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Annual Report 2016



10 YEARS OF GROWTH

JS Bank was formed in 2006 through the merger of American Express Bank's Pakistan branches and Jahangir Siddiqui Investment Bank Limited and in December 2016 completed its 10th year of operations.

Table of Contents

Company Information	03	Notes to the Unconsolidated Financial Statements	81
Chairman's Message	05	Consolidated Financial Statements	168
Directors' Profile	06	Directors' Report on Consolidated Financial Statements	169
Corporate Social Responsibility	12	Directors' Report on Consolidated Financial Statements Urdu	174
Notice of Eleventh Annual General Meeting	24	Auditors' Report on the Consolidated Financial Statements	175
Financial Highlights	34	Consolidated Statement of Financial Position	176
Graphical Presentation of Financial Information	36	Consolidated Profit and Loss Account	177
Directors' Report	40	Consolidated Statement of Comprehensive Income	178
Directors' Report Urdu	67	Consolidated Statement of Changes in Equity	179
Statement of Compliance	70	Consolidated Cash Flow Statement	180
Review Report to the Members on the Statement of Compliance	72	Notes to the Consolidated Financial Statements	181
Unconsolidated Financial Statements	73	Annexure I & II	281
Auditors' Report to the Members	74	Pattern of Shareholding	284
Unconsolidated Statement of Financial Position	76	Branch Network	286
Unconsolidated Profit and Loss Account	77	Form of Proxy	
Unconsolidated Statement of Comprehensive Income	78		
Unconsolidated Statement of Changes in Equity	79		
Unconsolidated Cash Flow Statement	80		



JS BANK

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Company Information

Board of Directors

Mr. Ali Jehangir Siddiqui
Chairman

Mr. Adil Matcheswala
Non-Executive Director

Mr. Ashraf Nawabi
Non-Executive Director

Mr. G.M. Sikander
Independent Non-Executive Director

Mr. Kalim-ur-Rahman
Non-Executive Director

Mr. Munawar Alam Siddiqui
Non-Executive Director

Ms. Nargis Ghaloo
Independent Non-Executive Director

Mr. Shahab Anwar Khawaja
Independent Non-Executive Director

Mr. Khalid Imran
President & CEO

Audit Committee

Mr. Shahab Anwar Khawaja	Chairman
Mr. Adil Matcheswala	Member
Mr. G.M. Sikander	Member

Human Resource, Remuneration & Nomination Committee

Mr. G.M. Sikander	Chairman
Mr. Ali Jehangir Siddiqui	Member
Ms. Nargis Ghaloo	Member

Risk Management Committee

Mr. Ashraf Nawabi	Chairman
Mr. Kalim-ur-Rahman	Member
Mr. Khalid Imran	Member
Mr. Munawar Alam Siddiqui	Member

Chief Financial Officer

Mr. Muhammad Yousuf Amanullah

Company Secretary

Mr. Ashraf Shahzad

Auditors

EY Ford Rhodes, Chartered Accountants
(Member firm of Ernst & Young Global Limited)

Legal Advisors

Bawaney & Partners
Haidermota BNR
Liaquat Merchant Associates

Share Registrar

Technology Trade (Pvt.) Limited
241-C, Block – 2, P.E.C.H.S, Karachi

Registered office

JS Bank Limited
Shaheen Commercial Complex
Dr. Ziauddin Ahmed Road
P.O. Box 4847 Karachi-74200, Pakistan
UAN: +92 21 111 JS Bank (572-265)
0800-011-22
www.jsbl.com



Chairman's Message

In December 2006, we acquired American Express Bank's Pakistan branches and merged them into Jahangir Siddiqui Investment Bank (formerly Citicorp Investment Bank) to form JS Bank.

2016 therefore is our 10-year anniversary. I am pleased to report that during this time we achieved many milestones:

- Our long term credit rating was upgraded several times and currently stands at AA- (Double A minus);
- By opening a new branch every 12 days, our branch network grew from 4 branches to 307 and our city coverage grew from 3 cities to 152;
- We grew from being the smallest bank in the country to a strong, stable, profitable, mid-sized bank; and,
- We became a leader as a Primary Dealer, an SME finance bank, a lender to microfinance institutions, a retail deposit franchise, a private bank for high net worth individuals and business owners, a bank providing home remittance services to overseas Pakistanis and a partner for multilateral institutions that do business in Pakistan.

During 2016 we also set a 5-year strategic plan in place so we have a clear path ahead of us until 2021.

Over this 10-year period, in terms of being a responsible organization, we contributed PKR 173 million to charity, became the leading 'green bank' with over one-third of our branches being run on solar energy and supported government programs such as the Prime Minister's Youth Business Loan Program to generate employment.

Finally, 2016 was the year Mr. Jahangir Siddiqui, the founder of JS Group, retired from our Board of Directors after serving for 9 years as Chairman. We are grateful for his guidance over these years and for his imparting to our leadership team the high standards of risk management and customer service that have made JS Group a leader in financial services in Pakistan.

I am grateful to our customers, employees and shareholders for their support of and trust in JS Bank.

Sincerely,

Ali Jehangir Siddiqui
Chairman

Directors’ Profile

Mr. Ali Jehangir Siddiqui Chairman

Mr. Ali Jehangir Siddiqui is a Member of the HR, Remuneration & Nomination Committee of the Bank.

He is Chairman of JS Private Equity Management, Pakistan’s largest private equity firm, which he founded. From 2002-2003 he was an Executive Director of JS Investments Ltd, at the time the largest private sector mutual fund manager in Pakistan. Prior to JS Group, Mr. Siddiqui was a Director with Crosby, a private equity firm, and was based in Hong Kong. In 2014, he was honored by the World Economic Forum as a Young Global Leader. He is a board member of Acumen, one of the world’s leading social enterprise investors. Mr. Siddiqui has founded a number of successful companies in the industrial and services sectors in Pakistan and the Middle East.

He holds a B.A. in Economics from Cornell University.

Mr. Adil Matcheswala Non-Executive Director

Mr. Adil Matcheswala is a Member of the Audit Committee.

He is the CEO and founding Director of Speed (Private) Limited, a retail and distribution company that is incorporated in Pakistan. It has amongst its portfolio numerous leading international brands such as Nike, Adidas, Tag Heuer, Charles & Keith, Pedro and Timex.

He started his professional career in the financial services industry in 1992 and until 2002 was the Head of the Equity Sales Division of Jahangir

Siddiqui & Co. Ltd. (formerly Bear Stearns Jahangir Siddiqui Limited).

He has previously served as the Chairman of the Board and Chairman of the Audit Committee of JS Global Capital Ltd. as well as a Director of BSJS Balanced Fund Ltd.

Mr. Matcheswala graduated from Brown University with an A.B. in Economics.

Mr. Ashraf Nawabi Non-Executive Director

Mr. Ashraf Nawabi is Chairman of the Risk Management Committee.

He is a senior banker with over 40 years of banking experience. He was a founder of Prime Commercial Bank Limited and remained on its Board of Directors for three years. Since 1990, he has been the Advisor to Emirates NBD Bank PJSC which is one of the largest banks in the Middle East. Since 1989, he has also been one of the major shareholders and a Director of Alliance Insurance Co. PSC in the UAE. For five years he was a Director of Union National Bank PJSC, the fourth largest bank in the UAE. He was the Chief Executive Officer of United Bank Limited – Middle East for seven years.

He is also a Director and Chief Executive Officer of First Jamia Services Limited in Lahore since 1991. The institution provides education related services.

Mr. Nawabi graduated from the University of Karachi.

Mr. G.M. Sikander

Independent Non-Executive Director

Mr. G.M. Sikander is a Member of the Audit and HR, Remuneration & Nomination Committees. He has been a career civil servant having served the Government of Pakistan in various capacities for 39 years. He retired as Federal Secretary of the Housing and Works Division.

He has served as Assistant Commissioner and Deputy Commissioner in various districts of Punjab and contributed significantly towards social sector development. While serving as Deputy Commissioner of Kasur he single handedly established a public school on self-help basis which has now become a Degree College with almost 5,000 students.

Mr. Sikander has previously served as Secretary to the Government of the Punjab and NWFP (now KPK) provinces and headed the departments of Services, Establishment, Information & Tourism, Housing & Physical Planning, Baitul Maal, Social Security and Cooperatives. He also served as Principal Secretary to five Chief Ministers in the Punjab for a record period of nearly 10 years.

After retirement, he now serves as a Director and Chairman of the Audit Committee and is on the Board of Directors of National Fertilizer Marketing Limited. He is also a Trustee of the Hamza Foundation in Lahore which is a foundation dedicated to supporting and educating deaf and mute students and a Life Trustee of the Marafie Foundation Pakistan which is engaged in the development of public health and education sectors in Gilgit-Baltistan.

Mr. Sikander received his M.A. in Political Science from Punjab University and completed a Diploma in

Development Administration from the University of Birmingham. He has also completed the Advanced National Management Course from the former Pakistan Administrative Staff College Lahore and a special course in Development Administration from the National Institute of Public Administration Lahore. He holds the Director's Certification from the Institute of Chartered Accountants of Pakistan (ICAP).

Mr. Kalim-ur-Rahman

Non-Executive Director

Mr. Kalim-ur-Rahman was formerly President & CEO of JS Bank Limited from 2010 to 2013. He is a Member of the Risk Management Committee.

He is a seasoned banker with 50 years of experience in both international and domestic banking. He has served in various leading international and domestic banks, including Grindlays Bank PLC in the UK and Pakistan, Middle East Bank Ltd. in the UAE and Pakistan as General Manager - South Asia, Emirates Investment Bank in the UAE as General Manager. Mr. Rahman served as President and CEO of Askari Commercial Bank in Pakistan.

Mr. Rahman did his Senior Cambridge from Burn Hall School, Abbottabad and B.Sc. (Hons) from Government College, Lahore. He had a first class academic career throughout, and his name is inscribed on the College Roll of Honor. He is a Fellow of the Institute of Bankers in Pakistan as well as the Institute of Chartered Secretaries and Managers, Pakistan. He holds the Director's certification from PICG as well as the Institute of Directors, UK.

He is presently working as Advisor to the Mahvash & Jahangir Siddiqui Foundation, Karachi.

Mr. Munawar Alam Siddiqui

Non-Executive Director

Mr. Munawar Alam Siddiqui is a Member of the Risk Management Committee.

He retired as an Air Commodore from the Pakistan Air Force (PAF) in 2003. His last post was Assistant Chief of Air Staff (Administration) at Pakistan Air Force Headquarters. For his meritorious services to the PAF, he was awarded Tamgha-e-Imtiaz (Military) and Sitara-e-Imtiaz (Military).

He was commissioned in the GD (P) Branch of the Pakistan Air Force in 1974. He is a qualified flying instructor and has flown over 8000 hours on different aircraft types including C-130, Boeing and Dassault aircraft. He has served as a VVIP and Presidential Pilot during his tenure of service and has held various key command and staff appointments in the PAF. He served as Director of Air Transport at Air Headquarters from 1996 to 1998 and commanded an operational air force base with over 8,500 personnel from 2000 to 2002.

Presently Mr. Siddiqui is Advisor to JS Investments Limited and was Chairman of JS Investments Limited from 2004 to 2013. Currently he is Chairman of Peregrine Aviation (Pvt.) Limited and serves as a director on the boards of Jahangir Siddiqui & Co. Limited, JS Bank Limited and Hum Network Limited.

As part of his social commitment, he works as a director on the boards of Fakhr-e-Imdad Foundation, Karachi Education Initiative, Karachi School for Business & Leadership and Karigar Training Institute. He is also a Trustee of the Cardiovascular Foundation.

Mr. Siddiqui holds a B. Sc. (Honours) in War Studies from Karachi University, a B. Sc. Avionics from

Peshawar University, an M. Sc. in Defence and Strategic Studies from Quaid-e-Azam University and an M. Sc. in Strategic Studies from Karachi University. He is also an alumnus of the National Defence University.

Ms. Nargis Ghaloo

Independent Non-Executive Director

Ms. Nargis Ghaloo is a Member of the HR, Remuneration & Nomination Committee of the Bank. She is at present a Federal Secretary, Capital Administration & Development Division, Government of Pakistan. Ms. Ghaloo was Chairperson of State Life Insurance Corporation of Pakistan, Pakistan's largest life insurer, from 2014 to 2016.

She joined the Civil Services of Pakistan in 1982, has many years of professional experience serving in senior management positions with provincial as well as federal government departments in diversified fields such as public sector management, administration, financial, judicial, health, insurance and planning.

Ms. Ghaloo did her Masters in English from University of Sindh in 1981 and is a Certified Director from The Pakistan Institute of Corporate Governance (PICG) and also holds a Certificate in Company Direction from Institute of Directors, UK.

Mr. Shahab Anwar Khawaja

Independent Non-Executive Director

Mr. Shahab Anwar Khawaja is the Chairman of the Audit Committee. Mr. Khawaja is a retired senior civil servant and served the Government of Pakistan in various capacities for 36 years. He retired as Federal Secretary to Government of Pakistan.

As Secretary Privatisation, he supervised the privatisation program of public sector enterprises in the country. Earlier he served as Secretary Ministry of Industries and Production. After retirement, he served as CEO of the Competitiveness Support Fund – a joint venture of Government of Pakistan & USAID.

Previously, Mr. Khawaja served as CEO of Small and Medium Enterprises Development Authority (SMEDA), where he managed all Federal Government support initiatives to the SME sector of the economy. During these years a number of developments were achieved to help SME growth especially for higher value addition through the acquisition of improved technology.

Mr. Khawaja has represented Pakistan in a number of international seminars, conferences and in various UNDP, UNHCR and UNFPA Board meetings. He has also served on number of corporate boards including SME Bank and Pak- Libya Investment Company.

His last engagement was in the private sector where he headed the Fertilizer Manufacturers Pakistan Advisory Council as its Executive Director from 2012 to 2015.

Mr. Khawaja holds a Master of Science degree in Chemistry and holds a Post Graduate Diploma in Development Administration from Birmingham University, UK.

Mr. Khalid Imran

President & CEO

Mr. Khalid Imran is the President and CEO of JS Bank Limited and a non-elected Executive Director.

He has over 40 years of diversified banking experience in Pakistani and foreign banks. Mr.

Imran started his career with BCCI, where he worked for 16 years in different capacities. He was Joint General Manager of BCCI Middle East Region. Mr. Imran then worked with Commercial Bank of Dubai PJSC. On his return to Pakistan in 1991, he was a member of the core team which established Prime Commercial Bank Limited. He served Prime Bank in the capacity of Senior Executive Vice President and continued with Prime Bank through its acquisition by and merger into ABN Amro Bank in Pakistan and the subsequent acquisition of ABN Amro Bank in Pakistan by Royal Bank of Scotland. He joined the JS Bank team in 2012 and became President and CEO in July 2013.

Mr. Imran received his BBA (Hons) and MBA from Karachi University.



10 YEARS OF GROWTH

JS Bank currently operates a network of 307 branches in 152 cities. Listed on the Pakistan Stock Exchange since 2007, JS Bank is a subsidiary of Jahangir Siddiqui & Co. Limited.

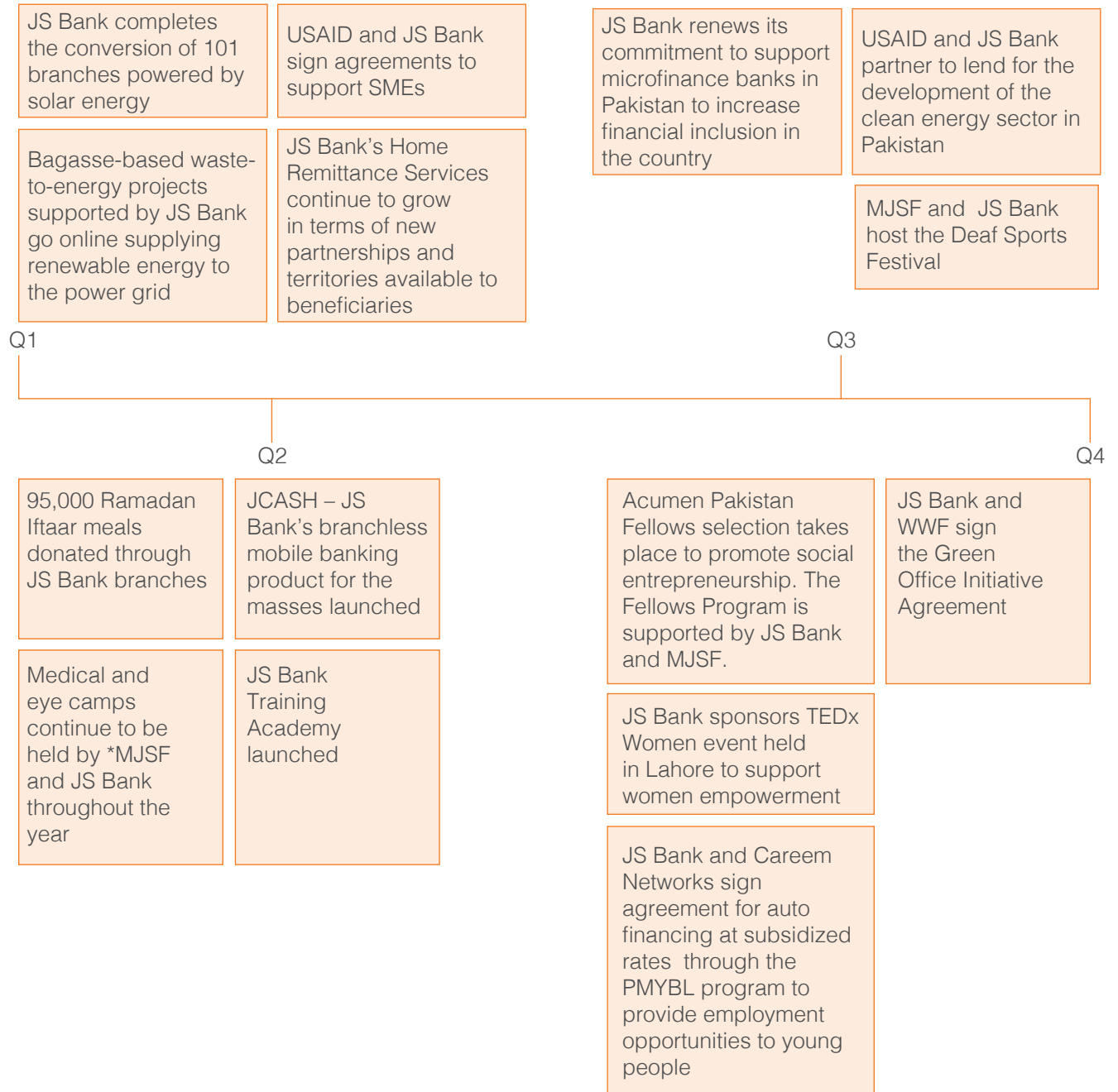
Corporate Social Responsibility

As a responsible corporate citizen, JS Bank strives to support Corporate Social Responsibility (CSR) initiatives that support economic growth, social progress and environmental protection.

JS Bank carries out major philanthropic activities in partnership with the Mahvash and Jahangir Siddiqui Foundation (MJSF). We support MJSF with both financial and human resources.

Categories	Key Initiatives
Promoting Sustainable Ventures	<ul style="list-style-type: none"> Using Biomass for Energy USAID Clean Energy Project Providing Access Through Branchless Banking Home Remittances for the Unbanked and Underserved Making Road Transportation Affordable
Supporting our Communities	<ul style="list-style-type: none"> Microfinance in Pakistan Low-cost Energy Solutions Promoting SMEs Iftaar for the Underprivileged Motivating and Inspiring Women Sharing the Gift of Vision and Good Health Bringing Sports to the Deaf Being the First to Respond to Emergencies Recognizing People's Potential Educating the Future Lending to the Youth Sponsoring Opportunities for Social Entrepreneurship
Managing our Operational Footprint	<ul style="list-style-type: none"> IT Initiatives Solarizing Branches Reducing Our Carbon Footprint
Investing in our Employee Development	<ul style="list-style-type: none"> JS Bank Learning Academy Workforce and Diversity Employee Snapshots

Our Year at a Glance



* MJSF = Mahvash and Jahangir Siddiqui Foundation

Environmental and Social Engagements

Promoting Sustainable Ventures

JS Bank is keen in supporting our clients' sustainability initiatives as it internalizes costs, while having a positive effect on sales and cash-flows. In the recent past, one such area has been the utilization of biomass for energy. We are also sponsoring the re-use of waste material, working with small scale clean energy projects and focusing on technologically innovative banking services.

Using Biomass for Energy

JS Bank has also participated in a syndicated facility for a 'greenfield' project based on biofuel consisting of bagasse and dung cakes, which was being setup under the provisions of the Policy for Development of Renewable Energy for Power Generation, 2006 and the Framework for Power Generation 2013. The company was ideally located around farm land and sugar mills and therefore had an adequate supply of bagasse and cow dung, sufficient to keep the plant operational during 120 days of crushing season and 60 days of off-season.

The project had manifold benefits. Firstly, the project would use the waste from both dairy farms and sugar mills, promoting a cleaner environment. Secondly, the output would be passed on to the consumer grid, with little or no transmission losses, thereby reducing the electricity deficit in the surrounding areas. Lastly, this cheaper fuel would not weigh in on the balance of payments unlike furnace oil based electricity production.

One of the Bank's clients, a listed concern and one of the largest producers of sugar (having approximately 14% of the country's sugar production) was looking to expand its bagasse based power generation capacity by 52MW. The concerned company had previously invested in such a renewable project and found it feasible as not only was it viable for internal usage but was also a source of additional revenue, generated from sale to electricity distribution companies. As this was in line with the Bank's sustainability objectives, we agreed to the chance to fund it.

USAID Clean Energy Project

In sync with JS Bank's sustainability policy, JS Bank is collaborating with USAID to create a sustainable and efficient renewable energy environment in a clean, responsible and environmentally friendly manner by allowing small scale energy projects access to long term rupee financing through the Bank. This also encourages private investment in clean energy.

The USAID Clean Energy project is also in line with the Bank's strategy to engage with various stakeholders that range from non-profits to government bodies to multilateral organizations. This allows us to not only help them in improving their sustainability performance but allows us at the same time to deepen our expertise while creating opportunity for sustainability.

Providing Access Through Branchless Banking

JS Bank has partnered with network providers and telecom companies to deliver a unique set of transactions and services through branchless banking and mobile financial services that are currently not available to the unbanked and under served segments of our society.

JCash is a branchless banking service of JS Bank, which aims to make essential Banking services accessible to the masses. This service can be availed through any of the 30,000+ JCash shops spread all across Pakistan. JCash offers the following services to its customers:

- Opening of Mobile Wallets (Mobile Accounts)
- Operating of Mobile Wallets (Mobile Accounts) for Deposit & Withdrawal of Cash and Other FT/Bill Payment Transactions
- Cash based Fund Transfers all across Pakistan
- Cash based Utility Bill Payments & Mobile Phone Recharge / Bill Payment Facility

Home Remittances for the Unbanked and Underserved

JS Bank Home Remittance service enables expeditious and safe delivery of hard-earned money remitted by Pakistanis living abroad, to their loved ones living in villages, towns & cities across Pakistan. As one of the primary banks in the Pakistan Remittance Initiative (PRI) program, JS Bank works with over 22 partners in all corners of the globe, to be a most reliable partner in home remittances. This service is available for anyone especially the unbanked and underserved segments of Pakistan and caters to those who do not have bank accounts. These money transfers are usually available within minutes for pick up by recipient and are for free.

Making Road Transportation Affordable

JS Bank is a lead financier for projects offering affordable, speedy and economical transportation facilities to the public, helping to reduce pollution and congestion on our roads.



Environmental and Social Engagements

Supporting our Communities

Our strategy is to engage with various stakeholders. This allows us to not only help them in improving their sustainability performance but also allows us to deepen our expertise while creating opportunities for sustainability. JS Bank carries out its philanthropic activities in partnership with Mahvash and Jahangir Siddiqui Foundation (MJSF).

Microfinance in Pakistan

JS Bank is one of the largest lenders to microfinance institutions in Pakistan through its support of institutions like NRSP Bank, Kashf Microfinance, FINCA Microfinance Bank and Khushali Bank. JS Bank has been supporting microfinance since 2010 and is playing its part in helping to increase financial inclusion in the country.

Low-cost Energy Solutions

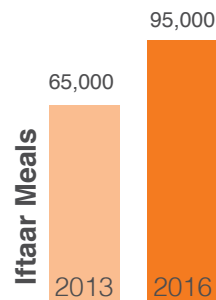
JS Bank supports companies like Nizam Energy, the leading solar company in Pakistan, as it looks to provide low-cost solutions to help Pakistan's population with alternative energy solutions like solar and wind.

Promoting SMEs

JS Bank is strategically aligned with USAID on developing & providing credit to SME clientele of Pakistan. It is a partnership where the real beneficiaries are the people of Pakistan. Historically SME has remained an under-banked segment; where energy crisis, scarce resources, limited knowledge and lack of credit creates bottlenecks. The partnership with USAID has added tremendous value in changing attitudes and acceptance of SME by acting as a catalyst and strengthening the national economy.

Iftaar for the Underprivileged

JS Bank along with the MJSF arranged iftaar meals for the less privileged during the holy month of Ramadan in 2016. These iftaar meals are being provided on an annual basis since 2013.



Motivating and Inspiring Women

TEDx is a platform for motivational and inspirational talks about current trends and happenings. It is a reputable forum where speakers raise their voices to enlighten people with inspiring stories.

In 2016, JS Bank sponsored "TEDx Lahore Women" which was held at a local university in Lahore. The main aim of this event was to highlight women empowerment and their contribution for changing and reshaping the future. It revolved around the aspects of society which affect women and how it could further the progress of women in Pakistan.

Sharing the Gift of Vision and Good Health

The MJSF medical and eye camps program initiated in collaboration with JS Bank are in response to the critical health care needs of the rural population who are deprived of basic health services due to non-availability and access issues. The program is being implemented by a dedicated health team comprising of doctors, eye surgeons, paramedics and volunteers and the designated JS Bank branch staff since 2009, particularly in remote rural areas of Sindh, lower Punjab and Baluchistan.

These camps attract patients from and around the respective camp locations and are announced publicly through newspaper ads, pamphlets, hand-bills distribution, electronic media and megaphones. As of 2016, over 80,000 patients have been examined in these camps and over 17,000 cataract surgeries have been performed. More recently, patients are also being screened for Hepatitis B and C.



Bringing Sports to the Deaf

JS Bank Deaf Sports Festival was organized in partnership with the Pakistan Association of Deaf, a welfare organization which is engaged in the betterment of the deaf community since 1987. Taking place over four days, the festival comprised of different sports activities like badminton, bowling, cricket and karate.

JS Bank has also been supporting the JS Academy for the Deaf whose first batch of Bachelors of Arts students graduated in 2015.

Being the First to Respond to Emergencies

JS Bank and MJSF are active supporters of the First Response Initiative of Pakistan (FRIP). FRIP is a medical student-run organization that uses young doctors and medical students, already having medical knowledge, to prepare and train the general population in basic life-saving skills.

Recognizing People's Potential

JS Bank through the MJSF supports the Karigar Training Institute (KTI). KTI was established in response to the urgent needs to provide specialized skills to underprivileged segments of society to help them earn an honest living.

Educating the Future

JS Bank and MJSF created a unique redeemable endowment fund for Sukkur IBA. The seed capital for the endowment were handed over to IBA enabling them to earn a return on the funds and therefore to build a permanent endowment while IBA pledged to put in efforts to raise matching funds to grant scholarship to deserving students. Over 7 years, this endowment will grow to a sustainable size where it can continue to support students in perpetuity without fund raising. The scheme is completely replicable and adaptable to any institute and discipline.

Environmental and Social Engagements

Lending to the Youth

Prime Minister's Youth Business Loans (PMYBL) is a loan scheme which has been introduced by the Government of Pakistan. JS Bank as a lender to the PMYBL program is empowering youth by offering them loan facilities in order to establish or expand their businesses. The loan facility is being offered for a period of eight years with a grace period of twelve months at extremely competitive markup rates in order to make the loan facility practical and viable for the youth. JS Bank at present has 15 dedicated branches which cater to all PMYBL applications throughout Pakistan.

The goal of JS PMYBL is to enable the youth of Pakistan by providing opportunities of financial independence through self-employment and creating entrepreneurs and future leaders. Since the start of the PMYBL program in 2015, JS Bank has made a significant difference in many lives by enabling the youth to create their own success stories.

Careem

Under the PMYBL program, JS Bank has entered into partnership with Careem Networks (Pvt.) Limited. The objective behind this is to empower Pakistani youth by financing vehicles at highly subsidized markup rates for use on the Careem Network as an owner-driver. This is a part of the Bank's efforts to offer unprecedented potential for self-employment, business development and poverty reduction.

Sponsoring Opportunities for Social Entrepreneurship

JS Bank and MJSF are two of the lead sponsors of the Acumen Pakistan Fellows program having supported this initiative since 2013. The Acumen Pakistan Fellows program is a one-year leadership development program designed to build the next generation of social leaders who will be able to transform society and create a better and more inclusive world.

Each cohort of Acumen Pakistan Fellows includes 20 individuals who are actively driving social change initiatives in Pakistan. Fellows participate in the year-long fellowship, directly applying learnings from the fellowship to the work they are doing as social entrepreneurs and leaders within the private, NGO and government sectors.

There have been 68 Acumen Pakistan Fellows since the program started in 2013. They work in diverse fields ranging from education and health to energy and women's empowerment.

Some Acumen investee companies:

e-Guard – a community-based sustainable enterprise which collects solid waste which is then converted into organic fertilizers to be sold in the market. e-Guard operates in 6 cities throughout Pakistan and is active in 3,000 households.

Rural Development Project – aims to improve the socio-economic conditions of the poor and disaster affected communities by empowering them through sustainable agriculture and livestock management practices.

Soon Valley Development Program – promotes community development through grant-based interventions and microfinance programs focused on sectors such as agriculture, livestock and renewable energy.

Jaan Pakistan – a social enterprise researching and providing affordable energy solutions for low-income communities across Pakistan.

Managing our Operational Footprint

IT Initiatives

Digitization and Archiving of Bank Records

Converting bank records to digital files has helped the Bank in reducing required storage space while at the same time it has cut down on paper consumption and the time needed to sort and search through files.

The introduction of this solution has also increased electronic document sharing between different offices and regions, cutting down cost of paper print & dispatch and sharing of documents over emails. This has also controlled and reduced data storage requirements.

Server Virtualization

140 application servers have been virtualized in JS Bank's data center; saving electricity, space and heat generation.

Virtual Desktop Interface (VDI)

A majority of JS Bank branches have zero/thin hardware clients instead of desktop computers to save power consumption and space.

Future Initiatives

JS Bank's IT department, with support from the Operations and Finance departments, has undertaken various initiatives for reducing paper usage through management and right sizing of their printer fleet and by process automation and improvement of existing back office processes such as loan origination, account opening and trade finance.

As the Bank grows, we are looking to manage our offices and branches in an efficient and sustainable manner. We are focusing on reducing our energy use, paper wastage and using renewable energy to manage and limit our carbon footprint.

Solarizing Branches

JS Bank has now successfully converted more than 100 of its branches to solar power. That means all computers, servers, ATMs and teller stations in these branches are now powered by solar energy.

Pakistan, with abundant solar power potential, provides an ideal opportunity for JS Bank to utilize solar energy for its electricity needs. It enjoys some of the best sunshine in the world for 300-odd days and is energy hungry with pronounced supply shortages. This crisis does not only require supply side options but also compels the private sector to address the growing demand for electricity.

Reducing Our Carbon Footprint

The Green Office Initiative is a practical and simple Environmental Management System developed by WWF specifically for office conditions. Launched in 2009 by WWF Pakistan, JS Bank became a signatory in 2016 and is one of the 47 companies and the first commercial bank in Pakistan to have adopted the Initiative.

JS Bank is working actively with WWF Pakistan to reduce its environmental footprint. The program also educates employees to be better and responsible citizens and understand their civic and environmental responsibilities.

Not only does the Green Office Initiative help to cut down on energy costs, reduce waste (both electronic and paper) and make better procurement choices but it makes employees more environmentally aware.

Environmental and Social Engagements

Investing in our Employee Development

For gaining a sustained competitive advantage in today's banking industry, it is imperative for organizations to build a high-quality human capital talent pool. Retaining key talent means motivating and developing staff by imparting additional knowledge and skills to keep them abreast of the latest developments in banking and finance. Keeping this in view, JS Bank has made the Learning & Development function an integral part of the employee development process.

JS Bank Learning Academy

JS Bank Learning Academy started in 2016 with the sole purpose of driving the Bank forward by utilizing and training human capital. In 2016, over 18,000 man-hours of training were conducted utilizing e-learning platforms and other mediums focusing on technical and human skills.

Some of the training courses are as follows:

- Credit Risk Training
- SAS Anti-money Laundering System
- The Sales Guru
- Workshop on New Business Initiatives

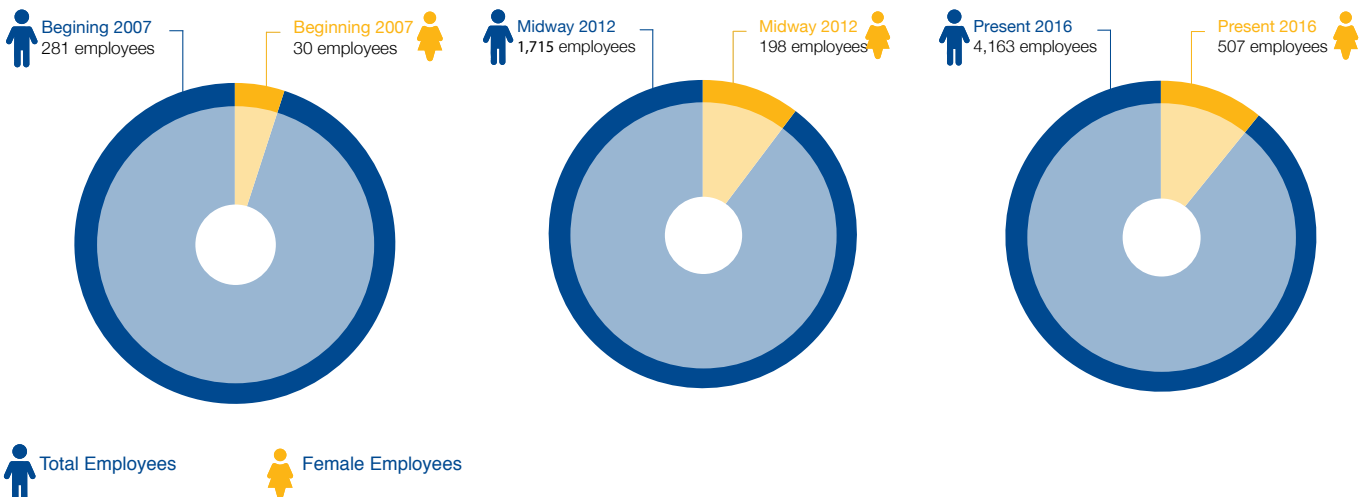
Future Plans

The plans for the year 2017 for employee development are quite extensive. Every employee of the bank will go through at-least 1 day of face-to-face learning along with the e-learning. JS Bank Learning Academy will have a fully functional Learning Management System along with learning academies present in Karachi, Lahore and Islamabad.

Furthermore, the Academy will have strategic linkages with some of the top academic and training institutions in Pakistan and abroad to bring the latest concepts in education and innovation to employees of JS Bank as well as to be shared with others in the banking fraternity. The goal is to make the JS Bank Learning Academy a powerhouse that can guide and set direction for the uplift of human resource capital in Pakistan.

Our Bank's success depends on our human capital which we believe is our most important asset. We push our people to continuously learn and grow while upholding the highest levels of integrity.

Workforce and Diversity



Case Study: Employee Snapshots

Shireen Raza Corporate Head Central

With almost nine years at JS Bank, it's been not only a great experience but a remarkable journey as well. The Bank has completed a decade exceptionally well and has managed to attain its coherent strategic goals while outperforming most peer banks. This has only been possible through our visionary sponsors and a competent management team that has stressed on continuous improvement and investment in information technology, marketing, strategy, business development, human resources and finance.

Syed Tauqir Haider Rizvi, Business Head North

JS Bank has seen tremendous growth in the northern region of Pakistan. This was possible only due to the trust of our satisfied customer base, meeting and anticipating their financial and non-financial needs, our convenient branch network and the ability to give alternative solutions in a highly digital environment.

Evelyn Gill, Head of Deposits & Wealth Management, Corporate & Retail Banking Group

JS Bank is an organization that welcomes and nurtures new ideas and thoughts. It encourages out-of-the-box thinking and provides learning prospects for fostering one's skills as well as opportunities for career growth. The Bank is a place where voicing your opinion is not discouraged, neither are non-conventional ideas dismissed. Freedom of ideas is what encourages everyone to go the extra mile; this is just one of the reasons why I look forward to coming to work every day. I am extremely proud to be associated with such a forward looking organization!

Our Corporate Values

Integrity: Operating always with good business ethics, treating our customers and each other with respect, and being honest with and trusted by all our stake holders.

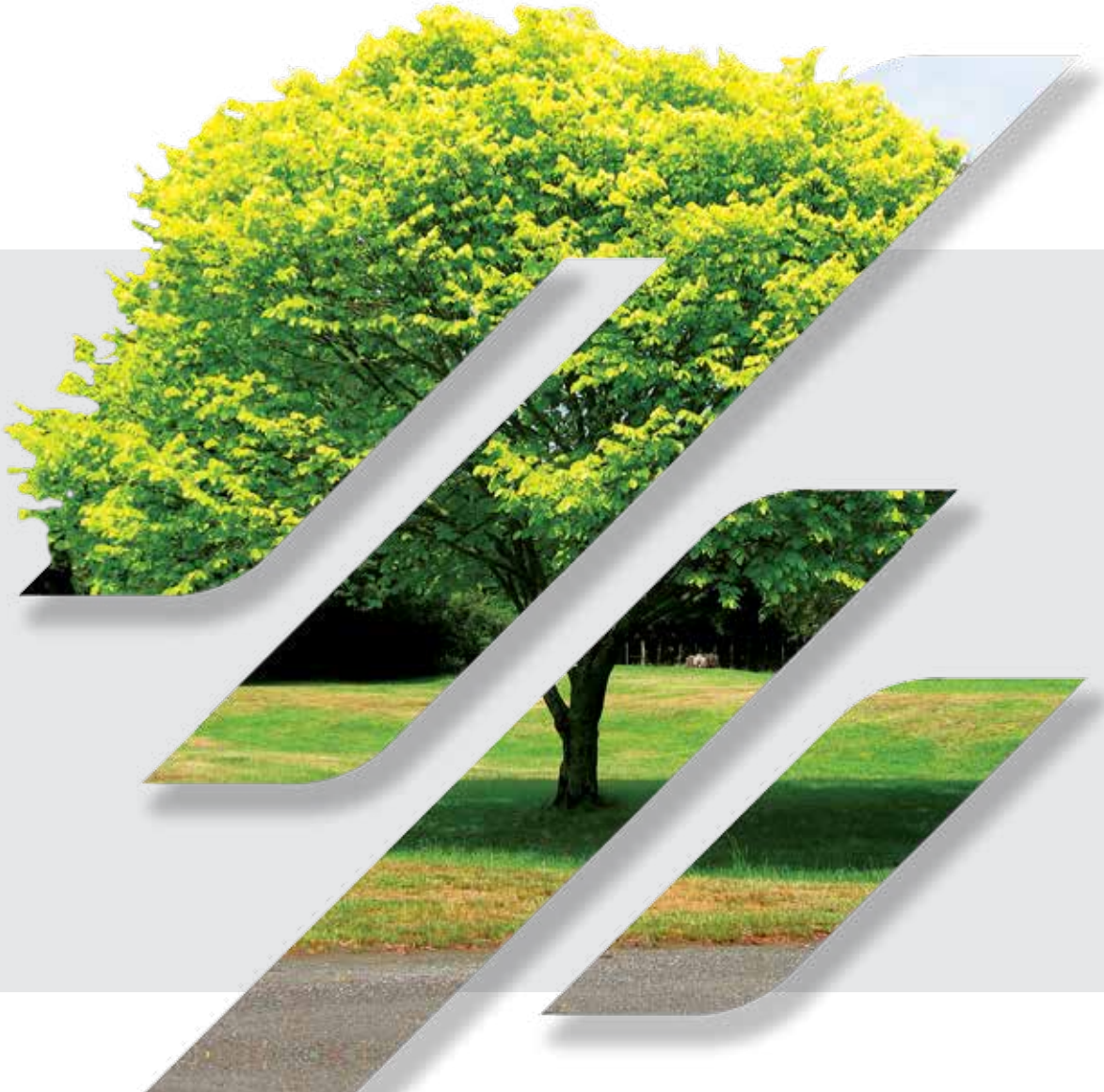
Customer Focus: Placing priority on the confidence of our customers, we commit, as a "best partner" to our customers, to empowering and allowing them to achieve sustainable growth from a long-term perspective.

Creativity: Approaching banking and financial solutions in a forward-thinking manner and fostering in each other an entrepreneurial spirit.

Team Work: Employing the best of each others' talents, through a collaborative approach to achieving optimum solutions.

Personal Accountability: Fulfilling our promise to be responsible and accountable through a diligent and proactive work ethic, and achieving the highest standards in everything we do.

Good Citizenship: Do our share to make our society better. Stay informed, obey laws and rules, respect others rights and authority.



10 YEARS OF GROWTH AND PROSPERITY

The Bank conducts its corporate social responsibility through the Mahvash & Jahangir Siddiqui Foundation (MJSF). MJSF was incorporated to tackle the challenges of poverty, specializing in the fields of education, healthcare, disaster relief and social enterprise.

JS Bank is one of the pioneer banks to initiate the solarization project and has completed 101 branches successfully.

MJSF's efforts are directed towards nation building and have contributed positively towards the society we live in. We continue to focus on sustaining and expanding our work in the forthcoming years, and through all our sustained initiatives we aim to achieve our vision of building an educated, healthy and prosperous society with dignity and honor for all people.

Notice of Eleventh Annual General Meeting

Notice is hereby given that the Eleventh Annual General Meeting of the shareholders of JS Bank Limited (the "Bank") will be held on Wednesday, March 29, 2017 at 9:30 a.m. at Defence Hall, Defence Authority Creek Club, Karachi, to transact the following business

ORDINARY BUSINESS:

1. To receive, consider and adopt the Annual Audited Standalone and Consolidated Financial Statements of the Bank for the year ended December 31, 2016 together with the Directors' and Auditors' Reports thereon.
2. To appoint the Auditors of the Bank for the year ending December 31, 2017 till the conclusion of the next Annual General Meeting and fix their remuneration. Messrs EY Ford Rhodes, Chartered Accountants (a Member firm of Ernst & Young Global Limited) are eligible to offer themselves for re-appointment as Auditors.
3. To consider and approve final cash dividend on preference shares @ 12% p.a. (i.e. PKR 1.20 per preference share) subject to deduction of income tax, to the Preference Shareholders for the year ended December 31, 2016 as recommended by the Board of Directors.

SPECIAL BUSINESS:

4. Increase in Authorized Capital

To consider and if thought fit, to increase the Authorized Share Capital of the Bank from PKR 15,000,000,000 to PKR 20,000,000,000 and to pass the following special resolutions:

"RESOLVED THAT, subject to approval of the State Bank of Pakistan, the Authorized Share Capital of the Bank be increased from PKR 15,000,000,000 divided into 1,350,000,000 Ordinary Shares of PKR 10/- each and 150,000,000 Preference Shares of PKR 10/- each to PKR 20,000,000,000/- (Rupees Twenty Billion) divided into 1,850,000,000 (One Billion Eight Hundred Fifty Million) Ordinary Shares of PKR 10 each and 150,000,000 (One Hundred Fifty Million) Preference Shares of PKR 10/- each with such rights, preferences, privileges and conditions as are specified in the Articles of Association of the Bank"

FURTHER RESOLVED THAT, the texts of Clause V of the Memorandum of Association and Article 6 of the Articles of Association be and are hereby substituted with the following, respectively:

Clause V of the Memorandum of Association

"The Authorized Share Capital of the Company is PKR 20,000,000,000/- (Rupees Twenty Billion) divided into 1,850,000,000 (One Billion Eight Hundred Fifty Million) Ordinary Shares of PKR 10 each and 150,000,000 (One Hundred Fifty Million) Preference Shares of PKR 10/- each with such rights, preferences, privileges and conditions as are specified in the Articles of Association of the Company."

Article 6 of the Articles of Association

"The Capital of the Company is PKR 20,000,000,000/- (Rupees Twenty Billion) divided into 1,850,000,000

(One Billion Eight Hundred Fifty Million) Ordinary Shares of PKR 10 each and 150,000,000 (One Hundred Fifty Million) Preference Shares of PKR 10/- each with such rights, preferences, privileges and conditions as are specified in these Articles.”

FURTHER RESOLVED THAT, the differential incorporation fee be paid to the SECP along with submission of Form 7 for which the Company Secretary be and is hereby authorized to fulfill all the formalities for recording increase in the Authorized Capital.

5. Investment in EFU Life Assurance Limited

To consider and if thought fit, to pass the following resolutions as Special Resolutions with or without any modifications, addition or deletion:

“RESOLVED that, the shareholders’ resolution dated March 27, 2015 authorising long term equity investment by JS Bank Limited (“Bank”) in EFU Life Assurance Limited of up to a limit of PKR 500 million that was partly utilized by purchasing 982,000 shares of the total amount of PKR 190.59 million, be and is hereby amended to authorise the Bank under Section 208 of the Companies Ordinance, 1984 (as may be revised or restated) to make a total long term equity investment in EFU Life Assurance Limited of up to PKR 675 Million (inclusive of investment of PKR 190.59 million already made by the Bank) by way of purchase of further Ordinary Shares of EFU Life Assurance Limited from time to time from the secondary market at the prevailing market price, of the total purchase price equivalent of PKR 484.41 million, so as to make the total equity investment in EFU Life up to PKR 675 million, subject to compliance with all legal requirements.

FURTHER RESOLVED that the above resolution shall be valid for a period of three years from the date of passing of the said Special Resolution.

FURTHER RESOLVED that all other resolutions passed in relation to the long term equity investment by the Bank in EFU Life Assurance Limited vide shareholders’ resolution dated March 27, 2015 be and are hereby confirmed and ratified without any amendments, except that the total investment in EFU Life Assurance shall be up to PKR 675 million (with further purchase of shares at market price), instead of up to PKR 500 million that was approved at the Ninth Annual General Meeting.”

6. Investment in EFU General Insurance Limited

To consider and if thought fit, to pass the following resolutions as Special Resolutions with or without any modification, addition or deletion:

“RESOLVED that, the shareholders’ resolution dated March 27, 2015 authorising long term equity investment by JS Bank Limited (“Bank”) in EFU General Insurance Limited of up to a limit of PKR 500 million that was partly utilized by purchasing 3,943,875 shares of the total amount of PKR 488.98 million, be and is hereby amended to authorise the Bank under Section 208 of the Companies Ordinance, 1984 (as may be revised or restated) to make a total long term equity investment in EFU General Insurance Limited of up to PKR 675 million (inclusive of investment of PKR 488.98 million already made by the Bank) by way of purchase of further Ordinary Shares of EFU General Insurance Limited from time to time from the secondary market at the prevailing market price, of the total purchase price equivalent of PKR 186.02 million, so as to make the total equity investment in EFU General Insurance Limited up to PKR 675 million, subject to compliance with all legal requirements.

FURTHER RESOLVED that the above resolution shall be valid for a period of three years from the date of passing of the said Special Resolution.

FURTHER RESOLVED that all other resolutions passed in relation to the long term equity investment by the Bank in EFU General Insurance Limited vide shareholders' resolution dated March 27, 2015 be and are hereby confirmed and ratified without any amendments, except that the total investment in EFU General Insurance Limited shall be up to PKR 675 million (with further purchase of shares at market price), instead of up to PKR 500 million that was approved at the Ninth Annual General Meeting."

Karachi: March 7, 2017

By Order of the Board
Ashraf Shahzad
Company Secretary

Notes:

1. Share transfer books of the Bank will remain closed from March 22, 2017 to March 28, 2017 (both days inclusive). Transfers received in order at Bank's Independent Share Registrar, Technology Trade (Pvt.) Limited, Dagia House, 241-C, Block 2, PECHS, Karachi at the close of business on March 21, 2017 will be treated in time for purposes of payment of the final cash dividend (subject to approval of the members) and to attend and vote at the Meeting.
2. A member of the Bank entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.
3. Proxies must be received at the Registered Office of the Bank not less than 48 hours before the time of the Meeting.
4. Beneficial owners of the shares registered in the name of Central Depository Company of Pakistan (CDC) and/or their proxies will have to follow the following guidelines as laid down by the Securities and Exchange Commission of Pakistan:

For Attending the Meeting

- In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with Participant ID number and the account number at the time of attending the Meeting.
- In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

For Appointing Proxies

- In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

- The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Bank.
- Shareholders are requested to notify immediately for any change in their address.

Notice to Shareholders who have not provided CNIC:

The directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(I)/2012 dated 5 July 2012 requires that the dividend warrants should bear the Computerized National Identity Card Numbers (CNIC) of the registered shareholders or the authorized person except in the case of minor(s) and corporate shareholders. CNIC number of the shareholders is, therefore, mandatory for the issuance of dividend warrants and in the absence of such information, payment of dividend may be withheld in term of SECP's above mentioned directive. Therefore, the shareholders who have not yet provided their CNICs are advised to provide the attested copies of their CNICs (if not already provided) directly to our Independent Share Registrar at the address given herein above without any further delay.

Placement of Financial Statements

The Bank has placed the annual Audited Financial Statements for the year ended December 31 2016, along with the Auditors and Directors Reports on its website: www.jsbl.com.

Mandate for E-DIVIDENDS for shareholders

In order to make the process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated 5 April 2013 has advised all Listed Companies to adopt e-dividend mechanism. In view of the above, you are hereby encouraged to provide a dividend mandate in favour of e-dividend by providing dividend mandate form duly filled in and signed.

Deduction of Income Tax from Dividend at Revised Rates

Pursuant to the provisions of the Finance Act, 2014, deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

S. no	Nature of Shareholders	Rate of deduction
1	Filers of Income Tax Return	12.5%
2	Non- Filers of Income Tax Return	20%

Income Tax will be deducted on the basis of Active Tax Payers List posted on the Federal Board of Revenue website.

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be.

Statement Under Section 160 (1)(b) of the Companies Ordinance, 1984

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of JS Bank Limited (the “Bank”) to be held on March 29, 2017.

Increase in authorized Capital

JS Bank Limited on December 14, 2016 issued Privately Placed Term Finance Certificates (PPTFC) as Tier II Capital. Basel III as implemented vide SBP’s Circular BPRD Circular No. 06 dated August 15, 2013 (“SBP Circular”), which prescribes a mandatory loss absorption feature for Tier II capital instruments pursuant to which the PPTFCs will be mandatorily converted into ordinary shares of the Bank at the Point of Non-Viability (PONV) trigger event as defined in the Basel III regulations. In accordance with the requirements of SBP Circular, the Bank has agreed with the SBP for the issuance of a maximum of 467,836,257 shares against PPTFC in case of the occurrence of a PNOV and the Bank is required to ensure there are no impediments to the conversion of the PPTFCs, such that the Bank is required to ensure there is sufficient room in the authorized capital of the Bank and all necessary authorizations for conversion are obtained prior to the conversion of the PPTFCs into ordinary shares.

In order to create sufficient room in the authorized capital of the Bank, to enable mandatory conversion of PPTFCs into ordinary shares on the PONV trigger event, it is proposed to increase the authorized capital of the Bank from PKR 15,000,000,000/- (Rupees Fifteen Billion) to PKR 20,000,000,000 (Rupees Twenty Billion) divided into 1,850,000,000 (One Billion Eight Hundred Fifty Million) Ordinary Shares of PKR 10 each and 150,000,000 (One Hundred Fifty Million) Preference Shares of PKR 10/- each. Total increase in authorized capital will be by PKR 5 Billion (500 Million ordinary shares).

Investment in EFU Life Assurance Limited

- The shareholders of the Bank in their meeting held on March 27, 2015 authorized the Bank, under Section 208 of the Companies Ordinance, 1984, to make long term equity investment in the associated company, EFU Life Assurance Limited, up to a maximum amount of PKR 500 million.
- Out of the approved limit of PKR 500 million, the Bank made an investment of PKR 190.59 million by purchasing 982,000 Ordinary Shares of EFU Life Assurance Limited, leaving an unutilized limit of PKR 309.41 million.
- The Board of Directors of the Bank in their meeting held on February 23, 2017 resolved to further increase long term equity investment in the associated company, EFU Life Assurance Limited from the approved limit of PKR 500 million to PKR 675 million, so as to make a total long term equity investment in EFU Life Assurance Limited up to PKR 675 Million (inclusive of investment of PKR 190.59 million already made by the Bank) by way of purchase of further Ordinary Shares of EFU Life Assurance Limited from time to time from the secondary market at the prevailing market price, aggregating to the purchase price equivalent of PKR 484.41 million, subject to the consent and approval of members under Section 208 of the Companies Ordinance, 1984 and fulfillment of other legal requirements.
- EFU Life Assurance Limited is currently an associated company of the Bank by virtue of 20.05% shareholding of Jahangir Siddiqui & Co. Limited (“JSCL”) the holding company of the Bank and 0.80% shareholding of Energy Infrastructure Holding (Private) Limited (“EIHL”), a wholly owned subsidiary of the JSCL. At the time of the shareholders’ resolution dated March 27, 2015, the Bank was an associated company of EFU Life Assurance Limited by virtue of common directorship and 20.05% shareholding of JSCL and 0.80% of EIHL.
- The Bank seeks the approval of the shareholders for increasing the investment limits approved vide

shareholders' resolution dated March 27, 2015 to enable the Bank to make a total long term equity investment of up to PKR 675 million (instead of PKR 500 million as earlier approved) in EFU Life Assurance Limited by way of purchase of further Ordinary Shares of EFU Life Assurance Limited at the prevailing market price . All other terms and conditions of the proposed long term equity investment as approved by the shareholders vide shareholders' resolution dated March 27, 2015 shall remain unaltered.

- Except for the 20.05% shareholding of JSCL and 0.80% shareholding of EIHL, the directors, sponsors, majority shareholders of the Bank and their relatives have no vested interest, directly or indirectly, in EFU Life Assurance Limited and the proposed investment therein, except to the extent of their/spouses' shareholdings in the investee company.
- The directors submit that they have carried out the necessary due diligence for the proposed investment in EFU Life Assurance Limited. The duly signed recommendation of the due diligence report and latest audited and reviewed financial statements of EFU Life Assurance Limited will be available to the members for inspection in the Annual General Meeting to be held on March 29, 2017.
- EFU Life Assurance Limited has no interest in the Bank, except that it is an associate company of the Bank. The directors, sponsors and majority shareholders of EFU Life Assurance Limited have no interest except to the extent of their/spouses' shareholdings, if any in the Bank.

Information Required under Regulation 3 (1) (a) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.

S. No	Description	Information Required
1	Name of associated company	EFU Life Assurance Limited ("EFUL")
2	Criteria for Associated relationship	EFUL is an associated company of JS Bank Limited by virtue of 20.05% shareholding of Jahangir Siddiqui &Co. Limited (the Holding Company of JS Bank Limited) and 0.80% shareholding of Energy Infrastructure Holding (Private) Limited, a wholly owned subsidiary of Holding Company, in EFUL.
3	Purpose, benefit and period of Investment	Long-term investment for the benefit of the Bank and to earn dividend and capital appreciation in the long run.
4	Maximum amount of Investment	Up to PKR 675 million (increase of up to PKR 175 million from PKR 500 million as earlier approved)
5	Maximum price at which securities to be acquired.	Not more than the price quoted on Pakistan Stock Exchange on the date of each purchase.

6	Maximum number of securities to be acquired.	Such number of shares, the purchase price of which is equivalent the amount of PKR 675 million (less PKR 190.59 million already utilized) i.e. equivalent of the balance amount of PKR 484.41 million.
7	Number of securities and percentage thereof held before and after the proposed investment.	Present shareholding: 982,000 shares, representing 0.982% of the issued capital of the investee company. Number of shares and the percentage after the proposed investment will depend upon the prevailing market price at the time of acquisition of shares.
8	Average of the preceding 12 weekly average price of the security intended to be acquired.	PKR 212 per share (from Nov. 15, 2016 to Feb.15, 2017)
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements.	PKR 34.1 per share as per audited financial statements as on Dec. 31, 2015. Which are the last audited financial statement available on the date of issuance of this notice.
10	Earnings per share of the associated company for the last 3 years:	Dec. 31, 2016 PKR 18.73 Dec. 31, 2015 PKR 14.75 Dec 31, 2014 PKR 9.51
11	Sources of funds from which securities will be acquired: <ul style="list-style-type: none"> Justification for investment through borrowings Details of guarantees & assets pledged for obtaining such funds 	Own funds and borrowings. The gains/returns/dividend are expected to be higher than the cost of funds. Not Applicable
12	Salient features of all agreements entered into with the associated company or associated undertaking or with the financial institution (s) with regards to proposed transfer of liabilities.	Purchase of shares is from the secondary market. Therefore, this is not applicable.
13	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives in the associated company and the proposed transaction.	Except being associated company of JSCL and EIHL, the Directors, sponsors, majority shareholders of the Bank and their relatives have no vested interest in the associated company or the proposed investment except to the extent of their and their spouses' shareholdings in the associated company, if any.

Investment in EFU General Insurance Limited

- The shareholders of the Bank in their meeting held on March 27, 2015 authorized the Bank, under Section 208 of the Companies Ordinance, 1984, to make long term equity investment in the associated company, EFU General Insurance Limited, up to a maximum amount of PKR 500 million.
- Out of the approved limit of PKR 500 million, the Bank made an investment of PKR 488.98 million by purchasing 3,943,875 Ordinary Shares of EFU General Insurance Limited, leaving an unutilized limit of PKR 11.02 million.
- The Board of Directors of the Bank in their meeting held on February 23, 2017 resolved to further increase long term equity investments in the associated company, EFU General Insurance Limited from the approved limit of PKR 500 million to PKR 675 million , so as to make a total long term equity investment in EFU General Insurance Limited up to PKR 675 Million (inclusive of investment of PKR 488.98 million already made by the Bank) by way of purchase of further Ordinary Shares of EFU General Insurance Limited from time to time from the secondary market at the prevailing market price, aggregating to the purchase price equivalent of PKR 186.02 million, subject to the consent and approval of members under Section 208 of the Companies Ordinance, 1984 and fulfillment of other legal requirements.
- EFU General Insurance Limited is currently an associated undertaking of the Bank by virtue of 20.60% shareholding of Jahangir Siddiqui & Co. Limited, the holding company of JS Bank Limited, and 1.72% shareholding of Energy Infrastructure Holding (Private) Limited and 0.35% shareholding of JS Infocom Limited (both wholly owned subsidiaries of the Holding Company of the Bank). At the time of the shareholders' meeting dated March 27, 2015, the Bank was an associated company of EFU General Insurance Limited by virtue of common directorship.
- The Bank seeks the approval of the shareholders for increasing the investment limits approved vide shareholders' resolution dated March 27, 2015 to enable the Bank to make a total long term equity investment of up to PKR 675 million (instead PKR 500 million as earlier approved) in EFU General Insurance Limited by way of purchase of further Ordinary Shares of EFU General Insurance Limited at the prevailing market price. All other terms and conditions of the proposed long term equity investment as approved by the shareholders vide shareholders' resolution dated March 27, 2015 shall remain unaltered.
- Except for the 20.60% shareholding of Jahangir Siddiqui & Co. Limited, 1.72% shareholding of Energy Infrastructure Holding (Private) Limited and 0.35% shareholding of JS Infocom Limited (both wholly owned subsidiaries of the Holding Company of the Bank), the directors, sponsors, majority shareholders of the Bank and their relatives have no vested interest, directly or indirectly, in EFU General Insurance Limited and the proposed investment therein, except to the extent of their/spouses' shareholdings in the investee company.
- The directors submit that they have carried out the necessary due diligence for the proposed investment in EFU General Insurance Limited. The duly signed recommendation of the due diligence report and latest audited and reviewed financial statements of EFU General Insurance Limited will be available to the members for inspection in the Annual General Meeting to be held on March 29, 2017.
- EFU General Insurance Limited has no interest in the Bank except that it is an associated company of the

Bank. The directors, sponsors and majority shareholders of EFU General Insurance Limited have no interest except to the extent of their/spouses' shareholdings, if any in the Bank.

Information Required under Regulation 3 (1) (a) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012:

S. No	Description	Information Required
1	Name of associated company	EFU General Insurance Limited
2	Criteria for Associated relationship	EFU General Insurance Limited is an associated undertaking of the Bank by virtue of 20.60% shareholding of Jahangir Siddiqui & Co. Limited, the holding company of JS Bank Limited, and 1.72% shareholding of Energy Infrastructure Holding (Private) Limited and 0.35% shareholding of JS Infocom Limited (both wholly owned subsidiaries of the Holding Company of the Bank)
3	Purpose, benefit and period of Investment	Long-term investment for the benefit of the Bank and to earn dividend and capital appreciation in the long run.
4	Maximum amount of Investment	Up to PKR 675 million (increase by up to PKR 175 million from PKR 500 million as earlier approved)
5	Maximum price at which securities to be acquired.	Not more than the price quoted on Pakistan Stock Exchange on the date of each purchase.
6	Maximum number of securities to be acquired.	Such number of shares, the purchase price of which is equivalent the amount of PKR 675 million (less PKR 488.98 million already utilized) i.e. equivalent of the balance amount of PKR 186.02 million.
7	Number of securities and percentage thereof held before and after the proposed investment.	Present shareholding: 3,943,875 shares, representing 2.465% of the issued capital of the investee company. Number of shares and the percentage after the proposed investment will depend upon the prevailing market price at the time of acquisition of shares.
8	Average of the preceding 12 weekly average price of the security intended to be acquired.	PKR 148 (from Nov. 15, 2016 to Feb. 15, 2017)
9	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements.	PKR 99.04 per share as per audited financial statements as on Dec. 31, 2015. Which are the last audited financial statement available on date of issuance of this notice.

10	Earnings per share of the associated company for the last 3 years:	Dec. 31. 2016 PKR 11.96 Dec. 31, 2015 PKR 20.17 Dec. 31, 2014 PKR 11.43
11	Sources of funds from which securities will be acquired: <ul style="list-style-type: none">Justification for investment through borrowingsDetails of guarantees & assets pledged for obtaining such funds	Own funds and borrowings. The gains/returns/dividend are expected to be more than the cost of funds. Not Applicable
12	Salient features of all agreements entered into with the associated company or associated undertaking or with the financial institution (s) with regards to proposed transfer of liabilities.	Purchase of shares is from the secondary market. Therefore, this is not applicable.
13	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives in the associated company and the proposed transaction.	Except for associated company of Jahangir Siddiqui & Co., the Directors, sponsors, majority shareholders of the Bank and their relatives have no vested interest in the associated company or the proposed investment except to the extent of their and their spouses' shareholdings in the associated company, if any.

Statement under Regulation 4 (2) of the Companies (Investment in Associated Companies or Associated Undertaking) Regulation, 2012

The Bank in its Annual General Meeting held on March 27, 2015 had approved long term equity investments of up to PKR 500 million in ordinary shares of the following associated/subsidiary companies of the Bank. The resolution is valid for a period of three years commencing from March 27, 2015.

S.No	Name of Company	Total Investment approved upto PKR	Amount of Investment till Dec. 31, 2016 PKR	Reasons for not making complete investment in the specified time	Material change in Financial Statement of Associated Companies
1	EFU Life Assurance Ltd.	500 million	190.6 million	Time remaining	No
2	EFU General Insurance Ltd.	500 million	489 million	Time remaining	Paid up capital increased on issue of 25% bonus shares in 2016

Financial Highlights

Six Years' Horizontal Analysis

	6 Years CAGR	2016	2015	2014	2013	2012	2011
		PKR Millions					
Statement of Financial Position							
Assets							
Cash and balances with treasury banks	35%	15,509	11,159	9,041	7,774	5,027	3,881
Balances with other banks	2%	753	584	412	515	1,179	137
Lendings to financial institutions	21%	11,334	3,581	11,080	21,586	3,941	4,073
Investments - net	46%	133,727	116,030	84,258	42,679	46,259	22,650
Advances - net	37%	93,794	76,666	62,433	33,763	20,055	18,019
Operating fixed assets	12%	5,837	4,574	3,767	3,628	3,165	3,021
Deferred tax assets - net	-	-	-	-	884	699	1,082
Other assets	30%	3,746	5,882	5,726	1,942	1,244	1,057
Total Assets	37%	264,700	218,476	176,717	112,770	81,570	53,921
Liabilities							
Bills payable	38%	2,544	1,609	1,380	1,415	714	1,247
Borrowings	11%	10,320	54,638	50,538	20,151	8,222	2,944
Deposits and other accounts	43%	226,099	141,840	108,740	80,916	62,544	41,487
Sub-ordinated loans	-	3,000	-	-	-	-	-
Deferred tax liabilities	-	1,205	1,695	445	-	-	-
Other liabilities	24%	4,883	2,724	2,535	1,354	1,123	765
Total Liabilities	40%	248,051	202,508	163,637	103,836	72,603	46,444
Net Assets	19%	16,650	15,968	13,080	8,934	8,967	7,477
Represented by:							
Share capital	7%	12,225	12,225	12,225	10,725	10,725	10,003
Discount on issue of shares	-	(2,105)	(2,105)	(2,105)	(2,105)	(2,105)	(1,945)
Reserves	105%	1,334	919	514	302	231	90
Accumulated profits / (losses)	163%*	3,973	2,529	1,071	218	(65)	(643)
(Deficit) / surplus on revaluation of assets - net of tax	105%	1,223	2,401	1,376	(205)	181	(28)
Total Equity	19%	16,650	15,968	13,080	8,934	8,967	7,477
Profit & Loss Account							
Mark-up / return / interest earned	29%	15,081	15,328	11,113	6,850	6,023	4,312
Fee, commission and brokerage income	39%	1,427	1,124	835	652	566	351
Gain on sale of securities - net	98%	2,965	1,799	1,514	339	826	243
Income from dealing in foreign currencies	31%	313	288	272	269	205	99
Dividend income	28%	98	85	135	378	163	20
Other Income	-	59	(6)	(165)	40	46	49
Total Gross Income	33%	19,942	18,618	13,704	8,528	7,829	5,074
Mark-up / return / interest expensed	27%	9,353	9,738	7,259	4,525	3,758	2,584
Provision/ (reversal) against non-performing loans and advances	-	(64)	675	658	430	458	(14)
Provision / (reversal) of diminution in value of investments	-	415	141	161	23	52	(138)
Non-mark-up / interest expenses	24%	6,848	4,890	4,017	3,049	2,582	2,106
Total Operating Expenses	25%	16,552	15,444	12,095	8,026	6,850	4,539
Profit Before tax	45%**	3,390	3,174	1,608	501	980	536
Taxation	49%**	1,313	1,148	548	150	270	176
Profit After Taxation	42%**	2,077	2,026	1,060	351	709	360

*3 year CAGR.

**5 year CAGR.

Financial Highlights

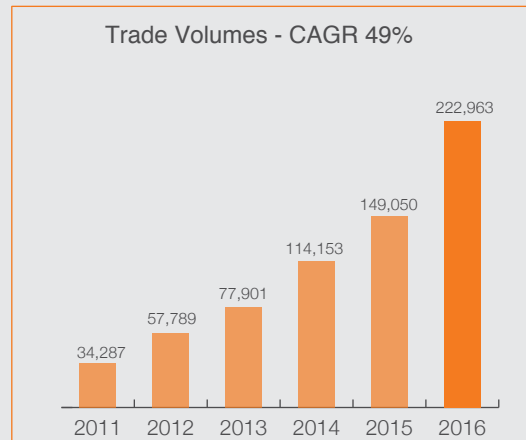
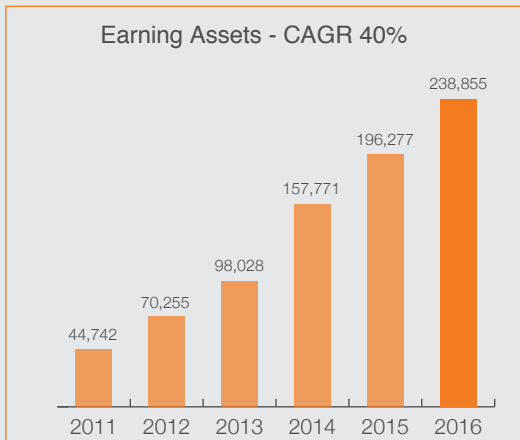
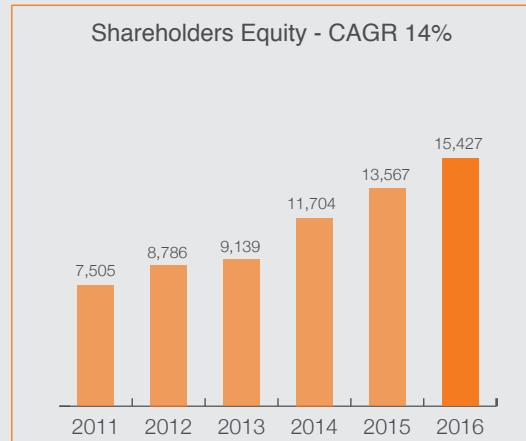
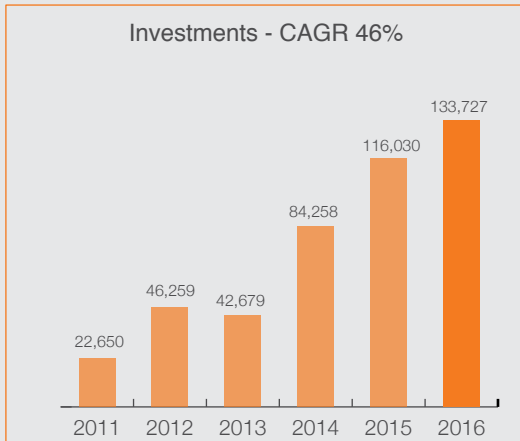
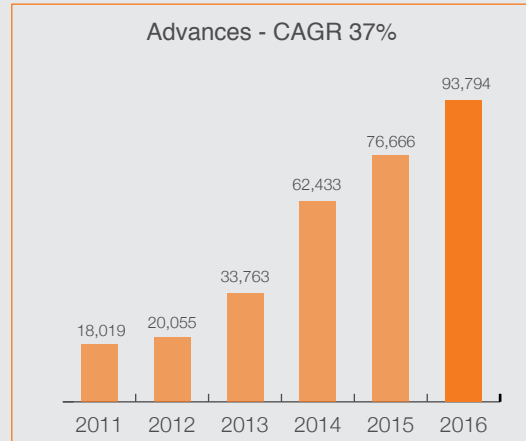
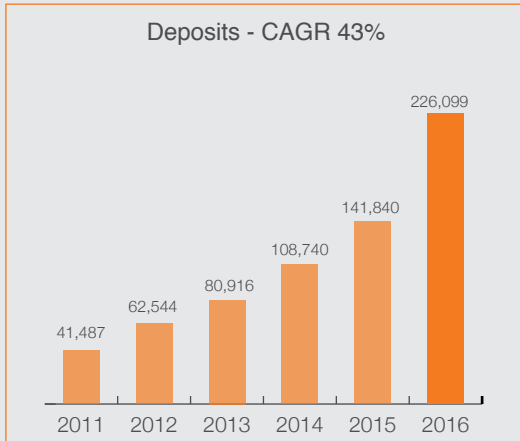
Six Years' Vertical Analysis

	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
PKR Millions												
Statement of Financial Position												
Assets												
Cash and balances with treasury banks	15,509	6%	11,159	5%	9,041	5%	7,774	7%	5,027	6%	3,881	7%
Balances with other banks	753	0%	584	0%	412	0%	515	0%	1,179	1%	137	0%
Lendings to financial institutions	11,334	4%	3,581	2%	11,080	6%	21,586	19%	3,941	5%	4,073	8%
Investments - net	133,727	51%	116,030	53%	84,258	48%	42,679	38%	46,259	57%	22,650	42%
Advances - net	93,794	35%	76,666	35%	62,433	35%	33,763	30%	20,055	25%	18,019	33%
Operating fixed assets	5,837	2%	4,574	2%	3,767	2%	3,628	3%	3,165	4%	3,021	6%
Deferred tax assets - net	-	0%	-	0%	-	0%	884	1%	699	1%	1,082	2%
Other assets	3,746	1%	5,882	3%	5,726	3%	1,942	2%	1,244	2%	1,057	2%
Total Assets	264,700	100%	218,476	100%	176,717	100%	112,770	100%	81,570	100%	53,921	100%
Liabilities												
Bills payable	2,544	1%	1,609	1%	1,380	1%	1,415	1%	714	1%	1,247	2%
Borrowings	10,320	4%	54,638	25%	50,538	29%	20,151	18%	8,222	10%	2,944	5%
Deposits and other accounts	226,099	85%	141,840	65%	108,740	62%	80,916	72%	62,544	77%	41,487	77%
Sub-ordinated loans	3,000	1%	-	0%	-	0%	-	0%	-	0%	-	0%
Deferred tax liabilities	1,205	0%	1,695	1%	445	0%	-	0%	-	0%	-	0%
Other liabilities	4,883	2%	2,724	1%	2,535	1%	1,354	1%	1,123	1%	765	1%
Total Liabilities	248,051	94%	202,508	93%	163,637	93%	103,836	92%	72,603	89%	46,444	86%
Net Assets	16,650	6%	15,968	7%	13,080	7%	8,934	8%	8,967	11%	7,477	14%
Represented by:												
Share capital	12,225	5%	12,225	6%	12,225	7%	10,725	10%	10,725	13%	10,003	19%
Discount on issue of shares	(2,105)	-1%	(2,105)	-1%	(2,105)	-1%	(2,105)	-2%	(2,105)	-3%	(1,945)	-4%
Reserves	1,334	1%	919	0%	514	0%	302	0%	231	0%	90	0%
Accumulated profits / (losses)	3,973	2%	2,529	1%	1,071	1%	218	0%	(65)	-0%	(643)	-1%
(Deficit) / surplus on revaluation of assets - net of tax	1,223	0%	2,401	1%	1,376	1%	(205)	-0%	181	0%	(28)	0%
Total Equity	16,650	6%	15,968	7%	13,080	7%	8,934	8%	8,967	11%	7,477	14%
Profit & Loss Account												
Mark-up / return / interest earned	15,081	76%	15,328	82%	11,113	81%	6,850	80%	6,023	77%	4,312	85%
Fee, commission and brokerage income	1,427	7%	1,124	6%	835	6%	652	8%	566	7%	351	7%
Gain on sale of securities - net	2,965	15%	1,799	10%	1,514	11%	339	4%	826	11%	243	5%
Income from dealing in foreign currencies	313	2%	288	2%	272	2%	269	3%	205	3%	99	2%
Dividend income	98	0%	85	0%	135	1%	378	4%	163	2%	20	0%
Other Income	59	0%	(6)	-0%	(165)	-1%	40	0%	46	1%	49	1%
Total Gross Income	19,942	100%	18,618	100%	13,704	100%	8,528	100%	7,829	100%	5,074	100%
Mark-up / return / interest expensed	9,353	47%	9,738	52%	7,259	53%	4,525	53%	3,758	48%	2,584	51%
Provision/ (reversal) against non-performing loans and advances	(64)	-0%	675	4%	658	5%	430	5%	458	6%	(14)	0%
Provision / (reversal) of diminution in value of investments	415	2%	141	1%	161	1%	23	0%	52	1%	(138)	-3%
Non-mark-up / interest expenses	6,848	34%	4,890	26%	4,017	29%	3,049	36%	2,582	33%	2,106	42%
Total Operating Expenses	16,552	83%	15,444	83%	12,095	88%	8,026	94%	6,850	87%	4,539	89%
Profit Before tax	3,390	17%	3,174	17%	1,608	12%	501	6%	980	13%	536	11%
Taxation	1,313	7%	1,148	6%	548	4%	150	2%	270	3%	176	3%
Profit After Taxation	2,077	10%	2,026	11%	1,060	8%	351	4%	709	9%	360	7%

Financial Information

Balance Sheet

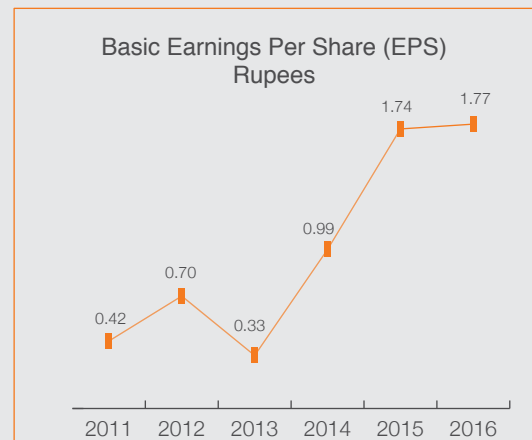
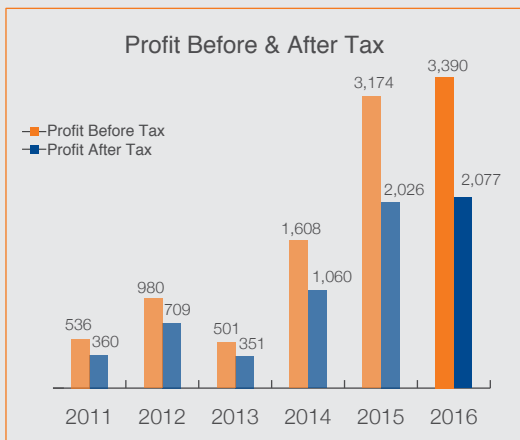
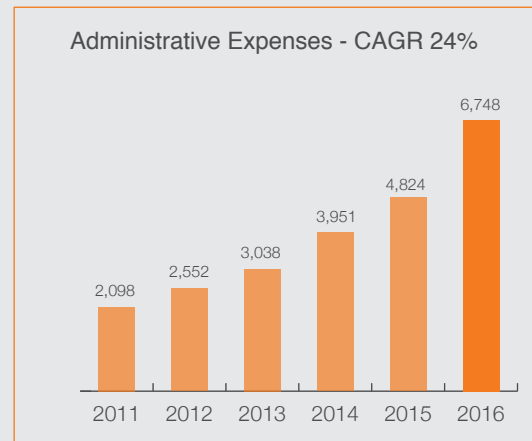
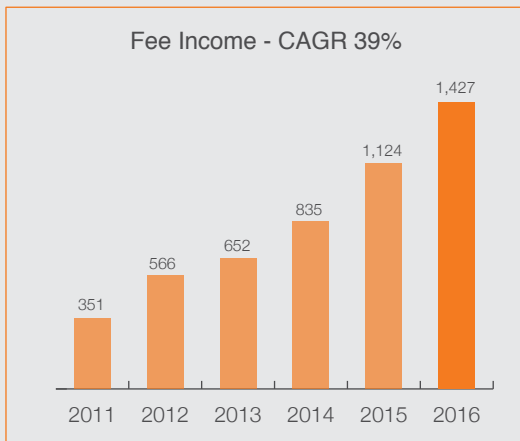
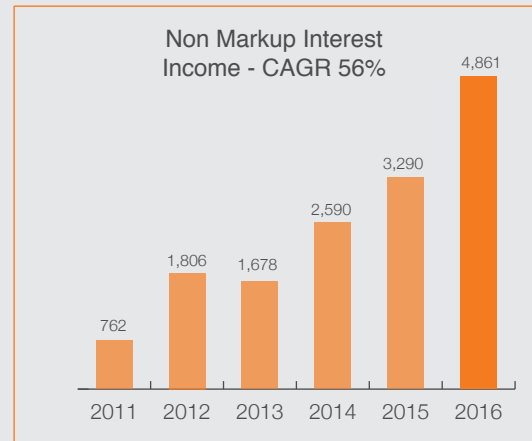
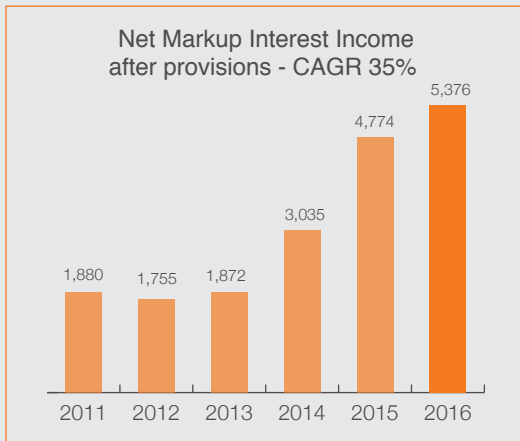
PKR Million



Financial Information

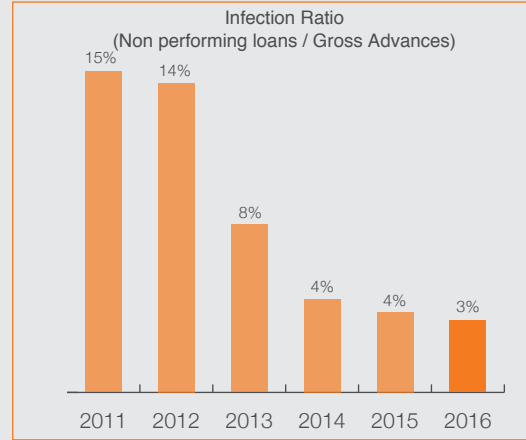
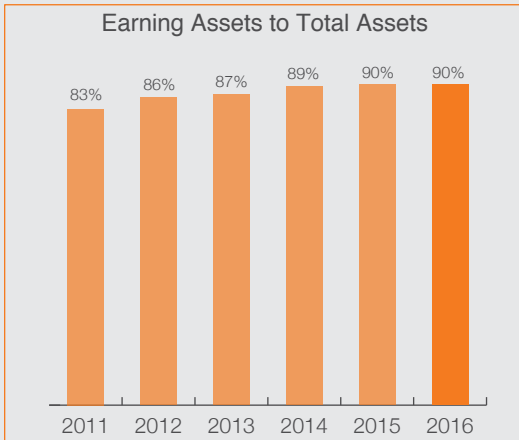
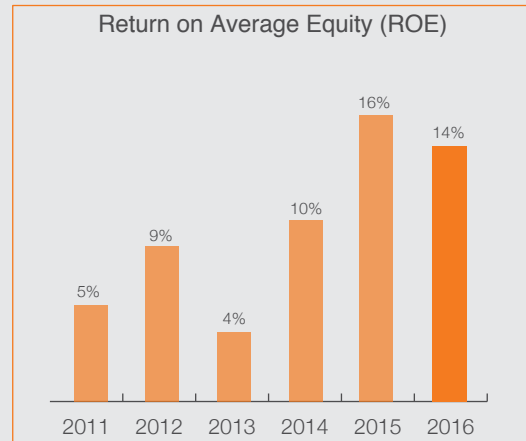
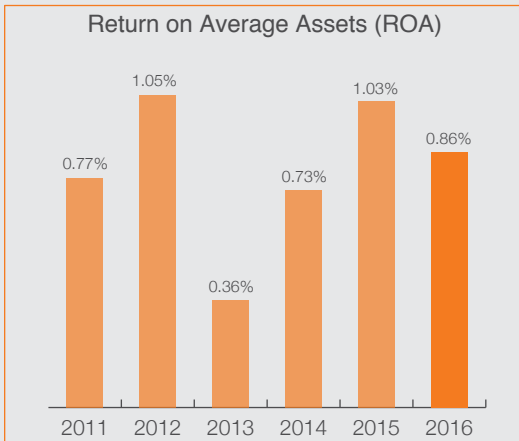
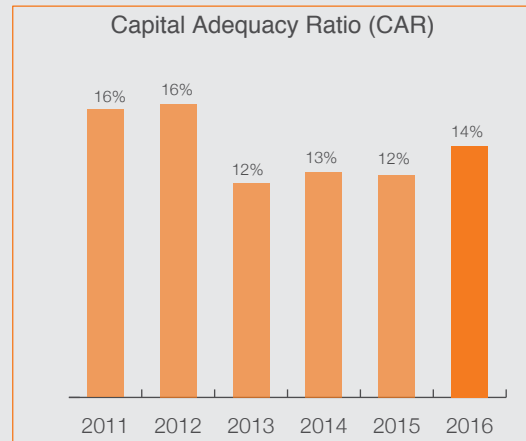
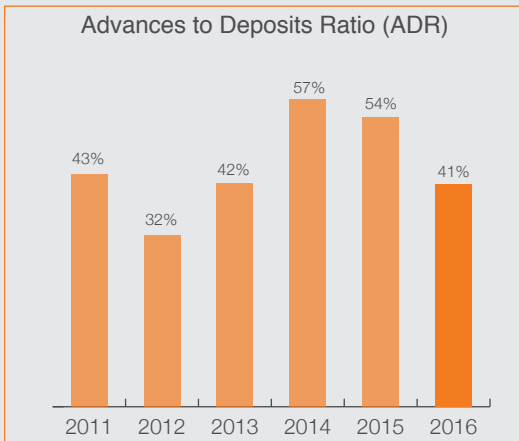
Profit and Loss Account

PKR Million



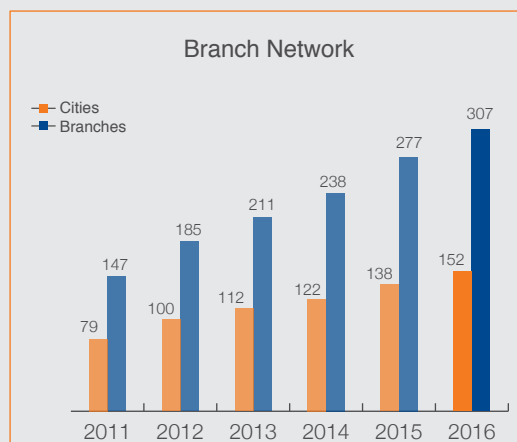
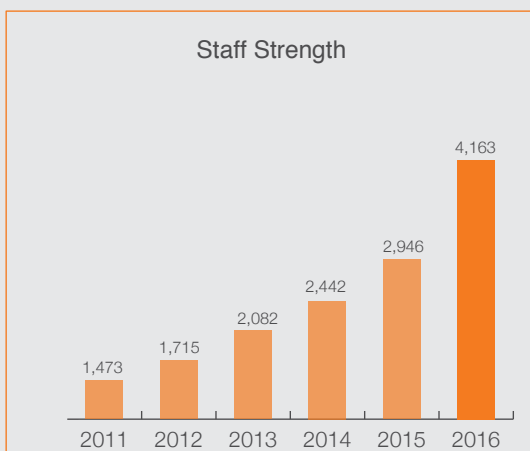
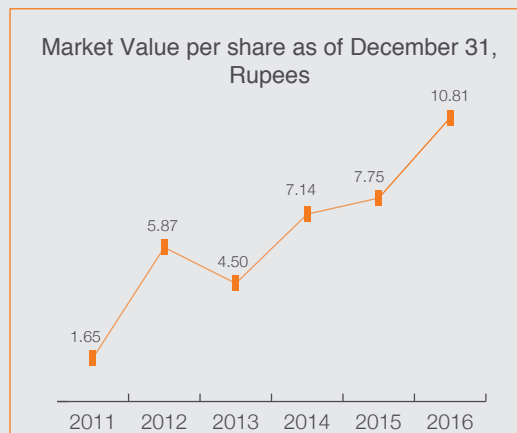
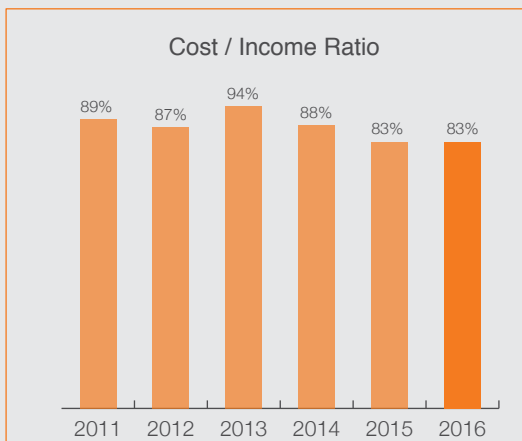
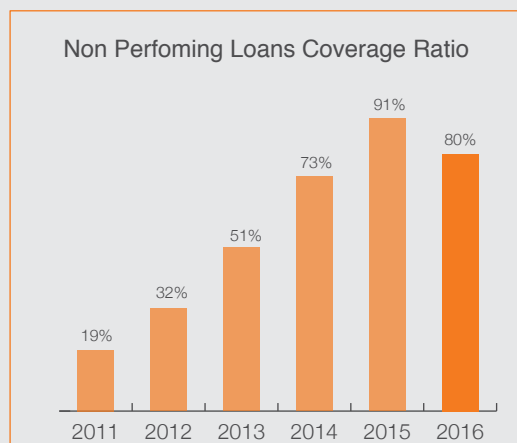
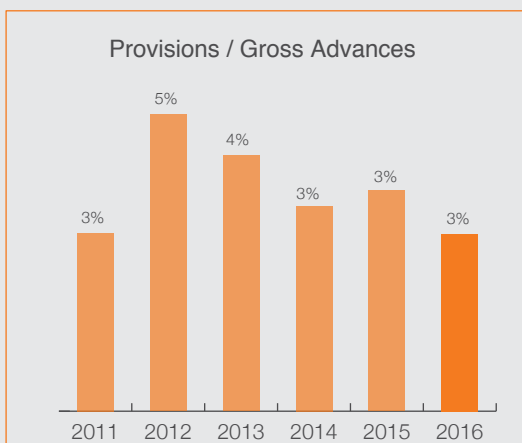
Financial Information

Ratios Analysis



Financial Information

Ratios Analysis



Directors’ Report

We are pleased to present the eleventh Annual Report of JS Bank Limited (“JSBL”) along with the audited accounts and auditors’ report for the year ended December 31, 2016.

