



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 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also 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 (Private) Company 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 2016 and the results of their operations for the year then ended.

Karachi: 22 February 2017

KPMG Taseer Hadi & Co
Chartered Accountants
Mazhar Saleem

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

| | Note | 2016 | 2015 |
|---|------|--------------------|--------------------|
| | | Rupees in '000 | |
| ASSETS | | | |
| Cash and balances with treasury banks | 8 | 35,561,885 | 30,645,728 |
| Balances with other banks | 9 | 2,260,110 | 13,807,806 |
| Lendings to financial institutions | 10 | 16,750,886 | 2,800,000 |
| Investments | 11 | 314,132,874 | 292,555,587 |
| Advances | 12 | 142,951,166 | 132,646,839 |
| Operating fixed assets | 13 | 3,247,358 | 3,125,478 |
| Deferred tax assets | 14 | 2,452,502 | 1,938,805 |
| Other assets | 15 | 9,085,871 | 12,365,392 |
| | | 526,442,652 | 489,885,635 |
| LIABILITIES | | | |
| Bills payable | 16 | 8,108,633 | 6,344,461 |
| Borrowings | 17 | 37,205,175 | 31,462,822 |
| Deposits and other accounts | 18 | 430,443,867 | 403,208,597 |
| Sub-ordinated loans | | — | — |
| Liabilities against assets subject to finance lease | | — | — |
| Deferred tax liabilities | | — | — |
| Other liabilities | 19 | 10,946,833 | 12,007,518 |
| | | 486,704,508 | 453,023,398 |
| NET ASSETS | | 39,738,144 | 36,862,237 |
| REPRESENTED BY | | | |
| Share capital | 20 | 10,478,315 | 10,478,315 |
| Reserves | | 13,933,875 | 12,710,010 |
| Unappropriated profit | | 12,796,778 | 9,965,906 |
| | | 37,208,968 | 33,154,231 |
| Surplus on revaluation of assets - net of tax | 21 | 2,529,176 | 3,708,006 |
| | | 39,738,144 | 36,862,237 |
| CONTINGENCIES AND COMMITMENTS | 22 | | |

The annexed notes 1 to 46 and annexures I & II form an integral part of these consolidated financial statements.

MOHAMEDALI R. HABIB
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

MOHOMED BASHIR
Director

CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

| | Note | 2016 | 2015 |
|---|--------|----------------|--------------|
| | | Rupees in '000 | |
| Mark-up / return / interest earned | 24 | 33,180,182 | 36,860,192 |
| Mark-up / return / interest expensed | 25 | (21,405,988) | (22,460,706) |
| Net mark-up / interest income | | 11,774,194 | 14,399,486 |
| Provision against non-performing loans and advances | 12.5 | 811,651 | 2,116,885 |
| Provision for diminution in the value of investments | 11.3 | 32,964 | 109,077 |
| Bad debts written off directly | 12.7.1 | — | — |
| | | (844,615) | (2,225,962) |
| Net mark-up / interest income after provisions | | 10,929,579 | 12,173,524 |
| Non mark-up / interest income | | | |
| Fee, commission and brokerage income | | 3,083,589 | 2,893,831 |
| Dividend income | | 121,983 | 149,401 |
| Income from dealing in foreign currencies | | 1,035,989 | 1,083,300 |
| Gain on sale / redemption of securities - net | 26 | 4,324,944 | 4,781,125 |
| Unrealised gain / (loss) on revaluation of investments classified as held-for-trading | | — | — |
| Other income | 27 | 322,080 | 340,949 |
| Total non mark-up / interest income | | 8,888,585 | 9,248,606 |
| | | 19,818,164 | 21,422,130 |
| Non mark-up / interest expenses | | | |
| Administrative expenses | 28 | 9,408,212 | 8,501,276 |
| Other provisions / write offs / (reversals) | 29 | (171,003) | 14,989 |
| Other charges | 30 | 232,903 | 340,437 |
| Total non-mark-up / interest expenses | | (9,470,112) | (8,856,702) |
| | | 10,348,052 | 12,565,428 |
| Extraordinary / unusual items | | — | — |
| Profit before taxation | | 10,348,052 | 12,565,428 |
| Taxation – Current | 31 | (3,522,345) | (4,972,843) |
| – Prior years | | (581,742) | (476,060) |
| – Deferred | 14.1 | (115,275) | 556,958 |
| | | (4,219,362) | (4,891,945) |
| Profit after taxation | | 6,128,690 | 7,673,483 |
| Unappropriated profit brought forward | | 9,965,906 | 8,559,839 |
| Profit available for appropriation | | 16,094,596 | 16,233,322 |
| Basic and diluted earnings per share (Rupees) | 32 | 5.85 | 7.32 |

The annexed notes 1 to 46 and annexures I & II form an integral part of these consolidated financial statements.

MOHAMEDALI R. HABIB
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

MOHOMED BASHIR
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

| | Note | 2016 | 2015 |
|---|------|----------------|-----------|
| | | Rupees in '000 | |
| Profit after taxation for the year | | 6,128,690 | 7,673,483 |
| Other comprehensive income | | | |
| Items that are not to be reclassified to profit or loss in subsequent periods: | | | |
| Actuarial gain / (loss) on defined benefit plan | 35.8 | 30,289 | (32,288) |
| Related deferred tax (charge) / reversal | 14.1 | (10,601) | 11,301 |
| | | 19,688 | (20,987) |
| Comprehensive income transferred to equity | | 6,148,378 | 7,652,496 |
| Items that may be reclassified to profit or loss in subsequent periods and not to be reflected in equity: | | | |
| Deficit arising on revaluation of available for sale securities | | (2,057,454) | (946,237) |
| Related deferred tax reversal / (charge) | 14.1 | 723,946 | 102,089 |
| | | (1,333,508) | (844,148) |
| Total comprehensive income | | 4,814,870 | 6,808,348 |

The annexed notes 1 to 46 and annexures I & II form an integral part of these consolidated financial statements.

MOHAMEDALI R. HABIB
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

MOHOMED BASHIR
Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

| | Note | 2016 | 2015 |
|--|------|---------------------|---------------------|
| | | Rupees in '000 | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 10,348,052 | 12,565,428 |
| Less: Dividend income | | (121,983) | (149,401) |
| | | <u>10,226,069</u> | <u>12,416,027</u> |
| Adjustments | | | |
| Depreciation and amortization (including depreciation on non-banking assets) | 28 | 727,861 | 566,561 |
| Provision against non-performing loans and advances - net | 12.5 | 811,651 | 2,116,885 |
| Provision against off-balance sheet obligation | 19.1 | — | 14,989 |
| Provision against other assets - net | 15.2 | (172,705) | — |
| Provision for diminution in the value of investments - net | 11.3 | 32,964 | 109,077 |
| Net gain on sale of non-banking assets | 27.2 | (583) | — |
| Net gain on sale of fixed assets | 27 | (20,959) | (59,186) |
| | | <u>1,378,229</u> | <u>2,748,326</u> |
| | | <u>11,604,298</u> | <u>15,164,353</u> |
| (Increase) / decrease in operating assets | | | |
| Lendings to financial institutions | | (13,950,886) | 608,776 |
| Advances | | (11,115,978) | (13,078) |
| Other assets (excluding current taxation and dividend receivable) | | <u>3,776,080</u> | <u>261,514</u> |
| | | <u>(21,290,784)</u> | <u>857,212</u> |
| Increase / (decrease) in operating liabilities | | | |
| Bills payable | | 1,764,172 | 1,142,979 |
| Borrowings | | 5,245,299 | 7,061,268 |
| Deposits and other accounts | | 27,235,270 | 83,260,323 |
| Other liabilities (excluding current taxation) | | (328,190) | (1,625,831) |
| | | <u>33,916,551</u> | <u>89,838,739</u> |
| | | <u>24,230,065</u> | <u>105,860,304</u> |
| Income tax paid | | (4,805,222) | (4,311,511) |
| Net cash generated from operating activities | | <u>19,424,843</u> | <u>101,548,793</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Net investments in available-for-sale securities | | (28,302,803) | (60,048,309) |
| Net investments in held-to-maturity securities | | 4,635,098 | (11,917,775) |
| Dividend received | | 119,877 | 151,749 |
| Investments in operating fixed and intangibles assets | | (1,107,310) | (669,091) |
| Proceeds from sale of non-banking assets | | 115,000 | — |
| Proceeds from sale of fixed assets | | 83,436 | 61,664 |
| Net cash used in investing activities | | <u>(24,456,702)</u> | <u>(72,421,762)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | | (2,096,734) | (4,702,253) |
| Net cash used in financing activities | | <u>(2,096,734)</u> | <u>(4,702,253)</u> |
| (Decrease) / increase in cash and cash equivalents | | <u>(7,128,593)</u> | <u>24,424,778</u> |
| Cash and cash equivalents at the beginning of the year | | <u>44,060,447</u> | <u>19,635,669</u> |
| Cash and cash equivalents at the end of the year | 33 | <u>36,931,854</u> | <u>44,060,447</u> |

The annexed notes 1 to 46 and annexures I & II form an integral part of these consolidated financial statements.

MOHAMEDALI R. HABIB
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

MOHOMED BASHIR
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

| | Share Capital | Reserves | | | | Un-appropriated Profit | Total |
|--|-------------------|------------------|-------------------|-----------------|------------------|------------------------|-------------------|
| | | Share Premium | Statutory Reserve | Special Reserve | Revenue Reserve | | |
| | | | | Rupees in '000 | | | |
| Balance as at 1 January 2015 | 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 the year ended 31 December 2014 | – | – | – | – | – | (2,619,579) | (2,619,579) |
| Interim cash dividend (Rs. 2.00 per share) for the year ended 31 December 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 |
| Changes in equity for the year ended 31 December 2016 | | | | | | | |
| Total comprehensive income for the year ended 31 December 2016 – profit for the year | – | – | – | – | – | 6,128,690 | 6,128,690 |
| Other comprehensive income – net of tax | – | – | – | – | – | 19,688 | 19,688 |
| Transfer from surplus on revaluation of non-banking assets – net of tax | – | – | – | – | – | 2,022 | 2,022 |
| Transactions with owners, recorded directly in equity | | | | | | | |
| Final cash dividend (Rs. 2.00 per share) for the year ended 31 December 2015 | – | – | – | – | – | (2,095,663) | (2,095,663) |
| Transfer to statutory reserve | – | – | 1,223,865 | – | – | (1,223,865) | – |
| Balance as at 31 December 2016 | 10,478,315 | 2,550,985 | 9,642,529 | 240,361 | 1,500,000 | 12,796,778 | 37,208,968 |

The annexed notes 1 to 46 and annexures I & II form an integral part of these unconsolidated financial statements.

MOHAMEDALI R. HABIB
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

MOHOMED BASHIR
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. STATUS AND NATURE OF BUSINESS

The Group comprises of Habib Metropolitan Bank Limited (the holding company), Habib Metropolitan Financial Services Limited and Habib Metropolitan Modaraba Management Company (Private) Limited (wholly owned subsidiaries). The Group is engaged in providing Commercial Banking, Brokerage Services and Modaraba 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. The holding company operates 273 (2015: 237) branches, including 25 (2015: 20) Islamic banking branches, and 34 (2015: 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 holding company) 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 company under the companies ordinance, 1984 and Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. The registered office of the subsidiary company is located at Spencer's Building, I.I. Chundrigar Road, Karachi.

2. BASIS OF PRESENTATION

2.1 These consolidated financial statements comprise the financial statements of the holding company and its subsidiary companies. The financial statements of the subsidiary companies have been prepared for the same reporting year as the holding company using consistent accounting policies. 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 44 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 and non-banking assets are stated at market value and derivative financial instruments are carried at fair value as disclosed in notes 5.5, 5.8 and 5.1.1 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 Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984 and the 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 the SBP shall prevail.
- 3.2** The SBP vide BSD Circular letter 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. Further, segment information has been disclosed in accordance with the SBP's prescribed format as per BSD Circular No. 04 dated 17 February 2006.

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 holding company 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 advances and small enterprise 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 5.6.

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 35 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

5.1 The accounting policies adopted in preparation of these consolidated financial statements are consistent with those of the previous financial years, except for the change in accounting policy as disclosed in note 5.1.1.

5.1.1 Change in accounting policy

Effective from 1 January 2016, the holding company has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by the SBP vide its BPRD Circular No. 1 of 2016, dated 1 January 2016. In line with the guidance provided in the Regulations, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property is credited to the 'surplus on revaluation of non-banking assets' account and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title of the property is charged to profit and loss account. Previously, non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any. Had the accounting policy not been changed, non-banking assets (included in Other Assets in the statement of financial position) would have been lower by Rs. 237,966 thousand while surplus on revaluation of assets would have been lower by Rs. 154,678 thousand, unappropriated profit and deferred tax assets would have been higher by Rs. 9,233 thousand and Rs. 83,288 thousand respectively. Furthermore, profit before tax would have been higher by Rs. 17,315 thousand.

5.2 Basis of consolidation

These consolidated financial statements include the financial statements of the holding company and its subsidiaries. The financial statements of the subsidiaries are included in the consolidated financial statements from the date the control commences until the date the control ceases. In preparing consolidated financial statements, the financial statements of the holding company and subsidiaries are consolidated on a line by line basis by adding together like items of assets, liabilities, income and expenses. Significant inter - company transaction have been eliminated.

5.3 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.

5.4 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 borrowing 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.

5.5 Investments

5.5.1 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.

5.5.2 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 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 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 Regulation issued by the SBP.

Provision for impairment in the value of available for sale and held-to-maturity securities (other than 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 time frame generally established by regulation or convention in the market place.

5.6 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 the 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) No. 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 Mushariki 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.

5.7 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 44.4 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 cannot 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.

5.8 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 asset when fair value is positive and liability when fair value is negative. Any change in the value of derivative financial instruments is taken to the profit and loss account.

5.9 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.

5.10 Non-current assets held for sale

The Bank classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

A non-current asset held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised through the profit and loss account for any initial or subsequent write down of the non-current asset to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent they do not exceed the cumulative impairment losses previously recorded. A non-current asset is not depreciated while classified as held for sale.

5.11 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.

5.12 Employees' benefits

5.12.1 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 accounts.

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.

5.12.2 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.

5.13 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 by the regulations of the SBP.

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 ijarah executed by the Islamic Banking branches are accounted for under IFAS 2 (refer note 5.6) 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, commission and brokerage 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.

5.14 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.

5.15 Foreign currencies

Foreign currency 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 consolidated 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.

5.16 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) and borrowers' agriculture sector. 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.

5.17 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 events and are not recorded in consolidated financial statements of the current year. These are recognised in the period in which these are declared / approved.

5.18 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.

5.19 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. Recoverable amount is the greater of the net selling price and value in use. 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.

5.20 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.

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 01 January 2017:

- Amendments to IAS 12 Income Taxes are effective for annual periods beginning on or after 1 January 2017. The amendment clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on consolidated financial statements of the group.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 12 Share based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash - settled share - based payments; (b) classification of share - based payments settled net of tax withholdings; and (c) accounting for a modification of a share - based payment from cash - settled to equity - settled. The new requirements could affect the classification and / or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on the group's consolidated financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the group's consolidated financial statements.
- Annual Improvements 2014-2016 cycles (amendments are effective for annual periods beginning on or after 1 January 2017). The new cycle of improvements contain amendments to the following standards:
 - Amendments to IFRS 12 'Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non - current Assets Held for Sale and Discontinued Operations'.
 - Amendments to IAS 28 Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organisation and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non - investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture.
 - IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognised. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognised. If there are multiple payments or receipts in advance, the entity shall determine a date or the transaction for each payment or receipt or advance consideration. The amendments are not likely to have an impact on the group's consolidated financial statements.

The Group expects that the above mentioned improvements will not have a material impact on these consolidated financial statements.

| | Note | 2016 | 2015 |
|---|------|-------------------|-------------------|
| | | Rupees in '000 | |
| 8. CASH AND BALANCES WITH TREASURY BANKS | | | |
| In hand | | | |
| Local currency | | 6,182,215 | 4,957,548 |
| Foreign currencies | | 1,521,597 | 1,639,651 |
| | | <u>7,703,812</u> | <u>6,597,199</u> |
| With State Bank of Pakistan in | | | |
| Local currency current accounts | 8.1 | 16,494,671 | 12,639,136 |
| Foreign currency current account | 8.2 | 68,118 | 113,817 |
| Foreign currency deposit accounts | | | |
| – cash reserve accounts | 8.3 | 2,541,535 | 2,668,068 |
| – special cash reserve accounts | 8.4 | 7,384,550 | 7,635,515 |
| | | <u>26,488,874</u> | <u>23,056,536</u> |
| With National Bank of Pakistan in | | | |
| Local currency current accounts | | 1,353,485 | 978,717 |
| National Prize Bonds | | 15,714 | 13,276 |
| | | <u>35,561,885</u> | <u>30,645,728</u> |

8.1 These accounts are maintained to comply with the statutory cash reserve requirements and include Rs. 2,036,491 thousand (2015: Rs. 3,022,097 thousand) in respect of the Islamic Banking branches.

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. 135,769 thousand (2015: Rs. 206,654 thousand) in respect of the Islamic Banking branches.

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 2016, carries mark-up at the rate of 0.00% (2015: 0.00%) per annum and includes amount of Rs. 167,253 thousand (2015: Rs. 251,274 thousand) in respect of the Islamic Banking branches.

9. BALANCES WITH OTHER BANKS

| | | | |
|-------------------------|-----|------------------|-------------------|
| In Pakistan | | | |
| On current accounts | | 181,390 | 178,787 |
| On deposit accounts | 9.1 | 44,429 | 10,480,680 |
| | | <u>225,819</u> | <u>10,659,467</u> |
| Outside Pakistan | | | |
| On current accounts | 9.2 | 2,034,291 | 3,148,339 |
| | | <u>2,260,110</u> | <u>13,807,806</u> |

9.1 These carry mark-up rates of 3.75% (2015: 4.00% to 7.00%) per annum.

9.2 These include balances in current accounts of Rs. 292,215 thousand (2015: Rs. 122,080 thousand) with branches of the holding company.

10. Lendings to Financial institutions

| | Note | 2016 | 2015 |
|--|------|-------------------|------------------|
| | | Rupees in '000 | |
| Call money lendings | 10.2 | 2,500,000 | 2,800,000 |
| Repurchase agreement lendings (Reverse Repo) | 10.3 | 637,421 | – |
| Bai Muajjal receivable from State Bank of Pakistan | 10.4 | 5,113,465 | – |
| Islamic Placement - Musharakah | 10.5 | 8,500,000 | – |
| | | <u>16,750,886</u> | <u>2,800,000</u> |
| 10.1 Particulars of lendings | | | |
| In local currency | | <u>16,750,886</u> | <u>2,800,000</u> |

10.2 This carries mark-up rate of 6.65% (2015: 6.25% to 7.25%) per annum, with maturity upto 3 March 2017 (2015: 13 January 2016).

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

| | Note | 2016 | | | 2015 | | |
|-----------------------|--------|------------------|-----------------------------|----------------|---------------|-----------------------------|----------|
| | | Held by Group | Further Given as collateral | Total | Held by Group | Further Given as collateral | Total |
| | | (Rupees in '000) | | | | | |
| Market treasury bills | 10.3.2 | <u>638,315</u> | <u>–</u> | <u>638,315</u> | <u>–</u> | <u>–</u> | <u>–</u> |

10.3.1 These carry mark-up rates ranging from 5.99% to 6.04% (2015: Nil) per annum, with maturity upto 01 February 2017 (2015: Nil).

10.3.2 Market value of securities held as collateral against lendings to financial institutions is Rs. 638,822 thousands (2015: Nil).

10.4 This carries profit / return of 5.98% per annum with maturity upto 10 February 2017.

10.5 These carry profit / return ranging from 4.50% to 5.25% per annum with maturity upto 06 March 2017.

11. INVESTMENTS

11.1 Investments by types

| | Note | 2016 | | | 2015 | | |
|---|------|---------------|---------------------|-------------|---------------|---------------------|-------------|
| | | 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 | 158,375,802 | 12,042,862 | 170,418,664 | 72,409,243 | 3,558,874 | 75,968,117 |
| Pakistan investment bonds | 11.6 | 83,538,877 | – | 83,538,877 | 152,462,898 | 2,054,088 | 154,516,986 |
| Ordinary shares of listed companies | | 1,572,398 | – | 1,572,398 | 1,062,338 | – | 1,062,338 |
| Ordinary shares of unlisted companies | 11.9 | 141,741 | – | 141,741 | 141,741 | – | 141,741 |
| Listed term finance certificates | | 2,088,703 | – | 2,088,703 | 1,938,933 | – | 1,938,933 |
| Unlisted term finance certificates | | 314,828 | – | 314,828 | 440,305 | – | 440,305 |
| Sukuk certificates and bonds | | 18,542,294 | – | 18,542,294 | 12,626,088 | – | 12,626,088 |
| Open end mutual funds | | 3,908,757 | – | 3,908,757 | 5,532,227 | – | 5,532,227 |
| Close end mutual funds | | 419,685 | – | 419,685 | 416,409 | – | 416,409 |
| | | 268,903,085 | 12,042,862 | 280,945,947 | 247,030,182 | 5,612,962 | 252,643,144 |
| Held-to-maturity securities | | | | | | | |
| Pakistan investment bonds | 11.7 | 27,642,036 | – | 27,642,036 | 19,532,493 | – | 19,532,493 |
| Other federal government securities - Bai Muajjal | | – | – | – | 11,644,641 | – | 11,644,641 |
| Certificates of Investments | 11.8 | 2,200,000 | – | 2,200,000 | 3,300,000 | – | 3,300,000 |
| | | 29,842,036 | – | 29,842,036 | 34,477,134 | – | 34,477,134 |
| Investments at cost | | 298,745,121 | 12,042,862 | 310,787,983 | 281,507,316 | 5,612,962 | 287,120,278 |
| Provision for diminution in the value of investments | 11.3 | (302,221) | – | (302,221) | (269,257) | – | (269,257) |
| Investments - net of provision | | 298,442,900 | 12,042,862 | 310,485,762 | 281,238,059 | 5,612,962 | 286,851,021 |
| Surplus / (deficit) on revaluation of available-for-sale securities - net | 21.2 | 3,653,627 | (6,515) | 3,647,112 | 5,709,024 | (4,458) | 5,704,566 |
| Investments after revaluation of available for sale securities | | 302,096,527 | 12,036,347 | 314,132,874 | 286,947,083 | 5,608,504 | 292,555,587 |

| | Note | 2016 | 2015 |
|---|------|---------------------------|---------------------------|
| | | Rupees in '000 | |
| 11.2 Investments by segments | | | |
| Federal government securities | | | |
| Market treasury bills | | 170,418,664 | 75,968,117 |
| Pakistan investment bonds | | 111,180,913 | 174,049,479 |
| GOP ijarah sukuk | | 17,384,845 | 11,130,788 |
| Other federal government securities - Bai Muajjal | | — | 11,644,641 |
| | | <u>298,984,422</u> | <u>272,793,025</u> |
| Fully paid up ordinary shares | | | |
| Listed companies | | 1,572,398 | 1,062,338 |
| Unlisted companies | | 141,741 | 141,741 |
| | | <u>1,714,139</u> | <u>1,204,079</u> |
| Term finance certificates, sukuk certificates and bonds | | | |
| Listed term finance certificates | | 2,088,703 | 1,938,933 |
| Unlisted term finance certificates | | 314,828 | 440,305 |
| Sukuk certificates / bonds | | 1,157,449 | 1,495,300 |
| | | <u>3,560,980</u> | <u>3,874,538</u> |
| Mutual funds | | | |
| Open end | | 3,908,757 | 5,532,227 |
| Close end | | 419,685 | 416,409 |
| | | <u>4,328,442</u> | <u>5,948,636</u> |
| Certificates of investments | | <u>2,200,000</u> | <u>3,300,000</u> |
| Investments at cost | | <u>310,787,983</u> | <u>287,120,278</u> |
| Provision for diminution in the value of investments | 11.3 | <u>(302,221)</u> | <u>(269,257)</u> |
| Investments - net of provisions | | <u>310,485,762</u> | <u>286,851,021</u> |
| Surplus on revaluation of available-for-sale securities – net | 21.2 | 3,647,112 | 5,704,566 |
| Investments after revaluation of available-for-sale securities | | <u><u>314,132,874</u></u> | <u><u>292,555,587</u></u> |

| | 2016 | 2015 |
|---|----------------|---------|
| | Rupees in '000 | |
| 11.3 Particulars of provision for diminution in the value of investments | | |
| Opening balance | 269,257 | 160,180 |
| Charge for the year | 45,156 | 118,087 |
| Reversal for the year | (12,192) | (9,012) |
| Net charge for the year | 32,964 | 109,077 |
| Closing balance | 302,221 | 269,257 |

11.3.1 Provision for diminution in respect of type and segment

Available-for-sale securities

Fully paid-up ordinary shares

| | | |
|--------------------|--------|--------|
| Listed companies | 83,710 | 82,502 |
| Unlisted companies | 78,029 | 75,487 |

Term finance certificates, sukuk certificates and bonds

| | | |
|------------------------------------|--------|--------|
| Listed term finance certificates | 82,558 | 41,279 |
| Unlisted term finance certificates | 28,840 | 28,840 |
| Sukuk certificates / bonds | 19,075 | 31,267 |

Mutual funds

| | | |
|-----------|---------|---------|
| Close end | 10,009 | 9,882 |
| | 302,221 | 269,257 |

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 5.87% to 6.28% (2015: 6.39% to 8.50%) per annum, with maturity upto 31 August 2017 (2015: 1 September 2016).

