 D. I. Khan Branch
 Faqir Wali Branch
 Gujranwala Branch
 Gujrat Branch
 Hafizabad Branch
 Haripur Branch
 Haroonabad Branch
 Hasilpur Branch
 Jauharabad Branch
 Jhelum Branch
 Kamoke Branch
 Kasur Branch

Kharian City Branch
Lala Musa Branch
Mandi Bahauddin Branch
Mansehra Branch
Mianwali Branch
Mian Channu Branch
Mardan Branch
Mouza Kachi Jamal Branch
Nankana Sahib Branch
Okara Branch
Oghi Branch
Pezu Branch
Rahim Yar Khan Branch
Sadiqabad Branch
Sahiwal Branch
Sargodha Branch

Sheikhupura Branch
Talagang Branch
Wah Cantt Branch
Yazman Branch
Zahir Pir Branch

ISLAMIC BANKING BRANCHES

KARACHI

Alfalah Court Branch
Jodia Bazar Branch
Korangi Branch
Rashid Minhas Road Branch
Shahrah-e-Faisal Branch
SITE Branch
North Karachi Branch

LAHORE

Badami Bagh Branch
Ciruclear Road Branch
Gulberg Branch
Azam Cloth Market Branch

OTHER CITIES

Gujranwala Branch
Hyderabad Branch
Islamabad Branch
Multan Branch
Nowshera Branch
Peshawar Branch
Rawalpindi Branch
Saleh Khana Branch
Sialkot Branch

PROXY FORM

I/We _____

of _____

being member (s) of Habib Metropolitan Bank Limited and holding _____

ordinary shares, as per Folio No. / CDC participant ID - A/C No. _____

hereby appoint _____ Folio No. / CDC participant ID - A/C No. _____

of _____

or failing him / her _____ Folio No. / CDC participant ID - A/C No. _____

of _____

another member of the Bank to vote for my / our behalf at the 24th Annual General Meeting of the Bank to be held on March 29, 2016 and at any adjournment thereof.

As Witness my / our hand this _____ day of March 2016.

Witness

1. Signature _____

Name _____

Address _____

CNIC # _____

2. Signature _____

Name _____

Address _____

CNIC # _____



Signature of Member(s)

A member entitled to attend General Meeting is entitled to appoint proxy to attend and vote instead of him. A proxy should be a member of the Bank. No person shall act as proxy (except for a corporation) unless he is entitled to be present and vote in his own right.

In case of individual attested copies of his own as well as the proxy's CNIC / Passport shall be submitted with the proxy form. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form.

The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing. If the member is a corporation, its common seal (if any) should be affixed to the instrument.

The proxies, in order to be valid, must be deposited at the Registered Office of the Bank not less than 48 hours before the time of meeting.

پراکسی فارم

_____ میں/ہم

_____ ساکن

_____ بحیثیت ممبر حبیب میٹرو پولیٹن بینک لمیٹڈ اور ہولڈنگ _____ عام شیئرز جن کے فلیو نمبر _____ رکھتا ہوں/رکھتی ہوں/رکھتے ہیں۔

_____ بذریعہ _____ فلیو نمبر _____

_____ ساکن

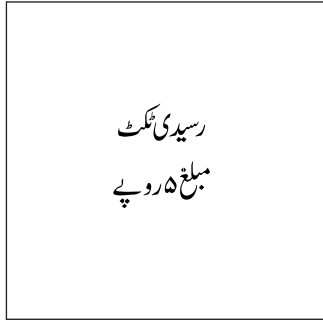
_____ اور اگر ان کے لئے ممکن نہ ہو تو _____ فلیو نمبر _____

_____ ساکن

جو کہ بینک کے ممبر ہیں کو بینک کے ۲۳ واں سالانہ اجلاس عام جو مورخہ ۲۹ مارچ ۲۰۱۶ء کو منعقد ہو رہا ہے یا اس کے کسی بھی التواء میں میری/ہماری جگہ شرکت کرنے اور ووٹ دینے کیلئے پراکسی مقرر کرتا ہوں/کرتی ہوں/کرتے ہیں۔

بطور سند ممبر/ہماری دستخط مورخہ _____ مارچ ۲۰۱۶ء۔

گواہان



ممبر (ممبران) کے دستخط

۱۔ دستخط _____

نام _____

پتہ _____

سی این آئی سی نمبر _____

۲۔ دستخط _____

نام _____

پتہ _____

سی این آئی سی نمبر _____

ایک ممبر جو کہ ایک اجلاس عام میں شرکت کا حق رکھتا ہے یہ حق بھی رکھتا ہے کہ اُس کی جگہ اجلاس میں شرکت کرنے اور ووٹ دینے کے لئے وہ پراکسی نامزد کر سکے۔ پراکسی بینک کا ممبر ہونا چاہیئے۔ کوئی شخص بطور پراکسی (کارپوریشن مستثنیٰ) شرکت نہیں کر سکتا تا آنکہ وہ بذات خود اجلاس میں موجود ہونے اور ووٹ دینے کا حق نہ رکھتا ہو۔

شیئرز ہولڈر کے اپنے اور پراکسی کے سی این آئی سی/پاسپورٹ کے سلسلے میں دونوں مصدقہ نقول پراکسی فارم کے ساتھ ارسال کرنا ہوں گی۔ کارپوریٹ اداروں کے سلسلے میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع مصدقہ دستخط کے پراکسی فارم کے ساتھ ارسال کرنا ہوں گی۔

پراکسی کی تقرری کے دستاویز ممبر یا اس کے تحریری طور پر مجاز کئے ہوئے اٹارنی کی دستخط شدہ ہونی چاہیئے۔ اگر ممبر کوئی کارپوریشن ہے تو اس کی عمومی مہر (اگر کوئی ہو تو) دستاویز پر ثبت ہونی چاہیئے۔

پراکسیز بینک کے رجسٹرڈ دفتر میں اجلاس شروع ہونے سے ۴۸ گھنٹے قبل جمع کرا دینی چاہیئے۔

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