The Economy

2016 was a year of accelerating growth. The global credit rating agency Standard and Poor’s upgraded Pakistan’s long-term credit rating from B- to B with stable outlook during 2016 and affirmed the ‘B’ short-term rating.

Confidence in the economy also increased with the successful completion of the IMF program comprising of a USD 6.15 billion arrangement under the IMF’s Extended Fund Facility, as result of which the economy continued to stabilize and grow. Even though the IMF talked about significant challenges in its country review, the successful program completion by Pakistan was evidence of a strengthening economy. In spite of decline in exports and a higher import bill, government managed to maintain foreign exchange reserves on the back of inflows received from China. Low energy prices contributed significantly to low levels of inflation which fell to 3.8%, the lowest rate in a decade.

The fast pace of work on the China Pakistan Economic Corridor (CPEC) during the year led to significant growth in infrastructure spending, as a result of which the building materials and construction sectors grew rapidly.

The Government of Pakistan has set an ambitious GDP growth target of 5.7% for 2016-2017 from 4.7% which was achieved in 2015-2016.

Equity Capital Markets

The amalgamation of the stock exchanges of Karachi, Lahore and Islamabad into the Pakistan Stock Exchange (PSX) resulted in an uptick in the trading activities due to streamlining of overall management and governance. During 2016, MSCI upgraded Pakistan from its Frontier to the Emerging Markets Index (effective May 2017) returning Pakistan to the Emerging Markets Index after nearly a decade.

In December 2016, a consortium led by the China Financial Futures Exchange, Shanghai Stock Exchange and Shenzhen Stock Exchange won the bid to purchase a 40% stake in the Pakistan Stock Exchange. This is a welcome development and is expected to lead to increased interest from Chinese investors in Pakistan’s equity markets.

Banking Sector Review

During 2016, the State Bank of Pakistan (SBP) lowered the ‘Policy Rate’ by 25 basis points (bps), to 5.75%. However, growth in private sector credit off-take remained sluggish during the first 11 months of 2016 at 6%. Banking spreads during the same period further dropped to an average of 5.11%, marking a 48bps year-on-year (YoY) decline. As per SBP, banking deposits touched PKR 11,203 billion during the same period, registering a growth of 20% YoY by the end of the year. Investments increased by 8% YoY reaching PKR 7,233 billion. However, the Investment-to-Deposit Ratio (IDR) reduced to 65%. Advances depicted a 17% YoY growth to PKR 5,572 billion whereas the Advances-to-Deposit Ratio (ADR) for the industry remained intact at 50%, owing to new loan growth during the last quarter of the year. Non-Performing Loans (NPLs) for the industry also increased from the level of PKR 605 billion as of December 2015 to PKR 631 billion as of September 2016. However, the infection ratio for the industry decreased from 12.66% to 12.33% due to the rapid growth in total advances.

Financial Performance

Despite the effects of rapid base rate cuts over the last two years, and a consequent reduction in margins, the Bank posted strong results for 2016 as summarized below:

	2016	2015
Profit Before Tax – PKR million	3,390	3,174
Profit After Tax – PKR million	2,077	2,026
Earnings Per Share (Basic) – PKR	1.77	1.74
Earnings Per Share (Diluted) – PKR	1.60	1.56
Return on Avg. Assets (ROAA)	0.86%	1.03%
Return on Avg. Equity (ROAE)	14.33%	16.03%
Capital Adequacy Ratio (CAR)	14.05%	12.50%
Advances to Deposits Ratio (ADR)	41.48%	54.05%

Summarized financial data for the last six years is summarized below:

Particulars	PKR 'Million'					
	2016	2015	2014	2013	2012	2011
Deposits	226,099	141,840	108,740	80,916	62,544	41,487
Total Assets	264,700	218,476	176,717	112,770	81,570	53,921
Investments-Net	133,727	116,030	84,258	42,679	46,259	22,650
Advances- Net	93,794	76,666	62,433	33,762	20,055	18,019
Gross Mark-up Income	15,081	15,328	11,113	6,850	6,023	4,312
Net Mark-up Income	5,728	5,590	3,854	2,325	2,265	1,729
Non-Mark-up Income	4,861	3,290	2,590	1,678	1,806	762
Profit Before Tax	3,390	3,174	1,608	501	980	536
Profit After Tax	2,077	2,026	1,060	351	709	360
Branches	307	277	238	211	185	147
Employees	4,163	2,946	2,442	2,082	1,715	1,473

Equity

Core equity of the Bank has expanded to PKR 15,427 million as at December 31, 2016, a growth of 13.7% over the previous year, due to improved profitability. In addition, the Bank had a surplus on revaluation of securities (net of tax) of PKR 1,141 million.

Earnings per Share (EPS)

The EPS for the year ended December 31, 2016 is PKR 1.77 per share as compared to EPS of PKR 1.74 per share in 2015, an increase of 1.7%.

Capital Adequacy

As at December 31, 2016, JS Bank's Capital Adequacy Ratio (CAR) stood at 14.05% as compared to 12.5%

in 2015. Minimum required CAR (including Capital Conservation Buffer) as prescribed by SBP is 10.65%. The Bank has grown its CAR by carefully monitoring and managing the risk profile of its asset portfolio and at the same time increasing its equity by retaining earnings and issuing Tier-II capital.

Business Overview

JS Bank continues to grow its market share in terms of deposits, assets, alternative delivery channels (ADC), bancassurance and home remittances. During 2016, the Bank delivered its highest growth in deposits and assets since inception.

JS Bank's growth strategy is based on innovative product development to better address customer needs, enhancing customer accessibility through growing our branch and ADC network, strengthening service quality and ultimately giving customers a satisfying banking experience. The Bank has embarked on several initiatives to strengthen its service delivery and product line, including JS Elite and Elite Plus Employee Banking accounts, JS Platinum Business Account, JS Premium Current Account, Foreign Currency Plus Savings Account and JS GharApna Home Finance. Further, several products were upgraded to serve a broader customer base, including JS Mobile Banking, Cash Management solutions, EMV Debit & Credit Cards, Prime Minister's Youth Business Loans and Zarkhez Agriculture Credit.

Deposits

JS Bank remained focused on core deposit mobilization, particularly targeting growth in low cost deposits. The Bank closed 2016 at a deposit base of PKR 226,099 million, an increase of 59% over the previous year.

In addition to deposit growth, the change in the deposit mix towards low cost CASA helped reduce JS Bank's cost of funds, which helped cope with the reduction in margins resulting from the various SBP policy rate adjustments over the past few years.

Advances

On the assets side, there was increased focus on prudent expansion in advances and growing fee income streams.

In 2016, JS Bank introduced JS GharApna Home Loan, to provide a strong platform to asset growth. Furthermore, the Bank prudently developed its consumer portfolio through JS CarAamad Auto Finance and JS Bank Credit Cards. The Bank also continued to expand its JS GoldFinance portfolio, and extended the proposition to agriculture credit under JS Zarkhez GoldFinance as well.

JS Bank exceeded its SBP-assigned agriculture credit disbursement targets with a high quality portfolio. To strengthen the Bank's presence in the SME sector, Prime Minister's Youth Business Loans for SMEs and USAID's Loan Portfolio Guarantees for Clean Energy were launched.

Branch Network

JS Bank continues to increase its footprint across Pakistan to enhance access and convenience for customers. In 2016, JS Bank grew its branch network by adding on 30 new branches to reach 307 branches in 152 cities across Pakistan including one international branch in Bahrain.

Alternative Delivery Channels (ADC)

JS Bank closed 2016 with a network of 290 ATMs across Pakistan. The Bank further deepened its secured EMV chip based cards portfolio throughout the year and has achieved 100% EMV compliance on issuing side. The Bank also expanded the "World of Privileges" discount program for our cardholders to over 200 partner locations in several cities across Pakistan.

The Bank strengthened cash management services for its institutional customers offering a complete range of corporate payments and collections solutions backed by the state-of-the-art online cash management portal.

Bancassurance & BancaTakaful

JS Bank continued to expand its wealth management solutions. The bancassurance business resulted in premium collection of PKR 299 million.

Home Remittances & Pakistan Remittance Initiative (PRI)

JS Bank is emerging as a leading player in the home remittance business. As one of the primary banks in the PRI program of the SBP, the Bank has led the way in introducing technological solutions that benefit both remitters and beneficiaries through faster, reliable and secure transactions.

Leasing Business

JS Bank expanded its leasing business focusing largely on commercial vehicle and corporate leasing. The Bank has a full suite of products & solutions catering to leasing requirements of small and medium size companies.

Trade Finance

Another area of opportunity that grew profitably during the year was trade finance where the Bank's trade volume in 2016 was PKR 222.9 billion, an increase of 49.6% over 2015.

Treasury

JS Bank continued to fortify its leadership role in the primary and secondary debt markets and ranked within the top five. The number of customers and customer volumes grew by 15% and 12% respectively. The treasury continued to add cross currency swap transactions to its portfolio with an aim to applying for an Authorized Derivatives Dealer license in the future.

Investment Banking

JS Bank's contribution to the Pakistan's capital markets was recognized by South Asian Federation of Exchanges and Pakistan Stock Exchange (PSX) in Pakistan IPO Summit - 2016, wherein the Bank was duly awarded with the "Top Debt Capital Market Development Award – 2015" for advising and arranging all OTC listed transactions that have been listed on the PSX till 2015.

During the year, the investment banking team successfully closed 6 capital market transactions including the largest TFC Issue for a microfinance bank, Pakistan's first AAA rated corporate sukuk and JS Bank's first sub-ordinated TFC. It also facilitated new projects by advising and arranging syndicated facilities for oil and gas, bulk port terminal, microfinance and pharmaceutical sectors.

Financial Institutions

JS Bank continued to grow its panel of global correspondent banks to over 90 countries and 347 customer delivery points. The extensive network allows the Bank to facilitate its customers with a vast range of trade finance and remittance services that are well suited for the needs of both importers and exporters alike.

Structured Finance

During 2016, the Bank entered into a collaboration with the Pakistan Catalyst Fund I, a private equity fund (the principal investor of which is USAID), to invest for significant long-term capital appreciation through private equity, private investment in public equity, convertible loans and quasi-equity investments in SMEs operating in Pakistan. The Bank has earmarked PKR 2.5 billion plus (equivalent to USD 24 million) in parallel with the Fund's investment of PKR 2.7 billion (equivalent USD 26 million) over a five year investment period.

Overseas Operations

At the start of 2016, JS Bank's first international (wholesale) banking branch commenced operations in Bahrain. The branch offers a wide range of corporate and institutional banking services aligned with its customers' needs in the Middle East region. The Bahrain branch became profitable in its first year of operations.

Private & Wholesale Banking

Private Banking was formally launched in 2016 through a dedicated private banking branch in Karachi, with plans to open a similar branch in Lahore in the first quarter of 2017. These branches provide

a 360-degree banking experience to High Net-Worth Individuals (HNWI) and their businesses. Wholesale Banking, that caters to the requirements of large businesses, was instrumental by partnering to finance Pakistan's first metro train project.

Consumer Finance

2016 saw JS Bank launch its consumer financing products to new customers through a direct sales force in addition to its existing branch network.

In 2017, the Bank intends to offer additional consumer products through the direct sales method as well as through its branch network.

Brand Management and Marketing

To ensure all core and ancillary business lines continue their growth momentum, comprehensive sales promotion programs were deployed across the Bank, which incentivized high performers for leading business growth across all business lines. On the branding and communications side, the focus remained on radio advertising, sales promotions and localized marketing opportunities utilizing the Bank's growing network.

The highlight of the year was the launching of the corporate campaign including the first ever TV commercial under the tag line "Barhna Hai Aagey". The campaign was received warmly by existing customers, and helped grow our brand recognition with new potential customers. JS Bank also continued its radio advertising campaigns, localized marketing across the country and ran various sales promotions.

Service Management and Fair Treatment of Customers

JS Bank is committed to providing its customers with the highest level of service quality and satisfaction and has therefore established an independent service management function that oversees service quality, problem resolution and the fair treatment of customers.

A total of 9,272 complaints were received by the Bank in 2016 and the average time taken to resolve these complaints was 4 days. The Bank's Complaint

Handling Policy and Grievance Redressal Mechanism ensure that complaints are resolved in a timely manner and recurrences of complaints are prevented where possible. Customers have the option of registering their complaints at the Bank's branches, phone banking center, JS Bank's website and via email. The process includes registration, acknowledgment, interim response where applicable, resolution and root cause analysis. The Bank has a Service Quality Council (SQC) that functions as a standing committee on customer service. The SQC is chaired by the President & CEO of the Bank and it includes senior management committee members. The SQC reviews all service level and complaint reports and initiatives and focuses on simplifying processes for improvements in service levels and overall customer satisfaction.

Fair Treatment of Customers is an integral part of JS Bank's way of doing business. Bank staff is provided appropriate training in this regard. Customers are also given the option of contacting the Banking Mohtasib's office in case they are dissatisfied with the response received from the Bank. The Bank's always considers the value and benefits it provides to customers while designing, selling and managing products and services.

Risk Management

The Board is committed to adopting the best risk management practices in letter and spirit. To maintain effective risk management practices, the Bank follows an appropriate risk management framework according to the regulatory directives issued by the State Bank of Pakistan (SBP) and other related guidelines under the Basel II / III framework. In this regard, the Bank has a comprehensive set of risk management policies, practices and procedures which enable the Bank to take into consideration, in an appropriate manner, all major kinds of risks including credit, market, liquidity, operational and IT security.

The overall risk management framework of the Bank is under the supervision of the Board of Directors (BoD) / Board Risk Management Committee (BRMC) while the operational level day-to-day functioning is carried

out by the senior management of the Bank. In order to develop a holistic integrated risk management approach, a dedicated and independent Credit & Risk Management Group, staffed with professionals having diversified experience, is in place to manage various aspects of risk management in the Bank. To formalize and strengthen the risk management approach within the Bank, the following significant policies were developed / reviewed and approved by the Board:

- Credit Policy
- Collateral Management Policy
- Market Risk Management Policy
- Operational Risk Management Framework
- Liquidity Risk Management Policy
- Business Continuity Policy

BRMC keeps an eye on the overall risk profile of the Bank. The Integrated Risk Management Committee (IRMC) and Assets & Liabilities Committee (ALCO) of the management operate within an established framework in order to monitor the Bank's activities and maintain the risk level within predefined limits, meeting on a regular basis to review market developments and the level of financial risk exposure of the Bank.

Market risk measurement, monitoring and management reporting is done on a regular basis. The Market Risk Unit supported by the Treasury Middle Office is involved in daily monitoring of all related financial risk exposures in the form of interest rate risk, equity exposure risk, currency or foreign exchange risk, cross border or country risk, financial institutions (FI) exposure risks and liquidity risk. The Bank is in the process of upgrading its system capabilities and plans to implement Temenos Insight Risk Intelligence Solutions providing analytical capabilities for regulatory capital, market analytics and asset & liability management in the coming years.

Bank's operational risk management process involves a structured and uniform approach across the bank. It includes risk identification and assessment, the monitoring of key risk indicators and risk control self-

assessment activities for key operational risks. In order to build a robust operational risk monitoring mechanism, Operational Risk Management Committee (ORMC) conducts regular meetings to effectively address operational risk issues.

In terms of information security, the Information Security and IT Risk Management Unit, headed by an experienced resource, forms part of operational risk management function and facilitates risk identification, assessment and monitoring of IT and information security-specific risks across the bank.

Operational risk management function also maintains business continuity policy and facilitates the annual testing of mission-critical systems and services that may be disrupted due to any eventuality or disaster.

Credit risk management is an ongoing process. The overall credit policy and the credit risk management guidelines are issued by the Board of Directors. In this regard, a Central Credit Committee (CCC) is entrusted with the responsibility of monitoring credit risk in the Bank. CCC meets regularly to actively supervise credit risk across the lending portfolio. In order to maintain healthy growth of the credit portfolio, the Bank's Credit Risk Management processes are consistently upgraded and improved to meet future challenges. Further, in order to bolster credit risk management monitoring activities, a Credit Risk Monitoring Unit is in place for regular portfolio monitoring, formulating and implementing credit risk management tools including setting up of industry, geographic and sectoral limits, and devising credit risk quantification / statistical techniques to meet SBP and Basel II/III requirements.

On capital management side, the Bank has been able to maintain the Capital Adequacy Ratio (CAR) well above the prescribed regulatory threshold. The Bank's practices ensure that it has sufficient capital to cover the risks associated with its activities. It is the prime objective of the Bank's capital management to ensure that the Bank complies with all regulatory capital requirements and at the same time maintains

strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

Risk management activities remain at the forefront of all activities of the Bank which places the highest priority on conducting its business in a prudent manner in line with the laws and regulatory requirements. Accordingly, the Credit and Risk Management Group plays a key role in ensuring adherence to regulatory requirements related to risk management which is a key part of Bank's overall objectives.

Operations

The operations division works as a partner to all the business units and continues to focus on providing strong support and operational excellence through provision of seamless services at branches and other centralized departments, to provide customers with exceptional service quality without compromising on controls. To achieve the goal of exceptional service quality the Bank is focusing on continuous review and update to the policies and procedures, establishing service level agreements (SLA) and measuring turnaround times (TAT). The Operations Department through its continuing procedural improvements and process redesign is moving towards procedural efficiency, system automation and building capacity in its respective departments to cater to the rapidly increasing size of the Bank.

To further aid in management's vision of strengthening of operational controls and efficiency through technological advancements, a centralized project management office is being established to streamline and manage project implementation across the different departments of the Bank.

Information Technology

After the successful upgrade of our core banking system, the Bank is working on a business intelligence program to drive up product innovation, profitability and efficiency.

Data center operations have been automated to

enhance operational efficiency and reduce errors. After a successful pilot launch, our branchless banking product is operational with a large agent network providing wide array of financial services. JS Bank is also the first commercial bank in Pakistan to take live an international branch on the T24 core banking system.

To control operational fraud risk, the Bank has implemented an endorsement solution for counter services. The Bank has also met regulatory requirements on time by enabling biometric verification through NADRA for all account opening operations, Real-Time Gross Settlement (RTGS) integration on Straight Through Processing (STP) model and established internet banking security framework to address cyber threats and ensure secure Internet banking for customers.

The Bank has also consolidated over 50 software applications on a virtualized computing platform saving power and reducing out carbon footprint. To ensure smooth and uninterrupted banking services to customers during any emergency, the Bank has shifted the disaster recovery operations to a new site with advanced infrastructure and security.

The Bank has also initiated a digitization project targeting automation of core business & operational processes within the bank. The digital automation of core processes will reduce turn-around time of customer services and operational costs.

Human Resources

The Human Resources (HR) Department is committed to ensuring that the Bank attracts, recruits, develops, and retains a high performing diverse work force. In 2016 the HR department worked with the several new departments in fulfilling their needs in terms of the expansion of their teams across Pakistan.

The HR departments new initiative for the year 2017 is on building a training academy for the Bank's staff which will not only focus on the learning needs of team members but will also develop learning structures

to ensure that the Bank's staff has the necessary knowledge, skills and competencies.

Statement on Internal Controls

Since its very inception, JS Bank has placed the utmost emphasis on establishing stringent controls in all its operations. It is the cornerstone of the Bank's policies to adhere to the best industry practices, ethical standards and regulatory requirements. In this context, the Board of Directors has promulgated policies that provide for taking risk of an acceptable level in various areas. The senior management accordingly is able to identify risks at appropriate stages and put in place necessary procedures to monitor and control the risks. This necessarily entails a periodical review of policies, systems and procedures to cope with a dynamic banking environment.

It is the continuing responsibility of the senior management to evolve systems and procedures that ensure overall comprehensive controls in the light of the Board of Directors guidelines. The success of such procedures is ensured by disseminating the requirements of various processes to the grass roots level. Another component of controls that is strictly adhered to is the effective delegation and segregation of duties with checks and balances properly in place. All staff is encouraged to participate and come up with ideas for developing better procedures. The continuing review of systems and procedures enables improvements that rectify possible control lapses. The Bank's initiative to establish a training academy will go a long way in improving compliance with systems.

Internal controls are intended to provide a reasonable measure of assurance regarding the effectiveness and efficiency of the Bank's operations, reliability of financial information and compliance with applicable laws and regulations. However, it is acknowledged that the systems put in place can only provide reasonable but not absolute assurances against material misstatement or loss since they are designed to manage, rather than eliminate, the risk of unforeseen loss in seeking to achieve the business objectives.

An independent and effective internal audit function reviews the effectiveness and adequacy of internal controls and continues to monitor compliance with policies and procedures. The Board of Directors is regularly kept up to date about the state of compliance through the Board Audit Committee. As a priority, all significant and material findings of the internal and external auditors and regulators are addressed by the management ensuring that appropriate corrective actions have been implemented. Adequate systems are put in place to minimize repetition and strengthen the control environment. In addition, the compliance department is performing its due role to ensure regulatory compliance across the Bank.

The Bank diligently followed the State Bank of Pakistan's (SBP) Guidelines on Internal Controls to evaluate the effectiveness of the overall set of internal controls including financial reporting controls. A detailed documentation of bank-wide processes and controls was completed, together with a comprehensive gap analysis of the control design and subsequent development of remediation plan for the identified gaps. Furthermore, the Bank has developed a comprehensive management testing and reporting framework for ensuring operating effectiveness of key controls and has significantly addressed the identified design improvement opportunities.

Upon satisfactory completion of the ICFR Roadmap, SBP granted exemption to the Bank in August 2016 from the submission of Long Form Report (LFR) by external auditors. Annual assessment report for 31st December 2016 on efficacy of ICFR shall henceforth be submitted through the Board Audit Committee.

The management considers that the internal control system presently existing is adequate, implemented very effectively and continuously monitored. This statement is also hereby endorsed by the Board of Directors. The management will endeavor to continue enhancing its coverage and compliance with the SBP Guidelines on Internal Controls and thereby strengthening its control environment on an ongoing basis.

Corporate and Financial Reporting Framework

The Directors confirm compliance with the Corporate and Financial Reporting Framework of the Securities & Exchange Commission of Pakistan Code of Corporate Governance for the following:

The Financial statements prepared by the management present fairly the state of affairs of the Bank, the results of its operations, Cash Flow Statement and Statement of Changes in Equity.

Proper books of accounts of the Bank have been maintained.

Accounting policies as stated in the notes to the accounts have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

International Accounting Standards as applicable in Pakistan have been followed in preparation of the financial statements.

The system of internal controls is sound in design and has been effectively implemented and monitored. There are no doubts about the Bank's ability as a going concern.

There has been no material departure from the best

practices of corporate governance, as detailed in the listing regulations.

The details of outstanding statutory payments, if any, have been adequately disclosed in the financial statements.

Outstanding statutory payments on account of taxes, duties, levies and changes have been fully disclosed in the Financial Statements.

Holding Company

Jahangir Siddiqui & Co. Limited, listed at the Pakistan Stock Exchange Limited, is the holding company of JS Bank Limited, owning 70.4% of the ordinary shares and 96.9% unlisted, convertible, irredeemable, perpetual, non-cumulative preference shares.

Subsidiary Companies

JS Global Capital Limited and JS Investments Limited are subsidiaries of JS Bank with shareholdings of 67.2% and 65.2% respectively. Performance of these companies has been reviewed under consolidated Directors' Report.

Attendance of Directors in the Board meetings

Six meetings of the Board of Directors were held during the year 2016. The attendance of directors at Board Meetings was as follows:

Name of Director	Eligible to attend	Meetings attended
Mr. Ali Jehangir Siddiqui	5	5
Mr. Adil Matcheswala	6	6
Mr. Ashraf Nawabi	6	6
Mr. G.M Sikandar	6	6
Mr. Jahangir Siddiqui	1	1
Mr. Kalim-ur-Rahman	6	6
Mr. Mazharul Haq Siddiqui	1	1
Mr. Munawar Alam Siddiqui	5	5
Ms. Nargis Ghaloo	5	4
Mr. Shahab A. Khawaja	6	6
Mr. Khalid Imran, President & CEO	6	6

The attendance of directors at Board Sub-Committees meetings was as follows:

Name of Director	Audit Committee		Risk Committee		HR Committee	
	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended
Mr. Ali Jehangir Siddiqui	-	-	-	-	2	2
Mr. Adil Matcheswala	4	4	1	1	-	-
Mr. Ashraf Nawabi	-	-	4	4	-	-
Mr. G.M Sikandar	4	4	-	-	3	3
Mr. Jahangir Siddiqui	-	-	-	-	-	-
Mr. Kalim-ur-Rahman	-	-	4	4	-	-
Mr. Mazharul Haq Siddiqui	-	-	-	-	1	1
Mr. Munawar Alam Siddiqui	-	-	3	2	-	-
Ms. Nargis Ghaloo	-	-	-	-	2	1
Mr. Shahab A. Khawaja	4	4	-	-	-	-
Mr. Khalid Imran, President & CEO	-	-	4	4	1	1

Pattern of Shareholding

The pattern of shareholding at the close of December 31, 2016 as required u/s 236 of the Companies Ordinance, 1984 is given on page number 286.

Credit Ratings

The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the long term rating of the Bank to 'AA-' (Double A Minus) from A+ and maintained the short-term rating of "A1+" (A One Plus), which is the highest possible short-term rating.

Dividend to Preference Shareholders

The Bank on February 19, 2014 issued 150 million unlisted, convertible, irredeemable, perpetual, non-cumulative preference shares at a par value of PKR 10 each with a fixed return of 12% per annum for a period of four years. The preference shares after four years will be converted into ordinary shares of the Bank at a price of PKR 6.67 per share (a discount to face value of PKR 3.33 per share). The distribution of dividend to preference shareholders is non-obligatory and non-cumulative and will be allowed only if the Bank has earned sufficient profit in the current year to pay dividend and is in compliance with all the regulatory capital and provisioning requirements.

Since all the conditions for payment of dividend are complied with, therefore the Board of Directors has recommended for the shareholders' approval at 11th Annual General Meeting payment of dividend of 12% to the preference shareholders.

Employee Benefits Schemes

JS Bank operates Staff Provident Fund (the Fund) and funded Gratuity Scheme (the Scheme) covering all its permanent employees.

The contribution made toward the Fund during the year 2016 is PKR 101.4 million (2015: PKR 77.3 million). The unaudited balance as at December 31, 2016 of the Fund was PKR 778.3 million (2015: PKR 607.9 million).

The contribution to be made in the Scheme is PKR 118.3 million for 2016 (2015: PKR 64.0 million). The unaudited balance of the plan assets of the Scheme as at December 31, 2016 was PKR 236.4 million (2015: PKR 162.1 million).

Auditors

The present auditors of JS Bank are EY Ford Rhodes, Chartered Accountants (a Member of Ernst & Young Global Limited).

Compliance with Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the PSX in its listing regulations relevant for the year ended December 31, 2016 have been adopted by the Bank and have been duly complied with. A statement in this effect is annexed with the report..

Events after the Date of Statement of Financial Position

There have not been any material events that occurred subsequent to the date of the Statement of Financial Position that require adjustments to the enclosed financial statements.

Acknowledgments

On behalf of JS Bank, I would like to extend our gratitude to our customers and stakeholders for their patronage. I also like to thank the Ministry of Finance, the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan and other regulatory authorities for their support to our Bank. Finally, I extend our appreciation to the management team and staff for their persistent commitment to working together as a winning team.

For and on behalf of the Board,

Khalid Imran
President & CEO

February 23, 201

فنڈ کے سلسلے میں سال 2016 کے دوران 101.4 ملین روپے کی ادائیگی کی گئی (2015: 77.3 ملین پاکستانی روپے)۔ 31 دسمبر 2016 کو فنڈ کی غیر آڈٹ شدہ بقایا رقم 778.3 ملین پاکستانی روپے تھی (2015: 607.9 ملین پاکستانی روپے)۔

سکیم کے سلسلے میں سال 2016 کے لئے 118.3 ملین روپے کی ادائیگی کی گئی (2015: 64.x ملین پاکستانی روپے)۔ سکیم کے منصوبہ کے مطابق اثاثوں کی غیر آڈٹ شدہ بقایا رقم 31 دسمبر 2016 کو 236.4 ملین پاکستانی روپے تھی (2015: 162.1 ملین پاکستانی روپے)۔

آڈیٹرز

جے ایس بینک کے موجودہ آڈیٹرز ای وائی فور ڈیوڈز (EY Ford Rhodes)، چارٹرڈ اکاؤنٹنٹس (رکن ارنسٹ اینڈ یٹگ گلوبل لمیٹڈ Ernst & Young Global Limited) ہیں۔

کوڈ آف کارپوریٹ گورننس کی پاسداری (Compliance with Code of Corporate Governance)

پاکستان سٹاک ایکسچینج کی جانب سے 31 دسمبر 2016 کو ختم ہونے والے سال سے متعلق اپنے اندراج کے ضوابط میں طے کی گئی کوڈ آف کارپوریٹ گورننس کی شرائط بینک نے پوری کر دی ہیں اور ان کی پوری طرح پاسداری کی گئی ہے۔ اس ضمن میں ایک بیان ضمیمہ کی شکل میں اس رپورٹ کے ساتھ دیا گیا ہے۔

مالیاتی صورتحال کے بیان کی تاریخ کے بعد کے واقعات

مالیاتی صورتحال کے بیان کی تاریخ کے بعد کوئی ایسے مادی واقعات رونما نہیں ہوئے جن کے تحت ان فنانس سٹیٹمنٹس میں کسی رد و بدل کی ضرورت ہو۔

اظہار تشکر

جے ایس بینک کی جانب سے میں، اپنے کسٹمرز اور کھاتہ داران کی سرپرستی پر ان کا شکریہ ادا کرنا چاہوں گا۔ میں بینک کی معاونت پر وزارت خزانہ، اسٹیٹ بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اتھارٹیز کا بھی شکر گزار ہوں۔ آخر میں، میں اپنی مینجمنٹ ٹیم اور عملہ کو مل کر ادارے کی کامیابی کے لئے پختہ عزم کے ساتھ کام کرنے پر خراج تحسین پیش کرتا ہوں۔

برائے بورڈ و بحیثیت نمائندہ بورڈ

خالد عمران

صدر و چیف ایگزیکٹو آفیسر

23 فروری 2017

1	1					جناب مظہر الحق صدیقی
		2	3			جناب منور عالم صدیقی
1	2					محترمہ نذر گیس گھلو
				4	4	جناب شہاب اے خواجہ
1	1	4	4			جناب خالد عمران، صدر و چیف ایگزیکٹو آفیسر

طرز حصص داری (Pattern of Shareholding)

31 دسمبر 2016 کے اختتام پر کمپنیز آرڈیننس، 1984 کے سیکشن 237 کے تحت ضروری، طرز حصص داری صفحہ نمبر ---- پر دیا گیا ہے۔

کریڈٹ ریٹنگز (Credit Ratings)

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے بینک کی طویل مدتی ریٹنگ A+ سے اپ گریڈ کر کے AA- (Double A Minus) کر دی ہے اور قلیل مدتی ریٹنگ A1+ (A One Plus) پر برقرار رکھی ہے جو بلند ترین ممکنہ قلیل مدتی ریٹنگ ہے۔

ترجیحی حصص داران کا منافع (Dividend to Preference Shareholders)

بینک نے 19 فروری 2014 کو 150 ملین غیر اندراج یافتہ (Un-listed)، قابل مبادلہ (Convertible)، ناقابل واپسی (Irredeemable)، مستقل (Perpetual)، غیر جمعی (Non-cumulative) ترجیحی حصص 10 پاکستانی روپے کی اوسط مالیت پر جاری کئے جن کا چار سالہ مدت کے لئے مقررہ منافع 12 فیصد سالانہ تھا۔ چار سال بعد ترجیحی حصص 6.67 پاکستانی روپے کی قیمت پر بینک کے عام حصص میں تبدیل ہو جائیں گے (ظاہری مالیت [Face value] پر 3.33 پاکستانی روپے فی حصص کی رعایت)۔ ترجیحی حصص داران کو منافع کی تقسیم غیر لازم (Non-obligatory) اور غیر جمعی ہے جس کی اجازت تبھی دی جائے گی کہ بینک رواں سال میں منافع کی ادائیگی کے لئے خاطر خواہ منافع کما لے اور سرمایے اور پروویژننگ (Provisioning) سے متعلق تمام ریگولیٹری تقاضوں کی پاسداری کر رہا ہو۔

چونکہ منافع کی ادائیگی کی تمام شرائط پوری ہو گئی ہیں، لہذا بورڈ آف ڈائریکٹرز نے گیارہویں سالانہ اجلاس عام میں ترجیحی حصص داران کو 12 فیصد منافع کی ادائیگی کے لئے حصص داران کی منظوری کی سفارش کر دی ہے۔

ملازمین کی مراعات کی سکیمیں (Employee Benefits Schemes)

جے ایس بینک اسٹاف پروویڈنٹ فنڈ (فنڈ) چلا رہا ہے اور گریجویٹ سکیم (سکیم) کے لئے فنڈز فراہم کر رہا ہے جو اس کے تمام مستقل ملازمین کا احاطہ کرتی ہیں۔

1	1	جناب جہانگیر صدیقی
6	6	جناب کلیم الرحمان
1	1	جناب مظہر الحق صدیقی
5	5	جناب منور عالم صدیقی
4	5	محترمہ مندرنگس گھلو
6	6	جناب شہاب اے خواجہ
6	6	جناب خالد عمران، صدر و چیف ایگزیکٹو آفیسر

بورڈ کی ذیلی کمیٹیوں کے اجلاس میں ڈائریکٹرز کی حاضری حسب ذیل رہی:

نام ڈائریکٹر		آڈٹ کمیٹی		رسک کمیٹی		ایچ آر کمیٹی	
اجلاسوں کی تعداد جن میں شرکت کے اہل ہیں	اجلاسوں کی تعداد جن میں شرکت کے اہل ہیں	اجلاسوں کی تعداد جن میں شرکت کے اہل ہیں	اجلاسوں کی تعداد جن میں شرکت کے اہل ہیں	اجلاسوں کی تعداد جن میں شرکت کے اہل ہیں	اجلاسوں کی تعداد جن میں شرکت کے اہل ہیں	اجلاسوں کی تعداد جن میں شرکت کے اہل ہیں	اجلاسوں کی تعداد جن میں شرکت کے اہل ہیں
2	2						
4	4	1	1				
		4	4				
4	4						
-	-	-	-				
		4	4				

ایک جاری کاروبار کے طور پر بینک کی صلاحیت کے بارے میں کوئی شبہات نہیں ہیں۔

اندرج کے ضوابط (Listing Regulations) میں دیئے گئے کارپوریٹ گورننس کے بہترین مروجہ طریقوں سے کوئی مادی انحراف نہیں کیا گیا۔

واجب الادا سرکاری رقوم (Outstanding Statutory Payments) کی تفصیلات فنانشل سٹیٹمنٹس میں موزوں طور پر افشاء کر دی گئی ہیں۔

ٹیکسوں، ڈیوٹیز، محصولات کے ضمن میں واجب الادا مقررہ رقوم فنانشل سٹیٹمنٹس میں پوری طرح افشاء کر دی گئی ہیں۔

ہولڈنگ کمپنی (Holding Company)

جہانگیر صدیقی اینڈ کمپنی، جو پاکستان سٹاک ایکسچینج لمیٹڈ میں اندراج یافتہ ہے، جے ایس بینک لمیٹڈ کی ہولڈنگ کمپنی ہے جو 70.4 فیصد عام (Ordinary) حصص اور 96.9 فیصد غیر اندراج یافتہ (Un-listed)، قابل مبادلہ (Convertible)، ناقابل واپسی (Irredeemable)، مستقل (Perpetual)، غیر جمعی ترجیحی حصص (Non-cumulative preference shares) کی مالک ہے۔

ذیلی کمپنیاں (Subsidiary Companies)

جے ایس گلوبل کیپیٹل لمیٹڈ اور جے ایس انوسٹمنٹس لمیٹڈ، بالترتیب 67.2 فیصد اور 65.2 فیصد حصص داری کے ساتھ جے ایس بینک کی ذیلی کمپنیاں ہیں۔ ڈائریکٹرز کی حتمی رپورٹ کے تحت ان کمپنیوں کی کارکردگی کا جائزہ لے لیا گیا ہے۔

بورڈ کے اجلاسوں میں ڈائریکٹرز کی حاضری

سال 2016 کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے۔ بورڈ کے اجلاسوں میں ڈائریکٹرز کی حاضری حسب ذیل رہی:

نام ڈائریکٹر	اجلاسوں کی تعداد جن میں شرکت کے اہل ہیں	اجلاسوں کی تعداد جن میں شرکت کی
جناب علی جہانگیر صدیقی	5	5
جناب عادل ماچس والہ	6	6
جناب اشرف نوابی	6	6
جناب جی ایم سکندر	6	6

کرنے اور کنٹرول کے ماحول کو مستحکم کرنے کے لئے موزوں سسٹمز وضع کئے گئے ہیں۔ علاوہ ازیں 'کمپلائنس ڈیپارٹمنٹ' (Compliance Department) بینک کے تمام شعبوں میں ریگولیٹری امور کی پاسداری یقینی بنانے کے لئے اپنا کردار بطریق احسن ادا کر رہا ہے۔

بینک مالیاتی رپورٹنگ کے کنٹرولز سمیت تمام تر داخلی کنٹرولز کی موثر حیثیت کی جانچ پرکھ کے لئے انٹرنل کنٹرولز پراسیجرز بینک کے رہنما اصولوں پر پوری توجہ سے عمل کر رہا ہے۔ پورے بینک کی سرگرمیوں اور کنٹرولز پر ایک تفصیلی دستاویز تیار کی گئی جس کے ساتھ کنٹرول ڈیزائن (Control Design) میں پائے جانے والے خلاء کا ایک جامع تجزیہ کیا گیا جسے پیش نظر رکھتے ہوئے اس خلاء کو دور کرنے کے لئے ایک اصلاحی منصوبہ تشکیل دیا گیا۔ مزید برآں، بینک نے اہم نوعیت کے کنٹرولز کی موثر عملی حیثیت یقینی بنانے کے لئے مینجمنٹ ٹیمنگ اور رپورٹنگ کا ایک جامع فریم ورک تشکیل دیا ہے اور جہاں جہاں ڈیزائن میں بہتری کے مواقع کی نشاندہی ہوئی ان پر قابل ذکر کام کیا ہے۔

آئی سی ایف آر روڈ میپ (ICFR Roadmap) کی تسلی بخش تکمیل پر اسٹیٹ بینک نے اگست 2016 میں جے ایس بینک کو ایکسٹرنل آڈیٹرز کی طرف سے 'لائگ فارم رپورٹ' (Long Form Report) جمع کرانے سے مستثنیٰ قرار دے دیا۔ لہذا اب 31 دسمبر 2016 کے لئے آئی سی ایف آر کی افادیت پر تجزیہ رپورٹ بورڈ آڈٹ کمیٹی کے ذریعے جمع کرائی جائے گی۔

مینجمنٹ سمجھتی ہے کہ انٹرنل کنٹرول سسٹم اس وقت موزوں حالت میں موجود ہیں، ان پر بہت موثر طریقے سے عملدرآمد ہو رہا ہے اور ان کی مسلسل نگرانی کی جا رہی ہے۔ بورڈ آف ڈائریکٹرز بذریعہ ہذا اس بیان کی بھی توثیق کرتا ہے۔ مینجمنٹ کی بھرپور کوشش ہوگی کہ اپنی کوریج بہتر بنانے اور داخلی کنٹرولز پراسیجرز بینک کے رہنما اصولوں کی پاسداری کا سلسلہ جاری رکھا جائے اور یوں اپنے کنٹرول کے ماحول کو جاری بنیاد پر مستحکم بنایا جائے۔

کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک (Corporate and Financial Reporting Framework)

ڈائریکٹرز درج ذیل کے لئے سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو ڈ آف کارپوریٹ گورننس (Code of Corporate Governance) کے کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک کی پاسداری کی تصدیق کرتے ہیں:

مینجمنٹ کی طرف سے تیار کی گئی فنانشل سٹیٹمنٹس (Financial Statements) بینک کی صورت حال، اس کی سرگرمیوں کے نتائج، کیش فلو سٹیٹمنٹ (Cash Flow Statement) اور سٹیٹمنٹ آف چیینجز ان ایکویٹی (Statement of Changes in Equity) کو غیر جانبدارانہ انداز میں پیش کرتی ہیں۔

بینک کے ہی کھاتے (Book of Accounts) موزوں طور پر مرتب کئے گئے ہیں۔

اکاؤنٹنگ پالیسیاں جس طرح اکاؤنٹس پر دیئے گئے نوٹس میں بیان کی گئی ہیں، فنانشل سٹیٹمنٹس کی تیاری میں ان پر اسی طرح عمل کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ اندازوں پر مبنی ہیں۔

فنانشل سٹیٹمنٹس کی تیاری میں اکاؤنٹنگ کے بین الاقوامی معیارات پر اسی طرح عمل کیا گیا ہے جس طرح یہ پاکستان میں لاگو ہیں۔

داخلی کنٹرول کا نظام ڈیزائن کے اعتبار سے مستحکم ہے اور اس پر موثر طریقے سے عملدرآمد اور نگرانی کی گئی ہے۔

انسانی وسائل (Human Resources)

ہیومن ریسورسز (HR) ڈپارٹمنٹ نے اس امر کو یقینی بنانے کا تہیہ کر رکھا ہے کہ اعلیٰ کارکردگی دکھانے والی ہر طرح کی افرادی قوت کو بینک کی طرف مائل کیا جائے، انہیں بھرتی کیا جائے، ان کی صلاحیتوں کو بہتر بنایا جائے اور بینک کے ساتھ ان کی وابستگی برقرار رکھی جائے۔ 2016 میں ایچ آر ڈپارٹمنٹ نے متعدد نئے شعبوں کے ساتھ پاکستان بھر میں ان کی ٹیموں کی توسیع کے اعتبار سے ان کی ضروریات پوری کرنے کے لئے کام کیا۔

سال 2017 کے لئے ایچ آر ڈپارٹمنٹ کی نئی کاوش بینک کے عملہ کے لئے ایک تربیتی اکیڈمی کی تعمیر ہے جو نہ صرف ٹیم ارکان کی تربیتی ضروریات پر توجہ مرکوز کرے گی بلکہ تدریسی ڈھانچے تشکیل دے کر اس بات کو یقینی بنائے گی کہ بینک کا عملہ ضروری علم، مہارتوں اور صلاحیتوں سے لیس ہو۔

داخلی کنٹرولز پر بیان (Statement on Internal Controls)

اپنے آغاز سے ہی جے ایس بینک نے اپنے تمام آپریشنز میں کنٹرول کے کڑے انتظامات کرنے پر سب سے زیادہ زور دیا ہے۔ انڈسٹری کے بہترین مروجہ طریقوں، اخلاقی معیارات اور ریگولیٹری تقاضوں کی پاسداری بینک کی پالیسیوں میں کلیدی حیثیت رکھتی ہے۔ اسی سیاق و سباق میں بورڈ آف ڈائریکٹرز نے ایسی پالیسیاں نافذ کی ہیں جو مختلف شعبوں میں قابل قبول حد تک خطرات مول لینے کا اہتمام کرتی ہیں۔ اس کی روشنی میں سینئر مینجمنٹ نے موزوں مراحل کی نشاندہی کے بعد نگرانی اور خطرات کو کنٹرول کرنے کے لئے ضابطے کی ضروری کارروائیاں وضع کر دی ہیں۔ اسی بناء پر فعال بینکاری ماحول کے تقاضوں پر پورا اترنے کے لئے پالیسیوں، سسٹمز اور ضابطے کی کارروائیوں کا مدت وار جائزہ لیا جاتا ہے۔

سسٹمز اور ضابطے کی کارروائیوں کا مسلسل بنیاد پر ارتقاء یقینی بنانا سینئر مینجمنٹ کی ذمہ داری ہے جس کے ذریعے بورڈ آف ڈائریکٹرز کے رہنما اصولوں کی روشنی میں بحیثیت مجموعی جامع کنٹرولز کو یقینی بنایا جاتا ہے۔ ضابطے کی ان کارروائیوں کی کامیابی یقینی بنانے کے لئے مختلف کارروائیوں کے لوازمات ٹھیک سطح تک تقسیم کر دیئے گئے ہیں۔ کنٹرولز کا ایک اور جزو جس کی سختی سے پاسداری کی جاتی ہے، فرائض کی موثر انداز میں تفویض اور انہیں الگ الگ کرنا (Delegation and Segregation) ہے جس کے ساتھ چیک اینڈ بیلنس (Check & Balance) کے موزوں انتظامات کئے جاتے ہیں۔ عملہ کے تمام ارکان کی حوصلہ افزائی کی جاتی ہے کہ وہ ضابطے کی بہتر کارروائیاں وضع کرنے کے عمل میں حصہ لیں اور اس سلسلے میں اپنے خیالات پیش کریں۔ سسٹمز اور ضابطے کی کارروائیوں کے مسلسل جائزے سے ان میں اس طرح بہتری آتی ہے کہ کنٹرول میں پائی جانے والی کسی بھی ممکنہ کمی کو دور کیا جا سکے۔ بینک کی طرف سے تربیتی اکیڈمی کا قیام سسٹمز کو بہتر بنانے میں اہم کردار ادا کرے گا۔

داخلی کنٹرولز کا مقصد بینک کی سرگرمیوں کی موثر حیثیت اور فعال کارکردگی، مالیاتی معلومات کی قابل اعتبار حیثیت اور لاگو قوانین اور ضوابط کی پاسداری کے اعتبار سے ایک معقول حد تک ضمانت فراہم کرنا ہے۔ تاہم یہ امر تسلیم شدہ ہے کہ نافذ کئے گئے سسٹمز مادی غلط بیانی یا نقصان کے حوالے سے صرف معقول ضمانت فراہم کر سکتے ہیں، حتمی ضمانت نہیں چونکہ وہ کاروباری مقاصد کے حصول کی کوشش میں ہونے والے ناگہانی نقصان کے خطرے کے خاتمے کے لئے نہیں بلکہ اس سے نمٹنے کے لئے وضع کئے جاتے ہیں۔

داخلی آڈٹ (Internal Audit) کا ایک خود مختار اور موثر شعبہ کام کر رہا ہے جو داخلی کنٹرولز کی موثر حیثیت اور موزونیت کا جائزہ لیتا ہے اور مسلسل بنیاد پر پالیسیوں اور ضابطے کی کارروائیوں کی پاسداری کی نگرانی کرتا ہے۔ بورڈ آف ڈائریکٹرز کو بورڈ آڈٹ کمیٹی کے ذریعے پاسداری کی صورت حال کے بارے میں باقاعدگی سے آگاہ کیا جاتا ہے۔ ایک ترجیح کے طور پر مینجمنٹ انٹرنل اور ایکسٹرنل آڈیٹرز کی حاصل کی ہوئی تمام قابل ذکر اور مادی معلومات کو زیر غور لاتی ہے اور موزوں اصلاحی اقدامات پر عملدرآمد یقینی بنایا جاتا ہے۔ دہرائی کم سے کم

آپریشنز

آپریشنز ڈویژن تمام کاروباری یونٹوں کے پارٹنر کے طور پر کام کرتا ہے اور اس کی توجہ برانچوں اور دیگر سنٹرلائزڈ (Centralized) شعبوں میں بلا روک ٹوک خدمات فراہم کرتے ہوئے بھرپور معاونت اور آپریشنل اعتبار سے شاندار کارکردگی یقینی بنانے پر مرکوز ہے تاکہ کسٹمرز کو کنٹرولز (Controls) پر کوئی سمجھوتہ کئے بغیر شاندار خدمات فراہم کی جاسکیں۔ شاندار معیار کی خدمات یقینی بنانے کے لئے بینک کی توجہ پالیسیوں اور ضابطے کی کارروائیوں کے مسلسل بنیاد پر جائزے اور انہیں اپ ڈیٹ کرنے، سروس لیول ایگریمنٹ (Service Level Agreements - SLA) طے کرنے اور ٹرن اراؤنڈ ٹائم (Turnaround Time - TAT) کی پیمائش پر مرکوز ہے۔ آپریشنز ڈیپارٹمنٹ ضابطے کی کارروائیوں میں مسلسل بہتری اور عمل (Process) کی تشکیل نو کے ذریعے ضابطے کی کارروائیوں کو فعال بنانے، سسٹم آٹومیشن (System Automation) اور متعلقہ شعبوں کی استعداد بہتر بنانے کی جانب بڑھ رہا ہے تاکہ بینک کے تیزی سے بڑھتے حجم کے تقاضوں کو پورا کیا جاسکے۔

آپریشنل کنٹرولز (Operational Controls) اور ٹیکنالوجی میں بہتری کے ذریعے کارکردگی کو مستحکم بنانے پر مینجمنٹ کے وژن کو عملی جامہ پہنانے میں مزید مدد دینے کے لئے ایک سنٹرلائزڈ پراجیکٹ مینجمنٹ آفس قائم کیا جا رہا ہے تاکہ بینک کے مختلف شعبوں میں پراجیکٹ پر عملدرآمد کو مرکزی دھارے میں لایا جاسکے اور اس کا انتظام چلایا جاسکے۔

انفارمیشن ٹیکنالوجی

اپنے بنیادی بینکاری نظام کو کامیابی کے ساتھ اپ گریڈ کرنے کے بعد بینک مصنوعات میں جدت، منافع بخش حیثیت اور فعال کارکردگی کو مزید آگے بڑھانے کے لئے ایک 'بزنس انٹیلی جنس پروگرام' (Business Intelligence Program) پر کام کر رہا ہے۔

آپریشنل کارکردگی کو بہتر بنانے اور غلطیاں کم کرنے کے لئے ڈیٹا سنٹر آپریشنز کی آٹومیشن کردی گئی ہے۔ آزمائشی منصوبے کے کامیاب اجراء کے بعد ہماری 'برانچ لیس بینکنگ پراڈکٹ' (Branchless Banking Product) نے کام شروع کر دیا ہے جس کے ساتھ ایجنٹوں کا ایک وسیع نیٹ ورک لاقاعدہ مالیاتی خدمات فراہم کر رہا ہے۔ بے ایس بینک پاکستان کا پہلا بینک ہے جس نے اپنی ایک بین الاقوامی برانچ کو بنیادی بینکاری کے T24 سسٹم کا حصہ بنا لیا ہے۔

آپریشنل شعبے میں دھوکہ دہی کے خطرات پر قابو پانے کے لئے بینک نے کاؤنٹر سروسز کے لئے توثیق کی سہولت (Endorsement Solution) متعارف کرا دی ہے۔ بینک نے اکاؤنٹ کھولنے کی تمام تر کارروائی کے لئے نادرا کے ذریعے بائیومیٹرک تصدیق، ایس ٹی پی ماڈل پر آر ٹی جی ایس ریل ٹائم انٹیگریشن (RTGS Real Time Integration) اور ساہرہ خطرات سے نمٹنے اور کسٹمرز کے لئے محفوظ انٹرنیٹ بینکنگ یقینی بنانے کے لئے انٹرنیٹ بینکنگ سیورٹی فریم ورک کی تشکیل کے ذریعے ریگولیٹری تقاضے بروقت پورے کر لئے ہیں۔

بینک نے ورچولائزڈ کمپیوٹنگ پلیٹ فارم (Virtualized Computing Platform) پر 50 سے زائد سافٹ ویئر ایپلیکیشنز کو بھی حتمی شکل دے دی ہے جس سے بجلی کی بچت اور کاربن کے استعمال میں کمی ممکن ہوئی ہے۔ کسی بھی ہنگامی صورتحال میں کسٹمرز کو رواں اور بلا تعلق بینکاری خدمات کی فراہمی یقینی بنانے کے لئے بینک نے ڈزاسٹر ریکوری آپریشنز (Disaster Recovery Operations) کو نئی جگہ پر منتقل کر دیا ہے جہاں بنیادی ڈھانچے اور سیورٹی کی جدید سہولیات موجود ہیں۔

بینک نے ڈیجیٹائزیشن (Digitization) پروگرام کا بھی آغاز کر دیا ہے جس میں بنیادی کاروباری اور بینک کے اندر آپریشنل سرگرمیوں کی آٹومیشن پر زور دیا جا رہا ہے۔ بنیادی سرگرمیوں کی ڈیجیٹل آٹومیشن سے کسٹمر سروسز کی فراہمی کے دورانیہ اور آپریشنل اخراجات میں کمی آئے گی۔

(Market Analytics) اور ایٹ اینڈ لائبلٹی مینجمنٹ (Asset & Liability Management) کے تجزیہ کی صلاحیتیں حاصل کرنے کے لئے ایمینوز انسائٹ رسک انٹیلی جنس سلوشنز (Temenos Insight Risk Intelligence Solutions) کی فراہمی کا منصوبہ زیر عمل ہے۔

آپریٹنگ رسک مینجمنٹ کے میدان میں بینک کے تمام شعبے ایک باقاعدہ ڈھانچے پر مبنی، یکساں لائحہ عمل کے تحت کام کرتے ہیں۔ اس میں خطرات کی نشاندہی اور تجزیہ، خطرات کے بنیادی اشاریوں کی نگرانی اور بنیادی آپریٹنگ خطرات پر قابو پانے کے لئے ذاتی تجزیہ کی سرگرمیاں شامل ہیں۔ آپریٹنگ خطرات کی نگرانی کا ایک بھرپور نظام وضع کرنے کے لئے آپریٹنگ رسک مینجمنٹ کمیٹی (ORMC) کے اجلاس باقاعدگی کے ساتھ منعقد ہوتے ہیں اور آپریٹنگ خطرات کا موثر طریقے سے ازالہ کیا جاتا ہے۔

انفارمیشن سکیورٹی کے حوالے سے تجربہ کار افراد کی سربراہی میں قائم انفارمیشن سکیورٹی اینڈ آئی ٹی رسک مینجمنٹ یونٹ (Information Security & Risk Management Unit) آپریٹنگ رسک مینجمنٹ کے فرائض انجام دیتا ہے اور خطرات کی نشاندہی، تجزیہ اور آئی ٹی اور انفارمیشن سکیورٹی سے متعلق خطرات کی نگرانی میں بینک کو مدد دیتا ہے۔

آپریٹنگ رسک مینجمنٹ کا شعبہ کاروباری تسلسل کی پالیسی پر بھی کام کرتا ہے اور مشن کے حوالے سے ناگزیر ان سسٹمز کی سالانہ ٹیسٹنگ میں مدد دیتا ہے جو کسی ناگہانی صورتحال کے باعث معطل ہو سکتے ہیں۔

کریڈٹ رسک مینجمنٹ ایک مسلسل عمل ہے۔ مجموعی کریڈٹ پالیسی اور کریڈٹ رسک مینجمنٹ کے رہنما اصول بورڈ آف ڈائریکٹرز کی طرف سے جاری کئے جاتے ہیں۔ اس سلسلے میں سنٹرل کریڈٹ کمیٹی (CCC) کو بینک میں کریڈٹ رسک کی نگرانی کی ذمہ داری سونپی گئی ہے۔ سی سی سی کے اجلاس باقاعدگی سے منعقد کئے جاتے ہیں جن کے ذریعے یہ قرضوں کے پورٹ فولیو کے کریڈٹ رسک کی فعال طریقے سے نگرانی کرتی ہے۔ کریڈٹ پورٹ فولیو کی صحت مندانہ افزائش برقرار رکھنے کے لئے کریڈٹ رسک مینجمنٹ کو موافق انداز میں اپ گریڈ کیا جاتا ہے اور مستقبل کے چیلنجوں سے نمٹنے کے لئے بہتر بنایا جاتا ہے۔ مزید برآں، کریڈٹ رسک مینجمنٹ کی نگرانی کی سرگرمیوں میں مدد دینے کے لئے کریڈٹ رسک مانیٹرنگ یونٹ کام کر رہا ہے جو باقاعدگی سے پورٹ فولیو کی نگرانی، کریڈٹ رسک مینجمنٹ کے طریقوں کی تشکیل اور عملدرآمد کا کام کرتا ہے جس میں انڈسٹری، جغرافیائی و شعبہ جاتی حدود کا تعین، اور اسٹیٹ بینک اور ایف بی آئی کے تقاضوں کو پورا کرنے کے لئے کریڈٹ رسک کو انٹیگرایٹڈ (Credit Risk Quantification) / شمار یاتی طریقے وضع کرنا شامل ہے۔

کیپیٹل مینجمنٹ کے حوالے سے بینک نے سرمایے کی موزونیت کا تناسب (CAR) طے شدہ ریگولیٹری معیار سے کہیں بہتر رکھا ہوا ہے۔ بینک کی طرف سے اپنائے گئے طریقے اس امر کو یقینی بناتے ہیں کہ اس کے پاس اپنی سرگرمیوں سے جڑے خطرات سے نمٹنے کے لئے خاطر خواہ سرمایہ موجود رہے۔ بینک کی کیپیٹل مینجمنٹ کا اولین مقصد اس امر کو یقینی بنانا ہے کہ بینک سرمائے سے متعلق تمام ریگولیٹری تقاضوں کی پاسداری کرے اور اس کے ساتھ ساتھ مضبوط کریڈٹ ریٹنگ اور سرمایے کا صحت مندانہ تناسب برقرار رہے تاکہ کاروباری سرگرمیوں مدد ملے اور حصص داران کو زیادہ سے زیادہ فائدہ پہنچے۔

رسک مینجمنٹ کی سرگرمیاں بینک کی تمام تر سرگرمیوں میں سر فہرست آتی ہیں جو اپنا کاروبار قوانین اور ریگولیٹری تقاضوں کے مطابق دانشمند انداز میں کرنے کو اولین ترجیح دیتا ہے۔ اسی بناء پر کریڈٹ اینڈ رسک مینجمنٹ گروپ رسک مینجمنٹ سے متعلق ریگولیٹری تقاضوں کی پاسداری یقینی بنانے میں کلیدی کردار ادا کرتا ہے جو بینک کے تمام تر مقاصد کا بنیادی جزو ہے۔

رسک مینجمنٹ (Risk Management)

بورڈ نے رسک مینجمنٹ کے بہترین طریقوں کو صحیح معنوں میں اپنانے کا تہیہ کر رکھا ہے۔ رسک مینجمنٹ کے موثر طریقوں پر عمل کرنے کے لئے بینک نے اسٹیٹ بینک کی ریگولیٹری ہدایات اور بیسل III / II (Basel) فریم ورک پر مبنی دیگر متعلقہ رہنما اصولوں کے عین مطابق ایک موزوں رسک مینجمنٹ فریم ورک وضع کیا ہے۔ اس سلسلے میں بینک نے رسک مینجمنٹ کی جامع پالیسیاں، مروجہ طریقے اور ضابطے کی کارروائیاں تشکیل دی ہیں جن کی بدولت بینک کریڈٹ، مارکیٹ، لیکویڈیٹی (Liquidity) اور آئی ٹی سکیورٹی سمیت ہر طرح کے شعبوں میں درپیش بڑے خطرات سے موزوں انداز میں نمٹ سکتا ہے۔

رسک مینجمنٹ کے تمام تر فریم ورک کی نگرانی بورڈ آف ڈائریکٹرز (BoD) / بورڈ رسک مینجمنٹ کمیٹی (BRMC) کے سپرد ہے جبکہ آپریشنل سطح پر روزمرہ امور بینک کی سینئر مینجمنٹ انجام دیتی ہے۔ رسک مینجمنٹ کے لئے کئی سوچ پر مبنی مربوط لائحہ عمل تیار کرنے کے لئے ایک مخصوص اور خود مختار شعبہ 'کریڈٹ اینڈ رسک مینجمنٹ گروپ' (Credit & Risk Management Group) قائم کیا گیا ہے جس میں ہر طرح کے شعبوں میں تجربہ رکھنے والے پروفیشنل خدمات انجام دے رہے ہیں جو بینک میں رسک مینجمنٹ کے مختلف پہلوؤں پر کام کرتے ہیں۔ بینک کے اندر رسک مینجمنٹ کے لائحہ عمل کو باضابطہ اور مستحکم شکل دینے کے لئے بورڈ نے درج ذیل قابل ذکر پالیسیاں تیار کیں / ان کا جائزہ لیا اور ان کی منظوری دی:

کریڈٹ پالیسی (Credit Policy)

کولیرل مینجمنٹ پالیسی (Collateral Management Policy)

مارکیٹ رسک مینجمنٹ پالیسی (Market Risk Management Policy)

آپریشنل رسک مینجمنٹ فریم ورک (Operational Risk Management Framework)

لیکویڈیٹی رسک مینجمنٹ پالیسی (Liquidity Risk Management Policy)

بزنس کانٹینیوٹی پالیسی (Business Continuity Policy)

بی آر ایم سی بینک کی تمام تر رسک پروفائل پر نظر رکھتی ہے۔ مینجمنٹ کی انٹیگریٹڈ رسک مینجمنٹ کمیٹی (Integrated Risk Management Committee - IRMC) اور ایسیٹس اینڈ لیاہیلٹی کمیٹی (Assets & Liabilities Committee - ALCO) ایک طے شدہ فریم ورک کے تحت کام کرتے ہوئے بینک کی سرگرمیوں کی نگرانی کرتی ہے اور خطرات کو ایک طے شدہ حد کے اندر رکھتی ہے۔ اس کے اجلاس باقاعدگی کے ساتھ منعقد ہوتے ہیں جن میں مارکیٹ کی صورتحال اور بینک کو درپیش مالی خطرات کی سطح کا جائزہ لیا جاتا ہے۔

مارکیٹ کی رسک مینجمنٹ، نگرانی اور مینجمنٹ رپورٹنگ باقاعدگی کے ساتھ کی جاتی ہے۔ مارکیٹ رسک یونٹ، ٹریڈری ڈل آفس کی مدد سے شرح سود کے خطرات، ایکویٹی سے متعلق خطرات، کرنسی یازر مبادلہ کے خطرات، سرحد پار یا ملک کے اندر خطرات، مالیاتی اداروں سے متعلق خطرات اور لیکویڈیٹی خطرات کی شکل میں ہر طرح کے مالی خطرات کی روزانہ بنیاد پر نگرانی کا کام کرتا ہے۔ بینک اپنے سسٹم کی استعداد بہتر بنانے پر کام کر رہا ہے اور آئندہ سالوں میں ریگولیٹری کیپیٹل (Regulatory Capital)، مارکیٹ اینالیٹکس

برانڈ مینجمنٹ اور مارکیٹنگ (Brand Management and Marketing)

تمام بنیادی اور معاون کاروباری سرگرمیوں میں افزائش کا سلسلہ برقرار رکھنے کے لئے بینک کے تمام شعبوں میں سیلز پروموشن (Sales Promotion) کے جامع پروگرام متعارف کرائے گئے ہیں جن کے تحت تمام تر کاروباری سرگرمیوں میں کاروباری افزائش کے اعتبار سے عمدہ کارکردگی دکھانے والوں کو مراعات دی جاتی ہیں۔ برانڈنگ اور کمیونیکیشنز (Branding & Communications) کے حوالے سے زیادہ زور ریڈیو ایڈورٹائزنگ، سیلز پروموشن اور بینک کے بڑھتے ہوئے نیٹ ورک کو بروئے کار لاتے ہوئے مقامی سطح پر مارکیٹنگ پر دیا گیا۔

اس سال کی قابل ذکر بات کارپوریٹ اشتہاری مہم کا اجراء ہے جس میں "بڑھنا ہے آگے" کے مرکزی پیغام کے تحت بینک کا پہلا ٹی وی کمرشل بھی شامل تھا۔ موجودہ کسٹمرز نے اس مہم کا شاندار انداز میں خیر مقدم کیا اور اس سے ہمیں نئے کسٹمرز کو اپنا برانڈ متعارف کرانے میں بھی مدد ملی۔ جے ایس بینک نے ریڈیو ایڈورٹائزنگ کی مہم، ملک بھر میں مقامی سطح کی مارکیٹنگ سرگرمیاں بھی جاری رکھیں اور مختلف سیلز پروموشنز متعارف کرائیں۔

سروس مینجمنٹ اور کسٹمرز کے ساتھ عمدہ برتاؤ (Fair Treatment)

جے ایس بینک نے اپنے کسٹمرز کو انتہائی اعلیٰ معیار کی تسلی بخش خدمات فراہم کرنے کا تہیہ کر رکھا ہے۔ اسی سلسلے میں سروس مینجمنٹ کا ایک خود مختار شعبہ قائم کیا گیا ہے جو خدمات کے معیار، مسائل کے حل اور کسٹمرز کے ساتھ عمدہ برتاؤ کی نگرانی کرتا ہے۔

2016 میں بینک کو کل 9,272 شکایات موصول ہوئیں اور ان شکایات کو دور کرنے پر لگنے والا وقت اوسطاً 4 دن رہا۔ بینک کی شکایات نمٹانے کی پالیسی (Complaint Handling Policy) اور شکایات کے ازالہ کا نظام (Grievance Redressal Mechanism) اس بات کو یقینی بناتے ہیں کہ شکایات بروقت انداز میں دور ہوں اور جہاں کہیں ممکن ہو دوبارہ یہ شکایات سامنے نہ آئیں۔ کسٹمرز کو یہ اختیار بھی دیا جاتا ہے کہ وہ اپنی شکایات بینک کی برانچوں، فون بینکنگ سنٹر، جے ایس بینک کی ویب سائٹ یا ای میل کے ذریعے درج کرائیں۔ اس کارروائی کے تحت شکایت درج کی جاتی ہے، اس کی رسید (Acknowledgement) دی جاتی ہے، جہاں ممکن ہو عبوری جواب دیا جاتا ہے، شکایت کو دور کیا جاتا ہے اور اس کے اسباب کا تجزیہ کیا جاتا ہے۔ بینک میں ایک 'سروس کوالٹی کونسل' (SQC) موجود ہے جو کسٹمر سروس کے معاملات میں قائمہ کمیٹی (Standing Committee) کے طور پر کام کرتی ہے۔ ایس کیوسی کے سربراہ بینک کے صدر و چیف ایگزیکٹو آفیسر ہیں اور اس کمیٹی کے ارکان میں سینئر مینجمنٹ کے ارکان شامل ہیں۔ ایس کیوسی خدمات کی سطح، شکایات کی رپورٹوں اور اقدامات کا جائزہ لیتی ہے اور خدمات کی سطح بہتر بنانے اور کسٹمرز کا مکمل اطمینان یقینی بنانے کے لئے ضابطے کی کارروائیوں (Procedures) کو سادہ بنانے پر توجہ دیتی ہے۔

کسٹمرز کے ساتھ عمدہ برتاؤ جے ایس بینک کی کاروباری سوچ کا لازمی جزو ہے۔ اس سلسلے میں بینک عملہ کو موزوں تربیت فراہم کی جاتی ہے۔ کسٹمرز کو یہ اختیار بھی دیا جاتا ہے کہ اگر وہ بینک کے جوابی اقدام پر مطمئن نہ ہوں تو بینکنگ محتسب کے دفتر سے رابطہ کر سکتے ہیں۔ بینک اپنی خدمات و مصنوعات کی تیاری و فراہمی میں ہمیشہ کسٹمرز کے فائدے اور افادیت کو پیش نظر رکھتا ہے۔

مالیاتی ادارے

جے ایس بینک نے دنیا بھر میں اپنے نمائندہ بینکوں کے پینل میں توسیع کا سلسلہ جاری رکھا جو اب 90 سے زائد ممالک میں کسٹمرز کو خدمات فراہم کرنے والے 347 پوائنٹس تک پہنچ چکا ہے۔ اس وسیع نیٹ ورک کی بدولت بینک اپنے کسٹمرز کو کئی طرح کی ٹریڈ فنانس اور ترسیل زر کی خدمات فراہم کر رہا ہے جو در آمد کنندگان اور برآمد کنندگان دونوں کی ضروریات کے عین مطابق ہیں۔

سٹرکچرڈ فنانس (Structured Finance)