11.6 These carry mark-up rates ranging from 7.00% to 12.00% (2015: 8.75% to 12.00%) per annum and will mature up to 19 July 2022 (2015: 19 July 2022). These include Rs. 132,000 thousand (2015: Rs. 132,000 thousand) pledged with the State Bank of Pakistan against TT / DD discounting facilities and demand loan facilities.

11.7 These carry mark-up rates ranging from 8.75% to 12.00% (2015: 11.50% to 12.00%) per annum and will mature up to 21 April 2026 (2015: 19 July 2022).

11.8 These carry mark-up rates ranging from 4.50% to 5.25% (2015: 6.40% to 7.50%) per annum and will mature up to 6 March 2017 (2015: 28 March 2016).

11.9 It includes 40% shares of Pakistan Stock Exchange Limited (PSX) classified as 'investments - held for sale' by the subsidiary company. PSX completed the bidding process for divestment of 40% blocked shares to strategic investor on 29 December 2016 at agreed share price of Rs. 28 per share. Accordingly, the Group has classified 1,602,953 shares (40%) of PSX as held for sale at revalued price of Rs. 28 per share.

| | Note | 2016 | 2015 |
|---|------|----------------|--------------|
| | | Rupees in '000 | |
| 12. ADVANCES | | | |
| Loans, cash credits, running finances, etc. | | | |
| In Pakistan | | 125,064,843 | 115,482,866 |
| Islamic financing and related assets (gross) | 44.5 | 8,802,424 | 8,254,307 |
| Net investment in finance lease | | | |
| In Pakistan | 12.2 | 568,510 | 655,517 |
| Bills discounted and purchased (excluding market treasury bills) | | | |
| Payable in Pakistan | | 6,961,624 | 7,244,944 |
| Payable outside Pakistan | | 18,484,814 | 18,438,791 |
| | | 25,446,438 | 25,683,735 |
| Advances – gross | | 159,882,215 | 150,076,425 |
| Provision against non-performing advances | | | |
| - specific | | (16,796,939) | (16,532,837) |
| - general | | (134,110) | (896,749) |
| | 12.6 | (16,931,049) | (17,429,586) |
| Advances – net of provisions | 12.9 | 142,951,166 | 132,646,839 |

12.1 Particulars of advances - gross

| | | | |
|---------------|---------------------------------|-------------|-------------|
| 12.1.1 | In local currency | 135,374,392 | 120,399,542 |
| | In foreign currencies | 24,507,823 | 29,676,883 |
| | | 159,882,215 | 150,076,425 |
| 12.1.2 | Short term (for up to one year) | 137,868,342 | 133,240,123 |
| | Long term (for over one year) | 22,013,873 | 16,836,302 |
| | | 159,882,215 | 150,076,425 |

12.2 Net investment in finance lease

| | 2016 | | | | 2015 | | | |
|---|-------------------------|---|-----------------|----------|-------------------------|---|-----------------|----------|
| | 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 | 172,202 | 329,535 | – | 501,737 | 172,206 | 451,796 | 4,937 | 628,939 |
| Residual value | 31,404 | 87,904 | – | 119,308 | 28,719 | 78,493 | 476 | 107,688 |
| Minimum lease payments | 203,606 | 417,439 | – | 621,045 | 200,925 | 530,289 | 5,413 | 736,627 |
| Financial charges for future periods | (13,717) | (38,818) | – | (52,535) | (21,912) | (57,945) | (1,253) | (81,110) |
| Present value of minimum lease payments | 189,889 | 378,621 | – | 568,510 | 179,013 | 472,344 | 4,160 | 655,517 |

12.3 Advances include Rs. 19,873,142 thousand (2015 : Rs.18,486,982 thousand) which have been placed under non-performing status as detailed below:

| Category of classification | 2016 | | | 2015 | | |
|----------------------------|---------------------|--------------------|-------------------|---------------------|--------------------|-------------------|
| | Classified advances | Provision required | Provision held | Classified advances | Provision required | Provision held |
| | Rupees in '000 | | | | | |
| Substandard | 238,382 | 53,736 | 53,736 | 57,324 | 14,331 | 14,331 |
| Doubtful | 118,393 | 21,945 | 21,945 | 286,353 | 127,376 | 127,376 |
| Loss | 19,516,367 | 16,721,258 | 16,721,258 | 18,143,305 | 16,391,130 | 16,391,130 |
| | <u>19,873,142</u> | <u>16,796,939</u> | <u>16,796,939</u> | <u>18,486,982</u> | <u>16,532,837</u> | <u>16,532,837</u> |

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

During the current year, the group 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. 2,179,431 thousand. Further, as of 31 December 2016, had the benefit of FSVs (including those availed in previous year) not been taken by the group, the specific provision against non-performing advances would have been higher by Rs. 2,838,225 thousand (2015: Rs. 1,767,976 thousand) and accumulated profit would have been lower by Rs. 1,844,846 thousand (2015: Rs. 1,149,184 thousand). This amount of Rs. 1,844,846 thousand is not available for distribution of cash and stock dividend to the shareholders and bonus to employees.

12.5 Provision against non-performing advances

| | Note | 2016 | | | 2015 | | |
|--------------------------------------|------|-------------------|----------------|-------------------|-------------------|----------------|-------------------|
| | | Specific | General | Total | Specific | General | Total |
| | | Rupees in '000 | | | | | |
| Opening balance | | 16,532,837 | 896,749 | 17,429,586 | 15,661,846 | 326,696 | 15,988,542 |
| Charge for the year | | 2,670,552 | – | 2,670,552 | 2,657,575 | 570,053 | 3,227,628 |
| Reversals | | (1,096,262) | (762,639) | (1,858,901) | (1,110,743) | – | (1,110,743) |
| Net charge / (reversal) for the year | | 1,574,290 | (762,639) | 811,651 | 1,546,832 | 570,053 | 2,116,885 |
| Amount written off | 12.7 | (1,310,188) | – | (1,310,188) | (675,841) | – | (675,841) |
| Closing balance | 12.6 | <u>16,796,939</u> | <u>134,110</u> | <u>16,931,049</u> | <u>16,532,837</u> | <u>896,749</u> | <u>17,429,586</u> |

12.5.1 General provision includes provision of Rs. 3,387 thousand (2015: Rs. 1,824 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 SBP. Moreover, general provision also includes provision of Rs. 16,814 thousand (2015: Rs. 28,806 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.

12.6 Particulars of provision against non-performing advance

| | 2016 | | | 2015 | | |
|-------------------------------------|-------------------|----------------|-------------------|-------------------|----------------|-------------------|
| | Specific | General | Total | Specific | General | Total |
| | Rupees in '000 | | | | | |
| Against local currency exposure | 16,518,304 | 134,110 | 16,652,414 | 16,153,105 | 896,749 | 17,049,854 |
| Against foreign currencies exposure | 278,635 | – | 278,635 | 379,732 | – | 379,732 |
| | <u>16,796,939</u> | <u>134,110</u> | <u>16,931,049</u> | <u>16,532,837</u> | <u>896,749</u> | <u>17,429,586</u> |

Note

2016

2015

Rupees in '000

12.7 Particulars of write-offs

| | | | |
|---|------|------------------|----------------|
| 12.7.1 Against provisions | 12.5 | 1,310,188 | 675,841 |
| Directly charged to profit and loss account | | – | – |
| | | <u>1,310,188</u> | <u>675,841</u> |
| 12.7.2 Write-offs of Rs. 500,000/- and above | | 1,310,188 | 675,841 |
| Write-offs of below Rs. 500,000/- | | – | – |
| | | <u>1,310,188</u> | <u>675,841</u> |

12.8 Details of loan write-offs of Rs. 500,000/- and above

In terms of sub-section (3) of section 33A of the grouping 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 2016 is enclosed as Annexure "II".

12.9 This includes Islamic financing and related assets amounting to Rs.8,429,751 thousand (2015: Rs. 7,897,487 thousand).

12.10 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 | 2,177,624 | 1,758,827 |
| Loans granted during the year | 987,986 | 912,573 |
| Repayments | (538,454) | (493,776) |
| Balance at end of year | <u>2,627,156</u> | <u>2,177,624</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 | 3,967,805 | 1,840,385 |
| Loans granted during the year | 63,535,889 | 44,364,667 |
| Repayments | (64,319,195) | (42,237,247) |
| Balance at end of year | <u>3,184,499</u> | <u>3,967,805</u> |

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| | Note | 2016 | 2015 |
|--------------------------------------|--------|------------------|------------------|
| | | Rupees in '000 | |
| 13. OPERATING FIXED ASSETS | | | |
| Capital work-in-progress | 13.1 | 86,586 | 57,679 |
| Property and equipment | 13.2 | 2,970,190 | 3,067,707 |
| Intangible assets | 13.3 | 190,582 | 92 |
| | | <u>3,247,358</u> | <u>3,125,478</u> |
| 13.1 Capital work-in-progress | | | |
| Civil works | 13.1.1 | 41,172 | 40,076 |
| Equipments, etc. | | 45,414 | 17,603 |
| | | <u>86,586</u> | <u>57,679</u> |

13.1.1 This represents advance against renovation being carried out at various locations.

13.2 PROPERTY AND EQUIPMENT

| | Cost | | | Depreciation | | | Book Value | |
|--|----------------------|---|------------------------|----------------------|---|------------------------|------------------------|------------------------|
| | As at 1 January 2016 | Additions / (deletions) / (transfer)* | As at 31 December 2016 | As at 1 January 2016 | Charge for the year / (deletions) / (transfer)* | As at 31 December 2016 | As at 31 December 2016 | Rate of depreciation % |
| | Rupees in '000 | | | | | | | |
| Leasehold land | 7,488 | – | 7,488 | 1,453 | 112 | 1,565 | 5,923 | 1.49 |
| Buildings / office premises on freehold land | 638,933 | – (286,150)* | 352,783 | 203,216 | 23,607 (71,192)* | 155,631 | 197,152 | 4.00 |
| Buildings / office premises on leasehold land | 1,941,903 | – (74,990) | 1,866,913 | 685,591 | 67,045 (13,665) | 738,971 | 1,127,942 | 4.00 |
| Furniture and fixtures, office and computer equipments | 1,832,231 | 540,706 (19,578) | 2,353,359 | 1,160,653 | 317,202 (18,510) | 1,459,345 | 894,014 | 15 & 25 |
| Vehicles | 12,377 | 1,759 (697) | 13,439 | 9,427 | 1,211 (613) | 10,025 | 3,414 | 20.00 |
| Leasehold improvements | 1,987,467 | 300,197 (7,372) | 2,280,292 | 1,292,352 | 253,567 (7,372) | 1,538,547 | 741,745 | 20.00 |
| 2016 | 6,420,399 | 842,662 (102,637) (286,150)* | 6,874,274 | 3,352,692 | 662,744 (40,160) (71,192)* | 3,904,084 | 2,970,190 | |

*This represents amount transferred to non-current assets held for sale, refer note 15.1 to these consolidated financial statements.

| | 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 | 5,827,059 | 618,408 (25,068) | 6,420,399 | 2,809,207 | 566,075 (22,590) | 3,352,692 | 3,067,707 | |

13.2.1 The cost of fully depreciated assets still in use is Rs. 1,838,744 thousand (2015: Rs. 1,486,446 thousand).

13.2.2 Carrying amount of idle properties held as at 31 December 2015 were Rs. 265,213 thousand.

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 | | | | |
| Premises | 74,990 | 61,325 | 70,000 | Negotiation | Century 21 Textile & Sportswear (Private) Limited |
| Leasehold improvement | 5,070 | – | 12 | Best available quotation | Sadaat Ali Soomro |
| Leasehold improvement | 1,657 | – | 16 | Best available quotation | Bhai Jan Steel Merchant |
| Office equipment | 328 | 277 | 322 | Insurance claim | EFU Insurance Company |
| | 82,045 | 61,602 | 70,350 | | |

13.3 Intangible assets

| | Cost | | | Amortization | | | Book Value | Rate of amortization % |
|-------------------|----------------------|-------------------------|------------------------|----------------------|-----------------------------------|------------------------|------------------------|------------------------|
| | As at 1 January 2016 | Additions / (deletions) | As at 31 December 2016 | As at 1 January 2016 | Charge for the year / (deletions) | As at 31 December 2016 | As at 31 December 2016 | |
| | Rupees in '000 | | | | | | | |
| Computer software | 29,497 | 235,742 | 265,239 | 29,405 | 45,252 | 74,657 | 190,582 | 33.33 |
| | Cost | | | Amortization | | | Book Value | Rate of amortization % |
| | 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 | | | | | | | |
| Computer software | 29,497 | – | 29,497 | 28,918 | 487 | 29,405 | 92 | 33.33 |

13.3.1 The cost of fully amortised intangible assets (computer software) still in use is Rs. 28,427 thousand (2015: Rs. 28,427 thousand).

| | Note | 2016 | 2015 |
|--|------|--------------------|--------------------|
| | | Rupees in '000 | |
| 14. DEFERRED TAX ASSETS | | | |
| Deferred tax debits arising in respect of: | | | |
| – Provision against diminution in the value of investments | | 105,777 | 94,240 |
| – Provisions against non-performing advances (including off-balance sheet obligations) | 31.3 | 3,761,929 | 3,878,902 |
| – Provision against other assets | | 140,978 | 201,165 |
| – Deferred liability on defined benefit plan | | 70,249 | 80,850 |
| | | <u>4,078,933</u> | <u>4,255,157</u> |
| Deferred tax credits arising due to: | | | |
| – Surplus on revaluation of investment securities | | (1,272,613) | (1,996,560) |
| – Surplus on revaluation of non-banking assets | | (83,288) | – |
| – Accelerated depreciation | | (270,530) | (319,792) |
| | | <u>(1,626,431)</u> | <u>(2,316,352)</u> |
| Net deferred tax asset | 14.1 | <u>2,452,502</u> | <u>1,938,805</u> |

14.1 Reconciliation of deferred tax

| | Balance as at 1 January 2015 | Recognised in profit & loss account | Recognised in equity | Balance as at 31 December 2015 | Recognised in profit & loss account | Recognised in equity | Balance as at 31 December 2016 |
|---|------------------------------------|--|-------------------------|---|--|-------------------------|---|
| | Rupees in '000 | | | | | | |
| Deferred debits arising in respect of | | | | | | | |
| Provision against diminution in value of investments | 56,063 | 38,177 | – | 94,240 | 11,537 | – | 105,777 |
| Provision against non- performing advances (including off-balance sheet obligation) - note 31.3 | 3,408,971 | 469,931 | – | 3,878,902 | (116,973) | – | 3,761,929 |
| Provision against other assets and leave encashment | 201,080 | 85 | – | 201,165 | (60,187) | – | 140,978 |
| Deferred liability on defined benefit plan | 69,549 | – | 11,301 | 80,850 | – | (10,601) | 70,249 |
| | 3,735,663 | 508,193 | 11,301 | 4,255,157 | (165,623) | (10,601) | 4,078,933 |
| Deferred credits arising due to | | | | | | | |
| Surplus on revaluation of investments | (2,098,649) | – | 102,089 | (1,996,560) | – | 723,947 | (1,272,613) |
| Surplus on revaluation of non-banking assets | – | – | – | – | 1,086 | (84,374) | (83,288) |
| Accelerated depreciation | (368,557) | 48,765 | – | (319,792) | 49,262 | – | (270,530) |
| | (2,467,206) | 48,765 | 102,089 | (2,316,352) | 50,348 | 639,573 | (1,626,431) |
| Net deferred tax asset | 1,268,457 | 556,958 | 113,390 | 1,938,805 | (115,275) | 628,972 | 2,452,502 |

| | Note | 2016 | 2015 |
|---|------|-------------------|-------------------|
| | | Rupees in '000 | |
| 15. OTHER ASSETS | | | |
| Income / mark-up / profit accrued in local currency | | 5,721,540 | 9,583,299 |
| Income / mark-up / profit accrued in foreign currencies | | 31,064 | 31,788 |
| Advances, deposits, advance rent and other prepayments | | 644,518 | 599,902 |
| Advance tax (payments less provisions) | | 115,614 | — |
| Branch adjustment account | | 211 | 53 |
| Unrealised gain on forward foreign exchange contracts | | 769,626 | 624,018 |
| Receivable from the SBP against encashment of government securities | | 24,197 | 19,648 |
| Receivable from customers against brokerage service and PSX | | 183,730 | 107,821 |
| Stationery and stamps on hand | | 34,033 | 37,848 |
| Dividend receivable | | 2,106 | — |
| Non-banking assets acquired in satisfaction of claims | 15.1 | 1,664,871 | 1,558,077 |
| Non-current assets - held for sale | 15.1 | 214,958 | — |
| Others | | 80,698 | 376,938 |
| | | 9,487,166 | 12,939,392 |
| Provision against other assets | 15.2 | (401,295) | (574,000) |
| | | <u>9,085,871</u> | <u>12,365,392</u> |
| 15.1 Non-current assets held for sale represents a property of Rs. 214,958 thousand (refer note 13.2) and non banking assets acquired in satisfaction of claims includes a property amounting to Rs. 401,764 thousand against which the Bank has entered into an agreement to sell with a buyer on deferred payment basis. The possession of the properties has been effected against receipt of earnest money, however, the title will be transferred upon receiving the entire sale consideration. | | | |
| 15.2 Provision held against other assets | | | |
| Opening balance | | 574,000 | 574,000 |
| Charge for the year | | 102,295 | — |
| Reversal for the year | | (275,000) | — |
| | | (172,705) | — |
| Closing balance | | <u>401,295</u> | <u>574,000</u> |
| 16. BILLS PAYABLE | | | |
| In Pakistan | | <u>8,108,633</u> | <u>6,344,461</u> |
| 17. BORROWINGS | | | |
| In Pakistan | | 34,515,931 | 28,515,900 |
| Outside Pakistan | | 2,689,244 | 2,946,922 |
| | | <u>37,205,175</u> | <u>31,462,822</u> |
| 17.1 Particulars of borrowings in respect of currencies | | | |
| In local currency | | 34,515,931 | 28,515,900 |
| In foreign currencies | | 2,689,244 | 2,946,922 |
| | | <u>37,205,175</u> | <u>31,462,822</u> |

| | Note | 2016 | 2015 |
|--|--------|----------------|------------|
| | | Rupees in '000 | |
| 17.2 Details of borrowings | | | |
| Secured | | | |
| Borrowings from the State Bank of Pakistan | | | |
| – under export refinance scheme | | 18,749,236 | 21,274,506 |
| – under long term financing - export oriented projects | | – | 19,413 |
| – under long term financing facility - locally manufactured plant and machinery | | 3,616,963 | 1,423,239 |
| | 17.2.1 | 22,366,199 | 22,717,158 |
| Repurchase agreement borrowings (Repo) | 17.2.2 | 12,032,715 | 5,603,311 |
| Due against bills re-discounting | 17.2.3 | 1,916,120 | 2,749,266 |
| | | 36,315,034 | 31,069,735 |
| Unsecured | | | |
| Overdrawn nostro accounts | | 773,124 | 197,656 |
| Overdrawn local bank accounts | | 117,017 | 195,431 |
| | | 890,141 | 393,087 |
| | | 37,205,175 | 31,462,822 |

17.2.1 These carry mark-up rates ranging between 2.00% to 5.00% (2015: 5.00% to 10.10%) per annum which is payable quarterly or upon maturity of loans, whichever is earlier.

17.2.2 These carry mark-up rates ranging between 5.75% to 5.90% (2015: 6.05% to 6.20%) per annum having maturity upto 13 January 2017 (2015: 11 January 2016).

17.2.3 This represents the obligation to the corresponding Banks on the discounting of foreign documentary bills purchased by the group on discount. The balance carries discount rate at 1.00% (2015: 1.00%) per annum having maturity upto 15 May 2017 (2015: 1 June 2016).

| | Note | 2016 | 2015 |
|---|------|--------------------|--------------------|
| | | Rupees in '000 | |
| 18. DEPOSITS AND OTHER ACCOUNTS | | | |
| Customers | | | |
| Fixed deposits | | 180,348,374 | 169,177,912 |
| Savings deposits | | 110,647,888 | 116,432,300 |
| Current accounts (non-remunerative) | | 120,721,112 | 101,487,138 |
| Others | | 4,320,917 | 2,761,126 |
| | | <u>416,038,291</u> | <u>389,858,476</u> |
| Financial institutions | | | |
| Remunerative deposits | | 13,191,889 | 12,420,016 |
| Non-remunerative deposits | | 1,213,687 | 930,105 |
| | | <u>14,405,576</u> | <u>13,350,121</u> |
| | | <u>430,443,867</u> | <u>403,208,597</u> |
| 18.1 Particulars of deposits | | | |
| In local currency | | 383,569,817 | 351,795,265 |
| In foreign currencies | | 46,874,050 | 51,413,332 |
| | | <u>430,443,867</u> | <u>403,208,597</u> |
| 19. OTHER LIABILITIES | | | |
| Mark-up / return / interest payable in local currency | | 6,395,987 | 6,722,941 |
| Mark-up / return / interest payable in foreign currencies | | 104,142 | 151,557 |
| Unearned commission and income on bills discounted | | 149,431 | 117,364 |
| Accrued expenses | | 449,006 | 620,093 |
| Current taxation (provision less payments) | | – | 701,135 |
| Provision against off-balance sheet obligations | 19.1 | 113,716 | 113,716 |
| Unclaimed dividend | | 20,699 | 21,770 |
| Unrealised loss on forward foreign exchange contracts | | 917,476 | 793,645 |
| Workers' welfare fund | 30.1 | 557,320 | 515,832 |
| Excise duty payable | | 2,287 | 4,124 |
| Locker deposits | | 668,055 | 599,952 |
| Advance against diminishing musharakah | | 223 | 66,466 |
| Advance rental for ijarah | | 1,800 | 9,070 |
| Security deposits against leases / ijarah | | 171,044 | 164,523 |
| Sundry creditors | | 577,973 | 390,587 |
| Withholding tax / duties | | 167,788 | 165,970 |
| Provision for compensated absences | | 187,527 | 89,311 |
| Due to customers against brokerage transaction | | – | 51,813 |
| Deferred liability on defined benefit plan | | 197,816 | 228,105 |
| Others | | 264,543 | 479,544 |
| | | <u>10,946,833</u> | <u>12,007,518</u> |
| 19.1 Provision against off-balance sheet obligations | | | |
| Opening balance | | 113,716 | 98,727 |
| Charge for the year | | – | 14,989 |
| Closing balance | | <u>113,716</u> | <u>113,716</u> |

20. SHARE CAPITAL

20.1 Authorised capital

| 2016 (Number of shares) | 2015 | | 2016 Rupees in '000 | 2015 |
|----------------------------|----------------------|----------------------------------|------------------------|-------------------|
| <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 | 300,000 |
| 92,500,000 | 92,500,000 | - issued upon amalgamation | 925,000 | 925,000 |
| 925,331,480 | 925,331,480 | - issued as bonus shares | 9,253,315 | 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 holding company held 534,394 thousand (2015: 534,394 thousand) ordinary shares of Rs. 10/- each (51% holding).

21. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

| | | | |
|-------------------------------|------|------------------|------------------|
| Non-banking assets | 21.1 | 154,678 | - |
| Available for sale securities | 21.2 | 2,374,498 | 3,708,006 |
| | | <u>2,529,176</u> | <u>3,708,006</u> |

21.1 Non-banking assets

| | | |
|--|----------------|----------|
| Surplus on revaluation of non-banking assets as at January | - | - |
| Revaluation of non-banking assets during the period | 258,227 | - |
| Transferred to unappropriated profit in respect of disposal and incremental depreciation during the period - net of deferred tax | (13,170) | - |
| Related deferred tax liability on disposal and incremental depreciation during the period | (7,091) | - |
| Surplus on revaluation of non banking assets | 237,966 | - |
| Less: Related deferred tax liability on: | | |
| Revaluation as at January | - | - |
| Revaluation of non-banking assets during the period | 90,379 | - |
| Disposal and incremental depreciation during the period | (7,091) | - |
| Related deferred tax liability | (83,288) | - |
| | <u>154,678</u> | <u>-</u> |

| | 2016 | 2015 |
|--|--------------------|--------------------|
| | Rupees in '000 | |
| 21.2 Available-for-sale securities | | |
| Federal government securities | | |
| Market treasury bills | 8,959 | 176,491 |
| Pakistan investment bonds | 2,476,838 | 5,214,298 |
| GOP ijarah sukuk | 387,580 | 41,461 |
| Fully paid-up ordinary shares and mutual funds | | |
| Shares and mutual funds | 743,282 | 290,872 |
| Term finance certificates, sukuk certificates and bonds | | |
| Listed term finance certificates | 18,123 | (6,813) |
| Unlisted term finance certificates | 1,342 | 4,645 |
| Sukuk certificates / bonds | 10,988 | (16,388) |
| | <u>3,647,112</u> | <u>5,704,566</u> |
| Related deferred tax liability - net | <u>(1,272,614)</u> | <u>(1,996,560)</u> |
| | <u>2,374,498</u> | <u>3,708,006</u> |
| 22. CONTINGENCIES AND COMMITMENTS | | |
| 22.1 Direct credit substitutes | | |
| Bank guarantees of indebtedness in favour of: | | |
| – Banking companies and other financial institutions | <u>872</u> | <u>2,286</u> |
| 22.2 Transaction-related contingent liabilities | | |
| Includes performance bonds, bid bonds, advance payment guarantees and shipping guarantees favouring: | | |
| i) Government | 21,036,923 | 17,163,286 |
| ii) Banking companies and other financial institutions | 499,127 | 436,358 |
| iii) Others | <u>16,022,300</u> | <u>10,077,952</u> |
| | <u>37,558,350</u> | <u>27,677,596</u> |
| 22.3 Trade-related contingent liabilities | | |
| Letters of credit | <u>61,829,418</u> | <u>63,545,499</u> |
| Acceptances | <u>11,400,550</u> | <u>12,554,226</u> |
| 22.4 Commitments in respect of forward exchange contracts | | |
| Purchase | <u>76,832,902</u> | <u>80,770,251</u> |
| Sale | <u>66,117,312</u> | <u>73,381,353</u> |
| 22.5 Commitments in respect of operating leases | | |
| Not later than one year | 42,491 | 22,355 |
| Later than one year and not later than five years | <u>43,205</u> | <u>19,893</u> |
| | <u>85,696</u> | <u>42,248</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>61,774</u> | <u>57,582</u> |
| 22.7 Claims against bank not acknowledged as debt | <u>23,071,676</u> | <u>1,348,358</u> |

22.8 Commitments in respect of forward lendings

The Group 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>628,948</u> | <u>1,210,595</u> |
|---|----------------|------------------|

22.10 Taxation

Income tax assessments of the group have been finalised upto the tax year 2016 (corresponding to the accounting year ended 31 December 2015). Certain appeals are pending with the Commissioner of Inland Revenue (Appeal) and Appellate Tribunal Revenue (ATIR). However, adequate provisions are being held by the group.

22.11 Foreign Exchange repatriation

While adjudicating Foreign Exchange repatriation cases of exporters, the Foreign Exchange Adjudicating Court of the State Bank of Pakistan has also adjudicated penalty of Rs. 106,056 thousand, arbitrarily on the holding company. The holding company has filed appeal before the Appellate Board and Constitutional Petition in the Honourable High Court of Sindh against the said judgment. The Honourable High Court has granted relief to the holding company by way of interim order. Based on merits of the case, the management is confident that this shall be decided in favour of the holding company and therefore no provision has been made against the impugned penalty.

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's 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 and other liabilities".

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

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

| | Note | 2016 | 2015 |
|---|------|-------------------|-------------------|
| | | Rupees in '000 | |
| 24. MARK-UP / RETURN / INTEREST EARNED | | | |
| On loans and advances to: | | | |
| Customers | | 8,734,055 | 9,565,369 |
| Financial institutions | | 106,527 | 120,781 |
| | | <u>8,840,582</u> | <u>9,686,150</u> |
| On investments in: | | | |
| Available-for-sale securities | | 20,044,389 | 23,850,695 |
| Held-to-maturity securities | | 3,319,129 | 2,815,895 |
| | | <u>23,363,518</u> | <u>26,666,590</u> |
| On Bai-Muajjal with SBP | | 272,366 | — |
| On deposits with financial institutions | | 442,558 | 280,764 |
| On securities purchased under resale agreements (reverse repo) | | 261,158 | 226,688 |
| | | <u>33,180,182</u> | <u>36,860,192</u> |
| 25. MARK-UP / RETURN / INTEREST EXPENSED | | | |
| Deposits | | 17,622,578 | 16,646,920 |
| Securities sold under repurchase agreements | | 1,428,679 | 3,006,435 |
| Short term borrowings | | 2,227,713 | 2,677,616 |
| Long term borrowings | | 127,018 | 129,735 |
| | | <u>21,405,988</u> | <u>22,460,706</u> |
| 26. GAIN / (LOSS) ON SALE / REDEMPTION OF SECURITIES – NET | | | |
| Federal government securities | | | |
| Market treasury bills | | 29,588 | 279,789 |
| Pakistan investment bonds | | 3,395,821 | 3,187,069 |
| GOP ijarah sukuk | | (1,435) | (16,282) |
| Fully paid-up ordinary shares | | | |
| Listed companies | | 115,841 | 83,110 |
| Mutual funds | | <u>785,129</u> | <u>1,247,439</u> |
| | | <u>4,324,944</u> | <u>4,781,125</u> |
| 27. OTHER INCOME | | | |
| Rent on properties | | 26,989 | 81,084 |
| Net gain on sale of fixed assets | | 20,959 | 59,186 |
| Recovery of charges from customers | 27.1 | 136,655 | 127,913 |
| Incidental and service charges | | 58,117 | 65,468 |
| Gain on sale of ijarah assets | | 32 | 604 |
| Income from non-banking assets and gain on sale of such assets | 27.2 | 5,083 | 4,500 |
| Bad debts recovered previously written off | | 72,730 | 16 |
| Staff notice period and other recoveries | | 1,515 | 2,178 |
| | | <u>322,080</u> | <u>340,949</u> |

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

27.2 This includes gain on sale of a property amounting to Rs. 583 thousand (2015: Rs. Nil).

| | | 2016 | 2015 |
|--|-----------|------------------|------------------|
| | | Rupees in '000 | Rupees in '000 |
| 28. ADMINISTRATIVE EXPENSES | | | |
| Salaries, allowances etc. | | 4,716,639 | 4,293,902 |
| Charge for defined benefit plan | 35.5 | 149,094 | 123,765 |
| Contribution to defined contribution plan | | 151,285 | 138,495 |
| Non-executive directors' fees, allowances and other expenses | | 7,800 | 8,775 |
| Brokerage and commission | | 135,632 | 116,624 |
| Rent, taxes, insurance, electricity etc. | | 1,378,331 | 1,203,189 |
| Legal and professional charges | | 122,646 | 115,173 |
| Communication | | 251,690 | 240,437 |
| Repairs and maintenance | | 267,235 | 282,243 |
| Rentals of operating leases | | 34,974 | 25,626 |
| Stationery and printing | | 174,482 | 153,069 |
| Management fee | | 107,620 | 246,524 |
| Advertisement and publicity | | 140,758 | 102,711 |
| Donations | 28.2 | 92,450 | 62,845 |
| Auditors' remuneration | 28.3 | 12,605 | 10,315 |
| Depreciation and amortization | 13 & 28.4 | 727,861 | 566,561 |
| Security charges | | 380,539 | 299,372 |
| Travelling and conveyance | | 135,196 | 152,132 |
| Computer software maintenance | | 101,840 | 68,319 |
| Subscriptions | | 140,633 | 113,829 |
| Others | | 178,902 | 177,370 |
| | | <u>9,408,212</u> | <u>8,501,276</u> |

28.1 The administrative expenses includes Rs. 5,482 thousand (2015: Rs. 8,497 thousand) incurred for providing office premises and support staff to the Chairman for carrying out his duties as chairman of the Board.

| | 2016 | 2015 |
|--|----------------|----------------|
| | Rupees in '000 | Rupees in '000 |

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

DONEE

| | | |
|--|--------|--------|
| Habib Metropolitan Employees Endowment Fund | 25,000 | — |
| The Citizens Foundation | 13,500 | 12,000 |
| Habib University Foundation | 12,000 | 12,000 |
| Patients' Aid Foundation | 10,030 | 10,300 |
| Sindh Institute of Urology and Transplantation | 5,000 | 3,000 |
| Mohamedali Habib Welfare Trust | 2,000 | 2,000 |
| Masoomen Hospital Trust | 1,500 | 1,700 |
| Zehra Homes | 1,140 | 1,000 |
| Fatimiyah Education Network | 1,000 | 1,000 |

| | 2016 | 2015 |
|---|----------------|-------|
| | Rupees in '000 | |
| DONEE | | |
| Aziz Tabba Foundation (Tabba Heart Institute) | 1,000 | 1,000 |
| Habib Education Trust | 1,000 | – |
| Alleviate Addiction Suffering Trust | 1,000 | – |
| Habib Public School | 1,000 | – |
| Habib Medical Trust | 960 | 960 |
| Habib Poor Fund | 960 | 960 |
| Al-Sayyeda Benevolent Trust | 960 | 960 |
| RehmatBai Habib Food & Clothing Trust | 960 | 960 |
| Abbas-e-Alamdard Hostel | 960 | 300 |
| RehmatBai Habib Widows & Orphans Trust | 960 | 960 |
| Pakistan Memon Educational & Welfare Society | 600 | 600 |
| Developments in Literacy | 550 | – |
| MBJ Health Association | 500 | 500 |
| Abdul Sattar Edhi Foundation | 500 | 500 |
| Memon Educational Board | 500 | 500 |
| Pakistan Memon Women Educational Society | 500 | 500 |
| Afzaal Memorial Thalassemia Foundation | 500 | 500 |
| Marie Adelaide Leprosy Centre | 500 | 300 |
| Karachi Down Syndrome Program | 500 | – |
| Poor Patients Aid Society Civil Hospital | 500 | – |
| The Aga Khan Hospital and Medical College Foundation | 500 | – |
| The Health Foundation | 500 | – |
| Vocational Welfare Society For Mentally Retarded (Markaz-e-Umeed) | 300 | 300 |
| Institute of Business Administration | 300 | – |
| Child Aid Association | 300 | – |
| Rotary Club of Karachi Continental | 300 | – |
| Al-Umeed Rehabilitation Association | 250 | 250 |
| Anjuman Behbood-e-Samat-e-Atfal | 250 | 250 |
| Bantva Memon Jamat | 250 | 250 |
| Bantva Memon Rahat Committee | 250 | 250 |
| Caravan of Life (Pak) Trust | 250 | 250 |
| Pak Medical and Welfare Trust | 250 | 250 |
| Dow 86 Children Critical Care Foundation | 250 | – |
| The Indus Hospital | 250 | – |
| Health Oriented Preventive Education | 250 | – |
| The Medical Aid Foundation | 250 | – |
| The Patients Behbud Society | 250 | – |
| Dhoraji Youth Services Foundation | 200 | 300 |
| Ahmed Abdullah Foundation (MA Ayesha Memorial Centre) | 200 | 200 |
| Kashmir Education Foundation | 200 | 200 |
| Family Educational Services Foundation | 200 | – |
| Dhoraji Association | 150 | 250 |
| Bantva Anjuman Himayat-e-Islam | 150 | 150 |
| Academy of Quranic Studies | 120 | 120 |
| Memon Health and Education Foundation | – | 5,000 |
| Panah Trust | – | 500 |
| Habib Girls School Trust | – | 500 |

| | 2016 | 2015 |
|--|----------------|------|
| | Rupees in '000 | |
| DONEE | | |
| Professional Education Foundation | — | 300 |
| Dar-UI-Khushnud | — | 250 |
| Publican Alumni Trust | — | 250 |
| True Worth Foundation | — | 250 |
| Special Children Educational Institute | — | 150 |

None of the directors, executives and their spouses had interest in the donations disbursed during the years 2016 and 2015, 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. Mohamed 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 | Note | 2016 | 2015 |
|---|------|----------------|---------------|
| | | Rupees in '000 | |
| Audit fee | | 2,325 | 2,080 |
| Review of half-yearly financial statements | | 870 | 690 |
| Certifications and agreed upon procedures engagements | | 7,873 | 6,353 |
| Out-of-pocket expenses | | 1,537 | 1,192 |
| | | <u>12,605</u> | <u>10,315</u> |

28.4 This amount includes Rs. 19,866 thousand (2015: Nil) charged against non-banking assets.

29. OTHER PROVISIONS / WRITE OFFS / (REVERSAL)

| | | | |
|--|------|------------------|---------------|
| Reversal of provision against other assets - net | 15.2 | (172,705) | — |
| Provision against off balance sheet obligations | 19.1 | — | 14,989 |
| Other assets write off | | 1,702 | — |
| | | <u>(171,003)</u> | <u>14,989</u> |

| | Note | 2016 | 2015 |
|------------------------------|------|----------------|----------------|
| | | Rupees in '000 | |
| 30. OTHER CHARGES | | | |
| Penalties imposed by the SBP | | 18,572 | 39,896 |
| Workers' welfare fund | 30.1 | 214,331 | 300,541 |
| | | <u>232,903</u> | <u>340,437</u> |

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

The Group has made full provision for WWF based on profit for the respective years.

During the current year, the Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of WWF were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgement may not currently be treated as conclusive. Accordingly the group maintains its provision in respect of WWF.

31. TAXATION

| | | | |
|-----------------|------|------------------|------------------|
| For the year | | | |
| Current | | 3,522,345 | 4,972,843 |
| Deferred | 14.1 | 115,275 | (556,958) |
| | | <u>3,637,620</u> | <u>4,415,885</u> |
| For prior years | | | |
| Current | | 581,742 | 476,060 |
| | 31.2 | <u>4,219,362</u> | <u>4,891,945</u> |

31.1 Income tax assessments of the group have been finalised up to the tax year 2016 (corresponding to the accounting year ended 31 December 2015). 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.

31.2 Relationship between tax expense and accounting profit

| | | |
|--------------------------------|------------------|------------------|
| Profit before tax | 10,348,052 | 12,565,428 |
| Tax at the applicable tax rate | 3,621,917 | 4,397,900 |
| Prior years taxation | 581,742 | 476,060 |
| Others | 15,703 | 17,985 |
| Tax charge for the year | <u>4,219,362</u> | <u>4,891,945</u> |

31.3 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 the 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 allowability 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. 3,761,929 thousand (2015: Rs. 3,878,902 thousand).

| | Note | 2016 | 2015 |
|---|------|-------------------|-------------------|
| | | Rupees in '000 | |
| 32. BASIC AND DILUTED EARNINGS PER SHARE | | | |
| Profit after taxation | | <u>6,128,690</u> | <u>7,673,483</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>5.85</u> | <u>7.32</u> |
| 33. CASH AND CASH EQUIVALENTS | | Rupees in '000 | |
| Cash and balances with treasury banks | 8 | 35,561,885 | 30,645,728 |
| Balances with other banks | 9 | 2,260,110 | 13,807,806 |
| Overdrawn nostro accounts | 17.2 | (773,124) | (197,656) |
| Overdrawn local bank accounts | 17.2 | (117,017) | (195,431) |
| | | <u>36,931,854</u> | <u>44,060,447</u> |
| 34. STAFF STRENGTH | | (Number) | |
| Permanent | | 3,667 | 3,351 |
| Temporary / on contractual basis | | 265 | 279 |
| Bank's own staff strength at end of the year | | <u>3,932</u> | <u>3,630</u> |
| Outsourced | | 689 | 667 |
| Total staff strength | | <u>4,621</u> | <u>4,297</u> |

35. DEFINED BENEFIT PLAN

35.1 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 months last drawn basic salary. The minimum qualifying period for eligibility under the plan is five years of continuous service.

35.2 Principal actuarial assumptions

The latest actuarial valuation was carried out on 31 December 2016 using "Projected Unit Credit Actuarial Cost Method". The main assumptions used for the actuarial valuation were as follows:

| | Note | 2016 | 2015 |
|--|------|---------------|---------------|
| Discount rate - percent (per annum) | | 9.25 | 10.00 |
| Expected rate of return on plan assets - percent (per annum) | | 9.25 | 10.00 |
| Long term rate of salary increase - percent (per annum) | | 8.75 | 9.50 |
| Mortality rates (for death in service) | | Adjusted SLIC | Adjusted SLIC |
| | | 2001-2005 | 2001-2005 |
| Rate of employees turnover | | Moderate | Moderate |

35.3 Reconciliation of payable to defined benefit plan

| | | Rupees in '000 | |
|--|------|------------------|------------------|
| Fair value of plan assets | 35.6 | 998,280 | 915,700 |
| Present value of defined benefit obligations | 35.7 | (1,196,096) | (1,143,805) |
| Amount payable to the plan (deficit) | | <u>(197,816)</u> | <u>(228,105)</u> |

The above balance includes actuarial gain of Rs. 30,289 thousand (2015: actuarial loss of Rs. 32,288 thousand).

35.4 Movement in payable to defined benefit plan

| | | | |
|--|------|----------------|----------------|
| Opening balance | | 228,105 | 198,712 |
| Defined benefit charge to profit and loss account | 35.5 | 149,094 | 123,765 |
| Defined benefit charged to other comprehensive income - actuarial (gain) / loss for the year | 35.8 | (30,289) | 32,288 |
| Contribution to the fund | 35.6 | (149,094) | (126,660) |
| Closing balance | | <u>197,816</u> | <u>228,105</u> |

35.5 Charge for defined benefit plan

| | | | |
|--|------|----------------|----------------|
| Current service cost | 35.7 | 126,284 | 103,808 |
| Net interest | 35.7 | 110,415 | 107,691 |
| Expected return on plan assets | 35.6 | (87,605) | (87,734) |
| Total charge recognised in the profit and loss account | | <u>149,094</u> | <u>123,765</u> |

The expected gratuity cost for the year 2017 is Rs. 130,576 thousand as per actuarial valuation.

35.6 Movement in fair value of plan assets

| | | | |
|---|------|----------------|----------------|
| Opening balance | | 915,700 | 762,904 |
| Expected return on plan assets | 35.5 | 87,605 | 87,734 |
| Actuarial loss recognised in 'Other Comprehensive Income' | 35.8 | (74,825) | (11,253) |
| Benefits paid | 35.7 | (79,294) | (50,345) |
| Contribution to the fund | 35.4 | 149,094 | 126,660 |
| Closing balance | | <u>998,280</u> | <u>915,700</u> |

| | Note | 2016 | 2015 |
|---|------|------------------|------------------|
| | | Rupees in '000 | |
| 35.7 Movement in present value of defined benefit obligation | | | |
| Opening balance | | 1,143,805 | 961,616 |
| Current service cost | 35.5 | 126,284 | 103,808 |
| Interest cost | 35.5 | 110,415 | 107,691 |
| Actuarial (gain) / loss recognised in 'Other Comprehensive Income' | 35.8 | (105,114) | 21,035 |
| Benefits paid | 35.6 | (79,294) | (50,345) |
| Closing balance | | <u>1,196,096</u> | <u>1,143,805</u> |

35.8 Annual actuarial loss / (gain) recognised in 'Other Comprehensive Income'

| | | | |
|--|------|-----------------|---------------|
| Experience (gain) / loss on obligation | 35.7 | (105,114) | 21,035 |
| Experience loss on plan assets | 35.6 | 74,825 | 11,253 |
| Total (gain) / loss recognised during the year | 35.4 | <u>(30,289)</u> | <u>32,288</u> |

35.9 Actual return on plan assets

| | |
|---------------|---------------|
| <u>12,780</u> | <u>76,481</u> |
|---------------|---------------|

35.10 Plan assets comprise the following:

| | Note | 2016 | | 2015 | |
|---|---------|------------------|---------------|------------------|---------------|
| | | (Rupees in '000) | % | (Rupees in '000) | % |
| Bank deposits | 35.10.1 | 527,193 | 52.81 | 290,300 | 31.70 |
| Federal government securities (Pakistan Investment Bonds) | | <u>471,088</u> | <u>47.19</u> | <u>625,400</u> | <u>68.30</u> |
| | | <u>998,281</u> | <u>100.00</u> | <u>915,700</u> | <u>100.00</u> |

35.10.1 The amount represents balance which is deposited with branches of the holding company.

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

| | Note | 2016 | 2015 |
|--|------|-----------------|---------------|
| | | Rupees in '000 | |
| Actuarial gain / (loss) on obligation | | | |
| – Demographic assumption | | – | – |
| – Financial assumptions | | (438) | 51,619 |
| – Experience adjustment | | (104,676) | (30,584) |
| Return on plan assets over interest income | | (12,780) | (76,481) |
| Adjustment for mark-up | | 87,605 | 87,734 |
| Total re-measurements recognised in Other Comprehensive Income | 35.8 | <u>(30,289)</u> | <u>32,288</u> |

35.12 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:

| | 2016 Rupees in '000 |
|---|------------------------|
| Increase in discount rate by 1 % | (117,823) |
| Decrease in discount rate by 1 % | 139,316 |
| Increase in expected future increment in salary by 1% | 138,626 |
| Decrease in expected future increment in salary by 1% | (119,331) |
| Increase in expected withdrawal rate by 10% | 289 |
| Decrease in expected withdrawal rate by 10% | (304) |
| Increase in expected mortality rate by 1% | 234 |
| Decrease in expected mortality rate by 1% | (212) |

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.

35.13 Historical information

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|----------------|-----------|-----------|-----------|-----------|
| | Rupees in '000 | | | | |
| Present value of defined benefit obligation | 1,196,096 | 1,143,805 | 961,616 | 816,018 | 613,972 |
| Fair value of plan assets | (998,280) | (915,700) | (762,904) | (518,394) | (512,140) |
| Deficit | 197,816 | 228,105 | 198,712 | 297,624 | 101,832 |
| Actuarial (gain) / loss on obligation | (105,114) | 21,035 | (16,895) | 80,322 | 27,416 |
| Actuarial loss on assets | 74,825 | 11,253 | 9,327 | 24,126 | 7,089 |

36. 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.

36.1 Following information relates to provident fund scheme based on audited accounts as of June 2016:

| | Note | 2016 | 2015 |
|--------------------------------|--------|----------------|-----------|
| | | Rupees in '000 | |
| Size of the fund | | 2,631,087 | 2,277,064 |
| Cost of investments made | 36.1.1 | 2,398,340 | 1,854,256 |
| Percentage of investments made | | 91% | 81% |
| Fair value of investments | | 2,474,435 | 1,932,145 |

| | Note | 2016 | 2015 |
|---|------|------------------|------------------|
| | | Rupees in '000 | |
| 36.1.1 Breakup of investments made | | | |
| Pakistan Investment Bonds | | 1,248,340 | 1,254,256 |
| Term Deposits Receipts | | 1,150,000 | 600,000 |
| | | <u>2,398,340</u> | <u>1,854,256</u> |

Number of the members participating in the fund at the end of the year as per audited accounts are 3,087 (2015: 2,806).

37. COMPENSATION OF DIRECTORS AND EXECUTIVES

| | President & Chief Executive | | Directors | | Executives | |
|---|-----------------------------|---------------|--------------|---------------|------------------|------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | Rupees in '000 | | | | | |
| Fees | — | — | 7,800 | 8,775 | — | — |
| Managerial remuneration | 66,300 | 62,700 | — | — | 2,488,457 | 2,125,780 |
| Charge for defined benefit plan | 2,767 | 2,575 | — | — | 89,723 | 81,987 |
| Contribution to defined contribution plan | 3,300 | 3,120 | — | — | 95,204 | 88,063 |
| Utilities | 5,993 | 5,868 | — | 783 | 4,242 | 6,597 |
| Bonus | 8,250 | 10,400 | — | — | 264,766 | 330,385 |
| Others | — | — | — | 4,136 | 129 | 122 |
| | <u>86,610</u> | <u>84,663</u> | <u>7,800</u> | <u>13,694</u> | <u>2,942,521</u> | <u>2,632,934</u> |
| Number of persons | <u>2</u> | <u>2</u> | <u>6</u> | <u>7</u> | <u>1,214</u> | <u>1,092</u> |

37.1 The Chief Executive 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.

38. 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 amortized 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 5.6.

The maturity and repricing profile and effective rates are stated in notes 43.5 and 43.4 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.

38.1 Off-balance sheet financial instruments

| | 2016 | | 2015 | |
|--|------------------|------------|------------------|------------|
| | Contracted Value | Fair Value | Contracted Value | Fair Value |
| Rupees in '000 | | | | |
| Forward purchase of foreign exchange contracts | 76,832,902 | 76,022,687 | 80,770,251 | 80,490,986 |
| Forward sale of foreign exchange contracts | 66,117,312 | 66,779,677 | 73,381,353 | 73,490,991 |

38.2 The table below analyses 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:

| | 2016 | | | | |
|--|----------------|----------------|-------------|---------|-------------|
| | Carrying value | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| | | Rupees in '000 | | | |
| Financial assets measured at fair value | | | | | |
| - Investments | | | | | |
| - Available-for-sale securities | | | | | |
| Federal government securities | 274,215,763 | – | 274,215,763 | – | 274,215,763 |
| Sukuk certificates and bonds | 1,149,362 | – | 1,149,362 | – | 1,149,362 |
| Ordinary shares of listed companies | 1,840,554 | 1,840,554 | – | – | 1,840,554 |
| Ordinary shares of unlisted companies | 94,695 | – | 94,695 | – | 94,695 |
| Mutual funds | 4,678,866 | 4,678,866 | – | – | 4,678,866 |
| Listed term finance certificates | 2,024,268 | 2,024,268 | – | – | 2,024,268 |
| Unlisted term finance certificates | 287,330 | – | 287,330 | – | 287,330 |
| Financial assets not measured at fair value | | | | | |
| - Cash and balances with treasury banks | 35,561,885 | – | – | – | – |
| - Balances with other banks | 2,260,110 | – | – | – | – |
| - Lending to financial institutions | 16,750,886 | – | – | – | – |
| - Investments | | | | | |
| - Held-to-maturity securities | | | | | |
| Federal government securities | 27,642,036 | – | – | – | – |
| Certificates of investments | 2,200,000 | – | – | – | – |
| - Advances | 142,951,166 | – | – | – | – |
| - Other assets | 7,041,238 | – | – | – | – |
| | 518,698,159 | 8,543,688 | 275,747,150 | – | 284,290,838 |
| Financial liabilities not measured at fair value | | | | | |
| - Bills Payable | 8,108,633 | – | – | – | – |
| - Deposits and other accounts | 430,443,867 | – | – | – | – |
| - Borrowings | 37,205,175 | – | – | – | – |
| - Other liabilities | 10,024,431 | – | – | – | – |
| | 485,782,106 | – | – | – | – |
| | 32,916,053 | 8,543,688 | 275,747,150 | – | 284,290,838 |

| | 2015 | | | | |
|--|----------------|----------------|-------------|---------|-------------|
| | Carrying value | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| | | 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 certificates and bonds | 1,447,645 | – | 1,447,645 | – | 1,447,645 |
| Ordinary shares of listed companies | 1,081,362 | 1,081,362 | – | – | 1,081,362 |
| 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 certificates | 1,890,841 | 1,890,841 | – | – | 1,890,841 |
| Unlisted term finance certificates | 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 | 2,800,000 | – | – | – | – |
| - Investments | | | | | |
| - Held-to-maturity securities | | | | | |
| Federal government securities | 31,177,134 | – | – | – | – |
| Certificates of investments | 3,300,000 | – | – | – | – |
| - Advances | 132,646,839 | – | – | – | – |
| - Other assets | 10,468,511 | – | – | – | – |
| | 482,924,472 | 9,100,304 | 248,978,150 | – | 258,078,454 |
| Financial liabilities not measured at fair value | | | | | |
| - Bills Payable | 6,344,461 | – | – | – | – |
| - Deposits and other accounts | 403,208,597 | – | – | – | – |
| - Borrowings | 31,462,822 | – | – | – | – |
| - Other liabilities | 10,956,965 | – | – | – | – |
| | 451,972,845 | – | – | – | – |
| | 30,951,627 | 9,100,304 | 248,978,150 | – | 258,078,454 |

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).