2016 کے دوران بینک نے ایک پرائیویٹ ایکویٹی فنڈ "پاکستان کیٹالسٹ فنڈون" (Pakistan Catalyst Fund I) (جس کا پرنسپل سرمایہ کاریو ایس ایڈ ہے) کے ساتھ اشتراک عمل اختیار کیا جس کا مقصد پرائیویٹ ایکویٹی کے ذریعے طویل مدتی اعتبار سے سرمایہ کی قدر و قیمت میں اضافہ کے لئے سرمایہ کاری، پبلک ایکویٹی میں نجی سرمایہ کاری، قابل انتقال قرضوں (Convertible Loans) اور پاکستان میں کام کرنے والے ایس ایم ایز میں کو ایسی ایکویٹی (Quasi-Equity) طرز کی سرمایہ کاری ہے۔ بینک نے آئندہ پانچ سالہ مدت میں فنڈ کی طرف سے 2.7 ارب پاکستانی روپے (26 ملین امریکی ڈالر کے مساوی) کی سرمایہ کاری کے متوازی 2.5 ارب پاکستانی روپے سے زائد رقم سرمایہ کاری کے لئے مختص کی ہے۔

بیرون ملک سرگرمیاں

2016 کے آغاز پر جے ایس بینک کی پہلی بین الاقوامی (ہول سیل) بینکنگ برانچ نے بحرین میں اپنا کام شروع کیا۔ اس برانچ میں مشرق وسطیٰ کے کسٹمرز کی ضروریات سے ہم آہنگ کاروباری اداروں کے لئے کئی طرح کی بینکاری خدمات فراہم کی جا رہی ہیں۔ بحرین برانچ نے اپنے پہلے سال میں ہی منافع بخش حیثیت حاصل کر لی ہے۔

نجی اور ہول سیل بینکاری

نجی بینکاری کا باضابطہ آغاز 2016 میں کراچی میں نجی بینکاری کے لئے مخصوص ایک برانچ کے ذریعے کیا گیا۔ اسی طرح کی ایک برانچ 2017 کی پہلی سہ ماہی میں لاہور میں کھولنے کا منصوبہ زیر عمل ہے۔ یہ برانچیں اعلیٰ قدر کے حامل افراد (High Net-Worth Individuals - HNWI) اور ان کے کاروباری اداروں کو ہر طرح کی (-360 Degree) بینکاری خدمات فراہم کرتی ہیں۔ ہول سیل بینکاری جو بڑے کاروباری اداروں کی ضروریات کو پورا کرتی ہے، کی بدولت پاکستان کے پہلے میٹروپولیٹن پراجیکٹ پر سرمایہ کاری میں شراکت کی گئی۔

کنزیومر فنانس (Consumer Finance)

2016 میں جے ایس بینک نے اپنے موجودہ برانچ نیٹ ورک کے علاوہ ایک ڈائریکٹ سیلز فورس کے ذریعے نئے کسٹمرز کے لئے کنزیومر فنانس کی خدمات کا اجراء کیا۔

2017 میں ڈائریکٹ سیلز کے ساتھ ساتھ برانچ نیٹ ورک کے ذریعے مزید کنزیومر خدمات کا اجراء ہمارے منصوبے میں شامل ہے۔

بیرون ملک سے ترسیل زر پاکستان ریمیٹنس انیشیٹیو (PRD) (Home Remittances & Pakistan Remittance Initiative – PRD)

جے ایس بینک بیرون ملک سے ترسیل زر کی خدمات فراہم کرنے والے ایک بڑے ادارے کے طور پر سامنے آ رہا ہے۔ اسٹیٹ بینک کے پی آر آئی پروگرام میں شامل پرائمری بینک کی حیثیت سے بینک جدید ٹیکنالوجی سے کام کرنے والی ایسی خدمات فراہم کرنے میں پیش پیش ہے جو تیز، قابل اعتبار اور محفوظ لین دین کی بدولت رقوم بھیجنے والوں اور وصول کرنے والوں، دونوں کے لئے فائدہ مند ہیں۔

لیزنگ بزنس (Leasing Business)

جے ایس بینک نے اپنے لیزنگ بزنس کو توسیع دی ہے جس میں کمرشل گاڑیوں اور کارپوریٹ لیزنگ (Corporate Leasing) پر زیادہ توجہ دی جا رہی ہے۔ بینک چھوٹے اور درمیانے درجے کی کمپنیوں کی ضروریات پوری کرنے کے لئے ہر طرح کی مصنوعات اور خدمات فراہم کر رہا ہے۔

ٹریڈ فنانس (Trade Finance)

ایک اور شعبہ جس میں شاندار مواقع موجود ہیں اور اس سال کے دوران منافع بخش افزائش ہوئی، ٹریڈ فنانس کا شعبہ ہے جس میں بینک کا تجارتی حجم 2016 میں 221.5 ارب پاکستانی روپے رہا جو 2015 کے مقابلے میں 48.5 فیصد اضافہ ظاہر کرتا ہے۔

ٹریژری (Treasury)

جے ایس بینک نے قرضے کی پرائمری اور سیکنڈری مارکیٹوں میں اپنے قائدانہ کردار کو مستحکم بنانے کا سلسلہ جاری رکھا اور اس کا شمار چوٹی کے پانچ بینکوں میں ہوتا ہے۔ کسٹمرز کی تعداد اور کسٹمرز کے حجم میں بالترتیب 15 فیصد اور 12 فیصد افزائش ہوئی۔ ٹریژری پورٹ فولیو میں اس مقصد کے تحت مختلف نئی کرنسیوں میں لین دین کا اضافہ کیا گیا کہ مستقبل میں Authorized Derivatives Dealer لائسنس کے لئے درخواست دی جاسکے۔

سرمایہ کاری بینکنگ (Investment Banking)

پاکستان کی کمیٹیٹل مارکیٹوں میں جے ایس بینک کے کردار کا اعتراف ساؤتھ ایشین فاؤنڈیشن آف ایکسچینج اور پاکستان سٹاک ایکسچینج (پی ایس ایکس) کی جانب سے "پاکستان آئی پی او سمٹ (Pakistan IPO Summit) - 2016" میں کیا گیا جہاں بینک کو "ٹاپ ڈیٹ کمیٹیٹل مارکیٹ ڈویلپمنٹ ایوارڈ (Top Debt Capital Market Development Award) - 2015" سے نوازا گیا۔ بینک کو یہ ایوارڈ اوٹی سی میں اندراج یافتہ ایسے تمام لین دین کا مشورہ دینے اور اہتمام کرنے پر دیا گیا جو 2015 تک پاکستان سٹاک ایکسچینج میں اندراج یافتہ تھے۔

سال کے دوران سرمایہ کاری بینکنگ کی ٹیم نے کمیٹیٹل مارکیٹ کی 6 ٹرانزیکشنز (Transactions) مکمل کیں جن میں ایک مائیکرو فنانس بینک کے لئے سب سے بڑا ٹی ایف سی ایٹو (TFC Issue)، پاکستان کی پہلی AAA ریٹڈ کارپوریٹ سکوک (Corporate Sukuk) اور جے ایس بینک کا پہلا ماتحت ٹی ایف سی (Sub-ordinated TFC) شامل ہیں۔ بینک نے تیل و گیس، بلک پورٹ ٹرمینل (Bulk Port Terminal)، مائیکرو فنانس اور ادویہ سازی کے شعبوں کے لئے سٹریکیٹ کے تحت سہولیات کے مشورہ اور اہتمام کے نئے پراجیکٹس میں بھی معاونت فراہم کی۔

ڈپازٹس میں اضافہ کے علاوہ ڈپازٹ مکس (Deposit Mix) میں کم لاگت والے CASA کی جانب منتقلی سے بے ایس بینک کے فنڈز کی لاگت کم کرنے میں مدد ملی جس کی بدولت گزشتہ چند سالوں کے دوران اسٹیٹ بینک کی جانب سے پالیسی ریٹ میں ردوبدل کے نتیجے میں مارجن (Margin) میں آنے والی کمی کے اثرات پر قابو پانے میں مدد ملی۔

ایڈوانسز

ایٹاٹوں کے اعتبار سے دیکھا جائے تو ایڈوانسز اور فیس کی بڑھتی آمدنی میں دانشمندانہ توسیع پر زیادہ توجہ دی گئی۔

2016 میں بے ایس بینک نے ایٹاٹوں میں انفرانٹس کی ایک مضبوط بنیاد فراہم کرنے کے لئے 'بے ایس گھراپنا ہوم لون اسکیم متعارف کرائی۔ مزید برآں، بینک نے بے ایس کارآمد لوز اور بے ایس بینک کریڈٹ کارڈز کے ذریعے اپنے کسٹمر پورٹ فولیو (Portfolio) کو دانشمندانہ انداز میں بڑھایا۔ بینک نے بے ایس گولڈ فنانس کے پورٹ فولیو کو مزید بڑھانے پر بھی کام جاری رکھا اور بے ایس زرخیز گولڈ فنانس کے تحت زرعی قرضوں پر بھی یہ سہولت فراہم کر دی۔

بے ایس بینک نے اپنی اعلیٰ معیار کی مصنوعات کی بدولت اسٹیٹ بینک کی طرف سے دیئے گئے زرعی قرضوں کے اہداف سے تجاوز کر لیا۔ ایس ایم ای کے میدان میں بینک قدم مضبوط بنانے کے لئے پرائم منسٹر یوتھ بزنس لوز فار ایس ایم ای (Prime Minister's Youth Business Loans for SMEs) اور یو ایس ایڈ لوز پورٹ فولیو گارنٹیز فار کلین انرجی (USAID's Loan Portfolio Guarantees for Clean Energy) کا اجراء کیا گیا۔

برانچ نیٹ ورک

بے ایس بینک نے کسٹمرز کی رسائی اور آسانی بہتر بنانے کے لئے پاکستان بھر میں اپنے برانچ نیٹ ورک میں توسیع کا سلسلہ جاری رکھا۔ 2016 میں 30 نئی برانچوں کے ساتھ پاکستان بھر کے 152 شہروں میں برانچوں کی تعداد 307 تک پہنچ گئی اور بحرین میں ایک بین الاقوامی برانچ بھی قائم کی گئی۔

خدمات کی فراہمی کے متبادل طریقے (Alternative Delivery Channels – ADC)

2016 کے اختتام پر پاکستان بھر میں بے ایس بینک کی ای ایم ٹی کی تعداد 290 تک پہنچ چکی تھی۔ بینک نے پورا سال چپ سے کام کرنے والے ای ایم وی کارڈز (EMV Chip Based Cards) کے پورٹ فولیو کو مزید وسعت دینے کا سلسلہ جاری رکھا اور ای ایم وی کا 100 فیصد اجراء مکمل کر لیا۔ بینک نے پاکستان بھر کے متعدد شہروں میں 200 سے زائد پارٹنر لوکیشنز پر اپنے کارڈ ہولڈرز کے لئے "ورلڈ آف پریولجز" (World of Privileges) کے نام سے رعایتی پروگرام کی سہولیات بھی فراہم کر دی ہیں۔

بینک نے مختلف اداروں کی صورت میں اپنے کسٹمرز (Institutional Customers) کے لئے کیش مینجمنٹ کی سہولیات کو بھی بہتر بنایا ہے اور آن لائن کیش مینجمنٹ پورٹل کے ذریعے انہیں ہر طرح کی کاروباری ادائیگیوں اور وصولیوں کی خدمات فراہم کی جا رہی ہیں۔

بینکاشورنس اور بینکاکافل (Bancassurance & BancaTakaful)

بے ایس بینک نے ویلتھ مینجمنٹ کی سہولیات (Wealth Management Solutions) بڑھانے کا سلسلہ جاری رکھا ہے۔ بینکاشورنس کے کاروبار کے تحت پریمیم کی مد میں 229 ملین پاکستانی روپے کی وصولی کی گئی۔

فی حصص آمدنی (Earnings per Share – EPS)

31 دسمبر 2016 کو ختم ہونے والے سال کے لئے فی حصص آمدنی 1.77 پاکستانی روپے رہی جو 2015 کے لئے 1.74 پاکستانی روپے کی فی حصص آمدنی کے مقابلے میں 1.7 فیصد اضافہ ظاہر کرتی ہے۔

سرمائے کی موزونیت (Capital Adequacy)

31 دسمبر 2016 کو جے ایس بینک کے سرمایے کی موزونیت کا تناسب (CAR) 14.05 فیصد تھا جو 2015 میں 12.5 فیصد رہا تھا۔ اسٹیٹ بینک کی طرف سے اس سلسلے میں طے کیا گیا کم سے کم تناسب (بشمول Capital Conservation Buffer) 10.65 فیصد ہے۔ سرمایے کی موزونیت کے تناسب میں یہ بہتری بینک کی جانب سے اپنے اثاثوں کے رسک پروفائل (Risk Profile) کی کڑی نگرانی اور عمدہ مینجمنٹ کے علاوہ آمدنی کو برقرار رکھنے ہوئے اور Tier-II کے سرمایہ کے اجراء کے ذریعے ایکوٹی میں اضافہ کی بدولت ممکن ہوئی۔

بزنس کا جائزہ

ڈپازٹس، اثاثوں، خدمات کی فراہمی کے متبادل طریقوں (Alternative Delivery Channels - ADC)، بینک اشورنس (Bancassurance)، اور بیرون ملک سے تزیل زر کے اعتبار سے مارکیٹ میں جے ایس بینک کا حصہ مسلسل بڑھ رہا ہے۔ 2016 کے دوران بینک کے ڈپازٹس اور اثاثوں میں افزائش آغاز سے اب تک سب سے زیادہ رہی۔ بینک کا برانچ نیٹ ورک 152 شہروں میں 307 برانچز تک پھیل گیا۔

افزائش کے لئے جے ایس بینک کی حکمت عملی ان اصولوں پر مبنی ہے کہ کسٹمر کی ضروریات بہتر انداز میں پوری کرنے کے لئے جدت آمیز مصنوعات متعارف کرائی جائیں، اپنی برانچز اور خدمات کی فراہمی کے متبادل طریقوں میں اضافہ کرتے ہوئے کسٹمرز کی رسائی بہتر بنائی جائے، خدمات کے معیار کو مستحکم بنایا جائے اور یوں کسٹمرز کے لئے اطمینان بخش بینکاری خدمات یقینی بنائی جائیں۔ خدمات کی فراہمی اور مصنوعات کے شعبے کو مستحکم بنانے کے لئے بینک نے متعدد نئے اقدامات کئے ہیں جن میں جے ایس الیٹ (JS Elite) اور الیٹ پلس ایپیلٹی بیکنگ اکاؤنٹس (JS Employee Banking Accounts)، جے ایس پلاٹینم بزنس اکاؤنٹ (JS Platinum Business Account)، جے ایس پریمیم کرنٹ اکاؤنٹ (JS Premium Current Account)، فارن کرنسی پلس سیونگس اکاؤنٹ (Foreign Currency Plus Savings Account) اور جے ایس گھر اپنا ہوم لوز (JS 'ApnaGhar' Home Loans) شامل ہیں۔ مزید برآں، ہر طرح کے کسٹمرز کی ضروریات پوری کرنے کے لئے کئی مصنوعات کو بہتر بنایا گیا ہے جن میں جے ایس موبائل بینکنگ، کیش مینجمنٹ کی خدمات، ای ایم وی ڈی بیٹ اینڈ کریڈٹ کارڈز، پرائم منسٹرز بزنس لوز اور زرخیز انگریجنگ کریڈٹ شامل ہیں۔

ڈپازٹس

جے ایس بینک کی توجہ بنیادی ڈپازٹس کو بروئے کار لانے (Core Deposit Mobilization) پر مرکوز رہی ہے جس میں کم لاگت والے ڈپازٹس میں اضافہ پر بالخصوص توجہ دی گئی ہے۔ 2016 کے خاتمہ پر بینک کے ڈپازٹس 226,099 ملین پاکستانی روپے رہے جو گزشتہ سال کے مقابلے میں 59 فیصد اضافہ ظاہر کرتے ہیں۔

ملین پاکستانی روپے						
2011	2012	2013	2014	2015	2016	تفصیل
41,487	62,544	80,916	108,740	141,840	226,099	ڈپازٹس
53,921	81,570	112,770	176,717	218,476	264,700	کل اثاثے
22,650	46,259	42,679	84,258	116,030	133,727	سرمایہ کاری - نقد (Net)
18,019	20,055	33,762	62,433	76,666	93,794	ایڈوانسز - نقد
4,312	6,023	6,850	11,113	15,328	15,081	مارک اپ کی خام آمدنی (Gross Markup Income)
1,729	2,265	2,325	3,854	5,590	5,728	مارک اپ کی نقد آمدنی (Net Markup Income)
762	1,806	1,678	2,590	3,290	4,861	مارک اپ کے علاوہ دیگر آمدنی (Non-Markup Income)
536	980	501	1,608	3,174	3,390	منافع قبل از ٹیکس
360	709	351	1,060	2,026	2,077	منافع بعد از ٹیکس
147	185	211	238	277	307	برانچز
1,473	1,715	2,082	2,442	2,946	4,163	ملازمین

ایکوٹی (Equity)

منافع میں بہتری کی بدولت بینک کی بنیادی ایکوٹی (Core Equity) 31 دسمبر 2016 کو 15,427 ملین پاکستانی روپے تک پہنچ گئی جو گزشتہ سال کے مقابلے میں 13.7 فیصد افزائش ظاہر کرتی ہے۔ علاوہ ازیں، بینک کے پاس سکیورٹیز کی ریویلیویشن (Revaluation) 1,141 ملین پاکستانی روپے کا سرپلس (نقد ٹیکس پر) موجود تھا۔

شعبہ بینکاری کا جائزہ

2016 کے دوران اسٹیٹ بینک آف پاکستان (SBP) نے 'پالیسی ریٹ' میں 25 بنیادی پوائنٹس (bps) کی کمی کر کے اسے 5.75 فیصد کر دیا۔ تاہم نجی شعبے کے کریڈٹ آف ٹیک (Credit Off-Take) کی رفتار 2016 کے پہلے گیارہ ماہ کے دوران 6 فیصد کی شرح پرست رہی۔ اسی عرصے کے دوران بینکاری کا پھیلاؤ مزید کم ہو کر 5.11 فیصد کی اوسط پر آ گیا جو سال در سال 48bps (YoY) کی کو ظاہر کرتا ہے۔ اسٹیٹ بینک کے مطابق بینکوں کے ڈپازٹس اسی عرصے کے دوران 11,203 ارب پاکستانی روپے تک پہنچ گئے جو سال کے آخر پر سال در سال 20 فیصد افزائش کو ظاہر کرتے ہیں۔ سرمایہ کاری 8 فیصد سال در سال اضافے کے ساتھ 7,233 ارب پاکستانی روپے تک پہنچ گئی۔ تاہم ڈپازٹس پر سرمایہ کاری کا تناسب (Investment-to-Deposit Ratio - IDR) 65 فیصد تک کم ہو گیا۔ 5,572 ارب پاکستانی روپے کے ایڈوانسز کے 17 فیصد سال در سال کی افزائش ظاہر کرتے ہیں۔ جبکہ انڈسٹری کے لئے ڈپازٹس پر ایڈوانسز کا تناسب (Advances-to-Deposit Ratio - ADR) 50 فیصد کی شرح پر عمدہ رہا جس کا سبب سال کی آخری سہ ماہی کے دوران نئے قرضوں میں افزائش ہے۔ انڈسٹری کے نان پرفارمنگ لونز (Non-Performing Loans - NPLs) میں بھی اضافہ دیکھنے میں آیا جو دسمبر 2015 میں 605 ارب پاکستانی روپے تھے اور ستمبر 2016 میں بڑھ کر 631 ارب پاکستانی روپے تک پہنچ گئے۔ تاہم کل ایڈوانسز میں تیز رفتار افزائش کی بدولت انڈسٹری کے لئے انفیکشن کا تناسب (Infection Ratio) 12.66 فیصد سے کم ہو کر 12.33 فیصد رہ گیا۔

مالیاتی کارکردگی: گزشتہ دو سال کے دوران بنیادی ریٹ (Base Rate) میں تیز رفتار کٹوتیوں اور اس کے باعث مارجن (Margins) میں کمی کے اثرات کے باوجود 2016 کے لئے بینک کے نتائج عمدہ رہے جن کا خلاصہ ذیل میں دیا گیا ہے:

2015	2016	
3,174	3,390	منافع قبل از ٹیکس - ملین پاکستانی روپے
2,026	2,077	منافع بعد از ٹیکس - ملین پاکستانی روپے
1.74	1.77	آمدنی فی حصص (Basic) - پاکستانی روپے
1.56	1.60	آمدنی فی حصص (Diluted) - پاکستانی روپے
1.03%	0.86%	اوسط اثاثوں پر منافع (Return on Avg. Assets - ROA)
16.03%	14.33%	اوسط ایکویٹی پر منافع (Return on Avg. Equity - ROE)
12.50%	14.05%	سرمائے کی موزونیت کا تناسب (Capital Adequacy Ratio - CAR)
54.05%	41.48%	ڈپازٹس پر ایڈوانسز کا تناسب (Advances to Deposits Ratio - ADR)

گزشتہ چھ سال کے مالی اعداد و شمار کا خلاصہ ذیل میں دیا گیا ہے:

ڈائریکٹرز رپورٹ

یہ امر ہمارے لئے باعث مسرت ہے کہ ہم 31 دسمبر 2016 کو ختم ہونے والے سال کے لئے جے ایس بینک لمیٹڈ (JSBL) کی گیارہویں سالانہ رپورٹ کے علاوہ اکاؤنٹس اور آڈیٹرز کی آڈٹ شدہ رپورٹ آپ کی خدمت میں پیش کر رہے ہیں۔

معیشت

2016 انفرانس میں تیزی کا سال رہا۔ کریڈٹ ریٹنگ کی عالمی ایجنسی سٹینڈرڈ اینڈ پوئرز (Standard & Poor's) نے 2016 کے دوران پاکستان کی طویل مدتی کریڈٹ ریٹنگ B سے بہتر (Upgrade) کر کے "B with stable outlook" کر دی اور قلیل مدتی ریٹنگ 'B' کو برقرار رکھا۔

آئی ایم ایف کی توسیعی فنڈ سہولت (Extended Fund Facility) کے تحت 6.15 ارب امریکی ڈالر پر مشتمل پروگرام کی کامیاب تکمیل سے معیشت پر اعتماد میں بھی بہتری آئی جس کے نتیجے میں معیشت مسلسل مستحکم ہوئی اور انفرانس میں بہتری آئی۔ اگرچہ آئی ایم ایف نے اپنے جائزہ میں قابل ذکر مشکلات کی بات کی لیکن پاکستان کی طرف سے پروگرام کی کامیاب تکمیل معیشت میں استحکام کا ثبوت ہے۔ برآمدات میں کمی اور درآمدی بل پہلے سے زیادہ ہونے کے باوجود حکومت چین سے آنے والی رقوم کی بدولت زرمبادلہ کے ذخائر برقرار رکھنے میں کامیاب رہی۔ توانائی کی پست قیمتوں نے افراط زر کی پست سطح میں نمایاں کردار ادا کیا جو گزشتہ ایک دہائی کی پست ترین سطح یعنی 3.8 فیصد تک آگئی۔

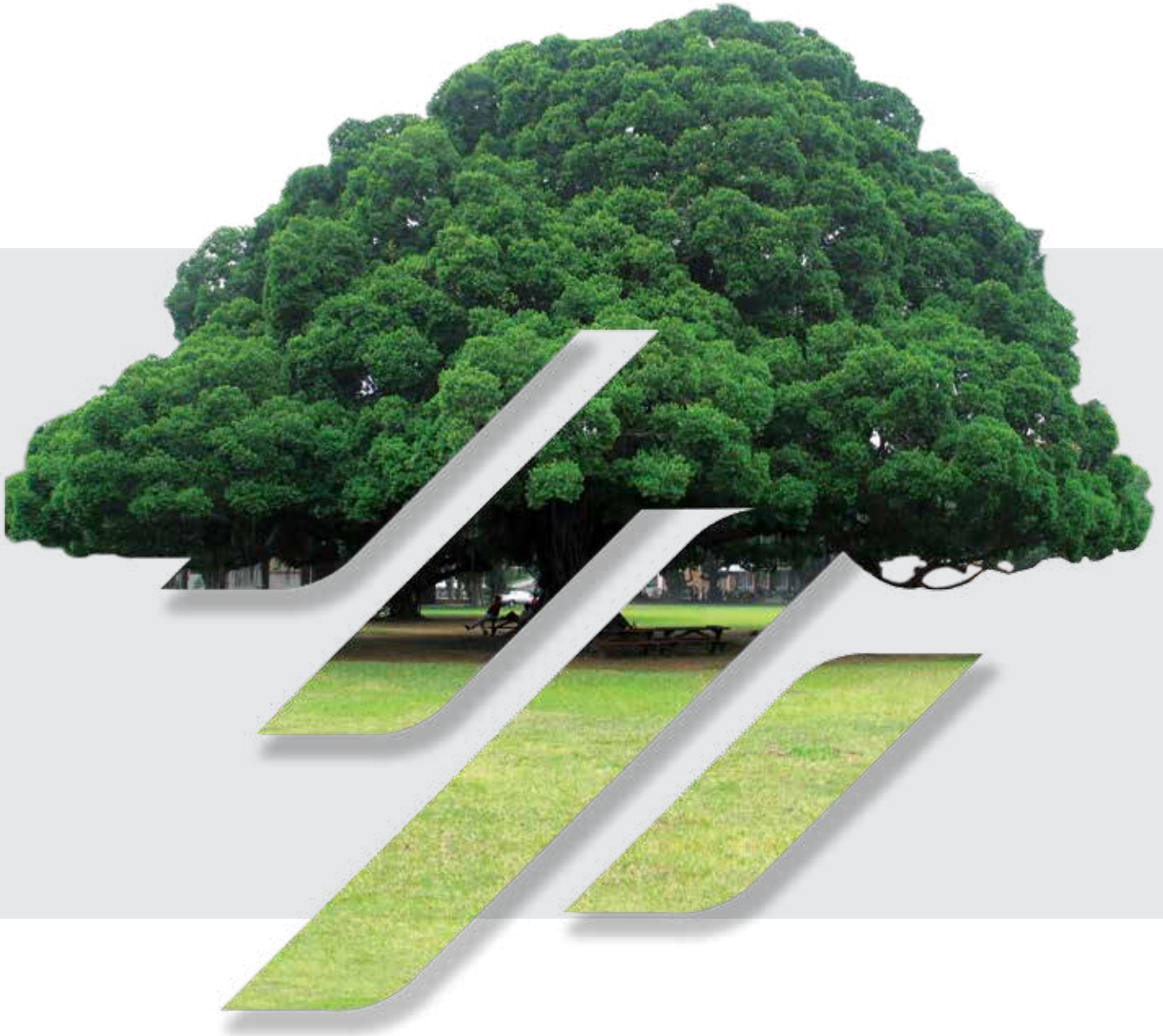
سال کے دوران چین پاکستان اقتصادی راہداری (سی پیک-CPEC) پر کام کی تیز رفتار کی بدولت انفرانسٹرکچر کے اخراجات میں نمایاں اضافہ ہوا جس کے نتیجے میں تعمیراتی مٹیریل اور تعمیرات کے شعبوں میں تیزی سے انفرانس ہوئی۔

حکومت پاکستان نے 2016-2017 کے لئے جی ڈی پی میں 5.7 فیصد انفرانس کا بلند نظر ہدف مقرر کیا ہے جو 2015-2016 میں 4.7 فیصد رہی تھی۔

ایکویٹی کیسٹل مارکیٹس (Equity Capital Markets)

کراچی، لاہور اور اسلام آباد کے سٹاک ایکسچینجز کو آپس میں ضم کر کے پاکستان سٹاک ایکسچینج (PSX) بنادی گئی جس کے نتیجے میں تھامزٹینجٹ اور گورنمنٹس کو مرکزی دھارے میں لانے سے تجارتی سرگرمیوں میں تیزی آئی۔ 2016 کے دوران ایم ایس سی آئی (MSCI) نے پاکستان کو 'فرنٹیر' (Frontier) سے اپ گریڈ کر کے 'ایمرجنگ مارکیٹس انڈیکس' (Emerging Markets Index) (مئی 2017 سے) میں شامل کر دیا اور یوں پاکستان تقریباً ایک دہائی بعد 'ایمرجنگ مارکیٹس انڈیکس' میں واپس آ گیا۔

دسمبر 2016 میں چائنا فنانشل فیوچرز ایکسچینج (China Financial Futures Exchange)، شنگھائی سٹاک ایکسچینج (Shanghai Stock Exchange) اور شینزن سٹاک ایکسچینج (Shenzhen Stock Exchange) کی زیر قیادت کنسورشیم نے پاکستان سٹاک ایکسچینج میں 40 فیصد حصص کی بولی جیت لی۔ یہ ایک خوش آئند پیشرفت ہے اور توقع ہے کہ اس کی بدولت پاکستانی ایکویٹی مارکیٹوں میں چینی سرمایہ کاروں کی دلچسپی بڑھے گی۔



10 YEARS OF GROWTH WITH TRUST

Based on last five years the Compound Annualized Growth Rate (CAGR) of JS Bank deposits is 40% whereas the banking industry CAGR is 14%.

JS Bank is a State Bank nominated Primary Dealer (PD) and has played an active role in the development of the Primary and Secondary GoP Debt Market.

JS Bank has entered into agreement with USAID to participate in giving loans to small and medium enterprises (SME).

Statement of Compliance with the Code of Corporate Governance

(See clause (5.19.23))

Name of company: **JS Bank Limited (the 'Company')**
 Year ended: **December 31, 2016**

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

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in 5.19 of Listing of Companies and Securities Regulations in Rule Book of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

Category	Names
Independent Directors	Mr. G.M Sikander Ms. Nargis Ghaloo Mr. Shahab Anwar Khawaja
Executive Director	Mr. Khalid Imran (President & CEO)
Non-Executive Directors	Mr. Ali Jehangir Siddiqui Mr. Adil Matcheswala Mr. Ashraf Nawabi Mr. Kalim-ur-Rahman Mr. Munawar Alam Siddiqui

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Bank (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFIs or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year 2016.
5. The Bank has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days

- before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors on the Board are fully conversant with their duties and responsibilities as directors of the Bank. Further, in accordance with the criteria specified in rule 5.19.7 of the Rule Book of Pakistan Stock Exchange Limited, five directors have completed Directors' Training Program and three directors of the Bank are exempt from the requirement of Directors' Training Program.
 10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been made during the financial year.
 11. The Directors Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
 12. The Financial Statements of the Bank were duly endorsed by CEO and CFO before approval of the Board.
 13. The Directors, CEO and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
 14. The Bank has complied with all the corporate and financial reporting requirements of the CCG.
 15. The Board has formed an Audit Committee. It comprises of three members, of whom two are independent directors and one is a non-executive director. The Chairman of the Audit Committee is an independent director.
 16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Bank as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
 17. The Board has formed a Human Resource, Remuneration & Nomination Committee. It comprises of three members, two of which are independent directors and one is a non-executive director. The Chairman of the committee is an independent director.
 18. The Board has set up an effective internal audit function comprising of suitably qualified and experienced persons who are conversant with the policies and procedures of the Bank.
 19. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
 20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
 21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Bank's securities, was determined and intimated to directors, employees and the Pakistan Stock Exchange.
 22. Material/price sensitive information has been disseminated among all market participants at once through the Pakistan Stock Exchange.
 23. The Bank has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
 24. We confirm that all other material principles enshrined in the CCG have been complied with.

Khalid Imran
President &
Chief Executive Officer

Dated: February 23, 2017



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

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

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

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

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

Chartered Accountants

Date: 23 February 2017

Karachi

A member firm of Ernst & Young Global Limited

Unconsolidated Financial Statements

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of **JS Bank Limited** (the Bank) as at **31 December 2016** and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement, together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for twenty branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Bank's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with approved accounting standards and the requirements of the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, which in case of loans and advances covered more than sixty percent of the total loans and advances of the Bank, we report that:

- (a) in our opinion proper books of account have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984) and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- (b) in our opinion:
 - (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes in accounting policies as disclosed in notes 4.4 and 6.7 to the accompanying financial statements with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Bank's business; and



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

Tel: +9221 3565 0007-11
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ey.khi@pk.ey.com
ey.com/pk

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

The financial statements of the Bank for the year ended 31 December 2015 were audited by another firm of Chartered Accountants whose report, dated 20 February 2016, expressed an unqualified opinion thereon.

Chartered Accountants

Audit Engagement Partner: Shabbir Yunus

Date: 23 February 2017

Karachi

Unconsolidated Statement of Financial Position

As at December 31, 2016

2016 ---- US Dollars in '000 ----	2015		Note	2016 ---- Rupees in '000 ----	2015
ASSETS					
148,271	106,688	Cash and balances with treasury banks	7	15,508,968	11,159,432
7,196	5,581	Balances with other banks	8	752,710	583,724
108,361	34,239	Lendings to financial institutions	9	11,334,414	3,581,329
1,278,475	1,109,288	Investments - net	10	133,726,610	116,029,825
896,706	732,957	Advances - net	11	93,794,134	76,666,180
55,806	43,726	Operating fixed assets	12	5,837,181	4,573,671
-	-	Deferred tax assets - net		-	-
35,818	56,229	Other assets	13	3,746,476	5,881,502
2,530,633	2,088,708			264,700,493	218,475,663
LIABILITIES					
24,322	15,387	Bills payable	14	2,544,028	1,609,425
98,663	522,362	Borrowings	15	10,320,047	54,638,318
2,161,589	1,356,047	Deposits and other accounts	16	226,098,931	141,840,487
28,681	-	Sub-ordinated loans	17	3,000,000	-
-	-	Liabilities against assets subject to finance lease		-	-
11,524	16,209	Deferred tax liabilities - net	18	1,205,362	1,695,393
46,677	26,043	Other liabilities	19	4,882,600	2,724,137
2,371,456	1,936,048			248,050,968	202,507,760
159,177	152,660	NET ASSETS		16,649,525	15,967,903
REPRESENTED BY					
102,532	102,532	Share capital	20	10,724,643	10,724,643
(20,128)	(20,128)	Discount on issue of shares		(2,105,401)	(2,105,401)
14,341	14,341	Preference shares	21	1,500,000	1,500,000
12,755	8,784	Reserves		1,334,139	918,816
37,986	24,179	Unappropriated profit		3,973,324	2,529,092
147,486	129,708			15,426,705	13,567,150
11,691	22,952	Surplus on revaluation of assets - net of tax	22	1,222,820	2,400,753
159,177	152,660			16,649,525	15,967,903
CONTINGENCIES AND COMMITMENTS					
23					

The annexed notes from 1 to 45 and annexure I and II form an integral part of these unconsolidated financial statements.

Chairman

President and Chief
Executive
Officer

Director

Director

Unconsolidated Profit and Loss Account

For the year ended December 31, 2016

2016		2015		Note	2016		2015	
---- US Dollars in '000 ----					---- Rupees in '000 ----			
144,180		146,540	Mark-up / return / interest earned	24	15,081,015		15,327,901	
89,421		93,099	Mark-up / return / interest expensed	25	9,353,282		9,738,029	
54,759		53,441	Net mark-up / interest income		5,727,733		5,589,872	
609	(6,454)		Reversal / (provision) against non-performing loans and advances - net	11.4	63,687	(675,092)		
(3,968)	(1,349)		Provision for diminution in value of investments - net	10.3	(415,027)	(141,149)		
(1)	-		Bad debts written off directly		(83)	-		
(3,360)	(7,803)				(351,423)	(816,241)		
51,399		45,638	Net mark-up / interest income after provisions		5,376,310		4,773,631	
NON MARK-UP / INTEREST INCOME								
13,639	10,745		Fee, commission and brokerage income	26	1,426,594	1,123,880		
934	809		Dividend income		97,703	84,641		
2,990	2,752		Income from dealing in foreign currencies		312,753	287,859		
28,361	17,133		Gain on sale of securities - net	27	2,966,474	1,792,036		
(12)	70		Unrealised (loss) / gain on revaluation of investments classified as held-for-trading - net	10.4	(1,297)	7,312		
564	(58)		Other income / (loss) - net	28	59,042	(6,022)		
46,476	31,451		Total non mark-up / interest income		4,861,269	3,289,706		
97,875	77,089				10,237,579	8,063,337		
NON MARK-UP / INTEREST EXPENSES								
64,518	46,122		Administrative expenses	29	6,748,444	4,824,342		
-	-		Other provisions / write offs		-	-		
948	624		Other charges	30	99,199	65,299		
65,466	46,746		Total non-mark-up / interest expenses		6,847,643	4,889,641		
32,409	30,343				3,389,936	3,173,696		
-	-		Extraordinary / unusual items		-	-		
32,409	30,343		PROFIT BEFORE TAXATION		3,389,936	3,173,696		
Taxation								
(9,856)	(4,297)		- Current		(1,030,882)	(449,423)		
(922)	-		- Prior years		(96,422)	-		
(1,778)	(6,680)		- Deferred	18.1	(186,016)	(698,726)		
(12,556)	(10,977)			31	(1,313,320)	(1,148,149)		
19,853	19,366		PROFIT AFTER TAXATION		2,076,616	2,025,547		
24,179	10,237		Unappropriated profit brought forward		2,529,092	1,070,775		
44,032	29,603		Profit available for appropriation		4,605,708	3,096,322		
---- US Dollar ----					---- Rupees ----			
0.02	0.02		Basic earnings per share	32	1.77	1.74		
0.02	0.01		Diluted earnings per share	32	1.60	1.56		

The annexed notes from 1 to 45 and annexure I and II form an integral part of these unconsolidated financial statements.

Chairman

President and Chief
Executive
Officer

Director

Director

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2016

2016	2015		2016	2015
---- US Dollars in '000 ----			---- Rupees in '000 ----	
19,853	19,366	Profit after taxation	2,076,616	2,025,547
		Other comprehensive income		
		Items that are not to be reclassified to profit or loss in subsequent periods		
(545)	(92)	Actuarial loss on defined benefit plan	(56,991)	(9,670)
191	32	Related tax	19,947	3,385
(354)	(60)		(37,044)	(6,285)
		Items that may be reclassified to profit or loss in subsequent periods		
-	-	Effect of translation of net investment in foreign branches	(17)	-
(354)	(60)		(37,061)	(6,285)
19,499	19,306	Comprehensive income transferred to equity	2,039,555	2,019,262
		Component of comprehensive income not reflected in equity		
		Items that are or may be reclassified to profit or loss in subsequent periods		
(18,529)	15,075	Net change in fair value of available-for-sale securities	(1,938,155)	1,576,817
6,485	(5,276)	Related deferred tax	678,354	(551,886)
(12,044)	9,799		(1,259,801)	1,024,931
7,455	29,105	Total comprehensive income for the year	779,754	3,044,193

The annexed notes from 1 to 45 and annexure I and II form an integral part of these unconsolidated financial statements.

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Director

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2016

	Share capital	Discount on issue of shares	Preference shares	Statutory reserves	Unappropriated profit	Total
----- Rupees in '000 -----						
Balance as at January 01, 2015	10,724,643	(2,105,401)	1,500,000	513,707	1,070,775	11,703,724
Total comprehensive income for the year ended December 31, 2015						
Profit after taxation	-	-	-	-	2,025,547	2,025,547
Other comprehensive income - net of tax	-	-	-	-	(6,285)	(6,285)
	-	-	-	-	2,019,262	2,019,262
Transaction with owners recorded directly in equity						
Preference dividend paid for the period ended December 31, 2014 @ 12% p.a	-	-	-	-	(155,836)	(155,836)
Transfers						
Transfer to statutory reserve	-	-	-	405,109	(405,109)	-
Balance as at December 31, 2015	10,724,643	(2,105,401)	1,500,000	918,816	2,529,092	13,567,150
Total comprehensive income for the year ended December 31, 2016						
Profit after taxation	-	-	-	-	2,076,616	2,076,616
Other comprehensive income - net of tax	-	-	-	-	(37,061)	(37,061)
	-	-	-	-	2,039,555	2,039,555
Transaction with owners recorded directly in equity						
Preference dividend paid for the year ended December 31, 2015 @ 12% p.a	-	-	-	-	(180,000)	(180,000)
Transfers						
Transfer to statutory reserve	-	-	-	415,323	(415,323)	-
Balance as at December 31, 2016	10,724,643	(2,105,401)	1,500,000	1,334,139	3,973,324	15,426,705

The annexed notes from 1 to 45 and annexure I and II form an integral part of these unconsolidated financial statements.

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Unconsolidated Cash Flow Statement

For the year ended December 31, 2016

2016	2015		2016	2015
---- US dollars in '000 ----		Note	---- Rupees in '000 ----	
CASH FLOWS FROM OPERATING ACTIVITIES				
32,409	30,342		3,389,936	3,173,696
(934)	(809)		(97,703)	(84,641)
31,475	29,533		3,292,233	3,089,055
Adjustments for non-cash items:				
4,928	4,037		515,479	422,287
11	-	12.2	1,122	-
471	405	13.4.1	49,297	42,325
586	519	12.3	61,317	54,335
		35.5		
12	(70)		1,297	(7,312)
(609)	6,454	10.4	(63,687)	675,092
3,968	1,349	11.4	415,027	141,149
648	607	10.3	67,799	63,474
(182)	392	30	(19,026)	41,047
(1)	-	28	(152)	-
(381)	(335)	28	(39,864)	(35,025)
9,451	13,358		988,609	1,397,372
40,926	42,891		4,280,842	4,486,427
(Increase) / decrease in operating assets				
(74,122)	71,692		(7,753,085)	7,498,913
(413,217)	10,679		(43,221,891)	1,117,046
(163,141)	(142,527)		(17,064,267)	(14,908,144)
19,743	2,521		2,065,101	263,706
(630,737)	(57,635)		(65,974,142)	(6,028,479)
Increase / (decrease) in operating liabilities				
8,935	2,193		934,603	229,405
(423,564)	38,709		(44,304,114)	4,048,892
805,542	316,453		84,258,444	33,100,527
28,681	-		3,000,000	-
19,650	406		2,055,387	42,423
439,244	357,761		45,944,320	37,421,247
(191,493)	300,126		(20,029,822)	31,392,768
(612)	(204)		(64,005)	(21,349)
(9,158)	(8,277)		(957,880)	(865,718)
(160,337)	334,536		(16,770,865)	34,992,128
Net cash flows (used in) / from operating activities				
CASH FLOWS FROM INVESTING ACTIVITIES				
221,520	(300,638)		23,170,627	(31,446,323)
934	809		97,703	84,641
(17,690)	(12,479)		(1,850,378)	(1,305,243)
35	-		3,653	-
592	658		61,956	68,835
205,391	(311,650)		21,483,561	(32,598,090)
CASH FLOWS FROM FINANCING ACTIVITIES				
(1,721)	(1,490)		(180,000)	(155,836)
(1,721)	(1,490)		(180,000)	(155,836)
-	-		(17)	-
43,333	21,396		4,532,679	2,238,202
111,744	90,348		11,688,471	9,450,269
155,077	111,744	33	16,221,150	11,688,471

The annexed notes from 1 to 45 and annexure I and II form an integral part of these unconsolidated financial statements.

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Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

1. STATUS AND NATURE OF BUSINESS

1.1 JS Bank Limited (the Bank / JSBL), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank's ordinary shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank is a subsidiary of Jahangir Siddiqui & Co. Ltd. (JSCL). The registered office of the Bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi. The Bank operates with 306 (December 31, 2015: 277) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2015: Nil). The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the long-term entity rating of JS Bank Limited (JSBL) to 'AA- (Double A Minus) [previously 'A+ (A Plus)]' whereas short-term entity rating is maintained at 'A1+' (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.

1.2 Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by JSCL on February 01, 1999), and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited - Pakistan Branches, (AEBL). Consequently, a new banking company, JSBL was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL in their respective extra ordinary general meetings held on July 31, 2006 approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

2. BASIS OF PRESENTATION

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

2.1 These financial statements are unconsolidated financial statements of the Bank in which the investments in subsidiary are stated at cost and have not been accounted for on the basis of reported results and net assets of the investees which is done in the consolidated financial statements.

2.2 The US Dollar amounts shown on the statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement are stated as additional information solely for the convenience of readers. For the purpose of conversion to US Dollars, the rate of Rs.104.599 to 1 US Dollar has been used for 2015 and 2016 as it was the prevalent rate as on December 31, 2016.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

3. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except that certain assets are stated at revalued amounts / fair value as disclosed in their respective notes.

4. STATEMENT OF COMPLIANCE

4.1 These unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

4.2 The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking companies till further instructions. Further, according to the notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

4.3 IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 01, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP's requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these financial statements is based on the requirements laid down by the SBP.

IFRS10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed that the requirements of consolidation under section 237 of the Companies Ordinance 1984 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure, through S.R.O 56(I) /2016 dated January 28, 2016. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

4.4 The Bank has adopted the following accounting standards, amendments and interpretations of IFRSs which became effective for the current year.

Standard or Interpretation

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

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

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

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

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

Standard or Interpretation

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

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

Improvements to Accounting Standards Issued by the IASB in September 2014

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

IAS 19 Employee Benefits - Discount rate: regional market issue

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

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

4.4.1 Certain annual improvements have also been made to a number of IFRSs.

4.5 New accounting standards / amendments and IFRS interpretations that are not yet effective

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

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

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

IAS 40 Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018

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

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

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

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

5. CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions in accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

i) Classification of investments

- In classifying investments as 'held-for-trading' the Bank has determined securities which are acquired with an intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days of acquisition.
- In classifying investments as 'held-to-maturity' the Bank 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 Bank evaluates its intention and ability to hold such investments to maturity.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

- 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

The Bank reviews its loan portfolio to assess amount of non-performing loans and advances and provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers, the value of securities and the requirements of the Prudential Regulations are considered. For portfolio impairment / provision on consumer advances, the Bank follows requirements set out in Prudential Regulations.

iii) Impairment of 'available-for-sale' equity investments

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

iv) Income taxes

In making the estimates for income taxes currently payable by the Bank, the management considers 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 Bank's future taxable profits are taken into account.

v) Fair value of derivatives

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

vi) Depreciation and amortisation of operating fixed assets

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

Liability is determined on the basis of actuarial advice using the Projected Unit Credit Method.

viii) Impairment of investment in subsidiaries

In assessing its investment in subsidiaries for impairment, the Bank determines if there is any objective evidence that investment may be impaired. Impairment loss is recognised as a difference between carrying amount of the investment and its recoverable amount which is determined as higher of value-in-use and fair value less cost to sell.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

ix) Impairment of Goodwill

Impairment testing involves a number of judgmental areas which are subject to inherent significant uncertainty, including the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting and the assessment of the discount rate appropriate to the business. The carrying amount of goodwill at the balance sheet date was Rs. 1,463.624 million. The detailed assumptions underlying impairment testing of goodwill are given in note 12.3.2 to these unconsolidated financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 Cash and cash equivalents

Cash and cash equivalents represent cash and balances with treasury banks and balances with other banks net of any overdrawn nostro accounts.

6.2 Lendings to / borrowings from financial institutions

The Bank enters into transactions of lendings to / borrowings from financial institutions at contracted rates for a specified period of time. These are recorded as under:

(a) Sale under repurchase obligation

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and liability to counter party is included in borrowings. The difference in sale and repurchase value is accrued over the period of the contract and recorded as an expense using effective interest rate method.

(b) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of provision. Mark-up on such lendings is charged to profit and loss account on a time proportionate basis using effective interest rate method except mark-up on impaired/delinquent lendings, which are recognized on receipt basis in accordance with the requirements of the Prudential Regulations of the SBP.

(c) Purchase under resale obligation

Securities purchased under agreement to resell (reverse repo) are not included in statement of financial position as the Bank does not obtain control over the securities. Amount paid under these agreements is included in lendings to financial institutions or advances as appropriate. The difference between the contracted price and resale price is amortised over the period of the contract and recorded as income using effective interest method.

(d) Other borrowings

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at the proceeds received. Mark-up paid on such borrowings is charged to the profit and loss account over the period of borrowings on time proportionate basis using effective interest method.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

6.3 Investments

The Management determines the appropriate classification of its investments at the time of purchase and classifies these investments as held-for-trading, available-for-sale or held-to-maturity. These are initially recognised at cost, being the fair value of the consideration given plus, in the case of investments not held-for-trading, directly attributable acquisition costs.

(a) Held-for-trading

These are securities which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, dealer's margin or are securities included in a portfolio in which a pattern of short-term profit taking exists. These securities are carried at fair value with any related gain or loss being recognized in profit and loss account.

(b) Held-to-maturity

These are securities with fixed or determinable payments and fixed maturities that are held with the intention and ability to hold till maturity. Investments classified as held-to-maturity are carried at amortised cost.

(c) Available-for-sale

These are investments that do not fall under the held-for-trading or held-to-maturity categories. These are initially recognised at cost, being the fair value of the consideration given including the acquisition cost.

Investments in subsidiaries and associates are stated at cost. Provision is made for any impairment in the value of investments.

All 'regular way' purchases and sales of financial assets are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Bank. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

In accordance with the requirements of the SBP, quoted securities, other than those classified as 'held-to-maturity' and investment in subsidiary, are carried at market value. Investments classified as 'held-to-maturity' are carried at amortised cost using the effective interest method (less impairment, if any).

Further, in accordance with the requirements of the SBP, gain or loss on revaluation of the Bank's held-for-trading investments is taken to the profit and loss account. The surplus or deficit on investments classified as available-for-sale is kept in a separate account shown in the statement of financial position below equity. The surplus or deficit arising on these securities is taken to the profit and loss account when actually realised upon disposal or when investment is considered to be impaired.

Premium or discount on acquisition of investments is capitalised and amortised through the profit and loss account using effective yield over the remaining period of the investment.

Provision for diminution in the value of securities (except for term finance certificates) is made after considering impairment, if any, in their value. Provision for diminution in value of term finance certificates is made in accordance with the requirements of the Prudential Regulations issued by the SBP.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

6.4 Financial instruments

6.4.1 Financial assets and financial liabilities

Financial assets and financial liabilities are recognized at the time when the Bank becomes party to the contractual provision of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognised when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account at the time of de-recognition. The particular recognition and subsequent measurement method for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

6.4.2 Derivative financial instruments

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

6.5 Off-setting of financial assets and financial liabilities

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 Bank intends either to settle the assets and liabilities on a net basis or to realise the assets and to settle the liabilities simultaneously. Income and expenses arising from such assets and liabilities are accordingly offset.

6.6 Advances

6.6.1 Loan and advances

Advances are stated net of general and specific provisions. General and specific provisions against funded loans are determined in accordance with the requirements of the Prudential Regulations issued by the SBP and charged to the profit and loss account. Advances are written off when there are no realistic prospects of recovery.

6.6.2 Finance lease receivables

Leases, where the bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognised at an amount equal to the present value of the lease payment including any guaranteed residual value, if any. Net investment in finance lease is included in loans and advances to customers.

6.7 Non-banking assets acquired in satisfaction of claims

6.7.1

During the year, the Bank changed its accounting policy in respect of valuation of non-banking assets acquired in satisfaction of claims under Debt Property Swap (DPS) transactions, whereby, with effect from the current year, these are carried at the revalued amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation and subsequent accumulated impairment losses,

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

if any. Previously, these were stated at lower of the net realizable value of the related advances and the current fair value of such assets.

Subsequent costs are included in the asset's carrying amounts only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other subsequent costs including repair and maintenance are charged to the profit and loss account as and when incurred.

6.7.2 The above change is made to comply with the requirements of Regulations for Debt Property Swap issued by State Bank of Pakistan vide its BPRD Circular No. 1 of 2016, on January 01, 2016 and has been accounted for in accordance with the requirements of above referred regulations and IAS – 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. The surplus arising on revaluation of non-banking assets is credited to the “Surplus on Revaluation of non-banking assets” shown below equity in the statement of financial position in accordance with the requirements of section 235 of the Companies Ordinance 1984 and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to profit and loss account and not capitalised.

Had there been no revaluation, the carrying value of non-banking assets acquired in satisfaction of claims would have been Rs.91.634 million and surplus on revaluation of assets, deferred tax liability and depreciation expense would have been lower by Rs.84.175 million, Rs.2.307 million and Rs.1.122 million respectively.

6.7.3 Surplus on revaluation of fixed assets

The surplus arising on revaluation of non-banking assets is credited to the “Surplus on Revaluation of Fixed Assets Account” shown below equity in the statement of financial position in accordance with the requirements of section 235 of the Companies Ordinance 1984. The Bank has adopted the following accounting treatment for depreciation on revalued assets, keeping in view the requirements of the Companies Ordinance, 1984 and SECP's SRO 45(1)/2003 dated January 13, 2003.

Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

An amount equal to incremental depreciation for the year net of deferred taxation is transferred from “Surplus on Revaluation of Fixed Assets account” to unappropriated profit through statement of changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

Gains or losses on disposal of assets are included in the profit and loss account currently, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to equity.

6.8 Operating fixed assets and depreciation

Property and equipment

Owned property and equipment are stated at cost less accumulated depreciation and impairment, if any, except land, which is stated at cost.

Depreciation is calculated and charged to profit and loss account using the straight-line method so as to write down the cost of the assets to their residual values over their estimated useful lives at the rates given in note 12.2. A full month's depreciation is charged from the month in which assets are brought into use and no depreciation is charged for the month in which the disposal is made. The

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, annually.

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

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

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Intangible assets are amortised from the month when the assets are available for 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 Bank. The useful life and amortisation method are reviewed and adjusted, if appropriate, annually.

Intangible assets having an indefinite useful life are carried at cost less any impairment in value and are not amortised. Intangible assets having an indefinite useful life are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any. These are transferred to specified assets as and when assets are available for use.

6.9 Impairment

At each balance sheet date, the Bank reviews the carrying amounts 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 the assets is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of net selling price (being fair value less cost to sell) 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. Impairment losses are recognised as an expense in profit and loss account immediately.

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

6.10 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover, whichever is higher. The charge for current tax also includes adjustments, where considered necessary, relating to prior years arising from assessments made during the year.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognized on taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus / (deficit) arising on revaluation in accordance with the requirements of IAS-12 "Income Taxes".

6.11 Provisions

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

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

6.12 Staff retirement benefits

Defined contribution plan

The Bank has established a provident fund scheme for all permanent employees effective from January 01, 2007. Equal monthly contributions are made, both by the Bank and the employees, to the fund at the rate of 10 percent of basic salary which has been revised to 7.1 percent with effect from July 01, 2015 due to change in salary structure. Contribution by the Bank is charged to profit and loss account.

Defined benefit plan

The Bank operates an approved funded gratuity scheme covering all its eligible employees who have completed minimum qualifying period. An actuarial valuation of defined benefit scheme is conducted at the end of every year or on occurrence of any significant change. The most recent valuation in this regard was carried out as at December 31, 2016, using the projected unit credit actuarial valuation method. Under this method cost of providing for gratuity is charged to profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Past-service costs are recognised immediately in profit and loss account and actuarial gains and losses are recognised immediately in other comprehensive income.

6.13 Revenue recognition

Revenue is recognized to the extent that economic benefits will flow to the Bank and the revenue can be reliably measured. These are recognized as follows;

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

- Mark-up / return / interest income on loans and advances and investments is recognised on accrual basis using effective interest method. Mark-up / return / interest income on non-performing loans and advances and investments is recognised on receipt basis.
- 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.
Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.
- Commission is recognised as income at the time of affecting the transaction to which it relates. Fees are recognised when earned.
- Dividend income is recognised when the right to receive the dividend is established.

6.14 Dividend and appropriation to reserves

Dividend and appropriation to reserves except for statutory reserves are recognised in the financial statements in the periods in which these are approved.

6.15 Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates. The financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the foreign exchange rates ruling on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the balance sheet date. Forward foreign exchange contracts are valued at forward rates applicable to their respective maturities.

Foreign operations

The assets and liabilities of foreign branches are translated to Rupees at exchange rates prevailing at the balance sheet date. The results of foreign operations are translated to Rupees at the average rate of exchange for the year.

Translation gains and losses

Translation gains and losses are included in the profit and loss account except those arising on the translation of the Bank's net investment in foreign branches which are taken to exchange translation reserve in the statement of comprehensive income until the disposal of the net investment, at which time these are recognised in the profit and loss account.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these financial statements are translated at contracted rates. Contingent liabilities/commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the balance sheet date.

6.16 Goodwill

Goodwill acquired in a business combination before July 01, 2009 is initially measured at cost, being the excess of the cost of the business combination over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Bank's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units or groups of units.

6.17 Earnings per share

The Bank presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period / year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

6.18 Borrowings / deposits and their cost

Borrowings / deposits are recorded at the proceeds received. Borrowing / deposit costs are recognised as an expense in the period in which these are incurred to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) is capitalised as part of the cost of the asset.

6.19 Segment reporting

A segment is a distinguishable component of the Bank that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Bank's functional structure and the guidance of State Bank of Pakistan. The Bank comprises of the following main business segments:

6.19.1 Business segments

Corporate finance

This includes investment banking activities such as mergers and acquisitions, underwriting, privatization, securitization, Initial Public Offers (IPOs) and secondary private placements.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

Trading and sales

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

Retail banking

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

Commercial banking

This includes loans, deposits and other transactions with corporate customers.

Payment and settlement

This includes activities such as payment and collections, fund transfer, clearing and settlement etc.

6.19.2 Geographical segment

The Bank operates with 306 (December 31, 2015: 277) branches / sub-branches in Pakistan region and one wholesale banking branch in Bahrain (December 31, 2015: Nil).

6.20 Fiduciary assets

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

	Note	2016 --- Rupees in '000 ---	2015
7. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		2,877,681	2,306,468
Foreign currencies		625,326	531,537
		3,503,007	2,838,005
With State Bank of Pakistan in:			
Local currency current account	7.1	8,536,187	4,636,678
Foreign currency current account - non remunerative	7.2	449,774	544,653
Foreign currency deposit account - remunerative	7.3	1,385,332	1,983,215
		10,371,293	7,164,546
With National Bank of Pakistan in:			
Local currency current accounts		1,628,057	1,152,820
National Prize Bonds		6,611	4,061
		15,508,968	11,159,432

7.1 These include local currency current accounts maintained with SBP as per the requirements of Section 22 of the Banking Companies Ordinance, 1962.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

7.2 This represents current account maintained with the SBP under the requirements of BSD Circular No. 14 dated June 21, 2008.

7.3 This represents deposit accounts maintained with SBP under the requirements of BSD Circular No. 14 dated June 21, 2008 and mandatory reserve maintained to facilitate collection and settlement to foreign currency accounts under FE-25, as prescribed by the SBP. Profit rates on this deposit account are fixed on a monthly basis by the SBP. It carries profit of 0% (2015: 0%) per annum.

	Note	2016	2015
		---- Rupees in '000 ----	
8. BALANCES WITH OTHER BANKS			
In Pakistan			
On current accounts		216,262	185,129
On deposit accounts		67	66
		216,329	185,195
Outside Pakistan			
On current accounts		295,022	267,930
On deposit accounts	8.1	241,359	130,599
		536,381	398,529
		752,710	583,724

8.1 This represents deposit accounts / term placements outside Pakistan.

9. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	9.2	2,634,489	628,446
Repurchase agreement lendings (Reverse Repo)	9.3 & 9.4	8,699,925	2,952,883
		11,334,414	3,581,329

9.1 Particulars of lendings

In local currency		10,549,925	2,952,883
In foreign currency		784,489	628,446
		11,334,414	3,581,329

9.2 These represent unsecured call money lendings to financial institutions carrying interest at the rates ranging from 0.17% to 6.00% (2015: 1.9%) per annum. These will mature between January 03, 2017 and April 19, 2017.

9.3 These are secured short-term lendings to various financial institutions, carrying mark-up rates ranging from 5.8% to 6.1% (2015: 6.43% to 6.55%) per annum. These are due to mature between January 03, 2017 and January 06, 2017. These are collateralized by Market Treasury Bills and Pakistan Investment Bonds as shown in note 9.4 below.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

9.4 Securities held as collateral against reverse repurchase lendings to financial institutions

Cost of securities held as collateral against reverse repurchase lendings to financial institutions are as under:

	2016			2015		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
----- Rupees in '000 -----						
Market Treasury Bills	5,969,925	-	5,969,925	1,452,883	-	1,452,883
Pakistan Investment Bonds	2,730,000	-	2,730,000	1,500,000	-	1,500,000
	8,699,925	-	8,699,925	2,952,883	-	2,952,883

9.4.1 The market value of securities held as collateral against lendings to financial institutions amounted to Rs.8,811.414 million (2015: Rs.3,027.856 million).

10. INVESTMENTS - net:

	Note	2016			2015		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
----- Rupees in '000 -----							
10.1 Investments by type							
Held-for-trading securities							
Market treasury bills	10.2.1 & 10.2.2	64,346,568	1,413,214	65,759,782	18,782,717	-	18,782,717
Pakistan investment bonds	10.2.1 & 10.2.2	-	-	-	3,698,417	49,445	3,747,862
		64,346,568	1,413,214	65,759,782	22,481,134	49,445	22,530,579
Available-for-sale securities							
Market treasury bills	10.2.1 & 10.2.2	4,885,943	-	4,885,943	5,696,991	-	5,696,991
Pakistan investment bonds	10.2.1 & 10.2.2	49,784,339	-	49,784,339	31,595,615	44,201,767	75,797,382
Ordinary shares of listed companies	10.2.3	2,626,343	-	2,626,343	2,851,487	-	2,851,487
Ordinary shares of unlisted companies	10.2.4	553,191	-	553,191	11,000	-	11,000
Preference shares of listed companies	10.2.5	136,589	-	136,589	136,589	-	136,589
Term finance certificates - listed	10.2.6	182,322	-	182,322	266,322	-	266,322
Term finance certificates - unlisted	10.2.7	911,869	-	911,869	1,759,344	-	1,759,344
Sukuk certificates - unlisted	10.2.8	360,000	-	360,000	380,000	-	380,000
Open end mutual funds	10.2.9	100,000	-	100,000	191,159	-	191,159
Foreign currency bonds (US \$)	10.2.10	5,701,917	-	5,701,917	1,322,866	-	1,322,866
		65,242,513	-	65,242,513	44,211,373	44,201,767	88,413,140
Investment in subsidiaries	10.2.11	1,919,121	-	1,919,121	1,919,121	-	1,919,121
Total investments at cost		131,508,202	1,413,214	132,921,416	68,611,628	44,251,212	112,862,840
Less: Provision for diminution in value of investments	10.3	(948,820)	-	(948,820)	(533,793)	-	(533,793)
Investments (net of provision)		130,559,382	1,413,214	131,972,596	68,077,835	44,251,212	112,329,047
Unrealised gain on revaluation of investments classified as held-for-trading securities	10.4	(1,261)	(36)	(1,297)	7,270	42	7,312
Surplus on revaluation of available-for-sale securities	22.2	1,755,311	-	1,755,311	1,890,171	1,803,295	3,693,466
Total investments at market value		132,313,432	1,413,178	133,726,610	69,975,276	46,054,549	116,029,825

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

10.2 Investments by segments	Note	2016	2015
		---- Rupees in '000 ----	
Federal Government Securities			
Market treasury bills	10.2.1 & 10.2.2	70,645,725	24,479,708
Pakistan investment bonds	10.2.1	49,784,339	79,545,244
		120,430,064	104,024,952
Fully paid ordinary shares			
Listed companies	10.2.3	2,626,343	2,851,487
Unlisted companies	10.2.4	553,191	11,000
		3,179,534	2,862,487
Fully paid preference shares			
Listed companies	10.2.5	136,589	136,589
Term finance certificates			
Term finance certificates – listed	10.2.6	182,322	266,322
Term finance certificates – unlisted	10.2.7	911,869	1,759,344
Sukuk certificates – unlisted	10.2.8	360,000	380,000
		1,454,191	2,405,666
Mutual funds			
Open end mutual funds	10.2.9	100,000	191,159
Others			
Foreign currency bonds (US \$)	10.2.10	5,701,917	1,322,866
Investment in subsidiaries			
	10.2.11	1,919,121	1,919,121
Total investments at cost			
		132,921,416	112,862,840
Less: Provision for diminution in value of investments	10.3	(948,820)	(533,793)
Investments (net of provisions)			
		131,972,596	112,329,047
Unrealized (loss) / gain on revaluation of held for trading securities	10.4	(1,297)	7,312
Surplus on revaluation of available-for-sale securities	22.2	1,755,311	3,693,466
Total investments at market value			
		133,726,610	116,029,825

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

10.2.1 Details of investment in Federal Government Securities

	2016			2015		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	----- Rupees in '000 -----					
Held-for-trading securities						
Market treasury bills	64,345,307	1,413,178	65,758,485	18,782,767	-	18,782,767
Pakistan investment bonds	-	-	-	3,705,637	49,487	3,755,124
	64,345,307	1,413,178	65,758,485	22,488,404	49,487	22,537,891
Available-for-sale securities						
Market treasury bills	4,884,060	-	4,884,060	5,705,149	-	5,705,149
Pakistan investment bonds	49,834,951	-	49,834,951	32,943,889	46,005,061	78,948,950
	54,719,011	-	54,719,011	38,649,038	46,005,061	84,654,099
	119,064,318	1,413,178	120,477,496	61,137,442	46,054,548	107,191,990

10.2.2 Principal terms of investment in Federal Government Securities

Name of investment	Maturity	Redemption	Coupon
Market treasury bills	January 05, 2017 to November 23, 2017	On maturity	On maturity
Pakistan investment bonds	July 17, 2017 to April 21, 2026	On maturity	Half Yearly

10.2.3 Details of investment in ordinary shares of listed companies

	Shares of Rs.10 each		Rating		Cost		Market value	
	2016	2015	2016	2015	2016	2015	2016	2015
	Numbers				----- Rupees in '000 -----			
- National Foods Limited	68,800	-	AA-	-	24,990	-	25,800	-
- Amreli Steel Limited	3,000,000	-	A	-	214,269	-	199,770	-
- IGI Insurance Limited	2,407,100	2,395,100	AA	AA	572,524	569,705	741,122	566,609
- United Bank Limited	-	3,078,100	-	AA+	-	503,671	-	476,952
					811,783	1,073,376	966,692	1,043,561

Details of investment in ordinary shares of listed companies - related parties

- EFU General Insurance Limited	3,943,875	3,155,100	AA+	AA+	488,978	488,978	595,525	452,757
- EFU Life Assurance	982,000	982,000	AA+	AA	190,595	190,595	211,592	195,418
- Sitara Chemical Industries Limited	1,896,400	1,799,500	A+	A+	544,676	508,227	1,099,912	647,820
- TRG Pakistan Limited	32,023,760	32,023,760	Unrated	Unrated	590,311	590,311	1,417,372	1,109,623
					1,814,560	1,778,111	3,324,401	2,405,618
					2,626,343	2,851,487	4,291,093	3,449,179

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

10.2.4 Details of investment in ordinary shares of unlisted companies

Name of the company	Note	Name of Chief Executive / Managing Director	Breakup value per share		Number of shares		Cost / break-up value	
			2016 ----- Rupees -----	2015	2016 ----- Numbers -----	2015	2016 ----- Rupees in '000 -----	2015
- ISE Towers REIT Management Limited (formerly Islamabad Stock Exchange Limited)	10.2.4.1	Mr. Aftab Ahmad Chaudhry	* 11.67	-	1,213,841	3,034,603	11,000	11,000
- AGP Limited (formerly Appollo Pharma Limited)	10.2.4.2 & 10.3	Mr. Nusrat Munshi	** 14.05	-	13,400,000	-	539,785	-
Society for Worldwide Interbank Financial Telecommunication (SWIFT)	10.2.4.3	Mr. Gottfried Leibbrandt	*** 387,225	-	6	-	2,406	-
							553,191	11,000

* Based on audited accounts as of June 30, 2016

** Based on unaudited accounts as of September 30, 2016

*** Based on audited accounts as of December 31, 2015

10.2.4.1 In accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Bank has received 3,034,603 shares of Rs.10 each including trading right entitlement certificate (TREC) of the Islamabad Stock Exchange (ISE), in lieu of its Membership Card held by the Bank. Further, upon integration of Islamabad Stock Exchange under the "ISE Scheme of Integration" in 2016 TRE Certificates holders of ISE have been issued 1,213,841 shares of "ISE Towers REIT Management Limited".

10.2.4.2 During the year, the Bank has invested in the shares of the said company. Values of these un-quoted shares has diminished and provision has been recognised under specific requirement of Prudential Regulation R-8 of the Corporate / Commercial Banking issued by State Bank of Pakistan which states that "Shares will be carried at cost. However, in cases where the break-up value of such shares is less than the cost, the difference of the cost and breakup value will be classified as loss and provided for accordingly by charging to the profit and loss account of the Bank / DFI".

However, in accordance with the requirements of the IAS-39, 'Financial Instruments: Recognition and Measurement', the fair value of Bank's investment based on the present value of estimated cash flows is higher than its cost and does not result in any impairment.

10.2.4.3 During the year, the Bank qualified as a member based on the financial contribution to SWIFT for network-based services. The Bank has made an investment as per the requirements of By-Laws of SWIFT, under the Share Re-allocation Process, as a result becoming entitled to invest in for six shares. The participation is mandatory to avail the desired network-based services for financial message transmission for cross-border payments and receipt. Further, the share re-allocation occurs every three years and will be result in either an increase, decrease, or a status quo in individual shareholding.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

10.2.5 Details of investment in preference shares of listed companies

	Percentage of holding	Face value per share	Number of shares	Cost		Market value	
				2016	2015	2016	2015
----- Rupees in '000 -----							
Available-for-sale securities							
Agritech Limited (note 10.2.5.1 & 10.2.5.3)	3.03%	10	4,823,746	48,236	48,236	-	-
Chenab Limited (note 10.2.5.2 & 10.2.5.3)	15.45%	10	12,357,000	88,353	88,353	-	-
				136,589	136,589	-	-

10.2.5.1 These are non-voting cumulative preference shares, carrying preference dividend @ 10% p.a and are convertible into ordinary shares at the option of the Bank after five years from the date of issuance i.e. February 2012. The investee company also has the option to redeem these preference shares plus any unpaid dividend in full or in part, within ninety days after expiry of each anniversary of the issue date. The Bank has recognised full impairment on these shares amounting to Rs.48.236 million (2015: Rs.48.236 million) due to weak financial position of the company.

10.2.5.2 These are cumulative preference shares, carrying preference dividend @ 9.25% p.a and are redeemable in part after four years from the date of issuance i.e. August 2008. The investee company also has an option to redeem, in part, cumulative preference shares after August 2008. The Bank has recognized full impairment on these shares amounting to Rs.88.353 million (2015: Rs.88.353 million) due to weak financial position of the company.

10.2.5.3 Surplus arising due to re-measurement of these shares to the market value has not been recognized as the management believes that the market value may not be realized while selling them in open market.

10.2.6 Details of investment in term finance certificates - listed *

	Number of certificates		Rating		Cost		Market value	
	2016	2015	2016	2015	2016	2015	2016	2015
----- Rupees in '000 -----								
Available-for-sale securities								
Worldcall Telecom Limited (note 10.2.6.2)	90,650	90,650	Unrated	Unrated	182,322	182,322	-	-
Pakistan Mobile Communications Limited	-	4,200	-	AA-	-	84,000	-	84,035
					182,322	266,322	-	84,035

* Secured and have a face value of Rs.5,000 each unless specified otherwise.

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

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Worldcall Telecom Limited	Semi-annually	6 Month KIBOR ask rate plus 1.60%	October 15, 2021

10.2.6.2 Surplus arising due to re-measurement of these term finance certificates to the market value has not been recognized as management believes that the market value may not be realized while selling them in open market.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

10.2.7 Details of investment in term finance certificates - unlisted, secured

Name of the company	Note	Number of certificates		Rating		Face value per certificate Rupees	Cost	
		2016	2015	2016	2015		2016	2015
Azgard Nine Limited (related party)	10.2.7.1	29,998	29,998	Unrated	Unrated	5,000	65,022	65,022
Agriotech Limited	10.2.7.1	30,000	30,000	Unrated	Unrated	5,000	149,860	149,860
Askari Bank Limited - 4th Issue		75	75	AA-	AA-	1,000,000	75,047	75,103
Bank Alfalah Limited - 4th Issue		1,440	1,440	AA-	AA-	5,000	4,797	7,210
NRSP Microfinance Bank Limited		60,000		A	-	5,000	225,000	-
Independent Media Corporation (Pvt.) Limited		20,000	20,000	BBB-	BBB-	5,000	35,000	55,000
Pakistan Water & Power Development Authority (WAPDA)		100,000	100,000	AAA	AAA	5,000	357,143	428,571
Askari Bank Limited		-	100,000	-	AA-	5,000	-	499,800
Engro Fertilizers Limited - 2nd Issue		-	1,100	-	AA	5,000	-	5,249
Pakistan Mobile Communications Limited		-	20,000	-	Unrated	5,000	-	23,529
Pak Libya Holding Company (Private) Limited		-	90,000	-	AA	5,000	-	450,000
							911,869	1,759,344

10.2.7.1 Due to weak financial position of the company the Bank has recognised full impairment loss on these term finance certificates.

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

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Azgard Nine Limited - related party (Chief Executive: Mr. Ahmed H. Shaikh)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	December 04, 2017
Agriotech Limited (Chief Executive: Mr. Faisal Muzammil)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	May 29, 2019
Askari Bank Limited - 4th issue (Chief Executive: Syed Majeedullah Husaini)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	December 23, 2021
Bank Alfalah Limited (Chief Executive: Mr. Atif Bajwa)	Semi-annually	6 Month KIBOR ask rate plus 2.50%.	December 02, 2017
NRSP Microfinance Bank Limited (Chief Executive: Mr. Zahoor Hussain Khan)	Quarterly	3 Month KIBOR ask rate plus 2.35%.	June 30, 2018
Independent Media Corporation (Pvt.) Limited (Chief Executive: Mr. Mir Ibrahim Rahman)	Quarterly	3 Month KIBOR ask rate plus 3.00%.	August 05, 2018
Pakistan Water & Power Development Authority (WAPDA) (Chairman: Lieutenant General Muzammil Hussain (Retd.))	Semi-annually	6 Month KIBOR ask rate plus 1.00%.	September 27, 2021

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

10.2.8 Sukuk certificates - unlisted

Name of the company	Number of certificates		Rating		Face value per certificate Rupees	Cost Rupees in '000	
	2016	2015	2016	2015		2016	2015
Available-for-sale securities							
Engro Fertilizer Limited	80,000	80,000	AA-	AA-	5,000	360,000	380,000

10.2.9 Open End Mutual Funds

Name of the Fund	Net asset		Rating		Net asset value per unit	Cost		Market value	
	2016	2015	2016	2015		2016	2015	2016	2015
----- Rupees in '000 -----									
NAFA Government Securities Liquid Fund	9,325,314	9,325,314	AAA (f)	AAA (f)	Rs.10.42	100,000	100,000	97,157	97,186
JS Islamic Government Securities Fund - related parties	-	1,011,315	-	AA-(f)	Rs.101.82	-	91,159	-	102,972
						<u>100,000</u>	<u>191,159</u>	<u>97,157</u>	<u>200,158</u>

10.2.10 Foreign currency bonds (US \$)

Name of the Bond	Rating		Coupon rate p.a %	Date of Maturity	Cost		Market Value	
	2016	2015			2016	2015	2016	2015
----- Rupees in '000 -----								
African Export - Import Bank	Baa2	-	4.00%	May 24, 2021	220,151	-	220,049	-
Barclays Bank Plc	BBB	-	3.25%	January 12, 2021	102,273	-	104,464	-
Deutches Bank AG	BBB+	-	2.95%	August 20, 2020	204,309	-	205,478	-
Deutches Bank AG	BBB+	-	3.38%	May 12, 2021	131,544	-	130,013	-
Credit Suisse Group Funding	BBB+	-	3.13%	December 10, 2020	103,284	-	104,295	-
HSBC Holdings Plc	A1	-	3.40%	March 8, 2021	23,385	-	23,747	-
Perusahaan Penerbit SBSN	Baa3	-	3.40%	March 29, 2021	104,599	-	104,110	-
CBD (Cayman) Ltd	A-	-	4.00%	November 17, 2020	213,242	-	213,048	-
Oman Government International	BBB	-	3.63%	June 15, 2021	51,875	-	52,235	-
Abu Dhabi National Energy Company PJSC	A-	-	3.63%	June 22, 2021	28,572	-	28,920	-
Islamic Republic of Pakistan	B	-	7.25%	April 15, 2019	657,554	-	662,968	-
Islamic Republic of Pakistan	B	-	8.25%	September 30, 2025	668,085	-	687,118	-
Islamic Republic of Pakistan	B	-	8.25%	April 15, 2024	779,606	-	792,346	-
Federal Republic Of Brazil	BB	-	4.88%	January 22, 2021	105,372	-	107,815	-
Islamic Republic of Pakistan Bankpozitif Kredi Ve Kalkinma Bankasi A.S	B	-	6.88%	June 1, 2017	317,841	-	317,153	-
EA Partners II BV	BBB-	-	5.00%	February 7, 2018	52,129	-	50,715	-
	B	-	6.75%	June 1, 2021	209,197	-	210,406	-

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

Name of Bond	Rating		Coupon rate p.a	Date of Maturity	Cost		Market Value	
	2016	2015			2016	2015	2016	2015
----- Rupees in '000 -----								
Available for sale								
Turkiye Is Bankasi A.S	Ba1	-	5.50%	April 21, 2019	106,174	-	105,351	-
Akbank Tas	Ba1	-	4.00%	January 24, 2020	51,851	-	50,691	-
Turkiye Garanti Bankasi A.S	Ba1	-	4.75%	October 17, 2019	52,898	-	51,931	-
The Third Pakistan International Sukuk Co Ltd	B	-	5.50%	October 13, 2021	418,394	-	426,026	-
Republic Of Kazakhstan	BBB-	-	5.13%	July 21, 2025	111,905	-	111,457	-
Yapi Ve Kredi Bankasi	Ba1	BBB	4.00%	January 22, 2020	104,366	104,438	99,297	101,065
Turkiye Halk Bankasi A.S	Ba1	BBB-	3.88%	February 5, 2020	65,031	65,018	60,971	61,503
Bank Pozitif	BBB-	BBB-	5.00%	February 7, 2018	109,828	109,978	106,501	106,954
Emirates NBD PJSC	A3	Baa1	4.30%	March 29, 2017	104,599	104,741	104,814	107,001
Gazprombank (OJSC)	BB+	BB+	4.96%	September 5, 2019	69,767	69,862	71,841	66,509
Samarco Mineracao SA (note 10.2.10.1)	C	BB-	5.38%	September 26, 2024	52,374	52,371	28,184	18,487
Banco BTG Pactual	BB-	BB-	4.00%	January 16, 2020	61,051	29,714	57,893	21,717
Africa Finance Corporation	A3	A3	4.38%	April 29, 2020	211,879	53,132	213,853	52,423
IBQ Finance Limited	A+	A+	3.50%	November 25, 2020	208,782	208,968	211,251	209,826
IDBI Bank Limited	-	BBB-	-	-	-	105,121	-	105,129
Emirates NBD PJSC	-	A	-	-	-	103,218	-	100,168
SB Capital SA (SberBank)	-	BB+	-	-	-	104,741	-	96,885
ICICI BANK Limited / Dubai	-	BBB-	-	-	-	20,865	-	20,941
Banco BTG Pactual	-	BB-	-	-	-	30,919	-	24,003
Africa Finance Corporation	-	A3	-	-	-	159,780	-	157,269
					5,701,917	1,322,866	5,714,941	1,249,880

10.2.10.1 The Bank has recognized partial impairment on this bond of amounting to Rs.31.653 million (2015: Rs.Nil) due to weak financial position of the company.