39. TRUST ACTIVITIES

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

40. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

| | 2016 | | | |
|--|----------------|----------------|--------------------|--------------|
| | Trade & Sales | Retail banking | Commercial banking | Total |
| | Rupees in '000 | | | |
| Total income * | 27,977,242 | 3,837,879 | 27,403,674 | 59,218,795 |
| Total expenses * | (20,994,105) | (2,738,219) | (25,138,419) | (48,870,743) |
| Net income | 6,983,137 | 1,099,660 | 2,265,255 | 10,348,052 |
| Segment assets | 334,342,416 | 2,363,424 | 189,736,812 | 526,442,652 |
| Segment non performing loans | – | 4,554 | 19,868,588 | 19,873,142 |
| Segment provision required | – | 4,554 | 16,792,385 | 16,796,939 |
| Segment liabilities | 14,747,117 | 65,055,739 | 406,901,652 | 486,704,508 |
| Segment return on net assets (ROA) (%) | 8.37% | 5.90% | 6.73% | |
| Segment cost of funds (%) | 6.28% | 4.21% | 6.18% | |

| | 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 | 9,511,942 | 91,433,517 | 352,077,939 | 453,023,398 |
| Segment return on net assets (ROA) (%) | 9.95% | 6.61% | 7.12% | |
| Segment cost of funds (%) | 7.50% | 4.45% | 6.33% | |

* Includes Rs. 17,150,107 thousand (2015: Rs. 16,732,275 thousand) of inter-segment revenues and expenses.

41. 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 2016 | | | | | |
|---|-------------------------|-----------------|--------------------------|-------------|--------------------------|-----------------|
| | Ultimate parent company | Associates | Key management personnel | Directors | Retirement benefit plans | Total |
| | Rupees in '000 | | | | | |
| Deposits | | | | | | |
| At beginning of the year | 304,504 | 17,875,031 | 66,322 | 498,364 | 1,121,035 | 19,865,256 |
| Received during the year | 22,750,934 | 1,433,239,459 | 758,702 | 2,016,849 | 2,406,913 | 1,461,172,857 |
| Repaid during the year | (22,551,639) | (1,431,122,046) | (695,338) | (1,976,678) | (1,861,670) | (1,458,207,371) |
| At end of the year | 503,799 | 19,992,444 | 129,686 | 538,535 | 1,666,278 | 22,830,742 |
| Advances | | | | | | |
| At beginning of the year | – | 3,967,805 | 128,974 | – | – | 4,096,779 |
| Disbursed during the year | – | 63,535,889 | 61,857 | – | – | 63,597,746 |
| Recovered during the year | – | (64,319,195) | (46,187) | – | – | (64,365,382) |
| At end of the year | – | 3,184,499 | 144,644 | – | – | 3,329,143 |
| Bank balances held by the Group | 292,215 | 29,364 | – | – | – | 321,579 |
| Overdrawn bank balances held by the Group | – | 6,472 | – | – | – | 6,472 |
| Mark-up / return / interest receivable | – | 1,457 | – | – | – | 1,457 |
| Mark-up / return / interest payable | – | 325,084 | 4,954 | 2,169 | 351,899 | 684,106 |
| Management fee payable for technical and consultancy services * | 180,265 | – | – | – | – | 180,265 |
| Prepayments / Advance deposits | – | 26,265 | – | – | – | 26,265 |
| Insurance premium and other payables | – | 830 | – | – | – | 830 |
| Transaction-related contingent liabilities | – | 4,670,305 | – | – | – | 4,670,305 |
| Trade-related contingent liabilities | – | 5,041,474 | – | – | – | 5,041,474 |
| Receivable / (payables) against purchase / (sale) of securities | 10,190 | – | (233) | – | – | 9,957 |

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

| | 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 | 1,375,143,583 |
| 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 | 19,865,256 |
| Advances | | | | | | |
| At beginning of the year | – | 1,840,385 | 163,281 | – | – | 2,003,666 |
| Disbursed during the year | – | 44,364,667 | 69,149 | – | – | 44,433,816 |
| Recovered during the year | – | (42,237,247) | (103,456) | – | – | (42,340,703) |
| At end of the year | – | 3,967,805 | 128,974 | – | – | 4,096,779 |
| 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.

Transactions during the year

| | For the year ended 31 December 2016 | | | | | |
|--|-------------------------------------|------------|--------------------------|-----------|--------------------------|-----------|
| | Ultimate parent company | Associates | Key management personnel | Directors | Retirement benefit plans | Total |
| | Rupees in '000 | | | | | |
| Mark-up / return / interest earned | – | 101,224 | 5,459 | – | – | 106,683 |
| Mark-up / return / interest expensed | – | 1,145,812 | 5,815 | 23,557 | 173,421 | 1,348,605 |
| Commission / brokerage / bank charges recovered | 11,994 | 164,786 | 14 | 79 | – | 176,873 |
| Commission / brokerage / bank charges paid | 295 | 756 | – | – | – | 1,051 |
| Rent income | 5,615 | – | – | – | – | 5,615 |
| Salaries and allowances | – | – | 348,638 | – | – | 348,638 |
| Directors' fees | – | – | – | 7,800 | – | 7,800 |
| Charge for defined benefit plan | – | – | – | – | 149,094 | 149,094 |
| Charge for defined contribution plan | – | – | – | – | 151,285 | 151,285 |
| Rent expenses | – | 11,441 | – | – | – | 11,441 |
| Insurance premium expenses | 2,752 | 43,859 | – | – | – | 46,611 |
| Maintenance, electricity, stationery & entertainment expenses | – | 52,769 | – | – | – | 52,769 |
| Management fee expense for technical and consultancy services* | 107,620 | – | – | – | – | 107,620 |
| Donation paid | – | 43,840 | – | – | – | 43,840 |
| Professional / other charges paid | – | 209 | – | – | – | 209 |

* 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 |
| | Rupees in '000 | | | | |
| Mark-up / return / interest earned | – | 68,824 | 10,200 | – | – |
| Mark-up / return / interest expensed | – | 1,440,674 | 3,913 | 27,301 | 162,386 |
| Commission / brokerage / bank charges recovered | 16,704 | 135,910 | 39 | 137 | – |
| Commission / brokerage / bank charges paid | 703 | 825 | – | – | – |
| Rent income | 21,440 | – | – | – | – |
| Salaries and allowances | – | – | 351,846 | – | – |
| Directors' fees | – | – | – | 8,775 | – |
| Charge for defined benefit plan | – | – | – | – | 123,765 |
| Charge for defined contribution plan | – | – | – | – | 138,495 |
| Rent expenses | – | 12,990 | – | – | – |
| Insurance premium expenses | – | 6,215 | – | – | – |
| Maintenance, electricity, stationery & entertainment expenses | – | 53,104 | – | – | – |
| Management fee expense for technical and consultancy services* | 246,524 | – | – | – | – |
| Donation paid | – | 17,840 | – | – | – |
| Professional / other charges paid | – | 2,087 | – | – | – |

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

42. CAPITAL ASSESSMENT AND ADEQUACY

42.1 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 the 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 the 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 Group's exposures based on eligible collateral.

42.1.1 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 holding company for the year ended 31 December 2016 stood at Rs. 10,478 million (2015: Rs. 10,478 million) and is in compliance with the SBP requirements.

Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.65% of the risk weighted exposures of the group. Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.00% and 7.50%, respectively. As at 31 December 2016 the Group was fully compliant with prescribed ratios as the Group's CAR was 18.34% whereas CET 1 and Tier 1 ratios both stood at 17.39%. 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;

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;

42.2 Capital Structure

| Capital Structure | Note | 2016 | 2015 | Source based on reference number from Note 42.4.2 |
|--|--------|----------------|------------|---|
| | | 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 | | 11,382,890 | 10,159,025 | (u) |
| Gain / (losses) on derivatives held as cash flow hedge | | - | - | |
| Unappropriated / unremitted profits / (losses) | | 12,796,778 | 9,965,906 | (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 | | 37,208,968 | 33,154,231 | |
| Total regulatory adjustments applied to CET1 | 42.2.1 | 930,804 | 522,654 | |
| Common Equity Tier 1 | | 36,278,164 | 32,631,577 | |
| 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) | | - | - | (y) |
| of which: instrument issued by subsidiaries subject to phase out | | - | - | |
| AT1 before regulatory adjustments | | - | - | |
| Total regulatory adjustment applied to AT1 capital | 42.2.2 | - | - | |
| Additional Tier 1 capital after regulatory adjustments | | - | - | |
| Additional Tier 1 capital recognized for capital adequacy | | - | - | |
| Tier 1 Capital (CET1 + admissible AT1) | | 36,278,164 | 32,631,577 | |

| | Note | 2016 | 2015 | Source based on reference number from Note 42.4.2 |
|---|--------|--------------------|--------------------|--|
| | | 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 | | 134,110 | 896,749 | (g) |
| Revaluation reserves (net of taxes) | | — | — | portion of (aa) |
| of which: revaluation reserves on fixed assets | | — | — | |
| of which: unrealized gain on AFS | | 1,852,108 | 2,484,364 | |
| Foreign exchange translation reserves | | — | — | (v) |
| Undisclosed / other reserves | | — | — | |
| T2 before regulatory adjustments | | 1,986,218 | 3,381,113 | |
| Total regulatory adjustment applied to T2 capital | 42.2.3 | — | — | |
| Tier 2 capital (T2) after regulatory adjustments | | 1,986,218 | 3,381,113 | |
| Tier 2 capital recognized for capital adequacy | | 1,986,218 | 3,381,113 | |
| Portion of Additional Tier 1 capital recognized in Tier 2 capital | | — | — | |
| Total Tier 2 capital admissible for capital adequacy | | 1,986,218 | 3,381,113 | |
| Total capital (T1 + admissible T2) | | 38,264,382 | 36,012,690 | |
| Total Risk Weighted Assets (RWA) | 42.5 | 208,590,947 | 195,165,364 | |
| Capital Ratios and buffers (in percentage of risk weighted assets) | | | | |
| CET 1 to total RWA | | 17.39% | 16.72% | |
| Tier 1 capital to total RWA | | 17.39% | 16.72% | |
| Total capital to total RWA | | 18.34% | 18.45% | |
| Bank specific buffer requirement (minimum CET 1 requirement plus capital conservation buffer plus any other buffer requirement) | | 6.00% | 6.00% | |
| of which: capital conservation buffer requirement | | — | — | |
| of which: countercyclical buffer requirement | | — | — | |
| of which: D-SIB or G-SIB buffer requirement | | — | — | |
| CET 1 available to meet buffers (as a percentage of risk weighted assets) | | 11.39% | 10.72% | |
| National minimum capital requirements prescribed by SBP | | | | |
| CET 1 minimum ratio | | 6.00% | 6.00% | |
| Tier 1 minimum ratio | | 7.50% | 7.50% | |
| Total capital minimum ratio | | 10.65% | 10.25% | |

42.2.1 Common Equity Tier 1 capital: Regulatory adjustments

| | 2016 | Amounts subject to Pre-Basel III treatment | 2015 | Source based on reference number from Note 42.4.2 |
|---|----------------|---|----------------|--|
| | Rupees in '000 | | | |
| Goodwill (net of related deferred tax liability) | - | - | - | (j) – (o) |
| All other intangibles (net of any associated deferred tax liability) | 190,582 | - | 92 | (h) – (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) | - | - | - | {(i) – (r)} * x% |
| Defined-benefit pension fund net assets | - | - | - | {(l) – (q)} * x% |
| Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities | 740,222 | - | 522,562 | (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 group 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) | - | - | - | (j) |
| 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 | 930,804 | - | 522,654 | |

42.2.2 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 group 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 | - | - | - | |

| 2016 | Amounts subject to Pre-Basel III treatment | 2015 | Source based on reference number from Note 42.4.2 |
|----------------|---|------|--|
| Rupees in '000 | | | |

42.2.3 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 group 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 Tier 2 capital | - | - | - | |

| 2016 | 2015 |
|----------------|------|
| Rupees in '000 | |

42.2.4 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 | 3,023,453 | 2,577,212 |
| Significant investments in the common stock of financial entities | - | - |
| Deferred tax assets arising from temporary differences (net of related tax liability) | 2,535,790 | 1,938,805 |

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) | 134,110 | 896,749 |
| Cap on inclusion of provisions in Tier 2 under standardized approach | 2,095,453 | 1,971,367 |
| 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 | - | - |

42.3 Capital Structure Reconciliation

42.3.1 Step 1

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

42.3.2 Step 2

| | 2016 | | |
|---|---|--|------|
| | Balance sheet as in published financial statements | Under regulatory scope of consolidation | Ref. |
| | Rupees in '000 | | |
| ASSETS | | | |
| Cash and balances with treasury banks | 35,561,885 | 35,561,885 | |
| Balances with other banks | 2,260,110 | 2,260,110 | |
| Lendings to financial institutions | 16,750,886 | 16,750,886 | |
| Investments | 314,132,874 | 314,132,874 | |
| 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 CET 1, AT 1, Tier 2) | 740,222 | 740,222 | d |
| of which: others | — | — | e |
| Advances | 142,951,166 | 142,951,166 | |
| shortfall in provisions / excess of total EL amount over eligible provisions under IRB | — | — | f |
| general provisions reflected in Tier 2 capital | 134,110 | 134,110 | g |
| Fixed Assets | 3,247,358 | 3,247,358 | |
| of which: intangibles | 190,582 | 190,582 | h |
| Deferred Tax Assets | 2,452,502 | 2,452,502 | |
| of which: DTAs that rely on future profitability excluding those arising from temporary differences | — | — | i |
| of which: DTAs arising from temporary differences exceeding regulatory threshold | — | — | j |
| Other assets | 9,085,871 | 9,085,871 | |
| of which: Goodwill | — | — | k |
| of which: Defined-benefit pension fund net assets | — | — | l |
| Total assets | 526,442,652 | 526,442,652 | |

| | 2016 | | |
|---|---|--|------|
| | Balance sheet as in published financial statements | Under regulatory scope of consolidation | Ref. |
| | Rupees in '000 | | |
| LIABILITIES & EQUITY | | | |
| Bills payable | 8,108,633 | 8,108,633 | |
| Borrowings | 37,205,175 | 37,205,175 | |
| Deposits and other accounts | 430,443,867 | 430,443,867 | |
| 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 | 10,946,833 | 10,946,833 | |
| Total liabilities | 486,704,508 | 486,704,508 | |
| Share capital | 13,029,300 | 13,029,300 | s |
| of which: amount eligible for CET 1 | 13,029,300 | 13,029,300 | t |
| of which: amount eligible for AT 1 | - | - | |
| Reserves | 11,382,890 | 11,382,890 | u |
| of which: portion eligible for inclusion in CET 1 (statutory reserve, special reserve & revenue reserve) | 11,382,890 | 11,382,890 | v |
| of which: portion eligible for inclusion in Tier 2 | - | - | |
| Unappropriated profit / (losses) | 12,796,778 | 12,796,778 | w |
| Minority Interest | - | - | x |
| of which: portion eligible for inclusion in CET 1 | - | - | y |
| of which: portion eligible for inclusion in AT 1 | - | - | z |
| of which: portion eligible for inclusion in Tier 2 | - | - | |
| Surplus on revaluation of assets | 2,529,176 | 2,529,176 | aa |
| of which: revaluation reserves on non-banking assets | 154,678 | 154,678 | |
| of which: unrealized gains / losses on AFS - recognised | 1,852,108 | 1,852,108 | aaa |
| of which: unrealized gains / losses on AFS - unrecognised | 522,390 | 522,390 | |
| In case of deficit on revaluation (deduction from CET 1) | - | - | |
| Total Equity | 39,738,144 | 39,738,144 | |
| Total liabilities and Equity | 526,442,652 | 526,442,652 | |

42.4 Main features template of regulatory capital instruments

| | | |
|----|---|------------------------------|
| 1 | Issuer | Habib Metropolitan Bank Ltd. |
| 2 | Unique identifier (eg 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) | 38,264,383 |
| 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 |

42.5 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 | |
|---|----------------------|------------|----------------------|-------------|
| | 2016 | 2015 | 2016 | 2015 |
| Portfolios subject to standardised approach (Simple) | Rupees in '000 | | | |
| On-balance sheet | | | | |
| Cash and cash equivalents | — | — | — | — |
| Government of Pakistan and SBP | — | — | — | — |
| Public sector entities | 206,003 | 189,604 | 2,060,031 | 1,896,038 |
| Banks | 727,210 | 867,792 | 7,272,102 | 8,677,918 |
| Corporate | 9,503,388 | 8,939,024 | 95,033,881 | 89,390,240 |
| Retail | 510,882 | 320,244 | 5,108,816 | 3,202,441 |
| Residential mortgage finance | 77,413 | 61,222 | 774,128 | 612,217 |
| Past due loans | 356,783 | 194,565 | 3,567,825 | 1,945,650 |
| Operating fixed assets | 305,678 | 312,539 | 3,056,776 | 3,125,386 |
| Other assets | 850,093 | 689,628 | 8,500,928 | 6,896,280 |
| | 12,537,450 | 11,574,618 | 125,374,487 | 115,746,170 |
| Off-balance sheet | | | | |
| Non market related | 3,772,424 | 3,808,244 | 37,724,238 | 38,082,444 |
| Market related | 86,924 | 97,895 | 869,238 | 978,954 |
| | 3,859,348 | 3,906,139 | 38,593,476 | 39,061,398 |
| Equity Exposure Risk in the Banking Book | | | | |
| Under simple risk weight method | | | | |
| e.g. Listed, Unlisted | 366,824 | 290,182 | 3,668,238 | 2,901,817 |
| Under Internal models approach | — | — | — | — |
| | 366,824 | 290,182 | 3,668,238 | 2,901,817 |
| Total Credit Risk | 16,763,622 | 15,770,939 | 167,636,201 | 157,709,385 |
| Market risk | | | | |
| Capital requirement for portfolios subject to Standardised Approach | | | | |
| Interest rate risk | 39,842 | 149,566 | 498,025 | 1,869,575 |
| Equity position risk | 671,075 | 506,991 | 8,388,432 | 6,337,388 |
| Foreign exchange risk | 50,216 | 13,929 | 627,700 | 174,112 |
| Total Market risk | 761,133 | 670,486 | 9,514,157 | 8,381,075 |
| Operational risk | | | | |
| Capital requirement for operational risks subject to Basic Indicator Approach | 2,515,247 | 2,325,992 | 31,440,589 | 29,074,904 |
| Total Risk Weighted Assets | 20,040,002 | 18,767,417 | 208,590,947 | 195,165,364 |
| Capital adequacy ratio | | | | |
| | 2016 | | 2015 | |
| | Required | Actual | Required | Actual |
| | % | | % | |
| CET1 to total RWA | 6.00 | 17.39 | 6.00 | 16.72 |
| Tier-1 capital to total RWA | 7.50 | 17.39 | 7.50 | 16.72 |
| Total capital to total RWA including capital conversion buffer | 10.65 | 18.34 | 10.25 | 18.45 |

42.6 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 group 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 given below:

Types of exposures and ECAI's used

| Exposures | 2016 | | | | |
|----------------|---------|-------|-------|-------|---------|
| | JCR-VIS | PACRA | S & P | Fitch | Moody's |
| Corporate | ✓ | ✓ | – | – | – |
| Banks | ✓ | ✓ | ✓ | ✓ | ✓ |
| Sovereigns | – | – | – | – | – |
| SME's | ✓ | ✓ | – | – | – |
| Securitisation | – | – | – | – | – |
| Others | – | – | – | – | – |

42.7 Credit Exposures subject to Standardized Approach

| Exposures | Rating category | 2016 | | | 2015 | | |
|--|-----------------|--------------------|---------------|-------------|--------------------|---------------|-------------|
| | | Amount outstanding | Deduction CRM | Net amount | Amount outstanding | Deduction CRM | Net amount |
| | | Rupees in '000 | | | | | |
| Corporate | 1 | 10,902,240 | 37,409 | 10,864,831 | 8,444,231 | 37,503 | 8,406,728 |
| | 2 | 5,930,650 | 892,506 | 5,038,144 | 4,001,131 | 830,135 | 3,170,996 |
| | 3,4 | 494,949 | – | 494,949 | – | – | – |
| | 5,6 | – | – | – | – | – | – |
| Claims on banks with original maturity of 3 months or less | | 11,646,102 | 478,066 | 11,168,036 | 8,671,285 | – | 8,671,285 |
| Retail | | 12,048,722 | 3,162,578 | 8,886,144 | 8,576,628 | 2,502,144 | 6,074,484 |
| Public sector entities | 1 | 5,957,423 | 14,273 | 5,943,150 | 12,653,222 | 13,638 | 12,639,584 |
| | 2,3 | 1,405,364 | – | 1,405,364 | – | – | – |
| Others | | 388,932,323 | 12,093,000 | 376,839,323 | 359,530,736 | 9,407,000 | 350,123,736 |
| Unrated | | 134,082,269 | 17,339,243 | 116,743,026 | 128,990,367 | 13,823,401 | 115,166,966 |

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.

42.8 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 31 December 2016 the Bank's Leverage ratio stood at 5.68% (2015: 5.48%) which is well above the minimum requirement of 3.0%.

| | Note | 2016 | 2015 |
|---|------|--------------------|-------------|
| | | Rupees in '000 | |
| Total assets | | 526,442,652 | 489,885,635 |
| Less: Total regulatory adjustments applied to CET1 | 42.1 | 930,804 | 522,654 |
| Total assets net of regulatory adjustments | | 525,511,848 | 489,362,981 |
| Commitments in respect of derivatives - off balance sheet items | | 1,283,686 | 1,334,860 |
| Total off-balance sheet commitments excluding derivatives | 22 | 111,575,755 | 105,099,683 |
| Total exposures (A) | | 638,371,289 | 595,797,524 |
| Tier-1 Capital (B) | 42.2 | 36,278,164 | 32,631,577 |
| Leverage Ratio (B/A) | | 5.68% | 6.07% |

43. 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 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.

43.1 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. 167,636,201 thousand (2015: Rs. 157,709,385 thousand) as depicted in note 42.5.

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 group, 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 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 group 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.