10.2.11 Investment in subsidiaries

	Rating		Number of shares	Percentage holding		Cost	
	2016	2015		2016	2015	2016	2015
----- Rupees in '000 -----							
JS Global Capital Limited (JSGCL) - note 10.2.11.1	AA	AA	25,525,169	67.16%	51.05%	1,357,929	1,357,929
JS Investments Limited (JSIL)	A+	A+	52,236,978	65.16%	65.16%	561,192	561,192
						1,919,121	1,919,121

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

10.2.11.1 During the year, JSGCL has bought back its 11.993 million ordinary shares out of its 50 million ordinary shares, resultantly percentage holding is increased from 51.05% to 67.16% without any change in the cost of investment.

10.2.11.2 The Bank also controls JS ABAMCO Commodities Limited (JSACL) indirectly through its subsidiary JS Investments Limited which has 100% holding in JSACL.

	Note	2016 ---- Rupees in '000 ----	2015
10.3 Particulars of provision for diminution in value of investments			
Opening balance		533,793	392,644
Charge for the year		415,027	152,959
Reversal on disposal of investments		-	(11,810)
		415,027	141,149
Closing balance		948,820	533,793
10.3.1 Particulars of provision for diminution in value of investments by type and segment			
Preference shares of listed company		136,589	136,589
Term finance certificates - unlisted		214,882	214,882
Term finance certificates - listed		182,322	182,322
Foreign currency bonds (US \$)	10.2.10.1	31,653	-
Ordinary shares of unlisted company	10.2.4.2	383,374	-
		948,820	533,793
10.4 Unrealised (loss) / gain on revaluation of investments classified as held-for-trading securities -net			
Market treasury bills		(1,297)	50
Pakistan investment bonds		-	7,262
		(1,297)	7,312

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

	Note	2016 ---- Rupees in '000 ----	2015
11. ADVANCES - net			
Loans, cash credits, running finances, etc.			
In Pakistan		84,694,538	72,795,661
Outside Pakistan		2,139	-
		84,696,677	72,795,661
Net investment in finance lease in Pakistan	11.2	7,532,153	3,226,785
Bills discounted and purchased (excluding treasury bills)			
payable in Pakistan		1,444,580	1,266,902
payable outside Pakistan		2,780,065	2,100,013
		4,224,645	3,366,915
Advances - gross	11.1	96,453,475	79,389,361
Provision against non-performing advances - specific	11.4	(2,618,353)	(2,705,929)
Provision against advances - general	11.4	(40,988)	(17,252)
		(2,659,341)	(2,723,181)
Advances - net of provision		93,794,134	76,666,180
11.1 Particulars of advances (gross)			
11.1.1 In local currency		92,885,670	76,762,337
In foreign currency		3,567,805	2,627,024
		96,453,475	79,389,361
11.1.2 Short term (for up to one year)		77,178,825	68,483,699
Long term (for over one year)		19,274,650	10,905,662
		96,453,475	79,389,361

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

11.2 Particulars of net investment in finance lease

	2016			2015		
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
----- Rupees in '000 -----						
Lease rentals receivable	2,619,528	3,804,142	6,423,670	1,142,904	1,682,078	2,824,982
Guaranteed residual value	150,701	1,732,591	1,883,292	59,353	701,002	760,355
Minimum lease payments	2,770,229	5,536,733	8,306,962	1,202,257	2,383,080	3,585,337
Finance charges for future periods	(435,151)	(339,658)	(774,809)	(191,239)	(167,313)	(358,552)
Present value of minimum lease payments	2,335,078	5,197,075	7,532,153	1,011,018	2,215,767	3,226,785

11.3 Advances include Rs.3,327.942 million (2015: Rs.2,982.825 million) which have been placed under non-performing status as detailed below:

Category of classification	Note	2016			Provision required	Provision held
		Domestic	Overseas	Total		
----- Rupees in '000 -----						
Other assets especially mentioned		-	-	-	-	-
Substandard		384,986	-	384,986	46,076	46,076
Doubtful		48,302	-	48,302	531	531
Loss		2,894,654	-	2,894,654	2,571,746	2,571,746
	11.4.1	3,327,942	-	3,327,942	2,618,353	2,618,353
----- Rupees in '000 -----						
		2015			Provision required	Provision held
		Domestic	Overseas	Total		
----- Rupees in '000 -----						
Other assets especially mentioned		-	-	-	-	-
Substandard		1,533	-	1,533	383	383
Doubtful		181,136	-	181,136	32,984	32,984
Loss		2,800,156	-	2,800,156	2,672,562	2,672,562
		2,982,825	-	2,982,825	2,705,929	2,705,929

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

11.4 Particulars of provision against non-performing advances

	2016			2015		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Opening balance	2,705,929	17,252	2,723,181	2,051,035	7,784	2,058,819
Charge for the year	183,923	23,736	207,659	796,552	9,468	806,020
Reversals	(271,346)	-	(271,346)	(130,928)	-	(130,928)
Amount written off from the opening balance	(87,423)	23,736	(63,687)	665,624	9,468	675,092
11.5	(153)	-	(153)	(10,730)	-	(10,730)
Closing balance	2,618,353	40,988	2,659,341	2,705,929	17,252	2,723,181

11.4.1 Particulars of provision against non-performing advances

	2016			2015		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
In local currency	2,618,353	40,988	2,659,341	2,705,929	17,252	2,723,181
	2,618,353	40,988	2,659,341	2,705,929	17,252	2,723,181

11.4.2 The general provision includes maintaining of general reserves against small medium enterprise and consumer portfolio in accordance with the prudential regulations issued by SBP at 1% and 1.5% of fully secured portfolio respectively, and at 5% of unsecured portfolio.

11.4.3 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at December 31, 2016, the Bank has availed cumulative benefit of FSV of Rs. 398.690 million (2015: Rs.155.863 million) under the directives of the SBP. Had the benefit not been taken the unappropriated profit after tax would have reduced by Rs.259.149 million (2015: Rs.101.311 million). Further, as required by the SBP directives, this unappropriated profit will not be available for distribution as dividend or other appropriations.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

		2016	2015
		---- Rupees in '000 ----	
11.5	Particulars of Write Offs:		
11.5.1	Against provisions	153	10,730
	Directly charged to profit and loss account	83	-
		<u>236</u>	<u>10,730</u>
11.5.2	Write offs of Rs.500,000 and above	-	10,730
	Write offs of Below Rs.500,000	236	-
		<u>236</u>	<u>10,730</u>
11.5.3	In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person during the year ended December 31, 2016 is given in Annexure 'II' to these financial statements. These loans are written-off as a book entry without prejudice to the Bank's right of recovery against the customers.		

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

Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other person:

		2016	2015
		---- Rupees in '000 ----	
	Note		
		1,319,024	1,084,189
		865,153	470,285
		(469,571)	(235,450)
		<u>1,714,606</u>	<u>1,319,024</u>

Debts due by subsidiaries and associates are disclosed in note 40.

12. OPERATING FIXED ASSETS

Capital work-in-progress	12.1	227,808	238,343
Property and equipment	12.2	3,841,485	2,567,248
Intangible assets	12.3	1,767,888	1,768,080
		<u>5,837,181</u>	<u>4,573,671</u>
12.1 Capital work-in-progress			
Civil works		114,941	119,555
Advance for purchase of land		-	51,000
Advance for purchase of furniture and fixtures		1,785	4,632
Advance for purchase of vehicles		26,405	6,809
Advance for purchase of equipment and software		84,677	56,347
		<u>227,808</u>	<u>238,343</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

12.2 Property and equipment

	COST				ACCUMULATED DEPRECIATION				Book value as at December 31, 2015	Rate %
	As at January 01, 2016	Additions / Write off / adjustments	As at December 31, 2016	Deletions / adjustments	As at January 01, 2016	Depreciation on deletions / write off / adjustments	Charge for the year	As at December 31, 2016		
Leasehold land	370,500	543,590	927,051	-	-	-	-	927,051	-	
		12,961								
Building on free hold land	51,716	-	51,716	-	3,264	-	522	3,786	1.01	
Building on lease hold land	659,023	262,268	909,930	-	64,825	-	26,918	82,679	1.02 - 4.78	
		(11,361)				(9,064)				
Lease hold improvements	747,532	273,478	1,006,748	-	353,949	-	89,679	440,030	10	
		(12,662)				(12,662)				
		(1,600)				9,064				
Furniture and fixture	322,885	97,774	401,974	(2,819)	172,415	(2,592)	42,497	196,454	12.5	
		(15,866)				(15,866)				
Electrical, office and computer equipment	1,637,551	432,328	1,993,739	(17,620)	946,911	(14,702)	232,495	1,106,184	12.5 - 33.3	
		(58,520)				(58,520)				
Vehicles	570,329	202,370	692,965	(79,734)	250,924	(60,787)	123,368	313,505	20	
		(87,048)				(87,048)				
	4,359,536	1,811,808	5,984,123	(100,173)	1,792,288	(78,081)	515,479	2,142,638	3,841,485	
		(87,048)				(87,048)				

	COST				ACCUMULATED DEPRECIATION				Book value as at December 31, 2015	Rate %
	As at January 01, 2015	Additions	As at December 31, 2015	Deletions	As at January 01, 2015	Depreciation on deletions	Charge for the year	As at December 31, 2015		
Leasehold land	215,500	155,000	370,500	-	-	-	-	370,500	-	
Building on free hold land	51,716	-	51,716	-	2,742	-	522	3,264	1.01	
Building on lease hold land	382,461	276,562	659,023	-	51,250	-	13,575	64,825	1.02 - 4.78	
Lease hold improvements	647,294	100,238	747,532	-	284,684	-	69,265	353,949	10	
Furniture and fixture	279,181	44,926	322,885	(1,222)	136,808	(28)	35,635	172,415	12.5	
Electrical, office and computer equipment	1,358,746	311,287	1,637,551	(32,482)	773,608	(24,620)	197,923	946,911	12.5 - 33.3	
Vehicles	504,251	152,003	570,329	(85,925)	206,728	(61,171)	105,367	250,924	20	
	3,439,149	1,040,016	4,359,536	(119,629)	1,455,820	(85,819)	422,287	1,792,288	2,567,248	

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

12.2.1 Included in cost of property and equipment are fully depreciated items still in use having cost of Rs.568,479 million (2015: Rs.440.675 million).

12.2.2 The details of disposals of assets whose original cost or book value exceeds one million rupees or two hundred and fifty thousand rupees respectively, whichever is lower, are given in Annexure I of these unconsolidated financial statements.

12.3 Intangible assets

	COST		ACCUMULATED AMORTISATION				Book value as at December 31, 2016	Rate %
	As at January 01, 2016	As at December 31, 2016	As at January 01, 2016	Deletions / adjustment	Charge for the year	As at December 31, 2016		
Computer software	472,587	521,692	168,131	-	49,297	217,428	304,264	10
Goodwill	1,463,624	1,463,624	-	-	-	-	1,463,624	-
	<u>1,936,211</u>	<u>1,985,316</u>	<u>168,131</u>	<u>-</u>	<u>49,297</u>	<u>217,428</u>	<u>1,767,888</u>	

Note

----- Rupees in '000 -----

	COST		ACCUMULATED AMORTISATION				Book value as at December 31, 2015	Rate %
	As at January 01, 2015	As at December 31, 2015	As at January 01, 2015	Deletions / adjustment	Charge for the year	As at December 31, 2015		
Computer software	362,926	472,587	125,806	-	42,325	168,131	304,456	10
Goodwill	1,463,624	1,463,624	-	-	-	-	1,463,624	-
	<u>1,826,550</u>	<u>1,936,211</u>	<u>125,806</u>	<u>-</u>	<u>42,325</u>	<u>168,131</u>	<u>1,768,080</u>	

Note

----- Rupees in '000 -----

12.3.1 For impairment testing, goodwill has been allocated to 'Trading and Sales' Segment as Cash Generating Unit (CGU), which is also a reportable segment.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

12.3.2 Key assumptions used in value in use calculation

The recoverable amount of the CGU has been determined based on value in use calculation, using cash flow projections based on business plan approved by the Board of Directors of the Bank covering a five year period. The discount rates applied to cash flows beyond five years are extrapolated using a terminal growth rate. The following rates are used by the Bank.

	2016	2015
	---- Percentages ----	
Discount rate	16.33	21.24
Terminal growth rate	10.00	10.00

The calculation of value in use is most sensitive to following assumptions:

a) Interest margins

Interest margins are based on prevailing industry trends and anticipated market conditions.

b) Discount rates

Discount rates reflect management estimates of the rate of return required for each business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using cost of equity of the Bank.

c) Key business assumptions

The assumptions are important as they represent management assessment of how the unit's position might change over the projected period. Based on the expansion plans, management expects aggressive growth in advances, investments and deposits during the projected periods and thereafter stabilisation in line with industry trends.

Management believes that any significant change in key assumptions, on which CGU's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value in use calculation of the CGU are sensitive to changes in assumptions for interest rate spreads, Non Funded Income (NFI), long term growth rates and discount rates.

d) Sensitivity to changes in assumption

The estimated recoverable amount of the 'Trading and Sales' CGU exceeds its carrying amount by approximately Rs.1,963.9 million. Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

	Changes required for carrying amount to equal recoverable amount	
	2016	2015
	---- Percentages ----	
- Discount rate	1.41	2.40
- Terminal growth rate	(1.92)	(3.96)

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

	Note	2016 ---- Rupees in '000 ----	2015
13. OTHER ASSETS			
Mark-up / income accrued in local currency	13.1	2,314,307	4,564,934
Mark-up / income accrued in foreign currency		85,801	22,770
Advances, deposits, advance rent and other prepayments		393,740	266,836
Taxation (payments less provision)		329,477	478,954
Receivable against bancassurance / bancatakaful	13.2	19,278	27,530
Stationery and stamps in hand		13,215	8,105
Receivable from other banks in respect of remittance	13.3	154,760	164,119
Non-banking assets acquired in satisfaction of claims	13.4	175,808	182,455
ATM Settlement Account		171,428	47,892
Others		99,523	128,768
		3,757,337	5,892,363
Less: Provision held against other assets		(10,861)	(10,861)
Other assets (net of provisions)		3,746,476	5,881,502

13.1 This includes an amount of Rs.60.787 million (2015: Rs.40.167 million) due from related parties.

13.2 This includes an amount of Rs.19.132 million (2015: Rs.23.546 million) due from related parties.

13.3 This includes an amount of Rs.123.486 million (2015: Rs.129.316 million) receivable from State Bank of Pakistan in respect of home remittance services provided by the Bank.

13.4 Non banking assets acquired in satisfaction of claims

Market value of non-banking assets acquired in satisfaction of claims	175,808	245,275
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13.4.1 Movement during the year

		Revalued Amount 2016 ---- Rupees in '000 ----	Cost 2015
As at January 01		182,455	141,900
Revaluation surplus - net		84,175	-
Addition during the year	13.4.3	39,948	40,555
Deletions during the year		(129,648)	-
Depreciation during the year		(1,122)	-
		175,808	182,455

13.4.2 During the year, the Bank has revalued its non-banking assets acquired in satisfaction of claims according to the requirements of the 'Regulation for Debt Property Swap' (the regulations) issued by SBP vide the BPRD Circular No. 1 of 2016, dated January 01, 2016 by prospectively. Had there been no revaluation, the net book value of non-banking assets acquired in satisfaction of claims would have amounted to:

Leasehold Land	73,206	159,405
Building	18,427	23,050
	91,633	182,455

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

13.4.3 This represents property acquired under satisfaction of claims against which non-performing loan was reduced and specific provision have been reversed by Rs.39.948 million (2015: Rs. Nil).

	Note	2016	2015
		---- Rupees in '000 ----	
14. BILLS PAYABLE			
In Pakistan		2,539,715	1,607,100
Outside Pakistan		4,313	2,325
		<u>2,544,028</u>	<u>1,609,425</u>
15. BORROWINGS			
In Pakistan		8,152,229	54,583,633
Outside Pakistan		2,167,818	54,685
		<u>10,320,047</u>	<u>54,638,318</u>
15.1 Particulars of borrowings with respect to currencies			
In local currency	15.2	8,152,229	54,583,633
In foreign currencies		2,167,818	54,685
		<u>10,320,047</u>	<u>54,638,318</u>
15.2 Details of borrowings from financial institutions			
Secured			
Borrowings from State Bank of Pakistan under:			
Export refinancing scheme (ERF)	15.2.1	5,962,976	5,230,732
Long-Term Finance Facility (LTFF)	15.2.2	735,734	-
Financing Facility for Storage of Agricultural produce (FFSAP)	15.2.3	40,845	15,320
		<u>6,739,555</u>	<u>5,246,052</u>
Repurchase agreement borrowings	15.2.4	1,412,674	45,837,581
Unsecured			
Call borrowings	15.2.5	805,408	3,500,000
Due against bills re-discounting	15.2.6	1,321,882	-
Overdrawn nostro accounts		40,528	54,685
		<u>2,167,818</u>	<u>3,554,685</u>
		<u>10,320,047</u>	<u>54,638,318</u>

15.2.1 The Bank has entered into agreement with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable on a quarterly basis and to be matured between January 03, 2017 and June 29, 2017 (2015: January 25, 2016 and June 30, 2016). These carry mark-up at the rate of 2% (2015: 3% to 4.5%) per annum.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

- 15.2.2** These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings will mature between August 25, 2019 and December 31, 2026. These carry mark up at rates ranging from 3.5% to 6.0% per annum.
- 15.2.3** These borrowings have been obtained from SBP under “Financing Facility for Storage of Agricultural Produce (FFSAP)” to encourage Private Sector to establish Silos, Warehouses and Cold Storages. These borrowings will mature on August 27, 2018 and carry mark up at the rate of 3.50% per annum.
- 15.2.4** This represents collateralised borrowing from various financial institutions against Treasury Bills (2015: Pakistan Investment Bonds) carrying mark-up at the rates ranging from 5.6% to 5.75% (2015: 6.5%) per annum and will mature on January 03, 2017 (2015: January 04, 2016). The carrying value of securities given as collateral against these borrowings is given in note 10.1.
- 15.2.5** These represent call money borrowings from financial institutions which will mature between January 05, 2017 and March 28, 2017, carrying interest at the rates ranging from 1.80% to 2.76% (2015: 6.05%) per annum.
- 15.2.6** This represents the obligation to the foreign corresponding banks on the discounting of foreign documentary bills purchased by the Bank on discount. These will mature between January 06, 2017 and March 14, 2017 and carry interest at the rates ranging from 2.30% to 2.54% per annum.

		2016	2015
		---- Rupees in '000 ----	
16.	DEPOSITS AND OTHER ACCOUNTS		
			Note
	Customers		
	Fixed deposits	105,693,800	61,877,181
	Savings deposits	39,530,255	32,635,288
	Current accounts - non-remunerative	48,932,442	34,570,446
	Margin accounts	4,185,137	1,557,573
		<u>198,341,634</u>	<u>130,640,488</u>
	Financial Institutions		
	Remunerative deposits	26,853,900	10,996,136
	Non-remunerative deposits	903,397	203,863
		<u>27,757,297</u>	<u>11,199,999</u>
		<u>226,098,931</u>	<u>141,840,487</u>
16.1	Particulars of deposits		
	In local currency	215,434,075	130,091,091
	In foreign currencies	10,664,856	11,749,396
		<u>226,098,931</u>	<u>141,840,487</u>
17.	SUB-ORDINATED LOANS		
	Term Finance Certificates	3,000,000	-

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

- 17.1 During the current year, the Bank has issued Rs.3 billion of rated, privately placed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 120 of the Companies Ordinance, 1984 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute toward the Bank's Tier II Capital for complying with the Capital Adequacy Ratio requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Article of Association.
Issue date	December 14, 2016
Tenor:	Up to Seven years from the Issue date.
Maturity Date:	December 14, 2023
Rating	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date.
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.
Call Option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.

18. DEFERRED TAX LIABILITIES - net

	2016	2015
	---- Rupees in '000 ----	
Deferred tax (debits) arising from:		
Provision against investments	(57,149)	(57,149)
Provision against loans and advances	(16,092)	(94,246)
Unrealized loss on revaluation of derivative Instruments	(7,782)	(14,366)
Unrealised gain on revaluation of investment classified as held for trading	(454)	2,559
Provision for Workers' Welfare Fund	(26,145)	(48,362)
	(107,622)	(211,564)
Deferred tax credits arising due to:		
Operating fixed assets	184,050	152,922
Goodwill	512,268	461,322
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,307	-
Surplus on revaluation of investment classified assets as available for sale	614,359	1,292,713
	1,312,984	1,906,957
	1,205,362	1,695,393

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

18.1 Movement in temporary differences during the year:

	Balance as at January 01, 2015	Recognised in profit and loss account	Recognised in equity / OCI	Balance as at December 31, 2015	Recognised in profit and loss account	Recognised in equity / OCI	Balance as at December 31, 2016
Rupees in '000							
Deferred tax debits arising from:							
Unabsorbed amortisation of intangibles	(429,467)	429,467	-	-	-	-	-
Provision against investments	(137,425)	80,276	-	(57,149)	-	-	(57,149)
Provision against loans and advances	(119,970)	25,724	-	(94,246)	78,154	-	(16,092)
Minimum tax	(194,148)	194,148	-	-	-	-	-
Unrealized (loss) / gain on revaluation of derivative financial instruments	(63,629)	49,263	-	(14,366)	6,584	-	(7,782)
Unrealised (loss) / gain of revaluation of investment classified as held for trading	119,003	(116,444)	-	2,559	(3,013)	-	(454)
Provision for Workers' Welfare Fund	(26,145)	(22,217)	-	(48,362)	22,217	-	(26,145)
	(851,781)	640,217	-	(211,564)	103,942	-	(107,622)

Deferred tax credits arising due to:

Operating fixed assets	145,640	7,282	-	152,922	31,128	-	184,050
Goodwill	410,095	51,227	-	461,322	50,946	-	512,268
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	-	-
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	-	-	-	-	-	2,307	2,307
Surplus / (deficit) on revaluation of investment classified assets as available for sale	740,827	-	551,886	1,292,713	-	(678,354)	614,359
	1,296,562	58,509	551,886	1,906,957	82,074	(676,047)	1,312,984
	444,781	698,726	551,886	1,695,393	186,016	(676,047)	1,205,362

19. OTHER LIABILITIES

	Note	2016	2015
Rupees in '000			
Mark-up / return / interest payable in local currency	19.1	1,400,359	858,162
Mark-up / return / interest payable in foreign currency		16,445	26,498
Accrued expenses		605,698	386,872
Payable in respect of defined benefit obligation - net	35.5	118,308	64,005
Unrealised loss on revaluation of derivative instruments		22,235	41,047
Unclaimed dividends		4,207	4,207
Government duties		96,909	68,534
Donation payable	29.1	67,800	63,473
Lease key money deposit		1,877,773	753,823
Provision for Workers' Welfare Fund	19.2	205,974	138,176
Payable against remittance		286,973	179,975
Visa debit card payable		42,907	22,463
Retention money payable		24,860	11,373
Others		112,152	105,529
		4,882,600	2,724,137

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

19.1 Included herein is a sum of Rs.51.564 million (2015: Rs.16.708 million) payable to related parties.

19.2 Aggrieved by the amendments made through the Finance Act, 2008, certain stakeholders filed petition against the changes in the Lahore and Peshawar High Courts, which struck down the aforementioned amendments to the Workers' Welfare Fund Ordinance in 2011. However, some stakeholders also filed the petition in the Honorable Sindh High Court which, in 2013, decided the petition against the stakeholders.

During the year, the Honorable Supreme Court of Pakistan (SCP) passed a judgment on November 10, 2016, declaring the insertion of amendments introduced in the Finance Act, 2008 pertaining to WWF as unlawful for the reason that the WWF is not in the nature of tax and therefore, could not be introduced through money bill under the Constitution. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing.

In view of the above developments regarding the applicability of Federal WWF on Banks, the Pakistan Bankers' Association (PBA) sought a legal opinion to conclude on the reversal of Federal WWF provision. However, based on legal advice, the Bank has decided to retain the provision for WWF in the financial statements.

Further, as a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh WWF Act, 2014. As per Sindh WWF Act, 2014, Banks are liable to pay Sindh WWF. The Bank along with other banks is planning to file a case against the application of Sindh WWF on banking industry. However, on a prudent basis, the Bank has recognised full provision in the financial statements in respect of Sindh WWF.

20. SHARE CAPITAL

20.1 Authorised capital

2016	2015		2016	2015
---- Number of shares ----			---- Rupees in '000 ----	
<u>1,350,000,000</u>	<u>1,350,000,000</u>	Ordinary shares of Rs.10 each	<u>13,500,000</u>	<u>13,500,000</u>

20.2 Issued, subscribed and paid-up capital

<u>538,558,965</u>	538,558,965	Issued for cash	<u>5,385,590</u>	5,385,590
<u>533,905,297</u>	533,905,297	Issued for consideration other than cash	<u>5,339,053</u>	5,339,053
<u>1,072,464,262</u>	<u>1,072,464,262</u>		<u>10,724,643</u>	<u>10,724,643</u>

20.3 As at December 31, 2016, Jahangir Siddiqui & Co. Ltd. (the parent company) held 755,245,007 ordinary shares of Rs.10 each represents 70.42% holding.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

21. PREFERENCE SHARES

21.1 Authorised capital

2016	2015	2016	2015
---- Number of shares ----		---- Rupees in '000 ----	
	Convertible preference shares		
<u>150,000,000</u>	<u>150,000,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
	of Rs.10 each		

21.2 On February 19, 2014, the Bank issued 150 million preference shares of Rs.10 each. As a result of this transaction, the paid-up capital of the Bank has increased by Rs.1.5 billion. The major terms and conditions of the preference shares are as follows:

Instrument: Un-listed, convertible, irredeemable, perpetual, non-cumulative, non-voting preference shares.

Issue Price: Issued at par value of Rs.10 per shares.

Tenure: Four years from the date of issuance of preference shares.

Conversion ratio: For every one preference share, 1.5 ordinary shares will be issued i.e. 1:1.5.

Dividend: Non-cumulative at the fixed rate of 12% per annum. No compensation would be available to the preference shareholders other than the agreed return i.e. 12% p.a. which will be paid in the form of cash dividend. The distribution of dividend is not obligatory and will be allowed only if the Bank has earned sufficient profit in the current year to pay dividend and is in compliance with all the regulatory capital (MCR and CAR) and provisioning requirements.

21.3 As at December 31, 2016, Jahangir Siddiqui & Co. Ltd. (the parent company) held 145,374,878 preference shares of Rs.10 each (96.92% holding).

22. SURPLUS ON REVALUATION OF ASSETS - net of tax

	Note	2016	2015
		---- Rupees in '000 ----	
Non-banking assets acquired in satisfaction of claims	22.1	<u>81,868</u>	-
Available-for-sale securities	22.2	<u>1,140,952</u>	2,400,753
		<u>1,222,820</u>	<u>2,400,753</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

	Note	2016 ---- Rupees in '000 ----	2015
22.1 Non-banking assets acquired in satisfaction of claims			
Arose during the year		84,175	-
Less: Related deferred tax liability on:			
Arose during the year		(2,307)	-
		81,868	-
22.1.1	During the year, the surplus arose under specific requirements of 'Debt Property Swap (DPS)' regulations issued by State Bank of Pakistan effective January 01, 2016.		
22.2 Available-for-sale securities:			
Government securities		48,729	3,159,726
Ordinary shares - listed		1,664,750	597,692
Foreign currency bonds (US \$)		44,675	(72,986)
Open end mutual funds		(2,843)	8,999
Term Finance Certificates - listed		-	35
		1,755,311	3,693,466
Related deferred tax liability	18	(614,359)	(1,292,713)
		1,140,952	2,400,753
23. CONTINGENCIES AND COMMITMENTS			
23.1 Transaction-related contingent liabilities			
Includes performance bonds, bid bonds, warranties,			
i) Government		18,055,350	13,374,471
ii) Banking companies and other financial institutions		2,777,027	590,642
iii) Others		6,673,175	2,888,172
		27,505,552	16,853,285
23.1.1	Included herein the outstanding guarantees of Rs.17.140 million (2015: Rs.47.902 million) of related parties.		
23.2 Trade-related contingent liabilities			
Documentary credits		20,505,270	11,134,071
23.2.1	Included herein the outstanding letter of credits of Rs.2,194.048 million (2015: Rs.3.080 million) of related parties.		

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

	2016	2015
	---- Rupees in '000 ----	
23.3 Commitments in respect of forward lending		
Forward commitment to extend credit	<u>234,062</u>	<u>1,396,767</u>
23.3.1 Included herein the commitment of Rs.170 million (2015: Rs.600 million) of related parties.		
23.4 Commitment in respect of capital expenditure	<u>59,876</u>	<u>616,466</u>
23.5 Commitments in respect of derivative instruments		
23.5.1 Forward exchange contracts		
Purchase	<u>9,872,524</u>	<u>9,076,271</u>
Sale	<u>10,004,614</u>	<u>5,218,707</u>
23.5.2 Forward government securities		
Purchase	<u>3,989,680</u>	<u>-</u>
Sale	<u>4,998,400</u>	<u>267,151</u>
23.5.3 Cross currency swaps (notional principal)	<u>1,753,050</u>	<u>2,627,850</u>

The Bank utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At year end, all foreign exchange contracts have a remaining maturity of less than one year.

Derivative instruments, such as Forward Rate Agreement, Interest Rate Swaps, Cross Currency Swaps and FX Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business provides risk solutions for the existing and potential customers of the Bank. All derivative transactions are governed by the Financial Derivatives Business Regulations (FDBR) issued by the State Bank of Pakistan (SBP).

The Bank has entered into a Cross Currency Swap transaction with its customer on back-to-back basis with an Authorized Derivative Dealer (ADD) without carrying any open position in its books. Specific approvals for the transactions have been granted by State Bank of Pakistan. Policies in line with SBP instructions have been formulated and are operative.

The transaction carries credit risk which is the risk that a party to a derivative contract will fail to perform its obligation. There are two types of credit risk associated with derivative transactions; 1) settlement, and 2) pre-settlement risk. Bank's Central Credit Committee is responsible for reviewing and managing associated Counterparty Credit Risks of the transaction.

Accounting policies in respect of derivative financial instruments are described in note 6.4.2.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

23.5.3.1 Product Analysis

	2016		2015	
	Number of contracts	Notional principal	Number of contracts	Notional principal
Cross currency swaps				
Counter-parties				
		Rupees '000		Rupees '000
With Banks for				
Hedging	-	-	-	-
Market Making	6	1,753,050	6	2,627,850
	6	1,753,050	6	2,627,850

At the exchange rate prevailing at the end of the reporting period.

23.5.3.2 Maturity Analysis

Remaining maturity of Contracts	2016				
	Number of contracts	Notional principal	Positive	Mark to market Negative	Net
Up to 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 month to 1 year	2	504,350	257,189	(255,767)	1,422
1 to 2 year	2	209,700	118,709	(118,439)	270
2 to 3 years	2	1,039,000	579,489	(575,349)	4,140
3 to 5 years	-	-	-	-	-
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-
	6	1,753,050	955,387	(949,555)	5,832

Remaining maturity of Contracts	2015				
	Number of contracts	Notional principal	Positive	Mark to market Negative	Net
Up to 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 month to 1 year	2	1,084,500	555,445	(554,227)	1,218
1 to 2 year	2	504,350	262,745	(259,521)	3,224
2 to 3 years	-	-	-	-	-
3 to 5 years	2	1,039,000	594,765	(588,814)	5,951
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-
	6	2,627,850	1,412,955	(1,402,562)	10,393

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

	Note	2016	2015
		---- Rupees in '000 ----	
24. MARK-UP / RETURN / INTEREST EARNED			
On loans and advances to:			
Customers		6,219,466	5,942,382
Financial institutions		19,901	9,297
		6,239,367	5,951,679
On investments in:			
Held-for-trading securities		916,072	742,726
Available-for-sale securities		7,842,096	8,464,227
		8,758,168	9,206,953
On deposits with financial institutions		151	106
On securities purchased under resale agreements		83,329	169,163
		15,081,015	15,327,901
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		7,530,868	6,446,462
Securities sold under repurchase agreements		1,504,055	2,891,267
Borrowings		318,359	400,300
		9,353,282	9,738,029
26. FEE, COMMISSION AND BROKERAGE INCOME			
Advisory fee		169,729	103,206
Trustee fee		5,471	5,908
Other fees, commission and charges	26.1	1,251,394	1,014,766
		1,426,594	1,123,880
26.1	This includes Rs.31.580 million (2015: Rs.56.633 million) in respect of commission income from home remittance services provided by the Bank. The amount is receivable from State Bank of Pakistan at the rate of Saudi Riyal 20 (2015: Saudi Riyal 20) per transaction over USD 200 (2015: USD 200) and is shared between the Bank and various exchange companies as per terms of agreement with them.		
	Note	2016	2015
		---- Rupees in '000 ----	
27. GAIN / (LOSS) ON SALE OF SECURITIES - net			
Federal Government Securities			
- Market Treasury Bills		9,915	47,353
- Pakistan Investment Bonds		2,760,642	1,228,845
- Ijara Sukuk Certificates		699	553
Ordinary shares - listed		172,380	532,189
Term finance certificates		3,749	-
Foreign currency bonds		7,878	(17,005)
Mutual fund units	27.1	11,211	101
		2,966,474	1,792,036
27.1	This represents gain arising on sale of units of a related party.		

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

	Note	2016 ---- Rupees in '000 ----	2015
28. OTHER INCOME / (LOSS) - NET			
Gain on sale of operating fixed assets		39,864	35,025
Gain on recovery of non banking assets		152	-
Unrealised loss on revaluation of derivative instruments			
Forward Government securities - net		332	(77)
Forward foreign exchange contracts - net		23,255	(51,363)
Cross currency swaps - net		(4,561)	10,393
		19,026	(41,047)
		59,042	(6,022)
29. ADMINISTRATIVE EXPENSES			
Salaries, wages, allowances, etc.		2,634,435	1,922,035
Contractor wages		351,155	252,772
Charge for defined benefit plan - net	35.5	61,317	54,335
Contribution to defined contribution plan		101,438	77,365
Non-executive directors' fee, allowances and other expenses	37.1	14,751	5,631
Brokerage, fee and commission		51,073	18,391
Rent, taxes, insurance, electricity, etc.		1,033,498	768,034
Legal and professional charges		160,761	67,119
Donations	29.1	67,800	63,473
Communications		149,665	88,847
Repairs and maintenance		497,024	364,900
Travel, conveyance and other related expenses		70,600	41,620
Stationery and printing		135,895	103,786
Advertisement and publicity		298,822	152,138
Postage and courier service		41,248	33,635
Stamp duty		16,548	15,975
CDC and other charges		4,209	3,559
Bank and clearing house charges		61,553	52,697
Consultancy fee		68,763	12,915
Security services charges		238,065	173,943
Fees and subscription		32,000	24,770
Auditors' remuneration	29.2	8,307	5,625
Depreciation	12.2	515,479	422,287
Depreciation on non banking assets		1,122	-
Amortisation	12.3	49,297	42,325
Staff training		12,985	10,929
Entertainment expenses		33,862	26,485
Outsourced record management services		8,433	7,017
Others		28,339	11,734
		6,748,444	4,824,342

29.1 This represents donation to Future Trust, wherein Mr. Kalim-ur-Rehman, the director of the Bank and Mr. Suleman Lalani, the Chief Executive Officer of the Jahangir Siddiqui & Co. Ltd, the parent company of the Bank, are trustees. The registered office of the donee are located at 7th Floor, The Forum, Block 9, Clifton, Karachi.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

	Note	2016 ---- Rupees in '000 ----	2015
29.2 Auditors' remuneration			
Audit fee		1,450	1,450
Half-yearly review		500	500
Special certification and sundry advisory services		4,770	2,327
Taxation services		190	350
Out of pocket expenses and sales tax on services		1,397	998
		8,307	5,625
30. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		31,030	1,348
Provision for Workers' Welfare Fund	19.2 & 30.1	67,799	63,474
Others		370	477
		99,199	65,299
30.1	Provision held @ 2% of the higher of profit before tax or taxable income under Workers' Welfare Ordinance, 1971.		
31. TAXATION			
31.1 Relationship between income tax expense and accounting profit			
Accounting profit for the year		3,389,936	3,173,696
Tax on income @ 35% (2015: 35%)		(1,186,478)	(1,110,794)
Effect of permanent differences		(11,201)	(472)
Effects of prior year deferred taxation		9,159	(36,883)
Effects of prior year current taxation		(124,800)	-
Tax charge for the year		(1,313,320)	(1,148,149)

31.2 Income Tax

The Bank has filed income tax returns under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2008 through 2016. The said returns so filed were deemed to be assessed in terms of the returns filed under the provisions of prevailing income tax laws as applicable in Pakistan. However, the Officers of Inland Revenue Services (OIR) conducted the proceedings for making certain amendments in the deemed assessments for tax years 2008 to 2013. This was done by taking recourse of conducting tax audit or alternatively a direct amendment in the assessment contending that certain matters in the deemed assessments were not admissible as not conforming to the law and prejudiced the interest of revenue.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

Based on the amended assessments in tax year 2008 to tax year 2013, the department has made certain dis-allowances of expenses and tax deductible claims besides creating minimum tax and Workers' Welfare Fund liabilities in the tax years 2010 & 2011 and tax years 2009 & 2012 respectively. The Bank has not accepted the amendments and have filed appeals before the Commissioner Inland Revenue-Appeals (the CIRA). With regard to appeals filed for tax year 2009 to 2013, the CIRA has decided the appeals accepting the Bank's contentions in respect of significant issues. Whereas, the contentious matter of levy of workers welfare fund and dis-allowance of amortization claim of goodwill have been decided in favor of department. However, the Bank is contesting the matters in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for hearing.

For tax year 2008, CIRA has admitted the contention of the Bank that the amended order is barred by time and, decided that any addition made in impugned order is annulled and not required to be further adjudicated. However, the department has filed an appeal against the decision of CIRA in ATIR where it is pending for hearing and decision.

For the tax year 2013, the ATIR has decided appeal filed by tax department in respect of calculating the amount of provisions against advances as allowable under Rule 1(c) of Seventh Schedule to the Income Tax Ordinance, 2001 and has maintained the CIRA decision that allowability of provision for advances to be calculated at 1% of gross amount of advances as against the tax department contention that the same is to be calculated on net advances after deducting the amount of provisions created and allowed against advances.

The matter of allowability of amortization relating to goodwill is contentious issue, therefore based on the opinion of lawyer there are arguments available to contend that goodwill on merger is a tax claimable deduction. Especially in the recent decision given by the High Court of Sindh in the case of merger of other bank in Pakistan where the court has ruled favorably that goodwill generated in merger is 'intangible' and amortization relating to goodwill is allowable deduction.

In respect of WWF, the Supreme Court of Pakistan (SCP) has recently held that the amendments in the WWF Ordinance through Finance Act, 2006 and 2008 are not validly made. Based on decision of SCP, now it has been cleared that persons on whom the WWF levy was made applicable due to the provisions of Finance Bill 2006 and 2008 will no longer be required to pay for WWF; nor to FBR and neither to WWF Department. Accordingly, as of now the Bank's contention is mandated and it is likely that its pending appeals in this will be decided favorably.

The management of the Bank is confident that the decision in respect of the above matters will be in the Bank's favour and accordingly no demand for payment would arise.

31.3 Sales tax

The Bank as a registered person under Sindh Sales Tax on Services Act, 2011 has been issued a Sales Tax Order from the Sindh Revenue Board (SRB) and created demand of Rs.48.838 million (besides Rs.4.440 million is charged as penalty) against the Bank for allegedly non-payment of Sindh sales tax on certain 'presumed non-taxable services/incomes' of amounting to Rs.277.488 million for the tax periods from July 2011 to December 2013. The issue is common amongst the banking industry. The Bank has filed an appeal against the said Order before Commissioner SRB (Appeals) and subsequently the Commissioner SRB (Appeals) is also not favoring on the ground that such services/income" is taxable under the tariff heading of 9813.499 i.e. "Other services not specified elsewhere" and chargeable to tax from November 01, 2011 onward to the end of the periods in question therein, along with the default surcharge to be calculated at the time of payment, however CIR Appeals set aside the receipts on account of FX gain on Western Union remittance and declared as non-taxable services.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

The Bank has not accepted the adjudication so made and has filed an appeal and obtain stay against recovery of tax demand before Appellate Tribunal which is pending for hearing and decision.

31.4 Azad Jammu & Kashmir Operations

The Bank has commenced its operations in Azad Jammu & Kashmir from tax year 2009 and it has filed separate returns for the tax years 2009 to 2016 with the tax authorities of such region. The Commissioner has issued notice to select the return filed for the Tax Year 2011-2015 for imitating audit proceeding which are finalised during the year and no additional demand has been raised.

	2016	2015
	---- Rupees in '000 ----	
32. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation for the year - attributable to ordinary equity holders of the Bank for diluted earnings	2,076,616	2,025,547
Preference dividend paid for the year / period ended December 31, 2015 @ 12% p.a (2014: @ 12% p.a.)	(180,000)	(155,836)
Profit after taxation for the year - attributable to ordinary equity holders of the Bank for basic earnings	<u>1,896,616</u>	<u>1,869,711</u>
	---- Numbers ----	
Weighted average number of basic outstanding ordinary shares during the year	<u>1,072,464,262</u>	<u>1,072,464,262</u>
Weighted average number of diluted outstanding ordinary shares during the year	<u>1,297,464,262</u>	<u>1,297,464,262</u>
	---- Rupees ----	
Basic earnings per share	<u>1.77</u>	1.74
Diluted earnings per share	<u>1.60</u>	1.56

32.1 The shareholders of the Bank in their meeting held on March 28, 2016 approved non-cumulative preference dividend of Rs.180 million (2015: Rs.155.836 million) for the preference shareholders. Since it was not recognised as a liability at reporting period as of December 31, 2016 due to non-adjusting event in accordance with International Accounting Standard - IAS 10 "Events after the Reporting Period", the basic earnings per share of the current period has been adjusted accordingly.

		2016	2015
		---- Rupees in '000 ----	
33. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	7	15,508,968	11,159,432
Balances with other banks	8	752,710	583,724
Overdrawn nostro accounts	15.2	(40,528)	(54,685)
		<u>16,221,150</u>	<u>11,688,471</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

	2016	2015
	---- Numbers ----	
34. STAFF STRENGTH		
Permanent	2,336	1,778
Temporary / on contractual basis	336	102
Bank's own staff strength at the end of the year	2,672	1,880
Third party contract	1,491	1,066
	4,163	2,946

35. DEFINED BENEFIT PLAN

35.1 General description

The Bank operates a recognized gratuity fund for all employees who opted for this scheme introduced by the management with effect from January 01, 2007.

The defined benefit is administered by a separate fund that is legally separate from the Bank. The plan is governed by the trust deed dated September 01, 2007. The trustees of the gratuity fund are composed of representatives from employers. The trustees of the gratuity fund are required by the trust deed to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees and employers. The trustees of the gratuity fund are responsible for the investment policy with regard to the assets of the fund.

35.2 The plan in Pakistan typically exposes the Bank to actuarial risks such as: salary risk, discount rate risk, mortality risk and investment risk defined as follow:

- **Salary increase risk:**
This is the risk that the salary at the time of cessation of service is higher than that assumed by us. This is a risk to the Bank because the benefits are based on the final salary; if the final salary is higher than what we have assumed, the benefits will also be higher.
- **Discount rate risk**
The discount rate is based on the yield on government bonds. If the market yield of bonds varies, the discount rate would vary in the same manner and would affect the present value of obligation and fair value of assets.
- **Mortality / withdrawal risk:**
This is the risk that the actual mortality/withdrawal experience is different than that assumed by us.
- **Longevity Risk**
This is the risk that when actual lifetime of retirees is longer than expectation. The risk is measured at plan level over the entire population.
- **Investment risk**
This is the risk that the assets are under-performing and are not sufficient to meet the liabilities.
- **Maturity profile**
The weighted average duration of the defined benefit obligation works out to 8.97 years.

35.3 Number of employees under the schemes

The number of employees covered under defined benefit scheme is 2,325 (2015: 1,778).

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

35.4 Principal actuarial assumptions

Principal actuarial assumptions at the end of the reporting period expressed as weighted averages. The actuarial valuations were carried out on December 31, 2016 based on the Projected Unit Credit Method, using the following significant assumptions:

		2016	2015
Valuation discount rate based on high yield corporate bonds per annum		8.00%	9.00%
Expected return on plan assets	per annum	8.00%	9.00%
Future salary increase rate	per annum	9.00%	9.00%
Effective duration of the discounted future cash flows	years	9.31	8.97
Normal retirement age	years	60	60
Withdrawal rates		Moderate	Moderate
Mortality rates		Adjusted SLIC 2001-05	Adjusted SLIC 2001-05

35.5 Movement in defined benefit obligations, fair value of plan assets and their components

	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability (asset)	
	2016	2015	2016	2015	2016	2015
	----- Rupees in '000 -----					
Balance as at January 01	235,572	154,368	171,567	133,019	64,005	21,349
Included in profit or loss						
Current service cost	58,437	44,657	-	-	58,437	44,657
Negative past service cost	-	(30,465)	-	-	-	(30,465)
Past service cost	-	38,942	-	-	-	38,942
Interest cost / income	21,022	17,256	18,142	16,055	2,880	1,201
Curtailement gains	-	-	-	-	-	-
	79,459	70,390	18,142	16,055	61,317	54,335
Included in other comprehensive income						
Actuarial gains / losses arising from:						
- financial assumptions	31,859	255	(393)	-	32,252	255
- experience adjustments	24,739	12,519	-	3,104	24,739	9,415
	56,598	12,774	(393)	3,104	56,991	9,670
Other movements						
Contribution made during the year	-	-	64,005	21,349	(64,005)	(21,349)
Benefits paid during the year	(3,994)	(1,960)	(3,994)	(1,960)	-	-
	(3,994)	(1,960)	60,011	19,389	(64,005)	(21,349)
Balance as at December 31	367,635	235,572	249,327	171,567	118,308	64,005

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

35.6 The composition of the plan assets at the end of the reporting period for each category, are as follows:

Note	Fair value of plan assets			
	2016	2015	2016	2015
	Rupees in '000		Percentage	
Cash and cash equivalent	13,298	39,177	5.3%	22.8%
Debt securities	236,029	132,390	94.7%	77.2%
	249,327	171,567	100%	100%

35.6.1 This represents investments held in Pakistan Investment Bonds (PIBs) and T-Bills, the fair values of these securities are determined based on quoted market prices in active markets having a cost of Rs.223.111 million (2015: Rs.122.900 million).

35.7 Maturity profile

35.7.1 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity fund is as follows:

	Up to one year	Over 1-2 years	Over 2- 5 years	Over 6-10 years	Over 10 and above years	Total
	Rupees in '000					
Balance as at December 31, 2016	15,120	16,880	81,797	188,089	600,842	902,728

35.8 Sensitivity analysis

35.8.1 Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Particulars	Rate	Present value of defined benefit obligation	Fair value of any plan assets	Net defined benefit liability
Rupees in '000				
Current results	-	367,635	249,327	118,308
Discount rate				
1% Increase	9%	335,766	247,207	88,559
1% Decrease	7%	404,232	251,507	152,725
Salary Rate				
1% Increase	10%	405,362	249,327	156,035
1% Decrease	8%	334,226	249,327	84,899
Withdrawal rate				
10% Increase	Moderate + one year	306,204	249,327	56,877
10% Decrease	Moderate - one year	422,550	249,327	173,223
Mortality rate				
One year age set back	Adjusted SLIC 2001-05 - one year	368,118	249,327	118,791
One year age set forward	Adjusted SLIC 2001-05 + one year	367,154	249,327	117,827

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

Furthermore in presenting the above sensitivity analysis, the present value of the define benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in this unconsolidated statement of financial position.

35.9 Experience Adjustments

The re-measurement gains / (losses) arise due to actual experience varying from the actuarial assumptions for the year

Particulars	2016	2015	2014	2013
	----- Rupees in '000 -----			
Defined benefit obligation	367,635	235,572	154,368	116,676
Fair value of plan assets	(249,327)	(171,567)	(133,019)	(115,387)
Net defined benefit liability	118,308	64,005	21,349	1,289
Re-measurement gain / (loss) on obligation	56,598	12,774	3,493	(740)
Re-measurement gain / (loss) on plan assets	393	(3,104)	3,655	2,408
Other comprehensive income	56,991	9,670	7,148	1,668

35.10 The average duration of the benefit obligation at December 31, 2016 is with in one year.

35.11 The Bank contributes to the gratuity fund as per actuarial's expected charge for the next financial year. Based on actuarial advice and management estimates, the charge in respect of defined benefit obligation for the next one year works out to be 4.7% of annual basic salaries of amounting to Rs.161.693 million. The amount of re-measurements to be recognised in other comprehensive income for year ending December 31, 2016 will be worked out as at the next valuation.

36. DEFINED CONTRIBUTION PLAN

The Bank operates a contributory provident fund for all permanent employees. The employer and employee both contribute 7.1% of the basic salaries (2015: 10% of the basic salaries from January 01, 2015 to June 30, 2015 which later changed to 7.1% of basic salaries from July 2015) to the funded scheme every month. Number of employees covered under this plan are 1,870 (2015: 1,477). During the year, employees made a contribution of Rs.101.438 million (2015: Rs.77.365 million) to the fund. The Bank has also made a contribution of equal amount to the fund.

37. COMPENSATION OF DIRECTORS AND EXECUTIVES

37.1 The aggregate amount charged in the financial statements for the year in respect of the remuneration and benefits to the President and Chief Executive Officer, Directors and Executives are as follows:

Note	President and CEO		Non-executive directors		Executives	
	2016	2015	2016	2015	2016	2015
	----- Rupees in '000 -----					
Managerial remuneration	17,727	13,522	-	-	1,317,938	769,884
Defined contribution plan	-	-	-	-	80,626	47,263
Charge for defined benefit plan	-	-	-	-	70,982	47,545
Rent and house maintenance	-	2,526	-	-	-	140,914
Utilities allowance	-	561	-	-	-	31,314
Medical allowance	1,773	791	-	-	131,794	48,584
Conveyance and vehicle maintenance	-	-	-	-	83,219	75,234
Performance bonus	20,000	7,500	-	-	278,485	209,325
Fees, allowances and other expenses	-	-	14,751	5,631	-	-
	37.2					
	37.3					
	39,500	24,900	14,751	5,631	1,963,044	1,370,063
Number of persons	1	1	7	7	1,025	630

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

37.2 This represents meeting fees, allowances and other expenses paid to independent or non-executive directors for attending the meetings of the Board of Directors, Audit Committees and other Board Committees held during the year.

37.3 The President and certain executives are also provided with other facilities, including free use of the Bank maintained cars.

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 “Fair Value Measurement” defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank’s accounting policy as stated in note 6.6.1 to these financial statements.

The repricing profile, effective rates and maturity are stated in note 42.3.4 to these financial statements.

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.

Fair value hierarchy

IFRS 13 requires the Bank to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

- 38.1 The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	As at December 31, 2016			Total
	Level 1	Level 2	Level 3	
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets classified as held-for-trading securities				
Government Securities				
Market treasury bills	-	65,758,485	-	65,758,485
Financial assets classified as 'available-for-sale securities'				
Government Securities				
Market treasury bills	-	4,884,060	-	4,884,060
Pakistan investment bonds	-	49,834,951	-	49,834,951
	-	54,719,011	-	54,719,011
Ordinary Shares				
Ordinary shares of listed companies	4,291,093	-	-	4,291,093
Ordinary shares of unlisted companies	-	-	169,817	169,817
	4,291,093	-	169,817	4,460,910
Term Finance Certificates and Sukuks				
Term finance certificates - unlisted	-	696,987	-	696,987
Sukuk certificates - unlisted	-	360,000	-	360,000
	-	1,056,987	-	1,056,987
Open end mutual funds	97,157	-	-	97,157
Foreign currency bonds (US \$)	-	5,714,939	-	5,714,939
	4,388,250	127,249,422	169,817	131,807,489
Off balance sheet financial instruments				
Forward exchange contracts				
Purchase	-	9,816,883	-	9,816,883
Sale	-	9,977,367	-	9,977,367
	-	1,758,882	-	1,758,882
Forward government securities				
Purchase	-	3,988,403	-	3,988,403
Sale	-	4,996,791	-	4,996,791

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

	As at December 31, 2015			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
On balance sheet financial instruments				
Financial assets classified as 'held-for-trading securities'				
Government Securities				
Market treasury bills	-	18,782,767	-	18,782,767
Pakistan investment bonds	-	3,755,124	-	3,755,124
	-	22,537,891	-	22,537,891
Financial assets classified as available-for-sale securities				
Government Securities				
Market treasury bills	-	5,705,149	-	5,705,149
Pakistan investment bonds	-	78,948,950	-	78,948,950
	-	84,654,099	-	84,654,099
Ordinary Shares				
Ordinary shares of listed companies	3,449,179	-	-	3,449,179
Ordinary shares of unlisted company	-	-	11,000	11,000
	3,449,179	-	11,000	3,460,179
Term Finance Certificates and Sukuks				
Term finance certificates - listed	84,035	-	-	84,035
Term finance certificates - unlisted	-	1,544,462	-	1,544,462
Sukuk certificates - unlisted	-	380,000	-	380,000
	84,035	1,924,462	-	2,008,497
Open end mutual funds	200,158	-	-	200,158
Foreign currency bonds (US \$)	-	1,249,880	-	1,249,880
	3,733,372	110,366,332	11,000	114,110,704
Off balance sheet financial instruments				
Forward exchange contracts				
Purchase	-	9,010,743	-	9,010,743
Sale	-	5,232,871	-	5,232,871
	-	2,638,243	-	2,638,243
Forward government securities				
Purchase	-	-	-	-
Sale	-	267,228	-	267,228

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

39. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	2016						Total
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others	
	Rupees in '000						
Total income - external	227,441	12,093,862	3,280,867	4,137,521	162,775	39,818	19,942,284
Inter-segment revenues - net	-	(5,688,503)	5,267,564	420,939	-	-	-
Total income	227,441	6,405,359	8,548,431	4,558,460	162,775	39,818	19,942,284
Total expenses	(27,004)	(1,995,985)	(8,931,035)	(4,262,553)	(81,974)	(902,374)	(16,200,925)
Provisions	-	(415,027)	(104,085)	167,689	-	-	(351,423)
Current taxation	-	-	-	-	-	(1,030,882)	(1,030,882)
Prior years	-	-	-	-	-	(96,422)	(96,422)
Deferred tax	-	-	-	-	-	(186,016)	(186,016)
Net income / (loss)	200,437	3,994,347	(486,689)	463,596	80,801	(2,175,876)	2,076,616
Segment assets (gross)	-	157,133,847	37,737,239	63,853,911	-	9,594,518	268,319,515
Segment non performing assets	-	1,125,952	315,703	3,012,239	-	10,861	4,464,755
Segment provision required	-	(948,820)	(181,830)	(2,477,511)	-	(10,861)	(3,619,022)
Segment liabilities	-	3,040,528	156,713,850	79,664,600	2,544,028	6,087,962	248,050,968
Segment return on net assets (ROA) (%)		7.91%	8.22%	7.72%			
Segment cost of funds (%)		5.90%	4.02%	5.48%			

	2015						Total
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others	
	Rupees in '000						
Total income - external	140,319	11,456,435	3,259,262	3,557,427	169,139	35,025	18,617,607
Inter-segment revenues - net	-	(4,014,317)	3,776,315	238,002	-	-	-
Total income	140,319	7,442,118	7,035,577	3,795,429	169,139	35,025	18,617,607
Total expenses	(18,678)	(3,375,138)	(7,217,639)	(3,487,578)	(69,529)	(459,108)	(14,627,670)
Provisions	-	(143,037)	(19,589)	(653,615)	-	-	(816,241)
Current taxation	-	-	-	-	-	(449,423)	(449,423)
Deferred tax	-	-	-	-	-	(698,726)	(698,726)
Net income / (loss)	121,641	3,923,943	(201,651)	(345,764)	99,610	(1,572,232)	2,025,547
Segment assets (gross)	-	127,893,217	36,295,844	47,088,403	-	10,466,034	221,743,498
Segment non performing assets	-	533,793	108,493	2,874,332	-	10,861	3,527,479
Segment provision required	-	(533,793)	(74,626)	(2,648,555)	-	(10,861)	(3,267,835)
Segment liabilities	-	49,392,266	97,650,140	49,436,399	1,609,425	4,419,530	202,507,760
Segment return on net assets (ROA) (%)		9.77%	9.28%	9.21%			
Segment cost of funds (%)		7.35%	4.58%	6.92%			

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

40. RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its associates, parent, subsidiaries, companies having common directors, companies in which parent holds more than 20% shares, employee benefit plans, and its key management personnel (including their associates). The details of investments in subsidiaries and associates are stated in note 10.2.11 to these unconsolidated financial statements.

Contributions to the accounts in respect of staff retirement benefits are made in accordance with terms of the contribution plans. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are carried out as per agreed terms.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

	December 31, 2016				
	Opening balance	Disbursements / deposits	Repayments / withdrawals	Closing balance	Mark-up earned / expense
	----- Rupees in '000 -----				
Advances					
Key management personnel	395,639	279,095	(196,670)	478,064	19,250
Companies having common directorship	395,763	18,640,900	(19,030,990)	5,673	92,052
Parent company holds 20% or more	-	1,155,846	(718,282)	437,564	25,566
Other related parties	2,044,664	4,576,609	(5,321,050)	1,300,223	151,306
Total	2,836,066	24,652,450	(25,266,992)	2,221,524	288,174
Lendings to financial institutions					
Companies in which parent company holds 20% or more	-	700,000	(700,000)	-	115
Borrowings					
Companies in which parent company holds 20% or more	-	47,800,000	(47,800,000)	-	43,384
Deposits					
Parent	2,016,612	11,429,643	(12,679,012)	767,243	100,823
Key management personnel	76,534	1,213,860	(1,233,811)	56,583	2,654
Subsidiary companies	1,485,323	322,996,015	(323,387,062)	1,094,276	75,047
Companies having common directorship	1,097,580	27,432,054	(27,573,379)	956,255	64,321
Companies in which parent company holds 20% or more	2,510,501	59,785,999	(58,678,943)	3,617,557	194,164
Other related parties	2,308,568	33,645,004	(32,515,106)	3,438,466	125,815
Total	9,495,118	456,502,575	(456,067,313)	9,930,380	562,824

	December 31, 2015				
	Opening balance	Disbursements / deposits	Repayments / withdrawals	Closing balance	Mark-up earned / expense
	----- Rupees in '000 -----				
Advances					
Key management personnel	252,004	217,429	(73,794)	395,639	14,246
Subsidiary companies	-	375,017	(375,017)	-	4,164
Companies having common directorship	362,267	1,157,367	(1,123,871)	395,763	26,075
Other related parties	1,435,534	5,746,165	(5,137,035)	2,044,664	199,600
Total	2,049,805	7,495,978	(6,709,717)	2,836,066	244,085
Borrowings					
Companies in which parent company holds 20% or more	-	67,800,000	(64,300,000)	3,500,000	125,142
Deposits					
Parent	152,442	29,822,405	(27,958,235)	2,016,612	130,037
Key management personnel	43,061	863,036	(829,563)	76,534	2,005
Subsidiary companies	1,310,303	398,176,310	(398,001,290)	1,485,323	59,339
Companies having common directorship	49,987	7,751,811	(6,704,218)	1,097,580	20,092
Companies in which parent company holds 20% or more	2,085,915	14,096,399	(13,671,813)	2,510,501	93,176
Other related parties	3,122,210	46,764,484	(47,578,126)	2,308,568	190,122
Total	6,763,918	497,474,445	(494,743,245)	9,495,118	494,771

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

The related party status of outstanding receivables and payables as at December 31, 2016 is included in respective notes to the financial statements. Material transactions with related parties are given below:

Nature of transactions	Subsidiary companies		Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Rupees in '000									
Sale of Government Securities	116,251	5,801,026	1,721,049	21,457	26,513,047	36,193,117	1,817,147	1,199,816	30,167,494	43,215,416
Purchase of Government Securities	43,136	1,525,412	-	-	1,125,937	11,924,561	507,494	699,072	1,676,567	14,149,045
Sale of Sukuk	-	-	-	-	295,977	15,260	-	-	295,977	15,260
Sale of shares / units	-	-	-	-	-	-	102,370	-	102,370	-
Sale of forward foreign exchange contracts	-	-	-	-	12,741,355	9,715,600	-	-	12,741,355	9,715,600
Purchase of forward foreign exchange contracts	-	-	-	-	6,941,659	7,112,125	-	-	6,941,659	7,112,125
Call borrowing / repo	-	-	-	-	-	67,800,000	-	-	-	67,800,000
Rent received / receivable	3,004	2,596	-	-	-	-	-	-	3,004	2,596
Letter of credit	-	-	42,688	21,937	-	1,049	95,890	33,090	138,578	56,076
Letter of guarantees	-	-	-	-	-	7,748	-	99,875	-	107,623
Rent expense paid / accrued	3,003	1,136	-	-	-	-	3,233	7,345	3,003	1,136
Reimbursement of expenses	421	1,289	-	-	-	-	-	-	3,654	8,634
Expenses incurred on behalf	1,019	2,511	-	-	-	-	-	-	1,019	2,511
Services rendered	3,600	1,815	-	-	-	-	-	-	3,600	1,815
Services rendered	-	-	-	-	10,621	-	-	-	10,621	8,592
Payment to staff benefit plan	-	-	-	-	-	-	64,005	21,349	64,005	21,349
Payment to staff contribution plan	-	-	-	-	-	-	101,438	77,365	101,438	77,365
Remuneration of key management personnel	-	-	-	-	-	-	429,797	324,335	429,797	324,335
Director fees and allowances	-	-	-	-	-	-	14,750	4,350	14,750	4,350
Insurance premium paid	-	-	-	30,328	104,398	18,568	46,316	57,457	150,714	106,353
Commission paid / accrued	2,177	2,871	-	-	-	-	-	-	2,177	2,871
Commission income	-	-	72	44	80,721	85,663	96	11,575	80,889	97,282
Dividend income	-	-	-	-	35,850	1,964	21,809	45,080	57,659	47,044
Advisory fee	-	-	-	-	-	-	36,000	18,000	36,000	18,000
Sale proceeds of operating fixed assets	-	-	-	-	-	-	-	2,285	-	2,285
Preference dividend paid	-	-	-	-	-	-	1,479	-	1,479	-
Services received	-	-	-	-	-	-	586	228	586	228

Nature of transactions	Parent company	
	2016	2015
Sale of Government Securities	-	5,597,020
Purchase of Government Securities	-	3,623,500
Rent expense paid / accrued	1,398	925
Reimbursement of expenses	7,363	6,874
Preference dividend paid	174,450	151,031

--- Rupees in '000 ---

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

41. CAPITAL ASSESSMENT AND ADEQUACY

41.1 Scope of Application

SBP Capital Adequacy Frameworks (Basel II and III) are applicable to JS Bank Limited on Standalone basis as well as on Consolidated basis by consolidating its partly owned subsidiaries - JS Global Capital Limited and JS Investments Limited. Standardised Approach is used for calculating the Capital Adequacy for Credit and Market risk, whereas, Basic Indicator Approach (BIA) is used for Operational Risk Capital Adequacy purposes.

41.2 Capital Structure - Basel III

Bank's regulatory capital is analyzed into two tiers:

Tier I capital (going concern capital) which comprises of:

- a. Common equity Tier I which includes fully issued, subscribed and paid up capital, balance in share premium account, reserve for bonus issue, general reserves as per the financial statements and net unappropriated profits etc. after deductions of investments in equity of subsidiary companies engaged in banking and financial activities, goodwill & other intangible assets and deficit on revaluation of available for sale investments due to insufficiency of Additional Tier I and Tier II to cover deductions.
- b. Additional Tier I which includes Instruments issued in the form of perpetual non-cumulative preference shares by the banks, share premium resulting from the issuance of the instruments after deduction of goodwill & other intangible assets, deficit on revaluation of available for sale investments and deferred tax assets.

Tier II capital (going concern or supplementary capital), which includes general provision for loan losses (up to maximum of 1.25% of risk weighted assets), reserve on the revaluation of fixed assets, equity investments and foreign exchange translation reserve and subordinated debt.

41.3 Capital Adequacy

Capital Management

The primary objective of the Bank's capital management is to ensure that the Bank complies with all regulatory capital requirements and at the same time maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

Statutory Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR)

The State Bank of Pakistan (SBP) through its BSD Circular no. 7 dated April 15, 2009 require Banks / Development Finance Institutions (DFIs) to raise and maintain their paid up capital (net of losses) equivalent to Rs.10 billion. The paid-up capital (free of losses) of the Bank as at December 31, 2016 stood at Rs.10.119 billion including un-listed, convertible, irredeemable, perpetual, non-cumulative, non-voting preference shares of Rs.1.5 billion. In addition banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.65% of their risk weighted exposure. The Bank's CAR as at December 31, 2016 was approximately 14.05% of its risk weighted assets.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

Basel III transition

The Basel III instructions issued by SBP has been adopted by the banks as per the phase-in arrangements prescribed by SBP, starting from December 31, 2013, with full implementation of capital ratios by the year-end 2019. During the transition period banks shall maintain the required capital ratios in following manner:

Phase-in Arrangement and Full implementation of the minimum capital requirements

Sr.	Ratio	Year End						As of Dec 31
		2013	2014	2015	2016	2017	2018	2019
1	CET1	5.0%	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%
2	ADT-1	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
3	Tier 1	6.5%	7.0%	7.5%	7.5%	7.5%	7.5%	7.5%
4	Total Capital	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
5	"CCB							
(Consisting of CET 1 only)"	-	-	0.25%	0.65%	1.275%	1.900%	2.5%	
6	Total Capital plus CCB	10.0%	10.0%	10.25%	10.65%	11.275%	11.90%	12.5%

The Phase in arrangement for regulatory capital adjustment required under Basel III Instructions has started from December 31, 2014 at 20% per annum with full deduction from CET 1 to take effect from December 2018. During the transition period, the part which is not deducted from CET 1/ Additional Tier 1 / Tier 2 will attract existing treatment. The regulatory Capital Deductions are mostly applied at the level of common equity tier-1. In this regard, following is the transitional arrangement as prescribed by SBP:

Phase-in of all deductions from CET1 (in percentage terms)	Year End						As of Dec 31
	2012	2013	2014	2015	2016	2017	2018
	-	-	20%	40%	60%	80%	100%

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

Note 41.4 Capital Adequacy Ratio (CAR) disclosure:

CAPITAL ADEQUACY RETURN AS OF DECEMBER 31, 2016

	2016	2015
	---- Rupees in '000 ----	---- Rupees in '000 ----
	Amount	Amount
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital / Capital deposited with SBP	10,724,643	10,724,643
2 Balance in Share Premium Account	-	-
3 Reserve for issue of Bonus Shares	-	-
4 Discount on Issue of shares	(2,105,401)	(2,105,401)
5 General/ Statutory Reserves	1,334,139	918,816
6 Gain / (losses) on derivatives held as Cash Flow Hedge	-	-
7 Unappropriated / unremitted profits / (losses)	3,973,324	2,529,092
8 Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
9 CET 1 before Regulatory Adjustments	13,926,705	12,067,150
10 Total regulatory adjustments applied to CET1 (Note 41.4.1)	1,861,897	2,401,287
11 Common Equity Tier 1	12,064,808	9,665,863
Additional Tier 1 (AT 1) Capital		
12 Qualifying Additional Tier-1 capital instruments plus any related share premium		
13 of which: Classified as equity	1,500,000	1,500,000
14 of which: Classified as liabilities	-	-
15 Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	-	-
16 of which: instrument issued by subsidiaries subject to phase out	-	-
17 AT1 before regulatory adjustments	1,500,000	1,500,000
18 Total regulatory adjustment applied to AT1 capital (Note 41.4.2)	383,824	640,721
19 Additional Tier 1 capital after regulatory adjustments	1,116,176	859,279
20 Additional Tier 1 capital recognized for capital adequacy	1,116,176	859,279
21 Tier 1 Capital (CET1 + admissible AT1) (11+20)	13,180,984	10,525,142
Tier 2 Capital		
22 Qualifying Tier 2 capital instruments under Basel III plus any related share premium	3,000,000	-
23 Tier 2 capital instruments subject to phase-out arrangement issued under pre-Basel 3 rules	-	-
24 Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-	-
25 of which: instruments issued by subsidiaries subject to phase out	-	-
26 General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	40,988	17,252
27 Revaluation Reserves (net of taxes)	-	-
28 of which: Revaluation reserves on fixed assets	-	-
29 of which: Unrealized gains / losses on AFS	889,943	1,608,505
30 Foreign Exchange Translation Reserves	-	-
31 Undisclosed/Other Reserves (if any)	-	-
32 T2 before regulatory adjustments	3,930,931	1,625,757
33 Total regulatory adjustment applied to T2 capital (Note 41.4.3)	390,627	752,388
34 Tier 2 capital (T2) after regulatory adjustments	3,540,304	873,368
35 Tier 2 capital recognized for capital adequacy	3,540,304	873,368
36 Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37 Total Tier 2 capital admissible for capital adequacy	3,540,304	873,368
38 TOTAL CAPITAL (T1 + admissible T2) (21+37)	16,721,288	11,398,510
39 Total Risk Weighted Assets (RWA) (for details refer Note 41.7)	118,992,435	91,188,557
Capital Ratios and buffers (in percentage of risk weighted assets)		
40 CET1 to total RWA	10.14%	10.60%
41 Tier-1 capital to total RWA	11.08%	11.54%
42 Total capital to total RWA	14.05%	12.50%
43 Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	6.25%	6.25%
44 of which: capital conservation buffer requirement	0.25%	0.25%
45 of which: countercyclical buffer requirement	0.00%	0.00%
46 of which: D-SIB or G-SIB buffer requirement	0.00%	0.00%
47 CET1 available to meet buffers (as a percentage of risk weighted assets)	10.14%	10.60%
National minimum capital requirements prescribed by SBP		
48 CET1 minimum ratio	6.00%	6.00%
49 Tier 1 minimum ratio	7.50%	7.50%
50 Total capital minimum ratio	10.65%	10.00%

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

Regulatory Adjustments and Additional Information		2016		2015
		Amount	Amounts subject to Pre- Basel III treatment	Amount
---- Rupees in '000 ----				
Note 41.4.1 Common Equity Tier 1 capital: Regulatory adjustments				
1	Goodwill (net of related deferred tax liability)	951,356		1,279,095
2	All other intangibles (net of any associated deferred tax liability)	388,941		360,803
3	Shortfall in provisions against classified assets	-		
4	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-
5	Defined-benefit pension fund net assets	-	-	
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	-	-	
7	Cash flow hedge reserve	-	-	
8	Investment in own shares/ CET1 instruments	-		
9	Securitization gain on sale	-		
10	Capital shortfall of regulated subsidiaries	-		
11	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-		-
12	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	113,919	189,865	383,548
13	Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	407,681	679,467	377,841
14	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	
15	Amount exceeding 15% threshold	-	-	
16	of which: significant investments in the common stocks of financial entities	-	-	
17	of which: deferred tax assets arising from temporary differences	-	-	
18	National specific regulatory adjustments applied to CET1 capital	-		-
19	Investments in TFCs of other banks exceeding the prescribed limit	-	-	-
20	Any other deduction specified by SBP (mention details)	-	-	
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-		-
22	Total regulatory adjustments applied to CET1 (sum of 1 to 21)	1,861,897		2,401,287
Note 41.4.2 Additional Tier-1 & Tier-1 Capital: regulatory adjustments				
23	Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-		64,984
24	Investment in own AT1 capital instruments	-		
25	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-		
26	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	
27	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	
28	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	383,824	-	575,736
29	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		-
30	Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	383,824		640,721

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

	2016		2015
	---- Rupees in '000 ----		
	Amount	Amounts subject to Pre- Basel III treatment	Amount
Note 41.4.3 Tier 2 Capital: regulatory adjustments			
31			
Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	383,824	-	575,736
32			
Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-		
33			
Investment in own Tier 2 capital instrument	-		
34			
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	6,803	11,338	176,652
35			
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	
36			
Total regulatory adjustment applied to T2 capital (sum of 31 to 35)	390,627		752,388
Note 41.4.4 Additional Information			
Risk Weighted Assets subject to pre-Basel III treatment			
37			
Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)			
(i)			
of which: deferred tax assets	-		-
(ii)			
of which: Defined-benefit pension fund net assets	-		
(iii)			
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	75,946		575,321
(iv)			
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	271,787		566,762
Amounts below the thresholds for deduction (before risk weighting)			
38			
Non-significant investments in the capital of other financial entities	-		-
39			
Significant investments in the common stock of financial entities	-		-
40			
Deferred tax assets arising from temporary differences (net of related tax liability)	-		
Applicable caps on the inclusion of provisions in Tier 2			
41			
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	40,988		17,252
42			
Cap on inclusion of provisions in Tier 2 under standardized approach	1,288,452		964,784
43			
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-		
44			
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-		

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

41.5 Capital Structure Reconciliation

Step : 1

Assets

Cash and balances with treasury banks
Balanced with other banks
Lending to financial institutions
Investments
Advances
Operating fixed assets
Deferred tax assets
Other assets

Total assets

Liabilities & Equity

Bills payable
Borrowings
Deposits and other accounts
Sub-ordinated loans
Liabilities against assets subject to finance lease
Deferred tax liabilities
Other liabilities

Total liabilities

Share capital/ Head office capital account
Reserves
Unappropriated/ Unremitted profit / (losses)
Minority Interest
Surplus on revaluation of assets

Total Equity

Total liabilities & equity

As Per Balance Sheet	Under regulatory scope of consolidation
December 31, 2016	
Rupees in '000	
15,508,968	15,508,968
752,710	752,710
11,334,414	11,334,414
133,726,610	133,726,610
93,794,134	93,794,134
5,837,181	5,837,181
-	-
3,746,476	3,746,476
264,700,493	264,700,493
2,544,028	2,544,028
10,320,047	10,320,047
226,098,931	226,098,931
3,000,000	3,000,000
-	-
1,205,362	1,205,362
4,882,600	4,882,600
248,050,968	248,050,968
10,119,242	10,119,242
1,334,139	1,334,139
3,973,324	3,973,324
-	-
1,222,820	1,222,820
16,649,525	16,649,525
264,700,493	264,700,493

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

Step : 2

Assets

	As Per Balance Sheet	Under regulatory scope of consolidation
	December 31, 2016	
	Rupees in '000	
Cash and balances with treasury banks	15,508,968	15,508,968
Balances with other banks	752,710	752,710
Lending to financial institutions	11,334,414	11,334,414
Investments	133,726,610	133,726,610
of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold	120,722	120,722
of which: significant capital investments in financial sector entities exceeding regulatory threshold	407,680	407,680
of which: Mutual Funds exceeding regulatory threshold	-	-
of which: reciprocal crossholding of capital instrument	-	-
of which: Investment in TFCs of other banks exceeding the prescribed limit	-	-
Advances	93,794,134	93,794,134
shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	-	-
general provisions reflected in Tier 2 capital	40,988	40,988
Fixed Assets	5,837,181	5,837,181
Deferred Tax Assets	-	-
of which: DTAs excluding those arising from temporary differences	-	-
of which: DTAs arising from temporary differences exceeding regulatory threshold	-	-
Other assets	3,664,608	3,664,608
of which: Goodwill	951,356	951,356
of which: Intangibles	388,941	388,941
of which: Defined-benefit pension fund net assets	-	-
Total assets	264,700,493	264,700,493

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

Liabilities & Equity

Bills payable	
Borrowings	
Deposits and other accounts	
Sub-ordinated loans	
of which: eligible for inclusion in AT1	
of which: eligible for inclusion in Tier 2	
Liabilities against assets subject to finance lease	
Deferred tax liabilities	
of which: DTLs related to goodwill	
of which: DTLs related to intangible assets	
of which: DTLs related to defined pension fund net assets	
of which: other deferred tax liabilities	
Other liabilities	

Total liabilities

Share capital	
of which: amount eligible for CET1	
of which: amount eligible for AT1	
Reserves	
of which: portion eligible for inclusion in CET1 (provide breakup)	
of which: portion eligible for inclusion in Tier 2	
Unappropriated profit/ (losses)	
Minority Interest	
of which: portion eligible for inclusion in CET1	
of which: portion eligible for inclusion in AT1	
of which: portion eligible for inclusion in Tier 2	
Surplus on revaluation of assets	
of which: Revaluation reserves on Property	
of which: Unrealized Gains/Losses on AFS	
In case of Deficit on revaluation (deduction from CET1)	

Total liabilities & Equity

As Per Balance Sheet	Under regulatory scope of consolidation
December 31, 2016	
Rupees in '000	
2,544,028	2,544,028
10,320,047	10,320,047
226,098,931	226,098,931
3,000,000	3,000,000
-	-
-	-
-	-
1,205,362	1,205,362
(512,268)	(512,268)
-	-
-	-
(693,094)	(693,094)
4,882,600	4,882,600
248,050,968	248,050,968
10,119,242	10,119,242
8,619,242	10,119,242
1,500,000	1,500,000
1,334,139	1,334,139
1,334,139	1,334,139
-	-
3,973,324	3,973,324
-	-
-	-
-	-
1,222,820	1,222,820
-	-
-	-
-	-
264,700,493	264,700,493

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

	Component of regulatory capital reported by bank	Reference
---- Rupees in '000 ----		
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully Paid-up Capital / Capital deposited with SBP	10,724,643	(s)
Balance in Share Premium Account	-	
Reserve for issue of Bonus Shares	-	
Discount on issue of Shares (enter negative number)	(2,105,401)	
General/ Statutory Reserves	1,334,139	(u)
Gain / (losses) on derivatives held as Cash Flow Hedge	-	
Unappropriated/unremitted profits / (losses)	3,973,324	(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	13,926,705	
Common Equity Tier 1 capital: Regulatory adjustments		
Goodwill (net of related deferred tax liability)	951,356	(j) - (o)
All other intangibles (net of any associated deferred tax liability)	388,941	(k) - (p)
Shortfall of provisions against classified assets	-	(f)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	{(h) - (r)} * x%
Defined-benefit pension fund net assets	-	{(l) - (q)} * x%
Reciprocal cross holdings in CET1 capital instruments	-	(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 property/ AFS	-	(ab)
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	113,919	(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)	407,681	(b) - (ad) - (af)
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	(i)
Amount exceeding 15% threshold	-	
of which: significant investments in the common stocks of financial entities	-	
of which: deferred tax assets arising from temporary differences	-	
National specific regulatory adjustments applied to CET1 capital	-	
Investment in TFCs of other banks exceeding the prescribed limit	-	
Any other deduction specified by SBP (mention details)	-	
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
Total regulatory adjustments applied to CET1 (sum of 9 to 25)	1,861,897	
Common Equity Tier 1	12,064,808	

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

	Component of regulatory capital reported by bank	Reference
---- Rupees in '000 ----		
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 instruments plus any related share premium	1,500,000	
of which: Classified as equity	1,500,000	(t)
of which: Classified as liabilities	-	(m)
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
of which: instrument issued by subsidiaries subject to phase out	-	
AT1 before regulatory adjustments	1,500,000	
Additional Tier 1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
Investment in own AT1 capital instruments	-	
Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	383,824	
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
Total of Regulatory Adjustment applied to AT1 capital	383,824	
Additional Tier 1 capital	1,116,176	
Additional Tier 1 capital recognized for capital adequacy	1,116,176	
Tier 1 Capital (CET1 + admissible AT1)	13,180,984	
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III	3,000,000	
Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	(n)
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	40,988	(g)
Revaluation Reserves eligible for Tier 2	889,943	
of which: portion pertaining to Property	-	
of which: portion pertaining to AFS securities	889,943	portion of (aa)
Foreign Exchange Translation Reserves	-	(v)
Undisclosed/Other Reserves (if any)	-	
T2 before regulatory adjustments	3,930,931	

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

	Component of regulatory capital reported by bank	Reference
	---- Rupees in '000 ----	
Tier 2 Capital: regulatory adjustments		
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	383,824	
Reciprocal cross holdings in Tier 2 instruments	-	
Investment in own Tier 2 capital instrument	-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	6,803	(ae)
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
Amount of Regulatory Adjustment applied to T2 capital	390,627	
Tier 2 capital (T2)	390,627	
Tier 2 capital recognized for capital adequacy	3,540,304	
Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
Total Tier 2 capital admissible for capital adequacy	3,540,304	
TOTAL CAPITAL (T1 + admissible T2)	16,721,288	

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

41.6 Main Features of Regulatory Capital Instruments

	Main Features	Common Shares	Preference Shares	Sub-debt
1	Issuer	JS Bank	JS Bank	JS Bank
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	JSB	JSB	JSB
3	Governing law(s) of the instrument	SECP	SECP	SECP
	Regulatory treatment			
4	Transitional Basel III rules	Common Equity Tier-1	Additional Tier-1	Tier-2
5	Post-transitional Basel III rules	Common Equity Tier-1	Additional Tier-1	Tier-2
6	Eligible at solo / group / group & solo	Solo and Group	Solo and Group	Solo and Group
7	Instrument type	Ordinary Shares	Preference Shares	Subordinated Debt
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	8,619,242	1,500,000	3,000,000
9	Par value of instrument	10	10	5000
10	Accounting classification	Shareholders Equity	Shareholders Equity	Liability
11	Original date of issuance	2006	2014	14-Dec-16
12	Perpetual or dated	No Maturity	NA	Dated
13	Original maturity date	NA	NA	14-Dec-23
14	Issuer call subject to prior supervisory approval	No	No	Yes
15	Optional call date, contingent call dates and redemption amount	NA	NA	On or after 10th redemption, on any profit date, partially or fully
16	Subsequent call dates, if applicable	NA	NA	NA
	Coupons / dividends			
17	Fixed or floating dividend/ coupon	NA	Fixed	Floating
18	Coupon rate and any related index/ benchmark	NA	NA	Floating at 6 Months KIBOR*(Base Rate) plus 140 basis points per annum without any floor or CAP
19	Existence of a dividend stopper	NA	NA	NA
20	Fully discretionary, partially discretionary or mandatory	NA	NA	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA	NA
22	Noncumulative or cumulative	NA	Non-Cumulative	Non-Cumulative
23	Convertible or non-convertible	NA	Convertible	Convertible
24	If convertible, conversion trigger (s)	NA	NA	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of; 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable. 2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP.
25	If convertible, fully or partially	NA	Fully	May convert fully or partially
26	If convertible, conversion rate	NA	1:1.5	To be determined in the case of trigger event
27	If convertible, mandatory or optional conversion	NA	Mandatory	Optional
28	If convertible, specify instrument type convertible into	NA	Ordinary Shares	Ordinary Shares
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	NA	NA	Yes
31	If write-down, write-down trigger(s)	NA	NA	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of; 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable. 2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP.
32	If write-down, full or partial	NA	NA	Either partially or fully
33	If write-down, permanent or temporary	NA	NA	Permanent
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA	NA	Deposits
36	Non-compliant transitioned features	NA	NA	No
37	If yes, specify non-compliant features	NA	NA	NA

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

41.7 Capital Adequacy

	Capital Requirements		Risk Weighted Assets	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
----- Rupees in '000 -----				
Credit Risk				
On balance sheet				
Corporate	5,722,057	4,799,982	57,220,574	47,999,823
Retail	1,029,394	342,088	10,293,935	3,420,876
Banks and DFIs	287,574	197,973	2,875,736	1,979,729
Public sector entity	71,459	49,244	714,591	492,437
Sovereign (include GoP and SBP)	344,147	4,226	3,441,471	42,259
Residential mortgage finance	88,765	39,575	887,648	395,753
Past due loans	88,463	32,054	884,631	320,537
Fixed assets	398,462	274,924	3,984,616	2,749,244
Other assets	75,688	72,107	756,877	721,065
	8,106,008	5,812,172	81,060,079	58,121,723
Off balance sheet				
Non market related	1,552,561	1,482,153	15,525,614	14,821,530
Market related	8,929	14,021	89,286	140,212
	1,561,490	1,496,174	15,614,900	14,961,742
Equity Exposure Risk in the Banking Book				
Listed	603,665	339,229	6,036,654	3,392,289
Unlisted	36,456	70,693	364,558	706,933
	640,121	409,922	6,401,212	4,099,222
Total Credit Risk	10,307,619	7,718,269	103,076,191	77,182,687
Market Risk				
Interest rate risk	294,020	131,531	2,940,197	1,315,312
Equity position risk etc.	1	180,830	7	1,808,303
Foreign exchange risk	20,640	28,058	206,399	280,582
	314,661	340,420	3,146,603	3,404,197
Total Market Risk	314,661	340,420	3,146,603	3,404,197
Operational Risk				
Capital Requirement for operational risks	1,276,964	1,060,167	12,769,641	10,601,673
TOTAL	11,899,244	9,118,856	118,992,435	91,188,557
Capital Adequacy Ratio				
Total eligible common equity tier 1 capital held	(e)	12,064,809		9,665,863
Total eligible tier 1 capital held	(f)	13,180,984		10,525,142
Total eligible regulatory capital held	(e)	16,721,288		11,398,511
Total Risk Weighted Assets	(i)	118,992,435		91,188,557

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	10.14%	6.00%	10.60%
Tier-1 capital to total RWA	7.50%	11.08%	7.50%	11.54%
Total capital to total RWA	10.65%	14.05%	10.00%	12.50%

41.8 Leverage Ratio

Total eligible tier 1 capital held	13,180,984	10,525,142
Total Exposure	322,403,541	256,287,552
Leverage Ratio	4.09%	4.11%

42. RISK MANAGEMENT

Risk Management is a discipline at the core of every financial institution and encompasses all the activities that affect its risk profile. At the Bank, it involves identification, measurement, monitoring and controlling risks to ensure that:

- The individuals who take or manage risks clearly understand it;
- The Bank's Risk exposure is within the limits established by Board of Directors (BoD);
- Risk taking decisions are in line with the business strategy and objectives set by BoD;
- The expected payoffs compensate for the risks taken;
- Risk taking decisions are explicit and clear;
- Sufficient capital as a buffer is available to take risk; and
- Risk management function is independent of risk taking unit.

Bank has a comprehensive set of Risk Management Policies, practices and procedures which enable the Bank to take into consideration, in an appropriate manner, all major kinds of risks mainly credit, market, liquidity, operational and IT security risks. Keeping in view the dynamics of internal and external environment, we regularly review and update our Risk Management policies and procedures in accordance with regulatory environment and international standards.

Risk Management activities remain at the forefront of all activities of the Bank which places the highest priority on conducting its business in a prudent manner in line with the relevant laws and regulatory requirements.

Risk management framework of Bank includes:

- Clearly defined risk management policies and procedures covering risk identification, acceptance, measurement, monitoring, reporting and control;

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

- b) Well constituted organizational structure, defining clearly roles and responsibilities of individuals involved in risk taking as well as managing it. The bank, in addition to risk management functions for various risk categories, has instituted an Integrated Risk Management Committee (IRMC) as well as Central Credit Committee (CCC). IRMC oversees the overall risk management at the bank and provide guidance in setting strategic targets as well as concentration limits and monitor progress related to earnings growth, keeping in view the capital constraints and also adhere to the concentration limits. The IRMC monitors the strategic target and aggregate limits at the Business Group level and concentration limits (by industry, geography, size, tenor) so that one category of assets or dimension of risk cannot materially harm the performance of the Bank. Whereas, Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the bank. CCC meets regularly to actively supervise credit risk across its lending portfolio.
- c) An effective management information system that ensures flow of information from operational level to top management and a system to address any exceptions observed; and
- d) A mechanism to ensure an ongoing review of systems, policies and procedures for risk management and procedures to adopt changes.

While the overall responsibility of risk management rests with the BoD, it is the duty of Senior Management to devise risk management strategy by setting up well defined policies and procedures for mitigating / controlling risks, duly approved by the Board.

Giving due consideration to the above, the Bank has put in place the following hierarchy of Risk Management:

- Board Risk Management Committee (BRMC);
- Integrated Risk Management Committee (IRMC) which comprises of the President / Chief Executive Officer (CEO), Group Head Operations, Group Head Credit & Risk Management, Business Heads, and Other Functional Heads.
- Asset - Liability Committee which comprises of the President / Chief Executive Officer (CEO), Treasurer, Group Head Risk Management, Other Business Heads.
- Central Credit Committee comprising of the President / CEO, Group Head Credit & Risk Management, Group Head Agri & CAD, Chief Financial Officer and Other Business Group Heads.
- Operational Risk Management Committee which comprises of the Group Head, Credit & Risk Management, Head of Operations, Head of Information Technology and Other Functional Heads.
- Risk Management Group (RMG) which comprises of Risk Managers for Credit, Market and Operational Risks and Treasury Middle Office.

RMG is managed by Group Head Credit & Risk Management to supervise the following Divisions:

- a) Credit Risk Management (CRM) covering Corporate / Commercial and Retail Banking Risks
- b) Operational Risk Management
- c) Market Risk Management (MRM)

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

- d) Treasury Middle Office
- e) Basel II / III Implementation Unit
- e) IT Security / Risk Management Unit

The Bank's RMG generates the requisite risk reporting for the different tiers of management. These are also subjected to internal audit review.

Risk Matrix / Categories

Bank, in common with other banks, generates its revenues by accepting Country, Credit, Liquidity, Interest Rate Risk in the Banking Book, Market, Operational and other risks. Effective management of these risks is the decisive factor in the Bank's profitability.

Risk Appetite

The Bank's risk appetite is reflected in its endeavours to maintain a favourable credit rating and encompasses the following:

- The business strategy
- The expectations of stakeholders at different time horizons
- The characteristics of the risk-bearing entities
- The nature and characteristics of the risks undertaken
- The possible spread of risk situations across organizational units, assets-at-risk, and future time horizons.

Risk appetite drives business activity. It combines anticipations in risk and profitability with management preferences to control capital and resource allocation, as well as the distribution of exposure across activities and portfolios.

Bank's hedging strategy is embedded in its risk management practices for addressing material categories of risk.

42.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Credit risk is managed in terms of credit policies, approved by the BoD and regulations issued by the SBP. The bank is exposed to credit risk on loans and advances, fund placements with financial institutions and certain investments.

Credit risk management is an ongoing process. The overall credit policy and the credit risk instructions are issued by the Board of Directors. In this regards, a Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the bank. In order to maintain healthy growth of the credit portfolio, the Bank's Credit Risk Management processes are consistently upgraded and improved to meet future challenges.

The Bank's strategy is to minimise credit risk through product, geography, industry and customer diversification. Credit limits are established for all counter-parties after a careful assessment of their credit worthiness. An effective credit granting procedure, which requires pre-sanction evaluation of credit proposal, adequacy of security and pre-disbursement examination of charge documents is in place and managed by Risk Management Group (RMG) & Credit Administration Department (CAD). The Bank maintains a sound portfolio diversified in nature to counter the risk of credit concentration and further confines risk through diversification of its assets by geographical and industrial sector.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

For managing impaired assets in the portfolio, the Bank follows the Prudential Regulations and Risk Management guidelines issued by SBP and the Remedial Management Policy approved by the Board.

42.1.1 Segmental Information

Segmental information is presented in respect of the class of business and geographical distribution of advances, deposits, contingencies and commitments.

42.1.1.1 Segment by class of business

	2016					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Agri finance	1,510,356	1.57	112,058	0.05	-	-
Automobile and transportation equipment	1,958,955	2.03	2,365,241	1.05	981,223	1.24
Brokerage	3,937,097	4.08	1,876,867	0.83	258,798	0.33
Cement	844,558	0.88	4,211,769	1.86	245,496	0.31
Chemical	1,229,418	1.27	1,012,913	0.45	1,648,062	2.09
Construction	2,288,680	2.37	5,754,072	2.54	14,745,517	18.68
Electronics and electrical appliances	200,835	0.21	7,361,674	3.26	80,927	0.10
Engineering, IT and other services	1,092,591	1.13	9,413,690	4.16	2,752,056	3.49
Fertilizer	3,276,123	3.40	3,868,031	1.71	2,632,751	3.34
Financial	3,252,827	3.37	29,501,571	13.05	31,059,501	39.35
Food / confectionery / beverages	14,760,439	15.30	8,603,882	3.81	680,708	0.86
Individuals	8,032,695	8.33	70,871,762	31.35	427,849	0.54
Insurance and security	29,804	0.03	5,577,677	2.47	17,028	0.02
Metal and steel	3,441,932	3.57	1,127,398	0.50	2,019,820	2.56
Mining and quarrying	71,326	0.07	2,504,794	1.11	-	-
Paper / board / furniture	737,077	0.76	133,281	0.06	549,427	0.70
Petroleum / oil / and gas	1,970,862	2.04	3,340,190	1.48	331,278	0.42
Pharmaceuticals	3,328,405	3.45	462,395	0.20	710,845	0.90
Plastic	1,684,546	1.75	64,557	0.03	373,088	0.47
Power and water	1,798,162	1.86	577,451	0.26	767,921	0.97
Real estate	1,662,335	1.72	117,573	0.05	97,391	0.12
Rubber	-	-	250,325	0.11	-	-
Shipbreaking	5,142,954	5.33	57,548	0.03	11,965	0.02
Storage	-	-	325,599	0.14	-	-
Sugar	2,981,865	3.09	893,435	0.40	196,992	0.25
Tele communication	1,703,603	1.77	7,482,512	3.31	1,269,223	1.61
Textile						
Composite	1,523,936	1.58	88,837	0.04	387,438	0.49
Ginning	356,199	0.37	3,055	-	274,963	0.35
Spinning	5,311,379	5.51	106,642	0.05	1,181,228	1.50
Weaving	5,470,711	5.67	1,010,836	0.45	2,228,999	2.82
	12,662,225	13.13	1,209,370	0.53	4,072,628	5.16
Transportation services	4,235,834	4.39	4,571,854	2.02	39,117	0.05
Trust and non-profit organisations	289,779	0.30	26,118,955	11.55	2,000	-
Tyre	173,285	0.18	101,377	0.04	155,748	0.20
Wholesale and retail trade	4,272,828	4.43	3,403,998	1.51	460,082	0.58
Others	7,882,079	8.19	22,825,112	10.07	12,335,587	15.64
	96,453,475	100	226,098,931	100	78,923,028	100

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

	2015					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Agri finance	1,126,586	1.42	68,846	0.05	1,128	-
Automobile and transportation equipment	1,407,999	1.77	590,933	0.42	271,325	0.57
Brokerage	2,869,930	3.62	1,687,805	1.19	234,106	0.50
Cement	740,302	0.93	357,524	0.25	238,510	0.51
Chemical	1,082,136	1.36	391,794	0.28	722,745	1.53
Construction	1,181,017	1.49	2,756,774	1.94	12,118,829	25.68
Electronics and electrical appliances	169,475	0.21	2,524,573	1.78	147,965	0.31
Engineering and IT services	1,492,556	1.88	8,949,555	6.31	861,363	1.83
Fertilizer	2,064,016	2.60	3,391,603	2.39	889,881	1.89
Financial	5,088,102	6.41	10,660,618	7.52	18,057,790	38.27
Food / confectionery / beverages	22,617,341	28.49	5,458,194	3.85	93,681	0.20
Individuals	5,014,281	6.32	52,625,891	37.10	121,166	0.26
Insurance and security	44,689	0.06	2,939,151	2.07	8,424	0.02
Metal and steel	1,405,162	1.77	226,772	0.16	2,412,343	5.11
Mining and quarrying	61,460	0.08	1,670,232	1.18	-	-
Paper / board / furniture	577,514	0.73	247,182	0.17	897,595	1.90
Pharmaceuticals	3,013,803	3.80	343,463	0.24	563,569	1.19
Plastic	1,167,412	1.47	73,017	0.05	321,030	0.68
Power and water	1,975,280	2.49	1,796,131	1.27	360,194	0.76
Petroleum / oil / and gas	792,442	1.00	1,055,125	0.74	317,322	0.67
Real estate	720,106	0.91	543,002	0.38	5,466	0.01
Shipbreaking	3,717,261	4.68	41,370	0.03	101,684	0.22
Sugar	2,600,367	3.28	263,460	0.19	4,704	0.01
Tele communication	1,320,727	1.66	2,318,284	1.63	697,685	1.48
Textile						
Composite	2,043,354	2.57	282,692	0.20	697,264	1.48
Ginning	180,928	0.23	12	-	131,921	0.28
Spinning	3,179,056	4.00	93,756	0.07	1,138,258	2.41
Weaving	2,607,043	3.28	684,196	0.48	2,210,561	4.68
	8,010,381	10.08	1,060,656	0.75	4,178,004	8.85
Transportation services	2,015,717	2.54	3,909,518	2.76	653,634	1.39
Trust and non-profit organisations	127,446	0.16	16,420,605	11.58	10,165	0.02
Tyre	169,073	0.21	13,182	0.01	42,038	0.09
Wholesale and retail trade	2,285,277	2.88	1,778,182	1.25	186,534	0.40
Others	4,531,503	5.70	17,677,045	12.47	2,671,688	5.65
	<u>79,389,361</u>	<u>100</u>	<u>141,840,487</u>	<u>100</u>	<u>47,190,568</u>	<u>100</u>

42.1.1.2 Segment by sector

	2016					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Public / Government	4,999,999	5.18	33,490,281	14.81	-	-
Private	91,453,476	94.82	192,608,650	85.19	78,923,028	100
	<u>96,453,475</u>	<u>100</u>	<u>226,098,931</u>	<u>100</u>	<u>78,923,028</u>	<u>100</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

	2015					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Public / Government	14,999,709	18.89	27,646,303	19.49	-	-
Private	64,389,652	81.11	114,194,184	80.51	47,257,452	100.00
	79,389,361	100	141,840,487	100	47,257,452	100

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

	2016		2015	
	Classified advances	Specific provisions held	Classified advances	Specific provisions held
	----- Rupees in '000 -----			
Automobile and transportation equipment	61,875	61,875	83,323	83,323
Engineering, IT and other services	183,711	183,711	199,970	199,970
Fertilizer	1,258,256	1,258,256	1,260,179	1,260,179
Food	110,138	91,398	120,216	120,216
Individuals	254,433	68,352	241,419	220,097
Metal and steel	139,892	8,208	20,000	-
Plastic	-	-	100,823	46,612
Power and water, oil and gas	21,448	21,448	-	-
Shipbreaking	157,926	98,814	157,926	32,363
Sugar	200,000	100,000	-	-
Tele communication	172,628	-	-	-
Textile				
Composite	373,211	370,462	413,214	379,903
Spinning	278,441	278,441	278,441	278,441
	651,652	648,903	691,655	658,344
Transportation services	13,348	13,348	14,422	14,422
Wholesale and retail trade	44,573	32,282	63,127	40,639
Others	58,062	31,758	29,765	29,764
	3,327,942	2,618,353	2,982,825	2,705,929

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

Public / Government	-	-	-	-
Private	3,327,942	2,618,353	2,982,825	2,705,929
	3,327,942	2,618,353	2,982,825	2,705,929

42.1.1.5 Geographical segment analysis

	2016		2015	
	Total assets employed	Net assets employed	Total assets employed	Net assets employed
	----- Rupees in '000 -----			
Pakistan	260,433,902	16,384,851	218,475,663	15,967,903
Bahrain	4,266,591	264,674	-	-
	264,700,493	16,649,525	218,475,663	15,967,903

	2016		2015	
	Profit before taxation	Contingencies and commitments	Profit before taxation	Contingencies and commitments
	----- Rupees in '000 -----			
Pakistan	3,377,428	77,703,976	3,173,696	47,257,452
Bahrain	12,508	1,219,052	-	-
	3,389,936	78,923,028	3,173,696	47,257,452

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

42.1.2 Credit risk: Standardised approach

The Bank has adopted the Standardised Approach of Basel II for risk weighing its Credit Risk Exposures.

The following table illustrates the approved External Credit Assessment Institutions (ECAIs) whose ratings are being utilised by the Bank with respect to material categories of exposures:

Exposures	JCR-VIS	PACRA	MOODY'S	FITCH	S&P
Corporate	✓	✓	-	-	-
Banks	✓	✓	✓	✓	✓
SME's (retail exposures)	✓	✓	-	-	-
Sovereigns	-	-	✓	-	-
Securitisations	N/A	N/A	N/A	N/A	N/A
Others (specify)	N/A	N/A	N/A	N/A	N/A

The Bank has used Issue Specific Ratings for rating / risk weighing Issue Specific Exposures and Entity Ratings for rating / risk weighing claims against specific counter-parties. Both short and long term ratings have been used to rate corresponding short and long term exposures. For this purpose, Mapping Grid provided by SBP as given below:

Long - Term Ratings Grades Mapping

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

Short - Term Ratings Grades Mapping

SBP	PACRA	JCR-VIS	Fitch	Moody's	S&P
S1	A-1	A-1	F-1	P-1	A-1+, A-1
S2	A-2	A-2	F-2	P-2	A-2
S3	A-3	A-3	F-3	P-3	A-3
S4	Others	Others	Others	Others	Others

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

42.1.2.1 Credit exposures and comparative figures subject to the standardised approach

Exposures	Rating category No.	Rating risk weighted	2016			Risk weighted asset
			Amount outstanding	Deduction CRM	Net amount	
----- Rupees in '000 -----						
Cash and Cash Equivalents		0%	3,509,618	-	3,509,618	-
Corporate	0	0%	-	-	-	-
	1	20%	4,632,038	-	4,632,038	926,408
	2	50%	1,179,061	515,029	664,033	332,016
	3,4	100%	1,146,866	304,406	842,461	842,461
	5,6	150%	28,184	-	28,184	42,275
	Unrated	100%	52,133,815	6,807,878	45,325,937	45,325,937
	Unrated-2	125%	8,542,609	741,427	7,801,182	9,751,477
			67,662,573	8,368,740	59,293,835	57,220,574
Retail		0%	-	-	-	-
		20%	-	-	-	-
		50%	-	-	-	-
		75%	15,741,146	2,015,900	13,725,247	10,293,935
			15,741,146	2,015,900	13,725,247	10,293,935
Banks		0%	-	-	-	-
- Over 3 Months	1	20%	1,194,772	(1,311)	1,196,082	239,216
	2,3	50%	2,486,858	350,301	2,136,558	1,068,279
	4,5	100%	446,671	-	446,671	446,671
	6	150%	-	-	-	-
	Unrated	50%	300,851	-	300,851	150,425
			4,429,152	348,990	4,080,162	1,904,591
- Maturity Up to and under 3 Months in FCY	1,2,3	0%	-	-	-	-
	4,5	20%	1,984,117	(415)	1,984,532	396,906
	6	50%	-	-	-	-
	unrated	150%	49,300	-	49,300	73,950
		20%	257,626	-	257,626	51,525
			2,291,043	(415)	2,291,458	522,381
- Maturity Up to and under 3 Months in PKR		0%	-	-	-	-
- Maturity Up to and under 3 Months in PKR		20%	2,302,675	58,856	2,243,819	448,764
			2,302,675	58,856	2,243,819	448,764
Residential Mortgage Finance		35%	2,536,136	-	2,536,136	887,648
Public Sector Entity		0%	-	-	-	-
	1	20%	1,991,822	-	1,991,822	398,364
	2,3	50%	-	-	-	-
	4,5	100%	-	-	-	-
	6	150%	-	-	-	-
	Unrated	50%	5,688,773	5,056,319	632,453	316,227
			7,680,595	-	2,624,275	714,591
Sovereigns (SBP / GoP)		0%	60,397,436	-	60,397,436	-
		20%	-	-	-	-
		50%	166,159	-	166,159	83,080
		100%	3,358,392	-	3,358,392	3,358,392
			63,921,987	-	63,921,987	3,441,472
Equity Investments - Listed		100%	4,177,173	-	4,177,173	4,177,173
- Unlisted		150%	243,038	-	243,038	364,558
Significant Investment and DTA		250%	743,793	-	743,793	1,859,481
			5,164,004	-	5,164,004	6,401,212
Past Due Loans (Not Secured by Residential Mortgages)	S.P less than 20%	150%	409,704	-	409,704	614,556
	S.P between 20% to 50%	100%	240,265	-	240,265	240,265
	S.P greater than 50%	50%	59,620	-	59,620	29,810
			709,589	-	709,589	884,631
Investment in fixed assets		100%	3,984,616	-	3,984,616	3,984,616
Other assets		100%	756,877	-	756,877	756,877
Total			180,690,011	10,792,071	164,841,623	87,461,291

* Credit Risk Mitigation (CRM)

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

Credit exposures subject to Standardised approach

Exposures	Rating category No.	Rating risk weighted	2015		Risk weighted asset	
			Amount outstanding	Deduction CRM		
			----- Rupees in '000 -----			
Cash and Cash Equivalents		0%	2,842,066	-	2,842,066	-
Corporate						
	0	0%	-	3,987,288	3,987,288	-
	1	20%	2,645,255	1,689	2,646,944	529,389
	2	50%	483,706	(3,427)	480,279	240,139
	3,4	100%	2,004,082	(1,265,455)	738,628	738,628
	5,6	150%	19,237	-	19,237	28,856
	Unrated	100%	39,926,676	(2,081,236)	37,845,440	37,845,440
	Unrated-2	125%	7,532,756	(638,859)	6,893,897	8,617,371
			<u>52,611,712</u>	<u>-</u>	<u>52,611,713</u>	<u>47,999,823</u>
Retail						
		0%	-	1,152,104	1,152,104	-
		20%	-	19,636	19,636	3,927
		50%	-	-	-	-
		75%	5,727,672	(1,171,740)	4,555,932	3,416,949
			<u>5,727,672</u>	<u>-</u>	<u>5,727,672</u>	<u>3,420,876</u>
Banks						
- Maturity over 3 Months						
		0%	-	1,206,030	1,206,030	-
	1	20%	1,208,162	-	1,208,162	241,632
	2,3	50%	2,361,744	(1,206,030)	1,155,713	577,857
	4,5	100%	76,201	-	76,201	76,201
	6	150%	-	-	-	-
	Unrated	50%	169,037	-	169,037	84,519
			<u>3,815,144</u>	<u>-</u>	<u>3,815,143</u>	<u>980,209</u>
- Maturity Up to and under 3 Months in FCY						
		0%	-	-	-	-
	1,2,3	20%	919,668	-	919,668	183,934
	4,5	50%	11,117	-	11,117	5,559
	6	150%	22,612	-	22,612	33,918
	unrated	20%	748,620	-	748,620	149,724
			<u>1,702,017</u>	<u>-</u>	<u>1,702,017</u>	<u>373,135</u>
- Maturity up to and under 3 months in PKR						
		0%	-	-	-	-
		20%	3,131,924	-	3,131,924	626,385
			<u>3,131,924</u>	<u>-</u>	<u>3,131,924</u>	<u>626,385</u>
Residential Mortgage Finance		35%	1,130,723	-	1,130,723	395,753
Public Sector Entity						
	1	20%	1,589,958	-	1,589,958	317,992
	2,3	50%	-	-	-	-
	4,5	100%	-	-	-	-
	6	150%	-	-	-	-
	Unrated	50%	15,403,256	(15,054,365)	348,891	174,445
			<u>16,993,214</u>	<u>(15,054,365)</u>	<u>1,938,849</u>	<u>492,437</u>
Sovereigns (SBP / GoP)						
		0%	95,842,113	-	95,842,113	-
		20%	211,295	-	211,295	42,259
			<u>96,053,408</u>	<u>-</u>	<u>96,053,408</u>	<u>42,259</u>
Equity Investments - Listed		100%	2,413,983	-	2,413,983	2,413,983
- Unlisted		150%	468,681	-	468,681	703,021
Significant Investment and DTA		250%	377,977	-	377,977	944,943
			<u>3,260,641</u>	<u>-</u>	<u>3,260,641</u>	<u>4,061,947</u>
	S.P less than 20%	150%	88,309	-	88,309	132,463
	S.P between 20% to 50%	100%	187,553	-	187,553	187,553
	S.P greater than 50%	50%	1,041	-	1,041	521
			<u>276,903</u>	<u>-</u>	<u>276,903</u>	<u>320,537</u>
Investment in fixed assets		100%	2,749,244	-	2,749,244	2,749,244
Other assets		100%	721,065	-	721,065	721,065
Total			<u>191,015,733</u>	<u>-</u>	<u>175,961,368</u>	<u>62,183,670</u>

* Credit Risk Mitigation (CRM)

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

42.1.3 Policies and processes for collateral valuation and management as regards Basel II; For Credit Risk Mitigation purposes the Bank uses only the eligible collaterals under Comprehensive Approach (Standard Supervisory) of Credit Risk Mitigation under Standardised Approach as prescribed by SBP under Circular No. 8 of 2006, which includes Cash and Cash Equivalent Securities including Government Securities (like Cash Margins, Lien on Bank Accounts, Foreign Deposit Receipts, Term Deposit Receipts, Pledge of Defense Saving Certificates, Regular Income Certificates, Special Saving Certificates, T-Bills and Pakistan Investment Bonds etc.) and Shares Listed on the Main Index.

Under Bank's policy all collaterals are subject to periodic valuations to monitor the adequacy of margins held. Shares / Marketable securities are valued by the Bank on daily basis to calculate the Drawing Power (DP). In case of any shortfall in the requisite margins, the DP is adjusted to the appropriate level and the business units are informed to take appropriate action as per the agreement with the customer.

42.2 Equity position risk in the banking book

Equity positions in the banking book include Investment in equities that are available-for-sale or held for strategic investment purposes. These investments are generally regarded as riskier relative to fixed income securities owing to the inherent volatility of stock market prices. The Bank mitigates these risks through diversification and capping maximum exposures in a single company, compliance with regulatory requirement, following the guidelines laid down in the Bank's Investment Policy as set by the Board of Directors (BoD). The Bank follows a delivery versus payment settlement system thereby minimizing risk available in relation to settlement risk.

42.3 Market risk

42.3.1 Market risk is the risk of loss due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. From the perspective of a Bank, market risk comprises of interest rate risk, foreign exchange risk and equity position risk, which the Bank is exposed to in its trading book.

The Bank has an approved market risk policy wherein the governance structure for managing market risk, measurement tools used and the market risk exposure limits have been addressed. The Bank's strategy for managing market risk is to relate the level of risk exposures to their risk appetite and the capital at hand.

The Board of Directors (BoD) and the Asset and Liability Committee (ALCO) are responsible for addressing market risk from a strategic perspective and are assisted by the market risk function in meeting these objectives.

The Market Risk function is also supported by personnel in the Middle Office function and directly report to Group Head Risk Management. Its responsibility includes ensuring the implementation of the market risk policy above in line with the Bank's strategy.

Risk reporting undertaken by the market risk function includes:

- a) Portfolio Reports
- b) Limit monitoring reports
- c) Sensitivity analysis ; and
- d) Stress testing of the portfolio

42.3.2 Foreign exchange risk

Main objective of foreign exchange risk management is to ensure that the foreign exchange exposure of the Bank lies within the defined appetite of the Bank.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

Daily reports are generated to monitor the internal and regulatory limits with respect to the overall foreign currency exposures. The overall net open position, whether short or long has the potential to negatively impact the profit and loss depending upon the direction of movement in foreign exchange rates.

Foreign exchange open and mismatched positions are marked to market on a daily basis.

Currency risk arises where the value of financial instruments changes due to changes in foreign exchange rates. In order to manage currency risk exposure the bank enters into ready / spot, forward and swap transactions with SBP and in the interbank market. The Bank's foreign exchange exposure comprises of forward contracts, foreign currencies cash in hand, balances with banks abroad, foreign placement with SBP and foreign currencies assets and liabilities. The net open position is managed within the statutory limits, as fixed by SBP. Counter parties limit are also fixed to limit risk concentration. Appropriate segregation of duties exists between the front and back office functions while compliance with the net open position limit is independently monitored on an ongoing basis.

	2016			Net foreign currency exposure
	Assets	Liabilities	Off-balance sheet items	
	----- Rupees in '000 -----			
Pakistan Rupee	250,332,275	234,084,260	228,778	16,476,793
United States Dollar	12,520,840	9,640,001	(2,701,681)	179,158
Great Britain Pound	314,656	1,461,624	1,122,628	(24,340)
Euro	326,070	1,650,304	1,327,343	3,109
Other currencies	1,206,652	1,214,779	22,932	14,805
	14,368,218	13,966,708	(228,778)	172,732
	264,700,493	248,050,968	-	16,649,525

	2015			Net foreign currency exposure
	Assets	Liabilities	Off-balance sheet items	
	----- Rupees in '000 -----			
Pakistan Rupee	210,489,592	190,712,112	(3,728,224)	16,049,256
United States Dollar	7,249,574	8,871,704	1,345,104	(277,026)
Great Britain Pound	196,164	1,671,370	1,471,940	(3,266)
Euro	337,368	1,252,429	922,740	7,679
Other currencies	202,965	145	(11,560)	191,260
	7,986,071	11,795,648	3,728,224	(81,353)
	218,475,663	202,507,760	-	15,967,903

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

42.3.4 Mismatch of interest rate sensitive assets and liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Bank is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark up based assets and liabilities that mature or re-price in a given period. The Bank manages this risk by matching/re-pricing of assets and liabilities. The Bank is not excessively exposed to interest / mark-up rate risk as its assets and liabilities are repriced frequently. The assets and liabilities committee (ALCO) of the Bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Bank.

		2016										Non-interest bearing financial instrument
Effective yield interest rate - %	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
----- Rupees in '000 -----												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	15,508,968	1,385,332	-	-	-	-	-	-	-	-	-	14,123,636
Balances with other banks	752,710	241,426	-	-	-	-	-	-	-	-	-	511,284
Lendings to financial institutions	11,334,414	10,654,523	522,993	156,898	-	-	-	-	-	-	-	-
Investments - net	2,95 - 12.00	131,807,489	15,796,374	53,160,239	1,188,730	8,303,972	10,977,227	27,976,498	7,610,487	2,235,896	-	4,558,066
Advances - net	0.4 - 39	93,794,134	67,683,642	5,194,022	1,794,466	2,588,462	2,525,985	2,340,457	980,250	2,138,460	-	709,589
Other assets	-	3,339,521	-	-	-	-	-	-	-	-	-	3,339,521
	256,537,236	95,761,297	61,542,033	6,539,650	10,098,438	13,545,689	30,502,483	9,950,944	3,216,146	2,138,460	-	23,242,096
Liabilities												
Bills payable	2,544,028	-	-	-	-	-	-	-	-	-	-	2,544,028
Borrowings	10,320,047	2,403,622	4,194,410	2,910,121	10,211	20,422	31,437	234,580	469,716	-	-	40,528
Deposits and other accounts	0.1 - 9.11	226,098,931	89,321,228	33,769,494	16,212,383	403,922	127,844	605,424	-	-	-	54,006,955
Sub-ordinated loans	7.53	3,000,000	-	3,000,000	-	-	-	-	-	-	-	-
Other liabilities	4,878,393	-	-	-	-	-	-	-	-	-	-	4,878,393
	246,841,399	91,729,850	35,846,091	39,679,615	16,222,594	424,344	159,281	840,004	469,716	-	-	61,469,904
On-balance sheet financial instruments	9,695,837	4,031,447	25,695,942	(33,139,965)	(6,124,156)	13,121,345	30,343,202	9,110,940	2,746,430	2,138,460	-	(38,227,809)
Commitments in respect of forward purchase contracts and to extent credits	14,738,729	9,457,255	3,355,355	1,021,239	384,430	312,650	207,800	-	-	-	-	-
Commitments in respect of forward exchange contracts - Sale	(15,879,540)	(13,918,445)	(977,889)	(232,768)	(229,988)	(312,650)	(207,800)	-	-	-	-	-
Off-balance sheet gap	(1,140,811)	(4,461,190)	2,377,466	788,471	154,442	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap		(429,743)	28,073,408	(32,351,494)	(5,969,714)	13,121,345	30,343,202	9,110,940	2,746,430	2,138,460	-	(38,227,809)
Cumulative yield / interest risk sensitivity gap		(429,743)	27,643,665	(4,707,829)	(10,677,543)	2,443,802	32,787,004	41,897,944	44,644,374	46,782,834	-	-

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

Effective yield interest rate - %	2015										Non-interest bearing financial instrument	
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	11,159,432	1,983,215	-	-	-	-	-	-	-	-	-	9,176,217
Balances with other banks	-	583,724	-	-	-	-	-	-	-	-	-	453,059
Lending to financial institutions	3,581,329	3,267,106	314,223	-	-	-	-	-	-	-	-	-
Investments - net	3.13 - 12.00	114,110,704	15,898,144	9,525,445	9,902,594	36,366,431	16,398,354	6,636,706	12,923,322	-	-	3,660,336
Advances - net	2.5 - 21.25	76,666,180	58,049,871	6,208,083	1,696,528	1,111,324	1,072,337	840,454	88,639	1,037,723	-	394,270
Other assets	-	5,424,106	-	-	-	-	-	-	-	-	-	5,424,106
		211,525,475	79,319,001	16,047,751	11,599,122	37,477,755	17,470,691	7,477,160	13,011,961	1,037,723	-	19,097,988
Liabilities												
Bills payable	-	1,609,425	-	-	-	-	-	-	-	-	-	1,609,425
Borrowings	3 - 6.5	54,638,318	49,413,265	1,918,432	3,214	5,970	6,137	-	-	-	-	-
Deposits and other accounts	0.5 - 11.5	141,840,487	53,303,085	21,765,038	9,539,648	55,410	5,800	634,454	-	-	-	36,331,882
Other liabilities	-	2,683,090	-	-	-	-	-	-	-	-	-	2,683,090
		200,771,320	102,716,350	23,683,470	23,496,470	61,380	11,337	634,454	-	-	-	40,624,397
On-balance sheet financial instruments		10,754,155	(23,397,349)	(7,635,719)	2,056,260	37,416,375	17,458,754	6,842,706	13,011,961	1,037,723	-	(21,526,409)
Commitments in respect of forward exchange contracts - Purchase		11,786,964	4,888,867	4,877,999	955,929	292,494	207,800	207,800	-	-	-	-
Commitments in respect of forward exchange contracts - Sale		(6,799,782)	(4,300,719)	(1,185,138)	(271,125)	(366,075)	(207,800)	(207,800)	-	-	-	-
		4,987,182	588,148	3,692,861	684,804	-	-	-	-	-	-	-
Off-balance sheet gap		(22,809,201)	(3,942,858)	(3,942,858)	(13,825,943)	2,077,629	17,458,754	6,842,706	13,011,961	1,037,723	-	(21,526,409)
Total yield / interest risk sensitivity gap		(22,809,201)	(26,752,059)	(40,577,402)	(38,499,773)	(1,083,398)	16,375,356	23,216,062	36,230,023	37,267,746	-	-
Cumulative yield / interest risk sensitivity gap												
Reconciliation to total assets												
Balance as per balance sheet		264,700,493	218,475,663									
Less: Non financial assets												
Investments - net		1,919,121	1,919,121									41,047
Operating fixed assets		5,837,181	4,573,671									1,695,393
Deferred tax assets		406,955	457,396									1,736,440
Other assets		8,163,257	6,950,188									
		256,537,236	211,525,475									200,771,320
Reconciliation to total liabilities												
Balance as per balance sheet												
Less: Non financial liabilities												
Other liabilities												41,047
Deferred tax liabilities - net												1,695,393
												1,736,440
												200,771,320
Reconciliation to total liabilities		248,050,968	202,507,760									

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

42.4 Liquidity risk

Liquidity risk is the risk that the Bank will not be able to raise funds to meet its commitments. The Bank's Asset and Liability Committee (ALCO) manages the liquidity position on a continuous basis.

Bank's policy to liquidity management is to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet our contractual and potential payment obligations without incurring additional and unacceptable cost to the business.

Treasury is responsible for the managing liquidity risk under the guidance of Asset-Liability Committee of the Bank. The Bank's liquidity risk management approach starts at the intraday level (operational liquidity) managing the daily payments queue and factoring in our access to the qualifying securities of State Bank of Pakistan. It then covers tactical liquidity risk management dealing with the access to unsecured funding sources and the liquidity characteristics of our asset inventory (asset liquidity). Finally, the strategic perspective comprises the maturity profile of all assets and liabilities on our statement of financial position.

For monitoring and controlling liquidity risk, the Bank generates a scenario sensitive maturity statement of financial position, and run controlled mismatches that are monitored and discussed by ALCO members regularly. The Bank prepares various types of reports and analysis for assisting ALCO in taking necessary strategic actions for managing liquidity risk in the Bank.

	2016									
	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
Total										
Assets										
Cash and balances with treasury banks	15,508,968	-	-	-	-	-	-	-	-	-
Balances with other banks	752,710	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	11,334,414	10,654,523	156,898	-	-	-	-	-	-	-
Investments	133,726,610	56,594,760	1,121,097	9,199,201	11,222,414	28,206,694	7,790,860	2,235,896	1,919,121	
Advances	93,794,134	56,425,484	5,577,305	3,889,057	5,504,828	5,115,687	3,980,740	2,534,935	2,138,460	
Operating fixed assets	5,837,181	51,205	148,925	279,710	495,075	401,894	571,067	609,625	2,950,114	
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	3,746,476	2,662,712	-	304,036	272,131	387,678	96,310	23,609	-	
	264,700,493	101,492,179	7,004,225	13,672,004	17,494,448	34,111,943	12,438,977	5,404,065	7,007,695	
Liabilities										
Bills payable	2,544,028	-	-	-	-	-	-	-	-	
Borrowings	10,320,047	4,194,409	2,910,121	10,211	20,422	31,437	234,580	469,716	-	
Deposits and other accounts	226,098,931	31,651,693	37,954,631	16,212,383	403,922	127,844	605,424	-	-	
Sub-ordinated loans	3,000,000	-	600	600	1,200	1,200	2,400	2,994,000	-	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	
Deferred tax liabilities	1,205,362	3,022,496	-	-	-	1,205,362	-	-	-	
Other liabilities	4,882,600	-	31,814	101,218	424,195	941,680	267,282	93,915	-	
	248,050,968	38,868,598	40,897,166	16,324,412	849,739	2,307,523	1,109,686	3,557,631	-	
Net assets	16,649,525	27,206,359	(33,892,941)	(2,652,409)	16,644,709	31,804,420	11,329,291	1,846,434	7,007,695	
Share capital	10,724,643									
Discount on issue of shares	(2,105,401)									
Preference Share	1,500,000									
Statutory reserve	1,334,139									
Unappropriated profit	3,973,324									
Surplus on revaluation of assets - net	1,222,820									
	16,649,525									

Rupees in '000

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

		2015								
		Rupees in '000								
		Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets										
Cash and balances with treasury banks	11,159,432	-	-	-	-	-	-	-	-	-
Balances with other banks	583,724	-	-	-	-	-	-	-	-	-
Lending to financial institutions	3,581,329	314,223	9,137,588	2,787,186	9,972,476	36,542,680	16,643,551	6,957,100	13,013,519	1,919,121
Investments	116,029,825	19,056,604	9,137,588	7,326,283	3,767,839	2,635,032	3,191,236	3,593,252	429,901	1,056,241
Advances	76,666,180	47,006,284	7,660,112	120,666	230,189	410,282	317,253	430,135	430,812	2,272,780
Operating fixed assets	4,573,671	41,490	320,064	-	-	-	-	-	-	-
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-
Other assets	5,881,502	2,445,262	-	8,283	317,231	1,734,445	560,800	191,175	624,306	-
	218,475,663	83,559,902	17,431,987	10,242,418	14,287,735	41,322,439	20,772,840	11,171,662	14,498,538	5,248,142
Liabilities										
Bills payable	1,609,425	1,609,425	1,918,431	3,291,300	3,214	5,970	6,137	-	-	-
Borrowings	54,638,318	49,413,266	21,765,050	20,205,170	9,539,648	55,410	5,800	634,454	-	-
Deposits and other accounts	141,840,487	89,634,955	-	-	-	-	-	-	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	1,695,393	-	-	-	-	-	1,695,393	-	-	-
Other liabilities	2,724,137	1,906,309	64,005	-	-	-	-	753,823	-	-
	202,507,760	142,563,955	23,747,486	23,496,470	9,542,862	61,380	1,707,330	1,388,277	-	-
Net assets	15,967,903	(59,004,053)	(6,315,499)	(13,254,052)	4,744,873	41,261,059	19,005,510	9,783,385	14,498,538	5,248,142
Share capital	10,724,643	-	-	-	-	-	-	-	-	-
Discount on issue of shares	(2,105,401)	-	-	-	-	-	-	-	-	-
Preference shares	1,500,000	-	-	-	-	-	-	-	-	-
Statutory reserve	918,816	-	-	-	-	-	-	-	-	-
Unappropriated profit	2,529,092	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	2,400,753	-	-	-	-	-	-	-	-	-
	15,967,903	-	-	-	-	-	-	-	-	-

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

Maturity of assets and liabilities - Based on working prepared by the Asset and Liability Committee (ALCO) of the Bank

		2016									
		Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
		Rupees in '000									
Assets											
Cash and balances with treasury banks	15,508,968	15,508,968	-	-	-	-	-	-	-	-	-
Balances with other banks	752,710	752,710	-	-	-	-	-	-	-	-	-
Lending to financial institutions	11,334,414	10,654,523	522,993	156,898	-	-	-	-	-	-	-
Investments	133,726,610	15,436,577	56,594,760	1,121,097	9,199,201	11,222,414	28,206,684	7,790,860	2,235,896	1,919,121	
Advances	93,794,134	17,867,248	18,592,126	19,874,179	18,185,931	5,504,828	5,115,687	3,980,740	2,534,935	2,138,460	
Operating fixed assets	5,837,181	51,205	329,566	148,925	279,710	495,075	401,894	571,067	609,625	2,950,114	
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-
Other assets	3,746,476	2,662,712	-	-	304,036	272,131	387,678	96,310	23,609	-	
	264,700,493	62,933,943	76,039,445	21,301,099	27,968,878	17,494,448	34,111,943	12,438,977	5,404,065	7,007,695	
Liabilities											
Bills payable	2,544,028	2,544,028	-	-	-	-	-	-	-	-	-
Borrowings	10,320,047	2,449,150	4,194,410	2,910,121	10,211	20,422	31,437	234,580	489,716	-	
Deposits and other accounts	226,098,931	39,323,723	37,070,093	44,371,335	22,280,294	8,437,839	11,637,437	62,978,210	-	-	
Sub-ordinated loans	3,000,000	-	-	600	600	1,200	1,200	2,400	2,994,000	-	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	
Deferred tax liabilities	1,205,362	-	-	-	-	-	-	-	-	-	
Other liabilities	4,882,600	-	3,022,496	31,814	101,218	424,195	941,680	267,282	93,915	-	
	248,050,968	44,316,901	44,286,999	47,313,870	22,392,323	8,883,656	13,817,116	63,482,472	3,557,631	-	
Net assets	16,649,525	18,617,042	31,752,446	(26,012,771)	5,576,555	8,610,792	20,294,827	(51,043,495)	1,846,434	7,007,695	
Share capital	10,724,643	-	-	-	-	-	-	-	-	-	
Discount on issue of shares	(2,105,401)	-	-	-	-	-	-	-	-	-	
Preference Share	1,500,000	-	-	-	-	-	-	-	-	-	
Statutory reserve	1,334,139	-	-	-	-	-	-	-	-	-	
Unappropriated profit	3,973,324	-	-	-	-	-	-	-	-	-	
Surplus on revaluation of assets - net	1,222,820	-	-	-	-	-	-	-	-	-	
	16,649,525	-	-	-	-	-	-	-	-	-	

To identify the behavioural maturities of non-contractual assets and liabilities, the Bank has used the following methodology:

For determining the core portion of non contractual liabilities (non-volatile portion), the bank has used the average method whereby average balance maintained over past five year has been classified as core and has been placed in 'over 3 to 5 years' maturity bucket. Non contractual assets and remaining volatile portion of non contractual liabilities have been stratified in relevant maturity bucket using bucket wise percentages determined by using average volatility in respective period/bucket.

	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years
Weighted average	3%	5%	6%	6%	8%	11%	61%

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

2015

	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets									
Cash and balances with treasury banks	11,159,432	-	-	-	-	-	-	-	-
Balances with other banks	583,724	-	-	-	-	-	-	-	-
Lending to financial institutions	3,267,106	314,223	-	-	-	-	-	-	-
Investments	19,056,604	9,137,588	2,787,186	9,972,476	36,542,680	16,643,551	6,957,100	13,013,519	1,919,121
Advances	11,738,117	16,614,630	20,666,265	17,335,010	2,497,523	2,742,393	3,586,100	429,901	1,056,241
Operating fixed assets	41,490	320,064	120,666	230,189	410,282	317,253	430,135	430,812	2,272,780
Deferred tax assets - net	-	-	-	317,231	1,734,445	560,800	191,175	-	-
Other assets	2,445,262	-	8,283	-	-	-	-	624,306	-
	48,291,735	26,386,505	23,582,400	27,654,906	41,184,930	20,263,997	11,164,510	14,498,538	5,248,142
Liabilities									
Bills payable	1,609,425	-	-	-	-	-	-	-	-
Borrowings	49,413,265	1,918,432	3,291,300	3,214	5,970	6,137	-	-	-
Deposits and other accounts	18,395,484	24,656,201	24,087,704	13,182,885	5,116,392	6,029,418	50,372,403	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	1,695,393	753,823	-	-
Other liabilities	1,906,309	64,005	-	-	-	-	-	-	-
	71,324,483	26,638,638	27,379,004	13,186,099	5,122,362	7,730,948	51,126,226	-	-
Net assets	(23,032,748)	(252,133)	(3,796,604)	14,668,807	36,062,568	12,533,049	(39,961,716)	14,498,538	5,248,142
Share capital	10,724,643								
Discount on issue of shares	(2,105,401)								
Preference shares	1,500,000								
Statutory reserve	918,816								
Unappropriated profit	2,529,092								
Surplus on revaluation of assets - net	2,400,753								
	15,967,903								

Share capital
Discount on issue of shares
Preference shares
Statutory reserve
Unappropriated profit
Surplus on revaluation of assets - net

Weighted average
Up to 1 month 3%
Over 1 to 3 months 4%
Over 3 to 6 months 5%
Over 6 months to 1 year 5%
Over 1 to 2 years 7%
Over 2 to 3 years 8%
Over 3 to 5 years 68%
Over 5 to 10 years 53%

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2016

42.5 Operational risk

The Bank currently uses Basic Indicator Approach to Operational Risk for regulatory capital calculations. We define the operational risk as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. With the evolution of Operations Risk Management into a separate distinct discipline, the Bank's strategy is to further strengthen its risk management system along new industry standards. Accordingly the Bank has set up a separate Operational Risk Management (ORM) Unit. ORM Unit resides within Risk Management Group (RMG). Its responsibility is to implement Operational Risk management tools across the Bank for effective measurement and monitoring of operational risk faced by different areas of the Bank.

Bank's operational risk management process involves a structured and uniform approach across the Bank. It includes risk identification and assessments, the monitoring of Key Risk Indicators and Risk Control Self-Assessment activities for key operational risks. In order to build a robust Operational Risk Monitoring mechanism, an Operational Risk Management Committee (ORMC) has been constituted to effectively address Operational Risk issues.

The Bank has implemented a comprehensive "Operational Risk Management Framework" which has also been approved by the Board of Directors. The purpose of bank-wide Operational Risk Management Framework is aimed at laying out clearly defined roles and responsibilities of individuals/units across different functions of the bank that are involved in performing various Operational Risk Management tasks. Operational risk is much more pervasive in a financial institution and every operating unit is exposed to operational risk, regardless of whether it is a business or a support function. This Framework has been devised to explain the various building blocks of the Operational Risk Management processes, and their inter-relationships. The framework also captures both qualitative and quantitative guidelines for managing and quantifying operational risks across the bank.

The ORM Unit conducts Operational risk profiling for all major operational areas of the bank and assists various functions of the bank in developing Key Risk Indicators (KRIs) which are monitored against predefined thresholds. Findings from KRIs are used as predictive indicators of potential operational risks.

Operation Risk loss data collection is governed by Bank's TID Policy which has been developed and implemented to collate operational losses and near misses in a systematic and organized way.

The Bank's Business Continuity Policy (BCP) includes risk management strategies to mitigate inherent risk and prevent interruption of mission critical services caused by disaster event. The resilience of BCP is tested and rehearsed on an annual basis by the bank.

Recently, Information Security & IT Risk Management Unit has been brought under the umbrella of Credit & Risk Management Group. The major responsibilities of Information Security & IT Risk Management Unit are to identify, assess, monitor, evaluate and address significant Information and IT security related risks appropriately.

43. GENERAL

43.1 These accounts 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 February 17, 2006.

43.2 The figures in the unconsolidated financial statements have been rounded off to the nearest thousand.

44. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors have proposed cash preference dividend of 12 % (December 31, 2015: 12%) amounting to Rs.180 million (December 31, 2015: Rs.180 million) in their meeting held on February 23, 2017. This appropriation will be approved in the forthcoming Annual General Meeting.

45. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on February 23, 2017.

Chairman

President and Chief
Executive
Officer

Director

Director

Consolidated Financial Statements

Directors' Report on Consolidated Financial Statement

For the year ended December 31, 2016

For the year ended December 31, 2016

On behalf of the Board of Directors I am pleased to present the consolidated annual report of JS Bank Limited (holding company), JS Global Capital Limited and JS Investments Limited (subsidiary companies).

Consolidated financial highlights

	2016	2015
	(PKR Million)	
Profit before taxation	3,854.1	3,767.9
Taxation	(1,395.4)	(1,302.6)
Profit after taxation	2,458.6	2,465.3
Profit attributable to non-controlling interest	(129.7)	(213.1)
Profit attributable to equity holders of the Bank	2,328.9	2,252.2
Earnings per share - Basic (Rupees)	2.00	1.95
- Diluted (Rupees)	1.80	1.74
Investments – net	135,038.9	116,885.0
Total assets	268,825.6	220,806.7
Deposits	225,004.7	140,355.2
Shareholders' equity	17,746.4	16,056.5

Pattern of Shareholding

The pattern of shareholding as at December 31, 2016 is included in the annual report

Subsidiaries Companies

JS Global Capital Limited

JS Global Capital Limited is one of the largest securities brokerage and investment banking firms in Pakistan with a leadership position in the domestic capital markets. It is in the business of equity, fixed income, currencies and commodities brokerage and investment banking. It was incorporated in Pakistan on June 28, 2000 under the Companies Ordinance, 1984 and is the successor to the securities business of Jahangir Siddiqui & Co. Ltd. and Bear Stearns Jahangir Siddiqui Limited. JS Bank has 67.2% ownership in the company.

JS Global has a paid up capital of PKR 380 million and shareholder equity of PKR 2,555 million as at December 31, 2016. It is listed on the Pakistan Stock Exchange.

PACRA has assigned long-term and short-term entity ratings to JS Global of “AA” (Double A) and “A1+” (A One plus), respectively. The ratings denote a very low expectation of credit risk emanating from very strong capacity for timely payment of financial commitments.

Summarized results of the company are set out below:

PKR Million

Particulars	December 31,2016 (Audited)	December 31,2015 (Audited)
Profit Before Tax	239	376
Profit After Tax	171	251
EPS (Rupees)	4.13	5.03

JS Investments Limited

JS Investments has a paid up capital of PKR 802 million and shareholder equity of PKR 2,574 million as on December 31, 2016. It is listed on the Pakistan Stock Exchange. JS Bank has 65.2% ownership in the company. The Company has a Management Quality Rating of “AM2, with stable outlook” assigned by JCR-VIS and Credit Rating of “A+/A1” (Long/Short - term) assigned by PACRA.

The Company holds a license of an Investment Adviser and Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Company is also a licensed Pension Fund Manager under the Voluntary Pension System Rules 2005, to manage voluntary pension schemes.

Summarized results of the Company are set out below:

PKR Million

Particulars	December 31,2016 (Audited)	December 31,2015 (Audited)
Profit before tax	210	199
Profit after tax	200	174
EPS (Rupees)	2.49	1.75

For and on behalf of the Board,

Khalid Imran
President & CEO

February 23, 2017

کمپنی کے نتائج کا خلاصہ حسب ذیل ہے:

ملین پاکستانی روپے

تفصیل	31 دسمبر 2016 (آڈٹ شدہ)	31 دسمبر 2015 (آڈٹ شدہ)
منافع قبل از ٹیکس	210	199
منافع بعد از ٹیکس	200	174
ای پی ایس (روپے)	2.49	1.75

برائے بورڈ اور بورڈ کے ایما پر

خالد عمران

صدر و چیف ایگزیکٹو آفیسر

23 فروری 2017

کمپنی کے نتائج کا خلاصہ حسب ذیل ہے:

تفصیل	31 دسمبر 2016 (آڈٹ شدہ)	31 دسمبر 2015 (آڈٹ شدہ)
منافع قبل از ٹیکس	239	376
منافع بعد از ٹیکس	171	251
ای پی ایس (روپے)	4.13	5.03

جے ایس انو سٹمنٹس لمیٹڈ

جے ایس انو سٹمنٹس کا ادا شدہ سرمایہ 31 دسمبر 2016 کو 802 ملین پاکستانی روپے اور حصص داران کی ایکویٹی 2,574 ملین پاکستانی روپے ہے۔ یہ پاکستان سٹاک ایکچینج میں اندراج یافتہ ہے۔ کمپنی میں جے ایس بینک کی ملکیت 65.2 فیصد ہے۔

کمپنی کو JCR-VIS کی جانب سے "AM2, with stable outlook" کی ریٹنگ اور PACRA کی جانب سے "A+/A1" (طویل / قلیل مدتی) کی کریڈٹ ریٹنگ دی گئی ہے۔

کمپنی انان بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) رولز، 2003 (NBFC Rules) اور انان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ انٹیمیٹ ریگولیشنز، 2008 (NBFC Regulations) کے تحت انو سٹمنٹ ایڈوائزر (Investment Adviser) اور ایسٹ مینجمنٹ کمپنی (Asset Management Company) کے لائسنس کی حامل ہے۔ علاوہ ازیں کمپنی رضا کارانہ پنشن سکیم میں چلانے کے لئے 'اولنٹری پنشن سسٹم رولز، 2005' کے تحت لائسنس یافتہ پنشن فنڈ مینجر ہے۔

طرز حصص داری

طرز حصص داری برطانیق 31 دسمبر 2016 سالانہ رپورٹ میں شامل ہے۔

ذیلی کمپنیاں

جے ایس گلوبل کیپیٹل لمیٹڈ

جے ایس گلوبل کیپیٹل لمیٹڈ کا شمار پاکستان کی سب سے بڑی سیورٹیز بروکرٹج اور سرمایہ کاری بینکنگ فرموں میں ہوتا ہے جو ملکی کیپیٹل مارکیٹوں میں قائدانہ حیثیت رکھتی ہے۔ یہ ایکوٹی، فکسڈ آمدنی (Fixed Income)، کرنسی اور ایشیائے ضروریہ کی بروکرٹج اور سرمایہ کاری بینکنگ کا کاروبار کرتی ہے۔ پاکستان میں اس کا قیام 28 جون 2000 کو کمپنیز آرڈیننس، 1984 کے تحت عمل میں لایا گیا اور اس نے جہاگیر صدیقی اینڈ کمپنی لمیٹڈ اور بیئر سٹیٹرزز جہاگیر صدیقی لمیٹڈ کے سیورٹیز کے کاروبار کی جگہ لی ہے۔ جے ایس بینک اس کمپنی میں 67.2 فیصد ملکیت کا حامل ہے۔

جے ایس گلوبل کا ادا شدہ سرمایہ (Paid Up Capital) 31 دسمبر 2016 کو 380 ملین پاکستانی روپے اور حصص داران کی ایکوٹی 2,565 ملین پاکستانی روپے تھی۔ یہ پاکستان سٹاک ایکسچینج میں اندراج یافتہ ہے۔

PACRA کی طرف سے جے ایس گلوبل کو "AA" (Double A) کی طویل مدتی اور "A1+" (A One plus) کی قلیل مدتی ریٹنگ دی گئی ہے۔ یہ ریٹنگ مالیاتی وعدوں کی بروقت تکمیل کی بھرپور استعداد سے پیدا ہونے والے کریڈٹ رسک (Credit Risk) کے بارے میں بہت توقعات کو ظاہر کرتی ہے۔

حتمی فنانشل سٹیٹمنٹ پر ڈائریکٹرز کی رپورٹ

31 دسمبر 2016 کو ختم ہونے والے سال کے لئے

یہ امر میرے لئے باعث مسرت ہے کہ میں بورڈ آف ڈائریکٹرز کی جانب سے جے ایس بینک لمیٹڈ (ہولڈنگ کمپنی)، جے ایس گلوبل کیپیٹل لمیٹڈ اور جے ایس انو سٹمنٹس لمیٹڈ (ذیلی کمپنیاں) کی حتمی سالانہ رپورٹ آپ کی خدمت میں پیش کر رہا ہوں۔

حتمی مالیاتی صورتحال کی قابل ذکر باتیں

2015	2016	
		(ملین پاکستانی روپے)
3,767.9	3,854.1	منافع قبل از ٹیکس
(1,302.6)	(1,395.4)	ٹیکس
2,465.3	2,458.6	منافع بعد از ٹیکس
(213.1)	(129.7)	نان کنٹروولنگ سود سے منسوب منافع
2,252.2	2,328.9	بینک کے ایکوٹی ہولڈرز سے منسوب منافع
1.95	2.00	آمدنی فی حصص - Basic (روپے)
1.74	1.80	Diluted- (روپے)
116,885.0	135,038.9	سرمایہ کاری - نقد
220,806.7	268,825.6	کل اثاثے
140,355.2	225,004.7	ڈپازٹس
16,056.5	17,746.4	حصص داران کی ایکوٹی



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of **JS Bank Limited** and its subsidiary companies (the Group) as at **31 December 2016** and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the JS Bank Limited and its subsidiary companies namely JS Global Capital Limited, JS Investments Limited and JS ABAMCO Commodities Limited. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express our 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 the JS Bank Limited and its subsidiary companies as at 31 December 2016 and the results of their operations for the year then ended.

The consolidated financial statements of the Group for the year ended 31 December 2015 were audited by another firm of chartered accountants whose report dated 20 February 2016 expressed an unqualified opinion thereon on those financial statements.

Chartered Accountants

Audit Engagement Partner: Shabbir Yunus

Date: 23 February 2017

Karachi

Consolidated Statement of Financial Position

As at December 31, 2016

2016	2015		Note	2016	2015
---- US Dollars in '000 ----				---- Rupees in '000 ----	
ASSETS					
148,274	106,695	Cash and balances with treasury banks	8	15,509,263	11,160,169
7,340	6,017	Balances with other banks	9	767,747	629,407
108,361	34,239	Lendings to financial institutions	10	11,334,414	3,581,329
1,291,021	1,117,463	Investments - net	11	135,038,901	116,884,984
896,882	733,078	Advances - net	12	93,812,506	76,678,864
57,568	45,231	Operating fixed assets	13	6,021,563	4,731,135
-	-	Deferred tax assets - net		-	-
60,624	68,270	Other assets	14	6,341,197	7,140,798
2,570,070	2,110,993			268,825,591	220,806,686
LIABILITIES					
24,322	15,387	Bills payable	15	2,544,028	1,609,425
98,663	522,362	Borrowings	16	10,320,047	54,638,318
2,151,127	1,341,847	Deposits and other accounts	17	225,004,655	140,355,175
28,681	-	Sub-ordinated loans	18	3,000,000	-
-	-	Liabilities against assets subject to finance lease		-	-
10,353	15,022	Deferred tax liabilities - net	19	1,082,885	1,571,252
67,987	34,649	Other liabilities	20	7,111,582	3,624,371
2,381,133	1,929,267			249,063,197	201,798,541
188,937	181,726	NET ASSETS		19,762,394	19,008,145
REPRESENTED BY					
102,532	102,532	Share capital	21	10,724,643	10,724,643
(20,128)	(20,128)	Discount on issue of shares		(2,105,401)	(2,105,401)
14,341	14,341	Preference shares	22	1,500,000	1,500,000
12,755	8,784	Reserves		1,334,138	918,815
46,450	29,314	Unappropriated profit		4,858,596	3,066,149
155,950	134,843			16,311,976	14,104,206
13,713	18,664	Non-controlling interest		1,434,391	1,952,266
169,663	153,507			17,746,367	16,056,472
19,274	28,219	Surplus on revaluation of assets - net of tax	23	2,016,027	2,951,673
188,937	181,726			19,762,394	19,008,145

CONTINGENCIES AND COMMITMENTS

24

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

Chairman

President and Chief
Executive
Officer

Director

Director

Consolidated Profit and Loss Account

For the year ended December 31, 2016

2016		2015		Note	2016		2015
---- US Dollars in '000 ----					---- Rupees in '000 ----		
145,030	147,846		Mark-up / return / interest earned	25	15,169,894	15,464,522	
88,703	92,552		Mark-up / return / interest expensed	26	9,278,234	9,680,803	
56,327	55,294		Net mark-up / interest income		5,891,660	5,783,719	
609	(6,454)		Reversal / (provision) against non-performing loans and advances - net	12.4	63,687	(675,092)	
(3,250)	(412)		Provision for diminution in value of investments - net	11.3	(339,904)	(43,061)	
(1)	-		Bad debts written off directly		(83)	-	
(2,642)	(6,866)				(276,300)	(718,153)	
53,685	48,428		Net mark-up / interest income after provisions		5,615,360	5,065,566	
NON MARK-UP / INTEREST INCOME							
19,918	17,064		Fee, commission and brokerage income	27	2,083,432	1,784,854	
1,735	1,723		Dividend income		181,522	180,209	
2,990	2,751		Income from dealing in foreign currencies		312,719	287,742	
30,464	19,073		Gain on sale of securities - net	28	3,186,450	1,995,047	
171	129		Unrealised gain on revaluation of investments classified as held-for-trading - net	11.4	17,854	13,511	
770	342		Other income - net	29	80,591	35,738	
56,048	41,082		Total non mark-up / interest income		5,862,568	4,297,101	
109,733	89,510				11,477,928	9,362,667	
NON MARK-UP / INTEREST EXPENSES							
71,799	52,751		Administrative expenses	30	7,510,102	5,517,631	
50	-		Other provisions / write offs		5,281	(17)	
1,037	737		Other charges	31	108,423	77,111	
72,886	53,488		Total non-mark-up / interest expenses		7,623,806	5,594,725	
36,847	36,022		Extra ordinary / unusual items		3,854,122	3,767,942	
-	-				-	-	
36,847	36,022		PROFIT BEFORE TAXATION		3,854,122	3,767,942	
Taxation							
(10,964)	(5,753)		- Current		(1,146,823)	(601,716)	
(851)	86		- Prior years		(88,993)	8,982	
(1,527)	(6,787)		- Deferred	19.1	(159,672)	(709,884)	
(13,342)	(12,454)			32	(1,395,488)	(1,302,618)	
23,505	23,568		PROFIT AFTER TAXATION		2,458,634	2,465,324	
Attributable to:							
22,265	21,531		Equity holders of the Bank		2,328,959	2,252,256	
1,240	2,037		Non-controlling interest		129,675	213,068	
23,505	23,568				2,458,634	2,465,324	
US Dollar					Rupee(s)		
0.02	0.02		Basic earnings per share	33	2.00	1.95	
0.02	0.01		Diluted earnings per share	33	1.80	1.74	

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

Chairman

President and Chief
Executive
Officer

Director

Director

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2016

2016	2015		2016	2015
US Dollars in '000			Rupees in '000	
23,505	23,568	Profit after tax for the year	2,458,634	2,465,324
		Other comprehensive income		
		Items that will not be reclassified to profit and loss account		
(545)	(92)	Actuarial loss on defined benefit plan	(56,991)	(9,670)
191	32	Related deferred tax	19,947	3,385
(354)	(60)		(37,044)	(6,285)
		Items that may be reclassified to profit or loss in subsequent periods		
-	-	Effect of translation of net investment in foreign branches	(17)	-
(354)	(60)		(37,061)	(6,285)
23,151	23,508	Comprehensive income transferred to equity	2,421,573	2,459,039
		Component of comprehensive income not reflected in equity		
		Items that are or may be reclassified subsequently to profit and loss account		
(15,945)	14,012	Net change in fair value of available-for-sale securities	(1,667,860)	1,465,603
6,218	(5,326)	Related deferred tax	650,346	(557,111)
(9,727)	8,686		(1,017,514)	908,492
13,424	32,194	Total comprehensive income for the year	1,404,059	3,367,531
		Attributable to:		
11,398	31,349	Equity holders of the Bank	1,192,175	3,279,143
2,026	845	Non-controlling interest	211,884	88,388
13,424	32,194		1,404,059	3,367,531

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

Chairman

President and Chief
Executive
Officer

Director

Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2016

	Attributable to shareholders of the Bank					Non-controlling interest	Total	
	Share capital	Discount on issue of shares	Preference shares	Statutory reserves	Unappropriated (loss) / profit			Sub-total
	Rupees in '000							
Balance as at January 01, 2015	10,724,643	(2,105,401)	1,500,000	513,706	1,384,998	12,017,946	2,135,442	14,153,388
Total comprehensive income for the year ended December 31, 2015								
Profit after taxation	-	-	-	-	2,252,256	2,252,256	213,068	2,465,324
Other comprehensive income	-	-	-	-	(6,285)	(6,285)	-	(6,285)
	-	-	-	-	2,245,971	2,245,971	213,068	2,459,039
Transaction with owners recorded directly in equity								
Buy-back of shares by subsidiary from NCI	-	-	-	-	-	-	(385,603)	(385,603)
Gain arising on buy back of shares by subsidiary	-	-	-	-	18,699	18,699	9,997	28,696
Pre-acquisition surplus on available-for-sale investments realised during the year -net	-	-	-	-	(22,574)	(22,574)	(20,638)	(43,212)
Preference dividend paid for the period ended ended December 31, 2014	-	-	-	-	(155,836)	(155,836)	-	(155,836)
Transfers								
Transfer to statutory reserve	-	-	-	405,109	(405,109)	-	-	-
Balance as at December 31, 2015	10,724,643	(2,105,401)	1,500,000	918,815	3,066,149	14,104,206	1,952,266	16,056,472
Total comprehensive income for the year ended December 31, 2016								
Profit after taxation	-	-	-	-	2,328,959	2,328,959	129,675	2,458,634
Other comprehensive income	-	-	-	-	(37,061)	(37,061)	-	(37,061)
	-	-	-	-	2,291,898	2,291,898	129,675	2,421,573
Transaction with owners recorded directly in equity								
Buy-back of shares by subsidiary from NCI	-	-	-	-	-	-	(694,430)	(694,430)
Gain arising on buy back of shares by subsidiary	-	-	-	-	95,872	95,872	46,880	142,752
Preference dividend paid for the year ended ended December 31, 2015	-	-	-	-	(180,000)	(180,000)	-	(180,000)
Transfers								
Transfer to statutory reserve	-	-	-	415,323	(415,323)	-	-	-
Balance as at December 31, 2016	10,724,643	(2,105,401)	1,500,000	1,334,138	4,858,596	16,311,976	1,434,391	17,746,367

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

Chairman

President and Chief Executive Officer

Director

Director

Consolidated Cash Flow Statement

For the year ended December 31, 2016

2016	2015		2016	2015
US Dollars in '000			---- Rupees in '000 ----	
CASH FLOWS FROM OPERATING ACTIVITIES				
36,847	36,022	Profit before taxation	3,854,122	3,767,942
(1,735)	(1,723)	Less: Dividend income	(181,522)	(180,209)
<u>35,112</u>	<u>34,299</u>		<u>3,672,600</u>	<u>3,587,733</u>
Adjustments:				
5,270	4,316	Depreciation	13.2 551,223	451,400
11	-	Depreciation on non-banking assets	14.5.1 1,122	-
516	446	Amortisation of intangible assets	13.3 53,942	46,618
586	519	Charge for defined benefit plan	36.5 61,317	54,335
(609)	6,454	(Reversal) / provision against non-performing advances - net	12.4 (63,687)	675,092
(171)	(129)	Unrealised gain on revaluation of investments classified as held-for-trading	11.4 (17,854)	(13,511)
3,250	412	Provision for diminution in value of investments - net	11.3 339,904	43,061
50	3	Other provisions / write offs	5,281	363
736	720	Provision for Workers' Welfare Fund	31 77,023	75,286
(46)	353	Unrealised (gain) / loss on revaluation of derivative instruments	(4,853)	36,945
(408)	(355)	Gain on sale of operating fixed assets	29 (42,657)	(37,158)
<u>9,185</u>	<u>12,739</u>		<u>960,761</u>	<u>1,332,431</u>
<u>44,297</u>	<u>47,038</u>		<u>4,633,361</u>	<u>4,920,164</u>
(Increase) / decrease in operating assets				
(74,122)	71,692	Lendings to financial institutions	(7,753,085)	7,498,913
(413,673)	13,261	Held-for-trading securities	(43,269,625)	1,387,066
(163,195)	(142,556)	Advances	(17,069,955)	(14,911,103)
7,569	24	Other assets (excluding advance taxation)	791,751	2,464
<u>(643,421)</u>	<u>(57,579)</u>		<u>(67,300,914)</u>	<u>(6,022,660)</u>
Increase / (decrease) in operating liabilities				
8,935	2,193	Bills payable	934,603	229,405
(443,901)	38,709	Borrowings	(44,304,114)	4,048,892
809,280	314,778	Deposits and other accounts	84,649,480	32,925,337
28,681	-	Sub-ordinated loans	3,000,000	-
32,130	(602)	Other liabilities	3,360,738	(62,970)
<u>435,125</u>	<u>355,078</u>		<u>47,640,707</u>	<u>37,140,664</u>
<u>(208,296)</u>	<u>297,499</u>		<u>(19,660,207)</u>	<u>31,118,004</u>
(612)	(204)	Payment to defined benefit plan	36.5 (64,005)	(21,349)
(10,783)	(9,707)	Income tax paid	(1,127,882)	(1,015,339)
<u>(175,394)</u>	<u>334,626</u>		<u>(16,218,733)</u>	<u>35,001,480</u>
Net cash flows from operating activities				
CASH FLOW FROM INVESTING ACTIVITIES				
221,091	(297,497)	Net investment in available-for-sale securities	23,125,798	(31,117,707)
1,713	1,634	Dividend income received	179,157	170,950
(18,355)	(12,920)	Investments in operating fixed assets	(1,919,931)	(1,351,458)
640	691	Proceeds from sale of operating fixed assets	66,995	72,314
<u>205,089</u>	<u>(308,092)</u>		<u>21,452,019</u>	<u>(32,225,901)</u>
Net cash flows from / (used in) investing activities				
CASH FLOW FROM FINANCING ACTIVITIES				
(5,274)	(3,412)	Shares bought back from non-controlling interest	(551,678)	(356,907)
(1,721)	(1,490)	Dividend paid on preference shares	(180,000)	(155,836)
<u>(6,995)</u>	<u>(4,902)</u>		<u>(731,678)</u>	<u>(512,743)</u>
-	-	Effect of translation of net investment in foreign branches	(17)	-
Net cash flows used in financing activities				
<u>22,700</u>	<u>21,632</u>	Increase in cash and cash equivalents	<u>4,501,591</u>	<u>2,262,836</u>
112,188	90,556	Cash and cash equivalents at beginning of the year	11,734,891	9,472,055
<u>134,888</u>	<u>112,188</u>	Cash and cash equivalents at end of the year	<u>16,236,482</u>	<u>11,734,891</u>

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

Chairman

President and Chief
Executive
Officer

Director

Director

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

1. STATUS AND NATURE OF BUSINESS

1.1 The “Group” consists of:

1.1.1 Holding Company

JS Bank Limited (the Bank / JSBL), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank's ordinary shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank is a subsidiary of Jahangir Siddiqui & Co. Ltd. (JSCL). The registered office of the Bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi. The Bank operates with 306 (December 31, 2015: 277) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2015: Nil). The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the long-term entity rating of JS Bank Limited (JSBL) to 'AA- (Double A Minus) [previously 'A+ (A Plus)] whereas short-term entity rating is maintained at 'A1+' (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.

Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by JSCL on February 01, 1999), and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited - Pakistan Branches, (AEBL). Consequently, a new banking company, JSBL was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL in their respective extra ordinary general meetings held on July 31, 2006 approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

The ultimate parent of the Group is Jahangir Siddiqui & Co. Ltd. which holds 70.42% shares of the Bank.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

1.1.2 Composition of the group

The group has three subsidiaries having composition as follows:

Name of Subsidiary	Note	2016		2015	
		Ownership interest and voting power held by			
		The Group	NCI	The Group	NCI
JS Global Capital Limited	1.1.2.1	67.16%	32.84%	51.05%	48.95%
JS Investment Limited		65.16%	34.84%	65.16%	34.84%
JS ABAMCO Commodities Limited		65.16%	34.84%	65.16%	34.84%

1.1.2.1 Change in Group's ownership interest in the subsidiary

During the year, JSGCL bought back its 11,993,000 ordinary shares out of its 50 million ordinary shares, resultantly percentage holding by the bank has increased from 51.05% to 67.16% without any change in the cost of investment.