43.1.1 Segmental information

| Segment by class of business | 2016 | | | | | |
|--|--------------------|---------------|--------------------|---------------|-------------------------------|---------------|
| | Advances (Gross) | | Deposits | | Contingencies and commitments | |
| | (Rs. in '000) | % | (Rs. in '000) | % | (Rs. in '000) | % |
| Agriculture, forestry, hunting and fishing | 781,149 | 0.49 | 16,412,506 | 3.81 | 139,392 | 0.05 |
| Automobile and transportation equipment | 1,674,373 | 1.05 | 19,725,977 | 4.58 | 7,318,858 | 2.64 |
| Cement | 1,205,318 | 0.75 | 5,755,722 | 1.34 | 2,899,744 | 1.04 |
| Chemicals and pharmaceuticals | 9,139,668 | 5.72 | 19,531,761 | 4.54 | 10,327,251 | 3.72 |
| Construction | 2,945,764 | 1.84 | 17,793,045 | 4.13 | 1,312,322 | 0.47 |
| Commodity Finance | 12,093,000 | 7.56 | — | — | — | — |
| Electronics and electrical appliances | 5,299,006 | 3.31 | 31,403,493 | 7.30 | 4,604,132 | 1.66 |
| Exports / imports | 4,525,538 | 2.83 | 11,722,008 | 2.72 | 15,434,961 | 5.56 |
| Financial | 1,692,493 | 1.06 | 11,885,676 | 2.76 | 113,782,183 | 40.99 |
| Footwear and leather garments | 706,630 | 0.44 | 11,700,093 | 2.72 | 298,991 | 0.11 |
| Individuals | 2,841,087 | 1.78 | 43,338,486 | 10.07 | 205,311 | 0.07 |
| Insurance | — | — | 604,593 | 0.14 | — | — |
| Mining and quarrying | 3,487,784 | 2.18 | 16,373,814 | 3.80 | 304,785 | 0.11 |
| Power (electricity), gas, water, sanitary | 22,678,878 | 14.18 | 10,529,617 | 2.45 | 10,841,518 | 3.91 |
| Services | 485,113 | 0.30 | 30,114,136 | 7.00 | 3,670,837 | 1.32 |
| Sugar | 2,287,400 | 1.43 | 2,298,547 | 0.53 | 314,804 | 0.11 |
| Textile | 65,060,557 | 40.69 | 34,709,573 | 8.06 | 69,471,545 | 25.03 |
| Transport, storage and communication | 1,881,832 | 1.18 | 21,929,423 | 5.09 | 1,624,699 | 0.59 |
| Wholesale and retail trade | 4,910,124 | 3.07 | 10,074,932 | 2.34 | 7,495,868 | 2.70 |
| Others | 16,186,501 | 10.14 | 114,540,465 | 26.62 | 27,540,297 | 9.92 |
| | <u>159,882,215</u> | <u>100.00</u> | <u>430,443,867</u> | <u>100.00</u> | <u>277,587,498</u> | <u>100.00</u> |

| Segment by sector | 2016 | | | | | |
|---------------------|--------------------|---------------|--------------------|---------------|-------------------------------|---------------|
| | Advances (Gross) | | Deposits | | Contingencies and commitments | |
| | (Rs. in '000) | % | (Rs. in '000) | % | (Rs. in '000) | % |
| Public / Government | 25,446,807 | 15.92 | 40,427,614 | 9.39 | 5,107,914 | 1.84 |
| Private | 134,435,408 | 84.08 | 390,016,253 | 90.61 | 272,478,581 | 98.16 |
| | <u>159,882,215</u> | <u>100.00</u> | <u>430,443,867</u> | <u>100.00</u> | <u>277,586,495</u> | <u>100.00</u> |

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

| | 2016 | | 2015 | |
|---|---------------------|-------------------------|---------------------|-------------------------|
| | Classified advances | Specific provision held | Classified advances | Specific provision held |
| | Rupees in '000 | | | |
| Automobile and transportation equipment | 1,519,602 | 1,518,885 | 1,514,514 | 1,514,514 |
| Chemicals and pharmaceuticals | 339,687 | 301,854 | 366,002 | 296,909 |
| Construction | 189,056 | 68,412 | 194,060 | 29,764 |
| Electronics and electrical appliances | 523,887 | 523,887 | 529,272 | 527,022 |
| Exports / imports | 99,020 | — | 981,241 | 864,839 |
| Footwear and leather garments | 17,430 | 17,430 | 23,428 | 17,668 |
| Individuals | 6,691 | 5,671 | 7,138 | 5,863 |
| Power (electricity), gas, water, sanitary | 23,229 | 23,229 | 245,504 | 52,867 |
| Services | 100,384 | 51,785 | 87,377 | 51,135 |
| Textile | 14,728,045 | 12,284,223 | 12,095,339 | 11,314,648 |
| Transport, storage and communication | 5,619 | 4,999 | 9,201 | 6,823 |
| Wholesale and retail trade | 427,690 | 303,006 | 778,827 | 471,751 |
| Others | 1,892,802 | 1,693,558 | 1,655,079 | 1,379,034 |
| | <u>19,873,142</u> | <u>16,796,939</u> | <u>18,486,982</u> | <u>16,532,837</u> |

Details of non-performing advances and specific provisions by sector

| | 2016 | | 2015 | |
|---------|---------------------|-------------------------|---------------------|-------------------------|
| | Classified advances | Specific provision held | Classified advances | Specific provision held |
| | Rupees in '000 | | | |
| Private | <u>19,873,142</u> | <u>16,796,939</u> | <u>18,486,982</u> | <u>16,532,837</u> |

Geographical segment analysis

| | 2016 | | | |
|----------|------------------------|-----------------------|---------------------|-------------------------------|
| | Profit before taxation | Total assets employed | Net assets employed | Contingencies and commitments |
| | Rupees in '000 | | | |
| Pakistan | <u>10,348,052</u> | <u>526,442,652</u> | <u>39,738,144</u> | <u>277,587,498</u> |

Total assets employed include intra group items of Rs. 292,215 thousand.

43.2 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 the 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.

43.3 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 the Group's business strategy to work with export oriented clients gives the ability to meet its foreign exchange needs.

| 2016 | | | | |
|----------------------|----------------|-------------|----------------------------|-------------------------------------|
| | Assets | Liabilities | Off-balance sheet items | Net foreign currency exposure |
| | Rupees in '000 | | | |
| Pakistan Rupee | 488,551,171 | 437,066,922 | (11,969,666) | 39,514,583 |
| United States Dollar | 33,997,469 | 43,817,954 | 10,425,758 | 605,273 |
| Euro | 2,594,738 | 1,240,805 | (1,355,104) | (1,171) |
| Great Britain Pound | 551,032 | 3,696,076 | 3,145,172 | 128 |
| Asian Currency Unit | 465,943 | 868,699 | – | (402,756) |
| Japanese Yen | 63,265 | 685 | (57,502) | 5,078 |
| Arab Emirates Dirham | 201,991 | 17 | (202,186) | (212) |
| Canadian Dollar | – | 6,472 | 9,925 | 3,453 |
| Australian Dollar | 696 | – | – | 696 |
| Saudi Riyal | 441 | – | – | 441 |
| Other Currencies | 15,906 | 6,878 | 3,603 | 12,631 |
| | 37,891,481 | 49,637,586 | 11,969,666 | 223,561 |
| | 526,442,652 | 486,704,508 | – | 39,738,144 |

| 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 |

43.4 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:

| 2016 | | | | | | | | | | |
|--|----------------------------------|---------------|--------------------------|---------------------------|-------------------------|------------------------|-------------------------|-------------------------|--------------------------|--|
| 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 | Non-interest bearing financial instruments |
| Rupees in '000 | | | | | | | | | | |
| On-balance sheet financial instruments | | | | | | | | | | |
| Assets | | | | | | | | | | |
| Cash and balances with treasury banks | 35,561,885 | - | - | - | - | - | - | - | - | 35,561,885 |
| Balances with other banks | 2,260,110 | 44,415 | - | - | - | - | - | - | - | 2,215,695 |
| Lendings to financial institutions | 16,750,886 | 3,492,366 | 13,258,520 | - | - | - | - | - | - | - |
| Investments | 314,132,874 | 2,289,380 | 121,821,854 | 50,139,395 | 10,233,533 | 20,730,039 | 24,381,025 | 47,774,106 | 30,022,561 | 6,740,981 |
| Advances | 142,951,166 | 13,171,450 | 107,146,489 | 15,812,764 | 588,782 | 745,821 | 966,999 | 1,428,159 | 2,118,485 | - |
| Other assets | 7,041,238 | - | - | - | - | - | - | - | - | 7,041,238 |
| | 518,698,159 | 18,997,611 | 242,226,863 | 65,952,159 | 10,822,315 | 21,475,860 | 25,348,024 | 49,202,265 | 32,141,046 | 51,559,799 |
| Liabilities | | | | | | | | | | |
| Bills payable | 8,108,633 | - | - | - | - | - | - | - | - | 8,108,633 |
| Borrowings | 37,205,175 | 17,319,993 | 7,139,554 | 6,641,393 | 2,016,461 | 521,870 | 581,186 | 944,096 | 1,149,018 | 890,142 |
| Deposits and other accounts | 430,443,867 | 110,713,307 | 52,606,915 | 104,729,501 | 27,085,389 | 2,015,855 | 1,665,452 | 5,371,721 | - | 126,255,727 |
| Other liabilities | 10,024,431 | - | - | - | - | - | - | - | - | 10,024,431 |
| | 485,782,106 | 128,033,300 | 59,746,469 | 111,370,894 | 29,101,850 | 2,537,725 | 2,246,638 | 6,315,817 | 1,149,018 | 145,278,933 |
| On-balance sheet gap | | | | | | | | | | |
| | 32,916,053 | (109,035,689) | 182,480,394 | (45,418,735) | (18,279,535) | 18,938,135 | 23,101,386 | 42,886,448 | 30,992,028 | (93,719,134) |
| Off balance sheet financial instruments | | | | | | | | | | |
| Forward purchase | 76,832,902 | - | - | - | - | - | - | - | - | 76,832,902 |
| Forward sale | (66,117,312) | - | - | - | - | - | - | - | - | (66,117,312) |
| Off balance sheet gap | 10,715,590 | - | - | - | - | - | - | - | - | 10,715,590 |
| Total yield / interest risk sensitivity gap | 43,631,643 | (109,035,689) | 182,480,394 | (45,418,735) | (18,279,535) | 18,938,135 | 23,101,386 | 42,886,448 | 30,992,028 | (83,003,544) |
| Cumulative yield / interest risk sensitivity gap | 43,631,643 | (109,035,689) | 73,444,705 | 28,025,970 | 9,746,435 | 28,684,570 | 51,785,956 | 94,672,404 | 125,664,432 | 43,631,643 |

2015

| | Effective yield/ interest rate % | Exposed to yield / interest risk | | | | | | | | | |
|--|----------------------------------|----------------------------------|--------------|--------------------------|---------------------------|-------------------------|------------------------|-------------------------|-------------------------|---------------|--|
| | | Rupees in '000 | | | | | | | | Over 10 years | Non-interest bearing financial instruments |
| | | 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 | | |
| On-balance sheet financial instruments | | | | | | | | | | | |
| Assets | | | | | | | | | | | |
| Cash and balances with treasury banks | - | 30,645,728 | - | - | - | - | - | - | - | - | 30,645,728 |
| Balances with other banks | 4.00% to 7.00% | 13,807,806 | 6,830,679 | 3,650,000 | - | - | - | - | - | - | 3,327,127 |
| Lendings to financial Institutions | 6.00% to 7.25% | 2,800,000 | 2,800,000 | - | - | - | - | - | - | - | - |
| Investments | 6.39% to 12.00% | 292,555,587 | 3,428,782 | 34,213,453 | 14,570,039 | 150,135,298 | 1,124,299 | 45,977,920 | 12,158,894 | 23,503,314 | 7,443,588 |
| Advances | 0.81% to 23.04% | 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 |
| Liabilities | | | | | | | | | | | |
| Bills payable | - | 6,344,461 | - | - | - | - | - | - | - | - | 6,344,461 |
| Borrowings | 1.00% to 10.10% | 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 | 0.25% to 16.67% | 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 |
| 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 |
| 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 |

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

| | 2016 | | 2015 | | 2016 | | 2015 | |
|--|------------------|--|------------------|--|--|-------------|------------------|-------------|
| | (Rupees in '000) | | (Rupees in '000) | | (Rupees in '000) | | (Rupees in '000) | |
| Reconciliation to total assets | | | | | Reconciliation to total liabilities | | | |
| Total financial assets | 518,698,159 | | 482,924,472 | | Total financial liabilities | 485,782,106 | | 451,972,845 |
| Add: non financial assets | | | | | Add: non financial liabilities | | | 1,050,553 |
| Operating fixed assets | 3,247,358 | | 3,125,478 | | Other liabilities | 922,402 | | |
| Deferred tax assets | 2,452,502 | | 1,938,805 | | | | | |
| Other assets | 2,044,633 | | 1,896,880 | | | | | |
| | 7,744,493 | | 6,961,163 | | | | | |
| Balance as per statement of financial position | 526,442,652 | | 489,885,635 | | Balance as per statement of financial position | 486,704,508 | | 453,023,398 |

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 investments in equity securities; certain other liabilities and other assets that are assumed to mature on the expected date on which the assets / liabilities will be realized / settled.

43.5.1 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 IFRS 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.

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43.5.2 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 assets and liabilities committee (ALCO), keeping in view the historical pattern of those current and saving deposit accounts which do not have contractual maturity.

2016

| | 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 | 35,561,885 | 35,561,885 | - | - | - | - | - | - | - | - |
| Balances with other banks | 2,260,110 | 2,260,110 | - | - | - | - | - | - | - | - |
| Lendings to financial institutions | 16,750,886 | 3,492,366 | 13,258,520 | - | - | - | - | - | - | - |
| Investments | 314,132,874 | 8,868,221 | 120,134,421 | 44,724,545 | 10,471,460 | 25,035,452 | 24,966,164 | 48,525,086 | 31,386,675 | 20,850 |
| Advances | 142,951,166 | 37,879,956 | 46,131,950 | 25,903,482 | 11,021,905 | 5,336,734 | 5,094,967 | 6,237,958 | 4,152,544 | 1,191,670 |
| Operating fixed assets | 3,247,358 | 179,159 | 185,339 | 278,010 | 556,009 | 803,468 | 167,440 | 189,713 | 473,764 | 414,456 |
| Deferred tax assets | 2,452,502 | 1,349,137 | 557,592 | 393,585 | 307,992 | (47,783) | (2,216) | (79,587) | (9,159) | (17,059) |
| Other assets | 9,085,871 | 6,873,777 | 387,025 | 202,838 | 1,226,698 | 73,739 | 238,137 | 22,474 | 30,446 | 30,737 |
| | 526,442,652 | 96,464,611 | 180,654,847 | 71,502,460 | 23,584,064 | 31,201,610 | 30,464,492 | 54,895,644 | 36,034,270 | 1,640,654 |
| Liabilities | | | | | | | | | | |
| Bills payable | 8,108,633 | 8,108,633 | - | - | - | - | - | - | - | - |
| Borrowings | 37,205,175 | 18,210,135 | 7,139,554 | 6,641,393 | 2,016,461 | 521,870 | 581,186 | 944,096 | 1,149,018 | 1,462 |
| Deposits and other accounts | 430,443,867 | 57,118,533 | 77,003,765 | 65,008,377 | 149,069,628 | 38,611,124 | 38,260,721 | 5,371,720 | - | - |
| Other liabilities | 10,946,833 | 5,091,613 | 1,813,883 | 1,223,043 | 1,446,688 | 76,678 | 63,923 | 845,662 | 385,343 | - |
| | 486,704,508 | 88,528,914 | 85,957,202 | 72,872,813 | 152,532,777 | 39,209,672 | 38,905,830 | 7,161,478 | 1,534,361 | 1,462 |
| Net assets / (liabilities) | 39,738,144 | 7,935,697 | 94,697,645 | (1,370,353) | (128,948,713) | (8,008,062) | (8,441,338) | 47,734,166 | 34,499,909 | 1,639,192 |
| Share capital | 10,478,315 | | | | | | | | | |
| Reserves | 13,933,875 | | | | | | | | | |
| Unappropriated profit | 12,796,778 | | | | | | | | | |
| Surplus on revaluation of assets - net of tax | 2,529,176 | | | | | | | | | |
| | 39,738,144 | | | | | | | | | |

43.6 Operational risk

The holding company 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 with new industry standards.

The holding company'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 holding company'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 the 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 holding company'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.

43.7 Operational risk - Disclosures Basel II specific

The holding company 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. 2,515,247 thousand (2015: Rs. 2,325,992 thousand).

44. KEY ISLAMIC BANKING OPERATIONS

44.1 The holding company is operating 25 (2015: 20) Islamic banking branches in Pakistan. The statement of financial position and profit and loss account of these branches as at 31 December 2016 and for the year are as follows:

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

| | Note | 2016 | 2015 |
|---|------|-------------------|-------------------|
| | | Rupees in '000 | |
| ASSETS | | | |
| Cash and balances with treasury banks | | 2,723,811 | 3,842,878 |
| Balances with other banks | | — | 10,450,000 |
| Due from financial institutions | | 13,613,465 | 2,907,631 |
| Investments | | 20,540,621 | 26,593,986 |
| Islamic financing and related assets | 44.5 | 8,429,751 | 7,897,487 |
| Operating fixed assets | | 79,530 | 76,730 |
| Deferred tax assets | | — | — |
| Other assets | | 1,414,567 | 3,460,038 |
| | | <u>46,801,745</u> | <u>55,228,750</u> |
| LIABILITIES | | | |
| Bills payable | | 304,581 | 228,456 |
| Due to financial institutions | | 860,517 | 966,307 |
| Deposits and other accounts | | | |
| - Current accounts | | 7,660,817 | 6,918,381 |
| - Saving account | | 10,641,554 | 19,962,616 |
| - Term deposits | | 16,415,145 | 15,390,612 |
| - Others | | 111,661 | 84,674 |
| - Deposits from financial institutions - remunerative | | 8,321,653 | 9,709,697 |
| - Deposits from financial institutions - non - remunerative | | 3,814 | 1,303 |
| | | <u>43,154,644</u> | <u>52,067,283</u> |
| Due to head office | | — | — |
| Other liabilities | | 506,326 | 575,043 |
| | | <u>44,826,068</u> | <u>53,837,089</u> |
| NET ASSETS | | <u>1,975,677</u> | <u>1,391,661</u> |
| REPRESENTED BY | | | |
| Islamic banking fund | | 1,402,615 | 1,002,619 |
| Reserves | | — | — |
| Unappropriated profit | | 191,936 | 363,777 |
| | | <u>1,594,551</u> | <u>1,366,396</u> |
| Surplus on revaluation of assets | | 381,126 | 25,265 |
| | | <u>1,975,677</u> | <u>1,391,661</u> |

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 201

2016

2015

Rupees in '000

Profit / return on financing, investments and placements earned

2,752,564

2,723,686

Profit / return on deposit & other dues expensed

(2,306,490)

(2,116,829)

Net spread earned

446,074

606,857

Provision against non performing financing

15,852

81,757

Provision for diminution in the value of investments

—

—

Provision for consumer financing Ijarah

—

—

Bad debts written off directly

—

—

(15,852)

(81,757)

Net spread after provisions

430,222

525,100

OTHER INCOME

Fee, commission and brokerage income

40,746

33,188

Dividend income

—

—

Income from dealing in foreign currencies

23,661

14,829

Gain on sale / redemption of securities

66,907

13,803

Unrealized gain / (loss) on revaluation of investments classified as held-for-trading

—

—

Other income

44,146

61,681

Total other income

175,460

123,501

605,682

648,601

OTHER EXPENSES

Administrative expenses

413,464

284,803

Other provisions / write offs

—

—

Other charges

282

21

Total other expenses

(413,746)

(284,824)

191,936

363,777

Extra-ordinary / unusual items

—

—

PROFIT BEFORE TAXATION

191,936

363,777

44.2 Remuneration to Shariah Advisor / Board

7,747

2,794

44.3 Charity Fund

Opening balance

491

—

Additions during the year

Received from customer on delayed payments

550

491

Payments / utilization during the year

Education

(148)

—

Health

(566)

—

(714)

—

Closing balance

327

491

| | 2016 | 2015 |
|--|------------------|------------------|
| | Rupees in '000 | |
| 44.4 Financings / investments / receivables | | |
| Murabaha financing | | |
| Murabaha receivable - gross | 4,257,445 | 4,218,831 |
| Less: Deferred Murabaha income | (125,683) | (166,802) |
| Advance against Murabaha | 109,071 | 79,898 |
| | <u>4,240,833</u> | <u>4,131,927</u> |
| Provision against Murabaha Financing | (345,550) | (330,980) |
| | <u>3,895,283</u> | <u>3,800,947</u> |
| Ijarah | | |
| Asset held for Ijarah | 367,292 | 315,303 |
| Less: Accumulated Depreciation | (115,788) | (143,395) |
| Ijarah Financing | – | 55,480 |
| Less: Unearned Income | – | (9,089) |
| Advance against Ijarah | 32,218 | 23,854 |
| | <u>283,722</u> | <u>242,153</u> |
| Provision against Ijarah Financing | (23,796) | (25,840) |
| | <u>259,926</u> | <u>216,313</u> |
| Diminishing Musharakah | | |
| Diminishing Musharakah - gross | 3,477,592 | 3,204,826 |
| Less: Unrealised Income on Diminishing Musharakah | (779,718) | (497,059) |
| Advance against Diminishing Musharakah | 146,306 | 44,324 |
| | <u>2,844,180</u> | <u>2,752,091</u> |
| Provision against Diminishing Musharakah | (3,327) | – |
| | <u>2,840,853</u> | <u>2,752,091</u> |
| Export Refinance Murabaha | | |
| Export Refinance Murabaha receivable - gross | 95,142 | 129,691 |
| Less: Deferred Export Refinance Murabaha income | (1,247) | (2,317) |
| Advance against Murabaha IERF | 6,673 | 5,899 |
| | <u>100,568</u> | <u>133,273</u> |
| Istisna Financing | | |
| Istisna Financing - gross | 44,645 | 46,429 |
| Less: Deferred Istisna Income | (13,394) | (13,929) |
| Advance against Istisna | 146,308 | 102,275 |
| | <u>177,559</u> | <u>134,775</u> |
| Advance against Export Refinance Istisna | | |
| Export Refinance Istisna receivable - gross | 13,226 | – |
| Less: Deferred Export Refinance Istisna income | (2,645) | – |
| Advance against Istisna IERF | 754,400 | 835,000 |
| | <u>764,981</u> | <u>835,000</u> |
| Al-Bai Financing | – | 25,088 |
| Al-Bai Goods | <u>55,081</u> | <u>–</u> |
| Istisna Goods | <u>29,500</u> | <u>–</u> |
| Working Capital Musharaka | <u>306,000</u> | <u>–</u> |
| 44.5 Islamic Mode of Financing | | |
| Financings / investments / receivables | 7,522,867 | 7,163,057 |
| Assets / inventories | 84,581 | – |
| Advances | 1,194,976 | 1,091,250 |
| Gross Islamic financing and related assets | <u>8,802,424</u> | <u>8,254,307</u> |
| Provision against financing and related assets | (372,673) | (356,820) |
| | <u>8,429,751</u> | <u>7,897,487</u> |

44.6 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 currencies 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.

44.6.1 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 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. HabibMetro 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.

44.6.2 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.

44.7 Avenues / sectors of economy / business where mudaraba based deposits have been deployed

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

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

a) Basis of profit allocation

| | From January 01, 2016 to December 31, 2016 | |
|---------------|---|---------------------|
| | 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 are borne by the Islamic Banking Division as Mudarib.

c) Provisions

Specific provision amounting to Rs. 15,852 thousand has been made during the year 2016.

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

| | 2016 | | 2015 | |
|----------------------|----------------|--------|----------------|--------|
| | Rupees in '000 | % | Rupees in '000 | % |
| Rabbul Maal | 1,237,019 | 44.23 | 1,168,534 | 42.64 |
| Mudarib | 1,560,018 | 55.77 | 1,572,008 | 57.36 |
| Distributable Income | 2,797,037 | 100.00 | 2,740,542 | 100.00 |

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

| | 2016 | 2015 |
|----------------------------------|--------------------|-----------|
| | — Rupees in '000 — | |
| Mudarib share | 1,560,018 | 1,572,008 |
| Hiba | 551,899 | 626,854 |
| Hiba percentage of mudarib share | 35.38% | 39.88% |

44.11 Profit rate earned and profit rate distributed to depositors during the year

| | 2016 | 2015 |
|---------------------------------------|------|------|
| | % | |
| Profit rate earned | 6.32 | 7.35 |
| Profit rate distributed to depositors | 4.82 | 5.67 |

45 GENERAL

45.1 State Bank of Pakistan has issued BPRD circular Letter No. 5 dated 29 February 2016 regarding the classification of Bai-Muajjal with Government of Pakistan. Accordingly corresponding figures pertaining to "Bai-Muajjal with Government of Pakistan" amounting to Rs 11,644,641 thousand have been reclassified from "Lendings to Financial Institutions" to "Investments".

45.2 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.

45.3 Non adjusting event after statement of financial position date

The Board of Directors in its meeting held on 22 February 2017 has proposed a final cash dividend of Rs.3.00 per share amounting to Rs. 3,143,494 thousand (2015: final cash dividend of Rs. 2.00 per share amounting to Rs. 2,095,663 thousand) for approval by the members of the Group in the forthcoming Annual General Meeting.

46. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 22 February 2017 by the Board of Directors of the holding company.

MOHAMEDALI R. HABIB
Chairman

SIRAJUDDIN AZIZ
President &
Chief Executive Officer

TARIQ IKRAM
Director

MOHOMED BASHIR
Director

ANNEXURE "I" AS REFERRED TO IN NOTE 11.4 OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. MARKET TREASURY BILLS

These securities have a maturity period of 1 year, with yield ranging between 5.87% to 6.28% (2015: 6.39% to 8.50%) per annum.

2. PAKISTAN INVESTMENT BONDS

These securities have a maturity period of 3 to 10 years with interest rates ranging between 7.00% to 12.00% (2015: 8.75% to 12.00%) per annum.