1.1.3 Subsidiary Companies

JS Global Capital Limited (JSGCL)

JS Global Capital Limited, JSGCL, is principally owned by the Bank, holding 67.16% of its equity interest. The Bank acquired effective controlling interest in JSGCL on December 21, 2011 and April 15, 2016 of 51.05% and 16.11% respectively. The ownership interest has increased by 16.11%, without any change in the cost of investment, due to the fact that JSGCL has bought back its 11,993,000 ordinary shares out of its 50 million ordinary shares during the year. JSGCL is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984. The shares of the JSGCL are listed on Pakistan Stock Exchange (PSX). Further, the JSGCL is a corporate member of PSX and member of Pakistan Mercantile Exchange. The principal business of the JSGCL is to carry out share brokerage, money market, forex and commodity brokerage, advisory and consultancy services. Other activities include investment in a mix of listed and unlisted equity and debt securities and reverse repurchase transactions. The registered office of the JSGCL is situated at 6th floor, Faysal House, Shahra-e-Faisal, Karachi, Pakistan.

JS Investments Limited (JSIL)

JS Investments Limited, JSIL, is principally owned by the Bank, holding 65.16% of its equity interest. The Bank acquired effective controlling interest in JSIL on November 01, 2012 and December 22, 2015 of 52.24% and 12.92% respectively. The ownership interest has increased by 12.92%, without any change in the cost of investment, due to the fact that JSIL has bought back its 19,828,182 ordinary shares out of its 100 million ordinary shares during the last year. JSIL is a public listed company incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. The shares of the JSIL are listed on the Pakistan Stock Exchange (PSX), formerly since April 24, 2007. The registered office of the JSIL is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

The JSIL has obtained the license of an “Investment Advisor” and “Asset Management Company” (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Company has also obtained registration to act as Pension Fund Manager under the Voluntary Pension System Rules, 2005.

JSIL is an asset management company of the following funds:

Open end funds:

- JS Value Fund
- JS Islamic Fund
- JS Growth Fund
- JS Large Cap Fund
- Unit Trust of Pakistan
- JS Fund of Funds
- JS Islamic Government Securities
- JS Income Fund
- JS Capital Protected Fund V
- JS Cash Fund

Pension fund

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

These funds have been treated as related parties in these consolidated financial statements.

JS ABAMCO Commodities Limited

JS Bank owns JS ABAMCO Commodities Limited, JSACL, indirectly through its subsidiary JS Investment Limited (JSIL) which has 100% holding in JSACL. JSACL was incorporated on September 25, 2007 as a public unlisted company under the Companies Ordinance, 1984 and is a wholly owned subsidiary company of JSIL (a subsidiary of Holding Company). The principal activities of JSACL are to deal and effectuate commodity contracts; to become member of commodity exchange including National Commodity Exchange Limited (NCEL) and to carry on the business as brokers, advisory and consultancy services, dealers and representative of all kinds of commodity contracts and commodity backed securities. The registered office of the Company is situated at 7th Floor, ‘The Forum’, Khayaban-e-Jami, Clifton, Karachi. The Company has not commenced its commercial operations up to the balance sheet date.

2. BASIS OF CONSOLIDATION

- The consolidated financial statements include the financial statements of the Bank (The Holding Company) and its subsidiary companies together - “the Group”.
- Subsidiary companies are fully consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control the company is established and excluded from consolidation from the date of disposal or when the control is lost.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

- The financial statements of the subsidiary companies are prepared for the same reporting year as the holding company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Non-controlling interest in equity of the subsidiary companies is measured at proportionate share of net assets of the acquiree as of the acquisition date.
- Material intra-group balances and transactions have been eliminated.

3. BASIS OF PRESENTATION

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

4. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except that certain assets are stated at revalued amounts / fair value as disclosed in their respective notes.

5. STATEMENT OF COMPLIANCE

5.1 These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the provisions of and directives issued under the Banking Companies Ordinance, 1962, the Companies Ordinance, 1984 and the directives issued by the SBP and SECP. In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

5.2 The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking companies till further instructions. Further, according to the notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

- 5.3 IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 01, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP's requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these financial statements is based on the requirements laid down by the SBP.
- 5.4 IFRS10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed that the requirements of consolidation under section 237 of the Companies Ordinance 1984 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure, through S.R.O 56(I) /2016 dated January 28, 2016. Accordingly, these requirements have not been considered in the preparation of these consolidated financial statements.
- 5.5 The Group has adopted the following accounting standards, amendments and interpretations of IFRSs which became effective for the current year.

Standard or Interpretation

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

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

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

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

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

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

Improvements to Accounting Standards Issued by the IASB in September 2014

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

IAS 19 Employee Benefits - Discount rate: regional market issue

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

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

4.4.1 Certain annual improvements have also been made to a number of IFRSs.

4.5 New accounting standards / amendments and IFRS interpretations that are not yet effective

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

6. CRITICAL ACCOUNTING ESTIMATES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions in accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgement was exercised in 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 an intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days of acquisition.
- 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 Bank 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

The Group reviews its loan portfolio to assess amount of non-performing loans and advances and provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers, the value of securities and the requirement of the Prudential Regulations are considered.

iii) 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 judgement. In making this judgement, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

iv) Income taxes

In making the estimates for income taxes currently payable by the Group, the management considers 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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

v) Fair value of derivatives

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

vi) Depreciation and amortisation of operating fixed assets

In making estimates of the depreciation / amortisation method, the management uses a 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 underlying assets, the method is 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) Impairment of Goodwill

Impairment testing involves a number of judgmental areas which are subject to inherent significant uncertainty, including the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting and the assessment of the discount rate appropriate to the business. The carrying amount of goodwill at the balance sheet date was Rs.1,463.624 million. The details assumptions underlying impairment testing of goodwill are given in note 13.3.3 to these consolidated financial statements.

viii) Defined benefits plans and other benefits

Liability is determined on the basis of actuarial advice using the Projected Unit Credit Method.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7.1 Basis of Consolidation

Subsidiary

Subsidiary is an entity controlled by the Group. Control exists when the Group has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases.

Acquisition of business not under common control

Acquisitions of businesses not under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the bank, liabilities incurred by the bank to the former owners of the acquiree and the equity interests issued by the bank in exchange for control of the acquiree. Acquisition-related costs are recognised in profit and loss account as incurred.

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

Goodwill on acquisition after July 01, 2009 is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill acquired in a business combination before July 01, 2009 is initially measured at cost, being the excess of the cost of business combination over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

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

Acquisition of business under common control

Acquisition of business under common control are accounted for under 'pooling of interest method'. The assets and liabilities of the combining businesses for the period in which the combination occurs are merged on the date of combination at their respective book values. Appropriate adjustments are made to the book values to reflect application consistent accounting policies in the combining businesses. Any difference between the amount of net assets merged and consideration transferred in form of cash or other assets are adjusted against equity.

Expenditure incurred in relation to the business combination are recognized as expenses in the period in which they are incurred.

7.2 Cash and cash equivalents

Cash and cash equivalents represent cash and balances with treasury banks, balances with other banks net of any overdrawn nostro accounts.

7.3 Lendings to / borrowings from financial institutions

The Group enters into transactions of lendings to / borrowings from financial institutions at contracted rates for a specified period of time. These are recorded as under:

a) Sale under repurchase obligation

Securities sold subject to a re-purchase agreement (repo) are retained in the consolidated financial statements as investments and the counter party liability is included in borrowings. The difference in sale and re-purchase value is accrued over the period of the contract and recorded as an expense using effective interest rate method.

b) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of provision. Mark-up on such lendings is charged to profit and loss account on a time proportionate basis using effective interest rate method except mark-up on impaired / delinquent lendings, which are recognized on receipt basis.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

c) **Purchase under resale obligation**

Securities purchased under agreement to resell (reverse repo) are not included in consolidated statement of financial position as the Group does not obtain control over the securities. Amount paid under these agreements is included in lendings to financial institutions or advances as appropriate. The difference between the contracted price and resale price is amortised over the period of the contract and recorded as income using effective interest method.

d) **Other borrowings**

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at the proceeds received. Mark-up paid on such borrowings is charged to the profit and loss account over the period of borrowings on time proportionate basis using effective interest method.

7.4 **Trade date accounting**

All 'regular way' purchases and sales of financial assets are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Group. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

7.5 **Investments**

The management determines the appropriate classification of its investments at the time of purchase and classifies these investments as held-for-trading, available-for-sale or held-to-maturity. These are initially recognised at cost, being the fair value of the consideration given plus, in the case of investments not held-for-trading, directly attributable acquisition costs.

(a) **Held-for-trading**

These are securities which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, dealer's margin or are securities in a portfolio in which a pattern of short-term profit taking exists. These securities are carried at fair value, with any related gain or loss being recognised in profit and loss account.

(b) **Held-to-maturity**

These are securities with fixed or determinable payments and fixed maturities that are held with the intention and ability to hold till maturity. Investments classified as held-to-maturity are carried at amortised cost.

(c) **Available-for-sale**

These are securities, other than those in associate and subsidiary, which do not fall under the held for trading or held to maturity categories. These are initially recognised at cost, being the fair value of the consideration given including the acquisition cost.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

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

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

In accordance with the requirements of the SBP, quoted securities, other than those classified as held to maturity, are carried at market value. Investments classified as held to maturity are carried at amortised cost (less impairment, if any).

Further, in accordance with the requirements of the SBP, gain or loss on revaluation of the Group's held-for-trading investments is taken to the consolidated profit and loss account. The surplus or deficit on investments classified as available-for-sale is kept in a separate account shown in the consolidated statement of financial position below equity. The surplus or deficit arising on these securities is taken to the consolidated profit and loss account when actually realised upon disposal or when investment is considered to be impaired. The unrealised surplus or deficit arising on revaluation of quoted securities which are classified as 'held-for-trading' is taken to the consolidated profit and loss account.

Premium or discount on acquisition of investments is capitalised and amortised through the consolidated profit and loss account using effective yield over the remaining period of the investment.

Provision for diminution in the value of securities (except for term finance certificates) is made after considering impairment, if any, in their value. Provision for diminution in value of term finance certificates is made in accordance with the requirements of the Prudential Regulations issued by the SBP.

7.6 Financial instruments

7.6.1 Financial assets and financial liabilities

Financial assets and liabilities are recognized at the time when the Group becomes party to the contractual provision of the instrument. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specific in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the consolidated profit and loss account of the current period. The particular recognition and subsequent measurement method for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

7.6.2 Derivative financial instruments

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

7.7 Off-setting of financial assets and financial liabilities

Financial assets and liabilities are set off and the net amount is reported in the consolidated financial statements when there exists a legally enforceable right to set off and the Group intends either to settle the assets and liabilities on a net basis or to realise the assets and to settle the liabilities simultaneously. Income and expenses arising from such assets and liabilities are accordingly offset.

7.8 Advances (including net investment in finance lease)

Loan and advances

Advances are stated net of general and specific provision. General and specific provisions against funded loans are determined in accordance with the requirements of the Prudential Regulations issued by the SBP and charged to the profit and loss account. Advances are written off when there are no realistic prospects of recovery.

Finance lease receivables

Leases, where the Group transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognised at an amount equal to the present value of the lease payment including any guaranteed residual value, if any.

7.9 Non-banking assets acquired in satisfaction of claims

7.9.1 During the year, the Bank changed its accounting policy in respect of valuation of non-banking assets acquired in satisfaction of claims under Debt Property Swap (DPS) transactions, whereby, with effect from the current year, these are carried at the revalued amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Previously, these were stated at lower of the net realizable value of the related advances and the current fair value of such assets.

Subsequent costs are included in the asset's carrying amounts only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other subsequent costs including repair and maintenance are charged to the profit and loss account as and when incurred.

7.9.2 The above change is made to comply with the requirements of Regulations for Debt Property Swap issued by State Bank of Pakistan vide its BPRD Circular No. 1 of 2016, on January 01, 2016 and has been accounted for in accordance with the requirements of above referred regulations and IAS – 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The surplus arising on revaluation of non-banking assets is credited to the "Surplus on Revaluation of non-banking assets" shown below equity in the statement of financial position in accordance with the requirements of section 235 of the Companies

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

Ordinance 1984 and any deficit arising on revaluation is taken to profit and loss account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to profit and loss account and not capitalised.

Had there been no revaluation, the carrying value of non-banking assets acquired in satisfaction of claims would have been Rs.91.634 million and surplus on revaluation of assets, deferred tax liability and depreciation expense would have been lower by Rs.84.175 million, Rs.2.307 million and Rs.1.122 million respectively.

7.9.3 Surplus on revaluation of non-banking assets

The surplus arising on revaluation of non-banking assets is credited to the “Surplus on Revaluation of Non Banking Assets Account” shown below equity in the statement of financial position in accordance with the requirements of section 235 of the Companies Ordinance 1984. The Bank has adopted the following accounting treatment for depreciation on revalued assets, keeping in view the requirements of the Companies Ordinance, 1984 and SECP’s SRO 45(1)/2003 dated January 13, 2003:

Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

An amount equal to incremental depreciation for the year net of deferred taxation is transferred from “Surplus on Revaluation of Non-Banking Assets” to unappropriated profit through statement of changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

Gains or losses on disposal of assets are included in the profit and loss account currently, except that the related surplus on revaluation of non-banking assets (net of deferred tax) is transferred directly to equity.

7.10 Operating fixed assets and depreciation

Property and equipment

Owned property plant and equipment are stated at cost less accumulated depreciation and impairment, if any, except land, which is stated at cost.

Depreciation is calculated and charged to consolidated profit and loss account using the straight-line method so as to write down the cost of the assets to their residual values over their estimated useful lives at the rates given in note 13.2. A full month’s depreciation is charged from the month in which assets are brought into use and no depreciation is charged for the month in which the disposal is made. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each balance sheet date.

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

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

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Intangible assets are amortised from the month when the assets are available for 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 are reviewed and adjusted, if appropriate annually.

Intangible assets having an indefinite useful life are carried at cost less any impairment in value and are not amortised. Intangible assets having an indefinite useful life are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Capital work-in-process

Capital work-in-process is stated at cost less impairment losses, if any. These are transferred to specified assets as and when assets are available for use.

7.11 Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of net selling price (being fair value less cost to sell) 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. Impairment losses are recognised as an expense in consolidated profit and loss account immediately.

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

7.12 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income. For income covered under final tax regime, taxation is based on applicable tax rate under such regime. The charge for current tax also includes adjustments, where considered necessary, relating to prior years arising from assessments made during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

consolidated financial statements. Deferred tax liability is recognized on taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the consolidated profit and loss account.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus / (deficit) arising on revaluation in accordance with the requirements of IAS-12 "Income Taxes".

7.13 Provisions

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

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 consolidated profit and loss account net of expected recovery.

7.14 Staff retirement benefits

Defined contribution plan - the Group

The Group has established a provident fund scheme for all its permanent employees in accordance with the trust deed and rules made there under. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate defined below of basic salary. Contribution by the Group is charged to profit and loss account.

-	The Bank (Holding Company)	7.1%
-	JS Global Capital Limited (Subsidiary)	10%
-	JS Investment Limited (Subsidiary)	8%

Defined benefit plan as revised (Holding Company)

The Bank operates an approved funded gratuity scheme covering all its eligible employees who have completed minimum qualifying period. An actuarial valuation of defined benefit scheme is conducted at the end of every year or on occurrence of any significant change. The most recent valuation in this regard was carried out as at December 31, 2016, using the projected unit credit actuarial valuation method. Under this method cost of providing for gratuity is charged to profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Past-service costs are recognised immediately in profit and loss account and actuarial gains and losses are recognised immediately in other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

7.15 Revenue recognition

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

- Mark-up / return / interest income on loans and advances, investments and continuous funding system transactions is recognised on accrual basis using effective interest method. Mark-up / return / interest income on non-performing loans and advances and investments is recognised on receipt basis.
- 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.

Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.
- Commission is generally recognised as income at the time of affecting the transaction to which it relates, except on guarantees on which the commission is recognised as income over the period of the guarantee. Fees are recognised when earned.
- Dividend income is recognised when the right to receive the dividend is established.
- Remuneration for management services and asset investment advisory services are recognized when services are rendered.
- Commission income from open end funds is recognised at the time of sale of units
- Commission income and share of profit from management of discretionary client portfolios is recognised when services are rendered.
- Brokerage, consultancy and advisory fee, commission on foreign exchange dealings and government securities etc. are recognised as and when such services are provided.
- Gains and losses arising on revaluation of derivatives to fair value are taken to profit and loss account.
- Late payment surcharge on overdue balance of trade debts is recognised on receipt basis.

7.16 Dividend and appropriation to reserves

Dividend and appropriation to reserves except for statutory reserves are recognised in the consolidated financial statements in the periods in which these are approved.

7.17 Foreign currencies

Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the foreign exchange rates ruling on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the balance sheet date. Forward foreign exchange contracts are valued at forward rates applicable to their respective maturities.

Translation gains and losses

Translation gains and losses are included in the consolidated profit and loss account.

Commitments

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 consolidated statement of financial position date.

7.18 Goodwill

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Bank's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

7.19 Segment reporting

A segment is a distinguishable component of the Group that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Group's functional structure and the guidance of State Bank of Pakistan. The Group comprises of the following main business segments:

7.19.1 Business segments:

Corporate finance

This includes investment banking activities such as mergers and acquisitions, underwriting, privatization, securitization, Initial Public Offers (IPOs) and secondary private placements.

Trading and sales

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

Retail banking

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

Commercial banking

This includes loans, deposits and other transactions with corporate customers.

Payment and settlement

This includes activities such as payment and collections, fund transfer, clearing and settlement etc.

Brokerage

This includes brokerage commission earned on transactions in capital, money, foreign exchange and commodity markets.

Asset management

This includes fee for services rendered in connection with advisory and management of mutual funds.

7.19.2 Geographical segment

The Group has 306 (2015: 277) branches / sub-branches in Pakistan region and one whole sale banking branch in Bahrain (2015: Nil)

7.20 Assets acquired in satisfaction of claims

The Bank occasionally acquires assets in settlement of certain advances. These are stated at lower of the net realizable value of the related advances and the current fair value of such assets.

7.21 Fiduciary assets

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

7.22 Operating leases / ijarah

Operating leases / Ijarah in which a significant portion of the risks and rewards of ownership are retained by the lessor / Muj'ir are classified as operating leases / Ijarah. Payments made during the period are charged to profit and loss account on straight-line basis over the period of the lease / Ijarah.

7.23 Borrowings / deposits and their cost

Borrowings / deposits are recorded at the proceeds received. Borrowing / deposit costs are recognised as an expense in the period in which these are incurred to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) is capitalised as part of the cost of the asset.

7.24 Earnings per share

The Group presents earning per share (EPS) data for its ordinary shares of the Bank. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

	Note	2016 ---- Rupees in '000 ----	2015
8. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		2,877,976	2,307,205
Foreign currencies		625,326	531,537
		3,503,302	2,838,742
With State Bank of Pakistan in:			
Local currency current account	8.1	8,536,187	4,636,678
Foreign currency current account - non remunerative	8.2	449,774	544,653
Foreign currency deposit account - remunerative	8.3	1,385,332	1,983,215
		10,371,293	7,164,546
With National Bank of Pakistan in:			
Local currency current accounts		1,628,057	1,152,820
National Prize Bonds			
		6,611	4,061
		15,509,263	11,160,169

8.1 These include local currency current accounts maintained with SBP as per the requirements of Section 22 of the Banking Companies Ordinance, 1962.

8.2 This represents current account maintained with the SBP under the requirements of BSD Circular No. 14 dated June 21, 2008.

8.3 This represents deposit accounts maintained with SBP under the requirements of BSD Circular No. 14 dated June 21, 2008 and mandatory reserve maintained to facilitate collection and settlement to foreign currency accounts under FE-25, as prescribed by the SBP. Profit rates on this deposit account are fixed on a monthly basis by the SBP. It carries profit of 0% (2015: 0%) per annum.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

		2016	2015
		---- Rupees in '000 ----	
9.	BALANCES WITH OTHER BANKS		
	In Pakistan		
	On current accounts	220,595	187,650
	On deposit accounts	10,771	43,228
		231,366	230,878
	Outside Pakistan		
	On current accounts	295,022	267,930
	On deposit accounts	241,359	130,599
		536,381	398,529
		767,747	629,407

9.1 These carry mark-up at the rate of 0% to 6.5% (2015: 0% to 6%) per annum.

9.2 This represents deposit accounts / term placements outside Pakistan.

		2016	2015
		---- Rupees in '000 ----	
10.	LENDINGS TO FINANCIAL INSTITUTIONS		
	Call money lendings	2,634,489	628,446
	Repurchase agreement lendings (Reverse Repo)	8,699,925	2,952,883
		11,334,414	3,581,329

10.1 These represent unsecured call money lendings to financial institutions carrying mark-up rates ranging from 0.17% to 6.00% (2015: 1.9%) per annum. These will mature between January 03, 2017 and April 19, 2017.

10.2 These are secured short-term lendings to various financial institutions, carrying mark-up rates ranging from 5.8% to 6.1% (2015: 6.43% to 6.55%) per annum. These are due to mature between January 03, 2017 and January 06, 2017. These are collateralized by Market Treasury Bills and Pakistan Investment Bonds as shown in note 10.4 below.

		2016	2015
		---- Rupees in '000 ----	
10.3	Particulars of lendings		
	In local currency	10,549,925	2,952,883
	In foreign currency	784,489	628,446
		11,334,414	3,581,329

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

10.4 Securities held as collateral against lendings to financial institutions

Cost of securities held as collateral against reverse repurchase lendings to financial institutions are as under:

	2016			2015		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
	----- Rupees in '000 -----					
Market Treasury Bills	5,969,925	-	5,969,925	1,452,883	-	1,452,883
Pakistan Investment Bonds	2,730,000	-	2,730,000	1,500,000	-	1,500,000
	8,699,925	-	8,699,925	2,952,883	-	2,952,883

10.4.1 The market value of securities held as collateral against lendings to financial institutions amounted to Rs.8,811.414 million (2015: Rs.3,027.856 million).

11. INVESTMENTS - net

	Note	2016			2015		
		Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
		----- Rupees in '000 -----					
11.1 Investments by type							
Held-for-trading securities							
Market Treasury Bills	11.2.1	64,346,568	1,413,214	65,759,782	18,782,717	-	18,782,717
Pakistan Investment Bonds	11.2.1	-	-	-	3,698,417	49,445	3,747,862
Ordinary shares of listed companies	11.2.2	732,684	-	732,684	699,255	-	699,255
Term finance certificates - listed	11.2.5	21,023	-	21,023	32,652	-	32,652
Sukuk certificates - listed	11.2.7	12,116	-	12,116	10,646	-	10,646
Open end mutual funds	11.2.9	294,359	-	294,359	263,696	-	263,696
		65,406,750	1,413,214	66,819,964	23,487,383	49,445	23,536,828
Available-for-sale securities							
Market Treasury Bills	11.2.1	4,885,943	-	4,885,943	5,696,991	-	5,696,991
Pakistan Investment Bonds	11.2.1	49,784,339	-	49,784,339	31,595,615	44,201,767	75,797,382
Ordinary shares of listed companies	11.2.2	2,626,343	-	2,626,343	2,858,942	-	2,858,942
Ordinary shares of unlisted companies	11.2.3	568,464	-	568,464	26,273	-	26,273
Preference shares of listed company	11.2.4	136,589	-	136,589	136,589	-	136,589
Term finance certificates - listed	11.2.5	182,322	-	182,322	266,322	-	266,322
Term finance certificates - unlisted	11.2.6	1,238,325	-	1,238,325	2,085,800	-	2,085,800
Sukuk certificates - unlisted	11.2.8	360,000	-	360,000	380,000	-	380,000
Open end mutual funds	11.2.9	1,465,829	-	1,465,829	1,504,704	-	1,504,704
Foreign currency bonds (US \$)	11.2.10	5,701,917	-	5,701,917	1,322,866	-	1,322,866
		66,950,071	-	66,950,071	45,874,102	44,201,767	90,075,869
Total investments at cost		132,356,821	1,413,214	133,770,035	69,361,485	44,251,212	113,612,697
Provision for diminution in value of investments	11.3	(1,420,022)	-	(1,420,022)	(1,080,118)	-	(1,080,118)
Investments (net of provision)		130,936,799	1,413,214	132,350,013	68,281,367	44,251,212	112,532,579
Unrealised gain on revaluation of securities classified as held-for-trading	11.4	17,890	(36)	17,854	13,469	42	13,511
Surplus on revaluation of available-for-sale securities - net	11.1.1	2,671,034	-	2,671,034	2,535,599	1,803,295	4,338,894
Total investments at market value		133,625,723	1,413,178	135,038,901	70,830,435	46,054,549	116,884,984

11.1.1 This includes surplus on revaluation of available for sale investments of subsidiaries amounting to Rs.80.378 million (2015: Rs.80.378 million) which represents the pre-acquisition surplus and has been included here only for meeting with requirement of the prescribed format of Banks / DFIs issued by the State Bank of Pakistan.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

	Note	2016 ---- Rupees in '000 ----	2015
11.2 Investments by segments			
Federal Government Securities			
Market treasury bills	11.2.1	70,645,725	24,479,708
Pakistan investment bonds	11.2.1	49,784,339	79,545,244
		120,430,064	104,024,952
Fully Paid Ordinary Shares			
Listed companies	11.2.2	3,359,027	3,558,197
Unlisted companies	11.2.3	568,464	26,273
		3,927,491	3,584,470
Fully Paid Preference Shares			
Listed companies	11.2.4	136,589	136,589
Term Finance / Sukuk Certificates			
Term finance certificates – listed	11.2.5	203,345	298,974
Term finance certificates – unlisted	11.2.6	1,238,325	2,085,800
Sukuk certificates - listed	11.2.7	12,116	10,646
Sukuk certificates - unlisted	11.2.8	360,000	380,000
		1,813,786	2,775,420
Mutual Funds			
Open end mutual funds	11.2.9	1,760,188	1,768,400
Others			
Foreign currency bonds (US \$)	11.2.10	5,701,917	1,322,866
		133,770,035	113,612,697
Less: Provision for diminution in value of investments	11.3	(1,420,022)	(1,080,118)
		132,350,013	112,532,579
Investments (net of provisions)			
Unrealised gain on revaluation of held-for-trading securities - net	11.4	17,854	13,511
Surplus on revaluation of available-for-sale securities - net	11.1.1	2,671,034	4,338,894
		135,038,901	116,884,984

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

11.2.1 Details of investment in Federal Government Securities

	Market value					
	2016			2015		
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
----- Rupees in '000 -----						
Held-for-trading securities						
Market treasury bills	64,345,307	1,413,178	65,758,485	18,782,767	-	18,782,767
Pakistan investment bonds	-	-	-	3,705,637	49,487	3,755,124
	64,345,307	1,413,178	65,758,485	22,488,404	49,487	22,537,891
Available-for-sale securities						
Market treasury bills	4,884,060	-	4,884,060	5,705,149	-	5,705,149
Pakistan investment bonds	49,834,951	-	49,834,951	32,943,889	46,005,061	78,948,950
	54,719,011	-	54,719,011	38,649,038	46,005,061	84,654,099
	119,064,318	1,413,178	120,477,496	61,137,442	46,054,548	107,191,990

11.2.1.1 Principal terms of investment in Federal Government Securities

Name of investment	Maturity	Redemption period	Coupon
Market treasury bills	January 05, 2017 to November 23, 2017	On maturity	On maturity
Pakistan investment bonds	July 17, 2017 to April 21, 2026	On maturity	Half yearly

11.2.2 Details of investment in ordinary shares of listed companies

Name of the company	Number of shares of Rs.10 each		Rating		Cost		Market value	
	2016	2015	2016	2015	2016	2015	2016	2015
	---- Numbers ----				----- Rupees in '000 -----			
Held-for-trading securities								
Adamjee Insurance Company Limited	-	908,000	-	AA+	-	51,804	-	51,311
Askari Bank Limited	-	74,000	-	AA+	-	1,592	-	1,609
Attock Refinery Limited	78,000	14,500	AA	AA	32,294	3,014	33,173	3,072
Engro Fertilizer Limited	523,000	464,500	AA-	AA-	34,673	39,105	35,554	39,078
D.G. Khan Cement Limited	380,000	353,500	Unrated	Unrated	81,713	50,259	84,257	52,173
Engro Foods Limited	14,500	113,500	Unrated	Unrated	2,578	16,638	2,783	16,638
Engro Corporation Limited	342,000	728,000	AA	AA	107,533	202,667	108,103	203,396
Fauji Fertilizer Company Limited	304,500	68,500	AA	AA	31,915	7,655	31,781	8,082
Fauji Cement Company Limited	258,000	1,284,500	Unrated	Unrated	11,507	46,617	11,631	47,295
Ghani Global Glass Limited	94,012	-	Unrated	-	940	-	2,204	-
Hascol Petroleum Limited	126,500	-	A+	-	41,246	-	42,696	-
Maple Leaf Cement Factory Limited	-	309,000	-	A	-	21,953	-	23,045
MCB Bank Limited	82,000	-	AAA	-	19,391	-	19,501	-
National Bank of Pakistan Limited	176,500	72,000	AAA	AAA	13,203	3,852	13,218	3,891
Nishat Mills Limited	73,000	224,500	AA	AA	11,033	21,112	11,116	21,298
Nishat Chunian Limited	300,000	-	Unrated	-	18,723	-	18,729	-
Oil & Gas Development Company Ltd.	291,500	620,500	AAA	AAA	47,924	71,758	48,200	72,809
Pakistan Oilfields Limited	57,000	-	Unrated	-	30,414	-	30,473	-
Pakistan Petroleum Limited	7,000	183,000	Unrated	Unrated	1,324	21,831	1,317	22,291
Pakistan State Oil Limited	132,500	92,500	AA	AA	56,626	31,122	57,533	30,134
Pak Elektron Limited	1,938,000	1,281,000	A+	A	133,082	85,699	138,141	80,114
Sui Northern Gas Pipeline Limited	-	838,500	A1	A1	-	21,957	-	20,158
The Bank of Punjab	2,224,000	-	AA	-	39,382	-	39,254	-
TPL Trakker Limited	940,000	-	A-	-	17,183	-	16,572	-
United Bank Limited	-	4,000	-	AAA	-	620	-	620
					732,684	699,255	746,236	697,014

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

Name of the company	Number of shares of Rs.10 each		Rating		Cost		Market value	
	2016	2015	2016	2015	2016	2015	2016	2015
-----Rupees in '000-----								
Available-for-sale securities								
National Foods Limited	68,800	-	AA-	-	24,990	-	25,800	-
Amreli Steels Limited	3,000,000	-	A	-	214,269	-	199,770	-
IGI Insurance Limited	2,407,100	2,395,100	AA	AA	572,524	569,705	741,122	566,609
United Bank Limited	-	3,078,100	-	AA+	-	503,671	-	476,952
Investment in related parties								
EFU General Insurance Limited	3,943,875	3,155,100	AA+	AA+	488,978	488,978	595,525	452,757
EFU Life Assurance	982,000	982,000	AA+	AA	190,595	190,595	211,592	195,418
Sitara Chemical Industries Limited	1,896,400	1,799,500	A+	A+	544,676	508,227	1,099,912	647,820
TRG Pakistan Limited	32,023,760	32,769,237	Unrated	Unrated	590,311	597,766	1,417,372	1,135,454
					2,626,343	2,858,942	4,291,093	3,475,010
					3,359,027	3,558,197	5,037,329	4,172,024

11.2.3 Details of investment in ordinary shares of unlisted companies

Name of the company	Note	Name of Chief Executive / Managing Director	Number of shares		Cost / break-up value			
			2016	2015	2016	2015		
			---- Rupees ----		---- Rupees in '000 ----			
- ISE Towers REIT Management Limited (formerly Islamabad Stock Exchange Limited)	11.2.3.1	Mr. Aftab Ahmad Chaudhry	* 11.67	-	1,213,841	3,034,603	11,000	11,000
- Pakistan Stock Exchange Limited (PSXL)	11.2.3.2		-	-	4,007,383	4,007,383	15,273	15,273
- AGP Limited (formerly Appollo Pharma Limited)	11.2.3.3 & 11.3	Mr. Nusrat Munshi	** 14.05	-	13,400,000	-	539,785	-
- Society for Worldwide Interbank Financial Telecommunication (SWIFT)	11.2.3.4	Mr. Gottfried Leibbrandt	*** 387,225	-	6	-	2,406	-
							568,464	26,273

** Based on audited accounts as of June 30, 2016

** Based on unaudited accounts as of September 30, 2016

*** Based on audited accounts as of December 31, 2015

11.2.3.1 In accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Bank has received 3,034,603 shares of Rs.10 each including trading right entitlement certificate (TREC) of the Islamabad Stock Exchange (ISE), in lieu of its Membership Card held by the Bank. Further, upon integration of Islamabad Stock Exchange under the "ISE Scheme of Integration" in 2016 TRE Certificates holders of ISE have been issued 1,213,841 shares of "ISE Towers REIT Management Limited".

11.2.3.2 Out of total shares issued by the PSXL, the Group has received 40% equity shares i.e. 2,816,794 shares in its CDC account. The remaining 60% shares (4,225,192 shares) have been transferred to CDC sub-account in the Bank's and JSGCL's name under the PSXL participants IDs with the CDC which will remain blocked until these are divested/sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Bank and JSGCL.

During the year, Divestment Committee of the Exchange had issued an invitation for Expression of Interest for acquiring up to 40% equity stake in PSX held in blocked CDC account. Thereafter, bids were submitted by interested parties and as a result of bidding process, share price of Rs. 28/share has been offered by

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

the Anchor investor / successful investor. Sale proceeds of 40% shares sold, after retaining 10% of sale price for one year to settle any outstanding liabilities of PSX in terms of Share Purchase Agreement (SPA), shall be remitted to PSX's designated bank account by Anchor Investor whereby, PSX shall transfer the same to respective TRE Certificate holders.

11.2.3.3 During the year, the Bank has invested in the shares of the said company. Value of these un-quoted shares has diminished and provision has been recognised under specific requirement of Prudential Regulation R-8 of the Corporate / Commercial Banking issued by State Bank of Pakistan which states that "Shares will be carried at cost. However, in cases where the break-up value of such shares is less than the cost, the difference of the cost and break-up value will be classified as loss and provided for accordingly by charging to the profit and loss account of the Bank / DFI".

However, in accordance with the requirements of the IAS-39, 'Financial Instruments: Recognition and Measurement', the fair value of Bank's investment based on the present value of estimated cash flows is higher than its cost and does not result in any impairment.

11.2.3.4 During the year, the Bank qualified as a member based on the financial contribution to SWIFT for network-based services. The Bank has made an investment as per the requirements of By-Laws of SWIFT, under the Share Re-allocation Process, as a result becoming entitled to invest in for six shares. The participation is mandatory to avail the desired network-based services for financial message transmission for cross-border payments and receipt. Further, the share re-allocation occurs every three years and will be result in either an increase, decrease, or a status quo in individual shareholding.

11.2.4 Details of investment in preference shares of listed companies

Name of the company	Percentage of holding	Face value per share	Number of shares	Cost		Market value	
				2016	2015	2016	2015
----- Rupees in '000 -----							
Available-for-sale securities							
Agritech Limited (note 11.2.4.1 & 11.2.4.3)	3.03%	10	4,823,746	48,236	48,236	-	-
Chenab Limited (note 11.2.4.2 & 11.2.4.3)	15.45%	10	12,357,000	88,353	88,353	-	-
				136,589	136,589	-	-

11.2.4.1 These are non-voting cumulative preference shares, carrying preference dividend @ 10% p.a and are convertible into ordinary shares at the option of the Bank after five years from the date of issuance i.e. February 2012. The investee company also has the option to redeem these preference shares plus any unpaid dividend in full or in part, within ninety days after expiry of each anniversary of the issue date. The Bank has recognised full impairment on these shares amounting to Rs.48.236 million (2015: Rs.48.236 million) due to weak financial position of the company.

11.2.4.2 These are cumulative preference shares, carrying preference dividend @ 9.25% p.a and are redeemable in part after four years from the date of issuance i.e. August 2008. The investee company also has an option to redeem, in part, cumulative preference shares after August 2008. The Bank has recognized full impairment on these shares amounting to Rs.88.353 million (2015: Rs.88.353 million) due to weak financial position of the company.

11.2.4.3 Surplus arising due to remeasurement of these shares to the market value has not been recognised as the management believes that the market value may not be realised while selling them in open market.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

11.2.5 Details of investment in term finance certificates - listed *

Name of the company	Number of certificates		Rating		Cost		Market value	
	2016	2015	2016	2015	2016	2015	2016	2015
----- Rupees in '000 -----								
Held-for-trading securities								
Pakistan Mobile Communications Limited - 7th Issue	-	200	-	AA-	-	4,150	-	4,002
Jahangir Siddiqui Co. Ltd. - 7th issue - related party	-	2,100	-	AA+	-	2,626	-	2,567
Jahangir Siddiqui Co. Ltd. - 8th issue - related party	6,000	6,000	AA+	AA+	21,023	25,876	21,013	25,898
					21,023	32,652	21,013	32,467
Available-for-sale securities								
Pakistan Mobile Communications Limited	-	4,200	-	AA-	-	84,000	-	84,035
Worldcall Telecom Limited (note 11.2.5.1)	90,650	90,650	Unrated	Unrated	182,322	182,322	-	-
					182,322	266,322	-	84,035
					203,345	298,974	21,013	116,502

* Secured and have a face value of Rs.5,000 each unless specified otherwise.

11.2.5.1 Surplus arising due to remeasurement of these term finance certificates to the market value has not been recognized as management believes that the market value may not be realized while selling them in open market.

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

Name of the company	Repayment frequency	Rate per annum	Maturity date
Held-for-trading securities			
Jahangir Siddiqui Co. Ltd. 8th issue -related party	Semi-annually	6 Months KIBOR ask rate plus 1.75%	April 08, 2019
Available-for-sale securities			
Worldcall Telecom Limited	Semi-annually	6 Month KIBOR ask rate plus 1.60%	October 15, 2021

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

11.2.6 Details of investment in term finance certificates - unlisted, secured

Name of the company	Number of certificates		Rating		Face value per certificate Rupees	Cost	
	2016	2015	2016	2015		2016	2015
Available-for-sale securities							
Agritech Limited	30,000	30,000	Unrated	Unrated	5,000	149,860	149,860
Askari Bank Limited	-	100,000	-	AA-	5,000	-	499,800
Askari Bank Limited - 4th Issue	75	75	AA-	AA-	1,000,000	75,047	75,103
Azgard Nine Limited (related party)	29,998	29,998	Unrated	Unrated	5,000	65,022	65,022
Azgard Nine Limited (related party) (privately placed TFCs)	12	12	Unrated	Unrated	N/A	326,456	326,456
Bank Alfalah Limited - 4th issue	1,440	1,440	AA-	AA-	5,000	4,797	7,210
Engro Fertilizers Limited - 2nd Issue	-	1,100	-	AA	5,000	-	5,249
Independent Media Corporation (Pvt.) Limited	20,000	20,000	BBB-	BBB-	5,000	35,000	55,000
NRSP Microfinance Bank Limited	60,000	-	A	-	5,000	225,000	-
Pakistan Mobile Communication Limited	-	20,000	-	Unrated	5,000	-	23,529
Pak Libya Holding Company (Private) Limited	-	90,000	-	AA	5,000	-	450,000
Pakistan Water & Power Development Authority (WAPDA)	100,000	100,000	AAA	AAA	5,000	357,143	428,571
						1,238,325	2,085,800

11.2.6.1 Due to weak financial position of the company the Bank has recognised full impairment loss on these term finance certificates.

11.2.6.2 These PPTFCs are held by JS Global Capital Limited (subsidiary, the Company) has recognised full provision considering the financial position of the issuer amounting to Rs.326.456 million (2015: Rs.326.456 million).

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

Name of the company	Repayment frequency	Rate per annum	Maturity date
Available-for-sale securities			
Azgard Nine Limited - related party (Chief Executive: Mr. Ahmed H. Shaikh)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	December 04, 2017 and October 19, 2020
Agritech Limited (Chief Executive: Mr. Faisal Muzammil)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	May 29, 2019
Askari Bank Limited - 4th issue (Chief Executive: Syed Majeedullah Husaini)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	December 23, 2021
Bank Alfalah Limited (Chief Executive: Mr. Atif Bajwa)	Semi-annually	6 Month KIBOR ask rate plus 2.50%.	December 02, 2017
NRSP Microfinance Bank Limited (Chief Executive: Mr. Zahoor Hussain Khan)	Quarterly	3 Month KIBOR ask rate plus 2.35%.	June 30, 2018
Independent Media Corporation (Pvt.) Limited (Chief Executive: Mr. Mir Ibrahim Rahman)	Quarterly	3 Month KIBOR ask rate plus 3.00%.	August 05, 2018
Pakistan Water & Power Development Authority (WAPDA) (Chairman: Lieutenant General Muzammil Hussain (Retd.))	Semi-annually	6 Month KIBOR ask rate plus 1.00%.	September 27, 2021

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

11.2.7 Sukuk certificates - listed

Name of the company	Number of certificates		Rating		Cost		Market value	
	2016	2015	2016	2015	2016	2015	2016	2015
----- Rupees in '000 -----								
Held-for-trading securities								
Engro Corporation Limited - Islamic Rupiya I	1,635	1,505	AA+	AA+	8,704	7,993	8,566	8,072
Engro Corporation Limited - Islamic Rupiya II	597	500	AA+	AA+	3,412	2,653	3,512	2,864
	12,116				10,646		12,078	10,936

11.2.7.1 Details of investments in listed sukuk certificate

Name of the company	Repayment frequency	Rate per annum	Maturity date
Held-for-trading securities			
Engro Corporation Limited - Islamic Rupiya I	Semi-annually	Fixed at 13%	July 10, 2017
Engro Corporation Limited - Islamic Rupiya II	Semi-annually	Fixed at 13%	July 10, 2019

11.2.8 Sukuk certificates - unlisted

Name of the company	Number of certificates		Rating		Face value per certificate Rupees	Cost	
	2016	2015	2016	2015		2016	2015
---- Rupees in '000 ----							
Available-for-sale securities							
Engro Fertilizers Limited	80,000	80,000	AA-	AA-	5,000	360,000	380,000
						360,000	380,000

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

11.2.9 Details of investment in units of open end mutual funds

Name of fund	Number of units		Rating		Net asset value per unit Rupees	Cost		Market value	
	2016	2015	2016	2015		2016	2015	2016	2015
----- Rupees in '000 -----									
Held-for-trading securities - related parties									
JS Cash Fund	55,020	1,113,672	A+	A1	105.23	5,638	113,884	5,790	117,348
JS Income Fund	1,439,650	1,591,713	A1	A1	99.57	138,974	149,812	143,346	154,683
JS Islamic Government Securities Fund	1,469,339	-	A1	-	102.68	149,747	-	150,872	-
						294,359	263,696	300,008	272,031
Available-for-sale securities									
NAFA Government Securities Liquid Fund	9,325,314	9,325,314	AAA (f)	AAA(f)	Rs.10.42	100,000	100,000	97,157	97,186
Related parties (note: 10.2.9.1)									
JS Value Fund	2,745,548	2,732,054	A+	A+	257.12	464,320	355,993	705,935	515,866
JS Growth Fund	3,606,837	4,727,934	A+	A+	223.14	601,851	517,647	804,830	749,661
JS Fund of Funds	3,355,325	2,160,949	A+	A+	57.75	176,520	107,951	193,770	109,150
JS Islamic Government Securities Fund	-	1,011,315	-	A1	101.82	-	91,159	-	102,972
JS Islamic Pension Savings Fund - Equity	200,000	200,000	A+	A+	764.00	20,000	18,170	152,800	107,810
JS Islamic Pension Savings Fund - Debt	213,852	213,852	A+	A+	192.95	21,385	21,385	41,263	39,312
JS Islamic Pension Savings Fund - Money Market	222,303	222,303	A+	A+	166.30	22,230	22,230	36,969	36,000
JS Pension Savings Fund - Money Market	177,463	177,463	A+	A+	181.13	17,746	17,746	32,144	30,834
JS Pension Savings Fund - Debt	177,761	177,761	A+	A+	222.72	17,776	17,776	39,591	37,904
JS Pension Savings Fund - Equity	240,000	240,000	A+	A+	539.60	24,000	14,777	129,504	94,190
						1,465,828	1,284,834	2,233,963	1,920,885
						1,760,187	1,548,530	2,533,971	2,192,916

1.2.9.1 The Group has recognised impairment on these units amounting to Rs.144.746 million (2015: Rs.219.869 million).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

11.2.10 Details of investment in foreign currency bonds

Name of Bond	Rating		Coupon Rate %	Date of maturity	Cost		Market value	
	2016	2015			2016	2015	2016	2015
----- Rupees in '000 -----								
Available for sale								
African Export - Import Bank	Baa2	-	4.00%	May 24, 2021	220,151	-	220,049	-
Barclays Bank Plc	BBB	-	3.25%	January 12, 2021	102,273	-	104,464	-
Deutches Bank AG	BBB+	-	2.95%	August 20, 2020	204,309	-	205,478	-
Deutches Bank AG	BBB+	-	3.38%	May 12, 2021	131,544	-	130,013	-
Credit Suisse Group Funding	BBB+	-	3.13%	December 10, 2020	103,284	-	104,295	-
HSBC Holdings Plc	A1	-	3.40%	March 8, 2021	23,385	-	23,747	-
Perusahaan Penerbit SBSN	Baa3	-	3.40%	March 29, 2021	104,599	-	104,110	-
CBD (Cayman) Ltd	A-	-	4.00%	November 17, 2020	213,242	-	213,048	-
Oman Government International	BBB	-	3.63%	June 15, 2021	51,875	-	52,235	-
Abu Dhabi National Energy Company PJSC	A-	-	3.63%	June 22, 2021	28,572	-	28,920	-
Islamic Republic of Pakistan	B	-	7.25%	April 15, 2019	657,554	-	662,968	-
Islamic Republic of Pakistan	B	-	8.25%	September 30, 2025	668,085	-	687,118	-
Islamic Republic of Pakistan	B	-	8.25%	April 15, 2024	779,606	-	792,346	-
Federal Republic Of Brazil	BB	-	4.88%	January 22, 2021	105,372	-	107,815	-
Islamic Republic of Pakistan Bankpozitif Kredi Ve Kalkinma Bankasi A.S	BBB-	-	5.00%	February 7, 2018	52,129	-	50,715	-
EA Partners II BV	B	-	6.75%	June 1, 2021	209,197	-	210,406	-
Türkiye Is Bankasi A.S	Ba1	-	5.50%	April 21, 2019	106,174	-	105,351	-
Akbank Tas	Ba1	-	4.00%	January 24, 2020	51,851	-	50,691	-
Türkiye Garanti Bankasi A.S	Ba1	-	4.75%	October 17, 2019	52,898	-	51,931	-
The Third Pakistan International Sukuk Co Ltd	B	-	5.50%	October 13, 2021	418,394	-	426,026	-
Republic Of Kazakhstan	BBB-	-	5.13%	July 21, 2025	111,905	-	111,457	-
Yapi Ve Kredi Bankasi	Ba1	BBB	4.00%	January 22, 2020	104,366	104,438	99,297	101,065
Türkiye Halk Bankasi A.S	Ba1	BBB-	3.88%	February 5, 2020	65,031	65,018	60,971	61,503
Bank Pozitif	BBB-	BBB-	5.00%	February 7, 2018	109,828	109,978	106,501	106,954
Emirates NBD PJSC	A3	Baa1	4.30%	March 29, 2017	104,599	104,741	104,814	107,001
Gazprombank (OJSC)	BB+	BB+	4.96%	September 5, 2019	69,767	69,862	71,841	66,509
Samarco Mineracao SA (note 11.2.10.1)	C	BB-	5.38%	September 26, 2024	52,374	52,371	28,184	18,487
Banco BTG Pactual	BB-	BB-	4.00%	January 16, 2020	61,051	29,714	57,893	21,717
Africa Finance Corporation	A3	A3	4.38%	April 29, 2020	211,879	53,132	213,853	52,423
IBQ Finance Limited	A+	A+	3.50%	November 25, 2020	208,782	208,968	211,251	209,826
IDBI Bank Limited	-	BBB-	0.00%	-	-	105,121	-	105,129
Emirates NBD PJSC	-	A	0.00%	-	-	103,218	-	100,168
SB Capital SA (SberBank)	-	BB+	0.00%	-	-	104,741	-	96,885
ICICI BANK Limited / Dubai	-	BBB-	0.00%	-	-	20,865	-	20,941
Banco BTG Pactual	-	BB-	0.00%	-	-	30,919	-	24,003
Africa Finance Corporation	-	A3	0.00%	-	-	159,780	-	157,269
					5,701,917	1,322,866	5,714,941	1,249,880

11.2.10.1 The Bank has recognised partial impairment on this bond of amounting to Rs.31.653 million (2015: Rs.Nil) due to weak financial position of the company.

11.3 Particulars of provision for diminution in value of investments

	2016	2015
---- Rupees in '000 ----		
Opening balance	1,080,118	1,037,057
Charge for the year	415,027	152,959
Reversal on disposal of investments	(75,123)	(109,898)
	339,904	43,061
Closing balance	1,420,022	1,080,118

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

	2016	2015
	---- Rupees in '000 ----	
11.3.1 Particulars of provision for diminution in value of investments by type and segment		
Available-for-sale		
Ordinary shares of unlisted companies	383,374	-
Preference shares of listed company	136,589	136,589
Open end mutual funds	144,746	219,869
Term Finance Certificates - unlisted	541,338	541,338
Term Finance Certificates - listed	182,322	182,322
Foreign currency bonds (US \$)	31,653	-
	<u>1,420,022</u>	<u>1,080,118</u>
11.4 Unrealised gain / (loss) on revaluation of investments classified as held-for-trading - net		
Market Treasury Bills	(1,297)	50
Pakistan Investment Bonds	-	7,262
Ordinary shares of listed companies	13,551	(2,240)
Term finance certificates - listed	(10)	105
Open end mutual funds	5,648	8,334
Sukuk certificates - listed	(38)	-
	<u>17,854</u>	<u>13,511</u>

11.5 Details of non-wholly owned subsidiaries that have material non-controlling interest (NCI) to the Group

The table below shows Non-Wholly owned subsidiaries that have material non-controlling interest to the group based on quantum of NCI.

Name of Subsidiary	Ownership interests held by non-controlling interest	
	2016	2015
JS Global Capital Limited	32.84%	48.95%
JS Investment Limited	34.84%	34.84%

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

The following is summarised financial information for JSGCL and JSIL, prepared in accordance with approved accounting standards as applicable in Pakistan, modified for differences in group accounting policies. The information is before inter-company eliminations with other companies in the group.

	JSGCL		JSIL	
	2016	2015	2016	2015
	----- Rupees' in 000 -----			
Total income	748,413	863,195	493,732	439,005
Profit after tax	171,038	254,617	208,251	182,216
Profit attributable to NCI	56,169	124,635	72,555	63,484
Total assets	4,391,037	3,532,095	2,800,312	2,300,204
Total liabilities	1,901,962	646,755	226,574	192,629
Net assets	2,489,075	2,885,340	2,573,738	2,107,575
Net assets attributable to NCI	817,412	1,412,374	896,690	734,279
Cash flow from operating activities	166,142	(114,512)	(104,965)	(43,580)
Cash flow from investing activities	(46,832)	294,692	103,384	400,094
Cash flow from financing activities	(551,684)	(181)	(17)	(356,949)
Net increase in cash and cash equivalents	(432,374)	179,999	(1,598)	(435)

12. ADVANCES	Note	2016	2015
		---- Rupees in '000 ----	
Loans, cash credit, running finances, etc.			
In Pakistan		84,712,910	72,808,345
Outside Pakistan		2,139	-
		84,715,049	72,808,345
Net investment in finance lease in Pakistan	12.2	7,532,153	3,226,785
Bills discounted and purchased (excluding market treasury bills)			
payable in Pakistan		1,444,580	1,266,902
payable outside Pakistan		2,780,065	2,100,013
		4,224,645	3,366,915
Financing in respect of margin trading system		-	-
Advances - gross		96,471,847	79,402,045
Provision against non-performing advances - specific	12.3	(2,618,353)	(2,705,929)
Provision against non-performing advances - general	12.4	(40,988)	(17,252)
		(2,659,341)	(2,723,181)
Advances - net of provision		93,812,506	76,678,864
12.1 Particulars of advances (gross)			
12.1.1 In local currency		92,904,042	77,302,032
In foreign currency		3,567,805	2,100,013
		96,471,847	79,402,045

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

	2016	2015
	---- Rupees in '000 ----	
12.1.2 Short term (for up to one year)	77,188,912	68,496,383
Long term (for over one year)	19,282,935	10,905,662
	96,471,847	79,402,045

12.2 Particulars of net investment in finance lease

	2016			2015		
	Not later than one year	Later than one and less than five years	Total	Not later than one year	Later than one and less than five years	Total
	----- Rupees in '000 -----			----- Rupees in '000 -----		
Lease rentals receivable	2,619,528	3,804,142	6,423,670	1,142,904	1,682,078	2,824,982
Guaranteed residual value	150,701	1,732,591	1,883,292	59,353	701,002	760,355
Minimum lease payments	2,770,229	5,536,733	8,306,962	1,202,257	2,383,080	3,585,337
Finance charges for future periods	(435,151)	(339,658)	(774,809)	(191,239)	(167,313)	(358,552)
Present value of minimum lease payments	2,335,078	5,197,075	7,532,153	1,011,018	2,215,767	3,226,785

12.3 Advances include Rs.3,327.942 million (2015: Rs.2,982.825 million) which have been placed under non-performing status as detailed below:

Category of classification	Note	2016			Provision required	Provision held
		Domestic	Overseas	Total		
		----- Rupees in '000 -----				
Other assets especially mentioned		-	-	-	-	-
Substandard		384,986	-	384,986	46,076	46,076
Doubtful		48,302	-	48,302	531	531
Loss		2,894,654	-	2,894,654	2,571,746	2,571,746
	12.4	3,327,942	-	3,327,942	2,618,353	2,618,353

Category of classification	2015			Provision required	Provision held
	Domestic	Overseas	Total		
	----- Rupees in '000 -----				
Other assets especially mentioned	-	-	-	-	-
Substandard	1,533	-	1,533	383	383
Doubtful	181,136	-	181,136	32,984	32,984
Loss	2,800,156	-	2,800,156	2,672,562	2,672,562
	2,982,825	-	2,982,825	2,705,929	2,705,929

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

12.4 Particulars of provision against non-performing advances

Note	2016			2015		
	Specific	General	Total	Specific	General	Total
	Rupees in '000			Rupees in '000		
Opening balance	2,705,929	17,252	2,723,181	2,051,035	7,784	2,058,819
Charge for the year	183,923	23,736	207,659	796,552	9,468	806,020
Amounts written off / reversals	(271,346)	-	(271,346)	(130,928)	-	(130,928)
	(87,423)	23,736	(63,687)	665,624	9,468	675,092
Amount written off from the opening balance	(153)	-	(153)	(10,730)	-	(10,730)
Closing Balance	2,618,353	40,988	2,659,341	2,705,929	17,252	2,723,181
In local currency	2,618,353	40,988	2,659,341	2,705,929	17,252	2,723,181
In foreign currencies	-	-	-	-	-	-
	2,618,353	40,988	2,659,341	2,705,929	17,252	2,723,181

12.4.1 The general provision includes maintaining of general reserves against small medium enterprise and consumer portfolio in accordance with the prudential regulations issued by SBP at 1% and 1.5% of fully secured portfolio respectively, and at 5% of unsecured portfolio.

12.5 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum period of five years from the date of classification. As at December 31, 2016, the Bank has availed cumulative benefit of FSV of Rs.398.690 million (2015: Rs.155.863 million) under the directives of the SBP. Had the benefit not been taken the unappropriated profit after tax would have reduced by Rs.259.149 million (2015: Rs.101.311 million). Further, as required by the SBP directives, this unappropriated profit will not be available for distribution as dividend or other appropriations.

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

12.6 Particulars of Write Offs:

12.6.1	Against provisions	153	10,730
	Directly charged to profit and loss account	83	-
		236	10,730
12.6.2	Write offs of Rs.500,000 and above	-	10,730
	Write offs of Below Rs.500,000	236	-
		236	10,730

12.6.3 In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person during the year ended December 31, 2016 is given in Annexure 'II' to these financial statements. These loans are written-off as a book entry without prejudice to the Bank's right of recovery against the customers.

12.7 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:

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

	Note	2016 ---- Rupees in '000 ----	2015 ----
Balance at the beginning of the year		1,331,708	1,093,914
Loans granted during the year		883,950	476,316
Repayments		(482,680)	(238,522)
Balance at the end of the year		<u>1,732,978</u>	<u>1,331,708</u>
13. OPERATING FIXED ASSETS			
Capital work-in-progress	13.1	247,505	244,595
Property and equipment	13.2	3,992,811	2,701,094
Intangible assets	13.3	1,781,247	1,785,446
		<u>6,021,563</u>	<u>4,731,135</u>
13.1 Capital work-in-progress			
Property and equipment			
Civil works		129,015	125,807
Advances for purchase of building		5,377	51,000
Advances for purchase of furniture and fixtures		1,785	4,632
Advance for purchase of vehicles		26,405	6,809
Advance for purchase of equipment and software		84,923	56,347
		<u>247,505</u>	<u>244,595</u>

13.2 Property and equipment

	COST				ACCUMULATED DEPRECIATION			Book value as at December 31, 2016	Rate %	
	As at January 01, 2016	Additions / write off / adjustments	Deletions adjustments	As at December 31, 2016	As at January 01, 2016	Depreciation on deletions / write off / adjustments	Charge for the year			As at December 31, 2016
	----- Rupees in '000 -----									
Land and freehold	370,500	543,590	-	927,051	-	-	-	-	927,051	-
		12,961	-							
Building on free hold land	51,716	-	-	51,716	3,264	-	522	3,786	47,930	1.01
Building on lease hold land	797,654	262,268	-	1,048,561	146,215	-	33,328	170,479	878,082	1.02 - 4.78
		(11,361)	-			(9,064)	-			
Lease hold improvements	750,963	273,478	-	1,010,179	357,381	-	89,679	443,462	566,717	10 - 20
		(12,662)	-			(12,662)	-			
		(1,600)	-			9,064	-			
Furniture and fixture	366,846	103,320	(2,819)	451,481	207,883	(2,592)	45,074	234,499	216,982	10 - 12.5
		(15,866)	-			(15,866)	-			
		-	-			-	-			
Electrical, office and computer equipment	1,827,702	453,073	(18,083)	2,204,172	1,100,811	(15,128)	249,007	1,276,170	928,002	12.5 - 33.3
		(58,520)	-			(58,520)	-			
Vehicles	622,047	231,549	(85,575)	768,021	270,780	(64,419)	133,613	339,974	428,047	20
		-	-			-	-			
	<u>4,787,428</u>	<u>1,867,278</u>	<u>(106,477)</u>	<u>6,461,181</u>	<u>2,086,334</u>	<u>(82,139)</u>	<u>551,223</u>	<u>2,468,370</u>	<u>3,992,811</u>	
		<u>(87,048)</u>	<u>-</u>			<u>(87,048)</u>	<u>-</u>			

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

	COST			ACCUMULATED DEPRECIATION					Book value as at December 31, 2015	Rate %
	As at January 01, 2015	As at December 31, 2015	As at January 01, 2015	As at December 31, 2015	As at January 01, 2015	As at December 31, 2015	As at December 31, 2015			
	Additions	Deletions	Depreciation On Deletions	Charge for the year						
	Rupees in '000									
Land and freehold	215,500	155,000	-	370,500	-	-	-	-	370,500	-
Building on free hold land	51,716	-	-	51,716	2,742	-	522	3,264	48,452	1.01
Building on lease hold land	521,092	276,562	-	797,654	126,146	-	20,069	146,215	651,439	1.02 - 4.78
Lease hold improvements	650,725	100,238	-	750,963	288,062	-	69,319	357,381	393,582	10
Furniture and fixture	319,876	48,192	(1,222)	366,846	170,259	(28)	37,652	207,883	158,963	10 - 12.5
Electrical, office and computer equipment	1,526,102	334,822	(33,222)	1,827,702	916,599	(25,187)	209,399	1,100,811	726,891	12.5 - 33.3
Vehicles	542,174	171,169	(91,296)	622,047	221,710	(65,369)	114,439	270,780	351,267	20
	<u>3,827,185</u>	<u>1,085,983</u>	<u>(125,740)</u>	<u>4,787,428</u>	<u>1,725,518</u>	<u>(90,584)</u>	<u>451,400</u>	<u>2,086,334</u>	<u>2,701,094</u>	

13.2.1 Included in cost of property and equipment are fully depreciated items still in use having cost of Rs.731.763 million (2015: Rs.594.335 million).

13.2.2 The details of disposals of assets whose original cost or book value exceeds one million rupees or two hundred and fifty thousand rupees respectively, whichever is lower, are given in Annexure I of these consolidated financial statements.

13.3 Intangible assets

Note	COST			ACCUMULATED AMORTISATION / IMPAIRMENT					Book value as at December 31, 2016	Rate %
	As at January 01, 2016	As at December 31, 2016	As at January 01, 2016	As at December 31, 2016	As at January 01, 2016	As at December 31, 2016	As at January 01, 2016	As at December 31, 2016		
	Additions	Deletions	Amortisation on deletions	Charge for the year						
	Rupees in '000									
Trading right entitlement certificate (TREC) 13.3.1	5,727	-	-	5,727	-	-	-	-	5,727	-
Membership card - Pakistan Mercantile Exchange Limited 13.3.2	3,500	-	-	3,500	-	-	-	-	3,500	-
Computer software	518,583	49,744	-	568,327	205,988	-	53,943	259,931	308,396	10 - 33.34
Goodwill 13.3.3	1,463,624	-	-	1,463,624	-	-	-	-	1,463,624	-
	<u>1,991,434</u>	<u>49,744</u>	<u>-</u>	<u>2,041,178</u>	<u>205,988</u>	<u>-</u>	<u>53,943</u>	<u>259,931</u>	<u>1,781,247</u>	

	COST			ACCUMULATED AMORTISATION / IMPAIRMENT					Book value as at December 31, 2015	Rate %
	As at January 01, 2015	As at December 31, 2015	As at January 01, 2015	As at December 31, 2015	As at January 01, 2015	As at December 31, 2015	As at January 01, 2015	As at December 31, 2015		
	Additions	Deletions	Amortisation on Deletions	Charge for the year						
	Rupees in '000									
Trading right entitlement certificate (TREC) 13.3.1	5,727	-	-	5,727	-	-	-	-	5,727	-
Membership card - Pakistan Mercantile Exchange Limited 13.3.2	3,500	-	-	3,500	-	-	-	-	3,500	-
Computer software	406,002	112,581	-	518,583	159,370	-	46,618	205,988	312,595	10 - 33.33
Goodwill 13.3.3	1,463,624	-	-	1,463,624	-	-	-	-	1,463,624	-
	<u>1,878,853</u>	<u>112,581</u>	<u>-</u>	<u>1,991,434</u>	<u>159,370</u>	<u>-</u>	<u>46,618</u>	<u>205,988</u>	<u>1,785,446</u>	

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

- 13.3.1** This represents Trading Right Entitlement Certificate (TREC) received from PSX in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutalization and integration) Act, 2012 (the Act). The company has also received shares of PSX after completion of the demutualisation process.
- 13.3.2** This represents membership cards of Pakistan Mercantile Exchange. It has an indefinite useful life and is carried at cost.
- 13.3.3** For impairment testing, goodwill has been allocated to 'Trading and Sales' segment as Cash Generating Unit (CGU), which is also a reportable segment.
- 13.3.4 Key assumptions used in value in use calculation**

The recoverable amount of the CGU has been determined based on value in use calculation, using cash flow projections based on business plan approved by the Board of Directors of the Bank covering a five year period. The discount rates applied to cash flows beyond five years are extrapolated using a terminal growth rate. The following rates are used by the Bank.

	2016	2015
	Percentages	
Discount rate	16.33	21.24
Terminal growth rate	10.00	10.00

The calculation of value in use is most sensitive to following assumptions:

a) Interest margins

Interest margins are based on prevailing industry trends and anticipated market conditions.

b) Discount rates

Discount rates reflect management estimates of the rate of return required for each business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using cost of equity of the Bank.

c) Key business assumptions

The assumptions are important as they represent management assessment of how the unit's position might change over the projected period. Based on the expansion plans, management expects aggressive growth in advances, investments and deposits during the projected periods and thereafter stabilisation in line with industry trends.

Management believes that any significant change in key assumptions, on which CGU's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value in use calculation of the CGU are sensitive to changes in assumptions for interest rate spreads, Non Funded Income (NFI), long term growth rates and discount rates.

d) Sensitivity to changes in assumption

The estimated recoverable amount of the 'Trading and Sales' CGU exceeds its carrying amount by approximately Rs.1,963.9 million. Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

		Changes required for carrying amount to equal recoverable amount (%)	
		2016	2015
	- Discount rate	1.41	2.4
	- Terminal growth rate	(1.92)	(3.96)
		2016	2015
14.	OTHER ASSETS	---- Rupees in '000 ----	
	Note		
	Mark-up / income accrued in local currency	2,331,591	4,566,527
	Mark-up / income accrued in foreign currencies	85,801	22,770
	Trade receivable from brokerage and advisory business - net	2,181,728	1,227,919
	Advances, deposits, advance rent and other prepayments	882,029	478,990
	Taxation (payments less provision)	490,593	578,580
	Receivable against bancassurance / bancatakaful	19,278	27,530
	Stationery and stamps in hand	13,215	8,105
	Balances due from funds under management	115,189	94,534
	Receivable from other banks in respect of remittance	154,760	164,119
	Non-banking assets acquired in satisfaction of claims	175,808	182,455
	ATM settlement account	171,428	47,892
	Others	149,966	166,665
		<u>6,771,386</u>	<u>7,566,086</u>
	Less: Provision held against other assets	<u>(430,189)</u>	<u>(425,288)</u>
		<u>6,341,197</u>	<u>7,140,798</u>
14.1	Included herein is a sum of Rs.60.787 million (2015: Rs.36.190 million) receivable from related parties.		
14.2	Included herein is a sum of Rs. Rs.1.109 million (2015: Rs.1.109 million) receivable from related parties.		
14.3	Included herein is a sum of Rs.19.132 million (2015: Rs.23.546 million) receivable from related parties.		
14.4	This includes an amount of Rs.123.486 million (2015: Rs.129.316 million) receivable from State Bank of Pakistan in respect of home remittance services provided by the Bank.		
		2016	2015
		---- Rupees in '000 ----	
14.5	Non banking assets acquired in satisfaction of claims		
	Market value of non-banking assets acquired in satisfaction of claims	<u>175,808</u>	<u>245,275</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

	Revalued amount 2016	Cost 2015
Note	---- Rupees in '000 ----	
14.5.1 Movement during the year		
As at January 01	182,455	141,900
Revaluation surplus - net	84,175	-
Addition during the year	39,948	40,555
Deletions during the year	(129,648)	-
Depreciation during the year	(1,122)	-
	<u>175,808</u>	<u>182,455</u>
14.5.2		
During the year, the Bank revalued its non-banking assets acquired in satisfaction of claims according to the requirements of the 'Regulation for Debt Property Swap' (the regulations) issued by SBP vide the BPRD Circular No. 1 of 2016, dated January 01, 2016. Had there been no revaluation, the net book value of non-banking assets acquired in satisfaction of claims would have amounted to:		
	2016	2015
Note	---- Rupees in '000 ----	
Leasehold Land	73,206	159,405
Building	18,427	23,050
	<u>91,633</u>	<u>182,455</u>
14.5.2		
This represents property acquired under satisfaction of claims against which non-performing loan was reduced and specific provision have been reversed by Rs.39.948 million.		
	2016	2015
Note	---- Rupees in '000 ----	
14.6 Provision held against other assets		
Opening balance	424,908	424,924
Charged during the year	7,714	364
Reversed during the year	(2,433)	(380)
	5,281	(16)
Closing balance	<u>430,189</u>	<u>424,908</u>
15. BILLS PAYABLE		
In Pakistan	2,539,715	1,607,100
Outside Pakistan	4,313	2,325
	<u>2,544,028</u>	<u>1,609,425</u>
16. BORROWINGS		
In Pakistan	8,152,229	54,583,633
Outside Pakistan	2,167,818	54,685
	<u>10,320,047</u>	<u>54,638,318</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

	Note	2016 ---- Rupees in '000 ----	2015
16.1 Particulars of borrowings with respect to currencies			
In local currency		8,152,229	54,583,633
In foreign currencies		2,167,818	54,685
		<u>10,320,047</u>	<u>54,638,318</u>
16.2 Details of borrowings from financial institutions			
Secured			
Borrowings from State Bank of Pakistan under:			
Export refinancing scheme (ERF)	16.2.1	5,962,976	5,230,732
Long-Term Finance Facility (LTFF)	16.2.2	735,734	-
Financing Facility for Storage of Agricultural produce (FFSAP)	16.2.3	40,845	15,320
		<u>6,739,555</u>	<u>5,246,052</u>
Repurchase agreement borrowings	16.2.4	1,412,674	45,837,581
Unsecured			
Call borrowings	16.2.5	805,408	3,500,000
Due against bills re-discounting		1,321,882	-
Overdrawn nostro accounts	16.2.6	40,528	54,685
		<u>2,167,818</u>	<u>3,554,685</u>
		<u>10,320,047</u>	<u>54,638,318</u>
16.2.1	The Bank has entered into agreement with the State Bank of Pakistan (SBP) for extending export finance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable on a quarterly basis and to be matured between January 03, 2017 and June 29, 2017 (2015: January 25, 2016 and June 30, 2016). These carry mark-up at the rate of 2% (2015: 3% to 4.5%) per annum.		
16.2.2	These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings will mature between August 25, 2019 and December 31, 2026. These carry mark up at rates ranging from 3.5% to 6.0% per annum.		
16.2.3	These borrowings have been obtained from SBP under "Financing Facility for Storage of Agricultural Produce (FFSAP)" to encourage Private Sector to establish Silos, Warehouses and Cold Storages. These borrowings will mature on August 27, 2018 and carry mark up at the rate of 3.50% per annum.		
16.2.4	This represents collateralised borrowing from various financial institutions against Treasury Bills (2015: Pakistan Investment Bonds) carrying mark-up at the rates ranging from 5.6% to 5.75% (2015: 6.5%) per annum and will mature on January 03, 2017 (2015: January 04, 2016). The carrying value of securities given as collateral against these borrowings is given in note 10.1.		
16.2.5	These represent call money borrowings from financial institutions which will mature between January 05, 2017 and March 28, 2017, carrying interest at the rates ranging from 1.80% to 2.76% (2015: 6.05%) per annum.		

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

16.2.6 This represents the obligation to the foreign corresponding banks on the discounting of foreign documentary bills purchased by the Bank on discount. These will mature between January 06, 2017 and March 14, 2017 and carry interest at the rates ranging from 2.30% to 2.54% per annum.

	Note	2016 ---- Rupees in '000 ----	2015
17. DEPOSITS AND OTHER ACCOUNTS			
Customers			
Fixed deposits		105,693,800	61,877,181
Savings deposits		39,530,255	32,635,288
Current accounts - non-remunerative		48,932,442	34,570,446
Margin accounts		4,185,137	1,557,573
		<u>198,341,634</u>	<u>130,640,488</u>
Financial Institutions			
Remunerative deposits		25,760,056	9,511,034
Non-remunerative deposits		902,965	203,653
		<u>26,663,021</u>	<u>9,714,687</u>
		<u>225,004,655</u>	<u>140,355,175</u>
17.1 Particulars of deposits			
In local currency		214,339,799	128,605,779
In foreign currencies		10,664,856	11,749,396
		<u>225,004,655</u>	<u>140,355,175</u>

18. SUB-ORDINATED LOANS

Term Finance Certificates	17.1	3,000,000	-
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18.1 During the current year, the Bank has issued Rs.3 billion of rated, privately placed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 120 of the Companies Ordinance, 1984 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute toward the Bank's Tier II Capital for complying with the Capital Adequacy Ratio requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Article of Association.
Issue date	December 14, 2016
Tenor:	Up to Seven years from the Issue date.
Maturity Date:	December 14, 2023
Rating	A + (Single A Plus)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

- Profit Rate: Floating rate of return at Base rate + 1.4 percent per annum;
Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date.
- Profit payment: Semi-annual
- Redemption: The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
- Security: The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.
- Call Option: Exercisable in part or in full on or after the 10th redemption, subject to SBP approval.

	2016	2015
	---- Rupees in '000 ----	
19. DEFERRED TAX LIABILITIES - net		
Deferred tax debits arising from:		
Unused tax losses	(30,541)	(9,532)
Provision against investments	(57,149)	(57,149)
Provision against loans, advances and trade debts	(137,558)	(213,679)
Unrealised loss on derivative instruments	(7,782)	(14,366)
Provision for donation	(1,222)	(1,067)
Provision for Workers' Welfare Fund	(45,935)	(66,938)
	<u>(280,187)</u>	<u>(362,731)</u>
Deferred tax credits arising due to:		
Operating fixed assets	191,785	162,221
Goodwill	512,268	461,110
Unrealised gain on revaluation of investment classified as held for trading	215	3,809
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,307	-
Surplus on revaluation of investment classified assets as available for sale	656,497	1,306,843
	<u>1,363,072</u>	<u>1,933,983</u>
	<u>1,082,885</u>	<u>1,571,252</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

19.1 Movement in temporary differences during the year:

	Balance as at January 01, 2015	Recognised in profit and loss account	Recognised in equity / OCI Equity	Balance as at December 31, 2015	Recognised in profit and loss account	Recognised in equity / OCI Equity	Balance as at December 31, 2016
----- Rupees in '000 -----							
Deferred tax debits arising from:							
Unused tax losses	(433,682)	424,150	-	(9,532)	(21,009)	-	(30,541)
Provision against investments	(137,425)	80,276	-	(57,149)	-	-	(57,149)
Provision against loans and trade debts	(259,380)	45,701	-	(213,679)	76,121	-	(137,558)
Minimum tax	(194,148)	194,148	-	-	-	-	-
Unrealised loss on derivative instruments	(83,796)	69,430	-	(14,366)	6,584	-	(7,782)
Provision for donation	(4,639)	3,572	-	(1,067)	(155)	-	(1,222)
Provision for Workers' Welfare Fund	(24,127)	(42,811)	-	(66,938)	21,003	-	(45,935)
	(1,137,197)	774,466	-	(362,731)	82,544	-	(280,187)
Deferred tax credits arising due to:							
Fixed assets	156,214	6,007	-	162,221	29,564	-	191,785
Goodwill	410,095	51,015	-	461,110	51,158	-	512,268
Unrealised gain of revaluation of investment classified as held for trading	125,413	(121,604)	-	3,809	(3,594)	-	215
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	-	-	-	-	-	2,307	2,307
(Surplus) / Deficit on revaluation of investment classified assets as available for sale	749,732	-	557,111	1,306,843	-	(650,346)	656,497
	1,441,454	(64,582)	557,111	1,933,983	77,128	(648,039)	1,363,072
	304,257	709,884	557,111	1,571,252	159,672	(648,039)	1,082,885

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

	Note	2016 ---- Rupees in '000 ----	2015
20. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency	20.1	1,416,897	878,512
Mark-up / return / interest payable in foreign currency		16,445	26,498
Accrued expenses		730,698	538,005
Trade payable from brokerage business	20.2	1,791,818	448,218
Payable in respect of defined benefit plan	36.5	118,308	64,005
Unrealised loss on revaluation of derivative instruments		36,408	36,945
Unclaimed dividends		10,753	10,759
Donation payable	30.2	71,874	67,030
Lease key money deposit		1,877,773	753,823
Provision for Workers' Welfare Fund	20.3	304,594	227,636
Government duties		212,980	160,672
Payable against remittance		286,973	179,975
Retention money payable		24,860	11,373
Payable against maintenance of IT equipment		-	2,016
Visa debit card payable		42,907	22,463
Others		168,294	196,441
		7,111,582	3,624,371

20.1 Included herein is a sum of Rs.51.564 million (2015: Rs.50.904 million) payable to related parties.

20.2 Included herein is a sum of Rs.3.684 million (2015: Rs.3.684 million) payable to related parties.

20.3 Aggrieved by the amendments made through the Finance Act, 2008, certain stakeholders filed petition against the changes in the Lahore and Peshawar High Courts, which struck down the aforementioned amendments to the Workers Welfare Fund Ordinance in 2011. However, some stakeholders also filed the petition in the Honorable Sindh High Court which, in 2013, decided the petition against the stakeholders.

During the year, the Honorable Supreme Court of Pakistan (SCP) passed a judgment on 10 November 2016, declaring the insertion of amendments introduced in the Finance Act, 2008 pertaining to WWF as unlawful for the reason that the WWF is not in the nature of tax and therefore, could not be introduced through money bill under the Constitution. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing.

In view of the above developments regarding the applicability of Federal WWF on Banks, the Pakistan Bankers' Association (PBA) sought a legal opinion to conclude on the reversal of Federal WWF provision. However, based on legal advice, the Bank has decided to retain the provision for WWF in the financial statements.

Further, as a consequence of the 18th amendment to the Constitution, levy for the WWF was also introduced by the Government of Sindh through the Sindh WWF Act, 2014. As per Sindh WWF Act, 2014, Banks are liable to pay Sindh WWF. The Bank along with other banks is planning to file a case against the application of Sindh WWF on banking industry. However, on a prudent basis, the Bank has recognised full provision in the financial statements in respect of Sindh WWF.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

21. SHARE CAPITAL

21.1 Authorised capital

2016	2015		2016	2015
Number of shares			---- Rupees in '000 ----	
<u>1,350,000,000</u>	<u>1,350,000,000</u>	Ordinary shares of Rs.10 each	<u>13,500,000</u>	<u>13,500,000</u>

21.2 Issued, subscribed and paid-up capital

<u>538,558,965</u>	538,558,965	Issued for cash	<u>5,385,590</u>	5,385,590
<u>533,905,297</u>	533,905,297	Issued for consideration other than cash	<u>5,339,053</u>	5,339,053
<u>1,072,464,262</u>	<u>1,072,464,262</u>		<u>10,724,643</u>	<u>10,724,643</u>

21.3 As at December 31, 2016, Jahangir Siddiqui & Co. Ltd. (the parent company) held 755,245,007 ordinary shares of Rs.10 each represents 70.42% holding.

22. PREFERENCE SHARES

22.1 Authorised capital

2016	2015		2016	2015
Number of shares		Note	---- Rupees in '000 ----	
<u>150,000,000</u>	<u>150,000,000</u>	Convertible preference shares of Rs.10 each	<u>1,500,000</u>	<u>1,500,000</u>

22.2 On February 19, 2014, the Group has issued 150 million preference shares of Rs.10 each. As a result of this transaction, the paid-up capital of the Bank has increased by Rs.1.5 billion. The major terms and conditions of the preference shares are as follows:

Instrument: Un-listed, convertible, irredeemable, perpetual, non-cumulative, non-voting preference shares.

Issue Price: Issued at par value of Rs.10 per shares.

Tenure: Four years from the date of issuance of preference shares.

Conversion ratio: For every one preference share, 1.5 ordinary shares will be issued i.e. 1:1.5

Dividend: Non-cumulative at the fixed rate of 12% per annum. No compensation would be available to the preference shareholders other than the agreed return i.e. 12% p.a. which will be paid in the form of cash dividend. The distribution of dividend is not obligatory and will be allowed only if the Bank has earned sufficient profit in the current year to pay dividend and is in compliance with all the regulatory capital (MCR and CAR) and provisioning requirements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

22.3 As at December 31, 2016, Jahangir Siddiqui & Co. Ltd. (the parent company) held 145,374,878 preference shares of Rs. 10 each (96.92% holding).

	Note	2016 ---- Rupees in '000 ----	2015
23. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - net of tax			
Non-banking assets acquired In satisfaction of claims	23.1	81,868	-
Available-for-sale securities	23.2	1,934,159	2,951,673
	23.3	2,016,027	2,951,673
23.1 Non-banking assets acquired In satisfaction of claims			
Arose during the year		84,175	-
Less: Related deferred tax liability on:			
Arose during the year		(2,307)	-
		81,868	-
23.2 During the year, the surplus arose under specific requirements of 'Debt Property Swap (DPS)' regulations issued by State Bank of Pakistan effective January 01, 2016.			
Available-for-sale securities:			
Term Finance Certificates - listed		-	35
Ordinary shares - listed		1,664,750	616,068
Open end mutual funds		832,502	555,673
Foreign currency bonds (US \$)		44,675	(72,986)
Government securities		48,729	3,159,726
		2,590,656	4,258,516
Related deferred tax liability		(656,497)	(1,306,843)
		1,934,159	2,951,673
23.3 Group's share		1,739,674	2,757,529
Non-controlling interest		276,353	194,144
		2,016,027	2,951,673

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

	2016	2015
	---- Rupees in '000 ----	
24. CONTINGENCIES AND COMMITMENTS		
24.1 Transaction-related contingent liabilities		
Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions.		
i) Government	18,055,350	13,374,471
ii) Banking companies and other financial institutions	2,777,027	590,642
iii) Others	6,673,175	2,888,172
	<u>27,505,552</u>	<u>16,853,285</u>
24.1.1 Included herein the outstanding guarantees of Rs.17.140 million (2015: Rs.47.902 million) of related parties.		
24.2 Trade-related contingent liabilities		
Documentary credits	20,505,270	11,134,071
24.2.1 Included herein the outstanding letter of credits of Rs.2,194.048 million (2015: Rs.3.080 million) of related parties.		
24.3 Commitments in respect of forward lending		
Forward commitments to extend credit	234,062	1,396,767
24.3.1 Included herein the commitment of Rs.170 million (2015: Rs.600 million) of related parties.		
24.4 Other commitments		
Commitment in respect of capital expenditure	59,876	616,466
24.5 Commitments in respect of derivative instruments		
24.5.1 Commitments in respect of forward exchange contracts		
Purchase	9,872,524	9,076,271
Sale	10,004,614	5,218,707

The Group utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At year end, all foreign exchange contracts have a remaining maturity of less than one year.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

	2016	2015
	---- Rupees in '000 ----	
24.5.2 Forward government and equity securities		
Purchase	3,989,680	-
Sale	5,749,329	969,327
24.5.3 Cross currency swaps (notional principal)	1,753,050	2,627,850

Derivative instruments, such as Forward Rate Agreement, Interest Rate Swaps, Cross Currency Swaps and FX Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business provides risk solutions for the existing and potential customers of the Bank. All derivative transactions are governed by the Financial Derivatives Business Regulations (FDBR) issued by the State Bank of Pakistan (SBP).

The Group has entered into a Cross Currency Swap transaction with its customer on back-to-back basis with an Authorized Derivative Dealer (ADD) without carrying any open position in its books. Specific approvals for the transactions have been granted by State Bank of Pakistan. Policies in line with SBP instructions have been formulated and are operative.

The transaction carries credit risk which is the risk that a party to a derivative contract will fail to perform its obligation. There are two types of credit risk associated with derivative transactions; 1) settlement, and 2) pre-settlement risk. Bank's Central Credit Committee is responsible for reviewing and managing associated Counterparty Credit Risks of the transaction.

Accounting policies in respect of derivative financial instruments are described in note 7.6.2.

24.5.3.1 Product Analysis

	2016		2015	
	Cross currency swaps			
Counterparties	Number of contracts	Notional principal Rupees '000	Number of contracts	Notional principal Rupees '000
With Banks for Hedging	-	-	-	-
Market Making	6	1,753,050	6	2,627,850
	6	1,753,050	6	2,627,850

At the exchange rate prevailing at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

24.5.3.2 Maturity Analysis

Remaining maturity	2016				
	Number of contracts	Notional principal	Negative	Mark to market Positive	Net
Up to 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 month to 1 year	2	504,350	257,189	(255,767)	1,422
1 to 2 year	2	209,700	118,709	(118,439)	270
2 to 3 years	2	1,039,000	579,489	(575,349)	4,140
3 to 5 years	-	-	-	-	-
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-
	6	1,753,050	955,387	(949,555)	5,832

Remaining maturity	2015				
	Number of contracts	Notional principal	Negative	Mark to market Positive	Net
Up to 1 month	-	-	-	-	-
1 to 3 months	-	-	-	-	-
3 to 6 months	-	-	-	-	-
6 month to 1 year	2	1,084,500	555,445	(554,227)	1,218
1 to 2 year	2	504,350	262,745	(259,521)	3,224
2 to 3 years	-	-	-	-	-
3 to 5 years	2	1,039,000	594,765	(588,814)	5,951
5 to 10 years	-	-	-	-	-
Above 10 years	-	-	-	-	-
	6	2,627,850	1,412,955	(1,402,562)	10,393

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

	Note	2016 ---- Rupees in '000 ----	2015
25. MARK-UP / RETURN / INTEREST EARNED			
On loans and advances to:			
Customers		6,315,527	6,021,068
Financial institutions		19,901	9,297
		<u>6,335,428</u>	<u>6,030,365</u>
On investments in:			
Held-for-trading securities		921,032	789,705
Available-for-sale securities		7,842,123	8,473,250
		<u>8,763,155</u>	<u>9,262,955</u>
On deposits with financial institutions		(12,018)	2,039
On securities purchased under resale agreements		83,329	169,163
		<u>15,169,894</u>	<u>15,464,522</u>
26. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		7,455,820	6,382,574
Securities sold under repurchase agreements		1,504,055	2,893,953
Borrowings		318,359	404,276
Mark-up and other charges of securitisation of management fee receivables		-	-
		<u>9,278,234</u>	<u>9,680,803</u>
27. FEE, COMMISSION AND BROKERAGE INCOME			
Advisory fee		182,733	145,075
Brokerage income		474,031	450,054
Trustee fee		5,471	5,908
Management fee		160,982	164,959
Other fees, commission and charges	27.1	1,260,215	1,018,858
		<u>2,083,432</u>	<u>1,784,854</u>
27.1	This includes Rs.31.580 million (2015: Rs.56.633 million) in respect of commission income from home remittance services provided by the Group. The amount is receivable from State Bank of Pakistan at the rate of Saudi Riyal 20 (2015: Saudi Riyal 20) per transaction over USD 200 (2015: USD 200) and is shared between the Group and various exchange companies as per terms of agreement with them.		
28. GAIN ON SALE OF SECURITIES - NET			
Federal Government Securities			
- Market Treasury Bills		9,928	47,755
- Pakistan Investment Bonds		2,761,234	1,288,560
- Ijara Sukuk Certificates		699	553
Ordinary shares - listed		195,821	551,858
Term finance certificates		10,535	5,047
Foreign currency bonds		7,878	(17,005)
Mutual fund units / certificates	28.1	200,355	118,279
		<u>3,186,450</u>	<u>1,995,047</u>
28.1	This represents gain arising on sale of units of a related party.		

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

	Note	2016 ---- Rupees in '000 ----	2015
29. OTHER INCOME - NET			
Unrealised loss on revaluation of derivative instruments - net			
Equity futures		(14,173)	4,102
Forward Government securities - net		332	(77)
Forward foreign exchange contracts - net		23,255	(51,363)
Cross currency swaps - net		(4,561)	10,393
		4,853	(36,945)
Others			
Gain on sale of fixed assets		42,657	37,158
Gain on recovery of non banking assets		152	-
Rental income from properties		17,876	17,761
Others		15,053	17,764
		75,738	72,683
		80,591	35,738
30. ADMINISTRATIVE EXPENSES			
Salaries, wages, allowances, etc.		2,990,432	2,263,668
Charge for defined benefit plan	36.5	61,317	54,335
Contribution to defined contribution plan		116,682	88,539
Non-executive directors' fee, allowances and other expenses		16,101	8,631
Contractor wages		354,760	254,587
Brokerage, fee and commission		48,972	28,329
Royalty	30.1	20,000	20,000
Rent, taxes, insurance, electricity, etc.		1,130,382	857,485
Legal and professional charges		196,631	85,252
Donations	30.2	71,874	67,030
Communication		160,354	100,572
Repairs and maintenance		527,916	389,337
Travel and other related expenses		97,084	65,966
Stationery and printing		143,086	113,361
Advertisement and publicity		327,733	174,510
Postage and courier service		45,389	35,129
Stamp duty		16,548	15,975
CDC and other charges		11,900	3,559
Bank charges and clearing house charges		89,826	84,639
Consultancy fee		74,463	18,615
Security services		239,551	175,449
Fees and subscription		60,440	39,913
Auditors' remuneration	30.3	10,679	8,201
Depreciation	13.2	551,223	451,400
Depreciation on non banking assets		1,122	-
Amortisation of intangible assets	13.3	53,942	46,618
Staff training		13,466	12,347
Entertainment expenses		40,002	26,485
Outsourced record management services		8,433	7,017
Others		29,794	20,682
		7,510,102	5,517,631

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

30.1 Royalty represents amounts payable to Mr. Jahangir Siddiqui on account of use of name in the subsidiaries of the Bank.

30.2 This represents donation to Future Trust, wherein Mr. Kalim-ur-Rehman, the director of the Bank and Mr. Suleman Lalani, the Chief Executive Officer of the Jahangir Siddiqui & Co. Ltd, the parent company of the Bank, are trustees. The registered office of the donee are located at 7th Floor, The Forum, Block 9, Clifton, Karachi.

	Note	2016 ---- Rupees in '000 ----	2015
30.3 Auditors' remuneration			
Audit fee		2,783	2,758
Half-yearly review		900	900
Special certification and sundry advisory services		5,129	2,702
Taxation services		190	350
Out of pocket expenses and sales tax on services		1,677	1,491
		<u>10,679</u>	<u>8,201</u>
31. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		31,030	1,348
Provision for Workers' Welfare Fund and Sindh WWF	20.3 & 31.1	77,023	75,286
Others		370	477
		<u>108,423</u>	<u>77,111</u>

31.1 Provision held @ 2% of the higher of profit before tax or taxable income under Workers' Welfare Ordinance, 1971.

32. TAXATION

32.1 Relationship between income tax expense and accounting profit

Accounting profit before taxation		3,854,120	3,767,942
Tax on income		(1,330,252)	(1,299,158)
Effect of permanent differences		(37,173)	(1,523)
Tax effect of income charged at reduce rate		15,921	21,505
Tax effect of exempt income		63,164	55,362
Effect of prior year deferred taxation		12,885	(84,129)
Effect of prior year current taxation		(117,371)	9,054
Others		(2,662)	(3,729)
	32.1.1	<u>(1,395,488)</u>	<u>(1,302,618)</u>
Group's share		(1,340,439)	(1,228,378)
Non-controlling interest		(55,049)	(74,240)
		<u>(1,395,488)</u>	<u>(1,302,618)</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

32.1.1 The Group has recognised taxation impact on the basis of deemed tax return to be file on applicable tax rate with tax authorities, which are as follows:

	Tax Rate	
	2016	2015
JS Bank Limited	35%	35%
JS Investments Limited	31%	32%
JS Global Capital Limited	31%	32%
JS ABAMCO Commodities limited	31%	32%

32.2 JS Bank Limited (Holding Company, the Bank)

32.2.1 Income tax

The Bank has filed income tax returns under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2008 through 2016. The said returns so filed were deemed to be assessed in terms of the returns filed under the provisions of prevailing income tax laws as applicable in Pakistan. However, the Officers of Inland Revenue Services (OIR) conducted the proceedings for making certain amendments in the deemed assessments for tax years 2008 to 2013. This was done by taking recourse of conducting tax audit or alternatively a direct amendment in the assessment contending that certain matters in the deemed assessments were not admissible as not conforming to the law and prejudiced the interest of revenue.

Based on the amended assessments in tax year 2008 to tax year 2013, the department has made certain disallowances of expenses and tax deductible claims besides creating minimum tax and Workers' Welfare Fund liabilities in the tax years 2010 & 2011 and tax years 2009 & 2012 respectively. The Bank has not accepted the amendments and have filed appeals before the Commissioner Inland Revenue-Appeals (the CIRA). With regard to appeals filed for tax year 2009 to 2013, the CIRA has decided the appeals accepting the Bank's contentions in respect of significant issues. Whereas, the contentious matter of levy of workers welfare fund and disallowance of amortization claim of goodwill have been decided in favor of department. However, the Bank is contesting the matters in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for hearing.

For tax year 2008, CIRA has admitted the contention of the Bank that the amended order is barred by time and, decided that any addition made in impugned order is annulled and not required to be further adjudicated. However, the department has filed an appeal against the decision of CIRA in ATIR where it is pending for hearing and decision.

For the tax year 2013, the ATIR has decided appeal filed by tax department in respect of calculating the amount of provisions against advances as allowable under Rule 1(c) of Seventh Schedule to the Income Tax Ordinance, 2001 and has maintained the CIRA decision that allowability of provision for advances to be calculated at 1% of gross amount of advances as against the tax department contention that the same is to be calculated on net advances after deducting the amount of provisions created and allowed against advances.

The matter of allowability of amortization relating to goodwill is contentious issue, therefore based on the opinion of lawyer there are arguments available to contend that goodwill on merger is a tax claimable deduction. Especially in the recent decision given by the High Court of Sindh in the case of merger of other bank in Pakistan where the court has ruled favorably that goodwill generated in merger is 'intangible' and amortization relating to goodwill is allowable deduction.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

In respect of WWF, the Supreme Court of Pakistan (SCP) has recently held that the amendments in the WWF Ordinance through Finance Act, 2006 and 2008 are not validly made. Based on decision of SCP, now it has been cleared that persons on whom the WWF levy was made applicable due to the provisions of Finance Bill 2006 and 2008 will no longer be required to pay for WWF; nor to FBR and neither to WWF Department. Accordingly, as of now the Bank's contention is mandated and it is likely that its pending appeals in this will be decided favorably.

The management of the Bank is confident that the decision in respect of the above matters will be in the Bank's favour and accordingly no demand for payment would arise.

32.2.2 Sales Tax

The Bank as a registered person under Sindh Sales Tax on Services Act, 2011 has been issued a Sales Tax Order from the Sindh Revenue Board (SRB) and created demand of Rs.48.838 million (besides Rs.4.440 million is charged as penalty) against the Bank for allegedly non-payment of Sindh sales tax on certain 'presumed non-taxable services/incomes' of amounting to Rs.277.488 million for the tax periods from July 2011 to December 2013. The issue is common amongst the banking industry. The Bank has filed an appeal against the said Order before Commissioner SRB (Appeals) and subsequently the Commissioner SRB (Appeals) is also not favoring on the ground that such services/income" is taxable under the tariff heading of 9813.499 i.e. "Other services not specified elsewhere" and chargeable to tax from November 01, 2011 onward to the end of the periods in question therein, along with the default surcharge to be calculated at the time of payment, however CIR Appeals set aside the receipts on account of FX gain on Western Union remittance and declared as non-taxable services.

The Bank has not accepted the adjudication so made and has filed an appeal and obtain stay against recovery of tax demand before Appellate Tribunal which is pending for hearing and decision.

32.2.3 Azad Jammu & Kashmir Operations

The Bank has commenced its operations in Azad Jammu & Kashmir from tax year 2009 and it has filed separate returns for the tax years 2009 to 2016 with the tax authorities of such region. The Commissioner has issued notice to select the return filed for the Tax Year 2011-2015 for imitating audit proceeding which are finalised during the year and no additional demand has been raised.

32.3 JS Global Capital Limited (Subsidiary, the Company)

32.3.1

Except for tax year 2005, 2009, 2014, 2015 and 2016 income tax assessments have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001 'the Ordinance' unless selected by taxation authorities for audit purposes.

Tax year 2005 has been selected for audit and proceedings are pending in the Regional Tax Office (RTO). There is no progress in this regard in current period.

For tax year 2009, the ITRA no. 07/2013 filed by the Commissioner Inland Revenue against an order passed by the Learned Appellate Tribunal Inland Revenue in ITA no. 923/KB/2011 dated August 28, 2011 relating to apportionment of expenses, allowability of expenses and claiming of tax deducted at source amounting to Rs.61.16 million which is pending for hearing before the Honorable High Court of Sindh at Karachi.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

For tax year 2014, an amended assessment order dated April 28, 2016, has been passed under section 122 (5A) of the Ordinance by the Additional Commissioner Inland Revenue. Through said order, the ACIR raised demand amounting to Rs.20.081 million. The Company has filed rectification application identifying various errors / details not considered by the ACIR and requested ACIR to rectify the same. In addition to that, the Company has also filed an appeal to the Commissioner Inland Revenue Appeals - IV (CIR-A) which is pending. The Company has also obtained stay against recovery of demand from Sindh High Court (SHC) till the decision of CIR-A. Tax advisor of the Company is of the opinion that no liability would accrue in this regard.

For tax year 2015, an order dated November 23, 2016 was passed under section 4B of the Ordinance by the Deputy Commissioner Inland Revenue - IV [DCIR]. Through said order, an income of Rs.810,583,651 was computed under section 4B of the Ordinance and resultant demand of super tax of Rs.24,317,509 was raised. An appeal has been filed against the above order before CIR-A on December 01, 2016 identifying various errors / details not considered. In addition to that, the Company has also filed petition before SHC, and has been granted stay against recovery of the aforesaid demand.

For tax year 2016, a notice dated December 27, 2016 was issued under section 4B of the Ordinance by the Deputy Commissioner Inland Revenue - IV [DCIR]. Through said notice, an income of Rs.816,122,310 was computed and resultant demand of Super Tax of Rs.24,483.669 was raised. The Company has challenged the notice through a petition before SHC on constitutional grounds wherein the SHC, vide its order dated January 16, 2017, has stated that no action shall be taken against the Company.

32.3.2 Sales Tax

During 2013, the Company received a show cause notice from the Sindh Revenue Board (SRB) demanding payment of sales tax amounting to Rs.19.65 million for the period from July 2011, to June 2012, under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently an order was passed reducing the demand to Rs.9.86 million along with default surcharge. The Company filed an appeal against the said order which was decided against it. The Company has also filed an appeal before tribunal which is pending adjudication and no order has been passed in this regard. During 2014, the Company paid an amount of Rs.7.15 million before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption of penalty and 75% of default surcharge.

During 2014, the Company also received another show cause notice from SRB demanding payment of sales tax amounting to Rs.34.69 million for the period from July 2012 to December 2013 under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently, an order was passed reducing demand to Rs.10.77 million. The Company has filed an appeal against the order with Commissioner Inland Revenue (Appeals) which is pending. Further, in respect of the same, rectification application has also been filed with the department. The Company and other stock brokers have also filed petition with the High Court and has been granted interim stay against recovery of demand. However, the Company has paid an amount of Rs.9.24 million before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption of penalty and 75% of default surcharge.

On prudent basis, the Company has made a provision against the amount paid to SRB in these financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

32.3.3 Federal Excise Duty (FED)

Tax department has issued show cause notice dated June 08, 2015 confronting (alleged) non payment of Federal Excise Duty (FED) on Company's services under Federal Excise Act, 2005. In response thereto, an extension request was filed. The department however issued order without rejecting the application and raised FED demand of Rs.78.003 million on account of non-payment of Federal Excise Duty (FED) for tax year 2010 to tax year 2013. The Company filed a rectification appeal amounting to Rs.55.3 million against the said order on account of certain computational errors. However, the remaining demand of Rs.22.526 million represents duplicate levy as the Company has already paid Sindh sales tax under Sindh Sales Tax on Services Act on such services. The Company has also filed an appeal in the SHC, through Stockbroker Association (of which the Company is also the member) against aforementioned order on the grounds that after 18th amendment to the Constitution, the services that were previously subjected to FED under the federal laws are now subject to the provincial sales tax and the Company has accordingly discharged its tax obligation. The SHC initially, stayed Federal Board of Revenue from demanding sales tax on services from stockbrokers and subsequently, disposed of the order in Company's favor. However, the relevant tax authorities have filed the petition in Honourable Supreme Court of Pakistan which is pending adjudication.

32.4 JS Investments Limited (Subsidiary, the Company)

32.4.1 The income tax assessments of the Company has been finalized up to and including the assessment year 2002-2003 (financial year ended June 30, 2002). The income tax assessments for the tax years 2003 to 2005, 2007, 2008 and 2010 to 2016 have been filed under self assessment scheme and are deemed to be finalized under section 120 of the Income Tax Ordinance, 2001.

In respect of the appeals filed by the Company against orders passed for tax years 2006 and 2009 against demand of Rs.162 million and Rs.66 million respectively, the Deputy Commissioner Inland Revenue (DCIR) Appeal previously had not accepted the basis of addition and set aside both the orders in respect of allocation of expenses between various sources of income for fresh proceedings with the directions to apportion the common expenditure according to actual incurrence of expenditure to the various sources of income.

In respect of above said order of CIR (Appeals) for tax year 2006 and 2009, the Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of apportionment of expenses, which is currently pending for adjudication.

The Appellate Tribunal Inland Revenue vide order dated May 21, 2016 has deleted the additions of tax amortization of Management rights and remanded back the issues of disallowed provisions and advertisement expenses.

The tax authorities issued orders giving effect (hereinafter referred collectively as 'appeal effect orders') to the order of CIR (Appeals) for both tax year 2006 and 2009 whereby demands for these tax years were reduced at Rs.77.33 million and Rs.59.93 million respectively. As the allocation of expenditure in the said appeal effect orders were not made according to actual incurrence of expenditure to the various sources of income, therefore, the Company again filed appeals before the CIR (Appeals) against the said orders.

In respect of second appeal filed by the Company before CIR (Appeals) against appeal effect orders for tax year 2006 and 2009, the CIR (Appeals) for tax year 2006 confirmed apportionment of expenditure made by the tax authorities in appeal effect order, however, adjustment of allowable expenses were set aside. For tax year 2009, CIR (Appeals) had set aside the appeal effect order in entirety for fresh assessment, which is yet to be made by tax authorities.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

The Company has filed second appeal for tax year 2006 in the Appellate Tribunal Inland Revenue (ATIR) in respect of apportionment of expenditure made by tax authorities in appeal effect order earlier confirmed by CIR (Appeals). The said appeal before ATIR is currently pending for adjudication.

The CIR (Appeals) also rectified the order passed by his predecessor for tax Year 2006, whereby the addition regarding the portion of capital gain included in dividend received from mutual funds was held deleted. Resulted appeal effect order reflects refund of Rs.29 million. The tax authorities have filed an appeal before ATIR against said order of CIR (Appeals) in respect of deletion of addition regarding the portion of capital gain included in dividend, which is pending for adjudication.

Management, based on views of its legal counsel, is confident of a favorable outcome in respect of above matters.

33. EARNINGS PER SHARE - BASIC AND DILUTED	2016	2015
	---- Rupees in '000 ----	
Profit after taxation for the year - attributable to ordinary equity holders of the Group for diluted earnings	2,328,959	2,252,256
Preference dividend paid for the year / period ended December 31, 2015 @ 12% p.a (2014: @ 12% p.a.)	(180,000)	(155,836)
Profit after taxation for the year - attributable to ordinary equity holders of the Group for basic earnings	2,148,959	<u>2,096,420</u>
	---- Numbers ----	
Weighted average number of basic outstanding ordinary shares during the year	1,072,464,262	<u>1,072,464,262</u>
Weighted average number of diluted outstanding ordinary shares during the year	1,297,464,262	<u>1,297,464,262</u>
	---- Rupees ----	
Basic earnings per share	2.00	<u>1.95</u>
Diluted earnings per share	1.80	<u>1.74</u>

33.1 The shareholders of the Group in their meeting held on March 28, 2016 approved non-cumulative preference dividend of Rs.180 million (2015: Rs.155.836 million) for the preference shareholders. Since it was not recognised as a liability at reporting period as of December 31, 2016 due to non-adjusting event in accordance with International Accounting Standard - IAS 10 "Events after the Reporting Period", the basic earnings per share of the current period has been adjusted accordingly.

34. CASH AND CASH EQUIVALENTS	2016	2015
	---- Rupees in '000 ----	
Cash and balances with treasury banks	15,509,263	11,160,169
Balances with other banks	767,747	629,407
Overdrawn nostro account	(40,528)	(54,685)
	16,236,482	<u>11,734,891</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

	2016	2015
	---- Numbers ----	
35. STAFF STRENGTH		
Permanent	2,682	2,029
Temporary / on contractual basis	336	148
Group's own staff strength at the end of the year	<u>3,018</u>	<u>2,177</u>
Third party contract	1,491	1,066
	<u>4,509</u>	<u>3,243</u>

36. DEFINED BENEFIT PLAN

36.1 General description

The Bank operates a recognized gratuity fund for all employees who opted for this scheme introduced by the management with effect from January 01, 2007.

The defined benefit is administered by a separate fund that is legally separate from the Bank. The plan is governed by the trust deed dated September 01, 2007. The trustees of the gratuity fund are composed of representatives from employers. The trustees of the gratuity fund are required by the trust deed to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees and employers. The trustees of the gratuity fund are responsible for the investment policy with regard to the assets of the fund.

36.2 The plan in Pakistan typically exposes the Bank to actuarial risks such as: salary risk, discount rate risk, mortality risk and investment risk defined as follow:

- **Salary increase risk:**

This is the risk that the salary at the time of cessation of service is higher than that assumed by us. This is a risk to the Bank because the benefits are based on the final salary; if the final salary is higher than what we have assumed, the benefits will also be higher.

- **Discount rate risk**

The discount rate is based on the yield on government bonds. If the market yield of bonds varies, the discount rate would vary in the same manner and would affect the present value of obligation and fair value of assets.

- **Mortality / withdrawal risk:**

This is the risk that the actual mortality/withdrawal experience is different than that assumed by us.

- **Longevity Risk**

This is the risk that when actual lifetime of retirees is longer than expectation. The risk is measured at plan level over the entire population.

- **Investment risk**

This is the risk that the assets are underperforming and are not sufficient to meet the liabilities.

- **Maturity profile**

The weighted average duration of the defined benefit obligation works out to 8.97 years.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

36.3 Number of employees under the schemes

The number of employees covered under defined benefit scheme is 2,325 (2015: 1,778).

36.4 Principal actuarial assumptions

Principal actuarial assumptions at the end of the reporting period expressed as weighted averages. The actuarial valuations were carried out on December 31, 2016 based on the Projected Unit Credit Method, using the following significant assumptions:

		2016	2015
Valuation discount rate based on high yield corporate bonds	per annum	8.00%	9.00%
Expected return on plan assets	per annum	8.00%	9.00%
Future salary increase rate	per annum	9.00%	9.00%
Effective duration of the discounted future cash flows	years	9.31	8.97
Normal retirement age	years	60	60
Withdrawal rates		Moderate	Moderate
Mortality rates		Adjusted SLIC 2001-05	Adjusted SLIC 2001-05

36.5 Movement in defined benefit obligations, fair value of plan assets and their components

	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability (asset)	
	2016	2015	2016	2015	2016	2015
	----- Rupees in '000 -----					
Balance as at January 01	235,572	154,368	171,567	133,019	64,005	21,349
Included in profit or loss						
Current service cost	58,437	44,657	-	-	58,437	44,657
Negative past service cost	-	(30,465)	-	-	-	(30,465)
Past service cost	-	38,942	-	-	-	38,942
Interest cost / income	21,022	17,256	18,142	16,055	2,880	1,201
Curtailment gains	-	-	-	-	-	-
	79,459	70,390	18,142	16,055	61,317	54,335
Included in other comprehensive income						
Actuarial gains / losses arising from:						
- financial assumptions	31,859	255	(393)	-	32,252	255
- experience adjustments	24,739	12,519	-	3,104	24,739	9,415
	56,598	12,774	(393)	3,104	56,991	9,670
Other movements						
Contribution made during the year	-	-	64,005	21,349	(64,005)	(21,349)
Benefits paid during the year	(3,994)	(1,960)	(3,994)	(1,960)	-	-
	(3,994)	(1,960)	60,011	19,389	(64,005)	(21,349)
Balance as at December 31	367,635	235,572	249,327	171,567	118,308	64,005

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

36.6 The composition of the plan assets at the end of the reporting period for each category, are as follows:

	Note	Fair value of plan assets			
		2016	2015	2016	2015
		Rupees in '000		Percentage	
Cash and cash equivalent		13,298	39,177	5.3%	22.8%
Debt securities	36.6.1	236,029	132,390	94.7%	77.2%
		<u>249,327</u>	<u>171,567</u>	<u>100%</u>	<u>100%</u>

36.6.1 This represents investments held in Pakistan Investment Bonds (PIBs) and T-Bills, the fair values of these securities are determined based on quoted market prices in active markets having a cost of Rs.223.111 million (2015: Rs.122.900 million).

36.7 Maturity profile

36.7.1 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity fund is as follows:

	Up to one year	Over 1-2 years	Over 2-5 years	Over 6-10 years	Over 10 and above years	Total
	----- Rupees in '000 -----					
Balance as at December 31, 2016	15,120	16,880	81,797	188,089	600,842	902,728

36.8 Sensitivity analysis

36.8.1 Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Particulars	Rate	Present value of defined benefit obligation	Fair value of any plan assets	Net defined benefit liability
		----- Rupees in '000 -----		
Current results	-	367,635	249,327	118,308
Discount rate				
1% Increase	9%	335,766	247,207	88,559
1% Decrease	7%	404,232	251,507	152,725
Salary Rate				
1% Increase	10%	405,362	249,327	156,035
1% Decrease	8%	334,226	249,327	84,899
Withdrawal rate				
10% Increase	Moderate + one year	306,204	249,327	56,877
10% Decrease	Moderate - one year	422,550	249,327	173,223
Mortality rate				
One year age set back	Adjusted SLIC 2001-05 - one year	368,118	249,327	118,791
One year age set forward	Adjusted SLIC 2001-05 + one year	367,154	249,327	117,827

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

Furthermore in presenting the above sensitivity analysis, the present value of the define benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in this unconsolidated statement of financial position.

36.9 Experience Adjustments

The remeasurement gains / (losses) arise due to actual experience varying from the actuarial assumptions for the year.

Particulars	2016	2015	2014	2013
	----- Rupees in '000 -----			
Defined benefit obligation	367,635	235,572	154,368	116,676
Fair value of plan assets	(249,327)	(171,567)	(133,019)	(115,387)
Net defined benefit liability	118,308	64,005	21,349	1,289
Remeasurement gain / (loss) on obligation	56,598	12,774	3,493	(740)
Remeasurement gain / (loss) on plan assets	393	(3,104)	3,655	2,408
Other comprehensive income	56,991	9,670	7,148	1,668

36.10 The average duration of the benefit obligation at December 31, 2016 is with in one year.

36.11 The Group contributes to the gratuity fund as per actuarial's expected charge for the next financial year. Based on actuarial advice and management estimates, the charge in respect of defined benefit obligation for the next one year works out to be 4.7% of annual basic salaries of amounting to Rs.161.693 million. The amount of remeasurements to be recognised in other comprehensive income for year ending December 31, 2016 will be worked out as at the next valuation.

37. DEFINED CONTRIBUTION PLAN

The Group operates a contributory provident fund scheme for all permanent employees. The employer and employee both make a contribution of equal amount to the fund as follows:

	Contribution basic salary	Number of employees		Contribution made during the year	
		2016	2015	2016	2015
	Percentages	----- Numbers -----		----- Rupees in '000 -----	
- JS Bank Limited (Holding Company, the Bank)	7.10%	1,870	1,477	101,438	77,365
- JS Global Capital Limited (Subsidiary, the Company)	10%	193	165	9,811	7,008
- JS Investments Limited (Subsidiary, the Company)	8%	83	86	5,433	4,160

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

38. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year in respect of the remuneration and benefits to the President / Chief Executive, Directors and Executives are as follows:

	President & CEO		Directors		Executives	
	2016	2015	2016	2015	2016	2015
Note	----- Rupees in '000 -----					
Managerial remuneration	38,860	27,322	-	-	1,442,209	835,881
Defined contribution plan	-	1,380	-	-	90,450	53,344
Charge for defined benefit plan	1,645	-	-	-	80,145	47,545
Rent and house maintenance	2,301	7,546	-	-	3,866	165,012
Utilities	505	1,962	-	-	1,939	38,204
Medical	2,527	1,529	-	-	134,481	51,163
Conveyance and vehicle maintenance	-	-	-	-	89,304	82,404
Performance bonus	20,750	1,500	-	-	280,450	6,266
Non-executive directors' fee, allowances and other expenses	38.1	-	16,101	8,631	-	-
	66,588	41,239	16,101	8,631	2,122,844	1,279,819
Number of persons	38.2	3	21	19	1118	692

38.1 This represents meeting fees, allowances and other expenses paid to independent or non-executive directors for attending the meetings of the Board of Directors, Audit Committees and other Board Committees held during the year.

38.2 The Presidents, Director and certain executives are also provided with other facilities, including free use of the Group and / or Company maintained cars.

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 7.12 to these financial statements.

The repricing profile, effective rates and maturity are stated in note 43.3.4 to these financial statements.

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.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

Fair value hierarchy

IFRS 13 requires the Bank to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Unobservable inputs for the asset or liability.

39.1 The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	As at December 31, 2016			Total
	Level 1	Level 2	Level 3	
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets classified as 'held-for-trading securities'				
Government Securities				
Market treasury bills	-	65,758,485	-	65,758,485
Ordinary shares of listed companies	746,234	-	-	746,234
Term Finance Certificates and Sukuks				
Sukuk certificates - listed	12,078	-	-	12,078
Term finance certificates - listed	21,013	-	-	21,013
Open end mutual funds	-	300,008	-	300,008
	779,325	66,058,493	-	66,837,818
Financial assets classified as 'available-for-sale securities'				
Government Securities				
Market treasury bills	-	4,884,060	-	4,884,060
Pakistan investment bonds	-	49,834,951	-	49,834,951
Ijara sukuk	-	-	-	-
	-	54,719,011	-	54,719,011
Ordinary Shares				
Ordinary shares of listed companies	4,291,093	-	-	4,291,093
Ordinary shares of unlisted company	-	-	185,090	185,090
	4,291,093	-	185,090	4,476,183
Term Finance Certificates and Sukuks				
Term finance certificates - listed	-	-	-	-
Term finance certificates - unlisted	-	696,987	-	696,987
Sukuk certificates - unlisted	-	360,000	-	360,000
	-	1,056,987	-	1,056,987
Open end mutual funds	-	2,233,963	-	2,233,963
Foreign currency bonds (US \$)	-	5,714,939	-	5,714,939
	5,070,418	129,783,393	185,090	135,038,901
Off balance sheet financial instruments				
Forward exchange contracts				
Purchase	-	9,816,883	-	9,816,883
Sale	-	9,977,367	-	9,977,367
	-	1,758,882	-	1,758,882
Cross currency swaps (notional principal)				
Forward government and equity securities				
Purchase	-	3,988,403	-	3,988,403
Sale	-	4,983,674	-	4,983,674

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

	As at December 31, 2015			Total
	Level 1	Level 2	Level 3	
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets classified as 'held-for-trading securities'				
Government Securities				
Market treasury bills	-	18,782,767	-	18,782,767
Pakistan investment bonds	-	3,755,124	-	3,755,124
Ordinary shares of listed companies	697,015	-	-	697,015
Open end mutual funds	-	272,030	-	272,030
Term finance certificates - listed	43,403	-	-	43,403
	<u>740,418</u>	<u>22,809,921</u>	<u>-</u>	<u>23,550,339</u>
Financial assets classified as 'available-for-sale securities'				
Government Securities				
Market treasury bills	-	5,705,149	-	5,705,149
Pakistan investment bonds	-	78,948,950	-	78,948,950
	-	<u>84,654,099</u>	-	<u>84,654,099</u>
Ordinary shares				
Ordinary shares of listed companies	3,475,010	-	-	3,475,010
Ordinary shares of unlisted company	-	-	26,273	26,273
	<u>3,475,010</u>	<u>-</u>	<u>26,273</u>	<u>3,501,283</u>
Term Finance Certificates and Sukuks				
Term finance certificates - listed	84,035	-	-	84,035
Term finance certificates - unlisted	-	1,544,462	-	1,544,462
Sukuk certificates - unlisted	-	380,000	-	380,000
	<u>84,035</u>	<u>1,924,462</u>	<u>-</u>	<u>2,008,497</u>
Open end mutual funds	-	1,920,886	-	1,920,886
Foreign currency bonds (US \$)	-	1,249,880	-	1,249,880
	<u>4,299,463</u>	<u>112,559,248</u>	<u>26,273</u>	<u>116,884,984</u>
Off balance sheet financial instruments				
Forward exchange contracts				
Purchase	-	9,010,743	-	9,010,743
Sale	-	5,232,871	-	5,232,871
	<u>-</u>	<u>2,638,243</u>	<u>-</u>	<u>2,638,243</u>
Cross currency swaps (notional principal)				
	<u>-</u>	<u>2,638,243</u>	<u>-</u>	<u>2,638,243</u>
Forward government and equity securities				
Purchase	-	-	-	-
Sale	706,278	267,228	-	973,506

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

40. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	2016								Total
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Brokerage	Asset management	Others	
	Rupees in '000								
Total income - external	227,441	12,093,862	3,280,867	4,137,521	162,775	672,203	417,975	39,818	21,032,462
Inter-segment revenues - net	-	(5,688,503)	5,267,564	420,939	-	-	-	-	-
Total income	227,441	6,405,359	8,548,431	4,558,460	162,775	672,203	417,975	39,818	21,032,462
Total expenses	(27,004)	(1,918,504)	(8,931,035)	(4,262,553)	(81,974)	(504,124)	(272,195)	(899,370)	(16,896,759)
Provisions for the year	-	(415,027)	(104,085)	167,689	-	-	75,123	(5,281)	(281,581)
Current Taxation	-	-	-	-	-	-	-	(1,146,823)	(1,146,823)
Prior year charge	-	-	-	-	-	-	-	(88,993)	(88,993)
Deferred tax	-	-	-	-	-	-	-	(159,672)	(159,672)
Net income / (loss)	200,437	4,071,828	(486,689)	463,596	80,801	168,079	220,903	(2,260,321)	2,458,634
Attributable to:									
Equity holders of the Group									2,328,959
Non-controlling interest									129,675
									2,458,634
Segment assets (gross)	-	155,177,226	37,737,239	63,853,911	-	3,979,810	2,992,441	9,594,516	273,335,143
Segment non performing assets	-	1,125,952	315,703	3,012,239	-	745,784	144,746	10,861	5,355,285
Segment total provisions	-	(948,820)	(181,830)	(2,477,511)	-	(745,784)	(144,746)	(10,861)	(4,509,552)
Segment liabilities	-	1,946,252	156,713,850	79,664,600	2,544,028	1,790,842	265,135	6,138,490	249,063,197
Segment return on net assets (ROA) (%)		7.91%	8.22%	7.72%					
Segment cost of funds (%)		5.90%	4.02%	5.48%					

	2015								Total
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Brokerage	Asset Management	Others	
	Rupees in '000								
Total income - external	140,319	11,456,435	3,259,262	3,557,427	169,139	802,767	341,629	35,025	19,762,003
Inter-segment revenues - net	-	(4,014,317)	3,776,315	238,002	-	-	-	-	-
Total income	140,319	7,442,118	7,035,577	3,795,429	169,139	802,767	341,629	35,025	19,762,003
Total expenses	(18,678)	(3,375,138)	(7,149,744)	(3,487,578)	(69,529)	(487,559)	(228,210)	(459,108)	(15,275,544)
Provisions for the year	-	(143,037)	(19,589)	(653,615)	-	(363)	98,088	-	(718,516)
Current Taxation	-	-	-	-	-	-	-	(601,716)	(601,716)
Prior year charge	-	-	-	-	-	-	-	8,982	8,982
Deferred tax	-	-	-	-	-	-	-	(709,884)	(709,884)
Net income / (loss)	121,641	3,923,943	(133,756)	(345,764)	99,610	314,845	211,507	(1,726,701)	2,465,325
Attributable to:									
Equity holders of the Bank									2,252,256
Non-controlling interest									213,068
									2,465,324
Segment assets (gross)	-	127,893,217	36,295,844	45,131,782	-	2,828,092	2,563,482	10,322,818	225,035,235
Segment non performing loans	-	533,793	108,493	2,874,332	-	740,883	219,869	10,861	4,488,231
Segment total provisions	-	(533,793)	(74,626)	(2,648,555)	-	(740,883)	(219,869)	(10,861)	(4,228,587)
Segment liabilities	-	49,392,266	96,164,828	49,436,399	1,609,425	658,411	231,015	4,306,158	201,798,502
Segment return on net assets (ROA) (%)		9.77%	9.28%	9.21%					
Segment cost of funds (%)		7.35%	4.58%	6.92%					

41. RELATED PARTY TRANSACTIONS

The Group has related party relationship with its associates, parent, subsidiaries, companies having common directors, companies in which parent holds more than 20% shares, employee benefit plans, and its key management personnel (including their associates). The details of investments in subsidiaries and associates are stated in note 10.2.11 to these unconsolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

Contributions to the accounts in respect of staff retirement benefits are made in accordance with terms of the contribution plans. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are carried out as per agreed terms.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

December 31, 2016					
Opening balance	Disbursements / deposits	Repayments / withdrawals	Closing balance	Mark-up earned / expense	
----- Rupees in '000 -----					
Advances					
Key management personnel	397,435	292,193	(209,768)	479,860	19,250
Companies having common directorship	395,763	18,640,900	(19,030,990)	5,673	92,052
Parent company holds 20% or more	-	1,155,846	(718,282)	437,564	25,566
Other related parties	2,047,846	4,576,609	(5,321,050)	1,303,405	151,306
Total	<u>2,841,044</u>	<u>24,665,548</u>	<u>(25,280,090)</u>	<u>2,226,502</u>	<u>288,174</u>
Borrowings					
Companies in which parent company holds 20% or more	-	700,000	(700,000)	-	115
Borrowings					
Companies in which parent company holds 20% or more	-	47,800,000	(47,800,000)	-	43,384
Deposits					
Parent	2,016,612	11,429,643	(12,679,012)	767,243	100,823
Key management personnel	76,534	1,213,860	(1,233,811)	56,583	2,654
Companies having common directorship	1,097,580	27,432,054	(27,573,379)	956,255	64,321
Companies in which parent company holds 20% or more	2,510,501	59,785,999	(58,678,943)	3,617,557	194,164
Other related parties	2,308,568	33,645,004	(32,515,106)	3,438,466	125,815
Total	<u>8,009,795</u>	<u>133,506,560</u>	<u>(132,680,251)</u>	<u>8,836,104</u>	<u>487,777</u>
December 31, 2015					
Opening balance	Disbursements / Deposits	Repayments / withdrawals	Closing balance	Mark-up earned / expense	
----- Rupees in '000 -----					
Advances					
Key management personnel	253,800	217,429	(73,794)	397,435	14,246
Companies having common directorship	362,267	1,157,367	(1,123,871)	395,763	26,075
Other related parties	1,438,716	5,746,165	(5,137,035)	2,047,846	199,600
Total	<u>2,054,783</u>	<u>7,120,961</u>	<u>(6,334,700)</u>	<u>2,841,044</u>	<u>239,921</u>
Borrowings					
Companies in which parent company holds 20% or more	-	67,800,000	(64,300,000)	3,500,000	125,142
Deposits					
Parent	152,442	29,822,405	(27,958,235)	2,016,612	130,037
Key management personnel	43,061	863,036	(829,563)	76,534	2,005
Companies having common directorship	49,987	7,751,811	(6,704,218)	1,097,580	20,092
Companies in which parent company holds 20% or more	2,085,915	14,096,399	(13,671,813)	2,510,501	93,176
Other related parties	3,122,210	46,764,484	(47,578,126)	2,308,568	190,122
Total	<u>5,453,615</u>	<u>99,298,135</u>	<u>(96,741,955)</u>	<u>8,009,795</u>	<u>435,432</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

The related party status of outstanding receivables and payables as at December 31, 2016 is included in respective notes to the financial statements. Material transactions with related parties are given below:

	Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
----- Rupees in '000 -----								
Nature of transactions								
Purchase of Term Finance Certificates	-	-	83,200	-	-	-	83,200	-
Sale of Government Securities	1,721,049	21,457	26,513,047	36,193,117	1,906,936	1,199,816	30,141,032	37,414,390
Purchase of Government Securities	-	-	1,125,937	11,924,561	523,545	699,072	1,649,482	12,623,633
Sale of Sukuk / Ijara	-	-	295,977	15,260	-	-	295,977	15,260
Sale of shares / Units	-	-	-	-	989,572	1,594,427	989,572	1,594,427
Purchase of shares / Units	-	-	-	-	771,731	1,230,261	771,731	1,230,261
exchange contracts	-	-	6,109,906	7,112,125	-	-	6,109,906	7,112,125
Sale of forward foreign	-	-	-	-	-	-	-	-
exchange contracts	-	-	10,613,895	9,715,600	-	-	10,613,895	9,715,600
Letter of credits	42,688	21,937	-	1,049	95,890	33,090	138,578	56,076
Letter of guarantees	-	-	-	7,748	-	99,875	-	107,623
Reimbursement of expenses	1,072	-	-	-	18,117	12,315	19,189	12,315
Payment to staff benefit plan	-	-	-	-	64,005	21,349	64,005	21,349
Payment to staff contribution plan	-	-	-	-	116,682	88,539	116,682	88,539
Remuneration of key	-	-	-	-	-	-	-	-
management personnel	-	-	-	-	484,949	372,062	484,949	372,062
Director fees and allowances	-	-	-	-	15,200	7,350	15,200	7,350
Insurance claim received	-	-	-	-	-	8,592	-	8,592
Rent received / receivables	2,072	-	-	-	12,883	16,217	14,955	16,217
Expenses incurred on behalf	1,449	186	-	-	20,186	11,738	21,635	11,924
Services rendered	-	-	10,621	-	-	228	10,621	228
Payment of insurance premium	-	30,328	107,466	19,461	46,316	59,727	153,782	109,516
Commission income	72	44	86,791	93,976	17,445	23,558	104,308	117,578
Dividend income	-	-	35,850	1,964	48,688	64,062	84,538	66,026
Advisory fee	-	-	-	-	36,000	18,000	36,000	18,000
Royalty	-	-	-	-	10,000	10,000	10,000	10,000
Sale proceeds of	-	-	-	-	-	-	-	-
operating fixed assets	-	-	-	-	-	2,285	-	2,285
Preference dividend paid	-	-	-	-	1,479	-	1,479	-
Remunerative income	-	-	-	-	155,353	159,722	155,353	159,722
Services received	-	-	-	-	586	-	586	-
Payment against	-	-	-	-	-	-	-	-
buy back of shares	-	-	-	-	-	1,313	-	1,313

Parent company	
2016	2015
---- Rupees in '000 ----	

Nature of transactions

Issuance of Preference Shares	-	-
Sale of Government Securities	-	5,597,020
Purchase of Government Securities	25,080	3,623,500
Sale of term finance certificate	-	2,500
Mark-up / commission income	-	11,664
Rent expense paid / accrued	44,002	925
Expenses incurred on behalf	74	61
Reimbursement of expenses	24,267	58,912
Preference dividend paid	174,450	-

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

42. CAPITAL ASSESSMENT AND ADEQUACY

42.1 Scope of Application

SBP Capital Adequacy Frameworks (Basel II and III) are applicable to JS Bank Limited on Standalone basis as well as on Consolidated basis by consolidating its partly owned subsidiaries - JS Global Capital Limited and JS Investments Limited. Standardised Approach is used for calculating the Capital Adequacy for Credit and Market risk, whereas, Basic Indicator Approach (BIA) is used for Operational Risk Capital Adequacy purposes.

42.2 Capital Structure - Basel III

Bank's regulatory capital is analysed into two tiers:

Tier I capital (going concern capital) which comprises of:

- a. Common equity Tier I which includes fully issued, subscribed and paid up capital, balance in share premium account, reserve for bonus issue, general reserves as per the financial statements and net un-appropriated profits etc. after deductions of investments in equity of subsidiary companies engaged in banking and financial activities, goodwill & other intangible assets and deficit on revaluation of available for sale investments due to insufficiency of Additional Tier I and Tier II to cover deductions.
- b. Additional Tier I which includes Instruments issued in the form of perpetual non-cumulative preference shares by the banks, share premium resulting from the issuance of the instruments after deduction of goodwill & other intangible assets, deficit on revaluation of available for sale investments and deferred tax assets.

Tier II capital (going concern or supplementary capital), which includes general provision for loan losses (up to maximum of 1.25% of risk weighted assets), reserve on the revaluation of fixed assets, equity investments and foreign exchange translation reserve and subordinated debt.

42.3 Capital Adequacy

Capital Management

The primary objective of the Bank's capital management is to ensure that the Bank complies with all regulatory capital requirements and at the same time maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

Statutory Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR)

The State Bank of Pakistan (SBP) through its BSD Circular no. 7 dated April 15, 2009 require Banks / Development Finance Institutions (DFIs) to raise and maintain their paid up capital (net of losses) equivalent to Rs.10 billion. The paid-up capital (free of losses) of the Bank as at December 31, 2016 stood at Rs.10.119 billion including un-listed, convertible, irredeemable, perpetual, non-cumulative, non-voting preference shares of Rs.1.5 billion. In addition banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.65% of their risk weighted exposure. The Bank's CAR as at December 31, 2016 was approximately 15.65% of its risk weighted assets.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

Basel III transition

The Basel III instructions issued by SBP has been adopted by the banks as per the phase-in arrangements prescribed by SBP, starting from December 31, 2013, with full implementation of capital ratios by the year-end 2019. During the transition period banks shall maintain the required capital ratios in following manner:

Phase-in Arrangement and Full implementation of the minimum capital requirements

Sr.	Ratio	Year End						As of December 31
		2013	2014	2015	2016	2017	2018	2019
1	CET1	5.0%	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%
2	ADT-1	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
3	Tier 1	6.5%	7.0%	7.5%	7.5%	7.5%	7.5%	7.5%
4	Total Capital	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
5	CCB (Consisting of CET 1 only)	-	-	0.25%	0.65%	1.275%	1.900%	2.5%
6	Total Capital plus CCB	10.0%	10.0%	10.25%	10.65%	11.275%	11.90%	12.5%

The Phase in arrangement for regulatory capital adjustment required under Basel III Instructions has started from December 31, 2014 at 20% per annum with full deduction from CET 1 to take effect from December 2018. During the transition period, the part which is not deducted from CET1/ Additional Tier 1 / Tier 2 will attract existing treatment. The regulatory Capital Deductions are mostly applied at the level of common equity tier-1. In this regard, following is the transitional arrangement as prescribed by SBP:

Phase-in of all deductions from CET1 (in percentage terms)	Year End						As of December 31
	2012	2013	2014	2015	2016	2017	2018
	-	-	20%	40%	60%	80%	100%

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

42.4 Capital Adequacy Ratio (CAR) disclosure:

CAPITAL ADEQUACY RETURN AS OF DECEMBER 31, 2016

	2016	2015
	---- Rupees in '000 ----	
	Amount	Amount
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital/ Capital deposited with SBP	10,724,643	10,724,643
2 Balance in Share Premium Account	-	-
3 Reserve for issue of Bonus Shares	-	-
4 Discount on Issue of shares	(2,105,401)	(2,105,401)
5 General/ Statutory Reserves	1,334,138	918,815
6 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7 Unappropriated/unremitted profits/ (losses)	4,858,596	3,066,149
8 Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	1,061,785	1,381,386
9 CET 1 before Regulatory Adjustments	15,873,761	13,985,592
10 Total regulatory adjustments applied to CET1 (note 42.4.1)	1,674,651	2,125,487
11 Common Equity Tier 1	14,199,110	11,860,105
Additional Tier 1 (AT 1) Capital		
12 Qualifying Additional Tier-1 capital instruments plus any related share premium	1,500,000	1,500,000
13 of which: Classified as equity		
14 of which: Classified as liabilities		-
15 Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	43,363	19,030
16 of which: instrument issued by subsidiaries subject to phase out		
17 AT1 before regulatory adjustments	1,543,363	1,519,030
18 Total regulatory adjustment applied to AT1 capital (note 42.4.2)	609,328	450,603
19 Additional Tier 1 capital after regulatory adjustments	934,035	1,068,427
20 Additional Tier 1 capital recognized for capital adequacy	934,035	1,068,427
21 Tier 1 Capital (CET1 + admissible AT1) (11+20)	15,133,145	12,928,532
Tier 2 Capital		
22 Qualifying Tier 2 capital instruments under Basel III plus any related share premium	3,000,000	-
23 Tier 2 capital instruments subject to phase-out arrangement issued under pre-Basel 3 rules		
24 Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	167,692	142,380
25 of which: instruments issued by subsidiaries subject to phase out		
26 General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	40,988	17,252
27 Revaluation Reserves (net of taxes)		
28 of which: Revaluation reserves on fixed assets		
29 of which: Unrealized gains/losses on AFS	1,508,644	1,977,621
30 Foreign Exchange Translation Reserves		
31 Undisclosed/Other Reserves (if any)		
32 T2 before regulatory adjustments	4,717,324	2,137,253
33 Total regulatory adjustment applied to T2 capital (note 42.4.3)	14,168	203,817
34 Tier 2 capital (T2) after regulatory adjustments	4,703,156	1,933,436
35 Tier 2 capital recognized for capital adequacy	4,703,156	1,933,436
36 Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37 Total Tier 2 capital admissible for capital adequacy	4,703,156	1,933,436
38 TOTAL CAPITAL (T1 + admissible T2) (21+37)	19,836,301	14,861,968
39 Total Risk Weighted Assets (RWA) {for details refer note 42.7}	126,773,711	97,562,933
Capital Ratios and buffers (in percentage of risk weighted assets)		
40 CET1 to total RWA	11.20%	12.16%
41 Tier-1 capital to total RWA	11.94%	13.25%
42 Total capital to total RWA	15.65%	15.23%
43 Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	6.25%	6.25%
44 of which: capital conservation buffer requirement	0.25%	0.25%
45 of which: countercyclical buffer requirement	0.00%	0.00%
46 of which: D-SIB or G-SIB buffer requirement	0.00%	0.00%
47 CET1 available to meet buffers (as a percentage of risk weighted assets)	11.20%	12.16%
National minimum capital requirements prescribed by SBP		
48 CET1 minimum ratio	6.00%	6.00%
49 Tier 1 minimum ratio	7.50%	7.50%
50 Total capital minimum ratio	10.00%	10.00%

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

		2016		2015
		---- Rupees in '000 ----		
Regulatory Adjustments and Additional Information		Amount	Amounts subject to Pre- Basel III treatment*	Amount
42.4.1	Common Equity Tier 1 capital: Regulatory adjustments			
1	Goodwill (net of related deferred tax liability)	951,356		1,279,180
2	All other intangibles (net of any associated deferred tax liability)	402,300		377,169
3	Shortfall in provisions against classified assets	-		
4	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	3,813
5	Defined-benefit pension fund net assets	-	-	
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	-	-	
7	Cash flow hedge reserve	-	-	
8	Investment in own shares / CET1 instruments	-	-	
9	Securitization gain on sale	-	-	
10	Capital shortfall of regulated subsidiaries	-	-	
11	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	-	
12	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	320,996	534,992	465,325
13	Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	
14	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	
15	Amount exceeding 15% threshold	-	-	
16	of which: significant investments in the common stocks of financial entities	-	-	
17	of which: deferred tax assets arising from temporary differences	-	-	
18	National specific regulatory adjustments applied to CET1 capital	-	-	
19	Investments in TFCs of other banks exceeding the prescribed limit	-	-	
20	Any other deduction specified by SBP (mention details)	-	-	
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-	
22	Total regulatory adjustments applied to CET1 (sum of 1 to 21)	1,674,651		2,125,487
42.4.2	Additional Tier-1 & Tier-1 Capital: regulatory adjustments			
23	Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	609,328		450,603
24	Investment in own AT1 capital instruments	-		
25	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-		
26	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	
27	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	
28	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-	
29	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	
30	Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	609,328		450,603
42.4.3	Tier 2 Capital: regulatory adjustments			
31	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-	
32	Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-		
33	Investment in own Tier 2 capital instrument	-		
34	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	14,168	23,613	203,817
35	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	
36	Total regulatory adjustment applied to T2 capital (sum of 31 to 35)	14,168		203,817

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

		2016	2015
		---- Rupees in '000 ----	
42.4.4 Additional Information	Amount	Amounts subject to Pre- Basel III treatment*	Amount
	Risk Weighted Assets subject to pre-Basel III treatment		
37	Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)		
(i)	of which: deferred tax assets	-	5,719
(ii)	of which: Defined-benefit pension fund net assets	-	
(iii)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	213,997	697,987
(iv)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
	Amounts below the thresholds for deduction (before risk weighting)		
38	Non-significant investments in the capital of other financial entities	-	-
39	Significant investments in the common stock of financial entities	-	-
40	Deferred tax assets arising from temporary differences (net of related tax liability)	-	
	Applicable caps on the inclusion of provisions in Tier 2		
41	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	40,988	17,252
42	Cap on inclusion of provisions in Tier 2 under standardized approach	1,296,719	969,653
43	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	
44	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

42.5 Capital Structure Reconciliation

Step : 1

Assets

Cash and balances with treasury banks
Balanced with other banks
Lending to financial institutions
Investments
Advances
Operating fixed assets
Deferred tax assets
Other assets
Total assets

Liabilities and equity

Bills payable
Borrowings
Deposits and other accounts
Sub-ordinated loans
Liabilities against assets subject to finance lease
Deferred tax liabilities
Other liabilities
Total liabilities

Share capital / Head office capital account

Reserves
Unappropriated / Unremitted profit/ (losses)
Minority Interest
Surplus on revaluation of assets
Total Equity
Total liabilities and equity

December 31, 2016

As Per Balance Sheet	Under regulatory scope of consolidation
---- Rupees in '000 ----	
15,509,263	15,509,263
767,747	767,747
11,334,414	11,334,414
135,038,901	135,038,901
93,812,506	93,812,506
6,021,563	6,021,563
-	-
6,341,197	6,341,197
268,825,591	268,825,591
2,544,028	2,544,028
10,320,047	10,320,047
225,004,655	225,004,655
3,000,000	3,000,000
-	-
1,082,885	1,082,885
7,111,582	7,111,582
249,063,197	249,063,197
10,119,242	10,119,242
1,334,138	1,334,138
4,858,596	4,858,596
1,434,391	1,434,391
2,016,027	2,016,027
19,762,394	19,762,394
268,825,591	268,825,591

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

Step : 2

Assets

Cash and balances with treasury banks
Balances with other banks
Lending to financial institutions

Investments

of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold
of which: significant capital investments in financial sector entities exceeding regulatory threshold
of which: Mutual Funds exceeding regulatory threshold
of which: reciprocal cross holding of capital instrument
of which: Investment in TFCs of other banks exceeding the prescribed limit

Advances

shortfall in provisions/ excess of total EL amount over eligible provisions under IRB
general provisions reflected in Tier 2 capital

Fixed Assets

Deferred Tax Assets
of which: DTAs excluding those arising from temporary differences
of which: DTAs arising from temporary differences exceeding regulatory threshold

Other assets

of which: Goodwill
of which: Intangibles
of which: Defined-benefit pension fund net assets

Total assets

December 31, 2016	
As Per Balance Sheet	Under regulatory scope of consolidation
---- Rupees in '000 ----	
15,509,263	15,509,263
767,747	767,747
11,334,414	11,334,414
135,038,901	135,038,901
335,163	335,163
-	-
609,328	609,328
-	-
-	-
93,812,506	93,812,506
-	-
40,988	40,988
6,021,563	6,021,563
-	-
-	-
-	-
6,341,197	6,341,197
951,356	951,356
402,300	402,300
-	-
268,825,591	268,825,591

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

	December 31, 2016	
	As Per Balance Sheet	Under regulatory scope of consolidation
	---- Rupees in '000 ----	
Liabilities and equity		
Bills payable	2,544,028	2,544,028
Borrowings	10,320,047	10,320,047
Deposits and other accounts	225,004,655	225,004,655
Sub-ordinated loans	3,000,000	3,000,000
of which: eligible for inclusion in AT1	-	-
of which: eligible for inclusion in Tier 2	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	1,082,885	1,082,885
of which: DTLs related to goodwill	(512,268)	(512,268)
of which: DTLs related to intangible assets	-	-
of which: DTLs related to defined pension fund net assets	-	-
of which: other deferred tax liabilities	(570,617)	(570,617)
Other liabilities	7,111,582	7,111,582
Total liabilities	249,063,197	249,063,197
Share capital		
of which: amount eligible for CET1	10,119,242	10,119,242
of which: amount eligible for AT1	8,619,242	8,619,242
Reserves	1,500,000	1,500,000
of which: portion eligible for inclusion in CET1 (provide breakup)	1,334,138	1,334,138
of which: portion eligible for inclusion in Tier 2	1,334,138	1,334,138
Unappropriated profit/ (losses)	-	-
Minority Interest	4,858,596	4,858,596
of which: portion eligible for inclusion in CET1	1,434,391	1,434,391
of which: portion eligible for inclusion in AT1	-	-
of which: portion eligible for inclusion in Tier 2	-	-
Surplus on revaluation of assets	2,016,027	2,016,027
of which: Revaluation reserves on Property	-	-
of which: Unrealized Gains/Losses on AFS	-	-
In case of Deficit on revaluation (deduction from CET1)	-	-
Total liabilities and equity	268,825,591	268,825,591

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

Component of regulatory capital reported by bank
---- Rupees in '000 ----

Common Equity Tier 1 capital (CET1): Instruments and reserves

Fully Paid-up Capital/ Capital deposited with SBP	10,724,643
Balance in Share Premium Account	-
Reserve for issue of Bonus Shares	-
Discount on issue of Shares (enter negative number)	(2,105,401)
General/ Statutory Reserves	1,334,138
Gain/(Losses) on derivatives held as Cash Flow Hedge	-
Unappropriated/unremitted profits/(losses)	4,858,596
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	1,061,785
CET 1 before Regulatory Adjustments	15,873,761
Common Equity Tier 1 capital: Regulatory adjustments	
Goodwill (net of related deferred tax liability)	951,356
All other intangibles (net of any associated deferred tax liability)	402,300
Shortfall of provisions against classified assets	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-
Defined-benefit pension fund net assets	-
Reciprocal cross holdings in CET1 capital instruments	-
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 property/ AFS	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	320,995
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)	-
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
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 (mention details)	-
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-
Total regulatory adjustments applied to CET1 (sum of 9 to 25)	1,674,651
Common Equity Tier 1	14,199,110

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

Component of regulatory capital reported by bank
---- Rupees in '000 ----

Additional Tier 1 (AT 1) Capital

Qualifying Additional Tier-1 instruments plus any related share premium	1,500,000
of which: Classified as equity	1,500,000
of which: Classified as liabilities	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	43,363
of which: instrument issued by subsidiaries subject to phase out	-
AT1 before regulatory adjustments	1,543,363

Additional Tier 1 Capital: regulatory adjustments

Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	609,328
Investment in own AT1 capital instruments	-
Reciprocal cross holdings in Additional Tier 1 capital instruments	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-
Total of Regulatory Adjustment applied to AT1 capital	609,328
Additional Tier 1 capital	934,035
Additional Tier 1 capital recognized for capital adequacy	934,035

Tier 1 Capital (CET1 + admissible AT1)

15,133,145

Tier 2 Capital

Qualifying Tier 2 capital instruments under Basel III	3,000,000
Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	167,692
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	40,988
Revaluation Reserves eligible for Tier 2	1,572,501
of which: portion pertaining to Property	63,857
of which: portion pertaining to AFS securities	1,508,644
Foreign Exchange Translation Reserves	-
Undisclosed/Other Reserves (if any)	-
T2 before regulatory adjustments	4,781,181

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

Component of regulatory capital reported by bank
---- Rupees in '000 ----

Tier 2 Capital: regulatory adjustments

Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-
Reciprocal cross holdings in Tier 2 instruments	-
Investment in own Tier 2 capital instrument	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	14,168
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-
Amount of Regulatory Adjustment applied to T2 capital	14,168
Tier 2 capital (T2)	14,168
Tier 2 capital recognized for capital adequacy	4,703,156
Excess Additional Tier 1 capital recognized in Tier 2 capital	-
Total Tier 2 capital admissible for capital adequacy	4,703,156
TOTAL CAPITAL (T1 + admissible T2)	19,836,301

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

42.6 Main Features of Regulatory Capital Instruments

Main Features		Common Shares	Preference Shares	Sub-debt
1	Issuer	JS Bank	JS Bank	JS Bank
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	JSB	JSB	JSB
3	Governing law(s) of the instrument	SECP	SECP	SECP
Regulatory treatment				
4	Transitional Basel III rules	Common Equity Tier-1	Additional Tier-1	Tier-2
5	Post-transitional Basel III rules	Common Equity Tier-1	Additional Tier-1	Tier-2
6	Eligible at solo / group / group & solo	Solo and Group	Solo and Group	Solo and Group
7	Instrument type	Ordinary Shares	Preference Shares	Subordinated Debt
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	8,619,242	1,500,000	3,000,000
9	Par value of instrument	10	10	5000
10	Accounting classification	Shareholders Equity	Shareholders Equity	Liability
11	Original date of issuance	2006	2014	14-Dec-16
12	Perpetual or dated	No Maturity	NA	Dated
13	Original maturity date	NA	NA	14-Dec-23
14	Issuer call subject to prior supervisory approval	No	No	Yes
15	Optional call date, contingent call dates and redemption amount	NA	NA	On or after 10th redemption, on any profit date, partially or fully
16	Subsequent call dates, if applicable	NA	NA	NA
Coupons / dividends				
17	Fixed or floating dividend/ coupon	NA	Fixed	Floating
18	Coupon rate and any related index/ benchmark	NA	NA	Floating at 6 Months KIBOR*(Base Rate) plus 140 basis points per annum without any floor or CAP
19	Existence of a dividend stopper	NA	NA	NA
20	Fully discretionary, partially discretionary or mandatory	NA	NA	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA	NA
22	Noncumulative or cumulative	NA	Non-Cumulative	Non-Cumulative
23	Convertible or non-convertible	NA	Convertible	Convertible
24	If convertible, conversion trigger (s)	NA	NA	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of; 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable. 2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP.
25	If convertible, fully or partially	NA	Fully	May convert fully or partially
26	If convertible, conversion rate	NA	1:1.5	To be determined in the case of trigger event
27	If convertible, mandatory or optional conversion	NA	Mandatory	Optional
28	If convertible, specify instrument type convertible into	NA	Ordinary Shares	Ordinary Shares
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA
30	Write-down feature	NA	NA	Yes

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

	Main Features	Common Shares	Preference Shares	Sub-debt
31	If write-down, write-down trigger(s)	NA	NA	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of; 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable. 2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP.
32	If write-down, full or partial	NA	NA	Either partially or fully
33	If write-down, permanent or temporary	NA	NA	Permanent
34	If temporary write-down, description of write-up mechanism	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA	NA	Deposits
36	Non-compliant transitioned features	NA	NA	No
37	If yes, specify non-compliant features	NA	NA	NA

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

42.7 Capital Adequacy

	Capital Requirements		Risk Weighted Assets	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Rupees in '000			
Credit Risk				
On balance sheet				
Corporate	5,722,129	4,807,992	57,221,293	48,079,919
Retail	1,029,394	342,996	10,293,935	3,429,960
Banks and DFIs	287,909	200,656	2,879,088	2,006,555
Public sector entity	72,068	59,050	720,680	590,495
Sovereign (include GoP and SBP)	344,147	4,226	3,441,471	42,259
Residential mortgage finance	88,917	39,700	889,167	397,004
Past due loans	88,463	32,054	884,631	320,537
Fixed assets	415,564	289,034	4,155,640	2,890,342
Other assets	317,728	167,353	3,177,281	1,673,527
	8,366,319	5,943,060	83,663,186	59,430,598
Off balance sheet				
Non market related	1,552,561	1,482,157	15,525,614	14,821,565
Market related	11,848	16,452	118,482	164,516
	1,564,410	1,498,608	15,644,096	14,986,081
Equity Exposure Risk in the Banking Book				
Listed	405,383	243,482	4,053,834	2,434,821
Unlisted	37,642	72,077	376,419	720,772
	443,025	315,559	4,430,253	3,155,593
Total Credit Risk	10,373,754	7,757,227	103,737,535	77,572,272
Market Risk				
Interest rate risk	296,718	135,359	2,967,178	1,353,588
Equity position risk etc.	482,079	575,224	4,820,788	5,752,241
Foreign exchange risk	19,356	28,057	193,555	280,569
Total Market Risk	798,152	738,640	7,981,521	7,386,398
Operational Risk				
Capital Requirement for operational risks	1,505,466	1,260,426	15,054,655	12,604,263
TOTAL	12,677,371	9,756,293	126,773,711	97,562,933

Capital Adequacy Ratio

Total eligible common equity tier 1 capital held	(e)	14,199,110	11,860,105
Total eligible tier 1 capital held	(f)	15,133,145	12,928,531
Total eligible regulatory capital held	(e)	19,836,301	14,861,967
Total Risk Weighted Assets	(i)	126,773,711	97,562,933
CET1 to total RWA		6.00%	12.16%
Tier-1 capital to total RWA		7.50%	13.25%
Total capital to total RWA		10.00%	15.23%

42.8 Leverage Ratio

Total eligible tier 1 capital held	15,133,145	12,928,531
Total Exposure	326,528,641	210,701,823
Leverage Ratio	4.63%	6.14%

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

43. RISK MANAGEMENT

Risk Management is a discipline at the core of every financial institution and encompasses all the activities that affect its risk profile. At the Group, it involves identification, measurement, monitoring and controlling risks to ensure that:

- a) The individuals who take or manage risks, clearly understand it;
- b) The Group's Risk exposure is within the limits established by Board of Directors (BoD);
- c) Risk taking decisions are in line with the business strategy and objectives set by BoD;
- d) The expected payoffs compensate for the risks taken;
- e) Risk taking decisions are explicit and clear;
- f) Sufficient capital as a buffer is available to take risk; and
- g) Risk management function is independent of risk taking unit.

Bank has a comprehensive set of Risk Management Policies, practices and procedures which enable the Bank to take into consideration, in an appropriate manner, all major kinds of risks mainly credit, market, liquidity, operational and IT security risks. Keeping in view the dynamics of internal and external environment, we regularly review and update our Risk Management policies and procedures in accordance with regulatory environment and international standards.

Risk Management activities remain at the forefront of all activities of the Bank which places the highest priority on conducting its business in a prudent manner in line with the relevant laws and regulatory requirements.

Risk management framework of Group includes:

- a) Clearly defined risk management policies and procedures covering risk identification, acceptance, measurement, monitoring, reporting and control;
- b) Well constituted organizational structure, defining clearly roles and responsibilities of individuals involved in risk taking as well as managing it. The Group, in addition to risk management functions for various risk categories, has instituted an Integrated Risk Management Committee (IRMC) that supervises overall risk management at the Bank. The IRMC establishes the Bank's overall risk-taking capacity. This involves an effective portfolio management strategy, keeping in view the earnings growth target and capital constraints. The IRMC sets the strategic target and aggregate limits at the Business Group level and concentration limits (by industry, geography, size, tenor) so that one category of assets or dimension of risk cannot materially harm the performance of the Group;
- c) An effective management information system that ensures flow of information from operational level to top management and a system to address any exceptions observed; and
- d) A mechanism to ensure an ongoing review of systems, policies and procedures for risk management and procedures to adopt changes.

While the overall responsibility of risk management rests with the BoD, it is the duty of Senior Management to devise risk management strategy by setting up well defined policies and procedures for mitigating / controlling risks, duly approved by the Board.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

Giving due consideration to the above, the Bank has put in place the following hierarchy of Risk Management:

- Board Risk Management Committee (BRMC);
- Integrated Risk Management Committee (IRMC) which comprises of the President / Chief Executive Officer (CEO), Group Head Operations, Group Head Credit & Risk Management, Business Heads, and Other Functional Heads.
- Asset - Liability Committee which comprises of the President / Chief Executive Officer (CEO), Treasurer, Group Head Risk Management, Other Business Heads.
- Central Credit Committee comprising of the President / CEO, Group Head Credit & Risk Management, Group Head Agri & CAD, Chief Financial Officer and Other Business Group Heads.
- Operational Risk Management Committee which comprises of the Group Head, Credit & Risk Management, Head of Operations, Head of Information Technology and Other Functional Heads.
- Risk Management Group (RMG) which comprises of Risk Managers for Credit, Market and Operational Risks and Treasury Middle Office.

RMG is managed by Group Head Risk Management to supervise the following Divisions:

- a) Credit Risk Management (CRM) covering both Corporate / Commercial and Retail Banking Risks as well as Consumer Risks
- b) Operational Risk Management
- c) Market Risk Management (MRM)
- d) Treasury Middle Office
- e) Financial Institution Risk Management Unit (also responsible for Cross-border Risk Management)
- f) Basel II / III Implementation

The Bank's RMG generates the requisite risk reporting for the different tiers of management. These are also subjected to internal audit review.

Risk matrix / categories

Bank, in common with other banks, generates its revenues by accepting Country, Credit, Liquidity, interest rate risk in the Banking Book, Market, Operational and other risks. Effective management of these risks is the decisive factor in the Bank's profitability.

Risk Appetite

The Bank's risk appetite is reflected in its endeavours to maintain a favourable credit rating and encompasses the following:

- The business strategy

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

- The expectations of stakeholders at different time horizons
- The characteristics of the risk-bearing entities
- The nature and characteristics of the risks undertaken
- The possible spread of risk situations across organizational units, assets-at-risk, and future time horizons.

Risk appetite drives business activity. It combines anticipations in risk and profitability with management preferences to control capital and resource allocation, as well as the distribution of exposure across activities and portfolios.

Bank's hedging strategy is embedded in its risk management practices for addressing material categories of risk.

43.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Credit risk is managed in terms of credit policies, approved by the BoD and regulations issued by the SBP. The Group is exposed to credit risk on loans and advances, fund placements with financial institutions and certain investments.

Credit risk management is an ongoing process. The overall credit policy and the credit risk instructions are issued by the Board of Directors. In this regards, a Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the bank. In order to maintain healthy growth of the credit portfolio, the Bank's Credit Risk Management processes are consistently upgraded and improved to meet future challenges.

The Group's strategy is to minimise credit risk through product, geography, and industry and customer diversification. Credit limits are established for all counter-parties after a careful assessment of their credit worthiness. An effective credit granting procedure, which requires pre-sanction evaluation of credit proposal, adequacy of security and pre-disbursement examination of charge documents has been established and managed by Risk Management Group (RMG) and Credit Administration Department (CAD). The Group maintains a sound portfolio diversified in nature to counter the risk of credit concentration and further limits risk through diversification of its assets by geographical and industrial sector. For managing impaired assets in the portfolio, the Bank follows the Prudential Regulations and Risk Management guidelines issued by SBP and the Remedial Management Policy approved by the Board.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

43.1.1 Segmental Information

Segmental information is presented in respect of the class of business and geographical distribution of advances, deposits, contingencies and commitments.