3. FULLY PAID-UP ORDINARY SHARES - LISTED

| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | Rating |
|---|-----------------------------------|-----------|---------------|--------|----------------|-----------|-----------|-----------|------|------|--------|
| | No. of shares of Rs. 10/- each | | Paid up value | | Market Value | | Cost | | | | |
| | | | | | Rupees in '000 | | | | | | |
| Allied Bank Limited | 582,500 | 640,000 | 58,250 | 6,400 | 69,440 | 60,326 | 66,611 | 73,186 | AA+ | AA+ | AA+ |
| Amreli Steel Limited | 1,375,000 | 1,375,000 | 137,500 | 13,750 | 91,561 | 82,596 | 71,562 | 71,563 | A | A | A- |
| Bank AL Habib Limited | 2,237,737 | 2,295,737 | 223,774 | 22,957 | 132,004 | 95,503 | 96,728 | 99,235 | AA+ | AA+ | AA+ |
| Bank Alfalah Limited | 1,822,000 | 1,382,500 | 182,200 | 13,825 | 69,163 | 39,844 | 49,742 | 37,264 | AA | AA | AA |
| Cherat Cement Company Limited | 571,060 | 521,160 | 57,106 | 5,212 | 99,387 | 46,998 | 62,594 | 41,679 | A | A | A |
| D. G. Khan Cement Company Limited | 435,000 | 505,000 | 43,500 | 5,050 | 96,453 | 74,533 | 74,662 | 50,506 | ** | ** | ** |
| Engro Foods Limited | 81,800 | 62,000 | 8,180 | 620 | 15,701 | 9,089 | 11,929 | 9,079 | A+ | A+ | A+ |
| Engro Fertilizer Limited | 1,005,000 | - | 100,500 | - | 68,320 | - | 65,598 | - | AA- | AA- | - |
| Fatima Fertilizers Company Limited | 2,371,500 | 1,718,500 | 237,150 | 17,185 | 87,485 | 76,869 | 73,323 | 49,499 | AA- | AA- | AA- |
| Fauji Fertilizers Bin Qasim Limited | 897,000 | 1,552,000 | 89,700 | 15,520 | 45,935 | 81,759 | 41,370 | 70,744 | AA | AA | ** |
| Fauji Fertilizers Company Limited | 662,200 | 662,200 | 66,220 | 6,622 | 69,114 | 78,126 | 74,818 | 74,818 | AA | AA | ** |
| Habib Bank Limited | 197,960 | 71,960 | 19,796 | 720 | 54,093 | 14,401 | 41,592 | 12,090 | AAA | AAA | AAA |
| Hi-Tech Lubricants Limited | 164,500 | - | 16,450 | - | 18,896 | - | 13,966 | - | ** | ** | - |
| Honda Atlas Cars (Pakistan) Limited | 50,100 | - | 5,010 | - | 33,499 | - | 29,349 | - | ** | ** | - |
| HUB Power Company Limited | 934,425 | 1,028,625 | 93,443 | 10,286 | 115,383 | 105,537 | 73,811 | 66,072 | AA+ | AA+ | AA+ |
| Kor Addu Power Company Limited | 942,000 | 1,032,500 | 94,200 | 10,325 | 74,230 | 83,632 | 73,163 | 74,084 | AA+ | AA+ | AA+ |
| Lucky Cement Limited | 56,400 | 38,000 | 5,640 | 380 | 48,856 | 18,811 | 40,562 | 19,520 | ** | ** | ** |
| MCB Bank Limited | 263,000 | 263,000 | 26,300 | 2,630 | 62,546 | 57,032 | 70,354 | 70,354 | AAA | AAA | AAA |
| Meezan Bank Limited | 524,500 | 8,000 | 52,450 | 80 | 35,724 | 366 | 28,135 | 337 | AA | AA | AA |
| National Bank of Pakistan | 1,055,000 | - | 105,500 | - | 79,008 | - | 74,408 | - | AAA | AAA | - |
| Nishat Power Limited | 326,000 | - | 32,600 | - | 20,893 | - | 17,068 | - | A+ | A+ | - |
| Oil and Gas Development Corporation Limited | 529,700 | 414,700 | 52,970 | 4,147 | 87,584 | 48,661 | 123,215 | 105,592 | AAA | AAA | ** |
| Pakistan Petroleum Limited | 347,000 | 250,000 | 34,700 | 2,500 | 65,296 | 30,453 | 71,238 | 56,024 | ** | ** | ** |
| Pakistan Oilfield Limited | 353,200 | 40,000 | 35,320 | 400 | 188,828 | 10,721 | 141,644 | 12,636 | ** | ** | ** |
| General Tyre & Rubber Company of Pakistan Limited | 55,800 | - | 5,580 | - | 15,543 | - | 15,230 | - | ** | ** | - |
| United Bank Limited | 400,218 | 426,618 | 40,022 | 4,266 | 95,612 | 66,104 | 69,726 | 68,056 | AAA | AAA | AA+ |
| | | | | | 1,840,554 | 1,081,361 | 1,572,398 | 1,062,338 | | | |

**Ratings not available

4. FULLY PAID-UP ORDINARY SHARES - UNLISTED

| | Percentage of holding | No. of shares held | Cost | Breakup value of investment | Based on audited financial statements/website | 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 | — | 31 December 2014 | Mr. Waqas Mohsin | ** |
| Dawood Family Takaful Limited | 4.67% | 3,500,000 | 35,000 | 18,332 | 31 December 2015 | 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 | 39,994 | 31 December 2015 | Mr. Nadeem Naqvi | ** |
| | | | <u>141,741</u> | | | | |

** Ratings not available

5. TERM FINANCE CERTIFICATES - LISTED

| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
|--|---|--------|------------------|------------------|------------------|------------------|--------|------|
| | No. of certificates of Rs. 5,000/- each | | Market Value | | Cost | | Rating | |
| | | | Rupees in '000 | | | | | |
| Askari Bank Limited - V | 50,000 | 50,000 | 254,446 | 249,350 | 249,800 | 249,900 | AA- | AA- |
| Bank AL Habib Limited - V | 54,000 | — | 273,185 | — | 269,946 | — | AA | — |
| Bank Alfalah Limited - V | 7,350 | 7,350 | 37,660 | 37,381 | 36,699 | 36,714 | AA- | AA- |
| Engro Fertilizer Limited - Perpetual | — | 24,000 | — | 119,904 | — | 119,787 | AA- | AA |
| Habib Bank Limited (TFC Rs 100,000/- each) | 10,000 | 10,000 | 1,002,500 | 1,000,000 | 1,000,000 | 1,000,000 | AAA | AAA |
| NIB Bank Limited - II | 40,000 | 40,000 | 202,078 | 197,881 | 199,800 | 199,880 | A+ | A+ |
| Soneri Bank Limited - II | 50,000 | 50,000 | 254,398 | 244,950 | 249,900 | 250,000 | A+ | A+ |
| World Call Telecom Limited - III | 42,000 | 42,000 | 82,559 | 82,652 | 82,558 | 82,652 | ** | ** |
| | | | <u>2,106,826</u> | <u>1,932,118</u> | <u>2,088,703</u> | <u>1,938,933</u> | | |

**Ratings 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 AL Habib Limited - V | 6 months KIBOR plus 75 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 (TFC Rs 100,000/- each) | 6 months KIBOR plus 50 bps | Semi annually | 21-Dec-25 |
| NIB Bank Limited - II | 6 months KIBOR plus 115 bps | Semi annually | 19-Jun-22 |
| Soneri Bank Limited - II | 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-17 |

6. TERM FINANCE CERTIFICATES - UNLISTED

| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
|---|---|--------|---------------------|---------|--------|------|
| | 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 | 21,138 | 21,138 | ** | ** |
| Pakistan International Airlines Corporation Limited (Managing Director: Mr. Muhammad Junaid Yunus) | 27,411 | 27,411 | 111,268 | 136,945 | ** | ** |
| Bank Al-Falah Limited - IV (Chief Executive: Mr. Atif Bajwa) | 15,000 | 15,000 | 49,870 | 74,820 | AA- | ** |
| Faysal Bank Limited - III (Chief Executive: Mr. Noman Ansari) | 30,000 | 30,000 | 74,850 | 149,700 | AA- | AA- |
| Security Leasing Corporation Limited (Chief Executive: Mr. Shafiq) | 10,000 | 10,000 | 7,702 | 7,702 | ** | ** |
| Standard Chartered Bank Limited - II (Chief Executive: Mr. Shahzad Dada) | 10,000 | 10,000 | 50,000 | 50,000 | ** | ** |
| | | | 314,828 | 440,305 | | |

**Ratings 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-17 |
| Pakistan International Airlines Corporation Limited | 6 months KIBOR plus 85 bps | Semi annually | 19-Feb-20 |
| Bank Al-Falah 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 | 29-Jun-22 |

7. SUKUK CERTIFICATES AND BONDS

| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
|--|--|-----------|------------------------|-------------------|--------|------|
| | 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 | 178,571 | 214,285 | A | A |
| Amreli Steel (Private) Limited | - | 16,000 | - | 30,400 | ** | ** |
| Engro Foods Limited | 20,000 | 20,000 | 42,500 | 92,500 | ** | ** |
| GOP Ijarah Sukuk - 14th Issue | - | 1,452,200 | - | 7,261,000 | ** | ** |
| GOP Ijarah Sukuk - 15th Issue | 700,000 | 200,000 | 3,510,666 | 988,589 | ** | ** |
| GOP Ijarah Sukuk - 16th Issue | 770,000 | 570,000 | 3,874,180 | 2,881,199 | ** | ** |
| GOP Ijarah Sukuk - 17th Issue | 2,000,000 | - | 10,000,000 | - | ** | ** |
| Liberty Power Technology Limited | 109,942 | 109,942 | 326,674 | 380,154 | A+ | A+ |
| Maple Leaf Cement Limited - I | - | 21,000 | - | 35,655 | A | A |
| Pakistan Mobile Communication | 40,000 | 17,391 | 200,000 | 200,000 | AA | AA |
| Sitara Per Oxide Limited | 20,000 | 20,000 | 38,300 | 51,853 | ** | ** |
| Three Star Hosiery Mills Limited | 1,900 | 1,900 | 9,500 | 9,500 | ** | ** |
| WAPDA Sukuk Bonds - 2nd Issue | 70,000 | 70,000 | 58,333 | 116,667 | ** | ** |
| WAPDA Sukuk Bonds - 3rd Issue | 85,000 | 85,000 | 303,570 | 364,286 | ** | ** |
| | | | <u>18,542,294</u> | <u>12,626,088</u> | | |

**Ratings not available

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

| | Coupon rate | Payment | Maturity date |
|--|-----------------------------------|---------------|---------------|
| Al-Baraka Bank Limited (Sukuk Rs 1,000,000/- each) | 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 |
| GOP Ijarah Sukuk - 17th Issue | Fixed at the rate 6.10% per annum | Semi annually | 15-Feb-19 |
| 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-17 |
| 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 |

*These rates are based on Reuters sheet applicable for next six months.

8. OPEN END MUTUAL FUNDS

| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | Rating |
|--|-----------------|------------|-----------------|---------|---------|---------|---------|
| | Number of Units | | Net Asset Value | | Cost | | |
| | | | Rupees in '000 | | | | |
| ABL Income Fund | - | 29,123,952 | - | 302,863 | - | 300,000 | A(f) |
| ABL Stock Fund | 17,627,151 | 7,665,007 | 331,977 | 101,545 | 300,000 | 80,000 | ** |
| ABL Islamic Principal Preservation Fund - II | - | 4,242,457 | - | 46,925 | - | 40,000 | ** |
| AKD Aggressive Income Fund | 980,483 | 9,676,046 | 52,244 | 100,031 | 50,000 | 100,000 | BBB+(f) |
| AKD Opportunity Fund | 448,833 | 927,292 | 51,015 | 71,633 | 50,000 | 50,000 | 4 Star |
| Atlas Stock Market Fund | 254,742 | 106,478 | 170,233 | 48,062 | 150,000 | 50,000 | ** |
| Al-Ameen Islamic Sovereign Fund | - | 486,334 | - | 50,000 | - | 50,000 | AA-(f) |
| Al-Ameen Islamic Aggressive Income Fund | 312,600 | 447,005 | 31,931 | 45,000 | 25,000 | 45,000 | BBB+(f) |
| Askari High Yield Scheme | 979,270 | 1,919,837 | 102,119 | 205,100 | 100,000 | 200,000 | A(f) |
| Atlas Income Fund | - | 385,802 | - | 204,709 | - | 200,000 | AA-(f) |
| BMA Chundrigar Road Savings Fund | 3,014,627 | - | 25,465 | - | 25,000 | - | A+(f) |
| HBL Islamic Asset Allocation Fund | 195,843 | - | 21,693 | - | 20,000 | - | ** |
| HBL Mustahakum Sarmaya Fund - 1 | 516,814 | 493,564 | 54,923 | 50,651 | 50,000 | 50,000 | ** |
| HBL Stock Fund | 2,392,928 | - | 305,148 | - | 300,000 | - | ** |

| | Number of Units | | Net Asset Value | | Cost | | Rating | |
|---|-----------------|------------|-----------------|-----------|-----------|-----------|---------|---------|
| | 2016 | 2015 | Rupees in '000 | | 2016 | 2015 | 2016 | 2015 |
| | | | | | | | | |
| Lakson Equity Fund | 2,553,836 | 2,553,836 | 366,161 | 262,660 | 303,063 | 303,063 | 3 Star | 3 Star |
| JS Large Capital Fund | 460,596 | — | 68,067 | — | 50,000 | — | — | — |
| Lakson Asset Allocation Developed Market Fund | 187,015 | 258,381 | 21,834 | 30,791 | 20,324 | 28,080 | ** | ** |
| Lakson Income Fund | 491,366 | — | 51,070 | — | 50,000 | — | A+(f) | — |
| MCB Pakistan Stock Fund | 3,948,270 | 3,148,565 | 442,798 | 252,987 | 403,260 | 226,400 | ** | ** |
| Meezan Islamic Income Fund | — | 16,150,485 | — | 850,160 | — | 850,000 | A-(f) | A-(f) |
| Meezan Sovereign Fund | — | 16,352,443 | — | 850,000 | — | 850,000 | AA(f) | AA(f) |
| NAFA Income Opportunity Fund | 18,728,536 | 46,657,677 | 207,081 | 519,944 | 200,000 | 500,000 | A(f) | A-(f) |
| NAFA Islamic Energy Fund | 9,394,834 | — | 131,851 | — | 99,554 | — | ** | — |
| NAFA Stock Fund | 42,960,523 | 35,170,139 | 752,253 | 436,134 | 704,049 | 401,408 | ** | 5 Star |
| NAFA Multi Asset Fund | — | 8,339,051 | — | 125,785 | — | 100,000 | ** | 4 Star |
| National Investment Trust | 1,198,322 | — | 104,902 | — | 100,000 | — | AM2+ | — |
| Pak Oman Advantage Asset Allocation Fund | 407,365 | — | 27,456 | — | 25,000 | — | 2-Star | — |
| PIML Asset Allocation Fund | 153,563 | — | 16,180 | — | 15,000 | — | ** | — |
| PIML Income Fund | 4,419,559 | 5,411,825 | 449,513 | 582,258 | 436,507 | 565,597 | A+(f) | A+ |
| PIML Value Equity Fund | 106,015 | 103,847 | 14,528 | 10,599 | 10,000 | 10,000 | ** | ** |
| Primus Daily Reserve Fund | — | 1,732,939 | — | 177,904 | — | 176,774 | AA+(f) | AA+(f) |
| Primus Strategic Multi Asset Fund | 216,848 | 185,097 | 26,427 | 21,012 | 22,000 | 22,000 | ** | ** |
| UBL Asset Allocation Fund | — | 399,473 | — | 48,231 | — | 37,927 | ** | ** |
| UBL Islamic Income Fund | — | 296,954 | — | 29,894 | — | 25,000 | ** | ** |
| United Stock Fund | 5,587,732 | 2,578,721 | 437,352 | 155,703 | 400,000 | 125,860 | ** | ** |
| United Growth & Income Fund | — | 1,758,006 | — | 148,986 | — | 145,118 | BBB+(f) | BBB+(f) |
| | | | 4,264,221 | 5,729,567 | 3,908,757 | 5,532,227 | | |

**Ratings not available

9. CLOSE END MUTUAL FUNDS

| CLOSE END MUTUAL FUNDS | | | | | | | | | | | | |
|------------------------|--------------|------------|--------------|---------|----------------|---------|------|------|--------|------|--|--|
| | No. of Units | | Market Value | | Rupees in '000 | | Cost | | Rating | | | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | | |
| Dolmen City RIET | 35,417,833 | 35,097,833 | 384,992 | 376,600 | 387,869 | 384,593 | | | - | - | | |
| PICIC Growth Fund | 973,500 | 973,500 | 29,653 | 21,934 | 31,816 | 31,816 | | | ** | ** | | |
| | | | 414,645 | 398,534 | 419,685 | 416,409 | | | | | | |

**Ratings not available

ANNEXURE "II" AS REFERRED TO IN NOTE 12.8 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 2016

| 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 | Other financial relief provided | Total | |
|----------------|--|--|---|--|--------------------|--------|--------|-----------------------|--------------------------------|---------------------------------|-------|---|
| | | | | Principal | Interest / mark-up | Others | Total | | | | | |
| | | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Rupees in '000 | | | | | | | | | | | | |
| 1 | Akbar Brothers 3, 1st Floor, Khawaja House, Chowk B.C.G, Multan. | Khawaja Azhar Ahmed 37405-8925293-7 Khawaja Adil Ahmed 37405-0299356-7 | Khawaja Muhammad Akbar Khawaja Azhar Ahmed | 14,857 | 2,314 | - | 17,171 | - | 2,171 | - | 2,171 | |
| 2 | Almas Trading Company & Diaper Company M.R-6/31, M. Feroz Street, Suit # 202, Sidra Trade Centre Jodia Bazar, Karachi. | Mrs. Heena Masood 42201-1271651-6 Mr. Masood Latif 42201-8377295-7 | Masood Latif Abdul Latif Moomal | 28,333 | 2,734 | 1,559 | 32,626 | - | 1,067 | 1,559 | 2,626 | |
| 3 | Disco Shoes Industries (Pvt) Ltd. 53-Nisbat Road, Lahore. | Mr. Saud Hanif 35202-1963249-5 Mr. Saad Saud 35202-8431235-9 Mr. Fahad Saud 35202-0542836-1 Javaid Shah 35202-2779741-1 | Muhammad Ishaq Hanif Saud Hanif Saud Hanif Imran Shah | 16,505 | 840 | - | 17,345 | - | 840 | - | 840 | |
| 4 | Azzalea Pharma 12-A, Kapoorthala House, Lake Road, Lahore. | Mr. Ali Mukhtar 35202-5481675-5 Ms. Farah Amir 35202-0489736-2 | Chaudhary Mukhtar Ahmed Amir Waheed Chaudhary | 3,171 | 1,175 | 722 | 5,068 | - | 346 | 722 | 1,068 | |

| 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 | Other financial relief provided | Total |
|--------|---|--|--|--|--------------------|--------|---------|-----------------------|--------------------------------|---------------------------------|---------|
| | | | | Principal | Interest / mark-up | Others | Total | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 5 | Global Group Global Commodities & Global Enterprises H-No. A-25/C, KDA Scheme No. 1, Karachi. | Mr. Tayyab Rafiq Balagamwala 42201-20045175-5 Mr. Muhammad Aly Balagamwala 42201-8085187-9 | Rafiq Balagamwala Majyed Aziz Balagamwala | 525,139 | 80,650 | - | 605,789 | 281,274 | 80,650 | - | 361,924 |
| 6 | Golden Textile Mills Ltd. 197 - Amynabad Colony, Near PIB Colony, Karachi. | Mr. Amir Ali Chatoor 42201-3686754-5 Mr. Karim H Chatoor 35200-6742103-9 Mr. Imran Kassim Ali 35200-1559192-3 | Hassan Ali Chatoor Hassan Ali Chatoor Kassim Ali | 136,777 | 38,637 | 84,802 | 260,216 | 52,277 | 38,637 | 84,802 | 175,716 |
| 7 | Innovative Business Solutions Residence: H # 28, Margalla Road, F6-3, Islamabad. | Syed Farrukh Abbas 61101-2880920-9 | Syed Khurshid Anwar | 12,497 | - | 4,761 | 17,258 | - | - | 2,258 | 2,258 |
| 8 | Kausar Bano & M. Munir Suria D-286, K.D.A. Scheme-1, Extension-A, Karachi. | Kausar Bano 42201-4781748-6 Munir Suria 42201-4502528-3 | Munir Suria Haroon Suria | 394 | 1,434 | 19 | 1,847 | - | 328 | 19 | 347 |
| 9 | Khayaban Enterprises Malik Road, House No. 04, Faisalabad. | Masroor Elahi 33100-0370205-7 | Magsood Elahi Arshad | 20,520 | 11,315 | 14,612 | 46,447 | - | 11,315 | 14,612 | 25,927 |
| 10 | Mustafa Apparels Madina Arcade Building, Office No. 9, 154/S/2, PECHS, Karachi. | Mr. Riaz Tufiq 42201-8291438-3 | Muhammad Tufiq | 635 | 1,977 | - | 2,612 | - | - | 1,977 | 1,977 |
| 11 | M. R. Industries 9-A/1, Golf Course Road, Phase-IV, DHA, Karachi. | Muhammad Hussain 42301-1531371-7 | Abdul Rahim | 82,232 | - | - | 82,232 | 59,424 | - | - | 59,424 |

| 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 | Other financial relief provided | Total |
|----------------|--|---|---|--|--------------------|--------|---------|-----------------------|--------------------------------|---------------------------------|--------|
| | | | | Principal | Interest / mark-up | Others | Total | | | | |
| | | | | | | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Rupees in '000 | | | | | | | | | | | |
| 12 | N.P. Waterproof Textile Mills Ltd. A-133, Near Hill Park, KMCHS, Karachi East. | Mr. Zikr Ur Rehman 42201-7900769-3 Mr. Junaïd Rehman 42201-7805846-3 Mrs. Rehana Rehman 42201-6215755-0 | Mr. Muhammd Yahya Mr. Zikr Ur Rehman Mr. Zikr Ur Rehman | 1,293 | 2,232 | 916 | 4,441 | - | 1,525 | 916 | 2,441 |
| 13 | Naeem Enterprises A-25/B, S.I.T.E, Karachi. | Muhammad Ismail Shekhani 42201-0615956-9 | Abdul Karim | 65,100 | 27,072 | - | 92,172 | - | 24,912 | - | 24,912 |
| 14 | Prestige Apparel 34, Maqboolabad, Tipu Sultan, Karachi. | Mr. Masood Naqvi 42201-5045301-1 | Naqi Ahmed Allahwala | 95,421 | 44,099 | - | 139,520 | 45,421 | 44,099 | - | 89,520 |
| 15 | Rehan Electronics 17/2, Gizri Lane-6, Phase-IV, DHA, Karachi. | Mr. Rehan Zafar 42301-11048809 | Zafar Alam | 3,484 | 7,733 | - | 11,217 | - | 6,717 | - | 6,717 |
| 16 | Saasoh Textile Corporation (Pvt) Ltd. C-39, S.I.T.E., Super Highway, Scheme-33, Karachi. | Abdul Rauf Khan 42000-0549323-5 Saleem Rauf Khan 42301-1025671-9 Saad Rauf Khan 42000-0547544-7 | Abdul Shakoorkhan Abdul Rauf Khan Abdul Rauf Khan | 33,425 | 462 | 15,983 | 49,870 | - | - | 14,870 | 14,870 |
| 17 | Samad Enterprises Plot No.165, Sector 24, Korangi Industrial Area, Korangi, Karachi. | Abdus Samad 42000-5468724-1 | Abdul Shakoorkhan | 6,276 | 6,076 | 354 | 12,706 | - | 3,352 | 354 | 3,706 |

| 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 | Other financial relief provided | Total |
|--------|--|---|--|--|--------------------|---------|-----------|-----------------------|--------------------------------|---------------------------------|-----------|
| | | | | Principal | Interest / mark-up | Others | Total | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| 18 | Signature Stone C-240, Block-10, F.B. Area, Karachi. | Mr. Muhammad Anwer Chughtai 42000-9763031-7 | Muhammad Asghar Chughtai | 14,908 | 4,734 | 2,158 | 21,800 | - | - | 1,800 | 1,800 |
| 19 | Union Industries (Pvt) Ltd. D-92, Block 5, Clifton, Karachi. | Mr. M Javaid Habib 42301-1176752-3 Mr. Mirza Kamran Ali Khan 42301-1791682-5 | Abdul Habib Ahmed Mirza Ali Khan | 45,571 | 10,829 | 34,700 | 91,100 | 10,601 | 10,829 | 34,700 | 56,130 |
| 20 | Zafer Autos R-1103, Sector Bufferzone, North Karachi. | Mr. Afeef Hameed Khan 42101-5024630-5 | Qaiser Hameed Khan | 981 | - | 156 | 1,137 | - | - | 137 | 137 |
| 21 | Zainab Garments (Pvt) Limited Plot 34, Sec 12/B, North Karachi Ind Area, Karachi. Yusuf Dyeing & Bleaching Mills (Pvt) Limited 29, Cochinwala Market, M.A. Jinnah Road, Karachi & P.O. Box No. 13604, F.B. Area, Karachi. Mohammad Yusuf & Bros (Pvt) Ltd. 29, Cochinwala Market, M.A. Jinnah Road, | Mr Farooq Jangda 42001-11723070-5 Mr Mohammad Shahzad 42401-1992190-3 Mr Altamash Jangda 42000-8654000-5 Mr Nabil Jangda 42000-0508155-9 Mr Farooq Jangda 42001-11723070-5 Mr Nabil Jangda 42000-0508155-9 | Late Yusuf Jangda Muhammad Farooq Late Pervaiz Jangda Farooq Jangda Late Yusuf Jangda Farooq Jangda | 1,051,579 | 616,814 | 43,946 | 1,712,339 | 851,590 | 616,814 | 43,946 | 1,512,350 |
| 22 | Well Worth Enterprises Plot No. C-4, SITE, Karachi. | Asif Sattar Dagra 42301-0642753-5 | Abdul Sattar Dagra | 19,601 | 5,532 | 5,650 | 30,783 | 9,601 | 5,532 | 5,650 | 20,783 |
| | | | | 2,178,699 | 866,659 | 210,338 | 3,255,696 | 1,310,188 | 849,134 | 208,322 | 2,367,644 |

- روائتی شاخوں میں اسلامی بینکاری کے گاہکوں کی سہولت کے لئے اسلامی بینکاری وینڈوز کے کاؤنٹرز پر تربیت یافتہ اور اس کام کیلئے مخصوص عملے کو تعینات کرنا چاہئے۔
 - اسلامی بینکاری کے حوالے سے بینک کو کریڈٹ کے شعبے میں تجربہ کار عملہ تعینات کرنا چاہئے تاکہ دستاویز کی تیاری، جائزہ، سکیورٹیز، بلیٹن کا تمام عمل شریعت کے اصولوں کے مطابق انجام پاسکے۔
- ہماری دعا ہے کہ اللہ تعالیٰ ہماری کوششوں کو قبول فرمائے اور ہمیں اسلامی فنانس کے شعبے میں کامیابی عطا فرمائے۔ ہم اللہ تعالیٰ سے دعا کرتے ہیں اور اُس سے حبیب میٹرو صراط کی مزید ترقی، ارتقاء اور خوشحالی کے لئے راہنمائی اور فضل چاہتے ہیں۔

مفتی محمد زبیر عثمانی
چیرمین شریعہ بورڈ

مفتی عبدالستار لغاری
رکن شریعہ بورڈ

مفتی محمد ابراہیم عیسیٰ
رکن شریعہ بورڈ

کراچی: 22 فروری 2017

شریعی بورڈ رپورٹ

برائے 31 دسمبر 2016

اللہ تعالیٰ کے مبارک نام سے جو نہایت مہربان اور رحم کرنے والا ہے

اللہ تعالیٰ جو قادر مطلق ہے، کی مہربانی سے زیرِ غور سال شریعی بورڈ کا پہلا مکمل سال ہے۔ دورانِ سال ریزلٹنٹ شریعی بورڈ ممبر کے پیش کردہ معاملات، مصنوعات (پروڈکٹس) کا رو باری لین دین، طریقہ کار اور ان پر تعمیل شریعی کا جائزہ لینے کیلئے شریعی بورڈ کے 9 اجلاس منعقد ہوئے۔

مزید یہ کہ بورڈ آف ڈائریکٹرز اور حامل انتظامیہ (ایگزیکٹو مینجمنٹ) اس بات کی حتمی طور پر ذمہ دار ہے کہ حبیب میٹرو صراط کے معاملات پر ہر وقت شرعی اصولوں کے مطابق عملدرآمد کو یقینی بنائے اور اس سلسلے میں شریعی بورڈ پابند ہے کہ حبیب میٹرو صراط کے سلسلے میں شریعی کی تعمیل کے بارے میں رپورٹ پیش کرے۔

چنانچہ اس رپورٹ میں ظاہر کی گئی رائے قائم کرنے کے لئے، بینک کے شعبہ تعمیل شریعی (شریعی کمپلائنس ڈپارٹمنٹ) نے ہر درجہ سے کچھ منتخب شدہ لین دین، ان سے متعلق دستاویزات اور ان کی عملی روانی (پراسس فلو) کا جائزہ لیا۔ مزید یہ کہ شریعی بورڈ نے ریزلٹنٹ شریعی بورڈ ممبر اور انٹرنل شریعی آڈٹ کی معیاری رپورٹوں کا بھی جائزہ لیا، مذکورہ بالا کی بنیاد پر شریعی بورڈ کا خیال ہے کہ:

- ۱۔ حبیب میٹرو صراط نے شریعی بورڈ کے جاری کردہ فتویٰ، احکامات، ہدایات کی روشنی میں شرعی قوانین اور اصولوں کی تعمیل کی ہے۔
- ۲۔ حبیب میٹرو صراط نے بینک دولت پاکستان کے شریعی بورڈ کے جاری کردہ احکامات، ہدایات، رہنما اصول اور ضوابط کی تعمیل کی ہے۔
- ۳۔ حبیب میٹرو صراط کے پاس اپنے تمام کاروباری معاملات کو شریعی کے مطابق چلائے جانے کو یقینی بنانے کے لئے ایک جامع نظام موجود ہے۔
- ۴۔ حبیب میٹرو صراط کے پاس ایک مضبوط اور واضح نگرانی کا نظام موجود ہے جس کے باعث کسی شرعی طور سے ممنوع ذرائع یا مقاصد سے حاصل ہونے والی آمدنی کو فلاحی کھاتے میں منتقل کر دیا گیا ہے اور اس کو مناسب طور سے صرف کیا گیا ہے۔
- ۵۔ حبیب میٹرو صراط بینک دولت پاکستان کی نفع نقصان کی تقسیم اور مالی مجموعہ کے انتظام (پول مینجمنٹ) کے بارے میں جاری ہدایات کی تعمیل کی ہے۔
- ۶۔ انتظامیہ نے اپنے روایتی اور اسلامی برانچوں کے عملے کیلئے اسلامی بینکاری پر متعدد تربیتی پروگرام کروائے ہیں۔ مزید براں شریعی بورڈ نے مخصوص پروڈکٹس کے حوالے سے بھی بینک کی اسلامی شاخوں کے عملے کے تربیتی پروگرام کا انعقاد کیا ہے۔ اس کے علاوہ سال کے دوران شریعی بورڈ سینٹر انتظامیہ کے لئے تعارفی نشست کا بھی انتظام کر چکا ہے۔
- ۷۔ عملے، انتظامیہ اور بورڈ آف ڈائریکٹرز کی مصنوعات (پروڈکٹس) اور عملی طریقوں کے بارے میں شریعی کی تعمیل کی اہمیت کو سراہنے کے بارے میں ان کی آگاہی، استعداد اور حساسیت کافی حد تک اطمینان بخش ہے۔
- ۸۔ شریعی بورڈ کو اپنے فرائض کی موثر طور پر ادائیگی کرنے کیلئے ضروری وسائل فراہم کئے گئے ہیں۔

اسلامی بینکنگ کے دائرہ کار کو مزید فروغ دینے اور اسلامی بینکنگ ونڈوز میں مزید سہولیات فراہم کرنے کے حوالے سے شریعی بورڈ مندرجہ ذیل تجاویز پیش کرتا ہے:

- شریعی بورڈ انتظامیہ کی، ملازمین کو بذریعہ شرعی طریقہ ہائے کارڈ بینکنگ مشارکہ اور اجارہ، رہائش اور کار کی خریداری کیلئے قرضہ جات متعارف کرانے کی کوشش کو سراہتا ہے۔ تاہم شریعی بورڈ تجویز دیتا ہے کہ شرعی ڈھانچے کے مطابق ملازمین کو ذاتی قرضہ جات کی سہولت اور تکفل کے تحت صحت کا بیمہ بھی فراہم کیا جائے۔

بینک کا بنیادی بینکاری ماڈل ایک جدید ترین ایوارڈ جیتنے والی ٹیکنالوجی پر منحصر ہے جو خطرات سے محفوظ رہنے کے عناصر مثلاً ایکسس کنٹرولز، فرائض کی انجام دہی کی تقسیم، ضروری میکر۔ چیکر تصور اور وسیع تر نگرانی/ایم آئی ایس ٹولز کی خصوصیات رکھتا ہے جو تمام تر آپریشنل خطرات کو ایک قابل قبول سطح پر برقرار رکھتا ہے۔ برائے مہربانی اس رپورٹ کے لئے مسئلہ ”دی اسٹینڈ آف انٹرنل کنٹرولز“ ملاحظہ کریں۔

انٹرنل آڈٹ

بڑھتے ہوئے خطرات کی آگاہی اور ریگولیٹری کمپلائنس کو یقینی بنانے کیلئے حبیب میٹرو کا انٹرنل آڈٹ بینک کے کنٹرول انفراسٹرکچر کیلئے ایک اہم اور آزادستون ہے جو کہ انتظامیہ اور بورڈ کو بینک کے کنٹرول انوائرنمنٹ کا جائزہ لینے کے لئے انفرادی یقین دہانی فراہم کرتا ہے۔ یہ محکمہ مستقل طور پر بینک کے انٹرنل کنٹرول انوائرنمنٹ کا معیار بہتر بنانے، یسٹٹی میں ایک موثر توازن کو یقینی بنانے اور بینک کی جانب سے خطرات کو کم کرنے کی کوششوں کے ضمن میں طریقہ کار اور قدر و قیمت میں اضافہ کرتا ہے۔

حبیب میٹرو ایک موثر بورڈ آڈٹ کمیٹی کا حامل ہے جو ایس ای سی پی کی جانب سے طے کردہ اور ایس بی پی کی جانب سے مروجہ کوڈ آف کارپوریٹ گورننس کے تحت کام کرتی ہے۔ بورڈ کی آڈٹ کمیٹی کے ممبران نان ایگزیکٹو ڈائریکٹرز اور اس کے چیئرمین ایک آزاد ڈائریکٹر ہیں۔

بورڈ آڈٹ کمیٹی کو براہ راست رپورٹ کرتے ہوئے انٹرنل آڈٹ کمیٹی ایک خطرات پر مبنی اور برانچوں کے لئے متحرک سمت، آپریشنل ایریا، اور بینک کی کلیدی سرگرمیوں کے ساتھ درست اقدامات اور کنٹرول کی خامیوں کے تدارک پر خصوصی توجہ دیتی ہے۔ یہ جائزے متعلقہ کلیدی خطرات کے عناصر اور سسٹم کی خامیوں پر توجہ دینے کیلئے ہیں تاکہ کنٹرول، مالیت اور ریونیو سرگرمیوں کی نشاندہی کی جائے۔

مستقبل پر ایک نظر

پاکستان کی معیشت ایک ہموار سطح پر گامزن ہو چکی ہے، آئی ایم ایف نے پاکستان کی ترقی کی شرح نمو کی پیش گوئی 5 فیصد کی ہے جبکہ سابق تخمینہ 4.7 فیصد لگایا گیا تھا۔ بڑے پیمانے پر مینوفیکچرنگ سے مالی سال 2017 میں 6 فیصد شرح نمو کا امکان ہے جو کہ مالی سال 2016 میں 4.8 فیصد تھا۔ ترقی کے امکانات، سی پیک سے آراستہ اقتصادی سرگرمیاں، آرام دہ سودی نظام اور مالیاتی نظم و ضبط میں اضافہ نجی شعبے اور اس میں موجود کاروباری سرگرمیوں کیلئے کریڈٹ کے بہاؤ میں مزید بہتری کا اشارہ کر رہے ہیں۔ بیرونی اکاؤنٹ کا خسارہ کم ہوتی ہوئی برآمدات، بڑھتی ہوئی درآمدات اور کم ہوتے ہوئے زیر ترسیلات کے ساتھ بدستور تشویش کا باعث ہے۔

مستقبل کی طرف بڑھتے ہوئے 2017 میں ایک منافع بخش مستحکم سودی نظام کے ساتھ حبیب میٹرو بینک شینر ہولڈرز کے مفادات کا تحفظ کرنے پر کارآمد ہے جبکہ ایک جدید ترین ٹیکنالوجیکل پلیٹ فارم کے تحت تیار کی گئی مالیاتی پروڈکٹس کے ایک وسیع تر معیار کے ذریعے اپنے صارفین کو بہترین اور شاندار خدمات کا اضافہ کرتا رہے گا۔ بینک کا مقصد نامیاتی ترقی کا ہدف کم لاگتی ڈپازٹس کا فروغ، ایسیٹ کے معیار میں بہتری اور باکفایت کارکردگی میں اضافہ ہے۔

اظہار تشکر

میں بورڈ، وزارت خزانہ، اسٹیٹ بینک آف پاکستان اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو ان کی معاونت اور مستقل رہنمائی اور ہمارے صارفین کو ان کے اعتماد اور تعاون پر خراج تحسین پیش کرتا ہوں۔ میں اپنے اسٹاف ممبران کا بھی ان کی انتھک جدوجہد، عزم اور شاندار کارکردگی پر انتہائی مشکور ہوں۔

منجانب بورڈ

سراج الدین عزیز

صدر و چیف ایگزیکٹو آفیسر

کراچی: 22 فروری 2017

کمپلائنس

آپ کے بینک نے سال کے دوران اپنے نیٹ ورک پر مکمل نگرانی کو مستحکم رکھا جس میں کے وائی سی / اے ایم ایل کنٹرولز میں اضافہ اور ریگولیٹری کمپلائنس کی آگاہی شامل ہے۔ کمپلائنس کے امور نے کمپلائنس اور ریگولیٹری امور پر انتظامیہ اور اسٹاف کو سپورٹ اور مشاورت فراہم کی۔ تمام نئی پالیسیاں اور طریقہ کار، اقدامات، پروڈکٹس، سروسز، کاروباری طریقہ کار وغیرہ کا جائزہ کمپلائنس کے نظریئے بشمول ریگولیٹری حکام کے ساتھ تعلقات کا قائم رکھنے کے ساتھ لیا جاتا ہے۔ یہ ایک ریگولیٹری لائبریری کے قیام اور اسے برقرار رکھنے میں بھی سرگرم رہتی ہے جس میں اسٹیٹ بینک آف پاکستان اور دیگر متعلقہ ریگولیٹری حکام کی جانب سے جاری سرکلز شامل ہیں۔ مزید برآں اسٹیٹ بینک آف پاکستان اور اس کی آن سائٹ انسپکشن ٹیموں کے ساتھ روابط اور سہولت کاری، انسپکشن کے طریقہ کار کو سہل بنانے کیلئے اس یونٹ کا اہم کردار ہے۔

انتہائی چیلنجنگ اور متقاضی عالمی اے ایم ایل / سی ایف ٹی انوائزمنٹ کے ساتھ بینک اے ایم ایل فنکشن پر بینک میں مکمل طور پر کمپلائنس کے اعلیٰ ترین معیار کے نفاذ اور ان اسٹینڈرڈ کو انتظامیہ اور ملازمین کیلئے یقینی بنانے کے عزم پر مکمل کاربند ہے۔ بینک کا جدید ترین ٹرانزیکشن مانیٹرنگ سسٹم (ٹی ایم ایس) بینک کے چینلز، پروڈکٹس اور سروسز کے ذریعے مئی لائڈ رنگ جیسی سرگرمیوں سے محفوظ رکھتا ہے۔ ٹی ایم ایس غیر معمولی منتقلیوں کی نگرانی اور اس میں موجود کثیر نوعیتی اے ایم ایل صورت حال کے ذریعے ٹرانزیکشنز کی مختلف سرگرمیوں کا جائزہ لیتا ہے۔ علاوہ ازیں بینک ایک متحرک کسٹمر ڈیوڈیلیٹس (سی ڈی ڈی) پروسس کا حامل ہے جو کہ صارف کا ہر ایک پروفائل / دستاویزات کو اپ ڈیٹ کرنے اور ریگولیٹری شرائط کے مطابق جامع سی ڈی ڈی کی انجام دہی کی اجازت دیتا ہے۔ بحیثیت ایک ٹریڈ اور اینڈ بینک کراس بارڈر ٹرانزیکشنز سرگرمیوں کی جانب سے پہلے سے منظور شدہ ہوتی ہیں جو اس امر کو یقینی بناتی ہیں کہ کوئی بھی امور یا کاروبار ممنوعہ اداروں یا ممالک میں انجام نہیں دیا جا رہا۔ علاوہ ازیں اے ایم ایل یونٹ ریگولیٹری رسک اور کمپلائنس یونٹس کے ساتھ اشتراک میں اے ایم ایل نظریئے سے پروڈکٹس اور پالیسیز کا جائزہ لیتا ہے۔

آپ کا بینک بحیثیت ایک فارن فنانشل انسٹی ٹیوشن (ایف ایف آئی) بھی شراکت کا حامل ہے اور مکمل طور پر فارن اکاؤنٹ ٹیکس کمپلائنس ایکٹ (ایف اے ٹی سی اے) کے ساتھ ممکنہ کلائنٹ سے اضافی معلومات اور دستاویزات کی وصولیاتی کے ذریعے اشتراک کا حامل ہے تاکہ اس امر کا تعین کرے یا نہیں کہ وہ کسی امریکی ٹیکس رپورٹنگ ذمے دار یوں کا حامل ہے۔ ایف اے ٹی سی اے (FATCA) ایک امریکی قانون ہے جس کا مقصد امریکی شہریوں اور کمپنیوں کی جانب سے ٹیکس کی عدم ادائیگی کی روک تھام کی ہے جو یکم جولائی 2014 سے عمل میں آچکا ہے۔ ایف اے ٹی سی اے (FATCA) قانون پر عمل درآمد کو یقینی بنانے کے لئے کمپلائنس ڈویژن اشتراک کار، تربیت، ڈیولپمنٹ اور ایف اے ٹی سی اے کی شرائط کی نگرانی کرنے جیسی سہولیات فراہم کرتا ہے۔

کمپلائنس کے ایریا کمپلائنس آفیسرز (اے سی اوز) کی جانب سے آن سائٹ جائزے کے ذریعے ریگولیٹری امور (بشمول فالو اپ) کی شناخت، نگرانی اور قرارداد کو بھی یقینی بنایا جاتا ہے، یہ انصران برائے اسٹاف کو بھی تربیت فراہم کرتے ہیں۔ مزید برآں اے سی اوز برائے سطح پر روابط کے ساتھ معیار کو بہتر بنانے کے ذریعے بینک میں کمپلائنس کلچر کے فروغ میں کلیدی کردار ادا کرتے ہیں۔

تخلیقی اور امتیازی کوششوں پر خصوصی توجہ کے ساتھ کمپلائنس فنکشن اپنے اسٹاف کی پیشہ ورانہ بہتری و ترقی اور معمولات کی انجام دہی کو مستحکم بنانے کے ذریعے اس کو موثر بناتا رہے گا۔

کنٹرولز

انٹرنل کنٹرول یونٹ (آئی سی یو) بینک کی رسک مینجمنٹ ٹیم کے حصے کے طور پر کام کرتے ہوئے ریگولیٹری گائیڈ لائنز اور بہترین طریقہ کار کے مطابق کاروباری طریقہ کار / معاونی امور کیلئے ذمہ دار ہے۔ آئی سی یو کا اسکوپ موثر کنٹرولز کی نگرانی کو یقینی بنانے اور اسے مزید مستحکم بنانے کیلئے پلان کے سلسلے میں مزید بڑھایا جا رہا ہے۔ بینک ایک جامع برنس کنٹینوٹی پلان (بی سی پی) کا حامل ہے جس میں کسی ناگہانی واقعے کے ذریعے اہم سروسز کی رکاوٹ سے محفوظ رکھنے کیلئے رسک مینجمنٹ کی حکمت عملیاں شامل ہیں۔

بینک کا آپریٹنگ سسٹم تمام امور اور طریقہ کار میں کنٹرول کے پہلوؤں پر مشتمل ہیں۔

بینک کا تنظیمی ڈھانچہ اور اتھارٹی کے مراحل بورڈ کی جانب سے منظور کردہ پالیسیوں اور طریقہ کار کے ذریعے انتہائی واضح اور طے کردہ اصولوں پر رائج ہیں۔ بینک کی اکاؤنٹنگ پالیسیاں، اقدامات اور مختلف تخمینہ جات کے لئے طریقہ کار کا جائزہ ایکسٹرنل آڈیٹرز کے ذریعے کیا جاتا ہے۔

اسٹیٹ بینک آف پاکستان کی انٹرنل کنٹرول رہنما ہدایات بینک کی انتظامیہ سے تقاضا کرتی ہیں کہ انٹرنل کنٹرولز کے مکمل سیٹ اپ کے موثر ہونے کی جانچ پڑتال کریں۔ بینک نے ایک جامع انٹرنل کنٹرول کے نظام پر بے بینک کے اندر اس کے نفاذ کیلئے ایک مرحلہ وار روڈ میپ کو لاگو کر رکھا ہے جو کہ بین الاقوامی طور پر قابل قبول میٹری آف اسپانسرنگ آگرنائزیشن آف ٹریڈ وے کمیشن (COSO) انٹرنل کنٹرول / مربوط فریم ورک، ایس بی پی انٹرنل کنٹرول رہنما ہدایات برائے فنانشل رپورٹنگ کے تحت کام کرتا ہے۔ ایس بی پی کی انٹرنل کنٹرول رہنما ہدایات بینک انتظامیہ سے یہ تقاضہ بھی کرتی ہیں کہ انٹرنل کنٹرولز کے موثر ہونے کا جائزہ لیا جائے۔ بینک ایک واضح صراحت کردہ اور جامع انٹرنل کنٹرول پروگرام اور اس کے نفاذ کیلئے طے شدہ روڈ میپ کا حامل ہے۔

بینک کی سینٹرل مینجمنٹ کمیٹی، بورڈ رسک و کمپلائنس کمیٹی اور بورڈ آف ڈائریکٹرز کے ساتھ مل کر بینک کی حکمت عملی، رسک مینجمنٹ سے متعلق کوششوں اور طریقہ کار کی نگرانی کرتی ہے۔

کریڈٹ رسک

حبیب میٹرو بینک پروڈکٹ، جغرافیہ، صنعت اور صارفین کی مختلف صورتوں کے ذریعے کریڈٹ رسک کو کنٹرول کرنے کی حکمت عملی کا حامل ہے۔ بینک ایک بڑا حصہ مختصر مدتی اور سیلف لیکویڈیٹنگ میں رکھتے ہوئے تجارت اور ورکنگ کیپٹل فنانسنگ کو توسیع دے رہا ہے۔ بینک کے کریڈٹ پورٹ فولیو کا ایک بڑا حصہ KIBOR کو بطور ایک حوالہ استعمال کرتے ہوئے فلوئنگ ریٹ کی بنیاد پر نرخ شدہ ہے جو شرح سود کے خطرات کو کم کرتا ہے۔ خطرے کا امکان کریڈٹ میں توسیع سے متحرک کریڈٹ گرانٹ کرنے کے طریقہ کار کے ذریعے مزید کم ہو جاتا ہے جو یقینی طور پر مناسب جانچ پڑتال، تحفظ کے احساس اور ایک جاری کردہ بنیاد پر ایک پھوڑ رزکی مانیٹرنگ کیلئے تشکیل دیا گیا ہے یہ مزید براں مرکزی ٹریڈ پروسیڈنگ اور کریڈٹ کے انتظام کے ذریعے مستحکم ہے۔

مارکیٹ/لیکویڈیٹی رسک

ایسٹ اینڈ لائبلٹی مینجمنٹ کمیٹی غیر ملکی زرمبادلہ اور منی مارکیٹ کی حدود کے حوالے سے جائزہ، سفارشات اور نگرانی کے امور سنبھالتی ہے۔ اس کی حکمت عملی خطرے، لیکویڈیٹی اور منافع جات میں توازن رکھنے پر مشتمل ہے۔ بورڈ کی منظور شدہ سرمایہ کار پالیسی دیگر پہلوؤں کے ساتھ ایسٹ کو مختص کرنے اور آپریٹنگ کی رہنما ہدایات پر خصوصی توجہ دیتی ہے۔ مزید براں مارکیٹ اور لیکویڈیٹی رسک کی نگرانی کو بورڈ کی منظور کردہ مارکیٹ اور لیکویڈیٹی رسک مینجمنٹ پالیسی کے مطابق یقینی بنایا جاتا ہے۔

اسٹریٹس ٹیسٹنگ

اسٹریٹس ٹیسٹنگ کے طریقے پورے ادارے میں رسک کی موجودگی اور پورٹ فولیو کی قدر و قیمت میں تبدیلی کا جائزہ لینے کیلئے اس وقت استعمال کئے جاتے ہیں جب مختلف نوعیت کے خطرات ظاہر ہوتے ہیں۔ خطرات کے عناصر شرح سود، کریڈٹ، لیکویڈیٹی، ریٹ، آپریٹنگ ریٹ اور لیکویڈیٹی اسٹریٹس ٹیسٹنگ کے ماڈلز میں استعمال ہوتے ہیں۔ بینک کا اسٹریٹس ٹیسٹنگ کا طریقہ کار اسٹیٹ بینک آف پاکستان کی رہنما ہدایات پر عمل درآمد کو بھی یقینی بناتا ہے۔ اسٹریٹس ٹیسٹنگ کے نتائج آپ کے بینک کی ایک مستحکم اور پائیدار مالیاتی پوزیشن کو بھی ظاہر کرتا ہے۔

آپریٹنگ رسک

آپریٹنگ رسک بینکنگ کی تمام سرگرمیوں میں موجود ہیں اور دنیا بھر میں ایک اہم چیلنج تصور کئے جاتے ہیں۔ وقوع پذیر ہونے سے قبل اس خطرے کی شناخت اور اس کیلئے کنٹرول کے نظام کی تشکیل ہمیشہ بینک کی ترجیح رہی ہے۔ بینک رسک اور کنٹرول سیلف ایسسمنٹ کی انجام دہی کیلئے رسک مینجمنٹ ڈویژن میں ایک مخصوص آپریٹنگ رسک مینجمنٹ یونٹ کا حامل ہے۔ یہ پروسس انور (دفاع کی پہلی لائن) اور بعد ازاں بینک کی انتظامیہ، بورڈ کی کمیٹیوں اور بورڈ کی جانب سے زیر جائزہ ہیں۔ اس کے مطابق تدارک کے اقدامات کئے جاتے ہیں۔ یہ ضروری ہے کہ تمام پالیسیوں اور طریقہ کار کا جائزہ رسک مینجمنٹ کے ذریعے بعد ازاں آپریٹنگ رسک اور بینک کے انٹرئل کنٹرول یونٹ کی جانب سے لیا جائے۔ یہ بینک کی بقا میں اضافے اور طے شدہ اہداف کے حصول کو یقینی بنانے میں معاون ہے۔ بینک ایک انتہائی مستحکم بزنس کنٹینوٹی پلان، ایک انفارمیشن سیکورٹی یونٹ اور مستحکم آزاد انٹرئل آڈٹ سیٹ اپ کا حامل ہے۔

نیا کیپٹل معاہدہ۔ باسل-III

حالیہ مالیاتی بحران نے عالمی ریگولیٹری فریم ورک اور بینکوں میں رسک مینجمنٹ طریقہ کار میں متعدد خامیوں کو واضح کیا ہے۔ نتیجتاً ریگولیٹری حکام نے اپنی توجہ گلوبل کیپٹل اور لیکویڈیٹی قوانین کو مستحکم بنانے پر مرکوز کر لی ہے۔ باسل-III کا مقصد خطرات سے نمٹنے اور گورننس کو بہتر بنانے نیز بینکوں کی شفافیت اور تشہیر کو مستحکم بنانا ہے۔

عالمی طریقہ کے مطابق اسٹیٹ بینک آف پاکستان نے پاکستان میں بینکوں کے لئے باسل-III کیپٹل ایڈیکلیسی رہنما ہدایات مقرر کی ہیں۔ یہ ہدایات 31 دسمبر 2013 سے ایک مرحلہ وار طریقہ پر لاگو کی جا چکی ہے اور 31 دسمبر 2019 سے مکمل طور پر نافذ العمل ہوں گی۔

بینک نے باسل-III ریگولیٹرز کے مطابق اس کی مستقبل کی سرمایہ کی ضروریات کی جانچ پڑتال کا کام انجام دیا ہے جو آئندہ مدت میں مرحلہ وار طے کی جا رہی ہیں اور موجودہ کیپٹل اسٹرکچر با آسانی مستقبل کی ترقی کے لئے معاون ہے۔ بینک کی کیپٹل ایڈیکلیسی سال کے اختتام پر 18.21 فیصد پر موجود تھی جبکہ اس کے برخلاف اسٹیٹ بینک آف پاکستان باسل-III روڈ میپ کے مطابق 10.65 فیصد کی ضرورت تھی۔