43.1.1.1 Segment by class of business

	2016					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Agri finance	1,510,356	1.57	112,058	0.05	-	-
Automobile and transportation equipment	1,958,955	2.03	2,365,241	1.05	981,223	1.23
Brokerage	3,937,097	4.08	1,876,867	0.83	258,798	0.32
Cement	844,558	0.88	4,211,769	1.87	245,496	0.31
Chemical	1,229,418	1.27	1,012,913	0.45	1,648,062	2.07
Construction	2,288,680	2.37	5,754,072	2.56	14,745,517	18.51
Electronics and electrical appliances	200,835	0.21	7,361,674	3.27	80,927	0.10
Engineering, IT and other services	1,092,591	1.13	9,413,690	4.18	2,752,056	3.45
Fertilizer	3,276,123	3.40	3,868,031	1.72	2,632,751	3.30
Financial	3,271,199	3.39	28,407,296	12.63	31,810,430	39.93
Food / confectionery / beverages	14,760,439	15.30	8,603,882	3.82	680,708	0.85
Individuals	8,032,695	8.33	70,871,762	31.50	427,849	0.54
Insurance and security	29,804	0.03	5,577,677	2.48	17,028	0.02
Metal and steel	3,441,932	3.57	1,127,398	0.50	2,019,820	2.54
Mining and quarrying	71,326	0.07	2,504,794	1.11	-	-
Paper / board / furniture	737,077	0.76	133,281	0.06	549,427	0.69
Petroleum / oil / and gas	1,970,862	2.04	3,340,190	1.48	331,278	0.42
Pharmaceuticals	3,328,405	3.45	462,395	0.21	710,845	0.89
Plastic	1,684,546	1.75	64,557	0.03	373,088	0.47
Power and water	1,798,162	1.86	577,451	0.26	767,921	0.96
Real estate	1,662,335	1.72	117,573	0.05	97,391	0.12
Rubber	-	-	250,325	0.11	-	-
Shipbreaking	5,142,954	5.33	57,548	0.03	11,965	0.02
Storage	-	-	325,599	0.14	-	-
Sugar	2,981,865	3.09	893,435	0.40	196,992	0.25
Tele communication	1,703,603	1.77	7,482,512	3.33	1,269,223	1.59
Textile						
Composite	1,523,936	1.58	88,837	0.04	387,438	0.49
Ginning	356,199	0.37	3,055	0.00	274,963	0.35
Spinning	5,311,379	5.51	106,642	0.05	1,181,228	1.48
Weaving	5,470,711	5.67	1,010,836	0.45	2,228,999	2.80
	12,662,225	13.13	1,209,370	0.54	4,072,628	5.11
Transportation services	4,235,834	4.39	4,571,854	2.03	39,117	0.05
Trust and non-profit organisations	289,779	0.30	26,118,955	11.61	2,000	-
Tyre	173,285	0.18	101,377	0.05	155,748	0.20
Wholesale and retail trade	4,272,828	4.43	3,403,998	1.51	460,082	0.58
Others	7,882,079	8.17	22,825,111	10.14	12,335,587	15.47
	<u>96,471,847</u>	<u>100</u>	<u>225,004,655</u>	<u>100</u>	<u>79,673,957</u>	<u>100</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

	2015					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Agri finance	1,126,586	1.42	68,846	0.05	1,128	-
Automobile and transportation equipment	1,407,999	1.77	590,933	0.42	271,325	0.57
Brokerage	2,869,930	3.61	1,687,805	1.20	234,106	0.49
Cement	740,302	0.93	357,524	0.25	238,510	0.50
Chemical	1,082,136	1.36	391,794	0.28	722,745	1.51
Construction	1,181,017	1.49	2,756,774	1.96	12,118,829	25.30
Electronics and electrical appliances	169,475	0.21	2,524,573	1.80	147,965	0.31
Engineering, IT and other services	1,492,556	1.88	8,949,555	6.38	861,363	1.80
Fertilizer	2,064,016	2.60	3,391,603	2.42	889,881	1.86
Financial	5,100,786	6.42	9,175,306	6.54	18,759,966	39.17
Food / confectionery / beverages	22,617,341	28.48	5,458,194	3.89	93,681	0.20
Individuals	5,014,281	6.32	52,625,891	37.49	121,166	0.25
Insurance and security	44,689	0.06	2,939,151	2.09	8,424	0.02
Metal and steel	1,405,162	1.77	226,772	0.16	2,412,343	5.04
Mining and quarrying	61,460	0.08	1,670,232	1.19	-	-
Paper / board / furniture	577,514	0.73	247,182	0.18	897,595	1.87
Pharmaceuticals	3,013,803	3.80	343,463	0.24	563,569	1.18
Plastic	1,167,412	1.47	73,017	0.05	321,030	0.67
Power and water	1,975,280	2.49	1,796,131	1.28	360,194	0.75
Petroleum / oil / and gas	792,442	1.00	1,055,125	0.75	317,322	0.66
Real estate	720,106	0.91	543,002	0.39	5,466	0.01
Shipbreaking	3,717,261	4.68	41,370	0.03	101,684	0.21
Sugar	2,600,367	3.27	263,460	0.19	4,704	0.01
Tele communication	1,320,727	1.66	2,318,284	1.65	697,685	1.46
Textile	-	-	-	-	-	-
Composite	2,043,354	2.57	282,692	0.20	697,264	1.46
Ginning	180,928	0.23	12	-	131,921	0.28
Spinning	3,179,056	4.00	93,756	0.07	1,138,258	2.38
Weaving	2,607,043	3.28	684,196	0.49	2,210,561	4.62
	8,010,381	10.09	1,060,656	0.76	4,178,004	8.72
Transportation services	2,015,717	2.54	3,909,518	2.79	653,634	1.36
Trust and non-profit organisations	127,446	0.16	16,420,605	11.70	10,165	0.02
Tyre	169,073	0.21	13,182	0.01	42,038	0.09
Wholesale and retail trade	2,285,277	2.88	1,778,182	1.27	186,534	0.39
Others	4,531,503	5.72	17,677,045	12.59	2,671,688	5.56
	79,402,045	100	140,355,175	100	47,892,744	100

43.1.1.2 Segment by sector

	2016					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Public / Government	4,999,999	5.18	33,490,281	14.88	-	-
Private	91,471,848	94.82	191,514,374	85.12	79,673,957	100.00
	96,471,847	100	225,004,655	100	79,673,957	100
	2015					
	Advances (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	Percent %	Rupees in '000	Percent %	Rupees in '000	Percent %
Public / Government	14,999,709	18.89	27,646,303	19.49	-	-
Private	64,402,336	81.11	112,708,872	80.51	47,257,452	100.00
	79,402,045	100	140,355,175	100	47,257,452	100

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

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

	2016		2015	
	Classified advances	Specific provisions held	Classified advances	Specific provisions held
----- Rupees in '000 -----				
Automobile and transportation equipment	61,875	61,875	83,323	83,323
Engineering, IT and other services	183,711	183,711	199,970	199,970
Fertilizer	1,258,256	1,258,256	1,260,179	1,260,179
Food	110,138	91,398	120,216	120,216
Individuals	254,433	68,352	241,419	220,097
Metal and steel	139,892	8,208	20,000	-
Plastic	-	-	100,823	46,612
Power and water, oil and gas	21,448	21,448	-	-
Shipbreaking	157,926	98,814	157,926	32,363
Sugar	200,000	100,000	-	-
Telecommunication	172,628	-	-	-
Textile				
Composite	373,211	370,462	413,214	379,903
Spinning	278,441	278,441	278,441	278,441
	651,652	648,903	691,655	658,344
Transportation services	13,348	13,348	14,422	14,422
Wholesale and retail trade	44,573	32,282	63,127	40,639
Others	58,062	31,758	29,765	29,764
	3,327,942	2,618,353	2,982,825	2,705,929

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

Public / Government	-	-	-	-
Private	3,327,942	2,618,353	2,982,825	2,705,929
	3,327,942	2,618,353	2,982,825	2,705,929

43.1.1.5 Geographical segment analysis

	2016		2015	
	Total asset employed	Net asset employed	Total asset employed	Net asset employed
----- Rupees in '000 -----				
Pakistan	264,559,000	19,497,720	220,806,686	19,008,145
Bahrain	4,266,591	264,674	-	-
	268,825,591	19,762,394	220,806,686	19,008,145

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

	2016		2015	
	Profit before taxation	Contingencies and commitments	Profit before taxation	Net Contingencies and commitments
----- Rupees in '000 -----				
Pakistan	3,841,612	78,454,905	3,767,942	47,257,452
Bahrain	12,508	1,219,052	-	-
	3,854,120	79,673,957	3,767,942	47,257,452

43.1.1.6 Credit risk: Standardised approach

The Bank has adopted the Standardised Approach of Basel II for risk weighing its Credit Risk Exposures.

The following table illustrates the approved External Credit Assessment Institutions (ECAIs) whose ratings are being utilised by the Bank with respect to material categories of exposures:

Exposures	JCR-VIS	PACRA	MOODY'S	FITCH	S&P
Corporate	✓	✓	-	-	-
Banks	✓	✓	✓	✓	✓
SME's (retail exposures)	✓	✓	-	-	-
Sovereigns	-	-	✓	-	-
Securitisations	N/A	N/A	N/A	N/A	N/A
Others (specify)	N/A	N/A	N/A	N/A	N/A

The Bank has used Issue Specific Ratings for rating / risk weighing Issue Specific Exposures and Entity Ratings for rating / risk weighing claims against specific counterparties. Both short and long term ratings have been used to rate corresponding short and long term exposures. For this purpose, Mapping Grid provided by SBP as given below:

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

43.1.2.1 Credit exposures and comparative figures subject to the standardised approach

Exposures	Rating category No.	Rating risk weighted	2016			Risk weighted asset
			Amount outstanding	Deduction CRM	Net amount	
----- Rupees in '000 -----						
Cash and Cash Equivalents		0%	3,509,913	-	3,509,913	-
Corporate	0	0%	-	-	-	-
	1	20%	4,632,415	-	4,632,415	926,483
	2	50%	1,179,061	515,029	664,033	332,016
	3,4	100%	1,146,866	304,406	842,461	842,461
	5,6	150%	28,184	-	28,184	42,275
	Unrated	100%	52,134,459	6,807,878	45,326,581	45,326,581
	Unrated-2	125%	8,542,609	741,427	7,801,182	9,751,477
			67,663,594	8,368,740	59,294,856	57,221,293
Retail		0%	-	-	-	-
		20%	-	-	-	-
		50%	-	-	-	-
		75%	15,755,180	2,029,933	13,725,247	10,293,935
			15,755,180	2,029,933	13,725,247	10,293,935
Banks						
- Over 3 Months		0%	-	-	-	-
	1	20%	1,194,772	(1,311)	1,196,082	239,216
	2,3	50%	2,486,858	350,301	2,136,558	1,068,279
	4,5	100%	446,671	-	446,671	446,671
	6	150%	-	-	-	-
	Unrated	50%	300,851	-	300,851	150,425
			4,429,152	348,990	4,080,162	1,904,591
- Maturity Up to and under 3 Months in FCY		0%	-	-	-	-
	1,2,3	20%	1,984,117	(415)	1,984,532	396,906
	4,5	50%	-	-	-	-
	6	150%	49,300	-	49,300	73,950
	unrated	20%	257,626	-	257,626	51,525
			2,291,043	(415)	2,291,458	522,381
- Maturity Up to and under 3 Months in PKR		0%	8,702,731	3,686,267	5,016,465	-
- Maturity Up to and under 3 Months in PKR		20%	2,317,649	57,067	2,260,582	452,116
			11,020,380	3,743,334	7,277,047	452,116
Residential Mortgage Finance		35%	2,540,476	-	2,540,476	889,167
Public Sector Entity						
	1	0%	1,991,822	-	1,991,822	398,364
	2,3	20%	-	-	-	-
	4,5	50%	-	-	-	-
	6	100%	-	-	-	-
	Unrated	150%	-	-	-	-
		50%	5,700,952	5,056,319	644,633	322,316
			7,692,774	-	2,636,455	720,680
Sovereigns (SBP / GoP)		0%	60,558,616	-	60,558,616	-
		20%	-	-	-	-
		50%	166,159	-	166,159	83,080
		100%	3,358,392	-	3,358,392	3,358,392
			64,083,167	-	64,083,167	3,441,472
Equity Investments - Listed		100%	4,053,834	-	4,053,834	4,053,834
- Unlisted		150%	250,946	-	250,946	376,419
Significant Investment and DTA		250%	-	-	-	-
			4,304,780	-	4,304,780	4,430,253
Past Due Loans (Not Secured by Residential Mortgages)						
	S.P less than 20%	150%	409,704	-	409,704	614,556
	S.P between 20% to 50%	100%	240,265	-	240,265	240,265
	S.P greater than 50%	50%	59,620	-	59,620	29,810
			709,589	-	709,589	884,631
Investment in fixed assets		100%	4,155,640	-	4,155,640	4,155,640
Other assets		100%	3,177,281	-	3,177,281	3,177,281
Total			191,332,969	19,546,901	171,786,071	88,093,440

* Credit Risk Mitigation (CRM)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

Credit exposures subject to Standardised approach

Exposures	Rating category No.	Rating risk weighted	2015		Risk weighted asset
			Amount outstanding	Deduction CRM	
			----- Rupees in '000 -----		
Cash and Cash Equivalents		0%	2,842,803	-	2,842,803
Corporate	0	0%	-	3,916,446	3,916,446
	1	20%	2,645,577	419	2,645,996
	2	50%	483,706	-	483,706
	3,4	100%	2,004,082	(1,265,455)	738,628
	5,6	150%	19,237	-	19,237
	Unrated	100%	39,936,563	(2,012,551)	37,924,012
	Unrated-2	125%	7,532,756	(638,859)	6,893,897
			<u>52,621,921</u>	<u>-</u>	<u>52,621,922</u>
Retail		0%	-	1,149,101	1,149,101
		20%	-	19,636	19,636
		50%	-	-	-
		75%	5,736,781	(1,168,737)	4,568,044
			<u>5,736,781</u>	<u>-</u>	<u>5,736,781</u>
Banks					
- Maturity over 3 Months		0%	-	1,170,982	1,170,982
	1	20%	1,208,162	-	1,208,162
	2,3	50%	2,361,744	(1,170,982)	1,190,762
	4,5	100%	76,201	-	76,201
	6	150%	-	-	-
	Unrated	50%	169,037	-	169,037
			<u>3,815,144</u>	<u>-</u>	<u>3,815,144</u>
- Maturity Up to and under 3 Months in FCY		0%	-	-	-
	1,2,3	20%	919,668	-	919,668
	4,5	50%	11,117	-	11,117
	6	150%	22,612	-	22,612
	unrated	20%	748,641	-	748,641
			<u>1,702,038</u>	<u>-</u>	<u>1,702,038</u>
- Maturity up to and under 3 months in PKR		0%	-	-	-
		20%	3,178,414	-	3,178,414
			<u>3,178,414</u>	<u>-</u>	<u>3,178,414</u>
Residential Mortgage Finance		35%	<u>1,134,298</u>	<u>-</u>	<u>1,134,298</u>
Public Sector Entity					
	1	20%	1,589,958	-	1,589,958
	2,3	50%	-	-	-
	4,5	100%	-	-	-
	6	150%	-	-	-
	Unrated	50%	15,599,371	(15,054,365)	545,006
			<u>17,189,329</u>	<u>(15,054,365)</u>	<u>2,134,964</u>
Sovereigns (SBP / GoP)		0%	<u>96,153,092</u>	<u>-</u>	<u>96,153,092</u>
Equity Investments - Listed		100%	2,434,821	-	2,434,821
- Unlisted		150%	480,514	-	480,514
Significant Investment and DTA		250%	-	-	-
			<u>2,915,335</u>	<u>-</u>	<u>2,915,335</u>
Past Due Loans (Not Secured by Residential Mortgages)	S.P less than 20%	150%	88,309	-	88,309
	S.P between 20% to 50%	100%	187,553	-	187,553
	S.P greater than 50%	50%	1,041	-	1,041
			<u>276,903</u>	<u>-</u>	<u>276,903</u>
Investment in fixed assets		100%	<u>2,890,342</u>	<u>-</u>	<u>2,890,342</u>
Other assets		100%	<u>1,673,527</u>	<u>-</u>	<u>1,673,527</u>
Total			<u>192,129,927</u>	<u>-</u>	<u>177,075,563</u>

* Credit Risk Mitigation (CRM)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

43.1.3 Policies and processes for collateral valuation and management as regards Basel II:

For Credit Risk Mitigation purposes the Bank uses only the eligible collaterals under Comprehensive Approach of Credit Risk Mitigation (Standard Supervisory) under Standardised Approach as prescribed by SBP under Circular No. 8 of 2006, which includes Cash and Cash Equivalent Securities including Government Securities (like Cash Margins, Lien on Bank Accounts, Foreign Deposit Receipts, Term Deposit Receipts, Pledge of Defense Saving Certificates, Regular Income Certificates, Special Saving Certificates, T-Bills and Pakistan Investment Bonds etc.) and Shares Listed on the Main Index.

Under Bank policy all collaterals are subject to periodic valuations to monitor the adequacy of margins held. Shares / Marketable securities are valued by the Bank on daily / weekly basis to calculate the Drawing Power (DP). In case of any shortfall in the requisite margins, the DP is adjusted to the appropriate level and the business units are informed to take appropriate action as per the agreement with the customer.

43.2 Equity position risk in the banking book

Equity positions in the banking book include Investment in equities that are available-for-sale or held for strategic investment purposes. These investments are generally regarded as riskier relative to fixed income securities owing to the inherent volatility of stock market prices. The Bank mitigates these risks through diversification and capping maximum exposures in a single company, compliance with regulatory requirement, following the guidelines laid down in the Bank's Investment Policy as set by the Board of Directors (BoD). The Bank follows a delivery versus payment settlement system thereby minimizing risk available in relation to settlement risk.

43.3 Market risk

43.3.1 Market risk is the risk of loss due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. From the perspective of a Bank, market risk comprises of interest rate risk, foreign exchange risk and equity position risk, which the Bank is exposed to in both its trading and banking books.

The Bank has an approved Market Risk policy wherein the governance structure for managing market risk, measurement tools used and the market risk exposure limits have been addressed. The Bank's strategy for managing Market Risk is to relate the level of risk exposures to their risk appetite and the capital at hand.

The Board of Directors (BoD) and the Asset and Liability Committee (ALCO) are responsible for addressing Market Risk from a strategic perspective and are assisted by the Market Risk function in meeting these objectives.

The Market Risk function is also supported by personnel in the Middle Office function and directly reported to Group Head Risk Management. Its responsibility includes ensuring the implementation of the Market Risk framework above in line with the Bank's strategy.

Risk reporting undertaken by the Market Risk function includes:

- a) Portfolio Reports
- b) Limit monitoring reports
- c) Sensitivity analysis ; and
- d) Stress testing of the portfolio

Hedging measures are undertaken to maintain limits set out in the risk management policy.

Currently, the Group is using the Market Risk standardised approach for the purpose of computing regulatory capital, the details of which are set out above.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

43.3.2 Foreign exchange risk

Main objective of foreign exchange risk management is to ensure that the foreign exchange exposure of the Bank lies within the defined appetite of the Bank.

Daily reports are generated to monitor the internal and regulatory limits with respect to the overall foreign currency exposures and those in different currencies. The overall net open position, whether short or long has the potential to negatively impact the profit and loss depending upon the direction of movement in foreign exchange rates.

Foreign exchange open and mismatched positions are marked to market on a daily basis.

Currency risk arises where the value of financial instruments changes due to changes in foreign exchange rates. In order to manage currency risk exposure the bank enters into ready, spot forward and swap transactions with SBP and in the interbank market. The Bank's foreign exchange exposure comprises of forward contracts, foreign currencies cash in hand, balances with banks abroad, foreign placement with SBP and foreign currencies assets and liabilities. The net open position is managed within the statutory limits, as fixed by SBP. Counter parties limit are also fixed to limit risk concentration. Appropriate segregation of duties exists between the front and back office functions while compliance with the net open position limit is independently monitored on an ongoing basis.

2016				
Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure	
----- Rupees in '000 -----				
Pakistan Rupee	254,457,373	235,096,489	228,778	19,589,662
United States Dollar	12,520,840	9,640,001	(2,701,681)	179,158
Great Britain Pound	314,656	1,461,624	1,122,628	(24,340)
Euro	326,070	1,650,304	1,327,343	3,109
Other currencies	1,206,652	1,214,779	22,932	14,805
	14,368,218	13,966,708	(228,778)	172,732
	268,825,591	249,063,197	-	19,762,394
2015				
Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure	
----- Rupees in '000 -----				
Pakistan Rupee	212,820,600	190,002,893	(3,728,224)	19,089,483
United States Dollar	7,249,589	8,871,704	1,345,104	(277,011)
Great Britain Pound	196,164	1,671,370	1,471,940	(3,266)
Euro	337,368	1,252,429	922,740	7,679
Other currencies	202,965	145	(11,560)	191,260
	7,986,086	11,795,648	3,728,224	(81,338)
	220,806,686	201,798,541	-	19,008,145

43.3.3 Equity position risk in trading book

The Bank's objective with regard to holding equity investments in its trading book is to earn income from favourable market movements. Positions in the equity market are substantiated by sound fundamental and technical research.

Equity price risk is managed by applying trading limit and scrip-wise and portfolio wise nominal limits.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

43.3.4 Mismatch of interest rate sensitive assets and liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Group is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark up based assets and liabilities that mature or re-price in a given period. The Group manages this risk by matching/re-pricing of assets and liabilities. The Group is not excessively exposed to interest / mark-up rate risk as its assets and liabilities are repriced frequently. The assets and liabilities committee (ALCO) of the Group monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Group.

Effective yield interest rate - %	2016										Non-interest bearing financial instrument	
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
-	15,509,263	1,385,332	-	-	-	-	-	-	-	-	-	14,123,931
-	767,747	252,130	-	-	-	-	-	-	-	-	-	515,617
0.17 - 6.1	11,334,414	10,654,523	522,983	156,898	-	-	-	-	-	-	-	-
2.95 - 12.00	135,038,901	15,796,374	53,160,239	1,203,367	8,311,027	27,979,249	7,614,260	2,235,896	-	-	-	7,756,387
0.4 - 39	93,812,506	67,702,014	7,858,801	5,194,022	1,794,466	2,568,462	2,340,457	980,250	2,138,460	-	-	709,589
-	5,445,955	-	-	-	-	-	-	-	-	-	-	5,445,953
	261,908,786	95,790,373	61,542,033	6,554,287	10,105,493	30,505,234	9,954,717	3,216,146	2,138,460	-	-	28,551,479
Rupees in '000												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks												
Balances with other banks												
Lendings to financial institutions												
Investments - net												
Advances - net												
Other assets												
	2,544,028	2,408,622	4,194,410	2,910,121	10,211	20,422	31,437	469,716	-	-	-	2,544,028
Borrowings	10,320,047	88,227,384	31,651,681	33,769,494	16,212,383	403,922	127,844	605,424	-	-	-	40,528
Deposits and other accounts	225,004,655	-	-	3,000,000	-	-	-	-	-	-	-	54,006,523
Sub-ordinated loans	3,000,000	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	7,111,584	-	-	-	-	-	-	-	-	-	-	7,111,582
	247,980,314	90,636,006	35,846,091	39,679,615	16,222,594	424,344	159,281	840,004	469,716	-	-	63,702,663
	13,928,472	5,154,367	25,695,942	(33,125,328)	(6,117,101)	13,126,220	30,345,953	9,114,713	2,746,430	2,138,460	-	(35,151,184)
On-balance sheet financial instruments												
Commitments in respect of forward purchase contracts and commitments to extend credits												
	14,738,729	9,457,255	3,355,355	1,021,239	384,430	312,650	207,800	-	-	-	-	-
	(15,879,540)	(13,918,445)	(977,869)	(232,768)	(229,988)	(312,650)	(207,800)	-	-	-	-	-
	(1,140,811)	(4,461,190)	2,377,466	788,471	154,442	-	-	-	-	-	-	-
Off-balance sheet gap												
	683,177	28,073,408	(32,336,857)	(5,962,659)	13,126,220	30,345,953	9,114,713	2,746,430	2,138,460	-	-	(35,151,184)
Total yield / interest risk sensitivity gap												
	683,177	28,766,585	(3,570,272)	(9,532,931)	3,593,289	33,939,242	43,053,955	45,800,385	47,938,845	-	-	47,938,845

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

Effective yield interest rate - %	2015										Non-interest bearing financial instrument	
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
	Rupees in '000											
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	1,983,215	-	-	-	-	-	-	-	-	-	9,176,954
Balances with other banks	-	173,617	-	-	-	-	-	-	-	-	-	455,790
Lendings to financial institutions	1.90 - 6.55	3,267,106	314,223	-	-	-	-	-	-	-	-	-
Investments - net	3.13 - 12.00	116,884,984	15,931,548	2,809,372	9,902,594	36,386,431	16,398,354	6,636,706	12,923,322	-	-	6,391,212
Advances - net	4.00 - 21.25	76,678,864	58,062,555	6,176,951	1,696,528	1,111,324	1,072,337	840,454	88,639	1,037,723	-	384,270
Other assets	-	6,473,766	-	-	-	-	-	-	-	-	-	6,473,766
		215,408,519	16,047,751	8,986,323	11,599,122	37,477,755	17,470,691	7,477,160	13,011,961	1,037,723	-	22,881,992
Liabilities												
Bills payable	-	1,609,425	-	-	-	-	-	-	-	-	-	1,609,425
Borrowings	3 - 6.5	54,638,318	1,918,432	3,291,300	3,214	5,970	6,137	-	-	-	-	-
Deposits and other accounts	0.10 - 9.00	140,355,175	21,765,038	20,205,170	9,539,648	55,410	5,800	634,454	-	-	-	36,332,101
Other liabilities	-	3,583,324	-	-	-	-	-	-	-	-	-	3,583,324
		200,186,242	101,230,819	23,683,470	9,542,862	61,380	11,937	634,454	-	-	-	41,524,850
		15,222,277	(21,812,778)	(7,655,719)	2,056,260	37,416,375	17,458,754	6,842,706	13,011,961	1,037,723	-	(18,642,858)
On-balance sheet financial instruments												
Commitments in respect of forward exchange contracts - Purchase		11,786,964	4,888,867	4,877,999	955,929	292,494	207,800	207,800	-	-	-	-
Commitments in respect of forward exchange contracts - Sale		(6,799,782)	(4,300,719)	(1,185,138)	(271,125)	(271,125)	(207,800)	(207,800)	-	-	-	-
		4,987,182	588,148	3,692,861	684,804	21,369	-	-	-	-	-	-
Total yield / interest risk sensitivity gap		(21,224,630)	(3,942,858)	(13,825,343)	2,077,629	37,416,375	17,458,754	6,842,706	13,011,961	1,037,723	-	(18,642,858)
Off-balance sheet gap												
Cumulative yield / interest risk sensitivity gap		(21,224,630)	(25,167,488)	(38,992,831)	(36,915,202)	501,173	17,959,927	24,802,633	37,814,594	38,852,317	-	-
Reconciliation to total assets												
Balance as per balance sheet		288,825,591	220,306,886									201,798,541
Less: Non financial assets		6,021,563	4,731,135									41,047
Operating fixed assets		-	-									1,571,254
Deferred tax assets		895,244	687,032									1,612,301
Other assets		6,916,807	5,333,167									200,186,240
		261,908,784	215,408,519									247,980,312

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

43.4

Liquidity risk

Liquidity risk is the risk that the Bank will not be able to raise funds to meet its commitments. The Bank's Asset and Liability Committee (ALCO) manages the liquidity position on a continuous basis. Group's policy to liquidity management is to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet our contractual and potential payment obligations without incurring additional and unacceptable cost to the business.

Treasury is responsible for the managing liquidity risk under the guidance of Asset-Liability Committee of the Bank. The Group's liquidity risk management approach starts at the intraday level (operational liquidity) managing the daily payments queue and factoring in our access to the qualifying securities of State Bank of Pakistan. It then covers tactical liquidity risk management dealing with the access to unsecured funding sources and the liquidity characteristics of our asset inventory (asset liquidity). Finally, the strategic perspective comprises the maturity profile of all assets and liabilities on our statement of financial position.

For monitoring and controlling liquidity risk, the Group generates a scenario sensitive maturity statement of financial position, and run controlled mismatches that are monitored and discussed by ALCO members regularly. The Group prepares various types of reports and analysis for assisting ALCO in taking necessary strategic actions for managing liquidity risk in the Bank.

Maturity of assets and liabilities - based on contractual maturities of assets and liabilities of the Bank

	2016									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets										
Cash and balances with treasury banks	15,509,263	15,509,263	-	-	-	-	-	-	-	-
Balances with other banks	767,747	767,747	-	-	-	-	-	-	-	-
Lendings to financial institutions	11,334,414	10,654,523	522,993	156,898	-	-	-	-	-	-
Investments	135,038,901	18,672,398	56,594,760	1,135,734	9,206,256	11,227,289	28,209,435	7,794,633	2,235,896	(87,500)
Advances	93,812,506	56,443,856	8,627,638	5,577,305	3,889,057	5,504,828	5,115,687	3,980,740	2,534,935	2,138,460
Operating fixed assets	6,021,563	73,643	340,206	164,884	325,949	545,490	415,376	591,637	614,264	2,950,114
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	6,341,197	5,257,433	-	-	304,036	272,131	387,678	96,310	23,609	-
	268,825,591	107,378,863	66,085,597	7,034,821	13,725,298	17,549,738	34,128,176	12,463,320	5,408,704	5,051,074
Liabilities										
Bills payable	2,544,028	2,544,028	-	-	-	-	-	-	-	-
Borrowings	10,320,047	2,449,151	4,194,409	2,910,121	10,211	20,422	31,437	234,580	469,716	-
Deposits and other accounts	225,004,655	138,048,758	31,651,693	37,954,631	16,212,383	403,922	127,844	605,424	-	-
Sub-ordinated loans	3,000,000	-	-	600	600	1,200	1,200	2,400	2,994,000	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	1,082,885	-	-	-	-	-	1,082,885	-	-	-
Other liabilities	7,111,582	2,228,984	3,022,494	31,814	101,218	424,195	941,680	267,282	93,915	-
	249,063,197	145,270,921	38,868,596	40,897,166	16,324,412	849,739	2,185,046	1,109,686	3,557,631	-
Net assets	19,762,394	(37,892,059)	27,217,001	(33,862,345)	(2,599,114)	16,699,999	31,943,130	11,353,634	1,851,073	5,051,074
Share capital	10,724,643									
Discount on issue of shares	(2,105,401)									
Preference Share	1,500,000									
Statutory reserve	1,334,138									
Accumulated profits	4,858,596									
Non-controlling interest	1,434,391									
Surplus on revaluation of assets - net	2,016,027									
	19,762,394									

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

Maturity of assets and liabilities - based on contractual maturities of assets and liabilities of the Bank

2015

	Rupees in '000									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets										
Cash and balances with treasury banks	11,160,169	-	-	-	-	-	-	-	-	-
Balances with other banks	629,407	-	-	-	-	-	-	-	-	-
Lending to financial institutions	3,581,329	3,267,106	314,223	-	-	-	-	-	-	-
Investments	116,884,984	19,911,763	9,137,588	2,787,186	9,972,476	36,542,660	16,643,551	6,957,100	13,013,519	1,919,121
Advances	76,678,864	47,018,968	7,660,112	7,326,283	3,767,839	2,635,032	3,191,236	3,593,252	429,901	1,056,241
Operating fixed assets	4,731,135	198,954	320,064	120,666	230,189	410,282	317,253	430,135	430,812	2,272,780
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-
Other assets	7,140,798	3,704,558	-	8,283	317,231	1,734,445	560,800	191,175	624,306	-
	220,806,686	85,890,925	17,431,987	10,242,418	14,287,735	41,322,439	20,712,840	11,171,662	14,498,538	5,248,142
Liabilities										
Bills payable	1,609,425	1,609,425	-	-	-	-	-	-	-	-
Borrowings	54,638,318	49,413,266	1,918,431	3,291,300	3,214	5,970	6,137	-	-	-
Deposits and other accounts	140,355,175	88,149,643	21,765,050	20,205,170	9,639,648	55,410	5,800	634,454	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	1,571,252	-	-	-	-	-	1,571,252	-	-	-
Other liabilities	3,624,371	2,806,543	64,005	-	-	-	-	753,823	-	-
	201,798,541	141,978,877	23,747,486	23,496,470	9,542,862	61,380	1,583,189	1,388,277	-	-
Net assets	19,008,145	(66,087,952)	(6,315,499)	(13,254,052)	4,744,873	41,261,059	19,129,651	9,783,385	14,498,538	5,248,142
Share capital	10,724,643	-	-	-	-	-	-	-	-	-
Discount on issue of right shares	(2,105,401)	-	-	-	-	-	-	-	-	-
Preference Share	1,500,000	-	-	-	-	-	-	-	-	-
Statutory reserve	918,815	-	-	-	-	-	-	-	-	-
Accumulated profits	3,066,149	-	-	-	-	-	-	-	-	-
Non-controlling interest	1,952,266	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net	2,951,673	-	-	-	-	-	-	-	-	-
	19,008,145	-	-	-	-	-	-	-	-	-

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

Maturity of assets and liabilities - Based on working prepared by the Asset and Liability Committee (ALCO) of the Bank

	2016								
	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Total									
Assets									
Cash and balances with treasury banks	15,509,263	-	-	-	-	-	-	-	-
Balances with other banks	1,950,297	-	-	-	-	-	-	-	-
Lendings to financial institutions	10,654,523	522,993	156,898	8,399,139	11,227,289	28,209,435	7,794,633	2,235,896	(37,500)
Investments	23,230,464	52,843,811	1,135,734	18,185,931	5,504,828	5,115,687	3,980,740	2,534,935	2,138,460
Advances	17,885,620	18,592,126	19,874,179	325,949	545,490	415,376	591,637	614,264	2,950,114
Operating fixed assets	73,643	340,206	164,884	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-	-	-	-
Other assets	5,257,435	-	-	304,036	272,131	387,678	96,310	23,609	-
	74,561,245	72,299,136	21,331,695	27,215,055	17,549,738	34,128,176	12,463,320	5,408,704	5,051,074
Liabilities									
Bills payable	2,544,028	-	-	-	-	-	-	-	-
Borrowings	11,502,597	4,194,410	2,910,121	10,211	20,422	31,437	234,580	469,716	-
Deposits and other accounts	225,004,655	37,279,275	40,437,231	22,447,700	8,688,923	11,930,947	65,865,604	2,994,000	-
Sub-ordinated loans	3,000,000	-	600	600	1,200	1,200	2,400	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	1,082,885	-	-	-	-	1,082,885	-	-	-
Other liabilities	7,111,584	3,022,496	31,814	101,218	424,195	941,680	267,282	93,915	-
	250,245,749	44,496,181	43,379,766	22,559,729	9,134,740	13,988,149	66,369,866	3,557,631	-
Net assets	19,762,394	27,802,955	(22,048,071)	4,655,326	8,414,998	20,140,027	(53,906,546)	1,851,073	5,051,074
Share capital	10,724,643								
Discount on issue of shares	(2,105,401)								
Preference share	1,500,000								
Statutory reserve	1,334,138								
Accumulated profits	4,858,596								
Non-controlling interest	1,434,391								
Surplus on revaluation of assets - net	2,016,027								
	19,762,394								

To identify the behavioural maturities of non-contractual assets and liabilities, the Bank has used the following methodology:

For determining the core portion of non contractual liabilities (non- volatile portion), the bank has used the Average method whereby average balance maintained over past five year has been classified as core and has been placed in the farthest maturity bucket. Non contractual assets and remaining volatile portion of non contractual liabilities have been stratified in relevant maturity bucket using bucket wise percentages determined by using value at risk (VAR) methodology at 99% confidence interval.

Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years
3%	4%	5%	5%	7%	8%	68%

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

2015

Total	Rupees in '000								
	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets									
Cash and balances with treasury banks	11,160,169	-	-	-	-	-	-	-	-
Balances with other banks	629,407	-	-	-	-	-	-	-	-
Lending to financial institutions	3,581,329	314,223	-	-	-	-	-	-	-
Investments	116,884,984	9,137,588	2,787,186	9,972,476	36,542,680	16,643,551	6,957,100	13,013,519	1,919,121
Advances	76,678,864	16,614,630	20,666,265	17,335,010	2,497,523	2,742,393	3,586,100	429,901	1,056,241
Operating fixed assets	4,731,135	320,064	120,666	230,189	410,282	317,253	430,135	430,812	2,272,780
Deferred tax assets - net	-	-	-	-	-	-	-	-	-
Other assets	7,140,798	3,704,558	8,283	317,231	1,734,445	560,800	191,175	624,306	-
	220,806,686	50,622,758	26,386,505	27,854,906	41,184,930	20,263,997	11,164,510	14,498,538	5,248,142
Liabilities									
Bills payable	1,609,425	-	-	-	-	-	-	-	-
Borrowings	54,638,318	1,918,432	3,291,300	3,214	5,970	6,137	-	-	-
Deposits and other accounts	140,355,175	24,656,201	24,087,704	13,182,885	5,116,392	6,029,418	50,372,403	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	1,571,252	-	-	-	-	1,571,252	-	-	-
Other liabilities	3,624,371	64,005	-	-	-	-	753,823	-	-
	201,798,541	70,739,405	26,638,638	13,186,099	5,122,362	7,606,807	51,126,226	-	-
Net assets	19,008,145	(20,116,647)	(3,796,604)	14,668,807	36,062,568	12,657,190	(39,961,716)	14,498,538	5,248,142
Share capital	10,724,643								
Discount on issue of right shares	(2,105,401)								
Preference shares	1,500,000								
Statutory reserve	918,815								
Unappropriated profit	3,066,149								
Non-controlling interest	1,952,266								
Surplus on revaluation of assets - net	2,951,673								
	19,008,145								

	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years
	3%	4%	5%	5%	7%	8%	68%

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

43.5 Operational risk

The Bank currently uses Basic Indicator Approach to Operational Risk for regulatory capital calculations. We define the operational risk as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. With the evolution of Operations Risk Management into a separate distinct discipline, the Bank's strategy is to further strengthen its risk management system along new industry standards. Accordingly the Bank has set up a separate Operational Risk Management (ORM) Unit. ORM Unit resides within Risk Management Group (RMG). Its responsibility is to implement Operational Risk management tools across the Bank for effective measurement and monitoring of operational risk faced by different areas of the Bank.

Bank's operational risk management process involves a structured and uniform approach across the Bank. It includes risk identification and assessments, the monitoring of Key Risk Indicators and Risk Control Self-Assessment activities for key operational risks. In order to build a robust Operational Risk Monitoring mechanism, an Operational Risk Management Committee (ORMC) has been constituted to effectively address Operational Risk issues.

The Bank has implemented a comprehensive "Operational Risk Management Framework" which has also been approved by the Board of Directors. The purpose of bank-wide Operational Risk Management Framework is aimed at laying out clearly defined roles and responsibilities of individuals/units across different functions of the bank that are involved in performing various Operational Risk Management tasks. Operational risk is much more pervasive in a financial institution and every operating unit is exposed to operational risk, regardless of whether it is a business or a support function. This Framework has been devised to explain the various building blocks of the Operational Risk Management processes, and their inter-relationships. The framework also captures both qualitative and quantitative guidelines for managing and quantifying operational risks across the bank.

The ORM Unit conducts Operational risk profiling for all major operational areas of the bank and assists various functions of the bank in developing Key Risk Indicators (KRIs) which are monitored against predefined thresholds. Findings from KRIs are used as predictive indicators of potential operational risks.

Operation Risk loss data collection is governed by Bank's TID Policy which has been developed and implemented to collate operational losses and near misses in a systematic and organized way.

The Bank's Business Continuity Policy (BCP) includes risk management strategies to mitigate inherent risk and prevent interruption of mission critical services caused by disaster event. The resilience of BCP is tested and rehearsed on an annual basis by the bank.

Recently, Information Security & IT Risk Management Unit has been brought under the umbrella of Credit & Risk Management Group. The major responsibilities of Information Security & IT Risk Management Unit are to identify, assess, monitor, evaluate and address significant Information and IT security related risks appropriately.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

44. GENERAL

44.1 These consolidated 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 February 17, 2006.

44.2 The figures in these consolidated financial statements have been rounded off to the nearest thousand.

45. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors have proposed cash preference dividend of 12% (December 31, 2015: 12%) amounting to Rs.180 million (December 31, 2015: Rs.180 million) and in their meeting held on February 23, 2017. This appropriation will be approved in the forthcoming Annual General Meeting.

46. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors of the Bank in their meeting held on February 23, 2017.

Chairman

President and Chief
Executive
Officer

Director

Director

Annexure I

As referred in notes 12.2.2 and 13.2.2 to the unconsolidated and consolidated financial statements respectively

Details of fixed assets deleted with original cost or book value in excess of Rs.1.00 million or Rs.0.25 million respectively (whichever is less).

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal	Buyers' particulars and relationship with Bank (if any)
	Rupees in '000						
The Holding Company							
Vehicles							
Honda Civic	2,386	1,432	954	1,800	846	Insurance Claim	Name Address EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Honda Civic	1,891	1,639	252	1,171	919	Negotiation	Name CNIC Address Muhammad Saeed 35202-3474931-5 House No 418 Allama Iqbal Town Lahore
Honda Civic	2,129	1,029	1,100	1,511	411	Negotiation	Name CNIC Address Mian Humayun 35202-7423202-7 Address: House No 25/2 Dhakhana Jail Road Lahore
Honda Civic	1,895	1,895	-	1,301	1,301	Negotiation	Name CNIC Address Syed Wali najam 42201-7804565-9 Address House No 102 Block 7/8 PECHS Karachi
Honda Civic	2,326	1,667	659	1,657	998	Negotiation	Name CNIC Address Riaz Ahmed 42201-9323854-1 House No 216 A block 3 Gulshan E Iqbal
Honda Civic	1,805	1,805	-	1,097	1,097	Negotiation	Name CNIC Address Usman Shahid 42101-1044964-1 House No B-6 North Karachi Sector 11-B Karachi
Honda Civic	1,805	1,805	-	1,105	1,105	Negotiation	Name CNIC Address Sultan Hasan 42101-1044964-1 House No B-6 North Karachi Sector 11-B Karachi
Toyota Corolla	1,462	1,462	-	1,075	1,075	Insurance Claim	Name Address EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Toyota Corolla	1,462	1,462	-	1,042	1,042	Negotiation	Name CNIC Address Syed Wali najam 42201-7804565-9 House No 102 Block 7/8 PECHS Karachi
Toyota Corolla	1,524	1,448	76	1,220	1,144	Negotiation	Name CNIC Address Salma Saeed 42000-4586543-4 House No 332-A Block 3 Gulshan E Iqbal Karachi
Toyota Corolla	1,673	1,059	614	1,300	686	Negotiation	Name CNIC Address Anwar Madani 42101-2226600-5 Flat No FA-53/12 F C Area Karachi
Toyota Corolla	8,000	3,600	4,400	5,364	964	Negotiation	Name Address Farooq Motors 83-D Khalid Bin Waleed Road PECHS Block 2 Karachi
Toyota Corolla	1,529	1,529	-	1,127	1,127	Negotiation	Name CNIC Address Nusrat Iqbal 42101-3395059-1 House No 4-A-11/17 Nazimabad Karachi
Toyota Corolla	1,529	1,529	-	1,100	1,100	Negotiation	Name CNIC Address Syed Wali najam 42201-7804565-9 House No 102 Block 7/8 PECHS Karachi
Toyota Corolla	1,673	1,199	474	1,243	769	Negotiation	Name CNIC Address Syed Wali najam 42201-7804565-9 House No 102 Block 7/8 PECHS Karachi
Toyota Corolla	1,673	1,394	279	1,153	874	Negotiation	Name CNIC Address Syed Wali najam 42201-7804565-9 House No 102 Block 7/8 PECHS Karachi
Toyota Corolla	1,482	1,482	-	1,130	1,130	Negotiation	Name CNIC Address Naseer Uddin 31104-2208514-3 House No 149/6 R Mia Wali Haroonabad
Toyota Corolla	1,529	1,529	-	1,120	1,120	Negotiation	Name CNIC Address Muhammad Abrar Arshad 42201-0289525-7 House No 135-E Muhafiz Town Cannal Bank, Lahore
Toyota Corolla	1,688	1,069	619	1,370	751	Negotiation	Name CNIC Address Naeem Ashraf 35401-1861353-7 House No 186/1 Block A College Road Lahore
Balance c/f	39,461	30,034	9,427	27,886	18,459		

Annexure I cont.

As referred in notes 12.2.2 and 13.2.2 to the unconsolidated and consolidated financial statements respectively

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal	Buyers' particulars and relationship with Bank (if any)	
Balance b/f	39,461	30,034	9,427	27,886	18,459			
Toyota Corolla	1,529	1,529	-	1,245	1,245	Negotiation	Name CNIC Address	Umair Ahmed 35202-5633648-3 House No 11-A Street No 20 Hota Singh Road Lahore
Toyota Corolla	1,524	1,499	25	889	864	Negotiation	Name CNIC Address	Hasan Akhtar 37405-0219076-1 House No 631 street 3 Al Noor Colony Sector II Rawalpindi
Toyota Corolla	1,843	246	1,597	1,843	246	Insurance Claim	Name Address	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Toyota Corolla	1,683	673	1,010	1,500	490	Insurance Claim	Name Address	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Suzuki Cultus	957	686	271	689	418	Negotiation	Name CNIC Address	Nusrat Iqbal CNIC:42101-3395059-1 House No 4-A-11/17 Nazimabad Karachi
Suzuki Cultus	957	686	271	671	400	Negotiation	Name CNIC Address	Nusrat Iqbal 42101-3395059-1 House No 4-A-11/17 Nazimabad Karachi
Suzuki Cultus	1,002	501	501	790	289	Negotiation	Name CNIC Address	Rizwan Hafeez Abbasi 61101-2998890-3 House No 289 Street no 49 G-10/4 Islamabad
Suzuki Cultus	998	599	399	758	359	Negotiation	Name CNIC Address	Numeri Abbar 42201-4355125-7 House No A-50 Block 3 Gulistan E Jouhar
Suzuki Cultus	1,022	528	494	805	311	Negotiation	Name CNIC Address	Numeri Abbar 42201-4355125-7 House No A-50 Block 3 Gulistan E Jouhar
Suzuki Cultus	1,037	519	518	787	269	Negotiation	Name CNIC Address	Danish Ali 42101-1482590-1 House No 10/9 IIIB Nazimabad Karachi
Suzuki Cultus	1,007	554	453	739	286	Negotiation	Name CNIC Address	Hasan Akhtar Abbasi 37405-0219076-1 House No 631 Street 3 Anwar Colony Sector II Rawalpindi
Suzuki Cultus	1,094	109	985	1,035	50	Insurance Claim	Name Address	EFU General Insurance Limited - related party, 1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Suzuki Cultus	998	615	383	755	372	Insurance Claim	Name CNIC Address	Faisal Dabeer 42101-8567380-9 Flat No 8 Street No 6 Liaquatabad Karachi
Suzuki Cultus	993	662	331	700	369	Insurance Claim	Name CNIC Address	Mian Humayun 35202-7423202-7 House No 25/2 Jail Road Lahore
Electrical, office and computer equipment								
Generator	2,744	2,744	-	700	700	Negotiation	Name: Address:	Greaves Pakistan (Private) Limited, Modern Motors House Beaumont Road Karachi
Others (note 12.2.3)	41,324	35,897	5,427	20,165	14,737			
	100,173	78,081	22,092	61,956	39,864			
The Subsidiary Companies								
Vehicles								
Toyota Corolla	1,875	1,437	438	1,460	1,022	Negotiation	Name CNIC Address	Mr. Tariq Usman Bhatti, 42301-9759656-7 House # 15/11, Street no. 3, Phase -V, karachi
Toyota Corolla	1,516	1,010	506	1,200	694	Negotiation	Name CNIC Address	Mr. Raheel Mithani 42301-5190531-3 House # D-87/1, Block-7, Kehkashan, Clifton
Toyota Corolla	1,516	1,012	504	1,275	771	Negotiation	Name CNIC Address	Mr. Kashif 42301-16903730-3 House # 424, Street No. 5, Azam Basti, Karachi
Suzuki Cultus	934	171	763	882	119	Insurance Claim	Name CNIC Address	Mr. Muhammad Haroon 42301-6899061-7 Flat 23, Sufi Apartment, Ghulam Hussain, Qasim Road, Garden West, Karachi
Others (note 13.2.3)	463	428	35	222	187			
	106,477	82,139	24,338	66,995	42,657			

12.2.3 & 13.2.3 Other represent disposal whose original cost or book value is not in excess of Rs. 1.0 million or Rs. 0.25 million respectively.

Annexure II

Details of Written-Off Loans for the Year 2016 For Rs. 0.5 million and above

S.No.	Name of Bank / DF	Full Name of Borrower/ Company Name	Status of Borrower (Individual/ Company/Firm)	Name of Director/Partner/ Proprietor	Father/Husband Name	Address of Borrower	Province	Director Status (Nominee or Elected or Sponsor etc.)	NIC No. of Borrower/ Director		Year of write off	Outstanding liabilities Before Adjustments				Amount Written - Off							
									New CNIC	Old NIC		Principal	Accrued Mark up	Others	Total (13+14+15)	Principal	Interest/ Markup	Others	Total (17+18+19)				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20				
1	JS Bank LTD	MLW INDUSTRIES (PVT) LTD.	PRIVATE LIMITED COMPANY	MOHAMMAD NASEEM NIAZ	NIAZ MOHAMMAD	6-V-2BLOCK 5GULBERG IILAHORE	Punjab		35202-0794596-7		2016	100,822,754	26,932,000		127,754,754		26,932,000		26,932,000				
				MUHAMMAD WALEED NIAZ	MOHAMMAD NASEEM NIAZ				35202-7141671-1		2016												
				ABDUR REHMAN	JAMEEL AHMAD				35202-3038102-9		2016												
2	JS Bank LTD	SHEIKH BROTHERS FLOUR MILLS	PARTNERSHIP	MOHAMMAD IOBAL UL HASSAN	HASSAN	45-CMOHANI ROAD LAHORE	Punjab		91509-0111786-9		2016	39,948,277	5,202,953		45,151,230		4,988,230		4,988,230				
				MOHSIN AKBAR	AKBAR				35202-8371949-3		2016												
4	JS Bank LTD	MUHAMMAD ZAMEER	Individual	MUHAMMAD ZAMEER	YOUSAF ALI	HOUSE # P-104, STREET # 1 MOHALLAH MEHDI GOJRA DIST T SINGH	SINDH		33301-7655127-1		2016	1,533,055	150,226		1,683,281	153,055	150,226		303,281				
5	JS Bank LTD	SHEHZAD HASSAN	Individual	SHEHZAD HASSAN	MUHAMMAD HASSAN	HOUSE NO 153- B STREET NO.1 MOHALLAH SHARIF PURA GOJRA DIST T.T.SINGH	SINDH		33301-2080850-3		2016	517,392	55,753		573,145	-	8,150		8,150				
6		MUHAMMAD ATEEQ	Individual	MUHAMMAD ATEEQ	MUHAMMAD LATIF	BLOCK 21-C G-11-4 ISLAMABAD	ISLAMABAD		34502-1386307-5		2016	82,701	161		82,862	82,701	161		82,862				
												142,904,180	32,341,092	-	175,245,272	256,756	32,078,767	-	32,314,523				

Pattern of Shareholding

S.no	No Of Sahare holders	Shareholdings	Total Shares Held
1	661	Shareholding From 1 To 100	8,875
2	674	Shareholding From 101 To 500	275,762
3	653	Shareholding From 501 To 1000	616,720
4	2668	Shareholding From 1001 To 100000	34,667,581
5	129	Shareholding From 100001 To 500000	29,676,115
6	25	Shareholding From 500001 To 1000000	18,415,632
7	1	Shareholding From 1035001 To 1040000	1,037,000
8	1	Shareholding From 1040001 To 1045000	1,043,500
9	1	Shareholding From 1065001 To 1070000	1,068,000
10	1	Shareholding From 1095001 To 1100000	1,100,000
11	2	Shareholding From 1195001 To 1200000	2,400,000
12	1	Shareholding From 1220001 To 1225000	1,222,500
13	4	Shareholding From 1295001 To 1300000	5,198,000
14	1	Shareholding From 1345001 To 1350000	1,350,000
15	1	Shareholding From 1450001 To 1455000	1,454,000
16	1	Shareholding From 1540001 To 1545000	1,545,000
17	1	Shareholding From 1585001 To 1590000	1,588,541
18	1	Shareholding From 1605001 To 1610000	1,608,500
19	1	Shareholding From 1755001 To 1760000	1,760,000
20	1	Shareholding From 1870001 To 1875000	1,872,400
21	1	Shareholding From 2070001 To 2075000	2,074,000
22	1	Shareholding From 2075001 To 2080000	2,076,322
23	1	Shareholding From 2110001 To 2115000	2,111,748
24	1	Shareholding From 2145001 To 2150000	2,150,000
25	1	Shareholding From 2295001 To 2300000	2,300,000
26	1	Shareholding From 2470001 To 2475000	2,474,000
27	1	Shareholding From 2640001 To 2645000	2,644,500
28	3	Shareholding From 2995001 To 3000000	9,000,000
29	1	Shareholding From 3430001 To 3435000	3,432,000
30	1	Shareholding From 4155001 To 4160000	4,155,500
31	1	Shareholding From 4230001 To 4235000	4,233,000
32	1	Shareholding From 4805001 To 4810000	4,807,000
33	1	Shareholding From 4960001 To 4965000	4,963,000
34	1	Shareholding From 5575001 To 5580000	5,578,000
35	1	Shareholding From 5775001 To 5780000	5,780,000
36	1	Shareholding From 6095001 To 6100000	6,100,000
37	1	Shareholding From 6745001 To 6750000	6,748,500
38	1	Shareholding From 8235001 To 8240000	8,238,500
39	1	Shareholding From 8605001 To 8610000	8,608,161
40	1	Shareholding From 9500001 To 9505000	9,500,500
41	1	Shareholding From 9995001 To 10000000	10,000,000
42	1	Shareholding From 11015001 To 11020000	11,017,500
43	1	Shareholding From 13285001 To 13290000	13,288,204
44	1	Shareholding From 19500001 To 19505000	19,504,194
45	1	Shareholding From 27375001 To 27380000	27,380,000
46	1	Shareholding From 31145001 To 31150000	31,146,500
47	1	Shareholding From 755245001 To 755250000	755,245,007
	4857	Percentage: 100%	1,072,464,262

Categories of Shareholders	Shares Held	Percentage %
Banks Development Financial Institutions, Non Banking Financial Institutions.	572,451	0.05
Insurance Companies	19,632,194	1.83
Directors, Chief Executive Officer, and their Spouse and Minor Children		
Mr. Munawar Alam Siddiqui	1	
Ms. Nargis Ghaloo	1	
Mr. G. M. Sikandar	1	
Mr. Kalim-Ur-Rahman	1	
Mr. Shahab Anwar Khawaja	1	
Mr. Ashraf Nawabi	1	
Mr. Ali Jehangir Siddiqui	500	
Mr. Adil Matcheswala	200,000	
Sub-Totals:	200,506	0.02
Associated Companies, Undertaking and Related Parties.		
Jahangir Siddiqui & Co. Limited	755,245,007	70.42
Modarabas and Mutual Funds.	24,251,232	2.26
NIT and ICP		
Investment Corp. of Pakistan	972	0.00
Foreign Investors	28,415,666	2.65
Others	110,109,880	10.27
Local - Individuals	134,036,354	12.50
	<u>G-Totals: 1,072,464,262</u>	<u>100.00</u>

Details of the transactions carried out by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouse and minor children during the period from January 01, 2016 to December 31, 2016

None of Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouse and minor children during the period from January 01, 2016 to December 31, 2016 carried out transactions in the shares of the Bank.

Branch Network

PAKISTAN

SINDH

Karachi

Shaheen Complex Branch
Tel: 111 - 572 - 265
021 - 32272569 - 80

Karachi Stock Exchange Branch
Tel: 021 - 3246 2851 - 4

S.I.T.E. Branch
Tel: 021 - 3255 0080 - 4

Khy-e-Ittehad, DHA Phase II Ext Branch
Tel: 021 - 35313811 - 4

Park Towers Clifton Branch
Tel: 021 - 35832011 - 9

Teen Talwar Branch
Tel: 021 - 35834127
021 - 3583 6974

Gulshan-e-Iqbal Branch
Tel: 021 - 34829055 - 60

Shahrah-e-Faisal Branch
Tel: 021 - 34373240 - 4

North Nazimabad Branch
Tel: 021 - 36721010 - 2

Gulistan-e-Jauhar Branch
Tel: 021 - 34662002 - 5

Safoora Goth Branch
Tel: 021 - 34661805 - 9

Jheel Park Branch
Tel: 021 - 34544831 - 5

Nazimabad Branch
Tel: 021 - 36612325

Korangi Industrial Area Branch
Tel: 021 - 35055826
021 - 35052773

Zamzama Branch
Tel: 021 - 35295224 - 5

F.B Area Branch
Tel: 021 - 36316229

Khy-e-Shahbaz, DHA Phase VI Branch
Tel: 021 - 35243415 - 9

Gulshan Chowrangji Branch
Tel: 021 - 34833290 - 3

Dhoraji Branch
Tel: 021 - 34946280 - 2

Shah Faisal Colony Branch
Tel: 021 - 34686191 - 4

Islamia College Branch
Tel: 021 - 34924021 - 4

M.A. Jinnah Road Branch
Tel: 021 - 32742006 - 8

Lucky Star Branch
Tel: 021 - 35622431 - 9

Gulshan-e-Hadeed Branch
Tel: 021 - 34715201 - 3

Cloth Market Branch
Tel: 021 - 3246 4042 - 8

Hawks Bay Branch
Tel: 021 - 3235 4060 - 3

Garden West Branch
Tel: 021 - 3224 0093 - 7

Timber Market Branch
Tel: 021 - 32763079

Abul Hasan Isphahani Road Branch
Tel: 021 - 3469 354 - 9

Jodia Bazar Branch
Tel: 021 - 3243 5304 - 6

New Challi Branch
Tel: 021 - 3260 210 - 3

North Napier Branch
Tel: 021 - 32467791 - 94

Electronic Market Branch
Tel: 021 - 32700430 - 33

Urdu Bazar Branch
Tel: 021 - 3260 3075 - 77

Bahadarabad Branch
Tel: 021 - 3492 2802 - 05

Sohrab Goth Branch
Tel: 021 - 3469 0612 - 17

North Karachi Industrial Area Branch
Tel: 021 - 36962910 - 11

UP Morr Branch
Tel: 021 - 3694 8010 - 15

Orangi Town Branch
Karachi
Tel: 021 - 3669 7927 - 30

IBA City Campus Branch
Karachi
Tel: 021 - 3229 4811 - 13

26th Street DHA Phase V Branch
Tel: 021 - 3505 5826

Landhi Branch
Tel: 021 - 3504 6923 - 25

Progressive Centre,
Shahrah-e-Faisal Branch
Tel: 021 - 34324682 - 5

Khy -e- Bokhari DHA Phase VI Branch

Tel: 021 – 3534 0353 - 60

Korangi Road, DHA Phase I Branch

Tel: 021 - 35803541

Hayderi Market Branch

Tel: 021 – 3667 7904

Shershah Branch

Tel: 021-32581013-17

Malir Cantt Branch

Tel: 021-3449 0225-27/29

Ocean Mall Branch

Tel: 021-3516 601-02

Regal Chowk Saddar Branch

Tel: 021-3563 0591-99

Marriott Road Branch

Tel: 021 -32469609 -11

The Center Saddar Branch

Tel: 021-35165560-7

DHA Phase 8 Branch

Tel: 0345-8211949-51

Bohara Pir Branch

Tel: 021-32713124-7

Khadda Market DHA Phase V Branch

Tel: 021-35242401-4

Delhi Colony Branch

Tel: 021-35168645 - 6

Papoosh Nagar Branch

Tel: 36700071-3

Boat Basin Branch

New Sabzi Mandi Branch

Clifton Block 2 Branch

Chase Shaheed-e-Millat Road Branch

Hyderabad

Saddar Branch

Tel: 022 - 2730925 - 7

Latifabad Branch

Tel: 022 - 3817971 - 4

Cloth Market Branch

Tel: 022 - 26182700 - 13

Qasimabad Branch

Tel: 022 - 2652191

Citizen Colony Branch

Tel: 022 - 2100892 - 95

SITE Branch

Tel: 022 - 3885192

DHA Branch

Tel: 022-2108078

Anaj Mandi Branch

Tel: 022-2638802 - 3

Latifabad No. 2 Branch

Sanghar

Sanghar Branch

Tel: 0235 - 800162 - 5

Chak 41 Jamrao Branch

Jamshoro Branch

Tel: 022 – 3878101 -4

Mirpurkhas Branch

Tel: 0233 – 876001-4

Kot Ghulam Muhammad Branch

Tel: 0233-866240-1

Sukkur

Shaheed Gunj Branch

Tel: 071 - 5627481 - 2

IBA Campus Branch

Tel: 071 - 5633826

Military Road Branch

Tel: 071 - 5630830 - 31

Larkana Branch

Tel: 074 - 405 8603 - 5

Khairpur Branch

Tel: 024 - 3715316 - 8

Maatli Branch

Badin

Tel: 029 - 7841514

Nawabshah Branch

Tel: 024 - 4330 561 - 4

Sultanabad Branch

Tel: 0233 - 500498

Tando Allahyar Branch

Tel: 0223 - 892001 - 4

Chambar Branch

Tel: 0223 - 897033 - 35

Moro Branch

Tel: 0242 - 413200 - 3

Kunri Branch

Tel: 0238 - 558163 - 6

Tando Mohammad Khan Branch

Tel: 022 - 3340617 - 8

Digri Branch

Tel: 023 - 3870305 - 7

Sehwan Sharif Branch

Tel: 025 - 4620305 - 7

Branch Network

Pano Aqil Branch
Tel: 071 - 5690403

Ghotki Branch
Tel: 072 - 3600484 - 85

Kandhkot Branch
Kashmore
Tel: 072 - 2573048

Shahdadkot Branch
Tel: 074 - 4013160

Shahdadpur Branch
Tel: 0235 - 84317475

Mithi Branch
Tel: 0232 - 261651

Tando Adam Branch
Tel: 0235 - 571880 - 81

Mehar Branch
Tel: 025 - 4730186

Dadu Branch
Tel: 025 - 471160102

Jacobabad Branch
Tel: 0722 - 652677

Badin Branch
Tel: 0297 - 861201

Tando Jam Branch
Tel: 022 - 2765612 - 14

Thatta Branch
Tel: 029 - 8550934

Umerkot Branch
Tel: 0238 - 570157 - 59

Sheikh Berkiyo Branch
Tel: 0335 - 2929824 - 23

Behar Colony Kotri Branch
Tel: 022 - 3871401 - 03 - 06

Bhiria City Branch
Tel: 0242 - 432131 - 35

Shikarpur Branch
Tel: 0726540374-75

Khipro Branch
Tel: 0235879073-6

BALUCHISTAN

Quetta

Cantt Branch
Quetta

M.A. Jinnah Road Branch
Tel: 081 - 286 5501 - 4

Zarghoon Road Branch
Tel: 081 - 2472985

Dera Murad Jamali Branch
Nairabad
Tel: 0838-710266

Usta Muhammad Branch Jafarabad
Tel: 083-8612421/23

Gawadar Branch
Tel: 086-4210245-4210246

Dukki Branch

Khanozai Branch

PUNJAB

Lahore

Upper Mall Branch
Tel: 042 - 111 - 572 - 265

Allama Iqbal Town Branch
Tel: 042 - 35434253 - 5

Azam Cloth Market Branch
Tel: 042 - 37671195 - 6

Shadman Branch
Tel: 042 - 37503701 - 8

College Road Township Branch
Tel: 042 - 35117491 - 94

Devine Mega Mall Branch
Tel: 042 - 35700081 - 85

Bhagbanpura Branch
Tel: 042 - 36858873 - 74

Chowburji Branch
Tel: 042 - 37362981 - 8

Wapda Town Branch
Tel: 042 - 35211557 - 64

M.M. Alam Road Branch
Tel: 042 - 35778721 - 30

Model Town Branch
Tel: 042 - 35915614 - 8

Circular Road Branch
Tel: 042 -37379325 - 8

Brandreth Road Branch
Tel: 042 - 37381316 - 9

DHA Phase II Branch
Tel: 042 - 35707651 - 9

Shah Alam Market Branch
Tel: 042 - 37375734 - 7

Cavalry Branch
Tel: 042 - 366 10282 - 4

Raiwind Road Branch
Tel: 042 - 529 1247 - 8

Urdu Bazar Branch
Tel: 042 - 37115918

Badami Bagh Branch
Tel: 042 - 37946853

Bahria Town Branch
Tel: 042 - 35976212

Ichra Bazar Branch
Tel: 042 - 37428406

Shahdara Branch
Tel: 0423 - 7931903-5

Shadbagh Branch
Tel: 042 - 37604549-51

DHA Phase VI Branch
Tel: 042 - 37180747

Johar Town Branch
Tel: 042 - 35241084-90

Zarar Shaheed Road Branch
Tel: 042 - 36639902-05

DHA Z – Block Branch
Tel: 042 - 35692957 -59

Ferozepur Road Branch
Tel: 042 - 35402151-3

The Mall Branch
Tel: 042 - 36285673 – 7

Gulberg Branch

Mughalpura Branch
Tel: 042-36533818-822

Gulshan Ravi Branch

New Garden Town Branch

Timber Market Ravi Road Branch

Walton Road Branch

Mcleod Road
Jauharabad Branch
Tel: 045 - 4723319 - 20 - 22

Muridke Branch
Tel: 042 - 37951054 - 7

Sadiqabad Branch
Tel: 068 - 5803933 - 38

Agrow Warburton Branch
Tel: 056 - 2794065 - 8

Gujranwala

G.T. Road Branch
Tel: 055 - 3257363
055 - 3257365
055 - 3257617

Bank Square Branch
Tel: 055 - 4234401 - 3

Sheikhupura Road Branch
Tel: 055 -4233854 – 57

Kamoki Branch
Tel: 055-6810282-83-85

Ghakkhar Mandi Branch

Ali Pur Chatta Branch

Faisalabad

Grain Market Branch
Tel: 041 - 2633382 - 84

Karkhana Bazar Branch
Tel: 041 - 2624501 - 3

Liaquat Road Branch
Tel: 041 - 241 2263 – 65

Satiana Road Branch
Tel: 041-8556381-85

Millat Chowk Gulistan Colony
Branch
Tel: 041-8785791-5

Ghulam Mohammad Abad Branch

Rabwa Branch
Tel: 047 - 6214042 - 5

Narowal Branch
Tel: 054 - 2411271 – 73

Multan

Abdali Road Branch
Tel: 061 - 4574496

Vehari Road Branch
Tel: 061 - 6241101 - 02

Bosan Road Branch
Tel: 061 - 6223416

Gagoo Mandi Branch
Tel: 067 - 3501071 - 76

Depalpur Branch
Tel: 044 - 454 2246 - 9

Agrow Allahabad Theeng Morr
Branch
Tel: 049 - 201 6310
049 - 2016312

Jhang Branch
Tel: 047 -7652941 - 43

Haroonabad Branch
Tel: 063 - 2250614 – 15

Mouza Gajju Hatta Branch

Wapda Town Phase 1 Branch

Sialkot

Cantt Branch
Tel: 052 - 427 2351 – 4

ShahabPura Branch
Tel: 052 – 4242681

Branch Network

Nekapura Branch
Tel: 052-3543582-4

Daska Branch
Tel: 052 - 6610461 - 4

Bhakkar Branch
Tel: 0453 - 510407- 409

Rahim Yar Khan Branch
Tel: 068 - 5879511 - 4

Kasur

Kasur Branch
Tel: 049 - 276158 -4

Agrow Kasur Branch
Tel: 049 - 2771308 - 9

Sheikhupura Branch
Tel: 056 - 3810273 - 6

Agrow Sheikhupura Branch
Tel: 056 - 3035790

Gujrat

Gujrat Branch
Tel: 053 - 353 8091 - 4

Jalalpur Jattan Branch
Tel: 05827 - 404389-91

Dinga Branch
Tel: 0537 - 401368

Kacheri Chowk Branch
Tel: 053 - 3600583

Gulyana Branch
Tel: 0537-588460-64

Sahiwal

Sahiwal Branch
Tel: 040 - 422 2733 - 5

Chichawatni Branch
Tel: 040 - 5481792

Chak No. 89 Branch
Tel: 040-4550409-10-11-16

Okara Branch
Tel: 044 - 252872 - 30

Mandi Bahauddin Branch
Tel: 0546 - 509452 -3

Taxila Branch
Tel: 051 - 4535315

Mouza Parhar Sharqi Kot Addu
Branch
Tel: 066-2240146-49

Sargodha Branch
Tel: 048 - 3768286 - 90

Bhawalpur Branch
Tel: 062 - 2889176 - 78

DG Khan Branch
Tel: 064 - 2470954

Arifwala Branch
Tel: 0457- 835 477 - 81

Vehari Branch
Tel: 067-3360715 - 8

Pak Pattan

Pak Pattan Branch
Tel: 0457- 352591 - 4

Agrow Pak Pattan Branch
Tel: 0457 - 419629

Qaboola Branch
Tel: 0457-851248-51

Khanewal Branch
Tel: 065 - 2557491 - 3

Jehlum Branch
Tel: 054 - 4611840 - 3

Agrow Chishtian Branch
Tel: 063 - 2023490

Kharian Branch
Tel: 0537 - 534211

Toba Tek Singh Branch
Tel: 046 - 2512052 - 5

Burewala Branch
Tel: 067 - 3351359

Lala Musa Branch
Tel: 0537 - 519656 - 8

Hafizabad Branch
Tel: 0547 - 526407 - 10

Sambrial Branch
Tel: 0526 - 524105

Muzaffargarh Branch
Tel: 066 - 2424691 - 2

Wazirabad Branch
Tel: 055 - 6605841 - 4

Gojra Branch
Tel: 046 - 3513637

Pirmahal Branch
Tel: 046 - 3367406 - 7

Chakwal Branch
Tel: 054 - 3554317

Hasilpur Branch
Tel: 062 - 2441305 - 8

Layyah Branch
Tel: 060 - 6415045

Mian Chunnoo Branch
Tel: 065 - 2661282 - 85

Rawalpindi

PWD/DHA Ph-2 Branch
Tel: 051 - 5170584 - 5

Satellite Town Branch
Tel: 051 - 4842984 - 6

Bank Road Branch
Tel: 051 - 5120731 - 5

Raja Bazar Branch
Tel: 051 - 5778560 - 3

Bahria Town Branch
Tel: 051 - 5731351 - 4

Saidpur Road Branch
Tel: 051 - 5768049

Peshawar Road Branch
Tel: 051 - 5492873 - 4

Bahria Town Phase VII Branch
Tel: 051 - 5154891-4

Chaklala III / Airport Housing
Society Branch
Tel: 051 - 5497012 - 15

Chakri Road Branch
Tel: 051-5129024

Range Road Branch
Tel: 051-5128871
051-5128875

Kurri Road Branch
Tel: 051-4930342-43-45

Khayaban-e-Sir Syed Branch
Tel: 051-4832091-94

Wah Cantt Branch
Tel: 051 - 4256022

Falcon Complex Branch

RCCI Industrial Estate, Rawat
Branch

Islamabad

Blue Area Branch
Tel: 051 - 111 - 572 - 265

I-9 Markaz Branch
Tel: 051 - 4431296 - 8

F-8 Markaz Branch
Tel: 051 - 2818296 - 8

F-7 Markaz Branch
Tel: 051 - 2608402 - 5

I-8 Markaz Branch
Tel: 051 - 4864523 - 6

F-10 Markaz
Tel: 051 - 2112957 - 58

Islamabad Stock Exchange Branch
Tel: 051 - 2894407 - 10

DHA Phase II Branch
Tel: 051 - 4358882

Khanna Pul Branch
Tel: 051 - 4478006 - 07

G-11 Markaz Branch
Tel: 051 - 2830601

E-11 Markaz Branch
Tel: 051 - 2304993

G-15 Markaz Branch
Tel: 051-2160240-41

G-13 Markaz Branch
Tel: 051-2301378-9

Tarlai Branch
Tel: 051-2241860-4-66

Barakahu Branch

Chiniot Branch
Tel: 047 - 6332713 - 14

Lodhran Branch
Tel: 0608 - 361892 - 93

Bahawalnagar Branch
Tel: 063 - 2279434 - 38

Nankana Sahab Branch
Tel: 056 - 2877503 - 4

Mandi Faizabad Branch
Tel: 0423 - 7931903 - 5

Ugoki Branch
Tel: 052 - 3513952

Gohad Pur Branch
Tel: 0524 - 265499 - 98

Mouza Kachi Jamal Branch
Khanpur
Tel: 0685577190-195

Chah Chand Wala Branch Rajanpur
Tel: 0604567122

KHYBER PAKHTOONKHWA

Peshawar

Cantt Branch
Tel: 091 - 5279981

University Road Branch
Tel: 091 - 5711572 - 5

Karkhano Bazar Branch
Tel: 091 - 5893134 - 7

G.T Road Branch
Tel: 091 -2593901 - 4

Branch Network

Dabgari Gardens Branch
Tel: 091 -2591422 -7

Grain Market Branch
Tel: 091-2590673-8

Topi Branch
Tel: 0938 - 272003 - 4

Attock Branch
Tel: 0572 - 610500

Bafa Branch
Mansehra
Tel: 0997 – 5110024 -6

Mardan Branch
Tel: 0937 - 873445 - 873452

D I Khan Branch
Tel: 0966 - 733216 -19

Mingora Branch
Tel: 0946 - 711740 - 43

Abbottabad Branch
Tel: 099 - 233 1491 - 4

Saleh Khana Branch
Tel: 0923 - 651113 - 17

Timergara Branch
Tel: 0945 - 821921

Haripur Branch
Tel: 0995 – 627370

Mansehra Branch

Shahkus Branch

Bannu Branch

Nowshera Branch

Mattanichangan Village Tordher
Branch

AZAD JAMMU & KASHMIR (AJK)

Dina Branch
Tel: 054 - 4634273 - 5

Chaksawari Branch
Tel: 05827 - 454790

Mirpur Branch
Tel: 05827 - 437281 - 4

Jatlan Branch
Tel: 05827 - 404388

Dadyal Branch
Tel: 0586 - 3044668 - 70

Naarr Branch
Tel: 05826 - 420784 - 85

Muzaffarabad Branch
Tel: 05822 - 929765 - 7

Kotli Branch
Tel: 05826 - 448228 -30

Khui Ratta Branch
Tel: 05826 - 414906 -7

Shensa Branch
Tel: 05826 - 422779 - 422300

Rawalakot Branch
Tel: 05824 - 445961 - 63

Charroi Branch
Tel: 05826 - 415474 - 76

Hattian Muzaffarabad Branch
Tel: 058-22424011-14

Seri Branch
Tel: 058-26 -432731-4

Chitral Branch
Tel: +92-943-414261-7

Bagh Branch

GILGIT BALTISTAN

Gilgit Branch
Tel: 0581-150615 - 7

International Branch

Bahrain Branch - Manama
Tel: 00973 - 17104603

Form of Proxy

11th Annual General Meeting

The Company Secretary

JS Bank Limited

Shaheen Commercial Complex

Dr. Ziauddin Ahmed Road

P.O. Box 4847 Karachi 74200 Pakistan

I/We _____ of _____ being member(s) of JS Bank Limited holding _____ ordinary shares as per Register Folio No./CDC /A/c No. _____ hereby appoint _____ of _____ or failing him _____ of _____ as my / our proxy to attend, act and vote for me / us and on my / our behalf at the 11th Annual General Meeting of the Bank to be held on March 29, 2017 and / or any adjournment thereof.

As witness my / our hand / seal this ____ day of _____ 2017 signed by _____ in the presence of (name & address)

Witness:

1. Name: _____
Address _____
CNIC or _____
Passport No. _____
Signature _____

Signature on Rs. 5/-
Revenue Stamp

The signature should
agree with the specimen
registered with the Bank

Witness:

2. Name: _____
Address _____
CNIC or _____
Passport No. _____
Signature _____

Important:

1. A member of the Bank entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her.
2. The proxy form, duly completed and signed, must be received at the Office of the Bank situated at Shaheen Commercial Complex Dr. Ziauddin Ahmed Road, Karachi 74200 not less than 48 hours before the time of holding the meeting.
3. No person shall act as proxy unless he / she himself is a member of the Bank, except that a corporation may appoint a person who is not a member.
4. If a member appoints more than one proxy and / or more than one instruments of proxy are deposited by a member with the Bank, all such instruments of proxy shall be rendered invalid.
5. Beneficial Owner of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Ltd (CDC) and / or their proxies are required to produce their original Computerized National Identity Card (CNIC) or Passport for identification purposes at the time of attending meeting. The Form of Proxy must be submitted with the Bank within the stipulated time, duly witnessed by two persons whose names, address and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or the Passport of the beneficial owner and the proxy. In case of a corporate entity, the Board of Directors' Resolution / Power of Attorney along with the specimen signature shall be submitted (unless it has been provided earlier along with the proxy form to the Bank).

پراکسی فارم
گیارہواں سالانہ اجلاس عام

کمپنی سیکرٹری

جے ایس بینک لمیٹڈ

شاپین کمرشل کمپلیکس

ڈاکٹر ضیاء الدین احمد روڈ

پی او باکس 4847، کراچی 74200، پاکستان

میں / ہم ----- جے ایس بینک لمیٹڈ کے ممبران اور برطابق رجسٹرڈ فولیو نمبر / سی ڈی سی / اکاؤنٹ نمبر ----- عمومی حصص کے مالکان ہیں، جناب
----- یا ان کی عدم دستیابی کی صورت میں جناب ----- کو بینک کے گیارہویں سالانہ اجلاس عام منعقدہ 29 مارچ 2017 یا کسی ملتوی شدہ
تاریخ پر اپنی جانب سے حاضر ہونے، حصہ لینے اور ووٹ دینے کے لئے عوضی (Proxy) مقرر کرتا ہوں / کرتے ہیں۔

گواہان (نام اور پتے) کی موجودگی میں آج بروز -----، 2017 کو میں نے ذاتی طور پر دستخط کئے / مہر ثبت کی۔

گواہ:

1. نام: -----

دستخط: -----

پتہ: -----

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: -----

2. نام: -----

دستخط: -----

پتہ: -----

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: -----

5 روپے کی ریونیو اسٹیٹمنٹ پر
دستخط کئے جائیں
دستخط بینک میں موجود نمونے کے دستخط
کے مطابق ہونا چاہئیں

اہم نوٹ:

1. بینک کا کوئی ممبر کسی دوسرے ممبر کو اپنی جگہ اجلاس میں حاضر ہونے، حصہ لینے اور ووٹ دینے کے لئے عوامی مقرر کر سکتا ہے۔
2. باقاعدہ مکمل اور دستخط شدہ پر کسی فارم اجلاس عام کے انعقاد سے کم از کم 48 گھنٹے قبل بینک کے دفتر بمقام شاہین کمرشل کمپلیکس، ڈاکٹر ضیاء الدین احمد روڈ، پٹی او باکس نمبر 4847، کراچی 74200، پاکستان پر موصول ہو جانا چاہئیں۔
3. ایسا کوئی شخص بطور عوامی اجلاس میں شریک نہیں ہو سکتا جو بینک کا ممبر نہ ہو، ماسوائے کوئی کارپوریشن کسی غیر ممبر کو اپنا عوامی مقرر کر سکتی ہے۔
4. اگر کوئی ممبر ایک سے زائد عوامی مقرر کرتا ہے اور ایک سے زائد عوامی فارم بینک کو موصول ہوتے ہیں تو ایسے تمام فارم منسوخ تصور کئے جائیں گے۔
5. فزیکل حصص کے مالکان اور سی ڈی سی میں رجسٹرڈ حصص کے مالکان اور/یا ان کے عوامی اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ شناختی مقاصد کے لئے پیش کرنا ہوگا۔ باقاعدہ مکمل اور دستخط شدہ پر کسی فارم بینک میں مقررہ وقت پر جمع کروا یا جائے، جس پر دو گواہوں کے دستخط، نام، پتہ، کمپیوٹرائزڈ قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر درج ہو۔ اس کے ہمراہ سینٹینشل مالک اور پر کسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل بھی منسلک ہونا ضروری ہے۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بمعہ نمونے کے دستخط جمع کروائی جائے (اگر پہلے سے پر کسی فارم کے ہمراہ جمع نہیں کروائی گئی)

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Shaheen Commercial Complex,
Dr. Ziauddin Ahmed Road, P.O. Box 4847,
Karachi-74200, Pakistan.
UAN: +92 21 111 JS BANK (572-265)