- ۳۔ موزوں اکاؤنٹنگ پالیسیاں اور تخمینہ جات مالیاتی حسابات کی تیاری میں لازمی طور پر لاگو کئے گئے ہیں۔
- ۴۔ مالیاتی حسابات کی تیاری میں پاکستان میں نافذ العمل بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز پر عمل کیا جاتا ہے اور ان سے کسی بھی روگردانی کو واضح طور پر بیان کر دیا جاتا ہے۔
- ۵۔ انٹرل کنٹرول کا نظام مستحکم طور پر ڈیزائن کیا گیا ہے اور موثر طور پر نافذ العمل اور زیر نگرانی رہتا ہے۔
- ۶۔ اس امر میں کسی قسم کے شکوک و شبہات نہیں کہ بینک میں کاروبار کو جاری رکھنے کی صلاحیت موجود ہے۔
- ۷۔ لسٹنگ ریگولیشنز میں درج کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی روگردانی نہیں کی جاتی ہے۔
- ۸۔ بینک کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا برائے گزشتہ 6 سال ذیل میں دیا گیا ہے:

روپے ملین میں

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | |
|---------|---------|---------|---------|----------------------|---------|-------------------------------|
| 24,190 | 26,002 | 27,364 | 30,200 | 33,120 | 37,165 | شیئر ہولڈرز کی ایکویٹی |
| 10,478 | 10,478 | 10,478 | 10,478 | 10,478 | 10,478 | اداشدہ سرمایہ |
| 291,935 | 304,416 | 311,454 | 397,380 | 489,879 | 526,606 | مجموعی اثاثہ جات |
| 185,400 | 217,798 | 247,644 | 320,023 | 403,355 | 430,888 | ڈپازٹس |
| 113,347 | 110,444 | 129,834 | 134,751 | 132,647 | 142,962 | ایڈوانسز |
| 147,525 | 160,850 | 142,444 | 221,761 | 292,779 | 314,619 | سرمایہ کاریاں |
| 4,630 | 5,044 | 5,112 | 7,312 | 12,539 | 10,334 | منافع قبل از ٹیکس |
| 3,281 | 3,406 | 3,526 | 4,927 | 7,656 | 6,119 | منافع بعد از ٹیکس |
| 3.13 | 3.25 | 3.37 | 4.70 | 7.31 | 5.84 | آمدنی فی حصص (روپے) |
| 15 C | 20 C | 20 C | 25 C | 20(C)(F) 20(C)(I) | 30(C) | منافع منقسمہ (فیصد) |
| 3,073 | 3,284 | 3,559 | 3,914 | 4,277 | 4,597 | عملی کی تعداد |
| 163 | 183 | 214 | 240 | 276 | 307 | برانچوں/ذیلی برانچوں کی تعداد |

پراویڈنٹ فنڈ اور گریجویٹ اسکیم کی سرمایہ کاریوں کی قدر و قیمت درج ذیل کے مطابق ہے:

- پراویڈنٹ فنڈ 2,398 ملین روپے بمطابق 30 جون 2016
- گریجویٹ اسکیم 759 ملین روپے بمطابق 31 دسمبر 2015

رسک مینجمنٹ

رسک مینجمنٹ فریم ورک پر بیان

حبیب میٹرو بینک کی حکمت عملی و تنظیمی ڈھانچے میں خطرات کے انتظامی پہلو بھی موجود ہیں۔ بینک کریڈٹ، آپریشنز، لیکویڈیٹی اور مارکیٹ رسک کیلئے ایک مربوط و منظم رسک مینجمنٹ اسٹرکچر کے ساتھ منظم اپروچ اور مستحکم انٹرل کنٹرول کا حامل ہے۔

بینک کا مکمل برانچ نیٹ ورک آن لائن اور جدید ترین پروسیڈنگ سسٹم محفوظ اور مناسب گنجائش کا حامل ہے۔ بینک کے نظام اور تنظیم میں فرائض کی تقسیم موجود ہے۔ انٹرل آڈٹ ڈویژن سال بھر آزاد خطرات پر مبنی جائزے اور بینک کی برانچوں اور دیگر امور کی توثیق اور کنٹرول سسٹم کی جانچ پڑتال کرتا ہے۔ جامع اندرونی رپورٹس اور ایم آئی ایس رسک کنٹرول میں انتظام کیلئے اضافی آلات ہیں۔ رسک مینجمنٹ ڈویژن خطرات کے تمام پہلوؤں سے نمٹنے کے پیشہ ورانہ مہارت کے حامل افراد پر مشتمل ہے۔

بہتر شفافیت اور اضافی کنٹرول انوائزمنٹ کیلئے صارف کی شکایات کو نمٹانے کا مرکزی نظام موجود ہے۔ بینک اپنے صارفین کو بہترین خدمات اور ہمہ گیر پروڈکٹس کی فراہمی کیلئے اپنے عزم پر قائم ہے۔

کارپوریٹ گورننس بورڈ کے اجلاس

سال 2016 کے دوران بورڈ آف ڈائریکٹرز اور اس کی سب کمیٹیوں کے اجلاس کی تفصیلات اور ہر ایک ڈائریکٹر/کمیٹی ممبر کی جانب سے اس کی شرکت ذیل کے مطابق ہے:

| ڈائریکٹر کا نام | بورڈ آف ڈائریکٹرز | آڈٹ | کریڈٹ | ہیومن ریسورسز و ریٹائرمنٹ | رہنما و کمیٹیاں |
|---------------------------|-------------------|-----|-------|---------------------------|-----------------|
| مرحوم جناب قاسم پارکھی * | 3/3 | - | - | - | - |
| جناب علی ایس۔ حبیب | 3/4 | 4/4 | - | - | - |
| جناب انجم زید۔ اقبال * | - | - | - | - | 1/1 |
| جناب فراسٹ علی | 4/4 | 4/4 | - | - | - |
| جناب محمد علی آر۔ حبیب ** | 4/4 | - | 1/1 | 2/2 | 3/3 |
| جناب محمد بشیر | 4/4 | - | - | - | - |
| جناب محمد ایچ۔ حبیب | 3/4 | - | 0/1 | - | - |
| جناب سہیل حسن | 4/4 | - | - | - | 4/4 |
| جناب طارق اکرام | 4/4 | 4/4 | - | 2/2 | - |
| جناب سراج الدین عزیز | 4/4 | - | 1/1 | 2/2 | 4/4 |
| منعقدہ اجلاس | 4 | 4 | 1 | 2 | 4 |

* مرحوم جناب قاسم پارکھی نے 19 اگست 2016 کو استعفیٰ دیا اور جناب محمد علی آر۔ حبیب کو بورڈ کا چیئر مین منتخب کر لیا گیا۔ جناب انجم زید۔ اقبال کو 20 اکتوبر 2016 کو جناب قاسم پارکھی، جو 9 فروری 2017 کو انتقال کر گئے ہیں، کی جگہ تعینات کیا گیا۔

** جناب محمد علی آر۔ حبیب نے 20 اکتوبر 2016 کو ریسک و کمیٹیاں کمیٹی کی رکنیت سے استعفیٰ دے دیا۔

پیٹرن آف شیئر ہولڈنگ

31 دسمبر 2016 کو پیٹرن آف شیئر ہولڈنگ رپورٹ کے ساتھ منسلک ہے۔

آڈیٹرز

موجودہ آڈیٹرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس سکدش ہو رہے ہیں اور دوبارہ تقرری کیلئے خود کو پیش کرنے کے اہل ہیں۔

بورڈ کی آڈٹ کمیٹی نے کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی کوڈ آف کارپوریٹ گورننس کے تحت 31 دسمبر 2017 کو ختم ہونے والے سال کیلئے بینک کے آڈیٹرز کی حیثیت سے تقرری کی سفارش کی ہے۔

کارپوریٹ و فنانشل رپورٹنگ فریم ورک

- ۱۔ بینک کی جانب سے تیار کردہ مالیاتی حسابات اس کے کاروباری امور، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں کسی بھی تبدیلی کو شفاف انداز میں پیش کرتے ہیں۔
- ۲۔ بینک کی جانب سے حسابات کی باقاعدہ کتب تیار کی گئی ہیں۔

صارفین تک اضافی رسائی

اللہ تعالیٰ کی مہربانی سے حبیب میٹرو بینک نے 2016 میں 31 نئی برانچوں کے ذریعے صارفین تک اپنی پہنچ میں اضافہ کیا۔ 10 نئے شہر شامل کئے گئے نتیجتاً بینک نے پاکستان بھر میں 87 شہروں میں 307 برانچوں بشمول 25 اسلامی بینکنگ برانچوں کے ذریعے اپنے قدم مزید مضبوط کئے۔

آپ کا بینک 100 سے زائد ممالک میں مستحکم بینکوں کے ساتھ تعلقات رکھتا ہے جبکہ بینک متعدد دیگر بینکوں سے باقاعدہ کریڈٹ لائنز کا بھی حامل ہے۔ حبیب میٹرو بینک پورے ملک میں اپنے صارفین کو جامع بینکاری خدمات اور پروڈکٹس بشمول خصوصی تجارتی مالیاتی پروڈکٹس، اس کے ساتھ جدید ترین ٹیکنالوجیز سے آراستہ خدمات مثلاً محفوظ SMS، ویب بینکنگ سروسز، عالمی طور پر قابل قبول ویزا ڈیبٹ کارڈز اور ملک گیر ATM نیٹ ورک فراہم کر رہا ہے۔

آپ کے بینک کی ذیلی کمپنی حبیب میٹرو پولیٹن فنانشل سروسز باسہولت اور قابل اعتماد ایکویٹی بروکریج اور کسٹڈی خدمات فراہم کر رہا ہے۔ مزید برآں حبیب میٹرو پولیٹن مضاربہ منجمنٹ کمپنی مضاربہ کے قیام اور انتظام کے مقصد سے قائم کی گئی ہے۔

متبادل ڈیلیوری کے چینل

انتہائی خدمات کے معیار کو برقرار رکھنا آپ کے بینک کی حکمت عملی کی بنیاد ہے۔ سال کے دوران بینک نے 52 نئی آٹومیٹڈ ٹیلر مشینیں (ATMs) بشمول 3 آف سائٹ ATMs کی تنصیب کی اور اس طرح ملک بھر میں ATMs کی مجموعی تعداد 320 تک پہنچ چکی ہے۔ بینک کے ویزا ڈیبٹ کارڈز اور ایس ایم ایس اور ویب بینکنگ سبسکریپشن نے بھی اس مدت کے دوران قابل ذکر اضافہ ظاہر کیا۔

افراد و وسائل

حبیب میٹرو فیملی کی مجموعی تعداد سال کے دوران 4,277 سے بڑھ کر 4,597 ہو گئی۔ بینک نے وسیع تر انداز میں اندرونی طور پر ان۔ ہاؤس کورسز کے انعقاد اور اسٹاف کو بیرونی ٹریننگ کیلئے بھیج کر اپنے ہیومن ریسورس باڈی کی تربیت کی ضرورت کو پورا کیا۔

آپ کا بینک ملازمت کے مساوی مواقع فراہم کرنے والا ادارہ ہے جہاں خواہشمند بینکرز کیلئے کیریئر اور ترقی کے شاندار مواقعوں کی پیشکش کی جاتی ہے۔

کارپوریٹ سماجی ذمہ داریاں

بحیثیت ایک محتاط اور ذمہ دار سماجی شہری آپ کا بینک اپنی سماجی ذمہ داریوں کو بخوبی سمجھتا اور پوری کرتا ہے اور سماجی اداروں کی معاونت کرتا ہے۔ سال کے دوران بینک نے تین اہم شعبوں یعنی تعلیم، صحت کی دیکھ بھال اور سماجی بہبود میں پسماندہ طبقات کی بھرپور معاونت کی۔ یہ عطیات 92.4 ملین روپے مالیت کے تھے۔

دی سٹیزن فاؤنڈیشن بڑے وصول کنندگان میں سے ایک رہا اور اس کے ذریعے بینک پسماندہ دیہی علاقوں میں 6 اسکول چلا رہا ہے جہاں 1000 سے زائد بچے داخل ہیں۔ آپ کے بینک کی سماجی شراکت داریوں کی تفصیل اکاؤنٹس کے نوٹس میں دیکھی جاسکتی ہے۔

آپ کا بینک سال 2016 کے دوران حکومت پاکستان کو 4.90 بلین روپے سے زائد بلا واسطہ (ڈائریکٹ) ٹیکسوں کی مدد میں ادائیگی کے ساتھ ملک کے بڑے ٹیکس دہندگان میں سے ایک رہا ہے۔ مزید برآں قومی خزانے کیلئے بلا واسطہ (انڈائریکٹ) ٹیکس ٹوٹیوں اور وصولیائیوں پر مشتمل 8.21 بلین روپے کے لگ بھگ ایک اضافی رقم بینک کے نیٹ ورک کے ذریعے وصول کی گئی تھی۔

صارفین کی شکایات

صارف کے اطمینان کو بینک کی کامیابی کا ایک اہم عنصر تصور کیا جاتا ہے۔ صارف کی شکایات کے شفاف اور بروقت حل کیلئے بینک نے شکایات نمٹانے کے اپنے میکزم کو تبدیل کیا تھا جس کے ذریعے مختلف اقدامات بشمول شکایات نمٹانے کے نظام کی خودکاری، شکایت کے مدارک کے وقت کی نظر ثانی، نمٹانے کے پیمانے کی بہتری، شکایت کی سہل مانیٹرنگ اور مسلسل موصولہ شکایات پر درست اقدامات بروئے کار لائے گئے۔

مختلف ذرائع سے موصولہ صارف کی شکایات کو نمٹاتے وقت بینک صارف کے مسائل کا ایک بہتر اور واضح حل تلاش کرنے کیلئے ایک عملی اور منصفانہ طریقہ کار برقرار رکھتا ہے۔ سال 2016 کے دوران مستعد اور موثر شکایات نمٹانے کے میکزم کے تحت 4,951 شکایات موصول ہوئیں اور ان کے حل کا اوسط وقت 7 ایام کار رہا۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

عزیز شیئر ہولڈرز؛

میرے لئے یہ امر باعث مسرت ہے کہ آپ کے سامنے 31 دسمبر 2016 کو ختم ہونے والے مالی سال کے لئے حبیب میٹروپولیٹن بینک (حبیب میٹرو بینک) کے سالانہ حسابات پیش کر رہا ہوں۔

اقتصادی اور بینکاری کا جائزہ

معاشی ترقی میں سرمایہ کاری کے اعتماد میں اضافہ، امن و امان کی صورتحال میں بہتری، مستحکم اقتصادی و سیاسی پالیسیوں اور سی پیک کے حوالے سے سرگرمیوں کے باعث اضافہ ہوا۔ افراط زر سال کی دوسری ششماہی کے دوران 3.9 فیصد پر رہا۔ 2017 میں بڑھتے ہوئے افراط زر کا دباؤ 6 فیصد کے طے کردہ ہدف سے چلی سطح پر ہونے کی توقع ہے۔

کرنٹ اکاؤنٹ کا خسارہ 2016 کی دوسری ششماہی میں 3.6 بلین امریکی ڈالر تک پھیل گیا جو کہ 2015 کی اسی مدت میں 1.7 بلین امریکی ڈالر تھا۔ بیرونی خسارے کا پھیلاؤ سی پیک سے متعلق اضافی درآمدات، برآمدی سرگرمیوں میں مسلسل کمی اور زر ترزیل میں تخفیف کے باعث ہوا۔ تاہم یہ اضافہ کثیر نوعیتی اور باہمی فنڈنگ اور سرمایہ کاری کے بہاؤ کے باعث آفیسٹ ہوا جس کے نتیجے میں ادائیگیوں کے توازن میں 0.2 بلین امریکی ڈالر کا مجموعی اضافہ ہوا۔

مالیاتی نظم و ضبط میں بینکاری سیکٹر سے سرکاری قرضہ کی خالص کمی کے ذریعے سہولت حاصل ہوئی۔ یہ رعایت شدہ سودی نظام اور شرح سود کے علاوہ ہے جس کے نتیجے میں نجی شعبے کے کریڈٹ کے بہاؤ میں اضافہ ہوا جو 2016 کی دوسری ششماہی میں 375 بلین روپے مالیت تھا اور اس کے مقابلے میں 2015 کی اسی مدت میں یہ اضافہ 282 بلین روپے تھا۔ کنزرویٹو فنانس کی طلب میں بھی اسی نوعیت کا بڑھتا ہوا رجحان ظاہر ہوا۔

سال بہ سال 20 فیصد بڑھتے ہوئے بینکاری سیکٹر کا ڈپازٹ بیس 2016 کے آخر تک 11.2 کھرب روپے کے حجم تک جا پہنچا جبکہ ایڈوانسز 16.5 فیصد بڑھ کر 5.71 کھرب روپے اور سرمایہ کاری 7.55 فیصد بڑھ کر 7.23 کھرب روپے پر ریکارڈ کی گئی۔ ستمبر 2016 کے اختتام پر نان پرفارمنگ ایڈوانسز 631 بلین روپے پر جا پہنچے اور انفیکشن تناسب 12.33 فیصد رہا۔

سال کے دوران بینک کی کارکردگی

اللہ تعالیٰ کے فضل و کرم سے بینک کا بعد از ٹیکس منافع سال 2016 کے اختتام پر 6.12 بلین روپے رہا۔ فی حصص آمدنی 5.84 روپے اور شیئر ہولڈرز کی ایکویٹی پر منافع 17.41 فیصد رہا۔

زیر جائزہ سال کے دوران بینک کے ڈپازٹس بڑھ کر 431 بلین روپے ہو گئے جبکہ مجموعی ایڈوانسز 159.8 بلین روپے ریکارڈ کئے گئے۔ نیٹ ایکویٹی 37.2 بلین روپے پر موجود تھی جس کے ساتھ سیٹل ایڈیلیسی 18.15 فیصد کی آرام دہ سطح پر رہی۔

کمیشنس

بینک کے مالیاتی سال اور رپورٹ کی تاریخ کے درمیان بینک کی مالیاتی پوزیشن کو متاثر کرنے والی مالی ذمہ داریوں میں کوئی نمایاں تبدیلی وقوع پذیر نہیں ہوئی۔

کریڈٹ ریٹنگ

اللہ تعالیٰ کے کرم سے پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ کی جانب سے مسلسل 16 ویں سال بینک کی کریڈٹ ریٹنگ طویل مدت کیلئے AA+ (ڈبل اے پلس) اور قلیل مدت کیلئے A1+ (اے ون پلس) برقرار رکھی گئی۔ ریٹنگز کریڈٹ کے اعلیٰ معیار، کریڈٹ رسک کے کم امکان اور مالیاتی وعدوں کی بروقت ادائیگی کی مستحکم صلاحیت ظاہر کرتی ہے۔

ایوارڈز

حبیب میٹرو بینک نے 2016 میں مسلسل دوسرے سال ایشین ڈیولپمنٹ بینک کی جانب سے ”پاکستان میں لیڈنگ بائزر“ کا ایوارڈ حاصل کیا جو کہ ایشین ڈیولپمنٹ بینک کی جانب سے ”لیڈنگ ایس ایم ای ٹریڈ بینک“ ایوارڈ کے علاوہ ہے۔ بینک نے ریجنل ٹریڈ کانفرنس برائے اسلامک بینکنگ اور فنانس 2016 میں ”بیسٹ ٹریڈ فنانسنگ تھرو شریعہ فنانس“ ایوارڈ بھی حاصل کیا۔

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: 111-1-HABIB (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

Baara Market 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

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-Jamal Branch

Gulshan-e-Maymar Branch

HasratMohani Road

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-Nishat Branch

Khayaban-e-Sehar Branch

Khayaban-e-Shahbaz Branch

Khayaban-e-Tanzeem Branch

Korangi Branch

Korangi Township Branch

KutchiGali Branch

Landhi Industrial Area Branch

Liaquatabad Branch

Lines Area Branch

M.A. Jinnah Road Branch

MalirCantt Branch

Malir City Branch

Manghopir Road Branch

Marriot Road Branch

Mehmoodabad Branch
 Mereweather Branch
 Mission Road Branch
 Mithadar Branch
 NHS Branch Karachi
 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
 Paposh Nagar 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)
 Shah Faisal Colony Branch
 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
 University Road Branch
 UP More Branch
 Water Pump Branch
 West Wharf Branch
 Zamzama Branch

HYDERABAD

Hyderabad Branch
 Latifabad Branch
 Market Road Branch-Hyderabad

OTHER SOUTHERN REGION CITIES

Daharki Branch
 Dhoru Naro Branch
 Hub Chowki Branch
 Gwadar Branch
 Kandhkot Branch
 Mirpurkhas Branch
 Nawabshah Branch

Quetta Branch
 Qazi Ahmed Branch
 Shikarpur Branch
 Sukkur Branch
 Tandoadam Branch
 Tando Muhammad Khan Branch
 Umerkot Branch

NORTHERN REGION

LAHORE

Lahore Main Branch
 Azam Cloth Market Branch
 (Sub Branch of BadamiBagh)
 BadamiBagh 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)
 DHA Phase VI Branch
 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
Hall Road Lahore
Iqbal Town Branch
Johar Town Branch
Main Boulevard Branch
McLeod Road Branch
(Sub Branch of Brandreth Road)
Misri Shah Branch
(Sub Branch of BadamiBagh)
Model Town Link Road Branch
Punjab C.H.S. 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
Sheikhupura 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

FAISALABAD

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

MULTAN

GhallaMandi Branch
Gulgasht Colony Branch
(Sub Branch of Multan)
HussainAgahi Branch
Multan Main Branch
Shahrukn-e-Alam Branch

SIALKOT

Do-BurjiMalhiyan Branch
Khadim Ali Road
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
G-11 Markaz Branch
I-9 Markaz Branch
I-10 Markaz Branch
Islamabad Main Branch
Tarnol Branch

RAWALPINDI

Dhamial Camp Branch
Iqbal Road Branch
KallarSyedan 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
University Road Branch

AZAD KASHMIR

ArraJattan Branch
Mirpur (A.K) Branch
Pang Peeran Branch

GILGIT BALTISTAN

Astore Branch
Aliabad Branch
Chillas Branch
Danyore Branch
Gilgit Branch
Jutial Branch
Khaplu Branch
Skardu Branch
Sost Branch

FATA / PATA

Khawazakhela Branch
Mingora Branch
Parachinar Branch

OTHER NORTHERN REGION CITIES

Abbottabad Branch
Bahawalpur Branch
Bhalwal Branch
Chakwal Branch
Chak #111 SB Branch
Chiniot Branch
Dassu Branch
D. G. Khan Branch
D. I. Khan Branch
Dharanwala Branch
FaqirWali Branch
Gujranwala Branch
Gujrat Branch
Hafizabad Branch
Haripur Branch
Haroonabad Branch
Hasilpur Branch
Jauharabad Branch
Jhelum Branch
Kamoke Branch
Kasur Branch
Kharian City Branch
Khushab Branch
Lala Musa Branch
Muslim Bazar Branch

MandiBahauddin Branch
Mansehra Branch
Mianwali Branch
MianChannu Branch
Mardan Branch
MouzaKachi 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
WahCantt Branch
Yazman Branch
ZahirPir Branch

ISLAMIC BANKING BRANCHES

KARACHI

Alfalah Court Branch
Clifton Branch
Dhorajee Colony Branch

Jodia Bazar Branch
Korangi Branch
Khayaban-e-Jami
Rashid Minhas Road Branch
Shahrah-e-Faisal Branch
SITE Branch
North Karachi Branch
North Nazimabad

LAHORE

BadamiBagh Branch
Ciruclear Road Branch
Gulberg Branch
Azam Cloth Market Branch

OTHER CITIES

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

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 25th Annual General Meeting of the Bank to be held on March 30, 2017 and at any adjournment thereof.

As Witness my / our hand this _____ day of March 2017.

Witness

1. Signature _____

Name _____

Address _____

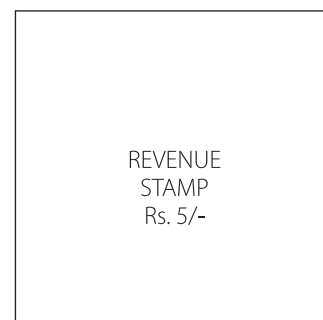
CNIC # _____

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.

CDC account holder or sub-account holder appointing a proxy should furnish attested copies of his own as well as the proxy's CNIC / Passport 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 فوئیو نمبر _____ رکھتا ہوں/رکھتی ہوں/رکھتے ہیں۔

بذریعہ _____ فوئیو نمبر _____

ساکن _____

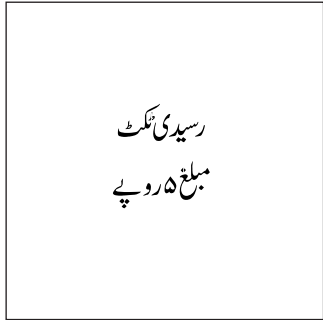
اور اگر ان کے لئے ممکن نہ ہو تو _____ فوئیو نمبر _____

ساکن _____

جو کہ بینک کے ممبر ہیں کو بینک کے ۲۵ واں سالانہ اجلاس عام جو مورخہ ۳۰ مارچ ۲۰۱۷ء 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 دفتخ مورخہ _____ مارچ ۲۰۱۷ء۔

گواہان



ریدی ٹکٹ
مبلغ ۵ روپے

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 دی جانی چاہیئے۔

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